

A G E N D A

**SAN RAFAEL SANITATION DISTRICT
BOARD OF DIRECTORS
MONDAY – JUNE 25, 2018 - 9:00 A.M.
SAN RAFAEL CITY HALL
1400 FIFTH AVENUE – CONFERENCE ROOM 201
SAN RAFAEL, CALIFORNIA 94901**

Members of the public may speak on Agenda items.

1. OPEN PERIOD

Opportunity for the public to address the Board on items not on the agenda.
(Presentations are generally limited to 2 minutes.)

2. MINUTES OF THE MEETING

Request approval as submitted – April 30, 2018, and June 1, 2018.

3. PAYMENTS

Request approval as submitted.

4. OLD BUSINESS

- a. Discussion and consideration of adopting resolution approving and authorizing the Chairman to execute the San Rafael Sanitation District's response to the 2017-18 Marin County Civil Grand Jury report entitled "Consolidation of Sanitation Districts."

5. NEW BUSINESS

- a. Adopt resolution establishing the sewer connection fee for FY 2018-19.
- b. Appropriations limit for 2018-19 on tax proceeds (Proposition 4).
 - Adopt resolution establishing the 2018-19 appropriations limit.
- c. Report on Adoption of Investment Policy.
 - Adopt resolution approving the Marin County investment policy as the investment policy for the San Rafael Sanitation District.

6. INFORMATIONAL ITEMS

7. ADJOURNMENT

The next scheduled meeting is July 23, 2018.

**SAN RAFAEL SANITATION DISTRICT
Minutes of the Meeting
April 30, 2018**

Special Meeting

City of San Rafael
Conference Room 201
1400 Fifth Avenue
San Rafael, CA 94901

The meeting was called to order at 9:02 A.M. by Chair Phillips.

Attendance Board: Gary O. Phillips, Chair
Maribeth Bushey, Secretary/Director

Attendance Staff: Doris Toy, District Manager/District Engineer
Karen Chew, Senior Civil Engineer
Cynthia Hernandez, District Secretary

Attendance Others: Jack F. Govi, Assistant County Counsel
Dean DiGiovanni, CMSA Commissioner for SRSD

- 1. **OPEN PERIOD** - No persons were present to address the Board.
- 2. **MINUTES OF MARCH 16, 2018.**

The Minutes were carried over to the next meeting since Director Rice was not present to sign them, and Chair Phillips was not at the March 16, 2018, meeting.

3. PAYMENTS

MOTION by Director Bushey, seconded by Chair Phillips, to approve the payments for March 2018 in the amount of \$112,221.97 for maintenance and operation of the District and for capital improvements.

AYES: Director Bushey, Chair Phillips
NOES: None
ABSENT: Director Rice

Motion Carried

4. OLD BUSINESS

- a. **Discussion on Updating the CMSA Joint Exercise of Powers Agreement.**

District Manager Toy reported that the Ad-Hoc Committee had its kick-off meeting about a year ago on May 9, 2017. She also reported that this process was now almost complete

except for the Withdrawal section of the Agreement and a couple of maps that need updating, which are currently being worked on by staff from RVSD and SRSD. She then referred to the Withdrawal section of the Agreement and reported that the CMSA Board had added a couple of paragraphs to it at their April Board meeting and requested that it be reviewed by each agency's legal counsel. Next, Manager Toy reported that SRSD Counsel Jack Govi had reviewed the Withdrawal section of the Agreement and had made a minor revision to it, which was shown in blue-colored print. Mr. Dean DiGiovanni and Counsel Govi then reported that RVSD was still reviewing this section of the Agreement along with Section 17. Indemnification and Insurance.

MOTION by Director Bushey, seconded by Chair Phillips, to accept the report on the status of the updates to the CMSA Joint Exercise of Powers Agreement.

AYES: Director Bushey, Chair Phillips

NOES: None

ABSENT: Director Rice

Motion Carried

The Board skipped to Item 6.

6. INFORMATIONAL ITEMS.

a. Marin County Civil Grand Jury Report on Consolidation of Sanitation Districts dated 4-13-18.

Chair Phillips inquired about the due date for the District's response to this report, and Manager Toy reported that it is July 13, 2018. She also reported that the JPA Managers had begun discussions and research on this matter. Chair Phillips noted that there was a reference to the District's relationship with the City of San Rafael in this report, and Manager Toy reported that this comment would be addressed in the District's response to the report. She also reported that this item would be on the Agenda for discussion at both the May and June Board meetings. Director Bushey then reported that she would be interested in hearing some thoughts on what steps would need to be taken in order for consolidation to take place so that the Board will be better able to make a more informed response to this report.

5. NEW BUSINESS

a. Adopt resolution authorizing the District Manager/District Engineer to execute a Professional Services Agreement with CSW/Stuber-Stroeh Engineering Group, Inc., for design related services for the Miramar/Miraflores Sewer Replacement Project.

District Manager Toy reported that the District would be starting a new project known as the Miramar/Miraflores Sewer Replacement Project located in the Gerstle Park neighborhood, which would consist of replacing approximately 1,600 linear feet of 6-inch sewer pipe. She reported that the homes in this area were built around 1915 and that the sewer lines are approximately 100 years old and are made of clay. She also reported that because of the many trees in this area, there are a lot of offset joints and roots in the

sewer lines that cause the cleaning tools used by the maintenance crew to get stuck. Manager Toy then reported that the District had requested CSW/Stuber-Stroeh to submit a proposal for design related services for this project and that their proposal to perform these services on a time-and-materials basis was for an amount not to exceed \$99,900. She also reported that the design work for this project would be completed in the fall, and the project would be bid in the winter, which should be a good time to receive competitive bids, and construction would begin in the spring. Manager Toy reported that District staff had been trying to design this project in-house for the past 3-4 years, but was unable to do so because of the workload. She also reported that this matter was now time sensitive because it had been getting harder for the crew to maintain the sewer lines in this area. She then reported that CSW/Stuber-Stroeh's rates were comparable with those of Nute Engineering.

MOTION by Director Bushey, seconded by Chair Phillips, to adopt the resolution authorizing the District Manager/District Engineer to execute a Professional Services Agreement with CSW/Stuber-Stroeh Engineering Group, Inc., for design related services for the Miramar/Miraflores Sewer Replacement Project for an amount not to exceed \$99,900.

AYES: Director Bushey, Chair Phillips

NOES: None

ABSENT: Director Rice

Motion Carried

Manager Toy then reported that the president of CSW/Stuber-Stroeh, Mr. Al Cornwell, lives on one of the streets involved in this project, either Miramar or Miraflores. She also reported that this would have no bearing on the award of this contract unless Mr. Cornwell had contributed campaign funds to either Chair Phillips or Director Bushey. Both Chair Phillips and Director Bushey reported that he had not made any contributions to their campaigns.

7. DIRECTOR REPORTS/REQUESTS FOR FUTURE AGENDA ITEMS.

None.

8. CLOSED SESSION

a. Conference with Legal Counsel

California Government Code Section 54956.9(d)(2)

Number of Potential Cases: Two (2)

Closed Session – Opened at 9:21 A.M.

Closed Session – Ended at 9:56 A.M.

1. Director Bushey reported that the first closed session item was the NPDES Permit. She reported that direction was given to the District's outside counsel to send a letter requesting that the District's petition for review be held in abeyance.
2. Director Bushey reported that the second closed session item was in regard to an on-going issue with the SMART train and that there was no reportable action.

9. ADJOURNMENT

There being no further business to come before the Board, the meeting of April 30, 2018, was adjourned at 9:59 A.M. The next meeting of the San Rafael Sanitation District for May 2018 was later rescheduled for Friday, June 1, 2018, at 10:30 A.M. at San Rafael City Hall.

Respectfully submitted,

Maribeth Bushey, Recording Secretary

ATTEST THIS 25th DAY OF JUNE 2018

Gary Phillips, Chair

**SAN RAFAEL SANITATION DISTRICT
Minutes of the Meeting
June 1, 2018**

Special Meeting

City of San Rafael
Conference Room 201
1400 Fifth Avenue
San Rafael, CA 94901

The meeting was called to order at 10:32 A.M. by Acting Chair Rice.

Attendance Board: Katie Rice, Acting Chair
Maribeth Bushey, Secretary/Director

Attendance Staff: Doris Toy, District Manager/District Engineer
Karen Chew, Senior Civil Engineer
Cynthia Hernandez, District Secretary

Attendance Others: Jack F. Govi, Assistant County Counsel
Jason Dow, General Manager of CMSA

1. OPEN PERIOD - No persons were present to address the Board.

2. MINUTES OF MARCH 16, 2018.

MOTION by Director Bushey, seconded by Acting Chair Rice, to approve the minutes of the March 16, 2018, meeting as presented.

AYES: Director Bushey, Acting Chair Rice

NOES: None

ABSENT: Chair Phillips

Motion Carried

3. PAYMENTS

MOTION by Director Bushey, seconded by Acting Chair Rice, to approve the payments for April 2018 in the amount of \$1,221,234.81 for maintenance and operation of the District and for capital improvements.

AYES: Director Bushey, Acting Chair Rice

NOES: None

ABSENT: Chair Phillips

Motion Carried

4. OLD BUSINESS

a. Consideration of approval of the updated CMSA Joint Exercise of Powers Agreement.

District Manager Toy reported that the updates to the Agreement were pretty much done and had previously been reviewed by Counsel Jack Govi and by the SRSD Board at the last meeting. She reported that the only change to the Agreement since the last meeting was the addition of a map (on the last page) showing the CMSA, RVSD, SD2, and SRSD joint facilities. She also reported that RVSD and SD2 had already approved the updated Agreement at their May meetings.

MOTION by Director Bushey, seconded by Acting Chair Rice, to approve the updated CMSA Joint Exercise of Powers Agreement.

AYES: Director Bushey, Acting Chair Rice

NOES: None

ABSENT: Chair Phillips

Motion Carried

5. NEW BUSINESS

a. Adopt resolution authorizing the District Manager/District Engineer to execute a Utility Agreement with the State of California for the 36-Inch Trunk Sewer Relocation Project.

District Manager Toy reported that she had previously brought this matter to the Board at the March meeting. She reported that Caltrans would be replacing the bridge section of the Highway 101 Central San Rafael northbound off-ramp, which would include widening and realigning the San Rafael Harbor Bridge due to deterioration. She also reported that the District has a sewer line (approximately 80 feet long) that is currently located in the off-ramp shoulder but would end up in the travel lane after the completion of this project. Manager Toy then reported that the District would like to relocate the sewer line in order to avoid this problem. She reported that because the District was able to prove to Caltrans that its sewer facilities (a 30-inch wooden sewer first installed around 1899) were in place prior to State control of this vicinity in 1929, Caltrans has agreed to pay for 100 percent of the cost to have the sewer line relocated. She also reported that Nute Engineering has estimated the cost of the sewer line relocation to be \$842,853, which includes both design and construction.

MOTION by Director Bushey, seconded by Acting Chair Rice, to adopt the resolution authorizing the District Manager/District Engineer to execute a Utility Agreement with the State of California for the 36-Inch Trunk Sewer Relocation Project.

AYES: Director Bushey, Acting Chair Rice

NOES: None

ABSENT: Chair Phillips

Motion Carried

b. Adopt resolution authorizing the District Manager/District Engineer to execute a Professional Services Agreement with Park Engineering for inspection related services.

District Manager Toy reported that the District's inspector would be on vacation from June 7th through June 29th. She reported that he was currently inspecting the San Pedro Pump Station Improvement Project in addition to his regular duties, which include inspecting private sewer lateral repairs and marking and locating the District's sewer facilities for Underground Service Alert (USA). She also reported that because the District needs to have a full-time inspector, staff had requested Park Engineering to submit a proposal to perform inspection services for the District for the month of June. Manager Toy then reported that the District had used Park Engineering's services in the past and was pleased with their services. She also reported that Park Engineering had submitted a proposal for full-time construction inspection services for the month of June for an amount of \$21,996.24 and recommended that the Board approve this proposal.

MOTION by Director Bushey, seconded by Acting Chair Rice, to adopt the resolution authorizing the District Manager/District Engineer to execute a Professional Services Agreement with Park Engineering for inspection related services.

AYES: Director Bushey, Acting Chair Rice

NOES: None

ABSENT: Chair Phillips

Motion Carried

c. Consideration of approval of a refund request from Randy Harris for overpayments of sewer service charges for 1945 Francisco Blvd. East, Suites 24 & 25 (APNs 009-380-24 & 25).

District Manager Toy reported that Mr. Randy Harris had contacted the District back in November 2016 to ask about his sewer service charges. She reported that he owns three adjacent commercial condos located at 1945 Francisco Boulevard East and was charged a sewer service fee for each of the three condos. She also reported that he did not feel that he should have been charged for all three condos since only one has plumbing (the office) and the other two are only used for storage. Manager Toy reported that staff then checked with MMWD regarding his water meter(s) and found out that there is only one water meter that serves the entire building. She also reported that due to minimal staffing and time constraints, the District was not able to have staff confirm this information until October 2017. Next, Manager Toy reported that because only one condo has plumbing, she had decided to reduce his 2017-18 sewer service charge to 1 equivalent dwelling unit (EDU). She also reported that Mr. Harris then requested a refund for overcharges from July 1, 2005, to June 30, 2017, since he purchased the condos in May 2005. She then reported that the District's refund policy only allows a refund for the year in which a timely claim is made plus three prior years with interest; but because his initial call to the District was made in FY 2016-17, she recommended considering a refund for four prior years plus interest for a total refund of \$6,165.07. Manager Toy also reported that for claims over \$5,000, the District's refund policy requires the District Manager to first confer with the District's legal counsel and then receive approval from the Board prior to

making a refund. In addition, she reported that the District's sewer service charge ordinance requires the District to charge one EDU per condo, but there was no reference to whether the condo has plumbing or not. After some discussion, the Board decided to grant Mr. Harris a refund for overpayments of his sewer service charges for APNs 009-380-24 & 25 for four prior years (FY 2013-14 to FY 2016-17) plus interest for a total amount of \$6,165.07 provided that he first signs an agreement stating that he will notify the District prior to extending water service to these parcels on pain of penalty.

MOTION by Director Bushey, seconded by Acting Chair Rice, to approve a refund to Randy Harris for overpayments of his sewer service charges for 1945 Francisco Blvd. East, Suites 24 & 25 (APNs 009-380-24 & 25) from FY 2013-14 to FY 2016-17 plus interest for a total amount of \$6,165.07 providing that he first signs an agreement stating that he will notify the District prior to extending water service to these parcels on pain of penalty.

AYES: Director Bushey, Acting Chair Rice

NOES: None

ABSENT: Chair Phillips

Motion Carried

d. Discussion on response to Marin County Civil Grand Jury Report on Consolidation of Sanitation Districts dated April 13, 2018.

District Manager Toy reported that this report (Consolidation of Sanitation Districts) had been emailed to her and Chairman Phillips on April 13, 2018, and was later released to the public on April 20, 2018. She also reported that it was based on three primary reports: Central Marin Wastewater Services by Marin LAFCO (2017), Special Districts: Improving Oversight and Transparency by the Little Hoover Commission (2017), and Central Marin Regionalization Scenarios Evaluation by Red Oak Consulting (2005). Manager Toy then reported on some of the references made in this report (Consolidation of Sanitation Districts): it suggests that sanitation districts should consolidate; refers to lawsuits between some of the districts and suggests that the monies spent on those lawsuits could have been saved if those agencies had already been consolidated; refers to dependent districts such as SD2 (Corte Madera) and SRSD and suggests that SD2 could be commingling staff, supplies, and resources with the Town of Corte Madera and implies that SRSD could be doing the same with the City of San Rafael; refers to agencies that have successfully consolidated (Central Marin Police Authority and Southern Marin Fire Protection District); and reports that Marin LAFCO is currently understaffed and may not be able to handle the workload associated with the consolidation of the sanitation districts as referenced in this report. Next, Manager Toy reported that the Civil Grand Jury would like to see the CMSA JPA members consolidate into one sewer district (the to-be-formed Central Marin Sanitation District) and then have Las Gallinas Valley Sanitary District and Novato Sanitary District consolidate with the Central Marin Sanitation District. She also reported that the Civil Grand Jury would ultimately like to have one agency for all of the wastewater and water districts. She then reported that the Civil Grand Jury has requested SRSD to respond to one of its recommendations (R2), which is due by July 13th. The Recommendation (R2) is that the CMSA JPA members should reorganize into a single sanitary/sanitation district and that

each entity should complete a reorganization application with Marin LAFCO by 9-30-18 and then announce this action on the agenda for their next Board meeting for public involvement. The Board then expressed general support for consolidation and recommended setting goals for enhanced cooperation and efficiency that could be gained by working together with other agencies. The Board also felt that the District's goals could possibly include an application to LAFCO for consolidation but that doing so by the end of September 2018 would be unrealistic. In addition, the Board recommended that the District continue to work with its partner agencies to identify and implement agreements for services. Manager Toy then reported that these recommendations align with the goals of the JPA member agencies. The Board recommended that the focus be on things that the agencies can work on together right now. They reported that they are very supportive of working with the other agencies and would like for staff to bring forward as many proposals as possible. They also reported that they would be supportive of any informal outreach by staff to the other agencies if they should see any opportunities for shared services or shared positions. Manager Toy then reported that she would draft a response to the Civil Grand Jury for the Board to review. The Board then reported that they would like for the JPA managers group to come up with one proposal that they could work on together as a group by the end of the calendar year.

6. INFORMATIONAL ITEMS.

None.

7. DIRECTOR REPORTS/REQUESTS FOR FUTURE AGENDA ITEMS.

None.

8. CLOSED SESSION

a. Conference with Legal Counsel

California Government Code Section 54956.9(d)(2)

Number of Potential Cases: One (1)

Closed Session – Opened at 10:56 A.M.

Closed Session – Ended at 11:07 A.M.

Director Rice reported that direction was given to staff and counsel.

9. ADJOURNMENT

There being no further business to come before the Board, the meeting of June 1, 2018, was adjourned at 11:08 A.M. The next meeting of the San Rafael Sanitation District was scheduled for Monday, June 25, 2018, at 9:00 A.M. at San Rafael City Hall.

Respectfully submitted,

Maribeth Bushey, Recording Secretary

ATTEST THIS 25th DAY OF JUNE 2018

Katie Rice, Acting Chair

**SAN RAFAEL SANITATION DISTRICT
PAYMENT SUMMARY**

May 1, 2018 - May 31, 2018
Vendor/Payee

	Class	Acct #	Account Name	Amount
AMERICAN MESSAGING SERVICE	100	2534	Telephone service	\$ 39.45
ARAMARK UNIFORM SERVICES	200	2021	Uniforms	\$ 115.61
ARAMARK UNIFORM SERVICES	200	2021	Uniforms	\$ 121.40
ARAMARK UNIFORM SERVICES	200	2021	Uniforms	\$ 121.40
AT&T *4667	100	2534	Telephone service	\$ 240.83
AT&T *9362	100	2534	Telephone service	\$ 320.02
AT&T MOBILE	100	2534	Telephone service	\$ 633.45
BOBO, RAYMOND	300	4324	SunValley-Ca.Solano, Alpine(80)	\$ 1,800.00
BRANDON TIRE	200	2083	Parts and repairs vehicles	\$ 390.13
CALIFORNIA DIESEL & POWER INC.	200	2359	Maint- pump sta's & force mains	\$ 12.02
CWEA-TCP	100	2388	Training and education	\$ 85.00
CWEA-TCP	100	2388	Training and education	\$ 85.00
CWEA-TCP	100	2388	Training and education	\$ 90.00
DOWNEY BRAND LLP	100	2713	Legal services	\$ 222.00
G3 ENGINEERING, INC	200	2360	O&M - collection systems	\$ 4,737.65
LODI TRUCK AND EQUIPMENT	100	4830	Vehicle equipment & acquisition	\$ 22,494.00
MAGGIORA & GHILOTTI INC	300	4151	Force Main Condition Assess(10)	\$ 9,605.40
MAHER ACCOUNTANCY	100	2717	Accounting services	\$ 3,600.00
MAHER ACCOUNTANCY	100	2717	Accounting services	\$ 3,600.00
MAHER ACCOUNTANCY	100	2717	Accounting services	\$ 3,600.00
MARIN COUNTY FORD	200	2083	Parts and repairs vehicles	\$ 290.00
MARIN COUNTY TAX COLLECTOR	100	2713	Legal services	\$ 4,950.00
MARIN MUNICIPAL WATER DIS	200	2536	Water utility costs	\$ 46.57
MARIN MUNICIPAL WATER DIS	200	2536	Water utility costs	\$ 46.57
MARIN MUNICIPAL WATER DIS	200	2536	Water utility costs	\$ 90.35
MARIN MUNICIPAL WATER DIS	200	2536	Water utility costs	\$ 46.57
MARIN MUNICIPAL WATER DIS	200	2536	Water utility costs	\$ 412.12
MARIN MUNICIPAL WATER DIS	200	2536	Water utility costs	\$ 85.76
MARIN MUNICIPAL WATER DIS	200	2536	Water utility costs	\$ 50.55
MARIN MUNICIPAL WATER DIS	200	2536	Water utility costs	\$ 50.55
MARIN MUNICIPAL WATER DIS	200	2536	Water utility costs	\$ 226.78
MARIN MUNICIPAL WATER DIS	200	2536	Water utility costs	\$ 62.29
MARIN MUNICIPAL WATER DIS	200	2536	Water utility costs	\$ 46.57
MARIN MUNICIPAL WATER DIS	200	2536	Water utility costs	\$ 46.57
MARIN MUNICIPAL WATER DIS	200	2536	Water utility costs	\$ 43.49
MARIN MUNICIPAL WATER DIS	200	2536	Water utility costs	\$ 50.55
MARIN MUNICIPAL WATER DIS	200	2536	Water utility costs	\$ 46.57
MARIN MUNICIPAL WATER DIS	200	2536	Water utility costs	\$ 50.55
MARIN MUNICIPAL WATER DIS	200	2536	Water utility costs	\$ 46.57
MICHAEL PAUL COMPANY INC.	200	2360	O&M - collection systems	\$ 6,746.00
MICHAEL PAUL COMPANY INC.	200	2360	O&M - collection systems	\$ 8,746.00
MICHAEL PAUL COMPANY INC.	200	2360	O&M - collection systems	\$ 12,492.00

Memo

Telephone Service - replacement pager
 Uniforms - weekly service ending 4/25/18
 Uniforms - weekly service ending 5/02/18
 Uniforms - weekly service ending 5/09/18
 Telephone Service - pump station dialers to CMSA from 3/20/18-4/19/18
 Telephone Service - land lines for pump stations and dialers from 4/02/18-5/01/18
 Telephone Service - cell phones service from 4/04/18-5/03/18
 Sun Valley - reimbursement to Ray Bobo for plumbing services at 211 California Ave.
 Parts and Repairs - new tire for vactor truck - vehicle #8192
 Pump Stations - light for Glenwood PS
 Memberships and Dues - CWEA certification renewal, Douglas W St. Cyr
 Memberships and Dues - CWEA certification renewal, Hector Rodriguez
 Memberships and Dues - CWEA certification renewal, Kis Osaki
 Legal Services - for March 2018 services re: NPDES permit
 Collection System - manhole smart cover
 Vehicle & Equipment Acquisition - refurbish and install provided body and crane on new Ford F550 chassis - vehicle #8149-17
 Force Main Condition Assessment , Phase 2 - Belvedere & Mill Street potholing
 Accounting Services - March
 Accounting Services - April
 Accounting Services - May
 Parts and Repairs - reprogrammed transmission on Ford F250, vehicle #8174
 County Counsel - 3rd Qtr Jan/Feb/Mar FY 2017/18
 Water - 44 Lagoon Rd. from 2/15/18-4/16/18
 Water - 1271 Andersen Dr. from 2/09/18-4/10/18
 Water - 3106 Kerner Blvd. from 2/14/18-4/13/18
 Water - Andersen Dr. from 2/09/18-4/10/18
 Water - Castro Av. from 2/13/18-4/12/18
 Water - Catalina Blvd. from 2/13/18-4/12/18
 Water - E Francisco Blvd. from 2/13/18-4/12/18
 Water - E Francisco Blvd. from 2/13/18-4/12/18
 Water - E Francisco Blvd. from 2/14/18-4/13/18
 Water - Montecito Rd. from 2/14/18-4/13/18
 Water - N San Pedro Rd. from 2/15/18-4/16/18
 Water - Peacock Dr. from 2/15/18-4/16/18
 Water - Pt San Pedro Rd. from 2/14/18-4/13/18
 Water - Riviera Dr. from 2/15/18-4/16/18
 Water - Simms St. from 2/09/18-4/10/18
 Water - Woodland Ave. from 2/09/18-4/10/18
 Collection System - spot repairs at 76 Alexander Ave.
 Collection System - spot repairs at Linden Lane and Grand Ave.
 Collection System - spot repairs at Villa Ave. and at Dominican Dr.

MICHAEL PAUL COMPANY INC.	Collection System - spot repairs on Oakmont Ave. and on Hillside Ave.	200	2360	O&M - collection systems	\$	25,521.81
MICHAEL PAUL COMPANY INC.	Collection System - encroachment permit for spot repair at 10 Oakmont Ave.	200	2360	O&M - collection systems	\$	246.00
NUTE ENGINEERING	Caltrans San Rafael Harbor Bridge - services from 3/01/18-3/31/18	300	4331	Caltrans SR Harbor Bridge (80)	\$	15,922.80
NUTE ENGINEERING	Consulting Services - revise standard specs services from 3/01/18-3/31/18	100	2325	Consulting services	\$	1,440.00
NUTE ENGINEERING	San Pedro Pump Station - services from 3/01/18-3/31/18	300	4147	San Pedro Pump Station (10)	\$	13,192.50
PERIN - BATTERIES PLUS	Pump Stations - batteries for locator	200	2359	Maint- pump sta's & force mains	\$	10.89
PERIN - BATTERIES PLUS	Pump Stations - dialer battery for Simms St. PS and light bulbs for N. Francisco PS wet well	200	2359	Maint- pump sta's & force mains	\$	32.54
PG&E s/c 2480926202-5	Power - service for pump stations 3/09/18-4/08/18	200	2635	Electric utility costs	\$	19,355.81
PLATT	Pump Stations - heater for Glenwood PS	200	2359	Maint- pump sta's & force mains	\$	87.00
PUMP REPAIR SERVICE CO	Pump Stations - repair pump no.1 for North Francisco PS	200	2359	Maint- pump sta's & force mains	\$	12,453.94
PURE TECHNOLOGIES U.S. INC.	Force Main Condition Assessment - smart ball leak and gas pocket det. services for the Simms, N Francisco North & South Force Mains	300	4151	Force Main Condition Assess(10)	\$	62,290.00
ROTO-ROOTER SEWER SERVICE INC	Collection System - spot repair at 220 Bungalow Ave.	200	2360	O&M - collection systems	\$	8,302.35
ROTO-ROOTER SEWER SERVICE INC	Collection System - spot repair at 1403 Nye St.	200	2360	O&M - collection systems	\$	5,825.59
ROTO-ROOTER SEWER SERVICE INC	Collection System - spot repair on Brookdale Ave.	200	2360	O&M - collection systems	\$	8,985.00
ROTO-ROOTER SEWER SERVICE INC	Standby - service at 48 San Marino Dr.	200	2363	Standby services	\$	1,300.00
ROTO-ROOTER SEWER SERVICE INC	Sun Valley - install new lower lateral, wye cleanout, and sewer popper inside Christy box at 211 California Ave.	300	4324	SunValley-Ca.Solaro, Alpine(80)	\$	15,985.00
SEWER CONNECTION, INC.	Collection System - spot repair at 295 Summit Ave.	200	2360	O&M - collection systems	\$	1,500.00
SHAMROCK	Collection System - lute staples and soil for landscape restoration at 221 Bungalow Ave.	200	2360	O&M - collection systems	\$	31.71
SHAMROCK	Collection System - soil for landscape restoration at 220 Bungalow Ave.	200	2360	O&M - collection systems	\$	45.86
STAPLES INC	Office supplies - label maker	100	2133	Office & shop supplies	\$	27.24
TIFCO INDUSTRIES	Shop Supplies - glass cleaner	200	2133	Office & shop supplies	\$	87.46
TRANSBAY SECURITY SERVICE	Pump Stations - keys for all pump stations	200	2359	Maint- pump sta's & force mains	\$	444.07
US BANK CORPORATE PAYMENT	Miscellaneous Expenses - lunch for interview panel for associate civil engineer	100	2369	Miscellaneous expenses	\$	43.56
US BANK CORPORATE PAYMENT	Miscellaneous Expenses - meal for crew during overtime work to install smart ball	100	2369	Miscellaneous expenses	\$	40.00
US BANK CORPORATE PAYMENT	Pump Stations - parts and tools	200	2359	Maint- pump sta's & force mains	\$	26.35
US BANK CORPORATE PAYMENT	San Pedro Pump Station - replacement generator set for San Pedro PS	300	4147	San Pedro Pump Station (10)	\$	1,885.00
US BANK CORPORATE PAYMENT	Vehicle & Equipment Acquisition - bed liner for vehicle #8149-17 Ford F550	100	4830	Vehicle equipment & acquisition	\$	625.00
US BANK CORPORATE PAYMENT	Vehicle & Equipment Acquisition - bed liner for vehicle #8154-17 Ford F350	100	4830	Vehicle equipment & acquisition	\$	750.00
VALENTINE CORPORATION	San Pedro Pump Station - sewer improvement project, Progress Payment #1	300	4147	San Pedro Pump Station (10)	\$	142,116.70
VERIZON WIRELESS	Telephone Service - wireless service for laptops 3/21/18-4/20/18	100	2534	Telephone service	\$	266.07
WATER COMPONENTS & BLDG SUPPLY	Collection System - parts for manhole repair at 116 Ross Valley Dr.	200	2360	O&M - collection systems	\$	46.70
WATER COMPONENTS & BLDG SUPPLY	Collection System - USA marking paint	200	2360	O&M - collection systems	\$	4.47
WECO INDUSTRIES LLC	Collection System - new jets for nozzle on vector truck	200	2360	O&M - collection systems	\$	334.84
WECO INDUSTRIES LLC	Collection System - rod for power rodder	200	2360	O&M - collection systems	\$	4,560.94
WOODLAND CTR AUTO SUPPLY	Pump Stations - oil for pumps	200	2359	Maint- pump sta's & force mains	\$	29.56
					\$	430,349.93

4.a.

SAN RAFAEL SANITATION DISTRICT
Agenda Item No. 4.a.

DATE: June 25, 2018
TO: Board of Directors, San Rafael Sanitation District
FROM: Doris Toy, District Manager/District Engineer *DT*
SUBJECT: Discussion and Consideration of Adopting Resolution Approving and Authorizing the Chair to Execute the San Rafael Sanitation District's Response to the 2017-2018 Marin County Civil Grand Jury Report: "Consolidation of Sanitation Districts"

RECOMMENDATION:

Adopt resolution approving and authorizing the Chair to execute the San Rafael Sanitation District's response to the 2017-2018 Marin County Civil Grand Jury Report: "Consolidation of Sanitation Districts."

SUMMARY:

On April 13, 2018, the Marin County Civil Grand Jury sent the report, "Consolidation of Sanitation Districts," to the District Manager and the Chair, which was later released to the public on April 20, 2018. The Grand Jury requested that the District respond in writing to the Findings and Recommendations contained in the report, which in this case the District is to respond to:

Recommendation R2, "Central Marin Sanitation Agency (JPA), Sanitary District #1 (Ross Valley), Sanitary District #2 (Corte Madera), and the San Rafael Sanitation District should reorganize into a single sanitary/sanitation district. Each entity should complete a reorganization application with Marin LAFCO by 9/30/2018 and announce this action on the agenda of the next board meeting for public involvement."

At the June 1, 2018, Board meeting, the Board discussed its response to the R2 Recommendation. The District is supportive of the goals of enhanced cooperation and efficiency that can be gained by working together with its JPA member agencies, which could include the possibility of consolidation. However, the submittal of the LAFCO application by September 30th is unrealistic. The District will continue to work with its partnering agencies to identify and implement agreements and other steps that will enhance the overall efficient provision of services.

Attached is a "Consolidation Action Listing," which was prepared during a consolidation study in 2007, that lists various tasks to be performed prior to submitting an application to LAFCO.

The Board is also supportive of any outreach by staff to the other agencies if they should see any opportunities for shared services or shared positions.

The Grand Jury requests that the District respond in writing to the Findings and Recommendations contained in the Report within 90 days (July 13, 2018).

Please see the attached "Agency Response to Grand Jury Report" form.

ACTION REQUIRED:

Staff recommends that the Board adopt the resolution approving and authorizing the Chair to execute the San Rafael Sanitation District's response to the 2017-2018 Marin County Civil Grand Jury Report: "Consolidation of Sanitation Districts."

Attachments: Agency Response to Grand Jury Report Form
Response Letters
Resolution
2017-2018 Marin County Civil Grand Jury Report, "Consolidation of Sanitation Districts"

AGENCY RESPONSE TO GRAND JURY REPORT

Report Title: **Consolidation of Sanitation Districts**

Report Date: **April 13, 2018**

Response Date: **July 13, 2018**

Agency Name: **San Rafael Sanitation District** Agenda Date: **June 25, 2018**

Response by: **Gary O. Phillips**

Title: **Board Chair**

FINDINGS

- I (we) agree with the findings numbered: **N/A**
- I (we) disagree partially with the findings numbered: **N/A**
- I (we) disagree wholly with the findings numbered: **N/A**

(Attach a statement specifying any portions of the findings that are disputed; include an explanation of the reasons therefor.)

RECOMMENDATIONS

- Recommendations numbered **N/A** have been implemented.
(Attach a summary describing the implemented actions.)
- Recommendations numbered **N/A** have not yet been implemented, but will be implemented in the future.
(Attach a timeframe for the implementation.)
- Recommendations numbered **R2** require further analysis.
(Attach an explanation and the scope and parameters of an analysis or study and a timeframe for the matter to be prepared for discussion by the officer or director of the agency or department being investigated or reviewed, including the governing body of the public agency when applicable. This timeframe shall not exceed six months from the date of publication of the Grand Jury report.)
- Recommendations numbered **N/A** will not be implemented because they are not warranted or are not reasonable.
(Attach an explanation.)

Date: _____ Signed: _____

GARY O. PHILLIPS, Board Chair
San Rafael Sanitation District

Number of pages attached **2** (including this page)

Response Form

ATTACHMENT "A"

RESPONSE FROM THE SAN RAFAEL SANITATION DISTRICT TO GRAND JURY REPORT "CONSOLIDATION OF SANITATION DISTRICTS"

Recommendations:

R2: Central Marin Sanitation Agency (JPA), Sanitary District #1 (Ross Valley), Sanitary District #2 (Corte Madera), and the San Rafael Sanitation District should reorganize into a single sanitary/sanitation district. Each entity should complete a reorganization application with Marin LAFCO by 9/30/2018 and announce this action on the agenda of the next board meeting for public involvement.

Response: *Require further analysis:* The District is supportive of the goals of enhanced cooperation and efficiency that can be gained by working together with its JPA member agencies, which could include the possibility of consolidation. However, the recommendation that the District should submit a reorganization application with Marin LAFCO by 9/30/2018 is unrealistic. The supporting documents that are required for the application is complex and time consuming. Please see the attached "Consolidation Action Listing," which was prepared during a consolidation study in 2007, that lists various tasks to be performed prior to submitting an application to LAFCO. Since the task list would take years to complete, the District is focused on issues that can be accomplished at the present. Therefore, the District will continue to work with its JPA member agencies and neighboring agencies to identify and implement agreements and other steps that will enhance the overall efficient provision of services.

Consolidation Action Listing
Central Marin Wastewater Agency Consolidation
June 2007

	B	C	D
1	Action Category and Description	Assigned to	Scoping Meeting Comments
2	ASSETS		
3	Prepare recommendations for consolidated agency mapping and GIS data base management	Consultant	Consultant to assess SRSD and RVSD systems and make rec'd on which to use. RVSD uses Munsys
4	Evaluation of telemetry and data transmission needs to CMSA	Consultant	CMSA is converting SD#2 to radio telemetry; some SRSD
5	Evaluate computer and MIS requirements for consolidation	Consultant	CMSA has Novel network that is expandable
6	Evaluate and recommend new facility computer monitoring system	Consultant	Utilize CMSA PCS and HMI interface
7	Conduct asset evaluations of all above ground facilities and pump stations	Consultant	
8	Perform condition assessment of underground facilities	Consultant	Sampling determination by HDR - to Board in July
9	Conduct asset valuation recommendations and evaluations	Consultant	RVSD is starting 5-yr CCTV inspection; SRSD/RVSD joint program for FY08 to obtain sample information??
10	Assess existing CMMS systems; rec'd common system	Consultant	
11	Determine how to handle SRSD share of San Rafael PW bldg	Staff/SRSD	
12	RVSD to decide if Larkspur property will be sold or not.	Staff/RVSD	
13	SRSD to determine which shared assets stay with PW	SRSD staff	
14			
15	BOARD		
16	Prepare technical memo on options for new agency naming process	Staff	Naming contest? Name must be part of LAFCO app
17	Prepare a technical memo on elections	Staff	
18	Prepare technical memorandums on Sanitary District authorities	Staff	
19	Coordinate efforts to develop new agency logo	Staff	Logo contest?
20	Prepare evaluation of customer benefits resulting from consolidation	Consultant	
21	Decide on sanitary district zoning methodology (EDU, Population, other)	Consultant	
22	Decide on condition assessment methodology (sampling size)	Consultant	conditional on task #61
23			
24			
25	FINANCE		
26	Develop an implementation budget for consolidation	Staff	pay with CMSA operating dollars/reserves?
27	Coordinate efforts to coordinate audit programs	Staff	
28	Prepare training program for sewer service charge collections for the future	Staff	
29	Prepare financial model technical memorandum - budget combinations	Consultant	
30	Evaluation of Gann Limitations for new agency	Consultant	Each Agency calculates appropriation limits. May be exempt?
31	Prepare combining financial statements from consolidation with identification of potential long term savings	Consultant	
32	Prepare sewer service charge process procedure	Consultant	
33	Evaluate and contrast agency Investment Policies and recommend future Investment Policy	Consultant	PFM prepared detailed investment policy for CMSA
34	Preparation of Technical Memorandum on Accounting and Financial Management including audit requirements.	Consultant	
35	Prepare technical memo on current rate and fee structure for each agency with recommendations for the future	Staff	
36	Prepare 10 year rate evaluation and funding model - recommendations on rates and charges	Consultant	
37	Prepare 10 year financial evaluation with and without consolidation	Consultant	
38	Develop joint capital planning process and 10 year plan	Consultant	
39	Evaluation of GASB 45 Requirements for new agency	Consultant	
40	Evaluate debt administration needs and affects	Consultant/Legal	
41	Prepare financial consolidation requirements for combining agencies	Consultant	
42	Prepare outline of budget for new agency and three year financial model for budget	Staff	Can modify CMSA's budget and 5-yr forecast; add collection system operating budget; expand engr and administration budgets; add members CIP; modify 5-yr forecast
43	Prepare technical memo on rates and charges for combined agency	Staff	
44	Identify existing financial policies and procedures; TM on which should be used for new agency, GAP analysis	Staff	Consultant support
45	Billing change notices to commercial and industrial customers	Consultant/staff	
46			
47			
48			

**Consolidation Action Listing
Central Marin Wastewater Agency Consolidation
June 2007**

	B	C	D
49	LAFCO		
50	Manage the LAFCO process w/ agency managers and LAFCO Executive Officer	Staff	
51	Prepare drafts of all LAFCO resolutions and documents for consolidation	Staff	
52	Prepare LAFCO timeline and schedule for all consolidation decisions	Staff	
53	Coordinate all required agency filings for LAFCO	Staff	
54	Prepare terms and conditions for all LAFCO resolutions	Staff	
55	Prepare Standard "Disclosure" Checklist for each agency identifying critical financial, administrative and operational information	Staff	
56	Preparation of maps and drawings needed for LAFCO submittal	Consultant	Revised Service area map need o be submitted to State Controller. Survey of boundaries to be exact - high lvl of effort
57			
58	LEGAL		
59	Identification of legal requirements for land and facilities transfer to consolidated agency	Legal	
60	Prepare necessary notifications to bond/debt holders of consolidation	Bond Counsel	CMSA bond Indenture says bond holders must approve consolidation
61	Review of all agency agreements and contracts for the future	Legal	Staff to perform initial review
62	Review of bond/debt covenants for consolidated agency	Bond Counsel	
63	Determine if sanitary district can have representatives from zones/wards	Legal	County assessor can help establish zones?
64	Select legal Counsel for consolidation/LAFCO process	Staff	Govi doens;t have time - other in County Counsel office?
65	Prepare legal descriptions of easements upon transfer from members to new agency	Legal/Staff	
66			
67	Miscellaneous		
68	Prepare RFP for building expansion program	Staff	
69	Manage the Murray Park & San Quentin Village annexations	Staff	
70			
71	OPERATIONS		
72	Define listing of collection system procedures - new and old	Staff	
73	Preparation of Technical Memorandum comparing management polices and procedures and identifying changes necessary from these evaluations	Staff	
74	Prepare technical memo on regulatory requirements from consolidation	Staff	
75	Prepare listing of all agency operating equipment for consolidated district	Staff	
76	Prepare photo album of all operating equipment	Staff	
77	Prepare system inventory of all operating facilities of the combined agency	Staff	
78	Prepare technical memorandum on records management of consolidated agency	Staff	
79	Define list of new ordinance requirements for collection system operations	Staff	Special Legal Counsel assistance
80	Preparation of New agency SSMP timeline	Staff	
81	Prepare new agency SSMP pursuant to state regulations combining collection agency SSMP's	Staff	
82	Prepare draft Corte Madera services agreement	Consultant	
83	Draft revised treatment/services agreement for Corte Madera	Staff	
84	Prepare draft facility expansion evaluation for new employees	Consultant	
85	Prepare alternative organizational charts and make recommendations for future organization	Staff	Management Committee to Review
86	Prepare a photo handbook of all employees including backgrounds	Staff	
87	Identify and address sewer easement and right of way issues	Staff	
88	Determine HR staffing and resource needs for new organization	Staff	
89			
90	Union/Labor		
91	Prepare comparison table of MOU's, salaries, benefits	Staff	Management Committee to Review
92	Prepare technical memo on early retirement program	Staff	Management Committee to Review
93	Prepare new salary schedule for a new organization	Staff	Management Committee to Review
94	Prepare technical memo on methods for dealing with salaries	Staff	Management Committee to Review
95	Prepare demographic information on all potential new employees	Staff	Management Committee to Review
96	Union negotiations preparation and support - management team	Staff	Management Committee to Review

**Consolidation Action Listing
Central Marin Wastewater Agency Consolidation
June 2007**

	B	C	D
97	Prepare new job classifications for combined agency in CMSA format	Staff	
98	Preparation of Staffing Plan from consolidation	Consultant	Management Committee to Review
99	Prepare Bargaining Unit Negotiations Strategy	Consultant	Management Committee to Review
100	Prepare existing, new, and future agency org charts	Staff/Consultant	Management Committee to Review
101			
102			
103	IMPLEMENTATION PROCESS		
104	Prepare Implementation Schedule for Consolidation	Staff/Consultant	Working draft Schedule prepared by July CMSA Mtg
105	Prepare monthly consolidation communications and outreach documents	Staff/PR?	Management Committee to Review
106	Identify needs for and prepare RFPs for professional assistance	Staff	Legal, Labor relations, surveying, actuary, auditor, finance advisor, others
107	Identify necessary notifications resulting from consolidation decision	Staff	Management Committee to Review
108	Prepare presentations to all agencies elected councils or boards on consolidation process	Staff	
109	Make presentations to all elected officials on consolidation	Staff	
110	Report to CMSA Board on consolidation efforts	Staff	
111	Coordinate joint employee meetings for all agency employees affected by consolidation	Staff	Management Committee to Review
112	Collect employee needs from all employees affected by consolidation	Staff	Management Committee to Review
113	Assist consultant in defining advantages and disadvantages of consolidated agency	Staff	
114	Prepare listing of all agency agreements that will need to be evaluated for termination	Staff	
115	Identify staffing changes required to support consolidation	Staff	Management Committee to Review
116	Coordinate the Agency Managers Meetings - agendas, TM's, facilitation, presentations	Staff	
117	Identification of termination issues for each agency	Staff	Management Committee to Review
118	Develop consolidation website for communications	Staff	
119	Manage To DO Consolidation Issues List	Staff	
120	Manage data collection needs for consultants from all combining agencies	Staff	
121	Identify transition issues by agency across consolidation date	Staff	
122	Preparation of Five Year Consolidated Agency Business Plan	Consultant	
123	Prepare new Employee Orientation Program	Consultant	
124	Coordinate public input process to evaluate customer benefits	Consultant	
125	Assist with implementation schedule and plan	Consultant	
126	Prepare Consolidation Evaluation Report	Consultant	advantages/disadvantages; cost savings; draft ASAP-Jan 08?
127	Preparation of Press Releases regarding Consolidation	Consultant	
128	Identification of Transition Notification Issues for Consolidation	Consultant	e.g. moving notices
129	Evaluate environmental concepts and concerns from consolidation - CEQA needs and requirements from consolidation	Consultant	



**San Rafael
Sanitation
District**

111 Morphew Street
PO Box 151560
San Rafael, CA 94915-1560

Telephone 415 454-4001
Facsimile 415 454-2270

Board of Directors

Gary O. Phillips, Chairman
Maribeth Bushey, Secretary/Director
Katie Rice, Director

District Manager/District Engineer

Doris Toy, P.E.

June 25, 2018

Mr. Ron Brown, Foreperson
Marin County Civil Grand Jury
3501 Civic Center Drive, Room 275
San Rafael, CA 94903

Re: Grand Jury Report: **“Consolidation of Sanitation Districts”**

Dear Mr. Brown:

We are forwarding to you the following documents:

- Duplicate original of Resolution No. 18-1175 adopted by the San Rafael Sanitation District on June 25, 2018, approving and authorizing the Chair to execute the District's response; and
- Original of the “Agency Response to Grand Jury Report” form, executed by the District Chair on June 25, 2018, together with Attachment “A”.

In addition, we would like to clarify the statement, “The San Rafael Sanitation District is another dependent district that functions as if it were a department of its parent jurisdiction, in this case the City of San Rafael,” which is stated on page 8 of the Report. The District and the City are separate entities with separate funding, budgets, banking, supplies and equipment.

Please contact Doris Toy, the SRSD District Manager/District Engineer, at 485-3484 if you have any questions.

Sincerely,

GARY O. PHILLIPS
Board Chair
San Rafael Sanitation District

GOP/ch

Attachments

cc: Doris Toy, District Manager/District Engineer (with enclosures)
Jack F. Govi, Assistant County Counsel (with enclosures)



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Katie Rice, Director

District Manager/District Engineer

Doris Toy, P.E.

June 25, 2018

The Honorable Judge Paul Haakenson
Marin County Superior Court
P.O. Box 4988
San Rafael, CA 94913-4988

Re: Grand Jury Report: **“Consolidation of Sanitation Districts”**

Honorable Judge Paul Haakenson:

We are forwarding to you the following documents:

- Duplicate original of Resolution No. 18-1175 adopted by the San Rafael Sanitation District on June 25, 2018, approving and authorizing the Chair to execute the District's response; and
- Original of the “Agency Response to Grand Jury Report” form, executed by the District Chair on June 25, 2018, together with Attachment “A”.

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Please contact Doris Toy, the SRSD District Manager/District Engineer, at 485-3484 if you have any questions.

Sincerely,

GARY O. PHILLIPS
Board Chair
San Rafael Sanitation District

GOP/ch

Attachments

cc: Doris Toy, District Manager/District Engineer (with enclosures)
Jack F. Govi, Assistant County Counsel (with enclosures)

SAN RAFAEL SANITATION DISTRICT

RESOLUTION NO. 18-1175

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE SAN RAFAEL SANITATION DISTRICT
APPROVING AND AUTHORIZING THE CHAIR TO EXECUTE
THE SAN RAFAEL SANITATION DISTRICT'S RESPONSE TO
THE 2017-2018 MARIN COUNTY CIVIL GRAND JURY REPORT ENTITLED
"CONSOLIDATION OF SANITATION DISTRICTS"**

WHEREAS, pursuant to Penal Code Section 933, a public agency which receives a Grand Jury Report addressing aspects of the public agency's operations must comment on the findings and recommendations contained in the Report in writing within ninety (90) days to the Presiding Judge of the Superior Court with a copy to the Foreperson of the Grand Jury; and

WHEREAS, Penal Code Section 933 specifically requires that the "governing body" of the public agency provide said response; and, in order to lawfully comply, the governing body must consider and adopt the response at a noticed public meeting pursuant to the Brown Act; and

WHEREAS, the Board of Directors of the San Rafael Sanitation District has received and reviewed the 2017-2018 Marin County Civil Grand Jury Report dated April 13, 2018, entitled "Consolidation of Sanitation Districts" and has agendaized it for this meeting for a response.

NOW, THEREFORE, IT IS HEREBY RESOLVED, that the Board of Directors of the San Rafael Sanitation District hereby:

1. Approves and authorizes the Chair to execute the San Rafael Sanitation District's response to the 2017-2018 Marin County Civil Grand Jury Report entitled "Consolidation of Sanitation Districts," a copy of which is attached hereto and incorporated herein.

2. Directs the District Secretary to forward the District's response to the Grand Jury Report to the Presiding Judge of the Marin County Superior Court and to the Foreperson of the Marin County Civil Grand Jury.

PASSED AND ADOPTED at a regular meeting of the San Rafael Sanitation District Board of Directors held on the 25th day of June, 2018, by the following vote, to wit:

AYES:

NOES:

ABSENT/ABSTAIN:

SAN RAFAEL SANITATION DISTRICT

Gary O. Phillips, Chair

ATTEST:

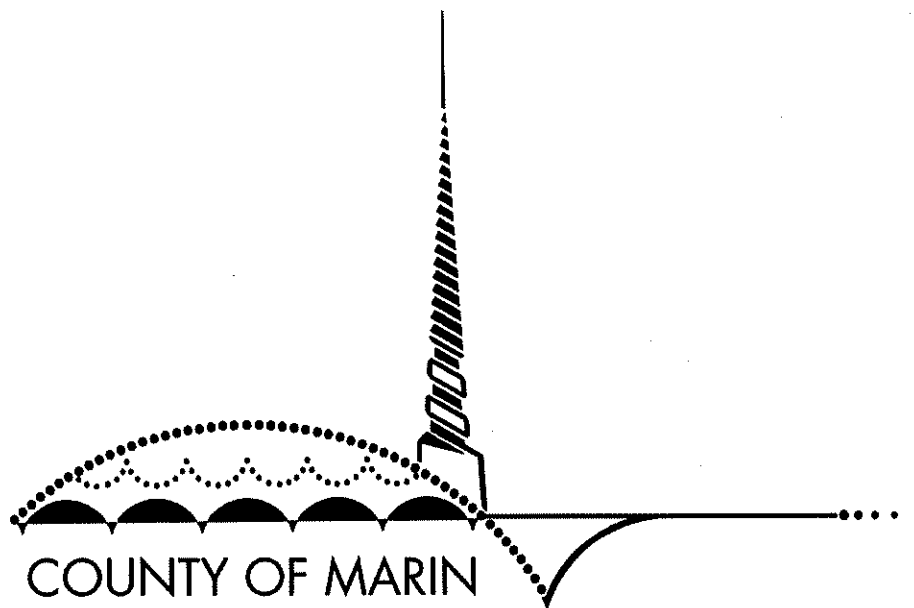
Maribeth Bushey, Secretary

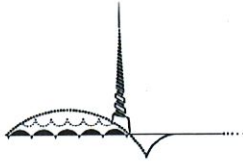
2017-2018 MARIN COUNTY CIVIL GRAND JURY

Consolidation of Sanitation Districts

Report Date: April 13, 2018

Public Release Date: April 20, 2018





Consolidation of Sanitation Districts

SUMMARY

Marin residents support an unusually high number of special districts. These local government entities, such as police, fire and sanitation districts, serve residents daily and are funded through fees and taxes. Each district is governed by a board of directors that decides how money is budgeted and spent. These boards are accountable only to the voters yet public oversight is largely missing. Some Marin districts have responded to budget tightening by sharing resources that led to consolidations, while other districts have responded by increasing their budgets and raising fees. This report examines the merits of consolidating special districts, why certain attempts have succeeded where others have failed, and what path forward is in the best interest of the residents of Marin.

The creation of a high number of special districts in Marin was not by design. It developed over time without a master plan as areas that were once isolated rural communities developed their own services. Today these communities have become connected neighborhoods that are still served by a patchwork of districts.

Consolidation has been recommended repeatedly, most recently in two studies published in 2017. A local Marin study recommends specific sanitary district consolidations.¹ A report by the Little Hoover Commission asks that the State of California remove barriers to district consolidations.² This is not a new idea. A decade earlier an independent consulting firm hired to study the issue by Central Marin Sanitation Agency, Joint Powers Authority (CMSA, JPA) and its member sanitation districts recommended consolidation.³ These studies describe decreased costs, increased efficiency and the use of best practices as benefits.

Several examples exist of successful consolidations in Marin, motivated by budget concerns and cost savings. A police consolidation in central Marin has demonstrated substantial cost savings and fire districts in southern Marin are currently collaborating with the end goal of consolidation.

For decades, attempts to combine sanitary districts have been unsuccessful. We examine why, including the differences in funding schemes, the fear of losing local control, and the lack of oversight.

Increasingly, special districts will be required to respond to climate change challenges, such as sea level rise and increased wildfire risk due to drought. Specific to sanitation, the use of gravity in wastewater systems results in sanitation facilities being located at the lowest elevation, thereby

¹ [“Central Marin Wastewater Services Study.”](#) *Marin LAFCO.*

² [“Special Districts: Improving Oversight & Transparency.”](#) *The Little Hoover Commission.*

³ [“Central Marin Regionalization Scenarios Evaluation.”](#) *Red Oak Consulting.*

exposing them to rising sea levels. Large capital expenditures will be required as Federal and State funds diminish. Consolidated districts will be better able to prepare for these scenarios.

This report discusses the consolidation process itself. The path to move from separate districts to one consolidated district is complex and requires months or years of increased cooperation. It begins with shared service agreements, proceeding to formal contracts and finally consolidation.

BACKGROUND

Marin's Early History Led to a Large Number of Special Districts

The North Pacific Coast Railway was completed in 1875 and some of the large tracts of land in central Marin were subdivided to meet the new demand for homeownership. At that time the county was sparsely populated with small towns along the railway line. Soon the increase in population, combined with failing septic tank systems and poor water quality issues, made improvements necessary.

Consequently, an election was held in 1899 and what would later become the first special district in Marin, Sanitary District Number 1, was formed. Today it is also known as the Ross Valley Sanitary District (RVSD). RVSD brought together the communities of Ross, Kentfield, San Anselmo and Fairfax to solve mutual sanitation problems.⁴

Before the Golden Gate Bridge was completed in 1937, Marin was accessible to the growing San Francisco population only by ferries, resulting in modest growth. The access created by the bridge spurred growth in both primary and vacation homes. World War II brought an increasing number of defense industry workers, many of whom remained in Marin. Small special districts proliferated to serve isolated rural communities. Rapid growth of new residents in the 1950s resulted in further proliferation of special districts. (See Appendix C for a map of current sanitation districts.)

In 2018 our communities are no longer isolated but most of the special districts remain. A few districts have already formally merged while others contract with neighboring districts to provide mandated services, such as sanitation or water, a crucial step in the consolidation process.

⁴ [Ross Valley Sanitary District](#).

APPROACH

The Grand Jury reviewed the complete list of Marin County special districts compiled by the 2013-14 Marin County Civil Grand Jury report, “What Are Special Districts and Why Do They Matter?”⁵ Previously there was no centralized database of all separate political entities within Marin. For the purpose of this study, we will focus on 63 special districts and Joint Powers Authorities (JPAs), which contain studied districts. (Please see the glossary for a definition of JPA and Appendix A for the list of districts.)

- The majority of studied districts are police, fire and sanitation districts.
- Transportation and open space districts were excluded because they are countywide.
- School districts are special districts but were excluded because they were considered to be beyond the scope of this investigation.
- Cities and towns were excluded, however, dependent districts and some departments within cities and towns are considered.

The Jury examined documents including the districts’ audited financial statements, public reports and records, including:

- “Special Districts: Improving Oversight & Transparency.”⁶
- “Central Marin Wastewater Services Study.”⁷
- “Central Marin Regionalization Scenarios Evaluation.”⁸
- “It’s Time to Draw the Line, A Citizen’s Guide to LAFCOs California’s Local Agency Formation Commissions.”⁹
- “What’s So Special About Special Districts? A Citizen’s Guide to Special Districts in California.”¹⁰
- “Special Districts: The Threat of Consolidation and How to Stop It.”¹¹
- “Understanding Proposition 218.”¹²
- “What Are Special Districts and Why Do They Matter?”¹³

The jury interviewed representatives from:

- Marin municipalities and towns.
- County administrator’s office.
- Legal expert for special districts.
- Marin LAFCO.
- Marin JPAs.
- Marin special districts.

The jury toured the Central Marin Sanitation Agency waste treatment facility.

⁵ “What Are Special Districts and Why Do They Matter?” 2013/2014 Marin County Civil Grand Jury.

⁶ “Special Districts: Improving Oversight & Transparency.” *The Little Hoover Commission*.

⁷ “Central Marin Wastewater Services Study.” *Marin LAFCO*.

⁸ “Central Marin Regionalization Scenarios Evaluation.” *Red Oak Consulting for CMSA*.

⁹ Tami Bui and Bill Ihrke “It’s Time to Draw the Line A Citizen’s Guide to LAFCOs California’s Local Agency Formation Commissions.” Senate Committee on Local Government.

¹⁰ “What’s so special about Special Districts? A Citizen’s Guide to Special Districts in California” (4th edition) *Senate Local Government Committee*.

¹¹ Adam Probolsky “Special Districts: The Threat of Consolidation and How to Stop It” *PUBLICCEO*, June 8, 2015.

¹² “Understanding Proposition 218” *Legislative Analyst’s Office*, December 1996.

¹³ *Ibid*

DISCUSSION

As stated in the introduction, the high number of special districts in Marin is not by design but rather an accident of our history. Several groups have examined the issue and recommended consolidation as the remedy. This report discusses in detail three studies, two published within the past year. The third study and the discussion that follows are focused on sanitation districts and their repeated failures to consolidate. Some consolidations have succeeded in Marin and they are commonplace elsewhere. Finally, the Grand Jury will explain the complicated consolidation process and what actions are in the best interest of Marin.

In 2017, a study conducted by the Little Hoover Commission¹⁴ recommended legislation to remove barriers to special district consolidations, and an unrelated study by Marin LAFCO¹⁵ recommended specific consolidations meriting immediate initiation.

Both of these studies identified the following issues:

- Districts need to prepare for the effects of climate change, including floods, sea level rise, drought, and an increased risk of wildfire.
- Districts should cooperate and combine resources in order to prepare adequately for these events. Fire and police leaders are cooperating in this manner but sanitation districts are not, yet wastewater services are affected by sea level rise and drought more than any other municipal service.
- Decreased redundancy of operations can reduce costs. For example, one administration department supporting one board of directors should cost less than several administration offices each with a board of directors. The increased standardization of policies and practices across similar spheres of influence and the use of best practices will improve service and operations.

In 2005, the Central Marin Sanitation Agency, JPA, and its member districts (Sanitary District #1, Sanitary District #2, San Rafael Sanitary District, and City of Larkspur) commissioned a report titled “Central Marin Regionalization Scenarios Evaluation.”¹⁶ The examiners rejected scenarios in which no consolidations were considered. Instead, they strongly recommended total consolidation of the JPA and its component districts into a single district. Three districts and the JPA agreed to consolidate but the board of RVSD declined and the agreement failed.

Special Districts: Improving Oversight and Transparency The Little Hoover Commission

In 2016 and 2017, the Little Hoover Commission analyzed 2,071 of California’s independent special districts and reviewed the state’s role and responsibility in overseeing them. The August

¹⁴ [“Special Districts: Improving Oversight & Transparency.”](#) *The Little Hoover Commission.*

¹⁵ [“Central Marin Wastewater Services Study.”](#) *Marin LAFCO.*

¹⁶ [“Central Marin Regionalization Scenarios Evaluation.”](#) *Red Oak Consulting.*

2017 “Special Districts: Improving Oversight and Transparency”¹⁷ report delved into four primary areas of concern for special districts.

Recommendations included:

- The State of California should simplify and create consistency in the special district consolidation process.
- Oversight of special districts should be improved, specifically, opportunities to bolster the effectiveness of LAFCO.
- The continued need for districts to improve transparency and public engagement.
- The urgency of climate change adaptation in California and the front-line roles that special districts, particularly water, wastewater treatment and flood control districts, play in preparing their communities and defending them from harm.

Central Marin Wastewater Services Study
Marin LAFCO

In July 2017, Marin LAFCO published the results of the wastewater services review that included recommending consolidations of sanitation districts

One of the three stated objectives of the study is to “... serve as the source document to initiate one or more government reorganizations, such as special district formations, consolidations, and/or dissolutions.” The Grand Jury agrees with several conclusions and recommendations.

Conclusions of the Central Marin Wastewater Services Study included:

- Reorganize Murray Park Sewer Maintenance District (MPSMD) and San Quentin Village Sewer Maintenance District (SQVSMD), two county dependent districts with areas of 0.1 and 0.01 sq. miles respectively, so that both districts are absorbed by Ross Valley Sanitary District (RSVD) with an area of over 26 sq. miles.
 - Conclusion No. 5 of Study: These reorganizations would eliminate two dependent special districts governed by the County of Marin and operating under antiquated statutes in favor of recognizing RVSD as the preferred and more capable service provider going forward.¹⁸
- Explore regional reorganization and consolidation of agencies to align with the Ross Valley watershed and San Rafael Creek watershed.
 - Conclusion No. 6 of Study: Additional Merit to Explore Regional Consolidation. Information collected and analyzed in this study provides sufficient merit for the Commission to further evaluate options to reorganize and consolidate public wastewater services in Central Marin and most pertinently among agencies in the Ross Valley watershed (RVSD, Corte Madera - Sanitary District #2,¹⁹ MPSMD) and San Rafael

¹⁷ [“Special Districts: Improving Oversight and Transparency”](#) California LAFCO

¹⁸ [“Central Marin Wastewater Services Study”](#) Marin LAFCO, pg.29

¹⁹ [Corte Madera - Sanitary District #2](#). Town of Corte Madera.

Creek watershed (San Rafael Sanitary District,²⁰ Central Marin Sanitation Agency,²¹ SQVSMD).²²

- The commission should consider initiating the dissolution of MPSMD and SQVSMD and place their service areas in RVSD.
 - Recommendation 7. The Commission should consider proceeding with reorganizations to dissolve MPSMD and SQVSMD and concurrently place their respective service areas in RVSD.²³

- The sewer agencies in central Marin should coordinate efforts to establish policies and protocols in addressing the increasing effects of climate change relative to wastewater services.
 - Recommendation 11. The affected agencies in Central Marin should coordinate efforts to establish policies and protocols in addressing the increasing effects of climate change relative to wastewater services. This includes resiliency planning with respect to droughts, storm events, and rising water tables.²⁴

Central Marin Regionalization Scenarios Evaluation **Red Oak Consulting**

In 2005, Central Marin Sanitation Agency (CMSA) commissioned Red Oak Consulting to study regionalization options. It is a comprehensive study addressing topics such as long-term planning, evaluations of existing organizational structures, operations and procedures, and scenarios for regionalization.

The purpose of the report was to analyze issues facing CMSA, leading to the evaluation of its then-current structure against other regionalization solutions.

The report offered the commissioners four possible scenarios for consideration:

- Scenario 1A Joint Powers Agreement (no change).
- Scenario 1B Modified Joint Powers Agreement.
- Scenario 2 Partial combination of one or several of the agencies.
- Scenario 3 Total combination of CMSA and all member agencies.

The examiners rejected scenarios 1A and 2. The remaining options presented by Red Oak Consulting recommended Scenario 1B—implementing modifications to the JPA, while researching and proceeding toward Scenario 3—Total Combination.

The following remarks were prescient since none of the recommendations of the report were adopted:

“The modifications to the JPA could be viewed as ‘stepping stones’ toward total combination... It allows the CMSA and member agencies to focus on their immediate priorities. Additionally, ironing out issues during the execution of such modifications would also facilitate the

²⁰ [San Rafael Sanitary District](#) *City of San Rafael*.

²¹ [Central Marin Sanitation Agency](#)

²² [“Central Marin Wastewater Services Study.”](#) *Marin LAFCO*, pg.29

²³ [Ibid.](#) pg.33

²⁴ [Ibid.](#) pg.34

establishment of any new structure. This option allows for the establishment of trust among the participants for continued momentum toward the ultimate goal.

“The total combination (Scenario 3) could easily be pushed aside and, in five years, the Commissioners could find themselves in the same place they are today.”²⁵

Sanitation Districts Should Consolidate

The four districts that cooperate to form the CMSA JPA have considered full consolidation since its inception. This is logical because forming a JPA can be a step in the process of full consolidation. However, all proposals over the years have been rejected, including after the publication of the regionalization report discussed above, which was eventually terminated in 2007 by a vote of the RVSD board of directors.

The 2010-11 Grand Jury focused on the consolidation failure in its report, “Ross Valley Sanitary District: Not Again!”²⁶ The jury noted that it was the third report in five years about this particular district. The report detailed a series of lawsuits that accumulated extensive legal fees in the years between the 2007 failure and the 2010 report.

However, the legal battles did not stop in 2010 and have not been confined to central Marin. The Sausalito–Marin City Sanitary District (SMCSD) is suing the Tamalpais Community Services District (TCSD) for \$500,000 plus interest and legal costs.²⁷ SMCSD claims it was incorrectly charged in a mutual contract.

The RVSD recently sued SQVSD and CMSA over a contract dispute.²⁸ At issue was a contract for services for SQVSD that was awarded to CMSA over RVSD. It is worth pointing out that RVSD is a member district of CMSA.

The Las Gallinas Sanitary District board of directors accepted—under pressure—the resignations of top employees in 2017.²⁹ The resulting investigation of the alleged wrongdoing of the general manager cost the district \$19,500 but did not find any misuse of funds. The district has an annual budget of over \$14 million.

The lawsuits are wasteful, because even when successful, the award simply moves money from one district to another after accumulating large legal bills. If the districts had already been consolidated then decisions regarding best use of funds could be made by regional management rather than being decided in court.

It is important to point out that these are examples of independent districts overseen only by the voters. Dependent districts are also at risk for wasteful spending, though it is more difficult to see

²⁵ [Ibid](#) pg.3-9

²⁶ “[Ross Valley Sanitary District: Not Again!](#)” Marin County Civil Grand Jury.

²⁷ “[Tam Valley Sued by Sewage District in Billing Dispute](#)” *Marin Independent Journal*. 18 August 2017

²⁸ “[Marin Sanitation Agencies End Legal Battle](#)” *Marin Independent Journal*. 28 May 2015

²⁹ “[San Rafael Sewage Chief Soiled by Backflow of Staff Ire](#)” *Marin Independent Journal*. 6 November 2017

because wasteful expenditures can be absorbed by its parent entity. Sanitation District #2 functions as if it were a department of the Town of Corte Madera, leaving open the possibility of staff, supplies, and resources being commingled between the town and district. The district's budget of over \$5.5 million is difficult to correctly assess because of this possibility. The San Rafael Sanitation District is another dependent district that functions as if it were a department of its parent jurisdiction, in this case the City of San Rafael.

Enterprise District Funding Reduces Pressure on Sanitation Districts to Consolidate

Districts that collect and dispose of sewage charge a fee for this service rather than depend entirely on property taxes. When the revenue is lower than needed or desired, the district will raise fees using Proposition 218 rules. Non-enterprise agencies, such as police and fire, cannot increase their funding as easily from municipal annual budgets, creating pressure to do more with less money, which is a strong incentive to consolidate. When savings are realized through shared services, often the desire is to make the savings permanent through consolidation. Sanitation districts have avoided the pressures to consolidate by raising fees.

The Lack of Public Attention Reduces Pressure on Sanitation Districts to Consolidate

The discussion is about the use of public money yet sanitation districts do not attract the attention that is needed for proper oversight. The Grand Jury in 2011 reported, "No one wants to think about sewers or pipes or overflows. They want to flush and forget."³⁰

This year's Little Hoover Commission report also discusses the lack of public interest. "Special districts in general are geographically close to their constituents and provide a limited number of services. This often leads to low public visibility and a lack of engagement. Special districts are often referred to as 'ghost governments, invisible governments and under-the-radar governments.' The public has limited practical ability to understand the workings of the special district and make informed decisions in voting."³¹

This is especially true with sanitation districts. The CMSA JPA-led effort to regionalize was a multi-year process that did not include much input from the community. Although meetings were open, the public was not encouraged to participate.

The "flush and forget" attitude should not be used as an excuse to avoid engagement. Instead, people should be made aware that the discussion is not about the flush, it's about the bill. The public has the strongest oversight power over these districts and transparency is crucial to inform and involve them.

The State of California strongly supports more participation in local elections, and in 2015 passed SB 415, the [California Voter Participation Rights Act](#). This law requires that special districts hold their elections only in March or November in even numbered years, no later than November 2022. The aim is to increase visibility of special districts and the elections of their independent boards.

³⁰ ["What Are Special Districts and Why Do They Matter?"](#) 2013/2014 Marin County Civil Grand Jury

³¹ ["Special Districts: Improving Oversight & Transparency."](#) The Little Hoover Commission

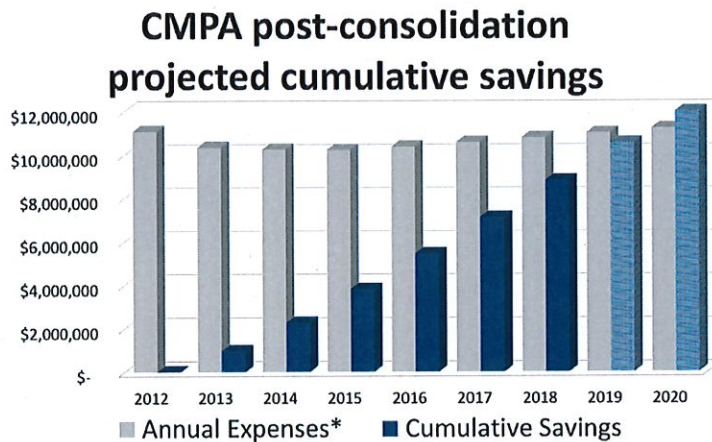
Fear of losing local control is often a reason for withdrawing from the consolidation. This fear is not supported by the facts. The consolidation of police and fire districts in Marin demonstrates that local control was not reduced. During the consolidation process, local control is repeatedly studied and negotiated. Districts are independent and cannot be forced to cooperate or share.

Only if each district agrees can consolidation move forward.

Consolidation has Succeeded in Marin and Elsewhere

Central Marin Police Authority (CMPA) is a recent example of a consolidation process. The police departments of Larkspur, Corte Madera and San Anselmo began sharing services in 2012, guided by a Memorandum of Understanding (MOU) that helped pilot increasing involvement and build trust. A completed JPA consolidation occurred in 2014.³²

This combined entity has a substantially lower need for revenue than the three independent departments combined. The consolidation will save the equivalent of these agencies’ combined annual budgets in just seven years. The main motivation for the consolidation project was to reduce costs. The new department serves the same population with 42 officers compared to a pre-consolidation headcount of 55. (See Appendix B)



*The merger was initiated in 2012 and completed in 2013.
 2012-2014 data is from audited financials
 2015-2018 data is from district budgets
 2019-2020 data has been projected by the Grand Jury

Another area of consolidation is the Southern Marin Fire Protection District, which serves Tamalpais Valley, Almonte, Homestead Valley, Alto, Strawberry, Tiburon, Sausalito, Fort Baker, and Marin Headlands. As a result of sharing services, the new district is projected to save \$315,000 per year while streamlining services and management. “Demonstrated cost savings is

³² [Central Marin Police Authority history](#)

what kept everyone at the table,” said an officer involved with the consolidation project.³³ Currently, some of the shared services include battalion chiefs, equipment and training.

Successful Mergers Outside of Marin

Here are three examples of large districts that demonstrate the advantages of consolidation:

- **Truckee Sanitary District (TSD)** is one of the oldest sanitary districts in the state with boundaries that extend across county lines. It provides wastewater collection and conveyance within Nevada and Placer counties. In the 1960s, TSD annexed the adjacent Donner Lake drainage area in adjoining Placer County in order to help protect the lake water quality. One district in control of one watershed as a sphere of influence is the most efficient model for environmental protection.³⁴
- **East Bay Municipal Utility District**—often referred to as East Bay MUD³⁵—performs both water and sewerage treatment services within Alameda and Contra Costa counties and has a very large sphere of influence. It was first formed in 1923 out of a necessity for stored water and soon started purchasing water rights and reservoir infrastructure. The water system today serves approximately 1.4 million people in a 332-square-mile area. Its smaller wastewater system, added in 1944, was created by election to protect the bay and today serves approximately 685,000 people in an 88-square-mile area. This entity has an annual budget of over 1 billion dollars. It warrants public involvement as it prepares for drought and climate change challenges, improves aging infrastructure in congested urban areas, and attends to hundreds of miles of pipe, yet maintains fresh water quality and release of safely-treated wastewater.
- **Sonoma County Water Agency (SCWA)** is a countywide dependent district whose board members are the county district supervisors. Though SCWA functions like a county government department, it is a separate entity of local government having its defined set purpose: water. This overarching agency oversees public water systems, from collection and distribution of fresh water to the conveyance and treatment of wastewater. It also attends to important water stewardship concerns for the public (flooding, recycling), wildlife (river fish) and environment (groundwater protection). SCWA works with water companies, municipalities, sanitary districts and zones operating eight sanitation systems, while giving resources to drought and climate change projects.³⁶

Marin LAFCO is Underfunded and Understaffed

Special district consolidations require the participation and approval of Marin LAFCO. Currently, the staff consists of one executive officer and one commission clerk. An additional full-time employee is on disability leave.

This level of staffing may be adequate in general but not to handle the additional workload that would be created by initiating the recommendations in this report. The agency is staffed

³³ [Southern Marin Fire Department](#)

³⁴ [Truckee Sanitary District](#)

³⁵ [East Bay MUD](#)

³⁶ [Sonoma County Water Agency](#)

adequately to produce the reports required by law, but handling an influx of requests for consolidations, annexations and other boundary changes will most likely require additional resources.

Marin LAFCO is funded by 42 separate entities divided into three categories. Each category is responsible for one third each:

- Marin County
- Cities and towns
- 30 special districts

These contributions are calculated by the State Controller's office based on revenues and not based on need. The agency itself cannot adjust its revenue so the county should consider voluntarily increasing its contribution beyond its one-third obligation. It is in the best interest of the residents of Marin County to ensure Marin LAFCO is adequately staffed. The county's 2016-2017 contribution was just over \$150,000.³⁷ An increase would allow the agency to hire an additional analyst to handle consolidations. The proven cost savings of consolidations justify this voluntary expense.

Understanding the Consolidation Process

The process does not begin with an agreement to consolidate. First, two or more districts need to identify services that can be shared. Tailored Memorandums of Understanding (MOUs) and formal contracts are used when agreements are made. A fire department, for example, might agree to serve a particular neighborhood not in its own district because its station is closer to that neighborhood. This improves service to the residents in the area by decreasing response times while also reducing costs.

Districts should cooperate on the purchase and use of expensive line items. For example, CMSA and nearby districts maintain their own heavy equipment and software. In some cases these items are not fully utilized by either district and could be easily shared using a simple MOU. This can be repeated in numerous scenarios, such as personnel, capital equipment and contracted services.

³⁷ [Annual Operating Budget](#), *Marin LAFCO*

CONCLUSION

The Grand Jury has determined that Marin has an excessive number of sanitary districts. Small districts are inherently inefficient due to duplication of expenditures and redundancy in operations. Special districts often lack sufficient oversight and accountability. Many have experienced cost and administrative challenges but have operated with very little public oversight. Operational benefits of consolidation are widely recognized and recommended. Marin has already experienced several successful consolidations. The Grand Jury is in support of this trend.³⁸

The Grand Jury recommends several consolidations that can be accomplished within one year. In addition to those actions, the remaining districts should pursue logical consolidations:

- Las Gallinas Sanitation District should consolidate with the to-be-formed central Marin sanitation district.
- Sausalito-Marín City Sanitary District and Tiburon Sanitary District #5 should consolidate with the to-be-formed Southern Marin Sanitation District. (Recommendation No.3)
- Novato Sanitary District should consider a plan to consolidate with the to-be-formed Central Marin Sanitation district. (Recommendation No. 2)
- The ultimate goal should be a countywide water and sanitation agency—Marin Municipal Utilities District (Marin MUD).

³⁸ ["Merging and Dissolving Special Districts"](#) Yale Law School, p.494, 2014

FINDINGS

- F1. Marin County has a large number of sanitary districts.
- F2. Independent sanitary districts are accountable only to district voters.
- F3. The public is not greatly involved in local sanitary district governance.
- F4. The public is not well informed about funding schemes or governance of sanitary districts.
- F5. Marin County's current system of sanitary districts is not cost-efficient.
- F6. Consolidation of sanitary districts in Marin has been recommended multiple times by governmental and non-governmental agencies.
- F7. Well-executed consolidations of sanitary districts will reduce administrative and operating costs.
- F8. Well-executed consolidations of sanitary districts will improve service.
- F9. Sanitation districts need to prepare for sea level rise.
- F10. Marin LAFCO is underfunded and understaffed.

RECOMMENDATIONS

- R1. Marin LAFCO should complete the planned reorganization of Murray Park Sewer Maintenance District and San Quentin Village Sewer Maintenance District with Ross Valley Sanitary District.
- R2. Central Marin Sanitation Agency (JPA), Sanitary District #1 (Ross Valley), Sanitary District #2 (Corte Madera), and the San Rafael Sanitary District should reorganize into a single sanitary/sanitation district. Each entity should complete a reorganization application with Marin LAFCO by 9/30/2018 and announce this action on the agenda of the next board meeting for public involvement.
- R3. Sewerage Agency of Southern Marin (JPA), Almonte Sanitary District, Alto Sanitary District, Richardson Bay Sanitary District, Homestead Valley Sanitary District, Public Works Department of the City of Mill Valley, and Tamalpais Community Services District should reorganize into a single sanitary/sanitation district. Each entity should initiate a reorganization application with Marin LAFCO and announce this action on the agenda of the next board meeting for public involvement.
- R4. The County of Marin should allocate additional funds to Marin LAFCO.

REQUEST FOR RESPONSES

Pursuant to Penal code section 933.05, the grand jury requests responses as follows:

From the following elected governing bodies:

- Marin County Board of Supervisors (R4)
- City of Mill Valley, Department of Public Works (R3)
- Almonte Sanitary District (R3)
- Alto Sanitary District (R3)
- Homestead Valley Sanitary District (R3)
- Murray Park Sewer Maintenance District (R1)
- Richardson Bay Sanitary District (R3)
- San Quentin Village Sewer Maintenance District (R1)
- San Rafael Sanitary District (R2)
- Sanitary District #1 (Ross Valley) (R1,R2)
- Sanitary District #2 (Corte Madera) (R2)
- Tamalpais Community Services District (R3)

From the following governing bodies:

- Marin LAFCO (R1)
- Joint Powers Authorities:
 - Central Marin Sanitation Agency (R2)
 - Sewerage Agency of Southern Marin (R3)

The governing bodies indicated above should be aware that the comment or response of the governing body must be conducted in accordance with Penal Code section 933 (c) and subject to the notice, agenda and open meeting requirements of the Brown Act.

Note: At the time this report was prepared information was available at the websites listed.

Reports issued by the Civil Grand Jury do not identify individuals interviewed. Penal Code Section 929 requires that reports of the Grand Jury not contain the name of any person or facts leading to the identity of any person who provides information to the Civil Grand Jury. The California State Legislature has stated that it intends the provisions of Penal Code Section 929 prohibiting disclosure of witness identities to encourage full candor in testimony in Grand Jury investigations by protecting the privacy and confidentiality of those who participate in any Civil Grand Jury investigation.

GLOSSARY

Annexation: When a district attaches additional territory to its boundary.

Consolidation: When two or more districts become one.

Contract: A legally binding agreement.

Dissolution: Refers to a district ceasing to exist.

Joint Powers Authority (JPA): An additional government entity created so that two or more special districts or local government entities can share a function.

LAFCO: Local Agency Formation Commission:³⁹ Mandated by the state to regulate and plan local government. Every county, including Marin, has a local office. Its responsibilities include:

- Initiation of special district consolidations
- Special district boundary changes
- Sphere of influence studies
- Service reviews
- Out-of-district service agreements
- Adoption of local policies

The Little Hoover Commission: An independent state oversight agency with a mission to investigate state government operations, such as special districts.

Memorandum of Understanding (MOU): A non-binding, written agreement often setting guidelines, timelines and goals.

Merger: Occurs when one district consumes another.

Special district: A local government entity created to address specific local community needs to tax themselves through public petition, and possible election. Special districts are further defined by their purpose, funding, and governing structure.

- *Single purpose:* A special district can have one purpose, such as a sewer maintenance district, which exists solely to maintain the sewer pipe.
- *Multi-purpose:* A district can provide a combination of services, such as maintaining both a water treatment plant and a community park.
- *Enterprise funding districts* collect service charges as the primary source of revenue, such as a water district that charges based on use.
- *Non-enterprise districts*, such as most fire protection and police districts, receive tax funds and do not charge based on a fee-for-service model.
- *Dependent districts* are governed by a separate entity, such as the county Board of Supervisors or city council.
- *Independent districts* have their own board of directors and do not report to the county Board of Supervisors or any other government agency. Oversight of independent districts is provided directly by the voters.

Reorganization: Combining two or more changes in one proposal.

³⁹ [Marin LAFCO](#)

Sphere of Influence: An established boundary line adopted by LAFCO to designate the boundary and service area for a city or special district.⁴⁰

Sanitary: A category of health and safety codes with powers and functions that involve the maintenance and operation of facilities such as garbage dump sites, garbage collection and disposal systems, sewers, storm water drains, and stormwater recycling and distribution systems.

Sanitation: A category of health and safety codes with powers and function that involve maintaining and operating sewage systems, sewage treatment plants and sewage disposal systems.

⁴⁰ [Sphere of Influence](#)

APPENDIX A

Special districts considered in this investigation:

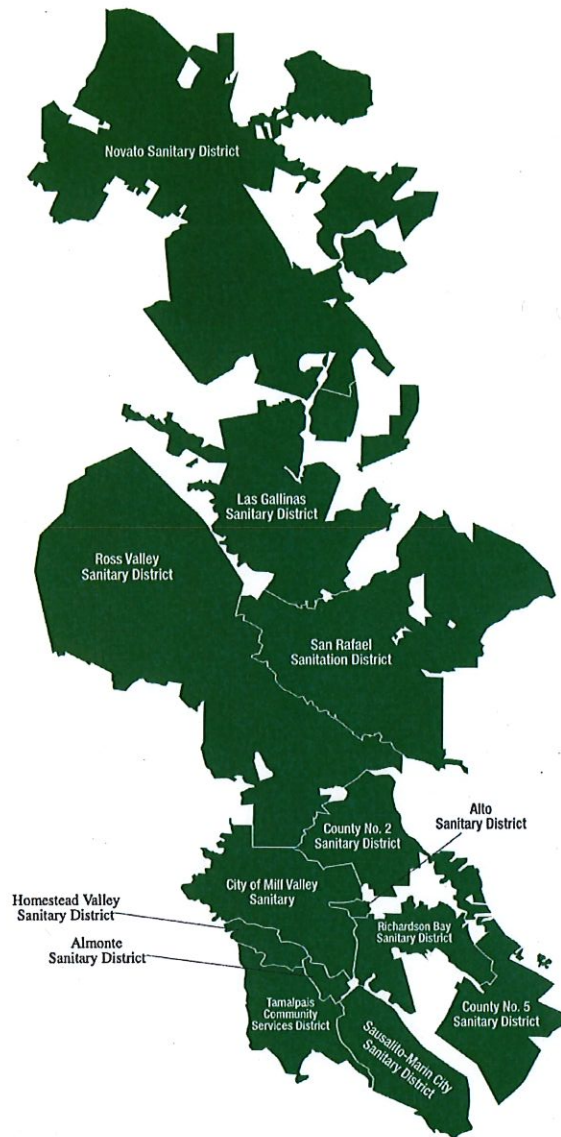
1. Almonte Sanitary District
2. Alto Sanitary District
3. Bel Marin Keys CSD
4. Bolinas Community Public Utility District
5. Bolinas Fire Protection District
6. Bolinas Highlands Permanent Road Division
7. Corte Madera Sanitary District No. 2
8. CSA #1 (Loma Verde)
9. CSA #6 (Gallinas Creek)
10. CSA #9 (Northbridge)
11. CSA #13 (Lucas Valley)
12. CSA #14 (Homestead Valley)
13. CSA #16 (Greenbrae)
14. CSA #17 (Kentfield)
15. CSA #18 (Las Gallinas)
16. CSA #19 (San Rafael)
17. CSA #20 (Indian Valley, Dominga Canyon)
18. CSA #23 (Terra Linda)
19. CSA #25 (Unincorporated Novato)
20. CSA #27 (Ross Valley Paramedic)
21. CSA #28 (West Marin Paramedic)
22. CSA #29 (Paradise Cay)
23. CSA #31 (County Fire)
24. CSA #33 (Stinson Beach)
25. Homestead Valley Sanitary District
26. Inverness Public Utility District
27. Inverness Subdivision No. 2 Permanent Road Division
28. Kentfield Fire Protection District
29. Las Gallinas Sanitary District
30. Marin City CSD
31. Marin County Flood Control and Water Conservation District
32. Marin County Law Library
33. Marin County Lighting District
34. Marin County Open Space District
35. Marin County Transit District
36. Marin Healthcare District
37. Marin Municipal Water District
38. Marin Resource Conservation District
39. Marin/Sonoma Mosquito & Vector Control District
40. Marinwood Community Service District
41. Monte Cristo Permanent Road Division
42. Mt. View Ave - Lagunitas Permanent Road Division
43. Muir Beach Community Services District
44. Murray Park Sewer Maintenance District
45. North Marin Water District
46. Novato Fire Protection District
47. Novato Sanitary District
48. Paradise Estate Permanent Road Division
49. Richardson Bay Sanitary District
50. Ross Valley Sanitary District

51. Rush Creek Lighting and Landscape
52. San Quentin Village Sewer Maintenance District
53. San Rafael Sanitation District
54. Sausalito - Marin City Sanitary District
55. Sleepy Hollow Fire Protection District
56. Southern Marin Fire Protection District
57. Stinson Beach County Water District
58. Stinson Beach Fire Protection District
59. Strawberry Recreation District
60. Tamalpais Community Services District
61. Tiburon Fire Protection District
62. Tiburon Sanitary District #5
63. Tomales Village Community Services District

**APPENDIX B: CENTRAL MARIN POLICE AUTHORITY
POST-CONSOLIDATION ANALYSIS**

Source	2012 Budget \$	2013 Budget \$	2014 Budget \$	2015 Budget \$	2016 Budget \$	2017 Budget \$	2018 Budget \$	2019 Projected	2020 Projected
Expenses	11,095,129	10,348,615	10,251,452	10,226,658	10,371,547	10,578,978	10,790,557	11,006,369	11,226,496
Expenses w/out merge	11,095,129	11,317,032	11,543,372	11,774,240	12,009,724	12,249,919	12,494,917	12,744,816	12,999,712
Annual Savings	-	968,417	1,291,920	1,547,582	1,638,177	1,670,941	1,704,360	1,738,447	1,773,216
Cumul. Savings	-	968,417	2,260,337	3,807,918	5,446,096	7,117,037	8,821,397	10,559,844	12,333,060

APPENDIX C: WASTEWATER AGENCIES IN MARIN COUNTY



Map thanks to The Marin Association of REALTORS®

5.a.

SAN RAFAEL SANITATION DISTRICT
Agenda Item 5a.

DATE: June 25, 2018
TO: San Rafael Sanitation District Board of Directors
PREPARED BY: Doris Toy, District Manager/District Engineer *DT*
SUBJECT: **Resolution of the Board of Directors of the San Rafael Sanitation District Establishing Sewer Connection Fees Effective July 1, 2018 – June 30, 2019**

RECOMMENDATION:

Staff recommends that the Board of Directors of the San Rafael Sanitation District adopt the resolution.

BACKGROUND:

Ordinance No. 56, Section 5 (Annual Connection Fee Adjustment), which was adopted March 1, 2006, states that each year, commencing on July 1, 2006, and continuing thereafter on each July 1st, the sewer connection fees shall be adjusted by an increment determined by the change in the base index as shown in the Engineering News Record Construction Cost Index (ENR Index) for San Francisco. However, the District Board may, at its discretion, postpone the adjustment for any successive year.

ANALYSIS:

When the sewer connection fees were increased last year, the ENR Index for May 2017 was 11,691.03. This year, the ENR Index for May 2018 is 12,014.72, which results in a 2.77% increase in the District's connection fees.

FISCAL IMPACT:

The following are the proposed connection fees for FY 2018-2019 with an increase of 2.77%:

Connection Fees	FY 17-18	FY 18-19	Change
Administrative/Inspection	\$1,441.36	\$1,481.29	\$39.93
Single Family Residence	\$3,469.22	\$3,565.32	\$96.10
Multiple Dwelling/unit	\$3,469.22	\$3,565.32	\$96.10
Commercial for first 16 plumbing fixture units	\$3,469.22	\$3,565.32	\$96.10
Each Fixture unit over 16	\$216.83	\$222.83	\$6.00
Public schools & Public agencies for first 16 plumbing fixture units	\$3,469.22	\$3,565.32	\$96.10
Each Fixture unit over 16	\$216.83	\$222.83	\$6.00

OPTIONS:

1. The Board may decide not to adopt the resolution. In the future when the Board does decide to increase the connection fees, it may be a larger increase.
2. Staff recommends increasing the connection fees in small increments, such as annually, and adopting the resolution to increase the sewer connection fees for FY 2018-19.

ACTION REQUIRED:

It is the recommendation of District staff that the Board of Directors of the San Rafael Sanitation District adopt the resolution increasing sewer connection fees in accordance with Ordinance Number 56, effective July 1, 2018 – June 30, 2019.

Attachment: Resolution

SAN RAFAEL SANITATION DISTRICT

RESOLUTION NO. 18-1172

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE SAN RAFAEL SANITATION DISTRICT
INCREASING SEWER CONNECTION FEES
IN ACCORDANCE WITH ORDINANCE NUMBER 56
EFFECTIVE JULY 1, 2018 - JUNE 30, 2019**

WHEREAS, an important element of the San Rafael Sanitation District's Financing Plan for Wastewater Transport System Improvements was the need for regular adjustments of the District's sewer connection charges; and

WHEREAS, said Financing Plan recommended annual adjustments to said charges to stay even with construction cost inflation; and

WHEREAS, the most widely accepted measure of change in construction costs is the Engineering News Record Construction Cost Index (ENR Index); and

WHEREAS, District Ordinance Number 56, adopted March 1, 2006, revised sewer connection fees and provided for an annual adjustment based on the change in said Construction Cost Index; and

WHEREAS, the ENR Index for May, 2018, would result in an increase of 2.77% in District sewer connection fees.

NOW, THEREFORE, IT IS HEREBY RESOLVED by the Board of Directors of the San Rafael Sanitation District, County of Marin, State of California, that effective July 1, 2018 through June 30, 2019, sewer connection fees are established as follows:

SECTION 1. Section 4 of Ordinance Number 56 is hereby amended to read as follows:

SECTION 4. Connection fees. The connection fees for connecting to the District's sewer system are as follows:

(a) **Basic Connection Fee**

Administrative/Inspection fee	\$1,481.29
Single family residence	\$3,565.32
Multiple dwelling, per unit	\$3,565.32
Commercial establishments	\$3,565.32
for the first 16 plumbing fixture units plus \$222.83 for each fixture unit over 16	
Public schools and public agencies	\$3,565.32
for the first 16 plumbing fixture units plus \$222.83 for each fixture unit over 16	

PASSED AND ADOPTED at a regular meeting of the San Rafael Sanitation District Board of Directors held on the 25th day of June, 2018, by the following vote:

AYES:

NOES:

ABSENT/ABSTAIN:

Gary O. Phillips, Chair

ATTEST:

Maribeth Bushey, Secretary

5.b.

SAN RAFAEL SANITATION DISTRICT
Agenda Item No. 5b.

DATE: June 25, 2018
TO: San Rafael Sanitation District Board of Directors
FROM: Doris Toy, District Manager/District Engineer *DT*
SUBJECT: **2018-19 Appropriations Limit (Proposition 4)**

Recommendation:

Adopt resolution establishing the Fiscal Year 2018-19 Appropriations Limit.

Background/Summary:

Article XIII B of the California Constitution specifies that appropriations made by State and local governments may increase annually by a factor comprised of the change in population combined with either the change in California per capita personal income or of the change in the local assessment roll due to local non-residential construction.

The Department of Finance is mandated to provide the population and California per capita personal income change data for local jurisdictions to calculate their appropriations limits. District staff has been provided with the new price and population factors for setting the Fiscal Year 2018-19 Appropriations Limit. Using the factors provided, the calculated maximum limit applicable to the Fiscal Year 2018-19 appropriations of tax proceeds is \$1,212,983.

The District receives proceeds of taxes from property taxes and ERAF revenues that may be excluded from the limit as qualified capital outlay under the rules for appropriations subject to limitation. For the Fiscal Year 2018-19, the District anticipates its proceeds of taxes to be excluded from the limit in their entirety or excluded below the limit and the amount subject to refund to be \$0. The calculation of actual proceeds of taxes received and the extent of proceeds of taxes excluded from the limit is included as part of the annual audit.

Attachments: Resolution
2018-19 Appropriation Limit Calculation
Department of Finance Price and Population Information

SAN RAFAEL SANITATION DISTRICT

RESOLUTION NO. 18-1173

**A RESOLUTION OF THE BOARD OF DIRECTORS OF
THE SAN RAFAEL SANITATION DISTRICT
ESTABLISHING THE 2018-19 APPROPRIATIONS LIMIT
(PROPOSITION 4)**

BE IT RESOLVED by the Board of Directors of the San Rafael Sanitation District, County of Marin, State of California, that the calculated maximum limit applicable to the 2018-19 appropriation of tax proceeds is \$1,212,983 in accordance with Article XIII B of the Constitution of the State of California.

PASSED AND ADOPTED at a regular meeting of the San Rafael Sanitation District Board of Directors on the 25th day of June, 2018, by the following vote:

AYES:

NOES:

ABSENT/ABSTAIN:

SAN RAFAEL SANITATION DISTRICT

Gary O. Phillips, Chair

ATTEST:

Maribeth Bushey, Secretary

SAN RAFAEL SANITATION DISTRICT
2018-19 APPROPRIATION LIMIT CALCULATION

Per Capita Personal Income Change For FY 2018-19		3.67%
<u>PCPI Ratio:</u>	$\frac{3.67+100}{100}$	<u>1.0367</u>
Population Change For FY 2018-19		
San Rafael	(0.02)	
Unincorporated	(0.01)	
Population Change Weighted Average:	(a)	(b)
San Rafael	(0.02)	0.90
Unincorporated	(0.01)	0.10
	<u>1.00</u>	<u>(0.0190)</u>
<u>Population Ratio:</u>	$\frac{-0.0190+100}{100}$	<u>0.9998</u>
	(a)	(b)
Factor for FY 2018-19	1.0367	0.9998
FY 2017-18 Appropriation Limit		1,170,265
	(a)	(b)
Calculated FY 2018-19 Appropriation Limit	1.0365	1,170,265
		<u>1,212,983</u>



May 2018

Dear Fiscal Officer:

Subject: Price Factor and Population Information

Appropriations Limit

California Revenue and Taxation Code section 2227 requires the Department of Finance to transmit an estimate of the percentage change in population to local governments. Each local jurisdiction must use their percentage change in population factor for January 1, 2018, in conjunction with a change in the cost of living, or price factor, to calculate their appropriations limit for fiscal year 2018-19. Attachment A provides the change in California's per capita personal income and an example for utilizing the price factor and population percentage change factor to calculate the 2018-19 appropriations limit. Attachment B provides the city and unincorporated county population percentage change. Attachment C provides the population percentage change for counties and their summed incorporated areas. The population percentage change data excludes federal and state institutionalized populations and military populations.

Population Percent Change for Special Districts

Some special districts must establish an annual appropriations limit. California Revenue and Taxation Code section 2228 provides additional information regarding the appropriations limit. Article XIII B, section 9(C) of the California Constitution exempts certain special districts from the appropriations limit calculation mandate. The code section and the California Constitution can be accessed at the following website: <http://leginfo.legislature.ca.gov/faces/codes.xhtml>.

Special districts required by law to calculate their appropriations limit must present the calculation as part of their annual audit. Any questions special districts have on this requirement should be directed to their county, district legal counsel, or the law itself. No state agency reviews the local appropriations limits.

Population Certification

The population certification program applies only to cities and counties. California Revenue and Taxation Code section 11005.6 mandates Finance to automatically certify any population estimate that exceeds the current certified population with the State Controller's Office. **Finance will certify the higher estimate to the State Controller by June 1, 2018.**

Please Note: The prior year's city population estimates may be revised.

If you have any questions regarding this data, please contact the Demographic Research Unit at (916) 323-4086.

MICHAEL COHEN
Director
By:

AMY M. COSTA
Chief Deputy Director

Attachment

- A. **Price Factor:** Article XIII B specifies that local jurisdictions select their cost of living factor to compute their appropriation limit by a vote of their governing body. The cost of living factor provided here is per capita personal income. If the percentage change in per capita personal income is selected, the percentage change to be used in setting the fiscal year 2018-19 appropriation limit is:

Per Capita Personal Income

Fiscal Year (FY)	Percentage change over prior year
2018-19	3.67

- B. Following is an example using sample population change and the change in California per capita personal income as growth factors in computing a 2018-19 appropriation limit.

2018-19:

Per Capita Cost of Living Change = 3.67 percent
Population Change = 0.78 percent

Per Capita Cost of Living converted to a ratio: $\frac{3.67 + 100}{100} = 1.0367$

Population converted to a ratio: $\frac{0.78 + 100}{100} = 1.0078$

Calculation of factor for FY 2018-19: $1.0367 \times 1.0078 = 1.0448$

Fiscal Year 2018-19

Attachment B
Annual Percent Change in Population Minus Exclusions*
January 1, 2017 to January 1, 2018 and Total Population, January 1, 2018

County City	<u>Percent Change</u>	<u>--- Population Minus Exclusions ---</u>		<u>Total Population</u>
	2017-2018	1-1-17	1-1-18	1-1-2018
Marin				
Belvedere	0.19	2,131	2,135	2,135
Corte Madera	4.30	9,625	10,039	10,039
Fairfax	0.01	7,533	7,534	7,534
Larkspur	0.21	12,325	12,351	12,351
Mill Valley	0.05	14,956	14,963	14,963
Novato	0.01	54,255	54,263	54,551
Ross	-0.12	2,536	2,533	2,533
San Anselmo	0.14	12,982	13,000	13,000
San Rafael	-0.02	60,661	60,651	60,651
Sausalito	-0.11	7,234	7,226	7,226
Tiburon	0.01	9,647	9,648	9,648
Unincorporated	-0.01	65,314	65,306	69,255
County Total	0.17	259,199	259,649	263,886

*Exclusions include residents on federal military installations and group quarters residents in state mental institutions, state and federal correctional institutions and veteran homes.

5.c.

SAN RAFAEL SANITATION DISTRICT
Agenda Item 5c.

DATE: June 25, 2018
TO: Board of Directors, San Rafael Sanitation District
FROM: Doris Toy, District Manager/District Engineer *DT*
SUBJECT: **Adoption of Investment Policy**

RECOMMENDATION:

Approve and adopt the *Statement of Investment Policy, FY 2017-2018* of the County of Marin as the investments policy for the San Rafael Sanitation District.

BACKGROUND/SUMMARY:

The California Government Code Section 53600 requires all California special districts to adopt an investment policy annually. The District utilizes the services of the Marin County to collect its revenues, disburse expenses, and to invest its cash not required for immediate use. The County of Marin invests all of its cash and cash held in custody for other Marin County special districts in accordance with its Statement of Investment Policy adopted annually by the Marin County Board of Supervisors. The Marin County investment policy meets the requirements of the California Government Code as well as County-specific requirements such as the Nuclear Freeze Ordinance Measure A approved by Marin voters in 1986. The Marin County investment policy is audited annually for conformance with its stated policy and California law.

The District maintains all of its cash with the County of Marin's pooled cash and investments. Given that the District does not independently manage investments, the District's investments, therefore, conform with those of the County of Marin to the extent of its pro-rata share of the aggregate investment pool. Accordingly, the investments policy of the County of Marin effectively serves as the investments policy of the District.

FINANCIAL IMPACT:

None.

Attachments: District Resolution
County of Marin Statement of Investment Policy, FY 2017-2018

SAN RAFAEL SANITATION DISTRICT

RESOLUTION NO. 18-1174

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE SAN RAFAEL SANITATION DISTRICT
TO APPROVE THE INVESTMENT POLICY
OF THE COUNTY OF MARIN AS THE INVESTMENT POLICY
FOR THE SAN RAFAEL SANITATION DISTRICT**

WHEREAS, all California Special Districts are required by the California Government Code to adopt an investment policy annually; and

WHEREAS, the District does not independently manage investments but rather utilizes the services of the County of Marin for most of its cash management needs; and

WHEREAS, the County of Marin invests the District's cash as well as all other cash in its custody in accordance with its *Statement of Investment Policy* adopted annually by the Marin County Board of Supervisors and audited annually by the County's external auditors; and

WHEREAS, the District's investments are its pro-rata share of the aggregate Marin County pool.

NOW, THEREFORE, BE IT HEREBY RESOLVED to approve and adopt the *Statement of Investment Policy, FY 2017-18* of the County of Marin as the investment policy for the San Rafael Sanitation District.

PASSED AND ADOPTED by the Board of Directors of the San Rafael Sanitation District at its regular meeting of June 25, 2018, by the following vote:

AYES:

NOES:

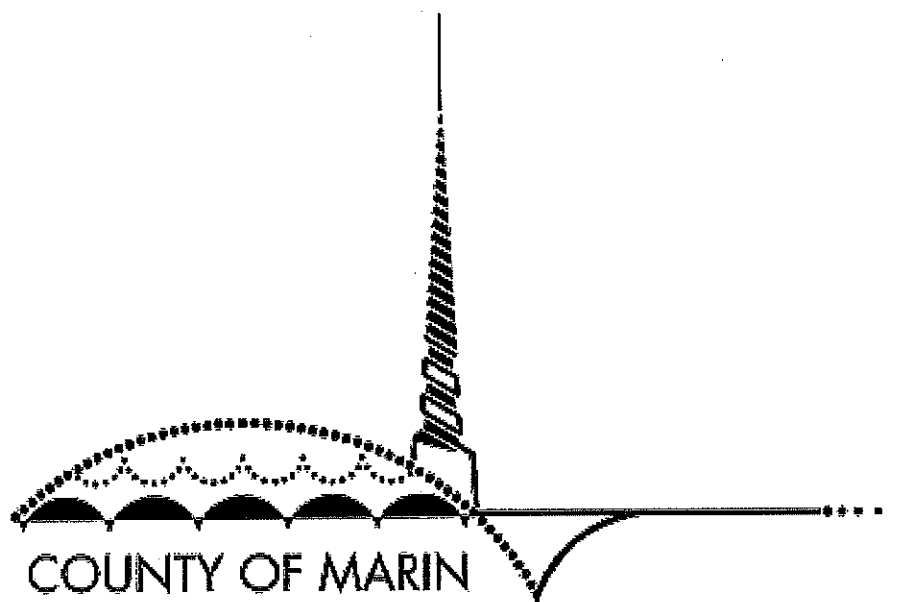
ABSENT/ABSTAIN:

Gary O. Phillips, Chair

ATTEST:

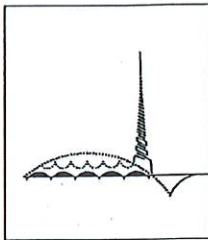
Maribeth Bushey, Secretary

STATEMENT OF INVESTMENT POLICY



***Department of Finance
Roy Given, Director***

Fiscal Year 2017-2018

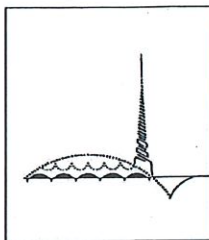


COUNTY OF MARIN
STATEMENT OF INVESTMENT POLICY



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COUNTY OF MARIN

STATEMENT OF INVESTMENT POLICY



Under the authority delegated to the Director of Finance by the Board of Supervisors and in accordance with the California Government Code, the following sets forth the investment policy of the County of Marin:

I. OBJECTIVES:

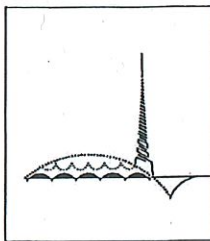
All funds on deposit in the County Treasury shall be invested in accordance with the California Government Code Sections 53600 et seq. and Sections 53639 et seq. to ensure:

- (a) **Preservation of capital** through high quality investments and by continually evaluating the credit of financial institutions approved for investment transactions, and securities considered and held in safekeeping;
- (b) Maintenance of sufficient **liquidity** to enable the participants and other depositors to meet their operating requirements;
- (c) A **rate of return** consistent with the above objectives.

2. PARTICIPANTS

Participants in the Marin County Pool are defined as Marin County, Marin Public School Agencies, Marin Community College, Marin County Office of Education, districts under the control of the County Board of Supervisors, autonomous/independent districts whose treasurer is the Director of Finance and any other district or agency approved by the Board of Supervisors and the Director of Finance using the County of Marin as their fiscal agent.

- (a) **Statutory participants** are those government agencies within the County of Marin for which the Marin County Treasurer is statutorily designated as the Custodian of Funds.
- (b) **Voluntary participants** are other local agencies that may participate in the Pooled Investment Fund, such as special districts and cities for which the Marin County Treasurer is not statutorily designated as the Custodian of Funds. Participation is subject to approval by the Director of Finance, and in accordance with California Government Code Section 53684.



COUNTY OF MARIN

STATEMENT OF INVESTMENT POLICY



3. AUTHORIZED PERSONS

Authorized persons for investment purposes include principal staff as designated by the Director of Finance on the Authorized Investor List. Designated Principal Staff shall make all investment decisions. To minimize the risk of disrupting the day to day business activities, Principal Staff shall use separate means of travel to attend training and conferences.

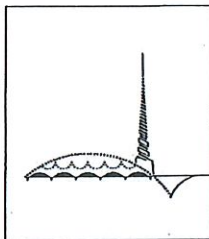
All investment decisions shall be made with the care, skill, prudence and diligence, under the circumstances then prevailing, that a prudent person acting, as a trustee, in a like capacity and familiarity would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the participants.

4. BIDS & PURCHASE OF SECURITIES

Prior to the purchase of an investment pursuant to this policy the persons authorized to make investments shall assess the market and market prices using information obtained from available sources including investment services, broker/dealers, and the media. Bids for various investments shall be evaluated considering preservation of capital as the most important factor, liquidity as the second most important factor and thirdly, yield. Investments in commercial paper, bankers acceptances and certificates of deposit for each issuer shall be limited to five percent (5%) of Treasury assets, determined using the Treasury balance at the time of purchase, except that investments in overnight commercial paper shall be limited to seven percent (7%) of Treasury assets for any one issuer. The investment selected for purchase shall be that investment which in the opinion of the purchaser most clearly meets these objectives. All security transactions shall be documented at the time the transaction is consummated.

5. TERM

Maturities of investments in the Marin County Treasury Pool shall be selected based upon liquidity requirements. The maximum remaining term to maturity for an investment shall be three (3) years; except that, subject to the limitations set forth in Sections 53601 et seq. and 53635 et seq. of the California Government Code, the Director of Finance may authorize investments in U.S. Treasury obligations and/or U.S. and local agency obligations with a maximum remaining term to maturity that shall not exceed five (5) years. The weighted average maturity of the investment pool, to be determined at the time of purchase, shall not exceed 540 days to final maturity/call.



COUNTY OF MARIN

STATEMENT OF INVESTMENT POLICY



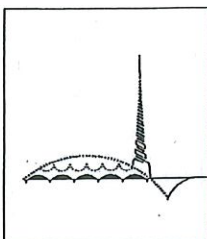
Capital Funds, Construction Funds, or money obtained through the sale of agency surplus property, may be invested by the Director of Finance in specific investments outside of the Pool provided the Director of Finance obtains written approval from the governing board of the County, School District or Special District. No investment shall have a remaining maturity in excess of five (5) years.

Proceeds of Debt Issues set aside for repayment of any County, School District, or Special District financings shall not be invested for a term that exceeds the term set forth in the financing documents.

6. **ALLOWED INVESTMENTS**

Pursuant to California Government Code Sections 53601 et seq. and 53635 et seq., the County Director of Finance may invest in the following subject to the limitations as set forth:

- (a) **United States Treasury obligations.**
- (b) **United States Agency obligations.**
- (c) **Securities of U.S. Government Agencies & Instrumentalities**
- (d) **State of California Bonds and Registered Warrants.**
- (e) **Bonds, Notes, Warrants** or other evidence of indebtedness of a local agency within the State of California.
- (f) **Bankers acceptances** not to exceed one hundred eighty (180) days to maturity or at the time of purchase thirty percent (30%) of the treasury fund balance.
- (g) **Commercial paper** of "prime" quality of the highest letter and numerical rating as provided for by Moody's Investors Service, Inc., or Standard and Poor's Corporation, to be chosen from among corporations organized and operating within the United States with assets in excess of \$500,000,000.00 and having an "A" or higher rating for the issuer's debt, other than commercial paper, as provided for by Moody's Investors Service or Standard and Poor's Corporation. Purchases of eligible commercial paper may not exceed two hundred seventy (270) days in maturity and may not exceed forty percent (40%) of the treasury fund balance.
- (h) **Negotiable certificates of deposit** issued by a nationally or state-chartered bank, a state or federal association or by a state-licensed branch of a foreign bank selected on the basis of financial stability and credit rating criteria employed by the County Director of Finance. Negotiable certificates of deposit may not exceed thirty percent (30%) of the treasury fund balance.



COUNTY OF MARIN

STATEMENT OF INVESTMENT POLICY



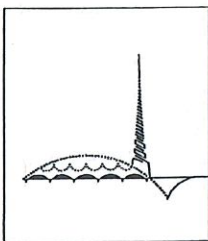
i) **Non-negotiable certificates of deposit (Time Deposits)** with a nationally or state-chartered bank or a state or federal association selected on the basis of financial stability, credit rating and reputation using criteria employed by the County Director of Finance fully collateralized at one hundred ten percent (110%) of market value with U.S. Government Securities, high-grade Municipal Bonds, instruments of federal agencies, including mortgage backed securities at one hundred fifty percent (150%) of market value with promissory notes secured by first deeds of trust upon improved residential real property as provided by the Government Code.

(j) **Medium-term Notes** rated "A" or better, to be chosen from among corporations with assets in excess of \$500,000,000.00 with a maturity not to exceed two years from the date of purchase. Purchase of eligible medium-term notes may not exceed thirty percent (30%) of the treasury fund balance.

(k) **Shares of beneficial interest issued by diversified management companies**, which are money market funds investing in securities and obligations as authorized by this investment policy. To be eligible for investment these companies shall attain the highest ranking or the highest letter and numerical rating provided by no less than two nationally recognized statistical rating organizations and have assets under management in excess of \$500,000,000.00. The purchase price may not include any commissions that these companies may charge, and the purchase of shares in any one mutual fund may not exceed ten percent (10%) of the treasury balance and the total invested may not exceed twenty percent (20%) of the treasury balance. Shares of beneficial interest issued by diversified management companies may include shares in investment trusts established under provisions of the California Joint Exercise of Powers Act.

(l) **Repurchase agreements** on any investment authorized by this investment policy where the term of the agreement does not exceed one year. The market value of securities that underlay a repurchase agreement shall be valued at one hundred two percent (102%) or greater of the funds borrowed against those securities, and the value shall be adjusted daily. The County Director of Finance or designee must approve any collateral substitution by the seller, and any new collateral should be reasonably identical to the original collateral in terms of maturity, yield, quality and liquidity.

(m) **California State Local Agency Investment Pool (LAIF)** operated by the State Treasurer's office.



COUNTY OF MARIN

STATEMENT OF INVESTMENT POLICY



(n) **Financial Institution Investment Accounts** All funds on deposit with the County shall be managed by the Director of Finance. The Director of Finance may, at his option, at the time of placement, place not more than five percent (5%) of the Treasury assets at the time of investment with a financial institution for the purpose of managing such funds. Securities eligible for purchase by the financial institution are limited to United States Treasury and Agency obligations with a "AAA" credit quality rating, must be held in the County's name in a third party custody account, may not have a remaining maturity in excess of three (3) years, and the account shall have an average maturity of 1.5 years or less. All security transactions shall be supervised and approved by designated staff on the Authorized Investor List.

Where a percentage limitation is specified for a particular category of investments, that percentage is applicable only at the time of purchase.

7. **PROHIBITED INVESTMENTS**

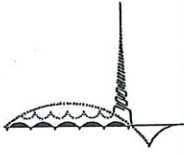
(a) The County Director of Finance **shall not invest** in any **Derivatives** such as inverse floaters, range notes, or interest only strips that are derived from a pool of mortgages or any security bearing a rate of interest which is not known at the time of purchase.

(b) The County Director of Finance shall not invest any funds in any security that could result in **zero interest accrual** if held to maturity or where there is a risk of loss of principal when held to maturity.

(c) **Reverse repurchase agreements**, securities lending agreements and all other investments that are not specifically allowed by this investment policy are prohibited.

(d) In accordance with Marin County's Nuclear Freeze Ordinance Measure "A" (Exhibit 1) as approved by the voters on November 4, 1986, the County is prohibited from investing in securities or other obligations of any corporation or business entity which is a **nuclear weapons contractor**.

Furthermore, said corporations or business entities that the County Director of Finance does invest in must file an affidavit as required by Measure "A" Section VI. B certifying that neither it, nor its parent company, affiliates or subsidiaries are nuclear weapons contractors. A copy of each affidavit received shall be sent to the Peace Commission.



COUNTY OF MARIN

STATEMENT OF INVESTMENT POLICY



8. BROKERS

Broker/dealers shall be selected by the Director of Finance upon recommendation by the Investment Officer or designated principal staff on the Authorized Investor List. Selection of broker/dealers shall be based upon the following criteria: the reputation and financial strength of the company or financial institution and the reputation and expertise of the individuals employed. The Director of Finance shall be prohibited from selecting any broker, brokerage firm, dealer, or securities firm that has, within any 48 consecutive month period following January 1, 1996, made a political contribution in an amount exceeding the limitations contained in Rule G-37 of the Municipal Securities Rulemaking Board, any member of the Board of Supervisors, any member of the governing board of a local agency having funds held in the County Treasury, or any candidate for those offices. The broker/dealers shall be provided with and acknowledge receipt of the County Investment Policy.

9. WITHDRAWALS

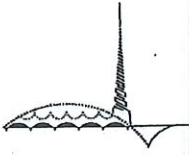
No withdrawals from the Marin County Pool shall be made for the purpose of investing and or depositing those funds outside the pool without the prior approval of the Marin County Director of Finance. The Director of Finance shall evaluate each proposed withdrawal to assess the effect the withdrawal will have upon the stability and predictability of the investments in the County Treasury. Approval shall be given unless the withdrawal will adversely affect the interests of the other depositors. Requests for withdrawals for the purpose of investing or depositing funds outside the pool shall be made in writing at least ten (10) business days in advance of the proposed withdrawal date. Notice in writing of at least five (5) business days shall be required for withdrawals in excess of \$250,000.00 for loan repayments, capital expenditures and any expenditure not in the ordinary course of operations:

10. SWAPS

Securities can be swapped for other approved securities with similar maturity schedules to gain higher rates of return. When a swap involves a change in liquidity, future cash needs shall be conservatively estimated.

11. LOSSES

Losses are acceptable on a sale before maturity, and may be taken if the reinvestment proceeds will earn an income flow with a present value higher than the present value of the income flow that would have been generated by the original investment, considering any investment loss or foregoing interest on the original investment.



COUNTY OF MARIN

STATEMENT OF INVESTMENT POLICY



12. DELIVERY & SAFEKEEPING

Delivery of all securities shall be through a third party custodian. Non-negotiable certificates of deposit and notes of local agencies may be held in the Director of Finance's safe. The County's safekeeping agent shall hold all other securities. No security shall be held in safekeeping by the broker/dealer from whom it was purchased. Settlement payment in a securities transaction will be against delivery only, and a Due Bill or other substitution will not be acceptable. Persons authorized under section three (3) who did not originate the investment transaction shall review all confirmations for conformity with the original transaction. Confirmations resulting from securities purchased under a repurchase agreement shall state the exact and complete nomenclature of the underlying securities purchased.

13. APPORTIONMENT OF INTEREST & COSTS

Interest shall be apportioned to all pool participants quarterly based upon the ratio of the average daily balance of each individual fund to the average daily balance of all funds in the investment pool. The amount of interest apportioned shall be determined using the cash method of accounting whereby interest will be apportioned for the quarter in which it was actually received. The Director of Finance shall deduct from the gross interest received those actual administrative costs relating to the management of the treasury including salaries and other compensation, banking costs, equipment purchased, supplies, costs of information services, audits and any other costs as provided by Section 27013 of the Government Code.

14. CONFLICT OF INTEREST

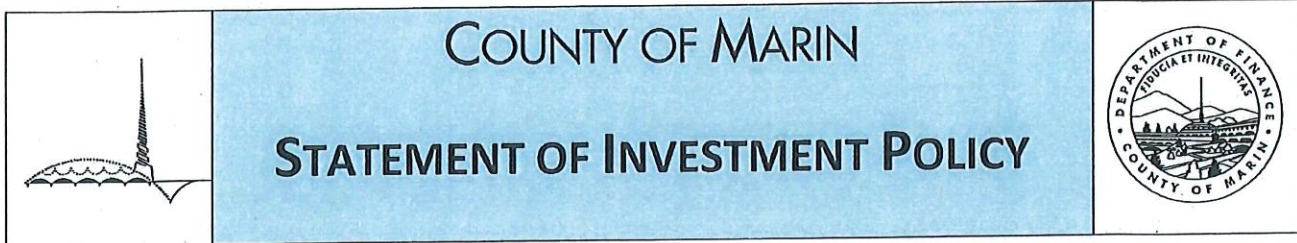
A member of the county treasury oversight committee, the County Director of Finance or County employees working in the Treasurer's office shall not accept honoraria, gifts, and gratuities from advisors, brokers, dealers, bankers, or other persons with whom the county treasury conducts business, consistent with state law.

15. AUDITS

The County of Marin investment portfolio shall be subject to a process of independent review by the County's external auditors. The County's external auditors shall review the investment portfolio in connection with the annual county audit for compliance with the statement of investment policy pursuant to Government Code Section 27134. The results of the audit shall be reported annually to the Director of Finance and the Marin County Treasury Oversight Committee.

15.1 Compliance Audit: Government Code Section 27134

The Treasury Oversight Committee shall cause an annual audit to be conducted to determine the County Treasury's compliance with Article 6 of the Government Code. This audit may include issues relating to the structure of the investment portfolio and risk



16. REVIEW

The Director of Finance and designated staff will perform a monthly review of the investment function.

17. REPORTS

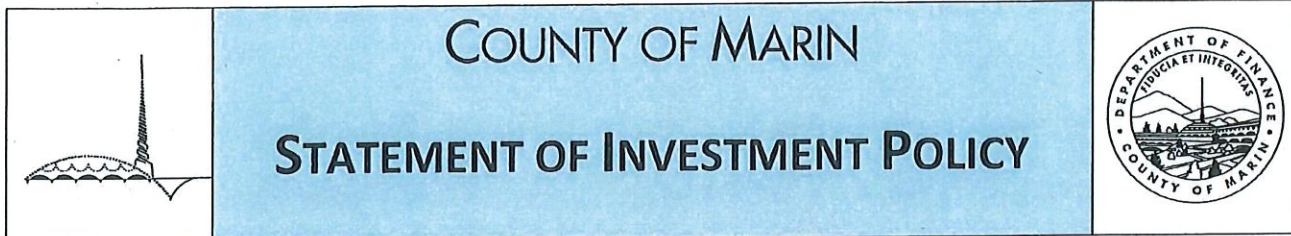
The Director of Finance shall prepare a monthly report listing all investments in the County Pool as of the last day of the month and a report of the average days to maturity and yield of investments in the County Pool. The Director of Finance shall also prepare a monthly report for all non-pooled investments. These reports shall be distributed to the Marin County Board of Supervisors, Superintendent of Schools, Marin Public School Agencies, Special Districts, non-pooled investors, the County's investment oversight committee, and any other participant upon request.

18. INVESTMENT POLICY

The County Director of Finance shall prepare and submit an annual statement of investment policy to the Board of Supervisors.

19. TREASURY OVERSIGHT COMMITTEE

Consistent with State law the County has established a Treasury Oversight Committee. The Committee includes representatives from the County of Marin, Superintendent of Schools' Office, School Districts and Special Districts. The Committee shall review and monitor the Investment Policy as contained in California Government Code Sections 27130 – 27137.



20. DISASTER /BUSINESS CONTINUITY PLAN

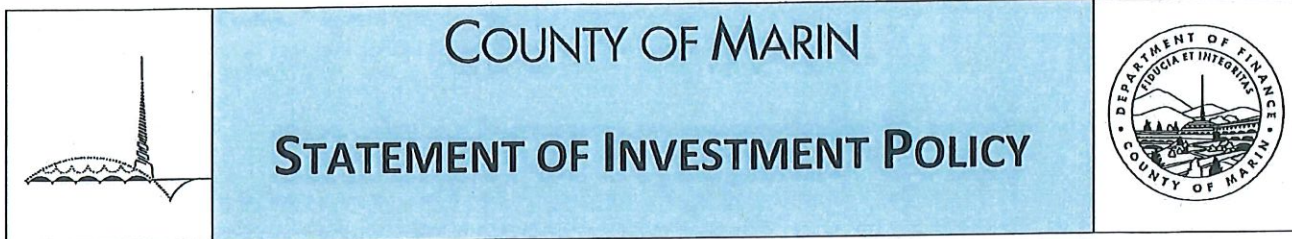
The County of Marin's banking and investment functions are mission critical and as such, the office must have a business continuity plan.

The goal of a disaster/business recovery plan is to protect and account for all funds on deposit with the county treasury and to be able to continue our banking and investment functions for all participants in the event of an occurrence (Earthquake, Fire, Pandemic or other event) which disrupt normal operations. Our plan provides for the ability to perform our banking and investment function at an off-site location under less than optimal conditions and, if needed, even outside our county.

In the event of an occurrence which precludes staff from being able to operate from our office, the attached plan (exhibit 2) will be activated. The plan includes:

- Scope
- Chain of Command
- Continuity Procedure
- Functions and Tasks to be performed
- Equipment and Emergency Packets
- Disaster Assignment
- Off-site locations

Normal processes may be modified in response to an occurrence. However, the county's investment policy shall be strictly followed.



Dated: July 1, 2017

Roy Given
Director of Finance

Reviewed and monitored by Marin Treasury Oversight Committee on
November 15, 2017

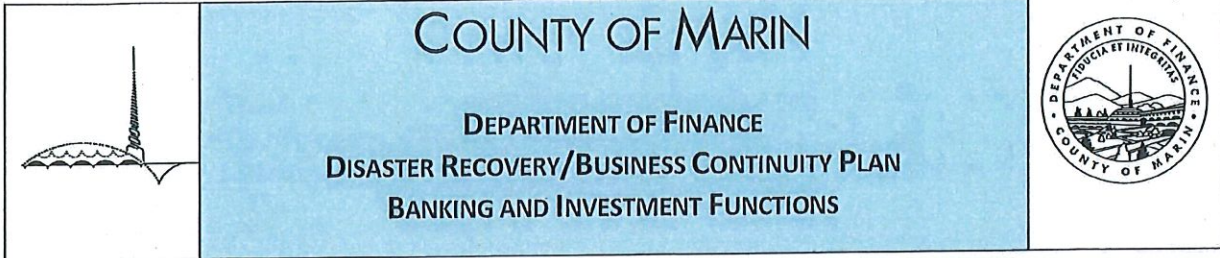
Approved by Marin County Board of Supervisors on
December XX, 2017

Attachments:

Exhibit 1 Marin County Nuclear Freeze Ordinance

Exhibit 2 Disaster/Business Continuity Plan

Exhibit 3 Authorized Investor List



Scope

The County of Marin's banking and investment functions are mission critical. As such, the Treasurer's office must have a Disaster/Business Continuity Plan in place. In the event we are unable to operate from our office, the plan shall be activated. Periodically, the plan shall be tested.

The plan's goal is to protect and account for all funds on deposit with the county and to be able to continue our banking and investment functions for all participants in the event of occurrence (earthquake, fire, pandemic, or other event) which disrupts normal operations.

Chain of Command

The chain of command shall be in the order of "authorized persons" as identified in the Statement of Investment Policy, item 3.

Continuity Procedure

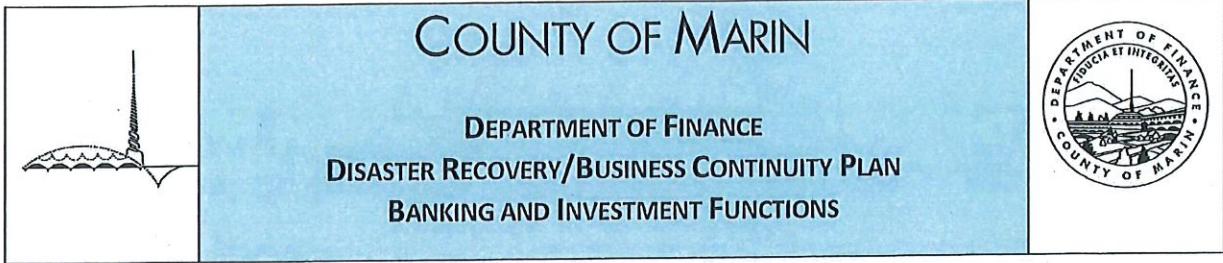
In the event we are unable to conduct normal business operations, the authorized persons shall interact with one another by home phone, email or cell to decide on the alternate location. If unable to contact one another, the authorized persons shall through the county's office of emergency services establish contact with one another.

Functions & Tasks to be Performed

Recognizing we may be operating in less than optimal conditions, the primary functions are to protect and continue to account for all funds on deposit with the county. While normal processes may be modified, the investment policy shall be strictly followed.

Tasks to be performed include:

- ◆ Daily cash work up
- ◆ Investment of maturing securities and any daily deposits after making an allowance for checks/wires expected to clear
- ◆ Daily cash and bank reconciliation
- ◆ For deposits, the treasurer's office will notify county departments, special districts and schools of any changes to their deposit location. Deposits to any account other than those established by the treasurer's office are prohibited.
- ◆ Disbursement activity will be coordinated with the County Director of Finance

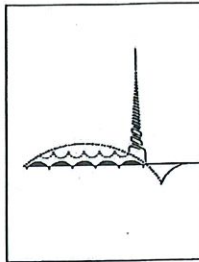


Equipment and Emergency Packets

The Authorized Investor List shall designate authorized staff to have the following equipment such that either of them may carry out the plan. In the event none of the authorized persons are able to respond, the county's office of Emergency Services shall have a copy of this plan in a secured location within their office. All policies and procedures of this plan shall be provided to the County Administrator and County Director of Finance.

The following equipment and items for the emergency packets are:

- ◆ Laptop with wi-fi connectivity
- ◆ All software that is currently in use shall be loaded on each laptop and be set up for remote access.
- ◆ Copy of the Investment Policy and the Disaster/Continuity Recovery Plan
- ◆ Updated monthly report of investments
- ◆ Sign on instructions to access the county's financial accounting system, online banking and securities safekeeping
- ◆ Listing of the home phones and addresses, cell, email addresses of the "authorized persons" and treasury staff. Listings shall also include the County Administrator, County Director of Finance, County Counsel and the Office of Emergency Services.
- ◆ Bank, Authorized Broker/Dealers, Bloomberg and Security Safekeeping names, contact numbers including fax and addresses
- ◆ All district, county and school bank signature cards
- ◆ Contact names, numbers, email and addresses of each agency whose funds are held within the county.
- ◆ Emergency check stock will be housed in the Office of Emergency Services located at 1600 Los Gamos Drive (50 checks)*



COUNTY OF MARIN

DEPARTMENT OF FINANCE DISASTER RECOVERY/BUSINESS CONTINUITY PLAN BANKING AND INVESTMENT FUNCTIONS



Disaster Assignment

The "authorized persons" in the treasurer's office including support staff are to be considered official Disaster workers and are assigned to support our Disaster/Business Recovery Plan. Each shall have on their possession their County of Marin Identification Card.

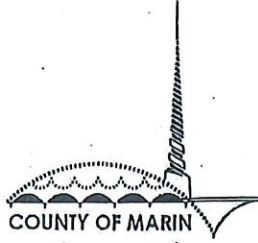
The level of disruption and assigned work location will be determined by the Director of Finance, or those individuals indicated on the Authorized Investor List. All related costs shall be absorbed by the Treasurer's office and reimbursed pursuant to Government section 27013.

In all cases, the safety of treasury personnel is paramount. In no event should our alternate location or alternate procedure be employed if doing such would put an individual in danger.

* Emergency checks are issued from a separate account which is linked to the County's main account. These checks are to be used only if this plan is activated and the county is unable to issue payments. Authorized signers for these checks are designated on the Deposit Account Documentation Signature Card and include the Director of Finance, those individuals authorized under the Authorized Investor List and the County Administrator. In the event that check stock cannot be accessed, electronic payments through the County's banking services can be originated.

Failing the ability to operate from our office, our operations will move in this order of priority:

- ◆ Location determined by the County Office of Emergency Services or County Administrator
- ◆ A bank operation center as authorized by our Global Banking Client Manager (which may be reside outside the County Marin)



TREASURER

DIVISION OF THE DEPARTMENT OF FINANCE

AUTHORIZED INVESTOR LIST COUNTY OF MARIN

FY 2017-2018

Effective: Oct 1, 2017

Investment Purposes:

1. To make investment decisions
2. To recommend brokers
3. To perform a review of the investment function

Authorized Persons:

Authorized to make investment decisions for with a maturity of up to five years:

- Roy Given * Director of Finance

Authorized to make investment decisions for with a maturity of up to three years:

- Karen Shaw * Division Chief, Finance
- Mina Martinovich Assistant Director of Finance

Authorized to make investment decisions for short term investments with a maturity of up to six months (180) days:

- Sandra Arebalo * Senior Accountant –Treasury

Authorized to make investment decisions for short term investments with a maturity of up to ninety (90) days:

- Anu Bagchi Division Chief, Accounting

**Authorized for equipment and emergency packets as defined under the Disaster/Business Continuity Plan*

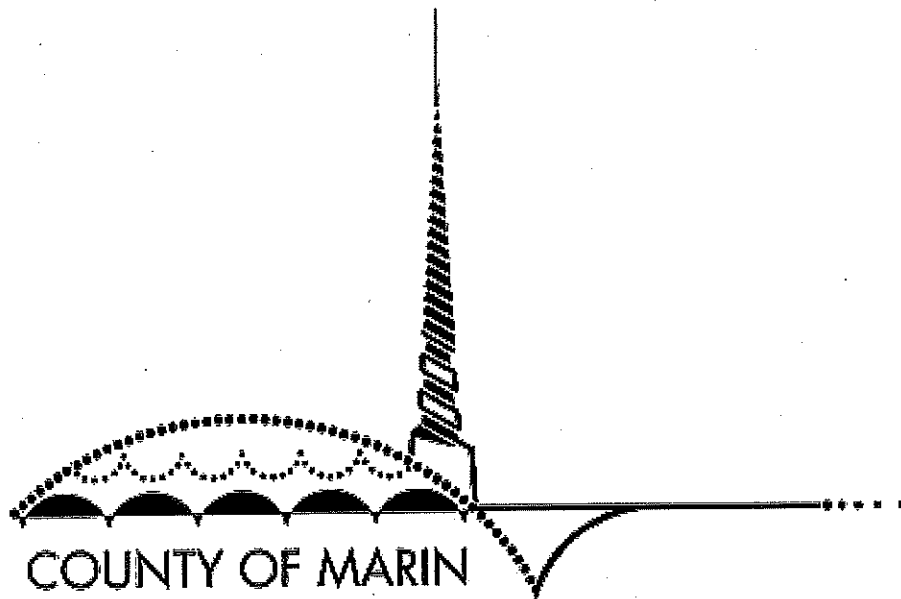
Approved:

Roy Given
Director of Finance

Date

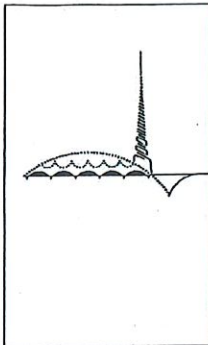
MARIN COUNTY LONG-TERM INVESTMENT POOL

STATEMENT OF INVESTMENT POLICY



***Department of Finance
Roy Given, Director***

Fiscal Year 2017-2018

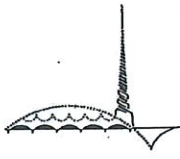



COUNTY OF MARIN
LONG-TERM INVESTMENT POOL
STATEMENT OF INVESTMENT POLICY



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	<p>COUNTY OF MARIN</p> <p>LONG-TERM INVESTMENT POOL</p> <p>STATEMENT OF INVESTMENT POLICY</p>	
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Under the authority delegated to the Director of Finance by the Board of Supervisors and in accordance with the California Government Code, the following sets forth the investment policy of the County of Marin Long-Term Investment Pool:

I. OBJECTIVES:

All funds on deposit in the Marin County Long-Term Investment Pool shall be invested in accordance with the California Government Code Sections 53600 et seq. and Sections 53639 et seq. to ensure:

- (a) **Preservation of capital** through high quality investments and by continually evaluating the credit of financial institutions approved for investment transactions, and securities considered and held in safekeeping;
- (b) Maintenance of sufficient **liquidity** to enable the participants and other depositors to meet their operating requirements that may be reasonably anticipated; and
- (c) Attaining a market **rate of return** throughout budgetary and economic cycles, consistent with the above objectives.

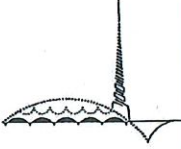

2. PARTICIPANT

The participant in the Marin County Long-Term Investment Pool is the Marin County General Fund.

3. AUTHORIZED PERSONS

Authorized persons for investment purposes include principal staff as designated by the Director of Finance on the Authorized Investor List. Designated Principal Staff shall make all investment decisions. To minimize the risk of disrupting the day-to-day business activities, Principal Staff shall use separate means of travel to attend training and conferences.

All investment decisions shall be made with the care, skill, prudence and diligence, under the circumstances then prevailing, that a prudent person acting, as a trustee, in a like capacity and familiarity would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the participant.

	<p>COUNTY OF MARIN</p> <p>LONG-TERM INVESTMENT POOL</p> <p>STATEMENT OF INVESTMENT POLICY</p>	
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4. INVESTMENTS

Prior to investing pursuant to this policy the persons authorized to make investments shall assess the market and market pricing information obtained from available sources and the media. Investments shall be evaluated considering preservation of capital as the most important factor, liquidity as the second most important factor, and thirdly, yield. Any investment selected shall be that investment which in the opinion of the purchaser most clearly meets these objectives. All transactions shall be documented at the time the transaction is consummated.

5. TERM

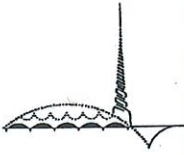
Pursuant to California Government Code Section 53601, where this section does not specify a limitation on the term or remaining maturity at the time of the investment, no investment shall be made in any security that at the time of the investment has a term remaining to maturity in excess of five years, unless the legislative body has granted express authority to make that investment either specifically or as a part of an investment program approved by the legislative body no less than three months prior to the investment. The approval of this Long Term Investment Policy on an annual basis by the Legislative Board (Marin County Board of Supervisors) authorizes investments of no more than 10 years for bonds, notes, warrants, or other evidences of indebtedness of a local agency within the County of Marin, including bonds or notes payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the County, or by a department, board, agency, or authority of the County.

6. ALLOWED INVESTMENTS

Pursuant to California Government Code Sections 53601 et seq. and 53635 et seq., the County Director of Finance may directly purchase the following, subject to the limitations as set forth:

Bonds, Notes, Warrants or other evidence of indebtedness of a **local agency** within the County of Marin, California.

The interest rate of any indebtedness pursuant to the preceding paragraph shall be based on the key rate of Prime plus 2 percent as determined by Bloomberg on the date the Department of Finance approves the purchase of the indebtedness.



COUNTY OF MARIN
LONG-TERM INVESTMENT POOL
STATEMENT OF INVESTMENT POLICY



7. APPORTIONMENT OF INTEREST & COSTS

Interest shall be apportioned to the General Fund annually based upon the ratio of the average daily balance of each individual fund to the average daily balance of all funds in the investment pool. The amount of interest apportioned shall be determined using the cash method of accounting, whereby interest will be apportioned for the year in which it was actually received. The Director of Finance shall deduct from the gross interest received those actual administrative costs relating to the management of the treasury including salaries and other compensation, banking costs, equipment purchased, supplies, costs of information services, audits and any other costs as provided by Section 27013 of the Government Code.

8. CONFLICT OF INTEREST

The Director of Finance and County employees working in the Treasurer's office shall not accept honoraria, gifts, and gratuities from advisors, brokers, dealers, bankers, or other person with whom the County Treasury conducts business, that are in violation of *state* law.

9. AUDITS

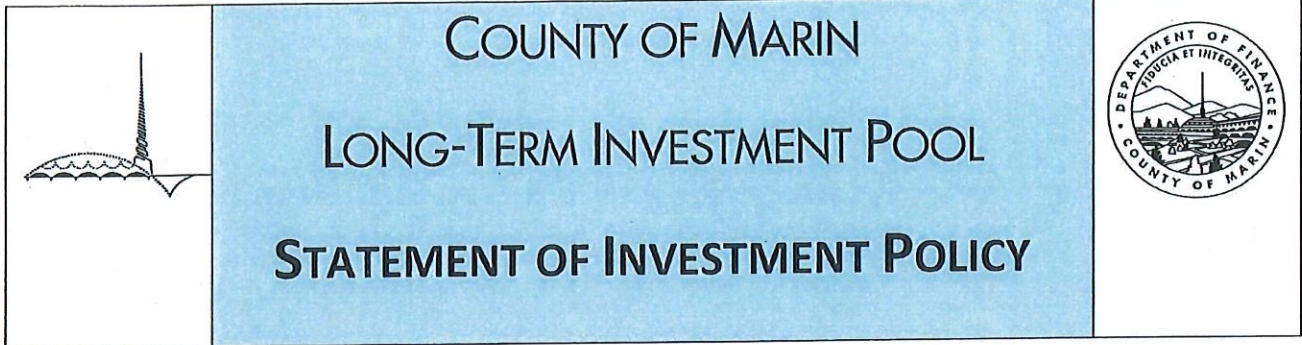
The County of Marin investment portfolio, which includes both the County of Marin investment pool and the Long-Term investment pool, shall be subject to a process of independent review by the County's external auditors. Such audit will include tests deemed appropriate by the auditor pursuant to Government Code Section 27134. The results of the audit shall be reported annually to the Director of Finance and the Board of Supervisors.

10. REVIEW

The Director of Finance and designated staff will perform a monthly review of the investment function.

11. REPORTS

The Director of Finance shall prepare an annual report, listing all investments in the County Pool as of the last day of the fiscal year and a report of the average days to maturity and yield of investments in the County of Marin Long Term Investment Pool.



12. INVESTMENT POLICY

The Director of Finance shall prepare and submit an annual statement of investment policy to the Board of Supervisors.

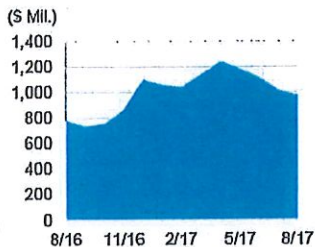
Marin County Investment Pool

Full Rating Report

Pool Characteristics

Fitch Rating	AAA/S1
Inception Date	Circa 1950
Investment Advisor	Marin County Director of Finance
Assets (\$)	976,000,000

Assets Under Management



Source: Fitch Surveillance Data, Marin County.

Key Rating Drivers

High Quality Credit Portfolio: The Marin County Investment Pool (the pool) invests primarily in U.S. government obligations and registered money market funds rated 'AAAmmf' by Fitch Ratings or equivalent. The pool also currently invests a small amount in the Local Agency Investment Fund (LAIF), a local government investment pool (LGIP) managed by California's Pooled Money Investment Board.

Liquidity Management Supports Predictable Flows: The maturity profile of the pool is managed to meet anticipated cash flow needs of the pool's participants. By its investment policy, the pool seeks to maintain adequate cash on hand to meet cash disbursements and payroll through maturing investments. Cash flow projections are an integral part of the overall cash management responsibilities of the pool administrator.

Low Sensitivity to Market Risk: The pool employs a cash flow-matching investment strategy to structure investment maturities to coincide with conservative expectations of draws on the portfolio. The pool has historically benefited from highly predictable cash outflow needs of the pool's participants, the majority of which are captive in nature. Market risk is mitigated by the duration of the pool, which typically is two years or less, as well as the predictable nature of the cash outflows of the largely captive participant base.

Stable Investor Base: The pool is managed on behalf of the pool participants, which are largely captive in nature and include Marin County (the county), school districts, trial courts, recreation and park districts, libraries, landfills and other special districts.

Oversight Decreases Operational Risk: Portfolio oversight and operational controls are consistent with the assigned ratings. The pool is organized and invested in accordance with the state of California government code section 53600 and section 53639 and is not registered under federal law. A treasury oversight committee reviews the pool on a regular basis. The pool is also subject to quarterly and annual audits from external auditors.

Industry Standard Administration and Systems: The county treasurer's office uses appropriate systems for investment, administration, portfolio management and trading. Processes provide decision-making tools for risk analysis and investment-allocation tools.

Analysts

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Rating Rationale

The Marin County Investment Pool is rated 'AAAf/S1' by Fitch. The 'AAAf' Fund Credit Quality Rating reflects the investment portfolio's vulnerability to losses as a result of defaults in its bond holdings and is based on the actual and prospective average credit quality of the portfolio's investments. The 'S1' Fund Market Risk Sensitivity Rating reflects the relative sensitivity of a portfolio's total return and/or net asset value to assumed changes in credit spreads and interest rates, as well as certain other market risk parameters and taking into account the effects of leverage, where applicable.

Fitch's evaluation of the pool also considers the management and operational capabilities of the Marin County treasurer's office and the legal and regulatory framework under which the pool operates.

Organizational Overview

The county of Marin is located in Northern California. The pool is managed by the Marin County director of finance on behalf of the pool participants. Participants are defined as: Marin County; Marin public school agencies; Marin Community College; the Marin County Office of Education; districts under the control of the county board of supervisors and autonomous/independent districts, whose treasurer is the Marin County director of finance and any other districts or agencies approved by the board of supervisors and the county treasurer, using Marin County as their fiscal agent.

The pool's investment policies are reviewed periodically by the treasury oversight committee, consisting of representatives from Marin County, the superintendent of schools' office and school and special districts. The pool is also subject to an annual external financial audit performed by an independent certified public accounting firm in addition to a quarterly cash count verifying cash and investment balances. There are daily and monthly reconciliations of records with the custodian.

Pool's Objectives and Investment Practices

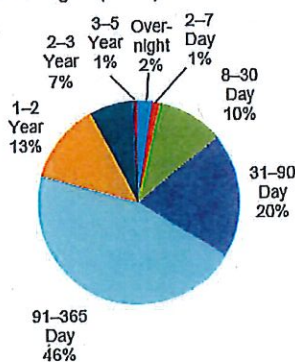
The pool's primary investment objective is preservation of capital. The secondary objective is to maintain sufficient liquidity to enable participants to meet their operating requirements. The tertiary objective of the pool is to obtain a rate of return consistent with the first two objectives.

The pool seeks to pursue its investment objectives by investing in a diversified portfolio of high-quality debt securities rated at least 'A/F1' by Fitch or equivalent. Permitted investments include U.S. Treasury and government agency securities and state of California bonds, as well as registered warrants, bankers' acceptances, commercial paper, negotiable certificates of deposit, time deposits, medium-term notes, shares of money market funds, repurchase agreements and the LAIF. Under the pool's investment policies, the use of reverse repurchase agreements or securities lending programs is not permitted. Additionally, in accordance with Marin County's Nuclear Free Zone Ordinance No. 3502 Measure A, the county is prohibited from investing in securities or other obligations of any corporation or business entity that is a nuclear weapons contractor.

Asset Credit Quality

According to the pool's investment policy, eligible money market instruments must be rated at least 'A/F1' by Fitch or equivalent, except for LAIF, which is not rated.

Maturity Distribution (As of Aug. 31, 2017)



Source: Marin County Investment Pool.

Related Criteria

Global Bond Fund Rating Criteria
(August 2016)

The pool restricts concentrations in any one issuer (other than the U.S. government and its agencies) to a maximum of 5% of total assets to minimize single-issuer exposure. Repurchase agreements are entered into only with counterparties rated at least 'A/F1' by Fitch or equivalent and are 102% collateralized by U.S. government securities.

Liquidity Management

The pool has daily access to its investments in money market funds and LAIF to meet daily withdrawal requirements and cash outflows. In addition, the pool maintains a significant position in U.S. government agency securities, which are expected to demonstrate secondary market liquidity even during periods of market stress.

To meet liquidity targets and minimize exposure to interest rate changes, the pool uses a laddered investment strategy across a short maturity spectrum. The pool also employs a cash flow-matching investment strategy to structure investment maturities to coincide with conservative expectations of draws on the portfolio. The pool has historically benefited from highly predictable cash outflow needs of the pool's participants. The stability of cash flow projections is based on the pool's composition, as many participants are captive in nature and thereby required to maintain funds in the county pool. The pool's anticipated redemptions include payroll and benefit payments, accounts payable, debt services and other planned expenditures.

Furthermore, no withdrawals from the pool can be made for the purposes of investing those funds outside the pool without prior approval of the Marin County director of finance. An approval can be given as long as such a withdrawal does not negatively affect the interests of other participants. A notice of withdrawal is required to be made in writing at least 10 days prior to the proposed withdrawal date. A notice of withdrawal in writing of at least five business days is required for withdrawals in excess of \$250,000 for loan repayments, capital expenditures and any expenditure not in the ordinary course of operations.

Duration Management

By investment policy, the pool must maintain an average maturity of less than 540 days and is not allowed to purchase securities with maturities greater than three years. However, the director of finance may authorize the purchase of U.S. government agency obligations and U.S. Treasury obligations with final maturities of five years or less.

Operational Assessment

✓ Pass

● Attention Required

x Fail

Service Providers

Investment Advisor ✓ Marin County Director of Finance

Auditors ✓ In accordance with the California government code, an investment oversight committee performs an annual audit. An additional treasury oversight committee is responsible for ensuring the pool's compliance with its investment policy. The committee meets twice a year and consists of five members: two school districts, one member of the county at large, one county administrator and one member from a special district.

Investments

Composition ✓ Permitted investments include U.S. Treasury and government agency securities, state of California bonds, registered warrants, bankers' acceptances, commercial paper, negotiable certificates of deposit, time deposits, medium-term notes, money market funds, repurchase agreements and LAIF. LAIF is the California state investment pool, managed by the state treasurer's office.

Liquidity Management ✓ By its policy, the pool maintains adequate cash on hand to meet cash disbursements and payroll through maturing investments. Cash flow projections are an integral part of the overall cash management responsibilities of the treasury division.

Regulation and Governance

Governance ✓ The County of Marin Investment portfolio shall be subject to a process of independent review by the county's external auditors. The county's external auditors review the investment portfolio in connection with the annual county audit for compliance with the statement of investment policy pursuant to government code section 27134. The results are reported annually to the director of finance and the Marin County treasury oversight committee. The treasury oversight committee shall cause an annual audit to be conducted to determine the county treasury's compliance with Article 6 of the government code. This audit may include issues relating to the structure of the investment portfolio and risk.

Control Framework ✓ Compliance controls are in place to ensure adherence with investment guidelines.

Disclosure and Transparency

Clear Strategy Representation ✓ The fund has a broad mandate that includes adherence to Marin County's Nuclear Freeze Ordinance Measure A as approved by the voters on Nov. 4, 1986. The county is prohibited from investing in securities or other obligations of any corporation or business entity that is a nuclear weapons contractor.

Level of Disclosure ✓ Good level of transparency: the county's website contains financial reports, investment policy and information on other policies pertinent to pool management.

Operations

Pricing Responsibility ✓ Securities are booked at purchase price and marked-to-market monthly by the pools' custodian, Wells Fargo Bank. The treasurer's office uses real-time pricing supplied by Wells Fargo, as custodian.

Technology ✓ Appropriate and integrated portfolio management system.

Back-Office Reconciliations ✓ Income apportionment to the participants is conducted on a quarterly basis after deducting the pool's expenses according to specified sections of the California government code.

The ratings above were solicited and assigned or maintained at the request of the rated entity/issuer or a related third party. Any exceptions follow below.

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