

A G E N D A

**SAN RAFAEL SANITATION DISTRICT
BOARD OF DIRECTORS
MONDAY – SEPTEMBER 24, 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 – August 27, 2018.

3. PAYMENTS

Request approval as submitted.

4. OLD BUSINESS

None

5. NEW BUSINESS

- a. Presentation of the 2017-18 Financial Statements for acceptance and approval. (John Maher)
- b. Presentation of the 2017-18 Schedule of Connection Fees for acceptance and approval. (John Maher)
- c. Adopt resolution designating those employees and consultants subject to conflict of interest filing requirements.
- d. Call for applications to fill the position of Alternate Commissioner to represent the San Rafael Sanitation District on the CMSA Board of Commissioners.
- e. Report on bid opening for the Harbor Bridge Trunk Sewer Relocation Project and adopt resolution to award contract.
- f. Adopt resolution authorizing the District Manager/District Engineer to request bids and execute an Informal Emergency Project in accordance with Section 20783 of the Public Contract Code for the replacement of the sanitary sewer on Second Street at Lindaro Street.
- g. Adopt resolution authorizing the District Manager/District Engineer to request bids and execute an Informal Emergency Project in accordance with Section 20783 of the Public Contract Code for the replacement of the sanitary sewer on St. Francis Lane.

6. INFORMATIONAL ITEMS

7. DIRECTOR REPORTS/REQUESTS FOR FUTURE AGENDA ITEMS

8. CLOSED SESSION

- a. **Conference with Legal Counsel**
California Government Code
Section 54956.9(d)(1)
Number of Potential Cases: One (1)

9. ADJOURNMENT

The next scheduled meeting is October 22, 2018.

**SAN RAFAEL SANITATION DISTRICT
Minutes of the Meeting
August 27, 2018**

Regular Meeting

City of San Rafael
CDD Small Conf. Rm.
1400 Fifth Avenue
San Rafael, CA 94901

The meeting was called to order at 9:06 A.M. by Chair Phillips.

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

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

-
- 1. **OPEN PERIOD** - No persons were present to address the Board.
 - 2. **MINUTES OF JULY 23, 2018.**

MOTION by Director Bushey, seconded by Chair Phillips, to approve the minutes of the July 23, 2018, meeting as presented.

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

Motion Carried

- 3. **PAYMENTS**

MOTION by Director Bushey, seconded by Director Rice, to approve the payments for July 2018 in the amount of \$2,935,654.55 for maintenance and operation of the District and for capital improvements.

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

Motion Carried

- 4. **OLD BUSINESS**

None.

5. NEW BUSINESS

a. Resignation letter from Albert J. Boro as an Alternate Commissioner representing SRSD on the CMSA Board.

District Manager Toy reported that on August 9, 2018, the District had received a copy of a letter from Albert Boro dated July 23, 2018, informing Mayor Phillips that he was resigning from the Central Marin Sanitation Agency (CMSA) Board of Commissioners effective July 31, 2018. She also reported that currently, Director Maribeth Bushey and Dean DiGiovanni are the Commissioners and Director Katie Rice is the Alternate Commissioner representing the District on the CMSA Board. Manager Toy then reported that this position would need to be filled by someone that is either an elected official of the District or a resident of the District.

MOTION by Director Bushey, seconded by Director Rice, to accept the resignation letter from Albert J. Boro with gratitude for his service to the District.

AYES: Director Bushey, Director Rice, Chair Phillips

NOES: None

ABSENT: None

Motion Carried

b. Adopt resolution authorizing the District Manager/District Engineer to recruit a Junior Engineer.

District Manager Toy reported that the Assistant/Associate Civil Engineer position had been vacant since January. She also reported that the first round of recruitment had been unsuccessful and that second round, which began last month, had been expanded to include the position of Junior Engineer. She then reported that in the second round of recruitment, there were 52 applicants and nine interviewees, which included four Associate Civil Engineers and five Junior Engineers. Manager Toy then reported that the Junior Engineer would be able to assist with sewer system condition/capacity assessment, plans and specs, and managing project.

MOTION by Director Bushey, seconded by Director Rice, to adopt the resolution authorizing the District Manager/District Engineer to recruit a Junior Engineer.

AYES: Director Bushey, Director Rice, Chair Phillips

NOES: None

ABSENT: None

Motion Carried

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: Two (2)

Closed Session – Opened at 9:17 A.M.

Closed Session – Ended at 9:46 A.M.

Director Bushey reported that there was discussion, and direction was given to staff.

9. ADJOURNMENT

There being no further business to come before the Board, the meeting of August 27, 2018, was adjourned at 9:47 A.M. The next meeting of the San Rafael Sanitation District was scheduled for Monday, September 24, 2018, at 9:00 A.M. at San Rafael City Hall.

Respectfully submitted,

Maribeth Bushey, Recording Secretary

ATTEST THIS 24th DAY OF SEPTEMBER 2018

Gary Phillips, Chair

3.

SAN RAFAEL SANITATION DISTRICT
PAYMENT SUMMARY
August 1, 2018 - August 31, 2018
Vendor/Payee

	Memo	Class	Acct #	Account Name	Amount
ARAMARK UNIFORM SERVICES	Uniforms - weekly service ending 7/18/18	200	2021	Uniforms	\$ 137.72
ARAMARK UNIFORM SERVICES	Uniforms - weekly service ending 7/25/18	200	2021	Uniforms	\$ 137.72
ARAMARK UNIFORM SERVICES	Uniforms - weekly service ending 8/01/18	200	2021	Uniforms	\$ 137.72
AT&T *4687	Telephone Service - pump station dialers to CMSA from 6/20/18-7/19/18	100	2534	Telephone service	\$ 240.83
AT&T *8362	Telephone Service - land lines for pump stations and dialers from 7/02/18-8/01/18	100	2534	Telephone service	\$ 323.32
AT&T MOBILITY	Telephone Service - cell phone service from 6/04/18-7/03/18	100	2534	Telephone service	\$ 735.19
BAY AREA AIR QUALITY MANAGEMENT DIS	Pump Stations - Glenwood Pump Station annual permit renewal fee	200	2359	Maint- pump sta's & force mains	\$ 455.00
BAY AREA AIR QUALITY MANAGEMENT DIS	Pump Stations - Riviera Pump Station annual permit renewal fee	200	2359	Maint- pump sta's & force mains	\$ 455.00
CAL-STEAM CO INC	Force Main Condition Assessment - transient pressure monitoring system for West Railroad Pump Station	300	4151	Force Main Condition Assess(10)	\$ 12.42
CENTRAL MARIN SANITATION AGENCY	Fog Program - FOG Control Program Management from April-June 2018	100	4300	FOG Program	\$ 2,776.01
CENTRAL MARIN SANITATION AGENCY	Pump Stations - annual cathodic protection survey for Simms Street Force Main	200	2359	Maint- pump sta's & force mains	\$ 1,940.00
CITY OF SAN RAFAEL	Contract with San Rafael	100	2361	Contract with San Rafael	\$ 533,786.00
CITY OF SAN RAFAEL	Vehicles - fuel from 4/30/18-6/30/18	200	2083	Parts and repairs vehicles	\$ 6,811.65
CORDONE, RICHARD	Collection System - reimbursement for televising sewer lateral at 732 Fourth St. (Spotless Cleaners)	200	2360	O&M - collection systems	\$ 175.00
DOWNEY BRAND LLP	Legal Services - for June services re: NPDES permit	100	2713	Legal services	\$ 37.00
EVOQUA WATER TECHNOLOGIES, LLC	Odor Control - chemicals for pump stations 7/10/18	200	2106	Odor control chemicals	\$ 14,007.06
FASTENAL	Pump Stations - pry bar	200	2359	Maint- pump sta's & force mains	\$ 29.38
FASTENAL	Pump Stations - shop stock	200	2359	Maint- pump sta's & force mains	\$ 243.26
GRAINGER	Pump Stations - pump for Lochinvar force main vault	200	2359	Maint- pump sta's & force mains	\$ 393.24
JACKSON'S HARDWARE	Safety Equipment - steel toe rubber boots (2 pairs)	200	2365	Safety equipment and supplies	\$ 58.84
MAHER ACCOUNTANCY	Accounting Services - July	100	2717	Accounting services	\$ 3,600.00
MARIBETH BUSHEY	Director's Fees - Maribeth Bushey on 7/23/18	100	2282	Director's fees	\$ 100.00
MARIN LAND TITLE CONSULTING	Consulting Services - services regarding 27 & 31 Locksly Lane	100	2325	Consulting services	\$ 889.00
MARIN MUNICIPAL WATER DIS	Water - 220 Tamal Vista Blvd. from 5/03/18-7/02/18 - water for vacor truck	200	2536	Water utility costs	\$ 825.54
MICHAEL PAUL COMPANY INC.	Collection System - spot repair at 115 Laurel Place	200	2360	O&M - collection systems	\$ 13,296.00
MICHAEL PAUL COMPANY INC.	Collection System - spot repair at 232 Clorinda	200	2360	O&M - collection systems	\$ 5,200.00
MICHAEL PAUL COMPANY INC.	Collection System - spot repair at 261 Mountain View	200	2360	O&M - collection systems	\$ 6,446.00
MICHAEL PAUL COMPANY INC.	Collection System - spot repairs at 541 Irwin St. and DuBois & Bret Ave.	200	2360	O&M - collection systems	\$ 3,388.72
MSI LITHO PRINTING	Office Supplies - business cards for Sewer Maint. Supt., Sewer Maint. Supervisor, and Sewer Lead Maint. Worker	100	2133	Office & shop supplies	\$ 182.03
NORTHSIDE CONSTRUCTION, INC	Miscellaneous Projects for Gravity Sewer - installation of new sewer lateral at 244/246 Center St	300	4321	Miscellaneous Projects (80yr)	\$ 12,700.00
PARK ENGINEERING, INC	San Pedro Pump Station - inspection services for June 2018	300	4147	San Pedro Pump Station (10)	\$ 18,592.06
PERIN - BATTERIES PLUS	Pump Stations - light bulbs for pump stations	200	2359	Maint- pump sta's & force mains	\$ 22.82
PG&E a/c 2480926202-5	Power - service for pump stations 6/08/18-7/09/18	200	2535	Electric utility costs	\$ 13,090.21
PHILLIPS, GARY	Director's Fees - Gary O. Phillips on 7/23/18	100	2282	Director's fees	\$ 100.00
PLATT	Pump Stations - lamps and outlet cover for pump stations	200	2359	Maint- pump sta's & force mains	\$ 34.20
ROTO-ROOTER SEWER SERVICE INC	Sewer System - Second Street (A to Tamalpais) flushing and televising project	300	4301	Sewer Syst cond/capacity (60)	\$ 6,375.00
ROTO-ROOTER SEWER SERVICE INC	Standby - service at 123 Woodland Ave.	200	2363	Standby services	\$ 650.00
ROTO-ROOTER SEWER SERVICE INC	Standby - service at 1522 Fourth Street	200	2363	Standby services	\$ 650.00
SHAPE INC	Pump Stations - coolant for flygt pumps	200	2359	Maint- pump sta's & force mains	\$ 350.10

STAPLES INC	100	2133	Office & shop supplies	\$	66.21
TELSTAR INSTRUMENTS INC	200	2360	Collection System - repairs to smart cover system at manhole #2715 on Second St	\$	500.00
THURSTON SCREEN PRINTING INC	200	2365	Safety Equipment - printing on safety vests	\$	28.42
UNDERGROUND SERVICE ALERT	100	2131	Memberships - annual membership dues for 2018	\$	150.00
VALENTINE CORPORATION	300	4147	San Pedro Pump Station - sewer improvement project. Progress Payment #4	\$	251,241.90
VAVRINEK, TRINE, DAY & CO	100	2325	Consulting Services - interim audit for fiscal year 2017-18	\$	6,000.00
VERIZON WIRELESS	100	2534	Telephone Service - wireless service for laptops 6/21/18-7/20/18	\$	266.09
WATER COMPONENTS & BLDG SUPPLY	200	2360	Collection System - sewer cleanout cover at 37 Bret Harte Lane	\$	126.83
WATER COMPONENTS & BLDG SUPPLY	200	2359	Pump Stations - parts for West Railroad P.S scrubber fan plumbing	\$	32.87
WECO INDUSTRIES LLC	200	2360	Collection System - parts for power rodder	\$	896.16
				\$	903,692.52



VAVRINEK, TRINE, DAY & CO., LLP
Certified Public Accountants



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To the Members of the Board
of the San Rafael Sanitation District
San Rafael, California

We have audited the financial statements of the San Rafael Sanitation District “the District” for the year ended June 30, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 2 to the financial statements. No accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2018. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates and disclosures affecting the San Rafael Sanitation District’s financial statements were:

Management’s estimate of the estimated useful lives of capital assets and related depreciation expense is based on the District’s adopted depreciation policy. We evaluated the key factors and assumptions used to prepare the depreciation schedule and computation of depreciation expense in determining that it is reasonable in relation to the financial statements taken as a whole. Additional information is included in footnotes #2 and #4 of the financial statements.

Management's estimate of the Long Term Obligation to the City of San Rafael is based on actuarial calculations, and was mutually agreed upon by the City and the District. We evaluated the conceptual basis for the calculated amount in determining the reasonableness in relation to the financial statement taken on the whole. Additional information is included in footnote #5 of the financial statements.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users such as those related to investment risk, risk management, and joint ventures.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 21, 2018.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to Management's Discussion and Analysis, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This information is intended solely for the use of the Board and management of the San Rafael Sanitation District and is not intended to be, and should not be, used by anyone other than these specified parties.

Vavrinck, Trine, Day & Co. LLP

Palo Alto, California
September 21, 2018



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Members of the Board
of the San Rafael Sanitation District
San Rafael, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the San Rafael Sanitation District, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the San Rafael Sanitation District's basic financial statements, and have issued our report thereon dated September 21, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the San Rafael Sanitation District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the San Rafael Sanitation District's internal control. Accordingly, we do not express an opinion on the effectiveness of the San Rafael Sanitation District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the San Rafael Sanitation District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Vavrinek, Trine, Day & Co., L.L.P.

Pleasanton, California
September 21, 2017



**San Rafael Sanitation District
A Component Unit of the City of San Rafael**

**Annual Financial Report
Fiscal Years Ended
June 30, 2018 and 2017**

**With
Independent Auditors' Report**

**SAN RAFAEL SANITATION DISTRICT
YEARS ENDED JUNE 30, 2018 AND 2017**

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VAVRINEK, TRINE, DAY & CO., LLP
Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

To the Members of the Board
of the San Rafael Sanitation District
San Rafael, California

Report on the Financial Statements

We have audited the accompanying financial statements of the San Rafael Sanitation District (the District), a component unit of the City of San Rafael, as of and for the years ended June 30, 2018 and 2017 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of San Rafael Sanitation District as of June 30, 2018 and 2017, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated September 21, 2018, on our consideration of the District's internal control over financial reporting on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Vavrinck, Trinc, Day & Co. LLP

Palo Alto, California
September 21, 2018

SAN RAFAEL SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEARS ENDED JUNE 30, 2018 AND 2017

The Management's Discussion and Analysis provides an overview of the District's financial activities for the fiscal years ended June 30, 2018 and 2017. Please read it along with the District's financial statements, which begin on page 8.

FINANCIAL HIGHLIGHTS

The District's total net position as of June 30, 2018, was approximately \$74,507,000 which is an increase of approximately \$6,624,000 over the prior year's balance. Net position is comprised of approximately \$48,633,000 of which is invested in capital assets and approximately \$25,874,000 of unrestricted net position.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis section is intended to serve as an introduction to the District's financial statements which include two components: (1) basic financial statements and (2) notes to the basic financial statements.

The District is a single purpose entity that reports as an enterprise fund under governmental accounting standards. The financial statements are designed to provide readers with a broad overview of the District's finances, similar to a private-sector business.

The Statements of Net Position present information on all the District's assets and liabilities, with the difference between assets and liabilities reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statements of Revenues, Expenses and Changes in Net Position present information showing how the District's net position changed during the fiscal year. All changes in net position are recognized as of the date of the underlying event that gives rise to the change, regardless of the timing of the related cash flows.

The Statements of Cash Flows present information about the District's cash receipts, cash payments and net changes in cash resulting from operations, investing, and financing activities. These statements show the sources and uses of cash, as well as the change in the cash balances during the fiscal years.

SAN RAFAEL SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEARS ENDED JUNE 30, 2018 AND 2017

The following table is a summary of the District's assets, liabilities, and net position.

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Current assets	\$ 30,882,439	\$ 24,639,912	\$ 24,100,692
Noncurrent assets	48,633,057	48,392,318	43,425,057
Total assets	<u>79,515,496</u>	<u>73,032,230</u>	<u>67,525,749</u>
Current liabilities	1,104,160	1,341,625	1,944,508
Noncurrent liabilities	3,903,869	3,807,005	4,197,790
Total liabilities	<u>5,008,029</u>	<u>5,148,630</u>	<u>6,142,298</u>
Net position			
Investment in capital assets	48,633,057	48,392,318	43,425,057
Unrestricted	25,874,410	19,491,282	17,958,394
Total net position	<u>\$ 74,507,467</u>	<u>\$ 67,883,600</u>	<u>\$ 61,383,451</u>

As indicated in the table above, current assets increased each year from 2016 to 2018. This was primarily because SRSD was accumulating resources for planned capital projects. The increase in noncurrent assets was the result of capital improvement projects undertaken each year, partly offset by annual depreciation amount. Expenditures for capital improvement projects often do not coincide with revenue for annual fiscal periods since they are subject to lengthy planning periods, weather considerations and long construction periods. Current liabilities consist primarily of trade payables and a liability to the City of San Rafael for pension and other post-employment benefits.

Details of capital improvements are described in *Capital Assets and Debt Administration*.

SAN RAFAEL SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEARS ENDED JUNE 30, 2018 AND 2017

Results of operations are summarized as follows:

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Operating revenues	\$ 16,829,908	\$ 16,014,016	\$ 15,414,530
Nonoperating revenues	1,924,093	1,662,082	1,446,171
Total revenues	<u>18,754,001</u>	<u>17,676,098</u>	<u>16,860,701</u>
Operating expenses	<u>12,235,868</u>	<u>11,255,194</u>	<u>11,654,767</u>
Income before connection fees received and special item	6,518,133	6,420,904	5,205,934
Connection fees received	105,734	79,245	69,678
Changes in net position	6,623,867	6,500,149	5,275,612
Net position at beginning of the year	<u>67,883,600</u>	<u>61,383,451</u>	<u>56,107,839</u>
Net position at end of the year	<u>\$ 74,507,467</u>	<u>\$ 67,883,600</u>	<u>\$ 61,383,451</u>

The fifth of five annual sewer service rate increases was implemented in fiscal year 2017-18. Operating expenses increased from 2017 to 2018. Included in operating expenses are waste treatment costs incurred as a member of the Central Marin Sanitation Agency which increased by \$159,000 from 2017 to 2018. These sewage treatment operating costs include a proportionate share of revenue bonds issued by the Central Marin Sanitation Agency (CMSA).

SAN RAFAEL SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEARS ENDED JUNE 30, 2018 AND 2017

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets, net of accumulated depreciation, were as follows:

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Land & easements	\$ 115,329	\$ 115,329	\$ 115,329
Construction in progress	775,804	272,032	3,204,067
Subsurface lines	24,691,723	23,882,502	17,551,743
Sewage collection facilities	22,514,067	23,566,223	21,867,794
General plant & admin facilities	536,134	556,232	686,124
Net investment in capital assets	<u>\$ 48,633,057</u>	<u>\$ 48,392,318</u>	<u>\$ 43,425,057</u>

In addition to operations and maintenance (O&M) programs, the District also maintains ongoing capital improvement programs. These programs largely influence how the District budgets and sets its rates.

In June 2017, the Board of Directors designated amounts to be provided as reserves for capital improvement projects and adopted a policy requiring transfers to separate reserve accounts to provide funding required to pay for planned capital improvement projects. Transfers are based on average annual expenditures projected for the subsequent ten years.

The first program, known as the *80-Year Life-Cycle Program*, is maintained to provide for systematic replacement of all the District's gravity sewer lines over a rolling, 80-year cycle. Management plans to replace an average of 1.6 miles of sewer lines per year at an estimated cost of \$4.90 million per year. Approximately \$1.37 million was expended on these projects during the year ended June 30, 2018, leaving a reserve balance of \$10.89 million for this program.

The District also has a *Pump Station and Force Main Capital Improvement Program* to make capital improvements related to its pump stations and force mains. Planned annual expenditures are funded on a pay-as-you-go basis and annual costs are estimated to range between \$1.20 million and \$2.40 million per year. Approximately \$0.70 million was expended on these projects during the year ended June 30, 2018, leaving a reserve balance of \$4.25 million for this program.

The District maintains a program to provide for replacement of vehicles and other equipment, setting aside a portion of the expected replacement cost of each significant equipment item. Approximately \$118,000 was expended on equipment during the year ended June 30, 2018, leaving a reserve balance of \$1.69 million for this program.

SAN RAFAEL SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEARS ENDED JUNE 30, 2018 AND 2017

THE FUTURE OF THE DISTRICT

The District is insulated from general economic conditions, such as increases or declines in property tax values, or other types of revenues that vary with economic conditions, such as sales taxes. Most of the District's revenues are from user fees that are based on rates set by the District at levels sufficient to provide for planned costs of operation, maintenance, debt service and capital improvements. Sewer charges are annual fees charged to all premises connected to the system. The rates in effect during 2017-18 are expected to be sufficient to fund operations and planned capital improvement projects for the near term.

Personnel costs, including retirement and health benefits, capital improvement, and operations and maintenance costs are projected to increase. In addition, the cost of sewage treatment will rise significantly due to the rising costs of operation and capital improvement expenditures of Central Marin Sanitation District (CMSA).

REQUESTS FOR INFORMATION

This financial report is designed to provide our residents, taxpayers and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the funds under its stewardship.

Please address any questions about this report or requests for additional financial information to 111 Morphew Street, San Rafael, CA 94901.

Basic Financial Statements

SAN RAFAEL SANITATION DISTRICT
STATEMENTS OF NET POSITION
AS OF JUNE 30, 2018 AND 2017

	2018	2017
ASSETS		
Current assets		
Cash equivalents	\$ 30,502,613	\$ 24,536,913
Accounts receivable and accrued revenue	77,729	18,609
Prepaid expenses	55,289	54,842
Due from related parties	246,808	29,548
Total current assets	30,882,439	24,639,912
Noncurrent assets		
Nondepreciable assets	891,133	387,361
Collection systems and facilities, net	47,741,924	48,004,957
Total noncurrent assets	48,633,057	48,392,318
Total assets	79,515,496	73,032,230
LIABILITIES		
Current liabilities		
Accounts payable	379,780	588,674
Payable to related parties	6,812	32,120
Obligation to the City of San Rafael	717,568	720,831
Total current liabilities	1,104,160	1,341,625
Noncurrent liabilities:		
Obligation to the City of San Rafael	3,903,869	3,807,005
Total liabilities	5,008,029	5,148,630
NET POSITION		
Investment in capital assets	48,633,057	48,392,318
Unrestricted	25,874,410	19,491,282
Total net position	\$ 74,507,467	\$ 67,883,600

SAN RAFAEL SANITATION DISTRICT
STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FISCAL YEARS ENDED JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
OPERATING REVENUES		
Sewer charges	\$ 16,829,908	\$ 16,014,016
OPERATING EXPENSES		
Sewage collection	3,766,852	3,250,465
Sewage treatment	6,313,700	6,155,154
Depreciation and amortization	1,832,794	1,549,499
General and administration	322,522	300,076
Total operating expenses	<u>12,235,868</u>	<u>11,255,194</u>
Operating income	<u>4,594,040</u>	<u>4,758,822</u>
NONOPERATING REVENUES		
Property taxes	1,620,584	1,528,047
Aid from governmental agencies	58,440	36,945
Interest income	234,379	97,090
Gain on sale of asset	10,690	-
Total nonoperating revenues	<u>1,924,093</u>	<u>1,662,082</u>
Income before connection fees received	6,518,133	6,420,904
CAPITAL CONTRIBUTIONS		
Connection fees received	<u>105,734</u>	<u>79,245</u>
CHANGES IN NET POSITION	6,623,867	6,500,149
Net position at beginning of the year	<u>67,883,600</u>	<u>61,383,451</u>
Net position at end of the year	<u>\$ 74,507,467</u>	<u>\$ 67,883,600</u>

SAN RAFAEL SANITATION DISTRICT
STATEMENTS OF CASH FLOWS
FISCAL YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from sewer charges	\$ 16,770,788	\$ 15,985,153
Payments to City of San Rafael for contract personnel	(2,299,233)	(2,230,632)
Payments to joint venture for sewage treatment	(6,313,700)	(6,155,154)
Payments to vendors and suppliers	(1,446,654)	(1,053,932)
Payments to City of San Rafael regarding post-employment benefits for contract personnel	(653,736)	(661,217)
Net cash equivalents provided by operating activities	6,057,465	5,884,218
 CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Receipts from property taxes	1,620,584	1,528,047
Receipts of aid from governmental agencies	58,440	36,945
Net cash equivalents provided by non-capital financing activities	1,679,024	1,564,992
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Connection fees collected	105,734	79,245
Payments for capital acquisitions	(2,121,592)	(7,099,900)
Proceeds from sale of capital asset	10,690	-
Net cash equivalents used for capital and related financing activities	(2,005,168)	(7,020,655)
 CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received from Marin County pooled cash and investments account	234,379	97,090
Net change in cash equivalents	5,965,700	525,645
Cash equivalents at beginning of year	24,536,913	24,011,268
Cash equivalents at end of year	\$ 30,502,613	\$ 24,536,913

SAN RAFAEL SANITATION DISTRICT
STATEMENTS OF CASH FLOWS (CONTINUED)
FISCAL YEARS ENDED JUNE 30, 2018 AND 2017

**RECONCILIATION OF OPERATING INCOME
TO NET CASH PROVIDED BY OPERATING ACTIVITIES**

	<u>2018</u>	<u>2017</u>
Operating income	\$ 4,594,040	\$ 4,758,822
Adjustments to reconcile operating income to net cash equivalents provided (used) by operating activities:		
Depreciation and amortization	1,832,794	1,549,499
(Increase) decrease in accounts receivable and other current assets	(276,827)	(13,575)
Increase (decrease) in accounts payable and other current liabilities	(186,144)	(79,357)
Increase (decrease) in Obligation to the City of San Rafael	93,601	(331,171)
Net cash equivalents provided by operating activities	<u>\$ 6,057,464</u>	<u>\$ 5,884,218</u>

SAN RAFAEL SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2018 AND 2017

1. NATURE OF THE ORGANIZATION

San Rafael Sanitation District is a *Sanitation District* in the County of Marin formed in 1947 under Section 4700 of the California Health & Safety Code. It serves the southern two-thirds of the City of San Rafael and adjacent unincorporated areas. The District provides wastewater transmission over its entire service area and performs collection system maintenance in the unincorporated areas.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

Although the nucleus of a financial reporting entity usually is a primary government, an organization other than a primary government, such as a component unit, may serve as the nucleus for its financial reporting entity when the component unit provides separately issued financial statements. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and can impose its will on that organization. The San Rafael Sanitation District is a component unit of the City of San Rafael. The District is governed by a three-member Board of Directors serving four-year terms. The City Council of the City of San Rafael appoints two out of the three board members and has the ability to remove the two board members at will. The third member is a representative of the County of Marin.

INTRODUCTION

The District's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements.

BASIS OF ACCOUNTING

The District's operations are accounted for as an enterprise fund and are reported using the economic resources measurement focus and the accrual basis of accounting – similar to business enterprises. Accordingly, revenues are recognized when they are earned, and expenses are recognized at the time liabilities are incurred.

SAN RAFAEL SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2018 AND 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

BASIS OF ACCOUNTING (continued)

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, and then unrestricted resources as they are needed.

The District distinguishes between revenues and expenses from nonoperating revenues and expenses. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the District's principal ongoing operations. These revenues are primarily charges to customers for services. Operating expenses include the cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

CASH EQUIVALENTS

For purposes of the statement of cash flows, the District has defined cash equivalents to include cash on hand and short-term investments maturing within 90 days, including investments held in the Marin County Investment Pool which are available on demand and are considered highly liquid.

COLLECTION SYSTEMS AND FACILITIES

Collection systems and facilities purchased or constructed are stated at cost. Assets contributed have been recorded at the fair market value at the date received. Interest is capitalized for assets constructed when applicable. The costs of normal repairs and maintenance that do not add to the value of an asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. Applicable capital assets must be capitalized for amounts \$1,000 or above and may be capitalized for amounts from \$500 to \$1,000 if determined to be sensitive. Depreciation is provided by the straight-line method over the estimated useful lives of capital assets as follows:

Subsurface lines	50-80 years
Sewer collection facilities	5-50 years
General plant & administrative facilities	3-15 years

SAN RAFAEL SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2018 AND 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

JOINT VENTURES

The District participates in a joint-powers agreement with the Central Marin Sanitation Agency, a regional sewage treatment facility, as further explained in Note 6.

SEWER CHARGES

Sewer charges are billed and collected on behalf of the District by the County of Marin as a special assessment on annual property tax billings. Property taxes are levied on January 1 and are due in two equal installments on November 1 and February 1. In accordance with the Teeter Plan, the County remits to the District all charges which are assessed, and the County retains responsibility for collecting past due amounts.

The Teeter Plan provides that the County advance the District its share of the annual gross levy of secured property taxes and special assessments. In consideration, the District gives the County of Marin its rights to penalties and interest on delinquent secured property tax receivables and actual proceeds collected.

PROPERTY TAXES

The County of Marin levies taxes and places liens on real property as of January 1 on behalf of the District. Property taxes are due the following November 1 and February 1 and become delinquent December 10 and April 10, for the first and second installments, respectively. Unsecured property taxes are levied throughout the year.

CONNECTION FEES

Connection fees represent a one-time contribution of resources to the District imposed on contractors and developers for financing capital improvements. Connection fees are recognized after non-operating revenues (expenses) in the statement of revenues, expenses and changes in net position. The District utilizes connection fees received on a first-in-first-out basis to finance current year capital projects. Accordingly, if there is a balance of connection fees available at year-end, it is classified as restricted net position.

SAN RAFAEL SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2018 AND 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

STAFF SALARIES AND BENEFITS AND WORKERS' COMPENSATION

The District has no regular full-time employees. The City of San Rafael provides staff to the District under contract and provides all benefits including workers' compensation insurance.

ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

RECLASSIFICATIONS

Certain amounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation of the current-year financial statements.

3. CASH EQUIVALENTS

The District maintains all its cash equivalents in the Marin County Investment Pool to increase interest earnings through pooled investment activities. Interest earned on the investment pool is allocated quarterly to the participating funds using the daily cash balance of each fund. This pool, which is available for use by all funds, is displayed in the financial statements as "Cash equivalents."

The County Pool includes both voluntary and involuntary participation from external entities. The District is a voluntary participant. The State of California statutes require certain special districts and other governmental entities to maintain their cash surplus with the County Treasurer. The District has approved by resolution, the investment policy of the County of Marin which complies with the California Government Code.

The Marin County Investment Pool is not registered with the Securities and Exchange Commission as an investment company. The objectives of the policy are in order of priority, safety, liquidity, yield, and public trust.

SAN RAFAEL SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2018 AND 2017

3. CASH EQUIVALENTS (continued)

The County has established a treasury oversight committee to monitor and review the management of public funds maintained in the investment pool in accordance with Article 6 Section 27131 of the California Government Code. The oversight committee and the Board of Supervisors review and approve the investment policy annually. The County Treasurer prepares and submits a comprehensive investment report to the members of the oversight committee and the investment pool participants every month. The report covers the types of investments in the pool, maturity dates, par value, actual costs and fair value.

FAIR VALUE MEASUREMENT

The District categorized its fair value measurements within the fair value hierarchy established by general accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. As of June 30, 2018, The District held no individual investments. All funds are invested in the Marin County Investment Pool.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The District's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability. Deposits and withdrawals from the County Pool are made on the basis of \$1 which is substantially equal to fair value. The Districts' proportionate share of investments in the County Pool at June 30, 2018 and 2017 of \$30,503,000 and \$24,537,000, respectively, are not required to be categorized under the fair value hierarchy.

SAN RAFAEL SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2018 AND 2017

3. CASH EQUIVALENTS (continued)

INTEREST RATE RISK

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Duration is a measure of the price sensitivity of a fixed income portfolio to changes in interest rates. It is calculated as the weighted average time to receive a bond's coupon and principal payments. The longer the duration of a portfolio, the greater is its price sensitivity to changes in interest rates. The District has not adopted a policy to manage interest rate risk.

In accordance with its investment policy, the County manages its exposure to declines in fair values by limiting the weighted average maturity of its investment pool to 540 days, or 1.5 years. At June 30, 2018 and 2017, the County's investment pool had a weighted average maturity of 211 and 231 days, respectively.

For purposes of computing weighted average maturity, the maturity date of variable rate notes is the length of time until the next reset date rather than the stated maturity date.

CREDIT RISK

State law and the County's Investment Policy limits investments in commercial paper, corporate bonds, and medium-term notes to the rating of "A" or higher as provided by Moody's Investors Service or Standard & Poor's Corporation. The County's Investment Policy limits investments purchased by Financial Institution Investment Accounts, a type of mutual fund, to United States Treasury and Agency obligations with a credit quality rating of "AAA/V1."

Investments made by the Marin County Treasurer are regulated by the California Government Code and by the County's investment policy. The Marin County Investment Pool invests substantially all its funds in U.S. government obligations and registered money market funds rated 'AAAmf' by Fitch Ratings or an equivalent rating agency. Fitch has assigned the Marin County Investment Pool a credit rating of "AAA/V1."

SAN RAFAEL SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2018 AND 2017

4. COLLECTION SYSTEMS AND FACILITIES

A summary of the District's collection systems and facilities for the years ended June 30, 2018 and 2017 respectively, follows:

	Balance at June 30, 2017	Additions	Retirements	Transfers & Adjustments	Balance at June 30, 2018
Nondepreciable capital assets:					
Land and easements	\$ 115,329	\$ -	\$ -	\$ -	\$ 115,329
Construction in progress	272,032	1,813,747	-	(1,309,975)	775,804
Total nondepreciable	<u>\$ 387,361</u>	<u>\$ 1,813,747</u>	<u>\$ -</u>	<u>\$ (1,309,975)</u>	<u>\$ 891,133</u>
Depreciable capital assets:					
Subsurface lines	\$ 35,180,273	\$ 64,893	\$ -	\$ 1,309,975	\$ 36,555,141
Sewage collection facilities	42,128,689	77,114	-	-	42,205,803
General plant and administration	1,653,110	117,780	(94,612)	-	1,676,278
Total depreciable	<u>78,962,072</u>	<u>259,787</u>	<u>(94,612)</u>	<u>1,309,975</u>	<u>80,437,222</u>
Less: accumulated depreciation:					
Subsurface lines	11,297,771	565,647	-	-	11,863,418
Sewage collection facilities	18,562,466	1,129,270	-	-	19,691,736
General plant and administration	1,096,878	137,878	(94,612)	-	1,140,144
Total accumulated depreciation	<u>30,957,115</u>	<u>1,832,795</u>	<u>(94,612)</u>	<u>-</u>	<u>32,695,298</u>
Total collection systems & & facilities-net	<u>\$ 48,004,957</u>	<u>\$ (1,573,008)</u>	<u>\$ -</u>	<u>\$ 1,309,975</u>	<u>\$ 47,741,924</u>

SAN RAFAEL SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2018 AND 2017

4. COLLECTION SYSTEMS AND FACILITIES (continued)

	Balance at June 30, 2016	Additions	Retirements	Transfers & Adjustments	Balance at June 30, 2017
Nondepreciable capital assets:					
Land and easements	\$ 115,329	\$ -	\$ -	\$ -	\$ 115,329
Construction in progress	3,204,067	6,393,082	-	(9,325,117)	272,032
Total nondepreciable	<u>\$ 3,319,396</u>	<u>\$ 6,393,082</u>	<u>\$ -</u>	<u>\$ (9,325,117)</u>	<u>\$ 387,361</u>
Depreciable capital assets:					
Subsurface lines	\$ 28,364,238	\$ 70,932	\$ -	\$ 6,745,103	\$ 35,180,273
Sewage collection facilities	39,499,143	49,533	-	2,580,013	42,128,689
General plant and administration	1,649,897	3,213	-	-	1,653,110
Total depreciable	<u>69,513,278</u>	<u>123,678</u>	<u>-</u>	<u>9,325,116</u>	<u>78,962,072</u>
Less: accumulated depreciation:					
Subsurface lines	10,812,495	485,276	-	-	11,297,771
Sewage collection facilities	17,631,349	931,117	-	-	18,562,466
General plant and administration	963,773	133,105	-	-	1,096,878
Total accumulated depreciation	<u>29,407,617</u>	<u>1,549,498</u>	<u>-</u>	<u>-</u>	<u>30,957,115</u>
Total collection systems & & facilities-net	<u>\$ 40,105,661</u>	<u>\$ (1,425,820)</u>	<u>\$ -</u>	<u>\$ 9,325,116</u>	<u>\$ 48,004,957</u>

SAN RAFAEL SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2018 AND 2017

5. OBLIGATION TO CITY OF SAN RAFAEL

The District's staff is provided by the City of San Rafael under a contractual arrangement originated in 1987 that requires the District to pay all related employee costs incurred by the City on its behalf. Quarterly payments are made by the District to the City and include amounts sufficient to cover the City's currently required contributions to employee benefit plans, including a portion for past service costs. During fiscal year 2014-15, the parties agreed that SRSD was also responsible for unfunded obligations related to past service. These financial statements include an estimate of the District's obligation to reimburse the City for future funding for benefits incurred through June 30, 2018. As agreed to by the parties, this obligation will be funded over approximately fifteen years and will correspond to the City's required payments to fund its pension and post-employment health benefits.

The following table represents the District's portion of the unfunded obligations:

Balance at June 30, 2017	\$ 4,527,836
Actuarial adjustment	747,337
Payments	<u>(653,736)</u>
Balance at June 30, 2018	4,621,437
Less current portion	<u>(717,568)</u>
Balance due after one year	<u><u>\$ 3,903,869</u></u>

6. JOINT VENTURES

In October 1979, the District entered into a joint powers agreement with three neighboring sanitation agencies in central Marin County forming the Central Marin Sanitation Agency (CMSA). CMSA serves as a regional wastewater treatment plant for its four member agencies and San Quentin Prison (SQ) and is governed by a six-member Board of Commissioners, two appointed by the Board of Directors of the San Rafael Sanitation District (SRSD), two appointed by the governing board of Sanitary District No. 1 (SD 1), one appointed by the governing board of Sanitary District No. 2 (SD 2), and one appointed by the City Council of the City of Larkspur (Larkspur).

SAN RAFAEL SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2018 AND 2017

6. JOINT VENTURES (continued)

Total project costs for the joint venture were funded from federal (75%) and state (12.5%) clean water grants and from local shares (12.5% total) allocated among the member agencies and SQ based upon the weighted average of the strength and volume of sewage flows per member at inception of the project. Final individual local shares of total project costs were approximately \$7.6 million for SRSD, \$6.3 million for SD 1, \$1.6 million for SD 2, \$1 million for Larkspur, and \$1.4 million for SQ. CMSA derives its annual funding for its operations and capital programs almost exclusively from service charges to its member agencies. The joint powers agreement does not provide an explicit measurable right as required to establish an equity interest for any of the joint venture participants, and in addition to, stipulates that all excess capital funds, if any, and all excess administration, operations and maintenance funds from whatever source, if any, are the property of CMSA.

The financial statements of the Agency are available at the CMSA office. Condensed financial information for the Agency is presented below for June 30, 2017 and 2016 (as restated), the most recent information available.

	<u>2017</u>	<u>2016</u>
Total assets	\$ 99,239,615	\$ 101,052,573
Deferred outflows of resources	5,961,780	4,734,100
Total liabilities	(61,321,187)	(60,587,651)
Deferred inflows of resources	<u>(1,260,848)</u>	<u>(1,738,149)</u>
Net position	<u>\$ 42,619,360</u>	<u>\$ 43,460,873</u>
Total revenues	\$ 17,374,359	\$ 16,590,811
Total expenses	(18,545,951)	(16,657,234)
Total contributions	<u>330,079</u>	<u>162,705</u>
Change in net position	<u>\$ (841,513)</u>	<u>\$ 96,282</u>

7. COMMITMENTS

As of June 30, 2018, SRSD had several contracts for sewer improvement projects with remaining obligations of approximately \$2,041,000, with the majority expected to be completed within the 2018-19 fiscal year.

SAN RAFAEL SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2018 AND 2017

8. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disaster. The District participates in a joint powers agreement with other entities forming the California Sanitation Risk Management Authority (CSRMA), a public entity risk pool currently operating as a common risk management and insurance program for 60 member entities. CSRMA is governed by a Board of Directors composed of one representative from each member agency and meets three times per year in conjunction with conferences of the California Association of Sanitation Agencies. The Board controls the operations of CSRMA including selection of management and approval of operating budgets, independent of any influence by member entities.

The District pays annual premiums to CSRMA for its primary insurance and property insurance programs. Primary and property insurance programs are fully insured wherein CSRMA purchases insurance as a group thereby reducing its costs. CSRMA provides both fully insured and pooled insurance programs for its participating member entities. Because all employees of the District are contracted employees from the City of San Rafael, workers' compensation insurance is not carried by the District but is provided through the City.

CSRMA's primary and property insurance programs transfer risk to commercial insurance policies for claims above deductibles, while the District retains risk for claims to the extent of deductibles. Settled claims for the District have not exceeded coverage provided by CSRMA in any of the past three fiscal years.

The following summarizes active insurance policies as of June 30, 2018 together with coverage limits for each insured event:

Insurance Program	Limits	Coverage Description
CSRMA - Allied World Assur.	\$ 3,000,000	Gen/Mgt liability - aggregate
CSRMA - Allied World Assur.	\$ 1,000,000	Gen/Mgt liability - occurrence
CSRMA - Allied World Assur.	\$ 1,000,000	Auto liability - accident
CSRMA - Allied World Assur.	\$ 4,000,000	Excess liability
CSRMA - Public Entity Property Insurance Program (P.E.P.I.P)	\$ 12,174,235	Special form property
CSRMA - Illinois Union Ins.	\$ 25,000,000	Pollution liability - tier 1
CSRMA - Illinois Union Ins.	\$ 2,000,000	Pollution liability - tier 2
CSRMA - Lloyds of London	\$ 2,000,000	Cyber liability - third party
CSRMA - Lloyds of London	\$ 2,000,000	Cyber liability - first party
CSRMA - Travelers Ins.	\$ 25,000	Identity theft

SAN RAFAEL SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2018 AND 2017

8. RISK MANAGEMENT (continued)

The financial statements of CSRMA are available at their office: 100 Pine Street, 11th Floor, San Francisco, CA 94111. Condensed financial information for CSRMA is presented below for the years ended June 30, 2017 and 2016 (latest information available):

	<u>2017</u>	<u>2016</u>
Assets	\$ 28,419,707	\$ 28,336,567
Liabilities	<u>(17,241,037)</u>	<u>(16,735,609)</u>
Net assets	<u>\$ 11,178,670</u>	<u>\$ 11,600,958</u>
Revenues	\$ 11,166,523	\$ 11,843,583
Expenses	<u>(11,588,811)</u>	<u>(10,946,085)</u>
Increase (decrease) in net assets	<u>\$ (422,288)</u>	<u>\$ 897,498</u>

9. RELATED PARTY TRANSACTIONS

The District engages the City of San Rafael to provide the payroll, benefits and related administration for the District's personnel. They also provide the District with various vehicle repairs and other minor services. The City invoiced the District for approximately \$2,867,000 and \$2,974,000 for the years ended June 30, 2018 and 2017, respectively. These amounts included payments required pertaining to unfunded post-employment benefits for contract staff. See Note 5, Obligation to City of San Rafael, for a discussion regarding the contractual obligation between the District and the City of San Rafael.

The District had an obligation to the City of San Rafael as of June 30, 2018 and 2017 of approximately \$7,000 and \$32,000, respectively. These are the result of various operating expenses and capital projects. The District also has a receivable from the City of San Rafael as of June 30, 2018 and 2017 of approximately \$247,000 and \$30,000, respectively, which represents adjustments from payments of estimated amounts made during the year to actual costs as determined at year end.



SAN RAFAEL SANITATION DISTRICT
Schedule of Connection Fees
Fiscal Year Ended June 30, 2018

The California Government Code Section 66013 requires certain disclosures regarding fees charged for connection of a structure or project to sewer systems (connection fees). The Code requires separate accounting of connection fees and the application of interest to outstanding balances. District policy as adopted by its Board of Directors is to utilize connection fees received on a first-in-first-out basis to finance current year capital projects. Accordingly, no interest was posted to connection fees and there is no outstanding balance of connection fees at year-end.

Other required disclosures for the fiscal year ended June 30, 2018 are as follows:

	<u>Project Status</u>	<u>Project Annual Total</u>	<u>Connection Fees</u>	<u>% of Annual Total</u>
Connection fees available at beginning of year			\$ -	
Add: Connection fees collected			\$ 105,734	
Expended for the following projects:				
La Crescenta, Loma Linda Marina Sewer Improvement Project	<i>Completed</i>	\$ 732,929	\$ 39,305	5%
San Pedro Pump Station Upgrade	<i>In Progress</i>	\$ 310,973	\$ 39,156	13%
Sun Valley-Calif, Solano, Alpine, Windsor Sewer Improvement Project	<i>Completed</i>	\$ 235,134	\$ 27,273	12%
Total connection fees expended			<u>\$ 105,734</u>	
Connection fees available at end of year			<u>\$ -</u>	

5.c.

SAN RAFAEL SANITATION DISTRICT
Agenda Item No. 5.c.

DATE: September 24, 2018
TO: Board of Directors, San Rafael Sanitation District
FROM: Doris Toy, District Manager/District Engineer
SUBJECT: Adopt Resolution Designating those Employees and Consultants Subject to Conflict of Interest Filing Requirements.

SUMMARY

The State Political Reform Act requires all public agencies to adopt a Conflict of Interest Code. This Code designates positions required to file Statements of Economic Interests (Form 700) and assigns disclosure categories specifying the types of interests to be reported. Every local government agency is required to review its Conflict of Interest Code every two years.

The District last updated its Conflict of Interest Code in 2016. During our latest review of the Code, it was noted that the District had decided to add the position of Junior Engineer. Therefore, the District is required to amend its Code and adopt a new resolution reflecting this change.

The District is required to submit the attached "2018 Local Agency Biennial Notice" to the County Board of Supervisors, as the Code reviewing body for our agency, by October 1, 2018. If amendments are necessary, as in the District's case, the amended Code (Resolution No. 18-1179) must be forwarded to the Board of Supervisors within 90 days of filing the Biennial Notice.

ACTION REQUIRED

Staff recommends that the Board adopt the resolution designating those employees and consultants subject to conflict of interest filing requirements.

Attachment: Resolution
2018 Local Agency Biennial Notice
Office of the Clerk of the Marin County Board of Supervisor letter, 6/28/18

SAN RAFAEL SANITATION DISTRICT

RESOLUTION NO. 18-1179

**A RESOLUTION OF THE BOARD OF DIRECTORS OF
THE SAN RAFAEL SANITATION DISTRICT
DESIGNATING THOSE EMPLOYEES AND CONSULTANTS
SUBJECT TO CONFLICT OF INTEREST FILING REQUIREMENTS**

WHEREAS, State law requires that each State agency with decision making authority adopt a Conflict of Interest Code; and

WHEREAS, The District last updated the personnel required to file a Conflict of Interest Form in 2016; and

WHEREAS, a new position has been added, which requires the updating of Resolution No. 16-1143.

BE IT RESOLVED by the Board of Directors of the San Rafael Sanitation District, County of Marin, State of California, that the Board of Directors, Alternate Board members, the District Manager/District Engineer, the Senior Civil Engineer, the Associate Civil Engineer, the Junior Engineer, the Sewer Maintenance Superintendent, the Sewer Maintenance Supervisor, District Counsel, and any District employee who manages District investments shall be designated as persons who are subject to conflict of interest filing requirements pursuant to the California Government Code.

BE IT FURTHER RESOLVED that a notice of this determination shall be sent to the Marin County Board of Supervisors.

PASSED AND ADOPTED at a regular meeting of the Board of Directors on the 24th day of September, 2018, by the following vote:

AYES:

NOES:

ABSENT/ABSTAIN:

SAN RAFAEL SANITATION DISTRICT

Gary O. Phillips, Chairman

ATTEST:

Maribeth Bushey, Secretary

2018 Local Agency Biennial Notice

Name of Agency: San Rafael Sanitation District
Mailing Address: 111 Morphew Street, San Rafael, CA 94901
Contact Person: Doris Toy Phone No. (415) 485-3484
Email: doris.toy@cityofsanrafael.org Alternate Email: _____

Accurate disclosure is essential to monitor whether officials have conflicts of interest and to help ensure public trust in government. The biennial review examines current programs to ensure that the agency's code includes disclosure by those agency officials who make or participate in making governmental decisions.

This agency has reviewed its conflict of interest code and has determined that (check one BOX):

An amendment is required. The following amendments are necessary:

(Check all that apply.)

- Include new positions
- Revise disclosure categories
- Revise the titles of existing positions
- Delete titles of positions that have been abolished and/or positions that no longer make or participate in making governmental decisions
- Other (describe) _____

The code is currently under review by the code reviewing body.

No amendment is required. (If your code is over five years old, amendments may be necessary.)

Verification (to be completed if no amendment is required)

This agency's code accurately designates all positions that make or participate in the making of governmental decisions. The disclosure assigned to those positions accurately requires that all investments, business positions, interests in real property, and sources of income that may foreseeably be affected materially by the decisions made by those holding designated positions are reported. The code includes all other provisions required by Government Code Section 87302.

Signature of Chief Executive Officer

9-24-18

Date

Doris Toy, District Manager/District Engineer

All agencies must complete and return this notice regardless of how recently your code was approved or amended. Please return this notice no later than **October 1, 2018**, or by the date specified by your agency, if earlier, to:

Diane Patterson
ASSISTANT CLERK OF THE BOARD

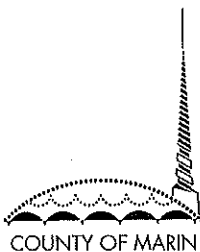
PLEASE DO NOT RETURN THIS FORM TO THE FPPC.

BOARD OF SUPERVISORS

3501 Civic Center Drive, Suite 329
San Rafael, CA 94903
415 473 7355 T
415 473 3645 F
dpatterson@marincounty.org
www.marincounty.org/depts/bs

www.fppc.ca.gov
FPPC Advice: advice@fppc.ca.gov (866.275.3772)
Page 1 of 1





BOARD OF SUPERVISORS

PRESIDENT
Damon Connolly
1ST DISTRICT

VICE PRESIDENT
Kathrin Sears
3RD DISTRICT

2ND VICE PRESIDENT
Katie Rice
2ND DISTRICT

Dennis Rodoni
4TH DISTRICT

Judy Arnold
5TH DISTRICT

Matthew H. Hymel
COUNTY ADMINISTRATOR
CLERK OF THE BOARD

Marin County Civic Center
3501 Civic Center Drive
Suite 329
San Rafael, CA 94903
415 473 7331 T
415 473 3645 F
415 473 6172 TTY
www.marincounty.org/bos

DATE: June 28, 2018

TO: All Special Districts, Boards, Commissions and School Districts for which the Marin County Board of Supervisors is the Code Reviewing Body

FROM: Office of the Clerk of the Marin County Board of Supervisors

RE: 2018 Biennial Notice - Conflict of Interest Code

As you may recall, the State Political Reform Act requires all public agencies to adopt a Conflict of Interest Code. A code designates positions required to file Statements of Economic Interests (Form 700) and assigns disclosure categories specifying the types of interests to be reported. Every local government agency is required to review its Conflict of Interest Code every two years. The County Board of Supervisors, as the Code reviewing body for your agency, is charged with the responsibility of approving any changes to your Conflict of Interest Code.

No later than **October 1, 2018**, your agency must submit to the County Board of Supervisors the enclosed 2018 Local Agency Biennial Notice indicating whether an amendment to your Conflict of Interest Code is necessary. Even if your Code needs no changes, State law requires that you submit the enclosed notice stating that no changes to your Code are necessary.

Therefore, please review the attached. If amendments to your agency's Conflict of Interest Code are necessary, the amended Code must be forwarded to the Board of Supervisors within 90 days of filing the biennial notice. For example, if your agency files its notice on October 1, 2018 indicating that an amendment is necessary, the amendment is due to the Board of Supervisors by December 30, 2018. An agency's amended Code is not effective until it has been approved by the Board of Supervisors.

If you need any assistance with reviewing your Code or completing the Notice, the Fair Political Practices Commission may be contacted toll-free at 1-866-275-3772. (Forms and other information may be obtained from www.fppc.ca.gov.)

Thank you in advance for your attention to this matter.

Sincerely,

DIANE PATTERSON
Assistant Clerk of the Board

Enclosures

5.d.

SAN RAFAEL SANITATION DISTRICT
Agenda Item No. 5.d.

DATE: September 24, 2018
TO: Board of Directors, San Rafael Sanitation District
FROM: Doris Toy, District Manager/District Engineer 
SUBJECT: **Call for Applications to Fill the Position of Alternate Commissioner to represent the San Rafael Sanitation District on the CMSA Board of Commissioners**

RECOMMENDATION:

It is recommended that the Board:

- a. Call for applications to fill the position of Alternate Commissioner to represent the San Rafael Sanitation District on the Central Marin Sanitation Agency Board of Commissioners.
- b. Set deadline for receipt of applications for Wednesday, October 17, 2018, at 5:00 P.M. in the San Rafael Sanitation District Office.
- c. Set date for interviews of applicants at a special meeting to be held on a date to be determined.

SUMMARY:

At the last Board meeting, staff presented a resignation letter from Albert Boro dated July 23, 2018, stating that he is resigning from the Central Marin Sanitation Agency (CMSA) Board of Commissioners as an Alternate Commissioner effective July 31, 2018.

At the present, Director Maribeth Bushey and Dean DiGiovanni are the Commissioners and Director Katie Rice is the Alternate Commissioner representing the San Rafael Sanitation District on the CMSA Board.

According to the CMSA Joint Exercise of Powers Agreement, each Commissioner may be either an elected official of the San Rafael Sanitation District or a resident of the District.

The following is the selection process that the District used last year for the Alternate Commissioner position and is similar to the City of San Rafael's process.

1. Call for applications.
2. Advertise for a minimum of three (3) weeks.
3. Post application on website.
4. Set a special meeting for interviews with the Board. It is an "open-door" meeting.
5. The interview panel consists of the Board members.

6. Personal information is redacted from the applications, i.e. home address and email, prior to going out to the public.
7. Board selects and appoints the applicant to serve as Alternate Commissioner.

ACTION REQUIRED:

Approve staff recommendation.

Attachments: Vacancy Notice
Application

ONE VACANCY – SAN RAFAEL SANITATION DISTRICT

CENTRAL MARIN SANITATION AGENCY BOARD OF COMMISSIONERS

Alternate Commissioner to Represent the San Rafael Sanitation District

APPLICATIONS to serve on the CENTRAL MARIN SANITATION AGENCY BOARD OF COMMISSIONERS as an Alternate Commissioner to represent the San Rafael Sanitation District may be obtained at the San Rafael Sanitation District Office, 111 Morphew Street, San Rafael and on the San Rafael Sanitation District webpage at <https://www.cityofsanrafael.org/departments/sanitation-district/>.

The deadline for filing applications is **Wednesday, October 17, 2018, at 5:00 P.M.** in the San Rafael Sanitation District Office.

Alternate Commissioners receive \$100 as their daily meeting stipend. Members must comply with the Board of Commissioners' policies, which may be obtained at the San Rafael Sanitation District Office or on the Central Marin Sanitation Agency website at <https://www.cmsa.us/board/>.

ONLY RESIDENTS OF THE SAN RAFAEL SANITATION DISTRICT MAY APPLY

The District serves the Central San Rafael area, south of the top of Puerto Suello Hill, and includes the unincorporated areas within this jurisdiction.

The CENTRAL MARIN SANITATION AGENCY BOARD OF COMMISSIONER regularly meets on the second Tuesday of each month at 7:00 P.M. at Central Marin Sanitation Agency in San Rafael.

Interviews of applicants to be scheduled on a date to be determined.

Cynthia Hernandez
District Secretary

Dated: September 24, 2018

SAN RAFAEL SANITATION DISTRICT

**APPLICATION TO SERVE AS ALTERNATE COMMISSIONER ON THE
CENTRAL MARIN SANITATION AGENCY BOARD OF COMMISSIONERS**

NAME: _____

STREET ADDRESS: _____

CITY/STATE/ZIP CODE: _____

RESIDENT OF THE CITY OF SAN RAFAEL FOR _____ YEARS

PRESENT POSITION: _____

NAME OF FIRM: _____

BUSINESS ADDRESS: _____

*HOME & BUSINESS PHONE: _____

*E-MAIL ADDRESS: _____

EDUCATION: _____

PARTICIPATION IN THE FOLLOWING CIVIC ACTIVITIES: _____

MEMBER OF FOLLOWING CIVIC ORGANIZATIONS: _____

MY REASONS FOR WANTING TO SERVE ARE: _____

DATE: _____

SIGNATURE: _____

Filing Deadline:
Date: Wednesday, October 17, 2018
Time: 5:00 P.M.

Mail or deliver to: San Rafael Sanitation District
111 Morphew Street
San Rafael, CA 94901

*Information kept confidential to the extent permitted by law

5.e.

SAN RAFAEL SANITATION DISTRICT
Agenda Item No. 5e.

DATE: September 24, 2018
TO: Board of Directors, San Rafael Sanitation District
FROM: Doris Toy, District Manager/ Engineer *DT*
SUBJECT: Adopt Resolution Awarding Contract to Ghilotti Bros, Inc., for the Harbor Bridge Trunk Sewer Relocation Project

RECOMMENDATION:

Adopt resolution awarding contract to Ghilotti Bros, Inc., for the Harbor Bridge Sewer Relocation Project in the amount of \$1,191,188.

BACKGROUND:

In January 2019, Caltrans will award its "San Rafael Harbor Bridge Replacement Project," which consists of replacing the bridge section at the Highway 101 Central San Rafael northbound off-ramp due to the scoured pier foundation. This project will also include widening and realigning the bridge. The District has a 36-inch trunk sewer line from Second Street to the North Francisco Pump Station, located on the east side of the off-ramp, which carries the flow from central and west San Rafael and the Dominican area. When Caltrans replaces its bridge, a section of the 36-inch sewer line that is currently on the west shoulder of the off-ramp will be in the first left lane. This proposed location would cause difficulties in maintaining the sewer facilities due to heavy traffic. Therefore, the District will be relocating 115 feet of sewer facilities in order to avoid this situation.

The Bids for the Harbor Bridge Trunk Sewer Replacement Project were opened on September 20, 2018.

The following is the Engineer's Estimate and a list of the bids received.

Engineer's Estimate	\$ 1,216,670
Ghilotti Bros., Inc.	\$ 1,191,188
Cratus, Inc	\$ 1,245,800
Maggiore & Ghilotti, Inc.	\$ 1,292,292

See attached bid summary for the itemized breakdown of the bids.

ANALYSIS:

In June 2018, the District and the State of California executed a Utility Agreement stating that the sewer facilities will be relocated at 100% of State expense. At that time, the preliminary estimate was \$842,000, which included a construction cost of \$730,000. The lowest bid received by the District is approximately \$460,000 above the preliminary estimate. This is due to the fact that Caltrans is requiring the Contractor to perform work at night and the possibility of contaminated soil and groundwater, which were not included in the estimate.

Per Caltrans' groundwater and soil report, there was some contamination, but both will need to be tested during construction. The bid from Ghilotti Bros. does include \$333,000 for work associated with contaminated soil and groundwater based on a unit price.

Staff and Caltrans will be working on an Amendment to the Utility Agreement.

The Engineer's Estimate was \$1,216,670. Ghilotti Bros., Inc., with a bid of \$1,191,188, was the lowest responsible bidder for this project.

Our engineering consultant, Nute Engineering, and staff have reviewed their submitted bid package and recommend that this project be awarded to Ghilotti Bros., Inc.

FISCAL IMPACT:

The State of California will reimburse the District for all costs, including design and construction. Therefore, there will be no fiscal impact to the District.

OPTIONS:

- 1) Staff recommends that the Board award the contract to Ghilotti Bros., Inc.
- 2) The Board may reject all bids and rebid. Staff does not recommend this option, since this will delay construction into the winter months, and the State will proceed with its bridge project.

ACTION REQUIRED:

Staff recommends that the Board adopt the resolution awarding contract to Ghilotti Bros., Inc., for the Harbor Bridge Trunk Sewer Relocation Project in the amount of \$1,191,188.

Attachments:

1. Nute Engineering Recommendation Letter
2. Bid Summary
3. Resolution



September 21, 2018

Ms. Doris Toy, District Manager/District Engineer
San Rafael Sanitation District
111 Morpew Street
San Rafael, CA 94901

Re: Harbor Bridge Trunk Sewer Relocation Project
Award Recommendation

Dear Doris:

On September 20, 2018 three bids were received for the above-referenced project. A spreadsheet comparing these bids is enclosed.

The lowest apparent bid of \$1,191,188.00 was submitted by Ghilotti Bros, Inc. of San Rafael. Enclosed are the license details obtained from the Contractor's License Board which shows that Ghilotti Bros, Inc. has a valid Contractor's License. The subcontractor, Camblin Steel, also has a valid Contractor's License.

We reviewed their submitted bid package and recommend that the board awards the bid to Ghilotti Bros, Inc.

Very truly yours,

NUTE ENGINEERING

By



Mark T. Wilson, P.E.

Enclosure(s)

SAN RAFAEL SANITATION DISTRICT
 Marin County, California
 HARBOR BRIDGE TRUNK SEWER RELOCATION
 BID SUMMARY SHEET

Bid Opening: 2:00 pm
 September 20, 2018
 Design Job No: 8742
 Engineer's Est: \$800,000

Item No.	Quant	U/M	Description	Ghilotti Bros., Inc. San Rafael		Cratus, Inc. San Francisco		Maggiore & Ghilotti San Rafael	
				Unit Price	Total Amount	Unit Price	Total Amount	Unit Price	Total Amount
1.	1	LS	Mobilization, Demobilization, SWPPP, Permits & Licenses (Less Than 5% of Total Cost)	\$59,047	\$59,047	\$55,000	\$55,000	\$59,000	\$59,000
2.	113	LF	A Line – Install New 36" PVC SDR 21 C-900 Sewer	\$816	\$92,208	\$2,500	\$282,500	\$1,700	\$192,100
3.	1	LS	New Manhole 168.1 Turning Structure STA A0+15 With CDF Backfill	\$111,436	\$111,436	\$175,000	\$175,000	\$160,000	\$160,000
4.	1	LS	New Manhole 137 Turning Structure STA A1+13 With CDF Backfill	\$112,768	\$112,768	\$275,000	\$275,000	\$210,000	\$210,000
5.	1	LS	Connect to Existing Manhole 168 Detail 4/5 Rebuild Concrete Channels	\$22,941	\$22,941	\$25,000	\$25,000	\$30,000	\$30,000
6.	1	EA	Abandon Existing Manhole 169	\$11,361	\$11,361	\$10,000	\$10,000	\$15,000	\$15,000
7.	1	EA	Remove Existing Manhole 137	\$14,324	\$14,324	\$10,000	\$10,000	\$16,172	\$16,172
8.	1	EA	Field Locate and Pothole Existing Lateral	\$14,107	\$14,107	\$500	\$500	\$6,000	\$6,000
9.	1	EA	4" Lateral Cleanout Relief Valve and Cleanout Box	\$4,533	\$4,533	\$500	\$500	\$1,500	\$1,500
10.	32	LF	4" Lateral Fittings and Connections	\$536	\$17,152	\$100	\$3,200	\$360	\$11,520
11.	2	EA	Remove and Replace Manhole Rim and Cover, Grade Rings, Raise Grade	\$3,550	\$7,100	\$3,000	\$6,000	\$2,500	\$5,000
12.	50	CY	Hard Rock Excavation / Buried Concrete	\$400	\$20,000	\$20	\$1,000	\$400	\$20,000
13.	1	LS	Shoring for All Excavations	\$85,859	\$85,859	\$150,000	\$150,000	\$185,000	\$185,000
14.	800	TON	Excavate and Dispose of Contaminated Soil	\$328	\$262,400	\$30	\$24,000	\$150	\$120,000
15.	1	LS	Non-Contaminated Groundwater Collection, Treatment and Disposal	\$65,314	\$65,314	\$30,000	\$30,000	\$65,000	\$65,000
16.	10000	GAL	Pumping, Treatment and Disposal Of Contaminated Water	\$4.20	\$42,000	\$4	\$40,000	\$4	\$40,000
17.	1	EA	Provide Contaminated Water Storage Container With Activated Carbon Treatment System	\$28,629	\$28,629	\$20,000	\$20,000	\$25,000	\$25,000
18.	1	LS	Temporary Sewage Bypassing	\$100,768	\$100,768	\$75,000	\$75,000	\$75,000	\$75,000
19.	120	LF	Abandonment of (E) 36" RCP Pipe	\$110	\$13,200	\$150	\$18,000	\$100	\$12,000
20.	4	EA	Pothole Utility Mains and Drain Pipes	\$2,910	\$11,640	\$1,000	\$4,000	\$1,000	\$4,000
21.	1	LS	Caltrans Approved Traffic Control Plan And Notifications	\$61,996	\$61,996	\$2,500	\$2,500	\$5,000	\$5,000
22.	240	LF	Internal Televising of New 36" Sewer Trunk Main, Pre- and Post-Construction	\$7	\$1,680	\$15	\$3,600	\$50	\$12,000
23.	1	LS	Site Restoration	\$25,725	\$25,725	\$30,000	\$30,000	\$18,000	\$18,000
24.	1	LS	As-Built Drawings	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
SUBTOTAL					\$1,191,188		\$1,245,800		\$1,292,292

Check Percentage Bid Item 1 to Total Project (5% max)	5.0%	4.4%	4.6%
Addendum Acknowledge	2	2	2
Reports (App D & E) Acknowledge	2	2	2
Bid Bond	y	y	y
Contract Signed	y	y	y
License Number	y	y	y
Non-Collusion Affidavit	y	y	y
Contractors License Number	132128	987888	226767A
SUBCONTRACTORS:			
Subcontractors	Camblin Steel Service	None	Camblin Steel Service
			Roy's Sewer Service
			Throop Lightweight Fill
Site Visit Affidavit	y	y	y
Drug-Free Certification	y	y	y
Bidder's Statement Financial Responsibility & Experience	y	y	y
Three Year EMR ≤ 1.0	0.94	0.94	161
RIR ≤ 5.5	2.645	0.89	4.58
LTIR ≤ 2.0	1.228	0.89	2.58
Financial Statement Submitted	y	y	Not yet
Safety Compliance Affidavit	y	y	y



Contractor's License Detail for License # 132128

DISCLAIMER: A license status check provides information taken from the CSLB license database. Before relying on this information, you should be aware of the following limitations.

CSLB complaint disclosure is restricted by law (B&P 7124.6) if this entity is subject to public complaint disclosure, a link for complaint disclosure will appear below. Click on the link or button to obtain complaint and/or legal action information.

Per B&P 7071.17, only construction related civil judgments reported to the CSLB are disclosed.

Arbitrations are not listed unless the contractor fails to comply with the terms of the arbitration.

Due to workload, there may be relevant information that has not yet been entered onto the Board's license database.

Data current as of 9/21/2018 2:03:51 PM

Business Information

GHILOTTI BROS INC
525 JACOBY STREET
SAN RAFAEL, CA 94901
Business Phone Number:(415) 454-7011

Entity Corporation
Issue Date 07/21/1952
Expire Date **12/31/2019**

License Status

This license is current and active.

All information below should be reviewed.

Classifications

A - GENERAL ENGINEERING CONTRACTOR
C21 - BUILDING MOVING, DEMOLITION
C42 - SANITATION SYSTEM
C-8 - CONCRETE
C12 - EARTHWORK AND PAVING
C31 - CONSTRUCTION ZONE TRAFFIC CONTROL
C32 - PARKING AND HIGHWAY IMPROVEMENT

Certifications

HAZ - HAZARDOUS SUBSTANCES REMOVAL

Bonding Information

Contractor's Bond

This license filed a Contractor's Bond with FIDELITY AND DEPOSIT COMPANY OF MARYLAND.

Bond Number: 08887056

Bond Amount: \$15,000

Effective Date: 01/01/2016

[Contractor's Bond History](#)

Bond of Qualifying Individual

The qualifying individual MICHAEL MARIO GHILOTTI certified that he/she owns 10 percent or more of the voting stock/membership interest of this company; therefore, the Bond of Qualifying Individual is not required.

Effective Date: 08/19/2015

[BQI's Bond History](#)

Workers' Compensation

This license has workers compensation insurance with the HARTFORD FIRE INSURANCE COMPANY

Policy Number:57WEAQT9728

Effective Date: 10/01/2015

Expire Date: 10/01/2018

[Workers' Compensation History](#)

Other

Personnel listed on this license (current or disassociated) are listed on other licenses.



Contractor's License Detail for License # 226767

DISCLAIMER: A license status check provides information taken from the CSLB license database. Before relying on this information, you should be aware of the following limitations.

CSLB complaint disclosure is restricted by law (B&P 7124.6) if this entity is subject to public complaint disclosure, a link for complaint disclosure will appear below. Click on the link or button to obtain complaint and/or legal action information.

Per B&P 7071.17, only construction related civil judgments reported to the CSLB are disclosed.

Arbitrations are not listed unless the contractor fails to comply with the terms of the arbitration.

Due to workload, there may be relevant information that has not yet been entered onto the Board's license database.

Data current as of 9/21/2018 2:02:05 PM

Business Information

MAGGIORA AND GHILOTTI INC
555 DUBOIS STREET
SAN RAFAEL, CA 94901
Business Phone Number:(415) 459-8640

Entity Corporation

Issue Date 07/14/1964

Expire Date 03/31/2019

License Status

This license is current and active.

All information below should be reviewed.

Classifications

- A - GENERAL ENGINEERING CONTRACTOR
- B - GENERAL BUILDING CONTRACTOR
- C-8 - CONCRETE
- C12 - EARTHWORK AND PAVING
- C21 - BUILDING MOVING, DEMOLITION
- C42 - SANITATION SYSTEM
- C32 - PARKING AND HIGHWAY IMPROVEMENT
- C34 - PIPELINE

Bonding Information

Contractor's Bond

This license filed a Contractor's Bond with OHIO CASUALTY INSURANCE COMPANY (THE).

Bond Number: 070010928

Bond Amount: \$15,000

Effective Date: 01/01/2016

Contractor's Bond History

Bond of Qualifying Individual

The qualifying individual GARY MICHAEL GHILOTTI certified that he/she owns 10 percent or more of the voting stock/membership interest of this company; therefore, the Bond of Qualifying Individual is not required.

Effective Date: 12/12/1991

Workers' Compensation

This license has workers compensation insurance with the TRAVELERS PROPERTY CASUALTY COMPANY OF AMERICA

Policy Number:UB9J2104711726G

Effective Date: 10/01/2017

Expire Date: 10/01/2018

Workers' Compensation History

Other

Personnel listed on this license (current or disassociated) are listed on other licenses.



Contractor's License Detail for License # 987888

DISCLAIMER: A license status check provides information taken from the CSLB license database. Before relying on this information, you should be aware of the following limitations.

CSLB complaint disclosure is restricted by law (B&P 7124.6) If this entity is subject to public complaint disclosure, a link for complaint disclosure will appear below. Click on the link or button to obtain complaint and/or legal action information.

Per B&P 7071.17 , only construction related civil judgments reported to the CSLB are disclosed.

Arbitrations are not listed unless the contractor fails to comply with the terms of the arbitration.

Due to workload, there may be relevant information that has not yet been entered onto the Board's license database.

Data current as of 9/21/2018 2:04:54 PM

Business Information

CRATUS INC
945 TARAVAL STREET #302
SAN FRANCISCO, CA 94116
Business Phone Number:(415) 939-2840

Entity Corporation
Issue Date 10/23/2013
Expire Date 10/31/2019

License Status

This license is current and active.

All information below should be reviewed.

Classifications

A - GENERAL ENGINEERING CONTRACTOR
C34 - PIPELINE

Bonding Information

Contractor's Bond

This license filed a Contractor's Bond with WESCO INSURANCE COMPANY.

Bond Number: 04WB036125

Bond Amount: \$15,000

Effective Date: 01/01/2016

[Contractor's Bond History](#)

Bond of Qualifying Individual

The qualifying individual LIAM FRANCIS FINNEGAN certified that he/she owns 10 percent or more of the voting stock/membership interest of this company; therefore, the Bond of Qualifying Individual is not required.

Effective Date: 02/17/2016

[BQI's Bond History](#)

Workers' Compensation

This license has workers compensation insurance with the TRAVELERS PROPERTY CASUALTY COMPANY OF AMERICA

Policy Number: UBOK202461

Effective Date: 02/21/2018

Expire Date: 02/21/2019

[Workers' Compensation History](#)



Contractor's License Detail for License # 218839

DISCLAIMER: A license status check provides information taken from the CSLB license database. Before relying on this information, you should be aware of the following limitations.

CSLB complaint disclosure is restricted by law (B&P 7124.6) If this entity is subject to public complaint disclosure, a link for complaint disclosure will appear below. Click on the link or button to obtain complaint and/or legal action information.
Per B&P 7071.17, only construction related civil judgments reported to the CSLB are disclosed.
Arbitrations are not listed unless the contractor fails to comply with the terms of the arbitration.
Due to workload, there may be relevant information that has not yet been entered onto the Board's license database.

Data current as of 9/21/2018 2:12:50 PM

Business Information

CAMBLIN STEEL SERVICE INC
4175 CINCINNATI AVE
ROCKLIN, CA 95815
Business Phone Number:(916) 644-1300

Entity Corporation
Issue Date 07/10/1963
Expire Date 07/31/2020

License Status

This license is current and active.
All information below should be reviewed.

Classifications

C50 - STEEL, REINFORCING

Bonding Information

Contractor's Bond

This license filed a Contractor's Bond with GREAT AMERICAN INSURANCE COMPANY.
Bond Number: 4493025
Bond Amount: \$15,000
Effective Date: 01/01/2016
Contractor's Bond History

Bond of Qualifying Individual

This license filed Bond of Qualifying individual number 9232898 for MARK WILLIAM CAMBLIN in the amount of \$12,500 with FIDELITY AND DEPOSIT COMPANY OF MARYLAND.
Effective Date: 06/13/2017
BQI's Bond History

Workers' Compensation

This license has workers compensation insurance with the INSURANCE COMPANY OF THE WEST
Policy Number:WSD503711701
Effective Date: 07/01/2018
Expire Date: 07/01/2019
Workers' Compensation History

SAN RAFAEL SANITATION DISTRICT

RESOLUTION NO. 18-1178

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE SAN RAFAEL SANITATION DISTRICT
AWARDING CONTRACT TO GHILOTTI BROS., INC.
FOR THE HARBOR BRIDGE TRUNK SEWER RELOCATION PROJECT**

WHEREAS, sealed bids or proposals were received by the San Rafael Sanitation District for the Harbor Bridge Trunk Sewer Relocation Project, and all such bids were publicly opened, examined, and declared; and

WHEREAS, the bid or proposal of Ghilotti Bros., Inc., was and is the lowest responsible bid or proposal; and

WHEREAS, the District's consulting engineer, Nute Engineering, after review and evaluation, has recommended award of the contract to Ghilotti Bros., Inc.

NOW, THEREFORE, IT IS HEREBY RESOLVED that the Chairman and Secretary are authorized to execute a contract on behalf of the San Rafael Sanitation District with Ghilotti Bros., Inc., for construction of the Harbor Bridge Trunk Sewer Relocation Project in accordance with the terms, specifications, and general provisions of said bid or proposal.

BE IT FURTHER RESOLVED that all other bids or proposals are hereby rejected, and the District Manager/District Engineer is directed to return all accompanying certified checks, cash, and bonds of said unsuccessful bidders.

PASSED AND ADOPTED at a regular meeting of the San Rafael Sanitation District Board of Directors held on the 24th day of September, 2017, by the following vote, to wit:

AYES:

NOES:

ABSENT:

Gary O. Phillips, Chairman

ATTEST:

Maribeth Bushey, Secretary

SAN RAFAEL SANITATION DISTRICT
Agenda Item No. 5f.

DATE: September 24, 2018
TO: Board of Directors, San Rafael Sanitation District
FROM: Doris Toy, District Manager/ Engineer *DT*
SUBJECT: Adopt Resolution Authorizing the District Manager/District Engineer to Request Bids and Execute an Informal Emergency Project in accordance with Section 20783 of the Public Contract Code for the Replacement of the Sanitary Sewer on Second Street at Lindaro Street

RECOMMENDATION:

Adopt resolution authorizing the District Manager/District Engineer to request bids and execute an Informal Emergency Project in accordance with Section 20783 of the Public Contract Code for the replacement of the sanitary sewer on Second Street at Lindaro Street.

BACKGROUND:

The City of San Rafael Public Works Department notified staff that it has issued an encroachment permit to PG&E for the replacement of 1.3 miles of gas transmission pipeline at various locations in San Rafael, which includes resurfacing the full width of the pavement. The District then had its sewer lines televised at the locations where PG&E anticipates it will need to pave after the replacement of its gas lines. Staff discovered that there is approximately 360 feet of 18-inch vitrified clay pipe from MH 98 to MH 2718 on Second Street at Lindaro Street that has multiple longitudinal cracks and patched holes along the length of pipe, and the pipe is only 3 feet deep.

Second Street, between Lindaro and Brooks, is a four-lane road, and the sewer that needs to be replaced runs parallel to Second Street along the lane line between the second and third lane, essentially in the middle of the street. In order to replace the sewer pipe, the work is anticipated to be in the two middle lanes, and at night, when traffic is minimal.

ANALYSIS:

The sewer pipe should be replaced as soon as possible in order to minimize the chance of pipe failure, which can result in a collapsed pipe, the creation of a void, or a sewer overflow on a major arterial road. Also, wet-weather season is approaching, and it would be more difficult to perform construction with higher flows and a higher risk of pipe deterioration, which would also impact public and contractor safety.

If the District wishes to replace this portion of sewer line in the next couple of weeks, the District does not have time to go through the formal bid process, which could take a couple of months. The quickest method to accomplish this work would be by informal bid. However, the allowable maximum bid amount for an informal bid is \$35,000, and this work would far exceed that amount. However, if the Board determines that this is an emergency repair, then the Board could authorize staff to bid this project as an informal bid.

It is staff's opinion that the work falls under the definition of an emergency per Section 20783 of the Public Contract Code, where it states that the public interest and necessity demand immediate expenditure of public money to safeguard life, health, or property. The findings for this determination are:

1. The video investigation has revealed that the existing pipeline is seriously deteriorated with pipe sections could collapse, since it is a shallow pipe with heavy vehicles travelling on a major arterial street.
2. If the pipe were to collapse, health issues could occur as a result of sewage overflows into the street and potential sewage backups into adjacent structures.
3. If the pipe were to collapse, a sinkhole could occur in the street, which would create an unsafe environment for the public driving through that area.

For these reasons, staff is recommending that the Board authorize the District Manager to request bids and execute an informal emergency project for the replacement of the sewer on Second Street at Lindaro Street.

FISCAL IMPACT:

This work would be funded from the 80-Year Life-Cycle Program for FY 2018-19.

OPTIONS:

- 1) Staff recommends that the Board authorize the District Manager/District Engineer to request bids and execute an Informal Emergency Project in accordance with Section 20783 of the Public Contract Code for the replacement of the sanitary sewer on Second Street at Lindaro Street.
- 2) The Board may direct staff to bid the project as a formal bid. Staff does not recommend this option since construction would occur in the winter months, which would increase the risk of a pipe collapse.

ACTION REQUIRED:

Staff recommends that the Board adopt the resolution.

SAN RAFAEL SANITATION DISTRICT

RESOLUTION NO. 18-1180

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE SAN RAFAEL SANITATION DISTRICT
AUTHORIZING THE DISTRICT MANAGER/DISTRICT ENGINEER
TO REQUEST BIDS AND EXECUTE AN INFORMAL EMERGENCY PROJECT
IN ACCORDANCE WITH SECTION 20783 OF THE PUBLIC CONTRACT CODE
FOR THE REPLACEMENT OF THE SANITARY SEWER ON
SECOND STREET AT LINDARO STREET**

WHEREAS, paving of Second Street by another utility company prompted a video inspection of the District's sewer facilities; and

WHEREAS, the video inspection has revealed that the gravity sewer line in Second Street between Brooks Street and Lindaro Street, a distance of approximately 360 feet, is in poor condition; and

WHEREAS, there would be serious consequences to health and safety if the pipeline were to collapse, causing the street to collapse or sewage overflow; and

WHEREAS, the Board makes the following findings declaring the sewer replacement on Second Street at Lindaro Street to be an immediate threat to health and safety:

1. Investigation has revealed that the existing pipeline is seriously deteriorated, where pipe sections can collapse.
2. If the pipe were to collapse, health issues could result, stemming from sewage overflows into the street and potential sewage backups into adjacent structures.
3. If the pipe were to collapse, a sinkhole may form, creating an unsafe travel way on a major arterial street.

NOW, THEREFORE, IT IS HEREBY RESOLVED that the District Manager/District Engineer is authorized to request bids and execute an informal emergency project in accordance with Section 20783 of the Public Contract Code for the replacement of the sanitary sewer on Second Street at Lindaro Street.

PASSED AND ADOPTED at a regular meeting of the Board of Directors on the 24th day of September, 2018, by the following vote:

AYES:

NOES:

ABSENT/ABSTAIN:

Gary O. Phillips, Chairman

ATTEST:

Maribeth Bushey, Secretary

8.a.



OFFICE OF THE
COUNTY COUNSEL

Brian E. Washington
COUNTY COUNSEL

September 19, 2018

Jack F. Govi
ASSISTANT COUNTY COUNSEL

Board of Directors
San Rafael Sanitation District
P.O. Box 151560
San Rafael, CA 94915-1560

Renee Giacomini Brewer
CHIEF DEPUTY COUNTY COUNSEL

Re: Closed Session – Anticipated Litigation

Mari-Ann G. Rivers
Patrick M. K. Richardson
Stephen R. Raab
Steven M. Perl
Brian C. Case
Jenna J. Brady
Valorie R. Boughey
Kerry L. Gerchow
Tarisha K. Bal
Deidre K. Smith
Newton F. Oldfather
Brandon W. Halter
Sarah B. Anker

Dear Directors,

I request that you conduct a closed session during your regular meeting on **September 24, 2018**, to discuss the following matter: (1) significant exposure to litigation pursuant to California Government Code §54956.9(d)(2). In my opinion, public discussion of this matter would prejudice your position.

The specific reasons and the legal authority for the closed session are:

DEPUTIES

Colleen McGrath
ADMINISTRATIVE SERVICES
OFFICER

Government Code Section 54956.9(d)(2). A legislative body of a local agency may hold closed sessions with the local agency's designated representatives when a point has been reached where, in the opinion of the legislative body of the local agency on the advice of its legal counsel, based on existing facts and circumstances, there is a significant exposure to litigation against the local agency.

Marin County Civic Center
3501 Civic Center Drive
Suite 275
San Rafael, CA 94903
415 473 6117 T
415 473 3796 F
415 473 2226 TTY
www.marincounty.org/cl

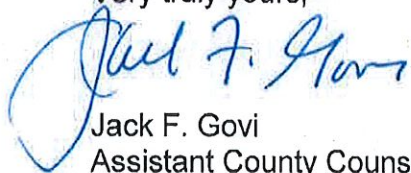
It should be noted that Government Code Section 54954.5 requires the Board to post a Closed Session item on the Board Agenda. With respect to the above referenced matter, you should include the number of potential cases and the fact that the Board will be meeting with counsel regarding the anticipated litigation. Please note that disclosure of the facts of this matter may, in my opinion, prejudice the District.

I suggest that the Agenda read:

CONFERENCE WITH LEGAL COUNSEL
California Government Code
Section 54956.9(d)(2)
Number of Potential Cases: One (1)

Should you have any further questions, please do not
hesitate to contact me.

Very truly yours,



Jack F. Govi
Assistant County Counsel