

A G E N D A
SAN RAFAEL SANITATION DISTRICT
BOARD OF DIRECTORS
FRIDAY – OCTOBER 25, 2019 - 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 – July 10, 2019, and September 27, 2019

3. PAYMENTS

Request approval as submitted.

4. NEW BUSINESS

- a. Presentation of the 2018-19 Financial Statements for acceptance and approval. (John Maher)
- b. Presentation of the 2018-19 Schedule of Connection Fees for acceptance and approval. (John Maher)

5. OLD BUSINESS

- a. Discussion on a Sewer Lateral Ordinance.
- b. Discussion on Mutual Aid with other Agencies.
- c. Discussion on City of Larkspur Withdrawal from the Central Marin Sanitation Agency Joint Powers Agreement.

6. INFORMATIONAL ITEMS

7. DIRECTOR REPORTS/REQUESTS FOR FUTURE AGENDA ITEMS

8. ADJOURNMENT

The next scheduled meeting is November 22, 2019.

SAN RAFAEL SANITATION DISTRICT
Minutes of the Meeting
July 10, 2019

Regular Meeting

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

The meeting was called to order at 9:01 A.M. by Chair Phillips.

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

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

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

2. MINUTES OF JUNE 12, 2019.

MOTION by Director Bushey, seconded by Chair Phillips, to approve the minutes of the June 12, 2019, meeting as presented.

AYES: Director Bushey, Chair Phillips

NOES: None

ABSENT: Director Rice

Motion Carried

3. PAYMENTS

MOTION by Director Bushey, seconded by Chair Phillips, to approve the payments for June 2019 in the amount of \$1,028,367.68 for maintenance and operation of the District and for capital improvements.

AYES: Director Bushey, Chair Phillips

NOES: None

ABSENT: Director Rice

Motion Carried

4. OLD BUSINESS

None.

5. NEW BUSINESS

a. Adopt resolution to amend the 2018-19 Budget.

District Manager Toy reported that at the last meeting, CPA Maher had reported that the San Pedro Pump Station Improvements Project had been over expended and that this would be amended at the next meeting. She reported that the over expenditure had occurred because this project was not budgeted for FY 2018-19. This was because it had been rebid due to the high bid amounts initially received, which caused it to extend into the next fiscal year, which was FY 2018-19. She also reported that the North Francisco Sewer Force Main Relocation Project, which was necessitated by SMART's planned extension to Larkspur, was not anticipated and, therefore, was not budgeted for FY 2018-19. Manager Toy then reported that the Pump Station and Force Main Capital Improvement Fund needed to be increased by \$290,000 for a total budget of \$2,155,000 to cover these overages and recommended that the Board adopt the resolution authorizing this retroactive budget increase.

MOTION by Director Bushey, seconded by Chair Phillips, to adopt the resolution to amend the 2018-19 Budget with a retroactive budget increase of \$290,000 for a total budget of \$2,155,000 for the Pump Station and Force Main Capital Improvement Fund for Fiscal Year 2018-19.

AYES: Director Bushey, Chair Phillips

NOES: None

ABSENT: Director Rice

Motion Carried

b. Adopt resolution establishing the sewer connection fees for FY 2019-20.

District Manager Toy reported that the sewer connection fees are established annually beginning July 1st based on the change in the Engineering News Record Construction Cost Index (ENR Index) for San Francisco per Ordinance No. 56. She also reported that this year the ENR Index for May 2019 resulted in a 2.65% increase in the sewer connection fees. She then reported that this would result in an increase of \$39.25 for Administrative/Inspection fees, \$94.48 for residential connections (per dwelling unit), \$94.48 for the first 16 plumbing fixtures for commercial connections, and \$5.90 for each additional plumbing fixture for commercial connections.

MOTION by Director Bushey, seconded by Chair Phillips, to adopt the resolution establishing the sewer connection fees for FY 2019-20.

AYES: Director Bushey, Chair Phillips

NOES: None

ABSENT: Director Rice

Motion Carried

- c. **Appropriations limit for 2019-20 on tax proceeds (Proposition 4).**
- **Adopt resolution establishing the 2019-20 Appropriations Limit.**

District Manager Toy reported that the California Constitution puts an upper limit on the amount of money the District can spend each year from State tax proceeds, which consist of property taxes and excess ERAF monies. She also reported that the appropriations limit is updated annually and is determined by the changes in population and per-capita personal income (both within the City limits and the unincorporated areas of San Rafael). She then reported that if the District receives tax proceeds that exceed its appropriations limit, it can still keep the difference as long as the proceeds are used for capital projects. Next, Manager Toy reported that although the District's appropriations limit for FY 2019-20 is \$1,260,149 and its anticipated tax revenue is \$1.7 million, the District will be able to keep the overage because it will be spent on capital projects.

MOTION by Director Bushey, seconded by Chair Phillips, to adopt the resolution establishing the 2019-20 Appropriations Limit.

AYES: Director Bushey, Chair Phillips

NOES: None

ABSENT: Director Rice

Motion Carried

- d. **Consider rescheduling the September, November, and December Board meeting dates.**

District Manager Toy reported that Director Rice was appointed to the Coastal Commission last month and that their meeting schedule conflicts with the District's meeting schedule for September, November, and December 2019. It was then decided that the District's future Board meetings would be held on the fourth Friday of the month at 9:00 A.M. beginning with the month of September (September 27th, October 25th, and November 22nd), except for the December meeting, which would be held on December 20th.

6. INFORMATIONAL ITEMS.

None.

7. DIRECTOR REPORTS/REQUESTS FOR FUTURE AGENDA ITEMS.

Director Bushey reported that, as requested at the previous Board meeting, she had confirmed the following information regarding Larkspur's proposed withdrawal from the CMSA JPA and the amendment to the JPA with the representatives of the City of Larkspur and the Town of Corte Madera: The City of Larkspur has appointed their City Manager to take the lead on this matter, and he will confer with the Town of Corte Madera on their attorney's edits to the Draft Amended Agreement. Once that issue has been resolved, the City of Larkspur will take the lead on convening a meeting as required by Section 20 of the

existing CMSA JPA, possibly before or after a CMSA Board meeting. Director Bushey then reported that Legal Counsel Govi would be requested to review the Agreement as well.

8. ADJOURNMENT

There being no further business to come before the Board, the meeting of July 10, 2019, was adjourned at 9:17 A.M. The next meeting of the San Rafael Sanitation District was then scheduled for Friday, August 23, 2019, but was later cancelled. The following regular meeting is scheduled for Friday, September 27, 2019, at 9:00 A.M. at San Rafael City Hall.

Respectfully submitted,

Maribeth Bushey, Recording Secretary

ATTEST THIS 25th DAY OF OCTOBER 2019

Gary Phillips, Chair

SAN RAFAEL SANITATION DISTRICT
Minutes of the Meeting
September 27, 2019

Regular Meeting

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

The meeting was called to order at 9:11 A.M. by Chair Phillips.

Attendance Gary O. Phillips, Chair
 Board: Katie Rice, Director

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

Attendance Dean DiGiovanni, CMSA Commissioner for SRSD
 Others:

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

2. MINUTES

The minutes for the July 10, 2019, meeting were not presented since Director Bushey was not present to approve them.

3. PAYMENTS

MOTION by Director Rice, seconded by Chair Phillips, to approve the payments for July 2019 in the amount of \$3,692,890.36 and for August 2019 in the amount of \$92,244.25 for maintenance and operation of the District and for capital improvements.

AYES: Director Rice, Chair Phillips

NOES: None

ABSENT: Director Bushey

Motion Carried

4. OLD BUSINESS

None.

5. NEW BUSINESS

a. Presentation of the 2018-19 Financial Statements for acceptance and approval.

District Manager Toy reported that the District's auditor, Vavrinek, Trine, Day & Co., LLP, had merged with Eide Bailly, LLP, in July 2019. She reported that because Eide Bailly has an additional quality control review process that requires the financial statements to go through their headquarters in Minneapolis, the 2018-19 Financial Statements were not yet ready to be presented. She then requested to table Items 5.a. and 5.b. until the next meeting.

MOTION by Director Rice, seconded by Chair Phillips, to table Items 5.a. and 5.b. until the next meeting.

AYES: Director Rice, Chair Phillips

NOES: None

ABSENT: Director Bushey

Motion Carried

b. Presentation of the 2018-19 Schedule of Connection Fees for acceptance and approval.

Tabled until the next meeting.

c. Report on bid opening for the South Francisco Pump Station Improvement Project and adopt resolution to award contract.

District Manager Toy reported that the District is planning to rehabilitate the South Francisco Pump Station, which is located on Francisco Blvd. East in the industrial area near the BMW dealership, Home Depot, and Target. She also reported that the entire pump station will be revamped. Manager Toy then reported the following: The bids were opened on September 19th, and there were six bids. The Engineer's Estimate was \$2.169 million, and JMB Construction, Inc., had the lowest bid of \$2.175 million. She also reported that the District had worked with JMB Construction in the past on three successful pump station projects. She then reported that staff and Nute Engineering recommend that this project be awarded to JMB Construction. Director Rice then inquired about potential power outages, and Manager Toy reported that the District would use a portable generator at this station if the power should go out. She also reported that the big pump stations have generators that are on-site.

MOTION by Director Rice, seconded by Chair Phillips, to adopt the resolution to awarding contract to JMB Construction, Inc., for the South Francisco Pump Station Improvement Project, in the amount of \$2,175,702.

AYES: Director Rice, Chair Phillips

NOES: None

ABSENT: Director Bushey

Motion Carried

d. 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 Beach Drive Emergency Force Main Repair Project.

District Manager Toy reported that the District has a pump station at 11 Beach Drive that is near the Bay and adjacent to a marsh. She explained that the Bay is on one side of the road and the marsh is on the other side; so, if there was a sewer overflow, the sewage could flow from the marsh into the Bay due to the tidal action. She then reported that there was a force main break at this location back in February 2019, which resulted in a 900-gallon spill into the marsh; and there was a second force main break on September 5, 2019, which resulted in a 1,000-gallon spill. Manager Toy reported that the force main and the pump station had previously been scheduled to be replaced next fiscal year; but because of the two breaks, she felt that it was necessary to have the force main replaced as soon as possible. She then explained that although the District would normally put this project out as a formal bid, she felt that it should be handled as an informal bid in order to expedite the process. Manager Toy reported that in order to have this project put out as an informal bid, it would need to be deemed an emergency. She then read the definition of an emergency from Section 20783 from the Public Contract Code and reported that she felt this situation meets those requirements. The Board then inquired whether sea level rise was being considered in regard to the design of the District's pump station improvement projects, and Manager Toy assured them that it was.

MOTION by Director Rice, seconded by Chair Phillips, to adopt the 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 Beach Drive Emergency Force Main Repair Project.

AYES: Director Rice, Chair Phillips

NOES: None

ABSENT: Director Bushey

Motion Carried

6. INFORMATIONAL ITEMS.

a. PG&E public safety power shut-off preparation.

District Manager Toy reported that the District's main concern is having enough fuel to power its generators during a power shut-off. She then reported that in order to assist with this matter, the District is planning to purchase three 1,000-gallon tanks to hold fuel and will place them at strategic pump stations. Next, she reported that the District has eight large pump stations with on-site generators. She also reported that when the power goes out, the generators turn on and stay on even when flows are low, such as during the night. In order to save fuel, she reported that she is planning to have the maintenance crews work different shifts so that they can turn the generators on and off manually. Manager Toy reported that the District has four portable generators that can be used at the smaller pump stations and two large portable generators that can be used at the large pump stations in case the on-site generators should fail. She then reported that she feels confident that the District will be able to keep up with a power shut-off of up to seven days.

b. Sanitary District No. 2 (SD2) after hours assistance.

District Manager Toy reported that earlier this month SRSD's crew had assisted SD2 (Corte Madera) with some service work on their force main that required them to turn off their pump station and decant their force main line. She reported that SD2 had help from Roy's Sewer Service, Roto-Rooter, RVSD, and SRSD with pumping out their force main and standing by in case there was an emergency. She also reported that SRSD helped with this work for three nights. There was then a discussion on whether SRSD should charge for their services when assisting other agencies.

c. Lateral ordinance update.

District Manager Toy reported that she wanted to give the Board an update on this matter. She reported that at the April 2019 meeting, the Board had discussed having a sewer lateral ordinance and possible triggers for lateral repair or replacement, such as at point of sale, remodels, and dollar amount thresholds. She also reported that the LGVSD General Manager had attended this meeting because LGVSD is currently developing a sewer lateral ordinance. She then reviewed the response to a letter that was sent out over the summer by the LGVSD regarding sewer lateral concepts currently under consideration. Manager Toy reported that 65 realtors responded, most with the same template letter opposing an ordinance, and 22 property owners responded with about half favoring an ordinance and the other half opposing the \$15,000 valuation trigger. She then reported that the LGVSD Board is now leaning toward increasing the valuation trigger for an inspection to approximately \$30,000 and keeping the proposed scope of a lateral inspection (using CCTV to evaluate the lateral condition and checking for illegal connections and sources of inflow). She also reported that LGVSD is considering issuing a color-coded report card (green-good, yellow-some problems, or red-bad) to the property owners on the condition of their laterals after they have been televised but with no requirements to act on these findings, except for illegal connections or sources of inflow, and then revisit the ordinance in five years. Manager Toy then reported that she would bring this matter back to the next meeting for a formal discussion.

d. Third Street sewer rehabilitation.

District Manager Toy reported that the City is planning to have a large rehabilitation project on Third Street at the end of next year (2020) and into early 2021. She reported that this project will run from the Miracle Mile to Grand Avenue near Whole Foods. She also reported that the District has some sewer lines that need to be replaced and/or repaired in this section of roadway. Manager Toy then reported that the City had invited all of the utility agencies to a meeting about this project in late August 2019; however, only the District and MMWD attended. At this meeting, the agencies decided that it would be more efficient to have only one set of plans and one contractor to do all of the construction work. She reported that this process would save both time and money and would cause less disruption to the public. She then reported that MMWD is almost done with their design for the project and that the City had invited SRSD to participate in their RFP process with the idea of sharing a consultant to perform the design work for both the

City and SRSD. Manager Toy then reported that the District had participated in the interview process for the design consultant and that the information on the finalists would be brought to the City's Finance Committee in the next week or so for discussion.

e. Retaining wall and slide repair near 88 Bret Harte Road.

District Manager Toy reported that earlier this year the owners of 88 Bret Harte Road had attended a Board meeting to inquire about the slide repair at 92 Bret Harte Road and ask about the repair of the retaining wall on their property. She then reported that the District later requested proposals for this work but only received one proposal from the same contractor that had done the slide repair work at 92 Bret Harte Road. Next, she reported that at the end of July 2019, the contractor came out to 88 Bret Harte Road and replaced 120 feet of the retaining wall and 14 or 15 posts, which took about a month. She also reported that the property owners are happy with the repair work. Manager Toy then reported that there are about 500 feet of retaining wall that still need to be replaced and that she is planning to hire a consultant to prioritize this work with the hope that it can be done in phases within the next couple of years. The Board then requested Manager Toy to get back to them with her recommendation on this project.

f. Update on 205 Alpine Street.

District Manager Toy reported that this property was part of the Sun Valley Sewer Replacement Project that was done a couple of years ago. She also reported that during this project, the contractor failed to connect a sewer lateral to the sewer main, and the wastewater from that property had been flowing into the abandoned sewer main instead of the new sewer main. She then reported that during the heavy rains, the wastewater had overflowed the abandoned sewer main and had migrated into the soil and the crawl space of 205 Alpine Street. Next, she reported that the attorney for the property owners has been discussing this matter with the attorney for the contractor's insurance carrier and that they are coming to an agreement.

7. DIRECTOR REPORTS/REQUESTS FOR FUTURE AGENDA ITEMS.

None.

8. ADJOURNMENT

There being no further business to come before the Board, the meeting of September 27, 2019, was adjourned at 9:50 A.M. The next meeting of the San Rafael Sanitation District was scheduled for Friday, October 25, 2019, at 9:00 A.M. at San Rafael City Hall.

Respectfully submitted,

Katie Rice, Acting Recording Secretary

ATTEST THIS 25th DAY OF OCTOBER 2019

Gary Phillips, Chair

**SAN RAFAEL SANITATION DISTRICT
PAYMENT SUMMARY**

September 1, 2019 - September 30, 2019

Vendor/Payee	Memo	Class	Acct #	Account Name	Amount
AMERICAN ASPHALT R&R CO., INC.	Sewer Pipe Repair 2018, Phase 1 - slurry seal parking lot at 914 Irwin Street after sewer main repair	300	4332	Sewer Pipe Repair '18, Phs1(80)	1,500.00
ARAMARK UNIFORM SERVICES	Uniforms - weekly service ending 8/14/19	200	2021	Uniforms	100.51
ARAMARK UNIFORM SERVICES	Uniforms - weekly service ending 8/21/19	200	2021	Uniforms	100.51
ARAMARK UNIFORM SERVICES	Uniforms - weekly service ending 8/28/19	200	2021	Uniforms	104.51
ARAMARK UNIFORM SERVICES	Uniforms - weekly service ending 9/04/19	200	2021	Uniforms	167.41
AT&T *4667	Telephone Service - pump station dialers to CMSA from 7/20/19-8/19/19	100	2534	Telephone service	240.20
AT&T MOBILITY	Telephone Service - cell phone service from 7/04/19-8/03/19	100	2534	Telephone service	673.33
BPXPRESS	South Francisco Pump Station Improvement Project - plans & specs	300	4148	S. Francisco Pump Station (10)	182.37
BRANDON TIRE	Vehicles - new tires for power rodder - vehicle #8194	200	2083	Parts and repairs vehicles	1,701.03
BWS DISTRIBUTORS	Safety - sensors for gas detectors	200	2365	Safety equipment and supplies	283.40
CALIFORNIA DIESEL & POWER INC.	Pump Stations - load bank repair at West Railroad Pump Station	200	2359	Maint- pump sta's & force mains	850.00
CALIFORNIA DIESEL & POWER INC.	Pump Stations - review procedures for generators during power outages	200	2359	Maint- pump sta's & force mains	670.00
City of San Rafael	Facilities Mapping Services - services FY 2018-19	100	4188	Facilities mapping services	45,000.00
CORDONE, RICHARD	Collection System - reimbursement for plumbing service at 732 Fourth Street (Spotless Cleaners)	200	2360	O&M - collection systems	715.47
COUNTY OF MARIN - DPW Real Estate Div.	Consulting Services - subordination agreement for 21 Pepper Way	100	2325	Consulting services	1,140.56
CSW/STUBER-STROEH ENGR GROUP INC.	Miramar and Miraflores Sewer Replacement Project - sanitary sewer rehab through 6/30/19	300	4306	Miramar and Miraflores (80)	5,573.25
CSW/STUBER-STROEH ENGR GROUP INC.	Miramar and Miraflores Sewer Replacement Project - sanitary sewer rehab through 8/04/19	300	4306	Miramar and Miraflores (80)	9,389.75
CWEA-TCP	Memberships and Dues - CWEA membership renewal, Douglas W St. Cyr	100	2388	Training and education	192.00
ENGINEERED SOIL REPAIRS, INC.	Bret Harte Easement - mobilization for side repair in common area of 92 Bret Harte Road	300	4327	Bret Harte Easement new(80)	16,425.60
EXL SERVICE HOLDINGS INC.	Claims & Deductibles - payment of claim amount not covered by insurance for 129 Convent Court	100	2051	Claims and deductibles	3,621.22
JACKSON'S HARDWARE	Collection System - dowels for vactor truck shovel	200	2360	O&M - collection systems	32.37
KIMBALL MIDWEST	Pump Stations - cable ties	200	2359	Maint- pump sta's & force mains	51.23
MAHER ACCOUNTANCY	Accounting Services - August	100	2717	Accounting services	3,600.00
MARIN MUNICIPAL WATER DIS	Water - 1271 Andersen Dr. from 6/11/19-8/08/19	200	2536	Water utility costs	64.58
MARIN MUNICIPAL WATER DIS	Water - Andersen Dr. from 6/11/19-8/08/19	200	2536	Water utility costs	64.58
MARIN MUNICIPAL WATER DIS	Water - Castro Ave. from 6/13/19-8/12/19	200	2536	Water utility costs	253.18
MARIN MUNICIPAL WATER DIS	Water - Catalina Blvd. from 6/13/19-8/12/19	200	2536	Water utility costs	133.78
MARIN MUNICIPAL WATER DIS	Water - E. Francisco Blvd. from 6/13/19-8/12/19	200	2536	Water utility costs	65.78
MARIN MUNICIPAL WATER DIS	Water - E. Francisco Blvd. from 6/13/19-8/12/19	200	2536	Water utility costs	415.86
MARIN MUNICIPAL WATER DIS	Water - Kerner Bl. from 6/14/19-8/13/19	200	2536	Water utility costs	66.23
MARIN MUNICIPAL WATER DIS	Water - Lagoon Rd. from 6/15/19-8/14/19	200	2536	Water utility costs	66.67
MARIN MUNICIPAL WATER DIS	Water - Montecito Rd. from 6/14/19-8/13/19	200	2536	Water utility costs	91.77
MARIN MUNICIPAL WATER DIS	Water - N. San Pedro Rd. from 6/15/19-8/14/19	200	2536	Water utility costs	70.65
MARIN MUNICIPAL WATER DIS	Water - Peacock Dr. from 6/15/19-8/14/19	200	2536	Water utility costs	70.65
MARIN MUNICIPAL WATER DIS	Water - Pt. San Pedro Rd. from 6/14/19-8/13/19	200	2536	Water utility costs	66.23
MARIN MUNICIPAL WATER DIS	Water - Riviera Dr. from 6/15/19-8/14/19	200	2536	Water utility costs	66.67
MARIN MUNICIPAL WATER DIS	Water - Simms St. from 6/11/19-8/08/19	200	2536	Water utility costs	64.58
MARIN MUNICIPAL WATER DIS	Water - Woodland Ave. from 6/11/19-8/08/19	200	2536	Water utility costs	68.56
MARIN ROTO-ROOTER SEWER SERVICE, INC	Standby - service at 830 Third Street	200	2363	Standby services	1,305.00

MARIN ROTO-ROOTER SEWER SERVICE, INC	Standby - service at 830 Third Street	200	2363	Standby services	650.00
MARIN ROTO-ROOTER SEWER SERVICE, INC	Standby - service at 869 Fourth Street	200	2363	Standby services	650.00
NUTE ENGINEERING	Caltrans San Rafael Harbor Bridge - services from 8/10/18-9/06/18	300	4331	Caltrans SR Harbor Bridge (80)	2,362.00
NUTE ENGINEERING	Consulting Services - revise standard specs from 7/01/19-7/31/19	100	2325	Consulting services	136.25
NUTE ENGINEERING	South Francisco Pump Station Improvements Project - services from 7/01/19-7/31/19	300	4148	S. Francisco Pump Station (10)	20,455.75
PERIN - BATTERIES PLUS	Pump Stations - light bulb for Loch Lomond Pump Station	200	2359	Maint- pump sta's & force mains	4.35
PG&E a/c 2480926202-5	Power - electric service for pump stations Jul-Aug 2019	200	2535	Electric utility costs	13,805.04
PG&E CPM/PPC DEPARTMENT	South Francisco Pump Station Improvements Project - gas and electric extension agreement for South Francisco PS	300	4148	S. Francisco Pump Station (10)	16,308.69
US BANK CORPORATE PAYMENT	Collection System - parts for small generator	200	2360	O&M - collection systems	28.99
US BANK CORPORATE PAYMENT	Collection System - shop-vac filter	200	2360	O&M - collection systems	20.68
US BANK CORPORATE PAYMENT	Memberships and Dues - membership for Lorman Education Services	100	2388	Training and education	543.91
US BANK CORPORATE PAYMENT	Miramar and Miraflores Sewer Replacement Project - encroachment permit for drilling	300	4306	Miramar and Miraflores (80)	246.00
US BANK CORPORATE PAYMENT	Pump Stations - control cabinet fan for Main Drive Eject Pump Station	200	2359	Maint- pump sta's & force mains	156.43
US BANK CORPORATE PAYMENT	Pump Stations - hose fittings	200	2359	Maint- pump sta's & force mains	19.97
US BANK CORPORATE PAYMENT	South Francisco Pump Station Improvements Project - publication of notice inviting bids	300	4148	S. Francisco Pump Station (10)	911.36
US BANK CORPORATE PAYMENT	Subscriptions - Marin Independent Journal renewal for 8 weeks	100	2131	Memberships and subscriptions	120.00
US BANK CORPORATE PAYMENT	Telephone Service - YP advertising	100	2534	Telephone service	1,387.68
WATER COMPONENTS & BLDG SUPPLY	Pump Stations - parts for repair of sump pump at North Francisco PS	200	2359	Maint- pump sta's & force mains	45.59
WECO INDUSTRIES LLC	Collection System - continuous rod for power rodder	200	2360	O&M - collection systems	4,991.22
WOODLAND CTR AUTO SUPPLY	Pump Stations - fan belts for fans at North Francisco and West Railroad Pump Stations	200	2359	Maint- pump sta's & force mains	196.98
				\$	158,290.38

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

**Annual Financial Report
Fiscal Years Ended
June 30, 2019 and 2018**

**With
Independent Auditor's Report**

SAN RAFAEL SANITATION DISTRICT
YEARS ENDED JUNE 30, 2019 AND 2018

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INDEPENDENT AUDITOR'S 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 (District), a component unit of the City of San Rafael, as of and for the years ended June 30, 2019 and 2018 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 the District as of June 30, 2019 and 2018, 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.

Prior Year Financial Statements

The financial statements of the District as of and for the year ended June 30, 2018, were audited by Vavrinek, Trine, Day & Co., LLP, who joined Eide Bailly LLP on July 22, 2019, and whose report dated September 21, 2018, expressed an unmodified opinion on those statements

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 2, 2019, 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 solely to describe the scope of our testing, and not to provide an opinion on the effectiveness of the 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.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Palo Alto, California
October 2, 2019

SAN RAFAEL SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEARS ENDED JUNE 30, 2019 AND 2018

The Management's Discussion and Analysis provides an overview of the District's financial activities for the fiscal years ended June 30, 2019 and 2018. 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, 2019, was approximately \$82,565,000 which is an increase of approximately \$8,057,000 over the prior year's balance. Net position is comprised of approximately \$52,293,000 invested in capital assets and approximately \$30,272,000 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, 2019 AND 2018

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Current assets	\$ 35,952,160	\$ 30,882,439	\$ 24,639,912
Noncurrent assets	<u>52,292,892</u>	<u>48,633,057</u>	<u>48,392,318</u>
Total assets	<u>88,245,052</u>	<u>79,515,496</u>	<u>73,032,230</u>
Current liabilities	1,693,143	1,104,160	1,341,625
Noncurrent liabilities	<u>3,987,056</u>	<u>3,903,869</u>	<u>3,807,005</u>
Total liabilities	<u>5,680,199</u>	<u>5,008,029</u>	<u>5,148,630</u>
Net position			
Investment in capital assets	52,292,892	48,633,057	48,392,318
Unrestricted	<u>30,271,961</u>	<u>25,874,410</u>	<u>19,491,282</u>
Total net position	<u>\$ 82,564,853</u>	<u>\$ 74,507,467</u>	<u>\$ 67,883,600</u>

As indicated in the table above, current assets increased each year from 2017 to 2019. 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. Expenditures for capital improvement projects often do not coincide with revenue for annual fiscal periods since projects are subject to lengthy planning periods, weather considerations and long construction periods. Current liabilities consist primarily of trade and construction 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, 2019 AND 2018

Results of operations are summarized as follows:

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Operating revenues	\$ 16,964,083	\$ 16,829,908	\$ 16,014,016
Nonoperating revenues	<u>2,260,689</u>	<u>1,870,947</u>	<u>1,662,082</u>
Total revenues	<u>19,224,772</u>	<u>18,700,855</u>	<u>17,676,098</u>
Operating expenses	<u>12,601,257</u>	<u>12,235,868</u>	<u>11,255,194</u>
Income before connection fees received and special item	6,623,515	6,464,987	6,420,904
Capital contributions	<u>1,433,871</u>	<u>158,880</u>	<u>79,245</u>
Changes in net position	8,057,386	6,623,867	6,500,149
Net position at beginning of the year	<u>74,507,467</u>	<u>67,883,600</u>	<u>61,383,451</u>
Net position at end of the year	<u><u>\$ 82,564,853</u></u>	<u><u>\$ 74,507,467</u></u>	<u><u>\$ 67,883,600</u></u>

Operating revenues held stable from 2018 to 2019 as the last of five annual service rate increases occurred in 2018. Nonoperating revenues increased approximately \$390,000 from 2018 to 2019, mostly driven by increases in revenue from property taxes and interest income. Operating expenses increased each year from 2017 to 2019. Included in operating expenses are waste treatment costs incurred as a member of the Central Marin Sanitation Agency which increased by \$374,000 from 2018 to 2019. These sewage treatment operating costs include a proportionate share of revenue bonds issued by the Central Marin Sanitation Agency (CMSA).

The large increase in capital contributions in 2019 represents a reimbursement due from the California Department of Transportation (Caltrans) for the cost of a sewer line relocation related to a Caltrans construction project during the fiscal year.

SAN RAFAEL SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEARS ENDED JUNE 30, 2019 AND 2018

CAPITAL ASSETS AND DEBT ADMINISTRATION

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Land & easements	\$ 115,329	\$ 115,329	\$ 115,329
Construction in progress	1,534,375	775,804	272,032
Subsurface lines	26,307,448	24,691,723	23,882,502
Sewage collection facilities	23,837,293	22,514,067	23,566,223
General plant & admin facilities	498,447	536,134	556,232
Net investment in capital assets	<u>\$ 52,292,892</u>	<u>\$ 48,633,057</u>	<u>\$ 48,392,318</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 \$4.9 million per year. Approximately \$3.5 million was expended on these projects during the year ended June 30, 2019, leaving a reserve balance of \$12.6 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 \$1.2 million and \$2.4 million per year. Approximately \$2.0 million was expended on these projects during the year ended June 30, 2019, leaving a reserve balance of \$4.2 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 \$0.1 million was expended on equipment during the year ended June 30, 2019, leaving a reserve balance of \$1.7 million for this program.

SAN RAFAEL SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEARS ENDED JUNE 30, 2019 AND 2018

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 2018-19 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 Morpew Street, San Rafael, CA 94901.

Basic Financial Statements

SAN RAFAEL SANITATION DISTRICT

STATEMENTS OF NET POSITION

AS OF JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Current assets		
Cash equivalents	\$ 34,255,365	\$ 30,502,613
Accounts receivable and accrued revenue	1,349,327	77,729
Prepaid expenses	58,166	55,289
Due from related parties	289,302	246,808
Total current assets	<u>35,952,160</u>	<u>30,882,439</u>
Noncurrent assets		
Nondepreciable assets	1,649,704	891,133
Collection systems and facilities, net	50,643,188	47,741,924
Total noncurrent assets	<u>52,292,892</u>	<u>48,633,057</u>
Total assets	<u>88,245,052</u>	<u>79,515,496</u>
LIABILITIES		
Current liabilities		
Accounts payable	1,015,467	379,780
Payable to related parties	50,769	6,812
Obligation to the City of San Rafael	626,907	717,568
Total current liabilities	<u>1,693,143</u>	<u>1,104,160</u>
Noncurrent liabilities:		
Obligation to the City of San Rafael	<u>3,987,056</u>	<u>3,903,869</u>
Total liabilities	<u>5,680,199</u>	<u>5,008,029</u>
NET POSITION		
Investment in capital assets	52,292,892	48,633,057
Unrestricted	30,271,961	25,874,410
Total net position	<u>\$ 82,564,853</u>	<u>\$ 74,507,467</u>

SAN RAFAEL SANITATION DISTRICT
STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FISCAL YEARS ENDED JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
OPERATING REVENUES		
Sewer charges	\$ 16,964,083	\$ 16,829,908
OPERATING EXPENSES		
Sewage collection	3,755,004	3,766,852
Sewage treatment	6,687,210	6,313,700
Depreciation and amortization	1,889,198	1,832,794
General and administration	269,845	322,522
Total operating expenses	<u>12,601,257</u>	<u>12,235,868</u>
Operating income	<u>4,362,826</u>	<u>4,594,040</u>
NONOPERATING REVENUES		
Property taxes	1,727,221	1,620,584
Aid from governmental agencies	5,907	5,294
Interest income	519,793	234,379
Gain on sale of asset	7,768	10,690
Total nonoperating revenues	<u>2,260,689</u>	<u>1,870,947</u>
Income before capital contributions	6,623,515	6,464,987
CAPITAL CONTRIBUTIONS		
Connection fees received	159,676	105,734
Caltrans capital contribution	1,274,195	53,146
Total capital contributions	<u>1,433,871</u>	<u>158,880</u>
CHANGES IN NET POSITION	8,057,386	6,623,867
Net position at beginning of the year	<u>74,507,467</u>	<u>67,883,600</u>
Net position at end of the year	<u><u>\$ 82,564,853</u></u>	<u><u>\$ 74,507,467</u></u>

SAN RAFAEL SANITATION DISTRICT
STATEMENTS OF CASH FLOWS
FISCAL YEARS ENDED JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from sewer charges	\$ 16,966,680	\$ 16,823,934
Payments to City of San Rafael for contract personnel	(2,220,168)	(2,299,233)
Payments to joint venture for sewage treatment	(6,687,210)	(6,313,700)
Payments to vendors and suppliers	(1,166,446)	(1,446,654)
Payments to City of San Rafael regarding post-employment benefits for contract personnel	(655,399)	(653,736)
Net cash equivalents provided by operating activities	<u>6,237,457</u>	<u>6,110,611</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Receipts from property taxes	1,727,221	1,620,584
Receipts of aid from governmental agencies	5,907	5,294
Net cash equivalents provided by non-capital financing activities	<u>1,733,128</u>	<u>1,625,878</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Connection fees collected	159,676	105,734
Payments for capital acquisitions	(4,905,070)	(2,121,592)
Proceeds from sale of capital asset	7,768	10,690
Net cash equivalents used for capital and related financing activities	<u>(4,737,626)</u>	<u>(2,005,168)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received from Marin County pooled cash and investments account	519,793	234,379
Net change in cash equivalents	3,752,752	5,965,700
Cash equivalents at beginning of year	30,502,613	24,536,913
Cash equivalents at end of year	<u>\$ 34,255,365</u>	<u>\$ 30,502,613</u>

SAN RAFAEL SANITATION DISTRICT
STATEMENTS OF CASH FLOWS (CONTINUED)
FISCAL YEARS ENDED JUNE 30, 2019 AND 2018

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

	<u>2019</u>	<u>2018</u>
Operating income	\$ 4,362,826	\$ 4,594,040
Adjustments to reconcile operating income to net cash equivalents provided (used) by operating activities:		
Depreciation and amortization	1,889,198	1,832,794
(Increase) decrease in accounts receivable and other current assets	(42,774)	(223,680)
Increase (decrease) in accounts payable and other current liabilities	35,681	(186,144)
Increase (decrease) in obligation to the City of San Rafael	<u>(7,474)</u>	<u>93,601</u>
Net cash equivalents provided by operating activities	<u>\$ 6,237,457</u>	<u>\$ 6,110,611</u>

SAN RAFAEL SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2019 AND 2018

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, 2019 AND 2018

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, 2019 AND 2018

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, 2019 AND 2018

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.

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, 2019 AND 2018

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, 2019, 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, 2019 and 2018 of \$34,255,000 and \$30,503,000, 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, 2019 AND 2018

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, 2019 and 2018, the County's investment pool had a weighted average maturity of 218 and 211 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 'AAAmmf' 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, 2019 AND 2018

4. COLLECTION SYSTEMS AND FACILITIES

A summary of the District's collection systems and facilities for the years ended June 30, 2019 and 2018 respectively, follows:

	Balance at June 30, 2018	Additions	Retirements	Transfers & Adjustments	Balance at June 30, 2019
Nondepreciable capital assets:					
Land and easements	\$ 115,329	\$ -	\$ -	\$ -	\$ 115,329
Construction in progress	775,804	4,596,989	-	(3,838,418)	1,534,375
Total nondepreciable	<u>\$ 891,133</u>	<u>\$ 4,596,989</u>	<u>\$ -</u>	<u>\$ (3,838,418)</u>	<u>\$ 1,649,704</u>
Depreciable capital assets:					
Subsurface lines	\$ 36,555,141	\$ 823,808	\$ -	\$ 1,371,263	\$ 38,750,212
Sewage collection facilities	42,205,803	27,611	-	2,467,155	44,700,569
General plant and administration	1,676,278	100,623	(27,108)	-	1,749,793
Total depreciable	<u>\$ 80,437,222</u>	<u>952,042</u>	<u>(27,108)</u>	<u>3,838,418</u>	<u>85,200,574</u>
Less: accumulated depreciation:					
Subsurface lines	\$ 11,863,418	579,346	-	-	12,442,764
Sewage collection facilities	19,691,736	1,171,540	-	-	20,863,276
General plant and administration	1,140,144	138,310	(27,108)	-	1,251,346
Total accumulated depreciation	<u>32,695,298</u>	<u>1,889,196</u>	<u>(27,108)</u>	<u>-</u>	<u>34,557,386</u>
Total collection systems & & facilities-net	<u>\$ 47,741,924</u>	<u>\$ (937,154)</u>	<u>\$ -</u>	<u>\$ 3,838,418</u>	<u>\$ 50,643,188</u>

SAN RAFAEL SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2019 AND 2018

4. COLLECTION SYSTEMS AND FACILITIES (continued)

	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, 2019 AND 2018

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, 2019. 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, 2018	\$ 3,903,869
Actuarial adjustment	1,365,493
Payments	<u>(655,399)</u>
Balance at June 30, 2019	4,613,963
Less current portion	<u>(626,907)</u>
Balance due after one year	<u><u>\$ 3,987,056</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 the Ross Valley Sanitary District, 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, 2019 AND 2018

6. JOINT VENTURES (continued)

Total project costs to construct the CMSA facilities 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. 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 at 1301 Anderson Drive, San Rafael, CA 94901. Condensed financial information for the Agency is presented below for June 30, 2018 and 2017, the most recent information available.

	2018	2017
Total assets	\$ 99,091,285	\$ 99,239,615
Deferred outflows of resources	7,332,920	5,961,780
Total liabilities	(62,147,599)	(61,321,187)
Deferred inflows of resources	(2,056,973)	(1,260,848)
Net position	<u>\$ 42,219,633</u>	<u>\$ 42,619,360</u>
 Total revenues	 \$ 17,657,694	 \$ 17,374,359
Total expenses	(17,879,354)	(18,545,951)
Total contributions	197,753	330,079
Change in net position	<u>\$ (23,907)</u>	<u>\$ (841,513)</u>

7. COMMITMENTS

As of June 30, 2019, SRSD had several contracts for sewer improvement projects with remaining obligations of approximately \$1,471,000, with the majority expected to be completed within the 2019-20 fiscal year.

SAN RAFAEL SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2019 AND 2018

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, 2019 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, 2019 AND 2018

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, 2018 and 2017 (latest information available):

	<u>2018</u>	<u>2017</u>
Assets	\$ 25,703,119	\$ 28,419,707
Liabilities	<u>(17,997,369)</u>	<u>(17,241,037)</u>
Net assets	<u>\$ 7,705,750</u>	<u>\$ 11,178,670</u>
Revenues	\$ 10,453,268	\$ 11,166,523
Expenses	<u>(13,926,188)</u>	<u>(11,588,811)</u>
Increase (decrease) in net assets	<u>\$ (3,472,920)</u>	<u>\$ (422,288)</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, work related to capital improvements and other minor services. The City invoiced the District for approximately \$2,941,000 and \$2,904,000 for the years ended June 30, 2019 and 2018, 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, 2019 and 2018 of approximately \$51,000 and \$7,000, 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, 2019 and 2018 of approximately \$289,000 and \$247,000, 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, 2019

4.6.

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, 2019, 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			\$ 159,676	
Expended for the following projects:				
San Pedro Pump Station Upgrade	Completed	\$ 1,782,209	\$ 124,023	7%
S. Francisco Pump Station	In Progress	\$ 122,091	\$ 35,653	29%
Total connection fees expended			<u>\$ 159,676</u>	
Connection fees available at end of year			<u><u>\$ -</u></u>	

5.a.

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

DATE: October 25, 2019

TO: Board of Directors, San Rafael Sanitation District

FROM: Doris Toy, District Manager/District Engineer 

SUBJECT: Sewer Lateral Ordinance Update

Summary

At the April Board meeting, the Board and staff began a discussion on implementing a sewer lateral ordinance to reduce inflow and infiltration (I/I). Since Las Gallinas Valley Sanitary District (LGVSD) is currently developing a sewer lateral ordinance, the Board may consider implementing a similar ordinance. It would be beneficial for both Districts to have similar ordinances for the San Rafael property owners.

During this past summer, LGVSD sent out letters discussing I/I and a sewer lateral ordinance to its ratepayers and to the Marin Association of Realtors and asked for feedback (see attachment). There were 65 responses from realtors, but their comments appeared to be from a template. They were opposed to most of the items mentioned in the letter. There were 22 responses from property owners. Only two were opposed to the Point-of-Sale trigger, which would apply in the event of the sale of a property or a transfer of title. Half of the responses were concerned about the Remodel trigger with a \$15,000 threshold value. And half of the responses were in favor of a sewer lateral ordinance.

Based on the comments received, LGVSD is considering the following:

- For the Remodel trigger, setting the threshold at \$30,000. Thus, the trigger would apply when an owner obtains a permit to remodel his/her home or building that has a value over \$30,000.
- Revising the enforcement of replacement. Initially, LGVSD had proposed a 2-year grace period for property owners to repair their laterals if required. Now, they are considering eliminating the enforcement of repairs, except for pipes that are in poor condition. The owners would receive an evaluation of the condition of their pipe along with the District's recommendation. However, disconnection of illegal direct connections would still be enforced. Illegal connections are area drains, roof downspouts, sump pump discharges, cross connections to storm drains, etc., that are connected to the sewer system.
- The plumbers performing the inspections are not required to be PACP (Pipeline Assessment Certification Program) certified.
- Revisit the ordinance in five (5) years.

Action Required

The Board shall discuss the above information and provide direction to staff if necessary.

Attachment: LGVSD September 19, 2019, Agenda Report with public outreach letter

Agenda Summary Report

To: LGVSD Board of Directors
From: Mike Prinz, General Manager *MSP*
Greg Pease, Collection System and Safety Manager
Mtg. Date: September 19, 2019
Re: Public Comment Summary - Sewer Lateral Ordinance Request for Feedback
Item Type: Consent _____ Discussion X Information _____ Other _____.
Standard Contract: Yes _____ No _____ (See attached) Not Applicable X .

BACKGROUND

The District has been pursuing a private property Sewer Lateral Ordinance for a number of years and has most recently been formulating an ordinance targeting inflow and infiltration (I and I) jointly, with a focus on reducing inflow, which is potentially the most significant contributor to peak flow related problems in the collection system and at the treatment plant.

The District implements capital improvement projects to reduce I and I in District sewer mains and manholes within the public right of way and easement areas. While these capital projects are effective in reduction of I and I impacts on the District's system (and subsequent reduction of operational and customer costs, as well as reduction of risk of environmental impacts due to spills), I and I from private sewer laterals remains a notable problem. In fact, regulatory agencies are now requiring wastewater collection and treatment system operators to pursue I and I reduction from private properties through the consideration of sewer lateral ordinances.

Figure 1 below shows the generalized impact of I and I on plant flows. The red, dashed line indicates treatment plant flow during the dry weather season. Staff wishes to draw attention to the peak flow, and how that is typically largely attributable to inflow.

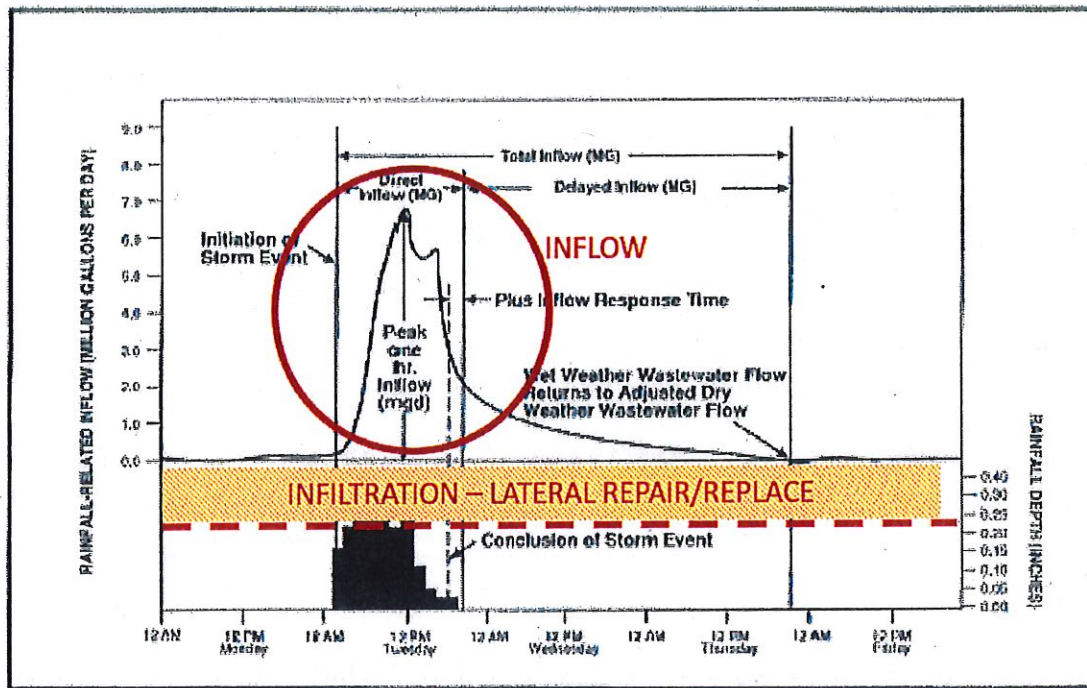


Figure 1: Hydrograph helps visualize inflow as the response to wet weather flow (from MassDEP 1993)

Public Input Received

On July 19, 2019, Staff issued the attached letter requesting feedback from District Customers regarding the current sewer lateral ordinance concepts currently under consideration. Staff also made numerous attempts to solicit feedback from the Marin Realtors Association. Several customers responded via telephone, email, and/or letter, and numerous realtors in the region provided individual comments along with a template letter voicing concerns. Table 1, below, summarizes input received.

	Concern	Total # of Comments
Realtors - 65 Responses Received	Opposed to Point Of Sale	65
	Inefficient	64
	Delay to Home Sale Process	63
	Stress to Home Buyer/Seller	63
	Cost of Inspection	63
	15k Valuation Trigger	62
	Comments in Favor of Ordinance	0
	Other Comments	See Below
	1. Doesn't agree w/ Pressure Test	
	2. Wye/Connection Responsibility. Upset with water rate increases. Pensions/Salaries	
	3. Older generation home sale is difficult enough	
	4. Upset with Pressure Test, specifically RVSD	
	5. "Equivalent to banks government taking property twice...government bailout"	
	6. "I support the inspection requirement. It's good for our environment".	
	7. "Point of sale does not fix it. Need to go by block area."	
	8. "I do not think mandating sewer lateral inspections, replacements or upgrades at the point of sale is an effective way to address our aging infrastructure."	
	9. Financial impact to senior sellers. Pressure testing concerns	
	10. Believes we should use the effective age of home should be the inspection basis.	
	11. Condo complexes with shared laterals...how would it work	
	12. Will not resolve issue in a timely manner	
	13. District to finance replacement on tax bill. Oldest homes addressed first	
	14. Costly repairs disrupt the home sale process	
	15. Pressure test is a no win situation. Would like us to consider a step approach instead of a heavy axe	
	16. Encourage Homeowners to video laterals by offering financial assistance or recommend a quality plumber that will have a reduced rate	
	17. "Have we replaced All of our large water main repairs?"	

Property Owner Comments - 22 Responses Received	Point Of Sale	2
	Inefficient	1
	Delay to Home Sale Process	0
	Stress to Home Buyer/Seller	0
	Cost of Inspection	3
	15k Valuation Trigger	10
	Comments in Favor of Ordinance	11
	Other Comments	See Below
1. Unintended consequences of a 15K trigger - preventing people from obtaining permits		
2. Opposes Ordinance if it increases rates and/or homeowner required to pay for inspection		
3. Non Compliance Fees, better loan interest than 2%, offer grants, cost of lateral replacement is not controlled		
4. Public outreach about PACP, increase valuation to 35K, extend grace period. "I thought this was the best customer communication ever."		
5. "Should be limited to very old property (pre 1930)."		
6. Increase to 50k or more		
7. Is in favor of Point of sale		
8. Highly opposes "new proposed ordinance to check every property in case a home is out of compliance."		
9. Highly supports but wants to remove the human element as much as possible and use pressure test		
10. Suggests increasing remodeling trigger so that the average cost of lateral replacement is no more than 10% of the remodel valuation		
11. Would like LGVSD to perform the inspections and charge a minimal fee.		
12. "...I think LGVSD should help pay for such action."		
13. Concentrate on older homes and homes with a lot of trees		
14. "I am in favor of the development of a sewer lateral ordinance. All the reasons you've listed in the letter to homeowners are valid."		
15. "...Lateral ordinance is a very good idea and we support it."		
16. How much will an inspection cost? Where do I find an inspector?		
17. \$75k trigger for remodels		
18. Lifespan of an inspection? Cost of an inspection? Older homes vs everyone approach		
19. Discourage homeowners to get permits		
20. How long will our approach take to correct the problem? Turnaround times for district to review?		
21. Base trigger on type of permit not dollar value?		
22. "I totally support the above proposal."		

Table 1. Summary of public input received.

Scope of Inspection

As previously envisioned, the scope of a lateral inspection, which will be a central part of the ordinance, is intended to include:

1. a closed circuit television (CCTV) recording of the lateral interior to evaluate its condition, and
2. an evaluation of the lateral and residential property served by the lateral to determine the potential for illegal connections and sources of inflow.



It should be noted that the currently proposed inspection format does not rely on pressure testing sewer laterals, contrary to the perception of some of those who have provided feedback thus far.

Triggers of Inspections

The majority of the comments received pertain to the triggers of inspection, namely property sale and building permit valuation.

Sale of property is a common trigger for lateral inspections in similar ordinances adopted by sanitary districts and municipalities throughout the region. Staff acknowledges that a sewer lateral inspection during escrow does present an additional, time sensitive, logistical hurdle during a schedule driven escrow. Nonetheless, staff is compelled to emphasize to concerned customers – as well as buyers and sellers of properties - that a sewer lateral is a critical component of any sewered property. As such, a sewer lateral deserves no less emphasis during a property condition evaluation than any other element of a house, be it a roof, furnace, foundation or electrical panel. Replacement of a sewer lateral could be necessitated (in some cases, unexpectedly and urgently) due to deterioration, tree root damage, substandard pipe materials and/or substandard construction techniques, and can cost up to \$10,000 or more. The unanticipated need to replace a sewer lateral would likely be a problematic discovery for any property owner, but particularly so for a new property owner if a looming repair or replacement was not discovered prior to close of escrow. Proactively understanding and addressing sewer lateral problems can avoid acute loss of lateral function due to otherwise undetected problems.

Upgrades to homes that require building permits are also common triggers for lateral inspections. Customers are understandably concerned that the lower the permit threshold, the greater the proportionate cost a sewer lateral inspection is and, if needed, replacement becomes. At the same time, the lower the threshold:

1. the greater the number of laterals that would be evaluated,
2. the greater the amount of data regarding sewer lateral condition that would be collected,
3. the more informed property owners would be regarding their sewer lateral reliability,
4. the more informed future sewer lateral ordinance modifications would potentially be, and – ultimately –
5. the greater the operational efficiency and peak flow reduction that could potentially be achieved.

PREVIOUS BOARD ACTION

On April 11, 2019, the Board discussed and gave feedback to Staff regarding the newly formulated, inflow focused sewer lateral ordinance concept. Various discussions and presentations regarding the ordinance have occurred over the past several years.

ENVIRONMENTAL REVIEW

N/A

FISCAL IMPACT

N/A

STAFF RECOMMENDATION

The most significant impact of a sewer lateral inspection on a property owner is the potential for the inspection to trigger a sewer lateral replacement. Based on the comments received and due to the potential for sewer lateral replacements to have less effect on peak flow reduction than elimination of inflow to laterals (illegal connections), Staff recommends that the Board consider deferring the decision to require lateral replacement until data can be collected regarding the impact ordinance driven sewer lateral inflow elimination has on peak flow reduction. After a sufficient number of years of wet weather data is collected, the Board could address lateral replacement requirements via future ordinance amendment. Alternatively, as was previously proposed by Staff, the Board may wish to implement a 2 year grace period for sewer lateral replacements where inspection results indicate that replacement is required.

Due to the benefit of inspecting more laterals than fewer, and particularly if the Board is willing to defer the decision to require lateral replacement until the impact of inflow reduction can be determined, Staff recommends that Board consider keeping the building permit valuation trigger at \$15,000. If the Board prefers to retain a sewer lateral replacement requirement in the ordinance, Staff recommends that the Board consider exempting certain types of permits from the valuation calculation. Recommended exemptions include:

1. ADA upgrades,
2. Fire sprinkler installations,
3. Energy efficiency upgrades, including window replacements,
4. Fire resistance improvements,
5. Rainwater catchment systems,
6. Greywater systems,
7. Structural improvements exclusively required for seismic/earthquake retrofit work, and
8. Replacement 'in kind' or for repairs such as driveways, roofs, fencing and similar improvements that do not constitute discretionary property upgrades.

Due to concerns regarding the cost of inspection, Staff recommends that the Board consider waiving the LGVSD administrative inspection fee (estimated at \$250) for building permit triggered inspections valued at \$30,000 or less (twice the recommended building permit valuation trigger).

In any case, Staff also recommends that the Board consider requiring disclosure of inspection results to all parties involved in property sale triggered lateral inspections.

In general, Staff requests that the Board consider all the public input summarized herein, along with the aforementioned recommendations, and direct Staff accordingly regarding finalization of the Sewer Lateral Ordinance language.

As the Board continues to consider the best initial ordinance form to implement, Staff wishes to emphasize that future ordinance refinements could be implemented via amendments as needed that would take into account the observed impact of the ordinance on the collection system and treatment plant operations after a series of winters.



DISTRICT BOARD

Megan Clark
Rabi Elias
Craig K. Murray
Judy Schriebman
Crystal J. Yezman

DISTRICT ADMINISTRATION

Mike Prinz,
General Manager
Michael Cortez,
District Engineer
Mel Liebmann,
Plant Manager
Robert Ruiz,
Administrative Services Manager
Greg Pease,
Collection System/Safety Manager

July 19, 2019

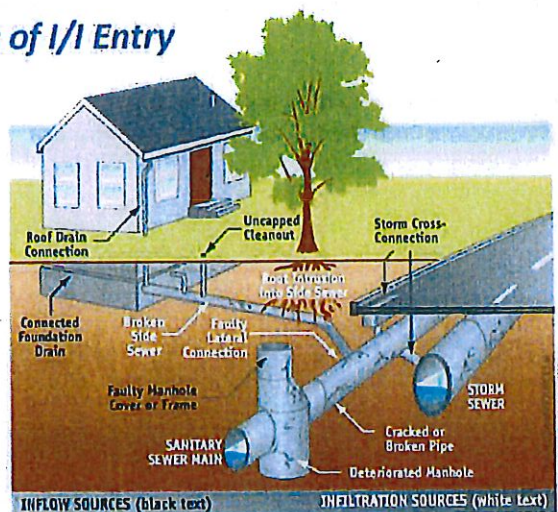
Dear Customer,

Like many similar agencies, LGVSD is developing a sewer lateral ordinance in order to reduce the chance of wet weather related sewer spills and improve efficiency of the District's Wastewater Treatment Plant. We want your feedback as we develop the ordinance, so please read on!

Just like a roof, foundation, electrical panel, or furnace, which are part of a house's 'infrastructure,' all residential dwellings (houses, condominiums, apartment complexes, etc.) have a sewer lateral pipeline that conveys wastewater generated at the residential property to the sewer main pipeline in the street, which eventually leads to the District's wastewater treatment plant.

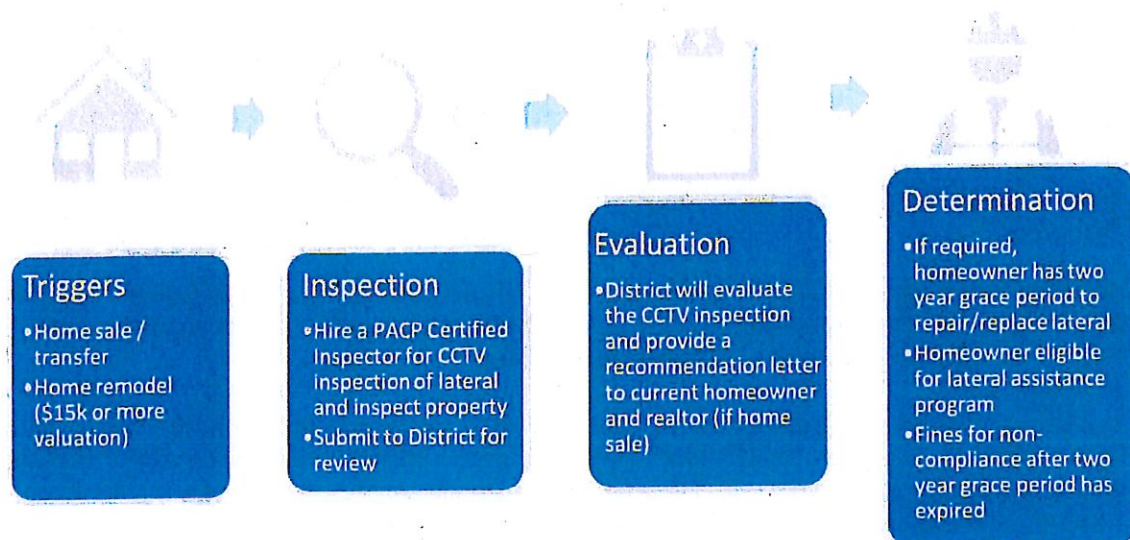
Sewer lateral age and/or tree root disruption can cause cracks in the pipe that allow groundwater and rainwater seepage into the system (infiltration). Infiltration leads to unnecessarily high flows in the sewer main network that can increase the potential for spills. This 'extra water' also requires the treatment plant to treat higher flows, which increases costs for electrical power and chemicals. Illegal connections (such as sump pump discharges or gutter downspouts) also contribute to elevated flows and the associated risks and costs. These types of inputs to the system are referred to as 'inflow.' Cracks in old sewer mains in the streets are also a source of inappropriate inputs to the sewer system, which is why the District is regularly upgrading and replacing sewer mains in numerous city streets. Combined, inflow and infiltration are abbreviated as I&I.

Points of I/I Entry



In order to incrementally address excess flows from private sewer laterals, the District is developing a sewer lateral ordinance that requires an evaluation of each residential property's lateral for condition and potential illegal connections. Many other agencies have implemented ordinances for the same purpose. The proposed ordinance addresses events which would trigger inspections, lateral replacement requirements, and mitigation of illegal connections, along with timing for the various inspections and mitigation activities, and fines for non-compliance.

The following table describes some fundamental aspects of sewer lateral inspections and replacement that the ordinance will address.



If an owner must replace their lateral, we want to remind you that LGVSD has a lateral replacement loan program to help finance the work. Homeowners would be eligible for a low interest loan (2%) for an amount up to \$10,000. More information on the requirements and the application process can be found at our website, <http://www.lgvsd.org/doing-business/sewer-lateral-assistance/>

LGVSD would greatly value your feedback regarding the proposed ordinance. Please provide your written/emailed input by **August 21, 2019** to LGVSD at 300 Smith Ranch Rd., San Rafael CA 94903 or gpease@lgvsd.org. If you'd like to attend the LGVSD Board meeting where the draft ordinance language will be considered, please monitor the District's website for the meeting announcement. This issue is tentatively scheduled for a Board meeting in September.

LGVSD is developing this ordinance because doing so will ultimately help keep your wastewater rates as low as possible, help protect the environment, and is consistent with the District's infrastructure and environmental stewardship philosophy.

Sincerely,

Greg Pease

Greg Pease
Collection System/Safety Manager
Las Gallinas Valley Sanitary District

5.b.

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

DATE: October 25, 2019

TO: Board of Directors, San Rafael Sanitation District

FROM: Doris Toy, District Manager/District Engineer *DT*

SUBJECT: Discussion on Mutual Aid with Marin County Wastewater Agencies

BACKGROUND:

At the February 2019 Board meeting, the Board granted approval for the District to become a party to the Mutual Aid and Assistance Agreement. The Agreement's purpose is for the wastewater agencies to provide mutual aid and assistance to each other in times of need and to provide for a method of reimbursement for equipment, materials and supplies, and personnel.

On August 30th, the District was asked to assist SD2 to remove wastewater from one of its force mains during an air release valve service and to stand by in case of an emergency. From September 3rd to September 6th, the District provided two Sewer Maintenance Worker I's and a Vactor truck to assist SD2 in the evenings.

When staff reported the District's assistance to SD2 at the last meeting, the Board had a discussion about whether the District should request reimbursement for its services and asked staff to bring this item to a future meeting for discussion.

ANALYSIS:

Personnel costs for two Sewer Maintenance Worker I's, including fringe benefits, is \$128/hr. at the regular rate and \$192/hr. at the overtime rate. The Vactor truck rental cost would be approximately \$1,500/day, if the District was to rent the truck.

Our crew worked from 10:30 P.M. to 3:00 A.M. for three evenings at the overtime rate. Therefore, each day the District incurred a cost of \$864/day for personnel plus \$1,500/day for equipment, which is a total of \$2,364/day and \$7,092 for three days.

ACTION REQUIRED:

Staff requests the Board to consider the following alternatives and to take the following action:

1. Request reimbursement for personnel costs only (\$2,592);
2. Request reimbursement for personnel and equipment (\$7,092);
3. No request for reimbursement; or
4. Decide on a different option and direct staff accordingly

Attachment: Mutual Aid and Assistance Agreement between Marin County Wastewater Agencies

**Mutual Aid and Assistance Agreement
Between
Marin County Wastewater Agencies**

This agreement (hereinafter "Agreement") is made and entered into by the Novato Sanitary District, Las Gallinas Valley Sanitary District, Central Marin Sanitation Agency, Sewerage Agency of Southern Marin, Sanitary District No.5 of Marin County, and Sausalito Marin City Sanitary District, hereinafter called "Agencies", for the purpose of providing mutual aid and assistance to each other in times of need and to provide for a method of reimbursement for equipment, materials and supplies, and personnel made available under this Agreement.

In consideration of the mutual covenants and agreements hereinafter set forth, the Agencies will consider providing mutual aid and assistance to each another in times of need. Each Agency has the absolute discretion to decline to provide any requested assistance and the execution of this Agreement shall not create any duty to respond on the part of any Agency.

Nothing in this Agreement prohibits or precludes other local agencies in Marin County that provide wastewater services to request participation in the Agreement. Participation must be approved by all Agencies, and the contract amended pursuant to Section 8.

1. Requesting Assistance

The General Manager, or designated representative, of an Agency may request aid and assistance (Requesting Agency) from the General Manager, or designated representative, of another Agency (Responding Agency). Requests for assistance can be made orally or in writing. When made orally, the request for personnel, equipment and supplies shall also be prepared in writing and submitted to the other General Manager as soon as practicable.

When a Responding Agency receives a request for aid or assistance, the General Manager of the Responding Agency will evaluate the request and shall inform, as soon as possible, the Requesting Agency about the type and quantity of available resources, if any, and the approximate arrival time of such assistance, or if aid will not be provided.

Employees provided under this agreement will be under the direction and control of the Requesting Agency. The Requesting and Responding Agency's designated manager or supervisor(s) shall keep accurate records of the equipment and materials used, and the time expended and work performed by personnel during the period of assistance. The Responding Agency's General Manager retains the right to withdraw some or all of its resources at any time for any reason at the Responding Agency's sole discretion.

2. Cost Reimbursement

a. Personnel: The Responding Agency will make such employees as are willing to participate available to the Requesting Agency at the Requesting Agency's expense, defined as being equal to the Responding Agency's full cost, i.e., equal to the employee's applicable salary or hourly wage plus fringe benefits and overhead, including the overtime rate as applicable. The Requesting Agency shall be responsible for all direct and indirect labor costs.

b. Equipment: Use of equipment, such as construction equipment, vehicles, tools, pumps and generators, shall be at the Responding Agency's current equipment rate and subject to the following conditions: The Requesting Agency shall reimburse the Responding Agency for use of equipment including, but not limited to, all fuel, lubrication, maintenance, transportation, and loading/unloading of loaned equipment. All equipment shall be returned to the Responding Agency as soon as is practicable and reasonable under the circumstances.

- 1) At the option of the Responding Agency, equipment may be provided with an operator;
- 2) Equipment shall be returned to the Responding Agency within 24 hours after receipt of an oral or written request for return;
- 3) In the event equipment is damaged while being dispatched to Requesting Agency, or while in the custody and use of Requesting Agency, Requesting Agency shall reimburse the Responding Agency for the reasonable cost of repairing said damaged equipment. If the equipment can not be repaired, the Requesting Agency shall reimburse the Responding Agency for the cost of replacing such equipment with equipment that is of at least equal value and capability as determined by the Responding Agency. If the Responding Agency must lease a piece of equipment while the Requesting Agency's equipment is being repaired or replaced, the Requesting Agency shall reimburse the Responding Agency for such lease cost.

c. Materials and Supplies: The Requesting Agency shall reimburse the Responding Agency in kind or at actual replacement cost, plus handling charges, for use of expendable or non-returnable supplies. Other supplies and reusable items that are returned to the Responding agency in a clean, damage-free condition shall not be charged to the Requesting Agency and no rental fee shall be charged; otherwise, they shall be treated as expendable supplies. Supplies that are returned to the Responding Agency with damage must be treated as expendable supplies for purposes of cost reimbursement.

3. Payment Period

The Responding Agency shall provide an Itemized invoice to the Requesting Agency for the expenses incurred in providing assistance under this Agreement not later than the 10th of the month following the month wherein assistance is provided. The Requesting Agency agrees to reimburse the Responding Agency within 15 days from receipt of an invoice.

4. Records

Authorized representatives of each Agency shall have access to the other's books, documents, notes, reports, papers and records for the purpose of reviewing the accuracy of the invoice(s) rendered.

5. Defense and Indemnification

The Requesting Agency shall assume the defense of, fully indemnify, and hold harmless the Responding Agency, their Board members, officers and employees, from all claims, loss, damage, injury and liability of every kind, nature and description, directly or indirectly arising from assistance provided hereunder, including, but not limited to, negligent or wrongful use of equipment, supplies or personnel provided, or faulty workmanship or other negligent acts, errors or omission.

6. Workers' Compensation

Each Agency is responsible for providing worker's compensation benefits and administering worker's compensation for its employees.

7. Termination

Any Agency may terminate this Agreement by providing written notice to the others. Termination does not absolve the Requesting Agency's duty to reimburse the Responding Agency for assistance rendered, which duty shall survive such termination.

8. Modification

Modification to this agreement must be in writing and approved by all parties participating in Agreement at the time of the subject modification.

9. Severability

If any provision of this Agreement is declared by a court of competent jurisdiction to be invalid, the validity of the remaining terms and provisions shall not be affected.

10. Conflict Resolution

If a situation arises where the Responding and Requesting agencies' managers disagree on the interpretation of an Agreement provision or the reimbursement amount for mutual aid services, the parties in disagreement will resolve the situation through an Informal Mediation and if Mediation is unsuccessful, then through binding Arbitration. The expenses associated with the conflict resolution process will be shared equally by the Responding and Requesting agencies.

The effective date of this agreement is when it has been executed by all the Agencies.

SAUSALITO-MARIN CITY SANITARY DISTRICT

By: Robert A. Simmons
Bob Simmons, District Manager

Date: 3/31/11

CENTRAL MARIN SANITATION AGENCY

By: Jason Dow
Jason Dow, General Manager

Date: 3/10/2011

NOVATO SANITARY DISTRICT

By: Beverly B. James
Beverly James, Manager/Engineer

Date: 4/8/2011

SEWERAGE AGENCY OF SOUTHERN MARIN

By: Stephen Danahy
Stephen Danahy, General Manager

Date: 4/1/11

LAS GALLINAS VALLEY SANITARY DISTRICT

By: Mark Williams
Mark Williams, District Manager

Date: 5/24/11

SANITARY DISTRICT No. 5

By: Robert Lynch
Robert Lynch, District Manager

Date: 5-20-11

Amendment #1

Mutual Aid and Assistance Agreement Between Marin County Wastewater Agencies

This amendment (hereinafter "Amendment") is made and entered into by the Novato Sanitary District, Las Gallinas Valley Sanitary District, Central Marin Sanitation Agency, Sewerage Agency of Southern Marin, Sanitary District No.5 of Marin County, and Sausalito-Marín City Sanitary District, hereinafter called "Agencies".

BACKGROUND

The Agencies desire to amend the May 2011 agreement entitled "Mutual Aid and Assistance Agreement between Marin County Wastewater Agencies" (the Agreement), to create a mechanism for other Marin County water and wastewater entities to become Parties to the Agreement.

The Agencies therefore agree as follows:

AGREEMENT

- 1) Definition of Party: a local agency that provides water or wastewater services within Marin County that is party to the Agreement.
- 2) Definition of Addendum: an agreement that is in conformity with the addendum as set forth in Exhibit A to this Amendment #1.
- 3) Addition of Section 11 – New Local Agency Members: Any local agency in Marin County that provides water and/or wastewater services can become Party to this Agreement upon (a) approval of a majority of the current Parties, and (b) execution of a completed addendum by the governing board of the local agency.
- 4) Effect. Except as modified by this Amendment, all provisions of the original Agreement remain in full force and effect and continue to bind all Parties hereto.
- 5) Signatures. The following signatures attest the Agencies agreement hereto.

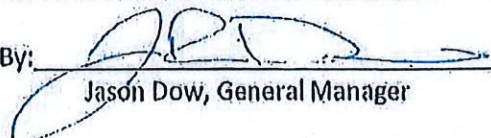
The effective date of this Amendment is when it has been executed by each Agency's representative on the following page.

SAUSALITO-MARIN CITY SANITARY DISTRICT

By: 
Craig Justice, District Manager

Date: 9/14/2014

CENTRAL MARIN SANITATION AGENCY

By: 
Jason Dow, General Manager

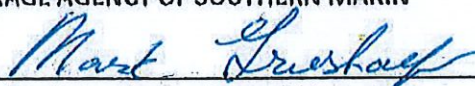
Date: 9/10/14

NOVATO SANITARY DISTRICT

By: 
Sandeep Karkal, Manager/Engineer

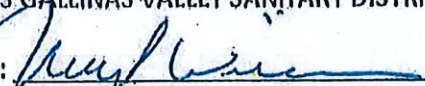
Date: 9/24/14

SEWERAGE AGENCY OF SOUTHERN MARIN

By: 
Mark Grushayev, General Manager

Date: 9-24-14

LAS GALLINAS VALLEY SANITARY DISTRICT

By: 
Mark Williams, District Manager

Date: 9/12/14

SANITARY DISTRICT No. 5

By: 
Tony Rublo, Acting District Manager

Date: 9/16/14

Exhibit A

**Mutual Aid and Assistance Agreement
between
Marin County Wastewater Agencies**

FORM OF ADDENDUM

This addendum to the Amended Mutual Aid and Assistance Agreement between Marin County Wastewater Agencies (the "Agreement"), is dated February 22, 2019, and is made by San Rafael Sanitation District (the "Agency"), for the purpose of Agency becoming a party to the Agreement. The Agreement is incorporated by reference and made a part of this Addendum.

The Agency acknowledges that it has received a copy of the Agreement and, after a thorough review of the Agreement, desires to become a party to the Agreement. The Agreement permits the addition of parties to the Agreement if (a) such addition is approved by a majority of the current Parties, as defined in the Agreement, and (b) the Agency desiring to become a party through the execution of an addendum by its governing board.

The governing body of the Agency certifies that the Agency has reviewed the Agreement and agrees to its terms.

In consideration for the mutual promises set forth in the Agreement, the governing body of the Agency hereby agrees to accept and perform all duties, responsibilities and obligations as set forth in the Agreement. Further, the governing body authorizes its District Manager, or his/her designee, as its Representative, with authority to sign all documents necessary to implement the Agreement.

The notice address for the Agency's Representative is:
San Rafael Sanitation District
111 Morphew Street
San Rafael, CA 94901

San Rafael Sanitation District

By: 

Gary O. Phillips
Chairperson

The Agreement and the Addendum are approved as to form:

By: 

Jack F. Govi
Attorney for Agency

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

DATE: October 25, 2019
TO: Board of Directors, San Rafael Sanitation District
FROM: Doris Toy, District Manager/District Engineer *DT*
SUBJECT: **Discussion on City of Larkspur Withdrawal from the Central Marin Sanitation Agency Joint Powers Agreement**

SUMMARY:

In December 2018, the City of Larkspur sent a letter to CMSA stating its desire to withdraw from membership in CMSA. According to the Joint Exercise of Powers Agreement, Section 20. Withdrawal, the JPA members will convene a meeting to discuss the withdrawal process and details if a member's governing board decides to withdraw from the JPA.

At the JPA Manager's meeting last week, the managers discussed the following recommendation:

- Each JPA member board appoints its CMSA representative to participate on a joint ad hoc committee, similar to the committee that was formed last year to amend the Joint Powers Agreement.
- The committee would discuss the withdrawal process and review the attached draft, "Agreement for the Withdrawal of the City of Larkspur from the Central Marin Sanitation Agency Joint Exercise of Powers Agreement."
- The committee can meet before the CMSA meeting scheduled on December 10, 2019.
- After the committee approves the Withdrawal Agreement, the Agreement will then go to each of the JPA member boards for its approval.

After the Withdrawal Agreement is executed, SRSD can approve the Amended CMSA Joint Exercise of Powers Agreement, reflecting Larkspur's withdrawal. Please note the following revisions: The Commission membership has been reduced from six to five Commissioners with the Larkspur seat removed; the Commission quorum has been reduced from four to three; and the votes needed for passage of an item has also been reduced from four to three.

Please note at the February 22, 2019, Board meeting, staff presented the Amended CMSA Joint Exercise of Powers Agreement for approval. The Board had no comments in regard to the form of the Amended Agreement, but the Board expressed that the JPA members should adhere to Section 20 of the JPA Agreement, such as to convene a meeting to discuss the withdrawal process, and suggested having a separate agreement between the City of Larkspur and the JPA member agencies or for each member agency to agree to Larkspur's withdrawal at each of their board meetings.

However, Larkspur, RVSD, and SD2 decided that the Amended CMSA Agreement was sufficient. Thus, both RVSD and SD2 have consulted with their legal counsel, and have approved and signed the Amended Agreement.

ACTION REQUIRED:

Staff requests the San Rafael Sanitation District Board to consider the following alternatives and to take the following action:

1. Appoint a CMSA representative to participate on a joint ad hoc committee to discuss the City of Larkspur's withdrawal; or
2. Decide on a different option and direct staff accordingly.

Attachment: Draft of the Agreement for the Withdrawal of the City of Larkspur from the Central Marin Sanitation Agency Joint Exercise of Powers Agreement

**AGREEMENT FOR THE WITHDRAWAL OF THE CITY OF LARKSPUR
FROM THE CENTRAL MARIN SANITATION AGENCY
JOINT EXERCISE OF POWERS AGREEMENT**

Effective _____, 2019, this Agreement is by and between Ross Valley Sanitary District (RVSD), San Rafael Sanitation District (SRSD), and Sanitary District #2 of Marin County (SD2), together known as the Members.

RECITALS

Whereas, on October 15, 1979, SRSD, RVSD, SD2, and the City of Larkspur entered into a joint powers agreement (JPA) to jointly exercise their powers and form the Central Marin Sanitation Agency (CMSA) to plan, administer, and coordinate wastewater services throughout their combined service area; and

Whereas, RVSD annexed the City of Larkspur's wastewater service area and assets in 1993, transferring ownership of and operations and maintenance responsibility for Larkspur's wastewater assets, including those referenced in the JPA, to RVSD; and provisions in that annexation agreement (as amended in 1995) state that the City of Larkspur will retain a seat on the CMSA Board of Commissioners; and

Whereas, the Larkspur City Council, at its December 12, 2018, meeting approved to withdraw from the JPA pursuant to Section 20 of the JPA; and

NOW, THEREFORE, in consideration of the mutual promises below, the Members hereby agree as follows:

AGREEMENT

1. Larkspur Withdrawal

The City of Larkspur shall withdraw as a member of CMSA JPA effective on the date that this Agreement has been fully executed by the Members.

2. CMSA JPA Amendment

The CMSA JPA will be amended to recognize the withdrawal of Larkspur's membership in the JPA, and it will be approved by the Members.

3. Binding on Successors and Assigns

This Agreement shall be binding upon and shall inure to the benefit of the respective successors and assigns of the Members, in the same manner as if such successors and assigns had been expressly named herein.

4. Counterparts

This Agreement may be executed in multiple counterparts, each of which shall be an original and all of which together shall constitute one agreement.

The effective date of this agreement is when it has been executed by all the Members.

ROSS VALLEY SANITARY DISTRICT

Michael Boorstein, President

Date

Tom Gaffney, Secretary

Date

SAN RAFAEL SANITATION DISTRICT

Gary Phillips, Chairman

Date

Maribeth Bushey, Secretary

Date

SANITARY DISTRICT No. 2

James Andrews, President

Date

Eli Beckman, Vice-President

Date