

**A G E N D A**  
**SPECIAL MEETING**  
**SAN RAFAEL SANITATION DISTRICT**  
**BOARD OF DIRECTORS**  
**FRIDAY – SEPTEMBER 18, 2020 - 9:00 A.M.**  
Join Zoom Meeting at <https://zoom.us/j/96616796984>  
**Meeting ID: 966 1679 6984**

**Or by Phone:**  
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**Meeting ID: 966 1679 6984**

**Find your local number: : <https://zoom.us/u/aFLWPevJC>**

**CORONAVIRUS (COVID-19) ADVISORY NOTICE**

In response to Governor Newsom’s Executive Order N-29-20, the San Rafael Sanitation District will no longer offer an in-person meeting location for the public to attend. This meeting will be available by virtual and teleconference.

If you experience an issue providing comments in the meeting or have any questions regarding the meeting, please contact the District Clerk (email [cindy.hernandez@cityofsanrafael.org](mailto:cindy.hernandez@cityofsanrafael.org) or phone 415-485-3132).

**Members of the public may speak on Agenda items.**

**1. OPEN PERIOD**

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

**2. MINUTES OF THE MEETING**

Request approval as submitted – August 6, 2020.

**3. PAYMENTS**

Request approval as submitted.

**4. OLD BUSINESS**

None scheduled.

## **5. NEW BUSINESS**

- a.** Presentation of the 2019-20 Financial Statements for acceptance and approval. (John Maher)
- b.** Presentation of the 2019-20 Schedule of Connection Fees for acceptance and approval. (John Maher)
- c.** Adopt resolution designating those employees and consultants subject to conflict of interest filing requirements.
- d.** Adopt resolution authorizing the District Manager/District Engineer to execute the Amended and Restated Payment Agreement relating to Central Marin Sanitation Agency revenue bonds and authorizing certain related matters.

## **6. INFORMATIONAL ITEMS**

## **7. DIRECTOR REPORTS/REQUESTS FOR FUTURE AGENDA ITEMS**

## **8. ADJOURNMENT**

The next scheduled meeting is October 1, 2020.

**SAN RAFAEL SANITATION DISTRICT**  
**Minutes of the Meeting**  
**August 6, 2020**

Regular Meeting

Via Teleconferencing

The meeting was called to order at 11:06 A.M. by Acting Chair Rice.

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

Attendance Staff: Doris Toy, District Manager/District Engineer  
David Nicholson, Senior Civil Engineer  
Kris Ozaki, Sewer Maintenance Superintendent  
Cynthia Hernandez, District Secretary

Attendance Others: Benjamin L. Shick, P.E., Schaaf & Wheeler  
Dean DiGiovanni, CMSA Commissioner for SRSD

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

**2. MINUTES OF JULY 17, 2020.**

**MOTION** by Director Bushey, seconded by Acting Chair Rice, to approve the minutes of the July 17, 2020, meeting as presented.

**AYES:** Director Bushey, Acting Chair Rice

**NOES:** None

**ABSENT:** Chair Phillips

*Motion Carried*

**3. PAYMENTS**

**MOTION** by Director Bushey, seconded by Acting Chair Rice, to approve the payments for July 2020 in the amount of \$3,436,793.83 for maintenance and operation of the District and for capital improvements.

**AYES:** Director Bushey, Acting Chair Rice

**NOES:** None

**ABSENT:** Chair Phillips

*Motion Carried*

#### 4. OLD BUSINESS

- a. **Adopt resolution authorizing the District Manager/District Engineer to execute a Professional Services Agreement for design related services for the 2020 Sewer Pipe Repair and Replacement Project.**

District Manager Toy reported that this item was on the previous agenda and that staff had informed the Board that a Request for Proposal (RFP) had been sent to four civil engineering firms. She also reported that the RFP described the proposed work, which includes gathering all of the data from last year's 8-mile video inspection and analyzing it, compiling a list of the sewer pipes recommended for replacement, and possibly packaging this information into at least two bid packets of approximately \$2 million each. She then reported that this would allow the District to replace approximately 1.5 miles of pipe. Next, she reported that the District had received two proposals, one from Schaaf & Wheeler and the other one from BKF. She reported that at the last meeting, the Board had requested this item be continued to the next meeting in order to allow staff time to gather additional information for their review. The additional information consists of: 1) a copy of the submitted proposal from each consultant; and 2) staffs' evaluation sheets, which were based upon the evaluation criteria stated in the RFP. She then reported that all of these documents were included in the Board package. Next, she reported that both proposals were complete and that both firms understood the scope of work; but after a thoughtful and considerate review, staff recommends Schaaf & Wheeler as the selected firm to provide the engineering services. She reported that staff felt Schaaf & Wheeler's design team was better experienced, having performed multiple similar projects for cities in the Bay Area, such as the City of Belmont and the City of San Mateo, over the past five years. Next, Manager Toy reported that at the last meeting, the Board also had concerns about consultants not being chosen based on their fee proposals like it is done with construction projects. She reported that the Public Contract Code requires awards for construction projects to be based on the lowest responsible bidder; and the California Government Code states that professional services, such as engineering, land surveying, and environmental and construction management are exempt from competitive bidding. She also reported that the standard for award of these contracts is based upon the demonstrated competence and qualifications of the firm for the services to be provided, and the cost of services must be fair and reasonable to the public agency. She then reported that the public agency is able to negotiate the cost with the top selected firm and can then go to the next selected firm if the previous negotiation was unsuccessful. Manager Toy reported that both the County of Marin and the City of San Rafael select their consultants based on qualifications and experience. She also reported that with federally-funded projects, the fee proposals are submitted in a separate envelope, and only the fee proposal from the selected firm is opened. She then reported that although costs for professional service consultants are considered, they are secondary to experience and qualifications and are not used to limit choice. Next, Manager Toy reported that Schaaf and Wheeler had agreed to reduce the hourly rate for their Senior Engineer Project Manager for this project in order to match the hourly rate that was quoted for the same position in their proposal for the District's Woodland Avenue Sewer Improvement Project. She then reported that Schaaf and Wheeler had proposed to perform the design related services for the 2020 Sewer Pipe Repair and Replacement Project on a time-and-materials basis for an amount not to exceed \$303,000. She also reported that after the design work has been completed, the District will know what the

project will look like, and Schaaf and Wheeler can submit another proposal for engineering assistance during construction. The Board then presented questions to the District Manager and concluded that the selection criteria had been adequately documented. CMSA Commissioner Dean DiGiovanni also reported that he felt Schaaf and Wheeler was very qualified for this project.

**MOTION** by Director Bushey, seconded by Acting Chair Rice, to adopt the resolution authorizing the District Manager/District Engineer to execute a Professional Services Agreement with Schaaf & Wheeler for design related services for the 2020 Sewer Pipe Repair and Replacement Project for an amount not to exceed \$303,000.00.

**AYES:** Director Bushey, Acting Chair Rice

**NOES:** None

**ABSENT:** Chair Phillips

*Motion Carried*

## 5. NEW BUSINESS

### a. Adopt resolution rescinding Resolution No. 14-1084 and authorizing approved signatories on District checks.

District Manager Toy reported that two signatures are required on District checks. She reported that Resolution No. 14-1084 had authorized her and former Senior Civil Engineer Chew to be the authorized signatories on the checks and Chair Phillips and Director Rice to be the alternate signatories. She also reported that now that Karen Chew has retired from the District and David Nicholson is the new Senior Civil Engineer, she proposed that the Board authorize her and Senior Civil Engineer Nicholson to be the approved signatories and Chair Phillips, Director Rice, and Secretary/Director Bushey to be the alternate authorized signatories.

**MOTION** by Director Bushey, seconded by Acting Chair Rice, to adopt the resolution rescinding Resolution No. 14-1084 and authorizing approved signatories on District checks.

**AYES:** Director Bushey, Acting Chair Rice

**NOES:** None

**ABSENT:** Chair Phillips

*Motion Carried*

### b. Discussion on electronic signatures.

District Manager Toy reported that staff had been considering the use of electronic signatures for sewer permits and agreements for a while but was even more interested in using them now because of the shelter-in-place requirements due to COVID-19. She also reported that the City of San Rafael had been using Adobe Sign and that it had been working well for them. She then reported that staff had consulted with both the City and the District's legal counsels, and they had confirmed that electronic signatures are legally binding. The legal counsels had also requested staff to be sure that all parties agree with the use of electronic signatures and that the signatures are authenticated, which Adobe Sign does. Next, Manager Toy reported that the Adobe Sign subscription is \$360.00 per year, which may be due to the extra layer of authentication that it provides. She also

reported that she was bringing this matter to the Board because Director Bushey had expressed interest in using a form of electronic signature for signing Board documents, such as minutes, resolutions, and agreements. Manager Toy then reported that because the Board no longer has in-person meetings, staff has been hand-delivering documents to the Board for signature. She also reported that staff does not mind doing this if the Board prefers wet signatures on documents. The Board then reported that they felt it was a good idea to begin using electronic signatures and authorized the District Manager to proceed with the use of Adobe Sign, at least during the time of COVID-19 and virtual meetings.

**6. INFORMATIONAL ITEMS**

None.

**7. DIRECTOR REPORTS/REQUESTS FOR FUTURE AGENDA ITEMS**

None.

**8. CLOSED SESSION – (REMOVED)**

**b. Public Employee Performance Evaluation  
California Government Code Section 54957  
Title: District Manager**

This item was removed from the Agenda due to the absence of Chair Phillips.

**9. ADJOURNMENT**

There being no further business to come before the Board, the meeting of August 6, 2020, was adjourned at 11:26 A.M. The next meeting of the San Rafael Sanitation District scheduled Thursday, September 3, 2020, was later canceled, and a special meeting was scheduled for Friday, September 18, 2020, at 9:00 A.M. via teleconferencing.

Respectfully submitted,

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Maribeth Bushey, Recording Secretary

**ATTEST THIS 18th DAY OF SEPTEMBER 2020**

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Katie Rice, Acting Chair

**SAN RAFAEL SANITATION DISTRICT**  
**PAYMENT SUMMARY**  
**August 1, 2020 - August 31, 2020**

Vendor/Payee	Memo	Class	Acct #	Account Name	Amount
ARAMARK UNIFORM SERVICES	Uniforms - weekly service ending 7/30/20	200	2021	Uniforms	145.82
ARAMARK UNIFORM SERVICES	Uniforms - weekly service ending 8/05/20	200	2021	Uniforms	146.97
AT&T *8362	Telephone Service - land lines for pump stations and dialers from 7/02/20-8/01/20	100	2534	Telephone service	336.13
BAY AREA AIR QUALITY MANAGEMENT DIS	South Francisco Pump Station Improvements Project - permit application for South Francisco Pump Station	300	4148	S. Francisco Pump Station (10)	2,020.00
CALCON SYSTEMS, INC.	Pump Stations - contact blocks for the Peacock #2 pump station	200	2359	Maint- pump sta's & force mains	1,737.26
CALIFORNIA CAD SOLUTIONS INC	Facilities Mapping Services - cleaning system updates from May to July 2020	100	4188	Facilities mapping services	2,587.50
CENTRAL MARIN SANITATION AGENCY	FOG Program - FOG Control Program Management from April through June 2020	100	4300	FOG Program	786.33
CITY OF SAN RAFAEL	Water - reimb. to City of San Rafael for payment of SRSD water bills for water for two vactor trucks for Feb-April 2020	200	2536	Water utility costs	1,589.06
COUNTY OF MARIN	Director's Fees - Katie Rice on 8/06/20	100	2282	Director's fees	100.00
EWERS ENGINEERING INC	Force Main Condition Assessment Program Development, Phase 2 - engineering services for 7/01/20-7/31/20	300	4151	Force Main Cond A	5,100.00
JDH CORROSION CONSULTANTS INC	Pump Stations - annual cathodic protection survey for stage 1 and stage 2 and Simms St. Force Main	200	2359	Maint- pump sta's & force mains	9,797.50
JMB CONSTRUCTION, INC.	South Francisco Pump Station Improvements Project - progress payment #4	300	4148	S. Francisco Pump Station (10)	305,330.00
JMB CONSTRUCTION, INC.	South Francisco Pump Station Improvements Project - progress payment #4 retention for escrow account	300	4148	S. Francisco Pump Station (10)	16,070.00
MAHER ACCOUNTANCY	Accounting Services - August 2020	100	2717	Accounting services	3,600.00
MARIBETH BUSHEY	Director's Fees - Maribeth Bushey on 8/06/20	100	2282	Director's fees	100.00
McMASTER-CARR	Pump Stations - bolts for ARV A73 and ARV A74 replacement	200	2359	Maint- pump sta's & force mains	69.08
PARK ENGINEERING, INC	South Francisco Pump Station Improvements Project - construction management services for 3/16/20-7/31/20	300	4148	S. Francisco Pump Station (10)	7,008.54
PLATT	Pump Stations - parts for Lochinvar sump pump	200	2359	Maint- pump sta's & force mains	22.39
STAPLES INC	Office Supplies - miscellaneous office supplies	100	2133	Office & shop supplies	30.28
VERIZON WIRELESS	Telephone Service - wireless service for laptops 6/21/20-7/20/20	100	2534	Telephone service	342.73
WATER COMPONENTS & BLDG SUPPLY	Pump Stations - fittings for hoses used for bypass pumping	200	2359	Maint- pump sta's & force mains	54.61
WORKSMART AUTOMATION, INC	Pump Stations - high and low floats wired to inputs 12 and 13 at Cayes Main Pump Station	200	2359	Maint- pump sta's & force mains	1,562.50
WORKSMART AUTOMATION, INC	South Francisco Pump Station Improvements Project - programming for South Francisco Pump Station	300	4148	S. Francisco Pump Station (10)	4,805.00
					\$ 363,341.10





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

**Annual Financial Report  
Years Ended  
June 30, 2020 and 2019**

**With  
Independent Auditor's Report**



**SAN RAFAEL SANITATION DISTRICT  
YEARS ENDED JUNE 30, 2020 AND 2019**

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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, 2020 and 2019 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.

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### ***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, 2020 and 2019, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

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

#### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2020, 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.

San Mateo, California  
September 25, 2020

**SAN RAFAEL SANITATION DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**YEARS ENDED JUNE 30, 2020 AND 2019**

The Management's Discussion and Analysis provides an overview of the District's financial activities for the fiscal years ended June 30, 2020 and 2019. 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, 2020, was approximately \$88,477,000 which is an increase of approximately \$5,912,000 over the prior year's balance. Net position is comprised of approximately \$53,478,000 invested in capital assets and approximately \$34,999,000 in 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**  
**YEARS ENDED JUNE 30, 2020 AND 2019**

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Current assets	\$ 40,457,106	\$ 35,952,160	\$ 30,882,439
Noncurrent assets	53,478,260	52,292,892	48,633,057
Total assets	<u>93,935,366</u>	<u>88,245,052</u>	<u>79,515,496</u>
Current liabilities	1,139,181	1,693,143	1,104,160
Noncurrent liabilities	4,319,303	3,987,056	3,903,869
Total liabilities	<u>5,458,484</u>	<u>5,680,199</u>	<u>5,008,029</u>
Net position			
Investment in capital assets	53,478,260	52,292,892	48,633,057
Unrestricted	34,998,622	30,271,961	25,874,410
Total net position	<u>\$ 88,476,882</u>	<u>\$ 82,564,853</u>	<u>\$ 74,507,467</u>

As indicated in the table above, current assets increased each year from 2018 to 2020. This was primarily because the District 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**  
**YEARS ENDED JUNE 30, 2020 AND 2019**

Results of operations are summarized as follows:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Operating revenues	\$ 16,874,361	\$ 16,964,083	\$ 16,829,908
Nonoperating revenues	2,715,714	2,260,689	1,870,947
Total revenues	<u>19,590,075</u>	<u>19,224,772</u>	<u>18,700,855</u>
Operating expenses	<u>13,853,263</u>	<u>12,601,257</u>	<u>12,235,868</u>
Income before connection fees received and special item	5,736,812	6,623,515	6,464,987
Capital contributions	<u>175,217</u>	<u>1,433,871</u>	<u>158,880</u>
Changes in net position	5,912,029	8,057,386	6,623,867
Net position at beginning of the year	<u>82,564,853</u>	<u>74,507,467</u>	<u>67,883,600</u>
Net position at end of the year	<u>\$ 88,476,882</u>	<u>\$ 82,564,853</u>	<u>\$ 74,507,467</u>

Operating revenues held stable from 2018 to 2020 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 investment income. Nonoperating revenues held stable from 2019 to 2020. Operating expenses increased each year from 2018 to 2020. Included in operating expenses are waste treatment costs incurred as a member of the Central Marin Sanitation Agency which increased by \$309,000 from 2019 to 2020. These sewage treatment operating costs include a proportionate share of revenue bonds issued by the Central Marin Sanitation Agency (CMSA). Other causes of the increase in operating expenses from 2019 to 2020 were adjustments to unfunded post-employment benefits for contract staff, increases in depreciation as asset additions exceeded asset dispositions, and increases in other general operating costs.

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 2019 fiscal year.

**SAN RAFAEL SANITATION DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**YEARS ENDED JUNE 30, 2020 AND 2019**

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Land & easements	\$ 115,329	\$ 115,329	\$ 115,329
Construction in progress	1,377,642	1,534,375	775,804
Subsurface lines	28,439,065	26,307,448	24,691,723
Sewage collection facilities	22,744,787	23,837,293	22,514,067
General plant & admin facilities	801,437	498,447	536,134
Net investment in capital assets	<u>\$ 53,478,260</u>	<u>\$ 52,292,892</u>	<u>\$ 48,633,057</u>

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

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

The first program, known as the *80-Year Life-Cycle Program*, is maintained to provide for systematic replacement of all the District's gravity sewer lines over a rolling, 80-year cycle. Management plans to replace an average of 1.6 miles of sewer lines per year at an estimated cost of \$4.9 million per year. Approximately \$1.7 million was expended on these projects during the year ended June 30, 2020, leaving a reserve balance of \$16.5 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 \$1.2 million was expended on these projects during the year ended June 30, 2020, leaving a reserve balance of \$6.3 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 \$0.5 million was expended on equipment during the year ended June 30, 2020, leaving a reserve balance of \$1.5 million for this program.

**SAN RAFAEL SANITATION DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**YEARS ENDED JUNE 30, 2020 AND 2019**

**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 2019-20 are expected to be sufficient to fund operations and planned capital improvement projects for the near term.

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

**REQUESTS FOR INFORMATION**

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

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



## **Basic Financial Statements**

**SAN RAFAEL SANITATION DISTRICT**  
**STATEMENTS OF NET POSITION**  
**JUNE 30, 2020 AND 2019**

	<b>2020</b>	<b>2019</b>
<b>ASSETS</b>		
Current assets		
Cash equivalents	\$ 38,895,857	\$ 34,255,365
Accounts receivable and accrued revenue	1,353,774	1,349,327
Prepaid expenses	62,461	58,166
Due from related parties	145,014	289,302
Total current assets	40,457,106	35,952,160
Noncurrent assets		
Nondepreciable assets	1,492,971	1,649,704
Collection systems and facilities, net	51,985,289	50,643,188
Total noncurrent assets	53,478,260	52,292,892
Total assets	93,935,366	88,245,052
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	516,279	1,015,467
Payable to related parties	5,156	50,769
Obligation to the City of San Rafael	617,746	626,907
Total current liabilities	1,139,181	1,693,143
Noncurrent liabilities:		
Obligation to the City of San Rafael	4,319,303	3,987,056
Total liabilities	5,458,484	5,680,199
<b>NET POSITION</b>		
Investment in capital assets	53,478,260	52,292,892
Unrestricted	34,998,622	30,271,961
Total net position	\$ 88,476,882	\$ 82,564,853

**SAN RAFAEL SANITATION DISTRICT**  
**STATEMENTS OF REVENUES, EXPENSES AND**  
**CHANGES IN NET POSITION**  
**YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b>OPERATING REVENUES</b>		
Sewer charges	\$ 16,874,361	\$ 16,964,083
<b>OPERATING EXPENSES</b>		
Sewage collection	4,368,531	3,755,004
Sewage treatment	6,996,412	6,687,210
Depreciation and amortization	2,154,056	1,889,198
General and administration	334,264	269,845
Total operating expenses	<u>13,853,263</u>	<u>12,601,257</u>
Operating income	<u>3,021,098</u>	<u>4,362,826</u>
<b>NONOPERATING REVENUES</b>		
Property taxes	1,833,137	1,727,221
Aid from governmental agencies	5,719	5,907
Investment income	876,369	519,793
Miscellaneous income	489	
Gain on sale of asset	-	7,768
Total nonoperating revenues	<u>2,715,714</u>	<u>2,260,689</u>
Income before capital contributions	<u>5,736,812</u>	<u>6,623,515</u>
<b>CAPITAL CONTRIBUTIONS</b>		
Connection fees received	175,217	159,676
Caltrans capital contribution	-	1,274,195
Total capital contributions	<u>175,217</u>	<u>1,433,871</u>
<b>CHANGES IN NET POSITION</b>	5,912,029	8,057,386
Net position at beginning of the year	<u>82,564,853</u>	<u>74,507,467</u>
Net position at end of the year	<u>\$ 88,476,882</u>	<u>\$ 82,564,853</u>

**SAN RAFAEL SANITATION DISTRICT**

**STATEMENTS OF CASH FLOWS**

**YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from sewer charges	\$ 16,873,574	\$ 16,966,680
Payments to City of San Rafael for contract personnel	(1,836,770)	(2,220,168)
Payments to joint venture for sewage treatment	(6,996,412)	(6,687,210)
Payments to vendors and suppliers	(1,810,861)	(1,166,446)
Payments to City of San Rafael regarding post-employment benefits for contract personnel	(655,534)	(655,399)
Receipts of miscellaneous income	489	-
	<u>5,574,486</u>	<u>6,237,457</u>
Net cash equivalents provided by operating activities		
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Receipts from property taxes	1,833,137	1,727,221
Receipts of aid from governmental agencies	5,719	5,907
	<u>1,838,856</u>	<u>1,733,128</u>
Net cash equivalents provided by non-capital financing activities		
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Connection fees collected	175,217	159,676
Payments for capital acquisitions	(3,820,776)	(4,905,070)
Proceeds from sale of capital asset	-	7,768
	<u>(3,645,559)</u>	<u>(4,737,626)</u>
Net cash equivalents used for capital and related financing activities		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment income received from Marin County pooled cash and investments account	872,709	519,793
	<u>872,709</u>	<u>519,793</u>
Net change in cash equivalents	4,640,492	3,752,752
Cash equivalents at beginning of year	34,255,365	30,502,613
Cash equivalents at end of year	<u>\$ 38,895,857</u>	<u>\$ 34,255,365</u>

**SAN RAFAEL SANITATION DISTRICT**  
**STATEMENTS OF CASH FLOWS (CONTINUED)**  
**YEARS ENDED JUNE 30, 2020 AND 2019**

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

	<b>2020</b>	<b>2019</b>
Operating income	\$ 3,021,098	\$ 4,362,826
Adjustments to reconcile operating income to net cash equivalents provided (used) by operating activities:		
Depreciation and amortization	2,154,056	1,889,198
Receipts of miscellaneous income	489	-
(Increase) decrease in accounts receivable and other current assets	139,206	(42,774)
Increase (decrease) in accounts payable and other current liabilities	(63,449)	35,681
Increase (decrease) in obligation to the City of San Rafael	323,086	(7,474)
Net cash equivalents provided by operating activities	\$ 5,574,486	\$ 6,237,457

**SAN RAFAEL SANITATION DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2020 AND 2019**

**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.

**BASIS OF ACCOUNTING**

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.

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**  
**YEARS ENDED JUNE 30, 2020 AND 2019**

**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**  
**YEARS ENDED JUNE 30, 2020 AND 2019**

**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**  
**YEARS ENDED JUNE 30, 2020 AND 2019**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**STAFF SALARIES AND BENEFITS AND WORKERS' COMPENSATION**

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

**ESTIMATES**

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

**RECLASSIFICATIONS**

Certain amounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation of the current-year financial statements. These reclassifications did not result in any change in previously reported net position or change in net position.

**3. CASH EQUIVALENTS**

The District maintains all its cash equivalents in the Marin County Investment Pool to increase investment earnings through pooled investment activities. Revenue 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**  
**YEARS ENDED JUNE 30, 2020 AND 2019**

**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, 2020, 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. The District's proportionate share of investments in the County Pool at fair value at June 30, 2020 and 2019 was \$38,896,000 and \$34,255,000, respectively, and are not required to be categorized under the fair value hierarchy.

**SAN RAFAEL SANITATION DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2020 AND 2019**

**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, 2020 and 2019, the County's investment pool had a weighted average maturity of 220 and 218 days, respectively.

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

**CREDIT RISK**

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

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

**SAN RAFAEL SANITATION DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2020 AND 2019**

**4. COLLECTION SYSTEMS AND FACILITIES**

A summary of the District's collection systems and facilities for the years ended June 30, 2020 and 2019 respectively, follows:

	Balance at June 30, 2019	Additions	Retirements	Transfers & Adjustments	Balance at June 30, 2020
<b>Nondepreciable capital assets:</b>					
Land and easements	\$ 115,329	\$ -	\$ -	\$ -	\$ 115,329
Construction in progress	1,534,375	2,597,207	-	(2,753,940)	1,377,642
Total nondepreciable	<u>\$ 1,649,704</u>	<u>\$ 2,597,207</u>	<u>\$ -</u>	<u>\$ (2,753,940)</u>	<u>\$ 1,492,971</u>
<b>Depreciable capital assets:</b>					
Subsurface lines	\$ 38,750,212	\$ 180,839	\$ -	\$ 2,522,079	\$ 41,453,130
Sewage collection facilities	44,700,569	80,484	-	231,862	45,012,915
General plant and administration	1,749,793	480,893	-	-	2,230,686
Total depreciable	<u>85,200,574</u>	<u>742,216</u>	<u>-</u>	<u>2,753,941</u>	<u>88,696,731</u>
<b>Less: accumulated depreciation:</b>					
Subsurface lines	12,442,764	571,301	-	-	13,014,065
Sewage collection facilities	20,863,276	1,404,852	-	-	22,268,128
General plant and administration	1,251,346	177,903	-	-	1,429,249
Total accumulated depreciation	<u>34,557,386</u>	<u>2,154,056</u>	<u>-</u>	<u>-</u>	<u>36,711,442</u>
Total collection systems & & facilities-net	<u>\$ 50,643,188</u>	<u>\$ (1,411,840)</u>	<u>\$ -</u>	<u>\$ 2,753,941</u>	<u>\$ 51,985,289</u>

**SAN RAFAEL SANITATION DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2020 AND 2019**

**4. COLLECTION SYSTEMS AND FACILITIES (continued)**

	<u>Balance at June 30, 2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers &amp; Adjustments</u>	<u>Balance at June 30, 2019</u>
<b>Nondepreciable capital assets:</b>					
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>
<b>Depreciable capital assets:</b>					
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>
<b>Less: accumulated depreciation:</b>					
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**  
**YEARS ENDED JUNE 30, 2020 AND 2019**

**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, 2020. 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 Districts portion of the unfunded obligations:

Balance at June 30, 2019	\$ 4,613,963
Actuarial adjustment	978,620
Payments	<u>(655,534)</u>
Balance at June 30, 2020	4,937,049
Less current portion	<u>(617,746)</u>
Balance due after one year	<u><u>\$ 4,319,303</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 five-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, and one appointed by the governing board of Sanitary District No. 2 (SD 2).

**SAN RAFAEL SANITATION DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2020 AND 2019**

**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 and online at [www.cmsa.us](http://www.cmsa.us).

**7. COMMITMENTS**

As of June 30, 2020, SRSD had several contracts for sewer improvement projects with remaining obligations of approximately \$2,830,000, with the majority expected to be completed within the 2020-21 fiscal year.

**SAN RAFAEL SANITATION DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2020 AND 2019**

**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, 2020 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)	\$ 13,126,769	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
CSRMA - Lloyds of London	\$ 2,500,000	Deadly weapons - aggregate



**SAN RAFAEL SANITATION DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2020 AND 2019**

**8. RISK MANAGEMENT (continued)**

The financial statements of CSRMA are available at their office: 100 Pine Street, 11<sup>th</sup> Floor, San Francisco, CA 94111 and online at [www.csrma.org](http://www.csrma.org).

**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 \$3,064,000 and \$2,941,000 for the years ended June 30, 2020 and 2019, respectively. These amounts included required payments to reduce 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, 2020 and 2019 of approximately \$5,000 and \$51,000, 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, 2020 and 2019 of approximately \$145,000 and \$289,000, respectively, which represents adjustments from payments of estimated amounts made during the year to actual costs as determined at year end.

**10. SUBSEQUENT EVENT**

**Covid-19**

In December 2019, a novel strain of coronavirus disease ("COVID-19") was first reported in Wuhan, China. Less than four months later, on March 11, 2020, the World Health Organization declared COVID-19 a pandemic. The extent of which the ongoing response to and impacts of COVID-19 will affect SRSD's operational and financial performance are unknown at this time and will be monitored by management.

SAN RAFAEL SANITATION DISTRICT  
 Schedule of Connection Fees  
 Fiscal Year Ended June 30, 2020

5.6.

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, 2020, are as follows:

	Project Status	Project Annual Total	Connection Fees	% of Annual Total
<b>Connection fees available at beginning of year</b>			\$ -	
<b>Add: Connection fees collected</b>			\$ 175,217	
<b>Expended for the following projects:</b>				
S. Francisco Pump Station	<i>In Progress</i>	\$ 923,649	\$ 175,217	19%
<b>Total connection fees expended</b>			<b>\$ 175,217</b>	
<b>Connection fees available at end of year</b>			<b>\$ -</b>	

5.c.

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

**DATE:** September 18, 2020  
**TO:** Board of Directors, San Rafael Sanitation District  
**FROM:** Doris Toy, District Manager/District Engineer  
**SUBJECT:** Adopt Resolution Designating those Employees and Consultants Subject to Conflict of Interest Filing Requirements

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**SUMMARY**

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

The District last updated its Conflict of Interest Code in 2018. During our latest review of the Code, it was noted that the District had decided to add the position of Operations and Maintenance Manager. Therefore, the District is required to amend its Code and adopt a new resolution reflecting this change.

The District is required to submit the attached "2020 Local Agency Biennial Notice" to the County Board of Supervisors, as the Code reviewing body for our agency, by October 1, 2020. If amendments are necessary, as in the District's case, the amended Code (Resolution No. 20-1212) must be forwarded to the Board of Supervisors within 90 days of filing the Biennial Notice.

**ACTION REQUIRED**

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

Attachment: Resolution  
2020 Local Agency Biennial Notice  
Office of the Clerk of the Marin County Board of Supervisor letter, 6/17/20

**SAN RAFAEL SANITATION DISTRICT**

**RESOLUTION NO. 20-1212**

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

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

**WHEREAS**, The District last updated the personnel required to file a Conflict of Interest Form in 2018; and

**WHEREAS**, a new position has been added, which requires the updating of Resolution No. 18-1179.

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

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

**PASSED AND ADOPTED** at a special meeting of the Board of Directors on the  
18th day of September 2020 by the following vote:

**AYES:**

**NOES:**

**ABSENT/ABSTAIN:**

**SAN RAFAEL SANITATION DISTRICT**

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**Gary O. Phillips, Chair**

**ATTEST:**

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**Maribeth Bushey, Secretary**

# 2020 Local Agency Biennial Notice

Name of Agency: San Rafael Sanitation District

Mailing Address: 111 Morpew Street, San Rafael, CA 94901

Contact Person: Doris Toy Phone No. (415) 485-3484

Email: doris.toy@cityofsanrafael.org Alternate Email: \_\_\_\_\_

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

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

**An amendment is required. The following amendments are necessary:**

(*Check all that apply.*)

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

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

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

## Verification (to be completed if no amendment is required)

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

\_\_\_\_\_  
*Signature of Chief Executive Officer*

9-18-2020  
*Date*

Doris Toy, District Manager/District Engineer

All agencies must complete and return this notice regardless of how recently your code was approved or amended. Please return this notice no later than **October 1, 2020**, or by the date specified by your agency, if earlier, to:

(PLACE RETURN ADDRESS OF CODE REVIEWING BODY HERE)

**PLEASE DO NOT RETURN THIS FORM TO THE FPPC.**



San Rafael

JUL 16 2020

Sanitation District

BOARD OF SUPERVISORS

PRESIDENT

Katie Rice

2<sup>ND</sup> DISTRICT

VICE PRESIDENT

Dennis Rodoni

4<sup>TH</sup> DISTRICT

2<sup>ND</sup> VICE PRESIDENT

Judy Arnold

5<sup>TH</sup> DISTRICT

Damon Connolly

1<sup>ST</sup> DISTRICT

Kathrin Sears

3<sup>RD</sup> DISTRICT

Matthew H. Hymel

COUNTY ADMINISTRATOR

CLERK OF THE BOARD

Diane Patterson

ASSISTANT CLERK OF THE BOARD

Marin County Civic Center

3501 Civic Center Drive

Suite 329

San Rafael, CA 94903

415 473 7331 T

415 473 3645 F

415 473 6172 TTY

[www.marincounty.org/bos](http://www.marincounty.org/bos)

**DATE:** June 17, 2020

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

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

**RE:** 2020 Biennial Notice - Conflict of Interest Code

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

No later than **October 1, 2020**, your agency must submit to the County Board of Supervisors the enclosed 2020 Local Agency Biennial Notice indicating whether an amendment to your Conflict of Interest Code is necessary. Even if your Code needs no changes, State law requires that you submit the enclosed notice stating that no changes to your Code are necessary.

Therefore, please review the attached. If amendments to your agency's Conflict of Interest Code are necessary, the amended Code must be forwarded to the Board of Supervisors within 90 days of filing the biennial notice. For example, if your agency files its notice on October 1, 2020 indicating that an amendment is necessary, the amendment is due to the Board of Supervisors by December 30, 2020. An agency's amended Code is not effective until it has been approved by the Board of Supervisors.

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

Thank you in advance for your attention to this matter.

Sincerely,

Shelagh Stewart-Chung  
Deputy Clerk of the Board

Enclosures

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

**DATE:** September 18, 2020  
**TO:** Board of Directors, San Rafael Sanitation District  
**FROM:** Doris Toy, District Manager/District Engineer  
**SUBJECT:** Adopt Resolution Authorizing the District Manager/District Engineer to Execute the Amended and Restated Payment Agreement Relating to Central Marin Sanitation Agency Revenue Bonds and Authorizing Certain Related Matters

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**SUMMARY**

Central Marin Sanitation Agency (CMSA) previously issued Revenue Bonds on April 22, 2015, and is planning to issue its Revenue Bonds, Series 2020, and certain additional series of Revenue Bonds to finance or refinance capital improvements to CMSA's facilities.

The JPA Members (San Rafael Sanitation District, Ross Valley Sanitary District, and Sanitary District No. 2) originally entered into a Payment Agreement for Treatment Service, dated October 1, 2006, and an amendment to the Agreement dated October 20, 2016, in which the Members agreed to pay certain payments for the treatment service to be provided by CMSA. CMSA's Bond Counsel, Hawkins Delafield & Wood, LLP, recommends that the Payment Agreement be updated and clarified so that it applies to the upcoming bond issuance and future bond issuances by CMSA. The proposed Payment Agreement is attached.

**ACTION REQUIRED**

Adopt resolution authorizing the District Manager/District Engineer to execute the Amended and Restated Payment Agreement relating to Central Marin Sanitation Agency revenue bonds and authorizing certain related matters.

Attachments: Proposed Payment Agreement  
Resolution



**AMENDED AND RESTATED  
PAYMENT AGREEMENT FOR  
TREATMENT SERVICE**

**by and among**

**CENTRAL MARIN SANITATION AGENCY  
SAN RAFAEL SANITATION DISTRICT  
ROSS VALLEY SANITARY DISTRICT  
SANITARY DISTRICT NO. 2 OF MARIN COUNTY**

**Dated as of \_\_\_\_\_ 1, 2020**

**AMENDED AND RESTATED  
PAYMENT AGREEMENT FOR TREATMENT SERVICE**

This **Amended and Restated Payment Agreement for Treatment Service** (the "Payment Agreement"), dated as of \_\_\_\_\_ 1, 2020, is hereby entered into by Central Marin Sanitation Agency ("CMSA"), San Rafael Sanitation District ("SRSD"), Ross Valley Sanitary District ("RVSD") and Sanitary District No. 2 of Marin County ("San District No. 2").

**WITNESSETH**

**WHEREAS**, CMSA is a joint exercise of power agency formed pursuant to Chapter 5 of Division 7 of Title 1 of the California Government Code and the Joint Powers Agreement, dated October 15, 1979 (as amended from time to time, the "JPA Agreement"), by and among SRSD, RVSD and San District No. 2 (collectively, the "Members");

**WHEREAS**, the Members originally entered that certain Payment Agreement for Treatment Service, dated as of October 1, 2006, and an amendment thereto dated October 20, 2016 (the "Existing Payment Agreement") and wish to amend and restate the Existing Payment Agreement with this amended and restated Payment Agreement;

**WHEREAS**, CMSA has, and plans to, finance and/or refinance with revenue bonds (as further defined herein, the "Bonds") certain capital improvements to CMSA's treatment facilities (the "Project"), which facilities and Project provide treatment services to the Members (the "Treatment Service");

**WHEREAS**, in order to provide for the payment and other support of the Bonds, the Members hereby agree to pay certain payments (as further defined herein, the "Payments") for the Treatment Service to be provided by CMSA and certain other matters provided herein; and

**WHEREAS**, the Members find and agree that it is in the public interest and necessity and will promote public environment, health, safety, and welfare for CMSA to construct the Project and provide such Treatment Service;

**NOW, THEREFORE**, in consideration of the mutual covenants and agreements herein, the parties hereby agree that this Payment Agreement shall amend and restate the Existing Payment Agreement as follows:

**ARTICLE I**

**DEFINITIONS**

Capitalized terms used herein shall have the meanings provided in the Recitals hereto and below.

"Bond Indenture" means the indenture and/or other bond issuance documents pursuant to which the Bonds are issued and secured.

"Bond Trustee" means the trustee or fiscal agent for the Bonds.

"Bonds" means any bonds, certificates of participation or other obligations sold or to be sold by CMSA from time to time to finance or refinance the Project.

"County" means County of Marin.

"Fiscal Year" means the period from July 1 to June 30.

"Payments" means the payments for Treatment Service by the Members that provide for the debt service on the Bonds, plus amounts required to satisfy the Rate Covenant and any other covenants under the Bond Indenture.

"Rate Covenant" means the provisions under the Bond Indenture requiring a specified amount of revenues and levels of rates and charges.

"System Net Revenues" means System Revenues less operations and maintenance (excluding depreciation and debt service) of a Member.

"System Revenues" means the revenues of the wastewater system of a Member which are legally available to pay the Payments.

## ARTICLE II

### PAYMENTS FOR TREATMENT SERVICE

**Section 2.01. The Payments.** Each Member hereby agrees to pay its Payments to CMSA when due. Each Member agrees that the obligation to pay its Payments shall constitute an unconditional obligation of such Member payable from and secured by the System Revenues of such Member.

On or before June 1 of each year, CMSA shall calculate, based on the previous Fiscal Year's allocation method as provided in the JPA Agreement, the Payments due from each Member for the next Fiscal Year. The allocation method and any change thereto shall be memorialized in a memorandum of understanding to be entered into by the Members from time to time. The aggregate amount of such Payments due from the Members in each Fiscal Year shall be sufficient to the pay the debt service due on the Bonds plus amounts required to satisfy the Rate Covenant and any other covenants under the Bond Indenture. Such Payments and method of allocation may take into account any other revenues that may be available to CMSA to pay debt service.

The parties hereto agree that the Payments for Treatment Service shall be considered and treated as an operating expense of each Member. In the event that the Payments are not permitted to be treated as an operating expense of a Member, the Payments shall be treated as a parity obligation of such Member payable from and secured by System Net Revenues of such Member on parity with any other wastewater debt obligations of such Member.

Each Member agrees, to the maximum extent permitted by law, to set wastewater service rates and charges at levels so as to provide sufficient revenues to fund the Payments, other amounts payable to CMSA under the JPA Agreement for treatment capacity and other purposes

and all other funding needs of its wastewater system. The parties hereto agree and acknowledge that, notwithstanding this Payment Agreement, certain other payments for treatment capacity and other purposes will continue to be payable by the Members to CMSA pursuant to the terms of the JPA Agreement.

### ARTICLE III

#### COVENANTS

**Section 3.01. Joint Powers Agreement.** CMSA and each Member agrees that they will not (i) withdraw from or dissolve CMSA or (ii) amend the JPA Agreement so as to materially adversely affect the holders of the Bonds.

### ARTICLE IV

#### DEFAULTS AND AMENDMENTS

**Section 4.01. Default.** If (i) default shall be made in the due and punctual payment of Payments as required to be paid under Section 2.01 or (ii) default shall be made by any Member in the observance of any of the covenants, agreements or conditions on its part in this Payment Agreement and such default shall have continued for a period of 30 days after such Member shall have given notice in writing by CMSA or the Bond Trustee of such default, such Member shall be deemed to be in default under this Agreement and it shall be lawful for CMSA or the Bond Trustee to exercise any and all remedies available pursuant to law or granted pursuant to this Payment Agreement.

**Section 4.02. Amendments.** The parties hereto may agree in writing to the amendment of this Payment Agreement; provided, however, that the parties agree and recognize that this Payment Agreement is entered into in accordance with the terms of the Bond Indenture and accordingly, this Payment Agreement may not be terminated while the Bonds are outstanding, and that any such amendment shall only be made or effected in accordance with and subject to the terms of the Bond Indenture so as to protect the rights of holders of the Bonds.

### ARTICLE V

#### TERM AND MISCELLANEOUS PROVISIONS

**Section 5.01. Term.** The term of this Payment Agreement shall extend until the payment in full of the Bonds.

**Section 5.02. Notices and Addresses.** Any notice, invoice or other communication to be given under this Payment Agreement to any signatory hereof shall be in writing and shall be given by registered mail, return receipt requested, or by personal delivery, receipt acknowledged, to such party at such party's respective address as follows:

Central Marin Sanitation Agency  
1301 Andersen Drive  
San Rafael, California 94901  
Tel: (415) 459-1455  
Attention: General Manager

San Rafael Sanitation District  
111 Morphew Street  
San Rafael, CA 94901  
Tel: (415) 485-3132  
Attention: District Administrator

Ross Valley Sanitary District  
2960 Kerner Boulevard  
San Rafael, CA 94901  
Tel: (415) 259-2949  
Attention: District Manager

Sanitary District No.2 of Marin County  
300 Tamalpais Drive  
Corte Madera, CA 94925  
Tel: (415) 927-5057  
Attention: Public Works Director

Any signatory hereof may, in lieu of the above address and upon notice to all other parties as provided in this section, specify a different address for the delivery of notices, invoices or other communications.

**Section 5.03. Assignment.** Neither this Payment Agreement nor any right or duty of any Member hereunder shall be assigned or delegated by such Member by voluntary act or by operation of law or otherwise, except with the prior written consent of CMSA and all the other Members.

**Section 5.04. Binding Effect.** This Agreement shall inure to the benefit of and shall be binding upon CMSA and the Members and their successors and assigns.

**Section 5.05. Severability.** If any one or more of the covenants or agreements, or portions thereof provided in this Payment Agreement shall be held by a court or competent jurisdiction to be void, voidable or unenforceable, then such covenant or covenants, such agreement or agreements, or such portions thereof, shall be null and void and shall be deemed separable from the remaining covenants and agreements or portions thereof and shall in no way affect the validity of or enforceability or the remaining portions of this Payment Agreement.

**Section 5.06. No Personal Liability.** No member of the governing body, officer, agent or employee of CMSA or any Member shall be individually or personally liable for any payments to be made under this Payment Agreement; but nothing herein contained shall relieve any such Member of the governing body, officer, agent or employee from the performance any official duty provided by law.

**Section 5.07. Complete Agreement; Amendments.** This Payment Agreement represents the entire agreement between CMSA and the Members. This Agreement may not be amended, changed, modified or altered except in writing as provided in Section 4.02.

**Section 5.08. Law Governing.** This Payment Agreement shall be governed exclusively by the provisions hereof and by the laws of the State of California as the same from time to time exist.

**Section 5.09. Parties Benefited.** This Payment Agreement is made and entered into for the benefit of CMSA, the Members, the holders of the Bonds and the Bond Trustee, and no other person or entities shall have any right of action hereunder. The Bond Trustee is an express third party beneficiaries of this Payment Agreement.

**Section 5.10. Article and Sections Headings.** The headings or titles of the several articles and sections hereof, and any table or contents appended hereto, shall be solely for convenience or reference and shall not affect the meaning, construction or effect of this Payment Agreement.

All references herein to "Articles," "Sections" and other subdivisions are to the corresponding articles, sections or subdivisions of this Agreement; and the words "herein," "hereof," "hereunder," "hereinafter" and any other words of similar import refer to this Payment Agreement as a whole and not to any particular article, section or subdivision hereof.

**Section 5.11. Execution in Counterparts.** This Payment Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all together shall constitute but one and the same Payment Agreement.

*[Signature page follows.]*

IN WITNESS WHEREOF, CMSA and the Members have caused this Payment Agreement to be executed or acknowledged as of the date first above written.

CENTRAL MARIN SANITATION AGENCY

By: \_\_\_\_\_  
Jason Dow  
General Manager

SAN RAFAEL SANITATION DISTRICT

By: \_\_\_\_\_  
Authorized Officer

ROSS VALLEY SANITARY DISTRICT

By: \_\_\_\_\_  
Authorized Officer

SANITARY DISTRICT NO. 2 OF MARIN COUNTY

By: \_\_\_\_\_  
Authorized Officer

**RESOLUTION NO. 20-1213**

**RESOLUTION OF THE SAN RAFAEL SANITATION DISTRICT  
REGARDING THE APPROVAL OF AN AMENDED AND RESTATED PAYMENT  
AGREEMENT RELATING TO CENTRAL MARIN SANITATION AGENCY REVENUE  
BONDS, AND AUTHORIZING CERTAIN RELATED MATTERS**

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**WHEREAS**, the San Rafael Sanitation District (the "District") is duly organized and existing under the laws of the State of California (the "Law") and is a member of the Central Marin Sanitation Agency ("CMSA"); and

**WHEREAS**, CMSA is a joint exercise of power agency formed pursuant to Chapter 5 of Division 7 of Title 1 of the California Government Code and the Joint Powers Agreement, dated October 15, 1979 (as amended from time to time, the "JPA Agreement"), by and among San Rafael Sanitation District, Ross Valley Sanitary District and Sanitary District No. 2 of Marin County (collectively, the "Members"); and

**WHEREAS**, CMSA has previously issued Revenue Bonds on April 22, 2015 and is planning to issue its Revenue Bonds, Series 2020 and certain additional series of Revenue Bonds (collectively, the "Bonds") to finance or refinance certain capital improvements to CMSA's facilities, including capital projects as described in CMSA's Capital Improvement Plan (collectively, the "Project"), which Project provides treatment services to the Members; and

**WHEREAS**, the Members originally entered into that certain Payment Agreement for Treatment Service, dated as of October 1, 2006, and an amendment thereto dated October 20, 2016 (the "Existing Payment Agreement"), under which the Members agreed to pay certain payments for the treatment service to be provided by CMSA and certain other matters;

**WHEREAS**, the Members wish to amend and restate the Existing Payment Agreement (as amended and restated, the "Amended and Restated Payment Agreement");

**WHEREAS**, the Board of Directors of the District (the "Board") finds and agrees that the issuance of the Bonds and the financing or refinancing of the Project is in the public interest; and

**WHEREAS**, in order to effectuate the issuance of the Bonds and to provide for certain related matters, the Board deems it in the best interests of the District to adopt this Resolution (the "Resolution");

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF THE DISTRICT, AS FOLLOWS:**

Section 1. Whereas Clauses Adopted. This Board hereby finds, agrees and approves the statements made in the foregoing "Whereas" clauses above.

Section 2. Approval of Issuance of Bonds and the Amended and Restated Payment Agreement. The Board hereby approves and ratifies the issuance by CMSA of the Bonds to provide funds to finance or refinance the Project. The District Manager of the District and/or his designees (the "Authorized Officers") are hereby authorized and directed to execute for and on behalf of the



District the Amended and Restated Payment Agreement, in substantially the form filed with the District Manager of the District, with such changes therein as the Authorized Officers shall approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 3. Authorization of Information in Official Statement. The Board hereby authorizes (i) an Authorized Officer of the District to assist CMSA with preparing disclosure information regarding the District as part of an official statement and an annual continuing disclosure undertaking relating to the Bonds, (ii) the inclusion of such information in, and the attachment of the District's audited financial statements to, such official statement or continuing disclosure undertaking, and (iii) an Authorized Officer to execute for an on behalf of the District certifications and representations as to the accuracy of said information.

Section 4. Other Actions Authorized. The Board authorizes the Authorized Officer to take all actions and execute any and all documents described in this Resolution and otherwise necessary or desirable to effect the issuance of the Bonds by CMSA, and otherwise to carry out, give effect to and comply with the terms and intent of this Resolution. Such actions heretofore taken by such Authorized Officer are hereby ratified, confirmed and approved.

**PASSED AND ADOPTED** on September 18, 2020 , by the following vote.

**AYES:**

**NAYS:**

**ABSENT:**

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**Gary O. Phillips, Chair**

**ATTEST:**

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**Maribeth Bushey, Secretary**