

A G E N D A

SAN RAFAEL SANITATION DISTRICT
BOARD OF DIRECTORS
THURSDAY – OCTOBER 7, 2021 - 11:00 A.M.
Join Zoom Meeting at <https://zoom.us/j/97026299529>

Meeting ID: 970 2629 9529

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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 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 – September 2, 2021.

3. PAYMENTS

Request approval as submitted.

4. OLD BUSINESS

a. Discussion on Strategic Planning.

5. NEW BUSINESS

- a. Presentation of the 2020-21 Financial Statements for acceptance and approval. (Michael Maher)
- b. Presentation of the 2020-21 Schedule of Connection Fees for acceptance and approval. (Michael Maher)
- c. Adopt resolution authorizing the District Manager/District Engineer to execute a Professional Services Agreement with Kimley-Horn and Associates, Inc., for engineering related services for the 2021 Sewer Repairs Predesign Study.

6. INFORMATIONAL ITEMS

7. DIRECTOR REPORTS/REQUESTS FOR FUTURE AGENDA ITEMS

8. CLOSED SESSION

- a. **Conference with Legal Counsel**
California Government Code
Section 54956.9(d)(2)
Number of Potential Cases: One (1)

9. ADJOURNMENT

The next scheduled meeting is November 4, 2021.



SAN RAFAEL SANITATION DISTRICT
Minutes of the Meeting
September 2, 2021

Regular Meeting

Via Teleconferencing

The meeting was called to order at 11:05 A.M. by Chair Kate.

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

Attendance Staff: Doris Toy, District Manager/District Engineer
David Nicholson, Senior Civil Engineer
Kris Ozaki, Operations and Maintenance Manager
Liza Justo, Junior Engineer
Cynthia Hernandez, District Secretary

Attendance Others: Mike Bakaldin, Management Resource Group, LLC
Patricia Francisco, Management Resource Group, LLC
Jason Dow, General Manager of CMSA
Dean DiGiovanni, CMSA Commissioner for SRSD

1. **OPEN PERIOD** - No persons were present to address the Board. A roll call was taken, and Chair Kate, Director Bushey, and Director Rice were present.
2. **MINUTES OF AUGUST 5, 2021.**

MOTION by Director Bushey, seconded by Director Rice, to approve the minutes of the August 5, 2021, meeting as presented.

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

Motion Carried

3. PAYMENTS

MOTION by Director Bushey, seconded by Director Rice, to approve the payments for August 2021 in the amount of \$1,172,476.59 for maintenance and operation of the District and for capital improvements.

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

Motion Carried

4. OLD BUSINESS

None.

5. NEW BUSINESS

a. Presentation of the Organizational Review and Analysis Report. (MRG)

District Manager Toy reported that back in May the District had entered into a Professional Services Agreement with MRG to perform a high-level review and analysis of the District's organizational structure and staffing resources and to produce a report with their key findings and recommendations for potential restructuring, appropriate staffing, efficiency, and service delivery. She also reported that MRG had interviewed at least one staff member in each position and each of the Board members. They had also surveyed comparable sewer districts, such as Castro Valley Sanitary District in Alameda County and Stege Sanitary District in Contra Costa County plus two JPA member agencies, Ross Valley Sanitary District and Sanitary District No. 2. Manager Toy then requested Mike Bakaldin and Patricia Francisco with MRG to present their report. Mr. Bakaldin then reported that this is a high-level organizational structure review and that most of the information came from interviews with District staff, the comparable agency analysis, and personal field experience (his experience is in public works/wastewater and Ms. Francisco's is in human resources). He also reported that the analysis of the staff compensation review was done by the City of San Rafael. Mr. Bakaldin then reviewed the following sections of the report: Purpose of the Project, Project Methodology, Key Observations (which are what drove the recommendations per Mr. Bakaldin), Comparative Agency Data (using RVSD, SD2, Castro Valley SD, and Stege SD), Comparative Agency Staffing Ratios (using the same agencies), and Single-Family Sewer Rate Agency Comparison. Ms. Francisco then reviewed the following section: Compensation Study Review (she recommended a separate compensation study for SRSD from the one performed by the City). Mr. Bakaldin then reviewed the Recommendations and the Proposed Organizational Structure. Next, the Board was invited to ask questions about the report, and the Board commented that the report did not contain any recommendations for the Board. Ms. Francisco and Mr. Bakaldin then reported that MRG does have the capacity to perform a review of the Board, but this may involve a legal issue since board members for sanitation districts are appointed and are elected for sanitary districts. He then reported that they could take a look at this. There was also a discussion regarding how best to proceed with the recommendations while keeping any future consolidation in mind and how best to implement and sustain these recommendations. One suggestion was to hire a consultant to help implement the recommendations. The Board also commented on the importance of making the adoption of a sewer lateral ordinance a priority. Liza Justo, the District's new Junior Engineer, then introduced herself and reported that she was assisting the District Secretary by screening phone calls for any public comments. Jason Dow, the CMSA General Manager, then suggested the possibility of sharing an administrative assistant with SRSD since CMSA is currently advertising for an administrative intern. The Board and the District Manager then agreed that the best way to approach the recommendations from the study would be to have a facilitator conduct a Board workshop within the next few weeks in order to develop a strategic plan to help the District prioritize and implement them. Manager Toy also suggested having MRG perform a comprehensive salary study and Board study shortly as well, but Chair Kate felt it was best to have the Board workshop first. The Board then thanked Mr. Bakaldin and Ms. Francisco for their work.

- b. Adopt resolution authorizing the District Manager/District Engineer to execute a Professional Services Agreement with Kimley-Horn and Associates, Inc., for engineering related services for the 2021 Sewer Repairs Predesign Study. (Postponed)**

District Manager Toy reported that she wanted to postpone this item to a future date because she had just learned that Kimley-Horn is currently restructuring its staff. She also reported that she wanted to wait for the outcome before rescheduling this matter.

MOTION by Director Bushey, seconded by Director Rice, to postpone to a future date Item 5.b. to adopt a resolution authorizing the District Manager/District Engineer to execute a Professional Services Agreement with Kimley-Horn Associates, Inc., for engineering related services for the 2021 Sewer Repairs Predesign Study.

AYES: Director Bushey, Director Rice, Chair Kate

NOES: None

ABSENT: None

Motion Carried

6. INFORMATIONAL ITEMS

- a. Introduction of SRSD's new Junior Engineer, Liza Justo.**

District Manager Toy reported that she wanted to formally introduce Liza Justo. She reported that Junior Engineer Justo had just started working with the District a couple of months ago and had graduated from San Francisco State University last year with a bachelor's degree in civil engineering. She also reported that Junior Engineer Justo had worked for the City and County of San Francisco in the Public Works Department for several years as an engineering intern and had spent her last year and a half there working in the hydraulics section, which had given her some experience with sewers. Manager Toy then reported that Junior Engineer Justo has already been a great help to Senior Civil Engineer Nicholson and felt that it would be a good idea for her to assist the District Secretary during the Board meetings by answering any incoming calls in order to allow the District Secretary to focus on the meeting. The Board then welcomed Junior Engineer Justo.

7. DIRECTOR REPORTS/REQUESTS FOR FUTURE AGENDA ITEMS

- a.** Chair Kate reported that there would be a Board Workshop prior to the October 7th Board meeting.

8. ADJOURNMENT

There being no further business to come before the Board, the meeting of September 2, 2021, was adjourned at 12:27 P.M. The next meeting of the San Rafael Sanitation District was scheduled for Thursday, October 7, 2021, at 11:00 A.M via teleconferencing.

Respectfully submitted,

Maribeth Bushey, Recording Secretary

ATTEST THIS 7th DAY OF OCTOBER 2021

Kate Colin, Chair

3.

SAN RAFAEL SANITATION DISTRICT
PAYMENT SUMMARY
September 1, 2021 - September 30, 2021
 Vendor/Payee

	Class	Acct#	Account Name	Amount
ARAMARK UNIFORM SERVICES	200	2021	Uniforms	195.91
ARAMARK UNIFORM SERVICES	200	2021	Uniforms	255.94
ARAMARK UNIFORM SERVICES	200	2021	Uniforms	239.15
ARAMARK UNIFORM SERVICES	200	2021	Uniforms	216.65
ARAMARK UNIFORM SERVICES	200	2021	Uniforms	277.75
AT&T MOBILITY	100	2534	Telephone service	245.57
CALCON SYSTEMS, INC.	200	2359	Maint- pump sta's & force mains	933.75
COLIN, KATE	100	2282	Director's fees	100.00
COUNTY OF MARIN	100	2282	Director's fees	100.00
CWEA-TCP	100	2388	Training and education	192.00
EVOQUA WATER TECHNOLOGIES, LLC	200	2106	Odor control chemicals	10,792.14
EVOQUA WATER TECHNOLOGIES, LLC	200	2106	Odor control chemicals	1,566.65
GRAINGER	200	2360	O&M - collection systems	35.05
GRAINGER	200	2359	Maint- pump sta's & force mains	24.93
GRAINGER	200	2359	Maint- pump sta's & force mains	18.20
GRAINGER	200	2365	Safety equipment and supplies	66.43
GRAINGER	200	2365	Safety equipment and supplies	103.90
JACKSON'S HARDWARE	200	2360	O&M - collection systems	31.05
JACKSON'S HARDWARE	200	2360	O&M - collection systems	2.83
KIMLEY-HORN AND ASSOCIATES, INC.	300	4340	Third St (Hayes to Ritter) (80)	4,025.00
MAHER ACCOUNTANCY	100	2717	Accounting services	3,600.00
MARIBETH BUSHEY	100	2282	Director's fees	100.00
MARIN MUNICIPAL WATER DIS	200	2536	Water utility costs	80.30
MARIN MUNICIPAL WATER DIS	200	2536	Water utility costs	80.30
MARIN MUNICIPAL WATER DIS	200	2536	Water utility costs	80.30
MARIN MUNICIPAL WATER DIS	200	2536	Water utility costs	80.30
MARIN MUNICIPAL WATER DIS	200	2536	Water utility costs	325.49
MARIN MUNICIPAL WATER DIS	200	2536	Water utility costs	84.56
MARIN MUNICIPAL WATER DIS	200	2536	Water utility costs	84.56
MARIN MUNICIPAL WATER DIS	200	2536	Water utility costs	473.34
MARIN MUNICIPAL WATER DIS	200	2536	Water utility costs	80.30
MARIN MUNICIPAL WATER DIS	200	2536	Water utility costs	80.30
MARIN MUNICIPAL WATER DIS	200	2536	Water utility costs	80.30
MARIN MUNICIPAL WATER DIS	200	2536	Water utility costs	80.30
MARIN MUNICIPAL WATER DIS	200	2536	Water utility costs	80.30
MARIN MUNICIPAL WATER DIS	200	2536	Water utility costs	80.30
MARIN MUNICIPAL WATER DIS	200	2536	Water utility costs	84.56
MARIN MUNICIPAL WATER DIS	200	2536	Water utility costs	80.30
MARIN ROTO-ROOTER SEWER SERVICE, INC	200	2536	Water utility costs	84.56
MARIN ROTO-ROOTER SEWER SERVICE, INC	200	2363	Standby services	650.00
MARIN ROTO-ROOTER SEWER SERVICE, INC	200	2363	Standby services	750.00
MARIN ROTO-ROOTER SEWER SERVICE, INC	200	2363	Standby services	375.00
MARIN ROTO-ROOTER SEWER SERVICE, INC	200	2363	Standby services	750.00
MARIN ROTO-ROOTER SEWER SERVICE, INC	200	2363	Standby services	750.00

MUNICIPAL RESOURCE GROUP, LLC	Consulting Services - July 2021 services	100	2325	Consulting services	5,052.50
NUTE ENGINEERING INC	Francisco Blvd. East at Grange Way Sewer and Storm Drain Project - engineering services from 8/01/21-8/31/21	300	4337	Sewer Rep Richmond SR Bridge(80)	5,922.50
NUTE ENGINEERING INC	North Francisco and West Railroad Pump Stations - engineering related services from 8/01/21 - 8/31/21	300	4155	N. Francisco WRR Pump St (10)	2,657.00
NUTE ENGINEERING INC	South Francisco Pump Station Improvements Project - engineering services from 8/01/21 - 8/31/21	300	4148	S. Francisco Pump Station (10)	1,139.25
NUTE ENGINEERING INC	Third Street PS and Beach Fiberglass PS Improvement Project - engineering related services from 8/01/21-8/31/21	300	4149	Third St / Fiberglass PS (10)	8,681.00
PERIN - BATTERIES PLUS	Pump Stations - light bulbs for pump station stock	200	2359	Maint- pump sta's & force mains	53.07
PG&E s/c 2480928202-5	Power - electric services for pump stations 7/12/21-8/10/21	200	2535	Electric utility costs	14,154.92
PUMP REPAIR SERVICE CO INC	Pump Stations - new Flygt pump for Sea Way Pump Station and disassemble and inspect old pump	200	2359	Maint- pump sta's & force mains	16,092.89
SCHAAF & WHEELER, INC	2020 Sewer Pipe Repair and Replacement Project - design related services through 7/31/21	300	4342	2020-21 Sewer Improvement (80)	8,237.50
SCHAAF & WHEELER, INC	Woodland Ave. SIP - engineering services through 7/31/21	300	4339	Woodland Pl/Ave & Octavia (80)	3,452.50
STAPLES INC	Collection System - memory cards for CCTV and camera	200	2360	O&M - collection systems	18.56
TRANSBAY SECURITY SERVICE	Pump Stations - extra padlocks	200	2359	Maint- pump sta's & force mains	374.52
US BANK CORPORATE PAYMENT	2020 Sewer Pipe Repair and Replac. Project, Phase 1 - city encroachment permit for spot repair at 6 Ross Valley Drive	300	4342	2020-21 Sewer Improvement (80)	246.00
US BANK CORPORATE PAYMENT	2020 Sewer Pipe Repair and Replac. Project, Phase 1 - city encroachment permit for spot repair at 9 Laurel Place R283	300	4342	2020-21 Sewer Improvement (80)	246.00
US BANK CORPORATE PAYMENT	2020 Sewer Pipe Repair and Replac. Project, Phase 1 - city encroachment permit for spot repair at 116 Glen Park Ave. MH878	300	4342	2020-21 Sewer Improvement (80)	246.00
US BANK CORPORATE PAYMENT	Francisco Blvd. East at Grange Way Sewer and Storm Drain Project - city encroachment permit for Bay Pacific Pipelines, Inc.	300	4337	Sewer Rep Richmond SR Bridge(80)	919.00
US BANK CORPORATE PAYMENT	Pump Stations - flow meters for West Railroad PS	200	2359	Maint- pump sta's & force mains	547.87
US BANK CORPORATE PAYMENT	Pump Stations - zip ties	200	2359	Maint- pump sta's & force mains	18.99
US BANK CORPORATE PAYMENT	Pump Stations - zip ties	200	2359	Maint- pump sta's & force mains	20.69
US BANK CORPORATE PAYMENT	Training and Education - Traffic Control/Flagger training for new Junior Engineer	100	2388	Training and education	125.00
VERIZON WIRELESS(242398665)	Telephone Service - private IP addresses for the San Pedro and Peacock Pump Stations 7/18/21-8/17/21	100	2534	Telephone service	143.26
WATER COMPONENTS & BLDG SUPPLY	Collection System - mortar for spot repair at 20 Wilson Ct.	200	2360	O&M - collection systems	20.01
WATER COMPONENTS & BLDG SUPPLY	Pump Stations - fittings for sump pumps at West Railroad PS	200	2359	Maint- pump sta's & force mains	37.66
WATER COMPONENTS & BLDG SUPPLY	Pump Stations - piping for the air release valve at Peacock PS	200	2359	Maint- pump sta's & force mains	30.76
WORKSMART AUTOMATION, INC	Pump Stations - reconfigure software to communicate with new server	200	2359	Maint- pump sta's & force mains	2,015.00
					\$ 98,710.12



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

**Annual Financial Report
Years Ended
June 30, 2021 and 2020**

**With
Independent Auditor's Report**

**SAN RAFAEL SANITATION DISTRICT
YEARS ENDED JUNE 30, 2021 AND 2020**

TABLE OF CONTENTS

Independent Auditor's Report	1
Management's Discussion and Analysis	3
Basic Financial Statements:	
Statements of Net Position	8
Statements of Revenues, Expenses and Changes in Net Position	9
Statements of Cash Flows	10
Notes to the Basic Financial Statements	12



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, 2021 and 2020 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, 2021 and 2020, 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 2021, 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.

Menlo Park, California
September 20, 2021

SAN RAFAEL SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2021 AND 2020

The Management's Discussion and Analysis provides an overview of the District's financial activities for the fiscal years ended June 30, 2021 and 2020. 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, 2021, was approximately \$93,852,000 which is an increase of approximately \$5,375,000 over the prior year's balance. Net position is comprised of approximately \$54,715,000 invested in capital assets and approximately \$39,137,000 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, 2021 AND 2020

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Current assets	\$ 44,345,582	\$ 40,457,106	\$ 35,952,160
Noncurrent assets	<u>54,715,226</u>	<u>53,478,260</u>	<u>52,292,892</u>
Total assets	<u>99,060,808</u>	<u>93,935,366</u>	<u>88,245,052</u>
Current liabilities	956,933	1,139,181	1,693,143
Noncurrent liabilities	<u>4,252,005</u>	<u>4,319,303</u>	<u>3,987,056</u>
Total liabilities	<u>5,208,938</u>	<u>5,458,484</u>	<u>5,680,199</u>
Net position			
Investment in capital assets	54,715,226	53,478,260	52,292,892
Unrestricted	<u>39,136,644</u>	<u>34,998,622</u>	<u>30,271,961</u>
Total net position	<u>\$ 93,851,870</u>	<u>\$ 88,476,882</u>	<u>\$ 82,564,853</u>

As indicated in the table above, current assets increased each year from 2019 to 2021. 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, 2021 AND 2020

Results of operations are summarized as follows:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Operating revenues	\$ 16,945,721	\$ 16,874,361	\$ 16,964,083
Nonoperating revenues	1,942,420	2,715,714	2,260,689
Total revenues	<u>18,888,141</u>	<u>19,590,075</u>	<u>19,224,772</u>
Operating expenses	<u>13,790,905</u>	<u>13,853,263</u>	<u>12,601,257</u>
Income before connection fees received and special item	5,097,236	5,736,812	6,623,515
Capital contributions	<u>277,752</u>	<u>175,217</u>	<u>1,433,871</u>
Changes in net position	5,374,988	5,912,029	8,057,386
Net position at beginning of the year	<u>88,476,882</u>	<u>82,564,853</u>	<u>74,507,467</u>
Net position at end of the year	<u>\$ 93,851,870</u>	<u>\$ 88,476,882</u>	<u>\$ 82,564,853</u>

Operating revenues held stable from 2019 to 2021 as the last of five annual service rate increases occurred in 2018. Nonoperating revenues increased by approximately \$455,000 from 2019 to 2020 and decreased by approximately \$773,000 from 2020 to 2021. Revenue from property taxes increased modestly each year. Investment returns from the Marin County Investment Pool experienced a large increase from 2019 to 2020 and reverted to lower levels in 2021. Operating expenses increased each year 2019 to 2020 but had a slight decline from 2020 to 2021. Included in operating expenses are waste treatment costs incurred as a member of the Central Marin Sanitation Agency which increased by \$484,000 from 2020 to 2021. These sewage treatment operating costs include a proportionate share of servicing the 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 adjustment to unfunded post-employment benefits for contract staff dropped from 2020 to 2021, which contributed to the overall decline in operating expenses.

The large amount reported as 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, 2021 AND 2020

CAPITAL ASSETS AND DEBT ADMINISTRATION

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Land & easements	\$ 115,329	\$ 115,329	\$ 115,329
Construction in progress	4,037,237	1,377,642	1,534,375
Subsurface lines	28,372,255	28,439,065	26,307,448
Sewage collection facilities	21,388,483	22,744,787	23,837,293
General plant & admin facilities	801,922	801,437	498,447
Net investment in capital assets	<u>\$ 54,715,226</u>	<u>\$ 53,478,260</u>	<u>\$ 52,292,892</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 \$1.6 million was expended on these projects during the year ended June 30, 2021, leaving a reserve balance of \$20.4 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 \$1.5 million was expended on these projects during the year ended June 30, 2021, leaving a reserve balance of \$6.8 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, 2021, leaving a reserve balance of \$1.7 million for this program.

SAN RAFAEL SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2021 AND 2020

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 2020-21 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, 2021 AND 2020

	2021	2020
ASSETS		
Current assets		
Cash equivalents	\$ 42,815,664	\$ 38,895,857
Accounts receivable and accrued revenue	1,381,179	1,353,774
Prepaid expenses	65,542	62,461
Due from related parties	83,197	145,014
Total current assets	44,345,582	40,457,106
Noncurrent assets		
Nondepreciable assets	4,152,566	1,492,971
Collection systems and facilities, net	50,562,660	51,985,289
Total noncurrent assets	54,715,226	53,478,260
Total assets	99,060,808	93,935,366
LIABILITIES		
Current liabilities		
Accounts payable	272,247	516,279
Payable to related parties	12,321	5,156
Obligation to the City of San Rafael	672,365	617,746
Total current liabilities	956,933	1,139,181
Noncurrent liabilities:		
Obligation to the City of San Rafael	4,252,005	4,319,303
Total liabilities	5,208,938	5,458,484
NET POSITION		
Investment in capital assets	54,715,226	53,478,260
Unrestricted	39,136,644	34,998,622
Total net position	\$ 93,851,870	\$ 88,476,882

SAN RAFAEL SANITATION DISTRICT
STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION

YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
OPERATING REVENUES		
Sewer charges	\$ 16,945,721	\$ 16,874,361
OPERATING EXPENSES		
Sewage collection	3,923,907	4,368,531
Sewage treatment	7,480,877	6,996,412
Depreciation and amortization	2,075,305	2,154,056
General and administration	310,816	334,264
Total operating expenses	13,790,905	13,853,263
Operating income	3,154,816	3,021,098
NONOPERATING REVENUES		
Property taxes	1,888,197	1,833,137
Aid from governmental agencies	5,609	5,719
Investment income	48,614	876,369
Miscellaneous income	-	489
Total nonoperating revenues	1,942,420	2,715,714
Income before capital contributions	5,097,236	5,736,812
CAPITAL CONTRIBUTIONS		
Connection fees received	277,752	175,217
CHANGES IN NET POSITION	5,374,988	5,912,029
Net position at beginning of the year	88,476,882	82,564,853
Net position at end of the year	\$ 93,851,870	\$ 88,476,882

The accompanying notes are an integral part of the financial statements.

SAN RAFAEL SANITATION DISTRICT

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from sewer charges	\$ 16,951,955	\$ 16,873,574
Payments to City of San Rafael for contract personnel	(2,269,666)	(1,836,770)
Payments to joint venture for sewage treatment	(7,480,877)	(6,996,412)
Payments to vendors and suppliers	(1,095,656)	(1,810,861)
Payments to City of San Rafael regarding post-employment benefits for contract personnel	(713,745)	(655,534)
Receipts of miscellaneous income	-	489
	<hr/>	<hr/>
Net cash equivalents provided by operating activities	<u>5,392,011</u>	<u>5,574,486</u>
 CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Receipts from property taxes	1,888,197	1,833,137
Receipts of aid from governmental agencies	5,609	5,719
	<hr/>	<hr/>
Net cash equivalents provided by non-capital financing activities	<u>1,893,806</u>	<u>1,838,856</u>
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Connection fees collected	240,454	175,217
Payments for capital acquisitions	(3,658,738)	(3,820,776)
	<hr/>	<hr/>
Net cash equivalents used for capital and related financing activities	<u>(3,418,284)</u>	<u>(3,645,559)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income received from Marin County pooled cash and investments account	52,274	872,709
	<hr/>	<hr/>
Net change in cash equivalents	3,919,807	4,640,492
Cash equivalents at beginning of year	38,895,857	34,255,365
	<hr/>	<hr/>
Cash equivalents at end of year	<u>\$ 42,815,664</u>	<u>\$ 38,895,857</u>

SAN RAFAEL SANITATION DISTRICT
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2021 AND 2020

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

	<u>2021</u>	<u>2020</u>
Operating income	\$ 3,154,816	\$ 3,021,098
Adjustments to reconcile operating income to net cash equivalents provided (used) by operating activities:		
Depreciation and amortization	2,075,305	2,154,056
(Increase) decrease in accounts receivable and other current assets	64,969	489 139,206
Increase (decrease) in accounts payable and other current liabilities	109,599	(63,449)
Increase (decrease) in obligation to the City of San Rafael	<u>(12,679)</u>	<u>323,086</u>
Net cash equivalents provided by operating activities	<u>\$ 5,392,010</u>	<u>\$ 5,574,486</u>

SAN RAFAEL SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2021 AND 2020

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, 2021 AND 2020

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, 2021 AND 2020

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, 2021 AND 2020

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, 2021 AND 2020

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, 2021, 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 Districts' proportionate share of investments in the County Pool at fair value at June 30, 2021 and 2020 was \$42,816,000 and \$38,896,000, 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, 2021 AND 2020

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, 2021 and 2020, the County's investment pool had a weighted average maturity of 218 and 220 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
YEARS ENDED JUNE 30, 2021 AND 2020

4. COLLECTION SYSTEMS AND FACILITIES

A summary of the District's collection systems and facilities for the years ended June 30, 2021 and 2020 respectively, follows:

	<u>Balance at June 30, 2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers & Adjustments</u>	<u>Balance at June 30, 2021</u>
Nondepreciable capital assets:					
Land and easements	\$ 115,329	\$ -	\$ -	\$ -	\$ 115,329
Construction in progress	1,377,642	2,659,595	-	-	4,037,237
Total nondepreciable	<u>\$ 1,492,971</u>	<u>\$ 2,659,595</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,152,566</u>
Depreciable capital assets:					
Subsurface lines	\$ 41,453,130	\$ 457,173	\$ -	\$ -	\$ 41,910,303
Sewage collection facilities	45,012,915	60,250	-	-	45,073,165
General plant and administration	2,230,686	135,253	-	-	2,365,939
Total depreciable	<u>88,696,731</u>	<u>652,676</u>	<u>-</u>	<u>-</u>	<u>89,349,407</u>
Less: accumulated depreciation:					
Subsurface lines	13,014,065	523,983	-	-	13,538,048
Sewage collection facilities	22,268,128	1,416,554	-	-	23,684,682
General plant and administration	1,429,249	134,768	-	-	1,564,017
Total accumulated depreciation	<u>36,711,442</u>	<u>2,075,305</u>	<u>-</u>	<u>-</u>	<u>38,786,747</u>
Total collection systems & & facilities-net	<u>\$ 51,985,289</u>	<u>\$ (1,422,629)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,562,660</u>

SAN RAFAEL SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2021 AND 2020

4. COLLECTION SYSTEMS AND FACILITIES (continued)

	Balance at June 30, 2019	Additions	Retirements	Transfers & Adjustments	Balance at June 30, 2020
Nondepreciable capital assets:					
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>
Depreciable capital assets:					
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>
Less: accumulated depreciation:					
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, 2021 AND 2020

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, 2021. 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, 2020	\$ 4,937,049
Actuarial adjustment	701,066
Payments	<u>(713,745)</u>
Balance at June 30, 2021	4,924,370
Less current portion	<u>(672,365)</u>
Balance due after one year	<u><u>\$ 4,252,005</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 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, 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, 2021 AND 2020

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.

7. COMMITMENTS

As of June 30, 2021, SRSD had several contracts for sewer improvement projects with remaining obligations of approximately \$2,520,000, with the majority expected to be completed within the 2021-22 fiscal year.

SAN RAFAEL SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2021 AND 2020

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, 2021 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)	\$ 2,176,408	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, 2021 AND 2020

8. RISK MANAGEMENT (continued)

The financial statements of CSRMA are available at their office: 100 Pine Street, 11th Floor, San Francisco, CA 94111 and online at 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 \$3,120,000 and \$3,064,000 for the years ended June 30, 2021 and 2020, 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, 2021 and 2020 of approximately \$12,000 and \$5,000, 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, 2021 and 2020 of approximately \$83,000 and \$145,000, respectively, which represents adjustments from payments of estimated amounts made during the year to actual costs as determined at year end.



September 20, 2021

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

We have audited the financial statements of San Rafael Sanitation District (District) as of and for the year ended June 30, 2021, and June 30, 2020 have issued our report thereon dated September 20, 2021. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit under Generally Accepted Auditing Standards and *Government Auditing Standards*

As communicated in our letter dated May 5, 2021 our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of the District solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our comments regarding internal controls during our audit in our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* dated September 20, 2021.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and other firms utilized in the engagement, if applicable, have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the District is included in Note 2 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during the fiscal year. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

No such significant accounting estimates were identified.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the District's financial statements relate to:

Note 5. Obligation to City of San Rafael (City), as it relates to the District's contractual arrangement having originated in 1987 with the City requiring the District to be responsible for unfunded obligations related to past service.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. There were no uncorrected or corrected misstatements identified as a result of our audit procedures.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management which are included in the management representation letter dated September 20, 2021.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the District, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating conditions affecting the entity, and operating plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the District's auditors.

This report is intended solely for the information and use of the governing board and management of the District and is not intended to be, and should not be, used by anyone other than these specified parties.

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

Menlo Park, California
September 20, 2021



Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the San Rafael Sanitation District, as of and for the year ended June 30, 2021 and June 30, 2020, and the related notes to the financial statements, which collectively comprise the San Rafael Sanitation District's basic financial statements, and have issued our report thereon dated September 20, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

The image shows a handwritten signature in black ink that reads "Eric Bailly LLP". The signature is written in a cursive, flowing style.

Menlo Park, California
September 20, 2021

SAN RAFAEL SANITATION DISTRICT
 Schedule of Connection Fees
 Fiscal Year Ended June 30, 2021



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, 2021, 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			\$ 277,752	
Expended for the following projects:				
Rehab of Beach Sewer-Bayside	<i>In Progress</i>	\$ 139,687	\$ 124,607	89%
Woodland Pl/Ave & Octavia	<i>In Progress</i>	\$ 190,539	\$ 153,146	80%
Total connection fees expended			<u>\$ 277,752</u>	
Connection fees available at end of year			<u>\$ -</u>	



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

DATE: October 7, 2021

TO: Board of Directors, San Rafael Sanitation District

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

SUBJECT: Adopt Resolution Authorizing the District Manager/District Engineer to Execute a Professional Services Agreement with Kimley-Horn and Associates, Inc., for Engineering Related Services for the 2021 Sewer Repairs Predesign Study

RECOMMENDATION:

Adopt resolution authorizing the District Manager/District Engineer to execute a Professional Services Agreement with Kimley-Horn and Associates, Inc., for engineering related services for the 2021 Sewer Repairs Predesign Study.

BACKGROUND:

Our sewer maintenance staff has developed the following list of pipe locations that require immediate attention due to poor access or pipe condition, e.g., offset joints, broken pipe, flat grade, and sags that can collect fats, oils, and grease:

1. Madrona Street, between Greenwood Avenue to Clorinda Avenue
2. Billou Street, south of Bret Avenue
3. Summit Avenue, south of Marina Way
4. Grove Street, south of San Rafael Avenue
5. Edgewood Way, easement area from Valley View Avenue to Edgewood Way
6. Orange Tree easement, north of Sunset Way
7. McCoy Road, southeast of Bungalow Avenue
8. Prospect Drive, MH 1630 to MH 1629
9. Fourth Street & C Street
10. Bayo Vista Way and East Crescent Drive
11. Marin Academy, downstream to Fifth Avenue and Fourth Street
12. Terradillo Avenue Easement

ANALYSIS:

Due to District staff workload, staff does not have the capacity to perform the preliminary investigation and design for this project. Staff has requested Kimley-Horn and Associates to submit a proposal for engineering related services to perform a preliminary design study, which includes a technical memo with cost estimates and exhibits and a description of the repairs and alternative options, if any. Once staff receives the final report, staff will determine how to

prioritize and package them into a project and/or multiple projects. The scope of work is described in detail in Kimley-Horn's proposal, which is attached as Exhibit "A".

Kimley-Horn proposes to perform the preliminary engineering design services on a time-and-materials basis not to exceed \$28,350.

FISCAL IMPACT:

The preliminary engineering design related services for the 2021 Sewer Repairs Predesign Study will be funded from the 80-Year Life Cycle Sewer Replacement Program for Fiscal Year 2021-22.

ACTION REQUIRED:

Staff recommends that the Board adopt the resolution authorizing the District Manager/District Engineer to execute a Professional Services Agreement with Kimley-Horn and Associates, Inc., for engineering related services for the 2021 Sewer Repairs Predesign Study.

Attachment: Resolution
Professional Services Agreement
Proposal from Consultant, Exhibit "A"

SAN RAFAEL SANITATION DISTRICT

RESOLUTION NO. 21-1235

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE SAN RAFAEL SANITATION DISTRICT
AUTHORIZING THE DISTRICT MANAGER/DISTRICT ENGINEER
TO EXECUTE A PROFESSIONAL SERVICES AGREEMENT WITH
KIMLEY-HORN AND ASSOCIATES, INC.,
FOR ENGINEERING RELATED SERVICES
FOR THE 2021 SEWER REPAIRS PREDESIGN STUDY
FOR AN AMOUNT NOT TO EXCEED \$28,350.00**

**THE BOARD OF DIRECTORS OF THE SAN RAFAEL SANITATION DISTRICT,
COUNTY OF MARIN,** hereby resolves as follows:

The District Manager/District Engineer is hereby authorized to execute, on behalf of the San Rafael Sanitation District, a Professional Services Agreement with Kimley-Horn and Associates, Inc., for engineering related services for the 2021 Sewer Repairs Predesign Study, a copy of which is hereby attached and by this reference made a part hereof.

PASSED AND ADOPTED at a regular meeting of the San Rafael Sanitation District Board of Directors held on the 7th day of October 2021 by the following vote, to wit:

AYES:

NOES:

ABSENT/ABSTAIN:

SAN RAFAEL SANITATION DISTRICT

Kate Colin, Chair

ATTEST:

Maribeth Bushey, Secretary

**PROFESSIONAL SERVICES AGREEMENT
FOR DESIGN RELATED SERVICES FOR THE
2021 SEWER REPAIRS PREDESIGN STUDY**

This Agreement is made and entered into this 7th day of October 2021 by and between the SAN RAFAEL SANITATION DISTRICT (hereinafter "DISTRICT"), and KIMLEY-HORN AND ASSOCIATES, INC. (hereinafter "CONSULTANT").

RECITALS

WHEREAS, the DISTRICT has selected *CONSULTANT* to perform the required design related services for the "2021 Sewer Repairs Predesign Study" (hereinafter "PROJECT"); and

WHEREAS, the CONSULTANT has offered to render certain specialized professional services in connection with this Project.

AGREEMENT

NOW, THEREFORE, the parties hereby agree as follows:

1. SCOPE OF SERVICES

DISTRICT and CONSULTANT have outlined the scope of services to be provided, and related expenses as described in Exhibit "A" attached and incorporated herein.

2. PROJECT COORDINATION

A. DISTRICT. The District Manager/District Engineer shall be the representative of the DISTRICT for all purposes under this Agreement. The Senior Civil Engineer is hereby designated as the PROJECT MANAGER for the DISTRICT and said PROJECT MANAGER shall supervise all aspects of the progress and execution of this Agreement.

B. CONSULTANT. CONSULTANT shall assign a single PROJECT DIRECTOR to have overall responsibility for the progress and execution of this Agreement for CONSULTANT. SAM MCWHORTER is hereby designated as the PROJECT DIRECTOR for CONSULTANT. Should circumstances or conditions subsequent to the execution of this Agreement require a substitute PROJECT DIRECTOR for any reason, the CONSULTANT shall notify the DISTRICT within ten (10) business days of the substitution.

3. DUTIES OF CONSULTANT

CONSULTANT shall perform the duties and/or provide services as follows; the CONSULTANT agrees to provide professional services as an Engineering Consultant to prepare work outlined in the Proposal from CONSULTANT dated September 30, 2021, marked Exhibit "A", attached hereto, and incorporated herein by this reference. The CONSULTANT agrees to be available and perform the work specified in this agreement in the time frame as specified and as shown in Exhibit "A".

4. DUTIES OF THE DISTRICT

DISTRICT shall perform the duties as described and incorporated herein.

5. COMPENSATION

For the full performance of the services described herein by CONSULTANT, DISTRICT shall pay CONSULTANT on a time-and-materials basis for services rendered in accordance with the rates shown on the current fee schedule as described in Exhibit "A" attached and incorporated herein. The total payment will not exceed \$ 28,350.00.

Payment will be made monthly upon receipt by PROJECT MANAGER of itemized invoices submitted by CONSULTANT.

6. TERM OF AGREEMENT

The term of this Agreement shall be from the date of execution until the Project is complete.

7. TERMINATION

A. Discretionary. Either party may terminate this Agreement without cause upon thirty (30) days written notice mailed or personally delivered to the other party.

B. Cause. Either party may terminate this Agreement for cause upon ten (10) days written notice mailed or personally delivered to the other party, and the notified party's failure to cure or correct the cause of the termination notice, to the reasonable satisfaction of the party giving such notice, within thirty (30) days of the receipt of said notice.

C. Effect of Termination. Upon receipt of notice of termination, neither party shall incur additional obligations under any provision of this Agreement without the prior written consent of the other. However, CONSULTANT'S duties and obligation in Sections 11 and 12 hereunder shall survive the expiration or termination of this Agreement.

D. Return of Documents. Upon termination, any and all DISTRICT documents or materials provided to CONSULTANT and any and all of CONSULTANT's documents and materials prepared for or relating to the performance of its duties under this Agreement, shall be delivered to DISTRICT as soon as possible, but not later than thirty (30) days after termination.

8. OWNERSHIP OF DOCUMENTS

The written documents and materials prepared by the CONSULTANT in connection with the performance of its duties under this Agreement shall be the sole property of DISTRICT. DISTRICT may use said property for any purpose, including projects not contemplated by this Agreement. Any modifications made by Client to any of the Consultant's documents, or any use, partial use or reuse of the documents, for purposes other than identified in this Agreement, without written authorization or adaptation by the Consultant will be at the District's sole risk and without

liability to the Consultant, and the District shall indemnify, defend and hold the Consultant harmless from all claims, damages, losses and expenses, including but not limited to attorney's fees, resulting therefrom.

9. INSPECTION AND AUDIT

Upon reasonable notice, CONSULTANT shall make available to DISTRICT, or its agent, for inspection and audit, all documents and materials maintained by CONSULTANT in connection with its performance of its duties under this Agreement. CONSULTANT shall fully cooperate with DISTRICT or its agent in any such audit or inspection.

10. ASSIGNABILITY

The parties agree that they shall not assign or transfer any interest in this Agreement nor the performance of any of their respective obligations hereunder, without the prior written consent of the other party, and any attempt to so assign this Agreement or any rights, duties or obligations arising hereunder shall be void and of no effect.

11. INSURANCE

A. During the term of this Agreement, CONSULTANT shall maintain, at no expense to DISTRICT, the following insurance policies:

1. A commercial general liability insurance policy in the minimum amount of one million (\$1,000,000) dollars per occurrence and \$2,000,000 aggregate for death, bodily injury, personal injury, or property damage;

2. An automobile liability (owned, non-owned, and hired vehicles) insurance policy in the minimum amount of one million (\$1,000,000) dollars per occurrence;

3. If any licensed professional performs any of the services required to be performed under this Agreement, a professional liability insurance policy in the minimum amount of one million (\$1,000,000) dollars to cover any claims arising out of the CONSULTANT's performance of services under this Agreement.

B. The insurance coverage required of the CONSULTANT by Section 11. A., shall also meet the following requirements:

1. The insurance shall be primary with respect to any insurance or coverage maintained by DISTRICT and shall not call upon DISTRICT's insurance or coverage for any contribution;

2. Except for professional liability insurance, the insurance policies shall be endorsed for contractual liability and personal injury;

3. Except for professional liability insurance, the insurance policies shall be specifically endorsed to include the DISTRICT, its officers, agents, and employees as additionally named insureds under the policies;

4. CONSULTANT shall provide to PROJECT MANAGER, (a) Certificates of Insurance evidencing the insurance coverage required herein, and (b) specific endorsements naming DISTRICT, its officers, agents and employees, as additional insureds under the policies;

5. The insurance policies shall provide that the insurance carrier shall not cancel or terminate said insurance policies except upon thirty (30) days written notice to DISTRICT's PROJECT MANAGER;

6. If the insurance is written on a Claims Made Form, then, following termination of this Agreement, said insurance coverage shall survive for a period of not less than five years as long as the insurance is reasonably affordable and available;

7. The insurance policies shall provide for a retroactive date of placement coinciding with the effective date of this Agreement;

8. The insurance shall be approved as to form and sufficiency by PROJECT MANAGER and the County Counsel.

C. If it employs any person, CONSULTANT shall maintain Workers' Compensation and Employer's Liability Insurance, as required by the State Labor Code and other applicable laws and regulations, and as necessary to protect both CONSULTANT and DISTRICT against all liability for injuries to CONSULTANT's officers and employees.

D. Any deductibles or self-insured retentions exceeding \$20,000 in CONSULTANT's insurance policies must be declared to and approved by the PROJECT MANAGER and the County Counsel. At DISTRICT's option, the deductibles or self-insured retentions with respect to DISTRICT shall be reduced or eliminated to DISTRICT's satisfaction, or CONSULTANT shall procure a bond guaranteeing payment of losses and related investigations, claims administration, attorney's fees, and defense expenses.

12. INDEMNIFICATION

CONSULTANT, to the fullest extent permitted by law and as limited by CA Civil Code 2782.8, shall indemnify, release, and hold harmless DISTRICT, its officers, and employees against any claim, demand, suit, judgment, loss, liability, or expense of any kind, including attorney's fees, to the extent arising out of or resulting in any way from any negligent acts or omissions of CONSULTANT or CONSULTANT's officers, agents, and employees in the performance of their duties and obligations under this Agreement.

13. NONDISCRIMINATION

CONSULTANT shall not discriminate, in any way, against any person on the basis of age, sex, race, color, religion, ancestry, national origin or disability in connection with or related to the performance of its duties and obligations under this Agreement.

14. COMPLIANCE WITH ALL LAWS

CONSULTANT shall use due professional care to observe and comply with all applicable Federal, State and local laws, ordinances, codes, and regulations in the performance of its duties and obligations under this Agreement. CONSULTANT shall perform all services under this Agreement in accordance with these laws, ordinances, codes, and regulations.

15. NO THIRD-PARTY BENEFICIARIES

DISTRICT and CONSULTANT do not intend, by any provision of this Agreement, to create in any third party any benefit or right owed by one party, under the terms and conditions of this Agreement, to the other party.

16. NOTICES

All notices and other communications required or permitted to be given under this Agreement, including any notice of change of address, shall be in writing and given by personal delivery or deposited with the United States Postal Service, postage prepaid, addressed to the parties intended to be notified. Notice shall be deemed given as of the date of personal delivery or, if mailed, upon the date of deposit with the United States Postal Service. Notice shall be given as follows:

TO DISTRICT: Mr. David Nicholson, P.E. (Project Manager)
San Rafael Sanitation District
111 Morphew Street
San Rafael, CA 94901

TO CONSULTANT: Mr. Sam McWhorter, P.E. (Project Director)
Kimley-Horn and Associates, Inc.
4637 Chabot Drive, Suite 300
Pleasanton, CA 94588

17. INDEPENDENT CONSULTANT

For the purposes and for the duration of this Agreement, CONSULTANT, its officers, agents, and employees shall act in the capacity of an Independent Contractor, and not as employees of the DISTRICT. CONSULTANT and DISTRICT expressly intend and agree that the status of CONSULTANT, its officers, agents, and employees be that of an Independent Contractor and not that of an employee of DISTRICT.

18. ENTIRE AGREEMENT -- AMENDMENTS

A. The terms and conditions of this Agreement, all exhibits attached, and all documents expressly incorporated by reference represent the entire Agreement of the parties with respect to the subject matter of this Agreement.

B. This written Agreement shall supersede any and all prior agreements, oral or written, regarding the subject matter between the CONSULTANT and the DISTRICT.

C. No other agreement, promise, or statement, written or oral, relating to the subject matter of this Agreement shall be valid or binding except by way of a written amendment to this Agreement.

D. The terms and conditions of this Agreement shall not be altered or modified except by a written amendment to this Agreement signed by the CONSULTANT and the DISTRICT.

E. If any conflicts arise between the terms and conditions of this Agreement and the terms and conditions of the attached exhibits or the documents expressly incorporated by reference, the terms and conditions of this Agreement shall control.

19. SET-OFF AGAINST DEBTS

CONSULTANT agrees that DISTRICT may deduct from any payment due to CONSULTANT under this Agreement any monies which CONSULTANT owes DISTRICT under any ordinance, agreement, contract, or resolution for any unpaid taxes, fees, licenses, assessments, unpaid checks, or other amounts.

20. WAIVERS

The waiver by either party of any breach or violation of any term, covenant, or condition of this Agreement or of any ordinance, law, or regulation, shall not be deemed to be a waiver of any other term, covenant, condition, ordinance, law, or regulation or of any subsequent breach or violation of the same or other term, covenant, condition, ordinance, law or regulation. The subsequent acceptance by either party of any fee, performance, or other consideration which may become due or owing under this Agreement, shall not be deemed to be a waiver of any preceding breach or violation by the other party of any term, condition, or covenant of this Agreement or any applicable law, ordinance, or regulation.

21. CITY BUSINESS LICENSE/OTHER TAXES

CONSULTANT shall obtain and maintain during the duration of this Agreement a CITY business license as required by the San Rafael Municipal Code. CONSULTANT shall pay any and all State and Federal taxes and any other applicable taxes. CONSULTANT's taxpayer identification number is 56-0885615, and CONSULTANT certifies under penalty of perjury that said taxpayer identification number is correct.

22. APPLICABLE LAW

The laws of the State of California shall govern this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day, month, and year first above written.

SAN RAFAEL SANITATION DISTRICT

CONSULTANT

Doris Toy, P.E.
District Manager/District Engineer

APPROVED AS TO FORM:

Kerry Laiw Gerchow
Deputy County Counsel

KIMLEY-HORN AND ASSOCIATES, INC.

By: _____
Sam McWhorter, P.E.

Title: Vice President



September 30, 2021

Ms. Doris Toy
San Rafael Sanitation District
111 Morphew Street, San Rafael, CA 94901

Re: Professional Service Agreement

Dear Ms. Toy:

Kimley-Horn and Associates, Inc. ("Kimley-Horn" or "Consultant") is pleased to submit this letter agreement (the "Agreement") to the San Rafael Sanitation District ("Client") for providing professional services for the rehabilitation of several existing sewer mains.

PROJECT UNDERSTANDING

The project consists of the conceptual design for sewer main rehabilitation and relocations located in the San Rafael Sanitation District. The project locations and approximate length in linear feet (lf) is understood as follows:

1. Madrona Street: Greenwood Avenue to Clorinda Avenue ~442lf
2. Billou Street: south from Bret Avenue ~537lf
3. Summit Avenue: south from Marina Way ~807lf
4. Grove Street: south of San Rafael Avenue ~283lf
5. Edgewood Way: easement area from Valley View Avenue to Edgewood Way ~110lf
6. Orange tree easement: North of Sunset Way ~507lf
7. McCoy Road: southwest of Bungalow Avenue ~323lf
8. Prospect Drive: MH 1630 to MH 1629 ~50lf
9. 4th Street & C Street: ~10lf
10. Bayo Vista & East Crescent: ~50lf
11. Marin Academy downstream (5th Street to 4thStreet): ~450lf
12. Terradillo Easement: ~50lf

We understand the existing sewer lines are Vitriified Clay Pipe (VCP) and will be replaced with PVC per District Standards & Specifications.

SCOPE OF SERVICES

Task 1: Preliminary Design Services

Kimley-Horn will review the readily available record drawings and CCTV camera data provided by the Client. This task includes up to two site visits to the project site by the design team. The initial site visit will be conducted to field check items on the as-built documents and CCTV camera information provided by the District.

Kimley-Horn will prepare one exhibit for each of the twelve locations identified in the project understanding (twelve total exhibits). Each exhibit will clarify project limits, location of existing utilities from readily available documents, and proposed repair information. An engineer's opinion of probable cost will be prepared based upon the conceptual limits and proposed repair.

Kimley-Horn will prepare one Basis of Design technical memo to summarize the project limits, opinion of probable cost, and up to two potential alternatives for pipeline rehabilitation strategies.

One round of consolidated review comments will be addressed for the preliminary submittal package.

Kimley-Horn will provide contract management and quality control services throughout the duration of the project as part of this task. This task includes project meetings with the Sanitation District staff and City of San Rafael as requested by the Client. This task includes one round of plan revisions based upon consolidated agency review comments.

Deliverables:

- Concept exhibits per site location (twelve total) on 11x17 PDF format
- Basis of Design technical memo
- Project Schedule for final design
- Engineers Opinion of Probable Construction Cost per location (twelve total)
- Meeting agendas and minutes for design and coordination meetings

ADDITIONAL SERVICES

Any services not specifically provided for in the above scope will be billed as additional services and performed at our then current hourly rates. Additional services we can provide include, but are not limited to, the following:

- Flow monitoring
- Wastewater generation rate calculations
- Contaminated soil remediation
- Dewatering plans
- Excavation and Shoring Plans
- Any additional sewer line rehabilitation outside of the limits described in the Project Understanding
- Final Design Construction Documents
- Traffic Control Plans
- Construction Phasing and staging plans

INFORMATION PROVIDED BY CLIENT

We shall be entitled to rely on the completeness and accuracy of all information provided by the Client or the Client's consultants or representatives. The Client shall provide all information requested by Kimley-Horn during the project, including but not limited to the following:

- Any project-related utility underground maps and any existing information in the possession of the Client necessary to complete the design.
- All project construction inspection work and contract administration

SCHEDULE

We will provide our services as expeditiously as practicable with the goal of meeting the mutually agreed upon schedule. Upon receipt of the signed contract, we will submit the draft Task 1 deliverables within 30 calendar days. Plan revisions will be responded to within 10 working days to complete Task 1.

Due to the everchanging circumstances surrounding the COVID-19 Virus, situations may arise during the performance of this Agreement that affect availability of resources and staff of Kimley-Horn, the client, other consultants, and public agencies. There could be changes in anticipated delivery times, jurisdictional approvals, and project costs. Kimley-Horn will exercise reasonable efforts to overcome the challenges presented by current circumstances, but Kimley-Horn will not be liable to Client for any delays, expenses, losses, or damages of any kind arising out of the impact of the COVID-19 Virus.

FEE AND EXPENSES

Kimley-Horn will perform the services on a labor fee plus expense basis with the maximum labor fee shown below.

Task 1 Preliminary Design Services	\$28,100
Estimated Reimbursable Expenses	\$250

Kimley-Horn will not exceed the total maximum labor fee shown without authorization from the Client. Individual task amounts are provided for budgeting purposes only. Kimley-Horn reserves the right to reallocate amounts among tasks as necessary.

Labor fee will be billed on an hourly basis according to our then-current rates. As to these tasks, direct reimbursable expenses such as express delivery services, fees, air travel, and other direct expenses will be billed at 1.15 times cost. A percentage of labor fee will be added to each invoice to cover certain other expenses as to these tasks such as telecommunications, in-house reproduction, postage, supplies, project related computer time, and local mileage. Administrative time related to the project may be billed hourly. All permitting, application, and similar project fees will be paid directly by the Client. Should the Client request Kimley-Horn to advance any such project fees on the Client's behalf, a separate invoice for such fees, with a 15% markup, will be immediately issued to and paid by the Client.

Payment will be due within 30 days of your receipt of the invoice and should include the invoice number and Kimley-Horn project number.

CLOSURE

If you concur in all the foregoing and wish to direct us to proceed with the services, please have authorized persons provide us with the signed Client's standard Professional Services Agreement. We will commence services only after we have received a fully-executed agreement. Fees and times stated in this Agreement are valid for sixty (60) days after the date of this letter.

We appreciate the opportunity to provide these services to you. Please contact me if you have any questions.

Very truly yours,

KIMLEY-HORN AND ASSOCIATES, INC.



By: Tyler Whaley
Project Manager

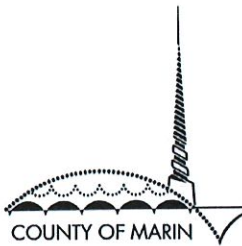
P.E. No. C74848



Sam McWhorter
Vice President

P.E. No. C61788

8.a.



OFFICE OF THE
COUNTY COUNSEL

October 7, 2021

Brian E. Washington
COUNTY COUNSEL

CONFIDENTIAL

Renee Giacomini Brewer
ASSISTANT COUNTY COUNSEL

Board of Directors
San Rafael Sanitation District (SRSD)
111 Morphew Street
San Rafael, CA 94901

Jenna J. Brady
CHIEF DEPUTY COUNTY COUNSEL

Patrick M. K. Richardson
Stephen R. Raab
Steven M. Perl
Brian C. Case
Kerry L. Gerchow
Tarisha K. Bal
Deidre K. Smith
Brandon W. Halter
Sarah B. Anker
Jacy C. Dardine
Kate K. Stanford

Re: Closed Session – Conference with Legal Counsel—Anticipated Litigation

Dear Board Members:

I request that you conduct a closed session during your regular meeting on October 7, 2021, to discuss pending litigation involving the San Rafael Sanitation District. In my opinion, public discussion of this matter would prejudice your position.

The specific reasons and the legal authority for the closed session is: Government Code section 54956.9(d)(2).

DEPUTIES

Colleen McGrath
ADMINISTRATIVE SERVICES
OFFICER

It should be noted that Government Code section 54954.5 requires the Board to post a Closed Session item on the Board Agenda. With respect to the above referenced matter, the agenda description should read as follows:

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

CONFERENCE WITH LEGAL COUNSEL—ANTICIPATED LITIGATION

California Government Code section 54956.9(d)(2)

Number of Cases: One

Should you have any further questions, please contact me.

Very truly yours,

Kerry Gerchow
Deputy County Counsel