

## New call for fusion of sewer agencies

**Handout**

**Agenda Item** 5A7

**Date** April 26, 2018

### MARIN COUNTY

Grand jury reasserts push for mergers to cut expenses

**By Richard Halstead**

[rhalstead@marinij.com](mailto:rhalstead@marinij.com) @HalsteadRichard on Twitter

Disposal of sewage is something most people would rather not think about, but that reluctance is costing Marin residents a pretty penny, according to a new Marin County Civil Grand Jury report.

The report, released Friday, recommends immediate consolidation of three sanitary districts in central Marin — Sanitary District No. 1 (Ross Valley), Sanitary District No. 2 (Corte Madera) and the San Rafael Sanitary District.

It also suggests that six entities in Southern Marin — Almonte Sanitary District, Alto Sanitary District, Richardson Bay Sanitary District, Homestead Valley Sanitary District, Tamalpais Community Services District and the Mill Valley Public Works Department — create just two large sanitation districts.

The grand jury makes clear that the ultimate goal should be consolidation of all Marin sanitary districts and agencies into a single Marin Municipal Utilities District.

To facilitate this goal, the grand jury recommends that Marin County allocate additional funds to Marin's Local Agency Formation Commission, or LAFCO, which oversees the formation of government agencies and special districts.

"We are open to looking into the merits of consolidation options," said Assistant County Administrator Dan Eilerman. "On the issue of funding, the county already pays a significant portion of the LAFCO budget, and we believe that any increased funding should be spread to be consistent with the existing formula."

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In the past, the board of Sanitary District No. 1 has been resistant to the idea of consolidation. In 2005, three other sanitation districts and the Central Marin Sanitation Agency agreed to unite with Sanitary District No. 1, but Sanitary District No. 1's board nixed the idea.

Nevertheless, Doug Kelly, the current board president of Sanitary District No. 1, said, "I absolutely support consolidation. I'm willing to work with my colleagues in the other districts to get this accomplished."

Kelly said he has not discussed the grand jury report with other board members, but he said the resignation of the district's general manager, Greg Norby, announced Monday, would make consolidation easier. "Ross Valley Sanitary District has been a poor player in the past," Kelly said, "but we have a very fine board now, and we work well with others."

While the general public might not be paying close attention to the issue of sanitation, this report is just the latest of several Marin civil grand jury reports on the topic.

In a 2014 report titled, "The Scoop on Marin County Sewer Systems," the grand jury wrote, "In total, there are 17 special districts, 2 municipalities, 2 JPAs, the National Park Service and the California State Park Service providing wastewater services to a population of 256,000 in an area just over 100 square miles."

To bolster its argument, the 2017-18 grand jury quotes from three studies, one commissioned in 2005 and two published last year. In 2017, a study completed by the Little Hoover Commission called for legislation to eliminate roadblocks to special district consolidations and another study by Marin LAFCO made specific recommendations for consolidations.

Both of those studies focused on similar reasons for consolidation. First of all, they pointed to the cost savings realizable due to elimination of redundancies: one board of directors and one administrative department versus many.

The 2014 grand jury report noted that the total amount spent in fiscal year 2012-2013 for district managers' salaries and benefits (excluding pensions) in all agencies was close to \$2.4 million. That report also stated that the 109 board members serving on wastewater agencies received approximately \$250,000 in compensation during the most recent fiscal year.

Another rationale cited for consolidation in the 2017 Little Hoover Commission and Marin LAFCO reports was the need to prepare for the effects of climate change.

The 2017-18 grand jury writes, "Specific to sanitation, the use of gravity in wastewater systems results in sanitation facilities being located at the lowest elevation, thereby exposing them to rising sea levels."

The grand jury notes in its report that the search for cost savings have resulted in previous successful consolidations in Marin.

"A police consolidation in central Marin has demonstrated substantial cost savings and fire districts in southern Marin are currently collaborating with the end goal of consolidation," the grand jury wrote.

Later in the report, the grand jury states that the Southern Marin Fire Protection District is projected to save \$315,000 per year.

The grand jury also explains, however, that police and fire agencies have a financial incentive that many sanitation districts lack. That is because if sanitation districts run short of money they can boost their sewage charge fees using Proposition 218 rules.

The grand jury notes that a difference in sewage fees is one of the prime reasons that attempts to combine sanitary districts in Marin have been unsuccessful for decades. If residents in one district are paying less than in another district, it is a hard sell to convince them that they will benefit from a merger that will result in their rates going up. Fear of losing local control and a lack of oversight have also played a role, the jury states.

Kelly said two districts that the grand jury suggests should join with Sanitary District No. 1 — Murray Park Sewer Maintenance District and San Quentin Village Sewer Maintenance District — both charge their customers substantially lower fees than Sanitary District No. 1.

"We'll have to address that if we are to consolidate with them," he said.

**"I absolutely support consolidation. I'm willing to work with my colleagues in the other districts to get this accomplished."**

— *Doug Kelly, board president of Sanitary District No. 1*

*Chances of sewage district consolidation are slim*

**Dick Spotswood**

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The Marin County Civil Grand Jury has a well-earned reputation for having the ability, desire and political courage to dive into important but politically dicey issues. They've just issued their newest report, "Consolidation of Sanitary Districts," which is a blueprint for the efficient consolidation of a slew of uncoordinated out-of-sight agencies that provide an essential service.

Most California counties are served by a large number of special- purpose districts providing sewage, fire protection, flood control, water and park services. These are historical anomalies that arose a century ago when cow counties, of which Marin was one, became populated.

There was no grand plan. Often a collection of houses outside an incorporated town grew into a neighborhood and there was a pressing need for fire or sewage service. Neighbors, with county permission, created special districts to perform those functions. Boards of directors were elected and the agencies charged fees or received part of the property tax to support itself.

As time passed, the special districts became to be ignored by residents, overlooked by the media and operated with little oversight. They had outlived their time. Having no one looking over an agency's shoulder is the classic route to self-dealing, inefficiencies and outright corruption.

An example of an opaque system out of control was the scandal- plagued Ross Valley Sanitary District, which is only now emerging into the sunlight. Some, but not all, sanitary directors have taken advantage of their invisibility by paying themselves, and pay and perks that no Marin city council members — all subject to press and public scrutiny — would ever dare take.

Good-government advocates have long sought consolidation not only of the sanitary districts, but also the other special-purpose districts, each with its own board and management staff.

They've been thwarted by the only people that really care if the agencies remain: members of the agencies' boards of directors fearful of losing their perks, their political allies and sanitary district employees who benefit from the status quo. Change is hard, since the issue is so below the radar that most voters tend to be swayed by the directors' collective scream, "Keep local control." Why "local control" of toilets and sewage lines is a political issue is mystifying.

The civil grand jury has the guts to tackle the issue. Its conclusion provides for significant but not radical change; it recommends that independent sanitary agencies remain, just fewer of them.

The report's key recommendations are:

- First, the "Central Marin Sanitation Agency, Sanitary District No. 1 (Ross Valley), Sanitary District No. 2 (Corte Madera), and the San Rafael Sanitary District should reorganize into a single sanitary/sanitation district."
- Second, the "Sewerage Agency of Southern Marin, Almonte Sanitary District, Alto Sanitary District, Richardson Bay Sanitary District, Homestead Valley Sanitary District, Public Works Department of the City of Mill Valley, and Tamalpais Community Services District should reorganize into a single sanitary/ sanitation district."

More efficiency, less bureaucracy, with as good if not better services at a lower cost. Who could object? Amazingly, the grand jury's suggestion is a long shot. These agencies, perhaps with the exception of the cities of Mill Valley and San Rafael and Tamalpais Community Services District, will resist the suggestion with their

dying breath. No agency ever wants to eliminate itself. The Board of Supervisors will be missing in action and the likelihood of this reform taking place, at best, is in the 20 percent range.

If such a basic reform doesn't take place within two years, this tells taxpayers all they need to know about the dim prospects of even wider mergers of special- purpose districts that might save even more tax dollars. *Columnist Dick Spotswood of Mill Valley writes on local issues Sundays and Wednesdays. Email him at [spotswood@comcast.net](mailto:spotswood@comcast.net).*

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