



The Mission of the Las Gallinas Valley Sanitary District is to protect public health and the environment by providing effective wastewater collection, treatment, and recycling services.

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

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

BOARD MEETING AGENDA

January 10, 2019

MATERIALS RELATED TO ITEMS ON THIS AGENDA ARE AVAILABLE FOR PUBLIC INSPECTION DURING NORMAL BUSINESS HOURS AT THE DISTRICT OFFICE, 300 SMITH RANCH ROAD, SAN RAFAEL, OR ON THE DISTRICT WEBSITE WWW.LGVSD.ORG

Estimated Time

- 4:30 PM 1. PUBLIC COMMENT**
This portion of the meeting is reserved for persons desiring to address the Board on matters not on the agenda and within the jurisdiction of the Las Gallinas Valley Sanitary District. Presentations are generally limited to three minutes. All matters requiring a response will be referred to staff for reply in writing and/or placed on a future meeting agenda. Please contact the General Manager before the meeting.
- 4:35 PM 2. ELECTION RESULTS – SWEARING IN OF BOARD MEMBER**
Board Member Yezman will be officially sworn in for her four year term as director.
- 4:40 PM 3. BOARD ELECTIONS – PRESIDENT, VICE PRESIDENT, SECRETARY AND TREASURER**
Board to elect a President, Vice President, Secretary and Treasurer.
- 4:50 PM 4. PUBLIC HEARING FOR ORDINANCE NO. 175 AMENDING TITLE 4, CHAPTER 1 – REGULATING SOLID WASTE, RECYCLABLE AND ORGANIC MATERIALS, AND THE COLLECTION, REMOVAL AND DISPOSAL THEREOF INCLUDING THE GARBAGE AND REFUSE RATE ADJUSTMENT FOR 2019 AND GARBAGE FRANCHISE FEE**
Board to consider the adoption of Ordinance No. 175, An Ordinance amending Title 4, Chapter 1 of the District Ordinance Code and increasing the garbage and refuse rate by 14.33%. Representatives of Marin Sanitary Service and Garth Schultz of R3 Consulting Group will be in attendance to discuss the 2018 Rate Application Report.

Possible expenditure of funds: No, all costs to be paid by District (non-City of San Rafael) customers.

Staff recommendation: Board Adopt Ordinance No .175, An Ordinance Amending Title 4, Chapter 1 of the District Ordinance Code and adjusting the garbage and refuse rate by 14.33%.

5:20 PM

5. CONSENT CALENDAR:

These items are considered routine and will be enacted, approved or adopted by one motion unless a request for removal for discussion or explanation is received from the staff or the Board.

- A. Approve the Board Minutes for December 13, 2018
- B. Approve the Warrant Lists for December 28, 2018 and January 10, 2019
- C. Approve Board Compensation for December 2018
- D. Approve Conference Attendance for Judy Schriebman and Mike Prinz – 2019 WateReuse California Annual Conference March 17-19 in Garden Grove
- E. Approve General Manager Authority to Award Contract to CCMI for Labor Compliance Monitoring of Secondary Treatment Plant Upgrade and Recycled Water Expansion
- F. Approve Application of Capacity for APN 178-152-25 723 Butternut Drive
- G. Approve Resolution 2019-2152- Authorizing Signing Authority for the Bank of Marin Operating Account and removing signers from the Authorized Signers List

Possible expenditure of funds: Yes, Items B through E.

Staff recommendation: Adopt Consent Calendar – Items A through G.

5:30 PM

6. BOARD PRESIDENT APPOINTMENTS FOR 2019

Board President will appoint Board Members to attend various meetings and/or committees.

5:50 PM

7. ACTION CALENDAR:

- A. Marin LAFCO – Call for Nominations

6:00 PM

8. INFORMATION ITEMS:**A. STAFF/CONSULTANT REPORTS:**

1. General Manager Report – Verbal
2. Monthly Treasurer's Report – Written
3. Biological Consultant to Provide Biological Review Requirements of Reclamation Permit WDR 92-064 and Humane Canada Goose Management Services – Written
4. Bulk Polymer Purchase – Written

B. BOARD REPORTS:

1. Human Resources Subcommittee – Verbal
2. LAFCO - Verbal
3. Gallinas Watershed Council / Miller Creek Watershed Council– Verbal
4. JPA Local Task Force on Solid and Hazardous Waste – Verbal
5. NBWA – Verbal
6. NBWRA/North Bay Water – Verbal
7. Engineering Subcommittee – Verbal
8. Other Reports – Verbal

6:20 PM

9. BOARD REQUESTS:

- A. Board Meeting Attendance Requests – Verbal
- B. Board Agenda Item Requests – Verbal

6:25 PM

10. VARIOUS ARTICLES AND MISCELLANEOUS DISTRICT CORRESPONDENCE

6:30 PM

11. ADJOURNMENT

AGENDA APPROVED:	Megan Clark, Board President	David Byers, Legal Counsel
------------------	------------------------------	----------------------------

CERTIFICATION: I, Teresa Lerch, District Secretary of the Las Gallinas Valley Sanitary District, hereby declare under penalty of perjury that on or before January 7, 2019 at 4:30 p.m., I posted the Agenda for the Board Meeting of said Board to be held January 10, 2019 at the District Office, located at 300 Smith Ranch Road, San Rafael, CA.

DATED: January 7, 2019



Teresa L. Lerch
District Secretary

The Board of the Las Gallinas Valley Sanitary District meets regularly on the second and fourth Thursday of each month. The District may also schedule additional special meetings for the purpose of completing unfinished business and/or study session. Regular meetings are held at the District Office, 300 Smith Ranch Road, San Rafael.

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the District at (415) 472-1734 at least 24 hours prior to the meeting. Notification prior to the meeting will enable the District to make reasonable accommodation to help ensure accessibility to this meeting.

Agenda Item 2
Date January 10, 2018

Certificate of Election and Oath of Office

STATE OF CALIFORNIA
County of Marin

I, Lynda Roberts, Registrar of Voters of the Marin County, of the State of California, do hereby certify that at the Statewide General Election held on the 6th day of November 2018, that

CRYSTAL YEZMAN

is elected as appears by the official record of the result of said election, to the office of Director, Las Gallinas Valley Sanitary District, a term ending December, 2022.

IN WITNESS WHEREOF, I have hereunto affixed my hand and official seal on this 30th day of November, 2018.

s/ *Lynda Roberts* - Registrar of Voters



STATE OF CALIFORNIA
County of Marin

OATH OF OFFICE

I, **CRYSTAL YEZMAN**, do solemnly swear (of affirm) that I will support and defend the Constitution of the United States and the Constitution of the State of California against all enemies, foreign and domestic; that I will bear true faith and allegiance to the Constitution of the United States and the Constitution for the State of California; that I take this obligation freely, without any mental reservation or purpose of evasion; and that I will well and faithfully discharge the duties upon which I am about to enter.

Director, Las Gallinas Valley Sanitary District

NAME OF OFFICE

SIGNATURE OF ELECTED CANDIDATE

TITLE OF PERSON ADMINISTERING OATH

SIGNATURE OF PERSON ADMINISTERING OATH

____ day of _____, 20____

Before taking office, each member must take and subscribe to the Oath of Office before a governing board member, other school officer, state or county officer, judicial officer or notary public, to be filed with the County Clerk/Registrar of Voters. (Gov. Code 1360-1369)



Consent _____
Staff/Consultant Reports _____
Agenda Item 3

Date January 10, 2019

Agenda Summary Report

To: Mike Prinz, General Manager
From: Teri Lerch, District Secretary
Mtg. Date: January 10, 2019
Re: Board Elections – President, Vice President, Secretary and Treasurer

BACKGROUND:

Board members serve for a four year term. The position of Board President has been rotated between members.

The election occurs in January of each year. Below is a schedule of the rotation since 2010.

	Greenfield	Clark	Elias	Murray	Schriebman
2010				X	
2011					X
2012	X				
2013		X			
2014				X	
2015			X		
2016					X
2017	X				
2018		X			

Board Member Clark was elected as president and Craig Murray was elected vice president for 2018.

The Board Secretary and Treasurer positions are held by District Staff members.

STAFF RECOMMENDATION:

Board appoint Craig Murray as the President, Rabi Elias as Vice President, Robert Ruiz as Treasurer and Teri Lerch as Secretary.

FISCAL IMPACT:

N/A

PERSON TO BE NOTIFIED:

Robert Ruiz and Teri Lerch.



Consent _____
Staff/Consultant Reports _____
Agenda Item __ 4 _____

Agenda Summary Report

Date January 10, 2019

To: Mike Prinz, PE, General Manager
From: Robert D. Ruiz, Administrative Services Manager
Mtg. Date: January 10, 2019
Re: Public Hearing for Ordinance No. 175 Amendment of Title 4, Chapter 1 –
Regulating Solid Waste, Recyclable and Organic Materials and the Collection,
Removal and Disposal Thereof Including the Garbage and Refuse Rate
Adjustment for 2019 and Garbage Franchise Fee

INTRODUCTION:

The District typically holds an initial review of the proposed rate increase each year and schedules a public hearing for January or February to set the maximum collection rates to be charged by MSS for that calendar year. Notice of the public hearing is published twice in the Marin Independent Journal. Information on the proposed rates that MSS will charge is available at the District’s office and on the District’s website for at least 10 days prior to the public hearing. The Board reviewed the rate request at its December 13, 2018 meeting and set the public hearing for Thursday, January 10, 2019 at 4:30 p.m.

EXECUTIVE SUMMARY

This report details the rate adjustment proposal for 2019 necessary for Marin Sanitary Service (MSS) to provide refuse, recycling, and organic materials composting, hauling, and processing for customers (“rate payers”) in the unincorporated areas of the District. Rate payers include residential homeowners, apartment owners, commercial property owners, and other businesses and tenants. The proposed rate adjustment will increase base rates by 9.6% over 2018 levels for all rate payers. In addition, the Board directed staff to change the franchise fee from a flat \$25,000 to 5% of revenues. This adds 4.73% to the rate for 2019 so that the total increase is 14.33%. The dollar impact on the rates is to increase the monthly cost for a residential 32-gallon can by \$4.74 from \$33.05 to \$37.79. This monthly cost is still the lowest among the Marin Franchisors Group and the Marin County Average.

The proposed rate includes adjustments using on an agreed-upon rate setting methodology the District has with Marin Sanitary Service as well as a negotiated resolution to ongoing recycling deficits in our Recycling Reserve Fund, and is based upon an independent third-party review of expenses and revenues by R3 Consulting Group, Inc. (R3).

Additionally, this report describes the elements of a proposed amendment to the Franchise Agreement with Marin Sanitary Service. Recycling revenue impacts to MSS due to the recent collapse of the recycling commodities markets triggered a meet-and-confer requirement in the Franchise Agreement with them to determine a reasonable remedy. The District and other agencies that have similar agreements with MSS began a joint meet-and-confer process in Spring 2017. This included an analysis of the current method of setting rates and an accounting for recyclable materials processing and revenues to address the new realities of recycling markets as well as other long-term issues. The District and these other agencies retained the services of R3 Consulting Group, Inc. as well to assist with the analysis and meet-and-confer process and have come to a successful conclusion. The negotiated terms proposed require a new



amendment to the Franchise Agreement and will: 1) establish a better means of addressing recycling costs and revenues going forward, 2) streamline and simplify the overall rate setting process, and 3) resolve other contractual issues that have been identified since the last amendment to the Franchise Agreement.

BACKGROUND

Each year, the District holds a public hearing to set the maximum collection rates that can be charged by MSS in the District. These rates are based on a specific methodology contained in the Franchise Agreement the District has with MSS. This background section of the staff report will illustrate the overall context for the rate setting process and the proposed amendment to the Franchise Agreement with MSS. For purposes of clarity the terms “current Franchise Agreement” and “proposed Franchise Agreement” will be used, the latter referring to the Amendment to Franchise Agreement being brought forth for consideration, which if approved, will govern rate setting processes going forward.

Current Franchise Agreement and Marin Franchisors’ Group

The District’s Ordinance Code Title 4, Chapter 1 provides for the regulation of refuse collection within the unincorporated areas of the District boundaries. Marin Sanitary Service (MSS) is the District’s sole provider of refuse hauling and recycling services and performs these services in many surrounding communities as well. These services are pursuant to a collection agreement, otherwise known as a Franchise Agreement between the District and the company. The Franchise Agreement outlines the services that must be provided by MSS as well as a methodology to be followed to set customer rates each year.

Several jurisdictions in Marin that have similar agreements with MSS joined together as the Marin Franchisors’ Group to share information and reduce costs. These jurisdictions are: San Rafael, Larkspur, Ross, the Las Gallinas Valley Sanitary District, and the County of Marin, including within the Ross Valley Sanitary District boundaries. The Marin Franchisors’ Group (“Franchisors”) meets several times per year to oversee MSS’s operations and works together to conduct a single annual rate review and analysis rather than each jurisdiction having to conduct and pay for a separate review.

The current Franchise Agreement was negotiated in 2013 as the Revised and Restated Exclusive Franchise Agreement. This 2013 Agreement included a Recycling Reserve Fund in the rate setting methodology. It was established to capture a portion of recycling revenues (net of expenses) for rate payers since the markets for recycling had been strong for several years, and to provide a cushion for when minor losses occurred. However, the Recycling Reserve Fund is currently not able to accommodate the recent major downturns in recycling markets, which will be discussed more in the Analysis section of this staff report below.

As required under the current Franchise Agreement, the District Board holds an annual public hearing to set the maximum collection rates that can be charged by MSS for services outlined in the Agreement. The current Franchise Agreement provides for a detailed, base year review of MSS’s operations every three years. Annual summary reviews using modified indices are conducted for the next two years. The last detailed review was conducted for the 2016 rate year. The proposed rate levels for 2019 are based on a detailed review.

Marin Sanitary Services and Programs

MSS provides residential, commercial and multi-family refuse services, including garbage, recycling and organics collection and processing. MSS also provides garbage and recycling pick-up for District facilities.

Residential service includes single-family units and three or fewer units in a single structure. Residential customers receive weekly garbage, recycling, and organics composting collection services. Residential customers also receive twice yearly residential curbside collections of up to 14 additional bags/cans of



yard waste, recycling, and/or garbage; and twice yearly residential on-call collection of up to two large items each time.

Commercial service includes all businesses and residential apartment buildings with four or more units. Commercial customers receive separate garbage and recycling containers as well as cardboard pickup, and may choose from a variety of carts, bins, and commercial compactors. In addition, customers are offered the choice of two commercial organics diversion programs. Customers with significant amounts of pre-consumer food waste may participate in the Food to Energy program. Commercial customers with post-consumer food waste, food soiled papers, and yard waste may participate in the commercial composting program. All commercial services can be picked up from one to six times per week.

Multi-family buildings are considered commercial services since they are a business enterprise and operate differently than single family homes. They receive separate garbage, recycling, and organics containers depending on the area available for can storage. MSS works with apartment managers and tenants to develop 'green teams' to increase recycling and composting at their complexes.

In addition, MSS is a key partner in the District's environmental goals as well as the County's Zero Waste Goal, which attempts to achieve a 94% diversion of waste from landfill by 2025. MSS conducts outreach for the District for the State's Mandatory Commercial Recycling and Mandatory Composting laws (AB 341, AB 1826, and SB 1383), which place requirements on businesses to recycle and compost, and requires annual monitoring and notifications to non-compliant businesses.

MSS has a robust community outreach and education program, which provides resources to all customers including businesses, multifamily dwellings and schools to encourage recycling and other zero waste activities at no additional cost to the customer. They conduct numerous programs and community offerings, including an annual free compost giveaway and customer education event. Finally, MSS has also assisted with illegal dumping abatement within the District.

State of the Industry

Since the 2013 revision to the Franchise Agreement, numerous changes have taken place in the industry. First, recognizing the negative impacts of organic materials decomposing in landfills on climate change, the State of California has started mandating that local jurisdictions provide curbside composting programs. Subsequent legislation mandates that businesses of certain thresholds compost their organic materials, and it is projected that the State will mandate that all residents and businesses compost their organic waste in the coming years (AB 1826 and SB 1383) while also placing new requirements on local governments to implement, monitor and enforce participation in organic waste programs.

The second major change that has taken place has to do with the recycling commodities markets. Recycling commodities markets have been on a steep decline for the past three years, resulting in reduced revenues for recycling companies and the closure of more than 1,000 recycling buy-back centers throughout the State. For example, between January 2017 and February 2018, MSS saw prices drop for mixed paper recycling from approximately \$155 per ton to \$20 per ton. This market collapse is not only being felt in the local jurisdictions but has been widespread throughout California and the rest of the nation. These existing market conditions are expected to continue into the foreseeable future.

In November 2016, MSS notified the District and the other members of the Marin Franchisors' Group that recycling deficits in the Recycling Reserve Fund had exceeded the amount necessary to trigger a provision in the Franchise Agreement which called for a meet-and-confer process to address the deficits. The Franchisors and MSS agreed to begin the meet-and-confer negotiations in 2017. In addition, the Franchisors and MSS agreed to use the opportunity to review and adjust the overall methodology for setting customer rates each year, known as Exhibit B in the Franchise Agreement. There has been broad



agreement that the current methodology can be confusing, has become costly and time-consuming, and does not provide an adequate level of predictability or stability for rate payers or MSS.

ANALYSIS:

This section will outline the rationale for the two items under consideration:

- A. The rate adjustment for 2019
- B. The amendment to the Franchise Agreement



A. Rate Adjustment for 2019

Rate Review and Methodology

Over the past ten years rate adjustments have ranged from less than one percent to over 10% with an average of 5.82%. Last year's adjustment was 5.57%. Waste haulers around the state are experiencing recycling losses and increases in labor and benefits expenses, among other things. In the past year other Marin County jurisdictions have experienced rate adjustments ranging from approximately 14%-19% in Mill Valley, Belvedere, Corte Madera, Tiburon, and Tamalpais Community Services District. In the past two years, rates increased by 15% in San Francisco to more than 50% in Piedmont, Windsor and Santa Rosa, with similar adjustments occurring or forthcoming in many other Bay Area jurisdictions. This is the result of many factors, including a growing amount of solid waste, recycling, and compostable materials generated by residents and businesses, increasing requirements to divert waste from landfill, increasing costs of processing recyclables and compostable materials, decreasing value of recyclable materials, increasing costs of capital and equipment to implement new standards and requirements, and increasing costs of labor in a constrained labor market.

In 2017 the Franchisors' Group selected R3 Consulting Group, Inc. to conduct the 2019 rate review. The Franchisors' Group selected R3 based on their work on the rate methodology analysis and meet-and-confer process with MSS.

Adjustments

MSS submitted their 2019 summary rate application in August with a proposed 13.98% increase over 2018 rates, not including treatment of prior recycling losses and 2019 recyclables processing costs. Had those elements been fully included in the 2019 rate adjustment, R3 estimates that the rate adjustment would have been 21.40%.

R3 reviewed the application and all relevant documents and financial schedules with MSS and recommends an increase in the base rate of 9.6% to the District's rates in 2019, including resolution of prior recycling deficits. These will be carried in the rates over three years from 2019 through 2021 at a rate impact of approximately 0.44% in 2019. The change in the Franchise Fee structure from a flat fee to one based on 5% of revenues adds 4.73% to the rate for a total increase for 2019 of 14.33%. The full rate review and proposed adjustments are contained in the R3 Report (Attachment B). The following table (Table 3 from the R3 Report) contains a summary of the rate increase components, which reflect projected costs for 2019 utilizing the current agreed upon rate setting methodology in the current Franchise Agreement with one exception. As a result of the meet-and-confer, MSS and the Franchisors' Group also negotiated to include funding of recyclables processing costs in the 2019 rates, as well as resolution of prior recycling losses. This is further explained in the RECYCLABLES PROCESSING & PRIOR DEFICITS line item in the Adjustments section below.



Table 3

Rate Components	MSS Original Application	Breakdown of 2019 Recommended Increase
Labor	5.98%	5.34%
Franchise Fees	0.96%	0.00%
Recyclables Processing and Prior Losses	0.00%	2.68%
Fuel and Oil	0.76%	1.07%
Maintenance	0.81%	0.83%
Benefits	0.79%	0.57%
Profit	1.15%	0.62%
Garbage Landfilling and Organics Processing	0.36%	0.06%
Interest	0.93%	0.04%
General and Administrative	1.16%	-0.08%
Depreciation and Leases	1.00%	-0.14%
Zero Waste Marin Fees	0.08%	-0.43%
Revenue Projections	-	-0.97%
Total	13.98%	9.60%

The following is a summary of the reasons underlying the rate request broken out by major rate categories:

LABOR: The increase is due to normal cost-of-living increases in base labor costs, new MSS positions including a Director of Human Resources and a Route/Contamination Auditor, impacts of aging workforce turn-over, and reconciliation of actual labor costs compared to prior allowed increases via indexed adjustments.

FRANCHISE FEES: Franchise fees for the Marin Franchisors' Group are set based on a percentage of gross rate revenues charged and received by MSS. The increase in 2019 is due to increasing rate revenues as well as a change to the franchise fee amount set by Las Gallinas Valley Sanitary District, which the District wishes to increase from \$25,000 per year to 5% of gross rate revenues (and which will only increase rates for Las Gallinas Valley Sanitary District rate-payers). This year jurisdictional fees were attributed only to that local jurisdiction's rates rather than aggregating and dividing amongst all members of the Marin Franchisors' Group.

RECYCLABLES PROCESSING & PRIOR LOSSES: MSS's rate application did not include rate impacts of prior recycling losses of up to up to \$1.15 million and did not include net costs to process recyclables due to the ongoing negotiations. MSS and the Marin Franchisors' Group negotiated resolution of prior recycling losses, with MSS waiving 2/3 of the \$1.15 million in accumulated losses, and the remaining ~\$350,000 in losses being included in the rates over three years from 2019 to 2021, comprising 0.44% of the 2019 rate increase. Net recyclables processing costs (total processing costs less revenues from sale and redemption of recyclables) comprise 2.52% of the 2019 rate increase and are set based on a negotiated net processing cost of \$40/ton.

FUEL AND OIL: Approximately 3/4 of this increase is due to the increases in the cost of fuel projected for 2019 above the price in 2018. The remaining 1/4 is due to true-ups reconciling prior fuel and oil expenses



for 2017 (actual) and 2018 (projected) compared to prior projections, which will be amortized and included in the rates over the next three years from 2019 to 2021, comprising 0.23% of the 2019 rate increase. True-ups in prior year expenses for fuel and oil are allowed under the current rate adjustment methodology but are proposed for removal as a part of the new rate adjustment methodology.

PROFIT: This is MSS's allowable profit, which is an agreed upon "operating margin" of 90.5%. Profit is calculated as a function of total operating expenses divided by 90.5%, less total operating expenses.

GARBAGE LANDFILLING AND ORGANICS PROCESSING: This is based on projected tonnages and tipping fees in 2019 as well as a "true-up" of real costs accumulated in 2017 and 2018 compared to projections of amounts of waste taken to landfill and the charges incurred. Prior true-ups will be included in the rates over the next three years from 2019 to 2021, comprising 0.05% of the increase in 2019, and are proposed for removal as part of the new rate adjustment methodology.

DEPRECIATION AND INTEREST: These two categories are composed of the real allocated costs associated with financing facilities and equipment, including upgrading and modernizing MSS's fleet, which are more fuel efficient and use cleaner technology.

GENERAL AND ADMINISTRATIVE: G&A includes costs such as public outreach, professional fees, and computer hardware/software.

ZERO WASTE MARIN FEES: Zero Waste Marin fees are adjusted to reflect anticipated charges by the County, which are projected to decrease in 2019 for MSS expenses applicable to the Marin Franchisors' Group. Furthermore, this component was removed from the MSS profit calculation.

REVENUE PROJECTIONS: MSS's projections of revenues were determined to be low given the new rate methodology anticipated for adoption by the Marin Franchisors' Group. R3 provided updated projections that reduce the overall needed rate adjustment.

Rate Payer Categories and Comparisons

With the above recommendation, the cost of a 32-gallon residential landfill cart will be increased approximately \$4.74 per month, from \$33.05 to \$37.79. The cost of commercial service for a 3-yard landfill dumpster picked up once per week will be increased by approximately \$68.61 per month, from \$478.81 to \$547.42. Recycling is included in all accounts. Businesses with a vigorous recycling program can reduce their regular container size or pickup schedule, resulting in lower rates.

R3 conducted a survey of Bay Area refuse haulers as part of the rate review, included in Attachment B. It summarizes the survey data for residential 30-35 gallon can weekly service with curbside recycling and organics pickup. Note that proposed 2019 rates are not available for other jurisdictions yet; so this comparison in proposed District 2019 rates to other jurisdictions may understate the final rates that will result.

The 2019 proposed rate of \$37.79 in the District's jurisdiction is less than the Marin County average of \$41.69 and slightly higher than the Bay Area average, which is \$36.76. Attachment B also compares the District's three-yard commercial bin (once a week) service to those of all Bay Area cities and agencies with similar services. The District rate of \$547.42 is higher than the average of other Marin County jurisdictions average which is \$495.66 and higher than the Bay Area average, which is \$420.05. However, it is important to note that all jurisdictions provide different services and levels of services, making apples-to-apples comparisons problematic. The District's rates have traditionally been comparable with rates in other Bay Area jurisdictions, while often providing more services.



As in previous years, staff is recommending that the rate adjustment be applied across the board to all residential, multi-family and commercial service accounts. Actual rates for all services are provided as an attachment to the Resolution included with this report.

B. Amendment to the Franchise Agreement

The District's Franchise Agreement was last amended and adopted in March 2013.

In May 2017, after a competitive selection process, the City of San Rafael entered into a contract with R3 Consulting Group, Inc. (R3) on behalf of the Marin Franchisors' Group to conduct an analysis of the issues; and to assist with the meet-and-confer with MSS. As the lead agency for the Franchisor's Group, the City of San Rafael staff engaged San Rafael City Councilmembers Bushey and Colin as an ad-hoc subcommittee to oversee the process. This process had three primary goals:

- 1) Establish a resolution for the over **\$1 million in losses in the Recycling Reserve Fund (RRF)** carried by the company since the recycling market crash,
- 2) Develop a **new model for handling recycling costs and revenues** to replace the RRF that would add greater certainty for rate setting going forward, and
- 3) Revise the overall **methodology for setting rates** to achieve goals of streamlining, simplification, rate stability and recognition of the value of recycling and composting.

In addition, two secondary items were identified during the process:

- 4) Establish **performance metrics** and tracking to better understand qualitative outcomes of MSS' operations and outreach, and
- 5) Revise and institute formal **succession planning and assignment** language and documentation

Concurrently, R3 concluded a detailed rate analysis for 2019, which will set a baseline for future rate adjustments going forward. The following sections summarize the outcomes of the meet-and-confer negotiations.

1. Recycling Reserve Fund Deficits

To date, the Marin Franchisors' Group share of the deficit in the Recycling Reserve Fund total approximately \$1.15 million. MSS has agreed to forego 2/3 of the total Franchisors' share and to amortize the remaining 1/3 (approximately \$350,000) over 3 years. This results in a 0.44% rate impact each year for 2019, 2020, and 2021. This will be a separate item from the annual rate adjustment calculation, so it will not be compounded over time, nor will there be interest added. Note that this \$1.15 million only represents the half of the losses that were assigned to the Franchisors in the Fund; MSS assumed the liability for their half equaling \$1.15 million. This agreement to cut the Franchisors' share of the deficits by 2/3 is a significant concession by MSS resulting in minimal impact to the rate payers.

2. New Model for Recycling Costs and Revenue

If approved, the proposed amendment to the Franchise Agreement will eliminate the current Recycling Reserve Fund and replace it with a net processing fee: MSS will be paid an annually adjusted processing fee minus revenues from the sale of recyclable materials. This new method of calculating recycling in the annual rate application includes an incentive for MSS to seek the best prices for selling the materials. This will be accomplished by only funding 90% of MSS's cost to process recyclables (yielding a shortfall for MSS to fill) while allowing MSS to keep 90% of the recycling revenues (as a means of funding the shortfall noted above). Since the cost of recyclables processing is greater than the revenues, MSS will then be incentivized to maximize recycling revenues in order to cover the costs of recyclables processing.



The processing costs and recycling revenues will be reviewed annually, and should there be significant changes to the markets again there is a provision to review and adjust as necessary to mutually benefit rate payers and MSS. This threshold is being set at a 10% difference in either revenues or losses for two consecutive years. In this way should markets completely drop out MSS has a means to address further significant losses. However, should markets rebound significantly the District also has a means to ensure that these revenues help offset customer rates.

3. New Methodology for Setting Rates

The proposed amendment to the Franchise Agreement includes a substantially streamlined and simplified annual rate adjustment methodology. Unlike the current methodology, which sets rates based on actual MSS costs and profits (aka a “cost-plus contract”) the new methodology will set rates based on set revenues due to MSS, which will be escalated annually based on one simple Water, Sewer, and Trash Collection, U.S. city average, Bureau of Labor Statistics ID CUSROOOOEHG (WST) index, which has increased between 2 to 5% annually in recent years. This will streamline and simplify the rate setting process, placing more incentive on MSS to live within the regulated revenue amount, and will significantly reduce annual costs and time for consultants and staff to conduct the annual reviews. Every 5 years MSS or the Marin Franchisors’ Group may request a detailed review should there be a need. This differs from the current Agreement, which stipulates an automatic detailed review every 3rd year. All true-up provisions of the old methodology will also be removed. Staff expects a 70-80% reduction in time and costs annually to prepare the rate review.

In addition to the streamlining stated above, the proposed amendment will include a 2.5% minimum and a 5% maximum rate cap for MSS’ operational expenses. This excludes franchise/agency fees and the cost of processing, recycling, composting and disposal (the latter of which are not subject to MSS control but are subject to fluctuation based on market conditions and amounts of waste generated by residents and businesses). This will not eliminate the possibility of experiencing an overall rate increase greater than 5% on occasion, but generally should curtail the likelihood of large future year rate increases.

As part of the analysis, R3 conducted a thorough review of MSS’ expenses and revenues for 2019. This was important to do concurrently with the new amendment to the Franchise Agreement in order to have 3rd party verified figures for the recycling deficits and a better understanding of the projected costs and revenues for future years using a new methodology. One significant outcome of this analysis projects that using the new methodology, and barring any significant upsets in the industry, rates are more likely to adjust by approximately 3-4% annually. This new proposed rate setting methodology will require MSS to manage all of their controllable expenses to the greatest extent possible while also providing greater rate certainty.

4. Performance Metrics

MSS agreed to establish new performance metrics for outreach and education as well as regular operations, billing, and customer service. Details of the specific performance metrics and MSS reporting procedures will be established collaboratively between the Marin Franchisors’ Group agencies and MSS by June 30, 2019. However, there is now a provision for conducting formal performance reviews at the direction of the Franchisors. MSS is known for quality services, a dedication to recycling and composting, and environmental stewardship. This allows for quantifying and analyzing where there is real impact and where there is room for improvement going forward.



5. Succession Planning & Assignment

Although MSS has stated they are not selling nor are they interested in selling the company, they agreed to prepare formal succession planning documentation to be provided to the franchisor agencies in the coming year, and regularly thereafter. They have also developed and provided new assignment language for the Franchise Agreement that will give the Franchisors more control over any proposed sale of the company. This provides for up to \$200,000 for agency costs to review and assist with the District's interests if the company were to sell in the future, while ensuring that the MSS standards of service continue to be met. District Counsel has reviewed and provided input on the language, which has been incorporated into the final version, included here as Attachment C.

In addition to the above, Exhibit A of the Franchise Agreement, MSS Description of Services, was updated to catch up to current State legislation around organic materials collection and processing. Commercial, multi-family, and single-family organic materials collection and composting services were added where appropriate, and other minor updates and clarifications were completed as well.

In conclusion, staff, MSS, and R3 concur that this proposed amendment to the Franchise Agreement will help achieve the following outcomes:

- Stable and predictable rates for the next 5 years, and a firm basis for rate control in future years,
- Continued verifiable high levels of quality services for the District's residents, businesses and institutions, and
- Simplified annual rate setting methodology that saves significantly on consultant costs and staff time to conduct while improving accuracy and transparency.

The amendment is included in Attachment C. Should these amendments be approved, they will go into effect for the rate setting process beginning next year and applicable to the 2020 rates.

FISCAL IMPACT:

Increasing MSS's rates will result in an increase to the franchise fees paid by MSS to the District from \$25,000 to an estimated \$145,000 on a calendar year basis. Approving these amendments will reduce the annual cost for consultants to review the rate applications by several tens of thousands of dollars annually. In addition, the financial intent of the new methodology is to provide for greater rate stability and predictability and to reduce the potential for large rate increases in the future.

STAFF RECOMMENDATION:

Board to adopt the following:

1. The annual increase to the Franchise Fee Agreement of 5% effective January 1, 2019.
2. The proposed Garbage and Refuse collections rates effective January 1, 2019.
3. The First Amendment to the revised and restated exclusive Franchise Agreement.

PERSON TO BE NOTIFIED:

District residents and commercial customers to be notified through publishing Ordinance 175 or a summary thereof in the Marin Independent Journal and posted on the District's website.

ATTACHMENTS:

- Attachment A: Ordinance 175, An Ordinance Amending Chapter 1, An Ordinance Regulating Garbage, Rubbish, Waste Matter and Refuse, and the Collection, Removal and Disposal.
- Attachment B: R3 Review of MSS Rate Application, including Bay Area Rate Survey
- Attachment C: First Amendment to Revised and Restated Exclusive Franchise Agreement to Collect, Transfer, Process, Market, and Dispose of Solid Wasted, Recyclable and Organic Materials Between Marin Sanitary Service and The Las Gallinas Valley Sanitary District.

**BOARD OF DIRECTORS OF THE
LAS GALLINAS VALLEY SANITARY DISTRICT**

ORDINANCE NO. 175

**AN ORDINANCE AMENDING CHAPTER 1, AN ORDINANCE REGULATING SOLID
WASTE, RECYCLABLE AND ORGANIC MATERIALS, AND THE COLLECTION,
REMOVAL AND DISPOSAL THEREOF, TITLE 4 – GARBAGE SERVICE, AS
AMENDED, OF THE ORDINANCE CODE OF THE LAS GALLINAS VALLEY
SANITARY DISTRICT.**

The Board of Directors of the Las Gallinas Valley Sanitary District, Marin County, California, does ordain as follows:

Appendix A of Title 4, Chapter 1 of the Las Gallinas Valley Sanitary District Ordinance Code is amended to read as follows:

This page is intentionally blank.

MALG		RESIDENTIAL REFUSE COLLECTION RATES		Rate 14.33%	
				Effective 1/1/2019	
Residential Service (Bundled service includes 1 landfill (garbage) cart, 1 organics cart, & 1 recycling split cart)					
RECURRING CHARGES	Weekly Service Rates (Billed Quarterly)		2019 Flat rate		
		Monthly Rate	Quarterly Rate		
		20 gallon cart	\$32.13	\$96.39	
		32 gallon cart	\$37.79	\$113.37	
		64 gallon cart	\$75.58	\$226.74	
		96 gallon cart	\$113.37	\$340.11	
		Low income - 20 gal* cart	\$25.64	\$76.92	
		Low income - 32 gal* cart	\$30.24	\$90.72	
		Low income - 64 gal* cart	\$60.47	\$181.41	
		Additional Organics Cart Rental (35 or 64 gallon cart)	\$2.22	\$6.66	
		Additional Split Cart Rental (64 or 96 gallon cart)	\$2.22	\$6.66	
		Additional Monthly Charges	Monthly Fee (per cart, each way)	Quarterly Fee	
		Distance 5' - 50'	\$5.18	\$15.54	
		Distance Over 50'	\$6.67	\$20.01	

*Must meet PG&E CARE program eligibility requirements.

**Customers with these rates prior to 2005 will keep the existing rate type. No new customers will be added with this rate type.

NOTE: We may not be able to accommodate any collection requests NOT at the curb due to a variety of factors including safety, accessibility, and efficiency. Requests to be assessed and approved by Route Manager.

ONE TIME SERVICE FEES	Additional Service Fees per Occurrence	2019 Fee
	Return Fees - Off day	\$25.00
	Return Fees - Same day	\$10.00
	Resume Service/Late Fee	\$35.00
	Contamination (cart) any size cart	\$30.00
	Overload/Overweight (cart)	\$25.00
	Extra bag garbage	\$15.00
	Extra bag yard waste	\$10.00
	Steam Clean (cart)	\$15.00
	Special Collection	\$35.00
	Special Handling (Bulky items)	\$30.00
	Bulky item fees per item	Fees Vary
	Cart Strap Set-up Admin Fee	\$25.00
	20 Gal Cart Replacement Fee	\$55.00
	32 Gal Cart Replacement Fee	\$60.00
	64 Gal Cart Replacement Fee	\$65.00
	96 Gal Cart Replacement Fee	\$75.00
64 Gal Split Cart Replacement Fee	\$90.00	
96 Gal Split Cart Replacement Fee	\$100.00	

MALG		COMMERCIAL REFUSE COLLECTION RATES					14.33% Increase Effective 1/01/19	
RECURRING CHARGES	COMMERCIAL CARTS, BINS, ROLL-OFFS	Collections per Week						Additional One Time Empty
	Garbage	1	2	3	4	5	6	
	20 gallon cart*	\$32.86	\$65.72	\$98.58	\$131.43	\$164.29	\$197.15	\$7.58
	32 gallon cart	\$38.65	\$77.31	\$115.96	\$154.62	\$193.27	\$231.93	\$8.92
	64 gallon cart	\$77.31	\$154.62	\$231.93	\$309.24	\$386.55	\$463.86	\$17.84
	96 gallon cart	\$115.96	\$231.93	\$347.89	\$463.86	\$579.82	\$695.79	\$26.76
	1 yard bin	\$270.55	\$541.75	\$812.30	\$1,082.85	\$1,353.99	\$1,624.48	\$62.43
	2 yard bin	\$408.99	\$789.69	\$1,170.10	\$1,550.47	\$1,931.17	\$2,311.55	\$94.38
	3 yard bin	\$547.42	\$1,037.62	\$1,527.89	\$2,018.10	\$2,508.35	\$2,998.62	\$126.33
	4 yard bin	\$722.79	\$1,416.91	\$2,111.19	\$2,805.26	\$3,499.41	\$4,193.78	\$166.80
	5 yard bin	\$898.17	\$1,796.22	\$2,694.51	\$3,592.42	\$4,490.47	\$5,388.96	\$207.27
	6 yard bin	\$1,040.11	\$1,971.50	\$2,902.99	\$3,834.38	\$4,765.88	\$5,697.38	\$240.02
	10 yard roll-off	\$1,652.48	\$3,133.49	\$4,614.16	\$6,094.98	\$7,576.10	\$9,056.86	\$381.34
	18 yard roll-off	\$2,711.93	\$5,081.72	\$7,451.45	\$9,821.31	\$12,191.29	\$14,561.02	\$625.83
	20 yard roll-off	\$3,304.96	\$6,266.98	\$9,228.32	\$12,189.96	\$15,152.20	\$18,113.72	\$762.68
	25 yard roll-off	\$4,131.20	\$7,833.73	\$11,535.40	\$15,237.45	\$18,940.25	\$22,642.15	\$953.35
	Organics (F2E or Compost)	1	2	3	4	5	6	Additional One Time Empty
	32 gallon	\$18.25	\$36.50	\$54.75	\$73.00	\$91.25	\$109.50	\$4.21
	64 gallon	\$36.50	\$73.00	\$109.50	\$146.00	\$182.50	\$219.00	\$8.42
	1 yard	\$127.73	\$255.46	\$383.19	\$510.92	\$638.65	\$766.38	\$29.48
	2 yard	\$255.46	\$510.92	\$766.38	\$1,021.84	\$1,277.30	\$1,532.76	\$58.95
	3 yard	\$383.19	\$766.38	\$1,149.57	\$1,532.76	\$1,915.95	\$2,299.14	\$88.43
	10 yard roll-off	\$1,156.74	\$2,313.48	\$3,470.22	\$4,626.96	\$5,783.70	\$6,940.44	\$266.94
	18 yard roll-off	\$2,082.13	\$4,164.26	\$6,246.40	\$8,328.53	\$10,410.66	\$12,492.79	\$480.49
	20 yard roll-off	\$2,313.48	\$4,626.96	\$6,940.44	\$9,253.92	\$11,567.40	\$13,880.88	\$533.88
	25 yard roll-off	\$2,891.85	\$5,783.70	\$8,675.55	\$11,567.40	\$14,459.25	\$17,351.10	\$667.35
	Garbage Compactors (Per empty)							
	Roll-off Compactor Tipping fee per ton	\$131.16	Roll-off Compactor Hauling charge	\$266.38				
	Stationary FL (Per Compacted Yard)	\$111.08	Roll-off Compactor Special handling	Rates Vary				
	Other Charges	Service	Fee	Details				
		Lock	\$25.00	Monthly fee				
		Box rental	Fees Vary	Min. Bimonthly fee				
		Distance < 50ft	\$5.18	Monthly fee per cart, each way				
		Distance > 50ft	\$6.66	Monthly fee per cart, each way				

* Customers must have a sufficient level of service for the volume of material generated. Requests for 20gal carts require assessment and approval of a Route Manager.
NOTE: All container types and sizes may not be available at all locations depending on a variety of factors including safety, accessibility, and efficiency. Requests to be assessed and approved by Route Manager.
NOTE: Roll-offs for organics available on request at 30% discount on above garbage rates.

ONE TIME SERVICE FEES	Commercial Service Fees	Fee
		Return Fee - BIN
	Return Fee - CART -same day	\$10.00
	Return Fee - CART -off day	\$25.00
	Late Fee/Resume Service Fee	\$35.00
	Contamination (BIN)	\$50.00
	Contamination (CART)	\$30.00
	Overload/Compaction (BIN)	\$60.00
	Overload/Compaction (CART)	\$25.00
	Extra Bag Garbage	\$15.00
	Additional Empty BIN	Fees vary
	Extra Bag Yard Waste	\$15.00
	Steam Clean (1-6 yard BIN)	\$95.00
	Steam Clean (CART)	\$15.00
	Steam Clean (COMPACTOR/ROLL-OFF)	\$225.00
	Lock Set-up Admin Fee	\$25.00
	Lock Single Use Fee	\$5.00
	Lock Purchase Fee	\$20.00
	Lock Bar Bin Set-up Fee	\$75.00
	Overweight Charge Per Ton*	\$205.00
	20 Gal Cart Replacement Fee	\$55.00
	32 Gal Cart Replacement Fee	\$60.00
	64 Gal Cart Replacement Fee	\$65.00
	96 Gal Cart Replacement Fee	\$75.00
	64 Gal Split Cart Replacement Fee	\$90.00
	96 Gal Split Cart Replacement Fee	\$100.00
	Bin Repair/Replacement Fee**	Fees vary by size up to \$1,200

*(Boxes exceeding 300lbs/yard)
**Fees vary by size not to exceed current replacement value.

MALG							14.33% Increase Effective 1/01/19	
RECURRING CHARGES	MFD CARTS, BINS, ROLL-OFFS	Collections per Week						Additional One Time Empty
	Garbage	1	2	3	4	5	6	
	20 gallon cart*	\$32.12	\$64.23	\$96.35	\$128.46	\$160.58	\$192.69	\$7.41
	32 gallon cart	\$37.79	\$75.57	\$113.36	\$151.14	\$188.93	\$226.72	\$8.72
	64 gallon cart	\$75.57	\$151.14	\$226.72	\$302.29	\$377.86	\$453.43	\$17.44
	96 gallon cart	\$113.36	\$226.72	\$340.07	\$453.43	\$566.79	\$680.15	\$26.16
	1 yard bin	\$249.88	\$432.91	\$615.87	\$798.90	\$981.92	\$1,164.97	\$57.66
	2 yard bin	\$408.99	\$789.69	\$1,170.10	\$1,550.47	\$1,931.17	\$2,311.55	\$94.38
	3 yard bin	\$547.42	\$1,037.62	\$1,527.89	\$2,018.10	\$2,508.29	\$2,998.49	\$126.33
	4 yard bin	\$722.79	\$1,416.91	\$2,111.19	\$2,805.26	\$3,499.41	\$4,193.78	\$166.80
	5 yard bin	\$898.17	\$1,796.22	\$2,694.51	\$3,592.42	\$4,490.47	\$5,388.96	\$207.27
	6 yard bin	\$1,040.11	\$1,971.50	\$2,902.99	\$3,834.38	\$4,765.88	\$5,697.38	\$240.02
	10 yard roll-off	\$1,652.48	\$3,133.49	\$4,614.16	\$6,094.98	\$7,576.10	\$9,056.86	\$381.34
	18 yard roll-off	\$2,711.93	\$5,081.72	\$7,451.45	\$9,821.31	\$12,191.29	\$14,561.02	\$625.83
	20 yard roll-off	\$3,304.96	\$6,266.98	\$9,228.32	\$12,189.96	\$15,152.20	\$18,113.72	\$762.68
	25 yard roll-off	\$4,131.20	\$7,833.73	\$11,535.40	\$15,237.45	\$18,940.25	\$22,642.15	\$953.35
	Organics	1	2	3	4	5	6	Additional One Time Empty
	Additional Organics Cart Rental (35 gallon cart) after 4 TOTAL carts per cart per month	\$2.22	NA	NA	NA	NA	NA	NA
	Additional Organics Cart Rental (64 gallon cart) after 4 TOTAL carts per cart per month.	\$2.22	NA	NA	NA	NA	NA	NA
	1 yard	\$127.73	\$255.46	\$383.19	\$510.92	\$638.65	\$766.38	\$29.48
	2 yard	\$255.46	\$510.92	\$766.38	\$1,021.84	\$1,277.30	\$1,532.76	\$58.95
	3 yard	\$383.19	\$766.38	\$1,149.57	\$1,532.76	\$1,915.95	\$2,299.14	\$88.43
	Garbage Compactors (Per empty)							
	Roll-off Compactor Tipping fee per ton	\$131.16	Roll-off Compactor Hauling charge	\$266.38				
	Stationary FL (Per Compacted Yard)	\$111.08	Roll-off Compactor Special handling	Rates Vary				
	Other Charges	Service	Fee	Details				
		Lock	\$25.00	Monthly fee				
		Box rental	Fees Vary	Min. Bimonthly fee				
		Distance < 50ft	\$5.18	Monthly fee per cart, each				
	Distance > 50ft	\$6.67	Monthly fee per cart, each					

NOTE: Minimum service level is 32 gallons per unit or equivalent volume. Decrease to 20 gallon per unit is subject to company review and approval.

NOTE: Up to four (4) Organics carts provided at no additional charge. Additional carts may be rented for a nominal monthly fee.

NOTE: All container types and sizes may not be available at all locations depending on a variety of factors including safety, accessibility, and efficiency. Requests to be assessed and approved by Route Manager.

ONE TIME SERVICE FEES	MFD One Time Service Fees	Fee
		Return Fee - BIN
	Return Fee - CART -same day	\$10.00
	Return Fee - CART -off day	\$25.00
	Late Fee/Resume Service Fee	\$35.00
	Contamination (BIN) Per Yard	\$50.00
	Contamination (CART)	\$30.00
	Overload/Compaction (BIN)	\$60.00
	Overload/Compaction (CART)	\$25.00
	Additional Empty Bag	\$15.00
	Extra Bag Yard Waste	\$10.00
	Additional Empty Garbage	Fees vary
	Steam Clean (BIN)	\$95.00
	Steam Clean (CART)	\$15.00
	Steam Clean (COMPACTOR/ROLL-OFF)	\$225.00
	Lock Set-up Admin Fee	\$25.00
	Lock Single Use Fee	\$5.00
	Lock Purchase Fee	\$20.00
	Lock Bar Bin Set-up Fee	\$75.00
	Overweight Charge Per Ton*	\$205.00
	20 Gal Cart Replacement Fee	\$55.00
	32 Gal Cart Replacement Fee	\$60.00
	64 Gal Cart Replacement Fee	\$65.00
	96 Gal Cart Replacement Fee	\$75.00
	64 Gal Split Cart Replacement Fee	\$90.00
	96 Gal Split Cart Replacement Fee	\$100.00
	Bin Repair/Replacement Fee**	Fees vary by size up to \$1,200

*(Boxes exceeding 300lbs/yard)

**Fees vary by size not to exceed current replacement value.

All other ordinances and parts of ordinances inconsistent herewith are hereby repealed.

* * * * *

I hereby certify that the foregoing is full, true, and correct copy of the Ordinance duly and regularly passed and adopted by the Sanitary Board of the Las Gallinas Valley Sanitary District of Marin County, California, at a meeting hereof held on January 10, 2019, by the following vote of members thereof:

AYES:

NOES:

ABSTAIN:

ABSENT:

Teresa Lerch, District Secretary
Las Gallinas Valley Sanitary District

APPROVED:

Craig K. Murray, President
Las Gallinas Valley Sanitary District

(seal)

FINAL REPORT

**Review of Marin Sanitary Service's 2019
Rate Application**



SUBMITTED TO:

Marin Franchisors' Group

December 4, 2018

This page intentionally left blank.

Table of Contents

Table of Contents

Cover Letter

Section 1: Background 1

Section 2: Rate Review Approach 3

Section 3: Recommended 2019 Rate Increases 5

Attachments

- 1 Marin Sanitary Service Proposed 2019 Rate Application Summary
- 2 R3 Adjusted 2019 Rate Application Summary
- 3 Bay Area Rate Survey
- 4 Chart of 2019 Residential 32-Gallon Rates
- 5 Chart of 2019 Commercial 3 Cubic Yard Rates



This page intentionally left blank.

Table of
Contents

R3

1512 Eureka Road, Suite 220, Roseville, CA 95661
Tel: 916-782-7821 | Fax: 916-782-7824

2600 Tenth Street, Suite 424, Berkeley, CA 94710
Tel: 510-647-9674

December 4, 2018

Ms. Cristine Alilovich
Assistant City Manager
City of San Rafael
1400 Fifth Avenue
San Rafael, CA 94919

Mr. Dan Schwarz
City Manager
City of Larkspur
400 Magnolia Avenue
Larkspur, CA 94939

Mr. Ernest Klock
Assistant Director
County of Marin
Department of Public Works
3501 Civic Center Drive, Suite 304
San Rafael, CA 94903

Mr. Joe Chinn
Town Manager
Town of Ross
31 Sir Francis Drake Blvd
Ross, CA 94957

Ms. Susan McGuire
Administrative Services Manager
Las Gallinas Valley Sanitary District
300 Smith Ranch Road
San Rafael, CA 94903

Subject: Review of Marin Sanitary Service's 2019 Rate Application, Final Report

Dear Ms. McGuire, Ms. Alilovich, Mr. Klock, Mr. Schwarz and Mr. Chinn,

R3 Consulting Group, Inc. (R3) is pleased to submit the attached Final Report detailing the results of our review of Marin Sanitary Service's (MSS's) 2019 rate application for the Marin Franchisors' Group. This Report summarizes results from a detailed base year review of MSS's 2019 rate application and the results of the negotiated outcomes from the recently completed "meet and confer" between the Marin Franchisors' Group and MSS.

Marin Sanitary Application for 2019 Rate Adjustment

On August 15, 2018, Marin Sanitary Service (MSS) submitted its application for an 13.98% increase to its solid waste rates, to be effective January 1, 2019. Per the Franchise Agreements between MSS and the members of the Marin Franchisors' Group, 2019 is a "base year rate adjustment" meaning that MSS prepares its 2019 projections of expenses and revenues based on actual prior, current, and expected future expenses and revenues. This differs from the "indexed rate adjustment" used in other years, which primarily projects MSS expenses based on external market indices.

The Marin Franchisors' Group retained R3 to conduct a detailed review of MSS's rate application to review the basis of MSS's projections, and to recommend adjustments in keeping with the terms and conditions of the Franchise Agreements. In parallel, MSS, R3 and the Marin Franchisors' Group worked to streamline the rate setting methodology and complete the contractually required meet and confer process to determine means of resolving \$1.15 million in prior accumulated losses from the processing and sale of recyclable materials and address funding of ongoing recyclables processing costs, starting in 2019.

Appropriately, MSS's 2019 rate application did not include rate impacts from resolution of the prior recycling losses or future recyclables processing costs, as these costs are not currently included in rates charged to customers. Had MSS included those impacts in 2019, R3 calculates that the 2019 rate increase would have been 21.40%. A summary of MSS's original 2019 rate application is included in Attachment 1.

R3 conducted a thorough review of the rate application based on the rate methodology agreed to via the Franchise Agreements between MSS and the cities of San Rafael and Larkspur, the Town of Ross, the County of Marin, and the Las Gallinas Valley Sanitary District, collectively referred to as the Franchisors' Group. Our review included a thorough assessment of all relevant documents for completeness and compliance with the procedures agreed upon by MSS and the Franchisors' Group, included a verification of the mathematical accuracy and logical consistency of the supporting schedules, and involved multiple on-site meetings and phone calls with MSS management and staff. MSS staff and management were very cooperative and responsive throughout the review, providing R3 with all requested information necessary for our review of the rate application.

Based on our review of the rate application, R3 determined that an overall rate increase of 8.20% (for the Franchisors' Group as a whole) is appropriate to compensate MSS for its projected 2019 expenses *before* any treatment of prior recycling losses or future recyclables processing costs and any consideration of negotiated outcomes of the meet and confer process. With these included the recommended overall rate increase is 9.56%, with varying increases for each Franchisors' Group agency, which vary slightly depending on the amounts and types of franchise and other fees set by each agency. These findings have been reviewed with MSS, and they are in agreement with the proposed adjustments to their rate application and the recommended overall rate increase of 9.56% for 2019. Individual increases by Franchisors' Group agency shown in Table 2, below. Attachment 2 provides the rate adjustment calculations and the specifics of the recommended increases by agency.

Table 1
Summary of Adjustments to 2019 Rate Increase Request

MSS Original Rate Increase Request	13.98%
R3 Adjustments	-5.96%
Recyclables Net Processing Costs	2.20%
Total Prior Recycling Losses	5.22%
Negotiated Outcomes	-5.88%
Recommended Rate Increase	9.56%

Table 2
Recommended 2019 Rate Increases by Agency

Marin Franchisors' Group Agency	Recommended 2019 Rate Increase
City of San Rafael	9.39%
City of Larkspur	8.52%
County of Marin	8.90%
Las Gallinas Valley Sanitary District	14.33% ¹
Town of Ross	9.60%
Overall	9.56%

¹ The recommended rate increase for Las Gallinas Valley Sanitary District is higher based on the District adopting a 5% franchise fee on gross revenues in place of the current \$25,000 annual franchise fee. Without this change, the increase to the District would be 9.60%.

Summary of 2019 Recommended Rate Increase

Table 3, below, shows the main components affecting the recommended 2019 rate increase, including the components proposed by MSS, the impacts of prior recycling losses and recyclables processing costs, the results of R3's review, and the negotiated outcomes of the meet and confer process. Note that individual breakdown of factors will vary by agency but are generally proportionate to the below.

Table 3
Summary of Factors Affecting 2019 Recommended Rate Increase

Rate Components	MSS Original Application	Breakdown of 2019 Recommended Increase
Labor	5.98%	4.63%
Franchise Fees	0.96%	3.20%
Recyclables Processing and Prior Losses	-	3.02%
Fuel and Oil	0.76%	1.10%
Maintenance	0.81%	0.81%
Benefits	0.79%	0.55%
Operating Profit	1.15%	0.54%
Garbage Landfilling and Organics Processing	0.36%	0.04%
Interest	0.93%	-0.37%
General and Administrative	1.16%	-0.54%
Depreciation and Leases	1.00%	-0.56%
Zero Waste Marin Fees	0.08%	-0.60%
Revenue Projections	-	-2.24%
Total	13.98%	9.56%

A summary of the final 2019 rate impacts, including adjustments recommended by R3 and the negotiated outcomes of the meet and confer process are discussed below and in Section 3 of this Report.

Labor (4.63%)

The labor component contributes 4.63% to the overall recommended 9.56% rate increase. The increase is due to normal cost-of-living increases in base labor costs, new MSS positions including a Director of Human Resources and a Route/Contamination Auditor, impacts of aging workforce turn-over, and reconciliation of actual labor costs compared to prior allowed increases via indexed adjustments.

Franchise Fees (3.20%)

Franchise fees for the Franchisors' Group are set based on a percentage of gross rate revenues charged and received by MSS. The increase in 2019 is due to increasing rate revenues as well as a change to the franchise fee amount set by Las Gallinas Valley Sanitary District, which the District wishes to increase from \$25,000 per year to 5% of gross rate revenues (and which will only increase rates for Las Gallinas Valley Sanitary District rate-payers). Franchise fees were understated in MSS's rate application, and R3 updated the methodology for projecting franchise fees during the rate review, which is the reason that this component appears as large as it is. It is important to note that the magnitude of this component is not set by MSS, and the adjustments to this component made by R3 are to ensure transparency and accuracy of the franchise fee amounts paid by MSS and collected via the rates.

Recyclables Processing and Prior Losses (3.01%)

The recyclables processing and prior losses component contributes 3.01% to the overall recommended 9.56% rate increase. As discussed above, MSS's rate application did not include rate impacts related to prior recycling losses of up to \$1.15 million and similarly did not include net costs to process recyclables; this was appropriate, because these costs are not currently part of the rates or the annual rate setting process.

During the meet and confer process that paralleled review of MSS's rate application, MSS and the Franchisors' Group negotiated resolution of those prior recycling losses, with MSS waiving 2/3 of the \$1.15 million in accumulated losses; the remaining ~\$350,000 in losses is included in the rates over three years from 2019 to 2021, comprising 0.44% of the 2019 rate increase. Net recyclables processing costs (total processing costs less revenues from sale and redemption of recyclables) comprise 2.57% of the 2019 rate increase and are set based on a negotiated net processing cost of \$40/ton. Net recyclables processing costs do not count towards the calculation of MSS's profit.

Fuel and Oil (1.10%)

The fuel and oil component contributes 1.10% to the overall recommended 9.56% rate increase. Approximately 3/4 of this increase is due to the increases in the cost of fuel projected for 2019 above the price in 2018, which increased 42% from 2017 to 2018. The remaining 1/4 is due to true-ups reconciling prior fuel and oil expenses for 2017 (actual) and 2018 (projected) compared to prior projections in those years; these true-ups will be included in the rates over the next three years from 2019 to 2021, comprising 0.23% of the 2019 rate increase. True-ups in prior year expenses for fuel and oil are allowed under the current rate adjustment methodology but are proposed for removal as a part of the new rate adjustment methodology discussed in this report.

Maintenance (0.81%)

The maintenance component contributes 0.81% to the overall recommended 9.56% rate increase. This increase is due to normal increases in the cost of vehicle and equipment maintenance.

Benefits (0.55%)

The benefits component contributes 0.55% to the overall recommended 9.56% rate increase. This increase is due to normal increases in the cost of personnel benefits, including workers compensation.

Operating Profit (0.54%)

MSS's profit component, which is an agreed upon "operating margin" of 90.5% (the equivalent of 10.5% profit on operating expense) contributes 0.54% to the overall recommended 9.56% rate increase. This increase is entirely due to the overall increase in MSS's operating expenses.

Garbage Landfilling and Organics Processing (0.04%)

The garbage landfilling and organics processing component contributes 0.04% to the overall recommended 9.56% rate adjustment. This component is calculated based on the number tons collected, processed and composted or disposed by MSS, and the cost per ton for processing and/or disposal of those tons. Only minor increases were proposed by MSS, including prior true-ups reconciling prior landfilling and processing expenses for 2017 (actual) and 2018 (projected). Prior true-ups will be included in the rates over the next three years from 2019 to 2021, comprising 0.05% of the increase in 2019, and are proposed for removal as part of the new rate adjustment methodology.

Interest (-0.37%)

The interest component contributes a negative 0.37% to the overall recommended 9.56% rate increase. Interest expense does not count towards calculation of MSS's profit. Amounts applicable to the Franchisors' Group were reduced based on updated projections provided by MSS.

General and Administrative (-0.54%)

The general and administrative component contributes a negative 0.54% to the overall recommended 9.56% rate increase. Amounts applicable to the Franchisors' Group were reduced based on updated projections provided by MSS.

Depreciation and Leases (-0.56%)

The depreciation and leases component contributes a negative 0.56% to the overall recommended 9.56% rate increase. Amounts applicable to the Franchisors' Group were reduced based on updated projections provided by MSS.

Zero Waste Marin Fees (-0.60%)

The Marin County Zero Waste Marin fees component contributes a negative 0.60% to the overall recommend 9.56% rate increase. Zero Waste Marin fees are adjusted to reflect anticipated charges by the Zero Waste Marin Joint Powers Authority, which are projected to decrease in 2019 for MSS expenses applicable to the Franchisors' Group. MSS learned of this decrease subsequent to submitting its rate application. Furthermore, this component was removed from the MSS profit calculation.

Revenue Projections (-2.24%)

MSS's projections of revenues were determined to be low given the new rate methodology anticipated for adoption by the Franchisors' Group. R3 recalculated projected rates at current revenues and the result was a negative 2.24% reduction to the MSS proposed rate increase.

Summary of Other Outcomes

As discussed above, in parallel with the review of the 2019 rate increases, R3, the Franchisors' Group and MSS met and conferred to set a new methodology for annually adjusting rates starting in 2020 and to resolve prior recycling losses and future recycling costs. The parties successfully agreed to resolve prior recycling losses, including recycling net processing costs in the rates, and adopt a new rate setting methodology, with key outcomes and benefits outlined below:

- Achieved streamlining and simplification in all future rate adjustments;
- Achieved rate transparency via rate review and verification processes;
- Achieved rate payer predictability and protection via rate and revenue controls;
- Incentivized efficiencies via indexed rate adjustments, not "cost plus profit";
- Achieved sustainable funding of solid waste and recycling programs into future;
- Reduced annual staff time and costs for rate adjustments;
- Secured sustained commitment to processing recyclable materials in Marin County;
- Secured continued annual reporting of operational metrics, and new provisions for review of operations; and

Marin Franchisors' Group
Review of Marin Sanitary Service's 2019 Rate Application, Final Report
December 4, 2018
Cover Letter Page 6 of 6

- Secured greater approval authority in potential assignment and MSS commitment to serve Marin well into the future.

* * * * *

R3's appreciates the opportunity to be of service to the Marin Franchisors' Group. We wish to thank the Franchisors' Group staff for their participation, leadership and direction in this process. We further wish to thank MSS management and staff – in particular Kim Scheibly, Roger Williams, and Patty Garbarino – for their active cooperation and responsiveness during this process. Should you have any questions regarding this Report or need any additional information, please contact me by phone at (510) 647-9674 or by email at gschultz@r3cgi.com.

Sincerely,

R3 CONSULTING GROUP



Garth Schultz | Principal

Background

Description of MSS Services

Marin Sanitary Service (MSS) provides franchised refuse, recyclable materials, and organics collection and processing services to the residents and businesses in the cities of San Rafael and Larkspur, the Town of Ross, the County of Marin, and the Las Gallinas Valley Sanitary District, collectively known as the Franchisors’ Group.

MSS and its non-franchised related entities, Marin Recycling and Resource Recovery Association (MRRRA) and the Marin Resource Recovery Center (MRRC), also provide solid waste, recyclable-materials, and organics collection and processing services to the residents and businesses of the towns of San Anselmo and Fairfax. MSS also provides non-franchised debris box, street sweeping, and document shredding services to residents and businesses throughout the County of Marin that contract for their services.

MSS delivers refuse collected from waste generators within the Franchisors’ Group service area to the MSS transfer station and then transports it to the Redwood Sanitary Landfill, is an unrelated party. MSS delivers recyclable materials to the non-franchised MRRRA where materials are processed and marketed. MSS delivers recyclable-rich loads of refuse (typically commercial) and separated organics loads (collected from residents) along with public self-haul loads to the non-franchised MRRC where recyclable materials are separated from the waste stream, processed, and marketed.

MSS also provides outreach, education, compliance, technical assistance, and other high-diversion programs to the Franchisors’ Group, including a food-to-energy program, outreach and education to commercial and multi-family customers (to meet the obligations of State Laws AB 341 and AB 1826, which require commercial recycling and organics collection) and other related services. All services provided by MSS remain unchanged as a result of this review.

Rate Adjustment Methodology

The current Rate Adjustment Methodology was developed in cooperation with MSS, approved by the Franchisors’ Group in 2001, and revised in 2012. The individual Marin Franchisors’ Group agencies amended their agreements with MSS to include this methodology as Exhibit B - Contractors Revenue Requirement and Rate Adjustment. Section 3 of this Report describes the current methodology in more detail and includes findings from the application of the methodology to MSS’s 2019 Rate Application.

The Franchisors’ Group and R3 have worked to revise the rate setting methodology with MSS to meet the following goals:

- Streamline and simplify the rate setting process in order to spend less time and consultant cost annually;
- Achieve more transparency for rate payers in the annual rate setting process; and
- Develop a new process to address fluctuations in recycling revenues and address ongoing recycling losses.



Section 1

Background

The new methodology has been completed and is detailed in a separate Amendment to Franchise Agreement. The new methodology will provide for stable and predictable rate increases, while maintaining an emphasis on responsible solid waste management and good value to customers. The new methodology provides for indexed rate adjustments from 2020 through 2024 based on:

- Index-adjusted changes MSS operating costs (72% of rates) based on CPI market index for Water, Sewer, Trash (WST) with a floor of 2.5% and a ceiling of 5%;
- Actual changes in garbage landfilling, organics processing and recyclables net processing costs (13% of rates) based on actual changes in tonnages and tipping fees;
- Actual changes to government fees (15% of rates);
- Annual reconciliation of the difference between gross amounts billed by MSS vs. the total rate revenue requirement calculated via the annual rate adjustment process; and
- Additional rate revenues for new programs/services as agreed to and adopted by MSS and the Franchisors' Group.

Example projections of future increases via the new methodology are shown in Table 4, below. As shown, the "middle scenario" (which R3 considers to be likely given historical performance of the WST index and other factors) assumes that MSS operations increase at the recent historical average rate of change in the WST index (3.7% per year) and modest increases to recycling revenues (\$250,000 per year). Under this scenario, rates are projected to increase between 3.03% and 4.17% from 2020 through 2022, with similar increases in 2023 and 2024. The "high scenario" assumes that MSS operations increase at the maximum allowed ceiling of 5% and that there are no changes to recycling revenues. Under this scenario, which is considered an extreme case, rates are projected to increase between 4.58% and 5.75% from 2020 through 2022, with similar increases in 2023 and 2024.

Table 4
Projections of Rate Increases via New Methodology

Example Rate Adjustments - Middle Scenario				
<i>MSS Operations @ 3.7%/year - Minor Improvements to Recycling Markets</i>				
	2019	2020	2021	2022
MSS Operations	27,353,613	28,368,168	29,420,560	30,421,401
Processing	4,764,811	4,945,600	5,141,482	5,352,990
Government Fees	5,573,167	5,760,188	5,952,782	6,104,201
Other	135,072	135,072	331,117	204,230
Total	37,826,662	39,209,027	40,845,941	42,082,822
Annual Rate Adjustment	9.39%	3.65%	4.17%	3.03%

Example Rate Adjustments - High Scenario				
<i>MSS Operations @ 5%/year - No Improvements to Recycling Markets</i>				
	2019	2020	2021	2022
MSS Operations	\$ 27,353,613	\$ 28,717,010	\$ 30,148,594	\$ 31,560,970
Processing	\$ 4,764,811	\$ 5,143,164	\$ 5,540,696	\$ 5,957,777
Government Fees	\$ 5,573,167	\$ 5,824,584	\$ 6,085,993	\$ 6,310,525
Other	\$ 135,072	\$ 135,072	\$ 334,171	\$ 210,547
Total	\$ 37,826,662	\$ 39,819,831	\$ 42,109,453	\$ 44,039,820
Annual Rate Adjustment	9.39%	5.27%	5.75%	4.58%

R3

Rate Review Approach

R3 Scope of Review

The Franchisors' Group engaged R3 to perform a review of the application in accordance with the current adopted rate adjustment methodology and including negotiated outcomes of the meet and confer process. These procedures included the following activities:

- Reviewing MSS management's actual achievement of, and projections for, revenues for the 12-month periods ending December 31, 2017, and 2018;
- Comparing the results to MSS's audited financial statements for 2017 and year-to-date revenues for 2018, and requesting explanations for variances;
- Reviewing the appropriateness of MSS management's classification of expenses into the various expense categories;
- Reviewing MSS management's calculation of rate year 2019 expenses and comparing them to the calculated expenses for 2018;
- Reviewing MSS management's projection of other expenses including but not limited to:
 - Labor
 - Benefits and workers' compensation;
 - Garbage landfilling and organics processing, including prior year true-ups;
 - General and administrative;
 - Depreciation and leases;
 - Maintenance;
 - Fuel and oil, including prior year true-ups;
 - Recyclables processing costs net of revenues and redemption;
 - Interest;
 - Zero Waste Marin fees; and
 - Franchise and other government fees.
- Reviewing MSS management's projection of other revenues at current rates;
- Compiling rates currently in effect in other municipalities in Marin County, as well as neighboring agencies in other counties; and
- Preparing this Report that documents findings and recommendations.

Limitations

This review was substantially different in scope than an examination in accordance with Generally Accepted Auditing Standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion. However, Chiao Smith McMullin + McGuire, An Accountancy Corporation, issued an



Section 2

Rate Review
Approach

unqualified opinion of MSS's 2017 financial statements. The unqualified opinion denotes that the financial statements of MSS were presented fairly in all material respects.

Our conclusions are based in part on the review of MSS's projections of its financial results of operations. Actual results of operations will usually differ from projections because events and circumstances frequently do not occur as expected, and the difference may be significant.

R3

Recommended 2019 Rate Increases

This section provides a summary of the R3 recommended adjustments to the MSS 2019 rate application, and the rationale for those adjustments, including negotiated outcomes.

Base Year Projection Methodology

Projected costs for 2019 are based on costs developed during the last indexed review which occurred in 2017 setting rates for 2018. In projecting the 2019 costs, MSS included the direct costs for the Franchisors' Group garbage, organics and recycling collection, costs for transfer, processing and disposal of garbage, organics and recycling, and costs of administering diversion programs including outreach, education and technical assistance.

Some costs are allocated between agencies served by MSS based on performance metrics. For example, maintenance and administrative costs are allocated among the agencies served by MSS using truck route hours and an average of projected revenue, annual customer counts, and department's percentage of wages, respectively. Depreciation and interest costs are allocated similarly. Management salaries are allocated based upon actual time spent by management related to that department. R3 reviewed and recommended adjustments to allocation methodologies as part of this review, with the results reflected in the recommended 2019 rate increases.

All recommended 2019 amounts by category stated below are inclusive of the results of R3's review of MSS's rate application and the negotiated outcomes of the meet and confer process.

Summary of Adjustments

Labor

R3 reviewed and recommends adjustments to MSS's proposed labor expenses. MSS proposed \$9,990,097 in labor expenses and R3 recommends labor expenses of 9,708,297. R3 recommended adjustments based on R3's assessment that additional labor expenses for new organics routes were not needed in 2019, and that allocated maintenance labor was not applicable to the Franchisors' Group. The Franchisors' Group further negotiated an additional reduction in labor expenses for a total reduction to labor expenses of \$281,800, and the result is a 2.8% decrease from MSS rate application for these expenses.

Benefits

R3 reviewed and recommends adjustments to MSS's proposed benefit expenses. MSS proposed \$4,887,393 in benefit expenses and R3 recommends benefit expenses of \$4,833,947. The \$53,446 reduction is based on updated estimates for 2019 workers compensation costs provided by MSS, and the result is a 1.1% decrease from MSS's rate application for these expenses. Note that decreases in benefit expenses for labor adjustments are included in the labor category, above.

R3

Section 3

Recommended
2019 Rate
Increases

Garbage Landfilling and Organics Processing

R3 reviewed and recommends adjustments to MSS's proposed garbage landfilling and organics processing expenses. MSS proposed \$4,172,106 in garbage landfilling and organics processing expenses and R3 recommends expenses of \$4,102,408. The \$69,698 reduction is based on updated projections provided by MSS and amortization of \$52,791 in true-ups for prior landfill expenses over three years from 2019 through 2021 (\$17,597 per year and to be removed from rate base starting in 2022). The result is a decrease of 1.7% from MSS's rate application for these expenses.

Recyclables Processing and Prior Losses

As discussed above, MSS's rate application did not include rate impacts of prior recycling losses of up to up to \$1.15 million and did not include net costs to process recyclables. MSS and the Franchisors' Group negotiated resolution of prior recycling losses, with MSS waiving 2/3 of the \$1.15 million in accumulated losses, and the remaining ~\$350,000 in losses being included in the rates over three years from 2019 to 2021, comprising 0.44% of the 2019 rate increase.

Net recyclables processing costs are a new ongoing expense that will be included in the rates starting in 2019. Net recyclables processing costs (total processing costs less revenues from sale and redemption of recyclables) comprise 2.57% of the 2019 rate increase and are set based on a negotiated net processing cost of \$40/ton. This net processing cost per ton includes a fixed cost per ton that will be escalated by WST (with a floor of 2.5% and cap of 5%) in future indexed adjustment years starting in 2020, and a revenue per ton that will change with changing recycling revenues received from MSS's related-party recyclables processing operation.

Fuel and Oil

R3 reviewed and recommends adjustments to MSS's proposed fuel and oil expenses. MSS proposed \$1,339,825 in fuel and oil expenses (including \$1,098,395 in costs for 2019 and \$241,430 in prior true-ups) and R3 recommends expenses of \$1,178,872. The \$160,953 reduction is based on amortization of the \$241,430 in prior true-ups over three years from 2019 through 2021 (\$80,477 per year and to be removed from rate base starting in 2022). The result is a decrease of 14.7% from MSS's rate application for these expenses (after inclusion of true-up expenses).

Maintenance Expense

R3 reviewed and does not recommend an adjustment to MSS proposed maintenance expenses of \$2,153,259.

Depreciation and Leases

R3 reviewed and recommends adjustments to MSS's proposed depreciation and leases expenses. MSS proposed \$3,124,318 in depreciation and leases expenses and R3 recommends expenses of \$2,780,176. The \$344,142 reduction is based on R3's assessment that additional expenses for new organics routes were not needed in 2019 and based on MSS providing updated calculations of these expenses. The result is a 11.0% decrease from MSS's rate application for these expenses.

R3

General and Administrative

R3 reviewed and recommends adjustments to MSS's proposed general and administrative expenses. MSS proposed \$4,126,706 in general and administrative expenses and R3 recommends general and administrative expenses of \$3,221,016. The \$905,690 reduction is based upon the removal of Zero Waste Marin fees from this category (\$532,713), removal of bad debt expenses that will no longer be applicable under the new rate setting methodology, removal of consulting costs for annual rate reviews that are no longer applicable under the new rate setting methodology, and R3's determination that certain costs for new organics routes were not needed. MSS also updated its calculations for these expenses. The result is a 21.9% decrease from MSS's rate application for these expenses.

Operating Profit

R3 reviewed and recommends adjustments to MSS's proposed operating profit, which is calculated based on allowed expenses and a 90.5% operating ratio (the equivalent of 10.5% profit on operating expenses). MSS proposed \$3,102,172 in profit based on allowed operating expenses included in their application; based on all other adjustments described in this Report, R3 recommends profit of 2,936,915. The \$165,257 reduction is due to net decreases in operating costs described above and is a 5.3% decrease from MSS's rate application for operating profit.

Interest Expense

R3 reviewed and recommends adjustments to MSS's proposed interest expenses. MSS proposed \$827,678 in interest expenses and R3 recommends interest expenses of \$541,131. The \$286,547 reduction is based updated amounts provided by MSS. The result is a 34.6% reduction from MSS's rate application for these expenses.

Zero Waste Marin Fees

R3 reviewed and recommends adjustments to MSS's proposed Zero Waste Marin fees. MSS proposed \$532,713 Zero Waste Marin fees as part of general and administrative expense and R3 recommends interest expenses of \$381,250. Additionally, R3 recommends removing these expenses from the general and administrative category (which is subject to operating profit) to its own category and not subject to operating profit calculation (i.e. MSS will no longer earn profit on these expenses). The \$151,463 reduction is based updated amounts provided by MSS. The result is a 28.4% reduction from MSS's rate application for these expenses.

Projected Revenue at Current Rates

R3 reviewed and recommends adjustments to MSS's forecast 2019 revenues at current rates. MSS proposed \$33,843,002 in revenues at current rates and R3 recommends revenues at current rates of \$34,337,374. The \$494,372 increase is based on not forecasting revenue shortfalls from migration (as was done in prior years but will no longer be necessary via the new rate adjustment methodology) and due to estimates of increased revenue from the new Route/Contamination Auditor proposed by MSS. The result is a 1.5% increase from MSS's rate application for projected revenues at current rates, yielding a lessor overall necessary 2019 rate increase.

R3

Section 3

Recommended
2019 Rate
Increases

Franchise Fees

R3 reviewed and recommends adjustments to MSS's forecast of 2019 franchise fees. MSS forecasted \$3,485,266 in franchise fees R3 recommends a forecast of \$3,978,060. The \$492,794 difference is due the prior rate application format understating amounts of franchise fees for the coming rate year. The new calculation more accurately forecasts the amounts of franchise fees owed to the Franchisors' Group agencies by MSS and does not otherwise represent an adjustment to the fees or any MSS operating expenses. The result is a 14.1% increase from MSS's rate application for these expenses.

Other Government Fees

R3 reviewed and recommends adjusting the amount of street sweeping fees (resulting in a decrease in available revenues) by \$24,000 to show pass-through street sweeping fees for Marin County. MSS's forecasted \$1,189,857 in other government fees and R3 recommends \$1,213,857 based on actual amounts of fees due from MSS. The result is a 2.0% increase from MSS's rate application for these expenses.

Non-Regulated Revenues

R3 reviewed and does not recommend an adjustment to MSS's projected non-regulated revenues of \$207,272. These revenues offset the amount to be recovered by the rates.

2019 Rate Increase Calculation

Based on a total recommend 2019 adjusted rate revenue requirement of \$37,826,662 (see Attachment 2) and projected 2019 revenues at current rates of \$34,337,374, R3 calculated and recommends an overall 9.56% rate increase for the Franchisors' Group, effective January 1, 2019, and with individual increases by agency as shown in Table 2 and Attachment 2. Table 5 summarizes, by agency, the current and proposed 32-gallon residential rates, which is the the most common subscription level in the Franchisors' Group service area.

**Table 5
Residential 32-Gallon Rate Summary**

Jurisdiction	Current 2018 Rate (\$/mo.)	Proposed 2019 Rate (\$/mo.)	\$ Difference
City of San Rafael	\$37.81	\$41.36	\$3.55
City of Larkspur	\$43.42	\$47.12	\$3.70
County of Marin	\$43.32	\$47.18	\$3.86
Las Gallinas Valley Sanitary District	\$33.05	\$37.79	\$4.74
Town of Ross	\$36.13	\$39.60	\$3.47

Survey of Comparable Rates

Attachment 3 shows the results of R3's survey of solid waste rates as of November 2018 for agencies located throughout the Bay Area. For the purpose of comparing the Franchisors' Group rates to other agencies in Attachments 3, 4, and 5 we have applied the 2019 rate increases for Franchisors' Group agencies only and compare those 2019 rates to the current 2018 rates for all other agencies.



Marin Franchisors' Group | Review of Marin Sanitary Service's 2019 Rate Application | FINAL REPORT

Section 3

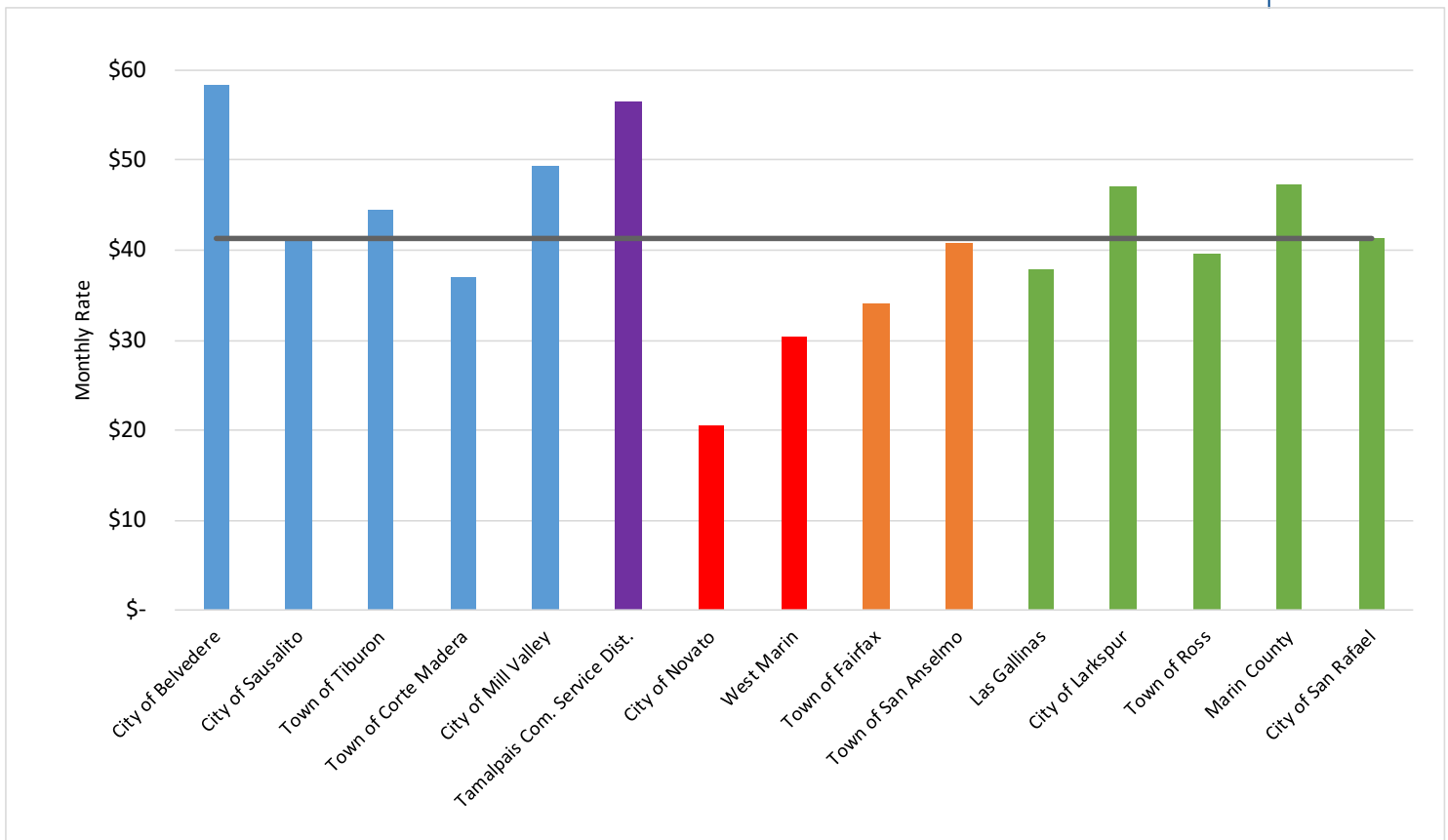
Recommended
2019 Rate
Increases

It is anticipated that rates for other agencies will also increase significantly in 2019, and since this comparison uses 2019 rates for the Franchisors' Group, the rate comparison will become more favorable as other entities adopt increased rates.

Figure 1, below, shows a summary of Marin County rates for residential customers with 30-35 gallon garbage service. Bars shown in blue are 2018 rates for Mill Valley Refuse Service; purple is the 2018 rate for Tamalpais Community Services District; red are 2018 rates for Recology Marin (and are artificially low because of prior contract with the Ratto Group and proximity to Redwood Landfill); orange are 2018 MSS rates for non-Franchisors' Group agencies, which are also expected to increase in 2019, and; green are proposed 2019 MSS rates for Franchisors' Group agencies. Overall, the Franchisors' Group 2019 rates compare favorably to the Marin County average, especially for the levels of high-quality services provided by MSS.

Figure 1

Marin County Rates: Franchisors' Group 2019 Residential 32-gal Can compared to Current 2018 30-25-gal Can Rates and Marin County Average of \$41.23



The Franchisors' Group 2019 residential rates for a 32-gallon container (the most frequent residential service level) will range from \$37.79 (Las Gallinas Valley Sanitary District) to \$47.18 (County of Marin). Attachment 4 graphically compares the Franchisors' Group residential rates for a 32-gallon container to one another as well as to the average of Marin County rates for similar service.

R3

Section 3

Recommended
2019 Rate
Increases

The Franchisors' Group commercial rates for a 3-cubic yard bin serviced 1 time per week (the most requested commercial service level) range from \$508.39 (Town of Ross) to \$600.83 (City of Larkspur). The average rate for the Franchisors' Group is \$542.63 while the average for Marin County is \$495.66. Attachment 5 compares the Franchisors' Group commercial rates for a 3-cubic yard bin serviced one time per week to the average Marin County rate and all other agencies' average rate for similar service levels.

These survey results are presented as an indication of the reasonableness of the resulting rates for 2019. Conclusions should not be immediately drawn from this information because rate comparisons are intrinsically difficult and often misleading. This results from differences in issues such as those listed below:

- The types and ranges of services provided;
- The level of subscription to solid waste services by residential, commercial, and industrial customers;
- The ratio of residential to commercial and industrial customers;
- The terrain in which the service is performed;
- Disposal, transfer and process costs, and amounts per capita;
- Rate structures; and
- Governmental fees (e.g., franchise fees, vehicle impact fees, etc.).

R3

**Marin Sanitary Service
2019 Rate Application - Franchisors' Group
MSS Original Rate Calculation Dated 8/15/18**

Expense Allocation (Percentage of Total Revenues)		44.10%	19.38%	8.50%	15.96%	2.51%	2.08%	6.14%	1.33%	100.00%
		San Rafael	Las Gallinas- City of S.R.	Las Gallinas- County	Larkspur	RV-N	Ross	RVSD	County	FG Total
Rate Application Operating Expenses:										
Wages	\$ 9,990,097	\$ 4,405,889	\$ 1,935,883	\$ 849,028	\$ 1,594,309	\$ 251,041	\$ 207,758	\$ 613,391	\$ 132,798	\$ 9,990,097
Benefits	4,887,393	2,155,466	947,080	415,365	779,974	122,815	101,640	300,085	64,968	4,887,393
Disposal Fees	4,172,106	1,840,006	808,471	354,575	665,822	104,841	86,765	256,167	55,460	4,172,107
Fuel & Oil	1,098,395	484,420	212,847	93,349	175,292	27,602	22,843	67,441	14,601	1,098,395
Maintenance Expense	2,153,259	949,643	417,259	182,999	343,636	54,109	44,780	132,210	28,623	2,153,259
Depreciation/Leases	3,124,318	1,377,904	605,431	265,526	498,606	78,511	64,975	191,833	41,531	3,124,317
Other Operating/G&A	4,126,706	1,819,983	799,674	350,716	658,577	103,700	85,821	253,379	54,856	4,126,706
Total Operating Expenses	29,552,274	13,033,311	5,726,645	2,511,558	4,716,216	742,619	614,582	1,814,506	392,837	29,552,274
Operating Profit	90.5% 3,102,172	1,368,138	601,140	263,644	495,072	77,954	64,514	190,473	41,237	3,102,172
Interest Expense	827,678	365,027	160,388	70,342	132,088	20,799	17,213	50,819	11,002	827,678
Revenue Requirement	33,482,124	14,766,476	6,488,173	2,845,544	5,343,376	841,372	696,309	2,055,798	445,076	33,482,124
Route Revenues (2019 Projected)		14,633,446	6,432,710	2,503,889	5,803,633	945,262	701,703	2,320,253	502,106	33,843,002
Adjustment:										
Adjusted Route Revenues		14,633,446	6,432,710	2,503,889	5,803,633	945,262	701,703	2,320,253	502,106	33,843,002
Less: Franchise Fees		(1,463,345)	(643,271)	(25,000)	(580,363)	(170,147)	(95,116)	(417,645)	(90,379)	(3,485,266)
Less: Street Sweeping								(48,000)	(24,000)	(72,000)
Less: Vehicle Impact Fee		(306,318)	(137,282)		(568,400)	(42,155)		(63,702)		(1,117,857)
Net Regulated Revenues		12,863,783	5,652,157	2,478,889	4,654,870	732,960	606,587	1,790,906	387,727	29,167,879
Non-Regulated Revenues	207,272	91,412	40,165	17,615	33,078	5,209	4,311	12,726	2,756	207,272
Total Revenues		12,955,195	5,692,322	2,496,504	4,687,948	738,169	610,898	1,803,632	390,483	29,375,151
Adjustment:		-	-							-
Less: Franchise Fees		-	-							-
Adjusted Total Revenues		12,955,195	5,692,322	2,496,504	4,687,948	738,169	610,898	1,803,632	390,483	29,375,151
Revenue Surplus/(Shortfall)		(1,811,281)	(795,851)	(349,040)	(655,428)	(103,203)	(85,411)	(252,166)	(54,593)	(4,106,973)
Calculated Rate Adjustment		13.98%	13.98%	13.98%	13.98%	13.98%	13.98%	13.98%	13.98%	13.98%

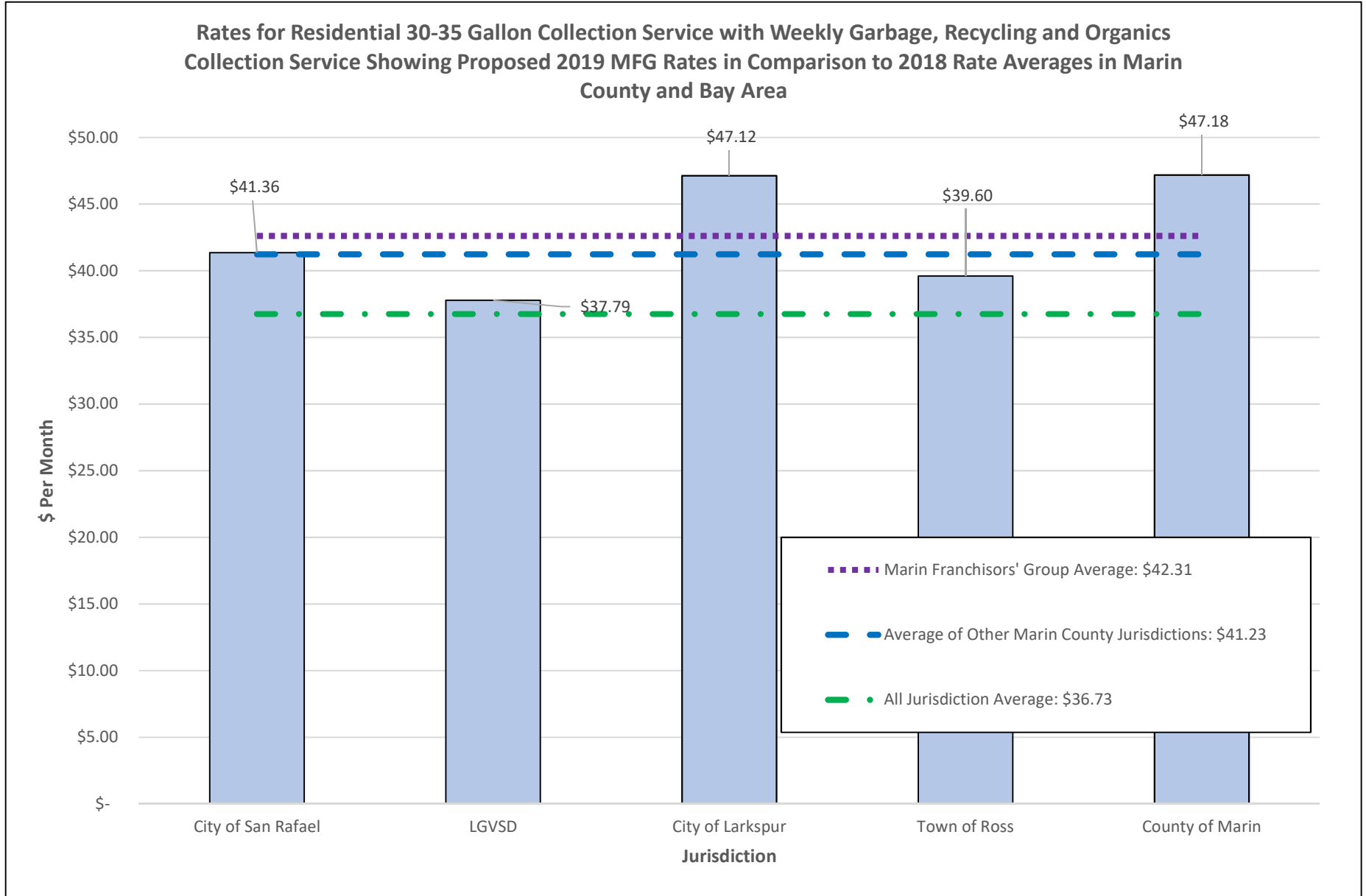
Marin Sanitary Service 2019 Rate Application - Marin Franchisors' Group (MFG)

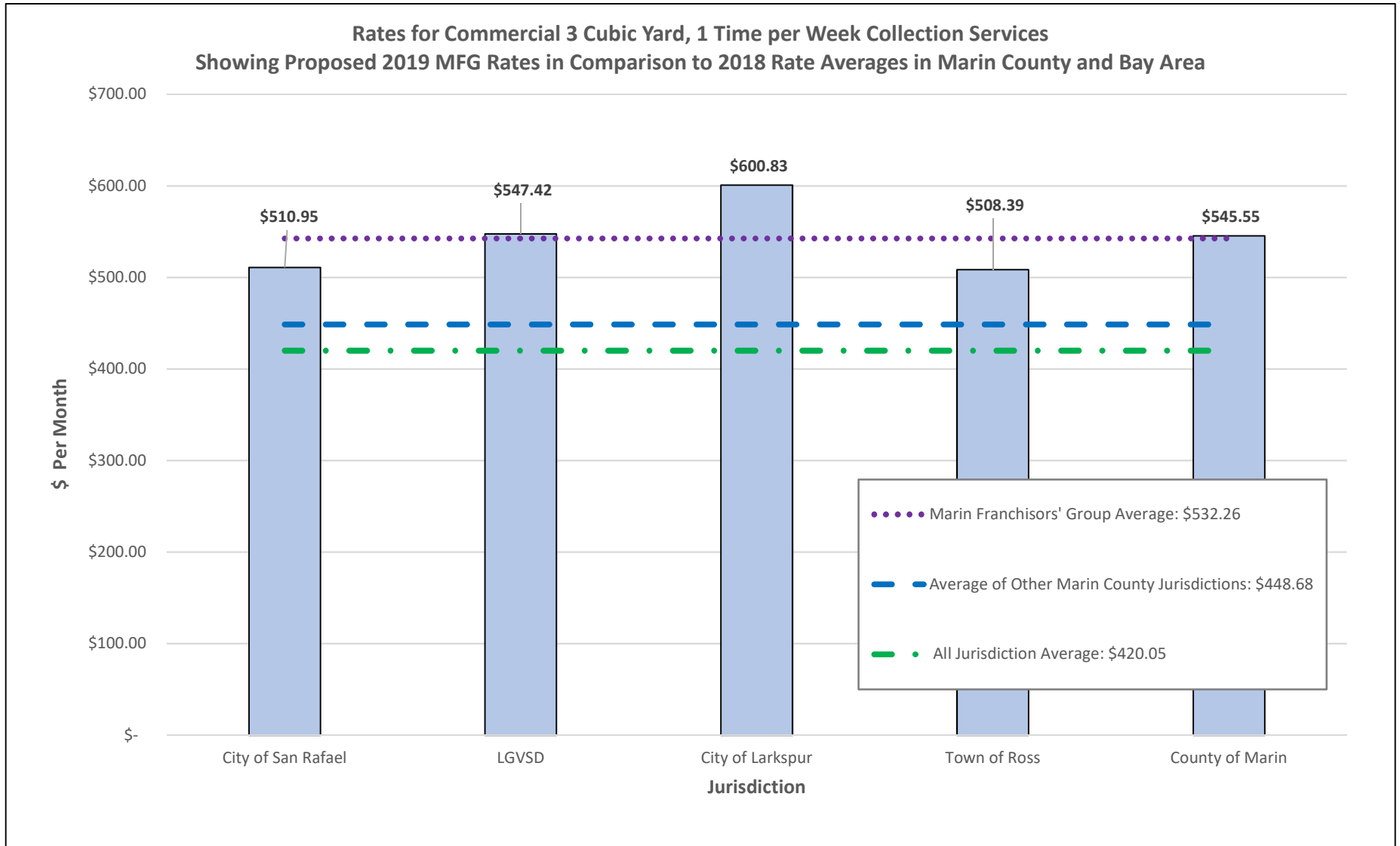
Expense Allocation (Percentage of Total Operating Revenue)	63.53%	15.97%	9.93%	8.50%	2.08%	100.00%
	San Rafael	Larkspur	County	LGVSD	Ross	MFG Total
Current 2018 MFG Rate Revenue						
MFG Rate Revenue at Current 2018 Rates	\$ 21,377,071	\$ 5,880,740	\$ 3,828,411	\$ 2,539,274	\$ 711,878	\$ 34,337,374
Less: MFG Franchise Fees on 2018 Rate Revenue	(2,137,707)	(588,074)	(689,114)	(25,000)	(96,495)	(3,536,390)
Less: MFG Vehicle Impact and Sweeping Fees	(443,600)	(568,400)	(201,857)	-	-	(1,213,857)
Operating Revenue at Current 2018 Rates	18,795,764	4,724,266	2,937,440	2,514,274	615,383	29,587,127
2019 MSS Operating Expense						
Labor	6,167,373	1,550,153	963,850	824,998	201,923	9,708,297
Benefits	3,070,854	771,851	479,919	410,782	100,541	4,833,947
Garbage Landfilling and Organics Processing	2,606,130	655,044	407,291	348,617	85,326	4,102,408
General and Administrative	2,046,209	514,309	319,786	273,718	66,994	3,221,016
Depreciation and Leases	1,766,157	443,919	276,019	236,256	57,825	2,780,176
Maintenance	1,367,897	343,817	213,778	182,981	44,786	2,153,259
Fuel and Oil	748,900	188,234	117,040	100,179	24,519	1,178,872
2019 MSS Operating Expense (Subject to Profit)	17,773,520	4,467,327	2,777,683	2,377,531	581,914	27,977,975
2019 MSS Revenue Requirement						
2019 MSS Operating Expense (Subject to Profit)	17,773,520	4,467,327	2,777,683	2,377,531	581,914	27,977,975
Operating Profit (90.5% Operating Ratio)	1,865,729	468,946	291,580	249,575	61,085	2,936,915
Recyclables Processing	506,610	127,335	79,174	67,768	16,587	797,474
Interest	343,763	86,404	53,724	45,985	11,255	541,131
Zero Waste Marin Fees	242,196	60,875	37,851	32,398	7,930	381,250
2019 MSS Revenue Requirement	20,731,818	5,210,887	3,240,012	2,773,257	678,771	32,634,745
2019 MFG Pass Through Costs						
Projected 2019 MFG Franchise Fees	2,338,487	638,199	750,459	145,154	105,761	3,978,060
MFG Vehicle Impact and Street Sweeping Fees	443,600	568,400	201,857	-	-	1,213,857
Projected 2019 MFG Pass Through Costs	2,782,087	1,206,599	952,316	145,154	105,761	5,191,917
2019 MFG Revenue Requirement						
2019 MSS Revenue Requirement	20,731,818	5,210,887	3,240,012	2,773,257	678,771	32,634,745
2019 MFG Pass Through Costs	2,782,087	1,206,599	952,316	145,154	105,761	5,191,917
2019 MFG Revenue Requirement	23,513,905	6,417,486	4,192,328	2,918,411	784,532	37,826,662
2019 Revenue Shortfall at Current 2018 Rates						
MFG Rate Revenue at Current 2018 Rates	21,377,071	5,880,740	3,828,411	2,539,274	711,878	34,337,374
Non-Regulated Revenue	129,039	35,498	23,110	15,328	4,297	207,272
2019 Revenue at Current 2018 Rates	21,506,110	5,916,238	3,851,521	2,554,602	716,175	34,544,646
Less: 2019 Revenue Requirement	(23,513,905)	(6,417,486)	(4,192,328)	(2,918,411)	(784,532)	(37,826,662)
2019 Revenue less 2019 Rate Revenue Requirement	(2,007,795)	(501,248)	(340,807)	(363,809)	(68,357)	(3,282,016)
2019 Rate Increase Percentage	9.39%	8.52%	8.90%	14.33%	9.60%	9.56%
2019 Revenues After Rate Adjustment						
Calculated 2019 Rate Revenue	23,384,866	6,381,988	4,169,218	2,903,083	780,235	37,619,390
Non-Regulated Revenue	129,039	35,498	23,110	15,328	4,297	207,272
Projected 2019 Revenue at Adjusted Rates	23,513,905	6,417,486	4,192,328	2,918,411	784,532	37,826,662
2019 MFG Revenue Requirement	23,513,905	6,417,486	4,192,328	2,918,411	784,532	37,826,662

Bay Area Rate Survey

Jurisdiction	County	Effective Dates	Residential Single Family				Commercial			
			20 Gal.	30-35 Gal.	60-64 Gal.	90-96 Gal.	1 YD Bin	1 YD Bin	3 YD Bin	3 YD Bin
							1x/Week	3x/Week	1x/Week	3x/Week
City of Alameda	Alameda	7/1/2018	\$ 31.90	\$ 40.27	\$ 66.17	\$ 92.41	\$ 153.40	\$ 469.39	\$ 460.20	\$ 1,408.17
City of Albany	Alameda	5/1/2018	\$ 38.09	\$ 42.65	\$ 73.72	\$ 104.77	\$ 169.95	\$ 509.85	\$ 509.85	\$ 1,529.55
City of Berkeley	Alameda	7/1/2018	\$ 26.25	\$ 41.98	\$ 83.91	\$ 125.82	\$ 167.07	\$ 470.74	\$ 462.36	\$ 1,373.34
City of Dublin	Alameda	7/1/2018	N / A	\$ 24.94	\$ 45.82	\$ 66.69	\$ 121.02	\$ 423.28	\$ 363.06	\$ 1,149.40
City of Emeryville	Alameda	1/1/2018	\$ 11.43	\$ 18.92	\$ 37.84	\$ 56.75	\$ 112.67	\$ 338.01	\$ 338.01	\$ 1,014.03
City of Fremont	Alameda	1/1/2018	\$ 34.04	\$ 34.77	\$ 38.12	\$ 55.93	\$ 100.71	N / A	\$ 226.39	N / A
City of Livermore	Alameda	7/1/2018	\$ 29.03	\$ 38.42	\$ 57.54	\$ 90.41	\$ 116.72	\$ 364.16	\$ 350.16	\$ 1,115.62
City of Newark	Alameda	1/1/2018	\$ 28.39	\$ 31.55	\$ 55.89	\$ 80.20	\$ 127.86	\$ 398.93	\$ 338.28	\$ 922.51
City of Oakland	Alameda	7/1/2018	\$ 41.54	\$ 47.17	\$ 83.26	\$ 125.13	\$ 230.70	\$ 692.03	\$ 549.39	\$ 1,648.11
City of Piedmont	Alameda	7/1/2018	\$ 79.84	\$ 84.60	\$ 116.55	\$ 130.52	N / A	N / A	N / A	N / A
City of Pleasanton	Alameda	7/1/2018	N / A	\$ 26.06	N / A	\$ 45.48	\$ 116.72	\$ 370.53	\$ 350.16	\$ 1,091.18
City of San Leandro	Alameda	9/1/2018	\$ 10.50	\$ 21.06	\$ 42.05	\$ 63.10	\$ 137.37	\$ 357.08	\$ 365.93	\$ 1,025.04
City of Union City	Alameda	7/1/2018	\$ 29.49	\$ 36.87	\$ 73.79	\$ 110.65	\$ 153.17	\$ 423.06	\$ 401.39	\$ 1,093.91
Castro Valley Sanitary District	Alameda	7/1/2018	\$ 26.68	\$ 41.37	\$ 71.80	\$ 102.26	\$ 294.07	\$ 882.31	\$ 782.32	\$ 2,192.12
Oro Loma Sanitary District (L1)	Alameda	9/1/2018	\$ 9.10	\$ 18.15	\$ 36.35	\$ 54.49	\$ 118.76	\$ 308.67	\$ 316.30	\$ 886.04
Oro Loma Sanitary District (L2)	Alameda	9/1/2018	\$ 9.10	\$ 18.15	\$ 36.35	\$ 54.49	\$ 118.76	\$ 308.67	\$ 316.30	\$ 886.04
Oro Loma Sanitary District (L3)	Alameda	9/1/2018	\$ 10.50	\$ 21.06	\$ 42.05	\$ 63.10	\$ 137.37	\$ 357.08	\$ 365.93	\$ 1,025.04
City of Richmond	Contra Costa	1/1/2018	\$ 29.52	\$ 35.81	\$ 67.81	\$ 100.71	\$ 237.97	\$ 603.47	\$ 542.63	\$ 1,485.85
City of San Pablo	Contra Costa	1/1/2018	\$ 25.20	\$ 30.69	\$ 59.54	\$ 89.23	\$ 236.86	\$ 598.29	\$ 546.11	\$ 1,493.83
City of El Cerrito	Contra Costa	1/1/2018	\$ 34.80	\$ 45.44	\$ 91.23	N / A	\$ 308.10	\$ 860.08	N / A	N / A
City of Hercules	Contra Costa	1/1/2018	\$ 31.26	\$ 36.68	\$ 64.67	\$ 93.50	\$ 268.62	\$ 674.65	\$ 613.21	\$ 1,670.97
City of Pinole	Contra Costa	1/1/2018	\$ 29.67	\$ 35.18	\$ 62.59	\$ 90.84	\$ 266.58	\$ 675.79	\$ 618.10	\$ 1,694.51
Unincorporated West Contra Costa	Contra Costa	1/1/2018	\$ 27.08	\$ 33.10	\$ 63.39	\$ 94.43	\$ 225.97	\$ 569.89	\$ 509.24	\$ 1,388.38
Town of Fairfax	Marin	1/1/2018	\$ 28.38	\$ 34.02	\$ 68.04	\$ 102.06	\$ 200.02	\$ 473.76	\$ 468.92	\$ 1,227.45
Town of San Anselmo	Marin	1/1/2018	\$ 31.27	\$ 40.87	\$ 81.81	\$ 122.70	N / A	N / A	\$ 670.72	\$ 2,012.29
City of Belvedere	Marin	10/1/2018	\$ 47.13	\$ 58.26	\$ 98.84	\$ 139.43	\$ 258.76	\$ 714.86	N / A	N / A
City of Novato	Marin	1/1/2018	\$ 12.83	\$ 20.51	\$ 41.00	\$ 61.52	N / A	N / A	\$ 267.26	\$ 663.15
West Marin ¹	Marin	5/1/2018	\$ 20.03	\$ 30.37	\$ 56.96	\$ 91.06	\$ 231.11	\$ 450.96	\$ 346.67	\$ 786.38
City of Sausalito	Marin	1/1/2018	N / A	\$ 41.35	\$ 82.70	\$ 124.05	\$ 163.28	N / A	\$ 489.84	N / A
Tamalpais Com. Service Dist. ¹	Marin	7/1/2018	N / A	\$ 56.38	\$ 85.12	\$ 115.48	\$ 373.49	\$ 859.03	N / A	N / A
Town of Tiburon	Marin	7/1/2018	\$ 39.33	\$ 44.37	\$ 80.79	\$ 116.60	\$ 211.13	\$ 576.01	N / A	N / A
Town of Corte Madera	Marin	7/1/2018	\$ 31.41	\$ 36.94	\$ 74.08	\$ 111.21	\$ 172.79	\$ 466.35	N / A	N / A
City of Mill Valley	Marin	7/1/2018	\$ 44.67	\$ 49.26	\$ 83.26	\$ 115.19	\$ 209.30	\$ 563.20	N / A	N / A
City of San Rafael	Marin	1/1/2019	\$ 35.16	\$ 41.36	\$ 82.72	\$ 124.08	\$ 266.98	\$ 816.33	\$ 510.95	\$ 1,450.34
Las Gallinas Valley Sanitary District	Marin	1/1/2019	\$ 32.13	\$ 37.79	\$ 75.58	\$ 113.37	\$ 270.55	\$ 812.30	\$ 547.42	\$ 1,527.89
City of Larkspur	Marin	1/1/2019	\$ 40.07	\$ 47.12	\$ 94.24	\$ 141.36	\$ 299.18	\$ 897.24	\$ 600.83	\$ 1,575.45
Town of Ross	Marin	1/1/2019	\$ 33.65	\$ 39.60	\$ 79.20	\$ 118.80	N / A	N / A	\$ 508.39	\$ 1,525.02
County of Marin	Marin	1/1/2019	\$ 28.87	\$ 47.18	\$ 96.64	\$ 149.66	\$ 340.82	\$ 1,022.60	\$ 545.55	\$ 1,636.69
City of Campbell ¹	Santa Clara	7/1/2018	\$ 21.44	\$ 28.05	\$ 56.10	\$ 84.15		\$ 424.34	\$ 280.20	\$ 848.69
City of Cupertino	Santa Clara	11/1/2017	N / A	\$ 25.49	\$ 20.99	\$ 76.49	N / A	N / A	\$ 250.51	\$ 751.52
City of Los Altos	Santa Clara	7/1/2018	\$ 31.98	\$ 34.45	\$ 68.89	\$ 103.35	\$ 135.16	\$ 405.49	\$ 405.48	\$ 1,216.48
City of Milpitas	Santa Clara	12/1/2017	\$ 32.22	\$ 35.02	\$ 41.19	\$ 47.32	\$ 116.21	\$ 286.19	\$ 263.93	\$ 747.15
City of Monte Sereno ¹	Santa Clara	7/1/2018	\$ 24.40	\$ 31.93	\$ 63.86	\$ 95.79	\$ 186.51	\$ 565.00	\$ 373.02	\$ 1,130.01
City of Mountain View	Santa Clara	7/1/2018	\$ 23.25	\$ 33.90	\$ 67.80	\$ 101.70	\$ 124.65	\$ 373.45	\$ 352.50	\$ 1,016.15
City of Palo Alto	Santa Clara	7/1/2017	\$ 27.81	\$ 50.07	\$ 100.15	\$ 150.22	\$ 219.49	\$ 590.31	\$ 504.40	\$ 1,455.48
City of San Jose	Santa Clara	7/1/2018	N / A	\$ 34.19	\$ 68.38	\$ 102.57	\$ 143.68	\$ 411.47	\$ 200.68	\$ 573.92
City of Santa Clara	Santa Clara	7/1/2018	\$ 21.76	\$ 27.77	\$ 41.48	\$ 55.19	\$ 88.28	\$ 255.44	\$ 247.26	\$ 701.79
City of Sunnyvale	Santa Clara	1/1/2018	N / A	\$ 41.65	\$ 46.88	\$ 53.96	\$ 177.27	\$ 494.70	\$ 424.53	\$ 1,233.55
City of Saratoga ¹	Santa Clara	7/1/2018	\$ 23.10	\$ 30.23	\$ 60.45	\$ 90.68	\$ 198.18	\$ 600.62	\$ 396.37	\$ 1,201.23
Town of Los Altos Hills	Santa Clara	7/1/2018	\$ 30.74	\$ 42.85	\$ 85.73	\$ 128.57	\$ 107.90	\$ 227.25	\$ 168.85	\$ 394.85
Town of Los Gatos ¹	Santa Clara	7/1/2018	\$ 21.86	\$ 28.70	\$ 57.40	\$ 86.10	\$ 166.19	\$ 503.52	\$ 332.39	\$ 1,007.03
Marin Franchisors ¹ Average			\$ 33.97	\$ 42.61	\$ 85.68	\$ 129.45	\$ 294.38	\$ 887.12	\$ 542.63	\$ 1,543.08
Marin County Average without MFG			\$ 31.88	\$ 41.23	\$ 75.26	\$ 109.93	\$ 227.49	\$ 586.31	\$ 448.68	\$ 1,172.32
Marin County - All			\$ 32.69	\$ 41.69	\$ 78.73	\$ 116.44	\$ 249.78	\$ 695.70	\$ 495.66	\$ 1,378.30
All City Average			\$ 29.02	\$ 36.76	\$ 66.61	\$ 96.27	\$ 190.70	\$ 532.87	\$ 420.05	\$ 1,208.96

¹ 1 CY not available, reflected here for 1.5 CY





FIRST AMENDMENT TO THE REVISED AND RESTATED EXCLUSIVE FRANCHISE AGREEMENT TO COLLECT, TRANSFER, PROCESS, MARKET, AND DISPOSE OF SOLID WASTED, RECYCLABLE AND ORGANIC MATERIALS BETWEEN MARIN SANITARY SERVICE AND THE LAS GALLINAS VALLEY SANITARY DISTRICT

This FIRST AMENDMENT to the Revised and Restated Exclusive Franchise Agreement to Collect, Transfer, Process, Market, and Dispose of Solid Wasted, Recyclable and Organic Materials Between Marin Sanitary Service (COMPANY) and the Las Gallinas Valley Sanitary District (DISTRICT) is made and entered into this 1st day of January 2019.

WHEREAS, the DISTRICT and COMPANY entered into a written agreement (Agreement) on February 28, 2013 pursuant to which the COMPANY renders Solid Waste, Recyclable Material and Green Waste collection, processing and disposal services to businesses, residents and government institutions in the unincorporated areas of the DISTRICT ; and

WHEREAS, global revenues from the sale of recyclable materials have declined in recent years due to international market factors including China’s “National Sword”, resulting in a projected net cumulative loss to the COMPANY in connection with the processing of recyclable materials of \$2.3 million from 2011 to 2018; and

WHEREAS, the Franchise Agreement includes a mechanism by which half of the profits and losses resulting from changes in revenues received from the sale of Recyclable Materials are held in a reserve fund with cumulative losses held in the reserve fund amounting to \$1.15 million; and

WHEREAS, pursuant to the terms and conditions of the Agreement, DISTRICT and COMPANY met and conferred and have agreed to a reasonable remedy to the COMPANY, which includes elimination of the reserve fund and a new mechanism for the COMPANY to share the profits and losses from changes in revenues received from the sale of recyclable materials via the rates set by the CITY and to be charged by the COMPANY beginning on January 1, 2019; and

WHEREAS, DISTRICT and COMPANY mutually desire to amend the Agreement to establish a streamlined and simplified rate setting methodology that will provide for rate stabilization and predictability of future rate increases, clarify certain services and update certain obligations of the COMPANY.

NOW, THEREFORE, it is mutually agreed as follows:

1. Article 19. Assignments, Subcontracts, and Changes of Ownership, shall be amended to read:

19. Assignments.

Notwithstanding Article 2 of this Agreement, if any assignment of this Agreement by COMPANY occurs, the provision in Article 2 of this Agreement, setting forth the automatic extension of the term of the Agreement shall be immediately terminated and the term of this Agreement shall expire following three (3) years from the date of any such assignment.

(A) No interest in this Agreement may be assigned or sold, either in whole or in part, by COMPANY without the prior written consent of the DISTRICT which the DISTRICT may grant or refuse in its reasonable discretion. The COMPANY shall promptly notify the

FIRST AMENDMENT TO THE REVISED AND RESTATED EXCLUSIVE FRANCHISE AGREEMENT TO COLLECT, TRANSFER, PROCESS, MARKET, AND DISPOSE OF SOLID WASTED, RECYCLABLE AND ORGANIC MATERIALS BETWEEN MARIN SANITARY SERVICE AND THE LAS GALLINAS VALLEY SANITARY DISTRICT

DISTRICT in writing at least one hundred twenty (120) days in advance of the proposed closing of any such proposed assignment, sale or transfer. The COMPANY is encouraged to notify the DISTRICT as soon as possible of any proposed assignment. In the event that the DISTRICT Board of Directors approves of any assignment, sale or transfer, said approval shall not relieve COMPANY of any of its obligations or duties under this Agreement unless this Agreement is modified in writing to that effect.

- (B) Any such assignment, sale or transfer made by the COMPANY without the consent of the DISTRICT shall be null and void and the attempted assignment, sale or transfer shall constitute a material breach of this Agreement and give the CITY grounds to terminate this Agreement upon written notice to the COMPANY, and upon such termination, all liability of the DISTRICT under this Agreement to the COMPANY shall cease, and the DISTRICT shall have the right to call the performance bond and shall be free to negotiate with other contractors.
- (C) The DISTRICT may not assign its rights or subrogate its obligations under this Agreement without the prior written consent of the COMPANY, except to a joint powers authority authorized by Govt. Code Sec. 6500 et seq.
- (D) For purposes of this section, "assignment, sale or transfer" shall include, but not be limited to:
 - (1) A sale, exchange or other transfer to a third party of outstanding common stock of the COMPANY which may results in a Change in Control (as defined below);
 - (2) Any sale to a third party of all or substantially all of the COMPANY'S assets dedicated to providing the services required by this Agreement;
 - (3) Any subcontracting of the COMPANY'S services required under this Agreement, except to an affiliate of the COMPANY (defined as an entity that is controlled by Joseph John Garbarino or his lineal descendants and/or the lineal descendants of Joseph and Angelina Garbarino) or for processing or landfilling services customarily subcontracted by the COMPANY;
 - (4) Any dissolution, reorganization, consolidation, merger, recapitalization, stock issuance or re- issuance, voting trust, pooling agreement, escrow arrangement, liquidation or other transaction;
 - (5) Any assignment by operation of law, including insolvency or bankruptcy, assignment for the benefit of creditors, writ of attachment for an execution being levied against this Agreement, appointment of a receiver taking possession of COMPANY'S property, or transfer occurring in a probate proceeding; and

FIRST AMENDMENT TO THE REVISED AND RESTATED EXCLUSIVE FRANCHISE AGREEMENT TO COLLECT, TRANSFER, PROCESS, MARKET, AND DISPOSE OF SOLID WASTED, RECYCLABLE AND ORGANIC MATERIALS BETWEEN MARIN SANITARY SERVICE AND THE LAS GALLINAS VALLEY SANITARY DISTRICT

- (6) Any combination of the foregoing (whether or not related or contemporaneous transactions), which has the effect of a Change in Control.

- (D) The COMPANY acknowledges that this Agreement involves rendering a vital service to the DISTRICT'S residents and businesses, and that the DISTRICT has selected the COMPANY to perform the services specified herein based on:
 - (1) The COMPANY'S experience, skill and reputation for conducting its solid waste management operations in a safe, effective and responsible fashion, at all times in keeping with applicable local, state and federal environmental laws, regulations and best waste management practices; and
 - (2) The COMPANY'S financial resources to maintain the required equipment and to support its indemnity obligations to DISTRICT under this Agreement. The DISTRICT relied on each of these factors, among others, in choosing the COMPANY to perform the services to be rendered by the COMPANY under this Agreement.

- (F) The DISTRICT is concerned about the possibility that an assignment, sale or transfer could result in significant rate increases, as well as a change in the quality of service. Accordingly, the following standards have been set to ensure that any assignment, sale or transfer shall result in continued quality of service. At a minimum, no request by the COMPANY for the DISTRICT'S consent to an assignment, sale or transfer need be considered by the DISTRICT unless and until the COMPANY has met the following requirements:
 - (1) The COMPANY shall reimburse the DISTRICT for its reasonable, documented expenses for attorneys and other consultants engaged by the DISTRICT to investigate the suitability of any proposed assignee, and to review and finalize any documentation required as a condition for approving any such assignment. However, it is likely that other agencies of the Marin Franchisors' Group served by the COMPANY may also be considering the request for consent to the assignment, sale or transfer. In consideration of the payment described in this subsection, the agencies of the Marin Franchisors' Group agree to work together to reasonably avoid duplication of such costs among them, given the common requests for consent. In furtherance of the COMPANY'S obligation to all such franchisors, upon notice by the COMPANY of its intention to assign its rights hereunder, the COMPANY shall pay the sum of two hundred thousand dollars (\$200,000) into an escrow account towards the total of all such costs incurred by the franchisors and the franchisors shall direct the COMPANY to pay a pro rata share of that amount to each of them with the apportionment of such payments at the sole discretion of the franchisors;

FIRST AMENDMENT TO THE REVISED AND RESTATED EXCLUSIVE FRANCHISE AGREEMENT TO COLLECT, TRANSFER, PROCESS, MARKET, AND DISPOSE OF SOLID WASTED, RECYCLABLE AND ORGANIC MATERIALS BETWEEN MARIN SANITARY SERVICE AND THE LAS GALLINAS VALLEY SANITARY DISTRICT

- (2) The COMPANY shall furnish the DISTRICT with audited financial statements of the proposed assignee's operations for the immediately preceding three (3) operating years;
- (3) The COMPANY shall furnish the DISTRICT with satisfactory proof:
 - a. That the proposed assignee has at least ten (10) years of solid waste management experience including the handling of solid waste, recyclable and organic materials on a scale equal to or exceeding the scale of operations conducted by the COMPANY under this Agreement;
 - b. That in the last five (5) years, neither the proposed assignee nor any of its affiliates have suffered significant major citations or other charges from any federal, state or local agency having jurisdiction over its waste management operations due to any significant failure to comply with state, federal or local environmental laws and that the assignee has provided the DISTRICT with a complete list of such citations and charges;
 - c. That the proposed assignee has conducted its operations in a reasonably environmentally safe and conscientious fashion;
 - d. That the proposed assignee has conducted its solid waste management practices in good faith and substantial compliance with sound waste management practices, including all federal, state and local laws regulating the collection and disposal of solid waste, including hazardous wastes; and
 - e. Provide any other available information required by DISTRICT to ensure that the proposed assignee can fulfill the terms of this Agreement in a timely, safe and effective manner.
- (G) Under no circumstances shall the DISTRICT be obliged to consider any proposed assignment, sale or transfer by the COMPANY if the COMPANY is in material breach of any provision of this Agreement at the time of the request or at any time during the period of consideration of the request. The DISTRICT will provide the COMPANY with a reasonable opportunity to be heard before the DISTRICT Board and the opportunity to correct any such claimed failure of performance or material breach.
- (H) In the case of any assignment, sale or transfer the assignee shall not be entitled to request any adjustment in rates other than as provided under this Agreement.
- (I) A Change in Control shall occur when Joseph John Garbarino or his lineal descendants and/or the lineal descendants of Joseph and Angelina Garbarino shall cease to have the power, directly or indirectly, to control the management, operation and policies of the

FIRST AMENDMENT TO THE REVISED AND RESTATED EXCLUSIVE FRANCHISE AGREEMENT TO COLLECT, TRANSFER, PROCESS, MARKET, AND DISPOSE OF SOLID WASTED, RECYCLABLE AND ORGANIC MATERIALS BETWEEN MARIN SANITARY SERVICE AND THE LAS GALLINAS VALLEY SANITARY DISTRICT

COMPANY, whether through the ownership of a majority of voting securities, as trustee, by contract or otherwise.

- (J) COMPANY shall provide an annual written update to the DISTRICT by October 1 of each year detailing the COMPANY'S plans, actions, accomplishments and next steps with respect to its internal succession planning. COMPANY shall meet with the DISTRICT on request to discuss details of the COMPANY'S succession planning efforts.

Article 15. Failure to Perform, shall be amended to read:

2. 15. Performance Review.

- (A) DISTRICT as part of the Marin Franchisor's Group or on its own may conduct periodic reviews of COMPANY'S performance ("Performance Review"). Reviews may be scheduled at the DISTRICT'S discretion, with up to one (1) Performance Review occurring every three years, with the first such Performance Review being possible between 2019 and 2021.
- (B) COMPANY shall be responsible for the cost of each Performance Review in an amount not exceeding \$60,000 per Performance Review, escalated annually by the annual change in CPI. Payment is due in full prior to the start of each Performance Review and is considered an allowable cost for the purposes of a Detailed Review.
- (C) The Performance Reviews may be performed by the DISTRICT or its consultant. In the event the DISTRICT intends to retain a consultant to perform the reviews, it may seek and accept comments and recommendations from COMPANY.
- (D) The Performance Reviews may be designed to verify that: rates have been properly calculated and that they correspond to the level of service received by customers; franchise fees and other fees required under this Agreement have been properly calculated and paid to DISTRICT; COMPANY has complied with the reporting requirements and performance standards of the Agreement; COMPANY'S customer service, outreach, education, compliance and internal auditing functions meet or exceed industry best practices; reports provided by COMPANY are accurate.
- (E) COMPANY shall cooperate fully with the Performance Review and provide all requested data, including operational data, financial data and other data reasonably requested by DISTRICT (or its designated consultant) within thirty (30) work days.
- (F) The DISTRICT (or its designated consultant) may utilize a variety of methods in the execution of the Performance Review, including analysis of relevant documents, on-site and field observations, and interviews.
- (G) DISTRICT (or its designated consultant) will review and document the items in the Agreement that require COMPANY to meet specific performance standards, submit

FIRST AMENDMENT TO THE REVISED AND RESTATED EXCLUSIVE FRANCHISE AGREEMENT TO COLLECT, TRANSFER, PROCESS, MARKET, AND DISPOSE OF SOLID WASTED, RECYCLABLE AND ORGANIC MATERIALS BETWEEN MARIN SANITARY SERVICE AND THE LAS GALLINAS VALLEY SANITARY DISTRICT

information or reports, perform additional services, or document operating procedures, that can be objectively evaluated.

- (H) DISTRICT (or its designated consultant) may also review the customer service functions and structure utilized by COMPANY. This may include COMPANY'S protocol for addressing customer complaints and service interruption procedures. Complaint logs may be reviewed, along with procedures and systems for tracking and addressing complaints. On-site and field observations by DISTRICT (or its designated consultant) may include, but are not necessarily limited to:
- (1) Interviews and discussions with COMPANY'S administration and management personnel;
 - (2) Interviews and discussions with COMPANY'S financial and accounting personnel;
 - (3) Interviews and discussions with route dispatchers, route drivers, vehicle maintenance staff, field and service supervisors, and managers;
 - (4) Review and observation of COMPANY'S customer service functions and structure, and vehicle maintenance practices;
 - (5) Review of public education and outreach materials;
 - (6) Review of on-route collection services, including observation of driver performance and collection productivity and visual inspection of residential routes before and after collection to evaluate cart placement and cleanliness of streets;
 - (7) Review of vehicle and equipment maintenance log and accident or vehicle incident records, if any.
- (I) In the event that the Performance Review concludes that COMPANY is not in compliance with all terms and conditions of this Agreement and such non-compliance is material, DISTRICT may conduct an additional Performance Review to ensure that that COMPANY has remedied any such area of non-compliance. COMPANY shall be responsible for the cost of any such additional Performance Review, at a maximum cost of \$40,000, escalated annually by the annual change in CPI. Costs for additional Performance Reviews per this section are not considered allowable costs for the purposes of a Detailed Review.
- (J) Notwithstanding the foregoing, should COMPANY, its successors or assigns, fail to perform this Agreement or materially breach any provision, DISTRICT will have the option to cancel this Agreement, upon giving at least thirty (30) days advance written notice to COMPANY. The notice will describe the COMPANY's failure to perform or its

FIRST AMENDMENT TO THE REVISED AND RESTATED EXCLUSIVE FRANCHISE AGREEMENT TO COLLECT, TRANSFER, PROCESS, MARKET, AND DISPOSE OF SOLID WASTED, RECYCLABLE AND ORGANIC MATERIALS BETWEEN MARIN SANITARY SERVICE AND THE LAS GALLINAS VALLEY SANITARY DISTRICT

material breach in detail. DISTRICT will provide COMPANY with a reasonable opportunity to be heard before the Board of Directors and the opportunity to correct the claimed failure of performance or material breach, which opportunity will consist of thirty (30) days to cure or, if thirty (30) days is insufficient to permit COMPANY to cure, a reasonable time provided that COMPANY commences efforts to cure within thirty (30) days.

3. Exhibit A. Marin Sanitary Service – Description of Services, shall be amended to add:

GENERAL

Recyclable Materials Processing Facility:

COMPANY shall continue to provide full service processing, marketing and sale of Recyclable Materials collected by the COMPANY within the DISTRICT at the “Marin Recycling” Recyclable Materials processing facility located at 535 Jacoby Street in San Rafael, which is operated by the COMPANY’S affiliated company, Marin Resource and Recycling Association. COMPANY and DISTRICT agree that the charges for rate revenues for Recyclable Materials processing to be billed by the COMPANY as described in Exhibit B are predicated on the COMPANY continuing to process Recyclable Materials at the Marin Recycling facility. Under no circumstances may the COMPANY cease processing of the DISTRICT’S Recyclable Materials at the Marin Recycling facility without prior approval of the DISTRICT. The COMPANY may temporarily ship Recyclable Materials to other processing facilities at its discretion as needed while repairs or upgrades are made to the Marin Recycling facility, but any such temporary shipment of Recyclable Materials is at the COMPANY’S sole expense and risk without any change in the rate revenues and charges for Recyclable Materials processing via Indexed Adjustment or Detailed Review.

Education, Outreach, Technical Assistance, Monitoring, Compliance Services:

COMPANY shall continue to provide DISTRICT with outreach, education, technical assistance, monitoring and compliance services to residents, multi-family dwellings and commercial businesses. The DISTRICT and COMPANY intend for these services to: provide information to customers regarding the services offered by the COMPANY as provided for via the Agreement; encourage, incentivize and maximize participation in recycling and organics collection programs, and; implement the requirements of state laws AB 341, AB 1826, SB 1383, and any other solid waste, recycling and organics state law requirements applicable to DISTRICT and/or COMPANY. The DISTRICT and COMPANY further intend to define specific and quantifiable performance targets and reporting requirements for these services so that the DISTRICT and COMPANY can accurately and consistently evaluate and monitor progress towards landfill diversion goals and state laws. To that end, the DISTRICT and COMPANY agree to develop mutually agreeable quantitative performance targets and reporting requirements for these services by June 30, 2019.

COMMERCIAL SERVICE

Organics:

FIRST AMENDMENT TO THE REVISED AND RESTATED EXCLUSIVE FRANCHISE AGREEMENT TO COLLECT, TRANSFER, PROCESS, MARKET, AND DISPOSE OF SOLID WASTED, RECYCLABLE AND ORGANIC MATERIALS BETWEEN MARIN SANITARY SERVICE AND THE LAS GALLINAS VALLEY SANITARY DISTRICT

COMPANY to include updated description of services here.

MULTI-FAMILY (FIVE OR MORE UNIT STRUCTURES)

Organics:

COMPANY to include updated description of services here.

MUNICIPAL SERVICES

Organics:

COMPANY to include updated description of services here.

4. **Exhibit B. Annual Rate Revenue Adjustments**, is replaced in its entirety as attached hereto.
5. **DISTRICT and COMPANY agree** and acknowledge that, except as explicitly modified by this Amendment, the Agreement remains in full force and effect.

FIRST AMENDMENT TO THE REVISED AND RESTATED EXCLUSIVE FRANCHISE AGREEMENT TO COLLECT, TRANSFER, PROCESS, MARKET, AND DISPOSE OF SOLID WASTED, RECYCLABLE AND ORGANIC MATERIALS BETWEEN MARIN SANITARY SERVICE AND THE LAS GALLINAS VALLEY SANITARY DISTRICT

IN WITNESS WHEREOF, we, the authorized agents of the contracting parties, by our duly authorized agents, do hereby affix our signatures and seals this ____day of _____, 2019.

LAS GALLINAS VALLEY SANITARY DISTRICT

MARIN SANITARY SERVICE

By: _____

By: _____

Printed
Name: _____

Printed
Name: _____

Its: _____

Its: _____

By: _____

Printed
Name: _____

Its: _____

FIRST AMENDMENT TO THE REVISED AND RESTATED EXCLUSIVE FRANCHISE AGREEMENT TO COLLECT, TRANSFER, PROCESS, MARKET, AND DISPOSE OF SOLID WASTED, RECYCLABLE AND ORGANIC MATERIALS BETWEEN MARIN SANITARY SERVICE AND THE LAS GALLINAS VALLEY SANITARY DISTRICT

EXHIBIT B - ANNUAL RATE REVENUE ADJUSTMENTS

1. DISTRICT PARTICIPATION IN MARIN FRANCHISORS' GROUP

The DISTRICT participates in a consolidated annual rate revenue adjustment process with the CITY OF SAN RAFAEL, the CITY OF LARKSPUR, the TOWN OF ROSS, and the COUNTY OF MARIN, all of which hold agreements with the COMPANY that are substantially similar to the agreement between the DISTRICT and COMPANY. Known collectively as the Marin Franchisors' Group, the DISTRICT and the aforementioned agencies direct the COMPANY to any and all requests for annual rate revenue adjustments via a consolidated Rate Application applicable to all Marin Franchisors' Group agencies.

2. MARIN FRANCHISORS' GROUP RATE REVENUE REQUIREMENT

The Marin Franchisors' Group (including the DISTRICT) and COMPANY have agreed after thorough review that the 2019 COMPANY monthly service rates (rates) to be set by the Marin Franchisors' Group agencies ("agencies"), charged and billed by the COMPANY are necessary to collect rate revenues for the following rate revenue categories, yielding a total 2019 rate revenue requirement of \$37,826,662. Amounts shown below are 2019 totals for the Marin Franchisors' Group as a whole for each category; amounts applicable to the DISTRICT and the other agencies are shown below.

FIRST AMENDMENT TO THE REVISED AND RESTATED EXCLUSIVE FRANCHISE AGREEMENT TO COLLECT, TRANSFER, PROCESS, MARKET, AND DISPOSE OF SOLID WASTED, RECYCLABLE AND ORGANIC MATERIALS BETWEEN MARIN SANITARY SERVICE AND THE LAS GALLINAS VALLEY SANITARY DISTRICT

	Marin Franchisors' Group Total	San Rafael	Larkspur	County	LGVSD	Ross
Percentage of Total Operating Revenue	100.00%	63.53%	15.97%	9.93%	8.50%	2.08%
COMPANY Operations (Including Profit)	\$27,255,538	\$17,314,579	\$4,351,974	\$2,705,958	\$2,316,139	\$566,888
Garbage Landfilling and Organics Processing	4,102,408	2,606,130	655,044	407,291	348,617	85,326
Recyclable Materials Processing	680,000	431,983	108,578	67,511	57,785	14,143
Franchise Fees	3,978,060	2,338,487	638,199	750,459	145,154	105,761
Other Agency Fees	1,213,857	443,600	568,400	201,857	-	-
Zero Waste Marin Fees	381,250	242,196	60,875	37,851	32,398	7,930
Recycling Losses	117,475	74,628	18,758	11,663	9,983	2,443
Fuel and Disposal True-ups	98,074	62,303	15,660	9,737	8,334	2,040
	Marin Franchisors' Group Total	San Rafael	Larkspur	County	LGVSD	Ross
Total 2019 Rate Revenue Requirement	37,826,662	23,513,906	6,417,488	4,192,327	2,918,410	784,531

3. INDEXED RATE REVENUE ADJUSTMENTS

Annual adjustments to rates effective January 1 of each year shall be set via an Indexed Adjustment. The COMPANY'S consolidated Rate Application via the Indexed Adjustment method is due annually by September 1 and shall include calculation of rate revenues by rate revenue category for the following year as described below. The Indexed Adjustment is the default method for annual rate adjustments and shall continue indefinitely unless a Detailed Review is allowed and requested in accordance with Section 4 of this Exhibit B.

- a. **COMPANY Operations (Including Profit):** Increases annually by the percentage change in the Consumer Price Index for Water and Sewer and Trash Collection, U.S. city average, Bureau of

FIRST AMENDMENT TO THE REVISED AND RESTATED EXCLUSIVE FRANCHISE AGREEMENT TO COLLECT, TRANSFER, PROCESS, MARKET, AND DISPOSE OF SOLID WASTED, RECYCLABLE AND ORGANIC MATERIALS BETWEEN MARIN SANITARY SERVICE AND THE LAS GALLINAS VALLEY SANITARY DISTRICT

Labor Statistics Series I.D. CUSR0000SEHG (“Index”). The percentage change is calculated by dividing the Index value for June of the current year by the Index value for June of the prior year, rounded to the nearest hundredth of a percent, with the minimum and maximum possible percentage change being set at 2.50% and 5.00%, respectively.

For example, the 2020 COMPANY Operations rate revenue category shall be the product of \$27,255,538 times the Index value in June of 2019 divided by the Index value in June of 2018 (which was 236.869), rounded to the nearest dollar. If the Index value in June of 2019 is 245.000 then the 2020 COMPANY Operations rate revenue category shall equal \$27,255,538 times 245.000 divided by 236.869, which is \$28,190,403 (a 3.43% increase over the prior year).

b. Garbage Landfilling and Organics Processing: Changes annually as described below.

The 2019 Garbage Landfilling and Organics processing rate revenue category is set at \$4,102,408 and is calculated based on the sum of the products of the projected 2019 Marin Franchisors’ Group tons and the per ton tipping fees for the following categories: residential garbage; residential green waste/organics; commercial garbage; commercial mixed waste for processing; commercial food scraps; and Marin Franchisors’ Group waste delivered to COMPANY and Marin Franchisors’ Group clean-ups delivered to COMPANY. This sum is reduced by the product of the projected 2019 non-regulated (non-DISTRICT non-Marine Franchisors’ Group) tons times the per ton credit for hauling of those tons.

The total of the above for 2019 is \$4,084,810, to which \$17,598 is added to account for prior year cost true-ups (applicable only in 2019, 2020 and 2021), yielding \$4,102,408 in 2019. The specific tons and per ton rates used for the basis of the 2019 calculation are shown below.

Residential garbage	10,824 tons times \$57.33 per ton
Residential green waste/organics	17,575 tons times \$50.72 per ton
Commercial garbage	27,497 tons times \$57.33 per ton
Commercial mixed waste for processing	9,615 tons times \$96.91 per ton
Commercial food scraps	2,133 tons times \$23.46 per ton
Marin Franchisors’ Group waste	2,043 tons times \$96.91 per ton
Credit for hauling non-regulated tons	7,856 tons times -\$23.35 per ton

The COMPANY shall use the same methodology to calculate the Garbage Landfilling and Organics processing rate revenue category amount in future years by using the actual tons by category shown above from July 1 of the prior year to June 30 of the then current year as the basis for projecting tons for the coming rate year. For example, the COMPANY shall use tons in the above categories from July 1, 2018 to June 30, 2019 as the basis for projecting tons for 2020, and so forth. The COMPANY shall multiply the projected tonnages by the actual per ton tipping fees for each category for the coming rate year, if available; if actual per ton tipping fees for the coming year are not available for any category, then COMPANY will project coming year per ton tipping fees for such categories by increasing the actual per ton tipping fee in the current rate year by 2.5%.

FIRST AMENDMENT TO THE REVISED AND RESTATED EXCLUSIVE FRANCHISE AGREEMENT TO COLLECT, TRANSFER, PROCESS, MARKET, AND DISPOSE OF SOLID WASTED, RECYCLABLE AND ORGANIC MATERIALS BETWEEN MARIN SANITARY SERVICE AND THE LAS GALLINAS VALLEY SANITARY DISTRICT

c. Recyclable Materials Processing: Changes annually as described below.

The 2019 Recyclable Materials processing rate revenue category is set at \$680,000 and is calculated as the product of a projected 17,000 tons of Recyclable Materials to be collected by the COMPANY from the Marin Franchisors' Group in 2019, times a net Recyclable Materials processing cost of \$40 per ton, which is set and shall be adjusted annually as described below. Under no circumstances will the COMPANY charge a net Recyclable Materials processing cost to the DISTRICT that would exceed the net Recyclable Materials processing cost charged by the COMPANY or its affiliates to any other agency whose Recyclable Materials are delivered to the COMPANY'S Recyclable Materials processing facility.

2019 Net Recyclable Materials Processing Cost Per Ton: The net Recyclable Materials processing cost of \$40 per ton is set to incentivize the COMPANY to maximize revenues from the sale of Recyclable Materials and is calculated as the difference between the per ton Recyclable Materials processing costs (set at \$202.00 per ton for 2019) and the per ton Recyclable Materials revenue (set at \$162.00 per ton for 2019) for the COMPANY'S Recyclable Materials processing facility, Marin Recycling.

The COMPANY'S 2019 per ton Recyclable Materials processing cost amount of \$202.00 is calculated as 90% of the projected Recyclable Materials processing cost (90% of a projected \$5,611,111 yielding \$5,050,000 in incentivized processing cost) divided by the projected total tons of Recyclable Materials processed in its Recyclable Materials processing facility (set at 25,000 tons for 2019), rounded to the nearest cent. \$5,050,000 divided by 25,000 tons is \$202.00 per ton.

The COMPANY'S 2019 per ton Recyclable Materials revenue amount of \$162.00 per ton is calculated as 90% of projected Recyclable Materials sales revenues (90% of a projected \$4,500,000 yielding \$4,050,000 in recycling revenues) divided by the projected total tons of processed Recyclable Materials (set at 25,000 tons for 2019), rounded to the nearest cent. \$4,050,000 divided by 25,000 tons is \$162.00 per ton.

Annual Adjustments in Net Recyclable Materials Processing Cost Per Ton: The 2019 \$5,050,000 incentivized Recyclable Materials processing cost for the Marin Franchisors' Group shall increase annually by the same percentage change in the Consumer Price Index for Water and Sewer and Trash Collection, U.S. city average, Bureau of Labor Statistics Series I.D. CUSR0000SEHG ("Index") as described in Section 3.a of this Exhibit B-1, rounded to the nearest dollar.

For example, using the same 3.43% increase shown in Section 3.a, above, the 2020 incentivized processing cost for the Marin Franchisors' Group would be \$5,223,215. That amount shall be divided by the number of all tons of Recyclable Materials processed at the COMPANY'S Recyclable Materials processing facility from July 1 of the prior year through June 30 of the then current year. As a sample calculation, if the COMPANY'S Recyclable Materials Processing Facility processes 26,000 tons of Recyclable Materials between July 1, 2018 and June 30 of 2019, then

FIRST AMENDMENT TO THE REVISED AND RESTATED EXCLUSIVE FRANCHISE AGREEMENT TO COLLECT, TRANSFER, PROCESS, MARKET, AND DISPOSE OF SOLID WASTED, RECYCLABLE AND ORGANIC MATERIALS BETWEEN MARIN SANITARY SERVICE AND THE LAS GALLINAS VALLEY SANITARY DISTRICT

the COMPANY'S 2020 per ton Recyclable Materials processing cost would be \$5,223,215 divided by 26,000 tons, equaling \$200.89 per ton.

The 2020 per ton Recyclable Materials revenue amount shall be calculated based on 90% of the total revenue received by the COMPANY'S Recyclable Materials processing facility in the categories of "Salvage Income", "Redemption Income (Net of Buyback)", "Processing Fee Income (Salvage Support)", "Other Salvage Income (Net of Sales Adjustment)" and "Other Redemption Income-State" from July 1 of the prior year through June 30 of the then current year. The total of those revenues shall be divided by the number of all tons of Recyclable Materials processed at the COMPANY'S Recyclable Materials processing facility during that same time period, yielding the same number of tons as calculated for the per ton Recyclable Materials processing cost, above. For example, using the same example of 26,000 tons from July 1, 2018 through June 30, 2019, and a placeholder example of \$4,500,000 in total revenue received in the categories stated above, the COMPANY'S 2020 per ton Recyclable Materials revenue amount would be \$4,500,000 times 90% divided by 26,000 tons, equaling \$155.77 per ton. Based on the examples shown above, the COMPANY'S 2020 net Recyclable Materials processing cost would be \$200.89 per ton minus \$155.77 per ton, equaling \$45.12.

Revisions to Incentivized Recyclable Materials Processing Cost: The DISTRICT and COMPANY agree that the methodology to incentivize the COMPANY to maximize revenues from the sale of Recyclable Materials described herein (specifically the use of 90% of costs and 90% of revenues) is appropriate given current market conditions. However, in the event that markets for Recyclable Materials change substantially resulting in two (2) consecutive years of annual decreases or increases of 10% or greater in the total revenue received by the COMPANY'S Recyclable Materials processing facility in the categories of "Salvage Income", "Redemption Income (Net of Buyback)", "Processing Fee Income (Salvage Support)", "Other Salvage Income (Net of Sales Adjustment)" and "Other Redemption Income-State" between July 1 and June 30, then the DISTRICT and COMPANY agree to mutually consider necessary and appropriate revisions to the incentivization mechanism described herein. Such revisions would be considered inasmuch as they would maintain fair and equitable cost to DISTRICT rate-payers while continuing to provide incentives for the COMPANY to maximize efficiencies and the amount of revenue generated from the sale of Recyclable Materials. Any change in the incentivization methodology as described herein would be via Amendment to this Agreement.

- d. **Franchise Fees:** Changes annually based on the actual franchise fee amounts due from the COMPANY to DISTRICT and the Marin Franchisors' Group agencies. Franchise fee amounts are set by the DISTRICT and the Marin Franchisors' Group agencies, are dependent on changes to all other rate revenue categories, and change in accordance with the total annual rate revenue to be charged by the COMPANY. In setting the amounts of rate revenues for franchise fees, the COMPANY will calculate franchise fees for the coming year in accordance with the total amounts of all other rate revenue categories for the coming year.

FIRST AMENDMENT TO THE REVISED AND RESTATED EXCLUSIVE FRANCHISE AGREEMENT TO COLLECT, TRANSFER, PROCESS, MARKET, AND DISPOSE OF SOLID WASTED, RECYCLABLE AND ORGANIC MATERIALS BETWEEN MARIN SANITARY SERVICE AND THE LAS GALLINAS VALLEY SANITARY DISTRICT

- e. **Other Agency Fees:** Comprised of fixed agency fees for the DISTRICT and the Marin Franchisors' Group and is set at the sum total of fixed agency fees, and which are subject to adjustment by the DISTRICT and the Marin Franchisor's Group from time to time.
- f. **Zero Waste Marin Fees:** Changes annually based on the fees set and charged by Zero Waste Marin to the COMPANY based on the percentage increase in overall Zero Waste Marin fees assessed to the COMPANY as applicable to the services provided by the COMPANY to the Marin Franchisors' Group. For example, if Zero Waste Marin sets 2020 fees applicable to the services provided by the COMPANY to the Marin Franchisors' Group at 5% above the 2019 fees, then the Zero Waste Marin fees rate revenue component would be 5% above the 2019 amount of \$381,250, yielding \$400,312. Similarly, if Zero Waste Marin sets 2021 fees applicable to the services provided by the COMPANY to the Marin Franchisors' Group at 4% above the 2020 fees, then the Zero Waste Marin fees component would be 4% above the 2020 amount, and so forth.
- g. **Recycling Losses and Fuel and Disposal True-ups:** Apply only to the rate revenue requirements in 2019, 2020 and 2021. The total rate revenues requirement in these years include \$117,475 to account for prior COMPANY losses on the processing of Recyclable Materials (with no further revenue for prior recycling losses being collected via the rates or due to the COMPANY) and \$98,074 to account for prior COMPANY true-ups on costs for fuel, oil, and disposal (with no further revenue for prior true-ups being collected via the rates or due to the COMPANY).
- h. **Annual Rate Revenue Reconciliation:** Changes annually starting with calculation of the 2021 total rate revenue requirement. The 2021 annual rate revenue reconciliation amount will be set as the difference between the 2019 total rate revenue requirement of \$37,706,507 and the total amount of COMPANY billings to all Marin Franchisors' Group customers, which won't be available until after the 2020 indexed rate adjustment. For example, if the total amount of 2019 charges billed by the COMPANY to all Marin Franchisors' Group customers is \$37,750,000 then the 2021 annual rate revenue reconciliation would be \$37,706,507 minus \$37,750,000, yielding negative \$43,493, thus decreasing the 2020 total rate revenue requirement by \$43,493.

Likewise, if the total amount of 2019 charges billed by the COMPANY to all Marin Franchisors' Group customers is \$37,700,000 then the 2021 annual rate revenue reconciliation would be \$37,706,507 minus \$37,700,000, yielding \$6,507, thus increasing the 2020 total rate revenue requirement. Similarly, the 2022 annual rate revenue reconciliation amount will be set as the difference between the 2020 total rate revenue requirement of and the total amount of COMPANY billings to all Marin Franchisors' Group customers in 2020, and so forth.

- i. **Calculation of the Annual Rate Adjustment:** The annual adjustment to the rates is calculated by dividing the coming year's total rate revenue requirement by the then current year's total rate revenue requirement, minus 100%, rounded to the nearest hundredth of a percent. For example, if the 2020 total rate revenue requirement, calculated in accordance with Sections 3.a through 3.i, above, is \$38,500,000, then dividing that amount by the actual 2019 total rate revenue requirement of \$37,706,507 yields an annual adjustment to the rates effective January 1, 2020 at an increase of 2.10%. Similarly, the 2021 total rate revenue requirement shall be

FIRST AMENDMENT TO THE REVISED AND RESTATED EXCLUSIVE FRANCHISE AGREEMENT TO COLLECT, TRANSFER, PROCESS, MARKET, AND DISPOSE OF SOLID WASTED, RECYCLABLE AND ORGANIC MATERIALS BETWEEN MARIN SANITARY SERVICE AND THE LAS GALLINAS VALLEY SANITARY DISTRICT

calculated as the calculated using the 2021 total rate revenue requirement and the actual 2020 total rate revenue requirement, and so forth.

- j. **COMPANY'S Rate Application Subject to Review by DISTRICT:** The DISTRICT may review or engage a consultant to review the COMPANY'S Rate Application to ensure mathematical accuracy and conformance with this Exhibit B, and to review all necessary supporting documentation for figures stated by the COMPANY in the Rate Application. COMPANY shall reimburse the DISTRICT'S cost for a consultant for this and other allowed purposes up to \$15,000 annually. This amount is included in the COMPANY'S Operations rate revenue requirement, and shall increase annually at the same rate of increase as noted in Section 3.a, above.

4. REVENUE ADJUSTMENTS VIA DETAILED REVIEW

Adjustments to rates effective January 1 of 2025, and every five (5) years thereafter (2030, 2035, etc.), may be set via a Detailed Review. A Detailed Review may be initiated only upon written request of the DISTRICT or the COMPANY to the other party, with such written request due by March 1 of the year preceding the January 1 for which rate revenues are requested to be adjusted via a Detailed Review. Nothing contained herein shall prevent DISTRICT and COMPANY from agreeing to conduct a Detailed Review earlier than would be allowed in the schedule stated above.

COMPANY shall submit its Rate Application on or before August 1, 2024 for rates to be effective January 1, 2025, and so forth. The Detailed Review shall thoroughly review the basis for the COMPANY'S Rate Application. The Rate Application shall contain a summary letter explaining the elements of the Rate Application and the COMPANY'S requested total rate revenue requirement by category matching each of the categories described in Section 3 of this Exhibit. The Rate Applications cost projections shall be directly derived from and directly reference revenues and costs by category as listed in the COMPANY'S audited financial statements such that all figures presented as the basis for the COMPANY'S application can be tied back to the financial statements for the most recently completed fiscal year preceding the given August 1 Rate Application due date.

In its Rate Application, COMPANY shall assemble and submit its forecasts of revenues at current rates and subscription levels (with no adjustments for bad debt or projected migration or service level changes), annual cost of operations, pass-through costs, and profit, for the coming year. The COMPANY shall clearly explain in its Rate Application the method used to produce such forecasts, and such information as is necessary to support the assumptions made with regard to such forecasts (such as projected population growth or migration, service or operational changes, projected changes in tonnages, known or reasonably expected cost increases, etc.).

COMPANY shall provide all financial information and supporting documentation required for the completion of the Detailed Review in a format acceptable to DISTRICT (or DISTRICT'S designated consultant) in a timely manner. COMPANY shall allow for all required information and supporting documentation to be provided to DISTRICT (or its designated consultant) via physical mail, e-mail, or any other delivery method approved by DISTRICT, including on-site review of information at the COMPANY'S offices.

FIRST AMENDMENT TO THE REVISED AND RESTATED EXCLUSIVE FRANCHISE AGREEMENT TO COLLECT, TRANSFER, PROCESS, MARKET, AND DISPOSE OF SOLID WASTED, RECYCLABLE AND ORGANIC MATERIALS BETWEEN MARIN SANITARY SERVICE AND THE LAS GALLINAS VALLEY SANITARY DISTRICT

COMPANY shall present forecasted annual cost of operations, profit on such forecasted annual cost of COMPANY operations, and forecasted franchise, other agency and Zero Waste Marin fees, reviewed and calculated as set forth below.

- a. COMPANY Operations:** Allowed costs of operations for COMPANY'S prior fiscal year shall be used as the starting point to evaluate the forecasted cost for the year for which rates are being adjusted. The review shall evaluate forecasted labor, benefits, garbage landfilling and organics processing, general and administrative, depreciation and leases, maintenance, fuel and oil, Recyclable Materials processing, interest and Zero Waste Marin fees.

COMPANY'S financial statements shall be reviewed to determine COMPANY'S costs for each of the foregoing categories during the fiscal year involved. DISTRICT will use the financial statements to determine that costs have actually been incurred and have been assigned to the appropriate category. Additionally, the COMPANY shall identify the allocated portion of the COMPANY'S financial statement costs that are allocated to the Marin Franchisors' Group and to the DISTRICT. The methodology for DISTRICT'S and Marin Franchisors' Group allocated portion of the COMPANY'S costs shall be the same as or substantially similar to the methodology used to determine the allocations used in setting the COMPANY'S 2019 revenue requirement.

The DISTRICT and the Marin Franchisors' Group shall retain the right to approve the allocation methodology used in to determine the allocated portion of the COMPANY'S costs used for the purposes of a Detailed Review. DISTRICT may adjust the COMPANY'S operations actual costs in two ways: (1) to exclude any non-allowable costs (including bad debt, contributions, and true-ups of any prior years' costs), and (2) to exclude and/or reduce any costs that were not reasonably and necessarily incurred in the performance of the services or other obligations of COMPANY under this Agreement.

- b. Garbage Landfilling and Organics Processing:** Company shall project these costs as per the methodology described in Section 3 of this Exhibit.
- c. Recyclable Materials Processing:** Company shall project these costs as per the methodology described in Section 3 of this Exhibit, with the exception that the COMPANY may propose to update the Recyclable Materials processing cost component.
- d. Franchise Fees:** Company shall project these costs as per the methodology described in Section 3 of this Exhibit.
- e. Other Agency Fees:** Company shall project these costs as per the methodology described in Section 3 of this Exhibit.
- f. Zero Waste Marin Fees:** Company shall project these costs as per the methodology described in Section 3 of this Exhibit, except that the proportion of Zero Waste Marin Fees assessed to the COMPANY as applicable to the services provided by the COMPANY to the Marin Franchisors' Group may be adjusted.

FIRST AMENDMENT TO THE REVISED AND RESTATED EXCLUSIVE FRANCHISE AGREEMENT TO COLLECT, TRANSFER, PROCESS, MARKET, AND DISPOSE OF SOLID WASTED, RECYCLABLE AND ORGANIC MATERIALS BETWEEN MARIN SANITARY SERVICE AND THE LAS GALLINAS VALLEY SANITARY DISTRICT

- g. Profit:** Profit to COMPANY shall be calculated by applying an operating ratio of 90.5% as an adequate rate of return to COMPANY. The operating ratio shall be applied to COMPANY'S total forecasted allowable expenses, which shall not include expenses that are identified as non-allowable expenses or as pass-through expenses, as described above, nor any amounts of interest expense, Recyclable Materials processing costs, or Zero Waste Marin fees. The formula for applying the operating ratio is as follows: $\text{operating ratio} = (\text{allowable expenses}) / (\text{allowable expenses} + \text{profit})$.
- h. Annual Rate Revenue Reconciliation:** Company shall include rate revenue for this category as per the methodology described in Section 3 of this Exhibit.
- i. Calculation of the Annual Rate Adjustment:** Adjustments to the rates effective January 1 of the year following initiation of the Detailed Review shall be calculated based on the difference between the calculated total rate revenue requirement and the projected revenues at current rates and service levels. For example, if the total rate revenue requirement, calculated in accordance with Sections 4.a through 3.h, above were to be \$40,000,000 for January 1, 2025, and the projected revenues at current rates were to be \$39,500,000, then the annual rate adjustment would be \$40,000,000 divided by \$39,500,000, yielding an increase of 1.26%, with the percentage rounded to the nearest hundredth of a percent.
- j. COMPANY'S Rate Application Subject to Review by DISTRICT:** The DISTRICT may review or engage a consultant to review the COMPANY'S Rate Application to ensure mathematical accuracy and conformance with this Exhibit B, and to review all necessary supporting documentation for figures stated by the COMPANY in the Rate Application. COMPANY shall reimburse the DISTRICT'S cost for a consultant at an amount not to exceed \$100,000 (escalated annually by CPI) and included as an allowable cost in the Rate Application.

FIRST AMENDMENT TO THE REVISED AND RESTATED EXCLUSIVE FRANCHISE AGREEMENT TO COLLECT, TRANSFER, PROCESS, MARKET, AND DISPOSE OF SOLID WASTED, RECYCLABLE AND ORGANIC MATERIALS BETWEEN MARIN SANITARY SERVICE AND THE LAS GALLINAS VALLEY SANITARY DISTRICT

5. REVENUE ADJUSTMENTS FOR CHANGES IN SERVICES

The DISTRICT or COMPANY may periodically propose changes to the services provided by the COMPANY. In the event that the DISTRICT and COMPANY agree on proposed changes to services, the COMPANY shall provide the DISTRICT with projected operational, cost and revenue data reflecting the entire cost of such changes, including any applicable COMPANY profit. The DISTRICT reserves the right to require that the COMPANY supply any additional operational, cost, and revenue data, or any other information it may reasonably need to ascertain the appropriate financial impact of the proposed service changes any and necessary adjustment to rate revenues resulting from said service changes.

Upon written DISTRICT approval of the changes to services, their financial impacts, and the adjustment to rate revenues, COMPANY shall include the rate revenue adjustments in its next regularly scheduled rate application. Such Rate Application shall include a description of the agreed-on service changes and the approved adjustment to rate revenues, with the new rate revenues clearly identified sub-components of the COMPANY Operations category, and/or the Garbage Landfilling and Organics Processing and Recyclable Materials Processing category, as applicable depending on the nature of the change in services. Once new rate revenues pursuant to this Section have been included as sub-components of one or more of the rate revenue categories as noted above, they shall be adjusted annually in accordance with the provisions for said categories as described in Sections 3 and 4, above.

MINUTES OF DECEMBER 13, 2018

1
2
3 THE BOARD OF DIRECTORS OF THE LAS GALLINAS VALLEY SANITARY DISTRICT MET IN OPEN
4 SESSION ON DECEMBER 13, 2018, AT 4:01 PM, AT THE DISTRICT OFFICE, 300 SMITH RANCH
5 ROAD, SAN RAFAEL, CALIFORNIA.

6
7 **BOARD MEMBERS PRESENT:** M. Clark, R. Elias, C. Murray and J. Schriebman

8
9 **BOARD MEMBERS ABSENT:** None.

10
11 **STAFF PRESENT:** Mike Prinz, General Manager (Present for Closed
12 Session); Teresa Lerch, District Secretary,

13
14 **OTHERS PRESENT:** Dave Byers, District Counsel;

15
16 **ANNOUNCEMENT:** President Clark announced that the agenda had been
17 posted as evidenced by the certification on file in
18 accordance with the law

19
20 **PUBLIC COMMENT:** None

21
22 **ADJOURNMENT:**

23
24 **ACTION:**

25
26 THE BOARD OF DIRECTORS OF THE LAS GALLINAS VALLEY SANITARY DISTRICT ADJOURNED TO
27 CLOSED SESSION ON DECEMBER 13, 2018, AT 4:02 P.M., AT THE DISTRICT OFFICE, 300 SMITH RANCH
28 ROAD, SAN RAFAEL, CALIFORNIA.

29
30 Lerch left at 4:02 p.m.

31
32 **CLOSED SESSION:**

33
34 **PUBLIC EMPLOYEE APPOINTMENT- ADMINISTRATIVE SERVICES MANAGER:** pursuant to
35 subdivision (b)(1) of Government Code Section 54957.

36
37 **ACTION:**

38 The Board of Directors of the Las Gallinas Valley Sanitary District reconvened the Regular Session on
39 December 13, 2018 at 4:30 pm.

40
41 **STAFF PRESENT:** Mike Cortez, District Engineer, Teresa Lerch, District
42 Secretary; Susan McGuire, District Treasurer;

43
44 **OTHERS PRESENT:** Chris DeGabriele, Garth Schultz from R3 Consulting
45 Group, Inc ; Joe Garbarino and Kim Scheibly from Marin
46 Sanitary Service;

47
48
49 **PUBLIC COMMENT:** None

50
51
52 **REPORT ON CLOSED SESSION:**

53 President Clark reported that the Board voted unanimously to offer employment to Robert Ruiz as the
54 Administrative Services Manager. We have an Employee Agreement contract which is a public document
55 that Robert hasn't signed yet but it our understanding that he will sign it so the Board President and District
56 Counsel will sign the agreement and give it to the Board Secretary.

57 **APPOINTMENT OF NEW BOARD MEMBERS:**
58 Board Secretary Teri Lerch administered the oath of office to newly re-elected Board Members Megan Clark and
59 Rabi Elias. Clark and Elias were officially sworn in as District Board Members and were seated.
60

61 **REVIEW GARBAGE AND REFUSE RATE ADJUSTMENT FOR 2019 AND SET PUBLIC HEARING**
62 Garth Schultz from R3 Consulting Group reviewed the methodology and rate review report for a 2019 rate
63 increase in garbage rates. Discussion ensued.
64

65 **ACTION:**
66 Board approved (M/S Schriebman/Clark 4-0-0-0) setting a Public Hearing for January 10, 2019 to
67 consider adoption of a retroactive increase to existing garbage and refuse rates effective
68 January 1, 2019.

69 AYES: Clark, Elias, Murray and Schriebman.
70 NOES: None
71 ABSENT: None
72 ABSTAIN: None
73

74 **CONSENT CALENDAR:**
75 These items are considered routine and will be enacted, approved or adopted by one motion unless a request for
76 removal for discussion or explanation is received from the staff or the Board.

- 77 A. Approve the Board Minutes for November 15, 2018.
- 78 B. Approve the Warrant List for November 30, 2018 and December 13, 2018.
- 79 C. Approve Board Compensation for November 2018.
- 80 D. Approve Conference Attendance for Megan Clark, Rabi Elias, Crystal Yezman and Mike Prinz –
81 CASA Winter Conference in Indian Wells, California - January 23-25, 2019.
- 82 E. Approve Revised Revenue, Operations and Maintenance, Debt Service, Reserve Funding and Capital
83 Outlay Budgets for 2018-2019.
- 84 F. Approve Amendment 6 to Nute Engineering Contract for Additional Design Services for Plant
85 Improvements 2018.
- 86 G. Approve the Memorandum of Understanding between the County of Marin and Las Gallinas Valley
87 Sanitary District for the Development of Restoration Plans for McInnis Marsh.
- 88 H. Approve General Manager Authority to Enter into an Agreement with PG&E for Construction of Phase 1
89 Power Line Realignment Project.
- 90 I. Approve Authorization of Transfer of Funds for Local Agency Investment Fund Accounts.
- 91 J. Approve Resolution 2018-2142 A Resolution Accepting the UV Piping Repair and Notice of Acceptance
92 of Completion.

93
94 Item F was discussed.
95

96 **ACTION:**
97 Board approved (M/S Schriebman/Murray 4-0-0-0) the Consent Calendar Items A through J.

98 AYES: Clark, Elias, Murray and Schriebman
99 NOES: None.
100 ABSENT: None.
101 ABSTAIN: None.
102

103 Cortez left at 6:20 pm.
104
105
106
107
108
109
110
111

112 **CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK INFRASTRUCTURE STATE**
113 **REVOLVING FUND PROGRAM LOAN APPLICATION UP TO \$12, 000,000.**

114 Board and staff reviewed the California Infrastructure and Economic Development Bank Infrastructure State
115 Revolving Fund Loan Application and applicable Resolutions. Discussion ensued.

116

117 **ACTION:**

118 Board approved (M/S Schriebman/Clark 4-0-0-0) Resolution 2018-2143 - A Resolution Dedicating Revenue
119 to the Payment of Any and All California Infrastructure and Economic Development Bank Revolving Fund
120 Loan Program. This resolution dedicates revenues to pay the debt and authorizing the General Manager to
121 execute the financing application.

122 AYES: Clark, Elias, Murray and Schriebman

123 NOES: None.

124 ABSENT: None.

125 ABSTAIN: None.

126

127 **ACTION:**

128 Board approved (M/S Murray/Elias 4-0-0-0) Resolution 2018-2144 – A Resolution Confirming Compliance
129 with the State of California Government Code Section 63041 for the Secondary Treatment Plant Upgrade
130 and Recycled Water Expansion.

131 AYES: Clark, Elias, Murray and Schriebman

132 NOES: None.

133 ABSENT: None.

134 ABSTAIN: None.

135

136 **ACTION:**

137 Board approved (M/S Elias/Clark 4-0-0-0)) Resolution 2018-2145 – A Resolution Authorizing the General
138 Manager to Execute the Loan Agreement and Other Related Documents with the California Infrastructure
139 And Economic Development Bank Infrastructure State Revolving Fund Program. This resolution
140 authorizes the General Manager to execute a loan agreement for up to \$12M in financing and any other
141 documents required by the IBank to complete the loan process.

142 AYES: Clark, Elias, Murray and Schriebman.

143 NOES: None.

144 ABSENT: None.

145 ABSTAIN: None.

146

147 **ACTION:**

148 Board approved (M/S Murray/Schriebman 4-0-0-0) Resolution 2018-2146 – A Resolution Authorizing the
149 Performance of Ongoing Requirements in Connection with a Financing Agreement with the California
150 Infrastructure and Economic Development Bank Revolving Fund Loan Program. This resolution commits
151 the District to maintain compliance with loan covenants and applicable state and federal statutory and
152 regulatory requirements related to any financing.

153 AYES: Clark, Elias, Murray and Schriebman.

154 NOES: None.

155 ABSENT: None.

156 ABSTAIN: None.

157

158

159

160

161

162

163

164

165

166

167 **ACTION:**
168 Board approved (M/S Elias/Schriebman 4-0-0-0) Resolution 2018-2147 – A Resolution of The Las
169 Gallinas Valley Sanitary District Authorizing the Submission of an Application To The California
170 Infrastructure And Economic Development Bank (“IBank”) For Financing A Capital Improvement Project,
171 Authorizing The Incurring Of An Obligation Payable To IBank For The Financing Of A Capital
172 Improvement Project If IBank Approves Said Application, Declaration Of Official Intent To Reimburse
173 Certain Expenditures From The Proceeds Of An Obligation, And Approving Certain Other Matters In
174 Connection Therewith this resolution was prepared by the IBank and is required in submitting the
175 application.

176 AYES: Clark, Elias, Murray and Schriebman.
177 NOES: None.
178 ABSENT: None.
179 ABSTAIN: None.
180

181
182 **ACTION CALENDAR:**

183 A. Approve General Manager Employment Agreement with Mike Prinz.
184

185 **ACTION:**
186 Board approved (M/S Schriebman/Elias 4-0-0-0) General Manager Employment Agreement with Mike
187 Prinz.

188 AYES: Clark, Elias, Murray and Schriebman
189 NOES: None.
190 ABSENT: None.
191 ABSTAIN: None.
192

193 B. Approve Temporary Letter Employment Agreement with Chris DeGabriele.
194

195 Board approved (M/S Clark/Murray 4-0-0-0) Temporary Letter Employment Agreement with Chris
196 DeGabriele.

197 AYES: Clark, Elias, Murray and Schriebman
198 NOES: None.
199 ABSENT: None.
200 ABSTAIN: None.
201

202 C. Approve Administrative Services Manager Employment Agreement.
203

204 **ACTION:**
205 Board approved (M/S Schriebman/Clark 4-0-0-0) Administrative Services Manager Employment
206 Agreement.

207 AYES: Clark, Elias, Murray and Schriebman
208 NOES: None.
209 ABSENT: None.
210 ABSTAIN: None.
211

212
213
214
215
216
217
218
219

220 D. Approve Resolution 2018-2148 – A Resolution Adopting the Pay Scales Effective November 26,
221 2018 Pursuant to the California Code of Regulations, Subchapter 1, Employee’s Retirement
222 System Regulations Section 570.5
223

224 **ACTION:**

225 Board approved (M/S Clark/Elias 4-0-0-0) - A Resolution Adopting the Pay Scales Effective November
226 26, 2018 Pursuant to the California Code of Regulations, Subchapter 1, Employee’s Retirement System
227 Regulations Section 570.5

- 228 AYES: Clark, Elias, Murray and Schriebman
- 229 NOES: None.
- 230 ABSENT: None.
- 231 ABSTAIN: None.

232
233 E. Approve Resolution 2018-2149 – To Express Appreciation for Russ Greenfield.
234

235 **ACTION:**

236 Board approved (M/S Elias/Clark 4-0-0-0) Resolution 2018-2149 – A Resolution To Express Appreciation
237 for Russ Greenfield.

- 238 AYES: Clark, Elias, Murray and Schriebman
- 239 NOES: None.
- 240 ABSENT: None.
- 241 ABSTAIN: None.

242
243 F. Approve Resolution 2018-2150 – To Express Appreciation for Chris DeGabriele.
244

245 **ACTION:**

246 Board approved (M/S Schriebman/Clark 4-0-0-0) Resolution 2018-2150 – A Resolution To Express
247 Appreciation for Chris DeGabriele.

- 248 AYES: Clark, Elias, Murray and Schriebman
- 249 NOES: None.
- 250 ABSENT: None.
- 251 ABSTAIN: None.

252
253 G. Approve Resolution 2018-2151 – To Express Appreciation for Susan McGuire.
254

255 **ACTION:**

256 Board approved (M/S Clark/Elias 4-0-0-0) Resolution 2018-2151 – A Resolution To Express Appreciation
257 for Susan McGuire.

- 258 AYES: Clark, Elias, Murray and Schriebman
- 259 NOES: None.
- 260 ABSENT: None.
- 261 ABSTAIN: None.

262
263 DeGabriele left at 6:40 pm.
264 Byers left at 6:42 pm.
265

266 **INFORMATION ITEMS:**

267 STAFF / CONSULTANT REPORTS:

- 268 1. General Manager Report – Verbal – Prinz reported.

269
270 Murray left at 6:47 pm.
271

- 272 2. Monthly Treasurer’s Report – Written – McGuire reported

- 273
274 3. January Board Meeting Schedule – Written – Prinz reported.

275

276 **ACTION:**
277 Board approved (M/S Schriebman/Elias 3-0-1-0) cancelling the January 24, 2019 Board Meeting and
278 scheduling a Special Board Meeting on January 31, 2019.

279 AYES: Clark, Elias and Schriebman
280 NOES: None.
281 ABSENT: Murray.
282 ABSTAIN: None.
283

284 **BOARD REPORTS:**

- 285 1. Human Resources Subcommittee – Verbal – no report.
 - 286 2. LAFCO – Verbal – no report.
 - 287 3. Gallinas Watershed Council / Miller Creek Watershed Council – Verbal – Schriebman reported.
 - 288 4. JPA Local Task Force on Solid and Hazardous Waste – Verbal – no report.
 - 289 5. NBWA – Verbal – no report.
 - 290 6. NBWRA /North Bay Water – Verbal – Elias reported.
 - 291 7. Engineering Subcommittee – Verbal – Elias and Prinz reported.
 - 292 8. Other Reports – Verbal - Schriebman reported on the Merrydale Road Promenade.
- 293

294 **BOARD REQUESTS:**

- 295 A. Board Meeting Attendance Requests – Schriebman requested to attend the 2019 WaterReuse
296 California Annual Conference March 17-19, 2019 in Garden Grove.
 - 297 B. Board Agenda Item Requests – Schriebman requested that Merrydale Road Promenade be placed
298 on the next Board meeting agenda.
- 299

300 **VARIOUS ARTICLES AND MISCELLANEOUS DISTRICT CORRESPONDENCE:**

301 Discussion ensued.
302

303 **ADJOURNMENT:**

304 **ACTION:**

305 Board approved (M/S Schriebman/Clark 3-0-1-0) the adjournment of the meeting at 7:10 p.m.

306 AYES: Clark, Elias and Schriebman.
307 NOES: None.
308 ABSENT: Murray.
309 ABSTAIN: None.
310

311 The next Board Meeting is scheduled for January 10, 2019 at the District Office.
312
313

314 **ATTEST:**

315
316
317
318
319 _____
Teresa Lerch, District Secretary

320 **APPROVED:**

321
322
323
324
325 _____
326 Craig K. Murray, Board President

327
328 SEAL

Las Gallinas Valley Sanitary District
Warrant List
12-28-18

Agenda Item 5B
Date January 10, 2019

	Date	Num	Vendor	Amount	Description for items > \$1000
1	12/21/2018	EFT1	ADP, LLC	95,051.17	Payroll for paydate 12/21/18
2	12/21/2018	EFT1	ADP, LLC	349.31	Processing fees for payroll
3	12/28/2018	15872	Allied Heating and AC Co., Inc.	40,798.80	HVAC replacement (appl #1)
4	12/28/2018	15873	ArcSine Engineering	28,518.34	SCADA support services
5	12/28/2018	15874	AT&T	1,723.60	12/7-1/6/19
6	12/28/2018	15875	AT&T Teleconference Services	48.31	
7	12/28/2018	EFT	Bank of Marin Cardmember Services	15,434.06	Closing date 12/05/18
8	12/28/2018	ACH	Binder, Joshua	152.00	
9	12/28/2018	15876	Breakpoint Sales	214.47	
10	12/28/2018	EFT	Calif. Public Employees Retirement System	14,616.83	Pension contribution employee and employer for 12/21/18 paydate
11	12/28/2018	ACH	CalPERS Fiscal Services Division	11,630.00	OPEB
12	12/28/2018	EFT	CALPERS Health	26,835.98	Jan 2019
13	12/28/2018	EFT	CalPERS Supplemental Income 457 Plan	7,472.10	Employee salary deferrals for 12/21/18 paydate
14	12/28/2018	ACH	Caltest Analytical Laboratory	2,791.61	Samples
15	12/28/2018	ACH	Contractor Compliance and Monitoring, Inc	940.50	
16	12/28/2018	ACH	Core Utilities, Inc.	1,530.00	IT services
18	12/28/2018	ACH	CPS HR Consulting	6,440.38	ASM recruiting services
19	12/28/2018	ACH	DeGabriele, Chris	29.98	
20	12/28/2018	EFT	Direct Dental Administrators, LLC	131.09	
21	12/28/2018	EFT	Discovery Benefits	105.21	
22	12/28/2018	15877	DNG Enterprises, Inc.	8.70	
23	12/28/2018	ACH	Elias, Rabi	200.00	
24	12/28/2018	15878	Exberger, Brian	262.19	
25	12/28/2018	15879	Federal Express	89.44	
26	12/28/2018	ACH	Jenfitch	15,330.27	JC1679 Bulk Polymer 2,000gal; JC8105 275 gal tote
27	12/28/2018	15880	K.J. Woods Construction, Inc.	223,263.48	Sewer Main Rehab 2018 Progress #1
28	12/28/2018	15881	Marin Ace	192.87	
29	12/28/2018	ACH	Murray, Craig	125.00	
30	12/28/2018	15882	North Bay Petroleum	1,650.69	Unleaded gas and diesel
31	12/28/2018	15883	Operating Engineers Local No. 3	814.24	
32	12/28/2018	15884	Pacific Gas & Electric - 0580531718-6	11.72	
33	12/28/2018	15885	Pacific Gas & Electric CDX7397590484 SOLR	18.88	
34	12/28/2018	ACH	Prinz, Mike	42.92	
35	12/28/2018	15886	Rachel Z Kamman, PE	4,993.08	Lower Miller Creek - Rock Vane Repair - permitting construction services
36	12/28/2018	ACH	Retiree Augusto	187.74	
37	12/28/2018	ACH	Retiree Burgess	598.00	
38	12/28/2018	ACH	Retiree Cummins	187.74	
39	12/28/2018	ACH	Retiree Cutri	462.74	
40	12/28/2018	ACH	Retiree Emanuel	258.83	
41	12/28/2018	ACH	Retiree Gately	224.41	
42	12/28/2018	ACH	Retiree Guion	224.41	
43	12/28/2018	ACH	Retiree Johnson	632.90	

Las Gallinas Valley Sanitary District
Warrant List
12-28-18

	Date	Num	Vendor	Amount	Description for items > \$1000
44	12/28/2018	ACH	Retiree Kermoian	187.74	
45	12/28/2018	ACH	Retiree Mandler	187.74	
46	12/28/2018	ACH	Retiree Memmott	187.74	
47	12/28/2018	ACH	Retiree Petrie	163.37	
48	12/28/2018	ACH	Retiree Pettey	187.74	
49	12/28/2018	ACH	Retiree Pickrel	187.74	
50	12/28/2018	ACH	Retiree Provost	258.83	
51	12/28/2018	ACH	Retiree Reetz	511.48	
52	12/28/2018	ACH	Retiree Reilly	187.74	
53	12/28/2018	ACH	Retiree Vine	187.74	
54	12/28/2018	ACH	Retiree Wettstein	598.00	
55	12/28/2018	ACH	Retiree Williams	598.00	
56	12/28/2018	ACH	Ruiz, Robert	332.99	
57	12/28/2018	ACH	Schriebman, Judy	200.00	
58	12/28/2018	15887	Sonoma County Water Agency	10,210.86	NBWRA annual support 2018/19 allocation for membership Phase 1 support
59	12/28/2018	15890	Suez	5,370.00	RWF 24/7 support; Insight reporting
60	12/28/2018	ACH	Univar USA Inc.	4,020.84	Sodium Bisulfite
61	12/28/2018	ACH	Universal Coatings, Inc.	94,762.50	Roof Replacement-Admin Bldg
62	12/28/2018	15888	Water Components & Building Supply	58.90	
63	12/28/2018	15889	WRA, Inc.	500.50	
			TOTAL	\$ 623,494.44	

Las Gallinas Valley Sanitary District
Warrant List
01-10-19 DRAFT

	Date	Num	Vendor	Amount	Description for items > \$1000
1	1/10/2019	EFT1	ADP, LLC	100,023.44	Payroll for paydate 01/04/19
2	1/10/2019	EFT1	ADP, LLC	420.63	Processing fees for payroll
3	1/10/2019	TBD	All Star Rents	712.80	
5	1/10/2019	TBD	Bank of Marin	47,335.64	Monthly COP Payments: Loan 1 & 2
6	1/10/2019	ACH	Byers Law Office	7,050.00	Dec 2018 Legal services
7	1/10/2019	EFT	Calif. Public Employees Retirement System	15,754.89	Pension contribution employee and employer for 1/4/19 paydate
8	1/10/2019	TBD	California Chamber of Commerce	309.07	
9	1/10/2019	ACH	California Generator Service	12,501.53	Annual generator service, fuel filtering
10	1/10/2019	ACH	CalPERS Fiscal Services Division	1,956.84	Retirement benefit fund
11	1/10/2019	ACH	CalPERS Supplemental Income 457 Plan	5,426.10	Employee salary deferrals for 1/4/19 paydate
12	1/10/2019	TBD	Comet Building Maintenance, Inc.	1,515.36	Dec 2018 janitorial services
13	1/10/2019	TBD	County of Marin, Dept. of Public Works	490.00	
14	1/10/2019	ACH	CPS HR Consulting	272.50	
15	1/10/2019	ACH	CSRMA / Pooled Liability Program	66,499.00	Annual pooled liability premium
16	1/10/2019	EFT	Direct Dental Administrators, LLC	284.00	
17	1/10/2019	EFT	Direct Dental Administrators, LLC	149.00	
18	1/10/2019	TBD	Discovery Office Systems	687.00	
19	1/10/2019	TBD	DNG Enterprises, Inc.	71.31	
20	1/10/2019	ACH	Downing Heating & Air Conditioning, Inc.	1,088.00	Quarterly maintenance agreement
21	1/10/2019	TBD	Environmental Science Associates	715.00	
22	1/10/2019	ACH	EOA, Inc.	9,595.74	Monthly agreement for technical support for Regulatory Permits
23	1/10/2019	ACH	Gardeners' Guild	950.00	
24	1/10/2019	ACH	Golshani, Sahar	390.00	
25	1/10/2019	ACH	Gopher-It Trenchless Sewer Replacement	9,440.00	Sewer Lateral Replacement loan program
26	1/10/2019	ACH	Greenfield, Russell	260.00	
27	1/10/2019	TBD	Jackson's Hardware, Inc.	113.26	
28	1/10/2019	TBD	Loveless, Ralph	206.37	
29	1/10/2019	TBD	Marin Ace	10.89	
30	1/10/2019	TBD	Marin Fence Company	125.00	
31	1/10/2019	TBD	Marin Municipal Water District	1,581.63	10/18-12/17/18 water usage
32	1/10/2019	TBD	McPhail Fuel Company	1,115.26	Propane
33	1/10/2019	TBD	MWH Constructors, Inc.	21,162.31	Period 11/10-12/14/18 Plant Upgrade
34	1/10/2019	TBD	Operating Engineers Local No. 3	413.56	
35	1/10/2019	ACH	Orion Protection Services Group, Inc.	318.50	
36	1/10/2019	TBD	Pacific Gas & Electric - 1991349158-5	6,401.72	Power usage 10/18-11/16/18
37	1/10/2019	ACH	Redwood Security Systems	186.00	
38	1/10/2019	EFT	Sun Life Financial - DISABILITY	1,679.55	Jan 2019
39	1/10/2019	EFT	Sun Life Financial - LIFE	453.50	
40	1/10/2019	TBD	SWRCB (FEES)	1,638.00	Annual Permit Fee 7/1/18-6/30/19
41	1/10/2019	ACH	Univar USA Inc.	7,143.07	Sodium Hypochlorite deliveries

Las Gallinas Valley Sanitary District
Warrant List
01-10-19 DRAFT

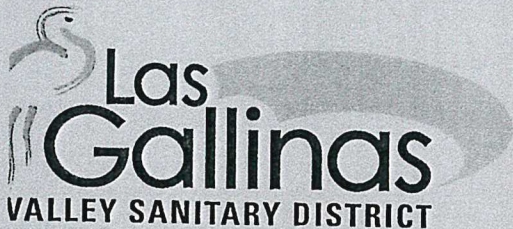
	Date	Num	Vendor	Amount	Description for items > \$1000
42	1/10/2019	EFT	Vision Service Plan	354.45	
43	1/10/2019	TBD	WESTCAS Administrative Services	825.00	
			TOTAL	<u>\$ 327,625.92</u>	

Agenda Item 5C
Date January 10, 2019
Dec-18

Directors' Meeting Attendance Recap

<u>Name</u>	<u>Total Meetings</u>
Megan Clark	2
Rabi Elias	2
Craig Murray	3
Judy Schriebman	<u>2</u>
Total	<u><u>9</u></u>

Meeting Date: 1/10/2019
Paydate 1/4/2019



300 Smith Ranch Road, San Rafael, CA 94903

Office: 415.472.1734 Fax: 415.499.7715

BOARD MEMBER ATTENDANCE FORM

Director's Name: MEGAN CLARK Month: DECEMBER

Board Members shall be compensated for up to the legal limit of six (6) meeting per month and one (1) per day. Board members are limited to four (4) conferences or seminars per year. For multi-day conferences, compensation shall be at a maximum of one (1) meeting per day.

REGULAR and SPECIAL MEETINGS		CHARGING DISTRICT	
Date	Description of meeting	Yes	No
12-13-18	REG.	X	
TOTAL		1	

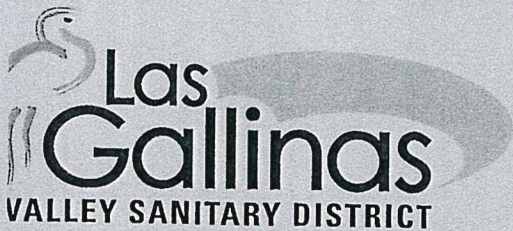
OTHER MEETINGS		CHARGING DISTRICT	
Date	Description of meeting	Yes	No
12-7-18	LGVSD - HOLIDAY LUNCH		X
12-19-18	TOUR W/ MARC LEVINE	X	
TOTAL		1	

Total Meetings for which I am Requesting Payment: Max of six (6) per Health & Safety Code §4733	<u>2</u>
---	----------

I hereby certify that the meetings as set forth above are true and correct and are for the purpose of conducting official business for the Las Gallinas Valley Sanitary District.

Megan Clark
Signature
12/28/18
Approved By//Date

12/13/18
Date
1/4/2019
Pay Date



300 Smith Ranch Road, San Rafael, CA 94903

Office: 415.472.1734 Fax: 415.499.7715

BOARD MEMBER ATTENDANCE FORM

Director's Name: Rabi Elias Month: Dec. 2018

Board Members shall be compensated for up to the legal limit of six (6) meeting per month and one (1) per day. Board members are limited to four (4) conferences or seminars per year. For multi-day conferences, compensation shall be at a maximum of one (1) meeting per day.

REGULAR and SPECIAL MEETINGS		CHARGING DISTRICT	
Date	Description of meeting	Yes	No
12/13/18	Regular	1	
TOTAL		1	

OTHER MEETINGS		CHARGING DISTRICT	
Date	Description of meeting	Yes	No
12/19/18	Tour with Mark Levin	1	
TOTAL		1	

Total Meetings for which I am Requesting Payment: Max of six (6) per Health & Safety Code §4733	2
---	---

I hereby certify that the meetings as set forth above are true and correct and are for the purpose of conducting official business for the Las Gallinas Valley Sanitary District.

Rabi Elias
Signature
12/28/18
Approved By/Date

12/13/18
Date
1/4/2019
Pay Date



300 Smith Ranch Road, San Rafael, CA 94903

Office: 415-472-1734 Fax: 415-499-7715

BOARD MEMBER ATTENDANCE FORM

Director's Name: MURRAY, Craig K. Month: December 2018

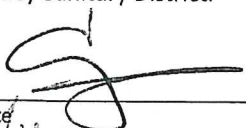
Board Members shall be compensated for up to the legal limit of six (6) meeting per month and one (1) per day. Board Members are limited to four (4) conferences or seminars per year. For multi-day conferences, compensation shall be at a maximum of one (1) meeting per day.

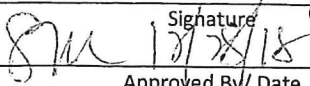
REGULAR and SPECIAL MEETINGS		CHARGING DISTRICT	
Date	Description of meeting	Yes	No
12/13/18	Regular Board Meeting	X	
TOTAL		1/1	

OTHER MEETINGS		CHARGING DISTRICT	
Date	Description of meeting	Yes	No
12/7/18	All Staff, Board End of Year Celebration Event		X
12/7, 21/18	LAFCo Chair, Vice Chair, EO Coordinating Meeting	X	
12/12/18	Upcoming President Meeting, EO Coordinating Meeting	X	
12/13/18	LAFCo Regular Meeting		X
12/7,9,26/18	Merrydale Road/Las Gallinas Creek Headwater Litter Removal c/o City of San Rafael: 12/7: 2.0 hours; 12/9: 1.0 hours; 12/26 2.0 Hour		XXX
12/20/18	CASA Air Quality, Climate Change & Energy Workshop Meeting		X
TOTAL		2/8	

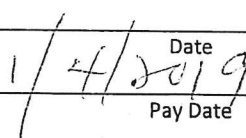
Total Meetings for which I am Requesting Payment/Approved: Board Members maximum of six (6) per Health & Safety Code §4733	3/6
---	------------

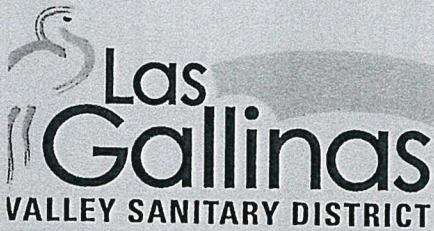
I hereby certify that the meetings as set forth above are true and correct and are for the purpose of conducting official business for the Las Gallinas Valley Sanitary District.



 Signature

 Approved By/ Date

Dec. 14, 2018-Dec.21, 2018

 Date

 Pay Date



300 Smith Ranch Road, San Rafael, CA 94903

Office: 415.472.1734 Fax: 415.499.7715

BOARD MEMBER ATTENDANCE FORM

Director's Name: JUDY SCHRIEBMAN Month: Dec. 2018

Board Members shall be compensated for up to the legal limit of six (6) meeting per month and one (1) per day. Board members are limited to four (4) conferences or seminars per year. For multi-day conferences, compensation shall be at a maximum of one (1) meeting per day.

REGULAR and SPECIAL MEETINGS		CHARGING DISTRICT	
Date	Description of meeting	Yes	No
12/13	reg mtg	✓	
TOTAL		1 = 1	

OTHER MEETINGS		CHARGING DISTRICT	
Date	Description of meeting	Yes	No
12/5	GWC		✓
12/17	NBWA Bd Mtg	✓	
TOTAL		1 = 2	

Total Meetings for which I am Requesting Payment: Max of six (6) per Health & Safety Code §4733	2
---	---

I hereby certify that the meetings as set forth above are true and correct and are for the purpose of conducting official business for the Las Gallinas Valley Sanitary District.

Judy Schrieberman
Signature
JS
Approved By/ Date

12-13-18
Date
1/4/19
Pay Date

AGENDA ITEM
DATE

5D
January 10, 2019



BOARD MEMBER MEETING ATTENDANCE REQUEST

Date: 12/13/18 Name: JUDY SCHRIEBMAN

I would like to attend the CA water use Meeting
of March 2019

To be held on the 17 day of Mar from 10 a.m. / p.m. and
returning on 19 ~~20~~ day of March from 5 a.m. / p.m.

Actual meeting date(s): Mar 17, 18, 19

Purpose of Meeting: waterwise CA annual
mtg - recycled water, etc

Frequency of Meeting: annual

Estimated Costs of Travel (if applicable): _____

Please submit to the District Administrative Assistant, no later than 2:00 p.m. on the Friday prior to the Board Meeting.

For Office Use Only

Request was Approved Not Approved at the Board Meeting held on _____.



Consent _____ 5E _____
Staff/Consultant Reports _____
Agenda Item _____

Date January 10, 2019

Agenda Summary Report

To: Mike Prinz, General Manager
From: Michael P. Cortez, PE, District Engineer
Mtg. Date: January 10, 2019
Re: Approve General Manager Authority to Award Contract to CCMI for Labor Compliance Monitoring of Secondary Treatment Plant Upgrade and Recycled Water Expansion

BACKGROUND:

In response to staff's request, Contractor Compliance and Monitoring, Inc. (CCMI) has submitted a proposal to provide labor compliance and monitoring services for the Secondary Treatment Plant Upgrade and Recycled Water Expansion Project (STPURWE).

Scope of work includes but not limited to the following:

- Review and monitoring of all weekly certified payrolls.
- Jobsite audits and interviews for cross reference of certified payroll information.
- Provide other assistance relating to labor compliance.

The fee estimates for the proposed tasks submitted by CCMI for Myers & Sons Construction and MWH Constructors are \$97,200 and \$7,200 respectively, for a total of \$104,400, which is within the budget allocation for STPURWE shown in the revised LGVSD 2018-19 Budget dated December 13, 2018.

STAFF RECOMMENDATION:

Board Approve General Manager Authority to Award Contract to CCMI for Labor Compliance Monitoring of Secondary Treatment Plant Upgrade and Recycled Water Expansion.

FISCAL IMPACT:

Not to exceed \$104,400

PERSON(S) TO BE NOTIFIED:

CCMI



Consent _____ 5F _____
Staff/Consultant Reports _____
Agenda Item _____

Date January 10, 2019

Agenda Summary Report

To: Mike Prinz, General Manager
From: Michael P. Cortez, PE, District Engineer
Mtg. Date: January 10, 2019
Re: Application of Allocation of Capacity for APN 178-152-25 723 Butternut Dr

BACKGROUND:

The property owner of 723 Butternut Dr plans to construct a new accessory dwelling unit in the rear backyard of the existing single family residence. Based on the information provided, a Will Serve Letter has been drafted and a connection fee of \$5,450.40 has been assessed for the second unit.

STAFF RECOMMENDATION:

Board approve the Application for Allocation and issuance of a Will Serve Letter to 723 Butternut Dr.

FISCAL IMPACT:

Connection fee revenue of \$5,450.40.

PERSON(S) TO BE NOTIFIED:

Property Owner



DISTRICT BOARD
 Megan Clark
 Rabi Elias
 Russ Greenfield
 Craig K. Murray
 Judy Schriebman

DISTRICT ADMINISTRATION
 Mike Prinz,
 General Manager
 Michael Cortez,
 District Engineer
 Mel Liebmann,
 Plant Manager
 Susan McGuire,
 Administrative Services Manager
 Greg Pease,
 Collection System/Safety Manager

Date: January 10, 2019
 Property Owner: Cameron Bryce
 Property Owner Address: 723 Butternut Dr
 San Rafael, CA 94903
 Applicant: Cameron Bryce
 Project Name: Bryce ADU
 Project Address: 723 Butternut Dr
 San Rafael, CA 94903
 Project APN: APN 178-152-25

Re: Will-Serve Letter

You have requested a **Will-Serve Letter** from the Las Gallinas Valley Sanitary District (“LGVSD”) on the January 10, 2019 Board Meeting.

Subject to the terms and conditions in this letter, LGVSD will serve the project with the equivalent of dwelling unit capacity (EDU) of 1, or the equivalent to 200 gallons per day per dwelling unit. This letter may be used to submit to another local agency to satisfy a condition for either tentative subdivision map approval or any other permit approval.

The standard terms and conditions of approval are as follows:

Initial	Item	Condition of Approval
	1	You pay for the facility capacity fee (new connection fee) in accordance with LGVSD ordinances and policies. Please note payment date obligation and amount obligation.
	2	You agree to abide by all conditions of approval of the Board of Directors.
	3	This Will Serve approval terminates three (3) years from the Board meeting date unless all building permits have been issued for the project.
	4	After the lateral inspection is completed and the connection verified, the property will be added to the sewer user charge and will receive a charge for this service.

A complete summary of the project specific conditions of approval is included in the Board Meeting minutes.

Fees Due:

The Connection Fee approved by the Board is as follows:

Capital Facilities Charge for One (1) Second Unit:	\$	5,450.40
Application Fee:	\$	250.00 (Paid)
Engineering Review and Inspection Fees:	\$	<u>0</u>
Total Fee:	\$	5,700.40

The District ordinance provides for payment of the Connection Fee over a two year period according to the following:

1. 10% of the Connection Fee is due within thirty days of Board approval of final plans and specifications;
2. 40% of the Connection Fee is due within one year, January 10, 2020; or upon the date of building permit issuance, whichever occurs first;
3. 50% of the Connection Fee is due within two years, January 10, 2021; or upon the date of building permit issuance, whichever occurs first;

By issuing this **Will-Serve Letter**, LGVSD is not incurring any liability of any nature, including but not limited to mandate, damages or injunctive relief. LGVSD is making no representation to the applicant nor waiving any rights it has under any applicable State or Federal law. In the event there is any court imposed moratorium on LGVSD, a connection to the District system may not occur. In the event any government agency imposes a moratorium on LGVSD, a connection to the District system may not occur. In the event there is not sufficient capacity, a connection to the District system may not occur.

If connection has not been made within three years, the allocation will be terminated without prejudice. Upon request, you will receive a refund of 90% of the above fees and you will be able to re-apply for an allocation at the fee rate then prevailing. Please sign and date the original of this letter and return it to the District office within 10 days. The copy is for your records.

Sincerely,

Mike Prinz, General Manager

AGREED:

Project Applicant

Date: _____

Cc: Michael P. Cortez, District Engineer
Robert Ruiz, Administrative Services Manager



Consent ____5G____

Staff/Consultant Reports _____

Agenda Item _____

Date January 10, 2019

Agenda Summary Report

To: Mike Prinz, General Manager
From: Robert Ruiz, Administrative Services Manager
Mtg. Date: January 10, 2019
Re: Authorizing signing authority for the Bank of Marin operating account and removing signers from the authorized signers list.

EXECUTIVE SUMMARY:

Through this resolution, new members of the board and new executive employees will be added to the list of authorized signers for the operating account held at the Bank of Marin.

BACKGROUND:

The Las Gallinas Valley Sanitary District Operating bank account held at the Bank of Marin requires a formal resolution by the governing body to authorize representatives on their behalf to establish new accounts and or modify existing accounts and to make deposits or withdrawals into the bank account. New members to be added to the authorized signers list include board member Crystal Yezman, General Manager Mike Prinz and Administrative Services Manager Robert Ruiz.

Concurrently, this resolution will also remove members no longer authorized to be on the approved signers list. The members to be removed from the list are Russell Greenfield, Mark Williams and Susan McGuire.

STAFF RECOMMENDATION:

Board to approve Resolution 2019-2152 to add new authorized members to the list of signers and remove those members that are no longer with the district.

FISCAL IMPACT:

There is no fiscal impact.

RESOLUTION NO. 2019-2152

**A RESOLUTION OF LAS GALLINAS VALLEY SANITARY DISTRICT
AUTHORIZING SIGNING AUTHORITY FOR THE BANK OF MARIN ACCOUNT
#03323300 AND REMOVE SIGNERS FROM THE AUTHORIZED SIGNERS LIST**

**LAS GALLINAS VALLEY SANITARY DISTRICT
300 Smith Ranch Road
San Rafael, California 94903
Tel: 415-472-1734**

WHEREAS, A general operating checking account was established with the Bank of Marin in 2007; and

WHEREAS, the Board of Directors of the Las Gallinas Valley Sanitary District does hereby find that the authorized signers have changed due to a new board member and employee changes,

NOW THEREFORE, BE IT RESOLVED, that the Board of Directors of the Las Gallinas Valley Sanitary District authorize the following individuals with the authority to sign checks and conduct banking transactions on behalf of the District until they are removed from their elected or assigned position:

CRAIG K. MURRAY
PRESIDENT, BOARD OF DIRECTORS

MIKE PRINZ
GENERAL MANAGER

Signature

Signature

RABI ELIAS
VICE PRESIDENT, BOARD OF DIRECTORS

MEGAN CLARK
BOARD OF DIRECTORS

Signature

Signature

JUDY SCHRIEBMAN
BOARD OF DIRECTORS

CRYSTAL J. YEZMAN
BOARD OF DIRECTORS

Signature

Signature

ROBERT D. RUIZ
ADMINISTRATIVE SERVICES MANAGER

Signature

BE IT FURTHER RESOLVED, as follows:

The following signers are to be removed from the authorized signers list:

RUSSELL GREENFIELD

MARK R. WILLIAMS

SUSAN MCGUIRE

* * * * *

I hereby certify that the forgoing is a full, true, and correct copy of a resolution duly and regularly passed and adopted by the Sanitary Board of the Las Gallinas Valley Sanitary District, Marin County, California, at a meeting thereof held on the 10th day of January, 2019, by the following vote of the members thereof:

AYES, and in favor there of Members:

NOES, Members:

ABSENT, Members:

ABSTAIN, Members:

Teresa Lerch, District Secretary
Las Gallinas Valley Sanitary District

(seal)

APPROVED:

Craig K. Murray, Board President
Las Gallinas Valley Sanitary District



Consent _____
 Staff/Consultant Reports _____
 Agenda Item 6
 Date January 10, 2019

Agenda Summary Report

To: Mike Prinz, General Manager
From: Teri Lerch, District Secretary
Mtg. Date: January 10, 2019
Re: Board President Appointments for 2019

BACKGROUND:

Every year the Board President appoints Board Members to attend various meeting and/or committees. The committee assignments for **2018** were as follows:

Committee	Regular Member	Alternate Member
NBWA/Tech Advisory Committee	Schriebman	Clark
NBWA Communications Committee/Conf.	Clark	None
NBWRA	Elias	None
JPA Local Task Force**	Greenfield	None
Gallinas Watershed Council	Schriebman	Greenfield
Marin LAFCO**	Murray	None
Energy Committee	Murray	None
CSRMA	Greenfield	None
Flood Zone 7**	Greenfield	None
Engineering Subcommittee	Elias/Greenfield	None
Human Resources Subcommittee	Clark/Murray	None

The following committee /meeting assignments are requested for **2019**:

Committee	Regular Member	Alternate Member
NBWA/Tech Advisory Committee		
NBWA Communications Committee/Conf.		
NBWRA		
JPA Local Task Force**		
Gallinas Watershed Council		
Marin LAFCO**		
Energy Committee		
CSRMA		
Flood Zone 7**		
Engineering Subcommittee		
Human Resources Subcommittee		

**Appointments made by JPA Local Task Force and Marin LAFCO not LGVSD

STAFF RECOMMENDATION:

A matter of Board President's determination.



FISCAL IMPACT:

N/A

PERSON TO BE NOTIFIED:

Teri Lerch, Board Secretary



**2019 BOARD MEMBER
REOCCURRING / COMMITTEE MEETING
ATTENDANCE REQUEST**

Date: January 7, 2019

Name: Judy Schriebman

DURING THE CALENDAR YEAR 2019:

I request to charge & attend the following Committee Meetings:

Gallinas Watershed Council, NBWA and NBWA Tech Advisory Committee

I request to charge & attend the Regular Meetings of: See above.

Duration / Frequency of Meeting(s): TBD

Purpose of Committee Appointment/Meeting(s)

Estimated Costs of Travel (if applicable): TBD

Please submit to Teri - District Secretary, no later than 3 pm. on Friday, December 28, 2018

For Office Use Only

Request was Approved Not Approved at the Board Meeting held on _____.



**2019 BOARD MEMBER
REOCCURRING / COMMITTEE MEETING
ATTENDANCE REQUEST**

Date: January 4, 2019

Name: Crystal J. Yezman

DURING THE CALENDAR YEAR 2019:

I request to charge & attend the following Committee Meetings:

**JPA Local Task Force, Gallinas Watershed Council (Alternate), CSRMA, Flood Zone 7 and
Engineering Subcommittee.**

I request to charge & attend the Regular Meetings of: See above.

Duration / Frequency of Meeting(s): TBD

Purpose of Committee Appointment/Meeting(s)

Estimated Costs of Travel (if applicable): TBD

Please submit to Teri - District Secretary, no later than 3 pm. on Friday, December 28, 2018

For Office Use Only

Request was Approved Not Approved at the Board Meeting held on _____.



Marin Local Agency Formation Commission
Regional Service Planning | Subdivision of the State of California

Agenda Item 7
Date January 10, 2018

RECEIVED
NOV 29 2018
L.G.V.S.D.

DATE: November 26, 2018
TO: Independent Special Districts, Presiding Officers
FROM: Jason Fried, Interim Executive Officer
RE: CALL FOR NOMINATIONS

Special District Elections

Attached is a copy of the approved policy and guidelines for Special District and qualifications form to participate in the following election. **Please be aware that if your district wishes to nominate a person for either position, the attached form must be completed.**

The Two Seats up for Nomination

The regular special district member serves on the Commission and able to vote on all items in front of the Marin LAFCo Commission. A vote by mail ballot election must be held to select a member for this position, to serve a four-year term ending in May 2023. There are no term limits for this seat. This seat is currently held by Jack Baker.

The alternate special district member serves on the Commission and is able to participate in Commission meetings but only is allowed to vote on matters when one of the regular special district members is not able to vote on the matter due to absence or conflict of interested. A vote by mail ballot election must be held to select a member for this position, serving a four-year term ending in May, 2023. This seat is currently held by Lew Kious.

Selection Schedule

The Commission will receive nominations through **February 15, 2019 by 5 PM.** Enclosed are forms for nominations and for statements of candidate qualifications. Supportive materials will be accepted.

Mail ballots will be distributed by certified mail by **February 20, 2019.** The candidate qualifications forms and any supportive materials will be distributed with the ballots.

The final date Marin LAFCo will receive ballots is **April 22, 2019, by 5:00 PM.** Send ballots by mail to **1401 Los Gamos Drive, Ste 220, San Rafael, CA 94903 | email: staff@marinlafco.org | Fax: 415.785.7897.**

Ballot Counting shall occur on **April 23, 2019 at 1 PM.** Any candidate or general member of the public is welcome to witness the process.

The newly-selected or re-appointed candidate will be seated in time for the **June 13, 2019** regular commission meeting.

Attachments:

1. Policy and Guidelines for Special District Member Elections
2. Nomination Form
3. Member Statement of Qualifications



MARIN COUNTY LOCAL AGENCY FORMATION COMMISSION

POLICY HANDBOOK **POLICIES, PROCEDURES, AND GUIDELINES**

CHAPTER THREE **LAFCO BUSINESS AND OPERATIONS**

3.1 SELECTION OF COMMISSIONERS

Marin LAFCO has eleven Commissioners divided between seven regular and four alternate members. Regular members have voting authority and consist of two members of the County of Marin Board of Supervisors (selected by the Board of Supervisors), two city council members (selected by the City Selection Committee), two special district board members (selected by the 30 special districts) and one public member (selected by the other six regular members). For each of the four categories of LAFCO membership, an alternate member is appointed to serve in the absence of a regular member.

Selection procedures for all four member categories – public, special district, city/town, and county – on Marin LAFCO as well as other appointments are summarized below.

B. Procedures for Selection of Public Members

The public member and alternate public member shall be appointed by a majority vote of the regular LAFCO County, City, and Special District members. This procedure shall be followed upon expiration or replacement of the regular or alternate public member.

1. Ninety (90) days prior to an appointment, the Executive Officer shall issue a news release announcing the pending vacancy on the Commission and solicitation of applications.
2. The news release shall be mailed to the Marin Independent Journal and local newspapers within Marin County. Additionally, the news release shall be mailed to all current regular and alternate members of Marin LAFCO, all local governments within Marin County and to community organizations including homeowners' associations and civic groups on file with the Marin LAFCO.
3. The application period shall be thirty (30) days and shall begin upon the date legal notice appears in the Independent Journal. Among other things, the news release shall outline the function and purpose of the Commission, indicate the application filing period and invite interested persons to contact the Executive Officer for an application and information concerning the general duties and responsibilities of the public member.
4. Interviews for pending vacancies for expiring terms shall be held during the month of April prior to the May expiration date of the current member's term of office. A standard list of questions should be asked to each candidate as agreed to by the Commission. As required by the Ralph Brown Act, interviews shall be conducted in public sessions and formal selection shall be confirmed at the next regular meeting.
5. With respect to selection and eligibility criteria, and in addition to requirements under Government Code the public member shall be a resident-voter of Marin County and not currently an officer or employee of a local agency subject to Marin LAFCO jurisdiction. The public member shall also not concurrently hold any elected or appointed office with a local government agency that makes or informs land use or municipal service decisions while serving on the Commission. In selecting the public member, the Commission shall consider the candidate's qualifications as described in his or her letter of interest and the reasons listed for wanting to serve as a member of the Commission.
6. In the event a vacancy occurs during the public member's term of office, a new appointment shall be made for the unexpired term in a timely manner. The Commission may:

- a) Select a new member from the applications previously submitted for the current appointment, provided not more than twelve (12) months have passed since such applications were filed with the Commission.
- b) Direct the Executive Officer to send out a news release announcing the vacancy and solicit applications for future consideration by the Commission; or
- c) Appoint the alternate public member to serve as regular public member for the remainder of the regular member's term of office.

C. Procedures for Selection of Special District Members

Government Code §56332(c)(1) provides for selection of regular and alternate special district members by a mail ballot process when the Executive Officer determines that a meeting of the Special District Selection Committee is not feasible. Meetings of the Marin County Special District Selection Committee have previously failed to reach a quorum, indicating the infeasibility of Selection Committee meetings. Accordingly, it is the policy of Marin LAFCO to conduct selection proceedings of regular and alternate special district members by a mail ballot process consistent with the procedures outlined below.

- a. The Executive Officer shall initiate the mail ballot selection process for special district members 180 days prior to the pending expiration of the term of a special district member or immediately upon notification the eligibility of a special district member on Marin LAFCO will end prior to the expiration of his or her term.
- b. The Executive Officer shall initiate the mail ballot process by distributing to each independent special district a call for nominations, including a schedule of the selection process and a copy of this policy. Nominations must be submitted in writing by special district governing boards within 60 days of the date of the call for nominations. The submittal of a nomination must include a statement of the candidate's qualifications. With the prior concurrence of any special district, the Executive Officer may transmit these materials to and receive nominations from that special district by electronic mail.
- c. Within five working days of the close of the nomination period, the Executive Officer shall distribute by certified mail one ballot to each independent special district. The distribution of ballots shall include a statement of qualifications for each candidate on the ballot.
- d. Ballots may be submitted by mail or facsimile or electronic mail within 60 days of distribution of the ballots. A majority of independent special district must cast ballots to select a special district member. Selection shall be made by majority of votes cast and a majority of independent special districts in Marin County.

- e. Ballots cast by each special district must bear the signature of the district's presiding officer. If the presiding officer is unavailable, the district board may authorize another member of the board to cast the district's vote. Ballots may be returned to the Marin LAFCO office by mail or by facsimile or electronic mail.
- f. All ballots and other records of each selection process shall be retained in the Marin LAFCO office for at least four years and shall be immediately available for public inspection.
- g. When more than two candidates are nominated, the ballot form shall provide for selection by majority of votes cast through an "instant runoff" as follows:
 - a) Each district casting a vote shall rank the candidates in order of their preference. District boards would simply indicate a "1" next to their first choice, a "2" next to their second choice, a "3" next to their third choice etc.
 - b) In counting the votes by the Executive Officer, all first choice votes are counted. If any candidate receives over 50 percent of the first choice votes, that candidate is selected as special district member.
 - c) If no candidate receives a majority, then the candidate with the fewest "1" votes is eliminated. The ballots of the supporters of the eliminated candidate are then transferred to whichever of the remaining candidates they marked for their second choice. This process shall be continued until one candidate receives a majority and is selected as special district member.
- 8. Should a vacancy occur during a special district member's term of office, a new appointment shall be made for the unexpired term of the special district member or alternate member according to the process above.



Marin Local Agency Formation Commission
Regional Service Planning | Subdivision of the State of California

Nominee Statement of Qualifications

Name: _____

Name of Special District: _____

Seat Applying for:

Regular Member Alternate Member Applying for Both Seats (Regular and Alternate)

Telephone Number: (Home/Cell) _____ Work: _____

Email: _____

Home Address: _____

Work Address: _____

Present Occupation: _____

Home Address: _____

Summary of Qualifications: _____

Reason for Applying: _____

Please list organizations in which you are an officer employee: _____

Additional information may be attached | MUST BE RETURNED TO MARIN LAFCo by 5:00 PM on MON., FEB. 18, 2019

Return to: Marin LAFCo | 1401 Los Gamos Drive, Ste. 220 | San Rafael, CA 94903 | Email: staff@marinlafco.org



Nomination Form for District Seats

District Name: _____

_____ Our board voted to nominate the following current member of its own or another independent special district.

Name of Nominee: _____

___ Regular Member ___ Alternate Member ___ Applying for Both Seats (Regular and Alternate)

District of Nominee: _____

_____ Board Took No Action

Ayes: _____

Noes: _____

Absent: _____

Abstain: _____

Attest:

Board President

Name

Name

MUST BE RETURNED TO MARIN LAFCo by 5:00 PM on MON., FEB. 18, 2019

1/10/2019

General Manager Report

- Separate Item to be distributed at Board Meeting
- Separate Item to be distributed prior to Board Meeting
- Verbal Report
- Presentation

**Las Gallinas Valley Sanitary District
Treasurer's Report - Operating and Investment Accounts
For the month of December 2018**

I. Account Summary: Bank and Investment Accounts

Accounts Summary	<u>December 31, 2018</u>	<u>November 30, 2018</u>	<u>Change from Previous Month</u>
Summary of Bank and Investment Accounts			
Bank of Marin			
Operating	\$ (33,992)	\$ 224,792	\$ (258,784)
Operating Sweep	518,083	20,653	497,430
Zero Balance	165,816	57,786	108,030
Liquid Savings	1,855,562	671,049	1,184,513
Private Sewer Lateral Rehab	170,525	197,048	(26,523)
Surcharge-Marín Lagoon	97,037	103,037	(6,000)
Surcharge-Captains Cove	19,905	22,498	(2,593)
Connection Fee	45,643	45,632	11
Capital Project Reserve Fund	2,377,123	2,376,949	174
Petty cash	800	643	157
Investment Accounts			
Debt Service Reserve-Recycled Water	588,058	588,058	-
Debt Service Reserve-SRF Loan	294,635	294,635	-
Local Agency Investment Fund	<u>23,983,638</u>	<u>18,483,638</u>	<u>5,500,000</u>
Cash and Investments	<u>\$ 30,082,833</u>	<u>\$ 23,086,418</u>	<u>\$ 6,996,415</u>

II. Account Activity for Bank of Marin Accounts

Bank of Marin operating account activity is for paying regular operating expenses of the District. Funds are transferred from the Liquid Savings to the Operating account as needed. The Local Agency Investment Fund increased due to the investment of excess cash receipts from the December sewer user charges and property taxes into this account to maximize interest earnings.

Statement of Compliance:

The investments accounts are invested in compliance with the District's investment policy, adopted at the February 23, 2017 Board meeting and California Government Code Section 53600. In addition, the District does have the financial ability to meet its cash flow requirements for the next six months.

Prepared by: Susan McGuire
Susan McGuire, CPA Administrative Services Manager

Approved by: Mike Prinz
Mike Prinz, General Manager

**Las Gallinas Valley Sanitary District
Treasurer's Report - 2017 Revenue Bonds
For the month of December 2018**

I. Summary of Bond Accounts and Cumulative Activities Since Inception

Accounts Summary	Starting Balance 4/28/2017	Total Activities Since Inception	Ending Balance 12/31/2018
1 Bond Project Fund	\$41,000,000	\$ (500,438) ^(a)	\$ 40,499,562
2 Cost of Issuance Fund	193,121	(193,111)	10
3 Bond Payment Fund	<u>-</u>	<u>301</u>	<u>301</u>
 Total	 <u>\$41,193,121</u>	 <u>\$ (693,248)</u>	 <u>\$ 40,499,873</u>

(a) Funds drawn to reimburse project costs were transferred to the Capital Project Reserve Fund.

II. Accounts Details for the month ended December 31, 2018

1 Bond Project Fund		
Beginning Balance December 1, 2018		\$ 40,499,562
Interest income from Local Area Investment Fund (LAIF) estimated annual yield of 2.0%		<u>-</u>
Ending Project Fund Balance at December 31, 2018		<u>\$ 40,499,562</u>
<hr/>		
2 Cost of Issuance Fund		
Beginning Balance December 1, 2018		\$ 10
Funds transferred to Bond Payment Fund for scheduled principal and interest payment		-
Interest income from US Bank estimated to be an annual yield of 2.0%		<u>-</u>
Ending Cost of Issuance Fund Balance at December 31, 2018		<u>\$ 10</u>
<hr/>		
3 Bond Payment Fund		
Beginning Balance December 1, 2018		\$ 301
Funds transferred to pay the scheduled principal and interest payment due		-
Interest income from US Bank estimated to be a 2.0% for annual yield		<u>-</u>
Ending Bond Payment Fund Balance at December 31, 2018		<u>\$ 301</u>



Consent _____
Staff/Consultant Reports _____
Agenda Item 8A3 _____

Agenda Summary Report

Date January 10, 2019

To: Mike Prinz, General Manager
From: Mel Liebmann, Plant Manager
Mtg. Date: January 10, 2018
Re: Biological Consultant to Provide Biological Review Requirements of Reclamation Permit WDR 92-064 and Humane Canada Goose Management Services.

BACKGROUND:

The District's San Francisco Regional Water Quality Control Board issued Reclamation Permit WDR 92-064, requires biannual reporting of wildlife habitat reporting by a certified biologist. Francesca Demgen, of Demgen Aquatic, notified District Staff in August of her planned retirement this year. Staff solicited proposals to provide biological survey and reporting services required in the District's reclamation permit from Katherine Dudney (Certified Ecologist), Swaim Biological, Inc., and Daniel Edelstien (Environmental Scientist, Wildlife Biologist Associate & Avian Biologist).

After careful review of all firm's qualifications and proposals, Daniel Edelstein was chosen to provide biological review services to comply with Reclamation Permit WDR 92-064 requirements. Daniel has provided humane Canada Goose population control services to the District since 2012.

The Canada Goose can discharge up to 1.5 pounds of feces per day. In 2012, the District began to addle Canada Goose eggs due to the impact on reclamation storage pond water quality, native wildlife and staff maintenance/public use. The District Canada Goose Management Plan has effectively controlled and reduced the non-migratory Canada Goose population as outlined in the table below:

Year	Maximum Canada Goose Count	Eggs Addled	Total Surviving Chicks
2011	241	Not Contracted To Addle	74
2012	88	26	0
2013	143	18	5
2014	69	38	9
2015	135	42	5
2016	117	27	*15
2017	95	21	9
2018	97	41	7

For convenience, staff asked Daniel Edelstein to include the new services of biological reporting to his annual proposal for Canada Goose Management services.

Biannual Reclamation Area Biological Reporting - \$2000
Canada Goose Management Services – \$11,308



STAFF RECOMMENDATION:

Board approve continuation of the Canada Goose addling program.

FISCAL IMPACT:

\$13,308.

PERSON TO BE NOTIFIED:

NA



Consent _____
Staff/Consultant Reports _____
Agenda Item __ 8A4 _____

Agenda Summary Report

Date January 10, 2019

To: Mel Liebmann, Plant Manager
From: Josh Binder, Plant Operations and Maintenance Supervisor
Mtg. Date: January 10, 2019
Re: Bulk Polymer Purchase

BACKGROUND:

The District uses a cationic polymer for copper control and to enhance sludge settling to meet suspended solids permit requirements during storm events when influent flow exceeds secondary treatment capacity. On December 11th, the District received 2,000 gallons of bulk polymer and one 275 gallon tote bin. This order corresponds with PO# 19463. Pursuant to District policies and procedures, Section F-90-40 Purchasing Authority, General Manager purchasing authority for contracts and purchase orders up to \$45,000. For purchases in excess of \$15,000, staff will inform the Board of Directors regarding the item as soon as administratively feasible.

STAFF RECOMMENDATION:

Information only

FISCAL IMPACT:

\$19,801.50

PERSON TO BE NOTIFIED:

NA

1/10/2019 BOARD REPORTS

Agenda Item 8B1

Human Resources Subcommittee

- Separate Item to be distributed at Board Meeting
- Separate Item to be distributed prior to Board Meeting
- Verbal Report
- Presentation

Agenda Item 8B2

LAFCO

- Separate Item to be distributed at Board Meeting
- Separate Item to be distributed prior to Board Meeting
- Verbal Report
- Presentation

Agenda Item 8B3

Gallinas Watershed Council/Miller Creek Watershed Council

- Separate Item to be distributed at Board Meeting
- Separate Item to be distributed prior to Board Meeting
- Verbal Report
- Presentatio3

Agenda Item 8B4

JPA Local Task Force on Solid and Hazardous Waste

- Separate item to be distributed at Board meeting
- Separate Item to be distributed prior to Board Meeting
- Verbal Report
- Presentation

Agenda Item 8B5

NBWA

- Separate item to be distributed at Board meeting
- Separate Item to be distributed prior to Board Meeting
- Verbal Report
- Presentation

Agenda Item 8B6

NBWRA/North Bay Water

- Separate item to be distributed at Board meeting
- Separate Item to be distributed prior to Board Meeting
- Verbal Report
- Presentation

Agenda Item 8B7

Engineering Subcommittee

- Separate Item to be distributed at Board Meeting
- Separate Item to be distributed prior to Board Meeting
- Verbal Report
- Presentation

Agenda Item 8B8

Other Reports

- Separate Item to be distributed at Board Meeting
- Separate Item to be distributed prior to Board Meeting
- Verbal Report
- Presentation



BOARD MEMBER MEETING ATTENDANCE REQUEST

Date: _____ Name: _____

I would like to attend the _____ Meeting
of _____

To be held on the _____ day of _____ from _____ a.m. / p.m. and
returning on _____ day of _____ from _____ a.m. / p.m.

Actual meeting date(s): _____

Purpose of Meeting: _____

Frequency of Meeting: _____

Estimated Costs of Travel (if applicable): _____

Please submit to the District Administrative Assistant, no later than 2:00 p.m. on the Friday prior to the Board Meeting.

For Office Use Only

Request was Approved Not Approved at the Board Meeting held on _____.

1-10-2019

BOARD AGENDA ITEM REQUESTS

Agenda Item 9B

- Separate Item to be distributed at Board Meeting
- Separate Item to be distributed prior to Board Meeting
- Verbal Report
- Presentation

Agenda Item 10
 Date January 10, 2019 ✓

in, not
 itself.
 highest
 e auc-
 auto-
 e you
 r own-
 perty.
 so be
 lien be-
 ff may
 . If you
 bidder
 you are
 onsi-
 all liens
 lien be-
 off, be-
 receive
 e prop-
 encour-
 istigate
 priority,
 itstand-
 may ex-
 erty by
 county
 ce or a
 compa-
 which
 pu a fee
 ation. If
 ither of
 es, you
 are that
 der may
 an one
 deed of
 the
 CE TO
 OWNER:
 shown
 of sale
 stponed
 times by
 e, bene-
 e, or a
 ant to
 of the
 il Code.
 res that
 about
 sale
 ts be
 le to you
 blic, as a
 hose not
 e sale. If
 to learn
 ur sale
 en post-
 applica-
 cheduled
 e for the
 property,
 (800) 758-
 formation
 he trust-
 visit this
 site - ww
 h.com -
 tion re-
 sale of
 y, using
 mber as-

All other business
 name(s) and
 address(es) used by
 the Seller(s) within
 the past three years,
 as stated by the
 Seller(s), is/are: NONE
 The location in Califor-
 nia of the Chief Execu-
 tive Officer of the
 Seller(s) is: 143 Corte
 Madera Town Center,
 Corte Madera, CA
 94925
 The name(s) and ad-
 dress of the Buyer(s)
 is/are:
 JT Grace, Inc., 143
 Corte Madera Town
 Center, Corte Madera,
 CA 94925
 The assets being sold
 are described in gen-
 eral as: Furniture, Fix-
 tures & Equipment,
 Goodwill, Leasehold
 Improvements, Cove-
 nant Not to Compete,
 and all business as-
 sets and are located
 at: 143 Corte Madera
 Town Center, Corte
 Madera, CA 94925
 The bulk sale is in-
 tended to be consum-
 mated at the office of:
 Redwood Escrow
 Services, Inc., 19131
 Redwood Road, Suite
 E & F, Castro Valley,
 CA 94546 and the an-
 ticipated sale date is
 01/08/19.
 The bulk sale is sub-
 ject to California Uni-
 form Commercial
 Code Section 6106.2.
 The name and ad-
 dress of the person
 with whom claims
 may be filed is: Red-
 wood Escrow Serv-
 ices, Inc., Attn: Janet
 Carrera, Escrow Offi-
 cer, 19131 Redwood
 Road, Suite E & F, Cas-
 tro Valley, CA 94546
 Fax No. (510) 247-0875
 E-Mail: janet@redwoo
 descrow.net and the
 last date for filing
 claims by any creditor
 shall be 01/07/19,
 which is the business
 day before the sale
 date specified above.
 Dated: 12/11/2018
 JT Grace, Inc.
 By: /s/ Timothy Lee,
 CEO
 Buyer(s)
 12/19/18
 CNS-3203719#
 MARIN INDEPENDENT
 JOURNAL NO. 1790

MARIN COUNTY SUPERIOR COURT
 By C Lucchesi, Deputy
 No.1677 Nov. 28, Dec. 5, 12, 19, 2018

Legal Notice Legal Notice

SUMMARY OF ORDINANCE 2018-2

**AN ORDINANCE REVISING THE SEWER USE
 ORDINANCE OF CENTRAL MARIN SANITATION
 AGENCY**

The Central Marin Sanitation Agency (CMSA) previously adopted Ordinance 2013-1, an Ordinance providing for and Regulating the Acceptance of Industrial Waste and Contaminated Groundwater into the Water Pollution Control System of the Central Marin Sanitation Agency on February 12, 2013. Ordinance 2018-2 revises provisions within Ordinance 2013-1 to conform to Federal EPA Pretreatment Regulations and Streamlining Rules. The revisions are required by the Federal EPA and the State Water Resources Control Board.

Ordinance 2018-2 contains the following revisions to Ordinance 2013-1:

- Streamlining rules are included to provide administrative flexibility of source control requirements, such as Monitoring and Reporting Waivers.
- Local Limits are updated to reflect a recent Local Limit Assessment, as required by CMSA's wastewater discharge permit.
- Wastewater sampling and analysis data complies with federal EPA requirements.
- Updated definitions to reflect recommenda- tions outlined within the EPA Pretreatment audit of CMSA, which was conducted in 2018.

The Board of Commissioners of Central Marin Sanitation Agency, pursuant to Health and Safety Code Section 6490 and 6491.3, conducted a public hearing on the Ordinance at their December 13, 2018 meeting. The Ordinance was passed by the following vote and will be effective beginning on January 14, 2018:

- AYES: Eli Beckman, Michael Boorstein, Maribeth Bushey, Dean DiGiovanni, Dan Hillmer, Doug Kelly
- NAYS: None
- ABSTAIN: None
- ABSENT: None

A copy of the passed Ordinance 2018-2, can be viewed or downloaded from the Agency's web- site (www.cmsa.us), or is available at the fol- lowing address:

Central Marin Sanitation Agency
 1301 Andersen Drive
 San Rafael, CA 94901
 (415) 459-1455

Jason R. Dow, P.E.
 General Manager
 NO. 1796 DEC. 19, 2018

12, 19, 2018

**NOTICE OF PETITION
 TO ADMINISTER ESTATE OF
 Betty G. Lieb**
 CASE NO.: PR 11

To all heirs, beneficiaries, creditors, and persons who are interested in the will or estate of **Betty G. Lieb or Betty Glover**: A Petition for Probate has been filed in the Superior Court of Marin. **A. Levin** is the Superior Court appointed as personal representative to administer the estate of Betty G. Lieb.

The petition requests authority for the estate under the Independent Administration Act. (This act permits the personal representative to administer the estate without obtaining court approval for certain very important actions, the personal representative is required to give notice to interested parties less they have waived notice of the proposed action.) The independent administration authority will be granted to **A. Levin** if the interested person files an objection and shows good cause why the court should not grant the authority. A hearing on the petition will be held in court as follows:

Date: 1/22/2019, Time: 9AM, De-
 Address of court: 3501 Civic
 Box 4988, San Rafael, CA 94913

If you object to the granting of authority, you should appear at the hearing, file your objections or file written objections with the court before the hearing. You may be in person or by your attorney. If you are a creditor or a claimant of the decedent, you must file your claim and mail a copy to the personal representative appointed by the court of either (1) four months from the first issuance of letters to a personal representative, as defined in the California Probate Code, from the date of mailing or publication of a notice under section 6062 of the California Probate Code. Other notices and legal authority may apply as a creditor. You may want to consult with an attorney knowledgeable in California law.

You may examine the file in court. If you are a person interested in the estate, you may file with the court a Special Notice (form DE-154) of your objections and appraisal of estate assets, any petition or account as provided in Code section 1250. A Request for Information form is available from the court. Attorney for Petitioner: Lisa Fialco, Kelley & Farren, LLP 1101 5th Ave., Suite 160 San Rafael, CA 94901 SBN: 216682 (415) 925-5200

FILED: Dec. 5, 2018
 James M. Kim
 Court Executive Officer-
 MARIN COUNTY SUPERIOR COURT
 By: E Chais, Deputy
 No. 1782 Dec. 19, 24, 26, 2018

Las Gallinas set for \$49M sewage treatment upgrade



Marin Voice

By Mike Prinz

For most people, water that goes down the sink, toilet and shower is quickly out of sight and out of mind. But in reality, there's a lot more to the story of how wastewater is managed — and it all starts with infrastructure.

The Las Gallinas Valley Sanitary District operates a complex network of infrastructure — including 28 sewage pump stations, 35 miles of pressurized sewer mains and over 11,000 connections along its 105 miles of pipelines. With this infrastructure, the district serves over 30,000 people every day of the year to ensure “used” water is managed safely and sustainably.

That infrastructure network sends wastewater to the district's treatment plant where resources are recovered from the flow of water, and a portion of the water is treated to a level where it can be recycled and reused for a range of purposes. The district has owned and operated that wastewater treatment plant since the 1950s. And, as is the case with infrastructure all over the nation, the plant is showing its age. It's also subject to increasingly stringent environmental regulations.

These issues are resulting in the district moving forward with a major upgrade to its treatment facility that will increase the plant's secondary treatment capacity and increase the recycled water production capacity — better serving the community and helping protect the environment.

The district's facility currently treats up to 8 million gallons per day of wastewater to “secondary treatment standards” which, in summer months, is suitable for pasture irrigation. Also during the summer, the district and Marin Municipal Water District further treat 3.4 million gallons per day of this flow to “tertiary” recycled water use standards, suitable for outdoor irrigation at large landscapes, playing fields, golf courses, commercial car washes and indoor toilet flushing.

The water that is treated and reused offsets the amount of drinking water needed to meet the needs of the population within the district's service area. This offset of drinking water demand is often referred to as potable (drinkable) offset, because it has the effect of saving that amount of drinking water.

During large winter storms, the wastewater flow can exceed the treatment plant's 8 million-gallon secondary treatment capacity. When that happens, flows above that amount can only be treated to primary levels and then are blended with the secondary treated water. That blended water is then discharged (in winter) into Miller Creek and San Pablo Bay. While this practice meets current regulatory requirements, the state Regional Water Quality Control Board is now urging wastewater agencies in California to eliminate blending and reducing discharge.

The district is proactively addressing the need for improvements with its secondary treatment plant upgrade and recycled water expansion project, which will improve water quality, increase the secondary treatment capacity to 18 million gallons per day, and increase the recycled water capacity to 5.4 million gallons per day.

Myers & Sons Construction of Sacramento will be the contractor on the \$49 million project. The project is intended to reduce blending and provide future recycled water to meet the needs of the Las Gallinas district, MMWD and the North Marin Water District. The Las Gallinas district has sold bonds to pay for the project, and MMWD and a federal WaterSmart grant are helping with funding.

Preliminary site work started this fall with tree removal to enable relocation of some Pacific Gas and Electric overhead power lines. Construction at the treatment plant will start in earnest in January and continue for three years.

Parking for the district reclamation area ponds and hiking trails will be limited, so visitors to that area are urged to carpool whenever possible. Unfortunately, access for the public will be affected with one-way traffic, detours and temporary parking along Smith Ranch Road adjacent to the treatment plant.

The community's cooperation and patience during this extended construction period is greatly appreciated by the district's Board of Directors in order to safely complete this vital improvement project.

Visit LGVSD.org to keep upto- date on this project and other district activities. *Mike Prinz was hired last month as the new general manager of the Las Gallinas Valley Sanitary District.*

Parking for the district reclamation area ponds and hiking trails will be limited, so visitors to that area are urged to carpool whenever possible.

Call for Applicants

Local Task Force – Special Districts Seat

RECEIVED

DEC 5 1 2018

Zero Waste Marin is looking for a new Local Task Force (LTF) Member for one vacant Special District seat. We are looking for someone affiliated with one of the “special districts involved in the regulation and disposal of waste:” Almonte Sanitary District, Alto Sanitary District, Homestead Valley Sanitary District, Las Gallinas Valley Sanitary District, Novato Sanitary District, Bolinas Public Utilities District, Marin City Community Service District, Strawberry Recreation District, Stinson Beach Water District.

About Zero Waste Marin

Zero Waste Marin is the informal name for the Marin Hazardous and Solid Waste Joint Powers Authority (JPA). Our mission is to help residents and businesses meet the county’s 2025 Zero Waste goal by reducing and recycling solid waste and safely disposing of hazardous materials. We provide information on household hazardous waste collection, recycling, composting and waste disposal. We also ensure our county’s compliance with state recycling mandates – all while educating the citizens and businesses of Marin. For more information about Zero Waste Marin and the LTF, check out zerowastemarin.org.

About the Local Task Force (LTF)

The purpose of the LTF is to serve as an advisory body to the JPA Board of Directors. The LTF provides viewpoints and concerns from different geographical areas of the County, solid waste haulers/facility operators, special districts, and environmental organizations. The LTF is an advisory group that provides guidance to the JPA Board of Directors on emerging solid waste issues and assists in the review of the JPA’s Integrated Waste Management Plan.

The Details

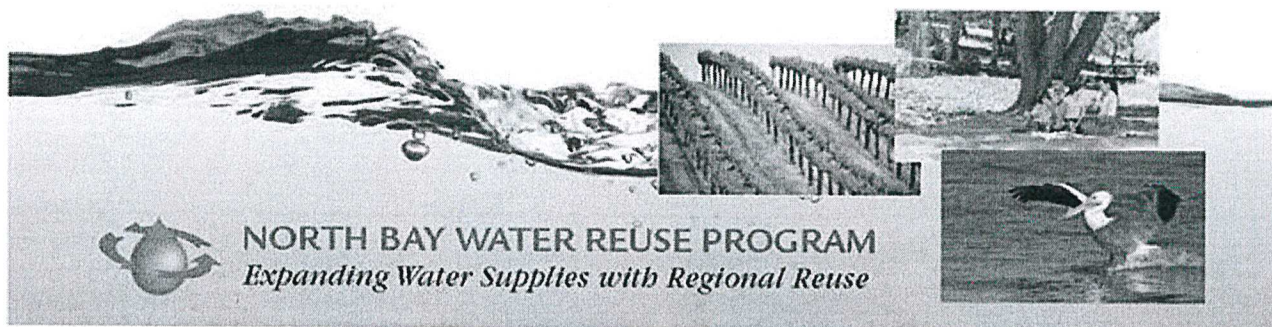
To help ensure your availability to participate, interested individuals should note that the LTF meets on the first Wednesdays of the month at 8:30 a.m. for ninety minutes – with the particular months (typically bi-monthly or quarterly) of the year set by the LTF. We encourage you to review our website (zerowastemarin.org) and attend an upcoming meeting. The 2019 dates are currently scheduled for February 6th, April 3rd, August 7th, and November 6th. Appointment to this vacancy will be considered by the JPA Board at a future Board Meeting, date to be determined. Applications will be accepted on an ongoing basis, but we encourage you to apply by February 1st and come to our February 6th meeting to see how a typical LTF meeting operates. To help identify potential conflicts of interest, any applicant selected for the LTF is required to disclose certain financial interests each year, if any, as specified in the JPA Conflict of Interest Code. Please contact Steve Devine at 415-473-2711 or sdevine@marincounty.org with any questions.

To Apply

Submit a letter of interest and resume or statement of qualifications to:
Marin Hazardous & Solid Waste Management JPA
Attn: Steve Devine
PO Box 4186
San Rafael, CA 94913-4186

Teresa Lerch

From: Mark Millan <millan@datainstincts.com>
Sent: Monday, December 17, 2018 11:09 AM
To: Undisclosed Recipients
Subject: NBWRA: Report on End-of-Year Issues



December 17, 2018

NBWRA Member Agencies:

At the October 22, 2018 Board meeting, I optimistically reported that several issues of potential benefit to NBWRA members would be better known or acted upon after the election. We are still waiting on several of these issues but as the year is almost over, this update summarizes what is known at this point.

State issues are a little easier to report. As you are likely aware, the State Board has been in the headlines due to their approval of increased flows for the San Joaquin River, and although the fishery flow standards don't directly affect NBWRA members, the need to develop alternative supply in an attempt stabilize municipalities impacted by the State Board's actions, may bring the need for additional recycled water, and funding for the development of it, to the forefront. This issue is evolving daily with very high-level state and federal level discussions taking place.

Also, as distributed by previous emails, the Board approved/amended the Policy for Water Quality Control for Recycled Water (Recycled Water Policy) and set statewide goals for recycled water use. This makes good on the State Water Board's pledge to encourage the development of underutilized water resources to address the effects of climate change, drought and water supply uncertainty.

There is also a great deal of speculation regarding priorities of the new Governor and how the Democratic super-majorities (I heard the term giga-majorities at a holiday party) in both the Assembly and Senate will define this new session. This will all start to make itself known in January when the monitoring of policy and project funding issues important to members will get underway.

Federal issues are changing daily. The pre-election Lands Bill proposal that would have had the potential to increase funding for WIIN Act projects, and provided a vehicle for the 'language fix', died when the Republican's lost the House. Next, Sen. Feinstein, Majority Leader McCarthy and Governor Brown teamed up to support an extension of all the provisions of the WIIN-Act. This would provide substantial funding for recycled water, storage and desalination projects, but is tied to Delta flow standards in opposition to what the State Board just approved. It remains to be seen if the Senator will still work to include this language in the appropriations bills that need to be passed by December 21st when they are scheduled to adjourn. Government shut down or no shut down, work through the holiday...as noted above, its changing daily.

The Energy and Water Appropriations bill that includes Reclamation's budget was passed earlier this year so funding for Title XVI grants has already been approved. The final selection has been made and recommendations sent to OMB for approval. The projects need to be named in the final appropriations package that is currently in limbo – as described above – and as of Friday, there was no reply to requests made to the Commissioner's office re anticipated announcement date for grant recipients.

It will be interesting to work with Congress next year as we develop the NBWRA's legislative agenda targeting the best and most expeditious ways to funds Phase 2 projects.

Thanks to all of you for the opportunity to have such interesting and challenging work and we look forward to getting underway in 2019.

Best of the Holiday Season to all of you,

The Program Development and Advocacy Team

Garbage collector calls for rate spike

THE COUNTY

Marin Sanitary Service bewails recycling costs

By Adrian Rodriguez

arodriguez@marinij.com @adrianrrodri on Twitter

Marin Sanitary Service, citing steep losses from a collapsing recycling market, is pitching rate hikes to local governments, starting with San Rafael.

The San Rafael-based waste hauler says it has lost \$2.3 million between 2012 and this year because of the cost of processing recyclables, and there is no end in sight.

Tonight the San Rafael City Council will be asked to approve a 9.36 percent increase for 2019, along with a new way of calculating future rate hikes that includes an incentive for Marin Sanitary Services to seek the best prices for selling recyclables.

“The rate is sort of catching up for what costs have been,” said Patty Garbarino, president of Marin Sanitary. “And then of course there is China and its National Sword ... the Pacific Rim just no longer wants recyclable materials.”

China, once a major market for U.S. plastic, metals and other materials, has in recent months refused to accept all materials except for the most sanitized items.

China implemented its new customs inspection program, dubbed “National Sword,” in February 2017. Bales of recyclables can now only contain only 0.5 percent contamination, whereas historically, China would accept recyclables with up to 5 percent contamination.



Garbarino

In San Rafael, rate increases have ranged from less than 1 percent to more than 10 percent with an average of 5.82 percent for the past 10 years. Last year’s increase was 5.57 percent.

If the new rate is approved, a 32-gallon residential garbage cart would be increased about \$3.55 a month, from \$37.81 to \$41.36, according to a city staff report.

“Unfortunately, the decline of the recycling commodities market has created financial challenges for haulers all over the Bay Area,” said Cristine Alilovich, San Rafael’s assistant city manager.

“The 2019 rates and proposed new process for setting rates address both the negative financial impact the markets have had over the past few years and creates more predictability and increased rate stabilization for future years,” Alilovich said. “San Rafael’s rate increase is actually much lower than some of the double-digit increases some other jurisdictions are experiencing.”

The proposal includes an amendment to its agreement with a “Franchisor Group,” which in addition to San Rafael includes Larkspur, Ross, unincorporated Marin County and the Las Gallinas Sanitary Services District. The franchisor group hired R3 Consulting Group Inc. to review the rate increase application, which originally called for a \$13.98 hike.

After studying the issue, Garth Schultz, project manager at R3 Consulting, produced a report with suggested rate increases for each community: a 8.52 percent increase in Larkspur, 8.9 percent in unincorporated Marin County, 14.33 percent in the Las Gallinas district and 9.6 percent in Ross. Those jurisdictions will consider the proposal in January.

Schultz said the goal was to propose an increase “that allows Marin Sanitary to continue to provide a high level service while still protecting the ratepayers’ interests.”

Marin Sanitary Service also has separate service contracts with Fairfax and San Anselmo. It will be requesting rate hikes in those towns early next year.

The volatile recycling market has also affected Mill Valley Refuse Service, which collects garbage and recycling from Mill Valley, Tiburon, Belvedere, Corte Madera and some surrounding unincorporated areas and special districts.

In September, Jim Iavorone, owner of Mill Valley Refuse, asked 1,800 customers in select neighborhoods to participate in a four-month pilot “dualstream” waste collection program. It required participants to separate paper and cardboard products from other recyclables, in an effort to reduce contamination.

“It took several months, but people get it now,” Iavarone said. Iavarone said when it started, he had about 40 percent participation and it has grown to 90 percent. With the pilot program ending this month, he plans to survey the community for feedback next month and produce a report detailing the process that will be presented in April when it submits its rate applications to the communities it serves for the next year.

“We learned enough,” Iavarone said. “Now it’s time to let them decide if they want to adopt dual stream going forward.”

Garbarino said Marin Sanitary Service is advocating to move the recycling markets, including paper mills and metal plants, back to the United States to reduce the carbon footprint and create jobs. The bottom line, she said, is that residents have to help the haulers separate recyclables.

“We encourage folks to go to our website to learn what is recyclable and what is not,” Garbarino said. “We also encourage customers to consume less ... saving resources for the next generation.”

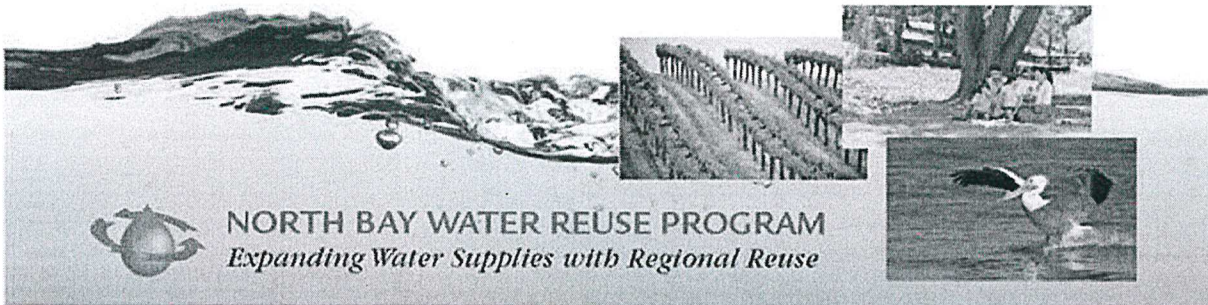
The San Rafael City Council meets at 7 p.m. at City Hall at 1400 Fifth Ave.

“The 2019 rates and proposed new process for setting rates address both the negative financial impact the markets have had over the past few years and creates more predictability and increased rate stabilization for future years.”

— *Cristine Alilovich, San Rafael’s assistant city manager*

Teresa Lerch

From: Mark Millan <millan@datainstincts.com>
Sent: Friday, January 4, 2019 5:03 PM
To: Undisclosed Recipients
Subject: Happy New Year NBWRA - New and dynamic issues are in front of us!



January 4, 2019

NBWRA Phase 2 Member Agencies:

Happy New Year to you all, as we start 2019, we have new and dynamic issues in front of us!

As the NBWRA Board does not meet until the end of this month, this update provides information on items we are working on your behalf and an organizational issue for you to discuss with your Boards.

The priority for Federal issues this session will be:

- Amend the WIIN Act to disaggregate the sections pertaining to Title XVI Recycled Water, Storage, Desalination and Delta Conveyance into separable elements. The original authorization provided 5-years and \$50 million for recycled water projects. However, the above listed programs are tied together, so if time and funding were proposed for one, it applies to all.
- As part of the amendment process, we anticipate proposals to extend the timeframe for an additional 10-years and increase the authorization ceiling to provide an additional \$50 million annually for recycled water projects.
- NBWRP authorization language 'fix'; projects would not need to compete under WIIN, and could allow funds to be earmarked under the 'Legacy Project' account allowing members access to a larger pot of funding for project implementation.
- Phase 2 NEPA Waiver; breaking through logjam to have a document waiver prioritized. The lack of a waiver has been stalling the completion of the NEPA document.

At the October Meeting the Board provided direction to ESA on developing a way forward in order to complete this task. Recent findings from Jim O'Toole on this issue state:

- The NOI has been circulated and Draft EIR/EIS has been identified and included in Reclamation's list of projects under review for a SOI 3355 waiver.

- Recirculation of the NOI without changes to the proposed project would not be consistent with Reclamation NEPA procedures.
- The NBWRA Phase 2 Program has not been identified for funding. Without funding, there currently is no discretionary action for Reclamation to make under NEPA.
- Reclamation had identified a process to move the project forward when and if funding were identified for the project. At that point, review for SOI 3355 Waiver would be prioritized and the waiver sent to Washington DC for approval.

The priority for State issues this session will be:

- Once the new Governor introduces his budget and the legislature begins work, more will be known regarding potential funding availability under Proposition 68. Movement with respect to any appropriation of the \$100 million in monies for recycled water purposes will be monitored and engagement initiated as needed to position members for funding.
- Watch for potential emergence of legislation pertaining to ocean discharge limitations and engage with WaterReuse and/or others as necessary. As previously discussed, if these limitations are imposed it could significantly impact the NBWRA wastewater agencies.
- Watch for other legislation or budget issues that may be of interest or concern to NBWRA members.

Continued Support for Phase 2 Implementation

Although several North Bay water management agencies are discussing the possibility of working together from a regional perspective, the NBWRA members have determined their priority is to fund projects and close out the NBWRA.

The current consultant contracts end in June 2019 completing the Phase 2 Planning and Program Development tasks. Future services for Phase 2 Implementation will require a new RFQ to support a down-scaled program and on-going project funding.

The following points are provided for member agencies to discuss in preparation for this upcoming transition and will be discussed at the January 28th meeting:

- The Engineering and Environmental services should be completed by June 2019.
- The anticipated timeline for implementing Phase 2 is 6-years. What kind and level of services are needed to secure funding, manage and implement the program during this time? Services could include; Administration, Grant Preparation, Outreach, Advocacy and Program Management.
- From the Advocacy perspective, agreements generally run concurrent with 12 to 24-month legislative sessions on a calendar year basis. Consider transitioning future strategy and advocacy work to a calendar year timeframe.
- There may be future opportunities to leverage Phase 2 Title XVI advocacy efforts with other regional advocacy work that, in turn, could result in cost-savings to Phase 2 members. However as previously noted, those discussions are ongoing and it is pre-mature to anticipate when and if that opportunity will occur.
- After giving consideration to this information and in anticipation of transitioning to Phase 2 Implementation, should Sonoma Water, as fiscal agent, prepare an RFQ for continued services in support of program implementation?

We look forward to presenting more information at the January 28, 2019 meeting and if you have any questions please let us know.

Thanks,