



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
Russ Greenfield
Craig K. Murray
Judy Schriebman

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

BOARD MEETING AGENDA

June 14, 2018 4:00 PM

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

4:00 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.

4:05 PM

CLOSED SESSION:

- 2. CONFERENCE WITH REAL PROPERTY NEGOTIATORS** – Pursuant to Government Code § 54956.8; Regarding a parcel of land Assessor Parcel Number 155-131-22; Real Property Negotiator is the District Counsel.
- 3. CONFERENCE WITH REAL PROPERTY NEGOTIATORS** – Pursuant to Government Code § 54956.8 Regarding a parcel of land Assessor Parcel Number: 155-011-15. Real Property Negotiators are the Interim General Manager and the District Counsel. District may negotiate with representatives from Ciel et Terre. Under negotiation: Price and Terms of Payment.

4:30 PM

OPEN SESSION:

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. RESOLUTION NO. 2018-2125 – A RESOLUTION CERTIFYING THAT LEGAL NOTICE HAS BEEN GIVEN FOR THE HEARING ON THE BUDGET FOR THE FISCAL YEAR 2018-19

Staff to present Resolution No. 2018-2125 - A Resolution Certifying that Legal Notice has been given for the Hearing on the Budget for the Fiscal Year 2018-19.

Possible Expenditure of Funds: None.

Staff Recommendation: Adopt Resolution No. 2018-2125 - A Resolution Certifying that Legal Notice has been given for the Hearing on the Budget for the Fiscal Year 2018-19.

4:40 PM

3. RESOLUTION NO. 2018-2126 – A RESOLUTION CERTIFYING THAT LEGAL NOTICE HAS BEEN GIVEN FOR THE HEARING ON THE SEWER SERVICE CHARGE RATE INCREASE FOR THE FISCAL YEAR 2018-19

Staff to present Resolution No. 2018-2126 – A Resolution Certifying that Legal Notice has been given for the Hearing on the Sewer Service Charge Rate Increase for the Fiscal Year 2018-19.

Possible expenditure of funds: None.

Staff recommendation: Board adopt Resolution 2018-2126 – A Resolution Certifying that Legal Notice has been given for the Hearing on the Sewer Service Charge Rate Increase for the Fiscal Year 2018-19.

4:45 PM

4. PUBLIC HEARING – SEWER SERVICE CHARGE RATE INCREASE: A HEARING TO CONSIDER RAISING THE ANNUAL SEWER SERVICE CHARGE FOR THE NEXT YEAR CONSISTENT WITH REQUIREMENTS OF THE GOVERNMENT CODE**A. OPEN PUBLIC HEARING****B. RATE INCREASE PRESENTATION:**

District staff and consultants presentation on the proposed sewer service charge rate increases for Fiscal Year 2018-19. The proposed increases are: Fiscal year 2018-18, not to exceed \$898.

C. REVIEW DISTRICT STAFF RECOMMENDATIONS:

Board to consider staff recommendation to increase sewer service charges.

D. PUBLIC COMMENT:

This portion of the meeting is reserved for persons desiring to address the Board regarding the proposed rate increase. Presentations are generally limited to three minutes.

E. CLOSE THE PUBLIC HEARING:

Board to close the public hearing.

F. BOARD DETERMINATION AND ACTION

Board to consider comments from public, review administrative record and make determination regarding action to increase annual sewer service charge. The Board shall make a finding that its action is consistent with the requirements of the Government Code that implemented Proposition 218.

5:00 PM 5. PUBLIC HEARING – BUDGET FOR THE 2018-19 FISCAL YEAR**A. OPEN PUBLIC HEARING****B. BUDGET 2018-19 PRESENTATION:**

District staff to present the following proposed budgets for the fiscal year July 1, 2018 to June 30, 2019:

- a. Revenue
- b. Operating and Maintenance
- c. Reserves
- d. Debt Service
- e. Capital Outlay

C. REVIEW DISTRICT STAFF RECOMMENDATIONS:

Board consider approval of the 2018-19 Budgets as proposed.

D. PUBLIC COMMENT:

This portion of the meeting is reserved for persons desiring to address the Board regarding the proposed Budgets. Presentations are generally limited to three minutes.

E. CLOSE THE PUBLIC HEARING:

Board to close the public hearing.

F. BOARD DETERMINATION AND ACTION

Board to consider comments from public, review administrative record and make determination regarding action to approved the proposed Budgets.

5:15 PM 6. RESOLUTIONS FOR 2018-19 BUDGET:

- A. RESOLUTION NO. 2018-2127 – A RESOLUTION CONFIRMING THE ANNUAL SEWER SERVICE CHARGE AND SUPPLEMENTAL SERVICE CHARGES FOR THE LAS GALLINAS VALLEY SANITARY DISTRICT FOR THE FISCAL YEAR 2018-19.
- B. RESOLUTION NO. 2018-2128 – A RESOLUTION FIXING AND APPROVING THE BUDGET FOR THE FISCAL YEAR 2018-19.
- C. RESOLUTION NO. 2018-2129 – A RESOLUTION PROVIDING FOR THE COLLECTION OF SEWER SERVICE CHARGES ON THE TAX ROLL.
- D. RESOLUTION NO. 2018-2130 – A RESOLUTION DETERMINING THE 2018-19 APPROPRIATION OF TAX PROCEEDS.
- E. RESOLUTION NO. 2018-2131 – A RESOLUTION REQUESTING ALLOCATION OF TAXES FOR THE FISCAL YEAR 2018-19.

5:25 PM

7. 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 May 24, 2018.
- B. Approve the Warrant List for June 14, 2018.
- C. Approve Board Compensation for May 2018.
- D. Approve Rabi Elias attending the Special District Leadership Academy Conference July 8-11, 2018 in Napa.
- E. Approve Call for Bids – Towable 4” & 8” Emergency Pumps.
- F. Approve Du-All Safety Contract Proposal for July 1, 2018 to June 30, 2019.
- G. Approve Interim General Manager Authority to Approve Hanford ARC for Lower Miller Creek Year One Revegetation Maintenance Services.
- H. Approve Interim General Manager Authority to Re-allocate Budget for the Repair of Lower Miller Creek Rock Cross Vane and Levees.
- I. Approve Call for Bids – Sewer Main Rehabilitation 2018.
- J. Approve Amendment No. 6 to the Treated Wastewater Agreement with the Marin Municipal Water District.

Possible expenditure of funds: Yes, Items B – J.

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

5:40 PM

8. ACTION CALENDAR:

- A. Approve Resolution 2018-2132 – Resolution Adopting the Pay Scales Effective July 1, 2018 Pursuant to the California Code of Regulations, Subchapter 1, Employees Retirement System Regulations Section 570.5
- B. Approve Resolution 2018-2133 – Resolution Adopting a Cafeteria Plan Including a Health Flexible Spending Account and Dependent Care Flexible Spending Account for the Employees of the Las Gallinas Valley Sanitary District
- C. Determine CASA 2018 Designation of Agency Representative
- D. Approve Award of Contract for Classification and Compensation Study

5:55 PM

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

1. Interim General Manager Report – Verbal
2. Surplus Items Sold - First Capitol Auction , Inc. – Written
3. Lateral Specification Progress Update – Written
4. Monthly Treasurer Report – 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 – Verbal

- 7. Engineering Subcommittee – Verbal
- 8. Other Reports – Verbal

6:20 PM 10. BOARD REQUESTS:

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


6:25 PM 11. VARIOUS ARTICLES AND MISCELLANEOUS DISTRICT CORRESPONDENCE

6:30 PM 12. ADJOURNMENT

AGENDA APPROVED:	Megan Clark, Board President	Patrick Richardson, 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 June 11, 2018, at 4:00 p.m., I posted the Agenda for the Board Meeting of said Board to be held June 14, 2018, at the District Office, located at 300 Smith Ranch Road, San Rafael, CA.

DATED: June 11, 2018



 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.

RESOLUTION No. 2018-2125

**A RESOLUTION CERTIFYING THAT LEGAL NOTICE
HAS BEEN GIVEN FOR THE HEARING
ON THE BUDGET FOR THE FISCAL YEAR 2018-19**

LAS GALLINAS VALLEY SANITARY DISTRICT

RESOLVED, by the Sanitary Board of the Las Gallinas Valley Sanitary District, Marin County, California, as follows:

WHEREAS, this District has reviewed a preliminary budget and has invited the public comment on the budget.

WHEREAS, the District has duly published legal notice in the Marin Independent Journal, a newspaper of general circulation, posted said notice at the District's offices at 300 Smith Ranch Road, San Rafael, CA, 94903; and at its website at www.lgvsd.org in accordance with the requirements of the Government Code § 54954.2 and the Sanitary District Act of 1923, Health and Safety Code §§ 6400 et seq., said notice specifying, among other things, that the District will conduct such hearing on Thursday, June 14, 2018 at 4:30 p.m. at the District's offices.

NOW THEREFORE, THE BOARD certifies that legal notice has been given.

* * * * *

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 June 14, 2018, by the following vote of the members thereof:

AYES, and in the favor thereof, Members:

NOES, Members:

ABSENT, Members:

ABSTAIN, Members:

Teresa L. Lerch, District Secretary,
Las Gallinas Valley Sanitary District

APPROVED:

Megan Clark, Board President

(seal)

RESOLUTION No. 2018-2126

**A RESOLUTION CERTIFYING THAT LEGAL NOTICE
HAS BEEN GIVEN FOR THE HEARING
ON THE SEWER SERVICE CHARGE RATE INCREASE FOR THE
FISCAL YEAR 2018-19**

LAS GALLINAS VALLEY SANITARY DISTRICT

RESOLVED, by the Sanitary Board of the Las Gallinas Valley Sanitary District, Marin County, California, as follows:

WHEREAS, this District at public workshops held on March 12, 2015 regarding a five year rate plan and on April 13, 2018 to review the proposed Sewer Charge for 2018-19; and

WHEREAS, this District has invited the public comment on the proposed maximum rates for 2018-19 at a public hearing on June 11, 2015 regarding a five year rate plan; and

WHEREAS, the District has duly published legal notice in the Marin Independent Journal, a newspaper of general circulation, posted said notice at the District's offices at 300 Smith Ranch Road, San Rafael, CA, 94903; and at its website at www.lgvsd.org in accordance with the requirements of the Government Code § 54954.2 and the Sanitary District Act of 1923, Health and Safety Code §§ 6400 et seq., said notice specifying, among other things, that the District will conduct such hearing on Thursday, June 14, 2018 at 4:30 p.m. at the District's offices.

NOW THEREFORE, the Board certifies that legal notice has been given.

* * * * *

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 June 14, 2018, by the following vote of the members thereof:

- AYES, and in the favor thereof, Members:
- NOES, Members:
- ABSENT, Members:
- ABSTAIN, Members:

Teresa L. Lerch, District Secretary,
Las Gallinas Valley Sanitary District

APPROVED:

Megan Clark, Board President

(seal)



Consent _____
Staff/Consultant Reports _____
Agenda Item ___4_____

Agenda Summary Report

Date June 14, 2018

To: Chris DeGabriele, PE, Interim General Manager *CD*
From: Susan McGuire, Administrative Services Manager *SM*
Mtg. Date: June 14, 2018
Re: Public Hearing for the Sewer Service Charge for Fiscal Year 2018/19

BACKGROUND:

Legal and Technical Aspects

California Constitution Article XIII D (adopted by voter initiative, Proposition 218, effective November 1996) provides the legal framework against which the District's charges must be measured. Sewer user fees are "Property Related Fees and Charges" governed by Article XIII D, Section 6. (See Paland v. Brooktrails Township Community Services District (2009) 176 Cal. App. 4th 158.) Article XIII D defines fee or charge as "any levy other than an ad valorem tax, a special tax, or an assessment, imposed by an agency upon a parcel or upon a person as an incident of property ownership, including a user fee or charge for a property-related service." (Article XIII D, Section 2, Subdivision (e).) "Property-related service" is defined as "a public service having a direct relationship to property ownership." (Article XIII D, Section 2, Subdivision (h).)

Under Article XIII D, Section 6, Subdivision (b), an agency may not impose or increase property related fees and charges unless they meet certain substantive requirements, including:

- (1) Revenues derived from the fee or charge shall not exceed the funds required to provide the property related service.
- (2) Revenues derived from the fee or charge shall not be used for any purpose other than that for which the fee or charge was imposed.
- (3) The amount of a fee or charge imposed upon any parcel or person as an incident of property ownership shall not exceed the proportional cost of the service attributable to the parcel.
- (4) No fee or charge may be imposed for a service unless that service is actually used by, or immediately available to, the owner of the property in question.

Each year the District analyzes the cost of providing service and the related revenue requirement as part of the budget process. The majority of the District's costs are fixed related to operating, maintaining and upgrading the facilities for all levels of flow, high or low. The variable costs related to the level of flow are primarily power and chemical costs. The infrastructure required to convey 1 million gallons a day or 3 million gallons a day of sewage to the plant for treatment is substantially the same. The District must provide standby sewer service capacity regardless of the number of occupants which can vary from day to day, owner to owner. The District's sewage systems must be on standby to serve high or low sewage



flows. In fact, too low of a flow results in increased costs and operational issues in the sewer conveyance lines and at the treatment plant.

During 2014-15, the District undertook a series of studies to determine the operating expense and capital outlay requirements for the fiscal years 2015-16 through 2019-20. Staff presented the reports to the Board over several months at regular Board meetings. The Board reviewed many capital projects and selected the most critical ones for inclusion in the 5 year capital outlay plan. Both of the District’s fall 2014 and spring 2015 newsletters discussed the need for treatment plant upgrades to address the changes in the characteristics of wastewater since the plant was built in the 1950’s as well as new more stringent regulations. The District invited the public to tour the plant and attend a public workshop on March 12, 2015 to discuss the plan. The District may adopt a 5 year rate plan pursuant to Government Code § 53756(a). A legal notice of the five year rate plan was mailed to all property owners in the District on April 27, 2015 and the plan was adopted at the public hearing on June 11, 2015. The maximum rates that can be charged pursuant to the adopted are as follows:

Fiscal Year	Maximum Rate	Adopted Rate
2015/16	\$748	\$734
2016/17	\$835	\$835
2017/18	\$868	\$867
2018/19	\$898	TBD
2019/20	\$927	TBD

On March 28, 2018 the Board set the public hearing for the budget and sanitary sewer service charges for June 14, 2018 and on April 13, 2018 the Board reviewed the preliminary budget for 2018/19. The legal notice was mailed to all property owners of the District on April 17, 2018; a public notice of the hearings was published in the Marin Independent Journal on May 25th, June 1st and June 7th, and a notice was posted on the home page of the District website.

Rate Calculation Methods

On January 30, 2014, the Board adopted the Sewer Rate Methodology and Connection Fee study which was prepared by HDR Engineering, Inc (HDR). This study recommended:

1. Maintaining flat rate sewer charges for all residential customers.
2. Adjusting the rate for multi-family residential customers to 90% of a single family customer based on the findings in the study that, on average in examining the winter water use, multi-family units use 90% of a single family home.
3. Multi-family residential customers are those that are defined by the County of Marin Assessor’s office as multi-family. Typically they have a use code of 21 and more than 1 living unit; however, properties that are owned by a non-profit or governmental entity may have a use code of 61 and 81, respectively. Identification of properties with a use code of 61 and 81 that meet the requirements to be classified as multi-family will similarly have living units in excess of 1.
4. Adjusting the calculation of commercial customer sewer charges, which are based on water usage, to utilize 8 CCF per month rather than 10 CCF per month.
5. In calculating the commercial customers sewer charges, the calculation is taken out one more decimal point rather than rounding up to the next whole number i.e. 19.2 rather than 20.



6. Adjusting the strength factor for certain customers:

a.

Customer Class	Old Strength Factor	New Strength Factor
Restaurants/Cafes	2.6	2.4
Bakeries	2.6	3.2
Mortuaries	1.0	2.0

b. An additional strength factor category was added for Hospitals/Convalescent Homes/Assisted Living Facilities with a domestic strength factor of 1.0.

c. Elimination of strength factor classifications for Rooming Houses and Motels with and without kitchen since these categories are better categorized with Hotels and Motels.

The Board also agreed to re-examine the application of the 90% of a sewer charge to multi-family units in subsequent years. During 2014, the Board commissioned HDR to update its finding from the prior study. At the April 23, 2015 meeting the Board adopted the Technical Memorandum prepared by HDR which stated that using 90% of a single family residential sewer charge was still a reasonable method based on a review of the water consumption data for multi-family residential units. Updates may occur in future years.

The District is continuing to use a flat fee per residential dwelling unit which is the predominant practice of stand-alone sewage collection and treatment agencies in California. Moreover, the flat fee methodology ensures that the charge does not exceed the proportional cost of the service attributable to the parcel. Since most of the District's costs are fixed the only proportional way to adequately assess the charge is by a fixed rate. The District can neither determine the number of residents in a dwelling unit each day nor the daily or daily maximum wastewater production. No government agency regulates the number of residents that can live in a residential unit or their use of plumbing fixtures. No evidence presently exists regarding the wastewater production characteristics of single family residences and multi-unit housing. Since the primary component of the District's costs are fixed and no limitation is imposed on any residential parcel preventing the occupants from using plumbing fixtures, a fixed flat fee is the best methodology to proportionally distribute the District's costs over its residential ratepayers. The District has approximately 9,700 parcels which are charged for sewer service, of these approximately 600 are non-residential customers for which individual calculations are required. These calculations are performed by one staff member and require approximately 120 hours performing the calculations, updating the information for the County of Marin billing system, and verifying the charges. Calculating every sewer charge for all of the parcels would require at least one staff person to perform the work and respond to billing inquiries. This would increase the District's staff levels and require the sewer service charge to be increased. Using the flat rate system for the majority of the customers is more efficient and cost effective.

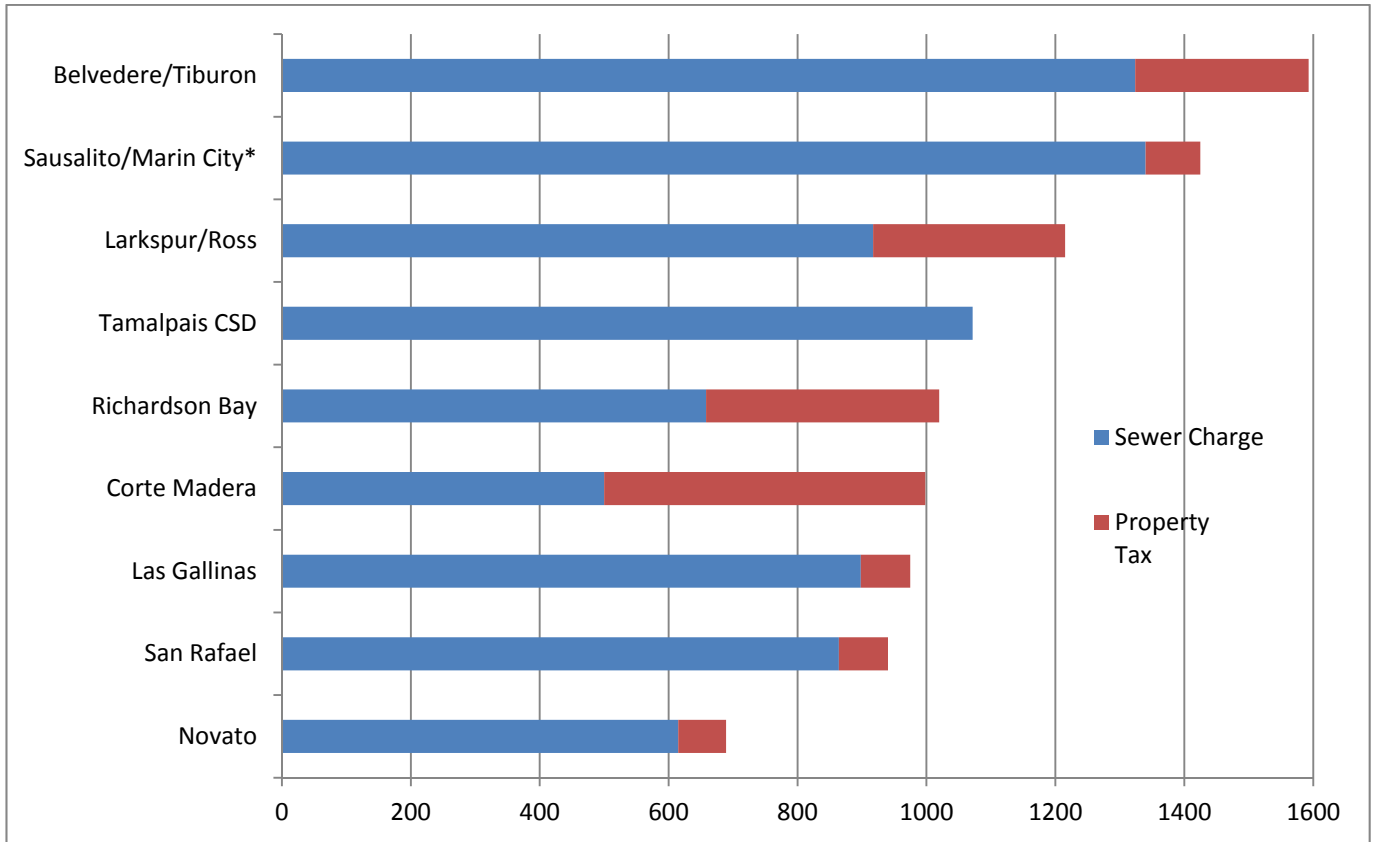
Five Year Rate Proposal

As part of the 5 year capital outlay plan, the Board set as a target the median combined sewer charge and property taxes for Marin County. Sewer agencies in Marin receive varying amounts of property taxes per capita depending on several factors including property tax values, turnover of housing stock, and the level of services provided by the agencies when Proposition 13 was passed. Other agencies and cities have implemented multiple rate schedules for residential users including volumetric rates and reduced charges for multi-family residential properties. In addition, the sewer user charge for commercial users is calculated based on the volume of water used during the summer and winter billing periods. This user groups makes up only 3% of users but generates 21% of the sanitary sewer charges.



With the ongoing drought, reduction in use by commercial users has had a significant impact on the revenue of the District.

Below is a graph of the projected sewer user charges and property taxes to be collected by other Marin County sewer agencies during the fiscal year beginning July 1, 2018:



* Reflects cost for customers in the City of Sausalito.

During the 2015 rate setting process, staff presented the Board with a proposal to set the sewer service charge based on the historical number of sanitary units, 15,800, but to also allow for a rate that reflected a 5% and 10% drought adjustment. The Board adopted this proposal. The rate increases are scheduled as follows:

Year	Planned Rate Increase	Base Rate	Drought Adjustment	Final Rate	Status
2015-16	\$85	\$647	\$ 2	\$734	Adopted
2016-17	\$85	\$734	\$16	\$835	Adopted
2017-18	\$32	\$835	\$ 0	\$867	Adopted
2018-19	\$30	\$868	\$ 0	\$898	Proposed



Each year, staff develops a budget which takes into account the planned upgrades and expenditures. The Board reviews the budget at a workshop in March and makes a determination as to which projects will proceed in the coming fiscal year. Staff then updates the budget as additional information becomes available. The maximum rate that was established may or may not be the one chosen. For the 2018-19 year, staff is proposing a budget which established the sewer charge revenue at \$898 per sanitary unit. The rate considers the revenue projections prepared after the commercial customer bills were calculated in late April. The annual charge equates to \$2.46 per day, up from \$2.38 in 2017-18, for single family residential customers for service that is available seven days a week, 24 hours a day.

The budget expenditures are comprised of four components:

1. Operating and Maintenance – set at \$6,485,410 which is a 1.76% increase over the prior year.
2. Reserve Funding – set at \$1,000,267 for various reserve categories.
3. Debt Service – set at \$3,990,565, an increase of \$69,605 over the prior year. These additional funds reflect a full year of debt service for the 2017 Revenue Bonds.
4. Capital Outlay – set at \$23,600,367 consisting of carryover projects of \$3,632,500; use of bond funds and grants for the Secondary Treatment Plant Upgrade and Recycled Water Treatment Facility Expansion projects of \$15,207,170; and new funding for projects of \$4,721,697. Other carryover projects and funding will be included when the revised budget is presented in the fall.

STAFF RECOMMENDATION:

Staff recommends that the Board set the 2018-19 annual sewer service charges at \$898 per sanitary unit by passing Resolution 2018-2127 A Resolution Confirming the Annual Sewer Service Charge and Supplemental Service Charges for the Las Gallinas Valley Sanitary District for the Fiscal Year 2018-19.

FISCAL IMPACT:

Projected funding and revenue is \$35,076,610 for the fiscal year 2018/19.

PERSON TO BE NOTIFIED:

Marin County Department of Finance.

Las Gallinas Valley Sanitary District 2018-2019 Proposed Budgets



**DISTRICT BOARD**

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

DISTRICT ADMINISTRATION

Chris DeGabriele
Interim General Manager
Michael Cortez,
District Engineer
Mel Liebmann,
Plant Manager
Susan McGuire,
Administrative Services Manager
Greg Pease,
Collection System/Safety Manager

June 14, 2018

To the Board of Directors of the Las Gallinas Valley Sanitary District,

The management staff of the District is pleased to present to the Board the 2018/19 Proposed Revenue, Operating and Maintenance Expense, Debt Service, Reserve Funding, and Capital Outlay Budgets for review. These budgets reflect the District's progress in the five year capital improvement plan adopted by the Board in June 2015 for the 2016 through 2020 fiscal years.

Operating Revenue is expected to increase by \$468,050 primarily from a \$31 increase in the sanitary sewer service charge from \$867 to \$898 per equivalent dwelling unit. Interest income is expected to decrease as funds are expended on capital projects as discussed below.

Operating and Maintenance costs are expected to increase over the prior year budget by \$112,011 or 1.76%. Staffing levels are projected to increase by one full time equivalent. Staff has also budgeted for overlap between an interim and a permanent General Manager. Repairs and maintenance in FY2018 included two larger projects which will be completed prior to FY2019 resulting in the budget decreasing by \$191,950; funding for the lateral assistance program will increase by \$21,900 as repayment funds are reinvested; and legal costs are budgeted to decrease by \$130,000.

Reserve funding is decreasing as funds collected in the rate for the Secondary Treatment Plant Upgrade and Recycled Water Expansion project debt service is utilized for that purpose.

Debt service requirements are \$3,990,000 for prior year debt including the 2017 Revenue Bonds.

The Capital Outlay effort for 2019 will be focused on the Secondary Treatment Plant Upgrade and Recycled Water Expansion projects; however other equipment purchases, major repairs, planning for future projects and accumulation of funding for large projects will continue.

Sincerely,

Susan McGuire
Susan McGuire, CPA
Administrative Services Manager

Chris DeGabriele
Chris DeGabriele, PE
Interim General Manager

Las Gallinas Valley Sanitary District

Preliminary Budget 2018-19

Operating Revenue

The District is in the fourth year of a five year rate increase based on the capital outlay plan adopted by the Board in June 2015. The maximum rate for 2018/19 of \$898 per equivalent dwelling unit, consistent with the five year rate plan, is utilized in preparing the proposed budget.

Educational Revenue Augmentation Funds (ERAF) are determined by state statute. Special districts are allocated a certain amount of property tax revenues; however a portion is shifted from counties, cities, special districts, and redevelopment agencies to K-12 schools and community colleges. The District is subject to ERAF I and II tax shifts, which are specified by the State, using population and other factors and are adjusted yearly per the incremental growth rate in assessed property tax values. Staff has budgeted \$320,000 based on projected 2017/18 receipts.

Recycled water revenue is the estimated cost of providing water to North Marin Water District based on the projected costs for 2019.

Inspections, Permits, and Application fees reflect projected revenue from inspecting laterals as required by the planned changes to the District's Ordinance code. These inspections are proposed to be performed by a new Engineering Tech/Inspector position. The revenue is projected based on historical sales data for properties within the District for half the year.

Franchise fees, bank interest, supplemental property taxes, and Home Owner Property Tax Relief funds are projected to remain the same which is consistent with prior year budgets.

Interest on reserves, which are invested in the Bank of Marin and the Local Agency Investment Fund with the State of California, are expected to continue to yield low rates however they are increasing over prior years. As the District has built up cash for construction projects, the earnings have increased; however with the Secondary Treatment Plant Upgrade and Recycled Water Expansion projects proceeding with construction, staff expects reserves to be drawn down.

The Private Sewer Lateral Assistance program began in July 2012; the budget reflects the projected repayments for 2019.

Miscellaneous revenue is comprised of insurance policy dividends; staff is projecting that they will remain consistent in 2019 from the projected actual for 2018.

Funds in excess of the amount needed to fund the Operating and Maintenance and Debt Service budgets are transferred to General Construction.

Capacity Related Revenue

Activity for remodel permits and second units has increased from prior years but larger projects are proceeding slowly. Since the District is substantially built out and the pace of development is difficult to predict, staff is conservatively not budgeting any capital facility charges for 2019. The interest income for this category is for existing funds on deposit, which have been substantially expended for capital projects.

Las Gallinas Valley Sanitary District

Preliminary Budget 2018-19

General Construction Revenue

Secured property taxes are calculated based on the value of real property, land and personal property, such as structures, located upon real property. Secured property is taxed at a general rate of 1% of the assessed value. Property tax projections for 2018 are expected to be higher than budgeted; for 2019 they are projected to be slightly higher than 2018 levels.

Operating Transfer In consists of funds in excess of the amount needed to fund the Operating and Maintenance and Debt Service budgets.

Other Sources of Funds

Marin Municipal Water District entered into an agreement in March 2017, to buy into the existing capacity of the Recycled Water Treatment Facility as well as participating in the debt service of the 2017 Revenue Bonds associated with the estimated cost for the expansion of the facility. These funds are allocated to the reserve funding for the cost of the project.

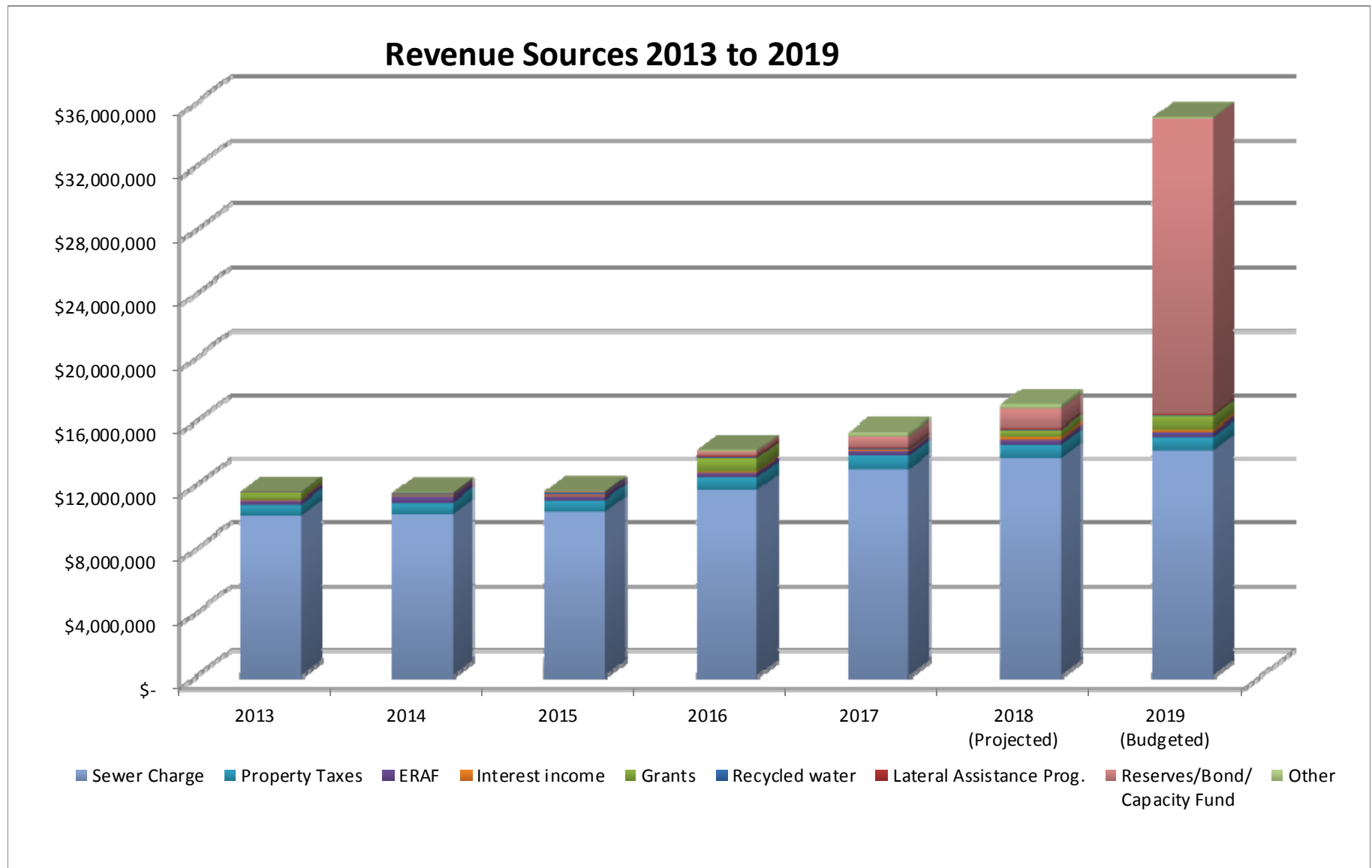
Utilization of Bond Funds and Reserves

The District has projects budgeted for 2017/18 which either will not begin prior to year end and are expected to proceed in 2018/19 or are accumulating funds over several years. These projects are included in the Capital Outlay budget and the related funding which will carry forward from 2017/18.

Transfers from the Bond Fund reflect projected interest income earned on the unspent proceeds.

The graph on the following page shows the composition of District revenues for the past five fiscal years plus the projected 2018 and budget for 2019.

Las Gallinas Valley Sanitary District Preliminary Budget 2018-19



Las Gallinas Valley Sanitary District

Preliminary Budget 2018-19

Operating and Maintenance Expenses

Employee Expenses:

Regular staff salaries are based on 2018 projected wages with a 2.5% cost of living increase as specified in the Memorandum of Understanding. The overall budgeted increase is \$73,000 which reflects the vacancy in the General Manager position for five months of the year; one new position in the engineering department to support projects and inspect laterals pursuant to the planned Ordinance code changes and a change in the Buildings and Grounds Maintenance position to a technical Equipment Maintenance position. Scheduled step changes have been applied where appropriate.

Extra hire is for staffing the Interim General Manager position during the transition to a permanent position.

Overtime is estimated based on projected 2018 amounts and reflect additional staffing for storm events.

Vacation and sick accrual is also estimated based on the prior three years trend; however it is difficult to predict how much time staff will accumulate rather than use.

Stand by time is based on projected wages, the regular rotation of personnel on duty, and additional staff who are on call during storm events.

Director salaries are projected based on the 2017 and 2018 amounts with a maximum 5% increase. Board members have received the same per meeting compensation since 2008.

Director benefits are based on the maximum allowance of \$200 per month per eligible director.

Social security tax is 7.65% of covered wages for all employees.

Group life insurance and long term disability insurance are projected from year to date 2018 amounts with adjustments for changes in census data.

CalPERS contributions are projected from regular wages with the anticipated employer contribution rate for 2019. Staff who became CalPERS members after 2013 are covered by a plan which requires a lesser retirement contributions by the District.

Health insurance is projected based on the known rates for July through December 2018 and the application of the health trend rate of +8% for 2019. Other Post-Employment Benefits are retiree health benefits for prior and current employees and is based on the actuarial valuation for the post-employment benefits dated January 1, 2017.

Dental insurance is paid through a self-insured plan and is based on actual claims made. Since claim expenses vary from person to person and from year to year, the budget is based on the average of the prior three years.

Vision insurance is a set amount and is projected based on current employees and projected new staff. Auto allowance and commute stipend are based on the known amounts for covered staff.

Las Gallinas Valley Sanitary District

Preliminary Budget 2018-19

Insurance:

Workers compensation insurance is based on projected wages for 2019 and application of the existing rates and a decrease in the experience modification factor based on lower District claims in the past two years.

Unemployment insurance is paid based on claims made. The District has not had a claim since 2004.

Pooled liability insurance includes general liability and mobile equipment, billed separately. The general liability insurance premium period is based on a calendar year and the mobile equipment on a fiscal year basis. The liability insurance is the larger premium for which half of the yearly cost is known based on the current billing. The budget for 2019 is the same as 2018, without reduction for any retroactive adjustments.

Fidelity bond for the cost of commercial crime insurance coverage is based on prior years.

Repairs and Maintenance:

Vehicle parts and maintenance is based on 2018 year to date results with adjustments for projected activity during the remainder of the fiscal year.

Building maintenance consists of quarterly HVAC service and other routine maintenance.

Grounds maintenance is budgeted based on hiring an outside firm to perform work now done by the current Buildings and Grounds Maintenance position.

Power generation maintenance and repairs consists of work performed on the photo voltaic system, a maintenance contract for the BERS turbines, and maintenance of the CNG fill stations at the treatment plant and the pump station.

Equipment maintenance and repair are expected to remain similar to 2019. The amounts for Captains Cove and Marin Lagoon are from the budgets for those developments.

Capital repairs/replacements consist of items that are long-lived or life extending in nature but are not included in the capital improvements budget. They are either items that are capital in nature but the replacement/repair is not anticipated as part of the initial capital outlay budget or items such as small pumps and equipment with a cost under the \$5,000 capitalization threshold. There were two projects, the Primary Biofilter Feed Pump Replacement and Deep Bed Filter Valves and Effluent Pump Box Weir Replacements, during 2018 which were included for the treatment plant and are not expected to reoccur. These two projects cost \$157,000.

Other Operating Expenses:

Chemical costs are estimated based on past usage with an increase for 2019.

Pollution prevention program is contracted with Central Marin Sanitary Agency. The budget is based on prior year experience and projected amounts for 2018.

Las Gallinas Valley Sanitary District

Preliminary Budget 2018-19

Lab contract services are budgeted based on year to date 2018 charges for the treatment plant and the recycled water facility.

Small tools are budgeted based on needed items and prior year expenditures for each individual department.

Outside services consist of the cost of pagers, answering service, alarm system monitoring, security patrol, pre-employment screening, and portable restrooms in the reclamation area. Janitorial cost is projected based on adding one additional cleaning per week. Uniform service is projected for 2019 based on current year costs.

Aquatic review is conducted twice a year by contract.

Damage claims are budgeted based on the maximum deductible for one sewer overflow claim for the year.

Sludge Disposal is the cost for injecting digested biosolids in the District's dedicated disposal site. The amount is based on prior year activity.

Regulatory consultant budget is based on a proposal for 2019. The budget appears substantially in excess of current year to date expenditures; however work performed in connection with the Secondary Treatment Plant Upgrade and Recycled Water Expansion projects is charged to the capital budget and not reflected in the year to date Operating and Maintenance Expense. The costs incurred to date are 60% of the budgeted amount and the proposal for 2018-19 is approximately 5% less than 2017-18.

Engineering consultant is an estimate by staff based on the average activity during recent years. Some of this cost is reimbursed by project owners who apply for capacity.

Consultants include costs for updating the strategic plan, implementing the Canada goose management plan, the biennial actuarial valuation for the Other Post Employment Benefit Plan, recruiting for a general manager, performance of a compensation and classification study, and labor relations.

General operating supplies are budgeted by department based on prior year trends.

Utility power is for the treatment plant and the pump stations. For the pump stations, a small increase is budgeted for converting to the Deep Green alternative with MCE. For the treatment plant, the budget includes charges in excess of any rebates due to power consumption required for construction.

Telephone and water are budgeted based on year to date 2018 costs.

Fuel and oil budget is based on year to date 2018. Diesel usage has decreased with the utilization of the CNG powered vehicle for Collections.

Safety equipment and supplies and safety services are budgeted based on equipment needs and the proposal for 2018.

Lateral rehab assistance program is budgeted based on the amount in the 2019 rate plus reinvestment of the projected repayments from existing agreements.

Las Gallinas Valley Sanitary District

Preliminary Budget 2018-19

General and Administrative:

Conferences and mileage/travel are budgeted based on year to date 2018 activity.

Election costs are incurred if more than three people run for the three seats up for election.

Office supplies and expense is budgeted based on annualizing 2018 activity.

Computer support and supplies includes annual software renewals, the replacement of computers as needed and outside computer network support. The District is using more software from outside vendors which has increased the cost.

User charge collection fee is charged by the County of Marin for collecting the property taxes and sanitary sewer service charges on the tax rolls. Staff is projecting the amount based on 2018 rates.

Publications and legal ads are for contract/public bidding advertising, chemical procurement, public hearings, and recruiting.

Public education and outreach is for the joint efforts with other Marin County sewage treatment agencies, web site maintenance, the request by STRAW for funding, special mailings and for the District's newsletter and annual sewer rate change mailings.

Taxes, other is the annual LAFCO charge and is based on the projected 2019 charge.

Memberships and permits are based on the 2018 invoices with an increase for some permits.

Rents and leases for administration are costs for the lease of the postage machine, off-site records storage, railroad easements and copiers. Rents and leases for pumpstations are for portable stand by generators for storm events.

Legal expense is projected to decrease from 2018 activity as certain personnel matters and legal issues concerning the treatment plant upgrade are anticipated to be resolved.

Audit expense is based on the 2017 request for proposals which covers three years of audit engagements.

Employee recognition is based on year to date and projected 2018 activity.

Employee training and education includes the cost for the District to participate in the Liebert Cassidy Whitmore employment relations consortium and other offsite training. The District expects to continue to send staff for training in 2018. Continued training for staff development is budgeted in the consultant category.

Las Gallinas Valley Sanitary District

Preliminary Budget 2018-19

Reserves

- Working Cash Flow and Undesignated Capital reserves are budgeted based on the target balance established in 2009 and increase each year by 5%.
- The Capital Reserves for the Secondary Treatment Plant Upgrade and Recycled Water Expansion projects are based on the actual payment required to service the 2017 Revenue Bonds and the amount that was included in the five year rate increase. These funds will be used to pay for the project expenses.
- Captains Cove and Marin Lagoon reserves are the excess of special assessments over projected operations, maintenance and capital expenditures which are collected for these developments.
- MMWD Debt Reimbursement reserves are the amounts MMWD is paying to the District for the buy-in for the existing recycled water treatment plant and the allocated share of the 2017 Revenue Bonds for the expansion project.

Debt Service

The District has five issuances of debt outstanding. They are as follows:

- Certificates of Participation (COP) with an original principal amount of \$10,000,000, which were issued in 2005, and have annual principal and interest payments through December 2025. The District refinanced them at a reduced interest rate of 3.3% which will save interest over the remaining life and will result in lower annual payments. The principal balance remaining is scheduled to be \$4,978,800 as of July 1, 2018.
- State Revolving Fund Loan (SRF) was a construction loan which originated in 2010 and was completely drawn down in 2012. The original principal amount was \$4,314,750 with annual principal and interest payments through June 2032. The interest rate is 2.7%. The principal balance remaining is scheduled to be \$3,291,573 as of July 1, 2018.
- Bank of Marin Loan which originated in 2011 with a principal amount of \$4,600,000. Monthly principal and interest payments are due through June 2031. The interest rate is 3.88%. The principal balance remaining is scheduled to be \$3,380,752 as of July 1, 2018.
- Bank of Marin Loan which originated in 2012 with a principal amount of \$2,000,000. Monthly principal and interest payments are due through August 2022. The interest rate is 3.25%. The principal balance remaining is scheduled to be \$915,028 as of July 1, 2018.
- 2017 Revenue Bonds were issued in April 2017 with a principal amount of \$38,365,000. The true interest rate to maturity is 3.298476%. Annual principal and interest payments are due through April 2042. The principal balance remaining is scheduled to be \$36,647,700 as of July 1, 2018.

The debt service does not reflect the reimbursement to be received from MMWD for buying into the existing recycled water treatment facility or their portion of the 2017 Revenue Bonds. The payments to be received from MMWD are transferred to the reserves budget.

Las Gallinas Valley Sanitary District

Preliminary Budget 2018-19

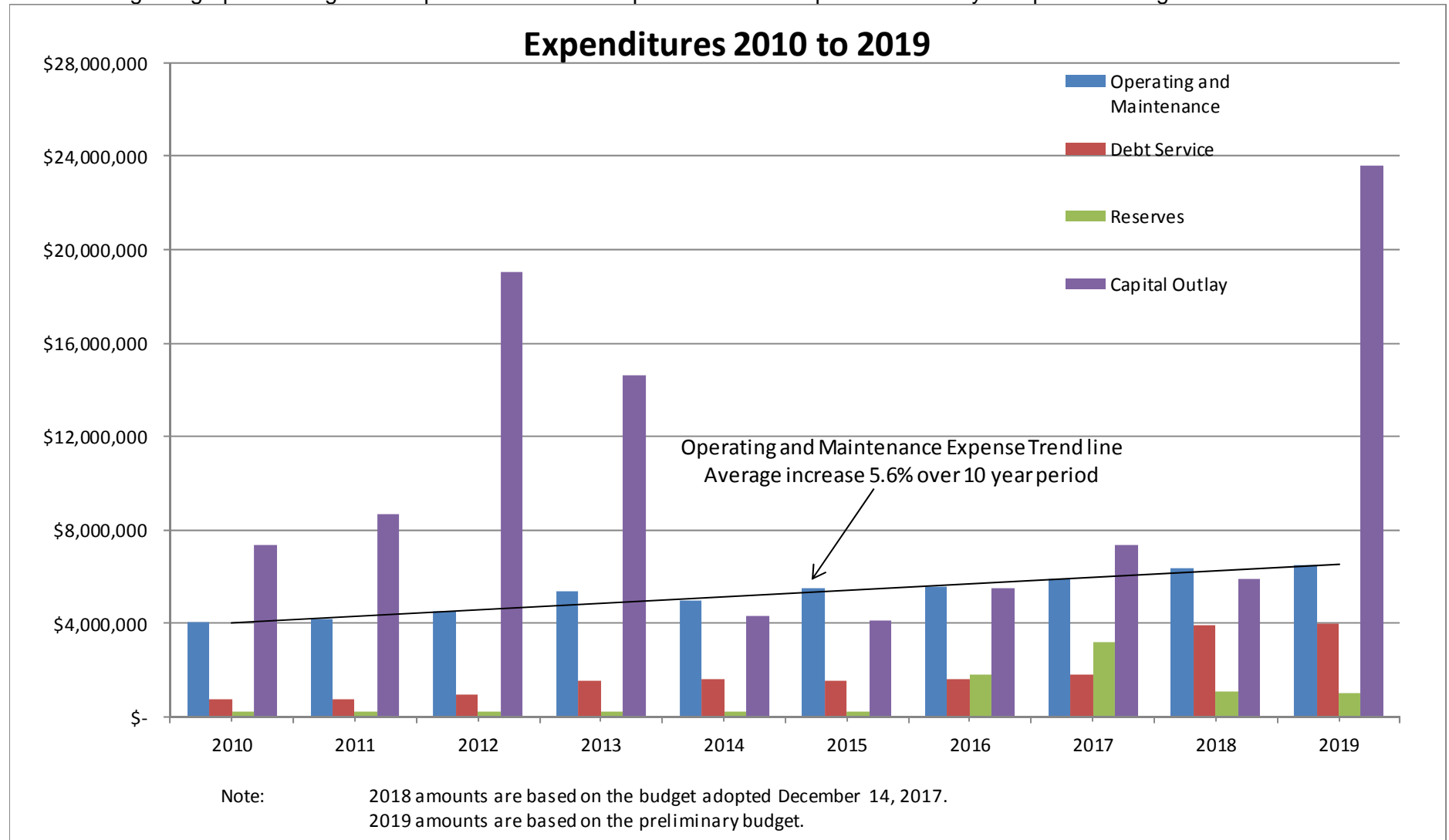
Capital Outlay

The Capital Outlay budget contains projects specifically identified in the Five Year plan for 2015/2016 through 2019/2020 plus miscellaneous capital needs that change yearly. See the separate Capital Outlay Budget for the list of projects and summary descriptions.

s:\accounting\budget\2018-19 budget\preliminary budget memo 2018-19 05 24 2018.docx

Las Gallinas Valley Sanitary District Preliminary Budget 2018-19

The following is a graph showing the composition of District expenditures for the past nine fiscal years plus the budget for 2019.



LAS GALLINAS VALLEY SANITARY DISTRICT 2018-19 PRELIMINARY REVENUE BUDGET

Revenue Description	2016-17 Final Actual	2017-18 Revised Budget	2017-18 Projected Actual	2018-19 Proposed Budget
OPERATING REVENUE				
User Charges	\$ 13,059,850	\$ 13,634,900	\$ 13,634,900	\$ 14,120,000
Educational Revenue Augmentation Fund	366,078	300,000	324,000	320,000
Recycled Water	45,548	75,100	50,000	42,000
Franchise Fees	25,000	25,000	25,000	25,000
Inspections/Permits/Application Fee	8,957	5,500	6,000	43,000
Interest	532	400	500	500
Interest on Reserves	72,856	60,000	190,000	156,000
Suppl. Property Tax Assess.	15,409	20,000	16,000	16,000
Homeowner Property Tax Relief	4,363	4,000	4,350	4,300
Private Sewer Lateral Assistance Program	76,027	65,000	90,000	80,000
Miscellaneous Revenue	33,057	20,000	20,000	20,000
Sale of Assets	(6,267)	5,000	4,000	-
Operating Transfer Out	-	(3,237,474)	-	(3,813,703)
Total Operating Revenue	<u>13,701,410</u>	<u>10,977,426</u>	<u>14,364,750</u>	<u>11,013,097</u>
CAPACITY RELATED REVENUE				
Annex and Capital Facility Charges	39,580	-	215,514	-
Interest	451	300	300	300
Total Capacity Related Revenue	<u>40,031</u>	<u>300</u>	<u>215,814</u>	<u>300</u>
GENERAL CONSTRUCTION REVENUE				
Property Tax	856,873	830,000	864,000	870,000
Operating Transfer In	-	3,237,474	-	3,813,703
	<u>856,873</u>	<u>4,067,474</u>	<u>864,000</u>	<u>4,683,703</u>
OTHER SOURCES OF FUNDS				
Marin Municipal Water District	436,837	455,058	455,058	463,145
Loan	41,039,514	-	-	-
Federal Grant	-	847,150	-	847,150
State Grant	-	416,310	416,310	-
	<u>41,476,351</u>	<u>1,718,518</u>	<u>871,368</u>	<u>1,310,295</u>
UTILIZATION OF BOND FUNDS AND RESERVES				
Reserves	366,256	5,600	-	-
Private Sewer Lateral Assistance Funds	-	-	-	-
Prior Year Capital Project Carryover	4,046,259	7,291,131	-	3,632,500
Transfers from Bond Fund	65,955	-	450,000	14,360,020
Marin Lagoon Reserve Fund	-	165,000	-	74,000
Captains Cove Reserve Fund	-	30,000	-	2,695
Capital Facilities Fund	350,056	300,000	300,000	-
	<u>4,828,526</u>	<u>7,791,731</u>	<u>750,000</u>	<u>18,069,215</u>
TOTAL REVENUES	<u>\$ 60,903,191</u>	<u>\$ 24,555,449</u>	<u>\$ 17,065,932</u>	<u>\$ 35,076,610</u>

LAS GALLINAS VALLEY SANITARY DISTRICT

2018-19 PRELIMINARY OPERATING AND MAINTENANCE EXPENSE BUDGET

Acct. Num.	Expense Description	2016-17 Total Actual	2017-18 Revised Budget	2017-18 Year to Date 3/31/2018	2018/19 Preliminary Budget	Percent Change from Prior Year
1003	Regular Staff Salaries	\$ 2,252,470	\$ 2,382,000	\$ 1,841,517	\$ 2,455,000	3.06%
1004	Extra Hire	-	-	-	101,000	100.00%
1005	Contract Personnel	-	2,000	-	-	-100.00%
1008	Over Time	87,008	70,300	54,492	68,500	-2.56%
1009	Vacation and Sick Accrual	51,592	48,000	41,840	39,000	-18.75%
1010	Stand By	76,396	68,600	56,310	73,100	6.56%
1036	Directors Salary	55,847	55,000	52,901	56,000	1.82%
1037	Directors Benefits	9,000	9,600	6,300	9,600	0.00%
1404	Payroll Taxes	178,182	182,955	135,507	205,095	12.10%
1502	Group Life Insurance	5,462	5,905	4,331	5,362	-9.20%
1507	PERS	350,789	356,980	298,499	387,837	8.64%
1509	Health Insurance	531,839	552,130	408,275	604,045	9.40%
1510	Dental Insurance	17,479	17,800	17,627	19,200	7.87%
1514	Vision Insurance	2,019	2,650	1,811	2,750	3.77%
1516	Long Term Disability	17,786	22,200	14,952	20,655	-6.96%
2006	Auto Allowance	12,730	13,200	8,400	13,200	0.00%
2007	Commute Stipend	28,037	33,000	21,576	36,000	9.09%
1006	Payroll Processing	<u>9,657</u>	<u>9,500</u>	<u>7,008</u>	<u>10,000</u>	5.26%
	Total Employee Expense	<u>3,686,293</u>	<u>3,831,820</u>	<u>2,971,346</u>	<u>4,106,344</u>	7.16%
1701	Workers' Comp Insurance	41,785	58,000	20,122	65,000	12.07%
1702	Unemployment Insurance	-	-	-	-	
2060	Pooled Liability Insurance	103,753	110,000	75,674	113,000	2.73%
2061	Fidelity Bond	<u>1,232</u>	<u>1,250</u>	<u>712</u>	<u>950</u>	-24.00%
	Total Insurance Expense	<u>146,770</u>	<u>169,250</u>	<u>96,508</u>	<u>178,950</u>	5.73%
2083	Vehicle Parts & Maintenance	42,093	66,500	33,099	41,500	-37.59%
2096	Building maintenance	12,117	15,000	12,717	17,500	16.67%
2097	Grounds Maintenance	7,161	5,000	11,803	40,000	700.00%
2538	Power Generation Maint & Repair	3,748	10,000	1,874	65,000	550.00%
2365	Equipment Maintenance	50,442	53,750	27,043	85,000	58.14%
2366	Equipment Repair	71,465	89,200	47,596	74,500	-16.48%
2367	Capital Repairs/Replacements	<u>166,782</u>	<u>347,500</u>	<u>230,982</u>	<u>130,000</u>	-62.59%

LAS GALLINAS VALLEY SANITARY DISTRICT

2018-19 PRELIMINARY OPERATING AND MAINTENANCE EXPENSE BUDGET

Acct. Num.	Expense Description	2016-17 Total Actual	2017-18 Revised Budget	2017-18 Year to Date 3/31/2018	2018/19 Preliminary Budget	Percent Change from Prior Year
	Total Repairs and Maintenance	<u>353,808</u>	<u>586,950</u>	<u>365,114</u>	<u>453,500</u>	-22.74%
2107	Hypochlorite	45,585	67,000	31,045	54,000	-19.40%
2110	Bisulfite	57,425	68,000	35,585	46,000	-32.35%
2109	Miscellaneous Chemicals	88,131	106,600	53,875	74,500	-30.11%
2119	Pollution Prevention Program	16,905	20,000	5,591	12,500	-37.50%
2117	Lab Contract Services	50,748	36,000	29,273	43,000	19.44%
2102	Special Monitoring/Pilot Testing	2,800	-	-	-	0.00%
2249	Small Tools	3,261	4,200	5,382	8,000	90.48%
2322	Outside Services	17,111	18,000	12,113	18,000	0.00%
2324	Janitorial	9,771	19,000	8,003	15,000	-21.05%
2325	Aquatic Review	3,536	3,600	3,421	3,800	5.56%
2327	Uniform Service	4,913	5,500	4,410	6,500	18.18%
2330	Damage Claim	992	10,000	292	10,000	0.00%
2334	Sludge Disposal	47,984	67,500	61,073	67,500	0.00%
2357	Regulatory Consultant	158,591	167,500	62,827	159,300	-4.90%
2358	Engineering Consultant	27,337	15,000	68,068	15,000	0.00%
2360	Consultants	36,763	95,000	69,302	100,000	5.26%
2362	General Operating Supplies	52,110	51,200	35,011	51,600	0.78%
2535	Utility Power	314,316	82,065	150,137	154,300	88.02%
2534	Telephone	32,704	32,000	23,891	33,505	4.70%
2536	Water	4,897	4,200	6,517	10,000	138.10%
2501	Fuel & Oil	26,380	25,000	12,960	18,000	-28.00%
2389	Safety Equipment & Supplies	22,775	20,000	17,217	32,000	60.00%
2397	Safety Services	28,720	28,900	21,395	30,000	3.81%
2801	Lateral Rehab Assistance Program	116,091	197,915	43,366	219,861	11.09%
2477	Conferences	46,090	51,000	48,418	58,000	13.73%
2479	Mileage and Travel	5,881	5,200	7,692	5,500	5.77%
2129	Election	1,043	-	-	25,000	100.00%
2133	Office Supplies	16,432	14,000	10,423	14,000	0.00%
2716	Computer Support and Supplies	40,418	50,000	95,197	80,000	60.00%
2135	Bank Charges	2,574	1,500	146	1,500	0.00%

LAS GALLINAS VALLEY SANITARY DISTRICT

2018-19 PRELIMINARY OPERATING AND MAINTENANCE EXPENSE BUDGET

Acct. Num.	Expense Description	2016-17 Total Actual	2017-18 Revised Budget	2017-18 Year to Date 3/31/2018	2018/19 Preliminary Budget	Percent Change from Prior Year
9778	User Charge Collection Fee	32,908	35,000	21,592	35,000	0.00%
2221	Publication and Legal Ads	13,779	10,000	8,245	10,000	0.00%
2223	Public Education and Outreach	33,462	45,000	29,928	40,000	-11.11%
2264	Taxes, Other	7,766	8,000	6,688	9,000	12.50%
2272	Memberships	44,083	44,000	34,230	44,000	0.00%
2363	Permits	48,604	45,000	42,318	54,250	20.56%
2364	Fines	9,000	6,000	-	-	-100.00%
2246	Rents and Leases	21,008	22,000	10,988	17,500	-20.45%
2713	Legal	195,643	250,000	171,973	120,000	-52.00%
2717	Audit	30,570	27,000	25,570	27,000	0.00%
9786	Employee Recognition	2,481	4,500	3,665	4,500	0.00%
9787	Employee Training and Education	18,263	22,000	12,789	18,000	-18.18%
9999	Miscellaneous expense	102	1,000	1,998	1,000	0.00%
9920	Reserves ⁽¹⁾	-	-	-	-	
OPERATING EXPENSE TOTALS		<u>\$ 5,926,824</u>	<u>\$ 6,373,400</u>	<u>\$ 4,725,582</u>	<u>\$ 6,485,410</u>	1.76%

100 Administration 125 Engineering 200 Collection System 300 Pump Station 350 Captains Cove
360 Marin Lagoon Laboratory 400 600 Treatment Plant 900 Other / General

(1) Reserve funding has been moved to separate budget effective with 2014-15

LAS GALLINAS VALLEY SANITARY DISTRICT 2018-19 PRELIMINARY DEBT SERVICE BUDGET

Expenditure	2015-16 Total Actual	2016-17 Total Actual	2017-18 Adopted Budget	2018-19 Preliminary Budget
2005 Certificates of Participation/ Refunded 2014	\$ 686,045	\$ 689,876	\$ 697,963	\$ 690,473
2010 State Revolving Fund Loan	285,464	285,464	285,464	285,464
2011 Bank of Marin Loan	332,681	332,681	332,682	332,682
2012 Bank of Marin Loan	235,346	235,346	235,346	235,346
2017 Revenue Bonds ⁽¹⁾	-	-	2,369,505	2,446,600
2016 Treatment Plant Upgrade ⁽²⁾	-	-	-	-
2016 Miller Creek Maintenance	90,000	95,034	-	-
2017 Administration Building Expansion⁽²⁾	-	-	-	-
	<u>\$ 1,629,536</u>	<u>\$ 1,638,401</u>	<u>\$ 3,920,960</u>	<u>\$ 3,990,565</u>

(1) Includes treatment plant upgrade, recycled water treatment plant expansion and operations control center.

(2) Per Board action on May 25, 2017, the amounts collected for the treatment plant upgrade and operations control center projects prior to the bonds being issued will be reclassified as Reserves and are reflected in the Reserve Budget for all years presented.

LAS GALLINAS VALLEY SANITARY DISTRICT 2018-19 PRELIMINARY RESERVE FUNDING BUDGET

Expenditure	2015-16 Total Actual	2016-17 Total Actual	2017-18 Adopted Budget	2018-19 Preliminary Budget
Working Cash Flow	\$ 116,826	\$ 126,408	\$ 158,045	\$ 166,286
Rate Stabilization ⁽¹⁾	-	-	-	-
Emergency Repair ⁽²⁾	48,105	43,622	-	-
Capital Reserves				
Undesignated	103,082	111,536	139,451	\$ 146,722
Plant Upgrade and Recycled Water Treatment Plant Expansion Projects	1,558,720	2,591,715	301,210	224,115
Captains Cove	5,854	-	5,060	-
Marin Lagoon	5,421	6,263	9,695	-
MMWD Recycled Water Facility Buy in	-	333,563	-	-
MMWD Debt Reimbursement				
Bank of Marin	-	-	206,549	206,549
2017 Revenue Bonds	-	-	248,509	256,595
	<u>\$ 1,838,008</u>	<u>\$ 3,213,107</u>	<u>\$ 1,068,519</u>	<u>\$ 1,000,267</u>

**LAS GALLINAS VALLEY SANITARY DISTRICT
2018-19 PRELIMINARY CAPITAL OUTLAY BUDGET**

Project Description			Funding Source								
			Total Project Cost FY 2019	Carryover from FY 2018	Bond Fund	Grants	Reserves	Capacity Fund	Current Year		
100 ADMINISTRATION											
19100	01	Phone System <i>Replace phone system.</i>	Project Total: \$ 20,000								\$ 20,000
19100	02	Roof Replacement <i>Roofs on Administration, Shop, Digester, and Headworks buildings are beyond their useful lives.</i>	Project Total: \$ 100,000								\$ 100,000
19100	03	HVAC System Replacement <i>HVAC systems in Administration Building need to be replaced.</i>	Project Total: \$ 30,000								\$ 30,000
Total			\$ 150,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 150,000
200 COLLECTION SYSTEM											
11200	03	John Duckett Sewage Main Capacity and Storage <i>Phase 1 of 3 phases; Phase 1 will include the design of all 3 phases and deepening of the Duckett pump station, eliminating the visible Gallinas Creek crossing and a new Highway 101 crossing.</i>	Project Total: \$ 2,278,556								\$ 2,278,556
19200	01	Sewer Main Rehabilitation 2019 <i>Annual sewer system rehabilitation.</i>	Project Total: \$ 2,091,020	\$ 1,052,810							\$ 1,038,210
19200	02	Manhole/Rod hole Repair and Replacement <i>Roadwork, repair and replacement.</i>	Project Total: \$ 50,000								\$ 50,000
19200	03	Vactor <i>Replace equipment that is out of service.</i>	Project Total: \$ 325,000	\$ 119,895							\$ 205,105
19200	04	Collections System Master Plan <i>Prepare a master plan study for future needs assessment</i>	Project Total: \$ 200,000								\$ 200,000
Total			\$ 4,944,576	\$ 1,172,705	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,771,871
300 PUMP STATIONS / FORCE MAINS											
12300	05	Rafael Meadows Pump Station <i>Design and install a stationary emergency generator, upgrade panel and seal leaking wet well.</i>	Project Total: \$ 410,686	\$ 410,686							\$ -
14300	05	Force Main Repair/Replacement <i>Line force main line to plant as part of large plant project.</i>	Project Total: \$ 1,838,145	\$ 1,575,158							\$ 262,987
19300	01	Supervisory Control and Data Acquisition (SCADA)	Project Total: \$ 25,000								\$ 25,000

**LAS GALLINAS VALLEY SANITARY DISTRICT
2018-19 PRELIMINARY CAPITAL OUTLAY BUDGET**

Project Description			Funding Source							
			Total Project Cost FY 2019	Carryover from FY 2018	Bond Fund	Grants	Reserves	Capacity Fund	Current Year	
<i>Programming upgrades.</i>										
19300	02	Pump Station Panel Upgrades and Replacements <i>Controls at panels have reached the end of their useful lives.</i>	Project Total: \$ 243,400	\$ -						\$ 243,400
18360	01	Marin Lagoon Pump Station <i>Panel replacement, upgrades, and painting .</i>	Project Total: \$ 39,000				\$ 39,000			\$ -
Total			\$ 2,556,231	\$ 1,985,844	\$ -	\$ -	\$ 39,000	\$ -	\$ -	\$ 531,387
500 RECLAMATION										
11500	09	Miller Creek <i>Repair, maintain and modify.</i>	Project Total: \$ 95,034							\$ 95,034
17500	05	McInnis Marsh Restoration <i>Financial participation with County of Marin.</i>	Project Total: \$ 100,000	\$ 100,000						\$ -
18500	01	Levee Maintenance <i>Accumulate funding for periodic levee maintenance.</i>	Project Total: \$ 130,365	\$ 94,960						\$ 35,405
18500	02	North Bay Water Reuse Authority and North Bay Water <i>Continued participation in Phase 1 and new participation for drought contingency</i>	Project Total: \$ 38,000							\$ 38,000
Total			\$ 363,399	\$ 194,960	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 168,439
600 TREATMENT PLANT										
12600	02	Plant Improvements 2018 <i>Grit System.</i>	Project Total: \$ 278,991	\$ 278,991						\$ -
12600	07	Secondary Plant Upgrades <i>Design and build future secondary plant capacity and treatment upgrades.</i>	Project Total: \$ 8,616,010		\$ 8,616,010					\$ -
14600	04	Biogas Energy Recovery System <i>Design replacement for cogen digester gas and heating systems.</i>	Project Total: \$ 25,000							\$ 25,000
19600	01	Supervisory Control and Data Acquisition <i>Continued panel and programming upgrades.</i>	Project Total: \$ 25,000							\$ 25,000
19600	02	Miscellaneous Plant Equipment <i>Small equipment purchases.</i>	Project Total: \$ 25,000							\$ 25,000
Total			\$ 8,970,001	\$ 278,991	\$ 8,616,010	\$ -	\$ -	\$ -	\$ -	\$ 75,000

**LAS GALLINAS VALLEY SANITARY DISTRICT
2018-19 PRELIMINARY CAPITAL OUTLAY BUDGET**

Project Description		Funding Source						
		Total Project Cost FY 2019	Carryover from FY 2018	Bond Fund	Grants	Reserves	Capacity Fund	Current Year
650 TERTIARY FACILITY								
16650	02 Recycled Water Facility Expansion <i>Design expanded facility.</i>	Project Total:	\$ 6,591,160	\$	5,744,010	\$	847,150	
19650	01 Supervisory Control and Data Acquisition <i>Continue programming.</i>	Project Total:	\$ 25,000					\$ 25,000
Total			\$ 6,616,160	\$ -	\$ 5,744,010	\$ 847,150	\$ -	\$ -
Total Capital Project			\$ 23,600,367	\$ 3,632,500	\$ 14,360,020	\$ 847,150	\$ 39,000	\$ -
								\$ 4,721,697

RESOLUTION NO. 2018-2127

**A RESOLUTION CONFIRMING THE ANNUAL SEWER SERVICE CHARGE
AND SUPPLEMENTAL SERVICE CHARGES FOR THE
LAS GALLINAS VALLEY SANITARY DISTRICT
FOR THE FISCAL YEAR 2018-19**

RESOLVED, by the Sanitary Board of the Las Gallinas Valley Sanitary District, Marin County, California, as follows:

WHEREAS, the District did on June 14, 2018 have a Public Hearing on the Proposed Increase in Sewer Service Charges and,

WHEREAS, the Board did on June 11, 2015 adopt Ordinance No. 166, which adopted the annual rate increases as outlined in the Proposition 218 Notification, a copy of which is attached as Exhibit A and incorporated into this resolution and,

WHEREAS, the Board pursuant to the adoption of Ordinance No. 166 desires to affirm that the maximum annual sewer service charge for the fiscal year 2018-19 is \$898 per year starting on July 1, 2018 as indicated in the Proposition 218 Notification referred to above and,

WHEREAS, the Board finds that the annual sewer service charge is supported by evidence in the study it commissioned by its consultant and the charge meets the legal requirements of the California Constitution, Article XIII D, § 6 and Government Code §§ 53750 et seq., and

WHEREAS, on June 4, 2009, the Board approved Ordinance No. 142, An Ordinance Amending Title 5, Chapter 2, of the Ordinance Code of the Las Gallinas Valley Sanitary District, Regarding the Marin Lagoon Sewer Service Surcharge that the following sanitary sewer service surcharge, in addition to the annual sewer service charge, shall be:

Marin Lagoon Homeowners Association \$110 per annum, and

WHEREAS, on June 4, 2009, the Board approved Ordinance No.143, An Ordinance Adding Title 5, Chapter 3, of the Ordinance Code of the Las Gallinas Valley Sanitary District, Regarding the Captains Cove Sewer Service Surcharge that the following sanitary sewer service surcharge, in addition to the annual sewer service charge, shall be:

Captains Cove Homeowners Association \$100 per annum,

NOW THEREFORE, THE SANITARY BOARD OF THE LAS GALLINAS VALLEY SANITARY DISTRICT, MARIN COUNTY, CALIFORNIA, HEREBY RESOLVES THAT,

1. The annual sewer service charge of \$898 per sanitary unit shall be the rate for the fiscal year 2018-19;
2. The annual sanitary sewer service surcharge for the Marin Lagoon and Captains Cove areas will be as referenced above for the fiscal year 2018-19.

* * * * *

I hereby certify that the foregoing 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 June 14, 2018, by the following vote of the members thereof:

AYES, and in favor thereof, Members:

NOES, Members:

ABSENT, Members:

ABSTAIN, Members:

Teresa L. Lerch, District Secretary,
Las Gallinas Valley Sanitary District

APPROVE:

(seal)

Megan Clark, Board President



NOTICE TO PROPERTY OWNERS

June 14, 2018 Public Hearing on Sewer Service Charge Increase

The District will hold a public hearing on its proposed 2018-19 budget and sewer rates on Thursday, June 14, 2018, at 4:30 PM at the District's office, 300 Smith Ranch Road, San Rafael, CA 94903. In 2015, a plan was approved that detailed sewer service charges through 2019-20. The proposed 2018-19 increase will be reviewed by the District Board of Directors for approval at the June 14th public hearing.

Rate Change Explained

At a public hearing on June 11, 2015, in conformance with the requirements of Proposition 218, the District approved a five-year sewer service charge increase plan. The initial rate increase took effect on July 1, 2015.

Funds from sewer service charges are used for all District sewer services, including: maintenance, replacement and updating aging sewer system facilities to meet new stringent regulatory requirements. Making critical improvements helps the District avoid costly regulatory fines, protects public health, and safeguards the environment.

To cover the cost of these critical services and upgrades, the District proposes increasing the rate from \$867 to \$898 per year per sanitary sewer unit (less than \$3/month) effective July 1, 2018.

How the District Keeps Costs Down

The District maintains a small staff and proactively plans for and makes responsible investments in infrastructure and improvements. Good compliance with regulatory requirements has helped the District avoid costly fines that have been imposed on other sanitary agencies.

How the Funds are Being Used

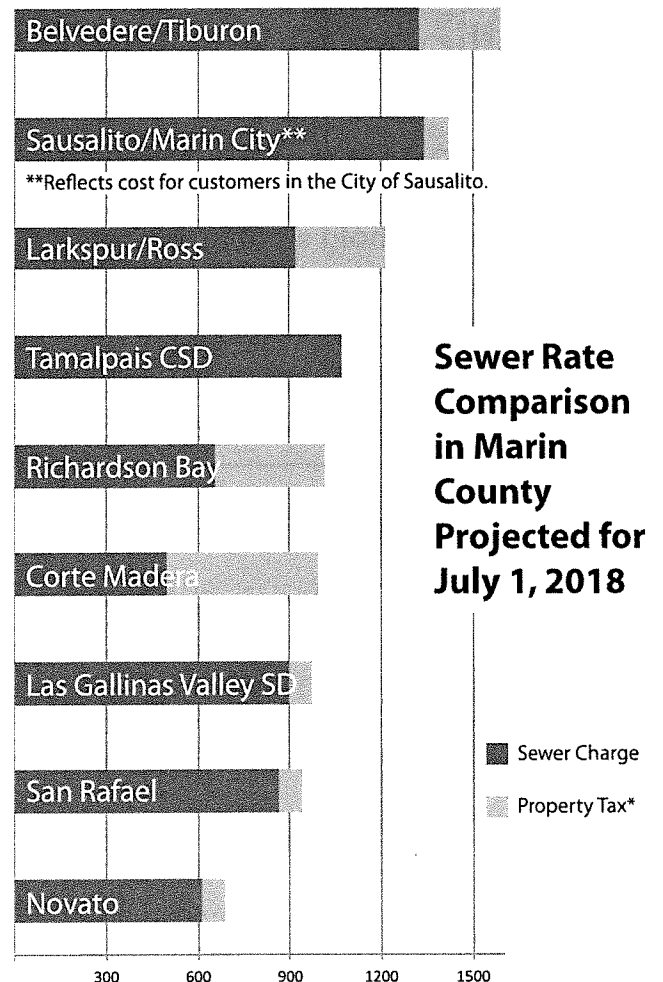
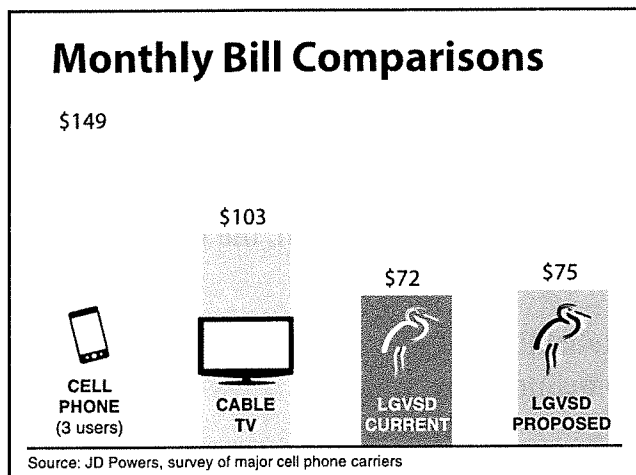
While the majority of the funding is being reserved for the expansion and upgrade of the treatment plant (\$60 million), LGVSD has completed, or is working on, the following projects to date:

- Rehabilitating sewer and lower lateral pipelines
- Increasing capacity of sewer mains for high flow events.
- Rehabilitating pump stations and improving force mains.
- Maintaining facilities to avoid equipment failure, make emergency repairs when necessary and replace vehicles and equipment.
- Completion of a Biogas Energy Recovery System (replaced an over 25 year old methane fueled generator) which also generates CNG (compressed natural gas) to fuel the District's new CNG sewer maintenance truck.
- Rehabilitation of the primary digester to improve solids decomposition and increase methane production for power generation and vehicle fuel.

LGVSD Rates* Remain Below Marin County Average

The annual cost of sewer service for a typical District single family residential customer (or sanitary sewer unit) are below the average median of comparable Marin County communities.

*Agencies also receive property tax revenue to fund operations. These revenues are a significant source of funding and vary greatly among sewer districts and cities providing services.



Moving Forward on the Treatment Plant Upgrade

In order to address critical issues (aging infrastructure, changes in wastewater content, and new regulations), the District is embarking on one of the largest projects in the District's history with the Treatment Plant upgrade. Construction is expected to start in late 2018. When complete, LGVSD will be able to deliver full secondary biological treatment capacity for flows up to 18 million gallons per day (MGD) and raise the elevation of the secondary treatment facilities to make the plant more resilient against flooding and the impacts of sea level rise.

In addition, the District and Marin Municipal Water District (MMWD) have agreed to expand the existing LGVSD Recycled Water Treatment Facility. The expanded facility will replace the existing MMWD facility which has reached the end of its useful life, allowing LGVSD to operate a single recycled water treatment plant. The expansion will improve efficiency and is expected to lower the cost to produce recycled water.

At this time, the administration building update has been postponed so that the available funds may be used for the critical wastewater treatment project.

Summary of Las Gallinas Valley Sanitary District Sewer Service Charges for July 1, 2018 through June 30, 2019

This is the fourth year in a five-year program of rate changes approved in 2015. The amount and method for calculating charges for various classes of customer are outlined below.

Residential Rates Beginning July 1, 2018

Residential Rates: The annual sewer service charge for single family homes or similar residential units such as condominiums and mobile homes will be set at an amount of no more than \$898 per living unit for the fiscal year beginning July 1, 2018. Multi-family residential units such as apartments are charged 90% of the annual single family home sewer service charge.

Non-Residential Rates Beginning July 1, 2018

Non-Residential Rates: The rates for non-residential customers are proportional to the increase in residential rates. Rates are calculated individually for each type of non-residential use as described below.

User Classes	Rate Calculation	Water Use Calculation
Domestic strength users: Commercial, office buildings, retail, churches, halls, public agencies, laundromats, service stations, medical offices, hospitals, convalescent/nursing homes, barber/beauty shops, and car washes	The annual sewer service charge rate times the average summer and winter water use times a strength factor of: 1.0	To calculate water use, the District obtains the average of winter and summer water usage for each non-residential customer from the Marin Municipal Water District. This data is then converted to equivalent single family residential units (or sanitary sewer units). Water used solely for irrigation and recycled water which does not enter the sewer system, i.e. water not used for toilet flushing, laundry, commercial car washes, etc., is excluded from the calculation.
High strength users:		
Bakeries	3.2	
Markets with disposals	2.6	
Restaurants/Cafes	2.4	
Mortuaries, mixed uses/ other, hotels with restaurants	2.0	
Industrial and other high-strength users	Contact the District for assistance	
Schools without showers or cafeteria facilities	0.01 times the annual sewer service charge rate per average daily attendance for students, faculty and employees	
Schools with showers or cafeteria facilities	0.02 times the annual sewer service charge rate per average daily attendance for students, faculty and employees	



Because of legal noticing requirements, you may receive more than one copy of this notice. This notice applies to all properties receiving service from Las Gallinas Valley Sanitary District.

300 Smith Ranch Road
San Rafael, CA 94903

Presorted
Standard
US Postage
PAID
Unicorn Group

Board of Directors

- Megan Clark
- Rabi Elias
- Russell R. Greenfield
- Craig K. Murray
- Judy Schriebman

District Administration

Chris DeGabriele, *Interim General Manager*

**Our Commitment
to Excellence**

**Public Education and Outreach Award
Three-County Area
2012, 2013, 2014, 2015, 2016**

**Collection System of the Year
Three-County Area
2008, 2010, 2012, 2016**

**Excellence in Financial Reporting,
Certificate of Achievement, 2017**

**District Transparency Certificate of
Excellence by the Special District
Leadership Foundation**

To Protest the Proposed Changes

Protests against the proposed changes in the sewer service charge must be submitted in writing to the District before the end of the public hearing to be held on June 14, 2018 at 4:30 PM. Protests must identify the owner(s) of the property or properties for which the protest is entered, and be signed by the property owner. If a majority of owners of affected parcels within the District submit written protests against the proposed changes, the District will not approve the sewer service charge increases.

ATTEND THE RATE HEARING: June 14, 2018 at 4:30 PM at the District's office
300 Smith Ranch Road, San Rafael, CA 94903

WEB: www.lgvsd.org **PHONE:** 415-472-1734 **EMAIL:** info@lgvsd.org

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.

This notice is being sent pursuant to Government Code § 53756(d). • *Printed on recycled paper using soy ink.*

RESOLUTION No. 2018-2128

A RESOLUTION FIXING AND APPROVING THE BUDGET
FOR THE FISCAL YEAR 2018-19

LAS GALLINAS VALLEY SANITARY DISTRICT

RESOLVED, by the Sanitary Board of the Las Gallinas Valley Sanitary District, Marin County, California, as follows:

1. That balances on hand as of June 30, 2018, and in each of the funds of the District shall be reserved for use by the District during the fiscal year 2018-19.
2. That the budget for said District for the fiscal year 2018-19 heretofore presented to this Board, a copy of which is hereto attached as Exhibit A and by reference incorporated herein, be, and the same is hereby approved.
3. That the Treasurer of this District shall be, and is hereby, authorized and directed to file a certified copy of this resolution with the budget of this District thereto attached, with the Board of Supervisors and the Treasurer of Marin County.

* * * * *

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 June 14, 2018, by the following vote of the members thereof:

- AYES, and in the favor thereof, Members:
- NOES, Members:
- ABSENT, Members:
- ABSTAIN, Members:

Teresa L. Lerch, District Secretary,
Las Gallinas Valley Sanitary District

APPROVED:

(seal)

Megan Clark, Board President

Exhibit A

Las Gallinas Valley Sanitary District
2018-19 Budget

LAS GALLINAS VALLEY SANITARY DISTRICT 2018-19 PRELIMINARY REVENUE BUDGET

Revenue Description	2016-17 Final Actual	2017-18 Revised Budget	2017-18 Projected Actual	2018-19 Proposed Budget
OPERATING REVENUE				
User Charges	\$ 13,059,850	\$ 13,634,900	\$ 13,634,900	\$ 14,120,000
Educational Revenue Augmentation Fund	366,078	300,000	324,000	320,000
Recycled Water	45,548	75,100	50,000	42,000
Franchise Fees	25,000	25,000	25,000	25,000
Inspections/Permits/Application Fee	8,957	5,500	6,000	43,000
Interest	532	400	500	500
Interest on Reserves	72,856	60,000	190,000	156,000
Suppl. Property Tax Assess.	15,409	20,000	16,000	16,000
Homeowner Property Tax Relief	4,363	4,000	4,350	4,300
Private Sewer Lateral Assistance Program	76,027	65,000	90,000	80,000
Miscellaneous Revenue	33,057	20,000	20,000	20,000
Sale of Assets	(6,267)	5,000	4,000	-
Operating Transfer Out	-	(3,237,474)	-	(3,813,703)
Total Operating Revenue	<u>13,701,410</u>	<u>10,977,426</u>	<u>14,364,750</u>	<u>11,013,097</u>
CAPACITY RELATED REVENUE				
Annex and Capital Facility Charges	39,580	-	215,514	-
Interest	451	300	300	300
Total Capacity Related Revenue	<u>40,031</u>	<u>300</u>	<u>215,814</u>	<u>300</u>
GENERAL CONSTRUCTION REVENUE				
Property Tax	856,873	830,000	864,000	870,000
Operating Transfer In	-	3,237,474	-	3,813,703
	<u>856,873</u>	<u>4,067,474</u>	<u>864,000</u>	<u>4,683,703</u>
OTHER SOURCES OF FUNDS				
Marin Municipal Water District	436,837	455,058	455,058	463,145
Loan	41,039,514	-	-	-
Federal Grant	-	847,150	-	847,150
State Grant	-	416,310	416,310	-
	<u>41,476,351</u>	<u>1,718,518</u>	<u>871,368</u>	<u>1,310,295</u>
UTILIZATION OF BOND FUNDS AND RESERVES				
Reserves	366,256	5,600	-	-
Private Sewer Lateral Assistance Funds	-	-	-	-
Prior Year Capital Project Carryover	4,046,259	7,291,131	-	3,632,500
Transfers from Bond Fund	65,955	-	450,000	14,360,020
Marin Lagoon Reserve Fund	-	165,000	-	74,000
Captains Cove Reserve Fund	-	30,000	-	2,695
Capital Facilities Fund	350,056	300,000	300,000	-
	<u>4,828,526</u>	<u>7,791,731</u>	<u>750,000</u>	<u>18,069,215</u>
TOTAL REVENUES	<u>\$ 60,903,191</u>	<u>\$ 24,555,449</u>	<u>\$ 17,065,932</u>	<u>\$ 35,076,610</u>

LAS GALLINAS VALLEY SANITARY DISTRICT 2018-19 PRELIMINARY OPERATING AND MAINTENANCE EXPENSE BUDGET

Acct. Num.	Expense Description	2016-17 Total Actual	2017-18 Revised Budget	2017-18 Year to Date 3/31/2018	2018/19 Preliminary Budget	Percent Change from Prior Year
1003	Regular Staff Salaries	\$ 2,252,470	\$ 2,382,000	\$ 1,841,517	\$ 2,455,000	3.06%
1004	Extra Hire	-	-	-	101,000	100.00%
1005	Contract Personnel	-	2,000	-	-	-100.00%
1008	Over Time	87,008	70,300	54,492	68,500	-2.56%
1009	Vacation and Sick Accrual	51,592	48,000	41,840	39,000	-18.75%
1010	Stand By	76,396	68,600	56,310	73,100	6.56%
1036	Directors Salary	55,847	55,000	52,901	56,000	1.82%
1037	Directors Benefits	9,000	9,600	6,300	9,600	0.00%
1404	Payroll Taxes	178,182	182,955	135,507	205,095	12.10%
1502	Group Life Insurance	5,462	5,905	4,331	5,362	-9.20%
1507	PERS	350,789	356,980	298,499	387,837	8.64%
1509	Health Insurance	531,839	552,130	408,275	604,045	9.40%
1510	Dental Insurance	17,479	17,800	17,627	19,200	7.87%
1514	Vision Insurance	2,019	2,650	1,811	2,750	3.77%
1516	Long Term Disability	17,786	22,200	14,952	20,655	-6.96%
2006	Auto Allowance	12,730	13,200	8,400	13,200	0.00%
2007	Commute Stipend	28,037	33,000	21,576	36,000	9.09%
1006	Payroll Processing	<u>9,657</u>	<u>9,500</u>	<u>7,008</u>	<u>10,000</u>	5.26%
	Total Employee Expense	<u>3,686,293</u>	<u>3,831,820</u>	<u>2,971,346</u>	<u>4,106,344</u>	7.16%
1701	Workers' Comp Insurance	41,785	58,000	20,122	65,000	12.07%
1702	Unemployment Insurance	-	-	-	-	
2060	Pooled Liability Insurance	103,753	110,000	75,674	113,000	2.73%
2061	Fidelity Bond	<u>1,232</u>	<u>1,250</u>	<u>712</u>	<u>950</u>	-24.00%
	Total Insurance Expense	<u>146,770</u>	<u>169,250</u>	<u>96,508</u>	<u>178,950</u>	5.73%
2083	Vehicle Parts & Maintenance	42,093	66,500	33,099	41,500	-37.59%
2096	Building maintenance	12,117	15,000	12,717	17,500	16.67%
2097	Grounds Maintenance	7,161	5,000	11,803	40,000	700.00%
2538	Power Generation Maint & Repair	3,748	10,000	1,874	65,000	550.00%
2365	Equipment Maintenance	50,442	53,750	27,043	85,000	58.14%
2366	Equipment Repair	71,465	89,200	47,596	74,500	-16.48%
2367	Capital Repairs/Replacements	<u>166,782</u>	<u>347,500</u>	<u>230,982</u>	<u>130,000</u>	-62.59%

LAS GALLINAS VALLEY SANITARY DISTRICT 2018-19 PRELIMINARY OPERATING AND MAINTENANCE EXPENSE BUDGET

Acct. Num.	Expense Description	2016-17 Total Actual	2017-18 Revised Budget	2017-18 Year to Date 3/31/2018	2018/19 Preliminary Budget	Percent Change from Prior Year
	Total Repairs and Maintenance	<u>353,808</u>	<u>586,950</u>	<u>365,114</u>	<u>453,500</u>	-22.74%
2107	Hypochlorite	45,585	67,000	31,045	54,000	-19.40%
2110	Bisulfite	57,425	68,000	35,585	46,000	-32.35%
2109	Miscellaneous Chemicals	88,131	106,600	53,875	74,500	-30.11%
2119	Pollution Prevention Program	16,905	20,000	5,591	12,500	-37.50%
2117	Lab Contract Services	50,748	36,000	29,273	43,000	19.44%
2102	Special Monitoring/Pilot Testing	2,800	-	-	-	0.00%
2249	Small Tools	3,261	4,200	5,382	8,000	90.48%
2322	Outside Services	17,111	18,000	12,113	18,000	0.00%
2324	Janitorial	9,771	19,000	8,003	15,000	-21.05%
2325	Aquatic Review	3,536	3,600	3,421	3,800	5.56%
2327	Uniform Service	4,913	5,500	4,410	6,500	18.18%
2330	Damage Claim	992	10,000	292	10,000	0.00%
2334	Sludge Disposal	47,984	67,500	61,073	67,500	0.00%
2357	Regulatory Consultant	158,591	167,500	62,827	159,300	-4.90%
2358	Engineering Consultant	27,337	15,000	68,068	15,000	0.00%
2360	Consultants	36,763	95,000	69,302	100,000	5.26%
2362	General Operating Supplies	52,110	51,200	35,011	51,600	0.78%
2535	Utility Power	314,316	82,065	150,137	154,300	88.02%
2534	Telephone	32,704	32,000	23,891	33,505	4.70%
2536	Water	4,897	4,200	6,517	10,000	138.10%
2501	Fuel & Oil	26,380	25,000	12,960	18,000	-28.00%
2389	Safety Equipment & Supplies	22,775	20,000	17,217	32,000	60.00%
2397	Safety Services	28,720	28,900	21,395	30,000	3.81%
2801	Lateral Rehab Assistance Program	116,091	197,915	43,366	219,861	11.09%
2477	Conferences	46,090	51,000	48,418	58,000	13.73%
2479	Mileage and Travel	5,881	5,200	7,692	5,500	5.77%
2129	Election	1,043	-	-	25,000	100.00%
2133	Office Supplies	16,432	14,000	10,423	14,000	0.00%
2716	Computer Support and Supplies	40,418	50,000	95,197	80,000	60.00%
2135	Bank Charges	2,574	1,500	146	1,500	0.00%

LAS GALLINAS VALLEY SANITARY DISTRICT 2018-19 PRELIMINARY OPERATING AND MAINTENANCE EXPENSE BUDGET

Acct. Num.	Expense Description	2016-17 Total Actual	2017-18 Revised Budget	2017-18 Year to Date 3/31/2018	2018/19 Preliminary Budget	Percent Change from Prior Year
9778	User Charge Collection Fee	32,908	35,000	21,592	35,000	0.00%
2221	Publication and Legal Ads	13,779	10,000	8,245	10,000	0.00%
2223	Public Education and Outreach	33,462	45,000	29,928	40,000	-11.11%
2264	Taxes, Other	7,766	8,000	6,688	9,000	12.50%
2272	Memberships	44,083	44,000	34,230	44,000	0.00%
2363	Permits	48,604	45,000	42,318	54,250	20.56%
2364	Fines	9,000	6,000	-	-	-100.00%
2246	Rents and Leases	21,008	22,000	10,988	17,500	-20.45%
2713	Legal	195,643	250,000	171,973	120,000	-52.00%
2717	Audit	30,570	27,000	25,570	27,000	0.00%
9786	Employee Recognition	2,481	4,500	3,665	4,500	0.00%
9787	Employee Training and Education	18,263	22,000	12,789	18,000	-18.18%
9999	Miscellaneous expense	102	1,000	1,998	1,000	0.00%
9920	Reserves ⁽¹⁾	-	-	-	-	
	OPERATING EXPENSE TOTALS	<u>\$ 5,926,824</u>	<u>\$ 6,373,400</u>	<u>\$ 4,725,582</u>	<u>\$ 6,485,410</u>	1.76%

100 Administration 125 Engineering 200 Collection System 300 Pump Station 350 Captains Cove
360 Marin Lagoon Laboratory 400 600 Treatment Plant 900 Other / General

(1) Reserve funding has been moved to separate budget effective with 2014-15

LAS GALLINAS VALLEY SANITARY DISTRICT 2018-19 PRELIMINARY DEBT SERVICE BUDGET

Expenditure	2015-16 Total Actual	2016-17 Total Actual	2017-18 Adopted Budget	2018-19 Preliminary Budget
2005 Certificates of Participation/ Refunded 2014	\$ 686,045	\$ 689,876	\$ 697,963	\$ 690,473
2010 State Revolving Fund Loan	285,464	285,464	285,464	285,464
2011 Bank of Marin Loan	332,681	332,681	332,682	332,682
2012 Bank of Marin Loan	235,346	235,346	235,346	235,346
2017 Revenue Bonds ⁽¹⁾	-	-	2,369,505	2,446,600
2016 Treatment Plant Upgrade ⁽²⁾	-	-	-	-
2016 Miller Creek Maintenance	90,000	95,034	-	-
2017 Administration Building Expansion ⁽²⁾	-	-	-	-
	<u>\$ 1,629,536</u>	<u>\$ 1,638,401</u>	<u>\$ 3,920,960</u>	<u>\$ 3,990,565</u>

(1) Includes treatment plant upgrade, recycled water treatment plant expansion and operations control center.

(2) Per Board action on May 25, 2017, the amounts collected for the treatment plant upgrade and operations control center projects prior to the bonds being issued will be reclassified as Reserves and are reflected in the Reserve Budget for all years presented.

LAS GALLINAS VALLEY SANITARY DISTRICT 2018-19 PRELIMINARY RESERVE FUNDING BUDGET

Expenditure	2015-16 Total Actual	2016-17 Total Actual	2017-18 Adopted Budget	2018-19 Preliminary Budget
Working Cash Flow	\$ 116,826	\$ 126,408	\$ 158,045	\$ 166,286
Rate Stabilization ⁽¹⁾	-	-	-	-
Emergency Repair ⁽²⁾	48,105	43,622	-	-
Capital Reserves				
Undesignated	103,082	111,536	139,451	\$ 146,722
Plant Upgrade and Recycled Water Treatment Plant Expansion Projects	1,558,720	2,591,715	301,210	224,115
Captains Cove	5,854	-	5,060	-
Marin Lagoon	5,421	6,263	9,695	-
MMWD Recycled Water Facility Buy in	-	333,563	-	-
MMWD Debt Reimbursement				
Bank of Marin	-	-	206,549	206,549
2017 Revenue Bonds	-	-	248,509	256,595
	<u>\$ 1,838,008</u>	<u>\$ 3,213,107</u>	<u>\$ 1,068,519</u>	<u>\$ 1,000,267</u>

**LAS GALLINAS VALLEY SANITARY DISTRICT
2018-19 PRELIMINARY CAPITAL OUTLAY BUDGET**

Project Description			Funding Source					Current Year
			Total Project Cost FY 2019	Carryover from FY 2018	Bond Fund	Grants	Reserves	
100 ADMINISTRATION								
19100	01 Phone System	Project Total:	\$ 20,000					\$ 20,000
	<i>Replace phone system.</i>							
19100	02 Roof Replacement	Project Total:	\$ 100,000					\$ 100,000
	<i>Roofs on Administration, Shop, Digester, and Headworks buildings are beyond their useful lives.</i>							
19100	03 HVAC System Replacement	Project Total:	\$ 30,000					\$ 30,000
	<i>HVAC systems in Administration Building need to be replaced.</i>							
	Total		\$ 150,000	\$ -	\$ -	\$ -	\$ -	\$ 150,000
200 COLLECTION SYSTEM								
11200	03 John Duckett Sewage Main Capacity and Storage	Project Total:	\$ 2,278,556					\$ 2,278,556
	<i>Phase 1 of 3 phases; Phase 1 will include the design of all 3 phases and deepening of the Duckett pump station, eliminating the visible Gallinas Creek crossing and a new Highway 101 crossing.</i>							
19200	01 Sewer Main Rehabilitation 2019	Project Total:	\$ 2,091,020	\$ 1,052,810				\$ 1,038,210
	<i>Annual sewer system rehabilitation.</i>							
19200	02 Manhole/Rod hole Repair and Replacement	Project Total:	\$ 50,000					\$ 50,000
	<i>Roadwork, repair and replacement.</i>							
19200	03 Vactor	Project Total:	\$ 325,000	\$ 119,895				\$ 205,105
	<i>Replace equipment that is out of service.</i>							
19200	04 Collections System Master Plan	Project Total:	\$ 200,000					\$ 200,000
	<i>Prepare a master plan study for future needs assessment</i>							
	Total		\$ 4,944,576	\$ 1,172,705	\$ -	\$ -	\$ -	\$ 3,771,871
300 PUMP STATIONS / FORCE MAINS								
12300	05 Rafael Meadows Pump Station	Project Total:	\$ 410,686	\$ 410,686				\$ -
	<i>Design and install a stationary emergency generator, upgrade panel and seal leaking wet well.</i>							
14300	05 Force Main Repair/Replacement	Project Total:	\$ 1,838,145	\$ 1,575,158				\$ 262,987
	<i>Line force main line to plant as part of large plant project.</i>							
19300	01 Supervisory Control and Data Acquisition (SCADA)	Project Total:	\$ 25,000					\$ 25,000

**LAS GALLINAS VALLEY SANITARY DISTRICT
2018-19 PRELIMINARY CAPITAL OUTLAY BUDGET**

Project Description			Funding Source							
			Total Project Cost FY 2019	Carryover from FY 2018	Bond Fund	Grants	Reserves	Capacity Fund	Current Year	
<i>Programming upgrades.</i>										
19300	02 Pump Station Panel Upgrades and Replacements <i>Controls at panels have reached the end of their useful lives.</i>	Project Total:	\$ 243,400	\$ -					\$ 243,400	
18360	01 Marin Lagoon Pump Station <i>Panel replacement, upgrades, and painting.</i>	Project Total:	\$ 39,000				\$ 39,000		\$ -	
Total			\$ 2,556,231	\$ 1,985,844	\$ -	\$ -	\$ 39,000	\$ -	\$ 531,387	
500 RECLAMATION										
11500	09 Miller Creek <i>Repair, maintain and modify.</i>	Project Total:	\$ 95,034						\$ 95,034	
17500	05 McInnis Marsh Restoration <i>Financial participation with County of Marin.</i>	Project Total:	\$ 100,000	\$ 100,000					\$ -	
18500	01 Levee Maintenance <i>Accumulate funding for periodic levee maintenance.</i>	Project Total:	\$ 130,365	\$ 94,960					\$ 35,405	
18500	02 North Bay Water Reuse Authority and North Bay Water <i>Continued participation in Phase 1 and new participation for drought contingency</i>	Project Total:	\$ 38,000						\$ 38,000	
Total			\$ 363,399	\$ 194,960	\$ -	\$ -	\$ -	\$ -	\$ 168,439	
600 TREATMENT PLANT										
12600	02 Plant Improvements 2018 <i>Grit System.</i>	Project Total:	\$ 278,991	\$ 278,991					\$ -	
12600	07 Secondary Plant Upgrades <i>Design and build future secondary plant capacity and treatment upgrades.</i>	Project Total:	\$ 8,616,010		\$ 8,616,010				\$ -	
14600	04 Biogas Energy Recovery System <i>Design replacement for cogen digester gas and heating systems.</i>	Project Total:	\$ 25,000						\$ 25,000	
19600	01 Supervisory Control and Data Acquisition <i>Continued panel and programming upgrades.</i>	Project Total:	\$ 25,000						\$ 25,000	
19600	02 Miscellaneous Plant Equipment <i>Small equipment purchases.</i>	Project Total:	\$ 25,000						\$ 25,000	
Total			\$ 8,970,001	\$ 278,991	\$ 8,616,010	\$ -	\$ -	\$ -	\$ 75,000	

**LAS GALLINAS VALLEY SANITARY DISTRICT
2018-19 PRELIMINARY CAPITAL OUTLAY BUDGET**

Project Description			Funding Source					Current Year
			Total Project Cost FY 2019	Carryover from FY 2018	Bond Fund	Grants	Reserves	
650 TERTIARY FACILITY								
16650	02	Recycled Water Facility Expansion <i>Design expanded facility.</i>	Project Total: \$ 6,591,160		\$ 5,744,010	\$ 847,150		
19650	01	Supervisory Control and Data Acquisition <i>Continue programming.</i>	Project Total: \$ 25,000					\$ 25,000
Total			\$ 6,616,160	\$ -	\$ 5,744,010	\$ 847,150	\$ -	\$ -
Total Capital Project			\$ 23,600,367	\$ 3,632,500	\$ 14,360,020	\$ 847,150	\$ 39,000	\$ -
								\$ 4,721,697

RESOLUTION No. 2018-2129

**A RESOLUTION PROVIDING FOR THE
COLLECTION OF SEWER SERVICE CHARGES ON THE TAX ROLL**

LAS GALLINAS VALLEY SANITARY DISTRICT

RESOLVED, by the Sanitary Board of the Las Gallinas Valley Sanitary District, Marin County, California,

That the Las Gallinas Valley Sanitary District, Marin County does hereby elect, pursuant to section 5473 of the Health and Safety Code of the State of California, to have those certain sewer charges established by said District for services and facilities furnished by it, pursuant to ordinances thereof duly passed and adopted by the Sanitary Board of the District, collected on the tax roll of the County of Marin, State of California, in the manner provided pursuant to Sections 5470 through 5473.11 of the Health and Safety Code of the State of California and said ordinances of said District.

* * * * *

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 June 14, 2018 by the following vote of the members thereof:

AYES, and in the favor thereof, Members:

NOES, Members:

ABSENT, Members:

ABSTAIN, Members:

Teresa Lerch, District Secretary,
Las Gallinas Valley Sanitary District

APPROVED:

(seal)

Megan Clark, Board President

RESOLUTION No. 2018-2130

**A RESOLUTION DETERMINING THE 2018-19
APPROPRIATION OF TAX PROCEEDS**

LAS GALLINAS VALLEY SANITARY DISTRICT

RESOLVED, by the Sanitary Board of the Las Gallinas Valley Sanitary District, Marin County, California, that the calculated maximum limit applicable to the 2018-19 appropriations of tax proceeds is \$2,853,068 in accordance with Article XIII B of the Constitution of the State of California. The Board selects the change in California per capita income as the cost of living factor to be used in the calculation of the appropriation limit. The Board selects the change in population of Marin County as the change of population factor to be used in the calculation of the appropriations limit. The District's 2018-19 appropriations subject to tax proceeds limitations are \$870,000. Detailed schedules are hereto attached as Exhibit A and by reference incorporated herein.

* * * * *

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 June 14, 2018, by the following vote of the members thereof:

- AYES, and in the favor thereof, Members:
- NOES, Members:
- ABSENT, Members:
- ABSTAIN, Members:

Teresa L. Lerch, District Secretary,
Las Gallinas Valley Sanitary District

APPROVED:

(seal)

Megan Clark, Board President

**CALCULATION OF APPROPRIATION LIMIT FOR
2018 - 19 PROCEEDS OF TAXES**

Appropriations Adjustment Limit Factors		Calculated Maximum Limit			
CPI 2018-19	1.0367				
Population 2017-18	<u>x 1.0017</u>				
Combined Factor	1.0385				
		\$2,747,397	x	1.0385	= \$2,853,068

CPI 2017-18	1.0369				
Population 2016-17	<u>x 1.0018</u>				
Combined Factor	1.0388				
		\$2,644,865	x	1.0388	= \$2,747,397

CPI 2016-17	1.0537				
Population 2015-16	<u>x 1.0033</u>				
Combined Factor	1.0572				
		\$2,501,818	x	1.0572	= \$2,644,865

Agenda Item 6E
Date June 14, 2018

RESOLUTION No. 2018-2131

A RESOLUTION REQUESTING ALLOCATION OF TAXES
FOR THE FISCAL YEAR 2018-19

LAS GALLINAS VALLEY SANITARY DISTRICT

RESOLVED, by the Sanitary Board of the Las Gallinas Valley Sanitary District, Marin County, California, as follows:

1. That the minimum amount of money required by said District to be raised by taxes during the fiscal year ending June 30, 2019 for the purpose of paying the maintenance and operation expense of said District, as it comes due, is the amount of \$870,000.

2. That it is hereby estimated that said sum is the minimum amount of money required by said District for such purposes during said ensuing fiscal year.

3. That said Sanitary Board further respectfully requests the Honorable Board of Supervisors of the County of Marin to direct the County Auditor to allocate to the Las Gallinas Valley Sanitary District the amount of \$870,000, or such other amount as shall be determined to be said District's share of the 2018-19 property tax revenue generated pursuant to Section 93 of the Revenue and Taxation Code and allocated pursuant to Section 97 of said Code.

* * * * *

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 June 14, 2018, by the following vote of the members thereof:

AYES, and in the favor thereof, Members:

NOES, Members:

ABSENT, Members:

ABSTAIN, Members:

Teresa L. Lerch, District Secretary,
Las Gallinas Valley Sanitary District

APPROVED:

(seal)

Megan Clark, Board President

MINUTES OF MAY 24, 2018

THE BOARD OF DIRECTORS OF THE LAS GALLINAS VALLEY SANITARY DISTRICT MET IN OPEN SESSION ON MAY 24, 2018, AT 4:30 PM, AT THE DISTRICT OFFICE, 300 SMITH RANCH ROAD, SAN RAFAEL, CALIFORNIA.

BOARD MEMBERS PRESENT: R. Elias, R. Greenfield, C. Murray and J. Schriebman

BOARD MEMBERS ABSENT: M. Clark

STAFF PRESENT: Chris DeGabriele, Interim General Manager; Teresa Lerch, District Secretary; Mel Liebmann, Plant Manager; Susan McGuire, District Treasurer

OTHERS PRESENT: Patrick Richardson, District Counsel

ANNOUNCEMENT: Vice President Murray announced that the agenda had been posted as evidenced by the certification on file in accordance with the law

PUBLIC COMMENT: None

ADJOURNMENT:

REVIEW OF PRELIMINARY BUDGET

Staff presented the following proposed budgets for the fiscal year July 1, 2018 to June 30, 2019.

- A. Revenue Budget
- B. Operation and Maintenance Budget
- C. Capital Outlay Budget
- D. Debt Service Budget
- E. Reserve Budget

Discussion ensued.

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 May 10, 2018.
- B. Approve the Warrant List for May 24, 2018.
- C. Approve EOA Contract Proposal for July 1, 2018 to June 30, 2019.
- D. Approve Interim General Manager Authority to Approve Maintenance Services for the BioCNG Digester Gas Conditioning Equipment Package.
- E. Approve Award of Contract for UV Piping Repair to Gregory Equipment Inc.
- F. Approve Univar Contract Proposal for Furnishing Liquid Sodium Hypochlorite.
- G. Approve Univar Contract Proposal for Furnishing Liquid Sodium Bisulfite.
- H. Approve SCADA Support Services Agreement with ArcSine Engineering for FY 2018-19.
- I. Approve Bid Award to Custom Tractor Service for Biosolids Removal and Surface Injection for FY Year 2018-2019.

Items D, H and I were discussed.

57 **ACTION:**
58 Board approved (M/S Schriebman/Elias 4-0-1-0) the Consent Calendar Items A-I.

59 AYES: Elias, Greenfield, Murray and Schriebman.
60 NOES: None.
61 ABSENT: Clark.
62 ABSTAIN: None.

63
64 **INFORMATION ITEMS:**

65 **STAFF / CONSULTANT REPORTS:**

- 66 1. Interim General Manager Report – Verbal – DeGabriele reported.
67 2. Monthly Treasurer Report – Written – McGuire reported.

68
69 Liebmann left at 5:25 pm.

70
71 **BOARD REPORTS:**

- 72 1. Human Resources Subcommittee – Verbal – Murray reported.
73 2. LAFCO – Verbal – Murray reported.
74 3. Gallinas Watershed Council / Miller Creek Watershed Council – Verbal – Schriebman reported.
75 4. JPA Local Task Force on Solid and Hazardous Waste – Verbal – no report.
76 5. NBWA – Written – Schriebman reported.
77 6. NBWRA/North Bay Water – Verbal – Elias and DeGabriele reported.
78 7. Engineering Subcommittee – Verbal – no report.
79 8. Other Reports – Verbal – Murray reported on the Bay Trail access road, a CASA energy
80 Committee meeting and the consideration of a Special District member by the Disaster Council.
81 Murray also suggested giving the District's California Assembly representative a tour of LGVSD.

82
83 **BOARD REQUESTS:**

- 84 A. Board Meeting Attendance Requests – Elias would like to attend the Special District Leadership
85 Academy Conference in Napa on July 8-11.
86 B. Board Agenda Item Requests – The Board would like to explore the possibility of joining CSDA.
87 Murray would like a presentation by a SMART representative regarding the trail connecting SMART
88 to the District. Murray would like a representative from the Bay Trail to make a presentation
89 regarding the connection to Hamilton.

90
91 **VARIOUS ARTICLES AND MISCELLANEOUS DISTRICT CORRESPONDENCE:**

92 Discussion ensued.

93
94 **ADJOURNMENT:**

95
96 **ACTION:**

97 Board approved (M/S Schriebman/Elias 4-0-1-0) the adjournment of the meeting at 6:02 p.m.

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

102
103 The next Board Meeting is scheduled for June 14, 2018 at the District Office.

104
105 **ATTEST:**

106
107
108
109 _____
110 Teresa Lerch, District Secretary

113
114
115
116
117
118
119
120

APPROVED:

Megan Clark, Board President

SEAL

June 14, 2018

BOARD AGENDA ITEM

Agenda Item 7B – Warrant List for June 14, 2018

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

Agenda Item 7C
Date June 14, 2018
May 2018

Directors' Meeting Attendance Recap

<u>Name</u>	<u>Total Meetings</u>
Megan Clark	2
Rabi Elias	4
Russell Greenfield	4
Craig Murray	6
Judy Schriebman	5
Total	<u>21</u>

Meeting Date: 6/14/2018
Paydate 6/8/2018



300 Smith Ranch Road, San Rafael, CA 94903
 Office: 415.472.1734 Fax: 415.499.7715

BOARD MEMBER ATTENDANCE

Director's Name: MEGAN CLARK Month: MAY 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
10 th	REG.	X	
TOTAL		1	

OTHER MEETINGS		CHARGING DISTRICT	
Date	Description of meeting	Yes	No
17 th	NBWA - Conf. debrief	X	
TOTAL		1	

TOTAL MEETINGS CHARGED:	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.

Megan Clark
 Signature
6/5/18
 Approved By/ Date

6/4/18
 Date
6/5/18
 Pay Date



300 Smith Ranch Road, San Rafael, CA 94903
 Office: 415.472.1734 Fax: 415.499.7715

BOARD MEMBER ATTENDANCE

Director's Name: Rabi Elias Month: May 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
5/10/18	Regular	✓	
5/24/18	Regular	✓	
TOTAL		2	

OTHER MEETINGS		CHARGING DISTRICT	
Date	Description of meeting	Yes	No
5/9/18	North Marin Water ^{Sup. Rodoni} at Civic Center	✓	
5/21/18	NBWRA meeting	✓	
TOTAL		2	

TOTAL MEETINGS CHARGED:	4
--------------------------------	---

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.

R. Elias
 Signature
6/4/18
 Approved By/ Date

5/24/2018
 Date
6/8/2018
 Pay Date



300 Smith Ranch Road, San Rafael, CA 94903
 Office: 415.472.1734 Fax: 415.499.7715

BOARD MEMBER ATTENDANCE

Director's Name: Russ Greenfield Month: May

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
5/10/18	Regular Meeting	✓	
5/24/18	Reg Meeting	✓	
TOTAL			

OTHER MEETINGS		CHARGING DISTRICT	
Date	Description of meeting	Yes	No
5/2/18	JPA	✓	
5/7/18	Lateral Spccs Inspection	✓	
TOTAL			

TOTAL MEETINGS CHARGED:

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.

Russ Greenfield
 Signature
RM / 6/4/18
 Approved/By/ Date

May 25 2018
 Date
6/8/18
 Pay Date



300 Smith Ranch Road, San Rafael, CA 94903
 Office: 415.472.1734 Fax: 415.499.7715

BOARD MEMBER ATTENDANCE

Director's Name: MURRAY, Craig K. Month: May 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
5/10/18	Regular Board Meeting	X	
5/24/18	Regular Board Meeting	X	
TOTAL		2/2	

OTHER MEETINGS		CHARGING DISTRICT	
Date	Description of meeting	Yes	No
5/9/18	New Federal BUILD Act, Brownfield Law Seminar, KSU TAB, NJ Institute of Technology		X
5/10/18	San Francisco Region Bike to Work Day – NorthBay San Rafael		X
5/16/18	LAFCO – Emergency Meeting, Executive Officer	X	
5/16/18	International Right of Way Association, Treasure Island Development Authority ReUse Plans Tour		X
5/22,23/18	Legislative Days, Advocacy Day and Policy Day, CA Special Districts Association, Sacramento Convention Center	XX	
5/23/18	Environmental and Energy Study Institute (ESSI) and American Biogas Council (ABC), Biogas as a Waste Management Solution, Turning “Waste” into Resources Webinar, w/ US Rep. Scott Peters (D-CA), Patrick Serfass, Ex.Dir. American Biogas Council.		X
5/13,24/18	Merrydale Road/Las Gallinas Creek Headwater Litter Removal c/o City of San Rafael: 5/13:3.5 Hours; 5/24: 1.0 Hours		XX
5/24/18	CASA Air, Climate Change, Energy Conference Call Meeting		X
5/30/18	LAFCO – Special Meeting, Executive Officer Recruitment Review Clay Phillips, Peckham & McKinney and EO Candidate Interviews	X	
TOTAL		4/11	



300 Smith Ranch Road, San Rafael, CA 94903
 Office: 415.472.1734 Fax: 415.499.7715

BOARD MEMBER ATTENDANCE

Director's Name: Judy Schriebman Month: May 31, 2018

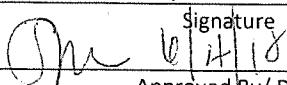
Board Members shall be compensated for up to the legal limit of six (6) meeting per month and one (1) per day. Board members are limited to four (4) conferences or seminars per year. For multi-day conferences, compensation shall be at a maximum of one (1) meeting per day.

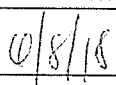
REGULAR and SPECIAL MEETINGS		CHARGING DISTRICT	
Date	Description of meeting	Yes	No
5/10	Reg meeting	X	
5/24	Reg meeting	X	
TOTAL		2:2	

OTHER MEETINGS		CHARGING DISTRICT	
Date	Description of meeting	Yes	No
5/2	GWC meeting	x	
5/4	NBWA Board meeting	X	
5/11	STRAW restoration visit Miller Creek		X
5/23	NBWA JTC meeting	X	
TOTAL		3:4	

TOTAL MEETINGS CHARGED:	5
--------------------------------	----------

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 Schriebman
 Signature

 Approved By/ Date

 May 31, 2018
 Date

 Pay Date

AGENDA ITEM
DATE

7D
June 19, 2018



BOARD MEMBER MEETING ATTENDANCE REQUEST

Date: 5/24/18 Name: Rabi Elias

I would like to attend the special districts governance Meeting
of _____

To be held on the 7/9 day of 7/9 from _____ a.m. / p.m. and
returning on 7/11 day of _____ from _____ a.m. / p.m.

Actual meeting date(s): 7/9 to 7/11

Purpose of Meeting: leadership as a director

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 _____.



Consent _____
Staff/Consultant Reports _____
Agenda Item ___7E_____

Agenda Summary Report

Date June 14, 2018

To: Chris DeGabriele, PE, Interim General Manager *CD*
From: Michael P. Cortez, PE, District Engineer *MC*
Mtg. Date: June 14, 2018
Re: Approve Call for Bids – Towable 4” & 8” Emergency Pumps

BACKGROUND:

Specifications and bidding documents for the procurement of 4” and 8” portable pump sets are complete and ready for advertisement. The two (2) new pump sets will supplement the District’s existing trailer mounted 12” pump set, which should provide for more flexibility in meeting the different pumping requirements of the District’s 28 pump stations during a power failure, or when temporary bypass pumping is required within the collection system.

The new pump sets will have the following minimum features:

- The engine and pump units shall be enclosed with acoustical sound deadening material to reduce noise level to the normally acceptable standard of 70 dBA Community Noise Equivalent Level (CNEL) or less at a distance of 30 feet.
- The pump set skid base shall be mounted on a trailer suited for highway travel at 50 mph, and wired for over the road usage per applicable Department of Transportation standards.
- The engine shall be Final Tier 4 (FT4) EPA emissions compliant diesel engine.
- The engine shall be fitted with an integral fuel tank (60 and 120 gallon capacity for the 4” and 8” pump sets, respectively) for less weight and more rigidity.

Tentative project schedule is as follows:

- Call for bids: June 14, 2018
- Bid opening: July 6, 2018
- Notice of award: July 12, 2018
- Delivery date: +60 days after Notice of award

This procurement is included in the 2017-18 Capital Outlay Budget approved by the District Board on April 26, 2018.

STAFF RECOMMENDATION:

Approve Call for Bids for Towable 4” & 8” Emergency Pumps.

FISCAL IMPACT:

\$140,000

PERSON(S) TO BE NOTIFIED:

Scheduled for advertisement in the Marin IJ, pursuant to Public Contract Code Sections 10140 and 10141.



Consent 7F
 Staff/Consultant Reports _____
 Agenda Item _____
 Date June 14, 2018

Agenda Summary Report

To: Chris DeGabriele, General Manager (u)
From: Greg Pease, Collections System/Safety Manager
Mtg. Date: June 14, 2018
Re: Du-All Safety Contract Proposal for July 1, 2018 to June 30, 2019

BACKGROUND:

District Consultant, Du-All Safety, provides regulatory safety information and safety training for the District. Du-All members have proven beneficial in meeting existing and new regulatory requirements. In addition to their advisory skills, Du-All attends all District Safety Committee meetings and performs safety training on topics ranging from confined space to bloodborne pathogens. Du-All Safety was present in 2016 when the Certified Unified Program Agencies (CUPA) conducted an inspection of District facilities for proper hazardous material handling and disposal. With the help of Du-All, the District met or exceeded all necessary requirements for notifications, handling and disposal of hazardous waste.

For fiscal year 2018/2019, Du-All Safety’s proposed rate for consulting and on-line MSDS hosting has not changed from fiscal year 2017/2018. We have requested (Du-All has agreed) the contract hours be performed on site, (2) days a month in order to assist District staff with any/all safety related questions and/or concerns. Their on-site presence will also be valuable during the construction of the plant upgrades.

STAFF RECOMMENDATION:

Board approve the Du-All contract for July 1, 2018 to June 30, 2019

FISCAL IMPACT:

\$28,896.00

PERSON TO BE NOTIFIED:

Du-All Safety

MEMORANDUM of AGREEMENT

for

Safety Maintenance at Las Gallinas Valley Sanitary District (LGVSD)

Las Gallinas Valley Sanitary District (hereafter referred to as "Client") hereby agrees to the development and implementation of safety programs, employee safety training and safety maintenance for the 2018-2019 fiscal year beginning July 1, 2018 (*not to exceed 16 hours per month plus the cost of the online SDS (formerly MSDS) Program*) by Du-All Safety, as described in the Services Summary below:

I. Services Summary:

Du-All Safety will assign an Account Manager to coordinate safety programs and schedule with LGVSD management. New for 2018, Du-All may provide safety support primarily during two days per month – to concentrate services and provide more time at the facility to address issues and deal with administrative tasks. The two days per month of support will use most of the 16 hours, less training development time and travel. It is estimated that Du-All staff will have approximately 5.5 hours per day for each of the two days of in-house service (assumes 4-hours for travel and 1-hour for training development). There may be some variation on the hours if safety classes, inspections or other services are longer than 5.5 hours.

Du-All will maintain safety programs, policies, and permits include;

<u>Required Program</u>	<u>Regulatory Citation</u>
• Injury & Illness Prevention	8, CCR 3203
• Hazardous Materials Management Plan	22 CCR 66264.16
• Hazard Communication (HazCom)	8 CCR 5194
• Emergency Action Plan	8 CCR 3220
• Lock & Tag	8 CCR 3314
• Respiratory Protection	8 CCR 5144
• Hearing Conservation	8 CCR 5099
• Fall Protection	8 CCR 1669
• Confined Space	8 CCR 5157
• Hazardous Waste	8 CCR 5192
• Bloodborne Pathogen	8 CCR 5193
• Hotwork program	8 CCR 4848
• Heat Illness	8 CCR 3395
• Personal Protective Equipment	8 CCR 3380
• Chemical Inventory and MSDS binder, maintenance of an Online SDS Program with current SDS and add any new SDS for new chemicals.	

- Conducting OSHA required safety inspections of facilities annually. Documented inspections of the entire site, hazardous materials and waste, equipment, etc. The inspections are to be provided in a correction checklist format with recommended corrections including a risk assessment of each finding. Inspection reports will be sent to the client's safety coordinator within two weeks of the inspection.

- Provide all required signs, labels, tags, placards, and postings at no additional cost during the course of this agreement.

- Provide monthly training at the direction of the safety coordinator. Monthly safety classes may be combined but will not normally exceed eight (8) hours in duration per month. Training topics to include but not limited to the following topics:

-Injury & Illness Prev. 1 hr 1	-Heat Illness Prevention 1 hr *
-Ergonomics 1 hr	-Fire & Evacuation 1 hr 1 *
-Respiratory Protection 1 hr 1*	-Electrical Safety 8 hr 1
-Lockout /Tagout 1 hr 1*	-1st Aid/CPR 6 hr 1
-Earthquake 1 hr	-Hazcom - Right to Know 2 hr 1
-Machine Tools 1 hr 1	-DOT Requirements 4 hr 1
-Hazardous Materials 2 hr 1 *	-Personal Protective Equip. 1 hr 1
-Forklift Certification 6.0 hr 1	-Lead Handling 1 hr 1
-Fall Protection 6 hr 1*	-Ladder Safety 2.0 hr 1
-Scaffolding Safety 2 hr 1*	-Trenching & Shoring 8 hrs 1
-Traffic Control/Flagger 6 hr 1	-Confined Space Entry 8 hrs 1*
-Heat Illness 1 hr 1	-Asbestos 1 hr 1*
-Workplace Violence 1 hr	-Hazardous Waste 4 hrs 1*
-Hearing Conservation 1 hr 1*	-Mold 1 hr
-Poison Oak .5 hr	-Bug bites & Animal Handling 1 hr
-Driver Safety 3 hr	-Hot work 1 HR 1

1 Indicates required training. * Indicates *annual* training requirement.

- Any Client employee may attend any of Du-All Safety's open-enrollment classes, based on availability (first come first served), and held at the Du-All Safety office in Fremont, CA at no additional charge.

- Client may borrow any two safety video tapes/DVD (500+) for up to two weeks at no additional charge.

- Provide up to ten (10) online safety classes each month. Client-specific password will enable Client to track all online classes take, by who and when.

- Prepare all employee training outlines, materials and quarterly training schedule for approval by the safety coordinator.

- Du-All Safety will help handle any regulatory agency inspection (i.e. toxic enforcement, EPA, County Health Dept., Fire Dept., Cal/OSHA, etc.).
- Develop and maintain an annual EH&S plan of action for all the above that identifies the regulatory compliance tasks for each quarter, that at a minimum including; scheduled classes, inspections, and program review/updates.
- Du-All Safety consultants will be available, via phone, M-F, from 8:00 AM to 5:00 PM to assist client with any questions associated with the safety program as well as be available for special meetings with safety coordinators and managers and supervisors to help support and review the safety programs and compliance progress.

II. Billing Procedure:

- A. Client agrees to pay a total monthly cost of \$ 2,320.00. per month for the 16 hours of monthly services outlined in the services summary. In addition, the client agrees to pay \$88.00 per month for the maintenance of the Online SDS Program for the current inventory of 160 SDSs. **The total invoice for each month will be \$2,408.00.**
- B. All safety equipment, and other compliance items are the Client’s responsibility to purchase. These items, however, can be purchased through Du-All Safety.
- C. Payment for all services and equipment will be remitted by Client to *Du-All Safety* upon receipt of any services or merchandise.
- D. Any *additions* to this memorandum of agreement will be attached to the back of the agreement.
 - 1. Initial here if additions are so attached: _____
(Client initials)

III. Duration

- A. Both parties are bound to this agreement for no less than one (1) year.
- B. Additional service hours as requested will be charged at a rate of: \$145.00 per hour
- C. Additional MSDS in the Online SDS program will be included at the rate of \$.55/SDS.
- D. If, after the expiration of one year, neither party acts to extend, modify, or terminate this agreement, the agreement will continue in full force and effect until action is taken, in accordance with the provisions above, to otherwise alter the status of the agreement.

IV. Integrated Contract

This written agreement is the complete and entire understanding between the parties and supersedes any oral agreements made prior to the signing of this agreement. Any changes to this agreement can only be made with the consent of both parties.

V. Bankruptcy

In the event that either party shall cease conducting business in the normal course, become insolvent, make a general assignment for the benefit of creditors, suffer or permit the appointment of a receiver for its business or assets or shall avail itself of, or become subject to, any proceeding under the Federal Bankruptcy Act or any other statute of any state relating to insolvency or the protection of rights or creditors, then at the option of the other party, this Agreement shall terminate and be of no further force and effect, and any property or rights of such other party, tangible or intangible, shall forthwith be returned to it.

VI. Inducing Employees to Leave Du-All Safety or Attempt to Hire Employees of Du-All Safety

Any attempt on the part of Client or former Client to induce employees to leave Du-All Safety's employ, or any effort by Client or former Client to interfere with Du-All Safety's relationship with its employees would be harmful and damaging to Du-All Safety. Client agrees that during the term of employment and for a period of three (3) years thereafter, Client or former Client will not in any way, directly or indirectly (i) induce or attempt to induce any employee of Du-All Safety to quit employment with Du-all Safety; (ii) otherwise interfere with or disrupt Du-All Safety's relationship with its employees; (iii) solicit , entice, or hire away an Employee of Du-All Safety; or (iv) hire or engage any employee of Du-all Safety or any former employee of Du-all Safety whose employment with Du-All Safety ceased less than one year before the date of such hiring or engagement.

VII. Acceptance

I accept the terms of this agreement. I hereby authorize *Du-All Safety* to perform the work stated and I further agree to remit the amounts stated for any services performed by, or equipment provided by *Du-All Safety*, in a timely manner. This proposal is valid for 30 days.

_____	6/5/18
(Signature)	(Date)
_____	_____
(Print Name and Title)	(P.O. Number)
Las Gallinas Valley Sanitary District	
(Municipality Name)	



Consent _____
Staff/Consultant Reports _____
Agenda Item _____ 7G _____

Agenda Summary Report

Date June 14, 2018

To: Chris DeGabriele, PE, Interim General Manager *CD*
From: Michael P. Cortez, PE, District Engineer *MC*
Mtg. Date: June 14, 2018
Re: Approve Interim General Manager Authority to Approve Hanford ARC for Lower Miller Creek Year One Revegetation Maintenance Services

BACKGROUND:

On May 10, 2018, the District Board authorized staff to enter into an agreement with WRA for the annual revegetation and geomorphic monitoring requirements of the Lower Miller Creek Channel Maintenance Project (Project) for the next five (5) years as required by the California Department of Fish and Wildlife (CDFW) and Regional Water Quality Control Board (RWQCB). WRA's scope of services did not include revegetation and irrigation system maintenance as staff has initially planned to have the District's Buildings and Grounds Maintenance Worker performs such services.

In response to staff's request, the Project subcontractor (Hanford ARC) has submitted a proposal in the amount of \$37,625 to provide revegetation and irrigation system maintenance services for one year. Although the Project is not fully complete (i.e. redesign and reconstruction of rock vane are underway), vegetation monitoring needs to begin after initial installation per permitting requirements. Revegetation was completed on December 31, 2017 and the 120-day warranty period for the plantings by Hanford ARC expired on April 30, 2018. As such, now is a good opportunity to begin inspection of the plantings to determine their condition and evaluate whether any interim management tasks should be conducted to ensure that performance standards are met during this monitoring year (Year 1). The scope of work includes the following:

- Provide a minimum of 6 inspections and control events per year.
- Identify and mark weeds to be controlled. Weeds and invasive plants that may potentially harm the revegetation will be removed.
- Inspect the irrigation system for any leaks or damages and make repairs as needed.
- Adjust irrigation watering schedule as required to ensure that the plants remain in good health.
- Plant replacement and reseeding will be on a time and materials basis.
- Additional maintenance and reporting activities will be performed as needed.

Staff will reevaluate Hanford ARC's scope of services and performance after Year 1 and issue a contract amendment as necessary to meet the permitting requirements of the regulatory agencies.

STAFF RECOMMENDATION:

Approve Interim General Manager Authority to Approve Hanford ARC for Lower Miller Creek Year 1 Revegetation Maintenance Services

FISCAL IMPACT:

\$37,625 for Year 1 of 5

PERSON(S) TO BE NOTIFIED:

Hanford ARC



Consent _____
Staff/Consultant Reports _____
Agenda Item ___7H_____

Agenda Summary Report

Date June 14, 2018

To: Chris DeGabriele, PE, Interim General Manager *CD*
From: Michael P. Cortez, PE, District Engineer *MC*
Mtg. Date: June 14, 2018
Re: Approve Interim General Manager Authority to Re-allocate Budget for the Repair of Lower Miller Creek Rock Cross Vane and Levees

BACKGROUND:

Environmental Science Associates (ESA) has completed the evaluation of the Lower Miller Creek rock cross vane and levees that failed during the last rainy season, and recommended the following options:

- Option 1: Re-build the rock structure as designed, plus enhancements and geotechnical levee repair
- Option 2: Partially or fully remove the rock structure, plus geotechnical levee repair

Staff recommends Option 1 in order to adhere to the original project objectives reported to the regulatory agencies during the environmental permitting process, which became the bases of approval of the Lower Miller Creek dredging project.

In response to staff request, DAC Associates has submitted a proposal in the amount of \$9,560 to provide geotechnical engineering services and develop a slope stabilization plan as required in Option 1 of ESA's recommendation. Staff will incorporate DAC's recommendation to the ESA report and obtain concurrence with the regulatory agencies before repairing the rock cross vane and the levees.

The revised cost estimate for this emergency repair is \$100,000. The total engineering services to date is \$30,010. Both funds will be re-allocated from the Rafael Meadows Pump Station Improvements project as the budget for the Lower Miller Creek dredging project for fiscal year 2017-18 has been exhausted. The proposed Rafael Meadows project has a budget allocation of \$330,686 for this fiscal year. However, it is temporarily on hold pending final design of joint City of San Rafael and SMART pathway and public parking project.

The landscaping services by Hanford ARC for \$37,625 requested in the other report will also be re-allocated from the Rafael Meadows Pump Station Improvements budget. The remaining budget will be rolled over to next fiscal year and will be adjusted accordingly based on final improvements design.

STAFF RECOMMENDATION:

Board approve Interim General Manager Authority to Re-allocate Budget for the Repair of Lower Miller Creek Rock Cross Vane and Levees.

FISCAL IMPACT:

\$130,000

PERSON(S) TO BE NOTIFIED:

CATS4U, ESA DAC Associates, and Regulatory Agencies



Consent _____
 Staff/Consultant Reports _____
 Agenda Item _____71_____

Date June 14, 2018

Agenda Summary Report

To: Chris DeGabriele, PE, Interim General Manager *CD*
From: Michael P. Cortez, PE, District Engineer *MC*
Mtg. Date: June 14, 2018
Re: Approve Call for Bids – Sewer Main Rehabilitation 2018

BACKGROUND:

Plans and specifications for the Sewer Main Rehabilitation 2018 project prepared by staff are essentially complete and ready for bid advertisement. The project provides for the following:

- Rehabilitation of approximately 1,483 lineal feet of existing 6 and 8-inch sewer mains and trunk sewers at the following locations: Garden Ave, Corrillo Dr, Beechnut Ct, Channing Way, and John Duckett Pump Station.
- Replacement of approximately 23 lower laterals.

The replacement of upper laterals is not included in this project. The District will notify homeowners the option to replace the upper portion of their building lateral by an independent contractor under the District’s lateral assistance program.

Tentative project schedule is as follows:

- Call for bids: June 14, 2018
- Bid walk: June 28, 2018
- Bid opening: July 18, 2016
- Notice of award: July 26, 2016
- Notice to proceed: ~August 8, 2018
- Construction duration: +120 days after NTP, or December 2018

The Engineer’s estimate of construction cost is \$550,000. This is within the budget allocation included in the 2017-18 Capital Outlay Budget approved by the District Board on April 26, 2018.

STAFF RECOMMENDATION:

Board approve Call for Bids for the Sewer Main Rehabilitation 2018 project.

FISCAL IMPACT:

\$550,000

PERSON(S) TO BE NOTIFIED:

Scheduled for advertisement in the Marin IJ, pursuant to Public Contract Code Sections 10140 and 10141.



Consent 7J
 Staff/Consultant Reports _____
 Agenda Item _____
 Date June 14, 2018

Agenda Summary Report

To: Chris DeGabriele, PE, Interim General Manager *CD*
From: Michael P. Cortez, PE, District Engineer *mpc*
Mtg. Date: June 14, 2018
Re: Amendment No. 6 to the Treated Wastewater Agreement with the Marin Municipal Water District

BACKGROUND:

The Treated Wastewater Agreement (Agreement) between Las Gallinas Valley Sanitary District (LGVSD) and Marin Municipal Water District (MMWD) executed on September 8, 1988 provides for MMWD to operate its Las Gallinas Water Reclamation Facility, located on LGVSD property, and treat wastewater secondary effluent to produce tertiary recycled water. The Agreement has been amended five times, most recently in December 2016, and expires on December 31, 2018.

LGVSD and MMWD are partnering on the expansion of LGVSD's Recycled Water Treatment Facility (RWTF) through the "Agreement for the Purchase and Sale of Recycled Water Between Las Gallinas Valley Sanitary District and Marin Municipal Water District," executed in March 2017, to replace MMWD's Las Gallinas Water Reclamation Facility. However, LGVSD's expanded RWTF will not be completed before the expiration of the 1988 Agreement; therefore, a sixth amendment is required.

On June 5, 2018, the MMWD Board of Directors has authorized its Board President to execute Amendment No. 6 to extend the term of the Agreement by three (3) years, from December 31, 2018 to December 31, 2021. Attached is Amendment No.6 for the Board to review.

STAFF RECOMMENDATION:

Board authorize the Board President to Execute Amendment No. 6 to the Treated Wastewater Agreement with MMWD.

FISCAL IMPACT:

Annual Revenue of \$100

PERSON(S) TO BE NOTIFIED:

MMWD

**AMENDMENT NO. 6
TO TREATED WASTEWATER AGREEMENT**

This Amendment No. 6 to the Treated Wastewater Agreement is made by and between the Las Gallinas Valley Sanitary District, a public corporation of the State of California, (LGVSD) and the Marin Municipal Water District, a public corporation of the State of California (MMWD).

For good and valuable consideration the receipt of which is hereby acknowledged, the parties agree as follows:

Section 1: Recitals.

- A. The LGVSD and MMWD entered into a Treated Wastewater Agreement in 1988 that expired on December 31, 2005.
- B. Since 2005 the parties have entered into five amendments to that agreement. The Fifth Amendment to that agreement expires December 31, 2018.
- C. The parties desire to extend the term of the Treated Wastewater Agreement.

Section 2: Terms.

- A. This Sixth Amendment modifies the Treated Wastewater Agreement. Except for the modifications contained herein, all the terms of the Treated Waster Agreement shall apply.
- B. Section 17 of the Treated Wastewater Agreement is amended to read as follows:
 - 17. The term of this agreement shall be extended from December 31, 2018, through December 31, 2021.

LAS GALLINAS VALLEY SANITARY DISTRICT

Megan Clark, LGVSD Board President

Date: _____

Teresa L. Lerch, District Secretary

Date: _____

David Byers, District Counsel

Date: _____

MARIN MUNICIPAL WATER DISTRICT

Armando Quintero, MMWD Board President

Date: _____

APPROVED AS TO FORM:

Mary R. Casey, General Counsel

Date: _____

ATTEST:

Stephanie Eichner-Gross, Board Secretary

Date: _____

Agenda Item § A
Date Jun 14, 2018

RESOLUTION NO. 2018-2132

**A RESOLUTION ADOPTING THE PAY SCALES EFFECTIVE JULY 1, 2018
PURSUANT TO THE CALIFORNIA CODE OF REGULATIONS, SUBCHAPTER 1,
EMPLOYEES' RETIREMENT SYSTEM REGULATIONS SECTION 570.5**

LAS GALLINAS VALLEY SANITARY DISTRICT

WHEREAS, the Las Gallinas Valley Sanitary District has contracted with CalPERS to provide certain retirement benefits to its employees; and

WHEREAS, the governance of retirement benefits provided to public employees in the state of California is governed by California Government Code Title 2, Division 5, Part 3 Public Employees' Retirement System; and

WHEREAS, the Board of Administration of the Public Employees' Retirement System has promulgated regulations to implement requirements of the governing law; and

WHEREAS, the California Code of Regulations, Subchapter 1, Employees' Retirement System Regulations section 570.5 (2 CCR § 570.5) states that

"(a) For purposes of determining the amount of "compensation earnable" pursuant to Government Code Sections 20630, 20636, and 20636.1, payrate shall be limited to the amount listed on a pay schedule that meets all of the following requirements:

- (1) Has been duly approved and adopted by the employer's governing body in accordance with requirements of applicable public meeting laws;
- (2) Identifies the position title for every employee position;
- (3) Shows the payrate for each identified position, which may be stated as a single amount or as multiple amounts within a range;
- (4) Indicates the time base, including, but not limited to, whether the time base is hourly, daily, bi-weekly, monthly, bi-monthly, or annually;
- (5) Is posted at the office of the employer or immediately accessible and available for public review from the employer during normal business hours or posted on the employer's internet website;
- (6) Indicates an effective date and date of any revisions;
- (7) Is retained by the employer and available for public inspection for not less than five years; and
- (8) Does not reference another document in lieu of disclosing the payrate".

THEREFORE, BE IT RESOLVED that the Board of Directors of the Las Gallinas Valley Sanitary District does hereby adopt the Pay Scales Effective July 1, 2018, which is attached as Exhibit A and is included by reference, in accordance with the requirements of the California Code of Regulations, Subchapter 1, Employees' Retirement System Regulations section 570.5 (2 CCR § 570.5).

* * * * *

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 regular meeting thereof held on June 14, 2018, by the following vote of the members thereof:

- AYES, and in favor thereof, Members:
- NOES, Members:
- ABSENT, Members:
- ABSTAIN, Members:

Teresa L. Lerch, District Secretary
Las Gallinas Valley Sanitary District

APPROVED:

(seal)

Megan Clark, Board President



**Las Gallinas Valley Sanitary District
Pay Scales as of July 1, 2018**

Monthly Salary Range

Full Time Positions	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8	Longevity 3%	Longevity 2%
Administrative Financial Specialist I	\$ 5,548.40	\$ 5,825.73	\$ 6,117.11	\$ 6,423.04	\$ 6,743.88	\$ 7,081.19	\$ 7,435.48	\$ 7,807.28	Not applicable	Not applicable
Administrative Financial Specialist II	\$ 6,423.04	\$ 6,743.88	\$ 7,081.19	\$ 7,435.48	\$ 7,807.28	\$ 8,197.28	\$ 8,607.39	\$ 9,037.77	Not applicable	Not applicable
Administrative Services Manager I	\$10,076.04	\$ 10,579.75	\$ 11,108.76	\$ 11,664.47	\$ 12,247.56	\$ 12,859.95	\$ 13,502.67	\$ 14,177.97	\$ 14,603.33	\$ 14,895.40
Administrative Services Manager II	\$11,108.76	\$ 11,664.47	\$ 12,247.56	\$ 12,859.95	\$ 13,502.67	\$ 14,177.97	\$ 14,886.73	\$ 15,631.20	\$ 16,100.24	\$ 16,422.12
Assistant Engineer	\$ 7,215.87	\$ 7,576.92	\$ 7,956.00	\$ 8,353.45	\$ 8,771.19	\$ 9,209.72	\$ 9,670.09	\$ 10,153.69	Not applicable	Not applicable
Associate Engineer	\$ 8,771.19	\$ 9,209.72	\$ 9,670.09	\$ 10,153.69	\$ 10,661.39	\$ 11,194.39	\$ 11,754.08	\$ 12,342.03	Not applicable	Not applicable
Building and Ground Maintenance Worker	\$ 4,417.40	\$ 4,638.05	\$ 4,869.97	\$ 5,113.33	\$ 5,368.83	\$ 5,637.32	\$ 5,919.68	\$ 6,215.56	Not applicable	Not applicable
Collection System/Safety Manager	\$ 9,570.43	\$ 10,048.65	\$ 10,550.97	\$ 11,078.77	\$ 11,632.75	\$ 12,214.45	\$ 12,825.28	\$ 13,466.44	\$ 13,870.31	\$ 14,147.81
District Administrative Assistant	\$ 5,548.40	\$ 5,825.73	\$ 6,117.11	\$ 6,423.04	\$ 6,743.88	\$ 7,081.19	\$ 7,435.48	\$ 7,807.28	Not applicable	Not applicable
District Engineer I	\$ 9,488.09	\$ 9,962.33	\$ 10,460.67	\$ 10,983.79	\$ 11,532.56	\$ 12,109.24	\$ 12,714.87	\$ 13,350.83	\$ 13,751.23	\$ 14,026.31
District Engineer II	\$12,109.24	\$ 12,714.87	\$ 13,350.83	\$ 14,018.16	\$ 14,719.12	\$ 15,455.09	\$ 16,227.64	\$ 17,039.19	\$ 17,550.35	\$ 17,901.35
Environmental Services Director	\$ 8,619.69	\$ 9,050.08	\$ 9,502.83	\$ 9,977.93	\$ 10,476.61	\$ 11,000.60	\$ 11,550.41	\$ 12,128.13	Not applicable	Not applicable
Environmental Specialist in Training	\$ 5,834.23	\$ 6,125.77	\$ 6,432.05	\$ 6,753.59	\$ 7,091.24	\$ 7,446.05	\$ 7,818.37	Not Applicable.	Not applicable	Not applicable
Environmental Specialist, Grade I	\$ 6,432.05	\$ 6,753.59	\$ 7,091.24	\$ 7,446.05	\$ 7,818.37	\$ 8,209.24	\$ 8,619.69	Not Applicable.	Not applicable	Not applicable
Environmental Specialist, Grade II	\$ 6,753.59	\$ 7,091.24	\$ 7,446.05	\$ 7,818.37	\$ 8,209.24	\$ 8,619.69	\$ 9,050.08	\$ 9,502.83	Not applicable	Not applicable
Environmental Specialist, Grade III	\$ 7,091.24	\$ 7,446.05	\$ 7,818.37	\$ 8,209.24	\$ 8,619.69	\$ 9,050.08	\$ 9,502.83	\$ 9,977.93	Not applicable	Not applicable
General Manager*	By Contract TBD									
Leadsman Collection Line Worker	\$ 5,950.71	\$ 6,248.32	\$ 6,560.49	\$ 6,888.44	\$ 7,232.68	\$ 7,594.60	\$ 7,974.55	\$ 8,373.21	Not applicable	Not applicable
Line Maintenance Worker	\$ 4,895.63	\$ 5,140.55	\$ 5,397.60	\$ 5,667.31	\$ 5,950.71	\$ 6,248.32	\$ 6,560.49	Not Applicable.	Not applicable	Not applicable
Line Maintenance Worker, Grade I	\$ 5,140.55	\$ 5,397.60	\$ 5,667.31	\$ 5,950.71	\$ 6,248.32	\$ 6,560.49	\$ 6,888.44	Not Applicable.	Not applicable	Not applicable
Line Maintenance Worker, Grade II	\$ 5,397.60	\$ 5,667.31	\$ 5,950.71	\$ 6,248.32	\$ 6,560.49	\$ 6,888.44	\$ 7,232.68	\$ 7,594.60	Not applicable	Not applicable
Line Maintenance Worker, Grade III	\$ 5,667.31	\$ 5,950.71	\$ 6,248.32	\$ 6,560.49	\$ 6,888.44	\$ 7,232.68	\$ 7,594.60	\$ 7,974.55	Not applicable	Not applicable
Operator in Training	\$ 5,039.84	\$ 5,291.87	\$ 5,556.20	\$ 5,834.23	\$ 6,125.77	\$ 6,432.05	\$ 6,753.59	Not Applicable.	Not applicable	Not applicable
Operator, Grade I	\$ 5,556.20	\$ 5,834.23	\$ 6,125.77	\$ 6,432.05	\$ 6,753.59	\$ 7,091.24	\$ 7,446.05	Not Applicable.	Not applicable	Not applicable
Operator, Grade II	\$ 6,125.77	\$ 6,432.05	\$ 6,753.59	\$ 7,091.24	\$ 7,446.05	\$ 7,818.37	\$ 8,209.24	\$ 8,619.69	Not applicable	Not applicable
Operator, Grade III	\$ 6,753.59	\$ 7,091.24	\$ 7,446.05	\$ 7,818.37	\$ 8,209.24	\$ 8,619.69	\$ 9,050.08	\$ 9,502.83	Not applicable	Not applicable
Operator, Lead	\$ 7,091.24	\$ 7,446.05	\$ 7,818.37	\$ 8,209.24	\$ 8,619.69	\$ 9,050.08	\$ 9,502.83	\$ 9,977.93	Not applicable	Not applicable
Plant Manager I	\$ 9,645.31	\$ 10,127.35	\$ 10,633.48	\$ 11,165.09	\$ 11,723.40	\$ 12,309.44	\$ 12,924.77	\$ 13,570.96	\$ 13,977.95	\$ 14,257.53
Plant Manager II	\$10,633.48	\$ 11,165.09	\$ 11,723.40	\$ 12,309.44	\$ 12,924.77	\$ 13,570.96	\$ 14,249.73	\$ 14,961.79	\$ 15,410.55	\$ 15,718.91
Plant Operations and Maintenance Supervisor	\$ 9,050.08	\$ 9,502.83	\$ 9,977.93	\$ 10,476.61	\$ 11,000.60	\$ 11,550.41	\$ 12,128.13	\$ 12,734.45	Not applicable	Not applicable
Part Time Positions										
Interim General Manager	Hourly rate of \$104.754									

How to Use this Pay Scale: Steps 1 through 5 are the regular levels for all positions. In addition, except as identified above, the following also applies:
 Dual certification may be available for an additional 5% of pay.
 Triple certification may be available for an additional 5% of pay.
 A longevity step may be available for an additional 5% of pay.
 Additional 3% longevity step after 10 years continuous District service may be available for management positions.
 Additional 2% longevity steps after 15 years continuous District service may be available for management positions.

Pay scale reflects COLA of 2.5% effective July 1, 2018 excluding Interim General Manager who is under a retired annuitant working under contract with the District effective December 14, 2017 at the hourly rate shown.

*General Manager position is vacant at this time.



Consent _____
Staff/Consultant Reports _____
Agenda Item ____8B_____

Agenda Summary Report

Date June 14, 2018

To: Chris DeGabriele, PE, Interim General Manager *CD*
From: Susan McGuire, Administrative Services Manager *SM*
Mtg. Date: June 14, 2018
Re: Resolution No. 2018-2133 Adopting a Cafeteria Plan including a Health Flexible Spending Account and Dependent Care Flexible Spending Account

BACKGROUND:

At the April 26, 2018 Board meeting, the Board approved pursuing establishment of a Flexible Benefits Plan to allow employees to put aside pre-tax dollars to pay for out of pocket healthcare expenses. Staff has met with employees and held an open enrollment period. Of the 19 employees who are eligible to participate, 8 have chosen to do so. This is about average per discussion with the plan provider, Discovery Benefits. Based on the amounts participating employees are choosing to defer into the plan, the annual administration cost of \$500 will be mostly offset by the savings in Social Security and Medicare taxes saved by the District.

During discussions about the plan benefits, some staff asked if a Dependent Care Plan could be added. This option allows employees to put aside pre-tax dollars for eligible dependent care costs such as daycare. Adding this option to the plan does not increase the administrative fees charged by Discovery Benefits. Staff has included this option in the plan design and adoption agreement.

District Counsel has reviewed the Flexible Benefits Plan (Exhibit A) and Summary Plan Description (Exhibit B) which are attached to Resolution No. 2018-2133 A Resolution Adopting a Cafeteria Plan including a Health Flexible Spending Account and Dependent Care Flexible Spending Account for the Employees of Las Gallinas Valley Sanitary District.

At the April 26th Board meeting there were questions as to whether Board members could participate in the Health Flexible Spending Account (FSA). Per discussion with Discovery Benefits, to be eligible the Board would have to be offered the District's group health plan. Currently, the Board is not covered by the District's group health plan offered by CalPERS and therefore not eligible to participate in the FSA.

STAFF RECOMMENDATION:

Board adopt Resolution No. 2018-2133 A Resolution Adopting a Cafeteria Plan including a Health Flexible Spending Account and Dependent Care Flexible Spending Account for the Employees of Las Gallinas Valley Sanitary District.

FISCAL IMPACT:

Less than \$500.

PERSON TO BE NOTIFIED:

Discovery Benefits.

RESOLUTION NO. 2018-2133

A RESOLUTION ADOPTING A CAFETERIA PLAN INCLUDING A HEALTH FLEXIBLE SPENDING ACCOUNT AND DEPENDENT CARE FLEXIBLE SPENDING ACCOUNT FOR THE EMPLOYEES OF THE

LAS GALLINAS VALLEY SANITARY DISTRICT

WHEREAS, the Las Gallinas Valley Sanitary District (the District) provides certain benefits to its employees including health, vision and dental insurance; and

WHEREAS, the employees incur costs for healthcare related expenses which are not paid for by insurance; and

WHEREAS, the employees may incur costs for providing care for their eligible dependents so that they may work for the District; and

WHEREAS, the Internal Revenue Code provides for the District to offer its eligible employees a method to pay for these costs on a pre-income tax basis thereby saving the employees and the District income and payroll taxes.

THEREFORE, BE IT RESOLVED that the form of Cafeteria Plan including a Health Flexible Spending Account and Dependent Care Flexible Spending Account effective July 1, 2018, presented to the Board of Directors of the Las Gallinas Valley Sanitary District at this meeting is hereby approved and adopted and that an authorized representative of the District is hereby authorized and directed to execute and deliver to the Administrator of the Plan one or more counterparts of the Plan.

The undersigned further certifies that attached hereto as Exhibits A and B, respectively, are true copies of Las Gallinas Valley Sanitary District Flexible Benefits Plan, and the Summary Plan Description approved and adopted in the foregoing resolutions.

* * * * *

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 regular meeting thereof held on June 14, 2018, by the following vote of the members thereof:

- AYES, and in favor thereof, Members:
- NOES, Members:
- ABSENT, Members:
- ABSTAIN, Members:

Teresa L. Lerch, District Secretary
Las Gallinas Valley Sanitary District

APPROVED:

(seal)

Megan Clark, Board President

**LAS GALLINAS VALLEY SANITARY DISTRICT
FLEXIBLE BENEFITS PLAN**

TABLE OF CONTENTS

**ARTICLE I
DEFINITIONS**

**ARTICLE II
PARTICIPATION**

2.1 ELIGIBILITY..... 2

2.2 EFFECTIVE DATE OF PARTICIPATION 2

2.3 APPLICATION TO PARTICIPATE 2

2.4 TERMINATION OF PARTICIPATION 3

2.5 TERMINATION OF EMPLOYMENT..... 3

2.6 DEATH..... 3

**ARTICLE III
CONTRIBUTIONS TO THE PLAN**

3.1 SALARY REDIRECTION..... 3

3.2 APPLICATION OF CONTRIBUTIONS..... 3

3.3 PERIODIC CONTRIBUTIONS 4

**ARTICLE IV
BENEFITS**

4.1 BENEFIT OPTIONS 4

4.2 HEALTH FLEXIBLE SPENDING ACCOUNT BENEFIT 4

4.3 DEPENDENT CARE FLEXIBLE SPENDING ACCOUNT BENEFIT 4

4.4 HEALTH INSURANCE BENEFIT 4

4.5 VISION INSURANCE BENEFIT 4

4.6 OTHER INSURANCE BENEFIT..... 4

4.7 NONDISCRIMINATION REQUIREMENTS..... 5

**ARTICLE V
PARTICIPANT ELECTIONS**

5.1 INITIAL ELECTIONS 5

5.2 SUBSEQUENT ANNUAL ELECTIONS..... 5

5.3 FAILURE TO ELECT 5

5.4 CHANGE IN STATUS..... 5

**ARTICLE VI
HEALTH FLEXIBLE SPENDING ACCOUNT**

6.1 ESTABLISHMENT OF PLAN 8

6.2 DEFINITIONS 8

6.3 FORFEITURES 8

6.4 LIMITATION ON ALLOCATIONS..... 8

6.5 NONDISCRIMINATION REQUIREMENTS..... 9

6.6 COORDINATION WITH CAFETERIA PLAN..... 9

6.7 HEALTH FLEXIBLE SPENDING ACCOUNT CLAIMS 9

6.8 DEBIT AND CREDIT CARDS 10

6.9 QUALIFIED RESERVIST DISTRIBUTIONS 10

**ARTICLE VII
DEPENDENT CARE FLEXIBLE SPENDING ACCOUNT**

7.1 ESTABLISHMENT OF ACCOUNT 11

7.2 DEFINITIONS 11

7.3 DEPENDENT CARE FLEXIBLE SPENDING ACCOUNTS 12

7.4 INCREASES IN DEPENDENT CARE FLEXIBLE SPENDING ACCOUNTS..... 12

7.5 DECREASES IN DEPENDENT CARE FLEXIBLE SPENDING ACCOUNTS 12

7.6 ALLOWABLE DEPENDENT CARE REIMBURSEMENT 12

7.7 ANNUAL STATEMENT OF BENEFITS 12

7.8 FORFEITURES 12

7.9 LIMITATION ON PAYMENTS 13

7.10 NONDISCRIMINATION REQUIREMENTS..... 13

7.11 COORDINATION WITH CAFETERIA PLAN..... 13

7.12 DEPENDENT CARE FLEXIBLE SPENDING ACCOUNT CLAIMS 13

7.13 DEBIT AND CREDIT CARDS 14

**ARTICLE VIII
BENEFITS AND RIGHTS**

8.1 CLAIM FOR BENEFITS 14

8.2 APPLICATION OF BENEFIT PLAN SURPLUS 15

**ARTICLE IX
ADMINISTRATION**

9.1 PLAN ADMINISTRATION 15

9.2 EXAMINATION OF RECORDS..... 16

9.3 PAYMENT OF EXPENSES 16

9.4 INSURANCE CONTROL CLAUSE 16

9.5 INDEMNIFICATION OF ADMINISTRATOR..... 16

**ARTICLE X
AMENDMENT OR TERMINATION OF PLAN**

10.1 AMENDMENT..... 17

10.2 TERMINATION 17

**ARTICLE XI
MISCELLANEOUS**

11.1 PLAN INTERPRETATION 17

11.2 GENDER AND NUMBER 17

11.3 WRITTEN DOCUMENT..... 17

11.4 EXCLUSIVE BENEFIT 17

11.5 PARTICIPANT'S RIGHTS 17

11.6 ACTION BY THE EMPLOYER 17

11.7 EMPLOYER'S PROTECTIVE CLAUSES..... 17

11.8 NO GUARANTEE OF TAX CONSEQUENCES 18

11.9 INDEMNIFICATION OF EMPLOYER BY PARTICIPANTS 18

11.10 FUNDING..... 18

11.11 GOVERNING LAW 18

11.12 SEVERABILITY 18

11.13 CAPTIONS 18

11.14 FAMILY AND MEDICAL LEAVE ACT (FMLA) 18

11.15 HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT (HIPAA) 18

11.16 UNIFORMED SERVICES EMPLOYMENT AND REEMPLOYMENT RIGHTS ACT (USERRA) 18

11.17 COMPLIANCE WITH HIPAA PRIVACY STANDARDS 18

11.18 COMPLIANCE WITH HIPAA ELECTRONIC SECURITY STANDARDS 20

11.19 MENTAL HEALTH PARITY AND ADDICTION EQUITY ACT 20

11.20 GENETIC INFORMATION NONDISCRIMINATION ACT (GINA) 20

11.21 WOMEN'S HEALTH AND CANCER RIGHTS ACT 20

11.22 NEWBORNS' AND MOTHERS' HEALTH PROTECTION ACT 20

**LAS GALLINAS VALLEY SANITARY DISTRICT
FLEXIBLE BENEFITS PLAN**

INTRODUCTION

The Employer has adopted this Plan effective July 1, 2018, to recognize the contribution made to the Employer by its Employees. Its purpose is to reward them by providing benefits for those Employees who shall qualify hereunder and their Dependents and beneficiaries. The concept of this Plan is to allow Employees to choose among different types of benefits based on their own particular goals, desires and needs. The Plan shall be known as Las Gallinas Valley Sanitary District Flexible Benefits Plan (the "Plan").

The intention of the Employer is that the Plan qualify as a "Cafeteria Plan" within the meaning of Section 125 of the Internal Revenue Code of 1986, as amended, and that the benefits which an Employee elects to receive under the Plan be excludable from the Employee's income under Section 125(a) and other applicable sections of the Internal Revenue Code of 1986, as amended.

**ARTICLE I
DEFINITIONS**

1.1 **"Administrator"** means the Employer unless another person or entity has been designated by the Employer pursuant to Section 9.1 to administer the Plan on behalf of the Employer. If the Employer is the Administrator, the Employer may appoint any person, including, but not limited to, the Employees of the Employer, to perform the duties of the Administrator. Any person so appointed shall signify acceptance by filing written acceptance with the Employer. Upon the resignation or removal of any individual performing the duties of the Administrator, the Employer may designate a successor.

1.2 **"Affiliated Employer"** means the Employer and any corporation which is a member of a controlled group of corporations (as defined in Code Section 414(b)) which includes the Employer; any trade or business (whether or not incorporated) which is under common control (as defined in Code Section 414(c)) with the Employer; any organization (whether or not incorporated) which is a member of an affiliated service group (as defined in Code Section 414(m)) which includes the Employer; and any other entity required to be aggregated with the Employer pursuant to Treasury regulations under Code Section 414(o).

1.3 **"Benefit" or "Benefit Options"** means any of the optional benefit choices available to a Participant as outlined in Section 4.1.

1.4 **"Cafeteria Plan Benefit Dollars"** means the amount available to Participants to purchase Benefit Options as provided under Section 4.1. Each dollar contributed to this Plan shall be converted into one Cafeteria Plan Benefit Dollar.

1.5 **"Code"** means the Internal Revenue Code of 1986, as amended or replaced from time to time.

1.6 **"Compensation"** means the amounts received by the Participant from the Employer during a Plan Year.

1.7 **"Dependent"** means any individual who qualifies as a dependent under an Insurance Contract for purposes of coverage under that Contract only or under Code Section 152 (as modified by Code Section 105(b)).

"Dependent" shall include any Child of a Participant who is covered under an Insurance Contract, as defined in the Contract, or under the Health Flexible Spending Account or as allowed by reason of the Affordable Care Act.

For purposes of the Health Flexible Spending Account, a Participant's "Child" includes his/her natural child, stepchild, foster child, adopted child, or a child placed with the Participant for adoption. A Participant's Child will be an eligible Dependent until reaching the limiting age of 26, without regard to student status, marital status, financial dependency or residency status with the Employee or any other person. When the child reaches the applicable limiting age, coverage will end at the end of the calendar year.

The phrase "placed for adoption" refers to a child whom the Participant intends to adopt, whether or not the adoption has become final, who has not attained the age of 18 as of the date of such placement for adoption. The term "placed" means the assumption and retention by such Employee of a legal obligation for total or partial support of the child in anticipation of adoption of the child. The child must be available for adoption and the legal process must have commenced.

1.8 **"Effective Date"** means July 1, 2018.

1.9 **"Election Period"** means the period immediately preceding the beginning of each Plan Year established by the Administrator, such period to be applied on a uniform and nondiscriminatory basis for all Employees and Participants. However, an Employee's initial Election Period shall be determined pursuant to Section 5.1.

1.10 **"Eligible Employee"** means any Employee who has satisfied the provisions of Section 2.1.

An individual shall not be an "Eligible Employee" if such individual is not reported on the payroll records of the Employer as a common law employee. In particular, it is expressly intended that individuals not treated as common law employees by

the Employer on its payroll records are not "Eligible Employees" and are excluded from Plan participation even if a court or administrative agency determines that such individuals are common law employees and not independent contractors.

1.11 **"Employee"** means any person who is employed by the Employer. The term Employee shall include leased employees within the meaning of Code Section 414(n)(2).

1.12 **"Employer"** means Las Gallinas Valley Sanitary District and any successor which shall maintain this Plan; and any predecessor which has maintained this Plan. In addition, where appropriate, the term Employer shall include any Participating, Affiliated or Adopting Employer.

1.13 **"Grace Period"** means, with respect to any Plan Year, the time period ending on the fifteenth day of the third calendar month after the end of such Plan Year, during which Medical Expenses and Employment-Related Dependent Care Expenses incurred by a Participant will be deemed to have been incurred during such Plan Year.

1.14 **"Insurance Contract"** means any contract issued by an Insurer underwriting a Benefit.

1.15 **"Insurance Premium Payment Plan"** means the plan of benefits contained in Section 4.1 of this Plan, which provides for the payment of Premium Expenses.

1.16 **"Insurer"** means any insurance company that underwrites a Benefit under this Plan.

1.17 **"Key Employee"** means an Employee described in Code Section 416(i)(1) and the Treasury regulations thereunder.

1.18 **"Participant"** means any Eligible Employee who elects to become a Participant pursuant to Section 2.3 and has not for any reason become ineligible to participate further in the Plan.

1.19 **"Plan"** means this instrument, including all amendments thereto.

1.20 **"Plan Year"** means the 12-month period beginning January 1 and ending December 31, except for the short Plan Year beginning July 1, 2018 and ending on December 31, 2018. The Plan Year shall be the coverage period for the Benefits provided for under this Plan. In the event a Participant commences participation during a Plan Year, then the initial coverage period shall be that portion of the Plan Year commencing on such Participant's date of entry and ending on the last day of such Plan Year.

1.21 **"Premium Expenses" or "Premiums"** mean the Participant's cost for the Benefits described in Section 4.1.

1.22 **"Premium Expense Reimbursement Account"** means the account established for a Participant pursuant to this Plan to which part of his Cafeteria Plan Benefit Dollars may be allocated and from which Premiums of the Participant may be paid or reimbursed. If more than one type of insured Benefit is elected, sub-accounts shall be established for each type of insured Benefit.

1.23 **"Salary Redirection"** means the contributions made by the Employer on behalf of Participants pursuant to Section 3.1. These contributions shall be converted to Cafeteria Plan Benefit Dollars and allocated to the funds or accounts established under the Plan pursuant to the Participants' elections made under Article V.

1.24 **"Salary Redirection Agreement"** means an agreement between the Participant and the Employer under which the Participant agrees to reduce his Compensation or to forego all or part of the increases in such Compensation and to have such amounts contributed by the Employer to the Plan on the Participant's behalf. The Salary Redirection Agreement shall apply only to Compensation that has not been actually or constructively received by the Participant as of the date of the agreement (after taking this Plan and Code Section 125 into account) and, subsequently does not become currently available to the Participant.

1.25 **"Spouse"** means spouse as determined under Federal law.

ARTICLE II PARTICIPATION

2.1 ELIGIBILITY

Any Eligible Employee shall be eligible to participate hereunder as of his date of employment (or the Effective Date of the Plan, if later).

2.2 EFFECTIVE DATE OF PARTICIPATION

An Eligible Employee shall become a Participant effective as of the entry date under the Employer's group medical plan, the provisions of which are specifically incorporated herein by reference.

2.3 APPLICATION TO PARTICIPATE

An Employee who is eligible to participate in this Plan shall, during the applicable Election Period, complete an application to participate in a manner set forth by the Administrator. The election shall be irrevocable until the end of the applicable Plan Year unless the Participant is entitled to change his Benefit elections pursuant to Section 5.4 hereof.

An Eligible Employee shall also be required to complete a Salary Redirection Agreement during the Election Period for the Plan Year during which he wishes to participate in this Plan. Any such Salary Redirection Agreement shall be effective for the first pay period beginning on or after the Employee's effective date of participation pursuant to Section 2.2.

2.4 TERMINATION OF PARTICIPATION

A Participant shall no longer participate in this Plan upon the occurrence of any of the following events:

- (a) **Termination of employment.** The Participant's termination of employment, subject to the provisions of Section 2.5;
- (b) **Death.** The Participant's death, subject to the provisions of Section 2.6; or
- (c) **Termination of the plan.** The termination of this Plan, subject to the provisions of Section 10.2.

2.5 TERMINATION OF EMPLOYMENT

If a Participant's employment with the Employer is terminated for any reason other than death, his participation in the Benefit Options provided under Section 4.1 shall be governed in accordance with the following:

- (a) **Insurance Benefit.** With regard to Benefits which are insured, the Participant's participation in the Plan shall cease, subject to the Participant's right to continue coverage under any Insurance Contract for which premiums have already been paid.
- (b) **Dependent Care FSA.** With regard to the Dependent Care Flexible Spending Account, the Participant's participation in the Plan shall cease and no further Salary Redirection contributions shall be made. However, such Participant may submit claims for employment related Dependent Care Expense reimbursements for claims incurred up to the date of termination and submitted within 60 days after termination, based on the level of the Participant's Dependent Care Flexible Spending Account as of the date of termination.
- (c) **Health FSA.** With regard to the Health Flexible Spending Account, the Participant's participation in the Plan shall continue for the remainder of the Plan Year in which such termination occurs. The Participant may continue to seek reimbursement from the Health Flexible Spending Account and shall be required to make contributions to the fund based on the elections made prior to the beginning of the Plan Year. Claims must be submitted within 60 days after the end of the Plan Year for claims incurred through the remainder of the Plan Year. However, such contributions after termination of employment shall be with after-tax dollars instead of Salary Redirections.

2.6 DEATH

If a Participant dies, his participation in the Plan shall cease. However, such Participant's spouse or Dependents may submit claims for expenses or benefits for the remainder of the Plan Year or until the Cafeteria Plan Benefit Dollars allocated to each specific benefit are exhausted. In no event may reimbursements be paid to someone who is not a spouse or Dependent.

ARTICLE III CONTRIBUTIONS TO THE PLAN

3.1 SALARY REDIRECTION

Benefits under the Plan shall be financed by Salary Redirections sufficient to support Benefits that a Participant has elected hereunder and to pay the Participant's Premium Expenses. The salary administration program of the Employer shall be revised to allow each Participant to agree to reduce his pay during a Plan Year by an amount determined necessary to purchase the elected Benefit Options. The amount of such Salary Redirection shall be specified in the Salary Redirection Agreement and shall be applicable for a Plan Year. Notwithstanding the above, for new Participants, the Salary Redirection Agreement shall only be applicable from the first day of the pay period following the Employee's entry date up to and including the last day of the Plan Year. These contributions shall be converted to Cafeteria Plan Benefit Dollars and allocated to the funds or accounts established under the Plan pursuant to the Participants' elections made under Article IV.

Any Salary Redirection shall be determined prior to the beginning of a Plan Year (subject to initial elections pursuant to Section 5.1) and prior to the end of the Election Period and shall be irrevocable for such Plan Year. However, a Participant may revoke a Benefit election or a Salary Redirection Agreement after the Plan Year has commenced and make a new election with respect to the remainder of the Plan Year, if both the revocation and the new election are on account of and consistent with a change in status and such other permitted events as determined under Article V of the Plan and consistent with the rules and regulations of the Department of the Treasury. Salary Redirection amounts shall be contributed on a pro rata basis for each pay period during the Plan Year. All individual Salary Redirection Agreements are deemed to be part of this Plan and incorporated by reference hereunder.

3.2 APPLICATION OF CONTRIBUTIONS

As soon as reasonably practical after each payroll period, the Employer shall apply the Salary Redirection to provide the Benefits elected by the affected Participants. Any contribution made or withheld for the Health Flexible Spending Account or Dependent Care Flexible Spending Account shall be credited to such fund or account. Amounts designated for the Participant's Premium Expense Reimbursement Account shall likewise be credited to such account for the purpose of paying Premium Expenses.

3.3 PERIODIC CONTRIBUTIONS

Notwithstanding the requirement provided above and in other Articles of this Plan that Salary Redirections be contributed to the Plan by the Employer on behalf of an Employee on a level and pro rata basis for each payroll period, the Employer and Administrator may implement a procedure in which Salary Redirections are contributed throughout the Plan Year on a periodic basis that is not pro rata for each payroll period. However, with regard to the Health Flexible Spending Account, the payment schedule for the required contributions may not be based on the rate or amount of reimbursements during the Plan Year.

ARTICLE IV BENEFITS

4.1 BENEFIT OPTIONS

Each Participant may elect any one or more of the following optional Benefits:

- (1) Health Flexible Spending Account
- (2) Dependent Care Flexible Spending Account
- (3) Insurance Premium Payment Plan
 - (i) Health Insurance Benefit
 - (ii) Vision Insurance Benefit
 - (iii) Other Insurance Benefit

4.2 HEALTH FLEXIBLE SPENDING ACCOUNT BENEFIT

Each Participant may elect to participate in the Health Flexible Spending Account option, in which case Article VI shall apply.

4.3 DEPENDENT CARE FLEXIBLE SPENDING ACCOUNT BENEFIT

Each Participant may elect to participate in the Dependent Care Flexible Spending Account option, in which case Article VII shall apply.

4.4 HEALTH INSURANCE BENEFIT

(a) **Coverage for Participant and Dependents.** Each Participant may elect to be covered under a health Insurance Contract for the Participant, his or her Spouse, and his or her Dependents.

(b) **Employer selects contracts.** The Employer may select suitable health Insurance Contracts for use in providing this health insurance benefit, which policies will provide uniform benefits for all Participants electing this Benefit.

(c) **Contract incorporated by reference.** The rights and conditions with respect to the benefits payable from such health Insurance Contract shall be determined therefrom, and such Insurance Contract shall be incorporated herein by reference.

4.5 VISION INSURANCE BENEFIT

(a) **Coverage for Participant and/or Dependents.** Each Participant may elect to be covered under the Employer's vision Insurance Contract. In addition, the Participant may elect either individual or family coverage.

(b) **Employer selects contracts.** The Employer may select suitable vision Insurance Contracts for use in providing this vision insurance benefit, which policies will provide uniform benefits for all Participants electing this Benefit.

(c) **Contract incorporated by reference.** The rights and conditions with respect to the benefits payable from such vision Insurance Contract shall be determined therefrom, and such vision Insurance Contract shall be incorporated herein by reference.

4.6 OTHER INSURANCE BENEFIT

(a) **Employer selects contracts.** The Employer may select additional health or other policies allowed under Code Section 125 or allow the purchase of additional health or other policies by and for Participants, which policies will provide uniform benefits for all Participants electing this Benefit.

(b) **Contract incorporated by reference.** The rights and conditions with respect to the benefits payable from any additional Insurance Contract shall be determined therefrom, and such Insurance Contract shall be incorporated herein by reference.

4.7 NONDISCRIMINATION REQUIREMENTS

(a) **Intent to be nondiscriminatory.** It is the intent of this Plan to provide benefits to a classification of employees which the Secretary of the Treasury finds not to be discriminatory in favor of the group in whose favor discrimination may not occur under Code Section 125.

(b) **25% concentration test.** It is the intent of this Plan not to provide qualified benefits as defined under Code Section 125 to Key Employees in amounts that exceed 25% of the aggregate of such Benefits provided for all Eligible Employees under the Plan. For purposes of the preceding sentence, qualified benefits shall not include benefits which (without regard to this paragraph) are includible in gross income.

(c) **Adjustment to avoid test failure.** If the Administrator deems it necessary to avoid discrimination or possible taxation to Key Employees or a group of employees in whose favor discrimination may not occur in violation of Code Section 125, it may, but shall not be required to, reject any election or reduce contributions or non-taxable Benefits in order to assure compliance with the Code and regulations. Any act taken by the Administrator shall be carried out in a uniform and nondiscriminatory manner. With respect to any affected Participant who has had Benefits reduced pursuant to this Section, the reduction shall be made proportionately among Health Flexible Spending Account Benefits and Dependent Care Flexible Spending Account Benefits, and once all these Benefits are expended, proportionately among insured Benefits. Contributions which are not utilized to provide Benefits to any Participant by virtue of any administrative act under this paragraph shall be forfeited and deposited into the benefit plan surplus.

ARTICLE V PARTICIPANT ELECTIONS

5.1 INITIAL ELECTIONS

An Employee who meets the eligibility requirements of Section 2.1 on the first day of, or during, a Plan Year may elect to participate in this Plan for all or the remainder of such Plan Year, provided he elects to do so on or before his effective date of participation pursuant to Section 2.2.

5.2 SUBSEQUENT ANNUAL ELECTIONS

During the Election Period prior to each subsequent Plan Year, each Participant shall be given the opportunity to elect, on an election of benefits form to be provided by the Administrator, which Benefit options he wishes to select. Any such election shall be effective for any Benefit expenses incurred during the Plan Year which follows the end of the Election Period. With regard to subsequent annual elections, the following options shall apply:

(a) A Participant or Employee who failed to initially elect to participate may elect different or new Benefits under the Plan during the Election Period;

(b) A Participant may terminate his participation in the Plan by notifying the Administrator in writing during the Election Period that he does not want to participate in the Plan for the next Plan Year;

(c) An Employee who elects not to participate for the Plan Year following the Election Period will have to wait until the next Election Period before again electing to participate in the Plan, except as provided for in Section 5.4.

5.3 FAILURE TO ELECT

With regard to Benefits available under the Plan for which no Premium Expenses apply, any Participant who fails to complete a new benefit election form pursuant to Section 5.2 by the end of the applicable Election Period shall be deemed to have elected not to participate in the Plan for the upcoming Plan Year. No further Salary Redirections shall therefore be authorized or made for the subsequent Plan Year for such Benefits.

With regard to Benefits available under the Plan for which Premium Expenses apply, any Participant who fails to complete a new benefit election form pursuant to Section 5.2 by the end of the applicable Election Period shall be deemed to have made the same Benefit elections as are then in effect for the current Plan Year. The Participant shall also be deemed to have elected Salary Redirection in an amount necessary to purchase such Benefit options.

5.4 CHANGE IN STATUS

(a) **Change in status defined.** Any Participant may change a Benefit election after the Plan Year (to which such election relates) has commenced and make new elections with respect to the remainder of such Plan Year if, under the facts and circumstances, the changes are necessitated by and are consistent with a change in status which is acceptable under rules and regulations adopted by the Department of the Treasury, the provisions of which are incorporated by reference. Notwithstanding anything herein to the contrary, if the rules and regulations conflict, then such rules and regulations shall control.

In general, a change in election is not consistent if the change in status is the Participant's divorce, annulment or legal separation from a Spouse, the death of a Spouse or Dependent, or a Dependent ceasing to satisfy the eligibility requirements for coverage, and the Participant's election under the Plan is to cancel accident or health insurance coverage for any individual other than the one involved in such event. In addition, if the Participant, Spouse or Dependent gains or loses eligibility for

coverage, then a Participant's election under the Plan to cease or decrease coverage for that individual under the Plan corresponds with that change in status only if coverage for that individual becomes applicable or is increased under the family member plan.

Regardless of the consistency requirement, if the individual, the individual's Spouse, or Dependent becomes eligible for continuation coverage under the Employer's group health plan as provided in Code Section 4980B or any similar state law, then the individual may elect to increase payments under this Plan in order to pay for the continuation coverage. However, this does not apply for COBRA eligibility due to divorce, annulment or legal separation.

Any new election shall be effective at such time as the Administrator shall prescribe, but not earlier than the first pay period beginning after the election form is completed and returned to the Administrator. For the purposes of this subsection, a change in status shall only include the following events or other events permitted by Treasury regulations:

- (1) **Legal Marital Status:** events that change a Participant's legal marital status, including marriage, divorce, death of a Spouse, legal separation or annulment;
- (2) **Number of Dependents:** Events that change a Participant's number of Dependents, including birth, adoption, placement for adoption, or death of a Dependent;
- (3) **Employment Status:** Any of the following events that change the employment status of the Participant, Spouse, or Dependent: termination or commencement of employment, a strike or lockout, commencement or return from an unpaid leave of absence, or a change in worksite. In addition, if the eligibility conditions of this Plan or other employee benefit plan of the Employer of the Participant, Spouse, or Dependent depend on the employment status of that individual and there is a change in that individual's employment status with the consequence that the individual becomes (or ceases to be) eligible under the plan, then that change constitutes a change in employment under this subsection;
- (4) **Dependent satisfies or ceases to satisfy the eligibility requirements:** An event that causes the Participant's Dependent to satisfy or cease to satisfy the requirements for coverage due to attainment of age, student status, or any similar circumstance; and
- (5) **Residency:** A change in the place of residence of the Participant, Spouse or Dependent, that would lead to a change in status (such as a loss of HMO coverage).

For the Dependent Care Flexible Spending Account, a Dependent becoming or ceasing to be a "Qualifying Dependent" as defined under Code Section 21(b) shall also qualify as a change in status.

Notwithstanding anything in this Section to the contrary, the gain of eligibility or change in eligibility of a child, as allowed under Code Sections 105(b) and 106, and guidance thereunder, shall qualify as a change in status.

(b) **Special enrollment rights.** Notwithstanding subsection (a), the Participants may change an election for group health coverage during a Plan Year and make a new election that corresponds with the special enrollment rights provided in Code Section 9801(f), including those authorized under the provisions of the Children's Health Insurance Program Reauthorization Act of 2009 (SCHIP); provided that such Participant meets the sixty (60) day notice requirement imposed by Code Section 9801(f) (or such longer period as may be permitted by the Plan and communicated to Participants). Such change shall take place on a prospective basis, unless otherwise required by Code Section 9801(f) to be retroactive.

(c) **Qualified Medical Support Order.** Notwithstanding subsection (a), in the event of a judgment, decree, or order (including approval of a property settlement) ("order") resulting from a divorce, legal separation, annulment, or change in legal custody which requires accident or health coverage for a Participant's child (including a foster child who is a Dependent of the Participant):

- (1) The Plan may change an election to provide coverage for the child if the order requires coverage under the Participant's plan; or
- (2) The Participant shall be permitted to change an election to cancel coverage for the child if the order requires the former Spouse to provide coverage for such child, under that individual's plan and such coverage is actually provided.

(d) **Medicare or Medicaid.** Notwithstanding subsection (a), a Participant may change elections to cancel accident or health coverage for the Participant or the Participant's Spouse or Dependent if the Participant or the Participant's Spouse or Dependent is enrolled in the accident or health coverage of the Employer and becomes entitled to coverage (i.e., enrolled) under Part A or Part B of the Title XVIII of the Social Security Act (Medicare) or Title XIX of the Social Security Act (Medicaid), other than coverage consisting solely of benefits under Section 1928 of the Social Security Act (the program for distribution of pediatric vaccines). If the Participant or the Participant's Spouse or Dependent who has been entitled to Medicaid or Medicare coverage loses eligibility, that individual may prospectively elect coverage under the Plan if a benefit package option under the Plan provides similar coverage.

(e) **Cost increase or decrease.** If the cost of a Benefit provided under the Plan increases or decreases during a Plan Year, then the Plan shall automatically increase or decrease, as the case may be, the Salary Redirections of all affected Participants for such Benefit. Alternatively, if the cost of a benefit package option increases significantly, the

Administrator shall permit the affected Participants to either make corresponding changes in their payments or revoke their elections and, in lieu thereof, receive on a prospective basis coverage under another benefit package option with similar coverage, or drop coverage prospectively if there is no benefit package option with similar coverage.

A cost increase or decrease refers to an increase or decrease in the amount of elective contributions under the Plan, whether resulting from an action taken by the Participants or an action taken by the Employer.

(f) **Loss of coverage.** If the coverage under a Benefit is significantly curtailed or ceases during a Plan Year, affected Participants may revoke their elections of such Benefit and, in lieu thereof, elect to receive on a prospective basis coverage under another plan with similar coverage, or drop coverage prospectively if no similar coverage is offered.

(g) **Addition of a new benefit.** If, during the period of coverage, a new benefit package option or other coverage option is added, an existing benefit package option is significantly improved, or an existing benefit package option or other coverage option is eliminated, then the affected Participants may elect the newly-added option, or elect another option if an option has been eliminated prospectively and make corresponding election changes with respect to other benefit package options providing similar coverage. In addition, those Eligible Employees who are not participating in the Plan may opt to become Participants and elect the new or newly improved benefit package option.

(h) **Loss of coverage under certain other plans.** A Participant may make a prospective election change to add group health coverage for the Participant, the Participant's Spouse or Dependent if such individual loses group health coverage sponsored by a governmental or educational institution, including a state children's health insurance program under the Social Security Act, the Indian Health Service or a health program offered by an Indian tribal government, a state health benefits risk pool, or a foreign government group health plan.

(i) **Change of coverage due to change under certain other plans.** A Participant may make a prospective election change that is on account of and corresponds with a change made under the plan of a Spouse's, former Spouse's or Dependent's employer if (1) the cafeteria plan or other benefits plan of the Spouse's, former Spouse's or Dependent's employer permits its participants to make a change; or (2) the cafeteria plan permits participants to make an election for a period of coverage that is different from the period of coverage under the cafeteria plan of a Spouse's, former Spouse's or Dependent's employer.

(j) **Change in dependent care provider.** A Participant may make a prospective election change that is on account of and corresponds with a change by the Participant in the dependent care provider. The availability of dependent care services from a new childcare provider is similar to a new benefit package option becoming available. A cost change is allowable in the Dependent Care Flexible Spending Account only if the cost change is imposed by a dependent care provider who is not related to the Participant, as defined in Code Section 152(a)(1) through (8).

(k) **Health FSA cannot change due to insurance change.** A Participant shall not be permitted to change an election to the Health Flexible Spending Account as a result of a cost or coverage change under any health insurance benefits.

(l) **Health FSA amount can only increase.** A Participant may only increase his Benefit elections under the Health Flexible Spending Account in the event of a change in status.

(m) **Changes due to reduction in hours or enrollment in an Exchange Plan.** A Participant may prospectively revoke coverage under the group health plan (that is not a health Flexible Spending Account) which provides minimum essential coverage (as defined in Code § 5000A(f)(1)) provided the following conditions are met:

Conditions for revocation due to reduction in hours of service:

- (1) The Participant has been reasonably expected to average at least 30 hours of service per week and there is a change in that Participant's status so that the Participant will reasonably be expected to average less than 30 hours of service per week after the change, even if that reduction does not result in the Participant ceasing to be eligible under the group health plan; and
- (2) The revocation of coverage under the group health plan corresponds to the intended enrollment of the Participant, and any related individuals who cease coverage due to the revocation, in another plan that provides minimum essential coverage with the new coverage effective no later than the first day of the second month following the month that includes the date the original coverage is revoked.

The Administrator may rely on the reasonable representation of the Participant who is reasonably expected to have an average of less than 30 hours of service per week for future periods that the Participant and related individuals have enrolled or intend to enroll in another plan that provides minimum essential coverage for new coverage that is effective no later than the first day of the second month following the month that includes the date the original coverage is revoked.

Conditions for revocation due to enrollment in a Qualified Health Plan:

- (1) The Participant is eligible for a Special Enrollment Period to enroll in a Qualified Health Plan through a Marketplace (federal or state exchange) pursuant to guidance issued by the Department of Health and Human Services and any other applicable guidance, or the Participant seeks to enroll in a Qualified Health Plan through a Marketplace during the Marketplace's annual open enrollment period; and

- (2) The revocation of the election of coverage under the group health plan corresponds to the intended enrollment of the Participant and any related individuals who cease coverage due to the revocation in a Qualified Health Plan through a Marketplace for new coverage that is effective beginning no later than the day immediately following the last day of the original coverage that is revoked.

The Administrator may rely on the reasonable representation of a Participant who has an enrollment opportunity for a Qualified Health Plan through a Marketplace that the Participant and related individuals have enrolled or intend to enroll in a Qualified Health Plan for new coverage that is effective beginning no later than the day immediately following the last day of the original coverage that is revoked.

ARTICLE VI HEALTH FLEXIBLE SPENDING ACCOUNT

6.1 ESTABLISHMENT OF PLAN

This Health Flexible Spending Account is intended to qualify as a medical reimbursement plan under Code Section 105 and shall be interpreted in a manner consistent with such Code Section and the Treasury regulations thereunder. Participants who elect to participate in this Health Flexible Spending Account may submit claims for the reimbursement of Medical Expenses. All amounts reimbursed shall be periodically paid from amounts allocated to the Health Flexible Spending Account. Periodic payments reimbursing Participants from the Health Flexible Spending Account shall in no event occur less frequently than monthly.

6.2 DEFINITIONS

For the purposes of this Article and the Cafeteria Plan, the terms below have the following meaning:

- (a) **"Health Flexible Spending Account"** means the account established for Participants pursuant to this Plan to which part of their Cafeteria Plan Benefit Dollars may be allocated and from which all allowable Medical Expenses incurred by a Participant, his or her Spouse and his or her Dependents may be reimbursed.
- (b) **"Highly Compensated Participant"** means, for the purposes of this Article and determining discrimination under Code Section 105(h), a participant who is:
- (1) one of the 5 highest paid officers;
 - (2) a shareholder who owns (or is considered to own applying the rules of Code Section 318) more than 10 percent in value of the stock of the Employer; or
 - (3) among the highest paid 25 percent of all Employees (other than exclusions permitted by Code Section 105(h)(3)(B) for those individuals who are not Participants).
- (c) **"Medical Expenses"** means any expense for medical care within the meaning of the term "medical care" as defined in Code Section 213(d) and the rulings and Treasury regulations thereunder, and not otherwise used by the Participant as a deduction in determining his tax liability under the Code. "Medical Expenses" can be incurred by the Participant, his or her Spouse and his or her Dependents. "Incurred" means, with regard to Medical Expenses, when the Participant is provided with the medical care that gives rise to the Medical Expense and not when the Participant is formally billed or charged for, or pays for, the medical care.

A Participant may not be reimbursed for the cost of any medicine or drug that is not "prescribed" within the meaning of Code Section 106(f) or is not insulin.

A Participant may not be reimbursed for the cost of other health coverage such as premiums paid under plans maintained by the employer of the Participant's Spouse or individual policies maintained by the Participant or his Spouse or Dependent.

A Participant may not be reimbursed for "qualified long-term care services" as defined in Code Section 7702B(c).

- (d) The definitions of Article I are hereby incorporated by reference to the extent necessary to interpret and apply the provisions of this Health Flexible Spending Account.

6.3 FORFEITURES

The amount in the Health Flexible Spending Account as of the end of any Plan Year (and after the processing of all claims for such Plan Year pursuant to Section 6.7 hereof) shall be forfeited and credited to the benefit plan surplus. In such event, the Participant shall have no further claim to such amount for any reason, subject to Section 8.2.

6.4 LIMITATION ON ALLOCATIONS

- (a) Notwithstanding any provision contained in this Health Flexible Spending Account to the contrary, the maximum amount of salary reductions that may be allocated to the Health Flexible Spending Account by a Participant in or on account of any Plan Year is \$2,500, as adjusted for increases in the cost of living in accordance with Code Section 125(i)(2). The cost of living adjustment in effect for a calendar year applies to any Plan Year beginning with or within such

calendar year. The dollar increase in effect on January 1 of any calendar year shall be effective for the Plan Year beginning with or within such calendar year. For any short Plan Year, the limit shall be an amount equal to the limit for the calendar year in which the Plan Year begins multiplied by the ratio obtained by dividing the number of full months in the short Plan Year by twelve (12).

(b) For any short Plan Year, the maximum amount that may be allocated to the Health Flexible Spending Account is \$1325.00.

(c) **Participation in Other Plans.** All employers that are treated as a single employer under Code Sections 414(b), (c), or (m), relating to controlled groups and affiliated service groups, are treated as a single employer for purposes of the statutory limit. If a Participant participates in multiple cafeteria plans offering health flexible spending accounts maintained by members of a controlled group or affiliated service group, the Participant's total Health Flexible Spending Account contributions under all of the cafeteria plans are limited to the statutory limit (as adjusted). However, a Participant employed by two or more employers that are not members of the same controlled group may elect up to the statutory limit (as adjusted) under each Employer's Health Flexible Spending Account.

(d) **Grace Period.** Payment of expenses from a previous year in the first months of the next Plan Year, the limit above applies to the Plan Year including the Grace Period. Amounts carried into the next Plan Year as part of the Grace Period shall not affect the limit for that next Plan Year.

6.5 NONDISCRIMINATION REQUIREMENTS

(a) **Intent to be nondiscriminatory.** It is the intent of this Health Flexible Spending Account not to discriminate in violation of the Code and the Treasury regulations thereunder.

(b) **Adjustment to avoid test failure.** If the Administrator deems it necessary to avoid discrimination under this Health Flexible Spending Account, it may, but shall not be required to, reject any elections or reduce contributions or Benefits in order to assure compliance with this Section. Any act taken by the Administrator under this Section shall be carried out in a uniform and nondiscriminatory manner. If the Administrator decides to reject any elections or reduce contributions or Benefits, it shall be done in the following manner. First, the Benefits designated for the Health Flexible Spending Account by the member of the group in whose favor discrimination may not occur pursuant to Code Section 105 that elected to contribute the highest amount to the fund for the Plan Year shall be reduced until the nondiscrimination tests set forth in this Section or the Code are satisfied, or until the amount designated for the fund equals the amount designated for the fund by the next member of the group in whose favor discrimination may not occur pursuant to Code Section 105 who has elected the second highest contribution to the Health Flexible Spending Account for the Plan Year. This process shall continue until the nondiscrimination tests set forth in this Section or the Code are satisfied. Contributions which are not utilized to provide Benefits to any Participant by virtue of any administrative act under this paragraph shall be forfeited and credited to the benefit plan surplus.

6.6 COORDINATION WITH CAFETERIA PLAN

All Participants under the Cafeteria Plan are eligible to receive Benefits under this Health Flexible Spending Account. The enrollment under the Cafeteria Plan shall constitute enrollment under this Health Flexible Spending Account. In addition, other matters concerning contributions, elections and the like shall be governed by the general provisions of the Cafeteria Plan.

6.7 HEALTH FLEXIBLE SPENDING ACCOUNT CLAIMS

(a) **Expenses must be incurred during Plan Year.** All Medical Expenses incurred by a Participant, his or her Spouse and his or her Dependents during the Plan Year including the Grace Period shall be reimbursed during the Plan Year subject to Section 2.5, even though the submission of such a claim occurs after his participation hereunder ceases; but provided that the Medical Expenses were incurred during the applicable Plan Year. Medical Expenses are treated as having been incurred when the Participant is provided with the medical care that gives rise to the medical expenses, not when the Participant is formally billed or charged for, or pays for the medical care.

(b) **Reimbursement available throughout Plan Year.** The Administrator shall direct the reimbursement to each eligible Participant for all allowable Medical Expenses, up to a maximum of the amount designated by the Participant for the Health Flexible Spending Account for the Plan Year. Reimbursements shall be made available to the Participant throughout the year without regard to the level of Cafeteria Plan Benefit Dollars which have been allocated to the fund at any given point in time. Furthermore, a Participant shall be entitled to reimbursements only for amounts in excess of any payments or other reimbursements under any health care plan covering the Participant and/or his Spouse or Dependents.

(c) **Payments.** Reimbursement payments under this Plan shall be made directly to the Participant. However, in the Administrator's discretion, payments may be made directly to the service provider. The application for payment or reimbursement shall be made to the Administrator on an acceptable form within a reasonable time of incurring the debt or paying for the service. The application shall include a written statement from an independent third party stating that the Medical Expense has been incurred and the amount of such expense. Furthermore, the Participant shall provide a written statement that the Medical Expense has not been reimbursed or is not reimbursable under any other health plan coverage and, if reimbursed from the Health Flexible Spending Account, such amount will not be claimed as a tax deduction. The Administrator shall retain a file of all such applications.

(d) **Grace Period.** Notwithstanding anything in this Section to the contrary, Medical Expenses incurred during the Grace Period, up to the remaining account balance, shall also be deemed to have been incurred during the Plan Year to which the Grace Period relates.

(e) **Claims for reimbursement.** Claims for the reimbursement of Medical Expenses incurred in any Plan Year shall be paid as soon after a claim has been filed as is administratively practicable; provided however, that if a Participant fails to submit a claim within 60 days after the end of the Plan Year, those Medical Expense claims shall not be considered for reimbursement by the Administrator.

6.8 DEBIT AND CREDIT CARDS

Participants may, subject to a procedure established by the Administrator and applied in a uniform nondiscriminatory manner, use debit and/or credit (stored value) cards ("cards") provided by the Administrator and the Plan for payment of Medical Expenses, subject to the following terms:

(a) **Card only for medical expenses.** Each Participant issued a card shall certify that such card shall only be used for Medical Expenses. The Participant shall also certify that any Medical Expense paid with the card has not already been reimbursed by any other plan covering health benefits and that the Participant will not seek reimbursement from any other plan covering health benefits.

(b) **Card issuance.** Such card shall be issued upon the Participant's Effective Date of Participation and reissued for each Plan Year the Participant remains a Participant in the Health Flexible Spending Account. Such card shall be automatically cancelled upon the Participant's death or termination of employment, or if such Participant has a change in status that results in the Participant's withdrawal from the Health Flexible Spending Account.

(c) **Maximum dollar amount available.** The dollar amount of coverage available on the card shall be the amount elected by the Participant for the Plan Year. The maximum dollar amount of coverage available shall be the maximum amount for the Plan Year as set forth in Section 6.4.

(d) **Only available for use with certain service providers.** The cards shall only be accepted by such merchants and service providers as have been approved by the Administrator following IRS guidelines.

(e) **Card use.** The cards shall only be used for Medical Expense purchases at these providers, including, but not limited to, the following:

- (1) Co-payments for doctor and other medical care;
- (2) Purchase of drugs prescribed by a health care provider, including, if permitted by the Administrator, over-the-counter medications as allowed under IRS regulations;
- (3) Purchase of medical items such as eyeglasses, syringes, crutches, etc.

(f) **Substantiation.** Such purchases by the cards shall be subject to substantiation by the Administrator, usually by submission of a receipt from a service provider describing the service, the date and the amount. The Administrator shall also follow the requirements set forth in Revenue Ruling 2003-43 and Notice 2006-69. All charges shall be conditional pending confirmation and substantiation.

(g) **Correction methods.** If such purchase is later determined by the Administrator to not qualify as a Medical Expense, the Administrator, in its discretion, shall use one of the following correction methods to make the Plan whole. Until the amount is repaid, the Administrator shall take further action to ensure that further violations of the terms of the card do not occur, up to and including denial of access to the card.

- (1) Repayment of the improper amount by the Participant;
- (2) Withholding the improper payment from the Participant's wages or other compensation to the extent consistent with applicable federal or state law;
- (3) Claims substitution or offset of future claims until the amount is repaid; and
- (4) if subsections (1) through (3) fail to recover the amount, consistent with the Employer's business practices, the Employer may treat the amount as any other business indebtedness.

6.9 QUALIFIED RESERVIST DISTRIBUTIONS

(a) **Qualified Reservist Distribution.** A Participant may request a Qualified Reservist Distribution, provided the following provisions are satisfied. "Qualified Reservist Distribution" means any distribution to a Participant of all or a portion of the balance in the Participant's Health Flexible Spending Account if:

- (1) Such Participant was an individual who was (by reason of being a member of a reserve component (as defined in Section 101 of Title 37, United States Code)) ordered or called to active duty for a period of 180 days or more or for an indefinite period.

(2) A Participant may have been called prior to June 18, 2008, provided the individual's active duty continues after June 18, 2008 and the period of duty complies with subsection (a).

(3) The distribution is made during the period beginning on the date of the order or call that applies to the Participant and ending on the last day of the Plan Year (or Grace Period) which includes the date of such order or call.

(4) The Qualified Reservist Distribution option is offered to all Participants who qualify under this Article.

(5) Qualified Reservist Distributions may only be made if the Participant is ordered or called to active duty, not the Participant's spouse or dependents.

(6) Under Section 101 of the Title 37 of the United States Code, "reserve component" means: (1) the Army National Guard, (2) the Army Reserve, (3) the Navy Reserve, (4) the Marine Corps Reserve, (5) the Air National Guard, (6) the Air Force Reserve, (7) the Coast Guard Reserve, or (8) the Reserve Corps of the Public Health Service.

(b) **Conditions:** The following conditions apply:

(1) The Employer must receive a copy of the order or call to active duty and may rely on the order or call to determine the period that the Participant has been ordered or called to duty.

(2) Eligibility for a Qualified Reservist Distribution is not affected if the order or call is for 180 days or more or is indefinite, but the actual period of active duty is less than 180 days or is changed otherwise from the order or call.

(3) If the original order is less than 180 days, then no Qualified Reservist Distribution is allowed. However, if subsequent calls or orders increase the total days of active duty to 180 or more, then a Qualified Reservist Distribution will be allowed.

(c) **Amount:** The amount a Participant may be reimbursed from the Health Flexible Spending Account is the amount contributed by the Participant to the Health Flexible Spending Account as of the date of the distribution request, less any reimbursements received as of the date of the distribution request.

(d) **Procedure.** The Employer must specify a process for requesting the distribution. The Employer may limit the number of distributions processed for a Participant to 1 per Plan Year. The distribution request must be made on or after the call or order and before the last day of the Grace Period. The QRD shall be paid within a reasonable time but in no event more than 60 days after the date of the request.

(e) **Claims.** Claims incurred prior to the date of the request of the distribution shall be paid as any other claim. Claims incurred after the date of the distribution shall not be paid and the Participant's right to submit a claim shall be terminated as of the date of the distribution request.

ARTICLE VII DEPENDENT CARE FLEXIBLE SPENDING ACCOUNT

7.1 ESTABLISHMENT OF ACCOUNT

This Dependent Care Flexible Spending Account is intended to qualify as a program under Code Section 129 and shall be interpreted in a manner consistent with such Code Section. Participants who elect to participate in this program may submit claims for the reimbursement of Employment-Related Dependent Care Expenses. All amounts reimbursed shall be paid from amounts allocated to the Participant's Dependent Care Flexible Spending Account.

7.2 DEFINITIONS

For the purposes of this Article and the Cafeteria Plan the terms below shall have the following meaning:

(a) **"Dependent Care Flexible Spending Account"** means the account established for a Participant pursuant to this Article to which part of his Cafeteria Plan Benefit Dollars may be allocated and from which Employment-Related Dependent Care Expenses of the Participant may be reimbursed for the care of the Qualifying Dependents of Participants.

(b) **"Earned Income"** means earned income as defined under Code Section 32(c)(2), but excluding such amounts paid or incurred by the Employer for dependent care assistance to the Participant.

(c) **"Employment-Related Dependent Care Expenses"** means the amounts paid for expenses of a Participant for those services which if paid by the Participant would be considered employment related expenses under Code Section 21(b)(2). Generally, they shall include expenses for household services and for the care of a Qualifying Dependent, to the extent that such expenses are incurred to enable the Participant to be gainfully employed for any period for which there are one or more Qualifying Dependents with respect to such Participant. Employment-Related Dependent Care Expenses are treated as having been incurred when the Participant's Qualifying Dependents are provided with the dependent care that gives rise to the Employment-Related Dependent Care Expenses, not when the Participant is formally billed or charged for, or pays for the dependent care. The determination of whether an amount qualifies as an Employment-Related Dependent Care Expense shall be made subject to the following rules:

(1) If such amounts are paid for expenses incurred outside the Participant's household, they shall constitute Employment-Related Dependent Care Expenses only if incurred for a Qualifying Dependent as defined in Section 7.2(d)(1) (or deemed to be, as described in Section 7.2(d)(1) pursuant to Section 7.2(d)(3)), or for a Qualifying Dependent as defined in Section 7.2(d)(2) (or deemed to be, as described in Section 7.2(d)(2) pursuant to Section 7.2(d)(3)) who regularly spends at least 8 hours per day in the Participant's household;

(2) If the expense is incurred outside the Participant's home at a facility that provides care for a fee, payment, or grant for more than 6 individuals who do not regularly reside at the facility, the facility must comply with all applicable state and local laws and regulations, including licensing requirements, if any; and

(3) Employment-Related Dependent Care Expenses of a Participant shall not include amounts paid or incurred to a child of such Participant who is under the age of 19 or to an individual who is a Dependent of such Participant or such Participant's Spouse.

(d) **"Qualifying Dependent"** means, for Dependent Care Flexible Spending Account purposes,

(1) a Participant's Dependent (as defined in Code Section 152(a)(1)) who has not attained age 13;

(2) a Dependent or the Spouse of a Participant who is physically or mentally incapable of caring for himself or herself and has the same principal place of abode as the Participant for more than one-half of such taxable year; or

(3) a child that is deemed to be a Qualifying Dependent described in paragraph (1) or (2) above, whichever is appropriate, pursuant to Code Section 21(e)(5).

(e) The definitions of Article I are hereby incorporated by reference to the extent necessary to interpret and apply the provisions of this Dependent Care Flexible Spending Account.

7.3 DEPENDENT CARE FLEXIBLE SPENDING ACCOUNTS

The Administrator shall establish a Dependent Care Flexible Spending Account for each Participant who elects to apply Cafeteria Plan Benefit Dollars to Dependent Care Flexible Spending Account benefits.

7.4 INCREASES IN DEPENDENT CARE FLEXIBLE SPENDING ACCOUNTS

A Participant's Dependent Care Flexible Spending Account shall be increased each pay period by the portion of Cafeteria Plan Benefit Dollars that he has elected to apply toward his Dependent Care Flexible Spending Account pursuant to elections made under Article V hereof.

7.5 DECREASES IN DEPENDENT CARE FLEXIBLE SPENDING ACCOUNTS

A Participant's Dependent Care Flexible Spending Account shall be reduced by the amount of any Employment-Related Dependent Care Expense reimbursements paid or incurred on behalf of a Participant pursuant to Section 7.12 hereof.

7.6 ALLOWABLE DEPENDENT CARE REIMBURSEMENT

Subject to limitations contained in Section 7.9 of this Program, and to the extent of the amount contained in the Participant's Dependent Care Flexible Spending Account, a Participant who incurs Employment-Related Dependent Care Expenses shall be entitled to receive from the Employer full reimbursement for the entire amount of such expenses incurred during the Plan Year or portion thereof during which he is a Participant.

7.7 ANNUAL STATEMENT OF BENEFITS

On or before January 31st of each calendar year, the Employer shall furnish to each Employee who was a Participant and received benefits under Section 7.6 during the prior calendar year, a statement of all such benefits paid to or on behalf of such Participant during the prior calendar year. This statement is set forth on the Participant's Form W-2.

7.8 FORFEITURES

The amount in a Participant's Dependent Care Flexible Spending Account as of the end of any Plan Year (and after the processing of all claims for such Plan Year pursuant to Section 7.12 hereof) shall be forfeited and credited to the benefit plan surplus. In such event, the Participant shall have no further claim to such amount for any reason.

7.9 LIMITATION ON PAYMENTS

(a) **Code limits.** Notwithstanding any provision contained in this Article to the contrary, amounts paid from a Participant's Dependent Care Flexible Spending Account in or on account of any taxable year of the Participant shall not exceed the lesser of the Earned Income limitation described in Code Section 129(b) or \$5,000 (\$2,500 if a separate tax return is filed by a Participant who is married as determined under the rules of paragraphs (3) and (4) of Code Section 21(e)).

7.10 NONDISCRIMINATION REQUIREMENTS

(a) **Intent to be nondiscriminatory.** It is the intent of this Dependent Care Flexible Spending Account that contributions or benefits not discriminate in favor of the group of employees in whose favor discrimination may not occur under Code Section 129(d).

(b) **25% test for shareholders.** It is the intent of this Dependent Care Flexible Spending Account that not more than 25 percent of the amounts paid by the Employer for dependent care assistance during the Plan Year will be provided for the class of individuals who are shareholders or owners (or their Spouses or Dependents), each of whom (on any day of the Plan Year) owns more than 5 percent of the stock or of the capital or profits interest in the Employer.

(c) **Adjustment to avoid test failure.** If the Administrator deems it necessary to avoid discrimination or possible taxation to a group of employees in whose favor discrimination may not occur in violation of Code Section 129 it may, but shall not be required to, reject any elections or reduce contributions or non-taxable benefits in order to assure compliance with this Section. Any act taken by the Administrator under this Section shall be carried out in a uniform and nondiscriminatory manner. If the Administrator decides to reject any elections or reduce contributions or Benefits, it shall be done in the following manner. First, the Benefits designated for the Dependent Care Flexible Spending Account by the affected Participant that elected to contribute the highest amount to such account for the Plan Year shall be reduced until the nondiscrimination tests set forth in this Section are satisfied, or until the amount designated for the account equals the amount designated for the account of the affected Participant who has elected the second highest contribution to the Dependent Care Flexible Spending Account for the Plan Year. This process shall continue until the nondiscrimination tests set forth in this Section are satisfied. Contributions which are not utilized to provide Benefits to any Participant by virtue of any administrative act under this paragraph shall be forfeited.

7.11 COORDINATION WITH CAFETERIA PLAN

All Participants under the Cafeteria Plan are eligible to receive Benefits under this Dependent Care Flexible Spending Account. The enrollment and termination of participation under the Cafeteria Plan shall constitute enrollment and termination of participation under this Dependent Care Flexible Spending Account. In addition, other matters concerning contributions, elections and the like shall be governed by the general provisions of the Cafeteria Plan.

7.12 DEPENDENT CARE FLEXIBLE SPENDING ACCOUNT CLAIMS

The Administrator shall direct the payment of all such Dependent Care claims to the Participant upon the presentation to the Administrator of documentation of such expenses in a form satisfactory to the Administrator. However, in the Administrator's discretion, payments may be made directly to the service provider. In its discretion in administering the Plan, the Administrator may utilize forms and require documentation of costs as may be necessary to verify the claims submitted. At a minimum, the form shall include a statement from an independent third party as proof that the expense has been incurred during the Plan Year including the Grace Period and the amount of such expense. In addition, the Administrator may require that each Participant who desires to receive reimbursement under this Program for Employment-Related Dependent Care Expenses submit a statement which may contain some or all of the following information:

- (a) The Dependent or Dependents for whom the services were performed;
- (b) The nature of the services performed for the Participant, the cost of which he wishes reimbursement;
- (c) The relationship, if any, of the person performing the services to the Participant;
- (d) If the services are being performed by a child of the Participant, the age of the child;
- (e) A statement as to where the services were performed;
- (f) If any of the services were performed outside the home, a statement as to whether the Dependent for whom such services were performed spends at least 8 hours a day in the Participant's household;
- (g) If the services were being performed in a day care center, a statement:
 - (1) that the day care center complies with all applicable laws and regulations of the state of residence,
 - (2) that the day care center provides care for more than 6 individuals (other than individuals residing at the center), and
 - (3) of the amount of fee paid to the provider.

- (h) If the Participant is married, a statement containing the following:
 - (1) the Spouse's salary or wages if he or she is employed, or
 - (2) if the Participant's Spouse is not employed, that
 - (i) he or she is incapacitated, or
 - (ii) he or she is a full-time student attending an educational institution and the months during the year which he or she attended such institution.

(i) **Grace Period.** Notwithstanding anything in this Section to the contrary, Employment-Related Dependent Care Expenses incurred during the Grace Period, up to the remaining account balance, shall also be deemed to have been incurred during the Plan Year to which the Grace Period relates.

(j) **Claims for reimbursement.** If a Participant fails to submit a claim within 60 days after the end of the Plan Year, those claims shall not be considered for reimbursement by the Administrator. However, if a Participant terminates employment during the Plan Year, claims for reimbursement must be submitted within 60 days after termination of employment.

7.13 DEBIT AND CREDIT CARDS

Participants may, subject to a procedure established by the Administrator and applied in a uniform nondiscriminatory manner, use debit and/or credit (stored value) cards ("cards") provided by the Administrator and the Plan for payment of Employment-Related Dependent Care Expenses, subject to the following terms:

(a) **Card only for dependent care expenses.** Each Participant issued a card shall certify that such card shall only be used for Employment-Related Dependent Care Expenses. The Participant shall also certify that any Employment-Related Dependent Care Expense paid with the card has not already been reimbursed by any other plan covering dependent care benefits and that the Participant will not seek reimbursement from any other plan covering dependent care benefits.

(b) **Card issuance.** Such card shall be issued upon the Participant's Effective Date of Participation and reissued for each Plan Year the Participant remains a Participant in the Dependent Care Flexible Spending Account. Such card shall be automatically canceled upon the Participant's death or termination of employment, or if such Participant has a change in status that results in the Participant's withdrawal from the Dependent Care Flexible Spending Account.

(c) **Only available for use with certain service providers.** The cards shall only be accepted by such service providers as have been approved by the Administrator. The cards shall only be used for Employment-Related Dependent Care Expenses from these providers.

(d) **Substantiation.** Such purchases by the cards shall be subject to substantiation by the Administrator, usually by submission of a receipt from a service provider describing the service, the date and the amount. The Administrator shall also follow the requirements set forth in Revenue Ruling 2003-43 and Notice 2006-69. All charges shall be conditional pending confirmation and substantiation.

(e) **Correction methods.** If such purchase is later determined by the Administrator to not qualify as an Employment-Related Dependent Care Expense, the Administrator, in its discretion, shall use one of the following correction methods to make the Plan whole. Until the amount is repaid, the Administrator shall take further action to ensure that further violations of the terms of the card do not occur, up to and including denial of access to the card.

- (1) Repayment of the improper amount by the Participant;
- (2) Withholding the improper payment from the Participant's wages or other compensation to the extent consistent with applicable federal or state law;
- (3) Claims substitution or offset of future claims until the amount is repaid; and
- (4) if subsections (1) through (3) fail to recover the amount, consistent with the Employer's business practices, the Employer may treat the amount as any other business indebtedness.

ARTICLE VIII BENEFITS AND RIGHTS

8.1 CLAIM FOR BENEFITS

(a) **Insurance claims.** Any claim for Benefits underwritten by Insurance Contract(s) shall be made to the Insurer. If the Insurer denies any claim, the Participant or beneficiary shall follow the Insurer's claims review procedure.

(b) **Dependent Care Flexible Spending Account or Health Flexible Spending Account claims.** Any claim for Dependent Care Flexible Spending Account or Health Flexible Spending Account Benefits shall be made to the Administrator. For the Health Flexible Spending Account, if a Participant fails to submit a claim within 60 days after the end of the Plan Year, those claims shall not be considered for reimbursement by the Administrator. For the Dependent Care Flexible Spending Account, if a Participant fails to submit a claim within 60 days after the end of the Plan Year, those claims shall not be considered for reimbursement by the Administrator. However, if a Participant terminates employment during the Plan Year, claims for reimbursement must be submitted within 60 days after termination of employment. If the Administrator denies a claim, the Administrator may provide notice to the Participant or beneficiary, in writing, within 90 days after the claim is filed unless special circumstances require an extension of time for processing the claim. The notice of a denial of a claim shall be written in a manner calculated to be understood by the claimant and shall set forth:

- (1) specific references to the pertinent Plan provisions on which the denial is based;
- (2) a description of any additional material or information necessary for the claimant to perfect the claim and an explanation as to why such information is necessary; and
- (3) an explanation of the Plan's claim procedure.

(c) **Appeal.** Within 60 days after receipt of the above material, the claimant shall have a reasonable opportunity to appeal the claim denial to the Administrator for a full and fair review. The claimant or his duly authorized representative may:

- (1) request a review upon written notice to the Administrator;
- (2) review pertinent documents; and
- (3) submit issues and comments in writing.

(d) **Review of appeal.** A decision on the review by the Administrator will be made not later than 60 days after receipt of a request for review, unless special circumstances require an extension of time for processing (such as the need to hold a hearing), in which event a decision should be rendered as soon as possible, but in no event later than 120 days after such receipt. The decision of the Administrator shall be written and shall include specific reasons for the decision, written in a manner calculated to be understood by the claimant, with specific references to the pertinent Plan provisions on which the decision is based.

(e) **Forfeitures.** Any balance remaining in the Participant's Health Flexible Spending Account or Dependent Care Flexible Spending Account as of the end of the time for claims reimbursement for each Plan Year and Grace Period (if applicable) shall be forfeited and deposited in the benefit plan surplus of the Employer pursuant to Section 6.3 or Section 7.8, whichever is applicable, unless the Participant had made a claim for such Plan Year, in writing, which has been denied or is pending; in which event the amount of the claim shall be held in his account until the claim appeal procedures set forth above have been satisfied or the claim is paid. If any such claim is denied on appeal, the amount held beyond the end of the Plan Year shall be forfeited and credited to the benefit plan surplus.

8.2 APPLICATION OF BENEFIT PLAN SURPLUS

Any forfeited amounts credited to the benefit plan surplus by virtue of the failure of a Participant to incur a qualified expense or seek reimbursement in a timely manner may, but need not be, separately accounted for after the close of the Plan Year (or after such further time specified herein for the filing of claims) in which such forfeitures arose. In no event shall such amounts be carried over to reimburse a Participant for expenses incurred during a subsequent Plan Year for the same or any other Benefit available under the Plan; nor shall amounts forfeited by a particular Participant be made available to such Participant in any other form or manner, except as permitted by Treasury regulations. Amounts in the benefit plan surplus shall be used to defray any administrative costs and experience losses or used to provide additional benefits under the Plan.

ARTICLE IX ADMINISTRATION

9.1 PLAN ADMINISTRATION

The Employer shall be the Administrator, unless the Employer elects otherwise. The Employer may appoint any person, including, but not limited to, the Employees of the Employer, to perform the duties of the Administrator. Any person so appointed shall signify acceptance by filing acceptance in writing (or such other form as acceptable to both parties) with the Employer. Upon the resignation or removal of any individual performing the duties of the Administrator, the Employer may designate a successor.

If the Employer elects, the Employer shall appoint one or more Administrators. Any person, including, but not limited to, the Employees of the Employer, shall be eligible to serve as an Administrator. Any person so appointed shall signify acceptance by filing acceptance in writing (or such other form as acceptable to both parties) with the Employer. An Administrator may resign by delivering a resignation in writing (or such other form as acceptable to both parties) to the Employer or be removed by the Employer by delivery of notice of removal (in writing or such other form as acceptable to both parties), to take effect at a date specified therein, or upon delivery to the Administrator if no date is specified. The Employer shall be empowered to appoint and remove the Administrator from time to time as it deems necessary for the proper administration of the Plan to ensure that the Plan is being operated for the exclusive benefit of the Employees entitled to participate in the Plan in accordance with the terms of the Plan and the Code.

The operation of the Plan shall be under the supervision of the Administrator. It shall be a principal duty of the Administrator to see that the Plan is carried out in accordance with its terms, and for the exclusive benefit of Employees entitled to participate in the Plan. The Administrator shall have full power and discretion to administer the Plan in all of its details and determine all questions arising in connection with the administration, interpretation, and application of the Plan. The Administrator may establish procedures, correct any defect, supply any information, or reconcile any inconsistency in such manner and to such extent as shall be deemed necessary or advisable to carry out the purpose of the Plan. The Administrator shall have all powers necessary or appropriate to accomplish the Administrator's duties under the Plan. The Administrator shall be charged with the duties of the general administration of the Plan as set forth under the Plan, including, but not limited to, in addition to all other powers provided by this Plan:

- (a) To make and enforce such procedures, rules and regulations as the Administrator deems necessary or proper for the efficient administration of the Plan;
- (b) To interpret the provisions of the Plan, the Administrator's interpretations thereof in good faith to be final and conclusive on all persons claiming benefits by operation of the Plan;
- (c) To decide all questions concerning the Plan and the eligibility of any person to participate in the Plan and to receive benefits provided by operation of the Plan;
- (d) To reject elections or to limit contributions or Benefits for certain highly compensated participants if it deems such to be desirable in order to avoid discrimination under the Plan in violation of applicable provisions of the Code;
- (e) To provide Employees with a reasonable notification of their benefits available by operation of the Plan and to assist any Participant regarding the Participant's rights, benefits or elections under the Plan;
- (f) To keep and maintain the Plan documents and all other records pertaining to and necessary for the administration of the Plan;
- (g) To review and settle all claims against the Plan, to approve reimbursement requests, and to authorize the payment of benefits if the Administrator determines such shall be paid if the Administrator decides in its discretion that the applicant is entitled to them. This authority specifically permits the Administrator to settle disputed claims for benefits and any other disputed claims made against the Plan;
- (h) To appoint such agents, counsel, accountants, consultants, and other persons or entities as may be required to assist in administering the Plan.

Any procedure, discretionary act, interpretation or construction taken by the Administrator shall be done in a nondiscriminatory manner based upon uniform principles consistently applied and shall be consistent with the intent that the Plan shall continue to comply with the terms of Code Section 125 and the Treasury regulations thereunder.

9.2 EXAMINATION OF RECORDS

The Administrator shall make available to each Participant, Eligible Employee and any other Employee of the Employer such records as pertain to their interest under the Plan for examination at reasonable times during normal business hours.

9.3 PAYMENT OF EXPENSES

Any reasonable administrative expenses shall be paid by the Employer unless the Employer determines that administrative costs shall be borne by the Participants under the Plan or by any Trust Fund which may be established hereunder. The Administrator may impose reasonable conditions for payments, provided that such conditions shall not discriminate in favor of highly compensated employees.

9.4 INSURANCE CONTROL CLAUSE

In the event of a conflict between the terms of this Plan and the terms of an Insurance Contract of an independent third party Insurer whose product is then being used in conjunction with this Plan, the terms of the Insurance Contract shall control as to those Participants receiving coverage under such Insurance Contract. For this purpose, the Insurance Contract shall control in defining the persons eligible for insurance, the dates of their eligibility, the conditions which must be satisfied to become insured, if any, the benefits Participants are entitled to and the circumstances under which insurance terminates.

9.5 INDEMNIFICATION OF ADMINISTRATOR

The Employer agrees to indemnify and to defend to the fullest extent permitted by law any Employee serving as the Administrator or as a member of a committee designated as Administrator (including any Employee or former Employee who previously served as Administrator or as a member of such committee) against all liabilities, damages, costs and expenses (including attorney's fees and amounts paid in settlement of any claims approved by the Employer) occasioned by any act or omission to act in connection with the Plan, if such act or omission is in good faith.

**ARTICLE X
AMENDMENT OR TERMINATION OF PLAN**

10.1 AMENDMENT

The Employer, at any time or from time to time, may amend any or all of the provisions of the Plan without the consent of any Employee or Participant. No amendment shall have the effect of modifying any benefit election of any Participant in effect at the time of such amendment, unless such amendment is made to comply with Federal, state or local laws, statutes or regulations.

10.2 TERMINATION

The Employer reserves the right to terminate this Plan, in whole or in part, at any time. In the event the Plan is terminated, no further contributions shall be made. Benefits under any Insurance Contract shall be paid in accordance with the terms of the Insurance Contract.

No further additions shall be made to the Health Flexible Spending Account or Dependent Care Flexible Spending Account, but all payments from such fund shall continue to be made according to the elections in effect until 90 days after the termination date of the Plan. Any amounts remaining in any such fund or account as of the end of such period shall be forfeited and deposited in the benefit plan surplus after the expiration of the filing period.

**ARTICLE XI
MISCELLANEOUS**

11.1 PLAN INTERPRETATION

All provisions of this Plan shall be interpreted and applied in a uniform, nondiscriminatory manner. This Plan shall be read in its entirety and not severed except as provided in Section 11.12.

11.2 GENDER AND NUMBER

Wherever any words are used herein in the masculine, feminine or neuter gender, they shall be construed as though they were also used in another gender in all cases where they would so apply, and whenever any words are used herein in the singular or plural form, they shall be construed as though they were also used in the other form in all cases where they would so apply.

11.3 WRITTEN DOCUMENT

This Plan, in conjunction with any separate written document which may be required by law, is intended to satisfy the written Plan requirement of Code Section 125 and any Treasury regulations thereunder relating to cafeteria plans.

11.4 EXCLUSIVE BENEFIT

This Plan shall be maintained for the exclusive benefit of the Employees who participate in the Plan.

11.5 PARTICIPANT'S RIGHTS

This Plan shall not be deemed to constitute an employment contract between the Employer and any Participant or to be a consideration or an inducement for the employment of any Participant or Employee. Nothing contained in this Plan shall be deemed to give any Participant or Employee the right to be retained in the service of the Employer or to interfere with the right of the Employer to discharge any Participant or Employee at any time regardless of the effect which such discharge shall have upon him as a Participant of this Plan.

11.6 ACTION BY THE EMPLOYER

Whenever the Employer under the terms of the Plan is permitted or required to do or perform any act or matter or thing, it shall be done and performed by a person duly authorized by its legally constituted authority.

11.7 EMPLOYER'S PROTECTIVE CLAUSES

(a) **Insurance purchase.** Upon the failure of either the Participant or the Employer to obtain the insurance contemplated by this Plan (whether as a result of negligence, gross neglect or otherwise), the Participant's Benefits shall be limited to the insurance premium(s), if any, that remained unpaid for the period in question and the actual insurance proceeds, if any, received by the Employer or the Participant as a result of the Participant's claim.

(b) **Validity of insurance contract.** The Employer shall not be responsible for the validity of any Insurance Contract issued hereunder or for the failure on the part of the Insurer to make payments provided for under any Insurance Contract. Once insurance is applied for or obtained, the Employer shall not be liable for any loss which may result from the failure to pay Premiums to the extent Premium notices are not received by the Employer.

11.8 NO GUARANTEE OF TAX CONSEQUENCES

Neither the Administrator nor the Employer makes any commitment or guarantee that any amounts paid to or for the benefit of a Participant under the Plan will be excludable from the Participant's gross income for federal or state income tax purposes, or that any other federal or state tax treatment will apply to or be available to any Participant. It shall be the obligation of each Participant to determine whether each payment under the Plan is excludable from the Participant's gross income for federal and state income tax purposes, and to notify the Employer if the Participant has reason to believe that any such payment is not so excludable. Notwithstanding the foregoing, the rights of Participants under this Plan shall be legally enforceable.

11.9 INDEMNIFICATION OF EMPLOYER BY PARTICIPANTS

If any Participant receives one or more payments or reimbursements under the Plan that are not for a permitted Benefit, such Participant shall indemnify and reimburse the Employer for any liability it may incur for failure to withhold federal or state income tax or Social Security tax from such payments or reimbursements. However, such indemnification and reimbursement shall not exceed the amount of additional federal and state income tax (plus any penalties) that the Participant would have owed if the payments or reimbursements had been made to the Participant as regular cash compensation, plus the Participant's share of any Social Security tax that would have been paid on such compensation, less any such additional income and Social Security tax actually paid by the Participant.

11.10 FUNDING

Unless otherwise required by law, contributions to the Plan need not be placed in trust or dedicated to a specific Benefit, but may instead be considered general assets of the Employer. Furthermore, and unless otherwise required by law, nothing herein shall be construed to require the Employer or the Administrator to maintain any fund or segregate any amount for the benefit of any Participant, and no Participant or other person shall have any claim against, right to, or security or other interest in, any fund, account or asset of the Employer from which any payment under the Plan may be made.

11.11 GOVERNING LAW

This Plan is governed by the Code and the Treasury regulations issued thereunder (as they might be amended from time to time). In no event shall the Employer guarantee the favorable tax treatment sought by this Plan. To the extent not preempted by Federal law, the provisions of this Plan shall be construed, enforced and administered according to the laws of the State of California.

11.12 SEVERABILITY

If any provision of the Plan is held invalid or unenforceable, its invalidity or unenforceability shall not affect any other provisions of the Plan, and the Plan shall be construed and enforced as if such provision had not been included herein.

11.13 CAPTIONS

The captions contained herein are inserted only as a matter of convenience and for reference, and in no way define, limit, enlarge or describe the scope or intent of the Plan, nor in any way shall affect the Plan or the construction of any provision thereof.

11.14 FAMILY AND MEDICAL LEAVE ACT (FMLA)

Notwithstanding anything in the Plan to the contrary, in the event any benefit under this Plan becomes subject to the requirements of the Family and Medical Leave Act and regulations thereunder, this Plan shall be operated in accordance with Regulation 1.125-3.

11.15 HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT (HIPAA)

Notwithstanding anything in this Plan to the contrary, this Plan shall be operated in accordance with HIPAA and regulations thereunder.

11.16 UNIFORMED SERVICES EMPLOYMENT AND REEMPLOYMENT RIGHTS ACT (USERRA)

Notwithstanding any provision of this Plan to the contrary, contributions, benefits and service credit with respect to qualified military service shall be provided in accordance with the Uniform Services Employment And Reemployment Rights Act (USERRA) and the regulations thereunder.

11.17 COMPLIANCE WITH HIPAA PRIVACY STANDARDS

(a) **Application.** If any benefits under this Cafeteria Plan are subject to the Standards for Privacy of Individually Identifiable Health Information (45 CFR Part 164, the "Privacy Standards"), then this Section shall apply.

(b) **Disclosure of PHI.** The Plan shall not disclose Protected Health Information to any member of the Employer's workforce unless each of the conditions set out in this Section are met. "Protected Health Information" shall have the same definition as set forth in the Privacy Standards but generally shall mean individually identifiable information about the past, present or future physical or mental health or condition of an individual, including genetic information and information about treatment or payment for treatment.

(c) **PHI disclosed for administrative purposes.** Protected Health Information disclosed to members of the Employer's workforce shall be used or disclosed by them only for purposes of Plan administrative functions. The Plan's administrative functions shall include all Plan payment functions and health care operations. The terms "payment" and "health care operations" shall have the same definitions as set out in the Privacy Standards, but the term "payment" generally shall mean activities taken to determine or fulfill Plan responsibilities with respect to eligibility, coverage, provision of benefits, or reimbursement for health care. Protected Health Information that consists of genetic information will not be used or disclosed for underwriting purposes.

(d) **PHI disclosed to certain workforce members.** The Plan shall disclose Protected Health Information only to members of the Employer's workforce who are designated and authorized to receive such Protected Health Information, and only to the extent and in the minimum amount necessary for that person to perform his or her duties with respect to the Plan. "Members of the Employer's workforce" shall refer to all employees and other persons under the control of the Employer. The Employer shall keep an updated list of those authorized to receive Protected Health Information.

(1) An authorized member of the Employer's workforce who receives Protected Health Information shall use or disclose the Protected Health Information only to the extent necessary to perform his or her duties with respect to the Plan.

(2) In the event that any member of the Employer's workforce uses or discloses Protected Health Information other than as permitted by this Section and the Privacy Standards, the incident shall be reported to the Plan's privacy official. The privacy official shall take appropriate action, including:

- (i) investigation of the incident to determine whether the breach occurred inadvertently, through negligence or deliberately; whether there is a pattern of breaches; and the degree of harm caused by the breach;
- (ii) appropriate sanctions against the persons causing the breach which, depending upon the nature of the breach, may include oral or written reprimand, additional training, or termination of employment;
- (iii) mitigation of any harm caused by the breach, to the extent practicable; and
- (iv) documentation of the incident and all actions taken to resolve the issue and mitigate any damages.

(e) **Certification.** The Employer must provide certification to the Plan that it agrees to:

(1) Not use or further disclose the information other than as permitted or required by the Plan documents or as required by law;

(2) Ensure that any agent or subcontractor, to whom it provides Protected Health Information received from the Plan, agrees to the same restrictions and conditions that apply to the Employer with respect to such information;

(3) Not use or disclose Protected Health Information for employment-related actions and decisions or in connection with any other benefit or employee benefit plan of the Employer;

(4) Report to the Plan any use or disclosure of the Protected Health Information of which it becomes aware that is inconsistent with the uses or disclosures permitted by this Section, or required by law;

(5) Make available Protected Health Information to individual Plan members in accordance with Section 164.524 of the Privacy Standards;

(6) Make available Protected Health Information for amendment by individual Plan members and incorporate any amendments to Protected Health Information in accordance with Section 164.526 of the Privacy Standards;

(7) Make available the Protected Health Information required to provide an accounting of disclosures to individual Plan members in accordance with Section 164.528 of the Privacy Standards;

(8) Make its internal practices, books and records relating to the use and disclosure of Protected Health Information received from the Plan available to the Department of Health and Human Services for purposes of determining compliance by the Plan with the Privacy Standards;

(9) If feasible, return or destroy all Protected Health Information received from the Plan that the Employer still maintains in any form, and retain no copies of such information when no longer needed for the purpose for which disclosure was made, except that, if such return or destruction is not feasible, limit further uses and disclosures to those purposes that make the return or destruction of the information infeasible; and

(10) Ensure the adequate separation between the Plan and members of the Employer's workforce, as required by Section 164.504(f)(2)(iii) of the Privacy Standards and set out in (d) above.

11.18 COMPLIANCE WITH HIPAA ELECTRONIC SECURITY STANDARDS

Under the Security Standards for the Protection of Electronic Protected Health Information (45 CFR Part 164.300 et. seq., the "Security Standards"):

(a) **Implementation.** The Employer agrees to implement reasonable and appropriate administrative, physical and technical safeguards to protect the confidentiality, integrity and availability of Electronic Protected Health Information that the Employer creates, maintains or transmits on behalf of the Plan. "Electronic Protected Health Information" shall have the same definition as set out in the Security Standards, but generally shall mean Protected Health Information that is transmitted by or maintained in electronic media.

(b) **Agents or subcontractors shall meet security standards.** The Employer shall ensure that any agent or subcontractor to whom it provides Electronic Protected Health Information shall agree, in writing, to implement reasonable and appropriate security measures to protect the Electronic Protected Health Information.

(c) **Employer shall ensure security standards.** The Employer shall ensure that reasonable and appropriate security measures are implemented to comply with the conditions and requirements set forth in Section 11.17.

11.19 MENTAL HEALTH PARITY AND ADDICTION EQUITY ACT

Notwithstanding anything in the Plan to the contrary, the Plan will comply with the Mental Health Parity and Addiction Equity Act.

11.20 GENETIC INFORMATION NONDISCRIMINATION ACT (GINA)

Notwithstanding anything in the Plan to the contrary, the Plan will comply with the Genetic Information Nondiscrimination Act.

11.21 WOMEN'S HEALTH AND CANCER RIGHTS ACT

Notwithstanding anything in the Plan to the contrary, the Plan will comply with the Women's Health and Cancer Rights Act of 1998.

11.22 NEWBORNS' AND MOTHERS' HEALTH PROTECTION ACT

Notwithstanding anything in the Plan to the contrary, the Plan will comply with the Newborns' and Mothers' Health Protection Act.

IN WITNESS WHEREOF, this Plan document is hereby executed this _____ day of _____.

Las Gallinas Valley Sanitary District

By _____
EMPLOYER

THIS PAGE LEFT INTENTIONALLY BLANK

**LAS GALLINAS VALLEY SANITARY DISTRICT
FLEXIBLE BENEFITS PLAN
SUMMARY PLAN DESCRIPTION**

TABLE OF CONTENTS

**I
ELIGIBILITY**

1. When can I become a participant in the Plan? 1
 2. What are the eligibility requirements for our Plan? 1
 3. When is my entry date? 1
 4. What must I do to enroll in the Plan? 1

**II
OPERATION**

1. How does this Plan operate? 1

**III
CONTRIBUTIONS**

1. How much of my pay may the Employer redirect? 2
 2. What happens to contributions made to the Plan? 2
 3. When must I decide which accounts I want to use? 2
 4. When is the election period for our Plan? 2
 5. May I change my elections during the Plan Year? 2
 6. May I make new elections in future Plan Years? 3

**IV
BENEFITS**

1. Health Flexible Spending Account 3
 2. Dependent Care Flexible Spending Account 3
 3. Premium Expense Account 4

**V
BENEFIT PAYMENTS**

1. When will I receive payments from my accounts? 4
 2. What happens if I don't spend all Plan contributions during the Plan Year? 4
 3. Family and Medical Leave Act (FMLA) 5
 4. Uniformed Services Employment and Reemployment Rights Act (USERRA) 5
 5. What happens if I terminate employment? 5
 6. Will my Social Security benefits be affected? 5
 7. Qualified Reservist Distributions 5

**VI
HIGHLY COMPENSATED AND KEY EMPLOYEES**

1. Do limitations apply to highly compensated employees? 5

**VII
PLAN ACCOUNTING**

1. Periodic Statements 6

**VIII
GENERAL INFORMATION ABOUT OUR PLAN**

1. General Plan Information 6

2.	Employer Information.....	6
3.	Plan Administrator Information	6
4.	Service of Legal Process.....	6
5.	Type of Administration.....	7

**IX
ADDITIONAL PLAN INFORMATION**

1.	Claims Process.....	7
----	---------------------	---

**X
SUMMARY**

**LAS GALLINAS VALLEY SANITARY DISTRICT
FLEXIBLE BENEFITS PLAN**

INTRODUCTION

We are pleased to announce that we have established a "Flexible Benefit Plan" for you and other eligible employees. Under this Plan, you will be able to choose among certain benefits that we make available. The benefits that you may choose are outlined in this Summary Plan Description. We will also tell you about other important information concerning the Plan, such as the rules you must satisfy before you can join and the laws that protect your rights.

One of the most important features of our Plan is that the benefits being offered are generally ones that you are already paying for, but normally with money that has first been subject to income and Social Security taxes. Under our Plan, these same expenses will be paid for with a portion of your pay before Federal income or Social Security taxes are withheld. This means that you will pay less tax and have more money to spend and save.

Read this Summary Plan Description carefully so that you understand the provisions of our Plan and the benefits you will receive. This SPD describes the Plan's benefits and obligations as contained in the legal Plan document, which governs the operation of the Plan. The Plan document is written in much more technical and precise language. If the non-technical language in this SPD and the technical, legal language of the Plan document conflict, the Plan document always governs. Also, if there is a conflict between an insurance contract and either the Plan document or this Summary Plan Description, the insurance contract will control. If you wish to receive a copy of the legal Plan document, please contact the Administrator.

This SPD describes the current provisions of the Plan which are designed to comply with applicable legal requirements. The Plan is subject to federal laws, such as the Internal Revenue Code and other federal and state laws which may affect your rights. The provisions of the Plan are subject to revision due to a change in laws or due to pronouncements by the Internal Revenue Service (IRS) or other federal agencies. We may also amend or terminate this Plan. If the provisions of the Plan that are described in this SPD change, we will notify you.

We have attempted to answer most of the questions you may have regarding your benefits in the Plan. If this SPD does not answer all of your questions, please contact the Administrator (or other plan representative). The name and address of the Administrator can be found in the Article of this SPD entitled "General Information About the Plan."

**I
ELIGIBILITY**

1. When can I become a participant in the Plan?

Before you become a Plan member (referred to in this Summary Plan Description as a "Participant"), there are certain rules which you must satisfy. First, you must meet the eligibility requirements and be an active employee. After that, the next step is to actually join the Plan on the "entry date" that we have established for all employees. The "entry date" is defined in Question 3 below. You will also be required to complete certain application forms before you can enroll in the Plan.

2. What are the eligibility requirements for our Plan?

You will be eligible to join the Plan as of your date of hire with us.

3. When is my entry date?

You can join the Plan on the same day you can enter our group medical plan.

4. What must I do to enroll in the Plan?

Before you can join the Plan, you must complete an application to participate in the Plan. The application includes your personal choices for each of the benefits which are being offered under the Plan. You must also authorize us to set some of your earnings aside in order to pay for the benefits you have elected.

**II
OPERATION**

1. How does this Plan operate?

Before the start of each Plan Year, you will be able to elect to have some of your upcoming pay contributed to the Plan. These amounts will be used to pay for the benefits you have chosen. The portion of your pay that is paid to the Plan is not subject to Federal income or Social Security taxes. In other words, this allows you to use tax-free dollars to pay for certain kinds of benefits and expenses which you normally pay for with out-of-pocket, taxable dollars. However, if you receive a reimbursement for an expense under the Plan, you cannot claim a Federal income tax credit or deduction on your return. (See the Article entitled "General Information About Our Plan" for the definition of "Plan Year.")

III CONTRIBUTIONS

1. How much of my pay may the Employer redirect?

Each year, you may elect to have us contribute on your behalf enough of your compensation to pay for the benefits that you elect under the Plan. These amounts will be deducted from your pay over the course of the year.

2. What happens to contributions made to the Plan?

Before each Plan Year begins, you will select the benefits you want and how much of the contributions should go toward each benefit. It is very important that you make these choices carefully based on what you expect to spend on each covered benefit or expense during the Plan Year. Later, they will be used to pay for the expenses as they arise during the Plan Year.

3. When must I decide which accounts I want to use?

You are required by Federal law to decide before the Plan Year begins, during the election period (defined below). You must decide two things. First, which benefits you want and, second, how much should go toward each benefit.

4. When is the election period for our Plan?

You will make your initial election on or before your entry date. (You should review Section I on Eligibility to better understand the eligibility requirements and entry date.) Then, for each following Plan Year, the election period is established by the Administrator and applied uniformly to all Participants. It will normally be a period of time prior to the beginning of each Plan Year. The Administrator will inform you each year about the election period. (See the Article entitled "General Information About Our Plan" for the definition of Plan Year.)

5. May I change my elections during the Plan Year?

Generally, you cannot change the elections you have made after the beginning of the Plan Year. However, there are certain limited situations when you can change your elections. You are permitted to change elections if you have a "change in status" and you make an election change that is consistent with the change in status. Currently, Federal law considers the following events to be a change in status:

- Marriage, divorce, death of a spouse, legal separation or annulment;
- Change in the number of dependents, including birth, adoption, placement for adoption, or death of a dependent;
- Any of the following events for you, your spouse or dependent: termination or commencement of employment, a strike or lockout, commencement or return from an unpaid leave of absence, a change in worksite, or any other change in employment status that affects eligibility for benefits;
- One of your dependents satisfies or ceases to satisfy the requirements for coverage due to change in age, student status, or any similar circumstance; and
- A change in the place of residence of you, your spouse or dependent that would lead to a change in status, such as moving out of a coverage area for insurance.

In addition, if you are participating in the Dependent Care Flexible Spending Account, then there is a change in status if your dependent no longer meets the qualifications to be eligible for dependent care.

However, with respect to the Health Flexible Spending Account, you may only increase your benefit election as the result of a change in status.

There are detailed rules on when a change in election is deemed to be consistent with a change in status. In addition, there are laws that give you rights to change health coverage for you, your spouse, or your dependents. If you change coverage due to rights you have under the law, then you can make a corresponding change in your elections under the Plan. If any of these conditions apply to you, you should contact the Administrator.

If the cost of a benefit provided under the Plan increases or decreases during a Plan Year, then we will automatically increase or decrease, as the case may be, your salary redirection election. If the cost increases significantly, you will be permitted to either make corresponding changes in your payments or revoke your election and obtain coverage under another benefit package option with similar coverage, or revoke your election entirely.

If the coverage under a Benefit is significantly curtailed or ceases during a Plan Year, then you may revoke your elections and elect to receive on a prospective basis coverage under another plan with similar coverage. In addition, if we add a new coverage option or eliminate an existing option, you may elect the newly-added option (or elect another option if an option has been eliminated) and make corresponding election changes to other options providing similar coverage. If you are not a Participant, you may elect to join the Plan. There are also certain situations when you may be able to change your elections on account of a change under the plan of your spouse's, former spouse's or dependent's employer.

These rules on change due to cost or coverage do not apply to the Health Flexible Spending Account, and you may not change your election to the Health Flexible Spending Account if you make a change due to cost or coverage for insurance.

You may not change your election under the Dependent Care Flexible Spending Account if the cost change is imposed by a dependent care provider who is your relative.

You may revoke your coverage under the employer's group health plan outside of our open enrollment period, if your employment status changes from working at least 30 hours per week to less than 30 hours. This is regardless of whether the reduction in hours has resulted in loss of eligibility. You must show intent to enroll in another health plan.

You may also revoke your coverage under our Employer sponsored group health plan if you are eligible to obtain coverage through the health exchanges.

6. May I make new elections in future Plan Years?

Yes, you may. For each new Plan Year, you may change the elections that you previously made. You may also choose not to participate in the Plan for the upcoming Plan Year. If you do not make new elections during the election period before a new Plan Year begins, we will assume you want your elections for insured benefits only to remain the same and you will not be considered a Participant for the non-insured benefit options under the Plan for the upcoming Plan Year.

IV BENEFITS

1. Health Flexible Spending Account

The Health Flexible Spending Account enables you to pay for expenses allowed under Sections 105 and 213(d) of the Internal Revenue Code which are not covered by our insured medical plan and save taxes at the same time. The Health Flexible Spending Account allows you to be reimbursed by the Employer for expenses incurred by you and your dependents.

Drug costs, including insulin, may be reimbursed.

You may be reimbursed for "over the counter" drugs only if those drugs are prescribed for you. You may not, however, be reimbursed for the cost of other health care coverage maintained outside of the Plan, or for long-term care expenses. A list of covered expenses is available from the Administrator.

The most that you can contribute to your Health Flexible Spending Account each Plan Year is \$2,600. After 2017, the dollar limit may increase for cost of living adjustments. For any short Plan Year, the most that you can contribute to your Health Flexible Spending Account each Plan Year is \$1,325.00.

In order to be reimbursed for a health care expense, you must submit to the Administrator an itemized bill from the service provider. We will also provide you with a debit or credit card to use to pay for medical expenses. The Administrator will provide you with further details. Amounts reimbursed from the Plan may not be claimed as a deduction on your personal income tax return. Reimbursement from the fund shall be paid at least once a month. Expenses under this Plan are treated as being "incurred" when you are provided with the care that gives rise to the expenses, not when you are formally billed or charged, or you pay for the medical care.

You may be reimbursed for expenses for any child until the end of the calendar year in which the child reaches age 26. A child is a natural child, stepchild, foster child, adopted child, or a child placed with you for adoption. If a child gains or regains eligibility due to these new rules, that qualifies as a change in status to change coverage.

Newborns' and Mothers' Health Protection Act: Group health plans generally may not, under Federal law, restrict benefits for any hospital length of stay in connection with childbirth for the mother or newborn child to less than 48 hours following a vaginal delivery, or less than 96 hours following a cesarean section. However, Federal law generally does not prohibit the mother's or newborn's attending provider, after consulting with the mother, from discharging the mother or her newborn earlier than 48 hours (or 96 hours as applicable). In any case, plans and issuers may not, under Federal law, require that a provider obtain authorization from the plan or the issuer for prescribing a length of stay not in excess of 48 hours (or 96 hours).

Women's Health and Cancer Rights Act: This plan, as required by the Women's Health and Cancer Rights Act of 1998, will reimburse up to plan limits for benefits for mastectomy-related services including reconstruction and surgery to achieve symmetry between the breasts, prostheses, and complications resulting from a mastectomy (including lymphedema). Contact your Plan Administrator for more information.

2. Dependent Care Flexible Spending Account

The Dependent Care Flexible Spending Account enables you to pay for out-of-pocket, work-related dependent day-care cost with pre-tax dollars. If you are married, you can use the account if you and your spouse both work or, in some situations, if your spouse goes to school full-time. Single employees can also use the account.

An eligible dependent is someone for whom you can claim expenses on Federal Income Tax Form 2441 "Credit for Child and Dependent Care Expenses." Children must be under age 13. Other dependents must be physically or mentally unable to care for themselves. Dependent Care arrangements which qualify include:

- (a) A Dependent (Day) Care Center, provided that if care is provided by the facility for more than six individuals, the facility complies with applicable state and local laws;
- (b) An Educational Institution for pre-school children. For older children, only expenses for non-school care are eligible; and
- (c) An "Individual" who provides care inside or outside your home: The "Individual" may not be a child of yours under age 19 or anyone you claim as a dependent for Federal tax purposes.

You should make sure that the dependent care expenses you are currently paying for qualify under our Plan. We will also provide you with a debit or credit card to use to pay for dependent care expenses. The Administrator will provide you with further details.

The law places limits on the amount of money that can be paid to you in a calendar year from your Dependent Care Flexible Spending Account. Generally, your reimbursements may not exceed the lesser of: (a) \$5,000 (if you are married filing a joint return or you are head of a household) or \$2,500 (if you are married filing separate returns); (b) your taxable compensation; (c) your spouse's actual or deemed earned income (a spouse who is a full time student or incapable of caring for himself/herself has a monthly earned income of \$250 for one dependent or \$500 for two or more dependents).

Also, in order to have the reimbursements made to you from this account be excludable from your income, you must provide a statement from the service provider including the name, address, and in most cases, the taxpayer identification number of the service provider on your tax form for the year, as well as the amount of such expense as proof that the expense has been incurred. In addition, Federal tax laws permit a tax credit for certain dependent care expenses you may be paying for even if you are not a Participant in this Plan. You may save more money if you take advantage of this tax credit rather than using the Dependent Care Flexible Spending Account under our Plan. Ask your tax adviser which is better for you.

3. Premium Expense Account

A Premium Expense Account allows you to use tax-free dollars to pay for certain premium expenses under various insurance programs that we offer you. These premium expenses include:

- Health care premiums under our insured group medical plan.
- Vision insurance premiums.
- Other insurance coverage that we may provide.

Under our Plan, we will establish sub-accounts for you for each different type of insurance coverage that is available. Also, certain limits on the amount of coverage may apply.

The Administrator may terminate or modify Plan benefits at any time, subject to the provisions of any insurance contracts providing benefits described above. We will not be liable to you if an insurance company fails to provide any of the benefits described above. Also, your insurance will end when you leave employment, are no longer eligible under the terms of any insurance policies, or when insurance terminates.

Any benefits to be provided by insurance will be provided only after (1) you have provided the Administrator the necessary information to apply for insurance, and (2) the insurance is in effect for you.

If you cover your children up to age 26 under your insurance, you can pay for that coverage through the Plan.

V BENEFIT PAYMENTS

1. When will I receive payments from my accounts?

During the course of the Plan Year, you may submit requests for reimbursement of expenses you have incurred. Expenses are considered "incurred" when the service is performed, not necessarily when it is paid for. The Administrator will provide you with acceptable forms for submitting these requests for reimbursement. If the request qualifies as a benefit or expense that the Plan has agreed to pay, you will receive a reimbursement payment soon thereafter. Remember, these reimbursements which are made from the Plan are generally not subject to federal income tax or withholding. Nor are they subject to Social Security taxes. Requests for payment of insured benefits should be made directly to the insurer. You will only be reimbursed from the Dependent Care Flexible Spending Account to the extent that there are sufficient funds in the Account to cover your request.

2. What happens if I don't spend all Plan contributions during the Plan Year?

If you have not spent all the amounts in your Health Flexible Spending Account or Dependent Care Flexible Spending Account by the end of the Plan Year, you may continue to incur claims for expenses during the "Grace Period." The "Grace Period" extends 2 1/2 months after the end of the Plan Year, during which time you can continue to incur claims and use up all amounts remaining in your Health Flexible Spending Account or Dependent Care Flexible Spending Account.

Any monies left at the end of the Plan Year and the Grace Period will be forfeited. Obviously, qualifying expenses that you incur late in the Plan Year or during the Grace Period for which you seek reimbursement after the end of such Plan Year and Grace Period will be paid first before any amount is forfeited. For the Health Flexible Spending Account, you must submit claims no later than 60 days after the end of the Plan Year. For the Dependent Care Flexible Spending Account, you must submit claims no later than 60

days after the end of the Plan Year. Because it is possible that you might forfeit amounts in the Plan if you do not fully use the contributions that have been made, it is important that you decide how much to place in each account carefully and conservatively. Remember, you must decide which benefits you want to contribute to and how much to place in each account before the Plan Year begins. You want to be as certain as you can that the amount you decide to place in each account will be used up entirely.

3. Family and Medical Leave Act (FMLA)

If you take leave under the Family and Medical Leave Act, you may revoke or change your existing elections for health insurance and the Health Flexible Spending Account. If your coverage in these benefits terminates, due to your revocation of the benefit while on leave or due to your non-payment of contributions, you will be permitted to reinstate coverage for the remaining part of the Plan Year upon your return. For the Health Flexible Spending Account, you may continue your coverage or you may revoke your coverage and resume it when you return. You can resume your coverage at its original level and make payments for the time that you are on leave. For example, if you elect \$1,200 for the year and are out on leave for 3 months, then return and elect to resume your coverage at that level, your remaining payments will be increased to cover the difference - from \$100 per month to \$150 per month. Alternatively your maximum amount will be reduced proportionately for the time that you were gone. For example, if you elect \$1,200 for the year and are out on leave for 3 months, your amount will be reduced to \$900. The expenses you incur during the time you are not in the Health Flexible Spending Account are not reimbursable.

If you continue your coverage during your unpaid leave, you may pre-pay for the coverage, you may pay for your coverage on an after-tax basis while you are on leave, or you and your Employer may arrange a schedule for you to "catch up" your payments when you return.

4. Uniformed Services Employment and Reemployment Rights Act (USERRA)

If you are going into or returning from military service, you may have special rights to health care coverage under your Health Flexible Spending Account under the Uniformed Services Employment and Reemployment Rights Act of 1994. These rights can include extended health care coverage. If you may be affected by this law, ask your Administrator for further details.

5. What happens if I terminate employment?

If you terminate employment during the Plan Year, your right to benefits will be determined in the following manner:

- (a) You will remain covered by insurance, but only for the period for which premiums have been paid prior to your termination of employment.
- (b) You will still be able to request reimbursement for qualifying dependent care expenses incurred prior to your date of termination from the balance remaining in your dependent care account at the time of termination of employment. However, no further salary redirection contributions will be made on your behalf after you terminate. You must submit claims within 60 days after termination.
- (c) Your participation in the Health Flexible Spending Account will continue for the remainder of the Plan Year. You must continue to pay the required contribution even though you are no longer employed. You will also be entitled to reimbursements for the remainder of the Plan Year. You must submit claims within 60 days after the end of the Plan Year.

6. Will my Social Security benefits be affected?

Your Social Security benefits may be slightly reduced because when you receive tax-free benefits under our Plan, it reduces the amount of contributions that you make to the Federal Social Security system as well as our contribution to Social Security on your behalf.

7. Qualified Reservist Distributions

If you are a member of a reserve unit and if you are ordered or called to active duty, then you may request a Qualified Reservist Distribution (QRD). A Qualified Reservist Distribution is a distribution of all or a portion of the amounts remaining in your Health Flexible Spending Account. You can only request this distribution if you are called to active duty for a period of 180 days or more or for an indefinite period. The distribution must be made during the period beginning on the date of the call and ending on the last date that reimbursements could otherwise be made under the Plan for the Plan Year which includes the date of the call.

You can receive the amount you have actually contributed minus any reimbursements you have already received (or are in process). The amount you request may be adjusted if needed to conform with your actual account balance. You must request the QRD before the last day of the Grace Period. Any claims that you submit after the date you request the QRD will not be processed. You can only request 1 QRDs for a Plan Year.

VI

HIGHLY COMPENSATED AND KEY EMPLOYEES

1. Do limitations apply to highly compensated employees?

Under the Internal Revenue Code, highly compensated employees and key employees generally are Participants who are officers, shareholders or highly paid. You will be notified by the Administrator each Plan Year whether you are a highly compensated employee or a key employee.

If you are within these categories, the amount of contributions and benefits for you may be limited so that the Plan as a whole does not unfairly favor those who are highly paid, their spouses or their dependents. Federal tax laws state that a plan will be considered to unfairly favor the key employees if they as a group receive more than 25% of all of the nontaxable benefits provided for under our Plan.

Plan experience will dictate whether contribution limitations on highly compensated employees or key employees will apply. You will be notified of these limitations if you are affected.

VII PLAN ACCOUNTING

1. Periodic Statements

The Administrator will provide you with a statement of your account periodically during the Plan Year that shows your account balance. It is important to read these statements carefully so you understand the balance remaining to pay for a benefit. Remember, you want to spend all the money you have designated for a particular benefit by the end of the Plan Year.

VIII GENERAL INFORMATION ABOUT OUR PLAN

This Section contains certain general information which you may need to know about the Plan.

1. General Plan Information

Las Gallinas Valley Sanitary District Flexible Benefits Plan is the name of the Plan.

Your Employer has assigned Plan Number 001 to your Plan.

The provisions of the Plan become effective on July 1, 2018, which is called the Effective Date of the Plan.

Your Plan's records are maintained on a twelve-month period of time. This is known as the Plan Year. The Plan Year begins on January 1 and ends on December 31, except for the short Plan Year which will begin on July 1, 2018 and end on December 31, 2018.

2. Employer Information

Your Employer's name, address, and identification number are:

Las Gallinas Valley Sanitary District
300 Smith Ranch Road
San Rafael, California 94903
946033439

3. Plan Administrator Information

The name, address and business telephone number of your Plan's Administrator are:

Las Gallinas Valley Sanitary District
300 Smith Ranch Road
San Rafael, California 94903
415-472-1734

The Administrator keeps the records for the Plan and is responsible for the administration of the Plan. The Administrator will also answer any questions you may have about our Plan. You may contact the Administrator for any further information about the Plan.

4. Service of Legal Process

The name and address of the Plan's agent for service of legal process are:

Las Gallinas Valley Sanitary District
300 Smith Ranch Road
San Rafael, California 94903

5. Type of Administration

The type of Administration is Employer Administration.

6. Claims Submission

Claims for expenses should be submitted to:

Discovery Benefits, Inc.

PO Box 2926

Fargo, ND 58108-2926

IX ADDITIONAL PLAN INFORMATION

1. Claims Process

You should submit all reimbursement claims during the Plan Year. For the Health Flexible Spending Account, you must submit claims no later than 60 days after the end of the Plan Year. For the Dependent Care Flexible Spending Account, you must submit claims no later than 60 days after the end of the Plan Year. However, if you terminate employment during the Plan Year, you must submit your Dependent Care Flexible Spending Account claims within 60 days after your termination of employment. Any claims submitted after that time will not be considered.

Claims that are insured will be handled in accordance with procedures contained in the insurance policies. All other general requests should be directed to the Administrator of our Plan. If a dependent care or medical expense claim under the Plan is denied in whole or in part, you or your beneficiary will receive written notification. The notification will include the reasons for the denial, with reference to the specific provisions of the Plan on which the denial was based, a description of any additional information needed to process the claim and an explanation of the claims review procedure. Within 60 days after denial, you or your beneficiary may submit a written request for reconsideration of the denial to the Administrator.

Any such request should be accompanied by documents or records in support of your appeal. You or your beneficiary may review pertinent documents and submit issues and comments in writing. The Administrator will review the claim and provide, within 60 days, a written response to the appeal. (This period may be extended an additional 60 days under certain circumstances.) In this response, the Administrator will explain the reason for the decision, with specific reference to the provisions of the Plan on which the decision is based. The Administrator has the exclusive right to interpret the appropriate plan provisions. Decisions of the Administrator are conclusive and binding.

X SUMMARY

The money you earn is important to you and your family. You need it to pay your bills, enjoy recreational activities and save for the future. Our flexible benefits plan will help you keep more of the money you earn by lowering the amount of taxes you pay. The Plan is the result of our continuing efforts to find ways to help you get the most for your earnings.

If you have any questions, please contact the Administrator.

FLEXIBLE BENEFITS PLAN

PLAN SPONSOR CERTIFICATION

The Las Gallinas Valley Sanitary District ("Employer") sponsors a Health Flexible Spending Account (the "Plan") as part of the Las Gallinas Valley Sanitary District Flexible Benefits Plan. Certain members of Employer's workforce perform service in connection with administration of the Plan. Employer acknowledges and agrees that the Standards for Privacy of Individually Identified Health Information (45 CFR Part 164, the "Privacy Standards"), prohibit the Plan or its business associates from disclosing Protected Health Information (as defined in Section 164.501 of the Privacy Standards) to members of the Employer's workforce unless the Employer agrees to the conditions and restrictions set out below. To induce the Plan to disclose Protected Health Information to members of Employer's workforce as necessary for them to perform administrative functions for the Plan, the Employer hereby accepts these conditions and restrictions and certifies that the Plan documents have been amended to reflect these conditions and restrictions. The Employer agrees to:

- (a) Not use or further disclose the information other than as permitted or required by the Plan documents or as required by law;
- (b) Ensure that any agent or subcontractor, to whom it provides Protected Health Information received from the Plan, agrees to the same restrictions and conditions that apply to the Employer with respect to such information;
- (c) Not use or disclose Protected Health Information for employment-related actions and decisions or in connection with any other benefit or employee benefit plan of the Employer;
- (d) Report to the Plan any use or disclosure of the Protected Health Information of which it becomes aware that is inconsistent with the uses or disclosures permitted by the Plan or required by law;
- (e) Make available Protected Health Information to individual Plan members in accordance with Section 164.524 of the Privacy Standards;
- (f) Make available Protected Health Information for amendment by individual Plan members and incorporate any amendments to Protected Health Information in accordance with Section 164.526 of the Privacy Standards;
- (g) Make available the Protected Health Information required to provide an accounting of disclosures to individual Plan members in accordance with Section 164.528 of the Privacy Standards;
- (h) Make its internal practices, books and records relating to the use and disclosure of Protected Health Information received from the Plan available to the Department of Health and Human Services for purposes of determining compliance by the Plan with the Privacy Standards;
- (i) If feasible, return or destroy all Protected Health Information received from the Plan that the Employer still maintains in any form, and retain no copies of such Information when no longer needed for the purpose for which disclosure was made, except that, if such return or destruction is not feasible, limit further uses and disclosures to those purposes that make the return or destruction of the information infeasible; and
- (j) Ensure the adequate separation between the Plan and members of the Employer's workforce, as required by Section 164.504(f)(2)(iii) of the Privacy Standards and Section COMPLIANCE WITH HIPAA PRIVACY STANDARDS of the Las Gallinas Valley Sanitary District Flexible Benefits Plan.

Adopted this _____ day of _____, 20 _____

Plan Sponsor



Consent _____
Staff/Consultant Reports _____
Agenda Item ____8C_____

Agenda Summary Report

Date June 14, 2018

To: Chris DeGabriele, Interim General Manager
From: Teri Lerch, District Administrative Assistant
Mtg. Date: June 14, 2018
Re: CASA 2018 Designation of Agency Representative

BACKGROUND:

CASA notified the District that it is required to designate an official voting representative and two alternates who are authorized to exercise the District's voting rights. Staff recommends that the Board appoint a voting member and two alternatives. The voting member is usually either the Board President or the General Manager, but the Board can appoint whomever they wish to represent the District.

CASA is also requesting written consent to transmit all CASA communications by email. Staff believes having official communications sent by regular mail will ensure they are made available to the Board in a timely manner.

STAFF RECOMMENDATION:

Board appoint the CASA voting member representative and the two alternate voting members. Board request all CASA communication (i.e. - ballots, meeting notices and other important information) be sent by regular mail to the District.

FISCAL IMPACT:

None

PERSON TO BE NOTIFIED:

District Secretary

6/1418

**Award of Contract for Classification and Compensation Study
Agenda Item 8D**

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

6/14/2018

Interim General Manager Report

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



Consent _____
Staff/Consultant Reports _____
Agenda Item _____9A2_____

Agenda Summary Report

Date June 14, 2018

To: Chris DeGabriele, General Manager
From: Greg Pease, Collection System Manager
Mtg. Date: June 14, 2018
Re: Surplus Items Sold – First Capitol Auction, Inc.

BACKGROUND:

On February 22, 2018, the Board approved Resolution NO. 2018-2114, *A RESOLUTION DECLARING THAT CERTAIN PROPERTY IS SURPLUS PROPERTY AND MAY BE DISPOSED OF.*

Staff combined these surplus items with those of previous resolutions and the following items were sold at auction by First Capitol Auction, Inc. on April 27, 2018:

- Polaris Ranger
- Kohler 80kw generator
- Kohler 40kw generator
- Kubota Tractor
- Leroi Air Compressor
- Randell Rodder
- International Vactor
- Toyota Sienna Minivan
- Ford F-250

In total, these items sold for \$28,200.00. After deducting the transportation fee of \$1,455.00 and a 6.5% commission of \$1,933.00, the District received payment in the amount of \$24,812.00.

STAFF RECOMMENDATION:

NA

FISCAL IMPACT:

+\$24,812.00

PERSON TO BE NOTIFIED:

NA



Consent _____
Staff/Consultant Reports _____
Agenda Item _____9A3_____

Agenda Summary Report

Date June 14, 2018

To: Chris DeGabriele, General Manager
From: Greg Pease, Collection System/Safety Manager
Mtg. Date: June 14, 2018
Re: Lateral Specification Progress Update

BACKGROUND:

Specifications for Lateral Sewers

The Standard Specifications apply to the design and construction of all public sewerage facilities and side sewers in the District, whether privately financed and constructed under permits issued by the District, or publicly financed and constructed under contract with the District.

The jurisdiction of the District includes the entire sewerage system and its appurtenances from the point of connection with the building plumbing to the outfall from the Las Gallinas Valley Sanitary District treatment plant. In cooperation with San Rafael Sanitation District, the District recognized the need for a standardized, construction specification requirement for constructing sewer laterals within the LGVSD and SRSD service areas. As a result, the District collaborated with SRSD and jointly enlisted the services of Nute Engineering to prepare specifications.

SRSD provided their comments on May 24, 2018 and LGVSD staff has reviewed these items with no additional comments. On May 29, 2018, both LGVSD and SRSD's comments were forwarded to Nute Engineering for inclusion into the Specification for Lateral Sewers. Mark Wilson anticipates that it will take approximately (1) month to complete the revision and then both LGVSD and SRSD will perform a final review.

STAFF RECOMMENDATION:

Information Only

FISCAL IMPACT:

N/A

PERSON TO BE NOTIFIED:

N/A

Agenda Item 9A4

Date June 14, 2018

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

I. Account Summary: Bank and Investment Accounts

Accounts Summary	May 31, 2018	April 30, 2018	Change from Previous Month
Summary of Bank and Investment Accounts			
Bank of Marin			
Operating	\$ 243,538	\$ 219,353	\$ 24,185
Operating Sweep	101,181	275,676	(174,495)
Zero Balance	37,058	17,957	19,101
Liquid Savings	2,018,535	2,791,932	(773,397)
Private Sewer Lateral Rehab	169,366	169,360	6
Surcharge-Marin Lagoon	108,117	108,103	14
Surcharge-Captains Cove	19,528	19,526	2
Connection Fee	38,409	25,294	13,115
Capital Project Reserve Fund	2,194,445	2,194,324	121
Petty cash	1,107	1,060	47
Investment Accounts			
Debt Service Reserve-Recycled Water	585,753	585,753	-
Debt Service Reserve-SRF Loan	293,480	293,480	-
Local Agency Investment Fund	20,781,281	20,781,281	-
Cash and Investments	<u>\$ 26,591,798</u>	<u>\$ 27,483,099</u>	<u>\$ (891,301)</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.

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

Reviewed by: Chris DeGabriele
Chris DeGabriele, PE Interim General Manager

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

I. Summary of Bond Accounts and Cumulative Activities Since Inception

Accounts Summary	Starting Balance 4/28/2017	Total Activities Since Inception	Ending Balance 5/31/2018
1 Bond Project Fund	\$41,000,000	\$ (909,530) ^(a)	\$ 40,090,470
2 Cost of Issuance Fund	193,121	(193,111)	10
3 Bond Payment Fund	-	103	103
Total	<u>\$41,193,121</u>	<u>\$ (1,102,538)</u>	<u>\$ 40,090,583</u>

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

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

1 Bond Project Fund		
Beginning Balance May 1, 2018		\$ 40,090,470
Interest income from Local Area Investment Fund (LAIF) estimated annual yield of 1.51%		-
Ending Project Fund Balance at May 31, 2018		<u>\$ 40,090,470</u>
2 Cost of Issuance Fund		
Beginning Balance May 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%		-
Ending Cost of Issuance Fund Balance at May 31, 2018		<u>\$ 10</u>
3 Bond Payment Fund		
Beginning Balance May 1, 2018		\$ 94
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		9
Ending Bond Payment Fund Balance at May 31, 2018		<u>\$ 103</u>

6/14/2018 BOARD REPORTS

Agenda Item 9B1

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 9B2

LAFCO

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

Agenda Item 9B3

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
- Presentation

Agenda Item 9B4

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 9B5

NBWA

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

Agenda Item 9B6

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 9B7

Engineering Subcommittee

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

Agenda Item 9B8

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 _____.

6/14/2018

BOARD AGENDA ITEM REQUESTS

Agenda Item 10B

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



**Point Blue
Conservation
Science**

Agenda Item 11
Date June 14, 2018

Conservation science for a healthy planet.
3820 Cypress Drive, #11 Petaluma, CA 94954
T 707.781.2555 | F 707.765.1685
pointblue.org

RECEIVED
MAY 14 2018
L.G.V.S.D.

May 8, 2018

Susan McGuire
Las Gallinas Valley Sanitary District
300 Smith Ranch Road
San Rafael, CA 94903

Dear Susan,

Thank you for your generous gift of \$7,000 to Point Blue Conservation Science for our STRAW – Miller Creek Restoration Program.

Your support makes it possible for Point Blue to advance conservation of birds, other wildlife and ecosystems, on land and at-sea, through science, outreach and partnerships.

This letter will serve to document your completely tax-deductible contribution made on 4/30/2018 and that you received no goods or services in exchange for this donation. Point Blue Conservation Science is a registered 501(c)(3) organization and our federal tax identification number is 94-1594250.

Thank you for again helping advance our hands-on science, restoration, outreach and partnership efforts to guide conservation forward for a healthy, blue planet teeming with life!

Sincerely,

EMC
Ellie M. Cohen
President and CEO

*We so appreciate your continuing support and encouragement -
Jaquette*

*Thank you Las Gallinas Valley Sanitary District!
We appreciate your generous support so very much!*



**Point Blue
Conservation
Science**

Conservation science for a healthy planet.

3820 Cypress Drive, #11 Petaluma, CA 94954

T 707.781.2555 | F 707.765.1685

pointblue.org

RECEIVED
JUN - 4 2018
L.G.V.S.D.

BoD ✓

May 31, 2018

Susan McGuire
Las Gallinas Valley Sanitary District
300 Smith Ranch Road
San Rafael, CA 94903

Dear Susan,

Thank you for your generous gift of \$2,000 to Point Blue Conservation Science for our matching funding for our Miller Creek STRAW restoration!

Your support makes it possible for Point Blue to advance conservation of birds, other wildlife and ecosystems, on land and at-sea, through science, outreach and partnerships.

This letter will serve to document your completely tax-deductible contribution made on 5/14/2018 and that you received no goods or services in exchange for this donation. Point Blue Conservation Science is a registered 501(c)(3) organization and our federal tax identification number is 94-1594250.

Thank you for again helping advance our hands-on science, restoration, outreach and partnership efforts to guide conservation forward for a healthy, blue planet teeming with life!

Sincerely,

Ellie M. Cohen
President and CEO

*Thanks again
so very much!*

flarkspur.org
r.org

Legal Notice	Legal Notice
<p>NOTICE OF PUBLIC HEARING LAS GALLINAS VALLEY SANITARY DISTRICT</p>	
<p>The Sanitary District is desirous of public comments on the Annual Budget and the Annual Sewer Charge Report prior to adoption. Copies of the reports are available at the District Office free of charge to the public as well as on the District's website at www.LGVSD.org</p>	
<p>Effective Date July 1, 2018</p>	
<p>Proposed Residential Charges: Single-family home or residential units such as condominiums and mobile homes - Annual Sewer Charge Rate per living unit. Multi-family residential units such as apartments - 90% of the Annual Sewer Service Charge per living unit.</p>	
<p>Current Rate: \$867 per year.</p>	
<p>Proposed Maximum Rate: 2018/19 - \$ 898 per year, increase of \$31</p>	
<p>Proposed Non-Residential Sewer Service Charges: Rates for non-residential customers are proportional to the rise in residential rates. Rates are calculated individually for each type of non-residential use, based on water usage and a strength factor, which is an average cost to treat wastewater from a particular type of non-residential customer.</p>	
<p>Copies of the Sewer Rate Methodology are available for public review at the District Office.</p>	
<p>FURTHERMORE, said Board intends to adopt the District Budget for 2018-19 and the District Annual Sewer Service Charge Report with or without modification at the public hearing set for June 14, 2018.</p>	
<p>NOTICE IS HERBY GIVEN, that on June 14, 2018 at 4:30 PM at the regular meeting place of said District, Las Gallinas Valley Sanitary District Treatment Plant, 300 Smith Ranch Road, San Rafael, said Board will hear and consider all comments to the Annual Sewer Service Charge Report for 2018-19 and the District Budget for 2018-19.</p>	
<p>Dated: May 14, 2018</p>	
<p>Chris DeGabriele Interim General Manager Las Gallinas Valley Sanitary District No. 637 May 25, June 1, 7, 2018</p>	

Thursday, June 07, 2018

7:30 AM

No. 727 Jun 2, 7, 2018

**NOTICE OF PUBLIC HEARING
LAS GALLINAS VALLEY SANITARY DISTRICT**

The Sanitary District is desirous of public comments on the Annual Budget and the Annual Sewer Charge Report prior to adoption. Copies of the reports are available at the District Office free of charge to the public as well as on the District's website at www.LGVSD.org

Effective Date July 1, 2018

Proposed Residential Charges: Single-family home or residential units such as condominiums and mobile homes - Annual Sewer Charge Rate per living unit. Multi-family residential units such as apartments - 90% of the Annual Sewer Service Charge per living unit.

Current Rate: \$867 per year.

Proposed Maximum Rate:
2018/19 - \$898 per year, increase of \$31

Proposed Non-Residential Sewer Service Charges: Rates for non-residential customers are proportional to the rise in residential rates. Rates are calculated individually for each type of non-residential use, based on water usage and a strength factor, which is an average cost to treat wastewater from a particular type of non-residential customer.

Copies of the Sewer Rate Methodology are available for public review at the District Office.

FURTHERMORE, said Board intends to adopt the District Budget for 2018-19 and the District Annual Sewer Service Charge Report with or without modification at the public hearing set for June 14, 2018.

NOTICE IS HERBY GIVEN, that on June 14, 2018 at 4:30 PM at the regular meeting place of said District, Las Gallinas Valley Sanitary District Treatment Plant, 300 Smith Ranch Road, San Rafael, said Board will hear and consider all comments to the Annual Sewer Service Charge Report for 2018-19 and the District Budget for 2018-19.

Dated: May 14, 2018

Chris DeGabriele
Interim General Manager
Las Gallinas Valley Sanitary District
No. 637 May 25, June 1, 7, 2018

Screen clipping taken: 6/7/2018 7:30 AM

NO.706 MAY 29, 2018

**NOTICE OF PUBLIC HEARING TO DISCUSS
PROPOSED ORDINANCE NO 174
AN ORDINANCE ADDING CHAPTER 7 TO TITLE 1
SANITARY CODE OF THE LAS GALLINAS
VALLEY SANITARY DISTRICT**

The Las Gallinas Valley Sanitary District will conduct a Public Hearing to discuss an ordinance adding Chapter 7 of Title 1 of the Sanitary Code of the Las Gallinas Valley Sanitary District

Chapter 7 of Title 1

An Ordinance of the Las Gallinas Valley Sanitary District adopting informal bidding procedures under the Uniform Public Construction Cost Accounting Act (Section 22000, et seq. of the Public Contract Code).

This hearing will take place at the District office at 300 Smith Ranch Road, San Rafael on Thursday, June 28, 2018 at 4:30 PM. The proposed ordinance can be viewed on the District's website at www.lgvsd.org or at the District office posted at the front gate bulletin board from May 14 to June 28, 2018.

Dated: May 29, 2018 & June 14, 2018.

**Chris DeGabriele
Interim General Manager
Las Gallinas Valley Sanitary District
No. 639 May 28, June 14, 2018**

MAY 29, 2018, MAY 29, 2018, MAY 29, 2018, MAY 29, 2018
INDEPENDENT JOURNAL No. 657

**NOTICE OF PUBLIC HEARING TO DISCUSS
PROPOSED ORDINANCE NO 173
AN ORDINANCE AMENDING TITLE 2, CHAPTER
1 SANITARY CODE OF THE LAS GALLINAS
VALLEY SANITARY DISTRICT**

The Las Gallinas Valley Sanitary District will conduct a Public Hearing to discuss an ordinance amending Article IX, Section 907 of Title 2, Chapter 1 of the Sanitary Code of the Las Gallinas Valley Sanitary District:

**Article IX. PERMITS AND FEES.
Section 907. Capital Facilities Charge**

This hearing will take place at the District office at 300 Smith Ranch Road, San Rafael on Thursday, June 28, 2018 at 4:30 PM. The proposed ordinance can be viewed on the District's website at www.lgvsd.org or at the District office posted at the front gate bulletin board from May 1 to June 28, 2018.

Dated: May 29, 2018 & June 14, 2018.

Chris DeGabriele
Interim General Manager
Las Gallinas Valley Sanitary District
No. 638 May 29, June 14, 2018

NOTICE OF PUBLIC HEARING BEFORE THE

**DISTRICT BOARD**

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

DISTRICT ADMINISTRATION

Chris DeGabriele
Interim General Manager
Michael Cortez,
District Engineer
Mel Liebmann,
Plant Manager
Susan McGuire,
Administrative Services Manager
Greg Pease,
Collection System Safety Manager

May 29, 2018

Lauren Davini, City of San Rafael Traffic Engineer
Department of Public Works
111 Morpew St.
San Rafael, CA 94901

Re: LGVSD Comments on San Rafael Bicycle & Pedestrian Plan 2018 Update

Dear Ms. Davini,

Thank you for the opportunity to comment on the subject Bicycle & Pedestrian Plan Update. LGVSD provides sanitary sewage collection and treatment service to approximately 30,000 residents in north San Rafael and has extensive treatment plant infrastructure and property in the adjacent County of Marin jurisdiction.

Within those lands are extensive recreational trails used by many walkers, hikers and bicycle enthusiasts. These trails are planned to connect with the broader Bay Trail network, both to the north at Hamilton Field and to the south at the planned McInnis Marsh. LGVSD notes that the top destination in the 2017 pedestrian and bicyclist preference survey were parks/trails. The subject Update features McInnis Skatepark off Smith Ranch Road as such a destination, and delineates Safety, Connectivity and Coordination as three Update goals.

LGVSD is pleased to see that the Group A proposed projects in the Update include the McInnis Parkway Sidepath (A-2, page 36) and Lucas Valley Road/Smith Ranch Road (A-22, page 37). LGVSD urges the City of San Rafael to pursue those proposed projects as a priority and coordinate with the County of Marin and LGVSD to safely connect bicycle and pedestrian access to the proposed McInnis Marsh, Bay Trail and existing LGVSD recreational trails.

Sincerely,

Chris DeGabriele
Interim General Manager, Las Gallinas Valley Sanitary District

Cc: Bill Guerin, Public Works Director, City of San Rafael
Max Korten, General Manager, Marin County Parks and Open Space District
Bjorn Gripenburg, Policy & Planning Director, Marin County Bicycle Council

Teresa Lerch

From: Mark Millan <millan@datainstincts.com>
Sent: Friday, June 01, 2018 5:47 AM
To: Undisclosed Recipients
Subject: Governor Brown Signs Legislation Establishing Statewide Water Efficiency Goals - CA.gov 5/31/18

Governor Brown Signs Legislation Establishing Statewide Water Efficiency Goals

Published: May 31, 2018 CA.gov

SACRAMENTO – Governor Edmund G. Brown Jr. today signed SB 606 by Senator Robert Hertzberg (D-Van Nuys) and AB 1668 by Assemblymember Laura Friedman (D-Glendale) to help the state better prepare for droughts and climate change by establishing statewide water efficiency standards.

“In preparation for the next drought and our changing environment, we must use our precious resources wisely. We have efficiency goals for energy and cars – and now we have them for water,” said Governor Brown.

SB 606 and AB 1668 establish guidelines for efficient water use and a framework for the implementation and oversight of the new standards, which must be in place by 2022. The two bills strengthen the state’s water resiliency in the face of future droughts with provisions that include:

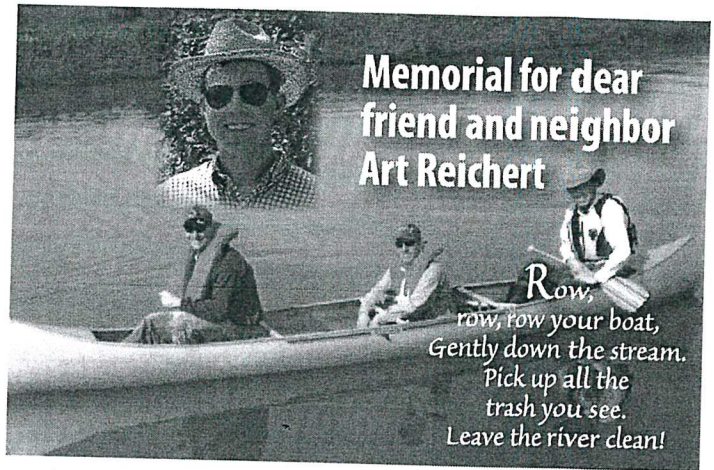
- Establishing an indoor, per person water use goal of 55 gallons per day until 2025, 52.5 gallons from 2025 to 2030 and 50 gallons beginning in 2030.
- Creating incentives for water suppliers to recycle water.
- Requiring both urban and agricultural water suppliers to set annual water budgets and prepare for drought.

“This is another important step in the Legislature’s focused effort to reengineer water policy away from crisis management and toward a 21st century approach. I want to thank the Governor and his staff for their creative vision, and my colleagues in both houses for their hard work to bring this across the finish line,” said Senator Hertzberg.

“Governor Brown challenged every Californian to embrace water efficiency during the drought, and with his signature on AB 1668, we’ll have the state working collaboratively with local governments and urban water suppliers to put in place water efficiency standards that will help every community focus on sustainability. It’s a balanced approach that puts efficiency first and gives water agencies the flexibility to embrace innovation and tailor their policies to meet the unique needs of their community,” said Assemblymember Friedman.

Today’s legislative action builds on Governor Brown’s ongoing efforts to make water conservation a way of life in California. The state responded to the most recent drought with emergency actions and investments and the advancement of the California Water Action Plan, the Administration’s five-year blueprint for more reliable, resilient water systems to prepare for climate change and population growth.

For full text of the bills signed today, visit <http://leginfo.legislature.ca.gov>.



We recently lost our neighbor, long-time SVNA member and community volunteer, Art Reichert. His contributions to our neighborhood were many. You can read his Marin IJ obit here: url: <https://tinyurl.com/ydh63gxc>

Arthur George "Art" Reichert
November 29, 1950–April 28, 2018

*Row, row, row your boat, Gently down the stream.
Pick up all the trash you see. Leave the river clean!*

Thanks to his excellent care team at Kaiser, Art beat cancer, but succumbed to a series of infections. He died peacefully with his wife Elaine at his side. Hospice by the Bay provided wonderful comfort care through his final two months.

Art's warm heart, quirky humor and sweet nature endeared him to many. He was always busy. He served on our local Flood Zone 7 board until he used his auditing skills to question where our special flood taxes were actually being spent. Susan Adams abruptly fired him from FZ7 rather than answer. He was also active in the Santa Venetia Neighborhood Association.

Art loved to hike, bicycle and canoe, especially on Gallinas Creek, rivers and the Bay. For many years he organized creek cleanups and was active in the Gallinas Watershed Council and many other community service projects. He served as president of GWC, but his real passion was keeping the Creek clean and healthy.

No mention of Art's life would be complete without discussing his love of cars and fast driving. When he met Elaine, he had a red CRX. He soon had it repainted dark gray so as to be less conspicuous as he zipped along the highways. He replaced the CRX with a more sedate Ford Focus. Though he modified it in various ways, that was never his favorite car. Thankfully, a year before his cancer was discovered he bought an older Audi TT. Although it spent many days and dollars at the mechanics, the joy it brought to him is priceless.

Born in Buffalo to Art and Dorothy Reichert, Art slowly migrated west until he came to work at Fireman's Fund. In 1989 he met Elaine Gilmer whom he married in 1991. They had many wonderful adventures together, camping, canoeing and square dancing. He is also survived by his sister Dottie, her husband Joe and their children Jeremy and Amie Lou who all live in Connecticut. His cousin Karen also survives him.

A memorial gathering to celebrate Art's life was held at 4pm May 18 at First Presbyterian Church in San Rafael. [People were requested to wear festive clothes to this well-attended memorial. In Art's memory, pick up trash wherever you see it. In lieu of flowers, donations to MALT.org or gallinaswatershed.org]

A note from Judy Schriebman of the Gallinas Watershed Council (GWC): Art was a founding member of GWC but more than that, a long term environmentalist whose passion for the creek, and keeping it clean, helped many people see the value and beauty of Gallinas Creek and nature. The kayak and canoe trips he took people on were greatly enjoyed. Art was relentless in his pursuit of the truth in where the money went when he was there. Just like he was relentless in keeping the creek clean.

Teresa Lerch

From: Teresa Lerch
Sent: Thursday, June 07, 2018 7:17 AM
To: Teresa Lerch
Subject: FW: Briefing Materials Online: Biogas as a Waste Management Solution.

The Environmental and Energy Study Institute (EESI) is a 501(c)(3) not-for-profit organization established in 1984 by a bipartisan Congressional caucus to provide timely information and develop innovative policy solutions that set us on a cleaner, more secure and sustainable energy path. Now an independent organization, EESI is funded primarily by foundations and other private donors, including individuals.

BRIEFING HIGHLIGHTS

Rep. Scott Peters (D-CA)

- Rep. Peters began by declaring that “the upside of not passing the [House] Farm Bill was not passing the Farm Bill.” He said the bill would have hurt small and rural farmers. Among other things, it would have eliminated the overall Energy Title, redirecting programs to other Titles instead. It also provided no mandatory funding for these programs. A good Farm Bill would support small farmers and sustainable forms of agriculture, which includes utilizing wastes generated on farms for power and biobased products.
- We need to create demand for biogas and for carbon. We should also advance clean energy and carbon utilization technology, as doing so is necessary to keep global warming under 2 degrees Celsius. We should also promote research and investment in advanced energy technology.
- Algae may be a powerful tool for the future as it can be used instead of petroleum to create plastics and also as a biofuel.
- “Waste is three things: a revenue opportunity, a sustainable and affordable energy source, and a crucial part of our strategy to slow and reverse the effects of climate change,” said Rep. Peters.
- As the 3rd ranking Democrat on the Energy Subcommittee of the House Energy and Commerce Committee, Rep. Peters hopes his subcommittee can be a resource for those working towards biogas and other innovative and renewable uses of resources.

Patrick Serfass, Executive Director, American Biogas Council.

- The American Biogas Council (ABC) represents the entirety of the American biogas industry. While there are other regional groups that do work on behalf of biogas, ABC is a national advocate for the industry.
- Anaerobic digestion converts organic material into gas, liquid and solid streams, each of which can be turned into different products. The organic material used in the process is typically manure and wastewater biosolids (the result of toilet flushing). But, food waste, food scraps, industrial food waste, and wood waste can also be used.
- Once it is processed, biogas is exactly the same as fossil-fuel natural gas in terms of molecular structure and can be used as a renewable fuel.

- Digestate is the solid product that results from anaerobic digestion. It is a nutrient-rich fertilizer that is pathogen-free, doesn't smell, and can readily be absorbed by plants. It presents a lower risk of agricultural runoff than other fertilizers and is at least as effective as fossil-based fertilizers.
- There are currently 2,000 operational biogas systems in the United States. Some are in wastewater treatment facilities, some are on farms, some are in landfills, and a few only handle food waste. ABC sees the potential for 13,000 more biogas systems in the United States.
- Those 13,000 new systems would require \$40 billion in new capital investment, and create 300,000 construction jobs and more than 20,000 new, permanent long-term operational jobs.
- Biogas protects the air, water, and soil in addition to being profitable; it is a safe and responsible waste management system that has a net positive impact on the environment.
- Whereas renewable energy sources like solar and wind depend on the sun and wind to run, biogas constantly generates electricity and can serve as a source of baseload power. Therefore, biogas can complement more intermittent renewable power generation.
- Biofuels should be given tax breaks, like wind and solar energy are, to help the sector thrive, as they are an efficient, baseload renewable resource.

Brian Sievers, Chief Operating Officer, Sievers Family Farms, LLC.

- Sievers and his wife, with the help of their son, installed an anaerobic digestion system on their farm in 2010. It includes anaerobic digesters, effluent storage structures, and separate solid storage structures.
- Anaerobic digestion creates a closed-loop system, which converts waste into resources and improves profitability and efficiency while reducing overall waste.
- The Sievers family farm benefitted from USDA programs, including the Rural Energy for America Program, which provides grants for renewable resources, and the Environmental Policy Incentives Program, which supports farmers in their conservation efforts. These programs helped provide the resources to build the facilities, which cost a total of \$12 million.
- The Sievers sell the electricity produced by their biogas system to the local grid, though the price at which the grid buys their electricity is falling, which will result in challenges moving forward. They currently earn 6.4 cents per kilowatt hour, but in 2020 the power purchase agreement they have in place will expire, and the rate after that is uncertain.
- Though they started off just using manure, they now incorporate local food waste, chick hatch waste, meat production and processing waste, and waste from local ethanol and diesel production into their plant. Food waste has brought their production up from around 40 percent capacity to 100 percent capacity.
- They have also started using cover crops in their processing plant. Cover crops are a huge potential feedstock for the biogas industry as they are normally killed with herbicide and go to waste. Instead, the Sievers harvest the cover crop and use it in their digester.
- In addition to selling electricity into the grid, they also sell the digestate that they produce. Sievers sees this as an extra benefit of anaerobic digestion, as the digestates are extremely nutrient rich and can be valuable fertilizers that improve soil health.

Chris Peot, Manager, Resource Recovery, D.C. Water

- D.C. wastewater treatment plants takes used DC municipal water, clean it of pollutants (such as carbon and other nutrients), and return clean water back to the environment.
- Every city in America has the potential to have a wastewater treatment facility, as all cities collect and treat water.

- The D.C. Wastewater Treatment Facility refers to itself as a resource recovery facility because the water is cleaned and the solid material left over from the process is returned to the land. Water and nutrients that might have gone to waste end up being responsibly reintroduced to the environment.
- D.C. Water was already a “closed loop” facility, recovering biosolids and returning them to the land, mainly to farms outside the service area, as well as returning water to the river cleaner than it was taken. Now, the use of anaerobic digestion at the plant will allow D.C. Water to re-use these nutrients in the service area, such as in urban farms and landscaping. This will keep the resources local, and save energy on biosolids transportation.
- D.C. Water recently made a \$470 million investment in anaerobic digesters. That is a large sum, but the city would have had to invest \$120 million in new lime stabilization facilities otherwise. All in all, the investment only has a 12-year pay off. The project was bond funded.
- The capacity of the digesters is large enough to handle the projected waste from the city's population 30 years from now, and the tanks should be functional for more than 70 years.
- “It’s a rare combination of a municipal project that brings economic benefits and makes environmental sense,” said Peot.
- Some of the solids produced end up on farms and some are used in urban gardening projects and to grow urban trees, which in turn bring their own set of environmental benefits including reducing runoff and creating green spaces.
- D.C. water has branded their fertilizer byproduct as “Bloom.” (bloomsoil.com)
- The plant produces 8 to 10 MW of electricity, enough to power 450,000 American homes. It also produces other products like steam that can be used in cooling processes.

Clarke Pauley, Vice President, Organics & Biogas Division, CR&R Environmental Services

- CR&R is a privately owned, integrated waste management group in southern California with 3 million residential customers, 50 municipal contracts and about 1,500 employees.
- California’s regulatory frameworks and incentives help empower renewable waste management groups like CR&R. California has been passing legislation that promotes waste management for a while, but it has recently shifted towards recycling organics.
- Bills like SB 1383 and AB 2313 in California provide financial incentives and a framework for organics recycling and biogas to thrive. At the federal level, the Renewable Fuel Standard, which requires transportation fuel to contain a minimum level of renewable fuel, plays a critical role.
- Organic waste represents around 30 percent of what goes into landfills nationwide, so by converting organic waste into products like natural gas and fertilizer, overall waste can be hugely reduced.
- CR&R turns organic waste into fertilizer and renewable natural gas that it uses to run its truck fleet of near-zero emission trucks. Currently, half of its fleet runs on compressed natural gas (CNG).
- Pound for pound, methane has a climate-warming effect that is far greater than CO2's. Burning renewable natural gas (which largely consists of methane) in trucks prevents methane from entering into the atmosphere. CR&R’s CNG trucks have 90 percent lower emissions than traditional diesel trucks.

Anaerobic Digestion Facilities Processing Food Waste in the United States in 2015

Survey Results
May 2018
EPA/903/S-18/001

Author

Melissa Pennington, Sustainability Coordinator, EPA Region 3, Philadelphia, PA

Acknowledgements

EPA would like to thank all the facility operators who provided data. This report is based entirely on information provided by all of you. The response rate to the survey was fantastic, especially considering that completion of the survey was voluntary. EPA greatly appreciates receiving this valuable data. In return, we hope that you find the information provided in this report to be useful.

This project would never have gotten off the ground without the outstanding technical support of David MacFarlane in EPA Region 3's Information Systems Branch. David patiently and expertly assisted with the design and implementation of the electronic surveys.

Document Review

This document was peer reviewed by:

Debra L. Forman, Ph.D., Information Management Team Leader/Toxicologist, EPA Region 3,
Philadelphia, PA
Anelia Milbrandt, Senior Researcher, National Renewable Energy Laboratory (NREL), Golden, CO

The following team from EPA's Office of Land and Emergency Management, Office of Resource Conservation and Recovery, also reviewed the document:

Chris Carusiello, Environmental Engineer
Claudia Fabiano, Environmental Protection Specialist
Elana Goldstein, Environmental Protection Specialist
Ellen Meyer, Economist
Andrea Schnitzer, Environmental Protection Specialist

Quality Assurance

EPA conducted a quality assurance review of the data and calculations used to generate the information in this report. This review was conducted by Sharon D. Kenny, Environmental Engineer, EPA Region 3's Environmental Assessment and Innovation Division. No errors or inconsistencies were found in the datasets.

Disclaimer

The anaerobic digestion facilities and their locations are provided for informational purposes only. Companies mentioned in this database are not certified or approved by US EPA. EPA does not guarantee the accuracy or completeness of this information.

Executive Summary

In 2017, EPA surveyed U.S. operators of anaerobic digestion (AD) facilities that accept food waste to identify the number of facilities in the U.S. and their locations, and to learn about their operations. This report is the first of three annual data collections EPA will make through 2019. This first report covers data for calendar year 2015 and summarizes data received for three types of anaerobic digestion facilities: (1) stand-alone food waste digesters; (2) on-farm digesters that co-digest food waste; and (3) digesters at water resource recovery facilities (WRRFs) that co-digest food waste. Future reports will summarize data for 2016, 2017, and 2018.

EPA determined the number of AD facilities known to accept food-based materials¹ by reviewing publicly available information. Based on this research, EPA offered the survey to all facilities for which contact information was known. EPA also made the survey available on the Agency's website. EPA then confirmed the operational status of the facilities through direct contact with operators, a portion of which provided survey responses (Table ES-1).

Table ES-1: Number of Anaerobic Digestion Facilities Confirmed Operational, and Responding to Survey by Digester Type (2015)

Digester type	Confirmed Operational	Submitted Survey	Survey Response Rate
Stand-alone digesters	58	50	86%
On-farm digesters	18	15	83%
WRRF digesters	78	72	92%
Total	154	137	90%

Processing Capacity and Amounts in 2015

Based on data submitted by 137 survey respondents, the total processing capacity for food waste and food-based materials in all three digester types in 2015 was 15,809,647 tons per year and the total amount of food waste processed in all three digester types was 12,730,657 tons (Table ES-2).

Table ES-2: Total Capacity for Processing Food Waste and Total Amount of Food Waste Processed by Digester Type (2015)

Digester Type	Reported Capacity (tons per year)	Reported Amount Processed (tons per year)
Stand-alone digesters	12,563,687	9,828,081
On-farm digesters	210,754	112,879
Co-digestion systems at WRRFs	3,035,206	2,789,697
Total	15,809,647	12,730,657

¹ For the purposes of this report, food-based materials include, but are not limited to: food scraps that have been separated and collected by municipalities from residential sources; food scraps that have been separated and collected from institutions or venues (e.g., prisons, hospitals, stadiums); food scraps from food preparation at restaurants, cafeterias, and other food services; plate scrapings from restaurants, cafeterias, and other food services; fats, oils and greases (FOG); unused food collected from grocery stores (e.g., bakery items, bruised fruit, items past shelf life); and pre-consumer by-products of the food and beverage processing industries.

The total amount of non-food waste processed in all three digester types combined was 2,219,988,176 gallons and 461,723 tons (Table ES-3).

Table ES-3 Total Amount of Non-Food Waste Processed by Digester Type (2015)

Digester Type	Amount (liquid)	Amount (solid)*
Stand-alone digesters	34,341,130 gallons	134,757 tons
On-farm digesters	2,940,000 gallons	2,103 tons
Co-digestion systems at WRRFs	2,182,707,046 gallons	324,863 tons
Total	2,219,988,176 gallons	461,723 tons

Biogas Production

The total amount of biogas produced at digesters in 2015 was 358,742 standard cubic feet per minute (SCFM), equivalent to 1,117 MW installed capacity, 8.361 billion kWh per year, or enough energy to power 684,639 homes for a year.

Table ES-4 Summary of Biogas Data Reported by Digester Type (2015)

Digester type	SCFM*	MW	kWh/yr (million)	Number of homes powered for one year
Stand-alone digesters	9,176	29	216	17,781
On-farm digesters	1,979	6	45	3,704
Co-digestion systems at WRRFs	347,587	1,083	8,064	663,812
Total	358,742	1,117	8,317	684,639
* SCFM values are reported by facility operators and added together to get total SCFM for 2015 (358,742). The MW, kWh/yr, and homes powered numbers are calculated using the LMOP interactive conversion tool. These values are rounded to the nearest whole number, which accounts for the fact that the column totals may not sum.				

These figures likely underestimate actual processing capacity, food waste processed, and biogas production because not all operational facilities provided a survey response, and EPA was not able to confirm if all identified digesters were operational (Appendix A lists operational digestion facilities and Appendix B lists additional digesters where operational data was not available).

Thirty-five states had at least one confirmed operating digester (Figure ES-1). States with ten or more confirmed operating digesters included California (30), Wisconsin (17), Ohio (13) and New York (13). Figure ES-2 shows the actual number of survey respondents by state.

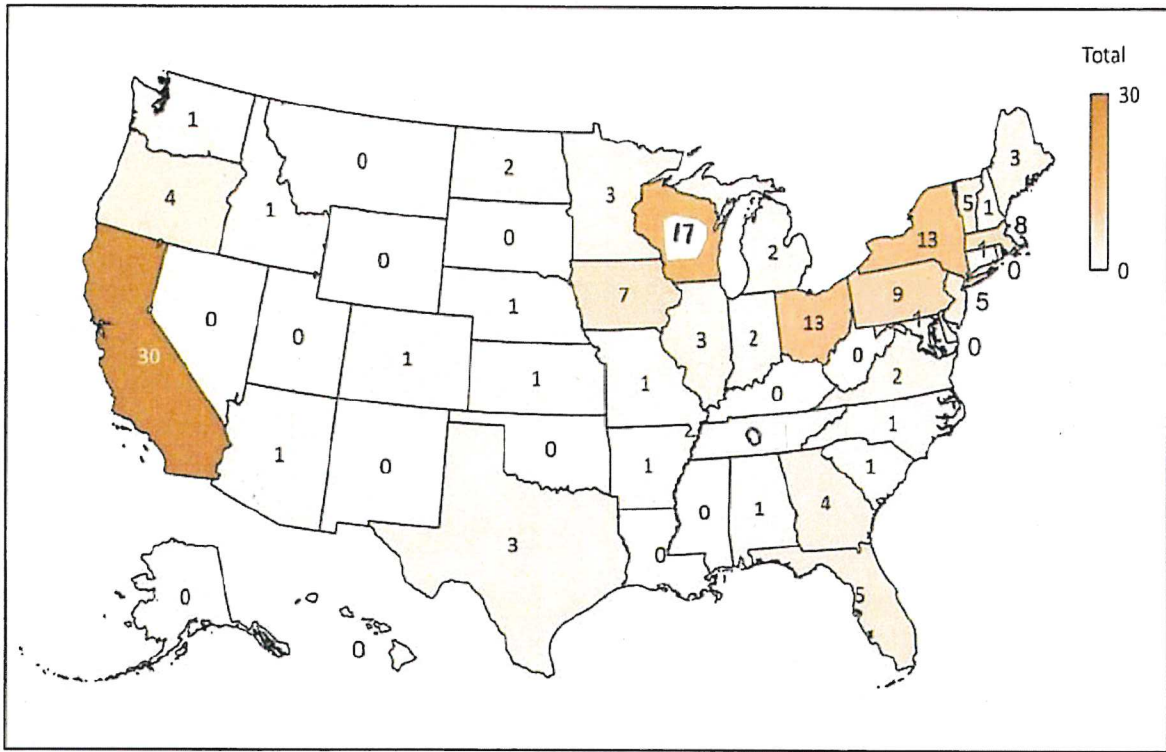


Figure ES-1: Confirmed Operating Food Waste Digesting Facilities by State (2015)

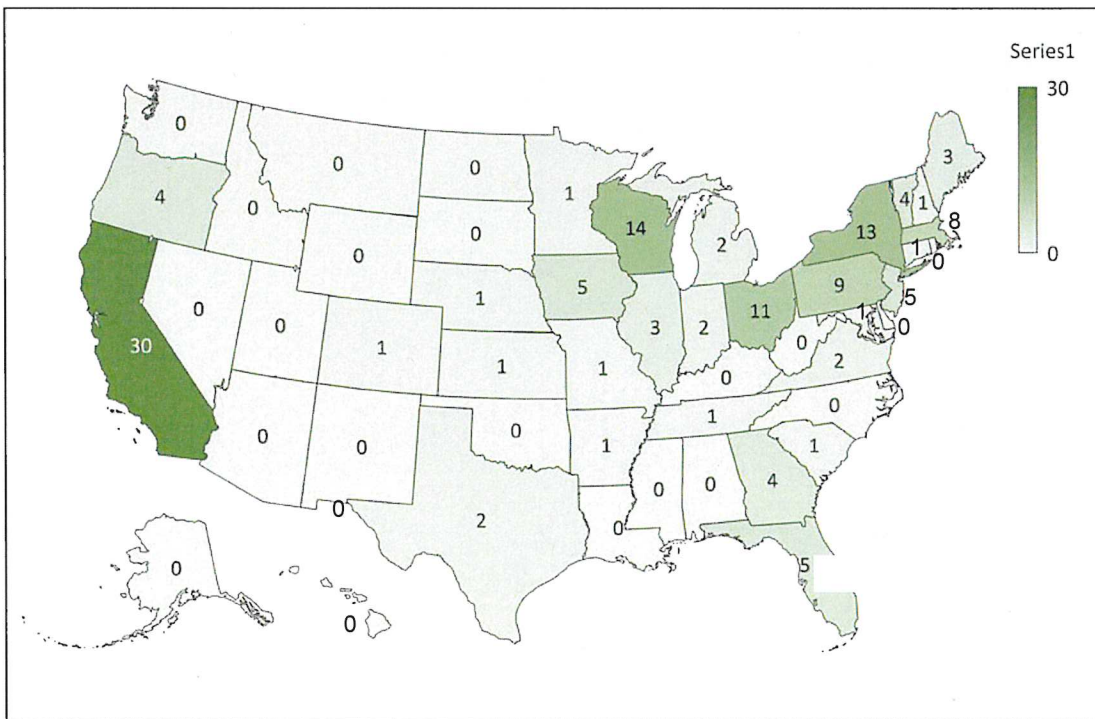


Figure ES-2: Survey Respondents by State (2015)

Operational Specifications and Pre-Processing Activity

In terms of operational specifications, the majority of digester types were found to be mesophilic and were wet digester systems. The top pre-processing/de-packaging activity for both stand-alone digesters and on-farm digesters was manual or mechanized de-packaging, and for co-digestion facilities at WRRFs, screening for debris or sorting.

Feedstock Sources and Types

Figure ES-3 aggregates the top five feedstock sources by digester type in 2015.

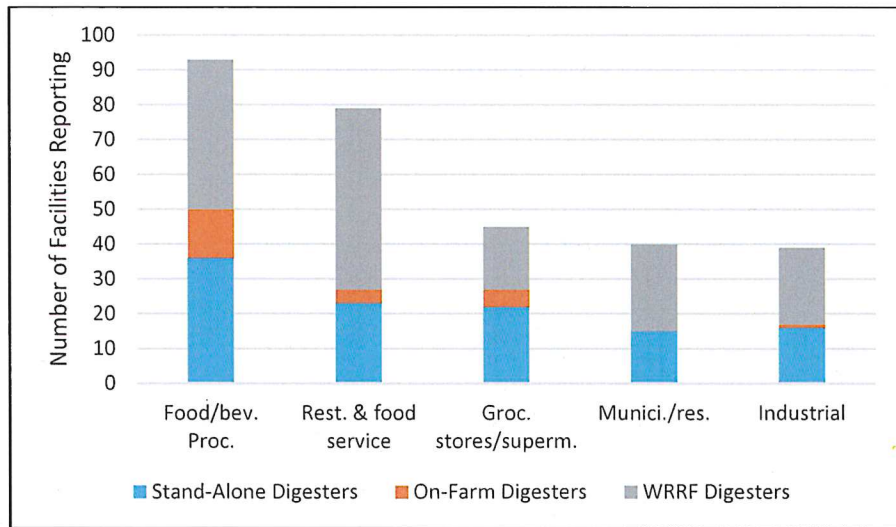


Figure ES-3: Top Five Sources of Digester Feedstock by Digester Type (2015)

Figure ES-4 aggregates the top five feedstocks accepted by digester type in 2015.

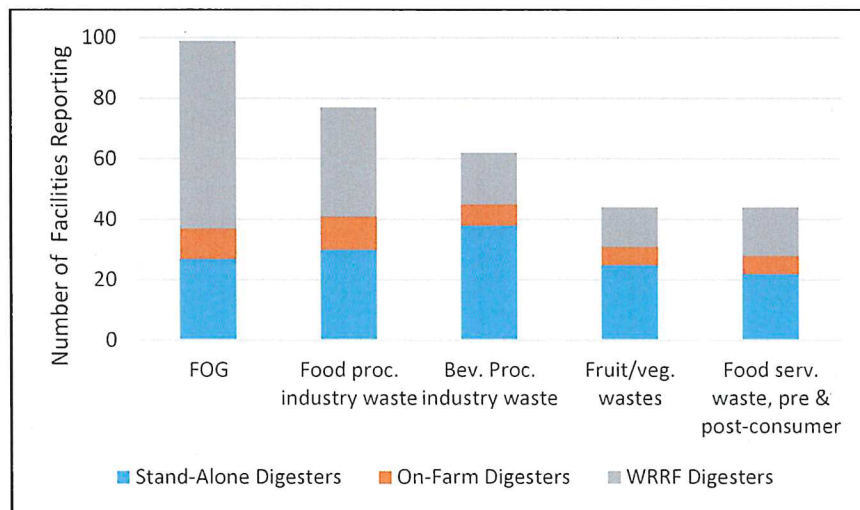


Figure ES-4: Top Five Feedstocks Accepted by Digesters Taking Food Waste by Digester Type (2015)

Biogas Uses and Cleaning Systems

Figures ES-5 and ES-6 provide information on biogas uses and cleaning systems. The top use of biogas among all three digester types was to produce heat and electricity (CHP). The next two highest uses of biogas for stand-alone digesters, on-farm digesters, and co-digestion facilities at WRRFs, respectively, were to produce electricity (sold to the grid), and to fuel boilers and furnaces to heat other spaces; to produce electricity (sold to the grid), and to produce electricity used behind the meter (including net metering); and to fuel boilers and furnaces to heat digesters, and to fuel boilers and furnaces to heat other spaces. Over 60% of all digester types reported that they utilize gas cleaning systems. The top constituents removed for all digester types overwhelmingly included moisture and sulfur. Another notable constituent removed with gas cleaning systems in co-digestion facilities at WRRFs were siloxanes.

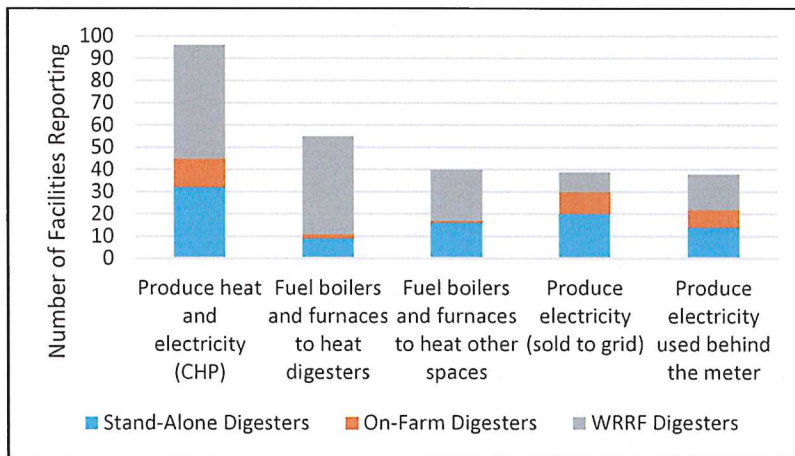


Figure ES-5: Top Five Uses of Biogas by Digester Type (2015)

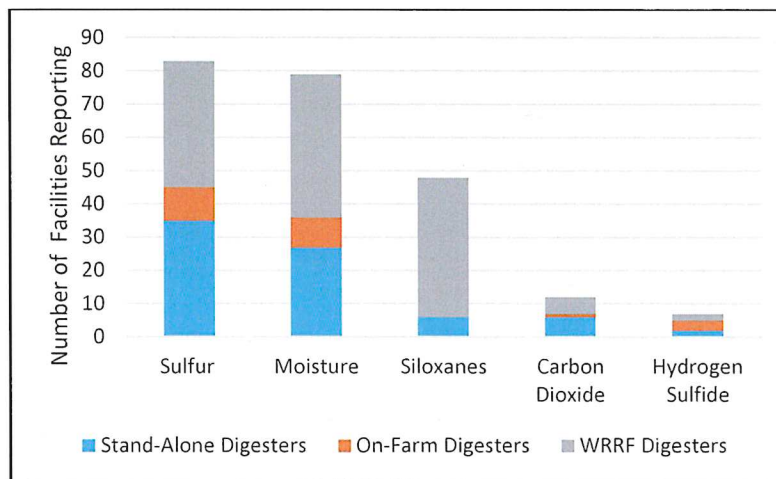


Figure ES-6: Top Five Constituents Removed by Digester Type (2015)

Solid and Liquid Digestate Uses

The top three solid digestate uses by specific digester type were:

- **Stand-Along Digesters:** Composted into a reusable/salable product, other, and de-watered/dried and land applied;
- **On-Farm Digesters:** processed into animal bedding, de-watered/dried and land applied, and composted into a reusable/salable product; and
- **WRRFs:** de-watered/dried and land applied, landfilled, and composted into a reusable/salable product.

The top uses of liquid digestate for stand-alone digesters, on-farm digesters, and co-digestion facilities at WRRFs, respectively, were: discharged to a wastewater treatment plant, reused as fertilizer via land application, and recirculated through the digester.



(<https://dailycoffeenews.com>)

Vermont Coffee Company Converts to 100 Percent Biogas for Roasting Operations

From C. Murray

Lily Kubota (<https://dailycoffeenews.com/author/lily-kubota/>) | May 30, 2018



(https://dailycoffeenews.com/wp-content/uploads/2018/05/Recognizable_brown_paper_bags.jpeg)

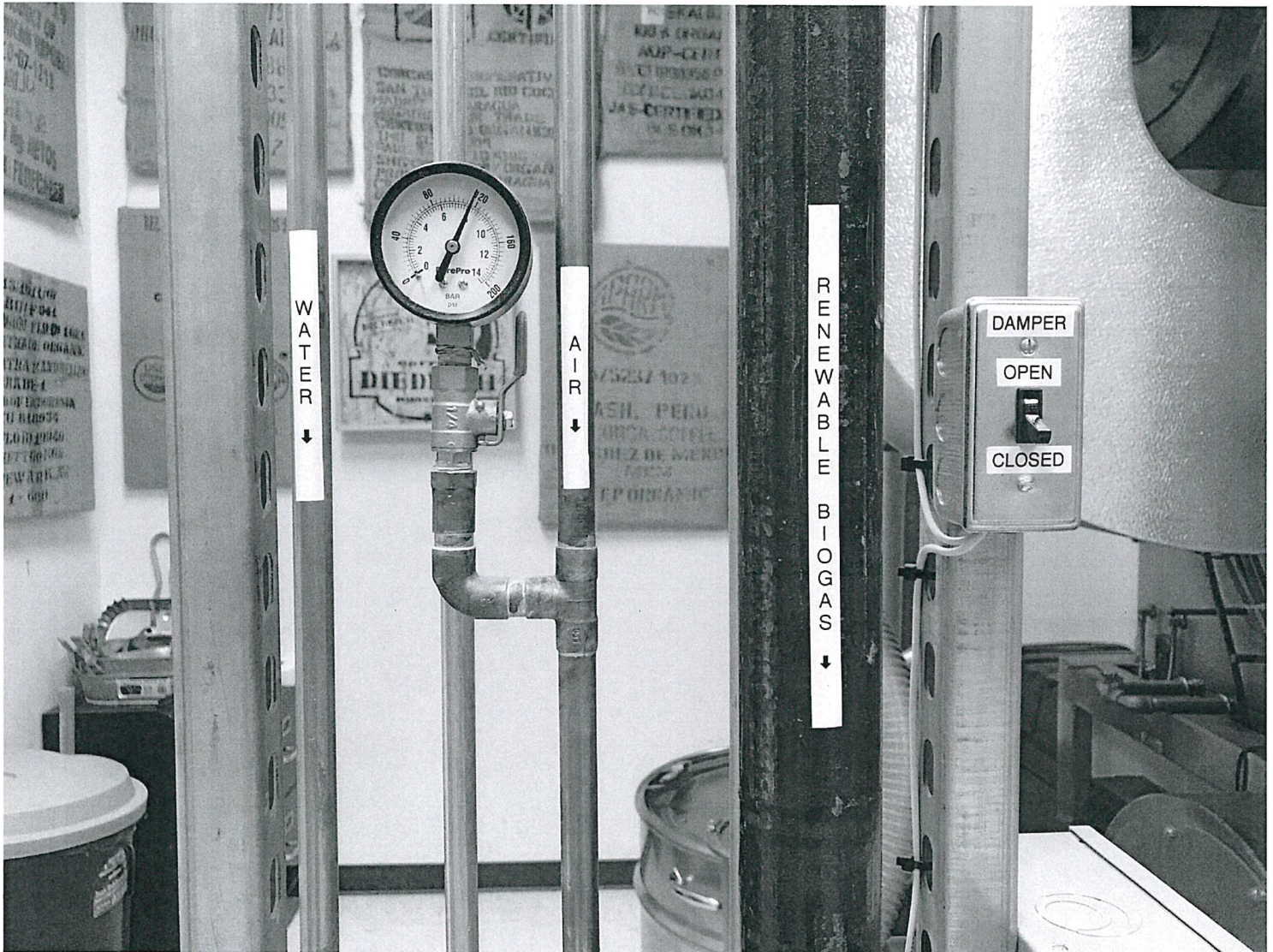
Vermont Coffee Company has converted to 100% renewable energy in their roasting process, as indicated on their final package. Photo courtesy of Vermont Coffee Company.

Vermont is giving new meaning to its nickname as the Green Mountain State, not through scenic peaks but through on-the-ground efforts to shift from fossil fuels to renewable energy.

(<https://www.burlingtonfreepress.com/story/news/2017/04/30/vermont-ranks-high-for-renewable-energy/100955606/>).

The sustainability-minded folks at Middlebury-based [Vermont Coffee Company](https://vermontcoffee.com/) (<https://vermontcoffee.com/>) are certainly doing their part, announcing that they are now using 100 percent renewable energy to roast their coffees, with both thermal and electric energy sourced from captured methane.

“The electricity comes from biogas generated at Vermont dairy farms, and the thermal gas is coming from an engineered landfill just north of us in Quebec,” Paul Ralston, CEO of Vermont Coffee Company, told Daily Coffee News.

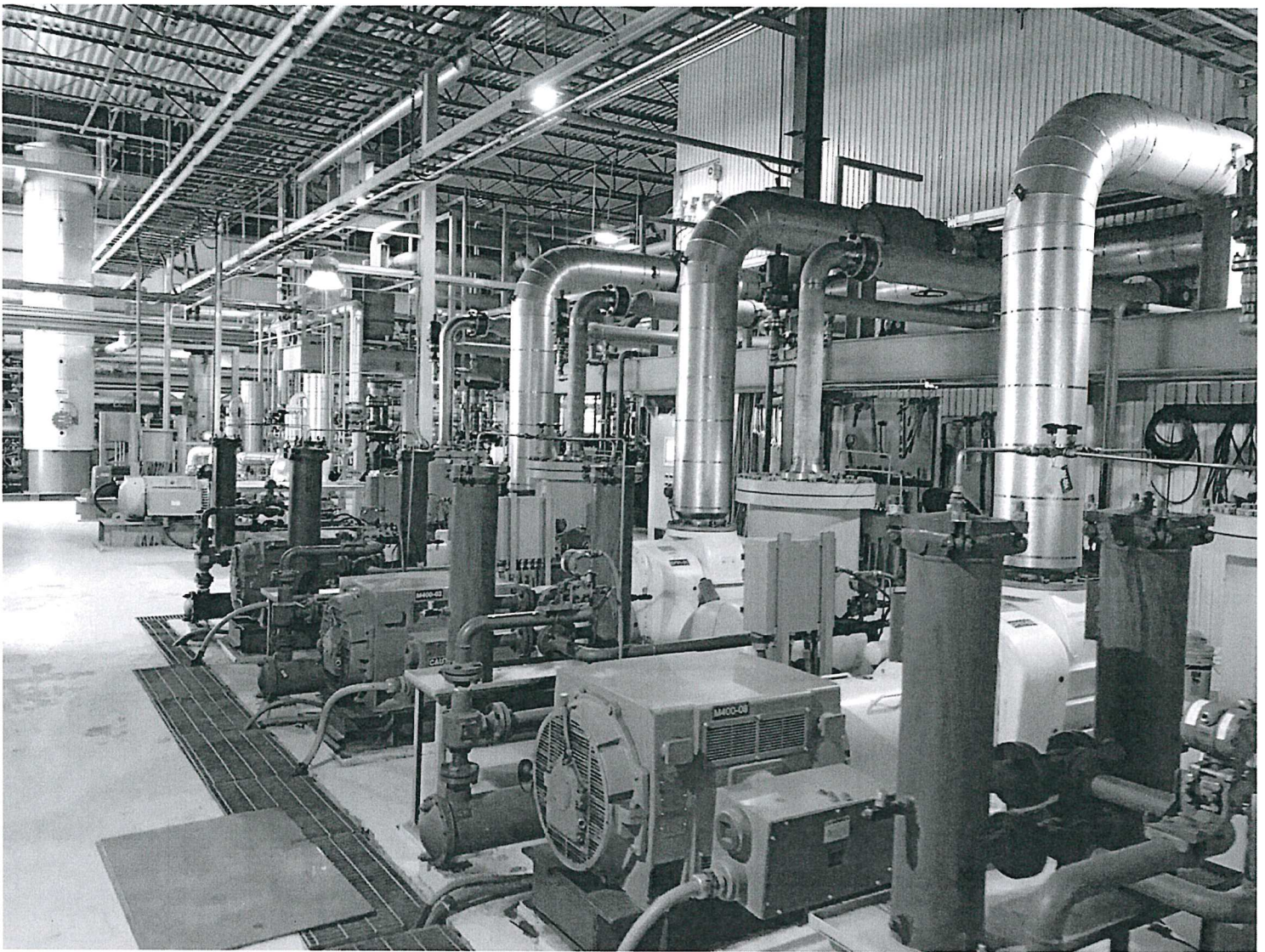


(https://dailycoffeenews.com/wp-content/uploads/2018/05/utility_piping.jpg)

Utility piping. Photo courtesy of Vermont Coffee Company.

The 20-year-old coffee roasting company, which sources only organic-certified coffees, believes it is the first commercial roaster in the country to make such a switch involving biogas. The transition was made possible as the company's gas provider, [Vermont Gas](https://www.vermontgas.com/renewablenaturalgas/) (<https://www.vermontgas.com/renewablenaturalgas/>), is the first in the U.S. to put renewable biogas into their pipeline system.

“We’re from Vermont, where renewables are really important, and consumers are very much aware of these efforts. There’s a lot of interest in innovation and moving towards a renewable energy future,” said Ralston. “Still, when you’re looking at paying twice as much for a fuel source, that’s a little unnerving.”



(https://dailycoffeenews.com/wp-content/uploads/2018/05/EBI_Energie equip.jpg)

EBI Énergie's generating/processing facility. Photo courtesy of Vermont Coffee Company.

When the company bought their first Loring Kestrel (<http://loringroaster.wpengine.com/roasters/s35-kestrel/>), they were running on propane. As the company grew, they added another roaster, the 1-bag capacity Loring Peregrine (<http://loringroaster.wpengine.com/roasters/s70-peregrine/>), followed by yet another Peregrine. Ralston said by simply making the switch to the Loring machines, they were able to reduce the amount of gas used to roast one pound of coffee by over 70 percent.

"So, no matter what kind of fuel we use, we are already making a positive impact by using less of it," Ralston said. "In order to make switching to renewable energy even remotely possible, we had to become much more fuel efficient. That's what Loring allowed us to do, and only then could we start to consider the possibilities."



(<https://dailycoffeenews.com/wp-content/uploads/2018/05/energy-efficient-roasting.jpg>)

Loring machines allowed Vermont Coffee Company to reduce energy usage during roasting. Photo courtesy of Vermont Coffee Company.

The efficiency of Loring machines has to do with the patented single burner design, which is used to heat the air that roasts the coffee — as well as incinerate smoke, thus eliminating the need for an afterburner.

“Also, because a lot of the heat from roasting comes through convection, we recirculate that air through the system,” Dennis Vogel, director of marketing and sales for Santa Rosa, California-based Loring Smart Roast (<https://loring.com/>), told DCN. “So, we are taking already warm air and heating it to the proper roasting temperature, as opposed to always starting with ambient cooler air.”

Ralston and his team has been working for years to find the best way to convert roasting operations to involve a renewable energy source. On the first attempt, the company had a coffee roaster built that had a separate burner for biodiesel.



Cupping to ensure product consistency. Photo courtesy of Vermont Coffee Company.

“It ended up being a total disaster,” said Ralston. “We spent (and lost) lots of money.”

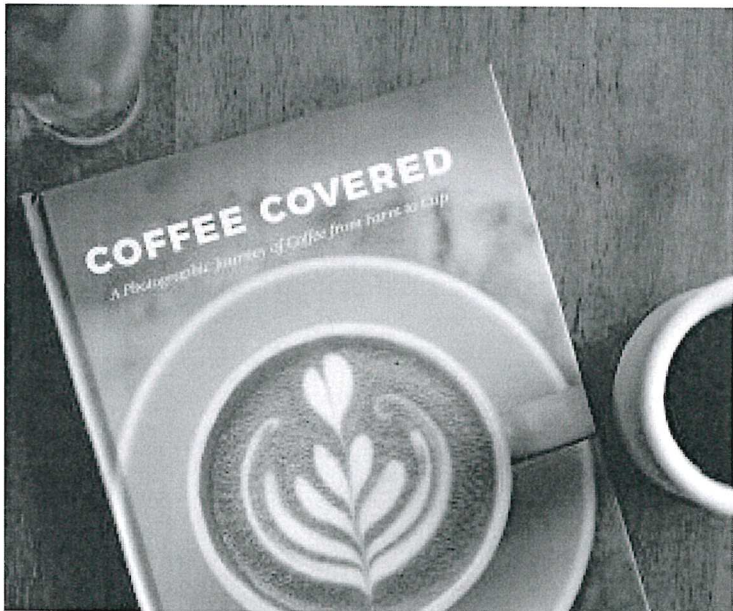
In a sense, Vermont Coffee Company has already undertaken a lot of the trial and error on behalf of other traditional commercial roasting companies, and Ralston hopes their transition will inspire other roasters, and even other industries, to take on the dual challenge of creating greater efficiency then switching to renewable sources.

“We’re somewhat of an old industry... and even though we’re seeing innovations on a number of levels, we haven’t really had much innovation in the actual technology and machinery for roasting coffee,” Ralston said. “In terms of technological and environmental developments, it just seems to me — as a coffee roasting company — that this technology and fuel source is one of the biggest things to happen for our industry in recent history.”

[Lily Kubota \(https://dailycoffeenews.com/author/lily-kubota/\)](https://dailycoffeenews.com/author/lily-kubota/)

Lily Kubota is the digital content manager of Daily Coffee News by Roast Magazine. She is based in Southern California.

Related Stories



(<http://www.roastmagazine.com/coffeecovered>)



(<http://bit.ly/2rKUOE2>)

— China

Biogas Digesters and Clean Cookstoves

This project builds biogas digesters that convert organic waste into clean renewable energy to fuel clean cookstoves.

From Judy Schreiber

Tonnes Reduced:

 348

Greenhouse Gasses Reduced:

CO₂ Carbon Dioxide CH₄ Methane

Average Tonnes Per Donation:

2

Most Recent Donation:

1 tonne
Anonymous



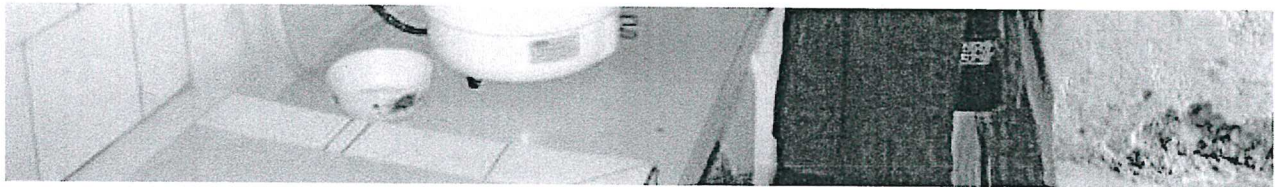
What it does



Much of rural Sichuan Province in China lacks proper waste management degrading hygiene and creating methane gas emissions that are 25 times more harmful to the planet than CO₂. This project helps solve these problems by installing biogas digesters that decompose organic waste, turning it naturally into clean fuel that replaces the need to burn coal or wood. It improves the health of the local communities by creating a sanitation system that provides a waste collection point and creates compost for fertilizer that increases agricultural productivity. Digesters solve a nasty, unhealthy problem while delivering value to users on multiple levels: clean fuel, healthier homes and better crops. **Bottom Line: Help more families build biogas digesters and transform harmful global warming emissions into clean, renewable energy.**

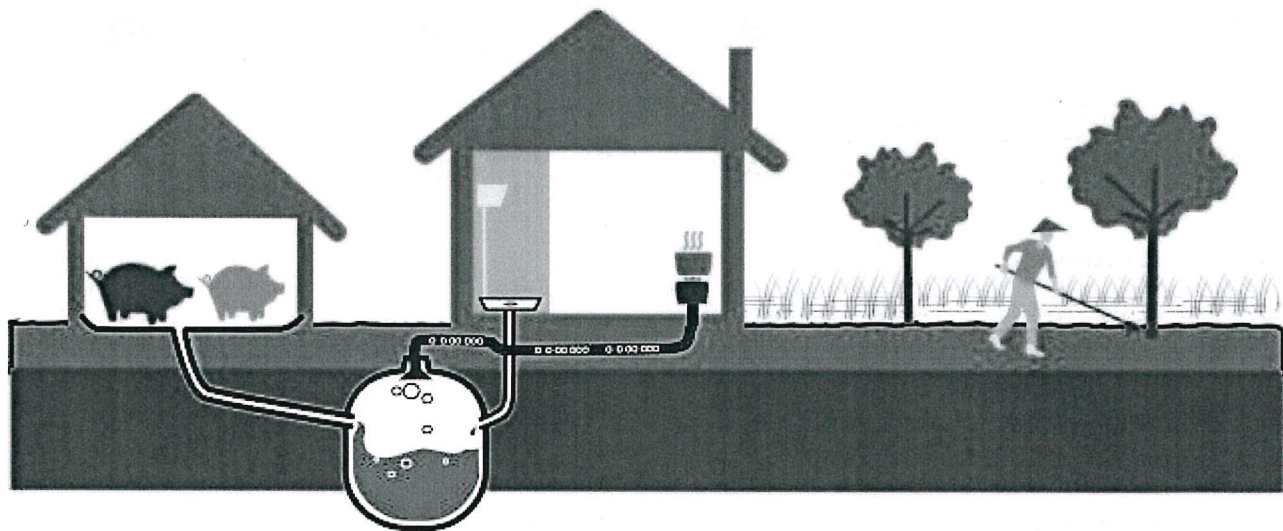


[DONATE TO THIS PROJECT](#)



How it works

Biogas is a mixture of methane and CO₂ that resembles propane and can be used in all the ways propane is used. Biogas needs a methane producing bacteria to be successful and these are found in animal waste, food scraps and sewage. In this project, a biodigester is built below animal pens so that manure flows directly into a chamber. The waste naturally decomposes, producing methane gas that is piped to a cookstove inside the house as clean cooking fuel. At the end of the process, the digester also produces a very effective organic fertilizer that can be directly applied to farm fields, creating a natural cycle of quality crops. Compost not only saves money on fertilizer for farming families, it also provides a source of income when extra compost can be sold.



Benefits

- Reduces greenhouse gas emissions by nearly **750,000 tonnes a year**
- Cuts the use of coal in households by **340,000 tonnes a year**
- Provides clean, affordable and convenient cooking fuel
- Generates extra income for families through savings on purchases of coal or firewood and the use and sale of self-produced organic fertilizer
- Benefits 400,000 low-income rural households
- Provides jobs and financial support in a region with an average per capita income slightly more than US \$400 per year

Challenges

- For smallholder farmers and their families, biogas digesters are difficult to afford due to financial constraints
- Once using biogas digesters, households need ongoing financial and technical support for periodic maintenance
- Reaching out to rural households that are not yet participating in the project and informing them about the benefits and affordability of biogas digesters requires sustained effort

Who it helps

This project improves living conditions for hundreds of thousands of the poorest people in Sichuan, China. By significantly reducing greenhouse gas, this project verifiably reduces carbon pollution.

Why we chose this project

"The project exclusively addresses the target group of low-income rural households in China's Sichuan province, who are not able to participate in the ongoing public biogas promotion scheme without further financial and technical support. Each of the project households exists on an average daily per capita income of just slightly more than one US dollar.

Beyond its massive reduction of GHG emissions, the project has enormous co-benefits for the participating poor rural households. Improved health, sanitation, income and better crops are just some of the benefits enjoyed by local households.

According to latest scientific research by the Center for Sustainable Environmental Sanitation (CSES) at the University of Science & Technology in Beijing, the project contributes notably to achieving at least 14 out of 17 UN Sustainable Development Goals (UN SDGs) in its Chinese target areas."

-Sid Yadav, CEO Global Offset Research

Project verifications

UN sustainable development goals

1 NO POVERTY



2 ZERO HUNGER



3 GOOD HEALTH AND WELL-BEING



4 QUALITY EDUCATION



5 GENDER EQUALITY



6 CLEAN WATER AND SANITATION



7 AFFORDABLE AND CLEAN ENERGY



8 DECENT WORK AND ECONOMIC GROWTH



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



10 REDUCED INEQUALITIES



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



13 CLIMATE ACTION



15 LIFE ON LAND



17 PARTNERSHIPS FOR THE GOALS



Due diligence documents

- Component Project Activity Design Document Form
- Small-scale CDM Programme Of Activitites Design Document Form
- SSC PoA Validation Report
- Verification Report 2015
- Monitoring Report 2015
- Verification Report March-December 2014
- Monitoring Report 2013-14
- PoA Verification Report 2013-14
- Component Project Design Document
- Small-scale CDM Programme Activity Design Form (gPOA)
- Small-scale CDM Programme Activity Design Form (rPOA)
- Monitoring Report Form 2015
- Programme of Activities Design Document Form

How we select our projects

We go the extra mile, or kilometer, to make sure each project's carbon-cutting is effective, and the use of funds is efficient.

[LEARN MORE](#)

JOIN US FOR EMAIL UPDATES

First Name
Last Name
Email



From Judy Schrieberman

Extreme Future conference brings scientists, policy-makers to Petaluma

DAVID TEMPLETON

ARGUS-COURIER STAFF | April 11, 2018



There's nothing quite like impending global disaster to grab a group of scientists' attention, especially right after breakfast.

Within the first 30 minutes of last week's North Bay Watershed Association conference — a day-long summit held Friday, April 6, at the Sheraton hotel on the Petaluma River — the steep scientific, environmental stakes currently being faced by the assembled scientists, administrators, environmentalists, engineers, politicians and agency employees were made strikingly clear.

"Extreme weather events are now impacting us on a daily basis, and they are getting more and more extreme each year," stated the morning's keynote speaker, Grant Davis. "And we're all going to need to be more creative, more innovative, more entrepreneurial, and more collaborative ... if we're going to make our way through this."

Grant is the General Manager of the Sonoma County Water Agency, a position he's just returned to following a stint as Director of the California Department of Water Services. His dire and sobering warning, delivered toward the end of his twenty-minute talk, was right in line with the title of the conference itself: "Extreme Future: Fire, Floods, a Rising Bay."

The title is a variation of that from a similar conference held last month in the South Bay, titled "Droughts, Floods and Sea Level Rise, Oh My!" And that's just two. All around the state, similar conversations are being held, with equally alarming pronouncements. But according to Grant, it is gatherings like these that could make the difference in facing the climate-related environmental changes that are already upon us.

"Conferences like this," he said, "are the best forums for exchanging information, and strengthening our commitment to working together."

Throughout the day — as rain fell steadily outside — an array of experts from diverse fields of expertise presented their findings and shared data related to the North Bay's current level of vulnerability to flooding, drought, watershed loss — and wildfires like the one Sonoma County

experienced last fall. Several speakers remarked on the irony of this specific conference — with its frequent emphasis on prevention against sea-level rise — taking place at sea level on a tidal slough in the middle of a major “precipitation event.”

In this case, Grant noted, that event was a meteorological occurrence known as an “atmospheric river.”

A relatively new term — coined in the 1990s, and just one of many colorful phrases tossed out by the days’ stream of speakers — atmospheric rivers are narrow corridors of concentrated moisture in the atmosphere. So called “Pineapple Express” storms are one kind of atmospheric river, which can carry as much moisture as there is in the Amazon River. Unique to the West Coast, Western Europe and the West Coast of Africa, atmospheric rivers, according to Grant, are rapidly becoming a primary cause of extreme weather events in the region.

“Atmospheric rivers are a Western phenomenon,” Grant explained, adding that that’s a major obstacle to winning federal assistance in helping the West Coast prepare against future atmospheric river-related catastrophes.

“Atmospheric rivers,” he cor
about, or the tornadoes tha
elected representatives bac
create our floods, and break
government are not aware
do a better job at developin
rivers. The good news is tha

“Now,” he added, “we just h.

Following Grant were a nur
who spoke on strategies for
Rayfield of the Army Corps

News, reviews, and local characters. Delivered daily.
email@example.com Subscribe

projects in the Bay Area, and the need for streamlined, better integrated permitting in getting the funding and approval for major environmental defense projects. Dr. Lisa Micheli, President and CEO of Pepperwood Preserve, gave a talk titled, “Watershed wakeup calls from the Wine Country fire zone.”

The 32-acre preserve, at the headwaters of the Russian River, she reported, lost all of its wooden structures but one in the firestorm.

“It’s clear that we need better ‘extreme event-smart’ strategies for rebuilding the communities that were burned in the fires,” she said, adding her concerns — illustrated by an array of charts and graphs

— about the little-discussed consequences of toxic fire zone sediment entering our watersheds during major rains. That sediment, she pointed out, now contains many of the toxins that were present in the building materials of the homes and structures that burned.

“We were simply unprepared,” said Micheli, “for the reality that that our homes were going to become toxic waste dumps.”

The lunchtime keynote was by Congressman Jared Huffman, who engaged in a lively conversation with Brad Sherwood, Government Affairs Manager for the Sonoma County Water Agency. In response to a question about federal disinterest in extending environmental protections, the Congressman decried recent attempts in Washington to put an end to what Huffman called “years of environmental progress,” suggesting that protecting the environment actually makes economic sense, when looked at as part of the big picture.

“The obvious truth is, environmental rollbacks will, down the road, lead to increased infrastructure spending,” Huffman said, adding that the necessity of working together in government, on all manner of environmental issues, has never been more necessary, or more difficult to accomplish. “In Washington,” he said, “the idea of working together now seems positively quaint, and sort of innocent and sweet.”

Along with “atmospheric rivers,” the conference was crammed with similarly colorful expressions and terminologies that sound like jargon from futuristic science-fiction disaster movies.

“Superstorms,” “Sea level rise adaptation projects,” “Shoreline armoring,” “Flood flights,” “Fuel loads,” “Climactic water deficits,” “Downstream impact,” “Vertical retreat,” “Horizontal retreat,” “Hardening the grid,” “Hardening our homes,” and “Forecast Informed Reservoir Operations.”

That last term, often called FIRO, is another relatively recent idea, suggesting management strategies that incorporate data from watershed monitoring, along with state-of-the-art water and weather forecasting, to guide water agencies in retaining and/or releasing water from reservoirs in strategic ways that reflect current and forecasted weather conditions.

One major takeaway from the conference - for those outside the scientific community, anyway - is a striking awareness that the language of climate change and environmental science has shifted from a focus on prevention of global warming, climate change, and sea level rise, to a focus on protection and defense against the inevitable.

“Oh, it’s happening,” said Sherwood, at a reception following the conference. “That’s what projects like Forecast Informed Reservoir Operations are all about. We know we’re not going to have new reservoirs being built, and we know that climate change is impacting the way we manage water. So

how do you utilize existing infrastructure, with existing or new technology, to outsmart climate change? That's what we're trying to do."

Asked if we can actually outsmart climate change, Sherwood says, "Well, we have to, don't we? We in this business have to look 100 and 150 years down the road. We have to build infrastructure - not to last a year or two, or five or ten years - but for fifty years or a hundred years. That's what we're all trying to do here today. We're asking, 'How do you take what we know and make it extend beyond several administrations with constantly shifting politics? How do we take control of that locally?'"

And how do we do that?

"Through watershed restoration, water reuse, forecast informed reservoir operations," he says, ticking them off on his fingers. "There are a lot of tools — a lot of low-hanging fruit — that we should be investigating, and that we should be implementing. If we're not trying to do that, than we're just not being good stewards of the resources we have. So we'd better do what we can. And we'd better do it quickly."

(Contact David at david.templeton@arguscourier.com)