

**SOUTHERN MARIN SEWER AGENCIES
SERVICE REVIEW AND
SPHERE OF INFLUENCE UPDATE**

Comments on Staff Report and Recommendations

October 2011

Comments of Affected Agencies

1. Letter of Bonner Beuhler, Manager, Almonte Sanitary District, October 10
2. Letter of Kevin Reilly, Chair, Almonte Sanitary District, October 10
3. Letter of Lew Kious, Secretary-Treasurer, Almonte Sanitary District, October 10

4. Letter of Tom Roberts, Manager, Alto Sanitary District, October 5

5. Letter of Einar Asbo, President, Homestead Valley Sanitary District, July 10
6. Letter of Einar Asbo, Catherine Howe, Scott Noble, Burnett Tregoning, Robert Westbrook, Board Members, Homestead Valley Sanitary District, October 5

7. Letter of Bruce Abbott, President, Richardson Bay Sanitary District, August 7
8. Letter of Roy Benvenuti, Director, Richardson Bay Sanitary District, August 22

9. Letter of James McCann, City Manager, City of Mill Valley, October 10

Correspondence from Private Citizens

In Support

1. Letter of Scott Drotman, October 7
2. Myra Drotman, October 4
3. Ramona Flood, October 4
4. Letter of Joseph Neufeld, September 19
5. Letter of Steven Vanni & Richard Holland, Committee FOR Sanitary Consolidation, September 7
6. Letter of Paul Davis, June 4

In Opposition

1. e-mail comment of Michael Hancock, September 17
2. e-mail comment of Robert Crowder, September 16
3. e-mail comment of Diane Lowenstein, September 16
4. e-mail comment of Spencer Bloch, September 15
5. e-mail comment of Paul Kochis, September 15
6. e-mail comment of Richard Upjohn, September 15
7. e-mail comment of Tracy Van Hooser, September 14
8. e-mail comment of John & Deborah Greenspan, September 14

ALMONTE SANITARY DISTRICT

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DIRECTORS

Kevin Reilly, Chair
Lew Kiou, Secretary-Treasurer
Loretta Figueroa
Frank Shirado
Emily Landin

DISTRICT MANAGER

Bonner Beuhler

October 10, 2011

Marin Local Area Formation Commission
555 Northgate Drive
San Rafael, CA 94903

Re: Comments on LAFCO Report “Southern Marin Sewer Agencies Service Review and Sphere of Influence Update” (July 2011)

Honorable Commissioners:

We appreciate the opportunity to comment on the current LAFCO staff report and a number of our district directors and staff have submitted responses. I have a few brief comments about the process that resulted in the above named report.

At the January 28, 2011 Strategic Planning Session I expressed optimism that the five year service review and sphere of influence update required by Cortese-Knox would provide a forum for an objective and comprehensive review and discussion of the issues surrounding the proposed consolidation of our districts, especially given the magnitude of the changes that have occurred over the past five years. However, after reading the subject report it appears that my optimism was premature.

During the preparation of the report, our agencies promptly responded to LAFCO’s requests for information and district staff volunteered to meet with LAFCO staff and consultant to provide help in clarifying questions, deciphering budget details, etc. to make sure that the information contained in the subject report was complete and accurate. The offer was declined.

In addition, in early April I sent LAFCO staff historical information that demonstrated a long history of inter-agency collaboration dating back to the mid-1960s, engineering reports prepared for Homestead Valley and Richardson Bay from 1970 and 1971 respectively, dealing with Inflow and Infiltration (I&I), actions taken to monitor and measure wet weather flows, concerns with wet-weather bypassing, strategies for reducing I&I, discussion of new regulatory requirements and how to deal with them and documenting actions taken to plan for smoke testing and pipe repair (HVSD) and listing actual repair and replacement of problem pipes (RBSD).

I also provided additional historical documentation that described the development of the sewerage system in southern Marin, formation of the Southern Marin Sanitation District (precursor agency to the current southern Marin sanitary districts), failure of the district-sponsored November 1946 bond issue

for construction of treatment and collection facilities and failure of a subsequent plan for ocean treatment and discharge - circumstances that led to the dissolution of that district and the ultimately the formation the current group of southern Marin agencies.

Additional documentation chronicled the formation of various joint-powers agencies by the southern Marin sewer agencies to:

- a) respond to changing EPA and Regional Water Quality Control Board water quality standards in the 1970s (including the prohibition of waste discharge into Richardson Bay)
- b) commission multiple engineering and environmental studies to determine the best course forward
- c) oversee the design and financing of the facilities constructed in the 1980s.

None of this material was incorporated into the report. Failure to include readily available information supportive of our agencies' actions while at the same time denigrating the same agencies for supposedly failing to collaborate, address I&I, repair and replace infrastructure or proactively respond to regulatory requirement does not foster confidence in the fairness of the process. (see emails and documents in Appendix A)

Finally, district staff - after review of the released report and out of concern about the number of factual inaccuracies, misleading or factually incorrect statements, misleading organization charts and difficulty in understanding where numbers came from or how projected staff requirements or budget savings were determined, sought to meet with LAFCO staff and consultant. All three managers of the four agencies met at the LAFCO office on August 16, 2011 to discuss their concerns. Although the meeting provided an opportunity to provided input, there has been no action to incorporate the information, clarify tables or correct obvious errors.

The report has been posted on LAFCO's website and widely distributed. Our concern is that, once published, it is often difficult to **"un-ring the bell"**.

We have had this experience before, after the spills of 2008, the EPA posted inspection reports without opportunity for review or comment and then issued an administrative order covering SASM and its member agencies based on limited evidence, inquiry or input/discussion from our agencies. These reports have been widely quoted even though many of the assertions have been discounted or proven untrue by subsequent investigation (see Appendix B, AB 1232 – How We Got Here and Where We Go From Here, pp. 5-11).

Slogging through a report once (even for those whose job it is) is a substantial commitment of time and energy. Attempting to assure that comments identify and address our substantial concerns requires even more. Discussion with LAFCO's executive director about the comment process indicated uncertainty about how comments would be integrated or even if the report would be modified.

To facilitate review and because of the sheer number of factual errors and differences of opinion, I have chosen to address my concerns under five headings: Governance and Public Participation, Regulatory Issues, I&I and Infrastructure Repair, Consolidation/Collaboration Savings, Matters of Equity and Fairness and AB1232 rather than go paragraph by paragraph through the report. Hopefully this will

provide the commissioners with a more concise and cogent discussion of our problems with the current report.

Governance Issues and Public Participation

LAFCO staff's governance arguments for consolidation are summarized below, the first three from page 5 and the last two from page 70 of the report:

- The present structure of SASM and its six member agencies dilutes responsibility and accountability for sewer service to the point of near inconsequence for single purpose sanitary district members.
- The public is disinterested in participation in district meetings or standing for election because so little is at stake within each jurisdiction when that jurisdiction is responsible for only a small part of a small sewer system.
- The political divisions within SASM and its members create an environment that does not allow the public to understand the governance of the sewer services that it receives. Staff believes that the system's complexity has created confusion, disengagement and apathy with regard to the operations of the agencies and in public participation.
- The pattern of governing board activity as portrayed in the minutes is one of very low workload, spread over many meetings of different agencies, with a large fraction of meeting time devoted to reports on the activities of the other SASM members. Each collection agency handles such a small fraction of the total business of the sewer system that the role of each is severely circumscribed.
- Finally, the chances for conflicting and inconsistent decision making of these systems from a regulatory and water quality perspective are great when four separate managers and boards deal with the same issues confronting this very small service area. All decisions required for the best interest of this area can and should be handled with a minimum of opportunity for inconsistent direction and approach. Having multiple boards decide issues affecting the service area can create unnecessary efforts to reach consensus on important operating and water quality concerns.

I am hard-pressed to think of an area whose residents, as a group, evidence a more sophisticated awareness of social, political and environmental issues than the residents of Marin County, especially southern Marin. The assertion that SASM's organization as a joint powers agency so confuses our constituents that they apathetically sit home strains credulity. If this was the case, LAFCO should be seeking the consolidation of another similarly organized joint-powers sewer agency, the Central Marin Sanitation Agency and its four member agencies for causing the confusion, disengagement and apathy on sewer issues for some many Marin residents. Obviously, this is not the case. All of our agencies are well known in our communities. Three of our agencies recently completed Proposition 218 hearings requiring mailings to all registered property owners and Mill Valley just finished theirs. Almonte regularly sends out communications to its residents. Alto and Homestead have recently polled their residents on the question of consolidation. Richardson Bay's trucks drive the entire district five days a week checking their numerous pump stations and conducting the district's business. Richardson Bay's office is located adjacent to the Tiburon bike path and is subject to significant local traffic. Websites and email allow residents easy access to information or communication. Finally, we have all been in business for almost sixty years.

LAFCO staff cites lack of public attendance at board meetings and lack of contested elections as evidence of public apathy and something that would be not occur in a larger consolidated organization. On page 75 of the report LAFCO envisions future consolidation activity among SASM members:

“The recommended alternative would not achieve the full extent of consolidation envisioned by AB 1232. It would “set the table” for a larger sanitary district about the same size and configuration as Las Gallinas Valley Sanitary District to serve the City of Mill Valley as well as the unincorporated areas now served by the four sanitary districts.”

As a means of comparison, one would think that LAFCO staff might have made similar inquiry into attendance and elections at Las Gallinas Valley Sanitary District to validate their claims. Had LAFCO conducted such a review this is what they would have found:

LAS GALLINAS SANITARY DISTRICT PUBLIC ATTENDANCE

(105 meetings: July 12, 2007 to July 28, 2011)

Meetings with public attendance: 10

7/12/2007 – Carlo Oughourlian, 12 Bay Hills

12/2/2008 – Public Hearing: Ruth Barney, Ron Marinoff, George Walters, Marilyn Mori, Nick Fara and John Bolles

4/23/2009 – Nathalie Salles

12/9/2010 – Barry Taranto

3/25/2010 – Barry Taranto of San Rafael Manor

5/13/2010 – Terry McEllistrim, Marin Association of Realtors

10/14/2010 – Michael McCrea, Barry Taranto and Robert Doban

11/11/2010 – Logan Murray, Jack Murphy, Ben Faibaisch and Daniel Kong (Boy Scout Troup 101 of San Rafael, performing Flag ceremony and cited the Pledge of Allegiance)

3/24/2011 – Mike Cass and Barry Taranto

7/14/2011 – James Rawlings and Gail Connolly

- SASM public meeting attendance for the 39 month period was 22/40 or 55%
- SASM and its member agencies public meeting attendance for the 39 month period was 30/201 or 14.93%
- Almonte, Alto, HVSD and RBSD public meeting attendance for 39 month period was 7/161 or 4.35%
- The Las Gallinas public meeting attendance for the 48 month period was 10/105 or 9.52%
It was 8.57% if you don't count the Boy Scout Troup;)

What conclusions can be drawn from this? Probably the only real conclusion is that meeting attendance by members of the public at sanitary district meetings is low.

However, even though board meeting attendance may be low, that does not equate to either lack of public knowledge of the sanitary district or a lack of public business. In fact, public attendance at sanitary district board meetings may have nothing to do with sewers per se. At Richardson Bay Sanitary District, the biggest public crowd was attracted over concern that Richardson Bay would approve a request from Marin Emergency Radio Authority to locate a microwave repeater antenna at the Richardson Bay yard. Almonte attracted a number of residents at their meeting to voice concerns over board action not to approve food scrap composting for the area (later approved). This goes to show that the public will attend when they feel there is a reason.

Contested Elections:

Uncontested elections are not a rare occurrence in Marin.

Challengers line up for Novato City Council, but no contest for many Marin elected seats

Seven candidates will compete for three open seats on the Novato City Council in the Nov. 8 election, while council elections in Mill Valley and Tiburon won't be held due to a lack of challengers.

The extended filing period for the Nov. 8 election ended Wednesday with more than 100 candidates filing for elected positions up for grabs on dozens of councils and boards.

In Novato, where there will be three open seats in November, incumbents Madeline Kellner and Jeanne MacLeamy filed along with Eleanor Sluis, Leslie Schwarze, Eric Lucan, Jerome Ghigliotti and Manny Fernandez.

Mill Valley, however, will avoid a Town Council election because no one filed to challenge any of the three incumbents — Kenneth Wachtel, Stephanie Moulton-Peters and Garry Lion. Likewise in Tiburon, no council election will be needed. The two open seats will be filled by incumbent Dick Collins and Frank Doyle. Incumbent Jeffrey Slavitz chose not to seek re-election.

There were more than two dozen other boards where a paucity of challengers resulted in no need for an election.

However, LAFCO views the lack of contested elections among the four targeted agencies as symptomatic of public disinterest in serving on the boards due to the relatively small size of the districts which “dilutes responsibility and accountability for sewer service to the point of near inconsequence for single purpose sanitary district members” and “because so little is at stake within each jurisdiction when that jurisdiction is responsible for only a small part of a small sewer system.”

While elections do serve an important function in providing a forum for candidates to debate issues and communicate with voters, the ultimate result is to comply with election laws and deliver individuals to serve the public in various capacities. Once the election is over, the actual public service begins. While contested elections are indeed rare among our four agencies, this is a poor measure of actual community involvement or the commitment to public service displayed by our board members. The lack of elections simply is the result of not having more people filing for open seats than seats available come election time.

Community Involvement:

If one looks at the twenty directors on our four boards as opposed to five directors on say the Las Gallinas board, then purely in terms of local individuals involved in public governance as an indicator of community interest and involvement then LAFCO's argument fails. Also, I doubt that LAFCO would argue that the service of an appointed director is in any way less valuable or commendable than an elected board member. The fact that there is not a contested election is in no way an indication on the job the boards are doing. In fact, the lack of an election can be viewed as a confirmation from constituents that the current members are doing a good job. This sentiment was voiced by the three incumbents recently appointed to new terms in the Mill Valley council race:

Barring an unforeseen objection, the Mill Valley City Council is set to appoint three of its members to a second term Wednesday night after no challengers stepped up for the Nov. 8 election.

Mayor Ken Wachtel, Vice Mayor Garry Lion and Councilwoman Stephanie Moulton-Peters all filed to run for re-election by the Aug. 12 deadline, but no one else filed to run against them. Only longtime Mill Valley resident George Gordon, who ran unsuccessful campaigns for City Council in 2007 and 2009, pulled papers to run this year - but he decided against running.

County election law dictates that the City Council can hold a special meeting at least 75 days before the Nov. 8 election to appoint the three incumbents to another term without holding an election. Skipping the election saves the city approximately \$19,000, according to City Clerk Kimberly Wilson.

Wachtel, Lion and Moulton-Peters all indicated that the lack of challengers was a reflection the current council is doing a good job and that challengers can run without facing an incumbent in both two years (Andy Berman and Shawn Marshall are serving their second terms) and in four years.

Moulton-Peters noted that the appointment of unopposed incumbents is far from uncommon in Mill Valley. Similar council appointments occurred in 1993, 2001 and 2003, city officials said.

Also indicative of the level of community involvement is that 12 mid-term appointments have been made in the districts. If public apathy was actually a problem vacancies would be difficult to fill which has not been the case. Also, when these appointments are made, the new members bring a different perspective to the board.

The report's assertion that "The pattern of governing board activity as portrayed in the minutes is one of very low workload, spread over many meetings of different agencies, with a large fraction of meeting time devoted to reports on the activities of the other SASM members. Each collection agency handles such a small fraction of the total business of the sewer system that the role of each is severely circumscribed" is simply untrue. The board conducts the business of the district. I would invite any of the LAFCO commissioners to attend an Almonte board meeting or any of the other districts. Discussion about other SASM member activities is relatively rare except for reporting on the monthly SASM meeting which is usually covered during a standing agenda item.

And LAFCO staff's assertion that "the chances for conflicting and inconsistent decision making of these systems from a regulatory and water quality perspective are great when four separate managers and boards deal with the same issues confronting this very small service area. All decisions required for the best interest of this area can and should be handled with a minimum of opportunity for inconsistent direction and approach. Having multiple boards decide issues affecting the service area can create unnecessary efforts to reach consensus on important operating and water quality concerns." is simply editorial comment. LAFCO staff cites no example or evidence that this is a problem or has ever actually occurred.

Regulatory Issues, I&I and Infrastructure Repair

What becomes evident in the report is a pervasive lack of understanding of how sewage collection, treatment and disposal works, the regulatory framework that governs it, the recent shift in regulatory enforcement posture, the historical scope of the I&I problem and how our agencies have responded. What concerns us greatly is LAFCO staff's willingness to draw numerous conclusions and make recommendations on how the sanitary districts should be organized and operate given this fundamental lack of understanding.

Comments from CASA during the AB 1232 legislative process echo these concerns:

In their initial letter of concern, the California Association of Sanitation Agencies (CASA), writes:

"CASA's major concern is that LAFCOs have little expertise in water quality or wastewater treatment issues. CASA feels the more appropriate way to address sanitary sewer overflows (SSOs) is pursuant to existing statutory and regulatory requirement under the Clean Water Act and Porter Cologne Act, or

direct consolidation such as designating agencies to be consolidated in legislation. To provide a consistent, statewide regulatory approach to address SSOs, the State Water Resources Control Board adopted Statewide General Waste Discharge Requirements for Sanitary Sewer Systems, Water Quality Order No. 2006-0003 (Sanitary Sewer Order) on May 2, 2006. The Sanitary Sewer Order requires public agencies that own or operate sanitary sewer systems to develop and implement sewer system management plans and report all SSOs to the State Water Board's online SSO database. Consequently, we feel that the [CAL] EPA, State Water Board, and Regional Boards are in a far better position to address SSOs than are LAFCOs. In fact it is our understanding that the particular agencies contributing to recent spills are currently under EPA orders."

Inflow and Infiltration (I&I)

Marin's treatment and collection agencies have spent decades working with a consortium of engineers and wastewater professionals in close coordination with regulatory agencies (EPA and RWQCB) to provide environmental sound, regulatory compliant and financially responsible wastewater treatment and collection services to our constituents. Analysis and attempts to quantify the problem began in the mid-1960s with a County of Marin sponsored study Sewerage Study (Brown & Caldwell – 1967) This report noted significant Inflow and Infiltration county-wide in both public and private sewers. (see Appendix C). Our agencies have been aware of the problem from practical experience for years prior but changes in regulatory requirements brought the problem to the forefront. (see Appendices – A & D)

Over the past 40 years our agencies have conscientiously addressed the problem of I&I reduction through a variety of programs such as smoke testing and televising, disconnection of direct inflow sources, pipe joint sealing, spot repairs, and larger scale pipe replacement.

LAFCO argues that our agencies had done little to address I&I prior to the spills of 2008 other than working to increase pumping and storage capacity:

II. Problems with the Status Quo

"The sewage spills of 2008 revealed a sewer system with significant problems in its structure, facilities and its operations. In the past, SASM and its member agencies have pursued a strategy of allowing persistent problems in the collection systems to go unaddressed in favor of taking action downstream to expand pumping, emergency storage and treatment capacity in order to contain wet weather flows. While it has been argued by some of the SASM member agencies that the SASM plant design was sufficient to handle the 2008 peak wet weather flow, the EPA clearly does not accept (or no longer accepts) this "down streaming" strategy." (pg. 67)

The LAFCO report is in error on two accounts. The inventory of replacement and repair below indicates that our efforts began long before 2008. The EPA was sent detailed records of projects for Richardson Bay that went back decades. The reports included in Appendix A show actions by our agencies dating back 40 years.

Also, the claim that "convey and treat" as a strategy is no longer accepted is untrue. The recent multi-million dollar project at Central Marin is a prime example.

Richardson Bay

Budgeted \$600,000 per year for pipeline replacement
Replaced 14% of total pipeline miles
Rehabilitated 10% of manholes
Increased private lateral replacement (x20)
Increased education & outreach
Decreased general & operating expenses by 3.25%
Reduced SSOs by 85% in past four years (from 20/yr to 3/yr)

Homestead Valley

Cleans 1/3 of collection lines each year
Entire collection system evaluated by TV
Replaced 20% of total pipeline miles last 11 years
3.5% of collection lines to be replaced this year
Lateral replacement programs being developed
Only 1 spill in 2010

Almonte

District committed to replacing 2% pipeline miles each year
Replaced/rehabbed 12% of total pipeline miles
Cleans 100% pipeline miles each year
Entire collection system evaluated by TV
Increased private lateral replacement
Increased education & outreach, upgraded website
Reduced SSOs to average 1/yr last 3 years

Alto

Replaced 21% of total pipeline miles in last 10 years
Entire collection system evaluated by TV
Cleans ½ pipeline miles each year
Lateral replacement programs being developed
Reduced SSOs to 0 in 2010

For a detailed discussion of I&I design criteria for the SASM area please see Attachment 7 of the subject report.

Consolidation/Collaboration Savings

There are many problems with the projections of saving from consolidation or collaborative actions by our districts.

1. Lack of agreement on the numbers used
2. Lack of agreement on or understanding of the methodology employed
3. Problems with implementation
4. Contradictory Experience
5. Overreaching/Interference into Board Decision Making and Authority
6. Misleading or Incorrect levels of staff and management positions
7. Problems with previous report analysis and application to the current recommendation

The two LAFCO generated reports, the current Southern Marin Sewer Agencies Service Review and Sphere of Influence Update (July 2011) and Southern Marin County Sewer Service Alternatives Study Report (PB Consult Inc. July 2005) both suffer from two major shortcomings:

1. Rather than presenting an objective, balanced examination of the issues, the reports come across as conclusion-driven documents. Consolidation and collaboration appear to be the answer to every problem, real or imagined.
2. As analytical tools, they lack the depth and detail of inquiry necessary to make an informed decision. Reliance on the conclusions reached in these documents is problematic because of factual inaccuracies, misstatements, statements of opinion presented as fact, and lack of adequate documentation or explanation as to the methodology used to reach and support the report's conclusions.

Another significant problem is that the Southern Marin County Sewer Service Alternatives Study Report looked at functional consolidation issues using all eleven southern Marin agencies as the basis for cost and savings estimates and political consolidation looked at creation of what was termed Government Structure Option 1 (GSO-1): SASM Integrated Sanitary District Consolidation of current SASM agencies into a single integrated sanitary district with responsibility for both collection and treatment services. Ascribing any of the conclusions about cost savings, efficiencies, etc. to the currently contemplated consolidation of Richardson Bay and the three other smaller districts would be problematic at best and would require validation.

Also, first-hand experience with a million dollar joint project produced none of the forecast savings as opposed to subsequent lesser value individually bid projects. On a positive note, significant decreases in the value used to estimate pipe replacement costs (\$100 per foot vs. \$200 per foot as forecast) significantly changes the magnitude of projected costs and resulting savings but also makes these improvements much more affordable.

Because we conveyed many of our concerns regarding the numbers and methodology to LAFCO staff and consultant at our August 16, 2011 meeting I will not rehash them here but hopefully we will see a revised Table 11 (pg. 61 of the subject report). Incorporation of the correct budget numbers will significantly decrease projected savings.

Also, correction to actual cleaning and emergency response cost will substantially affect the analysis of potential savings from an in-house line crew (pgs. 59-60). However, both agree that the decision of how best to provide this service is a board decision not LAFCO's.

Another problem is the number of stated of management positions. The LAFCO report continues to cite 8 managers. Actually, the actual number of full-time equivalents for our four agencies is less than two since the two managers who oversee Almonte, Alto and Homestead are part-time employees.

While many of the arguments have an intuitive appeal, such as savings from economies of scale or combining multiple management positions, or eliminating board of director positions, in reality there needs to be a threshold size or applicable condition (such as the type of construction project) for economies scale to work. Also, when combining multiple positions, there needs to be some redundancy of work and lack of personnel utilization to see savings. It is probably not possible or even wise to think that you could eliminate the three part-time district manager positions without adding to the staff of Richardson Bay. And finally, some costs are just de minimis, board member stipends appear to fit the bill. The actual costs of

governing all of the existing SASM member boards is relatively small compared to overall budgets. Again, in comparison to Las Gallinas Sanitary District's budget of \$48,000 plus \$12,000 in benefits without staff time costs for the annual twice a month meeting schedule, the current governance scheme is substantially cheaper than the larger full service sanitary district

Another Take on Consolidation

While there has been much support for the call to consolidate public agencies, the recent Wall Street Journal article below casts doubt on whether expected savings will actually materialize.

THE OUTLOOK

AUGUST 29, 2011

When Civic Mergers Don't Save Money

By **CONOR DOUGHERTY**

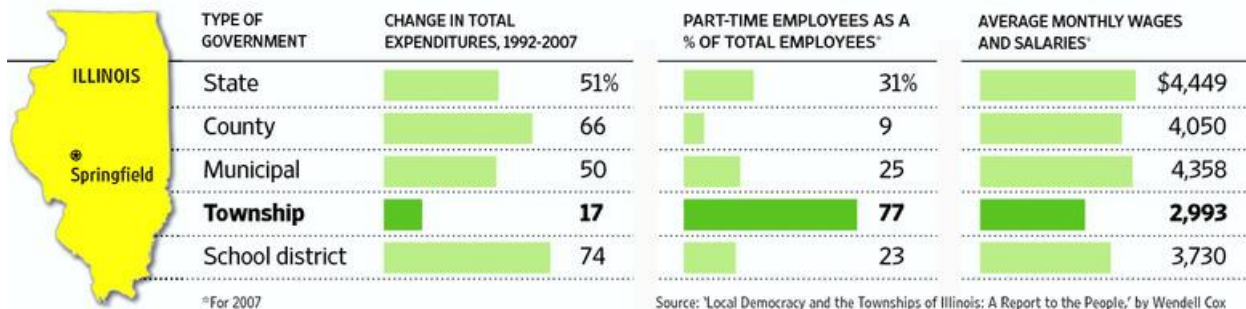
Governors and lawmakers across the U.S., looking to trim the costs of local government, are prodding school districts, townships and other entities to combine into bigger jurisdictions. But a number of studies—and evidence from past consolidations—suggest such mergers rarely save money, and in many cases, they end up raising costs.

Economists who have studied the issue say there are a number of reasons why several small governments can end up costing less than a single larger government. For starters, small governments tend to have fewer professional—and higher-paid—employees, such as lawyers. Studies show small governments generally rely more on part-time workers, who receive fewer long-term benefits such as pensions and health-care coverage.

Another reason: When small governments merge, they often "harmonize" services and employee benefits to the highest level among the combining units. In other words, the consolidated city finds it politically expedient to take on the more-expensive version of everything. Employees at the city with lower wages get raises and residents of the city with fewer services get more.

Considering Consolidation

Illinois lawmakers considered consolidating smaller governments, such as townships, to save money. But a report using Illinois data says townships contain costs more than bigger governments, through lower wages and more part-time workers.



"If the rationale [for a merger] is cost savings, you're going to be disappointed," said Enid Slack, director of the Institute on Municipal Finance and Governance at the University of Toronto.

The logic often cited behind consolidations is saving money by shedding layers of management or having departments share equipment such as snowplows. But managers and equipment account for far less than half of local governments' expenses—most of their cost is rank-and-file labor.

There are other reasons for merging government entities. Some services—such as public transportation—can be more effectively provided over a large area than a small one. And Jennifer Bradley, a fellow at the Brookings Institution, says some mergers that haven't yet generated savings might do so in the future.

"The reason we haven't seen cost declines is there have been either sweeteners to make the deal work, such as promises of leveling up pay or various labor protections," she said. In the current environment of deep fiscal stress, "you might find consolidation or collaboration efforts are also not jobs-protective. Local government payrolls are already being cut deeply."

Still, when it comes to controlling local government's largest cost—labor—smaller governments generally do better. Take Illinois, where budget troubles and pension obligations have eroded the state's credit rating. There, state Sen. Terry Link proposed a bill that would lead to local governments being combined or dissolved in a bid to save money. "There are a lot of these units of local government that aren't necessary anymore," said Mr. Link, a Democrat.

But a study this year for a group representing most of Illinois's 1,433 townships used state data to show that tiny townships are the state's most austere government operations. Spending by the state's townships grew 17% from 1992 to 2007, adjusted for inflation, according to the study. State expenditures over that same period grew 51%, while spending by larger municipalities grew 50%; school districts' spending rose 74%. One reason: Townships have fewer employees per person and use more part-timers, reducing salaries and benefits.

Some of this cost disparity likely reflects different priorities between townships and other governments, such as school districts. But the study found similar results when comparing wages for road workers. Township road workers made \$2,800 a month on average, 65% as much as county road workers and less than half as much as state road workers.

"In government, the whole idea of economies of scale is turned on its head," said Wendell Cox, who produced the report for Township Officials of Illinois, an umbrella group for the state's townships.

The consolidation bill was defeated, but Mr. Link plans to revive the effort next year.

Civic consolidation is labeled by voices across the ideological spectrum as a way to save money—or as a bad idea that wastes money. New York Gov. Andrew Cuomo, a Democrat, and Michigan Gov. Rick Snyder, a Republican, have both championed the idea.

But Mr. Cox, the consultant, and a visiting fellow at the conservative Heritage Foundation, has prepared reports for township organizations in other states, including New York and Pennsylvania, that all found small governments cost less than big ones. "Anyone who looks at the data is going to come to the same conclusion," he said.

Write to Conor Dougherty at conor.dougherty@wsj.com

Comparison of Sewer Service Charges

LAFCO argues that larger organizations are more efficient and effective, capable of providing services for less money. If this were true one would expect to see significantly lower rates among the larger sanitary districts in the county. Below is the annual sewer service charge listed in the subject report for the SASM

member agencies (although the rate for Richardson Bay has been corrected). These rates also reflect the property tax portion returned from the county. Nominal rates are less.

District	EDU with Property tax 2011
Alto Sanitary District	\$ 532
Almonte Sanitary District	486
Homestead Valley Sanitary District	597
Richardson Bay Sanitary District	436
City of Mill Valley	694
Tamalpais CSD (SASM only)	1,014

The following rates are from the various sanitary district websites and to my knowledge do not reflect any of the property tax revenues received from the county. What is strikingly evident is that even with the significant increases imposed by the SASM member agencies to meet increased treatment and Capital Improvement costs, our rates are among the lowest in the county. This seems counter-intuitive to the Bigger is Better and Cheaper arguments contained in the subject report.

Ross Valley

Ross Valley Residential Sewer Rate: \$638/year*

Larkspur Residential Sewer Rate: \$864/year*

Novato Sanitary District

Novato Under the current rates, the annual bill for the average residence is \$464 in 2010-11

Sanitary District No. 5

TIBURON - Charge per Single Family Home or Equivalent Dwelling Unit (EDU):

Fiscal Year 2010-2011: \$598

Fiscal Year 2011-2012: \$717

Fiscal Year 2012-2013: \$825

Fiscal Year 2013-2014: \$923

Fiscal Year 2014-2015: \$1,034

BELVEDERE - Charge per Single Family Home or Equivalent Dwelling Unit (EDU):

Fiscal Year 2010-2011: \$1,457

Fiscal Year 2011-2012: \$1,748

Fiscal Year 2012-2013: \$1,836

Fiscal Year 2013-2014: \$1,928

Fiscal Year 2014-2015: \$1,985

Sausalito-Marin City Sanitary District

Residential Fees

Residential Households in the City of Sausalito -

The annual District sewer service charge for a single family residential home and for each unit in multi-family buildings is \$388 per year. The District's sewer service charge is collected on the Marin County Assessor Tax Bill.

In addition, the City of Sausalito levees a collection system repair and maintenance charge, which is currently \$215 per year for a single-family residence and \$167 per year for each unit of multi-family housing.

Residential Households in Marin City and Other Unincorporated Areas -

The annual District sewer service charge for a single family residential home and for each unit in multi-family buildings is \$438.66 per year. This includes \$50.66 per year charge for collection system repair and maintenance. The District's sewer service charge is collected on the Marin County Assessor Tax Bill.

Las Gallinas Valley Sanitary District

Current Rate Schedule

The majority of residential and non-residential sewer fees appear on property tax bills.

2008-2009	\$303 a year per sanitary unit
2009-10	\$476 a year per sanitary unit
2010-11	\$563 a year per sanitary unit
2011-12	\$590 a year per sanitary unit
Proposed	
2012-13	\$662 a year per sanitary unit
2013-14	\$680 a year per sanitary unit

Matters of Equity and Fairness

The LAFCO report appears to believe that the use of terms and conditions attached to any consolidation effort will be able to solve problems of equity and fairness, such as preservation of reserves, rate differentials, board member representation, etc. However, there are three issues that I have not seen a satisfactory plan to solve.

Governance of SASM

If approved and implemented, the recommended alternative – consolidation of four of the six SASM member agencies - would generate two types of benefit: cost savings and improved political accountability. Although consolidation of member agencies could not directly change the terms of the SASM joint powers agreement, the remaining three members of SASM could be expected to make logical modifications to that agreement to improve its functioning, beginning with adjusting voting power on the JPA board from three to two voting members. With a two member JPA board, SASM would be able to function as a partnership, with clear and equal responsibility for each of its members. Neither member would be in a position to claim that the actions of the SASM board were anything other than its own responsibility. In this way, the recommended alternative approximates integration of collection and treatment functions, by reducing the number of involved managers and board members. (pg. 75 of subject report)

I have been unable to figure out how the discussion above results in an organization that can effectively do business. As currently constituted there are six voting members with a majority of four required to conduct business. All six have equal voting power even though they have a wide variety of ownership interests in SASM. Mill Valley has about a 50% interest, RBSD – 33%, Homestead Valley – 7.2%, Almonte – 5.2%, Alto – 3.5% and TCSD – 1.1%. LAFCO staff suggests stripping TCSD of its vote and leaving Mill Valley and the new consolidated agency to run the show. This makes no sense. First – I can't imagine TCSD would be too pleased. Secondly – decision making for the other two would either require unanimous action or a stalemate would ensue, resulting in perpetual opposition and no action. If TCSD is allowed to remain a full voting member then whoever swayed their vote would carry the day. That's seems to be a lot of power for only a 1.14% ownership interest.

The staff report continues:

“The recommended alternative would not achieve the full extent of consolidation envisioned by AB 1232. It would “set the table” for a larger sanitary district about the same size and configuration as Las Gallinas Valley Sanitary District to serve the City of Mill Valley as well as the unincorporated areas now served by the four sanitary districts. This would become logical and possible if the collection-only district formed from Alto, Almonte, Homestead Valley and Richardson Bay Sanitary Districts establishes its standards and methods of operation to the extent that the City of Mill Valley can transfer its present responsibility for sewer service to the consolidated sanitary district. The transfer of sewer service from Mill Valley to the consolidated sanitary district would be similar to the annexation of the City of Belvedere to Tiburon Sanitary District in 2005. If this eventually occurs – and if the very small interest of TCSD in SASM is also resolved – SASM can be dissolved and all sewer service functions can be united under the control of a single sanitary district board of directors. The recommended alternative is an appropriate, manageable evolutionary step in this direction” (pg. 75)...Maybe, in a perfect LAFCO world.

Apportioning the Costs of the New Consolidated District

There is a great deal of concern about how to treat reserves. I believe this can be handled by segregating the costs of the CIP projects by the current district boundaries. Somewhat of an accounting nightmare and may require that all projects be bid similar to the joint bid project that has been done in the past. Another more troubling question is how do you apportion the ongoing O&M costs of the district. If you take salaries, the biggest portion of the O&M costs, how do the costs get translated to rate zones? Currently, revenue in excess of O&M costs goes to fund CIP in the respective districts. The question is how do these costs get split between the various rate zones. The common practice is to use the relative number of EDUs, which is how SASM O&M costs are split. Unfortunately, if you do that for the combined agency, the three smaller sanitary districts end up paying substantially more than they do now (especially HVSD) for salary and benefits. It is even more if staff is retained or new staff is required. Any other method of apportionment would create an accounting nightmare unless the agencies simply came up with an acceptable scheme such as a flat charge. Unfortunately, once the rate zones go away, the old Almonte, Alto and Homestead Valley district residents will pay more for service than they do now, in that rates will provide less CIP money.

The costs of salaries and benefits are shown below. The current cost reflects the salaries and benefits as paid now are shown in Figure 1. The apportioned costs show the salaries and benefits divided among the agency rate zones in proportion to the EDUs. Figure 2 show cost with additional personnel, in this case retention of the current small district managers.

Without additional personnel

Figure 1

	Apportioned	Current	EDUs	Percentage
RBSD	465,860	\$ 693,468	4902.6	67.2%
Almonte	74,612	51,672	785.2	10.8%
Alto	49,878	19,377	524.9	7.2%
HVSD	103,119	30,142	1085.2	14.9%
	693,468	\$ 794,659	7297.9	100%

Current RBSD Budget - Salary & Benefits

Salary 406,879

Benefits 286,589

Total 693,468

Current Salary & Benefits for Almonte, Alto HVSD (Manager
Salary plus FICA)

101,191

794,659

Add Almonte, Alto & HVSD Personnel

Figure 2

	Apportioned	Current	EDUs	Percentage
RBSD	533,838	\$ 693,468	4902.6	67.2%
Almonte	85,499	51,672	785.2	10.8%
Alto	57,156	19,377	524.9	7.2%
HVSD	118,166	30,142	1085.2	14.9%
	794,659	794,659	7297.9	100%

Increased Exposure to Potential Costs and Liabilities

Currently, Almonte, Alto and Homestead Valley have no pump stations or force mains. All of our pipes are gravity mains, mostly six inch. Richardson Bay has a substantial number of pump stations and force mains. This type of infrastructure is more expensive to build and maintain. In addition, it presents a greater exposure to potential liability in the event of failure.

At some point in the not too distant future, Almonte, Alto and HVSD will have replaced most of their problem lines with the result that CIP costs, potential spill exposure and ongoing cleaning costs should drop off substantially. In a combined district, rate payers in this gravity only system face the prospect of paying for the costs and potential liability of assets that they do not currently own.

AB 1232

- (i) It is the intent of the Legislature that SASM and its member districts take action immediately to increase the effectiveness and efficiency of its operations in order to provide more cost-effective customer service and to reduce the impacts on water quality due to illegal sewage spills. It is also the intent of the Legislature that if SASM and its member districts do not act to address the inefficiencies of their operations, that the Marin LAFCO shall have the authority to require consolidation of SASM and its member districts into one new district.

AB 1232 gives LAFCO the discretionary power to consolidate our agencies if it determines that SASM and its member districts have not: “take action immediately to increase the effectiveness and efficiency in its operations in order to provide more cost-effective customer service and to reduce the impacts on water quality due to illegal sewage spills”.

From the LAFCO report pg. 71:

“LAFCO and the public should recognize the earnest and energetic efforts of SASM and its member agencies in addressing problems in sewer facilities following the spills of 2008. However, recent improvements in performance and reinvigorated efforts to improve facilities do not justify preservation of an obsolete government structure. The EPA’s administrative order has required the collection agencies to thoroughly rebuild their systems, requiring a very substantial increase in fee revenue from the public. This would be the time to create some uniformity of approach and accountability for results.”

Other than LAFCO staff’s dogged insistence that consolidation is the only act that can demonstrate compliance with AB 1232, it is not clear from either the plain text of the statute or from the legislative history, that this was the bill’s intent. Nowhere does it state that our agencies must consolidate to satisfy its requirements. AB 1232 simply gives LAFCO the power to evaluate our attempts at compliance and give LAFCO the only remedy it actually possesses, the power to consolidate. We believe that we have satisfied its requirements as noted above in the LAFCO report. We also recognize that LAFCO has powers under Cortese-Knox-Hertzberg to initiate consolidation proceedings. If LAFCO decides that initiating consolidation of our agencies is warranted, then it should use its normal powers and procedures rather than the special powers granted under AB 1232.

We believe that the evidence indicates that preservation of the status quo provides our residents efficient, effective service at reasonable rates and that nothing in the proposed consolidation demonstrates significant benefits of consolidation.

As it stands now:

LAFCO staff has recommended adoption of the subject report leading to consolidation of Almonte, Alto, Homestead Valley and Richardson Bay into a single new sanitary district. Each of the agencies targeted for consolidation is on record unanimously opposing the proposed action by LAFCO.

LAFCO staff argues that the proposed consolidation would generate two types of benefit: Cost savings and improved political accountability. All of our agencies dispute LAFCO staff’s conclusion that consolidation would result in significant cost savings or increased political accountability.

We respectfully ask the commission to:

- a. Adopt updated service review determinations required by Government Code 56430 based on findings by the Commission that preservation of the status quo is the preferred alternative.
- b. Leave unchanged the 2005 sphere of influence determinations for Alto, Almonte, Homestead Valley and Richardson Bay Sanitary Districts.
- c. Revisit the issue in the normal course of compliance with Government Code 56430.

Respectfully submitted on behalf of the
Almonte, Alto, Homestead Valley and
Richardson Bay Sanitary Districts.



Bonner Beuhler
District Manager

ALMONTE SANITARY DISTRICT

P.O. BOX 698, MILL VALLEY, CALIFORNIA 94942-0689 (415) 388-8775

DIRECTORS

Kevin Reilly, Chair
Lew Kiou, Secretary-Treasurer
Loretta Figueroa
Frank Shirado
Emily Landin

DISTRICT MANAGER

Bonner Beuhler

October 10, 2011

Dear LAFCO Commissioners:

"Make everything as simple as possible but not simpler."

- **Albert Einstein**

The LAFCO report attempts to make a case for consolidation. Others have pointed out its flaws.

Beside those, it ignores:

+ **The value of having as many members of the public involved in public policy** and operations as possible – local control. It also serves as training for higher service.

+ **The value of these local boards for being more closely aware of and accountable to their customers** – Isn't this a very topical issue in national politics right now?

+ **The value of local connection and how the board members who serve, contribute far more time and value than the small stipend they receive.**

+ **The framework of collaboration and innovation that the smaller districts support.** The EPA and State agencies define the water quality and operating standards. The smaller boards each find their own ways to innovate to provide quality, reliable service, save money and improve operations. Sometimes this is via inter-district collaboration [smoke testing], sometimes this is from an experiment that works and is shared with the other district GMs [method for combining main and lateral replacement]. Either way, the many districts provide more imagination to solve problems.

+ **The notion that we already have a natural desire to consolidate** whenever we can find efficiencies. Why not? But, as thoughtful custodians of our customer's trust and assets, we cannot in good conscience see improved operations, political responsiveness, reliability and savings from consolidation – So we are unanimously against it.

"Any fool can make things bigger, more complex, and more violent. It takes a touch of genius -- and a lot of courage -- to move in the opposite direction."

- **Albert Einstein**

Respectfully,



Kevin Reilly
Chair, ASD

Marin LAFCO
555 Northgate Dr., Suite 230
San Rafael, CA 94903

October 10, 2011

Dear LAFCO Commissioners,

I am sending you this letter on behalf of myself as a resident of the Almonte neighborhood. However, I am also on the Board of Directors of the Almonte Sanitary District (Secretary/Treasurer) and the Board of Commissioners of SASM (Secretary). I request that this letter be entered into the official record of hearings regarding the consolidation of the sanitary districts of Southern Marin.

I believe that local control and governance is a key element of good government. The currently-independent Almonte Sanitary District (as well as the other Southern Marin districts) is the ONLY government body in Almonte, and the ONLY participation in government which most residents have. This makes it a vital entity and contributes to what makes our neighborhood unique. As an environmentally and fiscally responsible member of SASM, ASD has been, and will continue to strive to be, a valuable and responsive steward of Almonte's sanitary and environmental needs.

As I have stated in open-forum on previous occasions, I disagree with the conclusions of the LAFCO studies on consolidation and the intent of consolidation of the sanitary districts, and I believe that maintaining the current more-local organization is a superior way to serve our customers. I do not believe there will be measureable cost savings by consolidation, and I believe the transition will insert disruption, possibly affecting service.

Having said the above, if the LAFCO Board takes action to consolidate, I will respect the Board's action and support the effort, with the hope that Almonte customers will get the same superior sewer service that they receive today.

Additionally, there are some items in the recommended consolidation alternative that should receive the LAFCO Board's strong consideration:

- **During the transition period, the highest-possible number of directors should be maintained. In the body of the LAFCO report, 11 Directors are mentioned. In the graphic there are 9 mentioned. The higher number would likely result in less disruption.**
- **Formal mechanisms should be created to protect the Districts' reserves and rate structures. At Almonte, we have worked hard to be financially prudent, and I would hate for this to be lost.**
- **Consideration should be given for a way to increase the number of commissioners on the SASM Board. Having only 3 SASM commissioners just "feels" like too-few to be effective and prevent discord or conflict.**

I will continue to work positively with LAFCO and other governmental agencies to maintain and improve the sanitary processes and conditions of our district, and of all of Southern Marin. However, I ask that my voice is heard and considered as LAFCO goes forward with your strategic planning activities.

Respectfully,

Lew Kious

Resident: Almonte

Secretary-Treasurer: Almonte Sanitary District

Treasurer: Sewerage Agency of Southern Marin

ALTO SANITARY DISTRICT

P.O. BOX 163, MILL VALLEY, CA 94942; PHONE (415) 388-3696

And

HOMESTEAD VALLEY SANITARY DISTRICT

P.O. BOX 149, MILL VALLEY, CA 94942; PHONE & FAX (415)388-3696

10/05/11

RECEIVED
OCT 05 2011

Local Agency Formation Commission
555 Northgate Drive
San Rafael, CA 94903

BY:

Re: Comments on LAFCO Report "Southern Marin Sewer Agencies
Service Review and Sphere of Influence Update"

Honorable Commissioners:

This letter will address statements in the cited report which assert that the Boards of Directors of the Almonte, Alto, Homestead Valley and Richardson Bay Sanitary Districts are inefficient and excessively costly to their districts, and that the people of these districts would be better served by consolidation of the districts under a single Board and management. As Manager of the Alto and Homestead S.D.s I will address directly the issues as they pertain to those agencies, but many of the following arguments can be extended to Almonte, and in some cases to Richardson Bay.

The Cost of Maintaining Separate Boards of Directors:

The report stresses the high cost of maintaining separate Boards of Directors for each of the districts. The actual monthly cost of stipends paid to the Boards of directors of Alto and Homestead Valley is \$525.00 and \$550.00 respectively. This is based on one Board meeting per month, with all Members attending. (See Attachment No. 1.)

Incidental Costs:

Alto meets in the SASM conference room and Homestead Valley meets in their community center; these facilities are rent-free to the agencies. The districts do not maintain offices. The cost of operation of each of these districts, including telephone and miscellaneous expenses, averages about \$150 per month. (See Attachment No. 1)

Manager's Salary:

The monthly salaries of the part-time manager of Alto and Homestead Valley are \$1,500 and \$2,333 respectively. The number of hours worked per month varies but averages about 50 hours for both districts. This computes to about \$75 per hour; the Manager receives no fringe benefits.

It would be unreasonable and shortsighted to expect the Manager of Richardson Bay SD, who is at present fully occupied with running RBSD, to take on the management of the other three districts. Under consolidation it would be necessary for the combined agency to hire another full-time employee to perform the work now being done by the part-time managers of Almonte, Alto and Homestead Valley. This employee will require office space and equipment and will have to be covered by the usual fringe benefits. I estimate that this outlay would at least double the expense of the present part-time managers.

Elections to the Boards of Directors and Longevity of the Boards

When vacancies occur the districts advertise in the local papers (*Marin I.J.* and *Mill Valley Herald*), we pass the word verbally to our friends and neighbors, send out notices of vacancies and do everything we can think of to get applicants to come forward. But the fact is that people don't seem to care much for getting involved in something as unpleasant as they perceive maintenance of a sewer system to be. Being a member of a sanitary district board of directors doesn't carry the prestige of being on the board of, say, a library, a school district or some of the other boards and associations available to civic-minded individuals.

But when we finally succeed in getting a new member to fill a vacancy, about half the time a strange thing happens. The new director, after a few meetings, begins to realize that what he/she is doing is really quite important. At their monthly meetings they discuss and set policy for the maintenance of their systems, the implementing and funding of capital improvement programs and other details of operating the districts. They are instrumental in the management and maintenance of a fundamental part of their community's infrastructure, and this is a responsibility they don't take lightly. Once they become active members, directors often find the work rewarding enough to inspire them to remain on the Boards for lengthy periods.

Public Attendance at the Meetings of the Boards of Directors:

Page 5 contains several assumptions which lead to extreme conclusions. Such as "*The public is disinterested in participation in district meetings or standing for election because so little is at stake within each jurisdiction when that jurisdiction is responsible for only a small part of a small sewer system.*" and "*Staff believes that the system's complexity has created confusion, disengagement and apathy with regard to the operations of the agencies and in public participation.*"

The report implies that the lack of public attendance at our meetings is inherently bad, that this is an indication of inefficient, ineffective operation by the Boards as they don't entice the public to attend their meetings. The report asserts that if the four existing boards, seating a total of twenty directors, were replaced by a single board of five directors, the public would be more likely to attend its meetings because a single board, presumably comprised of more important people, would confront bigger, more important, more controversial issues, and would thereby generate greater public interest.

All of you sit on other boards in addition to your service on LAFCO, and you may question the validity of this conclusion. You know that the primary purpose of the meetings of such boards is to conduct the agency's business, not to provide the public with a divertissement. They meet openly, in public forum, to discuss and debate issues confronting the agency. Through discussion between Board Members, they each gain a fuller understanding of the issues by viewing them from other perspectives. Public attendance is encouraged, but is not required for the system to work.

Sanitary District Board meetings are by law open to the public, and we do everything reasonable to encourage public participation. Our agenda are posted in public places at least three days before each meeting. On the rare occasions when people attend our meetings we give them every opportunity to participate in our discussions, but the fact is that people don't choose to attend sanitary district meetings unless they are interested in or directly affected by some item on the agenda. Nobody ever says "Hey, Hon, there's nothing on TV tonight; let's go down to the sanitary district meeting."

Effectiveness of the Boards:

The real issue here is not whether the public attends our meetings, but whether the Boards are properly serving their districts. We believe that an objective examination of the records of these four districts would have to conclude that the Boards have, since their organization in the middle of the last century, followed the mandates and acted in the best interests of their constituents.

Effectiveness of the Boards (Continued):

First, after they organized themselves, the sanitary districts, through their Boards of Directors, and at times against considerable opposition, undertook to eliminate the multitude of septic systems which at that time were overburdening the soils of their communities with effluence from leach fields. They floated bond issues and proceeded with the construction of sewer systems, employing what were then state-of-the-art materials and construction practices.

The Boards thereafter adopted the policy of setting their service charges as low as possible, again in keeping with the mandates of their constituents. (You will note that this is still the over-riding policy of most governmental agencies.) But such saving is not wise in the case of sewage collection and treatment, and going back as early as the mid-nineties the sanitary districts recognized that clay pipes with oakum and mortar joints are not a good match with Marin County terrain, and began replacing the first-generation sewer systems to the extent that funds were available.

We embarked on capital improvement programs which, if allowed to run their natural course, would have eventually replaced the old sewer systems with modern plastic pipes with rubber gasket joints. Homestead Valley SD began a scheduled replacement of the old sewers in 1997 and Alto began in 1998. (There had been some replacement of sewers earlier, but that work was random, directed at specific problem areas.) To date HVSD has replaced 12,800 feet of sewer at a cost of \$1,700,000. Alto has replaced 3,280 feet at a cost of \$830,000. These expenditures accounted for about 30 to 40 percent of the districts' budgets for this period. (See Attachments 2 and 3.)

But the spills of January 2008 threw out the old schedules, and as a result the districts have accelerated their CIPs to more realistic programs. Further, the EPA mandated periodic cleaning, televising, and spot repairing of our systems, which, while being costly, have had the spinoff benefit of reducing sewage overflow incidents to a level never before achieved. In order to meet these costs three of the four districts have raised their sewage service charges through the Prop 218 process.

Acceptance of Consolidation by Residents of the Districts:


In keeping with the intent of the Boards to represent the best interests of their constituents, Alto and Homestead Valley have conducted polls of their property owners to determine their feelings on the matter of consolidation. Alto's poll was taken in 2010 and resulted in a response of 88% against consolidation; HVSD's poll was taken within the last month and responses are still coming in, but as of this writing the results are three to one against consolidation.

We do not claim that these polls were scientifically written, but even making this allowance it would seem that the populace does not favor consolidation. We are aware that AB 1232 does not require public approval for LAFCO to proceed in forcing a consolidation of the sanitary districts, but it would seem reasonable for your agency to at least make an effort to determine the feelings in the communities involved before taking an action which might resound negatively with the public.

In Conclusion:

Thank you for taking the time to read this submittal. I will be pleased to provide any additional information available to me at your request.

Very truly yours,


Tom Roberts, R.C.E.
Manager

ATTACHMENT NO. 1

The cost of the Boards of Directors:

Following are the costs of the Boards of Directors stipends for attending Board Meetings:

<u>Sanitary District</u>		<u>Stipend/ Meeting</u>	<u>Board's Cost/Mtg</u>
Almonte	Chair:	100.00	
	Directors:	<u>80.00</u>	420.00
Alto	Chair:	125.00	
	Directors:	<u>100.00</u>	525.00
Homestead Valley	President & Secretary:	125.00	
	Directors:	<u>100.00</u>	550.00
Richardson Bay	President & Directors:	125.00	625.00

There have been instances reported of misuse of public funds in other sanitary districts in the County, but such allegations have never been reported regarding any of the SASM Member Agencies.

Fixed Operating Costs

<u>Alto & Homestead Valley Sanitary Districts:</u>	<u>Alto</u>	<u>HVSD</u>	
Sewage Treatment (SASM Assessment)	120,000	250,000	(1)
System Maintenance (Cleaning, TVing, Spot Repairs, etc.)	45,000	160,000	(2)
Professional Services (Audit Fee, Engineering, etc.)	16,000	16,000	
Insurance, Dues, Fees to Other Agencies	5,000	6,000	
Telephone and Misc. Expenses	<u>2,000</u>	<u>2,000</u>	
Total Fixed Operating Costs	188,000	434,000	

- (1) The SASM assessment varies with SASM's needs; SASM has announced that there will be a 10% increase each year for the next three years.
- (2) System maintenance costs cannot be accurately predicted. These figures are based on the budgets for 2011-12.

ATTACHMENT No. 2

ALTO SANITARY DISTRICT
P.O. BOX 163, MILL VALLEY, CA 94942; PHONE (415)388-3696

CAPITAL IMPROVEMENT PROGRAM

The district's capital improvement program during the past 13 years has rehabilitated or replaced 3,280 feet of sewers in various locations. The total length of the district's system is approximately 16,300 feet, so Alto S.D. has rehabilitated or replaced about 20% of the system to date.

SUMMARY OF SEWER REHABILITATION PROJECTS, 1998 THROUGH 2010

<u>YEAR</u>	<u>LOCATION</u>	<u>LENGTH</u>	<u>COST</u>
1998	Crossing under Hwy 101	350 Ft	\$177,000
2005	Tower Dr. from E. Blithedale to Plaza Dr. Plaza Dr. to Valley Rd. Valley to E. end	1,000	241,000
2007	Plaza Dr. from Valley Rd. to 500 Ft N. of Valley Rd.	900	185,000
2008	Plaza Dr. from 2007 job to end. Shell Ct. From Lomita N. to end. Lomita from Shell Ct. to 160 Ft. W.	850	194,000
2009	E. Blithedale from Fwy. Offramp to 180 ft W.	<u>180</u>	<u>30,000</u>
	Total sewer rehabilitation performed this period	3,280 Ft	\$827,000

FUTURE CAPITAL IMPROVEMENT PROGRAM

Future CIP expenditures will depend on availability of funds and will be based on TV data and ranking of problem areas.

SEPTEMBER, 2011

HOMESTEAD VALLEY SANITARY DISTRICT

CAPITAL IMPROVEMENT PROGRAM

The district's capital improvement program during the past 14 years has rehabilitated or replaced 13,800 feet of sewers in various locations. The total length of the district's system is approximately 58,000 feet, so HVSD rehabilitated or replaced about 23% of the system during this period.

SUMMARY OF SEWER REHABILITATION PROJECTS, 1997 THROUGH 2010

<u>YEAR</u>	<u>LOCATION</u>	<u>LENGTH</u>	<u>COST</u>
<u>1997</u>	Tamalpais Drive from Montford to Ridgewood	900'	\$68,000
<u>2002</u>	Tamalpais Dr (100'); Montford (716'); Seymore Ln (189')	1000'	109,000
<u>2004</u>	LaVerne from Hawthorne to near Reed (245'); Scott St. from LaVerne to Evergreen (327'); LaVerne, Melrose to N. Ferndale (195'); Montford from Melrose to 100 Ft. west of Melrose (95')	900'	142,000
<u>2005</u>	Evergreen/Melrose into schoolyard via Evergreen Lane (610'); Evergreen to house # 260, (208'); Evergreen, Ethel to Miller (450')	1300'	251,000
<u>2005</u>	Emergency jobs performed by Roto Rooter: Linden Lane, Evergreen south to end N. Ferndale from MH 420.29 to MH 420.19	400' 500'	37,000 42,000
<u>2007</u>	Evergreen, Ethel to Hawthorne	900'	275,000
<u>2008</u>	Evergreen, Hawthorne to MH at house # 260 (Connects to work done in 2005 & 2007)	500'	135,000
<u>2008</u>	Emergency job performed by Roto Rooter: Holly St, Evergreen Ln to Montford	300'	40,000
<u>2009</u>	Evergreen Ln from 2005 job in schoolyard to end of Lane	600'	95,000
<u>2010</u>	Tributaries to Evergreen and Reed St. Systems	3,500'	365,000
<u>2011</u>	Tributaries to Evergreen System	<u>3,000'</u>	<u>225,000</u>
	Total sewer rehabilitation performed this period:	13,800'	\$1,784,000

Future CIP expenditures will depend on availability of funds and will be based on TV data and ranking of problem areas.

SEPTEMBER, 2011

Mill Valley, July 10, 2011

Dear fellow commissioners;

Unfortunately I am not going to be able to attend this Thursday's LAFCO meeting. Therefore I am taking the liberty of sending you some of my comments in advance. In this meeting Peter Banning will present his findings on the Service Review of the Southern Marin Sewer agencies. The report concludes with a recommendation of consolidation of four of the agencies. This recommendation is supported with an analysis which I, unfortunately, find seriously flawed and designed to support a preconceived result.

- The primary reason for the recommendation is the enactment of AB1232 which authorizes LAFCO to force consolidation of the SASM sewer agencies. It does not mandate that LAFCO take such action nor does it tell the agencies to move towards consolidation. The report says that the delay in implementation was to *"allow the SASM member agencies to undertake action to consolidate before Marin LAFCO gained unilateral authority to consolidate those agencies"* (p.22). The law says no such thing. It states that SASM and its member districts should *"take action immediately to increase the effectiveness and efficiency if(sic) its operations in order to provide more cost-effective customer service and to reduce the impacts on water quality due to illegal sewage spills."* Otherwise, if the agencies do not act to address the inefficiencies of their operations LAFCO is authorized to force consolidation without protest hearings. Nowhere does it say that consolidation is the only acceptable way to increase efficiency and quality of service. Unfortunately there is no metric to define "increase" so that whether or not that has been achieved is somewhat up to the reader. There is no doubt, however, that the service and quality has seen major improvements (p.31, 32). Spills in the collection systems have been reduced significantly and the compliance with rules and regulations is to the full satisfaction of the EPA. Unfortunately the costs have not gone down. This is due to the influx of new rules from the various governing organizations and stepped up activity in the rehabilitation of the systems. Also the cost of treatment has increased dramatically as the SASM plant has come to an age where replacement, upgrade and modernization is in order. Even though the plant is owned, through a JPA, by its member districts, it is operated by the city of Mill Valley through a management contract.
- In the report much is being made of the spills in 2008 and the operation of the SASM plant. This is a red herring. The proposed consolidation is among the collection agencies and does not affect SASM. The management of SASM probably needs improvement but this is not an issue that is solved by consolidation of the collection agencies. The proposed new organization significantly reduces the control of the smaller collection agencies, from 4 votes to 1, and gives more power to Mill Valley who also is the contract operator (p.72, 73). This causes a major conflict of interest.
- Some discussion about Infiltration and Intrusion (I&I) may be in order. There are still uncertainties of whether or not I&I caused the first spill. The second spill was caused by an operator error. One thing is certain: No warnings to the Districts of threats to the plant from excess I&I have been issued by SASM and its operator since 1998. Even when I joined the board in the late 90's, the tenfold increase in flow during storms was just presented as an interesting

fact that the plant was designed to deal with. As the rehabilitation work of the collection systems progresses the inflow is taken reduced. Since no urgency was presented, that was all that was done. Now, all of the agencies have started work to find points of intrusion by TV inspection of the system and by inspection of laterals as work progresses. This work is a slow and long term issue as there are uncertainties as to what rights the agencies have relative to private laterals.

- An example of other distortions can be found on page 12 III. Here a resolution by Sanitary District 5 is presented with the statement that a manager's working group was created and disbanded after a year. The fact is that San #5 was never involved in the activity. They are not part of SASM and are not affected by AB 1232. The managers of the SASM districts are still meeting, discussing things of mutual interest and sharing experiences.
- When joint efforts are desired the managers will do that. One example is the experiment of joint construction contracts (p.41). In 2009 the four districts decided to join in a contract for major construction work. We pooled a large part of our planned work for the year but found no noticeable savings. The argument will be made that the work would be better done as one big job in one place (p. 62). Unfortunately the reality is that each district, for the foreseeable future, has areas with urgent need for renewal. To consolidate all of the projects such that each area gets attention only every four years is far too risky. Furthermore, the topography is also such that even a large project becomes many small ones.
- Where needs are similar, such as an agreements with outside contractors such as Roto-Rooter or responses to regulatory agencies, a single document is drafted for signature by the four agencies. The only duplication of cost is in the cost of making three copies (p.42).

Other inaccuracies are too numerous to mention in this memo. I mainly urge you to carefully analyze the statements in the document. It is also important to remember that the questions before you are two, not one:

- First: Are the state of affairs of the existing organizations really so bad that it is desirable to force consolidation of the Districts and will consolidation solve these problems?
- Secondly: Is it so important and so likely that the voters will oppose the proposed consolidation that we want to disenfranchise the people by invoking the permissions granted to us in AB1232?

Again, I apologize for not being able to attend the meeting.

I thank you for hearing me out

Einar Asbo

110 Reed Street
Mill Valley, CA 94941
asbo@msn.com

HOMESTEAD VALLEY SANITARY DISTRICT
P.O. BOX 149, MILL VALLEY, CA 94942; PHONE & FAX (415) 388-4796

October 3, 2011

Marin Local Agency Formation Commission
555 Northgate Drive
San Rafael, CA 94903

Honorable Commission:

We have read with great interest your report "Southern Marin Sewer Agencies Service Review and Sphere of Influence Update". However, we find that the report mainly focuses on consolidation issues and does not appear to be in line with the true spirit of what should have been its purpose. The matter of consolidation of the Southern Marin Sanitary Districts is a topic of major concern to your Commission and to the people living in the districts most directly involved with this consolidation, we feel that it should be addressed head on.

By itself, the recommended action to the sphere of influence in Section VI, a. and b. we find acceptable. If we understand correctly, this action merely allows any of the four affected agencies to merge at any time. Items 2 and 3, however, we find highly objectionable. The concept of forcing a consolidation upon these agencies without citizen desire or approval is not consistent with good governance. We also believe that such a consolidation is counterproductive at best. The findings leading up to this recommendation are largely based on the writer's opinion and frequently information is skewed to present the current organizations in as an unfavorable light as possible. Additionally, the analysis describing the cost structure and subsequent savings realized by the proposed "new" agency are based on entirely spurious and unsubstantiated assumptions.

Starting with Section f. on page 9, an attempt is made to describe the structure of the newly consolidated agency. This envisions a temporary 11 member board, which, through attrition, reduces to a more manageable 5. It is worth noting that at this point the old districts are not guaranteed individual representation with the members of the new board elected from the new district at large. It is not clear how local representation is enhanced or even maintained through this change.

The report goes on to profess the uncertainty of the economies of the new agency, but savings are used as a justification for a consolidation. Clearly it is necessary for that to be evaluated even though it is less than 5% of total expenditures.

The cost savings are supposedly supported by a chart; Table 11. Unfortunately, the chart is missing its headers (i.e. Almonte, Alto, Homestead Valley, etc.), but it was not too difficult to determine what they should be. They have been added back as seen in Table 1 below. The rationale for the savings is not specified, but it stands to reason that "total cost minus savings" should yield the projected budget. This

is highlighted in yellow. To our surprise we find that the new budget exactly matches the CURRENT cost structure of the Richardson Bay district.

The only conclusion that can be drawn from this is that the current staff of RBSD is supposed to do the combined work that the Districts have been doing, without any added cost burden. Therefore, the only conclusion one can draw is that the current manager and administrative assistant must have a lot of available or unproductive time and/or that the efforts of the other agencies "full time" staff is minimal.

Table 1.

	Almonte	Alto	Homestead Valley	Richardson Bay	Total	Savings	New Budget
Board meeting and travel	\$7,400	\$7,500	\$6,100	\$10,000	\$31,000	\$21,000	\$10,000
General Manager	\$54,072	\$15,600	\$22,200	\$131,789	\$223,661	\$91,872	\$131,789
Waste Discharge Permit Annual Fees	\$1,226	\$1,226	\$1,226	\$1,000	\$4,678	\$3,678	\$1,000
Insurance Premiums	\$3,500	\$700	\$3,000	\$35,000	\$42,200	\$7,200	\$35,000
Annual Audit Costs	\$7,000	\$6,000	\$6,000	\$9,250	\$28,250	\$19,000	\$9,250
Compliance Reporting Office Expenses	\$20,000	\$7,000	\$1,000	\$28,774	\$56,774	\$28,000	\$28,774
Bookkeeping	\$2,400				\$2,400	\$2,400	\$0
CCTV	\$6,500	\$5,000	\$30,000		\$41,500	\$4,500	\$37,000
Sewer Cleaning and Emergency Response	\$97,000	\$70,000	\$75,000	\$170,000	\$412,000	\$41-\$82,000	\$330-\$371,000
Administration and Memberships	\$5,000				\$5,000		\$5,000
Total						\$228-\$269,000	

Under CCTV, the cost of televised inspections is projected at an unexplained 10% decrease. This is not detailed, but we assume it is attributed to doing the work in-house. Unfortunately, TV inspection of large distances of pipe requires entirely different equipment than the type RBSD employs for troubleshooting during emergencies, and requires professionals trained on its use.

The report also suggests that the current expenditures for "Sewer Cleaning and Emergency Response" of \$412,000 can be displaced by an in-house crew of three people with a saving of 10-20%. The cost for this crew is suggested to be \$285,000, fully absorbed, which seems low as the current two man crew has direct salaries of approximately \$200,000. Emergencies are not always limited to two or three people and they do not always happen during office hours. One of the major advantages of out-sourcing this kind of work is that a larger organization has more people available around the clock. Roto Rooter has a

large residential service component which allows them to provide this type of service. To try and assume these responsibilities would also entail the acquisition of significant capital equipment such as backhoes, Vactor trucks and TV vans, and the corresponding skills to operate them. In addition, there is the maintenance and storage expense of all of this equipment.

The plan also specifies that separate reserve funds and rates are to be maintained. As such, extensive bookkeeping must be done for each of the old districts to track things such as tax payments, and allocations of reserve funds, job sheets for all work completed to properly assign the cost, etc.

It is highly unlikely that a consolidation will result in any saving close to what is being projected.

Finally, there is a claim that implementation of capital improvements costs can be reduced by 10%. A list detailing the items contributing to this reduction is provided on page 62. The list is too extensive to address individually, but some items are worth noting:

1. "Reduce the number of plans and specifications"
Response - Each location and part of a project needs its own drawings and specifications. It does not matter whether or not it is part of a larger project, costs are the same.
2. "Establish uniform construction standards"
Response - Our construction standards are determined by code and do not differ by district. We all use the same engineering firm with consistent internal standards.
3. "Save on mobilization and demobilization expenses"
Response - The topography of the region is such that it is very rare to have a large project that is in one location. The contractor will have to move his equipment as needed. Also there are consistently small sections of pipe which require high priority attention and cannot wait until a larger project can be assembled nearby.
4. "Increase contractor interest"
Response - In today's economy there is great interest from contractors at large, and typically our projects receive interest from even the largest of contractors. We also share "best practices" and information regarding bids and even cooperatively bid with other districts.

The claim that consolidation will meaningfully reduce construction cost is at best dubious.

The second major argument presented for consolidation is that it will create a more accountable board. It is unclear what this means, but it appears to be centered on the lack of visitors to meetings and the lack of contested elections. It is unclear how this would make a difference in the operation of the four districts in question.

Regarding meeting visitors, it stands to reason that where there is controversy it can be expected that there will be elevated levels of interest and therefore higher attendance by the public. Fortunately, the agencies involved have had no major disruptions other than this proposed consolidation. Two of the other agencies in Marin County have seen some major turmoil lately, so they are not really comparable.

Some other agency such as Las Gallinas might give us some insight as to how visitors to meetings might help to achieve better results.

The fact that most elections have been uncontested is prominently mentioned. Perhaps these organizations are too small to be seen as a stepping stone to higher office and don't have the cachet of organizations such as Marin Municipal Water District, Marin Healthcare Districts, or the City Council. We feel our residents prefer board members that are dedicated to their community and that can be expected to serve for extended periods of time rather than viewing the position as a true "political" opportunity. It is interesting to note that this year the elections for both the Mill Valley City Council and Las Gallinas Sanitary District are uncontested. As a matter of fact, county elections this fall have 65 races of which are 41 uncontested.

On page 30 it is stated that "None of the agencies, prior to the Administrative Order, were concerned with long-term renewal and replacement of lines and services." This is patently untrue. Homestead Valley started an aggressive renewal program in early 2000 and has continued ever since. The statement "None of the agencies had a defined standard for the renewal and replacement" can only be meant to denigrate our efforts. We have a list of high priority targets and repair/replace as much sewer line as we can afford in any given year. Our projections indicate that it will take approximately 40 years to fully replace the Homestead Valley system, which is typical for the industry. On a related note, we have always considered replacement of laterals as part of our concern, but they are "private" so therefore in very difficult legal territory. A definition of responsibility and available actions/remedies is something useful our legislature could do something about!

One comment warrants specific mention. On page 43 it is stated that "Each agency acts completely independently, even if it is to the detriment of its fellow member agency." No example is given and to our collective memory no such thing has ever happened.

Much is being made of the 2008 spills at SASM. It must be understood that SASM is a Joint Powers Agency with the City of Mill Valley as contract operator. Any deficiencies in the SASM infrastructure have nothing to do with the collection agencies. In fact, the proposed consolidation possibly makes the governing of SASM and its relationship with the current contractor MORE difficult. Today the Districts have 4 votes on the SASM board, after the consolidation they will have only one. Given a controversy or disagreement between Mill Valley and SASM, a standoff could potentially ensue with TCSD simply serving as a tie-breaker. It is not clear how this will benefit our local sewerage operation, but again, does not appear to be in line with good representation.

If, as hinted to on page 75, the desired long term result of the plan is the creation of a large district providing services for all of Southern Marin, it should be stated up front. The best way of getting grand results may be by small evolutionary steps, but the end goal must be articulated and presented. If the vision of the future cannot be convincingly presented, it is hopeless to think that people will support these small steps, which by themselves (as this one is), may seem to be pointless.

A good indicator of this, and in gauging overall citizen support, is the result we received from an informal straw poll among the residents of Homestead Valley. We received a 27% response to the poll, (which we find extraordinary for ANY poll), with 59% against consolidation and 18% in favor of it. 23% were undecided, largely citing a lack of information. This response was only based on a short informational piece in the local community paper (which was intended to be neutral), publicity in the Marin Independent Journal and the Grand Jury report, which have all been in favor of consolidation. In addition to the feelings of the general public as illustrated above, it is telling that in the 8 years of various attempts to consolidate the districts, not a single person involved in the actual operations thereof, has stepped up to endorse the concept. Clearly, the tactic of denigrating the work and results of the existing agencies is not winning any converts.

In conclusion, it can safely be said that the report presents a poor case for both consolidation and action under AB1232, and that the proposal should be abandoned promptly without any further wasted efforts. Additionally, a well thought out, clearly defined vision of any future organization and its cost structure must be presented to garner full public support. Lastly, and in line with this premise is the fact that there are several more sanitary districts in Southern Marin and we feel that their participation in a true "Sphere of Influence" plan is vital.

Simply trying to make the argument that "bigger is better" is not good enough. We recognize that some of these efforts are probably outside the scope and capabilities of LAFCO as an organization, in which case LAFCO has overstepped its bounds and should leave the job to individual/s or groups better prepared to truly take on this monumental task.

We appreciate the time you have spent reading this response to your staff's report, and hope that you will find our arguments helpful in your evaluation of the report's findings and recommendations. We stand ready to meet with you and/or your staff to discuss the issues in more detail.



Einar Asbo



Catherine P. Howe



Scott M. Noble



Burnett Tregoning



Robert S. Westbrook

RECEIVED
AUG 09 2011

BY:

Bruce Abbott
458 Greenwood Beach Road
Tiburon, CA 94920

August 7, 2011

Marin Local Agency Formation Commission
555 Northgate Drive, Suite 230
San Rafael, CA 94903

In re: Consolidation

Dear Commissioners:

The LAFCO staff proposal, contained in The Southern Marin Sewer Agencies Service Review update of July, 2011, to consolidate four sewage collection agencies is not in the interest of RBSD and does not serve its rate payers. There are a number of problems that argue against consolidation: it will be complicated, costly, disruptive, and will produce no significant improvements in the status quo.

The Service Review and Sphere of Influence Update is replete with unsupported and inaccurate data, assumptions, conclusions and projections. The District Managers Report details these deficiencies, and is incorporated herein by reference. In the interest of brevity, its contents are not duplicated here.

The expressed intent of AB 1232 was to increase the effectiveness and efficiency of the operations of SASM and its member agencies. SASM is not included in this proposal. All four agencies that are targeted by the proposal have made dramatic improvements in effectiveness and efficiency. Any intent and purpose that overlay those expressed above are not to be found within the four corners of AB 1232, whose language is clear and unambiguous.

Consolidation will require RBSD staff to divert attention from tasks at hand to the assimilation of three additional districts, and would increase its scope of responsibility from 4,697 EDUs to 7,091 EDUs, a 51% increase. This is not an insignificant increase, and it is not realistic to assume that service can be maintained at current operational standards without additional staff.

Consolidation would come at a critical stage in RBSD's Capital Improvement Program (CIP) schedule that has been moving as rapidly as possible to take maximum advantage of reduced contractor prices that have attended the current recession. In order to justify diverting the attention of RBSD staff to the details of consolidation, there should be realistic promise of greater savings than could be achieved by continuation of its current accelerated CIP. RBSD has not found those savings. The administrative responsibilities of RBSD staff would also increase as much as fourfold with the establishment of four separate rate districts, in order to avoid comingling of funds, ensure proper attribution of costs, and thus must be expected to require additional staff and impose confusion on a smoothly running system. No accommodation is made for the expense associated with these staff modifications in the Service Review Update, and no reference is made to the expense of any additional operational and administrative equipment. The addition of three former districts, now with individual rate structures, will unreasonably impose upon the RBSD staff the necessity of choosing where and how to balance the degree of service that those unequal monetary contributions entitle each rate district to. Miscalculations, real or imagined, could expose staff to constant criticism. The potential for disagreement and disharmony alone exceeds any potential for improvements in effectiveness and efficiency.

RBSD's annual service rate is \$246 annually, not \$436, and for various fortuitous reasons is substantially lower than the rates of other agencies in Southern Marin. RBSD is well capitalized, owns its own facilities, and equipment and employs its own staff. These facts contribute to its lower fee structure. If uniform rates are an ultimate goal of consolidation it is difficult to envision how that can be accomplished without disturbing the capitalization structure of RBSD. Additionally, it is hard to envision how a collective BOD could keep the individual assets of the several rate districts discrete when the needs of one district exceeded its assets while another had reserves. Further, as the BOD shrinks toward the ultimate goal of five directors, a decision by the BOD to impose rate increases on a rate district without representation on the BOD could reasonably be expected to provoke resentment and resistance from the rate payers in that district.

RBSD facilities and equipment, worth several millions of dollars, are owned by RBSD and its rate payers. Under the plan for consolidation, no provision is made for how those assets are to be allocated in the consolidated district.

Much is to be said for economies of scale and efficiencies in government, but those concepts, reduced to ideology, should not be allowed to drive the argument to the exclusion of reason and concern for the citizenry and it should not proceed in disregard of the disruptions and disharmony that naturally ensue.

Nothing comes without a price, which is here to be paid by the affected agencies. Who is the beneficiary? Not one of the affected districts regards itself as a potential beneficiary. Of the 20 BOD members, not one supports this consolidation. It is not worthy of the LAFCO Commissioners to think all 20 BOD members are driven by selfish motives to protect personal turf. If perchance, a LAFCO Commissioner similarly situated on a public board, evaluates himself or herself as driven by such a base instinct, then he or she is worthy to think the same of the SASM Four BOD members. Otherwise, he must accord equal dignity to the motives of those BOD members, and lend credence to their unanimous opinion. Likewise, not one of the general managers or employees of these districts supports the proposed consolidation. Thus, among those most familiar with the operation of these agencies, not one is to be found in support. Surely, this must give pause to an objective and impartial Commission.

Those of you who represent municipalities may understand the position of the SASM Four if you substitute yourself and your city into a situation in which you confront compulsory consolidation with a neighboring city under conditions that were attended by an equal amount of preparation, planning, and consultation with the proposed targets of the consolidation.

This proposal needs a lot more thought, and it needs a lot more public involvement. Above all, it needs more public participation, and most importantly, it should not proceed while denying the public the right of protest, as the enabling content of AB 1232 provides.

Sincerely,

A handwritten signature in black ink, appearing to read "Bruce Abbott", written in a cursive style.

Bruce Abbott
President, Richardson Bay Sanitary District

RECEIVED
AUG 26 2011

BY:

Roy Benvenuti
408 Hilary Drive
Tiburon, CA 94920

August 22, 2011

Marin Local Agency Formation Commission
555 Northgate Drive, Suite 230
San Rafael, CA 94903

In re: Consolidation

Dear Commissioners:

I do not believe consolidation as proposed by LAFCO will better serve the interests of Richardson Bay Sanitary District (RSBD) ratepayers.

LAFCO's approach that under consolidation considerable savings would result, is flawed. On the contrary, I believe it would increase costs for all ratepayers. Consider the probable addition of field personnel with benefits including trucks, clothing, boots, etc. In addition, consolidation would require the increase of equally well-compensated and pensioned office staff in order to serve a new consolidated district. I do not see a savings, I see increases.

RBSD's annual service rate of \$246--NOT \$436-- (LAFCO's figures), is probably the lowest in Marin

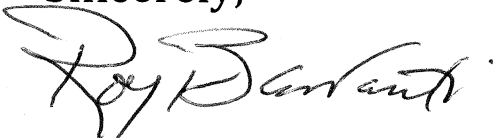
County. RBSD is well-capitalized, and in addition, owns its own facilities which belong to the ratepayers. I see no provision in LAFCO's plan for equitable allocation of these assets and how our ratepayers would be affected.

Presently, all directors are required to reside in the districts they serve. Smaller districts are in a position to offer "personalized" service to their constituents. We have been fortunate in having good management and boards of directors, aware of the importance of public relations. Any resident who has dealt with RBSD for encroachments, easements, permits etc. has been satisfactorily served.

RBSD has been aggressive with its capital maintenance and improvement programs. The BOD's fiscal management plan includes the review of all charges and warrants and must be approved and signed by two directors.

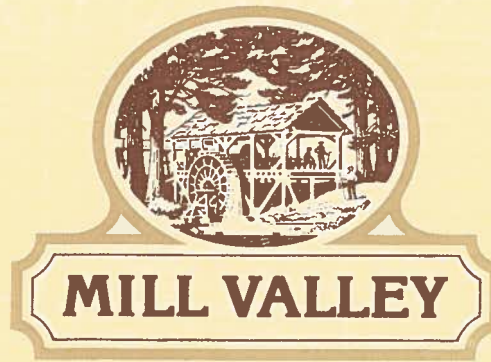
Consolidation could have some merit. However, I do not believe that LAFCO has all the facts to make this proposal without more thought, discussion, and public participation which is denied under AB 1232.

Sincerely,

A handwritten signature in cursive script, appearing to read "Roy Benvenuti".

Roy Benvenuti
Director RBSD

Kenneth R. Wachtel
Mayor
Garry Lion
Vice Mayor
Andrew Berman
Councilmember



Shawn Marshall
Councilmember
Stephanie Moulton-Peters
Councilmember
James C. McCann
City Manager

October 10, 2011

Mr. Jeff Blanchfield, Chairman
Marin County Local Agency Formation Commission
555 Northgate Drive
San Rafael, Calif. 94903

Re: Southern Marin Sewer Service & Sphere of Influence Update Report

Dear Mr. Blanchfield,

The City of Mill Valley appreciates this opportunity to offer comments on the July 2011 draft Southern Marin Sewer Agencies Service Review and Sphere of Influence Update Report. We also very much appreciate the extension of time granted pursuant to our request to provide these comments.

To begin, the City of Mill Valley understands very well the charge of the Marin County Local Agency Formation Commission and commends you and your Commission for its serious and beneficial work on behalf of the residents of Marin County. We also very much appreciate the efforts which have gone into the study and evaluation of the Southern Marin Sewerage Agencies and in your thoughtful consideration of possible steps and policies to enhance this most essential of public services.

The July 2011 report provides a substantial evaluation of the manner in which sewerage services are provided in our area and recommends specific action to enhance these services through the consolidation of the members of the Sewerage Agency of Southern Marin (SASM). While there are aspects of the staff recommendation regarding the sphere of influence and consolidation matters which may have merit as well as elements which raise question or concern to the City of Mill Valley, our comments will focus on other aspects of the report which are most specific to the City of Mill Valley.

The report contains a number of statements and opinions which are in error, not fully informed, unnecessary or inappropriate for a report on this particular topic. Of most concern to the City of Mill Valley are statements contained in the report which speculate

about sensitive matters related to the spills of 2008 and the steps taken to address this event. Statements beginning on page 48 of the report regarding the 2008 events are incorrect and, in some cases, inflammatory largely because the statements are not fully informed by the substantial amount of data, analysis, discussion and advice available to the SASM Board during privileged deliberation. These statements should therefore be deleted. Further, it should not be noted, the SASM Board has discussed these matters in the recent weeks and has reached no new determinations nor pursued any further or subsequent action regarding the events from 2008. The statements which should be deleted are specifically:


1. The statement: "The question of actual or legal liability for the costs of the spills was never directly addressed despite Section 10 of SASM's operations and maintenance agreement with the City of Mill Valley...", should be deleted as the author is unaware of the facts surrounding this assertion and cannot be aware of the deliberations which occurred in closed session which may have addressed the legal issues related to liability. Further, this point has no bearing on the core issue before LAFCO and is consequently an unnecessary line of discussion.
2. The statement on page 48: "It may clearly be argued that the City of Mill Valley- not SASM- was liable for at least \$2.8 million in costs under the terms of the O&M Agreement." Is clearly wrong and ill-informed. Beyond the flawed and unarticulated basis for the opinion of a "clear argument", no basis for the suggested liability of \$2.8 million is provided. This statement should be deleted.
3. The suggestion on page 48 that the SASM Board did not discuss the legal issues, potential liabilities and causes of action with its general legal counsel or with special legal counsel is incorrect and ill-informed. These statements speculate upon closed session and privileged attorney-client discussions, do not bear upon the core focus of the LAFCO study and should be deleted from this report.
4. The statements in the final paragraph of page 48 speculating that "...communication and lines of authority between SASM board and staff at the treatment plant became immediately problematic" are simply incorrect. There is no record, nor any suggestion from any party involved that those events that any such problems occurred. This statement should be deleted. The balance of this paragraph should also be deleted as the assumption stated that: "The SASM General Manager could not effectively communicate with the members of the SASM board or with the boards of member agencies without the possibility that his statements could invoke the City's liability under the O&M Agreement or that the accuracy of his statements could be thought to be affected, by his employer's potential liability" is, again, completely speculative, factually wrong and not germane to the primary focus of the LAFCO report.
5. The statements contained in the first paragraph on page 50 of the report regarding the suggested lack of critical evaluation and legal counsel with respect to potential liability related to the spills of 2008 are also completely incorrect and speculative. They should be deleted.

Beyond the points of concern noted above, the report contains a number of factual errors or omissions some of which have already been identified by others to date; I will add a few requests for correction below:

1. Table 2 on page 14 of the report indicates that SASM has 15 employees and that the City of Mill Valley has 2.5 employees devoted to sewerage services and Figure 2 on page 15 indicates that SASM has 10.5 employees and that the City of Mill Valley has 3 employees devoted to sewerage services. These should be corrected to reflect SASM with 14 employees and the City of Mill Valley with 3 employees engaged in sewerage services.
2. The last paragraph on page 29 appears to be incomplete. It appears that the concluding sentences were inadvertently deleted.
3. Table 5 on page 36 reflects an incorrect sewer service rate for the City of Mill Valley twice. The correct rate is \$600/EDU in 2011.
4. The funding level committed to by the City of Mill Valley specific to sewer pipe repair and replacement over the next five years as summarized in Table 6 on page 38 of the report should be corrected to reflect \$6,500,000 rather than the \$2,750,000 in the draft report.
5. The last paragraph on page 38 incorrectly states: “ Finally, because only Richardson Bay appears to have a true funding strategy for renewal and replacement, it is expected that the agencies will need to increase their respective spending levels in the future to account for the legacy unfunded costs for renewal and replacement.” Please note that the City of Mill Valley has in place adopted sewer service charges sufficient to provide the funding necessary to address on-going operations and maintenance of our sewer collection systems as well as a substantial facilities improvement and replacement program.
6. The first paragraph on page 39 should be corrected. The last sentence states: “None of the agencies are currently believed to include the full cost of operation, maintenance and replacement in their current rate structures as good asset management philosophy would suggest.” This is incorrect with respect to the City of Mill Valley. We do in fact include the full cost of these aspects of our service and facilities management in our current rate structure. This structure is available for review on the City’s website through our Department of Public Works or the City Clerk’s Office.
7. The statement in the last paragraph on page 49 of the report the: “The SASM board has requested loans from its member agencies to fund capital improvement program and a short term revenue anticipation loan from the County of Marin to temporarily fund its operations until new member assessments are received” is incomplete and incorrect. The statement is incomplete because it does not provide the context of the discussion regarding the potential interagency project funding as an option being explored compared to more traditional debt financing of the facility improvements. Further, there has never been a request made of Marin County (or any other entity for that matter) for funding for operations, the statement in the report is simply incorrect.
8. Finally, the alternative suggested and the “next steps” listed on page 75 should not be viewed as the only options to be considered. It should be noted that the City of Mill Valley would have substantial concerns with the transfer of responsibility for sewer collection services within the Mill Valley City Limits and would require the detailed exploration of alternate scenarios to address our needs and interests.

Again, thank you for the courtesies you've extended to us to respond to this report and thank you very much for reviewing and considering these comments. Please contact me should you wish to discuss any of the points contained in this letter.

Sincerely,


James C. McCann
City Manager
City of Mill Valley

c.
Mayor and City Council
Steve Danehy, General Manager, SASM
File
Correspondence

Scott Drotman
43 Irving Drive
San Anselmo, CA 94960

Marin LAFCO
555 Northgate Drive
Suite 230
San Rafael, CA 94903

RECEIVED
OCT 07 2011
BY:

Dear Marin LAFCO,

It is stupid to have 17 sewer districts, 17 managers, 17 billing systems and so on! This is not local control; this is illogical & inefficient government. The sewer districts should be built around the plants and the areas that feed into the plants. I support consolidation.

In addition, flat rates are unfair and probably illegal. Rates must be based on usage to be fair and for conservation purposes.

Sincerely,


Scott Drotman 415-457-5445

RECEIVED
OCT 06 2011

Myra Drotman
43 Irving Drive
San Anselmo, CA 94960

BY:

Marin LAFCO
555 Northgate Drive
Suite 230
San Rafael, CA 94903

Dear Marin LAFCO,

I urge you to consolidate these fiefdoms that we call sewer districts. Marin County has very few people in comparison to other areas and we do not need 17 sewer districts. In addition, our beautiful watershed, creeks, streams, rivers and bay water should not be at the mercy of spills from 17 different agencies that fight and sue each other and pass the buck constantly.

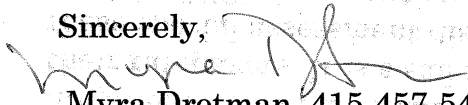
There is major mismanagement, over payment of duplicate services, litigation, and un-necessary spills that these sewer districts are putting on their ratepayers. It is a sad fact that people just are not getting involved in these special assessment districts like they use to and like they should. We need LAFCO's intervention to fix this mess that has been created by all of these incompetent fiefdoms that still exist from a century or more in the past.

In addition, I am entirely against the flat rate structure. The gross injustice of having small users subsidize large users needs to be corrected immediately. The people who are being hurt by these exorbitant costs cannot wait any longer for change.

Article XIII D of our state's constitution mandates that any fees or charges against real property be in direct proportion to the benefit conferred upon the real property. Nevertheless, the sewer districts do not accept the proportionality argument and simply dismiss it as a waste of their time.

A flat rate structure, in addition to being contrary to our constitution, results in a huge inequity upon those residents least able to afford the wrongful charges. Moreover, flat sewer rates violate legislative water conservation provisions that encourage districts to employ allocation based conservation pricing.

Sincerely,



Myra Drotman 415-457-5445 CONSOLIDATE & FLOW RATE!!!!

P.S. I do not see any notices to get public opinion.

Ramona Flood

350-356 Du Bois Street
San Rafael, CA 94901
(650) 948-1477

RECEIVED
OCT 06 2011

BY:.....

October 4, 2011

Peter V. Banning
Executive Officer
Marin Local Agency Formation Committee
555 Northgate Drive, Suite 230
San Rafael, CA 94903

Re: Review of Spheres of Influence

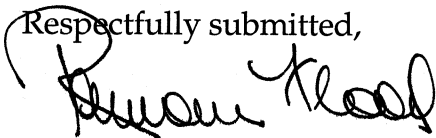
There is no need for some seventeen sewer boards in the County of Marin.

As the Marin Local Agency Formation Committee is looking specifically at the six sewer boards serving Southern Marin, this situation affects Marin County as a whole.

This antiquated system of doing business is cumbersome and inefficient. In this cash-strapped economy, it is not cost effective. Local accountability is compromised as grievances by tax payers are not heard through a single body, having to go individually to one of the seventeen boards with no apparent coordination with the other sixteen boards. Governance is also compromised with this cumbersome system.

This is truly a serious situation. Old ways of doing business have to be updated.

Respectfully submitted,



Ramona Flood

Monday, September 19, 2011

Joseph Neufeld
155 Canal Street
San Rafael, CA 94901

Peter V. Banning, Executive Officer
Marin LAFCO
555 Northgate Drive, Suite 230
San Rafael, CA, 94903

Re: Southern Marin Sewer Agencies Service Review and Spheres of Influence Update

This is in response to the "Notice of Public Hearing," regarding the proposal to consolidate the several sewer agencies of southern Marin into a single sanitary district under Assembly Bill 1232.

I. LAFCO

LAFCO's mission is to:

- * Encourage the orderly growth of government agencies.
- * Preserve agricultural lands.
- * Discourage urban sprawl.
- * Assure efficient local government services.

LAFCO's responsibilities are to:

- * Coordinate changes in local governmental boundaries.
- * Conduct special studies reviewing ways to reorganize, simplify, and streamline governmental structure.
- * Prepare a sphere of influence for each city and special district within each county.

Source: <<http://www.calafco.org/>>.

II. Special Districts

The purpose of special districts, such as a sanitary district, is to provide a *focused service*. *Focused* because a special district serves a specifically defined area and typically provides only a single service, allowing it to concentrate on one activity. *Service* because it delivers

only the public programs and public facilities that its constituents want. Counties and cities provide multiple programs. A special district provides a public service the public wants. (*What's So Special About Special Districts?: A Citizen's Guide to Special Districts in California*, California Senate Local Government Committee, 4th Edition, October 2010, p.1
http://www.calafco.org/docs/Special_Districts/Whats_So_Special.pdf)

Special districts first arose to meet the water needs of San Joaquin Valley farmers. Frustrated by an inconsistent water supply and unstable prices, farmers in Stanislaus County organized the Turlock Irrigation District under the Wright Act of 1887. This allowed landowners to form new public entities to deliver irrigation water, and to finance their activities with water rates and bond sales. As California's first special district, the Turlock Irrigation District made it possible for local farmers to intensify and diversify their crops. (*What's So Special About Special Districts?*, p.4.)

Special districts range from a single neighborhood to vast areas. The Metropolitan Water District of Southern California serves nearly 19 million people in over 5,200 square miles in six counties. Most special districts operate within one county, but some districts cross city and county lines. The Contra Costa County Fire Protection District serves an unincorporated territory plus nine cities. The Roubidoux Community Services District delivers services in two different counties. And, unlike counties and cities, special district boundaries are not always limited to contiguous territory. The Pajaro/Sunny Mesa Community Services District serves several separate pockets of territory. (*What's So Special About Special Districts?*, p.2.)

III. Marin County Sanitary Districts

Sewage agencies across Marin County, including those in southern Marin, need more revenue, and look to the ratepayer:

See Almonte Sanitary District's "Notice of Proposed Increase of Sewer Service Charge"

(http://www.almontesd.org/resources/Meeting_Minutes_and_Agendas/NOTICE_OF_PUBLIC_HEARING_2010_rate_increase.pdf)

See Homestead Valley Sanitary District Sanitary District's *Notice of Public Hearing on [Increasing] Sanitary Rates*
([http://www.homesteadvalley.org/jadworks/hvca/jwsuite.nsf/SiteIndex/756EF723E1F239248825771B0076773A/\\$file/April+2006.pdf](http://www.homesteadvalley.org/jadworks/hvca/jwsuite.nsf/SiteIndex/756EF723E1F239248825771B0076773A/$file/April+2006.pdf))

See Alto Sanitary District's public hearing to discuss proposed increase of its annual sewage service charge.
(http://www.marinscope.com/articles/2010/05/21/mill_valley_herald/news/community/doc4bf317ddd04a8230208677.txt)

See City of Mill Valley vote to increase sewage rates, council meeting minutes, June 6, 2011, agenda item 10, pp.3-6.
(<http://www.cityofmillvalley.org/Modules/ShowDocument.aspx?documentid=7316>)

Marin County has 13 of the 73 sanitary districts in the state. (*Ross Valley Sanitary District: Not Again!*, Marin County Civil Grand Jury, June 2011, p.3
http://www.co.marin.ca.us/depts/GJ/main/cvgrjr/2010gi/Ross_Valley_Sanitary_District.pdf) That's almost 18%. Yet, Marin's entire population is less than 1% of the state's total population. (Source: US Census Bureau <http://quickfacts.census.gov/qfd/states/06000.html>)

The seven sewer agencies of southern Marin serve a population of approximately 29,700. (*Southern Marin Sewer Agencies Service Review And Sphere Of Influence Update*, Marin LAFCO, July 2011, p.3 http://lafco.marin.org/staff_reports/pdf/So_Marin_Sewer_update_web.pdf)

The Sewerage Agency of Southern Marin, formed to consolidate wastewater collection, treatment, reclamation and disposal, consists of six member agencies. Each agency owns and operates its own collection system that feeds into SASM for treatment and disposal. SASM owns and operates approximately 5 miles of sewer, consisting mostly of gravity sewer. (*Clean Water Act Compliance Evaluation Inspection, Sewerage Agency of Southern Marin Wastewater Collection System*, US Environmental Protection Agency, October 30, 2007. pp.1-2 <http://www.epa.gov/region9/water/npdes/pdf/SASM-SSO-report-final-2-11-08-redact.pdf>)

IV. Good Example: Southern Marin Fire Protection District

The Southern Marin Fire Protection District is a special district established by the board of supervisors in 1999, formed by the merger of the Alto-Richardson and Tamalpais Fire Protection districts. In July 2006 the City of Sausalito Fire Department joined. In October 2010 the District signed a contract with the National Park Service to provide services to the Marin Headlands and Fort Baker areas of the Golden Gate National Recreation Area. The Fire District now serves Tamalpais Valley, Almonte, Homestead Valley, Alto, Strawberry, a portion of the town of Tiburon, the City of Sausalito, Fort Baker and the Marin Headlands. The District covers 11.5 square miles, a population of approximately 27,700 and over 14,100 homes and commercial properties. Source: <http://www.southernmarinfire.org/>

Regarding the District's reasons and support for consolidation, it offers: "It has always been the goal to provide a higher level of service to more people for less cost by eliminating repetitive overhead costs while increasing the training and effectiveness of the firefighters." (<http://www.xmrfire.org/som/news.aspx?ID=55>)

V. Conclusion

Statistically, it makes no sense that less than 1% of California's population operates 18% of the state's sanitary districts; that seven agencies serve a combined population of less than 30,000 occupying approximately 11.5 square, when special districts, such as the Metropolitan Water District of Southern California, serve some 19 million people spread over 5,200 square miles in six counties; that the southern Marin fire protection agencies, which must respond at the drop of a hat, already combined into one special district, yet several splintered sewage agencies continue to drag their feet.

Opposition to consolidation is best summed by the Alto and Homestead Valley Sanitary District's response to the Grand Jury:

"The board of directors for these two districts strongly believe that they are more capable of serving the needs and evaluating the intent of their constituencies than a centralized governing body [because] as residents of the communities they represent, they are more directly

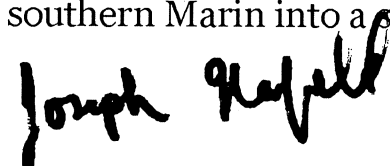
concerned with the welfare of their neighborhoods than would be the case under central management." (*Response to Grand Jury Report Southern Marin Sewers: Cracks in the System*, May 5, 2009 [http://www.co.marin.ca.us/depts/GJ/main/cvgrjr/2008gj/Response/Southern Sewers Cracks/alto_homesteadvalley.pdf](http://www.co.marin.ca.us/depts/GJ/main/cvgrjr/2008gj/Response/Southern%20Sewers%20Cracks/alto_homesteadvalley.pdf))

The fallacy lies with the basic misunderstanding of special districts, and the reason LAFCO was created. Special districts are not charged with tending to the welfare, well-being or comfort of the public. Nor do they represent the public, the neighborhood or municipality or county or area in which they operate. They provide special services. LAFCO is charged with overseeing the **efficiency** of those services.

If board members of sewage agencies of southern Marin are concerned with the health, welfare and safety, and wish to craft social legislation which impact the people and neighborhoods they serve, then they should run for the city council, board of supervisors, or the state assembly or senate. Special districts are service-oriented, not people- or neighborhood-oriented, and are charged with the efficiency of the service they provide and deliver.

The question is: will the consolidation of the seven sewage agencies of southern Marin promote the efficiency of sewage and sanitary services delivered to the people of southern Marin? Nothing has changed from the 1887 formation of Turlock Irrigation District, California's first special district, to the present day. The people of southern Marin are just as frustrated as the San Joaquin Valley farmers of 1887, but in this case, with inconsistent, overlapping and duplicative services, unstable rates, difficulty in resolving issues across political boundaries (boundaries which special districts are designed to cross), lack of accountability and little to no communication across agencies.

I urge LAFCO to exercise the authority granted by the provisions of Assembly Bill 1232, and consolidate the several sewer agencies of southern Marin into a single sanitary district.


Joseph Neufeld

Marin LAFCO Staff

From: nepenthium@comcast.net
Sent: Saturday, September 17, 2011 4:46 PM
To: kathy@coyles.com; Marin LAFCO Staff
Subject: LAFCO Guestbook

=====
Comments from -- Michael Hancock
/ 17-Sep-11 / 04:45 PM
=====

First Name: Michael
Last Name: Hancock

E-Mail: nepenthium@comcast.net

Comments: We believe that the proposed sewer consolidation is a blatant effort to subsidize inefficient sanitary districts at the expense of the (far more) efficient districts.
We exhort you not to support this proposal.

Marin LAFCO Staff

From: robert-crowder@sbcglobal.net
Sent: Friday, September 16, 2011 5:33 PM
To: kathy@coyles.com; Marin LAFCO Staff
Subject: LAFCO Guestbook

=====
Comments from -- Robert Crowder
/ 16-Sep-11 / 05:33 PM
=====

First Name: Robert
Last Name: Crowder

E-Mail: robert-crowder@sbcglobal.net

Comments: I am against the reorganization or consolidation of The Richardson Bay Sanitary District into a Southern Marin Sewer Agency.

Marin LAFCO Staff

From: Gazellebelle2000@yahoo.com
Sent: Friday, September 16, 2011 4:46 PM
To: kathy@coyles.com; Marin LAFCO Staff
Subject: LAFCO Guestbook

=====
Comments from -- Diane Lowenstein
/ 16-Sep-11 / 04:46 PM
=====

First Name: Diane
Last Name: Lowenstein

E-Mail: Gazellebelle2000@yahoo.com

Comments: The residents of Tiburon do not want to consolidate our sewer district and do not want our sewer rates to increase!!
Thank you for your support.

Marin LAFCO Staff

From: theblochs@gmail.com
Sent: Thursday, September 15, 2011 9:01 PM
To: kathy@coyles.com; Marin LAFCO Staff
Subject: LAFCO Guestbook

=====
Comments from -- Spencer Bloch
/ 15-Sep-11 / 09:01 PM
=====

First Name: Spencer
Last Name: Bloch

E-Mail: theblochs@gmail.com

Comments: Huffman's proposal for consolidating the sewer agencies in Southern Marin is outrageous from the perspective of those served by Richardson Bay Sanitary District. The more so because it can occur without public input. Let the RBSD opt out of this plan, if it is effected.

Marin LAFCO Staff

From: ampmkochis@comcast.net
Sent: Thursday, September 15, 2011 12:20 PM
To: kathy@coyles.com; Marin LAFCO Staff
Subject: LAFCO Guestbook

=====
Comments from -- Paul Kochis
/ 15-Sep-11 / 12:20 PM
=====

First Name: Paul
Last Name: Kochis

E-Mail: ampmkochis@comcast.net

Comments: The proposal to merge Tiburon's Sanitary District into six other is the area may make sense as a means to eliminate duplicative costs. However, Tiburon's nearly \$10 million dollars in reserves should not be used to prop up the poor management that exists in other Districts. Tiburon's reserves should either be returned to Tiburon rate payers or set aside in a separate fund to protect Tiburon rate payers from rate increases until it is exhausted. Further, such a merger should be put to a public vote.

Marin LAFCO Staff

From: rickupjohn@comcast.net
Sent: Thursday, September 15, 2011 11:24 AM
To: kathy@coyles.com; Marin LAFCO Staff
Subject: LAFCO Guestbook

=====
Comments from -- Richard Upjohn
/ 15-Sep-11 / 11:24 AM
=====

First Name: Richard
Last Name: Upjohn

E-Mail: rickupjohn@comcast.net

Comments: As a homeowner in the Reedlands on Tiburon, I am strongly opposed to sanitary district consolidation. Currently, our district is well managed and I do not want to be annexed into other districts. Management needs to be as local as possible to be effective!

Marin LAFCO Staff

From: traceyvanhooser@yahoo.com
Sent: Wednesday, September 14, 2011 9:39 PM
To: kathy@coyles.com; Marin LAFCO Staff
Subject: LAFCO Guestbook

=====
Comments from -- Tracey Van Hooser
/ 14-Sep-11 / 09:38 PM
=====

First Name: Tracey
Last Name: Van Hooser

E-Mail: traceyvanhooser@yahoo.com

Comments: I do not understand why we are seeking consolidation of the sewage treatment plants - or, rather, I should say that I do not see how this will benefit me in Tiburon. Can you show me how I benefit?

Marin LAFCO Staff

From: Johngreenspan@comcast.net
Sent: Wednesday, September 14, 2011 9:26 PM
To: kathy@coyles.com; Marin LAFCO Staff
Subject: LAFCO Guestbook

=====
Comments from -- John and Deborah Greenspan
/ 14-Sep-11 / 09:26 PM
=====

First Name: John and Deborah
Last Name: Greenspan

E-Mail: Johngreenspan@comcast.net

Comments: Sewage District Consolidation.
We deeply oppose this arbitrary and high-handed proposal!

Memorandum

To: Marin Local Agency Formation Commission

CC: Local Media

From: Committee FOR Sanitary Consolidation

Date: 9/7/2011

Re: Public Hearing: Southern Marin Sewer Agencies Service Review and Spheres of Influence Update

The attached two pages encourage support of consolidation efforts deemed a priority for efficient and effective public management of our local resources. In case we are not able to personally attend your upcoming Commission Meeting, we would like to make sure you have in writing our encouragement to move this process forward by empowering your staff to proceed with the consolidation of sanitary districts. Thank you for your attention to this important matter of public policy.



No One Said It Would Be Easy

After passage of the Clean Water Act in 1972, the Environmental Protection Agency (EPA) mandated the reduction of "direct pollutant discharges into waterways," and helped to finance sewage treatment facilities. The small communities in Southern and Central Marin that formed during the past century and a half were responsible for collection and treatment of their residents' sewage. More than 25 years ago these small sewer districts were compelled to band together to build modern sewage treatment facilities, but they retained their unique collection agencies.

Marinites have experienced 25 years of excuses why collection and treatment of sewage should be managed by separate districts. The more than 50 elected officials sitting on sewer boards, with a few exceptions, have resisted relinquishing their small quota of power. These multiple bureaucracies have cost ratepayers millions of dollars in wasted spending due to duplicity of efforts, lawsuits, and fines. In Southern California, dozens of agencies have merged—and not just wastewater—realizing various combinations of water, wastewater, solid waste and power agencies.

The districts in Southern Marin claim this financial mismanagement is true of Central Marin, but not their own agencies—despite million dollar fines and legal costs fighting each other over responsibility for sewage spills. The districts in Central Marin have seen consolidation efforts stalled because of financial mismanagement by the Ross Valley Sanitary District (RVSD) and now the large liability resulting from numerous sewage spills in the past six months.

The directors often claim they represent the interests of their ratepayers—despite spending hundreds of thousands of dollars the past several years misinforming their constituents. Practically all the flyers and newsletters sent out by the districts have distorted the facts and blamed other agencies for their shortcomings. Assemblymember Jared Huffman blamed those responsible for defending their "fiefdoms," rather than what is best for ratepayers as the rationale for legislation to facilitate the consolidation process by the Local Agency Formation Commission (LAFCO). As evidenced by Bruce Abbott in the *Marin Voice* column of May 31, the sewage directors are still resisting doing what is best for ratepayers and the environment. Change does not come easily—especially after decades of "this is how we've always done it."

After serving on the RVSD board for 9 years, Steven Vanni did not seek reelection because his fellow directors continued down the road of financial mismanagement and disastrous policy and management decisions. Even one of his staunch opponents on the board, Sue Brown, stepped down shortly after him, not wanting her name associated with the pending disaster that could no longer be disguised. Rick Holland warned ratepayers the past two elections in Central Marin about the mismanagement of Marin's sewer districts—and faced tens of thousands of dollars spent by managers at these same agencies in propaganda to negate the charges. Any change requires leadership, and to deny that combining collection and treatment of sewage will be beneficial to ratepayers is a very shortsighted and flawed argument. This is a bumpy road, but Steven Vanni and Rick Holland have formed a Political Action Committee—the *Committee FOR Sanitary Consolidation*, and are fundraising to lead the good fight:

Committee FOR Sanitary Consolidation

P.O. Box 63

Fairfax, CA 94978

www.RickHolland.com/donate.htm

Public Hearing
Southern Marin Sewer Agencies Service Review and Spheres of Influence Update

The Committee FOR Sanitary Consolidation promotes the unification of sewage collection and treatment agencies. With firsthand experience dealing with the inefficiencies of separate agencies and the obvious waste of resources—both financial and human—under the current system, we support action that leads to consolidation with fair representation and transparency.

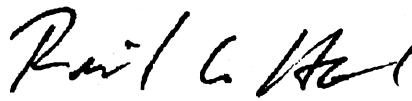
Your staff has already highlighted the rationale for moving this process forward. Much political capital has already been spent to facilitate the process of consolidation. At this juncture, as public agencies need to demonstrate effective and efficient management, it is imperative to demonstrate to ratepayers that local government is achieving the best outcomes. Maintaining the status quo is not acceptable.

Acting both through the committee and as individuals, we have provided factual information to local officials and the public regarding the financial mismanagement, environmental damage and fraud perpetuated by our local "fiefdoms" (see attachment, published under *Marin Voice* by the *Marin Independent Journal*). Change requires leadership and we have faith that LAFCo will provide the leadership required at this time. We are at your disposal to support you in this endeavor.

Sincerely,



Steven M. Vanni
Co-Chair



Richard L. Holland
Co-Chair

Committee FOR Sanitary Consolidation
P.O. Box 63 / Fairfax / CA / 94978

TELEPHONE
(650) 349-0700
SAN MATEO COUNTY
(415) 884-2555
MARIN COUNTY

PAUL M. DAVIS

ATTORNEY AT LAW

448 IGNACIO BLVD. #201

NOVATO, CALIFORNIA 94949-6085

RECEIVED
JUL 05 2011
BY:

PAUL M. DAVIS
ALSO ADMITTED IN THE
DISTRICT OF COLUMBIA

June 24, 2011

Peter Banning
Marin County Local Agency
Formation Commission
555 Northgate Drive, Suite 230
San Rafael, California 94903

In re: Request to Dissolve and Consolidate
Sanitary Districts in Marin County

Dear Mr. Banning:

The time has come to take a serious look at giving consideration to folding up and consolidating into a single countywide entity all of the sanitary districts in Marin County. I respectfully request that LAFCO forthwith consider this.

The cost of operating the several districts is staggering. The employees receive salaries and compensation packages that are beyond belief, indeed unimaginable. This letter shall focus primarily on one such district, the Ross Valley Sanitary District.

In 2010 the district's manager, Brett Richards, received an annual compensation package of \$308,622. That is absurd. Allow me to put that into perspective. In 2011 Governor Brown will be paid \$173,987, which is \$134,635 less than what was paid to Brett Richards a year earlier. In 2010 Brett Richards received only \$91,378 less than what will be paid to President Obama in 2011. In 2010 Sheriff Doyle was paid \$278,168, which is \$30,100 less than what was paid to Brett Richards. The math is clear. Brett Richards' salary is 77% of the salary of President of the United States. Why is Brett Richards not in state prison? We may never know but I certainly would like to know.

Ross Valley has a "Business Manager", Bridgett Wilson, who, in 2010, received a compensation package of \$148,657. Additionally, they have an administrative assistant, Elena Hastings, who received \$112,649. The list is long and disgusting.

Ross Valley is Marin's version of the City of Bell, California. We all know about the City of Bell and its officials who are awaiting trial in Los Angeles County on felony public corruption charges.

June 24, 2011

Page Two

The abject incompetence of Ross Valley's management and its employees, in addition to the unbelievable compensation packages it pays to its employees, is nothing short of astounding.

That agency represents the epitome of cronyism, incompetence and corruption; it is the poster child for dissolution and consolidation.

The arrogant managers at Ross Valley hire incompetent employees who cannot even get the district's telephone system to work properly. Nevertheless, they provide those incompetent employees with compensation packages that are unimaginable. And, to fund that crooked scheme they continue to raise the rates. On June 28 there will again be a proposal before the Board of Directors for a 36% rate increase, which I anticipate they will adopt.

Several weeks ago, according to the Marin Independent Journal, Ross Valley had an after-hours sewer emergency. Nobody could reach their emergency repair crew. The \$308,622 per year district manager had no proper phone system in place. Someone went to the home of one of Ross Valley's directors, Pat Guasco, to get him to handle the emergency. Why are they compensating an incompetent manager at the annual rate of \$308,622?

Also, according to the Marin Independent Journal, a few weeks ago an incompetent employee of Ross Valley mis-marked an area on the street for subterranean repair work. As a result of that error the district suffered huge losses. Had the district used a contractor instead of an overpaid, incompetent district employee, the contractor would be held liable for the damages and the ratepayers would have suffered no damages.

Instead of using independent contractors at less cost Ross Valley now wants to hire even more very expensive public employees with inflated salaries and benefit packages.

Conflicts of interest abound at Ross Valley. The rates are set by the board of directors who set them in a manner that keeps their own rates low at the expense of apartments and other multi-unit dwellings. They charge each tiny unit e.g., 350 square foot apartments occupied by single persons, the same rate as 5,000+ square foot homes occupied by an entire family. By doing this the low-income apartment residents are subsidizing the large and lavish homes of the directors. Rates should be based on water usage (flow-based); that should not use an arbitrary flat rate that neither takes into account the size of the dwellings nor how many people reside in them. If the directors were to adopt a fair and equitable method of charging for services, they would be voting against their own interests.

June 24, 2011

Page Three

At the meeting of Ross Valley's board on June 22, the \$308,622 per year district manager, Brett Richards, could not adequately respond to some questions of the several board members. And, each time an engineering issue came up he offered to hire an engineering firm for tens of thousands of dollars to run up expensive engineering reports. The problem with that is the district already has an engineer, Randell Ishii, who last year received a compensation package of \$180,969, and an assistant district engineer, Dennis V. Gavallos, who last year received a compensation package of \$194,261. It is interesting to note that in 2010 the assistant district engineer was paid almost \$20,000 more than his boss, the district engineer. So, for an annual cost of \$375,000 what do these overpaid engineers do if everything is to be contracted away to outside engineering firms at great expense? We will never know. It is also noteworthy that Dennis V. Gavallos, the assistant district engineer, is not registered or licensed as an engineer by the State of California, a legal requirement to practice engineering in this state. His name does not appear on the state's website for engineers.

I include with this correspondence a chart showing the compensation packages paid to ten employees of Ross Valley during 2010. I assume their pay has been increased for 2011, even though the economy is lousy and many people are losing their jobs.

The Marin County Grand Jury recently published a scathing critique of Ross Valley wherein it castigated every aspect of its management. Instead of acquiescing that the district is plagued with a host of management problems, including cronyism, a public payroll that is out of touch with reality, and the existence of pervasive and abject incompetence, director Pat Guasco characterized the report as a timed hit piece. Indeed, Mr. Guasco has not denied any part of that scathing report; he simply takes issue with the fact it was made and published.

Consolidating these little fiefdoms must be done now. It will save the ratepayers of Marin County millions of dollars every year by the elimination of unnecessary layers of management and ridiculous compensation packages. In fact, the elimination of only ten of Ross Valley's positions would save the ratepayers of Ross Valley alone about two million dollars in 2011.

We have all read about the fiasco at SASM. That is another classic example of abject incompetence at every level.

It is time to fold up and consolidate these districts into a single countywide entity with competent management, reasonable compensation, and proper oversight.

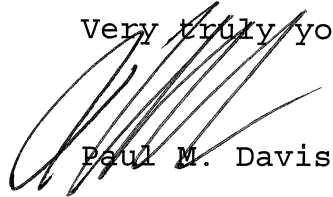
Marin County LAFCO (... Cont'd)

June 24, 2011

Page Four

By copy of this letter to the Marin County District Attorney and the Attorney General I am requesting that they initiate criminal investigations into the practices of the Ross Valley Sanitary District.

Very truly yours,

A handwritten signature in dark ink, appearing to read "Paul M. Davis", is written over the typed name.

Paul M. Davis

Enclosure

cc: Marin County Grand Jury
Kamala Harris, Attorney General (Public Integrity Section)
Ed Berberian, District Attorney
Ross Valley Sanitary District
Jered Huffman, Assemblyman
Marin Independent Journal
Dan Hillmer
Dennis Gilardi

Entity	Name	Title	Base	Other	Gross	MDV	ER Psn	EPEPsn	DC	Misc.	TCOEV
Ross Valley Sanitary Dist.	Richards, Brett	General Manager Administration	\$220,291	\$0	\$220,291	\$15,265	\$33,534	\$17,017	\$6,510	\$16,004	\$308,622
Ross Valley Sanitary Dist.	Gavallos, Dennis V	Assistant Engineer Operations	\$134,415	\$1,311	\$135,726	\$18,146	\$20,194	\$10,235	\$0	\$9,959	\$194,261
Ross Valley Sanitary Dist.	Yee, Jeffrey R	Maintenance Superintendent Maintenance	\$119,166	\$29,043	\$148,209	\$1,915	\$17,264	\$8,764	\$0	\$10,112	\$186,263
Ross Valley Sanitary Dist.	Smith, Eric L	Maintenance Superintendent Maintenance	\$131,223	\$0	\$131,223	\$14,399	\$19,909	\$10,103	\$0	\$9,913	\$185,547
Ross Valley Sanitary Dist.	Cimino, Joseph A	Inspection Superintendent Inspection	\$127,930	\$1,248	\$129,178	\$14,399	\$20,178	\$10,234	\$0	\$9,883	\$183,872
Ross Valley Sanitary Dist.	Sandoval, Noel F	Maintenance Crew Lead - Pump Crew	\$100,565	\$31,685	\$132,250	\$18,202	\$15,211	\$7,741	\$0	\$9,806	\$183,210
Ross Valley Sanitary Dist.	Ishii, Randell Y	District Engineer Operations	\$131,468	\$1,314	\$132,782	\$6,883	\$20,746	\$10,517	\$0	\$10,041	\$180,969
Ross Valley Sanitary Dist.	Zarco, Rafael	Maintenance Supervisor Maintenance	\$93,582	\$18,748	\$112,329	\$18,202	\$14,105	\$7,173	\$0	\$9,484	\$161,292
Ross Valley Sanitary Dist.	Garcia, Francisco L	Maintenance Supervisor - Pipebursting Crew	\$91,815	\$28,387	\$120,202	\$8,864	\$13,835	\$7,031	\$0	\$9,598	\$159,531
Ross Valley Sanitary Dist.	Shine, Kevin D	Inspector Inspection	\$102,480	\$5,132	\$107,612	\$18,202	\$15,466	\$7,864	\$0	\$9,484	\$158,627

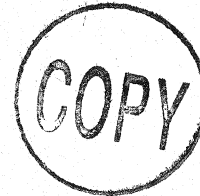
DAVIS PROPERTY COMPANY

448 IGNACIO BLVD. #201
NOVATO, CALIFORNIA 94949-6085

TELEPHONE: [415] 884-2555

June 30, 2011

Jon Elam
Tamalpais Community Services District
305 Bell Ln.
Mill Valley, California 94941



RECEIVED
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BY:.....

In re: Sewer Assessments

Dear Mr. Elam:

Thank you for your letter of June 22, which, unfortunately, is long on rhetoric and short on substance.

It is neither acceptable nor reasonable to wait until 2012 to see what, if anything, the District may do vis-a-vis the current sewer rate structure. It is completely unnecessary for the District to require that kind of time in order to follow accepted industry and business practices that are being employed in many areas outside the District. No private sector business would need that amount of time to make adjustments. I thus view this as a stalling tactic.

Any rate structure that is not 100% flow-based will be unacceptable; it should be implemented forthwith with retroactive adjustments to the date the current structure was put in place.

Finally, it is time to start folding up and consolidating these unnecessarily expensive little Districts that post huge public payrolls amounting to nothing more than a high-dollar welfare system under the guise of employment.

I look forward to your immediate reply.

Thank you.

Very truly yours,

PAUL M. DAVIS

cc: Marin County Grand Jury
Hon. Jered Huffman, Assemblyman
✓ Marin LAFCO
Marin Income Property Owners Association
Marin Independent Journal