Central Marin Sanitation Agency

COMMISSION SPECIAL MEETING AGENDA

November 7, 2024

Hybrid Meeting

5:30 p.m. Closed Session

6:00 p.m. Open Session

NOTE: This is a Hybrid Board meeting and will be held in-person in the Board Room of the Central Marin Sanitation Agency located at 1301 Andersen Drive, San Rafael CA 94901 and via Zoom®.

If you would like to participate via Zoom, click the link below or copy and paste the address into your browser. You may also phone-in at the number below.

Join Zoom Meeting

Online:
https://us06web.zoom.us/j/83901149873

Phone in:
+1 253 215 8782

Meeting ID:
839 0114 9873

Public Comment: Members of the public may directly address the Board on any item appearing on the Agenda. They may address the Board when the item is called by the Board Chair and he/she indicates it is the time for the public to speak to the agenda item. Public comments can also be submitted via email to the Recording Secretary at telam@cmsa.us.

The public comment period opens when the agenda is posted online and will close two hours prior to the start of the meeting. Include your name and the item you'd like to provide written comment on. Written comments submitted will be shared with the Board before the meeting, summarized during the Open Period for Public Participation, and included in the meeting proceedings.

To provide comments virtually during the meeting:

- If in the Zoom teleconference, use the "raise hand" feature. The Host will notify and unmute you when it is your turn to speak.
- If on a phone, press *9 ("star + 9"), and the Host will notify and unmute you when it is your turn to speak.

If you experience an issue providing comments in the meeting, please email those comments to the Recording Secretary at telam@cmsa.us.

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AGENDA

1. **5:30 p.m.: Call Meeting to Order**

2. **Pledge of Allegiance**

3. **Roll Call**

4. **Adjourn to Closed Session - Conference Legal Counsel – Anticipated Litigation**
   Significant exposure to litigation pursuant to California Government California Government Code Section 54956.9(d)(2). Number of Potential Cases: One (1).

5. **Reconvene in Open Session 6:00 p.m.**
   Report on any action taken in Closed Session.

6. **Open Period for Public Participation**
   Open time for public expression, up to two minutes per speaker, on items within CMSA's jurisdiction and not on the Board of Commissioners' agenda. The Board will not discuss or take action during open time, but Board members may briefly respond to statements made or questions proposed by the public, ask for clarification from staff, refer the matter to staff, or request staff to report back to the body at a subsequent meeting concerning any matter, or take action to direct staff to place a matter of business on a future agenda

7. **Agenda Review & Approval**

8. **Open Period for Public Participation**
   Open time for public expression, up to two minutes per speaker, on items within CMSA's jurisdiction and not on the Board of Commissioners' agenda.

9. **Consent Calendar**

a)	Minutes – Regular Board Meeting, October 8, 2024
b)	Treasurer's Report – October 2024
c)	October 2024 NPDES Permit Compliance, Treatment Process, and Maintenance Activities Report
d)	Performance Metric Report – October 2024
e)	Sole Source Specify Equipment for Grit Classifier Project
f)	FY24 Capacity Charge Schedule
g)	GM Contract amendment #5
h)	FY25 First Quarter Budget Status Report
i)	Aeration Tank No. 1 & No. 4 Effluent Channel Slide Gate Replacements

10. **FY24 Audit Presentation**
Recommendation: Accept the Agency's FY24 audited financial statements, and provide comments or direction to the General Manager, as appropriate.

11. **San Quentin Pump Station Auger Grinder Screen Procurement**
Recommendation: Authorize the General Manager to purchase a JWC Auger Monster grinder screen system, not to exceed $138,084.

12. **Revised OPEB Funding Plan**
Recommendation: Approve the revised OPEB Funding Plan and provide any comments or direction to the General Manager.

13. **Renaming the Ad Hoc Committee**
Recommendation: Consider Renaming the Ad Hoc SRSD Service Contract Development Committee.

14. **RVSD October 23, 2024, Letter**
Recommendation: Review and discuss the RVSD Letter Entitled "Proposed Contract for CMSA to Acquire SRSD's Employees and Provide its Services" and the attached white paper.

15. **October 2024 Informational Items**
Recommendation: Informational, provide comments or direction to the General Manager, as appropriate.

16. **North Bay Watershed Association (NBWA) Report***

17. **Oral Reports by Commissioners***

18. **Oral Reports by General Manager***

19. **Items for Next/Future Agendas**

20. **Adjourn to Closed Session - Conference Legal Counsel – Public Employee Performance Evaluation**
Title: General Manager
California Government Code Section 54957(b)(1)
Number of Potential Cases: One (1).

21. **Reconvene in Open Session.**
Report on any action taken in Closed Session.

22. **Open Period for Public Participation**
Open time for public expression, up to two minutes per speaker, on items within CMSA's jurisdiction and not on the Board of Commissioners' agenda.

23. **Next Scheduled Regular Meeting**
Tuesday, December 10, 2024 at 6:00 p.m.

*Information not furnished with Agenda

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact Central Marin Sanitation Agency at 415-459-1455. For auxiliary aids or services or other reasonable accommodations to be provided by the Agency at or before the meeting, please notify the Agency at least 3 business days in advance of the meeting date (meeting is the second Tuesday of each month). If the Agency does not receive timely notification of your reasonable request, the Agency may not be able to make the necessary arrangements by the time of the meeting.

Central Marin Sanitation Agency

COMMISSION REGULAR MEETING MINUTES
October 8, 2024
Via Hybrid Meeting

NOTE: The minutes are an official record of the Board meeting. There are also official audio and video recordings available on the Agency's website at www.cmsa.us. The time stamps on these minutes refer to the items' start times on the video recording of the meeting.
Please contact CMSA at 415-459-1455 for information about receiving a copy of these records.

1. Call Meeting to Order

2. Pledge of Allegiance

Chair Beckman called the meeting to order at 6:07 p.m. A quorum was present.

3. Roll Call **0:00:32**

Present: Commissioners Eli Beckman , Dean DiGiovanni, Doug Kelly, Mary Sylla, and Alan Zahradnik.

Absent: Maribeth Bushey

Staff Present: Jason Dow, General Manager; Corey Spray, Administrative Services Manager; Nick Talbot, Treatment Plant Manager; Peter Kistenmacher, Technical Services Manager; Haiden Jones, Technical Services Intern; and Tiffany Elam, Recording Secretary

Public Present: Michael Boorstein; Michael Colantuono, RVSD Attorney; Brandon Halter, CMSA General Counsel; Tom Gaffney; Paul Causey

4. Review and Approve Agenda **0:00:48**

The Board approved the Agenda

5. Open Period for Public Participation **0:01:13**

There were no comments from members of the public.

6. Consent Calendar **0:01:46**

a)	Minutes – Special Board Meeting, September 24, 2024
b)	Treasurer's Report – September 2024
c)	September 2024 NPDES Permit Compliance, Treatment Process, and Maintenance Activities Report
d)	Performance Metric Report – September 2024
e)	Revised Environmental Services Analyst II Job Description

f)	Chlorine Contact Tank Inlet Gate Replacements
g)	Pre-Purchase of Grit Pumps for the Grit Classifiers Replacement Project
h)	Pre-Purchase of Influent Flowmeter for the Ross Valley Interceptor
i)	FY25 Asset Management Program - 1st Quarter Report
j)	Accept the Primary Clarifier No. 1 Rehabilitation Project as Substantially Complete

GM Dow noted the date on the meeting minutes listed ‘August 24’ instead of ‘September 24’ and the Agency would make the date change.

<u>Comments from the Public</u>
There were no comments from members of the public.

ACTION:	Commissioner DiGiovanni moved to approve 6a to 6j; second, Commissioner Sylla.	
DIRECTION:		
VOTE:	The item was passed unanimously.	
	AYES:	Beckman , DiGiovanni, Kelly, Sylla, Zahradnik
	NAYS:	None
	ABSTAIN:	None

7. Three-Year Pump Station and Forcemain Operation and Maintenance Agreement with Sanitary District No.2 00:02:40

GM Dow discussed the historical background of the Pump Station and Forcemain Operation and Maintenance Agreement between CMSA and Sanitary District No.2 (SD2) GM Dow stated Agency staff worked with SD2 staff, to standardize and refine the scope of work. GM Dow noted that there were a few updates which included adding budget figures for the next three years which were approved by SD2 staff.

The Board asked clarifying questions about the changes.

Commissioner Sylla stated that the contract was between one of the member agencies and the JPA and asked Chair Beckman to abstain from voting or recuse himself from voting. Stating that is the best practice as he can’t be on two sides of the table.

The Board asked clarifying questions regarding the contract.

Commissioner Zahradnik asked clarifying questions regarding the relationship between the billing and actual costs and the not to exceed budget. Asking GM Dow if the actual costs have ever exceeded the budget.

GM Dow responded that the actual costs have never exceeded the budget in the past as the Agency tracks the budget monthly, stating if it looks like they are approaching the budget, the Agency would reach out to SD2 staff to review the budget.

Commissioner DiGiovanni asked if Chair Beckman had anything to do with the contract development.

Chair Beckman stated he did not, but as a SD2 Board member he voted to approve the contract. Chair Beckman asked General Counsel Halter if he could advise the board on whether he can or should vote on the agenda item.

General Counsel Halter recommended the Board have this discussion in closed session where he could provide more detailed legal advice regarding this issue and dealing with it on a longer term. Stating that on the matter they have right in front of them, the safest course would be for Chair Beckman to recuse himself and if the matter was not approved by the board, and the board wished to reconsider matter later with his involvement, they could revisit it at that time.

Chair Beckman requested for GM Dow to agendize a closed session item at the next meeting regarding contracts between CMSA and member agencies and should members of the Board representing those agencies be voting.

Commissioner Sylla requested GM Dow provide her with a strike-through version of the SD2 contract and provide the Board with strike-through versions of contracts in the future.

GM Dow agreed to both requests

<u>Comments from the Public</u>
There were no comments from members of the public.

ACTION:	Commissioner Kelly moved to approve the Three-Year Pump Station and Forcemain Operation and Maintenance Agreement with Sanitary District No.2; second, Commissioner Sylla.	
DIRECTION:	None	
VOTE:	The item was passed by a vote of 4 to 0.	
	AYES:	DiGiovanni , Kelly, Sylla, Zahradnik
	NAYS:	None
	ABSTAIN:	Eli Beckman

8. Facilities Structures Seismic Study – Professional Services Agreement with Kennedy Jenks **00:16:40**

GM Dow stated the Agency budgeted for a large seismic study on all the Agency structures built on piles, and due to the Nutrient Watershed Permit requirements the Agency decided to perform a limited seismic study on the Primary Clarifiers, Bio-towers and Aeration Tanks built on piles. To determine potential seismic risks and receive any recommendations to reduce those risks.

Commissioner Sylla asked if there were any grant opportunities and how often Agency staff seek out these types of grants

GM Dow responded staff is currently not aware these types of grants and currently did not have a dedicated grant staff member. GM Dow noted that the Agency recently received a 2.6-million-dollar grant for Wastewater agencies from Cal-Recycle which funded the expansion of the OWRF.

GM Dow stated that if the study comes with a recommendation, the Agency can at that time ask the consulting firms what grants are available

Commissioner DiGiovanni asked clarifying questions regarding the completion of the remainder of the work according to the FY25 CIP.

GM Dow responded that it would depend on the findings and the recommendations. If it’s determined to be a significant seismic risk the Agency would look at completing a larger study sooner, however, if there were no risks the Agency would schedule it for several years from now.

<u>Comments from the Public</u>
There were no comments from members of the public.

ACTION:	Commissioner Kelly moved to approve Facilities Structures Seismic Study – Professional Services Agreement with Kennedy Jenks; second, Commissioner Sylla.	
DIRECTION:	None	
VOTE:	The item was passed unanimously.	
	AYES:	Beckman , DiGiovanni, Kelly, Sylla, Zahradnik
	NAYS:	None
	ABSTAIN:	None

9. Hydrogen Peroxide Facliity Relocation Feasibility Study **00:23:52**

GM Dow mentioned that the Fiscal Impact section was not included in the staff report and that cost would be $47,000. GM Dow recapped the July staff meeting where he presented an action plan to continue dosing hydrogen peroxide at the Ross Valley Interceptor. With one action being to obtain a proposal to relocate the peroxide facility to CMSA with an independent feed line to the interceptor. At the August meeting GM Dow presented the proposal to the Board and the Board voted against moving forward with the study. GM Dow stated the Oak Hill Developer recently offered to pay for half the study, and in a meeting with Chair Beckman they decided this item would be brought back to the Board.

The Board discussed how the Agency would receive payment from the Developer and if the Agency would be under any commitment to split the cost to build the facility.

GM Dow stated the Agency could enter into an agreement or ask the developer to write a check for their half of the costs, and that the Agency would not be obligated to build the facility as it would only be for the contract to perform a feasibility study. GM Dow noted the feasibility study would help the Agency figure out the next steps.

Commissioner Kelly stated the Board had no idea what the total project cost would be, and that the developer should pay the cost for the relocation regardless of the final cost.

Commissioner Sylla expressed concerns that the relocation would reduce the capacity of the recycled water and that they pipe would be running highly toxic substance inside the pipe to the pond, where there’s a risk of spill which is problematic. Stating that she did not think it was a good option to start with and also that the Board already said no to the study and has no legal responsibility to find an answer. Commissioner Sylla referenced the letter from Downy Brand which made it clear to her that the Agency gets to have the easement. Commissioner Sylla noted another concern regarding the RVSD Larkspur landing property, which RVSD may eventually require recycled water.

Commissioner Zahradnik stated if the case is that the Agency has no legal obligation to make any change, then why would spend any money at all. Commissioner Zahradnik asked GM Dow if the Agency has any obligation to change the current arrangement.

GM Dow responded that the Developer is claiming CMSA does not have any official or formal access.

The Board discussed the validities of the easement and what freedom it allows the easement holder.

GM Dow offered to contact the Developer to inform them that they would have to pay for the entire study and CMSA would only administer the contract for the study with Carollo Engineers.

Commissioner DiGiovanni mentioned that the study would address all the risks and concerns, and that he would like to know the true recycle water demands at the RVSD interceptor and if the relocation would jeopardize that actual demand. Stating he would like to see the Developer move the project forward.

Chair Beckman stated he believes the Agency is well within their rights to continue using the easement per advisement of legal counsel and happy to make some form of contribution to show partnership with the Developer. Chair Beckman stated he would like to see the information the study would provide but is not ok with the Agency committing any significant funding.

<u>Comments from the Public</u>
There were no comments from members of the public.

ACTION:	Commissioner Kelly moved to approve the Hydrogen Peroxide Facility Relocation Feasibility Study if the Oak Hill Developer pays for the entire study, with the Agency contributing only contract administration services; second, Commissioner Sylla.	
DIRECTION:	None	
VOTE:	The item was passed by a vote of 4 to 1.	
	AYES:	Beckman , Kelly, Sylla, Zahradnik
	NAYS:	Dean DiGiovanni
	ABSTAIN:	None

10. SRSD Contract Development Expense Report **00:39:14**

GM Dow stated he provided a verbal report of expenses for work related to the SRSD contract to the ad hoc committee members at the last meeting. The ad hoc committee members asked if SRSD was going to reimburse the Agency for these costs. GM Dow informed the Committee that he would bring this request to the Board for direction.

Commissioner Zahradnik asked GM Dow if the Agency currently sought reimbursement when working with other agencies on projects.

GM responded that the Agency currently did not seek reimbursement from other agencies because the 22% overhead added to contract budgets covers expenses the Agency does not directly bill for.

Commissioner DiGiovanni stated that the Board agreed at a previous meeting that SRSD would pay for the cost of preparing the contract.

Chair Beckman requested that all the invoices for SRSD be fully burdened and for the Agency to send monthly invoices.

Commissioner Sylla requested for the SRSD Contract monthly expenses invoices be brought to the board on the consent calendar or in the GM Oral Report.

<u>Comments from the Public</u>
There were no comments from members of the public.

ACTION:	None
DIRECTION:	The Board requested GM Dow send fully burdened invoices monthly to San Rafael Sanitation District.
VOTE:	None

11. Ross Valley Sanitary District Request to Suspend SRSD Contract Development Work **00:47:40**

Commissioner Sylla stated RVSD wanted to bring their legal argument to the public and the board regarding what they see as a common law conflict of interest, when a member of the JPA votes on a contract between one of the member agencies and the JPA. Commissioner Sylla believes this would result in bad policy. Noting a common law conflict of interest with the SRSD representatives voting to have a contract with CMSA transferring all their employees and operations over to CMSA and not recusing themselves from that vote.

Commissioner Sylla stated she met with San Rafael Mayor, SRSD Manager, RVSD Assistant General Manager, and RVSD General Counsel and came to an agreement on how to move forward. Stating she would be open to requested for the ad hoc committee to be refocused starting with, change management and work to find consultant experts who have experience in consolidating collection systems and treatment plants. Noting that she is not opposed to the idea of consolidation but believes that the Board should rely on those with the more expertise for the Good of the JPA as the current shared services contract would fundamentally change the dynamics of the JPA.

Commissioner Sylla introduced RVSD Attorney Mr. Caroutuna.

Mr. Caroutuna provided his professional background and experience advising JPA's, special districts and other treatment plants and provided a list of California JPA's currently going through litigation.

Mr. Caroutuna stressed the importance of having a well-crafted understanding of the relationships they have with one another and noted that bad things happen when these relationships break down. Stating he fears the agency is on a path from a cooperative relationship, to one where they will see more lawyers than engineers. Mr. Caroutuna described the general idea of the common law conflict of interest being that you cannot have two masters, and if you have two fiduciary responsibilities you cannot serve them both. Noting SRSD is on both sides of an important deal and that there was a lot at stake, but they cannot be on both sides of the contract. Mr. Caroutuna reviewed the current draft contract and noted potential seeds of conflict, with the CMSA charging SRSD a fixed 5% overhead as overhead costs are dynamic and change, and the fixed organization chart which preserves the chain of command of SRSD GM reporting to CMSA GM which builds in insubordination and conflict. Noting the Agency needs to be careful of cross subsidies or the perception of them. Mr. Caroutuna advised the four agencies to slow down and get appropriate advice in order not to harm relationships. He recommended two types of expertise noting change management such as LAFCO, and engineering expertise from engineers who have been through the process. Stating he was not arguing for or against consolidation as it is a pure policy question for the four boards. Noting that through his experience the Board is on a path to the kinds of unhealthy relationship he sees in this industry and the Agency should slow down and seek appropriate expertise on how to put agencies together and what types of issues will arise when you merge collections and treatment.

Commissioner Sylla stated the San Rafael Mayor was happy to meet with Mr. Caroutuna and was open to these ideas and would be open to amending the scope and format of the ad hoc committee.

Mr. Caroutuna Recommended that the JPA find the right consulting services that all four agencies have confidence in, should be the first step. The second step, determine if it is lawful for the two SRSD members to participate in the ad hoc committee or even in the current discussion. Stating the Agency could rethink the ad hoc process as a way for the four agencies to have dialog to work it out rather than having a body that has the power to act on behalf CMSA, as the power to act for CMSA triggers the legal issue.

Commissioner Kelly asked Mr. Caroutuna clarifying questions regarding involving the JPA's General Managers and the common law conflict of interest in the sub-committee. Commissioner Kelly referenced the CMSA 2017 Board minutes where SRSD asked Ross Valley to recuse themselves and the RVSD Board members did recuse themselves.

Chair Beckman opened the floor to Board members.

Commissioner DiGiovanni stated that the ad hoc committee had done fine work to get to the current draft agreement and wants to make this the best contract to serve all organizations and their rate payors. Agreeing that the ad-hoc committee should continue to be open to the public with everyone's participation. Noting he did not believe there was a hidden agenda and agreed with RVSD counsel's suggestions.

Commissioner Kelly asked what General Counsel Mr. Halter's thoughts were.

General Counsel Halter stated that the pattern of litigation among similar agencies is real and taking care to avoid that endless cycle was a good idea. He also agreed that there is ambiguity regarding the applicability of the common law conflict of interest, in this set of circumstances and how that would apply. Restating that the idea of wearing two hats refers to the two hats of actual membership on the governing board of the agency. Noting if the board was comprised of appointees and not governing board members of the agency the Common law conflict of interest is non-existent. He reiterated if the Board wants to have a more in-depth conversation to the legal risks they can have that conversation in closed session.

Commissioner DiGiovanni commented that the Board should all be working together to look at the contract in the best benefit they can with the best advice they can, for the good of their working relationships and for all the JPA members. Commissioner DiGiovanni moved that they continue working on the contract at the upcoming ad hoc committee meeting and invited RVSD Commissioners Sylla and Kelly to attend the meeting.

Commissioner Kelly stated the Board agreed to film the ad-hoc committee meetings and they were not.

The Board asked GM Dow questions regarding the filming of the ad hoc committee meetings.

GM Dow stated that direction was not captured in the May minutes, and the meetings would be recorded moving forward.

Commissioner Kelly suggested that the Board not move forward with the ad hoc committee meeting on the advice of Mr. Caroutuna and instead move to assign the General Managers of the four agencies to assign representatives to the committee.

Chair Beckman requested that the board table the legal question around the common law conflict of interest as the board has directed GM Dow to hold a closed session for the item. Stating the importance for the Board to understand as they are all committed to the work. He requested they discuss the two questions of what expertise is needed to guide the development of the proposal and the composition of the ad hoc committee.

The Board discussed the development and next steps of the ad hoc committee.

Commissioner Sylla stated Mr. Caroutuna suggested two categories, one being the change management and utilizing someone with potential LAFCO background and/or expertise and finding someone who has seen the pitfall's and would know ways to best merge a collection and treatment entity.

Mr. Caroutuna stated he sent an email to the Sacramento executive director of LAFCO to see if their consultant team could support the Marin community.

Commissioner Sylla stated the Board would be smart to rely on Mr. Caroutuna's knowledge to identify the experts that would be available to be discussed at the next ad hoc committee meeting.

Commissioner Kelly stated he did not think that was a good idea for the ad hoc committee to meet.

Chair Beckman stated he is happy to have the ad hoc committee take on the process of identifying experts. Chair Beckman referenced a comment regarding the ad hoc committee's current capacity to serve, stating as a committee member representing SD2 he sees the committee as the venue for representatives of each JPA to discuss how the SRSD contract effects their agencies and is currently how the committee is functioning.

Commissioner Kelly stated he did not believe that was the advice of the attorneys.

Commissioner DiGiovanni clarified that he did not hear that there were any issues for the current committee members servicing on the committee and coming together to flush out an agreement that all the JPA members would agree to. Clarifying that to move the process forward the ad hoc committee members could bring in experts to be a part of the Committee.

Commissioner Kelly stated the ad hoc committee meeting agenda was blown up.

The Board discussed with General Counsel Halter if they could modify the October 9th ad hoc committee agenda.

General Counsel Halter stated the Brown Act requires 72 hours in advance and special meetings require 24 hours.

GM Dow clarified the ad hoc committee meeting only requires 24 hours, but the Agency sends the agenda out 48 hours before.

The Board discussed the potentially revising agenda and next steps.

Commissioner Kelly asked for clarity on what the agenda would now be.

Commissioner DiGiovanni stated, to discuss the organizational structure of the ad hoc committee and bringing in experts to further move the contract development along.

Commissioner Sylla stated they were not moving the contract along but proposing experts who would propose other options for consideration for how SRSD can achieve its goal of removing employees from under the city structure.

Commissioner DiGiovanni asked if that was a CMSA Board decision?

Sylla stated the SRSD contract was bad policy and only ended up in CMSA's lap because SRSD has a vested interest in this way of doing it and had not adequately vetted other options.

DiGiovanni stated that was an SRSD issue and the CMSA Board received a letter from SRSD requesting that the CMSA Board explore this option, and the board voted to explore it. Not that now they are enhancing that exploration to bring in expertise to protect CMSA and all the member agencies. Clarifying that this, was what was currently before the Board, it is not tell SRSD how to do their business or assess whether they should have written this letter in the first place.

Sylla stated if that's what others agree to then she would move to suspend the ad hoc committee. As the conversation she had with Mayor Kate was that they were willing to look at all options and would like the ad hoc committee to look at all options.

Sylla reverted to the common law conflict of interest claim that SRSD representatives should not have been able to control or vote for the ad hoc committee as the RVSD committee members voted against it. Stating Eli abstained from a similar issue and RVSD has also abstained on a similar issue in 2017. And due to the common law conflict of interest RVSD would be able to enforce. Commissioner Sylla maintained there was a common law conflict of interest on the vote and therefore the vote was invalid noting if a judgement was needed to bring other ideas forward, they were okay with that. Commission Sylla clarified that they had all stepped back from getting a judge involved, in order to have the ad hoc committee expand its charge beyond just the contract.

The Board discussed how to revise the agenda for the October 9th ad hoc committee meeting.

Commissioner Kelly stated if the ad hoc committee retained its current membership then it should be to solely and exclusively seek out expertise on the best way for SRSD, CMSA and the other JPA agencies to resolve the issues that SRSD brought in their letter.

Chair Beckman stated he was not in not support of such a narrow vision for the ad hoc committee scope as a representative for SD2 he does not want SD2 to lose visibility of the development process of the agreement and wants to be present at the table. To get to a draft agreement so he knows what is being proposed to determine if it's a good deal for SD2 or not.

GM Dow asked General Counsel Halter if they can add items to the to the ad hoc committee meeting agenda after it was published.

Commissioner Kelly stated he did not believe the current agenda items should stay on the agenda.

General Counsel Halter asked clarifying questions regarding the agenda and stated the Board could add items to the meeting whether it's addressed in that particular agenda item or not. The ability to do so is governed by the Brown Act and can be added as an 'Urgency Items' if the need for the item arose after the publication deadline, it can be added to the agenda.

Chair Beckman stated he would like to see the question of what type of expertise is needed to advise the process on an ad hoc committee agenda as soon as possible. However, he did not believe that it would comply with the spirit of the Brown Act to use the agenda review item to shoehorn that item into the October 9th agenda. Chair Beckman Requested for GM Dow to agendize it in the following ad hoc committee agenda.

GM Dow agreed to place it on the following meeting agenda.

Commissioner Kelly stated they should therefore suspend the current agenda items as the Board does not know where they are going.

Chair Beckman clarified that he believes the Board does know where they are going and that Commissioner Kelly may not agree with the current direction but there would be ample opportunity to discuss.

Commissioner Kelly stated they are going down a road that they may regret later, and that Chair Beckman should take it very seriously.

Commissioner Sylla stated the advice from RVSD counsel, is that the contract in its current form does not look good nor will it be good ever as we have these cross subsidies and un-anticipatable costs. Noting that the SRSD representatives shouldn't have voted on the contract, and it would not have passed which is why there is strife within the JPA right currently.

Chair Beckman stated the Board would address that question at the November Board meeting in closed session.

Commissioner Kelly requested for a special meeting.

Commissioner DiGiovanni stated the ad hoc committee will continue its work with the intention of bringing in expertise later.

The Board discussed holding a special meeting prior to the next scheduled Board meeting and decided against it.

DiGiovanni stated they are continuing the work of the a hoc committee and getting more advice.

Commissioner Sylla stated Mr. Caroutuna's opinion that its arguable whether it's a conflict of interest or not, as it has created a conflict in the Board and if SRSD thinks they legally have the right to vote then they will go to court to figure it out. Stating the contract is a problem and to continue to have the ad hoc committee is a waste of Board members time, and if they choose to move forward then they will need to bill SRSD for it. Noting that it seemed everyone was moving forward while she is saying it is problematic, and they haven't had the advice they should have had and if they do not stop to get that advice they are not on a good path and did not believe it was resonating with everyone

Commissioner DiGiovanni clarified that they are continuing the work of the committee and getting future advice.

Commissioner Kelly requested to move Commissioner Sylla motion to suspend the subcommittee meetings until the legal matters are worked out.

The Board voted 2 for it and 3 against it.

Chair Beckman stated with a 2 to 3 vote the motion did not pass and clarified the issue of SRSD voting will be discussed at the November closed session.

Commissioner Kelly objected to having the ad hoc committee meetings and to the SRSD representatives voting. Stating Chair Beckman should take it seriously.

Commissioner DiGiovanni agreed with Commissioner Sylla with getting a LAFCO retiree for change management and wanted to know what the engineering expertise consultant could bring.

Chair Beckman agreed with change management, someone with a LAFCO background, pension expertise as well as seek professional opinion from SD2 staff as well. Stating he hopes CMSA would bring in a consultant to be reimbursed by SRSD to help guide the process. In terms of engineers, Chair Beckman believes CMSA staff has decades of experience doing both collections and treatment simultaneously.

Commissioner Kelly stated CMSA is not a collection agency, that does not have customers, nor do they respond to customers. Stating CMSA does work on SD2 pump stations, but is not a collection agency.

Commissioner Sylla stated one of the issues is the Board does not know how SRSD is going to bill their rate payers and whether it will continue to raise its rates to keep pace with the cost of employees and pensions. Noting the engineer is not for how you manage but for someone who has seen a merger and understands how the costs and functions can be shared.

Chair Beckman recapped the Boards directives, to schedule a closed session at the next board meeting to look at common law conflict of interest, and to have a discussion at the November ad hoc meeting to bring in outside expertise. Chair Beckman requested for the General Counsel Halter to attend the ad hoc committee meetings if feasible.

Commissioner Zahradnik agreed that there should be legal representation as there are legal issues, administrative issues, and technical issues.

Commissioner Beckman stated he would like the SD2 General Manager and legal counsel to be more involved in the process as they move forward.

Commissioner Sylla stated this may not be a good use of people's time, and SRSD should be billed for this time. Noting that she did not believe this was the intended next steps after her conversation with San Rafael mayor.

Commissioner DiGiovanni stated he believes they are on the right track and that the ad hoc committee is changing, just not changing tomorrow. Noting that he believes they are doing very good work and that the contract would all terms and needed.

Commissioner Kelly reiterated that the Board was still talking about one option, as if it was the only option, and objected to the votes SRSD had at the May meeting and tonight's meeting and to all the agenda items thus far.

The Board discussed SRSD's right to vote.

Chair Beckman stated the Board will discuss this question in November.

<u>Comments from the Public</u>
Paul Causey asked if this issue was raised when they voted on the original SD2 agreement? And should SD2 recused tonight.

Chair Beckman responded yes.

Tom Gaffney an ad hoc committee member stated the people on the committee were very solid and sincere however he was frustrated because they are looking at an option that is not the best choice and the fact that they can't even develop an org chart that is rational was disturbing. Stating when the motion passed originally, he believes they should have been looking at several options and SRSD chose a bad option.

ACTION:	Commissioner Kelly moved to approve the Ross Valley Sanitary District request to suspend SRSD contract development work; second, Commissioner Sylla.	
DIRECTION:		
VOTE:	The item was not passed by a vote of 2 to 3.	
	AYES:	Kelly , Sylla
	NAYS:	Beckman, DiGiovanni, Zahradnik
	ABSTAIN:	None

12. Informational Items **01:52:11**

ACTION: This item was informational no action was taken.

13. North Bay Watershed Association (NBWA) Report **01:52:29**

Michael Boorstein discussed the Mare Island Infrastructure project and its history and the Russian River Resiliency Water project to create equity across the various watershed organizations. Stating West Yost is working with the whole north bay on grant and there may be opportunity for the Agency.

14. Oral Reports by Commissioners **01:57:37**

None.

15. Oral Reports by General Manager **01:57:42**

GM Dow referred to his handout and reported:

- Rescheduling the November meeting as it conflicts with Senior Management attending the annual CalPELRA conference.
- Co-Generation system, engine exhaust precooler installation was successful and subsequent emissions test results were very good.
- Agency collaboration with RVSD and SD2 to replace a failed flange on the RV interceptor.

16. Items for Next/Future Agendas **02:00:18**

- Closed session to discuss contracts between CMSA and member agencies and should members of the Board representing those agencies be voting

17. Closed Session **8:29 pm**

PUBLIC EMPLOYEE PERFORMANCE EVALUATION

Title: General Manager

California Government Code Section 54957 ting those agencies be voting

18. Reconvene in Open Session **8:52 pm**

Nothing to report.

19. Next Scheduled Meeting

The Board has a regularly scheduled meeting for Tuesday, November 12, 2024 at 6:00 p.m., this may change as the board discussed alternative dates.

Chair Beckman adjourned the meeting at 8:54 p.m.

Respectfully submitted,

______________________________ ______________________________

Tiffany Elam, Recording Secretary Mary Sylla, Secretary

TREASURER'S REPORT
As of the Month Ended October 31, 2024

Description	Account Type	Book Value	Market Value (1)	% Portfolio	Budget / Proj Year End
Cash and Investments:					
WestAmerica Bank (*See Schedule 1 for Account Activity*)	Operating Acct	$ 1,010,520.94	$ 1,010,520.94		
US Bank 2015 & 2020 Revenue Bonds (Restricted)	Debt Serv Acct	9,304.91	9,304.91		
US Bank 2022 Pension Oblig Bonds (Restricted)	Debt Serv Acct	999.01	999.01		
Keenan Benefit Trust (Restricted) - *as of Sep 2024*	Pension Stab Trust	955,468.87	955,468.87		
CAMP Cash Reserve Pool: 5.03%	Investment Acct	427,410.12	427,410.12		
Local Agency Investment Fund (LAIF): 4.575%	Investment Acct	20,944,411.85	20,944,411.85		
Total cash and investments		**$ 23,348,115.70**	**$ 23,348,115.70**	**100.0%**	
Designations of Cash and Investments:					
Current Operating Fund (2)		-	-	0.0%	
Debt Service Accounts (Restricted)		10,303.92	10,303.92	0.0%	
Employee Benefit Trust (Restricted)		955,468.87	955,468.87	4.1%	
Capital Reserves (Restricted) (3) - *See Schedule 2*		1,305,234.49	1,305,234.49	5.6%	1,125,100
Operating Reserve (Unrestricted) (4)		4,281,172.97	4,281,172.97	18.3%	4,302,500
Capital Reserves (Unrestricted) (5) - *See Schedule 2*		16,295,935.45	16,295,935.45	69.8%	7,728,711
Contingency and Emergency Reserve (Unrestricted)		500,000.00	500,000.00	2.1%	500,000
Total designations of cash and investments		**$ 23,348,115.70**	**$ 23,348,115.70**	**100.0%**	

NOTES:
(1) Market values are per the fiscal agent's respective monthly statements
(2) Current operating fund is the residual of the other designations
(3) Includes capacity charges and debt service coverage
(4) Operating reserves calculated at 25% operating budget
(5) Includes capital fee

Statement of Compliance

The above portfolio of investments is in compliance with the Agency's investments policy, adopted annually, and California Code Section 53601, authorized investments, and 53646, investments policy. In addition, the Agency does have the financial ability to meet its cash flow requirements for the next six months.

Corey Spray, CPA
Administrative Services Manager

Central Marin Sanitation Agency
Schedule 1 - Operating Account Activity Schedule
For the Month of October 2024

Beginning Balance at October 1, 2024	$ 1,433,142.12
Cash Receipts (Deposits into Westamerica):	
JPA Service Charges (FY25 Q2: SD#2)	370,575.00
Capacity Charges: (SRSD: 117 fixtures, SD#2: 25 fixtures)	69,716.68
Permit and Inspection Fees	2,486.24
LGVSD - FOG & Pollution Prevention (FY24 4Q: Apr-Jun)	4,148.77
RVSD - FOG Program (FY24 FY24 4Q: Apr-Jun)	17,800.44
Revenue from Septage Haulers & RVs	31,228.02
Revenue from Organic Waste Programs	33,441.85
SD#2 Operations & Maintenance Contract (FY25 August & September)	67,178.80
SQSP Wastewater Services Contract (FY25 August)	137,991.68
SQ Village Operations & Maintenance Contract (FY25 August)	1,135.63
Marin Airporter Property Use (FY25 October)	6,125.25
Marin Clean Energy electricity generation (FY25 July & August)	8,821.08
Revenue from SRSD Contract Development	14,793.00
Interest Income: Westamerica Bank Sweep Account	888.46
Bank reconciliation period posting adjustment	5,014.96
Total Cash Receipts	$ 771,345.86
Cash Disbursements (Withdrawals from Westamerica):	
October 2024 Operating account disbursements register (see Schedule 1a)	$ 756,615.51
Regular Payroll paid 10/04/24	171,253.64
Regular Payroll paid 10/18/24	178,835.62
Board compensation reported as full stipend on Disbursement Register (paid October payroll)	(2,025.00)
Final Separation Pay (1)	720.75
Transfers to EFTPS Federal Payroll Taxes (10/04, 10/18, 10/21)	87,839.45
October bank reconciliation adjustment	7.48
Bank and Credit Card Fees	719.59
Total Cash Disbursements	$ 1,193,967.04
Ending balance at October 31, 2024	$ 1,010,520.94

Central Marin Sanitation Agency
Schedule 1a - Operating Account Disbursements Register
For the Month of OCTOBER 2024

Number	Date	Vendor/Payee	Amount	Description
2025943	09/30/2024			Last check from prior month's register
2025944	10/02/2024	Byron Jones	167.79	Reimbursement for retiree health benefits
2025945	10/02/2024	Chris Finton	864.41	Reimbursement for retiree health benefits
2025946	10/02/2024	Jean St. Louis	864.41	Reimbursement for retiree health benefits
2025947	10/02/2024	Phillip Frye	167.79	Reimbursement for retiree health benefits
2025948	10/04/2024	California State Disbursement	348.92	Garnishment for pay date 10/4/2024
2025949	10/04/2024	California State Disbursement	685.50	Garnishment for pay date 10/4/2024
2025950	10/04/2024	Two Rivers Terminal LLC.	122,072.05	Nitrate (11 deliveries)
2025951	10/08/2024	Environmental Express Inc.	17,279.89	Nitrogen digester, lab glassware's, chemicals (5 invoices)
2025952	10/08/2024	Environmental.com	1,396.66	Lab sample containers
2025953	10/08/2024	ERA, A Waters Company	573.10	Nutrient project 14 day study, Nitrite nutrients sample analyses (2 invoices)
2025954	10/08/2024	Eurofins Environment Testing America Holdings, Inc.	678.00	Nutrient project 14 day study, Volatile Fatty Acids
2025955	10/08/2024	Evoqua Water Tech LLC.	414.48	DI water tank rental (1 invoice)
2025956	10/08/2024	Hach Company	1,273.69	Sulfide reagent, test strips, chlorine (5 invoices)
2025957	10/08/2024	Idexx Distribution Inc.	4,558.18	Chemicals and testing supplies for Laboratory, August-September 2024
2025958	10/08/2024	Pacific EcoRisk	4,165.00	NPDES chronic toxicity testing
2025959	10/08/2024	Reinholdt Engineering Construction	295.00	Monthly underground storage tank inspection, September 2024
2025960	10/08/2024	Sample Traps LLC.	983.71	Lab sample containers
2025961	10/08/2024	VWR International	9,009.85	Lab supplies: conductivity kit, sulfuric acid. Graduated cylinders, sterile finntip, thermometer, sulfide, phosphorus, nitrile gloves (14 invoices)
2025962	10/16/2024	EDIS	5,614.46	Dental replenishment and monthly fee, October 2024
2025963	10/16/2024	Heidi Lang	200.00	ACFR and PAFR Awards (2 awards)
2025964	10/16/2024	Kemira	18,009.90	Ferric chloride (1 delivery)
2025965	10/16/2024	Marin Resource Recovery Center	200.00	Trash disposal (2 invoices)
2025966	10/16/2024	Marin Sanitary Service - 0004321	1,119.60	Recycling disposal, September 2024
2025967	10/16/2024	Marin Sanitary Service - 0027511	3,124.40	Grit box disposal, September 2024
2025968	10/16/2024	PG&E	3,872.27	Electricity service, c/o SPURR 08/31-09/30/2024, MCE Generation charges (3 invoices)
2025969	10/16/2024	PG&E	160.15	Renewable energy expansion, October 2024
2025970	10/16/2024	Robert Emter	20.00	Employee overtime time meal reimbursement for unscheduled OT
2025971	10/16/2024	Two Rivers Terminal LLC.	24,893.02	Nitrate (2 deliveries)
2025972	10/16/2024	Univar USA Inc.	17,089.23	Sodium hypochlorite (1 delivery)
2025973	10/16/2024	E2S Warning Signals LLC.	2,813.26	Audible visual warning indicator for Headworks building
2025974	10/16/2024	Hach Company	1,677.10	pH sensor probe
2025975	10/16/2024	Herc Rentals Inc.	1,515.48	Generator rental
2025976	10/16/2024	Maze & Associates	10,250.00	Prof Svcs: FY24 Audit fee (payment#1)
2025977	10/16/2024	North Bay Watershed Association	5,561.46	FY24-25 Membership fee
2025978	10/16/2024	Northeast-Western	300.42	Jenbacher speed pickup sensor
2025979	10/16/2024	Pacific Wastewater Optimization	6,826.00	Primary Clarifier #1 Baffle System (final)
2025980	10/16/2024	Peterson Tractor Company	1,368.94	Engine oil and fuel filters (1 invoice)
2025981	10/16/2024	Town of San Anselmo	2,095.00	Marin-Sonoma Leadership Academy (1 employee)
2025982	10/18/2024	California State Disbursement	348.92	Garnishment for pay date 10/18/2024
2025983	10/18/2024	California State Disbursement	685.50	Garnishment for pay date 10/18/2024
2025984	10/21/2024	Cal-Card	11,614.32	State of California purchase card for August-September 2024
2025985	10/23/2024	Atmospheric Analysis	2,324.00	Biogas siloxanes analysis (2 invoices)
2025986	10/23/2024	Caltest Analytical Laboratory	1,444.95	Source Control Analyses (1 invoice)
2025987	10/23/2024	Dell Marketing L.P.	37,141.91	Office workstation upgrades (55)
2025988	10/23/2024	Airgas USA, LLC.	75.38	Sanding brush wheel
2025989	10/23/2024	Aleshire & Wynder LLP.	576.00	Legal Services: Employment Law, September 2024
2025990	10/23/2024	Evoqua Water Tech LLC.	376.48	DI water tank rental (1 invoice)
2025991	10/23/2024	Frank A. Olsen Co.	218.50	Rotork repair
2025992	10/23/2024	Joyce Cheung	49.50	Employee Per Diem: CWEA Leadership Conference

Number	Date	Vendor/Payee	Amount	Description
2025993	10/23/2024	Motion Industries, Inc.	685.70	Headworks blower bearings
2025994	10/23/2024	Sample Traps LLC.	1,046.64	Lab sample containers (4 invoices)
2025995	10/23/2024	Shamrock Building Materials	125.41	Propane
2025996	10/23/2024	USP Technologies	7,499.50	Hydrogen Peroxide (1 invoice)
2025997	10/23/2024	Waste Management	11,677.80	Biosolids disposal, September 2024
2025998	10/23/2024	Wells Fargo Vendor	757.22	Lease payment for 3 printers, 10/20-11/19/2024
2025999	10/23/2024	VOID	-	VOID
2026000	10/23/2024	Airgas USA, LLC.	139.87	Calibration gas
2026001	10/23/2024	Alameda Electrical Dist Inc.	733.56	Electrical rewiring, conduit fittings, cable ties, fish tape tool, electrical box (6 invoices)
2026002	10/23/2024	AT&T Corp.	187.83	Monthly internet fee, October 2024
2026003	10/23/2024	Comcast	212.98	Internet service back-up, 10/04/24-11/03/2024
2026004	10/23/2024	Constellation Energy Corporation	4,410.05	Natural gas supply, September 2024
2026005	10/23/2024	CWEA TCP	239.00	Membership fee (1 employee)
2026006	10/23/2024	Diamond Tire Center	174.80	Electric cart tires
2026007	10/23/2024	Grainger	1,637.82	Electrical supplies, September - October, 2024
2026008	10/23/2024	Horizon Distributors. Inc.	442.00	Groundskeeping irrigation supplies (2 invoices)
2026009	10/23/2024	Jackson's Hardware	424.91	Fuel for landscape equipment, respirator masks, masonry disc, pipe fitting, marker and spray paints.
2026010	10/23/2024	Kone Inc.	202.71	Elevator monthly maintenance, October 2024
2026011	10/23/2024	Lystek International LTD	13,746.17	Biosolids beneficial reuse fee, September 2024
2026012	10/23/2024	Marin Color Service	382.20	Paint and painting supplies, September 2024
2026013	10/23/2024	Moody's Investors Service	1,500.00	Annual rating service
2026014	10/23/2024	Progent Corporation	99.95	IT support, October 2024
2026015	10/23/2024	Thatcher Company of California, Inc.	8,197.80	Sodium Bisulfite (1 delivery)
2026016	10/23/2024	Two Rivers Terminal LLC.	24,671.39	Nitrate (2 deliveries)
2026017	10/23/2024	USP Technologies	13,885.47	Hydrogen Peroxide (2 invoice)
2026018	10/25/2024	Alpha Analytical Lab Inc.	447.00	MSS Sludge analysis
2026019	10/25/2024	Reinholdt Engineering Construction	250.00	Monthly underground storage tank inspection, October 2024
2026020	10/25/2024	VWR International	3,058.31	Laboratory supplies: Potassium Sulfate crystals, Sodium Chloride, Deionized sterile water, Sulfuric acid, Sodium Hydroxide, beakers, nitrile gloves, pipet tips, soy agar (August-September 2024)
2026021	10/25/2024	Alpha Analytical Lab Inc.	1,615.00	Nutrient Sludge Analysis (3 invoices)
2026022	10/25/2024	Atmospheric Analysis	765.00	Biogas siloxanes analysis (1 invoice)
2026023	10/25/2024	CDW Government, Inc.	1,009.20	Microsoft 365 Licenses
2026024	10/25/2024	Environmental Express Inc.	1,702.23	Washed and dried glass fiber filters, single-use bottles, double filters (2 invoices)
2026025	10/25/2024	Fastenal Company	549.05	Maintenance vending machine replenishment, September 2024
2026026	10/25/2024	Grainger	1,945.97	SD2 meter vault-sump pump (Note B)
2026027	10/25/2024	Idexx Distribution Inc.	2,758.79	Lab supplies: Interolert (100-pack)
2026028	10/25/2024	Konecranes, Inc.	2,255.00	Quarterly inspections hoists
2026029	10/25/2024	Manco	1,951.58	Electrical equipment, RAS pump
2026030	10/25/2024	Pipette.com	640.43	Lab supplies: Pipettes
2026031	10/25/2024	Starwind Software, Inc.	750.00	Server storage software
2026032	10/25/2024	Teledyne Instruments Inc.	1,921.71	Sample bottle configuration
2026033	10/28/2024	Marin Resource Recovery Center	385.00	Trash disposal (1 invoice)
2026034	10/28/2024	Robert Emter	493.00	Employee Reimbursement: Operator Grade V examination fee reimb
		TOTAL - CHECKS	**442,942.63**	

Payments by ACH:

Date	Vendor/Payee	Amount	Description
10/01/2024	Gallagher Benefit Svcs Inc.	5,000.00	Recruitment: Operators OIT, I, II, III (Payment #1)
10/01/2024	Retiree Medical Benefits	11,038.52	Reimbursement for retiree health benefits, October 2024
10/15/2024	Ken Katen	671.16	Reimbursement for retiree health benefits, July-October 2024
10/01/2024	Cal Public Employee Retirement	89,677.89	Medical insurance for October 2024
10/01/2024	California Public Employee	158.80	Replacement benefit contribution
10/21/2024	Lincoln Financial Group	3,183.65	Life insurance, October 2024
10/01/2024	Vision Service Plan -(CA)	1,830.17	Vision insurance, October 2024
10/04/2024	CalPERS	46,937.26	Retirement pension contribution: Agency and employees, PPE 09/28/2024 (Note C)
10/04/2024	CalPERS	-244.08	CalPERS service credit refund to 1 employee
10/04/2024	Employment Development Department	16,359.21	State and SDI Taxes, PPE 09/28/2024
10/04/2024	Employment Development Department	24.97	Tax withholding adjustment for CalPERS service credit refund
10/04/2024	MissionSquare Retirement Trust-457	1,550.00	Deferred compensation contributions, PPE 09/28/2024 (Note A)
10/04/2024	Nationwide Retirement	26,702.34	Deferred compensation contributions, PPE 09/28/2024 (Note A)
10/04/2024	Navia Benefit Solutions	780.78	Flexible spending account, PPE 09/28/2024
10/04/2024	Public Agency Retirement Svcs	393.80	Retirement pension contribution: Part-time employees, PPE 09/28/2024
10/04/2024	SEIU Local 1021	1,214.47	Union dues, PPE 09/28/2024
10/18/2024	CalPERS	46,700.68	Retirement pension contribution: Agency and employees, PPE 10/12/2024 (Note C)
10/18/2024	Employment Development Department	17,629.40	State and SDI Taxes, PPE 10/12/2024
10/18/2024	MissionSquare Retirement Trust-457	1,550.00	Deferred compensation contributions, PPE 10/12/2024 (Note A)
10/18/2024	Nationwide Retirement	27,202.34	Deferred compensation contributions, PPE 10/12/2024 (Note A)
10/18/2024	Navia Benefit Solutions	780.78	Flexible spending account, PPE 10/12/2024
10/18/2024	Public Agency Retirement Svcs	396.06	Retirement pension contribution: Part-time employees, PPE 10/12/2024
10/18/2024	SEIU Local 1021	1,214.47	Union dues, PPE 10/12/2024
10/18/2024	Employment Development Department	16.80	State and SDI Taxes, PPE 10/18/2024 (EE final check)
10/22/2024	Public Agency Retirement Svcs	60.00	Retirement pension contribution: Part-time employee mid-period, PPE 10/18/2024 (EE final check)
10/24/2024	AMAZON	185.70	Lab barcode scanner
10/24/2024	IEDA, Inc.	994.52	Labor relations consulting, October 2024
10/24/2024	Navia Benefit Solutions	201.10	Monthly Fee, September 2024
10/24/2024	Tyler Technologies, Inc.	7.50	Insite Transaction Fees AR - credit cards
10/25/2024	Nitel, Inc.	1,495.59	Primary telephone and internet service, October 2024
10/29/2024	Tyler Technologies, Inc.	150.00	PCI service fee-credit card
10/29/2024	Carollo Engineers	7,784.00	Prof Svcs: Design - Grit Classifiers Replacement Project (payment #13)
	TOTAL - ACH	**311,647.88**	

Board Member Compensation:

Date	Vendor/Payee	Amount	Description
10/18/2024	Eli Beckman	450.00	Stipend for 10/8/24 Board Meeting and 10/9/2024 Ad-Hoc SRSD Service Contract Development Committee meeting
10/18/2024	Michael Boorstein	450.00	Stipend for 8/30/24 NBWA Board meeting and 10/4/24 NBWA Board meeting
10/18/2024	Dean DiGiovanni	450.00	Stipend for 10/8/24 Board Meeting and 10/9/2024 Ad-Hoc SRSD Service Contract Development Committee meeting
10/18/2024	Thomas Gaffney	225.00	Stipend for 10/9/2024 Ad-Hoc SRSD Service Contract Development Committee meeting
10/18/2024	Douglas Kelly	225.00	Stipend for 10/8/24 Board meeting
10/18/2024	Mary Sylla	225.00	Stipend for 10/8/24 Board meeting
TOTAL - BOARD MEMBER COMPENSATION		**2,025.00**	

	GRAND TOTAL	**756,615.51**	

Notes:

A: Not an Agency Expense. Expense funded through Payroll deduction.

B: Not an Agency Expense. CMSA will be reimbursed for this expense.

C: CMSA is partially reimbursed for this expense per Employee Labor Agreements.

CENTRAL MARIN SANITATION AGENCY
SCHEDULE 2 - CAPITAL RESERVES ACTIVITY SCHEDULE

Year-to-Date as of the Month Ended October 31, 2024

Restricted Capital Reserves Sources and Uses	Monthly Amounts Received (Used)	YTD Amounts Received (Used)
Capacity charges revenue	$ 69,717	$ 253,948
Debt coverage collection revenue	6,367	946,198
Total restricted capital reserve funding sources	76,083	1,200,146
Capacity charges usage for capital (1st)	(49,684)	(233,916)
Debt coverage usage for capital (2nd)	-	(786,248)
Total restricted capital reserve uses	(49,684)	(1,020,163)
Net change		179,982
Balance - beg of year		1,125,252
Balance - end of month/year		$ 1,305,234
Unrestricted Capital Reserves Sources and Uses		
Capital fee revenue	$ 39,388	$ 433,263
Cal Recycle grant proceeds received	-	761,195
Unrestricted operating-reserve-transfer-in	-	-
Total unrestricted capital reserve funding sources	39,388	1,194,457
Capital fee usage to fund CIP (3rd)	-	-
Unrestricted capital reserve draw (4th)	-	-
Total unrestricted capital reserve uses	-	-
Net change		1,194,457
Balance - beg of year		15,101,478
Balance - end of month/year		$ 16,295,935
Total capital reserve balances		$ 17,601,170
Total approved CIP budget		$ 10,113,019
Total CIP funded from capital reserve sources		(1,020,163)
Total approved capital budget remaining		$ 9,092,856

Central Marin Sanitation Agency

BOARD MEMORANDUM

November 5, 2024

To: CMSA Commissioners and Alternates

From: Nicholas Talbot, Treatment Plant Manager

Approved: Jason Dow, General Manager

Subject: October 2024 NPDES Permit Compliance, Treatment Process, and Maintenance Activities Report

Recommendation: Accept the October 2024 NPDES Permit Compliance, Treatment Process, and Maintenance Activities Report.

I. NPDES Permit Compliance

NPDES permit testing for October demonstrated the CMSA treatment plant effluent was in compliance with all permit limits. The Monthly Compliance Summary Table shows the results by permitted parameter, the sample's frequency, the sample results, and the permit limit. CMSA's NPDES permit specifies monitoring the six-week rolling geometric mean of enterococcus bacteria which shall be calculated weekly. The rolling enterococcus geometric mean was 8.7 MPN, which is significantly lower than the permit limit of 255 MPN. The average ammonia concentration for the month was 42.5 mg/L, which is less than CMSA's monthly limit of 60 mg/L.

II. Influent and Effluent Flows

In October 2024, San Rafael experienced average temperatures ranging from the high-70s to mid-80s. The highest temperature recorded was 98°F on October 6. There was minor precipitation reported by the Agency's on-site rain gauge on October 16 of 0.01" inches and October 31 of 0.02" inches. There were zero recorded blend events. Table 1 categorizes CMSA's daily influent and effluent flow, and Table 2 denotes the CMSA treatment plant and each satellite collection agency's daily average and total monthly influent flows for October 2024.

Table 1: CMSA Influent and Effluent Flow Summary

Flow Location	Daily Maximum	Hourly Maximum	5 Minute Maximum	Daily Average
Influent	9.6 MG	16.9 MG	21.7 MG	8.4 MG
Effluent	7.8 MG	12.1 MG	15.1 MG	6.2 MG

Table 2: Satellite Collection Agency and Total Flow Summary

Flow Type	SRSD	RVSD	SD2	San Quentin	CMSA Totals
Average Daily (MGD)	3.19 MGD	3.56 MGD	1.07 MGD	0.58 MGD	8.4 MGD
Total for Month (MG)	98.7 MG	110.4 MG	33.1 MG	17.9 MG	260.1 MG
Percent of Flow	38.0%	42.5%	12.7%	6.8%	100%

III. **Treatment Process**

In October, the Operations and Process Control Teams collaborated with the Information Systems Administrator to implement new polymer flow-pacing control logic for the Rotary Drum Thickeners (RDTs). This control logic is designed to dose polymer based on a ratio of pounds of polymer to pounds of Waste Activated Sludge (WAS) concentration. This upgrade is expected to provide more consistent dosing and maintain a stable total solids percentage in the thickened WAS, while also allowing for hands-free polymer dosing control. On October 9, semi-annual preventative maintenance was performed on the Organic Waste Receiving Facility (OWRF). This work included shutting down, vactoring out, cleaning, and inspecting the facility, as well as swapping media in the OWRF Odor Scrubber Tank. On October 17, Primary Clarifier (PC) No. 7 was emptied and cleaned, with all influent flow redirected to Primary Clarifier No. 4. This process adjustment aligns with the Primary Clarifier Test Plan currently being conducted by Operations and the Process Control Team. The test plan aims to determine whether the installation of new specialized baffles in PC No. 1 results in improvements in Total Suspended Solids (TSS) and Biochemical Oxygen Demand (BOD) removal. Lastly, preventive maintenance tasks including exercising Chlorine Contact Tanks sluice gates , motorized valves, and chlorine mixing equipment were completed.

The Mixed Liquor Suspended Solids inventory averaged 773 mg/l, which aligned with the target Mean Cell Residence Time of 2.5 days.

Graph #3 shows the enterococcus MPN, which represents the effectiveness of the disinfection system. The enterococcus rolling average in October was 8.7 MPN/100mL, below the Agency's KPI average of 35 MPN and below the permit limit of 255 MPN.

Graph #4 shows the Total Suspended Solids (TSS), a good indicator of effluent quality. The TSS monthly average was 6.1 mg/l, which is 40.6% of the Agency's KPI of 15 mg/l and 20.3% of the permit's monthly average limit of 30 mg/l.

IV. Maintenance Activities

The cogeneration systems produced 97.0% of the Agency's power in October, and MCE supplied the balance, as depicted on Graph #8. Maintenance completed several upgrades to enhance operational stability, regulatory compliance, and efficiency. A rubber bladder was replaced in recycled water pressurization tank No. 2 to stabilize plant water pressure, reducing water hammer, while protecting downstream pipelines. Polymer activation units, used for sludge thickening and biosolids dewatering, were upgraded to optimize polymer usage and reliability, ultimately lowering long-term maintenance demands. Repair work over the month included replacement of packing on Centrifuge Feed Pump No. 3 and a hydraulic oil solenoid on Centrifuge No. 1. Maintenance contributed to a comprehensive review of the Source Test Emission Report to the Bay Area Air Quality Management District (BAAQMD) for the Jenbacher Cogeneration Engine. This effort ensures adherence to permit regulations and CMSA's commitment to air quality compliance. From October 22 to 24, in continuation of professional development, the maintenance supervisor and a lead mechanic attended the NextGen Annual Conference, advancing their skills in asset management. Their knowledge gained will enhance CMSA's capabilities to manage assets, improve maintenance practices, and achieve cost efficiency.

Attachment:

- October 2024 NPDES Permit Compliance, Treatment Process, and Maintenance Activities Report.

NPDES Permit Compliance, Treatment Process, and Maintenance Activities Report
October 2024

Replacement of Rubber Bladder in Recycled Water Pressurization Tank No. 2

Monthly Compliance Summary Table
Central Marin Sanitation Agency
October, 2024
Final Effluent Monitoring

Parameter	Limit Type	NPDES Monitoring Frequency	CMSA Monitoring Frequency	Results	Units	Limit
Carbonaceous Biochemical Oxygen Demand (cBOD)	Weekly Average	1/Week	3/Week	6.7	mg/L	Maximum 40
	Monthly Average	1/Week	3/Week	5.0	mg/L	Maximum 25
cBOD Removal	Monthly Average	1/Week	3/Week	97.4	%	Minimum 85
Total Suspended Solids (TSS)	Weekly Average	2/Week	3/Week	8.0	mg/L	Maximum 45
	Monthly Average	2/Week	3/Week	6.0	mg/L	Maximum 30
TSS Removal	Monthly Average	2/Week	3/Week	96.2	%	Minimum 85
Chlorine Residual	Hourly Maximum	Continuous	Continuous	.03	mg/L	Maximum 0.56
Ammonia	Monthly Average	2/Month	1/Week	42.5	mg/L	Maximum 60
	Daily Maximum	2/Month	1/Week	45.1	mg/L	Maximum 120
pH	Instantaneous	Continuous	Continuous	6.4	SU	Minimum 6
	Instantaneous	Continuous	Continuous	7.8	SU	Maximum 9
Bacteriological Analysis						
Enterococcus	6-Week Geomean	2/Week	3/Week	8.7	MPN/100mL	Maximum 255
	10% Maximum	2/Week	3/Week	15.6	MPN/100mL	Maximum 1,055
Metals Analysis						
Copper	Daily Maximum	Monthly	Monthly	9.4	ug/L	Maximum 84
	Monthly Average	Monthly	Monthly	9.4	ug/L	Maximum 48
Cyanide	Daily Maximum	Monthly	Monthly	J1.4	ug/L	Maximum 37
	Monthly Average	Monthly	Monthly	J1.4	ug/L	Maximum 21
Semiannual and Quarterly Analysis						
Mercury	Weekly Average	Quarterly	Quarterly	0.0057	ug/L	Maximum 0.072
	Monthly Average	Quarterly	Quarterly	0.0057	ug/L	Maximum 0.066
	Annual Load	Quarterly	Quarterly	0.02	kg/yr	Maximum 0.11
Chronic Toxicity	Pass/Fail	Semiannual	Semiannual	*	Pass/Fail	Pass Minimum
	Effect	Semiannual	Semiannual	*	%	50% Maximum
	Survival	Semiannual	Semiannual	*	%	50% Maximum
Permit Analysis						
Dioxin - TEQ Sum	Daily Maximum	1/Permit	1/Permit	*	ug/L	Maximum 2.8E-08
	Monthly Average	1/Permit	1/Permit	*	ug/L	Maximum 1.4E-08
PCB Aroclor Sum	Sum	1/Permit	1/Permit	*	ug/L	Maximum 0.012

** Monitoring Not Required This Month   ND = None Detected   X = Data not available at report time   J = Detected but not Quantified*

Glossary of Terms
NPDES Permit Compliance Summary Table

- **Ammonia**: We analyze the final effluent for ammonia due to its toxicity to aquatic organisms and potential for providing nutrients to algae in the San Francisco Bay. The permit has a maximum daily limit of 110 mg/L and a monthly average limit of 60 mg/L.
- **Carbonaceous Biochemical Oxygen Demand (cBOD)**: The amount of dissolved oxygen needed by microorganisms (biomass) to reduce organic material in the effluent. Effluent permit limits require removal of 85% influent cBOD, a monthly average of concentration of less than 25 mg/L cBOD and a weekly average concentration of less than 40 mg/L.
- **Chlorine Residual:** The secondary effluent is disinfected with hypochlorite (chlorine), and then the residual chlorine is neutralized with sodium bisulfite to protect the Bay environment. The final effluent chlorine residual hourly average limit is 0.56 mg/L, which is monitored continuously.
- **Chronic Bioassay:** A 7-day test of Mysida shrimp's exposure to final effluent in a static renewed tank to determine their survivability. The permit requires that we maintain a less than a 50 percent survival effect.
- **Copper:** Our permit requires monitoring of the final effluent for a variety of different metals and has limits for Copper and Mercury. The Copper monthly average limit is 48 ug/L, and the daily maximum limit is 84 ug/L. The remaining metals are monitored only.
- **Cyanide:** A byproduct of potential source control activities and is also a by-product of the disinfection process, and out permit requires monthly sampling and analysis. The Cyanide monthly average limit is 21 ug/L, and the daily maximum limit is 37 ug/L.
- **Dioxin:** Our permit requires monitoring of 17 dioxin-like compounds once per permit cycle. It has a limit for the weighted sum of these 17 dioxin compounds, referred to as the Dioxin Toxic Equivalency (TEQ). The Dioxin TEQ monthly average limit is 0.014 pg/L and daily maximum limit is 0.028 pg/L.
- **Enterococcus:** Enterococcus bacteria are the indicator organisms for the determination of the effectiveness of the disinfection process. The Enterococcus six-week rolling geometric mean limit is 255 MPN/100mL and the Enterococcus 10 percent monthly maximum limit is 1,055 MPN/100mL.
- **pH:** pH is a measurement of acidity, with pH 7.0 being neutral and higher pH values being basic and lower pH values being acidic. Our effluent pH must stay within the range of 6.0 to 9.0, which we monitor continuously.
- **Mercury:** Our permit requires monitoring of the final effluent for a variety of different metals, and has limits for Copper and Mercury The Mercury monthly average limit is 0.066 ug/L, the weekly average limit is 0.072 ug/L, and the annual average loading limit is 0.11 kg/yr. The remaining metals are monitored only.
- **Total Suspended Solids (TSS):** Measurement of suspended solids in the effluent. Our permit requires removal at least 85% of the influent TSS, and that the effluent limit is less than 45 mg/L as a weekly average and less than 30 mg/L as a monthly average.

EXECUTIVE SUMMARY PROCESS PERFORMANCE DATA
October 2024

The removal efficiencies shown are based on the monthly average of the following treatment processes that were in service.

Expected removal efficiencies as outlined in Metcalf & Eddy Wastewater Engineering Manual.

PRIMARY CLARIFIER PERFORMANCE

Total Suspended Solids (TSS) in:	177.8	mg/l	
TSS out:	91.8	mg/l	
Percent Removal Achieved:	48.3	%	**Design 50-70% Removal**
Total Biochemical Oxygen Demand (BOD) in:	263.1	mg/l	
BOD out:	159.8	mg/l	
Percent Removal Achieved:	39.2	%	**Design 25-40% Removal**
Plant Influent Flows:	8.4	MGD	

SECONDARY SYSTEM PERFORMANCE
AERATION TANKS/ACTIVATED SLUDGE

Dissolved Oxygen set point:	2.3	mg/l
MLSS:	773	mg/l
MCRT:	2.5	Days
SVI:	96	

SECONDARY CLARIFIERS

WAS concentration:	5,309	mg/l
TSS out:	7.7	mg/l
Secondary System TSS Removal	91.5	%

FINAL EFFLUENT

Effluent TSS for the month:	6.1	mg/l	(Maximum Limit: 30mg/l)
Week #1 weekly average	5.3	mg/l	(Maximum Limit: 45mg/l)
Week #2 weekly average	5.7	mg/l	"
Week #3 weekly average	8.0	mg/l	"
Week #4 weekly average	6.0	mg/l	"
Week #5 weekly average		mg/l	"
Monthly average TSS removal efficiency through the plant:	96.2	%	(Minimum Limit: 85%)

Effluent CBOD:	5.0	mg/l	(Maximum Limit: 25mg/l)
Week #1 weekly average	6.7	mg/l	(Maximum Limit: 40mg/l)
Week #2 weekly average	4.3	mg/l	"
Week #3 weekly average	4.5	mg/l	"
Week #4 weekly average	5.0	mg/l	"
Week #5 weekly average		mg/l	"
Monthly average CBOD removal efficiency through the plant:	97.4	%	(Minimum Limit: 85%)

Disinfection Dosing Rate:		2.5	mg/l	monthly average
Ammonia Monthly Average:		42.5	mg/l	(Maximum 120)
Enterococcus six-week Geometric Mean:		8.7	MPN	(Maximum 255)
Enterococcus 10% Maximum:		17.1	MPN	(Maximum 1,055 MPN)
Effluent pH for the month:	Min	6.4		(Min 6.0)
	Max	7.8		(Max 9.0)

DIGESTER TREATMENT

Thickened Waste Concentration:	6.07	%
Volatile Solids destroyed:	86.8	%
Cubic feet of biogas produced:	8,174,010 (Total)	263,678 (Daily Average)
Temperature of the digesters:	101.8	degrees Fahrenheit

EXECUTIVE SUMMARY PROCESS PERFORMANCE DATA
October 2024

The removal efficiencies shown are based on the monthly average of the following treatment processes that were in service.

DEWATERING

Centrifuge feed concentration:	2.4	%
Biosolids concentration:	26.1	%
TSS of the centrate:	137	mg/l
Centrifuge solids capture:	99.47	%
Polymer use per dry ton of biosolids:	16.21	#/dry ton
Polymer feed rate per run:	3.01	gpm
Concentration of the polymer batches:	0.328	%
Sludge feed rate per run:	52.7	gpm

Comments:
The treatment plant performed well, and all online equipment operated without incident.

Graph #1:
Depicts the total influent flow (from all collection agencies) entering the treatment plant.
The red graph line represents total influent flows; and the blue bars depict the CMSA rain gauge recordings for the month.

Graph #2:
Depicts individual collection agency flows.
The Y-axis is in the flow range of 0-8 MGD.

Graph #3:
Depicts the enterococcus most probable number (MPN) results which are an indication of the performance of the disinfection system.
The enterococcus average for the month was well below the Agency KPI of 35 MPN and permit limit of 255 MPN.

Graph #4:
Depicts the total suspended solids in the effluent.
Our monthly average was 6.1 mg/l versus our KPI of 15 mg/l and permit monthly average limit of 30 mg/l. The effluent suspended solids remained below the Agency KPI for the entire month.

Graph #5:
Depicts the effluent CBOD which is measuring the oxygen demand of the wastewater.
The effluent CBOD average was 5.0 mg/l, below our NPDES limits of 40 mg/l weekly and 25 mg/l for the month. The effluent CBOD remained below the Agency KPI of 15 mg/l for the entire month.

Graph #6:
Depicts the degree to which the biosolids have been dewatered.
Our biosolids % concentration met or exceeded our KPI of 25% for most of the month. On two days, October 3 and 29, the biosolids were below KPI with results of 24.6% and 24.8%. The Operations department is currently training three new staff members on centrifuge operation. No dewatering operations were conducted on three days in October.

Graph #7:
Depicts the amount of biogas that is produced in the digesters, measured by a flow meter, and then used to produce electricity.
Biogas production in October averaged 263,678 cubic feet per day, above our monthly KPI of 200,000 cubic feet per day.

Graph #8:
This graph depicts the amount of energy produced through cogeneration versus the energy purchased from MCE for Agency operations, and the green line represents power exported to the grid. On October 7, WES performed upgrades to a Biogas pressure switch requiring the Jenbacher and Waukesha to be offline for most of the day. The Agency exported 28,590 kWh in October.

Glossary of Terms
Process Performance Data Sheet

- **Aeration Tanks:** A biological process that takes place after the biotowers, where biomass (microorganisms) is mixed with the wastewater to feed on dissolved and suspended organic material. High speed blowers are used to provide compressed air to mix the tank contents.

- **Anaerobic Digesters:** In the anaerobic digestion process, organic material removed in the primary and secondary clarifiers is digested by anaerobic bacteria. The end products are methane, carbon dioxide, water, stabilized organic matter, and some inorganic material.

- **Biosolids:** Anaerobically digested solids that are removed from the two digesters, dewatered, and then beneficially reused. Beneficial reuse may include landfill alternate daily cover (ADC), land application in the summer as a soil amendment and fertilizer, or converted into a liquid fertilizer for agricultural applications.

- **Biotower:** A biological treatment process, occurring after the primary clarifiers and before the aeration tanks, in which the wastewater trickles over a biomass-covered media. The biomass feeds on the dissolved and suspended solids in the wastewater.

- **Centrifuge:** Process equipment used to dewater biosolids prior to beneficial reuse.

- **Cogeneration System:** A system comprised of a dual-fuel engine coupled to an electric generator that is used to produce energy to power the Agency facilities. Fuels the system uses are methane biogas produced in the anaerobic digesters and, when biogas is not available, purchased natural gas. As well as generating electricity, the system supplies heat for plant processes and building heating.

- **Chlorine Contact Tanks (CCTs):** The final treatment process is disinfection and de-chlorination. The CCTs allow contact time for injected chlorine solution to disinfect the wastewater. Sodium bisulfite, the de-chlorination chemical, is introduced at the end of the CCTs to neutralize any residual chlorine to protect the San Francisco Bay environment.

- **Rotary Drum Thickener (RDT):** Waste activated sludge removed from the secondary clarifiers is thickened in rotary drum thickeners before being transported to the anaerobic digesters. Thickening removes some of the sludge's water content, to decrease hydraulic loading to the digesters.

- **Final Effluent:** After all the treatment processes are completed, the final effluent is discharged into to central San Francisco Bay through a 10,000-foot-long deep-water outfall.

- **Mean Cell Residence Time (MCRT):** An expression of the average time that a microorganism will spend in the secondary treatment system.

- **Mixed Liquor Suspended Solids (MLSS):** The liquid in the aeration tanks is called MLSS and is a combination of water, solids, and microbes. Suspended solids in the MLSS measured in milligrams per liter (mg/l).

- **Most Probable Number (MPN):** Concentrations, or number of colonies, of total coliform bacteria are reported as the “most probable number.” The MPN is not the absolute count of the bacteria but a statistical estimate of their concentration.

- **Polymer:** Polymer is added to digested sludge prior to dewatering to improve solids coagulation and water separation.

- **Primary Clarifier:** A physical (as opposed to biological) treatment process where solids that settle or float are removed and sent to the digesters for further processing.

- **Return Activated Sludge (RAS):** The purpose of returning activated sludge (biomass) to the aeration tanks is to maintain a sufficient concentration of microbes to consume the wastewater’s dissolved solids.

- **Secondary Clarifiers:** Provides settling for the biomass after aeration. Most of the settled biomass is returned to the aeration tank as return activated sludge (RAS) and some is sent to the RDT unit as waste activated sludge.

- **Sludge Volume Index (SVI):** This is a calculation used to indicate the settling ability of the biomass in the secondary clarifiers.

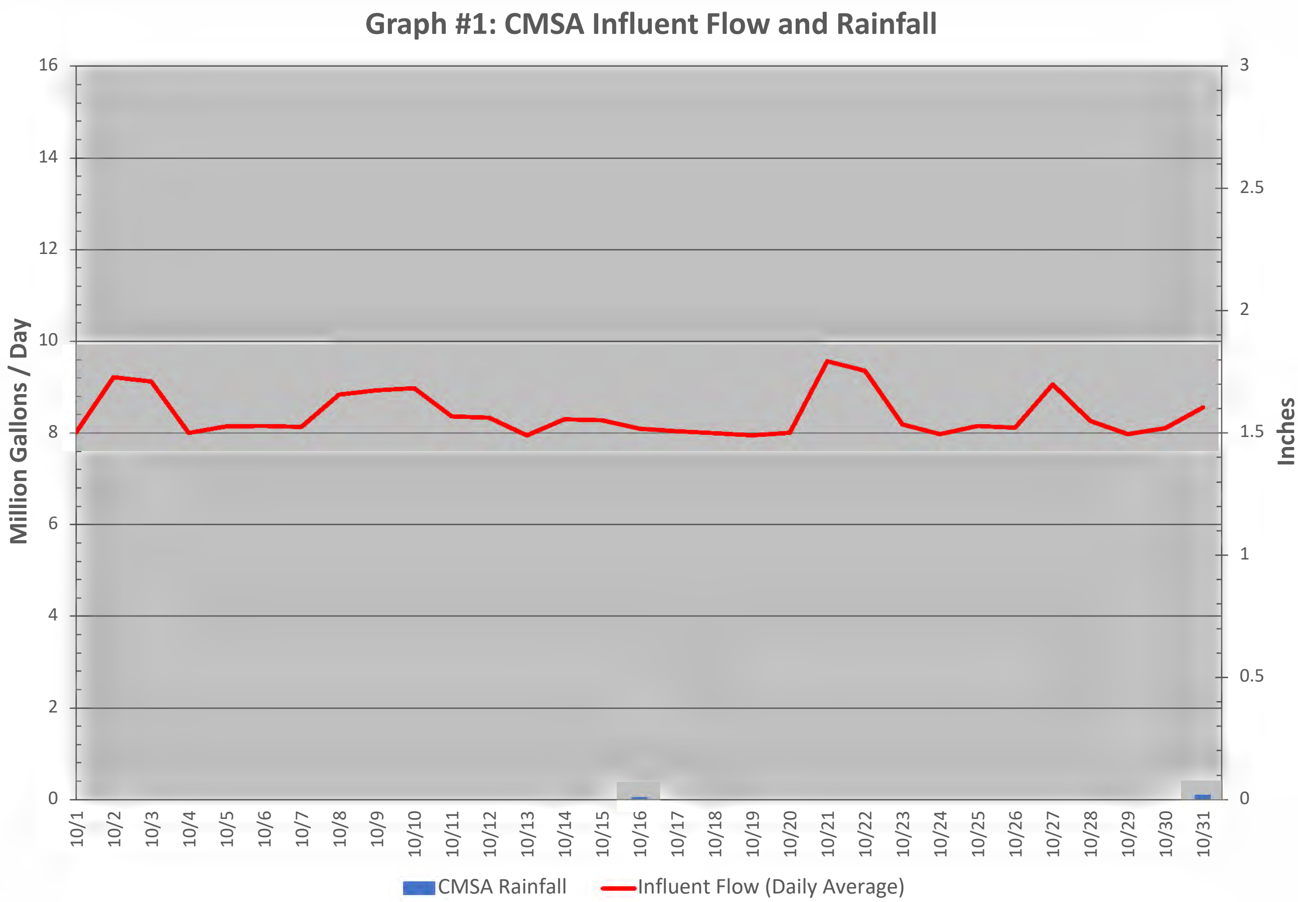
- **Thickened Waste Activated Sludge (TWAS):** Waste activated sludge is thickened in the RDTs, and then the TWAS product is pumped to the digester for processing.

- **Volatile Solids:** Organic content of the wastewater suspended solids.

- **Waste Activated Sludge (WAS):** Biomass that is removed from the secondary clarifiers pumped to the RDTs for thickening.

Units of Measurement

- kg/month (Kilograms per Month): 1 kilogram = 2.205 lbs.
- KPI (Key Performance Indicators): The Agency’s process performance goals.
- Kwh (Kilowatt Hours): A unit of electric power equal to using 1 Kw for 1 hour.
- Milligrams per Liter (mg/L): A measure of the concentration by weight of a substance per unit volume. For practical purposes, one mg/L is equal to one part per million (ppm).
- MPN/100mL (Most Probable Number per 100 milliliters): Statistical estimate of a number per 100 milliliters of a given solution.
- Percent by Mass (% by mass): A measure of the combined mass of a solute + solvent.
- Percent by Volume (% by vol): A measure of the volume of a solution.
- ug/L (Micrograms per Liter of Solution): Mass per unit volume.


Graph #1: CMSA Influent Flow and Rainfall
Million Gallons / Day
Inches
16
14
12
10
8
6
4
2
0
3
2.5
2
1.5
1
0.5
0
10/1
10/2
10/3
10/4
10/5
10/6
10/7
10/8
10/9
10/10
10/11
10/12
10/13
10/14
10/15
10/16
10/17
10/18
10/19
10/20
10/21
10/22
10/23
10/24
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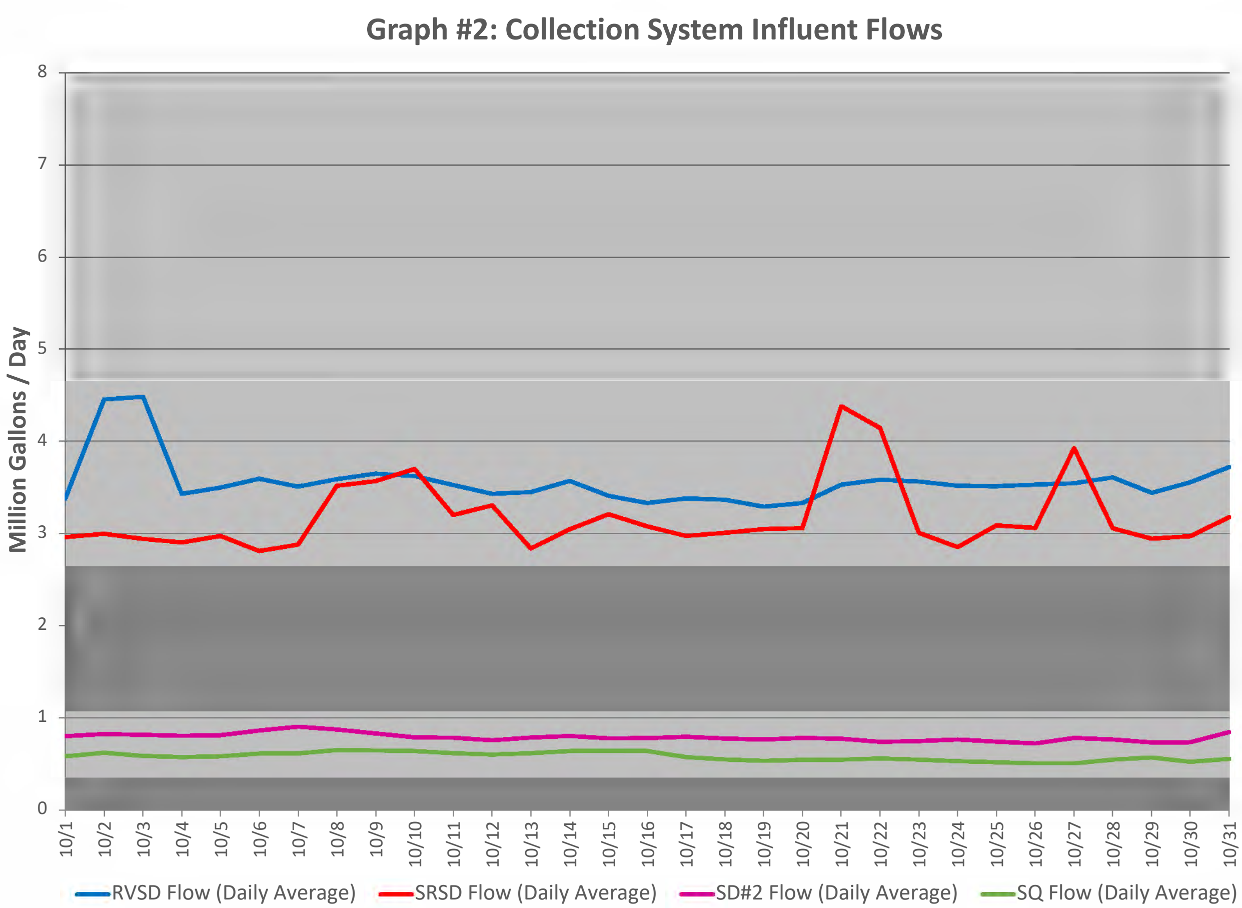
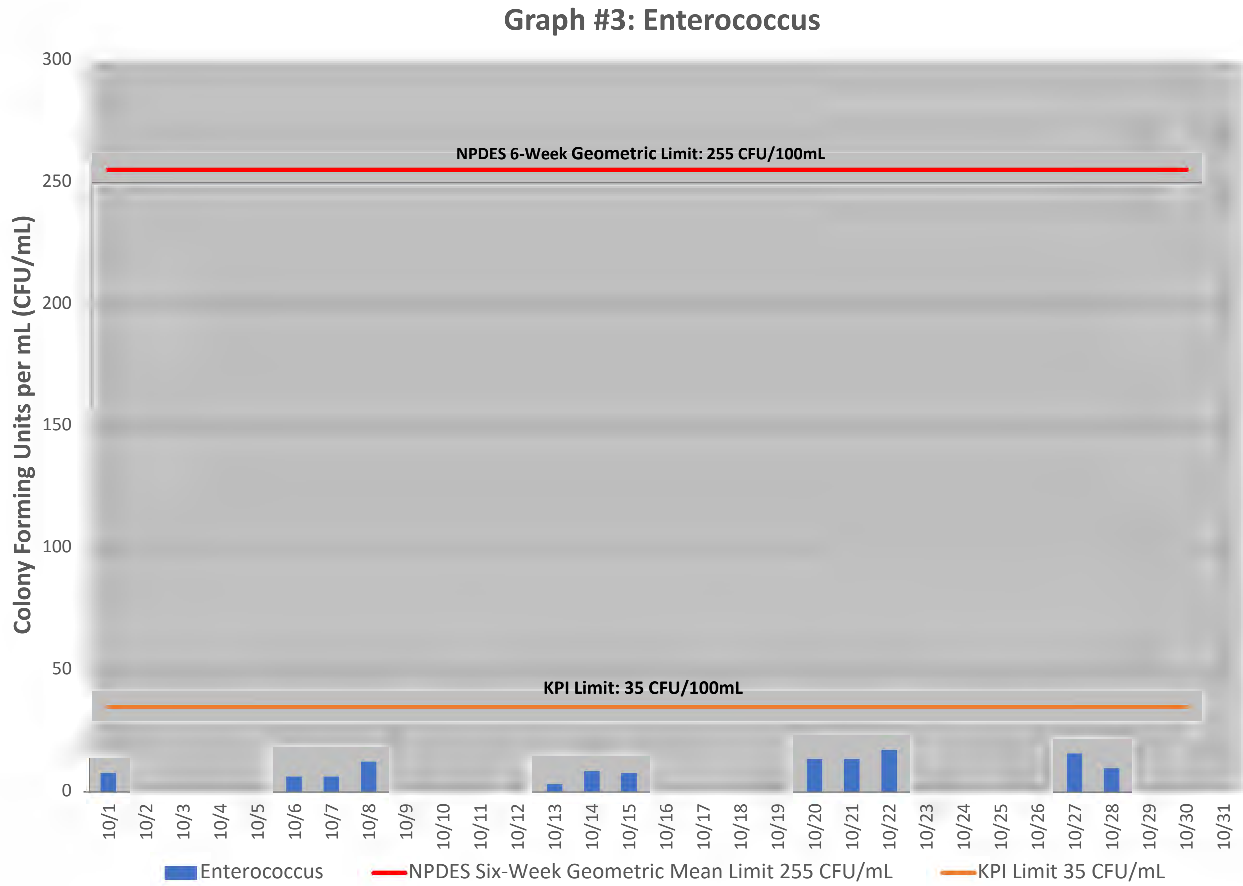
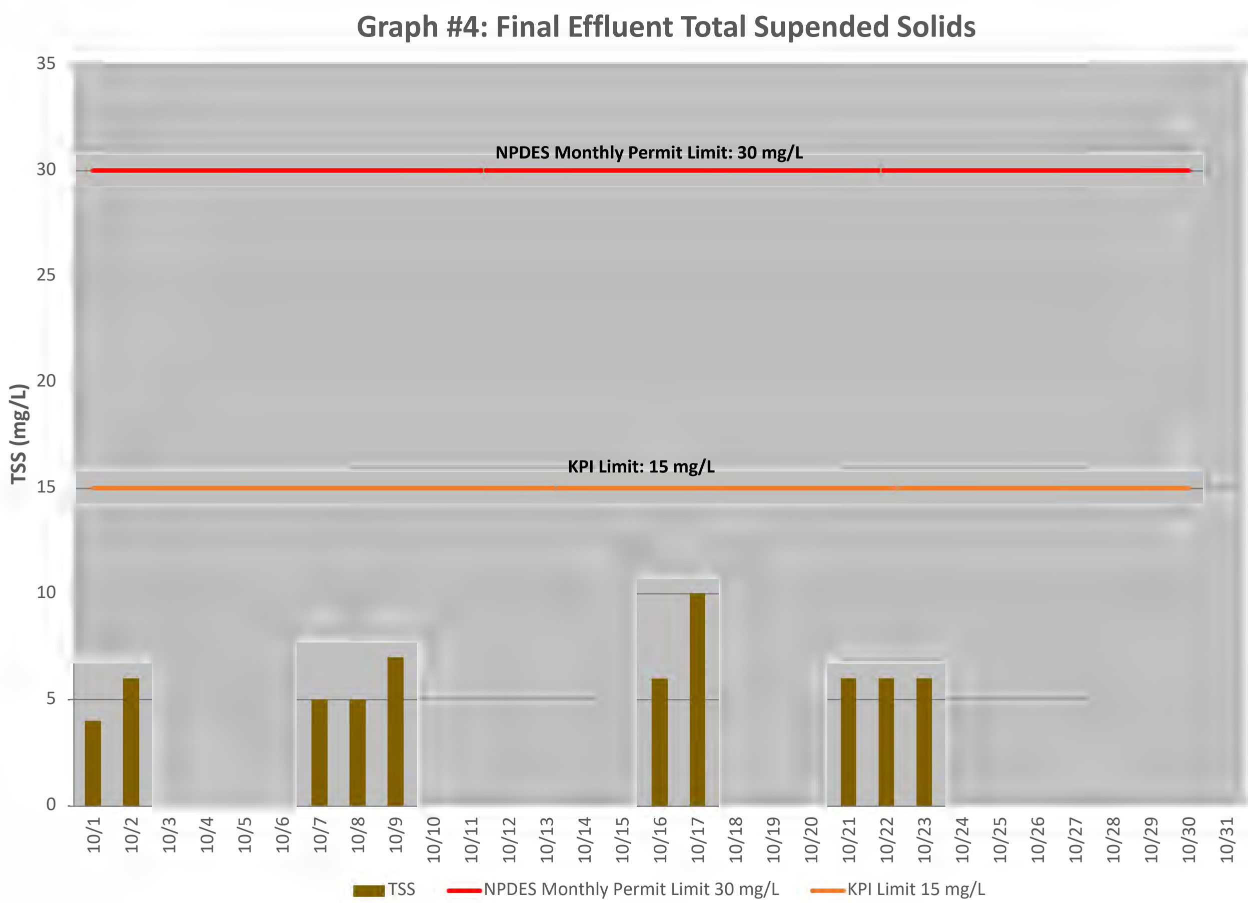
10/26
10/27
10/28
10/29
10/30
10/31
CMSA Rainfall
Influent Flow (Daily Average)

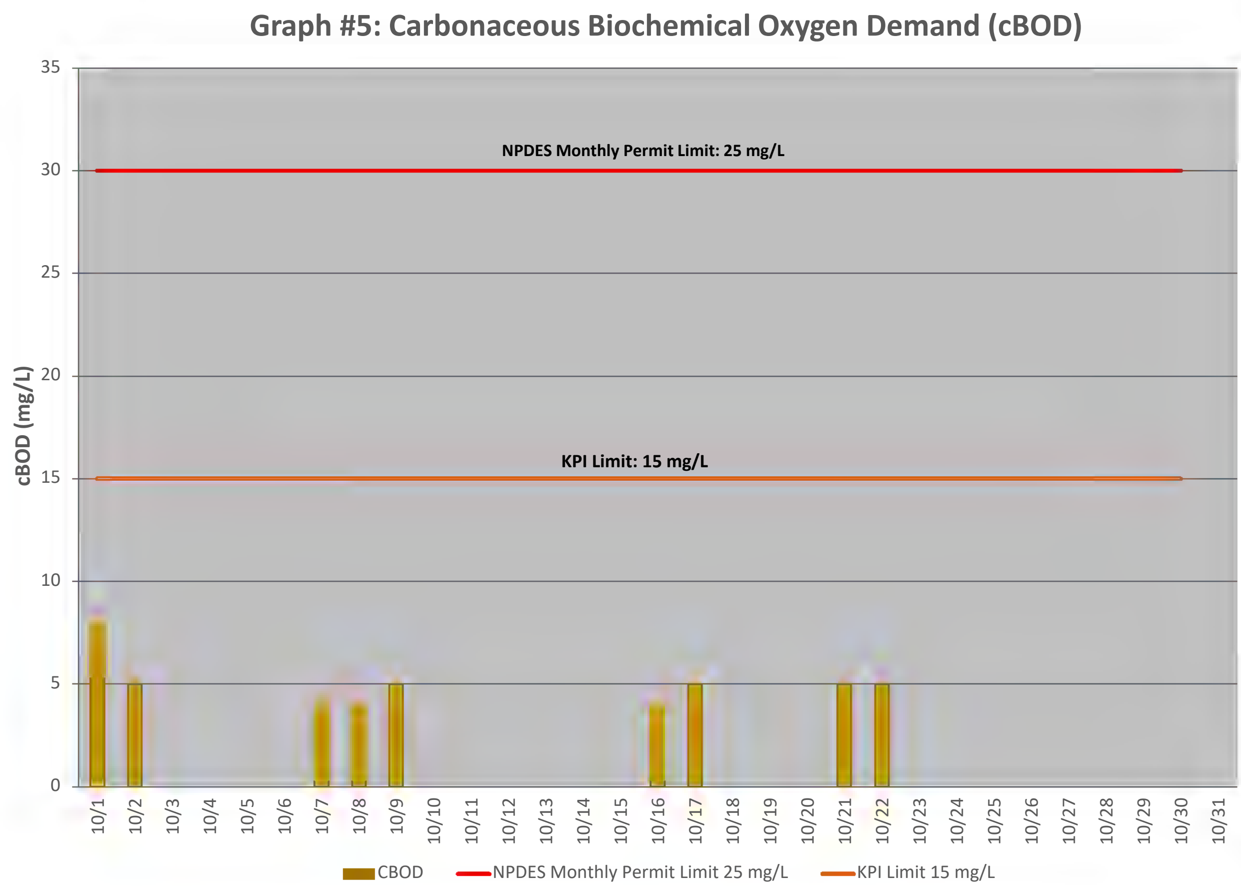

Graph #2: Collection System Influent Flows
Million Gallons / Day
8
7
6
5
4
3
2
1
0
10/1
10/2
10/3
10/4
10/5
10/6
10/7
10/8
10/9
10/10
10/11
10/12
10/13
10/14
10/15
10/16
10/17
10/18
10/19
10/20
10/21
10/22
10/23
10/24
10/25
10/26
10/27
10/28
10/29
10/30
10/31
RVSD Flow (Daily Average)
SRSD Flow (Daily Average)
SD#2 Flow (Daily Average)
SQ Flow (Daily Average)



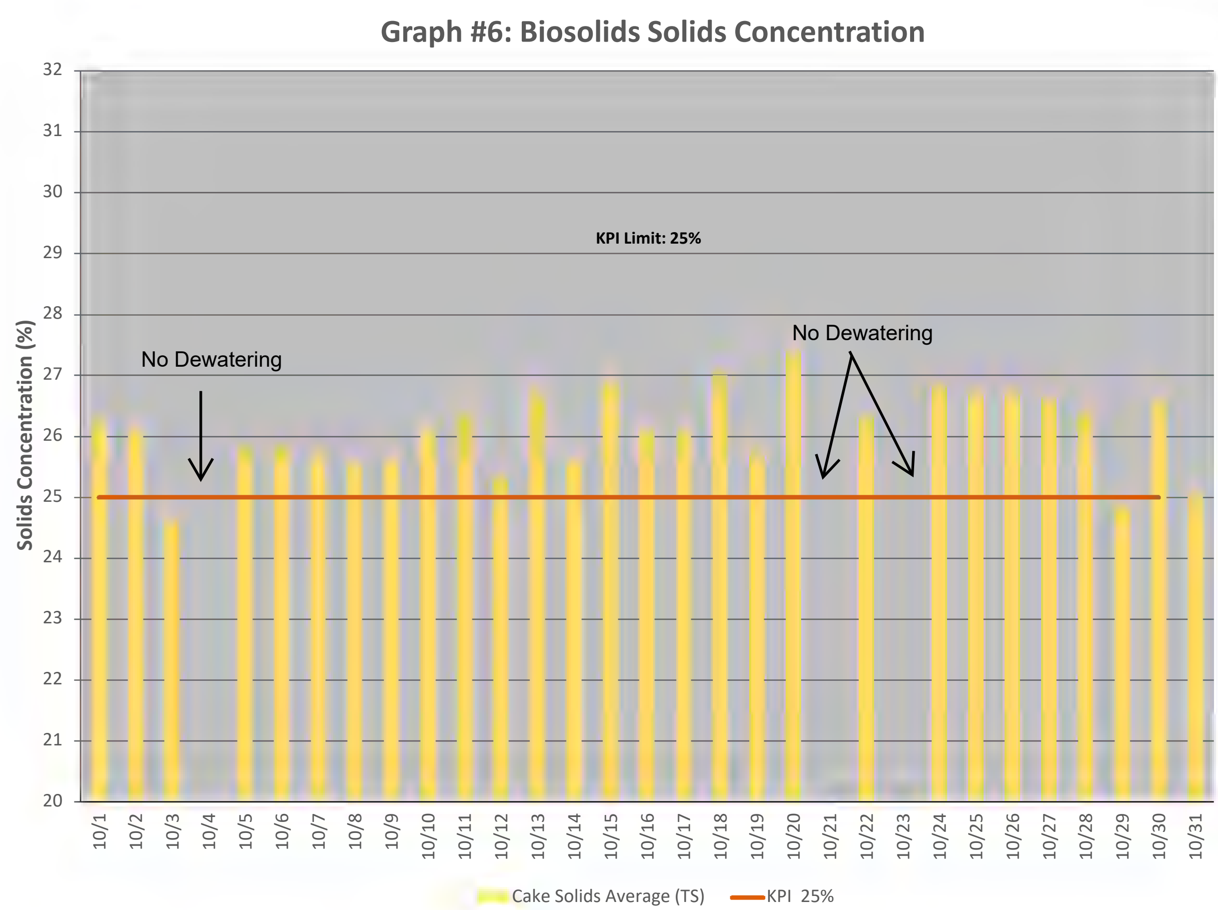
Graph #3: Enterococcus
Colony Forming Units per mL (CFU/mL)
NPDES 6-Week Geometric Limit: 255 CFU/100mL
KPI Limit: 35 CFU/100mL
Enterococcus
NPDES Six-Week Geometric Mean Limit 255 CFU/mL
KPI Limit 35 CFU/mL



Graph #4: Final Effluent Total Supended Solids
TSS (mg/L)
NPDES Monthly Permit Limit: 30 mg/L
KPI Limit: 15 mg/L
TSS
NPDES Monthly Permit Limit 30 mg/L
KPI Limit 15 mg/L

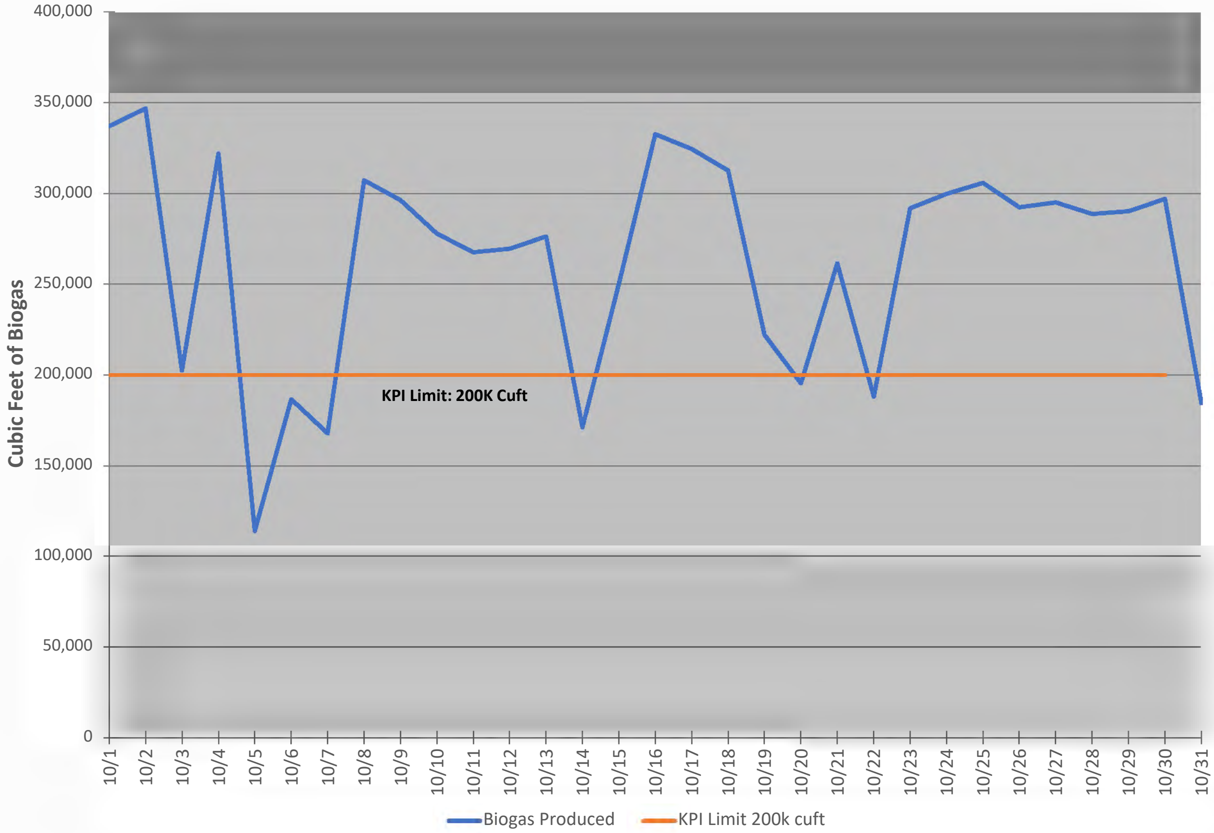


Graph #5: Carbonaceous Biochemical Oxygen Demand (cBOD)
NPDES Monthly Permit Limit: 25 mg/L
KPI Limit: 15 mg/L
cBOD (mg/L)
CBOD
NPDES Monthly Permit Limit 25 mg/L
KPI Limit 15 mg/L

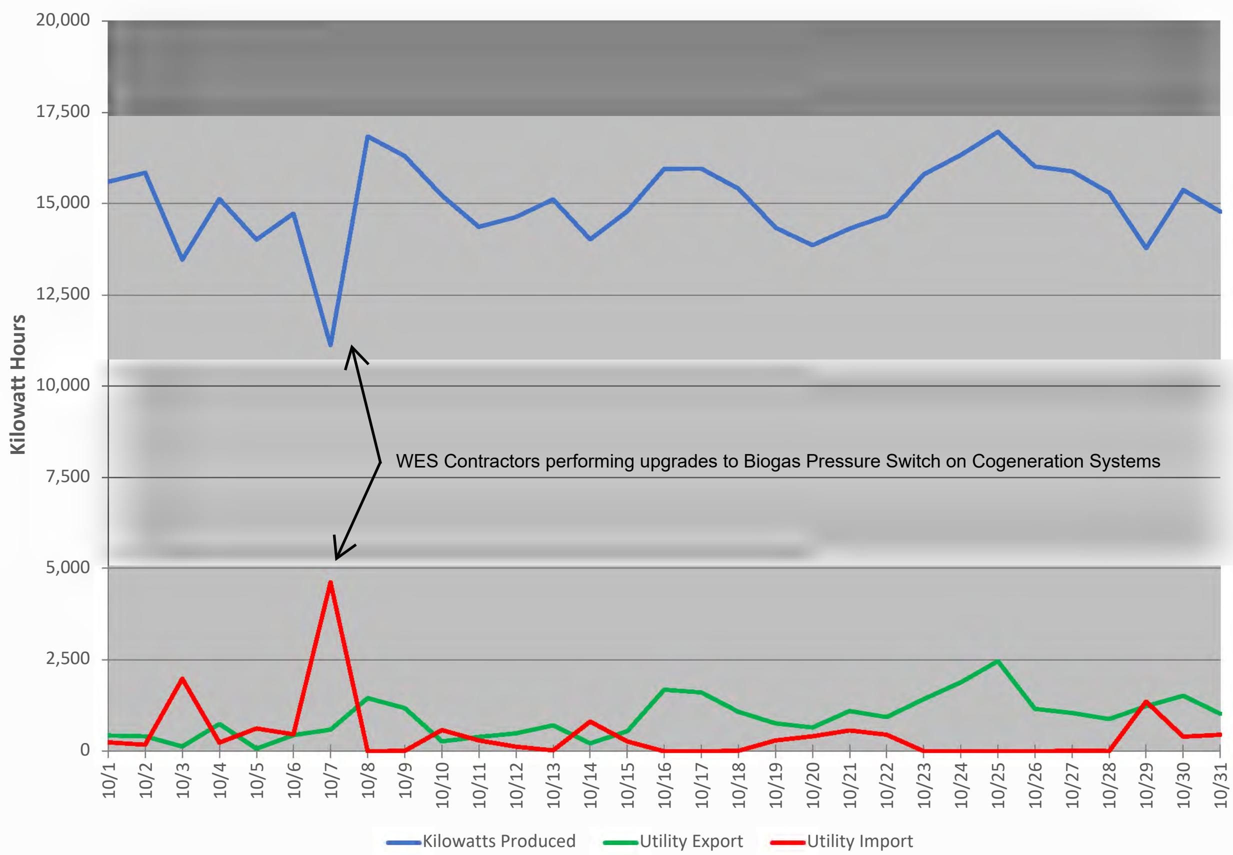


Graph #6: Biosolids Solids Concentration
KPI Limit: 25%
No Dewatering
No Dewatering
Solids Concentration (%)
Cake Solids Average (TS)
KPI 25%

Graph #7: Biogas Production



Graph #8: Power Distribution



Central Marin Sanitation Agency

BOARD MEMORANDUM

November 5, 2024

To: CMSA Commissioners and Alternates

From: Jason Dow, General Manager

Subject: Performance Metric Reports – October 2024

Recommendation: Accept the October 2024 Performance Metric Reports.

Performance Summary: The Agency's performance in operations and maintenance activities, regulatory and environmental compliance, public education, and outreach met or exceeded nearly all our metric goals/targets. Noteworthy metrics or variances are described below.

Table I – Treatment/Process Metrics
Treatment facilities remain in the dry weather mode of operation and will remain in that mode until the first rain events of the next wet weather year. Renewable power delivered to MCE (Item 8) was lower than the target range due to the cogeneration system being offline for the installation of a natural gas control switch and reduced deliveries to the Organic Waste Receiving Facility for cleaning of its storage tank.

Table II – Employee Metrics
Training over the month included most employees attending several department safety tailgate training meetings; several employees received department professional development training; Environmental Services staff receiving financial software invoice training; the Maintenance Supervisor and a Lead Mechanic attending the NextGen Annual Training Conference in Sacramento; and the Administrative Services Manager virtually attending the annual GFOA conference.

Table III – Public Outreach
Four odor notifications were posted to the Agency website in October, and there were no public odor complaints. The notifications were for a full plant shutdown to accommodate installation of a flange on the Ross Valley interceptor (10/1); draining of Primary Clarifier #7 to divert all flow through Primary Clarifier #4 for baffle performance testing (10/17), draining of Aeration Basins #1 and #4 for annual preventative maintenance (10/24), and draining of Aeration Basins #2 and #3 for annual preventative maintenance (10/30).

Monthly public education events may include staff attendance at public outreach events, school classroom and/or juggler show presentations, and Agency tours, as presented below.

Public Outreach Events

Date	Event	Attendees
10/25	Annual Mill Valley Trunk or Treat	750

School Events – Juggler Show Presentations and Classroom Events

Rock Steady Juggling provides elementary school outreach presentations. There were three events over the month.

Date	School	Attendees
10/7	Venetia Valley Elementary School in San Rafael	450
10/31	Bahia Vista Elementary School in San Rafael (two events)	557

CMSA Tours

Date	Group	Attendees
10/8	San Francisco City College of Photojournalism.	3

Table IV – Environmental and Regulatory Compliance Metrics

There were no final effluent or air permit exceedances in October. The additional sampling and analyses for the Nutrient Removal Alternative Evaluation project concluded, resulting in Process Control (Item 3) and Contract Laboratory Analyses (Item 4) returning to their normal ranges.

Attachment:

- October 2024 Performance Metric Report

CMSA CY24 PERFORMANCE METRICS – October 2024

Attachment

TABLE I - TREATMENT/PROCESS METRICS

Metric	Definition	Measurement	Range/Target/Goal
1) Wastewater Treated	Volume of wastewater influent treated in million gallons (Mg); *Year to date in billion gallons (Bg)*	260.1 Mg; 3.77 Bg	165 – 820 Mg/month
2) Recycled Water Use	Volume of recycled water produced and used on-site, in million gallons (Mg) Volume delivered at the truck fill station, in thousand gallons (Kg)	30.9 Mg 34.6 Kg	25 - 40 Mg variable
3) Biosolids Reuse	Reuse at the Redwood Landfill, in wet tons (wt) Fertilizer and soil amendment at land application sites, in wet tons (wt) Bio-Fertilizer production at the Lystek facility, in wet tons (wt)	245 wt 17.5 wt 140 wt	360 – 665 wt
4) Conventional Pollutant Removal	Removal of the conventional NPDES pollutants - Total Suspended Solids (TSS) and Biological Oxygen Demand (BOD) a. tons of TSS removed; % TSS removal b. tons of BOD removed; % BOD removal	 177.8 tons; 96% 204.1 tons; 97%	 > 85% > 85%
5) Priority Pollutants Removal	Diversion of priority NPDES metals from discharge to the San Francisco Bay: a. % Mercury, for current quarter b. % Copper	 91 % 78 %	 88 – 99% 75 – 90%
6) Total Inorganic Nitrogen	Total Inorganic Nitrogen in final effluent (Permitted May – September) a. % of Monthly Total Limit b. May – September rolling monthly average	 84 % 1,097 kg	 <100% <1300 kg
7) Biogas Production	Biogas generated in our anaerobic digesters, in million cubic feet (Mft^3) Natural gas equivalent of the biogas, in million cubic feet (Mft^3)	8.17 Mft^3 5.23 Mft^3	7.0 - 10.5 Mft^3 4.5 - 6.7 Mft^3
8) Power Produced	Power produced from cogeneration of biogas and purchased natural gas - in kilowatt hours. (kWh) Power produced from cogeneration of biogas and delivered to the MCE Cogeneration system runtime on biogas*, in hours (hrs.); % time during month* Agency power demand supplied by renewable power*, %* Cogeneration system uptime, *in hours; % time during month* Biogas value (natural gas cost equivalent).	465,523 kWh 28,590 kWh 630.11 hrs; 84.7% 85.0% 732.14 hrs; 98% $43,561	380 - 480,000 kWh 40,000 - 70,000 kWh 600 hrs; 80% 80 - 100% 650 hrs; 87% $30,000 - $60,000
9) Efficiency	The cost to operate and maintain the treatment facilities per million gallons of wastewater treated, in dollars per million gallons. ($/Mg) Energy used, kilowatt hours, per million gallons treated. (kWh/Mg)	$4,248/Mg 1,846 kWh/Mg	$2,500 - $5,400/Mg (wet - dry) 670 - 2,400 kWh/Mg

CMSA CY24 PERFORMANCE METRICS – October 2024

Table II – EMPLOYEE METRICS

Metric	Definition	Measurement	Target/Goal
1) Employee Training	Hours of internal training – safety, virtual, project, vendor, etc. Hours of external training – employment law, technical, regulatory, etc.	Internal = 40 External = 70	variable
2) Work Orders	Preventative maintenance (PM) labor hours Planned corrective maintenance (CM) labor hours; % of CM+UCM hrs. Unplanned corrective maintenance (UCM) labor hours; % of CM+PM hrs. Ratio of PM to total corrective maintenance (CM + UCM);	635.5 hrs 1,379.5 hrs (90.5%) 145.75 hrs (9.5%) 0.42	800 - 1,100 hrs ≥ 70% total CM hrs ≤ 30% total hours ≥ 0.45
3) Overtime Worked	Monthly hours of overtime worked; *Year to date hours of overtime* % of regular hours worked; *% Year to date*	150 hrs; *(1,382 hrs)* *2.0%; (1.7%)*	< 5%
4) Internship Program	Number of high school and college student interns work hours; *Year to date hours*	104 hrs; *(1,829 hrs)*	Variable

Table III- PUBLIC OUTREACH

Metric	Definition	Measurement	Target/Goal
1) Public Education Events	Attendance at public education outreach events; # of booth visitors; *(YTD)*	750; *(3,024)*	3,000/year
2) School Events	Participation or sponsorship in school outreach events; attendees; *(YTD)*	982; *(2,836)*	variable
3) Agency Tours	Tours given to students and the public; # of people, *(YTD)*	3; *(433)*	variable
4) Odor Notifications	Number of odor alerts posted to the Agency website	4	1-10
5) Odor Complaints	Number of odor complaints received from the public	0	0

CMSA CY24 PERFORMANCE METRICS – October 2024

Table IV - ENVIRONMENTAL AND REGULATORY COMPLIANCE METRICS

Metric	Definition	Measurement	Range/Target/Goal
1) Permit Exceedances	# of NPDES permit exceedances # of BAAQMD permit exceedances	0 0	0 0
2) Regulatory Analyses	# of analyses by the CMSA laboratory for NPDES, stormwater, and biosolids regulatory compliance monitoring and reporting.	310	200-500
3) Process Control Analyses	# of analyses by the CMSA laboratory for process control monitoring	746	400-900
4) Contract Laboratory Analyses	# of analyses by contract laboratories for regulatory compliance reporting, and source control program monitoring.	136	25-150
5) Quality Control Testing	# of CMSA performed laboratory analyses for QA/QC purposes.	1,110	500-1,500
6) Water Quality Sample Analyses	# of ammonia, total and fecal coliform, enterococcus, and/or sulfide analyses performed for the CMSA member agencies, and occasionally source control monitoring analyses.	237	50-500
7) Source Control Inspections	Inspections of industrial and commercial businesses in the Agency's and LGVSD's source control programs and Novato Sanitary District's Mercury Reduction Program – 188 businesses and 97 dental offices.	21	10-30
8) FOG Program Inspections	Inspections of food service establishments (FSEs) in the Almonte, TCSD, SD2, RVSD, SRSD, and LGVSD service areas – approx. 343 FSEs are regulated.	11	30 – 50
9) Permits Issued/Renewed	Permits issued for the source control programs – pretreatment, pollution prevention, food service establishments, and ground water discharge.	1	variable

Central Marin Sanitation Agency

BOARD MEMORANDUM

November 5, 2024

To: CMSA Commissioners and Alternates

From: Joyce Cheung, Senior Engineer

Approved: Jason Dow, General Manager

Subject: Sole Source Specification Authorization for DeZurik Plug Valves and Victaulic Grooved Fittings and Couplings

Recommendations: Approve the sole source specification of DeZurik plug valves and Victaulic grooved fittings and couplings for the Grit Classifiers Replacement Project.

Summary: The Grit Classifiers Replacement Project (Project) replaces three grit classifiers with two new grit washers, and replaces five aging grit pumps with higher capacity pumps. The piping to the new grit washers and grit pumps will be modified to align with the layout and dimensions of the new equipment. Additionally, the isolation plug valves on the grit pumps will be replaced, and new plug valves will be installed to provide operational flexibility for routing flows between the new grit washers and the two grit classifiers that will remain in place for redundancy. The Agency has standardized on DeZurik plug valves and Victaulic grooved fittings and couplings for pipe joint connections. Staff is currently preparing the construction contract documents with Carollo Engineers, and is seeking authorization to sole source specify DeZurik plug valves and Victaulic grooved fittings and couplings in the Project's technical specifications.

Project Budget: The Agency's FY25 Capital Improvement Program budget allocates $1,842,000 for the Grit Classifiers Replacement Project. Procurement of the DeZurik valves and Victaulic fittings and couplings will be by the general contractor during the course of the construction project, and their cost will be included the contractor's low bid proposal.

Discussion: Many of the process piping systems within the Agency's wastewater facilities are constructed using ductile iron pipe with groove type fittings and couplings. These process piping systems include the grit, grit overflow, primary sludge, scum, RAS, WAS, TWAS, centrifuge feed, centrate, and process waste pipelines. The original treatment plant construction used Victaulic grooved fittings and couplings for these process pipes, and thus the Agency standardized on Victaulic fittings and couplings and maintains spare parts in inventory. Approximately 90% of all grooved pipes in the plant use Victaulic fittings and couplings.

Additionally, DeZurik plug valves were standardized by the Agency in 2011 after staff experienced issues with valves from a different manufacturer. Currently 90% of the plug valves in the plant are manufactured by DeZurik, with all aging plug valves scheduled for in-house replacement to DeZurik valves as needed. DeZurik valves are kept in the warehouse inventory which provides for immediate spare replacement of deteriorated valves, as needed.

Public Contract Code (PCC) Section 3400 allows sole sourcing equipment in contract specifications if they are "to match existing products in use on the particular public work". Since the Agency has been procuring and installing Victaulic fittings and couplings to match the original process piping systems, and installing numerous DeZurik plug valves, Agency staff recommends the Board to authorize DeZurik and Victaulic to be specified as the manufacturers for the plug valves and the grooved fittings and couplings, respectively, in the specifications of this Project. Agency staff expect to receive the final design documents December 2024 and intend to present the Project's contract documents for Board acceptance and authorization for public bidding after final design is completed.

Alignment with Strategic Plan: This Project aligns with the Agency's FY25 Business Plan to support Goal 1 – Objective 1.3 as shown below.

Goal One: *CMSA will effectively operate and maintain its treatment facilities in compliance with changing regulations*

Objective 1.3: *Deliver critical and high priority Agency capital projects*

Action: *Finish New Grit Washers Project design and begin construction*

Photos:

Figure 1: Victaulic grooved fittings and couplings on grit pipes


Figure 2: Inventory of Victaulic fittings, couplings and gaskets

Figure 3: Plug valves at grit pumps

Central Marin Sanitation Agency

BOARD MEMORANDUM

November 5, 2024

To: CMSA Commissioners and Alternates

From: Corey Spray, Administrative Services Manager

Approved: Jason Dow, General Manager

Subject: FY24 Capacity Charge Schedule

Recommendation: Approve the FY24 Capacity Charge Schedule.

Summary: CMSA charges a fee to property owners for new connections to the wastewater treatment system and/or an increase in the number of connected fixture units. The fee is a regional capacity charge for use of a proportionate share of the capacity of the wastewater treatment system. The intent of the fee is (1) to ensure that all users pay their fair share of the infrastructure costs of the wastewater treatment system, and (2) is based on the idea that wastewater services and capacity are available on a first-come-first-serve basis. JPA member agencies charge a separate connection fee to the wastewater collection system. The total fee is collected by the member agencies, with the capacity charge portion forwarded to CMSA.

In FY24, the CMSA residential capacity charge was $7,775.79, commercial facilities was $485.98 per fixture unit, and high strength fixtures were $1,137.21 per unit. The Agency received $1,152,938 in capacity charges, and there was a total of 6 new residential connections and 1,960.5 additional fixture units in the service area, including 112 high strength fixture units.

The California Government Code requires CMSA to disclose the amount of capacity charges collected within 180 days after each fiscal year end and to identify the public improvements or projects that were funded by the capacity charges. The FY24 Schedule of Capacity Charges is attached for Board review and approval.

Attachment:
- FY24 Capacity Charge Schedule

Central Marin Sanitation Agency
Schedule of Capacity Charges
Fiscal Year Ended June 30, 2024

The California Government Code requires certain disclosures regarding capacity charges. The Code requires separate accounting of capacity charges and the application of interest to outstanding balances. The Agency's practice is to utilize capacity charges received on a first-in-first-out basis to finance the FY24 capital program initiatives. Accordingly, no interest was posted to capacity charges and there were no outstanding balance of capacity charges at fiscal year-end.

Other required disclosures for the fiscal year-ended June 30, 2024 are as follows:

Total amount of capacity charges collected	$ 1,152,938

Capital projects capacity charge proceeds were applied for:

Secondary clarifier #2 rehabilitation	$ 546,505
Primary clarifier #1 rehabilitation	542,282
FY24 pavement repair project	64,151
Total capital project expenditures	$ 1,152,938

Central Marin Sanitation Agency

BOARD MEMORANDUM

November 5, 2024

To: CMSA Commissioners and Alternates

From: Brandon Halter, General Counsel

Subject: General Manager Employment Agreement – Amendment #5

Recommendation: Approve Amendment #5 to the General Manager Employment Agreement

Summary: In closed session at the October 9 Board meeting, the Board reviewed the performance of General Manager Dow, and subsequently directed General Counsel Brandon Halter to negotiate with Mr. Dow regarding a potential amendment to the 2019 General Manager Employment Agreement (as amended, "Agreement"). The attached Amendment #5, in summary, extends the term of the Agreement by one year, to October 2029, provides a 2.4% annual compensation increase to align with the results of a market survey of comparator agency GM positions, and memorializes the Board's decision to issue Mr. Dow a 5% performance bonus for his performance over the last year, pursuant to the terms of the Agreement.

Attachment:
- Amendment #5 to the 2019 General Manager Employment Agreement

CENTRAL MARIN SANITATION AGENCY
GENERAL MANAGER EMPLOYMENT AGREEMENT
Amendment #5

This Amendment #5 ("Amendment") is made and entered into on November 7, 2024, by and between the Central Marin Sanitation Agency ("CMSA" or "Agency") and Jason Dow ("Dow" or "Manager"). The provisions in this Amendment supersede the same provisions in that certain General Manager Employment Agreement between CMSA and Manager of October 8, 2019, as amended by that certain Amendment #1 to such agreement dated October 13, 2020, that certain Amendment # 2 to such agreement dated October 12, 2021, that certain Amendment # 3 to such agreement dated October 11, 2022, and that certain Amendment #4 to such agreement dated October 10, 2023 (together, "2019 Agreement"), but any provisions in the 2019 Agreement not specifically amended by this Amendment shall remain in full force and effect.

SECTION I - Employment and Term of Office

CMSA agrees to employ Dow as General Manager to perform the functions and duties of said office. The Manager shall serve for a five-year term. This term shall expire on October 10, 2029. CMSA shall have the option of extending the five-year term at any time, but may only do so in writing. Upon expiration of this Agreement or any Addendum or Amendment hereto, the other terms and conditions of this Agreement shall remain in effect until it is either terminated or renegotiated.

SECTION II - Compensation

Effective November 7, 2024, Manager shall receive a monthly salary of $28,392, which reflects a 2.4% adjustment from the prior year's monthly salary to bring Manager's compensation to the mean of comparator organizations consistent with the rest of CMSA's workforce, and for each successive year on July 1, shall receive a cost-of-living adjustment ("COLA"). The COLA shall be the same percentage that is given to Agency staff. CMSA may provide Manager with a bonus equal to up to 5% of Manager's annual base salary, each year, based upon Manager's performance. Further, based on Manager's performance during the year preceding this Amendment, and pursuant to the terms of the 2019 Agreement, Manager shall receive a bonus of 5% his annual base salary (calculated based on the amount of such salary prior to the COLA effective July 1, 2024) upon execution of this Amendment.

Dated: _______________ ____________________________
Eli Beckman, CMSA Board Chair

Dated: _______________ ____________________________
Mary Sylla, CMSA Board Secretary

Dated: _______________ ____________________________
Jason Dow, General Manager

Approved to as Form:

Dated: ________________ __________________________________
Brandon Halter, Chief Deputy County Counsel

Central Marin Sanitation Agency

BOARD MEMORANDUM

November 5, 2024

To: CMSA Commissioners and Alternates

From: Corey Spray, Administrative Services Manager

Approved: Jason Dow, General Manager

Subject: FY25 First Quarter Budget Status Report

Recommendation: Review and accept the First Quarter Budget Status Report for FY25.

Discussion: The Agency is pleased to present the budget status report for the first quarter ended September 30, 2024. Tables for revenues by source, expenses by function, and Capital Improvement Program (CIP) by major classes of capital projects are reflected below with analytical information for each.

Highlights for the first quarter ended September 30, 2024, are as follows:

- First quarter total revenues are at 38.7% of budget.
- Sewer service charges are at 25% as billed.
- Debt service contributions are at approximately 83.5% collected for the first quarter for debt service billed-as-due for JPA members and billed monthly for San Quentin State Prison.
- Debt service contributions include 25% coverage required by revenue bond indenture provisions, used as a financing source for the capital program.
- Capacity charges are collected at approximately 27.1% of budget for the first quarter through September 30, 2024.
- Total operating expenses incurred are at approximately 28.2% of budget.
- Tables for expenses by function and department are shown on page 4 of this report.
- The CIP consists of 33 different projects classified within four categories with a total FY25 budget of approximately $10.1M and actual spent or encumbered of $4.8M.

Description	FY25 Budget	YTD Act+Encum [1]	Amount (Over) Under	% Coll Spent
Total Collected Revenues	$ 23,518,100	$ 8,753,929	$ 14,764,171	37.2%
Total Operating Expenses	17,214,165	4,848,555	12,365,610	28.2
Total Debt Service Payments	4,500,300	3,951,241	549,059	87.8
Total Capital Expenditures	$ 10,128,450	$ 4,840,000	$ 5,288,450	47.8

[1] Encumbrances apply to operating expenses and capital expenditures only.

Collected Revenues by Source

Description	FY25 Budget	YTD Actual	Amount (Over) Under	% Coll
Sewer Service Charges	$ 14,823,000	$ 3,705,750	$ 11,117,250	25.0%
Contributions for Debt Service	5,625,400	4,635,489	989,911	82.4
Contract Services	1,945,600	184,911	1,760,689	9.5
Program Revenues	133,900	25,618	111,282	16.9
Haulers, Permits, & Inspection Fees	355,500	117,091	238,409	32.9
Other Non-Operating Revenues	270,000	4,420	265,580	1.6
Interest Income	325,200	72,958	252,242	22.4
Capacity Charges	39,500	10,692	28,808	27.1
Total Revenues & Financing Sources	$ 23,518,100	$ 8,753,929	$ 14,764,171	37.2%

Sewer Service Charges: Sewer service charges are billed at the beginning of each quarter to the JPA member agencies for operating and capital funding and are due upon receipt. Sewer service charges are the largest revenue source.

Contributions for Debt Service: Debt service contributions, including coverage, are billed to the JPA member agencies in August and February, prior to each debt service payment. San Quentin's contributions are billed monthly and have been received through August.

Contract Services and Program Revenues: These revenues have separate tables and analytical information for each as shown on the following page.

Haulers, Permits, and Inspection Fees: Revenue from haulers is at approximately 32.9%. This revenue type represents septic receiving-facility-use-charges, organic waste disposal tipping fees, industrial waste discharge permit fees, reimbursement of costs for source control program discharger permits, and other related services.

Other Non-Operating Revenues: Other non-operating revenues consist of small dollar items, infrequent cost reimbursements, grant proceeds, and insurance dividends. The Agency is applying for reimbursement of project costs under the CalRecycle program, of which the total collection from FY23 through FY25 thus far is $2.3M. Payment of retention is expected to be paid in the current fiscal year in the amount of approximately $250,000.

Interest Income: California Asset Management Program (CAMP) posts interest monthly and is currently at 5.29% and the Local Agency Investment Fund (LAIF) posts interest quarterly and is currently at 4.58% of applicable account balances. Investments in LAIF have become subject to market value adjustment that is reflected as an increase or decrease to interest income.

Capacity Charges: Budgeted capacity charges are a placeholder for five residential new connections from the JPA members. Actual capacity charges received represent new connections and increased fixture units for existing connections. The Agency received proceeds from one property owner located in SD2's area adding 24 drainage fixture units.

Contract Service Revenues

Description	FY25 Budget	YTD Actual Collections	YTD Actual Expenses	Invoice Frequency
Marin Airporter Property Use	$ 75,400	$ 18,376	NA	Monthly
Marin Clean Energy	43,200	8,821	NA	NA
SQSP Wastewater Services	815,000	67,917	203,750	Monthly
SQSP Pump Station Maintenance	458,900	38,242	93,960	Monthly
SQ Village Wastewater Services	20,000	1,200	2,690	Monthly
SD2 Pump Stations	450,000	50,356	96,261	Monthly
LGVSD – FOG & Pollution Prevention	15,100	-	1,514	Quarterly
RVSD – FOG	23,400	-	2,536	Quarterly
SRSD – FOG	29,700	-	2,140	Quarterly
TCSD – FOG	1,500	-	825	Quarterly
SD2 – FOG	7,700	-	1,162	Quarterly
Almonte SD – FOG	1,200	-	733	Quarterly
NSD – Dental Amalgam	4,500	-	-	Annual
SRSD contract development	-	-	12,536	Monthly
NBWA treasurer services	-	-	4,739	Annual
Total Contract Service Revenues	$ 1,945,600	$ 184,911	$ 422,847	

Contract Services: The Agency provides services to sanitary districts and other government entities for wastewater treatment, collection system operations and maintenance, pump station maintenance, and source control program services. Contract service revenues in total are at approximately 24.5% of budget for the first quarter. The Agency contracts with San Quentin State Prison (SQSP) for wastewater treatment services and pump station operation and maintenance, San Quentin Village (SQV) for collection system operation and maintenance, and SD2 for pump station and force main operation and maintenance. FOG and pollution prevention program activities completed through the first quarter have been billed to the respective contract agencies, and we anticipate payments in October and November.

Contract service revenues are billed to participating entities for the direct costs of materials, use of Agency equipment and supplies, along with total compensation for employee staff time at weighted labor rates. Overhead rates are in accordance with contract provisions and range from 10%-22.1% depending upon the contract. Wastewater treatment services for SQSP are based on flow and strength of the prison’s wastewater as a proportion of the total cost of CMSA operation plus capital.

Program Revenues

Description	FY25 Budget	Total Revenue	Actual Expenses	Invoice Frequency
Revenue for Health & Safety Program	$ 98,900	$ 22,618	$ 21,541	Quarterly
Countywide Education Program	35,000	-	-	Quarterly
Total Contract Service Revenues	$ 133,900	$ 22,618	$ 21,541	

Program Revenues: The Agency administers joint venture programs for Health and Safety (H&S) with the Novato Sanitary District (NSD) and a Countywide Education Program (CWP) with five participating wastewater agencies in Marin County. Costs of the H&S program are allocated between the Agency and NSD for salary and benefits, incidental program expenses, and outside safety training costs. The Agency manages the H&S program and charges an administrative fee to NSD, accordingly. Revenue for the H&S program is at approximately 16.9%.

CWP participants plan their programs as a group and budget respective annual shares of program costs based upon percentages established in the CWP agreement at the beginning of each fiscal year. The Agency purchases program materials on behalf of CWP participants and recognizes revenue for reimbursed expenditures plus an administrative fee. The CWP revised its bylaws to simplify the process to purchase program materials directly. This change was effective with the start of the current fiscal year that began on July 1, 2024.

Expenses by Function

Description	FY25 Budget	YTD Act+Encum	Amount (Over) Under	% Spent + Encum
Salaries and Benefits	$ 11,274,300	$ 3,266,594	$ 8,007,706	29.0%
Biosolids Management	632,000	93,652	538,348	14.8
Chemicals and Fuel	2,063,000	372,271	1,690,729	18.0
Permit Testing and Monitoring	252,765	140,307	112,458	55.5
Repairs and Maintenance	813,200	161,768	651,432	19.9
Insurance	674,400	444,543	229,857	65.9
Utilities	444,200	77,406	366,794	17.4
General and Administrative	1,060,300	292,014	768,286	27.5
Total Expenses by Function	$ 17,214,165	$ 4,848,555	$ 12,365,610	28.2%

Expenses by Department

Description	FY25 Budget	YTD Act+Encum	Amount (Over) Under	% Spent + Encum
Administration	$ 4,060,100	$ 1,529,547	2,530,553	37.7%
Health and Safety	303,900	70,728	233,172	23.3
Technical Services	3,576,865	968,954	2,607,911	27.1
Operations	5,230,400	1,290,635	3,939,765	24.7
Maintenance	4,042,900	938,691	3,054,209	24.5
Total Expenses by Department	$ 17,214,165	$ 4,848,555	$12,365,610	28.2%

Salary and Benefits: Salary and benefit expenses include 7 of 26 payrolls that, in total, are at 27% for the first quarter. Benefit costs include pension obligation bond debt service plus a provision to the employee benefits trust to assist the Agency with managing its pension related obligations with CalPERS. The first quarter expenses include the cash-out of accrued leave balances for two retiring management employees.

General Purchasing Information: Expenses and capital disbursements follow purchasing procedures established by policies to ensure protection of public assets, fairness in the purchasing process, and transparency to the public. Purchases are recognized as expenses or additions to capital projects when the goods are received or the services performed.

General and Administrative (G&A): Expenditures are tracking at 27.5% of budget reflecting strong purchasing across all account classifications within general and administrative. The G&A expense category includes professional services (legal, financial, regulatory, etc.), operating permits, memberships in local, state, and national wastewater organizations, employee certifications, conferences, safety supplies, training, software renewals, and office expenses.

Insurance: Insurance is at 65.9% spent for the first quarter reflecting annual premiums that are paid at the beginning of the fiscal year. General liability is the only premium that is paid on a calendar year basis, of which is not expected to be paid until January 2025. The schedule below provides the payment status for insurance coverage. Insurance premiums are paid following when policies are renewed. Workers' Compensation insurance experienced a 28% decrease due to lower claims over the past fiscal year. Property insurance increased only 9% going into FY25, which is lower than the Agency's anticipated 25% increase given CSRMA's expectations on the property market activity.

Description	FY25 Premium	Status
General Liability and Auto	2,579	FY25 to be paid in January 2025; auto paid
Pollution Liability	-	FY25 to be paid in April 2025
Officers Fidelity Bonds	-	FY25 (3-yr staggered terms – none billed Q1)
Commercial Crime Insurance	3,938	FY25 paid in full
Workers Compensation	172,800	FY25 paid in full
Property Insurance	265,226	FY25 paid in full

Repairs and Maintenance: Repair and maintenance expenditures currently represent approximately 19.9% of the annual budget. These expenditures encompass planned maintenance on pumps, gates, process equipment, and procurement of air purification media. Expenditure levels alone do not directly indicate the quality or volume of repair and maintenance activities. For instance, higher expenditures may reflect the purchase of materials and supplies in preparation for upcoming maintenance, while lower expenditures may indicate staff performing planned maintenance utilizing existing parts inventory. As of the end of the first quarter, the parts inventory is valued at approximately $2.4 million, ensuring readiness for essential maintenance needs.

Chemicals and Fuel: The current fiscal year budget utilization is at 18%, aligning with projected expenditures. Diesel prices have remained stable, with minor seasonal winter decreases. Chemical usage fluctuates throughout the year based on weather conditions. For example, warmer weather typically requires increased use of calcium nitrate and hydrogen peroxide for odor control, while disinfection and dechlorination chemicals are used more frequently during rain events when flows increase. In the first quarter and early second quarter, there tends to be higher usage of calcium nitrate and hydrogen peroxide. Higher usage of sodium hypochlorite and bisulfite is expected in the second and third quarters during the wet season. Fuel consumption for vehicles remains steady year-round.

Table of Chemical Purchases:

Description	% Budget	Number of Deliveries	
Ferric Chloride	28.3%	3	delivery(s) through September 2024
Polymer	0.0%	0	delivery(s) through September 2024
Calcium Nitrate (odor control)	42.6%	12	delivery(s) through September 2024
Hydrogen Peroxide (odor control)	6.5%	2	delivery(s) through September 2024
Sodium Hypochlorite (disinfection)	18.5%	8	delivery(s) through September 2024
Sodium Bisulfite (dichlorination)	6.8%	2	delivery(s) through September 2024

Biosolids Management: Expenditures were at 14.8% of budget for the first quarter. Management expenses vary and are primarily dependent upon seasonal weather-related circumstances: (1) land application and alternate daily cover at the Redwood Landfill results in lower hauling and reuse tipping fee costs when compared to biofertilizer production at the Lystek facility, and (2) the volume for beneficial reuse is lower during the warmer weather spring and summer months.

Permit Testing and Monitoring: Permit testing and monitoring are at approximately 55% for costs associated with purchases of lab supplies and equipment rentals, NPDES and source control monitoring, and other types of monitoring/testing that were approximated at the beginning of the fiscal year to cover the entire fiscal year. Contract purchase orders for NPDES permit compliance analyses and source control monitoring have been encumbered for the entire fiscal year, resulting in the 55% year to date balance. Costs for this area are on track for the first quarter of this budget.

Utilities: The FY25 budget usage is currently at 20.4% for electricity and 16.0% for natural gas, both aligning closely with projected consumption. Utility expenditures overall are approximately 17.4% of the budget.

Debt Service Payments

Description	FY25 Budget	YTD Actual	Amount Remaining	% Spent	Debt Invoice
Principal	$3,325,000	$3,325,000	$ -	100.0%	JPA-Annual SQSP-Monthly
Interest	1,175,300	626,241	549,059	53.3%	Same
Total Debt Service Payments	$4,500,300	$3,951,241	$ 549,059	87.8%	

The debt service amounts shown above consist of full annual principal and interest for the 2015 and 2020 revenue bonds. The first installment paid on September 1 for each issue, contains full principal and partial interest, and the second installment paid on March 1 is interest only. Both debt service payments have been made and annual debt service for FY25 is approximately 87.8% paid. The 2022 Pension Obligation Bond's debt service is paid in lieu of the required annual UAL cost paid to CalPERS following the Agency's pension funding plan.

Debt service amounts are invoiced to the JPA members approximately one month in advance of when the debt service payments are due. San Quentin Prison is invoiced monthly for its proportionate share.

Capital Improvement Program

Description	FY25 Budget	YTD Actual	Encum	Amount (Over) Under	% Spent + Encum
Facility Improvements	1,918,019	10	11,178	1,906,831	0.6
General Equipment	729,116	326,324	26,914	375,968	48.4
Liquids Treatment Equipment and Systems	4,671,700	504,179	1,463,759	2,703,762	42.1
Solids Treatment and Energy Generation Equip and Systems	2,809,615	158,040	2,349,687	301,888	89.3
Total Cap Improv Program	$ 10,128,450	$ 988,462	$ 3,851,538	$ 5,288,450	47.8%

Total capital program expenditures amount to approximately $1M through the first quarter, with encumbrances for outstanding contracts in the amount of approximately $3.8M. There are payments made for numerous projects with each of the capital improvement program categories (1) Facility Improvements, (2) General Equipment, (3) Liquids, Treatment Equipment, and Systems, and (4) Solids Treatment and Energy Generation Equipment and Systems. Salaries and benefits for in-house staff are charged through time-entry to projects, where applicable, for cost reimbursement purposes such as those financed through grants or certain federal programs.

Attachment:
- First Quarter Capital Program Budget Report

Central Marin Sanitation Agency, CA

Capital Program Budget Report
FY25 Q1 (As of 9/30/2024)

Status

		Original Total Budget	Current Total Budget	Period Activity	Fiscal Activity	Encumbrances	Variance Favorable (Unfavorable)	Percent Used	Status
Facility Improvments									
100-0230-550-8203	Industrial Coatings/Concrete Rehabilitation	401,700.00	401,700.00	-	-	3,350.00	398,350.00	0.83	Urban Waterproofing was retained to repair concrete cracks in Galleries B & L.
100-0230-550-8204	Outfall Inspection & Repairs	640,700.00	640,700.00	-	-	-	640,700.00	0.00	No account activity during this period. Staff solicited bids and submitted the regulatory application for the Outfall Interior Solids Removal Project during this period and a Board approved contract was executed with Tidal Marine Construction for $548.8k on 10/10/24.
100-0230-550-8205	Facility Improvements	197,500.00	201,819.38	9.51	9.51	4,319.38	197,490.49	2.14	Materials to replace the headworks building skylights were procured and $4.3k was encumbered for the skylight materials during this period.
100-0230-550-8206	Facility Paving/Site Work	193,600.00	193,600.00	-	-	3,509.00	190,091.00	1.81	GSE construction was retained to add a concrete step on the primary clarifier staircase.
100-0230-550-8209	SHB Elevator Control Replacmnt	233,000.00	233,000.00	-	-	-	233,000.00	0.00	No account activity during this period.
100-0230-550-8210	Facility Structures Seismic	247,200.00	247,200.00	-	-	-	247,200.00	0.00	No account activity during this period. Staff developed a scope of work for the Facilities Structures Seismic Study and a contract with Kennedy/Jenks Engineers was executed on 10/15/2024.
	Facility Improvements Total:	**1,913,700.00**	**1,918,019.38**	**9.51**	**9.51**	**11,178.38**	**1,906,831.49**	**0.6%**	
General Equipment									
100-0110-550-8301	Process control	88,400.00	88,400.00	632.16	1,330.64	-	87,069.36	1.51	Radio equipment for a primary clarifier composite sampler level instruments was ordered.
100-0110-550-8302	Security/Fire Systems	23,300.00	23,300.00	-	4,144.00	3,705.00	15,451.00	33.69	Emergency fence repairs and a fire sprinkler system inspection were completed.
100-0110-550-8304	IT Hardware/Communication Equipment	70,300.00	70,300.00	-	(125.17)	-	70,425.17	-0.18	Some purchases from FY24 were erroneously credited to FY25. A correction will be made in Q2.
100-0230-550-8306	Laboratory Equipment	35,500.00	44,516.03	-	37,292.61	11,260.17	(4,036.75)	109.07	A Total Kieldal Nitrogen digestion system for nitrogen analysis was ordered and installed. The remaining $20.5k of fiscal activity this period are associated with FY24 budget rollover due to damaged and incorrect equipment (dishwasher/refrigerator) being replaced by the vendor in FY25. A negative encumbrance is currently shown due to re-ordering of damaged equipment whichwill be corrected in Q2.
100-0350-550-8303	Fuel Storage Tanks	13,000.00	13,000.00	-	-	958.70	12,041.30	7.37	A new leak detection sensor was procured for the underground diesel storage tank.
100-0350-550-8305	Agency Vehicle Replacement	327,000.00	327,000.00	-	274,531.45	-	52,468.55	83.95	A new administrative vehicle and service truck for the mechanics were purchased.
100-0350-550-8307	Electrical Equipment	109,000.00	109,000.00	3,602.05	3,602.05	7,314.35	98,083.60	10.02	A replacement headworks audible/visual safetly indicator was ordered and installed. A replacement VFD for the return activated sludge pumps was ordered and installed.
100-0350-550-8309	Process Instrumentation	53,600.00	53,600.00	1,033.43	2,127.95	3,675.81	47,796.24	10.83	A replacement hydrogen sulfide gas detection sensor was procured and installed in the boiler room, and a replacement pH sensor was procured and installed at the final effluent sampling location.
100-0350-550-8310	Electrical Distribution System Rehabilitation	-	-	-	3,330.25	-	(3,330.25)	0.00	Carollo Engineers expended $3.3k to complete the as-built documentation and Switchgear Condition Assessment memo. Another purchase order was incorrectly charged to this account, and a budget transfer will be made in Q2 to correct the negative budget variance due to Carollo's work not completing in FY24 as originally expected.
	General Equipment Total:	**720,100.00**	**729,116.03**	**5,267.64**	**326,233.78**	**26,914.03**	**375,968.22**	**48.4%**	
Liquids Treatment Equipment and Systems									
100-0230-550-8412	Process piping inspection/repairs/rehabilitation	95,000.00	95,000.00	-	-	17,200.00	77,800.00	18.11	A maintenance contract was executed in September with Top Line Engineers for $17.2k to repair the pond drain headwall cracks.
100-0230-550-8417	Nutrient Removal	1,000,000.00	1,000,000.00	37,654.99	50,384.34	521,903.00	427,712.66	57.23	Intentsive wastewater characterisation sampling was completed during this period to support the Nutrient Removal Alternatives Evaluation, requiring some staff overtime, additional laboratory consumables and additional outside laboratory services. Carollo Engineers and Hazen & Sawyer were retained for $519.7k to complete the Nutrient Removal Alternatives Evaluation and Facilities Plan.
100-0230-550-8418	Recycled Water	100,000.00	100,000.00	-	-	-	100,000.00	0.00	No account activity during this period.
100-0350-550-8402	Plant Pumps	109,300.00	109,300.00	-	-	44,059.75	65,240.25	40.31	A replacement secondary tank drain pump was ordered and is awaiting delivery.
100-0350-550-8403	Chemical Pumps	73,200.00	73,200.00	514.38	5,623.03	3,451.94	64,125.03	12.40	Back pressure valves for plant chemical pumps were purchased to replenish inventory.
100-0350-550-8404	Gates Rehabilitation	253,000.00	253,000.00	-	-	-	253,000.00	0.00	No account activity during this period.
100-0350-550-8405	Headworks Equipment	1,847,000.00	1,847,000.00	687.72	68,994.04	841,367.67	936,638.29	49.29	Staff coordinated with Carollo Engineers on the design of the Grit Classifiers Replacement Project. A new bearing was installed for the channel air blower. The pre-purchased grit washers are expected to be delivered in Q4.
100-0350-550-8408	Primary Clarifier Rehabilitation	1,110,500.00	1,110,500.00	96,826.00	363,625.00	32,507.00	714,368.00	35.67	The rehabilitation of Primary Clarifier No. 1 was in progress during this period and was completed in Q2.
100-0350-550-8413	Chemical Tanks	53,700.00	53,700.00	503.51	503.51	-	53,196.49	0.94	Replacement fill line clamps for the Greenbrae Nitrate station were ordered and installed.
100-0350-550-8414	Piping-Valves-Operators	30,000.00	30,000.00	10,429.29	15,048.61	3,269.96	11,681.43	61.06	A 24" stainless-steel blind flange assembly was ordered and installed on the Ross Valley interceptor.
	Liquids Treatment Equipment and Systems Total:	**4,671,700.00**	**4,671,700.00**	**146,615.89**	**504,178.53**	**1,463,759.32**	**2,703,762.15**	**42.1%**	

Capital Program Budget Report

FY25 Q1

Status

		Original Total Budget	Current Total Budget	Period Activity	Fiscal Activity	Encumbrances	Variance Favorable (Unfavorable)	Percent Used	Status
Solids Treatment and Energy Generation Equipment and Systems									
100-0230-550-8501	Emergency Generator Improvement	65,000.00	65,000.00	-	-	-	65,000.00	0.00	No account activity during this period.
100-0230-550-8505	New Cogeneration System	421,800.00	421,800.00	102,257.48	111,202.98	319,071.00	(8,473.98)	102.01	The new exhaust pre-cooler heat exchanger unit was installed and commissioned. The warranty replacement of the damaged SCR unit will be completed in Q2. A $15k change order was issued to enable the engine to operate on biogas during PG&E power outages, resulting in a negative budget variance. A budget transfer to address this variance will be performed in Q2.
100-0230-550-8514	Liquid Org Waste Storage & Biogas Trmt Upg	-	6,415.00	-	6,415.00	-	-	100.00	GHD Inc. completed the as-built record drawings and closed out the project. The project was previously expected to be completed in FY24, but was delayed and completed in July. The rollover amount will be completed in Q2.
100-0350-550-8503	Centrifuge Replacement	2,025,000.00	2,025,000.00	-	31,499.00	1,935,713.03	57,787.97	97.15	Black & Veatch continued working on the design and coordinated with staff on the procurement of replacement centrifuges. The encumbered amount reflects the centrifuges that were pre-purchased in August.
100-0350-550-8506	Hot Water Systems	36,300.00	36,300.00	-	-	-	36,300.00	0.00	No account activity during this period.
100-0350-550-8510	Biosolids Hoppers-Maintenance	80,000.00	80,000.00	1.52	1.52	-	79,998.48	0.00	No account activity during this period.
100-0350-550-8511	Organic Waste Receiving Facility	103,100.00	103,100.00	-	481.07	-	102,618.93	0.47	Replacement air filters were purchased for the odor control scrubber.
100-0350-550-8513	Jenbacher Cogeneration Maintenance	72,000.00	72,000.00	-	8,440.41	94,902.59	(31,343.00)	143.53	Routine Long-Term-Service-Agreement operating hour payments were processed and encumbered for the Fiscal Year. The unforeseen Jenbacher cogeneration engine annual source test was completed resulting in a negative variance of $31.3k.
	Solids Treatment and Energy Generation Equipment and Systems Total:	**2,803,200.00**	**2,809,615.00**	**102,259.00**	**158,039.98**	**2,349,686.62**	**301,888.40**	**89.3%**	
	Report Total:	**10,108,700.00**	**10,128,450.41**	**254,152.04**	**988,461.80**	**3,851,538.35**	**5,288,450.26**	**47.8%**	

Central Marin Sanitation Agency

BOARD MEMORANDUM

November 5, 2024

To: CMSA Commissioners and Alternates

From: Nicholas Talbot, Treatment Plant Manager

Approved: Jason Dow, General Manager

Subject: Aeration Tank No. 1 & No. 4 Effluent Channel Slide Gate Replacements

Recommendation: Approve the procurement of Aeration Tank No. 1 & No. 4 effluent channel slide gates with actuators not to exceed $95,000.

Summary: The Agency operates two aeration tank effluent channel slide gates for Aeration Tanks No. 1 and No. 4, essential for optimizing flow control and treatment configurations. Agency staff obtained quotes from Frank A. Olsen Co., Rodney Hunt gates at $38,000 per unit, Coombs-Hopkins, Whipps gates at $39,810 per unit, and Mi Motion, Waterman gates at $41,958 per unit. Frank A. Olsen Co. offers stainless steel Rodney Hunt gates manufactured in Orange, MA., that will bolt directly into existing wall thimbles. These stainless-steel gates do not require protective coating and are lighter and easier to maintain than the cast iron. Maintenance staff will remove the existing cast iron gates and install the new stainless-steel gates.

Fiscal Impact: The Agency's FY25 Capital Improvement Program budget allocates $253,000 for gate replacement, of which $95,000 was planned for the procurement of Aeration Tank No. 1 & 4 effluent channel slide gates, including delivery, sales tax, and contingencies.

Alignment with Strategic Plan: This project aligns with the Agency's FY25 Business Plan to support Goal 1 – Objective 1.2 as shown below:

Goal One: *CMSA will effectively operate and maintain its treatment facilities in compliance with changing regulations.*

Objective 1.2: *Manage the Agency's equipment and assets consistent with CIP and maintenance programs.*

Attachment:
- Cost Quotation from Frank A. Olsen Co. for Rodney Hunt Gates

Frank Olsen
COMPANY

286 Rickenbacker Circle
Livermore, CA 94551
925-961-8888 tel.
925-961-8890 fax
www.frankaolsen.com

To: Central Marin Sanitation Agency
Att: James Clark
Phone: 415-459-1455
Email: jclark@cmsa.us

Date: 08/16/2024
Quote No: 23466

ANY PURCHASE ORDER ISSUED AS A RESULT OF THIS QUOTATION IS SUBJECT TO ALL OF THE MANUFACTURER'S CONDITIONS AND FINAL ACCEPTANCE BY MANUFACTURER. SPARE PARTS NOT INCLUDED UNLESS NOTED BELOW. WE ASSUME THE PROJECT IS NOT AIS UNLESS NOTED BELOW. SPECIAL ORDERED ITEMS WHICH INCLUDE SPECIAL CONSTRUCTION, COATINGS, ACCESSORIES AND/OR FEATURES ARE NON-CANCELABLE AFTER THE PRODUCTS IS FORMALLY RELEASED FOR FABRICATION WITH FAO OR MANUFACTURER

Item	Qty	Description	Unit Price	Extended
1	2	RODNEY HUNT Stainless Steel Slide Gates – 36" (w) x 60" (h) - Model A-113, Rectangular Mounting , Existing Thimble Mounted Design Head 55' Seating and 20' Unseating Operating Head 6' Seating and Unseating Sealing On Top, Sides and Bottom Invert to Yoke 11.5', Yoke Mounted Electric Actuator Open/Close Duty, Weatherproof Enclosure Type of Closure, Flush Bottom Stem Extension, Rising with Stem Cover, Frame Configuration Self-Contained, Type of Opening Upward, Included Adaptor Plate between existing thimble and new slide gate. **4- weeks for submittals 24 Weeks after approval**	$ 38,000.00	$ 76,000.00

Total: $ 76,000.00

Shipping Terms : FOB Factory (Full Freight Allowed)
QTE Validity : 30 Days
Payment : Net 30 Days
Shipping Type : Common Carrier

Sincerely,
Ryan Bosch
ryan.bosch@frankaolsen.com

Central Marin Sanitation Agency

BOARD MEMORANDUM

November 5, 2024

To: CMSA Commissioners and Alternates

From: Corey Spray, Administrative Services Manager

Approved: Jason Dow, General Manager

Subject: Fiscal Year 2024 Audited Financial Statements

Recommendation: Accept the Agency's FY24 audited financial statements, and provide comments or direction to the General Manager, as appropriate.

Summary: Each fiscal year, the Agency undergoes an audit of its financial statements. FY24 is the first year the public accounting firm, Maze & Associates Accounting Corporation (Maze), has been engaged to perform the annual financial audit. The audit was recently completed with no issues identified, and the final draft is ready for acceptance by the Board. David Alvey, from Maze, will virtually attend the November 7, 2024, Board meeting to present the results of the FY24 financial audit.

Discussion: Annually, the Agency is required to undertake an external audit of its financial statements for conformity with Generally Accepted Accounting Principles within the United States of America, or US GAAP. An audit is comprised of two primary objectives:

1) Assessment of the Agency's internal control framework over financial reporting.
2) Assessment of the Agency's financial transactions and preparation of the financial statements with related disclosures.

The Agency prepared a Request for Proposal (RFP) for external auditing services as the prior auditor, Cropper Accountancy Corporation, performed six consecutive years of work. Following *Financial Policy #502 – Internal Controls and Fraud Prevention*, the Agency shall not use the same auditing firm for more than six consecutive years. The Agency sent the RFP to several auditing firms and received three proposals for evaluation, and selected Maze as its new external auditor.

Maze planned and performed the external audit in two phases, an interim phase and a final phase. The interim phase included testing of internal controls over financial reporting, and the final phase included testing of financial transactions with respect to preparation of the financial statements. All of the work was performed remotely by Maze, with the Agency providing the supporting documentation through a secure file transfer protocol (SFTP) web portal. The results of the various tests performed are memorialized within Maze's Opinion Letter. The Opinion Letter is included with the Agency's financial statements.

Based on Maze's assessment for FY24, no issues with the Agency's internal control framework were identified and an unmodified opinion was issued for preparation of the FY24 financial statements. Discussion of the procedures performed by Maze as well as their findings are further documented within the attached Memorandum on Internal Controls and Required Communications Letter.

Once accepted, the report will be included into the Annual Comprehensive Financial Report (ACFR) and summarized into the Popular Annual Financial Report (PAFR) for consideration of financial excellence awards from the Government Finance Officers' Association (GFOA).

FY24 Financial Highlights

1) *Cash and cash equivalents* increased $0.84 million, or 3.9%, to an aggregate balance of $22.7 million. This represents both growth in the Agency's reserves that can be used for future budgetary planning and overall cost control of using the Agency's resources. Actual FY24 operating and capital expenses were 84.8% of the FY24 budget.
2) *Restricted cash and investments* increased $0.67 million, or 332.7%, to an aggregate balance of $0.91 million. The primary driver of this growth is the result of the Agency continually funding its Section 115 pension trust to manage its pension funding position.
3) *Bonds payable, net* decreased $3.93 million, or 8.3%, to an aggregate balance of $43.35 million, which represents payment of the principal and interest on its 2015 refunding revenue bonds, 2020 revenue bonds, and 2022 pension obligation bonds.
4) *Net pension liability* decreased $0.11 million, or 1.5%, to an aggregate balance of $6.85 million. The Agency's net pension liability held steady leading to a US GAAP funding ratio of 88% due to CalPERS earning a 5.8% investment return.
5) *Net OPEB liability* increased $0.25 million, or 15.9%, to an aggregate balance of $1.82 million. Retiree medical costs are rising faster than was actuarially assessed leading to an increase in the OPEB liability and lowering the funding ratio to 63% from 66%.
6) *Change in net position* resulted in a $1 million loss. This is primarily the result of a non-cash pension accrual in the amount of $4.9 million that is related to CalPERS recognizing and beginning amortization of the pension obligation bond refunding. CalPERS updates its pension actuarial analysis on a two-year lag. There were also increased costs due to persistent inflation in health insurance and chemicals. However, the Agency earned $1.65 million of its CalRecycle grant revenue from completion of the Liquid Organic Waste Receiving Facility capital project, $1.16 million in investment income from higher interest rates on fixed income securities and improving financial markets, and $1.15 million in capacity charges from increased building activity in the service area.

Overall, the Agency's net financial position remains strong despite actuarial swings in the net pension activity and persistent inflation pressures. The Agency's reserves are increasing, the bond obligations are being paid as scheduled, and the retirement obligations are being managed following the applicable Financial Policy. Combined with a clean independent audit opinion from Maze, all these are factors that can lead to an improved credit rating within the municipal bond marketplace.

Financial Statement Presentation Changes

The Agency updated the presentation of its Financial Statements to make the report more useful for the Board and other interested readers. The notable changes are outlined below:

1) *Management Discussion and Analysis* was updated to conform with the upcoming Governmental Accounting Standard Board (GASB) standard applicable in FY26. The new standard requires specific sections for uniform presentation across governmental entities.
2) *Statement of Revenue, Expenses and Changes in Net Position*
   a. *Other Operating Revenue* was broken out to show the revenue sources that comprises it, i.e., *Leasing Income*, *Renewable Energy Sales*, *Wastewater Discharge Permit Fees*, *Source Control Fees*, *Waste Hauler Service Fees*, and *COVID and Illegal Sampling Fees*.
   b. Operations Supplies and Services expense was broken out to show the expense uses that comprises it, i.e., *Biosolids Management*, and *Chemicals and Fuel*.
3) *Statement of Cash Flows' Receipts from Customers and Users* category was broken out to closely match the revenue sources, but to present it on a cash basis.

Attachments:
1) FY24 Audit Presentation from Maze and Associates
2) Maze and Associates Memorandum on Internal Controls and Required Communications Letter, dated October 23, 2024
3) Central Marin Sanitation Agency Financial Statements – June 30, 2024

Attachment 1

Independent Auditor Presentation

For fiscal year ended June 30, 2024

Central Marin Sanitation Agency

David M. Alvey, CPA
Partner

Annual Audit Overview

- Background:
  - Independent of the District
  - Conducted according to auditing standards generally accepted in the USA
- Result:
  - **Unmodified (i.e.. Clean) Opinion**
  - Emphasis of a Matter – Capital asset correction

MAZE & ASSOCIATES

Financial Highlights (Page 20 and 21)

- Statement of Net Position
  - Asset – Increased by $1.4m
  - Liabilities – Decreased by $2.7m
  - Net Position - $50.2m – Unrestricted is $5.8m

- Statement of Revenues, Expenses and Change in Net Position
  - Revenue – Increased by $1.3m
  - Expenses – Increased by $5.4m

- Independent Opinion on Finances – Strong Financial Position

Historical Total Net Position

FY 23/24 Total Net Position = $50.2 million

- $43.4 (87.6%) in net investment in capital assets
- $904k (1.8%) restricted for pension trust
- $5.8 million (11.6%) unrestricted

MAZE & ASSOCIATES

Memorandum on Internal Control and Required Communication

- Material Weakness: None
- Significant Deficiency: None
- Other Matters: Upcoming GASB Pronouncements
- Required Communication:
  - No unusual transactions
  - No disagreements with management
  - No issues with accounting estimate and assumptions
  - No reason to believe the scope was limited
  - No second opinion

MAZE & ASSOCIATES

QUESTIONS?

MAZE & ASSOCIATES

"We are in the business to help our clients succeed"

CENTRAL MARIN SANITATION AGENCY

MEMORANDUM ON INTERNAL CONTROL
AND
REQUIRED COMMUNICATIONS

FOR THE YEAR ENDED JUNE 30, 2024

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CENTRAL MARIN SANITATION AGENCY
MEMORANDUM ON INTERNAL CONTROL
AND
REQUIRED COMMUNICATIONS

For the Year Ended June 30, 2024

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MAZE & ASSOCIATES

MEMORANDUM ON INTERNAL CONTROL

To the Board of Commissioners
Central Marin Sanitation Agency
San Rafael, California

In planning and performing our audit of the basic financial statements of the Central Marin Sanitation Agency (Agency), California, as of and for the year ended June 30, 2024, in accordance with auditing standards generally accepted in the United States of America, we considered the Agency's internal control over financial reporting (internal control) as a basis for designing our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Agency's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Included in the Schedule of Other Matters are recommendations not meeting the above definitions that we believe to be of potential benefit to the Agency.

This communication is intended solely for the information and use of management, Board of Commissioners, others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Maze + Associates

Pleasant Hill, California
October 23, 2024

Accountancy Corporation
3478 Buskirk Avenue, Suite 217
Pleasant Hill, CA 94523

T 925.228.2800
E maze@mazeassociates.com
W mazeassociates.com

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NEW GASB PRONOUNCEMENTS OR PRONOUNCEMENTS NOT YET EFFECTIVE

The following comment represents new pronouncements taking affect in the next few years. We cite them here to keep you informed of developments:

EFFECTIVE FISCAL YEAR 2025:

GASB 102 – *Certain Risk Disclosures*

State and local governments face a variety of risks that could negatively affect the level of service they provide or their ability to meet obligations as they come due. Although governments are required to disclose information about their exposure to some of those risks, essential information about other risks that are prevalent among state and local governments is not routinely disclosed because it is not explicitly required. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints.

This Statement defines a concentration as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A constraint is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. Concentrations and constraints may limit a government's ability to acquire resources or control spending.

This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued.

If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact. The disclosure should include descriptions of the following:

- The concentration or constraint.
- Each event associated with the concentration or constraint that could cause a substantial impact if the event had occurred or had begun to occur prior to the issuance of the financial statements.
- Actions taken by the government prior to the issuance of the financial statements to mitigate the risk.

How the Changes in This Statement Will Improve Financial Reporting

The requirements of this Statement will improve financial reporting by providing users of financial statements with essential information that currently is not often provided. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. As a result, users will have better information with which to understand and anticipate certain risks to a government's financial condition.

EFFECTIVE FISCAL YEAR 2025/26:

GASB 103 – *Financial Reporting Model Improvements*

The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues.

Management's Discussion and Analysis – This Statement continues the requirement that the basic financial statements be preceded by management's discussion and analysis (MD&A), which is presented as required supplementary information (RSI). MD&A provides an objective and easily readable analysis of the government's financial activities based on currently known facts, decisions, or conditions and presents comparisons between the current year and the prior year. This Statement requires that the information presented in MD&A be limited to the related topics discussed in five sections: (1) Overview of the Financial Statements, (2) Financial Summary, (3) Detailed Analyses, (4) Significant Capital Asset and Long-Term Financing Activity, and (5) Currently Known Facts, Decisions, or Conditions. Furthermore, this Statement stresses that the detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed. This Statement emphasizes that the analysis provided in MD&A should avoid unnecessary duplication by not repeating explanations that may be relevant to multiple sections and that "boilerplate" discussions should be avoided by presenting only the most relevant information, focused on the primary government. In addition, this Statement continues the requirement that information included in MD&A distinguish between that of the primary government and its discretely presented component units.

Unusual or Infrequent Items – This Statement describes unusual or infrequent items as transactions and other events that are either unusual in nature or infrequent in occurrence. Furthermore, governments are required to display the inflows and outflows related to each unusual or infrequent item separately as the last presented flow(s) of resources prior to the net change in resource flows in the government-wide, governmental fund, and proprietary fund statements of resource flows.

Presentation of the Proprietary Fund Statement of Revenues, Expenses, and Changes in Fund Net Position – This Statement requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses. Operating revenues and expenses are defined as revenues and expenses other than nonoperating revenues and expenses. Nonoperating revenues and expenses are defined as (1) subsidies received and provided, (2) contributions to permanent and term endowments, (3) revenues and expenses related to financing, (4) resources from the disposal of capital assets and inventory, and (5) investment income and expenses.

In addition to the subtotals currently required in a proprietary fund statement of revenues, expenses, and changes in fund net position, this Statement requires that a subtotal for operating income (loss) and noncapital subsidies be presented before reporting other nonoperating revenues and expenses. Subsidies are defined as (1) resources received from another party or fund (a) for which the proprietary fund does not provide goods and services to the other party or fund and (b) that directly or indirectly keep the proprietary fund's current or future fees and charges lower than they would be otherwise, (2) resources provided to another party or fund (a) for which the other party or fund does not provide goods and services to the proprietary fund and (b) that are recoverable through the proprietary fund's current or future pricing policies, and (3) all other transfers.

GASB 103 – *Financial Reporting Model Improvements (Continued)*

Budgetary Comparison Information – This Statement requires governments to present budgetary comparison information using a single method of communication—RSI. Governments also are required to present (1) variances between original and final budget amounts and (2) variances between final budget and actual amounts. An explanation of significant variances is required to be presented in notes to RSI.

How the Changes in This Statement Will Improve Financial Reporting

The requirements for MD&A will improve the quality of the analysis of changes from the prior year, which will enhance the relevance of that information. They also will provide clarity regarding what information should be presented in MD&A.

The requirements for the separate presentation of unusual or infrequent items will provide clarity regarding which items should be reported separately from other inflows and outflows of resources.

The definitions of operating revenues and expenses and of nonoperating revenues and expenses will replace accounting policies that vary from government to government, thereby improving comparability. The addition of a subtotal for operating income (loss) and noncapital subsidies will improve the relevance of information provided in the proprietary fund statement of revenues, expenses, and changes in fund net position.

The requirement for presentation of major component unit information will improve comparability.

The requirement that budgetary comparison information be presented as RSI will improve comparability, and the inclusion of the specified variances and the explanations of significant variances will provide more useful information for making decisions and assessing accountability.

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REQUIRED COMMUNICATIONS

To the Board of Commissioners
Central Marin Sanitation Agency
San Rafael, California

We have audited the basic financial statements of the Central Marin Sanitation Agency (Agency), California, for the year ended June 30, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated December 14, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Accounting Policies – Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Agency are included in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year.

The following pronouncements became effective, but did not have a material effect on the financial statements:

GASB 100 – *Accounting for Changes and Error Corrections*
GASB 101 – *Compensated Absences*

Unusual Transactions, Controversial or Emerging Areas – We noted no transactions entered into by the Agency during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting Estimates – Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Agency's financial statements were:

> *Estimated Net Pension Liability and Pension-Related Deferred Outflows and Inflows of Resources:* Management's estimate of the net pension liability and deferred outflows/inflows of resources are disclosed in Note 12 to the financial statements and are based on actuarial studies determined by a consultant, which are based on the experience of the Agency. We evaluated the key factors and assumptions used to develop the estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole.

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Estimated Net OPEB Liability: Management's estimate of the net OPEB liability is disclosed in Note 13 to the financial statements and is based on actuarial study determined by a consultant, which is based on the experience of the Agency. We evaluated the key factors and assumptions used to develop the estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Estimate of Depreciation: Management's estimate of the depreciation is based on useful lives determined by management. These lives have been determined by management based on the expected useful life of assets as disclosed in Note 2 to the financial statements. We evaluated the key factors and assumptions used to develop the depreciation estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Estimate of Compensated Absences: Accrued compensated absences which are comprised of accrued vacation, holiday, and certain other compensating time is estimated using accumulated unpaid leave hours and hourly pay rates in effect at the end of the fiscal year as disclosed in Note 2 to the financial statements. We evaluated the key factors and assumptions used to develop the accrued compensated absences and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Disclosures – The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. We did not propose any audit adjustments that, in our judgment, could have a significant effect, either individually or in the aggregate, on the Agency's financial reporting process.

Professional standards require us to accumulate all known and likely uncorrected misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We have no such misstatements to report to the Board of Commissioners.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in a management representation letter dated October 23, 2024.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Agency's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Agency's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the required supplementary information that accompanies and supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the required supplementary information and do not express an opinion or provide any assurance on the required supplementary information.

We were not engaged to report on the Introductory and Statistical Sections which accompany the financial statements, but are not required supplementary information. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

*****

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

Maze + Associates

Pleasant Hill, California
October 23, 2024

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CENTRAL MARIN SANITATION AGENCY

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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CENTRAL MARIN SANITATION AGENCY
BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2024

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MAZE & ASSOCIATES

INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Central Marin Sanitation Agency
San Rafael, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities of the Central Marin Sanitation Agency (Agency), California, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Agency, as of June 30, 2024, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirement relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Emphasis of a Matter

During the year ended June 30, 2024, it was noted that there was a error of capitalization of a capital asset in the prior year as noted in Note 7 and 14. As a result, the beginning balance of capital assets and net position increased in the amount of $88,155 as of July 1, 2023.

The emphasis of this matter does not constitute a modification to our opinions.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and other Required Supplementary Information as listed in the Table of Contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2024, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Central Marin Sanitation Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

Maze + Associates

Pleasant Hill, California
October 23, 2024

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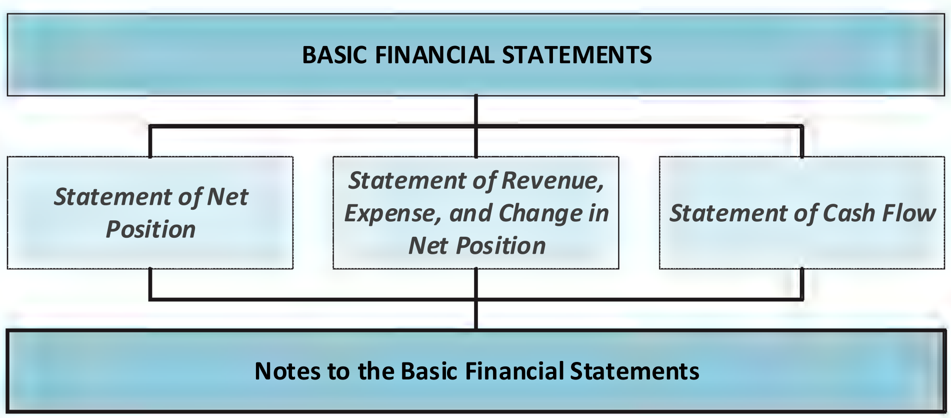
The purpose of management's discussion and analysis (MD&A) is to help Agency customers and other readers understand what the financial statements and notes in this financial report say about the Agency's financial health and why it changed since last year. It contains information drawn from those other parts of the report, accompanied by explanations informed by the Administration Department staff's knowledge of the Agency's finances.

If you have questions about this report or would like further information, please contact the Agency located at 1301 Andersen Drive San Rafael, CA 94901 or by calling (415) 459-1455.

Overview of the Financial Statements

The Agency's financial statements contain two components, *Basic Financial Statements* and *Notes to the Basic Financial Statements*.

Figure 1 – Contents of the Agency's Financial Statements



The *Basic Financial Statements* have three individual statements:

- *Statement of Net Position*: This statement presents information on the Agency's assets, deferred outflows, liabilities, and deferred inflows as year-end, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Agency is improving or worsening.

- *Statement of Revenues, Expenses and Changes in Net Position*: This statement presents the results of the Agency's operations over the course of the fiscal year and information as to how net position changed during the year. These statements can be used as an indicator of the extent to which the Agency successfully recovered its costs through user fees and other charges. All changes in net position are reported during the period in which the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement from items that will result in future cash flows.

- *Statement of Cash Flows*: This statement presents the changes in cash and cash equivalents resulting from operational, capital financing, non-capital financing, and investing activities. These statements summarize the annual flow of cash receipts and cash payments, without consideration of the timing of the event giving rise to the obligation or receipt, and excludes non-cash accounting measures of depreciation or amortization.

The *Notes to the Basic Financial Statements* delve deeper into the Agency's finances as reported in the *Basic Financial Statements*. The information in the *Notes to the Basic Financial Statements* is as important to understanding the Agency's finances as the information in the *Basic Financial Statements*. The Agency uses this component to (1) present information in greater detail than is possible within the *Basic Financial Statements* themselves, (2) explain the nature of amounts in the *Basic Financial Statements* and how those amounts were determined, and (3) report certain information that does not meet the requirements for inclusion in the *Basic Financial Statements* (such as certain contingencies).

Types of Information in the Financial Statements

The Agency's financial report uses the *economic resources measurement focus* and *accrual basis of accounting*. In other words, they comprehensively report all of the below elements:

- *Assets*: Resources the Agency controls, from short-term assets like cash to long-term assets like equipment and treatment facility infrastructure.

- *Liabilities*: Amounts the Agency owes, from short-term liabilities such as salaries payable to long-term liabilities such as outstanding debt and net amounts owed to employees for pensions.

- *Deferred Outflows of Resources* and *Deferred Inflows of Resources*: Flows that occurred during the year, or in prior years, that will not be reported as expenses and revenues until the future year to which they are related.

- *Revenues* and *Expenses*: Inflows and outflows of economic resources, respectively, related to the current year.

More detail about the measurement focus and basis of accounting can be found in *Note 2 – Summary of Significant Accounting Policies*.

Analysis of the Agency's Finances

Table 1 - Comparative Condensed Statement of Net Position
June 30, 2024 and 2023
(Amounts expressed in thousands)

	2024	(Restated) 2023	$ Change	% Change
Total assets:				
Cash and cash equivalents	$ 22,711	$ 21,868	$ 842	3.9 %
Other current assets	4,818	4,349	469	10.8 %
Restricted cash and investments	905	209	696	332.7 %
Capital assets, net	80,332	80,863	(530)	(0.7) %
Other noncurrent assets	317	381	(64)	(16.9) %
Total assets	109,083	107,670	1,413	1.3 %
Deferred outflows of resources	8,317	12,945	(4,628)	(35.8) %
Total liabilities:				
Current liabilities	6,428	5,144	1,283	24.9 %
Bonds payable, net	43,325	47,254	(3,929)	(8.3) %
Other noncurrent liabilities	9,493	9,558	(65)	(0.7) %
Total liabilties	59,246	61,957	(2,711)	(4.4) %
Deferred inflows of resources	7,965	7,468	497	6.7 %
Net position:				
Net investment in capital assets	43,446	40,733	2,713	6.7 %
Restricted net position	905	209	696	332.7 %
Unrestricted net position	5,837	10,248	(4,411)	(43.0) %
Total net position	$ 50,189	$ 51,191	$ (1,001)	(2.0) %

The Agency's total net position decreased $1 million, or 2%, between fiscal year 2024 and 2023. The overall decrease is attributable to total assets increasing $1.41 million, or 1.3%, offset by total deferred outflows of resources decreasing $4.63 million, or 35.8%, and total liabilities decreasing $2.71 million, or 4.4%. Each total category is further detailed out below:

- Cash and cash equivalents overall increased by $0.84 million, or 3.9%, from conducting essential operation of the wastewater treatment plant facility and following through on the capital improvement program (CIP). Significant drivers of the net increase include greater regional service charge (RSC) collections paid for by the joint powers authority (JPA) members, more interest income received due to higher interest rates, and collection of $1.5 million in CalRecycle grant proceeds. The greater collections, however, were offset by routine payments to its employees, vendors, and bondholders. Further detail on the Agency's cash flow activity can be reviewed on the *Statement of Cash Flows*.

- Restricted cash and investments increased by $0.69 million, or 332.7%, primarily from the Agency's annual contribution to its Internal Revenue Code Section 115 pension trust following its pension funding plan.

- Deferred outflows of resources decreased by $4.63 million, or 35.8%, primarily due to the California Public Employees Retirement System (CalPERS) fully recognizing and beginning amortization of the Agency's $9.43 million pension obligation bond (POB) contribution. Actuarial recognition of Agency contributions is performed on a two-year lag due to when CalPERS performs their assessment of Agency pension investments and liability calculations. Amortization of excess contributions follow a five-year period.

- Current liabilities increased by $1.28 million, or 24.9%, primarily due to an increase of approximately $0.81 million in CIP activity in May 2024 and June 2024 that were paid in July 2024, an increase of approximately $0.21 million in accrued leave payments due to several retirements expected in early fiscal year 2025, and further principal paydown of the Agency's bond obligations of approximately $0.27 million.

- Bonds payable decreased by $3.93 million, or 8.3%, due to the Agency paying down its bond obligations following the relevant bond indenture agreements.

- Deferred inflow of resources increased by $0.49 million, or 6.7%, primarily due to CalPERS earning approximately 5.8% on the pension plan assets in fiscal reporting year 2024. This positive return increased the pension plan's assets that sufficiently funded the current year benefit payments. Positive rates of return, however, are recognized as a current year long-term liability and amortized over a five-year period. For further detail on CalPERS' investment rate of return, please refer to CalPERS' fiscal year 2023 Annual Comprehensive Financial Report (ACFR) located at https://www.calpers.ca.gov/.

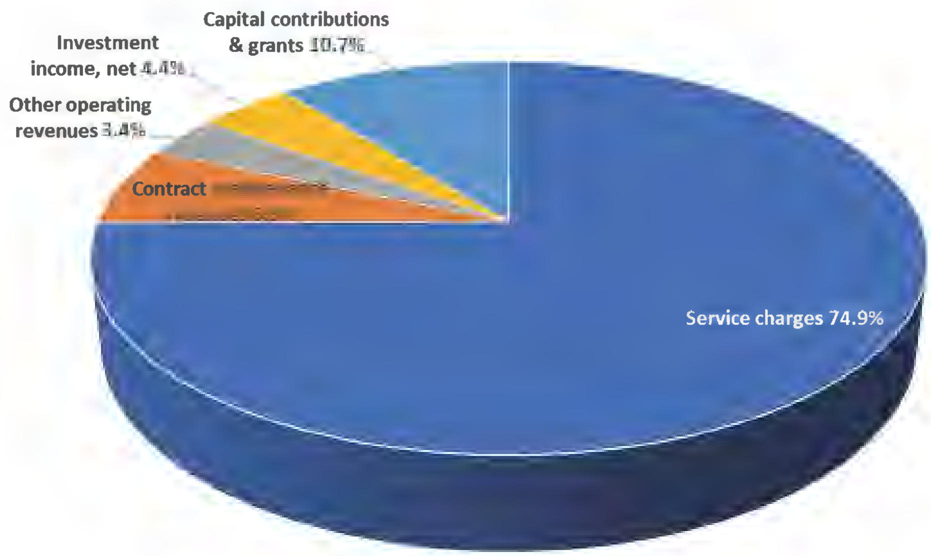
The activity within the various components of net position, i.e., net investment in capital assets, restricted net position, and unrestricted net position, reflect the above changes impacting the components.

Table 2 - Comparative Statement of Revenue, Expense and Changes in Net Position
June 30, 2024 and 2023
(Amounts expressed in thousands)

	2024	(Restated) 2023	$ Change	% Change
Revenues:				
Service charges	$ 19,568	$ 18,820	$ 748	4.0 %
Contract maintenance revenues	1,695	1,857	(162)	(8.7) %
Contract safety & education	135	116	19	16.3 %
Leasing income	109	69	39	57.0 %
Renewable energy sales	64	55	9	15.5 %
Discharge permit fees	42	56	(14)	(25.1) %
Source control inspection fees	96	99	(3)	(2.7) %
Waste hauler service fees	412	298	114	38.4 %
COVID & illegal substance sampling fees	43	34	9	27.3 %
Investment income (expense), net	1,160	478	682	142.5 %
Other non-operating rev (exp)	(115)	29	(145)	(491.9) %
Total revenue	23,208	21,911	1,297	5.9 %
Expenses:				
Salaries & benefits	14,654	10,921	3,734	34.2 %
Biosolids management	413	440	(27)	(6.2) %
Chemicals & fuel	1,912	1,659	253	15.2 %
Repairs & maintenance	1,754	665	1,089	163.8 %
Permit testing & monitoring	207	204	3	1.3 %
Insurance	570	410	160	38.9 %
Utilities & telephone	428	446	(18)	(4.1) %
General & administrative	738	800	(63)	(7.8) %
Depreciation & amortization	4,893	4,497	396	8.8 %
Interest expense	1,445	1,540	(95)	(6.1) %
Total expenses	27,013	21,582	5,431	25.2 %
Income / (loss) before cap contributions	(3,805)	329	(4,134)	(1255.6) %
Capital contributions & grants	2,803	1,568	1,235	78.8 %
Change in net position	(1,001)	1,897	(2,899)	(152.8) %
Net position - beginning	51,191	49,293	1,897	3.8 %
Net position - ending	$ 50,189	$ 51,191	$ (1,001)	(2.0) %

The Agency's total change in net position decreased by $1 million between fiscal year 2024 and 2023. The decrease is primarily attributable to the year-over-year increases in total revenue of $1.3 million and capital contributions of $1.24 million offset by increases in total expense of $5.43 million. Significant changes within total revenue and capital contributions are discussed together with significant changes within expenses being discussed separately.

Figure 2 – Revenue By Source



Note 1: "Other operating revenues" includes contract safety & public education, leasing income, renewable energy sales, wastewater discharge permit fees, source control inspection fees, waste hauler service fees, and COVID & illegal substance sampling fees.

Note 2: Other non-operating revenue (expense) is included in the Expense By Source chart due to it being a net expense balance.

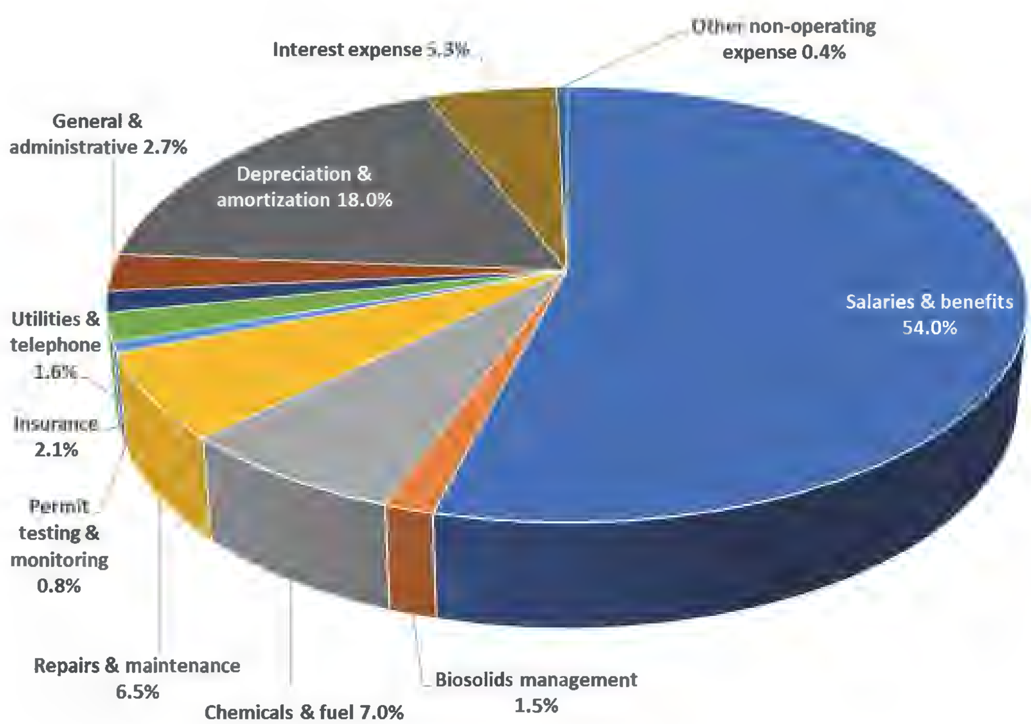
- Service charges, which account for 74.9% of the Agency's total current year revenue, increased $0.75 million, or 4%, between fiscal year 2024 and 2023. The increase is driven by the Agency's Board of Commissioner approved Revenue Plan in November 2023. Total service charges are comprised of RSCs, capital fees, debt service charges, and debt coverage fees, of which were all approved in the aggregate to increase by 4% going into fiscal year 2024.

- Contract maintenance revenues, which account for 6.5% of the Agency's total current year revenue, decreased $0.16 million, or 8.7%, between fiscal year 2024 and 2023. The decrease is attributable to completion of capital projects at the San Quentin pump station. The cost of the capital project activity is reimbursable to the Agency and will likely re-occur in the future as the San Quentin representatives approve of the Agency's recommended capital asset rehabilitation or improvement projects.

- Investment income (expense), net, which account for 4.4% of the Agency's total current year revenue, increased $0.68 million, or 142.5%, between fiscal year 2024 and 2023. The increase is attributable to both the Local Investment Agency Fund (LAIF) investing its portfolio into higher coupon Treasury securities thereby earning more interest and a recovery in the fair market value of the same portfolio. Market interest rates have steadily been declining due to the United States Federal Reserve's interest rate policy thereby causing the fair market value of Treasury securities to increase in value. The fair value of Treasury securities increase when market interest rates decrease.

- Capital contributions & grants, which account for 10.7% of the Agency's total current year revenue, increased $1.24 million, or 78.8%, between fiscal year 2024 and 2023. The increase is attributable to both collecting more capacity charges from the JPA members and invoicing the next reimbursement request to the State of California under the CalRecycle grant program. Capacity charge collection is tethered to building activity within the service area, which began to increase as borrowing rates began to decrease leading to increased home improvement activity. The next CalRecycle reimbursement request was submitted at completion of the Liquid Organic Waste Receiving Facility capital project.

Figure 3 – Expense by Use



- Salaries & benefits, which account for 54% of the Agency's total current year expense, increased $3.73 million, or 34.2%, between fiscal year 2024 and 2023. The increase is primarily attributable to CalPERS actuarially recognizing the POB contribution resulting in additional pension expense as the excess contribution is being amortized following accounting policy. Amortization of excess contributions follows a five-year plan. Salaries & benefits also increased because of the 4.5% cost-of-living adjustment (COLA) approved within the employee collective bargaining agreements as well as a 6.6% cost escalation observed in the health insurance markets as a result from higher medical costs. Otherwise, the Agency's personnel count as well as benefits plan offerings and structure have remained fairly consistent year-over-year.

- Chemicals & fuel, which account for 7% of the Agency's total current year expense, increased $0.25 million, or 15.2%, between fiscal year 2024 and 2023. The increase is primarily due to persistent cost inflation permeating throughout the US economy in selected areas. In particular, there is greater demand for the disinfecting chemical, Sodium Hypochlorite, for industrial cleaning and sanitation purposes.

- Repairs & maintenance, which account for 6.5% of the Agency's total current year expense, increased $1.09 million, or 163.8%, between fiscal year 2024 and 2023. The increase is primarily due to the Agency performing process piping condition assessments at the Biotowers, Primary Clarifiers, Primary Effluent and Secondary Effluent areas, as well as an assessment at the Outfall area, and entering into a multi-year servicing agreement with Northeast-Western for the Jenbacher cogeneration engine. For further detail, please refer to the *Major Initiatives* subsection within the *Introduction* section of the ACFR.

- Insurance, which account for 2.1% of the Agency's total current year expense, increased $0.16 million, or 38.9%, between fiscal year 2024 and 2023. The increase is primarily driven by insurance premium increases in both the property and workers' compensation policies. Property insurance is heavily swayed by the economic activity of the property market, of which has been experiencing severe turbulence because of natural disasters (hurricanes, flooding, wildfires, etc.), property market values, as well as financial market interest rates, resulting in greater pooled losses. The workers' compensation insurance premium increased due to the Agency experiencing more claims leading to greater losses needing to be made up by the insurance pool participants.

- Depreciation & amortization, which account for 18% of the Agency's total current year expense, increased $0.39 million, or 8.8%, between fiscal year 2024 and 2023. The increase is due to the Agency continuing to rehabilitate and improve its wastewater treatment facility infrastructure and place into service newly purchased equipment following its approved CIP. For further detail on capital asset activity, please refer to section *Significant Capital Asset and Long-Term Financing Activity*.

Significant Capital Asset and Long-Term Financing Activity

The discussion thus far has only touched upon certain significant transactions and events during fiscal year 2024 that may impact capital assets and long-term debt. The below subsections discuss in further detail significant capital asset project activity, equipment procurement, and long-term debt activity used for funding the CIP.

Capital Assets

The Agency has allocated a significant amount of resources into a variety of capital assets for performing its essential operations. This includes land and associated improvements, wastewater treatment and disposal infrastructure, equipment, and software applications.

Table 3 - Comparative Capital Assets, Net of Accumulated Depreciation and Amortization
June 30, 2024 and 2023
(Amounts expressed in thousands)

	2024	(Restated) 2023	$ Change	% Change
Land and land improvements	$ 5,800	$ 5,511	$ 289	5.2 %
Construction-in-progress	1,011	1,958	(947)	(48.4) %
Wastewater treatment facility	67,584	66,861	723	1.1 %
Wastewater disposal facility	1,574	1,857	(283)	(15.3) %
General, plant and admin facilities	4,239	4,505	(266)	(5.9) %
Intangible right-of-use assets	4	11	(8)	(66.7) %
Intangible right-of-use subscriptions	122	160	(38)	(23.8) %
Total capital assets, net	$ 80,332	$ 80,863	$ (530)	(0.7) %

The Agency's total capital assets, net of accumulated depreciation and amortization, decreased $0.53 million, or 0.7%, between fiscal year 2024 and 2023. The primary drivers for this decrease are continued depreciation and amortization of the wastewater treatment facility infrastructure and associated equipment, along with disposals of rehabilitated capital assets. Depreciation and amortization are ongoing costs to estimate wear-and-tear of a capital asset from its usage, and the current year experienced an increase from completion of capital projects and placing into service new equipment. Capital asset disposals are a routine part to the Agency's operations in so far as the replacement of older equipment is re-occurring.

Regarding new capital additions during the fiscal year, the Agency annually prepares a CIP plan that details the Agency's capital projects, equipment procurement, and needed maintenance programs. Some of the capital projects are completed throughout the fiscal year, while others are carried forward. Once completed, depreciation begins reducing the carrying value. Significant capital projects that were completed and purchased equipment placed into service during fiscal year 2024 are:

Capital Project / Equipment Purchase Activity	**Amount *(in thousands)***
FY24 Pavement Repair Project	$ 285
2023 Andersen Hillside Slope Repairs	289
Secondary Clarifier #2 Rehabilitation	547
Biosolids Hopper Structural Repairs	237
Liquid Organic Waste Removal Facility Rehabilitation	3,126
Wastewater facility improvements	296
Wastewater facility equipment	561
General & administrative equipment	124
Total completed capital asset additions	$ 5,465

The capital projects that are still in progress are carried forward as construction in progress are the following:

Capital Project Activity	**Amount *(in thousands)***
Primary Clarifier #1 Rehabilitation	$ 542
Diesel Underground Storage Tank Replacement	40
Nutrient Removal	8
Centrifuge Replacement	270
Headworks Grit Classifiers Replacement Project	150
Total ongoing capital projects	$ 1,011

For further detail on the Agency's capital assets, please refer to *Note 7 – Plant and Facilities (Capital Assets)*. For further detail on the Agency's CIP plan, please refer to the CIP project descriptions within the Budget located here: https://www.cmsa.us/finance/documents/.

Long-Term Debt

The Agency has issued several bond obligations, both through the public marketplace and via private placement, to carry out its operations. The publicly issued tax-exempt revenue bonds were sold at a combination of a premium and a discount on certain tranches in 2015 and 2020. The 2015 issuance was used to refund the original 2006 revenue bond into a lower costing obligation, and the 2020 issuance was used to fund several CIP projects. The original 2006 revenue bond was publicly issued with the proceeds being used for funding capital projects. Meanwhile, the private placement bond was sold at par in 2022, and was used to refund the Agency's unfunded actuarial pension liability into a lower costing fixed debt obligation.

Table 4 - Comparative Oustanding Bond Obligations, Net of Unamortized Premium and Discount
June 30, 2024 and 2023
(Amounts expressed in thousands)

	2024	2023	$ Change	% Change
2015 refunding revenue bond	$ 29,674	$ 32,808	$ (3,134)	(9.6) %
2020 revenue bond	8,088	8,485	(397)	(4.7) %
2022 pension obligation bond	9,136	9,266	(130)	(1.4) %
Total outstanding bonds, net	$ 46,898	$ 50,559	$ (3,661)	(7.2) %

The Agency's total outstanding bond obligations, net of unamortized premiums and discounts, decreased $3.66 million, or 7.2%, between 2024 and 2023. This decrease is due to the Agency continually repaying its debt obligations following the terms of the debt agreements. The current year annual debt service on the principal balance is $3.31 million for all obligations, and the current year net non-cash bond premium and discount amortization resulted in $0.36 million following accounting policy. The Agency otherwise did not issue any new bond obligations. For further detail, please refer to *Note 8 – Long-Term Obligations*.

All bond obligations are subject to periodic review by various credit agencies, such as Standard & Poor's (S&P) and Moody's. As of fiscal year 2024, the Agency's credit ratings on its bonds from S&P and Moody's respectively are "AA" and "Aa2".

Furthermore, all revenue bond obligation indenture agreements include covenants which require the Agency to collect sufficient net revenues each fiscal year for payment of debt service. The benchmark threshold for all bond obligations is at least 1.25 times annual debt service. The annual debt service ratio for fiscal year 2024 is 2.28 times, meaning the Agency has collected sufficient funds to meet its required rate covenant under the terms of the indenture agreements.

The Agency lastly is not subject to any debt limitations.

Additional details concerning the Agency's indenture agreements and offering statements are available at https://www.emma.msrb.org.

Currently Known Facts, Decisions, or Conditions

The Agency is aware of six developments that will have either an impact on the Agency's financial position or a significant impact on next year's results. Many of these expected events were built into the upcoming budget for long-term planning:

1) Updated revenue plan
2) Salaries and benefits COLA update
3) Persistent cost inflation in procurement activities
4) Deferred capital projects
5) OPEB plan assumption changes
6) Pension plan funding

Updated Revenue Plan

In November 2023, the Board adopted an updated multi-year Revenue Plan where the Agency's total service charges, which includes regional service charges, capital fees, debt service charges, and coverage fees, were to all increase at an annual rate of 4.5% instead of 4% going into fiscal year 2025. The intent of the upward revision was to provide relief to the Agency's forecasted operating budget shortfall given the rising cost of chemical procurement noted.

Salaries and Benefits COLA Update

Going into the upcoming fiscal year, the salary COLA for all Agency employees was determined to be 3.667% following the annual calendar year average consumer price index (CPI) for all urban consumers within the San Francisco-Oakland-Hayward, CA area. The collective bargaining agreements allow for annual COLA updates following the annual percentage change in the CPI with a minimum of 1% and an allowable maximum of 4.5%.

In addition to the salary COLA, the Agency is further expecting an average 6.6% cost increase in Agency employee health insurance costs. The cost is driven by significantly higher healthcare medical costs from plan retirees for the entire health insurance pool. Health insurance is purchased through CalPERS' health insurance exchanges.

Persistent Cost Inflation in Procurement Activities

The US and global economy are still weathering the impacts of persistent inflation. As of June 2024, the US Bureau of Labor Statistics reported CPI with all items, food, energy, rent, and all other goods and services, growing at an average rate of 3%. This is still below the average rate of 9.1% reported in June 2022; however, inflation is still above the US Federal Reserve's target inflation rate of 2% that the institution deems to be sustainable. This effects the Agency's procurement activities, especially with its purchasing of routine chemicals for disinfecting purposes. The Agency, as such, is budgeting for further cost increases.

procurement activities, especially with its purchasing of routine chemicals for disinfecting purposes. The Agency, as such, is budgeting for further cost increases.

Deferred Capital Projects

Over fiscal year 2024, the Agency completed and worked on several capital projects resulting in growth in the Agency's gross capital asset balance. However, the Agency had to defer several of the planned project activities due to longer equipment delivery schedules, regulatory approvals, and rescheduling of capital projects. The Agency annually updates a ten-year CIP plan that allocates resources to each fiscal year based on the Agency's risk assessment of which specific areas within the Treatment Plant facility requiring attention. The original adopted fiscal year 2025 capital budget, the second year within the two-year biannual budget cycle, was adjusted from \$6.65 million to be \$10.11 million because of these impacts. This \$3.45 million budgetary increase will impact the Agency's upcoming financial net position.

OPEB Plan Assumption Changes

The Agency has elected to decrease the discount rate applied for the calculation of the net OPEB liability from 7.28% to 6.75%. The decrease is to conservatively account for CalPERS' forecasted drop in the California Employers' Retirement Benefit Trust (CERBT) net return in the investment portfolio. This change in assumption results in both lowering the projected fiduciary net position of the OPEB plan and increasing the total OPEB liability on an actuarial basis. So, the Agency's non-cash OPEB expense is projected to increase impacting the change in net position. For further detail, please refer to *Note 14 – Other Post Employment Benefits (OPEB)* and the *Required Supplementary Information* for a historical view.

Pension Plan Funding

In fiscal year 2022, the Agency refunded the majority of its unfunded actuarial pension liability (UAL) into a fixed rate POB. The Agency further set up a pension reserve trust fund in fiscal year 2022 following *Financial Policy #556 – Pension Funding Policy* to either offset its future pension cost or defease callable outstanding POB debt service. Total contributions to date to the pension trust is \$0.88 million with the current year contribution being \$0.67 million. Contributions are based on budgetary savings between the original twenty-year CalPERS UAL amortization schedule at the point of refunding less any debt service on the POB and actual UAL payment made to CalPERS. The Agency's current year US GAAP pension funding ratio is 88% and 89.6% on a pro forma basis with the pension trust demonstrating an improvement in financial position from the prior year. Contributions to the pension trust are expected to decrease to \$0.36 million going into the upcoming fiscal year due to escalating debt service cost on the POB following the amortization schedule. However, the Agency's total pension funded position is going to remain within the 90% pro forma funded range, especially given CalPERS achieving a preliminary 9.3% rate of return on its PERF C portfolio.

Table 5 - Comparative Pension Funding
June 30, 2024 and 2023
(Amounts expressed in thousands)

	2024	2023	$ Change	% Change
Total pension liability	$ 57,033	$ 54,807	$ 2,226	4.1 %
Fiduciary net position (PERF C)	50,188	47,855	2,333	4.9 %
Net pension liability (asset) - *US GAAP*	6,845	6,952	(106)	(1.5) %
Funding ratio - *US GAAP*	88.0 %	87.3 %	*n/a*	0.7 %
Section 115 pension trust	904	208	696	335.1 %
Net pension liability (asset) - *pro forma*	$ 5,941	$ 6,744	$ (803)	(11.9) %
Funding ratio - *pro forma*	89.6 %	87.7 %	*n/a*	1.9 %

As shown above, the Agency's pension funding ratio has improved over the past fiscal year due to both CalPERS achieving a positive investment rate of return of 5.8% and the Agency continuing to fund its pension trust. As such, the Agency's financial position is expected to improve because of its pension funding situation. For further detail, please refer to *Note 13 – Defined Benefit Pension Plan* and the *Required Supplementary Information* for a historical view.

The succeeding sections of the Financial Statements include the *Basic Financial Statements*, *Notes to the Basic Financial Statements*, and *Required Supplementary Information* that support the analysis within the MD&A.

Financial Statements

CENTRAL MARIN SANITATION AGENCY
STATEMENT OF NET POSITION
JUNE 30, 2024

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents (Note 3)	$22,710,787
Accounts receivable	2,221,723
Lease receivable (Note 5)	63,711
Accrued interest receivable	240,141
Prepaid expenses	42,538
Deposits (self-insured dental) (Note 4)	15,868
Inventory - parts and fuel	2,234,180
Total current assets	27,528,948
NON-CURRENT ASSETS	
Restricted cash and investments (Note 3)	905,396
Prepaid insurance on bond issuance	20,039
Lease receivable, noncurrent (Note 5)	296,613
Capital assets - non-depreciable (Note 7)	6,810,692
Capital assets - depreciable, net (Note 7)	73,521,773
Total non-current assets	81,554,513
TOTAL ASSETS	109,083,461
DEFERRED OUTFLOWS OF RESOURCES	
Loss on early retirement of long-term debt (Note 9)	1,150,010
Related to pension (Note 14)	6,439,353
Related to OPEB (Note 14)	727,589
TOTAL DEFERRED OUTFLOWS	8,316,952
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	1,812,154
Accrued salaries and employee benefits	177,882
Interest payable on revenue bonds	519,817
Current portion of right-of-use lease liability (Note 5)	4,091
Current portion of right-of-use SBITA (Note 6)	26,330
Current portion of compensated absences payable (Note 8)	314,334
Current portion of bonds payable (Note 9)	3,573,000
Total current liabilities	6,427,608
NON-CURRENT LIABILITIES	
Right-of-use SBITA (Note 6)	97,345
Compensated absences payable (Note 8)	730,987
Bonds payable, net of premium and discount (Note 9)	43,325,345
Net pension liability (Note 13)	6,845,166
Net OPEB Liability (Note 14)	1,819,874
Total non-current liabilities	52,818,717
TOTAL LIABILITIES	59,246,325
DEFERRED INFLOWS OF RESOURCES	
Lease income (Note 5)	311,544
Related to pension (Note 13)	6,870,744
Related to OPEB (Note 14)	782,559
TOTAL DEFERRED INFLOWS OF RESOURCES	7,964,847
NET POSITION	
Net investment in capital assets	43,446,484
Restricted for pension trust	904,096
Resticted for revenue bond trust	1,300
Restricted for pension obligation bond trust	53
Unrestricted	5,837,308
TOTAL NET POSITION	$50,189,241

See accompanying notes to financial statements

CENTRAL MARIN SANITATION AGENCY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2024

OPERATING REVENUES	
Service charges	$19,567,809
Contract maintenance revenues	1,694,712
Contract safety and public education program	134,745
Leasing income	108,666
Renewable energy sales	63,757
Wastewater discharge permit fees	42,207
Source control fees	96,291
Waste hauling service fees	411,939
COVID and illegal substance sampling fees	43,443
Total operating revenues	22,163,569
OPERATING EXPENSES	
Salaries and benefits	14,654,491
Biosolids management	412,515
Chemicals and fuel	1,911,621
Repairs and maintenance	1,753,982
Permit testing and monitoring	206,743
Insurance	570,090
Utilities and telephone	427,641
General and administrative	737,774
Depreciation and amortization	4,893,277
Total operating expenses	25,568,134
OPERATING INCOME (LOSS)	(3,404,565)
NONOPERATING REVENUES (EXPENSES)	
Interest and investment income (expense)	1,159,924
Interest expense on long-term debt	(1,444,918)
Other non-operating revenue (expenses)	(115,177)
Total nonoperating revenues (expenses), net	(400,171)
Income (loss) before capital contributions	(3,804,736)
CAPITAL CONTRIBUTIONS	
Capacity fees	1,152,938
Federal and State grant proceeds	1,650,501
CHANGES IN NET POSITION	(1,001,297)
NET POSITION, BEGINNING OF YEAR AS PREVIOUSLY STATED	51,102,383
PRIOR PERIOD ADJUSTMENT (Note 17)	88,155
NET POSITION, BEGINNING OF YEAR AS RESTATED	51,190,538
NET POSITION, END OF YEAR	$50,189,241

See accompanying notes to financial statements

CENTRAL MARIN SANITATION AGENCY
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024

CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from JPA member service charges	$19,899,617
Receipts from contractual collection system maintenance	1,486,277
Receipts from contractual county education and safety programs	121,845
Receipts from leasing activities	71,198
Receipts from renewable energy sales	71,819
Receipts from permits, source control, waste hauler and other	480,165
Payments to employees and related benefits	(9,411,180)
Payments to vendors for goods and services	(5,318,826)
Net cash provided (used) by operating activities	7,400,915
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Receipts from capacity charges	986,988
Receipts from federal and state grant proceeds	1,556,349
Acquisition of capital assets	(4,506,528)
Principal payment on capital long-term debt	(3,219,960)
Interest paid on capital long-term debt	(1,329,628)
Net cash provided (used) by capital financing activities	(6,512,779)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
Principal payment on pension obligation bonds	(130,000)
Interest paid on pension obligation bonds	(309,154)
Cash Flows (used for) Capital and Related Financing Activities	(439,154)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest and dividends received	836,065
Purchases of Section 115 pension trust investments	(675,370)
Receipts from borrowers of computer purchase program	1,750
Payments to borrowers of computer purchase program	(1,750)
Net cash provided (used) by investing activities	160,695
NET CASH FLOWS	609,677
Cash, beginning of year	22,177,839
Cash, end of year	$22,787,516

CENTRAL MARIN SANITATION AGENCY
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024

Reconciliation of operating income to net cash provided by operating activities:	
Operating income	($3,404,565)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation (less amortization on bond insurance)	4,890,614
Other non-operating income (loss)	30,996
Change in assets and liabilities:	
(Increase) / decrease accounts receivable	(14,864)
(Increase) / decrease lease receivable	60,894
(Increase) / decrease prepaid expenses	6,520
(Increase) / decrease inventory	(118,287)
(Increase) / decrease other current assets	(11,274)
(Increase) / decrease prepaid bond insurance	2,663
(Increase) / decrease deferred outflows - pension and OPEB	4,441,572
Increase / (decrease) accounts payable	813,312
Increase / (decrease) accrued salaries and benefits	23,742
Increase / (decrease) compensated absences	39,054
Increase / (decrease) net pension liability	(106,358)
Increase / (decrease) net OPEB liability	249,890
Increase / (decrease) deferred inflows - retirement and lease	497,006
Total adjustments	10,805,480
Net cash provided by operating activities	$7,400,915
Total unrestricted cash	$22,786,163
Total restricted cash	1,353
Add: fair value adjustment for short-term investments	(75,376)
Total cash and cash equivalents	$22,712,140

See accompanying notes to financial statements

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Notes to the Financial Statements

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NOTE 1 – NATURE OF ORGANIZATION

Central Marin Sanitation Agency (CMSA) is a regional wastewater treatment agency that serves the residents, businesses and governmental institutions including the large San Quentin State Prison in central Marin County. In the 1970's, central Marin County had four small wastewater treatment plants whose operations were not able to meet the stringent new requirements of the 1972 Clean Water Act and its amendments. Accordingly, the four local wastewater agencies, San Rafael Sanitation District, Sanitary District No. 1 of Marin County, Sanitary District No. 2 of Marin County, and the City of Larkspur entered into a joint powers agreement (JPA) in October 1979 to create a separate governmental entity, the Central Marin Sanitation Agency (CMSA), to oversee the construction and operation of a regional wastewater treatment facility. San Quentin State Prison chose not to join the JPA. The treatment facility was constructed at a cost of $84 million and was funded by federal (75%) and state (12.5%) clean water grants and local shares (12.5%) from the four local wastewater agencies and San Quentin State Prison. The CMSA wastewater treatment facility became operational in January 1985. In 1995 Larkspur annexed into District No. 1 and subsequently formally withdrew from JPA in 2020. Sanitary District No. 1 also later renamed to the Ross Valley Sanitary District.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Financial Reporting Entity

Although the nucleus of a financial reporting entity usually is a primary government, an organization other than a primary government, such as a stand-alone government, may serve as the nucleus for its financial reporting entity when the stand-alone government provides separately issued financial statements. A stand- alone government is a legally separate governmental organization that does not have a separately elected governing body and does not meet the definition of a component unit. Central Marin Sanitation Agency meets the criteria as a stand-alone government, and accordingly, is accounted for and reported on as though it were a primary government.

Component units are defined as legally separate organizations for which the primary government are financially accountable, and other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The Agency considered all potential component units in determining what organizations should be included in the financial statements. Since no other entities are controlled by, or rely upon the Agency, the reporting entity consists solely of the Agency. Based on these criteria, there are no component units to include in the Agency's financial statements.

Basis of Presentation

The Agency's Basic Financial Statements are prepared in accordance with the policies and procedures for California special districts. The accounting policies of the Agency conform to accounting principles generally accepted in the United States of America, and as prescribed by the Governmental Accounting Standards Board and Audits of State and Local Governmental Units, issued by the American Institute of Certified Public Accountants.

The activities of the Agency are accounted for in a single enterprise fund. Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business or where the Board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting

Enterprise funds are accounted for on the flow of economic resources measurement focus utilizing full accrual accounting. With this measurement focus, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the enterprise are recorded on its statement of net position, and under the full accrual basis of accounting, all revenues are recognized when earned and all expenses, including depreciation, are recognized when incurred.

A deferred outflow of resources is defined as a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/expenditure) until then. A deferred inflow of resources is defined as an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenues) until that time.

When applicable, unamortized portion of the gain and loss on refunding debt are reported as deferred inflows and deferred outflows of resources, respectively. Deferred outflows and inflows of resources are reported for the changes related to pension, other post-employment benefits, and leases from the implementation of GASBS No. 68, No. 75, and No. 87, respectively.

Unearned revenue arises when assets are received before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are recorded as deferred inflows from unearned revenue.

The Agency applies all applicable GASB pronouncements for certain accounting and financial reporting guidance. In December of 2010, GASB issued *GASBS No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.* This statement incorporates pronouncements issued on or before November 30, 1989 into GASB authoritative literature. This includes pronouncements by the Financial Accounting Standards Board (FASB), Accounting Principles Board Opinions (APB), and the Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure, unless those pronouncements conflict with or contradict with GASB pronouncements.

Statement of Net Position

The statement of net position is designed to display the financial position of the Agency. The Agency's net position is classified into three categories as follows:

- Net Investment in Capital Assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position, as applicable.

- Restricted – This component of net position consists of constraints placed on an asset's use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or law and regulations of other governments, and reduced by liabilities and deferred inflows of resources related to those assets. It also pertains to constraints imposed by law or constitutional provisions or enabling legislation. The Agency applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Unrestricted – This component of net position consists of the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

Statement of Revenues, Expenses, and Changes in Net Position

The statement of revenues, expenses, and changes in net position is the operating statement for proprietary funds. This statement distinguishes between operating and non-operating revenues and expenses and presents a separate subtotal for operating revenues, operating expenses, and operating income. Operating revenues and expenses generally result from providing services in connection with the Agency's principal ongoing operations. The principal operating revenues of the Agency are charges to customers for services. Operating expenses for the Agency include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Joint Ventures

The Agency is the locus of a joint powers agreement among its three member agencies, which provide wastewater collection and transmission to the treatment plant. Joint venture details are discussed in Note 10.

Cash and Investments

Cash includes amounts in demand deposits as well as short-term investments.

In accordance with GASB Statement No. 40, *Deposit and Investment Disclosures (Amendment of GASB No.3)*, certain disclosure requirements for deposits and investment risks were made in the areas of interest rate risk and credit risk. The credit risk disclosures include the following components; overall credit risk, custodial credit risk and concentrations of credit risk. In addition, other disclosures are specified including use of certain methods to present deposits and investments, highly sensitive investments, credit quality at year-end and other disclosures.

Investments are reported in the statement of net position at fair value, with the exception of the CAMP pool. Changes in fair value that occur during the fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

The Agency participates in an investment pool managed by the State of California and regulated by California government code Section 16429 known as the Local Agency Investment Fund (LAIF), which has invested a portion of the pooled funds in structured notes and asset-backed securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, the structured notes and asset-backed securities are subject to market risk as to change in interest rates.

Investments held with LAIF are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The following is a summary of the definition of fair value:

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. In determining this amount, three valuation techniques are available:

- Market approach – This approach uses prices generated for identical or similar assets or liabilities. The most common example is an investment in a public security traded in an active exchange such as the NYSE.

- Cost approach – This technique determines the amount required to replace the current asset. This approach may be ideal for valuing donations of capital assets or historical treasures.

- Income approach – This approach converts future amounts (such as cash flows) into a current discounted amount.

Each of these valuation techniques requires inputs to calculate a fair value. Observable inputs have been maximized in fair value measures, and unobservable inputs have been minimized.

Investments held with CAMP are recorded at amortized cost in accordance with GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. The Agency participates in the California Asset Management Program (CAMP) which is a voluntary investment alternative authorized by Section 53601(p) of the California Government Code. CAMP is managed by a seven-member Board of Trustees comprised of California public agency finance officials. Investments are transacted by an investment advisor and all securities are held by a third-party custodian. All securities in CAMP are purchased under the authority of Section 53601, subdivisions (a) to (n) of the California Government Code.

Statement of Cash Flows

For purposes of the statement of cash flows, all highly liquid investments with original maturities of three months or less are considered cash equivalents.

Plant and Facilities Capital Assets

Capital assets are defined by the Agency as long-lived assets acquired for use, and not intended for consumption in operations. The capitalization threshold is at $5,000 or above.

Treatment plant and facilities purchased are stated at cost less accumulated depreciation. Assets contributed by member districts have been recorded at the fair value at the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. Costs of feasibility studies are accumulated in construction-in- progress. If the study results in a capital asset addition, these costs are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. Alternately, costs not resulting in a capital asset addition are expensed through operating expenses. Feasibility studies, when used, are considered necessary for maintaining the efficient operations of the treatment plant.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Depreciation is computed using the straight-line method based on the estimated useful lives of related asset classifications useful life in excess of one year. Depreciation of all plant and facilities in service is charged as an expense against operations each year and the total amount of depreciation taken over the years, called accumulated depreciation, is reported on the statement of net position as a reduction in the book value of the capital assets.

The Agency has assigned the useful lives listed below to plant and facilities:

Wastewater Treatment Faclities:	
Buildings	40 Years
Other	5 - 25 years
Wastewater Disposal Facilities	40 - 50 years
General Plant & Administrative Facilities:	
Buildings	40 Years
Other	5 - 30 years

Leases Receivable

Lease receivables are recognized based on the future base rental income to be received over the lease term. The receivable value is estimated by discounting the future cash flows by the implicit interest rate stated within the lease agreement. The value of the receivable is to be presented at net carrying value. Over the life of the receivable, rental interest income is earned as the receivable is amortized based on the collected payments.

Right-to-Use Lease Assets and Liabilities

Lease or subscription arrangements where the Agency serves as lessee, the contract life is greater than one year, and the capitalized asset is greater than the capitalization threshold are capitalized as a component of capital assets and debt obligations. The total value is estimated using the future cash payments over the total lease or subscription term discounted to the present from the implicit interest rate stated in the lease or subscription agreement. The asset recognized is presented at net amortized cost which is based on a straight-line method of amortization. The liability recognized is presented at net carrying value which is amortized using the effective interest rate method. Interest expense is recognized as a result of the liability amortization.

Long-Term Debt

Long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of applicable bond premium and discounts are reported as noncurrent liabilities along with any insurance payments made during issuance of the bond. Bond issuance costs, other than prepaid insurance, are expensed in the period incurred.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences

Compensated absences include vacation leave and sick leave. Vested or accumulated vacation leave is recorded as an expense and liability as the benefits accrue to the employees. A liability is recognized for that portion of accumulated sick leave that has been vested.

Pensions

The net pension liability or asset, deferred outflows of resources, deferred inflows of resources, and pension expense are actuarially determined on the same basis reported by the California Public Employees' Retirement System (CalPERS). The allocated net pension liability or asset is measured as the present value of projected benefit payments to be provided to retired employees participating within the Miscellaneous Plan less the pension trust fund (PERF C) investments held at CalPERS. Investments are reported at fair value. Benefit payments are recognized when due and payable in accordance with the benefit terms.

Other Post-Employment Benefits (OPEB)

The net OPEB liability or asset, deferred outflows of resources, deferred inflows of resources, and OPEB expense are actuarially determined by an independent actuary. The net OPEB liability or asset is measured as the portion of the present value of projected benefit payments to be provided to retired employees that meet the eligible service requirements less the OPEB trust fund investments. Investments are measured at fair value. Benefit payments are further recognized when currently due and payable in accordance with the benefit terms.

Accounting Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Implemented New Accounting Pronouncements

GASB Statement No. 100 – In June 2022, GASB issued Statement No. 100, *Accounting for Changes and Error Corrections.* The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This Statement is effective for reporting periods beginning after June 15, 2023, or the fiscal year 2023-24. The implementation of this Statement did not have a material effect on the financial statements.

GASB Statement No. 101 – In June 2022, GASB issued Statement No. 101, *Compensated Absences.* The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement is effective for reporting periods beginning after December 15, 2023, or the fiscal year 2024-25. The Agency early adopted this statement, but it did not have a material effect on the financial statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Upcoming New Accounting Pronouncements

GASB Statement No. 102 – In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This Statement is effective for reporting periods beginning after June 15, 2024, or the fiscal year 2024-25. The Agency does not anticipate that the Statement will have a material effect on the financial statements.

GASB Statement No. 103 – In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements.* The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement is effective for reporting periods beginning after June 15, 2025, or the fiscal year 2025-26. The Agency does not anticipate that the Statement will have a material effect on the financial statements.

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS

The Agency's cash, cash equivalents and investments consisted of the following as of June 30, 2024:

Cash and Investments	Carrying Amount	Fair Value	Investment Rating	Maturities
Business-type Activities:				
Cash Deposits:				
Unrestricted cash	$1,905,097	$1,905,097	N/A	N/A
Restricted cash	905,396	905,396	N/A	N/A
Petty Cash	440	440	N/A	N/A
Total Cash Deposits	2,810,933	2,810,933		
Investments:				
California Local Agency Investment Fund	20,460,734	20,385,358	Unrated	< 1 year
California Asset Management Program	419,892	419,892	AAAm	< 1 year
Total Investments	20,880,626	20,805,250		
Total Cash and Investments	$23,691,559	$23,616,183		

Cash Deposits

Bank balances are insured up to $250,000 per bank by the Federal Deposit Insurance Company ("FDIC"). The actual bank statement balance of the Agency's cash in bank exceeded the insured limit by $1,722,878 as of June 30, 2024. The difference between the book balance and the bank statement balance was for outstanding checks. None of the Agency's deposits with financial institutions in excess of FDIC limits were held in uncollateralized accounts. All of the Agency's accounts met the collateral and categorization requirements as noted in the following paragraphs.

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Fair Value Measurements

GASB 72 established a hierarchy of inputs to the valuation techniques above. This hierarchy has three levels:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities.
- Level 2 inputs are quoted market prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other than quoted prices that are not observable.
- Level 3 inputs are unobservable inputs, such as a property valuation or an appraisal.

The Agency has the following recurring fair value measurements as of June 30, 2024:

- California Local Agency Investment Fund (LAIF) of $20,385,358; valued using Level 2 inputs. The LAIF fair value factor at June 30, 2024 was 0.996316042.

California Local Agency Investment Fund

The Agency participates in an investment pool managed by the State of California known as the Local Agency Investment Fund (LAIF), which has invested a portion of the pooled funds in structured notes and asset-backed securities, defined as follows:

- Structured Notes are debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

- Asset-Backed Securities, the bulk of which are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as Collateralized Mortgage Obligations) or credit card receivables.

LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, the structured notes and asset-backed securities are subject to market risk as to change in interest rates.

LAIF allows local governments such as the Agency to participate in a Pooled Money Investment Account managed by the State Treasurers Office and overseen by the Pooled Money Investment Board and State Treasurer investment committee. A Local Agency Investment Advisory Board oversees LAIF. The investments with LAIF are not classified for credit risk due to their diverse nature and are stated at cost, which approximates fair value.

The total amount invested by all public agencies in LAIF, as of June 30, 2024, was approximately $170.8 billion. The balance in LAIF is available for withdrawal on demand.

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

California Assets Management Program

The CAMP pool has a diverse credit risk allocation averaging a rating of AAAm, per S&P ratings. The total amount invested by all public agencies in CAMP, as of June 30, 2024 was approximately $11.9 billion. Of that amount, 69% was invested in non-derivative financial products and 31% was invested in repurchase agreements. An investment in the Trust is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Shares of the Trust are distributed by PFM Fund Distributors, Inc., member Financial Industry Regulatory Authority (FINRA) (www.finra.org) and Securities Investor Protection Corporation (SIPC) (www.sipc.org). PFM Fund Distributors, Inc. is a wholly owned subsidiary of PFM Asset Management LLC. The plan has elected to be measured at amortized cost for financial reporting purposes per GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. The plan's net assets, portfolio holdings, are valued at amortized cost based on trade date.

Investment Policy

The Agency is authorized under California Government Code and the Agency's investment policy to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government or its agencies; bankers acceptances of U.S. banks; commercial paper of prime quality; negotiable certificates of deposit; repurchase or reverse repurchase agreements; and passbook savings account demand deposits. Investments prohibited by the Agency are inverse floaters, range notes, mortgage pool interest-only strips, and zero interest accrual at maturity notes. The Agency's investments were in compliance with the below provisions as of and for the year ended June 30, 2024. The Agency's investment policy follows the California Government Code which authorizes the Agency to invest in the following:

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
State and Local Agency Bonds, Notes and Warrants	5 years		100%	None
Registered State bonds, Notes and Warrants	5 years		100%	None
U.S. Treasury Obligations	5 years		100%	None
Federal Agency Securities	5 years		20%	30%
Banker's Acceptances	180 days	A-1	25%	20%
Prime Commercial Paper	270 days	AA-1	25%	20%
Negotiable Certificates of Deposit	5 years	A-1	30%	20%
Repurchase Agreements	1 year	AA	100%	None
Reverse Repurchase Agreements	92/30 days		20% of base	None
Medium-term Notes	5 years	AA	30%	20%
Money Market Mutual Funds	N/A		10%	10%
Mortgage Pass-through Securities	N/A		30%	None
California Local Agency Investment Fund	N/A		account	None
Passbook Savings Account Demand Deposits	N/A		20%	20%

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Risk Disclosures

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are described below:

- *Interest Rate Risk* – Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to the changes in market interest rates. The Agency manages its exposure to interest rate risk by purchasing a combination of shorter term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The sensitivity of the Agency's investments to interest rate risk is displayed in the summary schedule of cash and cash equivalents at the top of Note 3.

- *Credit Risk* – Credit risk is the risk of loss due to the failure of the security issuer. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. In order to limit loss exposure due to Credit Risk, the investment policy limits purchases of investments to those rated A-1 by Standard & Poor's or P-1 by Moody's Investors Service. The Agency's minimum legal rating is not applicable to the LAIF and CAMP investment pools.

- *Custodial Credit Risk* – Custodial credit risk is the risk that in the event of a bank failure, the Agency's deposits may not be returned to it. The Agency does not have a written policy for custodial credit risk over deposits.

  The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. In the case of investments, the risk of loss of the investment due failure, impairment or malfeasance of the third party whose name in which the investment is held and who has physical possession of the instrument. Neither the California Government Code nor the Agency's investment policy contains legal or policy requirements that would limit the exposure to custodial risk.

- *Concentration of Credit Risk* – See the chart in investment policy for the Agency's limitations on the amount that can be invested in any one issuer. As of June 30, 2024, external investment pools were not subject to a limitation. As of June 30, 2024, 86% of the Agency's investments were in LAIF. There were no other investments in any one issuer that represent five percent or more of the total investments.

NOTE 4 – SELF-INSURED DENTAL DEPOSIT

The Agency analyzed third-party dental insurance plans and determined that it would be fiscally beneficial to self-insure. Funds have been deposited into a separate account which is used to pay employee dental expenses to dentists for authorized procedures. The funds from this deposit are drawn down monthly and replenished automatically by the trustee. At June 30, 2024, the balance in the self-insurance account was $15,868.

NOTE 5 – LEASES

Leases as Lessee

The Agency, as lessee leases a copier with terms from January 2020 through December 2024. The original cost of the copier was $37,979. As of June 30, 2024, the copier has a carrying amount of $3,798, net of accumulated amortization of $34,181.

The following is a schedule of future minimum principal and interest payments to be paid under the lease entered into by the Agency as lessee that has initial or remaining non-cancelable lease terms in excess of one year as of June 30, 2024.

For the Year Ended June 30	Principal	Interest	Total
2025	$4,091	$40	$4,131
Totals	$4,091	$40	$4,131

For the year ended June 30, 2024, amortization expense was $7,596.

Leases as a Lessor

The Agency, as lessor, leases an unused portion of the corporation year as a parking facility for Marin Airporter to park their buses. The lease has a term of five years with optional five one-year extensions beginning July 2019.

The following is a schedule of the future minimum rentals to be received under the lease entered into by the Agency as lessor that have initial or remaining non-cancelable lease terms in excess of one year as of June 30, 2024.

For the Year Ended June 30	Principal	Interest	Total
2025	$63,711	$9,537	$73,248
2026	67,706	7,651	75,357
2027	71,880	5,647	77,527
2028	76,238	3,520	79,758
2029	80,789	1,265	82,054
Totals	$360,324	$27,620	$387,944

NOTE 6 – SUBSCRIPTIONS-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The Agency utilizes various computer software applications in the course of normal operations. Most of the software is paid for on an annual basis and is expensed as costs are incurred. The Agency has one subscription for Microsoft with terms from January 2023 through December 2028. The original value of the subscription was $162,321. As of June 30, 2024, the subscription has a carrying amount of $126,675 net of accumulated amortization of $40,580.

	Balance June 30, 2023	Retirements	Balance June 30, 2024	Current Balance
Subscription Liabilities				
Software Subscriptions	$149,375	($25,700)	$123,675	$26,330
Total Subscription Liabilities	$149,375	($25,700)	$123,675	$26,330

The following is a schedule of future minimum costs to be paid:

For the Year Ended June 30	Principal	Interest	Total
2025	$26,330	$2,708	$29,038
2026	26,976	2,062	29,038
2027	27,637	1,401	29,038
2028	28,315	723	29,038
2029	14,417	102	14,519
Totals	$123,675	$6,996	$130,671

NOTE 7 – PLANT AND FACILITIES (CAPITAL ASSETS)

The Agency's plant and facilities capital assets consisted of the following as of June 30, 2024:

	Orignial Balance June 30, 2023	Prior Period Adjustment	Adjusted Balance June 30, 2023	Additions	Disposals & Adjustments	Transfers	Balance June 30, 2024
Non-depreciable capital assets:							
Land and land improvements	$5,510,600		$5,510,600			$289,206	$5,799,806
Construction-in-process	1,958,156		1,958,156	$4,113,017	($281,126)	(4,779,161)	$1,010,886
Total non-depreciable capital assets	7,468,756		7,468,756	4,113,017	(281,126)	(4,489,955)	6,810,692
Depreciable capital assets:							
Wastewater treatment facilities	146,960,746		146,960,746	561,215	(3,074,728)	4,445,700	148,892,933
Wastewater disposal facilites	13,746,112		13,746,112			44,255	13,790,367
General plant and administrative facilities	11,146,076		11,146,076	124,335	(339,838)		10,930,573
Right of use assets	37,979		37,979				37,979
Subscription-based IT arrangements	174,227		174,227		(11,906)		162,321
Total decreciable capital assets	172,065,140		172,065,140	685,550	(3,426,472)	4,489,955	173,814,173
Less accumulated depreciation for:							
Wastewater treatment facilities	(80,188,323)	$88,155	(80,100,168)	(4,191,085)	2,981,847		(81,309,406)
Wastewater disposal facilites	(11,889,057)		(11,889,057)	(327,542)			(12,216,599)
General plant and administrative facilities	(6,640,841)		(6,640,841)	(337,339)	286,546		(6,691,634)
Right of use assets	(26,586)		(26,586)	(7,595)			(34,181)
Subscription-based IT arrangements	(14,519)		(14,519)	(27,053)	992		(40,580)
Total accumulated depreciation	(98,759,326)	88,155	(98,671,171)	(4,890,614)	3,269,385		(100,292,400)
Total depreciable assets, net	73,305,814	88,155	73,393,969	(4,205,064)	(157,087)	4,489,955	73,521,773
Total capital assets, net	$80,774,570	$88,155	$80,862,725	($92,047)	($438,213)		$80,332,465

Total depreciation and amortization expense for the year ended June 30, 2024 was $4,901,529.

NOTE 8 – COMPENSATED ABSENCES

Accumulated unpaid vacation and compensatory time have been accrued at year end. The changes in compensated absences were for the year ending June 30, 2024 is as follows:

Balance June 30, 2023	Net Change	Balance June 30, 2024	Due Within One Year
$1,006,266	$39,055	$1,045,321	$314,334

NOTE 9 – LONG-TERM OBLIGATIONS

The Agency's long-term obligations consisted of the following as of June 30, 2024:

	Original Issue Amount	Balance June 30, 2023	Retirements	Balance June 30, 2024	Amount due within one year
2015 Refunding Revenue					
2.50 - 5.00%, due 9/01/2031	$49,310,000	$30,310,000	$2,785,000	$27,525,000	$2,930,000
Bonds					
Discounts and premiums, net		2,497,820	348,533	2,149,287	
2020 Revenue Bonds					
2.0 - 2.25%, due 9/1/2024	9,115,000	8,360,000	390,000	7,970,000	395,000
2020 Revenue Bonds					
Discounts and premiums, net		125,348	7,290	118,058	
2022 Pension Obligation Bonds					
3.36%, due 9/1/2038	9,432,000	9,266,000	130,000	9,136,000	248,000
Total long-term debt, net		$50,559,168	$3,660,823	$46,898,345	$3,573,000

On March 26, 2015, the Agency issued $49,310,000 in Series 2015 Refunding Revenue Bonds at a premium of $5,344,174 with an interest rate ranging from 2.5 to 5.0 percent. The Bonds were used to refund the Series 2006 Revenue Bonds whose proceeds were used to finance improvements to the wastewater treatment and disposal system of the Central Marin Sanitation Agency, consisting primarily of improvements to the Agency's Treatment Plant to increase capacity for wet weather flows, to pay costs of issuance of the Bonds and for certain other capital projects to provide treatment capacity, replace capital assets at end of service life and to make other capital improvements as approved by the Board of Commissioners. The Bonds are fully registered with principal due annually on September 1 and interest payable semi-annually on March 1 and September 1.

The Agency's 2015 Refunding Revenue Bonds debt service requirements were as follows as of June 30, 2024:

For the Year Ending June 30	Principal	Interest	Total
2025	$2,930,000	$1,014,506	$3,944,506
2026	3,075,000	864,381	3,939,381
2027	3,250,000	738,756	3,988,756
2028	3,340,000	606,506	3,946,506
2029	3,510,000	435,256	3,945,256
2030-2032	11,420,000	533,216	11,953,216
Totals	$27,525,000	$4,192,622	$31,717,622

NOTE 9 – LONG-TERM OBLIGATIONS (Continued)

On November 3, 2020, the Agency issued $9,115,000 in Series 2020 Revenue Bonds at a premium of $215,574 and discount of $70,982 with an interest rate ranging from 2.0 to 2.25 percent. The Bonds were used primarily for improvements to the Agency's Treatment Plant and for certain other capital projects to provide treatment capacity, replace capital assets at end of service life and to make other capital improvements as approved by the Board of Commissioners. The Bonds are fully registered with principal due annually on September 1 and interest payable semi-annually on March 1 and September 1. The bonds are callable at par anytime on or after September 1 2030.

The Agency’s 2020 Refunding Revenue Bonds debt service requirements were as follows as of June 30, 2024:

For the Year Ending June 30	Principal	Interest	Total
2025	$395,000	$160,775	$555,775
2026	405,000	152,775	557,775
2027	415,000	144,575	559,575
2028	420,000	136,225	556,225
2029	430,000	127,725	557,725
2030 - 2034	2,285,000	504,575	2,789,575
2035 - 2039	2,530,000	261,119	2,791,119
2040 - 2041	1,090,000	24,638	1,114,638
Totals	$7,970,000	$1,512,407	$9,482,407

On April 1, 2022, the Agency issued $9,432,000 in private placement Series 2022 taxable Pension Obligation Bonds with an interest rate of 3.36%. The Bonds were used solely for reducing the Agency’s unfunded actuarial accrued pension liability (UAAL) by paying off a significant portion of the balance. The Bonds are fully registered with principal due annually on September 1 and interest payable semi-annually on March 1 and September 1. The bonds are callable at par anytime on or after September 1 2030.

The Agency’s 2022 Refunding Revenue Bonds debt service requirements were as follows as of June 30, 2024:

For the Year Ending June 30	Principal	Interest	Total
2025	$248,000	$302,803	$550,803
2026	632,000	288,019	920,019
2027	653,000	266,431	919,431
2028	676,000	244,104	920,104
2029	699,000	221,004	920,004
2030 - 2034	3,869,000	730,043	4,599,043
2035 - 2038	2,359,000	120,237	2,479,237
Totals	$9,136,000	$2,172,641	$11,308,641

NOTE 10 – JOINT VENTURES

The Agency serves as a regional wastewater treatment plant for its three member agencies and San Quentin State Prison (SQ) and is governed by a five-member Board of Commissioners, two appointed by the governing board of Ross Valley Sanitary District (RVSD), two appointed by the governing board of San Rafael Sanitation District (SRSD), and one appointed by the governing board of Sanitary District No. 2 (SD 2). Total project costs for the joint venture were funded from federal (75%) and state (12.5%) clean water grants and from local shares (12.5% total) allocated among the member agencies and SQ based upon the weighted average of the strength and volume of sewage flows applicable at inception of the project. Final individual local shares of total project costs were approximately $6.3 million for SD 1, $7.6 million for RVSD, $1.6 million for SD 2, $1 million for Larkspur who later withdrew from the JPA in 2020 and $1.4 million for SQ.

CMSA derives its annual funding for its operations and equipment repair and replacement programs almost exclusively from service charges to its member agencies and SQ. Beginning in fiscal year 2006-07, funding for CMSA's capital program also includes proceeds from the sale of revenue bonds which were exhausted in fiscal year 2014-15. The joint powers agreement makes no provisions for an equity interest for any of the joint venture participants' operations and stipulates that all excess capital funds and all excess administration, operations and maintenance funds, from whatever source, are the property of the Agency. Complete separate financial statements of the member agencies may be obtained by contacting their administrative offices directly.

NOTE 11 – COMMITMENTS AND CONTINGENCIES

The Agency had $585,917 in construction-related contractual commitments as of June 30, 2024.

Contingencies of an undeterminable amount include normal recurring pending claims and litigation. Agency management is of the opinion that the resolution of these matters will not result in a material liability to the Agency. No provision has been made for a contingent liability that meets the criteria for accrual set forth in current government accounting standards.

NOTE 12 – RISK MANAGEMENT

The Agency is exposed to risks of loss from property, liability, and workers' compensation. The Agency mitigates risk by participating in risk sharing and insurance purchasing pools through membership in the California Sanitation Risk Management Authority (CSRMA). The Pooled Liability Program provides its members such as the Agency with third-party liability coverage specifically designed to meet the exposures faced by the wastewater industry. Members are provided with coverage for General Liability, Automobile Liability, Employment Practices Liability and Public Entity Errors and Omissions Liability. Deductibles for these coverages range from $0 to $500,000.

The cost to each CSRMA member agency for program participation is determined by the Executive Board upon the basis of cost allocation plan and rating formula. The deposit for each participating agency includes the agency's share of expected losses, program insurance costs, and program administrative costs for the year, plus the agency's share of Authority general expense allocated to the program by the Board. Insurance purchasing pools provided property insurance, excess coverage to $15,500,000 on general liability, and excess coverage to $1,000,000 for workers' compensation.

NOTE 12 – RISK MANAGEMENT (Continued)

Audited condensed financial information for CSRMA is presented below for the year ended June 30, 2023 (most recent information available):

	June 30, 2023
Total Assets	$35,837,500
Total Liabilities	25,803,417
Total Equity	10,034,083
Total Revenues	21,686,396
Total Expenses	18,692,969

NOTE 13 – DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plans

Plan Description – All qualified permanent and probationary employees are eligible to participate in the Agency's Miscellaneous Employee Pension Plan (the Plan), a cost-sharing multiple employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plan are established by State statute and Agency resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for the Plan are applied as specified by the Public Employees' Retirement Law.

The Plan provisions and benefits in effect at June 30, 2024, are summarized as follows:

	Miscellaneous	
	Tier I	PEPRA
Benefit formula	2% - 2.7% @ 55	2% @ 62
Benefit vesting schedule	5 Years	5 Years
Benefit payments	Monthly for Life	Monthly for Life
Retirement age	55	62
Monthly benefits, as a % of eligible compensation	2% - 2.7%	2.00%
Required employee contribution rates	8.00%	7.75%
Required employer contribution rates	15.95%	7.68%

NOTE 13 – DEFINED BENEFIT PENSION PLAN (Continued)

Contributions – Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Agency is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2024 contributions of $741,991 were recognized as part of pension expense.

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2024, the Agency reported net pension liabilities for its proportionate shares of the net pension liability of the Plan as follows:

	Proportionate Share of Net Pension Liability
Total Net Pension Liability	$6,845,166

The Agency's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2023, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022 rolled forward to June 30, 2023 using standard update procedures. The Agency's proportion of the net pension liability was based on a projection of the Agency's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The Agency's proportionate share of the net pension liability for the Plan as of June 30, 2022 and 2023 was as follows:

	Miscellaneous
Proportion - June 30, 2022	0.0602%
Proportion - June 30, 2023	0.1369%
Change - Increase (Decrease)	0.0767%

For the year ended June 30, 2024, the Agency recognized actuarial pension expense of $1,078,949. At June 30, 2024, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$741,991	
Differences between actual and expected experience	349,688	($54,245)
Changes in assumptions	413,274	
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	3,826,107	(719,793)
Change in proportion		(6,096,706)
Net differences between projected and actual earnings on plan investments	1,108,293	
Total	$6,439,353	($6,870,744)

NOTE 13 – DEFINED BENEFIT PENSION PLAN (Continued)

Of the $6,439,353 reported as deferred outflows of resources on the Statement of Net Position, $741,991 related to contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2025.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Annual Amortization
2025	($976,877)
2026	(774,278)
2027	545,971
2028	31,802
Total	($1,173,382)

Actuarial Assumptions – The total pension liabilities in the June 30, 2022 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous Tier I, II, and III
Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Actuarial Cost Method	Entry-Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Payroll Growth	2.80%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table[1]	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.0% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

(1) The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

Discount Rate – The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all period of projected benefit payments to determine the total pension liability.

Long-term Expected Rate of Return – In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return.

NOTE 13 – DEFINED BENEFIT PENSION PLAN (Continued)

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	Assumed asset Allocation	Real Return Years 1 - 10[1]
Global Equity-Cap-Weighted	30.0%	4.54%
Global Equity - Non-Cap-Weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-Backed Securities	5.0%	0.50%
Investment Grade Corporates	10.0%	1.56%
High Yield	5.0%	2.27%
Emerging Market Debt	5.0%	2.48%
Private Debt	5.0%	3.57%
Real Assets	15.0%	3.21%
Leverage	-5.0%	-0.59%
Total	100%	

(1) An expected inflation of 2.30% used for this period.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the Agency's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the Agency's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1- percentage point lower or 1-percentage point higher than the current rate:

	Miscellaneous All Tiers
1% Decrease	5.90%
Net Pension Liability (Asset)	$14,558,614
Current Discount Rate	6.90%
Net Pension Liability (Asset)	$6,845,166
1% Increase	7.90%
Net Pension Liability (Asset)	$496,336

Pension Plan Fiduciary Net Position – Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

NOTE 14 – OTHER POST EMPLOYMENT BENEFITS (OPEB)

Plan Description

The Agency's defined benefit postemployment healthcare plan provides a post-retirement health care benefit to eligible retirees in accordance with a Memorandum of Understanding (M.O.U.) for union represented employees and Board approval for unrepresented management, supervisory, and confidential employees. For both employee groups, eligible employees retiring at or after age 50 with a minimum of 5 years CalPERS service credit may opt to continue health care coverage, with a portion of the monthly premium paid for by the Agency. Coverage may discontinue at the request of the retiree. The amount of the Agency's contribution towards retiree's medical benefit is based on the date of hire as an employee.

The Agency contracts with CalPERS to administer its retiree health benefits plan (an agent multiple-employer defined benefit plan) and to provide an investment vehicle, the California Employees' Retiree Benefit Trust Fund (CERBT), to prefund future OPEB costs. The Agency chooses from a menu of benefit provisions and adopts certain benefit provisions by Board resolution. A menu of benefit provisions as well as other requirements is established by State statute within the Public Employees' Retirement Law. By participating in CERBT, the Agency is also obligated to follow the actuarial assumptions established by the CalPERS Board of Administration. CalPERS issues a Comprehensive Annual Financial Report for the retirement plans. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office at 400 P Street, Sacramento, CA, 95814.

Employees Covered

As of the June 30, 2024 actuarial valuation, the following current and former employees were covered by the benefit terms under the Plan:

Active plan members	44
Inactive employees currently receiving benefit	38
Inactive employees not yet receiving benefit	-
Total plan membership	82

Contributions

The Agency's plan and its contribution requirements are established by Memoranda of Understanding with the applicable employee bargaining units and may be amended by agreements between the Agency and the bargaining units. The annual contribution is based on the actuarially determined contribution. For the fiscal year June 30, 2024, the Agency’s cash contributions were $0 to the CERBT trust and the implied subsidy, which includes payments of retiree medical premiums, reimbursements to retirees and other non-cash subsidies, was $203,301.

NOTE 14 – OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

Net OPEB Liability

The Agency's Net OPEB Liability was measured on June 30, 2023 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation dated June 30, 2023 that was rolled back to June 30, 2022, and forward to June 30, 2023 to determine the total OPEB liability, based on the following actuarial methods and assumptions:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2023
Actuarial cost method	Entry age normal, level percent of pay
Actuarial assumptions:	
Discount rate	6.75%
Inflation	2.75%
Salary increase	3.00%
Healthcare trend rates	5.50%
Investment Rate of Return	6.75%
Mortality rate	In all actuarial valuations, assumed life expectancies were based on the CalPERS Mort and Disb Rates_PA Misc Tables.
Retirement rates	In all actuarial valuations, assumed retirement ages were based on the CalPERS Rx PA Misc 2% @ 62 and Rx PA Misc 2.7% @ 55 Tables.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Target Rage	Benchmark
Global Equity	49%	5.00%	MSCI All Country World Index IMI (Net)
Fixed Income	23%	5.00%	Bloomberg Long Liability Index
TIPS	5%	3.00%	Bloomberg US TIPS Index, Series L
Commodities	3%	3.00%	S&P GSCI Total Return Index
REITs	20%	5.00%	FTSE EPRA/NAREIT Developed Index (Net)
Cash	0%	2.00%	ICE BofA US 3-Month Treasury Bill Index
Total	100%		

Discount Rate

The discount rate used to measure the total OPEB liability was 6.75 percent. The cash flows of the OPEB plan were projected to future years, assuming that CMSA will contribute an amount so that the assets always exceed expected benefits to retirees. Under that projection, the plan assets are projected to be adequate to pay all benefits to retirees in all future years, so the discount rate has been set equal to the long-term expected rate of return on investments, 6.75%

NOTE 14 – OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

Changes in the OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	**Plan Fiduciary Net Position (b)**	**Net OPEB Liability/(Asset) (c) = (a) - (b)**
Balance at June 30, 2022 (Measurement Date)	$4,598,604	$3,028,620	$1,569,984
Changes Recognized for the Measurement Period:			
Service Cost	153,534		153,534
Interest on the total OPEB liability	327,378		327,378
Changes in benefit terms			
Difference between expected and actual experience	(292,351)		(292,351)
Changes of assumptions	288,366		288,366
Net investment income		194,654	(194,654)
Contributions - Employer			
Contributions - Implicit Subsidy		33,254	(33,254)
Benefit Payments	(170,047)	(170,047)	
Implicit Subsidy Credit	(33,254)	(33,254)	
Administrative Expense		(871)	871
Net Changes during July 1, 2022 to June 30, 2023	273,626	23,736	249,890
Balance at June 30, 2023 (Measurement Date)	$4,872,230	$3,052,356	$1,819,874

Sensitivity of the Net OPEB Liability to the Changes in the Discount Rate

The following presents the Net OPEB Liability of the Agency if it were calculated using a discount rate that is one percentage point higher or lower than the current discount rate, for the measurement period ended June 30, 2023.

Plan's Net OPEB Liability (Asset)		
Discount Rate -1% (5.75%)	**Current Discount Rate (6.75%)**	**Discount Rate +1% (7.75%)**
$2,453,173	$1,819,874	$1,298,943

Sensitivity of the Net OPEB Liability to the Changes in the Health Care Cost Trend Rates

The following presents the net OPEB liability of the Agency if it were calculated using health care cost trend rates that are one percentage point higher or lower than the current rate, for the measurement period ended June 30, 2023:

Plan's Net OPEB Liability (Asset)		
Discount Rate -1% 4.50%	**Healthcare Cost 5.50%**	**Discount Rate +1% 6.50%**
$1,286,721	$1,819,874	$2,466,807

NOTE 14 – OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

OPEB Plan Fiduciary Net Position

CERBT issues a publicly available financial report that may be obtained from CalPERS, Prefunding Programs, CERBT (OPEB), P.O. Box 1494, Sacramento, CA 95812-1494.

Recognition of Deferred Outflows and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time.

Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

The recognition period differs depending on the source of the gain or loss:

Net difference between projected and actual earnings on OPEB plan investments	5 years
All other amounts	Expected average remaining service lifetime (EARSL)

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2024, the Agency recognized OPEB expense of $251,958. At June 30, 2024, the Agency reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
CMSA contributions subsequent to measurement date	$96,598	
Differences between actual and expected experience		$772,713
Changes of assumptions	268,619	9,846
Net difference between projected and actual earnings on OPEB plan investments	362,372	
	$727,589	$782,559

The $96,598 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2025.

NOTE 14 – OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as OPEB expense as follows:

Measurement Period Ended June 30	Annual Amortization
2025	($13,563)
2026	(33,625)
2027	82,603
2028	(102,112)
2028	(47,212)
Thereafter	(37,659)
	($151,568)

NOTE 15 – DEFERRED COMPENSATION 457 (b) AND 401(a) PLANS

Agency employees may defer a portion of their compensation under the Agency's sponsored deferred compensation plans created in accordance with Internal Revenue Code (IRC) Section 457 and 401. Under these Plans, participants are not taxed on the deferred portion of their compensation until distributed to them; distributions may be made only at termination, retirement, death, or in an emergency.

The Agency has Deferred Compensation Plan administration agreements with both Mission Square and Nationwide to provide for the administration and management of employees' deferred compensation plan assets. The agreement incorporates changes in the laws and IRC regulations governing deferred compensation plan assets, which require plan assets to be held for the exclusive benefit of plan participants and their beneficiaries. Since the assets held under the plan are not the Agency's property and not subject to claims by general creditors of the Agency, it has been excluded from these financial statements.

NOTE 16 – SUBSEQUENT EVENT

Management has reviewed subsequent events and transactions that occurred after the date of the financial statements through the date the financial statements were issued. The financial statements include all events or transactions, including estimates, required to be recognized in accordance with generally accepted accounting principles. Management has determined that there are no non-recognized subsequent events that require additional disclosure.

NOTE 17 – RESTATEMENT OF BEGINNING NET POSITION

During the year ended June 30, 2024, it was noted that there was a error of capitalization of a capital asset in the prior year. As a result, the beginning balance of capital assets and beginning net position were increased in the amount of $88,155.

	2024
Net position beginning balance, as previously stated	$51,102,383
Prior period adjustment:	
Error from accumulated depreciation	88,155
Net position beginning balance, as restated	$51,190,538

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Required Supplementary Information

CENTRAL MARIN SANITATION AGENCY
Schedule of Proportionate Share of Net Pension Liability
Last 10 Years *

Fiscal Year End June 30,	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Measurement date	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/2022	6/30/2023
Proportion of the net pension liability	0.30349%	0.27225%	0.27951%	0.28603%	0.29455%	0.30212%	0.31011%	0.42205%	0.14856%	0.13689%
Proportion share of the net pension liability	$7,500,711	$7,469,105	$9,709,970	$11,275,453	$11,100,877	$12,098,439	$13,080,864	$8,013,909	$6,951,525	$6,845,166
Covered payroll	$4,304,138	$4,157,166	$4,424,935	$4,723,972	$4,965,222	$4,942,374	$5,349,606	$5,675,059	$5,785,065	$6,090,471
Proportionate share of the net pension liability as a percentage of covered payroll	174.27%	179.67%	219.44%	238.69%	223.57%	244.79%	244.52%	141.21%	120.16%	112.39%
Plan's fiduciary net position as a percentage of the Plan's total pension liability	79.10%	79.89%	75.44%	74.16%	74.96%	74.11%	73.58%	84.28%	87.32%	88.00%

CENTRAL MARIN SANITATION AGENCY
Schedule of Agency's Pension Plan Contributions
Last 10 Years*

Fiscal Year End June 30,	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Contractually required contributions (actuarially determined)	$44,141	$848,569	$942,199	$991,502	$1,130,901	$1,315,602	$1,491,516	$1,609,691	$1,160,485	$741,991
Contributions in relation to the actuarially determined contributions	44,141	848,569	942,199	991,502	1,130,901	1,315,602	1,491,516	1,609,691	1,160,485	741,991
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Covered payroll	4,157,166	4,424,935	4,723,972	4,965,222	4,942,374	5,349,606	5,675,059	5,785,065	6,090,471	6,489,958
Contributions as a percentage of covered payroll	1.06%	19.18%	19.95%	19.97%	22.88%	24.59%	26.28%	27.82%	19.05%	11.43%

*Fiscal year ending June 30, 2015, was the first year of implementation.

CENTRAL MARIN SANITATION AGENCY
Schedule of Changes in Net OPEB Liability and Related Ratios
Last Ten Fiscal Years *

Other Post-Employment Benefits (OPEB) - Agent-Multiple Employer Plan

Measurement period	2017	2018	2019	2020	2021	2022	2023
Total OPEB liability							
Service cost	$111,349	$114,689	$118,130	$122,614	$126,292	$149,062	$153,534
Interest on the OPEB liability	293,164	309,421	326,176	306,773	322,355	309,061	327,378
Changes in benefit terms	-	-	-	-	-	-	-
Differences between expected and actual experience	-	-	(485,040)	-	(462,302)	-	(292,351)
Changes of assumptions	-	-	(18,331)	-	41,906	-	288,366
Benefit payments	(170,667)	(180,592)	(181,444)	(183,958)	(166,966)	(176,458)	(170,047)
Implicit rate subsidy fulfilled	-	(11,122)	(14,771)	(34,735)	(45,053)	(33,254)	(33,254)
Net change in total OPEB liability	233,846	232,396	(255,280)	210,694	(183,768)	248,411	273,626
Total OPEB liability - beginning	4,112,305	4,346,151	4,578,547	4,323,267	4,533,961	4,350,193	4,598,604
Total OPEB liability - ending (a)	$4,346,151	$4,578,547	$4,323,267	$4,533,961	$4,350,193	$4,598,604	$4,872,230
OPEB fiduciary net position							
Net investment income	$207,513	$177,929	$161,815	$97,301	$788,875	($655,328)	$194,654
Contributions - Employer	287,122	287,906	224,526	226,958	209,974	176,458	-
Contributions - Implicit Subsidy	-	11,122	14,771	34,735	45,053	33,254	33,254
Benefit payments	(170,667)	(180,592)	(181,444)	(183,958)	(166,966)	(176,458)	(170,047)
Implicit subsidy credit	-	(11,122)	(14,771)	(34,735)	(45,053)	(33,254)	(33,254)
Administrative expense	(1,006)	(1,214)	(543)	(1,336)	(1,087)	(923)	(871)
Net change in plan fiduciary net position	322,962	284,029	204,354	138,965	830,796	(656,251)	23,736
Plan fiduciary net position - beginning	1,903,765	2,226,727	2,510,756	2,715,110	2,854,075	3,684,871	3,028,620
Plan fiduciary net position - ending (b)	2,226,727	2,510,756	2,715,110	2,854,075	3,684,871	3,028,620	3,052,356
Plan net OPEB liability (asset) - ending (a) - (b)	$2,119,424	$2,067,791	$1,608,157	$1,679,886	$665,322	$1,569,984	$1,819,874
Plan fiduciary net position as a percentage of the total OPEB liability	51.23%	54.84%	62.80%	62.95%	84.71%	65.86%	62.65%
Covered payroll	$4,723,972	$4,965,222	$4,942,374	$5,349,606	$5,675,059	$5,785,065	$5,739,125
District's Net OPEB liability as a percentage of covered payroll	44.87%	41.65%	32.54%	31.40%	11.72%	27.14%	31.71%

* June 30, 2018 was the first year of implementation for GASB 75.

CENTRAL MARIN SANITATION AGENCY
SCHEDULE OF OPEB CONTRIBUTIONS
Last Ten Fiscal Years *
Other Post-Employment Benefits (OPEB) - Agent-Multiple Employer Plan

	2018	2019	2020	2021	2022	2023	2024
Actuarially determined contribution	$287,122	$299,028	$239,297	$261,693	$255,027	$209,712	$203,301
Contributions in relation to the actuarially determined contribution	287,122	299,028	239,297	261,693	255,027	209,712	203,301
Contribution deficiency (excess)	-	-	-	-	-	-	-
Covered payroll	$4,965,222	$4,942,374	$5,349,606	$5,675,059	$5,785,065	$6,090,471	$6,489,958
Contributions as a percentage of covered payroll	5.78%	6.05%	4.47%	4.61%	4.41%	3.44%	3.13%

Notes to Schedule:

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry-Age Normal Cost
Amortization Method	Closed Period, Level Percent of Pay
Discount Rate	6.75%
Inflation	2.75%
Healthcare Cost Trend Rates	5.50%
Salary Increases	3.00%
Investment Rate of Return	6.75%
Retirement Age	In all actuarial valuations, assumed life expectancies were based on the CalPERS Mort and Disb Rates_PA Misc Tables.
Mortality	In all actuarial valuations, assumed life expectancies were based on the CalPERS Mort and Disb Rates_PA Misc Tables.

* June 20, 2017 was the first year of implementation

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Commissioners
Central Marin Sanitation Agency
San Rafael, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Central Marin Sanitation Agency (Agency), California, as of and for the year ended June 30, 2024 and the related notes to the financial statements, and have issued our report thereon dated October 23, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Accountancy Corporation
3478 Buskirk Avenue, Suite 217
Pleasant Hill, CA 94523
T 925.228.2800
E maze@mazeassociates.com
W mazeassociates.com

We have also issued a separate Memorandum on Internal Control dated October 23, 2024 which is an integral part of our audit and should be read in conjunction with this report.

Purpose of this Report

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

Maze + Associates

Pleasant Hill, California
October 23, 2024

Central Marin Sanitation Agency

BOARD MEMORANDUM

November 5, 2024

To: CMSA Commissioners and Alternates

From: Jacky Wong, Associate Engineer

Approved: Jason Dow, General Manager

Subject: San Quentin Pump Station Auger Grinder Screen Procurement

Recommendation: Authorize the General Manager to purchase a JWC Auger Monster grinder screen system, not to exceed $138,084.

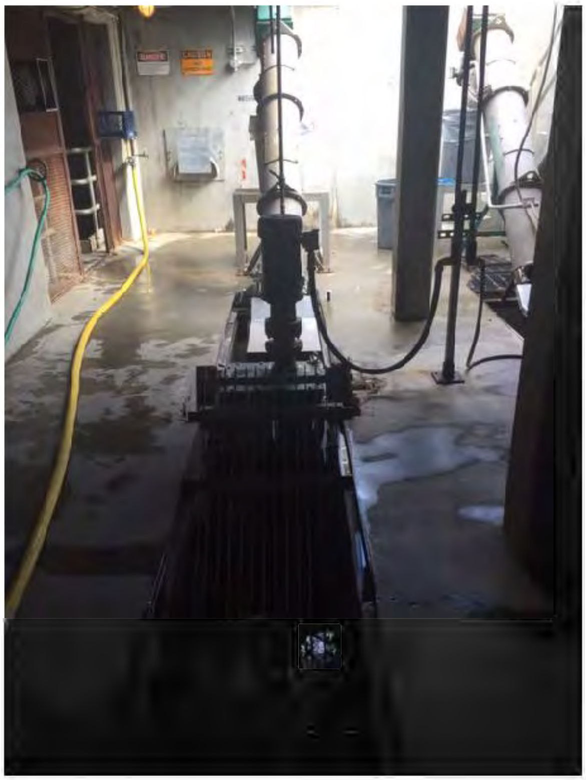
Summary: The San Quentin Pump Station (SQPS) is equipped with an auger grinder screening systems in each of its two influent channels that are experiencing heavy corrosion and nearing the end of their service utility. Agency staff received a quote from MISCOwater, manufacture representative for the original JWC system. The quote includes in-kind replacement with an upgraded control system which reduces equipment runtime and extends the unit lifespan while reducing maintenance costs, as well as energy and water consumption. The California Department of Corrections and Rehabilitation (CDCR) approved funding one auger grinder screen system replacements now, and the second system to be replaced with future contract funding. Under the current CMSA-CDCR Wastewater Services Agreement, CDCR will fully reimburse the Agency for all project costs.

Fiscal Impact: The 2020 Wastewater Service Agreement between CMSA and CDCR allocates $1.1 million for asset management projects over the agreement's five-year term, ending June 30, 2025. This project falls within the asset management scope, and there is approximately $337,000 available to cover the costs of the auger grinder screen replacement and other associated improvements at the SQPS. CDCR will reimburse the Agency for all incurred project costs as outlined in the terms of the agreement.

Discussion: On October 25, 2024, CDCR approved the following SQPS asset management related projects recommended by Agency staff:

- Repair spalled concrete on the headworks chamber ceiling.
- Apply a polyurethane protective coating to waterproof the concrete roof deck.
- Replace the aging 30kVA 480-208/120V transformer.
- Replace the outdated hydrogen sulfide air monitoring equipment in the wet well.
- Replace one of the aging auger grinder screens.

Agency staff will use the available extra work account funds to prioritize this procurement and the remaining funds to complete the other repairs at the pump station. The quote from Misco for the procurement of the new auger grinder screen system includes delivery to CMSA, and installation and start-up support services. Agency staff will obtain separate proposals from qualified General Contractors for the removal of the old auger grinder screen and installation of the new unit.



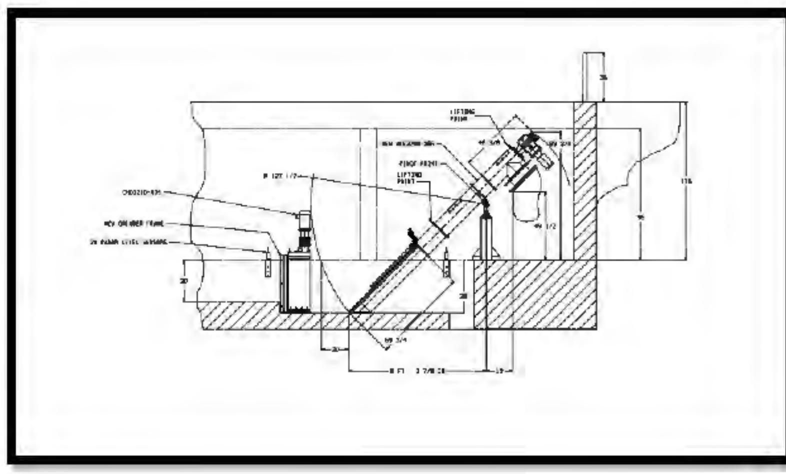


Photo 1: Field Photograph of existing channel grinder and auger system to be replaced

Figure 1: Diagram of channel grinder and auger system to be replaced

Alignment with Strategic Plan: This project aligns with the Agency's FY25 Business Plan to support Goal 4 – Objective 4.2 as shown below.

Goal 4: *CMSA will be a leader and/or active participate in collaborative efforts to address industry and community challenges and opportunities*

Objective 4.2: *Promote interagency coordination of projects and initiatives*

Attachment:
- Quotation from MISCO Water, dated October 29, 2024.

October 29, 2024

Jacky Wong
Associate Engineer
Central Marin Sanitation Agency

Subj: MISCOwater Quote #AM241029JKJWC
Ref: JWC Auger Monster 304SS for San Quinten

Jacky,

It is our pleasure to submit the following quotation of the JWC Auger Monster for your review.

QTY	DESCRIPTION	UNIT PRICE	TOTAL
1	AUGER MONSTER * Monster Renew CMD3210-XDS grinder with 32" cutter stack using 7-tooth cam cutters in hardened alloy steel, 1O" dia. 304 stainless steel rotating drum with 1/2" diameter holes on a 3/8" stagger, cartridge-style tungsten carbide mechanical seals with BUNA-N elastomers rated for 90 psi, green epoxy-coated ductile iron housings & siderails, 29:1 speed reducer and 5 hp XPFC explosion-proof 230-460v/3ph/60Hz electric motor * AMA3200-285 auger, 45 deg. inclination, 304 stainless steel trough & casings, 1/4" perforated screen, 1750 mm transport segment, bottom discharge, nom. 12" dia. alloy-steel spiral with nylon brush, 160:1 speed reducer, 2 hp XPFC explosion-proof 230-460v/3ph/60Hz electric motor, stainless steel spray wash manifold with manual ball & bronze explosion-proof solenoid valves * Pivot frame, grinder frame and support components fabricated in 304 stainless steel * PC2252D motor controller in a NEMA 4X 304 SST enclosure with blank front accepting 460v/3ph/60Hz input power, includes IEC starters with over-current protection, jam-sensing current transformers, micro-PLC, operator interface and radar level sensors	$127,560.00	$127,560.00
	Estimated Tax @8.25%		$10,523.70
	TOTAL		$138,083.70

3825 HOPYARD ROAD., SUITE 195
PLEASANTON, CA 94588
PH:(925) 225-1900 / FAX: (925) 225-9200
www.miscowater.com

Notes:

- Payment terms: Net 30 days
- MISCOwater Terms and Conditions are attached.
- Shipping is not included.

Purchase order to be addressed as follows:

MISCOwater
3825 Hopyard Rd., Suite #195
Pleasanton, Ca 94588

Please let me know if you have any questions.

Thank you,
Jason Kanawyer

MISCO
WATER

STANDARD TERMS AND CONDITIONS 1

ACCEPTANCE

The following Terms and Conditions are an integral part of the offer to sell the equipment and/or services offered in this proposal. When the BUYER signifies acceptance of this quotation by submission of a Purchase Order or signed SELLER Quotation, it shall become a binding contract when accepted and signed by an authorized signer of the SELLER. Any changes or amendments to this proposal made by the BUYER must have SELLER's approval in writing to become a part of this contract. These Terms and Conditions and the accompanying Purchase Order or signed SELLER Quotation shall comprise the entire agreement between the parties and no course of prior dealings between the parties and no usage of the trade shall be relevant to supplement or explain any terms used in this contract. Unless stated otherwise, the terms and conditions of the manufacturers listed herein will apply to this quotation Any attachments or listed documents are considered a part of this quotation and are made part of the agreement. **Quote is firm for thirty (30) days unless otherwise stated on the face of the attached quotation.**

APPROVAL DRAWINGS

All items listed are based on SELLER'S interpretation of the requirements in accordance with the plans and specifications. Any preliminary drawings or literature attached to our quotation are for illustration purposes only to show approximate arrangements. Specific drawings and submittal data will be furnished for approval as required after receipt and acceptance of the BUYER'S order. Any submittal or manuals when provided by SELLER will be in the form of a PDF electronic file only. Any form of media beyond the electronic file would be the responsibility of BUYER. Fabrication of products or equipment ordered will not begin until approval and direction to proceed is received in writing. No warranty is made regarding quantities, materials of construction or type of materials quoted. Operation, installation, and maintenance of materials quoted are the responsibility of the OWNER or CONTRACTOR.

DELIVERY

Any shipment or delivery date recited represents our best estimate, but no liability, direct or indirect, is assumed by SELLER for failure to ship or deliver on such dates. Unless otherwise directed, SELLER shall have the right to make early or partial shipments and invoices covering the same to BUYER shall be due and payable in accordance with payment terms hereof. FOB shall be origin unless stated otherwise on the front of these Terms and Conditions. Delivery schedule(s) will be contingent on supply-chain availability and variability for material components, therefore, lead-times are subject to change without notice. Published weights are careful estimates but are not guaranteed. SELLER will endeavor, insofar, as it is possible, to comply with shipping instructions specified by the Purchaser. However, SELLER reserves the right to ship merchandise by such means of transportation as it may select. The manufacturer will ship the equipment via best way. Demurrage shall be billed to the account of the Purchaser. DAMAGE CLAIMS: Care is taken in packaging all shipments. After BUYER has been given the receipt by the transportation company, all claims for breakage or shortages, whether concealed or obvious, must be made in writing by the BUYER to the carrier and SELLER within seven (7) days after receipt of shipment. When damage or shortages are obvious, written comments on the bill of lading are required before the driver is released.. RETURNED PRODUCTS: In no instance is equipment to be returned without first obtaining SELLERS written approval and returned materials authorization. If shipment is postponed at the request of the purchaser after manufacturing has been commenced, payment will be due on notice from us that the equipment is ready for shipment. Pro rata payments shall be made for partial shipments.

STORAGE

Any item of the product on which shipment is delayed by BUYER may be placed in storage by SELLER at BUYER'S expense and risk. If a delay in shipment is requested by BUYER after an order has been entered and accepted:

a. No charge will be made if the request for delay is made more than six (6) weeks before acknowledged shipping date and the requested delay is for a period not in excess of thirty (30) days.

b. A charge will be made if the requested delay exceeds a period of thirty (30) days or if the request is made within six (6) weeks of the acknowledged shipping date. SELLER will advise BUYER of the charge within ten (10) days of receiving BUYER'S request for delay.

c. If the product is within six (6) weeks of the acknowledged shipping date, then SELLER has the option of completing, invoicing and storing the product and charging one and one-half percent (1.5%) per month, or the maximum percentage permitted by law, whichever is lesser, of the established price for such product, plus storage cost.

PAYMENT

Payment terms, upon credit approval, are of net thirty (30) days from the date of each invoice for material shipped (or when ready for shipment if shipment is deferred by BUYER) **unless stated otherwise on the face of the attached quotation.** Flow down provisions are not accepted and shall not be enforceable against SELLER. Retention is not allowed. In the event any payment becomes past due, a charge of one-half percent (1.5%) will be assessed monthly. These terms are completely independent from, and not contingent upon, when BUYER receives payment from the OWNER. A processing fee of up to four percent (4%) will be added for credit card payments. All merchandise sold is subject to lien laws. Partial or final payment shall constitute acceptance of delivered materials, products, or equipment.

FORCE MAJEURE

Neither Party will be liable for any failure or delay in performing an obligation under these Terms and Conditions that is due to any of the following causes, to the extent beyond its reasonable control: acts of God, accident, riots, war, terrorist act, epidemic, pandemic, quarantine, civil commotion, breakdown of communication facilities, breakdown of web host, breakdown of internet service provider, natural catastrophes, governmental acts or omissions, changes in laws or regulations, national strikes, fire, explosion, generalized lack of availability of raw materials or energy. For the avoidance of doubt, Force Majeure shall not include (a) financial distress nor the inability of either party to make a profit or avoid a financial loss, (b) changes in market prices or conditions, or (c) a party's financial inability to perform its obligations hereunder.

TAXES AND BONDS

Taxes and bonds are **NOT** included in our pricing. Any applicable taxes or bonds will be added to the price and shown separately on each invoice. All prices exclude sales, use, duties, excise, and other taxes in respect to manufacture, sale, or delivery, all of which are to be paid by the buyer unless a proper exemption certificate is furnished. BUYER agrees to reimburse our company for taxes SELLER must pay on BUYER'S behalf.

CLAIMS AND BACKCHARGES

BUYER agrees to examine all materials immediately upon delivery and report to SELLER in writing any defects or shortages noted no later than ten (10) days following the date of receipt. The parties agree that if no such claim is made within said time, it shall be considered acceptable and in good order with respect to any defect or shortage which would have been revealed by such an inspection. In no event will SELLER be responsible for any charge for modification, servicing, adjustment or for any other expense without written authorization from SELLER prior to the performance of any such work. IN NO EVENT SHALL SELLER BE LIABLE TO BUYER OR ANY THIRD PARTY FOR ANY LOSS OF USE, REVENUE OR PROFIT, OR FOR CONSEQUENTIAL, INDIRECT, INCIDENTAL, SPECIAL, EXEMPLARY, OR PUNITIVE DAMAGES, FOR ANY REASON, INCLUDING WITHOUT LIMITATION, DAMAGES ARISING OUT OF A DELAY IN OR FAILURE OF DELIVERY, DEFECTS IN MATERIAL AND WORKMANSHIP AND/OR FAILURE OF GOODS TO PERFORM TO APPLICABLE SPECIFICATIONS,

STANDARD TERMS AND CONDITIONS

DRAWINGS, BLUEPRINTS OR SAMPLES AS SET FORTH OR DESCRIBED HEREIN, IF ANY, OF A BREACH BY SELLER OF ANY OTHER TERM OR OBLIGATION OF SELLER UNDER THE CONTRACT. No penalty clauses of any description will be effective unless approved in writing over the signature of a principal of SELLER. Under no circumstances shall SELLER be liable for any consequential, special or incidental damages, including liquidated damages, arising from any breach by it in this transaction, AND ALL SUCH CONSEQUENTIAL, SPECIAL AND INCIDENTAL DAMAGES, INCLUDING LIQUIDATED DAMAGES, ARE EXCLUDED FROM ANY REMEDIES AVAILABLE TO THE BUYER.

SECURITY INTEREST & TITLE

Until all amounts due SELLER have been paid in full, SELLER shall retain a security interest in the product and have all rights of a secured party under the Uniform Commercial Code and applicable law, including the right to repossess the product or equipment without legal process and the right to require the BUYER to assemble the equipment and make it available to SELLER at a place reasonably convenient to both parties.

WARRANTY

Equipment and parts not manufactured by the SELLER carry only the warranty of the manufacturer of said parts. SELLER does not make any express or implied warranty for equipment and/or parts it did not manufacture. Credits for defective material and workmanship in said equipment and/or parts are only in accordance with the underlying company policy of the manufacturer. SELLER makes no warranty whatsoever with respect to any equipment and/or parts as to their merchantability or fitness for a particular purpose. It is further agreed that the SELLER assumes no liability whatsoever for failure of equipment due to normal usage and wear.

INDEMNIFICATION

To the fullest extent permitted by the law in which the project is located, BUYER and SELLER shall indemnify and hold one another and their respective employees and agents harmless from and against all claims, damages, losses, liabilities, actions, causes of action, demands, fines, penalties, judgments, costs, and expenses, including but not limited to attorneys' fees, court costs, expert fees and costs, arising out of or resulting from BUYER's or SELLER's own negligent acts, omissions or misconduct, to the extent such negligence is covered by BUYER's and SELLER's respective insurance policies. In the event any third party asserts against SELLER a claim for patent infringement, royalties or licensing fees with respect to BUYER's use of the products, materials, or equipment provided hereunder, BUYER agrees to indemnity SELLER for all liability damages, costs and expenses in connection therewith.

CANCELLATION

Buyer may cancel this contract only in writing signed by BUYER's duly authorized agent and acknowledged in writing by SELLER's duly authorized agent. Should this order be cancelled, BUYER shall be obligated to pay for the level of work performed and products shipped. Work performed includes any engineering, calculations, preparation of submittals, drawings, and/or travel to job site in relation to this order. In addition to any other remedies provided under these Terms and Conditions, SELLER may terminate this contract with immediate effect by providing signed, written notice to BUYER, if BUYER: (i) fails to pay any amount when due under the contract and such failure continues for 30 days after BUYER's receipt of written notice of nonpayment; (ii) has not otherwise performed or complied with any of these Terms and Conditions; or (iii) becomes insolvent, files a petition for bankruptcy or commences or has commenced against it proceedings in bankruptcy, receivership, reorganization or assignment for the benefit of creditors.

FIELD WORK

Unless specifically stated on our quotation, installation, start-up service, field testing, supervision, operation, and training are not included in our pricing of product. In the event that SELLER or any of its employees or agents do perform work or services on-site at the project's location, BUYER agrees to hold SELLER and its employees or agents harmless for any injuries or damage to property caused by their acts or omission, except to the extent said injuries or property damage arise from gross negligence or intentional misconduct.

MODIFICATIONS

This contract can be modified only in writing which specifically states that it amends these Terms and Conditions and is signed by both parties and their duly authorized agents. It is further agreed that this contract shall not be modified in any respect except in writing signed by the party and their duly authorized agent against whom the modification is sought to be enforced.

AUTHORITY OF SELLER'S AGENTS

No agent, employee or representative of the SELLER has any authority to bind the SELLER to any affirmation, representation or warranty concerning the goods sold under this Contract, and unless an affirmation, representation or warranty made by an agent, employee, or representative is specifically included within this written contract, it shall not be enforceable by the BUYER.

NO THIRD-PARTY BENEFICIARIES

This contract is for the sole benefit of BUYER and SELLER and their respective successors and permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other person or entity any legal or equitable right, benefit, or remedy of any nature whatsoever under or by reason of these Terms and Conditions.

GOVERNING LAW

All matters arising of or relating to the contract or the Terms and Conditions shall be governed by and construed in accordance with the laws of the state in which the project is located.

DISPUTE RESOLUTION

In the event of any dispute between BUYER and SELLER arising out of the terms of the contract and these Terms and Conditions, such dispute shall be decided by arbitration administered by the American Arbitration Association in accordance with the then-prevailing Commercial Arbitration Rules and Mediation Procedures of the American Arbitration Association. BUYER and SELLER mutually agree that any dispute involving claims valued at or above $1,000,000.00 shall be heard by a panel of three (3) arbitrators. The venue for all arbitration proceedings shall be the State of California. The foregoing agreement to arbitrate shall be specifically enforceable in any court of competent jurisdiction. The award rendered by the arbitrators shall be final and judgment may be entered upon it in accordance with applicable law in any court of competent jurisdiction.

SEVERABILITY

The partial or complete invalidity of any one or more provisions of these Terms and Conditions shall not affect the validity or continuing force and effect of any other provision. If any provision is invalid, in whole or in part, the provision shall be considered reformed to reflect the intent thereof to the greatest extent possible consistent with applicable law.

ASSIGNMENT – DELEGATION

No right or interest in this Contract shall be assigned by the BUYER without the written permission of the SELLER, and no delegation of any obligation owed, or of the performance of any obligation by the BUYER shall be made without the written permission of the SELLER. Any attempted assignment or delegation shall be wholly void and totally ineffective for all purposes unless made in conformity with this paragraph.

Accepted by:

____

MISCOwater Quote Number

Central Marin Sanitation Agency

BOARD MEMORANDUM

November 5, 2024

To: CMSA Commissioners and Alternates

From: CMSA Finance Committee – Commissioners Dean DiGiovanni, Eli Beckman, and Tom Gaffney
Corey Spray, Administrative Services Manager
Jason Dow, General Manager

Subject: Revised OPEB Funding Plan

Recommendation: Approve the revised OPEB Funding Plan and provide any comments or direction to the General Manager.

Discussion: Staff updated the Other Post-Employment Benefits (OPEB) Funding Plan (Plan) and reviewed it with the Board's Finance Committee on October 9. CMSA needs approximately $3 million in the OPEB Trust by FY39 to fund future retiree health benefits. The updated Plan, based on last year's Board direction and the FY24 OPEB Trust fund investment earnings resulted in a FY39 balance of approximately $4 million. To maintain the FY39 OPEB Trust at the necessary level, the Finance Committee considered several alternatives and recommends the Board consider the following actions:

1) Fund the OPEB Trust with the Governmental Accounting Standards Board (GASB) 75 Actuarially Determined Contribution (ADC) from FY26 - FY39.

2) Continue to use the estimated retiree medical expenses increase estimates of 10% for FY25 and FY26, then reduce the annual increase to 4.5%.

3) Continue to use the OPEB Trust investment rate of return at 6.75% through FY39. The average rate of return for the past eight years has been 7%, and the FY24 investment rate of return rate in FY24 was 11%.

3) Increase the annual retiree medical cost reimbursement from 75% to 80%.

The ADC amount changes in each GASB 75 OPEB Valuation Report, and in the most recent report it is $23,746.

After the end of each fiscal year in the future, the Committee will review the Plan, discuss and consider any Plan assumptions, funding, and/or use adjustments, and then present the revised Plan to the Board for consideration and approval.

Background: In 2010, CMSA began funding an OPEB Trust after the Agency's Medical After Retirement program was revised. Employees hired before July 2010 that retire from the Agency, receive a defined benefit retiree medical plan funded at the Kaiser single payer rate. Employees hired after that date, receive a defined contribution for retiree medical expenses; the contribution is 1.5% of an employee's annual base salary into a Medical After Retirement Account (MARA) administered by Nationwide. CMSA's OPEB expenses for eligible retiree's include Kaiser medical benefit costs, at either the full or Medicare supplemented rate, and a minimum Public Employee Hospital and Medical Care Act (PEMCHA) contribution for all retirees.

Attachments:
1) Updated OPEB Funding Plan, dated June 30, 2024
2) Revised OPEB Funding Plan, dated October 9, 2024

CENTRAL MARIN SANITATION AGENCY

OPEB FUNDING PLAN - Updated Current Scenario

AS OF FISCAL YEAR ENDED JUNE 30, 2024

Scenario: Base Case; update prior year model with actual CERBT return in FY2024.

Annual Status as Estimated or Actual	Fiscal Year	Beginning Balance	Contribution	Investment Rate of Return at 6.75% Net of Fees	Retiree Medical Cost Reimb at 75%	Ending Balance	PEMHCA Min Cost Actual / Estimated	Classic OPEB Cost Actual / Estimated	Total Retiree Medical Cost Actual / Estimated	Retiree Medical Cost Growth Act / Est
Actual	2019-20	$ 2,715,805	$ 39,424	$ 96,099	$ -	$ 2,851,328	$ 84,579	$ 95,857	$ 180,436	-1.1%
Actual	2020-21	2,851,328	46,584	787,355	-	3,685,268	77,101	93,698	170,799	-5.3%
Actual	2021-22	3,685,268	-	(480,652)	(176,305)	3,028,311	75,868	100,590	176,458	3.3%
Actual	2022-23	3,028,311	-	193,197	(170,047)	3,051,460	76,489	93,556	170,046	-3.6%
Actual	2023-24	3,051,460	23,746	335,256	(168,962)	3,241,501	80,954	112,668	193,621	13.9%
Estimated	2024-25	3,241,501	23,746	218,771	(145,216)	3,338,802	83,787	129,117	212,904	10.0%
Estimated	2025-26	3,338,802	23,746	225,291	(159,678)	3,428,161	86,720	147,452	234,172	10.0%
Estimated	2026-27	3,428,161	23,746	231,278	(175,629)	3,507,556	89,755	154,972	244,727	4.5%
Estimated	2027-28	3,507,556	23,746	236,597	(183,545)	3,584,354	92,896	162,876	255,772	4.5%
Estimated	2028-29	3,584,354	23,746	241,743	(191,829)	3,658,014	96,147	171,183	267,330	4.5%
Estimated	2029-30	3,658,014	23,746	246,678	(200,498)	3,727,940	99,512	179,913	279,425	4.5%
Estimated	2030-31	3,727,940	23,746	251,363	(209,569)	3,793,480	102,995	189,089	292,084	4.5%
Estimated	2031-32	3,793,480	23,746	255,754	(219,063)	3,853,917	106,600	198,733	305,333	4.5%
Estimated	2032-33	3,853,917	23,746	259,803	(229,000)	3,908,466	110,331	208,868	319,199	4.5%
Estimated	2033-34	3,908,466	23,746	263,458	(239,399)	3,956,271	114,193	219,520	333,713	4.5%
Estimated	2034-35	3,956,271	23,746	266,661	(250,285)	3,996,393	118,190	230,496	348,686	4.5%
Estimated	2035-36	3,996,393	23,746	269,349	(261,515)	4,027,973	122,327	242,021	364,348	4.5%
Estimated	2036-37	4,027,973	23,746	271,465	(273,261)	4,049,923	126,608	254,122	380,730	4.5%
Estimated	2037-38	4,049,923	23,746	272,936	(285,548)	4,061,057	131,039	266,828	397,867	4.5%
Estimated	2038-39	4,061,057	23,746	273,682	(298,400)	$\boxed{4,060,085}$	135,625	280,169	415,794	4.5%
						AA				

Funding Comparison: *Variables that can be changed for the analysis*

Ending CERBT balance @ 2039	4,060,085	**AA**
Estimated OPEB liability (*PEMHCA only*)	2,957,877	**See OPEB liability derivation**
Excess / (deficiency) of proceeds for diminishing Classic	*1,102,208*	*Appropriate target range*

Assumptions:

1) Estimated investment rate of return = 6.75% *-> consistent with OPEB actuarial*
2) Total retiree medical payments (PEMHCA & Classic) are expected to grow 10% in FY25 and FY26, and then drop off to steady rate of 4.5%.
3) CERBT fee rate applied is 0.05%.
4) Reimbursement rate applied against CERBT for retiree medical costs is 75%.

CENTRAL MARIN SANITATION AGENCY

OPEB FUNDING PLAN - CURRENT SCENARIO (UPDATED PER 10/9/2024 FINANCE COMMITTEE)

AS OF FISCAL YEAR ENDED JUNE 30, 2024

Scenario: Base Case; update current year reimbursement rate from 75% to 100% and then 80% for all succeeding years, and no current year contribution.

Annual Status as Estimated or Actual	Fiscal Year	Beginning Balance	Contribution	Investment Rate of Return at 6.75% Net of Fees	Retiree Medical Cost Reimb at 80%	Ending Balance	PEMHCA Min Cost Actual / Estimated	Classic OPEB Cost Actual / Estimated	Total Retiree Medical Cost Actual / Estimated	Retiree Medical Cost Growth Act / Est
Actual	2019-20	$ 2,715,805	$ 39,424	$ 96,099	$ -	$ 2,851,328	$ 84,579	$ 95,857	$ 180,436	-1.1%
Actual	2020-21	2,851,328	46,584	787,355	-	3,685,268	77,101	93,698	170,799	-5.3%
Actual	2021-22	3,685,268	-	(480,652)	(176,305)	3,028,311	75,868	100,590	176,458	3.3%
Actual	2022-23	3,028,311	-	193,197	(170,047)	3,051,460	76,489	93,556	170,046	-3.6%
Actual	2023-24	3,051,460	23,746	335,256	(168,962)	3,241,501	80,954	112,668	193,621	13.9%
Estimated	2024-25	3,241,501		217,180	(193,621)	3,265,060	83,787	129,117	212,904	10.0%
Estimated	2025-26	3,265,060	23,746	220,350	(170,323)	3,338,833	86,720	147,452	234,172	10.0%
Estimated	2026-27	3,338,833	23,746	225,293	(187,338)	3,400,534	89,755	154,972	244,727	4.5%
Estimated	2027-28	3,400,534	23,746	229,427	(195,782)	3,457,925	92,896	162,876	255,772	4.5%
Estimated	2028-29	3,457,925	23,746	233,272	(204,618)	3,510,325	96,147	171,183	267,330	4.5%
Estimated	2029-30	3,510,325	23,746	236,783	(213,864)	3,556,990	99,512	179,913	279,425	4.5%
Estimated	2030-31	3,556,990	23,746	239,910	(223,540)	3,597,106	102,995	189,089	292,084	4.5%
Estimated	2031-32	3,597,106	23,746	242,597	(233,667)	3,629,782	106,600	198,733	305,333	4.5%
Estimated	2032-33	3,629,782	23,746	244,786	(244,266)	3,654,048	110,331	208,868	319,199	4.5%
Estimated	2033-34	3,654,048	23,746	246,412	(255,359)	3,668,847	114,193	219,520	333,713	4.5%
Estimated	2034-35	3,668,847	23,746	247,404	(266,970)	3,673,027	118,190	230,496	348,686	4.5%
Estimated	2035-36	3,673,027	23,746	247,684	(278,949)	3,665,508	122,327	242,021	364,348	4.5%
Estimated	2036-37	3,665,508	23,746	247,180	(291,478)	3,644,956	126,608	254,122	380,730	4.5%
Estimated	2037-38	3,644,956	23,746	245,803	(304,584)	3,609,921	131,039	266,828	397,867	4.5%
Estimated	2038-39	3,609,921	23,746	243,455	(318,294)	$\boxed{3,558,828}$	135,625	280,169	415,794	4.5%
						AA				

Funding Comparison: *Variables that can be changed for the analysis*

Ending CERBT balance @ 2039	3,558,828	**AA**
Estimated OPEB liability (*PEMHCA only*)	2,957,877	**See OPEB liability derivation**
Excess / (deficiency) of proceeds for diminishing Classic	*600,951*	*Appropriate target range*

Assumptions:

1) Estimated investment rate of return = 6.75% *-> consistent with OPEB actuarial*
2) Total retiree medical payments (PEMHCA & Classic) are expected to grow 10% in FY25 and FY26, and then drop off to steady rate of 4.5%.
3) CERBT fee rate applied is 0.05%.
4) Reimbursement rate applied against CERBT for retiree medical costs is 100% for current year and 80% for all succeeding years.

Central Marin Sanitation Agency

BOARD MEMORANDUM

November 5, 2024

To: CMSA Commissioners and Alternates

From: Jason Dow, General Manager

Subject: Consider Renaming the Ad Hoc SRSD Service Contract Development Committee

Commissioner Mary Sylla sent an email on November 3, 2024, requesting that this item be placed on the November 7, 2024, Board meeting agenda as well as an letter from her, as RVSD Board President dated October 23, 2024. Commissioner Sylla discussed the request with Chair Beckman, and he directed staff to add an agenda item for the Board to consider renaming the Ad Hoc SRSD Service Contract Development Committee, and a separate agenda item for the Board to discuss the RVSD October 22, 2024 letter with an attached white paper.

Commissioner Sylla is requesting the Board consider renaming *the "Ad Hoc Committee SRSD Contract Development Committee" to the "Committee of CMSA JPA member representatives to consider the JPA's organization development future."*

Attachment:
- November 3, 2024, email from Commissioner Mary Sylla

Attachment

Jason Dow

From: Mary Sylla <msylla@rvsd.org>
Sent: Sunday, November 03, 2024 1:12 PM
To: Jason Dow
Cc: ebeckman@tcmmail.org
Subject: item for 11/7 agenda
Attachments: CMSA Proposed Agreement Letter (1).pdf

--- CMSA SECURITY NOTICE - Possible dangerous attachment. Only open if from trusted source. --
==

Jason,

Considering the progress on bringing in an expert to support what has been the Ad Hoc SRSD Contract Development Committee, I would like to agendize an item for the 11/7 meeting saying the following:

______

Consideration of renaming the "Ad Hoc Committee SRSD Contract Development Committee" to the "Committee of CMSA JPA member representatives to consider the JPA's organization development future."

In light of

- *the agreement of SRSD's Board Chair to bring in a change management expert and to consider options to resolve SRSD's employment and retention issues;*
- *the serious issues raised by the attached expert review of the Ad Hoc Committee's work to date;*
- *the shared intent of all JPA members and the CMSA Commissioners to ensure the success of the CMSA JPA, including best practices in terms of clarity of purpose and receipt of similar services;*

the CMSA Board should rename the "Ad Hoc Committee SRSD Contract Development Committee" to the "Committee of CMSA JPA member representatives to consider the JPA's organization development future."

In addition, the Committee should function as an independent meeting of the JPA members, including JPA member staff participation, rather than a subcommittee of the CMSA Board, as the issues to be considered impact the structure and nature of the JPA itself.

______

Please include the attached information (my letter and the expert report) instead of or in addition to as an Informational Item if that is how you were going to otherwise Please do not caption it as a "Ross Valley" request; I am requesting this item as a CMSA Commissioner.

Thanks and let me know if you have any questions.

Mary

Central Marin Sanitation Agency

BOARD MEMORANDUM

November 5, 2024

To: CMSA Commissioners and Alternates

From: Jason Dow, General Manager

Subject: Review the RVSD Letter Entitled "Proposed Contract for CMSA to Acquire SRSD's Employees and Provide its Services", and its attached White Paper

RVSD commissioned a white paper analyzing an initial draft of the CMSA/SRSD Operations and Management Service Agreement. RVSD sent CMSA a letter from RVSD Board President Mary Sylla with the white paper on October 23, 2024, and both were subsequently emailed to CMSA Board members.

Commissioner Mary Sylla requested her letter dated October 22, 2024 and the white paper be placed on the November 7, 2024 CMSA Board meeting agenda, for the Board to review and discuss them.

Attachment:
- October 22, 2024, RVSD Letter from Board President Mary Sylla and its attached white paper

Attachment

ROSS VALLEY SANITARY DISTRICT

1111 Andersen Drive, San Rafael, CA 94901
Tel. 415-259-2949 | www.rvsd.org

October 22, 2024

Chair Beckman and Commissioners
Central Marin Sanitation Agency JPA
1301 Anderson Drive
San Rafael, CA 94901

Re: *Proposed Contract for CMSA to Acquire SRSD's Employees and Provide Its Services*

Dear Colleagues:

Thanks for the respectful and cooperative discussion we had at CMSA's October 8th Board meeting regarding the transfer of SRSD's employees and their oversight to CMSA. I appreciate our shared willingness to slow down the consideration of the SRSD / CMSA agreement a bit and to identify consulting resources that can help us ensure this important decision for the future of our four agencies is fully considered. This path is supported by SRSD Board, as Mayor Kate Colin has committed to engaging a "change management" consultant as well as changing the name of the Ad Hoc Committee by CMSA to reflect a broader consideration of the impacts of the changes proposed, and implicitly, what other options may be considered.

Relatedly, and in the interest of good governance and ensuring the smooth functioning of the CMSA JPA in the long run, RVSD commissioned a white paper analyzing the initial draft of the SRSD / CMSA agreement from an experienced and respected retired City Manager, Robert Richardson. I enclose a copy for your information here.

This report raises important questions about the proposed conjoining of SRSD with CMSA and its implications for all our agencies. I am sure your agencies will have other questions and concerns, too, and that all of these inputs can assist our consulting team in vetting this proposal.

Thank you for your consideration. I look forward to our continued dialogue.

Sincerely,

Mary Sylla
President

Enclosure (1)

cc: Jason R. Dow, CMSA General Manager
Doris Toy, SRSD General Manager
Steve Moore, RVSD General Manager
R.J. Suokko, SD2 General Manager

Introduction

The purpose of this paper is to provide a City Manager's perspective on the SRSD's proposed Agreement for CMSA to provide wastewater collection and conveyance maintenance services. Although no studies for the rationale of this Agreement were provided to the author, the proposed Agreement and organizational charts provide a basis for considering a path forward. With more than 30 years in government service and 26 of those managing cities, I have had the opportunity to sit on, interact with, or assist more than 20 JPAs during my tenure.

With this experience, fundamentals became clear between those JPAs which were successful in meeting their objectives, versus those who toiled in mistrust, infighting and legal entanglements.

> ***As this paper is being reviewed, it is important to keep in mind that those considering the Agreement will not be in their leadership positions forever. Although the personal relationships that exist have helped successfully lead CMSA today, they will not be the glue that holds CMSA together in the future. Therefore, for long-term success, each Board member needs to ensure that the Agreement is fully vetted and very well documented as to the reasons why CMSA would enter into such a relationship and specifically how it is to function efficiently and effectively.***

This paper will review some of the more obvious operational issues with the Agreement as it currently stands. It would be anticipated that, should all parties wish to entertain this course of action, the Agreement would be significantly amended, as it is far from being ready for prime time.

The following sections of this analysis are:

1. JPAs That Succeed
2. Risk of Cross-Subsidies
3. Management Issues
4. Contractual Issues
5. Why This Proposal?
6. Challenges for Future GM Recruitment

1. JPAs That Succeed

Without doubt, there are countless ways to structure a JPA and its relationships with its member agencies. However, those JPAs which have rather gracefully passed the test of time include most or all of the following characteristics.

Member Agencies which:

- Enjoy clarity of purpose
- Are of similar size and/or complexity
- Receive similar services
- Enjoy an open, transparent process

"Joint powers are exercised when the public officials of two or more agencies agree to establish a joint approach or create another legal entity to work on common problems, fund a project, or act as a representative body for a *specific activit*y" (emphasis added).

"The common thread is that a confederation of governments work together and share resources for *mutual support or common actions"*.

Assembly Local Government Committee Informational Hearing
Developments in the Use of Joint Powers Authorities & Agreements
Wednesday, March 21, 2012

The CMSA JPA is successful at providing equal services as a wastewater treatment facility for its three Member Agencies (SRSD, RVSD and SD2).

2. Risk of Cross-Subsidies

It is vital that CMSA charge SRSD fairly for the whole cost of the services it provides and for the opportunity costs it incurs to serve SRSD. Devoting scarce real estate to SRSD's functions will deprive CMSA of the ability to use the land for the benefit of all its Member Agencies. Co-housing staff of two organizations, or blending them into one staff, will lead to many opportunities for cost-shifting that will not be transparent to the Board members or the public.

It will be difficult to identify and value unfunded liabilities (like pension liabilities that will rise if SRSD's staff are to be paid more at CMSA), overhead, and liability risks. Even where there is confirmed and continued intent to fairly allocate costs, judgments will be required (how much of a given maintenance worker's time benefits SRSD's collection system vs. CMSA's treatment works, for example).

Costs will change over time, so that rate and formulas agreed now will need updating in the future. Board members of all four agencies – CMSA and its three Member Agencies – will need to monitor continuously for cross-subsidies which may inadvertently arise. Public skepticism, perhaps driven by customers who pay relatively more than others for reasons not immediately apparent to lay persons with money at stake, may be inevitable.

These issues would be less concerning if CMSA proposed to provide the same (or substantially similar) services to all three Member Agencies, as it does now. The proposal would have it provide treatment services for all three Member Agencies, full-scope staffing and support for SRSD's collection system, and pump-station maintenance under contract to SD2 (work that RVSD could do, injecting a degree of competition in the CMSA-RVSD relationship). This is a formula for friction.

3. Management Issues

The Agreement poses significant management challenges and operational inefficiencies. In a normal contractual arrangement, SRSD might contract with an organization to provide the desired services. Such would include detailed scope and quality of work, cost of services, timelines, liability issues, handling of unanticipated events, etc. Such a contract might be reviewed and renewed on an annual basis. In this case, the SRSD is seeking to shift its operational responsibilities over to CMSA while seeking to obtain control over a portion of CMSA daily operations.

> Section #2 of the Agreement states *"After hiring of SRSD's current City employees, CMSA shall provide all of the SRSD Board administration and all labor and materials necessary to perform the stated services in a professional and competent manner based on direction for the SRSD Board of Directors in accordance with accepted professional practices and standards as well as the requirements of federal, state and local laws."*

Rather than having a regular contractual service arrangement, this imposes an active SRSD Board presence in the course of ongoing operations. Instead of administering a well-organized services contract, the General Manager will have to work with and manage the direction of two separate Boards. This will infuse a level of confusion and uncertainty that is unnecessary, inefficient and can lead to a broad range of organizational disfunction. Not to mention a much higher workload for the General Manager.

Over time the concept of dual Boards/responsibilities could easily become blurred. The blending of day-to-day issues of projects, programs, personnel oversight and new demands by both Boards often necessitates expediencies as does any other significant operational change as new workflows develop. The General Manager will have at least one additional Board member to report to overall, and two SRSD members will likely sit on both Boards, perhaps giving them preferred access to the Manager in the eyes of other Board members (or even inadvertently by the GM). Regardless of the positive relationships enjoyed today by the Boards, there will be inevitable differing priorities, policy, financial and operational needs. Such can lead to conflicts which, under the terms proposed, would leave a General Manager in a difficult, if not impossible, position.

Just a sampling of questions to contemplate under such a structure include:

- What if SRSD does not want to pay the compensation rates CMSA has approved for their employees?
- Who has primary direction over the General Manager?
- Who would the General Manager go to when there are policy or fiscal conflicts?
- Will the two-Board model, with SRSD Board members seated on both Boards, lead to conflicts, either perceived or real? In such situations, where does this leave the General Manager?
- Would the GM receive higher compensation for the additional work? Would SRSD pay for a portion of the GM's compensation?
- Would each Board individually provide a performance review to the GM? Would those reviews be tied to future compensation changes?

See Section #11, where the proposed Agreement of introducing two Boards needlessly doubles many administrative work tasks and creates a bifurcated General Manager performance review system.

In addition, what happens:

- When Boards provide conflicting direction?
- When Boards require conflicting timelines for production? When Boards seek differing standards?
- When Boards request differing funding standards?
- When legal or contractual issues arise between Boards, who must sit out during deliberations and votes?

4. Contractual Issues

The Agreement raises a few very prominent questions which could have serious impact on JPA operations, outside of dozens of very important, yet smaller issues.

Additional services for one member

A primary tenet of successful JPAs includes the provision of focused and shared services to all member agencies. Certainly, there can be idiosyncratic alterations to fit the unique needs of individual members. However, it is the similarity in service scope and delivery that helps to hold members together. Sameness creates a sense of equality, fairness, and purpose.

This Agreement introduces a significant service change for one member and thus a change in the balance of CMSA overall. The unintended consequences, some of which are referenced in the sections above, can lead to miscommunications, distrust, confusion and possible litigation. The simple addition of this new service, without offering it to all members, could ultimately lead to significant operational discord.

Two Boards overseeing separate portions of CMSA operations

One would be hard pressed to find examples of such dual governance structures that have existed much less succeeded. The traditional organizational structure includes a sole Board of Directors, which creates policy direction for the General Manager, who implements that direction through their employees. It is a simple, clear chain of command and communication.

The addition of another Board which oversees a new operating arm of the CMSA as well as is represented on the CMSA Board, cannot avoid confusion and a wide range of unintended consequences — if not direct conflicts of interest.

An Agreement that is both vague and overreaching

There are far more significant issues contained in the proposed Agreement than can be effectively analyzed in this paper. Some issues are problematic due to their vagueness while other areas seem to be an overreach that will complicate the efficient running of CMSA operations.

For example, should there be the need to dissolve the Agreement in the future, the current proposal includes a rather vague and one-sided arrangement which may result in an extremely long, difficult and expensive dissolution process for CMSA. It is at the beginning of crafting such an Agreement, when all parties are working cooperatively together, that is the time to develop a clear, understandable and fair process to extricate both parties from the Agreement. Should that not be in place, years hence, when relationships are frayed and litigation has commenced, it is too late to execute a smooth or cost effective process.

Section #2 & Scope Attachments. The scope of work contained in this Agreement is vague and can allow for a variety of interpretations and challenges from both parties. Expectations of scope, quality, timing, etc., of work should be clearly articulated within the Agreement.

Section #3 of the Agreement "Work Outside of the Scope of Services" is highly inefficient, and in my view completely impractical, especially under emergency situations, and portions violate the Brown Act. The first two paragraphs of Section #4 add to these issues. This is especially troubling in that typical contract-for-work agreements can simply lay out efficient roles rather than a difficult to manage back-and-forth process.

Sections #8a & b appear to seek to indemnify and hold harmless CMSA from certain operational issues. However, in daily practice, and as written, these sections could lead to endless disputes. Such conditions, coupled with SRSD Board members sitting on both Boards, are but another recipe for conflict and erosion of trust among members.

The ongoing disfunction, legal actions and project delays being experienced with Sewer Authority Mid-Coastside ("SAM"), a JPA of the City of Half Moon Bay and two smaller special districts, has much experience with the vagueness of an aging JPA agreement. Such conditions lead to assumptions, misinterpretations and, as in their case, a breakdown in organizational effectiveness.

CMSA must engage subject experts to ensure that this Agreement is crafted to protect both parties by clear layout of all issues, roles, and responsibilities.

Risk of underfunded services

The Half Moon Bay experience is instructive. SAM's three member agencies have been at loggerheads over which should bear the cost to replace a force main which delivers wastewater from the two smaller districts to the shared wastewater treatment plant in the City. The years-long inability to commit to necessary funding has led to years of deferred maintenance to the point that the force main failed, some 800,000 gallons of raw sewage spilled into the ocean, and, on a particularly bad day, the entire electrical system of the plant failed.

If SRSD is unwilling or unable to fully fund CMSA's cost to serve it, but CMSA is unable (or unwilling) to terminate the relationship, either the other Member Agencies must subsidize SRSD or CMSA must provide a lower level of service than it thinks wise, inviting legal and other risks. A spill will lead to RWQCB fines which all Member Agencies may have to fund. Such financial constraints could easily deter lenders or, at least, increase CMSA's cost of borrowing, making future bond issuances for treatment plant upgrades more expensive for all Member Agencies.

5. Why this proposal?

The parties do not seem to have reviewed all feasible options to address SRSD's difficulty in attracting and retaining adequate staff or to achieve economies of scale for all four agencies. There seems to have been a premature commitment to a particular service model without careful consideration of alternatives.

In the absence of a thorough study recommending this proposed Agreement over other options available to SRSD, the primary rationale stated in this Agreement is "*WHEREAS, SRSD has had difficulties recruiting and retaining employees;*". This leaves many questions as to why SRSD would have such enduring problems with retention and recruitment, that they would prefer to offshore the operation and employees to another agency? It is common for agencies to have such challenges in varying degrees during different employment cycles. This, however, seems a rather extreme reaction to the stated problem.

Most common reasons for retention and recruitment issues include:

- *Salary/benefit competitiveness*
- *Labor Difficulties*
- *Supervisory or management problems*
- *General working conditions*

Salary/benefit competitiveness issues are always a challenge. CMSA as well as other special districts have a higher pay scale than SRSD. Under their proposed Agreement, SRSD would pay a higher rate for employee services. Why not make the pay adjustments now without involving CMSA? If the idea is to pay for higher wages with economies of scale achieved by this arrangement with CMSA, why should those economies benefit only (or largely) SRSD? The proposed Agreement does appear to allow for budget negotiations and as currently written it would be very difficult and costly for CMSA to get out of the Agreement, so language needs to be inserted that SRSD will pay the prevailing rate that CMSA offers all its employees.

Labor difficulties can always be a challenge. Should the SRSD employees be so significantly under compensated that there are retention/recruitment issues, that then should be addressed to solve the problem. However, reality is not always that simple. While these employees may need a significant adjustment, when that is discussed at the bargaining table, other units may demand "Me Too", placing SRSD (and soon, perhaps, CMSA) in perpetual catch-up pay. At times, with intractable labor conditions, local agencies have been known to search for other options.

Supervisory or management problems can be more difficult to ascertain when looking at a full labor group being moved from one organization to another. Since SRSD employees seem to not want to work or stay at SRSD, CMSA needs to ensure that the remaining SRSD employees meet CMSA quality standards and that it does not inherit personnel problems from SRSD.

General working conditions often point towards physical facilities. Why should CMSA provide such accommodations to help address what is clearly an SRSD responsibility? Would the physical working conditions at CMSA be an improvement over the current SRSD working conditions such that the move from SRSD facilities to CMSA facilities guarantee an improvement in recruitment and retention?

Although these particular points are only conjecture on my part, what is important is that it is difficult to see such an overriding "retention and recruitment" issue that it would initiate a proposed agreement that would trigger so many potentially negative impacts for other Member Agencies of CMSA. It might be prudent for the Board of CMSA to take a closer look into why SRSD's retention and recruitment issue requires such a radical response.

6. Challenges for Future General Manager Recruitment

I would be remiss to overlook one potential problem, that of future General Manager recruitments. The labor market, especially for high-talent individuals, is more competitive today than ever as the COVID crises led many experienced professionals to retire or otherwise leave the market and led lower-level staff to be skeptical about accepting the CEO position. Organizations are competing heavily for the best talent.

Some entities are also handicapped due to endemic problems such as undesirable locations, ongoing political infighting, continual labor unrest, etc. Such recruitments are often disregarded by strong talent as the more sought-after executives would prefer to work in professional environments where they can focus on accomplishments rather than being in a constant state of navigating through a never-ending stream of problems.

Unfortunately, the concept of working under two Boards will be seen in this way by the strongest candidates as they have the opportunity to select their future posts. Not only due to a convoluted operating structure but understanding and anticipating the internal conflicts that can arise from such a structure. This does not mean that CMSA would not receive applicants when the position is open; however, in my experience sitting on multiple interview panels, you tend to have applicants that fall into one of the following categories:

- Those seeking to boost retirement in coming years (many from out of state)
- People who are not qualified for the position
- Those with an issue in their backgrounds
- Those without the necessary experience/qualifications

In Review

Much work needs to be done on the Agreement in its current form. It proposes many difficult and confusing elements. As stated, the Agreement is vague and overreaching in several areas. The exit clause is completely unadvisable for CMSA, as it will create an unbalanced level of service delivery for participating CMSA members and proposes what will most probably become an unmanageable governance structure.

My primary question is why? Why is SRSD proposing such a challenging merger when other options are available? Some of these options include:

- Repair existing retention & recruitment issues.
- Contract out services to a similar service provider within the region.
- Contract out services to the private sector.

- Separate from the City of San Rafael and operate as a free-standing agency.
- Merge with RVSD, LGVSD or another sewer collection agency.
- A larger merger of CMSA and all of its Member Agencies.

Should the parties desire to move forward with the proposal, I would recommend a more rigorous and professional review of the Agreement. CMSA will require the assistance of strong legal counsel, strong personnel expertise to truly understand the costs/liabilities of transferring SRSD employees to CMSA, and a strong team to completely lay out the scope of work, operating procedures between the Boards, operating control over the General Manager, and complete clarity as to ongoing operating authority.

At the risk of repetition, it is worth remembering that *those considering the Agreement today will not be in their leadership positions forever. Although the personal relationships that exist have helped successfully lead CMSA today, they will not be the glue that holds CMSA together in the future. Therefore, for long-term success, each Board member needs to ensure that the Agreement is fully vetted and very well documented as to the reasons why CMSA would enter into such a relationship and specifically how it is to function efficiently and effectively.*

Respectfully submitted,
Robert Richardson

RESUME OVERVIEW FOR
ROBERT RICHARDSON

Reversed City's steep fiscal decline and turned it into the fastest revenue growth city in the State within first 18 months of employment.

Working with Police Chief, strategies were developed that virtually eliminated recruitment/staffing challenges.

Increase public works projects by a factor of 4.

Worked with the Council to modernize all aspects of the City while maintaining a sense of history and community.

Constructed more than 400 affordable housing units in Auburn.

Built numerous high talent work teams which consistently outperformed competing agencies with far deeper resources.

Personally achieved a major milestone every 42 days until all Major Council goals were achieved.

Established large volunteer work forces that created a wide range of striking community improvements for pennies on the dollar.

Took over Airport operations expanding the overall facility resulting in a 93%+ lease rate for both hangars and commercial space.

WORK OVERVIEW

By way of introduction, my name is Robert Richardson, and I have spent 26 of my 30 year public sector career as a California City Manager. Over this time I have been fortunate enough to have worked closely with my Councils in developing a wide range of successes for their communities. Together we have re-engineered virtually all municipal operations, developed thriving economies, made major strides in labor relations and created new approaches to provide services in challenging environments.

After my retirement from public service, in the summer of 2020, I unexpectedly found myself two weeks later as the Executive Director of California's second largest HOA. Since that time I have been engaged in a series of interim GM/CEO and consulting capacities for both public and private sector organizations.

As indicated in my resume, we have had the opportunity to layer into place series of strategies that have taken cities from near bankrupt positions, to long-term revenue growth, built strong, talented staff teams capable of meeting the future needs of their organizations and utilizing the skills and abilities of entire communities to meet Council goals.

It is my hope that my background and experience can assist your organization in achieving their goals.

CHRONOLOGICAL WORK OVERVIEW

GM Lake Wildwood Association
CEO Sun City Lincoln Hills
Various Consulting Appointments

City of Auburn - City Manager
City of Grass Valley - City Manager
City of Auburn - City Manager
City of Lemon Grove - City Manager
City of Indian Wells - Assistant City Manager
City of Escondido - Assistant to the City Manager
City of Carlsbad - Assistant to the Police Chief
Norwegian Cruise Lines - Entertainment Department Head

Education: MA - Government BS Criminal Justice & Law

References: Available upon Request

Contact: Robert Richardson
477 Keena Dr.
Auburn, CA 59603
(530)305-7690
r72richardson@gmail.com

Central Marin Sanitation Agency

BOARD MEMORANDUM

November 7, 2024

To: CMSA Commissioners and Alternates

From: Tiffany Elam, Administrative Specialist

Approved: Jason Dow, General Manager

Subject: October 2024 Informational Items

Recommendation: Informational, provide comments or direction to the General Manager, as appropriate.

1. Letter dated October 31, 2024, to Ms. Kerry O'Conner, California Regional Water Quality Control Board

   Re: Monthly Self-Monitoring Report (SMR) – September 2024

Attachment

CENTRAL MARIN SANITATION AGENCY

Jason R. Dow P.E.
General Manager

1301 Andersen Drive, San Rafael, CA 94901-5339 **Phone (415) 459-1455** **Fax (415) 459-3971** **www.cmsa.us**

October 31, 2024

California Regional Water Quality Control Board
San Francisco Bay Region
Ms. Kerry O' Conner, Water Resource Control Engineer
1515 Clay Street, Suite 1400
Oakland, CA 94612

Subject: Monthly Self-Monitoring Report (SMR) – September 2024

Dear Ms. O' Conner,

The SMR for the Central Marin Sanitation Agency (CMSA) treatment plant has been submitted using the eSMR /California Integrated Water Quality System (CIWQS). This SMR conforms to CMSA's NPDES Permit Order #R2-2023-006, the Nutrient Watershed Permit Order #R2-2019-0017, the Mercury and PCBs Permit Order #R2-2022-0038, the Amendment of Monitoring and Reporting Requirements and Amendment of Alternate Monitoring and Reporting Program Permit Order #R2-2021-0028, and the Amendment Update to Total Residual Chlorine and Oil and Grease Requirement Permit Order R2-2023-0023.

Violations
There are no reportable NPDES Permit violation(s) for this reporting period.

Blending Events
The CMSA treatment facility did not exceed the maximum secondary capacity of 30 MGD during this reporting period.

Data Validation
All regulatory daily, weekly, and monthly quality control calibrations/checks conducted during the month of September met established quality assurance acceptance criteria, except those data results indicated within the attached analytical reports.

Summary
If there are any questions, please contact me at (415) 459-1455, extension 101. Quality assurance data are available for all test results cited in this report. Values reported are measured values and each are subject to analytical variability. CMSA reserves the right to question data in an enforcement proceeding.

I certify under penalty of law that this document and all attachments are prepared under my direction or supervision in accordance with a system designed to assure that qualified personnel properly gathered and evaluated the information submitted. Based on my inquiry of the person or persons who managed the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for known violations (40 CFR 122.22(d)).

Sincerely,

Nick Talbot
Treatment Plant Manager