



**Central Marin Sanitation Agency**

**COMMISSION REGULAR MEETING AGENDA**

**Tuesday, October 13, 2020**

**Via Zoom Electronic Meeting**

**7:00 p.m.**

**Closed session at 6:00 p.m.**

**NOTE:** Consistent with the Governor’s Executive Order N-25-20 on the Brown Act and the Bagley Keene Act, this Board meeting will be held via Zoom® conferencing.

There will be NO physical location of the meeting. Please be advised that this meeting will be recorded.

Agenda packet is available for review and download on the Agency website on October 9, 2020:

**[www.cmsa.us](http://www.cmsa.us)**

**To participate:** Join the Zoom Meeting by clicking the link below, or copy and paste the address into your browser. You may also participate by phone at the number below. At 6:00 p.m. the Regular Meeting is scheduled to be convened, and then after public comment, will be adjourned to Closed Session. Members of the public who join the regular meeting at 6:00 p.m. will be moved to the Waiting Room when the Closed Session has convened. The regular meeting is scheduled to reconvene at 7:00 p.m. and all members of the public will be admitted from the Waiting Room when reconvened.

**Join Zoom Meeting Online**

<https://zoom.us/j/95056544476>

**Dial-in Phone Number**

1-669-900-9128

**Meeting ID**

950 5654 4476

**Public Comment:** Public comments for this meeting can be submitted via email to the Recording Secretary at [kbrouillet@cmsa.us](mailto:kbrouillet@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 read into the record during the Public Comment period of the Board meeting.

To provide comments 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 [kbrouillet@cmsa.us](mailto:kbrouillet@cmsa.us).

**CONTINUED ON NEXT PAGE**

**AGENDA**

1. **6:00 p.m.: Call Meeting to Order/Pledge of Allegiance**
2. **Roll Call**
3. **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.*
4. **Adjourn to Closed Session**  
**PUBLIC EMPLOYEE PERFORMANCE EVALUATION**  
Title: General Manager
5. **7:00 p.m.: Reconvene in Open Session**  
*Report on any action taken in closed session.*
6. **Open Period for Public Participation**
7. **Consent Calendar**
  - a) Minutes – Regular Board Meeting, September 8, 2020
  - b) Treasurer's Report – Operating Account – September 2020
  - c) Schedule of Investments and its Capital Reserve Summary – September 2020
  - d) NPDES, Process, and Maintenance Report – September 2020
  - e) Performance Metric Report – September 2020
  - f) General Manager Employment Agreement – Amendment #1
  - g) Revised Internship Program Guidelines
  - h) FY21 Asset Management Program 1st Quarter Report
8. **CMSA 2020 Revenue Bond Resolution**  
*Recommendation: Approve Resolution #347, a resolution authorizing the issuance of revenue bonds, and the execution and delivery of a third supplemental indenture, a payment agreement, a notice of sale, an official statement, and appointment of the bond trustee.*
9. **Revised Agency Financial Policies**  
*Recommendation: Approve the revised Financial Policy Manual, and provide comments and/or direction to the General Manager.*
10. **PG&E Interconnection Agreement**  
*Recommendation: Approve the PG&E Interconnection Agreement and provide comments and/or direction to the General Manager, as appropriate.*
11. **Board of Commissioners' Policies**  
*Recommendation: Review and discuss the Board of Commissioners' Policies, and provide direction to the General Manager, as appropriate.*

12. **October Informational Items**

*Recommendation: Informational; provide comments or direction to the General Manager, as appropriate.*

13. **North Bay Watershed Association (NBWA) Report\***

14. **Oral Reports by Commissioners/General Manager\***

15. **Next Scheduled Meeting**

*Tuesday, November 10, 2020 at 7:00 p.m. at the Agency office or by Zoom Conference.*

\*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 Tuesday, September 8, 2020 Via Zoom Electronic Meeting

NOTE: Consistent with the Governor's Executive Order N-25-20 on the Brown Act and the Bagley Keene Act concerning the COVID-19 shelter-in-place protocol, this Board meeting was held via Zoom® conferencing. There was no physical location for the meeting. 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](http://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/Pledge of Allegiance

Chair DiGiovanni called the meeting to order at 6:02 p.m. A quorum was present.

#### 2. Roll Call

Present: Eli Beckman, Michael Boorstein, Dean DiGiovanni, Doug Kelly, and Alan Zahradnik (for Maribeth Bushey)

Absent: Maribeth Bushey

Staff Present: Jason Dow, General Manager; Brandon Halter, Agency Counsel; Kate Brouillet, Recording Secretary

Public Present: None

#### 3. Open Period for Public Participation

There were no members of the public present.

#### 4. Closed Session was convened at 6:04 p.m.

PUBLIC EMPLOYEE PERFORMANCE EVALUATION

Title: General Manager

#### 5. Open Session was reconvened at 7:13 p.m.

Chair DiGiovanni reported that no action was taken by the Board, and direction was given to staff that the ad hoc Evaluation Committee will meet with the General Manager prior to the October 2020 Board meeting.

Mr. Halter left the meeting.

#### 6. Open Period for Public Participation

There were no members of the public present.

## 7. Consent Calendar

- a) Minutes – Regular Board Meeting, July 14, 2020
- b) Treasurer’s Report – Operating Account – July 2020
- c) Treasurer’s Report– Operating Account – August 2020
- d) Schedule of Investments and its Capital Reserve Summary – July 2020
- e) Schedule of Investments and its Capital Reserve Summary – August 2020
- f) NPDES, Process, and Maintenance Report – July 2020
- g) NPDES, Process, and Maintenance Report – August 2020
- h) Performance Metric Reports – July and August 2020
- i) FY20 Green Business Report
- j) Accept Completion of the San Quentin Pump Station Motor Control Center and Control Panel Upgrade Project (CMSA Contract No. 20-01)
- k) Hypochlorite Metering Pump Control Panel and Drive Procurement
- l) Sole Source Authorization to Specify Motorized Actuators for Use in the Cogeneration System Installation Project

There was no discussion by the Board.

Chair DiGiovanni asked for a motion.

### Comments from the Public

There were no members of the public present.

**ACTION:** Commissioner Beckman moved to approve Consent Calendar items 7a through 7l; second, Commissioner Boorstein.

**VOTE:** The item was passed unanimously by roll call vote.

**AYES:** Beckman, Boorstein, DiGiovanni, Kelly, Zahradnik

**NAYS:** None

**ABSTAIN:** None

## 8. **FY21 Commission Officer, Committee, and NBWA Board Appointments** **00:00:00**

Chair DiGiovanni said that this item was postponed from the July meeting and is to consider the ad hoc Board Officer Committee’s recommendations for the appointment of the Commission Chair, Vice Chair, and Secretary offices, the standing Finance Committee, and the representative for the NBWA Board of Directors.

Commissioner Boorstein read out loud the ad hoc Board Officer’s Committee’s recommendations, which included for FY20-21:

- Michael Boorstein, Chair; Eli Beckman, Vice-Chair; Dean DiGiovanni, Secretary
- Finance Committee: Dean DiGiovanni, Tom Gaffney, Eli Beckman
- GM Evaluation Committee: Dean DiGiovanni and Michael Boorstein
- North Bay Watershed Association: Michael Boorstein; Jason Dow, Alternate

GM Dow wanted to clarify that Board policy indicates that the Evaluation Committee is to be comprised of the current Board Chair and Vice-Chair, and not the specific Commissioners named in the Committee's recommendation.

Commissioner Boorstein agreed that the Evaluation Committee is to be comprised of the current Board Chair and Vice-Chair.

Commissioner Beckman commended Commissioners Boorstein and Bushey on their work to agree on the recommendations, and supports them.

Commissioner Kelly said he was pleased with the recommendations.

Commissioner Zahradnik asked when the appointments are effective.

Chair DiGiovanni said the appointments were effective from this meeting date. He said that he was pleased with the Committee's process and ability to reach consensus on this topic, and appreciated the compromises that were made to ensure the Board can continue to work as a cohesive unit on the Agency's goals. He expressed his satisfaction with serving as Chair over the last year and half and collaborating with the Board, the General Manager, and the various committees.

The Board expressed their appreciation to Commissioner DiGiovanni for his excellent service on the Board as Chair.

#### Comments from the Public

There were no members of the public present.

**ACTION:** Commissioner Kelly moved to accept the ad hoc Committee's recommendations for Board officers, members of the Finance Committee, and NBWA Board of Directors representative; second, Commissioner Beckman.

**VOTE:** The item was passed unanimously by roll call vote.

**AYES:** Beckman, Boorstein, DiGiovanni, Kelly, Zahradnik

**NAYS:** None

**ABSTAIN:** None

### **9. Cogeneration System Installation Project – Adopt Contract Documents and Authorize Public Bidding (CMSA Contract No. 21-05) 00:10:06**

GM Dow said that Carollo Engineers completed the final design for the Cogeneration System Installation Project and staff has prepared the construction contract documents. He said that the Project's scope of work includes the installation of the Jenbacher cogeneration engine-generator, exhaust treatment equipment, hot water pumping systems, and control systems, and related items. He said the Project budget includes \$6.7M for construction, engineering services during construction, remaining engine pre-purchase payments, and construction management support in FY21 and FY22, and that Carollo's 100 percent design engineer's estimate for constructing the project is \$5.7M. He said that if public bidding of the construction contract is authorized, staff will issue the public bid advertisement immediately after the Board meeting with an intent to bring a construction award recommendation to the November Board meeting. He said construction should begin in December 2020 and be substantially completed by fall/winter 2021.

The Board expressed their support of the project.

Commissioner Boorstein said that it is has been a long road of planning and work on this project, and is proud of the Agency's commitment to promoting green, clean energy.

Chair DiGiovanni said that there have been many facets to this effort since it was initiated, and it will be a relief to have a back-up cogeneration engine and great new opportunities to sell green power in the market.

Comments from the Public

There were no members of the public present.

**ACTION:** Commissioner Boorstein moved to adopt the Cogeneration System Installation Project construction contract documents, and authorize the General Manager to advertise the contract for public bidding; second, Commissioner Kelly.

**VOTE:** The item was passed unanimously by roll call vote.

**AYES:** Beckman, Boorstein, DiGiovanni, Kelly, Zahradnik

**NAYS:** None

**ABSTAIN:** None

**10. San Quentin Pump Station Generator, Transfer Switch, and Exhaust Fan Upgrade Project**

**00:18:01**

GM Dow reviewed the development of the San Quentin Pump Station Generator, Transfer Switch, and Exhaust Fan Upgrade Project, and said that GHD has completed the final design and prepared the construction bid documents. He said the California Department of Corrections and Rehabilitation (CDCR) staff recently accepted the Project's bid documents and authorized CMSA to advertise the Project for public bidding. He said that if approved by the Board, staff will issue the public bid advertisement in September and bring a construction contract award recommendation to the November meeting for Board consideration of approval. He said that the construction cost of this Project is estimated to be \$277,000, and CMSA's Wastewater Service Agreement with CDCR includes \$1.1 million in funding for approved asset management projects over the agreement's 5-year term, including this Project.

There was no discussion by the Board.

Comments from the Public

There were no members of the public present.

**ACTION:** Commissioner Kelly moved to adopt the construction contract documents for the San Quentin Pump Station Generator, Transfer Switch, and Exhaust Fan Upgrade Project, and authorize the General Manager to advertise the contract for public bidding; second, Commissioner Beckman.

**VOTE:** The item was passed unanimously by roll call vote.

**AYES:** Beckman, Boorstein, DiGiovanni, Kelly, Zahradnik

**NAYS:** None

**ABSTAIN:** None



**11. Draft PG&E Interconnection Agreement for New Cogeneration System 00:21:45**

GM Dow said that in May 2017 the Board approved an Interconnection Agreement (IA) Modification Application with PG&E for exporting electricity from the existing Waukesha cogeneration system. He said that a new PG&E Interconnection Agreement is required before the new cogeneration engine can be connected to PG&E's electrical grid. He said that in March 2020, staff submitted an IA Modification Application to PG&E and since then has worked with PG&E to develop the Agreement terms. He said the new IA will supersede and is nearly identical to the previous IA. He said PG&E has verbally agreed to some new operational features for the cogeneration system such as black starting, islanding, ride through, and self-synchronizing, all of which are beneficial to CMSA. He said he expects to present the final IA at the October 2020 Board meeting for consideration of approval.

The Board accepted the report, had no discussion, and took no action.

Comments from the Public

There were no members of the public present.

**12. Results of Main Electrical Switchgear Condition Assessment 00:27:25**

GM Dow said that the Agency's main electrical switchgear and ancillary electrical equipment underwent a detailed inspection process and condition assessment during the summer of 2020. He said the 2018 Facility Master Plan recommended replacing the main electrical switchgear that distributes power throughout the facility, as it is mostly comprised of equipment from 1985 that has reached the end of its expected life. He said the draft results indicate that the generation room breakers and main switchgear are in pretty good condition, and several work items require attention in the near-term. He referred to the staff report and noted the 11 findings and mentioned that several have been addressed.

Commissioner Kelly said that pro-active assessment of this equipment is important work.

Chair DiGiovanni asked what the inspection report normally costs.

GM Dow said that it is usually about \$20-30K.

Chair DiGiovanni responded that this seems to be a reasonable fee to evaluate operational viability of vital equipment.

The Board accepted the draft report and took no action.

Comments from the Public

There were no members of the public present.

**13. September Informational Items 00:36:30**

Commissioner Kelly referred to Item #C and said it was good to see the feed-in tariff sales checks from MCE.

This item was informational and no action was taken by the Board.

Comments from the Public

There were no members of the public present.

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

**00:37:19**

Commissioner Boorstein said that he plans to attend the September 11, 2020 NBWA Board meeting and will report back at the next CMSA Board meeting. He said the current NBWA Executive Director, Judy Kelly, is retiring from the position, and a new executive director has been selected by the Board.

**15. Oral Reports by Commissioners/General Manager**

**00:38:14**

GM Dow referred to his handout and reported:

- CMSA hired EDIS to administer a self-insured employee dental benefit beginning in FY20. Previously, CMSA was paying approximately \$120K for insurance and EDIS estimated the annual cost would be about \$45K for benefit payments and administration. For FY20, the actual payment was \$65K, saving the Agency \$55K.
- Steve Kinsey called to discuss the TAM northbound 101 to eastbound 580 connector alternatives being considered by the Transportation Authority of Marin, and two alternatives for the connector would go through CMSA property. They are planning a site visit in the future, and he will keep the Board informed.

Commissioner Boorstein said that the NBWA Board meeting will be held by Zoom on Friday, September 11, and will feature their re-oaking project. He said he will forward the invitation to Board members via the recording secretary.

**16. Next Scheduled Meeting**

**00:44:58**

The next regular Board meeting is Tuesday, October 13, 2020 at 7:00 p.m. at the Agency office or by Zoom Conference.

Chair DiGiovanni adjourned the meeting at 8:05 p.m.

Respectfully submitted,

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Kate Brouillet, Recording Secretary

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Eli Beckman, Secretary

**Central Marin Sanitation Agency  
Treasurer's Report - Operating Account  
For the Month of September 2020**

**I. Accounts Summary: Bank & Investment Accounts**

Summary of Bank & Money Market Accounts

Westamerica Bank - Account Activity shown below	\$ 257,444.31
Local Agency Investment Fund (LAIF) - Refer to Schedule of Investments	16,543,645.50
California Asset Management Program (CAMP) - Refer to Schedule of Investments	380,884.29
<b>Total Bank &amp; Investment Accounts: Ending Balance on September 30, 2020</b>	<b><u>\$ 17,181,974.10</u></b>

**II. Account Activity for Westamerica Bank**

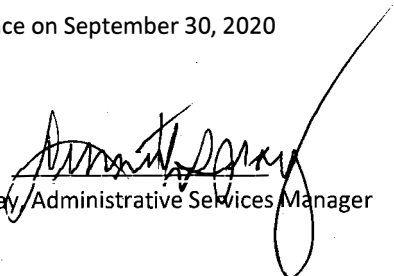
Beginning Balance on September 1, 2020 368,424.72


Cash Receipts (Deposits into Westamerica):

Transfers from LAIF	750,000.00
Permit and Inspection Fees	3,233.09
Revenue from Haulers & RVs	4,513.11
Revenue from Organic Waste Programs	12,966.87
Health & Safety Program Revenue (NSD: FY21 1Q Salary/Benefits)	8,354.82
County-wide Public Education Program-Annual billing (FY21: LGVSD)	7,998.91
SD 2 Operations & Maintenance Contract (FY21: July & August)	24,718.59
SQSP Wastewater Services Contract (FY20: June, FY21: July)	266,845.00
SQSP: Reimburse additional work (GHD Engineering, Fort Bragg Electric, and Bay Area Air)	78,956.44
SQ Village Operations & Maintenance Contract (FY21: July & August)	1,612.00
Marin Airporter Property Use (FY21: September)	5,400.00
Interest Income: CalCARD Incentive Payment	294.65
Marin Clean Energy electricity generation revenue July 2020 (57.872 MWh @ \$105/MWh)	6,076.52
Miscellaneous Reimbursements: PG&E Interconnection	554.64
Void checks: bank rejected ACH sent to invalid account	3,483.84
<b>Total Cash Receipts</b>	<b><u>\$ 1,175,008.48</u></b>

Cash Disbursements (Withdrawals from WestAmerica):

September 2020 Operating account disbursements register (see attached)	\$856,194.06
Regular Payroll paid 09/11/20	155,813.88
Regular Payroll paid 09/25/20	158,447.24
Regular Payroll ACH correction	3,574.42
Transfers to EFTPS Federal Payroll Taxes (09/02, 09/16, 09/30)	111,836.03
Bank Fee	123.26
<b>Total Cash Disbursements</b>	<b><u>\$1,285,988.89</u></b>
<b>Ending Balance on September 30, 2020</b>	<b><u>\$ 257,444.31</u></b>

Prepared by:   
Kenneth Spray, Administrative Services Manager

Reviewed by:   
Jason Dow, General Manager



Central Marin Sanitation Agency  
Operating Account Disbursements Register  
For the Month of September 2020

Check Number	Date	Vendor/Payee	Amount	Description
13809				Last check # from prior month's register
13810	09/01/2020	Phillip Frye	212.39	Reimbursement for retiree health benefits by check, September 2020
13811	09/01/2020	Byron Jones	249.15	Reimbursement for retiree health benefits by check, September 2020
13812	09/01/2020	Navia Benefit Solutions	893.73	Flexible spending account, PPE 08/22/2020
13813	09/01/2020	SEIU Local 1021	1,089.45	Union dues, PPE 08/22/2020
13814	09/01/2020	Automation Direct Co., Inc.	233.26	Sensor and cables for pilot digester
13815	09/01/2020	Blue Sky Environmental Inc	4,650.00	Annual digester emissions testing
13816	09/01/2020	Brown International Corp LLC	3,662.17	Parts for OWRF paddle finisher
13817	09/01/2020	Fastenal Company	381.32	Hand sanitizer and misc. parts and equipment (2 invoices)
13818	09/01/2020	Foster Flow Control	4,599.80	Solenoid valve for truck fill station; check valve for OWRF (2 invoices)
13819	09/01/2020	Koffler Electrical Mechanical	1,500.00	Cogeneration system breaker repair
13820	09/01/2020	Michael Pimm	229.41	Employee Expense Reimb: Safety shoes
13821	09/01/2020	Two Rivers Terminal LLC	17,505.42	Ferric chloride (2 deliveries)
13822	09/01/2020	Univar USA Inc	3,661.26	Sodium hypochlorite (1 delivery)
13823	09/04/2020	Cal Steam #2506	82.21	Copper fittings (2 invoices)
13824	09/04/2020	EDIS	965.00	Dental claim payments, September 2020
13825	09/04/2020	Electronics Plus	19.46	Electrical tool
13826	09/04/2020	Fort Bragg Electric	5,092.95	SQPS Maint: SQPS MCC and Controls Replacement project, final payment (Note B)
13827	09/04/2020	Grainger	4,122.86	SD2 PS Maint: CM Meter Vault sump pump (Note B); SBS emergency air compressor, pressure valves, smoke detector, HVAC motor, and misc. electrical and utility supplies, August 2020 (17 invoices)
13828	09/04/2020	Hagel Supply Co.	114.67	Utility supplies, August 2020
13829	09/04/2020	Industrial Control Links	3,168.10	SQPS Maint: Critical spare PLC (Note B)
13830	09/04/2020	Jackson's Hardware	340.26	SD2 PS Maint: Marking flag equipment (Note B); misc. utility and maintenance supplies
13831	09/04/2020	Johansing Iron works Inc	300.00	Oil cooler testing
13832	09/04/2020	Justifacts Credential	99.95	Mechanical Technician recruitment: background check
13833	09/04/2020	Koff & Associates, Inc.	3,000.00	Mechanical Technician recruitment, Phase 4, final payment
13834	09/04/2020	Lystek International LTD	11,373.58	Biosolids beneficial reuse fee, August 2020
13835	09/04/2020	Marin Resource Recovery Center	397.00	Yard waste disposal, August 2020
13836	09/04/2020	McMaster-Carr Supply Co.	6,764.06	SD2 PS Maint: Pixley generator supplies (Note B); Vertical conduit storage rack; misc. utility, safety, electrical, welding, mechanical, and piping equipment and supplies, August 2020 (27 invoices)
13837	09/04/2020	Marin Municipal Water District	2,820.16	Water and fire line service, July 2020 (4 invoices)
13838	09/04/2020	Ongaro & Sons	623.00	Facility back-flow testing (2 invoices)
13839	09/04/2020	Blake Petersen	260.49	Employee Exp Reimb: mileage to preemployment testing
13840	09/04/2020	P.G.& E.	7,198.40	Electricity service, 07/20-08/18/2020 (2 invoices)
13841	09/04/2020	Praxair Distribution, Inc.	170.43	Oxygen tank refill for laboratory
13842	09/04/2020	SPURR	3,914.82	Natural gas supply, July 2020
13843	09/04/2020	Univar USA Inc	3,432.25	Sodium hypochlorite (1 delivery)
13844	09/04/2020	Water Components & Bldg. Supp.	323.51	Concrete and PVC fittings (2 invoices), July 2020
13845	09/15/2020	CSRMA	97,234.00	Property insurance premium, 07/01/2020-07/01/2021
2020001	09/11/2020	Petaluma Mechanical Inc	346.25	HVAC repair
2020002	09/21/2020	Navia Benefit Solutions	701.42	Flexible spending account, PPE 09/05/2020
2020003	09/21/2020	Navia Benefit Solutions	192.31	Flexible spending account participant fees
2020004	09/21/2020	SEIU Local 1021	1,095.99	Union dues, PPE 09/05/2020
2020005	09/23/2020	Aramark Uniform Services	1,183.36	Uniform service, August 2020
2020006	09/23/2020	AT&T Dataplan	466.30	Fax and emergency phone service, 08/02-09/01/2020
2020007	09/23/2020	Brandon Tire	378.72	Tires and tire repair for Agency vehicles
2020008	09/23/2020	Caltest Analytical Laboratory	7,277.65	DI water for laboratory; analyses for nutrients, influent, effluent, biosolids, and pilot digester (6 invoices)

Central Marin Sanitation Agency  
Operating Account Disbursements Register  
For the Month of September 2020

Check Number	Date	Vendor/Payee	Amount	Description
2020009	09/23/2020	Carollo Engineers, Inc.	32,543.50	Prof Svcs: Cogeneration Engine Installation Project, August 2020
2020010	09/23/2020	CWEA TCP	91.00	Membership renewal, one employee
2020011	09/23/2020	ERA, A Waters Company	5,331.76	Chemicals for laboratory, July-August 2020
2020012	09/23/2020	Evoqua Water Tech LLC	11,356.01	Hydrogen peroxide (1 delivery); DI water for laboratory
2020013	09/23/2020	Fort Bragg Electric	88,839.49	SQPS Maint: SQPS MCC and Controls Replacement project, August 2020 progress payment (Note B)
2020014	09/23/2020	Graphic Products Inc	234.87	Arc Flash signage
2020015	09/23/2020	Hach Company	784.47	Lab chemicals and consumables (3 invoices)
2020016	09/23/2020	Home Depot	415.69	Landscaping, painting, and electrical supplies, July-August 2020
2020017	09/23/2020	IEDA, Inc.	867.00	Labor relations consulting, September 2020
2020018	09/23/2020	Ken Grady Co., Inc.	543.16	Electrical membrane
2020019	09/23/2020	Kone Inc	153.94	Elevator service, September 2020
2020020	09/23/2020	Kyle B Carbajal	300.00	Employee Expense Reimb: Prescription safety glasses
2020021	09/23/2020	Lamotte Co.	98.17	Chemicals for laboratory
2020022	09/23/2020	Marin Color Service	465.91	Rust destroyer and base paint
2020023	09/23/2020	Marin Office Supply	391.12	Office supplies, August 2020
2020024	09/23/2020	Marin Resource Recovery Center	129.00	Annex clean-up trash disposal
2020025	09/23/2020	Marin Sanitary Service	3,899.57	Trash and rag bin disposal
2020026	09/23/2020	McInerney & Dillon, P.C.	1,040.00	Legal services, construction/contract law, August 2020
2020027	09/23/2020	Muniquip, Inc.	630.01	Pilot digester pump seals
2020028	09/23/2020	NACWA	11,250.00	Membership dues (10/01/2020-09/30/2021)
2020029	09/23/2020	Northeast-Western	99,055.00	Cogeneration system procurement, progress payment #3
2020030	09/23/2020	Pipette.com	504.34	Bottle-top dispenser with recirculation valve
2020031	09/23/2020	Platt	1,111.52	Wiring devices, hoist repair supplies, anticorrosive, and misc. hardware (7 invoices)
2020032	09/23/2020	Romaine Electric Corp	448.19	EPS starter motor
2020033	09/23/2020	Sample Traps LLC	156.40	Wide mouth bottles for laboratory
2020034	09/23/2020	Simpson Gumpertz & Heger	1,080.00	Administration Building Roof Replacement Project design services, August 2020
2020035	09/23/2020	Synagro West, Inc.	5,775.00	Biosolids land application; August 2020
2020036	09/23/2020	Thatcher Company of	7,857.11	Ferric chloride (1 delivery)
2020037	09/23/2020	Two Rivers Terminal LLC	40,500.27	Calcium nitrate (4 deliveries)
2020038	09/23/2020	Univar USA Inc	15,557.00	Sodium bisulfite (2 deliveries), Sodium hypochlorite (1 delivery)
2020039	09/23/2020	Waste Management	4,321.40	Biosolids disposal, August 2020
2020040	09/23/2020	Wells Fargo Vendor	755.94	Lease payment for three printer/copiers, 09/20-10/19/2020
2020041	09/23/2020	Wiley Price & Radulovich	203.00	Prof Svcs: Employment law services, August 2020
2020042	09/23/2020	Kaman Industrial Technologies	6,072.41	Paddle finisher bearings; grit classifier augers (2 invoices)
2020043	09/23/2020	Michael Foster	6,125.80	Replacement valves (4)
2020044	09/23/2020	Norman S, Wright Mechanical	515.57	Aeration building ventilation fan
2020045	09/25/2020	Navia Benefit Solutions	707.88	Flexible spending account, PPE 08/22/2020, and August participant fee
2020046	9/25/2020	SEIU Local 1021	1,135.01	Union dues, PPE 09/19/2020
2020047	9/30/2020	Nitel Inc	1,305.21	Primary telephone and internet service, September 2020
2020048	9/30/2020	Amazing Solutions, Inc.	300.00	Financial software support, August 2020
2020049	9/30/2020	Amazon	2,383.30	Office, break room, and computer supplies, August 2020
2020050	9/30/2020	Aramark Uniform Services	231.02	Uniform items for new hire
2020051	09/30/2020	California Public Employee	3,584.00	Reimbursement for retiree health benefits by check, September 2020
2020052	9/30/2020	Chris Finton	400.00	Commuter Reimbursement Program, July-August 2020
2020053	9/30/2020	City Electric Supply	14.80	Electrical supplies
2020054	9/30/2020	CWEA TCP	96.00	Membership renewal, one employee
2020055	9/30/2020	Denali Water Solutions	11,107.72	Biosolids hauling, August 2020 (3 invoices)
2020056	9/30/2020	Environmental Science	592.25	CEQA support services, August 2020
2020057	9/30/2020	Fastenal Company	450.68	Maintenance vending machine replenishment, August 2020
2020058	9/30/2020	Fisher Scientific	3,522.74	Testing supplies, solutions, chemicals, vials, and buffers

Central Marin Sanitation Agency  
Operating Account Disbursements Register  
For the Month of September 2020

Check

Check Number	Date	Vendor/Payee	Amount	Description
2020059	9/30/2020	Harrington Industrial Plastics	369.71	Basket strainer
2020060	9/30/2020	Horizon Dist. Inc	30.25	Sprinkler parts
2020061	9/30/2020	Kaman Industrial Technologies	292.48	Pump motor
2020062	9/30/2020	Ongaro & Sons	120.00	SD2 PS Maint: Backflow testing (Note B)
2020063	9/30/2020	Two Rivers Terminal LLC	9,549.51	Calcium nitrate (1 delivery)
2020064	09/30/2020	Univar USA Inc	9,618.63	Sodium bisulfite (1 delivery), Sodium hypochlorite (1 delivery)
2020065	9/30/2020	VWR International	647.98	DI water and supplies for laboratory (3 invoices)
<b>TOTAL - CHECKS</b>			<b>598,189.31</b>	

Payments by Automatic Clearing House:

09/01/2020	CALPERS PPE 08/22/20	42,357.33	Retirement pension contribution: Agency and employees (Note C)
09/01/2020	NRS PPE 08/22/20	12,634.72	Deferred compensation contributions (Note A)
09/02/2020	Payments to 26 retirees	6,989.56	Reimbursement for retiree health benefits
09/02/2020	CALPMD	67,965.94	Medical insurance
09/02/2020	Life	2,747.23	Life insurance
09/02/2020	VSP	982.53	Vision insurance
09/02/2020	EDD PPE 08/22/20	14,620.57	State and SDI Taxes
09/15/2020	ICMA PPE 08/22/20	1,850.00	Deferred compensation contributions (Note A)
09/16/2020	EDD PPE 09/05/20	14,212.98	State and SDI Taxes
09/16/2020	CALPERS PPE 09/05/20	42,827.30	Retirement pension contribution: Agency and employees (Note C)
09/16/2020	ICMA PPE 09/05/20	1,850.00	Deferred compensation contributions (Note A)
09/16/2020	NRS PPE 09/05/20	16,142.50	Deferred compensation contributions (Note A)
09/25/2020	PARS ,9/05,9/19	455.56	Retirement pension contribution: part-time and internship employees (Note C)
09/29/2020	EDD PPE 09/05/20	15,006.77	State and SDI Taxes
09/30/2020	ICMA PPE 09/19/20	1,850.00	Deferred compensation contributions (Note A)
09/30/2020	NRS PPE 09/19/20	15,511.76	Deferred compensation and MARA contribution
<b>TOTAL - ACH</b>		<b>258,004.75</b>	
<b>GRAND TOTAL</b>		<b>856,194.06</b>	

Notes:

Board stipend payments for the September 8, 2020 Board meeting were delayed due to the transition to new financial software, and were processed on October 1.

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 OF INVESTMENTS**  
**As of the Month Ended September 30, 2020**

FY 21 INVEST-July 2020 to June 2021.xlsx Sep 2020 10/7/2020

Description	Book Value	Market Value (1)	% Portfolio	Projected Year End
<b>I. Pooled Investments with California Asset Management Program (CAMP)</b>				
Money Market Funds (< 1 year in maturity)				
CAMP Cash Reserve Pool: .27% at 9/30/20				
b1. Operating Reserve (Unrestricted) (2)	\$ 30,884.29	\$ 30,884.29		Sum b1. Below
b2. Emergency Reserve (Unrestricted)	250,000.00	250,000.00		\$ 250,000
b3. Insurance Reserve (Unrestricted)	100,000.00	100,000.00		\$ 100,000
<b>Total with CAMP</b>	<b>\$ 380,884.29</b>	<b>\$ 380,884.29</b>	<b>2.3%</b>	
<b>II. Pooled Investments with Local Agency Investment Fund (LAIF)</b>				
Money Market Funds (< 1 year in maturity)				
Local Agency Investment Fund (LAIF): .685% at 9/30/20				
a1. Current Operating Fund	\$ 1,547,838.29	\$ 1,547,838.29		
b1. Operating Reserve (Unrestricted) (2)	\$ 3,236,320.21	\$ 3,236,320.21		\$ 3,267,205
c1. Capital Reserves (Restricted)	\$ 2,379,076.00	\$ 2,379,076.00		\$ 7,210,552
c2. Capital Reserves (Unrestricted)	\$ 9,380,411.00	\$ 9,380,411.00		\$ 6,763,503
<b>Total with LAIF</b>	<b>\$ 16,543,645.50</b>	<b>\$ 16,543,645.50</b>	<b>97.7%</b>	
<b>TOTAL INVESTMENTS</b>	<b>\$ 16,924,529.79</b>	<b>\$ 16,924,529.79</b>	<b>100.0%</b>	

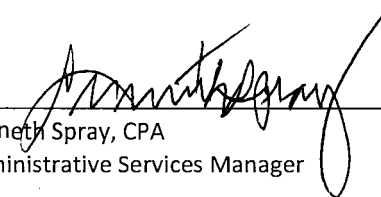
NOTES:

- (1) Market values are per the fiscal agent's respective monthly statements
- (2) Operating reserves calculated at 25% operating budget
- (3) Current operating fund

- (3) Includes capacity charges and debt service coverage
- (4) Includes capital fee charges

Statement of Compliance

The above portfolio of investments is in compliance with the Agency's investments policy, adopted annually, and California Government 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.

  
 \_\_\_\_\_  
 Kenneth Spray, CPA  
 Administrative Services Manager

CENTRAL MARIN SANITATION AGENCY  
CAPITAL RESERVES SUMMARY FOR THE SCHEDULE OF INVESTMENTS

Year-to-Date as of the Month Ended September 30, 2020

	Monthly Amounts Received (Used)	YTD Amounts Received (Used)
<b>Restricted Capital Reserves Sources and Uses</b>		
Capacity charges revenue	\$ -	\$ 898,500
Debt coverage collection revenue	-	809,551
	<hr/>	<hr/>
Total restricted capital reserve funding sources	-	1,708,051
Capacity charges usage for capital (1st)	(200,410)	(320,809)
Debt coverage usage for capital (2nd)	-	-
	<hr/>	<hr/>
Total restricted capital reserve uses	(200,410)	(320,809)
Net change		1,387,242
Balance - beg of year		991,834
Balance - end of month/year		<u><u>\$ 2,379,076</u></u>
 <b>Unrestricted Capital Reserves Sources and Uses</b>		
Capital fee revenue	\$ -	\$ 313,000
Unrestricted operating-reserve-transfer-in	-	-
SRF/FEMA cost reimb proceeds received	-	-
	<hr/>	<hr/>
Total unrestricted capital reserve funding sources	-	313,000
Capital fee usage to fund CIP (3rd)	-	-
Unrestricted capital reserve draw (4th)	-	-
Short-term cash flow balancing	-	-
	<hr/>	<hr/>
Total unrestricted capital reserve uses	-	-
Net change		313,000
Balance - beg of year		9,067,411
Balance - end of month/year		<u><u>\$ 9,380,411</u></u>
 <b>Total capital reserve balances</b>		 <u><u>\$ 11,759,487</u></u>
 <b>Total approved CIP budget</b>		 \$ 8,559,701
<b>Total CIP funded from capital reserve sources</b>		<u>(320,809)</u>
<b>Total approved capital budget remaining</b>		<u><u>\$ 8,238,892</u></u>



**BOARD MEMORANDUM**

October 8, 2020

To: CMSA Commissioners and Alternates

From: Chris Finton, Treatment Plant Manager

Approved: Jason Dow, General Manager

**Subject: September 2020 NPDES Permit Compliance, Treatment Process, and Maintenance Activities Report**

**Recommendation:** Accept the September 2020 NPDES Permit Compliance, Treatment Process, and Maintenance Activities Report.

**I. NPDES Permit Compliance**

Our NPDES permit testing for September showed that 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. We successfully passed the September 96-hour flow-through bioassay test. CMSA’s NPDES permit specifies quarterly monitoring for enterococcus bacteria and for each wet-weather blend event to verify compliance with established effluent limits. The enterococcus geometric mean this past quarter was 7.4 MPN, well below the 35 MPN permit limit.

**II. Influent Flow**

In September, the LNU Lightning Complex and Woodward fires continued to burn without significant containment contributing to a record number of summer spare-the-air days and poor air quality for the majority of the month. CMSA did not receive any rain, and the treatment plant did not exceed its maximum secondary capacity of 30 MGD during the month. The facility’s average daily influent flow was 8.3 MGD.

The CMSA treatment plant and each satellite collection agency’s daily average and total monthly influent flows are shown in the table below:

<b>September Monthly Influent Flows</b>	<b>San Rafael (SRSD)</b>	<b>Ross Valley (RVSD)</b>	<b>San Quentin (SQSP)</b>	<b>Corte Madera (SD#2)</b>	<b>CMSA Plant Total</b>
Average Daily (MGD)	3.2 MGD	3.6 MGD	0.63 MGD	0.89 MGD	8.3 MGD
Total for Month (MG)	95.4 MG	107.7 MG	18.8 MG	26.8 MG	248.7 MG
Percent of Flow	38.3 %	43.3%	7.6 %	10.8 %	100 %

### **III. Treatment Process**

Operators continued spending time shuffling process equipment, system-wide, in and out of service to accommodate annual preventative maintenance activities and manage a flow diversion for the return activated sludge (RAS) pipeline inspection that occurred overnight on September 17-18. Additionally, staff spent time managing biogas storage and use while a contractor inspected both anaerobic digester membrane cover systems. Initial inspection results indicated that both covers were in good condition, with the full report of findings due to the Agency in the near future.

The Mixed Liquor Suspended Solids (MLSS) inventory averaged 762 mg/l in September, a minimal decrease in inventory from last month. The solids inventory is in alignment with our target Mean Cell Residence Time (MCRT) of 3.3 days.

Graph #3 shows the coliform most probable number (MPN), which represents the effectiveness of the disinfection process. All sixteen coliform samples collected in September were well below our daily permit limit of 10,000 MPN and below our monthly KPI of 30 MPN. The total coliform monthly geometric mean for September was 1.5 MPN, below our permit's monthly limit of 240 MPN.

Graph #4 shows the Total Suspended Solids (TSS), which is a good indicator of the effluent quality. The TSS monthly average in September was 7.6 mg/l, which is 50.6% of our Key Performance Indicator (KPI) of 15 mg/l, and is 25.3% of our permit's monthly average limit of 30 mg/l.

### **IV. Maintenance Activities**

The cogeneration system produced 98.0% of the Agency's power in September, and MCE supplied the balance. The generator, as indicated on Graph #8, ran without interruption except for a short period on September 19, when the facility experienced an unanticipated power outage and operated on the emergency diesel generator.

The majority of September's work activities were spent performing annual process equipment preventative maintenance. In addition, technicians completed a planned project to replace inefficient obsolete motor starters for primary treatment area equipment, replaced a bulk hypochlorite solution storage tank, replaced one bioassay sample pump, rebuilt one thickened waste activated sludge (TWAS) pump, isolated Saba Lane pump station at the request of SD2 for one of their contractors, cleaned the primary centrate line leaving all three centrifuges which was partially plugged due to mineral deposit buildup, and replaced the failed air compressor serving the emergency sodium bisulfite solution (SBS) system. Utility staff completed painting three of the five grit classifiers in the headworks after they received annual preventative maintenance.

**Attachment:** September 2020 NPDES Permit Compliance, Treatment Process, and Maintenance Activities Report

# NPDES Permit Compliance, Treatment Process, and Maintenance Activities Report

September 2020



Contractor utilizing a “Spider Lift” to perform a membrane cover inspection on both anaerobic digesters.



## Monthly Compliance Summary Table

Central Marin Sanitation Agency

September, 2020

### Final Effluent Monitoring

Parameter	Frequency	Units	Results	Limit
Carbonaceous BOD Highest Weekly Average	Weekly	mg/L	7.5	Maximum 40
Carbonaceous BOD Monthly Average	Monthly	mg/L	6.2	Maximum 25
Carbonaceous BOD Monthly Removal Rate	Monthly	%	98.1	Minimum 85
Total Suspended Solids Highest Weekly Average	Weekly	mg/L	9.0	Maximum 45
Total Suspended Solids Monthly Average	Monthly	mg/L	7.6	Maximum 30
Total Suspended Solids Monthly Removal Rate	Monthly	%	98.6	Minimum 85
Chlorine Residual Instant Limit	Instant	mg/L	ND	Maximum 0.0
Ammonia Monthly Average	Monthly	mg/L	38.9	Maximum 60
Ammonia Maximum Daily	Daily	mg/L	38.9	Maximum 120
pH Lower Limit	Continuous	SU	6.4	Minimum 6
pH Upper Limit	Continuous	SU	7.3	Maximum 9
<b>Bacteriological Analysis</b>				
Total Coliform Monthly Geometric Mean	3 X Week	MPN/100mL	1.5	Maximum 240
Total Coliform Daily Maximum	3 X Week	MPN/100mL	6.6	Maximum 10,000
Enterococcus Quarterly Geometric Mean	Quarterly	MPN/100mL	7.4	Maximum 35
<b>Flow Through Bioassay</b>				
Acute Toxicity 11 Sample 90th Percentile	Monthly	% survival	100	Minimum 70
Acute Toxicity 11 Sample Median	Monthly	% survival	100	Minimum 90
<b>Metals Analysis</b>				
Copper Daily Limit	Monthly	ug/L	8.4	Maximum 85
Copper Monthly Average	Monthly	ug/L	8.4	Maximum 49
Cyanide Daily Limit	Monthly	ug/L	3.0	Maximum 41
Cyanide Monthly Average	Monthly	ug/L	3.0	Maximum 21
Mercury Weekly Average	Weekly	ug/L	0.0030	Maximum 0.072
Mercury Monthly Average	Monthly	ug/L	0.0030	Maximum 0.066
Mercury Monthly Loading	Monthly	kg/mo	0.00235	
Mercury Annual Loading (watershed permit)	Jan-Dec	kg/yr	0.03187	Maximum 0.11
<b>Permit Analysis</b>				
Dioxin - Total Equivalents (TEQ) Daily Maximum	1/Permit Cycle	ug/L	*	Maximum 2.8E-08
Dioxin - Total Equivalents (TEQ) Monthly Average	1/Permit Cycle	ug/L	*	Maximum 1.4E-08
Polychlorinated Biphenyls (PCBs) Daily Limit	1/Permit Cycle	ug/L	*	Maximum 0.017
Polychlorinated Biphenyls (PCBs) Monthly Limit	1/Permit Cycle	ug/L	*	Maximum 0.012
<b>Semiannual and Quarterly Analysis</b>				
Oil and Grease Daily Limit	Semiannual	mg/L	ND	Maximum 20
Oil and Grease Monthly Average	Semiannual	mg/L	ND	Maximum 10
Chronic Bioassay Toxicity	Quarterly	Tuc	ND	Maximum 20
Chronic Bioassay Toxicity (3 sample median)	Quarterly	Tuc	ND	Maximum 10
<b>Flow Analysis</b>	<b>Daily Max</b>	<b>Hourly Max</b>	<b>5 minute Max</b>	<b>Monthly Average</b>
Effluent Flow	9.1	12.9	13.8	6.9
Influent Flow	8.6	13.8	24.6	8.3
# Days Blended				0

\* 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:** CMSA's NPDES permit requires that 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 120 mg/L and a monthly average limit of 60 mg/L. The maximum daily limit is the number that cannot be exceeded on any sample and the monthly average applies to all samples collected in any month (although typically we are required to take only one sample).
- **Biochemical Oxygen Demand (BOD):** The amount of dissolved oxygen needed by microorganisms (biomass) to stabilize organic material in the effluent. The permit limits for our effluent require that removal of 85% influent BOD, and meet a weekly average of less than 40 mg/L and a monthly average of less than 25 mg/L BOD.
- **Chlorine Residual:** The secondary effluent is disinfected with hypochlorite (chlorine "bleach"), and then the residual chlorine is neutralized with sodium bisulfite to protect the Bay environment. The final effluent chlorine residual limit is 0.0 mg/l, which is monitored continuously.
- **Bacteria:** Coliform and enterococcus bacteria are the indicator organisms for the determination of the effectiveness of the disinfection process.
- **Dioxin - Total Equivalents:** These are 17 dioxin-like compounds that we analyze for twice per year which have permit limits.
- **Oils and Grease:** We are required to monitor our effluent for Oils and Grease quarterly.
- **Flow Through Bioassay:** A 96-hour test in which we test the toxicity of our effluent to young rainbow trout (15-30 days old) in a flow-through tank to determine their survivability under continuous exposure to CMSA effluent. The permit requires that we maintain a 90<sup>th</sup> percentile survival of at least 70% and an 11-sample median survival of at least 90%. In layman's terms, this means that out of the last 11 samples, only one bioassay may fall below 70% survival, and the middle value—when all 11 samples are placed in numerical order—must be at least 90%.
- **Metals Analysis:** Our permit requires that we analyze our effluent for many different metals on a monthly basis. We have permit limits for three of the metals. The limits are stated as a maximum daily limit and a monthly average limit.
- **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 permit effluent pH must stay within the range of 6.0 to 9.0, which we monitor continuously.
- **Total Suspended Solids (TSS):** Measurement of suspended solids in the effluent. Our permit requires that we remove 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**  
**September 2020**

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

**PRIMARY CLARIFIER PERFORMANCE**

Average Total Suspended Solids (TSS) in:	600.9	mg/l	<i>Expected removal efficiencies as outlined in Metcalf &amp; Eddy Wastewater Engineering Manual.</i>
Average TSS out:	140.3	mg/l	
Average Percent Removal Achieved:	72.3	%	<b>Design 50-70% Removal</b>
Average Total Carbonaceous Biochemical Oxygen Demand (CBOD) in:	347.8	mg/l	
Average CBOD out:	152.6	mg/l	
Average Percent Removal Achieved:	52.3	%	<b>Design 25-40% Removal</b>
Average Plant Influent Flows:	8.3	MGD	

**BIOTOWER PERFORMANCE**

Average TSS out:	120.6	mg/l	
Average CBOD out:	58.8	mg/l	
Average Percent CBOD Removal Achieved:	61.5	%	<b>Design 25-30% Removal</b>

**AERATION TANKS/ACTIVATED SLUDGE**

Dissolved Oxygen set point:	2.28	mg/l
Average MLSS:	761.5	mg/l
Average MCRT:	2.7	Days
Average SVI:	106	

**SECONDARY CLARIFIERS**

Average WAS concentration:	3,476	mg/l
Average TSS out:	10.4	mg/l

**FINAL EFFLUENT**

Average Effluent TSS for the month:	7.6	mg/l	(Maximum Limit: 30mg/l)
Week #1 weekly average	8.9	mg/l	(Maximum Limit: 45mg/l)
Week #2 weekly average	9.0	mg/l	"
Week #3 weekly average	6.7	mg/l	"
Week #4 weekly average	6.4	mg/l	"
Week #5 weekly average	N/A	mg/l	"
Monthly average TSS removal efficiency through the plant:	98.6	%	(Minimum Limit: 85%)

Average Effluent CBOD:	6.2	mg/l	(Maximum Limit: 25mg/l)
Week #1 weekly average	7.5	mg/l	(Maximum Limit: 40mg/l)
Week #2 weekly average	6.5	mg/l	"
Week #3 weekly average	6.5	mg/l	"
Week #4 weekly average	5.5	mg/l	"
Week #5 weekly average	N/A	mg/l	"
Monthly average CBOD removal efficiency through the plant:	98.1	%	(Minimum Limit: 85%)

Disinfection Dosing Rate:	3.1	mg/l	monthly average
Total Coliform Monthly Geometric Mean:	1.5	MPN	(Maximum 240)
The Daily Maximum Total Coliform Count for the month:	6.6	MPN	(Maximum 10,000)
Enterococcus Monthly Geometric Mean:	N/A	MPN	(Maximum 35 MPN)
Effluent pH for the month was:	Min	6.4	MPN (Min 6.0)
	Max	7.3	MPN (Max 9.0)

**DIGESTER TREATMENT**

Average Thickened Waste Concentration from the RDT:	5.67	%	
Average percent of Volatile Solids destroyed:	84.0	%	
Cubic feet of biogas produced:	7,685,780 (Total)	256,193 (Daily Average)	
Average temperature of the digester:	101.9	degrees Fahrenheit	

## EXECUTIVE SUMMARY PROCESS PERFORMANCE DATA

### September 2020

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

#### DEWATERING

Average Centrifuge Feed concentration:	2.2	%
Average Biosolids concentration:	27.7	%
Average TSS of the Centrate:	147	mg/l
Solids capture of the Centrifuge:	99.40	%
Polymer use per Dry ton of biosolids:	11.85	#/dry ton
Average polymer feed rate per run:	3.21	gpm
Average concentration of the polymer batches:	0.328	%
Average sludge feed rate per run:	59.8	gpm

#### **Comments:**

The treatment plant has been running well with final effluent being of very good quality.

#### **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 black graph line depicts the CMSA rain gauge recordings for the month. There were no blending events in the month of September.

#### **Graph #2:**

*Depicts individual collection agency flows.*

The Y-axis is in the flow range of 0-4 MGD.

#### **Graph #3:**

*Depicts the coliform most probable number (MPN) results which are an indication of the performance of the disinfection system.*

The monthly Total Coliform Geometric Mean was 1.5 MPN through September, which is less than our KPI of 30 MPN and permit limit of 240 MPN.

#### **Graph #4:**

*Depicts the total suspended solids in the effluent.*

Our monthly average was 7.6 mg/l versus our KPI of 15 mg/l and permit monthly average limit of 30 mg/l. Total suspended solids in the effluent remained below CMSA's KPI metric for the entire month.

#### **Graph #5:**

*Depicts the effluent CBOD which is measuring the oxygen demand of the wastewater.*

The September effluent CBOD average was 6.2 mg/l, below our NPDES limits of 40 mg/l weekly and 25 mg/l for the month. CBOD in the effluent remained below the Agency's KPI 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% throughout September. No dewatering operations occurred on September 8 and September 22.

#### **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 September averaged 256,193 cubic feet per day, which exceeded our monthly KPI of 200,000 cubic feet per day. The reduction in biogas production the week of 9/7 through 9/12 was due to fewer deliveries of organic waste.

#### **Graph #8:**

*Depicts the amount of electricity produced and exported through cogeneration versus the energy purchased from MCE for Agency operations.*

In September, CMSA exported 48,821 kilowatt hours of electricity, and on September 19 the cogeneration system was off-line for four hours due to an unanticipated utility power outage. The emergency diesel generator provided power during this outage.

## Glossary of Terms

### Process Performance Data Sheet

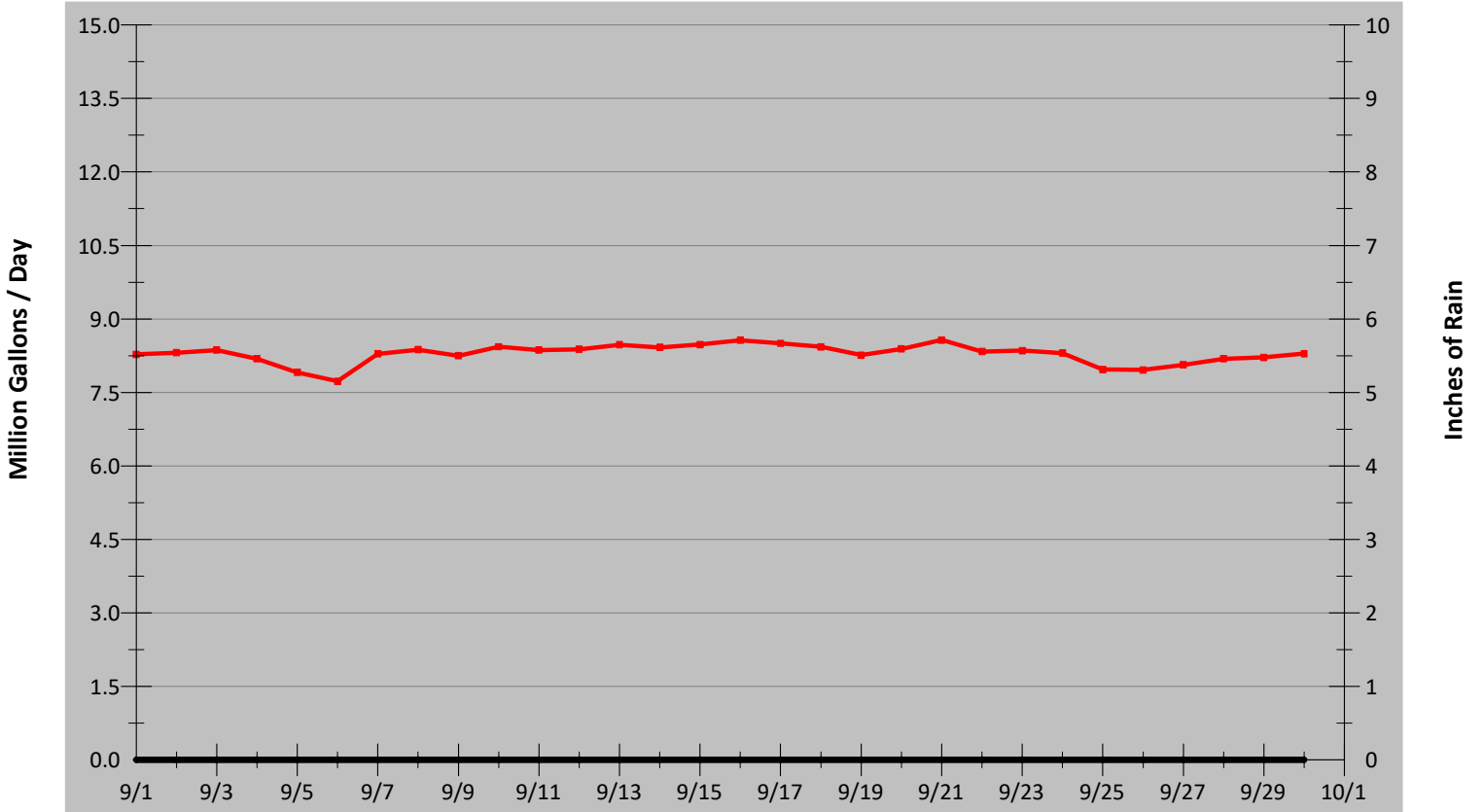
- **Aeration Tanks:** A biological process that takes place after the biotowers, where biomass (microorganisms) is mixed with the wastewater to feed on dissolved and suspended organic material. High speed blowers are used to provide compressed air to mix the tank contents.
- **Anaerobic Digesters:**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

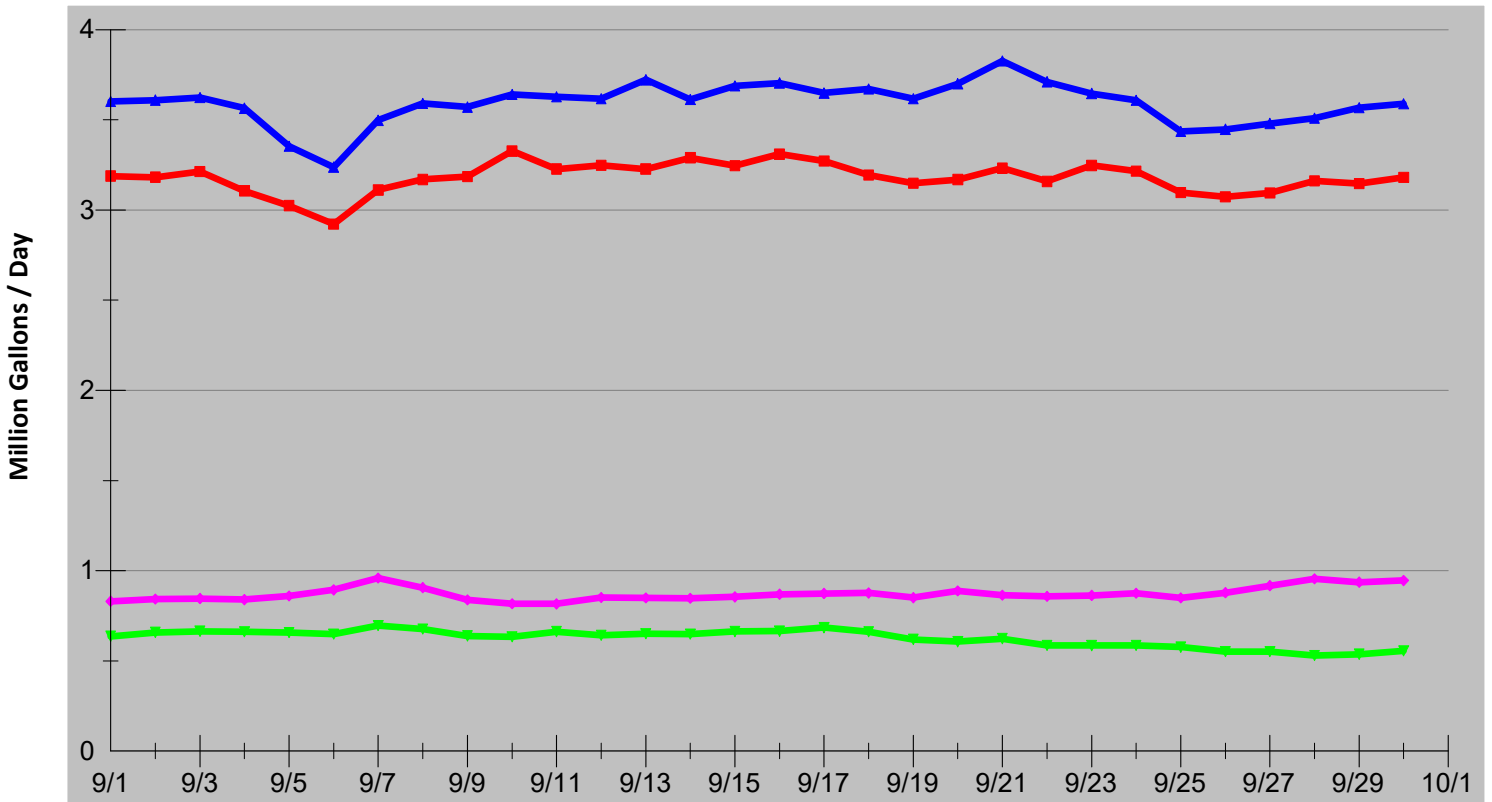


Date ( 9/1/2020 to 9/30/2020 )

■ Flow (Daily Average) ◆ Rain

(#1) CMSA Influent Flow

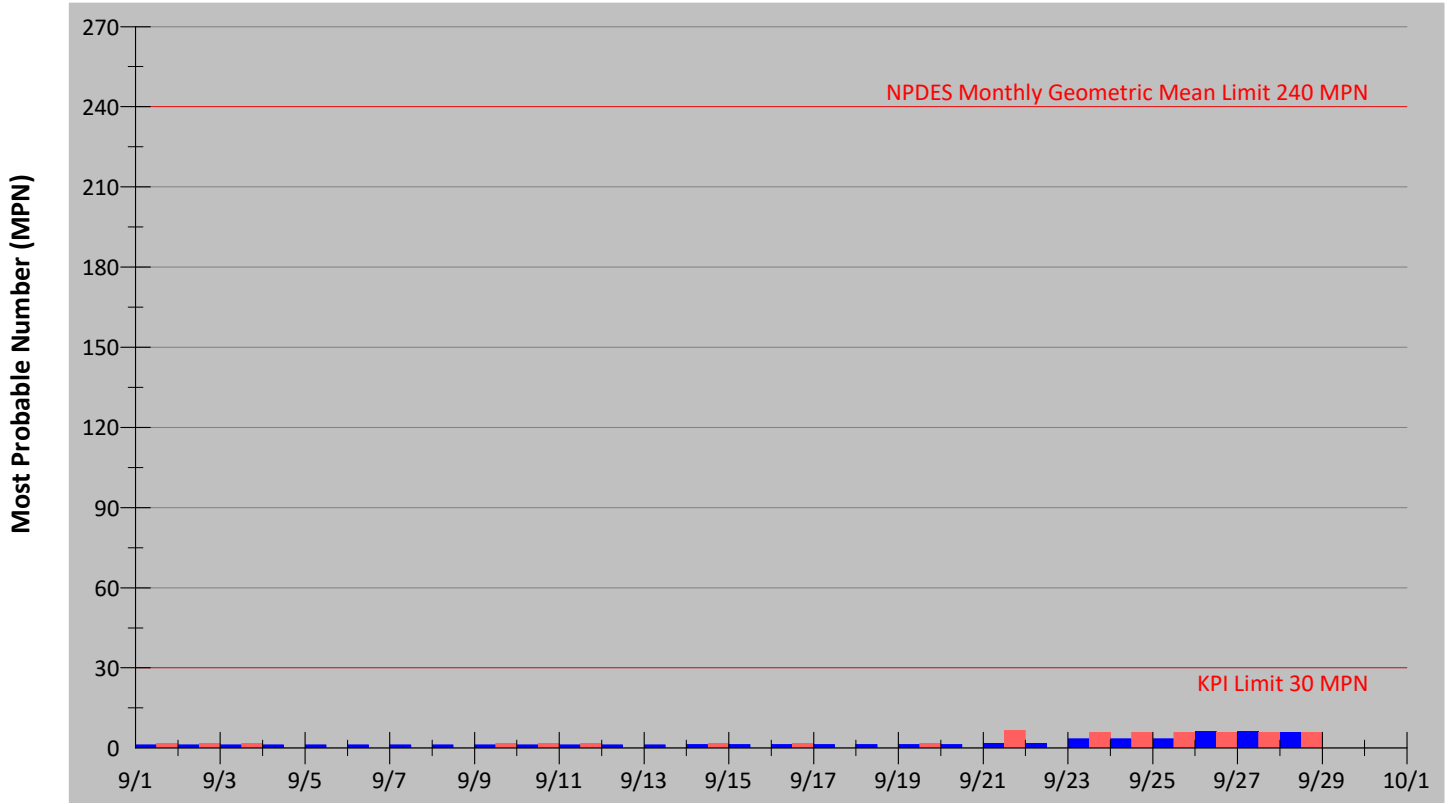
**Graph #2: Collection System Influent Flows**



Date ( 9/1/2020 to 9/30/2020 )

▲ BV/SD Flow (Daily Average) ■ SRSD Flow (Daily Average) ▼ SQ Flow (Daily Average) ● SD#2 Flow (Daily Average)

**Graph #3: Total Coliform & Monthly Geometric Mean**

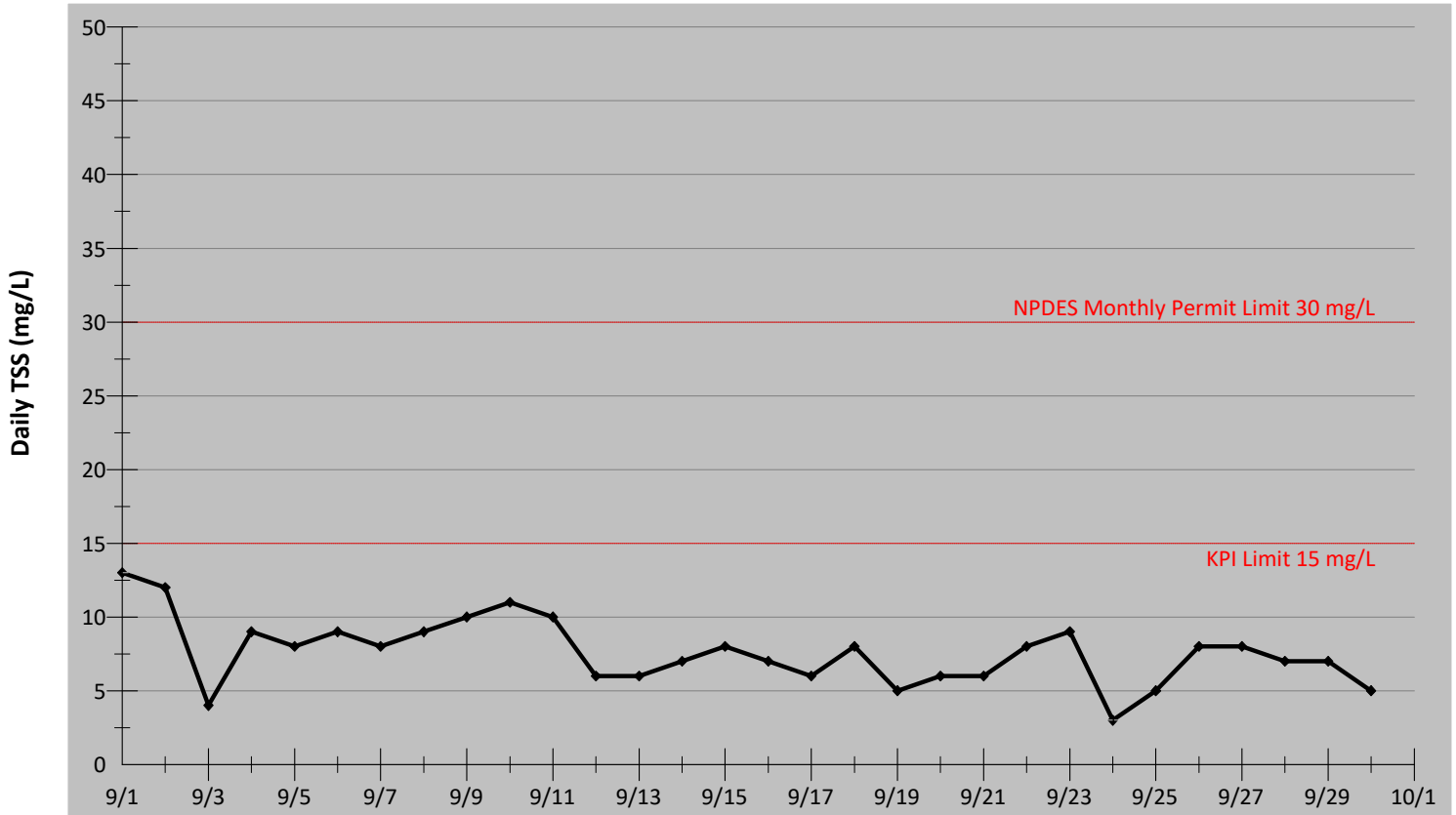


Date ( 9/1/2020 to 9/30/2020 )

■ Total Coliform (Moving Geometric Mean) ■ Total Coliform

(#3) Total Coliform & Monthly Geometric Mean

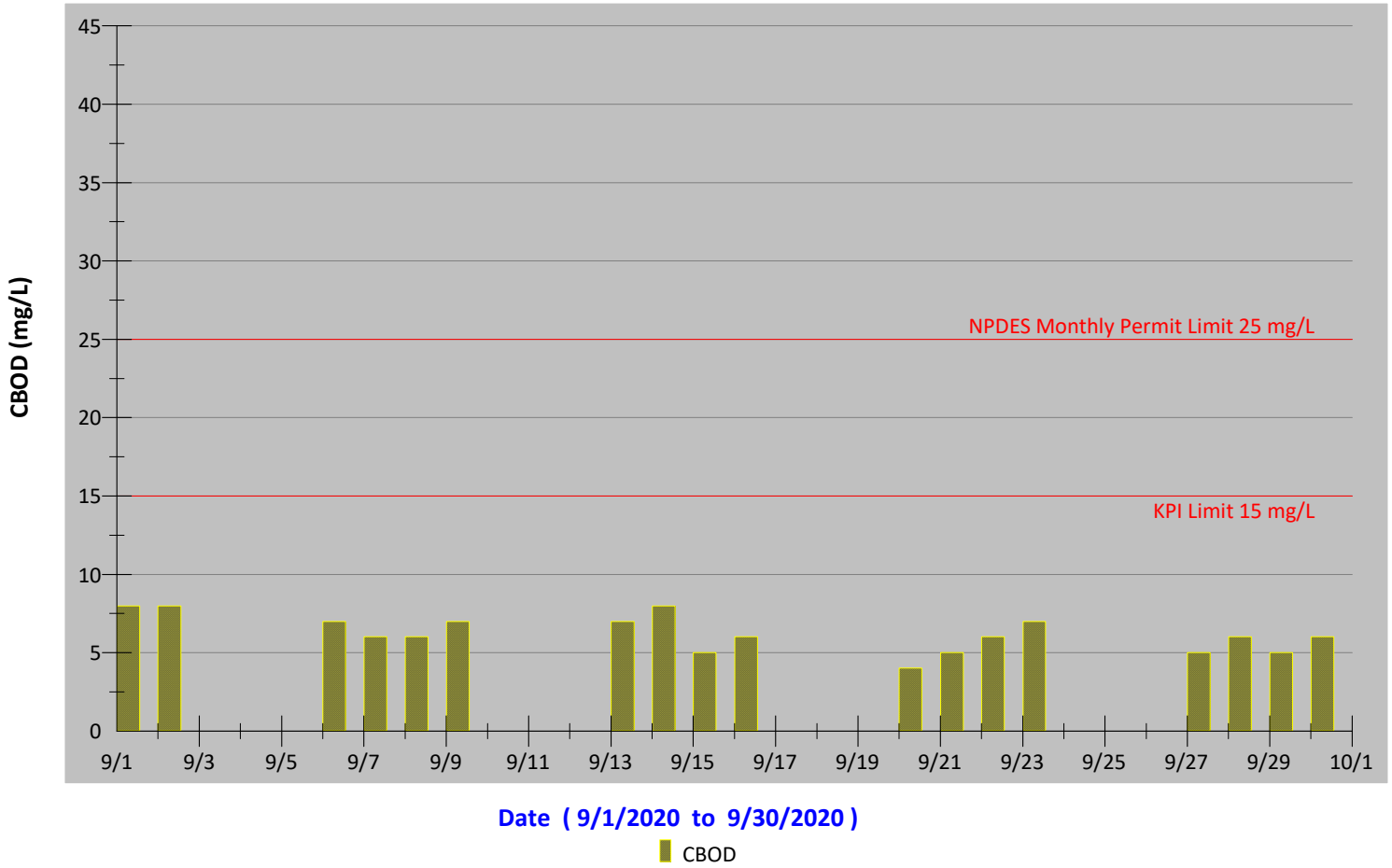
**Graph #4: Effluent Total Suspended Solids (TSS)**



Date ( 9/1/2020 to 9/30/2020 )

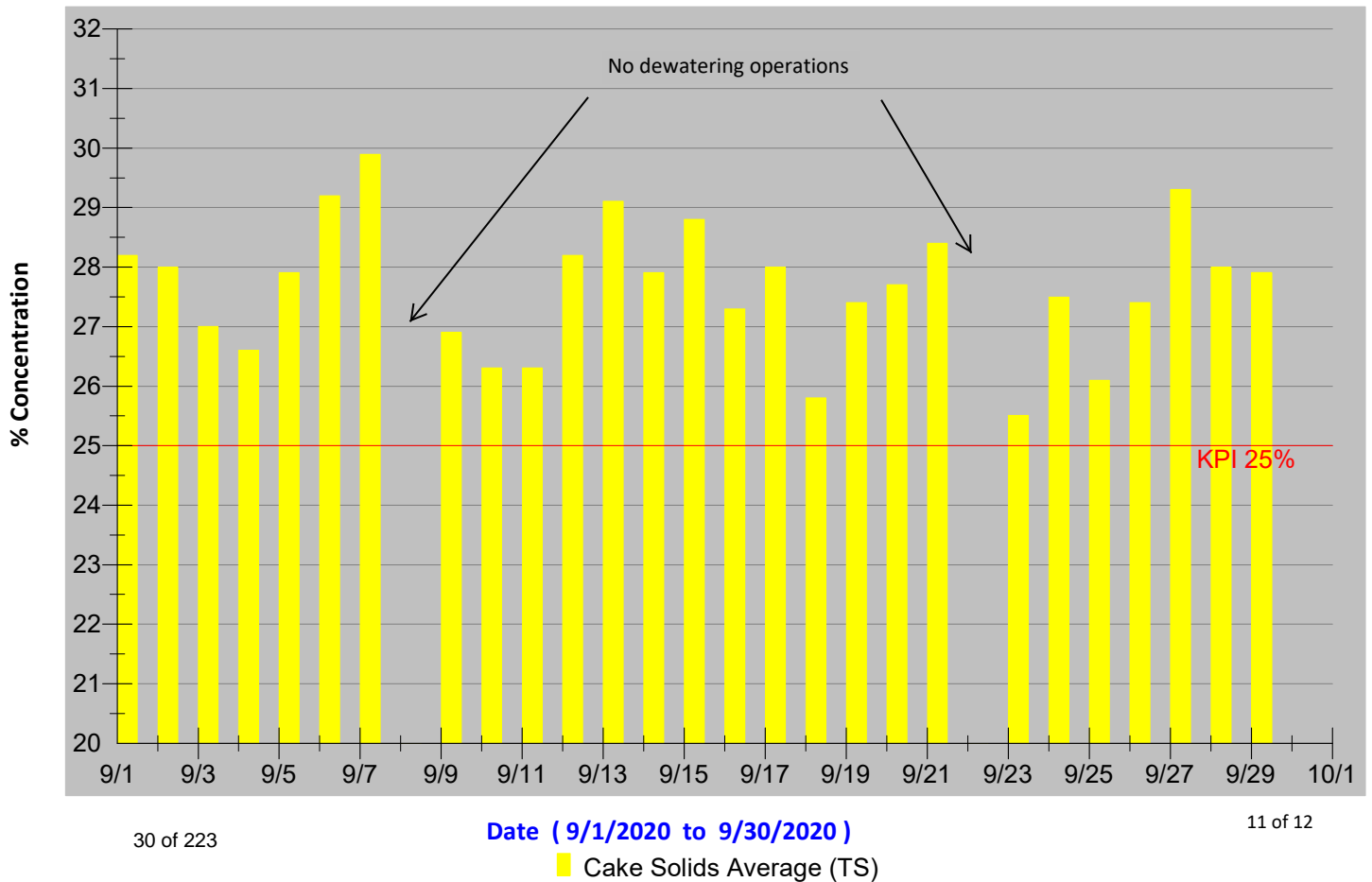
◆ TSS

**Graph #5: Effluent Carbonaceous Biological Oxygen Demand (CBOD)**



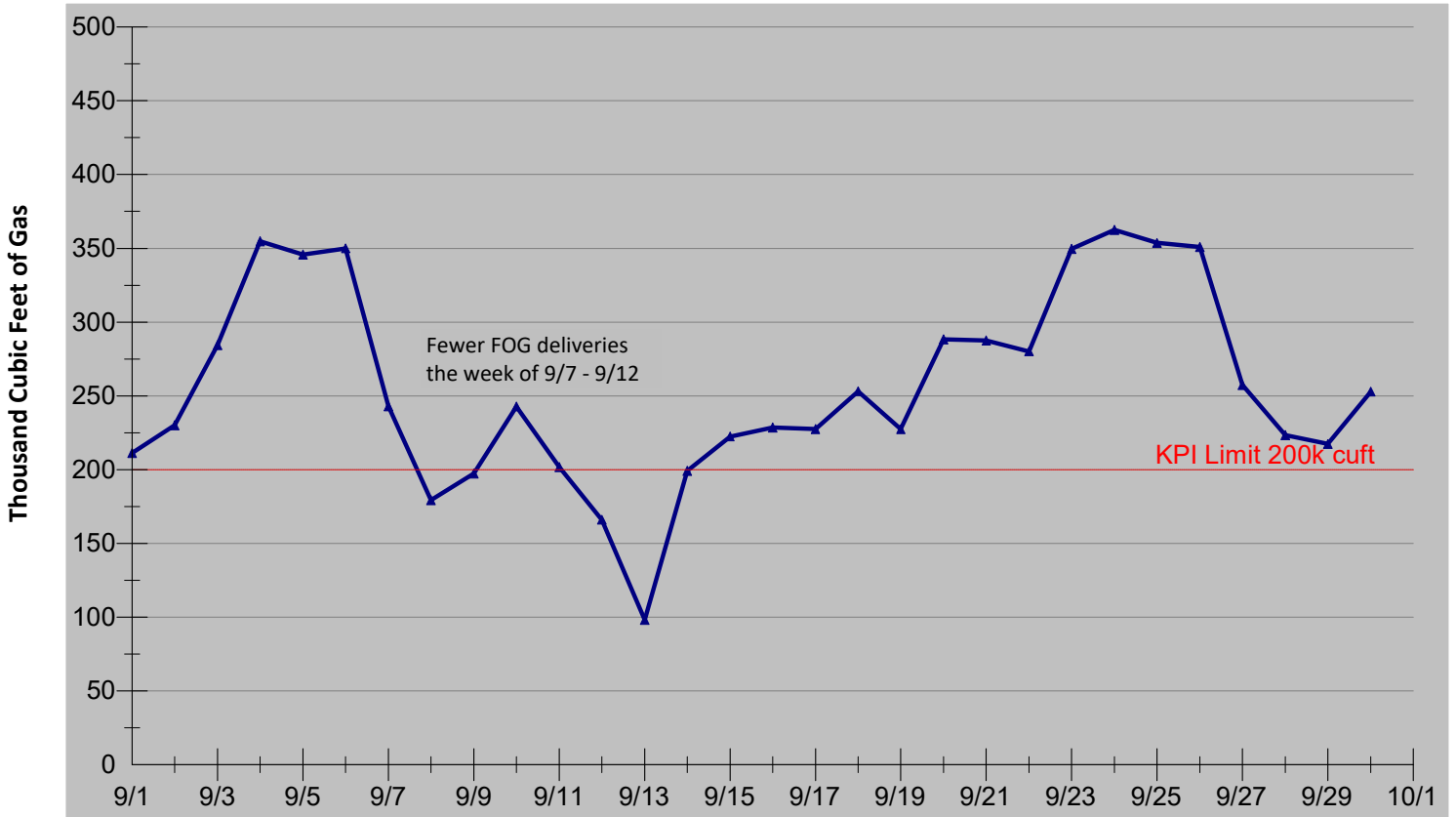
(#5) Effluent Carbonaceous Biological Oxygen Demand (CBOD)

**Graph #6: Biosolids Concentration**



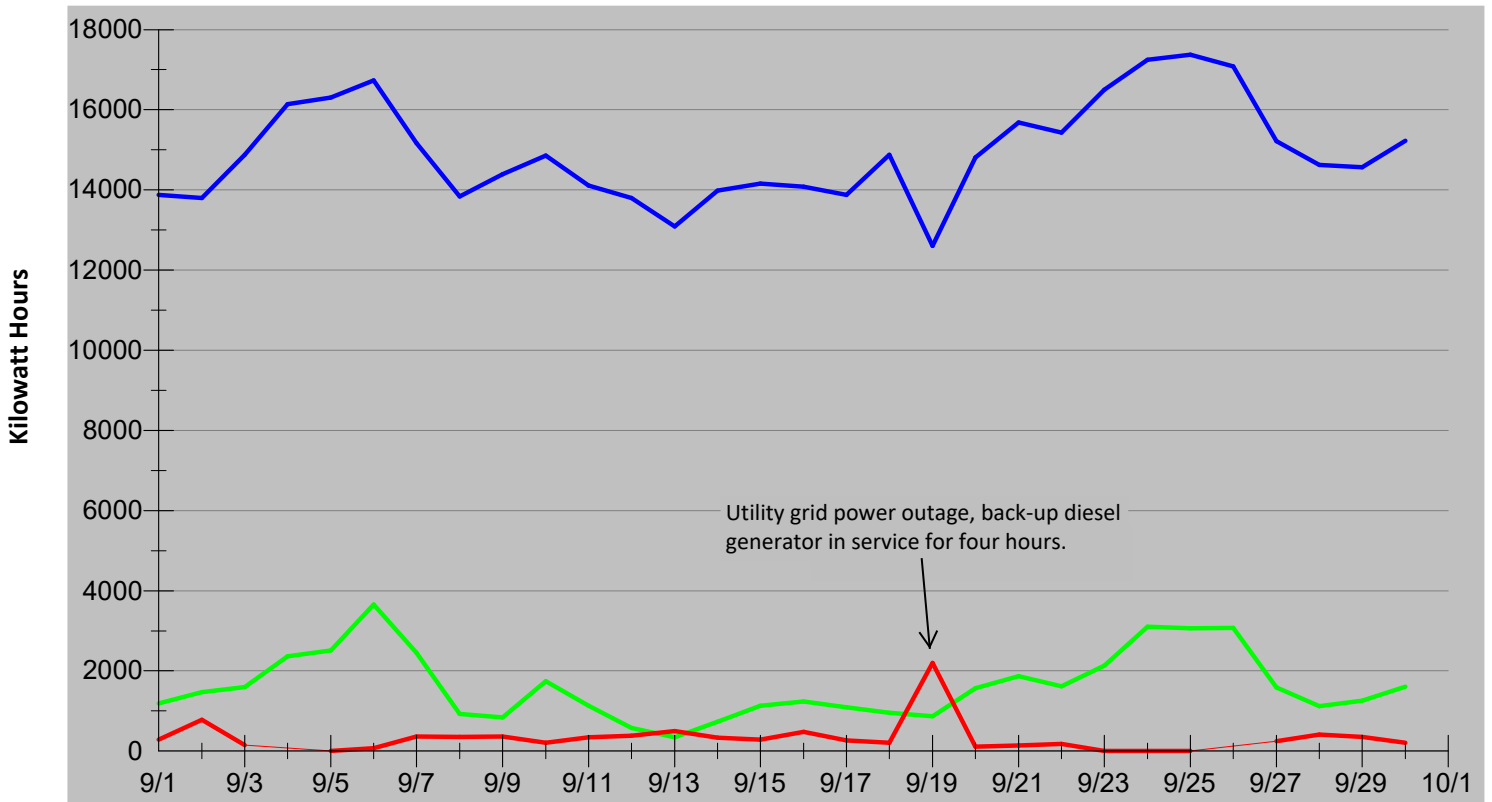
(#6) Biosolids Concentration

**Graph #7: Biogas Production (Measured Use)**



(#7) Biogas Production

**Graph #8: kW/hr Purchased vs. kW/hr Produced vs. kW/hr Exported**



/ Kilowatts Produced   
 / Utility Export   
 / Utility Import





**BOARD MEMORANDUM**

October 8, 2020

To: CMSA Commissioners and Alternates

From: Jason Dow, General Manager

**Subject: Performance Metric Report – September 2020**

**Recommendation:** Accept the September 2020 Performance Metric Report.

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

Table I – Treatment/Process Metrics

Treatment process operations were well with performance targets and final effluent quality remained very good, with high conventional and priority pollutant removal rates. Our new biosolids hauler, Denali, operates seven days per week and Lystek’s biofertilizer facility is open seven days per week allowing us to transport biosolids to the land application site during the weekdays and to Lystek on the weekends. This new reuse strategy reduces the biosolids management costs because the land application site’s tipping fee is significantly less than at Redwood Landfill.

Table II – Employee Metrics

Due to the COVID-19 Public Health Orders, all training since March and the foreseeable future will be internal and web-based. Over the past month, administrative and other selected staff have taken training for the new Incode financial software; some supervisory staff attended a quarterly LCW employment law training webinar, most staff who work in the field had confined space entry refresher safety training, and selected staff received job specific development training.

Table III - Environmental and Regulatory Compliance Metrics

There weren’t any final effluent permit exceedances in September.

During the summer, laboratory staff partnered with the City of Corte Madera to conduct weekly microbiological monitoring for Marquart Lagoon. Additionally, laboratory staff conducted microbiological monitoring of the Corte Madera Creek in partnership with the Ross Valley Sanitary District and the Friends of the Corte Madera Creek, to determine if the water quality meets recreational activity requirements.

Process Control Analyses (Item 3) and Quality Control Testing (Item 5) continue to be higher than their target ranges due to the additional sampling and analyses performed for the digester pilot study, secondary system process control, and implementation of the new ELAP standards.

#### Table IV - Public Outreach

There were three odor alerts posted to the website, and the Agency did not receive any public odor complaints. Alerts were posted for taking chlorine contact tanks out of service for preventative maintenance work, for a contractor to replace failed joint sealant, and for the draining of primary clarifiers after a process diversion to support the RAS pipeline inspection work.

Monthly public education events may include staff attendance at public outreach events, school classroom and/or juggler show presentations, and Agency tours. All public outreach and in-person school events have been cancelled since March due to the COVID-19 shelter-in-place order.

#### Public Outreach Events

- None

#### School Events – Juggler Show Presentations and Classroom Events

Rock Steady Juggling developed an online outreach presentation to accommodate the current COVID-19 requirements. No presentations were given in September.

#### CMSA Tours

-None

#### **Attachment:**

- September 2020 Performance Metric Report

## CMSA CY20 PERFORMANCE METRICS – September 2020

**TABLE I - TREATMENT/PROCESS METRICS**

Metric	Definition	Measurement	Range/Target/Goal
<b>1) Wastewater Treated</b>	Volume of wastewater influent treated and disposed, in million gallons (Mg)	248.6 Mg	165 – 820 Mg
<b>2) Biosolids Reuse</b>	Alternate Daily Cover (ADC) 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)	0.0 wt 332.5 wt 157.5 wt	360 – 665 wt
<b>3) Conventional Pollutant Removal</b>	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	628.7 tons; 98.6% 362.1 tons; 98.1%	> 85% > 85%
<b>4) Priority Pollutants Removal</b>	Diversion of priority NPDES metals from discharge to the S.F. Bay: a. % Mercury b. % Copper	98.2% 93.0%	88 – 99% 84 – 98%
<b>5) Biogas Production</b>	Biogas generated in our anaerobic digesters, in million cubic feet (Mft <sup>3</sup> ) Natural gas equivalent of the biogas, in million cubic feet (Mft <sup>3</sup> )	7.68 Mft <sup>3</sup> 4.91 Mft <sup>3</sup>	6.0 to 9.5 Mft <sup>3</sup> 3.8 to 6.1 Mft <sup>3</sup>
<b>6) Power Produced</b>	Power produced from cogeneration of biogas and purchased natural gas - in kilowatt hours. Power produced from cogeneration of biogas and delivered to the grid Cogeneration system runtime on biogas, <i>in hours (hrs.); % time during month</i> Biogas value (natural gas cost equivalent).	448,332 kWh 48,821 kW 531 hrs; 73.7% \$22,578	380 to 480,000 kWh 35,000 to 65,000 kWh 558 hrs.; 75% \$25,000 to \$45,000
<b>7) Efficiency</b>	The cost to operate and maintain the treatment plant per million gallons of wastewater treated, in dollars per million gallons. Energy used, kilowatt hours, per million gallons treated.	\$4,379 /Mg 1,840 kWh/Mg	\$3,500-\$5,500/Mg (wet - dry) 670 - 2,400 kWh/Mg

**Table II – EMPLOYEE METRICS**

Metric	Definition	Measurement	Target/Goal
<b>1) Employee Training</b>	Hours of internal training – safety, web-based, project, vendor, etc. Hours of external training – employment law, technical, regulatory, etc.	Internal = 81.5 External = 0	variable
<b>2) Work Orders</b>	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);	1,653 hrs 411 hrs (79.5%) 106 hrs (3.0%) 3.19	300 – 500 hrs ≥ 70% total CM hrs ≤ 30% total hours ≥ 0.45
<b>3) Overtime Worked</b>	Monthly hours of OT worked; <i>Year to date hours of OT (YTD)</i> % of regular hours worked; % <i>Year to date (YTD)</i>	181 hrs; (1,026 hrs) 2.5%; (1.4%)	< 5%

## CMSA CY20 PERFORMANCE METRICS – September 2020

**Table III - ENVIRONMENTAL AND REGULATORY COMPLIANCE METRICS**

Metric	Definition	Measurement	Range/Target/Goal
<b>1) Permit Exceedances</b>	# of NPDES permit exceedances	0	0
<b>2) Regulatory Analyses</b>	# of analyses by the CMSA laboratory for NPDES, stormwater, and biosolids regulatory compliance monitoring and reporting	324	150-750
<b>3) Process Control Analyses</b>	# of analyses by the CMSA laboratory for process control monitoring	1,494	400-1,250
<b>4) Contract Laboratory Analyses</b>	# of analyses by contract laboratories for regulatory compliance reporting	29	0-50
<b>5) Quality Control Testing</b>	# of CMSA performed laboratory analyses for QA/QC purposes	549	100-300
<b>6) Water Quality Sample Analyses</b>	# of ammonia, total and fecal coliform, enterococcus, and/or sulfide analyses performed for the CMSA member agencies	146	as-needed
<b>7) Pollution Prevention Inspections</b>	Inspections of industrial and commercial businesses in the Agency's pretreatment and pollution prevention programs and Novato Sanitary District's Mercury Reduction Program – 293 businesses regulated	1	variable
<b>8) FOG Program Inspections</b>	Inspections of food service establishments (FSEs) in the Almonte, TCSD, SD2, RVSD, SRSD, and LGVSD service areas – approx. 311 FSEs are regulated and 25 FSEs have waivers.	142	20 – 50
<b>9) Permits Issued/Renewed</b>	Permits issued for the pretreatment, pollution prevention, and FOG source control programs, and for groundwater discharge	0	variable

**Table IV- PUBLIC OUTREACH**

Metric	Definition	Measurement	Target/Goal
<b>1) Public Education Events</b>	Attendance at public education outreach events; # of booth visitors; <i>(YTD)</i>	0;(0)	3,000/year
<b>2) School Events</b>	Participation or sponsorship in school outreach events; attendees; <i>(YTD)</i>	0;(1,665)	variable
<b>3) Agency Tours</b>	Tours given to students and the public; # of people, <i>(YTD)</i>	0;(68)	variable
<b>4) Odor Notifications</b>	Number of odor alerts posted to the Agency website	3	1-10
<b>5) Odor Complaints</b>	Number of odor complaints received from the public	0	0



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**BOARD MEMORANDUM**

October 8, 2020

**To:** CMSA Commissioners and Alternates

**From:** Jason Dow, General Manager

**Subject:** **General Manager Employment Agreement – Amendment #1**

**Recommendation:** Approve Amendment #1 to the General Managers Employment Agreement.

**Summary:** In closed session at the September 8 Board meeting, the Board reviewed the performance of General Manager Dow and directed General Counsel Brandon Halter to prepare an amendment to the 2019 General Manager Employment Agreement. The attached Amendment #1 extends the term of the Agreement one year, to October 2025, and provides a 5% performance bonus. Chair Boorstein and Secretary DiGiovanni reviewed the final draft Amendment and recommend the Board approve it.

**Attachment:**

- Amendment #1 to the General Manager Employment Agreement



**CENTRAL MARIN SANITATION AGENCY  
GENERAL MANAGER EMPLOYMENT AGREEMENT  
Amendment #1**

This Amendment is made and entered into on October 13, 2020, 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 (“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 13, 2025. 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 July 1, 2020, Manager shall receive a monthly salary of \$23,963, 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 upon execution of this Amendment.

Dated: \_\_\_\_\_

\_\_\_\_\_  
Michael Boorstein, CMSA Board Chair

Dated: \_\_\_\_\_

\_\_\_\_\_  
Dean DiGiovanni, CMSA Board Secretary

Dated: \_\_\_\_\_

\_\_\_\_\_  
Jason Dow, General Manager

**Approved to as Form:**

Dated: \_\_\_\_\_

\_\_\_\_\_  
Brandon Halter, Deputy County Counsel







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**BOARD MEMORANDUM**

October 8, 2020

To: CMSA Commissioners and Alternates

From: Jason Dow, General Manager

**Subject: Revised Internship Program Guidelines**

**Recommendation:** Approve revised Administrative Policy #15 – Internship Program Guidelines.

**Summary:** CMSA has provided students with internship opportunities since the early 1990s, either paid, or unpaid if the student receives school credit for the internship. In March 2017, the Board approved an Administrative Policy that provided staff with formal guidelines for student internships, and since that time we have had periodic engineering and regular laboratory student interns. Staff recently reviewed the guidelines and proposes several changes to expand and improve the program opportunities.

**Discussion:** There are many minor revisions in the guidelines to update it and clarify certain sections, and noteworthy changes are explained below. Revisions are shown and highlighted in the attached Policy.

- 1) Program expanded to include recent college graduates that may want exposure to a public agency job and/or a wastewater utility.
- 2) The internship period can be extended by an additional semester or 6-months for the intern to complete special projects or assignments.
- 3) Benefits for paid internships are updated to include state disability insurance, paid sick leave per state legislation, and a defined contribution to PARS per prior Board action.
- 4) An internship can't last longer than 12-months.
- 5) Statements referencing internship benefits to the Agency were removed as advised by our employment law attorney.
- 6) A statement was added specifying that there shall be no expectation of continued employment at conclusion of the internship.

**Alignment with Strategic Plan:** This project is a strategic action to support Goal 5 – Objective 5.1 in the Agency’s FY21 Business Plan as shown below.

*Goal One: CMSA will attract and retain high quality employees by providing a work environment that motivates staff, fosters professional growth, values diversity, and promotes a culture of safety.*

*Objective 5.1: Promote a culture of leadership and professional growth to attract and develop qualified and skilled employees.*

**Attachment:**

- Administrative Policy #15 – Internship Program Guidelines

POLICY/PROCEDURE #	15
SECTION:	ADMINISTRATIVE – GENERAL
SUBJECT:	<b>Student</b> Internship Program Guidelines
DATE:	<b>10/13/2020</b> (Board approved)

## PURPOSE

CMSA provides internships for students **and recent college graduates who are considering** careers in the water or wastewater industry. Internships are an opportunity for **participants** to gain exposure in a public sector environment and enhance their academic training.

## ELIGIBILITY

Student interns must be currently enrolled in an undergraduate or graduate degree, Career Technical Education (CTE), Regional Occupational Program (ROP), or similar program. Internship opportunities for interested students less than 18 years of age and **recent college graduates** may be granted with approval from the Agency's General Manager.

## EMPLOYMENT STATUS

Un-paid Internships: **If the student internship** receives program credit or time-in-service credit that is applied towards licensing and/or certification, the internship will be unpaid. Assignments **generally** will not exceed ~~1,000 hours or~~ one (1) school semester, ~~whichever is less,~~ for any participant. **For special assignments and projects, the internship may be extended an additional semester or up to 6 months.** Unpaid interns are not eligible for Agency benefits. Workers' Compensation insurance must be provided by the student's educational program.

Paid Internships: Certain projects and assignments that provide valuable work experience for the **participant and useful services to the Agency** may be eligible for a paid internship. Assignments will not exceed ~~1,000 hours or~~ one (1) school semester, ~~whichever is less,~~ for any participant. **For special assignments and projects, the internship may be extended an additional semester or up to 6 months.** Paid interns are not eligible for Agency benefits, except Workers' Compensation, **state disability insurance, California paid sick time, a contribution to the Public Agency Retirement System (PARS) instead of Social Security, and otherwise to the extent required by law.**

**In no event will an internship last longer than 12 months in duration, or 1,000 hours in a calendar year.**

## PROCEDURE

- I. Work Assignments
  - A. Department managers may request student interns by submitting a request

(Exhibit A) to the General Manager/designee for approval. Requests must include:

- 1) Anticipated starting and ending dates.
- 2) Anticipated working hours.
- 3) A description, or draft learning plan, of the projects and/or tasks to be performed and how they will be integrated into other on-going Agency programs and activities.
- 4) How the student intern will benefit from the training and experience of such work assignments.
- 5) The academic major(s) most closely related to acceptable performance of the task or project.

~~6) A statement specifying how this internship would benefit the Agency.~~

7) A statement that the internship experience is solely for the benefit of the intern.

8) A statement, if a paid internship is awarded, that funds are budgeted to pay the intern.

- B. An Agency employee, currently in a lead or supervisory role, will be designated as the intern's mentor/supervisor and is responsible for the intern's day-to-day training, supervision, and evaluation.

## II. Intern Request and Selection

- A. Intern requests may include advertising of internship opportunities through junior college, college, and university placement and counseling offices, academic departments, student associations, career/job fairs, and recognized internship programs.
- B. Applicants interested in an internship with the Agency are required to meet with their academic advisor, as applicable, to determine internship eligibility, and provide to the Agency:
- 1) A completed CMSA job application form and current resume.
  - 2) Proof of current enrollment in an authorized academic/educational program, or proof of recent graduation.
  - 3) Proof of Workers' Compensation Insurance coverage by the academic/educational program (for unpaid interns only).
  - 4) Current references whom the Agency can contact regarding the applicant's skills, knowledge, and work abilities.
- C. The selection process shall be conducted jointly by the manager and designated staff. Selection criteria shall include but is not exclusive of, evaluation of

applicable job-related experience, core academic course work and program tenure, and job application and/or personal resume.

- D. The department manager and the mentor/supervisor shall meet with the intern and their work experience counselor/student advisor, **as applicable**, in person, via phone, **or virtual** conference to review the following:
- 1) Grade/credit expectations **for an unpaid internship**
  - 2) Work experience desired
  - 3) Potential hours and schedule
  - 4) **Compensation if a paid internship**

### III. Introduction and Orientation

- A. During the first week of the internship, the intern will meet with their mentor/supervisor to develop and review the internship learning plan. The learning plan will identify learning objectives and specific strategies for meeting each objective. Learning objectives must be related to the following areas:
- 1) Academic Learning and Application – Related to the ideas, concepts, or theories of the **intern's** major or minor field(s) of study. Work should include a variety of pre-professional tasks on a variety of projects and assignments.
  - 2) Skills Development – Skills specific to the **intern's** academic/major or occupation, and/or general skills such as oral and written communication, critical thinking, organization, problem-solving, decision-making, interpersonal relationships, etc.
  - 3) Personal Development – Self-confidence, self-awareness, self-management, and sensitivity.
- B. Interns shall receive an Agency orientation during their first week of employment that will include the following:
- 1) **CMSA** overview – mission, culture, structure.
  - 2) Conduct expectations – work rules, communication, and harassment prevention.
  - 3) Safety training – employee safety training checklist completed by Safety Coordinator and/or Health & Safety Manager.
  - 4) Facility tour
  - 5) Work schedule
  - 6) ~~Workers' Compensation for unpaid internships – Proof of Workers' Compensation through sponsoring institution.~~

67) Terms of compensation for paid internships – on the first day of scheduled work, terms of compensation and initiation of payroll/time records must be completed.

C. Guidelines for the mentor/supervisor:

- 1) Interns are not authorized to perform as, occupy, or cover for vacant Agency positions.
- 2) Avoid skipping or compressing the onboarding process.
- 3) Do not leave interns unsupervised.
- 4) Integrate socialization and networking opportunities.
- 5) Provide feedback and recognition on a regular basis.
- 6) Explain the significance or contribution made to the Agency while assigning projects.
- 7) Do not let the **intern's** performance "slide" – immediately remedy as appropriate.
- 8) Avoid over-accommodating **intern's** needs, and instead give them opportunities to take the initiative where appropriate. Document student's activities if required as part of their educational program.

IV. Evaluation

- A. Mentors/supervisors are expected to evaluate intern progress on a continuous, on-going basis.
- B. Mentor/supervisor will seek out staff feedback on their intern's work performance and conduct, including the intern's attitude and communication and language skills.
- C. Mentor/supervisor must verify **Weekly** Time Sheets (Exhibit B).
- D. Extension of Ending Date
  - 1) Department managers wishing to extend an intern's assignment beyond the original ending date must obtain **advance written** approval from both the sponsoring institution and the General Manager/designee.
  - 2) For paid internships, in addition to the above requirement, the mentor/supervisor must provide a personnel action form to the General Manager describing the terms for this extended period.

V. Conclusion of Internship

- A. At the end of the internship, the mentor/supervisor shall conduct an oral interview with the intern to test their learning of the established objectives in

their learning plan and to get feedback from the student about the internship experience.

- B. Mentor/supervisor shall meet with the intern and work experience counselor/student advisor, as appropriate, at the conclusion of the internship to review and provide the following:
  - 1) Grade/credit information to intern and work experience counselor and/or college.
  - 2) If the internship is for wastewater treatment plant operator-in-training (OIT) experience, provide documents (time records, duty statement) verifying the experience to treatment plan manager for signature.
- C. There shall be no expectation of continued employment at conclusion of the internship.

#### Exhibits

- A - Department Internship Request Form
- B - ~~Unpaid~~ Internship Weekly Time Sheet







# INTERN REQUEST FORM

DATE: \_\_\_\_\_ DEPARTMENT: \_\_\_\_\_

NAME: \_\_\_\_\_ TITLE: \_\_\_\_\_

WORKSITE LOCATION/S: \_\_\_\_\_ NO. OF INTERNS: \_\_\_\_\_

START/END DATES: \_\_\_\_\_ WORK HOURS: \_\_\_\_\_

MENTOR/SUPERVISOR: \_\_\_\_\_

**EDUCATION LEVEL:**

HIGH SCHOOL    UNDERGRAD    RECENT GRAD    GRAD SCHOOL    CTE (Tech Ed)

ROP (Regional Occupational Program)

**SEMESTER:**    Fall    Spring    Summer

PROJECT NAME AND/OR ASSIGNMENT: \_\_\_\_\_

UNPAID    PAID   IF PAID, CHECK IF FUNDS ARE BUDGETED:

PROJECT/ASSIGNMENT DESCRIPTION: \_\_\_\_\_

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INTERN QUALIFICATIONS-ACADEMIC MAJOR/MINOR: \_\_\_\_\_

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BENEFITS TO INTERN: \_\_\_\_\_

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*PLEASE RETURN COMPLETED FORM TO TREATMENT PLANT MANAGER.  
Attach DRAFT LEARNING PLAN if applicable.*



# Internship Time Sheet

Two-Week Period: \_\_\_\_\_

Intern Name \_\_\_\_\_

DATE:																
WORK ACTIVITIES:	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Sun	Mon	Tue	Wed	Thu	Fri	Sat	TOTAL	
															-	
															-	
															-	
															-	
															-	
															-	
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															-	
<b>TOTALS</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	

Intern Signature \_\_\_\_\_ Date \_\_\_\_\_

Supervisor's Signature \_\_\_\_\_ Date \_\_\_\_\_

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**BOARD MEMORANDUM**

October 8, 2020

**To:** CMSA Commissioners and Alternates

**From:** Kevin Lewis, Assistant Maintenance Supervisor

**Approved:** Jason Dow, General Manager

**Subject:** **FY21 Asset Management Program 1st Quarter Report**

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

**Summary:** Since February 2011, staff has provided the Board with periodic reports to highlight the progress made on implementing the Agency's Asset Management Program (Program). Staff publishes quarterly Asset Management (AM) reports in October, January, and April, and the annual report is presented in July.

**First Quarter Highlights**

1. Nitrate Solution Pump Replacements – CMSA owns and operates four odor control stations within the collection system that introduce a nitrate solution into the wastewater stream for hydrogen sulfide control. Each station utilizes two electrically driven and hydraulically coupled diaphragm pumps to accurately meter the dosage of this solution. These pumps have been in service since the stations were constructed in 2000 and have reached the end of their useful lives. An improvement project was started this past summer to replace all of the pumps, associated piping, and variable frequency drives at the four stations. For each replacement, technicians carefully isolated the pump from the system, removed it from its mounting base, and securely mounted the new pump using stainless steel hardware. New PVC piping was used to connect the pump back into the system. Chemical flow meters, flush water piping, and other appurtenances were also inspected and replaced as necessary, and Electrical and Instrumentation staff replaced the variable frequency drive units along with any flexible conduits and wiring that had succumbed to the elements. Once the installation work was completed, maintenance staff worked with the Operations Department to test the pump and place it back into service. Once the pump had passed testing, staff moved to the next available pump in the system to complete the exchange process.

2. Hypochlorite Storage Tank No. 5 Replacement Project – There are five 6,000 gallon sodium hypochlorite (hypo) storage tanks in the Agency’s bulk chemical storage facility, and individual tanks are typically replaced by Agency staff every ten years per their manufacturer’s recommendation. After discovering a minor leak and minute cracks near the tank’s bulkhead fitting during last year’s condition assessment of the tank, and after several attempts at making repairs, staff determined that this tank needed to be replaced. This tank was not scheduled to be replaced until FY22, but its condition necessitated reprioritizing the Agency’s tank replacement schedule. Replacement work included emptying the contents of the tank, de-energizing and removing tank instrumentation, and decoupling process piping and valves. After the new tank was installed, staff then reversed the process, reattaching piping and valves, partially filling the new tank with water to test for leaks, and verifying that the level-indicating equipment was working properly.
  
3. Solids Handling Building Odor Control Fan Replacement - Odors generated from the various processes in the solids handling building are ducted to a central odor treatment system (scrubber) to reduce odors expelled from the building into the atmosphere. This is managed by utilizing a 7,000 SCFM belt-driven axial fan which draws air collected from various areas within the building through the scrubber unit. This fan, after being subjected to many years of corrosive foul air, finally failed and was deemed non-reparable by Agency technicians. Staff sourced a stainless steel replacement with enhanced corrosion resistance and easy access design for maintenance and repair. Technicians isolated the unit, disconnected electrical wiring, and removed the unit from the ducting. Mounting brackets were fabricated from stainless steel to adapt the new unit to the existing location. New vibration-isolating mounting feet were bolted to the mounting brackets and the electrical conduit and wires were reinstalled. Staff worked with operations staff to test the unit and place it back into service.

**Asset Inventory**

Staff conducted a review of Agency assets tracked within the computerized maintenance management systems (CMMS) asset tree. This quarterly exercise is performed to verify active assets within the system. As Agency-managed projects or regularly scheduled maintenance work is completed, both new and old assets must be accounted for in an asset inventory count. Along with entering new and removing obsolete assets from the asset tree, staff removed improperly grouped or classified assets, and removed additional non-critical assets. In all, 54 items were entered, reclassified, or removed from the CMMS asset tree this past quarter.

<b>Asset Locations</b>	<b>Total Assets</b>
CMSA	2,450
Sanitary District No. 2	381
San Quentin Prison Pump Station	30
San Quentin Village Sewer Maintenance District	16

## Parts Inventory

The parts inventory is comprised of critical spare parts and equipment, and consumable items for Agency and managed pump station assets – Sanitary District No. 2 (Corte Madera), San Quentin State Prison, and San Quentin Village Sewer Maintenance District. Spare parts for CMSA and San Quentin Village are kept at CMSA site-specific parts rooms, Sanitary District No. 2 parts and equipment are stored at Paradise pump station, and San Quentin State Prison parts and equipment are stored at their San Quentin pump station.

Parts Inventory	Parts Quantity	Total Value
CMSA	29,738	\$1,654,758
Sanitary District No. 2	345	\$217,110
San Quentin Prison	34	\$55,811
San Quentin Village	2	\$1,331

## Asset Improvements, Repairs, and Refurbishment Work

### 1) CMSA Construction Project Work

Projects in the table below are construction projects that were completed or were in progress over the past quarter. For some of the projects, CMSA staff performed work alongside contractors.

Project Name	CMSA Staff Cost	Total Cost	Status
Nitrate Pump Replacement	\$7,425	\$33,417	Complete
Hypochlorite Solution Tank No. 5 Replacement	\$2,120	\$21,790	Complete
SHB Odor Scrubber Fan Replacement	\$1,283	\$17,754	Complete
Primary Influent Gates Deck Plate Replacement	\$2,162	\$11,871	Complete
FY21 Plant Lighting Replacement	\$22,482	\$28,742	Complete

### 2) CMSA Asset Management Improvements

Projects in the table below are considered routine, recurring, and usual maintenance work for the preservation, protection, or replacement of Agency assets. CMSA labor and materials costs are included to determine the overall cost to perform a specific task.

Area	Equipment	Improvement	Total Cost	Comments
Plant Grounds	Corporation Yard Vehicle Access Gate	Facility gate replacement	\$4,843	Staff removed damaged gate and contractor built and installed a new one.

<b>Area</b>	<b>Equipment</b>	<b>Improvement</b>	<b>Total Cost</b>	<b>Comments</b>
Headworks	Perforated Plate Screens	Annual preventative maintenance (PM)	\$4,353	Inspected and adjusted drive chains and retaining clips, replaced lubricants, and removed settled grit from channels.
Headworks	Grit Classifier No. 2	Annual preventative maintenance	\$9,193	Replaced auger and shaft, and rebuilt lower bearing housing. Replaced lubricants.
Headworks	Motor Control Centers 1 & 2	Motor starter upgrade	\$24,130	Replaced all NEMA 1-sized starters with modern electronic units.
Biotowers	Biotower Pump No. 3	Motor replacement	\$18,322	Replaced failed 75 HP pump drive motor.
Aeration	Aeration Basins (All)	Annual preventative maintenance	\$9,240	Inspected system piping, clamps, and supports. Replaced membrane diffusers and hardware, and repaired leaking saddle O-rings as needed.
Secondary Clarifiers	RAS Pump No. 4	Pump drive replacement	\$15,518	Replaced pump motor and variable frequency drive.
Secondary Clarifiers	Return Activated Sludge Sumps	Fall protection systems	\$2,790	Installed safety nets in all four RAS sumps to prevent possible injuries during preventative maintenance.
Secondary Clarifiers	Process Tanks 1, 2, and 3	Annual preventative maintenance	\$3,209	Replaced lubricants, wear parts, and inspected drive motors and gear boxes.
Solids Handling	Thickened Waste Activated Sludge (TWAS) Pump No. 1	Annual preventative maintenance	\$3,982	Replaced lobes, wear plates, cartridge seals, housings, and lubricants.
Solids Handling	TWAS Feed Valve	Valve replacement	\$2,460	Replaced valve and programmed new MOV.
Solids Handling	Sludge Feed Pump No. 3	Pump replacement	\$13,237	Installed new progressive cavity pump and motor.
Solids Handling	Sludge Feed Valves	Valve replacement	\$4,077	Replaced two failed plug valves.

<b>Area</b>	<b>Equipment</b>	<b>Improvement</b>	<b>Total Cost</b>	<b>Comments</b>
Solids Handling Energy Generation	Cogenerator	Oil cooler rebuilt	\$5,971	Cleaned, inspected and pressure tested the engine's oil cooler. Replaced gaskets and packing.
Solids Handling Energy Generation	Cogenerator	Spark plugs and holder replacement	\$2,810	Replaced sixteen spark plugs and one plug holder. Tuned engine on natural gas.
Solids Handling Energy Generation	Cogenerator	2,000-hour maintenance procedure	\$3,639	Replaced oil and air filters, and lubricants. Adjusted intake and exhaust valves.
Organic Waste Receiving Facility	Paddle Finisher Feed Pump	Hose replacements	\$5,614	Replaced EPDM hose and hose lubricant on two separate occasions.
Organic Waste Receiving Facility	Digester Feed Pump	Hose replacement	\$6,410	Replaced EPDM hose and hose lubricant on three separate occasions.
Chlorine Contact Tanks	Process Tanks	Annual preventative maintenance	\$2,440	Lubricated and exercised mud valves, skimmers, and sluice gates. Replaced O-rings in scum skimmers and a mud valve thrust bushing.
Effluent Storage Pond	Pond Drain Pump	Drive replacement	\$11,048	Replaced failed VFD and added line side power filters.
Maintenance Office and Administration Lobby	Plexiglass Barriers	COVID-19 pandemic safety measures	\$3,801	Installed barriers between maintenance shop cubicles, and at public front desk in Administration Building lobby.
Gallery C	Emergency SBS System	Control air compressor	\$3,690	Replaced the failed compressor with two compressors for redundancy.
Gallery C	Sump Pumps	New pumps	\$3,270	Replaced pumps and piping as needed.

### **3) CMSA Maintained Assets (San Quentin Prison, Sanitary District No. 2, and San Quentin Village)**

Maintenance work performed over the quarter on collection agency assets by CMSA staff, an approved contractor, or service provider.

Asset Owner	Asset	Improvement	Total Cost	Comment
SD2	Paradise PS	Repaired pump cooling jacket	\$5,131	Installed new cooling jacket O-rings, epoxy-coated worn volute, and adjusted impeller clearance.
SD2	Paradise PS	Pump No.1 replacement	\$34,269	Installed new dry weather-dry pit submersible pump.
SD2	Trinidad II PS	Station refurbishment	\$3,508	Assisted contractor with station start-up, commissioning, and provided punch list items for SD2 consideration.
SD2	Paradise PS	Variable frequency drive replacement	\$10,580	Assisted district and contractor as needed to replace storm pump VFDs.
SD2	Pixley PS	Utility power supply	\$1,779	Added main breaker for utility feed to station to provide a means of disconnect from utility for service of transfer switch.

### Work Orders – First Quarter FY21

A work order is a written request that a preventive, corrective, or unplanned corrective maintenance task or project be performed. Work orders are typically generated and sent internally from one department to another. Shown in the table below are the types of work orders prepared by staff, the annual work orders completed, and the total labor hours, by type, to complete the work orders.

Work Order Type	# of WO's	% of Total WO's	Labor Hrs.	% of Total Hrs.
Preventative Maintenance (PM)	339	49.49%	3428.25	32.34%
Corrective-Planned	192	28.03%	1552.75	14.65%
Corrective-Unplanned	47	6.28%	330.00	3.11%
Improvement Project Work	1	0.15%	0.00	0.00%
Coating Projects	1	0.15%	1.00	0.01%
Safety	30	4.38%	171.00	1.61%
Professional Development/Staff Meetings	16	2.34%	231.75	2.19%
Facilities Administration/Housekeeping	44	6.42%	1606.00	15.15%
Process Control and Facility Operations	19	2.77%	3,278.75	30.93%
<b>Total</b>	<b>685</b>	<b>100%</b>	<b>10,599.50</b>	<b>100%</b>





**BOARD MEMORANDUM**

October 8, 2020

To: CMSA Commissioners and Alternates

From: Jason Dow, General Manager

**Subject: CMSA 2020 Revenue Bond Resolution**

**Recommendation:** Approve Resolution #347, a resolution authorizing the issuance of revenue bonds, and the execution and delivery of a third supplemental indenture, a payment agreement, a notice of sale, and an official statement, and appointment of the bond trustee.

**Summary:** Since the July Board meeting, the Agency’s Bond Financing Team, Hawkins Delafield Wood (HDW), Public Financial Management (PFM), and staff have prepared the necessary bond documents for the Agency to issue the Series 2020 revenue bonds to fund certain projects in the Agency’s updated Capital Improvement Program. Sean Tierney (HDW) plans to attend the October 13 Board meeting to answer any Board member questions on the bond documents and remaining tasks to issue the Series 2020 bonds. Copies of the final draft bond documents are available for viewing at the Agency’s office.

**Discussion:** In October 2018, the Board approved its Finance Committee’s debt issuance plan that included postponing a \$9 million revenue bond issuance to FY21, setting the bond term at 20years, using HDW as bond counsel and PFM as financial advisor, and competitively selling the bonds. At the July 2020 meeting, the Board confirmed the debt issuance plan, and approved the updated 10-year Capital Improvement Program (CIP) and the issuance of approximately \$9 million in revenue bonds to partially fund it.

Since the July board meeting, the Bond Financing Team has prepared the JPA member agency disclosure documents and resolutions, an Amended and Restated Payment Agreement, the Preliminary Official Statement (POS), Third Supplemental Indenture, Notice of Sale, CMSA Board Resolution #347, and other documents needed to issue the Series 2020 bonds. On October 6, the Bond Financing Team met with a representative from Moody’s to give a presentation on the Agency and the Series 2020 Bond issuance, and Moody’s bond rating should be provided by October 14.

Over the past few weeks, the Board of Directors for SRSD, RVSD, and SD2 have adopted resolutions that approve CMSA issuing the 2020 bonds and an additional series of bonds in the future to finance or refinance CMSA CIP projects, and an Amended and Restated Payment Agreement.

By approving Resolution #347, the Board takes the several actions associated with issuing the Series 2020 Bonds, including:

- 1) Authorizing issuance of the Series 2020 Bonds in an amount not to exceed \$9.5 million.
- 2) Approving the Third Supplemental Indenture.
- 3) Approving the Amended and Restated Payment Agreement.
- 4) Authorizing the public sale of the bonds and the Notice of Sale.
- 5) Approving the preliminary Official Statement.
- 6) Appointing the US Bank National Association as Bond Trustee.
- 7) Appointing the General Manager as the Agency's Authorized Officer.

**Attachment:**

- Resolution #347: Resolution of Central Marin Sanitation Agency Authorizing the Issuance of Revenue Bonds, the Execution and Delivery of a Third Supplemental Indenture, a Payment Agreement, a Notice of Sale, and an Official Statement and a Continuing Disclosure Agreement, and Approving Appointment of Trustee for the Bonds.



CMSA Resolution No. 347

*RESOLUTION OF CENTRAL MARIN SANITATION AGENCY  
AUTHORIZING THE ISSUANCE OF REVENUE BONDS, THE EXECUTION  
AND DELIVERY OF A THIRD SUPPLEMENTAL INDENTURE, A  
PAYMENT AGREEMENT, A NOTICE OF SALE, AN OFFICIAL  
STATEMENT AND A CONTINUING DISCLOSURE AGREEMENT, AND  
APPROVING THE APPOINTMENT OF TRUSTEE FOR THE BONDS.*

**WHEREAS**, there exists no formal Central Marin Sanitation Agency (CMSA) Board authorized emergency powers for the CMSA to act in the event of a local, state, or national emergency; and

**WHEREAS**, the Central Marin Sanitation Agency (the "Agency") is a joint exercise of power agency formed pursuant to Chapter 5 of Division 7 of Title 1 of the California Government Code (the "Law") and the amended Joint Exercise of Powers Agreement, effective January 31, 2020 (as it may be amended from time to time, the "JPA Agreement"), by and among the San Rafael Sanitation District, Ross Valley Sanitary District (formerly Sanitary District No. 1 of Marin County) and Sanitary District No. 2 of Marin County (collectively, the "Members");

**WHEREAS**, the Agency plans to make certain capital improvements to the Agency's facilities as described in the Agency's Capital Improvement Plan, including but not limited to facility improvements and rehabilitation; general equipment maintenance, replacement and rehabilitation; improvements, replacement, removal or rehabilitation of the Agency's liquids treatment equipment and systems; and maintenance, improvement, replacement or modification of the Agency's solids treatment equipment and systems; and certain other capital improvements to the Agency's treatment facilities (collectively, the "Project");

**WHEREAS**, the Agency is authorized under the Law and the JPA Agreement to issue revenue bonds to finance the Project;

**WHEREAS**, the Board of Commissioners of the Agency (the "Board") finds that the financing of the Project will provide significant public health and environmental benefits, including but not limited to more efficient and effective delivery of service, and that the Project constitutes facilities for the treatment of wastewater;

**WHEREAS**, in order to provide funds to finance the Project, the Agency proposes to issue its Central Marin Sanitation Agency Revenue Bonds, Series 2020 in the aggregate principal amount of not to exceed \$9,500,000 (the "Series 2020 Bonds");

**WHEREAS**, pursuant to an Amended and Restated Payment Agreement for Treatment Service (the "Payment Agreement") to be executed by and among the Agency and the Members, a form of which Payment Agreement is on file with the Secretary of the Board, each Member will agree to pay the Agency funds necessary for the payment of the Series 2020 Bonds;

**WHEREAS**, the Series 2020 Bonds will be issued and secured pursuant to the terms of a Master Indenture (the "Master Indenture"), dated as of October 1, 2006, by and between the Agency and U.S. Bank National Association (as successor to Deutsche Bank National Trust Company, the "Trustee"), as supplemented from time to time, including by a Third Supplemental Indenture (the "Third Supplemental Indenture," and collectively with the Master Indenture and all other supplements thereto, the "Indenture"), to be executed by and between the Trustee, a form of which Third Supplemental Indenture is on file with the Secretary of the Board;

**WHEREAS**, the Board will authorize the appointment of U.S. Bank National Association as Trustee for the Series 2020 Bonds under the Indenture;

**WHEREAS**, the Agency proposes to sell the Series 2020 Bonds pursuant to a competitive sale to the winning, qualified bidder or bidders (the "Underwriter") for offer and sale by the Underwriter to members of the general public, and in connection with the offering of the Series 2020 Bonds, the Agency caused to be prepared an Official Statement (the "Official Statement") describing, among other things, the Agency, the Indenture and the Series 2020 Bonds, a preliminary form of which is on file with the Secretary of the Board;

**WHEREAS**, the Series 2020 Bonds are expected to be sold pursuant to a Notice of Sale (the "Notice of Sale"), a form of which is on file with the Secretary of the Board;

**WHEREAS**, the Agency has duly considered such transactions, including, without limitation, the Indenture, the Payment Agreement, a Continuing Disclosure Certificate (the "Continuing Disclosure Certificate") to be executed by the Agency, a form of which is on file with the Secretary of the Board, the Notice of Sale and the Official Statement, and wishes at this time to approve said transactions in the public interests of the Agency; and

**WHEREAS**, pursuant to Section 5852.1 of the California Government Code, the Agency has received certain representations and good faith estimates from the Agency's municipal advisor, PFM Financial Advisors LLC (the "Municipal Advisor") and has disclosed such good faith estimates as set forth on Exhibit A attached hereto;

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE AGENCY, AS FOLLOWS:**

Section 1. Issuance of Series 2020 Bonds. The Board hereby approves the issuance of the Series 2020 Bonds by the Agency in the aggregate principal amount of not to exceed \$9,500,000 for the financing of the Project, including funding costs of issuance and related fees and expenses. The Series 2020 Bonds will mature no later than the date which is 20 years from the date of the Series 2020 Bonds.

Section 2. Approval of Third Supplemental Indenture. The General Manager and/or his designees (the "Authorized Officers") are individually hereby authorized and directed to execute for and on behalf of the Agency the Third Supplemental Indenture, in substantially the form filed with the Secretary of the Board, with such changes therein as such Authorized Officer shall approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 3. Approval of Payment Agreement. The Authorized Officers are individually hereby authorized and directed to execute for and on behalf of the Agency the Payment Agreement, in substantially the form filed with the Secretary of the Board, with such changes therein as such

Authorized Officer shall approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 4. Public Sale of Bonds Authorized. The Series 2020 Bonds shall be offered for competitive public sale by the Agency. The Authorized Officers are hereby authorized and directed to cause a notice of the intention to sell the Series 2020 Bonds to be published once at least fifteen (15) days prior to said sale date in the *Bond Buyer*, a financial publication generally circulated throughout the State of California, which such notice shall be substantially in the form as presented to the Board and on file with the Secretary of the Board. Alternatively, if such competitive sale is not feasible or desirable and upon the advice of the Agency's Municipal Advisor that a negotiated sale of the Series 2020 Bonds is in the best interests of the Agency, the Authorized Officers are authorized to effect a negotiated sale of the Series 2020 Bonds, including the execution of a bond purchase agreement, and to take any other actions relating thereto as are necessary or desirable. Based on the advice of the Municipal Advisor, the Series 2020 Bonds may be secured by a reserve fund funded with a surety bond.

Section 5. Notice of Sale. The Board hereby approves the sale of the Series 2020 Bonds to the Underwriter pursuant to and in accordance with the Notice of Sale, in substantially the form on file with the Secretary of the Board. The Agency hereby delegates to each of the Authorized Officers the authority to accept an offer from the Underwriter to purchase the Series 2020 Bonds from the Agency; provided, however, that the true interest cost of the Series 2020 Bonds shall not exceed 3.50%.

Section 6. Cancellation Provision. Should market conditions change after adoption of this Resolution which, in the sole opinion of the General Manager based on the advice of the Agency's Municipal Advisor, make the sale of the Series 2020 Bonds undesirable, the General Manager may halt said transaction at any time.

Section 7. Official Statement and Continuing Disclosure Certificate. The Board hereby approves of the preliminary Official Statement describing the Agency, the Series 2020 Bonds, the Indenture and the Payment Agreement, in substantially the form filed with the Secretary of the Board. Distribution of such preliminary Official Statement to prospective purchasers of the Series 2020 Bonds is hereby approved. Each of the Authorized Officers are hereby authorized to execute the final form of the Official Statement, on behalf of the Agency, including as it may be modified by such additions thereto and changes therein as such Authorized Officer shall deem necessary, desirable or appropriate, and the execution of the final Official Statement by such Authorized Officer shall be conclusive evidence of the approval of any such additions and changes. The Board also approves the distribution of the final Official Statement by the Underwriter of the Series 2020 Bonds. In addition, the Board hereby authorizes and directs an Authorized Officer to execute and deliver to the Underwriter a Continuing Disclosure Certificate, as required by the further provisions of the Official Statement and the Indenture.

Section 8. Appointment of Trustee. The Board hereby approves the appointment of U.S. Bank National Association as Trustee for the Series 2020 Bonds. The Authorized Officers are authorized to enter into agreements with the Trustee relating to its engagement.

Section 9. Further Actions. The Authorized Officers are hereby authorized to take all actions and execute any and all documents described in this Resolution and otherwise necessary or desirable to effect the execution and delivery of the Indenture and to make any changes to the forms of the legal documents approved in this Resolution as necessary or desirable to negotiate, purchase and comply with the terms of municipal bond insurance; to change the dates and the percentages in the rate covenant and additional debt test contained in any documents approved at this meeting from the dates

and percentages on the forms submitted to this meeting (to the extent permitted under the Indenture); and to do any and all things and to execute and deliver any and all documents which they may deem necessary or advisable in order to consummate the execution and delivery of the Indenture and otherwise to carry out, give effect to and comply with the terms and intent of this Resolution, the Indenture, the Notice of Sale, the Preliminary Official Statement, the Official Statement, the Payment Agreement and the Continuing Disclosure Certificate. Such actions heretofore taken by such officers are hereby ratified, confirmed and approved.

Section 10. Effective Date. This Resolution shall take effect from and after the date of its passage and adoption.

*PASSED AND ADOPTED at the meeting of the Central Marin Sanitation Agency Commissioners, County of Marin, State of California, on October 13, 2020, by the following vote.*

AYES:

NAYS:

ABSTAIN:

ABSENT:

\_\_\_\_\_  
Michael Boorstein, Commission Chair

ATTEST:

By \_\_\_\_\_

Dean DiGiovanni, Commission Secretary

EXHIBIT A TO RESOLUTION

GOOD FAITH ESTIMATES  
CENTRAL MARIN SANITATION AGENCY  
REVENUE BONDS  
SERIES 2020

The following information was obtained from PFM Financial Advisors LLC, as the Municipal Advisor of the Central Marin Sanitation Agency (the "Agency") in connection with the bonds defined above (the "Series 2020 Bonds"), for consideration prior to the authorization in the foregoing Resolution of the proposed Series 2020 Bonds:

1. *True Interest Cost of the Series 2020 Bonds.* Assuming an aggregate principal amount of the Series 2020 Bonds in the amount of \$8,770,000 is sold to effectuate the financing and based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the true interest cost of the Series 2020 Bonds, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the Series 2020 Bonds, is 2.11%.
2. *Finance Charge of the Series 2020 Bonds.* Assuming such a principal amount of the proposed Series 2020 Bonds is sold and based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the Finance Charge of the Series 2020 Bonds, which means the sum of all fees and charges paid to third parties (or costs associated with the issuance of the Series 2020 Bonds), is \$316,257.
3. *Amount of Proceeds to be Received.* Assuming such aggregate principal amount of the proposed Series 2020 Bonds required to effectuate the financing is sold and based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the amount of proceeds expected to be received by the Agency for sale of the Series 2020 Bonds less the Finance Charge of the Series 2020 Bonds described in paragraph 2 above and any reserves or capitalized interest paid or funded with proceeds of the Series 2020 Bonds, is \$9,000,000.
4. *Total Payment Amount.* Assuming such aggregate principal amount of the proposed Series 2020 Bonds (\$8,770,000) is sold and based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the total payment amount, which means the sum total of all payments the Agency will make to pay debt service on the Series 2020 Bonds plus the Finance Charge of the Series 2020 Bonds described in paragraph 2 above not paid with the proceeds of the Series 2020 Bonds, calculated to the final maturity of the Series 2020 Bonds, is \$11,415,992.

Attention is directed to the fact that the foregoing information constitutes good faith estimates only. The actual interest cost, finance charges, amount of proceeds and total payment amount may vary from the estimates above due to variations from these estimates in the timing of Series 2020 Bond sales, the amount of Series 2020 Bonds sold, the amortization of the Series 2020 Bonds sold and market interest rates at the time of each sale. The date or dates of sale and the amount of Series 2020 Bonds sold will be determined by the issuer based on need for funds and other factors. The actual interest rates at which the Series 2020 Bonds will be sold will depend on the bond market at the time of sale. The actual amortization of the Series 2020 Bonds will also depend, in part, on market interest rates at the time of each sale. Market interest rates are affected by economic and other factors beyond the Agency's control.







**BOARD MEMORANDUM**

October 8, 2020

To: CMSA Commissioners and Alternates

From: Jason Dow, General Manager

**Subject: Revised Agency Financial Policies**

**Recommendation:** Approve the revised Financial Policy Manual, and provide comments and/or direction to the General Manager.

**Summary:** Agency managers review the Financial Policy Manual every three years and present proposed revisions to the Board. This review effort was recently completed and staff recommends approving the revised Manual.

**Details:** CMSA has several policy manuals that are regular referenced and used by staff to conduct many aspects of Agency business. These include the Personnel, Financial, Administrative, and Safety Policy and Procedure Manuals, each of which is periodically reviewed and updated to reflect current practices and changes in laws and regulations. Proposed revisions to any financial and personnel policy, and some administrative policies are presented to the Board for discussion and consideration of approval.

Over the past several months, staff has been reviewing the Financial Policy Manual, and later in the year will begin the Administrative Policy Manual review work. Proposed changes to various financial policies are summarized below and can be viewed in the attached marked-up Financial Policy Manual.

Policy Number	Title	Proposed Revisions
501	Policy Framework	Minor editorial changes
502	Internal Controls	Agency shall not use the same auditing firm for more than six consecutive years (Section V); Authorized check signers shall review checks before signing. The Administrative Services manager will not sign checks (Section VII); ACH payments must be approved by the Administrative Services or General Manager; Cash received from RV disposal payments can be used to replenish petty cash (Section XIII); and several minor edits
503	Ethics	Reference to IRS codes and pronouncement removed (Section IX); and a few non-substantive revisions.
510	Financial Reporting	Policy Statement added; Reporting category tables combined and additional clarification for debt reporting added (Section II); New Board Member Compensation Report section added (Section III)

Policy Number	Title	Proposed Revisions
511	Continuing Disclosure Procedure	This policy and the minor proposed changes were reviewed by Bond Counsel as part of the 2020 revenue bond issuance work. Bond Counsel does not recommend any additional changes.
520	Revenue Management - General	Background section removed; In numerous locations the “annual” term was removed when referencing the budget; 36-month allocation period limit removed in multiple locations; language added to align with the Capacity Charge section in the Fee Ordinance (Section III); and other minor edits.
521	Agency Service Contracts	Minor revisions
530	Treasury - General	New Capital Reserve Schedule language added to the Schedule of Investments (Section III).
531	Treasury - Investments	No changes – this policy is annually reviewed and approved by the Board in March to comply with government code requirements.
532	Treasury - Reserve	Policy section edited to increase accuracy; Reference to LAIF and CAMP removed from Section I; Unrestricted Capital Reserve amount references Policy 555; Self-Insurance Reserve removed and added Contingency Reserve amount increased to \$500K; and other minor edits.
540	Expenditure Management - General	Non-substantive changes.
541	Expenditure Management – Travel and Training	Per Diem rates updated with 2020 amounts, and maximum adjusted to 120% of 2020 amounts (Section I);
550	Agency Budget	All references to “annual” budget removed; If multi-year budget, adjustment brought to Board in June (Section I); other minor edits
551	Capital Improvement Program	Various minor revisions.
552	Financial Forecast	Various minor revisions.
553	Debt Financing	This policy and the proposed changes were reviewed by Bond Counsel as part of the 2020 revenue bond issuance work. Bond Counsel does not recommend any additional changes; Debt Affordability removed (Section V.d)
554	Risk Management	Two minor edits.
555	Multi-Year Revenue Plan	Two minor edits.
560	Signature Authority	Section III edited to removing conflicting language, and align with practices.
561	Contracting	Minor edits
562	Purchasing	Minor edits
570	Asset Management - General	Asset disposal limits removed as these are in a Board approved Administrative procedure (Section VII); and other minor edits.
571	Asset Management – Asset Accounting	Capitalization threshold changed to \$5K (Section II).

**Attachment:**

- Revised Agency Financial Policy Manual

<b>POLICY #:</b>	<b>501</b>
<b>SECTION:</b>	<b>FINANCIAL – FINANCIAL POLICIES</b>
<b>SUBJECT:</b>	<b>Policy Framework</b>
<b>DATE:</b>	<b>10/14/2020</b>

**PURPOSE**

Financial policies are key components ~~to of~~ sound fiscal management and direct proactive steps toward effectively managing and conducting financial operations. This policy’s Framework provides guidance and direction for developing and maintaining financial policies. The development of these policies aligns with the Agency’s Value statement “CMSA values sound financial practices to safeguard the Agency’s assets.”

The CMSA Financial Policy Manual guides the Board of Commissioners, General Manager, and Agency staff (i.e., all stakeholders) in shaping financial decisions and actions. These policies give directions for making informed choices regarding important aspects of high quality public services, and on effectively handling and safeguarding financial and physical assets. They define, promote, control, and ensure participation by each stakeholder on his/her/their roles, responsibilities, and relationships with respect to financial matters and administration. ~~It is accepted as standard business practice to have financial policies in place. They are also used as good training tools for new employees and for refreshing ongoing financial skills and operations.~~

**POLICIES VS. PROCEDURES**

Financial policies provide concise and comprehensive direction from the Board with respect to the proper actions to take in managing and conducting the Agency’s financial affairs. Each policy is organized to provide succinct, explicit, and current direction to designated stakeholders. These policies are linked to and complement financial procedures. Procedures are separately detailed with specific directions and steps for implementing the policies. Generally, policies tend to be less specific than procedures. Policies should pass the test of time, while procedures, keeping with the intent of the policies, may change more frequently to adapt to changes in operational needs, regulations, and technology. Financial procedures are maintained by the Finance/Administration Department.

**POLICY FRAMEWORK**

Agency staff shall develop, and the Board shall approve, financial policies that promote accountability, stability, and continuity. The policy development process also encourages active participation by specific stakeholders who have a vested interest in the Agency’s financial planning, management, and operations.

Financial policies shall be actionable and shall set controls to be used for prudent financial decision-making, and shall standardize financial operations by defining roles and

responsibilities. They shall define and outline appropriate financial management and behavior.

~~All Agency employees may be subject to disciplinary actions under Personnel Policy, Progressive Discipline for violation of any financial policies.~~

In their intent, they shall promote and incorporate long-term perspectives and strategic thinking by framing overall operational policies, goals, and objectives. They shall establish links to these broad organizational goals and objectives, while focusing on fiscal results and outcomes for the Agency.

Agency staff shall periodically bring the financial policies to the Board for review and consideration of making recommended changes.

All Agency employees may be subject to disciplinary actions under Personnel Policy, Progressive Discipline for violation of any financial policies.

<b>POLICY #:</b>	<b>502</b>
<b>SECTION:</b>	<b>FINANCIAL – INTERNAL CONTROLS</b>
<b>SUBJECT:</b>	<b>Internal Controls and Fraud Prevention</b>
<b>DATE:</b>	<b>10/14/2020</b>

## POLICY

The Agency shall maintain a system of internal controls to safeguard assets, to properly manage assets ~~efficiently and effectively~~, and to ensure reliable data.

## PROCEDURES

This policy provides direction on managing the Agency’s internal accounting methods and practices and to prevent fraudulent activities and misuse of Agency funds in accordance with California Government Code Section 6500, et seq.

### **I. Internal Controls**

Agency staff shall establish and maintain procedures, documents and systems of internal control to safeguard financial assets, to manage financial assets in an accountable, secure, efficient, and effective manner, and prevent or detect errors thereby to ensure accurate financial data. The Administrative Services Manager shall be responsible for this function.

### **II. Internal Accounting Practices**

Agency staff shall perform internal accounting practices in accordance with *Generally Accepted Accounting Principles (GAAP)* for government agencies, including applicable *Financial Accounting Standards Board (FASB)* pronouncements, and all relevant *Governmental Accounting Standards Board (GASB)* pronouncements.

Agency staff shall ensure that:

- A. Each employee understands his/her role, responsibility, and accountability when conducting financial transactions for the Agency;
- B. All transactions are properly authorized;
- C. All accounting records and documentation are properly maintained;
- D. Access to both assets and records are effectively controlled; and
- E. General ledger accounts are periodically reviewed for their reasonableness, and updated annually for the validity and accuracy of the underlying items they represent.

If any of these practices are found to be improperly implemented or maintained, Agency staff shall take immediate remedial action to improve and/or change the practice.

### III. Internal Review and Recommendations

The ~~Administrative Services Manager~~ Agency's executive team shall perform a periodic review of all financial policies, procedures, and practices, ~~and make recommendations for changes and updates to the General Manager.~~ As appropriate, the General Manager shall make policy change recommendations to the Board of Commissioners for its review and approval, and/or direct Agency staff to make appropriate procedural changes.

### IV. Public Fiduciary Liability

The General Manager shall recommend, for Board review and approval, methods for reducing and mitigating risks, when they become known, associated with potential public fiduciary liabilities such as claims made against the Agency for any alleged wrongful fiduciary act and/or breach of fiduciary duties for which the Agency might be responsible. The General Manager shall consult with the California Sanitation Risk Management Authority and other respected resources to make recommendations regarding the procurement of public official bonds, fiduciary liability insurance, and establishing other mechanisms for reducing and mitigating such risks.

### V. Audits

Internal control and financial audits shall be performed annually by an independent firm of certified public accountants and coordinated by the Administrative Services Manager in accordance with *Generally Accepted Auditing Standards*, the Agency's Joint Powers Agreement, and applicable State laws. The Administrative Services Manager shall incorporate the financial audit results into the financial section of the Comprehensive Annual Finance Report (CAFR). Agency staff shall implement auditor recommendations for improved internal controls. The Board shall annually review and approve the audits and accept the CAFR.

In addition, based on the recommendation of the General Manager from an evaluative process, the Board shall periodically review and approve the selection of the independent auditor to perform the annual financial audit. The Agency shall not use the same auditing firm for more than six consecutive years.

### VI. Segregation of Duties

In implementing this policy and related procedures, Agency staff shall segregate financial transaction roles, responsibilities, and duties to the extent possible to safeguard assets against the risk of loss, mishandling, misuse, and fraud.

### VII. Operating Fund Account

The Board shall approve the selection of a federally insured banking institution that would be entrusted to securely handle and transact, at Agency staff direction, any funds

deposited in the Agency's Operating Fund Account. The General Manager shall periodically recommend to the Board the selection through an evaluative process of a new banking institution due to changes in current banking institution performance, banking market conditions, or for other benefits or advantages to the Agency. The evaluation shall include, but is not limited to, qualifications associated with banking services provided, fees charged, and financial and administrative benefits for the Agency. The Administrative Services Manager shall ~~develop~~ maintain a set of procedures to manage the daily and routine operations of the account and its cash balances

#### **VIII. Authorized Check Signers**

Agency staff shall require that all checks disbursed from the Agency's operating account have two signatures and be for valid, documented, and approved expenses of the Agency. Authorized check signers shall review checks for reasonableness before signing. At no time or occasion shall blank checks be signed. The Board shall designate authorized check signers who may include the General Manager, Board members and alternates, and Agency staff. For internal control purposes, the Administrative Services Manager will not sign Agency checks. The General Manager shall seek Board authorization to update authorized check signers whenever a previously designated check signer is no longer affiliated with the Agency.

#### **IX. Wire Transfers and ACH Payments**

The Agency utilizes an operating account and several investment accounts to properly manage its funds. The General Manager, Administrative Services Manager, and Agency staff appointed by the General Manager shall be authorized to transfer funds between these accounts. Agency staff shall accept wire transfer payments to its operating account for services rendered after review and approval by the Administrative Services Manager. Wire transfers and ACH payments from the operating account require authentication and approval by the Administrative Services or General Manager before making such payments.

#### **X. Vault Security**

Agency staff shall store vital Agency financial and administrative records, all cash, blank check stock, processed and voided checks, and spare door keys and access cards in the vault, which is a fire-resistant locked closet located in the front office area of the Administration building. The General Manager shall designate which Administration and Finance staff shall be given possession of the key to the vault.

#### **XI. Payments to Agency and Bank Deposits**

Agency staff shall deposit in the bank all payments to the Agency on a weekly basis based on appropriate financial procedures. Deposit of cash receipts shall be performed by designated staff and verified by the ~~Personnel and Accounting Technician~~ the appropriate finance staff. Prior to the time in which the receipts are processed for bank deposit, Agency staff shall store checks and cash in the Agency vault.

## **XII. Petty Cash**

Agency staff shall securely maintain petty cash funds for small cash transaction purposes. Disbursements from petty cash shall be pursuant to the *Purchasing policy*, and associated procedures. At no time or occasion shall checks be cashed out of petty cash currency, or petty cash funds borrowed for any purpose. Agency staff shall keep petty cash in a locked box in the Agency vault and replenish it at least monthly.

## **XIII. RV Disposal Receipts**

Agency staff shall securely maintain funds to conduct payment transactions for Recreational Vehicle (RV) customers utilizing the Agency facilities to ~~offload-discharge~~ wastewater. RV cash receipts will be reconciled to the sales/money receipts book monthly or at the same time as petty cash replenishment. RV cash collections must agree with RV receipts given. RV cash held is used to replenish petty cash to avoid issuing a check for petty cash replenishment. A reconciliation worksheet documents and records the transaction activity. At no time or occasion shall checks be cashed out or funds borrowed from held currency. Agency staff shall keep these RV funds in the Agency vault.



<b>POLICY #:</b>	<b>503</b>
<b>SECTION:</b>	<b>FINANCIAL – INTERNAL CONTROLS</b>
<b>SUBJECT:</b>	<b>Ethics</b>
<b>DATE:</b>	<b>10/14/2020</b>

## **POLICY**

The Agency shall follow ethical standards in its financial matters to avoid ~~abusive~~ inappropriate practices that could occur in both fact and appearance.

## **PROCEDURES**

The Board of Commissioners, General Manager, and Agency staff shall serve as stewards of the public's resources, trust, and confidence, and thus shall be held to the high standards of ethical fiscal conduct in the public's interest as opposed to personal interests.

### **I. General**

The Board shall establish and maintain financial policies for standards of ethical responsibility. Commissioners and Agency staff should understand that improper financial and contractual activities could damage the reputation of, and confidence in, the Agency and its employees, and could result in serious adverse financial and legal consequences for the Agency.

Each Board member and Agency staff shall conduct their official business dealings in practice and appearance according to ethical fiscal standards, regulatory requirements, and the public trust. Agency staff shall develop and implement methods and controls for preventing, avoiding, and reducing potential ethical fiscal improprieties, conflicts, and fraudulent behavior, and to ensure procedures and structures are in place to properly implement this policy. The General Manager, as necessary, will periodically schedule appropriate ethics training for Commissioners and designated Agency staff as required by the California Government Code.

### **II. Violation of this Policy and Related Financial Policies**

The General Manager or designee shall investigate any allegation and/or observation of improprieties that would violate this policy and other financial policies. If a violation is determined to have occurred, the General Manager shall handle the matter under the Agency's Personnel Policies, which may result in disciplinary action.

### **III. Reporting Unethical and Fraudulent Behavior**

Agency staff shall report any observation in practice or appearance of a violation of the Agency's financial policies and procedures, including this policy, to their supervisor or the General Manager, who will investigate the matter. A verbal or written report will be considered a personnel matter and will be handled with strict confidentiality under the

Agency's Personnel Policies. If the suspect employee is the General Manager, Agency staff have a responsibility to contact the Chairperson of the Board of Commissioners.

#### **IV. Whistleblower Provision**

Agency staff who report unethical or fraudulent behavior are protected by the provisions in the California Government Code Sections 8547-8547.12, Article 3, known as the "California Whistleblower Protection Act."

#### **V. Use of Public Funds**

Agency staff shall make expenditures of Agency funds only after the transaction has been properly reviewed, approved, and authorized as established by *Internal Controls, Expenditure Management, Financial Planning, Procurement Management, and Asset Management* policies, and related procedures. Agency staff shall only receive funds for authorized and approved Agency activities as established by *Internal Controls, Revenue Management, and Financial Planning* policies, and related procedures. Agency staff shall not spend or receive public funds for any "public purposes" they choose; all funds of the Agency shall be utilized solely for Board adopted purposes (California Government Code section 8314).

Agency staff shall be prohibited from the practice and appearance of potentially fraudulent activities that could involve, and are not limited to, the following activities: borrowing Agency funds, accounting or recordkeeping that results in borrowing schemes, contract or bid rigging, pilfering or petty theft, unapproved reimbursement of funds, unauthorized disposal or taking possession of surplus or unused Agency property and supplies, double accounting or making double payments, false claims, payroll and benefit fraud, and false programming or hacking of electronic and automated financial systems and transactions.

Each Board member shall comply with Agency Board of Commissioners' *Reimbursement Policy for Travel/Expenses for Agency Officials*.

#### **VI. Conflict of Interest**

Government Code section 87300 requires every state and local government agency to adopt a Conflict of Interest Code to prohibit and prevent financial conflicts of interest. In addition to this *Ethics* policy, the Board has also adopted ~~a Resolution~~ and a Personnel Policy that addresses conflicts of interest.

Commissioners and Agency staff shall not make, participate in making, or in any way attempt to use their official positions to influence an Agency decision in which they know or have reason to know that they have a financial interest (California Government Code section 87100, et seq.). In addition, Commissioners and Agency staff shall not be financially interested in contracts they approve on behalf of the Agency. Commissioners and Agency staff shall avoid contractual improprieties that could occur both in practice and appearance (California Government Code section 1090, et seq.).

Commissioners and Agency staff shall not engage in any employment or enterprise for compensation that is inconsistent, incompatible, or in conflict with their official duties and responsibilities associated with the Agency (California Government Code section 1126). Each Commissioner and designated Agency staff, as stated in the Agency's Conflict of Interest Code, shall file *Form 700: Statement of Economic Interests* with the Marin County Office of Elections. The General Manager shall make the statements available for public inspection and reproduction (California Government Code section 81008).

**VII. Bribery and Extortion**

Federal and California law both prohibit bribery and extortion of or involving public officials and employees. Commissioners and Agency staff shall not ask, receive, or agree to receive a bribe, and shall not demand or extort money in return for the performance of their official duties. A bribe involves asking for, giving, receiving, and accepting anything of value for gaining present or prospective advantage, performance, and/or influence in any affairs of the Agency (California Penal Code sections 7(6) and 68).

**VIII. Extra Compensation**

Commissioners and Agency staff shall explicitly uphold the California Constitution, Article XI, section 10 that prohibits "*extra compensation*":

*"...A local government body may not grant extra compensation or extra allowance to a public officer, public employee, or contractor after service has been rendered or a contract has been entered into and performed in whole or in part, or pay a claim under an agreement made without authority of law."*

**IX. Gifts to Employees and Officials**

Commissioners and Agency staff shall explicitly follow the California Political Reform Act (Government Code sections 86203, 89503, and 89506) ~~and relevant U.S. Internal Revenue Service codes and pronouncements that~~ set forth the rules and provisions that must be followed by public employees and officials related to the receipt of gifts ~~and applicable taxes~~. These state laws limit the value of gifts that may be accepted by the Board and Agency employees. These government codes cover a broad subject area regarding gifts including, but not limited to, the maximum amount of gifts that public employees and officials may receive (amounts are set by the California Fair Political Practices Commission), lobbyist limitations, special rules for gifts of travel, exceptions to the gift limitations, and other regulations regarding gifts. See website [www.fppc.ca.gov](http://www.fppc.ca.gov) for more information.

**X. Honoraria Ban**

Commissioners and Agency staff shall explicitly follow California Government Code 89502, which prohibits public officials from accepting honoraria. Honoraria is defined as any payment made in consideration for any speech given, article published, or attendance at any public or private conference, convention, meeting, social event, meal, or like gathering.

**XI. Gifts of Public Funds**

Commissioners and Agency staff shall explicitly uphold California Constitution, Article XVI, section 6 that prohibits public agencies from making gifts of public funds:

*“... shall have no power... to make any gift or authorize the making of any gift of any public money or thing of value to any individual, municipal or other corporation whatever the purpose...”*

**XII. Receiving Private Donated Funds**

The Board shall receive donated funds and/or property of value from private individuals, corporations, and organizations on behalf of the Agency when such funds or property are directly related to the mission, public purpose, and operations of the Agency. The Board shall not receive such donations in exchange for compensation, services, and/or any item of value that would benefit the donator in fact, practice, or appearance, other than those derived from tax-exempt donations prescribed in federal and state tax laws. The General Manager shall review, approve, and accept items of de minimus value on behalf of the Agency. The Board shall review and consider accepting all other donations.

<b>POLICY #:</b>	<b>510</b>
<b>SECTION:</b>	<b>FINANCIAL – FINANCIAL REPORTING</b>
<b>SUBJECT:</b>	<b>General</b>
<b>DATE:</b>	<b>10/14/2020</b>

**POLICY**

The Agency shall prepare Comprehensive and Popular Annual Financial Reports for submittal to the Government Finance Officers Association (GFOA), and prepare various other financial, payroll, and debt reports.

**PROCEDURES**

**I. Comprehensive and Popular Annual Financial Reports**

The Comprehensive Annual Financial Report (CAFR) shall be prepared in accordance with *Generally Accepted Accounting Principles (GAAP)* for government agencies and relevant Governmental Accounting Standards Board (GASB) statements. It shall be produced in three sections: introductory, financial, and statistical. The financial section shall include the Agency’s audited financial report that was prepared by an independent firm of certified public accountants in accordance with *Generally Accepted Auditing Standards (GAAS)* and is required by the California Government Code, Section 6505.

The Agency will also prepare a Popular Annual Financial Report (PAFR) as a companion to the CAFR. The CAFR and PAFR will be submitted to the ~~Government Finance Officers Association (GFOA)~~ for evaluation and consideration of the Certificate of Achievement for Excellence in Financial Reporting and the Award for Outstanding Achievement in Popular Annual Financial Reporting, respectively.

The Board of Commissioners shall review and accept the CAFR and PAFR by no earlier than the date of the auditor’s opinion letter to the Agency, and no later than December 31<sup>st</sup> of the fiscal year end for which the report is prepared.

**II. External Filings and Reporting**

Agency staff shall comply with the required external filings and reports as listed in the table below.

<b>Report Category/Report</b>	<b>Frequency</b>
<b>Financial Reporting:</b>	
CAFR with audited financial statements	Annual
PAFR	Annual
Forms W2 (Federal) / W3 (Federal) / DE 7 (State)	Annual
State Controller’s Government Compensation of California Report	Annual
State Controller’s Special Districts Financial Transactions Report	Annual

Report Category/Report	Frequency
<b>Payroll Reporting:</b>	
Federal and State Tax Withholding Deposits	Bi-weekly
Forms 941 (Federal) / DE 6 (State)	Quarterly
<b>Debt Reporting:</b> (see <i>Continuing Disclosure Procedures for Agency-Issued Debt</i> )	
Audited Financial Statements from CMSA and each JPA member agency <b>required by the Municipal Rulemaking Securities Board (MSRB) to file electronically through the Electronic Municipal Market Access (EMMA)</b>	Annual
Disclosures to bondholders and other interested parties <b>required by the MSRB and filed through EMMA</b>	Annual or Event Driven
<b>Other Reporting:</b>	
Diesel fuel taxes (State)	Annual
Forms 1099 (Federal) / 1096 (Federal)	Annual

### III. **Board Member Compensation Report**

At the beginning of each fiscal year, Agency staff will prepare a Board member compensation report and place it on the governing board page of the Agency website. The report will show the amount of meeting stipends and travel expenses for each board member for the prior fiscal year.

<b>POLICY#:</b>	<b>511</b>
<b>SECTION:</b>	<b>FINANCIAL – FINANCIAL REPORTING</b>
<b>SUBJECT:</b>	<b>Continuing Disclosure Procedures for Agency Issued Debt</b>
<b>DATE:</b>	<b>10/14/2020</b>

**POLICY**

The Agency shall comply with all debt-related continuing disclosure requirements by supplying certain financial information to credit rating agencies and other interested parties.

**PROCEDURES**

Each debt issued by the Central Marin Sanitation Agency (Agency) will have its own specific set of Continuing Disclosure Undertakings. This policy ensures that the Agency satisfies all debt-related disclosure requirements and identifies the responsible Agency staff.

The continuing disclosure procedures (“Continuing Disclosure Procedures” or “Procedures”) of the Agency, presented below, are intended to (a) ensure that the Agency’s Continuing Disclosure Documents (as defined below) are accurate and comply with all applicable federal and state securities laws, and (b) promote best practices regarding the preparation of the Agency’s Continuing Disclosure Documents.

**I. Definitions**

“Continuing Disclosure Documents” means any documents filed with the Municipal Securities Rulemaking Board (“MSRB”) pursuant to Continuing Disclosure Undertakings or otherwise, including: (a) annual continuing disclosure reports filed with the MSRB and (b) event notices and any other filings with the MSRB.

“Continuing Disclosure Undertakings” means any continuing disclosure agreements or certificates entered into by the Agency in order to assist an underwriter for the Agency’s bonds or other evidences of indebtedness in complying with Rule 15c2-12 of the Securities Exchange Act of 1934, as amended.

“Official Statements” means preliminary and final official statements, private placement memoranda and remarketing memoranda relating to the Agency’s securities, together with any supplements, for which a continuing disclosure obligation is required.

**II. Disclosure Coordinator**

A. *Appointment.* The Administrative Services Manager shall serve as the Disclosure Coordinator for the Agency. The Administrative Services Manager, with the approval of the General Manager, may designate another member of the Agency staff to serve as the Disclosure Coordinator.

- B. *Responsibilities.* The Disclosure Coordinator is responsible for:
- 1) Preparing and filing the Continuing Disclosure Documents, to the extent such filings are not prepared and filed by the Disclosure Consultant. The Disclosure Consultant may be the Agency's Bond Counsel, Financial Advisor, or Trustee.
  - 2) In anticipation of preparing Continuing Disclosure Documents, soliciting audited financial statements from CMSA's JPA member agencies and other "material" information (as defined in Securities and Exchange Rule 10b-5) from Agency departments.
  - 3) Following up with others, including management of outside consultants assisting the Agency (if any), in the preparation and dissemination of Continuing Disclosure Documents to make sure that assigned tasks have been completed on a timely basis and making sure that the filings are made on a timely basis and are accurate.
  - 4) Ensuring the timely filing of the Agency's Continuing Disclosure Undertakings with the MSRB by the Disclosure Coordinator, Consultant or other party.
  - 5) Serving as a "point person" for personnel to communicate issues or information that should be or may need to be included in any Continuing Disclosure Document.
  - 6) Monitoring compliance by the Agency with these Continuing Disclosure Procedures, including timely dissemination of the annual report and event filings as described in the Agency's Continuing Disclosure Undertakings.
  - 7) Recommending changes to these Continuing Disclosure Procedures to the General Manager as necessary or appropriate.
  - 8) Maintaining records documenting the Agency's compliance with these Continuing Disclosure Procedures.
  - 9) Reviewing compliance with and providing appropriate certifications in connection with the various covenants in bond documents, such as maintenance of revenues and coverage tests. The Disclosure Coordinator shall review the bond documents to determine which covenants require an annual or regular certification and maintain a list.

### **III. Continuing Disclosure Filings**

#### **A. Overview of Continuing Disclosure Filings**

Under the Continuing Disclosure Undertakings, the Agency is required to file annual reports for the Agency and each JPA member agency with the MSRB's Electronic Municipal Market Access ("EMMA") system in accordance with such



agreements in each year. Such annual reports are required to include certain updated financial and operating information (or may refer to a publicly-available document), which varies among the different obligations issued by the Agency, and the Agency's audited financial statements.

The Agency is also required under the continuing disclosure undertakings to file notices of certain events with EMMA, **such as adverse events**.

**B. Annual Reports**

The Disclosure Coordinator shall ensure that the preparation of the Agency's annual reports shall commence as required under each specific continuing disclosure obligation. Before the Agency's annual report is submitted to EMMA, the Disclosure Coordinator shall verify its content and accuracy. **This is done through the annual audit process and preparation for the GFOA Certificate of Achievement Award**. Prior to each filing, the Disclosure Coordinator will discuss any questions or concerns regarding the annual report with the General Manager and outside consultants as described in **III. D.** below.

**C. Event Filings**

If any of the Disclosure Coordinator, General Manager or Administrative Services Manager becomes aware of any of the material events listed in any of the Continuing Disclosure Undertakings, such person shall notify the others and discuss the event to determine whether a filing is required or is otherwise desirable. The Disclosure Coordinator may contact outside consultants with any questions as described in **III. D. Uncertainty**, below.

**D. Uncertainty**

The Disclosure Coordinator may, after consultation with the General Manager and Administrative Services Manager, direct questions regarding this policy or disclosure to the disclosure counsel, bond counsel or Agency counsel or such other counsel or consultant he/she deems appropriate.

**IV. Document Retention**

The Disclosure Coordinator shall be responsible for retaining records demonstrating compliance with these Continuing Disclosure Procedures. The Disclosure Coordinator shall retain an electronic or paper file ("Disclosure File") for each continuing disclosure annual report that the Agency completes. Each Disclosure File shall include final versions of Continuing Disclosure Documents; written confirmations, certifications, letters and legal opinions described herein; and copies of these Continuing Disclosure Procedures and a list of individuals to whom they have been distributed and the dates of such distributions. The Disclosure File shall be maintained by the Agency for a period of **a minimum of** five years from the later of the date of delivery of the securities referenced in the Continuing Disclosure Document, or the date the Continuing Disclosure Document is published, posted, or otherwise made publicly available, as applicable.

**V. Education**

The General Manager and the Administrative Services Manager shall ensure that the Disclosure Coordinator is properly trained to understand and perform his/her responsibilities. Such training may include training sessions conducted by consultants with expertise in municipal securities disclosure, attendance at conferences, or other appropriate methods identified by the General Manager or the Administrative Services Manager **such as review of past practice.**

**VI. Amendments**

Any provision of these Continuing Disclosure Procedures may be waived or amended at any time by written confirmation of the General Manager upon consultation with the Administrative Services Manager **so long as the changes meet the disclosure requirements set forth in the debt issue covenants.**

<b>POLICY #:</b>	<b>520</b>
<b>SECTION:</b>	<b>FINANCIAL – REVENUE MANAGEMENT</b>
<b>SUBJECT:</b>	<b>General</b>
<b>DATE:</b>	<b>10/14/2020</b>

## POLICY

The Board shall establish a multi-year revenue program to fund its operating, debt service, and capital improvement program needs.

## PURPOSE

To provide staff direction on the management of the Agency’s revenues with respect to its organizational budget, strategic plan, and Board direction.

## BACKGROUND

~~JPA member agencies and San Quentin State Prison (satellite collection agencies) collect and transport wastewater to CMSA for treatment and disposal. Section 14 of the JPA binds the JPA members to pay the CMSA Regional Charges and specifies the manner in which CMSA determines the allocation of the Regional Charge.~~

~~The manner in which each Member Agency determines the CMSA Regional Charge for the property owners and businesses within its respective district is solely the purview of the Member.~~

~~The Agency’s ability to receive revenues for non-regional charges is derived from the Agency’s Sewer Use and Fee Ordinances and by contractual arrangements.~~

## REVENUE SOURCES

CMSA’s service charges ~~is~~are established by the Board of Commissioners based on the Agency’s total funding requirements. These requirements take into account the Agency’s ~~necessary~~ operational and capital expenses, other revenue sources, the use and level of reserve cash, debt service requirements, and long-term financial forecasts, among other considerations.~~when determining and approving the service charges.~~

### **I. Service Charges (Regional Charge)**

The majority of Agency revenues are from Regional Service Charges collected from its JPA member agencies and contract revenues for ~~CMSA~~ wastewater services provided to San Quentin State Prison. In accordance with the JPA, the Board can base these charges on the number of equivalent dwelling units (EDUs), measured flow volume, or measured flow volume and wastewater quality (strength).

EDUs are ~~calculated~~ determined by each member agency for each residential, commercial, and industrial property in its service area. ~~An A residential~~ EDU is an estimation of an average wastewater flow discharged from one single-family household.

~~Businesses may contain multiple EDUs depending upon the volume of wastewater discharged, while industrial dischargers' EDUs are based on flow and strength.~~ Each Member-member Agency-agency provides the total EDU count for its service area to CMSA.

Collection agency flows are continuously measured by flow meters and recorded by the CMSA process control system, and can be totalized for any period of time. Flow measurements from existing flow meters on influent forcemains are used to quantify each collection agency's influent volumes. Flows are continuously measured for San Rafael Sanitation District, the Ross Valley interceptor, Sanitary District No. 2 of Marin County, and San Quentin State Prison, and are calculated for Ross Valley Sanitary District.

## II. All Other Revenues

Other Agency revenues consist of capacity charges, contract service revenues, investment interest income, environmental compliance permit and inspection fees, septic hauler disposal fees, organic waste tipping fees, program expense reimbursements to CMSA, and miscellaneous charges for other services.

## PROCEDURES

### I. Service Charges

Service charges shall be billed to the member agencies at the beginning of each quarter, set at one-fourth of the annual budgeted amount. A service charge adjustment will be made with the fourth quarter invoice to reflect any changes between the service charge allocation amounts used to develop the budget and the actual amounts for each member agency, as described in each allocation procedure below.

The Board and its Finance Committee will review the Regional Charge allocations during the development of the Agency's ~~annual~~ budget. The ~~annual~~ budgeted service charge amount will be set to equal the net revenue needed to fund the Agency's annual operations and the current and future capital improvement program activities. Net revenue is defined to be total Agency budgeted revenues less estimated revenues for contract services, program services, interest income, fees from haulers, permits and inspections, and other operating revenues. Budgeted service charge revenues do not include revenues for debt service and capacity charges.

#### A. Service Charge Allocation using Equivalent Dwelling Units (EDU)

Member agency service charge payments to CMSA may be based on each member's previous year's actual EDU count that is reported to CMSA. The Board shall set the exact EDU rate for the Agency's service charge during the ~~annual~~

budget development process for the upcoming fiscal year(s).

During the development of the ~~annual~~ budget, CMSA will use the prior year's reported actual EDU count to develop the revenue budget. By March 15th, the member agencies report their actual count of EDUs to CMSA for that fiscal year. Member agencies will provide supporting documentation to substantiate their reported counts. These documents must include:

- 1) Reports from the Marin County Auditor-Controller that summarizes the number of EDU (sanitary units) that each district has placed on the property tax roll.
- 2) Listing of EDUs for governmental or other entities that each district bills directly for sewer services charges. Typically, these are entities that are not on the County's property tax rolls.
- 3) Any variances between the reported actual EDU and the sum of EDU count from items 1 and 2. These could be EDU adjustments that the district granted to its ratepayers after the ~~sanitary units~~ EDUs were placed on the property tax rolls.

Staff will analyze the EDU count and supporting information received from each ~~Member-member~~ Agency-agency and consult with each ~~Member~~ Agency as appropriate. ~~The EDU data reported by the member agencies will be used to prepare the revenue presentation for the Third Quarter Budget Report that is provided to the Board in May.~~ In the event complete EDU information is not available, staff will seek Board direction on how to calculate the fourth quarter invoices.

Once Agency staff has verified the reported actual EDU counts in the supporting documents, Finance staff will reconcile the EDU counts used in the budget with the actual reported EDU counts, and invoice each Member Agency accordingly.

## **B. Service Charge Allocation using Flow Volumes**

The Board will establish the measurement period for using flow volumes to determine the service charge allocation. The minimum measurement period will be 12 months ~~and the maximum period will be 36 months. The~~ and longer periods ~~measurement period will~~ be in 12-month increments.

### **1) Allocation of Regional Charges by Flow Volume**

Once the upcoming revenue budget has been developed, ~~the~~ Finance staff prepares an allocation of the service charges based on the prior flow volumes in 12-month increments. Each satellite collection agency's allocation for the upcoming fiscal year will be included in the draft and adopted Agency budgets.

Percentage allocations are based only on volumetric flow measurements as recorded by CMSA flow meter data. The allocations are determined

using the equations below:

$$Volume_{Total} = Volume_{SRSD} + Volume_{SD1} + Volume_{SD2}$$

$$\% Allocation_{Agency} = \frac{Volume_{Agency}}{Volume_{Total}}$$

$$Regional\ Charge\ Allocation_{Agency} = \% Allocation_{Agency} \times CMSA\ Net\ Revenue_{Total}$$

2) Collection of Regional Charge

Once the Agency's budget has been adopted, the Agency will invoice each satellite collection agency for its respective portion of the regional charge on a quarterly basis starting on July 1 of each fiscal year. Each quarterly invoice will represent one-fourth of the allocated annual regional charge.

Prior to the issuance of the fourth quarterly invoice, the Administrative Services Manager (ASM) will recalculate the current fiscal year's regional charge allocation based on the flow volumes for the most current April 1 to March 31 measurement period. The adjustment between the budgeted and current regional charge allocation will be reflected on the invoice for the fourth quarter.

**C. Service Charge Allocation using Volume/Quality (Flow/Strength)**

1) Calculation of annual volume of the wastewater generated from each satellite collection entity.

Each April, the Technical Services (TS) staff will provide Finance staff with the annual volume of wastewater generated from each satellite collection entity for the previous April 1 to March 31 period ~~or prior 36-month period.~~

2) Calculation of annual wastewater quality (strength) from each satellite collection entity.

Quality is defined as the amount (lbs.) of Total Suspended Solids (TSS) and Biological Oxygen Demand (BOD) in a collection agency's wastewater transported to CMSA. Quality samples will be periodically collected ~~by Technical Services staff and~~ and analyzed in the CMSA laboratory. Each April, the TS department will provide Finance staff with the wastewater quality information for each ~~satellite collection entity~~ member agency and San Quentin.

3) Allocation of regional charges by flow volume and strength.

Once the upcoming revenue budget has been developed, the Finance staff will prepare an allocation of the regional charges based on the

selected April 1 to March 31 time period. Each member agency and San Quentin satellite collection agency's allocation for the upcoming fiscal year will be included in the draft and adopted Agency budgets.

The Agency's Annual Net Revenues will be assigned to flow, BOD and TSS based on the allocations developed in 2013 (~~Bartle Wells~~ Updated Allocations for Regional Charge Report) ~~and accepted by the Board in April 2013~~; Flow – 50.6%, BOD – 24.7%, and TSS – 24.7%

Using the percentage allocations listed above and influent flow and quality data, unit costs (i.e., \$/1,000 gallons of flow, \$/lb of BOD and \$/lb of TSS) are then used to allocate CMSA's Regional Charge to each collection agency based on its respective flow, BOD, and TSS costs, using the following equations:

$$Net\ Revenue_{Total} = Revenue_{Flow} + Revenue_{BOD} + Revenue_{TSS}$$

$$Unit\ Cost_{Flow} = \frac{Revenue_{Flow}}{Total\ Gallons}$$

$$Unit\ Cost_{BOD} = \frac{Revenue_{BOD}}{Total\ Pounds\ BOD}$$

$$Unit\ Cost_{TSS} = \frac{Revenue_{TSS}}{Total\ Pounds\ TSS}$$

$$\begin{aligned} Regional\ Charge\ Allocation_{Agency} \\ &= Unit\ Cost_{Flow} \times Flow_{Agency} + Unit\ Cost_{BOD} \times BOD_{Agency} \\ &+ Unit\ Cost \times TSS_{Agency} \end{aligned}$$

4) Collection of regional charge.

Once the Agency's budget has been adopted, the Agency will invoice each satellite collection member agency for its respective portion of the regional charge on a quarterly basis starting on July 1 of each fiscal year. Each quarterly invoice will represent one-fourth of the allocated annual regional charge.

Prior to the issuance of the fourth quarterly invoice, Finance staff will recalculate the current fiscal year's regional charge allocation based on the flow volumes and quality for the most current April 1 to March 31 period. The adjustment between the budgeted and current regional charge allocation will be reflected on the invoice for the fourth quarter.

## II. Debt Service Charge

Per the Payment Agreements for Treatment Services (debt service agreements) between CMSA and the member agencies, each member agency's proportional EDU share of the debt service shall be billed and collected semi-annually during each fiscal year. The payment shall be based on the EDU counts referenced in the Memorandum of Understanding, dated September 21, 2016, that uses the 10-year average fixed EDU counts per member for debt service cost allocation purposes. Each Member Agency's semi-annual payment share shall be calculated to include the actual debt service amount and bond coverage requirements. An adjustment will be made in the subsequent fiscal year's debt service payment for the recalculation of the prior year's debt service payment based on the actual EDU count information.

## III. Capacity Charge

A one-time capacity charge shall be collected by the appropriate ~~Member-member Agency-agency~~ for an initial connection to the wastewater collection system or additional fixture units on existing connections in the CMSA service area. This charge shall be set by the Board by ordinance. Each member agency shall collect both the CMSA capacity charge and the ~~Member-member Agency's-agency's~~ connection fee. After collection, the ~~Member-member Agency-agency~~ shall remit the capacity charge portion to CMSA.

The number of connections that occur each fiscal year is unpredictable because connections vary due to new construction or other activities that would trigger a connection fee. Thus, the Board shall consider various economic factors when budgeting capacity charge revenue for the fiscal year. The Board shall approve through the annual budget process and Agency staff shall account for use of capacity charges to fund capital projects per California Government Code Section 66006.

Adjustments to capacity charges shall also be calculated for change of use of an existing wastewater connection and/or additional fixture units added. Changes in use or additional fixture units may change the strength or flow of wastewater discharge. These calculation changes are made by the member agency who collects and remitting said capacity charges to CMSA.

## IV. Permit and Inspection Fees

The Board shall set by ordinance specific fees that Agency staff will collect for services related to environmental, public health, and regulatory responsibilities under the Agency's jurisdiction--see the ~~Sewer Use Ordinance and the Fee Ordinance~~. When setting a fee, the timeframe in which the fee is valid shall be set and the fee will be calculated to recover the full cost of the services as described below under V. *Fees for Service*.

## V. Fees for Service

Fees charged to outside agencies for Agency provided services under contract shall be based on mutually agreed-to terms, under which the Agency recovers the full cost of providing such services. The principles of cost accounting shall apply for recovery of direct materials, direct labor, and administrative overhead. Labor charges shall be



recovered using the weighted labor rate that includes the cost of salaries and benefits ~~and other considerations~~. Contract revenues shall be billed ~~monthly, while program revenues are billed periodically~~ pursuant to the terms in each specific agreement.

**VI. Accounts Receivable**

According to *Generally Accepted Accounting Principles* (GAAP), Agency staff shall record a receivable for sewer service charges, capacity charges, permit and inspection fees, and other fees for service when the revenue is due to the Agency. The Finance department will conduct a monthly reconciliation of accounts receivable and identify outstanding payments due to CMSA. Accounts receivable shall be accrued to the proper accounting period based upon the date the services were performed.

<b>POLICY #:</b>	<b>521</b>
<b>SECTION:</b>	<b>FINANCIAL – REVENUE MANAGEMENT</b>
<b>SUBJECT:</b>	<b>Agency Service Contracts</b>
<b>DATE:</b>	<b>10/14/2020</b>

### POLICY

All Agency service contracts shall sufficiently recover the full cost of providing such service.

### PROCEDURES

The General Manager will receive all written requests from public entities for CMSA services and will ask the appropriate Department Manager to conduct a feasibility review for the provision of the requested services. The General Manager will then determine if the Agency has the ~~existing\_~~ resources, staff expertise, and capacity to provide the services being requested. The Agency will recover the full costs for all services provided, including staff compensation, ~~and~~ benefits, and ~~Agency-administrative~~ overhead. If a mutually beneficial contract is feasible, a draft proposal will be brought to the Board of Commissioners for review, discussion, and consideration of authorization to negotiate an agreement with the public entity requesting CMSA's services.

The General Manager will present the negotiated agreement to the CMSA Board for consideration ~~of approval~~. Once approved by the Board, the agreement will be executed by CMSA after the designated official of the entity requesting CMSA services has executed the agreement.

<b>POLICY #:</b>	<b>530</b>
<b>SECTION:</b>	<b>FINANCIAL – TREASURY</b>
<b>SUBJECT:</b>	<b>General</b>
<b>DATE:</b>	<b>10/14/2020</b>

## **POLICY**

The Board shall appoint a Treasurer to oversee the management and reporting of [controllable](#) financial assets in accordance with Agency policy and California law.

## **PROCEDURES**

This policy provides direction for managing the Agency’s treasury and investments, and to ensure fiduciary responsibility and prudent review, planning, and approval of treasury transactions.

### **I. Treasurer Appointment**

Based on the General Manager’s recommendation, the Board of Commissioners shall appoint a Treasurer to manage, secure, control, account, audit, report, and develop effective procedures for controlling and handling financial assets and investments to the benefit of the Agency in accordance with the CMSA Joint Exercise of Powers Agreement and Government Code 6505.5, et seq.

### **II. Treasurer Report**

Agency staff shall prepare monthly Treasurer Reports containing summary information for each operating account in use by the Agency. The reports shall contain information with respect to Agency cash receipts, cash disbursements, and account balances. The reports shall also include an Operating Account Disbursement Register Report that lists and describes all operating account cash disbursements during the reporting month. The Board shall review and accept the Treasurer Report.

### **III. Schedule of Investments**

Agency staff shall prepare a monthly Schedule of Investments report containing a summary of the Agency’s investment accounts activity including each individual investment. ~~The Board shall review and approve the Schedule of Investments.~~ [An attachment to the Schedule of Investments is a Capital Reserve Schedule that reflects monthly and cumulative activity and ending balances for each of the capital reserve types, restricted and unrestricted capital reserves.](#) ~~The Board shall review and approve the Schedules of Investments and Capital Reserves.~~

### **IV. Bank Reconciliation**

Agency staff shall perform a monthly reconciliation of the Agency’s operating bank account, investment accounts, and bond fund accounts. The Agency staff person

preparing the accounts payable shall not perform the bank reconciliation.

<b>POLICY #:</b>	<b>531</b>
<b>SECTION:</b>	<b>FINANCIAL – TREASURY</b>
<b>SUBJECT:</b>	<b>Investments</b>
<b>DATE:</b>	<b>10/14/2020</b>

**POLICY**

Every spring, the General Manager and Treasurer shall submit to the Board of Commissioners this *Investments* policy, where the Board shall review any changes in the policy and approve it at a public meeting.

**PURPOSE**

This policy provides guidelines for prudent investment of the Agency’s cash. This policy covers all funds and investment activities under the direction of the Agency in accordance with California Government Code Sections 53600, et seq.

**OBJECTIVES**

The Agency shall design and manage investments with a high degree of professionalism worthy of the public trust. The primary objectives, in order of priority of the Agency’s investment activities, shall be:

**I. Safety**

Safety of principal is the foremost objective. All investments of the Agency shall be made in a manner that seeks to ensure preservation of capital.

**II. Liquidity**

The investment portfolio shall remain sufficiently liquid to enable the Agency to meet any cash flow requirements which might be reasonably anticipated.

**III. Yield**

Investment return becomes a consideration only after the basic measurements of safety and liquidity have been met.

**PRUDENCE**

The Agency shall follow Section 53600.3 of the California Government Code that identifies as trustees those entities, i.e. California Asset Management Program (CAMP) and Local Agency Investment Fund (LAIF), authorized to make investment decisions on behalf of a local agency. Trustees are fiduciaries and are therefore subject to the prudent investor standard when making investment decisions on behalf of the Agency. Investments shall be made with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the Agency, that a

prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the Agency.

### **DELEGATION OF AUTHORITY**

The Board of Commissioners shall delegate authority to invest the Agency's funds for a one-year period to the Treasurer, who shall thereafter assume full responsibility for those transactions until the delegation of authority is revoked or expires. Subject to review, the Board may renew the delegation of authority each year. No person may engage in an investment transaction except as provided under the limits of this policy.

The Treasurer may delegate day-to-day investment decision-making and execution authority to an Investment Advisor. The Advisor shall follow this policy and such other written instructions as are provided.

The Treasurer and the delegated staff acting in accordance with this policy and associated procedures and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

### **INTERNAL CONTROLS**

The Treasurer shall establish a system of controls to regulate the activities of internal staff and any external investment advisors, and be responsible for all transactions undertaken by these persons. No person may engage in an investment transaction except as provided under the terms of this policy, other Treasury and Internal Controls policies, and the associated procedures established by the Treasurer and General Manager.

### **ETHICS AND CONFLICTS OF INTEREST**

All participants in the investment process shall seek to act responsibly as custodians of the public trust according to this policy and the *Ethics* policy. Officers and employees involved in the investment process shall refrain from personal business activities that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment recommendations and decisions.

### **TYPES OF AGENCY INVESTMENTS**

The Agency shall be governed by California Government Code Sections 53600, et seq. Within the investments permitted by the Government Code, the Agency seeks to further restrict eligible investments to those listed below. In the event an apparent discrepancy is found between this policy and the Government Code, the more restrictive parameters shall take precedence.

The Agency's portfolio shall be diversified by security type and institution to avoid incurring unreasonable and avoidable risks regarding specific security types or individual financial institutions. Where this section specifies a percentage limitation for a particular category of investment, that percentage is applicable only at the date of purchase.

**I. United States Treasury Issues**

United States Treasury notes, bonds, bills, or certificates of indebtedness, or those for which the faith and credit of the United States are pledged for the payment of principal and interest. There is no limitation as to the percentage of the portfolio that may be invested in this category.

**II. Federal Agency Obligations**

Federal Agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises. There is no limitation as to the percentage of the portfolio that may be invested in this category; however, not more than 30 percent of the portfolio shall be placed in any one Agency. Furthermore, purchases of callable Federal Agency obligations are limited to a maximum of 20 percent of the portfolio. In addition, purchases of Federal Agency mortgage-backed securities issued by or fully guaranteed as to principal and interest by government agencies are limited to a maximum of 20 percent of the portfolio.

**III. Medium-Term Notes**

Medium-term notes, defined as all corporate and depository institution securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or depository institutions licensed by the United States or any state and operating within the United States. Eligible investment shall be rated A by one or more nationally recognized rating service. A maximum of 30 percent of the portfolio may be invested in this category. The amount invested in medium-term notes with any one issuer in combination with any other investments from that financial institution or issuer shall not exceed 20 percent of the portfolio.

**IV. Municipal Securities**

Bonds, notes, warrants, or other evidences of indebtedness issued by the State of California or any California local agency. Securities eligible for purchase shall be rated A, as rated by one or more nationally recognized statistical-rating organization. A maximum of 30 percent of the Agency's portfolio may be invested in this category.

**V. Negotiable Certificates of Deposit**

Negotiable certificates of deposit (NCD) issued by a nationally- or state-chartered bank, a savings association or a federal association, a state or federal credit union, or a state-

licensed branch of a foreign bank. No investments shall be made in a bank or credit union if a member of the Board, or any person with investment decision making authority also serves on the board of directors, or any committee appointed by the board of directors of the bank or credit union issuing the NCD. Purchases are limited to institutions which have long-term debt rated A or higher with a nationally recognized rating service; and/or have short-term debt rated at least A with a nationally recognized rating service. NCD may not exceed two years in maturity. A maximum of 30 percent of the portfolio may be invested in this category. The amount invested in NCD with any one financial institution in combination with any other investments from that financial institution or issuer shall not exceed 20 percent of the portfolio.

#### **VI. Banker's Acceptances**

Banker's Acceptances, otherwise known as bills of exchange or time drafts, are those which are drawn on and accepted by a commercial bank. Purchasers are limited to issuers whose short-term debt is rated A-1/P-1. Banker's Acceptances cannot exceed a maturity of 180 days. A maximum of 25 percent of the portfolio may be invested in this category. Furthermore, the amount invested in Banker's Acceptances with any one financial institution in combination with any other investments from that financial institution or issuer shall not exceed 20 percent of the portfolio.

#### **VII. Commercial Paper**

Commercial paper of prime quality of the highest ranking or of the highest letter and number rating as provided for by a nationally recognized statistical-rating organization. The entity that issues the commercial paper shall meet all of the following conditions in either paragraph (A) or paragraph (B):

- A. The entity meets the following criteria:
  - 1) Is organized and operating in the United States as a general corporation.
  - 2) Has total assets in excess of five hundred million dollars (\$500,000,000).
  - 3) Has debt other than commercial paper, if any, that is rated AA or higher by a nationally recognized statistical-rating organization.
  
- B. The entity meets the following criteria:
  - 1) Is organized within the United States as a special purpose corporation, trust, or limited liability company.
  - 2) Has program-wide credit enhancements including, but not limited to, over collateralization, letters of credit, or surety bond.
  - 3) Has commercial paper that is rated AA-1 or higher, or the equivalent, by a nationally recognized statistical-rating organization.

Eligible commercial paper shall have a maximum maturity of 270 days or less and not represent more than 10 percent of the outstanding paper of an issuing corporation. A maximum of 25 percent of the portfolio may be invested in this



category. Furthermore, the amount invested in commercial paper with any one issuer in combination with any other investments from that financial institution or issuer shall not exceed 20 percent of the portfolio.

### **VIII. Repurchase Agreements**

- A. Repurchase agreements are to be used solely as short-term investments not to exceed 30 days. The Agency may enter into repurchase agreements with primary government securities dealers rated AA or better by two nationally recognized rating services. Counterparties should also have:
- 1) A short-term credit rating of at least A-1/P-1;
  - 2) Minimum assets and capital size of \$25 billion in assets and \$350 million in capital;
  - 3) Five years of acceptable audited financial results; and
  - 4) A strong reputation among market participants.
- B. The following collateral restrictions shall be observed:
- 1) Only U.S. Treasury securities or Federal Agency securities are acceptable collateral. All securities underlying repurchase agreements shall be delivered to the Agency's custodian bank versus payment or be handled under a properly executed tri-party repurchase agreement.
  - 2) The total market value of all collateral for each repurchase agreement shall equal or exceed 102 percent of the total dollar value of the money invested by the Agency for the term of the investment.
  - 3) For any repurchase agreement with a term of more than one day, the value of the underlying securities shall be reviewed on an on-going basis according to market conditions. Market value shall be calculated each time there is a substitution of collateral.
  - 4) The Agency or its trustee shall have a perfected first security interest under the Uniform Commercial Code in all securities subject to repurchase agreement. The Agency shall have properly executed a Public Securities Association agreement with each counter party with which it enters into repurchase agreements. A maximum of 25 percent of the portfolio may be invested in this category.

### **IX. Time Certificates of Deposit**

Time Certificates of Deposit (TCDs) placed with commercial banks and savings and loans. The purchase of TCDs from out-of-state banks or savings and loans is prohibited. The amount on deposit shall not exceed the shareholder's equity of the financial institution. To be eligible for purchase, the financial institution shall have received a minimum overall satisfactory rating for meeting the credit needs of California Communities in its most recent evaluation, as provided Government Code Section 53635.2. TCDs are

required to be collateralized as specified under Government Code Section 53630, et seq.

The Agency, at its discretion, may waive the collateralization requirements for any portion that is covered by federal insurance. The Agency shall have a signed agreement with the depository per Government Code Section 53649. TCDs may not exceed one year in maturity. A maximum of 20 percent of the portfolio may be invested in this category. Furthermore, the amount invested in TCDs with any one financial institution in combination with any other investments from that financial institution or issuer shall not exceed 20 percent of the portfolio.

**X. Passbook Savings Accounts**

Passbook savings accounts placed with commercial banks and savings and loans. To be eligible to receive deposits, the financial institution shall have received a minimum overall satisfactory rating for meeting the credit needs of California Communities in its most recent evaluation, as provided Government Code Section 53635.2. Passbook savings accounts are required to be collateralized as specified under Government Code Section 53630 et. seq.

The Agency, at its discretion, may waive the collateralization requirements for any portion that is covered by federal insurance. The Agency shall have a signed agreement with the depository per Government Code Section 53649. A maximum of 20 percent of the portfolio may be invested in this category. Furthermore, the amount invested in passbook savings accounts with any one financial institution in combination with any other investments from that financial institution or issuer shall not exceed 20 percent of the portfolio.

**XI. Money Market Funds**

Shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1, et seq.).

A. The company shall have met either of the following criteria:

- 1) Attained the highest ranking or the highest letter and numerical rating provided by not less than two nationally recognized statistical rating organizations.
- 2) Retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience managing money market mutual funds with assets under management in excess of five hundred million dollars (\$500,000,000).

A maximum of 10 percent of the portfolio may be invested in this category.

## **XII. California Asset Management Program (CAMP)**

Shares of beneficial interest issued by a joint powers authority organized pursuant to Government Code Section 6509.7 that invests in the securities and obligations authorized in subdivisions (a) to (n), inclusive of to Government Code Section 53601. There is no limitation as to the percentage of the portfolio that may be invested in this category.

## **XIII. State of California Local Agency Investment Fund (LAIF)**

There is no limitation as to the percentage of the portfolio that may be invested in this category. However, the amount invested may not exceed the maximum allowed by LAIF.

### **Authorized Investments**

The Treasurer and/or the authorized Investment Advisor shall have the authority to invest the Agency's financial resources as shown in the table below.

Investment Type	Authorized for the Investment Advisor	Authorized for the Agency Treasurer
United States Treasury Issues	X	X
Federal Agency Obligations	X	X
Medium-Term Notes	X	
Municipal Securities	X	X <sup>(1)</sup>
Negotiable Certificates of Deposit	X	X <sup>(2)</sup>
Banker's Acceptances	X	
Commercial Paper	X	
Repurchase Agreements	X	
Time Certificates of Deposit	X	X
Passbook Savings Accounts	X	X
Money Market Funds	X	X
CAMP	X	X
LAIF	X	X

(1) Municipal Securities must have an AAA rating.

(2) Negotiable Certificates of Deposit must have a minimum AA rating for long-term notes and AA-1 for short term notes.

### **TERM OF INVESTMENTS**

It is the objective of the Agency to accurately monitor and forecast revenues and expenditures so that the Agency can invest funds to the fullest extent possible. Funds of the Agency shall be invested in accordance with sound treasury management principles.

Where this policy does not specify a maximum remaining maturity at the time of the investment, no investment shall be made in any security, other than a security underlying a repurchase agreement, that at the time of the investment has a term remaining to maturity in

excess of five years, unless the Board has granted express authority to make that investment either specifically or as a part of an investment program approved by the Board no less than three months prior to the investment.

### **PROHIBITED INVESTMENTS**

Any investment in a security not specifically listed above, but otherwise permitted by the California Government Code, is prohibited. Section 53601.6 of the Government Code specifically disallows investments in invoice floaters, range notes, or interest-only strips that are derived from a pool of mortgages. In addition to the limitations in Government Code Section 53601.6, this policy further restricts investments as follows:

- I. No investment shall be made that has either (a) an embedded option or characteristic which could result in a loss of principal if the investment is held to maturity, or (b) an embedded option or characteristic which could seriously limit accrual rates or which could result in zero accrual periods.
- II. No investment shall be made that could cause the portfolio to be leveraged.
- III. Any security that could result in zero interest accrual if held to maturity shall not be made.

### **BANKS AND SECURITIES DEALERS**

The Treasurer, with the concurrence of the General Manager, is authorized to make investments based on the recommendations of the Board approved investment advisor. For investments made by an investment advisor, the Board authorizes the investment advisor to use broker/dealers and financial institutions that the investment advisor has reviewed and approved for investment purposes. The investment advisor's approved list shall be made available to the Agency upon request.

### **PURCHASE, PAYMENT, DELIVERY, AND SAFEKEEPING**

A competitive bid process shall be used to place all investment transactions. All security transactions entered into by or on behalf of the Agency shall be conducted on a delivery vs. payment basis. All securities shall be held in the Agency's name by a third party custodian designated by the Treasurer.

The only exception to the foregoing shall be depository accounts and securities purchases made with:

- I. Local government investment pools;
- II. Time certificates of deposit, and,
- III. Money market mutual funds, since the purchased securities are not deliverable.

Evidence of each of these investments shall be held by the Treasurer.

## **PERFORMANCE**

The Agency seeks to attain market rates of return on its investments throughout economic cycles, consistent with constraints imposed by its safety objectives and cash flow consideration. The Treasurer shall continually monitor and evaluate the portfolio's performance.

## **REPORTING**

The Treasurer shall submit a monthly investment report to the Board. The report shall include the following information for each individual investment: description of investment instrument, issuer name, maturity date, credit rating, yield to maturity, purchase price, par value, current market value and the source of the valuation.

The report also shall:

- I. State compliance of the portfolio to the statement of investment policy, or manner in which the portfolio is not in compliance,
- II. Include a description of any of the Agency's funds, investments or programs that are under the management of contracted parties, including lending programs, and
- III. Include a statement denoting the ability of the Agency to meet its expenditure requirements for the next six months, or provide an explanation as to why sufficient money may not be available.

The report shall include a list of monthly investment transactions. This monthly report shall be submitted with the Board's monthly meeting agenda for public review.

<b>POLICY #:</b>	<b>532</b>
<b>SECTION:</b>	<b>FINANCIAL – TREASURY</b>
<b>SUBJECT:</b>	<b>Reserve</b>
<b>DATE:</b>	<b>10/14/2020</b>

## POLICY

To maintain liquidity, stabilize ~~rates~~ [regional sewer service charges](#), provide for contingencies, [emergencies, and future designations](#), ~~and prevent deficit cash position~~, the Agency shall maintain operating, capital, ~~emergency~~, and ~~contingency insurance~~ reserves in accordance with the procedures below. The Agency shall report reserve balances by designation in its monthly investment report to the Board.

## PROCEDURES

Establishment of reserves ensure that the Agency has sufficient funding available to meet its operating and capital obligations, and provides better alignment of the Agency’s resources identified in long-term financial plans to the funding requirements for the 10-Year Capital Improvement Plan. Adequate reserves promote the Agency’s bond ratings in the capital markets; provide financing flexibility; avoid potential restrictive debt covenants; mitigate current and future risk; and ensure the JPA member agencies [have](#) stable [regional](#) service charges.

### **I. General**

The Agency’s reserves shall be ~~held in the Agency’s Local Agency Investment Fund (LAIF) or California Asset Management Program (CAMP) accounts, managed~~ either as short-term [term](#) or long-term investments in accordance with the Agency’s *Investment* policy.

### **II. Reserve Fund Designations**

Reserve designations better links the Agency’s available cash resources, as reported in the Agency’s Financial Statements, ~~to the Annual Operating~~ Budget, and Capital Improvement Program. The integration of reserve designations makes the ~~annual~~ budget a more comprehensive document because it accounts for the accumulation and usage of all available resources instead of just the anticipated revenues and expenditures for ~~that a given~~ fiscal year. This expanded budget view can be used to explain future sewer service charges or capital borrowing to all interested stakeholders. The establishment of cash reserve designations also enhances long-term planning and management of the Agency’s financial resources.

### **III. Development, Management, Oversight, and Reporting of Reserves**

The development, management, and oversight of Agency reserves is intended to be aligned with the development, management, and oversight of the Agency budget.

During the ~~annual~~ budget development process, the Treasurer ~~develops~~ prepares an initial projection of the Agency expenses and revenues for the upcoming year. The General Manager and Treasurer will propose allocations to and from the reserves based on this reserve policy, Agency priorities, and/or direction from the Board. The accumulation and uses of the reserves are a component of the ~~annual~~ budget and are subject to Board review and approval. The ~~annual~~ budget ~~will also also~~ reports the ~~final~~ status of the reserves ~~for the prior year~~ based on the audited financial statements and the investment reserve schedule.

Consistent with the established ~~Annual~~ *Budget* policy, the General Manager, with approval from the Chair of the Board, is authorized to expend up to \$100,000 directly from any of the unrestricted reserve accounts in the event of an emergency situation that would directly and critically affect the Agency's operations. The General Manager shall report to the Board the circumstances requiring the expenditures at its next meeting. Otherwise, Board approval is required prior to any transfer or expenditures of reserve funds that were not previously budgeted.

Board authorization is required to establish any new reserve designations.

#### IV. Reserve Types

Two major categories of reserve funds have been established: Restricted Reserves and Unrestricted Reserves.

##### A. Restricted Reserves

These reserves represent assets that are legally, ~~or~~ contractually, or by policy are obligated for a specific purpose. Typically, the Board does not have the authority to modify or remove these restrictions ~~or from~~ legally obligated reserves.

##### B. Unrestricted Reserves

These reserves represent assets for future spending plans. The Board does have the authority to establish, modify, or remove these reserves.

Deductions ~~(i.e., payments)~~ from either reserve type shall follow documented Agency administrative and procurement policies and procedures. Any addition of new or removal of existing reserve types will require an update to this policy and subsequent Board approval.

#### V. Designations for Reserves

The Agency has established the following designations for the restricted and unrestricted reserves.

##### A. Designations for Restricted Reserves

- 1) Capacity Charges: The CA Government Code requires separate accounting of capacity charges and the application of interest to outstanding balances. The Agency shall use capacity charges on a first-in-first-out basis to finance current year capital projects. In the event that

the amount collected in any given year exceeds capital project expenses, the Agency would have to hold the excess funds for future use. Should this situation occur, the excess funds will be placed in this Capacity Charge Reserve. Staff would then recommend these funds as a proposed funding source for the following fiscal year's Capital Improvement Program.

- 2) Coverage from Debt Service: This is a contractually obligated requirement from revenue bond rate covenants and represents 25% of the debt service payment that is collected from the JPA member agencies semi-annually. The expenditure of these funds is solely for the Capital Improvement Program.

Funds are added to this reserve after each debt service contribution from the member agencies. Funds received in the fiscal period collected cannot be expended in that same fiscal year. Funds remain in this reserve until budgeted; these funds are preferentially exclusively used to fund approved projects from the Capital Improvement Program.

~~The distinction between this restricted reserve and the unrestricted Capital Improvement Program Reserve is in the source of funding. The Reserve for Coverage for Debt Service is considered to be restrictive due to Bond Indenture requirements that limit its usage to capital expenditures. The Capital Improvement Program Reserve is considered to be unrestrictive because its source is from service charges and/or other general purpose revenues and thus could be available to fund non-Capital expenses.~~

#### B. Designations for Unrestricted Reserves

The source of funds for these reserves is from service charges and/or other general purpose revenues. When funds are available for unrestricted reserves, they should be allocated to maintain the reserve requirements in the following preferential order. All allocations and use of ~~to~~ reserves are subject to Board review and approval.

- 1) Operating Reserve ~~for Economic Uncertainties~~: This reserve represents three months funding for general Agency operations. Funding will be adjusted annually to maintain three months of operational funding.
- 2) Capital Improvement Program: This Reserve funds projects and initiatives from the Capital Improvement Program. The target funding level is the average of the 10-year CIP in accordance with Financial Policy 555. ~~will be determined in conjunction with the Agency's 10-Year Capital Improvement Program and financial model.~~

~~The distinction between this reserve and the Coverage from Debt Service Reserve is the source of funding. This reserve is considered to be~~



~~unrestricted because its source is from service charges and/or other general purpose revenues and thus could be available to fund non-Capital expenses at the Board's discretion. The Coverage from Debt Service Reserve is considered to be restricted due to Bond Indenture requirements that limit its usage to capital expenditures.~~

- 3) Self Insurance Reserve and Deductibles: This reserve represents the deductible portion for the various insurance policies carried by the Agency. The Agency funds insurance premiums from the operating budget; however the operating budget would not be able to absorb the deductible portion for insurance claims that are filed. The funding level is \$100,000 and should be adjusted if there are changes to policy coverages or deductibles.
- 43) Contingency, Emergency, and Future Designations: This reserve serves as a contingency for unforeseen or unanticipated emergencies and other to-be-determined items. The funding level is \$~~25~~500,000.

<b>POLICY #:</b>	<b>540</b>
<b>SECTION:</b>	<b>FINANCIAL – EXPENDITURE MANAGEMENT</b>
<b>SUBJECT:</b>	<b>General</b>
<b>DATE:</b>	<b>10/14/2020</b>

## POLICY

~~The Agency shall provide~~ provide for authorized transactions only in accordance with expense categories ~~adopted~~ in the ~~Agency annual~~ budget.

## PROCEDURES

The budget adopted by the CMSA board serves as the policy document governing Agency expenditures. Operating expenditures are managed and categorized ~~as Agency-wide~~, by department, and by major or special funding sources as applicable as shown in the ~~Adopted~~ Budget.

### **I. Employee Compensation and Benefits**

Agency staff shall follow applicable federal and state laws and regulations for administering the Agency's employee compensation and benefits. The specifics of Agency compensation and benefits are defined in Agency documents, such as:

- A. Personnel Policies and Procedures manual;
- B. Memorandums of Understanding and other agreements with employee groups;
- C. Agreements with CalPERS for health and retirement benefits; and
- D. Agreements with other benefits providers.

Agency staff shall perform payroll processing on a bi-weekly basis covering a two-week period beginning on Sunday, ending on Saturday, with payment on the following Friday. Other types of payroll transactions such as leave cash-out will also be processed in conjunction with the bi-weekly payroll schedule. All payroll changes shall require a completed personnel action form with authorization by the appropriate managers and employees, where applicable, prior to any changes being made in the payroll system.

### **II. Accounts Payable**

Agency staff shall adhere to the following policies when conducting Agency procurement and expenditure activities: *Policy Framework, Signature Authority, Contracting, and Purchasing*.

All expenditures will include the appropriate support documentation (e.g., purchase order, invoice, account statement, receipt, and packing slip) and shall be approved by the Department Manager and/or General Manager. According to Generally Accepted Accounting Principles (GAAP), Finance staff shall review and record in a timely manner all accounts payable and accrued items, e.g., retentions, to ensure the proper

recognition of expenses and liabilities. Finance staff shall charge payables to the proper accounting period based upon the date the goods were received or the services were provided and perform a monthly reconciliation of accounts payable.

### III. **Petty Cash**

Agency staff shall maintain a petty cash account-fund that can be used for cash transactions. Disbursements from petty cash shall be pursuant to the *Purchasing policy*.

<b>POLICY #:</b>	<b>541</b>
<b>SECTION:</b>	<b>FINANCIAL – EXPENDITURE MANAGEMENT</b>
<b>SUBJECT:</b>	<b>Travel, Training, and Other Business Expense Reimbursements</b>
<b>DATE:</b>	<b>10/14/2020</b>

**POLICY**

The Agency shall reimburse employees for authorized business-related expenses for travel, training, and other business purposes using authorized amounts.

**PROCEDURES**

This policy defines the authorization, payment, and reimbursement of travel, training, and other business expenses incurred by Agency staff while conducting Agency business.

**I. GENERAL**

The General Manager shall establish procedures for authorizing, paying, restricting, and reimbursing employees for travel, training, and other business-related expenses. Travel per diem rates shall be adjusted at the beginning of each calendar year based on the change in the Consumer Price Index-Urban/San Francisco-Oakland-San Jose for the prior February-to-February period, rounded up to the nearest \$0.50. The Board shall review and approve the per diem rates when they exceed 120% of the February 2018 rates.

The per diem rates for meals, gratuities, and incidentals as of February 1, 2018 are as follows:

<b>TRAVEL PERIOD</b>	<b>FEBRUARY 1, 2018 PER DIEM</b>	<b>MAXIMUM PER DIEM RATE (120% of FEB. 2018)</b>
Overnight Travel per 24-hour period	\$918.00	\$1049.00
Travel between 12 and 24 hours	\$687.00 or 75% of Overnight Travel Rate	\$768.00
Daily travel less than 12 hours	Breakfast \$134.05 Lunch \$178.00 Dinner \$268.00	Breakfast \$145.06 Lunch \$182.00 Dinner \$293.10

An employee who has been issued a State of California Purchase Card (Agency credit card) shall also comply with the *Purchasing policy*, when using the purchase card for travel and training related expenses. Each employee is responsible for the expenses that he/she incurs while traveling on Agency business. The employee is encouraged to consult with their supervisor should they have any questions about travel related expenses.

## **II. Required Authorization**

Agency staff shall obtain supervisory, department manager, and/or General Manager approval, as prescribed in the established procedures, prior to incurring any Agency expenses related to travel or other business functions. When alternatives are available, the Agency will pay for the least cost alternative.

All Agency staff shall provide a full accounting for all meeting and travel related expenses, with receipts, regardless of whether the expense was advanced or prepaid by the Agency or incurred directly by the employee. The accounting will be submitted to the employee's supervisor, department manager, Administrative Services Manager, and/or General Manager for approval. The Administrative Services Manager will review the accounting and determine the reimbursement to the employee or the repayment for advances to the Agency, whichever is applicable.

The decision of the General Manager shall be final in situations where there are conflicts of opinion regarding the appropriateness of reimbursements.

## **III. Federal Income Tax Withholding (FITW)**

This policy and related procedures shall comply with the IRS definition of reimbursements and accountable expenditures per *IRS Publication 463*. Advances or reimbursements made to employees for purposes specified in this policy are generally not subject to FITW, and thus not reported as other compensation on the employee's annual W2-Wage and Tax Statement. Any employee who does not follow this policy when requesting an advance and/or reimbursement will be solely responsible for any federal and state tax liabilities that result from the receipts of Agency funds.

<b>POLICY #:</b>	<b>550</b>
<b>SECTION:</b>	<b>FINANCIAL – FINANCIAL PLANNING</b>
<b>SUBJECT:</b>	<b>Annual<del>agency</del> Budget</b>
<b>DATE:</b>	<b>10/14/2020</b>

## POLICY

The Board of Commissioners shall adopt a comprehensive balanced ~~annual or biennial~~ budget for the Agency prior to the start of the fiscal year (July 1 to June 30).

## PROCEDURE

The ~~annual~~ budget is a document specifying the allocation of Agency resources for the priorities approved by the Board of Commissioners for the fiscal year. The adoption of a fiscal year budget by the ~~CMSA~~ Board is a statutory requirement for California public agencies, and is also specified in the Agency’s Joint Powers Agreement.

The ~~annual~~ budget that is presented to the Board for adoption shall include the following components:

- Departmental budgets with three-year budget comparisons: prior fiscal year, current fiscal year approved budget and projected expenditures, and proposed budgets for the upcoming fiscal year(s);
- Descriptions and explanations of specific revenues and expenditure categories and line-items;
- Funding for the Agency’s annual OPEB (retiree medical expenses) contribution, pursuant to the Agency’s OPEB Funding Plan.
- Identification of Agency staff responsible for routinely monitoring, tracking, and making transaction decisions with respect to specific budget categories and/or line-items within each department budget;
- Allocation of Regional Sewer Service Charges to JPA Members and San Quentin;
- Allocation of Debt Service Charges to JPA Members and San Quentin;
- 10-Year Capital Improvement Program with budget allocations for capital and maintenance projects and initiatives;
- Proposed accumulations and uses for Agency reserves; and
- 10-Year Financial Forecast.

### **I. Budget Development**

The ~~annual~~ budget represents the Agency’s financial blueprint to maintain effective ~~wastewater~~ operations ~~that comply with the Agency’s various operating permit requirements~~. The budget describes the funding requirements and operating costs

associated with providing wastewater services, and the maintenance, replacement, and improvement of the facility infrastructure and assets. It shall include, but is not limited to, the following sections:

A. Revenue Budget

The Revenue Budget shall detail and describe each ~~salient~~ revenue category, including, but not limited to, sewer service charges, capacity charges, permit fees, revenues from contract and program services, fees for wastewater and organic waste disposal at Agency facilities, and revenues for debt service payments and coverage.

B. Expenditure Budget

The Expenditure Budget shall be organized by department. Specific line-items for each department shall be detailed, described, and explained for each ~~salient~~ operating expenditure category, including, but not limited to, salaries, benefits, professional services and studies, permits and fees, materials and supplies, facilities maintenance, equipment, treatment plant operations, and miscellaneous administrative expenses.

Included in the Expenditure Budget is the annual Actuarially Determined Contribution (ADC) for Other Post-Employment Benefits (OPEB) pursuant to the most recent GASB 75 actuarial valuation report. The annual ADC consists of medical benefit reimbursement payments to retirees as well as transfers to the OPEB trust.

C. 10-Year Capital Improvement Program (CIP)

The CIP shall include the proposed capital expenditure budget for the upcoming fiscal year as well as the planned projects and initiatives for the following nine fiscal years. Each project shall be clearly described. The Board shall approve the ~~following~~ fiscal year(s) proposed projects as part of the annual budget approval, and conceptually approve the projects shown in the following ~~nine~~ fiscal years.

D. 10-Year Financial Forecast

The Forecast shall present a multi-year comparison of the previous fiscal year's actual performance, current fiscal year's projected performance, and a ten-year projection of future revenues by all sources, expenditures, and the accumulation and use of reserves. The forecast shall guide the Board in determining current and future operating and CIP funding to meet the Agency's financial and operational needs and objectives.

At the discretion of the Board, the ~~annual~~ budget may also include policy statements, directives, and funding plans that explain and describe operational, capital, and/or organizational approaches for managing and handling the Agency's business and assets. Statements regarding performance accomplishments, objectives, and measurements

may be included.

The General Manager shall present a draft ~~annual~~ budget to the Board for review no later than the May Board meeting, prior to the start of ~~each the~~ fiscal year. The Board shall consider approving the ~~annual~~ budget at the June Board meeting, prior to the start of ~~each the~~ fiscal year, and if multi-year, consider proposed budget adjustments to the Board in by the June meeting.

## II. Budget Reporting

During the fiscal year, the Agency's actual revenues and expenditures shall be tracked to the appropriate budget line-items to manage the Agency's financial and operational condition. Quarterly budget status reports of revenues, and operating and capital expenditures by category shall be provided to the Board for its review.

## III. Budget Transfers

The General Manager shall ~~establish and approve~~ maintain procedures for department managers to (1) request budget transfers within the adopted operating and capital budgets that do not increase the total aggregate fiscal year budget, and (2) to request budget amendments that would increase the total aggregate fiscal year budget subject to the General Manager's and/or Board's review and approval.

## IV. Budget Amendments

In the event of unforeseen or unanticipated circumstances, amendments to the adopted fiscal year budget may be necessary. Budget amendments shall be considered when funds are justified, available, and necessary to maintain the Agency's ongoing operational and financial performance, and service expectations as directed by the Board.

The Board shall approve budget amendments that would increase the total aggregate fiscal year budget, based on the evaluation and recommendation of the General Manager that the proposed amendment meets the intent and purpose of this policy.

In the event of an emergency, the General Manager can approve budget amendments that would increase the Agency annual budget, with the conditions that (1) these amendments are necessary to maintain the Agency's ongoing and routine operations, and (2) the aggregate amounts of the amendments cannot exceed \$100,000. The General Manager shall notify the Chair of the Board about the situation and the reason for the budget amendment, and report the actions to the Board ~~about these actions~~ at its next scheduled meeting.

## V. OPEB Funding Plan

The OPEB trust is maintained with the California Employers' Retiree Benefit Trust (CERBT). The purpose of the CERBT is to provide future funding of post-retirement



medical benefits for eligible retirees. Transfers to the CERBT are irrevocable and monies in it may only be used to pay eligible medical benefits.

The OPEB Funding Plan includes funding, investment earnings, and medical expense transactional activity by year for a 20-year period. The original OPEB Funding Plan Worksheet, approved by the Board on April 9, 2019, and any adjusted worksheets will be included in the Agency's budget. The Plan will require annual monitoring to ensure it is meeting the objectives of CERBT earnings paying future medical benefits, while not becoming overfunded. Overfunding is anticipated when the CERBT has greater than \$2.2 million in 20 years.

CERBT Funding: The CERBT will be funded annually with the Net ADC amount from the [current](#) GASB 75 Actuarial Valuation Report. Agency funding will continue until the CERBT has adequate [projected](#) funds to pay future retiree medical expenses, without becoming overfunded.

CERBT Use: When the CERBT is projected to have adequate funds and avoid the overfunding level, it will be used to fund retiree medical benefits which include CalPERS medical premiums and retiree medical expense reimbursements.

Plan Adjustments: Based on the annual monitoring, staff will adjust the investment earnings interest rate, retiree medical cost, and the projected medical expense rate increase, and make necessary Plan funding and/or investment strategy changes to meet the Plan objectives.

<b>POLICY #:</b>	<b>551</b>
<b>SECTION:</b>	<b>FINANCIAL – FINANCIAL PLANNING</b>
<b>SUBJECT:</b>	<b>Capital Improvement Program</b>
<b>DATE:</b>	<b>11/13/2018</b>

**POLICY**

A Capital Improvement Program shall be prepared as an integral part of each adopted budget.

**PROCEDURE**

The Capital Improvement Program (CIP) describes and explains the Agency’s capital and maintenance projects and expenses, delineated by type of ~~capital~~ project and funding source, if applicable, over ten fiscal years (including the upcoming fiscal year). The CIP is a planning document that provides the Agency with an opportunity to evaluate and assess its capital needs from financial, engineering, operational, and planning perspectives.

**I. General**

The Agency’s CIP Committee will prepare an updated 10-year CIP during the budget development process for each fiscal year budget or amended budget. A 10-year CIP provides the Board, JPA member agencies, customers, public financing institutions, and other stakeholder groups with a sufficient long-term perspective on CMSA’s infrastructure and asset improvements and capital financial needs. It also acts as a planning document that projects future project costs on a reasonable escalated basis for the fiscal years in which the costs are planned to be expended. The Board shall review the 10-Year CIP as part of the annual budget development process, and the respective years of first year of the 10-Year CIP shall be incorporated into the Agency’s Annual Budget for adoption. The later years of the 10-Year CIP will be incorporated into the Agency’s 10-Year Financial Forecast.

**II. CIP Schedules, Project Descriptions, and Reporting**

The CIP Committee shall prepare a CIP schedule which will include a description of each capital activity, an explanation of the need for the project, estimated project costs, and proposed project delivery method. During the fiscal year, Agency staff shall track and monitor monthly actual capital expenditures against the appropriate budgeted projects and adjusted to assist in managing the individual capital accounts. Agency staff shall provide periodic CIP status reports to the Board for its information, review, and possible management direction.

The projects and initiatives in the CIP are grouped into the following four categories:

- A. Facilities Improvements: roofing, paving, coating/sealing, etc.
- B. General Equipment: vehicles, lab and communications equipment, etc.
- C. Treatment of Liquids: flow meters, turntable drives, pumps, etc.

- D. Treatment of solids and energy generation: digesters, sludge pumps, heat exchangers, cogeneration system, emergency generator, biogas treatment systems, boilers, etc.

The determination of the types of projects, initiatives and activities that are included in the CIP can be based on the following characteristics:

- A. Procurement of equipment, vehicles or fixed assets
- B. Replacement of existing equipment/infrastructure with similar items
- C. Engineering study, pre-design work, and design of new processes, [assets](#), ~~or~~ facilities
- D. New modifications to existing facilities
- E. [Construction of new facilities](#)

<b>POLICY #:</b>	<b>552</b>
<b>SECTION:</b>	<b>FINANCIAL - FINANCIAL PLANNING</b>
<b>SUBJECT:</b>	<b><del>10-Year</del> Financial Forecast</b>
<b>DATE:</b>	<b>10/14/2020</b>

## POLICY

The Agency shall prepare a 10-year financial forecast (Forecast) with each ~~annual~~ budget.

## PROCEDURE

The ~~10 Year Financial~~ Forecast is a long-term examination of the Agency's projected operating and capital status. It provides a strategic perspective and direction for the budget process and serves as a long-term financial planning document.

Agency staff shall prepare a ~~10-year~~ Fforecast of the Agency's financial resources sources and uses that includes a status and projection of revenues by source, expenditures, capital requirements, and accumulation and use of reserves. The Fforecast is a ~~multi-year~~ comparison of actual revenues and expenditures from the prior fiscal year, a projection of the current fiscal year revenues and expenditures, and a 10-year projection of future resources and expenditures. Agency staff shall present the Fforecast for Board review as part of the ~~annual~~ budget development process and the Fforecast shall also be included in the Agency's ~~annual~~ budget.

### **I. Guidance**

The Fforecast will delineate revenues by source, operating expenditure by category, and total annual capital expenditures. Projections and analytical assumptions that are used in the ~~forecast~~ Forecast will be guided by Board directives, analyses of anticipated operational operating and/or capital changes, Agency contract obligations, economic trends and indices, and financial data from prior fiscal years, along with other relevant financial and analytical perspectives metrics. Balances of revenue and expenditures will be evaluated to determine application and availability of restricted and unrestricted cash reserves in the Fforecast as well as to meet Board directives regarding the reserve fund balances.

The fForecast will assist the Board in determining the required current and future sewer regional service charge revenues to meet the Agency's financial and operational needs and objectives.

The Board may request periodic revisions to the Fforecast apart from the ~~annual~~ budget development process to assist with decisions on the future direction of the Agency's financial position.

<b>POLICY #:</b>	<b>553</b>
<b>SECTION:</b>	<b>FINANCIAL – FINANCIAL PLANNING</b>
<b>SUBJECT:</b>	<b>Debt Financing and Management</b>
<b>DATE:</b>	<b>11/13/2018</b>

## **POLICY**

The Agency may use ~~long term~~ debt to ~~finance capacity expansions and major capital replacement or rehabilitation~~ fund the capital improvement program subject to the requirements described below.

## **PROCEDURE**

This policy is designed to ensure that when the Agency issues debt, or borrows from private or governmental sources, that the debt load is managed prudently to maintain the Agency's sound fiscal condition and protect its credit quality.

### **I. General**

The General Manager shall make recommendations to the Board ~~of Commissioners~~ concerning debt financing to fund the Agency's capital improvement program needs. ~~Generally, r~~ Recommendations shall be presented ~~prior to~~ during the Agency's ~~annual budget development~~ multi-year revenue plan development process. Recommendations may be made at other times during the fiscal year to meet immediate Agency capital improvement needs, and/or as relevant advantageous debt financings are made available to the Agency.

The Administrative Services Manager shall be responsible for managing, implementing, and overseeing debt management and disclosure for in the Agency CAFR. These duties shall include, but are not limited to, developing an effective debt management program, accounting and analyzing debt, and coordinating with the General Manager and department managers to determine and recommend the need for debt financing to meet the Agency's capital improvement needs. Agency staff shall ensure that the Agency's debt financing and issuances are consistent with the Agency's Joint Powers Agreement, and applicable federal and state financing and tax laws.

### **II. Conditions for Debt Financing**

Based on the recommendation of the General Manager, the Board shall approve borrowing or debt issuance to finance major capital projects and/or the Agency's capital improvement program. The Board shall consider ~~long term and short term~~ debt financing mechanisms as appropriate to meet the objectives of the Agency's capital needs. The Board shall limit debt to financing the costs of planning, design, engineering, regulatory permit requirements, land acquisition, environmental review, infrastructure, equipment, debt issuance, and any other project costs permitted by federal, state, and local laws for public agencies.

When making a determination to proceed with debt ~~structuring and~~ financing, the Board shall consider the Agency's financial condition, sources of funding for the annual debt service payment, the Agency's ability to repay the debt without fiscal disruption to its effective operations and maintenance, economic trends affecting the Agency, ~~financial benchmarks of other similar public agencies~~, and any existing ~~and overlapping~~ Agency debt. The Board shall consider the least costly financing mechanisms available, such as federal and state loan programs, when planning debt issuances and financing opportunities to take advantage of financial market conditions when possible.

The Board will approve debt financing for capitalized expenditures based on the economic value and useful life of an asset. The term or the maturity of the debt financing should be consistent with the useful life of the asset to be financed.

The Board shall consider and approve cost-effective credit enhancements such as debt insurance or letters of credit as mechanisms to improve credit ratings and guarantees for principal and interest payments.

The Board shall consider debt refunding to refinance outstanding debt that would reduce interest costs to the Agency, and/or remove any burdensome, restrictive, or irrelevant debt covenants. When approving debt refunding, the Board shall consider present value savings and other benefits to the Agency of restructuring the debt.

### III. Investment of Debt Proceeds

Agency staff shall explicitly follow its *Investments ~~Policy~~* and any indenture documents or debt issuance agreements that are part of the debt financing program when investing debt proceeds.

### IV. No Commingling of Debt Proceeds with Operating Funds

Debt proceeds shall not be commingled with operating funds.

### V. Terms of Debt Issuance

a) *Authorized Debt* – the Agency is authorized to issue debt of any type or character available ~~to~~by California ~~special districts~~ state law.

b) *Terms of Debt* – debt maturity shall not exceed the useful life of the project; new debt shall be parity with existing debt; new debt shall be callable; debt may be refunded for savings or covenant removal; the Agency shall comply with all covenants, coverage tests and arbitrage requirements; amortization shall be level payments; and minimum debt is \$2M.

c) *Debt Coverage* – the Agency shall set minimum debt coverage at 125% to provide funding for pay-as-you-go recurring capital replacement.

~~d) *Debt Affordability* – the Agency shall benchmark benchmark its debt level with rating agency ratios, debt per capita, or with other local agencies to monitor and measure debt affordability.~~

e)d) \_\_\_\_\_ *Debt Issuance Process* – transactions may be negotiated or competitively bid depending upon nature, use, understandability, and whether or not revenue-generating. The Agency shall select a financing team for its debt issuance needs.

f)e) *Prohibited Uses* – the Agency shall not use long-term debt to fund current operating costs; the Agency shall not refinance long-term debt with short-term debt due to exposure risk.

<b>POLICY #:</b>	<b>554</b>
<b>SECTION:</b>	<b>FINANCIAL – FINANCIAL PLANNING</b>
<b>SUBJECT:</b>	<b>Risk Management and Insurance</b>
<b>DATE:</b>	<b>11/13/2018</b>

### **POLICY**

The Agency shall maintain adequate insurance coverage for ~~all of~~all its insurance needs.

### **PROCEDURE**

The General Manager shall be responsible for managing all aspects of risks encountered by the Agency. As such, Agency staff shall coordinate and obtain appropriate levels of insurance coverage and implement other risk management and mitigating strategies and safety management approaches, as recommended by the California Sanitation Risk Management Authority (CSRMA). Acceptable risk management strategies need to ~~be in compliance~~comply with applicable Federal and State laws and California Occupational Safety and Health Administration (CalOSHA) regulations. Insurance coverage and risk management strategies shall include, but are not limited to, liability, property, vehicles, Workers' Compensation, hazards, general safety, and loss control, and may consist of self-insurance programs when economical and cost-effective.



<b>POLICY #:</b>	<b>555</b>
<b>SECTION:</b>	<b>FINANCIAL - FINANCIAL PLANNING</b>
<b>SUBJECT:</b>	<b>Multi-Year Revenue Plan</b>
<b>DATE:</b>	<b>11/13/2018</b>

## **POLICY**

CMSA shall develop and adopt a multi-year revenue plan to provide adequate funding for Agency operations, capital activities, and debt service, as well as maintaining Board designated reserve levels.

## **PROCEDURE**

- I. Beginning in the last year of the current Board adopted revenue plan, staff and the Board's Finance Committee will prepare a revenue plan development schedule that is designed so that a new revenue plan will be adopted prior to each JPA agency Board's consideration of their next ~~fiscal year's~~ draft budget.
- II. The Committee will consider using the following revenue plan guiding principles when developing the Agency's revenue plan alternatives.
  - Use a 5-year revenue planning period based on a 10-year rolling financial forecast [for adoption purposes](#).
  - Balance the operating budget over the planning period
  - Maintain the operating reserve at 25% of the annual operating expenses
  - Ensure adequate funding for the capital improvement program during the planning period
  - Maintain a CIP reserve at an amount equal to the annual average value of the 10-year CIP
  - When feasible, use current revenues to fund CIP projects
  - Secure low-interest State Revolving Fund loans or issue debt to fund the balance of CIP projects
  - Target a CMSA average EDU rate increase of less than 4% per year
  - Keep the CMSA Board and JPA managers briefed on the Finance Committee's work
- III. Revenue plan alternatives, considering the above guiding principles or Board amended principles, will be developed by the Committee, and presented to the Board for review and discussion, and ultimately, selection of a preferred alternative.

<b>POLICY #:</b>	<b>560</b>
<b>SECTION:</b>	<b>FINANCIAL – PROCUREMENT MANAGEMENT</b>
<b>SUBJECT:</b>	<b>Signature Authority</b>
<b>DATE:</b>	<b>10/14/2020</b>

**POLICY**

This policy establishes signature authority for the Agency’s procurement types listed below.

**PROCEDURES**

This policy defines the signature approval levels within the Agency for the following types of procurement transactions:

- Purchase Orders
- Professional Services Agreements
- Maintenance Service Agreements and Contracts
- Equipment Procurement
- Materials & Supply Contracts
- Construction Contracts and Change Orders

**I. Procurement Transactions**

The General Manager shall approve procurement transactions equal to the amount specified by the California Uniform Construction Cost Accounting Commission (CUCCAC) for utilizing alternative bidding procedures for public project work. The table below shows each procurement transaction type with its governing CUCCAC Tier and the General Manager’s signature authority for each transaction type. By ordinance, the Agency established bid cost thresholds and procedures in accordance with CUCCAC. Dollar amounts indicated are the CUCCAC limits as of the effective date of this policy, and will be adjusted over time as the CUCCAC limits are updated.

<b>Transaction Type</b>	<b>CUCCAC Tier</b>	<b>General Manager Authority</b>
Purchase Orders	Tier I	Less than \$60,000
Professional Services Agreements	Tier I	Less than \$60,000
Maintenance Service Contracts	Tier I	Less than \$60,000
Equipment Procurement	Tier I	Less than \$60,000
Material & Supply Contracts	Tier I	Less than \$60,000
Construction Contracts – Administrative	Tier I	Less than \$60,000
Construction Contracts – Informally Bid	Tier II	Between \$60,001 and \$200,000
Construction Contracts – Formally Bid	Tier III	Must be approved by CMSA Board

The Board of Commissioners shall approve procurement transactions greater than the current CUCCAC Tier amounts and shall approve all formally bid construction contracts. The General Manager shall establish the signature authority amount limits for Agency staff.

**II. Construction Change Order Limits**

The construction change order (CCO) approval and signatory authority limits shall be as indicated in the table below:

<b>Construction Amount Tier</b>	<b>General Manager Change Order Limits</b>
1) <u>Less Than \$300,000</u> a) Change Order Limit b) CCO limit if schedule impacted*	\$30,000 \$55,000
2) <u>\$300,000 to \$1,000,000</u> a) CCO limit b) CCO limit if schedule impacted*	10% of construction contract amount 20% of construction contract amount
3) <u>Greater Than \$1,000,000</u> a) CCO limit b) CCO limit if schedule impacted*	\$100,000 \$200,000
4) Emergency situations for any size project	CMSA Board Chair approval if schedule impacted*, with subsequent ratification by CMSA Board

\* As determined by CMSA staff.

**A. Reporting to the Board**

The Board shall receive the following change order reports from the General Manager, as appropriate:

- 1) CCO aggregate amount if it approaches the specified limit;
- 2) Periodic change order and contract update; and
- 3) An economic analysis of the project costs at the construction contract’s completion.

**III. Payment Transactions**

The General Manager or designee shall approve payments up to the signature authority limits under Procurement Transactions, above. ~~The General Manager shall approve all professional services and contractual progress payments regardless of amount after the contract(s) is approved and awarded.~~

Agency staff designated as responsible for specific line-items and/or categories in the adopted Agency’s annual budget shall be responsible for reviewing single payments, which are related to the transactions covered by this policy, other Procurement Management policies and related procedures. These Agency staff shall approve single

payments up to the signature authority established by the General Manager. Approval shall be based on justifying and verifying that the related work, services, and/or materials and supplies are completed per the scope of the procurement document.

<b>POLICY #:</b>	<b>561</b>
<b>SECTION:</b>	<b>FINANCIAL – PROCUREMENT MANAGEMENT</b>
<b>SUBJECT:</b>	<b>Contracting</b>
<b>DATE:</b>	<b>10/14/2020</b>

## POLICY

The Agency shall award construction, maintenance, and service contracts using appropriate and transparent procedures that comply with state laws and other Agency policies and procedures.

## PROCEDURE

This policy provides direction regarding how contracts and purchase orders ~~should~~all be awarded, processed, and approved to ensure integrity and consistency with established Agency policies and legal requirements. It also ensures that ~~the most~~ efficient, cost-effective, transparent, and accountable processes are used to select the most qualified service provider, and the most cost-effective materials and supplies vendor.

### **I. Approval**

This *Contracting* policy is used in conjunction with the *Signature Authority* policy.

### **II. General Procedures ~~and Processes~~**

The General Manager shall establish the contracting procedures for the Agency. The Agency will standardize the contract development and engagement process to ensure selection of a ~~responsive and responsible~~ contractor and/or supplier to meet the purpose of this policy and that comply with relevant state laws.

These procedures will ensure proper contract awarding, and negotiated and sole source procurements, which include, but are not limited to, scope of work, quotations, proposals, bids, determining contractor and vendor qualifications, selecting proprietary sources, and emergency procurement.

The General Manager shall ensure that the contracting and purchase order processes are conducted in an efficient, transparent, and cost-effective manner. In doing so, effective and appropriate planning, timing, specifications, terms and conditions, pricing strategies, risk management, consolidating, and multiple quoting of contracts and purchases shall be considered. At the General Manager's discretion, the contract terms, conditions and forms may be reviewed by legal counsel before the contract is executed.

### **III. ~~Contracting and Procurement Processes~~Construction**

Agency staff shall follow contracting processes according to the Uniform Public Construction Cost Accounting Act (UPCAA and California Public Contract Code 20800), et seq. for Sanitary Districts. Construction projects performed under contract shall be evaluated under the following bidding parameters:

- A. If the estimated cost of a project is less than the Tier I amount (refer to the *Signature Authority* policy) the General Manager will execute a Maintenance Contractor Service Agreement for the defined services.
- B. If the estimated cost of a project is within the Tier II amount, the project will be informally bid and the General Manager has the authority to execute a construction contract agreement.
- C. If the estimated cost of a project exceeds the Tier III amount, the project will be formally bid and the construction contract is subject to Board approval.

**IV. Professional Services Agreements**

Agency staff shall follow the following parameters for evaluating professional services contracts. Selection of consultants for professional service agreements shall be based upon demonstrated experience and competence, and shall consider and evaluate the consultant’s suggested approach, scope of work, proposed team members and availability, proposed fees, relevant experience, and other qualifications that are in the best interest of the Agency.

- A. For those services within the General Manager’s signature authority, the General Manager has the discretion to negotiate an agreement directly with a consultant unless he/she determines that it is in the best interest of the Agency to conduct a formal request for proposal (RFP) process.
- B. For those services that exceed the General Manager’s signature authority, the consultant shall be selected by an RFP process. The contract shall be awarded to the most qualified service provider by the CMSA board.

The table below links the professional services agreement fee, selection process, and contract approval authority with the Uniform Construction Cost Accounting Act’s financial tiers.

<b>UCCAA Tier</b>	<b>Professional Services Agreement Fee*</b>	<b>Approval</b>	<b>Service Provider Selection Process</b>
Tier I	Less than \$60,000	General Manager	GM discretion – task order, single proposal, or multiple proposals
Tier II	Between \$60,001 and \$200,000	Board	Letter RFQ and/or RFP issued to at least two firms with selection based on evaluative process
Tier III	Greater than \$200,000	Board	Formal RFQ and/or RFP package issued to at least three firms with selection based on evaluative process

\* Fees ranges will automatically adjust as the UCCAA tiers are changed by the state legislature

## **V. Maintenance Service Contracts**

Agency staff shall follow the following parameters for evaluating maintenance service contracts. Maintenance services are those activities defined by UPCCAA as, 1) routine, recurring and usual work for the preservation or protection of a publicly owned or operated facility for its intended purposes, 2) minor repainting, 3) landscape maintenance, or 4) work performed to keep, operate, and maintain publicly owned waste disposal systems.

- A. For those CUCCAC Tier I maintenance services within the General Manager's signatory authority, the General Manager has the discretion to negotiate an agreement directly with a service provider unless he/she determines that it is in the best interest of the Agency to conduct a formal request for quotes from multiple service providers.
- B. For those maintenance services that exceed the General Manager's signature authority, the service provider shall be selected by a request for quotes or bidding process. The maintenance contract shall be awarded by the CMSA Board to the service provider with the lowest cost that can provide the defined scope of services and meet CMSA's qualification requirements.

## **VI. Equipment, Materials, and Supplies Procurement**

Agency staff shall conduct the following processes for procuring equipment, materials and supplies.

- A. For the purchase of equipment, materials, and/or supplies whose costs are within the General Manager's signatory authority, such procurements shall be performed under the *Purchasing policy*.
- B. For the purchase of equipment, materials, and/or supplies that require the Board's approval, contracts or purchase orders shall be awarded to a vendor/supplier using the *Agency's Equipment Procurement and Material Procurement* policies, unless sole source procurement is justified and approved by the Board.

## **VII. Cooperative Agreements**

The General Manager shall determine when the Agency may enter into intergovernmental cooperative agreements to achieve economies of scale, promote Agency goals and objectives, or where it is financially advantageous.

Cooperative agreements may be used when the Agency can join contractually with other public agencies to meet mutual contractual needs. Such agreements may be bid or negotiated together with the cooperating agencies, or utilize new or existing contracts that allow for cooperative arrangements.

<b>POLICY #:</b>	<b>562</b>
<b>SECTION:</b>	<b>Financial – Procurement Management</b>
<b>SUBJECT:</b>	<b>Purchasing</b>
<b>DATE:</b>	<b>10/14/2020</b>

**POLICY**

Procurement shall use appropriate non-contracted selection methods for purchasing activity as described below.

**PROCUREMENT METHODS**

This policy is associated with the *Signature Authority* policy. The process for complying with each method of procurement is explained below.

**I. Blanket Purchase Order**

At the beginning of each fiscal year, finance staff shall establish and distribute a list of blanket purchase order (open account) numbers, based on requests by department managers, to be used for purchases less than \$500. Agency staff shall communicate to the vendor the specific assigned purchase order (PO) number when making purchases to ensure the number is on all vendor invoices and related documents.

In lieu of creating an open account, vendors may provide business credit cards to the Agency. With discretion, the General Manager shall approve applications for these types of cards after review by the Administrative Services Manager. The cards shall be used for purchases of less than \$500, and may only be used at the business where the card was issued. Department managers shall designate the employees who are allowed to use these types of cards when purchases need to be made. Until an invoice is received, the designated employees or finance staff shall keep a record of the purchase to provide supporting documentation for payment processing. These cards shall be governed by the Use of Card policies stated under the Purchase Card section below.

**II. Purchase Order**

Agency staff shall use a purchase order for purchases for, 1) vendors with open accounts in amounts greater than or equal to \$500, or, 2) vendors without open accounts. All purchase orders shall be in writing using the appropriate form and documentation, have the appropriate approvals, and be submitted to the vendor for processing.

**III. Petty Cash**

Agency staff may use petty cash for purchases of \$50 or less with vendors unable to establish an open account with the Agency and for necessary small infrequent expenses. These expenses may include supplies, parts, bridge tolls, attendance at offsite meetings and trainings, and multi-Agency meetings. All requests for petty cash disbursements shall be in writing using the appropriate form and approved by the department



manager. The General Manager may authorize a petty cash disbursement greater than \$50 if it is determined to be a prudent and appropriate payment or reimbursement method, and in the best interest of the Agency. Petty cash disbursements are made by the ~~Administrative Assistant, Administrative Services Manager, or other employees designated by the General Manager.~~ designated Admin / Finance staff.

#### IV. State of California Purchase Card Program

The Board of Commissioners shall approve the number and type of ~~management, supervisory, and administrative~~ positions that are authorized to use purchase cards as shown in Attachment "A". The General Manager shall issue the cards to the specific employees and establish procedures for the appropriate use for making Agency-specific purchases when the above purchasing methods are impractical, inefficient, or not applicable. Monthly credit limits shall be set at \$3,000 for supervisors/designated staff and \$5,000 for department managers.

The Administrative Services Manager will serve as the administrator of the Agency's purchase cards, and will manage the Agency's account in accordance with the requirements of the Purchase Card Program and the Agency's policies, including, but not limited to, assigning purchase cards and purchase limits to authorized employee card holders, collecting and cancelling cards as needed, and reviewing purchase card transactions.

##### A. Use of Card

The cardholder shall be the only person authorized to sign for purchased items and shall be the only person to authorize telephone and online transactions using the purchase card. Cardholders shall not give or authorize use of their card to another employee without the General Manager's approval. The employee who is assigned a purchase card is responsible for safeguarding the card as well as ensuring proper use of the card.

Department managers ensure that purchase card use in their respective departments is consistent with this policy and other related procedures. Each cardholder is responsible for keeping a record of the purchase to document purchases on the purchase card's account statement. An approved purchase order is required before using the purchase card for any transactions over \$500, except for employee-related travel where a "Pre-Authorization for Employee Travel" form is required. An approved travel preauthorization is required when using the purchase card for transactions related to training or travel on Agency business. Department managers are ultimately responsible for monitoring and approving all purchase card transactions within their department.

The Purchase Card shall not be used for the following purchases:

- 1) Professional services (labor costs)
- 2) Contract services
- 3) Capital/construction costs
- 4) Cash advances/personal use
- 5) Purchase of firearms, liquor, or cigarettes
- 6) Per diem meal allowance
- 7) Items for personal, non-Agency use

B. Lost or Stolen Card

If an Agency purchase card is lost or stolen, the cardholder shall immediately report this to the Administrative Services Manager so that he/she can notify the Purchase Card Program.

C. Misuse of the Card

Any misuse of the purchase card or violations of the Purchase Card Program guidelines or this policy, including, but not limited to, personal use of the purchase card, shall result in the loss of purchase card privileges. All cardholders are subject to disciplinary actions for misuse and misappropriations of Agency funds. Cardholders who use or allow use of the card for personal purposes shall reimburse the Agency for all incurred charges.

**ATTACHMENT A**

**Positions Authorized to Have Purchase Card**

<b><u>Department</u></b>	<b><u>Position</u></b>	<b><u>Limit</u></b>
Administration	General Manager	\$10,000
Administration	Administrative Services Manager	\$5,000
Administration	Treatment Plant Manager	\$5,000
Administration	Health and Safety Manager	\$3,000
Technical Services	Technical Services Manager	\$5,000
Technical Services	Regulatory Compliance Manager	\$3,000
Maintenance	Maintenance Supervisor	\$3,000
Maintenance	Assistant Maintenance Supervisor	\$3,000
Maintenance	Lead Mechanical Technician	\$3,000
Maintenance	E/I Technician (1)	\$3,000
Operations	Operations Supervisors (2)	\$3,000

<b>POLICY #:</b>	<b>570</b>
<b>SECTION:</b>	<b>FINANCIAL - ASSET MANAGEMENT</b>
<b>SUBJECT:</b>	<b>General</b>
<b>DATE:</b>	<b>11/13/2018</b>

**POLICY**

The Agency shall utilize ~~an~~ asset management systems to properly manage its capital assets.

**PROCEDURES**

**I. General**

The General Manager or designee shall ensure that Agency staff utilizes the established asset management systems and asset management procedures in an effective and efficient manner.

**II. Asset Plans**

Agency staff shall develop asset plans for the Agency’s infrastructure assets and equipment for the cost-effective operation, maintenance, and management of these assets. Asset plans shall be developed and maintained within the asset management system for all assets with an original cost equal to or greater than the capitalization threshold. An asset plan shall include asset age, service history, optimum preventive maintenance and rehabilitation/renewal during its lifecycle, standard maintenance/operations procedures, cost of operating, and other salient asset attributes. The asset plans shall be used as the basis to develop and implement specific operations and maintenance, and capital improvement plans, and to analyze long-term funding and prepare condition assessments.

For new assets that are procured or constructed, Agency staff shall retain all relevant asset plan data (i.e., cost, manufacturer, type, size, operations and maintenance manuals, and standard operating/maintenance procedures). Agency staff shall ensure that contractors and/or consulting engineers provide necessary asset management information prior to the filing of Notice of Completion and approving final payment to the contractor.

**III. Capital Asset Condition**

Agency staff shall periodically assess the condition of capital assets. The assessment shall provide physical and financial information concerning the condition of assets, estimated remaining useful life, estimated operations and maintenance costs, and projected replacement costs (if applicable). The data shall be used when developing the Agency’s annual Capital Improvement Program update, and other financial models for analyzing and determining future funding of capital assets.

#### **IV. Asset Inventory Control**

The Administrative Services Manager, along with department managers, shall develop and implement effective procedures and systems to inventory and track the Agency's capitalized assets.

#### **V. Facilities Maintenance**

Agency staff shall perform effective planning and maintenance of capital assets, which shall include preventive and corrective maintenance and repair of facilities and infrastructure to protect the Agency's capital investments and minimize future maintenance and replacement costs.

#### **VI. Materials Management**

Agency staff shall maintain inventories of parts, materials, and supplies to effectively meet its maintenance and repair needs. The Agency ~~will~~has developed~~ed~~ and implement~~ed~~ inventory management procedures. Procurement of parts and supplies that are placed into inventory shall conform to the *Purchasing Management* and *Expenditure Management* policies.

#### **VII. Disposal of Surplus Assets**

Agency staff shall recommend to the General Manager the disposal of assets when they have exceeded their service life, are obsolete, where the value of replacement is less than rehabilitation costs, and/or they no longer serve the Agency's operational needs. ~~The General Manager shall approve disposal of a surplus asset valued at \$7,500 or less. The Board shall approve disposal for a surplus asset valued at greater than \$7,500.~~ The Board shall establish the General Manager's asset disposal authority.

<b>POLICY #:</b>	<b>571</b>
<b>SECTION:</b>	<b>FINANCIAL – ASSET MANAGEMENT</b>
<b>SUBJECT:</b>	<b>Assets Accounting</b>
<b>DATE:</b>	<b>11/13/2018</b>

**POLICY**

All capital assets of the Agency shall be accounted for following *Generally Accepted Accounting Principles* (GAAP).

**PROCEDURE**

**I. General**

The General Manager and Administrative Services Manager shall ensure that capital assets are appropriately accounted for by funding source and asset category and that appropriate procedures are developed and implemented to meet the requirements of this policy. Department managers and Agency staff shall ensure proper budgeting and purchasing guidelines are followed for capital assets, and that these assets are adequately controlled, secured, and used for appropriate Agency purposes.

**II. Capitalization Threshold**

For financial accounting and reporting purposes, the capitalization threshold shall be ~~\$2,500~~ \$5,000 or higher for each asset with an expected life of at least five years following the date of acquisition.

**III. Assets**

Agency staff shall account and report all assets with an original cost equal to or greater than the capitalization threshold. Such assets include those newly constructed, installed, or acquired items or significant additions, improvements, or replacements to existing assets which would significantly prolong the asset’s useful life. All costs associated with purchase, design, planning, permitting, construction, installation, and acquisition shall be considered including, but not limited to, direct labor, materials and supplies, design, engineering, other professional fees, contractor charges, legal fees, site preparation, installation, associated overhead and administrative costs, taxes, freight and transportation, applicable CMSA staff time, and other expenditures and charges directly attributable to asset acquisition. For assets acquired through debt financing methods, expenses associated with costs of issuance and capitalized interest shall be considered. Capital assets donated to the Agency shall be capitalized at their estimated fair market value plus any associated costs, as described above, at the date of receipt.

Expenditures related to routine repairs that maintain the existing condition of the asset or restores it to normal operating efficiency shall not be capitalized, regardless of the amount, and shall be recorded as repair and maintenance expenses in that fiscal year.



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**BOARD MEMORANDUM**

October 8, 2020

To: CMSA Commissioners and Alternates

From: Jason Dow, General Manager

**Subject: PG&E Interconnection Agreement**

**Recommendation:** Approve the PG&E Interconnection Agreement and provide comments and/or direction to the General Manager, as appropriate.

**Summary:** At the September Board meeting, staff presented the draft PG&E Interconnection Agreement (IA) for Board review and comment, and informed the Board that it is nearly identical to the existing 2017 IA. PG&E has verbally confirmed it will allow the new cogeneration system to have expanded operating capabilities, and that they will not be included in the IA, but will likely be approved through the CMSA facility interconnection improvement design review process and tested after construction. PG&E has extended the deadline to execute the new IA to October 14, the day after the October Board meeting.

**Discussion:** Since the summer of 2019, staff has been completing the final design and preparing for the construction of the Cogeneration System Installation Project (Project). A new IA is required before the new Jenbacher cogeneration engine can be connected to PG&E's electrical grid. In March 2020, staff submitted an IA Modification Application to PG&E and since then has worked extensively with PG&E to develop the Agreement terms. CMSA's energy consultant (MDB Consulting) and cogeneration system design engineer (Carollo Engineers) have provided technical support during this time. The new IA will supersede the existing IA for the Waukesha cogeneration system.

The new Jenbacher cogeneration engine will have a larger generator capacity (995 kw) than the existing Waukesha engine (750 kw) and will operate at higher efficiencies, thereby increasing the amount of power that could be exported and sold to MCE. In addition, the control systems for the new Jenbacher engine include expanded capabilities to operate under non-routine conditions. These include the ability for the new engine to continue operating without interruption should PG&E power be lost (ride-through and subsequent islanding), to start itself up without the need for supplemental power from the PG&E grid or from a backup generator (black start), and to automatically sync itself back to the PG&E grid after islanding when PG&E power comes back on-line (closed-transitioning). All these features were either prohibited or not expressly allowed in the existing IA, or were not possible due to the limited Waukesha engine control systems.

These new features, if approved, would allow the Agency to use its new cogeneration engine and on-site biogas fuel resources to power our facilities during a Public Safety Power Shutdown, rolling blackouts, or other grid-interrupting events. In addition, islanding of the existing Waukesha engine will also be allowed during a PSPS.

As part of the IA modification process, PG&E prepared Initial Review and Supplemental Review reports to determine their specific system upgrades necessary for CMSA to safely and reliably provide power to the electrical grid. The Supplemental Review report was finalized in June 2020 and identified an estimated \$5,000 in expenses that must be paid by CMSA for the pre-parallel inspection, protection review, and witness testing for the new engine.

**Fiscal Impact:** The current CMSA contracts for Interconnection Agreement activities include \$50,000 for MDB Consulting and \$42,040 for Carollo Engineers, with almost half of that work being completed in FY20.

The adopted FY21 Capital Improvement Program includes \$150,000 in funding for the CMSA interconnection improvement design and construction work.

**Alignment with Strategic Plan:** This activity is a strategic action to support Goal 3 – Objective 3.1 in the Agency’s FY 21 Business Plan as shown below.

*Goal Three: CMSA will further incorporate green business principles and consider renewable resource opportunities in its short- and long-term planning.*

*Objective 3.1: Implement steps to enhance the Agency power delivery program.*

*Action: Prepare a new PG&E Interconnection Agreement for the new cogeneration system.*

**Attachment:**

- PG&E Small Generator Interconnection Agreement



# **SMALL GENERATOR INTERCONNECTION AGREEMENT (SGIA)**

(For Generating Facilities No Larger Than 20 MW)

**BETWEEN**

**PACIFIC GAS AND ELECTRIC COMPANY**

**AND**

**CENTRAL MARIN SANITATION AGENCY**

For Project:

**CMSA Cogen System Upgrade 2474 – WD; and  
CMSA Renewable Energy Expansion 1384-WD**

**San Rafael, CA 94901  
Marin County**

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[Attachment 1](#) – Glossary of Terms

[Attachment 2](#) – Description and Costs of the Small Generating Facility, Interconnection Facilities, and Metering Equipment

[Attachment 3](#) – One-line Diagram Depicting the Small Generating Facility, Interconnection Facilities, Metering Equipment, and Upgrades

[Attachment 4](#) – Milestones

[Attachment 5](#) – Additional Operating Requirements for the Distribution Provider's Distribution and Transmission Systems and Affected Systems Needed to Support the Interconnection Customer's Needs

[Attachment 6](#) – Distribution Provider's Description of its Upgrades and Best Estimate of Upgrade Costs

This Interconnection Agreement ("Agreement") is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2020 by **PACIFIC GAS AND ELECTRIC COMPANY** ("Distribution Provider"), and **CENTRAL MARIN SANITATION AGENCY** ("Interconnection Customer"), each hereinafter sometimes referred to individually as "Party" or both referred to collectively as the "Parties."

### **Distribution Provider Information**

Pacific Gas and Electric Company  
Attention: Electric Grid Interconnection - Contract Management  
245 Market Street  
Mail Code N7L  
San Francisco, California 94105-1702  
Phone: (415) 972-5394  
Email: [EGContractMgmt@pge.com](mailto:EGContractMgmt@pge.com)

### **Interconnection Customer Information**

Central Marin Sanitation Agency  
Attention: Peter Kistenmacher  
1301 Andersen Drive  
San Rafael, CA 94901  
Phone: (415) 459-1455 x.122  
Email: [pkistenmacher@cmsa.us](mailto:pkistenmacher@cmsa.us)

Interconnection Customer Application No: **PG&E Project ID # 50O495941, Queue # 2474-WD.**  
In consideration of the mutual covenants set forth herein, the Parties agree as follows:

### **Article 1. Scope and Limitations of Agreement**

- 1.1 This Agreement shall be used for all Small Generating Facility Interconnection Requests submitted under the Small Generator Interconnection Procedures (SGIP) or Generator Interconnection Procedures (GIP) except for those submitted under the 10 kW Inverter Process contained in SGIP Attachment 5.
- 1.2 This Agreement governs the terms and conditions under which the Interconnection Customer's Small Generating Facility will interconnect with, and operate in parallel with, the Distribution Provider's Distribution System.
- 1.3 This Agreement does not constitute an agreement to purchase or deliver the Interconnection Customer's power. The purchase or delivery of power and other services that the Interconnection Customer may require will be covered under separate agreements. The Interconnection Customer will be responsible for separately making all necessary arrangements (including scheduling) for delivery of electricity.
- 1.4 Nothing in this Agreement is intended to affect any other agreement between the Distribution Provider and the Interconnection Customer.
- 1.5 Responsibilities of the Parties

- 1.5.1 The Parties shall perform all obligations of this Agreement in accordance with all Applicable Laws and Regulations, Operating Requirements, and Good Utility Practice.
- 1.5.2 The Interconnection Customer shall construct, interconnect, operate and maintain its Small Generating Facility and construct, operate, and maintain its Interconnection Facilities in accordance with the applicable manufacturer's recommended maintenance schedule, in accordance with this Agreement, and with Good Utility Practice.
- 1.5.3 The Distribution Provider shall construct, operate, and maintain its Distribution System, Transmission System and Interconnection Facilities in accordance with this Agreement, and with Good Utility Practice.
- 1.5.4 The Interconnection Customer agrees to construct its facilities or systems in accordance with applicable specifications that meet or exceed those provided by the National Electrical Safety Code, the American National Standards Institute, IEEE, Underwriter's Laboratory, and Operating Requirements in effect at the time of construction and other applicable national and state codes and standards. The Interconnection Customer agrees to design, install, maintain, and operate its Small Generating Facility so as to reasonably minimize the likelihood of a disturbance adversely affecting or impairing the system or equipment of the Distribution Provider or Affected Systems. The Interconnection Customer shall comply with the Distribution Provider's Interconnection Handbook. In the event of a conflict between the terms of this SGIA and the terms of the Distribution Provider's Interconnection Handbook, the terms in this SGIA shall govern.
- 1.5.5 Each Party shall operate, maintain, repair, and inspect, and shall be fully responsible for the facilities that it now or subsequently may own unless otherwise specified in the Attachments to this Agreement. Each Party shall be responsible for the safe installation, maintenance, repair and condition of their respective lines and appurtenances on their respective sides of the point of change of ownership. The Distribution Provider and the Interconnection Customer, as appropriate, shall provide Interconnection Facilities that adequately protect the Distribution Provider's Distribution and Transmission Systems, personnel, and other persons from damage and injury. The allocation of responsibility for the design, installation, operation, maintenance and ownership of Interconnection Facilities shall be delineated in the Attachments to this Agreement.
- 1.5.6 The Distribution Provider shall coordinate with all Affected Systems to support the interconnection.
- 1.5.7 The Interconnection Customer shall ensure "frequency ride through" capability and "voltage ride through" capability of its Small Generating Facility in accordance with the standards and requirements described in the PG&E Transmission Interconnection Handbook (TIH) and the Distribution Interconnection Handbook (DIH). The Interconnection Customer shall enable these capabilities such that its Small Generating Facility shall not disconnect automatically or instantaneously from the system or equipment of the Distribution Provider and any Affected Systems for a defined under-frequency or over-frequency condition, or an under-voltage or over-voltage condition, as

tested pursuant to Article 2.1 of this Agreement. The defined conditions shall be in accordance with Good Utility Practice and consistent with any standards and guidelines that are applied to other generating facilities in the Balancing Authority Area on a comparable basis. The Small Generating Facility's protective equipment settings shall comply with the Distribution Provider's automatic load-shed program. The Distribution Provider shall review the protective equipment settings to confirm compliance with the automatic load-shed program. The term "ride through" as used herein shall mean the ability of a Small Generating Facility to stay connected to and synchronized with the system or equipment of the Distribution Provider and any Affected Systems during system disturbances within a range of conditions, in accordance with Good Utility Practice and consistent with any standards and guidelines that are applied to other generating facilities in the Balancing Authority Area on a comparable basis. The term "frequency ride through" as used herein shall mean the ability of a Small Generating Facility to stay connected to and synchronized with the system or equipment of the Distribution Provider and any Affected Systems during system disturbances within a range of under-frequency and over-frequency conditions, in accordance with Good Utility Practice and consistent with any standards and guidelines that are applied to other generating facilities in the Balancing Authority Area on a comparable basis. The term "voltage ride through" as used herein shall mean the ability of a Small Generating Facility to stay connected to and synchronized with the system or equipment of the Distribution Provider and any Affected Systems during system disturbances within a range of under-voltage and over-voltage conditions, in accordance with Good Utility Practice and consistent with any standards and guidelines that are applied to other generating facilities in the Balancing Authority Area on a comparable basis.

1.6 Parallel Operation Obligations

Once the Small Generating Facility has been authorized by the Distribution Provider to commence parallel operation, the Interconnection Customer shall abide by all rules and procedures pertaining to the parallel operation of the Small Generating Facility in the applicable control area, including, but not limited to; 1) the rules and procedures concerning the operation of generation set forth in the Tariff or by the applicable system operator(s) for the Distribution Provider's Distribution and Transmission Systems and; 2) the Operating Requirements set forth in Attachment 5 of this Agreement.

1.7 Metering

The Interconnection Customer shall be responsible for the Distribution Provider's reasonable and necessary cost for the purchase, installation, operation, maintenance, testing, repair, and replacement of metering and data acquisition equipment specified in Attachments 2 and 3 of this Agreement. The Interconnection Customer's metering (and data acquisition, as required) equipment shall conform to applicable industry rules and Operating Requirements.

1.8 Reactive Power

1.8.1 Power Factor Design Criteria

1.8.1.1 Synchronous Generation The Interconnection Customer shall design its Small Generating Facility to maintain a composite power delivery at continuous rated power output at the Point of Interconnection at a power factor within the range of 0.95 leading to 0.95 lagging, unless the Distribution Provider has established different requirements that apply

to all similarly situated synchronous generators in the control area on a comparable basis.

1.8.1.2 Non-Synchronous Generation The Interconnection Customer shall design its Small Generating Facility to maintain a composite power delivery at continuous rated power output at the high-side of the generator substation at a power factor within the range of 0.95 leading to 0.95 lagging, unless the Distribution Provider has established a different power factor range that applies to all similarly situated non-synchronous generators in the control area on a comparable basis. This power factor range standard shall be dynamic and can be met using, for example, power electronics designed to supply this level of reactive capability (taking into account any limitations due to voltage level, real power output, etc.) or fixed and switched capacitors, or a combination of the two. This requirement shall only apply to newly interconnecting nonsynchronous generators that have not yet executed a Facilities Study Agreement as of the effective date of the Final Rule establishing this requirement (Order No. 827).

1.8.2 This Section deleted in FERC Docket No. ER13-494-000..

1.8.3 This Section deleted in FERC Docket No. ER13-494-000.

1.8.4 Primary Frequency Response.

Interconnection Customer shall ensure the primary frequency response capability of its Small Generating Facility by installing, maintaining, and operating a functioning governor or equivalent controls. The term “functioning governor or equivalent controls” as used herein shall mean the required hardware and/or software that provides frequency responsive real power control with the ability to sense changes in system frequency and autonomously adjust the Small Generating Facility’s real power output in accordance with the droop and deadband parameters and in the direction needed to correct frequency deviations. Interconnection Customer is required to install a governor or equivalent controls with the capability of operating: (1) with a maximum 5 percent droop and  $\pm 0.036$  Hz deadband; or (2) in accordance with the relevant droop, deadband, and timely and sustained response settings from an approved NERC Reliability Standard providing for equivalent or more stringent parameters. The droop characteristic shall be: (1) based on the nameplate capacity of the Small Generating Facility, and shall be linear in the range of frequencies between 59 to 61 Hz that are outside of the deadband parameter; or (2) based an approved NERC Reliability Standard providing for an equivalent or more stringent parameter. The deadband parameter shall be: the range of frequencies above and below nominal (60 Hz) in which the governor or equivalent controls is not expected to adjust the Small Generating Facility’s real power output in response to frequency deviations. The deadband shall be implemented: (1) without a step to the droop curve, that is, once the frequency deviation exceeds the deadband parameter, the expected change in the Small Generating Facility’s real power output in response to frequency deviations shall start from zero and then increase (for under-frequency deviations) or decrease (for over-frequency deviations) linearly in proportion to the magnitude of the frequency deviation; or (2) in accordance with an approved NERC Reliability Standard providing for an

equivalent or more stringent parameter. Interconnection Customer shall notify Transmission Provider that the primary frequency response capability of the Small Generating Facility has been tested and confirmed during commissioning. Once Interconnection Customer has synchronized the Small Generating Facility with the Transmission System, Interconnection Customer shall operate the Small Generating Facility consistent with the provisions specified in Sections 1.8.4.1 and 1.8.4.2 of this Agreement. The primary frequency response requirements contained herein shall apply to both synchronous and non-synchronous Small Generating Facilities.

- 1.8.4.1 Governor or Equivalent Controls. Whenever the Small Generating Facility is operated in parallel with the Transmission System, Interconnection Customer shall operate the Small Generating Facility with its governor or equivalent controls in service and responsive to frequency. Interconnection Customer shall: (1) in coordination with Transmission Provider and/or the relevant balancing authority, set the deadband parameter to: (1) a maximum of  $\pm 0.036$  Hz and set the droop parameter to a maximum of 5 percent; or (2) implement the relevant droop and deadband settings from an approved NERC Reliability Standard that provides for equivalent or more stringent parameters. Interconnection Customer shall be required to provide the status and settings of the governor or equivalent controls to Transmission Provider and/or the relevant balancing authority upon request. If Interconnection Customer needs to operate the Small Generating Facility with its governor or equivalent controls not in service, Interconnection Customer shall immediately notify Transmission Provider and the relevant balancing authority, and provide both with the following information: (1) the operating status of the governor or equivalent controls (i.e., whether it is currently out of service or when it will be taken out of service); (2) the reasons for removing the governor or equivalent controls from service; and (3) a reasonable estimate of when the governor or equivalent controls will be returned to service. Interconnection Customer shall make Reasonable Efforts to return its governor or equivalent controls into service as soon as practicable. Interconnection Customer shall make Reasonable Efforts to keep outages of the Small Generating Facility's governor or equivalent controls to a minimum whenever the Small Generating Facility is operated in parallel with the Transmission System.
- 1.8.4.2 Timely and Sustained Response. Interconnection Customer shall ensure that the Small Generating Facility's real power response to sustained frequency deviations outside of the deadband setting is automatically provided and shall begin immediately after frequency deviates outside of the deadband, and to the extent the Small Generating Facility has operating capability in the direction needed to correct the frequency deviation. Interconnection Customer shall not block or otherwise inhibit the ability of the governor or equivalent controls to respond and shall ensure that the response is not inhibited, except under certain operational constraints including, but not limited to, ambient temperature limitations, physical energy limitations, outages of mechanical equipment, or regulatory requirements. The Small



Generating Facility shall sustain the real power response at least until system frequency returns to a value within the deadband setting of the governor or equivalent controls. A Commission-approved Reliability Standard with equivalent or more stringent requirements shall supersede the above requirements.

1.8.4.3 Exemptions. Small Generating Facilities that are regulated by the United States Nuclear Regulatory Commission shall be exempt from Sections 1.8.4, 1.8.4.1, and 1.8.4.2 of this Agreement. Small Generating Facilities that are behind the meter generation that is sized-to-load (i.e., the thermal load and the generation are near-balanced in real-time operation and the generation is primarily controlled to maintain the unique thermal, chemical, or mechanical output necessary for the operating requirements of its host facility) shall be required to install primary frequency response capability in accordance with the droop and deadband capability requirements specified in Section 1.8.4, but shall be otherwise exempt from the operating requirements in Sections 1.8.4, 1.8.4.1, 1.8.4.2, and 1.8.4.4 of this Agreement.

1.8.4.4 Electric Storage Resources. Interconnection Customer interconnecting an electric storage resource shall establish an operating range in Attachment 5 of its SGIA that specifies a minimum state of charge and a maximum state of charge between which the electric storage resource will be required to provide primary frequency response consistent with the conditions set forth in Sections 1.8.4, 1.8.4.1, 1.8.4.2 and 1.8.4.3 of this Agreement. Attachment 5 shall specify whether the operating range is static or dynamic, and shall consider: (1) the expected magnitude of frequency deviations in the interconnection; (2) the expected duration that system frequency will remain outside of the deadband parameter in the interconnection; (3) the expected incidence of frequency deviations outside of the deadband parameter in the interconnection; (4) the physical capabilities of the electric storage resource; (5) operational limitations of the electric storage resource due to manufacturer specifications; and (6) any other relevant factors agreed to by Transmission Provider and Interconnection Customer, and in consultation with the relevant transmission owner or balancing authority as appropriate. If the operating range is dynamic, then Attachment 5 must establish how frequently the operating range will be reevaluated and the factors that may be considered during its reevaluation.

Interconnection Customer's electric storage resource is required to provide timely and sustained primary frequency response consistent with Section 1.8.4.2 of this Agreement when it is online and dispatched to inject electricity to the Transmission System and/or receive electricity from the Transmission System. This excludes circumstances when the electric storage resource is not dispatched to inject electricity to the Transmission System and/or dispatched to receive electricity from the Transmission System. If Interconnection Customer's electric storage resource is charging at the time of a frequency deviation outside of its deadband parameter, it is to increase (for over-frequency deviations) or decrease (for under-frequency deviations) the rate at which it is

charging in accordance with its droop parameter. Interconnection Customer's electric storage resource is not required to change from charging to discharging, or vice versa, unless the response necessitated by the droop and deadband settings requires it to do so and it is technically capable of making such a transition.

- 1.9 Capitalized terms used herein shall have the meanings specified in the Glossary of Terms in Attachment 1 or the body of this Agreement.

## **Article 2. Inspection, Testing, Authorization, and Right of Access**

### **2.1 Equipment Testing and Inspection**

2.1.1 The Interconnection Customer shall test and inspect its Small Generating Facility and Interconnection Facilities prior to interconnection. The Interconnection Customer shall notify the Distribution Provider of such activities no fewer than five Business Days (or as may be agreed to by the Parties) prior to such testing and inspection. Testing and inspection shall occur on a Business Day. The Distribution Provider may, at its own expense, send qualified personnel to the Small Generating Facility site to inspect the interconnection and observe the testing. The Interconnection Customer shall provide the Distribution Provider a written test report when such testing and inspection is completed.

2.1.2 The Distribution Provider shall provide the Interconnection Customer written acknowledgment that it has received the Interconnection Customer's written test report. Such written acknowledgment shall not be deemed to be or construed as any representation, assurance, guarantee, or warranty by the Distribution Provider of the safety, durability, suitability, or reliability of the Small Generating Facility or any associated control, protective, and safety devices owned or controlled by the Interconnection Customer or the quality of power produced by the Small Generating Facility.

### **2.2 Authorization Required Prior to Parallel Operation**

2.2.1 The Distribution Provider shall use Reasonable Efforts to list applicable parallel operation requirements in Attachment 5 of this Agreement. Additionally, the Distribution Provider shall notify the Interconnection Customer of any changes to these requirements as soon as they are known. The Distribution Provider shall make Reasonable Efforts to cooperate with the Interconnection Customer in meeting requirements necessary for the Interconnection Customer to commence parallel operations by the in-service date.

2.2.2 The Interconnection Customer shall not operate its Small Generating Facility in parallel with the Distribution Provider's Distribution System without prior written authorization of the Distribution Provider. The Distribution Provider will provide such authorization once the Distribution Provider receives notification that the Interconnection Customer has complied with all applicable parallel operation requirements. Such authorization shall not be unreasonably withheld, conditioned, or delayed.

## 2.3 Right of Access

- 2.3.1 Upon reasonable notice, the Distribution Provider may send a qualified person to the premises of the Interconnection Customer at or immediately before the time the Small Generating Facility first produces energy to inspect the interconnection, and observe the commissioning of the Small Generating Facility (including any required testing), startup, and operation for a period of up to three Business Days after initial start-up of the unit. In addition, the Interconnection Customer shall notify the Distribution Provider at least five Business Days prior to conducting any on-site verification testing of the Small Generating Facility.
- 2.3.2 Following the initial inspection process described above, at reasonable hours, and upon reasonable notice, or at any time without notice in the event of an emergency or hazardous condition, the Distribution Provider shall have access to the Interconnection Customer's premises for any reasonable purpose in connection with the performance of the obligations imposed on it by this Agreement or if necessary to meet its legal obligation to provide service to its customers.
- 2.3.3 Each Party shall be responsible for its own costs associated with following this article.

## **Article 3. Effective Date, Term, Termination, and Disconnection**

### 3.1 Effective Date

This Agreement shall become effective upon execution by the Parties subject to acceptance by FERC (if applicable), or if filed unexecuted, upon the date specified by the FERC. The Distribution Provider shall promptly file this Agreement with the FERC upon execution, if required.

### 3.2 Term of Agreement

This Agreement shall become effective on the Effective Date and shall remain in effect for a period of ten years from the Effective Date or such other longer period as the Interconnection Customer may request and shall be automatically renewed for each successive one-year period thereafter, unless terminated earlier in accordance with article 3.3 of this Agreement.

### 3.3 Termination

No termination shall become effective until the Parties have complied with all Applicable Laws and Regulations applicable to such termination, including the filing with FERC of a notice of termination of this Agreement (if required), which notice has been accepted for filing by FERC.

- 3.3.1 The Interconnection Customer may terminate this Agreement at any time by giving the Distribution Provider 20 Business Days written notice.
- 3.3.2 Either Party may terminate this Agreement after Default pursuant to article 7.6.
- 3.3.3 Upon termination of this Agreement, the Small Generating Facility will be disconnected from the Distribution Provider's Distribution System. The

termination of this Agreement shall not relieve either Party of its liabilities and obligations, owed or continuing at the time of the termination.

3.3.4 The provisions of this article shall survive termination or expiration of this Agreement.

### 3.4 Temporary Disconnection

Temporary disconnection shall continue only for so long as reasonably necessary under Good Utility Practice.

3.4.1 Emergency Conditions -- "Emergency Condition" shall mean a condition or situation: (1) that in the judgment of the Party making the claim is imminently likely to endanger life or property; or (2) that, in the case of the Distribution Provider, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to the Distribution System, the Distribution Provider's Interconnection Facilities any Affected Systems; or (3) that, in the case of the Interconnection Customer, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to, the Small Generating Facility or the Interconnection Customer's Interconnection Facilities. Under Emergency Conditions, the Distribution Provider may immediately suspend interconnection service and temporarily disconnect the Small Generating Facility. The Distribution Provider shall notify the Interconnection Customer promptly when it becomes aware of an Emergency Condition that may reasonably be expected to affect the Interconnection Customer's operation of the Small Generating Facility. The Interconnection Customer shall notify the Distribution Provider promptly when it becomes aware of an Emergency Condition that may reasonably be expected to affect the Distribution Provider's Distribution System or other Affected Systems. To the extent information is known, the notification shall describe the Emergency Condition, the extent of the damage or deficiency, the expected effect on the operation of both Parties' facilities and operations, its anticipated duration, and the necessary corrective action.

### 3.4.2 Routine Maintenance, Construction, and Repair

The Distribution Provider may interrupt interconnection service or curtail the output of the Small Generating Facility and temporarily disconnect the Small Generating Facility from the Distribution Provider's Distribution System when necessary for routine maintenance, construction, and repairs on the Distribution Provider's Distribution System and/or Transmission System. The Distribution Provider shall provide the Interconnection Customer with five Business Days notice prior to such interruption. The Distribution Provider shall use Reasonable Efforts to coordinate such reduction or temporary disconnection with the Interconnection Customer.

### 3.4.3 Forced Outages

During any forced outage, the Distribution Provider may suspend interconnection service to effect immediate repairs on the Distribution Provider's Distribution System and/or Transmission System. The Distribution Provider shall use Reasonable Efforts to provide the Interconnection Customer with prior notice. If prior notice is not given, the Distribution Provider shall, upon request, provide the Interconnection Customer written documentation after the fact explaining the

circumstances of the disconnection.

3.4.4 Adverse Operating Effects

The Distribution Provider shall notify the Interconnection Customer as soon as practicable if, based on Good Utility Practice, operation of the Small Generating Facility may cause disruption or deterioration of service to other customers served from the same electric system, or if operating the Small Generating Facility could cause damage to the Distribution Provider's Distribution System or Affected Systems. Supporting documentation used to reach the decision to disconnect shall be provided to the Interconnection Customer upon request. If, after notice, the Interconnection Customer fails to remedy the adverse operating effect within a reasonable time, the Distribution Provider may disconnect the Small Generating Facility. The Distribution Provider shall provide the Interconnection Customer with five Business Day notice of such disconnection, unless the provisions of article 3.4.1 apply.

3.4.5 Modification of the Small Generating Facility

The Interconnection Customer must receive written authorization from the Distribution Provider before making any change to the Small Generating Facility that may have a material impact on the safety or reliability of the Distribution System and/or Transmission System. Such authorization shall not be unreasonably withheld. Modifications shall be done in accordance with Good Utility Practice. If the Interconnection Customer makes such modification without the Distribution Provider's prior written authorization, the latter shall have the right to temporarily disconnect the Small Generating Facility.

3.4.6 Reconnection

The Parties shall cooperate with each other to restore the Small Generating Facility, Interconnection Facilities, and/or the Distribution Provider's Distribution System or Transmission System to their normal operating state as soon as reasonably practicable following a temporary disconnection.

## **Article 4. Cost Responsibility for Interconnection Facilities and Distribution Upgrades**

### 4.1 Interconnection Facilities

4.1.1 The Interconnection Customer shall pay for the cost of the Interconnection Facilities itemized in Attachment 2 of this Agreement. The Distribution Provider shall provide a best estimate cost, including overheads, for the purchase and construction of its Interconnection Facilities and provide a detailed itemization of such costs. Costs associated with Interconnection Facilities may be shared with other entities that may benefit from such facilities by agreement of the Interconnection Customer, such other entities, and the Distribution Provider.

4.1.2 The Interconnection Customer shall be responsible for its share of all reasonable expenses, including overheads, associated with (1) owning, operating, maintaining, repairing, and replacing its own Interconnection Facilities, and (2) operating, maintaining, repairing, and replacing the Distribution Provider's Interconnection Facilities.

#### 4.2 Distribution Upgrades

The Distribution Provider shall design, procure, construct, install, and own the Distribution Upgrades described in Attachment 6 of this Agreement. If the Distribution Provider and the Interconnection Customer agree, the Interconnection Customer may construct Distribution Upgrades that are located on land owned by the Interconnection Customer. The actual cost of the Distribution Upgrades, including overheads, as well as costs associated with operating, maintaining, repairing, and replacing Distribution Provider's Distribution Upgrades shall be directly assigned to the Interconnection Customer.

### **Article 5. Cost Responsibility for Network Upgrades**

#### 5.1 Applicability

No portion of this Article 5 shall apply unless the interconnection of the Small Generating Facility requires Network Upgrades.

#### 5.2 Network Upgrades

The Distribution Provider or the Transmission Owner shall design, procure, construct, install, and own the Network Upgrades described in Attachment 6 of this Agreement. If the Distribution Provider and the Interconnection Customer agree, the Interconnection Customer may construct Network Upgrades that are located on land owned by the Interconnection Customer. Unless the Distribution Provider elects to pay for Network Upgrades, the actual cost of the Network Upgrades, including overheads, shall be borne by the Interconnection Customer unless Article 5.2.1 directs otherwise.

##### 5.2.1 Repayment of Amounts Advanced for Network Upgrades

To the extent the CAISO Tariff, Section 12.3.2 of Appendix Y and Section 14.3.2 of Appendix DD, and successor tariffs provides for cash repayment or Congestion Revenue Rights to the Interconnection Customer for contribution to the cost of Network Upgrades, the Interconnection Customer shall be entitled to a cash repayment of Congestion Revenue Rights, equal to the total amount paid to the Distribution Provider and Affected System operator, if any, for Network Upgrades, including any tax gross-up or other tax-related payments associated with the Network Upgrades, and not otherwise refunded to the Interconnection Customer.

Any repayment shall include interest calculated in accordance with the methodology set forth in FERC's regulations at 18 C.F.R. 35.19a(a)(2)(iii) from the date of any payment for Network Upgrades through the date on which the Interconnection Customer receives a repayment of such payment pursuant to this subparagraph. The Interconnection Customer may assign such repayment rights to any person.

5.2.1.1 If the Interconnection Customer is entitled to a cash repayment pursuant to Article 5.2.1, the Interconnection Customer, the Distribution Provider, and Affected System operator may adopt any alternative payment schedule that is mutually agreeable so long as the Distribution Provider and Affected System operator take one of the following actions no later than five years from the Commercial Operation Date: (1) return to the Interconnection Customer any amounts advanced for Network

Upgrades not previously repaid, or (2) declare in writing that the Distribution Provider or Affected System operator(s) will continue to provide payments to the Interconnection Customer on a dollar-for-dollar basis for the non-usage sensitive portion of transmission charges, or develop an alternative schedule that is mutually agreeable and provides for the return of all amounts advanced for Network Upgrades not previously repaid; however, full reimbursement shall not extend beyond twenty (20) years from the commercial operation date.

5.2.1.2 If the Small Generating Facility fails to achieve commercial operation, but it or another generating facility is later constructed and requires use of the Network Upgrades, the Distribution Provider and Affected System operator shall at that time reimburse the Interconnection Customer for the amounts advanced for the Network Upgrades if the Interconnection Customer is entitled to a cash repayment pursuant to Article 5.2.1. Before any such reimbursement can occur, the Interconnection Customer, or the entity that ultimately constructs the generating facility, if different, is responsible for identifying the entity to which reimbursement must be made.

### 5.3 Special Provisions for Affected Systems

Unless the Distribution Provider provides, under this Agreement, for the repayment of amounts advanced to Affected System operator(s) for Network Upgrades, the Interconnection Customer and Affected System operator shall enter into an agreement that provides for such repayment. The agreement shall specify the terms governing payments to be made by the Interconnection Customer to Affected System operator as well as the repayment by Affected System operator.

### 5.4 Rights Under Other Agreements

Notwithstanding any other provision of this Agreement, nothing herein shall be construed as relinquishing or foreclosing any rights, including but not limited to firm transmission rights, capacity rights, transmission congestion rights, or transmission credits, that the Interconnection Customer shall be entitled to, now or in the future, under any other agreement or tariff as a result of, or otherwise associated with, the transmission capacity, if any, created by the Network Upgrades, including the right to obtain cash reimbursements or transmission credits for transmission service that is not associated with the Small Generating Facility.

## **Article 6. Billing, Payment, Milestones, and Financial Security**

### 6.1 Billing and Payment Procedures and Final Accounting

6.1.1 The Distribution Provider shall bill the Interconnection Customer for the design, engineering, construction, and procurement costs of Interconnection Facilities and Upgrades contemplated by this Agreement on a monthly basis, or as otherwise agreed by the Parties. The Interconnection Customer shall pay each bill within 30 calendar days of receipt, or as otherwise agreed to by the Parties.

6.1.2 Within six months of completing the construction and installation of the Distribution Provider's Interconnection Facilities and/or Upgrades described in

the Attachments to this Agreement, the Distribution Provider shall provide the Interconnection Customer with a final accounting report of any difference between (1) the Interconnection Customer's cost responsibility for the actual cost of such facilities or Upgrades, and (2) the Interconnection Customer's previous aggregate payments to the Distribution Provider for such facilities or Upgrades. If the Interconnection Customer's cost responsibility exceeds its previous aggregate payments, the Distribution Provider shall invoice the Interconnection Customer for the amount due and the Interconnection Customer shall make payment to the Distribution Provider within 30 calendar days. If the Interconnection Customer's previous aggregate payments exceed its cost responsibility under this Agreement, the Distribution Provider shall refund to the Interconnection Customer an amount equal to the difference within 30 calendar days of the final accounting report.

## 6.2 Milestones

The Parties shall agree on milestones for which each Party is responsible and list them in Attachment 4 of this Agreement. A Party's obligations under this provision may be extended by agreement. If a Party anticipates that it will be unable to meet a milestone for any reason other than an Uncontrollable Force Event, it shall immediately notify the other Party of the reason(s) for not meeting the milestone and (1) propose the earliest reasonable alternate date by which it can attain this and future milestones, and (2) requesting appropriate amendments to Attachment 4. The Party affected by the failure to meet a milestone shall not unreasonably withhold agreement to such an amendment unless (1) it will suffer significant uncompensated economic or operational harm from the delay, (2) attainment of the same milestone has previously been delayed, or (3) it has reason to believe that the delay in meeting the milestone is intentional or unwarranted notwithstanding the circumstances explained by the Party proposing the amendment.

## 6.3 Financial Security Arrangements

The Interconnection Customer shall provide the Distribution Provider an Interconnection Financial Security by the earliest date of either (i) no later than the financial security posting milestone date negotiated in Attachment 4 of this Agreement, (ii) no later than 180 Calendar Days after the effective date of this agreement, or (iii) at least twenty (20) Business Days prior to the commencement of the design, procurement, installation, or construction of a discrete portion of the Distribution Provider's Interconnection Facilities and Upgrades. The Interconnection Customer shall provide the Distribution Provider, at the Interconnection Customer's option, a guarantee, letter of credit, escrow agreement or other form of security that is reasonably acceptable to the Distribution Provider and is consistent with the Uniform Commercial Code of the jurisdiction where the Point of Interconnection is located. Such security for payment shall be in an amount sufficient to cover the costs for constructing, designing, procuring, and installing the applicable portion of the Distribution Provider's Interconnection Facilities and Upgrades and shall be reduced on a dollar-for-dollar basis for payments made to the Distribution Provider under this Agreement during its term. In addition:

6.3.1 The guarantee must be made by an entity that meets the creditworthiness requirements of the Distribution Provider, and contain terms and conditions that guarantee payment of any amount that may be due from the Interconnection Customer, up to an agreed-to maximum amount.

6.3.2 The letter of credit or escrow agreement must be issued by a financial institution



or insured reasonably acceptable to the Distribution Provider and must specify a reasonable expiration date.

#### 6.4 Responsibility for any Outstanding Interconnection Study Costs

The Interconnection Customer must complete payment on all outstanding invoiced interconnection study costs no later than the financial security posting milestone date negotiated in Attachment 4 of this Agreement. Study costs not yet invoiced within thirty (30) Calendar Days of that financial security posting deadline must be paid by the Interconnection Customer within thirty (30) Calendar Days of the date of the invoice once they are invoiced to the Interconnection Customer.

Failure to complete payment on these interconnection study invoices by these deadlines will constitute Default on this Agreement by the Interconnection Customer, subject to the terms of Article 7.6 "Default".

### **Article 7. Assignment, Liability, Indemnity, Uncontrollable Force, Consequential Damages, and Default**

#### 7.1 Assignment

This Agreement may be assigned by either Party upon fifteen (15) Business Days prior written notice and opportunity to object by the other Party; provided that:

- 7.1.1 Either Party may assign this Agreement without the consent of the other Party to any affiliate of the assigning Party with an equal or greater credit rating and with the legal authority and operational ability to satisfy the obligations of the assigning Party under this Agreement;
- 7.1.2 The Interconnection Customer shall have the right to assign this Agreement, without the consent of the Distribution Provider, for collateral security purposes to aid in providing financing for the Small Generating Facility, provided that the Interconnection Customer will promptly notify the Distribution Provider of any such assignment.
- 7.1.3 Any attempted assignment that violates this article is void and ineffective. Assignment shall not relieve a Party of its obligations, nor shall a Party's obligations be enlarged, in whole or in part, by reason thereof. An assignee is responsible for meeting the same financial, credit, and insurance obligations as the Interconnection Customer. Where required, consent to assignment will not be unreasonably withheld, conditioned or delayed.

#### 7.2 Limitation of Liability

Each Party's liability to the other Party for any loss, cost, claim, injury, liability, or expense, including reasonable attorney's fees, relating to or arising from any act or omission in its performance of this Agreement, shall be limited to the amount of direct damage actually incurred. In no event shall either Party be liable to the other Party for any indirect, special, consequential, or punitive damages, except as authorized by this Agreement.

### 7.3 Indemnity

- 7.3.1 This provision protects each Party from liability incurred to third parties as a result of carrying out the provisions of this Agreement. Liability under this provision is exempt from the general limitations on liability found in article 7.2.
- 7.3.2 The Parties shall at all times indemnify, defend, and hold the other Party harmless from, any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, demand, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from the other Party's action or failure to meet its obligations under this Agreement on behalf of the indemnifying Party, except in cases of gross negligence or intentional wrongdoing by the indemnified Party.
- 7.3.3 If an indemnified person is entitled to indemnification under this article as a result of a claim by a third party, and the indemnifying Party fails, after notice and reasonable opportunity to proceed under this article, to assume the defense of such claim, such indemnified person may at the expense of the indemnifying Party contest, settle or consent to the entry of any judgment with respect to, or pay in full, such claim.
- 7.3.4 If an indemnifying party is obligated to indemnify and hold any indemnified person harmless under this article, the amount owing to the indemnified person shall be the amount of such indemnified person's actual loss, net of any insurance or other recovery.
- 7.3.5 Promptly after receipt by an indemnified person of any claim or notice of the commencement of any action or administrative or legal proceeding or investigation as to which the indemnity provided for in this article may apply, the indemnified person shall notify the indemnifying party of such fact. Any failure of or delay in such notification shall not affect a Party's indemnification obligation unless such failure or delay is materially prejudicial to the indemnifying party.

### 7.4 Consequential Damages

Other than as expressly provided for in this Agreement, neither Party shall be liable under any provision of this Agreement for any losses, damages, costs or expenses for any special, indirect, incidental, consequential, or punitive damages, including but not limited to loss of profit or revenue, loss of the use of equipment, cost of capital, cost of temporary equipment or services, whether based in whole or in part in contract, in tort, including negligence, strict liability, or any other theory of liability; provided, however, that damages for which a Party may be liable to the other Party under another agreement will not be considered to be special, indirect, incidental, or consequential damages hereunder.

### 7.5 Uncontrollable Force

- 7.5.1 As used in this article, an Uncontrollable Force shall mean "any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm, flood, earthquake, explosion, breakage or accident to machinery or equipment, any curtailment, order, regulation or restriction imposed by governmental, military or

lawfully established civilian authorities, or any other cause beyond the reasonable control of the Distribution Provider or Interconnection Customer which could not be avoided through the exercise of Good Utility Practice. An Uncontrollable Force Event does not include an act of negligence or intentional wrongdoing by the Party claiming Uncontrollable Force."

- 7.5.2 If an Uncontrollable Force Event prevents a Party from fulfilling any obligations under this Agreement, the Party affected by the Uncontrollable Force Event (Affected Party) shall promptly notify the other Party, either in writing or via the telephone, of the existence of the Uncontrollable Force Event. The notification must specify in reasonable detail the circumstances of the Uncontrollable Force Event, its expected duration, and the steps that the Affected Party is taking to mitigate the effects of the event on its performance. The Affected Party shall keep the other Party informed on a continuing basis of developments relating to the Uncontrollable Force Event until the event ends. The Affected Party will be entitled to suspend or modify its performance of obligations under this Agreement (other than the obligation to make payments) only to the extent that the effect of the Uncontrollable Force Event cannot be mitigated by the use of Reasonable Efforts. The Affected Party will use Reasonable Efforts to resume its performance as soon as possible.

## 7.6 Default

- 7.6.1 No Default shall exist where such failure to discharge an obligation (other than the payment of money) is the result of an Uncontrollable Force Event as defined in this Agreement or the result of an act or omission of the other Party. Upon a Default, the non-defaulting Party shall give written notice of such Default to the defaulting Party. Except as provided in article 7.6.2, the defaulting Party shall have 60 calendar days from receipt of the Default notice within which to cure such Default; provided however, if such Default is not capable of cure within 60 calendar days, the defaulting Party shall commence such cure within 20 calendar days after notice and continuously and diligently complete such cure within six months from receipt of the Default notice; and, if cured within such time, the Default specified in such notice shall cease to exist.
- 7.6.2 If a Default is not cured as provided in this article, or if a Default is not capable of being cured within the period provided for herein, the non-defaulting Party shall have the right to terminate this Agreement by written notice at any time until cure occurs, and be relieved of any further obligation hereunder and, whether or not that Party terminates this Agreement, to recover from the defaulting Party all amounts due hereunder, plus all other damages and remedies to which it is entitled at law or in equity. The provisions of this article will survive termination of this Agreement.

## **Article 8. Insurance**

- 8.1 The Interconnection Customer shall, at its own expense, maintain in force general liability insurance without any exclusion for liabilities related to the interconnection undertaken pursuant to this Agreement. The amount of such insurance shall be sufficient to insure against all reasonably foreseeable direct liabilities given the size and nature of

the generating equipment being interconnected, the interconnection itself, and the characteristics of the system to which the interconnection is made. The Interconnection Customer shall obtain additional insurance only if necessary as a function of owning and operating a generating facility. Such insurance shall be obtained from an insurance provider authorized to do business in the State where the interconnection is located. Certification that such insurance is in effect shall be provided upon request of the Distribution Provider, except that the Interconnection Customer shall show proof of insurance to the Distribution Provider no later than ten Business Days prior to the anticipated commercial operation date. An Interconnection Customer of sufficient credit-worthiness may propose to self-insure for such liabilities, and such a proposal shall not be unreasonably rejected.

- 8.2 The Distribution Provider agrees to maintain general liability insurance or self-insurance consistent with the Distribution Provider's commercial practice. Such insurance or self-insurance shall not exclude coverage for the Distribution Provider's liabilities undertaken pursuant to this Agreement.
- 8.3 The Parties further agree to notify each other whenever an accident or incident occurs resulting in any injuries or damages that are included within the scope of coverage of such insurance, whether or not such coverage is sought.

## **Article 9. Confidentiality**

- 9.1 Confidential Information shall mean any confidential and/or proprietary information provided by one Party to the other Party that is clearly marked or otherwise designated "Confidential." For purposes of this Agreement all design, operating specifications, and metering data provided by the Interconnection Customer shall be deemed Confidential Information regardless of whether it is clearly marked or otherwise designated as such.
- 9.2 Confidential Information does not include information previously in the public domain, required to be publicly submitted or divulged by Governmental Authorities (after notice to the other Party and after exhausting any opportunity to oppose such publication or release), or necessary to be divulged in an action to enforce this Agreement. Each Party receiving Confidential Information shall hold such information in confidence and shall not disclose it to any third party nor to the public without the prior written authorization from the Party providing that information, except to fulfill obligations under this Agreement, or to fulfill legal or regulatory requirements.
  - 9.2.1 Each Party shall employ at least the same standard of care to protect Confidential Information obtained from the other Party as it employs to protect its own Confidential Information.
  - 9.2.2 Each Party is entitled to equitable relief, by injunction or otherwise, to enforce its rights under this provision to prevent the release of Confidential Information without bond or proof of damages, and may seek other remedies available at law or in equity for breach of this provision.
- 9.3 Notwithstanding anything in this article to the contrary, and pursuant to 18 CFR § 1 b.20, if FERC, during the course of an investigation or otherwise, requests information from one of the Parties that is otherwise required to be maintained in confidence pursuant to

this Agreement, the Party shall provide the requested information to FERC, within the time provided for in the request for information. In providing the information to FERC, the Party may, consistent with 18 CFR § 388.112, request that the information be treated as confidential and non-public by FERC and that the information be withheld from public disclosure. Parties are prohibited from notifying the other Party to this Agreement prior to the release of the Confidential Information to FERC. The Party shall notify the other Party to this Agreement when it is notified by FERC that a request to release Confidential Information has been received by FERC, at which time either of the Parties may respond before such information would be made public, pursuant to 18 CFR § 388.112. Requests from a state regulatory body conducting a confidential investigation shall be treated in a similar manner if consistent with the applicable state rules and regulations.

## **Article 10. Disputes**

- 10.1 The Parties agree to attempt to resolve all disputes arising out of the interconnection process according to the provisions of this article.
- 10.2 In the event of a dispute, either Party shall provide the other Party with a written Notice of Dispute. Such Notice shall describe in detail the nature of the dispute.
- 10.3 If the dispute has not been resolved within two Business Days after receipt of the Notice, either Party may contact FERC's Dispute Resolution Service (DRS) for assistance in resolving the dispute.
- 10.4 The DRS will assist the Parties in either resolving their dispute or in selecting an appropriate dispute resolution venue (e.g., mediation, settlement judge, early neutral evaluation, or technical expert) to assist the Parties in resolving their dispute. DRS can be reached at 1-877-337-2237 or via the internet at <http://www.ferc.gov/legal/adr.asp>.
- 10.5 Each Party agrees to conduct all negotiations in good faith and will be responsible for one-half of any costs paid to neutral third-parties.
- 10.6 If neither Party elects to seek assistance from the DRS, or if the attempted dispute resolution fails, then either Party may exercise whatever rights and remedies it may have in equity or law consistent with the terms of this Agreement.

## **Article 11. Taxes**

- 11.1 The Parties agree to follow all applicable tax laws and regulations, consistent with FERC policy and Internal Revenue Service requirements.
- 11.2 Each Party shall cooperate with the other to maintain the other Party's tax status. Nothing in this Agreement is intended to adversely affect the Distribution Provider's tax exempt status with respect to the issuance of bonds including, but not limited to, local furnishing bonds.

## Article 12. Miscellaneous

### 12.1 Governing Law, Regulatory Authority, and Rules

The validity, interpretation and enforcement of this Agreement and each of its provisions shall be governed by the laws of the state of California (where the Point of Interconnection is located), without regard to its conflicts of law principles. This Agreement is subject to all Applicable Laws and Regulations. Each Party expressly reserves the right to seek changes in, appeal, or otherwise contest any laws, orders, or regulations of a Governmental Authority.

### 12.2 Amendment

The Parties may amend this Agreement by a written instrument duly executed by both Parties.

### 12.3 No Third-Party Beneficiaries

This Agreement is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties, their successors in interest and where permitted, their assigns.

### 12.4 Waiver

12.4.1 The failure of a Party to this Agreement to insist, on any occasion, upon strict performance of any provision of this Agreement will not be considered a waiver of any obligation, right, or duty of, or imposed upon, such Party.

12.4.2 Any waiver at any time by either Party of its rights with respect to this Agreement shall not be deemed a continuing waiver or a waiver with respect to any other failure to comply with any other obligation, right, duty of this Agreement. Termination or default of this Agreement for any reason by Interconnection Customer shall not constitute a waiver of the Interconnection Customer's legal rights to obtain an interconnection from the Distribution Provider. Any waiver of this Agreement shall, if requested, be provided in writing.

### 12.5 Entire Agreement

This Agreement, including all Attachments, constitutes the entire agreement between the Parties with reference to the subject matter hereof, and supersedes all prior and contemporaneous understandings or agreements, oral or written, between the Parties with respect to the subject matter of this Agreement. There are no other agreements, representations, warranties, or covenants which constitute any part of the consideration for, or any condition to, either Party's compliance with its obligations under this Agreement.

### 12.6 Multiple Counterparts

This Agreement may be executed in two or more counterparts, each of which is deemed an original but all constitute one and the same instrument.

### 12.7 No Partnership

This Agreement shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership between the Parties or to impose any partnership obligation or partnership liability upon either Party. Neither Party shall have

any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, the other Party.

12.8 Severability

If any provision or portion of this Agreement shall for any reason be held or adjudged to be invalid or illegal or unenforceable by any court of competent jurisdiction or other Governmental Authority, (1) such portion or provision shall be deemed separate and independent, (2) the Parties shall negotiate in good faith to restore insofar as practicable the benefits to each Party that were affected by such ruling, and (3) the remainder of this Agreement shall remain in full force and effect.

12.9 Security Arrangements

Infrastructure security of electric system equipment and operations and control hardware and software is essential to ensure day-to-day reliability and operational security. FERC expects all transmission providers, market participants, and interconnection customers interconnected to electric systems to comply with the recommendations offered by the President's Critical Infrastructure Protection Board and, eventually, best practice recommendations from the electric reliability authority. All public utilities are expected to meet basic standards for system infrastructure and operational security, including physical, operational, and cyber-security practices.

12.10 Environmental Releases

Each Party shall notify the other Party, first orally and then in writing, of the release of any hazardous substances, any asbestos or lead abatement activities, or any type of remediation activities related to the Small Generating Facility or the Interconnection Facilities, each of which may reasonably be expected to affect the other Party. The notifying Party shall (1) provide the notice as soon as practicable, provided such Party makes a good faith effort to provide the notice no later than 24 hours after such Party becomes aware of the occurrence, and (2) promptly furnish to the other Party copies of any publicly available reports filed with any governmental authorities addressing such events.

12.11 Subcontractors

Nothing in this Agreement shall prevent a Party from utilizing the services of any subcontractor as it deems appropriate to perform its obligations under this Agreement; provided, however, that each Party shall require its subcontractors to comply with all applicable terms and conditions of this Agreement in providing such services and each Party shall remain primarily liable to the other Party for the performance of such subcontractor.

12.11.1 The creation of any subcontract relationship shall not relieve the hiring Party of any of its obligations under this Agreement. The hiring Party shall be fully responsible to the other Party for the acts or omissions of any subcontractor the hiring Party hires as if no subcontract had been made; provided, however, that in no event shall the Distribution Provider be liable for the actions or inactions of the Interconnection Customer or its subcontractors with respect to obligations of the Interconnection Customer under this Agreement. Any applicable obligation imposed by this Agreement upon the hiring Party shall be equally binding upon, and shall be construed as having application to, any subcontractor of such Party.

12.11.2 The obligations under this article will not be limited in any way by any limitation of subcontractor's insurance.

12.12 Reservation of Rights

The Distribution Provider shall have the right to make a unilateral filing with FERC to modify this Agreement with respect to any rates, terms and conditions, charges, classifications of service, rule or regulation under section 205 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder, and the Interconnection Customer shall have the right to make a unilateral filing with FERC to modify this Agreement under any applicable provision of the Federal Power Act and FERC's rules and regulations; provided that each Party shall have the right to protest any such filing by the other Party and to participate fully in any proceeding before FERC in which such modifications may be considered. Nothing in this Agreement shall limit the rights of the Parties or of FERC under sections 205 or 206 of the Federal Power Act and FERC's rules and regulations, except to the extent that the Parties otherwise agree as provided herein.

**Article 13. Notices**

13.1 General

Unless otherwise provided in this Agreement, any written notice, demand, or request required or authorized in connection with this Agreement ("Notice") shall be deemed properly given if delivered in person, delivered by recognized national courier service, or sent by first class mail, postage prepaid, to the person specified below:

If to the Interconnection Customer:

Central Marin Sanitation Agency  
Attention: Peter Kistenmacher  
1301 Andersen Drive  
San Rafael, CA 94901  
Phone: (415) 459-1455 x.122  
Email: [pkistenmacher@cmsa.us](mailto:pkistenmacher@cmsa.us)

If to the Distribution Provider:

Pacific Gas and Electric Company  
Attention: Electric Grid Interconnection - Contract Management  
245 Market Street  
Mail Code N7L  
San Francisco, California 94105-1702  
Phone: (415) 972-5394  
Email: [EGIContractMgmt@pge.com](mailto:EGIContractMgmt@pge.com)



### 13.2 Billing and Payment

Billings and payments shall be sent to the addresses below:

Interconnection Customer:

Central Marin Sanitation Agency  
Attention: Peter Kistenmacher  
1301 Andersen Drive  
San Rafael, CA 94901  
Phone: (415) 459-1455 x.122  
Email: [pkistenmacher@cmsa.us](mailto:pkistenmacher@cmsa.us)

Distribution Provider:

Pacific Gas and Electric Company  
Attention: Electric Grid Interconnection - Contract Management  
245 Market Street  
Mail Code N7L  
San Francisco, California 94105-1702  
Phone: (415) 972-5394  
Email: [EGIContractMgmt@pge.com](mailto:EGIContractMgmt@pge.com)

### 13.3 Alternative Forms of Notice

Any notice or request required or permitted to be given by either Party to the other and not required by this Agreement to be given in writing may be so given by telephone, facsimile or e-mail to the telephone numbers and e-mail addresses set out below:

If to the Interconnection Customer:

Central Marin Sanitation Agency  
Attention: Peter Kistenmacher  
1301 Andersen Drive  
San Rafael, CA 94901  
Phone: (415) 459-1455 x.122  
Email: [pkistenmacher@cmsa.us](mailto:pkistenmacher@cmsa.us)

If to the Distribution Provider:

Pacific Gas and Electric Company  
Attention: Electric Grid Interconnection - Contract Management  
245 Market Street  
Mail Code N7L  
San Francisco, California 94105-1702  
Phone: (415) 972-5394  
Email: [EGIContractMgmt@pge.com](mailto:EGIContractMgmt@pge.com)

### 13.4 Designated Operating Representative

The Parties may also designate operating representatives to conduct the communications which may be necessary or convenient for the administration of this Agreement. This person will also serve as the point of contact with respect to operations and maintenance of the Party's facilities.

Interconnection Customer's Operating Representative:

Central Marin Sanitation Agency  
Attention: Peter Kistenmacher  
1301 Andersen Drive  
San Rafael, CA 94901  
Phone: (415) 459-1455 x.122  
Email: [pkistenmacher@cmsa.us](mailto:pkistenmacher@cmsa.us)

Distribution Provider's Operating Representative:

Pacific Gas and Electric Company  
Concord Distribution Control Center  
1020 Detroit Avenue  
Concord, CA 94518-2401  
Email: [CentralDCCOperationsEngineers@pge.com](mailto:CentralDCCOperationsEngineers@pge.com)

Work Management Desk (Planned Clearance Requests)  
Attention: San Rafael (AOR 3 – North Bay Division)  
Phone: (844) 743-2100

Real Time Operator Desk (Real Time Operational Issues)  
Attention: San Rafael (AOR 3 – North Bay Division)  
Phone: (844) 743-3322

13.5 Changes to the Notice Information

Either Party may change this information by giving five Business Days written notice prior to the effective date of the change.

**Article 14. Signatures**

**IN WITNESS WHEREOF**, the Parties have caused this Agreement to be executed by their respective duly authorized representatives.

For the Distribution Provider: **Pacific Gas and Electric Company**

Signature: \_\_\_\_\_

Name: Michael Porter

Title: Supervisor, Electric Grid Interconnection

Date: \_\_\_\_\_

For the Interconnection Customer: **Central Main Sanitation Agency**

Signature: \_\_\_\_\_

Name: Jason R. Dow

Title: General Manager

Date: \_\_\_\_\_

## Glossary of Terms

**Adverse System Impact** -- A potential or actual negative effect due to technical or operational limits on conductors or equipment being exceeded that may compromise the safety and reliability of the electric system.

**Affected System** – An electric system other than the Distribution Provider's Distribution System that may be affected by the proposed interconnection, including but not limited to the Transmission System.

**Affected System Operator** -- The entity that operates an Affected System.

**Affiliate** -- With respect to a corporation, partnership or other entity, each such other corporation, partnership or other entity that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such corporation, partnership or other entity.

**Applicable Laws and Regulations** -- All duly promulgated applicable federal, state and local laws, regulations, rules, ordinances, codes, decrees, judgments, directives, or judicial or administrative orders, permits and other duly authorized actions of any Governmental Authority.

**Applicable Reliability Council** -- The reliability council applicable to the Distribution System to which the Generating Facility is directly interconnected.

**Applicable Reliability Standards** -- The requirements and guidelines of NERC, the Applicable Reliability Council, and the Control Area of the Distribution System to which the Generating Facility is directly interconnected, including the requirements pursuant to Section 215 of the Federal Power Act.

**Area Deliverability Constraint** -- A transmission system operating limit, that would constrain the deliverability of a substantial number of generators if the CAISO were to assign full capacity or partial capacity deliverability status to additional generating facilities in one or more specified geographic or electrical areas of the CAISO Controlled Grid in a total amount that is greater than the TP Deliverability for those areas. May also be a transmission system operating limit that constrains a quantity of generation in a local area of the grid that is larger than the generation amount identified in the applicable Transmission Planning Process (TPP) portfolio for the entire portfolio area. May also be a transmission system operating limit that constrains all or most of the same generation already constrained by a previously identified Area Deliverability Constraint.

**Area Delivery Network Upgrade (ADNU)** -- A transmission upgrade or addition identified by the CAISO to relieve an Area Deliverability Constraint.

**Base Case** – The data including, but not limited to, base power flow, short circuit and stability data bases, underlying load, generation, and transmission facility assumptions, contingency lists, including relevant special protection systems, and transmission diagrams used to perform the Interconnection Studies. The Base Case may include Critical Energy Infrastructure Information (as that term is defined by FERC). The Base Case shall include transmission facilities as approved by the Distribution Provider or CAISO, as applicable, and Distribution Upgrades and Network Upgrades associated with generating facilities in (iv) below and generating facilities that (i) are directly interconnected to the Distribution System or CAISO Grid; (ii) are interconnected to Affected Systems and may have an impact on the Interconnection Request; (iii) have a pending request to interconnect to the Distribution System or an Affected System; or (iv) are not interconnected to the Distribution System or CAISO Grid, but are subject to a fully executed generator interconnection agreement (or its equivalent predecessor agreement) or for which an

unexecuted generator interconnection agreement (or its equivalent predecessor agreement) has been requested to be filed with FERC.

**Breach** -- The failure of a Party to perform or observe any material term or condition of the GIA.

**Breaching Party** – A Party that is in Breach of the GIA.

**Business Day** – Monday through Friday, excluding Federal Holidays and the Friday after Thanksgiving.

**Calendar Day** -- Any day including Saturday, Sunday or a Federal Holiday.

**CAISO** – California Independent System Operator Corporation. See also ISO.

**Clustering** -- The process whereby a group of Interconnection Requests is studied together, instead of serially, for the purpose of conducting the Interconnection System Impact Study.

**Commercial Operation** -- The status of a Generating Facility that has commenced generating electricity for sale, excluding electricity generated during Trial Operation.

**Commercial Operation Date** – The date on which an Electric Generating Unit at a Generating Facility has received final written Permission to Operate from the Distribution Provider for operation of the generation facilities in parallel with the utility.

**Confidential Information** -- Any confidential, proprietary or trade secret information of a plan, specification, pattern, procedure, design, device, list, concept, policy or compilation relating to the present or planned business of a Party, which is designated as confidential by the Party supplying the information, whether conveyed orally, electronically, in writing, through inspection, or otherwise.

**Construction Activities** -- Actions by the Distribution Provider that result in irrevocable financial commitments for the purchase of major electrical equipment or land for Distribution Provider's Interconnection Facilities, Distribution Upgrades, or Network Upgrades assigned to the Interconnection Customer that occur after receipt of all appropriate governmental approvals needed for the Distribution Provider's Interconnection Facilities, Distribution Upgrades, or Network Upgrades.

**Control Area** -- An electrical system or systems bounded by interconnection metering and telemetry, capable of controlling generation to maintain its interchange schedule with other Control Areas and contributing to frequency regulation of the interconnection. A Control Area must be certified by an Applicable Reliability Council.

**CPUC** -- California Public Utilities Commission.

**Default** – The failure of a breaching Party to cure its Breach under the Small Generator Interconnection Agreement.

**Deliverability** -- (1) The annual Net Qualifying Capacity of a Generating Facility, as verified through a Deliverability assessment and measured in MW, which specifies the amount of resource adequacy capacity the Generating Facility is eligible to provide. (2) The annual Maximum Import Capability of an intertie, which specifies the amount of resource adequacy capacity, measured in MW, that Load-serving Entities collectively can procure from imports at that intertie to meet their resource adequacy requirements.

**Deliverability Assessment** -- An evaluation of the On-Peak Deliverability Assessment set forth in GIP Section 5.8.3, and the Off-Peak Deliverability Assessment set forth in GIP Section 5.8.3 to determine if a Generating Facility or a group of Generating Facilities could provide Energy to the CAISO Controlled Grid

and be delivered to the aggregate of Load on the CAISO Controlled Grid at Peak Load, under a variety of severely stressed conditions.

**Deliverability Status** -- An attribute of a Generating Facility that is requested by an Interconnection Customer for the Generating Facility, assigned by the CAISO to the Generating Facility through the GIP, GIDAP, or other process specified in the CAISO tariff, and that affects the maximum Net Qualifying Capacity to which the Generating Facility could be entitled.

**Delivery Network Upgrades** -- The transmission facilities at or beyond the point where the Distribution Provider's Distribution System interconnects to the ISO Grid, other than Reliability Network Upgrades, identified in the Interconnection Studies to relieve constraints on the ISO Grid. Delivery Network Upgrades may be further classified as Local Delivery Network Upgrades or Area Delivery Network Upgrades.

**Dispute Resolution** -- The procedure for resolution of a dispute between the Parties in which they will first attempt to resolve the dispute on an informal basis.

**Distribution Owner** -- The entity that owns, leases, or otherwise possesses an interest in the portion of the Distribution System at the Point of Interconnection and may be a Party to the Small Generator Interconnection Agreement to the extent necessary.

**Distribution Provider** -- The public utility (or its designated agent) that owns, controls, or operates transmission or distribution facilities used for the transmission of electricity in interstate commerce and provides transmission or wholesale distribution service under the Tariff. The term Distribution Provider should be read to include the Distribution Owner when the Distribution Owner is separate from the Distribution Provider.

**Distribution Provider's Interconnection Facilities** -- All facilities and equipment owned, controlled, or operated by the Distribution Provider from the Point of Change of Ownership to the Point of Interconnection as identified in the GIA, including any modifications, additions or upgrades to such facilities and equipment. Distribution Provider's Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades, Stand Alone Network Upgrades or Network Upgrades.

**Distribution Service** -- The wholesale distribution service provided under the Tariff.

**Distribution System** -- Those non-ISO transmission and distribution facilities owned, controlled and operated by the Distribution Provider that are used to provide distribution service under the Tariff, which facilities and equipment are used to transmit electricity to ultimate usage points such as homes and industries directly from nearby generators or from interchanges with higher voltage transmission networks which transport bulk power over longer distances. The voltage levels at which Distribution Systems operate differ among areas.

**Distribution Upgrades** -- The additions, modifications, and upgrades to the Distribution Provider's Distribution System at or beyond the Point of Interconnection to facilitate interconnection of the Small Generating Facility and render the service necessary to effect the Interconnection Customer's wholesale sale of electricity in interstate commerce. Distribution Upgrades do not include Interconnection Facilities.

**Effective Date** -- The date on which the GIA becomes effective upon execution by the Parties subject to acceptance by FERC, or if filed unexecuted, upon the date specified by FERC.

**Electric Generating Unit** -- An individual electric generator and its associated plant and apparatus whose electrical output is capable of being separately identified and metered.

**Emergency Condition** -- A condition or situation: (1) that in the judgment of the Party making the claim is imminently likely to endanger life or property; or (2) that, in the case of a Distribution Provider, is

imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to Distribution Provider's Distribution System, Distribution Provider's Interconnection Facilities or the electric systems of others to which the Distribution Provider's Distribution System is directly connected; or (3) that, in the case of Interconnection Customer, is imminently likely (as determined in a nondiscriminatory manner) to cause a material adverse effect on the security of, or damage to, the Generating Facility or Interconnection Customer's Interconnection Facilities. System restoration and black start shall be considered Emergency Conditions; provided that Interconnection Customer is not obligated by the GIA to possess black start capability.

**Energy-Only Deliverability Status** -- A condition elected by an Interconnection Customer for a Generating Facility interconnected to Distribution System, the result of which is that the Interconnection Customer is responsible only for the costs of Reliability Network Upgrades and is not responsible for the costs of Delivery Network Upgrades, but the Generating Facility will be deemed to have a Net Qualifying Capacity (as defined in the ISO Tariff) of zero and, therefore, cannot be considered to be a Resource Adequacy Resource (as defined in the ISO Tariff).

**Engineering & Procurement (E&P) Agreement** -- An agreement that authorizes the Distribution Provider to begin engineering and procurement of long lead-time items necessary for the establishment of the interconnection in order to advance the implementation of the Interconnection Request.

**Environmental Law** – The applicable Laws or Regulations relating to pollution or protection of the environment or natural resources.

**Federal Power Act** -- The Federal Power Act, as amended, 16 U.S.C. §§ 791a et seq.

**FERC** -- The Federal Energy Regulatory Commission (Commission) or its successor.

**Full Capacity Deliverability Status (FCDS)** – The condition whereby a Generating Facility interconnected with the Distribution System, under coincident ISO Control Area peak demand and a variety of severely stressed system conditions, can deliver the Generating Facility's full output to the aggregate of load on the ISO Grid, consistent with the ISO's reliability criteria and procedures and the ISO's On-Peak Deliverability Assessment.

**Generating Facility** – The Interconnection Customer's device for the production and/or storage for later injection of electricity identified in the Interconnection Request, but shall not include the Interconnection Customer's Interconnection Facilities. A Small Generating Facility is one that has maximum capacity of 20 MW or less. A Large Generating Facility is one that has a maximum capacity of more than 20 MW.

**Generating Facility Capacity** -- The net capacity of the Generating Facility and the aggregate net capacity of the Generating Facility where it includes multiple Electric Generating Units.

**Generator Interconnection Agreement (GIA)** – Either the Small Generator Interconnection Agreement (SGIA), which is Attachment F to the Wholesale Distribution Tariff, unless the proposed interconnection is for a generating facility larger than 20 MW, in which case references to interconnection agreement are to the Large Generator Interconnection Agreement (LGIA), which is Attachment H to the Wholesale Distribution Tariff.

**Generator Interconnection and Deliverability Allocation Procedures (GIDAP)** – See ISO's Generator Interconnection and Deliverability Allocation Procedures (ISO Tariff GIDAP)

**Generator Interconnection Procedures (GIP)** – See the definition for either ISO's Tariff Generator Interconnection Procedures (ISO Tariff GIP), or Wholesale Distribution Tariff Generator Interconnection Procedures (WDT GIP).

**Good Utility Practice** – Any of the practices, methods and acts engaged in or approved by a significant portion of the electric industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region.

**Governmental Authority** – Any federal, state, local or other governmental regulatory or administrative agency, court, commission, department, board, or other governmental subdivision, legislature, rulemaking board, tribunal, or other governmental authority having jurisdiction over the Parties, their respective facilities, or the respective services they provide, and exercising or entitled to exercise any administrative, executive, police, or taxing authority or power; provided, however, that such term does not include the Interconnection Customer, the Interconnection Provider, or any Affiliate thereof.

**Initial Synchronization Date** -- The date upon which the Generating Facility is initially synchronized and upon which Trial Operation begins.

**In-Service Date** -- The date upon which the Interconnection Customer reasonably expects it will be ready to begin use of the Distribution Provider's Interconnection Facilities to obtain back feed power.

**Interconnection Customer** – Any entity, including the Distribution Provider, the Distribution Owner, the Transmission Owner or any of the affiliates or subsidiaries of either, that proposes to interconnect its Small Generating Facility with the Distribution Provider's Distribution System.

**Interconnection Customer's Interconnection Facilities** – All facilities and equipment, as identified in the GIA, that are located between the Generating Facility and the Point of Change of Ownership, including any modification, addition, or upgrades to such facilities and equipment necessary to physically and electrically interconnect the Generating Facility to the Distribution Provider's Distribution System. Interconnection Customer's Interconnection Facilities are sole use facilities.

**Interconnection Facilities** – The Distribution Provider's Interconnection Facilities and the Interconnection Customer's Interconnection Facilities. Collectively, Interconnection Facilities include all facilities and equipment between the Small Generating Facility and the Point of Interconnection, including any modification, additions or upgrades that are necessary to physically and electrically interconnect the Small Generating Facility to the Distribution Provider's Distribution System. Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades or Network Upgrades.

**Interconnection Financial Security** -- The financial instrument(s) submitted by the Interconnection Customer to the Distribution Provider prior to the start of any Construction Activities as a security for the Distribution Provider against the estimated costs of the Construction Activities described in the Generator Interconnection Agreement. The Interconnection Customer may post the Interconnection Financial Security using any of the financial instruments listed in the WDT GIP.

**Interconnection Handbook** - A handbook, developed by the Distribution Provider and posted on the Distribution Provider's website or otherwise made available by the Distribution Provider, describing the technical and operational requirements for wholesale generators and loads connected to the Distribution System, as such handbook may be modified or superseded from time to time. In the event of a conflict between the terms of this SGIA and the terms of the Distribution Provider's Interconnection Handbook, the terms in this SGIA shall govern.

**Interconnection Request** – The Interconnection Customer's request, in accordance with the Tariff, to interconnect a new Small Generating Facility, or to increase the capacity of, or make a Material Modification to the operating characteristics of, an existing Small Generating Facility that is interconnected with the Distribution Provider's Distribution System.



**Interconnection Service** -- The service provided by the Distribution Provider associated with interconnecting the Interconnection Customer's Generating Facility to the Distribution Provider's Distribution System and enabling it to receive electric energy and capacity from the Generating Facility at the Point of Interconnection, pursuant to the terms of the GIA and, if applicable, the Distribution Provider's Tariff.

**IRS** -- The Internal Revenue Service.

**ISO** -- The California Independent System Operator Corporation, a state chartered, nonprofit, corporation that controls certain transmission facilities of all Participating Transmission Owners and dispatches certain generating units and loads. See also CAISO.

**ISO Grid** -- The system of transmission lines and associated facilities of the Participating Transmission Owners that have been placed under the ISO's Operational Control.

**ISO's Generator Interconnection and Deliverability Allocation Procedures (ISO Tariff GIDAP)** -- The procedures included in the ISO Tariff to interconnect a Generating Facility directly to the ISO Grid, as such procedures may be modified from time to time, and accepted by the Commission. See also GIDAP.

**ISO's Generator Interconnection Procedures (ISO Tariff GIP)** -- The procedures included in the ISO Tariff to interconnect a Generating Facility directly to the ISO Grid, as such procedures may be modified from time to time, and accepted by the Commission. See also GIP.

**Large Generating Facility** -- A Generating Facility having a Generating Facility Capacity of more than 20 MW.

**Local Deliverability Constraint** -- A transmission system operating limit modeled in the GIDAP study process that would be exceeded if the CAISO were to assign Full Capacity Deliverability Status or Partial Capacity Deliverability Status to one or more additional Generating Facilities interconnecting to the CAISO Controlled Grid in a specific local area, and that is not an Area Deliverability Constraint.

**Local Delivery Network Upgrade (LDNU)** -- A transmission upgrade or addition identified by the CAISO in the GIDAP Interconnection Study Process to relieve a Local Deliverability Constraint.

**Loss** -- Any and all losses relating to injury to or death of any person or damage to property, demand, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from the other Party's performance, or non-performance of its obligations under the GIA on behalf of the indemnifying Party, except in cases of gross negligence or intentional wrongdoing by the indemnifying Party.

**Material Modification** -- A modification that has a material impact on the cost or timing of any Interconnection Request, or any other valid interconnection request to the Distribution Provider or the ISO with a later queue priority date.

**Metering Equipment** -- All metering equipment installed or to be installed at the Generating Facility pursuant to the GIA at the metering points, including but not limited to instrument transformers, MWh-meters, data acquisition equipment, transducers, remote terminal unit, communications equipment, phone lines, and fiber optics.

**NERC** -- The North American Electric Reliability Council or its successor organization.

**Network Upgrades** – Additions, modifications, and upgrades to the Distribution Provider's Transmission System required at or beyond the point at which the Distribution System connects to the Distribution Provider's Transmission System to accommodate the interconnection of the Small Generating Facility to the Distribution Provider's Distribution System. Network Upgrades do not include Distribution Upgrades. See also: **Area Delivery Network Upgrades; Delivery Network Upgrades; Local Delivery Network Upgrades; and Reliability Network Upgrades.**

**Notice of Dispute** -- A written notice of a dispute or claim that arises out of or in connection with the GIA or its performance.

**Operating Requirements** – Any operating and technical requirements that may be applicable due to Regional Transmission Organization, California Independent System Operator, control area, or the Distribution Provider's requirements, including those set forth in the Small Generator Interconnection Agreement.

**Participating Transmission Owner** -- An entity which (i) owns, operates, and maintains transmission lines and associated facilities and/or has entitlements to use certain transmission lines and associated facilities; and (ii) has transferred to the ISO operational control of such facilities and/or entitlements to be made part of the ISO Grid.

**Party or Parties** – The Distribution Provider, Distribution Owner, Transmission Owner, Interconnection Customer or any combination of the above.

**Point of Change of Ownership** -- The point set forth in the GIA where the Interconnection Customer's Interconnection Facilities connect to the Distribution Provider's Interconnection Facilities.

**Point of Interconnection** – The point set forth in the GIA where the Interconnection Facilities connect with the Distribution Provider's Distribution System.

**Pre-Construction Activities** -- The actions by the Distribution Provider, other than those required by an Engineering and Procurement Agreement under Section 8 of the GIP, undertaken prior to Construction Activities in order to prepare for the construction of the Distribution Provider's Interconnection Facilities, Distribution Upgrades, or Network Upgrades assigned to the Interconnection Customer, including, but not limited to, preliminary engineering, permitting activities, environmental analysis, or other activities specifically needed to obtain governmental approvals for the Distribution Provider's Interconnection Facilities, Distribution Upgrades, or Network Upgrades.

**Qualifying Capacity** -- The maximum Resource Adequacy Capacity that a Resource Adequacy Resource may be eligible to provide. The criteria and methodology for calculating the Qualifying Capacity of resources may be established by the CPUC or other applicable Local Regulatory Authority and provided to the CAISO. A resource's eligibility to provide Resource Adequacy Capacity may be reduced below its Qualifying Capacity through the CAISO's assessment of Net Qualifying Capacity.

**Queue Position** – The order of a valid Interconnection Request, relative to all other pending valid Interconnection Requests, that is established based upon the date and time of receipt of the valid Interconnection Request by the Distribution Provider and is represented by a unique identifying code assigned to each Interconnection Request that is deemed complete.

**Reasonable Efforts** – With respect to an action required to be attempted or taken by a Party under the Small Generator Interconnection Agreement, efforts that are timely and consistent with Good Utility Practice and are otherwise substantially equivalent to those a Party would use to protect its own interests.

**Reliability Network Upgrades** -- The transmission facilities at or beyond the point where the Distribution Provider's Distribution System interconnects to the ISO Grid, necessary to interconnect one or more Generating Facility(ies) safely and reliably to the ISO Grid, which would not have been necessary but for

the interconnection of one or more Generating Facility(ies), including Network Upgrades necessary to remedy short circuit or stability problems, or thermal overloads. Reliability Network Upgrades shall only be deemed necessary for thermal overloads, occurring under any system condition, where such thermal overloads cannot be adequately mitigated through the ISO's congestion management, operating procedures, or special protection systems based on the characteristics of the Generating Facilities included in the Interconnection Studies, limitations on market models, systems, or information, or other factors specifically identified in the Interconnection Studies. Reliability Network Upgrades also include, consistent with the Applicable Reliability Council's practice and Applicable Reliability Standards, the facilities necessary to mitigate any adverse impact the Generating Facility's interconnection may have on a path's Applicable Reliability Council rating.

**Resource Adequacy (RA)** -- A mandatory planning and procurement process to ensure adequate resources to serve all customers in real time. The program requires that Load Serving Entities (LSEs) meet a Planning Reserve Margin for their obligations. The program provides deliverability criteria that each LSE must meet, as well as system and local capacity requirements. Rules are provided for "counting" resources towards meeting resource adequacy obligations. The resources that are counted for RA purposes must make themselves available to the California ISO for the capacity for which they were counted. The ISO's Interim Reliability Requirements Program and the resource adequacy under MRTU tariff provisions are intended to complement the State of California's efforts to implement resource adequacy programs.

**Site Control** -- Documentation reasonably demonstrating: (1) ownership of, a leasehold interest in, or a right to develop a site for the purpose of constructing the Generating Facility; (2) an option to purchase or acquire a leasehold site for such purpose; or (3) an exclusivity or other business relationship between Interconnection Customer and the entity having the right to sell, lease or grant Interconnection Customer the right to possess or occupy a site for such purpose (see also: Site Exclusivity).

**Site Exclusivity** -- The third option to prove Site Control and applies only in instances when the Interconnection Customer has a business (private) or government agency (public) relationship with the project site's deed holder.

- (1) For private land, Site Exclusivity shall mean documentation reasonably demonstrating legal authorization from the land owner showing the Interconnection Customer has either (a) Ownership of, a leasehold interest in, or a right to develop property upon which the Generating Facility will be located consisting of a minimum of 50% of the acreage reasonably necessary to accommodate the Generating Facility; or (b) an option to purchase or acquire a leasehold interest in property upon which the Generating Facility will be located consisting of a minimum of 50% of the acreage reasonably necessary to accommodate the Generating Facility.
- (2) For public land, including that controlled or managed by any federal, state or local agency, Site Exclusivity shall mean documentation from the governing public agency providing a final, non-appealable permit, license, or other exclusive legal right to use the property for the purpose of generating electric power and in acreage reasonably necessary to accommodate the Generating Facility. Such documentation showing exclusive right to use public land under the management of a Local, State, or Federal agency shall be in a form specified by that agency.

**Smart Inverter** —A Generating Facility's inverter that performs functions that when activated can autonomously contribute to grid support during excursions from normal operating voltage and frequency system conditions by providing dynamic reactive/real power support, voltage and frequency ride-through, ramp rate controls, communication systems with ability to accept external commands and other functions.

**Small Generating Facility** – An Interconnection Customer's device for the production and/or storage for later injection of electricity identified in the Interconnection Request, but shall not include the Interconnection Customer's Interconnection Facilities, that has a generating capacity of 20 megawatts (MW) or less.

**Stand Alone Network Upgrades** -- Network Upgrades that an Interconnection Customer may construct without affecting day-to-day operations of the Transmission System during their construction. Both the Distribution Provider and the Interconnection Customer must agree as to what constitutes Stand Alone Network Upgrades and identify them in an Appendix to the GIA.

**System Protection Facilities** -- The equipment, including necessary protection signal communications equipment, required to protect (1) the Distribution Provider's Distribution System, the ISO Controlled Grid, and Affected Systems from faults or other electrical disturbances occurring at the Generating Facility and (2) the Generating Facility from faults or other electrical system disturbances occurring on the Distribution Provider's Distribution System, the ISO Controlled Grid or on other delivery systems or other generating systems to which the Distribution Provider's Distribution System and Transmission System is directly connected.

**Tariff** -- The Distribution Provider's Wholesale Distribution Tariff through which open access distribution service and Interconnection Service are offered, as filed with the FERC, and as amended or supplemented from time to time, or any successor tariff.

**Transmission System** -- Those facilities owned by the Distribution Provider that have been placed under the ISO's operational control and are part of the ISO Grid.

**Trial Operation** -- The period during which Interconnection Customer is engaged in on-site test operations and commissioning of the Generating Facility prior to Commercial Operation. Also known as Permission to Parallel for Test Purposes.

**Uncontrollable Force** -- Any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm, flood, earthquake, explosion, breakage or accident to machinery or equipment, any curtailment, order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities, or any other cause beyond the reasonable control of the Distribution Provider or Interconnection Customer which could not be avoided through the exercise of Good Utility Practice. An Uncontrollable Force event does not include acts of negligence or intentional wrongdoing by the Party claiming Uncontrollable Force.

**Upgrades** -- The required additions and modifications to the Distribution Provider's Distribution System, at or beyond the Point of Interconnection. Upgrades may be Network Upgrades or Distribution Upgrades. Upgrades do not include Interconnection Facilities.

**Wholesale Distribution Tariff Generator Interconnection Procedures (WDT GIP)** -- The procedures included in the Distribution Provider's Wholesale Distribution Tariff (WDT) to interconnect a Generating Facility directly to the Distribution Provider's Distribution System, as such procedures may be modified from time to time, and accepted by the Commission.

**Description and Costs of the Small Generating Facility, Interconnection Facilities and Metering Equipment**

The proposed generating facility (GF) CMSA Cogen System Upgrade (2474-WD) will distribute power to the PG&E utility grid using Stamford Jenbacher JMS 320 GS. The system has a total rated output of 995 kW. The generation output will be transformed to PG&E’s 12 kV line voltage through a PG&E owned transformer(s) with a total rating of 1,500 kVA. The transformer(s) will be connected Delta – Wye Grounded primary to secondary. The generating facility will operate as Net export of power connected to the PG&E system.

Central Marin Sanitation District (1384-WD), an Interconnection Customer (IC), has requested a Generating Facility (GF) interconnection for CMSA Renewable Energy Expansion (Project) to the Pacific Gas and Electric Company (PG&E)’s distribution system for a 750 kW Synchronous generating facility to be located at 1301 Andersen Dr, San Rafael, CA 94901. The Generating Facility will be connected to PG&E’s San Rafael 1103 distribution circuit. Interconnection will be in accordance with FERC’s Generator Interconnection Procedures. This Project has been assigned the queue number of 1384-WD.

Equipment, including the Small Generating Facility, Interconnection Facilities, and metering equipment shall be itemized and identified as being owned by the Interconnection Customer, the Distribution Provider, Distribution Owner or the Transmission Owner. The Distribution Provider will provide a best estimate itemized cost, including overheads, of its Interconnection Facilities and metering equipment, and a best estimate itemized cost of the annual operation and maintenance expenses associated with its Interconnection Facilities and metering equipment.

Actual costs incurred by the Interconnection Customer to install these Interconnection Facilities will be trued up with the Interconnection Customer once this project has achieved commercial operation, per Article 6.1 of this agreement. The Interconnection Customer will be responsible for payment of all actual costs incurred to install these facilities, and any additional facilities identified as necessary during the engineering, design, or construction phases. Should additional facilities be deemed necessary for the interconnection of this facility, Distribution Provider will identify these additional facilities as soon as possible in the construction phase, and will coordinate with the Interconnection Customer on the additional costs and timing needed to implement them. As needed, the costs of ownership for these Interconnection Facilities also will be updated once this project has achieved commercial operation.

**Project Information (1384-WD)**

<b>Project Name:</b>	CMSA Renewable Energy Expansion
<b>Number of Generators:</b>	1
<b>Manufacturer Model Name &amp; Number:</b>	Waukesha V6F4BGLD
<b>Number of Inverters:</b>	N/A
<b>Manufacturer Model Name &amp; Number:</b>	N/A
<b>Total Output:</b>	0.750 MW
<b>Transformer Data:</b>	1,500 kVA @ Z = 5.89% 12 kV / 0.48 kV Delta – Wye Grounded
<b>PG&amp;E Grid Voltage at Interconnection:</b>	12 V

**Project Information (2474-WD)**

<b>Project Name:</b>	CMSA Cogen System Upgrade
<b>Number of Generators:</b>	1
<b>Manufacturer Model Name &amp; Number:</b>	Synchronous – Stamford Jenbacher JMS 320 GS
<b>Total Output:</b>	1,233 kVA (995 kW @ 100% power factor)
<b>Transformer Data:</b>	1,500 kVA @ Z = 5.89% 12 kV / 0.48kV Delta – Wye Grounded
<b>PG&amp;E Grid Voltage at Interconnection:</b>	12 KV
<b>Substation / Feeder</b>	San Rafael Bank 1 117.5 kV / 12.47 kV San Rafael 1103
<b>Primary Line Configuration at POI</b>	3-phase, 3-wire distribution circuit
<b>Description of Operation</b>	Net export to San Rafael 1103

### Interconnection Facilities (1384-WD)

The estimated costs associated with the Interconnection Facilities required to interconnect the project to Distribution Provider's Distribution System.

Interconnection Facilities (Subject to Cost-of-Ownership)	Costs
Pre-parallel inspection, protection review and testing witnessing	\$10,000.00
PG&E Secondary Revenue Metering	\$5,000.00
Visible, lockable disconnect switch (by IC)	N/A
Ground fault detection bank (by PG&E)	N/A
<b>Total -- Interconnection Facility Costs</b> (Subject to Cost-of-Ownership)	<b>\$15,000.00</b>

### Interconnection Facilities (2474-WD)

The estimated costs associated with the Interconnection Facilities required to interconnect the project to Distribution Provider's Distribution System.

Interconnection Facilities (Subject to Cost-of-Ownership)	Costs
Pre-parallel inspection, protection review and testing witnessing	5,000.00
Visible, lockable disconnect switch (by IC) - existing	N/A
Ground fault detection bank (by PG&E) - existing	N/A
<b>Total -- Interconnection Facility Costs</b> (Subject to Cost-of-Ownership)	<b>\$5,000.00</b>
ITCC Tax <sup>1</sup>	<b>TBD</b>

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<sup>1</sup> Not subject to ITCC (Income Tax Calculation Component) on contribution. ITCC is exempt for wholesale generators that meet the IRS Safe Harbor Provisions. PG&E currently does not require the Interconnection Customer to provide security to cover the potential tax liability on the Interconnection Facilities, Distribution Upgrades, and Network Upgrades per the IRS Safe Harbor Provisions (IRS Notice 88-129). PG&E reserves the right to require, on a nondiscriminatory basis, the Interconnection Customer to provide such security, in a form reasonably acceptable to PG&E as indicated in Article 11 of the SGIA, an amount up to the cost consequences of any current tax liability. Upon request and within sixty (60) Calendar Days' notice, the Interconnection Customer shall provide PG&E such ITCC security or ITCC payment in the event that Safe Harbor Provisions have not been met, in the form requested by PG&E.

One-line Diagram Depicting the Small Generating Facility, Interconnection Facilities, Metering Equipment, and Upgrades

Figure 3-1 One-Line Conceptual Diagram of CMSA Cogen System Upgrade

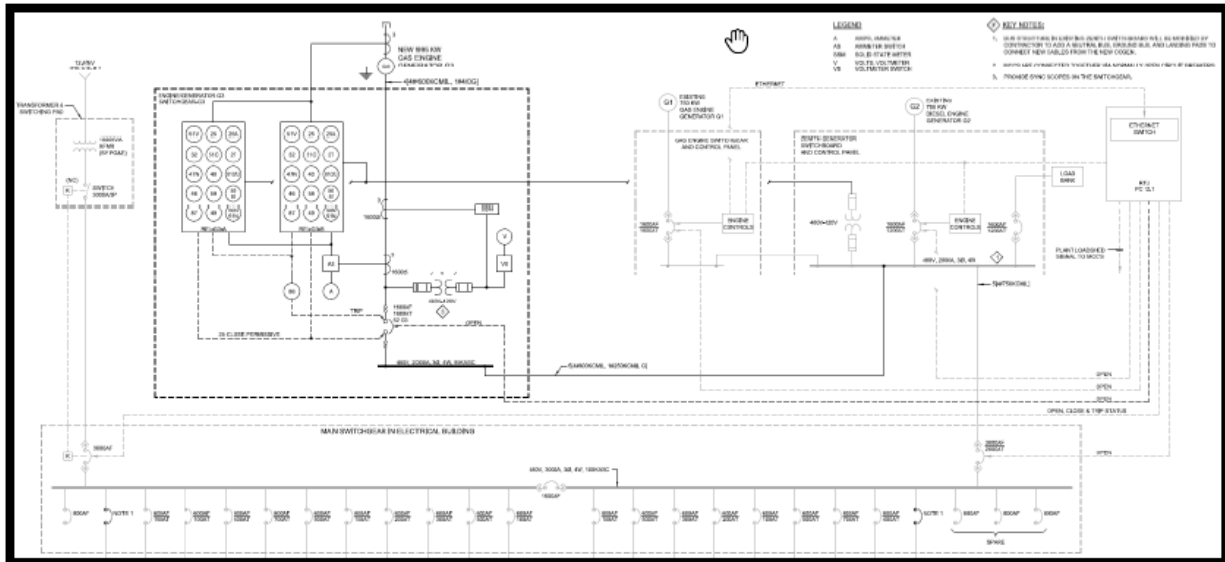
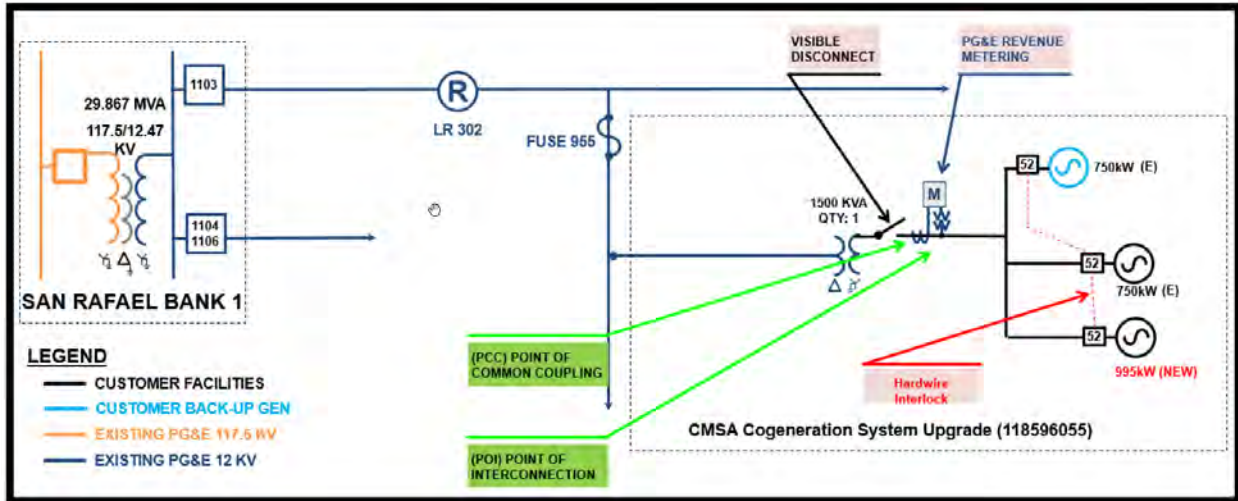




Figure 3-2 Vicinity Map of Project Name



## Milestones

In-Service Date: December 28, 2021

Critical milestones and responsibility as agreed to by the Parties:

	Milestone	1384-WD (Actual)	2474-WD (Estimated)	Responsible Party
1	Financial Security Posting Due Date	Completed	5/11/2021	Interconnection Customer
2	Submit electronic initial design package ( <i>including but not limited to equipment list, 70% final SLD, site map and site plan</i> )	Completed	6/15/2021	Interconnection Customer
3	On-site project kick-off meeting	Completed	6/15/2021	Distribution Provider & Interconnection Customer
4	Completion of the Interconnection Facilities, Distribution Upgrades, and Network Upgrade facilities	Completed	November 15, 2021	Distribution Provider & Interconnection Customer
5	In-Service Date (back-feed power)	3/13/2019	November 15, 2021	Distribution Provider & Interconnection Customer
6	Pre-parallel Inspection and Testing	Completed	December 28, 2021	Distribution Provider & Interconnection Customer
7	Initial Synchronization	Completed	January 4, 2022	Interconnection Customer
8	Provide written approval to Interconnection Customer for the operation of the facilities (PTO) and Commercial Operation Date (COD)	3/14/2019	January 11, 2022	Distribution Provider
9	Completion of Reliability and Deliverability Network Upgrades (RNU, DNU) identified in Attachment 5 as part of implementing FCDS	N/A	N/A	Distribution Provider

**Note 1 – Ability to Meet Milestone Dates**

The ability to meet these Milestone dates requires that all tasks, including tasks preceding the milestones listed above, to be completed in a timely fashion and does not account for unanticipated delays, including but not limited to delays caused by: emergency response due to wildfires or storms; time to complete environmental studies; availability of needed resources (e.g., materials or crews); difficulties securing necessary permits, easements, right of ways, licenses or other approvals; construction additional information needed to complete the project implementation process; or delays scheduling clearances to

complete the interconnection of this project to the PG&E system.

**Note 2 -- Supplemental Billing and Payment Provisions:**

In accordance with Article 6.3 of this project's SGIA, the financial security posting(s) must be completed by the Interconnection Customer before the Distribution Provider may begin any capital work. The Interconnection Customer may negotiate a milestone date to post the financial security(-ies) up to 180 Calendar Days (CD) after the execution of this SGIA. This negotiated date is shown in the milestones table above. If the financial security posting(s) is/are not completed by the date shown in the table above, a notice of default will be issued to the Interconnection Customer in accordance with Article 7.6 of this SGIA.

**Note 3 -- Billing Procedures for Actual Costs:**

Per Section 6.1.1 of this project's SGIA, PG&E will bill the Interconnection Customer on a monthly basis for actual labor and/or material costs incurred during the prior month.

**Agreed to by:**

For the Distribution Provider \_\_\_\_\_ Date: \_\_\_\_\_

For the Interconnection Customer \_\_\_\_\_ Date: \_\_\_\_\_

**Additional Operating Requirements for the Distribution Provider's Distribution System,  
Transmission System and Affected Systems Needed to Support  
the Interconnection Customer's Needs**

**5.1 General Operating Requirements**

The Distribution Provider shall also provide requirements that must be met by the Interconnection Customer prior to initiating parallel operation with the Distribution Provider's Distribution System.

At a minimum, the Interconnection Customer agrees to construct and interconnect the facility described in this agreement with the PG&E system in accordance with the standards and requirements described in the PG&E Transmission Interconnection Handbook (TIH) and the Distribution Interconnection Handbook (DIH). As described in the Supplemental Review Study.

Central Marin Sanitation Agency ability to operate the generating facilities at the 1301 Andersen Drive, San Rafael, CA 94901 is guaranteed only when the PG&E system is in the normal operating configuration and all required protection and regulation equipment is operational. PG&E reserves the right to require the CMSA Cogeneration System Upgrade generators to separate from the PG&E system if required for safety or system stability during an abnormal condition. In particular, the CMSA Cogeneration System Upgrade generator will not be allowed to operate in parallel with PG&E if the PG&E circuit source feeding the plant is switched to a source configuration different from what was studied in this report.

**5.2 Deliverability Status**

The Interconnection Customer has elected for this Small Generating Facility to have Energy Only Deliverability Status, as defined in the CAISO Tariff. As a result, this Small Generating Facility was studied for Energy Only Deliverability Status by the Distribution Provider. Per the results of those studies, the Interconnection Customer and the Distribution Provider acknowledge and understand that the Participating Small Generating Facility will have Energy Only Deliverability Status.

### **Distribution Provider's Description of its Upgrades and Best Estimate of Upgrade Costs**

The Distribution Provider shall describe Upgrades and provide an itemized best estimate of the cost, including overheads, of the Upgrades and annual operation and maintenance expenses associated with such Upgrades. The Distribution Provider shall functionalize Upgrade costs and annual expenses as either transmission or distribution related.

Actual costs incurred by the Interconnection Customer to install these Distribution Upgrades and Network Upgrades will be trued up with the Interconnection Customer once this project has achieved commercial operation, per Article 6.1 of this agreement. The Interconnection Customer will be responsible for payment of all actual costs incurred to install these facilities, and any additional facilities identified as necessary during the engineering, design, or construction phases. Should additional upgrades be deemed necessary for the interconnection of this facility, Distribution Provider will identify these additional upgrades as soon as possible in the construction phase, and will coordinate with the Interconnection Customer on the additional costs and timing needed to implement them. As needed, the costs of ownership for these Interconnection Facilities also will be updated once this project has achieved commercial operation.

#### **Distribution Upgrades**

The estimated costs associated with the system upgrades required to interconnect the project to the Distribution Provider's Distribution System.

**Distribution Upgrades: None**

#### **Reliability Network Upgrades**

The estimated costs associated with the system upgrades required to interconnect the project to the Distribution Provider's Transmission System. In accordance with Article 5.2.1 of this Agreement, Reliability Network Upgrades reimbursement is capped at a maximum of \$60,000 per MW of generating capacity. To the extent that such reimbursement does not cover all costs of the RNUs, the IC shall receive Congestion Revenue Rights ("CRRs") for the portion of the RNUs that are not covered by the above reimbursement.

**Reliability Network Upgrades: None**

**Total Project Costs for 2474-WD:**

Cost Category	Amount Subject to COO (\$)	Amount NOT Subject to COO (\$)	Total Cost Category Amount (\$)
Interconnection Facilities Costs (Attachment 2)	\$5,000.00	N/A	\$5,000.00
Distribution Upgrade Costs (Attachment 6)	\$0.00	N/A	\$0.00
<b>Network Upgrade Costs</b>			
Reliability Network Upgrade Costs (Attachment 6)	N/A	\$0.00	\$0.00
Deliverability-related RNU (Attachment 5)	N/A	\$0.00	\$0.00
Delivery Network Upgrades (Attachment 5)	N/A	\$0.00	\$0.00
<b>Total Project Costs (\$)</b>	<b>\$5,000.00</b>	<b>\$0.00</b>	<b>\$5,000.00</b>

**Total Cost-of-Ownership Charges for Project:**

The Interconnection Customer has elected the following by placing a check mark against it for Cost-of-Ownership for the applicable Interconnection Facilities and/or Distribution Upgrades. The Cost-of-Ownership amount indicated below is based on the aggregate of the actual costs subject to Cost of Ownership incurred for projects 1384-WD and 2474-WD

**Project Costs Subject to Cost of Ownership**

Project Queue #	Projects Costs Subject To Cost of Ownership	Actual or Estimated Costs?
1384-WD	\$15,000.00 (Note 1)	Estimated
2474-WD	\$5,000.00	Estimated
<b>Total</b>	<b>\$20,000.00</b>	Estimated

**Note 1:** This estimated cost comes from the SGIA amendment executed for project 1384-WD on May 24, 2019. As of the date of this SGIA for project 2474-WD, the construction activities for 1384-WD have been completed but the construction costs have not been reconciled. As a result, only the estimated costs are provided in this table.

A.  **Monthly Cost-of-Ownership Charge**

$\$20,000.00 \times 0.48\%^2$  (current percentage rate) = \$96.00

<b>Total Monthly Cost-of-Ownership Charge</b>	<b>\$96.00</b>
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B.  **Equivalent One-Time Charge** (in lieu of recurring Monthly Cost-of-Ownership Charge)

$\$96.00 / \text{month} \times 12 \text{ months} \times 14.73$  (present worth factor<sup>3</sup>) = \$16,968.96

<b>Total Equivalent One-Time Charge</b>	<b>\$16,968.96</b>
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<sup>2</sup> The COST-OF-OWNERSHIP Charge for Interconnections provided under this Agreement is determined in accordance with PG&E's applicable percentage rates calculated using PG&E's most recent distribution owner revenue requirement on file with and accepted by FERC. PG&E currently charges the following COST-OF-OWNERSHIP rates for distribution facilities: Customer financed, Distribution-level Rate of 0.48% monthly.

<sup>3</sup> The Present Worth Factor (PWF), which is also known as the perpetuity factor, is used under this agreement to determine the equivalent One-Time Payment. This financial factor is the reciprocal of the after-tax Rate of Return on Rate Base (ROR). The after-tax ROR is calculated by the Economic and Project Analysis Department and is based on CPUC decisions, which establish the Return on Rate Base.







**BOARD MEMORANDUM**

October 8, 2020

To: CMSA Commissioners and Alternates

From: Jason Dow, General Manager

**Subject: Board of Commissioners’ Policies**

**Recommendation:** Review and discuss the Board of Commissioners’ Policies, and provide direction to the General Manager, as appropriate.

**Discussion:** In December 2009 and April 2010, the Board adopted a series of Board of Commissioners’ Policies covering various topics, such as meeting decorum, compensation, and travel expense reimbursement, among others. Most policies were last updated in 2015 by a Board ad hoc committee, comprised of the General Manager, General Legal Counsel, and the Board Chair. In 2018, the compensation policy was revised with a new daily stipend amount, adding committee meetings and events that are entitled to a stipend, and requiring the Board to review the policy every two years.

With several new commissioners and alternates appointed to the Board since 2015, and to comply with the review requirement in the compensation policy, I believe it’s an appropriate time to bring all the policies before the Board for review, discussion, and potential updating. Different approaches can be used to review and update the policies, such as by the full Board at a regular meeting or the Board can appoint an ad hoc committee. If an ad hoc committee is assigned the work, recommended policy revisions will be presented at a future Board meeting.

Staff has reviewed the policies and has identified a few areas that could be updated or revised as summarized below and highlighted in the attached policies.

Policy #2: Compensation

- Summarize the Government Code references in the Section 3. -
- Decide if number of days of service will remain four. (Section 4)
- Decide if the policy will be reviewed every two years. (Section 5)

Policy #3: Board Meeting Noticing and Recording

- Remove guidance on intranet storage or state a minimum of one year. (Section 2)
- Decide on how long to keep the meeting recordings on the Agency website. (Section 3)

Policy #4: Reimbursement for Travel/Expenses for Agency Officials

- Align Cost Control Section with the provision in the Agency's Administrative Policy #15: Travel Expense Reimbursement for employees

Policy #5: Commissioner's Response to Queries Raised by the Public

- Consider replacing the last paragraph in the policy with the language in the Board agenda's public comment period section.

Policy #6: Access to Public Documents

- Remove number reference

Policy #7: Establishing and Using Committees

- The Policy was drafted when the Board had six commissioners, so the requirement that any committee could not exceed a quorum meant a committee could have up to three commissioners. With Larkspur's withdrawal, the number of commissioners on a committee is now limited to two. Our Standing Finance Committee has a member from each JPA member but exceeds the quorum limit.
- Consider limiting Standing Committees to three commissioners, in which case they would be open to the public like the Finance Committee.
- Add to the Evaluation Committee responsibilities the review of the GM workplan status report prior to the annual performance evaluation.
- Decide if the Evaluation Committee is appointed each fiscal year or remains the Chair and Vice-Chair.
- Change the number of ad hoc committee members to two.

**Attachment:**

- Board of Commissioners' Policies



**CENTRAL MARIN SANITATION AGENCY**

**Board of Commissioners'**

**POLICIES**

**Board Approved September 8, 2015**

**Revisions: October 9, 2018**



**CENTRAL MARIN SANITATION AGENCY  
Board of Commissioners' Policies**

**Table of Contents**

<b>Policy #</b>	<b>Date Enacted</b>	<b>Revision Date(s)</b>	<b>Policy Title</b>
1	04/13/2010	09/08/2015	Board Member and Meeting Decorum
2	12/08/2009	09/08/2015 10/09/2018	Compensation Policy for Agency Officials
3	12/08/2009	09/08/2015	Board Meeting Noticing and Recording
4	12/08/2009	09/08/2015	Reimbursement Policy for Travel/Expenses for Agency Officials
5	04/13/2010	09/08/2015	Commissioners' Response to Queries Raised by Members of the Public
6	04/13/2010	09/08/2015	Access to Public Documents
7	04/13/2010	09/08/2015	Establishing and Utilizing Committees



**CENTRAL MARIN SANITATION AGENCY (CMSA)**  
**Board Policy #1**

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**BOARD MEMBER AND MEETING DECORUM**

This policy is intended to provide Board members attending CMSA Board and Committee meetings with general guidelines for appropriate and effective meeting behavior, and to clarify decorum expectations.

Board of Commission members are required to act in an objective, responsive, and fair manner, and to demonstrate proper conduct as they promote open public processes at meetings.

**Attendance and Preparation**

Commissioners are asked to prepare in advance of meetings, so that the time spent in session is productive and action-oriented.

1. Commissioners should review the agenda and packet of materials before each Board meeting.
2. If Commissioners have questions or concerns about an agenda item, they should contact the General Manager and/or the Board Chair in advance of the meeting so that the General Manager may be fully prepared to respond to these questions at the meeting or have information to distribute as handouts. Hopefully, advance notice to the General Manager can result in a discussion between the General Manager and a Board member, which will alleviate concerns prior to the meeting.
3. Commissioners are asked to be on time to meetings. If a Commissioner will not be attending, he/she should communicate this to the General Manager or Board Chair as soon as possible, and arrange to have his/her alternate attend.
4. If a Commissioner misses two or more meetings in a twelve month period, and does not make arrangements to have his/her Alternate attend in his/her place, a letter will be prepared by the Board Chair and sent to the member agency requesting the appointment of a new representative.

**Decorum During Meetings**

While at meetings, the Commissioners' main duties are to consider problems to be solved, hear facts and points-of-view, make decisions and take action, and to receive and consider reports. To do this effectively, Commissioners are asked to:

1. Conduct themselves with dignity and respect.
2. Listen attentively and respond as appropriate.
3. Avoid hidden agendas, gossip, and other forms of negative interaction.
4. Focus on issues rather than personalities.
5. Show respect for the decisions that the Board majority makes.

6. Be cautious and careful with criticism.
7. Make every effort to protect the integrity and promote the positive image of the Agency, and of one another.
8. Be careful not to make unsubstantiated accusations, allegations, or verbal attacks on citizens, or fellow Commissioners. Do not criticize or denigrate staff in public or at meetings. Instead, Commissioners should direct any comments regarding staff to the General Manager. Should the comments refer to the General Manager, they should be shared in closed session during the General Manager's performance evaluation.
9. Commissioners and staff should not be surprised with new materials presented for the first time at the meeting. Handouts should be distributed to Commissioners and staff well before the meeting and any verbal information should be provided to the Chair and/or General Manager well in advance of a meeting. Where a Commissioner receives relevant information on an agenda item at a time when he/she cannot give advance notice to the Board Chair or General Manager, he/she should provide the information to the Board Chair and/or General Manager prior to the commencement of the meeting or ask for a short break prior to the discussion of the relevant Agenda item in order to advise the Board Chair and/or General Manager of the information.
10. Board members should neither use Agency resources for his/her personal use nor request personal favors from staff members.

#### **Decorum After Meetings**

1. After the Board meeting, Commissioners should communicate any concerns they have with the General Manager. Questions to be posed to Agency staff should be as specific as possible, through the General Manager.
2. Commissioners do not directly discuss matters with Agency Counsel. Matters that need to be brought before the Agency's attorney should first be discussed with the General Manager or the Board Chair.
3. When speaking to the press or otherwise publicly sharing personal opinions, Commissioners will respect the decisions of the Board and will not undermine its decisions. Commissioners seek to make every reasonable effort to protect the integrity and promote the positive image of the Agency and of one another. The General Manager and/or the Chair are the official representatives of the Agency when speaking to the public.
4. Commissioners shall maintain confidentiality in matters dealing with private or sensitive issues, particularly those matters addressed in closed session. Any materials distributed in closed session should not be retained by Commissioners, and should be handed back to staff at the close of the meeting.



## **COMPENSATION POLICY FOR AGENCY OFFICIALS**

### **MEETING STIPENDS**

1. General

Consistent with California Health and Safety Code Section 6489, Commissioners receive a daily meeting stipend for each day's attendance at meetings, as defined in this policy. Such compensation is in addition to any reimbursement for meals, lodging, travel, and expenses consistent with this policy.

2. Stipend Amount

Commissioners or alternates in the place of Commissioners who attend meetings/events as defined in Section 3 shall receive 225.00 as their daily stipend. Should the Commission raise the stipend amount in the future, it shall be adjusted by passing an ordinance pursuant to the Health and Safety Code Section 6489 (b) without the need to amend this policy.

3. Meetings and Service Subject to the Daily Stipend

For a commissioner or alternate to be entitled to a daily stipend under this policy, the event in question must constitute one of the following:

- (1) A meeting of the Agency board within the meaning of **Government** Code Section 54952.2(a).
- (2) Standing and ad hoc Board Committee meetings.
- (3) A conference or organized educational activity conducted in compliance with **Government** Code Section 54952.2(c), including ethics training required by **Government** Code Sections 53234 and following.
- (4) A meeting of any multi-jurisdictional governmental body on which the Board member serves as the Agency's designated representative.

- (5) Any meeting attended or service provided on a given day at the formal request of the Board and for which the Board approves payment of a daily meeting.

4. Aggregate Limits

The number of days for which a Commissioner receives a daily stipend will not exceed **four days** in a calendar month or state law, whatever is less.

- a. The stipend amount is for all meetings in a given day. Multiple meetings in one day do not justify multiple stipend payments.

5. Policy Review

The Board will review this policy every **two years** and consider making adjustments or revisions, as appropriate.

**BOARD MEETING NOTICING AND RECORDING**

A. Purpose

This policy is intended to provide CMSA staff, Commissioners and their Alternates, and the public with the general requirements and guidelines for noticing and recording the CMSA Board of Commissioner meetings consistent with the Brown Act (California Government Code Section 54950 et seq.). Recording includes meeting minutes and the audio and video recording of meetings.

B. Board Meeting Noticing

Board meeting agendas are posted outside the CMSA offices, near the front gate, at 1301 Anderson Drive. The agenda is also posted on the Agency website ([www.cmsa.us](http://www.cmsa.us)). The website posting includes the entire agenda packet. The agenda and staff reports are available in the CMSA administrative office for review.

Posting for regular, special, and emergency meetings shall comply with Brown Act requirements.

C. Board Meeting Minutes

1. General

The Agency's Administrative Assistant or other staff member as designated by the General Manager shall take and maintain minutes for each regular, special, and/or emergency meeting of the CMSA Board of Commissioners. The minutes are an official record of the Board meeting.

Minutes will not be taken for Board Committee meetings, unless required by the Brown Act or other state law.

2. Minutes - Form and Content

Meeting minutes shall be in an action/summary format and shall contain the following information:

- a. Meeting location
- b. Meeting: commencement time and adjournment time

- c. Board Members in attendance and absent
- d. Staff in attendance
- e. Public in attendance that sign-in on the meeting sign-in form
- f. Brief staff overview of each agenda item
- g. Board action and vote for each agenda item, if applicable; the Aye, No or Abstain vote of each Board member shall be recorded
- h. Board direction to staff for each agenda item, if applicable
- i. Identification of public speakers for each agenda item

The minutes shall not contain a narrative advanced by each Board member during the meeting. Staff will summarize Board comments and questions, and staff responses to Board questions for each agenda item that influence Board direction or action. The minutes shall note the general nature of public comments and questions.

### 3. Approval of Minutes

Staff shall prepare minutes for each regular, special, and/or emergency Board meeting and place the minutes on the consent calendar for approval at the next Board meeting.

Any Board member who has comments on the minutes shall provide his/her comments to the Board during the Board meeting where the minutes are set to be approved. The Board will either accept the member's comments/clarifications into the minutes or reject the member's comment/clarifications if the Board votes that the proposed minutes do not need such clarification or change. The Board may also direct staff to review the audio recording of the subject meeting, make any necessary corrections, and bring the revised minutes to the Board at the subsequent meeting for approval.

### 4. Maintenance of Minutes

Staff will place and store a hard copy of the approved minutes of each Board meeting in the Agency's administrative building vault. An electronic copy shall be placed in the Agency's intranet, and on the Agency website for public viewing and downloading.

### 5. Public Access to Minutes

Meeting minutes are public records and shall be accessible for public viewing and provided to the public upon request. If a copy of the minutes is requested by a member of the public, staff will either email (pdf) or fax the minutes, or prepare a hard copy for public pickup at the Agency's office.

#### D. Agency Audio and Video Recording of Board Meetings

Staff intends to record each regular, special, and/or emergency meeting of the CMSA Board of Commissioners using digital audio and video recorders. The audio and video recordings are considered an official record of the meeting proceedings.

##### 1. Recording Protocol

The recording devices shall be started at the beginning of the Board meeting when the Board Chair calls the meeting to order, and shall be turned off when the meeting is adjourned by the Board Chair. The devices shall also be turned off during meeting breaks and during closed session discussions.

Any accidental audio or video recording of discussions before, after, or during a break or during a closed session shall be deleted from the official recording prior to placing the recording in storage, posting it on the Agency website, or providing it to Board members or the public.

##### 2. Audio and Video Recording Storage

All recordings of Board meetings will be stored in the Agency's administrative building vault or long term storage area, as determined by staff. Staff may keep one year's recordings on the Agency intranet before placing in storage.

##### 3. Public Access to Audio and Video Recordings

Meeting recordings are public records and shall be provided to the public upon request. Audio and video records will be posted to the Agency's website within two weeks of a Board meeting. Indefinetely, x years, or 10 years?

Staff will provide members of the public with a copy of a requested recording for the cost of reproduction. The minimum fee for providing a physical copy of the recording is \$5.00.

#### E. Public Video Recording of Board Meetings

Video recording of Board meetings shall be performed in a manner that is safe, non-disruptive, non-intimidating, and respectful to the Board, staff, and the public, and shall conform to the requirements outlined below.

##### 1. Video Recording Location

The location for video recording of Board meetings by the public, using either traditional tripod mounted or non-battery powered video recorders, is in the back row of the public

seating area opposite the Board room entrance door. Meeting attendees using handheld battery powered recording devices (PDA, camera phone, digital recorder, etc.) may film the meeting proceedings from their seat.

2. Public Video Recording

Public video recording shall not be an official record of Board proceedings on the grounds that: (1) Agency personnel did not conduct the recording; and (2) there is no assurance that the video has not been edited.

**REIMBURSEMENT FOR TRAVEL/EXPENSES  
FOR AGENCY OFFICIALS**

**A. AUTHORIZED EXPENSES**

1. Agency funds, equipment, supplies, and staff time must only be used for authorized agency business. Expenses incurred in connection with the following types of activities generally constitute authorized expenses, as long as the other requirements of this policy are met:

- a. Communicating with representatives of regional, state and national government on agency adopted policy positions;
- b. Attending educational seminars designed to improve officials' skill and information levels;
- c. Participating in regional, state and national organizations whose activities affect the Agency's interests;
- d. Attending local events or meetings on behalf of the agency;
- e. Meetings such as those listed above for which a meeting stipend is expressly authorized under this policy.

All other expenditures require prior approval by the Agency's governing body.

2. Commissioners must receive prior approval by the Agency's governing body for attendance at conferences, trainings, or meetings that require overnight travel.
3. Examples of personal expenses that the Agency will not reimburse include, but are not limited to:
  - a. The personal portion of any trip;
  - b. Political or charitable contributions or events;
  - c. Family expenses, including partner's expenses when accompanying official on agency-related business, as well as children-or pet-related expenses;

- d. Entertainment expenses, including theater, movies (either in-room or at the theater), sporting events (including gym, massage and/or golf related expenses), or other cultural events;
  - e. Non-mileage personal automobile expenses, including repairs, traffic citations, insurance or gasoline; and
  - f. Personal losses incurred while on Agency business.
4. Any questions regarding the propriety of a particular type of expense should be resolved by the approving authority before the expense is incurred.

## **B. COST CONTROL**

To conserve Agency resources and keep expenses within community standards for public officials, expenditures should adhere to the following guidelines. In the event that expenses are incurred which exceed these guidelines, the cost borne or reimbursed by the Agency will be limited to the cost that fall within the guidelines.

### **1. Transportation**

The most economical mode and class of transportation reasonably consistent with scheduling needs and cargo space requirements must be used, using the most direct and time-efficient route. Charges for rental vehicles may be reimbursed where renting a vehicle is the most efficient manner of transportation considering both the issue of the expense and the time involved in utilizing alternate methods of transportation. For example, even if an alternate means of transportation is more economical, a rental vehicle is still authorized where the time expenditure in the alternate method of transportation is infeasible. Government and group rates must be used when available.

### **2. Airfare**

Airfares that are equal or less than those available through the Enhanced Local Government Airfare Program offered through the League of California Cities ([www.cacities.orgt/travel](http://www.cacities.orgt/travel)), the California State Association of Counties (<http://www.csac.counties.org/default.asp?id=635>) and the State of California are presumed to be the most economical and reasonable for purposes of reimbursement under this policy.

### **3. Automobile**

Automobile mileage is reimbursed at Internal Revenue Service rates presently in effect (see [www.irs.gov](http://www.irs.gov)). These rates are designed to compensate the driver for gasoline, insurance, maintenance, and other expenses associated with operating the personal



vehicle. This amount does not include bridge and road tolls, which are also reimbursable. The Internal Revenue Service rates will not be paid for rental vehicles; only receipted fuel expenses for rental vehicles will be reimbursed.

#### **4. Car Rental**

Rental rates that are equal or less than those available through the State of California's website (<http://www.catravelmart.com/default.htm>) shall be considered the most economical and reasonable for purposes of reimbursement under this policy. Where rental rates are more expensive than those available through the State's website, the most economical rate available shall be utilized.

#### **5. Taxis/Shuttles**

Taxis or shuttles fares may be reimbursed, including up to a 15 percent gratuity per fare, when the cost of such fares is equal or less than the cost of car rentals, gasoline and parking combined, or when such transportation is necessary for time-efficiency.

#### **6. Lodging**

A. Lodging expenses will be reimbursed or paid for when travel on official Agency business reasonably requires an overnight stay. Generally, overnight stay is allowable where the Agency business is over 75 miles from San Rafael. However, the Commission may waive the 75 mile rule where the circumstances warrant an overnight stay (e.g. evening meeting, special conference).

1. **Conferences/Meetings.** If such lodging is in connection with a conference, lodging expenses must not exceed the group rate published by the conference sponsor for the meeting in question if such rates are available at the time of booking. If the group rate is not available, see next section.

2. **Other Lodging.** Travelers must request government rates, when available at <http://www.catravelmart.com/lodguideframes.htm>. Lodging rates that are equal or less than government rates are presumed to be reasonable and hence reimbursable for purposes of this policy.

(a) *(Median Hotel Cost)* In the event that government rates are not available at a given time or in a given area, lodging rates that do not exceed the median retail price for lodging for that area listed on websites like [www.priceline.com](http://www.priceline.com) or an equivalent service shall be considered reasonable and hence reimbursable.

## 7. Meals

Reimbursable meal expenses and associated gratuities will not exceed the following rates for Fiscal Year 2015/2016:

Breakfast:	\$12.00
Lunch:	\$15.00
Dinner:	\$24.00

Generally, these reimbursements will cover meal allocations where Commissioners attend daily conferences, seminars or other related Agency business where no overnight stay is required and the meal is not provided by the registration fee.

Such amounts will be annually adjusted to reflect changes in the cost of living in accordance with statistics published by the United States Department of Labor, Bureau of Labor Statistics Consumer Price Index, all urban consumers for the Bay Area Metropolitan Area. The annual adjustment will be based on this area whether travel is within the area or not.

*The Agency will not pay for alcohol/personal bar expenses.*

## 8. Per Diem Rate

### 1. Overnight Travel

The Agency will provide a Per Diem amount to cover meals, gratuities, and incidental expenses as established below.

- 24 hour Per Diem: The amount of \$84.00 will be provided for each 24-hour period the official or Commissioner is away from home on Agency business.
- Partial day Per Diem: The per diem rate will be prorated (75%) for partial days (between 12 and 24 hours), for an amount of \$63.00.
- Per Diem Advance Payments: Per diem may be advanced upon request. See Section C below
- Per Diem amounts will be adjusted annually to reflect changes in the S.F. Bay Area Consumer Price Index (See Section 7 above).

2. The value of meals provided by the conference, in which the official participates, will be subtracted from the per diem rate by the applicable meal allowance detailed in Section 7 above.

## **9. Telephone/Fax/Cellular**

Officials will be reimbursed for actual telephone and fax expenses incurred on Agency business. Telephone bills should identify which calls were made on Agency business. For cellular calls when the official has a particular number of minutes included in the official's plan, the official can identify the percentage of calls made on public business.

## **10. Internet**

Officials will be reimbursed for Internet access connection and/or usage fees away from home if Internet access is necessary for Agency related business.

## **11. Airport Parking**

Long-term parking must be used for travel exceeding 24-hours.

## **12. Other**

Baggage handling fees of up to \$1.00 per bag will be reimbursed. Expenses for which Agency officials receive reimbursement from another agency are not reimbursable.

### **C. PER DIEM ADVANCE POLICY**

1. From time to time, it may be necessary for an official to request a per diem advance to cover anticipated expenses while traveling or doing business on the Agency's behalf. Such request for an advance must be submitted to the General Manager on the Agency's Per Diem Advance Request Form prior to the need for the advance
2. In the event the General Manager is uncertain as to whether a request complies with this policy, such individual must seek resolution from the Commission.

### **D. CREDIT CARD USE POLICY**

CMSA does not issue credit cards to individual office holders but does have an Agency credit card for selected Agency expenses pursuant to the Agency's Purchase Policy. The General Manager or designee will purchase airline tickets make hotel reservations for Board members upon request. Receipts documenting expenses incurred on the Agency credit card and compliance with this policy must be submitted within thirty business days of use pursuant to Section F. 3. below.

Agency credit cards may not be used for personal expenses, even if the official subsequently reimburses the Agency.

#### **E. EXPENSE REPORT CONTENT AND SUBMISSION DEADLINE**

1. All cash advance expenditures, credit card expenses and expense reimbursement requests must be submitted on a Travel Expense Report provided by the Agency. *This form shall include the following advisory:*

*All expenses reported on this form must comply with the Agency's policies relating to expenses and use of public resources. The information submitted on this form is a public record. Penalties for misusing public resources and violating the Agency's policies include loss of reimbursement privileges, restitution, civil and criminal penalties, possible discipline, as well as additional income tax liability.*

2. Expense reports must document that the expense in question met the requirements of this policy. For example, if the meeting is with a legislator, the local agency official should explain whose meals were purchased, what issues were discussed and how those relate to the Agency's adopted legislative positions and priorities.

3. Officials must submit their expense reports within 30 days of an expense being incurred, accompanied by receipts documenting each expense. Restaurant receipts, in addition to any credit card receipts, are also part of the necessary documentation.

4. Inability to provide such documentation in a timely fashion may result in the expense being borne by the official.

#### **F. AUDITS OF EXPENSE REPORTS**

All expenses are subject to verification that they comply with this policy.

#### **G. REPORTS TO GOVERNING BOARD**

Following attendance at a meeting/conference at Agency expense, each official shall briefly report on the meeting/conference at the next regular meeting of the CMSA Board of Commissioners. If multiple officials attended, a joint report may be made.

## **H. COMPLIANCE WITH LAWS**

Agency officials should keep in mind that some expenditures may be subject to reporting under the Political Reform Act and other laws. All agency expenditures are public records subject to disclosure under the Public Records Act, *and other laws*.

## **I. VIOLATION OF THIS POLICY**

Use of public resources or falsifying expense reports in violations of this policy may result in any or all of the following: (1) loss of reimbursement privileges, (2) a demand for restitution to the Agency, (3) the Agency's reporting the expenses as income of the elected official to state and federal tax authorities, (4) civil penalties of up to \$1,000.00 per day and three times the value of the resources used, and(5) prosecution for misuse of public resources.



**CENTRAL MARIN SANITATION AGENCY (CMSA)**  
**Board Policy #5**

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**COMMISSIONERS' RESPONSE TO QUERIES RAISED BY  
MEMBERS OF THE PUBLIC**

This policy is intended to provide Commissioners and their Alternates with general practice and guidelines for responding to questions and comments made by members of the public during Board meetings.

**General**

The Agency Board of Commissioners encourages the public's presence and participation at their meetings, and promotes fair and open public processes. The opinions and input shared by members of the public are valued and considered in the decisions made by the Board, and the Commission seeks to have the public's questions answered.

*Comments* posed by members of the public are noted and a brief synopsis identifying the topic related to the comments is included in the minutes. Speakers are asked to identify themselves for the record.

*Questions* made by the members of the public are noted by the Commission Chairperson and the General Manager. At the close of public open time, or at the close of public comments on an Agenda item, the Chair will direct staff to either address the questions or issues that have been posed, or ask the member of the public to contact staff following the meeting to obtain the required information. The nature of the questions posed are recorded in the minutes, pursuant to Board Policy #3, Policy on Noticing and Recording Board Meetings for the Public Record.

It should be noted that with respect to questions and comments made by members of the public during open time, neither staff nor Board members should begin a dialogue on such matters during the meeting since the matter is not agendaized for public discussion by the Board. If a public comment raises an issue that warrants further discussion, the Board Chair can direct staff to include the issue on the agenda at a future meeting.





## **ACCESS TO PUBLIC DOCUMENTS**

### **General**

The Agency has an administrative procedure, *#10 S Public Records Act Requests*, which provides clear guidance to staff and Commissioners regarding providing the public with access and copies of public documents. It is the Agency's intention to provide the public with available information and records, except those that are related to legally-protected confidential, personnel, or medical matters.

### **Special Consideration**

Commissioners often have access to materials that are provided in closed session. These materials are not part of the public record and are considered confidential. Commissioners will not disclose information that legally qualifies as confidential to unauthorized persons without approval of the Board. This includes information that (1) has been received for, or during, a closed session Board meeting, as compliant with the Brown Act, (2) is protected from disclosure under the attorney/client or other evidentiary privilege, or as compliant with the Brown Act, or (3) is not disclosable under the California Public Records Act.



## **ESTABLISHING AND USING COMMITTEES**

### **General**

This policy is intended to provide CMSA staff, Commissioners and their Alternates, and the public with information regarding the general practice of establishing and utilizing committees.

All committees must be comprised of **less than a quorum** of the Board. Committees shall not be comprised of more than one Board member/Alternate from each JPA member agency.

This Policy shall establish that the CMSA Board shall form standing and ad hoc committees on an as-needed basis. The composition of the committees shall be normally established at the beginning of the fiscal year. Both standing and ad hoc committees are advisory in nature. They present their findings on a subject matter with a recommendation to the full Board for consideration. Standing and ad hoc committees shall adhere to Board policies while conducting their business including the Board Decorum Policy.

### **Evaluation Committee**

An Evaluation Committee shall be established. The purpose of the Evaluation Committee is to meet with the General Manager at the direction of the Board of Commissioners and discuss salary, benefits, terms and conditions of employment and other provisions of the General Manager's contract with the Agency. The Evaluation Committee shall bring back recommendations to the Board and receive direction from the Board as to the aforementioned contract with the General Manager.

The composition of the Evaluation Committee shall be the Chair and Vice-Chair of the Agency's Board of Commissioners. Such composition will be determined at the commencement of each fiscal year with the election of the Board's officers.

### **Standing Committees**

A Standing Committee is a committee established by the Board of Commissioners that has a continuing subject matter jurisdiction or a meeting schedule fixed by Ordinance, Resolution, or other formal action by the Board of Commissioners. A Standing Committee is a legislative body for purposes of compliance with the Brown Act.

The Board of Commissioners shall have a Standing Finance Committee. The Finance Committee does not contain more than a quorum of the Board of Commissioners, does not have a regular schedule and meets irregularly on an as-needed basis. The Standing Finance Committee will provide recommendations to the Board of Commissioners on appropriate

financial topics designated to them. The composition of this committee shall be determined by the Board of Commissioners near the beginning of each new fiscal year.

The meetings of the Standing Finance Committee shall be open to the public in compliance with the Brown Act and shall comply with the provisions of the Brown Act.

### **Ad Hoc Committees**

From time to time, the Agency's Board of Commissioners will determine the need for the establishment of ad hoc committees. These committees are formed for the specific purpose of addressing special issues or items that will come under consideration of the Board in the future.

An ad hoc committee is formed by either the election or voluntary assignment of Commissioners to the committee. The group shall be comprised of two **or three** Commissioners, representing two **or three** of the joint powers agencies, and at least one Agency staff person. Ad hoc committees do not have a regular schedule and meet irregularly only on an as-needed basis. Upon the establishment of an ad hoc committee, the Board or the Agency's counsel will determine whether the committee is subject to the requirements of the Brown Act (California Government Code § 54952).



**BOARD MEMORANDUM**

October 8, 2020

To: CMSA Commissioners and Alternates  
From: Kate Brouillet, Administrative Specialist  
Approved: Jason Dow, General Manager  
**Subject: October Informational Items**

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

- A. Letter dated September 8, 2020 from various stakeholders to the California Association of Sanitation Agencies  
*Re: Wastewater Based Epidemiology (WBE)*
- B. Copy of a check from MCE dated September 11, 2020  
*Re: Feed-in-Tariff sales*
- C. Letter dated September 28, 2020 to Anna Gallagher, California Regional Water Quality Control Board  
*Re: Monthly Self-Monitoring Report (SMR) – August 2020*





September 8, 2020

Via electronic submittal: [Melinda.Belisle@gatesfoundation.org](mailto:Melinda.Belisle@gatesfoundation.org)

To: Dr. Melinda Belisle – Bill and Melinda Gates Foundation

Subject: Wastewater Based Epidemiology (WBE)

Dear Dr. Belisle:

The undersigned represent a diverse group of stakeholders seeking to implement credible solutions to inform public health decisions related to the SARS-CoV-2 (COVID-19) pandemic. The Centers for Disease Control and Prevention (CDC) is developing the National Wastewater Surveillance System (NWSS) through partnerships with state, local, tribal, and territorial health departments to inform public health actions relative to the COVID-19 pandemic. The nations wastewater agencies are actively engaged in sampling and analyzing wastewater for SARS-CoV-2 and stand ready to assist local and state health officials in their effort to manage the pandemic. However, we are writing to request your assistance in implementing this valuable tool by ensuring wastewater plants can continue sampling, that public health officials receive meaningful and credible data, and there is a national coordinated repository for receiving and interpreting the data. This assistance is needed to bridge and fund efforts by the CDC, EPA, State Health and environmental departments, universities, and the wastewater sector. We estimate a minimum of five million dollars will be needed to support this effort.

**Wastewater Based Epidemiology (WBE) is a Proven Tool**

Fortunately, COVID-19 has not been shown to remain viable in wastewater but its genetic signal (RNA) can still be detected and serve as an effective diagnostic tool. Testing the raw (influent) wastewater and primary sludge can detect the RNA of SARS-CoV-2 whether it is infectious or not. Such testing is known as Wastewater Based Epidemiology (WBE) and has been used for decades around the globe for other viruses such as polio and for opioid use. Individuals infected with COVID-19, both asymptomatic and symptomatic, shed the virus in bodily excretions that find their way to the sewerage system. Many wastewater agencies in California, across the nation, and the globe are pursuing analysis of their influent wastewater and primary sludge to determine the presence or absence of SARS-CoV-2, and to ascertain if the trend is increasing, decreasing, or staying level in their communities.

**WBE Can Help Public Health Officials Respond to the Pandemic**

The issue of determining when to relax or reimpose shelter-in-place policies and whether to physically return to school during the pandemic has become a lightning rod issue across the globe as we move into fall. WBE has the potential to provide advance notice of between four to seven days before an outbreak is observed in a community. This early warning can then be used in conjunction with clinical data to help inform public-health decision making such as the extent and duration of shelter-in-place policies, including when to open or close schools, bars, or restaurants; how to prioritize testing; and where to allocate medical resources. The tool is flexible and can be used to trace an outbreak by testing upstream in the sewershed. If the trend is increasing, then testing can be done within smaller areas to determine hotspots, such as at assisted care facilities, industrial complexes, or schools. The

University of Arizona (UA) recently identified its presence in wastewater from a dorm, retested all residents, and found two asymptomatic people which would have been undetected without the surveillance. Many wastewater plants in California and beyond stand ready to be collaborative partners in federal and state efforts to conduct WBE. Stanford University, in partnership with the University of Michigan, UC Berkeley, UA, USEPA, and many other public and private laboratories are actively perfecting and/or conducting WBE analyses.

### **Funding is Needed to Implement WBE**

CDC is working closely with EPA, state health officials, and the global research community, along with the Water Research Foundation and the Water Environment Federation to establish standard methods for sample collection, preservation, quality assurance and control, and analysis. To date, the work of sample collection and analysis has been borne by the public wastewater agencies and university research laboratories. Funding is a critical need to ensure capacity and credibility for WBE. Funding of this public health data out of public wastewater agencies general operating budgets is not sustainable over the long-term. We respectfully request financial assistance for state health departments, the wastewater sector, and other key partners to implement an effective WBE program.

The wastewater sector stands ready to increase its efforts to assist and to provide data as appropriate, should additional funding be made available. We welcome the opportunity to provide you more information on this opportunity. Please contact Greg Kester with the California Association of Sanitation Agencies with any questions or for further clarification at [gkester@casaweb.org](mailto:gkester@casaweb.org) or at 916-844-5262.

Greg Kester  
Director of Renewable Resource Programs  
California Association of Sanitation Agencies

Dr. Sandra McLellan  
Professor School of Freshwater Sciences  
University of Wisconsin – Milwaukee

Jason Dow  
General Manager, CASA President  
Central Marin Sanitation Agency

Dr. Kara Nelson  
Professor Civil and Environmental Engineering  
University of California – Berkeley

Eileen White  
Director of Wastewater  
East Bay Municipal Utility District

Harlan L. Kelly  
General Manager  
San Francisco Public Utilities Commission

Dr. Ian Pepper  
Director Water & Energy Sustainable Technology  
(WEST) Center  
Professor Public Health and Environmental  
Science  
University of Arizona

Walt Marlowe  
Executive Director  
Water Environment Federation

Dr. Chuck Gerba  
Professor Public Health and Environmental  
Science  
University of Arizona

Dr. Colleen Naughton  
Assistant Professor Civil and Environmental  
Engineering  
University of California – Merced



Dr. Erin Lipp  
Professor Environmental Health Sciences  
University of Georgia  
Dr. Ryan Sinclair  
Associate Professor School of Public Health  
Loma Linda University

Jim Herberg  
General Manager  
Orange County Sanitation District

Dr. Francis de los Reyes  
Professor Civil, Construction, and Environmental  
Engineering  
North Carolina State University

Dr. Daniel Gerrity  
Principal Research Microbiologist  
Southern Nevada Water Authority

Betty Burnett  
General Manager  
South Orange County Wastewater Authority

Dr. John Norton  
Director of Energy, Research, and Innovation  
Great Lakes Water Authority  
Detroit, MI

Robert C. Ferrante  
Chief Engineer & General Manager  
Los Angeles County Sanitation Districts

Dr. Steven Weisberg  
Dr. John Griffith  
Southern California Coastal Water Research  
Project

Dr. Rachel Noble  
Professor Environmental Sciences and  
Engineering  
University of North Carolina

Dr. Mathew Verbyla  
Assistant Professor Civil, Construction, and  
Environmental Engineering  
San Diego State University

Miguel Guerrero  
General Manager  
San Bernardino Municipal Water Department

Pablo Calabuig  
CEO GoAigua

Hala Titus, Senior Vice President  
Dr. Anna Mehrotra, Practice Leader  
Dr. Greta Zornes, Process Engineer  
CDM Smith

Shivaji Deshmukh  
General Manager  
Inland Empire Utilities Agency

Christoph Dobson  
Director of Policy and Planning  
Sacramento Regional County Sanitation District

Dr. Patricia Holden  
Professor Bren School of Environmental Science  
& Management  
University of California – Santa Barbara

Steve Wagner  
General Manager  
Goleta Sanitary District

Rebecca West  
Chief Special Projects Officer  
ReWa – Renewable Water Resources  
Greenville, South Carolina

Dr. Andrea Silverman  
Assistant Professor Civil and Urban Engineering  
New York University

Dr. Tyler Radniecki (Associate Professor)  
Dr. Christine Kelly (Professor)  
School of Chemical, Biological and Environmental  
Engineering  
Oregon State University

Brian Perkovich  
Executive Director  
Metropolitan Water Reclamation District of  
Greater Chicago

Diane Taniguchi-Dennis  
Chief Executive Officer  
Clean Water Services  
Hillsboro, Oregon

Pam Elardo  
Deputy Commissioner  
Bureau of Wastewater Treatment  
New York City Department of Environmental  
Protection

Shauna Lorange  
Director, Public Utilities Department  
City of San Diego

Matt Bond  
Deputy Director, KC Water  
Kansas City, MO

Amit Mutsuddy  
Deputy Director  
San Jose-Santa Clara Wastewater Authority

Enrique C. Zaldivar  
Director and General Manager  
City of Los Angeles  
LA Sanitation and Environment

Dr. Daniel Thompson  
Division Manager Business Operations  
City of Tacoma – Environmental Services

Adam Krantz  
Chief Executive Officer  
National Association of Clean Water Agencies

Dr. Blake Wiedenheft  
Associate Professor – Dept. of Microbiology and  
Immunology  
Montana State University

Jacqueline Jarrell  
Interim Deputy Director  
President, Water Environment Federation  
Charlotte Water

Remittance Info: Inv #CMSA-MCE-07-2020

Marin Clean Energy  
1125 Tamalpais Avenue  
San Rafael, CA 94901  
888-632-3674

JPMorgan Chase Bank, N.A.  
Verify: 888-237-9615  
90-7162/3222

0046560923

B

9/11/2020

PAY TO THE ORDER OF CENTRAL MARIN SANITATION AGENCY

\$ 6076.52

Six Thousand Seventy-Six and 52/100

DOLLARS

0029547 01 AB 0.416 \*\*AUTO T2 0 5183 94901-533901 -C01-P29576-I

VOID AFTER 90 DAYS



CENTRAL MARIN SANITATION AGENCY  
ATTN: JASON DOW  
1301 ANDERSEN DRIVE  
SAN RAFAEL, CA 94901-5339

MP

⑈0046560923⑈ ⑆322271627⑆ 215376176⑈

From: Marin Clean Energy  
Pay To: CENTRAL MARIN SANITATION AGENCY

Date: 9/11/2020  
Check #: 46560923

Invoice #	Bill Amount	Payment Amount
CMSA-MCE-07-2020	\$6,076.52	\$6,076.52
<b>Total</b>	<b>\$6,076.52</b>	<b>\$6,076.52</b>

Dawn Weisz  
Marin Clean Energy  
1125 Tamalpais Avenue  
San Rafael, CA 94901

Invoice Date: August 20, 2020  
Invoice Period: July 2020  
Invoice #: CMSA-MCE-07-2020

Re: Central Marin Sanitation Agency - Feed-In Tariff

In accordance with that certain Amended Small Renewable Generator Power Purchase Agreement between Central Marin Sanitation Agency ("Seller") and Marin Clean Energy ("Buyer"), dated March 23, 2018, Seller hereby invoices Buyer for metered renewable electricity generation produced by the CMSA Renewable Energy Expansion Project during the month of July 2020 (interval beginning 0:15 on July 1, 2020 and ending 23:59 on July 31, 2020), a record of which is attached hereto:

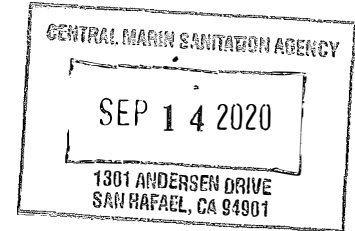
FIT Generation Facility	Volume (MWh)	Rate (\$/MWh)	Amount
CMSA Biogas Fueled Gas Engine Generation - July 2020	57.872	\$ 105.00	\$ 6,076.52
<b>Total this Invoice</b>			<b>\$ 6,076.52</b>

Terms: Payable within 30 days of invoice receipt (FIT PPA, Section 2.6)

Should you have any questions, please contact me at your convenience.

Sincerely,  
Jason Dow, General Manager  
Central Marin Sanitation Agency

Remit payment by check to:  
Central Marin Sanitation Agency  
ATTN: Jason Dow  
1301 Andersen Drive  
San Rafael, CA 94901







# 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](http://www.cmsa.us)

September 28, 2020

California Regional Water Quality Control Board  
San Francisco Bay Region  
1515 Clay Street, Suite 1400  
Oakland, CA 94612

Attention: Anna Gallagher

**Subject: Monthly Self-Monitoring Report (SMR) – August 2020**

The August 2020 monthly self-monitoring report 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 #R2-2018-003, Alternate Monitoring and Reporting Requirements Permit Order #R2-2016-0008, the Nutrient Watershed Permit Order #R2-2019-0017 and the Mercury and PCBs Permit Order #R2-2017-0041.

#### **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. No blending events occurred during this monitoring period.

#### **Data Validation**

All regulatory daily, weekly, and monthly quality control calibrations/checks conducted during the month of August met established quality assurance acceptance criteria, except those data results indicated within the attached Quality Assurance report.

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)).

A handwritten signature in blue ink, appearing to read 'Loren C. Finton', is written over a horizontal line.

Loren C. Finton  
Treatment Plant Manager

