



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

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

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

BOARD MEETING AGENDA

January 11, 2018

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

NOTE: Final board action may be taken on any matter appearing on agenda.

GENERAL SESSION – 4:00P.M.

1. PUBLIC COMMENT PERIOD:

This portion of the meeting is reserved for persons desiring to address the Board on matters not on the agenda. Presentations are generally limited to three minutes. All matters requiring a response will be referred to staff for reply in writing and/or placed on a future meeting agenda. Please contact the General Manager before the meeting.

5 minutes – Approximately 4:05 p.m.

CLOSED SESSION – 4:05 P.M.

2. CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION: Significant exposure to litigation pursuant to subdivision (b) of Gov. Code Section 54956.9 - One potential case.

25 minutes – Approximately 4:30 p.m.

GENERAL SESSION – 4:30 P.M.

1. PUBLIC COMMENT PERIOD:

This portion of the meeting is reserved for persons desiring to address the Board on matters not on the agenda. Presentations are generally limited to three minutes. All matters requiring a response will be referred to staff for reply in writing and/or placed on a future meeting agenda. Please contact the General Manager before the meeting.

5 minutes – Approximately 4:35 p.m.

2. 1-76

2. REVIEW GARBAGE AND REFUSE RATE ADJUSTMENT FOR 2018 AND SET PUBLIC HEARING

Staff will discuss the rate review report for a 2018 rate increase in garbage and refuse rates. This matter has tentatively been set for Public Hearing on February 8, 2018 to consider adoption of an increase to existing garbage and refuse rates effective January 1, 2018.

Possible expenditure of funds: No.

Staff recommendation: Board set a Public Hearing for February 8, 2018.

30 minutes – Approximately 5:05 p.m.

3. 1

3. BOARD ELECTIONS – PRESIDENT, VICE PRESIDENT, SECRETARY AND TREASURER

Board to elect a President, Vice President, Secretary and Treasurer.

Possible expenditure of funds: No.

Staff recommendation: A matter for Board consideration.

10 minutes – Approximately 5:15 p.m.

4. 1-10

4. BOARD PRESIDENT APPOINTMENTS FOR 2018

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

Possible expenditure of Funds: No.

Staff Recommendation: A matter of Board President's determination.

15 minutes – Approximately 5:30 p.m.

5. 1-9

5. BOARD MODIFICATION OF EMPLOYMENT AGREEMENT BETWEEN LAS GALLINAS VALLEY SANITARY DISTRICT AND MICHAEL CORTEZ, DISTRICT ENGINEER, ROBERT LIEBMANN, PLANT MANAGER, SUSAN MCGUIRE, ADMINSTRATIVE SERVICES MANAGER AND GREG PEASE, COLLECTION SYSTEM AND SAFETY MANAGER

Board to discuss modification of employment agreements.

Possible expenditure of Funds: To be determined.

Staff Recommendation: Board approve the modification of employment agreements.

10 minutes – Approximately 5:40 p.m.

6A. 1-11
6B. 1-4
6C. 1-6
6D.1
6E. 1
6F. 1-4

6. CONSENT CALENDAR:

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

- A. Approve the Board Minutes for December 12, December 14, December 22, 2017 and January 2, 2018
- B. Approve the Warrant Lists for December 28, 2017 and January 11, 2018
- C. Approve Board Member Compensation for December, 2017
- D. Approve Microturbine Service Agreement
- E. Approve Canada Goose Management
- F. Approve Conference Attendance for Megan Clark, Rabi Elias, Russ Greenfield and Judy Schriebman – NBWA Day on April 6 in Petaluma

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

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

10 minutes – Approximately 5:50 p.m.

7A. 1-4
7B. 1-2
7C. 1-2

7. STAFF/CONSULTANT REPORTS:

- A. Draft Winter Newsletter
- B. Electronic Payment Process Update
- C. Biogas Energy Recovery System - Update

15 minutes – Approximately 6:05 p.m.

8A.- 8I. 1

8. BOARD REPORTS:

- A. LAFCO - Verbal
- B. Gallinas Watershed Council / Miller Creek Watershed Council– Verbal
- C. JPA Local Task Force on Solid and Hazardous Waste – Verbal
- D. NBWA – Verbal
- E. NBWRA – Verbal
- F. Operations Control Center – Verbal
- G. Engineering Subcommittee – Verbal
- H. Human Resources Subcommittee – Verbal
- I. Other Reports – Verbal

10 minutes – Approximately 6:15 p.m.

9A. 1
9B. 1

9. BOARD REQUESTS:

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

5 minutes – Approximately 6:20 p.m.

10. 1-8

10. VARIOUS ARTICLES AND MISCELLANEOUS DISTRICT CORRESPONDENCE:

10 minutes – Approximately 6:25 p.m.

11. ADJOURNMENT

5 minutes – Approximately 6:30 p.m.

AGENDA APPROVED:	Russ Greenfield, Board President	David Byers, Legal Counsel
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CERTIFICATION: I, Teresa Lerch, District Secretary of the Las Gallinas Valley Sanitary District, hereby declare under penalty of perjury that on or before January 8, 2018, at 4:00 p.m., I posted the Agenda for the Board Meeting of said Board to be held January 11, 2018, at the District Office, located at 300 Smith Ranch Road, San Rafael, CA.

DATED: January 8, 2018



Teresa L. Lerch
District Secretary

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

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



Consent _____
 Staff/Consultant Reports _____
 Agenda Item 2
 Date January 11, 2018

Agenda Summary Report

To: Chris DeGabriele, General Manager *CD*
From: Susan McGuire, Administrative Services Manager *SM*
Mtg. Date: January 11, 2018
Re: Review of the Garbage and Refuse Rate Adjustment for 2018 and Set Public Hearing

EXECUTIVE SUMMARY:

This report details the 2018 rate adjustment proposal necessary for Marin Sanitary Service (MSS) to provide refuse, recycling and organics/compost hauling and processing for customers ("rate payers") in the unincorporated areas of the District. Rate payers include residential homeowners, apartment owners, commercial property owners, and other businesses and tenants. The proposed rate adjustment will increase rates by 5.57% over 2017 levels for all rate payers. It includes adjustments based on an agreed-upon rate setting methodology the District has with Marin Sanitary Service and is based upon an independent third-party review of expenses and revenues by R3Consulting Group, Inc. (R3). The proposed rate adjustment of 5.57% is consistent with that proposed for other District customers located within the City of San Rafael jurisdiction.

BACKGROUND:

I. Franchise Agreement

Las Gallinas Valley Sanitary District (the District) has a franchise agreement with Marin Sanitary Service (MSS) for refuse collection and recycling services. The District entered into a Revised and Restated Exclusive Franchise Agreement to Collect, Transfer, Process, Market, and Dispose of Solid Waste, Recyclables, and Organic Materials (Agreement) on February 28, 2013. The term of the Agreement is from February 28, 2013 through December 31, 2033 and contains a provision for automatic annual extensions each year for an additional 12 months beginning December 31, 2014 if certain conditions are met.

The District typically holds an initial review of the proposed rate increase each year and schedules a public hearing for January or February to set the maximum collection rates to be charged by MSS for that calendar year. Notice of the public hearing is published twice in the Marin Independent Journal. Information on the proposed rates that MSS will charge is available at the District's office and on the District's website for at least 10 days prior to the public hearing.

The collection rates are based on the contractor's allowable costs of operations pursuant to the Agreement. A detailed review of MSS' operations is conducted every three years, most recently in 2015 for setting the 2016 rates. For the rates during the interim two-year period (2017 and 2018), annual summary reviews are conducted based on the last detailed analysis. Summary reviews incorporate the



use of indices, except for key expenses which are significant costs and/or have changes more than a typical CPI adjustment such as fuel, disposal, depreciation and interest.



Several jurisdictions in Marin that have contracts with MSS and utilize a similar rate setting methodology have joined together as a Franchisors' Group to share information and reduce costs: San Rafael, Larkspur, Ross, the Las Gallinas Valley Sanitary District, and the County of Marin, including areas within the Ross Valley Sanitary District boundaries. The Franchisors' Group meets several times per year to oversee MSS's operations, to review MSS's rate proposals, and to supervise the work of the consultant conducting the rate review. The results of the 2018 rate review are presented in the Proposed Rate Increase section of this report.

The 2013 amendment to the Franchise Agreement included many new provisions in order to help stabilize rates and adjust to changes in the industry and MSS's services. Among the new provisions are comprehensive annual reporting to describe progress and achievements in meeting zero waste goals through programs and activities approved by the Franchisors' Group, public education reporting, and reporting on new technologies and industry best practices to enhance progress towards zero waste. The Annual Report is included as Attachment C.

II. Environmental Initiatives and Goals

While perhaps the original purpose of refuse service had to do with public health and safety around sanitation, it is increasingly geared more toward making progress on waste reduction and climate change goals, which are also forms of public health and safety. The State of California has adopted several pieces of legislation mandating significant reductions of waste hauled to the landfill, recognizing the embedded environmental impacts and greenhouse gas emissions associated with them.

Cities, Towns and the County of Marin formed the Marin County Hazardous and Solid Waste Management Joint Powers Authority (JPA). The JPA is the group charged with complying with the California Integrated Waste Management Act of 1989. The goal of the Act is to reduce the flow of materials to landfills. The JPA also has a local task force made up of representatives from industry, the environmental community and Marin's cities, towns and special districts. The JPA is funded by tipping fees at Redwood Landfill. The District belongs to the Marin County Hazardous and Solid Waste JPA Local Task Force on Solid and Hazardous Waste. The JPA prepared a Zero Waste Feasibility Study in December 2009 which identified a goal of "achieving zero waste in the next five to 17 years." Zero Waste has been defined as 94% diversion, taking into account the need for producer responsibility and product stewardship, which is beyond local control.

In summary, the overall industry is moving from "bringing garbage to the landfill" to "resource hauling" including transport to recyclers and re-users to find the next highest and best use with the landfill being the last option. MSS has been a leader in this movement, as they have invested in facilities and technologies to divert materials from the landfill, including the construction of the Marin Resource Recovery Center, Marin Recycling Center, and investments in the F2E (food-to-energy) program with Central Marin Sanitation Agency.

III. Marin Sanitary Services and Programs

MSS provides residential, commercial and multi-family refuse services. In addition, MSS provides trash and recycling pick-up for the District's facilities.

Residential service includes single-family units and three or fewer units in a single structure. The District's residential customers receive weekly trash, recycling, and organics/compost collection services. Residential customers also receive twice yearly residential curbside collections of up to 14 additional



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

Commercial service includes all businesses and residential apartment buildings with four or more units. Commercial customers receive separate trash and recycling containers as well as cardboard pickup, and may choose from a variety of carts, bins, and commercial compactors. In addition, customers are offered the choice of two commercial organics diversion programs. Customers with significant amounts of pre-consumer food waste may participate in the F2E program. Commercial customers with post-consumer food waste, food soiled papers, and yard waste may participate in the commercial composting program. All commercial services can be picked up from one to six times per week.

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

In addition, MSS does the majority of the outreach for the District in compliance with the State's Mandatory Commercial Recycling and Mandatory Composting laws (AB 341 and AB 1826), which place requirements on businesses to recycle and compost, and also requires the District to provide for annual monitoring and notifications to non-compliant businesses. MSS has also assisted with an illegal dumping abatement program by responding to calls of illegal dumping along the roadways within the unincorporated portions of the District boundaries. Staff received four complaints this past year regarding these items and turned them over to MSS for collection. MSS was very responsive to staff requests and was able to resolve the complaints within a day.

Proposed Rate Increase

Rate Review and Methodology

Over the past ten years rate adjustments have ranged from less than one percent to over 10% with an average of 5.03%. Last year's adjustment was 5.71%. Waste haulers around the state are experiencing financial losses due to recycling and increases in labor and benefits expenses, among other things. In the past year other Bay Area jurisdictions have experienced rate adjustments ranging from approximately 15% in San Francisco to more than 50% in Piedmont, with similar adjustments in many other Bay Area jurisdictions. This is the result of many factors, including a growing amount of solid waste, recycling and compostables, increasing requirements to divert waste from the landfill, increasing costs of processing recyclables and compostables, decreasing value of recyclable materials, and the cost of capital and equipment to implement new standards and requirements.

In October, the Franchisors' Group selected R3 Consulting Group, Inc. to conduct the 2018 rate review. The Franchisors' Group selected R3 based on their work on the rate methodology review and the meet-and-confer process currently under way with MSS. Initially, the Franchisors' Group requested that MSS submit a detailed, base year rate application in order to try to complete the changes to the methodology this year along with the 2018 rate review. However, the task proved too time-consuming and the Franchisors' Group decided to revert to the simpler summary rate application, which was originally scheduled for this year. This was done in order to ensure that the rate adjustment remained on schedule and rate payers would not have to incur large retroactive rate increases.



Adjustments

MSS submitted their 2018 summary rate application in November with a proposed 8.06% increase over 2017 rates. R3 reviewed the application and all relevant documents and financial schedules with MSS, and recommends at 5.57% rate adjustment for 2018.

The full rate review and proposed adjustments are contained in the R3 Report (Attachment B). The following table (Table 3 from the R3 Report) contains a summary of the rate increase components, which reflect projected costs for 2018 utilizing the current agreed upon rate setting methodology in the Franchise Agreement.

**Table 3
Summary of Rate Increase Components by Category**

Rate Adjustment Factor Component Percentages			
Category	Adjustment Factor Related to 2016 and 2017	Adjustment Factor Related to 2018	Total
Wages	0.00%	0.87%	0.87%
Benefits (including workers comp)	0.00%	0.44%	0.44%
Fuel & Oil	0.09%	0.89%	0.98%
Disposal	0.24%	0.00%	0.24%
Depreciation and Interest	0.00%	0.93%	0.93%
Maintenance	0.00%	0.13%	0.13%
Other Operating Costs ¹	0.00%	0.74%	0.74%
Subtotal Operations	0.33%	4.00%	4.33%
Revenue Shortfall Net of Changes in Total Expenses	0.00%	1.24%	1.24%
Rate Adjustment Factor	0.33%	5.24%	5.57%

¹ Includes profit and general & administrative costs (e.g., public education, customer service, etc.).

The following is a summary of the reasons underlying the rate request broken out by major rate categories. Much of this year's adjustment relates to the agreed upon indices stipulated in the current rate setting methodology, Exhibit B1 in the Franchise Agreement.

WAGES: This is adjusted by an agreed upon index, the year over year change in the Consumer Price Index (CPI), which is 3.1% to the applicable wage base.

BENEFITS: This is adjusted based on actual workers compensation insurance costs as well as the applicable CPI adjustment for other benefits.

FUEL AND OIL: Most of this is due to the applicable CPI of 9.1% for this category. However, a small portion was due to the annual "true-up" of costs looking back to 2016 and 2017 actuals.



DISPOSAL: This is due to a "true-up" of real costs accumulated in 2016 and 2017 compared to projections of amounts of waste taken to landfill and the charges incurred.

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

MAINTENANCE: This is adjusted by the applicable CPI increase.

OTHER OPERATING COSTS: This is primarily due to an adjustment to the applicable CPI increase for General and Administrative costs (G&A), but also includes a very small increase in projected JPA fees. These fees are based on amount of waste delivered to the landfill. G&A includes costs such as public outreach, professional fees, and computer hardware/software.

REVENUE SHORTFALL NET OF CHANGES IN TOTAL EXPENSES: This is primarily the result of the under realization of projected 2017 revenues which were part of the 2017 rate application process.

Rate Payer Categories and Comparisons

With the above recommendation, the cost of a 32 gallon residential landfill cart would be increased approximately \$1.74 per month, from \$31.31 to \$33.05. The cost of commercial service for a 3 yard landfill dumpster picked up once per week would be increased by approximately \$25.26 per month, from \$453.55 to \$478.81. Recycling is included in all accounts. Businesses with a vigorous recycling program can reduce their regular container size or pickup schedule resulting in lower rates.

R3 conducted a survey of Bay Area refuse haulers as part of the rate review, included in Attachment B. It summarizes the survey data for residential 30-35 gallon can weekly service with curbside recycling and organics pickup. Of note in reviewing the survey, the District's and Marin Franchisor Group's rates are the proposed amounts for 2018; for other comparator agencies they are the currently available rates for 2017 and may not include any proposed increases for 2018.

The 2018 proposed rate of \$31.31 in the District is lower than the Marin County average of \$37.83 and the Bay Area average, which is \$34.83. Attachment B also compares the District's three-yard commercial bin (once a week) service to those of all Bay Area cities and agencies with similar services. The District's rate of \$478.81 is lower than the Marin County average which is \$501.43, and higher than the Bay Area average, which is \$419.36. However, it is important to note that all jurisdictions provide different services and levels of services, making apples-to-apples comparisons problematic. The District's rates have traditionally been comparable with rates in other Bay Area jurisdictions, while often providing more services.

As in previous years, staff is recommending that the rate adjustment be applied across the board to all residential, multi-family and commercial service accounts. Actual rates for all services are provided in Attachment A.

Next Steps

Subsequent to adopting new rates for 2018, the Franchisors' Group will continue to work with R3 and MSS to complete the meet-and-confer process to determine the resolution of the recycling revenue fund losses and to update the rate setting methodology.



The tentative timeline follows:

March-June 2018	Rate setting methodology and meet-and-confer completed
August 2018	MSS 2019 base-year rate application due
August-November 2018	Base-year rate application review completed
November-December 2018	New methodology and 2019 rates brought to Councils/Boards

STAFF RECOMMENDATION:

Set a public hearing for February 8, 2018 to allow for discussion and input from the public concerning the proposed rate increase and additional services.

FISCAL IMPACT:

The attachment to the Ordinance (marked Attachment A) contains the complete rate request. As shown, the 5.57% overall increase is applied to all customer types and service options. If approved, these rates are projected to satisfy the District's contractual obligations to meet the MSS revenue requirement including franchise fees.

PERSON TO BE NOTIFIED:

District residents and commercial customers to be notified through publishing a notice of the public hearing in the Marin Independent Journal and posted on the District's website.

Attachments:

- Attachment A Draft of Ordinance 172, An Ordinance Amending Chapter 1, An Ordinance Regulating Garbage, Rubbish, Waste Matter and Refuse, and the Collection, Removal and Disposal Thereof
- Attachment B Review of Marin Sanitary Service 2018 Rate Application submitted to the Marin Franchisors' Group by R3, including the Bay Area Rate Survey in Attachment 3
- Attachment C Service Area Annual Report 2017

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

ORDINANCE NO. 172

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

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

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

DRAFT

Las Gallinas Valley Sanitary District
Residential Refuse Collection Rates
 Effective 1/01/2018: 5.57% Rate Increase

<i>Residential Service (Bundled service includes 1 cart for garbage, 1 cart for organics and 1 split cart for recycling)</i>	
Weekly Service Rates	2018 Flat Rate Monthly Rate (Billed Quarterly)
20 gallon cart	\$28.10
32 gallon cart	\$33.06
64 gallon cart	\$66.11
96 gallon cart	\$99.17
Low income - 20 gal* cart	\$22.43
Low income - 32 gal* cart	\$26.45
Low income - 64 gal* cart	\$52.89
Additional Organics Cart Rental (35 or 64 gallon cart)	\$1.94
Additional Split Cart Rental (64 or 96 gallon cart)	\$1.94

*Must meet PG&E CARE program eligibility requirements

Distance Charges	Per cart, Each way
Distance 5' - 50'	\$4.53
Distance Over 50'	\$5.83

Additional Residential Service Occurrence	
Cart Replacement Fee	Not to exceed \$90.00
Return Fees - Off day	\$19.53
Return Fees - Same day	\$6.33
Resume Service/Late Fee	\$36.95
Compaction fee (cart)	\$10.56
Contamination (cart)	\$10.56
Overload (cart)	\$10.56
Cart Exchange	\$15.84
Extra bag/can garbage	\$10.56
Extra bag/can yard waste	\$5.28
Steam Clean (cart)	\$15.84
Special Collection	\$26.39
Special handling	\$21.11
Bulky item fees per items	Enquire for prices

Las Gallinas Valley Sanitary District
Commercial Refuse Collection Rates
 Effective 1/01/2018: 5.57% Rate Increase

COMMERCIAL CARTS, BINS, ROLL-OFFS, COMPACTORS	Collections per Week						Additional one time empty
	1	2	3	4	5	6	
Garbage							
32 gallon	\$33.81	\$67.63	\$101.44	\$135.26	\$169.07	\$202.89	\$7.80
64 gallon	\$67.63	\$135.26	\$202.89	\$270.51	\$338.14	\$405.77	\$15.61
96 gallon	\$101.44	\$202.89	\$304.33	\$405.77	\$507.21	\$608.66	\$23.41
1 yard	\$236.64	\$473.85	\$710.49	\$947.13	\$1,184.28	\$1,420.87	\$66.01
2 yard	\$357.73	\$690.71	\$1,023.44	\$1,356.14	\$1,689.12	\$2,021.82	\$95.22
3 yard	\$478.81	\$907.57	\$1,336.39	\$1,765.15	\$2,193.96	\$2,622.78	\$124.43
4 yard	\$632.20	\$1,239.32	\$1,846.58	\$2,453.65	\$3,060.80	\$3,668.14	\$159.33
5 yard	\$785.59	\$1,571.08	\$2,356.78	\$3,142.15	\$3,927.64	\$4,713.51	\$194.24
6 yard	\$909.74	\$1,724.99	\$2,539.13	\$3,353.78	\$4,168.53	\$4,983.28	\$236.42
10	\$1,445.36	\$2,740.74	\$4,035.83	\$5,331.04	\$6,626.52	\$7,921.68	\$324.08
18	\$2,372.02	\$4,444.78	\$6,517.49	\$8,590.32	\$10,663.25	\$12,735.96	\$517.81

*Sizes may not be available at all locations depending on a variety of factors including safety, accessibility, and efficiency. Requests will be assessed and approved by Route Manager.

Garbage Compactors	Per Empty
Roll-off Compactor Tipping fee per ton	\$114.72
Roll-off Compactor Hauling charge	\$232.99
Roll-off Compactor Special handling	Rates vary by job
Stationary Front Loader (Per compacted yard)	\$97.16

Organics (F2E or Compost)	Collections per Week						Additional one time empty
	1	2	3	4	5	6	
32 gallon	\$15.96	\$31.92	\$47.88	\$63.83	\$79.79	\$95.75	\$3.68
64 gallon	\$31.92	\$63.83	\$95.75	\$127.67	\$159.59	\$191.50	\$7.37
1 yard	\$111.72	\$223.45	\$335.17	\$446.89	\$558.61	\$670.34	\$25.78
2 yard	\$223.45	\$446.89	\$670.34	\$893.78	\$1,117.23	\$1,340.67	\$51.56
3 yard	\$335.17	\$670.34	\$1,005.50	\$1,340.67	\$1,675.84	\$2,011.01	\$77.35

*Roll-offs for organics available on request at 30% discount on above garbage rates.

Additional Commercial Service Fees per Occurrence	Fee
Cart Replacement Fee	\$90
Bin Repair/Replacement Fee	Vary by size to exceed replacement value
Return Fee - Cart -same day	\$6.28
Return Fee - Cart -off day	\$19.53
Return Fee - Bin	\$1.67
Resume Service/Late Fee	\$5.95
Compaction fee (cart)	\$10.56
Compaction fee (bin)	\$39.06
Contamination (cart)	\$10.56
Contamination (bin)	\$39.06
Overload (cart)	\$10.56
Overload (bin)	\$39.06
Cart Exchange	\$15.84
Bin Exchange	\$98.18
Extra bag/can garbage	\$10.56
Extra bag/can yard waste	\$5.28
Steam Clean (cart)	\$15.84
Steam Clean (bin)	\$98.18
Steam Clean (compactor/roll-off)	\$211.14
Lock Set-up Admin Fee	\$21.11
Lock/Key pad Fee	\$5.28
Gate/Enclosure Fee	\$21.11
Special Service Fee	Not to exceed \$125.00 per service
Overweight Charge Per Ton (Comm'l boxes exceeding 300lbs/yard)	\$172.31
Box Rental Fee	Fee varies per size

Distance Charges	Per cart/bin, Each way
Distance 5' - 50'	\$4.53
Distance Over 50'	\$5.83

Las Gallinas Valley Sanitary District
Multi-Family Dwellings
 Effective 1/01/2018: 5.57% Rate Increase

Multifamily Dwellings CARTS, BINS, ROLL-OFFS, COMPACTORS

Garbage	Collections per Week						Additional one time empty
	1	2	3	4	5	6	
32 gallon	\$33.06	\$66.11	\$99.17	\$132.22	\$165.28	\$198.33	\$7.63
64 gallon	\$66.11	\$132.22	\$198.33	\$264.44	\$330.55	\$396.66	\$15.26
96 gallon	\$99.17	\$198.33	\$297.50	\$396.66	\$495.83	\$595.00	\$22.88
1 yard	\$218.56	\$378.65	\$538.68	\$698.77	\$858.86	\$1,018.95	\$50.44
3 yard	\$478.81	\$907.57	\$1,336.39	\$1,765.15	\$2,193.91	\$2,622.67	\$110.49
10 yard	See Commercial rates						
18 yard							
20 yard							
25 yard							

*Sizes may not be available at all locations depending on a variety of factors including safety, accessibility, and efficiency. Requests will be assessed and approved by Route Manager.

Recycling and Organics carts provided at no additional charge.

Minimum service level is 32 gallons per unit or equivalent volume

Garbage Compactors	Per Empty
Roll-off Tipping fee per ton	\$114.72
Roll-off Special handling	Rates vary by job
Hauling charge	\$232.99
Stationary Front Loader (Per compacted yard)	\$97.16

Additional MFD Service Fees per occurrence	Fee
Cart Replacement Fee	\$90.00
Bin Repair/Replacement Fee	Varies by size not to exceed current replacement value
Return Fee - Cart -same day	\$6.00
Return Fee - Cart -off day	\$19.50
Return Fee - Bin	\$31.67
Resume Service/Late Fee	\$36.95
Compaction fee (cart)	\$10.56
Compaction fee (bin)	\$9.06
Contamination (cart)	\$10.56
Contamination (bin)	\$9.06
Overload (cart)	
Overload (bin)	\$39.06
Cart Exchange	\$15.84
Bin Exchange	\$98.18
Extra bag/can garbage	\$10.56
Extra bag/can yard waste	\$5.28
Extra bin empty	Varies depending on bin size. Based on monthly rate and single empty.
Steam Clean (cart)	\$15.84
Steam Clean (bin)	\$98.18
Steam Clean (compactor/roll-off)	\$211.14
Lock Set-up Admin Fee	\$21.11
Lock/Key pad Fee	\$5.28
Gate/Enclosure Fee	\$21.11
Special Service Fee	Not to exceed \$125.00 per service
Overweight Charge Per Ton (Comm'l boxes exceeding 300lbs/yard)	\$172.31
Box Rental Fee	Fee varies per size
Distance Charges	Per cart/bin, Each way
Distance 5' - 50'	\$4.53
Distance Over 50'	\$5.83



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

* * * * *

I hereby certify that the foregoing is full, true, and correct copy of the Ordinance duly and regularly passed and adopted by the Sanitary Board of the Las Gallinas Valley Sanitary District of Marin County, California, at a meeting hereof held on February 8, 2018, by the following vote of members thereof:

- AYES:
- NOES:
- ABSTAIN:
- ABSENT:

 Teresa Leach, District Secretary
 Las Gallinas Valley Sanitary District

APPROVED:

 Megan Clark, President
 Las Gallinas Valley Sanitary District

(seal)

DRAFT

FINAL REPORT

Review of Marin Sanitary Service's 2018 Rate Application



SUBMITTED TO:

Marin Franchisors' Group

January 2, 2018

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January 2, 2018

Ms. Cristine Alilovich
Assistant City Manager
City of San Rafael
1400 Fifth Avenue
San Rafael, CA 94919-1560

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

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

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

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

Subject: Review of Marin Sanitary Service's 2018 Rate Application, Final Report

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

R3 Consulting Group, Inc. (R3) is pleased to submit the attached Final Report detailing the results of our review of Marin Sanitary Service's 2018 Rate Application for the Marin Franchisors' Group. For consistency and comprehension, the form and content of this Report and associated Attachments mirror that of prior rate adjustment reports prepared for the Franchisors' Group by others in prior years.

Marin Sanitary Application for 2018 Rate Adjustment

On November 26, 2017, Marin Sanitary Service (MSS) submitted its application for an 8.06% increase to its solid waste rates, to be effective January 1, 2018, with an included option to adjust that increase downwards by 0.83% for a 7.23% increase based on a proposal to lengthen depreciation schedules for new capital equipment (trucks) from seven to ten years. A summary of the 8.06% rate adjustment request is included in Attachment 1.

R3 conducted a review of the application based on the rate methodology agreed to via the Franchise Agreements between MSS and the cities of San Rafael and Larkspur, the Town of Ross, the County of Marin, and the Las Gallinas Valley Sanitary District (LGVSD), collectively referred to as the "Franchisors' Group". Our review included a thorough assessment of all relevant documents for completeness and compliance with the procedures agreed upon by MSS and the Franchisors' Group, and verified the mathematical accuracy and logical consistency of the supporting schedules.

Based on our review of the application, we have determined that a rate increase of 5.57% is appropriate to compensate MSS for its projected 2018 expenses. We have reviewed our findings with MSS, and they are in agreement with the proposed adjustments to their rate application and the recommended 5.57% rate increase for 2018, as shown in Attachment 2.

2018 Rate Adjustment Components

Table 1, below, shows the rate components based on the change in expenses and net revenue between the 2017 approved rate application and the 2018 recommended rate adjustment. Table 1 is referenced in the following description of adjustments.

Table 1
Comparison of 2017 Approved Expenses to 2018 Recommended Expenses

Category	2017 Approved Rate Application	2018 Recommended Rate Application	Change	Component Percentage
Wages	7,816,029	8,058,326	242,297	0.87%
Benefits (including workers comp)	4,508,989	4,631,180	122,191	0.44%
Disposal Fees	3,987,388	4,054,315	66,927	0.24%
Fuel & Oil	582,323	853,982	271,659	0.98%
Maintenance Expense	1,857,599	1,892,893	35,294	0.13%
Depreciation	2,640,288	2,801,360	161,072	0.58%
Other Operating Costs ⁽¹⁾	3,626,681	3,726,395	99,714	0.36%
Total Operating Expenses	25,019,297	26,018,451	999,154	3.60%
Operating Profit	2,626,335	2,731,218	104,883	0.38%
Interest Expense	429,390	525,881	96,490	0.35%
Total Expenses/Revenue Requirement	28,075,022	29,275,550	1,200,528	4.33%
\$343,034 in Projected Revenue Shortfall Net of Changes in Total Expenses				1.24%
Recommended 2018 Rate Adjustment Factor				5.57%

⁽¹⁾ Includes general & administrative costs (e.g., public education, customer service, etc.).

R3 reviewed MSS's calculations for each of the categories summarized in Table 1 and is recommending specific corrections to certain categories, which are discussed in more detail in Section 4 of this Report. The recommended 2018 rate adjustments by category (including R3's corrections) are further described below, with more specifics included in Sections 3 and 4 of this Report.

Wages (0.87%)

The wages expense component contributes 0.87% to the overall recommended 5.57% rate adjustment. The increase in wages is due to applying the applicable CPI index (3.1%) to the 2017 approved wage base. It should be noted that the 2017 wage base included an adjustment for an accounting position that was

approved in 2013 as part of the operations improvement plan but remained unfilled until 2016; this adjustment remains in 2018.

Benefits (0.44%)

The benefits expense component contributes 0.44% to the overall recommended 5.57% rate adjustment. The increase in benefits is the sum of two adjustments: an increase in workers compensation expense (6.5%) and, for other employee benefits (excluding workers compensation), an increase in the applicable CPI index (1.9%) as applied to the 2017 approved benefit base. It should be noted that this benefits component also included a prior 2017 adjustment for the accounting position that remained unfilled until 2016.

Disposal (0.24%)

The disposal expense contributes 0.24% to the overall recommended 5.57% rate adjustment. The increase is entirely due to the difference in actual expenses for 2016 and 2017 vs. projected expenses for those years, and is a "true-up" of those prior expenses. The projection for 2018 is slightly less than the projection for 2017, and is the product of the annual change in disposal cost per ton (by the applicable CPI or contract price, depending upon waste stream) and projected 2018 tonnage. Adjustments reducing the amount of disposal that were identified in 2017 will also be continued into 2018.

Fuel and Oil (0.98%)

The fuel expense component contributes 0.98% to the overall recommended 5.57% rate adjustment. The increase is mostly (91%) attributable to increases in the applicable CPI index (9.4%), yielding a higher amount of forecasted fuel expense in 2018 compared to 2017. The remaining 9% of the increase is related to "true-ups" in forecasted vs. actual fuel and oil expenses in 2016 and 2017, as allowed under the rate adjustment methodology.

Maintenance (0.13%)

The maintenance expense component contributes 0.13% to the overall recommended 5.57% rate adjustment. The increase is due to applying the applicable CPI index (1.9%) to the 2017 approved maintenance costs.

Depreciation (0.58%)

The depreciation expense component contributes 0.58% to the overall recommended 5.57% rate adjustment. The increase is due to added depreciation costs for replacement vehicles, equipment, and building repairs in 2016 and 2017, along with forecasted expenses for 2018.

This amount reflects \$374,184 in adjustments to depreciation expense compared to MSS's 2018 rate application, which are attributed to the deferred purchase (to 2019) of two collection vehicles originally scheduled for 2018, adjustments to the allocation of depreciation expenses between MSS jurisdictions, and the change from a seven-year to a ten-year depreciation period for assets purchased on or after January 1, 2017.

Other Operating / G&A (0.36%)

The "other operating costs" component contributes 0.36% to the overall recommended 5.57% rate adjustment. General and Administrative (G&A) costs other than Marin County JPA fees were increased by the change in CPI (3.1%). G&A includes costs such as public outreach, professional fees, and computer hardware/software.

Marin Franchisors' Group
 Review of Marin Sanitary Service's 2018 Rate Application, Final Report
 January 2, 2018
 Cover Letter Page 4 of 4

The Marin County JPA fees are adjusted to reflect anticipated charges by the County, which are projected to increase by \$4,856 over 2017.

Profit (0.38%)

MSS's profit component, which is an agreed upon "operating margin" of 90.5%, contributes 0.38% to the overall recommended 5.57% rate adjustment, which is entirely due to the overall increase in expenses noted above. This is calculated as a function of total operating expenses (recommended at \$26,018,450) divided by 90.5%, less total operating expenses, yielding \$2,731,218 in 2018. This value has been adjusted downward from MSS's original application by \$41,236 as a result of adjustments to operating expenses which are discussed in this Report.

Interest (0.35%)

The interest expense component contributes 0.35% to the overall recommended 5.57% rate adjustment, and is not an expense that is subject to the calculation of MSS' profit.

This amount reflects \$123,863 in adjustments to interest expense compared to MSS' 2018 rate application, which are attributed to the deferred purchase of two collection vehicles originally scheduled for 2018 (\$11,156 of the adjustment) as well as adjustments to the allocation of interest expense between MSS franchising agencies (\$77,450 of the adjustment) and a refinement of MSS's calculation of the original forecasted 2018 interest expense (\$35,257 of the adjustment).

Projected Revenue Shortfall Net of Changes in Total Expenses (1.24%)

MSS' total expenses – including operating expenses, profit, and interest – are projected to increase by \$1,200,526 from 2017 to 2018, after accounting for the adjustments included in this Report. The projected revenue shortfall at current rates is \$1,543,560; net of increased expenses, there is a revenue shortfall of \$343,034 projected for 2018, accounting for 1.24% of the overall recommended 5.57% rate adjustment. This revenue shortfall is the result of revenue shortfalls in 2017 that are expected to continue into 2018, as well as modest assumptions for new revenue shortfalls in 2018.

* * * * *

We appreciate the opportunity to submit our Final Report to the Marin Franchisors' Group. Should you have any questions regarding this Report or need any additional information, please contact me by phone at (510) 292-0853 or by email at gschultz@r3cgi.com.

Sincerely,

R3 CONSULTING GROUP


 Garth Schultz | Principal

Section 1

Background

Background

Description of Current Services

Marin Sanitary Service (MSS) provides franchised refuse, recyclable materials, and organics collection and processing services to the residents and businesses in the cities of San Rafael and Larkspur, the Town of Ross, the County of Marin, and the Las Gallinas Valley Sanitary District (LGVSD). MSS and its non-franchised related entities – Marin Recycling and Resource Recovery Association (MRRRA) and the Marin Resource Recovery Center (MRRC) – also provide solid waste, recyclable-materials, and organics collection and processing services to the residents and businesses of the towns of San Anselmo and Fairfax. MSS also provides non-franchised debris box, street sweeping, and document shredding services to residents and businesses throughout the County of Marin that contract for their services.

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

The MRRC delivers the residual waste to the MSS transfer station. This residual waste was transferred to Keller Canyon Landfill through June 2016. MSS signed a new agreement with Potrero Hills Landfill beginning July 2016 for disposal of the residual material. MSS delivers franchised organics to the MRRC for processing before transferring to Redwood for composting. MSS provides other programs to the Franchisors' Group, including a Food-to-Energy program, outreach and education to commercial and multi-family customers (to meet the obligations of State Laws AB 341 and AB 1826, which require commercial recycling and organics collection) and other related services.

Current Rate Adjustment Methodology

The Rate Adjustment Methodology was developed in cooperation with MSS, approved by the Franchisors' Group in 2001, and revised in 2012. The individual jurisdictions amended their agreements with MSS to include this methodology as Exhibit B - Contractors Revenue Requirement and Rate Adjustment. Section 3 of this Report describes the current methodology in more detail and includes findings from the application of the methodology to MSS' 2018 Rate Application.

Anticipated Changes to Rate Adjustment Methodology

The Franchisors' Group and R3 have been working to revise the rate setting methodology with MSS to meet the following goals:

1. Streamline and simplify the rate setting process in order to spend less time and consultant cost annually;
2. Achieve more transparency for rate payers in the annual rate setting process; and

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Section 1

Background

3. Develop a new process to address fluctuations in recycling revenues, and address ongoing recycling losses.

A new methodology is intended to address rate fluctuations, while maintaining an emphasis on responsible solid waste management, good value to customers, and reduction of waste to landfill. This is all part of a meet-and-confer negotiation process triggered by a deficit in the "recycling revenue fund" which has an accumulated deficit of over \$800,000 since established in 2013.

Because of the anticipated new methodology, the Franchisors' Group and MSS had planned to complete a complex cost-based rate adjustment for 2018 rates (one year ahead of schedule) so that the new streamlined rate setting methodology could take effect for 2019 rates. However, as review of the cost-based adjustment proceeded, it was determined that results of the review would not be available in time for 2018 rate setting. As a result, the Franchisors' Group and MSS agreed to revert to the (less complex and scheduled) index-based rate adjustment process for 2018 rates in order to stay on schedule for the 2018 rate adoption process.

With these considerations in mind, the Franchisors' Group requested that MSS submit its indexed rate application for the 2018 rate year instead. MSS submitted the application on November 26, with a requested rate adjustment of 8.06% (with an offer to extend the depreciation schedule for new trucks resulting in a 7.23% increase).

Next Steps for 2018 and 2019

In 2018, MSS will prepare, and R3 and the Franchisors' Group will review, a cost-based rate application for a 2019 rate adjustment. Simultaneously, MSS, R3 and the Franchisors' Group will finalize updates to the rate setting methodology (which would take effect for 2020 rate setting) and complete the meet and confer process to determine means of resolving the deficit in the recycling revenue fund. The recycling revenue fund will continue to remain in place in 2018. It is possible that further deficits could accrue in 2018, though MSS has reported that the recycling deficit did not grow in 2017.

Anticipated Timeline

January-February 2018	2018 Rates brought to Councils/Boards
March-June 2018	Rate setting methodology and meet-and-confer completed
August 2018	MSS 2019 base-year rate application due
August-November 2018	Base-year rate application review completed
November-December 2018	New methodology and 2019 rates brought to Councils/Boards

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Section 2

Rate Review
Approach

Rate Review Approach

R3 Scope of Review

The Franchisors' Group engaged R3 to perform a review of the Application in accordance with the Rate Adjustment Methodology. These procedures included the following activities:

- Reviewing MSS management's actual achievement of, and projections for, revenues for the 12-month periods ending December 31, 2016, and 2017.
- Comparing the results to MSS's audited financial statements for rate year 2016 and year-to-date revenues for 2017, and requesting explanations for variances.
- Reviewing the appropriateness of MSS management's classification of expenses into the various expense categories.
- Reviewing MSS management's calculation of rate year 2018 indexed expenses and comparing them to the calculated expenses for 2017, and the calculated changes to the indices.
- Reviewing MSS management's projection of other expenses including:
 - Workers' Compensation, which has been reviewed by determining if the base wages, established as part of the prior year detail review, were properly multiplied by the applicable premium rates from MSS' insurance carrier.
 - Disposal Expense for solid waste tons transferred at MSS' transfer station, which has been reviewed by evaluating MSS' projection for 2018 disposal expense and MSS adjustments for the previous projections for Rate Years 2016 and 2017 based on historical trends, management's plans, and adjustment to the disposal rates.
- Compiling rates currently in effect in other municipalities in Marin County, as well as neighboring jurisdictions in other counties.
- Preparing a written report that documents our findings and recommendations.

Limitations

This review was substantially different in scope than an examination in accordance with Generally Accepted Auditing Standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion. However, Chiao Smith McMullin + McGuire, An Accountancy Corporation, issued an unqualified opinion of MSS' 2016 financial statements. The unqualified opinion denotes that the financial statements of MSS were presented fairly in all material respects.

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

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Section 2

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Rate Review
Approach

R3

Section 3

MSS Projection
Methodology
(Index Year)

MSS Projection Methodology (Index Year)

Projected costs for 2018 are based on costs developed during the last indexed review which occurred in 2016 setting rates for 2017. In projecting the 2018 costs, MSS included the direct costs for the Franchisors' Group garbage collection, the transfer station, and recycling collection.

Some costs are allocated between MSS jurisdictions based on performance metrics. For example, maintenance and administrative costs are allocated among the agencies served by MSS using truck route hours and an average of projected revenue, annual customer counts, and department's percentage of wages, respectively. Depreciation and interest costs are allocated similarly. Management salaries are allocated to departments based upon actual time spent by management related to that department.

R3 reviewed and recommended adjustments to allocation methodologies for depreciation and interest as part of this review, and found other allocations to be calculated accurately and appropriate for the purposes of the 2018 rate application.

Expense Projections

MSS projected its 2018 expenses (less non-allowable costs such as: donations, fines for penalties, certain attorney's fees, goodwill, etc.) for each expense category by:

- Basing wage and salary expenses on 2017 expenses increased by the percentage change in the average annual San Francisco-Oakland-San Jose Metropolitan Area Consumer Price Index (Urban Wage Earners; 1982-1984=100) for June 2016 and 2017;
- Basing benefits expense, excluding Workers' Compensation expense, on the projected 2017 benefits expense increased by the percentage change in the annual average Employment Cost Index - Benefits (Private Industry Workers; 1982-1984=100) for June 2016 and 2017;
- Calculating Worker's Compensation expense by multiplying the 2017 wage projection by the applicable premium rates from the Contractor's insurance carrier for 2018;
- Forecasting projected 2018 disposal expense using projected tons multiplied by the applicable disposal/processing rate for 2018, plus adjustments for 2016 actual disposal expenses, and estimated 2017 disposal expenses calculated based on actual 2016 results and year-to-date 2017 results;
- Forecasting projected 2018 fuel and oil expense as follows:
 - Projected Year (2018) Fuel Expense - gallons established in the most recent detail year review (2016) at the average price per gallon based on actual year to date purchases; plus,
 - Current Year (2017) Expense Adjustment -gallons established in the most recent detail year review (2016) at the average price per gallon based on actual year to date purchases less the 2017 fuel expense established during the previous review; plus,
 - Revised Prior Year (2016) Expense Adjustment - gallons established in the prior detail year review (2016) at the average price per gallon based on actual fuel

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Section 3

MSS Projection
Methodology
(Index Year)

purchases for 2016 less the 2016 fuel expense established during the previous review.

- Forecasting projected 2018 equipment and vehicle maintenance expense was based on the projected maintenance expense for 2017 increased by the percentage change in the annual average Motor Vehicle Related Index (All Urban Consumers, U.S. City Average; 1982-1984=100) for June 2016 and 2017;
- Forecasting projected 2018 depreciation and lease expense based on MSS's actual depreciation expense plus projected depreciation on anticipated purchases in the Rate Year (allocation of depreciation of trucks to the Franchisors' Group and other operations was based on truck usage metrics);
- Forecasting projected 2018 JPA Fees based on tons collected for the Franchisors' Group by MSS for the period determined and rate established by the JPA;
- Forecasting projected 2018 other operating / general and administrative expense based on projected 2017 expense increased by the percentage change in the annual average San Francisco-Oakland-San Jose Metropolitan Area Consumer Price Index (All Urban Wage Earners; 1982-1984=100) for June 2016 and 2017; and
- Forecasting projected 2018 interest expense based on MSS's actual interest from its loan amortization schedules for actual and projected capital, and adjusting 2017 expenses for any projected asset purchases from the prior rate year which were not purchased in the projected time period.

Revenue Projections

In order to mitigate significant differences in the forecasted and actual revenues received R3 applied a 99.75% revenue achievement factor to the projection of 2018 revenues at current 2017 rates, meaning that the anticipated revenues for 2018 (without rate adjustment) are projected to be 0.25% less than forecasted based on year-to-date 2017 trends.

MSS has not achieved forecasted revenues in most prior years, which is primarily due to customer "migration" from larger and more expensive solid waste subscription levels (larger container sizes and/or greater collection frequency) to smaller and cheaper service levels (smaller container sizes and/or lesser collection frequency) as a result of increased recycling and/or composting participation. This ongoing trend reduces revenue to MSS without necessarily reducing expenses.

The recommended 0.25% reduction in revenue achievement modeled in the recommended 2018 rate adjustment is less than has been recorded in prior years, and forecasts less of a revenue shortfall than has actually been realized in prior years. This is the result of expectations that economic growth and lessened migration will offset larger differences in the forecasted and actual revenues that MSS may receive in 2018. R3 has reviewed the recommended revenue achievement factor with MSS, and MSS has agreed to it.

Profit Projections

MSS calculated its 2018 profit by applying the agreed-upon 90.5% pre-tax operating ratio to its 2018 total projected expenses that are eligible for profit. This calculation automatically recalculated MSS profit after accounting for adjustments to expenses as noted elsewhere in this report.

Calculated Rate Adjustment Factor

The Rate Adjustment Factor equals the Total Contractor's Revenue Requirement for the coming Rate Year divided by the Gross Rate Revenues. Gross Rate Revenues mean the statements of charges for services rendered by Contractor, to owners or occupants of property, including residential and commercial premises, for the collection of materials pursuant to the Agreement, net of a reasonable allowance for uncollectible accounts, and adjusted for the anticipated 99.75% revenue achievement.

MSS calculated the 2018 Rate Adjustment to be a 7.23% increase, including a MSS proposal to increase the depreciation period of recent (on or after January 1, 2017) and planned 2018 vehicle purchases from seven to ten years (without this change, the requested rate adjustment would have been 8.06%). R3 recommends the ten-year depreciation period option as it is consistent with depreciation of vehicles in other operations that we have reviewed, and also reduces the necessary rate increase in this and future rate years (if the new depreciation term continues to be applied in the future).

Please note that the adjustments related to the change from seven to ten-year depreciation are included as recommended adjustments in this Report. Likewise, the MSS proposed 2018 rate adjustment is shown at the seven-year depreciation amount of 8.06% in the following tables and in Attachment 1. After accounting for the adjustments recommended by R3 and agreed to by MSS, the recommended rate 2018 rate adjustment is 5.57%, 1.66% less than MSS's requested adjustment of 7.23% (and 2.49% less than the 8.06% increase without the change in depreciation).

Section 3

MSS Projection
Methodology
(Index Year)

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MSS Projection
Methodology
(Index Year)

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Section 4

Proposed
Adjustments to
MSS Rate
Application

Proposed Adjustments to MSS Rate Application

This section provides a summary of the R3 recommended adjustments to the MSS 2018 Rate Application, and the rationale for those adjustments. R3's recommended projections for MSS' operations are shown in Table 2 below, and are discussed in more detail following the table.

Please note that the MSS application includes depreciation at seven years; the adjustment to ten-year depreciation is addressed in the "Recommended Adjustments" column of Table 2.

Table 2
Summary of Adjustments to 2018 Rate Application

	Expenses: Current MSS Operations	MSS Application	Recommended Adjustments	R3 Adjusted Application
1	Wages	8,058,326	-	8,058,326
2	Benefits	4,607,674	23,506	4,631,180
3	Disposal Fees	4,096,468	(42,153)	4,054,315
4	Fuel & Oil	853,982	-	853,982
5	Maintenance Expense	1,892,893	-	1,892,893
6	Depreciation/Leases	3,175,545	(374,185)	2,801,360
7	Other Operating/G&A	3,726,395	-	3,726,395
8	Total Operating Expenses	26,411,283	(392,832)	26,018,451
9	Operating Profit	2,772,454	(41,236)	2,731,218
10	Interest Expense	649,744	(123,863)	525,881
11	Revenue Requirement	29,833,481	(557,930)	29,275,550
12	Projected Revenue (at current rates)	31,763,512	165,010	31,928,522
13	Less: Franchise Fees	(3,160,455)	(16,289)	(3,176,744)
14	Less: Street Sweeping	(72,000)	(24,000)	(96,000)
15	Less: Refuse Vehicle Impact Fee	(1,117,857)	-	(1,117,857)
16	Add: Non-Regulated Revenues	194,066	-	194,066
17	Net Revenues (at current rates)	27,607,266	96,867	27,731,988
18	Total Surplus/ (Deficit) (Line 17 - Line 12)	(2,226,217)	682,655	(1,543,562)
19	Rate Adjustment Factor (-Line 18 ÷ Line 17)	8.06%	(2.49%)	5.57%

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Section 4

Proposed
Adjustments to
MSS Rate
Application

Adjustments to 2017 Projected Expenses for Current Operations

Wages

R3 reviewed and does not recommend an adjustment to MSS' projected 2018 Wages expense (Table 2, Line 1).

It should be noted that prior adjustments in 2017 (reduction in wages of \$17,642 to limit the wages for the accounting position to the amount approved as part of the Operations Improvement Plan that remained unfilled until 2016) are automatically carried forward to the 2018 projection, as the 2018 projection escalated the 2017 approved wages expense (including the prior reduction) by CPI. CPI for this expense category yields an increase of 3.1% for 2018.

Benefits

R3 reviewed and recommends increasing benefit expense by a net of \$23,506 due to the following (Table 2, Line 2):

- Increase benefits, other than workers' compensation, by \$3,712. MSS' application calculated these costs based on an annual average change in the Employment Cost Index (ECI) (yielding a 1.8% increase) instead of the year over year change as prescribed by the agreement (yielding a 1.9% increase) an error that also occurred in 2017 and of which MSS has been made aware; and
- Increase workers' compensation by \$19,794 due to an updated (and final) insurance quote that was higher than MSS initially expected.

Disposal Fees

R3 reviewed and recommends reducing disposal fees by \$42,153 for the following (Table 2, Line 3):

- Reduce disposal by \$27,901 for projected growth in F2E tonnage as the program adds new customers and the second route, which is a continuation of an adjustment made in 2017; and
- Reduce disposal by \$14,252 to eliminate an extra scale charge and Non-Franchisor areas for bulky waste and illegal dumping charges, which is also a continuation of an adjustment made in 2017.

Fuel & Oil

R3 reviewed and does not recommend an adjustment to MSS' projected 2018 fuel expense (Table 2, Line 4).

Maintenance Expense

R3 reviewed and does not recommend an adjustment to MSS' projected 2018 maintenance expense (Table 2, Line 5).

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Depreciation/Leases

R3 reviewed and recommends reducing depreciation by \$374,185 for the following (Table 2, Line 6):

- Reduce depreciation by \$176,921 to account for the change in depreciation period from seven to ten-years for recently purchased and planned 2018 truck purchases;
- Reduce depreciation by \$26,250 to account for the deferral of the purchase of two trucks originally planned for 2018 but which MSS has agreed to defer until 2019; and
- Reduce depreciation by \$171,014 due to updated calculations for allocating depreciation between MSS contracting agencies.

Other Operating / G&A

R3 reviewed and does not recommend an adjustment to MSS' projected 2018 Other Operating / G&A expense (Table 2, Line 7).

Operating Profit

R3 reviewed and recommends reducing MSS' projected operating profit by \$41,236 (Table 2, Line 9) which is a result of net decreases in operating costs described above.

Interest Expense

R3 recommends reducing MSS' projected interest expense by \$123,863 due to the following (Table 2, Line 10):

- Reduce interest by \$11,156 to account for the deferral of the purchase of two trucks originally planned for 2018 but which MSS has agreed to defer until 2019;
- Reduce interest by \$77,450 due to updated calculations for allocating interest between MSS contracting agencies; and
- Reduce interest expense by \$35,257 due to MSS updating calculations for the amount of overall 2018 interest.

Adjustments to Projected Revenue at Current Rates

Projected Revenue at Current Rates

R3 recommends increasing projected revenue at current rates by \$165,010 due to an updated 99.75% revenue achievement projection for 2018, as compared to MSS's original proposal of a revenue achievement factor of 99.23% (Table 2, Line 12).

Franchise Fees

R3 reviewed and recommends an increase to MSS' projected Franchise Fees (Table 2, Line 13) in the amount of \$16,289, which is due to the increase in projected revenue and current rates noted above.

Section 4

Proposed
Adjustments to
MSS Rate
Application

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Section 4

Proposed
Adjustments to
MSS Rate
Application

Street Sweeping Fees

R3 reviewed and recommends correcting the amount of street sweeping fees (resulting in a decrease in available revenues) by \$24,000 to show pass-through street sweeping fees for Ross Valley North (RVSD-N) that MSS inadvertently did not include in the rate application (Table 2, Line 14). Rates for Ross Valley North customers already include these pass-through costs (meaning costs not subject to MSS profit), which are not paid by other Franchisor's Group rate-payers. This same correction was made in the 2017 rate application.

Vehicle Impact Fees

R3 reviewed the Vehicle Impact Fees noted in MSS's rate application (Table 2, Line 15), and finds them to be appropriate for rate setting purposes, with no adjustment necessary.

Non-Regulated Revenues

R3 reviewed and does not recommend an adjustment to MSS' projected Franchise Fees (Table 2, Line 16).

R3

Recommended Rate Adjustment

2018 Recommended Adjustment

Based on a recommended revenue requirement of \$29,275,550 (Table 2, Line 11) and projected net revenues of \$27,731,988 (Table 2, Line 17) for the calendar year 2018 resulting from our recommended adjustments to MSS' application, a 5.57% Rate Adjustment Factor has been calculated, to be effective January 1, 2018.

The approved rate setting methodology allows for certain expenses to be revised each year when more accurate information is known. The difference between the original projections and the revised projections are allowed to be included in the current year rate adjustment. Table 3 shows the components of the rate increase based on adjustments related solely to the 2018 projections and the adjustments related to revised projections from 2016 and 2017.

Table 3
Summary of Rate Increase Components by Category

Rate Adjustment Factor Component Percentages			
Category	Adjustment Factor Related to 2016 and 2017	Adjustment Factor Related to 2018	Total
Wages	0.00%	0.87%	0.87%
Benefits (including workers comp)	0.00%	0.44%	0.44%
Fuel & Oil	0.09%	0.89%	0.98%
Disposal	0.24%	0.00%	0.24%
Depreciation and Interest	0.00%	0.93%	0.93%
Maintenance	0.00%	0.13%	0.13%
Other Operating Costs ¹	0.00%	0.74%	0.74%
Subtotal Operations	0.33%	4.00%	4.33%
Revenue Shortfall Net of Changes in Total Expenses	0.00%	1.24%	1.24%
Rate Adjustment Factor	0.33%	5.24%	5.57%

¹ Includes profit and general & administrative costs (e.g., public education, customer service, etc.).

As shown, the recommended rate increase of 5.57% includes components that result from revised projections related to 2016 and 2017 as well as components that relate to the current application, as shown in Table 3. The impact of prior year "true-ups" to this 2018 rate application is minimal, with only 0.33% of the overall rate adjustment being attributed to change in expenses in prior years. This is primarily due to the difference between the 2016 actual disposal expense as compared to the projected 2016 disposal expense included in the 2017 rate application, which accounts for 0.24% of the recommended 2018 adjustment. A small 0.09% of the adjustment is due to "true-ups" for fuel and oil related to actual vs. projected expenses in 2016 and 2017.

R3

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Proposed 2018 Rates

The following table summarizes, by jurisdiction, the current and proposed 32-gallon residential rates, the most common subscription level. Note that rates for the County of Marin are estimated based on the recommended 5.57% rate adjustment applied to the 2017 rates for County area; actual County rates will be determined by a separate process, using the approved 2018 rate adjustment factor.

Table 4
Residential 32-Gallon Rate Summary

Jurisdiction	Current Rate (\$/mo.)	Proposed Rate (\$/mo.)	\$ Difference
San Rafael	\$35.81	\$37.80	\$1.99
Las Gallinas Valley Sanitary District	\$31.31	\$33.05	\$1.74
Larkspur	\$41.13	\$43.42	\$2.29
Ross	\$34.22	\$36.13	\$1.91
County of Marin - RVSD-S*	\$38.54	\$40.69	\$2.15
County of Marin*	\$38.00	\$40.12	\$2.12
County of Marin - RVSD-N* (Sleepy Hollow)	\$41.01	\$43.29	\$2.28
County of Marin - RVSD-N* (Oak Manor)	\$40.28	\$42.52	\$2.24

Survey of Comparable Rates

Attachment 3 shows the results of R3's survey of solid waste rates as of December 2017 for jurisdictions located throughout the Bay Area. For the purpose of comparing the Franchisors' Group rates to other jurisdictions in Attachments 3, 4 and 5 we have applied the 5.57% rate adjustment for 2018 to the current Franchisors' Group rates.

The Franchisors' Group residential rates for a 32-gallon container (the most frequent residential service level) will range from \$33.05 (LGVSD) to \$43.42 (Larkspur). The survey shows the Franchisors' Group average residential rate for 32-gallon service \$39.63 with RVSD-N included (and \$38.53 without) is within the range of normal when compared to other Marin County jurisdictions. Attachment 4 graphically compares the Franchisors' Group residential rates for a 32-gallon container to one another as well as to the average of Marin County rates for similar service.

The Franchisors' Group commercial rates for a 3-cubic yard bin serviced 1 time per week (the most requested commercial service level) range from \$463.86 (Town of Ross) to \$695.15 (RVSD-N). The average rate for the Franchisors' Group is \$550.76 with RVSD-N, and \$502.63 without. The average rate is higher when compared to the other three Marin County jurisdictions that have this level of service. Attachment 5 compares the Franchisors' Group commercial rates for a 3-cubic yard bin serviced one time per week to the average Marin County rate and all other jurisdictions' average rate for similar service levels.

These survey results are presented as an indication of the reasonableness of the resulting rates for 2018. Conclusions should not be immediately drawn from this information because rate comparisons are intrinsically difficult and often misleading. This results from differences in issues such as those listed below. At the direction of the Franchisors' Group, R3 would be happy to prepare additional background information on how these factors may change for

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comparison agencies in the future, and provide addition context regarding the rates shown (for example, as a result of recent acquisitions as with the recent Recology acquisition of Novato Disposal).

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

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**Marin Sanitary Service
2018 Rate Application - Franchisors' Group
MSS Proposed Rate Calculation**

Expense Allocation (Percentage of Total Revenues)		44.24%	19.26%	8.55%	15.79%	2.56%	2.12%	6.20%	1.27%	100.00%	
		San Rafael	Las Gallinas- City of S.R.	Las Gallinas- County	Larkspur	RV-N	Ross	RVSD	County	Total	
Expenses: Current MSS Services											
1	Rate Application Operating Expenses:										
2	Wages	\$ 8,058,326	\$ 3,565,227	\$ 1,552,275	\$ 689,257	\$ 1,272,671	\$ 206,030	\$ 170,555	\$ 499,688	\$ 102,623	\$ 8,058,326
3	Benefits	\$ 4,607,674	2,038,563	887,576	394,111	727,701	117,806	97,522	285,717	58,679	4,607,675
4	Disposal Fees	\$ 4,096,468	1,812,391	789,103	350,385	646,965	104,736	86,702	254,017	52,169	4,096,468
5	Fuel & Oil	\$ 853,982	377,825	164,502	73,044	134,871	21,834	18,075	52,954	10,876	853,981
6	Maintenance Expense	\$ 1,892,893	837,468	364,628	161,906	298,949	48,396	40,063	117,376	24,106	1,892,892
7	Depreciation/Leases	\$ 3,175,545	1,404,949	611,705	271,616	501,522	81,190	67,210	196,912	40,441	3,175,545
8	Other Operating/G&A	\$ 3,726,395	1,648,661	717,815	318,732	588,519	95,274	78,869	231,070	47,456	3,726,396
9											
10	Total Operating Expenses	26,411,283	11,685,084	5,087,604	2,259,051	4,171,198	675,266	558,998	1,637,734	336,350	26,411,283
11	Operating Profit	90.5%	2,772,455	1,226,611	534,058	237,138	437,861	70,884	58,679	171,917	2,772,455
12	Interest Expense		649,744	287,465	125,160	55,575	102,616	16,612	13,752	40,290	649,745
13	Revenue Requirement	29,833,481	13,199,160	5,746,822	2,551,764	4,711,675	762,762	631,427	1,849,941	379,932	29,833,483
Revenues											
14	Route Revenues (2018 Projected at 2017 Rates)		13,816,309	6,019,873	2,369,748	5,442,038	874,162	671,179	2,131,251	438,952	31,763,512
15											
16	Adjusted Route Revenues		13,816,309	6,019,873	2,369,748	5,442,038	874,162	671,179	2,131,251	438,952	31,763,512
17	Less: Franchise Fees		(1,381,631)	(601,987)	(25,000)	(544,204)	(131,124)	(90,978)	(319,688)	(65,843)	(3,160,455)
18	Less: Street Sweeping								(48,000)	(24,000)	(72,000)
19	Less: Vehicle Impact Fee		(306,318)	(137,282)		(568,400)	(42,155)		(63,702)		(1,117,857)
20	Net Regulated Revenues		12,128,360	5,280,604	2,344,748	4,329,434	700,883	580,201	1,699,861	349,109	27,413,200
21	Non-Regulated Revenues	194,066	65,860	37,383	16,599	30,649	4,962	4,107	12,034	2,472	194,066
22	Adjusted Total Revenues (At Current Rates)		12,214,220	5,317,987	2,361,347	4,360,083	705,845	584,308	1,711,895	351,580	27,607,266
23	Revenue Surplus/(Shortfall)		(984,940)	(428,835)	(190,417)	(351,592)	(56,917)	(47,119)	(138,046)	(28,352)	(2,226,217)
24	Calculated Rate Adjustment		8.06%	8.06%	8.06%	8.06%	8.06%	8.06%	8.06%	8.06%	8.06%

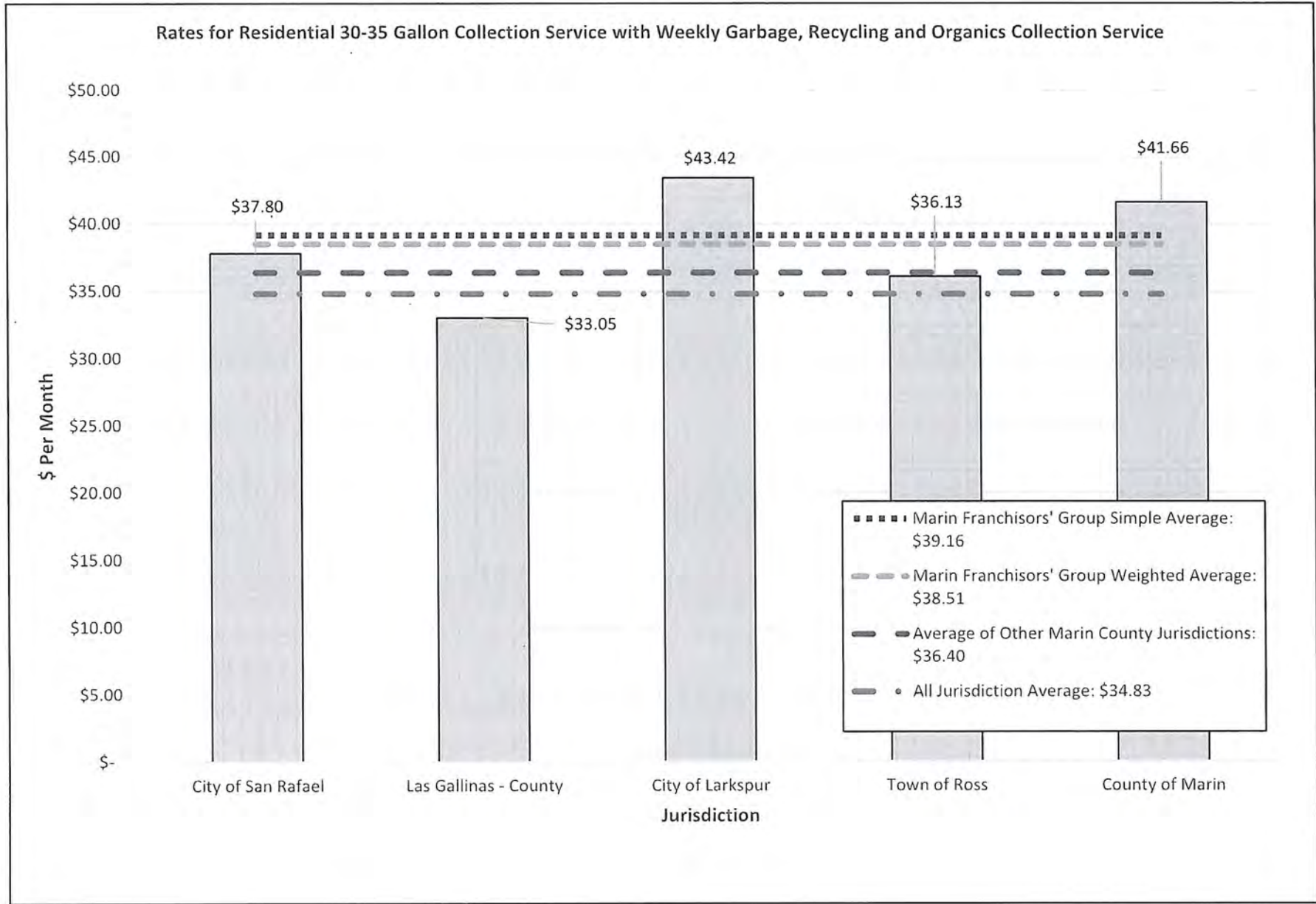
**Marin Sanitary Service
2018 Rate Application - Franchisors' Group
R3 Adjusted Rate Calculation**

Expense Allocation (Percentage of Total Revenues)		44.28%	19.28%	8.56%	15.81%	2.47%	2.12%	6.21%	1.27%	100.00%	
		Las Gallinas-		Las Gallinas-							
		San Rafael	City of S.R.	County	Larkspur	RV-N	Ross	RVSD	County	Total	
Expenses: Current MSS Services											
1	Rate Application Operating Expenses:										
2	Wages	\$ 8,058,326	\$ 3,567,982	\$ 1,553,481	\$ 689,738	\$ 1,274,353	\$ 199,203	\$ 170,664	\$ 500,179	\$ 102,726	\$ 8,058,326
3	Benefits	\$ 4,631,180	2,050,546	892,797	396,398	732,380	114,484	98,082	287,456	59,037	4,631,180
4	Disposal Fees	\$ 4,054,315	1,795,128	781,589	347,022	641,154	100,223	85,865	251,650	51,683	4,054,315
5	Fuel & Oil	\$ 853,982	378,117	164,630	73,095	135,050	21,111	18,086	53,006	10,886	853,982
6	Maintenance Expense	\$ 1,892,893	838,116	364,911	162,019	299,344	46,793	40,089	117,491	24,130	1,892,893
7	Depreciation/Leases	\$ 2,801,361	1,240,358	540,045	239,777	443,010	69,250	59,329	173,880	35,711	2,801,360
8	Other Operating/G&A	\$ 3,726,395	1,649,935	718,373	318,954	589,296	92,117	78,920	231,297	47,503	3,726,395
9											
10	Total Operating Expenses	26,018,452	11,520,182	5,015,826	2,227,003	4,114,587	643,181	551,035	1,614,959	331,676	26,018,451
11	Operating Profit	90.5% 2,731,218	1,209,301	526,523	233,774	431,918	67,516	57,843	169,526	34,817	2,731,218
12	Interest Expense	525,881	232,844	101,379	45,012	83,163	13,000	11,137	32,541	6,704	525,881
13	Revenue Requirement	29,275,551	12,962,327	5,643,728	2,505,789	4,629,668	723,697	620,015	1,817,126	373,197	29,275,550
Revenues											
14	Route Revenues (2018 Projected at 2017 Rates)		13,888,084	6,051,146	2,382,059	5,470,309	878,704	674,666	2,142,323	441,232	31,928,522
15											
16	Adjusted Route Revenues		13,888,084	6,051,146	2,382,059	5,470,309	878,704	674,666	2,142,323	441,232	31,928,522
17	Less: Franchise Fees		(1,388,808)	(605,115)	(25,000)	(547,031)	(131,806)	(91,451)	(321,348)	(66,185)	(3,176,744)
18	Less: Street Sweeping		-	-	-	-	(24,000)	-	(48,000)	(24,000)	(96,000)
19	Less: Vehicle Impact Fee		(306,318)	(137,282)	-	(568,400)	(42,155)	-	(63,702)	-	(1,117,857)
20	Net Regulated Revenues		12,192,957	5,308,750	2,357,059	4,354,878	680,743	583,215	1,709,272	351,047	27,537,921
21	Non-Regulated Revenues	194,066	85,926	37,412	16,611	30,690	4,797	4,110	12,046	2,474	194,066
22	Adjusted Total Revenues (At Current Rates)		12,278,883	5,346,162	2,373,670	4,385,568	685,540	587,325	1,721,318	353,521	27,731,988
23	Revenue Surplus/(Shortfall)		(683,444)	(297,566)	(132,119)	(244,100)	(38,157)	(32,690)	(95,808)	(19,676)	(1,543,562)
24	Calculated Rate Adjustment		5.57%	5.57%	5.57%	5.57%	5.57%	5.57%	5.57%	5.57%	5.57%

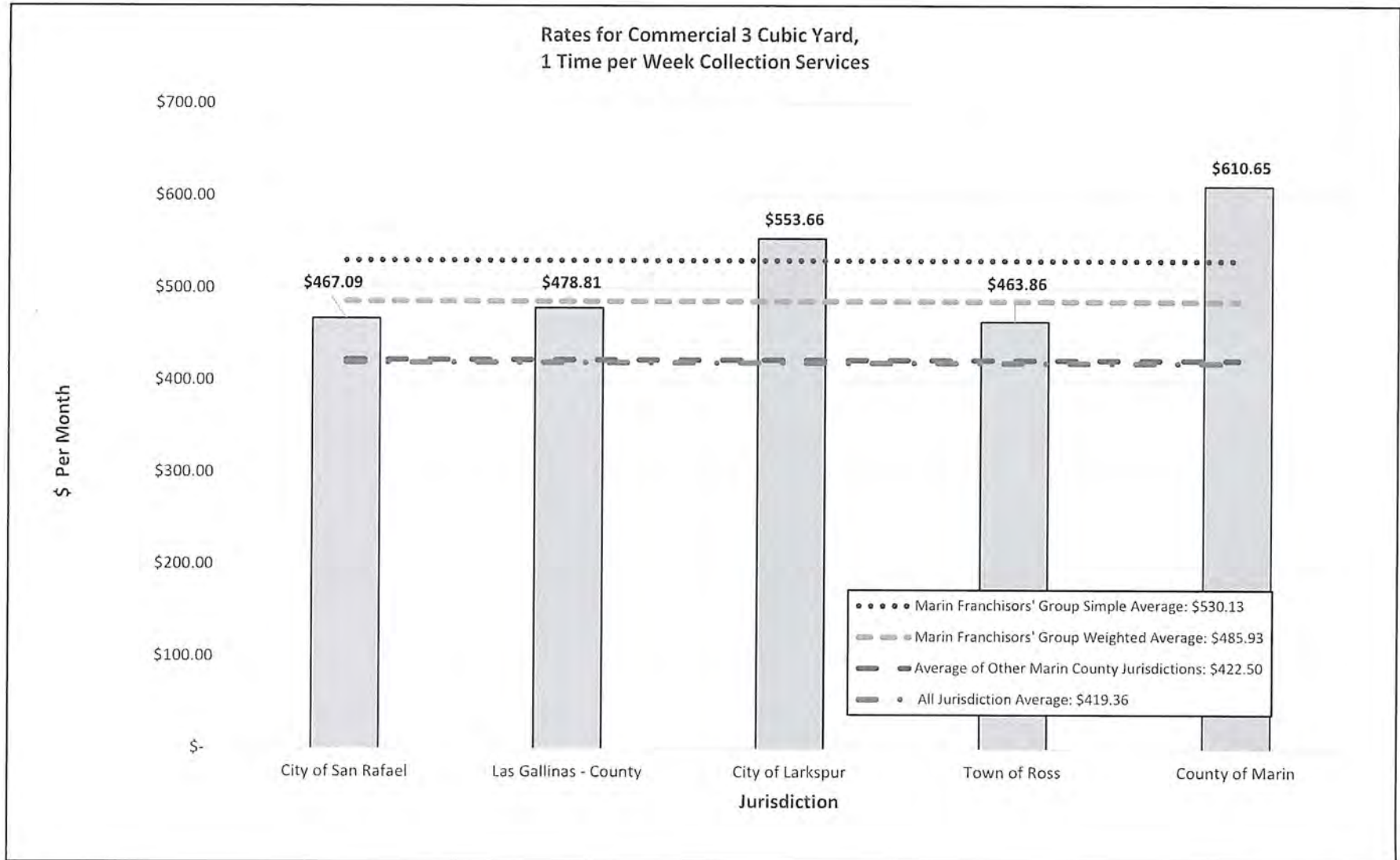
Bay Area Rate Survey										
Jurisdiction	County	Effective Dates	Residential Single Family				Commercial			
			20 Gal.	30-35 Gal.	60-64 Gal.	90-96 Gal.	1 YD Bin	1 YD Bin	3 YD Bin	3 YD Bin
			1x/Week	3x/Week	1x/Week	3x/Week				
City of Alameda	Alameda	7/1/2017	\$ 31.38	\$ 39.60	\$ 65.07	\$ 90.88	\$ 150.87	\$ 461.63	\$ 452.60	\$ 1,384.90
City of Albany	Alameda	5/1/2017	\$ 37.53	\$ 42.03	\$ 72.64	\$ 103.24	\$ 167.47	\$ 502.41	\$ 502.41	\$ 1,507.23
City of Berkeley (District 1 & 2)	Alameda	7/1/2017	\$ 25.43	\$ 40.68	\$ 81.31	\$ 121.92	\$ 161.89	\$ 456.15	\$ 448.02	\$ 1,330.75
City of Berkeley (District 3)	Alameda	7/1/2017	\$ 26.53	\$ 42.35	\$ 84.66	\$ 126.96	\$ 161.89	\$ 456.15	\$ 448.02	\$ 1,330.75
City of Dublin	Alameda	7/1/2017	N/A	\$ 22.06	\$ 40.52	\$ 58.98	\$ 140.44	N/A	\$ 354.50	N/A
City of Emeryville	Alameda	1/1/2017	\$ 11.17	\$ 18.49	\$ 36.97	\$ 55.46	\$ 110.10	\$ 330.30	\$ 330.30	\$ 990.90
City of Fremont	Alameda	1/1/2017	\$ 31.21	\$ 31.89	\$ 34.99	\$ 51.47	\$ 93.09	N/A	\$ 209.26	N/A
City of Livermore	Alameda	7/1/2017	\$ 28.46	\$ 37.67	\$ 57.54	\$ 90.41	\$ 116.72	\$ 364.16	\$ 350.16	\$ 1,115.62
City of Newark	Alameda	1/1/2016	\$ 27.32	\$ 30.37	\$ 53.79	\$ 77.19	\$ 123.09	\$ 383.96	\$ 325.58	\$ 887.88
City of Oakland	Alameda	7/1/2017	\$ 39.41	\$ 44.93	\$ 80.08	\$ 120.88	\$ 224.80	\$ 674.32	\$ 535.32	\$ 1,605.90
City of Piedmont	Alameda	7/1/2017	\$ 52.39	\$ 55.11	\$ 65.02	\$ 76.90	\$ 171.06	\$ 482.54	N/A	N/A
City of Pleasanton	Alameda	UNKNOWN	N/A	\$ 33.80	N/A	\$ 45.48	\$ 168.23	\$ 440.27	\$ 480.43	\$ 1,296.55
City of San Leandro	Alameda	9/1/2017	\$ 10.20	\$ 20.46	\$ 40.86	\$ 61.32	\$ 133.47	\$ 346.94	\$ 355.54	\$ 995.95
City of Union City	Alameda	7/1/2016	\$ 27.86	\$ 34.82	\$ 69.69	\$ 104.51	\$ 144.66	\$ 399.57	\$ 379.10	\$ 1,033.18
Castro Valley Sanitary District	Alameda	7/1/2017	\$ 25.94	\$ 40.23	\$ 69.86	\$ 99.49	\$ 285.93	\$ 857.92	\$ 760.74	\$ 2,131.76
Oro Loma Sanitary District (L1)	Alameda	9/1/2017	\$ 8.84	\$ 17.64	\$ 35.32	\$ 52.95	\$ 115.40	\$ 299.95	\$ 307.36	\$ 860.99
Oro Loma Sanitary District (L2)	Alameda	9/1/2017	\$ 8.84	\$ 17.64	\$ 35.32	\$ 52.95	\$ 115.40	\$ 299.95	\$ 307.36	\$ 860.99
Oro Loma Sanitary District (L3)	Alameda	9/1/2017	\$ 10.20	\$ 20.46	\$ 40.86	\$ 61.32	\$ 133.47	\$ 346.94	\$ 355.54	\$ 995.95
City of Richmond	Contra Costa	1/1/2017	\$ 28.31	\$ 34.35	\$ 65.25	\$ 97.02	\$ 234.79	\$ 597.40	\$ 538.47	\$ 1,477.85
City of San Pablo	Contra Costa	1/1/2017	\$ 24.45	\$ 29.73	\$ 57.69	\$ 86.46	\$ 234.74	\$ 594.88	\$ 544.06	\$ 1,491.48
City of El Cerrito	Contra Costa	1/1/2018	\$ 35.54	\$ 47.14	\$ 94.61	N/A	\$ 319.07	\$ 892.97	N/A	N/A
City of Hercules	Contra Costa	1/1/2017	\$ 30.39	\$ 35.62	\$ 62.79	\$ 90.77	\$ 265.67	\$ 669.24	\$ 609.41	\$ 1,663.98
City of Pinole	Contra Costa	1/1/2017	\$ 28.82	\$ 34.12	\$ 60.70	\$ 88.09	\$ 223.60	\$ 565.92	\$ 507.04	\$ 1,385.82
Unincorporated West Contra Costa	Contra Costa	1/1/2017	\$ 25.81	\$ 31.56	\$ 60.44	\$ 90.04	\$ 223.60	\$ 565.92	\$ 507.04	\$ 1,385.82
Town of Fairfax	Marin	1/1/2017	\$ 26.64	\$ 31.93	\$ 63.86	\$ 95.79	\$ 187.74	\$ 444.68	\$ 440.13	\$ 1,152.10
Town of San Anselmo	Marin	1/1/2017	\$ 29.62	\$ 38.71	\$ 77.49	\$ 116.23	N/A	N/A	\$ 635.33	\$ 1,906.12
City of Belvedere	Marin	7/1/2015	\$ 37.42	\$ 46.25	\$ 78.47	\$ 110.69	\$ 205.43	\$ 567.46	N/A	N/A
City of Novato	Marin	UNKNOWN	\$ 12.21	\$ 19.53	\$ 39.03	\$ 58.57	N/A	N/A	\$ 254.44	\$ 631.33
West Marin	Marin	1/1/2015	\$ 17.87	\$ 27.09	\$ 50.81	\$ 81.23	N/A	N/A	\$ 309.25	\$ 701.50
City of Sausalito	Marin	1/1/2017	N/A	\$ 39.95	N/A	N/A	\$ 157.78	N/A	\$ 473.33	N/A
Tamalpais Com. Service Dist. ¹	Marin	7/1/2017	N/A	\$ 47.78	\$ 72.13	\$ 97.87	\$ 316.52	\$ 949.56	N/A	N/A
Town of Tiburon	Marin	7/1/2015	\$ 34.59	\$ 39.02	\$ 71.05	\$ 102.54	\$ 185.67	\$ 506.76	N/A	N/A
Town of Corte Madera	Marin	7/1/2015	\$ 27.61	\$ 32.47	\$ 65.11	\$ 97.75	\$ 151.87	\$ 409.79	N/A	N/A
City of Mill Valley	Marin	7/1/2016	\$ 37.39	\$ 41.23	\$ 68.85	\$ 96.41	\$ 182.64	\$ 491.52	N/A	N/A
RVSD - N (Oak Manor)	Marin	1/1/2018	\$ 26.58	\$ 42.52	\$ 86.35	\$ 130.72	\$ 231.67	\$ 695.15	\$ 695.15	\$ 2,085.49
RVSD - N (Sleepy Hollow)	Marin	1/1/2018	\$ 27.44	\$ 43.29	\$ 89.12	\$ 134.93	\$ 231.67	\$ 695.15	\$ 695.15	\$ 2,085.49
City of San Rafael	Marin	1/1/2018	\$ 32.14	\$ 37.80	\$ 75.62	\$ 113.42	N/A	N/A	\$ 467.09	\$ 1,301.01
Las Gallinas - County	Marin	1/1/2018	\$ 28.10	\$ 33.05	\$ 66.11	\$ 99.16	\$ 236.65	\$ 710.49	\$ 478.81	\$ 1,336.39
City of Larkspur	Marin	1/1/2018	\$ 36.92	\$ 43.42	\$ 86.84	\$ 130.26	\$ 275.69	\$ 826.80	\$ 553.66	\$ 1,451.76
Town of Ross	Marin	1/1/2018	\$ 30.70	\$ 36.13	\$ 72.25	\$ 108.37	N/A	N/A	\$ 463.86	\$ 1,391.45
County (RVSD - S)	Marin	1/1/2018	\$ 24.46	\$ 40.69	\$ 84.26	\$ 131.40	\$ 338.65	\$ 858.58	\$ 523.73	\$ 1,375.28
County - Marin Franchisors' Group	Marin	1/1/2018	\$ 24.11	\$ 40.12	\$ 83.10	\$ 129.60	N/A	N/A	\$ 528.59	\$ 1,380.24
City of Campbell ¹	Santa Clara	7/1/2017	\$ 20.74	\$ 27.15	\$ 54.29	\$ 81.44	\$ 135.60	\$ 410.71	\$ 271.21	\$ 821.43
City of Cupertino	Santa Clara	11/1/2017	N/A	\$ 25.49	\$ 20.99	\$ 76.49	N/A	N/A	\$ 250.51	\$ 751.52
City of Los Altos	Santa Clara	7/1/2017	\$ 30.98	\$ 33.36	\$ 66.74	\$ 100.10	\$ 130.91	\$ 392.75	\$ 392.74	\$ 1,178.27
City of Milpitas	Santa Clara	12/1/2017	\$ 32.22	\$ 35.02	\$ 41.19	\$ 47.32	\$ 116.21	\$ 286.19	\$ 263.93	\$ 747.15
City of Monte Sereno ¹	Santa Clara	7/1/2017	\$ 23.78	\$ 31.12	\$ 62.25	\$ 93.37	\$ 181.94	\$ 551.15	\$ 363.88	\$ 1,102.29
City of Mountain View	Santa Clara	7/1/2017	\$ 22.10	\$ 32.25	\$ 64.50	\$ 96.75	\$ 103.80	\$ 352.60	\$ 310.90	\$ 974.55
City of Palo Alto	Santa Clara	7/1/2017	\$ 27.81	\$ 50.07	\$ 100.15	\$ 150.22	\$ 178.54	\$ 549.36	\$ 437.20	\$ 1,388.28
City of San Jose	Santa Clara	7/1/2017	N/A	\$ 33.19	\$ 66.38	\$ 99.57	\$ 140.61	\$ 402.66	\$ 196.38	\$ 561.63
City of Santa Clara	Santa Clara	7/1/2017	\$ 20.63	\$ 26.17	\$ 38.82	\$ 51.47	\$ 81.44	\$ 235.65	\$ 228.10	\$ 647.41
City of Sunnyvale	Santa Clara	1/1/2017	N/A	\$ 39.38	\$ 47.03	\$ 54.69	\$ 173.80	\$ 485.00	\$ 416.21	\$ 1,209.37
City of Saratoga ¹	Santa Clara	7/1/2017	\$ 22.58	\$ 29.54	\$ 59.09	\$ 88.63	\$ 193.82	\$ 587.37	\$ 387.64	\$ 1,174.75
Town of Los Altos Hills	Santa Clara	7/1/2017	\$ 29.86	\$ 41.63	\$ 83.28	\$ 124.90	\$ 104.82	\$ 220.76	\$ 164.03	\$ 383.57
Town of Los Gatos ¹	Santa Clara	7/1/2017	\$ 20.91	\$ 27.47	\$ 54.94	\$ 82.41	\$ 159.77	\$ 484.05	\$ 319.54	\$ 968.10
Marin Franchisors' Average			\$ 28.81	\$ 39.63	\$ 80.46	\$ 122.23	\$ 262.87	\$ 757.23	\$ 550.76	\$ 1,550.89
Marin County Average without MFG			\$ 27.92	\$ 36.40	\$ 65.20	\$ 95.23	\$ 198.24	\$ 561.63	\$ 422.50	\$ 1,097.76
Marin County - All			\$ 28.36	\$ 37.83	\$ 72.38	\$ 107.94	\$ 225.16	\$ 650.54	\$ 501.43	\$ 1,399.85
All City Average			\$ 26.70	\$ 34.83	\$ 63.32	\$ 92.21	\$ 179.64	\$ 513.41	\$ 419.36	\$ 1,209.79
Marin Franchisors' Group Average without RVSD - N			\$ 29.40	\$ 38.53	\$ 78.03	\$ 118.70	\$ 283.66	\$ 798.62	\$ 502.63	\$ 1,372.69

¹ 1 CY not available, reflected here for 1.5 CY

Note: This table compares anticipated 2018 Marin Franchisors' Group rates to current 2017 rates for all other jurisdictions.



Note: This chart compares anticipated 2018 Marin Franchisors' Group rates to current 2017 rates for all other jurisdictions.



Note: This chart compares anticipated 2018 Marin Franchisors' Group rates to current 2017 rates for all other jurisdictions.

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Marin Sanitary Service

CONSERVATION – OUR EARTH, OUR MISSION, OUR JOB



SERVICE AREA ANNUAL REPORT 2017

FOR CALENDAR YEAR 2016

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EXECUTIVE SUMMARY

Executive Summary

CONTINUED COMMITMENT

Marin Sanitary Service (MSS) continuously puts forth its best effort to help our jurisdictions meet their Zero waste and greenhouse gas reduction goals. In 2012, an amendment was made to the Franchisors' Group (FG) agreements that included a provision of a comprehensive annual report to describe progress and achievements in meeting Zero waste goals through programs and activities. This amendment was implemented in 2013. All data presented is for the entire MSS Service Area (San Rafael, Larkspur, Ross, LGVSD, Ross Valley-North, Ross Valley-South, County of Marin, Fairfax and San Anselmo). This report is for calendar year 2016.

OPERATIONAL EFFICIENCY

The Operational Improvement Plan and Zero Waste Programs detailed in this report illustrate MSS's commitment to diverting resources from the landfill (pages 2-4). Our goal as we implement new technologies and make fleet enhancements, is to keep costs low while maintaining quality service. MSS adds new programs and/or reviews and enhances ongoing programs on an annual basis. Community Outreach and Education is essential to meeting diversion goals (pages 25-32).

2016 IN REVIEW

In 2016, two new clean-up programs (biannual scheduled collections and bulky item collection) were implemented to help residential customers divert additional materials (page 8). The Service Area wide recycling rate increased 2% since 2015 (page 15). MSS continues to enroll commercial and multifamily customers in organics and recycling programs and to monitor compliance with State mandates (pages 22-24). The MSS 4R Planet School Programs in partnership with Zero waste Marin continued to expand. The plan in 2017 is to implement best practices at several schools to achieve high diversion rates.

LOOKING AHEAD

The focus for 2017 continues to be on removing organics from landfill carts and bins in all service sectors (commercial, multifamily and residential). AB 1826 (Mandatory Commercial Organics Recycling) went into effect on April 1, 2016 with a threshold of 8 cubic yards of organics. This dropped to 4 cubic yards of organics on January 1, 2017. Another pivotal organics law is SB 1383, Short Lived Climate Pollutants: Organics Waste Methane Emissions Reduction. This bill strives to reduce the landfilling of organics by 50% in 2020 and 75% by 2025. All jurisdictions will need to have an organics management plan in place no later than 2017 per AB 876 (Organics Management Infrastructure Plan) passed in 2016. Having organics programs in place is the biggest part of this plan and MSS is proud to have organics options for all customer types.

OPERATIONAL IMPROVEMENT PLAN

Operational Improvement Plan

OPERATIONAL EFFICIENCY

In 2012, MSS underwent an extensive audit of its collection operations. From the results of the audit, a five-year Operational Improvement Implementation Plan was developed, which began in 2013. We are proud to report that we are on track with this plan and have made great progress on streamlining collection services.

Our goal, as we implement new technologies and make fleet enhancements, is *to keep costs low* while maintaining *quality service*. Our overarching goal was to eliminate 5 routes. We achieved this at year end 2016. The savings from route reductions have allowed us to *provide additional diversion services and programs as needed. We were able to enhance these services at no additional cost to the customer due to the net savings achieved from the operational improvement plan.*

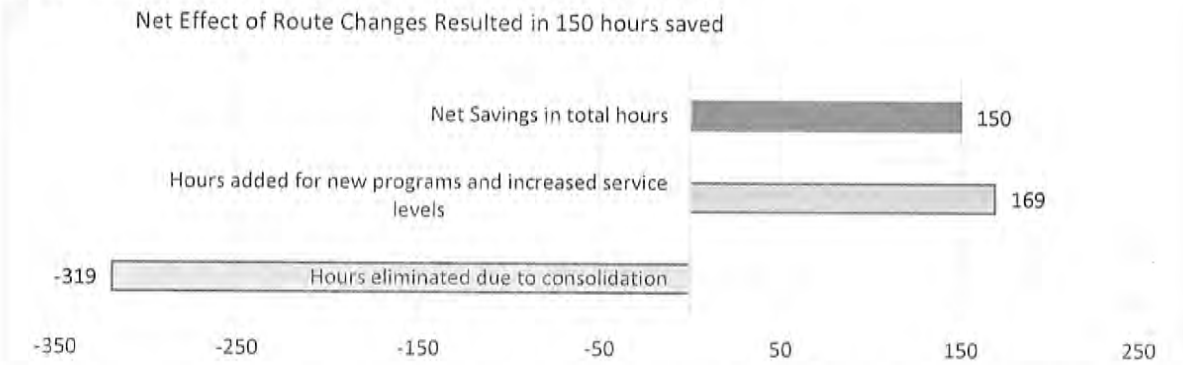
- New services added:
 - Twice per year scheduled curbside clean-up
 - Twice per year bulky item collection
 - Multifamily family organics collection
 - Illegal dumping support for municipalities
- Staff enhancements to improve overall customer service and operations:
 - Added management staff to better implement and evaluate operational changes
 - Added needed outreach staff to implement and monitor recycling and organics programs
 - Added compliance and controller positions to address significant increased reporting requirements for state and local government.

ROUTING COLLECTION CHANGES

Route Smart, our route optimization software, combined with the use of Mobilepak software and tablets, allow drivers and managers to continue to improve routing and customer service delivery. As a result of our routing efficiencies, we were able to provide new and enhanced services while reducing our net route hours *by 150 hours per week* (Figure 1). The addition of split body collection vehicles on commercial recycling routes, similar to the recycling trucks in residential areas, has allowed for consolidation and more efficiency in these routes. Prior to this, commercial recycling was collected in separate trucks--one for containers (glass, plastics, metal) and one for fibers (papers, cardboard). This will be fully implemented in 2017.

OPERATIONAL IMPROVEMENT PLAN

Figure 1: Routing Efficiency Operational Effects (Weekly Collection Hours)



We are no longer a “garbage” company. We are “resource haulers”. With time and personnel savings that have been achieved, MSS has been able to devote more resources to the implementation of additional diversion routes. In 2012, MSS needed a total of 54 drivers to complete all routes; due to consolidations, we now have 49 drivers (Table 1).

Table 1: Routes and Employee Breakdown

Collected Material	# of Routes	# of Employees
Garbage	18	21
Recycling	21	18
Organics	9	9
Food Waste (F2E)	1	1
Totals	49	49

ROUTING OPTIMIZATION

MSS introduced driver handheld tablets into our fleet in Spring 2015. Additional tablets were added in 2016 bringing the total for use on routes to 40 (Table 2). Tablets not only save paper as the need for printed route lists is eliminated, they save time for the drivers by making route changes easier to implement. They also improve communication by allowing real time feedback to the Operations and Office Staff on what is happening on the routes. This ultimately improves customer satisfaction and improves overall work flow efficiency.



Commercial Recycling, Residential & Commercial Garbage, and Residential Organics were included in the 2016 tablet rollout. All routes were optimized using RouteSmart, our Route Optimization and Balancing software, and were then loaded onto the tablets for the drivers to use.

OPERATIONAL IMPROVEMENT PLAN

Tablets were also used to perform service audits on Commercial Garbage routes to verify billing accuracy. Updated service data was then loaded onto the tablets for daily use.

In the fourth quarter of 2016, MSS began a four-phase project reorganizing all commercial recycling routes using the new split body rear loader trucks.

- Phase 1 was the purchase and evaluation of truck route performance.
- Phase 2 was reorganization of the existing commercial routes by service day to collect recyclable fibers and containers with one truck on the same day.
- Phase 3 was the creation of all new commercial recycling routes to assign each truck to a collection territory.
- Phase 4 will take place in 2017 and is primarily the evaluation and the ongoing optimization of these new changes.

The goal for 2017 is to use tablets on all routes. We will be adding tablets to the Residential Curbside Recycling routes and the remaining Residential Organics routes.

Table 2: 2016 Tablet Implementation

Route Type	# of Tablets
Roll-off and Cart Delivery	13
Residential Garbage	9
Commercial Garbage (Front End Loaders)	4
Organics	5
Food Waste (F2E)	1
Commercial Recycle	8
Total Tablets in Use	40

SERVICE LEVELS

Service Levels

RESIDENTIAL SERVICE LEVELS

Residential Customers: Comprehensive hauling services for one low rate

We're more than just the garbage company - we're your resource hauler, providing comprehensive recycling and landfill services in a basic bundled service package for one low cost.



The more you recycle, the more you save. See reverse side to learn how.

Visit www.marinsanitaryservice.com for guidelines on what is recyclable and compostable.

All residential customers are offered three services as part of the bundled "resource hauling" rate. This includes a gray "landfill" (garbage) cart, a dual sort split body recycling cart and a green organics cart. The bundled rate is based on the size of the landfill cart. At the end of 2016, there were 30,088 customers signed up for service with MSS. Duplexes and Triplexes are considered residential customers. If a property manager pays the bill, the duplex or triplex is considered to be a single customer. Since duplexes and triplexes are considered residential customers, numbers will exceed the actual customer count. Not all customers have recycling carts and many customers have multiple organics carts. Tables 3 and 4 show the residential cart subscription levels for year end 2016 compared to year end 2015. The subscription to 20 gallon carts continues to increase annually. This could be a reason for an increase in contamination seen at the Marin Recycling Center. These numbers are only for MSS supplied tipper carts and do not reflect customer owned cans or bags that contain extra yard waste and/or recycling.

Table 3: Residential "Landfill" Cart Service Subscriptions

Residential Weekly Garbage Service			
Number of Carts			
CART size	2016	2015	% change
20 gallon	5,291	4,770	11%
32 gallon	19,165	19,549	-2%
64 gallon	5,529	5,599	-1%
96 gallon	567	558	2%
Total	30,552	30,476	

SERVICE LEVELS

Table 4: Residential Cart Service Subscription for Recycling and Organics

Residential Weekly Dual Sort Recycling Service			
Number of Carts			
CART size	2016	2015	% change
5 gallon bucket*	821	880	-7%
32 gallon**	22	16	38%
64 gallon	28,233	28,689	-2%
96 gallon	1,393	894	56%
Total	30,469	30,479	
Residential Weekly Green Waste Service			
Number of Carts			
CART size	2016	2015	% change
35 gallon	786	484	62%
64 gallon	29,998	30,009	0%
96 gallon***	35	43	-19%
Total	30,819	30,536	

*Use of 5 gallon buckets is being phased out.

**Only offered in duplexes or triplexes where each tenant pays their own bill.

***Only available at Duplexes and Triplexes with shared service and are being phased out.

COMMERCIAL BUSINESS SERVICE LEVELS

Commercial businesses are offered recycling services as part of a “bundled rate”. Beginning in 2015, two organics programs were offered for the same charge to all commercial customers. Since there is a wide variety of container types, sizes and collection frequency, the data is reported based on overall weekly yardage of service. Commercial business customers are offered the following containers types and service for landfill (garbage) materials.

- 32, 64, and 96 gallon MSS tipper carts. 20 gallon carts are offered only after a successful recycling and composting program has been established.
- 1, 2, 3, 4, 5, and 6 cubic yard bins.
- 10, 18, 20, 25 cubic yard roll-off boxes. Larger sizes are available upon request.
- Compactors: sizes range from 3 cubic yards to 40 cubic yards.

Recycling and Organics Services are primarily offered for collection in carts. Cardboard and Organic materials may be collected in bins. The following container types and sizes are available for commercial customers

- 32, 64, and 96 gallon blue carts for paper recycling.
- 32, 64, and 96 gallon brown carts for containers recycling (plastic, glass, metal bottles & cans).
- 32 and 64 gallon organics green carts for composting.

SERVICE LEVELS

- 32 and 64 gallon food waste dark green carts for food to energy.
- 1, 2, and 3 cubic yard bins for cardboard recycling.
- 1 and 2 yard bins for food waste for food to energy.

Overall, the percentage of landfill (garbage) service subscriptions have decreased (Table 5) and the level of “diversion” services has increased (Table 6). This is significant and is primarily due to enhanced commercial recycling service offerings and outreach & education (page 25).

Table 5 Commercial Weekly Landfill (Garbage) Service in Cubic Yards

SERVICE IN YARDS	2016	2015	% Change
LANDFILL			
CARTS	1421	1447	-2%
BINS	3968	3795	5%
ROLL-OFF BOXES	698	901	-23%
COMPACTORS*	3773	4057	-7%
TOTAL	9860	10200	-3%

*Compaction Rate is 2:1

Table 6 Commercial Weekly Services for Recycling and Organics

SERVICE IN YARDS	2016	2015	% Change
RECYCLING			
CARTS	1732	1669	4%
BINS	2466	2185	13%
COMPACTORS*	184	236	-22%
TOTAL	4382	4090	7%
ORGANICS			
CARTS	150	129	16%
BINS	3	0	300%
ROLL-OFF BOXES	56	0	560%
F2E	227	191	19%
TOTAL	436	320	36%

*Compaction Rate is 2:1

SERVICE LEVELS

MULTIFAMILY DWELLING SERVICE LEVELS

Multifamily Dwellings: Comprehensive hauling services for one low rate



The more you recycle, the more you save. See reverse side to learn how.
Call 415-456-2601 or visit www.marinsanitaryservice.com for more information.

Multifamily Dwellings (MFDs) are offered recycling services as part of a “bundled rate”. Beginning in 2016, a full-scale organics program will be offered to tenants at apartment buildings and will be included as part of the bundled rate. In addition, MFD tenants will receive kitchen pails after attending a workshop for the collection of compostable materials.

Since there is a wide variety of container types and sizes and collection frequency, the data is reported based on overall weekly yardage of service. MFD customers are offered the following containers types and service for landfill (garbage) materials.

- 32, 64, and 96 gallon MSS tipper carts. 20 gallon carts are offered only after a successful recycling and composting program has been established.
- 1, 2, 3, 4, 5, and 6 cubic yard bins.
- 10, 18, 20, 25 cubic yard roll-off boxes. Larger sizes are available upon request.
- Compactors: sizes range from 3 cubic yards to 40 cubic yards.

Recycling and Organics Services are primarily offered for collection in carts. Cardboard and Organic materials may be collected in bins. The following container types and sizes are available for MFD customers

- 32, 64, and 96 gallon blue carts for paper recycling.
- 32, 64, and 96 gallon brown carts for containers recycling (plastic, glass, metal bottles & cans).
- 32 and 64 gallon organics green carts for composting.
- 1, 2, and 3 cubic yard bins for cardboard recycling.
- 1 and 2 yard bins organics bins for composting.

While the percentage of landfill service subscriptions have increased, the level of “diversion” service subscriptions have also increased (Table 7). MSS is hopeful that with increased outreach & education and the addition of organics service, we will see a decrease in landfill and an increase in diversion.

SERVICE LEVELS

Table 7 Multifamily Weekly Services for Landfill (Garbage), Recycling and Organics.

SERVICE IN YARDS	2016	2015	% Change
LANDFILL			
CARTS	1585	1461	8%
BINS	1791	1742	3%
COMPACTORS*	50	50	0%
TOTAL	3469	3253	7%
RECYCLING			
CARTS	1648	1414	17%
BINS	82	61	34%
TOTAL	1730	1475	17%
ORGANICS			
CARTS	284	284	0%

*added 2x Compaction Rate

*Compaction Rate is 2:1

ADDITIONAL DIVERSION PROGRAMS

Additional Diversion Programs

In 2016, the following new programs were added the help divert more materials from the landfill.

1. Residential Scheduled Curbside Clean-up of up to fourteen (14) 32-gallon bags or cans of additional garbage, recyclables, or yard waste at the curb in the fall and the spring.
2. Residential On-Call collection of up to two (2) bulky items twice per year.
3. Municipal Illegal Dumping support for all service areas.

These programs have been very well received by the community (Table 8). Overall, there was a 12% participation rate in the residential programs. We had anticipated a 10% participation rate for the first year. This number is expected to raise in 2017. Customers receive flyers twice per year with the printed or emailed bill that alert them to the clean-up dates and program details. Details are also listed on the website <http://marinsanitaryservice.com/special-residential-services/>.

Table 8: Program Statistics

Tonnage Diverted	199 tons
• Scheduled Clean-ups	94
• Bulky Items	99
• Illegal Dumping	6
Bulky Items collected	697 items
Participation	12%

Figure 2: Sample Mailers

BULKY ITEM COLLECTION – twice per year


+
= 2
|

+
= 2

Call MSS to schedule a curbside collection of up to **TWO** bulky items twice per year!
*If over 60 pounds or longer than 6 feet, a special handling fee may be applied.

Save the date for the 2017 Curbside Clean-ups: April 3rd - 7th & September 11th - 15th.
On your scheduled service day.

For more information on both programs visit <http://marinsanitaryservice.com/special-residential-services/>



Marin Sanitary Service CONSERVATION · OUR EARTH, OUR MISSION, OUR JOB



CONSERVATION · OUR EARTH, OUR MISSION, OUR JOB

together with



SAN RAFAEL
THE CITY WITH A MISSION

is pleased to announce

Spring 2017 Curbside Clean-Up

The week of
March 13th -17th
 On your regularly scheduled collection day ONLY.

Specifically for Customers in Billing Cycle R1



1050 Anderson Drive San Rafael, CA 94901
 Customer Service: (415) 456-2601
www.marinsanitaryservice.com

DIVERSION AND RECYCLING RATES

Diversion and Recycling Rates

STATE MANDATES

CalRecycle published two reports in 2015, The State of Recycling in California and The State of Disposal in California. Two important distinctions were highlighted regarding “diversion rates” and “recycling rates” (Table 9 below).

Table 9: Diversion Versus Recycling Rates

	AB 939	AB 341
Goal	50 Percent Diversion (Jurisdictional Mandate)	75 Percent Recycling (Statewide Goal)
Activities that Count Toward Goal	<i>Diversion:</i> Source Reduction Composting Recycling ADC AIC Other Beneficial Reuse Transformation Credit	<i>Recycling:</i> Source Reduction Composting Recycling
Activities that Do Not Count Toward Goal	<i>Disposal:</i> Landfill (Including Exports) Some Transformation Engineered Municipal Solid Waste (EMSW) Green Waste ADC (Beginning in 2020)	<i>Disposal:</i> Landfill (Including Exports) Engineered Municipal Solid Waste (EMSW) <i>Disposal-Related:</i> ADC AIC Other Beneficial Reuse All Transformation Waste Tire-Derived Fuel
Baseline Waste Generation and Base Years in pounds per person per day (ppd)	12.6 ppd (2003-2006)	10.7 ppd (1990-2010)
Statewide Disposal Target in pounds per person per day (ppd)	6.3 ppd	2.7 ppd

DIVERSION AND RECYCLING RATES

Jurisdictional *diversion rates* are calculated based on a disposal-based indicator which is a per capita disposal rate expressed as pounds per person per day (PPD). This disposal rate uses two factors: a jurisdiction's population and its disposal tonnage, as reported by disposal facilities. Table 10 below illustrates the disposal indicators and the diversion rates for the County of Marin from 2007 to 2015. 2016 numbers will be reported in August of 2017.

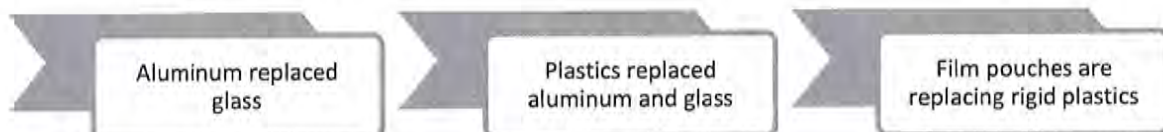
Table 10: Marin County Diversion Rates

YEAR	POUNDS PER PERSON PER DAY (PPD) DISPOSAL	DIVERSION RATE
2007	4.9	68%
2008	4.5	70%
2009	3.8	75%
2010	3.9	74%
2011	3.8	75%
2012	3.8	75%
2013	4.0	74%
2014	3.8	75%
2015	4.0	74%

For the purpose of this report, only tonnages for materials collected and processed under the Franchise Agreements are presented going forward as "Recycling Rates". The Franchised Programs are discussed under Zero Waste Programs. *Other tonnages from residential and commercial self-hauling, construction & demolition debris box rentals, and a host of other non-franchised programs within the County are not accounted for in this annual report but are reflected in the Jurisdictional diversion rate that is reported by MSS to the Marin Hazardous and Solid Waste Joint Powers Authority (JPA), who in turn reports this tonnage information to the State of California.*

THE "EVOLVING" TON

Why is our diversion rate decreasing even though we are recycling more by volume? This question is being asked across the country. Jurisdictions across the nation are seeing similar trends in recycling rates partially due to the "evolving ton". Diversion is based on weight not volume. The types of materials in the waste stream are changing. There are fewer newspapers in print, less glass, lighter weight metals and plastics, and more film pouch packaging compared to 10 years ago. Over the years packaging has changed drastically.



DIVERSION AND RECYCLING RATES

Single use disposable plastic containers and plastic packaging increases more every year. Plastic bottles are thinner and weigh significantly less than they did. On average, it takes 25% more plastic by volume to make the same ton today compared with 2005 (Figure 3). Though more volumes of materials are being recycled and processed, this shift combined with less overall disposal makes the recycling rates appear to be unchanged or even decreasing according to an EPA Webinar Series on "The Changing Waste Stream", November 13, 2014. The evolving ton is making us rethink how we measure and report on diversion. The traditional method of tracking tonnage does not tell the entire story.



Figure 3: Light Weighting of Plastics

COMMODITY PRICES

Table 11 shows the significant changes in the scrap market values for curbside commodities. Economists have predicted that the new range of high and low values will be much lower and tighter for the foreseeable future.

Table 11: Commodity Price Changes (4-year review) Average Price Per Ton

Commodity	2013	2014	2015	2016	% Change 2013-2016
Cardboard	\$177	\$163	\$147	\$151	-14%
Newsprint	\$144	\$157	\$132	\$145	1%
Mixed paper	\$125	\$121	\$106	\$116	-7%
Office paper	\$181	\$192	\$191	\$222	23%
Aluminum cans	\$1,358	\$1,593	\$1,214	\$1,137	-16%
Glass	\$39	\$80	\$18	\$19	-51%
HDPE #2 natural	\$614	\$814	\$544	\$415	-32%
HDPE #2 color	\$402	\$537	\$395	\$278	-31%
PET #1	\$487	\$486	\$221	\$194	-60%
Mixed Rigid Plastics (#3-7)	\$23	\$88	\$20	\$1	-95%

RECYCLING RATES BY WEIGHT AND BY VOLUME

In 2016, MSS filled the Controller position. One of the primary roles of this position is to fine tune the tonnage data gathering and reporting. Table 12 shows the recycling rate based on tonnage collected for the MSS Service Area by customer sector. Table 13 shows the volumetric recycling rate by sector and is based on overall volume of service subscriptions. Although the volumetric and tonnage based recycling rates increased, the pounds per person per day disposal rate also increased.

DIVERSION AND RECYCLING RATES

Table 12: MSS SERVICE AREA DISPOSAL AND RECYCLING Rates (tons)

	Residential 2016	Residential 2015	Commercial 2016	Commercial 2015	Total 2016	Total 2015
Tons Collected:						
Curbside Organics	20,968	19,056	N/A*	N/A*	20,968	19,056
Curbside Containers Recycling	6,124	5,690	1,815	1,958	7,939	7,648
Curbside Paper Fiber Recycle	6,634	6,340	3,288	3,209	9,922	9,549
Curbside Cardboard Recycle	N/A	N/A	3,442	3,173	3,442	3,173
Transfer Station	14,791	14,672	31,088	30,838	45,879	45,510
Curbside Food Waste (F2E)	N/A	N/A	2,410	1,729	2,410	1,729
Commercial processed at Marin Resource Recovery Center (MRRC)	N/A	N/A	10,135	10,105	10,135	10,105
Total Tons Collected	48,517	45,758	52,178	51,012	100,695	96,770

*Commercial yard waste is co-collected with residential yard waste. Tonnage is included with Residential.

	Residential 2016	Residential 2015	Commercial 2016	Commercial 2015	Total 2016	Total 2015
Tons Recycled:						
Curbside Organics	20,968	19,056	N/A*	N/A*	20,968	19,056
Curbside Containers Recycling	6,124	5,690	1,815	1,958	7,939	7,648
Curbside Paper Fiber Recycle	6,634	6,340	3,288	3,209	9,922	9,549
Curbside Cardboard Recycle	N/A	N/A	3,442	3,173	3,442	3,173
Curbside Food Waste (F2E)	N/A	N/A	2,410	1,729	2,410	1,729
Commercial recovered through MRRC	N/A	N/A	7,611	7,589	7,611	7,589
Total Tons Recycled	33,726	31,086	18,566	17,658	52,293	48,744
Recycling Rate	70%	68%	36%	35%	52%	50%

*Commercial yard waste is co-collected with residential yard waste. Tonnage is included with Residential.

Tons to Landfill

Population
Landfill pounds per person per day

	2016	2015
	48,403	48,026
	111,000	111,000
	2.39	2.37

DIVERSION AND RECYCLING RATES

Table 13: Volumetric Recycling Rates by Sector (Cubic Yards of Service)

Volumetric Service Recycling Rates (Cubic Yards of service)						
Residential		Commercial/MF		Total		
2016	2015	2016	2015	2016	2015	
Service Volume (Cubic Yards):						
Organics	9,645	9,596	719	448	10,364	10,044
Curbside Recycle (Fibers & Containers)	9,631	9,535	6,021	5,447	15,652	14,982
Landfill	5,583	5,615	10,740	10,499	16,323	16,114
Recycling Rate	78%	77%	39%	36%	61.4%	60.8%

CUSTOMER SERVICE DATA

Customer Service Data

RESIDENTIAL AND COMMERCIAL/MULTIFAMILY NEW STARTS FOR 2016

In 2016, there were 2,186 calls to start new Residential service and 183 calls to start new Commercial/MFD. All new customers received the Residential Service Guide that explains MSS Curbside collection services and programs, debris box rental and document shredding, Marin Resource Recovery Center drop-off information, Marin Recycling drop-off and buy-back information, and Marin Household Hazardous Waste drop-off information.

RESIDENTIAL AND COMMERCIAL/MULTIFAMILY CUSTOMER COMPLAINTS

In 2016, MSS switched to a new phone system that allowed customers to select the reason for their call from a menu, based on customer feedback. The intent was to allow customers to get to a customer service representative who could best help them with their question or service need. Calls to the main number hear the following:

“Hello, you have reached Marin Sanitary Service. Please note, our menu options have changed. If you know your party’s extension, you may dial it at any time. For residential services and payments, please press 1. For commercial, multi-family service and payments, press 2. For document shredding, press 4. For temporary debris boxes, press 6. To hear these options again, please press 9.”

We have also added options to reach Marin Resource Recovery Center (Indoor Dump) and Marin Recycling Center. In 2016, there were a total of 100,393 calls. This is down significantly from 2015. The majority of calls are service related (start/stop service, change service), billing related or general education questions about collection and program information. The average time to answer calls is eight (8) seconds which is less than 2 rings. This has remained steady.

We are proud to report that there are minimal complaint calls from the customers we serve. The total number of complaint calls decreased 4% in 2016 compared to 2015 and are detailed in Table 14. The majority of calls were due to missed collections and broken containers. In most cases, the drivers were able to empty the missed containers on the same service day or the next business day. All broken containers were either repaired or replaced. In addition, MSS had 154 separate written (letter, email) compliments for MSS staff in 2016 compared to three (3) in 2015. We believe this is due to the improved communication between drivers, customer service staff and the customer through the use of the tablets and cart hangers.

CUSTOMER SERVICE DATA

Table 14: Complaints by Type by Service Area 2015-2016

Jurisdiction	Missed Collections		Broken Containers		Service Issues	
	2016	2015	2016	2015	2016	2015
Consolidated County of Marin	370	520	513	414	58	31
San Rafael	1092	1626	2195	1,592	144	165
Las Gallinas Valley Sanitary District	203	360	572	479	16	34
Ross	108	89	141	122	15	2
Larkspur	243	316	460	406	32	29
San Anselmo	383	661	742	560	39	54
Fairfax	255	447	280	175	52	38
MSS Service Area Totals	2,654	4,019	4,903	3,748	356	353

Every time a driver empties a container, it is recorded as a “lift”. It is important to know the number of lifts to gain an understanding of the magnitude of misses. In 2015, MSS recorded 4,725,250 lifts. With increased recycling and organics containers in use, the number of lifts increased in 2016 to 5,250,288. Figure 4 shows the increase in lifts (chart on left) and decrease in misses (chart on right). There was a significant (44%) decrease in the number of reported misses from 2015 to 2016. This is due to several factors, tablet use by drivers that allows for GPS monitoring and date/time stamping of container lifts and accuracy in documentation by Customer Service Representatives.

Figure 4: Missed Collection Statistics



REPORTS OF INJURIES AND DAMAGE TO PROPERTY

Marin Sanitary Service has an active safety committee that meets monthly to review accidents and injuries. The committee includes owners, supervisors, loss control and insurance personnel. Each department has a tailored safety plan that includes ongoing training and review of new equipment and procedures, OSHA required. Documented employee safety meetings are held daily, weekly, monthly and throughout the year with written agendas and handout materials in all departments.

CUSTOMER SERVICE DATA

All accidents and injuries are investigated in an interactive process with the employee to determine what factors caused the event. If it is determined that changes to equipment, procedures, or collection location could prevent a recurrence, corrective action is taken whenever possible. If refresher training is needed, it is addressed with the entire department. Any claim of damage is investigated immediately by supervisors and the safety administrator. If the Company is liable, restitution is made to the owner/customer by either repair at the Company's expense or payment to the owner/customer. Liable automobile damage is repaired by a reputable, local business and a rental is provided if needed, or payment is made if the owner/customer prefers.

In 2016, along with the appointment of Ron Piombo as General Manager Operations (former Chair of the MSS Safety Committee), we raised the bar in many areas of safety and operations. Incidents that may have been considered non-preventable or possibly not noted under prior criteria are now counted as preventable and all are considered recordable. The number and type of incidents continue to be reviewed on a monthly basis under the scrutiny of the Safety Committee and addressed via additional training, operational changes, etc. Overall, we continue to see a low number of incidents annually. Details are shown in Table 15 below.

Table 15: Injuries and Accidents 2016 compared to 2015

TITLE	DESCRIPTION	2016 TOTALS	2015 TOTALS
Preventable Damage Event	Property or vehicle damage determined the fault of MSS driver.	23	52
Non-preventable Damage Event	Not due to driver negligence and not fault of any other party. Trees/wires snagged that are lower than allowed or damage that driver could not have avoided, malfunctioning gates closing on trucks, gate blowing shut, etc.	5	26
Work comp injuries	Injuries on the job defined by OSHA as work related.	9	18
	GRAND TOTAL	37	86

COMPLIANCE WITH STATE LAWS

Compliance with State Laws

LEGISLATIVE UPDATE

1. AB 876 (Gordon): Organics Processing Capacity: This bill requires that jurisdictions submit plans for collecting and processing all identified organic material tonnage in the area for 15 years. Individual cities and towns in Marin are not required to have plans since this will be managed by the Marin JPA.
2. SB 1383 (Lara) Short Lived Climate Pollutants: Organics Green House Gas Emissions Reductions: This bill requires the State to divert identified organics generated by 50% in 2020 and by 75% in 2025. This law has steep fines and enforcement if goals are not met.
3. AB 1826 (Chesbro) Mandatory Organic Recycling Collection. This law came out of the need to decrease greenhouse gas emissions from the AB 32 scoping plan. This bill intends to capture and recycle organic waste (food scraps, yard and plant debris, landscape and pruning material, nonhazardous wood, and food-soiled paper). Commercial businesses and multifamily dwellings will be required to subscribe to composting or anaerobic digestion service for their organic waste. This law phases in the mandatory recycling of commercial organics over time.
 - a. Program details
 - i. April 2016 - Businesses generating 8 cubic yards (CY) of organics/week are required to have an organic waste recycling program.
 - ii. Jan 2017 – 4 CY/week of organics.
 - iii. Jan 2019 – 4 CY/week of solid waste.
 - iv. 2020 trigger: CalRecycle can reduce the threshold to 2 CY of waste if statewide organics disposal not cut in half.
 - v. Multifamily complexes are exempt from counting food waste in their total organics per week calculation, and are required only to divert yard debris, landscaping and pruning materials.
4. Suggested Solutions complying with State Mandates and for meeting jurisdictional diversion goals.
 - a. Update municipal code to make recycling and organics diversion mandatory for all customer types (residential, commercial and multifamily).
 - b. Add detailed language around organics recycling that makes identification of customers easier, contains a mechanism for enforcement, and allows MSS to educate, monitor and report progress to the jurisdictions we serve. MSS has several best practice models.

MANDATORY COMMERCIAL RECYCLING (AB 341)

Mandatory Commercial Recycling (AB 341) has been in effect since July 2012. This law calls for recycling 75 percent of California's solid waste by 2020. It is important to note that AB 341 is a continuation of an effort by the state to reduce greenhouse-gas (GHG) emissions, as required by AB 32, which became law in 2006. Simply stated, recycling reduces GHG emissions, and, through the implementation of AB 341 will make a significant reduction in these emissions.

COMPLIANCE WITH STATE LAWS

Educating businesses about recycling is a dynamic and ongoing process. MSS has two (2) Commercial Recycling Coordinators working with businesses and apartment buildings. In addition, there is a full time Commercial Recycling Coordinator dedicated to increasing participation in the two (2) organics programs (Commercial Food Waste to Energy (F2E) and Commercial Composting) and a full-time School Recycling Coordinator. New businesses and their employees are educated about recycling requirements and opportunities. Existing businesses and their employees are monitored and encouraged to divert even more resources from the landfill.

Every year, the MSS Director of Compliance meets with CalRecycle staff to discuss outreach, education and monitoring efforts and results for each jurisdiction we serve. In addition, CalRecycle staff conduct site visits of our model customers. The State staff have consistently praised the work we are doing and have even referred us to other jurisdictions as models for implementation and monitoring of state goals for diversion.

Waste audits are part of the monitoring process and help to identify waste types and volumes of divertible materials in the disposed of waste stream. Every year drivers perform visual waste audits for all commercial and multifamily dwelling customers. Drivers visually inspect garbage carts and bins to determine the percentage of divertible material such as glass, plastic, cans, paper, cardboard, yard waste and food waste. Over **2,600 visual audits** were performed in 2016. Customers with 50% or more of divertible material were referred to the appropriate Outreach Staff for waste stream assessments. Waste stream assessments are on-site assessments of the waste stream (total flow of materials generated) and recycling potential of an individual business, institution, or household. From this assessment, service and education needs are determined and a waste reduction plan is developed and implemented.

MSS has 2,330 commercial business customers. We are proud to report that 88% subscribe to at least one recycling service and 100% are compliant with the law. Under AB 341, only 566 out of 2,330 commercial customers (12%) of all customers are required to have recycling services. All of them are now compliant (Table 16). Of the 739 Multifamily Dwellings (MFDs), 98% subscribe to at least one recycling service and 99% are compliant with the law. There are 5 MFDs who are not required to have recycling services by law since they only have four units in each building (Table 17). The 9 remaining non-compliant MFDs are in San Rafael. The majority of these MFDs are managed by the same property management company. The Compliance Manager is working with code enforcement and the Climate Corp intern with the City of San Rafael to get them to gain compliance. Collaboration between the public, the city/town staff and MSS is key to the success of this law. Of the jurisdictions MSS serves, only Fairfax has a Mandatory Commercial Recycling Ordinance that requires ALL commercial businesses and multifamily dwellings to recycle and/or compost. This has been very successful in increasing diversion and participation in MSS recycling and organics programs.

COMPLIANCE WITH STATE LAWS

Table 16: Commercial Business Compliance with AB 341 (4+ CY per week of service must recycle)

	Qualifies: <i>NOT</i> compliant	Qualifies: Recycles	Grand Total
2012 Year End Total	82	NA	NA
2013 Year End Total	54	341	395
2014 Year End Total	25	378	403
2015 Year End Total	5	552	557
2016 Year End Total	0	566	566

Table 17: Multifamily Dwelling Compliance with AB 341

	Qualifies: <i>NOT</i> compliant	Qualifies: Recycles	Grand Total
2012 Year End Total	133	NA	NA
2013 Year End Total	94	284	378
2014 Year End Total	43	601	644
2015 Year End Total	28	621	649
2016 Year End Total	9	629	638

MANDATORY COMMERCIAL ORGANICS RECYCLING (AB 1826)

AB 1826 Mandatory Organic Recycling Collection was established out of the need to decrease greenhouse gas emissions in the AB 32 (California Global Warming Solutions Act of 2006) scoping plan. The goal is to capture and recycle organic waste (food scraps, yard and plant debris, landscape and pruning material, nonhazardous wood, and food-soiled paper). Commercial businesses and multifamily dwellings are required to subscribe to composting or anaerobic digestion service for their organic waste. This law phases in the mandatory recycling of commercial organics over time. Compliance is shown in Table 18.

Table 18: Commercial Business Compliance with AB 1826

JURISDICTION	Qualifies 8+ CY Organics: <i>NOT</i> compliant	Qualifies: Has Organics	Grand Total
San Rafael	34	18	52
Consolidated County of Marin	4	3	7
Las Gallinas Valley Sanitary District	2	2	4
Ross	1	0	1
Larkspur	11	3	14
San Anselmo	2	3	5
Fairfax	0	0	0
Grand Total	54	29	83

COMPLIANCE WITH STATE LAWS

MSS has offered two organics recycling program options to all commercial customers since 2014. Customers can choose to participate in Commercial Food Waste to Energy (F2E) or Commercial Composting. These services are offered for 30% less cost than Landfill services as an incentive to encourage customers to participate. Customers receive tools to help them recover the materials such as kitchen pails, slim jim bins, posters and hands-on training. At the end of 2016, 268 customers had enrolled in Commercial Composting and 176 customers had enrolled in F2E.



Multifamily Dwelling (MFDs) are exempt from counting food waste in their total organics per week calculation, and are required only to divert yard debris, landscaping and pruning materials only under this law. Most apartment buildings with 24 or more units self-haul or contract with a landscaping company. For this reason, MSS is focusing on getting the food scraps, food soiled paper and smaller volumes of yard debris. Since implementation of the organics program in 2016, 54% (398) are now participating.

In 2015, MSS performed two organics pilots to see what type of outreach would work best and if tenants needed a kitchen pail to encourage participation and decrease contamination. The results were used to help design a full scale Multifamily Organics Recycling program. This was added to the service offerings for this customer type in January 2016 and includes green waste, food scraps, and food soiled papers. For 2016, 58 MFDs were identified as qualifying for AB 1826 and are currently enrolled in the organics program.

COMMERCIAL AND MULTIFAMILY OUTREACH, EDUCATION AND MONITORING

Having specialized Recycling Program Coordinators has allowed MSS to streamline and individualize outreach efforts for the variety of customers in the commercial sector. Assessments of the customers' waste stream is then used to tailor a recycling program that best suits the business type. The Operations staff and Outreach staff use this data to create a comprehensive diversion plan. Once recycling and/or organics services are established, the teams work to "right size" the garbage service which often results in decrease in the overall "resource hauling" bill. There have been 4,356 different outreach contacts for 2016. This is up 9% over last year (3,952 in 2015). Details are shown below in Table 19.

COMPLIANCE WITH STATE LAWS

Table 19: Commercial/Multifamily Outreach by Type January-December, 2016

	Emails & Phone Calls	3,023
	Onsite Training	139
	Recycling Needs Assessments	558
	Waste Audits	47
	Mailed Recycling Information	18
	Compliance Notifications	24
	Other On-site Outreach	547

PUBLIC OUTREACH AND ZERO WASTE PROGRAMS

Public Outreach and Zero Waste Programs

OUTREACH AND EDUCATION SERVICES

At Marin Sanitary Service, community involvement through education, outreach and alliance building is our greatest passion and supports our ultimate goal of Zero waste. Our duty is to engage and educate our community in how *they too* can be part of the solution. Outreach is the most important aspect in reaching our goal of Zero waste. In order to provide more hands-on training to customers, MSS now employs five full-time Recycling Programs Coordinators each dedicated to a customer type in addition to a full-time Household Hazardous Waste Coordinator. Their contact and program specialty is listed below (Table 20).

Table 20: Outreach Department Staff Contacts by Specialty

OUTREACH DEPARTMENT STAFF			
Name	Title	Email	Primary Focus
Jennifer Grenier Selvig	Recycling Programs Coordinator	Jennifer.Grenier@marinsanitary.com	Large Commercial Businesses and C&D Programs
Jessica Connolly	Recycling Programs Coordinator	Jessica.Connolly@marinsanitary.com	Multifamily Dwellings (Apartments)
Ruben Hernandez	Recycling Programs Coordinator	Ruben.Hernandez@marinsanitary.com	Food to Energy and Commercial Organics
Izzy Parnell-Wolfe	Community Outreach and School Recycling Programs Coordinator	Izzy.parnell-Wolfe@marinsanitary.com	Tours, Recycling Education and Outreach in School, Community Outreach and Events.
Kathy Wall	HHW Coordinator	Kathy.Wall@marinsanitary.com	Curbside and Drop-off HHW Programs
Chance Shelley	Communications Coordinator	Chance.Shelley@marinsanitary.com	Print, Web and Social Media Content.

Public information and education is the cornerstone of the MSS Outreach Program. In 2016, MSS underwent an extensive audit of all communication pieces (logo, print, web and social media). Gigantic Idea, a company specializing in outreach, performed the audit and completed a communication and branding plan that will be implemented in 2017. *Overall, we received high ratings for our social media content variety and display.* Most of our printed material has great content. It was suggested that we focus on a few short messages in our newsletters and single items on bill inserts and postcards. Another suggestion is to make sure our messages are audience specific. For instance, tenants in multifamily dwellings may have different roles and responsibilities than building owners or managers. Streamlining our messaging and making sure the message is audience appropriate is a goal for 2017. Our new and

PUBLIC OUTREACH AND ZERO WASTE PROGRAMS

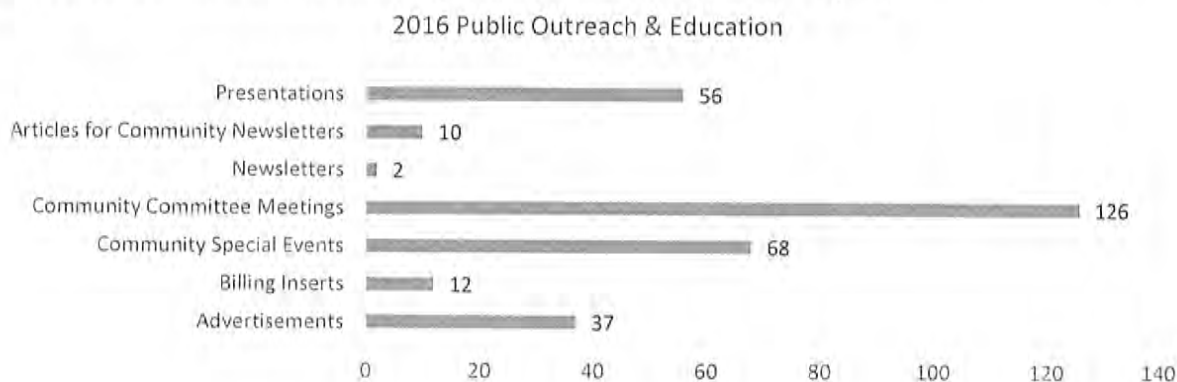
improved newsletter layout and logo will be distributed spring 2017. We will also be updating our website to make it more user friendly.

As part of this audit process, MSS conducted online and paper polls to get feedback from customers on material including the branding, look and feel and the content. We learned that people primarily want more information on proper sorting that is easy to understand. This was followed closely by the desire to know the rules for setting materials out. Information on contamination, where materials go, and tips for making recycling/composting easier tied for third place. This was an invaluable process and we look forward to improving our messaging and materials to help the community place materials in the correct containers to ultimately conserve resources.

All Service Area residential and commercial customers have received multiple mailed communication pieces informing them of MSS programs and services. These mailings have educated the public on zero waste programs, proper recycling and composting practices, the hours and times of operation at all facilities, proper disposal of household hazardous waste, and Mandatory Commercial Recycling and Organics Recycling (AB 341 and AB 1826). Materials were also distributed to public libraries, city/town halls, police and fire departments, Chambers of Commerce and community bulletin boards to reach more of the community.

With the addition of Outreach Staff, MSS has been able to provide more hands-on education of customers at events and individually with customers distributing more printed educational materials. Figure 5 below details the various Outreach and Communications activities. We have added new categories for 2017 as we continue to refine our internal tracking. Community meetings include, but are not limited to, Chambers of Commerce, Climate Action Planning committees, School Green Teams, Home Owner and Neighborhood Association meetings. Community newsletters are non-MSS publications and include City and Town Manager electronic newsletters, school newsletters and neighborhood association print and online newsletters. Community events are fairs or workshops for the public.

Figure 5: Public Outreach by Type (not including Schools or Mandatory Commercial Recycling)



PUBLIC OUTREACH AND ZERO WASTE PROGRAMS

Nowadays, more people turn to the internet for information. The MSS website is filled with information on all programs and details on how to recycle more and subscribe to services (www.marinsanitaryservice.com). To keep up with this trend, MSS is increasing its online social media presence (Figures 6 and 7). **Every year we have attracted more followers and are receiving praise for the content from customers.** In early 2016, we had an outside agency evaluate our content and posting strategy and were pleased to find out that our strategy is sound and the variety of postings is strong. Outreach/Communications goal for MSS was to increase our social media presence. Instagram was added to our social media presence in January 2016. Please like us at (<https://www.facebook.com/marinsanitary>) and follow our Twitter and Instagram handles at ([mssrecycles](https://twitter.com/mssrecycles))!

Figure 6 Social Media Followers Q4 2015 to Q4 2016

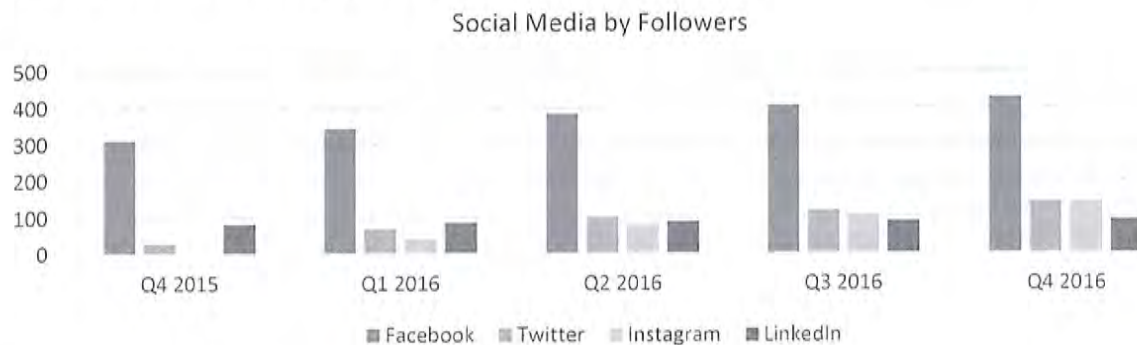
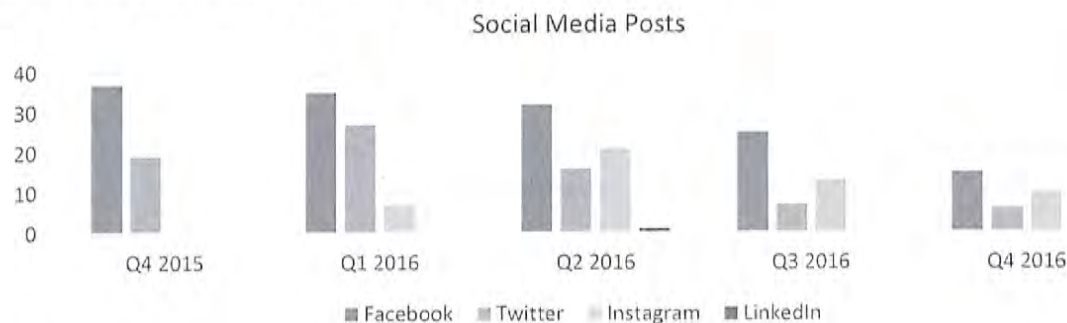


Figure 7 Social Media Posts per Quarter (Q4 2015 to Q4 2016)

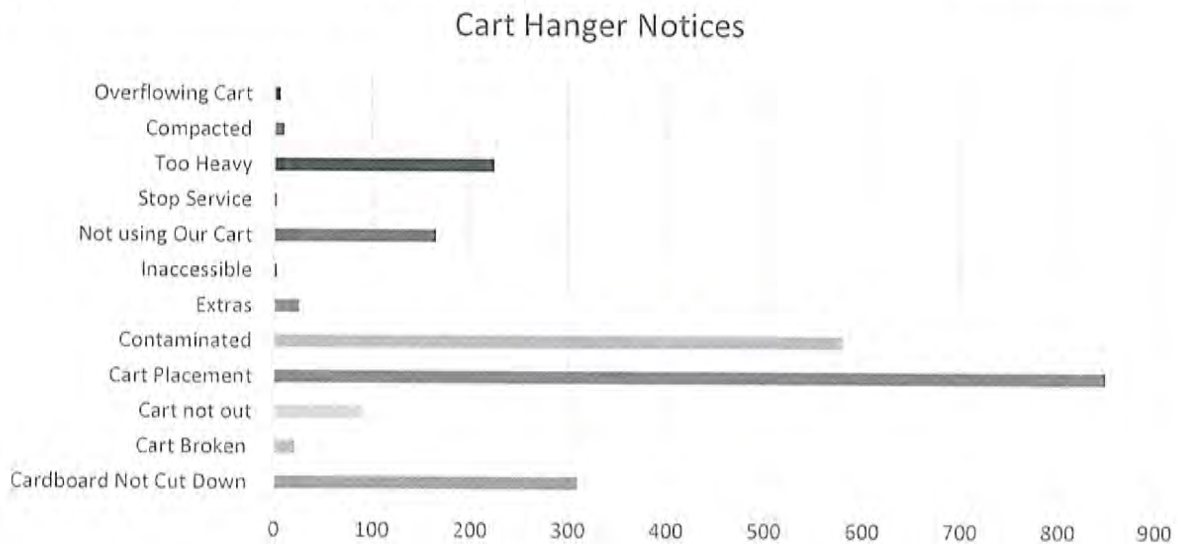


PUBLIC OUTREACH AND ZERO WASTE PROGRAMS

MESSAGING AROUND CONTAMINATION

We do our best to educate our customers on proper sorting to avoid contamination. One of the most effective customer communication pieces is the cart hanger notice. These notices are left on carts and bins. Drivers leave cart hangers on containers to notify customers of any issues they noticed. The first occurrence contamination is noted, the driver collects the cart but leaves a notice. The second occurrence, the driver does not collect the cart and leaves a notice with instructions to correct the issue for the next service day. The third occurrence, the driver does not collect the cart, a notice is left, the customer is called and a contamination fee is charged. If issues continue, carts can be pulled. We have had to do this with only two customers in 2016. The cart hanger notice data is analyzed and used for future newsletter articles and bill insert messages to customers (Figures 8 and 9). A total of 2,286 cart hangers were left with customers in 2016. The top four reasons for leaving cart hangers are 1) contamination (37%), 2) cart placement (25%), 3) cardboard not broken down properly (14%) and 4) cart too heavy (10%). All customers received a phone call from customer service to educate them on proper sorting practices.






Figure 8: Reasons for Leaving Cart Hanger Notices



PUBLIC OUTREACH AND ZERO WASTE PROGRAMS

Figure 9: Examples of Messaging in Newsletter and Social Media

The Filthy Five: Curbside-Recycling Contaminants

				
<p>1. Plastic Bags When placed in a curbside cart, they get wet and dirty and cannot be recycled. Plastic bags can also clog the sorting machines.</p>	<p>2. Diapers Diapers and other sanitary products are not recyclable. They should go in the landfill cart.</p>	<p>3. Expanded Polystyrene Also known as Styrofoam®, cannot be recycled in your curbside cart.</p>	<p>4. Compostable Plastics They cannot be recycled in your recycling cart because they are made from different plastic types.</p>	<p>5. Mixed Material Containers Milk, Juice and Soup Cartons and Pouches are made of plastic, paper or metal that cannot be easily recycled.</p>

ALWAYS RECYCLE THESE



NEVER RECYCLE THESE



PUBLIC OUTREACH AND ZERO WASTE PROGRAMS

4R PLANET SCHOOL PROGRAM AND TOURS

At MSS, our goal is to educate, equip and empower school districts, individuals and/or classrooms to develop comprehensive waste reduction and recycling plans.



The following services are provided to schools at no cost:

- Onsite evaluation of recycling needs.
- Waste audits to help schools know what recyclables are still being thrown in the trash.
- Signage, stickers, and curbside containers to help with source separation.
- Educational lessons and assemblies on the 4R's.
- Source separation trainings.
- Green team guidance on waste reduction planning.
- Educational tours of MSS recycling facilities.
- Lending library of resources: books, DVDs, binders with lesson plans that meet California curriculum standards.
- Online resources: sample letters, lesson ideas, recycling procedures and more.

The 4R Planet School Program is twofold. The first is our on-site program which includes tours of the MSS recycling facilities and lessons on the 4 R's in the MSS Environmental Classroom. Second is our in-school program which includes hands-on training, waste diversion program assistance, and customized educational lessons. All of these activities are led by our Education & School Recycling Program Coordinator. There were a total of 197 outreach activities performed in the schools we serve (Figure 10). (This number is lower than last year (344), because we were without a Schools & Community Recycling Coordinator from May to August of 2016.) Onsite Outreach & Education includes, but is not limited to: onsite trainings with Green Teams, meetings with administrators and/or custodians, lunch visits to help with monitoring the sorting stations, guest speaking at environmental club meetings, conducting staff trainings, etc.

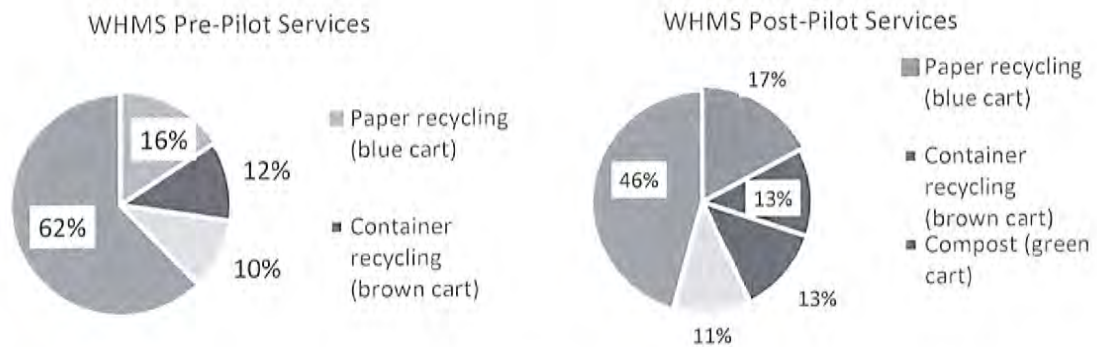
PUBLIC OUTREACH AND ZERO WASTE PROGRAMS

Figure 10: School Outreach by Type Calendar year 2016



In 2016, MSS partnered with Zero Waste Marin and enrolled White Hill Middle School (WHMS) in the same Zero Waste Schools Program that Laurel Dell participated in in 2015. As a result of WHMS's participation in the Zero Waste Schools Program, the school was able to decrease their landfill service level from a 6-yard bin picked up twice a week, to a 4-yard bin picked up twice a week as well as add a composting service. These changes resulted in the school's diversion rate increasing by 16.5 % (from 37.5% to 54.3%) as well as the school's monthly bill decreasing by about \$170/month. Figure 11 shows the results of the study. In 2017, MSS will continue to support Zero Waste Marin as it works to enroll more schools in the Zero Waste Schools Program as well as reach out to other schools not enrolled in ZWM's program in order to help them create, implement and expand their waste diversion programs.

Figure 11: Baseline Pre-pilot versus Post-Pilot



	Before Pilot	After Pilot
Number of Students	764	764
Cost per Month	\$1,303.25	\$1,135.70
Cost per Student per Month	\$1.71	\$1.48

LOOKING AHEAD TO 2017

Looking Ahead to 2017

In keeping with our mission to conserve natural resources, MSS will continue to strive to provide the highest level of collection and recovery service to our jurisdictions and customers in the most cost effective manner.

The following overarching goals have been identified by the company for 2017.

1. Continue our work to consolidate commercial recycling routes, making them more efficient overall.
2. Continue to focus on increasing organic diversion through automated collection routes and ongoing outreach activities.
3. Increase electronic communications not only to conserve paper but to allow customers to have real time relevant information.
4. Continue to encourage customer participation in programs, increase recycling rates to keep resources out of the landfill, and decrease contamination.

On behalf of all Marin Sanitary Service employees, we thank you for the opportunity to be your "Resource Hauler". We truly appreciate the trust you have placed in us and we value the close working relationship we have developed over the years and look forward to a successful 2017.

Sincerely,

Patty Garbarino
President, Marin Sanitary Service
March 31, 2017

CONTACT INFORMATION

Contact Information

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Patty.Garbarino@marinsanitary.com



Consent _____
Staff/Consultant Reports _____
Agenda Item 3

Agenda Summary Report

Date January 11, 2018

To: Chris DeGabriele, Interim General Manager
From: Teri Lerch, District Secretary
Mtg. Date: January 11, 2018
Re: Board Elections – President, Vice President, Secretary and Treasurer

BACKGROUND:

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

The election occurs in January of each year. Below is a schedule of the rotation since 2005.

	Greenfield	Clark	Elias	Murray	Schriebman
2005				X	
2006					X
2007	X				
2008		X			
2009			N/A		
2010				X	
2011					X
2012	X				
2013		X			
2014				X	
2015			X		
2016					X
2017	X				

Board Member Greenfield was elected as president and Megan Clark was elected vice president for 2017.

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

STAFF RECOMMENDATION:

Board appoint Megan Clark as the President, Craig Murray as Vice President, Susan McGuire as Treasurer and Teri Lerch as Secretary.

FISCAL IMPACT:

N/A

PERSON TO BE NOTIFIED:

Susan McGuire and Teri Lerch.



Consent _____
 Staff/Consultant Reports _____
 Agenda Item 4
 Date January 11, 2018

Agenda Summary Report

To: Chris DeGabriele, Interim General Manager
From: Teri Lerch, District Secretary
Mtg. Date: January 11, 2018
Re: Board President Appointments for 2018

BACKGROUND:

Every year the Board President appoints Board Members to attend various meeting and/or committees. The committee assignments for **2017** were as follows:

Committee	Regular Member	Alternate Member
NBWA	Clark	Schriebman
NBWA Communications Committee	Clark	None
NBWA Tech Committee	Schriebman	Clark
NBWRA	Elias/Clark	None
JPA Local Task Force**	Greenfield	None
Gallinas Watershed Council	Schriebman	None
Marin LAFCO**	Murray	None
MMWD Recycled Water Negotiations	Murray/Schriebman	None
Energy Committee	Murray	None
CSRMA	Williams	Greenfield
Flood Zone 7**	Greenfield	None
Policy Advisory Committee for the Gallinas Creek Watershed Program	Greenfield/Schriebman	None
Sea Level Rise	Clark	None
Laterals	Greenfield	None
Operations Control Center Committee	Elias	Clark
Engineering Subcommittee	Elias/Greenfield	None
Human Resources Subcommittee	Clark/Murray	None

The following committee /meeting assignments are requested for **2018**:

Committee	Regular Member	Alternate Member
NBWA	Schriebman	Clark
NBWA Communications Committee	Clark	
NBWRA	Elias	
JPA Local Task Force**	Greenfield	
Gallinas Watershed Council	Schriebman	
Marin LAFCO**	Murray	
Energy Committee	Murray	
CSRMA	Greenfield	
Engineering Subcommittee Includes Operations Control Center Committee	Elias	Greenfield
Human Resources Subcommittee	Clark	Murray

**Appointments made by committee not LGVSD



STAFF RECOMMENDATION:

A matter of Board President's determination.

FISCAL IMPACT:

N/A

PERSON TO BE NOTIFIED:

Teresa Lerch



**2018 BOARD MEMBER
REOCCURRING / COMMITTEE MEETING
ATTENDANCE REQUEST**

Date: 1/5/18 Name: Megan Clark

DURING THE CALENDAR YEAR 2018:

I request to charge & attend the _____ Committee Meetings of _____

I request to charge & attend the Regular Meetings of: see below

Duration / Frequency of Meeting(s): _____

Purpose of Committee Appointment/Meeting(s) NBWA + NBWA Comm.
HR subcommittee

Estimated Costs of Travel (if applicable): _____

Please submit to Teri - District Secretary, no later than 11:00 a.m. on Friday, January 5, 2018.

For Office Use Only

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



**2018 BOARD MEMBER
REOCCURRING / COMMITTEE MEETING
ATTENDANCE REQUEST**

Date: 1/2/18 Name: Rabi Elias

DURING THE CALENDAR YEAR 2018:

I request to charge & attend the NBWA and aet - hoc Committee Meetings of committee of overseeing upgrade secondary
I request to charge & attend the Regular Meetings of: Q OCC 6m: Hec treatment

Duration / Frequency of Meeting(s): _____

Purpose of Committee Appointment/Meeting(s) _____

Estimated Costs of Travel (if applicable): _____

Please submit to Teri - District Secretary, no later than 11:00 a.m. on Friday, January 5, 2018.

For Office Use Only

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



2018 BOARD MEMBER
REOCCURRING / COMMITTEE MEETING
ATTENDANCE REQUEST

Date: JAN 2/2018 Name: Russ Greenfield

DURING THE CALENDAR YEAR 2018:

I request to charge & attend the JPA Committee Meetings of _____

I request to charge & attend the Regular Meetings of: JPA

Duration / Frequency of Meeting(s): 4-6 times a year

Purpose of Committee Appointment/Meeting(s) Task Force to reduce Hazardous Waste

Estimated Costs of Travel (if applicable): zero

Please submit to Teri - District Secretary, no later than 11:00 a.m. on Friday, January 5, 2018.

For Office Use Only

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



2018 BOARD MEMBER
REOCCURRING / COMMITTEE MEETING
ATTENDANCE REQUEST

Date: JAN 2 2018 Name: Russ Greenfield

DURING THE CALENDAR YEAR 2018:

I request to charge & attend the construction projects Committee Meetings of _____

I request to charge & attend the Regular Meetings of: _____

Duration / Frequency of Meeting(s): 4 TBD - 4-? times a year

Purpose of Committee Appointment/Meeting(s) stay informed on status of District construction project

Estimated Costs of Travel (if applicable): None

Please submit to Teri - District Secretary, no later than 11:00 a.m. on Friday, January 5, 2018.

For Office Use Only

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



**2018 BOARD MEMBER
REOCCURRING / COMMITTEE MEETING
ATTENDANCE REQUEST**

Date: JAN 2 2018 Name: Russ Greenfield

DURING THE CALENDAR YEAR 2018:

I request to charge & attend the CSRMA Committee Meetings of CASA conferences

I request to charge & attend the Regular Meetings of: _____

Duration / Frequency of Meeting(s): 2 times a year @ conference

Purpose of Committee Appointment/Meeting(s) _____

Estimated Costs of Travel (if applicable): zero

Please submit to Teri - District Secretary, no later than 11:00 a.m. on Friday, January 5, 2018.

For Office Use Only

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



**2018 BOARD MEMBER
REOCCURRING / COMMITTEE MEETING
ATTENDANCE REQUEST**

Date: 1/2/18 Name: CRAIG K. MURRAY

DURING THE CALENDAR YEAR 2018:

I request to charge & attend the _____ Committee Meetings of _____

I request to charge & attend the Regular Meetings of: _____

Duration / Frequency of Meeting(s): _____

Purpose of Committee Appointment/Meeting(s) 1. ENERGY COMMITTEE
2. LAFCO

Estimated Costs of Travel (if applicable): _____

Please submit to Teri - District Secretary, no later than 11:00 a.m. on Friday, January 5, 2018.

For Office Use Only

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



**2018 BOARD MEMBER
REOCCURRING / COMMITTEE MEETING
ATTENDANCE REQUEST**

Date: 1/2/18 Name: JUDY SCHRIEBMAN

DURING THE CALENDAR YEAR 2018:

I request to charge & attend the _____ Committee Meetings of _____

I request to charge & attend the Regular Meetings of: NBWA Board

Duration / Frequency of Meeting(s): monthly Fri a.m.

Purpose of Committee Appointment/Meeting(s) _____

Estimated Costs of Travel (if applicable): N/A

Please submit to Teri - District Secretary, no later than 11:00 a.m. on Friday, January 5, 2018.

For Office Use Only

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



**2018 BOARD MEMBER
REOCCURRING / COMMITTEE MEETING
ATTENDANCE REQUEST**

Date: 1/2/18 Name: JUDY SCHRIEBMAN

DURING THE CALENDAR YEAR 2018:

I request to charge & attend the _____ Committee Meetings of _____

I request to charge & attend the Regular Meetings of: Gallinas Watershed Council

Duration / Frequency of Meeting(s): monthly

Purpose of Committee Appointment/Meeting(s) _____

Estimated Costs of Travel (if applicable): N/A

Please submit to Teri - District Secretary, no later than 11:00 a.m. on Friday, January 5, 2018.

For Office Use Only

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

MEMORANDUM

TO: Board of Directors, Las Gallinas Valley Sanitary District (“LGVSD”)

FROM: Patrick M.K. Richardson, Esq., District Counsel

DATE: January 11, 2018

SUBJECT: Management Longevity Pay Issue

Background

On December 14, 2017 the Board of Directors passed Resolution 2017-2111 which retroactively corrected the management employee contracts to remove the age requirement as a condition to receiving longevity pay. Specifically, the management employees are: (1) General Manager; (2) Administrative Services Manager; (3) Collection System/Safety Manager; (4) District Engineer; and (5) Plant Manager. This was done to address the issue identified in the *DiCarlo v. County of Monterey* decision and CalPERS Circular Letter 200-064-14. The longevity pay provision in each contract was to be amended as follows:

C. Longevity Amounts

- ii. Effective the first pay period in January 2015, employees in the Management group are eligible to receive a longevity step equal to three percent (3%) of base salary at the completion of 10 years of continuous employment with the District ~~and the attainment of age 50.~~
- iii. Effective the first pay period in January 2015, employees in the Management group are eligible to receive a an additional longevity step equal to two percent (2%) of base salary at the completion of 15 years of continuous employment with the District ~~and the attainment of age 53.~~

The General Manager’s employment agreement was revised on December 14, 2017. The employment agreements for the Administrative Services Manager; Collection System/Safety Manager; District Engineer; and Plant Manager are likewise to be revised. Attached hereto is the proposed Amendments/Modification to each of those employment agreements in keeping with Resolution 2017-2111.

SECOND MODIFICATION TO EMPLOYMENT AGREEMENT

BETWEEN LAS GALLINAS VALLEY SANITARY DISTRICT

AND

MICHAEL CORTEZ (DISTRICT ENGINEER) DATED JANUARY 11, 2018

On January 11, 2018, pursuant to Resolution No. 2017-2111, the Board of Directors of the Las Gallinas Valley Sanitary District, and Michael Cortez (District Engineer), have agreed to amend the “Longevity” pay of Michael Cortez, as noted in “Section, 3: Salary,” paragraph C. ii. and iii, respectively, and to be effective, retroactive to the date first executed of each respective contract, and to read as follows,:

- C. Longevity Amounts
 - ii. Effective the first pay period in January 2015, employees in the “management bargaining unit” are eligible to receive a longevity step equal to three percent of base salary (3%) at the completion of 10 years of continuous employment with the District.
 - iii. Effective the first pay period in January 2015, employees in the “management bargaining unit” are eligible to receive an additional longevity step equal to two percent of base salary (2%) at the completion of 15 years of continuous employment with the District.

Megan Clark, Board President

Dated

Chris DeGabriele, Interim Gen. Mgr.

Dated

Michael Cortez, District Engineer

Dated

ATTEST:

Teresa Lerch, District Secretary

(Seal)

APPROVED AS TO FORM:

Patrick M.K. Richardson, District Counsel

THIRD MODIFICATION TO EMPLOYMENT AGREEMENT

BETWEEN LAS GALLINAS VALLEY SANITARY DISTRICT

AND

ROBERT LIEBMANN (PLANT MANAGER I OR II)

DATED JANUARY 11, 2018

On January 11, 2018, pursuant to Resolution No. 2017-2111, the Board of Directors of the Las Gallinas Valley Sanitary District, and Robert Liebmann (Plant Manager I or II), have agreed to amend the “Longevity” pay of Robert Liebmann, as noted in “Section, 3: Salary,” paragraph C. ii. and iii, respectively, and to be effective, retroactive to the date first executed of each respective contract, and to read as follows,:

- C. Longevity Amounts
 - ii. Effective the first pay period in January 2015, employees in the “management bargaining unit” are eligible to receive a longevity step equal to three percent of base salary (3%) at the completion of 10 years of continuous employment with the District.
 - iii. Effective the first pay period in January 2015, employees in the “management bargaining unit” are eligible to receive an additional longevity step equal to two percent of base salary (2%) at the completion of 15 years of continuous employment with the District.

Megan Clark, Board President

Dated

Chris DeGabriele, Interim Gen. Mgr.

Dated

Robert Liebmann, Plant Manager

Dated

ATTEST:

Teresa Lerch, District Secretary

(Seal)

APPROVED AS TO FORM:

Patrick M.K. Richardson, District Counsel

FIRST AMENDMENT TO EMPLOYMENT AGREEMENT

BETWEEN LAS GALLINAS VALLEY SANITARY DISTRICT

AND

GREG PEASE (COLLECTION SYSTEM/SAFETY MANAGER)

DATED JANUARY 11, 2018

On January 11, 2018, pursuant to Resolution No. 2017-2111, the Board of Directors of the Las Gallinas Valley Sanitary District, and Greg Pease (Collection System/Safety Manager), have agreed to amend the “Longevity” pay of Greg Pease, as noted in “Section, 3: Salary,” paragraph C. ii. and iii, respectively, and to be effective, retroactive to the date first executed of each respective contract, and to read as follows,:

- C. Longevity Amounts
 - ii. Effective the first pay period in January 2015, employees in the “management bargaining unit” are eligible to receive a longevity step equal to three percent of base salary (3%) at the completion of 10 years of continuous employment with the District.
 - iii. Effective the first pay period in January 2015, employees in the “management bargaining unit” are eligible to receive an additional longevity step equal to two percent of base salary (2%) at the completion of 15 years of continuous employment with the District.

Megan Clark, Board President

Dated

Chris DeGabriele, Interim Gen. Mgr.

Dated

Greg Pease, Collection System/Safety Manager

Dated

ATTEST:

Teresa Lerch, District Secretary

(Seal)

APPROVED AS TO FORM:

Patrick M.K. Richardson, District Counsel

SECOND MODIFICATION TO EMPLOYMENT AGREEMENT

BETWEEN LAS GALLINAS VALLEY SANITARY DISTRICT

AND

SUSAN MCGUIRE (ADMINISTRATIVE SERVICES MANAGER I or II)

DATED JANUARY 11, 2018

On January 11, 2018, pursuant to Resolution No. 2017-2111, the Board of Directors of the Las Gallinas Valley Sanitary District, and Susan McGuire (Administrative Services Manager), have agreed to amend the “Longevity” pay of Susan McGuire, as noted in “Section, 3: Salary,” paragraph C. ii. and iii, respectively, and to be effective, retroactive to the date first executed of each respective contract, and to read as follows,:

- C. Longevity Amounts
 - ii. Effective the first pay period in January 2015, employees in the “management bargaining unit” are eligible to receive a longevity step equal to three percent of base salary (3%) at the completion of 10 years of continuous employment with the District.
 - iii. Effective the first pay period in January 2015, employees in the “management bargaining unit” are eligible to receive an additional longevity step equal to two percent of base salary (2%) at the completion of 15 years of continuous employment with the District.

Megan Clark, Board President

Dated

Chris DeGabriele, Interim Gen. Mgr.

Dated

Susan McGuire, Administrative Manager

Dated

ATTEST:

Teresa Lerch, District Secretary

(Seal)

APPROVED AS TO FORM:

Patrick M.K. Richardson, District Counsel

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REPORT ON CLOSED SESSION:

President Greenfield reported that Board has agreed to extend the Administrative Leave for Mark Williams until December 26, 2017.

DISTRICT TRANSITION

Mark Milan from Data Instincts spoke to the Board regarding options for communication of transitions at the District. Discussion ensued.

BOARD REQUESTS:

- A. Board Meeting Attendance Requests – None..
- B. Board Agenda Item Requests – There will be a Special Board Meeting December 22, 2017 at the District office.

ADJOURNMENT:

ACTION:

Board approved (M/S Murray/Clark 5-0-0-0) the adjournment of the meeting at 11:58 a.m.

- AYES: Clark, Elias, Greenfield, Murray and Schriebman.
- NOES: None.
- ABSENT: None.
- ABSTAIN: None.

The next regular Board Meeting is scheduled for December 14, 2017 at the District Office.

ATTEST:

Teresa Lerch, District Secretary

APPROVED:

Russ Greenfield, Board President

SEAL

1 **MINUTES DECEMBER 14, 2017**

2
3 THE BOARD OF DIRECTORS OF THE LAS GALLINAS VALLEY SANITARY DISTRICT MET IN
4 OPEN SESSION ON DECEMBER 14, 2017, AT 3:33 P.M., AT THE DISTRICT OFFICE, 300 SMITH
5 RANCH ROAD, SAN RAFAEL, CALIFORNIA.

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

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

11
12 **STAFF PRESENT:** Teresa Lerch, District Secretary

13
14 **OTHERS PRESENT:** Patrick Richardson, District Counsel, Chris
15 DeGabriele

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

20
21 **PUBLIC COMMENT:** None.

22
23 THE BOARD OF DIRECTORS OF THE LAS GALLINAS VALLEY SANITARY DISTRICT ADJOURNED TO
24 CLOSED SESSION ON DECEMBER 14, 2017 AT 3:34 PM, AT THE DISTRICT OFFICE, 300 SMITH RANCH
25 ROAD, SAN RAFAEL, CALIFORNIA.

26
27 **CLOSED SESSION:**

28
29 **CONFERENCE WITH REAL PROPERTY NEGOTIATORS** — Pursuant to Government Code
30 § 54954.2(b)(2); Property: 4238 Redwood Blvd; Agency Negotiator: District Counsel.

31
32 **CONFERENCE WITH REAL PROPERTY NEGOTIATORS** – Pursuant to Government Code
33 § 54956.8 Regarding Assessor Parcel Numbers: 155-121-14, 155-121-15, 155-121-16, 155-121-17,
34 155-121-18, 155-121-30, 155-011-11 and 155-011-12. Real Property Negotiator is the District
35 Counsel. District may negotiate with representatives of the Silveira family. Under negotiation: Price
36 and Terms of Payment.

37
38 **PUBLIC EMPLOYMENT – GENERAL MANAGER:** pursuant to subdivision (b)(1) of Government
39 Code Section 54957.

40
41 **PUBLIC EMPLOYMENT - INTERIM GENERAL MANAGER:** pursuant to subdivision (b)(1) of
42 Government Code Section 54957.

43
44 **ADJOURNMENT:**

45
46 **ACTION:**

47 The Board of Directors of the Las Gallinas Valley Sanitary District reconvened the Regular Session
48 on December 14, 2017 at 4:10 p.m.

49
50 **STAFF PRESENT:** Mike Cortez, District Engineer; Kristina Kempf, Teresa
51 Lerch, District Secretary; Mel Liebmann, Plant
52 Manager; Susan McGuire, District Treasurer; Greg
53 Pease, Collection System/Safety Manager

54
55 **OTHERS PRESENT:** Chris DeGabriele

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PUBLIC COMMENT: None.

REPORT ON CLOSED SESSION:

President Greenfield reported that Board voted unanimously to accept Chris DeGabriele as the new Interim General Manager subject to final execution of the contract between parties.

THE BOARD OF DIRECTORS OF THE LAS GALLINAS VALLEY SANITARY DISTRICT ADJOURNED TO CLOSED SESSION AGAIN ON DECEMBER 14, 2017 AT 4:20, AT THE DISTRICT OFFICE, 300 SMITH RANCH ROAD, SAN RAFAEL, CALIFORNIA.

ADJOURNMENT:

ACTION:

The Board of Directors of the Las Gallinas Valley Sanitary District reconvened the Regular Session on December 14, 2017 at 4:36 p.m.

STAFF PRESENT:

Mike Cortez, District Engineer; Teresa Lerch, District Secretary; Mel Liebmann, Plant Manager; Susan McGuire, District Treasurer; Greg Pease, Collection System/Safety Manager

OTHERS PRESENT:

Chris DeGabriele

PUBLIC COMMENT:

None.

REPORT ON CLOSED SESSION:

President Greenfield reported that there were no reportable actions in Closed Session.

CONSENT CALENDAR:

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

- A. Approve the Board Minutes for December 1, 2017
- B. Approve the Warrant List for December 14, 2017
- C. Approve Board Member Compensation for November, 2017
- D. Approve Conference attendance for Murray – CASA Washington DC Policy Form Conference February 26-28, 2018

Items A and B were pulled for discussion.

Items A and B were discussed.

ACTION:

Board approved (M/S Clark/Murray 5-0-0-0) the Consent Calendar Items A through D.

AYES: Clark, Elias, Greenfield, Murray and Schriebman.

NOES: None.

ABSENT: None.

ABSTAIN: None.

MANAGEMENT LONGEVITY PAY ISSUE/RESOLUTION 2017-2111

District Counsel and the Board discussed the Management Longevity Pay Issue/Resolution 2017-2111 establishing a District Labor Policy regarding longevity pay for Management employees and amending the employment contracts of the Management Group to confirm accordingly and to be retroactive to the date of execution of each respective contract.

113 **ACTION:**
114 Board approved (M/S Elias/Schriebman 5-0-0-0) Resolution 2017-2111 establishing a District Labor
115 Policy regarding longevity pay for Management employees and amending the employment contracts of
116 the Management Group to confirm accordingly and to be retroactive to the date of execution of each
117 respective contract.

118 AYES: Clark, Elias, Greenfield, Murray and Schriebman.
119 NOES: None.
120 ABSENT: None.
121 ABSTAIN: None.
122

123 **REVISED REVENUE, OPERATIONS AND MAINTENANCE, DEBT SERVICE, RESERVE FUNDING**
124 **AND CAPITAL OUTLAY BUDGETS FOR 2017-2018**

125 Board and staff reviewed revised budgets. Discussion ensued.
126

127 **ACTION:**
128 Board approved (M/S Clark/Schriebman 5-0-0-0) the Revised Revenue, Operations and Maintenance,
129 Debt Service, Reserve Funding and Capital Outlay Budgets for 2017-2018.

130 AYES: Clark, Elias, Greenfield, Murray and Schriebman.
131 NOES: None.
132 ABSENT: None.
133 ABSTAIN: None.
134

135 **STAFF / CONSULTANT REPORTS CONTINUED:**

- 136 A. Biogas Energy Recovery System (BERS) Project Update – Cortez and Liebmann reported.
 - 137 B. Lower Miller Creek Long-term Revegetation Maintenance Plan – Cortez reported.
 - 138 C. Secondary Treatment and Recycled Water Treatment Facility Upgrade Update – Cortez reported.
 - 139 D. Administrative Department Report – November 2017 – McGuire reported.
 - 140 E. Collection Department Report – October and November 2017 – Pease reported.
 - 141 F. Engineering Department Report – November 2017 – Cortez and Liebmann reported.
- 142

143 THE BOARD OF DIRECTORS OF THE LAS GALLINAS VALLEY SANITARY DISTRICT ADJOURNED TO
144 CLOSED SESSION ON DECEMBER 14, 2017 AT 6:40 pm. , AT THE DISTRICT OFFICE, 300 SMITH
145 RANCH ROAD, SAN RAFAEL, CALIFORNIA.
146

147 Cortez and Pease left at 6:40 p.m.
148

149 **ADJOURNMENT:**
150

151 **ACTION:**
152 The Board of Directors of the Las Gallinas Valley Sanitary District reconvened the Regular Session
153 on December 14, 2017 at 6:47 p.m.
154

155 Murray left at 6:47 p.m.
156

157 **STAFF PRESENT:** Teresa Lerch, District Secretary; Mel Liebmann, Plant
158 Manager; Susan McGuire, District Treasurer;
159

160 **OTHERS PRESENT:** Chris DeGabriele
161

162 **PUBLIC COMMENT:** None.
163

164 **REPORT ON CLOSED SESSION:**
165 President Greenfield reported the Board created a new position of Interim General Manager.
166
167

168 **ACTION:**
169 Board approved (M/S Schriebman/Greenfield 3-0-2-0) rescinding Resolution 2017-2111 establishing a
170 District Labor Policy regarding longevity pay for Management employees and amending the
171 employment contracts of the Management Group to confirm accordingly and to be retroactive to the
172 date of execution of each respective contract.

173 AYES: Elias, Greenfield and Schriebman.
174 NOES: None.
175 ABSENT: Clark and Murray
176 ABSTAIN: None.
177

178 **ACTION:**
179 Board approved (M/S Schriebman/Elias 4-0-1-0) an updated Resolution 2017-2111 including a
180 revised Pay Scale (handout Agenda item #3) establishing a District Labor Policy regarding longevity
181 pay for Management employees and amending the employment contracts of the Management Group
182 to confirm accordingly and to be retroactive to the date of execution of each respective contract.

183 AYES: Clark, Elias, Greenfield, and Schriebman.
184 NOES: None.
185 ABSENT: Murray.
186 ABSTAIN: None.
187

188 **STAFF / CONSULTANT REPORTS CONTINUED:**

189 G. Operations Department Report – October and November 2017 – Liebmann reported.
190 H. Marin Public Financing Authority Board Member Appointment – McGuire reported. Via consensus,
191 Board member Murray was appointed to serve as President of the MPFA until a permanent General
192 Manager joins the District.
193

194 Liebmann left at 7:06 p.m.
195

196 **BOARD REPORTS:**

197 A. LAFCO – no report
198 B. Gallinas Watershed Council / Miller Creek Watershed Council – Verbal – Schriebman reported.
199 C. JPA Local Task Force on Solid and Hazardous Waste – Verbal – Greenfield reported.
200 D. NBWA – Verbal – Clark reported.
201 E. NBWRA – Verbal – Elias reported.
202 F. Operations Control Center – Verbal – Elias reported.
203 G. Engineering Subcommittee – Verbal – Greenfield reported.
204 H. Human Resources Subcommittee – Verbal – Clark reported.
205 I. Other Reports – None.
206

207 **BOARD REQUESTS:**

208 A. Board Meeting Attendance Requests – Clark, Elias, Greenfield and Schriebman requested to
209 attend the NBWA Conference on April 6, 2018.
210 B. Board Agenda Item Requests – None.
211

212 **VARIOUS ARTICLES AND MISCELLANEOUS CORRESPONDENCE:**

213 No Comments.
214

215 **ADJOURNMENT:**

216 **ACTION:**

217 Board approved (M/S Elias/Clark 4-0-1-0) adjoining the meeting at 7:20 p.m.

218 AYES: Clark, Elias, Greenfield and Schriebman.
219 NOES: None.
220 ABSENT: Murray.
221 ABSTAIN: None.
222

223 The next Special Board Meeting is scheduled for December 22, 2017 at the District Office.

224

225 ATTEST:

226

227

228

229 _____
Teresa Lerch, District Secretary

230

231 APPROVED:

232

233

234

235 _____
Russ Greenfield, Board President

SEAL

55 **STAFF PRESENT:** Susan McGuire, District Treasurer; Kristina Kempf,
56 Administrative and Financial Specialist; Mike Cortez,
57 District Engineer; Mel Liebmann, Plant Manager
58

59 **OTHERS PRESENT:** None
60

61 **PUBLIC COMMENT:** None
62

63
64 **REPORT ON CLOSED SESSION:**

65 President Greenfield reported that Board has agreed unanimously to extend the Administrative Leave
66 for Mark Williams until January 8, 2018.
67

68 **SECONDARY TREATMENT AND RECYCLED WATER TREATMENT FACILITY UPGRADE**

69 Chris DeGabriele reported on his recommendations after studying the plans and current bids. He
70 proposed options to consider and the need to meet with outside consultants and Legal Counsel for
71 additional information. A request to schedule a Special Board Meeting on January 18th was made and
72 accepted.
73

74 Byers and Richardson left meeting at 12 pm.
75

76 **STAFF/CONSULTANT REPORTS:**

77 Susan McGuire reported on progress of District Newsletter. Discussion ensued for proposed changes.
78

79 Cortez and Liebmann left meeting at 12:12 pm.
80

81 **BOARD REQUESTS:**

- 82 A. Board Meeting Attendance Requests – None..
83 B. Board Agenda Item Requests – None.
84

85 **ADJOURNMENT:**
86

87 **ACTION:**

88 Board approved (M/S Greenfield/Clark 5-0-0-0) the adjournment of the meeting at 12:20 p.m.
89

90 AYES: Clark, Elias, Greenfield, Murray and Schriebman.
91 NOES: None.
92 ABSENT: None.
93 ABSTAIN: None.
94

95 The next regular Board Meeting is scheduled for January 11, 2018 at the District Office.
96
97

98 **ATTEST:**
99

100
101 _____
102 Kristina Kempf, Administrative and Financial Specialist
103

SEAL

104
105 **APPROVED:**
106
107

108 _____
109 Russ Greenfield, Board President
110

1 **SPECIAL MEETING MINUTES OF JANUARY 2, 2018**

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

6
7 **BOARD MEMBERS PRESENT:** M. Clark (arrived at 4:03 p.m.), R. Elias, R. Greenfield,
8 C. Murray and J. Schriebman

9
10 **BOARD MEMBERS ABSENT:** None

11
12 **STAFF PRESENT:** Chris DeGabriele, Interim General Manager (Present for
13 Closed Session);
14 Teresa Lerch, District Secretary

15
16 **OTHERS PRESENT:** Dave Byers, District Counsel; Morin Jacob, Liebert
17 Cassidy Whitmore

18
19 **ANNOUNCEMENT:** President Greenfield announced that the agenda had
20 been posted as evidenced by the certification on file in
21 accordance with the law

22
23 **PUBLIC COMMENT:** None

24
25 **ADJOURNMENT:**

26
27 **ACTION:**

28
29 THE BOARD OF DIRECTORS OF THE LAS GALLINAS VALLEY SANITARY DISTRICT ADJOURNED TO
30 CLOSED SESSION ON JANUARY 2, 2018, AT 4:02 P.M., AT THE DISTRICT OFFICE, 300 SMITH RANCH
31 ROAD, SAN RAFAEL, CALIFORNIA.

32
33 Lerch left at 4:02 p.m.

34
35 **CLOSED SESSION:**

36
37 **CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION:** Significant exposure to
38 litigation pursuant to subdivision (b) of Gov. Code Section 54956.9 - One potential case and possible
39 settlement offer/counter-offer.

40
41 **ADJOURNMENT:**

42
43 **ACTION:**

44 The Board of Directors of the Las Gallinas Valley Sanitary District reconvened the Regular Session on
45 January 2, 2018 at 5:07 pm.

46
47 Byers left at 5:07 p.m.

48
49 **STAFF PRESENT:** Teresa Lerch, District Secretary

50
51 **OTHERS PRESENT:** None

52
53 **PUBLIC COMMENT:** None

54
55 **REPORT ON CLOSED SESSION:**

56 President Greenfield reported that there were no reportable actions in Closed Session.

57 **BOARD REQUESTS:**
58 A. Board Meeting Attendance Requests – None.
59 B. Board Agenda Item Requests – None.
60

61 **ADJOURNMENT:**
62

63 **ACTION:**
64 Board approved (M/S Murray/Elias 5-0-0-0) the adjournment of the meeting at 5:08 p.m.
65

66 AYES: Clark, Elias, Greenfield, Murray and Schriebman.
67 NOES: None.
68 ABSENT: None.
69 ABSTAIN: None.
70

71 The next regular Board Meeting is scheduled for January 11, 2018 at the District Office.
72
73

74 **ATTEST:**
75
76

77 _____
78 Teresa Lerch, District Secretary
79

80 **APPROVED:**
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82
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84 _____
85 Russ Greenfield, Board President
86

87 **SEAL**

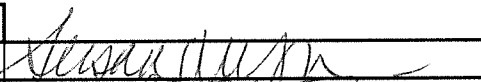
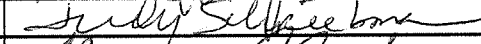
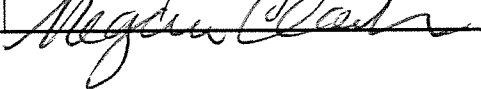
Las Gallinas Valley Sanitary District
Warrant List
12-28-17

Agenda Item 66
Date January 11, 2018

	Date	Num	Vendor/Description	Amount	Notes/Explanation
1	12/28/2017	15413-15427	VOID	0.00	Checks printed using incorrect date
2	12/28/2017	ACH	ADP	88,249.73	Paydate 12/22/17
3	12/28/2017	15428	AT&T	1,713.01	Land lines/Pump Stations 12/7/17-1/6/18
4	12/28/2017	ACH	Bank of Marin Cardmember Services	20,262.76	One item over \$1000: PG&E service for pump stations 9/19-10/18 \$5,596.72
5	12/28/2017	ACH	Barcelona, Melissa	180.00	
6	12/28/2017	ACH	Calif. Public Employees Retirement System	15,032.26	Pension contribution employee and employer for 12/22/17 paydate
7	12/28/2017	ACH	CalPERS Fiscal Services Division	11,280.00	OPEB December 2017
8	12/28/2017	ACH	CALPERS Health	29,447.64	Health benefits January 2018
9	12/28/2017	ACH	CalPERS Supplemental Income 457 Plan	6,345.72	Employee salary deferrals for 12/22/17
10	12/28/2017	ACH	Caltest Analytical Laboratory	1,970.31	Samples 11/8-29/17
11	12/28/2017	ACH	Cornerstone Environmental Group, LLC	3,818.73	BERS Amend (work through 11/24/17)
12	12/28/2017	15429	County of Marin, Dept. of Public Works	490.00	
13	12/28/2017	ACH	Custom Tractor Service	1,155.00	Base rock material for storage container area in Reclamation
14	12/28/2017	15430	CWEA -CA Water Environment Assoc	180.00	
15	12/28/2017	ACH	Direct Dental Administrators, LLC	885.22	
16	12/28/2017	15431	Elias, Rabi	200.00	
17	12/28/2017	ACH	Fishman Supply Co.	79.68	
18	12/28/2017	ACH	Golshani, Sahar	37.88	
19	12/28/2017	ACH	Greenfield, Russell	200.00	
20	12/28/2017	15432	Liebert Cassidy Whitmore	5,413.00	Professional Services for November 2017
21	12/28/2017	15433	Murray, Craig	100.00	
22	12/28/2017	ACH	Nute Engineering	4,916.70	Property Matter service from 11/1-30/17
23	12/28/2017	ACH	Nute Engineering	497.60	
24	12/28/2017	ACH	Nute Engineering	364.00	
25	12/28/2017	ACH	Orchard Supply Hardware	161.43	
26	12/28/2017	15434	Orion Protection Services Group, Inc.	318.50	
27	12/28/2017	ACH	Retiree Augusto	499.68	
28	12/28/2017	ACH	Retiree Burgess	592.00	
29	12/28/2017	ACH	Retiree Cummins	183.34	
30	12/28/2017	ACH	Retiree Cutri	528.52	
31	12/28/2017	ACH	Retiree Emanuel	249.30	
32	12/28/2017	ACH	Retiree Gately	592.00	
33	12/28/2017	15435	Retiree Guion	212.97	
34	12/28/2017	ACH	Retiree Kermoian	183.34	

Las Gallinas Valley Sanitary District
Warrant List
12-28-17

Date	Num	Vendor/Description	Amount	Notes/Explanation
12/28/2017	ACH	Retiree Mandler	183.34	
12/28/2017	ACH	Retiree Memmott	338.25	
12/28/2017	ACH	Retiree Petrie	197.76	
12/28/2017	ACH	Retiree Pettey	592.00	
12/28/2017	15436	Retiree Pickrel	183.34	
12/28/2017	15437	Retiree Provost	249.30	
12/28/2017	ACH	Retiree Reetz	499.68	
12/28/2017	15438	Retiree Reilly	183.34	
12/28/2017	ACH	Retiree Vine	183.34	
12/28/2017	ACH	Schriebman, Judy	200.00	
12/28/2017	15439	SiteOne Landscape Supply, LLC	84.76	
12/28/2017	15440	Solarcraft Services, Inc.	1,330.00	Installation of 10 PV modules to replace faulty units
12/28/2017	ACH	U.S. Bank Equip Finance	1,455.15	Quarterly copier lease payment
12/28/2017	15441	Valentine Corporation	18,930.68	Retention release for Descanso Pump Station design and install emergency generator
12/28/2017	ACH	Western Water Constructors, Inc.	36,311.17	Progress Payment 4.1 Primary Digester Improvement project
12/28/2017	15442	Wintersun Chemical	2,787.75	Ferrous Chloride Solution 275 gallon tote bins
TOTAL			<u>260,050.18</u>	

APPROVER	
FINANCE	
BOARD MEMBER	
BOARD MEMBER	

Las Gallinas Valley Sanitary District
Warrant List
01-11-18 DRAFT

	Date	Num	Vendor/Description	Amount	Notes/Explanation
1	1/8/2018	15443	VOID	0.00	
2	1/8/2018	15444	Williams, Mark	47,292.15	Final paycheck including all accruals
3	1/5/2018	ACH	ADP, Inc.	105,995.76	Paydate 1/5/18
4	1/11/2018	ACH	Calif. Public Employees Retirement System	15,035.78	Pension contribution employee and employer for 1/5/18 paydate
5	1/11/2018	ACH	CalPERS Supplemental Income 457 Plan	6,030.88	Employee salary deferrals for 1/5/18
6	1/11/2018	TBD	Bank of Marin	27,723.45	Loan Payment principal and interest
7	1/11/2018	TBD	Bank of Marin	19,612.19	Loan Payment principal and interest
8	1/11/2018	TBD	Byers Law Office	15,225.00	Legal services December 2017
9	1/11/2018	TBD	CA State Board of Equalization	2,259.55	Sales and Use Tax 2017
10	1/11/2018	TBD	Cardenas, Manuel	165.00	
11	1/11/2018	TBD	Comcast	265.13	
12	1/11/2018	TBD	Comet Building Maintenance, Inc.	560.00	
13	1/11/2018	TBD	Cromer Equipment	158.92	
14	1/11/2018	TBD	CSRMA / Pooled Liability Program	64,068.00	Pooled liability program 2018
15	1/11/2018	TBD	Direct Dental Administrators, LLC	157.00	
16	1/11/2018	TBD	Discovery Office Systems	597.51	
17	1/11/2018	TBD	EOA, Inc.	8,503.32	Technical support for Regulatory Permits (Nov 2017)
18	1/11/2018	TBD	Exberger, Brian	218.00	
19	1/11/2018	TBD	Fishman Supply Co.	60.24	
20	1/11/2018	TBD	G3 Engineering, Inc.	7,381.58	Cascade Model 12AF pump rebuild parts
21	1/11/2018	TBD	Kenwood Energy	1,387.50	Floating Solar Task 1 Addendum 1 - option to lease review (Dec work)
22	1/11/2018	TBD	Lerch, Teresa	99.00	
23	1/11/2018	TBD	Liebert Cassidy Whitmore	2,300.00	2018 Consortium Training
24	1/11/2018	TBD	Marin Municipal Water District	1,591.91	water use 10/19/17-12/18/17
25	1/11/2018	TBD	Marin Recycling HHW	225.42	
26	1/11/2018	TBD	McGuire, Susan	150.00	
27	1/11/2018	TBD	Operating Engineers Local No. 3	429.30	
28	1/11/2018	TBD	SMART	3,737.90	Jan 2018 Rent Milepost 20.79 for 20" logitudinal sewer main
29	1/11/2018	TBD	Sun Life Financial - DISABILITY	1,692.46	Employee disability insurance Jan 2018
30	1/11/2018	TBD	Sun Life Financial - LIFE	520.84	
31	1/11/2018	TBD	SWRCB (FEES)	1,500.00	Annual Permit Fee 7/1/17-6/30/18; WDR
32	1/11/2018	TBD	Vision Service Plan	396.15	
33	1/11/2018	TBD	Vortex Industries, Inc	777.60	
34	1/11/2018	TBD	WateReuse Association	963.00	

Las Gallinas Valley Sanitary District
Warrant List
01-11-18 DRAFT

	Date	Num	Vendor/Description	Amount	Notes/Explanation
35	1/11/2018	TBD	WESTCAS Administrative Services	825.00	
36	1/11/2018	TBD	Wintersun Chemical	1,310.38	Ferrous Chloride solution (1) 275 gal. tote
			TOTAL	<u>339,215.92</u>	

Agenda Item 6C
Date January 11, 2018

December 2017

Directors' Meeting Attendance Recap

<u>Name</u>	<u>Total Meetings</u>
Megan Clark	6
Rabi Elias	5
Russell Greenfield	5
Craig Murray	6
Judy Schriebman	5
Total	<u>27</u>

Meeting Date: 1/11/2018
Paydate 1/5/2018



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

BOARD MEMBER ATTENDANCE

Director's Name: MEGAN CLARK Month: DECEMBER 2017

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

REGULAR and SPECIAL MEETINGS		CHARGING DISTRICT	
Date	Description of meeting	Yes	No
Dec. 1	Special Meeting	X	
Dec. 12	Special Meeting	X	
Dec. 14	Regular Meeting	X	
Dec. 22	Special Meeting	X	
TOTAL		4	

OTHER MEETINGS		CHARGING DISTRICT	
Date	Description of meeting	Yes	No
Dec. 5	HR COMM.	X	
Dec. 6	"	X	
TOTAL		2	

TOTAL MEETINGS CHARGED: 6

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

Megan Clark
 Signature
Sasha Mignola
 Approved By/ Date

Dec. 22, 2017
 Date
1/5/2018
 Pay Date



300 Smith Ranch Road, San Rafael, CA 94903

Office: 415.472.1734 Fax: 415.499.7715

BOARD MEMBER ATTENDANCE

Director's Name: Rabi Elias Month: December 2017

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

REGULAR and SPECIAL MEETINGS		CHARGING DISTRICT	
Date	Description of meeting	Yes	No
12-1-17	Special Mtg	✓	
12-12-17	special Mtg	✓	
12-14-17	Regular Mtg	✓	
12-22-17	special Mtg	✓	
TOTAL			4

OTHER MEETINGS		CHARGING DISTRICT	
Date	Description of meeting	Yes	No
12-4-17	NBWRA	✓	
TOTAL			1

TOTAL MEETINGS CHARGED: 5

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

Rabi Elias
Signature
Susan Meyer
Approved By / 12/22/17
Date

12/22/17
Date
1/5/2018
Pay Date



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

BOARD MEMBER ATTENDANCE

Director's Name: Russ Greenfield Month: December 2017

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

Date	REGULAR and SPECIAL MEETINGS Description of meeting	CHARGING DISTRICT	
		Yes	No
12/11/17	LGVSD	✓	
12/12/17	LGVSD	✓	
12/14/17	LGVSD	✓	
TOTAL			

Date	OTHER MEETINGS Description of meeting	CHARGING DISTRICT	
		Yes	No
12/6/17	SPA	✓	
12/22/17	LGVSD	✓	
TOTAL		5	

TOTAL MEETINGS CHARGED: 5

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

Russ Greenfield
 Signature
Susan Kellogg 12/22/17
 Approved By/ Date

12/22/2017
 Date
1/5/2018
 Pay Date



300 Smith Ranch Road, San Rafael, CA 94903

Office: 415.472.1734 Fax: 415.499.7715

BOARD MEMBER ATTENDANCE

Director's Name: MURRAY, Craig K. Month: December 2017


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

REGULAR and SPECIAL MEETINGS		CHARGING DISTRICT	
Date	Description of meeting	Yes	No
✓ 12/1,5,6/17	Subcommittee (HR) Meeting	XXX	
✓ 12/12,22/17	Special Board Meeting	XX	
✓ 12/14/17	Board Meeting	X	
TOTAL		6/6	

OTHER MEETINGS		CHARGING DISTRICT	
Date	Description of meeting	Yes	No
12/14/17	LAFCO		X
12/15/17	Staff Holiday Luncheon		X
TOTAL		0/2	

TOTAL MEETINGS CHARGED: 6

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


 Signature: _____ Date: December 15, 2017
 Approved By: _____ Date: 1/5/2018
 Pay Date: _____



Consent 6D
 Staff/Consultant Reports _____
 Agenda Item _____
 Date January 11, 2018

Agenda Summary Report

To: Chris DeGabriele, General Manager
From: Mel Liebmann, Plant Manager *ML*
Mtg. Date: January 11, 2018
Re: Microturbine Service Agreement

BACKGROUND:

The District's Biogas Energy Recovery System (BERS) utilizes Capstone gas microturbines to generate power that is used to supplement the treatment plant's electrical demand. Microturbines require highly specialized skills, parts and tooling to troubleshoot and maintain. Training District staff to the level that would be required is not a cost effective approach for this equipment. Entering into an agreement with a service provider to maintain the microturbines within the manufacturer's recommended intervals ensures that these District assets provide the maximum life expectancy with the least level of disruption to operation. CAL Microturbine is the only Capstone microturbine approved service provider in our region. Staff thoroughly reviewed CAL Microturbine's Factory Protection Plan proposal for two C65 microturbines, the summary of which can be found below.

Factory Protection Plan – 5 Years \$54,393 Total, Fixed Annual Cost of \$10,878

Covers parts and labor for a 5 year period of manufacturer's standard maintenance schedule. It also covers a list of unscheduled maintenance parts.

Factory Protection Plan – 9 Years \$145,113 Total, Fixed Annual Cost of \$16,123

Covers parts and labor for a 9 year period of manufacturer's standard maintenance schedule. It also covers a list of unscheduled maintenance parts and one engine overhaul for each microturbine at 40,000 hours.

STAFF RECOMMENDATION:

Board approve the CAL Microturbine proposal to service the District's Capstone microturbines for 5 years.

FISCAL IMPACT:

\$54,393.60 Total and a fixed annual cost of \$10,878.72

PERSON TO BE NOTIFIED:

Kenda Brown of CAL Microturbine



Consent 6E
 Staff/Consultant Reports _____
 Agenda Item _____
 Date January 11, 2018

Agenda Summary Report

To: Chris DeGabriele, Interim General Manager *CD*
From: Susan McGuire, Administrative Services Manager *SM*
Mtg. Date: January 11, 2018
Re: Canada Goose Management

BACKGROUND:

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

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

*No surviving chicks seen on final June 17, 2016 survey

STAFF RECOMMENDATION:

Board approve continuation of the Canada Goose addling program.

FISCAL IMPACT:

\$10,250

PERSON TO BE NOTIFIED:

Daniel Edelstein

AGENDA ITEM 6 F
DATE January 11, 2017



BOARD MEMBER MEETING ATTENDANCE REQUEST

Date: 1/2/18 Name: Megan Clark

I would like to attend the NBWA Conference Meeting
of in Petaluma

To be held on the 6th day of April from _____ a.m. / p.m. and
returning on _____ day of _____ from _____ a.m. / p.m.

Actual meeting date(s): _____

Purpose of Meeting: _____

Frequency of Meeting: _____

Estimated Costs of Travel (if applicable): _____

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

For Office Use Only

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

AGENDA ITEM _____
DATE _____



BOARD MEMBER MEETING ATTENDANCE REQUEST

Date: 1/2/18 Name: Rabi Elias

I would like to attend the NBWA Conference Meeting
of in Petaluma

To be held on the 6th day of April from _____ a.m. / p.m. and
returning on _____ day of _____ from _____ a.m. / p.m.

Actual meeting date(s): _____

Purpose of Meeting: _____

Frequency of Meeting: _____

Estimated Costs of Travel (if applicable): _____

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

For Office Use Only

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

AGENDA ITEM _____
DATE _____



BOARD MEMBER MEETING ATTENDANCE REQUEST

Date: 1/2/16 Name: Russ Greenfield

I would like to attend the NBWA Conference Meeting
of in relation

To be held on the 6th day of April from _____ a.m. / p.m. and
returning on _____ day of _____ from _____ a.m. / p.m.

Actual meeting date(s): _____

Purpose of Meeting: _____

Frequency of Meeting: _____

Estimated Costs of Travel (if applicable): _____

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

For Office Use Only

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

AGENDA ITEM _____
DATE _____



BOARD MEMBER MEETING ATTENDANCE REQUEST

Date: 12/14/17 Name: JUDY SCHRIEBMAN

I would like to attend the NBWA conference Meeting
of _____

To be held on the 6 day of April from 8 (a.m.) / p.m. and
returning on 6 day of April from 5 a.m. / (p.m.)

Actual meeting date(s): April 6, 2018

Purpose of Meeting: managing water resources
collaboratively conference

Frequency of Meeting: 1

Estimated Costs of Travel (if applicable): mileage to Petaluma

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

For Office Use Only

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

THE HERON

Las Gallinas Valley Sanitary District

Agenda Item 7A
January 11, 2018

Winter 2018

LGVSD Starting Strong in 2018

To our Customers:

Over the last nine months, the LGVSD Board of Directors has been working to address employee concerns and complaints regarding the District's management. Our goal was to take the necessary steps toward clearly identifying the issues and problems, rebuilding workplace respect and trust, and ensuring our operations continue to be conducted in the most effective and efficient manner possible for the benefit of our ratepayers.

A list of complaints were presented by District staff to the Board in April 2017. These items were discussed during closed sessions from May through November. A management consulting firm, FutureSense, was hired to assess the situation and provide a third-party perspective. FutureSense's report was submitted at a public meeting in October.

The Board's investigation found no evidence of malfeasance, misappropriation of public funds, or breach of fiduciary duty. However, there were significant findings concerning employee management, and potential or feared retaliation against employees, by the former general manager.

As a result, the Board accepted the former general manager's notice of retirement. The District has now hired Chris DeGabriele as the interim General Manager and will be proceeding in early 2018 with a search for a new permanent General Manager.

It is now time to move forward with the Board's commitment to ensuring a healthy, safe, supportive, and respectful workplace. To accomplish this we have requested proposals from FutureSense and the Regional Government Services (RGS) organization for implementation of the Report's recommendations. The Board will be providing employees with additional human resources services, reviewing policies, and implementing improved communications procedures. An extensive list of new goals and "lessons learned" from this process has been developed, and several ad hoc committees have been created to engage more directly in matters such as plant operations, communications, planning, and procedures. Our goals will be further evaluated and reviewed in the annual Strategic Planning Process conducted in early 2018.

Through these actions, the Board is striving to ensure that this kind of situation does not reoccur. It is a clear priority for the District to provide a positive, encouraging workplace environment. I want to assure our customers that the professionalism and skill of the District's workforce has not been compromised, and all of us remain committed to excellence in providing the wide range of District services to our community.

Sincerely,

Russ Greenfield

Russ Greenfield
President, Board of Directors
Las Gallinas Valley Sanitary District



Chris DeGabriele Hired as Interim General Manager

The Las Gallinas Valley Sanitary District Board of Directors has announced that it has retained an interim General Manager to oversee District operations on a temporary basis. The interim General Manager, Chris DeGabriele, comes to the District with decades of professional experience, most recently having served for 22 years as the general manager at the North Marin Water District in Novato. He began work at the District on December 14, 2017.

"DeGabriele comes with extensive experience, skill, and background."

Russ Greenfield, President of the District Board of Directors, stated, "With his extensive experience, skill, and background, the Board is thrilled to have Mr. DeGabriele join us to manage the District on an interim basis, as we move forward to recruit a permanent general manager." The District expects to complete the hiring process of a new permanent general manager by summer 2018.

Turn to "Chris DeGabriele" on page 2



MSEL students answer questions about microbeads at Venetia Valley Elementary.

Microbeads Study Under Way

Terra Linda High School students to study microbeads and their impacts on water and natural resources.

During the 2017 fall semester, LGVSD laboratory staff have been working with a group of freshmen students from Terra Linda High School in their Marin School of Environmental Leadership (MSEL) program.



Their project is focused on microbeads, found in many personal care products such as toothpaste, and the harmful impacts these have on water and wildlife. The Microbeads Project helps MSEL students gain a deeper understanding of toxins that can be found in many products used in daily life—some they themselves may be using—as they research this topic. Students from

the 2018 winter semester will further develop the educational campaign that last semester's students initiated. Additionally, this group will work to learn more about the impacts these toxins and microbeads have on the ecosystem in the Bay Area.

This project group will work with LGVSD to develop educational materials that highlight the numerous toxins found in personal care products, and their environmental impacts. The materials will be distributed to the public and to other schools in the area. Additionally, students will conduct pre- and post-surveys to assess how well educated they are on this subject before and after the group's presentation.

By the end of the semester the students, with the help of LGVSD, are expected to:

- Gain a deeper understanding of the toxins readily found in personal care products;
- Understand how to limit toxins and microbeads from entering waterways;
- Determine what are the “worst offenders”, i.e. which toxins have the most detrimental effects on the natural world (especially water in the Bay Area) and how often are they used in products;
- Teach individuals about the impact these products have on the Bay and how individuals can be a part of the solution;
- Learn about resources available to analyze personal care products and detergents, and how to identify products when purchasing;
- Enhance the database of more environmentally-friendly and local products;
- Educate local residents and peers through the development of a website or campaign.

LGVSD's permit requires participation in public education—we are happy to work with these students on this important topic that affects all of us.

If you would like additional information about the MSEL program, please visit their website at www.thesel.org.

“Chris DeGabriele” continued...

“The professionalism of the District is well-known, and the Board and staff are committed to the highest standards in providing service to the community,” said Mr. DeGabriele. “I look forward to working with them while they engage in a search for a permanent manager.”

The position became available upon the recent retirement announcement of the District's former general manager, Mark R. Williams.

“The District is renewing its commitment to ensuring a healthy, safe, supportive, and respectful workplace.”

The Board had been working for a number of months to address employee concerns, with the goal of identifying issues, rebuilding workplace respect and trust, and ensuring

District operations continue to be conducted in the most effective and efficient manner possible.

With an interim general manager in place, and a plan for recruiting and hiring a permanent replacement, the District is renewing its commitment to ensuring a healthy, safe, supportive, and respectful workplace.

Lower Miller Creek Channel Maintenance Project Complete

The Lower Miller Creek Channel Maintenance project was completed at the end of December. Approximately 2,655 feet of Lower Miller Creek located adjacent to the LGVSD Treatment Plant and upstream of the Reclamation Bridge was dredged. The project removed sediment that was threatening to block the treatment plant outfalls and improved the flood flow conveyance in the Lower Miller Creek channel on LGVSD property.

The dredging was necessary to protect our operations from the progressive accumulation of sediment coming down the creek from upstream erosion, which has reduced discharge efficiencies at LGVSD outfalls. Existing and planned road construction and bridge modifications on adjacent and upstream properties are reducing floodplains and concentrating sediment flows in the creek channel. In addition, over time sea level rise will gradually raise the base level of Miller Creek, which will also decrease the capacity of the creek for outfall discharge. Our work averted a potentially dangerous situation.

LGVSD recognizes that Miller Creek

supports a population of federally protected Steelhead trout. Plus, adjacent wetland and marsh areas support other state and federally listed special status species. Hence, one of the project objectives was to minimize the extent and frequency of channel excavation/maintenance that may adversely impact habitats in the channel, while maximizing the extent and value of adjacent wetland. All needed permits and approvals for this project from state and local agencies were obtained. The levee banks have now been planted with a mix of native plants species to provide additional habitat and slope stabilization.

The project began in September 2016, but was forced to stop due to unforeseen storm events in late October 2016. The construction period for in-water activities is limited to September 1 to October 31 per permitting requirements. Approximately 70% of the earthwork was completed prior to the shut down. The remaining 30% was dredged this fall. The 60-day time frame only applies to in-water construction. Fencing, revegetation, irrigation system installation, and other various improvements are not limited to the 60-day period.

Current Status of Treatment Plant Upgrade Project

For several years the District has been planning a major upgrade to its aging wastewater system to meet increasingly stringent wastewater treatment requirements. The existing facilities have continually operated since 1955 and were upgraded from time to time, however major equipment needs to be replaced and modernization is necessary. The District also entered into an agreement with Marin Municipal Water District (MMWD) to expand the District's existing Recycled Water Treatment Facility (RWTF) to serve MMWD's customers. This agreement enables MMWD to decommission its existing plant which is located on the District's property. The MMWD plant, operated since 1989, also needs upgrades and the District needs the property where it is now situated for the wastewater treatment plant upgrade. MMWD is funding the majority of the cost for the RWTF expansion and will reimburse the District for operating costs in the future.

"The administration building update has been postponed so that funds may be used for critical wastewater treatment upgrades."

The District's existing administration building, originally built in 1955 and expanded in 1992, was also slated for improvements at this time. However, in April 2017 the District issued \$41 million in bonds to fund the upgrade project but the construction bids are in excess of available funds. Thus, at this time, the administration building update has been postponed so that the available funds may be used for the critical wastewater treatment project. The Board and staff are now evaluating other cost-saving options for the project.



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Phone (415) 472-1734 • Fax (415) 499-7715
www.lgvsd.org

Board of Directors

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


Board Meetings are

held at 4:30 PM on
the second and fourth
Thursday of each month

ECRWSS – Postal Customer

District Administration

Chris DeGabriele, Interim General Manager

 Printed on recycled paper using soy-based inks.



Biogas Energy Recovery System: Another Step Towards Energy Independence

The District has finished installation and start-up of its Biogas Energy Recovery System (BERS) and is transitioning to full-scale operation. The District was required to retire its co-generation equipment after 25 years of continuous use in order to meet new California carbon emissions standards that improve air quality.

The project uses affordable technologies to clean up and use biogas generated at our wastewater treatment plant to fuel District vehicles. The District purchased a heavy duty maintenance truck in 2016 which is fueled by compressed natural gas produced by the BERS facility.

The new equipment was purchased and installed with the assistance of two grants awarded by the California Energy Commission. The first \$1 million grant was for design and construction to replace existing co-generation equipment. The second \$250,000 award was part of the Alternative and Renewable Fuel and Technology “Natural Gas Fueling Infrastructure” program.

The process of anaerobic digestion at the District’s wastewater treatment plant produces biogas, which is typically burned-off. With these grants, the District has developed cost-effective and efficient processes to convert that biogas to biomethane and use that converted gas to generate clean, renewable power. A significant portion of the District’s energy already comes from its two photovoltaic solar panel systems.

With the BERS in place, the District will be able to further boost self-generated clean power and advance the District’s goals toward energy independence. Less use of standard power grid energy and commercial fuel is a great thing for the environment, and for all of us.



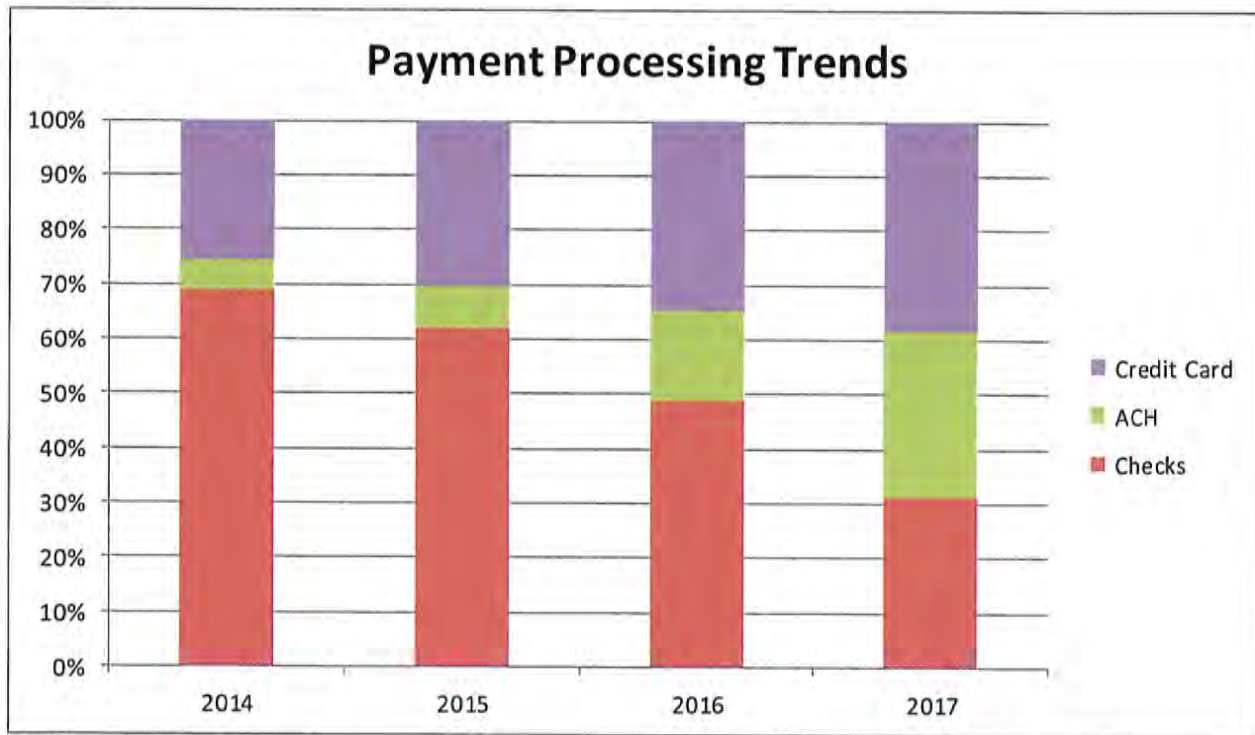
Consent _____
 Staff/Consultant Reports 7B
 Agenda Item _____
 Date January 11, 2018

Agenda Summary Report

To: Chris DeGabriele, Interim General Manager *CD*
 From: Susan McGuire, Administrative Services Manager *SM*
 Mtg. Date: January 11, 2018
 Re: Electronic Payment Process Update

BACKGROUND:

On August 6, 2015 staff presented to the Board its plan to implement electronic payments for vendors including reimbursements for the Board and staff. Utilizing an electronic payment process saves staff time for processing and mailing checks as well as postage costs; from having to track down lost or old outstanding checks; and is more secure for the vendors. Since the electronic payment process was started, the number of check issued has decreased by 50% and the number of electronic payments issued has increased six fold, see below:



Staff has also increased the number of payments made by credit card which saves time in having to set up new vendors but does require more time in reconciling the credit card bill each month. The District has received a rebate on purchases from the credit card of \$6,661 during the past two fiscal years.



Staff is going to continue its outreach to existing vendors, staff and Board members to encourage them to switch to electronic payment and with new vendors electronic payment will be presented as the preferred payment option.

STAFF RECOMMENDATION:

Informational only.

FISCAL IMPACT:

Unknown.

PERSON TO BE NOTIFIED:

None.



Consent _____
Staff/Consultant Reports 7C
Agenda Item _____

Agenda Summary Report

Date: January 11, 2018

To: Chris DeGabriele, PE, Interim General Manager
From: Michael P. Cortez, PE, District Engineer
Mtg. Date: January 11, 2018
Re: Biogas Energy Recovery System - Update

BACKGROUND:

The following describes the completed start-up activities and outstanding items identified during the final commissioning of the Biogas Energy Recovery System (BERS). During the week of December 18th, 2017, BioCNG and Unison, manufacturer and distributor of the BioCNG conditioning system, were onsite to complete final commissioning of the key equipment and system connections for the BERS. This included the two 65 kW Capstone microturbines and the BioCNG skid, which include the hydrogen sulfide removal tank, Siemens gas analyzer, glycol chiller, and control panel.

Electric Production

During start-up, BioCNG worked with Regatta, the distributor of the microturbines, to confirm full functionality of both microturbines. After working through some initial issues, the microturbines are operating. Depending on the gas generation, the system will ramp up and down to handle changes in digester gas flow rate; this allows for one or two microturbines to operate, thereby producing a range of 30 to 130 kW electrical output. The District (LGVSD) can also run the existing digester gas boiler to heat sludge as needed, and the microturbines will ramp down or shut off to accommodate digester gas consumption as maintaining sludge temperature is critical. At this time, no issues exist with the operation of the microturbines.

RNG Mode

During start-up, it was confirmed that one microturbine will operate at a minimum flow of 16 standard cubic feet per minute (SCFM) until renewable natural gas (RNG) quality is reached; at that point RNG will be produced at 1 to 3.5 SCFM and the microturbine will ramp up to maintain adequate pressure on the digester. When RNG quality falls below approximately 86% per the readings from the gas analyzer, the RNG product gas valve closes and allows the poor quality tail gas (majority of which is carbon dioxide) to be purged to the microturbine that is operating. The RNG process restarts once product gas reaches approximately 92% methane content.

At this time, the BioCNG system is ready to produce RNG and has pressurized the existing RNG storage tank to 15 pounds per square inch (psi). However, the RNG storage tank connections are leaking and need to be sealed before use. In addition, the RNG boiler was unable to be fully tested during start-up. Once the RNG boiler is operational, this can be turned on by LGVSD. The RNG boiler has a malfunctioning flow switch; LGVSD staff is aware of this and is requesting Western Water Constructors (Contractor) to fix this issue. Instrumentation for the RNG boiler is provided through a communications interface that is housed in the BioCNG panel. BioCNG can assist with accessing the RNG boiler information through the BioCNG panel, and LGVSD's controls engineer will be able to assist with this access during start-up of the RNG boiler.

Existing Flare Operations

LGVSD chose to leave the gas supply valve open to the flare for the pilot operation. Operating the pilot gas line to the flare in this manner utilizes 5 SCFM to maintain the pilot. The existing flare does have a



pressure switch, which will allow it to operate in standby mode, meaning that it will only start when there is a demand to combust gas. The flare unit comes with a pressure switch, which is tied to the burner control panel and can be set at a user selected pressure. LGVSD should be using the flare in a demand only configuration, and then the flare will run off the pressure switch. (See action items below.)

Hot Water Loop

With one microturbine operating at 30 kW, there is the potential for the microturbine to be pulling heat from the hot water loop, as opposed to contributing to the loop. All four hot water loop pumps that were installed as part of the BERS project are operational. The hot water loop and flow meters on the microturbines are working. Outside of the RNG boiler issue, all hot water loop items installed as part of the BERS project are operational. The temperature output is controlled by the microturbine programming and will need to be adjusted. For the RNG boiler, there is a thermostat on the hot water loop that is set by LGVSD and starts the RNG boiler when the thermostat is registering that the temperature of the hot water loop is below a certain set temperature. It is recommended that the hot water heat loop is reviewed in its entirety to ensure that the old and new heat loops are synchronized properly. LGVSD staff will request proposals for this task.

Training and Completion Paperwork

The LGVSD team with BioCNG completed a training on the gas conditioning system. Record drawings have been completed and will be updated based on any additional notes from BioCNG's visit. The Operation and Maintenance Manual and record drawings will be provided to LGVSD as draft for review.

Action Items

- Repair leak in RNG storage tank – fittings need to be tightened or gaskets need to be replaced by Contractor.
- Test RNG slow-fill station.
- Test RNG boiler.
 - Test, repair, or replace defective components;
 - Contractor to perform start-up;
 - RNG will be produced (once storage tank is repaired) to confirm full operation of the boiler.
- Digester gas quality – this continues to be an issue but appears to have improved in the last few weeks with the small adjustments made by LGVSD staff. BioCNG is awaiting their laboratory testing results for the inlet and outlet gas samples taken during start-up.
- Flare ignition repair.
 - The flare manufacturer confirmed that the existing flare has a pressure switch to allow operation in standby mode, meaning that it will only start when there is a demand to combust gas.
 - BioCNG highly recommends that LGVSD should have the flare serviced so that it can operate in this manner without a constant feed of digester gas. BioCNG believes this can be adjusted on the flare control panel.
- SCADA integration by LGVSD's controls engineer.
- Existing digester heat loop study by a consultant (TBD) and correction work if any.

STAFF RECOMMENDATION:

For information only.

FISCAL IMPACT:

N/A

PERSON(S) TO BE NOTIFIED:

N/A

1/11/2018 BOARD REPORTS

Agenda Item 8A

LAFCO

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

Agenda Item 8B

Gallinas Watershed Council/Miller Creek Watershed Council

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

Agenda Item 8C

JPA Local Task Force on Solid and Hazardous Waste

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

Agenda Item 8D

NBWA

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

Agenda Item 8E

NBWRA

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

Agenda Item 8F

Operations Control Center

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

Agenda Item 8G

Engineering Subcommittee

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

Agenda Item 8H

Human Resources Subcommittee

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

1/11/2018 BOARD REPORTS

Agenda Item 8I

Other Reports

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



BOARD MEMBER MEETING ATTENDANCE REQUEST

Date: _____ Name: _____

I would like to attend the _____ Meeting
of _____

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

Actual meeting date(s): _____

Purpose of Meeting: _____

Frequency of Meeting: _____

Estimated Costs of Travel (if applicable): _____

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

For Office Use Only

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

1/11/2018

BOARD AGENDA ITEM REQUESTS

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

State pension board decision could fuel tax increases

Agenda Item 10
Date January 11, 2018

By Daniel Borenstein

Brace yourself taxpayers: CalPERS is about to bury you deeper in debt.

The nation's largest pension system is expected to adopt a funding plan that anticipates shortfalls during the next decade and then banks on exceptional investment returns over the following half century to make up the difference.

It's an absurd strategy designed to placate labor unions, who want more public money available now for raises, and local government officials who are struggling to make annual installment payments on past debt CalPERS has rung up.

And it highlights why the California Supreme Court, which is currently considering a key case on pension rights, and state lawmakers must do more to rein in public employee retirement costs.

We can't afford the current system.

That doesn't mean that traditional pensions should be eliminated; it means future benefit accruals should be reduced to affordable levels that don't continue saddling current and future generations with debt.

The California Public Employees' Retirement System currently has a \$153 billion unfunded liability, with only 68 percent of the assets it should have, largely because of similar, past hubris about investment returns.

The action will affect pensions for state workers, and hence all California taxpayers. In the Bay Area, it affects pensions for most of the local public agencies.

Specifically, the CalPERS board will re-allocate its portfolio and make a critical forecast of the return on those investments. The higher the expected return, the lower the contributions required from employers and employees. But if the prediction doesn't pan out, taxpayers must cover the shortfall.

CalPERS staff predicts the investment mix it's recommending will earn 7 percent annual returns. That just happens to match the earnings forecast that CalPERS is already phasing in. Thus, the staff suggests the rate should not be lowered, and contributions should not be further increased.

But that 7 percent forecast is problematic. Ted Eliopoulos, CalPERS chief investment officer, estimates CalPERS will only earn 6.1 percent annually over the next 10 years. To reach 7 percent, the system's actuaries "blended" the 10-year estimate with a projection for the subsequent 50 years of 8.3 percent annual returns.

That's right. CalPERS, like many retirement systems, makes decisions about funding pensions today based on estimates of what market returns will be for the next six decades.

To do that, CalPERS assumes the future economy will eventually mirror the past. "But the future economy will be a lot different than the past," says Bob Stein, a retired Ernst & Young managing partner and chairman of the national Society of Actuaries Blue Ribbon Panel on Public Pension Funding.

"It requires a belief that equity returns are going to jump back up to the 8 percent level or even higher in the out years here. I don't think anybody expects (that)." Asked whether he thinks CalPERS' portfolio can earn an average 8.3 percent annual earnings over a half century, Eliopoulos told me, "I don't have a crystal ball. I think the projection for the next 10 years is reasonable."

Exactly. He doesn't have a crystal ball. Nor does anyone else at CalPERS.

Board members with a fiduciary duty to responsibly administer the pension system shouldn't use highly questionable half-century forecasts to justify underfunding pensions for the next decade.

In the shorter term, if CalPERS sets contribution rates assuming 7 percent annual returns and Eliopoulos' 6.1 percent 10-year forecast proves right, the pension system for the next decade will under-collect from employers and employees.

Whereas workers and employers share the upfront pension contributions, government agencies, and ultimately taxpayers, must cover the shortfalls.

The escalating payments are already requiring cutbacks in government services and/or higher taxes. CalPERS' expected action is designed to avoid additional immediate payment increases. But it adds to the shortfall that must eventually be paid.

Political pressure from unions and local governments makes it likely the CalPERS board this week will keep the earnings assumption at 7 percent. But if that's the plan, board members should at least admit that easing the pain now will require piling on debt for taxpayers to cover in the future.

They shouldn't claim that wishful speculation about market returns decades from now makes it all right.

Daniel Borenstein is the East Bay Times' editorial page editor. Reach him at dborenstein@bayareanewsgroup.com.

The escalating payments are already requiring cutbacks in government services and/or higher taxes.

Bay Area Voice

Cases could open door to pension cuts for workers

By Jonathan J. Cooper

The Associated Press

SACRAMENTO» For decades in California, a sacrosanct rule has governed public employees' pensions: Benefits promised can never be taken away.

But cases before the state Supreme Court threaten to reverse that premise and open the door to benefit cuts for workers still on the job.

The lawsuits have enormous implications for California cities, counties, schools, fire districts and other local bodies facing a sharp rise in their pension costs.

The ballooning expenses are an issue that Gov. Jerry Brown will face in his final year in office despite his earlier efforts to reform the state's pension systems and pay down massive unfunded liabilities.

His office has taken the unusual step of arguing one case itself, pushing aside Attorney General Xavier Becerra and making a forceful pitch for the Legislature's right to limit benefits.

At issue is the "California Rule," which dates to court rulings beginning in 1947. It says workers enter a contract with their employer on their first day of work, entitling them to retirement benefits that can never be diminished unless replaced with similar benefits.

It gives workers security that their retirement will be safe and predictable after a career in public service. But it also ties lawmakers' hands in responding to exploding pension costs.

It's widely accepted that retirement benefits linked to work already performed cannot be touched. But the California Rule is controversial because it prohibits even prospective changes for work the employee has not yet done.

"Lots of people in the pension community are paying attention to these cases and are really interested in what the California Supreme Court is going to do here," said Amy Monahan, a University of Minnesota professor who studies pension law.

Pension systems around the country are facing unprecedented pressures from generous benefits, severe losses during the Great Recession, mostly anemic investment earnings since, and retirees living for longer.

California's two major pension funds, which have more than \$570 billion in assets between them, have enough money to pay for only about two-thirds of their anticipated costs.

As a result, both the California Public Employees Retirement System and the State Teachers Retirement System will collect billions of additional dollars from state and local governments, putting pressure on those budgets.

The pending cases stem from a Brown-backed 2012 pension reform law that sought to rein in costs and end practices viewed as abuses of the system. One of those eliminated benefits was a right to buy up to five years of credit when retirement benefits are calculated, so a person who worked 20 years would get a monthly check as if he'd worked 25 years.

Brown, in a brief filed in November, argued benefits have been handed out too generously.

"For years, self-interested parties, overly generous promises whose true costs were often shrouded by flawed actuarial analyses, and failures of public leadership had caused unsustainable public pension liabilities," his

office wrote. A ruling is expected before Brown leaves office in January 2019.

The 2012 law also limited the types of income that can be used to calculate pension benefits in an attempt to limit “pension spiking,” or driving up final salaries to increase payments in retirement.

A group of Marin County employees sued separately over the changes, arguing the benefits couldn’t be altered. The California Court of Appeal in San Francisco disagreed in a ruling that strikes at the heart of the California Rule.

“While a public employee does have a ‘vested right’ to a pension, that right is only to a ‘reasonable’ pension — not an immutable entitlement to the most optimal formula of calculating the pension,” Judge James A. Richman wrote. The case is now pending at the Supreme Court.

Dave Low, chairman of Californians for Retirement Security, a union coalition, said the Supreme Court upholding the lower-court ruling would be a “major setback” for public employees.

“If they base their decision on precedent, I don’t think that there’s much for the public employees to worry about,” Low said. “The key will be if the Supreme Court decides to break away from decades of precedent and dozens of decisions.”

Twelve states observe a variation of the California Rule, said Greg Mennis, director of the Public Sector Retirement Systems project at Pew Charitable Trusts. One of them, Colorado, has walked it back a bit, he said, requiring “clear and unmistakable intent to form a contract before pensions will be contractually protected.”

A change to California’s interpretation of its rule would not automatically change legal precedents in other states, but it could provide a spark for lawmakers to test changes that they previously considered unfeasible, said Monahan, the Minnesota law professor.

CALIFORNIA

Board split over severance for controversial GM

LAS GALLINAS

Interim replacement named as district studies pay deal

By **Richard Halstead**

rhalstead@marinij.com @HalsteadRichard on Twitter

An interim general manager has been hired by the Las Gallinas Valley Sanitary District to replace Mark Williams, but the district's board is still deliberating over whether to give Williams severance pay beyond what is called for in his contract. The district board tapped former North Marin Water District general manager Chris DeGabriele to serve as interim manager in the wake of Williams' resignation Nov. 3. The resignation came as the board was discussing how to respond to an increase in employee turnover and complaints from several employees regarding Williams' management style and deci-



Williams

sion-making.

Williams was sent home and placed on leave Nov. 9 after making a remark to a district employee that the employee interpreted as a threat. Williams was reported to have said, "This is a long way from being over."

The district notified local police and posted an armed guard for a time outside the district office. Russ Greenfield, the district board's president, said Williams subsequently told him that his comment was taken out of context.

Williams was initially given a leave of absence until Nov. 20. Since then, the board has extended that leave of absence several times. The most recent extension was until Jan. 8, the date on which Williams stated in his letter to the board that he planned to retire.

“There is going to be no more extended leave of absences,” Greenfield said. “After Jan. 8, Mark will no longer be employed by the district, but there will be a settlement to still complete. That is not done.”

Lawyer hired

Greenfield said the district has hired Morin Jacob, a lawyer with Liebert Cassidy Whitmore in San Francisco, to handle the negotiations with Williams regarding his final severance package.

Williams had worked as general manager since 2006 and was paid an annual salary of \$235,645.

Williams’ contract specifies that the general manager serves at the pleasure of the board and “may be terminated at any time with or without cause at the sole discretion of the district.”

The contract also states that if the board terminates the general manager “without reference to cause,” the general manager may be entitled to severance pay equal to six months of his salary — if the general manager agrees to a standard release relinquishing any and all claims against the district. In addition, the contract states that the general manager may be entitled to this same amount of severance pay if he resigns at the request of the board.

Greenfield has said Williams did not resign at the request of the board.

Legal concerns

The district’s five-member board is split over whether to grant Williams additional severance pay, Greenfield said. He said the district board’s primary motivation for considering additional pay to Williams is to dissuade him from possibly suing the district.

The district’s new interim manager, DeGabriele, started work on Dec. 14. DeGabriele retired in May after working for 22 years as the general manager at North Marin Water District. DeGabriele previously worked for Bechtel Mining and Metals for 15 years as an engineering group supervisor and field engineer. As interim

general manager he is being paid \$104.75 per hour. As a California Public Employees' Retirement System retiree, he is limited to working no more than six months or 960 hours per year. The district expects to complete the hiring process of a new permanent general manager by summer 2018.

'Distrust and fear'

The district board's reevaluation of Williams began after Joe Selstrom, an operator who had worked for the district for 14 years, announced at a board meeting in April 2017 that he was quitting because he could no longer work with Williams. A group of his coworkers were by his side to show their support.

In June 2017, the board hired FutureSense, a San Rafael- based consulting firm, to assess the district's "organizational climate, as well as to provide recommendations on how to improve human capital practices."

In a report submitted to the board in October, FutureSense wrote, "There appears to be a strong undercurrent of distrust and fear throughout the entire organization that has evolved over time, and at all levels."

In its conclusion, Future-Sense wrote, "The holistic perspective of Las Gallinas Sanitary District is currently one of gridlock. To progress out of this gridlock will require changes in the policies, processes, and procedures of Las Gallinas Sanitary District."

Staff training

FutureSense made 12 recommendations to the board. These included: anti-harassment training for all staff, including managers and supervisors; coaching for key leaders, "particularly the general manager," to provide feedback on communication style; interpersonal communication and conflict management training for both staff and managers; more checks and balances for human resources to move from unilateral decision- making by the general manager; and a yearly employee climate survey.

Greenfield said the board is still deliberating over how to implement the Future-Sense recommendations. Regional Government Services submitted a proposal for doing so, but Greenfield said the board judged the proposal to contain services the district is already providing to employees to be too costly.



DeGabriele



Greenfield

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