



Central Marin Sanitation Agency

COMMISSION REGULAR MEETING AGENDA

Tuesday, March 13, 2018

at the Agency Office

7:00 p.m.

Members of the public may directly address the Board on any item appearing on the Agenda. They may address the Board when the item is called by the Board Chair and he/she indicates it is the time for the public to speak to the agenda item. Audio and video recordings will be made of this meeting and will be posted to the Agency website.

Note: Michael Boorstein, Board Commissioner representing RVSD, will attend this meeting via teleconference.

**Location: Embassy Suites by Hilton San Diego La Jolla,
4550 La Jolla Village Drive, San Diego, CA 92122**

1. 7:00 p.m.: Call Meeting to Order/Pledge of Allegiance

2. Roll Call

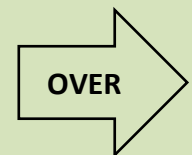
3. Open Period for Public Participation

Open time for public expression, up to two minutes per speaker, on items within CMSA's jurisdiction and not on the Board of Commissioners' agenda. The Board will not discuss or take action during open time.

4. Consent Calendar

Matters listed under this item are considered routine and will be enacted by one motion. The consent calendar may include resolutions; therefore, the motion, second, and vote will also be applicable to the resolution and recorded accordingly. There will be no separate discussion of these items unless requested by a member of the Board or the public prior to the time the Board votes on the motion to adopt.

- a) Minutes—Regular Board Meeting—February 13, 2018
- b) Treasurer's Report—Operating Account—February 2018
- c) Schedule of Investments—February 2018
- d) NPDES, Process, and Maintenance Report—February 2018
- e) Performance Metric Report—February 2018
- f) Revised Travel Expense Reimbursement Procedure
- g) CMSA Investment Policy—Financial Policy #531



5. Excess Power Sale Options

Recommendation: Receive the presentation on the Agency's power sale options, and decide if the Agency should contract with MCE to purchase the Agency's future excess power, or provide direction to the General Manager, as appropriate.

6. Reschedule the April 2018 Board Meeting

Recommendation: Consider rescheduling the April 10, 2018 Board meeting.

7. Financial Audit Services Contract with Cropper Accountancy Corporation

Recommendation: Approve the financial audit services contract with Cropper Accountancy Corporation for FY 17/18 – FY 20/21, and authorize the General Manager to sign it.

8. New Laboratory Analyst Job Description

Recommendation: Approve the Laboratory Analyst Job Description and its compensation range, and provide direction to the General Manager, as appropriate.

9. Financial Policy #555: Multi-Year Revenue Plan

Recommendation: Approve Financial Policy #555 – Multi-Year Revenue Plan, and provide direction to the General Manager, as appropriate.

10. North Bay Watershed Association (NBWA) Report*

11. Oral Reports by Commissioners/General Manager*

12. Next Scheduled Meeting

Tuesday, April 10, 2018 at 7:00 p.m. at the Agency office, unless the Board acts to reschedule the meeting as per Item #6 above.

*Information not furnished with Agenda

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



Central Marin Sanitation Agency

**COMMISSION REGULAR MEETING MINUTES
Tuesday, February 13, 2018
at the Agency Office**

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

- 1. Call Meeting to Order/Pledge of Allegiance**
Chair Furst called the meeting to order at 7:00 p.m. A quorum was present.

- 2. Roll Call** **00:00:33**
 Present: Chair Diane Furst; Vice-Chair Thomas Gaffney; Commissioners Michael Boorstein, Maribeth Bushey, Dean DiGiovanni, and Dan Hillmer
 Absent: None
 Staff present: Jason Dow, General Manager; Kate Brouillet, Recording Secretary
 Public present: Felicia Newhouse, RVSD

- 3. Open Period for Public Participation** **00:00:50**
There were no comments from the public.

- 4. January 30, 2018 Special Board Meeting** **00:01:04**
Chair Furst reported that no action was taken on the appeal of the Agency's NPDES Permit in the meeting's closed session.

- 5. Consent Calendar** **00:01:49**
 - a) Minutes—Regular Board Meeting—January 9, 2018
 - b) Minutes—Special Board Meeting—January 30, 2018
 - c) Treasurer's Report—Operating Account—January 2018
 - d) Schedule of Investments—January 2018
 - e) NPDES, Process, and Maintenance Report—January 2018
 - f) Performance Metric Report—January 2018
 - g) Revised Administrative Policies and Procedures

Comments from the Public:

There were no comments from the public.

Chair Furst asked for a motion on the Consent Calendar. There was no discussion by the Board.

ACTION: Commissioner Gaffney moved to approve the Consent Calendar items; second, Commissioner Boorstein.

Ayes: BOORSTEIN, BUSHEY, DIGIOVANNI, FURST, GAFFNEY, HILLMER

Nos: NONE

Abstentions: NONE

6. 2018 National Pollutant Discharge Elimination System Permit Presentation 00:02:20

GM Dow stated that the San Francisco Bay Regional Water Quality Control Board (RWB) approved reissuing the Agency's National Pollutant Discharge Elimination System (NPDES) permit at its January 10, 2018 meeting; the permit becomes effective on March 1, 2018, and has a five-year term. GM Dow stated that Ms. Monica Oakley, the Agency's regulatory consultant, is in attendance and has prepared an informational presentation. He then introduced Ms. Oakley.

Ms. Oakley gave a Powerpoint presentation that reviewed the NPDES permit process and timeline, types of effluent limits, blending requirements, notable changes in the permit, the RWB permit hearing on January 10, 2018, and the permit appeal by RVSD and SRSD. She stated that this permitting process was a team effort with Agency staff, and is a positive and stable permit for CMSA.

The Board asked various questions during and after the presentation regarding the permit term, sources of pollutants, the draft blending policy and blending reduction alternatives, flow meter replacement requirements in the permit, member agency compliance responsibilities, and planning for the next permit. GM Dow and Ms. Oakley answered the Board's questions.

Comments from the Public:

There were no comments from the public.

This item was informational and direction was given to staff.

7. Proposed 5-Year Revenue Plan 00:28:00

GM Dow stated that at the January 9, 2018 Board meeting, the Board's Finance Committee and staff reported on their work since October 2017 in drafting guiding principles for the Agency's next 5-year revenue plan and evaluating operating and capital funding alternatives, and presented a preliminary plan for the Board's review, discussion, and feedback. He stated that the Board accepted the guiding

principles, and provided direction to construct a revenue plan alternative with a level annual funding increase and a 20- or 25-year debt issuance term. He stated that at the January 29 Finance Committee meeting several additional revenue plan alternatives were developed and the Committee has prepared a recommendation for the full Board.

Chair Furst suggested that the Board consider the guiding principles first.

GM Dow referred to his handout and the staff report and reviewed the minor revisions to the guiding principles. He stated that once they were accepted, they could be incorporated into an Agency financial policy.

Commissioner Gaffney stated that the key change to the guiding principles is to prioritize pay-as-you-go to fund the CIP, and then secure low interest loans or grants, and lastly to issue debt.

The Board discussed the percentage of the CIP that would potentially be funded with debt financing, the overall timing of projects and funding, and incorporating the guiding principles into an Agency financial policy. Additionally, the Board discussed and decided to revise the wording in the pay-go funding guiding principle.

Commissioner DiGiovanni stated that the Committee took into consideration the long life-spans of various assets and big-ticket items when allocating projects for the CIP and debt financing.

GM Dow and Commissioner Gaffney answered the Board's questions.

Comments from the Public:

There were no comments from the public.

ACTION: Commissioner Gaffney moved to accept the revised guiding principles; second, Commissioner Boorstein.

Ayes: BOORSTEIN, BUSHEY, DIGIOVANNI, FURST, GAFFNEY, HILLMER

Nos: NONE

Abstentions: NONE

DIRECTION: GM Dow to revise the guiding principle regarding pay-go funding to the following: "When feasible, use current revenues to fund CIP projects."

GM Dow to incorporate the guiding principles into an Agency financial policy.

Chair Furst asked GM Dow to present the 5-year revenue plan alternatives.

GM Dow referred to his handout and presented the three 5-year revenue plan alternatives with debt issuances of \$17M to \$19M and 20- and 25-year financing terms.

Vice-Chair Gaffney stated that he favors Option #3 as it includes two debt issuances totaling approximately \$19M and results in lower interest payments overall by not incurring as much debt at one time.

Commissioner DiGiovanni stated he concurred, as it is also allows more flexibility in planning ahead for the second debt issuance, and this option has the lowest rate increase.

The Board concurred that Option 3 was the best alternative.

Comments from the Public:

There were no comments from the public.

ACTION: Commissioner Boorstein moved to approve Option #3 as presented on GM Dow's handout, the Revised Proposed 5-Year Revenue Program memorandum from the CMSA Finance Committee dated February 13, 2018; second, Commissioner Hillmer.

Ayes: BOORSTEIN, BUSHEY, DIGIOVANNI, FURST, GAFFNEY, HILLMER

Nos: NONE

Abstentions: NONE

8. Administrative Policy #68 - Employee Compensation and Benefit 00:58:25
Approval Process

GM Dow stated that at the January 2018 meeting the Board considered its Finance Committee's recommendation to use a multi-step approval process for Agency employee compensation and/or benefit adjustments. He stated that direction was provided to staff to integrate the process discussed at the meeting into existing Personnel Policies or a new Administrative Policy. GM Dow stated that after reviewing the Agency's Personnel Policies associated with compensation administration and employee benefits, staff determined drafting a new Administrative Policy was appropriate as the process would be in a stand-alone policy instead of several policies. GM Dow referred to the attachment to the staff memo and reviewed the draft Administrative Policy #68.

Chair Furst stated that she recommends that this policy be adopted by the Board as it is a good practice to increase transparency for public agency compensation and benefit adjustments.

The Board had a brief discussion.

Comments from the Public:

There were no comments from the public.

ACTION: Commissioner DiGiovanni moved to approve Administrative Policy #68 - Employee Compensation and Benefit Approval Process; second, Commissioner Boorstein.

Ayes: BOORSTEIN, BUSHEY, DIGIOVANNI, FURST, GAFFNEY, HILLMER

Nos: NONE

Abstentions: NONE

9. San Francisco Bay Nutrient Watershed Permit - Status Report 00:01:02

GM Dow stated that the San Francisco Regional Water Board (RWB) adopted the first 5-year Mercury Watershed Permit (Permit) for the San Francisco Bay region in April 2014, and is collaboratively working with the Bay Area Clean Water Agencies (BACWA) to develop a scope for the second Permit that is anticipated to be adopted in Spring 2019. He stated that BACWA has successfully administered and managed the first Permit's studies and evaluations on behalf of the S.F. Bay region's thirty-seven wastewater dischargers, and by July 1, 2018, BACWA will submit the final reports on the Potential Nutrient Discharge Reduction by Treatment Optimization, Side-stream Treatment, and Treatment Upgrades.

GM Dow stated that during implementation of the Permit's Nutrient Management Strategy the RWB and BACWA learned that additional scientific investigations are needed to better understand nutrient loading and its potential impacts to the S.F. Bay. He stated that the focus of the second Permit will be continued treatment plant nutrient monitoring and reporting, and anticipates the third Permit, in 2024, may include nutrient discharge limits for some treatment facilities based on the results of a Nutrient Management Strategy.

GM Dow stated that BACWA's members have funded the first Permit's requirements through a Nutrient Surcharge on their respective annual BACWA membership invoices. He stated that CMSA's surcharge has been \$15,505, and for the second permit it is currently estimated to be \$32,948 per year, which is much less than if CMSA was to perform independent studies to comply with the second Permit requirements.

The Board had a brief discussion and asked various questions regarding fees paid to BACWA, sources and monitoring of the nutrients, determination of the nutrient limits, and the permit term. GM Dow answered the Board's questions.

Comments from the Public:

There were no comments from the public.

ACTION: Commissioner Gaffney moved to approve the Agency participating through BACWA on the second San Francisco Bay Nutrient Watershed Permit; second, Commissioner DiGiovanni.

Ayes: BOORSTEIN, BUSHEY, DIGIOVANNI, FURST, GAFFNEY, HILLMER

Nos: NONE

Abstentions: NONE

10. North Bay Watershed Association (NBWA) Report **01:14:50**

Chair Furst stated she attended the February 2, 2018 North Bay Watershed Association Board meeting. She stated that there was an update on the progress of the 2018 NBWA Conference by Judy Kelly, and invited interested Board members to attend. She stated that there was a presentation on Marin County's Sea Level Rise Adaptation Planning by Chris Choo, of Marin County, who provided an update on the latest reporting, adaptation planning, and funding that is available to address the oncoming threats of sea level rise to the communities, infrastructure, and environment in Marin County. Chair Furst stated that Sandeep Karkal, General Manager of the Novato Sanitary District, gave an overview of the District and described some of their most current successes and challenges.

11. Oral Reports by Commissioners/General Manager **01:29:30**

GM Dow referred to his handout and reported:

- SRSD appointed Dean DiGiovanni as representative, and Al Boro as an alternate representative.
- SB 831 (Wieckowski) has been introduced which states that accessory dwelling units are not considered separate units and are not subject to connection fees; question remains if they will be subject to sewer service charges.
- Potential SEIU legislation would require JPA members to list the JPA's unfunded pension liability on their financial statements, and be joint and severally liable for the funds.

Chair Furst stated that this "joint and severally" language is hampering the joining of the Corte Madera and Larkspur fire departments into a JPA.

12. Next Scheduled Meeting **01:33:38**

Next Regular Meeting is scheduled for Tuesday, March 13, 2018 at 7:00 p.m. at the Agency office.

Chair Furst adjourned the meeting at 8:35 p.m.

Respectfully submitted,

Kate Brouillet, Recording Secretary

Thomas Gaffney, Vice Chair

**Central Marin Sanitation Agency
Treasurer's Report - Operating Account
For the Month of February 2018**

I. Accounts Summary: Bank & Investment Accounts

Summary of Bank & Money Market Accounts

Westamerica Bank - Account Activity shown below	\$ 427,035.44
Local Agency Investment Fund (LAIF) - Refer to Schedule of Investments	15,279,171.26
California Asset Management Program (CAMP) - Refer to Schedule of Investments	363,170.24
Total Bank & Investment Accounts: Ending Balance on February 28, 2018	<u>\$ 16,069,376.94</u>

II. Account Activity for Westamerica Bank

Beginning Balance on February 1, 2018 450,087.89


Cash Receipts (Deposits into Westamerica):

Transfers from LAIF	1,550,000.00
LGVSD - pollution prevention & FOG (FY18 2Q: October-December)	3,187.64
SRSD - FOG Program (FY18 2Q: October-December)	2,313.62
SD#2 FOG Program (FY18 2Q: October-December)	429.33
Revenue from Haulers & RVs	11,769.78
Revenue from Organic Waste Programs	21,648.36
SD 2 Operations & Maintenance Contract (FY18: December & January)	51,747.49
SQSP Wastewater Services Contract (FY18: December)	89,908.83
SQ Village Operations & Maintenance Contract (FY18: December)	715.93
Misc Revenue: CSRMA Program Dividend, CalCARD Incentive Payment	5,123.08
Miscellaneous Reimbursements: CalCARD reimbursement from employee	87.50
Void check #15991	16,068.00
Total Cash Receipts	<u>\$ 1,752,999.56</u>

Cash Disbursements (Withdrawals from WestAmerica):

February 2018 Operating account disbursements register (see attached)	\$1,443,173.97
Regular Payroll paid 02/02/18	139,020.44
Regular Payroll paid 02/16/18	136,834.90
Transfers to EFTPS Federal Payroll Taxes (02/02, 02/21)	56,956.65
Bank Fee	66.05
Total Cash Disbursements	<u>\$1,776,052.01</u>
Ending Balance on February 28, 2018	<u>\$ 427,035.44</u>

Prepared by: 
Kenneth Spray, Administrative Services Manager

Reviewed by: 
Jason Dow, General Manager

Central Marin Sanitation Agency
 Operating Account Disbursements Register
 For the Month of February 2018

Check Number	Date	Vendor/Payee	Amount	Description
16368				Last check # from prior month's register
16369	02/05/18	Phillip Frye	212.97	Reimbursement for retiree health benefits by check
16370	02/05/18	James L. Johnson	183.34	Reimbursement for retiree health benefits by check
16371	02/05/18	Byron Jones	646.86	Reimbursement for retiree health benefits by check
16372	02/05/18	California Public Employee	4,127.45	Contribution to Retiree Health Benefits Trust Fund, PPE 01/27/2018 (Note C)
16373	02/05/18	California State Disbursement	250.50	EE Garnishment, PPE 01/27/2018 (Note A)
16374	02/05/18	ICMA Retirement Trust-457	7,648.00	Deferred compensation contributions, PPE 01/27/2018 (Note A)
16375	02/05/18	Navia Benefit Solutions	607.68	Flexible spending account, PPE 01/27/2018
16376	02/05/18	SEIU Local 1021	1,065.67	Union dues, PPE 01/27/2018
16377	02/06/18	Brandon Tire	553.33	Vehicle tires (2 invoices)
16378	02/06/18	Dealers Industrial Equipment	5,421.06	VFD and controller replacement for centrifuge
16379	02/06/18	Fisher Scientific	835.81	Lab supplies (2 invoices)
16380	02/06/18	Ricoh USA Inc	404.96	Lab copier lease, 01/09-02/08/2018
16381	02/06/18	SPURR	3,417.72	Natural gas supply, December 2017
16382	02/06/18	VWR International	1,248.05	Lab supplies (4 invoices)
16383	02/06/18	A & S Landscape Materials, Inc	479.80	Landscaping materials, December 2017
16384	02/06/18	CASA	16,068.00	Annual membership dues, 2018
16385	02/06/18	ChemStation of Northern Cal.	2,967.53	Odor control materials
16386	02/06/18	Evoqua Water Tech LLC	18,584.54	Hydrogen Peroxide (2 deliveries); lab supplies (1 invoice)
16387	02/06/18	Chris Finton	200.00	Commuter Reimbursement Program: February 2018
16388	02/06/18	Kit Groves	375.00	Employee expenses eligible for Agency dental reimbursement
16389	02/06/18	Home Depot Credit Services	773.67	Maintenance parts & supplies, December 2017
16390	02/06/18	Mark Koekemoer	1,428.00	Employee expenses eligible for Agency dental reimbursement; Employee per diem advance: Pittcon Conference, Orlando FL
16391	02/06/18	Marin County Tax Collector	1,980.00	Legal services: General Counsel, October-December 2017
16392	02/06/18	Monica Oakley	6,666.60	Prof Svcs: Regulatory consulting, 12/30/2017-01/26/2018
16393	02/06/18	P.G.& E.	14,275.04	Electricity service, 12/14/2017-01/11/2018 (2 invoices)
16394	02/06/18	Polydyne, Inc.	36,178.71	Clarifloc (1 delivery)
16395	02/06/18	Mike Silva	200.00	Commuter Reimbursement Program: February 2018
16396	02/06/18	Thatcher Company of	4,818.91	Ferric Chloride (1 delivery)
16397	02/06/18	The Cary Company **	253.77	Lab supplies
16398	02/06/18	Univar USA Inc	12,407.78	Sodium Bisulfite (2 deliveries); Sodium Hypochlorite (1 delivery)
16399	02/06/18	Abel Villarreal	436.00	Employee expenses eligible for Agency dental reimbursement
16400	02/06/18	Water Environment Federation	320.00	Annual membership fee, 1 employee
16401	02/06/18	Wells Fargo Vendor	374.13	Maintenance copier lease, 01/13-02/12/2018
16402	02/08/18	APGN Inc.	1,460.54	Replacement filters for aeration blowers
16403	02/08/18	Aramark Uniform Services	1,151.16	Uniform service, January 2018
16404	02/08/18	Aramark Uniform Services	138.83	Uniform for new employee
16405	02/08/18	Ben Meadows	114.04	Safety supplies
16406	02/08/18	Horizon Dist. Inc	156.89	Groundskeeping supplies
16407	02/08/18	Koff & Associates, Inc.	3,000.00	Prof Svcs: E/I Technician recruitment, second payment
16408	02/08/18	Konecranes, Inc.	1,770.00	Elevator annual and monthly maintenance, December 2017
16409	02/08/18	Lord and Sons Inc	493.00	Maintenance parts & supplies
16410	02/08/18	Lystek International LTD	15,204.09	Biosolids beneficial reuse fee; adjustments to October & November 2017 invoices, January 2018 (3 invoices)
16411	02/08/18	Marin Office Supply	912.30	Office supplies, January 2018
16412	02/08/18	OCCUMETRIC	6,000.00	Physical Demand Assessments for Agency job classifications
16413	02/08/18	Orchard Business/SYNCB	115.94	Maintenance parts & supplies, December 2017
16414	02/08/18	Platt	1,156.99	Maintenance parts & supplies (3 invoices)
16415	02/08/18	Promium LLC	9,775.00	LIMS implementation services, Progress Payment #3 of 5
16416	02/08/18	R & B Company	436.00	Maintenance parts & supplies
16417	02/08/18	Recology Sonoma Marin	9,574.38	Biosolids hauling fee, January 2018
16418	02/08/18	Rock Steady Juggling	1,000.00	Pub Ed Program: Outreach at 2 schools (Note B)
16419	02/08/18	Thomas Fish Company	142.50	Lab supplies
16420	02/08/18	Thatcher Company of	5,103.28	Ferric Chloride (1 delivery)

Central Marin Sanitation Agency
 Operating Account Disbursements Register
 For the Month of February 2018

Check Number	Date	Vendor/Payee	Amount	Description
16421	02/08/18	Waste Management	18,814.64	Redwood Landfill biosolids reuse fee, January 2018
16422	02/12/18	Calpacific Equipment Co.	5,946.98	Pumps for hot water system
16423	02/14/18	AireSpring	712.56	Telephone service, January 2018
16424	02/14/18	Amazing Solutions, Inc.	112.50	Prof Svcs: Accounting software support, January 2018
16425	02/14/18	AT&T	386.01	Fax and emergency phone services, 02/07-03/06/2018
16426	02/14/18	CASH-PETTY CASH Replenishment	369.89	Petty cash
16427	02/14/18	Comcast	191.20	Internet service, 02/04-03/03/2018
16428	02/14/18	Dealers Industrial Equipment	1,359.11	VFD upgrades to Headworks sample pumps
16429	02/14/18	Evoqua Water Tech LLC	1,145.10	Lab supplies and tank rental (3 invoices)
16430	02/14/18	Hazen and Sawyer	2,991.56	Prof Svcs: Aeration tank microscopic analyses, December 2017-January 2018
16431	02/14/18	IEDA, Inc.	782.00	Labor relations consulting, February 2018
16432	02/14/18	Marin Sanitary Service	10,318.83	Yardwaste, rag box, and grit disposal, January-February 2018
16433	02/14/18	Marin Resource Recovery Center	45.00	Debris waste disposal (2 invoices)
16434	02/14/18	Medical Center of Marin	110.00	Hepatitis B vaccination, one employee
16435	02/14/18	Univar USA Inc	5,802.78	Sodium Hypochlorite (2 deliveries)
16436	02/14/18	Wiley Price & Radulovich	1,072.50	Prof Svcs: Employment law services, January 2018
16437	02/15/18	California Public Employee	4,127.45	Contribution to Retiree Health Benefits Trust Fund, PPE 02/10/2018 (Note C)
16438	02/15/18	California State Disbursement	250.50	EE Garnishment, PPE 02/10/2018 (Note A)
16439	02/15/18	ICMA Retirement Trust-457	7,678.00	Deferred compensation contributions, PPE 02/10/2018 (Note A)
16440	02/15/18	Navia Benefit Solutions	607.68	Flexible spending account, PPE 02/10/2018
16441	02/15/18	SEIU Local 1021	1,065.67	Union dues, PPE 02/10/2018
16442	02/21/18	Airgas USA, LLC	53.06	Nitrogen cylinder rental
16443	02/21/18	All Star Rents	150.62	Maintenance parts & supplies
16444	02/21/18	Allied Fluid Products Corp	1,954.85	Tank gasket stock replenishment (2 invoices)
16445	02/21/18	Amazon	1,016.78	Electrical/Instrumentation supplies, January 2018
16446	02/21/18	AT&T Dataplan	405.66	Wireless service, 01/02-02/01/2018
16447	02/21/18	Ben Meadows	103.54	Lab supplies
16448	02/21/18	Brandon Tire	774.48	Tire repair (3 invoices)
16449	02/21/18	Christopher J Wilson	270.65	Office supplies
16450	02/21/18	CAL-CARD	8,744.22	State of California Purchase Card, December 2017-January 2018
16451	02/21/18	Certified Laboratories	324.97	Bolt lubricant
16452	02/21/18	City Electric Supply	349.86	Electrical supplies (3 invoices)
16453	02/21/18	Chemurgic Agricultural	5,694.96	Sodium Bisulfite (1 delivery)
16454	02/21/18	Cheyenne Livestock & Prod Inc	459.00	Safety supplies
16455	02/21/18	Davis Sign Co.	1,273.30	Fiberglass door wraps
16456	02/21/18	Fisher Scientific	894.03	Lab supplies (5 invoices)
16457	02/21/18	Hagel Supply Co.	275.63	Utility supplies
16458	02/21/18	Harrington Industrial Plastics	246.63	Maintenance parts & supplies
16459	02/21/18	Holt of California	1,658.57	Forklift service
16460	02/21/18	Home Depot Credit Services	921.18	Maintenance parts & supplies, December 2017-January 2018
16461	02/21/18	Intec Solutions, Inc.	3,886.95	SQSP PS Maint: VFD replacement (Note B)
16462	02/21/18	Kaman Industrial Technologies	2,331.34	Replacement gear box; bearings (2 invoices)
16463	02/21/18	Kone Inc	131.59	Elevator monthly maintenance, February 2018
16464	02/21/18	Marin Resource Recovery Center	75.00	Debris box disposal, February 2018
16465	02/21/18	McInerney & Dillon, P.C.	3,675.00	Legal services, construction/contract law, January 2018
16466	02/21/18	Metal Service Center	610.57	Maintenance parts & supplies
16467	02/21/18	Marin Municipal Water District	2,500.00	North Bay Watershed Association annual sponsorship fee
16468	02/21/18	Northern Tool & Equipment	3,194.96	Storage bins for Maintenance Building (2 invoices)
16469	02/21/18	OCCUMETRIC	345.00	Pre-employment physical (E/I Technician)
16470	02/21/18	Pace Supply Corp.	204.79	SQSP PS Maint: Air release valves (Note B)
16471	02/21/18	Powerstride Battery Co Inc	676.09	Electric cart batteries
16472	02/21/18	Praxair Distribution, Inc.	244.39	Acetylene and oxygen cylinder rentals (2 invoices)
16473	02/21/18	R & B Company	534.60	Maintenance parts & supplies (2 invoices)
16474	02/21/18	R2 Engineering, Inc	415.18	Pump parts

Central Marin Sanitation Agency
 Operating Account Disbursements Register
 For the Month of February 2018

Check Number	Date	Vendor/Payee	Amount	Description
16475	02/21/18	TNT Enterprises	3,000.00	Employee rigging safety training (Note B)
16476	02/21/18	Toyota Material Handling	91.64	Electric cart parts
16477	02/21/18	ULINE	3,428.67	Pallet racks; maintenance parts & supplies (3 invoices)
16478	02/21/18	Univar USA Inc	2,813.12	Sodium Hypochlorite (1 delivery)
16479	02/21/18	Valley Power Systems-North	1,823.03	Parts for Waukesha engine (2 invoices)
16480	02/21/18	Woodland Center Auto Supply	721.90	Fleet maintenance, January 2018
16481	02/21/18	Yamaha Golf Cars Of	11,281.50	Electric cart
16482	02/23/18	Automation Direct Co., Inc.	848.50	Electrical supplies (4 invoices)
16483	02/23/18	Cal Steam	40.41	Maintenance parts & supplies
16484	02/23/18	Capitol Door Service	6,293.00	ADA operator replacement for Admin Bldg entrance door
16485	02/23/18	Carollo Engineers, Inc.	21,318.63	Prof Svcs: 2017 Facilities Master Plan Project, January 2018
16486	02/23/18	Abraham Clark	300.00	Employee Expense Reimb: Safety glasses
16487	02/23/18	CWEA TCP	900.00	Membership fee (4 employees)
16488	02/23/18	Flyers Energy LLC	966.85	Gear oil
16489	02/23/18	Grainger	2,151.02	Maintenance parts & supplies (10 invoices)
16490	02/23/18	Hoffmeyer Co. Inc.	273.69	SQSP PS Maint: Wet well hose (Note B)
16491	02/23/18	Horizon Dist. Inc	192.05	Groundskeeping (4 invoices)
16492	02/23/18	Jackson's Hardware	720.78	Maintenance parts and supplies
16493	02/23/18	Praetorian Digital	3,580.00	Annual fee for employee online training
16494	02/23/18	M-I LLC	16,404.60	Filter foam and filtration media
16495	02/23/18	Marin Color Service	246.25	Paint supplies
16496	02/23/18	McMaster-Carr Supply Co.	2,942.67	Maintenance parts & supplies (19 invoices)
16497	02/23/18	Marin Municipal Water District	1,636.14	Water service, 12/08/2017-2/07/2018 (5 invoices)
16498	02/23/18	Northern Tool & Equipment	294.99	Maintenance parts & supplies
16499	02/23/18	Pac Machine Co. Inc.	5,187.51	SD2 PS Maint: Standby pump for Fifer PS (Note B)
16500	02/23/18	Platt	2,030.24	Electrical supplies (9 invoices)
16501	02/23/18	R & B Company	98.24	Freight charge
16502	02/23/18	Mary Jo Ramey	723.10	Employee Expense Reimb: P3S 45th Annual Conference
16503	02/23/18	Ryan Herco Flow Solutions	245.15	Lab supplies
16504	02/23/18	Ricoh USA Inc	259.35	Lab copier lease, 02/09-03/08/2018
16505	02/23/18	Safety-kleen Systems, Inc	257.20	Hazardous materials disposal
16506	02/23/18	Calmat Co./Shamrock Materials	136.30	Propane (2 invoices)
16507	02/23/18	Van Bebbler Bros., Inc.	424.53	Maintenance parts & supplies
16508	02/23/18	Water Components & Bldg. Supp	543.35	Maintenance parts & supplies (4 invoices)
16509	02/23/18	Western Exterminator Co.,Inc.	170.50	Pest control, January 2018
16510	02/26/18	Alliant Insurance Services	625.00	Annual fee for crime insurance policy
16511	02/28/18	Harrington Industrial Plastic	767.00	Maintenance parts & supplies
16512	02/28/18	Orchard Business/SYNCB	498.33	Maintenance parts & supplies, January 2018
16513	02/28/18	SPURR	892.33	Natural gas supply, January 2018
16514	02/28/18	Tri-Power Trading Co Inc	4,080.00	Cogeneration engine spark plugs (48)
16515	02/28/18	ULINE	2,041.04	Maintenance shelving
16516	02/28/18	Wells Fargo Vendor	374.13	Maintenance copier lease, 02/13-03/01/2018
<u>Payments by Automatic Clearing House:</u>				
	2/5/2018	Payments to 25 retirees	7,614.27	Reimbursement for retiree health benefits
	2/5/2018	Calpers Medical ins	64,428.34	Medical insurance, February 2018
	2/5/2018	Delta Dental	7,790.35	Dental insurance, February 2018
	2/5/2018	Lincoln Life Ins	2,312.51	Life insurance, February 2018
	2/5/2018	Vision Service Plan -(CA)	930.78	Vision insurance, February 2018
	2/9/2018	CalPERS	35,134.58	Retirement Pension Contribution: Agency and Employees, PPE 01/27/2018 (Note C)
	2/20/2018	CalPERS	35,165.38	Retirement Pension Contribution: Agency and Employees, PPE 02/10/2018 (Note C)
	2/5/2018	EDD	12,143.26	State & SDI Taxes, PPE 01/27/2018
	2/20/2018	EDD	11,745.83	State & SDI Taxes, PPE 02/10/2018

Central Marin Sanitation Agency
 Operating Account Disbursements Register
 For the Month of February 2018

Check Number	Date	Vendor/Payee	Amount	Description
	2/5/2018	NRS/PEHP-3 and Z	6,250.91	Deferred compensation contribution, PPE 01/27/2018
	2/20/2018	NRS/PEHP-3 and Z	6,375.91	Deferred compensation and MARA contribution, PPE 02/10/2018
	2/16/2018	Michael Owen Boorstein	200.00	Stipend for 01/30 & 02/13/18 Board meetings
	2/16/2018	Maribeth Bushey	100.00	Stipend for 01/30 & 02/13/18 Board meetings
	2/16/2018	Dean DiGiovanni	200.00	Stipend for 01/30 & 02/13/18 Board meetings
	2/16/2018	Diane L. Furst	300.00	Stipend for 01/30 & 02/13/18 Board meetings and NBWA
	2/16/2018	Thomas E Gaffney	200.00	Stipend for 01/30 & 02/13/18 Board meetings
	2/16/2018	Dan Hillmer	200.00	Stipend for 01/30 & 02/13/18 Board meetings
	2/26/2018	U.S. Bank Operations Cente	839,055.88	
		Grand Total	1,443,173.97	

Notes:

- A: Not an Agency Expense. Expense funded through Payroll deduction.
- B: Not an Agency Expense. CMSA will be reimbursed for this expense.
- C: CMSA is partially reimbursed for this expense per Employee Labor Agreements.

Central Marin Sanitation Agency
Schedule of Investments
As of Month Ending February 28, 2018

Description (1)	Book Value (2)	Market Value (3)	Agency Reserve Target for February 28, 2018
I. Investments managed by California Asset Management Program (CAMP)			
<u>Money Market Funds (< 1 year in maturity)</u>			
CAMP Cash Reserve Pool: 1.50% at 02/28/18			
b1. Agency Unrestricted Reserve: Operating	\$ 13,170.24	\$ 13,170.24	See LAIF
b2. Agency Unrestricted Reserve: Emergency	\$ 250,000.00	\$ 250,000.00	\$ 250,000
b3. Agency Unrestricted Reserve: Insurance	\$ 100,000.00	\$ 100,000.00	\$ 100,000
Total with CAMP	\$ 363,170.24	\$ 363,170.24	
II. Investments managed by Local Agency Investment Fund (LAIF)			
<u>Money Market Funds (< 1 year in maturity)</u>			
Local Agency Investment Fund (LAIF): 1.412% at 02/28/18			
a. Current Year Operating	\$ 4,282,230.20	\$ 4,282,230.20	
b1. Agency Unrestricted Reserve: Operating	\$ 2,852,479.76	\$ 2,852,479.76	\$ 2,865,650
c1. Capital Reserves (Restricted)	\$ 990,477.00	\$ 990,477.00	\$ 990,477
c1. Capital Reserves (Restricted-Capacity/Connection Fees)	\$ -	\$ -	
c2. Capital Reserves (Unrestricted)	\$ 7,153,984.30	\$ 7,153,984.30	\$ 6,175,485
Total with LAIF	\$ 15,279,171.26	\$ 15,279,171.26	
TOTAL INVESTMENTS	\$ 15,642,341.50	\$ 15,642,341.50	
<u>Amount designated for Capital Reserves</u>			
1. CAMP	\$ -	\$ -	
2. LAIF	\$ 8,144,461.30	\$ 8,144,461.30	\$ 7,165,962
Total	\$ 8,144,461.30	\$ 8,144,461.30	\$ 7,165,962

DEFINITIONS:

Description - the issuer, type of security and interest rate

Book Value - Original cost net of accumulated amortization

Market Value - Market values are per the fiscal agent's respective monthly statements

Statement of Compliance

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



BOARD MEMORANDUM

March 8, 2018

To: CMSA Commissioners and Alternates

From: Chris Finton, Treatment Plant Manager *CF*

Approved: Jason Dow, General Manager

Subject: February 2018 NPDES Permit Compliance, Treatment Process, and Maintenance Activities Report

Recommendation: Accept the February 2018 NPDES Permit Compliance, Treatment Process, and Maintenance Activities Report.

I. NPDES Permit Compliance

Our NPDES permit testing for February showed that the CMSA treatment plant effluent was in compliance with all permit limits. The Monthly Compliance Summary Table shows the results by permitted parameter, the sample’s frequency, the sample results, and the permit limit. We successfully passed the February 96-hour flow through bioassay test.

Enterococcus samples were not collected in February as there were no wet weather blend events which trigger this sampling protocol.

II. Influent Flow

In February, it appeared to be the early onset of spring with temperatures reaching as high as 79° until a fairly abrupt cold weather transition at mid-month. The rainfall total for the month was 0.62 inches as recorded by the Agency’s rain gauge. The treatment plant did not exceed the maximum secondary capacity of 30 MGD during the month, and reported zero blend events on the Agency’s website. The facility’s average daily influent flow was 9.6 MGD.

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

February Monthly Influent Flows	San Rafael (SRSD)	Ross Valley (SD#1)	San Quentin (SQSP)	Corte Madera (SD#2)	CMSA Plant Total
Average Daily (MGD)	3.5 MGD	4.8 MGD	0.47 MGD	0.87 MGD	9.6 MGD
Total for Month (MG)	99.0 MG	133.2 MG	13.1 MG	24.4 MG	269.7 MG
Percent of Flow	37.0 %	49.0 %	5.0 %	9.0 %	100 %

III. Treatment Process

With the lack of significant rain this past month, facility processing equipment was removed from service and the treatment plant has been operating in dry weather mode. The Mixed Liquor Suspended Solids (MLSS) inventory averaged 1,315 mg/l this past month, a 19.0% decrease in biomass from last month. The biomass inventory is currently being reduced based on present process conditions and aligns with the process control decision to carry between 1,300 and 1,500 mg/L to manage our biomass and effectively meet our permit limits. Operations staff removed a secondary clarifier and two contact tanks from service that were no longer required due to reduced influent flows.

Graph #3 shows the coliform most probable number (MPN), which represents the effectiveness of the disinfection process. All thirteen coliform samples collected in February were below our KPI of 30 MPN, and well below our daily limit of 10,000 MPN. The total coliform monthly geometric mean for February was 2.4 MPN, well below our permit's monthly limit of 240 MPN.

Graph #4 shows the Total Suspended Solids (TSS), which is a good indicator of the effluent quality. The TSS monthly average in February was 5.6 mg/l, which is 37.0% of our Key Performance Indicator (KPI) of 15 mg/l, and is 19.0% of our permit's monthly average limit of 30 mg/l. Several utility power disruptions affecting supply pump operations, due to the February 27 utility outage, contributed to the 24 mg/l TSS sample.

IV. Maintenance Activities

The cogeneration system produced 91.0% of the Agency's power in January, and MCE supplied the balance. The generator, as indicated on Graph #8, was in service and produced green power for the entire month. There were four occasions in February when the cogeneration system was temporarily removed from service:

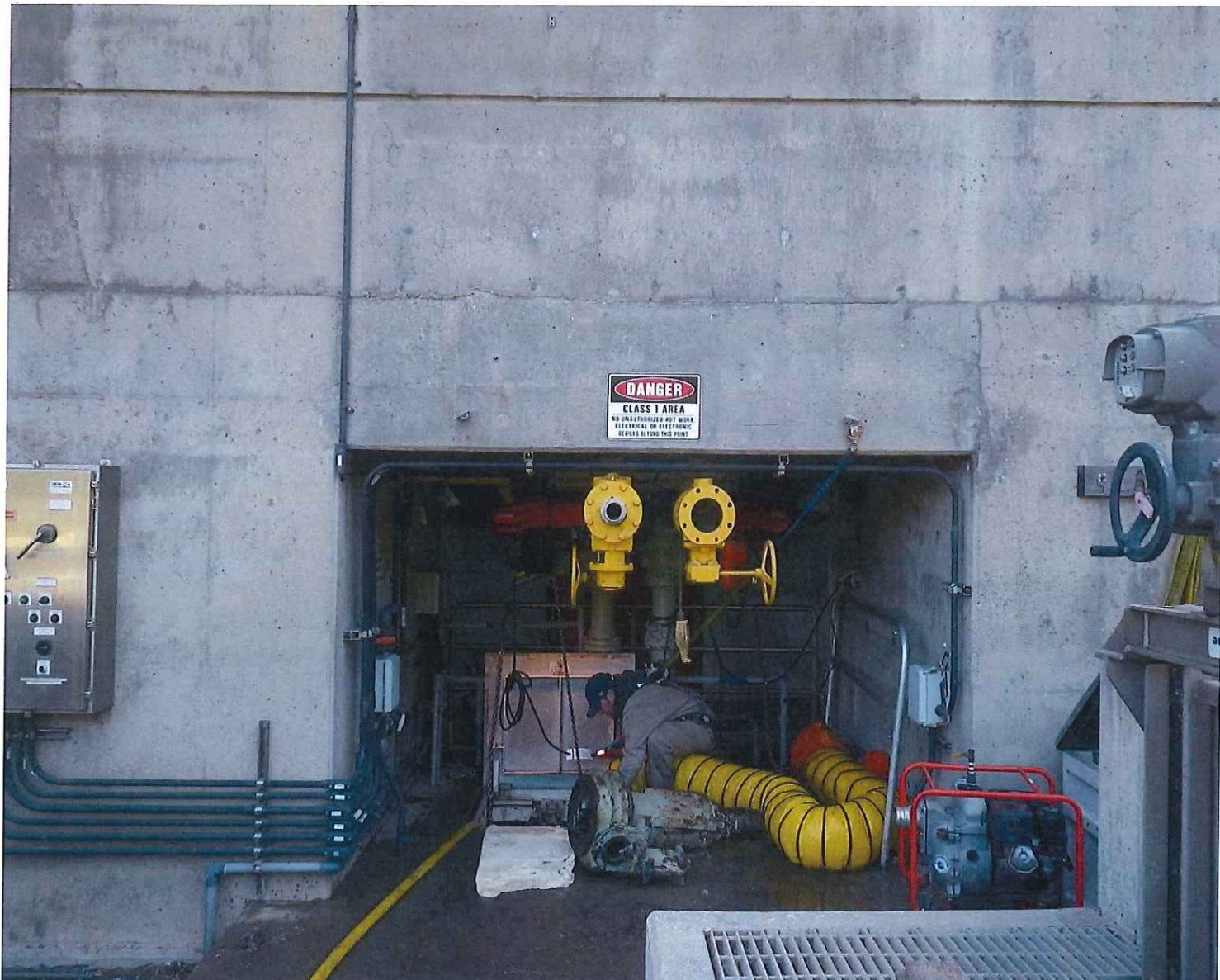
- February 8 – Replaced spark plugs and ignition coil wires
- February 11 – Low "Oil Alarm" precautionary inspection of the engine and replacement of a faulting level indicator
- February 14 – Offline to trace out and reconnect a loose ignition module wire
- February 27 – Utility power outage and cogeneration system restart

With no significant rain occurring in February, Agency technicians used this opportunity to get an early start on annual pump station preventative maintenance activities, which was in addition to completing monthly facility preventative maintenance tasks. Scheduled and completed project work included the quarterly cleaning and inspection of the Organic Waste Receiving Facility (OWRF); replacement of the bioassay and disinfected effluent sample pumps and their base mounts; replacement of sections of vandalized fencing at the Andersen Drive hillside radio tower repeater; and installation of a new tool crib system in the Maintenance Building workshop.

Attachment

- February 2018 NPDES Permit Compliance, Treatment Process, and Maintenance Activities Report

NPDES Permit Compliance, Treatment Process, and Maintenance Activities Report
February 2018



Technicians performing a confined space entry into the Site Sump to complete a mechanical repair

Monthly Compliance Summary Table

Central Marin Sanitation Agency

February, 2018

Final Effluent Monitoring

Parameter	Frequency	Units	Results	Limit
Carbonaceous BOD Highest Weekly Average	Weekly	mg/L	5.2	Maximum 40
Carbonaceous BOD Monthly Average	Monthly	mg/L	6.3	Maximum 25
Carbonaceous BOD Monthly Removal Rate	Monthly	%	97.9	Minimum 85
Total Suspended Solids Highest Weekly Average	Weekly	mg/L	4.3	Maximum 45
Total Suspended Solids Monthly Average	Monthly	mg/L	5.6	Maximum 30
Total Suspended Solids Monthly Removal Rate	Monthly	%	98.4	Minimum 85
Chlorine Residual Instant Limit	Instant	mg/L	ND	Maximum 0.0
Ammonia Monthly Average	Monthly	mg/L	30.2	Maximum 60
Ammonia Maximum Daily	Daily	mg/L	30.2	Maximum 120
pH Lower Limit	Continuous	SU	6.7	Minimum 6
pH Upper Limit	Continuous	SU	7.6	Maximum 9
Bacteriological Analysis				
Total Coliform Monthly Geometric Mean	3 X Week	MPN/100mL	2.4	Maximum 240
Total Coliform Daily Maximum	3 X Week	MPN/100mL	11.0	Maximum 10,000
Enterococcus Monthly Geometric Mean	Monthly	MPN/100mL	X	Maximum 35
Flow Through Bioassay				
Acute Toxicity 11 Sample 90th Percentile	Monthly	% survival	100	Minimum 70
Acute Toxicity 11 Sample Median	Monthly	% survival	100	Minimum 90
Metals Analysis				
Copper Daily Limit	Monthly	ug/L	5.00	Maximum 85
Copper Monthly Average	Monthly	ug/L	5.00	Maximum 49
Cyanide Daily Limit	Monthly	ug/L	1.40	Maximum 41
Cyanide Monthly Average	Monthly	ug/L	1.40	Maximum 21
Mercury Weekly Average	Weekly	ug/L	0.0054	Maximum 0.072
Mercury Monthly Average	Monthly	ug/L	0.0054	Maximum 0.066
Mercury Monthly Loading	Monthly	kg/mo	0.00541	
Mercury Annual Loading (watershed permit)	Jan-Dec	kg/yr	0.00836	Maximum 0.11
Permit Analysis				
Dioxin - Total Equivalentents (TEQ) Daily Maximum	1/Permit Cycle	ug/L	*	Maximum 2.8E-08
Dioxin - Total Equivalentents (TEQ) Monthly Average	1/Permit Cycle	ug/L	*	Maximum 1.4E-08
Polychlorinated Biphenyls (PCBs) Daily Limit	1/Permit Cycle	ug/L	*	Maximum 0.017
Polychlorinated Biphenyls (PCBs) Monthly Limit	1/Permit Cycle	ug/L	*	Maximum 0.012
Quarterly Analysis				
Oil and Grease Daily Limit	Quarterly	mg/L	ND	Maximum 20
Oil and Grease Monthly Average	Quarterly	mg/L	ND	Maximum 10
Chronic Bioassay Toxicity	Quarterly	Tuc	ND	Maximum 20
Chronic Bioassay Toxicity (3 sample median)	Quarterly	Tuc	ND	Maximum 10
Flow Analysis				
	Daily Max	Hourly Max	5 minute Max	Monthly Average
Effluent Flow	9.9	15.4	17.9	8.1
Influent Flow	11.0	16.0	27.1	9.6
# Days Blended				0

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

Glossary of Terms
NPDES Permit Compliance Summary Table

- **Ammonia:** CMSA's NPDES permit requires that we analyze the final effluent for ammonia due to its toxicity to aquatic organisms and potential for providing nutrients for algae in the San Francisco Bay. The permit has a maximum daily limit of 60 mg/L and a monthly average limit of 120 mg/L. The maximum daily limit is the number that cannot be exceeded on any sample and the monthly average applies to all samples collected in any month (although typically we are required to take only one sample).
- **Biochemical Oxygen Demand (BOD):** The amount of dissolved oxygen needed by microorganisms (biomass) to stabilize organic material in the effluent. The permit limits for our effluent require that removal of 85% influent BOD, and meet a weekly average of less than 40 mg/L and a monthly average of less than 25 mg/L BOD.
- **Chlorine Residual:** The secondary effluent is disinfected with hypochlorite (chlorine "bleach"), and then the residual chlorine is neutralized with sodium bisulfite to protect the Bay environment. The final effluent chlorine residual limit is 0.0 mg/l, which is monitored continuously.
- **Bacteria:** Coliform and enterococcus bacteria are the indicator organisms for the determination of the effectiveness of the disinfection process.
- **Dioxin - Total Equivalents:** These are 17 dioxin-like compounds that we analyze for twice per year which have permit limits.
- **Fats, Oils, and Grease:** We are required to monitor our effluent for Fats, Oils, and Grease quarterly.
- **Flow Through Bioassay:** A 96-hour test in which we test the toxicity of our effluent to young rainbow trout (15-30 days old) in a flow-through tank to determine their survivability under continuous exposure to CMSA effluent. The permit requires that we maintain a 90th percentile survival of at least 70% and an 11-sample median survival of at least 90%. In layman's terms, this means that out of the last 11 samples, only one bioassay may fall below 70% survival, and the middle value—when all 11 samples are placed in numerical order—must be at least 90%.
- **Metals Analysis:** Our permit requires that we analyze our effluent for many different metals on a monthly basis. We have permit limits for three of the metals. The limits are stated as a maximum daily limit and a monthly average limit.
- **pH:** pH is a measurement of acidity, with pH 7.0 being neutral and higher pH values being basic and lower pH values being acidic. Our permit effluent pH must stay within the range of 6.0 to 9.0, which we monitor continuously.
- **Total Suspended Solids (TSS):** Measurement of suspended solids in the effluent. Our permit requires that we remove at least 85% of the influent TSS and that the effluent limit is less than 45 mg/L as a weekly average and less than 30 mg/L as a monthly average.

Executive Summary Process Performance Data
February 2018

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

Primary Clarifier Performance

Average Total Suspended Solids (TSS) in:	424.9	mg/l	Expected removal efficiencies as outlined in Metcalf & Eddy Wastewater Engineering Manual
Average TSS out:	147.5	mg/l	
Average Percent Removal Achieved:	70.8	%	Design 50-70% Removal
Average Total Carbonaceous Biochemical Oxygen Demand (CBOD) in:	319.1	mg/l	Design 25-40% Removal
Average BOD out:	136.3	mg/l	
Average Percent Removal Achieved:	63.0	%	
Average Plant Influent Flows:	9.6	MGD	

Biotower Performance

Average TSS out:	119.0	mg/l	Design 25-30% Removal
Average BOD out:	93.8	mg/l	
Average Percent BOD Removal Achieved:	31.3	%	

Aeration Tanks/Activated sludge

Dissolved Oxygen set point:	2.1	mg/l
Average MLSS:	1,315	mg/l
Average MCRT	4.2	Days
Average SVI:	223	

Secondary Clarifiers

Average WAS concentration:	6,335	mg/l
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Final Effluent

Average Effluent TSS for the month:	5.6	mg/l	(Maximum Limit: 30mg/l)
Week #1 weekly average	3.6		(Maximum Limit: 45mg/l)
Week #2 weekly average	3.5		"
Week #3 weekly average	4.3		"
Week #4 weekly average	4.2		"
Week #5 weekly average	N/A		"
Monthly average TSS removal efficiency through the plant:	98.4	%	(Minimum Limit: 85%)
Average Effluent cBOD was:	6.3	mg/l	(Maximum Limit: 25mg/l)
Week #1 weekly average	3.2		(Maximum Limit: 40mg/l)
Week #2 weekly average	4.5		"
Week #3 weekly average	5.2		"
Week #4 weekly average	4.9		"
Week #5 weekly average	N/A		"
Monthly average CBOD removal efficiency through the plant:	97.9	%	(Minimum Limit: 85%)
Disinfection Dosing Rate:	5.1	mg/l	monthly average
Total Coliform Monthly Geometric Mean:	2.4	MPN	(Maximum 240)
The Daily Maximum Total Coliform Count for the month was:	11.0	MPN	(Maximum 10,000)
Enterococcus Monthly Geometric Mean:	N/A	MPN	(Maximum 35 MPN)
Effluent pH for the month was:			(Min 6.0)
Min	6.7		
Max	7.6		(Max 9.0)

Digester Treatment

Average Thickened Waste Concentration from the RDT:	6.5	%		
Average percent of Volatile Solids destroyed:	85.5	%		
Cubic feet of biogas produced:	7,408,880	(Total)	264,603	(Daily Average)
Average temperature of the digester:	102.0	degrees Fahrenheit		

Executive Summary Process Performance Data
February 2018

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

Dewatering

Average Centrifuge Feed concentration was:	<u>2.5</u>	%
Average Biosolids concentration was:	<u>26.1</u>	%
Average TSS of the Centrate was:	<u>273</u>	mg/l
Solids capture of the Centrifuge was:	<u>99.0</u>	%
Polymer use per Dry ton of biosolids was:	<u>13.00</u>	#/dry ton
Average polymer feed rate per run was:	<u>3.72</u>	gpm
Average concentration of the polymer batches was:	<u>0.328</u>	%
Average sludge feed rate per run was:	<u>57.4</u>	gpm

Comments:

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

Graph #1:

Depicts the total influent flow (from all collection agencies) entering the treatment plant.

The red graph line represents total influent flows; and the black graph line depicts the CMSA rain gauge recordings for the month.

Graph #2:

Depicts individual collection member agency flows.

The Y-axis is in the Dry Weather flow range of 0-6 MGD.

Graph #3:

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

The monthly Total Coliform Geometric Mean was 2.4 MPN through February, which is less than our KPI median of 30 MPN and permit limit of 240 MPN.

Graph #4:

Depicts the total suspended solids in the effluent.

Our monthly average was 5.6 mg/l versus our KPI of 15 mg/l and permit monthly average limit of 30 mg/l. The higher than normal value on February 27 was attributed to a power outage disturbing the effluent flow to the sampling unit.

Graph #5:

Depicts the effluent cBOD which measures the oxygen demand of the wastewater.

The February effluent cBOD average was 6.3 mg/l, well below our NPDES limits of 40 mg/l weekly and 25 mg/l for the month. The higher than normal sample value on February 27 is attributed to a power outage disturbing the effluent flow to the sample unit.

Graph #6:

Depicts the degree to which the biosolids have been dewatered.

Our biosolids % concentration exceeded our KPI of 25% for 25 of 28 days in February. The lower than normal performance number on February 1 was due to a maintenance issue with Centrifuge No. 2, and the low performance numbers on February 23 and 28 were due to polymer pump no. 3 repairs and testing.

Graph #7:

Depicts the amount of biogas that is produced in the digesters, and then used to produce electricity.

Biogas production in February averaged 264,603 cubic feet per day, which exceeded our monthly KPI of 200,000 cubic feet per day. However, the daily averages for biogas production were below 200,000 cubic feet on several occasions due to receiving fewer FOG deliveries than normal and also due to the quarterly OWRF cleaning which occurred on February 21.

Graph #8:

This graph depicts the amount of energy produced through cogeneration versus the energy purchased from MCE for Agency operations.

The cogeneration engine was online for the entire month of February producing 91.0% in the facility's power needs. There were four separate occasions when the system was temporarily removed or out-of-service as stated in the February 2018 NPDES Compliance, Treatment Process, and Maintenance Activities Report and depicted on graph 8.

Glossary of Terms

Process Performance Data Sheet

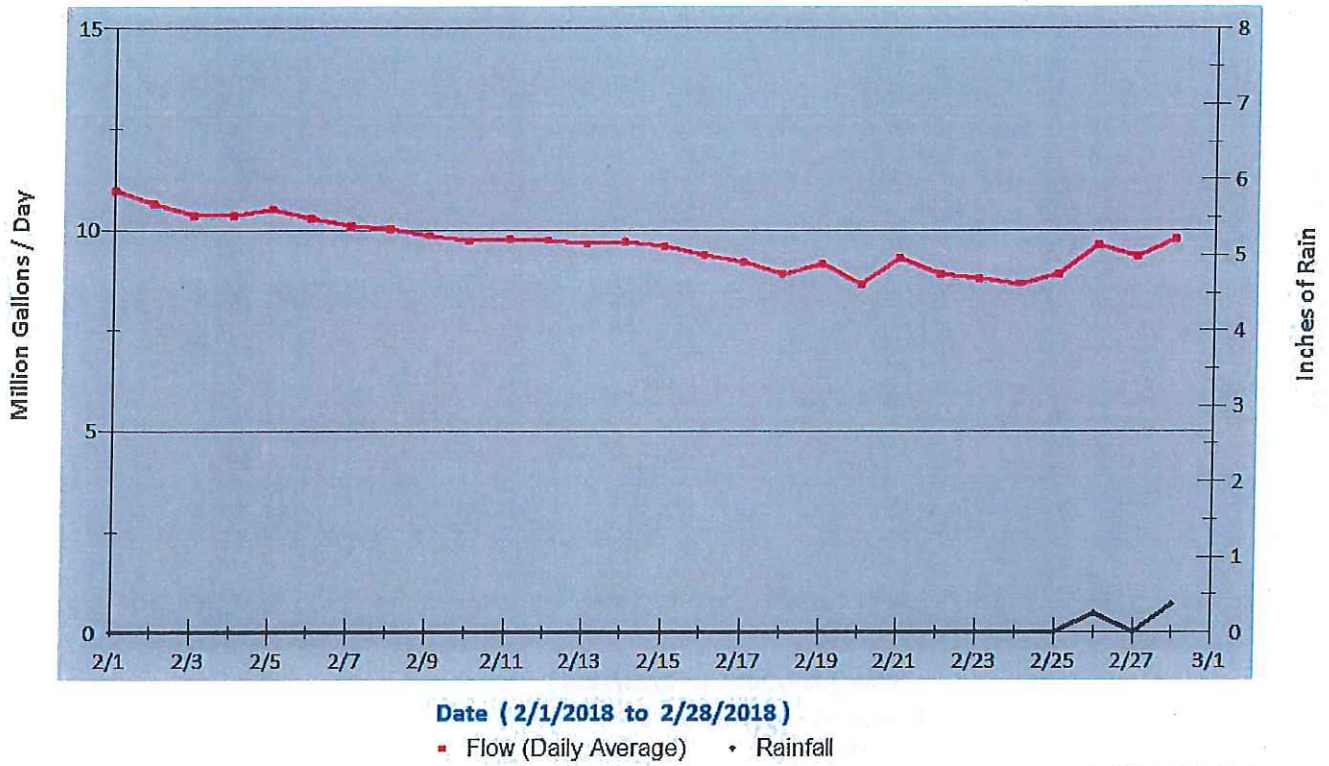
- **Aeration Tanks:** A biological process that takes place after the biotowers, where biomass (microorganisms) is mixed with the wastewater to feed on dissolved and suspended organic material. High speed blowers are used to provide compressed air to mix the tank contents.
- **Anaerobic Digesters:** In the anaerobic digestion process, organic material removed in the primary and secondary clarifiers is digested by anaerobic bacteria. The end products are methane, carbon dioxide, water, stabilized organic matter, and some inorganic material.
- **Biosolids:** Anaerobically digested solids that are removed from the two digesters, dewatered, and then beneficially reused. Beneficial reuse may include landfill alternate daily cover (ADC), land application in the summer as a soil amendment and fertilizer, or converted into a liquid fertilizer for agricultural applications.
- **Biotower:** A biological treatment process, occurring after the primary clarifiers and before the aeration tanks, in which the wastewater trickles over a biomass-covered media. The biomass feeds on the dissolved and suspended solids in the wastewater.
- **Centrifuge:** Process equipment used to dewater biosolids prior to beneficial reuse.
- **Cogeneration System:** A system comprised of a dual-fuel engine coupled to an electric generator that is used to produce energy to power the Agency facilities. Fuels the system uses are methane biogas produced in the anaerobic digesters and, when biogas is not available, purchased natural gas. As well as generating electricity, the system supplies heat for plant processes and building heating.
- **Chlorine Contact Tanks (CCTs):** The final treatment process is disinfection and de-chlorination. The CCTs allow contact time for injected chlorine solution to disinfect the wastewater. Sodium bisulfite, the de-chlorination chemical, is introduced at the end of the CCTs to neutralize any residual chlorine to protect the San Francisco Bay environment.
- **Rotary Drum Thickener (RDT):** Waste activated sludge removed from the secondary clarifiers is thickened in rotary drum thickeners before being transported to the anaerobic digesters. Thickening removes some of the sludge's water content, to decrease hydraulic loading to the digesters.
- **Final Effluent:** After all the treatment processes are completed, the final effluent is discharged into to central San Francisco Bay through a 10,000-foot-long deep-water outfall.
- **Mean Cell Residence Time (MCRT):** An expression of the average time that a microorganism will spend in the secondary treatment system.
- **Mixed Liquor Suspended Solids (MLSS):** The liquid in the aeration tanks is called MLSS and is a combination of water, solids, and microbes. Suspended solids in the MLSS measured in milligrams per liter (mg/l).

- **Most Probable Number (MPN):** Concentrations, or number of colonies, of total coliform bacteria are reported as the “most probable number.” The MPN is not the absolute count of the bacteria but a statistical estimate of their concentration.
- **Polymer:** Polymer is added to digested sludge prior to dewatering to improve solids coagulation and water separation.
- **Primary Clarifier:** A physical (as opposed to biological) treatment process where solids that settle or float are removed and sent to the digesters for further processing.
- **Return Activated Sludge (RAS):** The purpose of returning activated sludge (biomass) to the aeration tanks is to maintain a sufficient concentration of microbes to consume the wastewater’s dissolved solids.
- **Secondary Clarifiers:** Provides settling for the biomass after aeration. Most of the settled biomass is returned to the aeration tank as return activated sludge (RAS) and some is sent to the RDT unit as waste activated sludge.
- **Sludge Volume Index (SVI):** This is a calculation used to indicate the settling ability of the biomass in the secondary clarifiers.
- **Thickened Waste Activated Sludge (TWAS):** Waste activated sludge is thickened in the RDTs, and then the TWAS product is pumped to the digester for processing.
- **Volatile Solids:** Organic content of the wastewater suspended solids.
- **Waste Activated Sludge (WAS):** Biomass that is removed from the secondary clarifiers pumped to the RDTs for thickening.

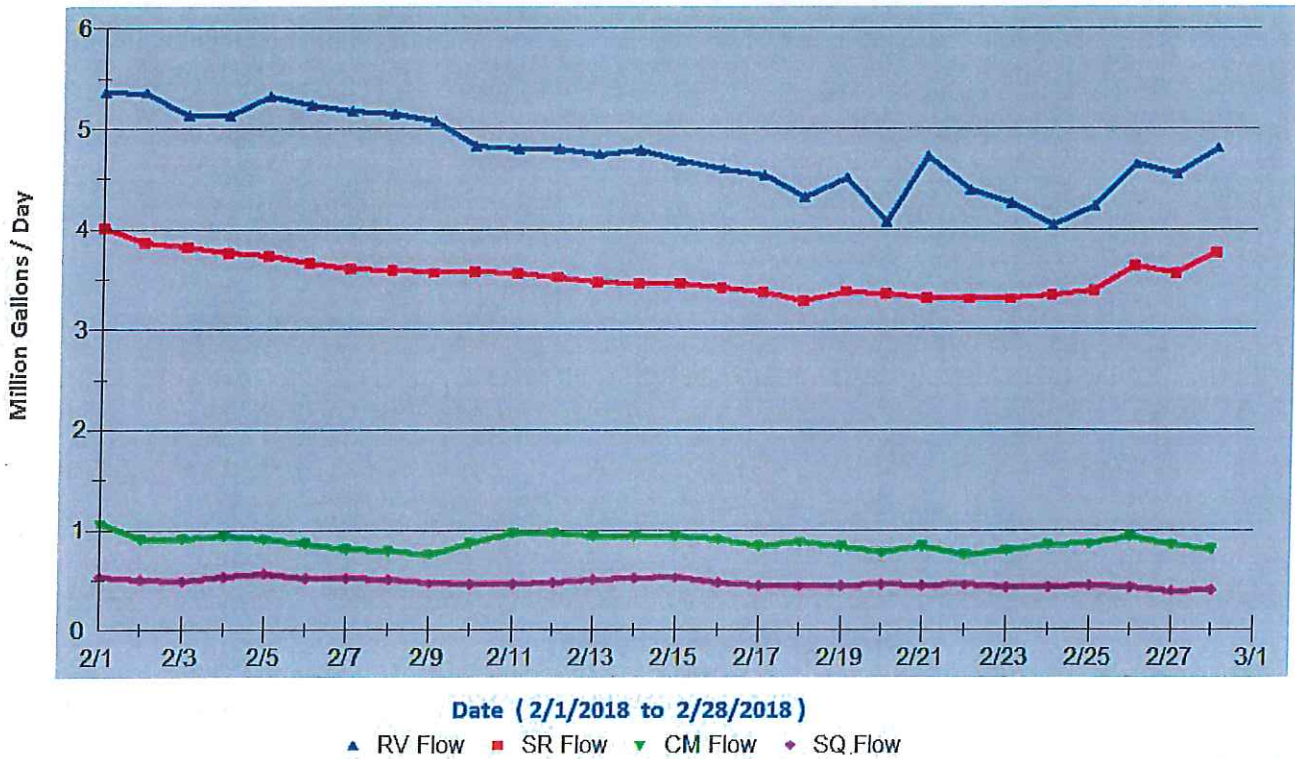
Units of Measurement

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

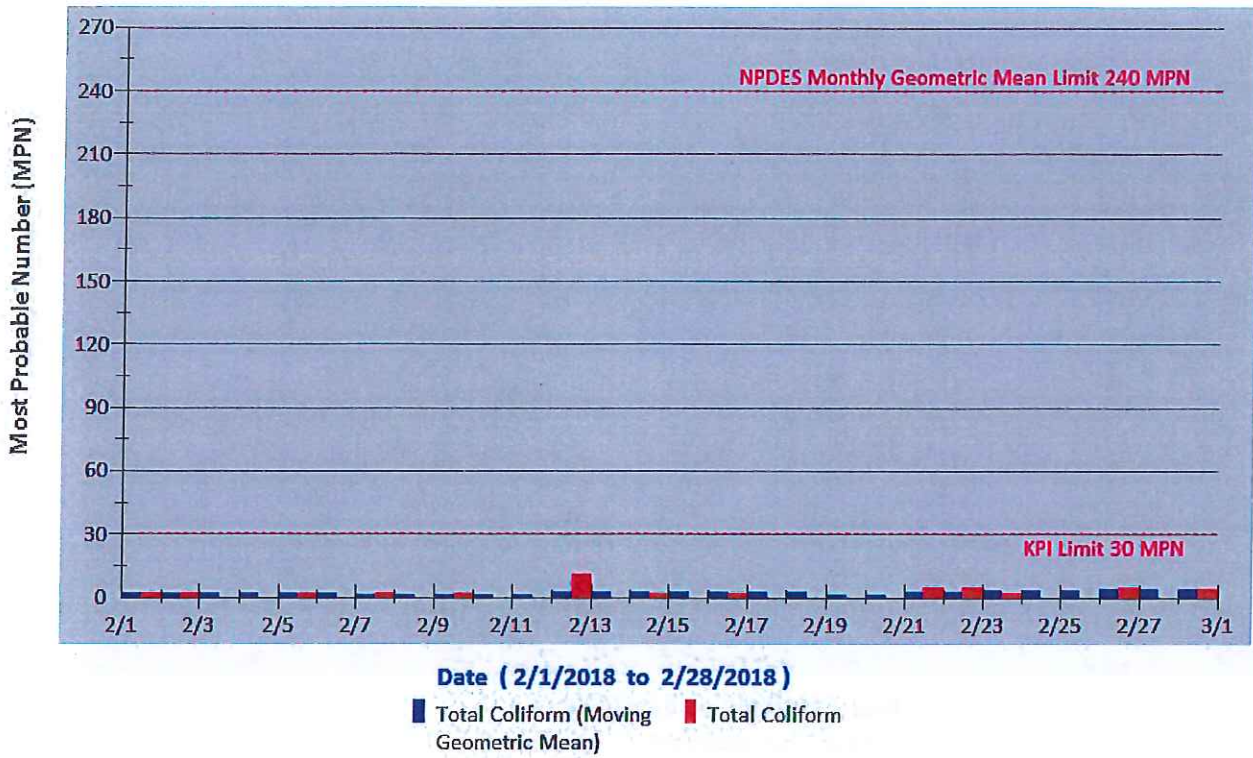
Graph #1: CMSA Influent Flow



Graph #2: Collection System Influent Flows

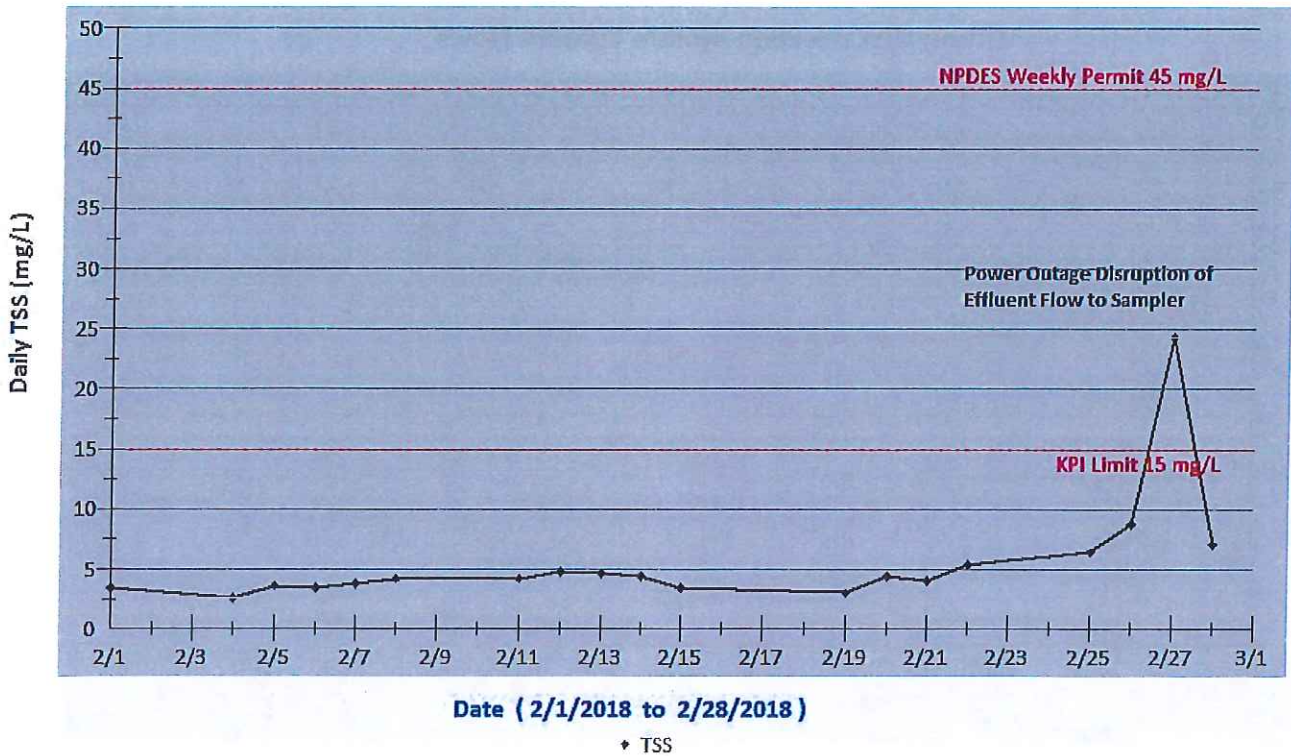


Graph #3: Total Coliform & Monthly Geometric Mean



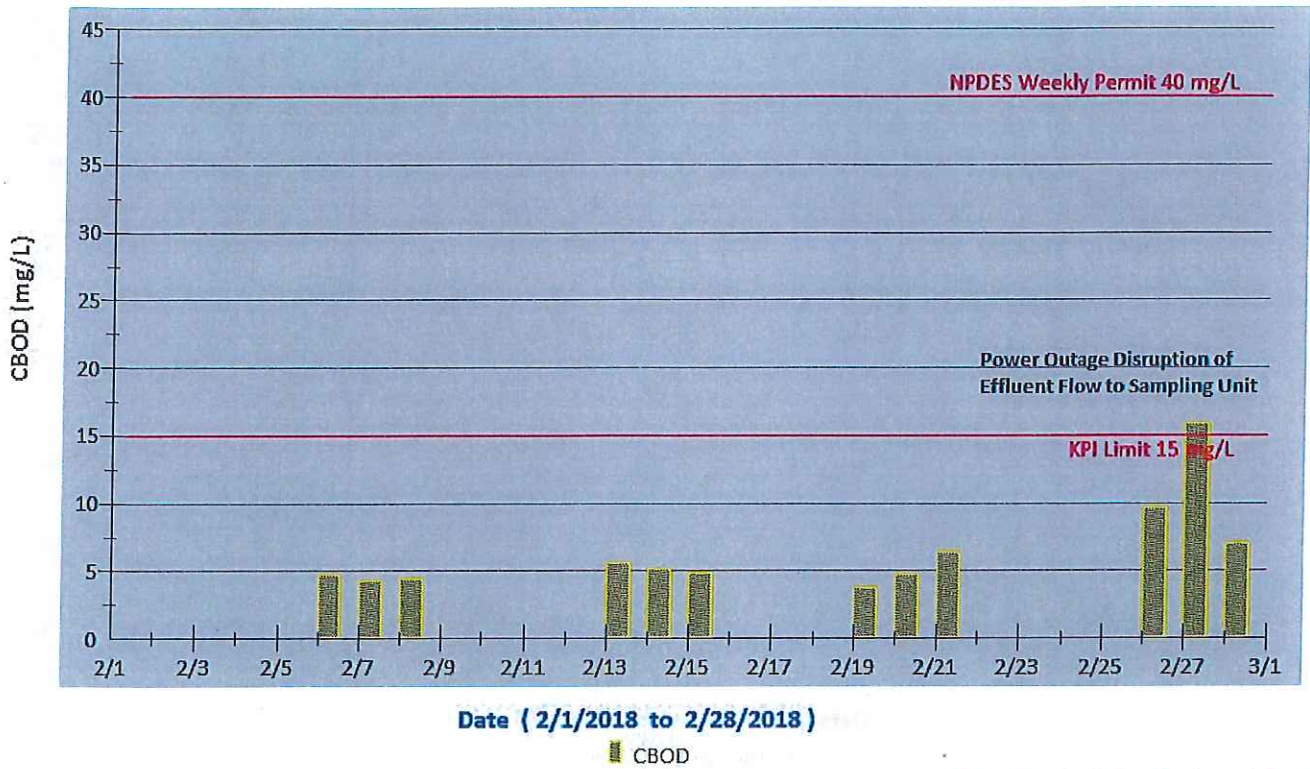
(#3) Total Coliform & Monthly Geometric Mean

Graph #4: Effluent Total Suspended Solids (TSS)



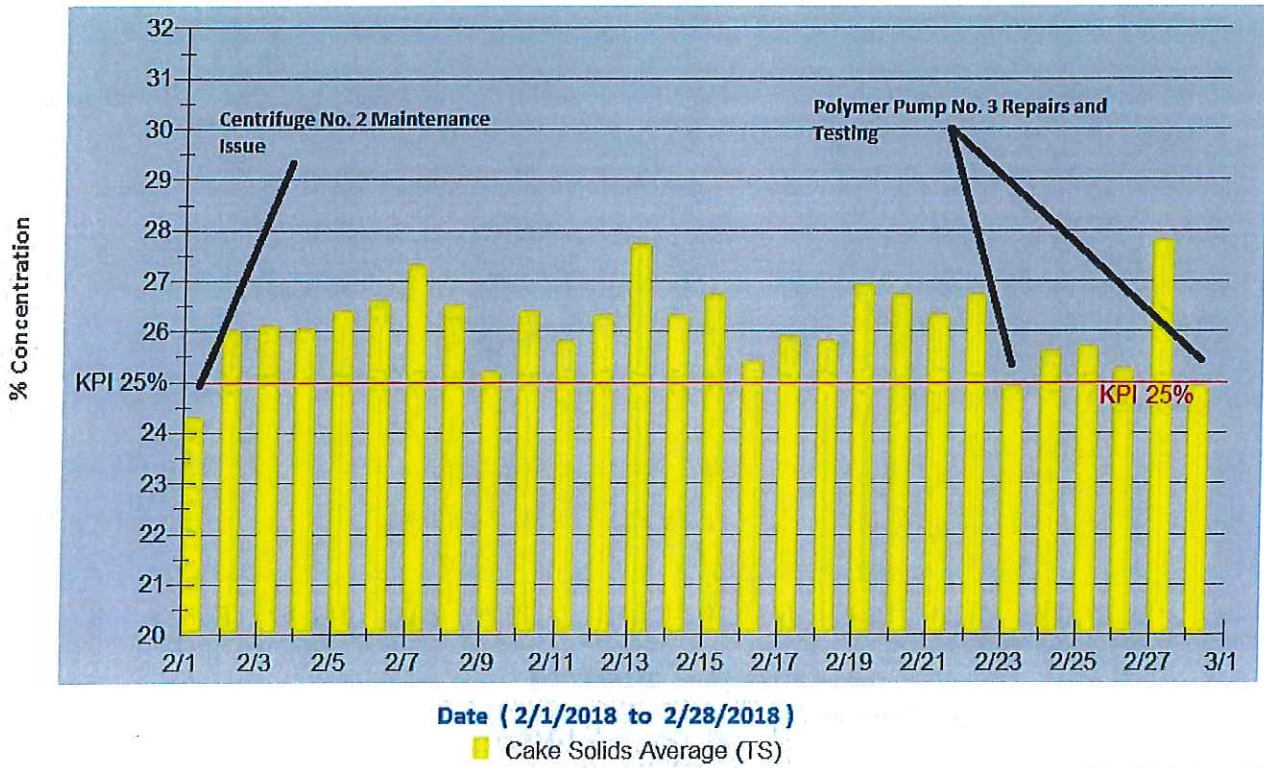
(#4) Effluent Total Suspended Solids (TSS)

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



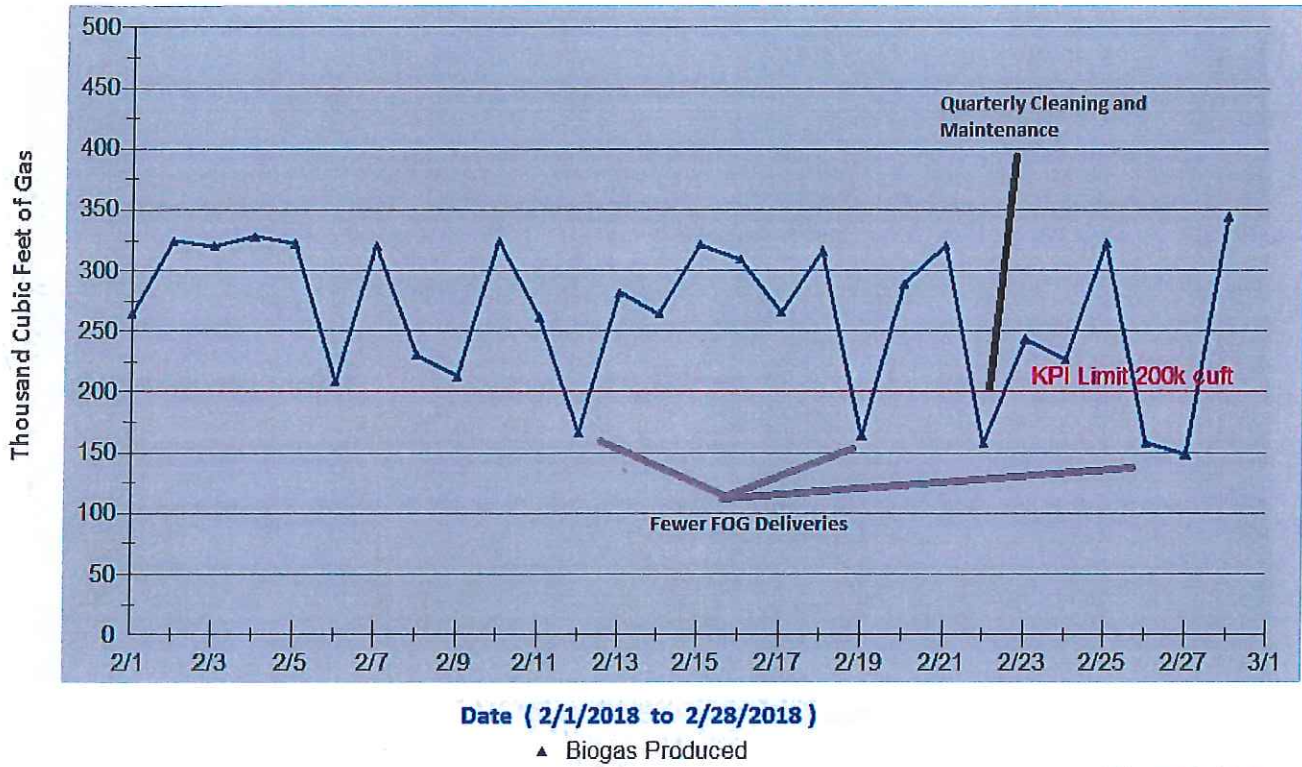
(#5) Effluent Carbonaceous Biological Oxygen Demand (CB)

Graph #6: Biosolids Concentration



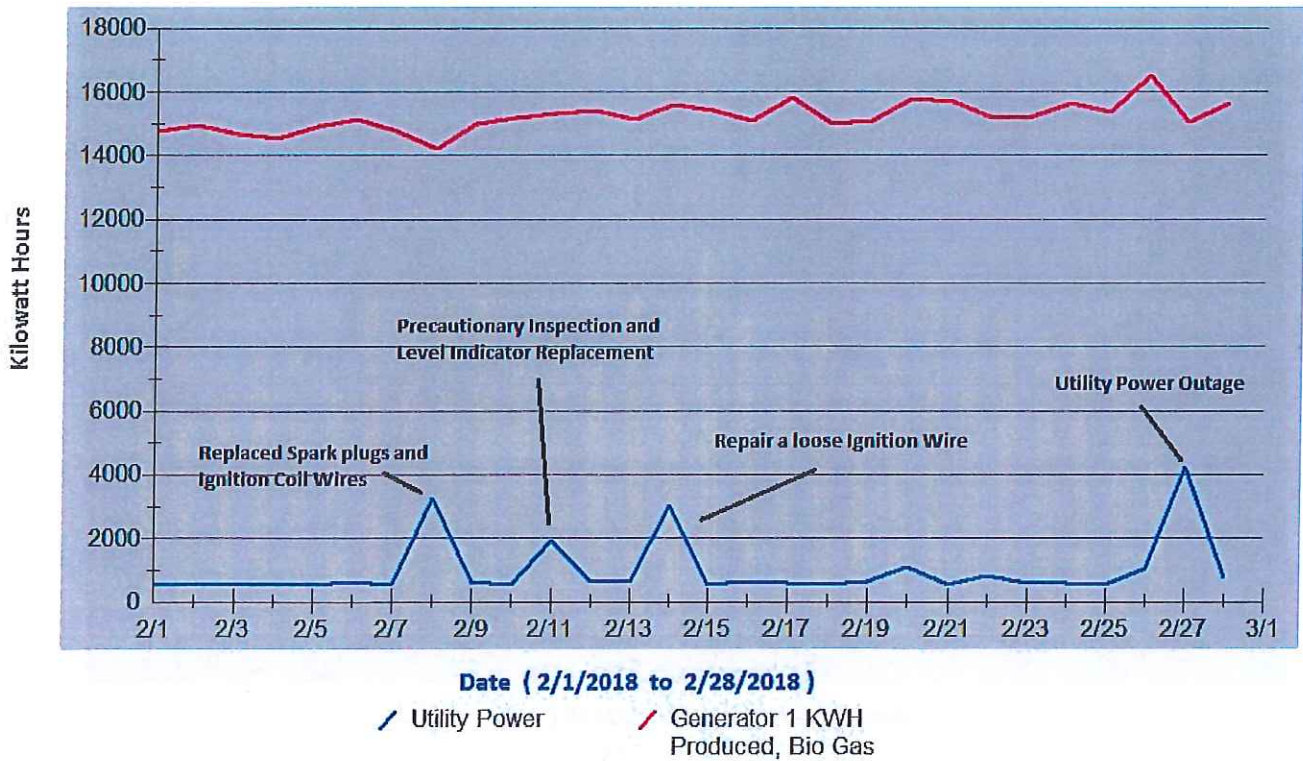
(#6) Biosolids Concentration

Graph #7: Biogas Production



(#7) Biogas Production

Graph #8: Kilowatt Hours Purchased vs. Kilowatts Produced



(#8) Kilowatt Hours Purchased vs. Kilowatts Produced



BOARD MEMORANDUM

March 8, 2018

To: CMSA Commissioners and Alternates

From: Jason Dow, General Manager JD

Subject: Performance Metric Report – February 2018**Recommendation:** Accept the February 2018 Performance Metric report.

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

Table I – Treatment/Process Metrics

February was an unusually dry month and the treatment facilities operated in their dry weather mode of operation. Effluent quality was very good for the month, and staff, working with a process engineering consultant, discovered the cause of a secondary solids settling issue (SVI). A filamentateous bacteria population grew and became established in the aeration tanks decreasing the sludge settleability. To reduce the microbe population, staff increased the dissolved oxygen setpoint and increased the food-to-microorganism ratio in the system. This resolution will be incorporated into a new operating procedure for future reference.

Table II – Employee Metrics

Training highlights included fire extinguisher use for administrative and finance staff; driving and handling the Agency's forklift and steer loader for operations and maintenance staff; an overview of the Agency's new NPDES Permit provisions and requirements for all staff; two Environmental Services Analysts attended the annual CWEA Pollution Prevention, Pretreatment, and Stormwater Conference in Sacramento; and our Laboratory Director attending the annual Pittcon (Laboratory) Conference in Florida.

Table III - Environmental and Regulatory Compliance Metrics

There weren't any NPDES permit exceedances in February, and staff submitted the 2017 the annual pollution prevention and pretreatment reports to the Regional Water Board. As noted last month, the upper end of the Regulatory Analyses (Item 2), Process Control Analyses (Item 3) and Quality Control Testing (Item 5) metric ranges were modified based on the current number of analyses reported and tracked in the Agency's new laboratory information management system (LIMS).

Table IV - Public Outreach

There were two odor alerts posted to the website, and the Agency did not receive any public odor complaints. Alerts were posted for a taking two chlorine contact tanks and secondary clarifier out of service as influent flows subsided early in the month.

Public education events include staff attendance at public outreach events, school classroom and/or juggler show presentations, and Agency tours. Events over the past month are presented below with the event date and number of attendees.

Public Outreach Events

No events in February.

School Events – Juggler Show Presentation

<u>Date</u>	<u>School</u>	<u>Students</u>
2/7/18	Our Lady of Laretto in Novato	83
2/24/18	Neil Cummin's Elementary in Corte Madera	50

CMSA Tours

<u>Date</u>	<u>School</u>	<u>Students</u>
2/16/18	Marin Catholic	19

Attachment:

- February 2018 Performance Metric Report

CMSA CY18 PERFORMANCE METRICS – February 2018

TABLE I - TREATMENT/PROCESS METRICS

Metric	Definition	Measurement	Range/Target/Goal
1) Wastewater Treated	Volume of wastewater influent treated and disposed, in million gallons (Mg)	269.7 Mg	165 – 820 Mg
2) Biosolids Reuse	Alternate Daily Cover (ADC) at the Redwood Landfill, in wet tons (wt) Fertilizer and soil amendment at land application sites, in wet tons (wt) Bio-Fertilizer production at the Lystek facility, in wet tons (wt)	404.99 wt 0 wt 124.31 wt	360 – 665 wt
3) Conventional Pollutant Removal	Removal of the conventional NPDES pollutants - Total Suspended Solids (TSS) and Carbonaceous Biological Oxygen Demand (cBOD) a. tons of TSS removed; % TSS removal b. tons of organics removed (cBOD); % cBOD removal	510.5 tons; 98.4% 381.0 tons; 97.9%	> 85% > 85%
4) Priority Pollutants Removal	Diversion of priority NPDES metals from discharge to the S.F. Bay: a. % Mercury b. % Copper	93.3% 88.9%	88 – 99% 84 – 98%
5) Biogas Production	Biogas generated in our anaerobic digesters, in million cubic feet (Mft ³) Natural gas (methane) equivalent of the biogas, in million cubic feet (Mft ³)	7.40 Mft ³ 4.74 Mft ³	6.0 to 9.5 Mft ³ 3.8 to 6.1 Mft ³
6) Energy Produced	Energy produced from cogeneration of generated biogas and purchased natural gas - in kilowatt hours Cogeneration system runtime on biogas, in hours (hrs.); % time during month Biogas value (natural gas cost equivalent)	425,950 kWh 553 hrs; 82.0% \$23,383	380 to 480,000 kWh 540 hrs.; 75% \$15,000 to \$30,000
7) Efficiency	The cost to operate and maintain the treatment plant per million gallons of wastewater treated, in dollars per million gallons Energy used, kilowatt hours, per million gallons treated	\$1,334 /Mg 1,738 kWh/Mg	\$451-\$1,830/Mg (wet - dry) 670 - 2,400 kWh/Mg

Table II – EMPLOYEE METRICS

Metric	Definition	Measurement	Target/Goal
1) Employee Training	Hours of internal training – safety, web-based, project, vendor, etc. Hours of external training – employment law, technical, regulatory, etc.	Internal = 89.5 External = 82	variable
2) Work Orders	Preventative maintenance (PM) labor hours Planned corrective maintenance (CM) labor hours; % of CM+UCM hrs. Unplanned corrective maintenance (UCM) labor hours; % of CM+PM hrs. Ratio of PM to total corrective maintenance (CM + UCM);	173 hrs 230 hrs (82.0%) 50 hrs (22.0%) 0.62	300 – 500 hrs ≥ 70% total CM hrs ≤ 30% total hours ≥ 0.45
3) Overtime Worked	Monthly hours of OT worked; Year to date hours of OT (YTD) % of normal hours worked; % Year to date (YTD)	155.5 hrs; (397 hrs) 2.3%; (2.4%)	< 5%

CMSA CY18 PERFORMANCE METRICS – February 2018

Table III - ENVIRONMENTAL AND REGULATORY COMPLIANCE METRICS

Metric	Definition	Measurement	Range/Target/Goal
1) Permit Exceedances	# of NPDES permit exceedances	0	0
2) Regulatory Analyses	# of analyses by the CMSA laboratory for NPDES, Stormwater, and Biosolids regulatory compliance monitoring and reporting	276	150-300
3) Process Control Analyses	# of analyses by the CMSA laboratory for process control monitoring	630	400-850
4) Contract Laboratory Analyses	# of analyses by contract laboratories for regulatory compliance reporting	18	0-50
5) Quality Control Testing	# of CMSA performed laboratory analyses for QA/QC purposes	113	100-300
6) Water Quality Sample Analyses	# of ammonia, coliform (total and fecal), enterococcus, and/or sulfide analyses performed for the CMSA member agencies (SSOs, etc.)	5	as-needed
7) Pollution Prevention Inspections	Inspections of industrial and commercial businesses in the Agency's pretreatment and pollution prevention programs and Novato Sanitary District's Mercury Reduction Program – 255 businesses regulated	0	variable
8) FOG Program Inspections	Inspections of food service establishments (FSEs) in the Almonte, TCSD, SD2, RVSD, SRSD, and LGVSD service areas – approx. 309 FSEs are regulated and 58 FSEs have waivers.	12	20 – 50
9) Permits Issued/Renewed	Permits issued for the pretreatment, pollution prevention, and FOG source control programs, and for groundwater discharge	10	variable

Table IV- PUBLIC OUTREACH


Metric	Definition	Measurement	Target/Goal
1) Public Education Events	Attendance at public education outreach events; # of booth visitors; (YTD)	0 ; (0)	3,500/year
2) School Events	Participation or sponsorship in school outreach events; attendees; (YTD)	133 ; (508)	variable
3) Agency Tours	Tours given to students and the public; # of people, (YTD)	19 ; (52)	variable
4) Odor Notifications	Number of odor alerts posted to the Agency website	2	1-10
5) Odor Complaints	Number of odor complaints received from the public	0	0



BOARD MEMORANDUM

March 8, 2018

To: CMSA Commissioners and Alternates

From: Jason Dow, General Manager 

Subject: Revised Travel Expense Reimbursement Procedure

Recommendation: Approve the revised Administrative Procedure #35: Travel Expense Reimbursement.

Discussion: CMSA has Personnel, Financial, and Administrative Policy Manuals, with each being reviewed on a three-year rotating basis. During this fiscal year, staff has prepared a schedule to review the Administrative Policies and Procedures and intend to have them revised by June. Several of these Administrative Policies have been previously approved by the Board, and through June staff will propose changes to those specific policies for the Board's consideration of approval.

Five revised policies were approved at the February Board meeting, and staff has revised the administrative procedure that supports the Board adopted Financial Policy #541: Travel, Training, and Other Expense Reimbursements. The revised procedure is attached with the changes shown in redline/strikeout text, and the notable changes are described below.

- The Preauthorization for Employee Travel and the Request for Per Diem Advance forms have been combined into a single form. References throughout the procedure were updated.
- Authorized reimbursable transportation was expanded to include ride sharing services such as Uber and Lyft.
- Per Diem rates are annually adjusted as described in Financial Policy #543, and are updated on travel related forms. In the procedure, the rate adjustment explanation and the rate table were removed since this information is on the travel forms.
- For daily travel, the overtime section was revised to state an employee may be eligible for overtime compensation if the combined daily conference and travel time exceeds their scheduled daily work hours.

Attachment:

- Revised Administrative Policy #35 – Travel Expense Reimbursement

POLICY/PROCEDURE #:	35
SECTION:	ADMINISTRATIVE – FINANCIAL
SUBJECT:	Travel Expense Reimbursement
DATE:	03/13/2018 (Board approved)

PURPOSE

~~The purpose of this~~ This procedure ~~is to~~ defines the process for authorization, payment and reimbursement of travel expenses incurred by Agency staff while conducting Agency business. These expenses include registration, travel, lodging, meals, and incidental expenses while attending trainings, seminars, conferences, and meetings of professional organizations. This procedure provides administrative guidance to Financial Policy #541 - Travel, Training and Other Business Expense Reimbursements.

PROCEDURE

I. Required Authorization for Travel

- A. Agency staff shall complete a "Preauthorization for Employee Travel/Request for Per Diem Advance" form and obtain supervisory and department manager approval prior to incurring any Agency expenses related to travel or other business functions.
- B. General Manager approval is required when:
 - 1) travel involves overnight lodging accommodations,
 - 2) travel is two or more consecutive days and does not require overnight accommodations,
 - 3) total travel expenses would exceed \$500, or
 - 4) the employee is requesting a per diem advance with any travel.
- C. Upon completion of travel, the employee will complete the "Travel Expense Report" and provide to his/her supervisor a complete accounting of travel expenses incurred. The employee will attach the Preauthorization form and receipts for all expenses to the Travel Expense Report.
- D. While attending approved functions, Agency staff is responsible for exercising sound judgment in spending Agency funds. When alternatives are available, the Agency will pay for the least expensive alternative.
- E. The decision of the General Manager shall be final in cases where a conflict of opinion about the appropriateness of reimbursement exists.



II. Travel and Related Expenses

Expenses associated with travel may be charged on an Agency-issued purchase card (credit card) as long as the charges are pre-approved. Purchase card charges must be made according to Financial Policy #562 - Purchasing.

- A. Transportation: The following transportation modes may be used for the purposes of traveling on Agency business:
- 1) Air: Allowance for air travel will be reimbursed only for the actual round-trip air fare to the airport nearest to the conference location. Coach or tourist class accommodations shall be utilized when traveling by commercial airline. The Agency will reimburse the employee for the cost of one personal baggage fee each way.
 - 2) Agency Vehicle: Agency staff is required to use an Agency vehicle when available while traveling on Agency business. Prior approval of the General Manager or the department manager must be obtained for use of an Agency vehicle, as vehicle availability will be based on various factors and is at the discretion of the Agency.
 - 3) Personal Vehicle: A personal vehicle may be used for travel if an Agency vehicle is unavailable. For personal vehicle use, mileage is reimbursed at the rate currently established by the Internal Revenue Service. Whenever possible, employees shall pool rides when traveling on Agency business. If the use of a personal vehicle is approved, the limit of reimbursement shall be based on the lesser of the calculated mileages (residence or CMSA) to the destination.

If the use of a personal vehicle is approved over air travel, the limit of reimbursement is based on the lesser of the calculated mileage or current air fare cost to the destination airport.
- B. Rental Car: Rental cars are not to be used without prior approval by the General Manager. Public transport, ~~and~~ taxi services, ~~and ride share~~ ridesharing services shall be used as needed at destination locations.
- C. Other Transportation Expenses: Estimates for parking, bridge tolls, and other related transportation expenses are to be included when completing the Preauthorization form. Receipts shall be attached to the Travel Expense Report in order to obtain reimbursement. No receipt is required for reimbursement of bridge tolls. Travel costs from the employee's residence to the departure airport shall be reimbursed by the mileage stated above or by local airport transportation to the airport. ~~(e.g., commercial shuttle service, taxis, buses, public transport).~~



D. Lodging

- 1) Expenses will be allowed for lodging at the single-room rate for preauthorized overnight travel. The approved rate will be based on the conference-sponsoring hotel single-room rate, when applicable.
- 2) Employees shall be responsible for all cost differentials for spouse/family member accompanying the employee if ~~a double~~ the actual room rate exceeds the conference single room rate.
- 3) Meals or other charges on the hotel bill will be charged to the per diem amount stated below. All receipts must be retained for payment or reimbursement.
- 4) When a lodging bill includes meals or other charges which exceed per diem rates, the employee is liable for the amount that exceeds the lodging and per diem allowance as set forth in this procedure.

E. Meals and Incidental Expenses

- 1) Overnight Travel: The Agency will provide a per diem amount per Financial Policy #541 - Travel, Training and Other Business Expense Reimbursements, to cover meals, gratuities, and incidental expenses. Travel per diem rates ~~shall be adjusted for each calendar year based on the specific Consumer Price Index for San Francisco-Oakland-San Jose—Food and Beverages (rounded up to the nearest \$0.50) and~~ are noted on the Preauthorization for Employee Travel, ~~Request for Per Diem Advance and Travel Expense Report forms. The Board shall review and approve the per diem rates when they exceed 120% of the FY 07 rates.~~

TRAVEL PERIOD	2007 PER-DIEM	MAXIMUM PER-DIEM RATE (120% of FY 07)
Overnight travel per 24-hour period	\$70.00	\$84.00
Travel between 12 and 24 hours	\$52.50 or 75% of Overnight Travel Rate	\$63.00
Daily travel less than 12 hours	Breakfast—\$10.00 Lunch—\$12.50 Dinner—\$20.00	Breakfast—\$12.00 Lunch—\$15.00 Dinner—\$24.00

- 2) ~~The value of meals~~ Meals provided by a conference in which Agency staff participates will be subtracted from the overnight travel per diem rate ~~by the applicable meal allowance detailed in section F.1 below.~~
- 3) Agency staff may be advanced the per diem amount upon request. ~~If an employee is seeking a per diem advance, she/he must complete a~~



~~Request for Per Diem Advance form and attach it to the completed Preauthorization for Employee Travel form.~~

F. Daily Travel

- 1) Meal allocations: Meal allocations for travel where no overnight stay is required, and the meals are not provided by the registration fee, will be based on the reimbursement per diem limits established each calendar year.
- 2) Registration Fees: Generally, the Agency will pre-pay registration fees for approved conferences prior to the date of the event either by Agency purchase card or Agency issued check. In cases where Agency purchase card is not accepted for payment of registration fees, the employee shall complete a Purchase Order form and request a check payment for the registration fee.
- 3) Overtime: ~~Employees who desire to attend a seminar or workshop must submit a Preauthorization for Employee Travel form, including estimated hours spent traveling and attending the meeting. If the conference attendance and travel time exceeds the employee's daily work hours, the employee may be eligible for overtime compensation. Overtime shall be discussed with the department manager when the Preauthorization form is submitted for approval.~~
- 4) Other Expenses: Expenses not allowed above are NOT reimbursable. In no event shall expenses incurred by a non-Agency employee be reimbursed by Agency.

III. Payment/ Reimbursement of Expenses

- A. Upon return, receipts (including credit card receipts) must be attached to a completed Travel Expense Report.
- 1) When the receipt is for an expense paid on an Agency purchase card, a note must be added to the purchase card statement stating that the receipt is attached to the Travel Expense Report. a copy of the receipt should be attached, as the original receipt is attached to the purchase card statement.
 - 2) All expenses are to be included regardless of whether the costs have been advanced, prepaid, or are reimbursable, along with the original Preauthorization For Employee Travel/Request for Per Diem Advance form to the Expense Report.
 - 3) Any variance between the receipt and reimbursement amount must be



explained in writing.

- B. The completed Expense Report shall be signed and dated by the Agency staff incurring the expense and approved by the appropriate Department Manager.
- C. The Department Manager will submit it to the Administrative Services Manager for final review of the Report and forward it to the General Manager for approval, as appropriate.






BOARD MEMORANDUM

March 8, 2018

To: CMSA Commissioners and Alternates

From: Jason Dow, General Manager 

Subject: **CMSA Investment Policy – Financial Policy #531**

Recommendation: Approve the Agency's Investment Policy, and delegation of its investment authority to the Agency's Treasurer.

Summary: The California Government Code requires a legislative body to annually adopt its investment policy if it delegates the investment authority. CMSA's Policy does delegate the investment of surplus funds to the Agency's Treasurer. Ken Spray, the Agency's Administrative Services Manager, serves as the Agency Treasurer.

CMSA's Policy, Financial Policy #531, was last approved in March 2017, and revisions to the investment authority section (page 7) were approved in June 2017. Staff intends to bring this Policy to the Board annually in March for review and consideration of approval.

Attachments:

- 1) Government Code Section 53607: Investment of Surplus Funds
- 2) CMSA Financial Policy #531: Investments

State of California

GOVERNMENT CODE

Section 53607

53607. The authority of the legislative body to invest or to reinvest funds of a local agency, or to sell or exchange securities so purchased, may be delegated for a one-year period by the legislative body to the treasurer of the local agency, who shall thereafter assume full responsibility for those transactions until the delegation of authority is revoked or expires, and shall make a monthly report of those transactions to the legislative body. Subject to review, the legislative body may renew the delegation of authority pursuant to this section each year.

(Amended by Stats. 1996, Ch. 749, Sec. 6. Effective January 1, 1997.)

POLICY #:	531
SECTION:	FINANCIAL – TREASURY
SUBJECT:	Investments
DATE:	06/13/2017

PURPOSE

The purpose of the Investment Policy is to provide guidelines for prudent investment of the Agency's cash. This Policy covers all funds and investment activities under the direction of the Agency in accordance with California Government Code Sections 53600, et seq.

STATEMENT OF INVESTMENT POLICY

Every June, the General Manager and Treasurer shall submit to the Agency's Board this Investment Policy, where the Board shall review any changes in the policy and approve it at a public meeting.

OBJECTIVES

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

I. Safety

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

II. Liquidity

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

III. Yield

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

PRUDENCE

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

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

DELEGATION OF AUTHORITY

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

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

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

INTERNAL CONTROLS

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

ETHICS AND CONFLICTS OF INTEREST

All participants in the investment process shall seek to act responsibly as custodians of the public trust according to this Policy and Policy # 503, *Ethics*. Officers and employees involved in the investment process shall refrain from personal business activities that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment recommendations and decisions.

TYPES OF AGENCY INVESTMENTS

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

precedence.

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

I. United States Treasury Issues

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

II. Federal Agency Obligations

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

III. Medium-Term Notes

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

IV. Municipal Securities

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

V. Negotiable Certificates of Deposit

Negotiable certificates of deposit (NCD) issued by a nationally or state chartered bank, a

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

VI. Banker's Acceptances

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

VII. Commercial Paper

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

- A. The entity meets the following criteria:
 - 1) Is organized and operating in the United States as a general corporation.
 - 2) Has total assets in excess of five hundred million dollars (\$500,000,000).
 - 3) Has debt other than commercial paper, if any, that is rated AA or higher by a nationally recognized statistical-rating organization.

- B. The entity meets the following criteria:
 - 1) Is organized within the United States as a special purpose corporation, trust, or limited liability company.
 - 2) Has program-wide credit enhancements including, but not limited to, over collateralization, letters of credit, or surety bond.
 - 3) Has commercial paper that is rated AA-1 or higher, or the equivalent, by a nationally recognized statistical-rating organization.

Eligible commercial paper shall have a maximum maturity of 270 days or less and

not represent more than 10 percent of the outstanding paper of an issuing corporation. A maximum of 25 percent of the portfolio may be invested in this category. Furthermore, the amount invested in commercial paper with any one issuer in combination with any other investments from that financial institution or issuer shall not exceed 20 percent of the portfolio.

VIII. Repurchase Agreements

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

IX. Time Certificates of Deposit

Time Certificates of Deposit (TCDs) placed with commercial banks and savings and loans. The purchase of TCDs from out-of-state banks or savings and loans is prohibited. The amount on deposit shall not exceed the shareholder's equity the financial institution. To be eligible for purchase, the financial institution shall have received a minimum overall

satisfactory rating for meeting the credit needs of California Communities in its most recent evaluation, as provided Government Code Section 53635.2. TCDs are required to be collateralized as specified under Government Code Section 53630, et seq.

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

X. Passbook Savings Accounts

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

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

XI. Money Market Funds

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

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

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

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

XII. California Asset Management Program (CAMP)

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

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

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

Authorized Investments

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

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

(1) Municipal Securities must have an AAA rating.

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

TERM OF INVESTMENTS

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

Where this Policy does not specify a maximum remaining maturity at the time of the investment, no investment shall be made in any security, other than a security underlying a repurchase agreement, that at the time of the investment has a term remaining to maturity in excess of five years, unless the Board has granted express authority to make that investment either specifically or as a part of an investment program approved by the Board no less than three months prior to the investment.

PROHIBITED INVESTMENTS

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

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

BANKS AND SECURITIES DEALERS

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

PURCHASE, PAYMENT, DELIVERY, AND SAFEKEEPING

A competitive bid process shall be used to place all investment transactions. All security

transactions entered into by or on behalf of Agency shall be conducted on a delivery vs. payment basis. All securities shall be held in Agency's name by a third party custodian designated by the Treasurer.

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

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

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

PERFORMANCE

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

REPORTING

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

The report also shall:


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

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



BOARD MEMORANDUM

March 8, 2018

To: CMSA Commissioners and Alternates
From: Jason Dow, General Manager 
Subject: **Excess Power Sale Options**

Recommendation: Receive the presentation on the Agency's power sale options, and decide if the Agency should contract with MCE to purchase the Agency's future excess power, or provide direction to the General Manager, as appropriate.

Discussion: At the October 2017 meeting, staff presented a draft Small Generator Power Sale Agreement (PPA) between Marin Clean Energy (MCE) and CMSA, under which MCE would purchase the Agency's future excess power. Staff highlighted several revisions in the draft PPA that were suggested by staff and accepted by MCE. After the PPA discussion, the Board formed an ad hoc Energy Committee, comprised of Commissioners Bushey, Gaffney, and DiGiovanni, to work with staff to perform a thorough review of the PPA and bring a recommendation back to the Board at a future meeting.

Since then, staff and the Committee met several times to review and discuss the PPA, identify terms and conditions that if revised would improve the PPA clarity and consistency between its provisions, and draft revisions for staff to propose to MCE for consideration. Staff presented the Committee's suggested revisions to MCE staff on multiple occasions, with MCE responding that additional revisions would not be accepted for various reasons. At its last meeting, the Committee decided to bring the PPA to the full Board to discuss and decide if the Agency should contract with MCE, or consider another renewable energy PPA.

Mike Brown from MDB Consulting Engineers, the Agency's energy consultant, will attend the March 13 Board meeting to present and compare the economics and significant terms of the MCE PPA and PG&E tariffs. Staff is specifically seeking Board direction on contracting with MCE, because the reserved \$0.105/ kWh purchase price expires on March 20, 2018 and will not be extended by MCE. If the Board approves the MCE PPA, the next decision is the PPA term – 10, 15, or 20 years.

Status of Power Delivery Initiatives: For CMSA to deliver power in accordance with the Agency's Vision and Objectives in its 5-year Strategic Business Plan (SBP), the Agency must receive authorization from PG&E to deliver power, have a PPA in place to sell the power, receive Renewable Power Certification from the California Energy Commission (CEC), and lastly, expand

the organic waste receiving program. Staff has made good progress moving these activities forward to achieve the SBP objective. PG&E and the Board have approved a new interconnection agreement, PG&E is scheduled to complete their transmission and delivery system improvements by this summer, CMSA's power delivery system improvements have been designed and are under review by PG&E, and CMSA's improvements should also be completed this summer. We have learned that the CEC will issue the Renewable Power Certification after the PG&E and CMSA interconnection work is completed and the Agency has a PPA in place. Additionally, the energy committee and staff have fully vetted the MCE PPA and our energy consultant has completed a thorough review and comparison of the power sale options for presentation to the Board. Once a PPA is approved, CMSA will begin work to expand the organic waste program.

Background: Mike Brown and staff gave the Board a status report on the PG&E Interconnection Agreement Study (Study) at the July 2016 Board meeting. One item in that status report was the preliminary findings from an investigation of options for the Agency to sell excess generated renewable power to utilities, public agencies, or local businesses. The Study identified PG&E's Bioenergy Market Adjusting Tariff (BioMAT) and Renewable Energy Market Adjusting Tariff (ReMAT) programs as potential power sale alternatives, the MCE PPA, PG&E's Renewable Energy Self Generation – Bill Credit Transfer (RES-BCT) Program, and a PG&E Direct Access (DA) Program where CMSA could sell power directly to another entity.

Direct power sales to a nearby entity such as Marin Sanitary Service or San Quentin State Prison was determined to not be a viable alternative due to the complexity associated with participating in the DA program, and it would produce significantly lower revenues than the other power sale options. At the time, the Study concluded that a joint powers authority like CMSA is not eligible to participate in the RES-BCT program. The PG&E BioMAT paid the highest contract price for energy at \$0.128/kWh, MCE PPA paid \$0.105/kWh, and the PG&E ReMAT paid \$0.089/kWh.

At the October 2016 Board meeting, staff presented the findings from the continued investigations and research on the renewable power sale options, and was directed to explore power sale options with both PG&E and MCE. After PG&E completed the Interconnection Agreement's Supplemental Review in early 2017, staff submitted applications for the MCE PPA and the PG&E BioMAT.

During the BioMAT application review process, it was determined that CMSA is not eligible for the program based on the operational date of our cogeneration system. PG&E's program states the cogeneration facility must have commenced commercial operations on or after June 1, 2013, unless it qualifies as a "Repowered Facility" pursuant to specific criteria in the California Energy Commission's Renewables Portfolio Standard Eligibility Guidebook. CMSA's existing cogeneration facility began operation in 2005, and even though the generator was replaced in 2015, it did not qualify as a Repowered Facility because the cogeneration engine was not replaced after 2013.

Based on the discussions with MCE and the Agency not being eligible for the BioMAT FIT, staff recommended and the Board approved negotiating a PPA with MCE at the May 2017 meeting.

Staff subsequently learned that PG&E's RES-BCT program was amended since its first review in 2016. The amended program allows one or more of our JPA members to receive an electricity bill credit for the energy that CMSA exports to the electrical grid. However, RES-BCT only provides a credit for the energy generation portion of the power bill. For CMSA, that portion currently ranges from \$0.105/kwh for the summer peak period to \$0.040/kWh for the summer off-peak period, and for last year averaged \$0.077/kWh. Additionally, for a JPA member to be eligible they would need to opt out of MCE for the account(s) that receive a bill credit.

Draft MCE PPA: MCE reviewed CMSA's PPA application and deemed it complete on March 20, 2017, and reserved a baseload energy price of \$0.105/ kWh. Staff, MDB, and our construction/contracts attorney reviewed and commented on the PPA, and prior to the October 2017 Board meeting, staff had multiple discussions with MCE regarding potential changes to the agreement based the Agency's review. MCE noted that since their PPA was adopted by the MCE Board in 2012, they have not accepted changes to it; however, they were willing to consider limited revisions since their PPA was designed for solar power facilities. Several topics were discussed with MCE, and some of the PPA sections were revised accordingly. Clarifications from MCE and accepted revisions to specific PPA sections are shown below. Several sections in the PPA are not applicable to CMSA's power generation operation, and MCE has stated those will not be removed from the PPA.

- CMSA's Energy Delivery Profile (Section 2.1.1) – MCE considers all non-solar and wind power installations as "baseload". This distinction is important as it is used to establish the power purchase price.
- Sell Excess Arrangement (Section 2.3) – MDB prepared an economic model to compare the "full buy/sell" and "excess sale" alternatives. Modelling results showed the "excess sale" arrangement provides the best return for CMSA. MCE agreed to remove the "full buy/sell" description from the agreement. The agreement does not have a minimum power delivery requirement. There are no penalties if CMSA cannot provide power for any reason during the agreement term.
- Delivery Term (Section 2.4) – The standard agreement term is 20 years. MCE is willing to consider a 10, 15, or 20 year term.
- Qualified Reporting Entity (Section 2.4.1) – MCE will provide the Qualified Reporting Entity service. CMSA does not need to hire a separate entity.
- Contract Price (Section 2.5) – CMSA has a reserved baseload energy price of \$0.105/kWh which corresponds to Condition 2. MCE is currently in Condition 7 which is \$0.09/kWh. The reservation will remain effective until March 20, 2018, during which time CMSA must complete the Development Checklist items in the MCE FIT

application, which are scheduled to be complete by March 1, 2018. MCE has indicated that if the PPA is approved by the Board, the reservation price can be extended 12 months to allow CMSA to complete the checklist activities and begin to deliver power.

- Sale of Facility (Section 2.10) – This section states that upon mutual agreement between CMSA and MCE, the cogeneration facility could be sold to MCE after the seventh contract year. MCE reports that this type of arrangement is typical for solar power installations, and has stated they do not intend to pursue purchasing CMSA’s cogeneration facility.
- Conveyance of Green Attributes (Section 3.1) – The agreement requires CMSA to convey all rights to Green Attributes to MCE for the electricity delivered to MCE for the term of the agreement. The value of the Green Attributes allows MCE to pay more than the market rate for green power. Green Attributes include but are not limited to Renewable Energy Credits, avoided emissions, and reporting rights to avoided emissions.

PG&E’s E-BioMAT FIT and ReMAT FIT also require the electricity seller to convey all Green Attributes to PG&E for the quantity of electricity sold, which is similar to MCE’s requirement. CMSA will retain the rights to all Green Attributes for electricity generated and used on-site as well as any Green Attributes from generating biogas that is used for other purposes.

- Self Generation Incentive Program (SGIP) Funding (Section 4.3.1.A) – CMSA received SGIP funding that paid for approximately 33% of the total project cost to install the existing cogeneration system in 2005/2006. MCE’s standard PPA agreement prohibits the sale of power to MCE from facilities that received SGIP funding. This is consistent with SGIP rules from the beginning of the SGIP program until 2011 when the CPUC modified the SGIP to conform with SB 412 (Kehoe, 2009). The modified SGIP rule allows projects that received SGIP funding to export power to the grid once all of the on-site demand has been met, and the amount exported to the grid cannot exceed 25% of on-site consumption on an annual basis.

MCE agreed to revise the PPA to be consistent with the CPUC rules. CMSA’s on-site demand, plus 25%, exceeds the total output of the cogeneration system, so the CPUC rule will not impact CMSA’s ability to deliver power.

- Scheduling (Section 11) – Scheduling with CAISO is only required for facilities with one megawatt or more of power production capability. CMSA’s production capability is below this threshold. Therefore, the obligations, charges, and penalties in this section do not apply.

Alignment with Strategic Plan: This project is a strategic action to support Goal 3 – Objective 3.1 in the Agency’s FY18 Business Plan as shown below.

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

Objective 3.1: Implement steps to supply the Agency’s extra power.

Action c: Negotiate and execute a power sale agreement.

Attachments:

- 1) Power Sales Program Comparison Board Summary from MDB Consulting Engineers (3/8/18)
- 2) Revised 2/13/18 Meeting Discussion Topics memo to the Ad Hoc Energy Committee (3/8/18)
- 3) Revised MCE PPA

POWER SALES PROGRAM COMPARISON CMSA EXCESS RENEWABLE POWER

- BOARD SUMMARY -



MARCH 8, 2017

SUBMITTED BY:

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EXECUTIVE SUMMARY

CMSA has three options for the sale of excess renewable power that could be generated by increasing production of the existing biogas fueled cogeneration system. This memorandum describes the programs highlighting their economic benefits and program terms.

The programs include:

- **Marin Clean Energy's Feed-in-tariff (FIT)** - This program, applies only to small (1 MW maximum) renewable energy projects located in MCE's service territory. It provides for Power Purchase Agreements (PPA) obligating the Utility to purchase an approved renewable energy project's net output for 10, 15 or 20 year terms at a fixed rate. The program was originally limited to the first 15 MW of projects that sign up and has recently been expanded to 25 MW.
- The price offered declines as more projects apply. When CMSA applied, MCE was at Step 2 of the 12-step program and locked in a price of \$0.105 per kWh. Currently, the program has obtained about half of its 25 MW goal and is at Step 7 with a price of \$0.09 per kWh. The price continues to decline every time an additional 2 MW are committed to \$0.65/kwh until it expires when the 25 MW goal is reached.
- **PG&E's Renewable Energy Market Adjusting Tariff (ReMAT)** - Since 2013, PG&E and the other California Investor owned Utilities have offered renewable energy PPA's under the ReMAT Program. These are standard PPA offers that do not allow for much, if any, flexibility to accommodate customer requested changes. Similar to MCE, they are 10, 15 or 20 year offers to purchase the net renewable energy output at a fixed rate. The current ReMat rate is (\$0.089/kWh).
- **PG&E's Renewable Energy Self-Generation Bill Credit Transfer (RES-BCT)** - Unlike the MCE and PG&E PPA's, the RES-BCT program transfers financial credits from the meter where the excess renewable energy is generated to other eligible meters where PG&E power is being purchased. The credit is equal to the energy component of the rate, currently at \$0.077 per kWh. Eligible meters are those PG&E meters for CMSA and its member agencies. All meters currently provided for by MCE, would have to switch to PG&E to participate and individual PPA's between the Member Agencies and CMSA to return the benefit of the bill credit to CMSA would be required.



We also reviewed the Sonoma Clean Power (SCP) program. While CMSA is not eligible to participate in this program because it is limited to projects within SCP's service territory, it provided an interesting comparison. This program offers a 10-year PPA at a fixed rate of \$0.95 per kWh. Their PPA contains mostly similar terms and conditions as MCE's FIT and PG&E's ReMAT.

PROGRAM SUMMARIES WITH PROS AND CONS

MCE FIT

Summary – Offers \$0.105/kWh for “baseload” renewable electricity for a term of 20 years (although MCE has expressed willingness to offer shorter terms). MCE requires seller to forecast generation output, but does not penalize seller for non-delivery or errors in forecasting. Sellers of power are required to be MCE customers.

Pros

- Highest tariff rate (\$0.105/kWh)
- No penalties for non-delivery or inaccurate forecasting
- Least administrative burden

Cons

- No termination provisions for seller
- Requirement to buy power from MCE

PG&E ReMAT

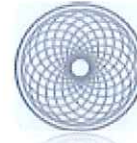
Summary – Offers \$0.089/kWh for renewable electricity for a term of 10, 15, or 20 years. Requires extensive forecasting obligations and assesses penalties for deviating from forecast. Sellers are not required to be PG&E customers.

Pros

- No requirement to purchase power from PG&E
- Seller maintains termination rights

Cons

- Lower tariff (\$0.089/kWh)
- The highest level of CMSA administrative responsibility, particularly for scheduling, forecasting and reporting requirements
- Significant liquidated damage penalties for under-delivery of the renewable electricity



PG&E RES-BCT

Summary – Provides a bill credit based on the excess generation multiplied by the energy value (which is based on time-of-use generation component of the energy charge). Presently, the average bill credit for CMSA is \$0.077/kWh. There is no set term for participation and enrollees can exit the Program following a 60-day notice. Accounts participating in RES-BCT must be PG&E customers (i.e., cannot be MCE customers).

Pros

- No scheduling responsibilities
- No long-term commitment

Cons

- Requirement to opt out of MCE to enroll in RES-BCT
- Only \$0.077/kWh average bill credit
- Unknown future price trajectory/program longevity
- Significant administrative complexity and level of effort to set up and manage the program

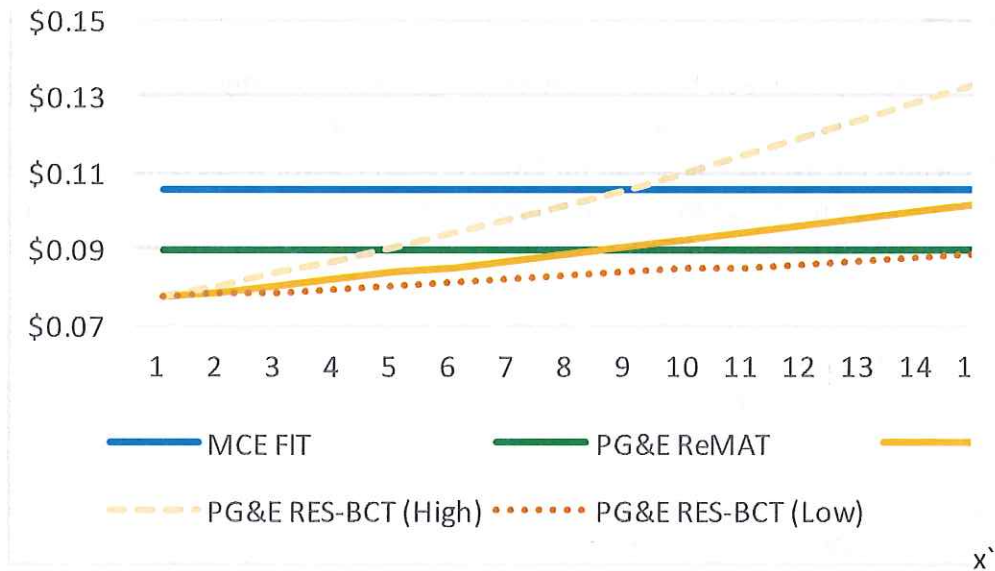
PROGRAM ECONOMICS

The MCE FIT offers the highest initial value to CMSA paying \$0.105/kWh with PG&E ReMAT (\$0.089/kWh) having the second highest benefit and the PG&E RES-BCT (\$0.077/kWh) having the lowest initial benefit. The MCE FIT and PG&E ReMAT power sale values are fixed for an agreement term whereas the PG&E RES-BCT power sale value varies in direct relation to the CMSA's cost to purchase power from PG&E.

For our long-term analysis, the PG&E power purchase cost annual escalation is assumed to be 2 percent, which equates to the average annual PG&E rate escalation CMSA has experienced over the past 10 years. This is shown as the "base case" for comparison purposes. A sensitivity analysis was run at half and double of this rate (i.e., 1 percent and 4 percent). The value of the power over time is shown in Figure 1.



Figure 1- Power Sales Rates



In addition, two power sale scenarios were modeled, 100 kW and 150 kW excess capacity, to determine the most financially beneficial program on a NPV basis (using a five percent discount rate). The 10, 15, and 20 year NPVs are shown in the Table 1 below. The MCE FIT maintains the highest NPV across all timescales and all scenarios except for the RES-BCT high rate case (4 percent escalation) in the twenty year scenario, which the has the highest NPV.

Table 1- Economic Analysis Comparison Summary

Program	NPV of Programs in Excess Capacity Scenarios					
	100 kW			150 kW		
	Year 10	Year 15	Year 20	Year 10	Year 15	Year 20
MCE FIT	\$ 268,700	\$ 361,200	\$ 433,700	\$ 594,700	\$ 799,400	\$ 959,800
PG&E ReMAT	\$ 228,400	\$ 307,000	\$ 368,600	\$ 505,400	\$ 679,300	\$ 815,600
PG&E RES-BCT	\$ 224,000	\$ 322,000	\$ 411,000	\$ 481,000	\$ 690,000	\$ 881,000

KEY PROGRAM TERMS AND CONDITIONS

Each power sale program has terms and conditions with varying requirements, limitations, and rights. The key program terms are listed in the Table 2 with a ranking



system devised to compare programs relative to MCE. The '+' denotes more favorable terms relative to MCE; '=' denotes equivalent terms to MCE; and '-' denotes unfavorable terms relative to MCE.

Table 2- Comparison of Key Terms and Conditions

Topic	PG&E ReMAT	PG&E RES-BCT
Current power sale prices	-	-
Long term power sales price	-	=*
Program utility power purchase requirement	=	-
Tariff scheduling and administrative obligations	-	-
Penalties for renewable power under-delivery	-	=
Termination rights	+	+

*Depends on escalation rate of PG&E power and length of contract term

A description of each of these substantive terms and conditions is included below:

1. Initial power sale prices

The MCE price is \$0.105/kWh while PG&E ReMAT price is \$0.089/kWh, both of which remain fixed throughout the term of the agreement. For RES-BCT, the bill credit value is based on the energy charge at the CMSA plant (the credit does not include transmission and distribution charges which make up nearly half of the cost of electricity). Presently, the bill credit's weighted average value is \$0.077/kWh.

2. Future power sales prices

MCE's FIT and PG&E's ReMAT pricing is fixed for the Term of the Agreement. RES-BCT varies with PG&E rates, which usually escalate over time.

3. Requirement for seller to purchase power from the Program Utility

Enrolling in the MCE Program requires the seller (CMSA) to purchase power from MCE whereas the PG&E ReMAT does not require the seller to purchase power from PG&E. To participate in the PG&E RES-BCT, the customer needs to take electric service (including energy purchases) from PG&E. CCA customers are not eligible for RES-BCT through PG&E. Therefore, CMSA and any Member Agency receiving the power generation credit would have to opt-out of MCE as its electric service provider in order to enroll in RES-BCT.



4. Tariff scheduling and other CMSA administrative obligations

With MCE FIT, the seller is required to notify MCE of significant (i.e., greater than 100 kW) changes to its energy schedules. There is no penalty for power delivery changes. In addition, at the first of the year, the seller is required to provide an energy forecast for the next calendar year.

The seller's scheduling responsibilities under ReMAT, include: an Annual Forecast of Available Capacity for each day in each month of the following calendar year; a Monthly Forecast of Available Capacity for each day of the following month; and a Day-Ahead Forecast of Available Capacity. In addition, the Seller is required to provide a **binding day-ahead** forecast of hourly Delivered Energy. PG&E imposes a forecasting penalty equal to one hundred fifty percent (150%) of the Contract Price for each kWh of electric Energy Deviation, if the forecasting deviates by more than 3 percent over an hour.

For RES-BCT, there are no scheduling obligations. However, the set up and on-going administration of the program would place significant administrative burden on staff particularly in the initial program set-up. These include opting out of MCE for CMSA and the individual meters designated by each participating Member Agency, negotiating and managing individual PPA's with each participating Member Agency, receiving and verifying PPA payments from the Member Agencies with respect to distribution by PG&E of the bill credits and annually reconciling and modifying the bill credit allocation by accounts to minimize loss of credit value.

5. Penalties for under delivery of electricity

MCE has no penalties for non-delivery or under delivery of power. PG&E ReMAT PPA requires CMSA to guarantee a specific power delivery amount. Liquidated damage penalties would have to be paid in the event that CMSA delivers less than the guaranteed amount. There would be no penalties for under-performance with the RES-BCT program. The bill credits generated would simply be less than anticipated.

6. Termination rights in the Program tariffs

Under MCE FIT, MCE has termination rights under defined circumstances, while the seller has no explicit termination rights. The PG&E ReMAT allows either Party to terminate the Agreement in the event of Force Majeure or following an event of default. Under RES-BCT, a Local Government may terminate service on RES-BCT upon providing PG&E with a minimum of 60 days' notice.



MEMORANDUM

February 13, 2018

Revised 3/8/18

To: CMSA Ad hoc Energy Committee

From: Jason Dow, GM

Subject: 2/13/18 Meeting Discussion Topics

1) Committee Direction from November 21, 2017 Meeting and MCE Response

At this meeting, staff reported on MCE's responses to the Committee's requested revisions from its October meeting, which was that MCE will not make any additional changes to its Small Generator Power Purchase Agreement (PPA). The Committee asked that I contact Dawn Weisz and request: 1) to revise the Product definition; and 2) change a provision to allow CMSA to purchase power from PG&E, if MCE's power costs exceed PG&E's in the future. MCE's responses were:

- MCE's PPA is part of an approved program and cannot be modified further
- CMSA is receiving an exceptional purchase price, about twice the market rate
- CMSA's only obligations in the PPA is to sell excess power to MCE, and buy needed power from MCE for energy accounting purposes

I also offered to prepare a public wastewater agency specific PPA for energy derived from biogas generation. MCE said at this time it can't consider a customized PPA until it develops and the MCE Board adopts a biogas tariff.

2) Tariff Comparison and Financial Evaluation

Our energy consultant, MDB, compared the MCE Feed-in-Tariff (FIT) with the Sonoma Clean Power ProFIT Program (SCP), PG&E's Renewable Energy Market Adjusting Tariff (ReMAT), and PG&E's Renewable Energy Self-Generation Bill Credit Transfer (RES-BCT). In summary, most of the provisions in the tariffs were similar. The PG&E and SCP tariffs have better termination rights, capacity and delivery language, and utility power purchase requirements. MCE's FIT has a better purchase price and a few better minor provisions.

CMSA is not eligible to participate in the SCP program because we are not in the Sonoma Clean Power serviced area, but thought it would be worthwhile to compare the two Community Choice Aggregator (CCA) energy provider's tariffs. The Profit purchase price is \$0.095 kWh.

PG&E's ReMat purchase price is \$0.089 kWh.

Under PG&E's RES-BCT, CMSA would receive a credit for exported power that could be applied to a JPA member agency's energy bill. To participate in the RES-BCT, CMSA and the JPA agency(s) would need to opt out of MCE and rejoin PG&E for energy procurement. The RES-BCT credit price is the average of the generation price, which changes over time, and does not include the energy transportation and distribution charges. Currently, CMSA's average purchase price is \$0.077 kWh.

MDB performed a financial analysis of the four tariff purchase prices, and used a 2%-4% annual PG&E cost escalator for the RES-BCT credit amount. The results were that the MCE purchase price has the highest NPV over different time periods, and at a 4% PG&E power escalation rate, the RES-BCT program's credit exceeds the MCE purchase price in year 10.

3) Legal Counsel MCE Tariff Review

Charles Toombs with the McInerney Dillon law firm performed a comprehensive review of the revised PPA. Most of his comments have been addressed by staff, and his general thoughts on the PPA are:

- MCE has drafted a one-sided agreement to protect itself as a CCA
- CMSA is only obligated to sell excess power
- If MCE terminates the agreement, there is little exposure to CMSA
- If CMSA breaches the PPA, there is an express limit on damages to only actual damages
- "If you are comfortable with a business decision to proceed, I think the accompanying agreement, while not completely perfect, still offers sufficient protections"

4) MCE Agreement Extension

Our MCE FIT application contains a development checklist with 15 items, has an FIT price reservation of \$0.105/ kWh, and states the checklist items must be completed by 3/20/18. It provides for a 12-month extension, for a project in good standing, to complete requisite checklist activities. One of the checklist activities is execution of the PPA.

Staff contacted MCE and asked about the 12-month extension, given the progress CMSA has made with the PG&E interconnection activities. MCE said they need the PPA executed before the 3/20 date to consider the extension. If that is not done, CMSA would need to submit a new FIT, and its power purchase price would be \$0.09/kWh or less.

**SMALL RENEWABLE GENERATOR
POWER PURCHASE AGREEMENT
BETWEEN**

AND

MARIN CLEAN ENERGY

MARIN CLEAN ENERGY, a California joint powers authority (“MCE” or “Buyer”), and _____ (“Seller” or “CMSA”) hereby enter into this Small Renewable Generator Power Purchase Agreement (“Agreement”). Seller and MCE are sometimes referred to in this Agreement jointly as “Parties” or individually as “Party.” In consideration of the mutual promises and obligations stated in this Agreement and its appendices, the Parties agree as follows:

1. DOCUMENTS INCLUDED; DEFINED TERMS

This Agreement includes the following appendices, which are specifically incorporated herein and made a part of this Agreement.

Appendix A – Definitions

Appendix B – Initial Product Delivery Date Confirmation Letter

Appendix C – Counterparty Notification Requirements for Outage and Generation Schedule Changes

Appendix D – Description and Location of Facility

Appendix E – Facility Drawings

2. SELLER’S GENERATING FACILITY, PURCHASE PRICES AND PAYMENT

2.1 **Facility.** This Agreement governs MCE’s purchase of Products from the electrical generating facility as described below in this Section 2.1 (the “Facility”):

2.1.1 The Facility’s Energy Delivery Profile is Baseload
[based on the descriptions provided below in Section 2.1.1 select one of the following designations: 1) “Peak”; 2) “Baseload”; or 3) “Intermittent”, as approved by MCE). Seller shall be required to deliver Products consistent with the Energy Delivery Profile of the Facility.

2.1.2 Contract Type [MCE Staff to select one]
 Standard Feed-In-Tariff
 Sol Shares (see additional Conditions Precedent in section 2.4.2)

Energy Delivery Profile	Delivery Characteristics	Representative Fuel Type
Peak	Under normal operating conditions, 90 percent or more of daily electric generating output is produced and delivered between the hours of 6:00 A.M. and 10:00 P.M. (generally described as "On-Peak Hours")	Photovoltaic Solar and Solar Thermal
Baseload	Under normal operating conditions, the annual capacity factor for the generator typically exceeds 75 percent, inclusive of planned outages (maintenance)	Landfill Gas, Biomass, Fuel Cell
Intermittent	Delivery characteristics are not consistent with either of the described Peak or Baseload Energy Delivery Profiles	Wind

2.1.3 A description of the Facility, including a summary of its significant components, is attached and incorporated herein as Appendix D. A drawing showing the general arrangements of the Facility, and a single line diagram illustrating the interconnection of the Facility and loads with PG&E's electric distribution system, are attached and incorporated herein as Appendix E.

2.1.4 The name and address PG&E and MCE use to locate the electric service account(s) and premises used to interconnect the Facility with PG&E's distribution systems is:

Central Marin Sanitation Agency
1301 Andersen Drive
San Rafael, CA 94901

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2.2 Contract Capacity. The contract capacity ("Contract Capacity") of the Facility is equal to the nameplate rating of the Facility at unity power factor at 60 degrees Fahrenheit at sea level available upon Commercial Operation of the Facility in the amount shown in Appendix D. Contract Capacity shall not exceed 1,000 kilowatts. Seller shall not modify the Facility to increase the Contract Capacity without the prior written consent of MCE. Any increase in Contract Capacity must be consistent with the interconnection requirements of Pacific Gas & Electric Company ("PG&E").

2.3 Transaction. Subject to the terms of this Agreement, during the Delivery Term of this Agreement, Seller shall sell and deliver, or cause to be delivered, and MCE shall purchase and receive, or cause to be received, the Products from the Facility at the Delivery Point, pursuant to ~~Seller's election of a (check one)~~ full buy/sell or excess sale arrangement as described in paragraphs 2.3.1 and 2.3.2 below. MCE shall pay Seller the Contract Price, set forth in Section 2.5, in accordance with the

terms hereof. Whenever Facility output is not enough to supply Station Use and transformation and transmission losses to the Delivery Point, Seller shall purchase energy required to serve the Facility's on-site load from MCE pursuant to MCE's applicable retail rate schedule. In no event shall Seller have the right to procure or substitute the Products from sources other than the Facility for sale or delivery to MCE under this Agreement. MCE shall have no obligation to receive or purchase Products from Seller prior to the Initial Product Delivery Date, as defined in Section 2.4, or after the end of the Delivery Term, as defined in Section 2.4.

~~2.3.1 Full Buy/Sell. Seller agrees to sell to MCE the Facility's gross output of Products delivered to the Delivery Point into the PG&E electrical system for delivery to MCE customers. For purposes of this Section 2.3.1, the Energy conveyed to MCE shall be net of Station Use and transformation and transmission losses.~~

~~2.3.2.3.1 Excess Sale. Seller agrees to sell to MCE the Facility's gross output of Products delivered to the Delivery Point into the PG&E electrical system for delivery to MCE customers. For purposes of this Section 2.3.1, the Energy conveyed to MCE shall be net of Station Use and any on-site use by Seller and transformation and transmission losses.~~

2.4 Delivery Term.

2.4.1 Delivery Term – Standard Feed-In-Tariff Option 1: The Seller shall deliver the Products from the Facility to MCE for a period of twenty (20) Contract Years ("Delivery Term"), which shall commence on the first date on which Products are delivered from the Facility to MCE under this Agreement (the "Initial Product Delivery Date") and continue until the end of the last Contract Year unless terminated by the terms of this Agreement. The Initial Product Delivery Date shall occur only when all of the following conditions have been satisfied:

Comment [BT1]: MCE is willing to offer a 10, 15, or 20 year period.

- A. The Commercial Operation Date has occurred, if the Facility was not in operation prior to the Execution Date of this Agreement;
- B. Seller has identified a certified Qualified Reporting Entity ("QRE"), according to criteria established by WREGIS, for the Facility and has executed the appropriate agreement(s) with such QRE to ensure that the net electric energy produced by the Facility will be timely reported to WREGIS for the purpose of creating related renewable energy certificates throughout the Delivery Term; a copy of the aforementioned QRE agreement(s) has been provided to MCE. MCE will provide QRE services for this agreement.
- C. The Facility's status as an Eligible Renewable Energy Resource is demonstrated by Seller's receipt of certification from the CEC and registration with WREGIS; and

- D. As evidence of the Initial Product Delivery Date, the Parties shall execute and exchange the “Initial Product Delivery Date Confirmation Letter” attached hereto as Appendix B on the Initial Product Delivery Date.

2.4.2 Delivery Term – Sol Shares Option 2: The Seller shall deliver the Products from the Facility to MCE for a period of twenty (20) Contract Years (“Delivery Term”), which shall commence on the first date on which Products are delivered from the Facility to MCE under this Agreement (the “Initial Product Delivery Date”) and continue until the end of the last Contract Year unless terminated by the terms of this Agreement. The Initial Product Delivery Date shall occur only when all of the following conditions have been satisfied:

- A. The project receives a final conditional use permit from the local planning authority within 45 days of the date this agreement is executed.
- B. The project receives an unconditional financing commitment within 60 days of the date this agreement is executed.
- C. The project developer demonstrates substantial construction mobilization on the project site with 90 days of the execution of this agreement.
- D. The Commercial Operation Date has occurred, if the Facility was not in operation prior to the Execution Date of this Agreement;
- E. Seller has identified a certified Qualified Reporting Entity (“QRE”), according to criteria established by WREGIS, for the Facility and has executed the appropriate agreement(s) with such QRE to ensure that the net electric energy produced by the Facility will be timely reported to WREGIS for the purpose of creating related renewable energy certificates throughout the Delivery Term; a copy of the aforementioned QRE agreement(s) has been provided to MCE
- F. The Facility’s status as an Eligible Renewable Energy Resource is demonstrated by Seller’s receipt of certification from the CEC and registration with WREGIS; and
- G. as evidence of the Initial Product Delivery Date, the Parties shall execute and exchange the “Initial Product Delivery Date Confirmation Letter” attached hereto as Appendix B on the Initial Product Delivery Date.

2.5 **Contract Price.** For the Delivery Term, the contract price for the Products (“Contract Price”) equals the amount set forth below for the applicable Energy Delivery Profile and corresponding “condition,” as described below. Amounts owed to Seller by MCE will be calculated by multiplying the Contract Amount by the applicable hourly Energy quantity delivered to MCE (as metered at the Delivery Point), net of any on-site uses or losses, as described above in Section 2.3; however, Seller shall not receive payment for any Products delivered in any hour to MCE in excess of the maximum hourly energy delivery quantity specified in Appendix D.

Prices Shall Apply Under the Following Conditions	Peak Energy Prices (20-year Term,	Baseload Energy Prices (20-year Term, \$/MWh)	Intermittent Energy Prices (20-year Term, \$/MWh)
Condition 1	\$ 137.66	\$ 116.49	\$ 100.57
Condition 2	\$ 120.00	\$ 105.00	\$ 95.00
Condition 3	\$ 115.00	\$ 100.00	\$ 90.00
Condition 4	\$ 110.00	\$ 95.00	\$ 90.00
Condition 5	\$ 105.00	\$ 95.00	\$ 90.00
Condition 6	\$ 95.00	\$ 95.00	\$ 90.00
Condition 7	\$ 90.00	\$ 90.00	\$ 90.00

Initialed (Buyer) _____ Date _____ Initialed (Seller) _____ Date _____

Condition 1: For any Eligible Resource such that the addition of such Eligible Resource occurs before the combined rated generation capacity within the Eligible Territory (as measured by Eligible Resources under contract with MCE) reaches 2 MW.

Condition 2: For any Eligible Resource such that the addition of such Eligible Resource occurs after the combined rated generation capacity within the Eligible Territory (as measured by Eligible Resources under contract with MCE) has reached 2 MW but before such combined rated generation capacity reaches 4 MW.

Condition 3: For any Eligible Resource such that the addition of such Eligible Resource occurs after the combined rated generation capacity within the Eligible Territory (as measured by Eligible Resources under contract with MCE) has reached 4 MW but before such combined rated generation capacity reaches 6 MW.

Condition 4: For any Eligible Resource such that the addition of such Eligible Resource occurs after the combined rated generation capacity within the Eligible Territory (as measured by Eligible Resources under contract with MCE) has reached 6 MW but before such combined rated generation capacity reaches 8 MW.

Condition 5: For any Eligible Resource such that the addition of such Eligible Resource occurs after the combined rated generation capacity within the Eligible Territory (as measured by Eligible Resources under contract with MCE) has reached 8 MW but before such combined rated generation capacity reaches 10 MW.

Condition 6: For any Eligible Resource such that the addition of such Eligible Resource occurs after the combined rated generation capacity within the Eligible Territory (as measured by Eligible Resources

under contract with MCE) has reached 10 MW but before such combined rated generation capacity reaches 12 MW.

Condition 7: For any Eligible Resource such that the addition of such Eligible Resource occurs after the combined rated generation capacity within the Eligible Territory (as measured by Eligible Resources under contract with MCE) has reached 12 MW but before such combined rated generation capacity reaches 15 MW.

- 2.6 Billing. MCE shall pay Seller by check or Automated Clearing House transfer within approximately 30 days of invoice receipt from Seller if the value of the purchased energy in a month is at least fifty dollars (\$50); if less, MCE may pay Seller quarterly. Seller shall submit invoices for Products to MCE on a monthly basis consistent with the terms of this Agreement. MCE shall have the right, but not the obligation, to read the Facility's meter on a daily basis.
- 2.7 Title and Risk of Loss. Title to and risk of loss related to the Products from the Facility shall transfer from Seller to MCE at the Delivery Point. Seller warrants that it will deliver to MCE all Products from the Facility free and clear of all liens, security interests, claims and encumbrances or any interest therein or thereto by any person arising prior to the Delivery Point.
- 2.8 No Additional Incentives. Seller agrees that during the Term of this Agreement, Seller shall not seek additional compensation or other benefits pursuant to the Self-Generation Incentive Program, as defined in CPUC Decision ("D.") 01-03-073, the California Solar Initiative, as defined in CPUC D.06-01-024, PG&E's net energy metering tariff, MCE's net energy metering tariff, or other similar California ratepayer subsidized program relating to energy production with respect to the Facility.
- 2.9 Private Energy Producer. Seller agrees to provide to Buyer copies of each of the documents identified in California Public Utilities Code Section 2821(d)(1), if applicable, as may be amended from time to time, as evidence of Seller's compliance with such California Public Utilities Code section. Such documentation shall be provided to Buyer within thirty (30) days of Seller's receipt of written request therefore.
- 2.10 Sale of Facility.
 - 2.10.1 Seller shall give MCE at least thirty (30) days' prior notice of the commencement by Seller or any of its affiliates of substantive negotiations with any unaffiliated third party with respect to the sale of any equity interests in Seller or the Facility, or any group(s) of assets or equity interests that includes the Facility, in order to provide MCE with an opportunity to discuss and negotiate with Seller the possible sale of the Facility to MCE.

2.10.2 After the seventh (7th) Contract Year, MCE shall have the right to initiate discussions with Seller regarding the potential sale of the Facility to MCE. MCE may initiate such discussions by notifying Seller in writing of this election at least three (3) months prior to the anticipated purchase date. The purchase price for the Facility shall be equal to the fair market value of the Facility at the applicable purchase date ("Purchase Price"). The Purchase Price amount shall be determined through good faith negotiations by both Parties hereto, except that if the Parties cannot agree upon the fair market value determination, the Parties shall select an independent appraiser who is familiar with appraising solar PV energy facilities to perform the required evaluation. Such appraiser shall determine, at equally shared expense of Buyer and Seller, the fair market value of the Facility as of the applicable purchase date, taking into account such items as deemed appropriate by the appraiser, which may include the resale value of the Facility, and the price of the Product. In the event Seller agrees to sell and MCE agrees to buy the Facility, (a) the Parties shall promptly execute all documents necessary to (X) cause title to the Facility to pass to MCE on the purchase date, free and clear of any liens or encumbrances, and (Y) assign all vendor warranties for the Facility to MCE, and (b) MCE shall pay the Purchase Price to Seller on the purchase date, such payment to be made in accordance with any previous written instructions delivered to MCE for payments under the Agreement. Upon execution of the documents and payment of the Purchase Price, in each case as described in the preceding sentence, this Agreement shall terminate automatically. Notwithstanding anything to the contrary, neither Party is obligated to enter into discussions or negotiations for the sale of the Facility, and neither Party will be obligated to proceed with the purchase or sale of the Facility, or the payment of the Purchase Price, except following the execution of binding, definitive documents.

3. GREEN ATTRIBUTES; RESOURCE ADEQUACY BENEFITS

- 3.1 Conveyance of Green Attributes. Seller provides and conveys all rights, title, and interest in all Green Attributes (whether now existing or that hereafter come into existence during the Term) from the Facility to MCE as part of the Product delivered to MCE for the duration of the Delivery Term. Seller represents and warrants that Seller holds the rights to all Green Attributes from the Facility, and Seller agrees to convey and hereby conveys all such Green Attributes to MCE to the fullest extent allowed by applicable law as included in the delivery of the Product from the Facility. Seller represents that the Products and Green Attributes from the Facility have not been, nor will be, sold or used to satisfy any California Renewables Portfolio Standard obligation other than the RPS Requirements applicable to MCE.
- 3.2 WREGIS. Prior to the Initial Product Delivery Date, Seller shall register the Facility in WREGIS and take all other actions necessary to ensure that the Products from the

Facility are tracked for purposes of satisfying the MCE RPS Requirements. Seller warrants that it shall take all necessary steps to ensure the Renewable Energy Credits transferred to Buyer under this Agreement are tracked in WREGIS and transferred in a timely manner to Buyer through WREGIS for purposes of satisfying the MCE RPS Requirements.

- 3.3 Resource Adequacy Benefits. In accordance with California Public Utilities Code Section 399.20(f), Seller conveys to MCE all Resource Adequacy Benefits attributable to the physical generating capacity of Seller's Facility to enable MCE to count such capacity towards MCE's resource adequacy requirement for purposes of California Public Utilities Code Section 380. At MCE's request, Seller shall take all reasonable actions and execute documents and instructions necessary to enable MCE to secure Resource Adequacy Benefits; Seller shall comply with all applicable reporting requirements.

4. REPRESENTATION AND WARRANTIES; COVENANTS

- 4.1 Representations and Warranties. On the Execution Date, each Party represents and warrants to the other Party that:
- 4.1.1 It is duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation;
 - 4.1.2 The execution, delivery and performance of this Agreement is within its powers, have been duly authorized by all necessary action and do not violate any of the terms and conditions in its governing documents, any contracts to which it is a party or any law, rule, regulation, order or the like applicable to it;
 - 4.1.3 This Agreement and each other document executed and delivered in accordance with this Agreement constitutes its legally valid and binding obligation enforceable against it in accordance with its terms;
 - 4.1.4 It is not bankrupt and there are no proceedings pending or being contemplated by it or, to its knowledge, threatened against it which would result in it being or becoming bankrupt;
 - 4.1.5 There is not pending or, to its knowledge, threatened against it or any of its affiliates any legal proceedings that could materially adversely affect its ability to perform its obligations under this Agreement; and
 - 4.1.6 It is acting for its own account, has made its own independent decision to enter into this Agreement and as to whether this Agreement is appropriate or proper for it based upon its own judgment, is not relying upon the advice or recommendations of the other Party in so doing, and is capable of assessing

the merits of, and understands and accepts, the terms, conditions and risks of this Agreement.

4.2 General Covenants. Each Party covenants that throughout the Term of this Agreement:

- 4.2.1 It shall continue to be duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation;
- 4.2.2 It shall maintain (or obtain from time to time as required, including through renewal, as applicable) all regulatory authorizations necessary for it to legally perform its obligations under this Agreement; and
- 4.2.3 It shall perform its obligations under this Agreement in a manner that does not violate any of the terms and conditions in its governing documents, any contracts to which it is a party or any law, rule, regulation, order or the like applicable to it.

4.3 Seller Representation and Warranty and Covenant.

4.3.1 Representation and Warranty. In addition to the representations and warranties specified in Section 4.1, Seller makes the following additional representations and warranties as of the Execution Date:

- A. Seller has not received an incentive under the Self-Generation Incentive Program, as defined in CPUC D.01-03-073, or the California Solar Initiative, as defined in CPUC D.06-01-024. [Seller acknowledges that it has received Self-Generation Incentive Program funding in the past which paid for approximately 33% of the total project costs in 2005/2006. In accordance with current SGIP program requirements, once on-site electric load requirements of Seller have been met, excess generation of electricity attributable to SGIP funded generation improvements may be exported to the grid, provided that the amount exported from such SGIP funded generation improvements does not exceed twenty-five percent (25%) of on-site consumption on an annual basis. Nothing herein shall otherwise limit Seller's ability to export any level of excess generation of electricity not attributable to SGIP Funding and all such unrelated excess generation may be exported once internal consumption limits are met.]
- B. Seller's execution of this Agreement will not violate California Public Utilities Code Section 2821(d)(1) if applicable.

4.3.2 Covenant. Seller hereby covenants that throughout the Term of the Agreement, the Facility is, or will qualify prior to the Initial Product Delivery Date, as an ERR, specifically, Seller and, if applicable, its successors, represents and warrants throughout the term of the Delivery Term of this Agreement that: (a) the Facility qualifies and is certified by the CEC as an Eligible Renewable Energy Resource; and (b) the Facility output of Products delivered to Buyer qualifies under the requirements of

the California Renewables Portfolio Standard. To the extent a change in law occurs after execution of this Agreement that causes this representation and warranty to be materially false or misleading, it shall not be an Event of Default if Seller has used commercially reasonable efforts to comply with such change in law.

5. GENERAL CONDITIONS

- 5.1 Facility Care, Interconnection and Transmission Service. If PG&E or MCE does not deem Seller's existing interconnection service, equipment and agreement satisfactory for the delivery of Products under this Agreement, Seller shall execute an interconnection agreement for the Facility with PG&E and pay and be responsible for designing, installing, operating, and maintaining the Facility in accordance with all applicable laws and regulations and shall comply with all applicable MCE, PG&E, CAISO, CPUC and FERC tariff provisions, including applicable interconnection and metering requirements. Seller shall also comply with any modifications, amendments or additions to the applicable tariff and protocols. Prior to and during the Delivery Term, Seller shall arrange and pay independently for any and all necessary costs under any interconnection agreement with PG&E. To make deliveries to MCE, Seller must maintain an interconnection agreement with PG&E in full force and effect.
- 5.2 Metering Requirements. Seller shall comply with all applicable rules in installing a meter appropriate for deliveries pursuant to the Full Buy/Sell or Excess Sale arrangement selected in paragraph 2.2, above, which can be electronically read daily by: (a) a telephone and modem; (b) an analog or digital phone connection; or (c) an internet portal address for PG&E's Energy Data Services ("EDS"). Seller shall be responsible for procuring and maintaining the communication link to electronically retrieve this metering data. A Seller may not install a Solar Generation Meter behind the primary service meter unless (a) the Seller is also the account holder for the primary service meter and (b) the Seller is and remains an active MCE customer throughout the Delivery Term.
- 5.3 Standard of Care. Seller shall: (a) maintain and operate the Facility and Interconnection Facilities, except facilities installed by PG&E, in conformance with all applicable laws and regulations and in accordance with Good Utility Practice; (b) obtain any governmental authorizations and permits required for the construction and operation thereof; and (c) generate, schedule and perform transmission services in compliance with all applicable operating policies, criteria, rules, guidelines and tariffs and Good Utility Practice. Seller shall reimburse MCE for any and all losses, damages, claims, penalties, or liability MCE incurs as a result of Seller's failure to obtain or maintain any governmental authorizations and permits required for construction and operation of the Facility throughout the Term of this Agreement.
- 5.4 Access Rights. MCE, its authorized agents, employees and inspectors shall have the right to inspect the Facility on reasonable advance notice during normal business hours and for any purposes reasonably connected with this Agreement or the exercise of any and all rights secured to MCE by law, or its tariff schedules, PG&E Interconnection Handbook and rules on file with the CPUC. Seller shall keep MCE and PG&E advised of current procedures for communicating with the Facility operator's Safety and Security Departments.

5.5 Protection of Property. Seller shall be responsible for protecting the Facility from possible damage resulting from electrical disturbances or faults caused by the operation, faulty operation, or non-operation of the PG&E interconnection facilities.

5.6 MCE Performance Excuse; Seller Curtailment.

5.6.1 MCE Performance Excuse. MCE shall not be obligated to accept or pay for any Products provided from the Facility during a Dispatch Down Period, or an event of Force Majeure.

5.6.2 Seller Curtailment. MCE, PG&E or the CAISO may require Seller to interrupt or reduce deliveries of energy: (a) in the case of PG&E, when necessary to construct, install, maintain, repair, replace, remove, or investigate any of its equipment or part of PG&E's transmission system or distribution system or facilities; or (b) if MCE, PG&E or the CAISO determines that curtailment, interruption, or reduction is necessary because of a System Emergency, as defined in the CAISO Tariff, Forced Outage, Force Majeure as defined in Appendix A, or compliance with Good Utility Practice.

5.7 Interconnection Agreement. Seller shall comply with the terms and conditions of the Facility's interconnection agreement between Seller and PG&E.

5.8 Greenhouse Gas Emissions. During the Term, Seller acknowledges that a Governmental Authority may require Buyer to take certain actions with respect to greenhouse gas emissions attributable to the generation of Energy, including, but not limited to, reporting, registering, tracking, allocating for or accounting for such emissions. Promptly following Buyer's written request, Seller agrees to take all commercially reasonable actions and execute or provide any and all documents, information or instruments with respect to generation by the Facility reasonably necessary to permit Buyer to comply with such requirements, if any.

6. INDEMNITY

Each Party as indemnitor shall save harmless and indemnify the other Party and the directors, officers, and employees of such other Party against and from any and all loss and liability for injuries to persons including employees of either Party, and damages, including property of either Party, resulting from or arising out of: (a) the engineering, design, construction, maintenance, or operation of; or (b) the installation of replacements, additions, or betterments to the indemnitor's facilities. This indemnity and save harmless provision shall apply notwithstanding the active or passive negligence of the indemnitee. Neither Party shall be indemnified for liability or loss, resulting from its sole negligence or willful misconduct. The indemnitor shall, on the other Party's request, defend any suit asserting a claim covered by this indemnity and shall pay all costs, including reasonable attorney fees that may be incurred by the other Party in enforcing this indemnity.

7. LIMITATION OF DAMAGES

EXCEPT AS OTHERWISE PROVIDED IN THIS AGREEMENT THERE IS NO WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, AND ANY AND ALL IMPLIED WARRANTIES ARE DISCLAIMED. LIABILITY SHALL BE LIMITED TO DIRECT ACTUAL DAMAGES ONLY, SUCH DIRECT ACTUAL

DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED UNLESS EXPRESSLY HEREIN PROVIDED. NEITHER PARTY SHALL BE LIABLE FOR CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR INDIRECT DAMAGES, LOST PROFITS OR OTHER BUSINESS INTERRUPTION DAMAGES, BY STATUTE, IN TORT OR CONTRACT, UNDER ANY INDEMNITY PROVISION OR OTHERWISE. UNLESS EXPRESSLY HEREIN PROVIDED, AND SUBJECT TO THE PROVISIONS OF SECTION 6 (INDEMNITY), IT IS THE INTENT OF THE PARTIES THAT THE LIMITATIONS HEREIN IMPOSED ON REMEDIES AND THE MEASURE OF DAMAGES BE WITHOUT REGARD TO THE CAUSE OR CAUSES RELATED THERETO, INCLUDING THE NEGLIGENCE OF ANY PARTY, WHETHER SUCH NEGLIGENCE BE SOLE, JOINT OR CONCURRENT, OR ACTIVE OR PASSIVE.

8. NOTICES

Notices shall, unless otherwise specified herein, be in writing and may be delivered by hand delivery, United States mail, overnight courier service, facsimile or electronic messaging (e-mail). Whenever this Agreement requires or permits delivery of a "notice" (or requires a Party to "notify"), the Party with such right or obligation shall provide a written communication in the manner specified below. A notice sent by facsimile transmission or email will be recognized and shall be deemed received on the Business Day on which such notice was transmitted if received before 5 p.m. Pacific prevailing time (and if received after 5 p.m., on the next Business Day) and a notice by overnight mail or courier shall be deemed to have been received two (2) Business Days after it was sent or such earlier time as is confirmed by the receiving Party unless it confirms a prior oral communication, in which case any such notice shall be deemed received on the day sent. A Party may change its addresses by providing notice of same in accordance with this provision. All written notices shall be directed as follows:

TO MCE: Marin Clean Energy
Attention: Executive Officer
1125 Tamalpais Ave.
San Rafael, CA 94901

TO SELLER: Central Marin Sanitation Agency
Attn: Jason Dow
1301 Andersen Drive
San Rafael, CA 94901

9. INSURANCE

9.1 General Liability Coverage.

- 9.1.1 Seller shall maintain during the performance hereof, General Liability Insurance¹ of not less than \$1,000,000 if the Facility's nameplate is over 100 kW, \$500,000 if the nameplate rating of the Facility is over 20 kW to 100kW or \$100,000 if the nameplate rate of the Facility is 20 kW or below of combined single limit or equivalent for bodily injury, personal injury, and property damage as the result of any one occurrence.

9.1.2 General Liability Insurance shall include coverage for Premises Operations, Owners and Contractors Protective, Products/Completed Operations Hazard, Explosion, Collapse, Underground, Contractual Liability, and Broad Form Property Damage including Completed Operations.

9.1.3 Seller shall use reasonable efforts to provide for thirty (30) days written notice to MCE prior to cancellation, termination, alteration, or material change of such insurance.

9.2 Additional Insurance Provisions.

9.2.1 Evidence of coverage described above in Paragraph 9.1 shall state that coverage provided is primary and is not excess to or contributing with any insurance or self-insurance maintained by MCE.

9.2.2 MCE shall have the right to inspect or obtain a copy of the original policy(ies) of insurance.

9.2.3 Seller shall furnish the required certificates and endorsements to MCE prior to commencing operation.

10. TERM, DEFAULT, TERMINATION EVENT AND TERMINATION

10.1 Term. The term of this Agreement shall commence upon execution by the duly authorized representatives of each of MCE and Seller; and shall remain in effect until the conclusion of the Delivery Term or unless terminated sooner pursuant to Section 10.3 of this Agreement (the "Term"). All indemnity rights shall survive the termination of this Agreement for twelve (12) months.

10.2 Termination Event. Buyer shall be entitled to terminate the Agreement upon the occurrence of any of the following, each of which is a "Termination Event":

¹ Governmental agencies which have an established record of self-insurance may provide the required coverage through self-insurance.

- A. The Facility has not achieved Commercial Operation within twelve (12) months of the Execution Date other than as a direct result of a Force Majeure event;
- B. Seller has not sold or delivered energy from the Facility to MCE for a period of twelve (12) consecutive months other than as a direct result of a Force Majeure event;
- C. Seller fails to deliver Energy from the Facility consistent with the selected Energy Delivery Profile as calculated over the most recent rolling twenty four (24) month period;
- D. Seller breaches its covenant to maintain its status as an ERR as set forth in Section 4.3.2 of the Agreement.

10.3 Termination.

10.3.1 Declaration of a Termination Event. If a Termination Event has occurred and is continuing, Buyer shall have the right to: (a) send notice, designating a day, no earlier than five days after such notice is deemed to be received (as provided in Section 8) and no later than 20 days after such notice is deemed to be received (as provided in Section 8), as an early termination date of this Agreement (“Early Termination Date”) unless Seller has timely communicated with Buyer and the Parties have agreed to resolve the circumstances giving rise to the termination Event; (b) accelerate all amounts owing between the Parties; and (c) terminate this Agreement and end the Delivery Term effective as of the Early Termination Date.

10.3.2 Release of Liability for Termination Event. Upon termination of this Agreement pursuant to Section 10.3.1, neither Party shall be under any further obligation or subject to liability hereunder, except with respect to the indemnity provision in Section 6 hereof, which shall remain in effect for a period of 12 months following the Early Termination Date.

11. SCHEDULING

11.1 Scheduling Obligations. As necessary, MCE shall designate Seller’s Scheduling Coordinator (as defined by CAISO Tariff). At MCE’s direction, MCE’s designated scheduling coordinator will schedule the output of the Facility using Good Utility Practices and Seller shall employ Good Utility Practices and exercise reasonable efforts to operate and maintain the Facility. All necessary generation interconnection and scheduling services shall be performed in accordance with all applicable operating policies, criteria, guidelines and tariffs of the CAISO or its successor, and any other generally accepted operational requirements. Seller, at its own expense, shall be responsible for complying with all applicable contractual, metering and interconnection requirements. Seller shall promptly notify MCE and the Scheduling

Coordinator, as applicable, of significant (i.e., greater than 100 kW) changes to its energy schedules using Scheduling Coordinator's web site (see Appendix C). Seller will exercise reasonable efforts to comply with conditions that might arise if the CAISO modifies or amends its tariffs, standards, requirements, and/or protocols in the future.

11.2 CAISO Charges.

11.2.1 CAISO Charge Obligations. To the extent that the Facility's electric output is scheduled with the CAISO, MCE and Seller shall cooperate to minimize CAISO delivery imbalances and any resulting fees, liabilities, assessments or similar charges assessed by the CAISO ("CAISO Charges") to the extent possible, and shall each promptly notify the other as soon as possible of any material loss of system capability, deviation or imbalance that is occurring or has occurred. In the event that the Facility's electric output is scheduled with the CAISO, Seller shall reimburse MCE for any CAISO Charges MCE incurs as a result of Seller's loss of system capability, deviation or imbalance. Any such CAISO Charges reimbursable to MCE shall be limited to the period until the commencement of the next settlement period following Seller's notification for which the delivery schedule can be adjusted. Notwithstanding anything to the contrary herein, in the event Seller makes a change to its schedule on the actual date and time of delivery for any reason (other than an adjustment imposed by CAISO) which results in differences between the Facility's actual generation and the scheduled generation (whether in part or in whole), Seller shall use reasonable efforts to notify MCE and the Scheduling Coordinator. MCE and the Scheduling Coordinator will make commercially reasonable efforts to accommodate Seller's changes and mitigate any imbalance penalties or charges levied for such changes.

11.2.2 CAISO Penalties. To the extent that the Facility's electric output is scheduled with the CAISO, Seller shall be responsible for any "non-Performance Penalties" assessed to MCE by the CAISO ("CAISO Penalties"), under the CAISO Tariff Enforcement Protocol, and not due to any fault of MCE, which shall include, without limitation, any deviation, imbalance or uninstructed energy charges or penalties payable to the CAISO that are due to the fault of Seller. To the extent that Seller materially deviates from its energy schedules (other than an adjustment imposed by the CAISO, a deviation due to any fault of MCE, or an excused Seller failure to deliver, whether for reasons of Force Majeure or otherwise), and such departure results in CAISO Penalties being assessed to MCE, such CAISO Penalties shall be passed on to Seller. Any such CAISO Penalties passed on to Seller shall be limited to the period until the commencement of the next settlement period following Seller's notification (as described above) for which the delivery schedule can be adjusted.

12. CONFIDENTIALITY

Seller authorizes MCE to release to the California Energy Commission ("CEC") and/or the CPUC information regarding the Facility, including the Seller's name and location, and the size, location and operational characteristics of the Facility, the Term, the ERR type, the Initial Product Delivery Date and the net power rating of the Facility, as requested from time to time pursuant to the CEC's or CPUC's rules and regulations.

The Parties hereto acknowledge that MCE is a local agency and subject to provisions of the California Public Records Act (Cal. Government Codes section 6250 and following). In the event that Seller contends that any information disclosed or required to be disclosed by Seller pursuant to this Agreement is confidential, Seller shall clearly identify such documents as such before transmitting the same to MCE. In the event that any claim or action is filed against MCE pursuant to the Public Records Act seeking the disclosure of any records or documents provided by Seller which were marked confidential hereunder, MCE shall notify Seller in writing of such fact and Seller shall thereupon defend, save harmless and indemnify MCE from all costs and expense in connection with said claim or litigation, including attorney's fees, and agrees to abide by the final decision of a court of competent jurisdiction in connection therewith.

13. ASSIGNMENT

Except as expressly provided in this Section, neither Party shall assign this Agreement or its rights hereunder without the prior written consent of the other Party, which consent shall not be unreasonably withheld; provided, however, either Party may, without the consent of the other Party (and without relieving itself from liability hereunder), transfer, sell, pledge, encumber or assign this Agreement or the accounts, revenues or proceeds hereof to its financing providers and the financing provider(s) shall assume the payment and performance obligations provided under this Agreement with respect to the transferring Party provided, however, that in each such case, any such assignee shall agree in writing to be bound by the terms and conditions hereof and so long as the transferring Party delivers such tax and enforceability assurance as the non-transferring Party may reasonably request. Notwithstanding anything to the contrary set forth herein, Seller may transfer or assign its interest under this Agreement without the consent of Buyer, to (a) an affiliate, subsidiary, or parent of Seller, or a corporation, partnership or other legal entity wholly owned by Seller (collectively, an "Affiliated Party"), or (b) a successor to Seller by purchase, merger, consolidation or reorganization (each such transfer a "Permitted Transfer" and any such assignee or transferee of a Permitted Transfer, a "Permitted Transferee"); provided that Seller shall give Buyer written notice at least ten (10) days prior to the effective date of the proposed Permitted Transfer and any such Permitted Transferee shall agree in writing to be bound by the terms and conditions hereof. As used herein, (1) "parent" shall mean a company which owns a majority of Seller's voting equity; (2) "subsidiary" shall mean an entity wholly owned by Seller or at least fifty-one percent (51%) of whose voting equity is owned by Seller; and (3) "affiliate" shall mean an entity controlled, controlling or under common control with Seller.

14. APPLICABLE LAW

THIS AGREEMENT AND THE RIGHTS AND DUTIES OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY AND CONSTRUED, ENFORCED AND PERFORMED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW. TO THE EXTENT ENFORCEABLE AT SUCH TIME, EACH PARTY WAIVES ITS RESPECTIVE RIGHT TO ANY JURY TRIAL WITH RESPECT TO ANY LITIGATION ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT.

15. NO RECOURSE AGAINST CONSTITUENT MEMBERS OF MCE

MCE is organized as a Joint Powers Authority in accordance with the Joint Exercise of Powers Act of the State of California (Government Code Section 6500, et seq.) pursuant to the Joint Powers Agreement and is a public entity separate from its constituent members. MCE shall solely be responsible for all debts, obligations and liabilities accruing and arising out of this Agreement. Seller shall have no rights and shall not make any claims, take any actions or assert any remedies against any of MCE's constituent members in connection with this Agreement.

16. SEVERABILITY

If any provision in this Agreement is determined to be invalid, void or unenforceable by the CPUC or any court having jurisdiction, such determination shall not invalidate, void, or make unenforceable any other provision, agreement or covenant of this Agreement and the Parties shall use their best efforts to modify this Agreement to give effect to the original intention of the Parties.

17. COUNTERPARTS

This Agreement may be executed in one or more counterparts each of which shall be deemed an original and all of which shall be deemed one and the same Agreement. Delivery of an executed counterpart of this Agreement by facsimile or PDF transmission will be deemed as effective as delivery of an originally executed counterpart. Each Party delivering an executed counterpart of this Agreement by facsimile or PDF transmission will also deliver an originally executed counterpart, but the failure of any Party to deliver an originally executed counterpart of this Agreement will not affect the validity or effectiveness of this Agreement.

18. GENERAL

No amendment to or modification of this Agreement shall be enforceable unless reduced to writing and executed by both parties. This Agreement shall not impart any rights enforceable by any third party other than a permitted successor or assignee bound to this Agreement. Waiver by a Party of any default by the other Party shall not be construed as a waiver of any other default. The term "including" when used in this Agreement shall be by way of example only and shall not be considered in any way to be in limitation.

Absent the prior mutual written agreement of all parties to the contrary, the standard of review for any proposed changes to the rates, terms, and/or conditions of service of this Agreement,

whether proposed by a Party, a non-party or FERC acting sua sponte, shall be the “public interest” standard of review set forth in *United Gas Pipe Line Co. v. Mobile Gas Service Corp.*, 350 U.S. 332 (1956) and *Federal Power Commission v. Sierra Pacific Power Co.*, 350 U.S. 348 (1956).

In addition, to the fullest extent permitted by applicable law, each Party, for itself and its successors and assigns, hereby expressly and irrevocably waives any rights it can or may have, now or in the future, whether under §§ 205 and/or 206 of the Federal Power Act or otherwise, to seek to obtain from FERC by any means, directly or indirectly (through complaint, investigation or otherwise), and each hereby covenants and agrees not at any time to seek to so obtain, an order from FERC changing any section of this Agreement specifying the rate, charge, classification, or other term or condition agreed to by the Parties, it being the express intent of the Parties that, to the fullest extent permitted by applicable law, neither Party shall unilaterally seek to obtain from FERC any relief changing the rate, charge, classification, or other term or condition of this Agreement, notwithstanding any subsequent changes in applicable law or market conditions that may occur. In the event it were to be determined that applicable law precludes the Parties from waiving their rights to seek changes from FERC to their market-based power sales contracts (including entering into covenants not to do so) then the foregoing shall not apply, provided that, consistent with the foregoing, neither Party shall seek any such changes except solely under the “public interest” application of the “just and reasonable” standard of review and otherwise as set forth in the foregoing.

The headings used herein are for convenience and reference purposes only.

IN WITNESS WHEREOF, each Party has caused this Agreement to be duly executed by its authorized representative as of the date of last signature provided below.

MARIN CLEAN ENERGY

By: _____ Date: _____

Name: _____

Title: _____

SELLER

By: _____ Date: _____

Name: _____

Title: _____

Appendix A

DEFINITIONS

“Agreement” has the meaning set forth in the preamble.

“Business Day” means any day except a Saturday, Sunday, or a Federal Reserve Bank holiday during the hours of 8:00 a.m. and 5:00 p.m. local time for the relevant Party’s principal place of business where the relevant Party in each instance shall be the Party from whom the notice, payment or delivery is being sent.

“CAISO” means the California Independent System Operator Corporation or any successor entity performing similar functions.

“CAISO Tariff” means the CAISO FERC Electric Tariff as amended from time to time.

“California Renewables Portfolio Standard” means the renewable energy program and policies established by Senate Bill 1038 and 1078, codified in California Public Utilities Code Sections 399.11 through 399.20 and California Public Resources Code Sections 25740 through 25751, as such provisions may be amended or supplemented from time to time.

“CEC” means the California Energy Resources Conservation and Development Commission, also known as the California Energy Commission, or its successor agency.

“Commercial Operation” means the period of operation of the Facility once the Commercial Operation Date has occurred.

“Commercial Operation Date” means the date on which the Facility is operating and is in compliance with applicable interconnection and system protection requirements, and able to produce and deliver energy pursuant to the terms of this Agreement.

“Contract Capacity” has the meaning set forth in Section 2.2.

“Contract Price” has the meaning set forth in Section 2.5.

“Contract Year” means a period of twelve (12) consecutive months with the first Contract Year commencing on the first day of the month immediately following the Initial Product Delivery Date and each subsequent Contract Year commencing on the anniversary of the Initial Product Delivery Date.

“CPUC” means the California Public Utilities Commission, or successor entity.

“Delivery Point” means the point of interconnection to the PG&E distribution system.

“Delivery Term” has the meaning set forth in Section 2.4.

“Dispatch Down Period” means: (a) curtailments ordered by the CAISO or PG&E as a result of a System Emergency, as defined in the CAISO Tariff; or (b) scheduled or unscheduled maintenance on PG&E’s transmission, distribution or interconnection facilities that prevents Buyer from receiving Delivered Energy at the Delivery Point.

“Distribution Operator” means PG&E.

“Early Termination Date” has the meaning set forth in Section 10.3.1.

“Eligible Renewable Energy Resource” or “ERR” has the meaning set forth in Public Utilities Code Sections 399.12 and California Public Resources Code Section 25741, as either code provision may be amended or supplemented from time to time.

“Energy” means electrical energy delivered to the PG&E Distribution System for the benefit of MCE with the voltage and quality required by PG&E, and measured in megawatt-hours (“MWh”) or kilowatt-hours (“kWh”).

“Energy Delivery Profile” means the manner in which Energy is delivered from the Facility in consideration of the delivery characteristics described in 2.1.1.

“Expected Annual Output” means the Energy that the Facility can be expected to produce during a typical year of operation, factoring in typical weather patterns, expected fuel availability, etc. The Expected Annual Output is shown in Appendix D.

“ERR Credits” means any and all credits associated with electricity procured from Eligible Renewable Energy Resources, pursuant to the California Renewables Portfolio Standard, that are directly attributable to electric production from the Facility.

“Execution Date” means the latest signature date found at the end of the Agreement.

“Facility” has the meaning set forth in Section 2.1.

“FERC” means the Federal Energy Regulatory Commission or any successor government agency.

“Forced Outage” means any unplanned reduction or suspension of the electrical output from the Facility resulting in the unavailability of the Facility, in whole or in part, in response to a mechanical, electrical, or hydraulic control system trip or operator-initiated trip in response to an alarm or equipment malfunction and any other unavailability of the Facility for operation, in

whole or in part, for maintenance or repair that is not a scheduled maintenance outage and not the result of Force Majeure.

“Force Majeure” means any event or circumstance which wholly or partly prevents or delays the performance of any material obligation arising under this Agreement, but only if and to the extent (i) such event is not within the reasonable control, directly or indirectly, of the Party seeking to have its performance obligation(s) excused thereby, (ii) the Party seeking to have its performance obligation(s) excused thereby has taken all reasonable precautions and measures to prevent or avoid such event or mitigate the effect of such event on such Party’s ability to perform its obligations under this Agreement and which by the exercise of due diligence such Party could not reasonably have been expected to avoid and which by the exercise of due diligence it has been unable to overcome, and (iii) such event is not the direct or indirect result of the negligence or the failure of, or caused by, the Party seeking to have its performance obligations excused thereby. Force Majeure shall not be based on: (i) MCE’s inability economically to use or resell the energy or capacity purchased hereunder; (ii) Seller’s ability to sell the energy, capacity or other benefits produced by or associated with the Facility at a price greater than the price set forth in this Agreement, (iii) Seller’s inability to obtain approvals of any type for the construction, operation, or maintenance of the Facility; (iv) Seller’s inability to obtain sufficient fuel to operate the Facility, except if Seller’s inability to obtain sufficient fuel is caused by an event of Force Majeure of the specific type described in any of subsections (i) through (iv) of this definition of Force Majeure; (v) a Forced Outage except where such Forced Outage is caused by an event of Force Majeure of the specific type described in any of subsections (i) through (iv) of this definition of Force Majeure; (vi) a strike or labor dispute limited only to Seller, Seller’s affiliates, the Engineering, Procurement, and Construction Contractor or subcontractors thereof; or (vii) any equipment failure not caused by an event of Force Majeure of the specific type described in any of subsections (i) through (iv) of this definition of Force Majeure.

“Good Utility Practice” means any of the practices, methods, and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods, and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety, and expedition. Good Utility Practice is not intended to be limited to any one of a number of the optimum practices, methods, or acts to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region, including those practices required by Federal Power Act section 215(a)(4). Seller acknowledges that the use of Good Utility Practice by Seller does not exempt Seller from any obligations set forth in this Agreement. Good Utility Practice includes, at a minimum, those professionally responsible practices, methods and acts that comply with manufacturers’ warranties, restrictions in this Agreement, the interconnection requirements of PG&E, the requirements of Governmental Authorities, and WECC and NERC standards.

Good Utility Practice also includes taking reasonable steps to ensure that:

a) Equipment, materials, resources, and supplies, including spare parts inventories, are available to meet the Facility's needs;

b) Sufficient operating personnel are available at all times and are adequately experienced and trained and licensed as necessary to operate the Facility properly and efficiently, and are capable of responding to reasonably foreseeable emergency conditions at the Facility and emergencies whether caused by events on or off the Facility site;

c) Preventive, routine, and non-routine maintenance and repairs are performed on a basis that ensures reliable, long-term and safe operation of the Facility, and are performed by knowledgeable, trained, and experienced personnel utilizing proper equipment and tools;

d) Appropriate monitoring and testing are performed to ensure equipment is functioning as designed;

e) Equipment is not operated in a reckless manner, in violation of manufacturer's guidelines or in a manner unsafe to workers, the general public, or the connecting utility's electric system or contrary to environmental laws, permits or regulations or without regard to defined limitations such as, flood conditions, safety inspection requirements, operating voltage, current, volt ampere reactive (VAR) loading, frequency, rotational speed, polarity, synchronization, and control system limits; and equipment and components are designed and manufactured to meet or exceed the standard of durability that is generally used for electric energy generating facilities operating in the Western United States and will function properly over the full range of ambient temperature and weather conditions reasonably expected to occur at the Facility site and under both normal and emergency conditions.

"Green Attributes" means any and all credits, benefits, emissions reductions, offsets, and allowances, howsoever entitled, attributable to the generation from the Facility, and its displacement of conventional energy generation. Green Attributes include but are not limited to ERR Credits and Renewable Energy Credits, as well as: (1) any avoided emissions of pollutants to the air, soil or water such as sulfur oxides (SO_x), nitrogen oxides (NO_x), carbon monoxide (CO) and other pollutants; (2) any avoided emissions of carbon dioxide (CO₂), methane (CH₄) nitrous oxide, hydrofluoro carbons, perfluoro carbons, sulfur hexafluoride and other greenhouse gases (GHGs) that have been determined by the United Nations Intergovernmental Panel on Climate Change, or otherwise by law, to contribute to the actual or potential threat of altering the Earth's climate by trapping heat in the atmosphere; (3) the reporting rights to these avoided emissions such as Green Tag Reporting Rights. Green Tag Reporting Rights are the right of a Green Tag Purchaser to report the ownership of accumulated Green Tags in compliance with federal or state law, if applicable, and to a federal or state agency or any other party at the Green Tag Purchaser's discretion, and include without limitation those Green Tag Reporting Rights accruing under Section 1605(b) of The Energy Policy Act of 1992 and any present or future federal, state, or local law, regulation or bill, and international or foreign emissions trading program. Green Tags are accumulated on MWh basis and one Green Tag represents the Green Attributes associated with one (1) MWh of energy. Green Attributes do not include: (i) any energy, capacity, reliability or other power attributes from the Facility; (ii) production tax credits associated with the construction or operation of the Facility and other financial incentives in the form of credits, reductions, or allowances associated with the Facility that are applicable to a state or federal income taxation obligation; (iii) fuel-related subsidies or "tipping fees" that may

be paid to Seller to accept certain fuels, or local subsidies received by the generator for the destruction of particular preexisting pollutants or the promotion of local environmental benefits; or (iv) emission reduction credits encumbered or used by the Facility for compliance with local, state, or federal operating and/or air quality permits. If Seller's Facility is a biomass or landfill gas facility and Seller receives any tradable Green Attributes based on the greenhouse gas reduction benefits or other emission offsets attributed to its fuel usage, it shall provide Buyer with sufficient Green Attributes to ensure that there are zero net emissions associated with the production of electricity from such facility.

"Initial Delivery Period" shall mean the calendar year in which the Initial Product Delivery Date occurs.

"Initial Product Delivery Date" has the meaning set forth in Section 2.4.

"Law" means any statute, law, treaty, rule, regulation, ordinance, code, permit, enactment, injunction, order, writ, decision, authorization, judgment, decree or other legal or regulatory determination or restriction by a court or Governmental Authority of competent jurisdiction, including any of the foregoing that are enacted, amended, or issued after the Execution Date, and which becomes effective during the Delivery Term; or any binding interpretation of the foregoing.

"MCE RPS Requirements" means (i) the California Renewables Portfolio Standard-compliant energy MCE is required to procure pursuant to the California Renewables Portfolio Standard, and (ii) any additional California Renewables Portfolio Standard-compliant energy procured by MCE in excess of the mandatory California Renewables Portfolio Standard requirements.

"NERC" means the North American Electric Reliability Corporation, or any successor organization.

"Party" or "Parties" has the meaning set forth in the preamble.

"PG&E" means Pacific Gas & Electric Company, or any successor entity.

"Products" means Energy, Contract Capacity and Green Attributes.

"Renewable Energy Credit" has the meaning set forth in California Public Utilities Code Section 399.12(g), as may be amended from time to time or as further defined or supplemented by Law.

"Resource Adequacy" means a requirement by a governmental authority or in accordance with its FERC-approved tariff, or a policy approved by a local regulatory authority, that is binding upon either Party and that requires such Party procure a certain amount of electric generating capacity.

"Resource Adequacy Benefits" means the rights and privileges attached to the Facility that satisfy any entity's resource adequacy obligations, as those obligations are set forth in any Resource Adequacy Rulings and shall include any local, zonal or otherwise locational attributes associated with the Facility.

“Resource Adequacy Rulings” means CPUC Decisions 04-01-050, 04-10-035, 05-10-042, 06-06-064, 06-07-031 and any subsequent CPUC ruling or decision, or any other resource adequacy laws, rules or regulations enacted, adopted or promulgated by any applicable governmental authority, as such decisions, rulings, laws, rules or regulations may be amended or modified from time-to-time during the Delivery Term.

“Seller” has the meaning set forth in the preamble.

“Station Use” means energy consumed within the Facility’s electric energy distribution system as losses, as well as energy used to operate the Facility’s auxiliary equipment. The auxiliary equipment may include, but is not limited to, forced and induced draft fans, cooling towers, boiler feeds pumps, lubricating oil systems, plant lighting, fuel handling systems, control systems, and sump pumps.

“Term” has the meaning set forth in Section 10.1.

“WREGIS” means the Western Renewable Energy Generating Information System or any successor renewable energy tracking program.

Appendix B

INITIAL PRODUCT DELIVERY DATE CONFIRMATION LETTER

In accordance with the terms of that certain Small Renewable Generator Power Purchase Agreement dated _____ (“Agreement”) by and between the Marin Clean Energy (“MCE”) and _____ (“Seller”), this letter serves to document the parties further agreement that MCE will begin receiving the Products, as specified in the Agreement, as of this _____ day of _____, _____ (the “Initial Product Delivery Date”). This letter confirms the Initial Product Delivery Date, as defined in the Agreement, as the date referenced in the preceding sentence.

Pursuant to the Agreement, Seller hereby represents and warrants that as of the date hereof that:

- A. The Commercial Operation Date has occurred, if the Facility was not in operation prior to the Execution Date of this Agreement;
- B. Seller has identified a certified QRE, according to criteria established by WREGIS, for the Facility and has executed the appropriate agreement(s) with such QRE to ensure that the net electric energy produced by the Facility will be timely reported to WREGIS for the purpose of creating related renewable energy certificates throughout the Delivery Term; a copy of the aforementioned QRE agreement(s) has been provided to MCE.
- C. The Facility’s status as an Eligible Renewable Energy Resource, is demonstrated by Seller’s receipt of certification from the CEC and evidence of Seller’s registration with WREGIS has been satisfied.

IN WITNESS WHEREOF, each Party has caused this Agreement to be duly executed by its authorized representative as of the date of last signature provided below:

By Seller
Name: _____
Title: _____
Date: _____

By: Marin Clean Energy
Name: _____
Title: _____
Date: _____

Appendix C

COUNTERPARTY NOTIFICATION AND FORECASTING REQUIREMENTS

A. NOTIFICATION REQUIREMENTS FOR START-UP AND SHUTDOWN

Prior to paralleling to or after disconnecting from the electric system, ALWAYS notify your designated Distribution Operator as follows:

1. Call your Distribution Operator for permission to parallel before any start-up.
2. Call your Distribution Operator again after start-up with parallel time.
3. Call your Distribution Operator after any separation and report separation time as well as date and time estimate for return to service.

B. FORECASTING REQUIREMENTS

Seller shall abide with all established requirements and procedures described below:

1. Generating Facilities of 1000 kW must comply with the CAISO Tariff and Protocols while generating facilities under 1000 kW must comply with all applicable interconnection, communication and metering rules; and
2. Annual Energy Forecast: No later than January 1st of each year during the Delivery Term, Generating Facilities 100 kW and greater will electronically provide MCE and the Scheduling Coordinator, if applicable, with an Energy Forecast for the next calendar year.

The Annual Energy Forecast submitted to MCE and the Scheduling Coordinator, if applicable, shall:

1. Not include any anticipated or expected electric energy losses;
2. Be provided as instructed by MCE;
3. Include Seller's contact information and an indication of the Generating Facilities for which the forecast is being provided;
4. Identify the expected dates and times of any planned outages associated with the Generating Facilities.

Appendix D

DESCRIPTION AND LOCATION OF FACILITY

1. Seller's Feed-In Tariff Record Number as assigned by MCE: _____
2. The Facility is described as _____

3. The Facility is located at the following address _____.
4. The Facility's primary fuel is _____
5. The Facility has a Contract Capacity of _____ kilowatts ("kW").
6. The maximum hourly energy delivery quantity is _____ kWh (Contract Capacity x 1 hour).
7. The Expected Annual Energy Output of the Facility is _____ kWh.
8. The scheduled Commercial Operation Date of the Facility is _____.
9. The Facility has a primary voltage level of _____ kilovolts ("kV")
10. The Facility is connected to PG&E's electric system at _____ kV.
11. MCE shall revise this Appendix D as appropriate, give written notice to Seller regarding the revision, and issue a new Appendix D which shall then become part of the Agreement, in the event of changes to the information contained within Appendix D.

Appendix E

FACILITY DRAWINGS

[Seller to include: (i) a drawing showing the general arrangements of the Facility, and (ii) a single line diagram illustrating the interconnection of the Facility and loads with PG&E's electric distribution system]

**BOARD MEMORANDUM**

March 8, 2018

To: CMSA Commissioners and Alternates

From: Jason Dow, General Manager JD

Subject: Reschedule the April 2018 Board Meeting

Recommendation: Consider rescheduling the April 10, 2018 Board meeting.

Summary: Staff proposes rescheduling the April Board meeting from Tuesday, April 10, to Thursday, April 12. I contacted several Board members to check their availability for a potential rescheduled meeting, and all I spoke with are available on April 12.

Currently, the April agenda includes the following consent calendar and business items:

- March meeting minutes, Treasurer's and investment reports (consent)
- March performance metric and process/NPDES reports (consent)
- Third Quarter Asset Management Report (consent)
- Revised Administrative Policy #56: Employee Computer Purchase Assistance Program
- Revised Administrative Policy #57: Commuter Check and Cash Reimbursement Program
- Final Draft 2018 JPA
- Assistant and Associate Engineer job descriptions
- Assistant Operations Supervisor job description
- GASB 75 OPEB Valuation Report and presentation



BOARD MEMORANDUM

March 8, 2018

To: CMSA Commissioners and Alternates

From: Kenneth Spray, Administrative Services Manager
Jason Dow, General Manager JD

Subject: **Financial Audit Services Contract with Cropper Accountancy Corporation**

Recommendation: Approve the financial audit services contract with Cropper Accountancy Corporation for FY 17/18 – FY 20/21, and authorize the General Manager to sign it.

Discussion: Chavan and Associates has audited the Agency’s financial statements for the past six consecutive years. In accordance with an internal Agency policy, finance staff developed a request for proposal for financial audit services and sent it to qualified certified public accounting firms in the San Francisco Bay Area that audit local government agencies. Staff evaluated the proposals and selected Cropper Accountancy Corporation based upon their qualifications, proposed scope of work, and experience performing financial audits of local wastewater agencies. Cropper Accountancy Corporation currently audits five comparable agencies, including Las Gallinas Valley Sanitary, Oro Loma Sanitary, West County Sanitary, Sanitary District #2 of Marin County, and Mt. View Sanitary. We believe Cropper Accountancy Corporation is a good fit for the Agency’s financial auditing needs.

Cropper’s audit fee is \$18,500 fee per year for each year of the four-year contract with no fee escalator per year, and an hourly rate is available should there be need for any additional work. The contract has an option for two additional years if the Agency chooses to extend it after FY 20/21. The Cropper Accountancy firm meets all the criteria listed in the request for proposal, is able to meet our timeline for completion of the audit and issuance of the financial statements, and its client references are strong. Cropper’s scope of work is detailed in Exhibit B and includes the standard auditing activities to complete the annual financial audit, such as planning and scheduling the audit work, meeting with Agency staff, performing the internal control audit, reviewing the Agency’s trial balance, completing all necessary field work, preparing the draft and final financial statements, suggesting any control improvements, and presenting the audit findings and opinion to the Board.

Attachments:

1. Professional Services Agreement with Cropper Accountancy Corporation
2. Exhibit A – Scope of Work
3. Exhibit B – Proposal for Financial Audit Services

**CENTRAL MARIN SANITATION AGENCY
FINANCIAL AUDITING SERVICES****PROFESSIONAL SERVICES AGREEMENT**

This Professional Services Agreement (hereinafter "Agreement") is made and entered into this **13th day of March, 2018** by and between the Central Marin Sanitation Agency (hereinafter referred to as "Agency") and Cropper Accountancy Corporation (hereinafter referred to as "Consultant").

RECITALS:

WHEREAS, the Agency desires to retain Consultant to perform the services (hereinafter referred to as "Services"), which include, but are not limited to, financial audit and financial statement preparation; and

WHEREAS, Consultant represents and warrants that it is qualified, competent, and ready to perform such Services;

NOW, THEREFORE, for and in consideration of the promises contained herein, and the payments to be made by Agency, the parties agree to the following:

1. CONSULTANT'S SCOPE OF SERVICES:

Consultant shall provide the Services described in **Exhibit A** attached hereto and by this reference made a part of this Agreement. If the Agency desires to engage Consultant to perform optional or additional services, the Agency and Consultant will prepare and execute an amendment to this Agreement for the performance of the optional or additional services.

2. AGENCY'S OBLIGATIONS:

The Agency shall:

- (A) Provide access to and make provisions for the Consultant to enter the Agency's facilities as needed by Consultant in order for it to perform the Services, subject only to Consultant providing the Agency with reasonable advance notice of its need for access to one or more of the Agency's facilities.
- (B) Make available to Consultant all pertinent data, financial and administrative documents, and other records (hereinafter collectively "Information") requested by Consultant for its review and use, and reliance in its performance of the Services.
- (C) Provide review comments on project deliverables per the agreed upon activity and project schedules.

**CENTRAL MARIN SANITATION AGENCY
FINANCIAL AUDITING SERVICES**

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3. FEES:

The fees for furnishing the Services to be performed under this Agreement are set forth in the Proposal for Financial Auditing Services (dated 2/6/2018), which is attached hereto as **Exhibit B** and by this reference incorporated herein and made a part of this Agreement. Said fees shall remain in effect for the entire term of the Agreement.

If during the performance of the Services, Consultant makes a good faith determination that there will be a balance remaining in a task upon its completion, the Consultant, with the Agency's prior agreement, which shall not be unreasonably withheld, may reallocate that amount among other tasks that have not been completed but have exceeded or are estimated to exceed the amount originally allocated for those tasks.

4. PAYMENT:

The Agency shall pay Consultant for proper performance of the Services according to the fee schedules set forth in **Exhibit B**. On a monthly basis, Consultant will provide the Agency with a written invoice setting forth the hours spent by Consultant's assigned personnel along with any reimbursable expenses incurred during that month together with supporting documentation as requested by the Agency. The fees for services under this Agreement shall be due within thirty (30) calendar days after approval by the Agency of the invoice covering the services and reimbursable expenses.

5. AGREEMENT TIME:

This Agreement shall commence on March 14, 2018, and shall terminate on December 31, 2021. Time is of the essence with respect to this Agreement. This Agreement's Time may be extended by mutual agreement of the parties. Consultant's Services shall be performed and the deliverables provided in accordance with the Schedule that is attached hereto as **Exhibit B, Page 12**, and by this reference made a part of this Agreement.

6. INSURANCE:

Consultant shall procure and maintain at all times during the performance of the Agreement at its expense the following insurances:

- (A)(i) Workers' Compensation and Employer's Liability Insurance for protection of Consultant's employees as required by the State of California and as will protect Consultant from loss or damage because of personal injuries, including death to any of its employees. Employers Liability insurance shall be provided in amounts not less than:

\$1,000,000 each accident for bodily injury

**CENTRAL MARIN SANITATION AGENCY
FINANCIAL AUDITING SERVICES**

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\$1,000,000 each employee for bodily injury by disease

\$1,000,000 policy limit for bodily injury by disease

- (A)(ii) **Comprehensive Automobile Liability Insurance** shall provide coverage for bodily injury and property damage liability. This policy shall protect Consultant against all liability arising out of the use of owned or leased automobiles both passenger and commercial. Automobiles, trucks, and other vehicles and equipment (owned, not owned, or hired, licensed or unlicensed for road use) shall be covered under this policy. Limits of liability for Comprehensive Automobile Liability Insurance shall not be less than \$1,000,000 per accident for bodily injury and property damage.
- (A)(iii) **Comprehensive General Liability Insurance** as will protect Consultant and the Agency from any and all claims for damages or personal injuries, including death, which may be suffered by persons, or for damages to or destruction to the property of others, which may arise from the Consultant's Services under this Agreement. Said insurance shall provide a minimum of \$1,000,000 Combined Single Limit coverage for personal injury, bodily injury, and property damage for each occurrence. If a general aggregate limit applies, either the general aggregate limit shall apply separately for this Agreement or the general aggregate limit shall be twice the required occurrence limit. Such insurance will insure Consultant and the Agency from any and all claims arising from the following:
1. Personal injury;
 2. Bodily injury;
 3. Property damage;
 4. Broad form property damage;
 5. Independent contractors;
 6. Blanket contractual liability.
- (A)(iv) **Professional Liability Insurance** shall protect Consultant from claims arising out of negligent acts, errors or omissions of Consultant in the performance of the Service in an amount of not less than \$1,000,000. The policy shall cover the indemnity provisions under this Agreement. Consultant shall maintain this insurance for twelve (12) months after the Services required under this Agreement have been completed.
- (B) Consultant agrees to procure and maintain such insurances at Consultant's expense in full force and effect in a company or companies satisfactory to the Agency. All coverage shall remain in effect until completion of the Services.
- (C) Consultant will furnish the Agency with certificates of insurance issued by Consultant's insurance carrier(s) and countersigned by an authorized agent or representative of the insurance company. The certificates shall show that the insurance will not be cancelled, altered, or reduced without at least ten (10) days' prior written notice to the Agency. The certificates for liability insurance will show that liability assumed under this Agreement is included.

**CENTRAL MARIN SANITATION AGENCY
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- (D) Consultant hereby grants to CMSA a waiver of any right to subrogation which any insurer of said Consultant may acquire against CMSA by virtue of the payment of any loss under such insurance. Consultant agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation, but this provision applies regardless of whether or not the CMSA has received a waiver of subrogation endorsement from the insurer.
- (E) The general liability and automobile liability insurance policies shall contain or be endorsed to contain the following provisions:
- (i) The Agency, its members including San Rafael Sanitation District, City of Larkspur, Sanitary District No. 1 of Marin County, Sanitary District No. 2 of Marin County, the City of San Rafael, the Town of Corte Madera, their respective commissioners, directors, councilmembers, officers, officials, employees and volunteers are to be covered as additional insured as respects: liability arising out of activities performed by or on behalf of the Consultant; products and completed operations of the Consultant; premises owned, occupied or used by the Consultant; or automobiles owned, leased, hired or borrowed by the Consultant. The coverage shall contain no special limitations on the scope of protection afforded to the Agency, its members including San Rafael Sanitation District, City of Larkspur, Sanitary District No. 1 of Marin County, Sanitary District No. 2 of Marin County, the City of San Rafael, the Town of Corte Madera, their respective commissioners, directors, councilmembers officers, officials, employees and volunteers.
 - (ii) For any claims related to this Agreement, the Consultant's insurance coverage shall be primary insurance as respects the Agency, its members including San Rafael Sanitation District, City of Larkspur, Sanitary District No. 1 of Marin County, Sanitary District No. 2 of Marin County, the City of San Rafael, the Town of Corte Madera, their respective commissioners, directors, councilmembers, officers, officials, employees and volunteers. Any insurance or self-insurance maintained by the Agency, its members including San Rafael Sanitation District, City of Larkspur, Sanitary District No. 1 of Marin County, Sanitary District No. 2 of Marin County, the City of San Rafael, the Town of Corte Madera, their respective commissioners, directors, councilmembers, officers, officials, employees and volunteers shall be excess of the Consultant's insurance and shall not contribute to it.
 - (iii) The Consultant's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.
 - (iv) Each insurance policy required by this clause shall be endorsed to state that coverage shall not be canceled by either party except after ten (10) days'

**CENTRAL MARIN SANITATION AGENCY
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prior written notice by mail, has been given to the Agency. Consultant agrees to provide notification to the Agency in the event the insurance policies are suspended, voided, or reduced in coverage or limits.

- (F) Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A:VII, unless otherwise acceptable to CMSA.

Failure to provide and maintain the insurance required by this Agreement will constitute a material breach of this Agreement. In addition to any other available remedies, Agency may suspend payment to the Consultant for any services provided during any time that insurance was not in effect and until such time as the Consultant provides adequate evidence that Consultant has obtained the required insurance coverage.

CMSA, at its discretion, may waive insurance requirements or reduce the above stated coverage limits based on the Consultant's scope of work and complexity of the associated tasks.

7. NONDISCRIMINATORY EMPLOYMENT:

Consultant and/or any permitted sub-consultant, shall not unlawfully discriminate against any individual based on race, color, religion, nationality, sex, sexual orientation, age, condition of disability, or other protected category. Consultant and/or any permitted sub-consultant understands and agrees that Consultant and/or any permitted sub-consultant is bound by and will comply with the nondiscrimination mandates of all federal, state and local statutes, regulations and ordinances.

8. LICENSING AND PERMITS:

The Consultant shall procure and maintain as required the appropriate licenses and permits required to perform the Services throughout the life of this Agreement.

9. BOOKS OF RECORD AND AUDIT PROVISION:

Consultant shall maintain on a current basis complete books and records relating to this Agreement and the Services performed. Such records shall include, but not be limited to, documents supporting all billings to the Agency for the Services performed. The books and records shall be original entry books with a general ledger itemizing all debits and credits for the work on this Agreement. In addition, Consultant shall maintain detailed payroll records including all subsistence, travel and field expenses, and canceled checks, receipts and invoices for all items. These documents and records shall be retained for at least five years from the completion of this Agreement. Consultant will permit Agency to audit all books, accounts or records relating to this Agreement or all books, accounts or records of any business entities controlled by Consultant who participated in this Agreement in any way. Any audit may be conducted on Consultant's premises or, at Agency's option, Consultant shall provide all books

**CENTRAL MARIN SANITATION AGENCY
FINANCIAL AUDITING SERVICES**

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and records within a maximum of fifteen (15) days upon receipt of written notice from Agency. Consultant shall refund any moneys erroneously charged.

10. TITLE TO INFORMATION & DOCUMENTS:

It is understood that any and all documents, including but not limited to Information, documents, and reports concerning this Agreement's Services prepared by and/or submitted to the Consultant, shall be the property of the Agency. The Agency may provide the Consultant's work product(s) to another person or entity in the future for a separate specific assignment. However, Consultant retains all intellectual property rights, including copyrights, applicable to its work. The Consultant may retain reproducible copies of the documents that it prepares as part of the Services. In the event of the termination of this Agreement, for any reason whatever, Consultant shall promptly deliver all Information, including but not limited to writings, plans, reports and other documents to Agency without exception or reservation.

11. TERMINATION:

- (A) **Notice to Cure.** If Consultant at any time fails to properly and diligently perform the Services covered by the Agreement, or has committed a material breach of a provision of this Agreement, the Agency shall give Consultant written notice that within two (2) working days of its receipt of said notice, Consultant shall commence and continue satisfactory correction of such default or breach with diligence and promptness.
- (B) **Consultant Default.** If Consultant fails to commence, within two (2) working days after receipt from the Agency of the notice issued under the above paragraph (A) and diligently thereafter, to correct the default or breach, then the Agency may pursue any remedies available by common law, statute, or this Agreement, including, but not limited to, one or more of the following:
- (i) withhold any sums due or thereafter to become due to Consultant under the Agreement and during such period such withheld amounts shall not accrue interest; or
 - (ii) terminate the Agreement;

Within seven (7) business days of Consultant's correction of the default or breach, the Agency shall release to the Consultant any monies withheld.

- (C) **Termination for Convenience.** The Agency may for its convenience and at any time and for any reason terminate Consultant's Services and this Agreement. Termination shall be by service of written notice to Consultant at its address for notice set forth below. Upon receipt of such notice, Consultant shall, unless the notice directs otherwise, immediately discontinue performing the Services.

Upon such termination, sub-consultants shall be entitled to payment only for the

**CENTRAL MARIN SANITATION AGENCY
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Services completed as of the date of termination pursuant to the Agreement. Consultant shall not be entitled to any claim or claim for any additional compensation, lost profit, or other damages in the event of such termination.

12. RELATIONSHIP BETWEEN THE PARTIES:

It is expressly understood that in the performances of the Services herein, the Consultant, and the agents and employees thereof, shall act as an independent contractor and not as officers, employees or agents of the Agency. Consultant shall be solely responsible to pay all required taxes, including but not limited to, all withholding social security, and worker's compensation for its employees.

13. AMENDMENT:

This Agreement may be amended or modified only by written agreement of all parties.

14. ASSIGNMENT OF SERVICES AND PERSONNEL:

The Consultant shall not subcontract or assign any portion of the Services required to be performed pursuant to this Agreement without the prior written approval of the Agency. Further, Consultant shall not substitute any personnel for those specifically named in its proposal unless personnel with substantially equal or better qualifications and experience are provided and are acceptable to Agency, as is evidenced in writing.

15. JURISDICTION AND VENUE:

This Agreement shall be construed in accordance with the laws of the State of California and the parties hereto agree that venue shall be in Marin County, California.

16. INDEMNIFICATION:

Consultant shall indemnify, defend, and hold harmless the Agency, its members including San Rafael Sanitation District, City of Larkspur, Sanitary District No. 1, Sanitary District No. 2 of Marin County, the City of San Rafael, the Town of Corte Madera, and their respective commissioners, directors, councilmember, officers, officials, and employees from any and all liabilities claims and losses including, but not limited to, reasonable litigation costs and attorney's fees arising from Consultant's negligence and/or willful misconduct in the performance of the Services under this Agreement, except to the extent caused by the active negligence of the Agency, its members including San Rafael Sanitation District, City of Larkspur, Sanitary District No. 1, Sanitary District No. 2 of Marin County, the City of San Rafael, the Town of Corte Madera, or their respective commissioners, directors, councilmember, officers, officials, and employees.

**CENTRAL MARIN SANITATION AGENCY
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Notwithstanding the foregoing, for any claim alleging Consultant's negligent performance of professional services or willful misconduct, Consultant's obligations regarding Agency's or its member's defense under this section include only the reimbursement of Agency's and/or its member's reasonable defense costs incurred to the extent of Consultant's negligence or willful misconduct as expressly determined by a final judgment, arbitration, award, order, settlement, or other final resolution. The Consultant shall not be responsible for warranties, guarantees, fitness for a particular purpose, breach of fiduciary duty, loss of anticipated profits or for economic, incidental or consequential damages to Agency, its members, or any third party arising out of breach of contract, termination, or for any other reason whatsoever. Additionally, Consultant shall not be responsible for acts and decisions of third parties, including governmental agencies, other than Consultant's sub-consultants, that impact completion and/or success of the Services.

17. STANDARD OF CARE:

Consultant shall complete the services required hereunder in accordance with the prevailing standard of care by exercising the skill and ability ordinarily required to perform the same or similar services, under the same or similar circumstances, in the State of California. Consultant shall, at no cost to the Agency, re-perform any part of the services which fail to satisfy the foregoing standard of care.

18. ESTIMATES AND PROJECTIONS:

Consultant has no control over the cost of labor, materials, equipment or services furnished by others, over the incoming water quality and/or quantity, or over the way the Agency's facilities and/or associated processes are operated and/or maintained. Data projections and estimates are based on Consultant's opinion based on experience and judgment. Consultant cannot and does not guarantee that actual costs and/or quantities realized will not vary from the data projections and estimates prepared by Consultant and Consultant does not and will be not liable to and/or indemnify the Agency and/or any third party related to any inconsistencies between Consultant's data projections and estimates and actual costs and/or quantities realized by the Agency and/or any third party in the future.

19. THIRD PARTIES:

The services to be performed by Consultant are intended solely for the benefit of Agency and its members. No person or entity not a signatory to this Agreement shall be entitled to rely on Consultant's performance of its services hereunder, and no right to assert a claim against Consultant by assignment of indemnity rights or otherwise shall accrue to a third party as a result of this Agreement or the performance of Consultant's services hereunder.

**CENTRAL MARIN SANITATION AGENCY
FINANCIAL AUDITING SERVICES**

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20. FORCE MAJUERE:

Neither Consultant nor Agency shall be considered to be in default of this Agreement if delays in or failure of performance shall be due to uncontrollable forces, the effect of which, by the exercise of reasonable diligence, the nonperforming party could not avoid. The term "uncontrollable forces" shall mean any event which results in the prevention or delay of performance by a party of its obligations under this Agreement and which is beyond the control of the nonperforming party. It includes, but is not limited to, fire, flood, earthquake, storms, lightening, epidemic, war, riot, civil disturbance, sabotage, inability to procure permits, licenses, or authorizations from any state, local, or federal agency or person for any of the supplies, materials, accesses, or services required to be provided by either Consultant or Agency under this Agreement, strikes, work slowdowns or other labor disturbances, and judicial restraint.

21. COMPLIANCE WITH APPLICABLE LAWS:

In performance of the services, Consultant will comply with applicable regulatory requirements including federal, state, and local laws, rules, regulations, orders, codes, criteria, and standards.

22. WAIVER:

A waiver by either the Agency or Consultant of any breach of this Agreement shall not be binding upon the waiving party unless such waiver is in writing and executed by the waiving party. In the event of a written waiver, such a waiver shall not affect the waiving party's rights with respect to any other or further breach.

23. SEVERABILITY:

The invalidity, illegality, or unenforceability of any provision of this Agreement, or the occurrence of any event rendering any portion or provision of this Agreement void, shall in no way affect the validity or enforceability of any other portion or provision of the Agreement. Any void provision shall be deemed severed from the Agreement and the balance of the Agreement shall be construed and enforced as if the Agreement did not contain the particular portion or provision held to be void.

24. INTEGRATION:

This Agreement supersedes all prior agreements, contracts, proposals, representations, negotiations, letters, or other communications between the Consultant and Agency pertaining to this Agreement and the Services to be performed, whether written or oral.

**CENTRAL MARIN SANITATION AGENCY
FINANCIAL AUDITING SERVICES**

PROFESSIONAL SERVICES AGREEMENT

25. NOTICES AND DESIGNATED REPRESENTATIVES:

Kenneth Spray is the designated representative for CMSA and will administer this Agreement for CMSA. **John Cropper** of Cropper Accountancy Corporation is the designated representative for Consultant. Changes in designated representatives shall occur only by advance written notice to the other party.

All invoices shall be submitted and approved by the designated Agency representative and all notices shall be given to Agency at the following location:

1301 Andersen Drive
San Rafael, CA 94901

Notices shall be given to Consultant at the following address:

Cropper Accountancy Corporation
2700 Ygnacio Valley Road, Suite 270
Walnut Creek, CA 94598

IN WITNESS WHEREOF, the parties hereunto have executed this Agreement on the date first above written.

APPROVED BY:

CENTRAL MARIN SANITATION AGENCY:

Jason R. Dow, General Manager

CONSULTANT:

John Cropper, Managing Partner

Federal Tax ID #: 68-0372583

**CENTRAL MARIN SANITATION AGENCY
FINANCIAL AUDITING SERVICES**

PROFESSIONAL SERVICES AGREEMENT

EXHIBIT A

SCOPE OF WORK

1. Consultant to perform financial audit of the books and records of the Agency in accordance with Generally Accepted Auditing Standards.
2. Consultant to prepare financial statements for the same in accordance with Generally Accepted Accounting Principles.
3. Consultant to perform said audit and prepare said financial statements for each of the four fiscal years ending June 30, 2018, 2019, 2020, and 2021 with the option to extend two additional years.
4. Consultant to provide bound or unbound completed financial statements with auditor's opinion at conclusion of the audit to the Agency in quantities to be determined by the Agency together with an electronic version of the same.
5. Consultant will present the Agency's audited financial statements to the CMSA Board of Commissioners.
6. Consultant will perform all other financial auditing services listed in Exhibit B.

EXHIBIT B

PROPOSAL TO SERVE
CENTRAL MARIN SANITATION AGENCY



Proposal for Financial Audit Services

For the Fiscal Years June 30th, 2018 – 2021

CROPPER ACCOUNTANCY CORPORATION

Certified Public Accountants

Federal Tax I.D # 68-0372583

California State Board of Accountancy COR5114

2700 Ygnacio Valley Road, Suite 230

Walnut Creek, CA 94598

February 6, 2018

PRIMARY CONTACT:

JOHN CROPPER, MANAGING PARTNER

Phone: (925) 932-3860

Fax: (925) 476-9930

john@cropperaccountancy.com

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office location
2700 Ygnacio Valley Road, Ste 270
Walnut Creek, CA 94598

(925) 932-3860 tel

mailing address
2977 Ygnacio Valley Rd, PMB 460
Walnut Creek, CA 94598

(925) 476-9930 efax

www.cropperaccountancy.com

February 6, 2018

Mr. Kenneth Spray, Administrative Services Manager
Central Marin Sanitary Agency
1301 Andersen Drive
San Rafael, California 94901

Dear Mr. Spray:

We are pleased to submit our Proposal to audit, examine, and prepare in accordance with Generally Accepted Accounting Principles, Central Marin Sanitary Agency's (CMSA) financial statements for the fiscal years ending June 30, 2018, 2019, 2020 and 2021 with the option to extend two additional years.

We are excited about the prospect of working with you! We want to be your public accounting firm and are confident in our ability to provide quality services at competitive rates.

In this proposal, we describe in detail why we believe Cropper Accountancy Corporation is the selection of choice. Those distinguishing reasons are highlighted as follows:

- **Unique and Value-added Staffing Model.** We do not employ inexperienced staff to perform our audits; a client service partner and senior staff will perform all audit fieldwork in order to gain a detailed understanding of the client's business, build strong working relationships with management, and ensure that all audit risks are properly addressed. In subsequent years, client service partners *continue* to "roll up their sleeves" performing the work requiring greater expertise and giving the personal attention to clients that other firms do not provide. We believe this staffing model is most efficient and value-added.
- **Extensive governmental, HUD and special district audit expertise and experience.** We have extensive expertise and experience with governmental audits, which require compliance with Yellow Book Standards and Single Audit requirements. Our experience in governmental audits also includes special districts.
- **Superior, sustained, proactive client service.** We take pride in our long-standing client relationships and in exceeding client expectations. We experience little client turnover – even in industries that routinely rotate auditors.

We acknowledge that we understand the requirements of your Request for Proposal and commit to performing the work within the stated time period. Cropper Accountancy is an equal opportunity employer who complies with all applicable state and local laws governing nondiscrimination. Our proposal is a firm and revocable offer for ninety days.

Sincerely,

John Cropper, CPA, CGFM, CGMA
Managing Partner

FIRM PROFILE

Cropper Accountancy Corporation is a boutique firm formed in 2002, primarily to provide audit, accounting and tax services to non-profit organizations and to local governmental agencies. Located in Walnut Creek, California, we are a smaller 10 person office purposefully less leveraged than other firms, in order to provide more personal and *continuous service by highly qualified, experienced personnel*. With our high level of principal involvement, you will receive the highest degree of service. As a member firm of the American Institute of Certified Public Accountants, we are required to adhere to rigorous quality control standards in our accounting and auditing practice.

Continuity of personnel is an important strength of our firm, which contributes to a more efficient audit process and less client disruption. All of our firm's personnel have extensive experience in servicing governmental and not-for-profit organizations. You will spend no time training our personnel. We have the resources to properly staff the engagement to ensure effective and efficient service and to help with any needs as they arise throughout the year, not just during the audit. Our firm's two principals John Cropper and Mary Ann Cropper have over 50 years combined governmental experience. They are experts in the not-for-profit and governmental audit industries which enhances the value we can provide. Such experience also includes extensive Single Audit (i.e. OMB A-133) work.

License to Practice

All principals and assigned key audit members of Cropper Accountancy Corporation who will provide services to the Authority, are licensed to practice as Certified Public Accountants in the State of California.

Independence

Cropper Accountancy Corporation and all related personnel are independent of Central Marin Sanitary Agency as defined by generally accepted auditing standards and the U.S. General Accounting Office's *Government Auditing Standards*.

Insurance

Cropper Accountancy Corporation has and will continue to maintain for the duration of the engagement worker's compensation, employer's liability, commercial general liability and automobile liability insurance against claims for injuries to persons or damages to property which might arise out of or in connection to the performance of the work by the firm.

Equal Opportunity Employer

Cropper Accountancy provides equal employment opportunities to all employees and applicants for employment without regard to race, color, religion, sex, national origin, age, disability or genetics. In addition to federal law requirements, Cropper Accountancy complies with applicable state and local laws governing nondiscrimination in employment in every location in which the company has clients.

Peer Review Results

We are committed to quality and have the technical expertise to enforce quality standards. We are proud of our peer review results and are pleased to share the results with you. Our peer review included a review of at least one government engagement. We have had no other desk or field reviews during the past three years. There has been no disciplinary action taken or pending against the firm during the past three years with state regulatory bodies or professional organizations.

PARTNER, SUPERVISORY, AND STAFF QUALIFICATIONS AND EXPERIENCE

Firm's Continuing Education

Each member of our firm is enrolled in a CPE program with the California Society of CPAs. Our peer review requires a total of 80 hours and a minimum of 24 hours of governmental CPE every two years; even our non-CPA staff meets the latter requirement on an annual basis. The classes attended are sponsored by the AICPA, the California State Board of Accountancy, and various federal or state governmental agencies.

Partner, Supervisory and Staff Qualifications and Experience

Your audit will be conducted by John Cropper, Partner, and Katy Perry, Senior Supervisor. Our goal is to have the most cost efficient, thorough and timely audit process possible. On an as-needed basis, we will bring in other employees to assist in the audit. For instance, when client financial systems and computer environments become complex, we bring in our IT audit senior manager (John Steensen) to assess and evaluate risks within information systems relevant to the financial audit. We do not anticipate that principal or senior staff specialists will change over the course of the agreement.

John Cropper, CPA, CGFM, CGMA – Engagement Partner and Primary Contact

John is one of the founders and is president of Cropper Accountancy Corporation. He has been practicing public accounting since 1990. John specializes in audits of governmental entities, including cities, special districts, HUD, and single audits.

John began his career at Deloitte before moving on to become the partner-in-charge of the Walnut Creek office of Caporicci, Cropper & Larson, LLP. He worked as the partner-in-charge of the governmental practice at Armanino McKenna LLP before leaving to form Cropper Accountancy Corporation. In 2002, John founded the firm to provide hands on expertise service to the clients.

John is a member of the American Institute of Certified Public Accountants (AICPA), the California Society of Certified Public Accountants (CalCPA), Association of Government Accountants (AGA) and the California State Board of Accountancy. He is a Certified Governmental Financial Manager (CGFM), and a Chartered Global Management Accountant (CGMA). He formerly served on a Measure A advisory committee, and as the Treasurer of a Contra Costa County PAC Committee. John is a former member of the CalCPA state GASB committee. John is currently serving on the CalCPA Governmental Planning Committee.

Katy Perry – Supervising Senior

Katy joined Cropper Accountancy in 2007 and over the past three years, has served as the supervising senior on many government audits, including several special districts. Katy is a member of the California Society of CPAs, and completed multiple governmental continuing professional education classes in the past three years. She is currently serving as a temporary finance director for a special district. Our clients appreciate Katy's great customer service and high level of responsiveness.

John Cropper

	Provider	Date	Credits
GASB Basic Financial Statements for State and Local Governments 4171260B	Education Foundation	1/26/2018	8
Governmental Accounting and Auditing Conference 5171266A	Education Foundation	5/16/2017	8
Forum for Auditing in the Small Business Environment	PCAOB	12/8/2016	8
Forum for Auditors of BDs	PCAOB	12/7/2016	8
Governmental Accounting and Auditing Conference 5161266A	Education Foundation	5/12/2016	8
Review of Significant Accounting Topics 12/14/2015	Education Foundation	12/14/2015	8
Forum for Auditor of Broker-Dealers	PCAOB	12/1/2015	15
GAAP Update Webcast 4152513F	Education Foundation	9/28/2015	8
HUD Audits of Multifamily Housing Projects: Audit Requirements Under the HUD Audit Guide and for Single Audits 4152771A	Education Foundation	8/28/2015	8
Accountancy Laws, Ethics, Taxes and Financial Reporting-Ethics 4152180D	Education Foundation	8/27/2015	4
Accountancy Laws, Ethics, Taxes and Financial Reporting: Regulatory Review	Education Foundation	8/27/2015	2
Accounting and Auditing Update 4151010	Education Foundation	8/25/2015	8
Defensive Auditing: Surviving Peer Review, Inspections and Litigation Exposure 4152639A	Education Foundation	7/20/2015	8
Governmental Accounting and Auditing Conference Webcast 5151266B	Education Foundation	5/12/2015	8

Katy Perry

	Provider	Date	Credits
Audit Requirements for Multifamily Housing 4172771B	Education Foundation	8/23/2017	8
Governmental Accounting and Auditing Conference 5171266A	Education Foundation	5/16/2017	8
Governmental Accounting & Auditing Conference 5161266A	Education Foundation	5/12/2016	8
Housing Projects: Audit Requirements Under HUD 4152771D	Education Foundation	2/9/2015	8
The Mysteries of Audit Sampling Revealed 5151266A	Education Foundation	7/22/2015	8
Governmental Accounting And Auditing Conference 515266A	Education Foundation	5/12/2015	8
Frequent Frauds Found in Government & Not for Profit 4142232C	Education Foundation	2/13/2015	8

SIMILAR ENGAGEMENTS AND CLIENT REFERENCES

<u>Engagements</u> <u>with John Cropper as Partner</u>	<u>Scope of Work</u>	<u>Hours</u>	<u>Approximate</u> <u>Cost</u>
Las Gallinas Valley Sanitary District Susan M. McGuire (415) 472-1033 Administrative Services Manager	Financial Audit with CAFR Awarded GFOA Certificate of Achievement Years served 2017	200	\$ 25,000
Oro Loma Sanitary District Contact: Arlene Wong (510) 276 -4700 Finance Manager	Financial Audit with CAFR Awarded GFOA Certificate of Achievement Years Served 2006 – 2014	200	\$ 25,000
West County Wastewater District Contact: Beverli Marshall (650).726-0124 Business Services Manager (former)	Financial Audit with CAFR Awarded GFOA Certificate of Achievement Years Served 2010 – 2014	160	\$ 25,000
Sanitary District No. 2 of Marin County George Warman (415) 927-5054 Finance Director	Financial Audit Years Served 2012-2017	65	\$ 8,000
Mt. View Sanitary District Contact: Sheri Riddle (925) 228 - 5635 Office Administrator	Financial Audit Years Served 2010 – 2017	120	\$ 15,000

We are proud of our long-standing client relationships, even in the governmental industry that routinely rotates auditors. Frankly, our clients love working with us. We currently serve over 25 clients in the governmental industry.

AUDIT APPROACH

We will provide to you, at the preliminary conference, a comprehensive list of schedules, confirmations, and other information that will be necessary to complete the audit. Our sampling techniques rely on our expertise and auditors' judgment and we are flexible enough to modify our techniques to fit every situation. We prepare our work papers using Epace, an integrated audit software package. This software allows us to download our client's trial balance into Excel, receive all other client prepared documents in Excel or Word, and document our work without creating a mountain of paper. The software integrates seamlessly into the final financial statements so that adjustments to account balances can immediately be reflected in the financial statements and footnotes as required. We also utilize ProFx tax software to seamlessly integrate the audited numbers into tax returns. Our peer reviewer recently commented that we operate as a model local CPA firm in our audit practices and procedures.

Our firm has a strong record of completing audits on time, proceeding through the work plan in an organized and efficient manner, and working with staff in a reasonable and harmonious relationship.

As a result of our extensive experience, we have developed a highly effective and efficient approach toward analyzing transactions during an audit. We will make inquiries, observations, and analyses of the significant systems and internal controls that produce financial statements. We will then focus our efforts primarily on efficient and cost-effective audit techniques that are truly tailored to your practices and systems. That is why we staff our engagements with partners and senior personnel.

We believe that the minimum standard audit approach can be improved upon in a number of ways including, but not limited to, the following:

- Investing approximately 40% of total audit time in planning and interim audit procedures
- Changing the audit approach each year to respond to changes in your business
- Communicating clearly and early and often throughout the entire process, appropriate to each level of management and governance
- Proactively exploring with you and our team ways to improve the audit so that there is constant improvement
- Providing insightful recommendations to management that are constructive and reflective of industry best practices

Our engagement approach can ordinarily be summarized into three phases: orientation, planning and fieldwork procedures.

I. ORIENTATION

Our previous experience with Special Districts provides us with a sound foundation from which to plan our audit procedures. Through an orientation/planning meeting, district staff will have the opportunity to meet our team members. Dates for audit field work will be finalized and documented. We will also determine the extent of involvement of other audit firms, consultants, specialist or internal auditors. We will assess the materiality level for the financial statements taken as a whole and determine the nature, timing, and extent of further audit procedures. We will perform a risk assessment of the District to comply with the recently issued suite of Risk Assessment Auditing Standards.

II. PLANNING

The planning phase of the engagement will lay the foundation for the direction of our audit and is key to cost-effective completion. We invest in the planning phase knowing that the remaining phases will then flow smoothly and reduce the likelihood of any "surprises" in later phases. Our planning will focus on developing a more detailed understanding of the District's operations, identifying significant issues and new pronouncements that may be applicable, and designing efficient audit procedures. Specifically, we will:

1. *Obtain an understanding of the internal control system by reviewing*
 - a. The Control Environment
 - b. Risk Assessment
 - c. Information and Communication
 - d. Control Activities
 - e. Monitoring

2. *Obtain an understanding of the legal and fiscal environment by reviewing:*
 - a. Existing cash flow projections and operating and capital improvement budgets.
 - b. Debt and lease agreements.
 - c. Key statistics and trends.
 - d. Current operations (internally produced financial statements).
 - e. Prior year audit reports
 - f. Additional documentation and reports available from the internal audit staff.
 - g. Key risks

3. *Meet with District management to discuss the following:*
 - a. New significant transactions or anticipated transactions
 - b. Coordination of procedures and timing.
 - c. Initial observations or areas of emphasis.
 - d. Reporting requirements.
 - e. Implications of new accounting pronouncements, if any.
 - f. Fraud protocols and risk assessments
 - g. Any other areas of concern to management

4. *Our risk assessment procedures will include*
 - a. Inquires of management
 - b. Analytical procedures
 - c. Observation
 - d. Inspection of documents

Based on our understanding of the District's operating environment, the analytical reviews, and the other planning procedures, we will highlight areas to be emphasized during our interim and final audit work. We will then define the engagement objectives, concentrating on the identified areas of concern and areas we know are important to management.

Prior to fieldwork, we will create audit files, convert/set-up all entities in our audit software program and prepare cash, debt, and contribution confirmations.

III. FIELDWORK PROCEDURES

The final phase of the engagement includes completion of all audit procedures to be performed. We will divide our efforts into two distinct segments: interim audit procedures and final audit procedures.

Interim Audit Procedures

Interim audit procedures lay the foundation for an efficient and effective audit. We will strive to perform a significant portion of our procedures at interim to allow a more efficient completion of the audit. Specifically, at interim, we will document the District's financial reporting and other process risks, related controls, and compliance requirements for federally-funded programs. If control reliance appears appropriate, we will typically make a random selection of 25 selections within each financial process and test the key controls we will rely upon. In certain circumstances, compliance supplements, which guide our compliance testing, will dictate a larger sample size. We also test controls for compliance with federal laws, regulations, and grant agreements during this phase. The identification and testing of risks and internal controls is subjective and critical to a quality audit.

During interim we will review Board minutes, perform tests of investment compliance, review important contracts, debt issues, loan agreements, retirement plan assets and liabilities, significant transactions, and prepare confirmations to be sent on selected balance sheet accounts. We will perform "walkthroughs" of transaction to identify control weaknesses and areas requiring improvement. If during the audit we become aware of a breakdown in established control procedures that will be communicated to you.

The objective of our audit is to form an opinion on the District's financial statements taken as a whole. Our objective is not to identify deficiencies in internal; however when control deficiencies are identified in the course of our audit we will communicate those deficiencies to management. This communications will be in the form stipulated by Statement on Auditing Standards No115.

We will provide management with suggestions regarding the close of the District's books after year end to minimize the number of audit adjustments required after the close of the District's books.

As a part of our Single Audit, we would apply the risk based auditing approach mandated by the Single Audit Act Amendments of 1996 and OMB Circular A-133 for the determination of major programs to be selected under the single audit process.

In order to comply with SAS 99 and the new risk assessment standards, we will review financial accounting and reporting policies, investment policies, personnel policies and lending policies and procedures.

In addition, we will execute the sampling plan and arrange for records to be available for testing, test compliance with other material compliance requirements, test matching requirements and test indirect costs. We will review reports and claims for advances and reimbursements to the federal government.

Final Audit Procedures

During our final fieldwork procedures, we will complete our test work of the District's financial statement balances. Significant asset and liability accounts will be verified and tested through a combination of detailed vouching procedures and analytical techniques. We will perform analyses of various revenue and expenditure accounts through comparisons to budgets, ratios, and prior year

amounts. Significant variances noted will be investigated further. We will also complete our evaluation of internal control and compliance objectives.

As part of our examination, we will make a study and evaluation of the District's system of internal accounting control to the extent we consider necessary to plan our audit as required by generally accepted auditing standards. Under these standards, the purpose of such evaluation is to establish a basis for reliance on the system of internal accounting control in determining the nature, timing, and extent of other auditing procedures that are necessary for expressing an opinion on the financial statements, and to assist the auditor in planning and performing his examination of the financial statements.

The areas audited will be subject to review of procedures and policies, in order to determine the effectiveness of existing accounting and operational systems and controls. We will make recommendations for revision or modifications where necessary. Our recommendations will be based on the concept that the cost of a system of internal accounting controls should not exceed the benefits derived.

Implementation of New Accounting Standards

The GASB is constantly issuing new standards to consider. The last major new standard issued for the Authority was GASB 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASBS No. 27*. In fiscal 2018, another major standard will need to be implemented. *GASB 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions (OPEB)*. This standard will amend GASBS No. 45 which partially accounts for the OPEB benefits on the balance sheet. Valuations are a major part of both GASB 68 and 75.

Management Letters

Letters to management on internal controls and recommendations ("Management Letters") are one of our principal means of communicating with our clients relative to the results of our annual audits and reviews. The overriding goal of our letters is to assist management in reaching its internal control objectives and to provide suggestions and other guidance on operational matters. Comments will touch on safeguarding of assets, strengthening cash flow, improving operational efficiency, and establishing and maintaining reliable financial records. The Management Letter will be reviewed in detail with you and your staff to verify its factual accuracy before being issued in final form.

Concluding and Reporting

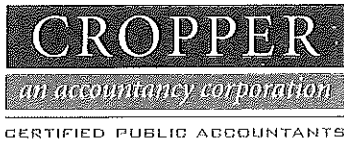
At the conclusion of our audit, we will meet with financial management and other staff, as appropriate, to discuss the results of the audit. We will also provide periodic progress reports to financial management during the audit. Any suspected fraudulent or illegal acts will be brought to the attention of management or the Board, as appropriate, immediately. We will also provide a presentation to the Board on the audit process and findings when the final report is presented to them.

IDENTIFICATION OF ANTICIPATED POTENTIAL AUDIT PROBLEMS

The implementation of GASB 75 (which replaces GASB 45) begins with fiscal 2018. This standard will be similar to the implementation of GASB 68 for pensions. As part of this implementation, a valuation must be performed by a qualified valuation firm with adequate information for the Financial Statements, Footnotes and Required Supplementary Information. This audit implementation work has been considered in the space of this proposal.

WORK PLAN – ESTIMATED AUDIT HOURS AND TENTATIVE SCHEDULE

<u>Date</u>	<u>Work to be Performed</u>	<u>Time Estimate (Hours)</u>	<u>Staff Level</u>
May 2018	<ul style="list-style-type: none"> ▪ Prepare client acceptance 	2	John Cropper, Partner
May 2018	<ul style="list-style-type: none"> ▪ Review predecessor audit work papers 	4	John Cropper, Partner
June 2018	<ul style="list-style-type: none"> ▪ Planning activities (audit plan, schedule request, and other planning documents as required by professional standards). ▪ Preliminary conference with designated District officials to plan timing of audit 	32	John Cropper, Partner
July 2018	<p>Interim Fieldwork</p> <ul style="list-style-type: none"> ▪ Risk assessment and mitigating internal controls including fraud protocols (cash receipts, cash disbursements, payroll fixed assets, financial reporting) ▪ Agency board minutes review, Debt Review, Legal expense review ▪ Initial Analytical Review Procedures on draft trial balance ▪ Prepare preliminary drafts of all required reports for discussion with management ▪ Compliance work (Single Audit) ▪ Progress conferences on results of interim audit procedures and significant observations. 	56	John Cropper, Partner Katie Perry, Supervising Senior
September 2018	<ul style="list-style-type: none"> ▪ Final fieldwork procedures ▪ Entrance conference with Agency staff to coordinate fieldwork procedures & Analytical Review on Final Trial Balance ▪ Final audit procedures performed on all Agency funds and entities ▪ Report preparation and technical review ▪ Delivery of drafts of required reports and draft management letter Agency review 	105	John Cropper, Partner Katy Perry, Supervising Senior
October 2018	<ul style="list-style-type: none"> ▪ Exit conference ▪ Draft financial statements delivered ▪ Final financial statements delivered 		
October 2018	<ul style="list-style-type: none"> ▪ Presentation of financial statements, management letter and signed audit reports 	4	John Cropper, Partner



office location
 2700 Ygnacio Valley Road, Ste 270
 Walnut Creek, CA 94598
 (925) 932-3860 tel

mailing address
 2977 Ygnacio Valley Rd, PMB 460
 Walnut Creek, CA 94598
 (925) 476-9930 efax

www.cropperaccountancy.com

EXHIBIT A

COST PROPOSAL


(NOT TO EXCEED PRICE FOR PROPOSED SERVICES SCHEDULE)

In accordance with the Request for Proposal for Audit Services issued by the Central Marin Sanitation Agency, Cropper Accountancy hereby submits the following cost proposal:

	Year Ended June 30th			
	2018	2019	2020	2021
Agency Audit Report	18,500	18,500	18,500	18,500
GASB 75 - OPEB*	<i>Implementation included</i>			
	\$ 18,500	\$ 18,500	\$ 18,500	\$ 18,500
Agency Option				
State Controllers Report	1,000	1,000	1,000	1,000
	\$ 19,500	\$ 19,500	\$ 19,500	\$ 19,500

I hereby certify that the undersigned is authorized to represent the firm stated above, and empowered to submit this bid, and if selected is authorized to sign a contract with the Agency, for the services identified in the Request for Proposal.

Firm Name: Cropper Accountancy Corporation

Signature: 

Printed Name: John Cropper

Title: Managing Partner

Date: February 8, 2018

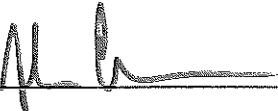
* In fiscal 2018, GASBS 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions will be required to be implemented by all state and local governments. This standard replaces GASB Statement No. 45. It is similar in complexity to GASBS 68, Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27

Appendix B

Proposer Guarantees

- I. The proposer certifies it can and will provide and make available, as a minimum, all services set forth in Section II, Nature of Services Required.
- II. The proposer certifies that it is competent to provide the services called for in the Request for Proposal and has experience in other audits with other organizations of a similar size and complexity.
- III. All of the work papers, conclusions and written reports are the property of Central Marin Sanitation Agency and will not be revealed to others without the written consent of Central Marin Sanitation Agency.

Signature of Official:



Name: John Cropper

Title: Partner

Firm: Cropper Accountancy Corporation

Date: February 6, 2018

Appendix C

Proposer Warranties

- A. Proposer warrants that it is willing and able to comply with State of California laws with respect to foreign (non-state of California) corporations.
- B. Proposer warrants that it is willing and able to obtain an errors and omissions insurance policy providing a prudent amount of coverage for the willful or negligent acts of omissions of any officers, employees or agents thereof, required by Central Marin Sanitation Agency for consultants.
- C. Proposer warrants that it will not delegate or subcontract its responsibilities under an agreement without the proper written permission of the CMSA.
- D. Proposer warrants that all information provided by it in connection with this proposal is true and accurate.

Signature of Official:



Name: John Cropper

Title: Partner

Firm: Cropper Accountancy Corporation

Date: February 6, 2018

APPENDIX D

page 1

Proposal to Central Marin Sanitation Agency

**SCHEDULE OF PROFESSIONAL FEES
FOR THE AUDIT OF THE FY 2017-18 FINANCIAL STATEMENTS**

	Standard Hours	Standard Hourly Rates	Quoted Hourly Rates	Financial Audit Total
Partners	62	275	135	\$ 8,370
Supervisory Staff	84	105	85	7,140
Staff	33	75	65	2,165
Sub – Total: Audit				
Other (Specify) Clerical	24	45	35	840
GASB 75 OPEB			Implementation Included	
Rounding				<15>
Sub-Total: Other				
Total all-inclusive maximum price for FY 2017-2018 audit				\$ 18,500

APPENDIX D

page 2

Proposal to Central Marin Sanitation Agency

SCHEDULE OF PROFESSIONAL FEES
FOR THE AUDIT OF THE FY 2018-19 FINANCIAL STATEMENTS

	Standard Hours	Standard Hourly Rates	Quoted Hourly Rates	Financial Audit Total
Partners	62	275	135	\$ 8,370
Supervisory Staff	84	105	85	7,140
Staff	33	75	65	2,165
Sub - Total: Audit				
Other (Specify) Clerical	24	45	35	840
GASB 75 - OPEB			Implementation Included	
Rounding				<15>
Sub-Total: Other				
Total all-inclusive maximum price for FY 2017-2018 audit				\$ 18,500

APPENDIX D

page 3

Proposal to Central Marin Sanitation Agency

**SCHEDULE OF PROFESSIONAL FEES
FOR THE AUDIT OF THE FY 2019-20 FINANCIAL STATEMENTS**

	Standard Hours	Standard Hourly Rates	Quoted Hourly Rates	Financial Audit Total
Partners	62	275	135	\$ 8,370
Supervisory Staff	84	105	85	7,140
Staff	33	75	65	2,165
Sub – Total: Audit				
Other (Specify) Clerical	24	45	35	840
GASB – OPEB			Implementation Included	
Rounding				<15>
Sub-Total: Other				
Total all-inclusive maximum price for FY 2017-2018 audit				\$ 18,500

APPENDIX D

page 4

Proposal to Central Marin Sanitation Agency

SCHEDULE OF PROFESSIONAL FEES
FOR THE AUDIT OF THE FY 2020-21 FINANCIAL STATEMENTS

	Standard Hours	Standard Hourly Rates	Quoted Hourly Rates	Financial Audit Total
Partners	62	275	135	\$ 8,370
Supervisory Staff	84	105	85	7,140
Staff	33	75	65	2,165
Sub - Total: Audit				
Other (Specify) Clerical	24	45	35	840
GASB 75 OPEB			Implementation Included	
Rounding				<15>
Sub-Total: Other				
Total all-inclusive maximum price for FY 2017-2018 audit				\$ 18,500

EXHIBIT A



9605 S. Kingston Ct. Suite 200
Englewood, CO 80112
303-721-6131
www.richeymay.com
Assurance | Tax | Advisory

System Review Report

To the Stockholders of
Cropper Accountancy Corporation
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Cropper Accountancy Corporation (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended March 31, 2016. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards* and examinations of service organizations [Service Organization Controls (SOC) 1 and 2 engagements].

In our opinion, the system of quality control for the accounting and auditing practice of Cropper Accountancy Corporation applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended March 31, 2016, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Cropper Accountancy Corporation received a peer review rating of *pass*.

A handwritten signature in black ink that reads "Richey May, c/o." The signature is written in a cursive style.

Englewood, Colorado
October 31, 2016

BOARD MEMORANDUM

March 8, 2018

To: CMSA Commissioners and Alternates

From: Brian Thomas, Technical Services Manager
Jason Dow, General Manager JD

Subject: **New Laboratory Analyst Job Description**

Recommendation: Approve the Laboratory Analyst Job Description and its compensation range, and provide direction to the General Manager, as appropriate.

Summary: To comply with the new environmental laboratory accreditation standards, the Board's Finance Committee and staff reviewed and evaluated options for the Agency and recommend hiring a new laboratory analyst. If approved by the Board, Koff & Associates will begin the recruitment in April 2018 with the intention to fill the position in June 2018. The new position's job description is attached, and has been provided to SEIU Local 1021 for review and comment.

Discussion: The California Environmental Laboratory Accreditation Program (ELAP), with the support of the State Water Resource Control Board, is in the process of adopting new laboratory accreditation standards. The NELAC Institute (TNI) Standards will entirely replace the existing ELAP standards and will implement significantly more cumbersome requirements on CMSA's laboratory to maintain our ELAP certification. Please refer to the attached TNI Proposal memorandum from Mark Koekemoer, CMSA Laboratory Director, for an overview of the new TNI Standards requirements and an analysis of the options that were considered for the Agency to comply with the requirements.

During a Finance Committee meeting in October 2017, to begin the process to develop the Agency's next revenue plan, the TNI Proposal memorandum was presented to and discussed with the Committee. The Committee selected Option 2 which is to hire an additional employee to provide the necessary staff resources to develop and implement the TNI Standard's required policies and procedures. They advised staff to include funding for this position the Agency's proposed revenue plan, and in the FY 19 budget and future budgets, subject to Board approval.

Staff recommends the Board approve a new laboratory analyst position with a 5-step salary range of \$7,360 - \$8,946 per month. The laboratory analyst position is an entry level position that requires a four-year college degree and one year of experience in a water or wastewater

treatment facility or analytical laboratory, and its compensation range is similar to the Environmental Services Analyst's compensation range. Essential job functions include collecting various types of water and process samples, analyzing the samples and reporting the results, and performing other related work in the Agency's laboratory under the supervision of the laboratory director. Additionally, the laboratory analyst may occasionally provide support to the Agency's Pollution Prevention and Pretreatment Programs.

The laboratory analyst position is represented by SEIU Local 1021, and staff provided the Agency's SEIU field representative, Michael Vilorio, with the new job description and offered to discuss any questions or comments.

Attachments:

- 1) Laboratory Analyst Job Description, March 2018
- 2) TNI Proposal Memorandum, dated October 18, 2017

Central Marin Sanitation Agency
1301 Andersen Drive
San Rafael, CA 94901
415.459.1455 FAX 415.459.3971

LABORATORY ANALYST

SUMMARY

Under general supervision of the Laboratory Director, assists in implementation of the Agency's Environmental Laboratory Program to ensure compliance with federal, state and local regulations. Under general supervision, obtains samples and performs standard physical, chemical, biological, and bacteriological tests of pretreatment, influent, effluent, wastewater, water, commercial, and sludge samples for process control and regulatory permit monitoring; and performs related work as required.

ESSENTIAL DUTIES AND RESPONSIBILITIES

Duties may include but are not limited to the following:

- Collects samples from the treatment facility, and from pretreatment, commercial, collection system, and receiving water locations, and other sites as needed.
- Conducts chemical and biological analysis of environmental water samples by standard procedures including, but not limited to, the analysis of bacteriological, nitrogen compounds, phosphorous, solids, pH, alkalinity, COD, cBOD, BOD, chlorine residual, turbidity, and volatile acid.
- Operates pH meter, turbidity meter, analytical balances, and UV-VIS spectrophotometer.
- Maintains records of sampling, analysis procedures, and results.
- Prepares media, standardized solutions, and reagents.
- Performs general laboratory housekeeping including cleaning and maintaining laboratory equipment; and performs other related work as assigned or required.
- Prepares reports for regulatory agencies as assigned; and ensures timely submission of assigned reports.
- Conducts a variety of technical studies, evaluates results and alternatives, makes recommendations, and prepares written reports based on the data.
- Provides technical support on assessing and developing sampling programs and analytical techniques.
- Assists in the development and review of analytical and standard operating procedures and recommends corrective actions as appropriate.
- Enters data into and retrieves data from the laboratory information management system.
- Ensures work is performed in a safe manner consistent with Agency safety rules, policies, and procedures; recognizes, corrects, and reports safety hazards.
- Provides support to the Agency's Pollution Prevention and Pretreatment programs as needed.

SUPERVISORY RESPONSIBILITIES

This position has no supervisory responsibilities.

QUALIFICATIONS

To perform this job successfully, an individual must be able to perform each essential duty satisfactorily. The requirements listed below are representative of the knowledge, skill, and/or ability required.

EDUCATION

Possession of a four-year college degree with major emphasis in chemistry, biology, bacteriology, environmental studies, or a related field of study.

EXPERIENCE

One year of experience in any combination of the following: a laboratory technician/analyst in a wastewater or water treatment facility or analytical laboratory, or other related experience applicable to this position.

LANGUAGE SKILLS

Ability to read, analyze, and interpret general business periodicals, professional journals, technical procedures, and governmental regulations. Ability to write reports, business correspondence, and procedure manuals. Ability to effectively present information and respond to questions from Agency management, staff, clients, customers, and the general public.

INTERPERSONAL SKILLS

Ability to interact with co-workers, supervisors, vendors, and members of the public in a professional manner; to accept constructive criticism from supervisors and co-workers; to recognize the need for, and to seek, assistance or clarification as needed; to work independently; to handle work related stress in a professional manner; to prioritize assignments and meet deadlines; to prevent personal problems from adversely impacting work for self or others; to arrive at work on time and to work the scheduled hours.

MATHEMATICAL SKILLS

Ability to apply mathematical concepts that are commensurate with the requirements to obtain a California Water Environment Association (CWEA) Grade I or II certificate as noted below. Ability to apply mathematical operations related to algebra and statistical analysis as used within in a laboratory setting.

REASONING ABILITY

Ability to define problems, collect data, establish facts, and draw valid conclusions. Ability to interpret an extensive variety of technical instructions in mathematical or diagram form and deal with several abstract and concrete variables.

CERTIFICATES, LICENSES, REGISTRATIONS

Possession of a Grade I certificate as an Environmental Laboratory Analyst issued by the CWEA is preferred, and must obtain a Grade II within 18 months of employment.

PHYSICAL DEMANDS

The physical demands described here are representative of those that must be met by an employee to successfully perform the essential functions of this job.

While performing the duties of this job, the employee is regularly required to talk or hear in person or on the telephone or radio. The employee frequently is required to stand, walk, sit, use hands to finger, handle or feel, to reach with hands and arms, and smell.

The employee is occasionally required to climb or balance, and stoop, kneel, crouch or crawl. The employee must be able to regularly lift and/or move up to 20 pounds to the waist height and occasionally lift up to 40 pounds to head height. On rare occasions, the employee may be required to lift up to 100 pounds 9-inches off the ground.

Specific vision ability required by the job includes the ability to see clearly at 20 inches or less, at 20 feet or more, to identify and distinguish colors, to judge distances and spatial relationships to see objects where and as they actually are, and to adjust the eye to bring an object into sharp focus.

Examples of the physical demands for this position, including their activity and duration, are available from Administration.

WORK ENVIRONMENT

The work environment characteristics described here are representative of those that must be met to successfully perform the essential functions of this job.

While performing the duties of this job, the employee is frequently exposed to wet or humid conditions, outdoor weather conditions, and toxic or caustic chemicals. The employee is occasionally exposed to moving mechanical parts, fumes or airborne particles, high, precarious places, risk of electrical shock, or to vibration.

SPECIAL REQUIREMENTS

Positions in this class shall be offered the Hepatitis B Vaccination.

RIGHT TO WORK DOCUMENTATION

Before being hired, all new employees will be required to show documentation as proof of authorization to work in the United States.

Job Title: Laboratory Analyst
Department: Technical Services
Reports To: Laboratory Director
FLSA Status: Non-Exempt
Revised Date: March 2018



Central Marin Sanitation Agency

MEMORANDUM

October 18, 2017

To: Jason Dow

From: Mark Koekemoer

Subject: TNI Proposal

On July 24, 2017, the California Environmental Laboratory Accreditation Program (ELAP) proposed new statewide draft regulations supported by the State Water Resource Control Board. This proposed regulation incorporated the 2016 National Laboratory Accreditation Conference Institute (TNI) Standard. This standard completely overhauls all existing standards and places some onerous requirements upon all state certified laboratories, including CMSA's laboratory. Upon review of these standards by multiple agencies, it has been assessed that incorporation of these two standards will require one (1) full time employee for 18 months for initial setup and implementation of the new program and ½ a full time employee thereafter to maintain the program as needed. This increase in workload is required to completely overhaul the laboratory's Quality Assurance program, Standard Operating Procedures, Training requirements, and Laboratory Policies. Provided within Table 2, is a summary list of the major requirements set within the forthcoming TNI standard. This is not a comprehensive list as there are 1,383 requirements; however it does provide an overview of the major requirements. As evidenced within this list, there are several requirements which will require significantly more time and effort in initial development and implementation than others. The majority of provisions required within this standard mandate continued review and documentation of standard compliance.

Per ELAP's draft regulations, full implementation is required by January 1, 2022. However, state agency partners have requested that if full compliance is not attained by January 2019, that additional quarterly quality control reporting be mandated until TNI compliance is attained. In an effort to determine CMSA's management control alternatives, the CMSA Laboratory is providing the following options and proposed schedule, to seek guidance on direction CMSA would like to pursue to address these requirements.

Option 1

CMSA could relinquish its current ELAP certification required for NPDES reporting and subcontract all work to outside laboratories. This would require that CMSA continue to conduct existing process control monitoring as well as conduct side by side monitoring with outsourced regulatory monitoring in order to maintain existing NPDES compliance. A breakdown of this cost option has been provided below and existing staffing requirements would remain unchanged to maintain current monitoring requirements. Unless, outsourced analysis is specified fast turnaround, current outsourced analysis reported is approximately 2-4 weeks. As such, although lower qualified staff (i.e. lab technician, operator, etc.) could be used, CMSA workload requirements would remain unchanged so that side by

side analysis can be conducted of current regulatory monitoring sites against samples outsourced. This will provide faster analysis turn around so that real time operational changes can be made to address future compliance. Provided within Table 1 below, is a list of the existing negotiated analysis subcontract costs and list subcontract costs based upon subcontract laboratory availability.

Table 1: Option 1 Outsourced Cost Analysis

Analysis	Cost/Analysis	Annual Cost
Total Suspended Solids (8/week)	\$33 - \$65	\$13,728 - \$27,040
Total Solids (12/week)	\$16 - \$32	\$9,984 - \$19,968
Carbonaceous Biochemical Oxygen Demand (6/week)	\$59 - \$75	\$18,408 - \$23,400
Ammonia (2/month)	\$38 - \$47	\$912 - \$1,128
Microbiology (8/week – 6 months)	\$72 - \$75	\$14,976 - \$15,600
Microbiology (3/week – 6 months)	\$72 - \$75	\$5,616 - \$5,850
pH, Chlorine Residual & Dissolved Oxygen (3/day)	\$38 - \$45	\$41,610 - \$49,140
Acute Bioassay	\$3,500	\$42,000
Total	-----	\$147,234 - \$184,126

Option 2

CMSA could also increase its existing staffing level to incorporate these new requirements. As indicated above this one (1) full time employee for 18 months for initial setup and implementation of the new program and ½ a full time employee thereafter to maintain the program as needed. The offset of the remaining ½ time employee thereafter could be offset by incorporating the insourcing of outside client analyses. The operational cost associated with this option based on current weighted rates of staff would be approximately \$149,760 - \$170,914 annually. In addition to this, initial verbal agreement with one outside agency has provided additional revenue of approximately \$16,000 annually. This would reduce the cost of this option to **\$133,760 - \$154,914** annually with additional revenue stream potential. To manage staffing effectively within this option, long term laboratory staffing would include the following positions, Laboratory Director (Technical Manager), Laboratory Administrator (QA Supervisor) and Laboratory Analyst.

Recommendation

The CMSA laboratory after reviewing the options provided above, recommend CMSA consider option 2 as a viable alternative to address the forthcoming regulatory requirements. It is recommended that CMSA begin the process of developing the necessary revenue plan to address the increase in operating costs to the laboratory. This will increase the staffing operating costs of the laboratory by \$149,760. Secondly, it is our recommendation that management also begin the process of developing job descriptions and the necessary contract structure so that implementation can be incorporated July 2018. Finally it is also recommended that staff begin the process of implementing as many of the TNI requirements and incorporating as many of the applicable analyses certified by the ELAP.

Finally, based on CMSA's management direction and ELAP's respective compliance deadlines, CMSA staff would like to propose the following timeline provided below. The proposed timeline will be amended based upon the respective CMSA decision, agency response to TNI compliance options and final statute approval, currently scheduled for early 2018.

Table 2: Major Requirements of the TNI Standard

Note: There are 1,383 requirements within the TNI Standard, each requiring some element of initial setup, ongoing review, staff training and documentation. The requirements listed below are provided as the major requirements outlined within the TNI standard, each requiring a different level of effort in initial and ongoing implementation.

Requirement Type	Subject	Description	CMSA Status
Policy/Procedure	Quality Assurance Manual	QA Manual currently in use. Future Manual will require inclusion of TNI Elements. Initial setup, On-going & Staff Training.	15%
Policy/Procedure	Undue Pressure	A policy and procedure to prevent undue pressure to produce specific results for the agency/customer. Initial setup & annual Staff Training.	
Policy/Procedure	Confidentiality	Not applicable under the Freedom of information act however applicable to client services.	
Procedure	Succession	Documentation of temporary staff succession during extended absence periods, retirements or dismissals.	
Procedure	Internal Audits	Currently not applied but should be conducted annually by staff.	
Requirement	Policy/Procedural Training	Documentation of initial & on-going training of laboratory staff	
Requirement	Data Integrity Training	Scheduled for October 2017 and to be conducted annually.	
Procedure	Data Integrity	Currently not available. Will require initial development and ongoing training & documentation.	
Requirement	Equipment Tracking	Currently not documented. Have begun discussion with staff on development and implementation through LIMS, QA manual, etc. Will require annual review.	Infancy
Requirement	Chemical/Standard Tracking	Currently not documented. Have begun discussion with staff on development and implementation through LIMS. Will require continuous daily review.	
Procedures	Result Reporting	Currently not available. Will require initial development and ongoing training & documentation.	
Policy	Departing Policies/Procedure	Currently not available. Will require initial development and ongoing training & documentation.	
Procedure	Complaint Process	Currently not available. Will require initial development and ongoing training & documentation.	
Policy	Electronic Signatures	Currently not available. Will require initial development and ongoing training & documentation.	
Requirement	Personnel Training & Documentation	Currently not available. Will require initial development and ongoing training & documentation.	
Procedure	TNI SOP Development	Currently under development by Staff. Initial development significant and on-going review and training required.	5%

Requirement Type	Subject	Description	CMSA Status
Procedure	Document Approval, Use & Change	Document control & tracking currently not available. Will require initial development and ongoing training & documentation.	
Procedure	Tenders/Contracts	Currently not available. Will require initial development and ongoing review & documentation.	
Policy/Procedure	Purchasing	Currently not available. Will require initial development and ongoing training & documentation.	
Requirement	Laboratory Feedback	Survey/Client Comments currently not available. Will require initial development and ongoing review & documentation.	
Policy/Procedure	Non-Conforming Work	Currently not available. Will require initial development and ongoing training & documentation.	
Requirement	Corrective Action	Corrective action (CA) procedure requires initial development and annual review. Current CA available however it requires implementation changes & follow-up verification and documentation.	
Policy	Record Retention	Current but needs update.	
Procedure	Management Review	Currently not available. Will require initial development and ongoing practice & documentation.	
Requirement	Training	Under initial development, however annual ongoing training & documentation will be required once fully implemented.	25%
Requirement	DOC	Currently not available. Will require initial development and ongoing training & documentation.	
Requirement	Quality Control	Analysis Quality Control Checks (MS/MSD). Currently not available. Will require initial development and ongoing training & documentation.	5%

TNI Compliance Timeline

CMSA Management Direction (September, 2017)

Agency Contract Negotiation (October - November, 2017)

Staffing Proposal - Budget & Position Development (November, 2017)

Additional Staff Hire (July-August, 2018)

Laboratory TNI Compliance Timeline






BOARD MEMORANDUM

March 8, 2018

To: CMSA Commissioners and Alternates

From: Jason Dow, General Manager 

Subject: **Financial Policy #555: Multi-Year Revenue Plan**

Recommendation: Approve Financial Policy #555 – *Multi-Year Revenue Plan*, and provide direction to the General Manager, as appropriate.

Summary: Staff and the Board’s Finance Committee presented three 5-year revenue plan alternatives and revenue plan guiding principles to the Board at its February 13 meeting. The Board selected and adopted a new 5-year revenue plan, approved the guiding principles with revisions, and directed staff to incorporate the guiding principles into an Agency Financial Policy. The approved guiding principles with the revisions shown in red text are listed below.

- Use a 5-year revenue planning period **based on a 10-year rolling financial forecast**
- Balance the operating budget over the planning period
- Maintain the operating reserve at 25% of the annual operating expenses
- Ensure adequate funding for the capital improvement program during the planning period
- Maintain a CIP reserve at an amount equal to the annual average value of the 10-year CIP
- **When feasible, use current revenues to fund CIP projects**
- Secure low-interest State Revolving Fund loans or issue debt to fund the balance of CIP projects
- Target a CMSA average EDU rate increase of less than 4% per year
- Keep the **CMSA Board** and JPA managers briefed on the Finance Committee’s work.

Staff reviewed the Agency’s Financial Policy Manual and determined that the guiding principles could not cleanly be integrated into a single policy, and decided to draft a separate policy for Board review, discussion, and consideration of approval. If the new financial policy is approved, the Finance Committee will consider its guiding principles when developing the Agency’s next revenue plan in FY 22/23, and if all are applicable, they will be used when drafting the revenue plan alternatives. If some are no longer applicable and/or need to be revised, the Finance Committee will propose a new set of guiding principles to the Board.

Attachment:

- Financial Policy #555: Multi-Year Revenue Plan

POLICY #:	555
SECTION:	FINANCIAL - FINANCIAL PLANNING
SUBJECT:	Multi-Year Revenue Plan
DATE:	03/13/2018

POLICY

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

PROCEDURE

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

