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

August 12, 2026

Foreperson
Marin County Civil Grand Jury
3501 Civic Center Drive, Room #275
San Rafael, CA 94903

Subject: Response to Marin County Civil Grand Jury Report – *Better Service at Lower Cost – Optimizing Essential Services for the Future of Marin*

Dear Foreperson:

Pursuant to California Penal Code section 933.05, the Alto Sanitary District respectfully submits its response to the Marin County Civil Grand Jury report entitled *Better Service at Lower Cost – Optimizing Essential Services for the Future of Marin*.

The Alto Sanitary District Board of Directors approved the District's response at its meeting on July 22, 2026. The response addresses the findings and recommendations directed to the District and provides additional context regarding wastewater utility operations.

Please contact me if you have any questions regarding the District's response.

Sincerely,

GARRETT TOY
District Manager
Alto Sanitary District

Attachment: Alto Sanitary District Response to Marin County Civil Grand Jury Report

ALTO SANITARY DISTRICT
RESPONSE TO MARIN COUNTY CIVIL GRAND JURY REPORT:
"BETTER SERVICE AT LOWER COST — OPTIMIZING ESSENTIAL SERVICES FOR THE FUTURE OF MARIN"

INTRODUCTION

The Alto Sanitary District (District/Alto) appreciates the Marin County Civil Grand Jury's efforts to examine opportunities to improve public services and encourage collaboration among Marin's special districts. The District supports thoughtful evaluation of opportunities that improve efficiency, transparency, service quality, and long-term organizational resilience.

Although the report addresses a broad range of special districts, it relies extensively on examples involving fire protection agencies and emergency response systems. Because Alto Sanitary District provides wastewater collection services—not fire protection—the District's comments focus on sanitary and wastewater utility operations, which are within its area of expertise.

The General Comments section included at the end of this response apply broadly to several Findings and Recommendations and are incorporated by reference where applicable.

FINDINGS

Finding F1
Response: Partially Agrees.

The District agrees that opportunities may exist for increased collaboration and shared administrative services among special districts. For example, Alto Sanitary District currently receives district management services from the Tamalpais Community Services District pursuant to a shared services agreement. The District also utilizes the Marin County Department of Finance for treasury and banking services and Marin County Counsel for legal services.

Finding F2
Response: Partially Agrees.

The District agrees that some smaller agencies may face resource constraints. However, organizational size alone is not a reliable indicator of an agency's ability to make long-term strategic investments.

The District has adopted long-range financial planning, maintains combined operating and capital reserves equal to approximately 12 months of operating expenses, and has implemented capital improvement planning that enabled Alto to complete most of its major capital improvement projects while maintaining stable sewer service charges since 2018. The District is now focused on a proactive maintenance program, including annual cleaning of its entire wastewater collection system, while continuing to build reserves for the future replacement or rehabilitation of a major sewer pipeline beneath U.S. Highway 101. These efforts demonstrate that organizational size alone is not a reliable indicator of an agency's ability to responsibly manage long-term infrastructure needs.

Finding F3
Response: Partially Agrees.

The District recognizes that staffing challenges affect all public agencies. However, wastewater utilities operate fundamentally differently than emergency response agencies. As discussed in the General Comments, wastewater service delivery depends primarily on infrastructure management, regional treatment partnerships, contingency planning, and long-term asset planning rather than emergency staffing models.

Finding F4
Response: Partially Disagrees.

The District agrees that consolidation discussions involve complex governance considerations. However, the District is unaware of evidence demonstrating that board tenure or political influence are the primary barriers to collaboration among sanitary districts.

As discussed in the General Comments, infrastructure conditions, regulatory requirements, debt obligations, rate structures, and service priorities generally represent the more significant considerations when evaluating collaboration or consolidation opportunities.

Finding F5
Response: Partially Disagrees.

The District does not agree that differences in sewer service rates necessarily indicate inequity or inefficiency.

As discussed in the General Comments, wastewater rates are driven by each agency's infrastructure condition, capital improvement requirements, treatment costs, financing obligations, regulatory requirements, and cost-of-service analysis. Comparisons of annual sewer charges alone do not provide a reliable measure of operational efficiency or customer value.

The District's experience demonstrates that stable sewer service charges can be achieved through prudent long-term financial planning, completion of major capital improvements, and a proactive maintenance program. Alto Sanitary District has not increased sewer service charges since 2018 while continuing to annually clean its entire wastewater collection system and build reserves for future capital infrastructure needs, including the eventual replacement or rehabilitation of a major sewer pipeline beneath U.S. Highway 101.

Finding F6
Response: Partially Agrees.

The District supports increased transparency and meaningful public reporting.

As discussed further in Response R3, the District supports collaborating with peer sanitary districts to develop meaningful and technically appropriate performance measures tailored to wastewater operations and their regulatory environment.

Finding F7
Response: Disagrees.

The District supports proactive planning and continuous evaluation of opportunities to improve service delivery. However, the District does not agree that consolidation is the only or most likely response to future challenges.

As discussed in Findings F2 and F3 and the General Comments, the District's long-range financial planning, capital investment, reserve policies, regional partnerships, and voluntary collaboration provide effective tools to address future operational and infrastructure needs while preserving local accountability.

RECOMMENDATIONS

Recommendation R1
Response: Will Be Implemented in Part.

The District supports continued discussions with neighboring sanitary agencies regarding opportunities for collaboration, shared services, and operational efficiencies. The District will participate in discussions that are productive and relevant to its mission.

Recommendation R2
Response: Requires Further Analysis.

The District supports voluntary shared administrative services where demonstrable efficiencies and service improvements can be achieved.

As discussed in the General Comments, implementation raises governance, legal, operational, financial, technology, and service-level considerations that require careful evaluation. Accordingly, the District believes shared services should remain voluntary and supported by a comprehensive cost-benefit analysis before implementation.

Recommendation R3
Response: Will Be Implemented in Part.

As discussed in Response F6, the District supports increased transparency and will evaluate opportunities to publish additional performance measures relevant to wastewater operations. The District is willing to work collaboratively with peer sanitary districts to develop meaningful, technically appropriate, and comparable performance measures where appropriate.

Recommendation R4
Response: Will Be Implemented in Part.

The District will continue to inform the public regarding collaborative efforts and opportunities to improve operational efficiency and service delivery.

Recommendation R5
Response: Requires Further Analysis.
The District believes the proposed County oversight warrants additional evaluation in light of California law governing the independence of special districts. The District's concerns are discussed in Recommendation R2 and the General Comments.

Recommendation R6
Response: Will Be Implemented in Part.

The District already participates in voluntary shared-service arrangements by receiving district management services from the Tamalpais Community Services District pursuant to a shared services agreement. Alto will continue to evaluate additional voluntary shared-service opportunities where measurable public benefits can be achieved.

Recommendation R7
Response: Has Been Implemented or Will Be Implemented.

The District supports transparency regarding board compensation and related information and will ensure required information is publicly available.

Recommendation R8
Response: Will Not Be Implemented.

The District does not support mandatory term limits at this time. Voters currently determine board membership through regular elections. The District believes local voters are best positioned to decide whether board members should continue to serve. However, the District will continue to encourage public participation, candidate recruitment, and board succession planning.

Recommendation R9
Response: Has Been Implemented.

Board compensation is established pursuant to California law and publicly disclosed. The District will continue to ensure transparency regarding compensation and reimbursement practices.

GENERAL COMMENTS

The following General Comments provide background and context applicable to several of the District's responses to the Findings and Recommendations. To avoid unnecessary repetition, the District incorporates these comments by reference where applicable throughout this response. These comments explain the operational, financial, and regulatory distinctions between wastewater utility agencies and the fire protection examples frequently cited in the Grand Jury Report.

In general, the District supports collaboration among public agencies and recognizes opportunities for shared services and cooperative efforts. However, the District believes several conclusions in the Grand Jury Report do not adequately distinguish between infrastructure-based utility districts and fire protection agencies, the operational and financial characteristics of wastewater utility agencies, and the factors that drive wastewater utility rates.

The following sections provide additional context regarding these distinctions, wastewater rate methodology, shared administrative services, long-term infrastructure planning, and implementation timeframes.

Distinction Between Fire Agencies and Wastewater Utilities

The District believes the report does not sufficiently distinguish between fire protection agencies and infrastructure-based utility districts. Fire agencies already operate within highly integrated countywide response systems that routinely cross jurisdictional boundaries through automatic aid, mutual aid, shared dispatch, and standardized emergency response protocols. Consequently, many of the efficiencies associated with consolidation have already been achieved through regional cooperation.

Sanitary districts do not have an equivalent ability to share or reassign infrastructure across jurisdictional boundaries because their assets are geographically fixed. Wastewater systems are capital-intensive networks whose costs are driven primarily by infrastructure, regulatory compliance, environmental requirements, treatment charges, debt service, and long-term capital investment.

Sewer Rate Structures

The District is concerned with the report's suggestion that technology has made entirely usage-based sewer billing practical and equitable. Unlike water systems, which measure consumption directly through customer water meters, sanitary districts generally do not possess technology capable of accurately and cost-effectively measuring wastewater discharge from individual residential sewer laterals.

Wastewater flows occur within buried gravity systems that are not designed for customer-level metering. Installation and maintenance of accurate residential sewer flow meters would require substantial capital investment, ongoing maintenance, and replacement costs that would likely exceed any potential benefit.

As a result, the District uses a fixed sewer service charge rather than a usage-based rate structure. This approach reflects the fact that the overwhelming majority of wastewater system costs are fixed and must be incurred regardless of variations in individual customer water use. The District must maintain pipelines, provide system-wide cleaning and maintenance, respond to emergencies, comply with regulatory requirements, and fund long-term capital improvements whether wastewater flows increase or decrease.

A fixed rate structure provides a stable and predictable revenue source necessary to operate and maintain essential public infrastructure while ensuring that all customers contribute equitably to the availability and reliability of the wastewater system. This approach has been evaluated through professional rate studies and is consistent with Proposition 218's cost-of-service requirements.

While some wastewater agencies incorporate a variable component into their rate structures, and a limited number rely primarily on variable charges, wastewater utilities generally recover a substantial portion of their revenue through fixed service charges because the majority of utility costs are fixed. The appropriate balance between fixed and variable charges depends on each agency's cost-of-service analysis, customer characteristics, operational needs, and policy objectives.

A review of comparable wastewater agencies demonstrates that there is no single industry-standard sewer rate structure. Agencies utilize fixed rates, blended fixed-and-variable rates, and, in some cases, predominantly variable rate structures based on their individual cost-of-service analyses and operational characteristics. Accordingly, rate structure decisions should be based on the unique circumstances of each wastewater agency rather than a single prescribed billing methodology.

Shared Administrative Services

The District also believes that shared administrative services should not be viewed as a universal solution. While collaboration can provide benefits in certain areas, any proposal involving legal, information technology, finance, payroll, procurement, or human resources functions should be evaluated through a comprehensive cost-benefit analysis that considers implementation costs, service impacts, governance implications, responsiveness, district independence, and the specialized operational requirements of utility agencies. As discussed in the District's response to Recommendation R2, shared services arrangements may provide benefits in some circumstances but should remain voluntary and be evaluated on a case-by-case basis.

The District already participates in several shared-service arrangements, including district management services provided by the Tamalpais Community Services District, treasury and banking services provided by the Marin County Department of Finance, and legal services provided by Marin County Counsel. These arrangements demonstrate that the District supports shared services where they provide operational efficiencies and public benefit.

Long-Term Infrastructure Planning

The District has adopted long-range financial planning supported by reserve policies and capital improvement planning. Alto maintains combined operating and capital reserves equal to approximately 12 months of operating expenses, has completed most of its major capital improvement projects while maintaining stable sewer service charges since 2018, and has transitioned from major capital construction to a proactive maintenance and rehabilitation program that includes annual cleaning of its entire wastewater collection system. At the same time, the District continues to build reserves for the future replacement or rehabilitation of a major sewer pipeline crossing beneath U.S. Highway 101. These planning efforts demonstrate that a smaller independent sanitary district can responsibly manage its infrastructure, preserve affordable sewer service charges, maintain financial stability, and prepare for future capital obligations without organizational consolidation.

Implementation Timeframes

The District is concerned that several implementation deadlines contemplated by the Grand Jury report are not realistic given the complexity of the recommendations and the governance structure of independent special districts.

Many recommendations would require coordination among multiple agencies, legal and financial analysis, evaluation of operational impacts, public outreach, board consideration, and, in some cases, negotiation and approval of interagency agreements.

Meaningful evaluation would likely require multiple budget cycles.

Given current fiscal constraints, staffing limitations, infrastructure investment requirements, and the need to maintain reliable public services, the District does not believe such efforts can reasonably be completed within the timeframes contemplated by the report.

The District supports continued discussion regarding opportunities for collaboration and efficiency. However, successful implementation requires careful planning and realistic timelines that recognize the operational realities of public agencies and the statutory requirements governing special districts. Accordingly, the District believes a planning horizon of approximately twenty-four (24) months would provide a more realistic timeframe for evaluating significant organizational or administrative changes while maintaining reliable public services.