SASM
SEWERAGE AGENCY OF SOUTHERN MARIN

A Joint Powers Agency
- Almonte S.D.
- Alto S.D.
- City of Mill Valley
- Homestead Valley S.D.
- Richardson Bay S.D.
- Tamalpais C.S.D.

August 24, 2026

The Honorable Stephen P. Freccero
Marin County Superior Court
P.O. Box 4988
San Rafael, CA 94913-4988

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

Dear Judge Freccero:

Pursuant to California Penal Code section 933.05, the Sewerage Agency of Southern Marin (SASM) 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.*

SASM recognizes the Civil Grand Jury's efforts to examine opportunities for improving public services and fostering discussion regarding collaboration among Marin County's special districts. SASM shares the goal of providing reliable, cost-effective, and transparent public services and supports continued evaluation of voluntary collaboration and shared service offerings where they provide measurable public benefits while maintaining effective local governance.

The attached response addresses each applicable finding and recommendation in accordance with California Penal Code section 933.05.

Sincerely,

Mark Neumann
General Manager
Attachment: SASM Response to Marin County Civil Grand Jury Report

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RESPONSE OF THE SEWERAGE AGENCY OF SOUTHERN MARIN
to the 2025–26 Marin County Civil Grand Jury Report, "Better Service at a Lower Cost: Optimizing Essential Services for the Future of Marin" (published June 11, 2026)

Submitted to: Hon. Stephen P. Freccero, Presiding Judge, Marin County Superior Court
Respondent: Sewerage Agency of Southern Marin ("SASM" or "the Agency"), a joint powers agency
Approved by the SASM Board of Commissioners: August 20, 2026
Statutory basis: California Penal Code §§ 933(c) and 933.05.
Response due September 9, 2026 (90 days from publication of the report on June 11, 2026).

Terminology used in this response:

- "the Agency" means the Sewerage Agency of Southern Marin.
- "Member agencies" means Almonte Sanitary District, Alto Sanitary District, the City of Mill Valley, Homestead Valley Sanitary District, Richardson Bay Sanitary District, and Tamalpais Community Services District.

SASM is a joint powers agency, not a special district, and one of its six members is a city.

FINDINGS - The Grand Jury finds that:

F1. The current fragmented structure of special districts results in unnecessary duplication of administrative services and operational inefficiencies.
Response: Disagrees Partially.

The Agency responds only as to matters within its own knowledge and jurisdiction. SASM is a joint powers agency formed by six member agencies to provide regional wastewater treatment and disposal. Retail sewer service, rate setting, and customer billing remain the responsibility of each member agency. The Agency takes no position on this Finding as it may apply to other agencies.

The Agency agrees that opportunities may exist for increased collaboration and shared administrative services among government entities. For example, SASM is staffed by City of Mill Valley employees under the Operating Agreement of 2011 and has no employees of its own. Administrative functions are performed by the City's Administrative Services Department, and plant staff focus on operations, laboratory, and maintenance. The Agency also obtains insurance through a joint powers risk-sharing pool and legal services from Marin County Counsel.

The portion of the Finding the Agency disputes is the conclusion that the current structure "results in unnecessary duplication of administrative services and operational inefficiencies." The Agency does not agree that the existence of multiple independent districts necessarily results in unnecessary duplication or operational inefficiency. The report does not quantify the extent of alleged duplication or demonstrate that consolidation would produce net public benefit after transition costs. Many administrative services are already shared through joint powers authorities, contract services, cooperative purchasing, and other regional partnerships.

F2. Some districts perform competently but lack sufficient scale to support long-term strategic investment in infrastructure, technology, staffing, and resilience.
Response: Disagrees Partially.

The portion of the Finding the Agency disputes is the implication that an agency of SASM's size lacks sufficient scale to support long-term strategic investment.

The Agency 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 Agency has adopted comprehensive long-range financial planning, reserve policies, capital improvement planning, and infrastructure investment strategies that demonstrate its ability to maintain essential public infrastructure and adapt to future operational and regulatory challenges without organizational consolidation. Specifically, the Agency maintains a 10-Year Financial Plan (last updated April 16, 2026); reserves equivalent to approximately 20 months of operating expenses as of the FY 26/27 adopted budget; and a Capital Improvement Program that has funded the evaluation and rehabilitation of substantially all Agency assets over the past 10 years, representing approximately $49.1 million in capital investment.

F3. Smaller districts are disproportionately vulnerable to staffing disruptions and catastrophic events that could rapidly impair service delivery.
Response: Disagrees Partially.

The portion of the Finding the Agency disputes is the conclusion that its size makes it disproportionately vulnerable to staffing disruption or catastrophic events.

The Agency's key staff are the Operations Team, who are the only staff that require both State certification and plant-specific training to be effective at their work. To allow for time off, weekend & holiday coverage, the Agency is staffed with four certified operators covering two shifts. Without additional overtime, this staffing level would still be required regardless of whether the Agency were consolidated with a larger plant, because the plant's processes and configuration differ from others in the area. Every operator on staff is certified not only to operate the Plant but to serve as its Chief Plant Operator under State regulations as the Plant is a Grade III facility and all four operators hold at least a Grade III certificate.

Aside from brief gaps (2-3 months each) immediately following the departure of an employee, the Agency has been fully staffed since 2023.

With respect to catastrophic events, the Agency maintains an Emergency Action Plan, a Spill Prevention Plan, a Sewage Spill Response procedure, and a Sewer System Management Plan; operates equalization basins that provide wet-weather storage; maintains standby coverage outside normal working hours; and participates in mutual-aid arrangements with neighboring Marin treatment agencies. Resilience is a function of planning, redundancy, and mutual aid rather than organizational size alone.

F4. Although consolidation is a popular idea among many elected board members, current governance structures, absence of board member term limits, and fear of loss of political influence discourage boards and administrators from initiating consolidation even when they recognize its benefits.
Response: Disagrees Partially.

The Agency agrees that consolidation discussions involve complex governance considerations. The portion of the Finding the Agency disputes is the assertion that the absence of term limits and fear of loss of political influence discourage boards and administrators from initiating consolidation. The Agency is unaware of evidence supporting that conclusion as applied to SASM or its member agencies. SASM's Board of Commissioners is appointed by the member agencies, is uncompensated by SASM, and votes one vote per member agency without weighting by flow contribution.

In the Agency's experience, infrastructure conditions, regulatory requirements, debt obligations, rate structures, and service priorities generally represent the more significant considerations when evaluating collaboration or consolidation opportunities.

F5. Service and pricing inequities currently exist across Marin and may increase if consolidation and functional collaboration do not accelerate.
Response: Disagrees Partially.

The portion of the Finding the Agency disputes is the characterization of rate differences as "inequities." SASM does not establish retail sewer service charges. Instead, each member agency sets the rates charged to its own customers. These wastewater rates are driven by each agency's own infrastructure condition, capital improvement requirements, conveyance costs, 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. Therefore, the Agency does not agree that differences in sewer service rates necessarily indicate inequity or inefficiency.

F6. Performance metrics for essential, mission-specific services exist but they are not readily available and standardized, which prevents meaningful public comparison of district effectiveness and undermines accountability.
Response: Disagrees Partially.

The Agency supports increased transparency and meaningful public reporting. The portion of the Finding the Agency disputes is the suggestion that performance information is not readily available. The Agency publishes its NPDES self-monitoring reports, adopted budget, audited financial statements, and Board agendas and minutes. However, the Agency agrees that this information is not presented in a standardized form that permits direct comparison among agencies.

As discussed further in the response to Recommendation R3, the Agency supports collaborating with peer treatment and conveyance operators to develop meaningful and technically appropriate performance measures tailored to wastewater operations and their regulatory environment.

F7. Without proactive reform, future consolidations are more likely to occur through crisis driven intervention, resulting in greater disruption and higher costs.

Response: Disagrees Wholly.

The Agency supports proactive planning and continuous evaluation of opportunities to improve service delivery. The Agency disputes the Finding in its entirety as applied to SASM. Specifically, the Agency does not agree that, absent the reforms described in the report, future consolidations are more likely to occur through crisis-driven intervention, and does not agree that consolidation is the only or most likely response to future challenges.

As discussed in the responses to Findings F2 and F3, the Agency'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. The Agency's collaboration to date has been undertaken proactively rather than in response to crisis, and the Agency anticipates that this will continue.

RECOMMENDATIONS - The Grand Jury recommends that:

R1. By January 1, 2027, all special district boards should have conducted their first semiannual consolidation exploration meeting with similar districts and will have established a regular meeting schedule moving forward.

Response: Has Been Implemented as to staff-level collaboration; Will Be Implemented as to Board-level discussion.

The Agency supports continued discussions with neighboring sanitary agencies regarding opportunities for collaboration, shared services, and operational efficiencies. At the staff level, the General Manager already meets monthly, separately, with the general managers of the other Marin treatment plants and with the SASM member agency managers. These meetings will continue. At the Board level, collaboration and consolidation opportunities will be brought to the Board of Commissioners for discussion in open session not later than January 1, 2027, and semiannually thereafter as part of the reporting described in the response to Recommendation R4.

R2. By October 1, 2026, the Board of Supervisors should direct the development of comprehensive, cost-efficient shared services (such as IT, legal, finance, HR/payroll, harmonized compensation/benefits package, insurance) for special districts to optimize expenses and secure a Marin-wide acceptable quality standard. First limited-service offerings are encouraged to be made available by January 1, 2027.

Response: Will Not Be Implemented.

The Agency supports voluntary shared administrative services where demonstrable efficiencies and service improvements can be achieved. But this is a Recommendation to the Board of Supervisors, not to SASM, so it will not be implemented by SASM.

The Agency notes that it already participates in shared-service arrangements covering several of the functions listed in the Recommendation, including the following: operational staffing, finance, HR & payroll, provided by the City of Mill Valley under the 2011 Operating Agreement, and insurance obtained through a joint powers risk-sharing pool. Some of these arrangements would be costly and complex to unwind. Accordingly, the Agency believes shared services should remain voluntary and supported by a comprehensive cost-benefit analysis before implementation.

R3. By January 31, 2027, with the assistance of the County, all districts should develop and publish on their website standardized, comparable Key Performance Indicators (KPIs) with regard to service pricing, finance, staffing, operations, and customer satisfaction.

Response: Will Be Implemented as to publication of Agency performance measures; Will Not Be Implemented as to countywide standardization, which is outside the Agency's authority.

As discussed in the response to Finding F6, the Agency supports increased transparency and meaningful public reporting. The Agency will publish a set of wastewater-specific performance measures available on request not later than January 31, 2027, and published on its website through the Annual Report, published annually in April for the Board's Strategic Planning Session.

The Recommendation contemplates that standardized, comparable indicators will be developed with the assistance of the County. The Agency will participate in and support a County-convened or peer-convened effort to develop measures comparable across treatment and conveyance operators but is not positioned to convene or direct that effort.

The Agency cannot unilaterally establish standardized KPIs applicable to all Marin special districts; that portion of the Recommendation is outside the Agency's authority.

R4. By January 31, 2027, each district should publicly update findings and progress regarding consolidation opportunities, and share those findings with the Board of Supervisors and the public on a semi-annual basis.

Response: Will Be Implemented.

The Agency will continue to inform the public regarding collaborative efforts and opportunities to improve operational efficiency and service delivery. Beginning no later than January 31, 2027, the General Manager will report to the Board of Commissioners in open session, on a semiannual basis, on collaboration and shared-service activity, and those reports will be posted on the Agency's website. These reports will be the primary means by which the staff-level discussions described in the response to Recommendation R1 are brought to the Board's attention, and copies will be provided to the Marin County Board of Supervisors upon request.

R5. By January 31, 2027, the Board of Supervisors should oversee compliance with R1–R4 and update the public on the districts' performance.

Response: Will Not Be Implemented.

The Recommendation is directed to the Marin County Board of Supervisors and is outside the Agency's jurisdiction; it is therefore not reasonable for SASM to implement. The Agency will cooperate with the Board of Supervisors as appropriate.

R6. By October 1, 2026, in the process of implementing R1 and R2, districts should prioritize functional consolidation in operations, procurement, training, and administration as a precursor to formal consolidation.

Response: Has Been Implemented as to functional collaboration; Will Not Be Implemented as to treating functional collaboration as a precursor to formal consolidation.

The Agency already participates in voluntary shared-service arrangements, including those listed above, and will continue evaluating additional opportunities where measurable public benefits exist. The Agency pursues functional collaboration on its own merits and does not adopt it as a precursor to formal consolidation; whether formal consolidation is warranted is a separate question that would require its own analysis and the concurrence of the member agencies.

R7. By October 1, 2026, the district's board compensation, benefits, length of service, date of term end, and expenses related to board work should be clearly and prominently posted on each district's website and updated annually.

Response: Has Been Implemented as to publication of member agency board information; Will Not Be Implemented as to compensation, benefits, and expenses, because SASM provides none.

SASM is a joint powers agency whose Board of Commissioners is appointed by the governing boards of its member agencies. Commissioners receive no compensation, benefits, or expense reimbursement from SASM. Length of service and term end dates are set by each appointing member agency. The Agency has already posted on its website a statement that Commissioners receive no compensation, benefits, or expenses from SASM, together with the current roster of Commissioners, their appointing member agency, and hyperlinks to each member agency's board webpage.

R8. By June 1, 2027, special districts should adopt term limits of two consecutive four-year terms for all board members. Staggered implementation of term limits to avoid disruptions is encouraged.

Response: Will Not Be Implemented.

SASM is a joint powers agency whose Board of Commissioners is appointed by the governing boards of its member agencies. The Agency has no authority under the Joint Powers Agreement to impose term limits on those appointments. Term limits for member agency board members are a matter for each member agency's governing board and, where applicable, its voters. The Recommendation is therefore not reasonable as applied to SASM.

R9. By June 1, 2027, board compensation structures should be reviewed across districts, and considered for adjustment. All components of board compensation should be posted on their website (see best practice example in Appendix B).

Response: Has Been Implemented as to posting board compensation information; Will Not Be Implemented as to the review of compensation structures across districts, which is outside the Agency's authority.

SASM does not compensate its Commissioners so there is no SASM compensation structure to review or adjust. Some member agencies compensate their representatives under their own policies; SASM has no authority under the Joint Powers Agreement to review or adjust member agency compensation. The Agency has already posted on its website a statement that Commissioners receive no compensation, benefits, or expenses from SASM.