



NOTICE OF SPECIAL MEETING  
BOARD OF DIRECTORS/FINANCE COMMITTEE\*

Notice is hereby given that a Special Meeting of the Marin Municipal Water District’s Board of Directors/Finance Committee will be held as follows:

- MEETING DATE: Thursday, January 24, 2019
- TIME: 9:30 a.m.
- LOCATION: 1) MMWD Board Room, 220 Nellen Ave., Corte Madera, CA 9492
- \*\* 2) Offices of Duane Morris, 1 Market St., Suite 2000, San Francisco, CA 94105 (Director Russell)
- \*\* 3) UC Merced 2400 N. Lake Rd., Science & Eng. Rm. 236, Merced, CA (Director Quintero)

AGENDA

ITEM	RECOMMENDATION	APPROX. START
<input type="checkbox"/> CALL TO ORDER		9:30 a.m.
<input type="checkbox"/> ADOPT AGENDA		9:31 a.m.
<input type="checkbox"/> PUBLIC EXPRESSION†		9:32 a.m.
<input type="checkbox"/> CALENDAR		
1. Minutes December 19, 2018 Meeting	Approve	9:37 a.m.
2. Future Meeting Schedule	Approve	9:38 a.m.
3. Monthly Financial Update	Information	9:40 a.m.
4. Preliminary FY2020 & FY2021 Budget Presentation	Review and Comment	9:50 a.m.

*Stephanie Eichner-Gross*  
 Stephanie Eichner-Gross  
 Board Secretary  
*pro tem for*

MMWD BOARD OF DIRECTORS: Larry Bragman, Jack Gibson, Cynthia Koehler, Armando Quintero, Larry Russell

\*The designated chair is Director Koehler and vice chair is Director Gibson. Other board members may attend as they wish.

\*\*One or more directors may participate in this meeting via teleconference. The teleconference location(s) is listed above. Members of the public are welcome to attend the meeting at either location.

†Anyone wishing to speak on an item other than those listed on this agenda will be recognized at this time. We ask any person wishing to be heard to come to the podium to address the board and state your name and address for the public record. A 3-minute limit is customary; however the committee chair may adjust the actual time allotted to accommodate the number of speakers.

**ADA NOTICE AND HEARING IMPAIRED PROVISIONS:** The board room is equipped with sound amplifying units for use by the hearing impaired. The units operate in conjunction with the room's sound system. You may request the personal sound amplifier from the Board Secretary for use during meetings.

In accordance with the Americans with Disabilities Act and California Law, it is the policy of the Marin Municipal Water District to offer its public programs, services, and meetings in a manner that is readily accessible to everyone, including those with disabilities. If you are disabled and require a copy of a public hearing notice, an agenda, and/or agenda packet in an appropriate alternative format, or if you require other accommodation, please contact Stephanie Eichner-Gross at (415) 945-1448, at least two days in advance of the meeting. Advance notification within this guideline will enable the district to make reasonable arrangements to ensure accessibility.

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**FUTURE BOARD OF DIRECTORS/FINANCE COMMITTEE MEETINGS:**

Thursday, February 28, 2019, 9:30 a.m.	MMWD Board Room
<i>Thursday, March 14, 2019, 9:30 a.m.</i>	MMWD Board Room
<i>(tentative)</i>	



**MARIN MUNICIPAL  
WATER DISTRICT**

**ITEM No.** 1  
**MEETING DATE:** January 24, 2019  
**MEETING:** Board of Directors /  
Finance Committee

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**STAFF REPORT**

**SUBJECT:** Minutes of December 19, 2018 Finance Committee Meeting

**SUBMITTED BY:** Cheryl Howlett, Finance Analyst, Administrative Services Division

**RECOMMENDED ACTION:** Approve

**ATTACHMENT:**

1. Minutes of December 19, 2018 Finance Committee Meeting

**MARIN MUNICIPAL WATER DISTRICT  
BOARD OF DIRECTORS / FINANCE COMMITTEE**

**IN ATTENDANCE:**

**Directors present:** Cynthia Koehler, Jack Gibson, Larry Bragman, and Larry Russell (via teleconference)

**Directors absent:** Armando Quintero

**CALL TO ORDER:** Director Koehler called the meeting to order at 9:32 a.m.

**ADOPT AGENDA:** By simple motion, the agenda was adopted.

**PUBLIC EXPRESSION:** None

**ITEM 1.** Minutes of the October 25, 2018 meeting were approved.

**ITEM 2. Resolution No. 8521: Commendation to Retiring Employee Birtukan Beyenssa**

Director Koehler read Resolution No. 8521, commending service of retiring employee Birtukan (Bebe) Beyenssa. Bebe spoke briefly and members of the Finance Committee approved and signed Resolution No. 8521.

**ITEM 3. Monthly Financial Update**

The Administrative Services Division Manager/Treasurer (ASDM), Charlie Duggan, presented the financial summary for the month ending November 30, 2018, water revenue was at 51.8% of budget and all other operating revenue was at 42.7% of budget, for total operating revenue of 51.3%. Capital revenue was 12.8%, fire flow revenue was 0.6 %, with the total of all revenue collected being 44.7% of budget.

Fiscal year to date, actual operating expenses total 42.1% of budget. Total operating and capital expenses combined were 37.5% of the total FY 2019 budgeted expenses.

The total unrestricted reserves were \$29.8M, which is 4.7 months of operating budget. There is currently \$26.1M in the capital reserve fund.

**ITEM 4. FY2020 – FY2023 Expenditure and Revenue Preliminary Budget Approach Discussion**

The Administrative Services Division Manager/Treasurer (ASDM), Charlie Duggan, presented information on the proposed budget approach, reviewing discussion that had taken place at previous Finance Committee meetings and the Board Retreat. The proposed budget approach would limit overall bi-monthly, variable, and fixed charge revenues to a 4% increase, maintain a \$20M annual investment in the Capital Improvement Program (CIP), without issuing debt over the next 10 years and explore a Super Saver Credit Program for low water users.

**\*\* DRAFT \*\* MINUTES OF DECEMBER 19, 2018 MMWD BOARD FINANCE COMMITTEE MEETING**

An overview was given of challenges and objectives to meet the goals of the new approach including upcoming projects for CIP and the ongoing cost of debt service. A new funding mechanism for CIP was proposed (a capital maintenance fee - CMF) and discussed in an effort to move away from bonding. Fixed cost budget increase drivers include: Utilities 8%, Purchased Water 6%, Chemicals & Supplies 6% and Personnel Service increases driven by CalPERS rates and benefit rate increases. Some cost saving measures have been put into place: staff reductions, refinanced debt at lower interest rates, reduction of the CIP program by \$10M and the increase of CalPEPRA (California Public Employee Pension Reform Act) employees into the work force, as classic CalPERS employees retire.

The committee was informed that the citizen's CIP review panel met and reviewed capital funding mechanisms. Overall they liked the idea of a capital management fee for infrastructure investment, which saves money on bond interest and would like to see more funding committed to reducing fire risk. A couple of the citizen's committee members spoke. They will continue to meet periodically.

A brief discussion ensued on the CIP program and funding mechanisms.

**ITEM 5. Communications Strategic Plan**

Due to the time, this item was rescheduled for presentation at the District Operations Committee meeting on Friday, December 21, 2018.

**ADJOURNMENT**

There being no further business, the meeting of December 19, 2018 adjourned at 11:08 a.m.



**STAFF REPORT**

**SUBJECT:** Future Meeting Schedule

**SUBMITTED BY:** Charlie Duggan, A.S. Division Manager/Treasurer

**RECOMMENDED ACTION:** Reschedule March Finance Committee meeting. Due to a request from the Finance Committee Chair. We recommend rescheduling the March 28<sup>th</sup> meeting to March 14<sup>th</sup>.

1-24	Finance, 9:30 a.m.
2-5	Board, 7:30 p.m.
2-15	DOC, 9:30 a.m.
2-19	Board, 7:30 p.m.
2-20	Communications, 9:30 a.m.
2-28	Finance, 9:30 a.m.
3-5	Board, 7:30 p.m.
3-8	DOC, 9:30 a.m.
<b>3-14</b>	<b>Finance, 9:30 a.m. – Recommended new date</b>
3-19	Board, 7:30 p.m.
3-21	Watershed, 1:30 p.m.
<del>3-28</del>	<del>Finance, 9:30 a.m.</del>



**STAFF REPORT**

**SUBJECT:** Monthly Financial Update  
**SUBMITTED BY:** Charles Duggan Jr. Administrative Services Division Manager/Treasurer  
Administrative Services Division  
**RECOMMENDED ACTION:** Information

**EXECUTIVE SUMMARY:** The Monthly Financial Update for December 31, 2018

**FISCAL IMPACT:** YES ..... **No** X ..... **FISCAL YEAR:** 2018/19 .....

**BACKGROUND:**

**Water Sales and Consumption**

**Monthly**

Water sales for the month of December 2018 were \$4,952,529 which is \$322,426 or 7% above the monthly budget. When compared to the prior year, water sales for December 2018 increased by \$521,123 or were 11.8% above December 2017.

Billed water consumption (in CCFs) for December 2018 was 944,610 CCFs, which is 108,976 CCFs or 13% above the monthly budget. Compared to the prior year, billed water consumption for December 2018 increased 110,661 CCFs or 13.2%.

Total meter service charges for the month of December 2018 were \$1,820,320 which is \$46,966 or 2.65% above budget. Compared to the prior year, meter service charges increased by \$12,303 or 0.68%.

The Watershed Fee revenue for the month of December 2018 is \$417,668 or \$3,679 or 0.89% above budget and \$1,517 or 0.36% above December 2017.

The total water sales and fixed charges (Service and Watershed Fee) for the month of December 2018 were \$7,190,517 which is \$373,071 or 5.5% above budget and compared to December 2017, it is an increase of \$534,943 or 8%.

**Fiscal Year to Date**

Fiscal year to date, water sales through December 31, 2018 were \$34,153,196, which is \$2,606,389 or 8.3% above budget. Compared to the same period last year, water sales through December 31, 2018 decreased by \$185,580 or 0.54%.

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Billed water consumption (in CCFs), through December 31, 2018 was 6,163,133 CCFs, which is 463,913 CCFs or 8.1% above budget. Compared to the same period last year, billed water consumption through December 31, 2018 increased by 98,278 CCFs or 1.6%.

Fiscal year to date, total water sales and fixed charges (service and Watershed Fee) through December 31, 2018 was \$45,694,838 when compared to the budget of \$42,494,006 is \$3,200,832 or 7.5% above budget. The 2018/19 water sales and fixed charges compared to prior fiscal year through December 31, 2017 of \$45,410,003 is an increase of \$284,835 or 0.63%.

### **Budget to Actual Comparison – All Funds**

Attached is the budget to actual comparison for fiscal year 2018/19 as of December 31, 2018. The budget to actual comparison is prepared by fund and includes revenues, expenditures and reserve balances.

As of December 31, 2018 the year to date net increase for the Operating Fund was \$8,875,075.

For the Operating Fund, total revenues as of December 31, 2018 are \$47.6 million or 61.0% of budget. Total operating expenditures of \$38.7 million, not including depreciation and amortization, is 50.7% of budget.

For the Capital and Fire Flow Funds, total revenues are \$3.8 million or 26.0% of budget. Spending on capital and fire flow projects at \$10.8 million is 29.9% of budget as of December 31, 2018.

The Watershed Fund as of December 31, 2018 reflects a surplus of \$495,258.

### **Fund Balances**

Per the attached Reserve Balance Summary as of December 31, 2018, unrestricted / undesignated - operating reserves are \$20.1 million, or 3.2 months of annualized projected operating expenses for 2018/19.

**STRATEGIC PLAN ALIGNMENT:** The requested action aligns with the district's Strategic Plan Goal 2: Financial Stewardship - Strategy 2 – ensure activities are transparent and reporting is accurate – Objective 3 – provide monthly reporting.



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**REVIEWED BY:** A.S.D. Manager/Treasurer [ X ] NA [ ]  
General Counsel [ ] NA [ X ]  
General Manager [ X ] NA [ ]

**ATTACHMENTS:**

1. Total Water Sales and Fixed Charges & Fees 2017/18 – 2018/19
2. Billed Water Consumption in CCFs FY 2009/10 – 2018/19
3. Budget to Actual Comparison for 2018/19 as of December 31, 2018
4. Reserve Balance Summary as of December 31, 2018
5. CIP Budget to Actual Comparison for 2018/19 as of December 31, 2018
6. Watershed Fund & Non-Rate Based Revenue as of December 31, 2018

**Total Water Sales and Fixed Charges & Fees  
Fiscal Years 2016/17 - 2018/19**

Month	Fixed Charges											
	Water Sales			Service Charges			Watershed Fee			Total Water Sales and Fixed Charges		
	17/18 Actual	18/19 Budget	18/19 Actual	17/18 Actual	18/19 Budget	18/19 Actual	17/18 Actual	18/19 Budget	18/19 Actual	17/18 Actual	18/19 Budget	18/19 Actual
July	\$ 4,513,602	\$ 4,708,000	\$ 4,628,766	\$ 1,154,510	\$ 1,161,533	\$ 1,290,387	\$ 270,839	\$ 273,160	\$ 305,496	\$ 5,938,951	\$ 6,142,693	\$ 6,224,649
August	7,709,448	7,318,800	8,039,335	1,647,846	1,646,966	1,857,259	374,628	374,621	419,343	9,731,921	9,340,387	10,315,938
September	5,232,947	4,844,452	5,531,526	1,233,287	1,252,588	1,268,896	300,784	303,197	306,874	6,767,018	6,400,237	7,107,297
October	8,193,115	6,219,933	7,089,109	1,839,386	1,775,408	1,838,254	421,824	414,491	421,590	10,454,325	8,409,832	9,348,953
November	4,258,259	3,825,519	3,911,930	1,297,305	1,253,431	1,290,393	306,650	304,461	305,162	5,862,214	5,383,411	5,507,485
December	4,431,406	4,630,103	4,952,529	1,808,017	1,773,354	1,820,320	416,151	413,989	417,668	6,655,574	6,817,446	7,190,517
January	2,003,113	2,268,410		1,154,911	1,248,343		272,328	304,169		3,430,351	3,820,922	-
February	4,058,223	3,408,017		1,952,994	1,754,748		450,375	410,843		6,461,592	5,573,609	-
March	1,966,918	2,065,365		1,282,794	1,265,118		305,582	307,046		3,555,295	3,637,529	-
April	3,366,127	3,706,568		1,821,708	1,762,722		418,607	412,025		5,606,442	5,881,316	-
May	2,817,477	3,085,596		1,291,229	1,252,285		306,420	305,102		4,415,126	4,642,983	-
June	5,299,302	6,133,484		1,807,578	1,765,979		415,559	412,516		7,522,439	8,311,979	-
<b>TOTAL</b>	<b>\$53,849,936</b>	<b>\$52,214,248</b>	<b>\$34,153,196</b>	<b>\$18,291,565</b>	<b>\$17,912,475</b>	<b>\$9,365,509</b>	<b>\$4,259,747</b>	<b>\$4,235,621</b>	<b>\$2,176,132</b>	<b>\$76,401,247</b>	<b>\$74,362,344</b>	<b>\$45,694,838</b>

Original Budget-to-Actual Basis      7.53%  
 Actual-to-Actual Basis                      0.63%  
 % of total budget received                 61.45%

**Billed Water Consumption In CCF's  
Fiscal Year 2009/10 - 2018/19**

<b>Month</b>	<b>09/10 Actual</b>	<b>10/11 Actual</b>	<b>11/12 Actual</b>	<b>12/13 Actual</b>	<b>13/14 Actual</b>	<b>14/15 Actual</b>	<b>15/16 Actual</b>	<b>16/17 Actual</b>	<b>17/18 Actual</b>	<b>18/19 Budget</b>	<b>18/19 Actual</b>	<b>Monthly Budget Variance</b>	<b>Actual to Actual % Change</b>
July	958,254	857,071	806,534	940,774	960,503	857,599	709,164	817,152	841,088	820,881	860,335	4.81%	2.29%
August	1,524,804	1,505,682	1,373,824	1,552,514	1,483,888	1,387,986	1,141,147	1,312,021	1,396,443	1,322,457	1,413,528	6.89%	1.22%
September	1,016,214	1,005,679	947,293	1,016,379	977,353	859,553	773,020	844,640	882,952	854,244	934,385	9.38%	5.83%
October	1,374,363	1,431,554	1,326,605	1,377,982	1,400,285	1,209,902	1,125,237	1,205,260	1,367,665	1,221,597	1,285,253	5.21%	-6.03%
November	687,783	709,313	690,404	691,037	840,947	633,520	649,016	583,819	742,758	644,407	725,022	12.51%	-2.39%
December	825,217	777,015	865,208	832,615	1,059,733	864,257	842,995	716,927	833,949	835,634	944,610	13.04%	13.27%
January	491,259	466,489	522,634	437,843	584,601	463,934	431,637	396,528	410,458	445,197	445,197		
February	698,386	707,803	809,417	731,899	869,459	719,107	631,478	606,381	763,871	673,617	673,617		
March	394,481	417,369	469,932	458,940	453,943	456,655	362,406	368,448	431,947	407,977	407,977		
April	707,372	714,398	730,127	878,103	708,756	832,060	639,191	598,740	702,023	709,999	709,999		
May	528,781	575,547	551,643	721,094	569,555	600,821	464,956	475,565	540,290	529,241	529,241		
June	1,044,386	1,118,447	1,215,077	1,377,068	1,150,742	1,020,910	1,079,197	1,052,513	1,095,760	1,090,071	1,090,071		
<b>TOTAL</b>	<b><u>10,251,300</u></b>	<b><u>10,286,367</u></b>	<b><u>10,308,698</u></b>	<b><u>11,016,248</u></b>	<b><u>11,059,765</u></b>	<b><u>9,906,304</u></b>	<b><u>8,849,444</u></b>	<b><u>8,977,994</u></b>	<b><u>10,009,204</u></b>	<b><u>9,555,322</u></b>	<b><u>6,163,133</u></b>		
			<b>Budget-to-Actual Basis</b>		<b><u>8.14%</u></b>								
			<b>Actual-to-Actual Basis</b>		<b><u>1.62%</u></b>								
			<b>% of total budget</b>		<b><u>64.50%</u></b>								

**Marin Municipal Water District**  
**Budget to Actual Comparison for 2018/19 - All Funds**  
**Actual as of December 31, 2018**  
**Unaudited**

Revenues and Expenditures	2018/19 Adopted Budget	Actual as of December 31, 2018	% of Budget
<b>Revenues:</b>			
<i>Water Sales and Service Charge:</i>			
Water Sales	\$ 52,214,248	\$ 34,153,196	65.4%
Service Charge	17,912,475	9,365,509	52.3%
Watershed Management Fee	4,235,621	2,176,132	51.4%
<b>Total Water Sales and Service Charge</b>	<u>74,362,344</u>	<u>45,694,838</u>	61.4%
<i>Other Revenues:</i>			
Rents and Royalties	740,000	324,677	43.9%
Grants	250,000	-	0.0%
Watershed Rents and Royalties	920,000	450,255	48.9%
Watershed Payments	420,000	175,311	41.7%
Late Payment and Special Read Charges	370,000	179,476	48.5%
Interest	250,000	654,718	261.9%
Miscellaneous	750,000	109,531	14.6%
<b>Total Other Revenues</b>	<u>3,700,000</u>	<u>1,893,967</u>	51.2%
 <b>Total Operating Revenues</b>	 <u>78,062,344</u>	 <u>47,588,805</u>	 <b>61.0%</b>
<b>Expenditures:</b>			
Personnel services	43,713,364	22,051,524	50.4%
Materials and supplies	2,434,085	1,250,470	51.4%
Operations	6,360,498	2,705,218	42.5%
Water conservation rebate program	599,500	74,648	12.5%
Electrical power	4,000,361	2,395,147	59.9%
Water purchased	6,674,509	3,351,398	50.2%
Insurance, including claims	1,260,000	907,173	72.0%
General and administrative	3,020,800	1,624,675	53.8%
Debt service - interest and principal	10,200,976	5,100,488	50.0%
Overhead cost allocated to capital	(1,935,335)	(747,010)	38.6%
<b>Total Expenditures and Capital Purchases</b>	<u>76,328,758</u>	<u>38,713,730</u>	<b>50.7%</b>
 <b>Transfer out to Capital Fund (PayGo)</b>	 <u>2,000,000</u>	 <u>-</u>	 <b>0.0%</b>
 <b>Net Operating Fund Increase(Decrease)</b>	 <u>\$ (266,414)</u>	 <u>\$ 8,875,075</u>	
<b>Operating Reserves</b>			
<b>Opening Reserves</b>	\$ 20,264,665	\$ 20,264,665	
Net Operating Fund Increase(Decrease)	(266,414)	8,875,075	
Accrual adjustments	-	(9,009,848)	
<b>Ending Reserves</b>	<u>\$ 19,998,251</u>	<u>\$ 20,129,892</u>	

## Capital and Fire Flow Funds

Revenues and Expenditures	2018/19 Adopted Budget	Actual as of December 31, 2018	% of Budget
<b>Revenues:</b>			
Connection Charges	\$ 1,865,000	\$ 526,486	28.2%
Interest Income	15,000	25,213	168.1%
<b>Transfer-in from Operating (PayGo)</b>	2,000,000	-	
<b>Contributed Capital:</b>			
Fire Flow	4,500,000	2,504,766	55.7%
Connection Fees and Grants	6,218,000	741,772	11.9%
<b>Total Revenues and Contributed Capital</b>	<u>14,598,000</u>	<u>3,798,237</u>	26.0%
<b>Capital Expenditures:</b>			
Capital Projects - District	30,040,436	7,652,517	25.5%
Capital Projects - Fire Flow	4,500,000	2,542,403	56.5%
Capital equipment purchases	1,736,000	643,756	37.1%
<b>Total Capital and Fire Flow Expenditures</b>	<u>36,276,436</u>	<u>10,838,676</u>	29.9%
<b>Net Capital and Fire Flow Fund Increase(Decrease)</b>	<u>\$ (21,678,436)</u>	<u>\$ (7,040,439)</u>	32.5%
<b>Capital Reserves</b>			70.0%
<b>Capital Fund</b>			
<b>Opening Reserves</b>	\$ 37,040,971	\$ 37,040,971	
Net Capital Fund Increase(Decrease)	(19,957,436)	(6,359,046)	
Capital equipment purchases	(1,736,000)	(643,756)	
Accrual adjustments	-	(3,941,748)	
<b>Ending Reserves</b>	<u>\$ 15,347,535</u>	<u>\$ 26,096,420</u>	
<b>Fire Flow Fund</b>			
<b>Opening Reserves</b>	\$ (1,973,265)	\$ (1,973,265)	
Net Fire Flow Fund Increase(Decrease)	-	(37,638)	
Accrual adjustments	-	(30,154)	
<b>Ending Reserves</b>	<u>\$ (1,973,265)</u>	<u>\$ (2,041,057)</u>	

### Reserve Balance Summary

	Actual			Final	Projected
	6/30/2015	6/30/2016	6/30/2017	6/30/2018	12/31/2018
Restricted	\$ 9,501,989	\$ 9,327,468	\$ 7,723,634	\$ 6,443,970	\$ 4,297,721
Board Designated	11,491,220	9,441,758	9,847,168	10,425,446	10,425,446
Watershed Fund	-		35,425	114,515	495,258
Rate Stabilization Fund	5,900,000	5,700,000	8,000,000	9,400,000	9,400,000
Pension Reserve Fund	-	-	-	2,000,000	2,000,000
Fire Flow Fund	1,939,529	656,839	426,571	(1,973,265)	(2,041,057)
Capital (including bond proceeds)	30,044,160	18,974,590	1,610,857	37,040,971	26,096,420
<b>Unrestricted/undesignated - Operating</b>	<b>19,959,569</b>	<b>16,947,253</b>	<b>20,077,803</b>	<b>20,264,665</b>	<b>20,132,985</b>
<b>Total</b>	<b>\$ 78,836,467</b>	<b>\$ 61,047,907</b>	<b>\$ 47,721,458</b>	<b>\$ 83,716,302</b>	<b>\$ 70,806,774</b>
<b>Months Reserve Unrestricted - Operating to Annualized Actual Expenditure</b>	<b>3.93</b>	<b>3.34</b>	<b>4.09</b>	<b>3.45</b>	<b>3.17</b>
<b>Debt Coverage Ratio</b>	<b>1.28</b>	<b>1.25</b>	<b>1.50</b>	<b>1.52</b>	<b>1.40</b>

As of December 31, 2018	Principal	Interest	Total
2012 Bond	80,580,000.00	71,173,641.25	151,753,641.25
2016 Bond	31,380,000.00	25,106,212.50	56,486,212.50
2017 Bond	35,385,000.00	30,266,900.00	65,651,900.00
<b>Total Bond Debt</b>	<b>147,345,000.00</b>	<b>126,546,753.75</b>	<b>273,891,753.75</b>
NERA	40,670.23		40,670.23
CREB	733,500.00		733,500.00
AEEP	2,450,000.00		2,450,000.00
LGVSD	5,289,664.03	2,399,482.20	7,689,146.23
<b>Total Other Debt</b>	<b>8,513,834.26</b>	<b>2,399,482.20</b>	<b>10,913,316.46</b>
<b>Total Outstanding Debt</b>	<b>155,858,834.26</b>	<b>128,946,235.95</b>	<b>284,805,070.21</b>

**Marin Municipal Water District  
Watershed & Other Non Rate Based Revenue and Expenditures  
Actual as of December 31, 2018  
Unaudited**

<b>Revenues and Expenditures</b>	<b>2018/19 Budget</b>	<b>Actual as of December 31,</b>	<b>% of Budget</b>
<b>Watershed Revenues</b>			
Watershed Management Fee	\$ 4,235,621	\$ 2,176,132	51.4%
Rent and Leases	910,000	450,255	49.5%
Permits, Parking and Passes	400,000	166,104	41.5%
Grants	-	-	
Other	-	7,172	
<b>Total Watershed Revenues</b>	<u>5,545,621</u>	<u>2,799,663</u>	50.5%
<b>Expenditures - Operating and Capital</b>			
Operating	5,996,709	2,403,353	40.1%
Capital equipment purchases	<u>147,947</u>	<u>15,567</u>	10.5%
<b>Total Expenditures and Capital Purchases</b>	<u>6,144,656</u>	<u>2,418,920</u>	39.4%
<b>Surplus (Deficit)</b>	<b>(599,035)</b>	<b>380,743</b>	-63.6%
Transfer from Operating Fund	<u>599,035</u>	<u>-</u>	
<b>Net Surplus (Deficit)</b>	<u>\$ -</u>	<u>\$ 380,743</u>	
<b>Other Non-Water Revenue</b>			
Rent and Leases - Non Watershed		<u>324,677</u>	
<b>Total Non Rate Based Other Revenues</b>		<u>324,677</u>	
<b>Discount Program for Low Income &amp; Medically Disabled</b>			
Low Income - Fee waived		113,743	
Medically Disabled - Fee waived		<u>55,896</u>	
		<u>169,638</u>	
<b>Net Surplus (Deficit)</b>		<u>155,039</u>	

**Marin Municipal Water District**  
**Budget to Actual Comparison for 2018/19 - Capital Fund**  
**Actual as of December 31, 2018**  
**Unaudited**

<b>CIP Projects</b>	<b>FY2018/19 Adjusted Budget</b>	<b>Capital Projects YTD Actual Expenditures As of 12/31/18</b>	<b>Encumbered for Contracts As of 12/31/18</b>	<b>Total Capital &amp; Fire Flow As of 12/31/18</b>
District Pipeline Replacement / Improvement	\$ 9,615,118	\$ 4,335,390	\$ 1,196,423	\$ 5,531,813
Replacements - Tank Maintenance & Replacement	\$ 3,516,282	\$ 19,683	\$ 1,285	\$ 20,968
Replacements - Treatment Plant Facilities	\$ 6,172,502	\$ 148,085	\$ 236,308	\$ 384,392
Replacements - Dam/Pump/Control System/Meters	\$ 5,196,372	\$ 1,010,721	\$ 1,009,443	\$ 2,020,164
Fire Chief's Fund	\$ 150,000	\$ 426	-	\$ 426
System Improvements	\$ 558,583	\$ 70,747	-	\$ 70,747
Watershed - Minor Structures I/R/R	4,797	10,507	10,000	\$ 20,507
Watershed - Ranger Residence & Minor Structure Impro	87,822	73,552	-	\$ 73,552
Watershed - Road Repair & Improvement	2,191,400	1,287,394	222,676	\$ 1,510,070
Reimbursable Grant Projects	1,404,518	93,330	175,460	\$ 268,790
Reimbursable Customer Projects	\$ 530,753	\$ 487,356	-	\$ 487,356
Information Technology - Capital Equipments/Projects	\$ 619,005	\$ 115,327	\$ 90,797	\$ 206,124
Fire Flow Replacement	\$ 4,500,000	\$ 2,542,403	\$ 265,372	\$ 2,807,775
Capital Equipment Purchases	\$ 1,729,284	\$ 643,756	\$ 122,524	\$ 766,280
<b>Total Capital Projects</b>	<b>\$ 36,276,436</b>	<b>\$ 10,838,676</b>	<b>\$ 3,330,288</b>	<b>\$ 14,168,964</b>





**STAFF REPORT**

**SUBJECT:** Preliminary Operating and Capital Budget for FY20 and FY21

**SUBMITTED BY:** Ben Horenstein, General Manager  
 Charlie Duggan, A.S. Division Manager/Treasurer  
 Mikyung Pustelnik, Finance Manager

**RECOMMENDED ACTION:** Review and Comment on Preliminary Operating and Capital Budget for FY20 and FY21.

**EXECUTIVE SUMMARY:**

Staff has prepared the preliminary budget for FY20 and FY21, representing a decrease of 6.2% to the total FY20 budget compared to FY19; a 4% revenue increase on bi-monthly, variable and fixed charges; and a new Capital Maintenance Fee totaling \$16.5 million per year to fund the capital program. Additionally, the budget includes a new Super Water Saver rate program. The budget summary will be distributed at the January 24, 2019 meeting (with an update to the 2017 COSA to be distributed in February). Staff’s presentation to the Finance Committee will provide an overview of the proposed Operating and Capital Budgets for FY19 and FY20.

**SUMMARY:**

The proposed budget is comprised of \$105.2 million in FY20 and \$107.7 million in FY21, for a two-year total of \$212.9 million. Combined expenses for FY20 and FY21 include operating expenses of \$169.8 million, capital and Fire Flow projects of \$43.1 million, and debt service expenditures of \$20.9 million. Combined projected revenues for FY20 and FY21 include: water sales of \$161.0 million, other operating revenues of \$9.5 million, and fire flow fees of \$9.0 million. Capital projects will be almost wholly funded through a proposed Capital Maintenance Fee producing \$16.5 million in each FY20 and FY21 for a total of \$33.4 million (assuming an indexed 3% for inflation in FY21).

**Table 1: FY20 and FY21 Preliminary Budget Comparison**

Description	FY18 Actual	FY19 Adopted Budget	FY20 Budget Request	% Incr/Decr	FY21 Budget Request	% Incr/Decr
Personnel Services	\$42.5	\$48.3	\$50.8	5.2%	\$52.6	3.5%
General & Admin	4.0	4.3	5.1	18.6%	4.8	-5.9%
Materials & Supplies	9.1	9.1	10.2	12.1%	11.3	10.8%
Operations	9.6	10.9	11.6	6.4%	11.7	0.9%
Debt Service	10.5	10.2	10.4	2.0%	10.5	1.0%
Allocation to Capital	-5.5	-6.5	-4.5	-30.8%	-4.7	4.4%
<b>Total Operating Budget</b>	<b>\$70.2</b>	<b>\$76.3</b>	<b>\$83.6</b>	<b>9.6%</b>	<b>\$86.2</b>	<b>3.1%</b>
Capital & Fire Flow	26.5	35.8	21.6	-39.7%	21.5	-0.5%
<b>Total Operating &amp; Capital Funds</b>	<b>\$96.7</b>	<b>\$112.1</b>	<b>\$105.2</b>	<b>-6.2%</b>	<b>\$107.7</b>	<b>2.4%</b>

**PERSONNEL:**

The budget reflects the decrease of five fulltime positions since FY18 with no requests for additional staffing. Since 2010, the number of authorized permanent positions has decreased 23 FTEs from 263 to 240. Overall, personnel costs compared to budgeted FY19 will increase 5.2% in FY20 and then 3.5% in FY21. The major factors driving those cost increases are; the COLA specified in the collective bargaining agreement, contributions to PERS due to lowered expected investment return rates, and higher healthcare costs. In keeping with Board direction, staff continues to assess the necessity for filling vacant positions and monitoring current positions to ensure we are staffed to provide the expected level of service.

**FY20 OPERATING BUDGET:**

FY20 overall budget totals \$105.2 million, which is \$6.9 million (6.2%) lower than the FY19 budget. This includes an operating increase of \$7.3 million and decreased capital expenditures of \$14.2 million.

The last budget was adopted in 2017 and since then the operating budget for FY18 and FY19 has not been adjusted to match actual expenditures. Since 2017, the District has experienced significant cost increases in paving, chemicals, electricity and permitting – all out of the direct control of the District.

General and Administration budget increased \$0.8 million are due mainly to increases in Government Permit and Bank Fees of \$0.3. Also, included is an increase to contingency of \$0.5 million, totaling \$0.8 million, to protect against unforeseen expenses given the very lean budget. Travel and training costs District wide are flat.

Materials and Supplies budget increased \$1.1 million and result from chemical costs \$0.4 million higher than budgeted FY19 and the amount budgeted for the water we purchase from SCWA is projected to increase \$0.7 million due to unit price escalation.

The Operations budget increased overall \$0.7 million and is a result of increased paving costs of \$0.3 million and higher utility costs of \$0.9 million. Additionally, we have a new expense of \$0.5 million for rental of an emergency generator to power the San Geronimo Treatment Plant during PG&E outages. Offsets for some of the increases come from reduction of consulting support and studies.

Debt service payments remain according to schedule at \$10.4 million which reflects a \$0.2 million increase over FY2019. Allocation to Capital is the amount of capitalized labor and overhead attributed to capital projects and is expected to decrease \$2.0 million due to the reduced capital budget as compared to FY19.

**FY21 OPERATING BUDGET:**

The overall FY21 budget is \$107.7 million which is \$2.5 million (2.4%) higher than the overall FY20 budget. This includes an operating increase of \$2.6 million and capital expenditures decrease of \$0.1 million to \$21.5 million.

Materials and Supplies budget increased \$1.1 million and result from increases in chemical costs by \$0.2 million; the start of operating and maintenance payments for recycled water production for the new Las Gallinas Valley Sanitary District facility, equal to an estimated \$0.6 million; with an increase of \$0.4 million in supplies.

**RESERVES, FUND BALANCES:**

Through Board Policy No. 46 the District designates five areas for holding reserves along with a recently created Pension Reserve Fund. Two of the funds are restricted for use and utilized to pay either insurance or workers compensation claims. The Capital Reserve Fund and the Unrestricted/Undesignated Reserve Fund, contain monies held for unplanned expenditures and for emergencies. While Board policy designates minimum fund balance levels neither fund contains amounts in accordance with policy requirements. The last two funds, Pension Reserve and Rate Stabilization require Board action to increase or reduce fund balance. Neither fund, however, has a minimum required fund balance or prescribed method for increasing fund balance. Current fund balances are exhibited in Table 2: Comparative Reserves.

**Table 2: Comparative Reserves (Board Policy 46)**

Description	FY18 Actual	FY19 Budget	FY20 Proposed	FY21 Proposed
<b>Insurance Reserve Fund</b>	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000
Policy: six times SIR of \$250,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000
<b>Workers Compensation Reserve Fund</b>	\$ 5,048,000	TBD	TBD	TBD
Policy: Minimum Balance Set by Actuary	\$ 5,048,000	TBD	TBD	TBD
<b>Capital Reserve Fund</b>	\$0	\$0	\$0	\$0
Policy: Equal to the annual CIP Budget	\$29,866,000	\$ 31,349,000	\$ 16,500,000	\$ 16,500,000
<b>Pension Reserve Fund</b>	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000
Policy : N/A				
<b>Rate Stabilization Fund</b>	\$ 9,400,000	\$ 9,400,000	\$ 9,400,000	\$ 9,400,000
Policy: N/A				
<b>Operating Reserve - (Unrestricted/Undesignated)</b>	\$20,132,985	Est. \$22,900,000	\$ 22,200,000	\$ 21,900,000
<b>Months Reserve of Operating Budget</b>	3 months	3 months	3 months	3 months
Policy: Equal to six months of annual operating budget	6 months	6 months	6 months	6 months

**PREVIOUS DEBT FUNDING OF CAPITAL PROJECTS**

For several budget cycles the District has relied almost entirely on debt to fund the capital program resulting in increased yearly debt service of almost 50% since 2016. The District’s current principal and interest debt obligation stands at \$285 million and will be satisfied in 2052. Continuing to rely on debt for the next ten years will add \$160 million in principal, extend payments to past 2060, and cost at least an estimated \$171 million in interest. Further, an analysis of the rating agency reports from our last bond issuance points out several metrics causing a negative outlook on our AA bond rating driven by: our current high amount of debt, low Debt Service Coverage (DSC), and the small amount of principal paid off within 20 years. A rating downgrade would result in higher interest costs for any future borrowings.

**DEBT COVERAGE RATIO**

The District is required by bond covenant to end each fiscal year with a Debt Service Coverage ratio of at least

1.25.

<b>Table 3: Projected Debt Service Coverage</b>				
<b>Debt Service Coverage Ratio (DSC)</b>	1.52	1.35	2.76	2.80
<b>Policy: Required by Covenant to meet or exceed 1.25</b>	1.25	1.25	1.25	1.25

**DRAFT TEN-YEAR CIP FYE 2020-2029**

The District capital improvement plan (CIP) is reduced compared to FY2019 \$36 million to \$21.6 million (includes Fire Flow funded projects of \$4.5 million).

*Funded Projects*

The CIP Ten-Year Plan for FYs 2020 through 2029 anticipates a total investment of approximately \$210 million, in 2018 dollars, over the ten-year period. This level of investment is consistent with the amount presented to the Finance Committee on February 22, 2018 (with the addition of \$10 million designated to fund Watershed fire protection and infrastructure projects). The entire CIP is designed to invest in maintaining the district’s existing infrastructure.

*Watershed Fire Protection/Fuel Management as a Capital Expenditure*

The possibility of fire on the watershed is a great concern for the District and surrounding residents and communities. Included in this budget proposal is \$1,000,000 in capital funding, generated by the CMF, dedicated to watershed fire protection/fuel management needs. Benefits of this action include:

- Securing long-term funding for fire protection, beyond routine vegetation management work
- Ensuring an additional \$200,000 of capital equipment purchases are maintained (i.e. excavator replacement, fire apparatus, forestry equipment)
- Allowing for an increased investment above what would be achieved with the currently proposed 4% rate increase to the operating budget
- Exceeding target investments for Biodiversity Fire and Fuels Integrated Plan over ten years

A breakdown of the \$210 million CIP investment includes approximately \$140 million in Renewal and Replacement, \$45 million in Fire Flow Improvement Projects, \$15 million in Capital Equipment Replacement Purchases, \$10 million in Watershed Fire Protection/Fuel Management projects, and almost \$2 million in District match contributions to Watershed grant funded projects. Over sixty programs and projects are planned in the Renewal and Replacement category and are listed in Attachment 1 by project and fund center.

*Unfunded Projects*

Identified CIP projects that are unfunded include: replacement of approximately 69 miles of pipeline, rehabilitation of twelve storage tanks, replacement of Pine Mountain Tunnel, replacement of six pump stations, and treatment plant upgrade projects, totaling \$200 million over the 10-year period in 2018 dollars. A list of unfunded projects is provided in Attachment 2.

**PROPOSED REVENUE PLAN**

With sensitivity to the burden placed on rate payers as a result of rate increases, yet with a desire to maintain

current service level excellence while keeping up with increasing costs outside of our control, the budget reflects a 4% increase to bi-monthly customer charges. The updated 2017 COSA will set rates, specific to customer classes and tiers, to correspond with this revenue increase.

Furthermore, to fund the needed capital maintenance investments, and to avoid an additional \$160 million in debt principal as well as over \$171 million in interest payments, this budget establishes a Capital Maintenance Fee (CMF) to annually raise \$16.5 million to fund the capital program.

**CAPITAL MAINTENANCE FEE**

The District’s capital improvement program is dedicated to maintaining, upgrading and rehabilitating our existing and aging assets. Transitioning from past practice of relying solely on issuing debt to fund the Capital Program, this budget incorporates a Capital Maintenance Fee (CMF) designed to fund the District’s Capital Program. The CMF would be a fee collected on customer property tax bills similar to the District’s Fire Flow fee. As this charge is related to regular, necessary, infrastructure investment, the fee amount is based on the customer’s meter size and corresponds to the relative burden placed on the system by each customer. This fee, apart from bi-monthly charges, allows for a separation between revenues used for capital spending versus operations (administration, water purchases, salaries, benefits, etc.). An annual adjustment to the CMF using an appropriate inflation index is included in the proposal. An additional benefit of the CMF is a positive shift in the debt service coverage ratio calculation, strengthening the District’s bond rating.

Table 4 below displays the CMF fees for each meter size.

**Table 4 Capital Maintenance Fee**

<b>CAPITAL MAINTENANCE FEE (Proposed)</b>				
<b>Meter Size</b>	<b># of Meters</b>	<b>% of Customers</b>	<b>Annual Per Meter Charge \$</b>	<b>Annual Revenue</b>
5/8"	42,633	68.95%	161.21	\$6,872,866
3/4"	3,299	5.34%	241.81	\$797,731
1"	12,755	20.63%	403.01	\$5,140,393
1 1/2"	2,259	3.65%	806.02	\$1,820,799
2"	648	1.05%	1,289.63	\$835,680
3"	168	0.27%	2,821.06	\$473,938
4"	45	0.07%	5,077.90	\$228,506
6"	19	0.03%	11,284.21	\$214,400
8"	6	0.01%	19,344.35	\$116,066
<b>Totals</b>	<b>61,832</b>	<b>100.00%</b>		<b>\$16,500,379</b>

Note: Seventy-four percent of single family residents have 5/8” meters and, as seen from Table 2, these accounts will pay \$161.21/year, as part of this sustainable cost savings approach to capital funding.

**PROPOSED SUPER WATER SAVER PROGRAM**

This budget includes a Super Saver program to benefit the five percent of customers with the lowest water

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consumption, approximately 3,000 customers. Qualifying customers will receive bi-monthly credits of \$8.00. Similar to our two existing assistance programs, this new program is to be paid out of non-rate payer revenue and is estimated to cost \$155,000 in the first year. The details of the Super Saver Program are in Attachment 3. Some of the qualifications for this program are:

1. Account must be Single Family, primary residence, and open/active at the time of the credit.
2. Customer must have water service in their name and be on service at the same address for six consecutive bi-monthly invoices.
3. Water usage must be a minimum of 1 CCF per invoice and in the top 3000 water conserving single family residential customers over the previous six consecutive bi-monthly invoice cycles.
4. Credit requirements must be maintained each bi-monthly invoice in order to continue to qualify for the program.

**UPDATED 2017 COST OF SERVICE ANALYSIS:**

The updated 2017 Draft COSA includes a 4% water sales revenue increase in FY20 and FY21 with an estimated effective date July 1, 2019 and July 1, 2020 respectively. Additionally, the update will include projections for FY22 and FY23 as well as substantiation for establishing a Capital Maintenance Fee to fund capital projects and Watershed fire protection. Projected increases from the estimated FY19 operating revenue are \$5.2 million in FY20 and \$5.1 million in FY21 from the FY20. An FY20 and FY21 preliminary Operating and Capital Budget summary will be distributed and available at the January 24, 2019 Finance Committee meeting. The updated 2017 Draft COSA document will be available for review in February.

**STRATEGIC PLAN ALIGNMENT:** The requested action aligns with the district's Strategic Goal 2: Financial Stewardship – We will prudently manage the public resources entrusted to us and Strategy 1: Ensure financial planning is sufficient to address MMWD needs and risks.

**ATTACHMENTS:** Attachment 1: 10-Year CIP Renewal and Replacement Program by Project  
Attachment 2: Unfunded 10-Year Capital Improvement Projects  
Attachment 3. Super Water Saver Program qualifications







Fund Center/Project	FY19/20	FY20/21	FY21/22	FY22/23	FY23/24	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	Total
<b>A1E01 Watershed - Minor Structures I/R/R</b>											
Phoenix Gateway	\$ 15	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15
Rock Spring Gateway	\$ 10	\$ 10	\$ 25	\$ 155	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 200
Alpine Dam Historic Preservation (Block Houses)	\$ 20	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20
Sanitation Stations	\$ -	\$ 50	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50
Lake Lagunitas Flush Toilets	\$ -	\$ 50	\$ 365	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 415
Boat Ramps	\$ -	\$ -	\$ 15	\$ 60	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 75
Dipsea Trail Water Fountain	\$ -	\$ -	\$ -	\$ 25	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25
Gravity Car Gateway	\$ -	\$ -	\$ -	\$ 25	\$ 150	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 175
Bon Tempe Accessible Fishing Pier and Boat Dock (ADA)	\$ -	\$ -	\$ -	\$ -	\$ 30	\$ 180	\$ -	\$ -	\$ -	\$ -	\$ 210
Lake Lagunitas Picnic Ground Rehabilitation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 75	\$ 250	\$ -	\$ -	\$ -	\$ 325
Fish Grade Materials Storage Building	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25	\$ 150	\$ 175
Sky Oaks Ranger Station Upgrades	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 410	\$ 410
Misc Non-water system Minor Structure Capital Repairs	\$ -	\$ -	\$ -	\$ -	\$ 40	\$ 40	\$ 40	\$ 40	\$ 40	\$ 40	\$ 240
<b>A1E01 Subtotal</b>	<b>\$ 45</b>	<b>\$ 110</b>	<b>\$ 405</b>	<b>\$ 265</b>	<b>\$ 220</b>	<b>\$ 295</b>	<b>\$ 290</b>	<b>\$ 40</b>	<b>\$ 65</b>	<b>\$ 600</b>	<b>\$ 2,335</b>
<b>A1E02 Watershed - Ranger Residence Improvements</b>											
Soulajule Residence Repairs	\$ 25	\$ 25	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50
Lake Lagunitas Residence Repairs	\$ 30	\$ 345	\$ 40	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 415
Alpine Dam Residence Water System Upgrade	\$ -	\$ 70	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 70
Sky Oaks Residence Repairs	\$ -	\$ 30	\$ 150	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 180
Nicasio Residence Repairs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 600	\$ -	\$ 600
Misc Ranger Residence Repairs	\$ -	\$ 50	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 850
<b>A1E02 Subtotal</b>	<b>\$ 55</b>	<b>\$ 520</b>	<b>\$ 290</b>	<b>\$ 100</b>	<b>\$ 100</b>	<b>\$ 100</b>	<b>\$ 100</b>	<b>\$ 100</b>	<b>\$ 100</b>	<b>\$ 700</b>	<b>\$ 2,165</b>
<b>A1E04 Watershed - Trail Repair and Improvement</b>											
Cataract Trail Rehabilitation	\$ -	\$ -	\$ -	\$ -	\$ 100	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100
Grassy Slope/Continental Cove Road to Trail	\$ -	\$ -	\$ -	\$ -	\$ 100	\$ 150	\$ -	\$ -	\$ -	\$ -	\$ 250
Concrete Pipe Road to Trail	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100	\$ 150	\$ -	\$ -	\$ 250
Misc Trail Improvements/Rehabilitation	\$ -	\$ 50	\$ 50	\$ 75	\$ 100	\$ 100	\$ 100	\$ 100	\$ 75	\$ 100	\$ 750
<b>A1E04 Subtotal</b>	<b>\$ -</b>	<b>\$ 50</b>	<b>\$ 50</b>	<b>\$ 75</b>	<b>\$ 300</b>	<b>\$ 250</b>	<b>\$ 200</b>	<b>\$ 250</b>	<b>\$ 75</b>	<b>\$ 100</b>	<b>\$ 1,350</b>
<b>A1E05 Watershed - Road Repair and Improvements</b>											
Filter Plant Road Culvert Repairs	\$ 15	\$ 65	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 80
Culvert & Stream Enhancements Planning/Compliance	\$ 100	\$ 50	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 150
Culvert & Stream Crossing Repairs	\$ 50	\$ 50	\$ 300	\$ 350	\$ 350	\$ 400	\$ 400	\$ 400	\$ 400	\$ 400	\$ 3,100
Kent Pump Road Culverts	\$ -	\$ 75	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 75
Lagunitas Picnic Parking Lot	\$ -	\$ 55	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 55
Soulajule Residence Driveway	\$ -	\$ 15	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15
Sky Oaks Residence Driveway	\$ -	\$ 15	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15
Lagunitas Residence Driveway	\$ -	\$ 15	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15
Slurry Seal & Restripe Sky Oaks Road	\$ -	\$ -	\$ 30	\$ 175	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 205
Misc Non-water system Road Repairs	\$ -	\$ -	\$ 50	\$ 75	\$ 75	\$ 75	\$ 75	\$ 75	\$ 75	\$ 75	\$ 575
Gravity Car Parking Lot	\$ -	\$ -	\$ -	\$ 60	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 60
Water System Road Repair	\$ -	\$ -	\$ -	\$ 150	\$ 150	\$ 150	\$ 150	\$ 150	\$ 150	\$ 150	\$ 1,050
Re-pave Soulajule Road	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 225	\$ -	\$ -	\$ -	\$ -	\$ 225
Sky Oaks Road & Filter Plant Road Widening Project	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 150	\$ 250	\$ -	\$ -	\$ 400
<b>A1E05 Subtotal</b>	<b>\$ 165</b>	<b>\$ 340</b>	<b>\$ 380</b>	<b>\$ 810</b>	<b>\$ 575</b>	<b>\$ 850</b>	<b>\$ 775</b>	<b>\$ 875</b>	<b>\$ 625</b>	<b>\$ 625</b>	<b>\$ 6,020</b>

Fund Center/Project	FY19/20	FY20/21	FY21/22	FY22/23	FY23/24	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	Total
<b>A1E07 Watershed - Natural Capital and Green Infrastructure</b>											
Misc Habitat Restoration & Revegetation Projects	\$ -	\$ -	\$ 50	\$ 50	\$ 50	\$ 50	\$ 110	\$ 110	\$ 50	\$ 50	\$ 520
Lagunitas Booster Bank Stabilization & Habitat Planning	\$ 15	\$ 30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 45
Lagunitas Creek Habitat Project Planning	\$ 10	\$ 15	\$ 25	\$ 25	\$ 25	\$ 25	\$ 25	\$ 25	\$ 25	\$ 25	\$ 225
Azalea Hill Restoration Planning	\$ 50	\$ 100	\$ 50	\$ 25	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 225
Fire & Fuels Management	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 10,000
<b>A1E07 Subtotal</b>	<b>\$ 1,075</b>	<b>\$ 1,145</b>	<b>\$ 1,125</b>	<b>\$ 1,100</b>	<b>\$ 1,075</b>	<b>\$ 1,075</b>	<b>\$ 1,135</b>	<b>\$ 1,135</b>	<b>\$ 1,075</b>	<b>\$ 1,075</b>	<b>\$ 11,015</b>
<b>A4B Information Technology - IT</b>											
A4B Information Technology - IT	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 5,000
<b>A4B Subtotal</b>	<b>\$ 500</b>	<b>\$ 500</b>	<b>\$ 500</b>	<b>\$ 500</b>	<b>\$ 500</b>	<b>\$ 500</b>	<b>\$ 500</b>	<b>\$ 500</b>	<b>\$ 500</b>	<b>\$ 500</b>	<b>\$ 5,000</b>
<b>Capital Renewal &amp; Replacement Subtotal</b>	<b>\$ 12,955</b>	<b>\$ 13,075</b>	<b>\$ 12,675</b>	<b>\$ 12,900</b>	<b>\$ 12,525</b>	<b>\$ 12,435</b>	<b>\$ 13,675</b>	<b>\$ 10,625</b>	<b>\$ 11,875</b>	<b>\$ 12,225</b>	<b>\$ 124,965</b>
<b>Capital Watershed Subtotal</b>	<b>\$ 1,340</b>	<b>\$ 2,165</b>	<b>\$ 2,250</b>	<b>\$ 2,350</b>	<b>\$ 2,270</b>	<b>\$ 2,570</b>	<b>\$ 2,500</b>	<b>\$ 2,400</b>	<b>\$ 2,540</b>	<b>\$ 2,500</b>	<b>\$ 22,885</b>
<b>Capital Equipment Purchases</b>	<b>\$ 1,254</b>	<b>\$ 1,330</b>	<b>\$ 1,500</b>	<b>\$ 1,500</b>	<b>\$ 1,500</b>	<b>\$ 1,500</b>	<b>\$ 1,500</b>	<b>\$ 1,500</b>	<b>\$ 1,500</b>	<b>\$ 1,500</b>	<b>\$ 14,584</b>
<b>Renewal &amp; Replacement Total</b>	<b>\$ 15,549</b>	<b>\$ 16,570</b>	<b>\$ 16,425</b>	<b>\$ 16,750</b>	<b>\$ 16,295</b>	<b>\$ 16,505</b>	<b>\$ 17,675</b>	<b>\$ 14,525</b>	<b>\$ 15,915</b>	<b>\$ 16,225</b>	<b>\$ 162,434</b>

**ATTACHMENT 2 - DRAFT UNFUNDED 10-YEAR CAPITAL IMPROVEMENT PROJECTS (\$thousands)**

<b>Fund Center/Project</b>	<b>FY19/20</b>	<b>FY20/21</b>	<b>FY21/22</b>	<b>FY22/23</b>	<b>FY23/24</b>	<b>FY24/25</b>	<b>FY25/26</b>	<b>FY26/27</b>	<b>FY27/28</b>	<b>FY28/29</b>	<b>Total</b>
<b>A1A01 Replacements - Cathodic Protection</b>											
Tank Recoating Program	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Escalle Tank (1 MG)	\$ 1,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,000
Scott Highlands (0.25MG)	\$ -	\$ 500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 500
Conifer Way (0.5 MG)	\$ -	\$ 700	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 700
Greenbrae Tank (1.5 MG)	\$ -	\$ -	\$ 1,600	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,600
Mill Valley Tank (5 MG)	\$ -	\$ -	\$ -	\$ 3,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,000
Loch Lomond Tank (1 MG)	\$ -	\$ -	\$ -	\$ -	\$ 1,200	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,200
Hawthorne Upper Tank (2 MG)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,200	\$ -	\$ -	\$ -	\$ 2,200
Canyon Village (1.5 MG)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,600	\$ -	\$ -	\$ 1,600
Mine Ridge Tank (0.25 MG)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 400	\$ -	\$ 400
Fairfax Grade Tank (0.5 MG)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 700	\$ 700
Wolfback Ridge Tank #1 (0.25MG)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 200	\$ -	\$ 200
Wolfback Ridge Tank #2 (0.25MG)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 200	\$ 200
<b>A1A01 Subtotal</b>	<b>\$ 1,000</b>	<b>\$ 1,200</b>	<b>\$ 1,600</b>	<b>\$ 3,000</b>	<b>\$ 1,200</b>	<b>\$ -</b>	<b>\$ 2,200</b>	<b>\$ 1,600</b>	<b>\$ 600</b>	<b>\$ 900</b>	<b>\$ 13,300</b>
<b>A1A02A Replacements - Distribution Pipelines</b>											
Pipeline Replacement Program	\$ 12,200	\$ 13,400	\$ 13,400	\$ 12,300	\$ 11,800	\$ 9,800	\$ 9,800	\$ 9,500	\$ 8,500	\$ 8,000	\$ 108,700
<b>A1A02A Subtotal</b>	<b>\$ 12,200</b>	<b>\$ 13,400</b>	<b>\$ 13,400</b>	<b>\$ 12,300</b>	<b>\$ 11,800</b>	<b>\$ 9,800</b>	<b>\$ 9,800</b>	<b>\$ 9,500</b>	<b>\$ 8,500</b>	<b>\$ 8,000</b>	<b>\$ 108,700</b>
<b>A1A04 Replacements - Treatment Facilities</b>											
BTTP Clarifier Replacement		\$ 1,500	\$ 12,000								\$ 13,500
BTTP Solids Handling				\$ 600	\$ 5,800						\$ 6,400
SGTP Sludge Handling					\$ 1,000	\$ 3,600	\$ 6,000				\$ 10,600
SGTP PAC							\$ 130	\$ 1,170	\$ 1,170	\$ 1,170	\$ 2,470
<b>A1A04 Subtotal</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,500</b>	<b>\$ 12,000</b>	<b>\$ 600</b>	<b>\$ 6,800</b>	<b>\$ 3,600</b>	<b>\$ 6,130</b>	<b>\$ 1,170</b>	<b>\$ 1,170</b>	<b>\$ 32,970</b>
<b>A1A06 Replacements - Building and Grounds</b>											
Administration Building Replacement		\$ 10,000	\$ 8,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,000
<b>A1A06 Subtotal</b>	<b>\$ -</b>	<b>\$ 10,000</b>	<b>\$ 8,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 18,000</b>
<b>A1A07 Replacements - Transmission Pumps</b>											
Totaloma Pump Station Replacement	\$ -	\$ 500	\$ 750	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,250
<b>A1A07 Subtotal</b>	<b>\$ -</b>	<b>\$ 500</b>	<b>\$ 750</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,250</b>
<b>A1A08 Replacements - Distribution Pumps</b>											
Sausalito Pump Station Replacement		\$ 1,000									\$ 1,000
Bret Harte Pump Station Replacement			\$ 1,000								\$ 1,000
Redwood Drive Pump Station Replacement				\$ 1,000							\$ 1,000
Hind Pump Station Replacement					\$ 1,000						\$ 1,000
Fawn Drive Pump Station Replacement						\$ 1,000					\$ 1,000
Tam Woods 2nd Pump Station Replacement							\$ 1,000				\$ 1,000
<b>A1A08 Subtotal</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,000</b>	<b>\$ 1,000</b>	<b>\$ 1,000</b>	<b>\$ 1,000</b>	<b>\$ 1,000</b>	<b>\$ 1,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,000</b>
<b>A1A11 Replacements - Storage Tanks</b>											
Pine Mountain Tunnel Replacement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,000	\$ 10,000	\$ 8,000	\$ 20,000
<b>A1A11 Subtotal</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,000</b>	<b>\$ 10,000</b>	<b>\$ 8,000</b>	<b>\$ 20,000</b>
<b>Capital Renewal &amp; Replacement Subtotal</b>	<b>\$ 13,200</b>	<b>\$ 15,100</b>	<b>\$ 28,250</b>	<b>\$ 36,300</b>	<b>\$ 14,600</b>	<b>\$ 17,600</b>	<b>\$ 16,600</b>	<b>\$ 20,230</b>	<b>\$ 20,270</b>	<b>\$ 18,070</b>	<b>\$ 200,220</b>

## Proposed Super Water Saver Credit Guidelines

Objective: Award up to \$150,000 annually in billing credits to the top 3000 of water conserving single family residential customers at MMWD who meet the Super Water Saver Credit qualifications. An \$8.00 bi-monthly credit will be applied to qualified customer's invoices.

### Qualifications:

1. Account must be Single Family, primary residence, and open/active at the time of the credit.
2. Customer must have water service in their name and be on service at the same address for six consecutive bi-monthly invoices.
3. Water usage must be a minimum of 1 CCF per invoice and in the top 3000 water conserving single family residential customers over the previous six consecutive bi-monthly invoice cycles. \*\*
4. Credit requirements must be maintained each bi-monthly invoice in order to continue to qualify for the program.
5. If a customer believes they qualify for a Super Water Saver Credit and have not received a credit on their bill, they can contact Customer Service at 220 Nellen Ave, Corte Madera, CA 94925 Attn: Super Water Saver Credit.

### Redemption of credit:

1. For accounts receiving the Super Water Saver Credit, a credit of up to \$8.00 will be applied on each bi-monthly invoice, not to exceed the total billed amount.
2. If the account is closed, or qualifications are not maintained, customers will be ineligible for the program.
3. No need to apply for the credit, it will automatically appear on your invoice after the qualifications are met.

**Please note:** Super Water Saver Credit guidelines and qualifications are subject to change periodically.

\*Water usage is determined by number of total CCFs used. One CCF, or 100 cubic feet, is 748 gallons.

\*\*Customers who experience a leak or apply for a water loss adjustment may appeal for special consideration into the Super Water Saver Credit program.

January 2019

v1.6

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