



**NOTICE OF SPECIAL MEETING
BOARD OF DIRECTORS
(FINANCE)**

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

MEETING DATE: Thursday, April 25, 2019
TIME: 1:00 p.m.
LOCATION: 1) MMWD Board Room, 220 Nellen Ave., Corte Madera, CA 9492
 2) Newport Beach Marriot Hotel & Spa, 900 Newport Center Dr., Newport, CA (Director Russell)

AGENDA

ITEM	RECOMMENDATION	APPROX. START
<input type="checkbox"/> CALL TO ORDER		1:00 p.m.
<input type="checkbox"/> ADOPT AGENDA		1:01 p.m.
<input type="checkbox"/> PUBLIC EXPRESSION*		1:02 p.m.
<input type="checkbox"/> CALENDAR		
1. Minutes March 13, 2019 Meeting	<i>Approve</i>	1:07 p.m.
2. Monthly Financial Update	<i>Information</i>	1:08 p.m.
3. Four Rate Related Issues:		
a. Possible Options for Phasing-in the Capital Maintenance Fee and Options Using Supplemental Debt Funding	Consider Options and Direct staff re: the draft rate ordinance	1:18 p.m.
b. Options for Collecting the Capital Maintenance Fee	Consider Options and Direct staff re: the draft rate ordinance	
c. Capital Maintenance Fee Adjustment for Residential Meters Upsized for Non-consumption Purposes	Direct staff to include in draft rate ordinance	

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

* 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 board chair may adjust the actual time allotted to accommodate the number of speakers.

ITEM		RECOMMENDATION	APPROX. START
	d. Non-ratepayer funded programs : 1) Possible enhancements to the Service Charge Waiver Program for Low Income Residents and 2) New Super Water Saver program	Direct staff to include in draft rate ordinance	
4.	PG&E's Public Safety Power Shutoff Program	<i>Discussion</i>	1:45 p.m.



Stephanie Eichner-Gross
Board Secretary

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.

INFORMATION PACKETS ARE AVAILABLE FOR REVIEW AT THE CIVIC CENTER LIBRARY, CORTE MADERA LIBRARY, FAIRFAX LIBRARY, MILL VALLEY LIBRARY, MMWD OFFICE AND MMWD WEBSITE (MARINWATER.ORG)

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FUTURE BOARD OF DIRECTORS MEETINGS:

Tuesday, May 14, 2019, 7:30 p.m.	MMWD Board Room
Wednesday, May 15, 2019, 9:30 a.m. (Communications)	MMWD Board Room
Friday, May 17, 2019, 9:30 a.m. (Operations)	MMWD Board Room
Thursday, May 23, 2019, 9:30 a.m. (Finance)	MMWD Board Room



**MARIN MUNICIPAL
WATER DISTRICT**

ITEM No. 1
MEETING DATE: April 25, 2019
MEETING: Board of Directors

STAFF REPORT

SUBJECT: Minutes of March 13, 2019 Finance Committee Meeting

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

RECOMMENDED ACTION: Approve

ATTACHMENT:

1. Minutes of March 13, 2019 Finance Committee Meeting

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

Minutes of the meeting of the Special meeting of the Board of Directors/Finance Committee held on Tuesday, March 13, 2019 at 220 Nellen Avenue, Corte Madera, California.

Directors present: Cynthia Koehler, Jack Gibson, Larry Bragman, Larry Russell and Armando Quintero (Note: Director Quintero participated by teleconference)

Directors absent: None

CALL TO ORDER:

Director Koehler called the meeting to order at 9:31 a.m.

ADOPT AGENDA:

The Board adopted the agenda as presented by the following roll call vote:

Ayes: Directors Bragman, Gibson, Koehler, Quintero and Russell
Noes: None
Absent: None
Abstain: None

PUBLIC EXPRESSION:

Mimi Willard spoke about having public meetings video recorded and demonstrated recording with her phone and tripod.

ITEM 1. MINUTES OF THE FEBRUARY 28, 2019

The minutes of the February 28, 2019 meeting were approved as submitted by the following roll vote:

Ayes: Directors Bragman, Gibson, Koehler, Quintero and Russell
Noes: None
Absent: None
Abstain: None

ITEM 2. ANNUAL REVIEW OF INVESTMENT POLICY NO. 33

Administrative Services Division Manager/Treasurer (ASDM) Charlie Duggan reviewed and recommended no changes to the current policy, advising that most of the District's investment was in LAIF. Director Bragman mentioned that he would like to see some investments moved from LAIF into longer term, higher return investment vehicles, such as Ginnie Mae at 4%. The ASDM noted and advised that we would not need a change to the policy for that to be done.

ITEM 3. INSURANCE BROKER COMPENSATION AGREEMENT

Administrative Services Division Manager/Treasurer (ASDM) Charlie Duggan advised that six Requests for Proposal (RFPs) were sent out to local insurance brokerage firms and that only two bids were submitted. Alliant came in with the lowest bid with an amount \$15,000 less than the other bidder. Alliant is a solid company with public entity experience and can provide the services MMWD requires.

Director Bragman asked if they would be matching all of our policies. Legal Counsel Mary Casey advised that Alliant is the broker for the policies (not the insurer) and would go out and find insurers offering our policy requirements. Director Bragman asked about our worker's compensation policy. Legal Counsel advised that we are self-insured for worker's compensation, but that we also purchase an excess policy for worker's comp. with a \$750,000 self-insured retention.

On motion by Director Koehler, seconded by Director Gibson, the item was forwarded to the Board with a recommendation to approve the agreement between MMWD and Alliant, for insurance brokerage services by the following roll call vote:

Ayes: Directors Bragman, Gibson, Koehler, Quintero and Russell
Noes: None
Absent: None
Abstain: None

ADJOURNMENT

There being no further business, the meeting of March 13, 2019, was adjourned at 9:45 p.m.



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 March 31, 2019

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

BACKGROUND:

Water Sales and Consumption

Monthly

Water sales for the month of March 2019 were \$1,739,482 which is \$325,883 or 15.8% below the monthly budget. When compared to the prior year, water sales for March 2019 decreased by \$227,436 or were 2.6% below March 2018.

Billed water consumption (in CCFs) for March 2019 was 383,010 CCFs, which is 24,967 CCFs or 6% below the monthly budget. Compared to the prior year, billed water consumption for March 2019 decreased 48,937 CCFs or 11%.

Total meter service charges for the month of March 2019 were \$1,288,705 which is \$23,587 or 1.9% above budget. Compared to the prior year, meter service charges increased by \$5,911 or .5%.

The Watershed Fee revenue for the month of March 2019 is \$306,769 or \$276 or 0.09% below budget and \$1,187 or 0.40% above March 2018.

The total water sales and fixed charges (Service and Watershed Fee) for the month of March 2019 were \$3,334,956 which is \$302,573 or 8.3% below budget and compared to March 2018, it is a decrease of \$220,339 or 6.2%.

Fiscal Year to Date

The fiscal year to date water sales through March 31, 2019 were, \$41,269,993, which is \$1,981,394 or 5% above budget. Compared to the same period last year, water sales through March 31, 2019 decreased by \$1,097,037 or 2.6%.

Billed water consumption (in CCFs), through March 31, 2019 was 7,643,054 CCFs, which is

417,043 CCFs or 5.8% above budget. Compared to the same period last year, billed water consumption through March 31, 2019 decreased by 28,077 CCFs or 1.9%.

Fiscal year to date, total water sales and fixed charges (service and Watershed Fee) through March 31, 2019 was \$58,253,486 when compared to the budget of \$55,526,066 is \$2,727,020 or 4.9% above budget. The 2018/19 water sales and fixed charges compared to prior fiscal year through March 31, 2018 of \$58,857,241 is a decrease of \$603,755 or 1%.

Budget to Actual Comparison – All Funds

Attached is the budget to actual comparison for fiscal year 2018/19 as of March 31, 2019. The budget to actual comparison is prepared by fund and includes revenues, expenditures and reserve balances.

As of March 31, 2019 the year to date net increase for the Operating Fund was \$5,767,771.

For the Operating Fund, total revenues as of March 31, 2019 are \$61.2 million or 78.4% of budget. Total operating expenditures of \$55.4 million, not including depreciation and amortization, is 72.8% of budget.

For the Capital and Fire Flow Funds, total revenues are \$4.7 million or 32.4% of budget. Spending on capital and fire flow projects at \$13.6 million is 37.5% of budget as of March 31, 2019.

The Watershed Fund as of March 31, 2019 reflects a deficit of \$916,057 due to the inclusion of Watershed Capital Project expenditures.

Fund Balances

Per the attached Reserve Balance Summary as of March 31, 2019, unrestricted / undesignated - operating reserves are \$28.6 million, or 4.5 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.

REVIEWED BY:	A.S.D. Manager/Treasurer	<input checked="" type="checkbox"/> NA <input type="checkbox"/>
	General Counsel	<input type="checkbox"/> NA <input checked="" type="checkbox"/>
	General Manager	<input checked="" type="checkbox"/> NA <input type="checkbox"/>

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 March 31, 2019
4. Reserve Balance Summary as of March 31, 2019
5. CIP Budget to Actual Comparison for 2018/19 as of March 31, 2019
6. Watershed Fund & Non-Rate Based Revenue as of March 31, 2019

**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	\$ 1,291,109	\$ 270,839	\$ 273,160	\$ 305,496	\$ 5,938,951	\$ 6,142,693	\$ 6,225,371
August	7,709,448	7,318,800	8,039,335	1,647,846	1,646,966	1,857,620	374,628	374,621	419,343	9,731,921	9,340,387	10,316,299
September	5,232,947	4,844,452	5,532,082	1,233,287	1,252,588	1,269,103	300,784	303,197	306,925	6,767,018	6,400,237	7,108,109
October	8,193,115	6,219,933	7,090,697	1,839,386	1,775,408	1,839,791	421,824	414,491	421,940	10,454,325	8,409,832	9,352,427
November	4,258,259	3,825,519	3,913,879	1,297,305	1,253,431	1,291,653	306,650	304,461	305,387	5,862,214	5,383,411	5,510,918
December	4,431,406	4,630,103	4,965,934	1,808,017	1,773,354	1,822,607	416,151	413,989	418,198	6,655,574	6,817,446	7,206,739
January	2,003,113	2,268,410	2,070,660	1,154,911	1,248,343	1,290,094	272,328	304,169	305,916	3,430,351	3,820,922	3,666,670
February	4,058,223	3,408,017	3,289,159	1,952,994	1,754,748	1,824,644	450,375	410,843	418,193	6,461,592	5,573,609	5,531,996
March	1,966,918	2,065,365	1,739,482	1,282,794	1,265,118	1,288,705	305,582	307,046	306,769	3,555,295	3,637,529	3,334,956
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	-
TOTAL	\$53,849,936	\$52,214,248	\$41,269,993	\$18,291,565	\$17,912,475	\$13,775,326	\$4,259,747	\$4,235,621	\$3,208,167	\$76,401,247	\$74,362,344	\$58,253,486

Original Budget-to-Actual Basis 4.91%
 Actual-to-Actual Basis -1.03%
 % of total budget received 78.34%

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

Month	09/10 Actual	10/11 Actual	11/12 Actual	12/13 Actual	13/14 Actual	14/15 Actual	15/16 Actual	16/17 Actual	17/18 Actual	18/19 Budget	18/19 Actual	Monthly Budget Variance	Actual to Actual % Change
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	432,628	-2.82%	5.40%
February	698,386	707,803	809,417	731,899	869,459	719,107	631,478	606,381	763,871	673,617	664,283	-1.39%	-13.04%
March	394,481	417,369	469,932	458,940	453,943	456,655	362,406	368,448	431,947	407,977	383,010	-6.12%	-11.33%
April	707,372	714,398	730,127	878,103	708,756	832,060	639,191	598,740	702,023	709,999			
May	528,781	575,547	551,643	721,094	569,555	600,821	464,956	475,565	540,290	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			
TOTAL	<u>10,251,300</u>	<u>10,286,367</u>	<u>10,308,698</u>	<u>11,016,248</u>	<u>11,059,765</u>	<u>9,906,304</u>	<u>8,849,444</u>	<u>8,977,994</u>	<u>10,009,204</u>	<u>9,555,322</u>	<u>7,643,054</u>		
			Budget-to-Actual Basis		<u>5.77%</u>								
			Actual-to-Actual Basis		<u>-0.37%</u>								
			% of total budget		<u>79.99%</u>								

Marin Municipal Water District
Budget to Actual Comparison for 2018/19 - All Funds
Actual as of March 31, 2019
Unaudited

Revenues and Expenditures	2018/19 Adopted Budget	Actual as of March 31, 2019	% of Budget
Revenues:			
<i>Water Sales and Service Charge:</i>			
Water Sales	\$ 52,214,248	\$ 41,279,624	79.1%
Service Charge	17,912,475	13,775,635	76.9%
Watershed Management Fee	4,235,621	3,208,225	75.7%
Total Water Sales and Service Charge	<u>74,362,344</u>	<u>58,263,484</u>	78.4%
<i>Other Revenues:</i>			
Rents and Royalties	740,000	488,410	66.0%
Grants	250,000	-	0.0%
Watershed Rents and Royalties	920,000	679,092	73.8%
Watershed Payments	420,000	265,737	63.3%
Late Payment and Special Read Charges	370,000	254,801	68.9%
Interest	250,000	997,833	399.1%
Miscellaneous	750,000	244,193	32.6%
Total Other Revenues	<u>3,700,000</u>	<u>2,930,066</u>	79.2%
 Total Operating Revenues	 <u>78,062,344</u>	 <u>61,193,550</u>	 78.4%
Expenditures:			
Personnel services	48,119,547	35,128,404	73.0%
Materials and supplies	2,434,085	1,758,123	72.2%
Operations	6,360,498	3,906,445	61.4%
Water conservation rebate program	599,500	93,566	15.6%
Electrical power	4,000,361	2,698,822	67.5%
Water purchased	6,674,509	4,229,627	63.4%
Insurance, including claims	1,260,000	1,068,369	84.8%
General and administrative	3,020,800	2,098,649	69.5%
Debt service - interest and principal	10,200,976	7,650,732	75.0%
Overhead cost allocated to capital	(6,500,000)	(3,206,957)	49.3%
Total Expenditures and Capital Purchases	<u>76,170,276</u>	<u>55,425,779</u>	72.8%
 Transfer out to Capital Fund (PayGo)	 <u>2,000,000</u>	 <u>-</u>	 0.0%
 Net Operating Fund Increase(Decrease)	 <u>\$ (107,932)</u>	 <u>\$ 5,767,771</u>	
Operating Reserves			
Opening Reserves	\$ 20,264,665	\$ 20,264,665	
Net Operating Fund Increase(Decrease)	(107,932)	5,767,771	
Accrual adjustments	-	2,101,489	
Ending Reserves	<u>\$ 20,156,733</u>	<u>\$ 28,133,925</u>	

Capital and Fire Flow Funds

Revenues and Expenditures	2018/19 Adopted Budget	Actual as of March 31, 2019	% of Budget
Revenues:			
Connection Charges	\$ 1,865,000	\$ 1,101,862	59.1%
Interest Income	15,000	157,756	1051.7%
Transfer-in from Operating (PayGo)	2,000,000	-	
Contributed Capital:			
Fire Flow	4,500,000	2,504,766	55.7%
Connection Fees and Grants	6,218,000	966,441	15.5%
Total Revenues and Contributed Capital	<u>14,598,000</u>	<u>4,730,825</u>	32.4%
Capital Expenditures:			
Capital Projects - District	30,040,436	9,746,259	32.4%
Capital Projects - Fire Flow	4,500,000	2,822,683	62.7%
Capital equipment purchases	1,736,000	1,041,456	60.0%
Total Capital and Fire Flow Expenditures	<u>36,276,436</u>	<u>13,610,398</u>	37.5%
Net Capital and Fire Flow Fund Increase(Decrease)	<u>\$ (21,678,436)</u>	<u>\$ (8,879,573)</u>	41.0%
Capital Reserves			70.0%
Capital Fund			
Opening Reserves	\$ 37,040,971	\$ 37,040,971	
Net Capital Fund Increase(Decrease)	(19,957,436)	(7,520,200)	
Capital equipment purchases	(1,736,000)	(1,041,456)	
Accrual adjustments	-	(4,178,682)	
Ending Reserves	<u>\$ 15,347,535</u>	<u>\$ 24,300,633</u>	
Fire Flow Fund			
Opening Reserves	\$ (1,973,265)	\$ (1,973,265)	
Net Fire Flow Fund Increase(Decrease)	-	(317,918)	
Accrual adjustments	-	(43,338)	
Ending Reserves	<u>\$ (1,973,265)</u>	<u>\$ (2,334,521)</u>	

Reserve Balance Summary

	Actual			Final	Projected
	6/30/2015	6/30/2016	6/30/2017	6/30/2018	3/31/2019
Restricted	\$ 9,501,989	\$ 9,327,468	\$ 7,723,634	\$ 6,443,970	\$ 2,619,914
Board Designated	11,491,220	9,441,758	9,847,168	10,425,446	12,838,000
Watershed Fund	-		35,425	114,515	(916,057)
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)	(2,334,521)
Capital (including bond proceeds)	30,044,160	18,974,590	1,610,857	37,040,971	24,300,633
Unrestricted/undesignated - Operating	19,959,569	16,947,253	20,077,803	20,264,665	28,605,551
Total	\$ 78,836,467	\$ 61,047,907	\$ 47,721,458	\$ 83,716,302	\$ 76,513,520
Months Reserve Unrestricted - Operating to Annualized Actual Expenditure	3.93	3.34	4.09	3.45	4.50
Debt Coverage Ratio	1.28	1.25	1.50	1.52	1.40

As of March 31, 2019	Principal	Interest	Total
2012 Bond	80,580,000.00	72,173,641.25	152,753,641.25
2016 Bond	31,380,000.00	25,106,212.50	56,486,212.50
2017 Bond	35,385,000.00	30,212,275.00	65,597,275.00
Total Bond Debt	147,345,000.00	127,492,128.75	274,837,128.75
NERA	40,670.23		40,670.23
CREB	611,250.00		611,250.00
AEEP	2,130,000.00		2,130,000.00
LGVSD	5,252,392.86	2,385,116.24	7,637,509.10
Total Other Debt	8,034,313.09	2,385,116.24	10,419,429.33
Total Outstanding Debt	155,379,313.09	129,877,244.99	285,256,558.08

**Marin Municipal Water District
Watershed & Other Non Rate Based Revenue and Expenditures
Actual as of March 31, 2019
Unaudited**

Revenues and Expenditures	2018/19 Budget	Actual as of March 31, 2019	% of Budget
Watershed Revenues			
Watershed Management Fee	\$ 4,235,621	\$ 3,208,225	75.7%
Rent and Leases	910,000	679,092	74.6%
Permits, Parking and Passes	400,000	253,186	63.3%
Grants	-	362,013	
Other	-	9,447	
Total Watershed Revenues	<u>5,545,621</u>	<u>4,511,963</u>	81.4%
Expenditures - Operating and Capital			
Operating	5,996,709	3,936,804	65.6%
Capital Purchases & Projects	<u>2,431,966</u>	<u>1,605,731</u>	66.0%
Total Expenditures and Capital Purchases	<u>8,428,675</u>	<u>5,542,535</u>	65.8%
Surplus (Deficit)	(2,883,054)	(1,030,572)	35.7%
Transfer from Operating Fund	<u>2,883,054</u>	<u>-</u>	
Net Surplus (Deficit)	<u>\$ -</u>	<u>\$ (1,030,572)</u>	
Other Non-Water Revenue			
Rent and Leases - Non Watershed		<u>488,410</u>	
Total Non Rate Based Other Revenues		<u>488,410</u>	
Discount Program for Low Income & Medically Disabled			
Low Income - Fee waived		176,895	
Medically Disabled - Fee waived		<u>85,378</u>	
		<u>262,273</u>	
Net Surplus (Deficit)		<u>226,136</u>	

Marin Municipal Water District
Budget to Actual Comparison for 2018/19 - Capital Fund
Actual as of March 31, 2019
Unaudited

CIP Projects	FY2018/19	Capital Projects YTD	Encumbered for	Total Capital & Fire
	Adjusted Budget	Actual Expenditures	Contracts	Flow
		As of 3/31/19	As of 3/31/19	As of 3/31/19
District Pipeline Replacement / Improvement	\$ 9,615,118	\$ 5,304,808	\$ 1,054,847	\$ 6,359,654
Replacements - Tank Maintenance & Replacement	\$ 3,516,282	\$ 19,683	\$ 1,285	\$ 20,968
Replacements - Treatment Plant Facilities	\$ 6,172,502	\$ 257,641	\$ 269,435	\$ 527,076
Replacements - Dam/Pump/Control System/Meters	\$ 5,196,372	\$ 1,349,014	\$ 1,118,850	\$ 2,467,864
Fire Chief's Fund	\$ 150,000	\$ 426	-	\$ 426
System Improvements	\$ 558,583	\$ 114,065	\$ 9,463	\$ 123,528
Watershed - Minor Structures I/R/R	4,797	11,713	10,000	\$ 21,713
Watershed - Ranger Residence & Minor Structure Improv	87,822	74,590	-	\$ 74,590
Watershed - Road Repair & Improvement	2,191,400	1,501,231	96,604	\$ 1,597,835
Reimbursable Grant Projects	1,404,518	142,615	180,095	\$ 322,709
Reimbursable Customer Projects	\$ 530,753	\$ 690,633	\$ -	\$ 690,633
Information Technology - Capital Equipments/Projects	\$ 619,005	\$ 279,841	\$ 18,790	\$ 298,631
Fire Flow Replacement	\$ 4,500,000	\$ 2,822,683	\$ 89,344	\$ 2,912,028
Capital Equipment Purchases	\$ 1,729,284	\$ 1,041,456	\$ 22,968	\$ 1,064,424
Total Capital Projects	\$ 36,276,436	\$ 13,610,398	\$ 2,871,681	\$ 16,482,079



STAFF REPORT

- SUBJECT:** Four Rate Related Issues
- SUBMITTED BY:** Charles Duggan, Administrative Services Div. Manager/Treasurer
Ben Horenstein, General Manager
- RECOMMENDED ACTION:** Discussion and Board authorization of staff recommendations contained in the Executive Summary below regarding :
1. Possible options for phasing-in the Capital Maintenance Fee (CMF) and options using supplemental Debt Funding;
 2. Options for collecting the CMF;
 3. Adjustment to the CMF for residential meters upsized for non-consumption purposes; and
 4. Non-ratepayer funded programs :
 - a. Enhancing the availability of the Service Charge Waiver Program for Low Income Residents; and
 - b. Implementing the Super Water Saver program

EXECUTIVE SUMMARY:

Staff requests Board direction on whether to include several rate related issues in the draft rate ordinance that will be presented to the Board on May 28, 2019. Staff will present the following issues related to the proposed rate increase: 1) Possible options for phasing-in the CMF and options using supplemental debt funding; 2) Collection method for the CMF; 3) CMF adjustment for residential meters upsized for non-consumption purposes; 4) Non-ratepayer funded programs: a) Enhancements to the Service Charge Waiver Program for Low Income Residents; b) Implementation of the Super Water Saver program.

1) In order to lessen the year-to-year impact of the transition from debt funding to pay-as-you-go funding for the capital program, phasing of the CMF can be considered. Staff will present the options for phasing-in the CMF including options of utilizing bonds to fill in the funding gaps.

Recommendation: Consider options and direct staff regarding the draft rate ordinance.

2) The method of collection for the CMF could be either the Property Tax bill or Bi-monthly bill. Staff will present alternatives for the Board to consider. **Recommendation: Consider options and direct staff regarding the draft rate ordinance.**

3) There are occasions where residential meters have been upsized due to non-consumption reasons. The most common causes are due to fire sprinkler system requirements and insufficient pressure due to high elevation residences. Similar with the approach of the CMF as it relates to fire hydrants and private fire service lines, staff is proposing a process for appropriate adjustment of the

CMF fee for upsized residential meters due to non-consumption purposes. **Recommendation: Staff recommends including in the draft rate ordinance an adjustment process to the CMF for residential meters that have been upsized for non-consumption reasons.**

4) Non-Rate payer revenue is used to fund the Service Charge Waiver Program for Low Income Residents and the proposed Super Water Saver program.

a) The District offers a Service Charge Waiver Program for Low Income Residents for customers with gross household incomes at or below 60% of the median Marin County low income level. The Board has expressed interest in reviewing the program specifications in consideration of having more ratepayers qualify.

b) Staff presented draft Super Water Saver program guidelines to the Board during the February 19, 2019 Board meeting. Staff is seeking direction from the Board to proceed as proposed or to make modifications to the program.

Recommendation: Staff recommends including in the draft rate ordinance any enhancements to the Service Charge Waiver Program for Low Income Residents and Implementation of the Super Water Saver Program.

Discussion:

PHASING THE CAPITAL MAINTENANCE FEE (CMF)

At the request of the Board, staff analyzed options of potentially phasing-in the CMF. A 2 year phase-in of the CMF, namely collecting 50% of the CMF in year 1 and 100% of the CMF in year 2, would result in a loss of capital funding of approximately \$8.25 million. A 3 year phase-in, that is collecting 33% of the CMF in year 1, 66% of the CMF in year 2, and 100% of the CMF in year three, would result in a loss of approximately \$16.72 million to capital program funding.

Alternatively, the District could issue bonds to replace the funding lost due to phasing-in the CMF. Three scenarios will be presented by staff:

1. Phasing-in the CMF over five years with borrowing to fund the CIP funding shortfalls
2. Phasing-in the CMF over ten years with greater borrowing
3. For all years, matching the CMF to 50% of baseline and utilizing still greater borrowing

The approach of utilizing bond funding, to fill in any CMF phasing gaps, was recently identified as an approach to smooth the rate increase for the CMF through consultation with rate experts who concluded that the debt service rate calculations could utilize CMF funding and thus the District is able to issue some additional debt.

CAPITAL MAINTENANCE FEE (CMF) COLLECTION OPTIONS

There are options for collecting the CMF, a property related fee under Proposition 218. One approach is to contract with the County of Marin for collection of the fee on the property tax

statement. Collection of the fee from property owners on the property tax statement is an appropriate approach since property values are supported by access to reliable and high quality water which requires sound, resilient water system infrastructure and long-term system maintenance. The County of Marin estimates the District's annual cost for the County to collect the fee at fifty thousand dollars.

Alternatively, the fee could be collected through the District's regular bi-monthly billing. Cash flow would benefit from this approach since revenue would be received throughout the year instead of in mostly two large tranches. Another benefit is that there are some accounts that do not receive a property tax bill, for which the District will have to invoice those directly, and utilizing the bi-monthly bill will make invoicing those accounts easier. There have also been public comments reflecting that placement on the property tax bill makes water charges difficult to track.

A third option exists which combines the above options by establishing the CMF on the Bi-monthly bill for the first two years and then proceeding to have it charged on the property tax statement for subsequent years. This would assist in the initial years' cash flow and make the fee transparent to the customers.

UPSIZED RESIDENTIAL METERS FOR NON-CONSUMPTION PURPOSES

Staff proposes a process whereby the non-consumption related upsizing of single family residential meters, due to fire sprinklers or severe low pressure, would have the opportunity to have an adjustment made to their CMF

To protect life and safety of the residents of Marin County, Local Fire Districts adopted the National Fire Protection Association (NFPA) 13D fire sprinkler requirements between 1988 and 1999. The State of California, following suit in 2010, adopted these requirements into the 2010 California Fire Code. Approximately 3,400 service installations in the District service area include fire sprinklers. Addressing these services by a reduction of the CMF is similar to how the CMF is addressing other non-consumption connections to the water system (fire hydrants and dedicated, private fire service lines).

Staff is proposing an adjustment process for the CMF fee for residential meters upsized for non-consumption purposes. Under this proposal, the applicant will provide the relevant information to determine the minimum meter size required without the fire sprinkler (or pressure demand) and, if the calculated minimum meter size is less than the current meter size, the CMF fee will be reduced one meter size. This will allow for homeowners with fire protection systems and low pressure systems to pay a more appropriate CMF for the upsized meters, similar to the approach and reasoning being taken on fire hydrants and commercial and institutional fire lines.

NON-RATEPAYER FUNDED PROGRAMS: SERVICE CHARGE WAIVER PROGRAM FOR LOW INCOME RESIDENTS AND SUPER WATER SAVER PROGRAM*SERVICE CHARGE WAIVER PROGRAM FOR LOW INCOME RESIDENTS*

The District offers a Service Charge Waiver Program for Low Income Residents for customers with gross household incomes at or below 60% of the median Marin County low income level set by the Federal Department of Housing & Urban Development (HUD). For a family of four persons the current HUD FY2018 Low Income Limit for Marin County is \$117,400.

For qualifying accounts, the bimonthly meter service charge and the watershed management fee are waived. Water use is billed according to our usual and current rate structure.

The detailed specifications of the program are found on the District's website and include the following:

- Have an annual household income at or below 60% of the median Marin County low income level set forth by the Federal Department of Housing and Urban Development (see Low Income Guide, also available in Spanish) and provide proof of same;
- Install water-efficient showerheads, toilets, and faucet aerators in your home that meet MMWD code (free showerheads and aerators are available from MMWD);
- Be a single-family residential customer with a meter size no larger than one inch;

For FY2018 there were 776 participants and the fees waived for low-income individuals equaled \$235,052. As required by Proposition 218, non-rate revenue was used to offset these waivers.

The limiting factor to expanding affordability programs is the non-ratepayer revenue that must be used for the waivers and credits. The District generates this revenue from a mixture of sources with some revenue amounts varying from year to year.

The District could raise the percentage applied to the low income level to qualify more households. Given the difficulty to estimate the impact of expanding the program staff recommends placing a cap on the total amount of non-ratepayer revenue designated for the program. If then, during any fiscal year where applications outstrip available funds the District could choose to make additional adjustments if non-ratepayer revenue is available and/or take this interest into consideration for future budgets. Staff proposes raising the qualifying income to equal 80% of the HUD low income limit for Marin County with a maximum amount to be waived by the program set at \$300,000.

SUPER WATER SAVER PROGRAM

Staff has proposed a Super Saver program to benefit the five percent of single family residential customers with the lowest water consumption, approximately 3,000 customers, during each bi-monthly billing cycle. Qualifying customers will receive bi-monthly credits of \$8.00.

Key elements of the program include:

- Account must be Single Family, primary residence, and open/active at the time of the credit.
- Customer must have water service in their name and be on service at the same address for six consecutive bi-monthly invoices.
- 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.
- Customer usage will be evaluated each billing cycle and the credit will be applied on a rolling 12-month assessment of their consumption during that time period.
- The credit will automatically appear on the monthly bill after the qualifications are met.

RECOMMENDATION:

Staff recommends that the following:

1. Consider options for phasing-in the CMF and options utilizing debt financing and direct staff regarding the draft rate ordinance;
2. Consider options for collecting the CMF and direct staff regarding the draft rate ordinance;
3. Include in the draft rate ordinance an adjustment process to the CMF for residential meters that have been upsized for non-consumption reasons as described above; and
4. Include in the draft rate ordinance any enhancements to the Service Charge Waiver Program for Low Income Residents and implementation of the Super Water Saver Program described above.

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.

REVIEWED BY:	A.S.D Manager/Treasurer	<input checked="" type="checkbox"/>	NA	<input type="checkbox"/>
	General Counsel	<input checked="" type="checkbox"/>	NA	<input type="checkbox"/>
	General Manager	<input checked="" type="checkbox"/>	NA	<input type="checkbox"/>

ATTACHMENTS:



STAFF REPORT

SUBJECT: Discussion on PG&E's Public Safety Power Shutoff Program

SUBMITTED BY: Michael Ban, Environmental and Engineering Services Division
Manager
Ben Horenstein, General Manager

RECOMMENDED ACTION: Discussion.

EXECUTIVE SUMMARY:

Beginning with the 2019 wildfire season, PG&E is significantly expanding its Public Safety Power Shutoff (PSPS) program to include all electric lines that pass through high fire-threat areas, both distribution and transmission. Under this program, PG&E may proactively turn off power lines to help reduce the likelihood of an ignition when extreme fire conditions are forecasted. In order to help improve the District's readiness to respond to the challenges posed by wildfire and the potential impacts of PG&E's expanded PSPS, additional backup power resources are needed. District staff proposes to provide these additional resources for the 2019 wildfire season using a fleet of mobile generators, and will present a proposal at a future board meeting for board action and approval.

FISCAL IMPACT: YES NO **FISCAL YEAR:**

BACKGROUND:

San Diego Gas and Electric

Investor owned utilities in California are increasingly looking to de-energizing electric facilities during dangerous conditions as a way of preventing wildfires. The San Diego Gas and Electric Company (SDG&E) pioneered this approach in response to several wildfires that occurred in Southern California in October 2007. In response to the widespread devastation, in December 2008 SDG&E filed an Application (08-12-021) with the California Public Utilities Commission (CPUC) for authority to shut off electric power as a fire-prevention measure when certain weather related conditions are reached. The CPUC denied SG&E's application in September 2009 (D.09.09.030), finding that SDG&E had not demonstrated that the fire-prevention benefits from its plan to shut off power outweighed the significant costs, burdens and risks imposed on customers and communities in areas where power is shut off, and further finding that SDG&E has authority under California Public Utilities Code Section 451 and 388.2(a) to shut off power in order to protect public safety. Although CPUC Decision D.09.09.030 denied SDG&E's power

shut-off plan, the decision encouraged SDG&E to develop and submit an improved shut-off plan.

Thereafter SDG&E initiated a collaborative process to develop a comprehensive fire-prevention program. This effort resulted in the CPUC approving Decision 12.04.024 on April 19, 2012 which provides guidance regarding SDG&E's authority to shut off power to protect public safety. Specifically, D12.04.024 requires SDG&E to:

- Provide notice and mitigation to its customers whenever it shuts off power.
- Notify the CPUC no later than 12 hours after shutting off power.
- Within 10 days after the shut off event has ended, submit a comprehensive report about the event to the CPUC.

CPUC Requirements for De-Energizing in Emergencies

The 2017 California wildfire season was one of the most destructive wildfire seasons on record, with devastating fires occurring in Santa Rosa, Los Angeles and Ventura. SDG&E exercised its authority to de-energize specific circuits in December 2017, affecting approximately 14,000 customers. Southern California Edison (SCE) also implemented a de-energization event in 2017 in response to the extreme fire weather conditions, affecting 8,000 customers. Pacific Gas & Electric (PG&E) did not have a policy to de-energize lines as a fire prevention method, and therefore did not proactively de-energize lines due to extreme fire weather conditions in 2017.

Recognizing the increasing potential for investor-owned utilities to possibly de-energize lines in advance of extreme fire weather conditions, the CPUC on July 12, 2018 adopted Resolution ESRB-8 which extended the de-energization notification, mitigation and reporting requirements in Decision D12.04.024 (currently applicable to SDG&E only) to all electric investor owned utilities (IOUs). Resolution ESRB-8 further strengthened the requirements of D12.04.024 in three areas: 1) Reporting, 2) Reasonableness review, and 3) Public outreach, notification and mitigation.

PG&E Actions

PG&E refers to its program for turning off power for safety during extreme weather events as its Public Safety Power Shutoffs (PSPS) program. PG&E's first PSPS event, under the authority granted by CPUC Resolution ESRB-8, occurred in October 2018 when it temporarily shutoff power for customer safety to about 60,000 customers in seven counties (Amador, Calaveras, El Dorado, Lake, Napa, Placer and Sonoma). PG&E shutoff power starting at 8:00 PM on Sunday, October 14th. By midnight Monday, October 15th, 28 hours after the power had been shutoff, PG&E restored power to approximately 40,000 customers. Nearly all customers were restored by 11:00 PM on October 16th. PG&E patrolled all sections of its de-energized circuits prior to re-energizing, and discovered 23 instances of wind-related issues that required repair prior to re-energizing.

Earlier this year PG&E developed a plan to significantly expand its PSPS program to include all electric lines that pass through high fire-threat areas, both transmission and distribution. Recently PG&E has been reaching out to customers who provide critical services, such as hospitals, fire stations, water agencies, water utilities and telecommunications providers. In support of this effort, PG&E contacted the County and the District earlier this month. PG&E plans to expand its outreach to all 5 million customers later this month. Specifically, PG&E has indicated it will consider the following factors before proactively shutting off power lines:

- A red flag warning
- Low humidity levels, generally below 20%
- Forecasted sustained winds above 25 mph and gusts in excess of 45 mph
- Condition of dry fuel on the ground
- On-the-ground, real time observations by PG&E

Information provided by PG&E and recent events illustrating wildfire risks indicate the District must be prepared to respond to more frequent and more widespread electric energy outages.

Staff Analysis

Disruptions to PG&E's utility grid power supply in Marin County have historically been localized unplanned events that occurred as a result of weather-related factors, such as significant winter storm events. Backup power supplies are generally designed to perform minimal operations for short periods of time on occasion while the utility grid power is restored, and are not generally designed or capable of providing the full range of operational needs, regular use, or run for prolonged periods of time. Backup power systems are generally fueled by diesel, propane or natural gas.

For the District, water service to customers during short-term power outages is achieved by local storage, through 127 storage tanks providing approximately 82 million gallons of drinking water storage, and a combination of fixed and mobile backup power generators placed at key facilities. In order to help improve the District's readiness to respond to the challenges posed by wildfire and the potential impacts of PG&E's expanded PSPS, additional backup power resources are needed. District staff proposes to provide these additional resources for the 2019 wildfire season using a fleet of mobile generators, and will present a proposal at a future board meeting for board action and approval.

STRATEGIC PLAN ALIGNMENT:

The requested action aligns with the District's Strategic Plan Goal 1 (Water Supply Resiliency), Strategy 6 (Plan and prepare for catastrophic emergencies).

REVIEWED BY:	A.S.D Manager/Treasurer	<input type="checkbox"/>	NA	<input checked="" type="checkbox"/>
	General Counsel	<input checked="" type="checkbox"/>	NA	<input type="checkbox"/>
	General Manager	<input checked="" type="checkbox"/>	NA	<input type="checkbox"/>

ATTACHMENTS: [IF NONE, STATE NONE]

1. Name of attachment
2. Name of attachment
3. Name of attachment