



MARIN MUNICIPAL WATER DISTRICT

Posting Date: October 21, 2019

220 Nellen Avenue Corte Madera CA 94925-1169

www.marinwater.org

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, October 24, 2019

TIME: 9:30 a.m.

LOCATION: 1) MMWD Board Room, 220 Nellen Ave., Corte Madera, CA 94925
2) California State Contractor's Board, 9821 Business Park Dr., Sacramento, CA 95827 (Director Russell)

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 September 20, 2019 Special Board Meeting (Finance)	<i>Approve</i>	9:37 a.m.
2. Monthly Financial Update	<i>Discussion</i>	9:38 a.m.
3. Proposed changes to the Capital Maintenance Fee Adjustment and other meter based rates and Modifications to the Low Income Discount and Water Rate for People with Medical Disabilities Programs	<i>Discuss & Direct Staff</i>	9:48 a.m.
4. SB 998 – Discontinuation of Residential Water Service & Proposed Changes to District's Policies and Procedures Regarding Termination of Water Service for Nonpayment	<i>Discuss & Direct Staff</i>	10:10 a.m.

Stephanie Eichner-Gross
 Stephanie Eichner-Gross
 Board Secretary

Pro ten for

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.

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, November 5, 2019, 7:30 p.m.	MMWD Board Room
Friday, November 15, 2019, 9:30 a.m. (Operations)	MMWD Board Room
Tuesday, November 19, 2019, 7:30 p.m.	MMWD Board Room
Wed., November 20, 2019, 9:30 a.m. (Communications)	MMWD Board Room
Thursday, November 21, 2019, 9:30 a.m. (Finance)	MMWD Board Room



STAFF REPORT

SUBJECT: Minutes of September 20, 2019 Board of Directors Meeting (Finance)

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

RECOMMENDED ACTION: Approve

ATTACHMENT:

1. Minutes of September 20, 2019 Board of Directors Meeting (Finance)

**MARIN MUNICIPAL WATER DISTRICT
BOARD OF DIRECTORS (FINANCE)**

Minutes of the meeting of the Special Meeting of the Board of Directors (Finance) held on Friday, September 20, 2019 at 220 Nellen Avenue, Corte Madera, California.

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 9:31 a.m.

ADOPT AGENDA:

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

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

PUBLIC EXPRESSION:

Larry Minikes spoke (at 00:00:35 of the meeting recording).

ITEM 1. MINUTES OF THE June 27, 2019

The minutes of the June 27, 2019 meeting were approved by the following roll vote:

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

ITEM 2. MONTHLY FINANCIAL UPDATE

Charlie Duggan, Administrative Services Division Manager/Treasurer (ASDM), presented the staff report and provided an overview of the financial summary for the month ending August 31, 2019.

ITEM 3. FINANCIAL POLICY REVIEW

Charlie Duggan, Administrative Services Division Manager/Treasurer (ASDM), advised the board that staff will be undertaking an initiative to update current policies and procedures District-wide, as well as explore implementing new policies.

Larry Minikes spoke (at 00:19:28 of the meeting recording).

ITEM 4. LONG TERM FINANCIAL PLAN

Charlie Duggan, Administrative Services Division Manager/Treasurer (ASDM), advised the board that long term financial planning is essential for fiscal sustainability. Staff will be issuing a RFP to contract with a financial advisory firm to develop a 10-year Long Term Financial Plan, with the goal to separate financial planning from the rate process. The plan is intended to be driven by the board and align with the District's Strategic Plan.

Larry Minikes spoke (at 00:27:53 of the meeting recording).

ITEM 5. FY2019 YEAR END REVIEW

Charlie Duggan, Administrative Services Division Manager/Treasurer (ASDM), reported that revenues and expenses for FY2019 came in very close to budget, with revenues being 1% higher than budget and expenses being less than .5% (approx. \$214k) below budget. The final audit of the District is anticipated at the end of December.

ADJOURNMENT

There being no further business, the meeting of September 20, 2019, was adjourned at 10:10 a.m.

President, Board of Directors

ATTEST:

Secretary



STAFF REPORT

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

EXECUTIVE SUMMARY: The Monthly Financial Update for September 30, 2019

FISCAL IMPACT: YES NO **FISCAL YEAR:** 2019/20

BACKGROUND:

Water Sales and Consumption

Monthly

Water sales for the month of September 2019 were \$5,415,014 which is \$407,691 or 7.5% below the monthly budget. When compared to the prior year, water sales for September 2019 decreased by \$117,068 or were 2% below September 2018.

Billed water consumption (in CCFs) for September 2019 was 919,801 CCFs, which is 678 CCFs or .07% above the monthly budget. Compared to the prior year, billed water consumption for September 2019 decreased 15,262 CCFs or 1.6%.

Total meter service charges for the month of September 2019 were \$1,403,282 which is \$56,588 or 4% above budget. Compared to the prior year, meter service charges increased by \$134,062 or 10.5%.

The Watershed Fee revenue for the month of September 2019 is \$319,586, which is \$8,956 or 2.7% below budget and \$12,630 or 4% above September 2018.

The total water sales and fixed charges (Service and Watershed Fee) for the month of September 2019 were \$7,137,882 which is \$360,059 or 4.8% below budget and compared to September 2018, it is an increase of \$29,624 or .42%.

Fiscal Year to Date

The fiscal year to date water sales through September 30, 2019 were, \$17,172,657, which is \$2,164,395 or 12.6% below budget. Compared to the same period last year, water sales through September 30, 2019 decreased by \$1,027,574 or 6%.

Billed water consumption (in CCFs), through September 30, 2019 was 3,074,193 CCFs, which is

138,253 CCFs or 4.3% below budget. Compared to the same period last year, billed water consumption through September 30, 2019 decreased by 134,055 CCFs or 4.2%.

Fiscal year to date, total water sales and fixed charges (service and Watershed Fee) through September 30, 2019 was \$22,742,755 when compared to the budget of \$25,129,900 is \$2,387,145 or 9.5% below budget. The 2018/19 water sales and fixed charges compared to prior fiscal year through September 30, 2018 of \$23,650,795 is a decrease of \$908,040 or 3.8%.

Budget to Actual Comparison – All Funds

Attached is the budget to actual comparison for fiscal year 2019/20 as of September 30, 2019. The budget to actual comparison is prepared by fund and includes revenues, expenditures and reserve balances.

As of September 30, 2019 the year to date net increase for the Operating Fund was \$3,318,073.

For the Operating Fund, total revenues as of September 30, 2019 are \$23.5 million or 27.9% of budget. Total operating expenditures of \$20.2 million, not including depreciation and amortization, is 23.7% of budget.

For the Capital and Fire Flow Funds, total revenues are \$2.9 million including the new CMF of \$2.2 million or 13.3% of budget. Spending on capital and fire flow projects at \$3.7 million is 15.1% of budget as of September 30, 2019.

The Watershed Fund as of September 30, 2019 reflects a surplus of \$492,924, mainly because the watershed capital projects have not started yet.

Fund Balances

Per the attached Fund Balance Summary as of September 3, 2019, unrestricted / undesignated - operating fund balance are \$22.1 million, or 3.2 months of annualized projected operating expenses for 2019/20.

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 2018/19 – 2019/20
2. Billed Water Consumption in CCFs FY 2010/11 – 2019/20
3. Budget to Actual Comparison for 2019/20 as of September 30, 2019
4. Fund Balance Summary as of September 30, 2019
5. CIP Budget to Actual Comparison for 2019/20 as of September 30, 2019
6. Watershed Fund & Non-Rate Based Revenue as of September 30, 2019

**Total Water Sales and Fixed Charges & Fees
Fiscal Years 2018/19 - 2019/20**

Month	Fixed Charges											
	Water Sales			Service Charges			Watershed Fee			Total Water Sales and Fixed Charges		
	18/19 Actual	19/20 Budget	19/20 Actual	18/19 Actual	19/20 Budget	19/20 Actual	18/19 Actual	19/20 Budget	19/20 Actual	18/19 Actual	19/20 Budget	19/20 Actual
July	\$ 4,628,766	\$5,075,528	\$ 4,165,546	\$ 1,291,109	\$ 1,369,919	\$ 1,289,215	\$ 305,496	\$ 326,979	\$308,238	\$ 6,225,371	\$ 6,772,426	\$ 5,763,000
August	8,039,383	\$8,438,820	7,592,097	1,858,290	1,971,721	1,831,728	419,492	448,992	\$418,047	10,317,165	10,859,533	9,841,873
September	5,532,082	\$5,822,705	5,415,014	1,269,220	1,346,694	1,403,282	306,956	328,542	\$319,586	7,108,258	7,497,941	7,137,882
October	7,124,237	\$7,951,242		1,841,388	1,953,787		422,265	451,960		9,387,890	10,356,989	-
November	3,914,735	\$4,117,957		1,291,762	1,370,573		305,414	326,881		5,511,911	5,815,411	-
December	4,972,040	\$4,788,670		1,823,147	1,934,433		418,303	447,719		7,213,490	7,170,823	-
January	2,071,367	\$2,232,684		1,290,851	1,369,606		306,070	327,584		3,668,288	3,929,874	-
February	3,306,634	\$3,823,128		1,826,278	1,937,755		418,543	447,977		5,551,456	6,208,860	-
March	1,747,138	\$2,014,876		1,289,833	1,368,526		306,957	328,533		3,343,929	3,711,936	-
April	3,047,734	\$3,403,622		1,816,528	1,927,370		417,086	446,407		5,281,348	5,777,399	-
May	2,609,677	\$2,840,808		1,298,790	1,377,840		307,954	329,573		4,216,421	4,548,221	-
June	5,077,891	\$5,789,198	-	1,811,016	1,921,444	-	415,480	444,666	-	7,304,387	8,155,308	-
TOTAL	\$52,071,685	\$56,299,237	\$17,172,657	\$18,708,213	\$19,849,670	\$4,524,226	\$4,350,017	\$4,655,814	\$1,045,872	\$75,129,915	\$80,804,721	\$22,742,755

Original Budget-to-Actual Basis **-9.50%**
 Actual-to-Actual Basis **-3.84%**
 % of total budget received **28.15%**

**Billed Water Consumption In CCF's
Fiscal Year 2010/11 - 2019/20**

Month	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 Actual	19/20 Budget	19/20 Actual	Monthly Budget Variance	Actual to Actual % Change
July	857,071	806,534	940,774	960,503	857,599	709,164	817,152	841,088	860,335	870,144	798,930	-8.18%	-7.14%
August	1,505,682	1,373,824	1,552,514	1,483,888	1,387,986	1,141,147	1,312,021	1,396,443	1,413,528	1,423,180	1,355,462	-4.76%	-4.11%
September	1,005,679	947,293	1,016,379	977,353	859,553	773,020	844,640	882,952	934,385	919,123	919,801	0.07%	-1.56%
October	1,431,554	1,326,605	1,377,982	1,400,285	1,209,902	1,125,237	1,205,260	1,367,665	1,285,253	1,330,988			
November	709,313	690,404	691,037	840,947	633,520	649,016	583,819	742,758	725,022	705,851			
December	777,015	865,208	832,615	1,059,733	864,257	842,995	716,927	833,949	944,610	859,225			
January	466,489	522,634	437,843	584,601	463,934	431,637	396,528	410,458	432,628	428,118			
February	707,803	809,417	731,899	869,459	719,107	631,478	606,381	763,871	664,283	700,675			
March	417,369	469,932	458,940	453,943	456,655	362,406	368,448	431,947	383,010	408,131			
April	714,398	730,127	878,103	708,756	832,060	639,191	598,740	702,023	621,690	663,017			
May	575,547	551,643	721,094	569,555	600,821	464,956	475,565	540,290	533,115	534,153			
June	1,118,447	1,215,077	1,377,068	1,150,742	1,020,910	1,079,197	1,052,513	1,095,760	1,023,236	1,096,239	-		
TOTAL	<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>9,821,095</u>	<u>9,938,843</u>	<u>3,074,193</u>		
				<u>-4.30%</u>									
				<u>-4.18%</u>									
				<u>30.93%</u>									

**Marin Municipal Water District
Budget to Actual Comparison for 2019/20 - All Funds
Actual as of September 30, 2019
Unaudited**

Revenues and Expenditures	2019/20 Adjusted Budget	Actual as of September 30, 2019	% of Budget
Revenues:			
<i>Water Sales and Service Charge:</i>			
Water Sales	\$ 56,299,237	\$ 17,172,691	30.5%
Service Charge	19,849,670	4,524,276	22.8%
Watershed Management Fee	4,655,814	1,045,884	22.5%
Total Water Sales and Service Charge	<u>80,804,721</u>	<u>22,742,851</u>	28.1%
<i>Other Revenues:</i>			
Rents	740,000	164,917	22.3%
Watershed Rents	920,000	243,970	26.5%
Watershed Payments	420,000	104,034	24.8%
Late Payment and Special Read Charges	370,000	99,578	26.9%
Interest	257,270	80,570	31.3%
Miscellaneous	750,000	75,238	10.0%
Total Other Revenues	<u>3,457,270</u>	<u>768,307</u>	22.2%
 Total Operating Revenues	 <u>84,261,991</u>	 <u>23,511,158</u>	 27.9%
Expenditures:			
Personnel services	50,779,918	12,718,962	25.0%
Materials and supplies	2,816,724	726,823	25.8%
Operations	7,818,760	947,416	12.1%
Water conservation rebate program	468,258	38,813	8.3%
Electrical power	4,973,647	1,648,032	33.1%
Water purchased	7,400,000	1,997,460	27.0%
Insurance, including claims	1,170,000	898,912	76.8%
General and administrative	3,870,697	735,584	19.0%
Debt service - interest and principal	10,233,475	1,700,163	16.6%
Overhead cost allocated to capital	(4,500,000)	(1,219,079)	27.1%
Total Expenditures and Capital Purchases	<u>85,031,479</u>	<u>20,193,086</u>	23.7%
 Transfer out to Capital Fund (PayGo)	 <u>-</u>	 <u>-</u>	
 Net Operating Fund Increase(Decrease)	 <u>\$ (769,488)</u>	 <u>\$ 3,318,073</u>	
Operating Fund Balance			
Opening Fund Balance	\$ 23,450,425	\$ 23,450,425	
Net Operating Fund Increase(Decrease)	-	3,318,073	
Accrual adjustments	-	(4,631,170)	
Ending Fund Balance	<u>\$ 23,450,425</u>	<u>\$ 22,137,328</u>	

Note: FY2019/20 Adjusted Budget includes carried forward operating budget of \$1.4M and capital budget of \$2.9M.

Capital and Fire Flow Funds

Revenues and Expenditures	2019/20 Adjusted Budget	Actual as of September 30, 2019	% of Budget
Revenues:			
Customer Reimbursement Project	\$ 654,209	\$ 105,935	16.2%
Interest Income	180,132	191,004	106.0%
Transfer-in from Operating (PayGo)	-	-	
Contributed Capital:			
Fire Flow	4,518,450	22,360	0.5%
Capital Maintenance Fee	16,500,000	2,187,126	13.3%
Capital Connection Fee	52,477	70,193	133.8%
Capital Grants & Contribution	597,000	362,013	60.6%
Total Revenues and Contributed Capital	<u>22,502,268</u>	<u>2,938,631</u>	13.1%
Capital Expenditures:			
Capital Projects - District	18,757,636	2,770,591	14.8%
Capital Projects - Fire Flow	4,500,000	916,503	20.4%
Capital equipment purchases	1,253,684	16,904	1.3%
Total Capital and Fire Flow Expenditures	<u>24,511,320</u>	<u>3,703,998</u>	15.1%
Net Capital and Fire Flow Fund Increase(Decrease)	<u>\$ (2,009,052)</u>	<u>\$ (765,367)</u>	38.1%
Capital Fund Balance			13.9%
Capital Fund			
Opening Fund Balance	\$ 24,342,559	\$ 24,342,559	
Net Capital Fund Increase(Decrease)	(17,506,427)	145,680	
Capital equipment purchases	(1,253,684)	(16,904)	
Accrual adjustments	-	(2,522,129)	
Ending Fund Balance	<u>\$ 5,582,448</u>	<u>\$ 21,949,206</u>	
Fire Flow Fund			
Opening Fund Balance	\$ (976,173)	\$ (976,173)	
Net Fire Flow Fund Increase(Decrease)	-	(894,143)	
Accrual adjustments	-	(55,900)	
Ending Fund Balance	<u>\$ (976,173)</u>	<u>\$ (1,926,216)</u>	

Note: FY2019/20 Adjusted Budget includes carried forward operating budget of \$1.4M and capital budget of \$2.9M.

Fund Balance Summary

	Actual		Prelim	Projected
	6/30/2017	6/30/2018	6/30/2019	9/30/2019
Restricted	\$ 7,723,634	\$ 6,443,970	\$ 2,343,374	\$ 2,583,844
Board Designated	9,847,168	10,425,446	9,072,150	10,129,801
Watershed Fund	35,425	114,515	114,515	607,437
Rate Stabilization Fund	8,000,000	9,400,000	9,400,000	9,400,000
Pension Reserve Fund	-	2,000,000	2,000,000	2,000,000
Fire Flow Fund	426,571	(1,973,265)	(976,173)	(1,926,216)
Capital (including bond proceeds)	1,610,857	37,040,971	24,342,559	21,949,206
Unrestricted/undesignated - Operating	<u>20,077,803</u>	<u>20,264,665</u>	<u>23,450,425</u>	<u>22,135,664</u>
Total	<u>\$ 47,721,458</u>	<u>\$ 83,716,302</u>	<u>\$ 69,746,850</u>	<u>\$ 66,879,736</u>

Months Operating Fund Unrestricted - Operating to Annualized Actual Expenditure

	4.09	3.45	3.71	3.17
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Debt Coverage Ratio

	1.50	1.52	1.60	2.80
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As of October 31, 2019

	Principal	Interest	Total
2012 Bond	78,590,000.00	70,362,202.50	148,952,202.50
2016 Bond	31,380,000.00	24,365,225.00	55,745,225.00
2017 Bond	34,775,000.00	29,369,375.00	64,144,375.00
Total Bond Debt	144,745,000.00	124,096,802.50	268,841,802.50
MERA	20,349.89		20,349.89
CREB	489,000.00		489,000.00
AEEP	2,224,108.00	445,038.00	2,669,146.00
LGVSD	5,175,659.84	2,358,575.00	7,534,234.84
Total Other Debt	7,909,117.73	2,803,613.00	10,712,730.73
Total Outstanding Debt	<u>152,654,117.73</u>	<u>126,900,415.50</u>	<u>279,554,533.23</u>

Marin Municipal Water District
Budget to Actual Comparison for 2019/20 - Capital Fund
Actual as of September 30, 2019
Unaudited

CIP Projects	FY2019/20 Adjusted Budget	Capital Projects YTD Actual Expenditures As of 9/30/19	Encumbered for Contracts As of 9/30/19	Total Capital & Fire Flow As of 9/30/19
District Pipeline Replacement	\$ 3,375,000	\$ 1,975,628	\$ 1,662,404	\$ 3,638,032
Replacements - Tank Maintenance	\$ 2,170,000	\$ 2,086	\$ 4,806	\$ 6,892
Replacements - Treatment Plant	\$ 4,525,000	\$ 89,324	\$ 233,998	\$ 323,322
Replacements - Dam/Pump/Collection	\$ 1,885,000	\$ 274,745	\$ 964,034	\$ 1,238,779
Fire Chief's Fund	\$ 150,000	\$ -	\$ -	\$ -
Program Management- Asset	\$ 300,000			\$ -
System Improvements	\$ 50,000	\$ 41,180	\$ -	\$ 41,180
Watershed - Minor Structures	45,000	-	6,481	\$ 6,481
Watershed - Ranger Residence	55,000	-	-	\$ -
Watershed - Road Repair & Improvement	1,240,000	109,319	201,139	\$ 310,458
Reimbursable Grant Projects	1,548,000	39,020	198,321	\$ 237,341
Reimbursable Customer Projects	\$ 654,209	\$ 224,848	\$ -	\$ 224,848
Information Technology - Capital	\$ 500,000	\$ 14,440	\$ 33,209	\$ 47,649
Fire Flow Replacement	\$ 4,500,000	\$ 916,503	\$ 108,693	\$ 1,025,195
Capital Equipment Purchases	\$ 1,254,000	\$ 16,904	\$ 92,207	\$ 109,112
Total Capital Projects	\$ 22,251,209	\$ 3,703,998	\$ 3,505,292	\$ 7,209,290

Marin Municipal Water District
Watershed & Other Non Rate Based Revenue and Expenditures
Actual as of September 30, 2019
Unaudited

Revenues and Expenditures	2019/20 Budget	Actual as of September 30,	% of Budget
Watershed Revenues			
Watershed Management Fee	\$ 4,655,814	\$ 1,045,884	22.5%
Rent and Leases	920,000	243,970	26.5%
Permits, Parking and Passes	420,000	96,909	23.1%
Grants	-	362,013	
Other	-	4,100	
Total Watershed Revenues	<u>5,995,814</u>	<u>1,752,876</u>	29.2%
Expenditures - Operating and Capital			
Operating	5,483,552	1,034,393	18.9%
Capital Purchases & Projects	<u>1,378,504</u>	<u>225,560</u>	16.4%
Total Expenditures and Capital Purchases	<u>6,862,056</u>	<u>1,259,953</u>	18.4%
Surplus (Deficit)	(866,242)	492,924	-56.9%
Transfer from Operating & Capital Fund	<u>-</u>	<u>-</u>	
Net Surplus (Deficit)	<u>\$ (866,242.00)</u>	<u>\$ 492,924</u>	
Other Non-Water Revenue			
Rent and Leases - Non Watershed		<u>164,917</u>	
Total Non Rate Based Other Revenues		<u>164,917</u>	
Discount Program for Low Income & Medically Disabled			
Low Income - Fee waived		52,812	
Medically Disabled - Fee waived		<u>27,534</u>	
		<u>80,346</u>	
Net Surplus (Deficit)		<u>84,571</u>	



STAFF REPORT

- SUBJECT:** Proposed Changes to the Capital Maintenance Fee Adjustment and Other Meter Based Rates & Modifications to the Low Income Discount and Water Rate for People with Medical Disabilities Programs
- SUBMITTED BY:** Charles Duggan Jr., Administrative Services Division Manager/Treasurer
Administrative Services Division
- RECOMMENDED ACTION:** Direct Staff to bring an ordinance amendment with the proposed changes to the District Code.

EXECUTIVE SUMMARY:

In processing applications for Capital Maintenance Fee (CMF) adjustments staff has learned that some properties have upsized meters due to fire suppression and or low pressure issues that can be reduced for fee-setting purposes by more than one meter size based on fixture count, a restriction stated in current ordinance. Using the adjusted minimum meter size for the property in calculating all meter based rates is appropriate to better estimate a property's demand on the District's water system.

Consumers receiving the Low Income Discount and the Medical Disability Rates have made inquiries to both the Board and staff regarding whether there is a possibility of a CMF adjustment for these programs.

Staff will report on these issues and seek Board direction on possible changes to District ordinances and CMF charges.

Background:

CMF and Meter Based Rates

The Capital Maintenance Fee (CMF) was implemented on July 1, 2019 with the passage of Ordinance No. 442. In addition to enacting the CMF, Ordinance No. 442 included a provision that allowed residential customers with upsized meters (due to a private fire suppression system and/or due to a low system pressure) to apply for an adjustment to the CMF. If the District confirms that the property's minimum meter size based on fixture count (absent fire suppression and low system pressure demand) is less than that property's current meter size, it will reduce rates for that property, and CMF charges, downward one meter size.

After the enactment of the 2019 Rate Ordinance District staff developed an application process, using the Application for Capital Maintenance Fee Adjustment Form, to establish a procedure to determine the appropriate meter size for billing purposes for each single-family residential property based upon fixture count consistent with the Uniform Plumbing Code. In processing customer requests for CMF adjustments, staff has learned several things. Of the 195 applications approved for adjustments as of October 4, 2019, it became apparent that approximately 40% of the approvals could have dropped more than one meter size, and that (15) of the 1-1/2" water services had a minimum meter size 5/8" meter based on fixture count.

To estimate demand from these properties, staff did not anticipate that more than a one meter-size reduction would be needed. Most new development is required to use a ¾" water meter to meet the NFPA 13D requirements; however, many factors such as being in a Wildland Urban Interface ("WUI") location have caused local Fire Marshals to require higher flow, fire sprinkler systems that require a 1-1/2" water meter to meet their peak fire flow demands, even on smaller homes and townhouses. Thus, we are discovering instances in which city and county building officials required a customer to have a 1-1/2" water meter even though their non-fire water demand could be satisfied by a 5/8" meter.

Another issue arose regarding retroactivity; namely, if a property owner's meter size is adjusted downward, does the new meter size apply retroactively to generate a refund or credit against fees? Staff recommends that, for qualifying properties owners, any such adjustment should apply from the date the Engineering Services Department determines that the customer's application for an adjustment is complete. This approach will encourage timely applications and put the onus on the party best situated to know that a meter is over-sized – the customer – while not imposing on customers the time it takes the District to implement the rate reduction.

In addition, staff thinks it is reasonable to apply the adjusted minimum meter size to all meter-based rates, including the CMF, Watershed Management Fee, and Bi-monthly Service Charge, as the adjusted minimum meter size better estimates a property's demand on the District's water system.

Low Income Discount and the Medical Disability Rates

Since the enactment of the CMF, District consumers receiving the Low Income Discount and the Medical Disability Rates have made inquiries to both the Board and staff as to a CMF adjustment for these programs. In reviewing these programs and considering the relative rate impact for these customers, staff proposes that the Board consider a 50% reduction in the CMF for existing or new customers who apply and are found eligible for these programs. As required by Prop. 218, and similar to the funding for the existing programs, funds to cover this CMF adjustment will come from non-ratepayer revenue.

Recommendation:

Staff recommends that the Board direct staff to present at a future meeting an ordinance modifying rates to allow qualifying residential customers whose meters have been upsized due to fire suppression and/or low pressure issues to receive adjustments to meter size based on fixture count and to use the adjusted minimum meter size for all meter based rates, including the CMF, Watershed Maintenance Fee, and Bi-Monthly Service Charge. Staff also recommends the Board direct that this proposed ordinance provide that rate reductions are effective from the date the Engineering Services Department determines that the customer's application for an adjustment is complete. Staff also recommends customers on the Low Income Discount and/or Medical Disability Rate Programs receive a 50% reduction in the applicable CMF be applied prospectively, to be funded by non-rate revenues.

If the Board agrees with this approach, staff requests Board direction to bring forward an ordinance with the necessary amendments.

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.

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"/>

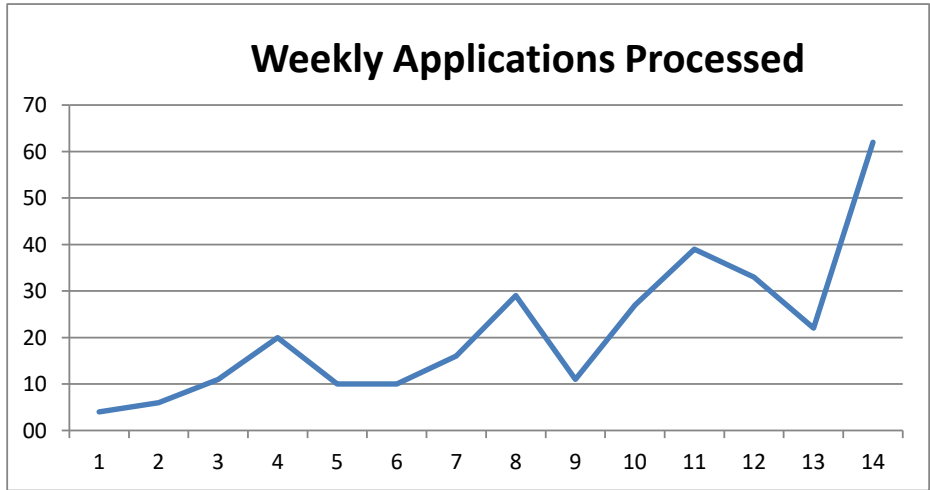
ATTACHMENTS: Current CMF adjustment request statistics

CMF STATISTICS WEEK ENDING 10/13/19

Week	W/E Date	Applications Processed	Approved	Denied	Approved	Denied
Wk 1:	14-Jul	04	3	1	75%	25%
Wk 2:	21-Jul	06	4	2	67%	33%
Wk 3:	28-Jul	11	8	3	73%	27%
Wk 4:	4-Aug	20	14	6	70%	30%
Wk 5:	11-Aug	10	8	2	80%	20%
Wk 6:	18-Aug	10	10	0	100%	0%
Wk 7:	25-Aug	16	13	3	81%	19%
Wk 8:	1-Sep	29	26	3	90%	10%
Wk 9:	8-Sep	11	10	1	91%	9%
Wk 10:	15-Sep	27	26	1	96%	4%
Wk 11:	22-Sep	39	30	9	77%	23%
Wk 12:	29-Sep	33	27	6	82%	18%
Wk 13:	6-Oct	22	21	1	95%	5%
Wk 14:	13-Oct	62	46	16	74%	26%
TOTAL&AVG's		300	246	54	82%	18%

REASON DENIED		
RESI CODE	QUALIFY FOR METER REDUCTION	METER SIZE NECESSARY
		1
	2	
	2	1
3	1	2
	1	1
		3
	2	1
	1	
		1
	2	7
	2	4
	1	
0	5	11
3	19	32

REASON APPROVED			
FIRE	LOW PSI	FIRE	LOW PSI
2	1	67%	33%
3	1	75%	25%
8	0	100%	0%
13	1	93%	7%
8	0	100%	0%
10	0	100%	0%
12	1	92%	8%
25	1	96%	4%
8	2	80%	20%
25	1	96%	4%
28	2	93%	7%
25	2	93%	7%
19	2	90%	10%
45	1	98%	2%
231	15	94%	6%



73 applications came in this week and were processed with letters mailed out.
An additional 101 applications came in this week and are in the que for processing.



STAFF REPORT

SUBJECT: SB 998 – Discontinuation of Residential Water Service

SUBMITTED BY: Colleen Kanzaki, Customer Service Manager
Charles Duggan, Administrative Services Division Manager/Treasurer
Administrative Services

RECOMMENDED ACTION: SB 998 and Proposed Changes to District’s Policies and Procedures Regarding Termination of Water Service for Nonpayment.

EXECUTIVE SUMMARY:

Senate Bill 998, entitled “Discontinuation of residential water service: urban and community water systems” was signed into law by former Governor Jerry Brown in September 2018. This new legislation will impact current District policies and procedures related to discontinuing water service for delinquent accounts and must be implemented by February 1, 2020. Staff will be discussing the proposed changes required by this legislation and areas where the District retains discretion regarding the termination of water service when an account becomes delinquent.

BACKGROUND:

Senate Bill 998 entitled “Discontinuation of residential water service: urban and community water systems” was signed by former Governor Jerry Brown in September 2018. The new legislation will impact current policies and procedures related to discontinuing water service for delinquent accounts and must be implemented by urban water providers by February 1, 2020.

The purpose of Senate Bill 998 is to provide additional procedural protections for delinquent residential water customers before discontinuing water service. Staff is preparing updated policies, procedures, and a draft ordinance to ensure compliance with the new law and needs Board direction on several items regarding notification and collaboration with customers to avert discontinuation of service.

Below are the key tenets of SB998:

Written Discontinuation of Residential Water Service Policy

- The policy shall be posted on our website and include the following:
 - Plan for deferred or reduced payments
 - Alternative payment schedules
 - Formal process to appeal or contest a bill
 - Telephone number to contact and discuss options to avert shutoff
- The policy shall be made available in English, Spanish, Chinese, Tagalog, Vietnamese, Korean and any other language(s) spoken by at least 10% of our service area.

New Procedural/ Notice Requirements Before Termination of Service General Residential

- Payment must be at least 60 days delinquent before terminating residential water service.
- General Residential Notice: Notice of termination must be provided by phone or writing at least seven (7) business days before termination. (If service and billing addresses are different, notices must be mailed to both.)
- If these notices are unsuccessful (mail was returned and phone is unsuccessful), we must post a notice of imminent termination and copy of written policy at location of residence.

Landlord Tenant

- Notice to Individually Metered, Multi Unit Renters: Where landlord is customer of record tenants must be notified, in writing, at least ten (10) days prior to termination and be informed they can become customer without paying past-due amount.

Termination of Service is Not Permitted In Two Circumstances

- An Appeal of a water bill or termination is Pending; or
- Medical Certification of Low-Income Customer who meets the following requirements:
 - Primary care provider certifies that termination would be life threatening or pose a serious threat to the health and safety of a resident of the premises where service is provided;
 - Customer is financially unable to pay; AND
 - The customer is willing to enter into an amortization agreement, participate in an alternative payment schedule, or plan for deferred or reduced payments.
- If a customer fails to comply with amortization agreement, alternative payment schedule, or plan for deferred or reduced payments for delinquent charges for 60 days or more, service can be discontinued 5 days after posting notice of intent to discontinue service on property in a conspicuous place.

Reconnection Fees

- Reconnection fees for low-income customers may not exceed \$50.00 (during business hours) and \$150.00 (during non-business hours) or the actual cost of reconnection if it is lower. These amounts shall be subject to annual adjustment for changes in the Consumer Price Index beginning January 1, 2021.

Annual Reporting Requirements

- An annual report must be submitted to the State Water Resource Control Board indicating the number of times residential service has been discontinued for inability to pay. This report shall also be posted on our website.

Although this new legislation has a fair number of required provisions, the District retains discretion in several areas. Discretionary items include; when the payment is due and subsequently deemed delinquent, the late fee cost and timing, and the availability of payment plans (alternative payment schedule, or plan for deferred or reduced payments) to customers

who do not qualify under the life threatening/serious health, medical certification and low income provision.

The table below outlines the current timeline and steps taken prior to termination of service for nonpayment.

CURRENT PROCESS

38 to 68 calendar days delinquent prior to shutoff

	Action Taken	Fee Assessed	Days after Delinquent	Days after Delinquent (Calendar Days)	Total Calendar days after bill
				Minimum # of Days	Minimum # of Days
1	Bill Generated				0
2	Payment Due - 30 calendar days after bill date (11.24.010)				30
3	Delinquent Date (11.24.010)				31
4	Late Fee assessed (11.24.020)	\$3.00 + 1%	+ 2 biz days after due date	2	33
5	Past Due Notice- mailed (15 cal. days to pay) (11.28.030)		+ 9 business days after due date	13	44
6	Past Due Notice- Pymt Due		+ 15 calendar days after past due notice	32	62
7	Collection Call		+2 biz days after past due notice is due	34	64
8	48 HR Door Hanger delivered	\$30.00	+ 2 biz days after collection call	36	66
9	Shut Off (11.28.070)		+ 2 biz days after 48 HR Notice delivered	38*	68
10	Water Restored (11.08.150)	\$40.00/\$80.00	Once Payment is received in the office		

*Does not meet SB 998 requirement of 60 days delinquent

*Does not meet SB 998 requirement of 60 days delinquent prior to shut off

In order to comply with SB 998, create efficiencies, and produce a policy that is easily understandable to our customers, staff proposes the following changes to our policy.

SB- 998 PROPOSED PROCESS

61 calendar days delinquent prior to shut off (all actions will occur the next business day)

	Action taken	Fees Assessed	Days after delinquent (Calendar Days)	Total calendar days after bill
1	Bill Generated			0
2	Payment Due Date - 14 calendar days after bill date			14
3	Delinquent Date		1	15
4	Late Fee assessed	\$3.00 + 1%	21	36
5	Past Due Notice - mailed (15 cal. days to pay)	**	22	37
6	Due date on Past Due Notice - 53 days after bill date		37	52
7	Automated Call Reminder to Customer		38	53
8	Final notice mailed (15 cal. Days to pay) - 61 days after bill	**	45	60
9	Due date on Final notice - 75 days after bill		60	75
10	Shut off door hanger notice prepared and water shut off		61	76
11	Water Restored****	\$50.00/\$100.00		

**\$30.00 trip fee in instances where staff is required to make a field visit.

Note: Steps 5 and 7 are not required by SB 998 but provide additional notification to District customers.

Staff is proposing two additional customer notifications detailed as step 5 and step 7 in the proposal which will provide our customers additional notification not required by SB 998. Additionally, staff proposes payment plans be available to all customers by request but limited to one payment plan every 12 months. While agreement and adherence to the payments in a payment plan averts shutoff the account will remain in a delinquent status (calculated by the original due date) until all payments including current charges have been satisfied.

KEY CHANGES BETWEEN CURRENT AND PROPOSED TIMELINES

- Payment due date was moved from 30 days to 14 days
- Late fee assessment date was moved from 33 days to 36 days after the bill date
- 48 hour notice discontinued and replaced with a mailed Final Notice
- Water restoration fee increased from \$40.00/\$80.00 to \$50.00/\$100.00 (business hours/after hours)
- \$30.00 trip fee applies when field visit is required.

CUSTOMER BENEFITS

- Proposed change to the payment date result in no additional negative impact to the customer compared to the current process because late fee assessment date was moved from 33 days to 36 days after the bill date
- Customers receive an additional 3 calendar days prior to late fee assessment.
- Customers will not be charged \$30.00 for a 48 hour shutoff notice.
- Payment plans available to all customers by request but limited to one payment plan every 12 months
- Proposed water restoration fees are below the limits set forth specifically for low income customers and will be consistent for all customer types.

Staff has reviewed the requirements of Senate Bill 998 and proposes the timeline and procedures as discussed. At this time, staff seeks the Board's direction regarding this proposal. Staff will incorporate the Board's feedback into the proposed timeline and procedures and bring a revised ordinance, policies and procedures for the Board's consideration and approval at a later date.

STRATEGIC PLAN ALIGNMENT: The requested action aligns with the district's Strategic Plan Goal 3 (Community Engagement), Strategy 4 (Ensure that MMWD's local, state and federal officials understand MMWD water issues), and Objective 2 (Track and engage on regulations/legislation and other administrative actions that may impact MMWD water).

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

ATTACHMENTS: NONE