

February 19, 2019

Director Larry Bragman
President of the Board of Directors
Marin Municipal Water District
220 Nellen Avenue
Corte Madera, CA 94925

President Bragman and Board members:

This letter is a summary of findings from the Citizen Advisory Panel on Infrastructure you convened to review the newly proposed Capital Maintenance Fee (CMF), as well as, the priority of, and funding mechanisms for MMWD's infrastructure investments. The following are the result of considerable Panel effort, deliberation and consensus building over three meetings with your staff held on December 17, 2018, January 14, 2019 and February 8, 2019.

While there has been in depth discussions with staff on a variety of relevant topics including financial, engineering, operations and policy issues, we feel that with more time we could have offered additional, and better informed input. From the three meetings we did have, the panel has developed the following recommendations and conclusions:

- **The Panel supports the transition from debt funding to a pay-as-you-go approach through implementation of the CMF.** This approach will save considerable interest costs (approximately \$171 million in long-term interest payments) to your customers and reserves debt funding for unanticipated and/or large one-off projects.
- **The Panel supports using meter size to determine the CMF** as it most accurately reflects the potential demand any one meter can impose on your water system.
- **The Panel recommends an increase in funding to the CMF to address fire protection needs on the watershed.** A healthy and resilient watershed is central to MMWD's ability to collect and store water. Adequate funding for watershed stewardship and fire protection is of the utmost importance.
- **The Panel concludes the proposed CMF fails to adequately address the state of the District's infrastructure and resiliency needs. MMWD has no accumulated capital reserves with which to finance needed capital replacements.** The proposed 10-year CMF plan does not meet the true capital replacement needs of the District and, therefore, postpones the necessary capital replacement financial measures required by the District. We understand and appreciate that the District found itself in this position due to the board's commitment to its mission statement: "...to provide our customers with reliable, high-quality water at a reasonable price." In fact, the District did not raise rates for 14 out of the last 25 years, losing pace with inflation.

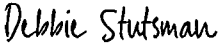
We believe MMWD's community will support an appropriate level of investment in the water system and watershed. Certainly, MMWD will engage customers throughout the process and explain the capital needs to them – as you have done with us. However, do not be dissuaded from meeting your obligation to ensure MMWD is able to fulfill its mission at the hands of a few.

We implore you to propose greater funding for the CMF to fully address the deteriorating state of MMWD's infrastructure, and to aggressively tackle the resiliency needs on the watershed to both protect the water system, to reclaim no less than seven hundred acres from invasive flammable broom, and to protect the community from the devastation we have witnessed in the North Bay from wildland fires.

On behalf of the Panel, we would like to thank you for your consideration of these recommendations. We remain dedicated to continuing this advisory work to ensure adequate funding for infrastructure, a resilient water supply and community safety from the threats of climate change and fire risk.

Sincerely,

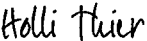
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Debbie Stutsman

Retired Town Manager, San Anselmo

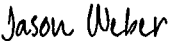
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Holli Thier

President at The Thier Group, LLC, Councilmember, Town Council of Tiburon

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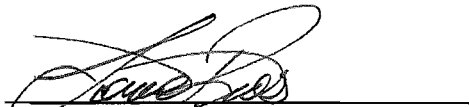
Fire Chief, Marin County Fire

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Larry Minikes

Small Business Owner, Conservationist, Board Member of Marin Conservation League



Louie Rios

Director of Engineering, Marin General Hospital

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Phil Sotter

Woodacre Resident



Roger Roberts

Water Rate Advisory Committee Member

CC: Larry Russell, Board Director, MMWD
Armando Quintero, Board Director, MMWD
Cynthia Koehler, Board Director, MMWD
Jack Gibson, Board Director, MMWD
Ben Horenstein, General Manager, MMWD