

Board of Directors

Capital Maintenance Fee Possible Phase-in

May 14, 2019



**MARIN MUNICIPAL
WATER DISTRICT**



Possible phasing of Capital Maintenance Fee (CMF)

1. No Phase-in
2. Five year Phase-in with bond debt
3. Five year Phase-in with bond debt and capital fund balance
 - a) Utilize \$12 million of capital fund balance
 - b) Utilize \$6 million of capital fund balance
4. Three year Phase-in with capital fund balance

Alternatives for use of capital fund balance

Recommendations

Next Steps



Phasing-in the CMF

| Option No. | Years of Phase-in | % collected each year | Capital Fund Balance Used | Additional Debt | Year 1 monthly fee 5/8" meter | Year 1 monthly fee 1" meter |
|------------|-------------------|-----------------------|---------------------------|-----------------|-------------------------------|-----------------------------|
| 1. | No Phase-in | 100 | \$0 | \$0 | \$13.63 | \$34.06 |
| 2. | 5 | 20, 40, 60, 80, 100 | \$0 | \$28.6 million | \$2.73 | \$6.82 |
| 3a. | 5 | 20, 40, 60, 80, 100 | \$12 million | \$16.7 million | \$2.73 | \$6.82 |
| 3b. | 5 | 20, 40, 60, 80, 100 | \$6 million | \$22.6 million | \$2.73 | \$6.82 |
| 4. | 3 | 33, 67, 100 | \$15 million | \$0 | \$4.50 | \$11.24 |



The FY2019 capital fund balance projection equals approximately \$17 million. This balance is mainly attributable to reprioritizing capital spending. While capital funds may only be used for capital expenditures, there are a number of approaches for utilization of the balance which include the following:

- Expedited implementation of the Biodiversity, Fire, and Fuels Integrated Plan (BFFIP) for enhanced wildfire protection
- Projects unfunded in the 10-year CIP such as addressing the Pine Mountain Tunnel
- Begin full-scale implementation of the Automated Meter Infrastructure (AMI) Program to fully realize water savings identified in the pilot projects
- Create a capital reserve for unexpected costs such as the 2017 slide repairs which totaled \$3 million



Recommendation

Staff recommends that the Board directs staff as to which option to include in the draft rate ordinance to phase-in the CMF if phasing is to be considered at the time of final adoption:

1. No Phase-in
2. Five year Phase-in with bond debt of \$28.6 million
3. Five year Phase-in with bond debt and capital fund balance
 - a) Utilize \$12 million of capital fund balance and bond debt of \$16.7 million
 - b) Utilize \$6 million of capital fund balance and bond debt of \$22.6 million
4. Three year Phase-in with capital fund balance of \$15 million



Next Steps

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|--------------|--|
| May 15, 2019 | Community Outreach and Public Rate Workshop: San Rafael |
| May 28, 2019 | Prop 218 Public Hearing Establish rates for FY2020-2023 and CMF |
| June 4, 2019 | Board Meeting Adopt 2 year budget |