



**MARIN
WATER**

Review of Capital Program and Potential Bond Funding

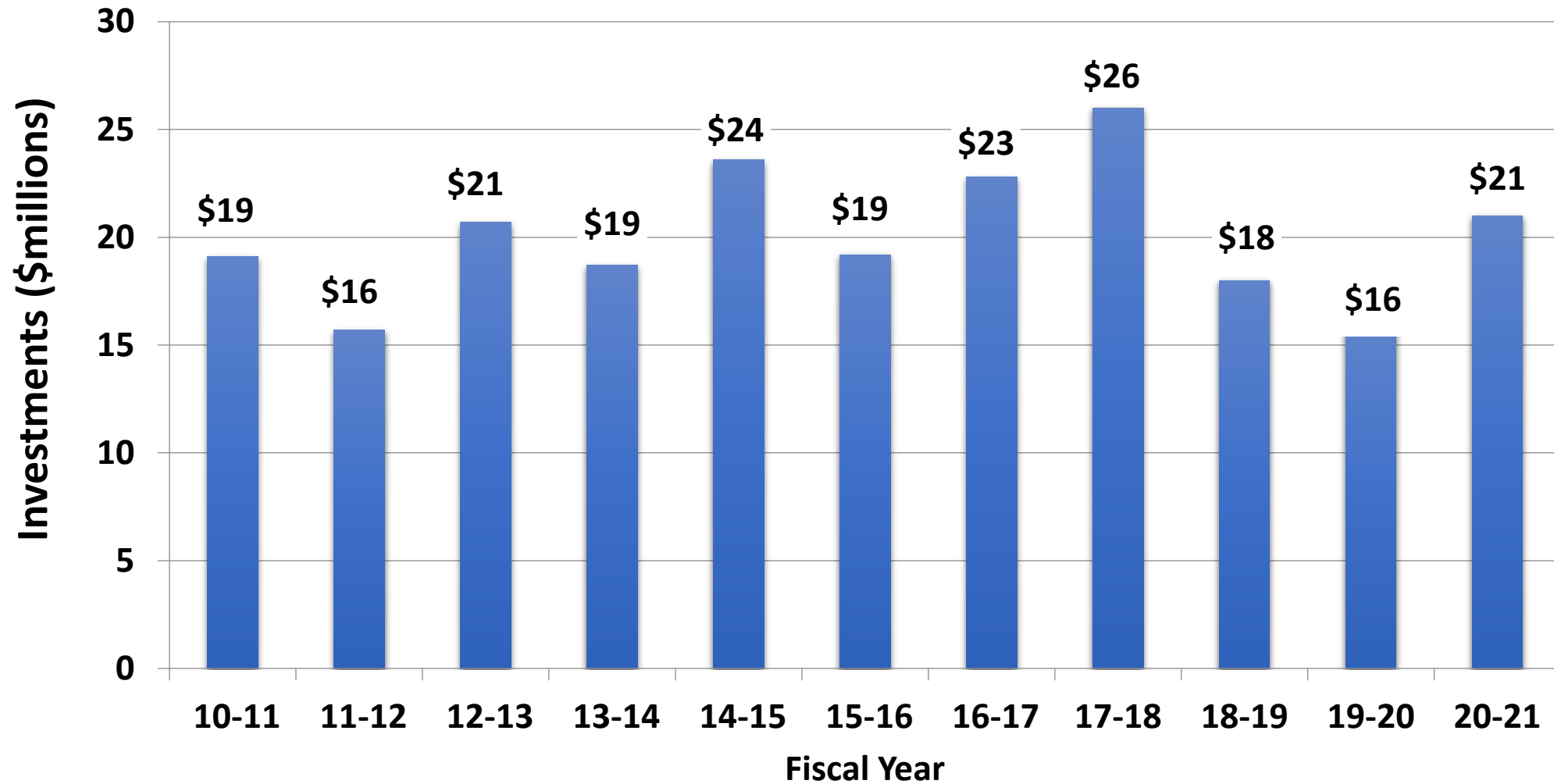
January 14, 2022



Historical and Current Capital Improvement Program

Historical Capital Investments

10-Year Total = \$221 Million



What Have We Accomplished?

- In the last **10** years, we've invested **\$221M** in the upgrade of district infrastructure:
 - **Seismically upgraded** filters at San Geronimo and Bon Tempe Water Treatment Plants
 - Replaced **16** deficient storage tanks
 - Recoated **9** storage tanks preserving 6.2 MG of storage
 - Replaced **68** miles of deficient pipe (e.g. Sir Francis Drake)
 - Repaired Ross Reservoir Landslide
 - Repaired Porteous Tunnel

Capital Improvement Projects Completed within the First Six Months of FY22: Jul 1-Dec 31, 2021

- D19037 Kent Lake Aerator Vent Lines Replacement Project
- D21020 2021 Corrosion Test Station Rehabilitation Project
- D21012 Nicasio Dam Spillway Repair
- D21013 Kent Dam Spillway Repair
- D21014 Soulagule Dam Spillway Repair
- D20022 Southern Marin Pipeline Replacement Project
- D15046 Sir Francis Drake Pipeline Replacement Project (Work complete, Notice of Completion pending)
- D18031B : Southern Heights Blvd. Bridge Pipeline Replacement Project
- F18003 Fifth Ave Pipeline Replacement Project Job

Major Projects Currently in Planning, Design and Construction

Planning

- Bolsa Tank
- **Advanced Metering Infrastructure (AMI) Project Planning**
- Hind Tank
- **Transmission System Improvements**
- Local Hazard Mitigation Plan
- Lake/Dam Hydraulic Actuators
- Dam EAP Updates to CalOES
- Annual DSOD Dam Inspections
- Annual Water Supply Assessment
- Update to Water Shortage Contingency Plan
- **EIR for Richmond Intertie Project**
- Peacock Gap Recycled Water
- Smith Saddle Condition Assessment

Design

- Azalea Hill Project Phase III
- **Pine Mountain Tunnel Replacement**
- Wolfback Ridge Tank Recoating
- Lagunitas Creek Habitat Project
- E. Blithedale PRP
- **Phoenix Lake Transfer Pumps**
- San Geronimo Creek Crossing
- Ross/Sausalito FFIP
- Treehaven FFIP
- **Santa Margarita Altitude Valves**
- Watershed Culverts and Road Improvements

Construction

- 3rd Street PRP
- Sunny Oaks PRP
- Monterey Ave FFIP
- Southern Heights Blvd Bridge PRP
- Berry Lane PRP
- Southern Marin Phase II
- Ridge Road FFIP
- Annual Welded Steel Pipe Order
- **Kastania Pump Station Rehabilitation**
- Watershed Vegetation Management
- Azalea Hill Project Phase II
- **San Geronimo Generator Project**

Projects Added and Postponed in FY22

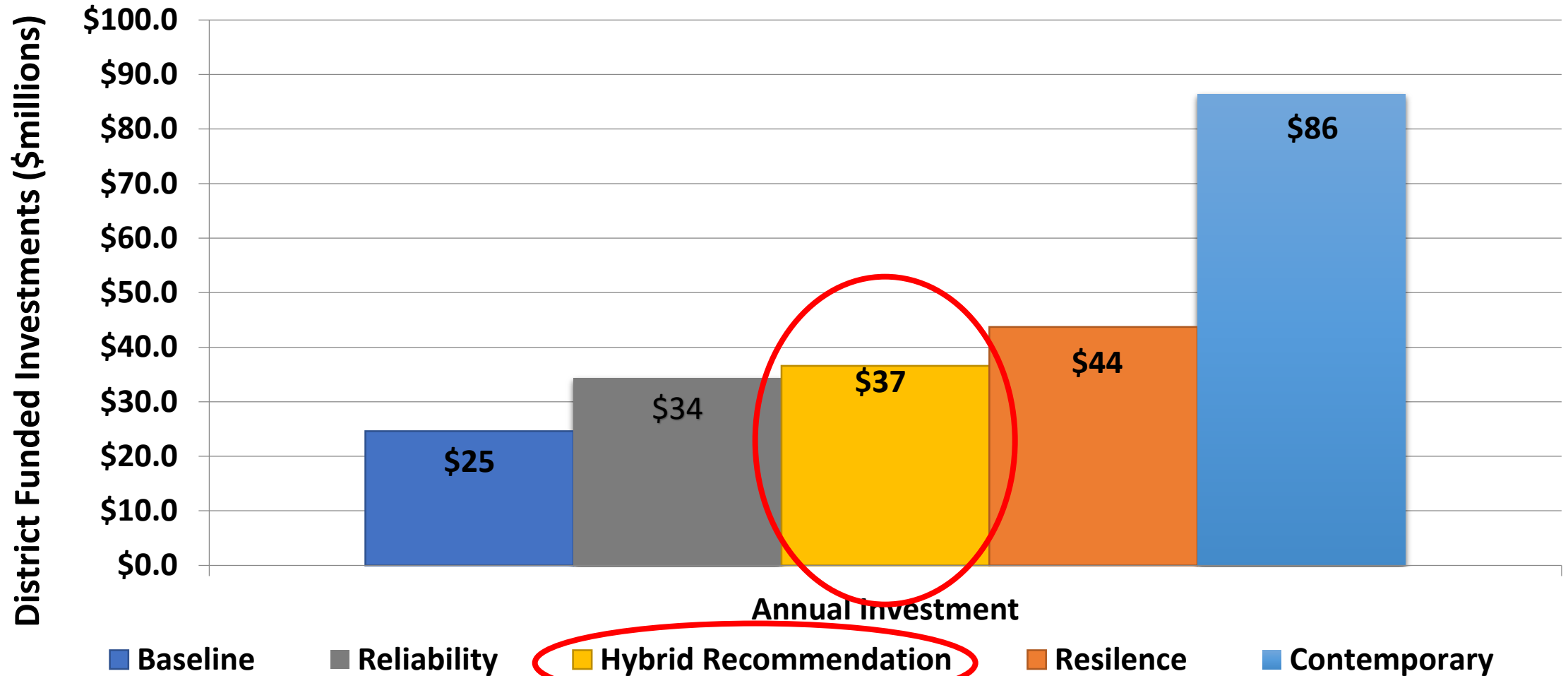
Asset Category	Projects Added	Projects Postponed
Cathodic Protection		Greenbrae Tank Recoating
Pipelines	Emergency Intertie Project	Greenbrae Boardwalk, Manual T Freitas
Treatment Plants	SGTP Generator Project (3MW)	SGTP Roof
Reservoirs/Dams		Alpine Dam Cathodic, Lake Actuators
Buildings, Grounds & IT		Admin, Yard Eval and Improvements
Pump Stations	Kastania and Phoenix Transfer Pumps	
Tanks	Pine Mtn Tunnel Replacement - Design	Smith Saddle, Courtright Tank
Meters and Controls	Advanced Metering Infrastructure (AMI)	
Program Management		Water System Master Plan
Recycled Water	Peacock Gap Recycled Water 30% and CEQA	
Watershed	Sky Oaks Road Retaining Wall	BTTP Road Culverts
Grant Funded Projects	LHMP, Lag Crk Habitat Phase 1 and 2	
Fire Flow and Fire Chiefs Fund		
Capital Equipment		

Current Capital Improvement Program (\$1,000s)

Category	FY22 Approved Budget	Adjustments to Date*	Projected Actuals
Cathodic Protection	\$1,025	-\$385	\$406
Pipelines	\$4,500	\$5,919	\$15,795
Treatment Plants	\$5,015	\$2,671	\$5,786
Reservoirs/Dams	\$725	\$112	\$525
Buildings, Grounds & IT	\$1,175	-\$111	\$562
Pump Stations	\$435	\$1,668	\$2,053
Tanks	\$3,850	-\$772	\$2,388
Meters and Controls	\$325	\$158	\$483
Program Management	\$700	\$309	\$209
Recycled Water	\$50	\$150	\$200
Watershed	\$1,977	\$184	\$2,161
Grant Funded Projects	\$370	\$574	\$981
Fire Flow and Fire Chiefs Fund	\$4,650	\$3,155	\$6,877
Capital Equipment	\$1,300	\$971	\$2,273
TOTAL	\$26,097	\$14,601	\$40,698

* Includes encumbrances from prior FY year (carryforward), funding from reserves, transfers between capital fund centers, and unexpended fire flow funds from prior years.

Increased Funding Scenarios Stemming from Multiple 10-Year Financial Planning Workshops



Priority Projects Recommended for Bond Funding

Project	Cost, \$M
Current Funded Capital Investments	\$24.6M / Yr
Pine Mountain Tunnel Replacement (PMT)	\$20M
Unfunded Projects from Hybrid Recommendation	
North Marin Line	\$6
Seismic Retrofits	\$3
Smith Saddle Tanks	\$20
Recoating of 12 additional tanks	\$11
Structure Hardening 20 pump stations	\$2.5
SGTP Clarifier replacement	\$17.5
Wildfire preparedness	\$1
Enhanced Conservation – Program C	\$36.2
Advanced Metering Infrastructure (AMI)	\$20
Valve exercising FTE, vehicle, equipment	\$2.2
Watershed Recreation Plan	\$0.3
Transmission System Improvements (TSI)	\$20

Approved for WIFIA Funding

Funding these project adds \$80M to Baseline

Potential Projects for Bond Funding

Revenue Bonds

Bond Financing History

Bonds	Original Issue (\$ Millions)	Purpose	Outstanding 6/30/2021 (\$ Millions)
2010 Revenue Bonds	\$32.2	New Money	
2016 Refunding Bonds	\$31.4	Refund 2010 Bonds	\$31.4
2012 Refunding	\$85.0	Refund 2002 and 2004 Bonds	\$76.5
2022 Forward Refund	\$67.5	Refund 2012 Bonds	
2017 Subord Rev Bonds	\$36.1	New Money	\$34.2

**Outstanding Balance
~\$142.5M**

Financing Scenarios for Bond Financing

	Scenario 1 PMT	Scenario 2 PMT and AMI	Scenario 3 PMT, AMI, & TSI	Scenario 4 PMT, AMI, TSI and Smith Saddle
Proceeds	\$20M	\$40M	\$60M	\$80M
Annual Debt Service	\$1.2M	\$2.2 million	\$3.2 million	\$4.1 million*
First Payment	2023	2023	2023	2023
Rate Effects	1.1%	2.1%	3.0%	3.8%
Debt Service Coverage Ratio	3.11	2.83	2.61	2.41

* Approved WIFIA loan for Smith Saddle has a lower interest rate (2%) than bonds (4%). Annual debt service calculated as a blended rate

Next Steps

- Based on feedback today, bring back an approval item to “Authorize Bond Sale” for \$60M to fund near term priority projects (Pine Mountain Tunnel Replacement Project, Automated Metering Infrastructure, and Transmission System Improvements)
- Proceed with WIFIA funding application for Smith Saddle Tanks
- Complete the 10-yr Financial Plan – Spring 2022 prior to conducting the next Cost of Service Analysis