

NOTICE OF SPECIAL MEETING OF THE BOARD OF DIRECTORS'

MEETING DATE: 12-12-2022

TIME: 5:00 p.m.

LOCATION: This meeting will be held virtually pursuant to AB 361.

To participate online, go to <https://us06web.zoom.us/j/83785251178>. You can also participate by phone by calling **1-669-900-6833** or **1-669-444-9171** and entering the **webinar ID#: 837 8525 1178**.

PARTICIPATION DURING MEETINGS: During the public comment periods, members of the public who wish to comment virtually may comment by clicking the “raise hand” button on the bottom of the Zoom screen; if you are joining by phone and would like to comment, press *9 and staff will call on you as appropriate.

EMAILED PUBLIC COMMENTS: You may submit your comments in advance of the meeting by emailing them to BoardComment@MarinWater.org. All emailed comments received by 3 p.m. on the day of the meeting will be provided to the Board of Directors prior to the meeting. All emails will be posted on our website. **(Please do not include personal information in your comment that you do not want published on our website such as phone numbers and home addresses.)**

AGENDA ITEMS	RECOMMENDATION
Call to Order, Swearing-In of New Board of Directors, and Roll Call	
Discussion Item	
1. Initial Review of Cost of Service Analysis (Public Comments will occur at the end of the discussion Item)	Information
Adjournment (7:30 p.m. – Time Approximate)	

ADA NOTICE AND HEARING IMPAIRED PROVISIONS:

In accordance with the Americans with Disabilities Act (ADA) and California Law, it is Marin Water's policy to offer its public programs, services, and meetings in a manner that is readily accessible to everyone, including those with disabilities. If you are an individual with a disability 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 accommodations, please contact Board Secretary Terrie Gillen at 415.945.1448, at least two days in advance of the meeting. Advance notification will enable the Marin Water to make reasonable arrangements to ensure accessibility.

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

FUTURE BOARD MEETINGS:

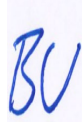
- ❖ Tuesday, December 13, 2022
Board of Directors' Regular Bi-Monthly Meeting
7:30 p.m.
- ❖ Thursday, December 15, 2022
Watershed Committee/Board of Directors (Watershed) Meeting
1:30 p.m.
- ❖ Friday, December 16, 2022
Operations Committee/Board of Directors (Operations) Meeting
9:30 a.m.
- ❖ Thursday, December 22, 2022
Finance & Administration Committee/Board of Directors (Finance & Administration) Meeting
9:30 a.m.


Board Secretary

Informational Item

TO: Board of Directors

FROM: Bret Uppendahl, Finance Director



THROUGH: Ben Horenstein, General Manager



DIVISION NAME: Administrative Services Division

ITEM: Initial Review of Cost of Service Analysis (COSA)

SUMMARY

As a municipal water district that relies on water rates to fund ongoing operations and capital improvements, Marin Municipal Water District (District) is subject to the procedural requirements of Proposition 218 in order to adopt new or increased rates. These procedural requirements include holding a noticed public hearing and providing written notice of the public hearing and proposed rate increases to each parcel at least 45 days prior to the hearing. The substantive requirements of Proposition 218 provide that the proposed rates must be proportional in nature and cannot exceed the cost of providing water service. Throughout the process, the District will be working with Bartle Wells Associates, a public finance consulting firm with over 50 years of experience providing independent financial advice to public agencies throughout California.

The District is beginning the process of updating its rate structure to reflect current costs of service. It is anticipated that any new rate structure will take effect in July 2023. The first step in this process is an evaluation of the revenue required to support the cost of providing water service to customers within the District's service area. Staff will be providing a presentation to the Board to review and discuss the initial evaluation of revenue needs for the upcoming years.

DISCUSSION

The District provides high quality water to over 191,000 residents in a 147 square mile area that includes most cities, towns and unincorporated areas within Marin County. Novato and West Marin are located outside of the District's service area.

The District's budget is currently \$116 million, including capital funds. Of this amount, approximately 70% is for ongoing operations and 30% is for capital projects and debt service. The District receives 98 percent of its operating and capital revenues from water rates and connection fees. Under the current rate structure, which was adopted in 2019, approximately 45% of rate revenues come from fixed fees including Service Charges, the Capital Maintenance Fee (CMF) and the Watershed Management Fee (WMF), and 55% of revenues come from variable water sales.

In response to the recent drought, the District's customers reduced their water consumption by over 20 percent in FY 2022, and these conservation trends have largely continued in FY 2023. As a result, the District's revenues declined substantially during this period. At the same time, the District increased its reliance on more expensive water purchases from the Sonoma County Water Agency to ensure adequate water supply during the height of the drought when local reservoir levels were at historic lows. Due to the revenue shortfalls and increased water supply expenses, the District relied on the use of reserves. Updated financial projections show that under the current revenue structure, the District is facing significant operating shortfalls that will continue to grow over the next four years, if not addressed.

Over the next few months, staff will continue working with Bartle Wells to examine the current rate structure and develop recommendations for how to adjust revenues to meet the cost of providing water service to our customers to meet the current circumstances. Staff will provide ongoing updates during Board and Committee meetings. Staff will also conduct public workshops and will post information online and through social media platforms to further engage customers in this process. It is anticipated that the Public Hearing on proposed rates will be held in May 2023.

FISCAL IMPACT

None

ATTACHMENT(S)

None