MARIN WATER

Capital Investment in Upcoming Budget Cycle

January 26, 2022
Finance Committee

Agenda

- Historical Capital Investments
- Asset Class Investment Scenarios
- System Improvements & Near Term Large Project Needs
- Approaches for Capital Investment this Coming Budget Cycle

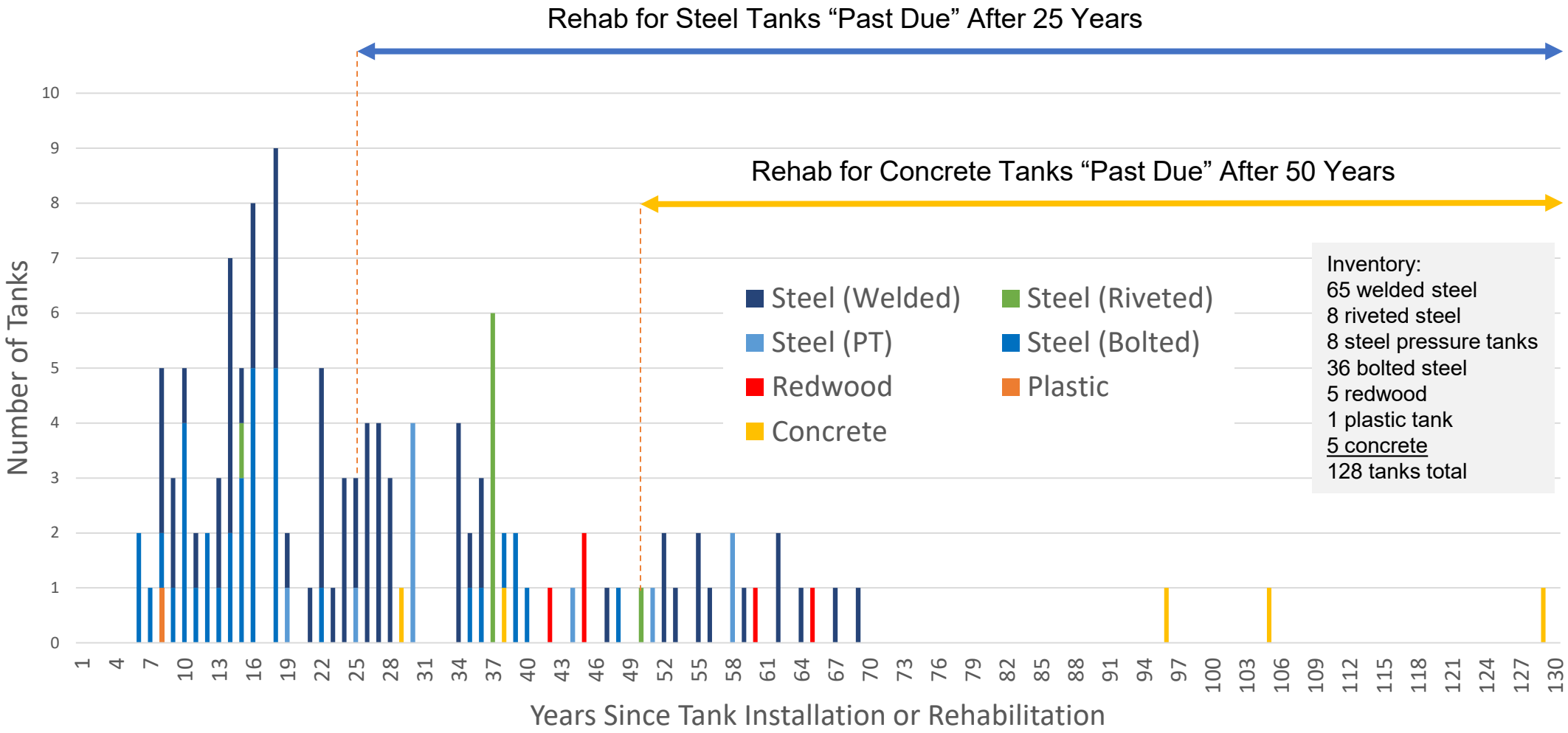
Historical Capital Investment

Historical Capital Investments

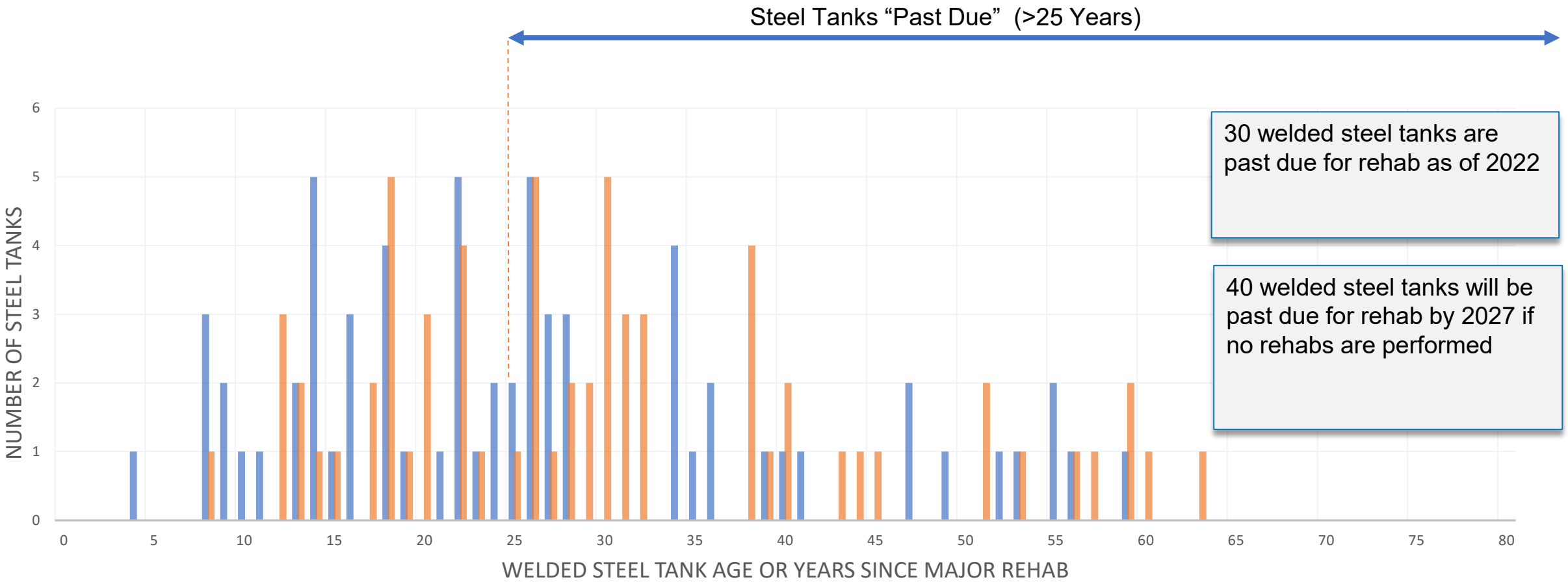
Fiscal Year	$M Invested	# Tanks Recoated/ Replaced	Miles of Pipe Replaced	# Pump Stations Rehabilitated/ Replaced	Other Large Projects
2013 – 2014	$19	2	6.2	-	
2014 – 2015	$24	7	6.6	1	
2015 – 2016	$19	2	6.4	1	
2016 – 2017	$23	2	5.6	-	SGTP/BTTP filter replacement
2017 – 2018	$26	1	8.0	-	
2018 – 2019	$18	1	4.8	1	7 landslide repairs
2019 – 2020	$16	-	3.5	-	
2020 – 2021	$21	-	4.4	-	
2021 – 2022	$26	-	4.8	1	SGTP generator
2022 – 2023 (projected)	$25	1	1.2	-	

Asset Class Investment Scenarios

Current Tank Inventory by Age since Rehab

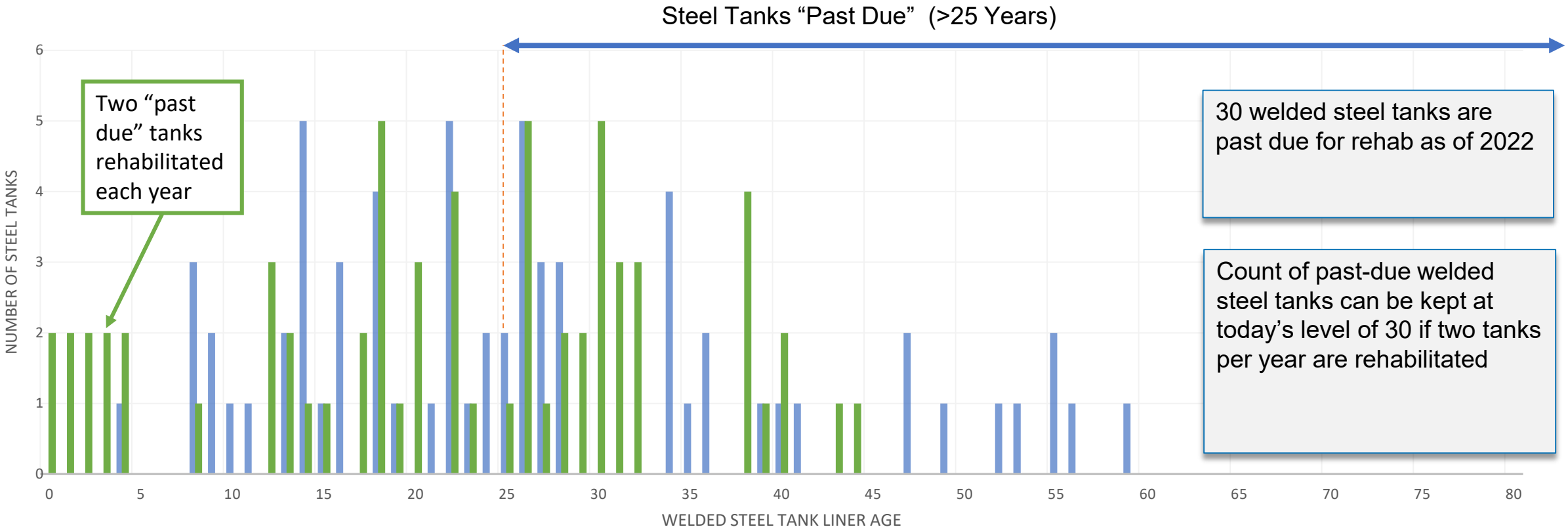


Tank Liner Age Will Continue to Increase if Rehabs are Not Done



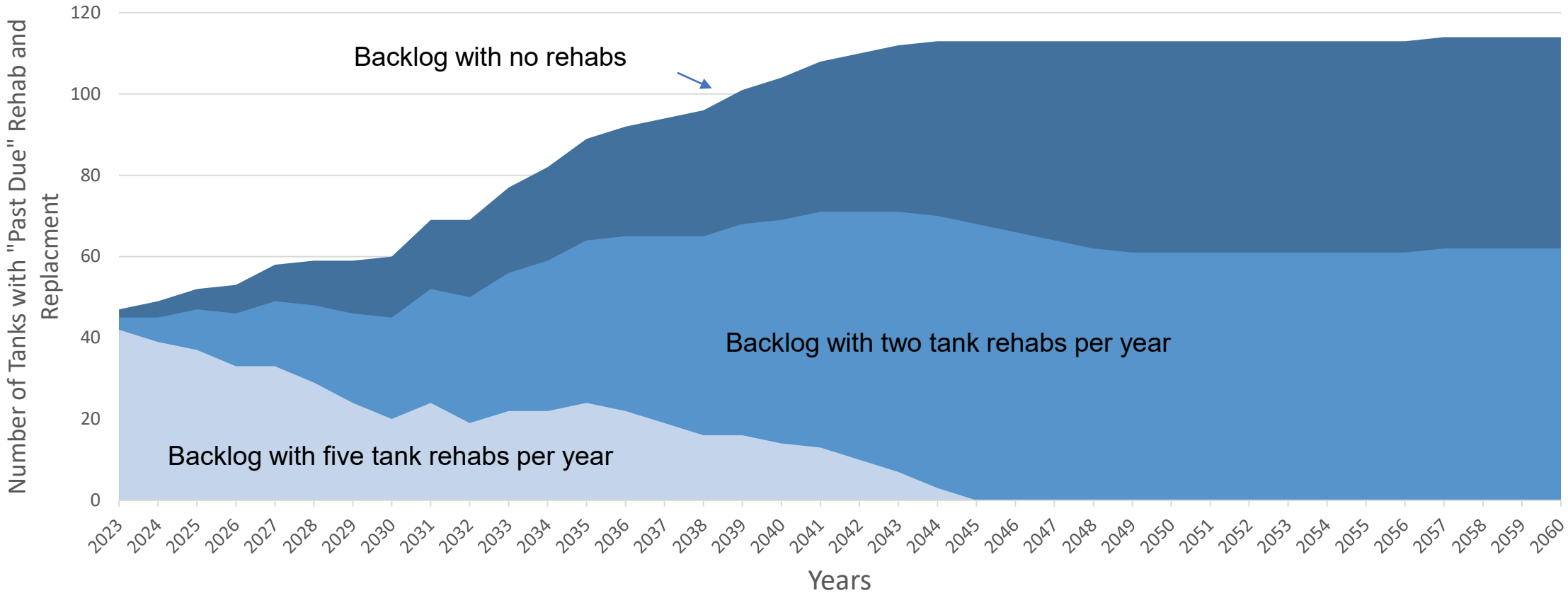
Welded Steel tanks only, based on 25-year liner age

Tank Liner Age in Five Years Time if Two Tanks Rehabilitated per year



Welded Steel tanks only

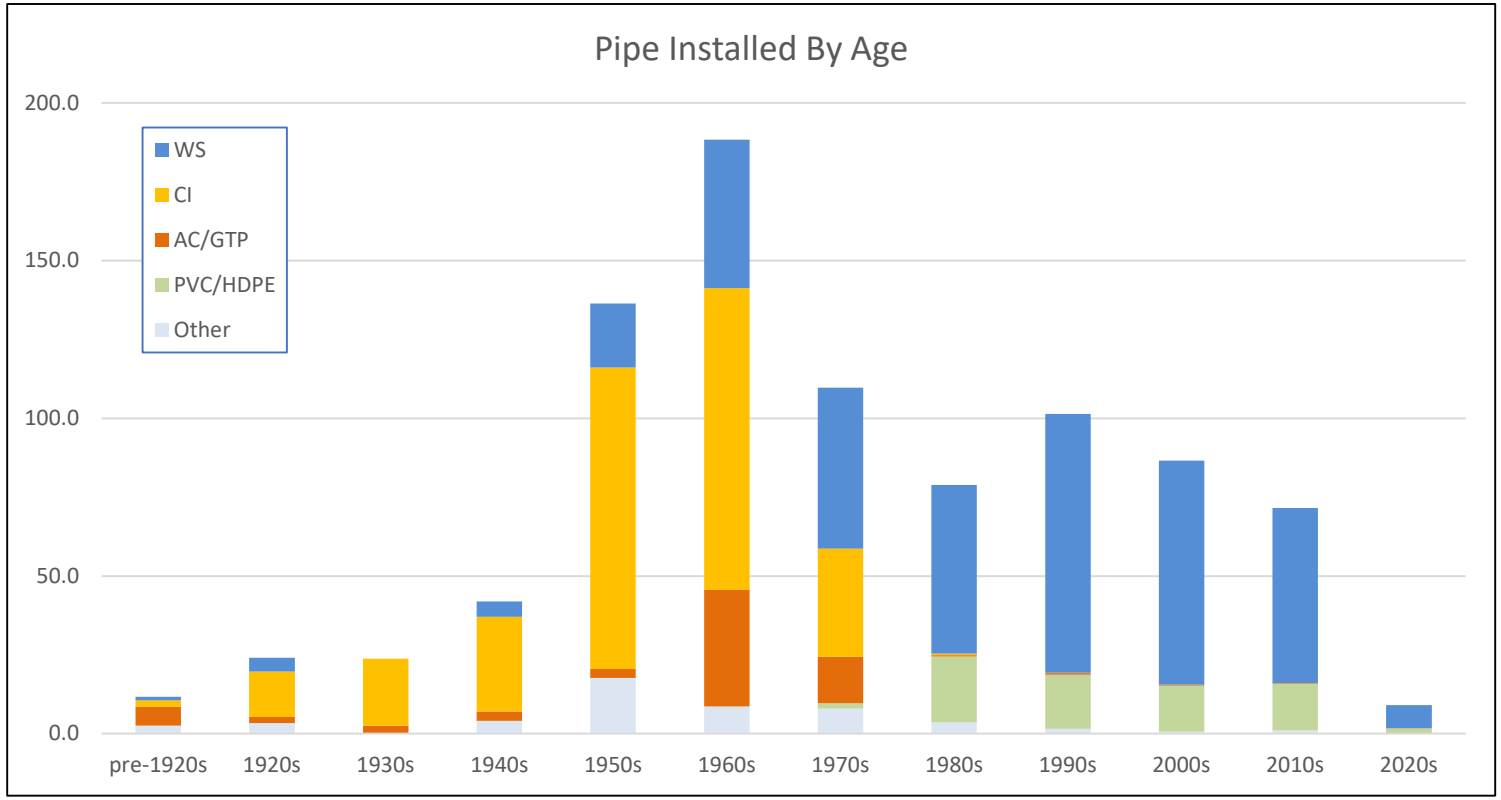
Effect of Rehab Rate on Backlog of “Past Due” Tank Rehabs



Includes major tanks only (114); final version will account for all 128 tanks, and will exclude any that can be eliminated via consolidation

Pipeline Replacement

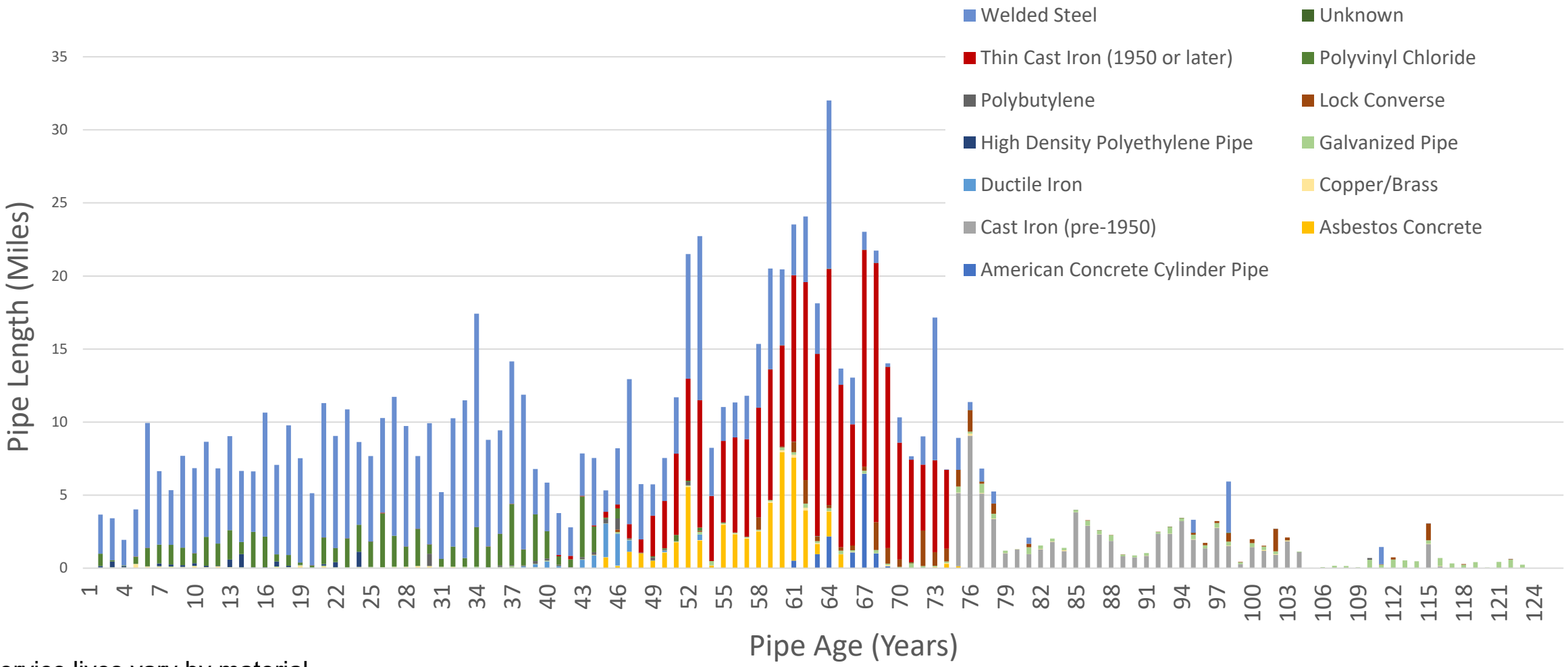
- 900 miles pipe
  - 34% cast iron
  - 44% welded steel
  - 8% PVC/HDPE
  - 8% AC/GTP
  - 7% Other
- Average age is 47 years



Other = ACCP, BR, C, CMP, DI, LC, OD, Plastic, Unknown

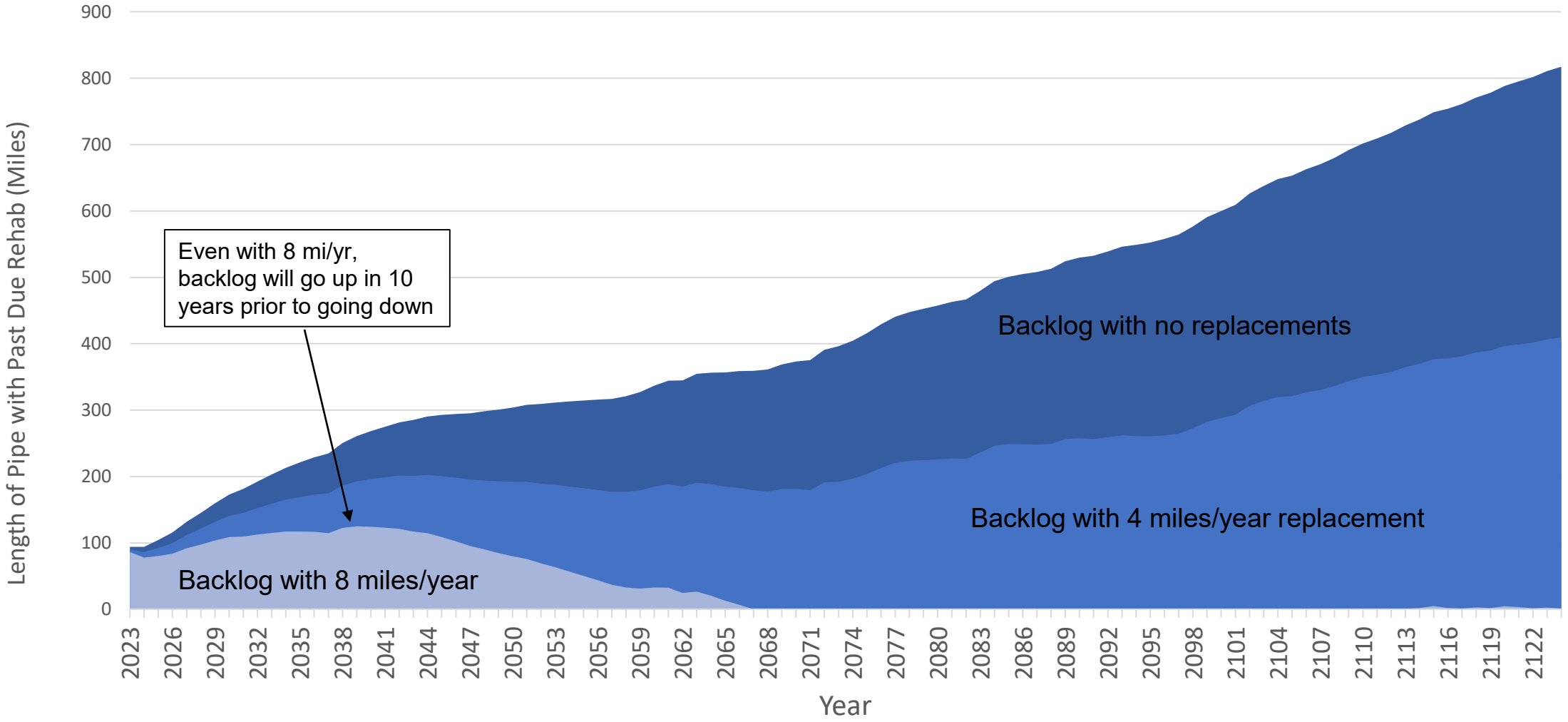
Age of Current Pipe Inventory

Approximately 94 Miles of Pipe or 10% of inventory are “Past Due” for Replacement Based on Average Service Lives



Pipe service lives vary by material

Miles of Pipe "Past Due" for Replacement at different Rehab or Replacement Rates

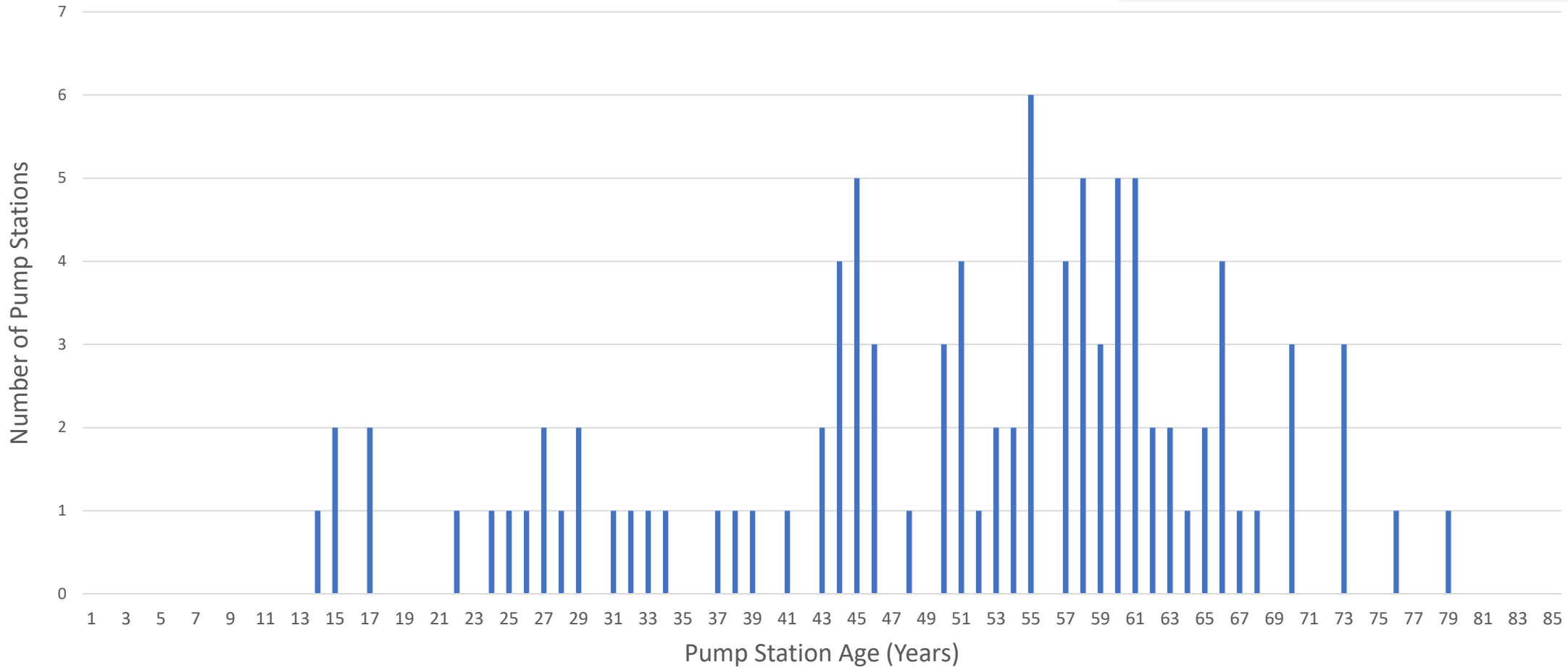


Pipeline Replacement

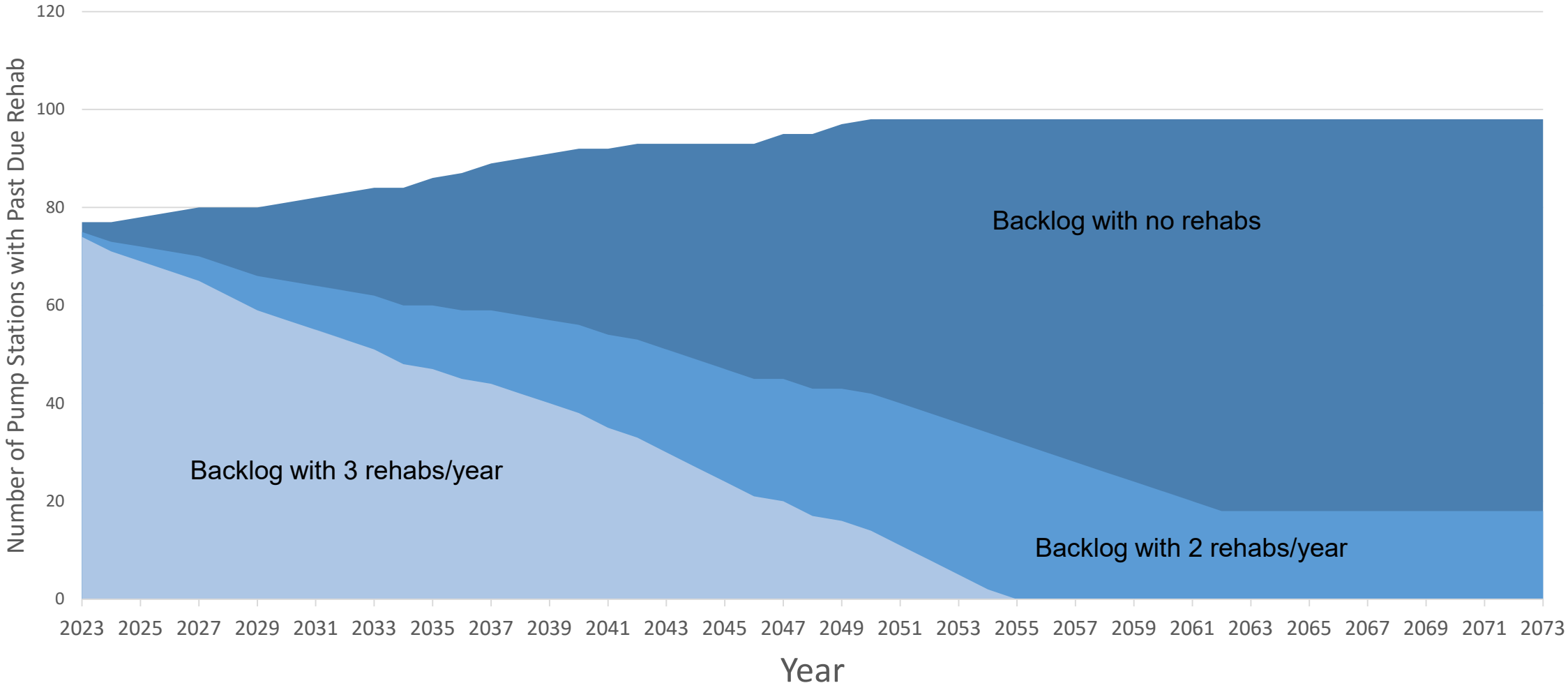
- Not just a matter of total miles but *also* picking the right miles
  - Cast iron
  - Geohazards
  - Liquefaction
  - Criticality/Risk
  - Consequence of Failure
  - Coordination with City street paving work for reduction in customer impacts and cost

Current Age of Distribution Pump Stations

77 of 98 Distribution Pump Stations are “Past Due” for Rehab or Replacement (40-yrs)



Effect of Rehab Rate on Backlog of “Past Due” Distribution Pump Station Rehabs

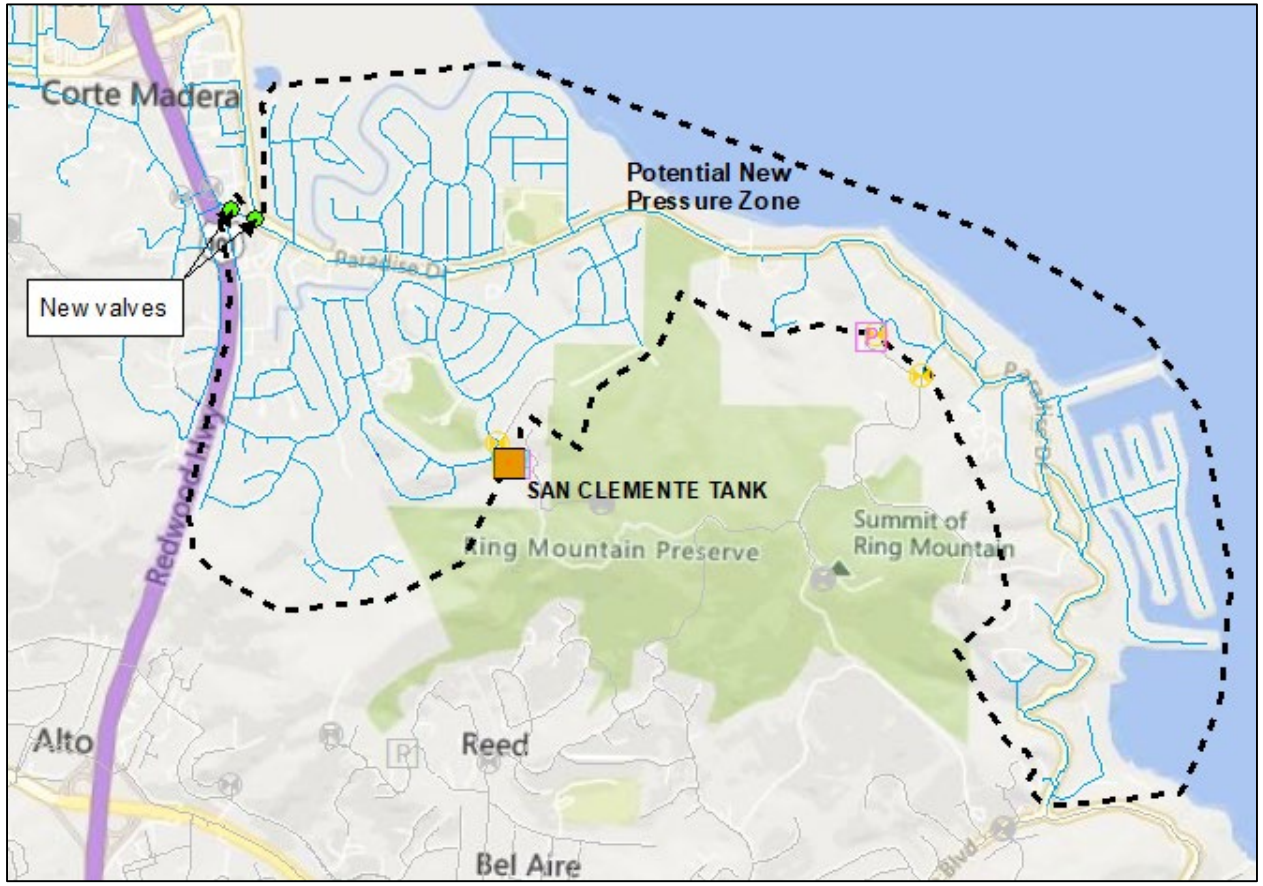


System Improvements & Near Term Large Project Needs

System Improvements

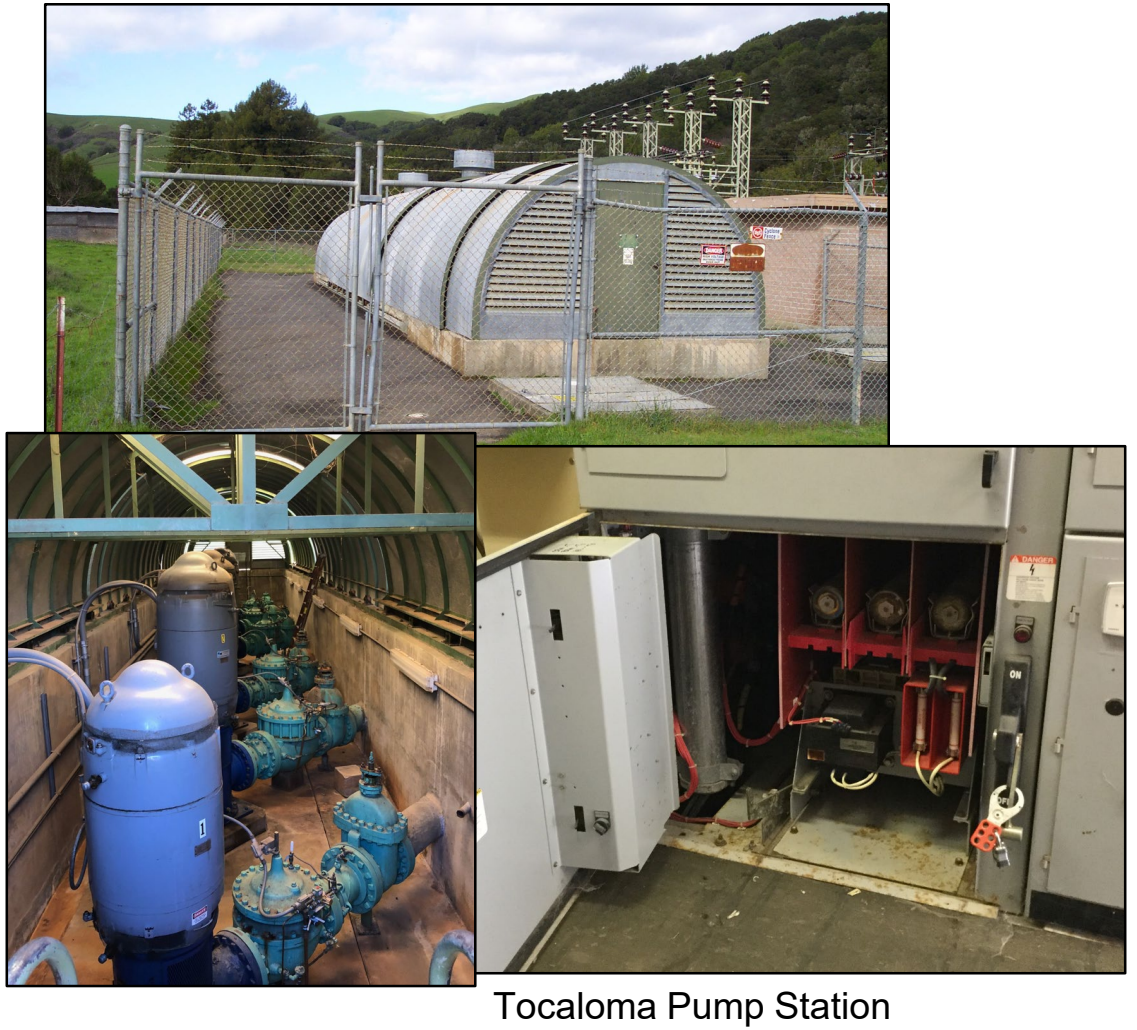
Examples:

- San Clemente
- Freitas Parkway Valve Replacement
- Phoenix Transfer Pump Station
- Lake Lagunitas Flush Toilets
- And others



Delayed Baseline Projects from Recent Financial Strain

- Examples:
  - SGTP roof replacement
  - Tocaloma pump station
  - Pump station structure hardening
  - Dam valve replacements
  - Alpine dam cathodic protection
  - Greenbrae Boardwalk pipeline
  - Wolfback Ridge Tank and Pipeline
  - Smith Saddle Final Design
  - And others



Tocaloma Pump Station

Larger Unfunded Near Term Projects

- North Marin Line
- AMI
- Smith Saddle Tanks
- SGTP Clarifier
- Ross Reservoir
- Pine Mountain Tunnel
- *Water Supply Projects*

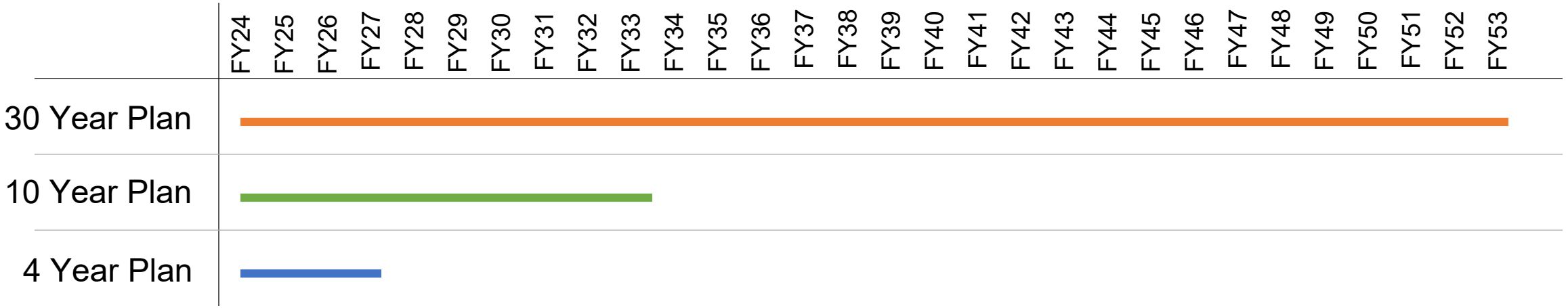
Existing SGTP Clarifiers

Smith Saddle Storage Tanks Provide 10 MG of Storage

Approaches for Capital Investment this Coming Budget Cycle

Long Term Capital Planning

- Further discussion in September 2023 to form comprehensive long term plan
- Finalized short, medium, and long term plans by Spring 2024



Alternative Investment Approaches for Coming Budget Cycle

- Review financial alternatives to maintain historical baseline investment
- Consider modest bond issuance to supplement baseline to accomplish near term larger project needs thru the next budget cycle
  - Every $10M of bond issuance equates to ~2% rate increase for debt service
- Evaluate rate impacts from increasing the baseline budget

Summary

- Range of scenarios available to reduce backlog of aging infrastructure
- Need to account for system improvements and larger one-time projects
- Reserves for unanticipated emergencies
- Rate setting process will guide short-term baseline CIP plan
- Longer term CIP plan discussion in September 2023 will incorporate all ongoing capital planning elements