

NOTICE OF THE REGULAR BI-MONTHLY MEETING OF THE BOARD OF DIRECTORS

MEETING DATE: May 2, 2023

TIME: 5:00 p.m. – Meeting Begins (Open to the Public)
5:01 p.m. or Thereafter - Closed Session (Only for the Board and Staff)
6:30 p.m. – Reconvene Open Session (Open to the Public)
Budget Study Session to Immediately Follow

LOCATIONS: This meeting will be held virtually and in-person.
(Director Monty Schmitt will be participating virtually at another location.)

Open Session	Outside Location for Director	Closed Session
Marin Water Board Room 220 Nellen Avenue Corte Madera, CA 94925	Dye Creek Preserve Headquarters Building 26855 Foothill Rd. Los Molinos, CA 96055 (Director Schmitt)	Marin Water Mt. Tam Conference Rm. 220 Nellen Avenue Corte Madera, CA 94925
Virtually URL: https://us06web.zoom.us/j/88134852296 Webinar ID: 881 3485 2296 Phone Call: 1-669-444-9171		

EMAILED PUBLIC COMMENTS: Submit your comments in advance of the meeting to BoardComment@MarinWater.org. All emailed comments received by 3:00 p.m. on the day of the meeting will be provided to the Board of Directors prior to the meeting. Please do not include personal information in your comment such as phone numbers and home addresses.

PARTICIPATION DURING THE MEETING:

In-person Attendee: Fill out a speaker card and place it next to the board secretary. List the number of the agenda item(s), for which you would like to provide a comment. Once you're called, proceed to the lectern to make your comment.

Virtual Attendee: Click on 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 by the last four digits of your phone number.

(Note: The board president may shorten the amount of time for public comment due to large numbers of both in-person and virtual attendees.)

AGENDA ITEMS		RECOMMENDATIONS
Call to Order and Roll Call*		
Adoption of Agenda		Approve
Public Comment on Closed Session Items only <i>(Board Room)</i>		
Comments will be limited to three (3) minutes per speaker, and time limits may be reduced by the board president to accommodate the number of speakers and ensure that the meeting is conducted in an efficient manner.		
Convene to Closed Session <i>(Mt. Tam Conference Room)</i> (Only the Board of Directors and Staff will participate.)		
Closed Session Item		
1. Public Employee Performance Evaluation (California Government Code Section § 54957) Title: General Manager		
Reconvene to Open Session at or after 6:30 p.m. <i>(Board Room)</i>		
Closed Session Report Out		
Public Comment - Items Not on the Agenda		
Members of the public may comment on any items not listed on the agenda during this time. Comments will be limited to three (3) minutes per speaker, and time limits may be reduced by the board president to accommodate the number of speakers and ensure that the meeting is conducted in an efficient manner.		
Directors’ and General Manager’s Announcements <i>(6:40 p.m. – Time Approximate)</i>		

*MARIN WATER BOARD OF DIRECTORS ORDER OF ROLL CALL: RANJIV KHUSH, LARRY RUSSELL, MATT SAMSON, JED SMITH, AND MONTY SCHMITT

AGENDA ITEMS**RECOMMENDATIONS****Consent Calendar (6:45 p.m. – Time Approximate)**

All matters listed on the consent calendar are considered to be routine and will be enacted by a single action of the Board, unless specific items are removed from the consent calendar by the Board during adoption of the agenda for separate discussion and action.

2. Minutes of the Board of Directors' Regular Meetings of April 4, 2023 and April 18, 2023	<i>Approve</i>
3. Amendment to Legal Services Agreement with Bertrand, Fox, Elliot, Osman & Wenzel for Litigation Support Services	<i>Approve</i>
4. Request to Fill Information Technology Manager Position in the Engineering Division	<i>Approve</i>
Regular Calendar (6:50 p.m. – Time Approximate)	
5. Future Meeting Schedule and Agenda Items (Approximate time 5 minutes)	<i>Information</i>

BUDGET STUDY SESSION

6. FY 2023/24 and FY 2024/25 Budget (Approximate time two hours)	<i>Information</i>
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Adjournment (8:55 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 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)

***MARIN WATER BOARD OF DIRECTORS ORDER OF ROLL CALL:** RANJIV KHUSH, LARRY RUSSELL, MATT SAMSON, JED SMITH, AND MONTY SCHMITT

FUTURE BOARD MEETINGS:

Dates	Meetings
Wednesday, May 3, 2023 4 p.m.	<ul style="list-style-type: none">• Special Meeting of the Board of Directors Closed Session – Conference with Labor Negotiator
Tuesday, May 16, 2023 6:30 p.m.	<ul style="list-style-type: none">• Board of Directors' Regular Bi-Monthly Meeting, including Public Hearing on Proposed Rate Increases


Board Secretary



Approval Item

TITLE

Minutes of the Board of Directors' Regular Bi-Monthly Meetings of April 4, 2023, and April 18, 2023

RECOMMENDATION

Approve the adoption of the minutes

SUMMARY

The Board of Directors held their regular bi-monthly meetings on April 4th and April 18th. The minutes of both meetings are attached.

DISCUSSION

None

FISCAL IMPACT

None

ATTACHMENT(S)

1. Minutes of the Board of Directors' Regular Bi-Monthly Meeting of April 4, 2023
2. Minutes of the Board of Directors' Regular Bi-Monthly Meeting of April 18, 2023

DEPARTMENT OR DIVISION	DIVISION MANAGER	APPROVED
Communications & Public Affairs Department	 Terrie Gillen Board Secretary	 Ben Horenstein General Manager

**MARIN MUNICIPAL WATER DISTRICT
BOARD OF DIRECTORS**

MEETING MINUTES

Tuesday, April 4, 2023

Via Virtually and In-Person

Open Session Location: Marin Water, Board Room, 220 Nellen Avenue, Corte Madera, CA 94925

Closed Session Location: Marin Water, Mt. Tam Conference Room, 220 Nellen Avenue
Corte Madera, California 94925

CALL TO ORDER AND ROLL CALL

President Monty Schmitt called the meeting to order at 6:00 p.m. in the Board Room.

Directors Present: Matt Samson, Ranjiv Khush, and Monty Schmitt

Directors Absent: Larry Russell and Jed Smith

ADOPTION OF AGENDA

On motion made by Director Samson and seconded by Vice President Khush, the board adopted the agenda.

Ayes: Directors Samson, Khush, and Schmitt

Noes: None

Absent: Directors Russell and Smith

There were no public comments on the *Adoption of the Agenda*.

PUBLIC COMMENT – ONLY ON ITEM ON THE CLOSED SESSION

Director Russell arrived at 6:01 p.m.

There were no public comments on the Closed Session item.

CONVENE TO CLOSED SESSION

The directors convened to Closed Session at 6:01 p.m. and went to the Mt. Tam Conference Room.

CLOSED SESSION ITEM

1. Conference with Real Property Negotiators

(Government Code §54956.8)

Agency Negotiator: Ben Horenstein, General Manager
Negotiating Party: PG&E
Property: APN 197-120-10 (Lease 15)
Under Negotiation: Price and Terms

CONVENE TO OPEN SESSION

Director Smith arrived during the closed session. At 6:25 p.m., the Board adjourned the closed session.

President Schmitt reconvened the Open Session at 6:30 p.m.

CLOSED SESSION REPORT OUT

President Schmitt announced that the Closed Session adjourned at 6:24 p.m. and there were no reportable actions taken.

PUBLIC COMMENT – ITEMS NOT ON THE AGENDA

There were eight (8) comments from the public.

DIRECTORS' AND GENERAL MANAGER'S ANNOUNCEMENTS & COMMITTEE REPORTS

- Director Smith reported that he attended the Sonoma Water Advisory Committee (WAC) meeting with Director Russell and Water Resources Manager Paul Sellier, provided a report on what took place at the Finance & Administration Committee Meeting, and mentioned that he visited the watershed with staff to see the spotted owls.
- Vice President Khush thanked staff for the informative notice of public hearing of the proposed increases to the water rates. He reported that he had received compliments from the public on the mailers.
- Director Samson concurred with Vice President Khush. He also acknowledged the educational staff at the watershed for the work they do for students to connect the youth to the watershed.
- President Schmitt added his appreciation of the watershed and its importance.

- General Manager Ben Horenstein addressed some concerns that had been expressed by members of the public regarding the use of pesticides and herbicides on the watershed stating the District doesn't use pesticides or herbicides on the watershed and there are no plans to revisit this practice. On another matter, he announced that there would be a budget study session at the next regular Board meeting on May 2nd.

CONSENT CALENDAR (ITEMS 2-8)

- Item 2 Minutes of the Board of Directors' Special Meeting of March 14, 2023 and Regular Meeting of March 21, 2023**
- Item 3 Resolution Awarding Contract No. 1992 to Advanced Geotechniques Inc. for the Azalea Hill Trail Retaining Wall Project (Resolution No. 8740)**
- Item 4 Adopt Positions on State Senate Bill 23 (Caballero) & Assembly Bill 30 (Ward)**
- Item 5 Update Board Reserve and ADA Grievance Policies**
- Item 6 Resolution Granting Settlement Authority to the District General Manager and Risk Management Committee for Certain Claims and Pending Litigation (Resolution No. 8741)**
- Item 7 Consent to Assignment of Lease Agreement No. Lease 61 with Sprint Spectrum Reality Company, LLC to VB Run, LLC**
- Item 8 Request to Fill Two (2) Summer Helpers and 14 Watershed Aide Positions**

President Schmitt pulled Item 4 from the Consent Calendar to be voted on separately.

Director Smith asked for a correction to the Minutes of March 21 to reflect his recusal from the West Point Inn lease approval. General Counsel Molly MacLean indicated that the Directors vote on the Consent Calendar will include changes to the minutes by Director Smith.

On motion made by Director Samson and seconded by Vice President Khush, the board approved the Consent Calendar, with changes to the March 21st minutes and the removal of Item 4.

Ayes: Directors Samson, Smith, Khush, Russell, and Schmitt
Noes: None

There were no public comments.

At this time, the Board of Directors voted on Item 4.

Item 4 Adopt Positions on State Senate Bill 23 (Caballero) & Assembly Bill 30 (Ward)

On motion made by Director Smith and seconded by Director Samson, the board approved the District's positions of Senate Bill 23 and Assembly Bill 30.

Ayes: Directors Samson, Smith, Khush, and Russell

Noes: None

Abstain: Director Schmitt

There was one (1) public comment.

REGULAR CALENDAR (ITEMS 9 - 12)

Item 9 Adopt a Resolution Awarding Contract No. 1994 for Furnishing and Delivery of Welded Steel Pipe to West Coast Pipe Linings Inc. (Resolution No. 8742)

Engineering Design Manager Alex Anaya presented this item. Discussion ensued.

There were no public comments.

On motion made by Director Smith and seconded by Vice President Khush, the board approved the resolution.

Ayes: Directors Samson, Smith, Khush, Russell, and Schmitt

Noes: None

Item 10 Redwood Blvd and Loma Alta Landslide Updates

Engineering Director Crystal Yezman provided updates on the current state of the landslides and the work that needs to be done to both to repair them. Discussion followed.

There were no public comments.

This was an information item. The board did not take any formal action.

Item 11 Resolution for Grant Funding through the Federal WaterSMART Program (Resolution No. 8743)

Grant and Legislative Coordinator Matt Sagues presented this item. Discussion ensued.

There was one (1) public comment.

On motion made by Director Smith and seconded by Vice President Khush, the board approved the resolution.

Ayes: Directors Samson, Smith, Khush, Russell, and Schmitt

Noes: None

Item 12 Future Meeting Schedule and Agenda Items

The board secretary reported on upcoming internal and external meetings.

General Horenstein reiterated his announcement of the May 2 Budget Study Session.

There was one public comment.

This was an informational item. The board did not take any formal action.

ADJOURNMENT

There being no further business, the Board of Directors' Regular Meeting of April 4, 2023, adjourned at 7:49 p.m.

Board Secretary

**MARIN MUNICIPAL WATER DISTRICT
BOARD OF DIRECTORS**

MEETING MINUTES

Tuesday, April 18, 2023

Via Virtually and In-Person

Open Session Location: Marin Water, Board Room, 220 Nellen Avenue, Corte Madera, CA 94925

Closed Session Location: Marin Water, Mt. Tam Conference Room, 220 Nellen Avenue
Corte Madera, California 94925

CALL TO ORDER AND ROLL CALL

President Monty Schmitt called the meeting to order at 5:30 p.m. in the Board Room.

Directors Present: Jed Smith, Ranjiv Khush, Matt Samson, and Monty Schmitt

Directors Absent: Larry Russell (He arrived before the Board convened to Closed Session.)

ADOPTION OF AGENDA

On motion made by Director Samson and seconded by Vice President Khush, the board adopted the agenda.

Ayes: Directors Smith, Khush, Samson, and Schmitt

Noes: None

Absent: Director Russell

There were no public comments on the *Adoption of the Agenda*.

PUBLIC COMMENT – ONLY ON ITEM ON THE CLOSED SESSION

There were no public comments on the Closed Session item.

CONVENE TO CLOSED SESSION

Director Russell arrived at 5:32 p.m.

The directors convened to Closed Session at 5:32 p.m. and went to the Mt. Tam Conference Room.

CLOSED SESSION ITEM

1. Public Employee Performance Evaluation

(California Government Code Section §54957)

Title: General Manager/General Counsel

RECONVENE TO OPEN SESSION

President Schmitt reconvened the Open Session at 6:33 p.m.

CLOSED SESSION REPORT OUT

President Schmitt announced that the Closed Session adjourned at 6:32 p.m. with no reportable action taken.

PUBLIC COMMENT – ITEMS NOT ON THE AGENDA

There were two (2) comments from the public.

DIRECTORS' AND GENERAL MANAGER'S ANNOUNCEMENTS & COMMITTEE REPORTS

- Vice President Khush reported on his attendance at the North Bay Watershed Association (NBWA) meeting, where he learned about the many groundwater basins in the region, specifically Sonoma County. He also noted that former Marin Water's Board of Director Jack Gibson was elected as an Honorary Board Member to the NBWA.
- Director Samson reported that some of his constituents were appreciative of the District's rate calculator tool maintained on the District's website and would like to see it remain there. He also reported that he attended the Watershed Recreation Management Planning Community Workshop VI, and thanked Watershed Recreation Manager Shaun Horne for his leadership on this item. Director Samson encouraged all the stakeholders to work together in creating the Watershed Management Plan.
- General Manager Ben Horenstein announced that Federal Senators Alex Padilla and Diane Feinstein submitted earmarked requests for \$1.5M towards the SoulaJule Electrification Project.

CONSENT CALENDAR (ITEMS 2-6)

**Item 2 Minutes of the Board of Directors' Special Meeting of March 14, 2023 and
Special Meeting of March 30, 2023**

- Item 3 General Manager’s Report March 2023**
- Item 4 Clarifications to Board Handbook regarding Newly Elected Directors Time for Taking Office, Election of Board Officers and the Date for Adoption of the Board Calendar, and Adoption of Proposed Ordinance No. 463 to Change the Time for Election of Board Officers**
- Item 5 Request to Fill Accounting Clerk III Position in the Administrative Services Division**
- Item 6 Request to Fill Safety and Emergency Response Manager Position**

On motion made by Vice President Khush and seconded by Director Smith, the board approved the Consent Calendar.

Ayes: Directors Smith, Khush, Russell, Samson, and Schmitt
Noes: None

There were no public comments.

REGULAR CALENDAR (ITEMS 7 - 11)

- Item 7 Resolution to Approve Purchasing Valves and Fittings from Core and Main Company for the Bon Tempe Treatment Plant Backwash Line Project (Resolution No. 8744)**

Assistant Engineer Dion Mokhtari presented this item. Discussion ensued.

There were no public comments.

On motion made by Director Smith and seconded by Vice President Khush, the board approved the resolution.

Ayes: Directors Smith, Khush, Russell, Samson, and Schmitt
Noes: None

- Item 8 Bolsa Redwood Tank Removal Project**

Assistant Engineer Hagar Negash presented this item. Discussion followed.

There were no public comments.

This was an information item. The board did not take any formal action.

Item 9 Water Infrastructure Finance & Innovation Act Loan

Engineering Division Manager Crystal Yezman presented this item. Discussion ensued.

There were no public comments.

This was an information item. The board did not take any formal action.

Item 10 Water Supply and Water Shortage Contingency Levels Update

Water Resources Division Manager Paul Sellier presented this item. Discussion ensued.

There were three (3) public comments.

This was an information item. The board did not take any formal action.

Item 11 Future Meeting Schedule and Agenda Items

The board secretary reported on upcoming internal and external meetings.

General Horenstein added that there would be a robust presentation at the Friday Operations Committee Meeting pertaining to the Integrated Roadmap Implementation and he announced again the Budget Study Session at the regular Board meeting on May 2.

Director Russell announced that there was a NBWRA (North Bay Water Reuse Authority) meeting on April 24.

There were no public comments.

This was an informational item. The board did not take any formal action.

CLOSED SESSION

At 7:47 p.m., President Schmitt announced that the Directors would go to Closed Session to discuss the second Closed Session item.

Public Comment – Only on Item 12

There were no public comments on the Closed Session item.

Convene to Closed Session

The board left the Board Room and went to the Mt. Tam Conference Room.

Closed Session Item

12. Conference with Labor Negotiator (Government Code §54957.6)

Agency Designated Representative: Ben Horenstein, General Manager
Employee Organizations: Service Employees International Union, Local 1021;
Unrepresented Employees

Reconvene to Open Session

The Board of Directors reconvened in the Board Room for Open Session at 9:01 p.m.

Closed Session Report Out

President Schmitt reported that the Closed Session adjourned at 8:57 p.m. and that there were no reportable actions.

ADJOURNMENT

There being no further business, the Board of Directors' Regular Meeting of April 18, 2023, adjourned at 9:01 p.m.

Board Secretary

Approval Item

TITLE

Legal Services Agreement Amendment with Bertrand, Fox, Elliot, Osman & Wenzel, for Litigation Support Services

RECOMMENDATION

Approve an Amendment to the Legal Services Agreement with Bertrand, Fox, Elliot, Osman & Wenzel, PC for the continuation of litigation support services

BACKGROUND

In June 2021, the District entered into a Legal Services Agreement with the law firm of Bertrand, Fox, Elliot, Osman & Wenzel, PC for litigation support services in an amount not to exceed \$100,000. Tom Bertrand is an experienced litigation attorney providing litigation support to many public agencies in the area over the past many years. Mr. Bertrand has provided excellent litigation support on behalf of the District. Staff seeks Board approval to amend the agreement to add additional funds for services in an amount not to exceed \$100,000, which will allow the District to continue to access these services on an as needed basis.

DISCUSSION

In June 2021, the District entered into a legal services agreement with the law firm Bertrand, Fox, Elliot, Osman & Wenzel, PC to allow the principal, Tom Bertrand, the ability to continue providing litigation support services for the District on a number of liability lawsuits. As not uncommon for public agencies, the District is faced with a number of liability claims each year, some of these may result in formal legal action being filed against the District. It is necessary for the District to evaluate and defend these cases as they arise. Tom Bertrand, from the law firm of Bertrand, Fox, Elliot, Osman & Wenzel, PC, is a local litigation attorney with years of experience and expertise in defending public agencies in liability cases. He has successfully provided services to the District under the June 2021 legal services agreement and has agreed to extend the agreement for services with the District. Further, at \$285 per hour, Mr. Bertrand hourly rates are extremely reasonable and have not been increased in several years. He is not currently presenting an increase in his hourly rates for this contract extension.

The initially funded amount of \$100,000 is close to exhausted and an amendment of the Legal Services Agreement is necessary to continue these services for the benefit of the District. Because the amount of this amendment will exceed the General Manager's award authority, District Board approval is required. The General Counsel's office is recommending an increase in funds for this agreement in an amount not to exceed \$100,000 to account for additional services that may be needed. It is anticipated that these funds would cover services for approximately the next year or two years, depending on the level of services need. Any further

increase to the agreement amount would be brought back to the Board for further consideration.

FISCAL IMPACT

Funding for these services will be included in the District's budget in fiscal years 2024 and 2025. There are already funds budgeted to cover the remainder of fiscal year 2023.

ATTACHMENT(S)

None

DEPARTMENT OR DIVISION	DIVISION MANAGER	APPROVED
General Counsel	 Molly MacLean General Counsel	 Ben Horenstein Executive Director

Approval Item

TITLE

Approval to Fill One Information Technology Manager Position

RECOMMENDATION

Authorize the General Manager to recruit and hire one Information Technology Manager in the Engineering Division

SUMMARY

The Information Technology Manager is the District's lead professional and technical expert in managing the day to day operations of its information technology systems and services. This position assigns, schedules, and supervises the work of the information technology department including but not limited to Mapping/GIS, mobile devices, telephones, email, servers, helpdesk, software programs, internet and intranet services, data centers, network and security, and disaster recovery.

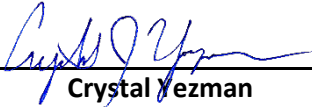

Staff requests that the Board authorize the General Manager to recruit and hire the Information Technology Manager. Staff further requests the Board authorize the General Manager to recruit and fill any other subsequent positions that may become vacant as a direct result of this recruitment.

FISCAL IMPACT

The total annual salary with benefits for the Information Technology Manager position ranges from \$224,060 to a maximum of \$284,181. This position is included in the Engineering Division FYE 2023 and 2024 budget. Filling this position will not increase the total number of FTE within the Engineering Division.

ATTACHMENT(S)

None

DEPARTMENT OR DIVISION	DIVISION MANAGER	APPROVED
Engineering	 Crystal Yezman Director of Engineering	 Ben Horenstein General Manager

Informational Item

TO: Board of Directors

FROM: Terrie Gillen, Board Secretary



THROUGH: Ben Horenstein, General Manager



DIVISION NAME: Communications & Public Affairs Department

ITEM: Future Meeting Schedule and Agenda Items

SUMMARY

Review of the upcoming Board of Directors and Committee meetings

DISCUSSION

Meeting Schedule

Below are the upcoming meetings of the Board of Directors and/or Committees:

Internal Meetings

- Wednesday, May 3, 2023
Special Meeting of the Board of Directors
Closed Session – Conference with Labor Negotiators
4 p.m.
- Tuesday, May 16, 2023
Board of Directors' Regular Bi-Monthly Meeting, including Public Hearing on Proposed Rate Increases
6:30 p.m.
- Wednesday, May 17, 2023 (Tentative)
Communications & Water Efficiency Committee Quarterly Meeting &
Special Meeting of the Board of Directors (Communications & Water Efficiency)
9:30 a.m.

- Friday, May 19, 2023
Operations Committee Meeting & Special Meeting of the Board of Directors
(Operations)
9:30 a.m.

External Meeting

- Friday, May 5, 2023
North Bay Watershed Association
City of Petaluma Ellis Creek Treatment Plant
9:30 a.m.

FISCAL IMPACT

None

ATTACHMENT(S)

None

Informational Item

TO: Board of Directors

FROM: Bret Uppendahl, Finance Director



THROUGH: Ben Horenstein, General Manager



DIVISION NAME: Administrative Services Division

ITEM: FY 2023/24 – FY 2024/25 Budget Study Session

SUMMARY

Staff is preparing the Operating and Capital Budget for FY 2023/24 and FY 2024/25 for the Board's consideration in June 2023. The District's two-year budget process incorporates the costs necessary to provide safe and reliable water service over the long term. The preliminary expenditure budget for FY 2023/24 is \$135 million, which is a 22 percent increase compared to FY 2022/23. This expenditure level reflects the District's top priorities as well as inflationary impacts and non-discretionary cost drivers.

Over the past several months, staff has conducted an extensive analysis of the District's operational and capital needs. In conjunction with the financial analysis, the District conducted a series of four community workshops, and created a dedicated webpage for customers to find all financial planning and rate-setting information in one place. The website includes FAQ's, links to previous presentations, and information on proposed rates. The website can be accessed through the District's homepage or directly at www.marinwater.org/2023ratesetting.

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.

As part of the budget and rate-setting process, the District identified the following expenditure priorities:

- Replace and modernize aging infrastructure
- Strengthen water supply resiliency in the face of climate change
- Accelerate wildfire risk mitigation and enhance forest health restoration efforts
- Keep pace with inflation
- Replenish reserves to prepare for future emergencies

As shown below, overall expenditures are increasing by 17 percent in FY 2023/24 (FY 24), with operating expenditures increasing by 14 percent in and capital investments increasing by 36 percent. Operating expenditures reflect recent inflation and are largely driven by increased costs for purchased water, paving contracts, water treatment chemicals and insurance. Capital expenditures include investments in short term water supply resiliency projects as well as increased funding for deferred maintenance needs.

District Expenditure Budget

	FY 22 Budget	FY 23 Budget	FY 24 Budget	% Change	FY 25 Budget	% Change
Operating Fund	\$ 88,748,961	\$ 92,181,473	\$ 104,139,464	13%	\$ 109,347,389	5%
Capital Fund*	\$ 18,195,975	\$ 18,885,807	\$ 26,347,000	40%	\$ 41,174,510	56%
Contribution to Reserves	\$ -	\$ -	\$ 5,000,000		\$ 5,000,000	
Total	\$ 106,944,936	\$ 111,067,280	\$ 135,486,464	22%	\$ 155,521,899	15%

**Excluding use of fund balance, grant funds and Fire Flow fund*

In order to provide funding for the District's identified spending priorities, the District worked with Bartle Wells Associates to conduct an evaluation of the existing rate structure. The recommended rate design is summarized below:

- Reduced fixed fees for most customers
- Increased volumetric charges for potable water
- Lower residential tier breaks
- Drought surcharges

As summarized below, the largest increase to the District's revenue budget is in variable water sales, while fixed fees such as the Service Charge and Capital Maintenance Fee are collectively largely unchanged in FY 24. It should also be noted that the Watershed Management Fee is proposed to be converted from a fixed fee to a variable (volumetric) charge in July 2023.

District Revenue Budget

	FY 22 Budget	FY 23 Budget	FY 24 Budget	% Change	FY 25 Budget	% Change
Water Sales	\$58,483,079	\$60,881,258	\$84,509,603	39%	\$102,302,966	21%
Service Charge	\$22,481,250	\$23,381,979	\$24,370,494	4%	\$25,589,019	5%
Watershed Management Fee	\$5,005,772	\$5,207,474	\$5,386,376	3%	\$5,655,695	5%
Capital Maintenance Fee	\$17,370,793	\$18,065,625	\$17,118,698	-5%	\$17,974,633	5%
Other Revenue	\$3,603,644	\$3,548,954	\$4,085,655	15%	\$3,924,527	-4%
Total	\$ 106,944,538	\$ 111,085,290	\$ 135,470,826	22%	\$ 155,446,840	15%
<i>Fixed fees as % of water rates</i>	<i>43%</i>	<i>43%</i>	<i>32%</i>		<i>29%</i>	

FISCAL IMPACT

None

ATTACHMENT(S)

None