



AMENDED NOTICE OF FINANCE & ADMINISTRATION COMMITTEE MEETING/SPECIAL MEETING OF THE BOARD OF DIRECTORS (FINANCE & ADMINISTRATION)

(Per paragraph 3 on page 10 under subsection *Committee Meetings* of the Board Handbook: The Board, as a practice, generally does not take final action on items during committee meetings, unless District staff determines the urgency of the item requires immediate action that cannot be delayed until a subsequent regular bi-monthly Board meeting.)

MEETING DATE: September 28, 2023

TIME: 9:00 a.m. – Meeting Begins (Open to the Public)
9:01 a.m. or thereafter - Closed Session (Only for the Board and Staff)
9:30 a.m. – Reconvene Open Session (Open to the Public)

LOCATIONS: This meeting will be held remotely and in-person.

Open Session Location and Closed Session Locations	Closed Session Location (New)
Marin Water Board Room 220 Nellen Avenue Corte Madera, CA 94925	Marin Water General Manager’s Conference Room 220 Nellen Avenue Corte Madera, CA 94925
Remotely	
URL: https://us06web.zoom.us/j/81110533069	
Webinar ID: 811 1053 3069	
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 7:30 a.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 that you do not want published on our website such as phone numbers and home addresses.

PARTICIPATION DURING THE MEETING:

In-person Attendee: Fill out a speaker card prior 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	<i>Approve</i>
Public Comment on Closed Session Item Only	
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>(General Manager’s Conference Room)</i> (Only the Board of Directors and Staff will participate.)	
Closed Session Item	
<ol style="list-style-type: none"> Conference with Legal Counsel – Anticipated Litigation (Initiation of Litigation Pursuant to Government Code §54956.9 (d)(4)) Number of Cases: Unknown 	
Reconvene to Open Session at or after 9:30 a.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.	
Calendar <i>(9:40 a.m. – Time Approximate)</i>	
<ol style="list-style-type: none"> Minutes of the Finance & Administration Committee Meeting/Special Meeting of the Board of Directors (Finance & Administration) of August 24, 2023 <i>(Approximate Time 1 Minute)</i> 	<i>Approve</i>

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

AGENDA ITEMS	RECOMMENDATIONS
2. Monthly Financial Update - August 2023 (Approximate Time 20 Minutes)	<i>Information</i>
3. Financial Policy Review – District Reserve Policy (Approximate Time 20 Minutes)	<i>Information</i>
Adjournment (10:21 a.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)

FUTURE BOARD AND COMMITTEE MEETINGS AND UPCOMING AGENDA ITEMS:

Dates	Meetings
Tuesday, October 10, 2023 6:30 p.m.	<ul style="list-style-type: none"> Board of Directors’ Regular Bi-Monthly Meeting with Closed Session prior to 6:30 p.m. start time
Friday, October 20, 2023 9:30 a.m.	<ul style="list-style-type: none"> Operations Committee Meeting/Special Meeting of the Board of Directors


 Board Secretary

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



Item Number: 01
Meeting Date: 09-28-2023
Meeting: Finance & Administration Committee/
 Board of Directors (Finance & Administration)

Approval Item

TITLE

Minutes of the Finance & Administration Committee Meeting/Special Meeting of the Board of Directors (Finance & Administration) of August 24, 2023

RECOMMENDATION

Approve the minutes

SUMMARY

The Finance & Administration Committee/Board of Directors (Finance & Administration) held a meeting on August 24. The minutes of that meeting are attached.

DISCUSSION

None

FISCAL IMPACT

None

ATTACHMENT(S)

1. Finance & Administration Committee Meeting/Special Meeting of the Board of Directors (Finance & Administration) Minutes of August 24, 2023

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

**MARIN MUNICIPAL WATER DISTRICT
FINANCE & ADMINISTRATION COMMITTEE MEETING/
SPECIAL MEETING OF THE BOARD OF DIRECTORS (FINANCE & ADMINISTRATION)**

MINUTES

Thursday, August 24, 2023

Held Remotely and In-Person at:

Marin Water, Board Room, 220 Nellen Avenue, Corte Madera, CA 94925

CALL TO ORDER AND ROLL CALL:

Vice Chair Monty Schmitt called the meeting to order at 9:30 a.m.

Directors Present: Ranjiv Khush, Larry Russell, and Monty Schmitt

Directors Absent: Matt Samson and Jed Smith

ADOPT AGENDA:

On motion made by Director Khush and seconded by Director Russell, the board approved the adoption of the agenda. The following roll call vote was made.

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

There were no public comments.

PUBLIC COMMENT – ITEMS NOT ON THE AGENDA:

There were no public comments.

CALENDAR ITEMS:

Item 1 Minutes of the Finance & Administration Committee Meeting/Special Meeting of the Board of Directors of May 25, 2023 and June 22, 2023

On motion made by Director Khush and seconded by Director Russell, the board approved the minutes. The following roll call vote was made.

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

Item 2 Monthly Financial Update – July 2023

Finance Director Bret Uppendahl presented this item. Discussion between the board and staff occurred throughout the presentation.

There were no public comments.

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

Item 3 Quarterly Investment Report – July 2023

Finance Director Uppendahl also presented this item. Discussion followed

There were no public comments.

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

Item 4 Financial Policy Review

The Finance Director highlighted four of the District’s financial policies for the board, including Board Policy #33 Investment Policy, Board Policy #45 Rate Review, Board Policy #46 Reserve Policy, and Board Policy #51 Debt Management.

There was much discussion between the board and staff during the Director’s presentation.

There were no public comments.

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

ADJOURNMENT

There being no further business, the Finance & Administration Committee Meeting/Special Meeting of the Board of Directors (Finance & Administration) adjourned at 10:04 a.m.

Board Secretary



Item Number: 02
Meeting Date: 09-28-2023
Meeting: Finance &
Administration Committee/
Board of Directors (Finance &
Administration)

Informational Item

TO: Finance & Administration Committee/Board of Directors (Finance & Administration)

FROM: Bret Uppendahl, Finance Director *BU*

THROUGH: Ben Horenstein, General Manager *BH*

DIVISION NAME: Administrative Services Division

ITEM: Monthly Financial Update – August 2023

SUMMARY

The Monthly Financial Update provides an overview of the fiscal year-to-date financials. As of August 2023, District revenue is \$19.6 million, or 13.8 percent of the annual budget, and total expenditures including encumbrances are \$21.4 million, or 15.3 percent of budget. Variable water consumption, which is a key indicator of the District's fiscal position, was 4,373 acre feet as of August, representing a 2 percent shortfall compared to the budget.

DISCUSSION

Attached are initial water sales and consumption data for the first two months of FY 2023-24. Billing data for August 2023, which largely reflects consumption activity from May to July, was 8 percent above the prior year level, but 2 percent below budgeted consumption levels. It should be noted that due to the District's bi-monthly billing practice, the updated rate structure will be reflected in the revenue data beginning in September, and the first full billing cycle with the updated rates will be complete in October.

FISCAL IMPACT

None

ATTACHMENT(S)

1. Total Water Sales and Fixed Charges & Fees FY 2023/24
2. Billed Water Consumption in AF FY 2013/14 to FY 2023/24
3. Budget to Actual Comparison August 2023

**Total Water Sales and Fixed Charges & Fees
Fiscal Years 2022/23 - 2023/24**

Month	Water Sales			Service Charge			Watershed Fee			Total Water Sales and Charges		
	22/23	23/24	23/24	22/23	23/24	23/24	22/23	23/23	23/24	22/23	23/24	23/24
	Actual	Budget	Actual	Actual	Budget	Actual	Actual	Budget	Actual	Actual	Budget	Actual
July	\$ 4,004,486	\$ 4,284,800	\$ 4,499,213	\$ 1,491,919	\$ 1,551,596	\$ 1,552,577	\$ 347,285	\$ 361,176	\$ 361,236	\$ 5,843,690	\$ 6,197,572	\$ 6,413,026
August	6,238,037	6,674,699	7,035,420	2,022,350	2,103,244	2,248,821	442,367	460,062	492,859	8,702,754	9,238,005	9,777,101
September	5,301,598	8,466,291		1,722,033	1,838,241		396,510	489,066		7,420,141	10,793,598	-
October	6,612,557	10,876,977		2,267,637	2,420,665		494,747	672,356		9,374,941	13,969,998	-
November	3,463,774	6,871,530		1,552,383	1,666,926		361,370	385,332		5,377,527	8,923,788	-
December	4,698,697	8,974,535		2,271,365	2,438,958		495,229	501,923		7,465,290	11,915,416	-
January	2,327,071	4,132,232		1,560,906	1,676,078		362,582	266,773		4,250,559	6,075,082	-
February	3,453,451	6,959,491		2,257,119	2,423,661		495,426	470,465		6,205,995	9,853,617	-
March	1,909,749	3,941,836		1,570,868	1,686,775		362,955	275,986		3,843,572	5,904,597	-
April	3,332,133	7,371,899		2,255,344	2,421,755		492,476	480,335		6,079,953	10,273,989	-
May	2,446,448	5,532,714		1,575,876	1,692,153		365,751	349,805		4,388,076	7,574,672	-
June	5,118,623	10,422,595		2,282,061	2,450,444		497,235	673,096		7,897,920	13,546,135	-
TOTAL	\$ 48,906,624	\$ 84,509,599	\$ 11,534,633	\$ 22,829,861	\$ 24,370,494	\$ 3,801,398	\$ 5,113,933	\$ 5,386,376	\$ 854,095	\$ 76,850,418	\$ 114,266,469	\$ 16,190,126

Monthly Budget to Actual:	105%	Monthly Budget to Actual:	104%	Monthly Budget to Actual:	104%	Monthly Budget to Actual:	105%
% of Annual Budget:	14%	% of Annual Budget:	16%	% of Annual Budget:	16%	% of total budget received:	14%
Actual to Actual (thru August):	113%	Actual to Actual (thru August):	108%	Actual to Actual (thru August):	108%	Actual to Actual (thru August):	111%

**Billed Water Consumption In AF
Fiscal Year 2013/14 - 2023/24**

Month	13/14 Actual	14/15 Actual	15/16 Actual	16/17 Actual	17/18 Actual	18/19 Actual	19/20 Actual	2021 Actual	21/22 Actual	22/23 Actual	23/24 Budget	23/24 Actual	Monthly Budget Variance	Actual to Actual % Change
July	2,205	1,969	1,628	1,876	1,931	1,975	1,834	2,022	1,642	1,562	1,748	1,674	-4.21%	7.22%
August	3,407	3,186	2,620	3,012	3,206	3,245	3,112	3,215	2,500	2,476	2,715	2,699	-0.60%	8.98%
September	2,244	1,973	1,775	1,939	2,027	2,145	2,112	2,205	1,604	1,881	1,901			
October	3,215	2,778	2,583	2,767	3,140	2,951	3,058	3,124	2,293	2,498	2,614			
November	1,931	1,454	1,490	1,340	1,705	1,664	1,837	1,882	1,153	1,329	1,354			
December	2,433	1,984	1,935	1,646	1,914	2,169	2,295	2,418	1,439	1,795	1,764			
January	1,342	1,065	991	910	942	993	1,186	1,157	735	984	938			
February	1,996	1,651	1,450	1,392	1,754	1,525	1,556	1,625	1,646	1,385	1,653			
March	1,042	1,048	832	846	992	879	1,105	970	948	830	970			
April	1,627	1,910	1,467	1,375	1,612	1,427	1,883	1,775	1,717	1,377	1,688			
May	1,308	1,379	1,067	1,092	1,240	1,224	1,378	1,459	1,209	1,044	1,229			
June	2,642	2,344	2,478	2,416	2,516	2,349	2,711	2,559	2,217	2,119	2,366			

TOTAL **25,390** **22,742** **20,316** **20,611** **22,978** **22,546** **24,065** **24,410** **19,104** **19,279** **20,941** **4,373**

Change from prior year: -10.43% -10.67% 1.45% 11.49% -1.88% 6.74% 1.43% -21.74% 0.92%

Budget-to-Actual Basis **-2.02%**
Actual-to-Actual Basis **8.30%**
% of Total Budget **20.88%**

Marin Municipal Water District
Budget to Actual Comparison for FY 2023/24
Preliminary Unaudited

Operating Fund

Revenues and Expenditures	FY 2024 Budget	Actual as of August 31, 2023	% of Budget
Revenues:			
Water Sales and Service Charge:			
Water Sales	\$ 84,509,599	\$ 11,510,233	13.6%
Service Charge	24,370,494	3,801,398	15.6%
Watershed Management Fee	5,386,376	854,095	15.9%
Total Water Sales and Service Charge	114,266,469	16,165,726	14.1%
Other Revenues:			
Rents and Royalties	1,974,852	276,413	14.0%
Grants	-	-	-
Permits and Fees	365,120	63,733	17.5%
Late Payments & Charges	120,133	52,343	43.6%
Interest	675,000	12,006	1.8%
Miscellaneous	286,804	20,470	7.1%
Total Other Revenues	3,421,909	424,965	12.4%
Total Operating Revenues	117,688,378	16,590,691	14.1%
Expenditures:			
Personnel services	56,762,068	7,832,219	13.8%
Materials and supplies	4,319,121	323,355	7.5%
Operations	12,056,458	656,054	5.4%
Water conservation rebate program	1,291,000	8,337	0.6%
Electrical power	5,500,000	1,302,399	23.7%
Water purchased	11,477,700	3,372,448	29.4%
Insurance, including claims	2,568,000	373,896	14.6%
General and administrative	5,579,988	325,939	5.8%
Debt service - interest and principal	9,527,293	1,587,882	16.7%
Overhead cost allocated to capital	(4,700,000)	(660,039)	14.0%
Total Operating Expenditures	104,381,628	15,122,491	14.5%
Transfer out to Capital Fund	8,548,914	1,164,365	13.6%
Transfer out to Reserves	5,000,000	833,333	16.7%
Net Operating Fund Increase/(Decrease)	\$ (242,164)	\$ (529,499)	

Marin Municipal Water District
Budget to Actual Comparison for FY 2023/24
Preliminary Unaudited

Capital Funds

Revenues and Expenditures	FY 2024 Budget	Actual as of August 31, 2023	% of Budget
Revenues:			
Capital Maintenance Fee	\$ 17,118,698	\$ 2,858,885	16.7%
Capital Connection Fee	100,000	41,552	41.6%
Capital Grants & Contribution	2,134,500	-	0.0%
Customer Reimbursement Project	500,000	128,632	25.7%
Interest Income	63,750	-	0.0%
Total Capital Revenues	19,916,948	3,029,070	15.2%
Transfer-in from Operating Fund	8,548,914	1,164,365	
Capital Expenditures:			
Capital Improvement Projects	29,693,384	1,125,680	3.8%
Capital Equipment Purchases	1,365,114	3,608	0.3%
Total Capital Expenditures	31,058,498	1,129,287	3.6%
Net Capital Fund Increase/(Decrease)	\$ (2,592,636)	\$ 3,064,147	

Marin Municipal Water District
Budget to Actual Comparison for FY 2023/24
Preliminary Unaudited

Fire Flow Funds

Revenues and Expenditures	FY 2024 Budget	Actual as of August 31, 2023	% of Budget
Revenues:			
Fire Flow	4,500,000	22,333	0.5%
Interest Income	-	-	
Total Revenues	4,500,000	22,333	0.5%
Expenditures:			
Capital Projects - Fire Flow	4,500,000	402,978	9.0%
Net Fire Flow Fund Increase/(Decrease)	\$ -	\$ (380,645)	



Item Number: 03
Meeting Date: 09-28-2023
Meeting: Finance &
Administration Committee/
Board of Directors (Finance &
Administration)

Informational Item

TO: Finance & Administration Committee/Board of Directors (Finance & Administration)

FROM: Bret Uppendahl, Finance Director *BU*

THROUGH: Ben Horenstein, General Manager *BH*

DIVISION NAME: Administrative Services Division

ITEM: Financial Policy Review – District Reserve Policy

SUMMARY

The District maintains four fiscal policies that collectively provide guidance for the prudent financial management and long term financial strategy for the organization. The four policies address a broad range of financial activities, including investments of District funds (Board Policy #33), periodic review of the water rate structure (Board Policy #45), reserves (Board Policy #46) and debt management (Board Policy #51). The focus of today's discussion will be a refinement of the District's reserve policy.

DISCUSSION

During the August Finance Committee meeting, staff provided an overview of the current fiscal policies with a focus on Board Policy #46, 'Reserves'. Within the existing policy language for reserves, there are six separate reserve funds that have been established for specific purposes. The last update to this policy was the addition of the Water Supply Project Fund in April 2023. Prior to the addition of the Water Supply Project Fund, the Reserve Policy was last updated in 2013 with the addition of the Rate Stabilization Fund.

As outlined in the August edition of *Government Finance Review*, local governments have been taking new approaches to 'rethinking reserves' that incorporate recent trends such as increased risk and uncertainty, changes in the climate and insurance landscape, resource constraints, and diminished trust in government. A risk-based approach that is tailored to the specific needs of the local organization is recommended. At a high level, this strategy includes ensuring sufficient cash balances to withstand revenue fluctuations, providing resources for emergency response, smoothing out the fiscal impacts to the ratepayer base, and strategically building up reserves for future investment. The authors provided a wide range of recommendations for improving

reserve policies, which include developing comprehensive reserve policies that clearly define the purpose of each reserve fund and contain a range of targets, with both a floor and a ceiling.

During the last Finance Committee Meeting, staff presented a risk-based analysis that indicated a range between \$38 million and \$110 million for the District's total cash reserves. It was noted that the middle range of the analysis was \$74 million, which was about equal to the level of reserves maintained by the District in 2021, prior to depletion of District reserves during the drought.

In addition, reviewing the District's current fiscal policies, staff has also conducted a review of other comparable water utilities in the Bay Area. While Marin Water's overall cash balance requirement was comparable to other agencies, there were differences in the underlying fiscal policy language with regard to defining the purpose for each reserve fund and the inclusion of both minimum balances and target balances for each reserve fund.

Today's discussion will include a review of the District's current reserve policy language, a summary of other water utility policies in the Bay Area and initial recommendations to refine the District's reserve policy.

FISCAL IMPACT

None

ATTACHMENT(S)

1. Board Policy # 46: Reserve Policy



MARIN MUNICIPAL WATER DISTRICT

Item Number: 03
Attachment: 01

BOARD POLICY

No.: 46

DATE: 12/17/13

LAST REVISED: 04/04/23

SUBJECT: RESERVES

Introduction

The purpose of this document is to establish a consistent policy for establishing the minimum reserve levels to be maintained by the District.

Scope

It is intended that this policy cover all reserve funds currently or to be established and held by the District. This policy shall not pertain to reserves held for the benefit of the District by others or reserves established as the result of the borrowing money or the issuance of debt by the District.

General

The Board recognizes the need and benefit of maintaining reserves for various purposes. It is the goal of this policy to establish those reserve funds and the minimum amount to be maintained by each.

Policy

The Board of Directors of the Marin Municipal Water District shall review the level of reserves held in each fund annually and at the time of adopting the two-year preliminary or proposed operating and/or capital budget. Only those reserve funds held by the District are subject to this policy.

The Board authorizes and directs that the following reserve funds be established and further directs that the minimum amount of each reserve fund shall be, or shall be calculated to be, as follows:

- 1) Insurance Reserve Fund: This fund is established to pay exceptionally large self-insured claims. The fund shall maintain a minimum balance equivalent to six times the District's self-insured retention.

- 2) Workers Compensation Reserve Fund: This fund is established to accumulate reserves sufficient to pay current and future workers compensation claims and operating expenses. The minimum balance shall be that set by the actuary. An actuarial study shall be conducted as required by state law but no less frequently than bi-annually.
- 3) Capital Reserve Fund: This fund is established to accumulate reserves that may be used for current and future capital construction and equipment purchases. The fund shall accumulate funds from annual transfers from operating revenues, funds received from one time “windfall” revenues and revenues from the sale of capital assets. The minimum balance shall be equivalent to the annual budget for capital expenditures.
- 4) Unrestricted/Undesignated Reserve Fund: This fund is established to accumulate reserves which may be used for any purpose of the District. A minimum balance equivalent to six months of the annual operating budget shall be maintained. At the time this reserve fund is reviewed, the Board shall adopt a level of reserve desired ten years from the date of review. This level shall then be used in the rate model when setting rates, fees, and charges.
- 5) Rate Stabilization Fund: This fund is established to accumulate reserves which may be used for transfer to gross revenues to be used in the calculation of the District’s debt coverage ratio or for any other lawful purpose of the District. The Rate Stabilization Fund is increased by deposits of gross revenues made 180 days following the end of a fiscal year by Board approval.
- 6) Water Supply Project Fund: This fund is established to accumulate reserves to support water supply enhancement and resiliency projects. Beginning FY 2023-24, \$2.5 million will be transferred to the Water Supply Project Fund annually.