



NOTICE OF THE FINANCE & ADMINISTRATION COMMITTEE MEETING

Thursday, October 23, 2025 at 9:30 AM

AGENDA

LOCATIONS:

Open Session to start at or after 9:30 a.m.

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

Outside location for Director Diana Maier - The Dupont Circle, Room #643, 1500 New Hampshire Ave.,
NW, Washington, D.C. 20036

Public Participation:

The public may attend this meeting in-person or remotely using the following methods:

On a computer or smart device, go to: <https://marinwater.zoom.us/j/81110533069>

By phone, dial: **1-669-444-9171** and use Webinar ID: **811 1053 3069**

HOW TO PROVIDE PUBLIC COMMENT:

During the Meeting: Typically, you will have 3 minutes to make your public comment, however, the committee chair may shorten the amount of time for public comment due to a large number of attendees. Furthermore, pursuant to Government Code, section 54954.2 (the Brown Act), the Committee may not take action or discuss any item that does not appear on the agenda.

-- **In-Person Attendee:** Fill out a speaker card and provide to the board secretary. List the number/letter (ex: 6a) 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.

-- **Remote Attendee:** Use the "raise hand" button on the bottom of the Zoom screen. If you are joining by phone and would like to comment, press *9. The board secretary will use the last four digits of your phone number to call on you (dial *6 to mute/unmute).

In Advance of the Meeting: Submit your comments by email in advance of the meeting to boardcomment@marinwater.org. To ensure that your comment is provided to the Committee members prior to the meeting, please email your comment 24 hours in advance of the meeting start time. Comments received after this cut off time will be sent to the Committee after the meeting. Please do not include personal information in your comment such as phone

AGENDA ITEMS:

1. Call to Order and Roll Call

2. Public Comment on Non-Agenda Matters

This is the time when any person may address the Board of Directors on matters not listed on this agenda, but which are within the subject matter jurisdiction of the Board.

3. Regular Items (9:35 a.m. – Time Approximate)

- a. Minutes of the Finance & Administration Committee Meeting/Special Meeting of the Board of Directors on September 25, 2025

RECOMMENDATION: Accept the minutes

- b. Monthly Financial Update

RECOMMENDATION: Review and comment on the Monthly Financial Update

- c. Reserve Policy Update

RECOMMENDATION: Review and comment on the District's Reserve Policy and recommended revisions

4. Upcoming Meeting

The next Finance & Administration Committee Meeting will take place on Thursday, November 20, 2025 at 9:30 a.m.

5. Adjournment (10:30 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 the Board Secretary/ADA Coordinator at 415.945.1448, at least two business 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 Administration Building, and marinwater.org.

Posted: 10-17-2025



STAFF REPORT

Meeting Type: Finance & Administration Committee

Title: Minutes of the Finance & Administration Committee Meeting/Special Meeting of the Board of Directors on September 25, 2025

From: Terrie Gillen, Board Secretary

Through: Ben Horenstein, General Manager

Meeting Date: October 23, 2025

TYPE OF ITEM: X Approve Review and Comment

RECOMMENDATION: Accept the minutes

SUMMARY: There was a Finance & Administration Committee Meeting/Special Meeting of the Board of Directors on September 25, 2025. The minutes of that meeting are attached.

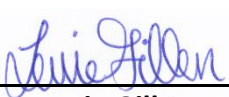
DISCUSSION: None.

ENVIRONMENTAL REVIEW: Not applicable.

FISCAL IMPACT: None.

ATTACHMENT(S):

1. Draft September 25, 2025 Minutes of the Finance & Administration Committee Meeting/Special Meeting of the Board of Directors

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



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

Thursday, September 25, 2025 at 9:30 AM

MINUTES

LOCATIONS:

Open Session to start at or after 9:30 a.m.

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

Closed Session to immediately follow Open Session

Marin Water Mt. Tam Conference Room - 220 Nellen Avenue, Corte Madera, CA 94925

Public Participation:

The public may attend this meeting in-person or remotely using the following methods: on a computer or smart device, <https://marinwater.zoom.us/j/81110533069>, or by phone, 1-669-444-9171 using Webinar ID #: 811 1053 3069.

AGENDA ITEMS:

1. Call to Order and Roll Call

Chair Jed Smith called the meeting to order at 9:30 a.m.

DIRECTORS PRESENT

Ranjiv Khush

Larry Russell

Diana Maier

Jed Smith

DIRECTOR ABSENT

Matt Samson

2. Adoption of Agenda

Director Khush made the motion to adopt the agenda. Vice Chair Maier seconded the motion.

There were no public comments.

Voting Yea: Directors Khush, Russell, Maier, and Smith

3. Public Comment on Non-Agenda Matters

There were no public comments.

4. Regular Items

- a. Minutes of the Finance & Administration Committee Meeting on August 28, 2025

RECOMMENDATION: Accept the minutes

Vice Chair Maier made the motion to accept the minutes. Director Khush seconded the motion.

There were no public comments.

Voting Yea: Directors Khush, Russell, Maier, and Smith

- b. Monthly Financial Update

RECOMMENDATION: Review and comment on the Monthly Financial Update

Finance Director Bret Uppendahl presented this item, including a summary of FY 25-26 revenues and expenditures to date, preliminary audit results from FY 24-25, and an update on the District's reserves.

Discussion between the Board and staff occurred during and after the presentation.

There were no public comments.

This was an information item. No formal action was taken.

5. Upcoming Meeting

The next Finance & Administration Committee Meeting will take place on Thursday, October 23, 2025 at 9:30 a.m.

6. Announcement of Closed Session Item(s); Public Comments on Closed Session Item(s)

Chair Smith announced that the Board will convene to Closed Session.

There were no public comments.

The directors left the Board Room and went to the Mt. Tam Conference Room at 10:03 a.m. to discuss the following item.

a. **Liability Claim**
(California Government Code §54956.9 (e)(3))

Claimant: Garren Campbell dba Garren's Auto Body
Agency Claimed Against: Marin Municipal Water District

The chair adjourned the closed session, and the directors went to the Board Room.

7. **Reconvene to Open Session; Closed Session Report Out**

The Board reconvened to Open Session. Chair Smith reported that no reportable action occurred during the Closed Session.

8. **Adjournment**

There being no further business, the Finance & Administration Committee Meeting/Special Meeting of the Board of Directors adjourned at 10:23 a.m.

Board Secretary



STAFF REPORT

Meeting Type: Finance & Administration Committee
Title: Monthly Financial Update
From: Bret Uppendahl, Finance Director
Through: Ben Horenstein, General Manager
Meeting Date: October 23, 2025

BU
BH

TYPE OF ITEM: Approve X Review and Comment

RECOMMENDATION: Review and comment on the Monthly Financial Update

SUMMARY: The Monthly Financial Update provides an overview for fiscal year 2025/26 water sales revenue and fiscal year-to-date financials.

Fiscal year 2025/26 District operating and capital revenue is \$46.6 million, which is 26% of budgeted revenue for the year. Total expenditures including encumbrances are \$53.2 million, or 27% of annual budget. Water sales, excluding fixed charges, are 8% below the budget for the first three months of the year.

DISCUSSION: Attached is the budget to actual comparison for fiscal year 2025/26 as of September 30, 2025, which is prepared by fund and includes revenues and expenditures. For reference, if revenues and expenses tracked linearly, they would be expected to be at 25% of the fiscal year budget at the end of September.

For the Operating Fund, total revenues as of September 30, 2025 are \$42.3 million, or 28% of budget. Total operating expenditures, not including depreciation and amortization or encumbrances, are \$26.5 million, or 23% of budget. For the Capital Fund, total revenues are \$4.3 million, which is 16% of budget. These revenues are comprised primarily of Capital Maintenance Fee (CMF) revenues, which are at 23% of the budget. Total Capital Improvement Program (CIP) expenditures are \$4.6 million, or 5% of budget, as CIP projects typically do not follow linear trends in expenditures. As noted in Attachment 4, an additional \$22.1 million is encumbered, bringing total expenditures with encumbrances to \$26.7 million, or 32% of budget.

The fiscal year to date billed water sales through September 30, 2025 were \$33.7 million, which is 29% of the annual water sales forecast, and 92% of the expected revenue through the first three months of the fiscal year. Billed water consumption through September 30, 2025 was 6,217 AF, which is 6% lower than this time last year.

Year-to-date total water sales and fees (service charges, watershed fees and capital maintenance fees) through September 30, 2025 were \$45.4 million, which is 27% of the total annual rate revenue forecast of \$165.8 million (\$147.9 million operating and \$17.9 million capital). Compared to the same period for the previous fiscal year water sales and fees increased by \$2.6 million, or 6%.

ENVIRONMENTAL REVIEW: Not applicable.

FISCAL IMPACT: None.

ATTACHMENT(S):

- 1. Total Water Sales and Fixed Charges & Fees FY 2024/25 – 2025/26
- 2. Billed Water Consumption in AF FY 2015/16 to FY 2025/26
- 3. Budget to Actual Comparison for FY 2025/26
- 4. CIP Budget to Actual Comparison for FY 2025/26

Attachment 1

Total Water Sales and Fixed Charges & Fees Fiscal Years 2024/25 - 2025/26

Section 3. Item #b.

OPERATING FUND

CAPITAL FUND

Month	Water Sales			Service Charge			Watershed Fee			Capital Maintenance Fee			Total Water Sales and Charges		
	24/25 Actual	25/26 Budget	25/26 Actual	24/25 Actual	25/26 Budget	25/26 Actual	24/25 Actual	25/26 Budget	25/26 Actual	24/25 Actual	25/26 Budget	25/26 Actual	24/25 Actual	25/26 Budget	25/26 Actual
July	\$ 7,743,761	\$ 9,045,000	\$ 8,916,522	\$ 1,638,745	\$ 1,723,000	\$ 1,716,621	\$ 441,637	\$ 448,000	\$ 435,208	\$ 1,107,901	\$ 1,210,000	\$ 1,167,597	\$ 10,932,044	\$ 12,426,000	\$ 12,235,949
August	13,177,298	15,392,000	13,832,541	2,387,120	2,502,000	2,488,658	798,805	716,000	729,018	1,634,811	1,766,000	1,687,661	17,998,034	20,376,000	18,737,878
September	10,537,001	12,308,000	10,916,907	1,707,764	1,806,000	1,789,823	487,440	544,000	496,293	1,159,561	1,210,000	1,227,543	13,891,766	15,868,000	14,430,567
October	13,984,090	16,334,000		2,486,025	2,626,000		737,461	806,000		1,699,834	1,770,000		18,907,409	21,536,000	
November	7,924,059	9,256,000		1,715,498	1,797,000		399,030	430,000		1,166,678	1,206,000		11,205,265	12,689,000	
December	9,077,109	10,602,000		2,518,543	2,637,000		502,893	537,000		1,715,283	1,772,000		13,813,827	15,548,000	
January	4,012,842	4,687,000		1,703,314	1,799,000		238,041	281,000		1,166,490	1,214,000		7,120,687	7,981,000	
February	6,480,068	7,569,000		2,490,645	2,629,000		379,545	421,000		1,706,906	1,772,000		11,057,165	12,391,000	
March	3,366,736	3,932,000		1,612,894	1,735,000		202,234	229,000		1,104,439	1,170,000		6,286,303	7,066,000	
April	6,013,038	7,023,000		2,399,960	2,580,000		359,204	408,000		1,652,559	1,749,000		10,424,760	11,760,000	
May	5,428,949	6,341,000		1,907,379	1,912,000		312,599	324,000		1,287,089	1,272,000		8,936,016	9,849,000	
June	11,312,446	13,214,122		2,484,907	2,614,957		630,151	685,124		1,698,519	1,766,643		16,126,022	18,280,846	
TOTAL	\$ 99,057,397	\$115,703,122	\$ 33,665,971	\$ 25,052,793	\$ 26,360,957	\$ 5,995,102	\$ 5,489,039	\$ 5,829,124	\$ 1,660,519	\$ 17,100,069	\$ 17,877,643	\$ 4,082,801	\$146,699,299	\$165,770,846	\$ 45,404,393

Monthly Budget to Actual: 91.6%
% of Annual Budget: 29.1%
Actual to Actual: 107.0%

Monthly Budget to Actual: 99.4%
% of Annual Budget: 22.7%
Actual to Actual: 104.6%

Monthly Budget to Actual: 97.2%
% of Annual Budget: 28.5%
Actual to Actual: 96.1%

Monthly Budget to Actual: 97.5%
% of Annual Budget: 22.8%
Actual to Actual: 104.6%

Monthly Budget to Actual: 93.3%
% of Annual Budget: 27.4%
Actual to Actual: 106.0%

Attachment 2

Section 3. Item #b.

Billed Water Consumption In AF Fiscal Year 2015/16 - 2025/26

Month	15/16 Actual	16/17 Actual	17/18 Actual	18/19 Actual	19/20 Actual	20/21 Actual	21/22 Actual	22/23 Actual	23/24 Actual	24/25 Actual	25/26 Budget	25/26 Actual	Monthly Budget Variance	Actual to Actual % Change
July	1,628	1,876	1,931	1,975	1,834	2,022	1,642	1,562	1,674	1,690	1,706	1,649	-3.3%	-2.4%
August	2,620	3,012	3,206	3,245	3,112	3,215	2,500	2,476	2,697	3,052	3,081	2,740	-11.1%	-10.2%
September	1,775	1,939	2,027	2,145	2,112	2,205	1,604	1,881	1,866	1,851	1,863	1,828	-1.9%	-1.2%
October	2,583	2,767	3,140	2,951	3,058	3,124	2,293	2,498	2,673	2,779	2,804			
November	1,490	1,340	1,705	1,664	1,837	1,882	1,153	1,329	1,409	1,516	1,528			
December	1,935	1,646	1,914	2,169	2,295	2,418	1,439	1,795	1,749	1,908	1,927			
January	991	910	942	993	1,186	1,157	735	984	1,013	910	923			
February	1,450	1,392	1,754	1,525	1,556	1,625	1,646	1,385	1,431	1,442	1,461			
March	832	846	992	879	1,105	970	948	830	805	830	784			
April	1,467	1,375	1,612	1,427	1,883	1,775	1,717	1,377	1,419	1,369	1,386			
May	1,067	1,092	1,240	1,224	1,378	1,459	1,209	1,044	1,042	1,201	1,213			
June	2,478	2,416	2,516	2,349	2,711	2,559	2,217	2,119	2,254	2,374	2,398			
TOTAL	20,316	20,611	22,978	22,546	24,065	24,410	19,104	19,279	20,030	20,922	21,075	6,217		
<i>Change from prior year:</i>	<i>-10.67%</i>	<i>1.45%</i>	<i>11.49%</i>	<i>-1.88%</i>	<i>6.74%</i>	<i>1.43%</i>	<i>-21.74%</i>	<i>0.92%</i>	<i>3.90%</i>	<i>4.45%</i>				

Budget-to-Actual Basis **-6.5%**
Actual-to-Actual Basis **-5.7%**
% of Total Budget **29.5%**

Attachment 3

Section 3. Item #b.

Marin Municipal Water District
FY 2025/26 Budget to Actual Comparison
Preliminary Unaudited

Operating Fund

	FY 2026	Actual as of	% of	Actual as of
Revenues and Expenditures	Budget	Sep 30, 2025	Budget	Sep 30, 2024
Revenues:				
Water Sales and Service Charge:				
Water Sales	\$ 115,703,122	\$ 33,665,971	29.1%	\$ 31,458,060
Service Charge	26,360,957	5,995,102	22.7%	5,733,678
Watershed Management Fee	5,829,124	1,660,519	28.5%	1,727,882
Total Water Sales and Service Charge	147,893,203	41,321,592	27.9%	38,919,621
Other Revenues:				
Rents and Royalties	2,369,000	443,224	18.7%	431,721
Grants	-	-	-	-
Permits and Fees	225,000	89,461	39.8%	90,176
Late Payments & Charges	110,000	25,290	23.0%	82,304
Interest	2,680,000	275,593	10.3%	61,883
Miscellaneous	225,000	128,010	56.9%	68,810
Total Other Revenues	5,609,000	961,578	17.1%	734,894
Total Operating Revenues	153,502,203	42,283,170	27.5%	39,654,515
Expenditures:				
Personnel services	62,843,277	13,769,713	21.9%	12,931,581
Materials and supplies	4,414,901	926,692	21.0%	857,501
Operations	14,140,563	1,178,213	8.3%	1,345,165
Water conservation rebate program	608,375	100,844	16.6%	65,999
Electrical power	6,400,000	2,169,959	33.9%	1,632,392
Water purchased	14,240,080	4,986,694	35.0%	4,151,584
Insurance, including claims	3,179,300	1,113,775	35.0%	562,594
General and administrative	6,247,661	1,006,879	16.1%	762,369
Debt service - interest and principal	9,383,807	2,345,952	25.0%	2,347,992
Overhead cost allocated to capital	(5,400,000)	(1,063,044)	19.7%	(1,089,522)
Total Operating Expenditures	116,057,963	26,535,678	22.9%	23,567,657
Transfer out to Capital Fund	34,272,357	9,972,178	29.1%	6,747,910
Transfer out to Reserves	5,000,000	1,250,000	25.0%	1,250,000
Net Operating Fund Increase/(Decrease)	\$ (1,828,117)	\$ 4,525,314		\$ 8,088,949

Marin Municipal Water District
FY 2025/26 Budget to Actual Comparison
Preliminary Unaudited

Section 3. Item #b.

Capital Fund

Revenues and Expenditures	FY 2026 Budget	Actual as of Sep 30, 2025	% of Budget	Actual as of Sep 30, 2024
Revenues:				
Capital Maintenance Fee	\$ 17,877,643	\$ 4,082,801	22.8%	\$ 3,902,273
Capital Connection Fee	100,000	85,055	85.1%	80,286
Capital Grants & Contribution	8,985,854	-	0.0%	144,243
Customer Reimbursement Project	500,000	114,394	22.9%	120,079
Interest Income	-	-	-	-
Total Capital Revenues	27,463,497	4,282,250	15.6%	4,246,881
Transfer-in from Operating Fund	34,272,357	9,972,178		6,747,910
Capital Expenditures:				
Capital Improvement Projects	82,547,023	4,468,461	5.4%	7,277,895
Capital Equipment Purchases	1,456,055	74,431	5.1%	220,875
Total Capital Expenditures	84,003,078	4,542,892	5.4%	7,498,771
Net Capital Fund Increase/(Decrease)	\$ (22,267,224)	\$ 9,711,537		\$ 3,496,020

Marin Municipal Water District
FY 2025/26 Budget to Actual Comparison
Preliminary Unaudited

Section 3. Item #b.

Fire Flow Fund

Revenues and Expenditures	FY 2026 Budget	Actual as of Sep 30, 2025	% of Budget	Actual as of Sep 30, 2024
Revenues:				
Fire Flow	4,500,000	35,978	0.8%	45,062
Interest Income	-	-		-
Total Revenues	4,500,000	35,978	0.8%	45,062
Expenditures:				
Capital Projects - Fire Flow	9,630,187	2,962,354	30.8%	799,889
Net Fire Flow Fund Increase/(Decrease)	\$ (5,130,187)	\$ (2,926,376)		\$ (754,826)

Attachment 4

Section 3. Item #b.

CIP Projects	FY 2026		Capital Projects		Encumbered for Contracts		Total	Fire Flow
		Budget		Actual as of Sep 30, 2025		Actual as of Sep 30, 2025		
District Pipeline Replacement	\$	15,599,643	\$	2,102,941	\$	8,281,323	\$	10,384,265
Tank Maintenance & Replacement		12,148,696		620,970		4,200,326		4,821,296
Treatment Plant Facilities		4,799,337		313,489		1,753,816		2,067,305
Dam/Pump/Control System/Meters		21,467,037		515,662		5,030,324		5,545,986
Asset Mangement		1,226,638		784		545,854		546,638
Watershed - Natural Resource Project		2,141,531		123,883		248,017		371,899
Watershed - Other		2,192,281		113,710		124,772		238,483
Information Technology		6,619,474		-		37,478		37,478
Fire Flow Replacement		9,630,187		2,962,354		1,320,910		4,283,264
Reimbursable Grant Projects		15,693,643		492,739		1,727,994		2,220,734
Reimbursable Customer Projects		658,743		184,283		-		184,283
Capital Equipment Purchases		1,456,055		74,431		134,047		208,478
Total Capital Projects	\$	93,633,265	\$	7,505,246	\$	23,404,861	\$	30,910,107



STAFF REPORT

Meeting Type:

Finance & Administration Committee

Title:

Reserve Policy Update

From:

Bret Uppendahl, Finance Director

Through:

Ben Horenstein, General Manager

Meeting Date:

October 23, 2025

BU

BJ

TYPE OF ITEM:

Approve

X

Review and Comment

RECOMMENDATION: Review and comment on the District’s Reserve Policy and recommended revisions

SUMMARY: The purpose of Board Policy #46 is to establish minimum and target levels for the District’s seven distinct reserve funds. This policy was last updated in 2023 to provide greater clarity in the purpose of each reserve fund. Staff is recommending that the Board consider adding an additional reserve fund to accumulate funds for large-scale investments in District facilities.

DISCUSSION: The District maintains fiscal policies that collectively provide guidance for the prudent financial management and long term strategic planning. Board Policy #46: ‘Reserves’ details the District’s existing reserve funds. During the Finance and Administration Committee meetings on April 24th and September 25th District staff provided an overview of the District’s reserves and projected balances for the fiscal year ending June 30, 2025. Staff confirmed that all current reserves have met the minimum targets and there was a surplus in the operating fund, primarily resulting from expenditure savings.

The District’s Capital Improvement Program (CIP) has typically included funding for minor repairs and improvements to District facilities. However, CIP does not provide funding for new buildings or significant improvements because the majority of CIP funding is prioritized for maintenance and repair of water supply and distribution assets, such as pipelines, pumps, storage tanks and water treatment facilities. The District’s two largest facilities are the Corporation Yard and the Administration Building. Together, these buildings are over 60,000 square feet and they provide workspace for approximately 200 employees. Both buildings date back to the 1960’s and are in need of significant improvements.

Staff’s recommendation is to establish a Facility Reserve that accumulates unspent budget from personnel services when the Operating Fund ends the year with a surplus. The funds in this reserve would be used to partially offset the costs of future acquisition, construction or improvements to worksite facilities and buildings that offer access to the public. Staff is recommending to set the

minimum balance equal to three percent of the operating fund budget for personnel services, and a target balance equal to twenty percent of the operating fund budget for personnel services. For FY 2025/26, this would equate to a minimum balance of \$1,885,298 and a target balance of \$12,568,655. For the fiscal year ending June 30, 2025, the operating fund had unspent personnel services budget of approximately \$2.4 million.

ENVIRONMENTAL REVIEW: Not applicable.

FISCAL IMPACT: None.

ATTACHMENT(S):

1. Board Policy #46: Reserves (current)
2. Board Policy #46: Reserves (proposed changes)



MARIN MUNICIPAL WATER DISTRICT

BOARD POLICY

No.: 46

DATE: 10/24/2023

LAST REVISED: 04/04/2023

SUBJECT: RESERVES

Introduction

The purpose of this document is to establish a consistent policy for establishing the minimum and target 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 to ensure that sufficient funding is available for operating, capital and debt service needs. Reserve funds will be accumulated and managed in a manner which allows the District to maintain daily operations and planned capital investments during times of economic uncertainty and to utilize reserves to stabilize long term water rates. It is the goal of this policy to establish the purpose for each reserve fund, as well as the minimum amount and target balances 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 operating and capital budget.

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

- 1) Insurance Reserve Fund: This fund is established to provide funding for the self-insured retention portion of insured loss claims. The fund shall maintain a minimum balance equivalent to the District's total annual self-insured retention. The target balance shall be two times the District's total annual 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 set by an actuarial review of the District's net claim liabilities. 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 capital construction projects, equipment purchases, and grant matching purposes for capital projects. The fund shall accumulate unspent funds from annual transfers from operating revenues, unspent prior year Capital Maintenance Fee revenues and Connection Fees, funds received from one time "windfall" revenues and revenues from the sale of capital assets. The minimum balance shall be equivalent to 25 percent of the annual Capital Maintenance Fee revenue budget. The target balance shall be equivalent to 50 percent the annual Capital Maintenance Fee revenue budget.
- 4) Undesignated Operating Reserve Fund: This fund is established to accumulate reserves which may be used for any purpose of the District, including but not limited to unanticipated expenditures, emergency response, grant matching or pilot projects. A minimum balance equivalent to two months of the annual operating budget shall be maintained. The target balance shall be equivalent to three months of the annual operating budget. The target level shall be incorporated in the rate model when setting the District's water rates, fees, and charges.
- 5) Rate Stabilization Fund: This fund is established to accumulate reserves which may be used to mitigate the impact of revenue shortfalls attributable to reduced water sales, or to transfer 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 minimum balance shall be equivalent to ten percent of the District's variable water revenue. The target balance shall be equivalent to twenty percent of the District's variable water revenue. The target level shall be incorporated in the rate model when setting the District's water rates, fees and charges.
- 6) Water Supply Project Fund: This fund is established to accumulate reserves to support large scale investments and grant matching requirements related to supplemental water supply enhancement and resiliency projects. Beginning FY 2023-24, \$2.5 million will be transferred to the Water Supply Project Fund annually. The annual transfer shall be incorporated in the rate model when setting the District's water rates, fees and charges.
- 7) Pension Stabilization Fund: This fund is established to provide funding for required Unfunded Accrued Liability (UAL) payments resulting from investment market shortfalls and/or actuarial assumption changes. The minimum balance shall be equivalent to thirty five percent of the District's annual UAL payment. The target balance shall be equivalent to sixty percent of the District's annual

UAL payment. The target level shall be incorporated in the rate model when setting the District's water rates, fees and charges.



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RESERVES

Introduction

The purpose of this document is to establish a consistent policy for establishing the minimum and target 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 to ensure that sufficient funding is available for operating, capital and debt service needs. Reserve funds will be accumulated and managed in a manner which allows the District to maintain daily operations and planned capital investments during times of economic uncertainty and to utilize reserves to stabilize long term water rates. It is the goal of this policy to establish the purpose for each reserve fund, as well as the minimum amount and target balances 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 operating and capital budget.

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

- 1) **Insurance Reserve Fund:** This fund is established to provide funding for the self-insured retention portion of insured loss claims. The fund shall maintain a minimum balance equivalent to the District's total annual self-insured retention. The target balance shall be two times the District's total annual 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 set by an actuarial review of the District's net claim liabilities. 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 capital construction projects, equipment purchases, and grant matching purposes for capital projects. The fund shall accumulate unspent funds from annual transfers from operating revenues, unspent prior year Capital Maintenance Fee revenues and Connection Fees, funds received from one time "windfall" revenues and revenues from the sale of capital assets. The minimum balance shall be equivalent to 25 percent of the annual Capital Maintenance Fee revenue budget. The target balance shall be equivalent to 50 percent the annual Capital Maintenance Fee revenue budget.
- 4) **Undesignated Operating Reserve Fund:** This fund is established to accumulate reserves which may be used for any purpose of the District, including but not limited to unanticipated expenditures, emergency response, grant matching or pilot projects. A minimum balance equivalent to two months of the annual operating budget shall be maintained. The target balance shall be equivalent to three months of the annual operating budget. The target level shall be incorporated in the rate model when setting the District's water rates, fees, and charges.
- 5) **Rate Stabilization Fund:** This fund is established to accumulate reserves which may be used to mitigate the impact of revenue shortfalls attributable to reduced water sales, or to transfer 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 minimum balance shall be equivalent to ten percent of the District's variable water revenue. The target balance shall be equivalent to twenty percent of the District's variable water revenue. The target level shall be incorporated in the rate model when setting the District's water rates, fees and charges.
- 6) **Water Supply Project Fund:** This fund is established to accumulate reserves to support large scale investments and grant matching requirements related to supplemental water supply enhancement and resiliency projects. Beginning FY 2023-24, \$2.5 million will be transferred to the Water Supply Project Fund annually. The annual transfer shall be incorporated in the rate model when setting the District's water rates, fees and charges.
- 7) **Pension Stabilization Fund:** This fund is established to provide funding for required Unfunded Accrued Liability (UAL) payments resulting from investment market shortfalls and/or actuarial assumption changes. The minimum balance shall be equivalent to thirty five percent of the District's annual UAL payment. The target balance shall be equivalent to sixty percent of the District's annual UAL payment. The target level shall be incorporated in the rate model when setting the District's water rates, fees and charges.

- 8) **Facility Fund:** This fund is established to accumulate reserves to support large-scale investments in worksite facilities. The fund shall accumulate unspent personnel services appropriations during years that the District's Operating Fund ends the year with a surplus. The reserves may be used for the purchase, construction or improvement of worksite facilities or buildings that are accessed by the public. The minimum balance shall be equivalent to three percent of the District's annual budget for personnel services. The target balance shall be equivalent to twenty percent of the District's annual personnel services budget.