



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

Thursday, April 25, 2024 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 Larry Russell – Contractors State License Board, First Floor Lobby, 9821 Business Park Drive, Sacramento, CA 95827

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 board president 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 Board 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 Board of Directors 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 Board after the meeting. Please do not include personal information in your comment such as phone numbers and home addresses.

AGENDA ITEMS:

1. **Call to Order and Roll Call**
2. **Adoption of Agenda**
3. **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.

4. **Regular Items** (9:50 a.m. – Time Approximate)

- a. Minutes of the Finance & Administration Committee Meeting/Special Meeting of the Board of Directors on March 28, 2024

RECOMMENDATION: Approve the minutes

- b. Human Resources Update

RECOMMENDATION: Receive update from Human Resources

- c. Monthly Financial Update

RECOMMENDATION: Review the Monthly Financial Update

- d. Water Supply Financial Planning Review

RECOMMENDATION: Receive an update on financial planning related to water supply roadmap projects

- e. Review of Revised Board Reimbursement of Travel Expenses Policy

RECOMMENDATION: Review proposed changes to the Board Reimbursement of Travel Expenses Policy and refer it to a regular bi-monthly Board meeting to allow the Board to consider approval of the revised policy

- f. Review of Revised Board Compensation Policy

RECOMMENDATION: Review proposed changes to the Board Compensation Policy and refer it to a regular bi-monthly Board meeting to allow the Board to consider approval of the revised policy

5. **Upcoming Meeting**

The next Finance & Administration Committee Meeting/Special Meeting of the Board of Directors is on Thursday, May 23, 2024.

6. **Adjournment** (11:30 a.m. – Time Approximate)

ADA NOTICE AND HEARING-IMPAIRED PROVISIONS

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Posted: 04-22-2024



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

Thursday, March 28, 2024 at 9:30 AM

MINUTES

LOCATIONS:

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

Outside location for Director Larry Russell – Renaissance Hotel, Business Center, 1390 Kapiolani Blvd., Honolulu, HI 96814

The public attended 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: 1-669-444-9117 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 (*arrived at approximately 9:33 a.m.*)

Matt Samson

Jed Smith

DIRECTOR ABSENT

Monty Schmitt

2. Adoption of Agenda

A motion was made by Director Khush and seconded by Director Samson to adopt the agenda.

There were no public comments.

Voting Yea: Directors Khush, Samson, and Smith

Absent: Directors Russell and Schmitt

3. Public Comment on Non-Agenda Matters

There were no public comments.

4. Regular Items

- a. Minutes of the Finance & Administration Committee Meeting/Special Meeting of the Board of Directors on February 15, 2024

RECOMMENDATION: Approve the minutes

A motion was made by Director Samson and seconded by Director Khush to approve the minutes.

There were no public comments.

Voting Yea: Directors Khush, Samson, and Smith

Absent: Directors Russell and Schmitt

- b. Review Dual Noticing of Committee Meetings

RECOMMENDATION: Consider whether there is an interest in revising the District’s current practice of dually noticing the committee meetings as special board meetings and provide direction to staff.

General Council Molly MacLean presented this item.

Director Russell arrived.

After the presentation, the Board provided feedback requesting staff to develop a proposal for the Board to consider and possibly approve at a future Board meeting.

There was one (1) public comment.

The Board did not take any formal action.

- c. Legal Review of the Brown Act, Public Records Act and Applicable Campaign Laws

RECOMMENDATION: Receive a legal review of the Brown Act, Public Records Act and applicable campaign laws from the General Counsel’s Office

General Counsel MacLean and Staff Counsel Jerrad Mills provided an overview. After each law was presented, discussion followed.

Director Russell had left the meeting after the review of the Brown Act.

There was no public comment.

The Board did not take any formal action.

d. Monthly Financial Update

RECOMMENDATION: Review the Monthly Financial Update

Finance Director Bret Uppendahl provided an update. Discussion ensued.

There was no public comment.

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

5. Upcoming Meeting

The Board Secretary announced the next Finance & Administration Committee Meeting would take place on April 25.

There were no Board comments and no public comments.

6. Adjournment

There being no further business, the Finance & Administration Committee Meeting/Special Meeting of the Board of Directors adjourned at 11:03 a.m.

Board Secretary



STAFF REPORT

Meeting Type: Finance and Administration/Board of Directors
Title: Human Resources Update
From: Vikkie Garay, Human Resources Manager
Through: Ben Horenstein, General Manager
Meeting Date: April 25, 2024

TYPE OF ACTION: Action X Information Review and Refer

RECOMMENDATION: Receive update from Human Resources

SUMMARY District staff will provide information on the District’s employment page refresh, recent hires, employee promotions, employee residency, commuter benefits and an update on 360 survey reviews.

DISCUSSION It is the goal of the District to attract, retain and develop a highly skilled, well-qualified and engaged workforce. To achieve that goal and as best practice, staff has refreshed the District’s employment page and job portal as the District aims to attract a diverse pool of candidates for open career opportunities with the District. Staff has filled a significant number vacancies mostly resulting from retirements and promotions.

District employees reside in the District’s service area and in the surrounding counties. The District offers commuter benefits to support employees with alternatives to driving to work.

Staff will also provide a brief update on the implementation of the new 360 review process.

ENVIRONMENTAL REVIEW: Not applicable.

FISCAL IMPACT: All expenses related to internal promotions, recruitment and selection, the commuter benefits program and 360 reviews are allocated in the FY2024.

ATTACHMENT(S): None.



STAFF REPORT

Meeting Type: Finance & Administration Committee/Board of Directors
Title: Monthly Financial Update
From: Bret Uppendahl, Finance Director *BU*
Through: Ben Horenstein, General Manager *BH*
Meeting Date: April 25, 2024

TYPE OF ACTION: Action X Information Review and Refer

RECOMMENDATION: Review the Monthly Financial Update

SUMMARY: The Monthly Financial Update provides an overview of the fiscal year-to-date financials. As of March 31, 2024, District operating and capital revenue is \$97.5 million, which is 71% of budgeted revenue. Total expenditures including encumbrances are \$85.5 million, or 63% of budget. Water sales, excluding fixed charges, are down by approximately 7.5% compared to the original budget.

DISCUSSION: The budget to actual comparison is prepared by fund and includes revenues and expenditures. For reference, if revenues and expenses tracked linearly, they would be expected to be at 75% of the fiscal year budget at the end of March. Water sales would be expected to be 72% of the fiscal year budget at this time of year.

For the Operating Fund, total revenues as of March 31, 2024 are \$82.7 million, or 70% of budget. Total operating expenditures, not including depreciation and amortization or encumbrances, are \$67.9 million, or 65% of budget. The District received a one-time grant award of \$1.6 million from the California State Water Resources Control Board as part of the Extended Water and Wastewater Arrearage Payment Program. This program uses federal funding to provide relief for unpaid balances accrued from June 2021 to December 2022.

For the Capital Fund, total revenues are \$14.8 million, which is 74% of budget. These revenues are comprised primarily of Capital Maintenance Fee (CMF) revenues of \$12.2 million, which are at 71% of the budget. Total Capital Improvement Project (CIP) expenditures are \$11.9 million, or 38% of budget, as CIP projects typically do not follow linear trends in expenditures. As noted in Attachment 4, an additional \$5.7 million is encumbered, bringing total expenditures with encumbrances to \$17.6 million, or 56% of budget.

The fiscal year to date billed water sales through March 31, 2024 were \$56.6 million, which is 67% of the annual water sales forecast, and 93% of the expected revenue through the first nine months of the year. Billed water consumption through March 31, 2024 was 15,316 AF, which is 3.9% higher than this time last year.

Year-to-date total water sales and other charges (service charges, watershed fees and capital maintenance fees) through March 31, 2024 were \$89.9 million, which is 68% of total annual revenue forecast of \$131.4 million (\$114.3 million operating and \$17.1 million capital). Compared to the same period for the previous fiscal year water sales and fixed charges increased by \$18.8 million, or 27%.

ENVIRONMENTAL REVIEW: Not applicable.

FISCAL IMPACT: Not applicable.

ATTACHMENT(S):

1. Total Water Sales and Fixed Charges & Fees FY 2022/23 – 2023/24
2. Billed Water Consumption in AF FY 2013/14 to FY 2023/24
3. Budget to Actual Comparison for FY 2023/24
4. CIP Budget to Actual Comparison for FY 2023/24

Attachment 1

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

Section 4. Item #c.

OPERATING FUND

CAPITAL FUND

Month	Water Sales			Service Charge			Watershed Fee			Capital Maintenance Fee			Total Water Sales and Charges		
	22/23 Actual	23/24 Budget	23/24 Actual	22/23 Actual	23/24 Budget	23/24 Actual	22/23 Actual	23/24 Budget	23/24 Actual	22/23 Actual	23/24 Budget	23/24 Actual	22/23 Actual	23/24 Budget	23/24 Actual
July	\$ 4,004,486	\$ 4,284,800	\$ 4,473,261	\$ 1,491,919	\$ 1,551,596	\$ 1,552,115	\$ 347,285	\$ 361,176	\$ 361,127	\$ 1,122,523	\$ 1,119,741	\$ 1,167,529	\$ 6,966,213	\$ 7,317,314	\$ 7,554,033
August	6,238,037	6,674,699	7,029,300	2,022,350	2,103,244	2,246,052	442,367	460,062	492,230	1,529,541	1,525,750	1,688,699	10,232,294	10,763,755	11,456,282
September	5,301,598	8,466,291	8,572,991	1,722,033	1,838,241	1,636,225	396,510	489,066	481,127	1,286,413	1,283,225	1,119,131	8,706,554	12,076,823	11,809,473
October	6,612,557	10,876,977	11,408,450	2,267,637	2,420,665	2,376,242	494,747	672,356	700,462	1,702,958	1,698,738	1,632,508	11,077,900	15,668,736	16,117,662
November	3,463,774	6,871,530	6,127,917	1,552,383	1,666,926	1,611,361	361,370	385,332	368,368	1,169,161	1,166,264	1,104,486	6,546,689	10,090,052	9,212,133
December	4,698,697	8,974,535	6,988,546	2,271,365	2,438,958	2,363,812	495,229	501,923	456,360	1,704,942	1,700,716	1,620,621	9,170,232	13,616,132	11,429,339
January	2,327,071	4,132,232	3,724,261	1,560,906	1,676,078	1,627,243	362,582	266,773	260,777	1,174,141	1,171,231	1,118,400	5,424,700	7,246,313	6,730,681
February	3,453,451	6,959,491	5,431,156	2,257,119	2,423,661	2,376,127	495,426	470,465	370,568	1,705,775	1,701,547	1,629,400	7,911,769	11,555,165	9,807,251
March	1,909,749	3,941,836	2,847,557	1,570,868	1,686,775	1,596,975	362,955	275,986	204,970	1,174,724	1,171,812	1,096,811	5,018,295	7,076,409	5,746,313
April	3,332,133	7,371,899		2,255,344	2,421,755		492,476	480,335		1,688,725	1,684,540		7,768,678	11,958,529	
May	2,446,448	5,532,714		1,575,876	1,692,153		365,751	349,805		1,190,568	1,187,617		5,578,644	8,762,289	
June	5,118,623	10,422,595		2,282,061	2,450,444		497,235	673,096		1,711,757	1,707,515		9,609,677	15,253,651	
TOTAL	\$ 48,906,624	\$ 84,509,599	\$ 56,603,438	\$ 22,829,861	\$ 24,370,494	\$ 17,386,152	\$ 5,113,933	\$ 5,386,376	\$ 3,695,990	\$ 17,161,227	\$ 17,118,698	\$ 12,177,586	\$ 94,011,645	\$ 131,385,167	\$ 89,863,166

Monthly Budget to Actual: 92.5%	Monthly Budget to Actual: 97.6%	Monthly Budget to Actual: 95.2%	Monthly Budget to Actual: 97.1%	Monthly Budget to Actual: 94.2%
% of Annual Budget: 67.0%	% of Annual Budget: 71.3%	% of Annual Budget: 68.6%	% of Annual Budget: 71.1%	% of Annual Budget: 68.4%
Actual to Actual: 148.9%	Actual to Actual: 104.0%	Actual to Actual: 98.3%	Actual to Actual: 96.9%	Actual to Actual: 126.5%

Attachment 2

Section 4. Item #c.

**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	20/21 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	-4.22%	7.21%
August	3,407	3,186	2,620	3,012	3,206	3,245	3,112	3,215	2,500	2,476	2,715	2,697	-0.66%	8.91%
September	2,244	1,973	1,775	1,939	2,027	2,145	2,112	2,205	1,604	1,881	1,901	1,866	-1.88%	-0.82%
October	3,215	2,778	2,583	2,767	3,140	2,951	3,058	3,124	2,293	2,498	2,614	2,673	2.25%	7.01%
November	1,931	1,454	1,490	1,340	1,705	1,664	1,837	1,882	1,153	1,329	1,354	1,409	4.03%	5.98%
December	2,433	1,984	1,935	1,646	1,914	2,169	2,295	2,418	1,439	1,795	1,764	1,749	-0.88%	-2.57%
January	1,342	1,065	991	910	942	993	1,186	1,157	735	984	938	1,013	8.04%	2.97%
February	1,996	1,651	1,450	1,392	1,754	1,525	1,556	1,625	1,646	1,385	1,653	1,431	-13.45%	3.33%
March	1,042	1,048	832	846	992	879	1,105	970	948	830	970	805	-17.04%	-3.07%
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	15,316		
<i>Change from prior year:</i>		-10.43%	-10.67%	1.45%	11.49%	-1.88%	6.74%	1.43%	-21.74%	0.92%				

Budget-to-Actual Basis -2.18%
Actual-to-Actual Basis 3.91%
% of Total Budget 73.14%

Attachment 3

Section 4. Item #c.

**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 March 31, 2024	% of Budget	Actual as of March 31, 2023
Revenues:				
Water Sales and Service Charge:				
Water Sales	\$ 84,509,599	\$ 56,603,438	67.0%	\$ 38,019,065
Service Charge	24,370,494	17,386,152	71.3%	16,720,463
Watershed Management Fee	5,386,376	3,695,990	68.6%	3,759,353
Total Water Sales and Service Charge	114,266,469	77,685,580	68.0%	58,498,881
Other Revenues:				
Rents and Royalties	1,974,852	1,390,695	70.4%	1,351,433
Grants	-	2,373,836	-	1,597,014
Permits and Fees	365,120	265,702	72.8%	270,217
Late Payments & Charges	120,133	196,735	163.8%	191,281
Interest	675,000	964,552	142.9%	422,172
Miscellaneous	286,804	(207,694)	-72.4%	126,548
Total Other Revenues	3,421,909	4,983,826	145.6%	3,958,665
Total Operating Revenues	117,688,378	82,669,406	70.2%	62,457,547
Expenditures:				
Personnel services	56,692,068	38,233,154	67.4%	36,841,393
Materials and supplies	4,322,493	2,329,901	53.9%	2,180,285
Operations	12,324,024	5,416,723	44.0%	7,128,761
Water conservation rebate program	1,290,800	102,022	7.9%	286,728
Electrical power	5,500,000	4,142,871	75.3%	3,363,346
Water purchased	11,477,700	9,081,513	79.1%	5,313,364
Insurance, including claims	2,568,000	1,649,754	64.2%	1,787,876
General and administrative	5,358,597	2,817,355	52.6%	3,479,333
Debt service - interest and principal	9,517,293	7,137,970	75.0%	7,279,880
Overhead cost allocated to capital	(4,700,000)	(3,028,312)	64.4%	(3,010,369)
Total Operating Expenditures	104,350,976	67,882,951	65.1%	64,650,598
Transfer out to Capital Fund	8,548,914	5,725,952	67.0%	-
Transfer out to Reserves	5,000,000	3,750,000	75.0%	-
Net Operating Fund Increase/(Decrease)	\$ (211,512)	\$ 5,310,504		\$ (2,193,051)

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 March 31, 2024	% of Budget	Actual as of March 31, 2023
Revenues:				
Capital Maintenance Fee	\$ 17,118,698	\$ 12,177,586	71.1%	\$ 12,573,191
Capital Connection Fee	100,000	113,501	113.5%	133,330
Capital Grants & Contribution	2,134,500	1,880,542	88.1%	166,052
Customer Reimbursement Project	500,000	567,770	113.6%	453,825
Interest Income	63,750	50,068	78.5%	43,088
Total Capital Revenues	19,916,948	14,789,467	74.3%	13,369,485
Transfer-in from Operating Fund	8,548,914	5,725,952		
Capital Expenditures:				
Capital Improvement Projects	30,298,707	11,510,450	38.0%	10,684,213
Capital Equipment Purchases	1,387,767	369,654	26.6%	315,160
Total Capital Expenditures	31,686,474	11,880,104	37.5%	10,999,373
Net Capital Fund Increase/(Decrease)	\$ (3,220,612)	\$ 8,635,316		\$ 2,370,112

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

Section 4. Item #c.

Fire Flow Funds

Revenues and Expenditures	FY 2024 Budget	Actual as of March 31, 2024	% of Budget	Actual as of March 31, 2023
Revenues:				
Fire Flow	4,500,000	2,499,727	55.5%	2,503,576
Interest Income	-	96,428		67,570
Total Revenues	4,500,000	2,596,155	57.7%	2,571,146
Expenditures:				
Capital Projects - Fire Flow	4,500,000	945,776	21.0%	646,385
Net Fire Flow Fund Increase/(Decrease)	\$ -	\$ 1,650,379		\$ 1,924,761

Attachment 4

Section 4. Item #c.

CIP Projects	FY2023/24	Capital Projects YTD	Encumbered for	Total Capital & Fire
	Adjusted Budget	Actual Expenditures	Contracts	Flow
		As of 3/31/24	As of 3/31/24	As of 3/31/24
District Pipeline Replacement	\$ 8,158,424	\$ 1,222,445	68,950	\$ 1,291,395
Tank Maintenance & Replacement	5,061,466	3,927,917	735,152	4,663,069
Treatment Plant Facilities	1,672,155	328,081	103,540	431,621
Dam/Pump/Control System/Meters	5,048,239	2,097,855	1,475,705	3,573,559
Asset Mangement	3,187,576	859,505	2,123,523	2,983,028
Watershed - Natural Resource Project	2,245,000	1,148,477	461,092	1,609,570
Watershed - Other	1,282,313	410,464	299,891	710,355
Information Technology	780,000	-	2,663	2,663
Fire Flow Replacement	4,500,000	945,776	539,646	1,485,422
Reimbursable Grant Projects	1,709,908	749,848	82,433	832,281
Reimbursable Customer Projects	1,153,627	765,858	4,700	770,557
Capital Equipment Purchases	1,387,767	369,654	366,240	735,894
Total Capital Projects	\$ 36,186,474	\$ 12,825,880	\$ 6,263,536	\$ 19,089,415



STAFF REPORT

Meeting Type: Finance & Administration Committee/Board of Directors
Title: Water Supply Financial Planning Review
From: Bret Uppendahl, Finance Director
Through: Ben Horenstein, General Manager
Meeting Date: April 25, 2024

BU
BH

TYPE OF ACTION: Action X Information Review and Refer

RECOMMENDATION: Receive an update on financial planning related to water supply roadmap projects

SUMMARY: In February 2023, the Board selected the Integrated Roadmap for improved water supply resiliency (Roadmap). In May 2023, the Board adopted a 4-Year rate structure which included funding to support the Roadmap; including operational improvements, conservation efforts and capital investments. Since that time, staff has been implementing early action projects while working in parallel to advance longer term capital projects and to pursue grant opportunities. In addition to providing funding for Roadmap initiatives, the District’s rate structure also supports increased investments in deferred capital maintenance, including funds that can be used for debt service associated with large-scale replacement and improvement projects.

While the current rate structure and financial plan provide sufficient funding for early stages of the Roadmap, the District will refine selection criteria and project alternatives over the coming months and an associated longer-term financial plan will be developed. Staff will provide an overview of the District’s current financial plan and will review existing financial policies related to debt issuance.

DISCUSSION: The District approved a two year budget in June 2023 that outlines specific operating and capital expenditures for Fiscal Years 2023-24 and 2024-25. In the two year budget, the Board approved capital expenditures for “Early Action” projects such as the connection from Phoenix Lake to Bon Tempe Reservoir and the electrification of the Soulajule pump station. Beginning FY 2024-25, the capital budget for Roadmap projects is \$9.2 million and the longer term financial plan assumes the District will spend approximately \$9.7 million annually on water supply (Roadmap) projects in future years. In addition to water supply projects, the District’s long term financial plan assumes that debt service will increase by approximately \$5.3 million in FY 2025-26 to provide funding to address large scale deferred maintenance projects. The specific projects are currently being evaluated and staff recently provided an update to the Board on March 5, 2024 that highlighted four of the District’s

highest priority projects. These four projects include replacements or improvements to the North Marin Line, the San Geronimo Treatment Plant Clarifiers, Ross Reservoir, and Smith Saddle Tanks. In the current interest rate environment, debt service of \$5.3 million would provide approximately \$85 million in proceeds for capital improvements. Staff currently estimates that two or three of the aforementioned high priority projects could be funded with the debt proceeds.

The District maintains a set of fiscal policies that collectively provide guidance for the prudent financial management and long term financial strategy for the organization. Today’s discussion will focus primarily on debt management (Board Policy 51), which sets forth objectives and parameters to help ensure that the District maintains a sound debt position and protects its credit quality. There are four key provisions of the current Debt Management Policy:

- Debt Capacity (III.A.3)
 - The District’s policy is to limit total debt outstanding to four times total annual operating expenses
- Debt Service Coverage (III.A.4)
 - The District intends to maintain an average debt service coverage ratio of 150%
- Intergenerational Concerns (III.A.5)
 - The District will review debt issuance in light of the balance between funding capital improvements from current revenue and from long-term debt and the impact of each has relative to intergenerational benefits
- Credit Quality (III.A.6)
 - The District seeks to obtain and maintain the highest possible credit ratings for all categories of short and long-term debt...and shall take any necessary steps to maintain favorable ratings, which a goal of at least AA+.

Debt Capacity and Debt Service Coverage are both formula-based ratios that reflect best financial practices and both are considered in credit ratings metrics. The District currently has operating expenses of \$104.1 million, outstanding debt of \$145.2 million, and annual debt service payments totaling \$9.5 million. Consistent with the adopted rate structure, the District’s operating budget is expected to increase over the next three years to keep pace with inflation and to support increased contributions to the capital program. The District’s existing debt service payments are scheduled to remain relatively flat until 2042 and existing debt levels are scheduled to decline each year as principal payments are made. Staff will provide an overview of the existing financial plan and will demonstrate how future debt issuances may impact the budget and/or future water rates.

ENVIRONMENTAL REVIEW: Not applicable.

FISCAL IMPACT: Not applicable.

ATTACHMENT(S):

1. Board Policy No. 51 Debt Management Policy

BOARD POLICY NO. 51

SUBJECT: DEBT MANAGEMENT POLICY

I. INTRODUCTION

The Marin Municipal Water District (District) Debt Management Policy sets forth debt management objectives for the District, establishes overall parameters for issuing and administering the debt portfolio, and provides policy guidelines to decision makers.

Implementation of the Debt Management Policy will help to ensure that the District maintains a sound debt position and protects its credit quality, as well as maintains compliance with California Government Code Section 8855 (i). The latter which requires any issuer of public debt to certify with the California Debt and Investment Advisory Commission (CDIAC) that the issuer has adopted local debt policies concerning the use of debt and any proposed debt issuance is consistent with those policies. In addition, the District will file certain annual reports with CDIAC by January 31 of each year (first report due by January 31, 2018).

II. SCOPE

The Debt Management Policy governs debt issuance and administration activities of the District as defined in this policy.

III. POLICY STATEMENT

A. Financing Methodology

The District issues debt to raise funds for capital improvements.

1. Long Term Borrowing

Long term borrowing may be used to finance the acquisition or improvement of land, facilities or equipment when it is appropriate to spread the financing over more than one year. Long-term borrowing may also be used to fund capitalized interest, costs of issuance, required reserves, and any other financing related costs which may be legally capitalized. Long-term borrowing shall not be used to fund operating costs.

2. Short Term Borrowing

Short term borrowing having a maturity of one year or less, may be issued for any purpose for which long-term debt may be issued, including capitalized interest and other financing related costs. It may be used to fund operating costs when issued and retired in the same fiscal year.

3. Debt Capacity

The District will keep outstanding debt within the practical limits of the District's debt rating, debt service coverage ratio constraints and any other applicable law. The District's policy is to limit



BOARD POLICY NO. 51

total debt outstanding to four times total annual operating expenses. This will limit the magnitude of fixed expenses attributable to debt.

4. **Debt Service Coverage**

The District shall maintain strict compliance with covenants regarding coverage of annual debt service by net revenues embodied in the terms of debt instruments. In addition, the District intends to maintain an average debt service coverage ratio of 150%. This will support strong bond credit ratings and provide annual revenues to fund capital improvements.

5. **Intergenerational Concerns**

The District will review debt issuance in light of the balance between funding capital improvements from current revenue and from long-term debt and the impact each debt financing has relative to intergenerational benefits.

6. **Credit Quality**

The District seeks to obtain and maintain the highest possible credit ratings for all categories of short and long-term debt. Except for certain instruments, the District will not incur obligations that do not carry investment grade ratings (i.e. credit ratings below Baa3/BBB-/BBB- from Moody's Investors Service, S&P Global and Fitch Ratings, respectively). However, certain instruments, such as state loans or private placements, may not be rated.

Traditionally, the District has benefited from lower interest costs due to strong ratings and shall take any necessary steps to maintain favorable ratings, with a goal of at least AA+.

Ratings may be obtained from Moody's, S&P, Fitch, or other nationally recognized rating agencies. The District will always have at least one rating and when beneficial will request additional ratings for long term obligations that are publicly sold, whereas private placements may not require ratings.

4. **Method of Sale**

The Board of Directors or its designee shall be responsible for determining the appropriate way to offer any securities to investors and the most effective method of sale will be decided on a case by case basis.

5. **Maturity**

The District shall issue debt with an average life less than or equal to the average life of the assets being financed. The final maturity of the debt should be no longer than 40 years. Factors to be considered when determining the final maturity of debt include: the average life of the assets being financed, relative level of interest rates and the year-to-year differential in interest rates.

6. **Maturity Structure**

The District's long-term debt may include serial and term bonds. Serial bonds have sequential maturity dates scheduled at regular intervals. Term bonds have a long-term maturity date and

BOARD POLICY NO. 51

single coupon and are redeemed in specified increments at set time intervals. Other maturity structures may also be considered which can be demonstrated to be consistent with the objectives of the District's Debt Management Policy.

7. Credit Enhancement

The District shall procure credit enhancement for a sale of bonds if the General Manager, in consultation with the Municipal Advisor, determines that it is cost effective to do so. Credit enhancement may be bond insurance or bank letters of credit.

8. Senior/Subordinate Lien

The District may utilize a senior/subordinate lien structure. The choice of lien will be determined based on such factors as overall cost of debt, impact on debt service, impact on water rates, marketing considerations and previous issuance bond documents. Senior debt has priority over subordinate debt. Subordinated debt is payable each year only after other debts with a higher claim have been satisfied.

9. Redemption Features & Refunding Policy

To preserve flexibility and refinancing opportunities, the District debt will generally be issued with call provisions which enable the District to retire the debt earlier or enable the refunding of the debt prior to maturity. The District may consider calls that are shorter than traditionally offered in the market and/or non-call debt when warranted by market conditions and opportunities. For each transaction, the District will evaluate the efficiency of call provisions alternatives.

10. Coupon Structure

Debt may include par, discount, premium and capital appreciation bonds. Discount, premium, and capital appreciation bonds must be demonstrated to be advantageous relative to par bond structures. Debt issued at par means it is sold at its face value. Debt issued at discount means that the selling price is less than face value, or at a discount. Debt issued at a premium means it is sold at an amount higher than the face value. Capital appreciation bonds increase in value over the life of the bond.

C. Communication and Disclosure

1. Rating Agencies

The District shall maintain its strong ratings through prudent fiscal management and consistent communications with the rating analysts. The General Manager shall manage relationships with the rating analysts assigned to the District's credit, using both informal and formal methods to disseminate information. Communication with the rating agencies shall include:

- Full disclosure, on an annual basis, of the financial condition of the District;
- A formal presentation when requested by the rating agencies, covering economic, financial, operational and other issues that impact the District's credit;
- Timely disclosure of major financial events that impact the District's credit;



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- Timely dissemination of the Comprehensive Annual Financial Report, following its acceptance by the District’s Board of Directors; and
- Full and timely distribution of any documents pertaining to the sale of bonds.

2. Bond Insurers

The General Manager shall manage relationships with the analyst at the bond insurers assigned to the District’s credit, if any.

3. Disclosure Procedures

The District shall comply with SEC regulations on disclosure, which require municipal debt issuers to provide specified financial and operating information at the time of new bond issuance (Official Statement) and during the life of the bonds (Continuing Disclosure Annual Report).

4. Trustee

The General Manager shall procure the services of a Trustee for the creation and maintenance of District debt related funds dictated by bond documents. Such accounts include, but are not limited to:

- Project,
- Escrow,
- Rebate,
- Debt Service,
- Cost of Issuance, and
- Reserve.

D Debt Administration

1. Investment of Bond Proceeds

Investment of bond proceeds shall be consistent with federal tax requirements and with requirements contained in the governing bond documents.

2. Record Retention and Disbursement of Bond Proceeds

The IRS guideline for record retention is life of bonds plus 3 years. For refundings, the refunded bonds retention schedule is reset to match the refunding bonds retention schedule of life of refunding bonds plus 3 years. The District’s record retention policy is cancellation, redemption or maturity of the bonds plus 10 years.

Frequency of Reimbursement/Claims preparation

The preparation of reimbursement claims must be coordinated through the District’s Administrative Service Division Manager/Treasurer to the appropriate level of funding from bond proceeds versus District operating reserves. The review of reimbursement requirements may be

**BOARD POLICY NO. 51**

performed on a quarterly basis to assess the appropriate amount and timing of reimbursement claims.

Reimbursement Period

In general, the reimbursement allocation is made not later than 18 months after the later of:

- a. The date the original expenditure is paid; or
- b. The date the project is placed in service or abandoned, but in no event more than 3 years after the original expenditure is paid.

3. Arbitrage Compliance

The Administrative Services Division shall obtain a qualified firm to perform Arbitrage Rebate Calculations for all District bond issuances and prepare reports and necessary filing documents as necessary. Ninety percent (90%) of the Cumulative Rebate Liability (reduced by any applicable computation date credits) is required to be rebated to the United States Internal Revenue Service (IRS) no later than 60 days after the end of each fifth Bond/COP Year. Additionally, should the Bonds/COPs be retired on or prior to final maturity, 100% of the Cumulative Rebate Liability (reduced by any applicable computation date credits) as of such retirement date will become due and payable within 60 days.

4. Debt Service

The District shall fully budget all debt service obligations of the District annually. Utilizing the services of the Trustee, the District will make all debt service payments per the bond document schedule and shall not in any circumstance make the payment late.

5. Debt Administration

To ensure debt proceeds are used as intended, the District shall implement internal control procedures that include at least the following:

- 1) All reimbursement claims for bond funded capital projects shall be reviewed by the Administrative Services Division prior to submission to the Trustee.
- 2) District accounting staff shall prepare periodic reports on the use of debt proceeds for management and Board review and external reporting as required by State law.



STAFF REPORT

Meeting Type: Finance & Administration Committee/Board of Directors
Title: Review of Revised Board Reimbursement of Travel Expenses Policy
From: Molly MacLean, General Counsel
Through: Ben Horenstein, General Manager
Meeting Date: April 25, 2024

TYPE OF ACTION: Action Information X Review and Refer

RECOMMENDATION: Review proposed changes to the Board Reimbursement of Travel Expenses Policy and refer it to a regular bi-monthly Board meeting to allow the Board to consider approval of the revised policy

SUMMARY: At the January 25th Finance and Administration Committee Meeting, staff presented a review of Board Policy No. 41, adopted in 2006, which covers when a Director is eligible to seek reimbursement from the District for Directors’ travel for District business activities. District business activities include attendance at conferences, training, meetings, and other official business on behalf of the District. Based on the input received at that meeting, staff has prepared a revised Board Reimbursement of Travel Expenses Policy for the purpose of updating outdated information and achieving greater clarity. Staff will present the revised policy and requests that the Committee review and refer this item to a future regular Board meeting to allow the Board to consider approval.

DISCUSSION: Board Policy No. 41, Travel Authorization & Reimbursement of Travel Expenses for Elected or Appointed Officials, was adopted in 2006 and provides details regarding travel reimbursement for Board Directors travelling on District business or to conferences or trainings that advance professional knowledge and provide opportunities to exchange information related to water district operations and policy issues. State law provisions also govern certain aspects of reimbursement.

Based on input received at the January 25th Finance and Administration Committee, staff has prepared a revised Board Reimbursement of Travel Expenses Policy for the purpose of addressing outdated information contained in the current policy and to achieve greater clarity as to which expenses incurred by a Director traveling for District business are appropriate for reimbursement.


Staff will walk through the revised Board Reimbursement of Travel Expenses Policy, highlight changes and address any questions or concerns.

ENVIRONMENTAL REVIEW: Not Applicable.

FISCAL IMPACT: Board Reimbursement of Travel Expenses are limited and vary from year to year. When analyzing reimbursement expenditures over the last several fiscal years, they ranged from a low of \$1,195 in FY 2021 to a high of \$6,915 in FY 2019.

ATTACHMENT(S):

- 1. Current Board Policy No. 41- Travel Authorization & Reimbursement of Travel Expenses for Elected or Appointed Officials
- 2. Revised Board Policy No. 41- Reimbursement of Travel Expenses for Marin Municipal Water District Directors

DEPARTMENT OR DIVISION	DIVISION MANAGER	APPROVED
General Counsel's Office	 Molly MacLean General Counsel	 Ben Horenstein General Manager



MARIN MUNICIPAL WATER DISTRICT

BOARD POLICY No. 41

DATE: Approved 1-18-06

SUBJECT: TRAVEL AUTHORIZATION & REIMBURSEMENT OF TRAVEL EXPENSES FOR ELECTED OR APPOINTED OFFICIALS

Introduction

The purpose of this document is to establish a consistent policy for authorizing attendance, travel and reimbursement of expenses for District elected or appointed officials attending conferences, training, meetings, and other official business.

For purposes of this policy, elected or appointed officials shall mean those persons elected or appointed to fill a position on the District's Board of Directors, and committee members or others designated to represent the District at an approved function.

Scope

It is intended that this policy cover all attendance, travel, and reimbursement activities of the members of the Board of Directors of the District or any committee member or organization that may seek reimbursement of expenses from the District for attending conferences, training, meetings, and other official business on behalf of the District at the direction of the Board of Directors.

General

MMWD recognizes the benefit in training and attendance at meetings and functions that advance professional knowledge and provide opportunities to exchange information related to water district operations and issues. Authorization for travel and expense reimbursement shall be limited to conferences, meetings and other functions from which the District derives a specific benefit through attendance. Only that travel/attendance which serves a District purpose and is deemed necessary and/or advantageous to the District shall be approved and reimbursed. Travel shall be by means most economical to the District. Elected or appointed officials are expected to exercise sound judgment in the incurring and submittal of travel expenses, in keeping with the standards and proprieties of a visible and accountable public agency.

It is the intent of the Marin Municipal Water District to assure compliance with IRS regulations. Reimbursement of business-related expenses paid to elected or appointed officials is generally tax free, however, elected or appointed officials must substantiate the expenses with original receipts.

Policy

The District Board of Directors may authorize attendance, travel and reimbursement of all normal and necessary expenses incurred by elected or appointed officials, in the course of official District business according to the following guidelines. In all areas not specifically covered, the Board of Director's decision shall govern.

Travel by Air. If travel is by air, coach or economy fares are to be used. When it is authorized, the total travel cost shall be computed on direct route distances, but in no case shall the expense exceed the round trip cost by air and estimated cost of ground transportation.

Frequent Flyer and other Compensatory Offers. Frequent flyer credits or complimentary travel tickets are occasionally offered to elected or appointed officials while traveling at District expense. These are generally not transferable to the District or another traveler; therefore, they may remain the property of the elected or appointed official provided the original ticket was not sold at a premium expense to the District for purposes of obtaining special credits or complimentary travel tickets. Elected or appointed officials should use the least costly fares available.

Public Transit or Carpooling. Elected or appointed officials are encouraged to make optimum use of available public transit services and carpooling for local area travel. The following modes of transportation are to be used in the priority indicated: (1) privately-owned motor vehicles; (2) public transportation; and (3) rental cars, after exhausting all other available options. When vehicles, either private or District-owned are provided for authorized travel, elected or appointed officials shall pool rides whenever possible.

Elected or appointed officials using private vehicles for District use shall have on file, on forms provided by the District, a signed certification of insurance for a minimum amount prescribed by the District. It is not necessary to name the District as an additional insured. The elected or appointed official's insurance coverage will be deemed primary and the District will not become involved unless named specifically in the lawsuit.

Mileage Allowance. When authorized, private vehicle usage will be reimbursed at a rate equal to the then current rate set by the Internal Revenue Service for mileage deduction.

Meal Allowance: Receipts are not required if you stay within current IRS regulations. Receipts are required to substantiate expenses over the current IRS regulation. Notwithstanding, elected or appointed officials may receive a meal allowance in excess of IRS regulations, but the meal allowance shall not exceed \$52 per day, which includes taxes and tips.

If meals are provided at a conference, meeting, or seminar, or on a plane flight, the following amounts are to be used to reduce the meal allowance.

Breakfast - \$12 Lunch - \$15 Dinner - \$25

In calculating the meal allowance for partial days, the following guidelines should be used:

Departure

If you depart after 8:00 a.m., you may not claim meal expenses for breakfast for that day.

If you depart after 1:00 p.m., you may not claim meal expenses for breakfast and lunch for that day.

If you depart after 7:00 p.m., you may not claim meal expenses for that day.

Return

If you return after 8:00 a.m., you may claim the breakfast allowance.

If you return after 1:00 p.m., you may claim the breakfast and lunch allowances.

If you return after 7:00 p.m., you may claim expenses for the full day.

Meals and food charged to a motel/hotel room via room service shall be counted on the final reconciliation as part of the daily meal allowance.

Alcoholic Beverages. No reimbursement will be allowed for expenses incurred by elected or appointed officials as a result of the consumption of alcoholic beverages.

Lodging. Reimbursement is allowable for lodging expenses associated with attendance at out-of-region conferences or meetings provided the destination is beyond seventy (70) miles from the District or the elected or appointed official's home, and has been pre-approved by the Board of Directors. Overnight lodging expenses associated with meeting attendance within the Bay Area region may be authorized if the overnight stay is justified based on early morning or late hour attendance requirements. Such overnight stay shall be requested of and preauthorized by the Board of Directors only if extraordinary circumstances warrant approval. The cost of lodging while attending conferences or training seminars will be paid at a rate determined by the District to be reasonable for the location and nature of the event.

Telephone Charges. Necessary business-related telephone calls incurred by an elected or appointed official on authorized travel may be reimbursed. If an elected or appointed official will be attending an out-of-region conference or meeting that will require them to be away from home overnight, the elected or appointed official may make one 10-minute telephone call home per night. Other personal long-distance telephone calls are not reimbursable.

Authorization and Approval of Requests and Expenses

To ensure proper accounting of expenses, receipts and expense statements are to be submitted to the Finance Division for processing and filing within ten (10) days of the

elected or appointed official's return from travel. Processing shall include verification of policy compliance. Receipts are required to be filed for all expenses over \$10.00. Expenses are to be submitted on the Payment Request accompanied by a Travel Expense Report with all required receipts and documentation.

The General Manager shall review and approve expense statements submitted by the elected or appointed official.

Reimbursement of costs shall be based on the minimum number of days and hours required to transact District business. Early departures and late arrivals shall be at the elected or appointed official's own expense except where savings to the District can be demonstrated. Reimbursement will not be allowed for travel between an elected or appointed official's residence and the location of a meeting or conference which does not exceed the elected or appointed official's normal commute distance to the District's Administrative office.

Unauthorized expenses: Items of a personal nature are not reimbursable including: movies, entertainment, premium television services, alcoholic beverages, dry-cleaning, spas, gyms, barber, magazines, shoe shines, travel insurance, purchase of clothing or toiletries, loss of tickets, fines or traffic violations, excess baggage costs, spouse and/or guest accommodations, repairs to personal vehicles, office equipment and other items of a personal nature. Optional tours, banquets or other activities not related towards professional advancement offered through the conference, but as an additional cost to registration, are solely at the discretion of the employee and will be considered as a personal expense.

If the District has paid unauthorized expenses by credit card, cash advance or petty cash, the elected or appointed official will be responsible for reimbursement to the District within 10 days of returning from the trip.

Family Members or Guests: Travel and payment of costs for family members and/or guests are not eligible for payment by the District. Travel and payment of costs for family members and/or guests are to be handled directly by the elected or appointed official.

Board Policy No. 41**Original Policy Date: 01-18-06****Revised Policy Date:****REIMBURSEMENT OF TRAVEL EXPENSES FOR MARIN MUNICIPAL WATER
DISTRICT DIRECTORS****Introduction**

The purpose of this document is to establish a consistent policy for authorizing reimbursement of travel expenses for Marin Municipal Water District (District) Directors, which includes those officials elected or appointed to fill a position on the District Board of Directors, for attending conferences, training, meetings, and other official District business.

Scope

It is intended that this policy cover when a Director is eligible to seek reimbursement from the District for Directors' travel for District business activities, which includes attendance at conferences, training, meetings, and other official business on behalf of the District.

General

The District recognizes the benefit in Directors' participation in training and attendance at meetings and functions that advance professional knowledge and provide opportunities to exchange information related to water district operations and related policy issues.

Authorization for travel and expense reimbursement shall be limited to conferences, meetings and other functions from which the District derives a specific benefit through attendance. Only travel and attendance that is directly related to District business and is deemed necessary and/or advantageous to the District will be eligible for reimbursement consistent with this policy. Travel shall be by means most economical to the District. Directors, as public officials, are expected to exercise sound judgment in the incurring and submittal of travel expenses, in keeping with the standards and proprieties of a transparent and accountable public agency.

It is the intent of the District to assure compliance with IRS regulations. Reimbursement of business-related expenses paid to Directors is generally tax free, however, Directors must substantiate the expenses with original receipts.

No reimbursement shall be provided for travel outside of North America, unless there is prior Board approval for such travel.

Policy

Travel by Air. If travel is by air, coach or economy fares are to be used. If a Director elects a layover in route to or from his or her final destination, in no case shall the expense exceed the total round trip cost by coach or economy air. Directors shall be responsible for obtaining the total round trip airfare costs at the time of booking in order to submit with the actual receipts and request for reimbursement. If any Director desires to upgrade from coach or economy class, they may do so but will be required to pay the difference between the coach or economy fare and the upgraded fare for the flight.

Frequent Flyer and other Compensatory Offers. Frequent flyer credits or complimentary travel tickets are occasionally offered to Directors while traveling at District expense. These are generally not transferable to the District or another traveler; therefore, they may remain the property of the Director provided the original ticket was not sold at a premium expense to the District for purposes of obtaining special credits or complimentary travel tickets. Directors should use the least costly fares available, and the District shall not be responsible for any additional costs associated with obtaining special credits or complimentary travel tickets.

Public Transit or Carpooling. When feasible, Directors are encouraged to make optimum use of available carpooling and public transit services for local area travel. The following modes of transportation are to be used in the priority indicated:

- (1) privately-owned motor vehicles;
- (2) public transportation;
- (3) ride share, such as taxis, Uber or Lyft, and
- (4) rental cars, only after exhausting all other available options, or when the location would make this a less expensive option. When vehicles, either private or District-owned, are provided for authorized travel, Directors shall pool rides whenever possible.

Directors using private vehicles for District use shall have on file, on forms provided by the District, a signed certification of insurance for a minimum amount prescribed by the District. It is not necessary to name the District as an additional insured. The Director’s insurance coverage will be deemed primary, and the District will not become involved unless named specifically in the claim.

Airport Parking. Long-term parking must be used for travel exceeding 24 hours.

Mileage Allowance. When authorized, private vehicle usage will be reimbursed at a rate equal to the then current rate set by the Internal Revenue Service (IRS) for mileage deduction.

Meal Allowance. Directors may receive a meal allowance consistent with the Federal General Services Administration’s per diem rates for the locality where the conference, training, meeting, and other official District business occurs. Directors will be responsible for identifying

meals for which they will seek reimbursement. If a Director eats a meal that is provided as part of their conference, meeting or seminar, they should indicate this on any reimbursement request so that it is not included in the reimbursement amount.

Alcoholic Beverages. No reimbursement will be allowed for expenses incurred by Directors as a result of the consumption of alcoholic beverages.

Lodging. Reimbursement is allowable for lodging expenses associated with attendance at out-of-region conferences or meetings provided the destination is beyond seventy (70) miles from the District or the Director’s primary residence within the District. In rare instances, overnight lodging expenses associated with meeting attendance within the Bay Area region may be permitted if the overnight stay is justified based on early morning or late hour attendance requirements. Directors should utilize the group rate for lodging whenever available. If no group rate for lodging is available, Directors shall select a reasonable alternative.

Authorization and Approval of Requests and Expenses.

To ensure proper accounting of expenses, receipts and expense statements are to be submitted to the Finance Division for processing and filing within ten (10) days of the Director’s return from travel. Receipts are required to be filed for all expenses over \$10.00, unless based on a per diem allowance as described above (i.e., breakfast to be paid at the GSA locality rate does not require receipt submittal).

Reimbursement of costs shall be based on the minimum number of days and hours required to transact District business. Early departures and late arrivals shall be at the Director’s own expense except where savings to the District can be demonstrated. Reimbursement will not be allowed for travel between a Director’s residence and the location of a meeting or conference which does not exceed the Director’s normal commute distance from his or her residence to the District’s Administrative office. Expenses are to be submitted on the “Payment Request” form to be provided by the Finance Division accompanied by a Travel Expense Report with all required receipts and documentation. All reimbursement requests will be reviewed by the Finance Division to assure compliance with this policy.

For reimbursement of expenses that exceed the limitations set forth in this policy, the Board of Directors shall review and approve such additional reimbursements during an open and public meeting of the District’s Board of Directors.

Unauthorized expenses.

Items of a personal nature are not reimbursable, including but not limited to: movies, entertainment, premium television services, alcoholic beverages, dry-cleaning, spas, gyms, barber, magazines, shoe shines, travel insurance, purchase of clothing or toiletries, loss of tickets, fines or traffic violations, excess baggage costs, spouse and/or guest accommodations, repairs to personal vehicles, office equipment and other items of a personal nature. Optional tours, banquets or other activities not related towards professional advancement offered through the conference, but as an additional cost to registration, are solely at the discretion of the Director and will be considered as a personal expense.

If the District has paid unauthorized expenses by credit card, cash advance or petty cash, the Director will be responsible for reimbursement to the District within ten (10) days of returning from the trip.

Family Members or Guests: Travel and payment of costs for family members and/or guests are not eligible for reimbursement by the District. Travel and payment of costs for family members and/or guests are to be handled directly by the Director as a personal expense.

Reports to Governing Board.

At a District board meeting, after expenses are incurred or the event takes place, each Director shall briefly report on conferences, trainings, meetings, and other official District business attended at District expense. If more than one Director attends, a joint report may be made.



STAFF REPORT

Meeting Type: Finance & Administration Committee/Board of Directors
Title: Review of Revised Board Compensation Policy
From: Molly MacLean, General Counsel
Through: Ben Horenstein, General Manager
Meeting Date: April 25, 2024

TYPE OF ACTION: Action Information X Review and Refer

RECOMMENDATION: Review proposed changes to the Board Compensation Policy and refer it to a regular bi-monthly Board meeting to allow the Board to consider approval of the revised policy

SUMMARY: At the January 25th Finance and Administration Committee Meeting, staff presented a review of the current Board Compensation Policy, along with legal requirements, comparisons to other similar agencies and areas for possible revisions and to gather input from the Committee/Board. Based on this input, staff has prepared revised Board Compensation Policy for the purpose of updating outdated information and achieving greater clarity. Staff will present the revised policy and requests that the Committee review and refer this item to a future regular Board meeting to allow the Board to consider approval.

DISCUSSION: The Board Compensation Policy, Board Policy No. 42, last updated in January of 2006, as well as District Code section 2.10.060 govern how much each Board member may receive for services rendered to the District as Board Directors. State law also governs the amount and the manner of compensation for municipal water district directors and requires that district director compensation be paid on a per diem basis, which rules out the adoption of a fixed month stipend. State law further addresses what service is appropriate for compensation and requires that the legislative body adopt a policy to cover any events not expressly addressed by state law.

Based on input received at the January 25th Finance and Administration Committee, staff has prepared a revised Board Compensation Policy for the purpose of addressing outdated information contained in the current policy and to achieve greater clarity as to which services by a Director are appropriate for compensation. The proposed revisions do not address any change in the per diem compensation amount at this time, as staff felt that correctness and clarity should take priority. Staff proposes to present more on the compensation amount at a future date.


Staff will walk through the revised Board Compensation Policy, highlight changes and address any questions or concerns.

ENVIRONMENTAL REVIEW: Not applicable.

FISCAL IMPACT: Negligible. The proposed revisions to the Board Compensation Policy does not address the per diem compensation amount of \$200, and does not substantially change the number events for which the Directors may seek compensation.

ATTACHMENT(S):

- 1. Current Board Policy No. 42 – Compensation of Elected or Appointed Officials
- 2. Revised Board Policy No. 42 – Compensation of Marin Municipal Water District Directors

DEPARTMENT OR DIVISION	DIVISION MANAGER	APPROVED
General Counsel’s Office	 Molly MacLean General Counsel	 Ben Horenstein General Manager



MARIN MUNICIPAL WATER DISTRICT

BOARD POLICY No. 42

DATE: Approved 1-18-06

COMPENSATION OF ELECTED OR APPOINTED OFFICIALS

Introduction

The purpose of this document is to establish a consistent policy for compensating District elected or appointed officials for attending Board meetings, committee meetings and other official business.

For purposes of this policy, elected or appointed officials shall mean those persons elected or appointed to fill a position on the District's Board of Directors, and committee members or others designated to represent the District at an approved function.

Policy

MMWD is subject to various provisions of state law concerning compensation of its Board of Directors for attending meetings of the Board and serving as a representative of the District at other business functions. Assembly Bill 1234, which became effective on January 1, 2006, instituted in part the following sections of the Government Code:

53232.1(a) When compensation is otherwise authorized by statute, a local agency may pay compensation to members of a legislative body for attendance at the following occurrences:

- (1) A meeting of the legislative body.
- (2) A meeting of an advisory body.
- (3) A conference or organized educational activity conducted in compliance with subdivision (c) of Section 54952.2, including, but not limited to, ethics training required by Article 2.4 (commencing with Section 53234).

(b) A local agency may pay compensation for attendance at occurrences not specified in subdivision (a) only if the governing body has adopted, in a public meeting, a written policy specifying other types of occasions that constitute the performance of official duties for which a member of the legislative body may receive payment.

MMWD's ordinances include the following sections that relate to compensation for Board members:

2.10.060 Compensation. Each director shall receive as compensation one hundred and thirty dollars per day for each day's attendance at meetings of the board or for each day's service rendered as a member of the board by request of the board. No director may receive compensation for more than 10 days in any calendar month.

MMWD authorizes payment to any Board member of the daily compensation rate for attending Board meetings and the following committee meetings:

- District Operations Committee
- Watershed Committee
- Citizen's Advisory Committee – Water Conservation and Monitoring

In addition, MMWD authorizes payment of the daily compensation rate to the Board members designated as principal liaison, or alternate to the principal, if the principal does not attend, for attendance at the following meetings or other District business as authorized by the General Manager:

- Technical Advisory Committee – Lagunitas Creek
- North Bay Watershed Association
- Tomales Bay Watershed Council
- Sonoma County Water Advisory Committee
- Bay Area Water Agency Forum
- Las Gallinas Valley Sanitary District Contract
- Marin Stables Lease
- Bay Area Water Forum
- Fishing Advisory Team
- CMSA Desalination Subcommittee

Authorization and Approval of Compensation

To ensure proper accounting of expenses, Directors will notify the Board Secretary on a monthly basis concerning the meetings that they attended during that month. The Board Secretary will compile the compensation report and verify its accuracy with each of the Board members.

The General Manager shall review and approve the compensation requests submitted by the elected or appointed officials.

Board Policy No. 42**Original Policy Date: 01-18-06****Revised Policy Date:****COMPENSATION OF MARIN MUNICIPAL WATER DISTRICT DIRECTORS****Introduction**

The purpose of this document is to establish a consistent policy for compensating Marin Municipal Water District (District) Directors, which includes those officials elected or appointed to fill a position on the District Board of Directors, for attending Board meetings, committee meetings and other official District business.

Policy

The District is subject to various provisions of state law concerning compensation of its Board of Directors for attending meetings of the Board and serving as a representative of the District at other functions. Assembly Bill 1234, which became effective on January 1, 2006, instituted in part the following sections of the Government Code.

53232.1(a) When compensation is otherwise authorized by statute, a local agency may pay compensation to members of a legislative body for attendance at the following occurrences:

(1) A meeting of the legislative body.

(2) A meeting of an advisory body.

(3) A conference or organized educational activity conducted in compliance with subdivision (c) of Section 54952.2, including, but not limited to, ethics training required by Article 2.4 (commencing with Section 53234).

(b) A local agency may pay compensation for attendance at occurrences not specified in subdivision (a) only if the governing body has adopted, in a public meeting, a written policy specifying other types of occasions that constitute the performance of official duties for which a member of the legislative body may receive payment.

This policy authorizes compensation for all functions set forth in Government Code section 53232.1(a)(1-3), as may be amended from time to time, and pursuant to section 53232.1(b), specifies the other types of occasions for which the Board of Directors has

determined the activities constitute performance of official District duties and are compensable.

District Code Regarding Director Compensation

The District’s Code includes the following section related to compensation for Board members.

2.10.060 Compensation. Each director shall receive as compensation two hundred dollars per day for each day’s attendance at meetings of the board or for each day’s service rendered as a member of the board by request of the board. No director may receive compensation for more than 10 days in any calendar month.

This policy is intended to further elucidate District Code, which shall take precedence, with respect to what may constitute services rendered for purposes of compensation. Consistent with District Code and state law, payment of compensation shall be limited to a maximum of 10 days in any calendar month.

Activities Authorized for Compensation

In addition to those compensable events set forth in Government Code section 53232.1(a), the following shall constitute service rendered to the District for purposes of receiving compensation:

1. Attendance, in the Director’s official role as a representative of the District, at meetings, events or functions, including meetings of civic, business, and nonprofit organizations as well as meetings of local, regional, statewide or federal public officials, public agencies or regulatory or judicial entities on topics related to the water industry or other work of the District that could impact the District or provide relevant information for the benefit of the District.
2. Attendance at orientation, evaluation, educational activities, and briefings for Board member(s) organized by District staff (e.g., Staff-organized Board Member training or site visits to regional water or District-owned facilities, special briefings with the General Manager or Executive Staff to prepare Board Member(s) for other meetings, etc.).
3. Attendance by a Director in his or her official role on behalf of the District at community, ceremonial or public outreach events held by or supported by District staff.
4. Attendance by any Director at meetings, conferences, seminars, educational events, regional and committee meetings and trainings and webinars on topics related to the water industry, water policy, or other issues that could impact the District.
5. Other District business with prior authorization by the Board of Directors.

Compensation for days of travel will only be provided if such travel days are reasonably necessary to attend the meeting or activity. Travel days are considered reasonably necessary if attendance at the meeting or activity would require travel outside the hours of 7:00 a.m. to 8:00 p.m. on the actual beginning or ending days of the activity. Unless specifically approved by the Board in advance, a Director will not be eligible for compensation for more than one travel day before the beginning, nor more than one travel day after the end of the activity attended, respectively.

Authorization and Approval of Compensation

To ensure proper accounting of expenses, Directors will notify the Board Secretary on a monthly basis concerning the meetings that they attended during that month. The Board Secretary will compile the compensation report and verify its accuracy with each of the Directors.

The General Manager shall review and approve the compensation requests submitted by the Board Secretary.