



NOTICE OF THE FINANCE & ADMINISTRATION COMMITTEE MEETING

Thursday, October 22, 2026 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

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 numbers and home addresses.

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 on September 24, 2026

RECOMMENDATION: Accept the minutes

b. Monthly Financial Update

RECOMMENDATION: Review and comment on the Monthly Financial Update

c. Water Rate Setting Update

RECOMMENDATION: Review and comment on the District's rate setting process update

4. Upcoming Meeting

The next Finance & Administration Committee Meeting is scheduled for Thursday, November 19, 2026.

5. Adjournment (10:15 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.

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Posted: 10-19-2026



STAFF REPORT

Meeting Type: Finance & Administration Committee

Title: Minutes of the Finance & Administration Committee Meeting on September 24, 2026

From: Terrie Gillen, Board Secretary

Through: Shaun Horne, General Manager

Meeting Date: October 22, 2026

TYPE OF ITEM: X Approve Review and Comment

RECOMMENDATION: Accept the minutes

SUMMARY: The Finance & Administration Committee held a meeting on September 24, 2026. The minutes of that meeting are attached.

DISCUSSION: None.

ENVIRONMENTAL REVIEW: Not applicable.

FISCAL IMPACT: None.

ATTACHMENT(S):

- 1. Draft September 24, 2026 Minutes of the Finance & Administration Committee Meeting

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



NOTICE OF THE FINANCE & ADMINISTRATION COMMITTEE MEETING - AMENDED

Thursday, September 24, 2026 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

(ADDED) Outside location for Director Jed Smith – 105 Herring Pond Road, Plymouth, MA 02360

Public Participation:

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, 1-669-444-9171, using Webinar ID: 811 1053 3069.

AGENDA ITEMS:

1. Call to Order and Roll Call

Finance & Administration Committee Chair Diana Maier called the meeting to order at 9:30 AM.

DIRECTORS ABSENT

Jed Smith

2. Public Comment on Non-Agenda Matters

There were no public comments.

3. Regular Items

- a. Minutes of the Finance & Administration Committee Meeting on August 27, 2026

RECOMMENDATION: Accept the minutes

The committee chair accepted the minutes.

There were no comments.

- b. Monthly Financial Update

RECOMMENDATION: Review and comment on the Monthly Financial Update

Finance Director Bret Uppendahl presented this item.

Discussion followed.

There was one (1) public comment.

4. Upcoming Meeting

Chair Maier announced that the next Finance & Administration Committee meeting will take place on Thursday, October 22, 2026, at 9:30 AM.

5. Adjournment

There being no further business, the Finance & Administration Committee Meeting adjourned on September 24, 2026, at 9:40 AM.

Board Secretary



STAFF REPORT

Meeting Type: Finance & Administration Committee
Title: Monthly Financial Update
From: Bret Uppendahl, Finance Director
Through: Shaun Horne, General Manager
Meeting Date: October 22, 2026

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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 2026/27 water sales revenue and fiscal year-to-date financials. This month's report also provides preliminary revenues and expenditures for FY 2025/26.

Fiscal year 2026/27 District operating and capital revenue is \$52.3 million, which is 29% of budgeted revenue for the year. Total expenditures are \$55.5 million, or 24% of annual budget. Water sales, excluding fixed charges, are 5% below the budget for the first three months of the fiscal year.

For fiscal year 2025/26, billed water sales including year-end accounting adjustments were \$108.8 million, which is 94% of the annual water sales forecast. Total water sales and fees (service charges, watershed fees and capital maintenance fees) were \$158.5 million, which is 96% of the total annual rate revenue forecast of \$165.8 million. Preliminary total operating expenditures were \$107.6 million, or 83% of budget. Preliminary total Capital Fund expenditures were \$34 million, or 39% of budget. Approximately \$46.6 million in unspent capital funds have been carried forward into FY 2026/27 to provide funding for projects in progress.

DISCUSSION: Attached is the budget to actual comparison for fiscal year 2026/27 as of September 30, 2026, which is prepared by fund and includes revenues and expenditures. For reference, if revenues and expenses occurred at a consistent rate, they would be expected to be at 25% of the annual budget by the end of September. Due to the seasonal impacts on water use, water sales revenues are expected to be at 33% of the annual revenue budget by the end of September.

For the Operating Fund, total revenues as of September 30, 2026, are \$47.4 million, or 29% of the annual budget. Total operating expenditures, not including depreciation and amortization or encumbrances, are \$28 million, or 23% of budget. For the Capital Fund, total revenues are \$4.9 million, which is 22% 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 4% of budget, as CIP projects typically do not follow linear trends in expenditures. As noted in Attachment 4, an additional \$22.9 million is encumbered, bringing total expenditures with encumbrances to \$27.5 million, or 24% of budget.

The fiscal year to date billed water sales through September 30, 2026, were \$38.2 million, which is 31% of the annual water sales revenue forecast, and 95% of the expected revenue through the first three months of the fiscal year. Billed water consumption through September 30, 2026, was 6,332 AF, which is 2% above the same time last year.

Year-to-date total water sales and fees (service charges, watershed fees and capital maintenance fees) through September 30, 2026, were \$50.7 million, which is 29% of the total annual rate revenue forecast of \$175.3 million (\$156.5 million operating and \$18.8 million capital). Compared to the same period for the previous fiscal year, revenue from water sales and fees increased by \$5.3 million, or 12%.

FY 2025/26 Preliminary Year End Results

Attached is the preliminary budget to actual comparison for fiscal year 2025/26 as of June 30, 2026, which is prepared by fund and includes revenues and expenditures. Except for water sales, these preliminary numbers exclude year-end accounting adjustments.

Fiscal year 2025/26 preliminary District operating and capital revenue before year-end accounting adjustments is \$177.4 million, which is 98% of budgeted revenue for the year. Total expenditures are \$141.6 million, or 66% of annual budget. Approximately \$46.6 million in unspent capital funds have been carried forward to FY 2026/27 to support multi-year projects that are currently in progress. For the Operating Fund, total revenues are \$148.3 million, or 97% of budget. Water Sales, which are approximately 75% of the Operating Fund revenue, ended the year at 94% of budget, representing a \$7 million shortfall.

Staff will review the prior year results and will present a preliminary, unaudited summary of the District’s reserve funds. The District is currently working with an independent outside auditor to complete the Annual Comprehensive Financial Report. Final results are expected in December.

ENVIRONMENTAL REVIEW: Not applicable.

FISCAL IMPACT: None.

ATTACHMENT(S):

- 1. Total Water Sales and Fixed Charges & Fees FY 2025/26 – 2026/27
- 2. Billed Water Consumption in AF FY 2016/17 to FY 2026/27
- 3. Budget to Actual Comparison for FY 2026/27
- 4. CIP Budget to Actual Comparison for FY 2026/27
- 5. Budget to Actual Comparison for FY 2025/26

Attachment 1

Total Water Sales and Fixed Charges & Fees Fiscal Years 2025/26 - 2026/27

Section 3. Item #b.

OPERATING FUND

CAPITAL FUND

Month	Water Sales			Service Charge			Watershed Fee			Capital Maintenance Fee			Total Water Sales and Charges		
	25/26 Actual	26/27 Budget	26/27 Actual	25/26 Actual	26/27 Budget	26/27 Actual	25/26 Actual	26/27 Budget	26/27 Actual	25/26 Actual	26/27 Budget	26/27 Actual	25/26 Actual	26/27 Budget	26/27 Actual
July	\$ 8,916,458	\$ 10,535,000	\$ 10,861,806	\$ 1,716,599	\$ 1,806,000	\$ 1,851,805	\$ 435,203	\$ 510,000	\$ 511,012	\$ 1,167,583	\$ 1,249,000	\$ 1,278,588	\$ 12,235,844	\$ 14,100,000	\$ 14,503,211
August	13,836,333	16,904,000	14,564,768	2,488,545	2,624,000	2,605,623	729,012	884,000	704,355	1,688,205	1,824,000	1,768,893	18,742,094	22,236,000	19,643,639
September	10,916,602	12,595,000	12,754,001	1,789,664	1,882,000	1,935,155	496,276	561,000	564,816	1,227,439	1,310,000	1,314,093	14,429,980	16,348,000	16,568,064
October	14,467,867	16,519,000		2,667,208	2,773,000		709,705	821,000		1,810,929	1,927,000		19,655,709	22,040,000	
November	7,527,588	9,143,000		1,804,961	1,895,000		368,050	438,000		1,238,904	1,320,000		10,939,503	12,796,000	
December	8,547,253	10,471,000		2,643,073	2,778,000		456,466	549,000		1,797,138	1,928,000		13,443,930	15,726,000	
January	4,146,395	4,913,000		1,792,107	1,881,000		225,646	266,000		1,224,834	1,313,000		7,388,982	8,373,000	
February	7,283,799	8,021,000		2,627,005	2,754,000		386,797	436,000		1,781,463	1,915,000		12,079,064	13,126,000	
March	4,726,356	4,847,000		1,821,197	1,846,000		259,775	265,000		1,255,722	1,295,000		8,063,050	8,253,000	
April	8,606,046	8,561,000		2,632,891	2,707,000		458,798	466,000		1,800,423	1,895,000		13,498,158	13,629,000	
May	6,604,867	7,123,000		1,805,648	2,001,000		326,102	366,000		1,222,787	1,378,000		9,959,404	10,868,000	
June	11,046,185	12,945,741		2,590,291	2,732,005		570,101	680,992		1,745,995	1,417,525		15,952,572	17,776,263	
TOTAL	\$ 106,625,748	\$ 122,577,741	\$ 38,180,574	\$ 26,379,189	\$ 27,679,005	\$ 6,392,582	\$ 5,421,931	\$ 6,242,992	\$ 1,780,183	\$ 17,100,069	\$ 18,771,525	\$ 4,361,574	\$156,388,290	\$175,271,263	\$ 50,714,914

Monthly Budget to Actual: 95.4%
% of Annual Budget: 31.1%
Actual to Actual: 113.4%

Monthly Budget to Actual: 101.3%
% of Annual Budget: 23.1%
Actual to Actual: 106.6%

Monthly Budget to Actual: 91.1%
% of Annual Budget: 28.5%
Actual to Actual: 107.2%

Monthly Budget to Actual: 99.5%
% of Annual Budget: 23.2%
Actual to Actual: 106.8%

Monthly Budget to Actual: 96.3%
% of Annual Budget: 28.9%
Actual to Actual: 111.7%

Attachment 2

Section 3. Item #b.

Billed Water Consumption In AF
Fiscal Year 2016/17 - 2026/27

Month	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 Actual	26/27 Budget	26/27 Actual	Monthly Budget Variance	Actual to Actual % Change
July	1,876	1,931	1,975	1,834	2,022	1,642	1,562	1,674	1,690	1,649	1,703	1,862	9.3%	12.9%
August	3,012	3,206	3,245	3,112	3,215	2,500	2,476	2,697	3,052	2,740	2,952	2,571	-12.9%	-6.1%
September	1,939	2,027	2,145	2,112	2,205	1,604	1,881	1,866	1,851	1,828	1,873	1,899	1.4%	3.9%
October	2,767	3,140	2,951	3,058	3,124	2,293	2,498	2,673	2,779	2,600	2,741			
November	1,340	1,705	1,664	1,837	1,882	1,153	1,329	1,409	1,516	1,355	1,462			
December	1,646	1,914	2,169	2,295	2,418	1,439	1,795	1,749	1,908	1,692	1,832			
January	910	942	993	1,186	1,157	735	984	1,013	910	833	888			
February	1,392	1,754	1,525	1,556	1,625	1,646	1,385	1,431	1,442	1,412	1,455			
March	846	992	879	1,105	970	948	830	805	830	962	886			
April	1,375	1,612	1,427	1,883	1,775	1,717	1,377	1,419	1,369	1,687	1,556			
May	1,092	1,240	1,224	1,378	1,459	1,209	1,044	1,042	1,201	1,201	1,221			
June	2,416	2,516	2,349	2,711	2,559	2,217	2,119	2,254	2,374	2,089	2,273			
TOTAL	20,611	22,978	22,546	24,065	24,410	19,104	19,279	20,030	20,922	20,048	20,845	6,332		
<i>Change from prior year:</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>	<i>-4.18%</i>				

Budget-to-Actual Basis -3.0%
Actual-to-Actual Basis 1.9%
% of Total Budget 30.4%

Attachment 3

Section 3. Item #b.

Marin Municipal Water District
FY 2026/27 Budget to Actual Comparison
Preliminary Unaudited

Operating Fund

	FY 2027	Actual as of	% of	Actual as of
Revenues and Expenditures	Budget	Sep 30, 2026	Budget	Sep 30, 2025
Revenues:				
Water Sales and Service Charge:				
Water Sales	\$ 122,577,741	\$ 38,180,574	31.1%	\$ 33,665,971
Service Charge	27,679,005	6,392,582	23.1%	5,995,102
Watershed Management Fee	6,242,992	1,780,183	28.5%	1,660,519
Total Water Sales and Service Charge	156,499,738	46,353,340	29.6%	41,321,592
Other Revenues:				
Rents and Royalties	2,440,070	461,602	18.9%	443,224
Grants	-	-	-	-
Permits and Fees	225,000	79,576	35.4%	89,461
Late Payments & Charges	110,000	102,201	92.9%	25,290
Interest	2,228,000	353,745	15.9%	275,593
Miscellaneous	225,000	73,617	32.7%	128,010
Total Other Revenues	5,228,070	1,070,741	20.5%	961,578
Total Operating Revenues	161,727,808	47,424,080	29.3%	42,283,170
Expenditures:				
Personnel services	65,839,334	14,487,431	22.0%	13,769,713
Materials and supplies	4,908,155	937,803	19.1%	926,692
Operations	14,464,713	2,054,276	14.2%	1,178,213
Water conservation rebate program	654,975	77,884	11.9%	100,844
Electrical power	6,720,000	2,447,457	36.4%	2,169,959
Water purchased	15,252,000	5,449,484	35.7%	4,986,694
Insurance, including claims	3,506,200	565,286	16.1%	1,113,775
General and administrative	6,640,940	896,186	13.5%	1,006,879
Debt service - interest and principal	9,394,707	2,348,677	25.0%	2,345,952
Overhead cost allocated to capital	(5,500,000)	(1,221,764)	22.2%	(1,063,044)
Total Operating Expenditures	121,881,023	28,042,720	23.0%	26,535,678
Transfer out to Capital Fund	38,513,470	11,996,194	31.1%	9,972,178
Transfer out to Reserves	3,500,000	875,000	25.0%	1,250,000
Net Operating Fund Increase/(Decrease)	\$ (2,166,685)	\$ 6,510,166		\$ 4,525,314

Marin Municipal Water District
FY 2026/27 Budget to Actual Comparison
Preliminary Unaudited

Section 3. Item #b.

Capital Fund

Revenues and Expenditures	FY 2027 Budget	Actual as of Sep 30, 2026	% of Budget	Actual as of Sep 30, 2025
Revenues:				
Capital Maintenance Fee	\$ 18,771,525	\$ 4,361,574	23.2%	\$ 4,082,801
Capital Connection Fee	100,000	341,841	341.8%	85,055
Capital Grants & Contribution	2,447,667	-	0.0%	-
Customer Reimbursement Project	500,000	194,067	38.8%	114,394
Interest Income	-	-	-	-
Total Capital Revenues	21,819,192	4,897,483	22.4%	4,282,250
 Transfer-in from Operating Fund	 38,513,470	 11,996,194		 9,972,178
Capital Expenditures:				
Capital Improvement Projects	111,206,125	4,545,617	4.1%	4,468,461
Capital Equipment Purchases	1,706,976	88,225	5.2%	74,431
Total Capital Expenditures	112,913,101	4,633,842	4.1%	4,542,892
 Net Capital Fund Increase/(Decrease)	 \$ (52,580,439)	 \$ 12,259,835		 \$ 9,711,537

Marin Municipal Water District
FY 2026/27 Budget to Actual Comparison
Preliminary Unaudited

Section 3. Item #b.

Fire Flow Fund

Revenues and Expenditures		FY 2027 Budget	Actual as of Sep 30, 2026	% of Budget	Actual as of Sep 30, 2025
Revenues:					
	Fire Flow	4,500,000	67,917	1.5%	35,978
	Interest Income	-	-		-
	Total Revenues	4,500,000	67,917	1.5%	35,978
Expenditures:					
	Capital Projects - Fire Flow	7,845,162	183,551	2.3%	2,962,354
	Net Fire Flow Fund Increase/(Decrease)	\$ (3,345,162)	\$ (115,634)		\$ (2,926,376)

Attachment 4

Section 3. Item #b.

CIP Projects	FY 2027		Capital Projects		Encumbered for Contracts		Total	Section 3. Item #
		Budget		Actual as of Sep 30, 2026		Actual as of Sep 30, 2026		Fire Flow
								Actual as of Sep 30, 2026
District Pipeline Replacement	\$	24,687,383	\$	1,147,485	\$	9,464,151	\$	10,611,636
Tank Maintenance & Replacement		13,377,594		861,795		1,752,838		2,614,632
Treatment Plant Facilities		7,708,961		880,869		617,599		1,498,467
Dam/Pump/Control System/Meters		38,392,731		840,337		8,302,019		9,142,356
Asset Mangement		1,341,590		66,387		660,203		726,590
Watershed - Natural Resource Project		2,543,574		7,870		918,870		926,740
Watershed - Other		4,557,069		181,281		383,017		564,299
Information Technology		9,507,465		-		37,478		37,478
Fire Flow Replacement		7,845,162		183,551		294,118		477,670
Reimbursable Grant Projects		8,116,305		213,619		701,070		914,689
Reimbursable Customer Projects		973,453		345,975		-		345,975
Capital Equipment Purchases		1,706,976		88,225		30,948		119,173
Total Capital Projects	\$	120,758,263	\$	4,817,394	\$	23,162,311	\$	27,979,705

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

Operating Fund

	FY 2026	Actual as of	% of
Revenues and Expenditures	Budget	Jun 30, 2026	Budget
Revenues:			
Water Sales and Service Charge:			
Water Sales	\$ 115,703,122	\$ 108,756,625	94.0%
Service Charge	26,360,957	26,378,814	100.1%
Watershed Management Fee	5,829,124	5,421,902	93.0%
Total Water Sales and Service Charge	147,893,203	140,557,341	95.0%
Other Revenues:			
Rents and Royalties	2,369,000	2,481,175	104.7%
Grants	-	1,527,633	-
Permits and Fees	225,000	366,423	162.9%
Late Payments & Charges	110,000	222,766	202.5%
Interest	2,680,000	3,273,948	122.2%
Miscellaneous	225,000	(92,871)	-41.3%
Total Other Revenues	5,609,000	7,779,073	138.7%
Total Operating Revenues	153,502,203	148,336,415	96.6%
Expenditures:			
Personnel services	62,813,577	50,510,073	80.4%
Materials and supplies	4,394,578	3,618,703	82.3%
Operations	15,290,438	10,571,466	69.1%
Water conservation rebate program	576,890	296,792	51.4%
Electrical power	6,400,000	6,306,438	98.5%
Water purchased	26,740,080	24,018,963	89.8%
Insurance, including claims	3,179,300	4,370,858	137.5%
General and administrative	5,749,840	3,720,794	64.7%
Debt service - interest and principal	9,383,807	9,383,807	100.0%
Overhead cost allocated to capital	(5,400,000)	(5,182,608)	96.0%
Total Operating Expenditures	129,128,510	107,615,285	83.3%
Transfer out to Capital Fund	34,272,357	31,583,380	92.2%
Transfer out to Reserves	5,000,000	5,000,000	100.0%
Net Operating Fund Increase/(Decrease)	\$ (14,898,664)	\$ 4,137,749	

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 Jun 30, 2026	% of Budget
Revenues:			
Capital Maintenance Fee	\$ 17,877,643	\$ 17,961,231	100.5%
Capital Connection Fee	100,000	653,017	653.0%
Capital Grants & Contribution	8,985,854	8,592,869	95.6%
Customer Reimbursement Project	500,000	932,609	186.5%
Interest Income	-	902,253	-
Total Capital Revenues	27,463,497	29,041,978	105.7%
 Transfer-in from Operating Fund	 34,272,357	 31,583,380	
 Capital Expenditures:			
Capital Improvement Projects	85,340,395	32,921,125	38.6%
Capital Equipment Purchases	1,597,383	1,059,249	66.3%
Total Capital Expenditures	86,937,778	33,980,374	39.1%
 Net Capital Fund Increase/(Decrease)	 \$ (25,201,924)	 \$ 26,644,985	

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 Jun 30, 2026	% of Budget
Revenues:				
Fire Flow		4,500,000	4,488,026	99.7%
Interest Income		-	200,964	
Total Revenues		4,500,000	4,688,990	104.2%
Expenditures:				
Capital Projects - Fire Flow		9,630,187	6,285,025	65.3%
Net Fire Flow Fund Increase/(Decrease)		\$ (5,130,187)	\$ (1,596,035)	



STAFF REPORT

Meeting Type: Finance and Administration Committee

Title: Water Rate Setting Update

From: Bret Uppendahl, Finance Director

Through: Shaun Horne, General Manager

Meeting Date: October 22, 2026

BU
BH

TYPE OF ITEM: Approve ☐ X Review and Comment

RECOMMENDATION: Review and comment on the District's rate setting process update

SUMMARY: As a municipal water district that relies on water rates to fund ongoing operations and capital improvements, the District is subject to the requirements of Proposition 218 in order to modify or increase water rates and charges. Procedural requirements include holding a noticed public hearing and providing written notice of the public hearing and proposed rate increases to each parcel.

The substantive requirements of Proposition 218 provide that the proposed rates must be proportional to the cost of providing service to the parcel and cannot exceed the cost of providing water service. To ensure that the District's rates are proportional in nature and generate sufficient revenue for operating and capital expenditures, staff is currently working with Water Resource Economics LLC to conduct a cost-of-service water rate study. The study is expected to provide recommended rate structure adjustments for the four-year period from 2027 to 2031. Staff anticipates that changes in the District's rate structure will be effective in July 2027.

DISCUSSION: During the August 27, 2026 Finance and Administration Committee, as well as the September 15, 2026 Board meeting, staff reviewed inflationary impacts on key areas of the District's operating budget. Overall, the operating budget is expected to increase by 4 to 5 percent per year over the next four years; however large expenditure items such as electricity, purchased water and personnel costs are expected to increase by a larger percentage than the overall operating budget. Staff also outlined the recent changes in the District's Capital Improvement Program (CIP) and noted that rate-funded capital investments increased from \$18.7 million to \$57.9 million over the past five years, with the majority of the increased capital expense being dedicated toward water supply enhancements and deferred maintenance. While water supply and deferred maintenance will both continue to be top priorities for the District, staff expects to reduce the rate-funded CIP by \$5 to \$7 million for the upcoming planning period.

Staff has also reported that the total billed water consumption in fiscal year (FY) 2025/26 was 20,048 acre feet (AF), which represented a reduction of four percent compared to the prior year and was five

percent below the amount incorporated in the FY 2025/26 revenue budget. The recent data, as well as the prior two years, indicates that projected water consumption will need to be reduced to reflect a sustained downward shift in local demand. The continued low water consumption means that customer water rates will need to increase by more than the expected increase in expenditures to generate sufficient revenue with lower unit sales.

Staff is also working with Water Resources Economics to analyze the District’s current rate structure. In prior reports, staff showed that the District’s current tier structure is significantly different than other comparable agencies. Staff will present preliminary findings with respect to the District’s current tier structure and will outline potential changes to the tier structure for various customer classes.

Staff will be providing regular updates on the water rate study at Board meetings and Finance and Administration Committee meetings throughout the remainder of 2026 and in early 2027. The District is planning to conduct a public hearing regarding proposed changes to the rate structure in the Spring of 2027.

ENVIRONMENTAL REVIEW: Not applicable.

FISCAL IMPACT: Not applicable.

ATTACHMENT(S): None.