



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

Thursday, June 27, 2024 at 9:00 AM

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## AGENDA

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### 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 Jed Smith, 105 Herring Pond Road, Plymouth, MA 02360

#### **Closed Session begins at 9:00 a.m.**

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

### **Public Participation:**

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

On a computer or smart device, 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](mailto: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. Announcement of Closed Session Item(s); Public Comments on Closed Session Item(s)**

Following announcement of Closed Session item(s) and prior to recess into Closed Session, the public may speak up to three minutes on items to be addressed in Closed Session. The Board will convene to Closed Session in the Mt. Tam Conference Room after public comment.

**a. Conference with Legal Counsel - Anticipated Litigation (California Government Code §54956.9(b))**

Number of Cases: One

Adjourn closes session and reconvene to open session in the Board Room and via Zoom.

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

**5. 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.

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

**a.** Minutes of the Finance & Administration Committee Meeting/Special Meeting of the Board of Directors on May 23, 2024

**RECOMMENDATION:** Approve the minutes

**b.** Review of Watershed Regulations, Fees and Fines and Proposed Updates

**RECOMMENDATION:** Receive a staff presentation of the current watershed regulations, parking fees and fines and bail amounts and review and refer proposed watershed parking fee and fine updates to a regularly scheduled Board meeting for consideration of approval

**c.** Monthly Financial Update

**RECOMMENDATION:** Review the Monthly Financial Update

**d.** Mid-Cycle Budget Update

**RECOMMENDATION:** Receive a staff update on the Mid-Cycle Budget

**7. Upcoming Meeting**

*(The following statement was inadvertently left off of the agenda - The next Finance & Administration Committee (FAC) Meeting/Special Meeting of the Board of Directors will take place on August 22, 2024, at 9:30 a.m. There is no FAC meeting/Special Meeting of the Board of Directors scheduled in July. )*

**8. Adjournment (10:30 a.m. – Time Approximate)**

## **ADA NOTICE AND HEARING-IMPAIRED PROVISIONS**

In accordance with the Americans with Disabilities Act (ADA) and California Law, it is Marin Water's policy to offer its public programs, services, and meetings in a manner that is readily accessible to everyone, including those with disabilities. If you are an individual with a disability and require a copy of a public hearing notice, an agenda, and/or agenda packet in an appropriate alternative format, or if you require other accommodations, please contact the Board Secretary/ADA Coordinator at 415.945.1448, at least two business days in advance of the meeting. Advance notification will enable Marin Water to make reasonable arrangements to ensure accessibility.

*Information agendas are available for review at the Civic Center Library, Corte Madera Library, Fairfax Library, Mill Valley Library, Marin Water Administration Building, and [marinwater.org](http://marinwater.org).*

Posted: 06-21-2024





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

Thursday, May 23, 2024 at 9:30 AM

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## MINUTES

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### 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 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, 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  
Matt Samson  
Monty Schmitt  
Jed Smith

#### 2. Adoption of Agenda

Prior to the adoption of the agenda, General Counsel Molly MacLean pointed out that the “Monthly Financial Update” was repeated twice on the agenda. Agenda Item 4b accurately stated the title; whereas, Agenda Item 4d should have been titled “Insurance Update.” She further went on to explain that the Board could still discuss the Insurance Update, because the recommendation on the agenda reflected that the Board was to receive an update on the insurance market and review preliminary insurance quotations.

With that explanation, a motion was made by Director Khush and seconded by Vice Chair Schmitt to adopt the agenda with that change.

There were no public comments.

Voting Yea: Directors Khush, Russell, Samson, Schmitt, and Smith

**3. Public Comment on Non-Agenda Matters**

There was one (1) public comment.

**4. Regular Items**

- a. Minutes of the Finance & Administration Committee Meeting/Special Meeting of the Board of Directors on April 25, 2024

**RECOMMENDATION:** Approve the minutes

A motion was made by Vice Chair Schmitt and seconded by Director Khush to approve the minutes.

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

Abstaining: Director Samson

- b. Monthly Financial Update

**RECOMMENDATION:** Review the Monthly Financial Update

Finance Director Bret Uppendahl provided a presentation.

Discussion ensued.

There was one (1) public comment.

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

- c. Quarterly Investment Report

**RECOMMENDATION:** Receive staff update on the District's investment portfolio

The Finance Director also provided an update on the District's quarterly investment.

Brief discussion followed.

There were no public comments.

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

- d. Monthly Financial Update (Corrected Title: Insurance Update)

**RECOMMENDATION:** Receive an update on the insurance market and review preliminary insurance quotations

Finance Director Uppendahl provided an introduction comparing the District's insurance cost from last year to the proposed cost of insurance for FY 2025. Then, consultant Seth Cole, with Alliant

Insurance, provided a presentation explaining the increase as he highlighted different sectors of the insurance market.

Discussion followed.

There were no public comments.

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

e. Water Efficiency Cost Analysis Relative to Water Supply Planning

**RECOMMENDATION:** Receive an update on financial analysis of water efficiency cost relative to water supply planning

General Manager Ben Horenstein provided introductory remarks referencing that this item was a follow up from discussion at the May 1<sup>st</sup> Water Efficiency Workshop. Followed by Director Uppendahl, who gave a presentation addressing how water efficiency project costs compare to the District’s other water supply project costs on an “apples to apples” basis, which included a review of the various methodologies and assumptions used when assessing water efficiency costs versus costs based on water supply yields.

There was discussion between the Board and staff during and after the presentation.

Director Russell left at 10:48 a.m.

There was one (1) public comment.

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

f. Initial Review of Board of Directors’ Handbook

**RECOMMENDATION:** Receive an initial overview of the Board of Directors Handbook (Handbook) and proposed process for review and update of the Handbook and related materials

General Counsel Molly MacLean provided a brief overview stating that legal would be reviewing the Board Handbook in sections at upcoming Finance & Administration Committee meetings, incorporating revisions, with a plan to the revised Board Handbook to a future board meeting for the Board to consider adoption.

Comments from the Board followed.

There were no public comments.

**5. Upcoming Meeting**

The Board Secretary announced that the next Finance & Administration Committee Meeting/Special Meeting of the Board of Directors would take place on Thursday, June 27, 2024.

**6. Adjournment**

There being no further business, the Finance & Administration Committee Meeting/Special Meeting of the Board of Directors adjourned on May 23, 2024, at 11:22 a.m.

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Board Secretary





# STAFF REPORT

**Meeting Type:** Finance & Administration Committee/Board of Directors  
**Title:** Review of Watershed Regulations, Fees and Fines and Proposed Updates  
**From:** Shaun Horne, Director of Watershed Resources  
**Through:** Ben Horenstein, General Manager  
**Meeting Date:** June 27, 2024

*SH*  
*BH*

**TYPE OF ACTION:**                      Action                      Information                      X                      Review and Refer

**RECOMMENDATION:** Receive a staff presentation of the current watershed regulations, parking fees and fines and bail amounts and review and refer proposed watershed parking fee and fine updates to a regularly scheduled Board meeting for consideration of approval

**SUMMARY:** Staff will review the Districts current watershed regulations, parking fees and fines along with proposed updates to the watershed parking fees and an increase in certain fines. Staff is requesting that the Finance Committee review and refer staff’s proposed parking fee updates and fine increases to the Board of Directors for consideration of adoption at a future regularly scheduled Board of Directors Meeting.

**DISCUSSION:** Each year, the Marin County Superior Court requests local agencies review the Marin County Superior Court Bail Schedule for updates, corrections and changes to their base fines. The Board of Directors did a comprehensive review of the Watershed regulations in 2017 and has done minor updates since that time. The 2017 updates brought fines in-line with the County’s standard fines and fees. Most recently the District increased the fine schedule for District code violations related to fire hazards, including smoking, starting a fire or using fireworks on the watershed due to the elevated risk of wildfire in the region.

As the District continues to advance the Strategic Opportunities identified in the recently completed Watershed Recreation Management Planning Feasibility Study staff is proposing minor updates to the watershed fees and fines. The updates are being proposed to support the District’s ability to encourage visitor compliance with rules and regulations. Staff is requesting the Finance Committee to review possible updates to fines associated with dogs off leash, Class II and III E-Bikes, and illegal trail building. Additionally, the District is proposing a minor update to day use parking fees and annual parking passes.

**ENVIRONMENTAL REVIEW:** Not applicable.

**FISCAL IMPACT:** None.

**ATTACHMENT(S):** None.



# STAFF REPORT

**Meeting Type:** Finance & Administration Committee/Board of Directors  
**Title:** Monthly Financial Update  
**From:** Bret Uppendahl, Finance Director  
**Through:** Ben Horenstein, General Manager  
**Meeting Date:** June 27, 2024

*BU*  
*BH*

**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 May 31, 2024, District operating and capital revenue is \$115.6 million, which is 84% of budgeted revenue. Total expenditures including encumbrances are \$102.4 million, or 75% of budget. Water sales, excluding fixed charges, are down by approximately 11.2% compared to the original budget.

**DISCUSSION:** Attached is the budget to actual comparison for fiscal year 2023/24 as of May 31, 2024. 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 92% of the fiscal year budget at the end of April. Water sales would be expected to be 88% of the fiscal year budget at this time of year.

For the Operating Fund, total revenues as of May 31, 2024 are \$97.8 million, or 83% of budget. Total operating expenditures, not including depreciation and amortization or encumbrances, are \$81.8 million, or 78% of budget. For the Capital Fund, total revenues are \$17.8 million, which is 89% of budget. These revenues are comprised primarily of Capital Maintenance Fee (CMF) revenues of \$14.9 million, which are at 87% of the budget. Total Capital Improvement Project (CIP) expenditures are \$15.4 million, or 48% of budget, as CIP projects typically do not follow linear trends in expenditures. As noted in Attachment 4, an additional \$5.2 million is encumbered, bringing total expenditures with encumbrances to \$20.6 million, or 65% of budget.

The fiscal year to date billed water sales through May 31, 2024 were \$65.8 million, which is 78% of the annual water sales forecast, and 88% of the expected revenue through the first eleven months of the year. Billed water consumption through May 31, 2024 was 17,777 AF, which is 3.6% higher than this time last year.

Year-to-date total water sales and other charges (service charges, watershed fees and capital maintenance fees) through May 31, 2024 were \$106.5 million, which is 81% 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 \$22.1 million, or 26%.

**ENVIRONMENTAL REVIEW:** Not applicable.

**FISCAL IMPACT:** None.

**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 6. 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	5,431,133	2,257,119	2,423,661	2,376,079	495,426	470,465	370,566	1,705,775	1,701,547	1,629,369	7,911,769	11,555,165	9,807,146
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	5,522,106	2,255,344	2,421,755	2,376,987	492,476	480,335	368,233	1,688,725	1,684,540	1,641,441	7,768,678	11,958,529	9,908,767
May	2,446,448	5,532,714	3,675,032	1,575,876	1,692,153	1,637,410	365,751	349,805	266,231	1,190,568	1,187,617	1,108,825	5,578,644	8,762,289	6,687,498
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	
<b>TOTAL</b>	<b>\$ 48,906,624</b>	<b>\$ 84,509,599</b>	<b>\$ 65,800,553</b>	<b>\$ 22,829,861</b>	<b>\$ 24,370,494</b>	<b>\$ 21,400,501</b>	<b>\$ 5,113,933</b>	<b>\$ 5,386,376</b>	<b>\$ 4,330,452</b>	<b>\$ 17,161,227</b>	<b>\$ 17,118,698</b>	<b>\$ 14,927,820</b>	<b>\$ 94,011,645</b>	<b>\$131,385,167</b>	<b>\$106,459,326</b>

Monthly Budget to Actual: 88.8%	Monthly Budget to Actual: 97.6%	Monthly Budget to Actual: 91.9%	Monthly Budget to Actual: 96.9%	Monthly Budget to Actual: 91.7%
% of Annual Budget: 77.9%	% of Annual Budget: 87.8%	% of Annual Budget: 80.4%	% of Annual Budget: 87.2%	% of Annual Budget: 81.0%
Actual to Actual: 150.3%	Actual to Actual: 104.1%	Actual to Actual: 93.8%	Actual to Actual: 96.6%	Actual to Actual: 126.1%

**Attachment 2**

Section 6. 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	1,419	-15.94%	3.04%
May	1,308	1,379	1,067	1,092	1,240	1,224	1,378	1,459	1,209	1,044	1,229	1,042	-15.25%	-0.20%
June	2,642	2,344	2,478	2,416	2,516	2,349	2,711	2,559	2,217	2,119	2,366			
<b>TOTAL</b>	<b>25,390</b>	<b>22,742</b>	<b>20,316</b>	<b>20,611</b>	<b>22,978</b>	<b>22,546</b>	<b>24,065</b>	<b>24,410</b>	<b>19,104</b>	<b>19,279</b>	<b>20,941</b>	<b>17,777</b>		
<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 -4.30%**  
**Actual-to-Actual Basis 3.59%**  
**% of Total Budget 84.89%**

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

**Operating Fund**

Operating Fund	FY 2024	Actual as of	% of	Actual as of
Revenues and Expenditures	Budget	May 31, 2024	Budget	May 31, 2023
<b>Revenues:</b>				
Water Sales and Service Charge:				
Water Sales	\$ 84,509,599	\$ 65,800,553	77.9%	\$ 43,790,589
Service Charge	24,370,494	21,400,501	87.8%	20,549,110
Watershed Management Fee	5,386,376	4,330,452	80.4%	4,617,009
Total Water Sales and Service Charge	<u>114,266,469</u>	<u>91,531,506</u>	<b>80.1%</b>	<u>68,956,708</u>
Other Revenues:				
Rents and Royalties	1,974,852	1,808,752	91.6%	1,767,561
Grants	-	2,377,539	-	1,791,950
Permits and Fees	365,120	338,380	92.7%	342,323
Late Payments & Charges	120,133	245,196	204.1%	229,669
Interest	675,000	1,677,959	248.6%	827,664
Miscellaneous	286,804	(148,498)	-51.8%	139,739
Total Other Revenues	<u>3,421,909</u>	<u>6,299,328</u>	<u>184.1%</u>	<u>5,098,906</u>
<b>Total Operating Revenues</b>	<b><u>117,688,378</u></b>	<b><u>97,830,834</u></b>	<b><u>83.1%</u></b>	<b><u>74,055,614</u></b>
<b>Expenditures:</b>				
Personnel services	56,646,068	46,547,677	82.2%	44,561,384
Materials and supplies	4,334,393	2,930,483	67.6%	2,610,699
Operations	12,292,893	7,120,483	57.9%	8,690,810
Water conservation rebate program	1,280,800	112,912	8.8%	337,966
Electrical power	5,500,000	4,995,816	90.8%	3,838,021
Water purchased	11,477,700	9,396,525	81.9%	5,618,998
Insurance, including claims	2,568,000	2,454,694	95.6%	2,302,558
General and administrative	5,454,828	3,335,400	61.1%	3,867,224
Debt service - interest and principal	9,517,293	8,724,185	91.7%	8,897,631
Overhead cost allocated to capital	(4,700,000)	(3,839,003)	81.7%	(3,708,681)
<b>Total Operating Expenditures</b>	<b><u>104,371,976</u></b>	<b><u>81,779,171</u></b>	<b><u>78.4%</u></b>	<b><u>77,016,610</u></b>
<b>Transfer out to Capital Fund</b>	<b>8,548,914</b>	<b>6,656,324</b>	<b>77.9%</b>	<b>-</b>
<b>Transfer out to Reserves</b>	<b>5,000,000</b>	<b>4,583,333</b>	<b>91.7%</b>	<b>-</b>
<b>Net Operating Fund Increase/(Decrease)</b>	<b><u>\$ (232,512)</u></b>	<b><u>\$ 4,812,006</u></b>		<b><u>\$ (2,960,996)</u></b>

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

**Capital Fund**

Revenues and Expenditures	FY 2024 Budget	Actual as of May 31, 2024	% of Budget	Actual as of May 31, 2023
<b>Revenues:</b>				
Capital Maintenance Fee	\$ 17,118,698	\$ 14,927,820	87.2%	\$ 15,450,899
Capital Connection Fee	100,000	144,155	144.2%	172,964
Capital Grants & Contribution	2,134,500	2,024,131	94.8%	1,474,225
Customer Reimbursement Project	500,000	673,352	134.7%	654,307
Interest Income	63,750	23,037	36.1%	43,088
<b>Total Capital Revenues</b>	<b>19,916,948</b>	<b>17,792,495</b>	<b>89.3%</b>	<b>17,795,484</b>
<b>Transfer-in from Operating Fund</b>	8,548,914	6,656,324		
<b>Capital Expenditures:</b>				
Capital Improvement Projects	30,468,806	14,752,245	48.4%	12,188,471
Capital Equipment Purchases	1,366,767	654,365	47.9%	364,430
<b>Total Capital Expenditures</b>	<b>31,835,573</b>	<b>15,406,610</b>	<b>48.4%</b>	<b>12,552,902</b>
<b>Net Capital Fund Increase/(Decrease)</b>	<b>\$ (3,369,711)</b>	<b>\$ 9,042,209</b>		<b>\$ 5,242,582</b>



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

Section 6. Item #c.
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**Fire Flow Fund**

Revenues and Expenditures	FY 2024 Budget	Actual as of May 31, 2024	% of Budget	Actual as of May 31, 2023
<b>Revenues:</b>				
Fire Flow	4,500,000	4,316,453	95.9%	4,319,866
Interest Income	-	168,691		67,570
<b>Total Revenues</b>	<b>4,500,000</b>	<b>4,485,145</b>	<b>99.7%</b>	<b>4,387,436</b>
<b>Expenditures:</b>				
Capital Projects - Fire Flow	4,500,000	1,548,796	34.4%	1,721,314
<b>Net Fire Flow Fund Increase/(Decrease)</b>	<b>\$ -</b>	<b>\$ 2,936,349</b>		<b>\$ 2,666,122</b>

**Attachment 4**

Section 6. Item #c.

CIP Projects	FY2023/24	Capital Projects	Encumbered for	Total C
	Budget	Actual as of May 31, 2024	Contracts Actual as of May 31, 2024	Flow Actual as of May 31, 2024
District Pipeline Replacement	\$ 8,098,424	\$ 1,847,491	\$ 684,088	\$ 2,531,579
Tank Maintenance & Replacement	5,011,466	4,129,094	565,020	4,694,114
Treatment Plant Facilities	1,722,155	523,284	27,403	550,687
Dam/Pump/Control System/Meters	5,118,239	2,655,251	1,186,196	3,841,448
Asset Mangement	3,237,576	1,604,606	1,604,861	3,209,467
Watershed - Natural Resource Project	2,245,000	1,615,862	378,805	1,994,667
Watershed - Other	1,213,653	583,855	299,489	883,344
Information Technology	780,000	-	2,663	2,663
Fire Flow Replacement	4,500,000	1,548,796	403,101	1,951,897
Reimbursable Grant Projects	1,800,028	909,529	168,596	1,078,125
Reimbursable Customer Projects	1,242,266	883,273	1,223	884,495
Capital Equipment Purchases	1,366,767	654,365	284,990	939,355
<b>Total Capital Projects</b>	<b>\$ 36,335,573</b>	<b>\$ 16,955,406</b>	<b>\$ 5,606,435</b>	<b>\$ 22,561,841</b>



# STAFF REPORT

**Meeting Type:** Finance & Administration Committee/Board of Directors  
**Title:** Mid-Cycle Budget Update  
**From:** Bret Uppendahl, Finance Director  
**Through:** Ben Horenstein, General Manager *BU*  
**Meeting Date:** June 27, 2024 *BH*

**TYPE OF ACTION:**                      Action              X              Information                      Review and Refer

**RECOMMENDATION:** Receive a staff update on the Mid-Cycle Budget

**SUMMARY:** The Board of Directors approves a budget for the District covering two fiscal years. Prior to the start of the second fiscal year, staff presents a financial update that includes updated projections for revenues and expenditures compared to the previously approved budget.

**DISCUSSION:** The District’s FY 2023-24 (FY 2024) approved expenditure budget totals \$142.1 million. Operating expenditures account for \$104.1 million, or 73 percent, of the total budget, and Capital Expenditures account for \$32.9 million, or 23 percent of the total. An additional \$5 million is included in the FY 24 budget for planned increases to reserves. In FY 2024-25 (FY 2025), the approved budget increases to \$163.8 million as capital expenditures increase to \$49.5 million to support water supply projects, infrastructure investments and technology upgrades.

Staff regularly provides monthly financial updates at the District’s Finance and Administration Committee meetings. Through 11 months of the fiscal year, which represents 92 percent of the fiscal year, both revenues and expenditures are projected to end the year below the budgeted amount. Expenditures are expected to finish the year \$7.6 million less than originally budgeted, primarily due to savings on personnel costs attributable to vacancies. Total revenues are expected to finish the year approximately \$6.7 million less than originally budgeted. Water sales, which are the District’s largest and most volatile source of revenue, are expected to finish the year \$8.2 million below the budget due to lower than expected consumption throughout the year. Rate revenue shortfalls are offset by higher than expected interest earnings as well as one-time grant revenues associated with the State’s Water and Wastewater Arrearage Payment Program.

For FY 2025, the District’s revenues will be largely impacted by overall water consumption. As outlined in the Approved Budget, water rate revenues are expected to increase by 15 percent, while other

revenue sources are expected to be largely flat with the exception of multi-year grants. Assuming consumption trends remain largely similar to the current year, which is slightly lower than what was originally budgeted, the District would expect to have a shortfall of approximately \$5.8 million in rate revenue. This shortfall will be partially offset by greater than expected interest earnings ranging from \$1.4 million to \$1.6 million, depending on changes to the Treasury’s yield curve and associated interest rate implications.

Expenditures in FY 2025 are expected to be consistent with the budget with a few exceptions. Despite recent increases in recruitment activity, the District continues to experience turnover and retirements that create unanticipated vacancies. This results in savings from Personnel Services ranging between five and ten percent. At this time, staff expects savings from vacancies to be approximately \$3 million in FY 2025. Water purchases from Sonoma County Water Agency (SCWA) will be more expensive than originally budgeted as the SCWA recently approved a 10.6 percent rate increase, compared to the budgeted expectation of an 8.5 percent annual increase. While the fiscal impact will ultimately depend on the level of consumption, if the District were to purchase the minimum 5,300 AF, this rate increase amounts to \$175,000 in additional unanticipated expenditures. Utility costs have also increased faster than originally planned with PG&E rate increases projected to add between \$300,000 and \$400,000 in expenses to the operating budget.

In total, the District’s adopted budget for FY 2025 is expected to be sufficient to support planned operations and capital improvements. Known expenditure increases will likely be offset by savings in other areas. Staff will monitor SCWA and PG&E expenses and will report out to the Board, along with regular reporting on water consumption and associated revenues.

The budget process for FY 2025-2027 will begin in early 2025 and there will be public discussion and Board workshops in the spring of 2025. At this early stage, staff expects PG&E and SCWA to be the primary cost drivers, although healthcare costs will be an additional expense driver as Kaiser insurance rates are increasing at levels beyond what was anticipated in prior budget cycles. The key uncertainties impacting the next budget cycle will be interest rates, inflation, regulatory changes, staffing needs, rainfall, and water use.

**ENVIRONMENTAL REVIEW:** Not applicable.

**FISCAL IMPACT:** None.

**ATTACHMENT(S):** None.