Date Posted: 3/14/2025

NORTH MARIN WATER DISTRICT

NORTH MARIN WATER DISTRICT
AGENDA - REGULAR MEETING
March 18, 2025 – 4:00 p.m.
District Headquarters
Location: 999 Rush Creek Place
Novato, California

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Item	Subject	
	CALL TO ORDER	
1.	***Approve:*** Resolution of Appreciation – Joe Kauwe	**Resolution**
2.	***APPROVE MINUTES FROM REGULAR MEETING***, March 4, 2025	
3.	***GENERAL MANAGER'S REPORT***	
4.	***OPEN TIME: (Please observe a three-minute time limit)***	

This section of the agenda is provided so that the public may express comments on any issues not listed on the agenda that are of interest to the public and within the jurisdiction of the North Marin Water District. When comments are made about matters not on the agenda, Board members can ask questions for clarification, respond to statements or questions from members of the public, refer a matter to staff, or direct staff to place a matter of business on a future agenda. The public may also express comments on agenda items at the time of Board consideration.

5. ***STAFF/DIRECTORS REPORTS***

ACTION CALENDAR

6. ***Approve:*** Bid Advertisement for San Mateo Tank 24-Inch Transmission Main Project

INFORMATION ITEMS

7. Draft 2025 West Marin Water Rate Study
8. Potter Valley Project – New Eel-Russian Facility Update
9. TAC Meeting Agenda – March 3, 2025
10. NBWA Meeting Agenda – March 7, 2025
11. ***MISCELLANEOUS***
    Disbursements – Dated March 6, 2025
    Disbursements – Dated March 13, 2025
    Monthly Progress Report
    Auditor-Controller's Monthly Report of Investments for January 2025
    News Release – Natural Resources Agency Thanks Tribal Leaders, No. California Counties and Conservation Groups for their Leadership as Historic Agreement Announced to Secure Water Reliability in the Russian River, Benefit Salmon on the Eel River
    SF GATE- A California reservoir could disappear if PG&E gets their way
    Sonoma Water - Water Transmission System Draft Budget Overview

Item **Subject**

News Articles:
Marin IJ – Regional water pipeline advances – MARIN MUNICIPAL
Marin IJ – MMWD board VP shares resiliency plan - MARIN VOICE
Pt. Reyes Light – Letter to the Editor - Planning ahead for water

Social Media Posts:
NMWD Web and Social Media Report – January 2025

12. ***CLOSED SESSION:*** Conference with Legal Counsel – Anticipated Litigation (Gov. Code § 54956.9) Potter Valley Hydroelectric Project and PG&E Draft Application for Surrender of License and Application for Non-Project Use of Project Lands
13. ***RECONVENE:*** Reconvene as the Board of Directors
14. ***ADJOURNMENT***

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NORTH MARIN WATER DISTRICT

MEMORANDUM

To: Board of Directors March 18, 2025

From: Tony Williams, General Manager
Eric Miller, Assistant General Manager/Chief Engineer

Subj: Resolution of Appreciation for Joe Kauwe
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RECOMMENDED ACTION: Board Approve the Resolution of Appreciation for Joe Kauwe

FINANCIAL IMPACT: None

Joe Kauwe retired on July 16, 2024 after 44 years of employment with the North Marin Water District. The attached resolution conveys appreciation to Joe's many years of dedicated service to the District. It is customary for the Board President to read aloud the resolution.

RECOMMENDATION

Board adopt the resolution of appreciation for Joe Kauwe recognizing his many years of employment with the North Marin Water District.

ATTACHMENTS:

1. Resolution of Appreciation for Joe Kauwe

RESOLUTION 25-02

NORTH MARIN WATER DISTRICT

RESOLUTION OF APPRECIATION
TO
JOSEPH KAUWE

WHEREAS:

- Joseph (Joe) Kauwe was hired as an Engineering Assistant I with the North Marin Water District on July 1, 1980; and
- Joe was promoted to Engineering Technician II on July 1, 1988, promoted to Engineering Technician III on July 1, 1989, and promoted to Engineering Technician IV on March 16, 1996; and
- Over the course of his forty-four years at the District, Joe's positive attitude, willingness to help, and selflessness often led him to successfully perform the duties of Engineering Technician and earn the confidence of four different General Managers, six different Chief Engineers, and his fellow co-workers; and
- Joe has been described as having a "can do" attitude towards his work assignments and would not shy away from a challenging project. His extensive knowledge of the District's infrastructure helped him excel at a variety of assignments including construction inspection of water and wastewater facilities, coordination with partner agencies on utility relocations, easement preparation and acquisition, and the development of project plans and cost estimates; and
- Joe's kind demeanor when interacting with District employees and members of the public helped him explain technical details in simple terms while often going above and beyond to follow through with tasks as demonstrated by years of positive feedback and commendations from those he worked with; and
- As Engineering Technician, Joe maintained dedication to workplace and job site safety, earning the District's Annual "Bravo" Award for exceptional safety practices on three separate occasions, in 2005, 2014, and 2017; and
- Joe's unique blend of humor, dependability, and decades of experience have been invaluable to the District and he will be missed by everyone he worked with and the Board of Directors; and
- On July 16, 2024, Joe retired as the second longest tenured employee in District history.

THEREFORE, BE IT RESOLVED:

That the Board of Directors of North Marin Water District hereby commends and expresses its appreciation to Joe Kauwe for many years of dedicated and loyal service, and valued contributions to the District.

BE IT FURTHER RESOLVED:

That the Board of Directors, on behalf of the staff, officers and Directors of the North Marin Water District, extend to Joe Kauwe sincere good wishes in his retirement and for many happy productive years filled with all the good things of life.

Dated at Novato, California
March 18, 2025

Michael Joly, President
North Marin Water District

* * * * * *

I hereby certify that the foregoing is a true and complete copy of a resolution duly and regularly adopted by the Board of Directors of North Marin Water District at a regular meeting of said Board held on the 18th day of March, 2025, by the following vote:

AYES: Director(s)
NOES:
ABSENT:
ABSTAINED:

Eileen Mulliner, District Secretary
North Marin Water District

(SEAL)

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NORTH MARIN WATER DISTRICT

MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS
March 4, 2025

CALL TO ORDER

President Joly called the regular meeting of the Board of Directors of North Marin Water District to order at 4:00 p.m. at the District Headquarters, and the agenda was accepted as presented. Present were Directors Jack Baker, Ken Eichstaedt, Rick Fraites, Michael Joly, and Stephen Petterle. Also present were General Manager Tony Williams, District Secretary Eileen Mulliner, Auditor-Controller Julie Blue and AGM/Chief Engineer Eric Miller.

District employees Chris Kehoe, Construction Superintendent, Robert Clark, Operations and Maintenance Superintendent, Tim Fuette, Senior Engineer, Sebastian Rubio-Gomez, Junior Engineer, Blake Hall, Junior Engineer, Susan Dove, Senior Engineering Tech, Lia Solar, Engineering Services Representative, and Vincent Verissimo, Junior Accountant, were also in attendance.

Lynne Rosselli and Jake Spaulding of Sonoma Water were also in attendance. Customer Len Shaw was in attendance.

President Joly moved Item #5 to the beginning of the agenda.

APPROVE: AUTHORIZE AFFIRMATIVE VOTE FOR SONOMA WATER FY 2025/2026 WATER TRANSMISSION SYSTEM BUDGET

Jake Spaulding, Sonoma Water, presented the Sonoma Water FY 2025/2026 Water Transmission System Budget. He explained that SW has three aqueducts in the main transmission system that were built between 1959 and 1963, and that the infrastructure is aging and in need of repair. He said there are several charges involved in the rates and SW has been transparent in the collaborative process with the water contractors before going to their Board. He noted that the Technical Advisory Committee (TAC) voted in the affirmative for the increase and they are very appreciative of that. Mr. Spaulding went on to describe the reasons and need for the increase. He mentioned their asset condition assessment and that maintenance needs increase with age. The presentation highlighted the projects that are budgeted for hazard mitigation, increased resiliency, O&M to protect, improve, and maintain system reliability, as well as the funds budgeted for the Biological Opinion, Water Supply Planning, and Water Conservation. The budget totaled $82M, an increase of $7.6M from last year's budget. He went through and showed how the rates are calculated, which came to $1,400 per acre foot for the aqueduct using a 3-year annual average. He noted that deliveries can affect the rates. He also said that deferring projects can help reduce the budget and rate. Mr. Spaulding said that NMWD's rate increase was dropped from 19.96% to 6.30%, a total cost per gallon of $0.004.

Lynne Rosselli spoke to the Board about the long-range financial plan. She said NMWD's deliveries are between 5,400-5,800 acre-feet (AF) and noted that the more water delivered, the more the rates decrease. One presentation slide showed the wholesale water rates per AF for SW compared to other agencies, and SW's was the lowest. She said that the TAC has voted on the new rates, and NMWD's Board will vote tonight, the next step is for the proposed budget to go to the Water Advisory Committee (WAC) and then to SW's Board for vote on April 22.

President Joly said a 6.3% increase was good news and asked if they can keep the annual increases under double digits over the next 3 years. Ms. Rosselli said it will depend on several factors. Tony Williams thanked Mr. Spaulding and Ms. Rosselli for their discussions with the TAC members. Director Baker asked if there was any indication that one of the WAC members may vote no as has been done in the past, Ms. Rosselli said that, although the TAC voted yes, it doesn't mean the WAC will follow unanimously. President Joly thanked them for their presentation.

On the motion of Director Fraites, and seconded by Director Petterle, the Board approved to Authorize an Affirmative Vote for Sonoma Water FY 2025/2026 Water Transmission System Budget by the following vote:

AYES: Director(s) Baker, Eichstaedt, Fraites, Joly, and Petterle
NOES: None
ABSENT: None
ABSTAIN: None

MINUTES

On motion of Director Baker, seconded by Director Joly, the Board approved the minutes from the February 18, 2025, meeting with a minor edit noted by President Joly, by the following vote:

AYES: Director(s) Baker, Eichstaedt, Fraites, and Joly.
NOES: None
ABSENT: None
ABSTAIN: Director Petterle

GENERAL MANAGER'S REPORT

Tony Williams gave a Potter Valley Project update. He said the Memorandum of Understanding (MOU) signed by the California Department of Fish and Wildlife, California Trout, Eel-Russian Project Authority, Humboldt County, Mendocino County Inland Water and Power Commission, Round Valley Indian Tribes, Sonoma County Water Agency (Sonoma Water), and Trout Unlimited, is included in the Miscellaneous section of the agenda packet. He said there is some concern from the water contractors regarding the Eel River Restoration payment included in the MOU and where the funds for it will come from.

He said that there is an update on the presentation that Ben Horenstein of Marin Water gave to the Board at the February 18 meeting and said that Marin Water's Board directed staff to move forward with their Winter Water Resiliency project which is a pipeline project from the San Marin area to Nicasio Reservoir. Mr. Williams also noted that Marin Water is renewing the two new water supply contracts with SW and said that Mr. Horenstein may come back to speak to our Board about combining those contracts into one which will need WAC approval. He said more information will come in the near future. The directors expressed concern about the construction and traffic disruptions that will occur on San Marin Drive for the Marin Water's project. Director Fraites said this will be a big impact to that area. Mr. Williams said that the chosen route is a lower cost than going a backroads route from Cotati. President Joly asked if the Novato City Council would need to approve this project and Mr. Williams said he wasn't sure but most likely not. President Joly also mentioned that there is an article in the Marin IJ about this project.

Mr. Williams said that he participated in a radio interview with KWMR about the West Marin Rate Study. He said it was a good interview and hopes to get a recording on our website.

Mr. Williams reminded the Board that some of them have a photo shoot coming up for new headshots for the website.

The Board requested that the Potter Valley MOU be included in the next agenda package.

OPEN TIME

President Joly asked if anyone in the audience wished to bring up an item not on the agenda.

Len Shaw, resident of Novato, addressed the Board and congratulated staff on the new Administration building. He also congratulated Directors Eichstaedt and Joly on winning the recent election. He commented on the new building and said the wood used in the lobby and Board room is beautiful and that the logo in the lobby is extraordinary. He said he hoped there would be better audio in the future and asked if there will be audio assistance available for those who have hearing issues and Mr. Miller said that it will be added at some time in the future. He also mentioned that when the lights were dimmed for a presentation, that some of the directors were difficult to see as they were silhouetted against the windows. President Joly thanked him for his comments.

STAFF/DIRECTORS REPORTS

President Joly asked if there were any staff or director's reports.

Eric Miller gave a brief update on the move back to Rush Creek and said the original target date to open the building to the public was March 17, however that will likely be delayed as we are still working out some issues, including security. He said the lab is working through the certification process and should be up and running in July. He mentioned that the public open house timing is still unknown, the earliest could be in May but possibly later in the year. He also mentioned that the dedication plaque content will be brought to a future Board agenda. President Joly asked how the

move went and Mr. Miller said that he general feeling was excitement and that the move went pretty well. He said that Robert Clark's team is working on various items daily. Mr. Clark noted to the Board that the Stafford Treatment Plant came on line recently, and we are producing 3 million gallons per day. He said that by April 1st the quantity should be higher but waste discharge is part of the limiting factor.

ACTION CALENDAR

APPROVE: SAN MATEO TANK 24-INCH TRANSMISSION MAIN PROJECT – ENVIRONMENTAL PERMIT COMPLIANCE DURING CONSTRUCTION

Eric Miller gave the Board a description of the San Mateo Tank 24-Inch Transmission Main project. He noted that the San Mateo Tank is one of the larger tanks in our system and is filled by the San Marin Pump Station. He said that when the tank was built it was anticipated more development on Mt. Burdell area would occur but it never happened. He said that the transmission line feeding the tank needs to be upsized to provide more efficient flow to and from the tank. He said there are four permits for the project, each with significant requirements. The contract that is for Board approval is for ESA to monitor environment permit compliance during construction and complete associated reporting. He said he will bring an item to a future meeting for bid advertisement of the project. President Joly asked about the cost of the construction project, and Mr. Miller said the current estimate is $1.5M. President Joly also inquired about the pipeline route. Mr. Miller said that to follow the current pipeline route would have to go through private property that has difficult access. The proposed route has easier access, running through open space area. Avram Pearlman, the project engineer, added that the new alignment is also a shorter distance to connect to the main distribution system. Director Eichstaedt asked if the consultant's rate schedule that was provided with their proposal will remain the same as it was labelled 2024 and staff confirmed that 2025 rates were used in the proposal. Director Eichstaedt also asked if the project schedule is being coordinated with the various environmental constraints and Mr. Miller answered that staff has created a master schedule for the project that considers all of the environmental constraints. Director Petterle noted that it was a good package.

On the motion of Director Petterle, and seconded by Director Eichstaedt, the Board approved the San Mateo Tank 24-Inch Transmission Main Project – Environmental Permit Compliance During Construction by the following vote:

AYES: Director(s) Baker, Eichstaedt, Fraites, Joly, and Petterle
NOES: None
ABSENT: None
ABSTAIN: None

INFORMATION ITEMS

PROJECT COMPLETION PRESENTATION – OCEANA MARIN TREATMENT & STORAGE POND REHABILITATION PROJECT

Tim Fuette, Senior Engineer, addressed the Board and gave a brief description of the project including the project summary, location, and the 2017 emergency repair. Mr. Fuette showed an overview photo of the project location and also a slide showing repairs made and described the damages from the storm. The repairs included bank restoration. Mr. Fuette then turned it over to Sebastian Rubio-Gomez, project engineer for the Oceana Marin Treatment & Storage Pond Rehabilitation project, who continued the presentation on the project. The slides showed job site preparation, and temporary construction entrance. Mr. Rubio-Gomez said that he visited the rock quarry where the rock for the rip-rap was purchased. He described Phase 1 of the project that was the storage pond construction. The slides showed the slope excavation and offloading of the spoils, as well as the fabric and rip-rap installation. He went through the ABS and gate valve installation and showed an aerial photo of the finished storage pond. He said that Phase 2 of the project is the treatment pond construction. He said that during installation of the pump that would move the water, the contractor encountered a powerline belonging to Estero Mutual and that it had to be re-routed. This work impacted out 6-inch force main and an emergency repair was necessary. Director Fraites asked, after seeing the pond photo, why there was dirt at the bottom of the pond instead of rock. Mr. Rubio-Gomez said that it was leftover sludge from when the water was transferred. Robert Clark added that the pond is clay lined, not a leach pond, and the water is discharged into our disposal fields and also explained the treatment pond's purpose. Director Eichstaedt asked how the force main broke and Mr. Rubio-Gomez said it occurred during excavation. The last slide showed the final stabilization photos. Director Petterle thanked Mr. Rubio-Gomez, noting that he had never heard such a detailed explanation of our treatment ponds. President Joly said it was a very good presentation and also asked if the contractor used the full contingency funds, Mr. Miller said they did. He also noted that 75% of the project was reimbursable through FEMA. Mr. Williams noted that Dan Garrett and Roy Foster, Stafford Treatment Plant operators assisted on the project and that our Construction crew did some temporary repairs in the beginning.

OCEANA MARIN AND SEWER SERVICES TO DILLON BEACH PROPERTIES UPDATE

Tony Williams told the Board that although this is an Information item, he is looking for general direction from the Board. He said that Dillon Beach is all on septic systems and many are failing. He mentioned a 2022 study done by Questa Engineering that the preferred option is to connect to the NMWD system, however staff doesn't necessarily agree with the study conclusions and that some information was missing such as true cost of service and connection fees. He said that we would want to revisit our master plan to see what the District would need to do if we were to

take over the area. Mr. Williams said we would want to look at capital costs and to put the analysis into our work plan for next fiscal year but only if we receive the necessary funding from the County and all reimbursements are paid for the FEMA grant funding for the Ponds project.

President Joly said that previously the District had made it clear to the County that the legacy issue we took in the early 1970's for Oceana Marin (OM) was a one-time event and that we don't want to experience it again. He asked what the problem is exactly. Mr. Williams said that the situation of failing septic systems that are potentially contaminating the water supply for the residents. President Joly asked how it impacts the District and Mr. Williams said it impacts us because we have a functional sewer system adjacent to the area. He said that if the residents petitioned LAFCo to be annexed into our system it would be difficult for us to say no since we have an existing system nearby.

Director Baker said, because the County generally seems to focus on Marin proper and less on West Marin, the issues are not as widely known, but since Supervisor Rodoni lives out there, and had been a NMWD Director in the past, he knows the area well and the issues. He said it would be surprising if the County put some funds towards the problem there. Mr. Williams said he is concerned it the situation becomes more dire and we don't have time to figure out a good direction, it could really impact the OM residents and our system. He said he would like to get ahead of the situation instead waiting for the situation to get worse and the District has to take on the issue. Mr. Williams noted that he believes that may have happened in the 1970's, that we took on the OM area by default.

Director Petterle said we are out there and had been in Tomales as well so it made sense at the time and instead of a new agency being created, the County possibly thought we could take it on instead. He said he agrees with Mr. Williams that we want to be in the driver's seat on the situation so that if someone comes to us to take it on, we could say if you have the money, sure we can do that. President Joly said that, obviously, there is a humanitarian aspect to the problem, but we have other customers that we have a financial obligation to and agreed with Director Petterle and Mr. Williams. He said they really need to fully understand how this would impact our cost structure entirely, not just for implementation, but for ongoing treatment. Mr. Williams said that one of the potential fatal flaws of the analysis that was done by Questa is assuming that we can expand the existing leach field irrigation system, which may be difficult to permit. He said we tried to comment on the Questa report but all the issues did not get covered to the level that we wanted. Director Baker said we need to be careful that we are not brought in to rescue them to take this over without sufficient funds. Mr. Williams agreed and added that he's had discussions with Marin LAFCo as well as the other sewer agencies in Marin to see if they would be willing to take on this system but because these other agencies do not have anything in the area, the likelihood was low. Director Eichstaedt said we do good for the public and said we are all in this together, however he

is very concerned about the costs involved and also wonders if people understand this is an enterprise system and you have to have money to do this. We're not a general fund where we have an unlimited amount of funds, it's very defined with what we can do. Mr. Williams said it's interesting that Director Eichstaedt brought that up because we were given an opportunity to see a presentation the County gave to the community and one of the slides said 'the County and North Marin will partner to come up with an equitable solution' and he said this would not be an equitable situation, but rather a proportional cost sharing. Staff's concern is that if we're not engaged the County will continue to consider the District as the best solution so it is best if we drive the analysis so we can say what it's really going to cost the residents. Director Petterle said this made sense. President Joly said he thinks the sense of the Board is that Mr. Williams is taking the right approach on our behalf and being very vocal is clearly a good tact and thanked him. He said they encourage him to do so. Mr. Williams said he would continue and said thank you. Robert Clark added that we have certain liabilities with our systems and our biggest risk is Oceana Marin with potential discharges as well as the costs for improvements noting the previous agenda item about the treatment ponds. He said from an Operations perspective, Oceana Marin has been one of our biggest problems in the twenty years he's been here. He said it's a sewer system, and we have been lucky so far with no major issues. Director Petterle said that from he understood from Mr. Williams that if we don't do more analysis then the conclusion will be the best and only option is that North Marin take it over. He said that if we are involved at least we can look at the whole system and determine what's it's going to cost. President Joly added that the expansion does not fit into our mandate as we see it so it has to be ongoing financial support. President Joly told Mr. Williams that there is consensus that his plan is on the right track.

MISCELLANEOUS

The Board received the following miscellaneous items: Disbursements – Dated February 27, 2025, MOU to Advance A Water Diversion Agreement for a New Eel-Russian Facility, NOAA Three-Month Outlook Precipitation Probability, and NOAA Seasonal Drought Outlook.

The Board received the following news articles: Marin IJ – Lawn Replacements – UC MARIN MASTER GARDENERS, Reservoirs topped off – BOUNTIFUL MARIN, and Water agency offers bigger regards for removing grass – MARIN DROUGHT DEFENSE.

ADJOURNMENT

President Joly adjourned the meeting at 5:32 p.m.

Submitted by

Eileen Mulliner
District Secretary

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ITEM #6

NORTH MARIN WATER DISTRICT

MEMORANDUM

To: Board of Directors Date: March 18, 2025

From: Eric Miller, Assistant General Manager/Chief Engineer
Avram Pearlman, Associate Engineer

Subj: Approve Bid Advertisement for San Mateo Tank 24" Transmission Main Project
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RECOMMENDED ACTION: The Board authorize bid advertisement of the San Mateo Tank 24" Transmission Main Project

FINANCIAL IMPACT: $1,300,000 ($1,600,000 planned for FY 25/26 budget)

Background

The San Mateo Tank was constructed to serve the surrounding Zone 2 customers in 1966, but the tank was sized to accommodate future development along Mount Burdell that was ultimately removed from the City's General Plan. The undeveloped land became the Mount Burdell Open Space Preserve and trusted to the care of the Marin County Open Space District (MCOSD). At the time of construction, the 12-inch transmission line connecting the tank to the Zone 2 distribution system was considered temporary. However, the small size of this line restricts flow into the tank from the San Marin Pump Station, limiting energy efficiency and reducing available fire flows.

The District owns the parcel of land where the tank is located and has previously secured an easement through the Open Space Preserve for an upsized 24-inch pipeline from San Mateo Tank to Palmo Way, as was originally intended for built-out conditions (see Attachment 1, Vicinity Map). This existing easement alignment was found to pass through sensitive habitat and, after coordination with MCOSD, both parties agreed to re-route the upsized 24-inch pipeline to minimize impacts to rare and endangered species. The proposed design for the upsized 24-inch pipeline follows an alternate alignment, connecting to existing Zone 2 distribution system at the end of San Mateo Way rather than Palmo Way.

The San Mateo Tank 24-Inch Transmission Main Project (Project) includes construction of approximately 1,500 feet of new 24-inch HDPE pipeline and appurtenances, conduit for future telemetry and electrical service at the tank site, and seismic resiliency improvements between the transmission main and the tank. Additionally, this project includes decommissioning approximately 800 feet of fire road and restoration improvements within the Mount Burdell Open Space, in coordination with the MCOSD.

The District filed a Notice of Exemption (NOE) under CEQA (Categorical Exemption 3.d – Water Mains Extensions). The NOE was posted at Marin County on January 17, 2018, and received by the California State Clearinghouse on January 19, 2018. No comments were received during the 30-day notice period. The project was subsequently put on hold in 2018 due to changes in capital improvement priorities. At this time, staff recommends proceeding with the project and have confirmed that no changes to the Project's CEQA status are required.

Project Status

Even with the modified alignment, the new 24-inch pipeline will pass through open space habitat, including seasonal swales that drain to waters of the State and the U.S. For this reason, multiple permits and agreements were required and successfully obtained for this project.

The following table summarizes each permit and agreement obtained as part of this project, when they were originally executed and their current status:

Table 1 – Permit and Agreement Status

Permit/Agreement	Executed	Status
CEQA Notice of Exemption	1/19/2018	Class 3.d categorical exemption (water main extensions)
USACE Permit	3/12/2020	Expires 3/14/2026
CDFW Permit	4/14/2020	Expires 12/31/2025
RWQCB Permit	11/10/2020	Expires 3/14/2026
Compensatory Mitigation Agreement	12/30/2020	No expiration date
Temp. Construction Easement Agreement	11/17/2021	Expires 12/31/2025
Tribal Monitoring Agreement	2/16/2021	No expiration date

The Project's plans and specifications are 100 percent complete and have been reviewed by District staff. The contract documents will be approved and signed by staff prior to bid advertisement.

The following table identifies the project schedule and key milestones. The project timing is intended to minimize delays due to bird nesting season and allow adequate lead time for the contractor to procure materials.

Table 2 – Project Schedule

Milestone	Date
Finalize Project Documents	March, 2025
Advertise Project	April, 2025
Bid Opening	May, 2025
Board Authorization to Award	June, 2025
Contractor Notice to Proceed	June, 2025
Procure Long-Lead Material	June/July, 2025
End of Bird Nesting Season	August 1, 2025
Begin Construction	August, 2025
Complete Construction	October, 2025

The project will be publicly advertised in the Marin Independent Journal and on the District's Online Plan Room (nmwdbids.com) with electronic plans and specifications available to the prospective bidders to view and purchase.

Financial Impact

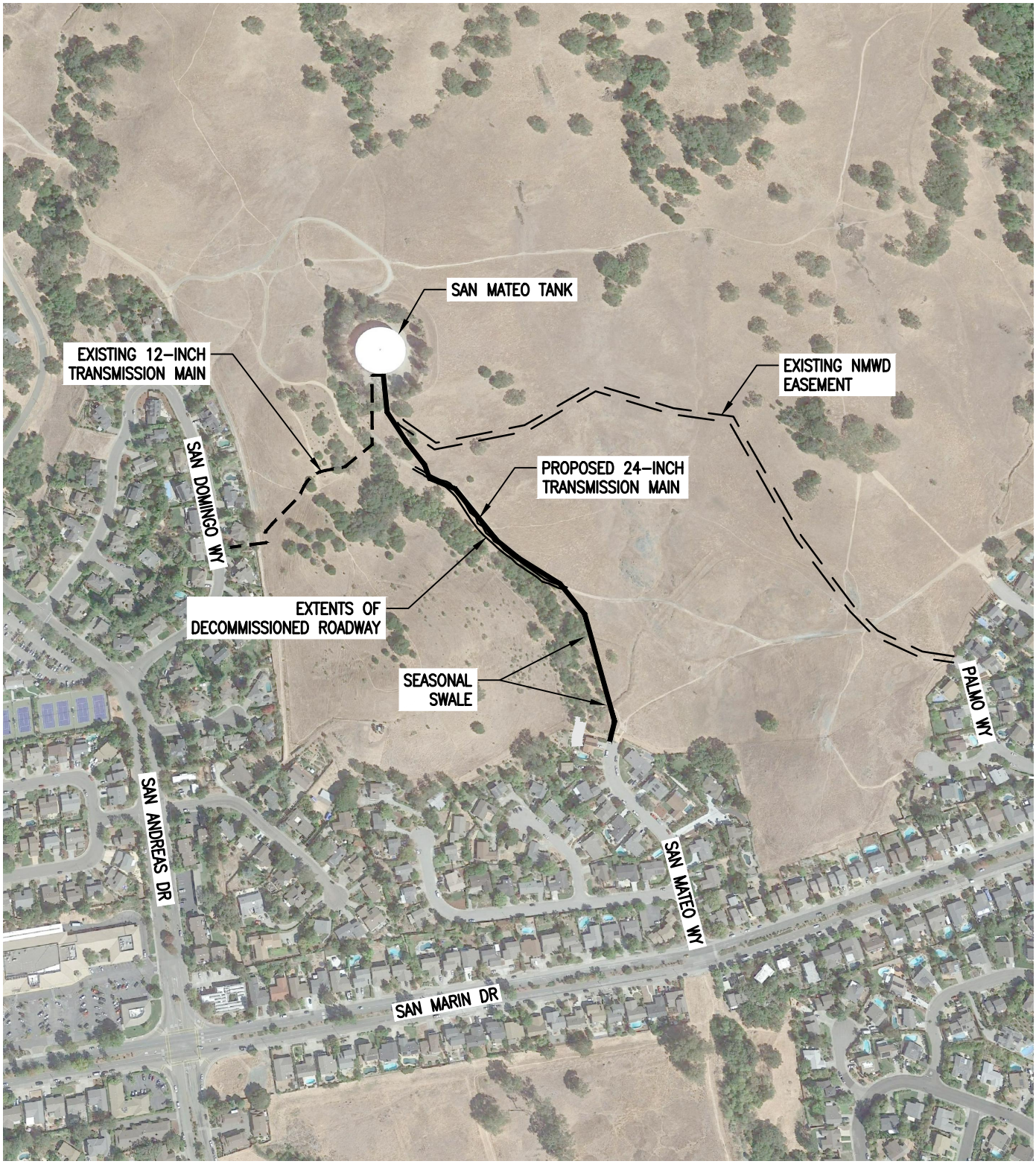
The engineer's estimate of probable cost for the construction phase is $1,300,000, but actual costs are unknown until the contractor bids are opened. The project's soft costs are estimated at approximately $300,000, and include environmental compliance support during construction, tribal monitoring, surveying for construction staking and documenting the new pipeline easement, construction management and inspection, materials testing, and District staff time to perform tie-ins to the existing distribution system. The FY25/26 Capital Improvement Program budget includes a forecasted line item for the Project in the amount of $1,600,000.

Recommendation

The Board authorize bid advertisement of the San Mateo Tank 24" Transmission Main Project.

ATTACHMENTS

1. Vicinity Map



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SAN MATEO TANK – 24" TRANSMISSION MAIN FOR FIRE SAFETY AND RELIABILITY APNs 124-020-07, 124-020-24			
DATE	SCALE	JOB. NO.	DWG. NO.
2/10/21	NTS	7150	MAP

Feb 10, 2021 - 3:18pm J:_NMWD Files\7150\3_ISSUED\C\7150 Vicinity Map.dwg User: SUSAN

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ITEM #7

NORTH MARIN WATER DISTRICT

MEMORANDUM

To: Board of Directors March 18, 2025

From: Tony Williams, General Manager
Julie Blue, Auditor-Controller

Subj: Draft 2025 West Marin Water Rate Study
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RECOMMENDED ACTION: Information Only

FINANCIAL IMPACT: None at this time

This memo is presented to the Board and public as an introduction to the 2025 West Marin Water Rate Study. The draft rate study is for discussion purposes only and no action will be taken by the Board at the current meeting.

Background

At the August 6, 2024 meeting, the Board approved an agreement with Hildebrand Consulting to prepare a comprehensive Water Rate Study. Mark Hildebrand, the sole proprietor of Hildebrand Consulting, has extensive experience providing water rate setting and related services to public agencies throughout California. He has previously provided professional expertise to the District, including the Facility Reserve Charge Study (2022) and Drought Surcharge Review (2022), as well as water rate studies for the Novato Water (2024 & 2020), Recycled Water (2024 & 2020), and West Marin Water (2021) Service Areas. Throughout each study, he communicated clearly with Staff, the Board, and members of the pubic and provided thorough and substantive reports.

The objective of the Water Rate Study is to develop water rates that are fair and equitable and to ensure that the District's water rates comply with California Constitution Article XIII D, Section 6 (commonly referred to as Proposition 218). In order to maintain compliance, the rate structure should generate revenue from each class of customers in proportion to the cost to serve each customer.

During the development of the draft Water Rate Study, the West Marin Services Ad Hoc Committee, consisting of Directors Fraites and Eichstaedt, met with staff and Mark Hildebrand on January 14 and again on February 12, 2025 to review the financial forecasts and various proposed revenue increase scenarios.

Rate Study Review and Upcoming Schedule

Mark Hildebrand will give a presentation to lead the discussion including: the rate setting process, rate study framework, enterprise fund revenue/expenses, capital spending and reserves, financial forecast and rate structure design. Following the presentation, questions and comments are welcome from the Board and members of the public. Subsequently, the 2025 West Marin Water Rate Study and draft Proposition 218 notification letter will be presented to the Board on April 15, 2025 at a public meeting. At that time, the Board will consider accepting the 2025 West Marin Water Rate Study and directing staff to mail the five-year Proposition 218 notice. To secure necessary financing, Financial Consultant NHA Advisors recommends a five-year Proposition 218 noticing period to build a strong credit rating, as well as ensure long-term financial stability and system resiliency.

Below is a summarized schedule of current and upcoming rate study events:

- **March 18, 2025** Board Meeting Rate Study Review (Board & Public)
- **April 15, 2025** Regular Board Meeting-Rate Study Presentation & Acceptance of Draft
- **June 17, 2025** Public hearing to adopt a Resolution to enact new water rates

ATTACHMENTS:

1. Draft 2025 West Marin Water Rate Study
2. 2025 West Marin Water Rate Study Presentation

ATTACHMENT 1

NORTH MARIN WATER DISTRICT

2025 West Marin Water Rate Study

Draft Report

March 11, 2025

HILDEBRAND CONSULTING

Mr. Tony Williams
General Manager
North Marin Water District
999 Rush Creek Place
Novato, CA 94945

Re: 2025 West Marin Water Rate Study

Dear Mr. Williams,

Hildebrand Consulting is pleased to present this 2025 Water Rate Study (Study) for the West Marin Water System that was performed for North Marin Water District (District). We appreciate the helpful assistance provided by you and all of the members of the District staff who participated in the Study.

If you or others at the District have any questions, please do not hesitate to contact me at:

mhildebrand@hildco.com
(510) 316-0621

We appreciate the opportunity to be of service to the District and look forward to the possibility of doing so again in the near future.

Sincerely,

Mark Hildebrand
Hildebrand Consulting, LLC

Enclosure

TABLE OF CONTENTS

List of Acronyms

AWWA	American Water Works Association
CIP	capital improvement program
COS	cost of service
DCR	debt service coverage ratio
DWR	Department of Water Resources
FY	fiscal year (which ends on June 30 for the District)
gpm	gallons per minute
O&M	operations and maintenance
OPEB	Other Post-Employment Benefits
pay-go	“pay as you go” (i.e., cash financing for capital projects)
TGAL	thousand gallons
PRE	Paradise Ranch Estates
PRS	Pt. Reyes Station
PRTP	Pt. Reyes water treatment plant
R&R	repair and rehabilitation (capital projects)
RCNLD	replacement cost new less depreciation

Section 1. INTRODUCTION

Hildebrand Consulting, LLC has been retained by North Marin Water District (District) to conduct a rate study (Study) for the West Marin Water service area (also referred to as the West Marin Water enterprise). This report describes in detail the assumptions, procedures, and results of the Study, including conclusions and recommendations.

1.1 UTILITY BACKGROUND

The District's West Marin Water System serves primarily the Point Reyes Station (PRS), Olema, Bear Valley, Inverness Park and Paradise Ranch Estates (PRE) communities and parcels later annexed into the PRS and PRE-improvement district within NMWD's West Marin service territory in Marin County, encompassing approximately 24 square miles. During fiscal year (FY) 2023/24[1], the West Marin Service area had approximately 775 active service connections (excludes fire services). The estimated service area population is 1,800.

The North Marin Water District was formed by voter approval in April 1948 pursuant to provisions of the County Water District Law and is governed by a five-member Board of Directors, elected by division from within the District's service area.

The water supply for the West Marin Water System is currently derived from two sources: wells located on the former Coast Guard housing facility property in Point Reyes Station (referred to as the "Coast Guard Wells") and Gallagher Well #1 & #2 which are 1.3 miles northeast of Highway 1 within the Gallagher Ranch. All groundwater is

[1] Fiscal years are sometimes indicated by their ending years. For example, FY 2024/25, starts on July 1, 2024 and ends on June 30, 2025, can also be expressed as FY 2025.

treated at the Point Reyes Water Treatment Plant (PRTP) before entering the potable water distribution system.

Due to the Coast Guard Wells' location in the lower tidal reach of Lagunitas Creek, they are subject to periodic salinity intrusion and occasional flooding. Gallagher Well #1 is located upstream of any tidal reach of Lagunitas Creek. Due to continued water quality issues at the Coast Guard wells, the District recently installed a second well on the Gallagher Ranch (Gallagher Well #2).

1.2 SCOPE & OBJECTIVES OF STUDY

The scope of this Study is to prepare multi-year financial plans, review the rate structures, and propose a 5-year rate schedule.

The primary objectives of this Study are to:

i. Develop a multi-year financial management plan that integrates operational and capital project funding needs.
ii. Identify future rate adjustments to water rates to help ensure adequate revenues to meet the enterprise's ongoing financial obligations.
iii. Determine the cost of providing water service using industry-accepted methodologies.
iv. Recommend specific modifications to the District's existing rate structures in order to ensure that the District is equitably recovering the cost of service and comporting with industry standards and California's legal requirements.

1.3 STUDY METHODOLOGY

This Study applied methodologies to comply with all applicable laws, including California Constitution Article XIII D, Section 6(b), commonly known as Proposition 218. The methodologies are also aligned with industry standard practices for rate setting as laid out in the American Water Works Association (AWWA) M1 Manual.

The Study began with a review of the West Marin Water enterprise's current financial dynamics and latest available data for the utility's operations. A multi-year financial management plan was then developed to determine the level of annual rate revenue required to cover projected annual operating expenses, debt service (including coverage targets), and capital cost requirements while maintaining adequate reserves. This portion of the Study was conducted using an MS Excel©-based financial planning model which was customized to reflect the enterprise's financial dynamics and latest available data for the utility's operations in order to develop a long-term financial management plan, inclusive of projected annual revenue requirements and corresponding annual rate adjustments.

Revenue requirements calculated for the fiscal year ending June 2026 (FY 2025/26) were then used to perform a detailed cost-of-service (COS) analysis. The COS analysis and rate structure design were conducted based upon principles outlined by AWWA, legal requirements (Proposition 218) and other generally accepted industry practices to develop rates that reflect the cost of providing service.

Section 2. FINANCIAL PLAN

This section presents the 10-year financial plan, including a description of the source data, assumptions, and the District's financial policies. The District provided historical and budgeted financial information associated with operation of the West Marin Water System, including historical and budgeted operating costs, a multi-year capital improvement program (CIP), and outstanding debt service obligations. District staff also assisted in providing other assumptions and policies, such as reserve targets and escalation rates for operating costs (all of which are described in the following subsections).

The 10-year financial plan was developed through multiple interactive work sessions with both District staff and the District Board's Ad Hoc West Marin Services Subcommittee. As a result of this process, the Study has produced a robust financial plan that will allow the District to meet revenue requirements and achieve financial performance objectives throughout the projection period while striving to minimize rate increases.

The analysis identifies a revenue shortfall in upcoming years as a result of a significant increase in capital reinvestment, which leads to a conclusion that revenue adjustments are required for the West Marin Water service area. The schedules attached to this report include detailed data supporting the financial plan discussed herein.

2.1 BEGINNING FUND BALANCES

The ending cash balances for FY 2023/24 were used to establish the FY 2024/25 beginning balances, as outlined in **Table 1**.

Table 1: West Marin Enterprise FY 2024/25 Beginning Cash Balance

Undesignated Cash	$101,000
Liability Contigency Fund	$99,000
Operating Reserve Fund	$292,000
Total Unrestricted:	**$492,000**

2.2 WEST MARIN AREA CUSTOMER GROWTH

Over the past 4 years the Connection Fee[2] revenue collected from new customers connecting to the system has been as much as $68 thousand and as little as $0. Growth in this area is expected to be limited [3]. Based on recent trends, this Study assumes that the service area will receive one new connection every two years. This corresponds with a growth rate of approximately 0.05%. This Study assumes that this rate of growth will continue over the next 10-year planning period, while also recognizing that actual growth may turn out to be materially higher.

2.3 RATE REVENUES

Rate revenue is the revenue generated from customers for water service. The District collects rate revenue from water customers based on a fixed "Service Charge" (assessed based on meter sizes) and a water usage "Quantity Rate." Customers receive a bi-monthly bill. The rate revenue for FY 2024/25 in the financial plan is based on year-to-date projection for the end of the fiscal year. Future rate revenues include assumed customer growth (see Section 2.2) as well as the annual rate revenue adjustments proposed by this Study. Budgeted and projected rate revenues (including proposed rate adjustments) are detailed in **Schedule 1**.

[2] The District's "Connection Fees" are known as "Capacity Charges" per Government Code Section 66013.

[3] There is a known development project underway ("Point Reyes Coast Guard Affordable Housing") but the connections fees for that project has already been paid.

2.4 NON-RATE REVENUES

In addition to rate revenue, the District receives some "non-rate revenue" from sources such as miscellaneous service fees, Connection Fees revenue, grants (on occasion), and interest revenue on investments. Projections of most non-rate revenues were based on FY 2024/25 budgeted revenues. Connection fee revenue for FY 2024/25 was set based on receipts to date, which is approximately $32 thousand. Interest income was calculated annually (starting in FY 2024/25) based upon projected fund balances and assumed interest rate of 2.0% on invested funds, which is consistent with the District's historical interest earnings. Budgeted non-rate revenues are depicted in Figure 2 below and listed in detail in Schedule 1.

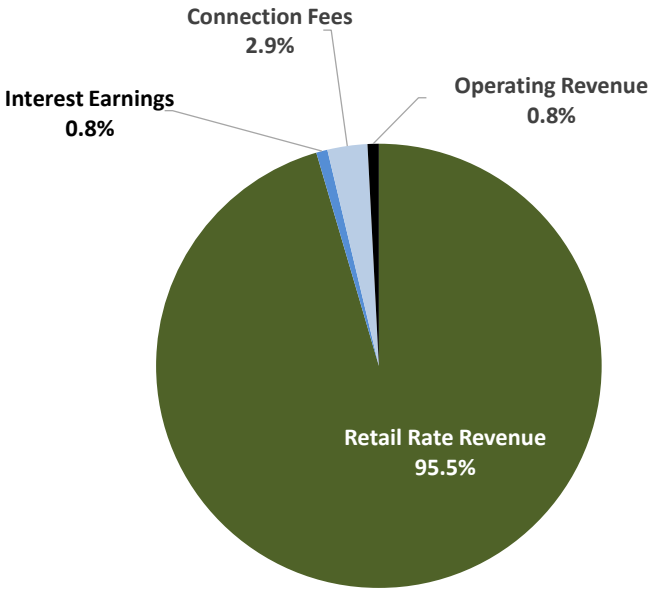


Figure 1: Budgeted Revenue Categories (FY 2024/25)

2.5 OPERATING AND DEBT EXPENSES

West Marin Water enterprise expenses include operating and maintenance (O&M) expenses and debt service. Capital spending is addressed in Section 2.7. The current outstanding debt includes the West Marin Water enterprise's portion of the 2008 loan from Bank of Marin (a $8.0 million loan of which $1 million was spent on West Marin Water System capital projects) and a $1 million internal loan taken from the Novato Enterprise in 2022. The annual debt service for the Bank of Marin debt is $71 thousand

and will be paid off in FY 2031/32. The annual debt service for the internal loan is $116 thousand and will be paid off in FY 2032/33.

Future operating expenses were projected based upon the budgeted expenditures from FY 2024/25 and adjusted for inflation (see Section 2.6).

Budgeted expense categories for FY 2024/25 are depicted in **Figure 2**. Budgeted and projected operating and debt expenses are listed in detail in **Schedule 2**.

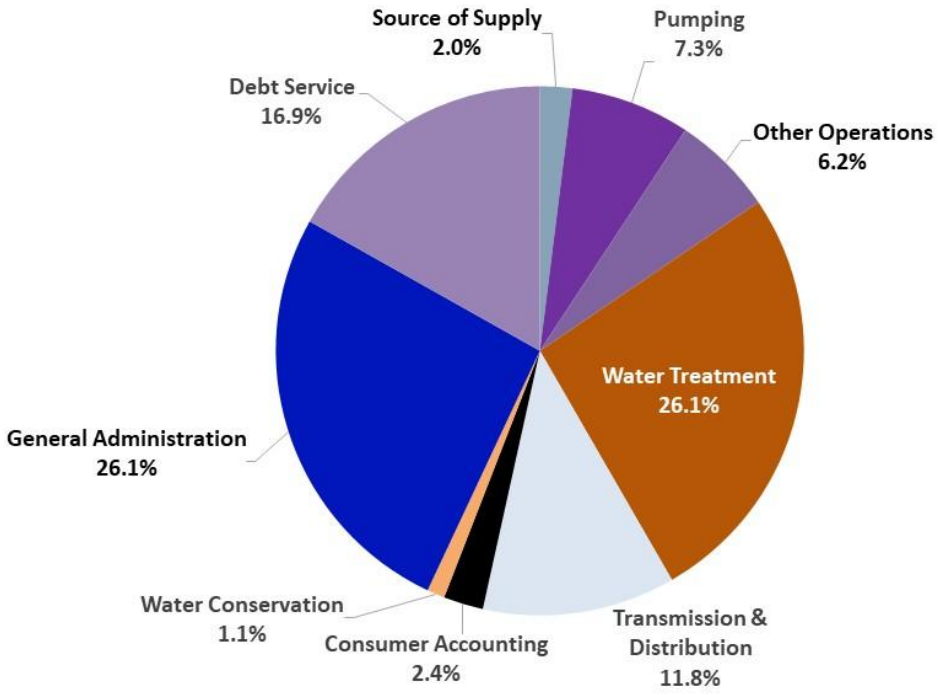


Figure 2: Budgeted Expense Categories (FY 2024/25)

2.6 COST ESCALATION

Annual cost escalation factors for expenses were developed based upon a review of historical inflation trends, published inflation forecasts, industry experience, and discussions with District staff. During the projection period, the cost of utilities, chemicals and supplies are projected to increase at a rate of 5.0 percent per year. All

other expenses are projected to increase at a rate of 3.0 percent. It is acknowledged that these assumptions are relatively optimistic given recent inflation trends.

2.7 CAPITAL IMPROVEMENT PROGRAM & DEBT STRATEGY

Capital spending in West Marin between FY 2016/17 and FY 2023/24 has averaged $552 thousand per year, much of which was made possible by a $1 million internal loan from the Novato Enterprise as well as a $621 thousand "Drought Relief" grant from the Department of Water Resources (DWR). The average annual capital spending is higher than was forecasted by the 2021 Rate Study and the average annual spending is forecasted to increase further to $1.8 million over the next 10 years. In the immediate term (over the next 5 years), West Marin will experience a spike in capital spending as depicted in Figure 3 and detailed in Table 2. This spike is driven by four large capital projects that need to be delivered in the near-term. These include:

- Lagunitas Creek Bridge Pipe Replacement (a pipeline relocation project that is required by Caltrans)
- Olema Creek Bridge Pipe Replacement (a pipeline relocation project that is required by the County of Marin)
- Gallagher Well #3 (necessary for water supply, replaces the failing Gallagher Well #1)
- Pt. Reyes water treatment plant (PRTP) rehabilitation project

In addition to the above, the West Marin service area has an extensive list of necessary repair and rehabilitation (R&R) capital projects. After the above four projects have been addressed, West Marin will need to begin a more proactive program of addressing the rehabilitation needs of aging infrastructure. This financial plan assumes that West Marin will begin spending an average of $700 thousand per year (in 2025 dollars) in capital R&R projects starting in FY 2029/30.

West Marin's current cash reserves and rate revenue are insufficient to pay for the four near-term projects discussed above, therefore this financial plan proposes that all four projects be debt financed. This debt is assumed to have an interest rate of 5.0 percent

and a repayment period of 20 years. The first loan for approximately $4.0 million is assumed to be issued in 2026 (with the first debt payment in 2027) and have annual debt service payments of approximately $318 thousand. The second loan for approximately $5.2 million is assumed to be issued in 2030 (with the first debt payment in 2031) and has annual debt service payments of $454 thousand.

This financial plan also assumes that half of the PRTP rehabilitation project will be funded with grants (source to be determined).

The District has a policy of maintaining a debt service coverage ratio (DCR) of 1.50. Based on published guidance from Fitch Ratings, utility systems with *midrange* financial profiles should maintain a DCR greater than 1.50 times annual debt service. As per the District's debt management policy (Policy No. 47), a DCR of at least 1.50 is forecasted to be maintained starting in FY 2027/28.

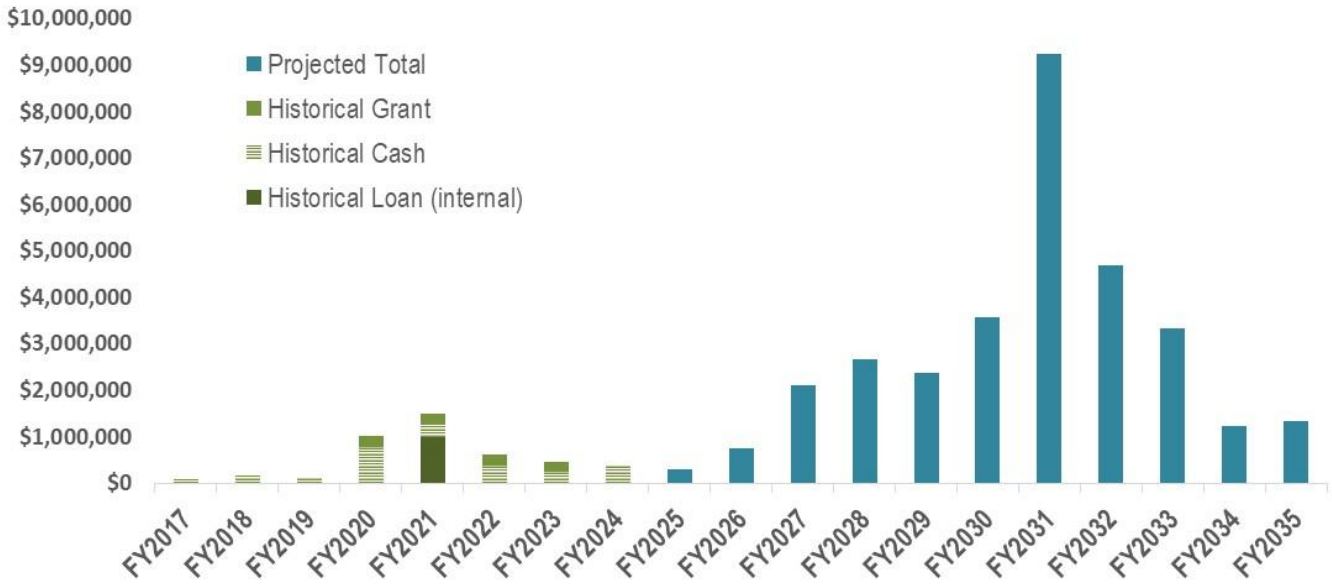


Figure 3: Historic and projected capital spending (after projected inflation)

Table 2: Projected Capital Spending Details

	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035
Lagunitas Creek Bridge Pipe Replacement (Caltrans)	$250,000	$500,000	$500,000							
Olema Creek Bridge Pipe Replacement (County)		$250,000	$500,000	$500,000						
Gallagher Well No. 3 (replace No. 1)	$150,000	$150,000	$200,000	$500,000	$500,000					
Treatment Plant Full Scale Rehabilitation			$250,000	$250,000	$500,000	$5,000,000	$2,500,000			
Cash Funded R&R					$700,000	$700,000	$700,000	$700,000	$700,000	$700,000
Capital Spending Totals:	**$400,000**	**$900,000**	**$1,450,000**	**$1,250,000**	**$1,700,000**	**$5,700,000**	**$3,200,000**	**$700,000**	**$700,000**	**$700,000**
Capital Spending After Inflation:	**$400,000**	**$927,000**	**$1,538,000**	**$1,366,000**	**$1,913,000**	**$6,608,000**	**$3,821,000**	**$861,000**	**$887,000**	**$913,000**

2.8 RESERVE TARGETS

Target reserves for utilities are cash balances retained for specific cash flow needs. The target for reserves is an important component when developing a multi-year financial plan. Utilities rely on reserves for financial stability; credit rating agencies evaluate utilities in part on their adherence to formally adopted reserve targets; and lending agencies require utilities to maintain specific debt reserves for outstanding loans.

The District has formal reserve policies (Policy No. 45, last revised on May 1, 2018) which includes three reserve targets that are relevant to the West Marin Water enterprise, as summarized below. The target levels of the policies below are consistent with 1) the findings of reserve studies conducted by AWWA; 2) a healthy level of reserves for a utility per the evaluation criteria published by rating agencies (e.g., Fitch, Moody's, and Standard & Poor's); and 3) Hildebrand Consulting's industry experience for similar systems.

Operating Reserve – The Operating Reserve is comprised of a minimum of four months of budgeted operating expenditures as established by previous financial analyses and consistent with standard industry practices. This reserve serves to ensure adequate working capital for operating, capital, and unanticipated cash flow needs that arise during the year.

Given the budgeted FY 2024/25 O&M budget of $922 thousand, the Operating Reserve target is currently **$307 thousand**.

Liability Contingency Reserve – This reserve was originally established when the District first elected to self-insure its general liability risk. The District is no longer self-insured and the total reserve target is $2 million based on the financial assessment of the District's current liabilities. The West Marin Water enterprise's proportionate responsibility for that reserve is **$99 thousand** based on the relative number of accounts in its service area.

Maintenance Accrual Fund Reserve – This reserve provides a source of funds for the replacement of treatment, storage, transmission, and distribution facilities as they wear out. The target for this reserve is proposed to be **$1.86 million**, based on the anticipated average annual capital spending over the next ten years.

This Study proposes that the District distinguish between "**Minimum Reserves**" and "**Reserve Targets**." The first two reserve targets above (the Operating Reserve target and Liability Contingency Reserve target, which add up to approximately $406 thousand) are maintained for the purpose of mitigating unexpected expenses or events. For this reason, the District should always plan to have these reserves fully funded in order to protect the District from unexpected events. On the other hand, the Maintenance Accrual Fund Reserve is intended to be more flexible, as it is designed to give the District some "cushion" in order to smooth out the peaks and valleys in the pay-go capital spending program. It makes sense to draw-down on this reserve during years of higher-than-average pay-go spending and replenish the reserve during years with lower-than-average spending. As such, the Maintenance Accrual Fund Reserve is treated as a "target" rather than a "minimum."

The minimum reserves and target reserves by year are shown in the 10-Year Cash Flow Proforma (see **Schedule 3,** rows 30 & 31), which shows that cash reserves are currently below the suggested minimum levels but, with the proposed rate increases, are expected to meet minimum reserve levels by FY 2026. It will take longer to meet target reserve levels, depending on the rate increases that are planned between FY 2031 and FY 2035.

2.9 PROPOSED RATE REVENUE INCREASES

All of the above information was entered into the financial planning model to produce a 10-year projection of the sufficiency of revenues to meet current and projected financial requirements and determine the level of rate revenue increases necessary in each year of the projection period.

Based upon the previously discussed financial data, assumptions, policies, and debt strategy (two bond issues for a total of $9.2 million, see Section 2.7), this Study proposes a 5-year schedule of rate adjustments as detailed in **Table 3**.

Table 3: Recommended West Marin Water System Rate Revenue Increase

Rate Adjustment Date	Proposed Rate Increase
July 1, 2025	19.0%
July 1, 2026	19.0%
July 1, 2027	19.0%
July 1, 2028	19.0%
July 1, 2029	15.0%

The numbers provided in **Schedule 3** (cash flow proforma) are summarized graphically in **Figure 4**, which shows that minimum cash reserves and DCR targets are maintained starting in FY 2026.

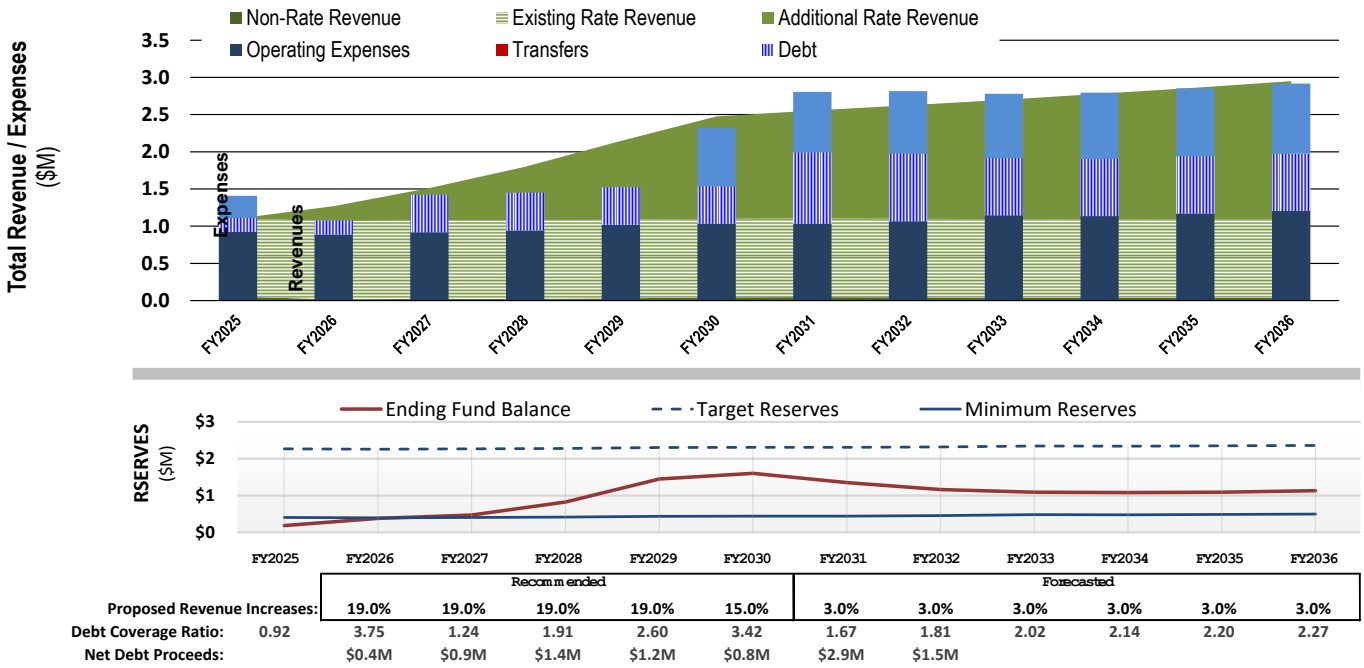


Figure 4: Financial Projection with Recommended Rate Increases

After the final recommended increase in FY 2029/30, it is projected that minimal (approximately inflationary) increases will be necessary going forward, contingent on actual changes in future costs and the District's future decision regarding how quickly to achieve targeted reserve levels.

Section 3. COST OF SERVICE & RATE STRUCTURE

The cost-of-service (COS) analysis evaluates the cost of providing water service and allocates those costs to rate structure components to ensure the proposed rates are aligned with costs to provide service. The COS analysis is done in order to comply with Proposition 218, which requires water rates to be equitably apportioned and proportional to the cost of providing water service.

Upon completion of the COS analysis, a rate structure analysis was performed to evaluate rate structure modifications and calculate specific rate schedules for implementation in FY 2025/26. The complete schedule of proposed rates for FY 2025/26 through FY 2029/30 is detailed in **Schedule 5**.

The rate structure proposed by this Study is designed to:

- Meet the requirements of all applicable law
- Fairly and equitably recover costs through rates
- Conform to accepted industry practice and legal requirements
- Improve fiscal stability through the recovery of utility fixed costs

This Study employed a COS methodology that is consistent with the "commodity-demand" COS methodology promulgated in AWWA's *Manual M1: Principles of Water Rates, Fees, and Charges (M1)*. This is a well-established methodology as recognized by AWWA and other accepted industry standards.

3.1 CURRENT RATES

West Marin's current water rates follow a common industry practice with a two-part structure that is comprised of a fixed Service Charge and a consumption-based Quantity Charge. In addition, some water customers pay an additional Hydraulic Zone Charge, which is a consumption-based charge based on the elevation of the property or distance away from the primary distribution zone (Pt. Ryes Station).

The Service Charge is scaled based on the individual account's meter size and currently recovers approximately 27 percent of rate revenue. The relative cost of Service Charges is based on a meter equivalency schedule, which is an industry-standard factor used to represent the relative capacity associated with various meter sizes based on their hydraulic flow capacity (measured in gallons per minute (gpm)). This Study retains the existing meter equivalency table, which comes from AWWA's M1 manual as shown in **Table 4**. The application of this meter equivalency schedule is discussed further in Section 3.2.3.

Table 4: Meter Equivalency Schedule

Meter Size	Meter Type	Rating (gpm)	Equivalency Schedule
5/8"	Displacement	20	1.00
1"	Displacement	50	2.50
1 1/2"	Displacement	100	5.00
2"	Displacement	160	8.00
3"	Compound Class 1	320	16.00
4"	Compound Class 1	500	25.00

Source: Table B-2 AWWA meter standards, *AWWA M1 Manual*, 7th Ed. (2017)

The Quantity Charge is assessed based on actual water usage (measured in thousand-gallon increments or "TGALs") and the rate varies by customer class. Residential water customers pay inclining block rates (three tiers) and receive water allocations for each tier as summarized in **Table 5**.

Table 5: Current Residential Tiered Rates

Tier	Rate (per TGAL)	Allocation (gallons per day per dwelling unit)	Range of Usage
1	$10.57	250	0 - 250
2	$15.37	350	250 - 600
3	$21.83	na	Greater than 600

Commercial (i.e., all non-residential) water customers currently pay a uniform season rate as shown in **Table 6**.

Table 6: Current Commercial Seasonal Rates

Season	Rate (per TGAL)
Winter	$10.57
Summer	$21.83

The Hydraulic Zone Charge is a surcharge added to the water Quantity Rates.

The District currently assesses a surcharge of $4.85 per TGAL to customers that are located outside of District boundaries. The outside customer surcharge was not included in the scope of this Study.

The District charges a private fire service charge for the cost of maintaining fire service line valve assemblies on private property. This charge is set equal to the charge assessed by the Novato Enterprise and therefore not updated by this study.

3.2 RATE STRUCTURE DEVELOPMENT

The following section presents a detailed description of the process for developing the water rate structure for the West Marin Water enterprise using cost of service principles. A complete schedule of proposed rates for the next 5 years is provided in **Schedule 5**.

3.2.1 Proposed Rate Structure Changes

While West Marin's current rate structure is consistent with common industry practices, this Report recommends that Residential customer be charged with a 2-tier Quantity rate structure rather than a 3-tier rate structure and commercial customers be charged a uniform Quantity charge rather than a seasonal Quantity rate structure. These modifications are recommended in order to reflect the current cost to provide service.

The cost justification for the two-tier Residential rates comes from recovering only "Variable and Water Supply" costs (see Section 3.2.2) through the Tier 1 rates and

recovering both Variable and Water Supply as well as "Marginal Water Management" costs through Tier 2 rates. Commercial customers also pay for Marginal Water Management costs, but those costs are included in all water usage. **Figure 5** presents a graphical depiction of the cost basis for tiered rates.

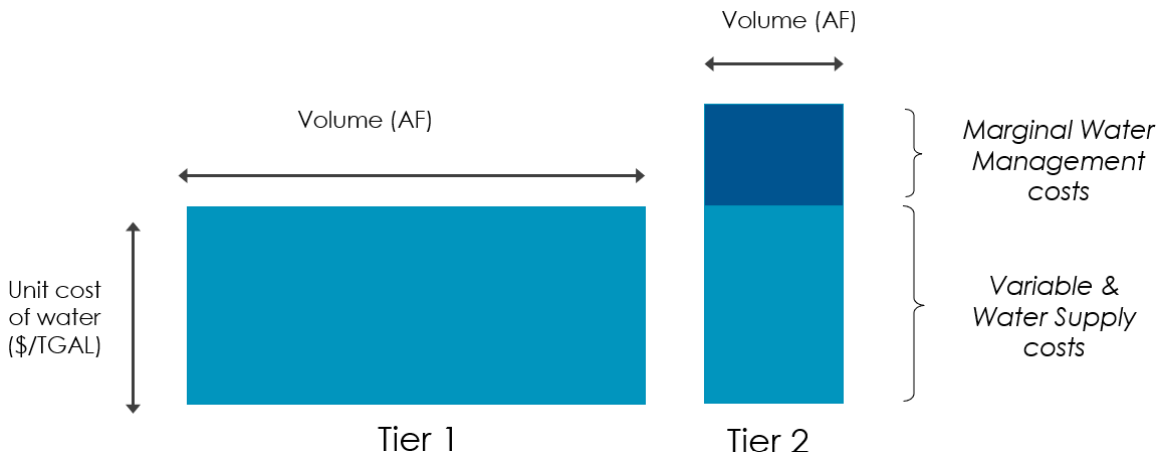


Figure 5: Basis for Tiered Rate Structure

The basis for proposed rates is detailed in the following subsections.

3.2.2 Cost Functions

All costs for the West Marin Water enterprise's FY 2025/26 ("Test Year") are first allocated to four different cost categories: costs associated with managing customers and accounts, costs that are generally fixed or related to the distribution system, costs that are generally variable or associated with water supply, and costs associated with water supply management. These grouped costs will eventually form the basis of the proposed Service Charges and Quantity Charges (as illustrated in **Figure 6)**.

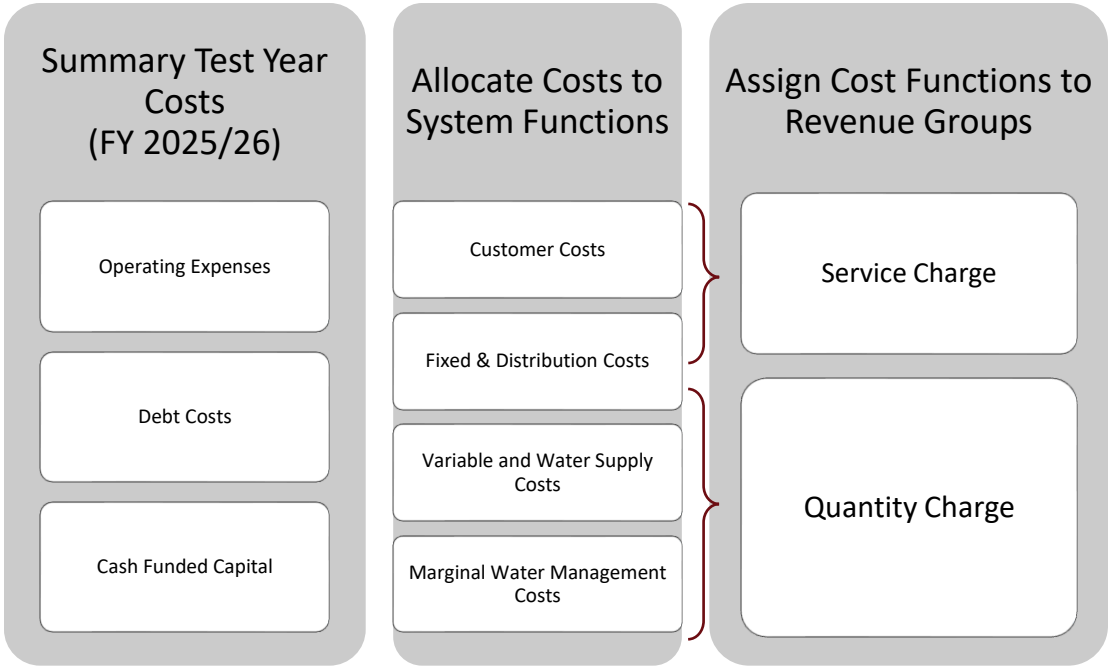


Figure 6: Allocation of Cost Categories

Operating and capital line-item expenses are assigned to a specific system function or activity. The following explains the percentage allocations that are detailed in **Schedule 4**:

- Direct allocations - Some costs can be allocated directly to a functional component. For example, Water Treatment costs (see Rows 13 through 23 of Schedule 4) are allocated almost entirely to the Variable & Water Supply function. Customer Accounting costs (see Row 39 & 40) are allocated to the Customer function.
- General Operations – Most other operational costs are allocated 70/30 between the Fixed & Water Distribution function and the Variable & Water Supply function (respectively). These percentages are consistent with staff's estimate of time and materials spent on operating the distribution system versus the water supply system.
- Marginal Water Supply Management – West Marin has limited water supply and a portion of the budget is spent in managing this resource limitation. All conservation costs (Row 42) are allocated to this function and a portion (10

percent) of some operating costs are also allocated to the additional effort required by staff and infrastructure to operate within the constraints of limited water supply.

- Capital Spending – Capital expenses and debt service costs (Rows 45 & 46) are split 30 /70 between Fixed & Water Distribution and Variable & Water Supply (respectively) based on the fact that recent capital spending (Gallagher Well #2) and upcoming capital spending (Gallagher Well #3 and the treatment plant rehabilitation) is more heavily weighted toward water supply costs.
- Indirect cost allocation – The change in fund balance (i.e., the cost of drawing down on reserves, see Row 48) is allocated using the indirect cost allocation method, which is based on the proportionate allocation of costs that were previously allocated to the respective system functions (see Row 47).
- Non-Rate Revenue – In order to fully account for rate revenue requirements, other revenue sources are accounted for in Rows 49 through 53. The non-rate revenue is predominantly used to offset fixed costs.

3.2.3 Units of Service

As explained in Section 3.2.2, the revenue requirements established for each system function (see bottom row of Schedule 4) are recovered through the Service Charges and Quantity Charges. The unit cost of those charges is calculated by dividing the rate revenue requirement of each system function by an appropriate metric. For example, the revenue requirement for Customer Costs is divided by the number of accounts in the West Marin Water service area to calculate a cost per account.

The following describe units of service that were quantified for this Study.

Accounts – There are 775[4] water accounts within the West Marin Water System.

[4] Does not include private fire services or temporary hydrant meters

Equivalent Meters –**Table 7** shows the calculation of the total equivalent meters for water accounts in the West Marin Water service area. The concept of meter equivalency is explained in Section 3.1.

Table 7: Water Meter Equivalencies

Meter Size:	5/8"	1"	1.5"	2"	3"	4"	Total
Residential:	674	11	10	0	0	0	**695**
Commercial:	55	17	4	2	1	1	**80**
Total:	**729**	**28**	**14**	**2**	**1**	**1**	**775**
Meter Equivalency:	1.0	2.5	5.0	8.0	16.0	25.0	
Equivalent Meters:	**729**	**70**	**70**	**16**	**16**	**25**	**926**

Water Supply – The total amount of water that is delivered to the West Marin Service Area is approximately 56.1 million gallons per year. This is based on the amount of water sold in FY 2023/24 plus 5 percent based on the fact that the water sold that year was below the recent historical average.

Marginal Water Supply – The amount of water that is considered to be "marginal" water supply has been quantified based on the amount of water sold in excess of the current Tier 1 allocation for Residential accounts (250 gallons per day per dwelling unit). When applied equitably across all customers, the volume of "marginal" water is about 10.9 million gallons (the last 19 percent of water sold). The unit cost of marginal water is different for Commercial customers versus Residential customers because the cost is applied to all water usage for Commercial customers and applied to only Tier 2 rates for Residential customers. The unit costs are shown in Table 8.

3.2.4 Unit Costs

The revenue requirements for each system function (from Row 54 of Schedule 4) are divided by the appropriate units of service in order to calculate the unit costs that are used to build the rate structure. These calculations are shown in **Table 8**.

Table 8: Calculation of Unit Costs

System Function:	Customer Costs	Fixed & Distribution Costs	Variable & Water Supply Costs	Marginal Water Supply Management
Units of Service:	775 Accounts	926 Equivalent Meters	56,100 TGALs	10,900 TGALs
Revenue Requirement:	$13,800	$314,600	$768,800	$44,400
Unit Costs:	**$17.84** per account per year or **$2.97** per account per bi-month	**$339.75** Per equivalent meter per year or **$56.63** per equivalent meter per bi-month	**$13.70** Tier 1 & Uniform Rate	**$4.06** additional for Tier 2 rates **$0.79** additional for all Commercial water

3.2.5 Service Charges

The fixed Service Charge is made up of an account charge ($2.97 per bi-month) and a meter charge ($56.63 per equivalent meter per bi-month). **Table 9** provides a complete schedule for all meter sizes.

Table 9: Proposed Service Charges

Meter Size	Account Charge	Meter Charge	Bi-Monthly Service Charge
5/8"	$2.97	$56.63	$59.60
1" Fire*	$2.97	$56.63	$59.60
1"	$2.97	$141.58	$144.55
1 1/2"	$2.97	$283.15	$286.12
2"	$2.97	$453.04	$456.01
3"	$2.97	$906.08	$909.05
4"	$2.97	$1,415.75	$1,418.72

** Residential accounts with a 1" meter that would otherwise have a 5/8" but-for fire requirements be charged at the 5/8" meter rate.*

3.2.6 Hydraulic Zone Charge

All water in the West Marin Water service area is pressurized when delivered to customers. The District must provide additional pressurization to deliver water to customers located at higher elevations or distances away from the primary distribution zone (Pt. Reyes Station).

The cost of lifting water to higher elevations or distances includes capital costs and energy (electricity). First the "replacement cost new less depreciation" (RCNLD) of the pumping assets at each zone is quantified based on asset records (see column b in Table 10). The annual depreciation expense is then calculated based on the expected useful life for different types of assets (see footnotes to table below). From this value a replacement charge is calculated by dividing column c by the annual water usage at the pump station (see column a). The electricity charge is calculated by dividing the annual cost of electricity (column e) by the annual water usage (column a). Together these two charges yield the proposed charge by hydraulic zone.

Table 10: Hydraulic Zone Charge Calculation

	(a) **Annual Water Usage** (TGAL)	(b) **Asset Value** (RCNLD)	(c) **Annual Depreciation Expense**[1]	(d) **Replacement Charge** ($/TGAL)	(e) **Annual Electricity Costs**	(f) **Electricity Charge** ($/TGAL)	(g) **Proposed Hydraulic Zone Charge** ($/TGAL)
Zone 3[2] **(Olema):**	9,100	$268,000	$6,160	$0.68	$2,800	$0.31	$0.99
Zone 2 (others[3]**):**	12,900	$1,048,000	$24,260	$1.88	$12,200	$0.95	$2.83
Zone 4[4] **(Upper PRE):**	5,100	$1,156,000	$23,300	$4.57	$8,200	$1.61	$9.01
	27,100				**$23,200**		

[1] Assumes a 25 year expected useful life for Pump Station infrastructure and 50-year expected useful life for storage infrastructure (tanks).
[2] The historical naming convention for the zone is not consistent with the actual elevation differences. Zone 2 is in fact a higher
[3] Includes Inverness Park, Bear Valley, and Lower Paradise Ranch Estates
[4] Zone 4 water is first pumped through the Zone 2 pump station, therefore the hyraulic charge includes the Zone 2 charge.

3.2.7 Total Quantity Charge

The Residential and Commercial Quantity Charges are calculated by combining the unit costs shown in Table 8 and Table 10. For example, the Tier 1 unit cost from Table 8 ($13.70 per TGAL) is combined with the Zone 3 Hydraulic Zone Charge ($0.99) for a total

of $14.69 for Tier 1 Zone 3. The various components of the Quantity Charges are summarized below in Table 11.

Table 11 also shows that Temporary Meters will be charged $20.59 per TGAL (which is the Tier 2, Zone 2 Quantity Charge). It is reasonable to charge Temporary Meter customers for the District's more costly source of water (reflected in Tier 2 rates) and for the "middle" elevation zone (Zone 2) since the meters may be installed in various zones and tracking actual locations is not administratively feasible. Temporary Meters are also assessed a fixed Service Charge based on the size of the construction meter.

Table 11: Proposed Quantity Charges

Residential Quantity Charges ($/TGAL)	
Tier 1*	$13.70
Tier 2	$17.76
Commercial Quantity Charges ($/TGAL)	
Uniform	$14.49
Hydraulic Zone Charge ($/TGAL)	
Zone 3	$0.99
Zone 2	$2.83
Zone 4	$9.01
Other Quantity Charges ($/TGAL)	
Temporary Meter	$20.59

* For the first 250 gallons per day

3.3 PRIVATE FIRE SERVICE CHARGE

The District provides maintenance services for private fire service valve assemblies, which is a service that is not provided to other customers. By District policy, West Marin Water charges the same fire service charges as assessed by the Novato service area.

3.4 ADOPTION OF PROPOSED RATES

This Study has calculated, and is proposing, a 5-year schedule of water rates (see Schedule 5). All rates are proposed to be effective as of July 1.

The water rates will need to be adopted in accordance with Proposition 218, which will require a detailed notice describing the proposed charges to be mailed to each affected property owner or customer at least 45 days prior to conducting a public hearing to adopt the rates.

Section 4. CONCLUSION

This Study used methodologies that are aligned with industry standard practices for rate setting as promulgated by AWWA and all applicable laws, including California's Proposition 218. The proposed annual adjustments to the rates will allow the District to continue to provide reliable service to customers while meeting operational and infrastructure needs of the service area. The modifications to the rate structure will provide revenue stability, improve the defensibility of the water rates, and continue to equitably and proportionately recover costs from the customers. A complete schedule of rates over the 5-year planning period is summarized in Schedule 5.

It is important to note that this study proposes changes to both the total amount of rate revenue being collected by the West Marin Water enterprise as well as the structure of the rates. As a result, the results of the rate changes will vary among different customers in Year 1 due to the proposed rate structure adjustments. To be clear, some customers' bills will increase by more than rate revenue increase of 19% in Year 1, while other customers' bills will increase by less than that amount. Starting in Year 2 (FY 2026/27), all customers will experience the same uniform percentage change to their bill.

SCHEDULES

Schedule 1 – Budgeted and Projected Cash Inflows

Schedule 2 - Budgeted and Projected Cash Outflows

Schedule 3 - Cash Flow Pro Forma

Schedule 4 – Allocation of Costs to System Functions

Schedule 5 – Schedule of Proposed Rates

Schedule 1 – Budgeted and Projected Cash Inflows

		FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30	FY 2030/31	FY 2031/32	FY 2032/33	FY 2033/34	FY 2034/35
1	Growth in Water Accounts	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%
2	Proposed Water Rate Increase	19.0%	19.0%	19.0%	19.0%	15.0%	3.0%	3.0%	3.0%	3.0%	3.0%
	Rate Revenue										
3	Water Rate Revenue	$1,053,000	$1,254,000	$1,493,000	$1,778,000	$2,117,000	$2,436,000	$2,510,000	$2,586,000	$2,665,000	$2,746,000
4	Increase due to growth	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000
5	Increase due to new rate adjustments	$200,000	$238,000	$284,000	$338,000	$318,000	$73,000	$75,000	$78,000	$80,000	$82,000
6	**Total Rate Revenue**	**$1,254,000**	**$1,493,000**	**$1,778,000**	**$2,117,000**	**$2,436,000**	**$2,510,000**	**$2,586,000**	**$2,665,000**	**$2,746,000**	**$2,829,000**
	Other Revenue:										
7	Account Turn-On Charges	$2,000	$2,100	$2,100	$2,200	$2,200	$2,300	$2,300	$2,300	$2,400	$2,400
8	LIRA Bill Adjustments-WM	($1,000)	($1,000)	($1,100)	($1,100)	($1,100)	($1,100)	($1,100)	($1,200)	($1,200)	($1,200)
9	Reg 15 Forfeiture:West Marin:Dist	$2,000	$2,000	$2,100	$2,100	$2,200	$2,200	$2,300	$2,300	$2,300	$2,400
10	Interest Earned	$4,000	$8,000	$9,000	$17,000	$29,000	$32,000	$27,000	$23,000	$22,000	$22,000
11	Capacity Charges	$10,300	$10,500	$10,700	$11,000	$11,200	$11,400	$11,600	$11,900	$12,100	$12,300
12	**Total Other Revenue**	**$17,300**	**$21,600**	**$22,800**	**$31,200**	**$43,500**	**$46,800**	**$42,100**	**$38,300**	**$37,600**	**$37,900**
13	**TOTAL REVENUE**	**$1,271,300**	**$1,514,600**	**$1,800,800**	**$2,148,200**	**$2,479,500**	**$2,556,800**	**$2,628,100**	**$2,703,300**	**$2,783,600**	**$2,866,900**

Schedule 2 - Budgeted and Projected Cash Outflows (1 of 2)

		FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30	FY 2030/31	FY 2031/32	FY 2032/33	FY 2033/34	FY 2034/35
	SOURCE OF SUPPLY										
1	Supervision & Engineering	$6,200	$6,400	$6,600	$6,800	$7,000	$7,200	$7,400	$7,600	$7,800	$8,100
2	Operating Labor	$2,100	$2,100	$2,200	$2,300	$2,300	$2,400	$2,500	$2,500	$2,600	$2,700
3	Maintenance Of Structures	$13,400	$13,800	$14,200	$14,600	$15,100	$15,500	$16,000	$16,500	$17,000	$17,500
4	Fines Penalties & Fees	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000
	PUMPING										
5	Maintenance Of Structures & Grounds	2,100	2,100	2,200	2,300	2,300	2,400	2,500	2,500	2,600	2,700
6	Maintenance Of Pumping Equipment	12,400	12,700	13,100	13,500	13,900	14,300	14,800	15,200	15,700	16,100
7	Electric Power	70,400	73,900	77,600	81,400	85,500	89,800	94,300	99,000	103,900	107,100
	OPERATIONS										
8	Supervision & Engineering	25,800	26,500	27,300	28,100	29,000	29,900	30,700	31,700	32,600	33,600
9	Operating Labor & Expense	23,700	24,400	25,100	25,900	26,700	27,500	28,300	29,100	30,000	30,900
10	Maintenance Expense	1,000	1,100	1,100	1,100	1,200	1,200	1,200	1,300	1,300	1,300
11	Maintenance Of Telemetering Equipment	15,500	15,900	16,400	16,900	17,400	17,900	18,400	19,000	19,600	20,200
12	Leased Lines Expense	5,200	5,300	5,500	5,600	5,800	6,000	6,100	6,300	6,500	6,700
	WATER TREATMENT										
13	Supervision & Engineering	15,500	15,900	16,400	16,900	17,400	17,900	18,400	19,000	19,600	20,200
14	Purification Expense	62,800	64,700	66,700	68,700	70,700	72,800	75,000	77,300	79,600	82,000
15	Purification Chemicals	9,500	9,700	10,000	10,300	10,600	11,000	11,300	11,600	12,000	12,300
16	Maintenance Of Structures	6,200	6,400	6,600	6,800	7,000	7,200	7,400	7,600	7,800	8,100
17	Maintenance Of Equipment	26,800	27,600	28,400	29,300	30,100	31,000	32,000	32,900	33,900	34,900
18	Electric Power	26,300	27,600	28,900	30,400	31,900	33,500	35,200	36,900	38,800	39,900
19	Laboratory Labor	74,200	76,400	78,700	81,000	83,500	86,000	88,600	91,200	93,900	96,800
20	Lab Services/Expense	22,700	23,300	24,000	24,800	25,500	26,300	27,100	27,900	28,700	29,600
21	Customer Water Quality	8,200	8,500	8,700	9,000	9,300	9,600	9,800	10,100	10,400	10,800
22	Water Quality Supervision	9,300	9,500	9,800	10,100	10,400	10,700	11,100	11,400	11,700	12,100
23	Distributed To West Marin	37,000	37,000	37,000	37,000	37,000	37,000	37,000	37,000	37,000	37,000
	TRANSMISSION & DISTRIBUTION										
24	Supervision & Engineering	3,100	3,200	3,300	3,400	3,500	3,600	3,700	3,800	3,900	4,000
25	Facilities Location - USA	9,300	9,500	9,800	10,100	10,400	10,700	11,100	11,400	11,700	12,100
26	Customer Service Expense	8,200	8,500	8,700	9,000	9,300	9,600	9,800	10,100	10,400	10,800
27	Flushing	5,200	5,300	5,500	5,600	5,800	6,000	6,100	6,300	6,500	6,700
28	Storage Facilities Expense	45,300	46,700	48,100	49,500	51,000	52,500	54,100	55,700	57,400	59,100
29	Cathodic Protection	1,000	1,100	1,100	1,100	1,200	1,200	1,200	1,300	1,300	1,300
30	Maint Of Valves, Reliefs & Reg	1,000	1,100	1,100	1,100	1,200	1,200	1,200	1,300	1,300	1,300
31	Maintenance Of Mains	4,100	4,200	4,400	4,500	4,600	4,800	4,900	5,100	5,200	5,400
32	Backflow Device Insp/Testing (Small)	4,100	4,200	4,400	4,500	4,600	4,800	4,900	5,100	5,200	5,400
33	Backflow Device Insp/Testing (Large)	2,100	2,100	2,200	2,300	2,300	2,400	2,500	2,500	2,600	2,700
34	Maintenance Of Copper Services	6,200	6,400	6,600	6,800	7,000	7,200	7,400	7,600	7,800	8,100
35	Maintenance Of Plastic Services	31,900	32,900	33,900	34,900	35,900	37,000	38,100	39,300	40,400	41,700
36	Maint Of D.C./Fire Line Services	4,100	4,200	4,400	4,500	4,600	4,800	4,900	5,100	5,200	5,400
37	Single Service Installation	5,200	5,300	5,500	5,600	5,800	6,000	6,100	6,300	6,500	6,700
38	Maintenance Of Meters	4,100	4,200	4,400	4,500	4,600	4,800	4,900	5,100	5,200	5,400

Schedule 2 - Budgeted and Projected Cash Outflows (2 of 2)

		FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30	FY 2030/31	FY 2031/32	FY 2032/33	FY 2033/34	FY 2034/35
	CONSUMER ACCOUNTING										
39	Meter Reading Expense	12,400	12,700	13,100	13,500	13,900	14,300	14,800	15,200	15,700	16,100
40	Collection Expense - District	1,000	1,100	1,100	1,100	1,200	1,200	1,200	1,300	1,300	1,300
41	Distributed To West Marin Water	14,400	14,900	15,300	15,800	16,200	16,700	17,200	17,700	18,300	18,800
	GENERAL ADMINSTRATION										
42	G&A Consultants:West Marin-Admin	0	0	0	45,000	0	0	0	45,000	0	0
43	Distributed-West Marin Water	107,100	110,300	113,600	117,100	120,600	124,200	127,900	131,700	135,700	139,800
44	GASB68 Adjustment - G&A	129,800	133,700	137,700	141,800	146,100	150,500	155,000	159,600	164,400	169,300
	WATER CONSERVATION										
45	Water Conservation Program	12,400	12,700	13,100	13,500	13,900	14,300	14,800	15,200	15,700	16,100
	DEBT SERVICE										
46	Existing Debt Service	71,000	71,000	71,000	71,000	71,000	71,000	24,000	0	0	0
47	New Internal Loan Repayments	116,000	116,000	116,000	116,000	116,000	116,000	116,000	0	0	0
48	New Debt Service	0	318,000	318,000	318,000	318,000	772,000	772,000	772,000	772,000	772,000
49	**Total Operating & Debt Expenses**	**1,076,000**	**1,421,000**	**1,450,000**	**1,524,000**	**1,539,000**	**1,995,000**	**1,980,000**	**1,918,000**	**1,908,000**	**1,941,000**

Schedule 3 – Cash Flow Proforma

		Budget FY 2025	Forecast FY2026	Forecast FY2027	Forecast FY2028	Forecast FY2029	Forecast FY2030	Forecast FY2031	Forecast FY2032	Forecast FY2033	Forecast FY2034	Forecast FY2035
1	**Water Rate Revenue Increase:**		19.00%	19.00%	19.00%	19.00%	15.00%	3.00%	3.00%	3.00%	3.00%	3.00%
	Rate Revenue											
2	**Water Rate Revenue**	$1,053,000	$1,053,000	$1,254,000	$1,493,000	$1,778,000	$2,117,000	$2,436,000	$2,510,000	$2,586,000	$2,665,000	$2,746,000
3	Change due to growth & use		$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000
4	Increase due to rate adjustments		$200,000	$238,000	$284,000	$338,000	$318,000	$73,000	$75,000	$78,000	$80,000	$82,000
	Non-Rate Revenues											
5	Interest Earnings	$9,000	$4,000	$8,000	$9,000	$17,000	$29,000	$32,000	$27,000	$23,000	$22,000	$22,000
6	Connection Fees	$32,000	$10,000	$11,000	$11,000	$11,000	$11,000	$11,000	$12,000	$12,000	$12,000	$12,000
7	Operating Revenue	$9,000	$3,000	$3,100	$3,100	$3,200	$3,300	$3,300	$3,400	$3,500	$3,500	$3,600
8	**Total Revenue**	**$1,103,000**	**$1,271,000**	**$1,515,100**	**$1,801,100**	**$2,148,200**	**$2,479,300**	**$2,556,300**	**$2,628,400**	**$2,703,500**	**$2,783,500**	**$2,866,600**
	O&M Costs											
9	Source of Supply	$22,000	$23,000	$23,000	$24,000	$25,000	$55,000	$26,000	$27,000	$28,000	$28,000	$29,000
10	Pumping	$81,000	$85,000	$89,000	$93,000	$97,000	$102,000	$107,000	$111,000	$117,000	$122,000	$126,000
11	Other Operations	$69,000	$71,000	$73,000	$75,000	$78,000	$80,000	$82,000	$85,000	$87,000	$90,000	$93,000
12	Water Treatment	$290,000	$298,000	$307,000	$315,000	$324,000	$333,000	$343,000	$353,000	$363,000	$373,000	$384,000
13	Transmission & Distribution	$131,000	$135,000	$139,000	$143,000	$147,000	$152,000	$156,000	$161,000	$166,000	$171,000	$176,000
14	Consumer Accounting	$27,000	$28,000	$29,000	$30,000	$30,000	$31,000	$32,000	$33,000	$34,000	$35,000	$36,000
15	Water Conservation	$12,000	$12,000	$13,000	$13,000	$14,000	$14,000	$14,000	$15,000	$15,000	$16,000	$16,000
16	General Administration	$290,000	$237,000	$244,000	$251,000	$304,000	$267,000	$275,000	$283,000	$336,000	$300,000	$309,000
17	***Total Operating Expenses***	**$922,000**	**$889,000**	**$917,000**	**$944,000**	**$1,019,000**	**$1,034,000**	**$1,035,000**	**$1,068,000**	**$1,146,000**	**$1,135,000**	**$1,169,000**
	Capital Costs											
18	**Total Capital Spending**	**$300,000**	**$400,000**	**$927,000**	**$1,538,000**	**$1,366,000**	**$1,913,000**	**$6,608,000**	**$3,821,000**	**$861,000**	**$887,000**	**$913,000**
19	**Bond Funded Capital**	**$0**	**$400,000**	**$927,000**	**$1,406,000**	**$1,229,000**	**$844,000**	**$2,898,000**	**$1,493,000**	**$0**	**$0**	**$0**
20	Cash Funded Capital Projects	$300,000	$0	$0	$0	$0	$788,000	$811,000	$836,000	$861,000	$887,000	$913,000
21	Grant Funded Capital Projects	$0	$0	$0	$133,000	$137,000	$281,000	$2,898,000	$1,493,000	$0	$0	$0
22	Existing Debt Service	$71,000	$71,000	$71,000	$71,000	$71,000	$71,000	$71,000	$24,000	$0	$0	$0
23	Internal Loan	$116,000	$116,000	$116,000	$116,000	$116,000	$116,000	$116,000	$116,000	$0	$0	$0
24	New Debt Service	$0	$0	$318,000	$318,000	$318,000	$318,000	$772,000	$772,000	$772,000	$772,000	$772,000
25	***Total Capital Expenses***	**$487,000**	**$187,000**	**$505,000**	**$505,000**	**$505,000**	**$1,293,000**	**$1,770,000**	**$1,748,000**	**$1,633,000**	**$1,659,000**	**$1,685,000**
26	**Total Revenue Requirement**	**$1,409,000**	**$1,076,000**	**$1,422,000**	**$1,449,000**	**$1,524,000**	**$2,327,000**	**$2,805,000**	**$2,816,000**	**$2,779,000**	**$2,794,000**	**$2,854,000**
27	**Beginning Year Balance**	**$492,000**	**$186,000**	**$381,000**	**$474,000**	**$826,000**	**$1,450,000**	**$1,602,000**	**$1,353,000**	**$1,165,000**	**$1,090,000**	**$1,080,000**
28	**Surplus/(Shortfall)**	**($306,000)**	**$195,000**	**$93,100**	**$352,100**	**$624,200**	**$152,300**	**($248,700)**	**($187,600)**	**($75,500)**	**($10,500)**	**$12,600**
29	**End of Year Balance**	**$186,000**	**$381,000**	**$474,100**	**$826,100**	**$1,450,200**	**$1,602,300**	**$1,353,300**	**$1,165,400**	**$1,089,500**	**$1,079,500**	**$1,092,600**
30	*Minimum Reserves*	$406,000	$395,000	$405,000	$414,000	$439,000	$444,000	$444,000	$455,000	$481,000	$477,000	$489,000
31	*Reserve Target*	$2,268,000	$2,257,000	$2,267,000	$2,276,000	$2,301,000	$2,306,000	$2,306,000	$2,317,000	$2,343,000	$2,339,000	$2,351,000
32	**Debt Coverage Ratio**	**0.92**	**3.75**	**1.24**	**1.91**	**2.60**	**3.42**	**1.67**	**1.81**	**2.02**	**2.14**	**2.20**

Schedule 4 – Allocation of Costs to System Functions (1 of 2)

			Percent Allocation to System Functions			Cost Allocation to System Functions			
	Budget Line Items	Test Year Budget	Customer Costs	Fixed & Distribution Costs	Variable & Water Supply Costs	Marginal Water Management Costs	Customer Costs	Fixed & Distribution Costs	Baseline Water Supply	Marginal Water Management Costs
	SOURCE OF SUPPLY									
1	Supervision & Engineering	$6,200			90%	10%			$5,580	$620
2	Operating Labor	$2,100			100%				$2,100	
3	Maintenance Of Structures	$13,400			100%				$13,400	
4	Fines Penalties & Fees	$1,000			100%				$1,000	
	PUMPING									
5	Maintenance Of Structures & Grounds	$2,100		70%	30%			$1,470	$630	
6	Maintenance Of Pumping Equipment	$12,400		70%	30%			$8,680	$3,720	
7	Electric Power	$70,400		70%	30%			$49,280	$21,120	
	OPERATIONS									
8	Supervision & Engineering	$25,800		60%	30%	10%		$15,480	$7,740	$2,580
9	Operating Labor & Expense	$23,700		60%	30%	10%		$14,220	$7,110	$2,370
10	Maintenance Expense	$1,000		60%	30%	10%		$600	$300	$100
11	Maintenance Of Telemetering Equipment	$15,500		60%	40%			$9,300	$6,200	
12	Leased Lines Expense	$5,200		60%	40%			$3,120	$2,080	
	WATER TREATMENT									
13	Supervision & Engineering	$15,000			100%				$15,000	
14	Purification Expense	$63,000			100%				$63,000	
15	Purification Chemicals	$9,000			100%				$9,000	
16	Maintenance Of Structures	$6,000			100%				$6,000	
17	Maintenance Of Equipment	$27,000			100%				$27,000	
18	Electric Power	$26,000			90%	10%			$23,400	$2,600
19	Laboratory Labor	$74,000			100%				$74,000	
20	Lab Services/Expense	$23,000			100%				$23,000	
21	Customer Water Quality	$8,000			100%				$8,000	
22	Water Quality Supervision	$9,000			100%				$9,000	
23	Distributed To West Marin	$37,000			100%				$37,000	

Schedule 4 – Allocation of Costs to System Functions (2 of 2)

			Percent Allocation to System Functions			Cost Allocation to System Functions			
	Budget Line Items	Test Year Budget	Customer Costs	Fixed & Distribution Costs	Variable & Water Supply Costs	Marginal Water Management Costs	Customer Costs	Fixed & Distribution Costs	Baseline Water Supply	Marginal Water Management Costs
	TRANSMISSION & DISTRIBUTION									
24	Supervision & Engineering	$3,100		70%	30%			$2,170	$930	
25	Facilities Location - USA	$9,300		70%	30%			$6,510	$2,790	
26	Customer Service Expense	$8,200		70%	30%			$5,740	$2,460	
27	Flushing	$5,200		70%	30%			$3,640	$1,560	
28	Storage Facilities Expense	$45,300		70%	30%			$31,710	$13,590	
29	Cathodic Protection	$1,000		70%	30%			$700	$300	
30	Maint Of Valves, Reliefs & Reg	$1,000		70%	30%			$700	$300	
31	Maintenance Of Mains	$4,100		70%	30%			$2,870	$1,230	
32	Backflow Device Insp/Testing (Small)	$4,100		70%	30%			$2,870	$1,230	
33	Backflow Device Insp/Testing (Large)	$2,100		70%	30%			$1,470	$630	
34	Maintenance Of Copper Services	$6,200		70%	30%			$4,340	$1,860	
35	Maintenance Of Plastic Services	$31,900		70%	30%			$22,330	$9,570	
36	Maint Of D.C./Fire Line Services	$4,100		70%	30%			$2,870	$1,230	
37	Single Service Installation	$5,200		70%	30%			$3,640	$1,560	
38	Maintenance Of Meters	$4,100		70%	30%			$2,870	$1,230	
	CONSUMER ACCOUNTING									
39	Meter Reading Expense	$12,400	100%				$12,400			
40	Collection Expense - District	$1,000	100%				$1,000			
41	Distributed To West Marin Water	$14,400	50%	50.0%			$7,200	$7,200		
	WATER CONSERVATION									
42	Water Conservation Program	$12,400				100%				$12,400
	GENERAL AND ADMINISTRATIVE									
43	Distributed-West Marin Water	$107,100		60%	30%	10%		$64,260	$32,130	$10,710
44	GASB68 Adjustment - G&A	$129,800		60%	30%	10%		$77,880	$38,940	$12,980
	Total Operating Costs	**$887,800**					**$20,600**	**$345,920**	**$476,920**	**$44,360**
	CAPITAL AND DEBT									
45	Debt Service	$187,000		30.0%	70.0%			$56,100	$130,900	
46	Capital Spending	$795,000		30.0%	70.0%			$238,500	$556,500	
	Total Costs	**$1,869,800**					**$20,600**	**$640,520**	**$1,164,320**	**$44,360**
47						**Indirect Calculation:**	**1.1%**	**34.3%**	**62.3%**	**2.4%**
	REVENUES AND CREDITS									
48	Change in Fund Balance & Transfers	($600,000)	1.1%	35.1%	63.8%		($6,771)	($210,531)	($382,698)	
49	Non-Rate Revenue	($17,000)		90.0%	10.0%			($15,300)	($1,700)	
50	Temporary Meters	($12,300)		90.0%	10.0%			($11,070)	($1,230)	
51	Elevation Surcharge	($77,000)		90.0%	10.0%			($69,300)	($7,700)	
52	Outside Surcharge	($17,900)		90.0%	10.0%			($16,110)	($1,790)	
53	Private Fire Service Charge	($4,000)		90.0%	10.0%			($3,600)	($400)	
54	**Totals:**	**$1,141,600**				**Totals (rounded):**	**$13,800**	**$314,600**	**$768,800**	**$44,400**

Schedule 5 – Proposed Rates for FY 2025/26 through FY 2029/30

	Effective Date				
	July 1, 2025	**July 1, 2026**	**July 1, 2027**	**July 1, 2028**	**July 1, 2029**
Residential Quantity Charges ($/TGAL)					
Tier 1[1]	$13.70	$16.30	$19.40	$23.09	$26.55
Tier 2	$17.76	$21.14	$25.16	$29.94	$34.43
Commercial Quantity Charges ($/TGAL)					
Uniform	$14.49	$17.25	$20.53	$24.43	$28.09
Hydraulic Zone Charge ($/TGAL)					
Zone 3	$0.99	$1.18	$1.40	$1.67	$1.92
Zone 2	$2.83	$3.37	$4.01	$4.77	$5.49
Zone 4	$9.01	$10.72	$12.76	$15.18	$17.46
Other Quantity Charges ($/TGAL)					
Temporary Meter	$20.59	$24.50	$29.16	$34.70	$39.91
Service Charges (bi-monthly fixed charge based on meter size)					
5/8"	$59.60	$70.92	$84.39	$100.42	$115.48
1" Fire[2]	$59.60	$70.92	$84.39	$100.42	$115.48
1"	$144.55	$172.01	$204.69	$243.58	$280.12
1 1/2"	$286.12	$340.48	$405.17	$482.15	$554.47
2"	$456.01	$542.65	$645.75	$768.44	$883.71
3"	$909.05	$1,081.77	$1,287.31	$1,531.90	$1,761.69
4"	$1,418.72	$1,688.28	$2,009.05	$2,390.77	$2,749.39

[1] Allocation is 250 gpd per dwelling unit

[2] Only for 1" residential meters that are upsized due to fire code requirements

ATTACHMENT 2

2025 West Marin Water Rate Study

Board Presentation – Draft Recommendation

March 18, 2025

HILDEBRAND CONSULTING

Agenda

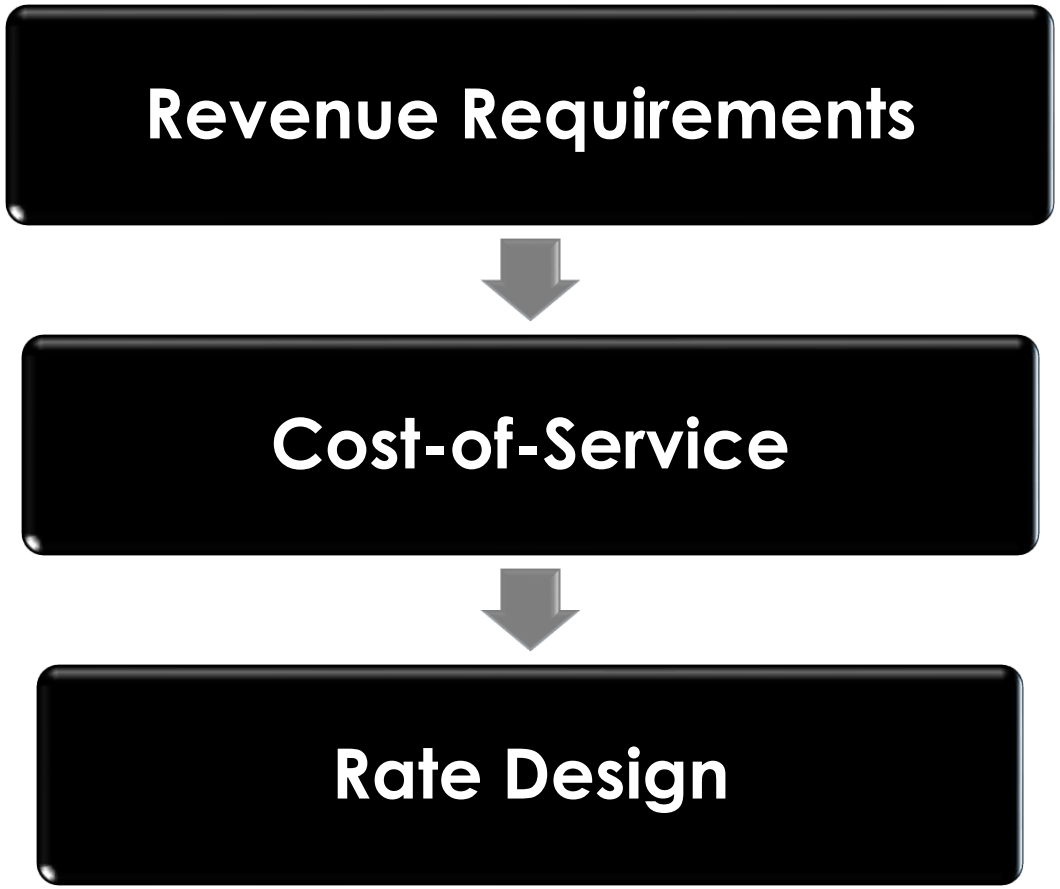
1. Rate studies overview & scope
2. Review financial plan
3. Rate design & structure topics
4. Project schedule

Rate Study Objective

- Establish a secure, multi-year financial plan that supports operating costs and capital spending necessary to provide water services that are reliable, high-quality, environmentally responsible and reasonably priced.

- Ensure that the rate structure complies with the (evolving) requirements of Proposition 218.

The Rate Setting Process



Compares the revenues of the utility to its expenses to determine the overall level of rate adjustment

Equitably allocates costs by customer classes (business, low water user, high water user, etc.) in proportion to the costs each class of customers places on the system to meet their needs

Design rates for each class of service to meet the revenue needs of the utility, along with any other rate design goals and objectives

Financial Plan

West Marin Enterprise Cash Reserves

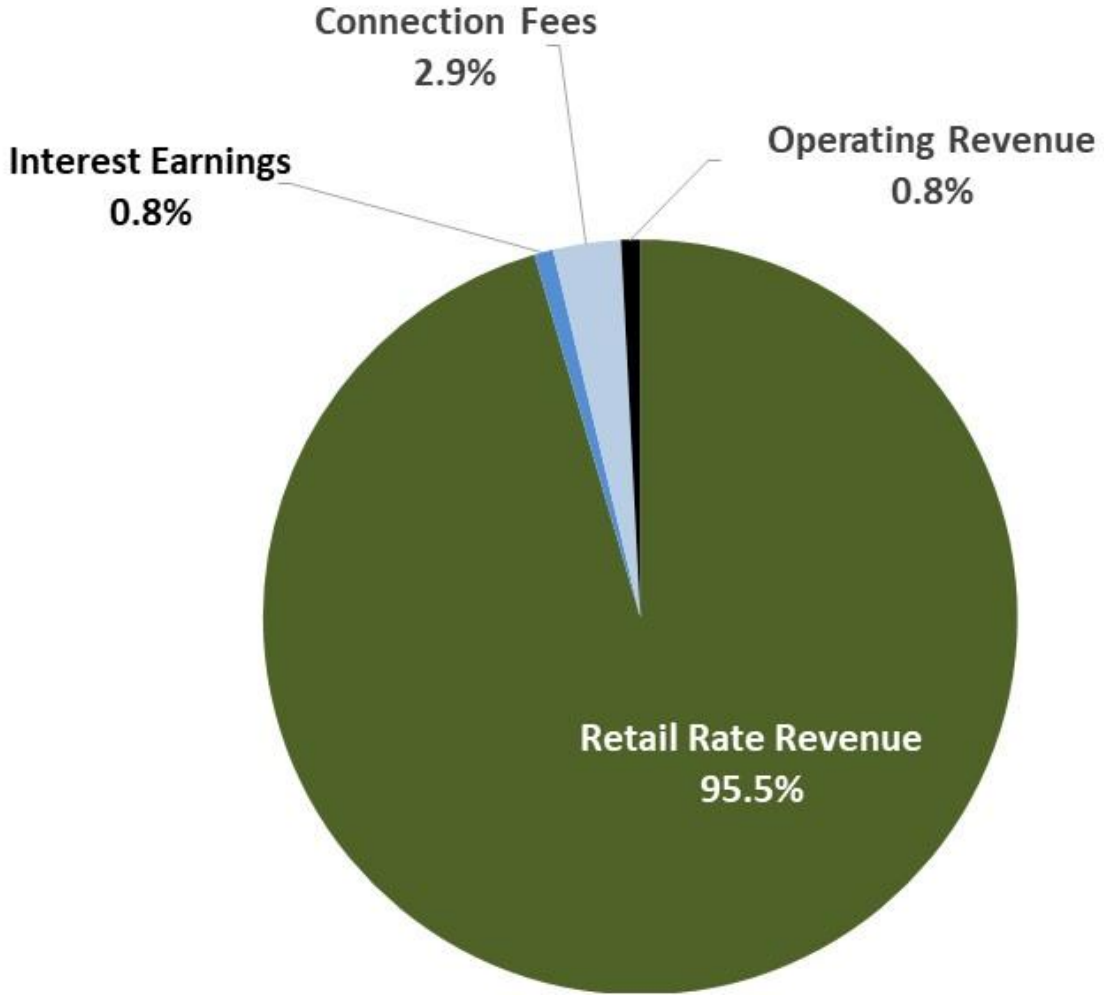
Fiscal year beginning July 1, 2024

Undesignated Cash	$101,000
Liability Contigency Fund	$99,000
Operating Reserve Fund	$292,000
Total Unrestricted:	**$492,000**

West Marin Enterprise Revenue

FY2024/25 Budget

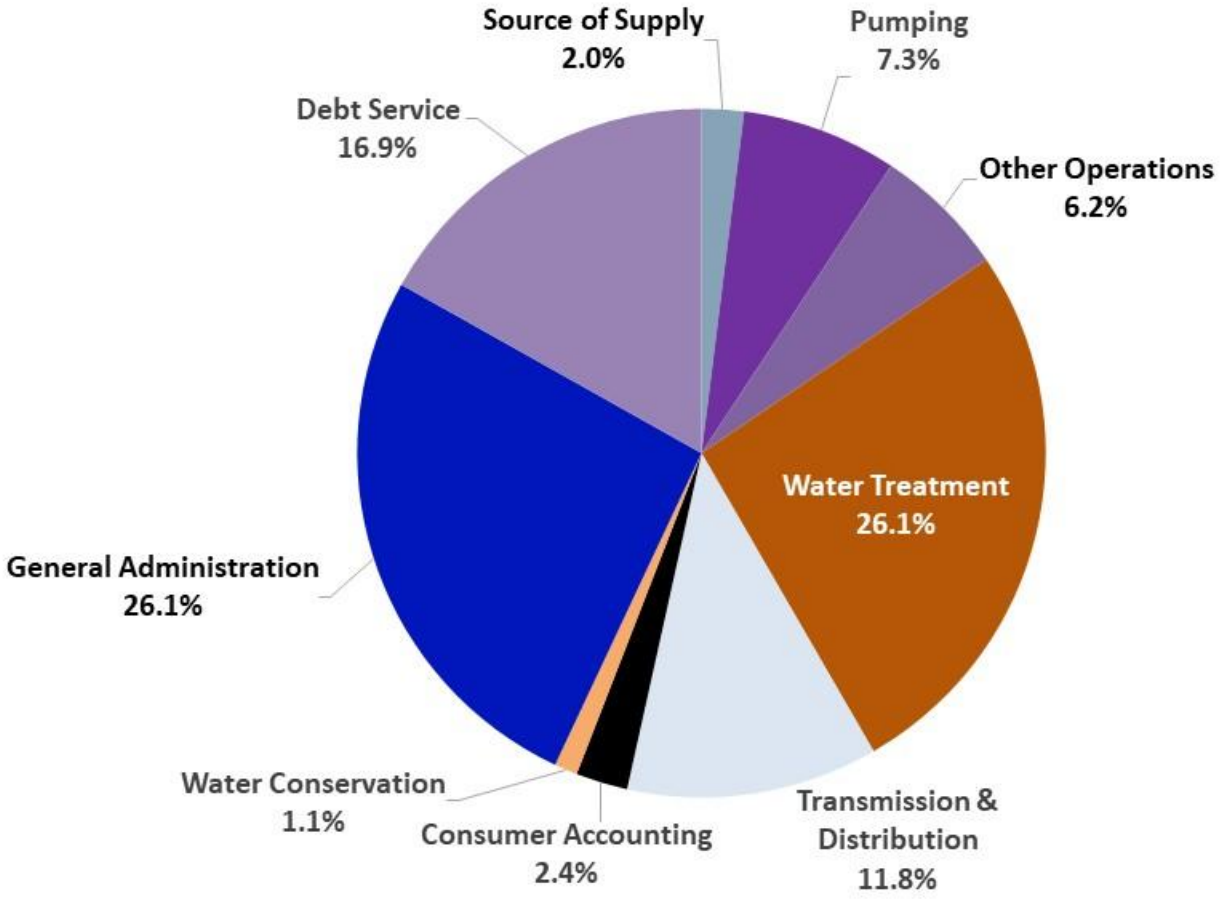
Retail Rate Revenue		$1,053,000
Non-Rate Revenue		
Interest Earnings		$9,000
Connection Fees		$32,000
Operating Revenue		$9,000
	Total:	**$1,103,000**



West Marin Enterprise Operating Expenses & Debt Service

FY2024/25 Budget

Source of Supply	$22,000
Pumping	$81,000
Other Operations	$69,000
Water Treatment	$290,000
Transmission & Distribution	$131,000
Consumer Accounting	$27,000
Water Conservation	$12,000
General Administration	$290,000
Debt Service	$187,000
Total Budget:	**$1,109,000**



Cost Escalation Assumptions

- Utilities, chemicals, supplies – 5% per year
- All other costs – 3% per year

Rate increase drivers:

Significant increase in capital spending

- In the near-term, costs are driven by two bridge projects (required by CalTrans/County) and Gallagher Well No.3 (needed for water supply)
- Also notable is a major water treatment plant (WTP) rehabilitation
- The majority of the system is reaching the end of design life
- See Slides 12 and 13

Inflation

- Operating cost in FY2025 are budgeted at $922 vs. $664 thousand forecasted by 2021 Financial Plan (an increase of $258 thousand, or 39%)
  - Primarily from treatment, electric, and labor costs

Revenue

- Reduction in property tax revenue (about $60 thousand per year)

Reserves

The following are the reserve categories that are consistent with the reserve policies for the Novato service area.

Minimum Reserves:

These reserves should always *plan* to be fully funded:

Operating Reserve: 4 months of O&M budget ($307 thousand)

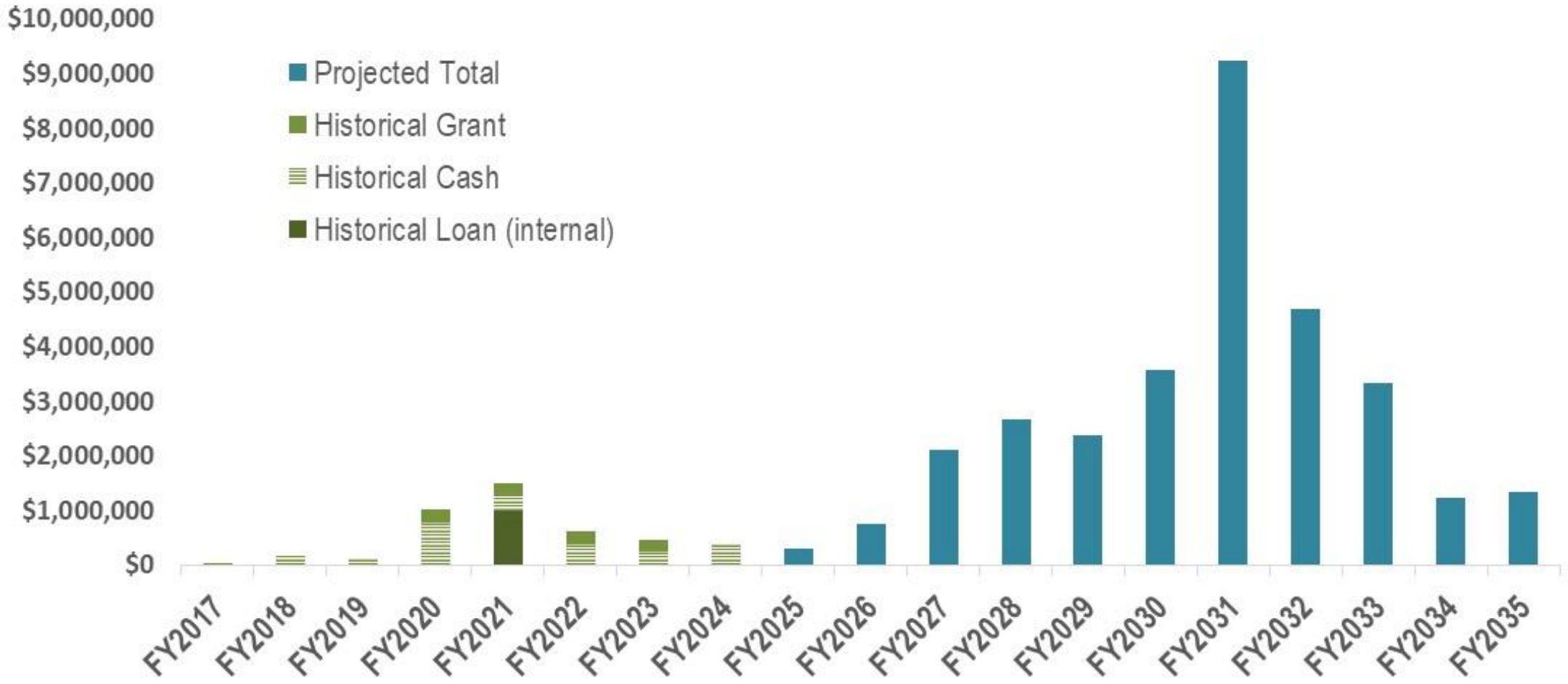
Liability Contingency Reserve (currently $99K)

Target Reserves:

This reserve is designed to occasionally be drawn down:

Maintenance Accrual Fund: Equal to the average long-term annual capital spending (approx. $1.86 million depending on scenario).

West Marin Enterprise Capital Spending



Average Historical (7 years): $552 thousand
Projected Average (Full List): $2.9 million

West Marin Capital Spending - Full List: $27.3 million

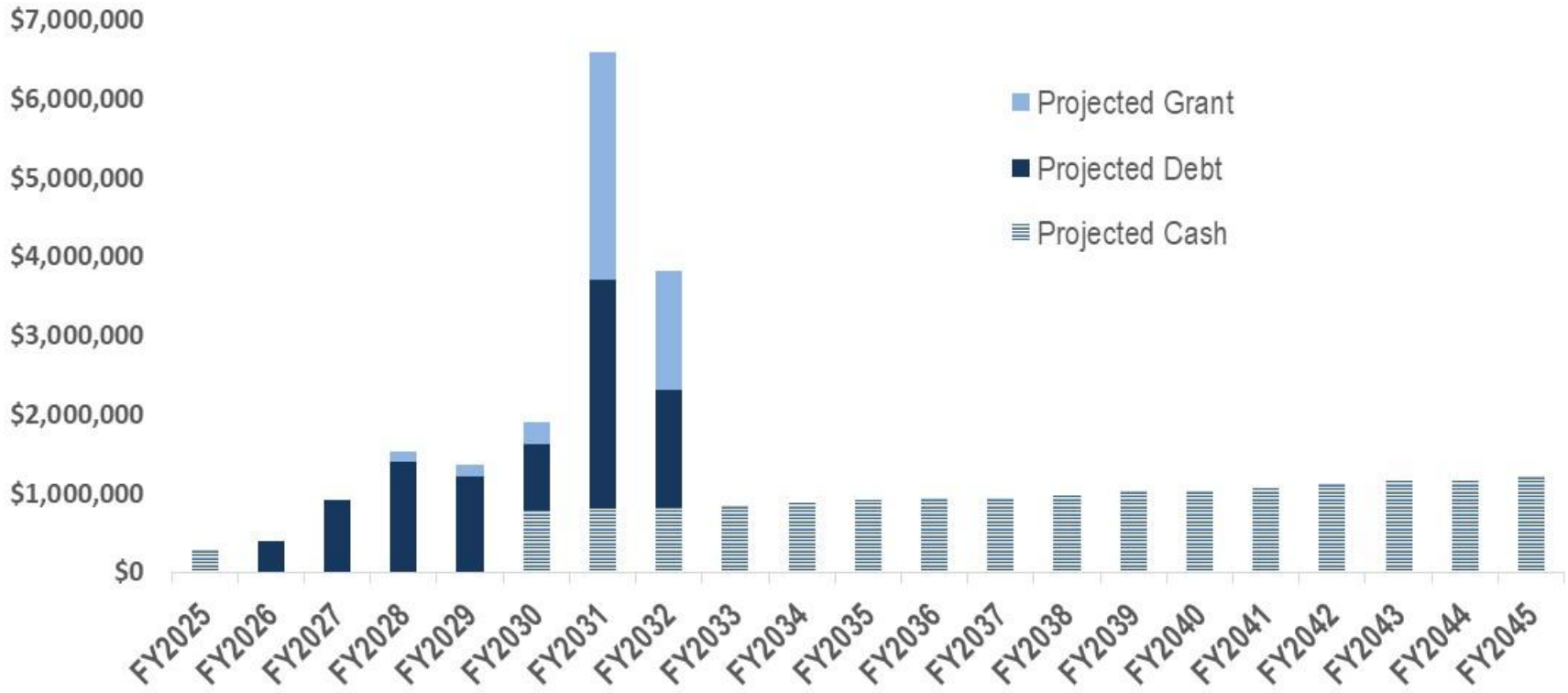
		FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035	Baseline Assumption Grant	Baseline Assumption Debt
	Pipelines												
1	Lagunitas Creek Bridge Pipe Replacement (Caltrans)	$250,000	$500,000	$500,000									100%
2	Olema Creek Bridge Pipe Replacement (County)		$250,000	$500,000	$500,000								100%
3	Replace Backbone Distribution Pipeline			$750,000					$750,000			50%	
4	Replace Polybutylene Service Lines (10 services)	$15,000	$15,000	$15,000	$15,000	$15,000							
5	Replace Thin Wall Plastic Pipe (5,300 lf) (2" -> 6")					$400,000	$400,000	$400,000	$400,000	$400,000			
6	Replace Galvanized Steel Pipe (2,600 lf) (2" -> 6")					$150,000	$150,000	$150,000	$150,000				
	Tanks and Pump Stations												
7	Olema Pump Station Flood Protection				$150,000	$150,000	$1,000,000						
8	Olema Tank Communication Improvements			$25,000	$25,000	$50,000							
9	PRE Tank No. 1 (Redwood) Replacement (upsize to 50,000 gal)	$50,000	$700,000									75%	
10	PRE Tank No. 2 (Redwood) Replacement (upsize to 50,000 gal)						$50,000	$700,000				75%	
11	Pt Reyes Tank No. 1 Rehabilitation									$100,000	$350,000		
12	Pt Reyes Tank No. 2 Replacement (upsize to 100,000 gal)						$50,000	$150,000	$1,300,000				
13	Pt Reyes Tank No. 3 Rehabilitation									$100,000	$650,000		
14	Bear Valley Tanks Access Improvements (gate, road, comm. line)	$50,000	$75,000										
15	Bear Vallley Pump Station Rehabilitation	$50,000	$50,000										
16	Inverness Park Pump Station Rehabilitation	$50,000	$100,000										
17	Inverness Park Tanks (x2) Rehabilitation								$100,000	$350,000			
18	Gallagher Well No. 3 (replace No. 1)	$150,000	$150,000	$200,000	$500,000	$500,000							
19	Water Supply Redundancy (new well location)		$25,000	$50,000	$275,000	$850,000	$550,000					75%	
20	Relocate Chemical Storage	$100,000											
21	Treatment Plant Interim Rehabilitation		$100,000	$150,000								50%	50%
22	Treatment Plant Full Scale Rehabilitation			$250,000	$250,000	$500,000	$5,000,000	$2,500,000				50%	50%
23	Raw Water Line Modifications (3,000 lf)				$250,000	$500,000	$750,000						
	Contingency												
24	Replacement in Sync w/ County Paving	$25,000	$25,000	$25,000	$25,000	$25,000	$25,000	$25,000	$25,000	$25,000	$25,000		
25	Pump & Motor Replacement (locations TBD)	$30,000	$30,000	$30,000	$30,000	$30,000							
26	Abandon Downey Well				$150,000								
27	Master Plan Update												
28	Hydraulic Model Development			$25,000									
29	Electronic Facility Maps		$25,000										
	Capital Spending Totals:	**$770,000**	**$2,045,000**	**$2,520,000**	**$2,170,000**	**$3,170,000**	**$7,975,000**	**$3,925,000**	**$2,725,000**	**$975,000**	**$1,025,000**	**$7,562,500**	**$6,875,000**

Capital Spending Scenario 1:

- 2 Bridges (FY26 and FY27), Gallagher Well #3 (FY26), Treatment Plant rehab (FY29)
  - All debt financed
  - Grant funding assumed for the treatment plant (50%)

- All other projects deferred until FY30 then spend at a rate of $700 thousand per year

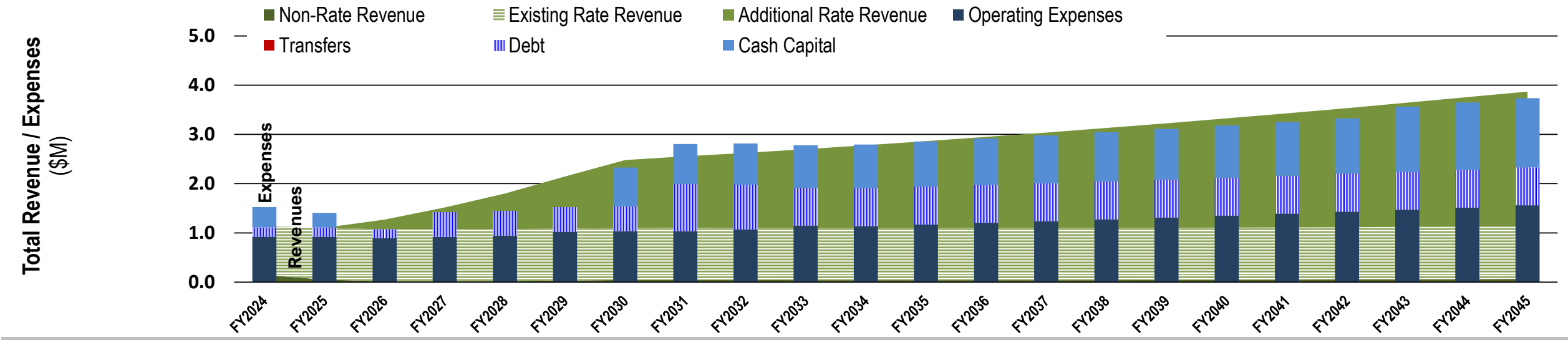
Capital Spending Scenario 1:

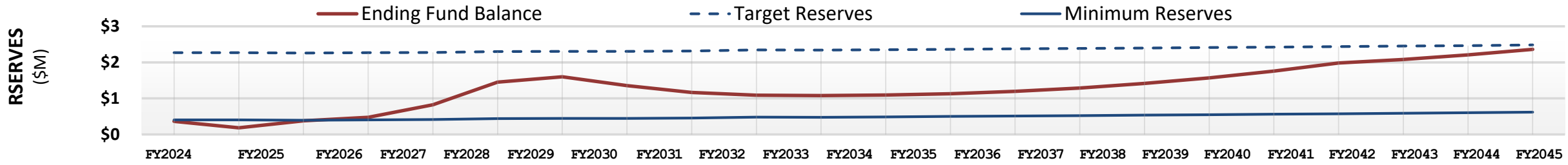


	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035	Grant	Debt
Pipelines												
Lagunitas Creek Bridge Pipe Replacement (Caltrans)	$250,000	$500,000	$500,000								0%	100%
Olema Creek Bridge Pipe Replacement (County)		$250,000	$500,000	$500,000							0%	100%
Gallagher Well No. 3 (replace No. 1)	$150,000	$150,000	$200,000	$500,000	$500,000						0%	100%
Treatment Plant Full Scale Rehabilitation			$250,000	$250,000	$500,000	$5,000,000	$2,500,000				50%	50%
Cash Funded R&R					$700,000	$700,000	$700,000	$700,000	$700,000	$700,000	0%	0%
Capital Spending Totals:	**$400,000**	**$900,000**	**$1,450,000**	**$1,250,000**	**$1,700,000**	**$5,700,000**	**$3,200,000**	**$700,000**	**$700,000**	**$700,000**	**$4,250,000**	**$8,250,000**
									Total:	**$16,700,000**		
Capital Spending After Inflation:	**$400,000**	**$927,000**	**$1,538,305**	**$1,365,909**	**$1,913,365**	**$6,607,862**	**$3,820,967**	**$860,912**	**$886,739**	**$913,341**		
									Total:	**$19,234,400**		

West Marin Enterprise Financial Forecast

Scenario 1





			Recommended					Forecasted													
Proposed Revenue Increases:			19.0%	19.0%	19.0%	19.0%	15.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Debt Coverage Ratio:	1.4	0.92	3.75	1.24	1.91	2.60	3.42	1.67	1.81	2.02	2.14	2.20	2.27	2.34	2.41	2.49	2.57	2.66	2.74	2.84	2.93	3.02
Net Debt Proceeds:			$0.4M	$0.9M	$1.4M	$1.2M	$0.8M	$2.9M	$1.5M												

Two Debt Issues: $4.0M & $5.2M

20-Year Cumulative Rate Increases: **259%**

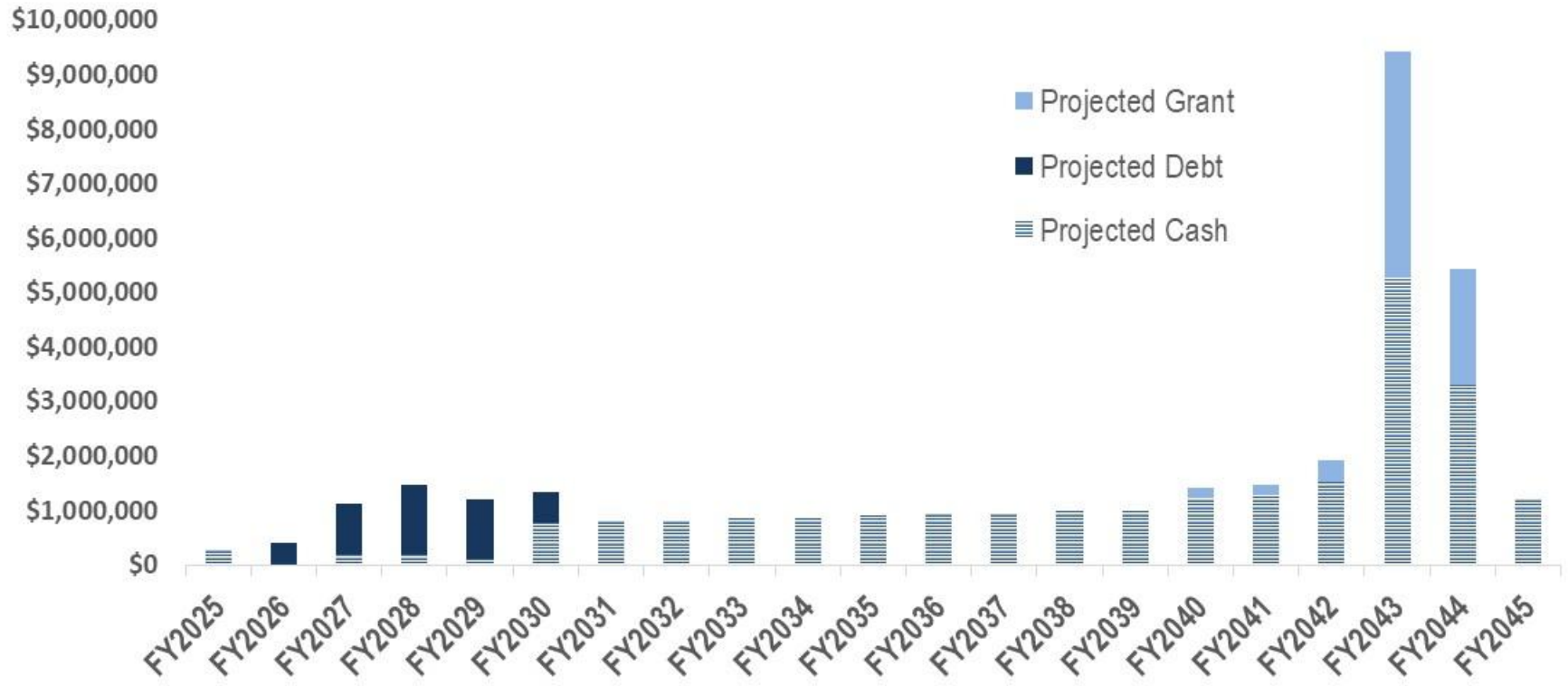
Capital Spending Scenario 2:

- 2 Bridges (FY26 and FY27), Gallagher Well #3 (FY26)
  - Debt funded

- Treatment Plant Rehab (FY29) – deferred until 2040
  - Cash funded
  - Grant funding assumed (50%)

- All other projects deferred until FY30 then spend at a rate of $700 thousand per year (plus $500K in near-term R&R for the WTP)

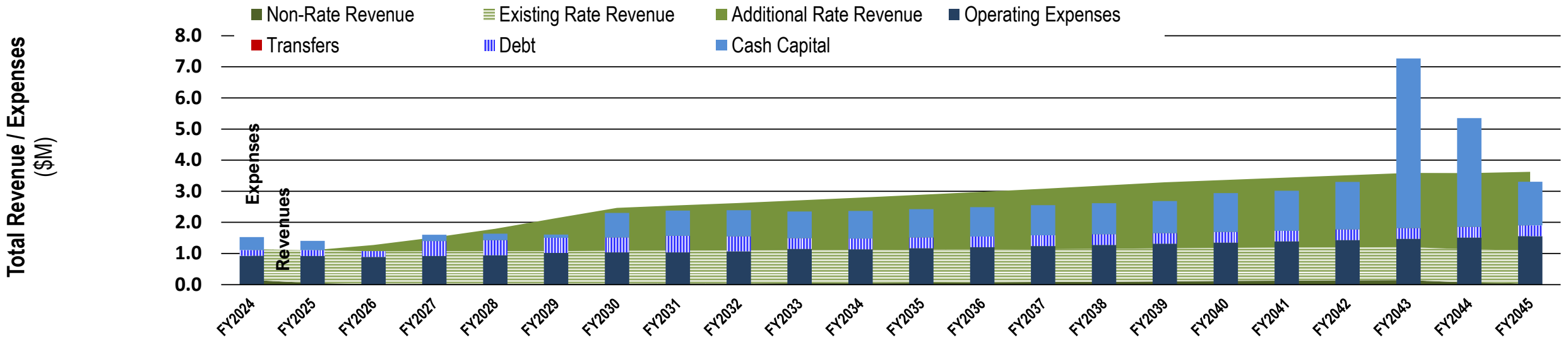
Capital Spending Scenario 2:

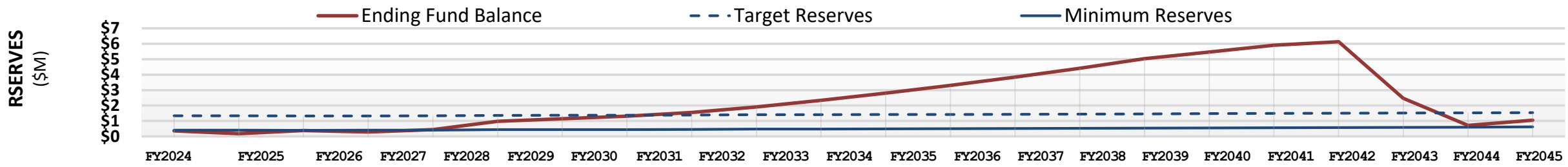


	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035	Grant	Debt
Pipelines												
Lagunitas Creek Bridge Pipe Replacement (Caltrans)	$250,000	$500,000	$500,000								0%	100%
Olema Creek Bridge Pipe Replacement (County)		$250,000	$500,000	$500,000							0%	100%
Gallagher Well No. 3 (replace No. 1)	$150,000	$150,000	$200,000	$500,000	$500,000						0%	100%
Treatment Plant Full Scale Rehabilitation											50%	0%
Cash Funded R&R		$200,000	$200,000	$100,000	$700,000	$700,000	$700,000	$700,000	$700,000	$700,000	0%	0%
Capital Spending Totals:	**$400,000**	**$1,100,000**	**$1,400,000**	**$1,100,000**	**$1,200,000**	**$700,000**	**$700,000**	**$700,000**	**$700,000**	**$700,000**		**$0** **$4,000,000**
									Total:	**$8,700,000**		
Capital Spending After Inflation:	**$400,000**	**$1,133,000**	**$1,485,260**	**$1,202,000**	**$1,350,611**	**$811,492**	**$835,837**	**$860,912**	**$886,739**	**$913,341**		
									Total:	**$9,879,191**		

West Marin Enterprise Financial Forecast

Scenario 2





			Recommended					Forecasted													
Proposed Revenue Increases:			**19.0%**	**19.0%**	**19.0%**	**19.0%**	**15.0%**	**3.0%**	**3.0%**	**3.0%**	**3.0%**	**3.0%**	**3.0%**	**3.0%**	**3.0%**	**3.0%**	**2.0%**	**2.0%**	**2.0%**	**2.0%**	**2.0%**
Debt Coverage Ratio:	1.4	0.92	3.75	1.31	2.01	2.74	3.60	3.36	3.91	4.54	4.82	4.99	5.18	5.36	5.55	5.76	5.88	5.98	6.09	6.19	6.06	6.04
Net Debt Proceeds:			$0.4M	$0.9M	$1.3M	$1.1M	$0.6M														

Two Debt Issues: $2.6M & $1.6M

20-Year Cumulative Rate Increases: **239%**

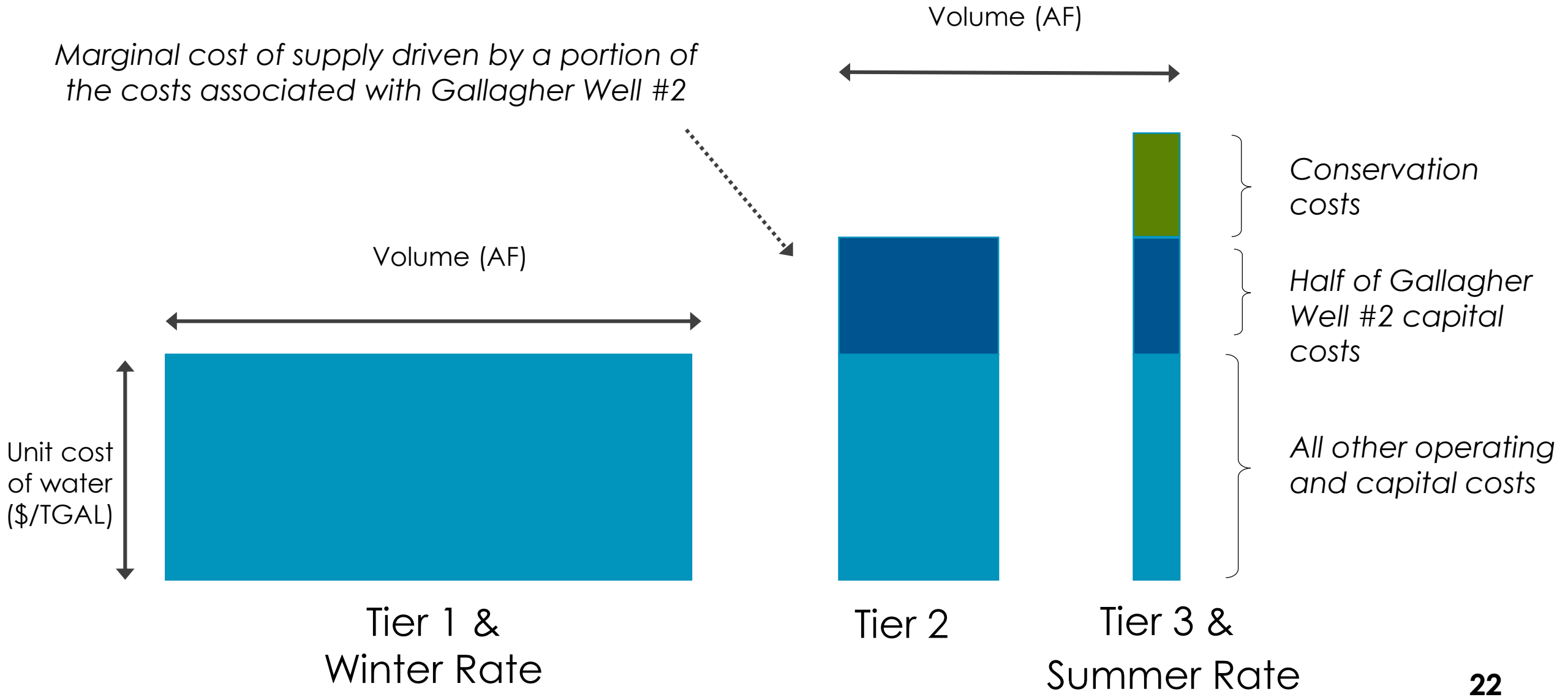
Cost of Service Study and Rate Structure Design

Existing Rates

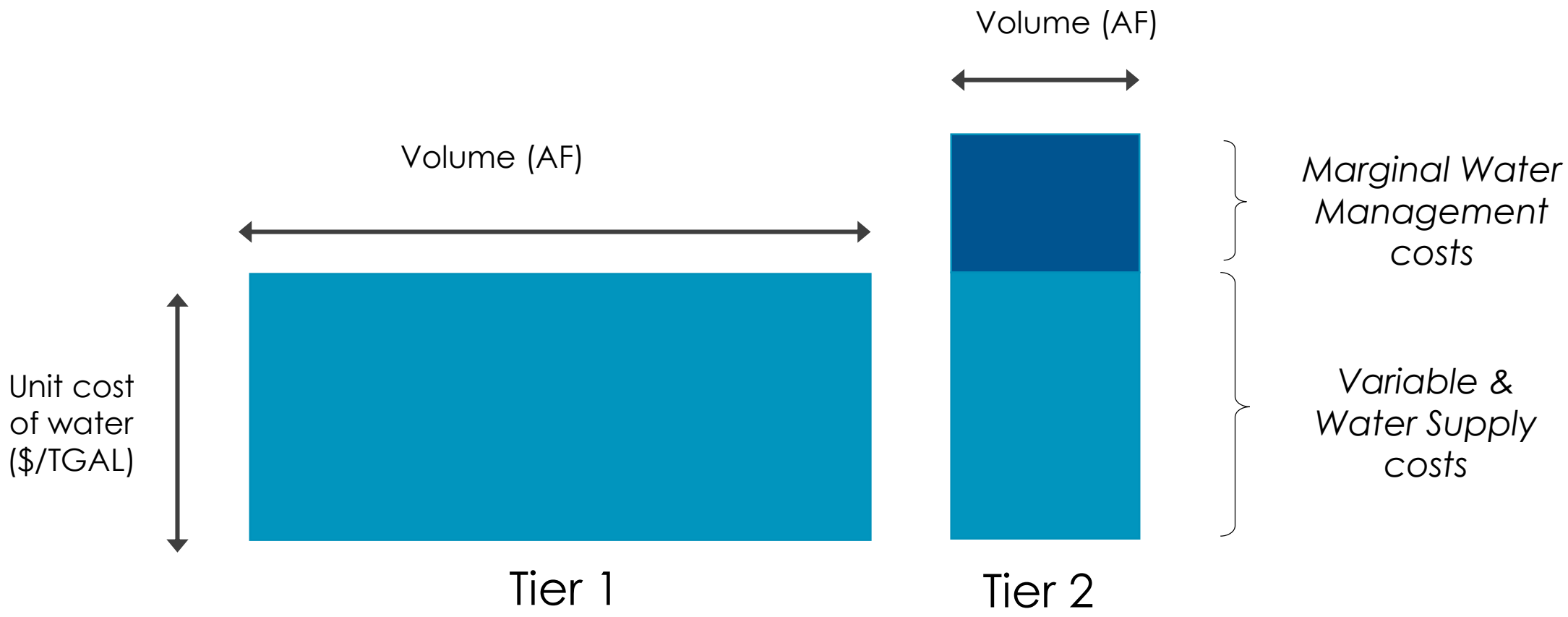
- Fixed Service Charge
  - ✓ By Meter size

- "Quantity" Charge:
  - ✓ 3 Tiers for Residential
  - ✓ Seasonal rates for Commercial (Non-Residential)
  - ✓ Hydraulic Zone Charge

Current Basis for Tiered Water Rates



Proposed Basis for Tiered Water Rates*



** Seasonal rates for commercial accounts are proposed to be replaced with uniform rates*

Fixed vs. Variable Revenue

Approximately 11.2% of operating costs are variable

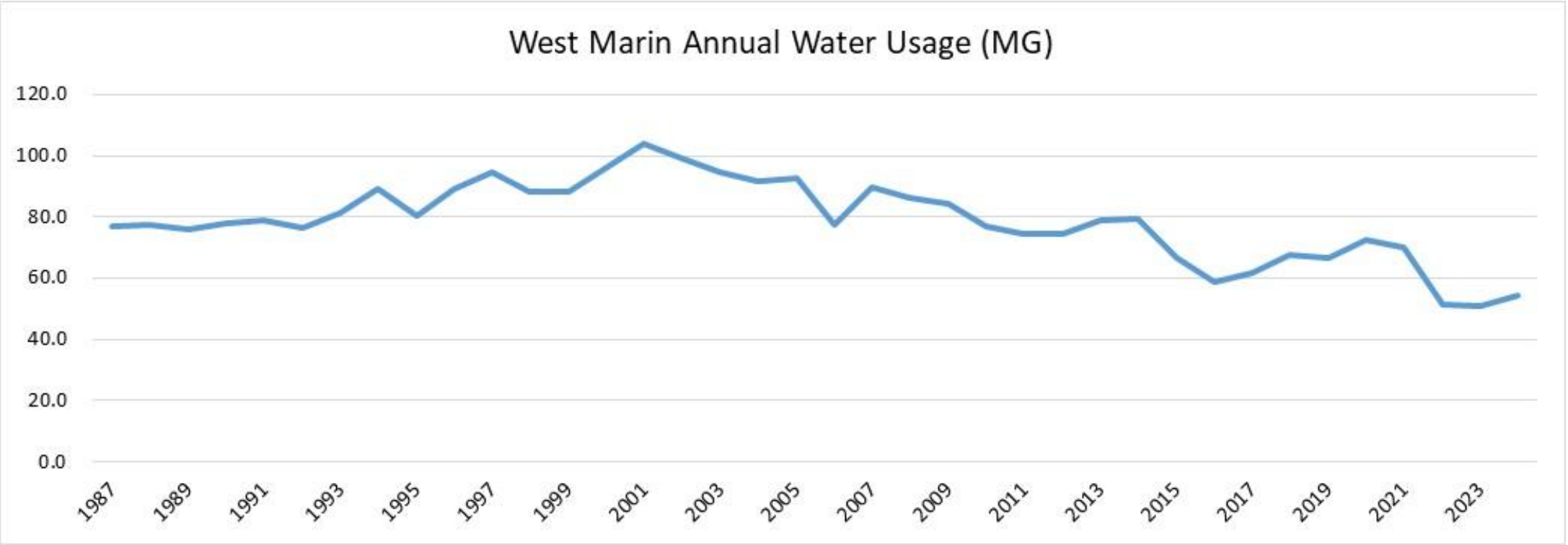
Approximately 5.7% of all costs are variable

Vs.

Currently 73.0% of rate revenue is variable

We propose to incrementally increase the proportion of revenue that is fixed (by about 2%). This needs to be done slowly in order to minimize the impact on rate payers.

Changes in water usage is impactful



Basis for 2021 Rate Study: 69 million gallons
Most recent water usage: 55 million gallons
… a reduction of 20%

Hydraulic Zone Charge

Proposed Hydraulic Zone Charge based on:

- Detailed actual electricity usage by zone
- Depreciation expense associated with associated pump and storage assets [1]

(doesn't include a "Zone 1" charge because all water originates in Zone 1)

	Replacement Charge ($/TGAL)		Electricity Charge ($/TGAL)		Proposed Hydraulic Zone Charge ($/TGAL)	Current Charge (per TGAL)	Change
Zone 3[2] (Olema):	$0.68	+	$0.31	=	$0.99	$1.32	-25%
Zone 2 (others[3]):	$1.88	+	$0.95	=	$2.83	$2.61	8%
Zone 4[4] (Upper PRE):	$4.57	+	$1.61	=	$9.01	$7.34	23%

[1] Assumes a 25 year expected useful life for Pump Station infrastructure and 50-year expected useful life for storage infrastructure (tanks).

[2] The historical naming convention for the zone is not consistent with the actual elevation

[3] Includes Inverness Park, Bear Valley, and Lower Paradise Ranch Estates

[4] Zone 4 water is first pumped through the Zone 2 pump station, therefore the hydraulic charge includes the Zone 2 charge.

Proposed Rates (Year 1)

VARIABLE QUANTITY CHARGE (per TGAL)

	PROPOSED RATES		CURRENT RATES			PROPOSED CHANGE					
COMMERCIAL	**Uniform**		**Winter**	**Summer**		**Winter**		**Summer**			
Base Rate	$14.49		$10.57	$21.83		$3.92	37.1%	-$7.34	-33.6%		
Zone 3	$15.48		$11.89	$23.15		$3.59	30.2%	-$7.67	-33.1%		
Zone 2	$17.32		$13.18	$24.44		$4.14	31.4%	-$7.12	-29.1%		
Zone 4	$23.50		$17.91	$29.17		$5.59	31.2%	-$5.67	-19.4%		
	Tier		**Tier**								
RESIDENTIAL	**1**	**2**	**1**	**2**	**3**	**Tier 1**		**Tier 2**		**Tier 3**	
Base Rate	$13.70	$17.76	$10.57	$15.37	$21.83	$3.13	29.6%	$2.39	11.0%	-$4.07	-18.6%
Zone 3	$14.69	$18.75	$11.89	$16.69	$23.15	$2.80	23.5%	$2.06	8.9%	-$4.40	-19.0%
Zone 2	$16.53	$20.59	$13.18	$17.98	$24.44	$3.35	25.4%	$2.61	10.7%	-$3.85	-15.8%
Zone 4	$22.71	$26.77	$17.91	$22.71	$29.17	$4.80	26.8%	$4.06	13.9%	-$2.40	-8.2%
Outside Surcharge*	$4.85		$4.85								

FIXED SERVICE CHARGE (bimonthly)

METER SIZE	PROPOSED	CURRENT	CHANGE (dollars)	CHANGE (percent)
5/8"	$59.60	$50.73	$8.87	17.5%
1" Fire**	$59.60	$50.73	$8.87	17.5%
1"	$144.55	$124.80	$19.75	15.8%
1 1/2"	$286.12	$248.29	$37.83	15.2%
2"	$456.01	$396.46	$59.55	15.0%
3"	$909.05	$791.60	$117.45	14.8%
4"	$1,418.72	$1,236.12	$182.60	14.8%

* No change proposed

** Upsized due to fire code requirements

Residential Bill Impacts

Single Family

Meter Size	Bimonthly Water Usage		Bi-monthly Current Bill	Bi-monthly Proposed Bill	Change	
5/8" (Base zone)	Low	4.0	$93.01	$114.40	23.0%	34.5% of all accounts
	Median	5.2	$105.69	$130.84	23.8%	
	Average	8.0	$135.29	$169.20	25.1%	
	High	30.0	$439.83	$531.53	20.8%	
5/8" (Zone 2)	Low	4.0	$103.45	$125.72	21.5%	20.8% of all accounts
	Median	5.2	$119.27	$145.56	22.0%	
	Average	8.0	$156.17	$191.84	22.8%	
	High	30.0	$590.13	$677.30	14.8%	
5/8" (Zone 4)	Low	4.0	$122.37	$150.44	22.9%	7.9% of all accounts
	Median	5.2	$143.86	$177.69	23.5%	
	Average	8.0	$194.01	$241.28	24.4%	
	High	30.0	$588.03	$801.80	36.4%	
1" (fire) (Base Zone)	Low	4.0	$93.01	$114.40	23.0%	7.5% of all accounts
	Median	5.2	$105.69	$130.84	23.8%	
	Average	8.0	$135.29	$169.20	25.1%	
	High	30.0	$439.83	$531.53	20.8%	

Multi-Family

Meter Size	Typical Water Usage (TGAL)	Bi-monthly Current Bill	Bi-monthly Proposed Bill	Change
Duplex (5/8")	10.0	$156	$197	25.7%
4 Units (1.5")	25.0	$513	$629	22.6%
25 Units (1.5")	180.0	$2,151	$2,752	28.0%

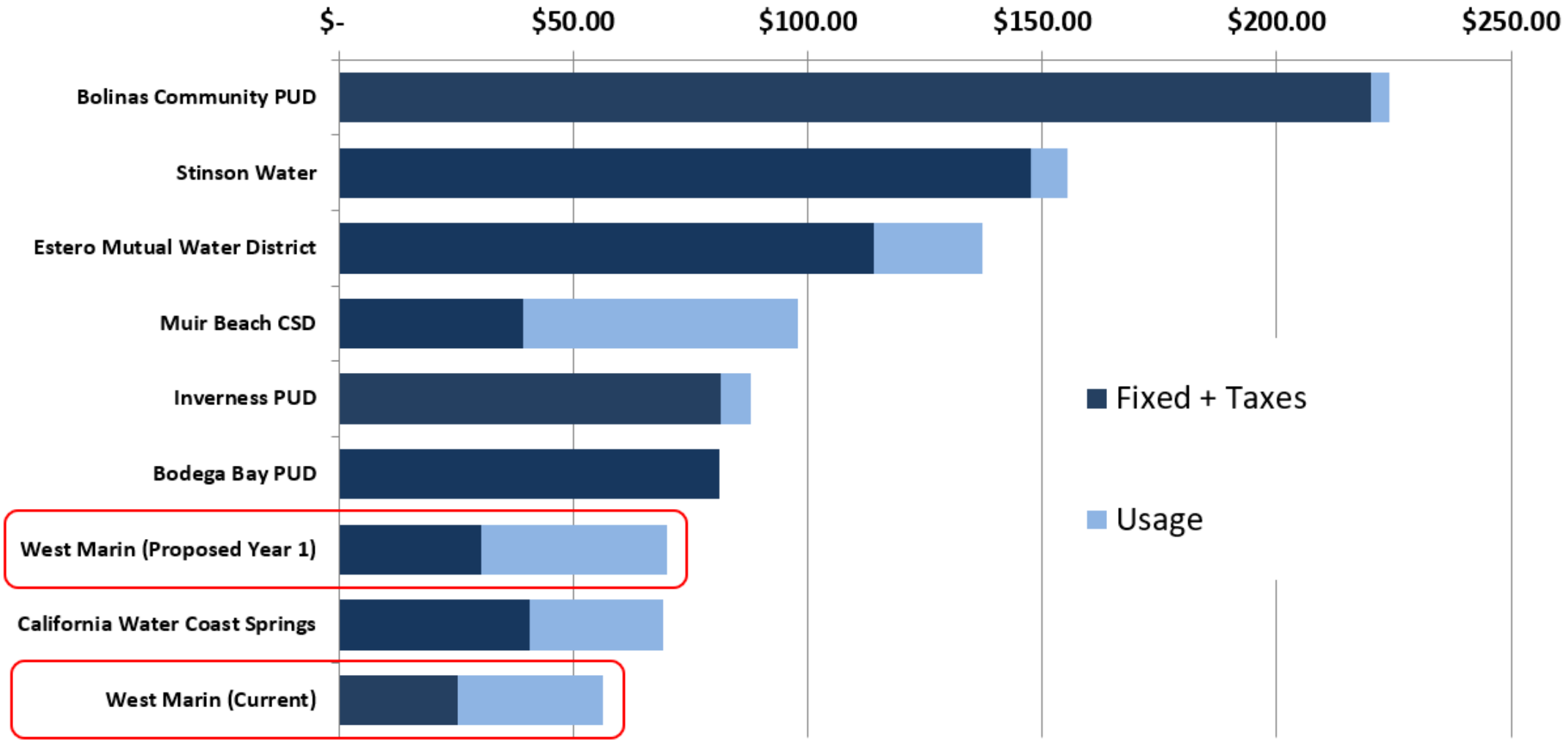
Commercial Bill Impacts

Meter Size	Average Monthly Summer Usage (TGAL)	Average Monthly Winter Usage (TGAL)	Summer Month [1]			Winter Month [1]			Percent of Accounts
			Current	Proposed	Change	Current	Proposed	Change	
5/8"	3 (low)	2 (low)	$91	$73	-19.4%	$47	$59	26.4%	7.0%
	6 (average)	5 (average)	$156	$117	-25.3%	$78	$102	30.7%	
	18 (high)	16 (high)	$418	$291	-30.5%	$194	$262	34.5%	
1"	25 (low)	25 (low)	$608	$435	-28.6%	$327	$435	33.0%	2.2%
	40 (average)	40 (average)	$936	$652	-30.3%	$485	$652	34.4%	
	84 (high)	83 (high)	$1,896	$1,289	-32.0%	$940	$1,275	35.7%	
1.5"	7	4	$277	$244	-11.7%	$166	$201	20.8%	0.5%
2"	181	82	$4,149	$2,851	-31.3%	$1,065	$1,416	33.0%	0.26%
3"	362	105	$8,298	$5,700	-31.3%	$1,506	$1,976	31.2%	0.13%
4" (Zone 3)	94	69	$2,794	$2,164	-22.5%	$1,438	$1,777	23.6%	0.13%

[1] Seasonal rates are propsed to be eliminated but a comparison to current rates requires a comparison to the existing seasonal rates.

Survey – Single Family Homes

Monthly Bill for typical water usage (2,930 gallons per month or 96 gallons per day)



Schedule

✓ Water Management Ad-Hoc Committee Meeting #1	Jan 14th
✓ Water Management Ad-Hoc Committee Meeting #2	Feb 12th
✓ Board Meeting - Draft Recommendation Presentation	March 18th
❑ Board Meeting - Final Recommendation Presentation	April 15th
❑ Mail Notification	May 2nd
❑ Public Hearing to enact new water rates	June 17th
❑ Implement New Water Rates	July 1st

8

NORTH MARIN WATER DISTRICT

MEMORANDUM

To: Board of Directors March 18, 2025

From: Tony Williams, General Manager

Subj: Potter Valley Project – New Eel-Russian Facility Update
T:\GM\BOD Memos 2025\3-18-25 Meeting\PVP Update\3-18-25 BOD Memo PVP-NERF Update.docx

RECOMMENDED ACTION:	Accept Potter Valley Project (PVP) – New Eel Russian Facility (NERF) Update
FINANCIAL IMPACT:	None at this time

Background

The Potter Valley Hydroelectric Project (Project), owned and operated by PG&E, is located along the Eel River and diverts water into the East Fork of the Russian River which flows into Lake Mendocino. Lake Mendocino, along with Lake Sonoma, are the two reservoirs that Sonoma County Water Agency (Sonoma Water) controls and coordinates water supply releases in accordance with its water rights permits in the Russian River watershed. In January 2025, PG&E released a *Draft Application for Surrender of License and Application for Non-Project Use of Project Lands* (Application) for public review. The January 2025 application is a more detailed document compared to PG&E's earlier *Initial Draft Surrender Application and Conceptual Decommissioning Plan*, released in November 2023. PG&E is committed to submitting a Final Application to the Federal Energy Regulatory Commission (FERC) on July 29, 2025.

The Application provides details on two distinct aspects of the FERC process for PG&E: the surrender of the operating license and decommissioning of the PVP facilities, including Scott Dam and Cape Horn Dam; and the continued use of "Project Lands" by the Eel Russian Project Authority for the future New Eel-Russian Facility (NERF). In FERC language, this is referred to as Non-Project Use of Project Lands, or NPUPL. The Application identifies the existing PVP facilities that will not be removed to serve the future operation of the NERF. The Application also describes the new facilities proposed for the future NERF. Attachment 1 shows the existing conditions at Cape Horn Dam and several conceptual renderings of the NERF. As previously reported to the Board, the New Eel Russian Project Authority (ERPA) is a joint powers authority between Sonoma Water, Sonoma County and the Mendocino County Inland Water and Power Commission[1]. A representative from the Round Valley Indian Tribes (RVIT) serves as a Board

[1] The Mendocino Inland Water and Power Commission (IWPC) is a joint powers agency consisting of Mendocino County, City of Ukiah, Redwood Valley County Water District, Potter Valley Irrigation District and the Mendocino County Russian River Flood Control & Water Conservation Improvement District.

member of ERPA to represent tribal interests. The primary purpose for forming ERPA was to establish an entity that can negotiate and enter into agreements with PG&E and to provide the necessary studies, planning, implementation and operations of the NERF.

NERF Operations

On February 13, 2025, a Memorandum of Understanding (MOU) was signed by various entities with interests on both the Eel and Russian Rivers, including the California Department of Fish & Wildlife (CDFW), California Trout, ERPA, Humboldt County, Mendocino County IWPC, RVIT, Sonoma Water, and Trout Unlimited (collectively known as the "Parties"). A copy of the MOU is provided as Attachment 2. The MOU is "an agreement to agree" to finalize a Water Diversion Agreement for the NERF by July 29, 2025, the date when PG&E will submit their Final Application to FERC. The MOU provides the general framework for how PG&E's water rights related to the PVP will be transferred to allow NERF operations; NERF water diversion rules; and the framework for monitoring and evaluating the NERF operations. Another key component of the MOU is the acknowledgement of support for the decommissioning and removal of PVP facilities that are not needed for the NERF, especially the removal of the two dams on the Eel River and all associated facilities that could impound water or impede natural flow of the river.

The MOU states that the Parties agree to support the transfer of PVP appropriative water rights to ERPA, and in turn to the RVIT. ERPA will then enter a lease authorizing the operation of the NERF and to use the RVIT water rights for transferring water from the Eel to the Russian River. These transfers will have to follow a set of diversion rules based on flow conditions in the Eel River. In addition, the water transfers will require monitoring to ensure the diversion rules are met as well as environmental monitoring of Eel River conditions for fish passage and water quality. The overall monitoring program will also have an adaptive management requirement on a 5-year cycle, and depending on the monitoring results may change the diversion rules. Sonoma Water staff have been evaluating the draft diversion rules using past hydrological records of the Eel and Russian Rivers and have indicated to the water contractors that the rules will allow for adequate transfers of water above Lake Mendocino.

The MOU allows for an initial term of water diversions through the NERF of 30 years. The term may be extended another 20 years but with certain conditions. At the conclusion of the 20-year renewal term, the Parties must decide if a successor agreement regarding continued operation of the NERF will be executed. At the end of its useful life or upon termination of the future Water Diversion Agreement, ERPA must shut down and remove the NERF.

Future NERF Costs

The MOU provides details on various charges and costs associated with the NERF construction, water transfers, and Eel River restoration. The water transfer payments (Use Charge) will be made by ERPA to RVIT, and the Eel River restoration funds (Restoration Payment) will be managed by RVIT. The following table outlines these costs:

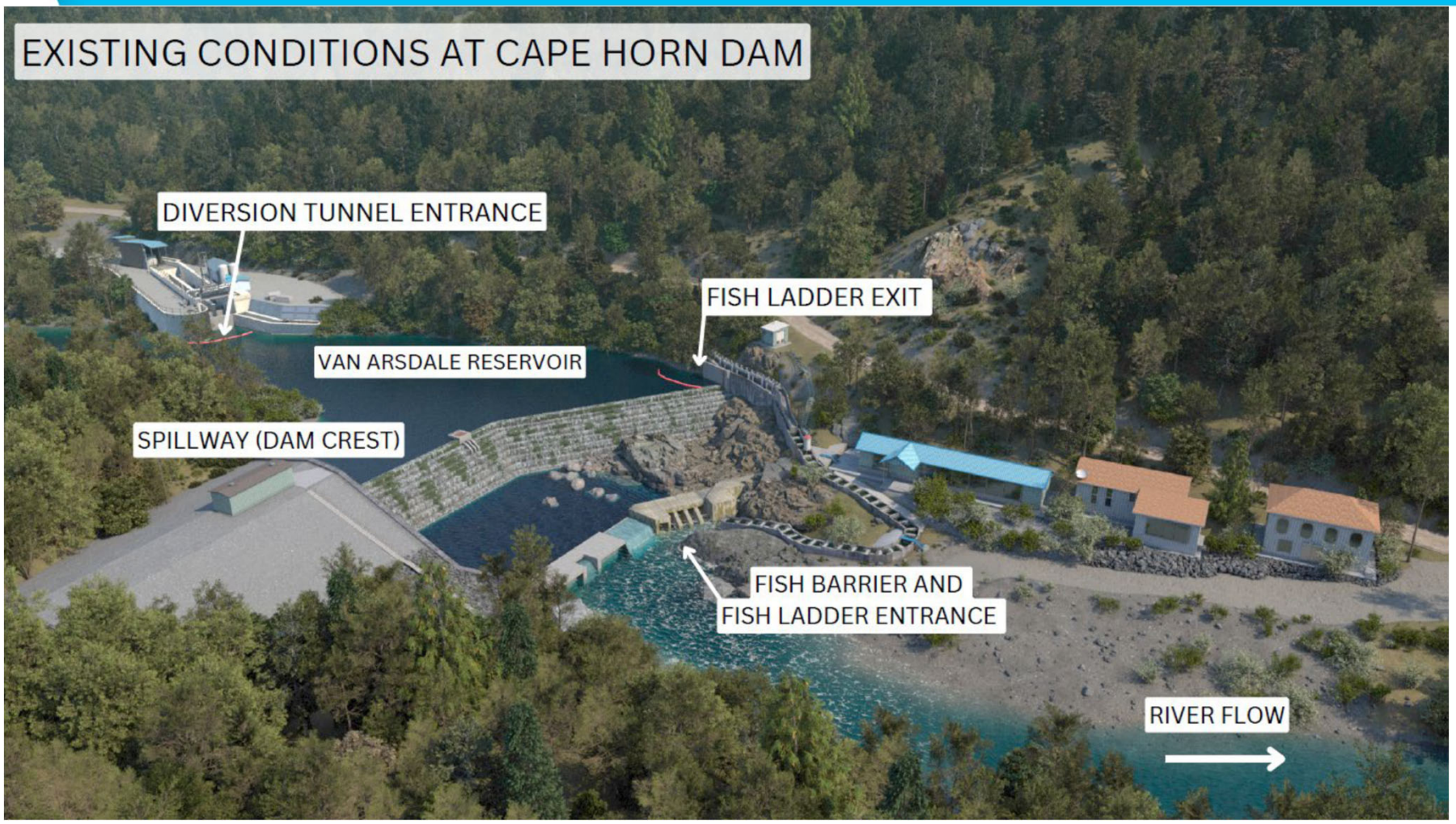
Purpose	Amount	Frequency	Notes
Initial Term (30 years)			
Use Charge	$1M	Annual	For water diversions using RVIT water rights
Restoration Payment	$750K - $1M	Annual	Sliding scale depending on funding
Renewal Term (years 31 to 50)			
Use Charge	$ TBD	Annual	50% of bond retirement savings; or 15% incr.
Restoration Payment	$ TBD	Annual	" "
"Additional Funding"			
Eel Riv. Restoration (1)	$50M	n/a	Incl. annual restoration payments; 1st phase
NERF Implementation	$50M	n/a	Excludes bond funding
Eel Riv. Restoration (2)	$100M	n/a	Second phase
Russian River Basin	$100M	n/a	For water supply reliability

Final details on the water diversion rules and monitoring requirements will be included in the forthcoming Water Diversion Agreement. Sonoma Water is currently reviewing the proposed diversion rules in comparison to historic hydrology as well as climate models. It is not anticipated that the charges and payments described in the MOU will change in the final agreement. In conjunction with the MOU signing, CDFW has committed $18M toward this partnership; $9M for the NERF, and $9M for Eel River restoration.

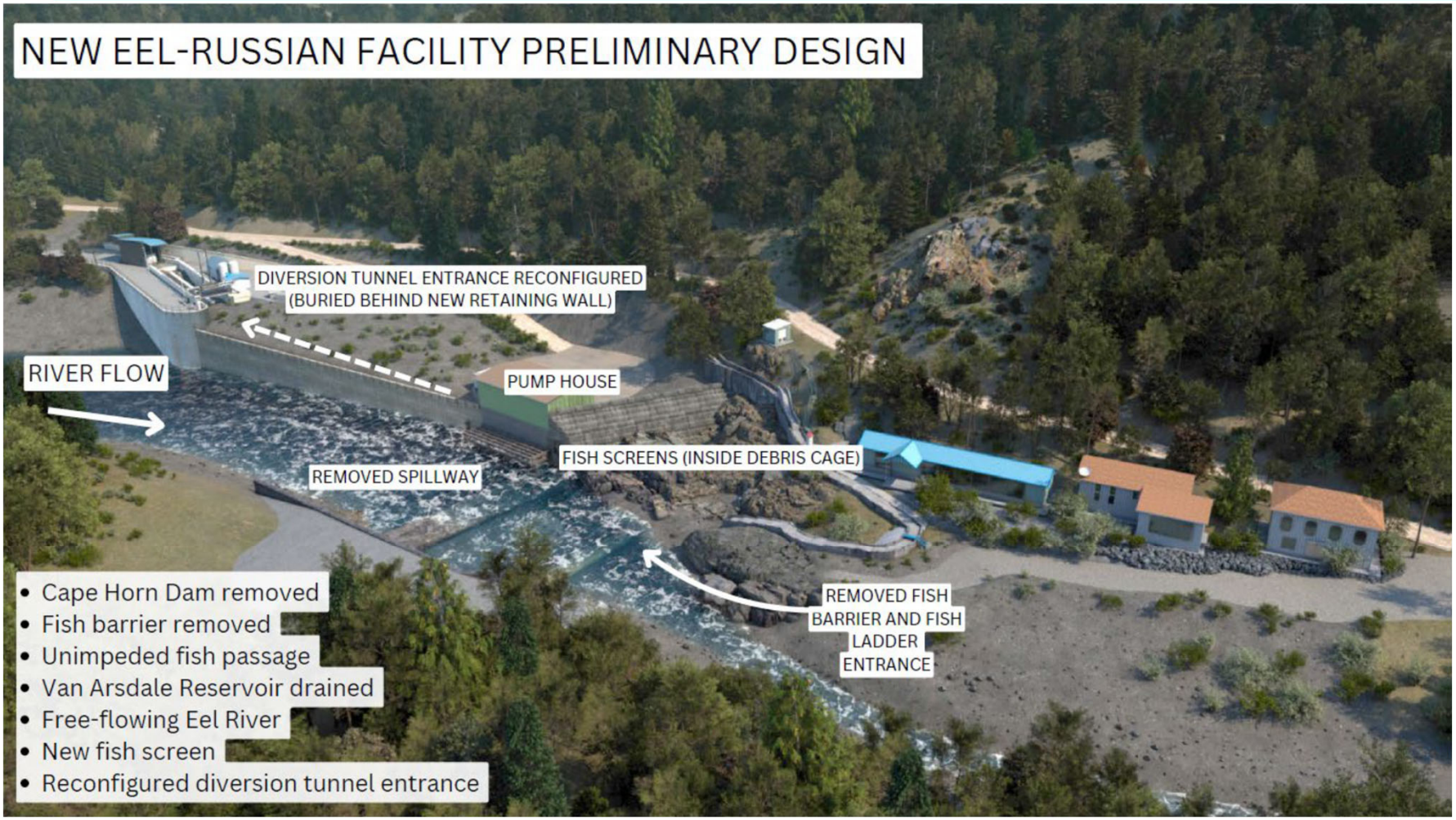
ATTACHMENTS:

1. New Eel-Russian Facility (NER) Conceptual Renderings
2. Memorandum of Understanding to Advance a Water Diversion Agreement for a New Eel-Russian Facility, unsigned (includes two Attachments)

Existing Facilities at Cape Horn Dam



New Eel-Russian Facility Rendering (Preliminary Design)



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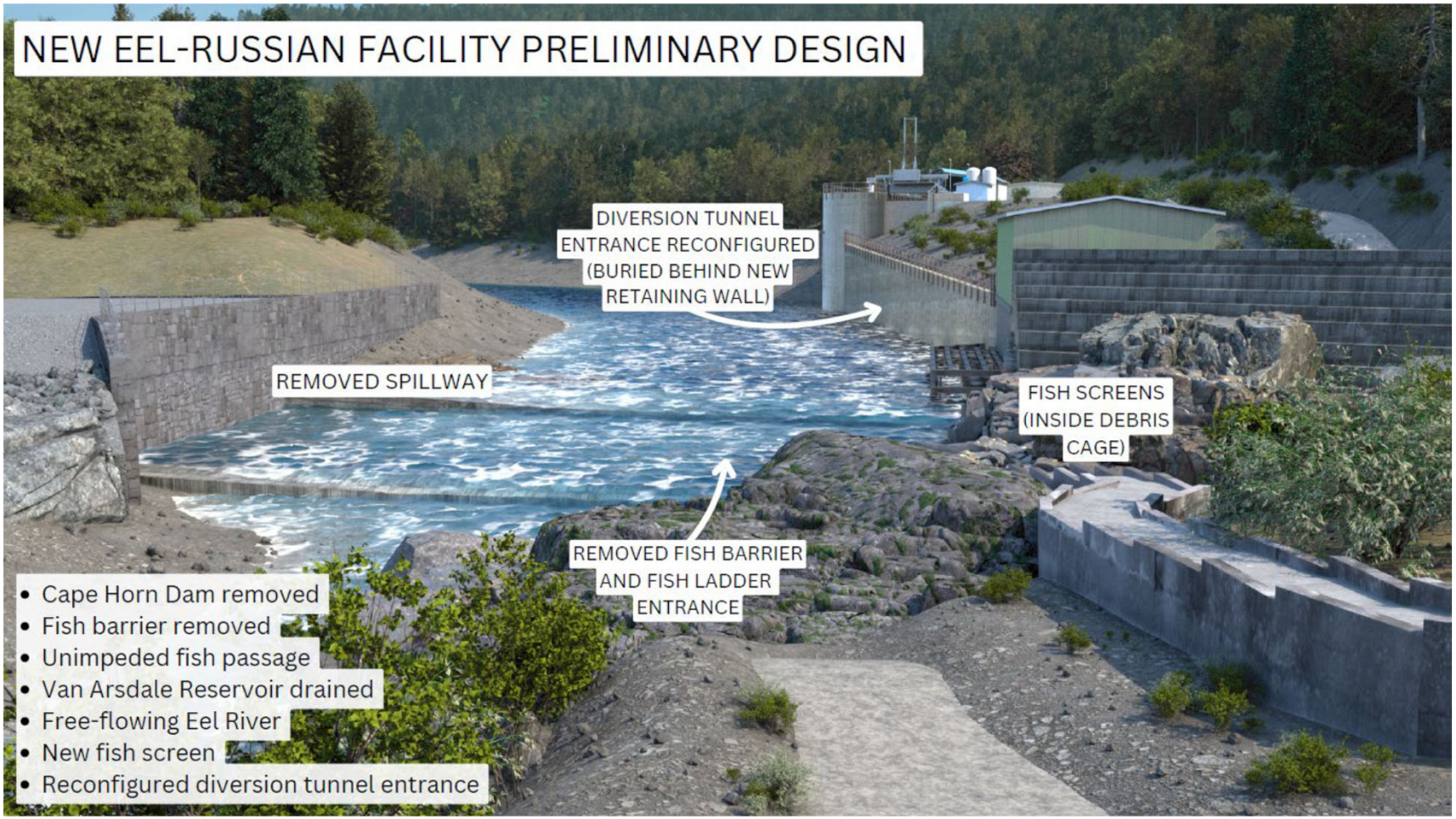

MEMORANDUM OF UNDERSTANDING TO ADVANCE A WATER DIVERSION AGREEMENT FOR A NEW EEL-RUSSIAN FACILITY

February 7, 2025

This "Memorandum of Understanding" (MOU) is entered into by the California Department of Fish and Wildlife (CDFW), California Trout, Eel-Russian Project Authority (ERPA), Humboldt County, Mendocino County Inland Water and Power Commission (IWPC), Round Valley Indian Tribes (RVIT), Sonoma County Water Agency (Sonoma Water), and Trout Unlimited (Parties) through their executive leadership, to state the proposed terms for a Water Diversion Agreement for a new Eel-Russian Diversion Facility (NERF). The Parties commit to work expeditiously to finalize such agreement before July 29, 2025.

1. Recitals.

1.1. Pacific Gas and Electric Company (PG&E) is the licensee for the Potter Valley Project (PVP or Project). Since 1908 the Project has diverted water from the Eel River Basin into the Russian River Basin, for power generation and water supply. The Project has adversely affected anadromous fisheries, environmental quality, and related beneficial uses of water in the Eel River Basin.

1.2. The Federal Energy Regulatory Commission (FERC) issued the current license for PVP on October 4, 1983. That license expired on April 14, 2022. Since that time, PG&E has operated the Project under annual licenses.

1.3. On January 25, 2019, PG&E filed a notice with FERC stating that it will not seek or hold a new license for the Project. On May 11, 2022, FERC directed PG&E to file a plan and schedule for license surrender. PG&E is expected to file its license surrender application by July 29, 2025.

1.4. In December 2023, Sonoma Water, Sonoma County, and IWPC formed ERPA as a joint powers authority. RVIT subsequently joined ERPA's Board of Directors.

1.5. ERPA proposes to construct, operate, and maintain the NERF, to divert water from the Eel River, at the site of and following the decommissioning and removal of Cape Horn Dam, on terms consistent with restoration of the anadromous fisheries of the Eel.

1.6. The Parties are negotiating a Water Diversion Agreement to avoid conflict over water resources, promote timely Eel River restoration and to achieve co-equal goals for the Eel and Russian River Basins (the "Two-Basin Solution"):

1.6.1. Improving fish migration and habitat on the Eel River with the objective of achieving naturally reproducing, self-sustaining, and harvestable native anadromous fish populations; and

1.6.2. Maintaining material and continued water diversion from the Eel River through the existing tunnel to the Russian River to support water supply reliability, fisheries, and water quality in the Russian River Basin.

1.7. The Parties are negotiating the Water Diversion Agreement with the following intentions:

1.7.1. Advance the timely removal of Scott Dam and Cape Horn Dam through a cooperative approach with PG&E and interested parties from Eel and Russian River watersheds;

1.7.2. Develop criteria for water diversions based on the best available scientific information to ensure that water diversions will be consistent with the recovery of Eel River fisheries and a functioning ecosystem;

1.7.3. Secure equitable state and federal funding for substantial investments in water infrastructure within the Russian River basin and ecosystem restoration within the Eel River basin;

1.7.4. Take a significant step toward restorative justice for RVIT and reconciliation with the history of adverse impacts on Eel River communities associated with out-of-basin diversions; and

1.7.5. Establish a durable and mutually supportive relationship between the Eel and Russian Rivers basins and provide a strong foundation for continued regional collaboration based on incentives and mutual benefit.

2. **<u>Purpose of MOU</u>**. This MOU reflects essential terms that the Parties propose to include in a Water Diversion Agreement. The Parties will continue to work together to finalize a Water Diversion Agreement before July 29, 2025.

3. PG&E's License Surrender Application for the PVP.

3.1. Decommissioning. PG&E has stated: "PG&E's decommissioning plan will include the removal of in water facilities such that no feature will continue to impound water and the natural flow of the river will occur."

3.2. Support. The Parties support PG&E's removal of both Scott and Cape Horn Dams as part of license surrender. The Parties further support undertaking such decommissioning as expeditiously as practicable, targeting 2028 for commencement of such work. The Parties agree that NERF construction will not interfere with or delay such Decommissioning in any way.

3.3. Non-Project Use. The Parties agree to ask PG&E, in its license surrender application, to propose that FERC authorize NERF construction as a non-Project use of Project lands and facilities in the vicinity of Cape Horn Dam.

4. Disposition of Project Water Rights.

4.1. Transfer of PG&E Water Rights. The Parties agree to support the transfer of the Project's appropriative water rights from PG&E to ERPA. The Parties propose that such transfer occur concurrent with the transfer of Project lands and facilities necessary for construction and operation of NERF, subject to any reservation necessary for PG&E's continuing compliance with the license surrender order. Subject to Section 11.1, the Parties agree to support the transfer of each water right from ERPA to RVIT immediately after closing with PG&E, and ERPA's not operating NERF until such transfer occurs.

4.2. Use of Water Rights Following Transfer. Subject to Section 11.1, the Parties agree to support RVIT's dedication of all such transferred water rights to instream beneficial uses in the Eel River, except for that portion that is diverted into the Russian River Basin by NERF pursuant to a lease between RVIT and ERPA as stated in Term 7 below.

5. Disposition of Project Lands and Facilities. The Parties agree to support the transfer from PG&E to ERPA of all Project lands and facilities necessary for construction and operation of NERF, such transfer to occur when authorized by FERC.

6. Design and Construction of the New Eel-Russian Facility.

6.1. Design. The Parties support a design and construction of NERF using a pumping system for water diversion near the existing Cape Horn Dam site, as reflected in McMillen Inc., *Potter Valley Project Diversion Facilities Assessment - Preliminary Engineering Report* (May 25, 2024).

6.2. Responsibilities. ERPA will be responsible for the construction, operation, and maintenance of NERF. ERPA will be responsible to secure necessary funds for this purpose, as needed to supplement available public funds secured under Term 9.

7. Water Right Lease for the Operation of NERF. RVIT and ERPA agree to enter into a lease authorizing ERPA to operate NERF using RVIT's water right to divert flow from the Eel River.

7.1. Diversion Schedule. ERPA will operate NERF to divert flow into the Russian River Basin in compliance with "Draft Diversion Rules" (Attachment 1).

7.2. Environmental Outcomes.

7.2.1. Performance Metrics. The Parties agree to the performance metrics contained in "Draft Framework for Monitoring and Evaluating NERF Operations" (Attachment 2), stating the expected outcomes of the diversion. Such metrics are intended to assure that the diversion into the Russian River Basin does not harm native fisheries in the Eel River Basin.

7.2.2. Monitoring Plan. ERPA will develop a monitoring plan in collaboration with other Parties, as a condition of its anticipated federal and state regulatory approvals. The plan will require annual and five-year reports stating the monitoring results. ERPA will solicit comments from the appropriate federal and state regulatory agencies on these reports and will respond in writing to such comments.

7.2.3. Meet and Confer. The Parties will meet and confer every five years (5), at a minimum, to review the monitoring results, including comments from regulatory agencies.

7.2.4. Adaptive Management. The diversion schedule will be changed on the recommendations of a technical committee, if monitoring results demonstrate that NERF operations have caused

environmental impacts on the Eel River that are materially different than expected in the performance metrics.

7.3. Use Charge and Restoration Payment. The Parties agree that the lease will provide for ERPA to pay to RVIT a Use Charge and a separate Eel River Restoration Payment.

7.3.1. Payment Amounts in the Initial Term.

(i) ERPA will pay a Use Charge of $1,000,000 per year to RVIT, in consideration for the use of RVIT's water rights for the operation of NERF. RVIT's Tribal Council may use these funds for any lawful purpose.

(ii) ERPA will make a Restoration Payment to RVIT, in recognition of RVIT's forbearing to assert federally reserved water and fishing rights against ERPA during the term of the lease. (a) The amount will be $750,000 per year. (b) The amount will increase to $1,000,000 per year if funding under Section 9.1.2 covers 100% of the construction cost of NERF. Such increase in funds will be split between the Use Charge and Restoration Payment as specified in the Water Diversion Agreement. (c) The amount stated in (a) will be adjusted on a sliding scale, if funding under Section 9.1.2 covers more than 75% but less than 100% of such construction cost. (d) As the basis for an increase in Restoration Payment under (b) – (c) above, such funding must be secured by December 2027, when ERPA otherwise would seek bond financing to cover such construction cost. (e) RVIT will pay these funds over to the Restoration Fund as specified in the Water Diversion Agreement.

(iii) The Use Charge and Restoration Payment will be due on January 1 of each year of operation of NERF, as specified in the Water Diversion Agreement.

7.3.2. Payment Amounts in Renewal Term. In Year 31, the Use Charge and Restoration Payment will increase from the amount in Year 30 by (i) 50% of the savings from retirement of any bond that ERPA used to finance the construction of NERF, or (ii) 15%, whichever is greater. Such increase in funds will be split

between the Use Charge and Restoration Payment as specified in the Water Diversion Agreement, provided that at least 50% of such increase will be allocated to the Use Charge.

7.3.3. Index. The Use Charge and Restoration Payment will be adjusted based on California CPI or other mutually agreeable index stated in the Water Diversion Agreement.

8. Term for Diversion.

8.1. Initial Term. The Parties agree that NERF will operate for an initial term of 30 years, beginning on the date operation begins.

8.2. Renewal Term. The Parties agree that the operation of NERF may be extended an additional 20 years upon the satisfaction of the following conditions:

8.2.1. On or after January 1, 2025, the Eel River Restoration Fund has received at least $25 million in funds as specified in Term 9.1.1, excluding the Restoration Payment pursuant to Term 7.3.1(ii).

8.2.2. ERPA has substantially complied with the agreed upon payment and water diversion provisions.

8.2.3. ERPA demonstrates that continued diversion is not expected to materially adversely affect recovery of the native fish species in the Eel River during the renewal term, as documented in a report that (i) summarizes the status of species recovery (post-dam removal) on the Eel River upstream of the Middle Fork; (ii) analyzes the impact (if any) of the diversions under this Agreement on such recovery, not limited to compliance with the requirements of any Biological Opinion issued for NERF; and (iii) documents the changes that have resulted from adaptive management.

8.2.4. ERPA demonstrates a continued need for diversion from the Eel River for water supply reliability, fisheries, and water quality in the Russian River basin during the renewal term.

8.2.5. ERPA demonstrates that its members and other authorized water users in the Russian River basin have made substantial efforts during the Initial Term to achieve self-reliance at the conclusion of the renewal term, anticipating that the diversion from the Eel

River basin will terminate if subsequent renewal does not occur or if NERF reaches the end of its useful life, whichever is sooner.

8.3. Discretionary Renewal. At the conclusion of the Renewal Term, the Parties then in existence will decide whether to enter into a successor agreement regarding any continuing operation of NERF.

8.4. Removal of NERF. At the end of the useful life for NERF, or the termination of the Water Diversion Agreement and any successor thereto, whichever comes first, ERPA will be responsible for shutting down and removing the facility.

9. Additional Funding.

9.1. First Funding Phase. The Parties will make reasonable and material efforts to raise federal, state, and private funds (measured in 2025 dollars) to implement the Two-Basin Solution:

9.1.1. Eel River Restoration Fund. The Parties will undertake to raise $50 million to contribute to the restoration of the Eel River fisheries. This amount includes the funds paid by ERPA through the Restoration Payment specified in Term 7.3.1(ii). This amount is expected to be additional to, and not supplant, funds historically allocated to Eel River restoration. RVIT and other Parties will establish mutually agreeable arrangements for the governance and management of Eel River Restoration Fund, as well as an annual report on the use of such funds, which are intended to be used to effect significant change in the environmental conditions that currently impair the fisheries. Such arrangements will include measures to provide for the participation in restoration efforts by other Indian tribes in the Eel River watershed, or that have connections to the watershed. The Water Diversion Agreement will include the details of such arrangements.

9.1.2. NERF. The Parties will undertake to raise $50 million for the design, permitting, and construction of NERF. This amount does not include the bond financing obtained by ERPA, or the use charges paid by water users to ERPA, Sonoma Water, or IWPC. ERPA will prepare an annual report on the use of such funds, to demonstrate progress in completion of this facility.

9.2. Second Funding Phase. Parties will jointly undertake to raise additional funds for continued implementation of the Two-Basin Solution, in the following amounts (as measured in 2025 dollars): $100 million for Eel River Restoration Fund, and $100 million for projects to enhance water supply reliability in the Russian River Basin.

10. Dispute Resolution. The Parties agree to use a dispute resolution procedures to resolve all disputes related to the implementation of Water Diversion Agreement.

10.1. Range of Procedures. Such procedures will include meet-and-confer, mediation, arbitration, and enforcement by a court or a regulatory agency.

10.2. Enforceability. The Parties intend that the Water Diversion Agreement will provide for enforceability of the commitments therein, including a limited waiver of sovereign immunity by RVIT as necessary for such enforceability.

10.3. RVIT. The Parties acknowledge and support the assertion of sovereign immunity by RVIT in any action by a third party challenging the validity or legality of this MOU and/or the Water Diversion Agreement, including but not limited to the defense of indispensable party.

11. Signature of this MOU. The Parties agree to the following provisions, where "Participant" and "Party" have the same meaning.

11.1. No Legal Obligations, Rights, or Remedies. This Memorandum of Understanding is a voluntary initiative. It does not create any legally binding rights or obligations and creates no legally cognizable or enforceable rights or remedies, legal or equitable, in any forum whatsoever. In addition, the pledges in this Memorandum of Understanding are not conditioned upon reciprocal actions by other Participants; each Participant retains full discretion over implementation of its pledges in light of the Participant's individual circumstances, laws, and policies; and each Participant is free to withdraw from the Memorandum.

11.2. No Pre-Decisional Determination. Nothing in this MOU is intended or will be construed to be a pre-decisional determination by any public agency Party to sign a Water Diversion Agreement or any other agreement. Each such Party must give due consideration to any terms negotiated by the Parties before deciding whether to sign a Water Diversion Agreement. All Parties further recognize that each public agency Party may need to comply with the California Environmental Quality Act and other applicable laws prior to making any legally binding commitments.

11.3. Compliance with Applicable Laws. This Memorandum of Understanding shall be construed consistent with all applicable laws, and activities undertaken in connection with this Memorandum of Understanding shall be subject to, and shall be undertaken in a manner consistent with, all otherwise-applicable laws.

11.4. Availability of Personnel and Resources.

11.4.1. This Memorandum of Understanding does not involve the exchange of funds, nor does it represent any obligation of funds by either Participant. All costs that may arise from activities covered by, mentioned in, or pursuant to this Memorandum of Understanding will be assumed by the Participant that incurs them, unless otherwise expressly agreed in a future written arrangement in accordance with applicable laws. All activities undertaken pursuant to this Memorandum of Understanding are subject to the availability of funds, personnel and other resources of each Participant.

11.4.2. The personnel designated by a Participant for the execution of this Memorandum of Understanding will work under the orders and responsibility of that Participant and any other organization or institution to which the personnel already belongs, at all times maintaining any preexisting employment relationship only with that Participant and organization or institution, and not with any other Participant.

11.5. Interpretation and Application. Any difference that may arise in relation to the interpretation or application of this Memorandum of Understanding will be resolved through consultations between the Participants, which will endeavor in good faith to resolve such differences.

11.6. Effect of Signature. This MOU may be signed by executive leadership for the Parties. For each Party, execution and implementation of a Water Diversion Agreement is conditioned upon and subject to approval by the decisional body of the Party, as may be required. By signing this MOU, the Parties confirm their commitment to continue efforts to finalize a Water Diversion Agreement, consistent with the terms outlined in this MOU, with a goal that the Water Diversion Agreement be executed prior to PG&E filing its license surrender application with FERC, or July 29, 2025.

11.7. Counterparts. This MOU may be signed in counterparts. For convenience, the signature blocks are organized in alphabetical order by Party.

\\

Dated: February ____, 2025

_____
California Department of Fish and Wildlife

Dated: February ____, 2025

_____
California Trout

Dated: February ____, 2025

_____
Humboldt County

Dated: February ____, 2025

_____
Mendocino County Inland Water and Power Commission

Dated: February ____, 2025

_____
Round Valley Indian Tribes

Dated: February ____, 2025

_____
Sonoma County Water Agency

Dated: February ____, 2025

_____
Trout Unlimited

Attachment 1

New Eel-Russian Facility

Draft Diversion Rules

February 7, 2025

1 PURPOSE

The rules for the diversions from the Eel River to the Russian River (Diversion Rules) are intended to ensure that the Eel Russian Project Authority (ERPA) operates the New Eel-Russian Facility (NERF) and diverts water in a manner that protects Eel River biological resources and ecological processes. This Appendix describes the Diversion Rules and provides an overview of the ecological objectives that the rules are anticipated to protect.

2 OPERATIONAL CONDITIONS

The Diversion Rules include the following conditions:

- All measurements described in this Appendix are in cubic feet per second (cfs);
- Diversions will occur at the NERF;
- Continuous (e.g., 15-minute to hourly) streamflow gaging will occur on-site to measure inflows to the NERF that define diversion rates;
- Diversions will occur on a sub-daily timestep (specific time step to be determined) due to variable frequency drive diversion pumps and on-site streamflow gaging;
- The minimum instantaneous flow that can be diverted is 5 cfs based on assumed pump constraints; and,
- The maximum instantaneous flow that can be diverted is 300 cfs based on the diversion tunnel capacity.

3 COMPONENTS OF DIVERSION RULES

Unimpaired Flow: Unimpaired Flow is the Eel River streamflow immediately upstream of the NERF prior to any diversion by the NERF.

Floor: The Floor is the minimum Unimpaired Flow that is required for diversions to commence. Once the Unimpaired Flow drops below the Floor, or the allowable diversion amount is less than 5 cfs, diversions stop.

Maximum Diversion Rate as a Percent-of-flow (POF): POF diversion rates are the maximum allowable diversion amount, expressed as a percent of the Unimpaired Flow. Incorporating maximum diversion amounts as a POF precludes the need for water-year typing.

Ramping Rates: Ramping rates describe the rate that the diversion can accelerate, starting at no diversions at the Floor up to the Maximum Diversion Rate as a POF. Ramping rates ensure that once diversions commence, flows do not drop below the Floor, and that Eel River flows downstream of the NERF do not fluctuate due to the diversion. Diversions can commence once the Unimpaired Flow is above the Floor, and gradually increase (maintaining the Floor in the Eel River) until the diversion rate reaches the Maximum Diversion Rate (e.g., 20% POF).

Timestep of Operations: The timestep of diversion operations will be as short as possible to mimic natural hydrograph patterns, and will be finalized based on results of ongoing design of the NERF.

4 DIVERSION RULES

4.1 Considerations for Diversion Rules by Season

Diversion Rules were developed for four seasonal periods based on the natural hydrograph and life history of focal fish species. The components of the natural flow regime, priority ecological considerations for the mainstem Eel River, and hypotheses behind the diversion rules for each season are described below.

Fall Flows (October 1 – December 31):

Hydrograph components: Low baseflows, initial fall pulse flows.

Primary Ecological Considerations: Adult fall-run Chinook passage and spawning.

Hypotheses Driving Diversion Rules: Adult Chinook Salmon rely on fall pulse flows to move through all critical riffles from the lower Eel River to upper mainstem and tributaries. The first fall pulse flows cue fish migration and is critical to reduce pre-spawn mortality. Adult Chinook salmon are assumed to be able to travel upstream from the ocean to the NERF in 5 days. Baseflows between the fall pulse flows also provide habitat for Chinook Salmon spawning and egg incubation.

Winter Flows (January 1 – February 29):

Hydrograph components: Elevated wet season baseflows, storm peaks.

Primary Ecological Considerations: Adult winter-run steelhead passage and spawning.

Hypotheses Driving Diversion Rules: Elevated baseflows maintain volitional and unimpeded adult steelhead passage and maintain spawning habitat and egg incubation during winter for Chinook and Steelhead. Storm peaks maintain a dynamic channel, mobilize gravel and cobble, and support healthy benthic communities and food webs before spring.

Spring Flows (March 1 – May 31):

Hydrograph components: Early-spring recession, spring pulse flows.

Primary Ecological Considerations: Juvenile Chinook and steelhead rearing and outmigration, adult summer-run steelhead passage, non-native fish predation.

Hypotheses Driving Diversion Rules: The spring recession supports adult summer-run steelhead migration, juvenile Chinook and steelhead rearing, natural rates of water warming, and increased food web production. Elevated spring flows reduce upstream movement of non-native predatory pikeminnow. Spring pulse flows can re-set the food web to encourage healthy benthic communities.

Summer Flows (June 1 – September 30):

Hydrograph components: Late-spring recession, summer baseflows.

Primary Ecological Considerations: Juvenile steelhead rearing and redistribution, maintenance of river productivity.

Hypotheses Driving Diversion Rules: Summer baseflows maintain food web productivity, suitable water temperatures for salmonids, and enable juvenile steelhead redistribution to tributaries or cold-water refugia.

4.2 Summary of Diversion Rules

The Diversion Rules, including Floor, Maximum Diversion Rate as a POF, Ramping Rates, and additional flow rules for the four seasons are provided in Table 1.

Table 1. Summary of Diversion Rules including Floor, Maximum Diversion Rate as a POF, Ramping Rates, and additional rule for the Fall Flows season. Detailed diversion rate tables are shown in Section 5.

	Fall Flows*	Winter Flows	Spring Flows	Summer Flows
Date Range:	Oct 1 – Dec 31	Jan 1 – Feb 29	Mar 1 – May 31	Jun 1 – Sep 30
Floor:	300 cfs	250 cfs	125 cfs	35 cfs
Maximum Diversion Rate:	20%	30%	20%	20%
Ramping Rates (see Section 5):	Divert the difference between Unimpaired Flow and Floor of 300 cfs until the diversion rate hits Maximum Diversion Rate at 375 cfs	Divert the difference between Unimpaired Flow and Floor of 250 cfs until the diversion rate hits Maximum Diversion Rate at 357 cfs	Divert the difference between unimpaired flow and Floor of 125 cfs until the diversion rate hits Maximum Diversion Rate at 156 cfs	Divert the difference between Unimpaired Flow and Floor of 35 cfs until the diversion rate hits Maximum Diversion Rate at 43.75 cfs

* Require one pulse flow with a duration of 5 days and magnitude of 500 cfs or greater before seasonal diversions begin.

4.3 Illustrative Examples of Diversion Rules

Ramping Rates are designed to reduce stair-stepping aspects of the Eel River hydrograph downstream of the NERF resulting from abrupt changes in diversion amounts. The Ramping Rates also allow the diversion to begin immediately once flows are above the Floor, thereby preventing flows below the NERF to drop below the Floor. Table 2 demonstrates how Diversion Rules determine the diversion amount based on the Unimpaired Flow for an example during the Winter Flows season. Figure 1 illustrates a hydrograph and diversion amounts that would result from implementing the Diversion Rules in spring and summer of a drier water year.

Table 2. Demonstration of calculation of diversion rates in the Winter Flows time period, where the Diversion Rules are: 1) 250 cfs Floor, 2) 30% Maximum Diversion Rate, 3) ramping rate allows for flows between the Unimpaired Flow and the Floor until the diversion rate hits the Maximum Diversion Rate, which occurs at 357 cfs, 4) minimum diversion capacity of 5 cfs, and 5) maximum diversion capacity of 300 cfs.

Unimpaired Flow	Percent of Unimpaired Flow Diverted to Russian River	Flow Diverted to Russian River	Eel River Flow Downstream of the NERF	Notes
250 cfs	0%	0 cfs	250 cfs	Floor, no diversion
254 cfs	0%	0 cfs	254 cfs	Above Floor, but diversion is less than 5 cfs, therefore no diversion
260 cfs	3.8%	10 cfs	250 cfs	Begin diversion because diversion flow is greater than 5 cfs, can divert the difference between the Unimpaired Flow and the Floor since diversion rate is less than the Maximum Diversion Rate
305 cfs	18%	55 cfs	250 cfs	Can divert the difference between the Unimpaired Flow and the Floor since diversion rate is less than the Maximum Diversion Rate
357 cfs	30%	107 cfs	250 cfs	Diversions reach 30% POF (Maximum Diversion Rate)

1,000 cfs	30%	300 cfs	700 cfs	Diversion at tunnel capacity, capped at 300 cfs, actual diversion POF is at 30%
1,500 cfs	20%	300 cfs	1,200 cfs	Diversion at tunnel capacity, capped at 300 cfs, actual diversion POF decreases
3,000 cfs	10%	300 cfs	2,700 cfs	Diversion at tunnel capacity, capped at 300 cfs, actual diversion POF decreases

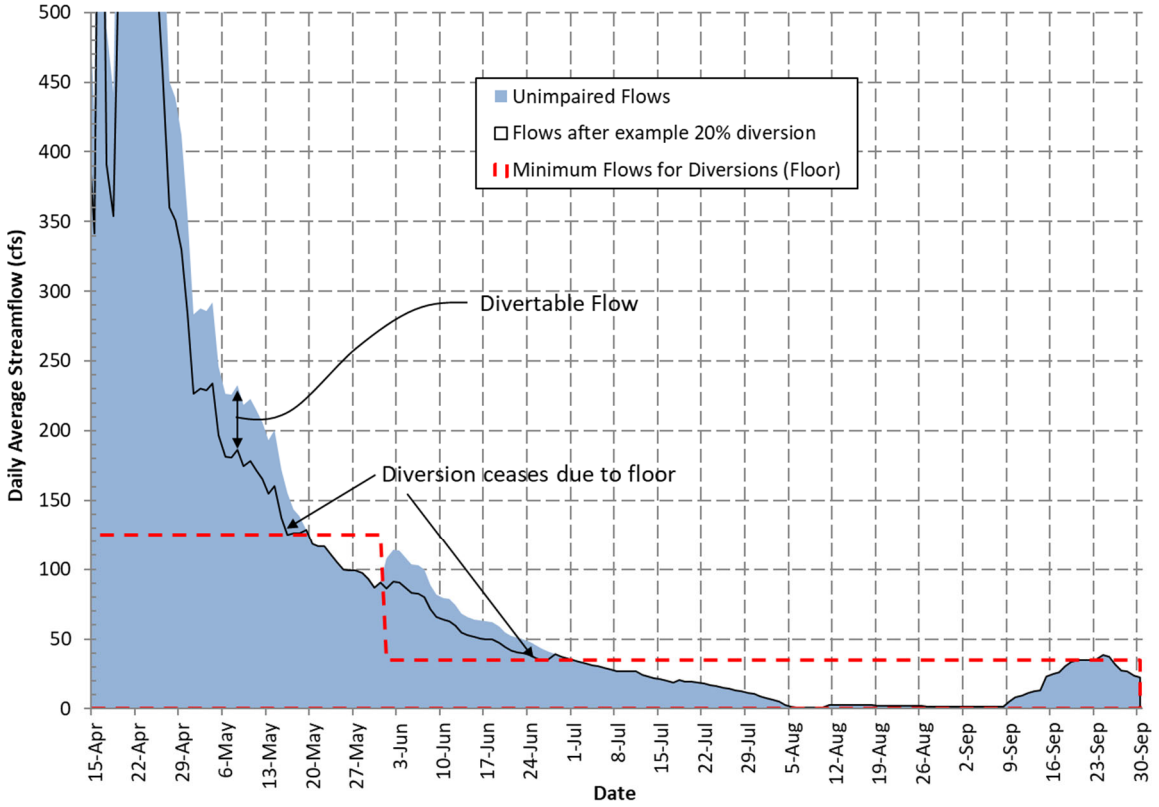

Figure 1. Example of hydrograph in the Eel River downstream of the NERF that would result from implementing the Diversion Rules in Water Year 2022, a drier water year, assuming no diversion constraints on the Russian River.

4.4 Timestep of Diversion Operations

The timestep of calculating diversion amounts will occur on a timestep that 1) is as short as possible (hours) to reduce downstream stair-stepping flows and prevent downstream flows from dropping below the Floor, and 2) is feasible given operational constraints (pumps) at the NERF. The Maximum Diversion Rate as a POF will be calculated from the Unimpaired Flow at sub-daily timesteps, assumed to be several hours. Further hydrologic and engineering analyses of the NERF pumps will determine the exact timestep of diversion operations.

5 DIVERSION RATES SCHEDULE BY SEASON

The following tables describe the schedule for increasing diversion rates when the Unimpaired Flow rises above the seasonal Floor, and before the diversion POF reaches the Maximum Diversion Rate POF. For fall, winter, and spring seasons, the schedule is shown in 5 cfs increments, while for the summer season, the schedule is demonstrated in 1 cfs increments.

Table 3. Diversion rates for Fall season (October 1 – December 31), ramping rates apply for Unimpaired Flows between 305 cfs and 370 cfs. Specific compliance rules (e.g., +/- X cfs or small buffer flow) will be refined at a later stage.

Unimpaired Flow upstream of NERF (cfs)	Diversion Flow (cfs)	Diversion POF %	Flow to the Eel River below NERF (cfs)
300	0	0.0%	300
305	5	1.6%	300
310	10	3.2%	300
315	15	4.8%	300
320	20	6.3%	300
325	25	7.7%	300
330	30	9.1%	300
335	35	10.4%	300
340	40	11.8%	300
345	45	13.0%	300
350	50	14.3%	300
355	55	15.5%	300
360	60	16.7%	300
365	65	17.8%	300
370	70	18.9%	300
375	75	20.0%	300
380	76	20.0%	304
385	77	20.0%	308
390	78	20.0%	312

Table 4. Diversion rates for Winter season (January 1 – February 29), ramping rates apply for Unimpaired Flows between 255 cfs and 355 cfs. Specific compliance rules (e.g., +/- X cfs or small buffer flow) will be refined at a later stage.

Unimpaired Flow upstream of NERF (cfs)	Diversion Flow (cfs)	Diversion POF %	Flow to the Eel River below NERF (cfs)
250	0	0.0%	250
255	5	2.0%	250
260	10	3.8%	250
261	11	4.2%	250
265	15	5.7%	250
270	20	7.4%	250
275	25	9.1%	250
280	30	10.7%	250
285	35	12.3%	250
290	40	13.8%	250
295	45	15.3%	250
300	50	16.7%	250
305	55	18.0%	250
310	60	19.4%	250
315	65	20.6%	250
320	70	21.9%	250
325	75	23.1%	250
330	80	24.2%	250
335	85	25.4%	250
340	90	26.5%	250
345	95	27.5%	250
350	100	28.6%	250
355	105	29.6%	250
357	107	30.0%	250
360	108	30.0%	252
365	109.5	30.0%	255.5
370	111	30.0%	259
375	112.5	30.0%	262.5

Table 5. Diversion rates for Spring season (March 1 – May 31), ramping rates apply for Unimpaired Flows between 130 cfs and 156 cfs. Specific compliance rules (e.g., +/- X cfs or small buffer flow) will be refined at a later stage.

Unimpaired Flow upstream of NERF (cfs)	Diversion Flow (cfs)	Diversion POF %	Flow to the Eel River below NERF (cfs)
125	0	0.0%	125
130	5	3.8%	125
135	10	7.4%	125
140	15	10.7%	125
145	20	13.8%	125
150	25	16.7%	125
155	30	19.4%	125
156	31	19.9%	125
160	32	20.0%	128
165	33	20.0%	132
170	34	20.0%	136
175	35	20.0%	140

Table 6. Diversion rates for Summer season (June 1 – September 31), ramping rates apply for Unimpaired Flows between 40 cfs and 43 cfs. Specific compliance rules (e.g., +/- X cfs or small buffer flow) will be refined at a later stage.

Unimpaired Flow upstream of NERF (cfs)	Diversion Flow (cfs)	Diversion POF %	Flow to the Eel River below NERF (cfs)
35	0	0.0%	35
36	0	0.0%	36
37	0	0.0%	37
38	0	0.0%	38
39	0	0.0%	39
40	5	12.5%	35
41	6	14.6%	35
42	7	16.7%	35
43	8	18.6%	35
43.75	8.75	20.0%	35
44	8.8	20.0%	31
45	9	20.0%	36
46	9.2	20.0%	36.8
47	9.4	20.0%	37.6
48	9.6	20.0%	38.4

6 PRIMARY REFERENCES FOR DEVELOPING DIVERSION RULES

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VTN (VTN Oregon, Inc.), 1982. Potter Valley Project (FERC No. 77) Fisheries study final report, Volume I. Prepared for Pacific Gas and Electric Company, Department of Engineering Research. 3400 Crow Canyon Road, San Ramon, California 94583. VTN Oregon, Inc. 25115 S.W. Parkway, Wilsonville, Oregon 97070.

Attachment 2

New Eel-Russian Facility

Draft Performance Metrics and Framework for Monitoring and Evaluating Operations

February 7, 2025

1 PURPOSE

Monitoring will be conducted to ensure 1) compliance with the Diversion Rules of the Water Diversion Agreement (WDA) and 2) that the resulting Eel River flow regime protects intended ecological objectives and physical habitat downstream of the New Eel-Russian Facility (NERF).

2 ASSUMPTIONS

Assumptions of monitoring metrics presented in this attachment include:

- Monitoring described below will be conducted and/or funded by the Eel-Russian Project Authority (ERPA), with the exception of suggestions for additional Informational monitoring, Section 4.4.
- Monitoring described below will occur for the duration of the WDA unless modified as described in Section 5 or the relevant sections of the WDA.
- Results of the ERPA monitoring will be summarized in publicly available reports, and monitoring data will be made available upon request.
- State and federal agencies may have additional requirements for monitoring associated with the NERF construction and operations, and these will be conducted by the ERPA. Information from the additional requirements will be included in annual and five-year reports and reviewed by the Technical Advisory Committee (TAC).
- State, federal, tribal, and NGO entities may conduct additional informational monitoring that will be funded and conducted outside the ERPA, but will occur in a collaborative manner with ERPA.
- ERPA will make good faith and reasonable efforts to make the NERF and associated monitoring facilities available for outside parties to conduct informational monitoring.
- ERPA will support a Technical Advisory Committee for the term of the WDA. The TAC may be composed of professionals with expertise in natural resource sciences and engineering from parties to the WDA, resource agencies, and academic institutions. For more detail regarding the composition, roles, and responsibilities of the TAC, please see relevant sections of the WDA.

3 COMPONENTS OF MONITORING FRAMEWORK

Three types of monitoring metrics are defined for use in the monitoring framework:

Compliance monitoring: Compliance metrics will demonstrate that Diversion Rules are followed.

Effectiveness monitoring: Effectiveness metrics will help evaluate whether the Eel River flow regime is protective of physical habitat, including water temperature.

Informational monitoring: Informational metrics are important to understanding upper watershed fish biology, populations, water quality, and channel morphology, but may be difficult to correlate with NERF operations due to natural variability outside of the NERF footprint. This information will help evaluate flow-ecology hypotheses, ecological objectives in the Upper Eel River, and provide the necessary context for salmonid populations affected by a host of factors operating at

the watershed and marine scale (e.g., acknowledging variability caused by ocean productivity and other factors).

In addition, there may be monitoring conducted by PG&E as part of their regulatory obligations associated with PVP Decommissioning. These commitments are currently undefined and speculative, and therefore beyond the scope of this monitoring framework.There are two timescales for monitoring metrics:

Continuous monitoring (sub-daily to annual): Monitoring that will be conducted throughout the duration of the WDA. Depending on the metric, this will occur sub-daily (e.g., flow monitoring) to seasonally (e.g., adult fish counts).

Periodic monitoring (every 5 years): Monitoring or focused studies that will be conducted periodically to ensure that flow thresholds in the Diversion Rules are meeting their intended ecological objectives for physical habitat availability and fish passage. These monitoring tasks or focused studies will be conducted within 5 years of removing Scott Dam and Cape Horn Dam, and then every five years or sooner if needed (as agreed to by the TAC or WDA parties) due to episodic changes in channel morphology (e.g., following a large flood event).

4 MONITORING METRICS

Metrics that link project operations to ecological response are desirable to ensure protection of Eel River ecological resources; however, dam removal, natural variability in meteorology and confounding factors influencing fish production and adult populations make it difficult to associate potential cause-and-effect relationships between NERF operations and ecological response. In addition, ecological data collection can be resource intensive. Therefore, the metrics listed below focus on a primary Compliance metric (flow), and a core set of Effectiveness metrics (physical habitat, fish passage, water temperature) that will be directly influenced by NERF operations. Other Informational metrics may be monitored by other entities to contribute to a broader understanding of ecological response in the upper Eel River watershed. All monitoring results will be considered in the 5-year review of the NERF operations.

4.1 Compliance Monitoring

Continuous Monitoring of Water Diversion Operations

Flow will be measured continuously at a sub-daily timescale (1-hour intervals at minimum) in two locations:

1) Immediately downstream of NERF pumps at the stage control (location of former fish exclusion barrier); and,
2) In the diversion infrastructure, via pumping rates.

Unimpaired flows (inflows to the NERF) will be calculated at a minimum of hourly intervals by summing the flows immediately downstream of the NERF pumps and the diversion flows from the pumps. Diversion rates (pumping rate) will then be adjusted to follow the Diversion Rules based on computed NERF inflows. In addition, the flow monitoring stations will be tied into the operational SCADA system which will have alarms to alert an operator if the gages exceed or drop below compliance set points.

The flow measurements will be evaluated to ensure operations are in compliance with the Diversion Rules, specifically:

- Percent-of-flow diversion rates are followed at a sub-daily scale (likely 1-hour intervals);
- Ramping rates are not exceeded;

- Diversions do not cause flows below the NERF to drop below floors; and
- The timestep of operations are adequate to protect floors and the shape of the hydrograph.

In evaluating the performance of the NERF, some reasonable tolerances above and below the target Eel River release rates will be established in the future to account for uncertainties in streamflow measurements and unforeseen operational interruptions. Refinement to this metric will be conducted at a later stage as engineering and other physical factors are further understood.

4.2 Effectiveness Monitoring

Continuous Adult Fish Passage

To confirm that NERF diversions do not preclude passage of adult Chinook salmon and steelhead at the former Cape Horn Dam site (due to altered hydraulics) and through downstream critical riffles (due to flow reductions), a sonar and/or video fish monitoring system will be operated seasonally (October-April, as river conditions allow) at or near the NERF. The fish monitoring station will provide daily counts of passing adult Chinook salmon and winter-run steelhead. Adult fish passage monitoring could contribute to a life-cycle monitoring station at the NERF location (see Informational monitoring).

Periodic Physical Habitat Monitoring

Periodic physical habitat monitoring will occur to confirm that the WDA's seasonal river floor thresholds are protecting the intended ecological function as described in the Diversion Rules. The first monitoring event will occur no later than 5 years after the removal of Scott Dam and Cape Horn Dam, a timeframe that is expected to allow the Eel River channel to reach an equilibrium condition (no large-scale scour or deposition) following dam removal. After that initial survey, field surveys will be conducted at a minimum of every 5 years downstream of the NERF. Physical habitat monitoring will focus on evaluating if flow thresholds are:

1) Maintaining the depth required for passage at critical riffles on the Eel River between the NERF and Outlet Creek. A field-based reconnaissance of critical riffles will first be conducted to identify up to 3 critical riffles between the NERF and Outlet Creek, and cross sections will be surveyed and evaluated at those three riffles for fish passage flow thresholds consistent with the methods used by CDFW. Results of the fish passage monitoring will be compared with thresholds intended to provide fish passage in the Diversion Rules.
2) Maintaining habitat capacity for Chinook salmon and winter-run steelhead spawning, egg incubation, and juvenile rearing. Habitat capacity will be modeled using an index site downstream of the NERF, likely the current 1-mile-long reference site on the Eel River just upstream of Tomki Creek. The topography of an index site will be surveyed with drone, LiDAR, and/or ground surveys, a 2-D hydraulic model calibrated and run for flows up to 1,000 cfs, and habitat capacity computed for salmonid habitat based on the 2-D hydraulic model. Results will be compared with flow-based fish habitat capacity curves documented from prior surveys and with the thresholds used in the Diversion Rules.

Continuous Water Quality Monitoring

Water temperature will be monitored on the Eel River near the NERF as a part of Effectiveness monitoring. This monitoring will inform the review of the impact the diversion may have on physical habitat. Downstream monitoring sites will continue long-term records collected by PG&E and others. The following locations, roughly from upstream to downstream, will serve as monitoring locations for the following parameters at a continuous, sub-daily timestep (15-minute to hourly):

1) Eel River at the NERF - water temperature (in addition to flow, see Section 4.1 – Compliance monitoring)
2) Eel River above Tomki Creek (existing PG&E monitoring location) - water temperature
3) Eel River above Outlet Creek (existing PG&E monitoring location) - water temperature

Refinement to this metric will be conducted at a later stage as engineering and other physical factors are further understood.

4.3 Informational Monitoring Conducted by ERPA

Continuous Water Quality Monitoring

Water quality monitoring upstream of NERF will be collected by ERPA to support the interpretation of informational monitoring data - particularly understanding water quality conditions in the upper watershed that may influence juvenile salmonid production. These two upstream sites are in addition to the monitoring sites near the NERF used for Effectiveness Monitoring:

1) Upper Eel River (existing gage location) - water temperature and turbidity (if needed).
2) Rice Fork of the Eel River (existing gage location) - water temperature and turbidity (if needed).

Juvenile Outmigration Monitoring

Juvenile salmonid outmigration monitoring will occur in close proximity to the NERF to document trends in the timing, relative numbers, and size of downstream salmonid migrants from the watershed upstream of the NERF. A single rotary screw trap will be operated, consistent with CDFW protocols, daily in the spring when a majority of juvenile salmonid outmigration occurs (approximately March-June). Operation of the trap will depend on river conditions and it will be removed during periods of high flows that would damage the trap or cause personnel safety issues.

4.4 Informational Monitoring Outside of ERPA Responsibility

All of the monitoring efforts described above will be conducted and/or funded by ERPA. Additional Informational monitoring may be conducted and/or funded by other entities but should be coordinated with ERPA monitoring efforts. Good faith and reasonable efforts will be made to make the NERF and associated monitoring infrastructure available for use by outside parties. However, ERPA will not be responsible for obtaining regulatory approvals (e.g., scientific collecting permits) for outside parties.

Use of NERF monitoring infrastructure could attract additional studies and collaborations to understand linkages between freshwater habitat conditions and salmonid production that would be valuable for understanding ecological relationships in the Upper Eel River. These data may also facilitate the interpretation of NERF effectiveness monitoring. For example, the adult and outmigrant counts collected at NERF could be coupled with spawning ground and juvenile surveys to allow NERF to function as a life-cycle monitoring station for implementation of the CDFW California Monitoring Plan (CMP),which is used across the state to monitor trends in salmonid abundance.

5 REPORTING, SCHEDULE, AND ADAPTIVE MANAGEMENT

Assessment of monitoring metrics will be conducted to ensure 1) compliance with Diversion Rules and 2) that the resulting Eel River flow regime protects intended ecological objectives and physical habitat downstream of the NERF. Reporting will take place annually, and a more detailed review will occur, at a minimum, every 5 years. Deviations from Compliance metrics (flows) will be remedied as soon as ERPA operators are aware of non-compliance. Certain biological data (e.g., adult fish passage) may be summarized informally via e-mail on a periodic basis (weekly, or monthly). ERPA will be responsible for reporting Compliance, Effectiveness, and Information monitoring on the following schedule:

Sub-Annual Reporting

- River flow and diversions at NERF will be reported daily
- Fish counts will be reported bi-weekly (twice monthly)
- Water quality data will be reported seasonally

Annual Reporting

- ERPA will release an annual report summarizing the results of:
    - Flow and water quality monitoring, including flow compliance.
    - Adult fish passage and juvenile outmigration monitoring.
- If flow compliance is not achieved, the Annual Report will document the operational challenges preventing compliance and recommend solutions to avoid non-compliance.

5-Year Review

- ERPA technical representatives and the TAC will meet every 5 years to review monitoring results of all types of monitoring.
- The 5-year report will include synthesis and learning from the previous 4 years of annual report information.
- Information from studies conducted outside of ERPA (i.e., Informational monitoring) will be considered.
- The 5-year review will re-examine the next time-step that is necessary for conducting periodic monitoring studies for physical habitat capacity and critical riffle fish passage.

Adaptive Management

The TAC will convene annually to review reports and receive operational and monitoring updates. The approximate 5-year milestone reviews present an opportunity to refine the Diversion Rules and propose studies to improve understanding of the flow-ecology hypotheses (Figure 1). If Effectiveness monitoring indicates that the Diversion Rules are not protecting fish passage, physical habitat, and water temperature, the TAC and ERPA technical representatives will attempt to determine why, including revisiting flow-ecology hypotheses driving the development of the Diversion Rules. Any recommended adjustments to the Diversion Rules and monitoring methods would be presented to the ERPA Board of Directors and regulatory agencies. If the 5-year review finds that the Diversion Rules and resulting Eel River flow regime may be negatively impacting fisheries recovery, additional studies may be required before the next 5-year milestone. Additional studies will be planned in coordination with the TAC, parties to WDA, and resource agency staff.

For a description of the adaptive management decision-making process, please refer to the relevant sections of the WDA.

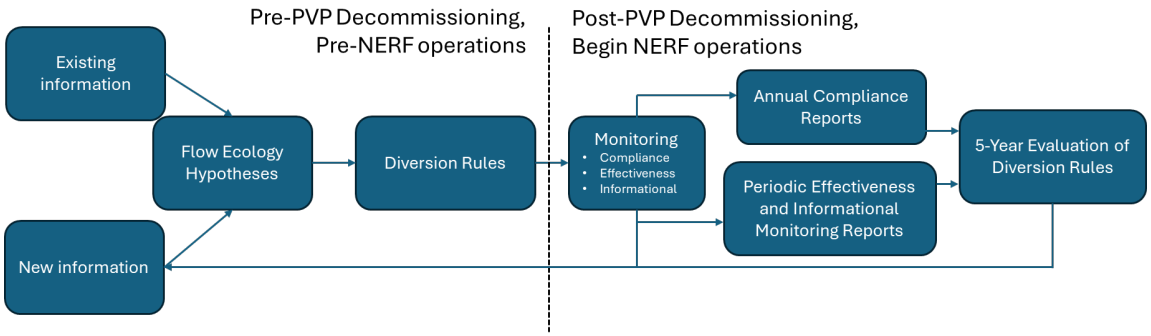

Figure 1. Conceptual process for developing Diversion Rules based on flow-ecology hypotheses, monitoring, and adaptive management once NERF operations begin.

9

ITEM #9

EFOR ACCESSIBLE
MEETING INFORMATION
CALL: (707) 543-3350
ADD: (707) 543-3031

TECHNICAL ADVISORY COMMITTEE

MONDAY: MARCH 3, 2025

Utilities Field Operations Training Center
35 Stony Point Road, Santa Rosa, CA

9:00 a.m. Utilities Field Operations Training Center 35 Stony Point Road, Santa Rosa, CA

1. Check In
2. Public Comment
3. Marin Water Drought Resiliency Update
4. Consider Recommendation – FY2025-26 Draft SCWA Water Transmission System Budget and Rates
5. Water Supply Conditions and Temporary Urgency Change Order
6. Sonoma Marin Saving Water Partnership
   a. 2025 Water Production Relative to 2013 Benchmark
   b. Water Use Efficiency Outreach Messaging
7. Biological Opinion Status Update
8. Eel Russian Project Authority and Potter Valley Project Update
9. SCWA Government Affairs Update
10. Items for Special WAC/TAC meeting on April 7, 2025
11. Check Out

10

North Bay Watershed Association
Board Meeting - Agenda

March 7, 2025| 9:30 – 11:30 a.m.

MEETING WILL BE HELD AT THE
Novato Sanitary District
500 Davidson Street
Novato, Ca. 94945

For those wishing to attend virtually
Join Zoom Meeting:
https://us02web.zoom.us/j/81630673971?pwd=dm94TXJCRWMyWFBLc3U5V2pTSmNRZz09
Meeting ID: 816 3067 3971 **Password**: 216460

Agenda and materials will be available the day of the meeting at: www.nbwatershed.org

AGENDA

Time	Agenda Item	Proposed Action
9:30	**Welcome and Call to Order – Roll Call and Introductions** *Jean Mariani, Chair*	*N/A*
9:35	**General Public Comments** This time is reserved for the public to address the Committee about matters NOT on the agenda and within the jurisdiction of the Committee.	*N/A*
9:40	**Agenda and Past Meeting Minutes Review** *Jean Mariani, Chair* **Treasurer's Report** *Jean Mariani, Chair*	*Approve/ Review* *Accept*
10:15	**Executive Director Report** *Andy Rodgers, Executive Director* Andy will provide updates on activities since the February 7 Board meeting, including recently approved projects such as Small Grants and Scholarship Program, recent meetings, regional programs and initiatives, communications, and committees.	*ED updates, Board questions, and input*
10:30	**NBWA Proposed FY 2025/26 Work Program** *Andy Rodgers, Executive Director* Andy will provide an overview of proposed FY 2025/26 work program and task structure and solicit feedback to inform preparation of next year's work plan.	*Presentation Slides*

11:00	**Board Information Exchange** *Members* Members will highlight issues and share items of interest. **[Please bring upcoming event information for Spring 2025 and any agency milestones.]**	*N/A*
11:15	**Agenda Items for Future Meetings** *Andy Rodgers, Executive Director* Andy will outline ideas for next and future Board meeting topics and solicit feeback.	*N/A*
11:30	**Announcements/Adjourn** **Next Board Meeting: April 4, 2025**	*N/A*

11

DISBURSEMENTS - DATED MARCH 6, 2025

Date Prepared 3/3/25

The following demands made against the District are listed for approval and authorization for payment in accordance with Section 31302 of the California Water Code, being a part of the California Water District Law:

Seq	Payable To	For	Amount
1	Alameda Electrical Distributors	Tap Connector	$120.32
2	All Star Rents	Lift Rental (1 Day)	119.52
3	Alpha Analytical Labs	Lab Testing	839.00
4	American Water Works Assoc	Membership Renewal (Kehoe) (5/1/25-4/30/26)	336.00
5	CDW-Government, Inc.	Power Adaptor & Wireless Router ($391)	432.54
6	Diesel Direct West	Diesel (210 gal) ($1,083) & Gasoline (758 gal) ($3,365)	4,448.45
7	Easi File	Large Format Envelopes (20 - 24" x 36") (Eng)	131.82
8	Ferguson Waterworks	Flange Adapter Couplings (2)	1,140.83
9	Fisher Scientific	Standard & Motor for Incubator Fan (Lab)	210.62
10	Freyer & Laureta, Inc.	Prog Pymt#28: Engineering & Design Services for Lynwood Pump Station (Balance Remaining on Contract $67,897)	3,207.50
11	Grainger	Chemical Resistant Coveralls (STP) ($1,251), Flow Control Elbows (18) ($455), Miscellaneous Tools & Supplies	4,030.06
12	Grisso, Ryan	Exp Reimb: Registration, Parking & Bridge Toll for NorCal Landscape Tradeshow on 2/6/25	31.00
13	Home Depot	Bottleless Water Dispenser ($381), Rapid Set Concrete (50 bags) ($839), Watering Stakes (36) ($302), Pressure Vacuums (2) ($465), Miscellaneous Tools & Supplies	2,855.42
14	Integrity Shred LLC	Document Shredding (3-64 gal Containers)	450.00
15	Kaiser Foundation Health Plan	Pre-Employment Physical (STP)	255.00
16	Kiosk Creative LLC	January Marketing Communication & Outreach Services (Balance Remaining on Contract $40,589)	4,308.58

*Prepaid

Seq	Payable To	For	Amount
17	Kathleen Pickens - KP Prom.	Uniform Order (STP)	515.58
18	Marin Landscape	Concrete (42 sacks)	405.57
19	MG WEST	Design, Project Management & Delivery for Furniture (Common Area, Admin & Lab) (Balance Remaining on Contract $4,210)	1,671.60
20	Miller, Eric	Exp Reimb: Office Supplies	62.90
21	Mobile Fast Care, Inc	Fit Testing for Operators (7) (STP)	1,537.00
22	North Marin Auto Parts	Motor Oil (10), Tail Lights (5), Anti-Freeze, Service Parts ('21 Nissan Rogue, '12 Int'l Dump Truck & '09 Peterbilt Crew Truck - $439), Terry Rags (6 lbs) & V-Belt	1,023.24
23	Novato Builders	Rebar, Float, Bucket, Lumber, Stakes & Concrete (2 yds) ($511)	811.54
24	Novato Sanitary District	Oct. & Dec. 2024-RW Operating Expense	24,800.40
25	Novato Chevrolet Inc.	Service Parts ('20 Chevy Colorado)	65.21
26	ODP Business Solutions, LLC	Miscellaneous Office Supplies	84.42
27	O'Reilly Auto Parts	Anti-Freeze (6 gal)	130.13
28	Pace Supply	Safety Eyewash Valve Repair Kit (STP)	518.82
29	Peterson Trucks	Replacement Crew Trucks (2-'2026 Int'l)	258,896.82
30	RS Americas Inc	Power Supply & Wire Mold	99.41
31	Scott Technology Group	Moving Fee-From Wood Hollow to Rush Creek Place (Admin Copier)	343.00
32	Striping Graphics	Curb Striping (999 Rush Creek Place)	3,800.00
33	Thomas Scientific	Phosphate Buffers (50), Safety Gloves (1,000), Syringes (200), Detergent & Cleaner (Lab)	407.15
34	T & T Valve & Instrument	Bray Valve (1 of 2) (STP)	712.33
35	USA BlueBook	Valve Repair Kit (STP) ($402) & Replacement Drum Pump End (Oceana Marin) ($1,220)	1,621.32
36	VWR International LLC	Nitrate & Sulfuric Acid (Lab)	115.00
37	Waste Management	Waste Disposal	168.98

*Prepaid

Seq	Payable To	For	Amount
38	Watkins, Jeff	Exp Reimb: Meals While Attending Department of Transportation Training 2/11-2/12/25	97.33
39	White Cap L.P.	Snake Bags (20) (Const.)	76.07
40	ZORO	Padlocks (24) ($322) & Uninterruptible Power Supplies (5) ($672)	994.21
		TOTAL DISBURSEMENTS	**$321,874.69**

The foregoing payroll and accounts payable vouchers totaling $321,874.69 are hereby approved and authorized for payment.

Julie Blue 03/04/2025

Auditor-Controller Date

3/4/25

General Manager Date

*Prepaid

DISBURSEMENTS - DATED MARCH 13, 2025

Date Prepared 3/10/25

The following demands made against the District are listed for approval and authorization for payment in accordance with Section 31302 of the California Water Code, being a part of the California Water District Law:

Seq	Payable To	For	Amount
P/R*	Employees	Net Payroll PPE 2/28/25 & Retro Pay	$209,761.99
90836-90837*	Internal Revenue Service	Federal & FICA Taxes PPE 2/28/25 & Retro Pay	99,351.02
90838-90839*	State of California	State Taxes & SDI PPE 2/28/25 & Retro Pay	23,217.37
90839-90840*	CalPERS	Pension Contribution PPE 2/28/25 & Retro Pay	59,418.43
90834*	Nationwide	Deferred Compensation-457 PPE 2/28/25	16,507.79
90835*	Nationwide	Deferred Compensation 2/28/25-401A Match	2,853.87
90841*	CalPERS	March 2025 Health Insurance Premium (Employer $61,273, Retirees $13,503 & Employees $8,927)	83,703.70
1	100 Wood Hollow Drive Owner	March Operating Expense	8,998.68
2	Able Tire & Brake	Tire Repair ('20 F250, '24 F250) & Tires (4) ('22 Ford Ranger) ($1,278)	1,356.03
3	Ahmed's Moving Express, Inc.	Boxes, Supplies ($1,225) & Moving Fees ($6,970) (From Wood Hollow to Rush Creek Pl.)	8,195.48
4	American Family Life Ins	February 2025 Employee Paid Benefit	4,406.14
5	AVEVA Select California	STP SCADA Software Subscription Renewal (3/2025-3/2026)	9,670.00
6	The Bay Club	Reissue Check-Incorrect Address - Refund Security Deposit on Hydrant Meter Less Final Bill	81.86
7	Bergstrom, Kyle	Exp Reimb: Safety Boots	400.00
8	Brady Industries	Rain Jacket & Safety Supplies ($307)	381.23
9	Brenntag Pacific	50% Sodium Hydroxide (11 tons) (STP)	8,411.88

*Prepaid

Seq	Payable To	For	Amount
10	Comcast	March Phone Services (Buck Inst., Yard & STP)($583) Less Credit for Wood Hollow ($295)	287.83
11	Comcast	March Internet (999 Rush Creek Pl.)	1,573.35
12	Core & Main	Non Asbestos Rings (8), Traffic Boxes (3) ($426), Box Lids (3) ($635), Gaskets (10) ($358) & Copper Pipe (300') ($1,856)	3,500.22
13	DataTree	February Subscription to Parcel Data	100.00
14	Direct Line Inc	February Telephone Answering Service	315.28
15	Susan N. Dove	Exp Reimb: Mileage for ESRI Group Meeting in Livermore on 2/25/25	91.00
16	Enterprise	Monthly Leases for Nissan Rogue (2), Nissan Frontier, F-150's (7), F-250's (4), Ford Rangers (6), Chevy Bolts (2), Chevy Colorado & Nissan Leaf	14,038.45
17	Fisher Scientific	Bromide Standard & Petri Dishes (600) (Lab)	204.23
18	Frontier Communications	Leased Lines	1,789.67
19	Frontier Communications	March Internet (STP)	640.00
20	Hach Co.	Sensor Holder, Sealing Hub, Chlorinating Solution (3), Alkaline Cyanide (4) & 'O' Ring (STP)	617.13
21	Hensler, Ryan	Novato "Washer Rebate" Program	75.00
22	Ken Grady Company, Inc	Chlorine Analyzer (STP)	3,545.69
23	Lamont, Carol	Reissue Check - Lost in Mail - Novato "Washer Rebate" Program	75.00
24	Leontie, Gerald & Heidi	Reissue Check-Incorrect Address - Refund Over Payment On Closed Account	22.67
25	Lincoln Life Employer Serv	Deferred Compensation PPE 2/28/25	7,300.31
26	MTS Training Academy	On-Site Class A Driving School (2/18/25-3/31/25) (Construction Employee)	6,950.00
27	Mutual of Omaha	March 2025-Group Life/ADD Insurance Premium & Vision	2,313.87

Seq	Payable To	For	Amount
28	Noll & Tam Architects	Prog Pymt#44: Architecture & Engineering Services Admin & Lab Upgrade Project (Balance Remaining on Contract $25,253)	8,245.00
29	North Bay Gas	Nitrogen (STP)	126.57
30	Outlander Construction, Inc.	Prog Pymt#3: Construction Locker Room Remodel Project (Balance Remaining on Contract $185,000)	30,000.00
31	Pace Supply	Concrete Boxes (2) & Water Shut-Off Tool	173.36
32	Pape Machinery Inc.	Lamp ('21 J.D. Backhoe)	128.06
33	Parkinson Accounting Systems	February Accounting Software Support	195.00
34	Peterson Trucks	Opacity Test ('02 & '12 Int'l 5 Yd Dump Truck)	209.82
35	Pacific Gas & Electric Co	Power: Bldgs/Yard ($3,284), Other ($287), Pumping ($43,965), Rect/Cont. ($848) & TP ($157)	48,541.98
36	Pini Hardware	Miscellaneous Maintenance Tools & Supplies	1,003.99
37	Recology Sonoma Marin	February Waste Removal ($696) & Overage Charge	769.50
38	Soiland Co., Inc.	Asphalt Recycling (3 yds) & Rock (37 yds) ($1,138)	1,256.39
39	Stevenson, Vincent	Novato "Toilet Rebate" Program & Refund Alternative Compliance Reg 15 Deposit ($630)	830.00
40	Thomas Scientific	Bromothymol Blue (Lab)	40.34
41	Tyler, Marie	Novato "Smart Irrigation Controller" Program	218.85
42	United Parcel Service	Delivery Services: Sent Pipette, Backflow Devices for Calibration & Returned Data Logger for Lab	64.27
43	United Site Services	Portable Restroom Rental (Construction Locker Room Renovation Project-2/22/25-3/21/25)	4,243.02
44	USA BlueBook	Turbidity Standard ($346), Lubricant & Sealant (STP)	515.25
45	Van Bebber Bros	Steel Flat Stock (2)	108.85

Seq	Payable To	For	Amount
46	Vanguard Cleaning Systems of the North Bay	February (Rush Creek Place) ($2,825), March (STP-$920, Rush Creek Place-$4,500) Initial Deep Cleaning (Admin, Lab Bldgs) ($1,250)	9,495.00
47	Vargas, Yvette	Reissue Check - Lost in Mail - "Washer" Rebate Program	75.00
48	Verizon Wireless	February Cellular Charges	1,627.84
49	Verizon Wireless	SCADA & AMI Collectors ($650)	1,161.80
50	VWR International LLC	Culture Controls (Lab)	71.01
51	Watersmart Software Inc.	January Monthly Fee	52.34
		TOTAL DISBURSEMENTS	**$689,308.41**

The foregoing payroll and accounts payable vouchers totaling $689,308.41 are hereby approved and authorized for payment.

Julie Blue 03/11/25

Auditor-Controller Date

03/11/2025

General Manager Date

NORTH MARIN WATER DISTRICT
MONTHLY PROGRESS REPORT FOR FEBRUARY 2025
March 18, 2025

1.

Novato Potable Water Prod - SW & STP Combined - in Million Gallons - FYTD

Month	*FY24/25*	*FY23/24*	*FY22/23*	*FY21/22*	*FY20/21*	*25 vs 24 %*
July	264.8	218.6	224.5	282.9	341.7	21%
August	252.9	230.9	235.9	212.4	290.1	10%
September	237.7	212.4	203.5	214.5	225.6	12%
October	237.2	197.0	191.6	198.5	307.8	20%
November	166.5	145.7	137.4	94.1	201.6	14%
December	137.9	121.6	106.6	137.1	183.0	13%
January	139.1	122.4	113.8	118.3	156.6	14%
February	118.0	117.5	105.2	118.6	110.5	0%
FYTD Total	1,554.2	1,366.1	1,318.4	1,376.5	1,816.7	14%

West Marin Potable Water Production - in Million Gallons - FY to Date

Month	*FY24/25*	*FY23/24*	*FY22/23*	*FY21/22*	*FY20/21*	*25 vs 24 %*
July	8.9	7.1	6.3	6.0	8.2	25%
August	8.7	7.5	6.8	5.7	9.2	17%
September	7.9	6.7	6.3	5.9	7.9	18%
October	7.6	6.4	5.7	5.1	6.7	20%
November	5.7	5.0	4.6	3.5	5.8	13%
December	5.1	4.2	4.3	4.0	5.1	22%
January	5.1	4.6	3.9	3.8	4.2	12%
February	4.2	3.7	3.3	4.0	3.8	14%
FYTD Total	53.2	45.0	41.3	37.9	50.9	18%

Stafford Treatment Plant Production - in Million Gallons - FY to Date

Month	*FY24/25*	*FY23/24*	*FY22/23*	*FY21/22*	*FY20/21*	*25 vs 24 %*
July	0.0	67.0	56.3	67.0	105.8	-
August	0.0	98.3	67.9	31.3	81.1	-
September	0.0	112.6	57.8	41.7	16.1	-
October	0.0	109.4	54.0	28.2	7.7	-
November	0.0	21.8	30.0	0.0	0.6	-
December	0.0	0.0	0.0	0.0	0.0	-
January	0.0	0.0	0.0	0.0	0.0	-
February	24.3	0.0	0.0	0.0	0.0	
FYTD Total	24.3	409.1	266.0	168.1	211.3	-94%

Recycled Water Production* - in Million Gallons - FY to Date

Month	*FY24/25*	*FY23/24*	*FY22/23*	*FY21/22*	*FY20/21*	*25 vs 24 %*
July	54.6	31.0	43.1	42.9	39.0	76%
August	50.1	34.8	41.6	41.4	43.2	44%
September	41.0	26.1	29.2	39.6	29.5	57%
October	28.9	22.4	24.7	18.3	22.8	29%
November	11.4	3.6	5.1	0.8	10.9	216%
December	3.9	0.4	0.3	0.3	0.2	791%
January	1.8	0.4	0.4	0.8	0.3	403%
February	1.6	0.9	0.4	1.3	0.5	79%
FYTD Total*	193.4	119.6	144.8	145.4	146.4	62%

*Excludes potable water input to the RW system: FY25=5MG, FY24=13.8MG, FY23=10.8 MG FY22=10 MG; FY21=24.7 MG

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2. Regional and Local Water Supply

Lake Sonoma

	Current	2024
Lake Storage*	86,183 MG	88,135 MG
Supply Capacity	100 %	102 %

*Normal capacity =-245,000 AF (79,833.5 MG); deviation storage pool of 264,000 AF (86,025 MG)

Lake Mendocino

	Current	2024
Lake Storage *	28,451 MG	28,377 MG
Supply Capacity	101 %	98 %

*Normal capacity = 70,000-110,000 AF (22,800-35,840 MG); FIRO pool 26,000-36,170 MG

3. Stafford Lake Data

	February Average	February 2025	February 2024
Rainfall this month	5.05 Inches	7.37 Inches	4.92 Inches
Rainfall this FY to date	22.13 Inches	22.49 Inches	26.99 Inches
Lake elevation*	191.44 Feet	196.41 Feet	199.96 Feet
Lake storage**	1,076 MG	1,427 MG	1,469 MG
Supply Capacity	75 %	102 %	105 %

* Spillway elevation is 196.0 feet (NGVD29)
** Lake storage less 390 MG = quantity available for normal delivery

Temperature (in degrees)

	Minimum	Maximum	Average
February 2025 (Novato)	29.00	77.00	64.2
February 2024 (Novato)	34.00	70.00	57.5

4. Number of Services

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February 28	Novato Water			Recycled Water			West Marin Water			Oceana Marin Sewer		
	FY25	FY24	Incr %	FY25	FY24	Incr %	FY25	FY24	Incr %	FY25	FY24	Incr %
Total meters installed	21,024	21,011	0.1%	106	102	3.9%	810	801	1.1%	-	-	-
Total meters active	20,877	20,859	0.1%	104	100	4.0%	801	792	1.1%	-	-	-
Active dwelling units	24,091	24,096	0.0%	-	-	-	837	836	0.1%	240	236	1.7%

5. Oceana Marin Monthly Status Report

Description	February 2025	February 2024
Effluent Flow Volume (MG)	.775	1.14
Irrigation Field Discharge (MG)	0	.496
Treatment Pond Freeboard (ft)	5	4.8
Storage Pond Freeboard (ft)	11	4.7

6. Safety/Liability

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	Industrial Injury with Lost Time				Liability Claims Paid		
	Lost Days	OH Cost of Lost Days ($)	No. of Emp. Involved	No. of Incidents	Incurred (FYTD)	Paid (FYTD) ($)	
FY 24/25 through Feb	0	$0	0	0	2	$55,379	(a)
FY 23/24 through Feb	1	$368	1	1	2	$13,624	(b)

Days since lost time accident through February 28, 2025 **591 Days**

(a) FY24/25 Water Damage from main break Feliz Dr. & Shady Lane (2 claims)

(b) FY23/24 Vehicle damage by NMWD valve cap (1), Planter/driveway repair Highland Drive (2) & Homeward Bound lightpole damage (3)

7. Energy Cost

		February			*Fiscal Year-to-Date thru February*		
FYE		*kWh*	*¢/kWh*	*Cost/Day*	*kWh*	*¢/kWh*	*Cost/Day*
FY 24/25	Stafford TP	32,023	24.3¢	$278	371,660	24.0¢	$366
	Pumping	87,670	40.9¢	$1,194	1,052,294	40.5¢	$1,760
	Other[1]	26,531	47.8¢	$422	254,339	48.4¢	$509
		146,223	38.5¢	$1,894	1,678,294	38.0¢	$2,635
FY 23/24	Stafford TP	31,976	23.6¢	$243	416,787	23.4¢	$396
	Pumping	70,368	40.0¢	$938	937,734	34.7¢	$1,327
	Other[1]	31,924	47.4¢	$504	274,112	42.8¢	$479
		134,268	37.8¢	$1,686	1,628,632	33.1¢	$2,201
FY 22/23	Stafford TP	38,713	22.9¢	$316	396,024	22.3¢	$364
	Pumping	72,899	27.8¢	$655	920,555	28.2¢	$1,059
	Other[1]	26,965	29.7¢	$259	265,596	32.0¢	$346
		138,577	26.8¢	$1,230	1,582,175	27.4¢	$1,769

[1]Other includes West Marin Facilities

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8. Water Conservation Update

	Month of February 2025	Fiscal Year to Date	Program Total to Date
High Efficiency Toilet (HET) Rebates	0	156	4,720
Retrofit Certificates Filed	9	131	7,049
Cash for Grass Rebates	1	12	1,101
Washing Machine Rebates	2	14	6,949
Water Smart Home Survey	0	14	3,952

9. Utility Performance Metric

February 2025 Service Disruptions

SERVICE DISRUPTIONS (No. of Customers Impacted)	February 2025	February 2024	Fiscal Year to Date 2025	Fiscal Year to Date 2024
PLANNED				
Duration Between 0.5 and 4 hours	6	4	56	92
Duration Between 4 and 12 hours	41	26	41	26
Duration Greater than 12 hours	0	0	0	6
UNPLANNED				
Duration Between 0.5 and 4 hours	0	0	81	59
Duration Between 4 and 12 hours	0	26	27	108
Duration Greater than 12 hours	0	0	2	0
SERVICE LINES REPLACED				
Polybutylene	1	2	18	39
Copper Replaced or Repaired)	5	2	38	25

February 2025 Service Disruptions

Planned: For the month of February, we had 47 planned service disruptions.

Plastic: There was 1 plastic service leak on Cypress Rd in West Marin.
Copper: We had 5 copper service leaks on Andreas Cir and Red Hawk Rd.

Unplanned: There were no unplanned service disruptions for the month of February.

10. Summary of Complaints and Service Orders – February 2025

Tag Breakdown:

Total: 173 Consumer: 59 Office: 114

Type	Feb-25	Feb-24	Added Notes
Billing			
High Bill	6	4	
Low Bill	0	1	
Total	**6**	**5**	
Meter Replacement	60	39	
Total	**60**	**39**	
Need Read	1	0	
Total	**1**	**0**	
No-Water	5	2	
Total	**5**	**2**	
Leak			
Consumer	52	31	
District	11	9	
Total	**63**	**40**	
Water Quality			
Taste/ Odor	1	2	
Other	0	1	
Color	1	0	
Total	**2**	**3**	
Check Pressure	1	1	
Total	**1**	**1**	
Turn Off / On	16	26	
Total	**16**	**26**	
Other	19	15	
Total	**19**	**15**	
TOTAL FOR MONTH:	**173**	**131**	**32%**

Bill Adjustments Under Board Policy:

February 25 vs. February 24

Feb-25	21	$11,622
Feb-24	14	$3,126

Fiscal Year vs Prior FY

FY 24/25	231	$99,066
FY 23/24	125	$31,771

NORTH MARIN WATER DISTRICT

MEMORANDUM

To: Board of Directors March 18, 2025

From: Julie Blue, Auditor-Controller
Nancy Williamson, Accounting Supervisor

Subj: Auditor-Controller's Monthly Report of Investments for January 2025
t:\ac\word\invest\24\investment report 0125.doc

RECOMMENDED ACTION: Information

FINANCIAL IMPACT: None

At month end the District's Investment Portfolio had an amortized cost value (i.e., cash balance) of $25,058,654 and a market value of $25,095,890. During January the cash balance decreased by $796,981. The market value of securities held decreased $796,774 during the month. The total unrestricted cash balance at month end was $1,553,243 and 74% of the Target Reserves are funded.

At January 31, 2025, 72% of the District's Portfolio was invested in California's Local Agency Investment Fund (LAIF), 21% in Time Certificates of Deposit, 4% in the Marin County Treasury, and 3% retained locally for operating purposes. The weighted average maturity of the portfolio was 83 days, compared to 80 days at the end of December. The LAIF interest rate for the month was 4.37%, compared to 4.43% the previous month. The weighted average Portfolio rate was 4.15%, compared to 4.07% for the prior month.

Investment Transactions for the month of January are listed below:

1/9/2025	US Bank	LAIF	$900,000	Trsf to LAIF account
1/22/2025	LAIF	US Bank	$800,000	Trsf from LAIF account
1/27/2025	Austin Telco Credit Union	US Bank	$248,000	CD Maturity
1/28/2025	US Bank	Goldman Sachs Bank	$244,000	Purchase 4.15% TCD due 1/28/27 - Semi-Annual Pay

ATTACHMENTS:
1. Monthly Report of Investments – January 2025

ATTACHMENT 1

NORTH MARIN WATER DISTRICT
AUDITOR-CONTROLLER'S MONTHLY REPORT OF INVESTMENTS
January 31, 2025

Type	Description	S&P Rating	Purchase Date	Maturity Date	Cost Basis[1]	1/31/2025 Market Value	Yield[2]	% of Portfolio
LAIF	State of CA Treasury	AA-	Various	Open	$18,065,951	$18,103,186	4.37% [3]	**72%**
Time Certificate of Deposit								
TCD	First Tech Fed Credit Union	n/a	2/17/23	2/18/25	249,000	249,000	4.85%	1%
TCD	Keybank National Assoc	n/a	3/15/23	3/17/25	243,000	243,000	5.00%	1%
TCD	Morgan Stanley Bnk NA	n/a	4/6/23	4/7/25	244,000	244,000	4.90%	1%
TCD	Morgan Stanley Private Bnk	n/a	4/6/23	4/7/25	244,000	244,000	4.90%	1%
TCD	Raiz Federal Credit Union	n/a	5/11/23	5/12/25	248,000	248,000	4.85%	1%
TCD	Hughes Federal Credit Union	n/a	6/29/23	6/30/25	248,000	248,000	5.25%	1%
TCD	Farmers Ins Credit Union	n/a	1/18/24	1/20/26	249,000	249,000	4.50%	1%
TCD	Eagle Bank	n/a	2/21/24	2/23/26	244,000	244,000	4.60%	1%
TCD	Bank of America	n/a	2/22/24	2/23/26	244,000	244,000	4.65%	1%
TCD	Pacific Premier	n/a	3/15/24	3/16/26	244,000	244,000	4.75%	1%
TCD	Valley National Bank	n/a	4/9/24	4/9/26	244,000	244,000	4.70%	1%
TCD	Wells Fargo Nat'l Bank	n/a	6/11/24	6/11/26	248,000	248,000	5.10%	1%
TCD	First Merchant Bank	n/a	6/28/24	6/29/26	244,000	244,000	4.80%	1%
TCD	BMW Bank NA	n/a	7/9/24	7/13/26	244,000	244,000	4.70%	1%
TCD	Israel Disc Bk Ny	n/a	9/13/24	9/14/26	245,000	245,000	4.00%	1%
TCD	Ally Bank Sandy Utah	n/a	10/3/24	9/28/26	245,000	245,000	3.80%	1%
TCD	Utah First Fec CR UN Salt Lake	n/a	10/18/24	10/19/26	249,000	249,000	4.00%	1%
TCD	American Express Nat'l Bank	n/a	11/7/24	11/6/26	245,000	245,000	4.00%	1%
TCD	Bank of Hapoalim NY	n/a	11/26/24	11/23/26	245,000	245,000	4.10%	1%
TCD	Dr Bank Darien	n/a	12/20/24	12/21/26	249,000	249,000	4.10%	1%
TCD	Goldman Sachs Bk USA	n/a	1/28/25	1/28/27	244,000	244,000	4.15%	1%
					$5,159,000	**$5,159,000**	**4.36%**	**21%**
Other								
Agency	Marin Co Treasury	AAA	Various	Open	$1,062,141	$1,062,141	1.58%	4%
Other	Various	n/a	Various	Open	771,562	771,562	0.02%	3%
				TOTAL IN PORTFOLIO	**$25,058,654**	**$25,095,890**	**4.15%**	**100%**

Weighted Average Maturity = **83 Days**

LAIF: State of California Local Agency Investment Fund.

TCD: Time Certificate of Deposit.

Treas: US Treasury Notes with maturity of 5 years or less.

Agency: STP State Revolving Fund Loan Reserve.

Other: Comprised of 5 accounts used for operating purposes. US Bank Operating Account, US Bank STP SRF Loan Account, US Bank FSA Payments Account, Bank of Marin AEEP Checking Account & NMWD Petty Cash Fund.

1 Original cost less repayment of principal and amortization of premium or discount.

2 Yield defined to be annualized interest earnings to maturity as a percentage of invested funds.

3 Earnings are calculated daily - this represents the average yield for the month ending January 31, 2025.

Interest Bearing Loans	Loan Date	Maturity Date	Original Loan Amount	Principal Outstanding	Interest Rate
Marin Country Club Loan	1/1/18	11/1/47	$1,265,295	$996,566	1.00%
Marin Municipal Water - AEEP	7/1/14	7/1/32	$3,600,000	$1,458,848	2.71%
Employee Housing Loan	Various	Various	550,000	550,000	Contingent
TOTAL INTEREST BEARING LOANS			**$5,415,295**	**$3,005,414**	

The District has the ability to meet the next six months of cash flow requirements.

2022-2024 News Releases

Natural Resources Agency Thanks Tribal Leaders, Northern California Counties and Conservation Groups for Their Leadership as Historic Agreement Announced to Secure Water Reliability in the Russian River, Benefit Salmon on the Eel River

February 13, 2025

Landmark deal will secure water reliability for people and agriculture in the Russian River while returning Eel River water rights to Round Valley Indian Tribes

and restoring salmon

California Natural Resources Secretary Wade Crowfoot and California Department of Fish and Wildlife (CDFW) Director Charlton H. Bonham today joined with the Round Valley Indian Tribes, supervisors from Humboldt, Mendocino and Sonoma counties, California Trout, Trout Unlimited and other state and local leaders to announce a historic Memorandum of Understanding (MOU) for a water agreement that will ensure water reliability for 600,000 or more of coastal Californians, farmers and ranchers while allowing the Eel River to again flow free to benefit salmon, environmental health, tribal and local communities.

The landmark agreement follows Pacific Gas and Electric's (PG&E) decision, first announced in 2019, to remove century-old, outdated and seismically at-risk hydroelectric dams on the Eel River— the Scott Dam and the Cape Horn Dam in the Potter Valley area of Mendocino County. Removal of these dams will open almost 300 miles of historic spawning and rearing habitat on the upper Eel River watershed to native fish species such as Chinook salmon, steelhead and Pacific lamprey that have been locked out since the early 1900s.

For nearly 120 years those aging dams and now antiquated infrastructure have facilitated diverting water from the Eel River watershed to support the Russian River watershed and the water needs of coastal residents in Mendocino, Sonoma and Marin counties. This legacy has perpetuated conflict and disputes among California counties, communities, and Native American sovereign nations.

"This landmark agreement is pivotal for this part of northern California and also our entire state," said Secretary Crowfoot. "It assures future water supply for area residents, restores the health of the Eel River, and builds tribal sovereignty. More broadly, it demonstrates how groups with very different interests can come together and solve complex challenges with common solutions. At this particular moment in time, this is a powerful and hopeful milestone."

"Today is a great day for the Round Valley Indian Tribes, our communities, the people living along the Eel River," said Joseph Parker, President, Round Valley Indian Tribes. "We've been left out of the loop for a long time so it's nice now to have a seat at the head of the table. We're grateful to Director Bonham and all of the partners who have made today possible."

In support of the rural county, Tribal government and conservation group

collaboration to reach this MOU, CDFW will make a funding commitment to support Californians coming together to solve a century-old conflict. Using existing bond funding intended for multi-benefit projects, CDFW today commits $18 million toward this partnership, directing $9 million to the design and capital costs of modernizing the old diversion and building the New Eel-Russian Facility (NERF) and a parallel $9 million as initial support for the MOU's envisioned Eel River Restoration Fund.

PG&E's separate decommissioning process is progressing and as a key partner recognizes the need to secure a new diversion facility to safeguard the future.

"When Californians come together, they deserve thanks. The Eel River historically supported some of the largest salmon and steelhead runs on the North Coast," said CDFW's Bonham. "We can restore that river and bring salmon home. Water supply for people in the Russian River can be protected. Putting Native American Tribes at the center is the right thing to do. All of this happens when people work together. We are proud of Sonoma, Mendocino, and Humboldt counties, the Round Valley Tribe, and our conservation group partners."

Today's announcement builds on the blueprint to recover California's salmon populations put forth in 2024 by Gov. Gavin Newsom's California Salmon Strategy for a Hotter, Drier Future (PDF).

###

Media Contact:

Steve Gonzalez, CDFW Communications, (916) 804-1714

Categories: Environment, Fisheries, Habitat Restoration, Salmon

Tagged: Eel River | Russian River | Salmon | Round Valley Indian Tribes | Water Rights

Office of Communications, Education and Outreach

P.O. Box 944209, Sacramento, CA 94244-2090

(916) 322-8911

A California reservoir could disappear if PG&E gets their way

Critics say leveling the Potter Valley Project is an 'irresponsible gamble'

SF GATE By Matt LaFever, North Coast Contributing Editor Feb 28, 2025

For more than a century, the Potter Valley Project has shaped the fate of two of Northern California's most important rivers. The dam system reroutes water from the Eel River to the Russian River, sustaining agriculture, drinking water supplies and local economies across Mendocino, Sonoma and Lake counties. Pacific Gas & Electric went public with its draft application to walk away from the project in late January, citing financial losses and aging infrastructure and setting the stage for one of California's most contentious water battles.

Conservationists and tribal leaders say this is a once-in-a-lifetime opportunity to restore the Eel River's salmon runs, long blocked by dams. Farmers, ranchers and local officials warn that losing the project's diversions could devastate water supplies, cripple fire protection and threaten a multimillion dollar agricultural industry. Some have even urged the Trump administration to intervene, arguing that PG&E's plan to dismantle the project is reckless and puts entire communities at risk.
All the while, the battle over Northern California's water future intensifies.

What is the Potter Valley Project?

The Potter Valley Project is a water transfer system and hydroelectric facility that fundamentally reshaped Northern California's water supply. It diverts water from the Eel River into the Russian River via a milelong tunnel excavated through a mountain near Potter Valley in 1908. The Potter Valley Project consists of two dams — Scott Dam, which forms Lake Pillsbury, and Cape Horn Dam about 12 miles west — along with a hydroelectric powerhouse, a fish ladder system and a diversion tunnel that transfers water from the Eel River to the East Fork Russian River. More than a century after it was built, most of the system is still running, except for the hydroelectric powerhouse, which shut down in 2021 due to equipment issues.

Mendocino County Inland Water and Power Commission offers a comprehensive history of the water diversion facility and its influence on the Russian River

watershed. Before its construction, both rivers often ran dry in summer, leaving communities and farms without a reliable water source. To generate power, Cape Horn Dam and Van Arsdale Reservoir were built on the Eel River to divert water into the tunnel. However, the system could only function during high winter flows. To ensure year-round water availability, Scott Dam was constructed in 1922, forming Lake Pillsbury to store yet more Eel River water for later diversion. This system transformed the Russian River watershed by giving it a reliable water supply year-round, leading to booming agriculture in Mendocino and Sonoma counties.

After intense winter storms brought catastrophic flooding in 1937 and 1955, however, it became clear the region needed more water-controlling infrastructure. Congress authorized flood control projects that led to the construction of Coyote Valley Dam and Lake Mendocino in 1959. Today, these reservoirs provide irrigation, drinking water and recreation opportunities for thousands — but none of it would exist without the Potter Valley Project.

In Mendocino County, 30,000 inland residents depend on the Russian River for their water supply. A recent study found that $740 million in annual business revenue hinges on irrigation water from the Eel River, stored in Lake Mendocino. Downstream, the Russian River is the primary water source for 600,000 people in Sonoma and Marin counties, supporting some of Sonoma's most profitable wine regions.

A UC Davis analysis found that losing the Potter Valley Project diversion would sharply reduce Lake Mendocino's water storage reliability. While Scott Dam's removal wouldn't entirely cut the Potter Valley Project connection, it could shrink Russian River diversions, impacting water users downstream in Mendocino and Sonoma counties. It would also jeopardize the existence of Lake Pillsbury, which was created with the construction of Scott Dam and which is a crucial wildfire-fighting resource in remote Northern California. Two of the state's three largest wildfires — the August Complex (2020, 1,032,648 acres) and the Mendocino Complex (2018, 459,123 acres) — were contained using water resources from Lake Pillsbury.

Why does PG&E want to remove the Potter Valley Project?

PG&E is walking away from the Potter Valley Project because the company says the facility is no longer profitable and the infrastructure is failing.

According to the Potter Valley Irrigation District, PG&E took over the project in 1930, as it was then a licensed hydroelectric facility. The utility then relicensed

the project in 1983 for 40 additional years. With the project's license set to expire in April 2022, PG&E was due to submit its application for a license renewal by April 2020. Instead, in January 2019, the utility submitted notice of its intent to withdraw from the project, thus beginning the long process of off-loading its responsibilities.

In its draft decommissioning application, made public in January 2025, PG&E made its reasoning clear: "The Project has been recognized by PG&E as uneconomic for PG&E's customers (i.e., the cost of production exceeds the cost of alternative sources of renewable power on the open market)."

On top of financial concerns, PG&E cited the deteriorating Scott Dam, built over a century ago, as a major safety risk. Engineers found the dam was more seismically vulnerable than expected, prompting PG&E to lower Lake Pillsbury's water levels to ease pressure on the aging structure in case of a major earthquake. The dam's proximity to the Bartlett Springs Fault, a branch of California's San Andreas Fault, raises concerns about earthquake risks, the report noted.

The company acknowledged the fallout of its decision, admitting in the draft application that removing Scott Dam and Lake Pillsbury "could have unavoidable effects on recreation value, community way of life, and population and housing in the Scott Dam area."

Further downstream, PG&E conceded that dismantling the Potter Valley Project could send ripple effects through the Russian River Watershed. The draft application acknowledges the watershed "may [have] unavoidable adverse impacts to water reliability and cost, economic opportunity (particularly farming and ranching), recreation value in the Russian River Watershed, and community way of life because diversions to the East Branch Russian River would no longer occur."

If the Potter Valley Project is removed, a new Eel-Russian facility would take its place, ensuring that some water continues flowing from the Eel to the Russian River. Led by the Eel-Russian Project Authority, the facility is planned near Cape Horn Dam, balancing water supply needs with environmental restoration. The project includes modern fish passage systems and new infrastructure to sustain regional water demand.

Those opposed to removing the Potter Valley Project are concerned about the new Eel-Russian facility's limited water diversions. Unlike the steady transfers that have sustained the Russian River's booming agricultural industry for nearly a century, the new plan would halt diversions between mid-spring and summer,

depending on water conditions, according to a draft memo about the project prepared earlier this month.

How does the Potter Valley Project affect the Eel River?

Though Russian River water users have benefited from the Potter Valley Project's diversions, many on the Eel River side have argued that their watershed has suffered as a result of the transfer system.

One student-led analysis from Humboldt State University says the Potter Valley Project disrupts the Eel River ecosystem by blocking salmon from prime habitat, creating a stronghold for invasive pikeminnow. The report also states that altering the Eel River's natural flows through diversion to the Russian River threatens the river's other native fish populations, including lamprey eel and green sturgeon.

A separate Humboldt State University student analysis found that removing Scott Dam could unlock 58 miles of upstream habitat for Chinook salmon and steelhead. Blocked since 1922, these waters could significantly boost salmon populations, offering a rare opportunity for habitat restoration in the upper Eel River.

If the decommissioning of the Potter Valley Project goes through, the Eel River would become California's longest free-flowing river, according to California Trout, a nonprofit organization that advocates for California's watersheds, spanning nearly 300 miles from its headwaters in Lake County to its mouth south of Eureka in Humboldt County.

PG&E's decommissioning plans have also paved the way for the Round Valley Indian Tribes to reclaim a central role in managing Eel River water after more than a century of exclusion. In an agreement signed earlier this month, the state pledged $18 million to modernize diversions and fund river restoration while promising a significant step toward restorative justice for Round Valley Indian Tribes.

"Today is a great day for the Round Valley Indian Tribes, our communities, the people living along the Eel River,," said Joseph Parker, the president of the Round Valley Indian Tribes. "We've been left out of the loop for a long time so it's nice now to have a seat at the head of the table."

Nikcole Whipple, a Round Valley Indian Tribes member and longtime Eel River advocate, called the decommissioning of Scott Dam "restorative justice" for the Yuki Tribe, whose historical lands include Lake Pillsbury. She said the dam has

drained the watershed for over a century, fueling wildfires and killing fish while outside interests profited.

“Dam removal for our Tribe is ultimately about our Tribe providing Environmental Justice to our underserved communities,” she said.

Whipple dismissed claims that the dam benefits fish, calling reservoirs “deoxygenating pools of warm water” that kill salmon. She pointed to the Klamath River, where salmon returned within a month of dam removal — far ahead of expert predictions.

“This defies any ‘best science’ assumptions,” she said.

Habitat vs. homeowners

The potential decommissioning of the Potter Valley Project has generated strong feelings across the entire region. For conservationists like Charlie Schneider, the Lost Coast project manager for California Trout, restoring the Eel River to its natural flow would be a rare bright spot in California’s fight to restore salmon.

“We just really think the Eel is a special kind of unique river,” Schneider told SFGATE, citing the river’s vastness and remote location. “Salmon, by and large, are not doing well in the state. We really just feel like the Eel is a place where recovery can happen.”

Matt Clifford, the California director of Trout Unlimited, which advocates for waterways across the United States, called the potential removal of the Eel River dams a game-changer.

“It is a huge moment for the Eel,” he said. “With a dam there, it’s been cut off for 100 years. This is hands down some of the best habitat in the watershed, and it flows clear and cold year-round.”

“I’ve been up there during the really extreme drought years — 2020, 2021 — and even in the worst conditions, like in August, it was still flowing clear and cold,” Clifford added. “That’s the kind of place that’s perfect for spawning and rearing. We do a lot of habitat restoration in the Eel, but when you take habitat that’s already intact and just make it available — that’s one of the best things you can do to move the needle right away. We’re really excited about that.”

Because of that, Trout Unlimited has been deep in negotiations with PG&E over the Eel’s future, meeting “weekly” and “trying to work out a deal that balances restoration with water security,” Clifford said. “PG&E is taking out the dams because they’re unsafe and losing money. So the question is, how do we meet the

needs of restoration and still give water users some security? We know there's a compromise here."

As for concerns about the Russian River running dry, as reflected in the draft memo from earlier this month, Clifford thinks they're overblown. "Nothing we're doing is threatening the Russian," he said. "If we walk away and do nothing, we've got a couple of 100-year-old dams, crumbling, sitting on a fault line. They're really dangerous. PG&E wants them out because they don't want the liability if Scott Dam ruptures. That's the reality."

Homeowners along Lake Pillsbury disagree. Frank Lynch, a Lake Pillsbury Alliance board member, says dam removal advocates have overlooked those living on the lake's shores and downstream users who rely on the reservoir to keep the Russian River flowing year-round.

"The decision was made that dams are bad, period," Lynch said. "But no one's asking what happens to the communities left behind."

Carol Cinquini, also a member of the Lake Pillsbury Alliance board, warned that draining Lake Pillsbury would gut the region. "This lake is the heart of Mendocino National Forest," she said. "Take it away, and you don't just lose water — you lose wildlife, wells and fire protection."

Aaron Sykes, an engineer with the Lake Pillsbury Fire Protection District, emphasized the lake's critical role in firefighting efforts.

"The lake has provided the water needed to stop two major fires: the Ranch Fire and the August Complex," Sykes said. "It's no coincidence that both were ended where Lake Pillsbury sits."

While he wasn't involved in the Ranch Fire, which in 2018 merged with the nearby River Fire to form the Mendocino Complex, Sykes was on the front lines of the August Complex fire for 20 straight days.

"The U.S. Forest Service, besides using the lake to supply water for the air assets — which is what everyone knows — also used it for the ground assets, namely the fleet of water trucks," he explained of Lake Pillsbury's impact. "... If the lake wasn't available, it would have taken each water truck an additional four hours to make a round trip to Lake Mendocino. Instead, they were able to fill within 20 minutes of the fire front."

PG&E's draft decommissioning plan is now open for public comment, with the final version due for submission in July. Just this week, Lake County's Board of Supervisors approved a letter urging the Trump administration to intervene in PG&E's decommissioning of the Potter Valley Project. The board wrote that

draining Lake Pillsbury — an 80,000 acre-foot reservoir — would be an "expensive and irresponsible gamble" with the region's water supply.

The board further argued that PG&E's plan violated President Donald Trump's Executive Order 14181, the controversial directive that led to the Army Corps of Engineers abruptly releasing water from California's Lake Kaweah and Lake Success. The supervisors said the order's mandate to "override existing activities that unduly burden efforts to maximize water deliveries" was being ignored, and that removing Scott Dam would jeopardize water access for farmers, communities and essential fire protection infrastructure.

Whipple, the Round Valley tribal member and Eel River advocate, called out Lake County officials for opposing the project. "The entire county is a riparian ecological community that has been historically manipulated and destroyed for economic purposes," she said.

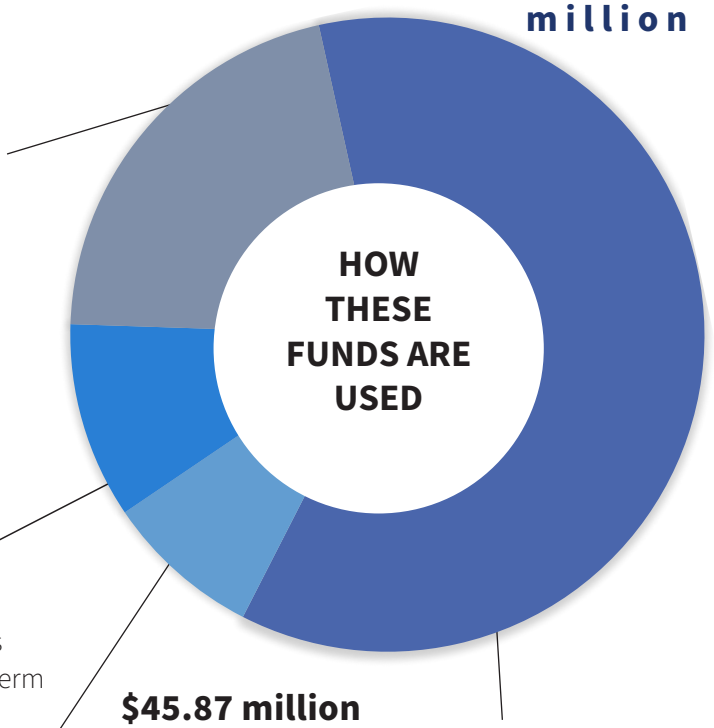
"In the last 100 years that the dam has existed, it has not done any long-term good for the overall community," she added.

Water Transmission System Draft Budget Overview

Fiscal Year 2025-2026

Water Transmission System Budget
FY 2025-2026 Draft, March 5, 2025

$82.02 million



$18.28 million

Capital Projects budgeted for hazard mitigation projects to reduce risks: Ely BPS Flood Control & Electrical Upgrade, River Diversion Structure (RDS) Upgrade Project, Santa Rosa Creek Crossing, Seismic Retrofit of Storage Tanks, and Wilfred Booster Station; and for other capital projects to increase resiliency: Kawana-Ralphine SBS Pipeline, Mirabel Collector Wells Pump Hoist Upgrades, Mirabel/Wohler Storage Building, Occidental Road and Sebastopol Road Wells, Ralphine Tanks Flow Thru Conversion, Todd Rd Well Discharge Connection, Warm Springs Dam Hydropower Retrofit, Water Treatment System Modernization Phase 1, and Water Treatment System Modernization Phase 3.

$9.07 million

Debt Service for previous bonds issued to fund long-term capital projects.

$8.80 million

Biological Opinion Compliance, Water Supply Planning, Water Conservation to advance long-term water sustainability: Environmental studies, water supply planning activities and water conservation outreach tools and programs.

$45.87 million

Operations and Maintenance budgeted for operations and maintenance to protect, improve and maintain system reliability. **Projects:** Aqueduct Cathodic Protection, Pump 9 Replacement, Emergency Inventory Procurement, SCADA Improvements, and Tank Recoats & Tank Maintenance Programs. **Studies:** Arc Flash Studies, Asset Management Plan, Cathodic Protection Assessment, Regional Water Supply Resiliency Implementation, Transmission System Master Plan, and Modeling & Condition Assessments Programs.

About Sonoma Water

Sonoma Water, an independent special district formed in 1949, provides drinking water to Cotati, Marin Municipal Water District, North Marin Water District, Petaluma, Rohnert Park, Santa Rosa, Sonoma, Valley of the Moon Water District and Windsor. These cities/districts in turn deliver drinking water to more than 600,000 residents in portions of Sonoma and Marin counties (customers receive their drinking water and water bill from their local city or water district). Sonoma Water maintains over 100 miles of water aqueducts and pipelines, as well as numerous pump stations, storage tanks, production wells, and other critical equipment as part of its water transmission system.

Proposed Rates for FY 25-26

Charge / Aqueduct	Santa Rosa	Petaluma	Sonoma
Deliveries (Acre-Feet)		42,407	
O&M	$1,029.16	$1,029.16	$1,029.16
Water Management Planning	$4.57	$4.57	$4.57
Watershed Planning & Restoration	$45.71	$45.71	$45.71
Recycled Water and Local Supply	$0.14	$0.14	$0.14
Water Conservation	$63.83	$63.83	$63.83
Total O&M	**$1,143.41**	**$1,143.41**	**$1,143.41**
Storage & Common Bond/Loan Charges	$246.45	$246.45	$246.45
Petaluma Aqueduct Bond/Loan Charge		$15.66	
Sonoma Aqueduct Bond/Loan Charge			$144.56
Prime Contractors	**$1,389.86**	**$1,405.52**	**$1,534.42**
Discretionary Charges			
Capital Charges - to build fund balance for future projects	$11.00	$0.00	$34.90
Prime Contractors	$11.00	$0.00	$34.90
Total Prime Contractors	**$1,400.86**	**$1,405.52**	**$1,534.42**
Total Overall Increase:	8.68%	9.98%	7.60%

Budget Overview

Sonoma Water has secured $21.22 Million from various grants, fund balances and the use of bond proceeds to help mitigate rate increases. Sonoma Water's wholesale rates, which are the charges for water contractors, are actually some of the lowest in the greater Bay Area. Future proposed budgets will continue to prioritize ongoing infrastructure maintenance, replacement and improvement to ensure a sustainable source of water for the communities served.

This budget overview is for water transmission system services only. Sonoma Water also provides sanitation, flood protection, and other services. For detailed budget information, please visit **SonomaWater.org/finance**.

Infrastructure Investments

Sonoma Water's critical infrastructure, including aqueducts, pipelines, pump stations, storage tanks, and wells, are gradually aging after decades of service. We have taken concrete steps to reduce costs by deferring non-routine maintenance by $11.31 million and capital projects by $5.37 million. In addition, grants, bond proceeds, and our fund balance contribute $21.34 million, keeping the total cost per gallon at $0.004. These investments ensure that our aging infrastructure remains safe, dependable, and ready to meet future needs, providing long-term savings and water security.

Sonoma Water

Mission

To provide reliable water supply, wastewater management, and flood protection — essential services for a thriving community and a healthy environment.

Vision

Ensuring resilient water resources now and for future generations.

Strategic Plan 2023-2028

The final 2023 Strategic Plan is a five-year roadmap for the future and includes six goals focused on planning and infrastructure, emergency preparedness, climate resiliency, organizational excellence, environmental stewardship and community engagement. To review the full plan, go to: SonomaWater.org/StrategicPlan.

404 Aviation Blvd
Santa Rosa CA 95403
707-526-5370
SonomaWater.org

CITY of COTATI 1963 · MARIN WATER · NORTH MARIN WATER DISTRICT · PETALUMA 1858 · ROHNERT PARK 19 62 CALIFORNIA · City of Santa Rosa · SEAL OF THE CITY OF SONOMA FOUNDED 1835 CALIFORNIA · VALLEY OF THE MOON WATER DISTRICT · TOWN OF WINDSOR

MARIN MUNICIPAL

Regional water pipeline advances

Officials seek to import Sonoma water into Marin

BY ADRIAN RODRIGUEZ

ARODRIGUEZ@MARINIJ.COM

Marin Municipal Water District officials are throwing their support behind a plan to import more Sonoma water into Marin, setting the stage for one of the larger supply and drought resiliency investments in decades.

On a unanimous vote Tuesday, the district board authorized staff to move forward with design and environmental review for a new pipeline that would tap into an existing aqueduct system to get Sonoma water to Marin reservoirs.

“This is definitely a milestone for us, but it’s not our destination,” said Paul Sellier, the district’s water resources director. “It’s more of a mile marker on our way, and a significant one at that.”

The move is a big step toward fulfilling goals outlined in the district’s water supply “road map” — a strategy devised in response to the 2020-2021 drought. The plan established that the district would need an additional 8,500 acre-square feet of water a year to endure a drought. An acre-foot is about 326,000 gallons.

Sellier said water savings through customer conservation efforts, combined with other infrastructure and system upgrades, have allowed the district to lower that target. The new goal is to add 6,500 acre-feet of water a year, he said.The new pipeline project will help the district get there, and could lead to even more projects for greater water gains, Sellier said.

About 75% of the Marin Municipal Water District supply comes from the Mount Tamalpais watershed and hills of West Marin. Its seven reservoirs have a combined storage capacity of about 80,000 acre-feet of water. The district serves about 191,000 residents.

The rest of the water comes from the Russian River watershed. Treated water from the river is channeled through an aqueduct along Highway 101 for blending into Marin’s distribution system. Excess water flows into the ocean. Right now, there is no way to capture that water for later use.

Estimated at $168 million, the proposed project would construct a 13-mile, 36-inch pipeline and a pump station to redirect some of that water into the Nicasio Reservoir for storage.

The pipeline could yield 3,800 to 4,750 acre-feet of water a year. If all goes smoothly, the project could be implemented within about four years, Sellier said.

A future phase of the project could construct more pumps and pipeline to connect the Soulajule Reservoir as well. With the second phase, the project would yield a combined total of up to 8,100 acre-feet, according to the district.

At the same time, the district is pursuing a separate project to modify the Nicasio Reservoir. That plan, estimated at about $5 million, involves modifying spillway gates to add 3,000 acre-feet of water storage. The district aims to have that project ready for approval next year.

Additionally, if the pipeline is constructed, it could enable the district to more easily expand the Kent Lake reservoir.

The only way to do the construction, though, is to empty the lake. If a new pipeline were in place, the district would have enough supply to offset the absence of Kent Lake during construction, Sellier said.

The Kent Lake expansion is expected to cost $519 million and yield about 5,000 acre-feet of water a year.

The board's vote does not approve the project, but it signals that it is the priority. The board also directed staff to continue to investigating other supply initiatives that have been studied over the past two years to see what else might be feasible down the line.

The board agreed that the controversial proposal to expand the Soulajule Reservoir, which would result in the loss of farmland and homes in northwestern Marin, should be sidelined because of the impact on the ranching community.

However, Ben Horenstein, the district's general manager, said the option cannot be completely taken off the table because "an elected body can't, by definition, tie the hands of future elected bodies."

Horenstein said the intent is for staff to focus on the other efforts, leaving the prospect of the Soulajule expansion on the back burner.

Ranchers who would be affected by the expansion of the Soulajule Reservoir praised the board for moving forward with the pipeline project. But many expressed concern that the Soulajule project could still be on the table in the future.

"I am impressed with the thoughtfulness that you are all putting into these weighty decisions," said Sally Gale, a rancher. "I have to admit, however, that I am disappointed that you are not able to take Soulajule off your list. I understand that in a water crisis you want to have all your options available, but at the same time I think Soulajule is a different breed of cat."

Gale said an expansion of Kent Lake appears to be more favorable because it wouldn't involve "taking away from the culture of a community and impacting their livelihoods," the way Soulajule would.

Board member Diana Maier said the pipeline project stands out as the most favorable for a few reasons.

"It actually makes increasing local storage more viable," Maier said, referring to the prospect of expanding Kent Lake.

Maier also said that having the additional source of water increases the district's resiliency against the threat of wildfire, and the project wouldn't be possible if the district hadn't increased rates two years ago.

"I think the board smartly put into place realizing that if we wanted to increase water resiliency we needed to get out of debt and generate some funds," she said.

Board member Jed Smith said he and his colleagues Ranjiv Khush and Matt Samson were elected 28 months ago to push the agency to create a water resiliency plan after the community endured drought and the pandemic.

“This solution, it appears to help serve all as best as we possibly can in an affordable manner,” Smith said. “With that said, we’re not done yet.”

More information is at marinwater.org/WaterSupplyResiliency.

MARIN VOICE

MMWD board VP shares resiliency plan

By Jed Smith

Three years ago, drought was declared in our community. Marin Municipal Water District reservoirs dipped to just months of remaining supply.

This sobering memory has been forefront in the minds of each member of the MMWD Board of Directors as we work with district staff to implement a roadmap designed to ensure our supply reliability for future droughts.

Last month, the Marin Water Board voted unanimously to proceed with the design and environmental review for a new pipeline and pumping plant to transport excess winter water flows from Sonoma County's Russian River system to Marin reservoirs — truly a milestone moment.

Our decision follows months of work to analyze and ultimately narrow a list of longer-term water supply options.

The preferred project includes a 36-inch pipeline that would deliver up to 3,800 acre-feet of water annually in its first phase, while a latter phase provides up to 8,100 acre-feet per year. When integrated with other projects identified within our roadmap, it closes a sizable gap in our overall supply needs.

While no project is perfect, there are a number of reasons that make winter water conveyance a big win for everyone:

• It captures excess water flow. This winter water source is not reliant on Sonoma County's stored supply but instead capitalizes on rainfall and excess river flows, which currently stream out to the Pacific Ocean. Historical records show that, even during drought years, there are plentiful water supplies in the Russian River between October and May resulting from winter rainfall — even after accounting for the in-stream water required to support aquatic life.

• It provides regional benefits. It includes the infrastructure needed to capture and move excess water to be stored in Marin Water's reservoirs for later use, adding to the resilience of the North Bay's overall water supply during droughts. Currently, there is no way to transport excess Russian River water to our reservoirs to store for later use. This project would change that.

• It's the best return-on-investment rate. It is the most cost-effective, large-scale project identified. Other potential projects, such as a modest-sized desalination plant or expansion of one of our existing reservoirs, would cost at least three times as much.

• It offers a concise timeline. The system could be operational in a few years. The other large-scale projects that have been under district consideration — desalination and major reservoir expansion — would likely require a decade or more to implement due to project complexities, as well as environmental and permitting requirements.

While there are promising aspects to these projects today, cost, complexity and extended timelines make these good options for continued exploration while the winter water conveyance project could provide the security and time needed to develop these complex, longer-term projects.

• It enables additional supply potential. The conveyance system could augment a future water supply project. As MMWD continues to investigate the feasibility of expanding reservoirs, directors have asked staff to focus that effort on the modifications of existing spillways and possible expansion of Kent Lake.

While we begin the next phase of work on winter water conveyance, it's important to note that supply resiliency is an ongoing team effort. To that end, we also maintain our commitment to building supply by partnering with our customers through robust and innovative water efficiency programs — programs that have already helped reduce projected future annual needs by 2,000 acre-feet.

We will also continue to work through the design and environmental review for a project that will raise the Nicasio Reservoir's spillway and continue improvements within our system that achieve additional water supply gains. Finally, MMWD will continue to monitor desalination advances and cost and pursue outside funding opportunities for recycled water projects that make sense for our service area.

As Marin Water advances efforts on these strategic solutions, we will seek to always look forward, to remain adaptive to changing conditions, and to recognize that when we bind together, we can do amazing things.

To learn more about winter water conveyance and all our supply roadmap efforts, visit bit.ly/3Xm1W9A.

Jed Smith is vice president of the Marin Municipal Water District Board of Directors. His commentary was submitted on behalf of the entire board.

Planning ahead for water

Being proactive is the best planning tool, particularly for a critical lifeline utility like water. The North Marin Water District keeps an ongoing list of needed capital improvements that includes source wells, treatment systems, distribution piping and tanks. Our capital improvement program helps guide us with the resources needed to ensure we have safe, reliable and good-tasting water into the future.

North Marin faces several challenges in West Marin: aging infrastructure (including the treatment system, pipelines, pump stations and two redwood tanks), two bridges carrying our water mains that will be replaced by others (Caltrans and the county), and supply resiliency. We rely on the Lagunitas watershed via wells adjacent to Lagunitas Creek located near the former Coast Guard housing and on the Gallagher ranch north of Point Reyes Station.

The second Gallagher well, completed in 2022, is exceeding its expected performance, but the first well has reached the end of its useful life and needs replacement. The district has developed a comprehensive long-term program that addresses both aging infrastructure and resiliency. It is analyzing ways to fund these projects, including water rate increases.

Please stay informed about the West Marin rate study and planned capital improvement projects for the next 20 years at https://nmwd.com/account/rates/west-marin-rates-2025/. We will be discussing the rate study at the March 18 regular board meeting.

Ken Eichstaedt, Board Member
North Marin Water District
Olema

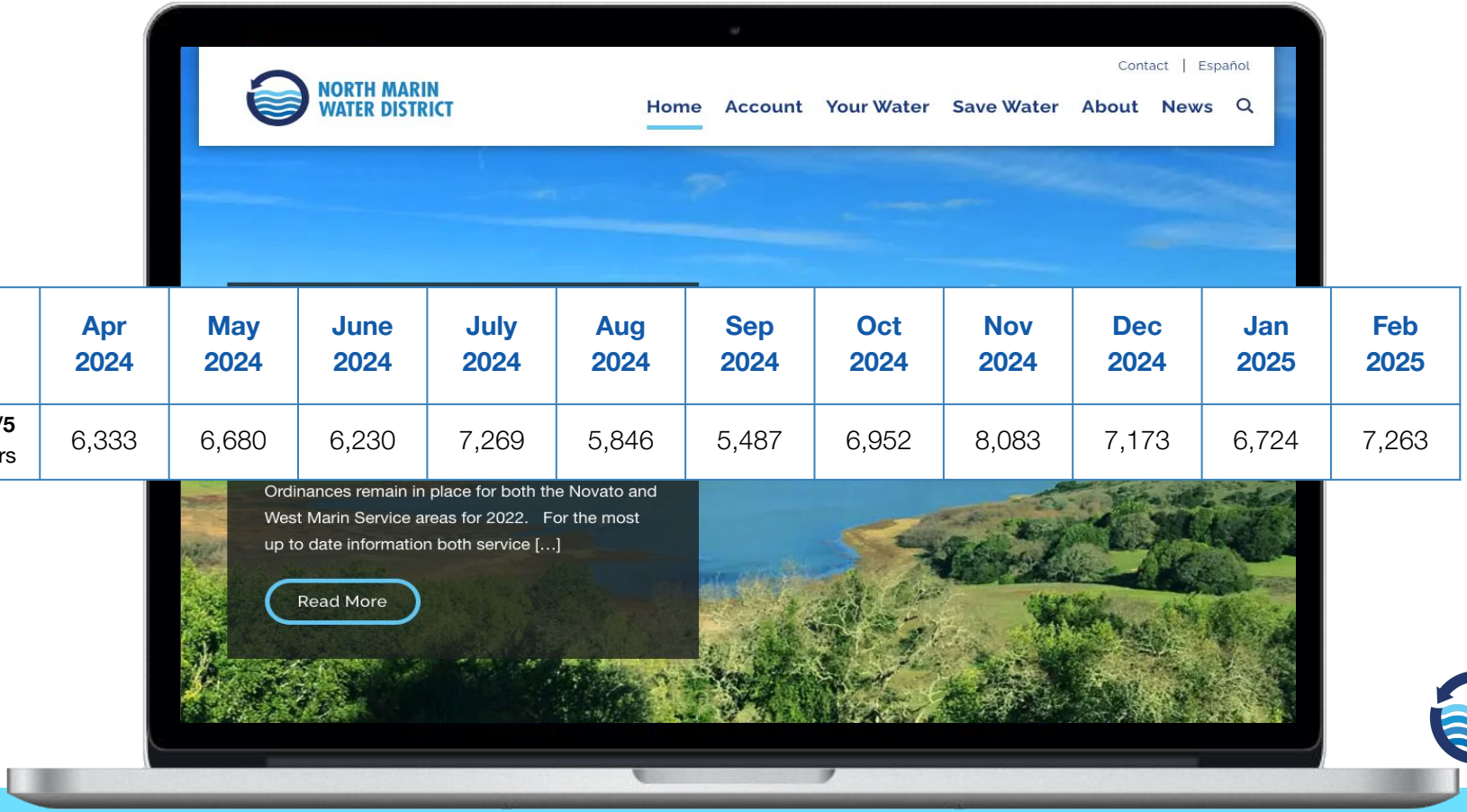
NORTH MARIN
WATER DISTRICT

Web & Social Media Report

February 2025

Website Statistics

	Apr 2024	May 2024	June 2024	July 2024	Aug 2024	Sep 2024	Oct 2024	Nov 2024	Dec 2024	Jan 2025	Feb 2025
2024/5 Visitors	6,333	6,680	6,230	7,269	5,846	5,487	6,952	8,083	7,173	6,724	7,263



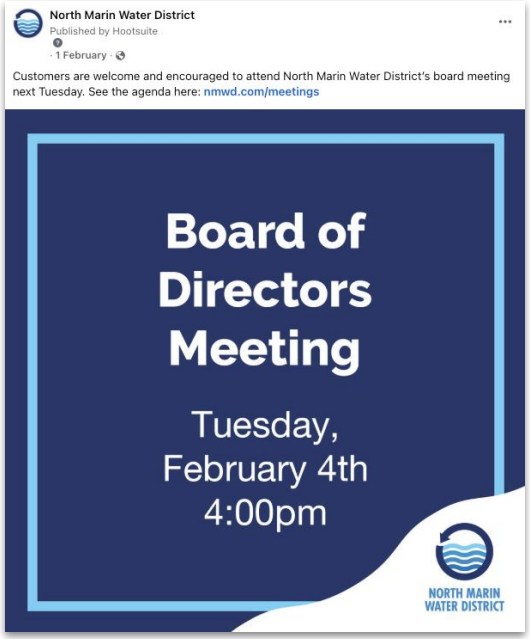
Social Media Followers

	Apr-2024	May-2024	Jun-2024	Jul-2024	Aug-2024	Sep-2024	Oct-2024	Nov-2024	Dec-2024	Jan-2025	Feb-2025
Facebook Followers	2,581	2,606	2,627	2,658	2,671	2,685	2,697	2,712	2,731	2,764	2,785
X (Twitter) Followers	130	132	132	133	131	132	129	124	124	124	121
Instagram Followers	907	914	922	928	937	938	947	954	957	965	977

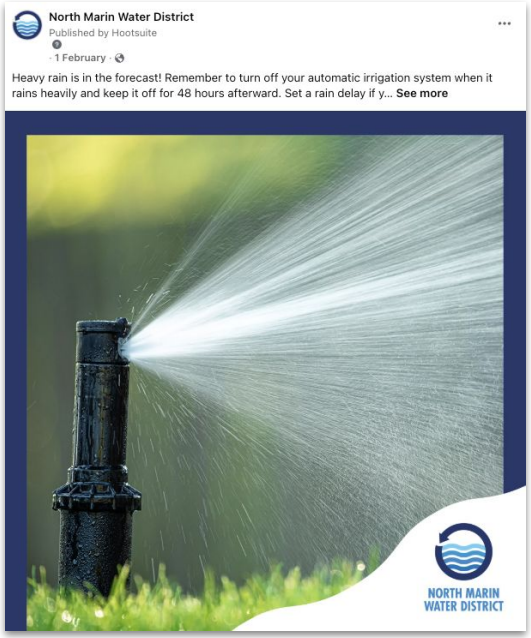
NMWD Most Visited Pages

Pages	Views
Home	3,858
Online Billing	2,614
Weather & Production Statistics	1,849
My Water Usage (WaterSmart Portal)	564
Employment Opportunities	236
What Is An Acre Foot?	211
Contact	206
About	168
Meetings 2025	149

February Social Media Highlights | Facebook



90 people reached | 0 engagement

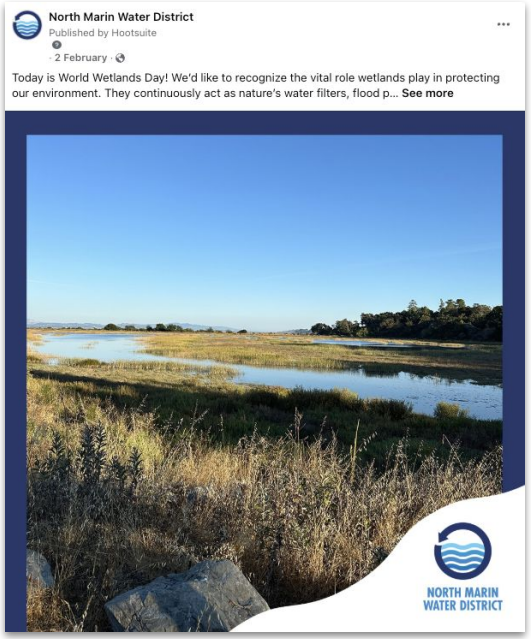


126 people reached | 7 engagements

235 people reached | 20 engagements

Engagements include likes, reactions, clicks and comments

February Social Media Highlights | Facebook



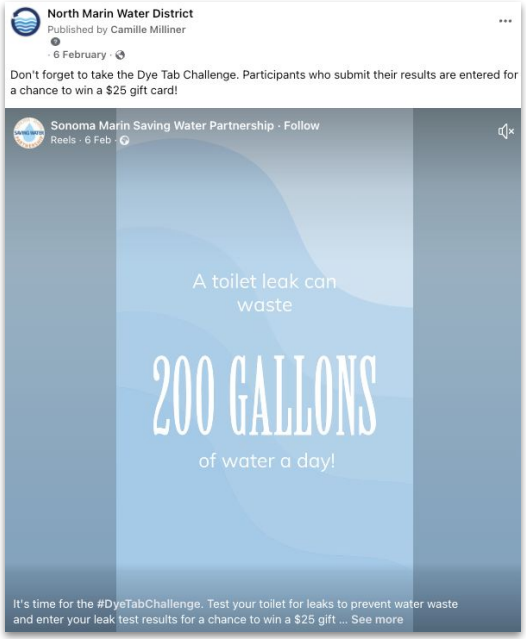
153 people reached | 9 engagements

90 people reached | 1 engagements

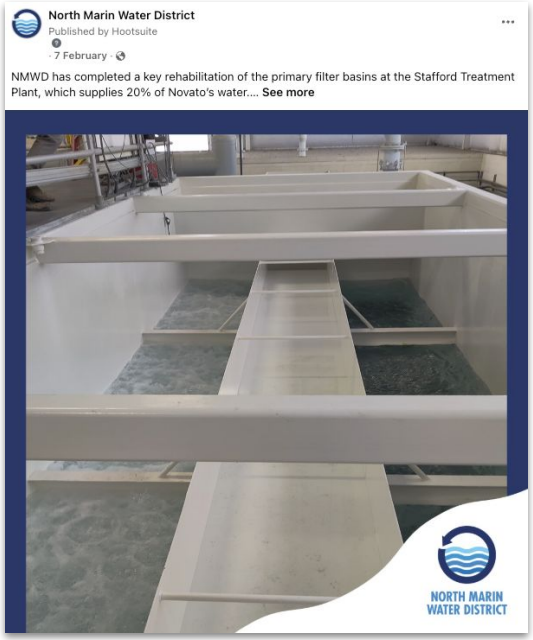
116 people reached | 4 engagements

Engagements include likes, reactions, clicks and comments

February Social Media Highlights | Facebook



51 people reached | 0 engagement



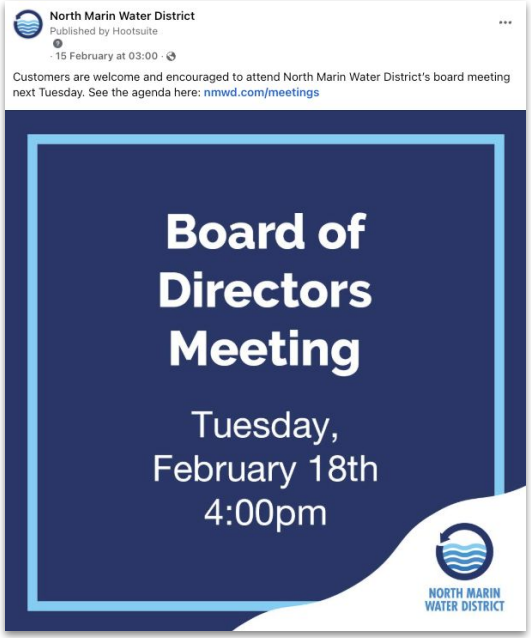
197 people reached | 12 engagements

105 people reached | 2 engagements

Engagements include likes, reactions, clicks and comments

February Social Media Highlights | Facebook

114 people reached | 4 engagements

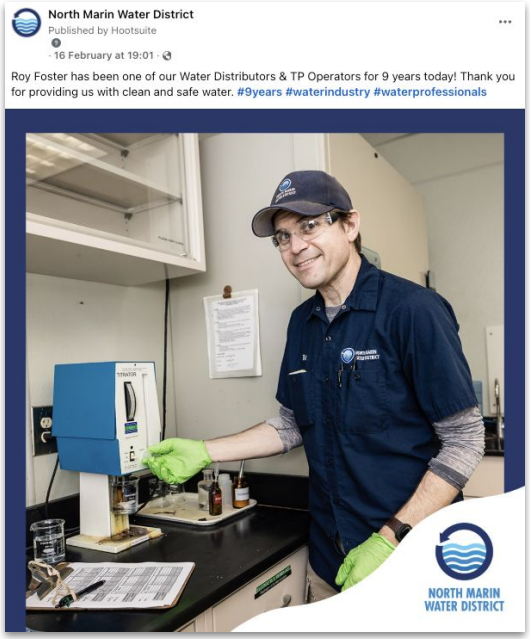


79 people reached | 0 engagement

113 people reached | 1 engagement

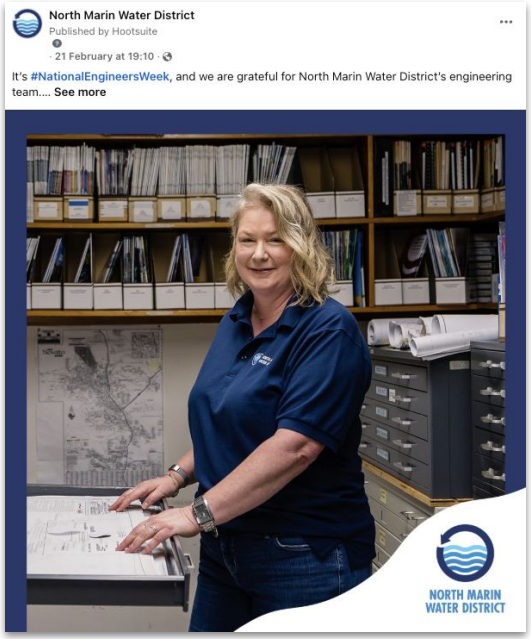
Engagements include likes, reactions, clicks and comments

February Social Media Highlights | Facebook



158 people reached | 8 engagements

209 people reached | 14 engagements



129 people reached | 6 engagements

Engagements include likes, reactions, clicks and comments

February Social Media Highlights | Facebook

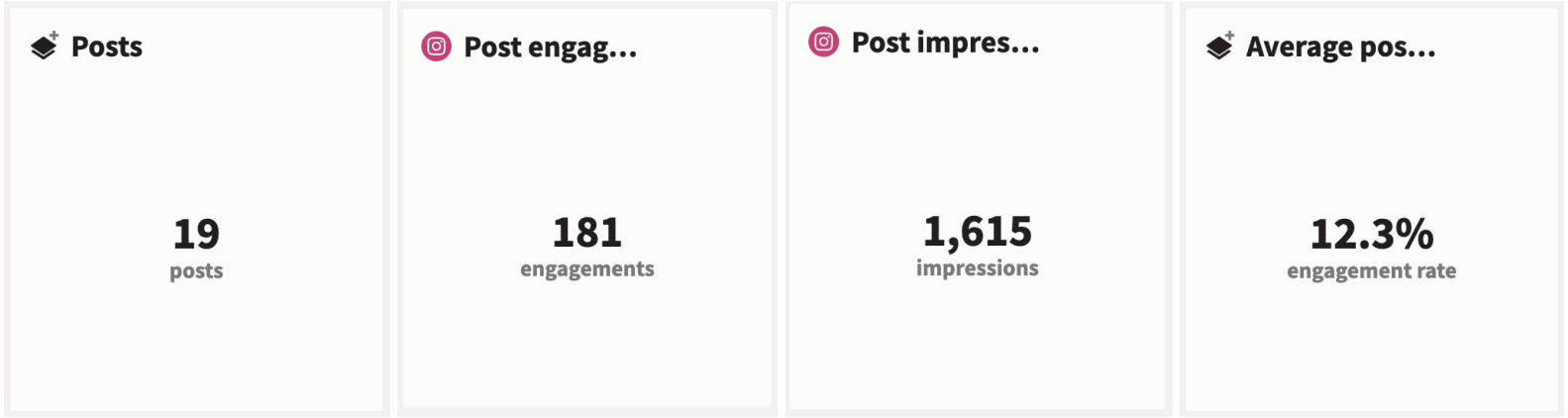
301 people reached | 20 engagements

114 people reached | 4 engagements

167 people reached | 9 engagements

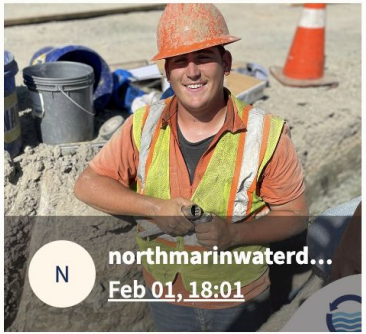
Engagements include likes, reactions, clicks and comments

January Social Media Highlights | Instagram



January Social Media Highlights | Instagram

Top posts

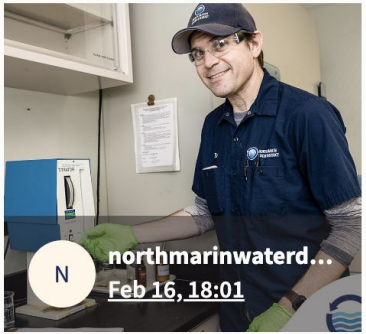


Today, we celebrate Sam Demartini, our Utility Worker 2, for his hard work and commitment to North Marin Water District! Thank you, Sam, for three years of service. #anniversary #3years

21 engagement

NMWD would like to give a shoutout to Chris Kehoe, our Construction and Maintenance Superintendent, for being a part of the team for 17 years today. Way to go, Chris! #waterindustry #waterprofessionals #17years

19 engagement



Roy Foster has been one of our Water Distributors & TP Operators for 9 years today! Thank you for providing us with clean and safe water. #9years #waterindustry #waterprofessionals

18 engagement

January Social Media Highlights | X (Twitter)

Tweets	Post engag...	Post impres...	Post user pr...
18 tweets	1.16% engagement rate	361 impressions	1 click

Top tweets

NMWD would like to give a shoutout to Chris Kehoe, our Construction and

11.76% engagement rate

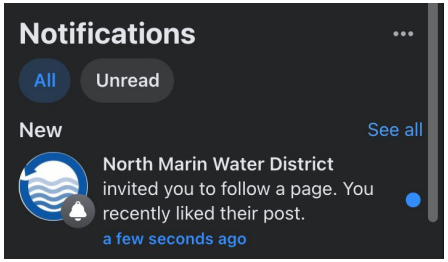
With all this rain Novato is getting, save water by capturing rainwater for reuse.

6.25% engagement rate

Today, we celebrate Sam Demartini, our Utility Worker 2, for their hard work

2.86% engagement rate

Facebook Likes Campaign - February Report



We are running an evergreen ad which encourages customers in the NMWD service areas to 'like' (follow) the NMWD Facebook page. We selected images that have historically performed the best to drive more likes.

Spend in February 2025	**Reach** (Number of people who saw the ad)	**Impressions**	**Results** (New Page Likes)	**Cost Per New Page Like**
$41.49	3,151	6,127	31	$1.34

*This month, we were able to reach over **3k** people with the Likes Campaign*

What's Next?

- Kiosk to continue running a social campaign for the Dye-Tab Challenge and Fix-a-Leak Week in partnership with SMWSP
- Kiosk to continue with a new social campaign on drought tolerant plants featured in the new demonstration garden at the NMWD office
- Kiosk to begin work on an educational social media campaign
- Social media posts will also feature employees on their work anniversaries, as well as highlight rebates and West Marin Rate Study
- Kiosk continues to work with staff to get photos of construction and maintenance projects throughout Novato and West Marin

Thank You

12

CLOSED SESSION ITEM