

During the last Finance Committee Meeting, staff presented a risk-based analysis that indicated a range between \$38 million and \$110 million for the District’s total cash reserves. In addition to reviewing the District’s current fiscal policies, staff has also conducted a review of other comparable water utilities in the Bay Area. While Marin Water’s overall cash balance requirement is comparable to other agencies, there are differences in the underlying fiscal policy language with regard to the definition of the purpose for each reserve fund and the inclusion of both minimum balances and target balances for each reserve fund.

As detailed in Attachment 2, staff recommends that the Board revise Board Policy #46 to better define the purpose of each reserve fund, to refine the minimum balances for each fund, and to establish target balances where appropriate. In addition to revising current reserve balances, staff recommends that the Board establish a new reserve fund for ‘Pension Stabilization’. Although the Board approved a Pension Reserve fund in 2018, the new reserve fund has not previously been formally incorporated in Board Policy #46.

ENVIRONMENTAL REVIEW: Not applicable.

FISCAL IMPACT: There is no immediate fiscal impact as a result of the recommended revisions to the Reserve Policy. The recommended policy revisions will result in a minimum reserve balance of \$53.7 million and a target balance of \$81.2 million.

ATTACHMENT(S):

- 1) Existing Board Policy #46
- 2) Recommended Revisions to Board Policy #46 (redline)
- 3) Recommended Revisions to Board Policy #46 (clean)

DEPARTMENT OR DIVISION	DIVISION MANAGER	APPROVED
Administrative Services Division		
	<p align="center">Bret Uppendahl Finance Director</p>	<p align="center">Ben Horenstein General Manager</p>