



# STAFF REPORT

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**Meeting Type:** Board of Directors  
**Title:** Water Supply Agreement with Sonoma Water  
**From:** Paul Sellier, Director of Water Resources  
**Through:** Ben Horenstein, General Manager  
**Meeting Date:** August 19, 2025

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**TYPE OF ITEM:**        X        Action                    Information

**RECOMMENDATION:** Approve the *Amended and Restated Water Supply Agreement by and between The Marin Municipal Water District and Sonoma County Water Agency* for fifteen-year term expiring June 30, 2040

**SUMMARY:** The District currently obtains wholesale water supplies from Sonoma Water pursuant to the 2015 Renewal of the *Third Amended Offpeak Water Supply Agreement and the Amended Agreement for the Sale of Water between the Sonoma County Water Agency and Marin Municipal Water District* (2015 Renewal Agreement). The 2015 Renewal Agreement took effect July 1, 2015, with a ten-year term that expired on June 30, 2025. At the June 3, 2025 Board of Directors meeting, staff received authorization for a 6-month extension of the existing agreement to allow the District to complete and execute a revised agreement later this year.

The District and Sonoma Water staff have prepared the *Amended and Restated Water Supply Agreement by and between The Marin Municipal Water District and Sonoma County Water Agency* (Water Supply Agreement) in order to consolidate, amend, and extend the 2015 Renewal Agreement with a proposed 15-year term expiring in 2040. The intent of this Water Supply Agreement is to provide a single agreement consolidating the terms of the 2015 Renewal Agreement and its Exhibits, eliminating or changing certain provisions of the 2015 Renewal Agreement that do not serve either party's interests under current conditions and extending the term for a period of 15 years through June 30, 2040. The proposed Water Supply Agreement, given the changes to certain provisions, is subject to approval by the Water Advisory Council (WAC) and was considered and approved at the August 4, 2025 Water Advisory Council (WAC) meeting. Some of the changes, such as the simplified delivery caps, support the District's Atmospheric Capture Project. Staff recommends the Board approve the proposed Water Supply Agreement.

**DISCUSSION:** Since 1975, the District has entered into a series of contracts to import wholesale water supplies from the Sonoma County Water Agency (Sonoma Water). In a typical year, approximately 20 percent of the District's potable water supply is purchased from Sonoma Water. The District and

Sonoma Water staff have jointly prepared the *Amended and Restated Water Supply Agreement by and between The Marin Municipal Water District and Sonoma County Water Agency* (Water Supply Agreement) which consolidates, amends, and restates the 2015 Renewal Agreement with a proposed 15-year term expiring in 2040. The Draft Agreement pulls forward most of the provisions of the 2015 Renewal Agreement, including further renewal upon request of the District, with the exception of the following key provisions, which are new or revised:

- **Capital investment:** The District will provide twelve million five hundred thousand (\$12,500,000) for regional water resiliency projects.
- **Addition of a roll over provision:** In cases where Sonoma Water is unable to deliver the 5,300 acre feet of minimum take-or-pay water in any given year, the proposed Water Supply Agreement would allow the District to pay for any remaining undelivered balance and take that balance in the following fiscal year, subject to availability;
- **Elimination of the ramp-up/ramp-down provision:** Existing provision that limited the District's water purchases based on prior year water purchase amounts has been eliminated;
- **Simplified Delivery Caps:** The proposed Water Supply Agreement provides a simplification and revision to the previous delivery caps, eliminating seasonal acre foot limitations;
- **Infrastructure Planning Shift:** The proposed Water Supply Agreement eliminates provisions regarding a new segment of aqueduct parallel to the Petaluma line, but instead includes mention of the District's consideration of a new aqueduct from the North Marin Aqueduct to Nicasio and/or Soulajule Reservoirs;
- **Extended Agreement Term:** The term of the proposed Water Supply Agreement would run for fifteen (15) years through June 30, 2040, as opposed to the ten (10) year term of the 2015 Renewal Agreement; and
- **Participation in Future Planning Discussions:** the proposed Water Supply Agreement includes Sonoma Water's statement of support for Marin Water's participation in discussions regarding the extension or renewal of the 2006 Restructured Agreement, which expires June 30, 2040.

The 14,300 acre feet per year (AFY) water quantity remains unchanged, the 5,300 AFY annual minimum take-or-pay amount also remains unchanged, and the transmission system capacity requirements and water shortage allocation approaches remain unchanged. Overall the Amended and Restated Agreement simplifies the terms for future water managers, supports winter water projects such as ARC, secures an important water supply for the District and supports the District's continued partnership with Sonoma Water and their other water contractors.



**ENVIRONMENTAL REVIEW:** In June 1980, Sonoma Water certified its final environmental impact report on Proposed Amendments of Permits on Applications 12919A, 15736, 15737 and 19351. In July 1984, Sonoma Water certified its supplemental environmental impact report covering Proposed Coordinated Use of the Water Supply of Lake Mendocino and Lake Sonoma, Russian River Project. On November 14, 1990, the District certified its Water Supply Plan Program Final Environmental Impact Report. On September 24, 1991, the District certified its Water Supply Project Final Environmental Impact Report. These reports together satisfy the requirements of the California Environmental Quality Act (Pub. Res. Code § 21000, et seq.) for ongoing water sales pursuant to this proposed Water Supply Agreement.

**FISCAL IMPACT:** The District will make a one-time \$12,500,000 payment to Sonoma Water -- \$9,000,000 will fund regional water resiliency projects in the Russian River watershed and \$3,500,000

will support Sonoma Water’s efforts to improve winter water delivery capacity. Funding for this payment is available in the District’s Undesignated Operating Reserve Fund. The Board’s approval of this one-time payment will utilize reserve funds to increase Operating Fund budget appropriations by \$12,500,000 in FY 2025-26.

**ATTACHMENT(S):**

1. Proposed Amended and Restated Water Supply Agreement by and between The Marin Municipal Water District and Sonoma County Water Agency
2. 2015 Renewal Agreement
3. Memorandum Summarizing Differences between 2015 Renewal and Proposed Amended and Restated Water Supply Agreement

| DEPARTMENT OR DIVISION | DIVISION MANAGER  | APPROVED   |
|------------------------|---|--|
| Water Resources        | <br>Paul Sellier<br>Water Resources Director | <br>Ben Horenstein<br>General Manager |