



**NORTH MARIN
WATER DISTRICT**

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August 20, 2026

The Honorable Judge Stephen Freccero
Marin County Superior Court
P.O. Box 4988
San Rafael, CA 94913-4988
Emailed to: departmentb@marin.courts.ca.gov

Massey Bambara, Foreperson
Marin County Civil Grand Jury
3501 Civic Center Drive, Room #275
San Rafael, CA 94903
Emailed (only) to: grandjury@marincounty.org

Re: NMWD Response to Marin County Civil Grand Jury Report: *Better Service at Lower Cost – Optimizing Essential Services for the Future of Marin, June 11, 2026*

Dear Honorable Judge Freccero and Foreperson Bambara:

Per your request, North Marin Water District (NMWD) is providing responses to the seven (7) Findings and the nine (9) Recommendations in the Marin Civil Grand Jury Report entitled: *Better Service at Lower Cost – Optimizing Essential Services for the Future of Marin, June 11, 2026*. Draft responses were included in the Agenda for NMWD Board of Directors meeting held on July 21, 2026; and the final responses were reviewed and approved by the NMWD Board of Directors at the August 18, 2026 Regular Meeting. The required response form is provided as Attachment 1. The associated detailed responses (statements and explanations) are presented in a stand-alone document as Attachment 2.

Sincerely,

Anthony Williams, P.E.
General Manager

Attachment:

1. Grand Jury Response Form completed
2. NMWD Responses to Findings and Recommendations

cc: Ken Eichstaedt, NMWD Board President
Craig Judson, Bold Polisner, Maddow, Nelson & Judson

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Response to Grand Jury Report

Report Title: Better Service at a Lower Cost: Optimizing Essential Services for the Future of Marin

Respondent/Agency Name: North Marin Water District

Your Name: Tony Williams

Title: General Manager

FINDINGS

- I (we) agree with the findings numbered: _____
- I (we) disagree *partially* with the findings numbered: F1, F2, F3, F4, F5, F7
- I (we) disagree *wholly* with the findings numbered: F6

(Attach a statement specifying any portions of the findings that are disputed; include an explanation of the reasons therefor.)

RECOMMENDATIONS

- Recommendations numbered R7, R9 have been implemented.
(Attach a summary describing the implemented actions.)
- Recommendations numbered R1 have not yet been implemented, but will be implemented in the future.
(Attach a timeframe for the implementation.)
- Recommendations numbered R2, R5, R6, R8 require further analysis.
(Attach an explanation and the scope and parameters of an analysis or study, and a timeframe for the matter to be prepared for discussion by the officer or director of the agency or department being investigated or reviewed, including the governing body of the public agency when applicable. This timeframe shall not exceed six months from the date of publication of the grand jury report.)
- Recommendations numbered R3, R4 will not be implemented because they are not warranted or are not reasonable.
(Attach an explanation.)

Date: 8/20/26

Signed: _____

Number of pages attached: 7 (Statements and Explanations)



Responses to Findings and Recommendations

Marin Civil Grand Jury Report

Better Service at a Lower Cost: Optimizing Essential Services for the Future of Marin, June 11, 2026 ("Report")

Report Findings

F1. The current fragmented structure of special districts results in unnecessary duplication of administrative services and operational inefficiencies.

Response: Disagree partially with the finding.

Statement: NMWD acknowledges there is a level of administrative duplication across the various special districts. However, NMWD is not intimately knowledgeable of the operations and administrative needs and challenges of other districts. It may be too simplistic to view these services as equal or consistent across all the various agencies with different purposes, missions and services. Many agencies, including NMWD, rely effectively on 3rd parties to provide all or some of these services. Conversely, NMWD currently provides various services to other agencies in Marin including the County of Marin, Novato Sanitary District (NSD), Stinson Beach Water District, and Marin Municipal Water District (MMWD). In addition, NMWD collaborates with its regional water partners in Marin and Sonoma Counties and has cooperative agreements in place with Sonoma County Water Agency (SCWA), NSD, Inverness Public Utility District, City of Novato, Novato Fire Protection District, Novato Unified School District, and MMWD. Annually, NMWD coordinates closely with NSD and provides water consumption data for use in calculating sewer service charges.

Other examples of collaborative efforts include NMWD's participation on two regional "special district forums," one for Finance and one for Human Resources. NMWD is an active member of the regional Water Leadership Group, under the leadership of the East Bay Municipal Utility District, which focuses on risk management. NMWD is also a member of the Wine Country Water Works Association (WCWWA), and a NMWD staff member serves as a Director. WCWWA provides training opportunities and water industry networking.

Hypothetically, if all 50 special districts didn't exist and instead were part of a single large governmental entity, multiple layers and extensive sizes of various internal "support" departments/organizations providing functional services would still be needed and potentially at equivalent staffing levels and with compartmentalization of expertise that may be no different than the cumulative total of the individual special districts.

NMWD acknowledges that opportunities may exist to share certain common functions with other agencies and is open to exploring those opportunities at its own discretion.

F2. Some districts perform competently but lack sufficient scale to support long-term strategic investment in infrastructure, technology, staffing, and resilience.

Response: Disagree partially with the finding.

Statement: NMWD could not find any data or information in the Report to substantiate the finding, and NMWD is not intimately knowledgeable of other small district operations to verify the validity of this finding. The cost and replacement of aging infrastructure is a nationwide crisis which can have nothing to do with the size of the public agency tasked with managing that infrastructure¹. Many large water agencies in California are responsible for a significant amount of aging infrastructure and face limitations on the rate and quantity of necessary repairs or replacements despite significant revenue and resources.

NMWD acknowledges that smaller agencies are likely to struggle with these factors and consolidation likely will not solve these issues. NMWD manages its West Marin Water enterprise serving approximately 1800 residents, which is separate and physically disconnected from its larger Novato Water enterprise. The West Marin Water enterprise, due to its size and physical isolation, does not have the revenue to address various needs of the system but also does not necessarily benefit from being part of the larger NMWD organization. This is primarily due to California laws that prevent subsidizing those needs through other customers that do not benefit (e.g., NMWD revenue from Novato customers subsidizing West Marin needs)². So, the needs of the West Marin enterprise still must be balanced by the revenue generated from the smaller customer base. Regardless of the overall size of a special district, maintaining a high level of resiliency is incredibly challenging based on factors such as climate change, inherent natural hazards, and aging infrastructure.

Implementing new technologies come with additional costs and the need for specialized personnel or 3rd parties to ensure the technology functions consistently. The costs of new technologies must not alter or change revenue generation needs for ongoing maintenance and capital expenditures. If the same technology serves multiple agencies in the same way, then there can be benefits in sharing these services if there is an equitable process in place to ensure equal priority for addressing problems or issues.

F3. Smaller districts are disproportionately vulnerable to staffing disruptions and catastrophic events that could rapidly impair service delivery.

Response: Disagree partially with the finding.

Statement: NMWD could not find any data or information in the Report to substantiate the finding. Intuitively, the fewer number of employees that an organization has the less redundancy exists in specific roles or functions, but that relationship does not necessarily directly equate to the outcome that the finding suggests. However, NMWD is not intimately knowledgeable of the operations and administrative needs and challenges of other districts. There are strategies and best practices that can be implemented to better respond to those events. Regardless of size, the cost of living and competition from other market sectors have impacts on staffing in all agencies in Marin (and elsewhere).

NMWD along with many water providers and wastewater agencies in California is a member of the California Water/Wastewater Agency Response Network (CalWARN). This membership

¹ <https://infrastructurereportcard.org/> and <https://www.awwa.org/beyond-the-replacement-era/>

² https://www.waterboards.ca.gov/drought/pricing/docs/csda_guide_proposition_218.pdf and <https://bbkllaw.com/resources/la-121025-good-news-for-tiered-rates-court-upholds-ladwp-s-budget-based-tiered-water-rates>

allows for collaboration among regional agencies for catastrophic events, emergency preparedness, disaster response, and mutual assistance. NMWD actively participates in the Marin County Operational Area emergency coordination through the Office of Emergency Management. In addition, NMWD is part of the Emergency Coordination Committee, led by Sonoma Water, to ensure regional reliability and resilience of the water transmission systems in Marin and Sonoma counties.

F4. Although consolidation is a popular idea among many elected board members, current governance structures, absence of board member term limits, and fear of loss of political influence discourage boards and administrators from initiating consolidation even when they recognize its benefits.

Response: Disagree partially with the finding.

Statement: NMWD could not find any data or information in the Report to substantiate this finding. The NMWD Board of Directors did not agree that NMWD's current governance structure, the absence of director term limits nor fear of loss of political influence discourages the NMWD Board or another special district board from discussing, reviewing and potentially initiating consolidation.

F5. Service and pricing inequities currently exist across Marin and may increase if consolidation and functional collaboration do not accelerate.

Response: Disagree partially with the finding.

Statement: NMWD could not find anything in the Report to substantiate this finding other than a limited comparison of sewer service charges and water rates between NMWD and MMWD. There are many variables that affect actual rates for services provided, including geographic, demographic, and environmental factors that are not necessarily eliminated by consolidation. Many agencies receive other sources of revenue such as ad valorem property taxes, or property lease revenues in addition to "rate revenue" which was the only type of revenue highlighted in the report. In many instances only one element of a special district's revenue, such a sewer service charge, is used to compare similar charges from other agencies which can be misleading. See NMWD statement for F2 above for additional information.

F6. Performance metrics for essential, mission-specific services exist but they are not readily available and standardized, which prevents meaningful public comparison of district effectiveness and undermines accountability.

Response: Disagree wholly with the finding.

NMWD Response: NMWD's key mission is to provide drinking water to its customers and complies with various state and federal regulatory requirements specific to potable water. These requirements include compliance with certain metrics and associated performance indicators which have no application to another special district that provides a different service. There are numerous state laws (and associated court cases) as well as industry standards and methods³ related to the setting and establishment of water and sewer rates and fees that do not apply to other types of services offered by other special districts. Attempting to standardize NMWD's

³ Primarily this refers to the American Water Works Association (AWWA): <https://www.awwa.org/standards/>. The California Water Code includes extensive requirements for water providers including financial and operations management.

requirements and associated performance with a fire protection agency, for example, is not beneficial to the public and would prove exceedingly difficult. Therefore, NMWD disagrees with the finding.

F7. Without proactive reform, future consolidations are more likely to occur through crisis-driven intervention, resulting in greater disruption and higher costs.

Response: Disagree partially with the finding.

NMWD Response: NMWD could not find anything in the Report to substantiate this finding. NMWD Staff and the Board of Directors are always open to consolidation discussions and evaluations that have defined benefits to its existing customers.

Report Recommendations

R1. By January 1, 2027, all special district boards should have conducted their first semi-annual consolidation exploration meeting with similar districts and will have established a regular meeting schedule moving forward.

Status: Will be implemented in the future.

Explanation: Two working days after the Report was released, the NMWD Board of Directors approved the NMWD Fiscal Year 2026-2027 work plan and associated budget. The January 1, 2027 deadline for this recommendation does not align with the approved NMWD fiscal year budget and associated work plan actions and priorities. However, the NMWD 2025-2030 Strategic Plan includes an action to "explore shared resources opportunities and alternative models" under Strategic Goal 2, Foster Organizational Excellence. NMWD is willing to include a consolidation exploration as key part of that planned action. However, the target for this effort is 2029, which is also misaligned with the recommendation's time limit.

In May 2025, the Board of Directors of MMWD and NMWD agreed to form a "Board-to-Board" Ad Hoc Committee to meet periodically and discuss, among other topics, ways to collaborate and potentially share services. A series of Committee meetings were held in 2025, followed by a series of meetings among senior staff related to MMWD's water supply planning efforts. In 2026, potential collaboration discussions between the two agencies have been primarily focused on a specific major capital project undertaken by MMWD. The Board-to-Board Ad Hoc Committee would be the initial starting point in a broader process that can align with this recommendation. NMWD does not see the necessity or value in a regular semi-annual meeting for consolidation discussions.

Currently there are several areas where MMWD and NMWD collaborate. These include the following:

- Water Conservation programs and practices and related messaging and joint campaigns, including social media messaging;
- Participation in a Technical Advisory Committee (staff level) and Water Advisory Committee (Board member level) with the regional water wholesaler, Sonoma Water;
- Routine coordination of operations of the North Marin Aqueduct and the Kastania Pump Station;
- Participation in the North Bay Watershed Association;

- Participation in the North Bay Water Reuse Authority;
- Participation in the Sonoma-Marín Saving Water Partnership;
- Partnerships with Las Gallinas Valley Sanitary District for recycled water production;
- Sharing of resources for specific events, including unplanned events such as emergencies (e.g., 2023 landslide in north Novato);
- Periodic exchange of information between Engineering departments related to capital project execution;
- Collaboration on stream flow data collection in Lagunitas Creek (joint agreement with United States Geological Survey, USGS) and sharing of related stream data for water management needs.

In summary, a more reasonable time limit for this recommendation is **by January 1, 2029**. The Board-to-Board Ad Hoc Committee described above would be the initial starting point in a broader process that can align with this recommendation but NMWD does not see the necessity or value in a regular semi-annual meeting for consolidation discussions nor reporting any outcomes to the Board of Supervisors.

R2. By October 1, 2026, the Board of Supervisors should direct the development of comprehensive, cost-efficient shared services (such as IT, legal, finance, HR/payroll, harmonized compensation/benefits package, insurance) for special districts to optimize expenses and secure a Marin-wide acceptable quality standard. First limited-service offerings are encouraged to be made available by January 1, 2027.

Status: Requires further analysis.

Explanation: This recommendation appears to be directed to the County specifically and therefore there is no formal response from NMWD provided. NMWD is willing to consider shared services offered by the County if strategically beneficial to NMWD.

R3. By January 31, 2027, with the assistance of the County, all districts should develop and publish on their website standardized, comparable Key Performance Indicators (KPIs) with regard to service pricing, finance, staffing, operations, and customer satisfaction.

Status: Will not be implemented.

Explanation: NMWD's key mission is to provide drinking water to its customers and complies with various state and federal regulatory requirements specific to potable water. These requirements include compliance with certain metrics and associated performance indicators which have no application to another special district that provides a different service. There are numerous state laws (and associated court cases) as well as industry methods and standards related to the setting and establishment of water and sewer rates and fees that do not apply to other types of services offered by other special districts. Attempting to standardize NMWD's requirements and associated performance with a fire protection agency, for example, is not beneficial to the public and would prove exceedingly difficult.

Regarding staffing performance indicators, California State Assembly Bill 2561 was signed into law in 2025 under Government Code Section 3502.3c. NMWD complies with this new law and holds a public hearing each year (either in May or June) to present the status of vacancies,

recruitments and retention efforts. Creating a new KPI related to “staffing” would be redundant and require additional effort by NMWD. See item #5: <https://nmwd.com/wp-content/uploads/2026/06/061626.pdf>

Therefore, NMWD will not implement this recommendation.

R4. By January 31, 2027, each district should publicly update findings and progress regarding consolidation opportunities, and share those findings with the Board of Supervisors and the public on a semi-annual basis.

Status: Will not be implemented.

Explanation: As noted in the response to R1 above, NMWD believes a January 1, 2029 milestone for reviewing consolidation opportunities is more appropriate and will plan to make any analysis and outcomes available to the public. NMWD does not feel that the frequency (semi-annual) is appropriate for on-going review of consolidation opportunities. In addition, NMWD feels that the County Board of Supervisors should not be involved in the direct reporting actions but instead recommends Marin LAFCo. NMWD is receptive to cost-efficient shared services (such as IT, legal, finance, HR/payroll, insurance) that the County is willing to offer that would strategically align with NMWD’s mission and provide a benefit to NMWD.

R5. By January 31, 2027, the Board of Supervisors should oversee compliance with R1–R4 and update the public on the districts’ performance.

Status: Requires further analysis.

Explanation: This recommendation appears to be directed to the County specifically. NMWD does not agree with this approach. See NMWD responses to R3 and R4 for more information.

R6. By October 1, 2026, in the process of implementing R1 and R2, districts should prioritize functional consolidation in operations, procurement, training, and administration as a precursor to formal consolidation.

Status: Requires further analysis.

Explanation: Two working days after the Report was released, the NMWD Board of Directors approved the NMWD Fiscal Year 2026-2027 work plan and associated budget. The October 1, 2026 deadline for this recommendation does not align with the approved NMWD fiscal year plan and associated actions and priorities and would have a negative impact on NMWD’s mission. NMWD’s response to R1 is applicable to this recommendation as well.

NMWD is willing to set a target date of **January 1, 2029** to review functional collaboration opportunities. As noted in the response to R1, this process would begin with the existing Ad Hoc Committee between the two water agencies.

R7. By October 1, 2026, the district’s board compensation, benefits, length of service, date of term end, and expenses related to board work should be clearly and prominently posted on each district’s website and updated annually.

Status: Previously implemented.

Explanation: NMWD Board member information is currently provided on the website: <https://nmwd.com/about/board-of-directors/>

R8. By June 1, 2027, special districts should adopt term limits of two consecutive four-year terms for all board members. Staggered implementation of term limits to avoid disruptions is encouraged.

Status: Requires further analysis.

Explanation: The California Water Code, which establishes the governance, organization and requirements for NMWD, does not include term limits for Board members. Very few of the close to 500 city governments in California have term limits. The Marin County Board of Supervisors does not have a term limit policy. A NMWD Board member must comply with a fair and open election process as their term near expiration. The election process allows for an eligible member of the public to run against an incumbent which serves the same effect as a term limit. Institutional knowledge and experience of board members are beneficial to the mission of many special districts.

R9. By June 1, 2027, board compensation structures should be reviewed across districts, and considered for adjustment. All components of board compensation should be posted on their website (see best practice example in Appendix B).

Status: Previously implemented.

Explanation: The NMWD Board member compensation is set by the California Water Code, with additional requirements by the California Government Code. NMWD subsequently established a formal policy in line with those requirements. A copy of the policy is available on NMWD's website. Additionally, NMWD already posts annual compensation for its Board members.

- Board Policy (compensation): <https://nmwd.com/wp-content/uploads/2025/11/13-Directors-Compensation-and-Procedures.pdf>
- Actual Board compensation (updated annually): <https://nmwd.com/wp-content/uploads/2026/01/Annual-Report-on-Board-Compensation-2025.pdf>