



SUMMARY REPORT

Agenda Date: 10/14/2025

To: Board of Directors, Sonoma County Water Agency

Department or Agency Name(s): Sonoma County Water Agency

Staff Name and Phone Number: Grant Davis 707-547-1911, Don Seymour 707-547-1925

Vote Requirement: 4/5th

Supervisory District(s): All

Title:

Amended and Restated Water Supply Agreement with Marin Municipal Water District

Recommended Action:

- A) Authorize the Chair to execute the Amended and Restated Water Supply Agreement by and between Marin Municipal Water District and Sonoma County Water Agency.
- B) Adopt a Resolution of the Board Of Directors of the Sonoma County Water Agency Authorizing Adjustments to the Board-Adopted Budget for Fiscal Year 2025-2026 in the amount of \$12.5 million in Revenue from Marin Municipal Water District for Regional Water Resiliency Projects. (4/5th Vote Required)

Executive Summary:

This item would approve and authorize the Chair to execute a fifteen-year renewal of Sonoma County Water Agency's (Sonoma Water's) existing water supply agreement with Marin Municipal Water District (MMWD) and provide appropriations to receive \$12.5 million in revenue from MMWD for Regional Water Resiliency Projects.

Discussion:

HISTORY OF ITEM/BACKGROUND

On July 3, 1975, Sonoma Water and MMWD entered into an agreement entitled "Off-peak Water Supply Agreement," which provides for Sonoma Water to deliver up to 4,300-acre feet of water per fiscal year, subject to specified terms and conditions. The Off-peak Water Supply Agreement was amended on August 28, 1984, May 3, 1988, and January 25, 1995.

On October 22, 1991, Sonoma Water and MMWD entered into an agreement entitled the "Agreement for Sale of Water between the Sonoma County Water Agency and the Marin Municipal Water District" for the delivery of up to 10,000-acre feet of water per fiscal year from Sonoma Water to MMWD, under prescribed terms and conditions.

On January 25, 1996, Sonoma Water and MMWD entered into the "Amended and Restated Water Supply Agreement by and between the Marin Municipal Water District and the Sonoma County Water Agency," which amended and incorporated the "Third Off-peak Water Supply Agreement" and the "Amended Agreement for Sale of Water between the Sonoma County Water Agency and the Marin Municipal Water District" as exhibits thereto. The Amended and Restated Water Supply Agreement by and between the Marin Municipal Water

District and the Sonoma County Water Agency was renewed and extended pursuant to the “Renewal of the Third Amended Off-peak Water Supply Agreement and the Amended Agreement for the Sale of Water between the Sonoma County Water Agency and Marin Municipal Water District” effective July 1, 2015, through June 30, 2025.

Due to the passage of time and changes in circumstances, the Off-peak Agreement and the Water Sale Agreement contain provisions that are no longer relevant and impose obligations and procedures on MMWD and Sonoma Water that are no longer necessary and provide undue burden to the Parties. These provision include:

- **Simplified Delivery Caps** Seasonal acre-foot delivery caps would be eliminated. In their place, updated daily delivery limits-aligned with the 2006 Restructured Agreement-would be established. Marin Water’s maximum annual delivery of 14,300 acre-feet (AFY) and its 5,300 AFY minimum take-or-pay volume remain unchanged.
- **Elimination of Ramp-Up/Ramp-Down Provisions** The mechanism that adjusts future-year deliveries based on prior-year amounts would be removed.
- **Addition of a Roll-Over Provision** In cases where Sonoma Water is unable to deliver the full minimum take-or-pay volume due to emergencies or other factors beyond its control, Marin Water would be allowed to receive the undelivered portion in the following fiscal year, subject to availability. This maintains the 5,300 AFY take-or-pay requirement while introducing operational flexibility.
- **Infrastructure Planning Shift** The Draft Agreement removes prior references to constructing a parallel aqueduct along the Petaluma Aqueduct corridor. Instead, it acknowledges Marin Water’s exploration of a new pipeline from the North Marin Aqueduct to the Nicasio and/or Soulajule Reservoirs, supporting long-term “winter water” storage objectives.
- **Extended Agreement Term** The Draft Agreement would establish a 15-year term, aligning with expiration of the 2006 Restructured Agreement
- **Participation in Future Planning Discussions** Although Marin Water is not a prime contractor under the 2006 Restructured Agreement, the Draft Agreement includes a statement of support from Sonoma Water for Marin Water’s participation in future discussions regarding the renewal or extension of that agreement. Final participation would still require unanimous approval by all parties to the 2006 Agreement.

MMWD and Sonoma Water wish to update the agreements and consolidate them into one document for ease of use. On June 3, 2025, Sonoma Water’s General Manager was authorized to extend the term of the Fourth Amended Off-Peak Water Supply Agreement and the Second Amended Agreement for the Sale of Water between the Sonoma County Water Agency and the Marin Municipal Water District by one year for new end dates of December 31, 2025, with no other changes in order to finalize the proposed long-term extension. This “Amended and Restated Water Supply Agreement by and between Marin Municipal Water District and Sonoma County Water Agency” will replace all prior water sales agreements between Sonoma Water and MMWD, including the 2015 Renewal Agreement.

The updated agreement also includes a one-time lump sum payment from MMWD in the amount of \$12,500,000 to fund future Regional Water Resiliency Projects. Per the terms of the agreement, \$9,000,000 will be used by Sonoma Water for projects to enhance water resiliency within the Russian River System. The remaining portion, \$3,500,000, will be used by Sonoma Water for projects to enhance Sonoma Water's ability to deliver winter water. Staff will return to the Board when eligible projects have been identified for consideration.

The MMWD Board approved the "Amended and Restated Water Supply Agreement" on August 19, 2025.

Strategic Plan:

N/A

Sonoma Water Strategic Plan Alignment:

This item directly supports Sonoma Water's Strategic Plan and is aligned with the following goal, strategy, and action item.

Goal: 2. Planning and Infrastructure - Implement comprehensive, integrated, and innovative infrastructure planning to strengthen existing services, minimize life cycle costs, and prepare for the future.

Strategy: 2.1 Conduct planning that integrates and balances operational, maintenance, and infrastructure priorities.

Action Item: 2.1.2 Continue to engage in planning efforts and partnerships to protect and enhance our water supply.

Renewing the Water Supply agreement with MMWD will allow Sonoma Water to continue to provide a critical water supply to MMWD while generating essential revenues needed to operate and maintain Sonoma Water's water supply and transmission system infrastructure.

Racial Equity:**Was this item identified as an opportunity to apply the Racial Equity Toolkit?**

No

Prior Board Actions:

06/03/2025: Authorize Sonoma County Water Agency's General Manager to extend the term of the Fourth Amended Off-Peak Water Supply Agreement and the Second Amended Agreement for the Sale of Water between the Sonoma County Water Agency and the Marin Municipal Water District by one year for new end dates of December 31, 2025, with no other changes.

06/17/2024: Board Action to authorize General Manager of Sonoma County Water Agency to approve and execute extensions of up to one year to the Water Agency's water supply agreements with Camp Meeker Recreation and Park District, City of Healdsburg, and Marin Municipal Water District

06/16/2015: Approve and authorize the Chair to execute 10-year renewal agreements to the Water Agency's existing water supply agreements with the Marin Municipal Water District

01/09/1996: Resolution No. 96-0048 authorizing Chair to execute Supplemental Water Supply Agreement between the Marin Municipal Water District and Sonoma County Water Agency

FISCAL SUMMARY

Agenda Date: 10/14/2025

Expenditures	FY25-26 Adopted	FY26-27 Projected	FY27-28 Projected
Budgeted Expenses			
Additional Appropriation Requested			
Total Expenditures			
Funding Sources			
General Fund/WA GF			
State/Federal			
Fees/Other	\$12,500,000		
Use of Fund Balance			
General Fund Contingencies			
Total Sources	\$12,500,000		

Narrative Explanation of Fiscal Impacts:

Additional appropriations of \$12.5 million are required to receive revenue from Marin Municipal Water District, which is expected within 60 days following execution of the amended agreement. With Board approval of the attached budgetary resolution, FY 2025/2026 appropriations of \$12.5 million will be made in the Regional Water Resiliency Fund. Sonoma Water does not yet have an expenditure plan for this revenue and will return to the Board when eligible projects have been identified.

Staffing Impacts:			
Position Title (Payroll Classification)	Monthly Salary Range (A-I Step)	Additions (Number)	Deletions (Number)

Narrative Explanation of Staffing Impacts (If Required):

N/A

Attachments:

Attachment 1: Resolution

Attachment 2: Amended and Restated Water Supply Agreement by and between Marin Municipal Water District and Sonoma County Water Agency

Related Items “On File” with the Clerk of the Board:

None.