



MARIN MUNICIPAL WATER DISTRICT

220 Nellen Ave.
Corte Madera, CA 94925

Notice of Public Hearing on Proposed Water Service Rates, Fees and Charges

The Marin Municipal Water District (MMWD) Board of Directors will hold a public hearing to consider proposed increases to our water service rates, fees and charges. We invite and encourage the public to attend.

Tuesday, May 28, 2019, starting at 7:30 p.m.
Marin Municipal Water District
220 Nellen Ave., Corte Madera, CA 94925

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How to Submit a Protest

To protest the proposed rates, you must submit your protest in writing, even if you plan to attend the public hearing. If written protests are submitted by a majority of the affected property owners or customers, the proposed rate changes will not be imposed. Only one written protest will be counted per identified parcel.

Your written protest must be received prior to the close of the May 28, 2019 public hearing. Written protests must identify the parcel (parcel number) or utility (MMWD) account number or address for which the protest(s) are submitted. Written protests also must include a signature of the record property owner or utility customer and a statement that the person is opposed to the proposed rates, fees and charges. Send or deliver written protests to:

Board Secretary
Marin Municipal Water District
220 Nellen Ave., Corte Madera, CA 94925



About this Notice: Proposed Water Rate Increases

Investing in our Infrastructure

The Marin Municipal Water District (MMWD) is proposing to raise water rates to invest in our aging infrastructure, stabilize monthly billing rates, better manage long-term debt, responsibly manage our watershed with an emphasis on reducing wildfire risk, and continue to offer the level of service our customers expect from us.

Since 1912, MMWD has provided high-quality, locally sourced water while protecting the crown jewel of Marin—Mt. Tamalpais. As the oldest municipal water district in California, we face significant challenges in maintaining our aging infrastructure, including our treatment plants, storage tanks and pipelines. And as the largest public land manager on Mt. Tam, we face the ongoing challenge of responding to climate change and reducing wildfire risk to help protect our communities.

As a public agency, MMWD is dedicated to controlling rising costs and ensuring that the price of water is affordable for everyone. At the same time, the costs to deliver water, maintain our infrastructure, manage our watershed and protect against fire risk are changing. MMWD is faced with higher prices for everything from electricity, to water treatment chemicals, to wholesale water purchases. We are not alone; utility costs are increasing across California and the country. As costs rise, our rates must rise to recover the cost of providing this vital service.

The proposed rate changes include two main components:

- An increase to the water use and fixed charges on your bimonthly water bill, **averaging a 4% annual revenue increase**, to keep pace with inflation and fund MMWD's ongoing operations and maintenance.
- A new Capital Maintenance Fee (CMF) to fund investments in critical water system projects for clean, reliable water; projects to reduce wildfire risk on Mt. Tam; and may be used to fund debt service on existing and future capital projects.

MMWD is notifying record owners of property subject to the proposed increase and water customers of the proposed changes. This notice explains the proposed rate changes in more detail and provides examples of how they may affect customers. It also includes information on how you can participate in the process. Learn more at: marinwater.org/rates

MMWD by the Numbers

MMWD maintains a complex system to capture, store, treat and deliver water to customers' homes and businesses, 24/7/365.

7
reservoirs

3
water treatment plants

128
storage tanks

97
pump stations

900+
miles of pipeline

21,600
acres of watershed land

950
acres of wildfire fuel reduction

1¢
Cost of one gallon of MMWD water delivered to your tap

Proposed Increases to Water Service Rates, Fees & Charges

The proposed rate adjustments include increasing the fixed Service Charge, fixed Watershed Management Fee, fixed Private Fire Line Service Charge and the Tiered Rate Charges for all customer classes. The proposed rates, fees and charges effective July 1, 2019, 2020, 2021 and 2022 vary by customer class (see rate tables for details) but result in overall annual 4% revenue increases and are necessary for the District to keep pace with inflation.

Proposed Capital Maintenance Fee

MMWD also is proposing a new Capital Maintenance Fee (CMF). The CMF is a per meter charge based on meter size. It may be collected on customer property tax bills, similar to the District's current Fire Flow Fee, or placed on the bimonthly customer water bill. Funds raised through the CMF will go directly to the District's Capital Improvement Program (CIP), which is dedicated to maintaining, upgrading, rehabilitating and building resiliency into our existing and aging assets. A portion of the CMF will be dedicated to fund fire reduction efforts on our watershed.

The CMF will support our 10-year capital improvement plan (which may change as the District's Asset Management Program gears up), pay for needed capital improvements without escalating debt for normal maintenance, stabilize monthly rates, and save millions of dollars in interest and fees for ratepayers. The CMF may also be used for existing and future debt service payments,



\$20 million: *Constructed in the late 1950s, the San Geronimo Water Treatment Plant is one of MMWD's three treatment plants. Over the next 10 years, MMWD plans to invest \$20 million in seismic and other upgrades to our plants to extend the lifespan and improve the reliability of our water treatment operations.*

for example in times of emergency. The CMF will be effective July 1, 2019. Each July 1 thereafter through and including July 1, 2024, the CMF may automatically be increased or decreased to keep pace with inflation. The annual increases/decreases will be benchmarked to the industry standard Engineering News-Record (ENR) Construction Cost Index. Increases will be capped at 4% annually. The CMF will not apply to dedicated private fire service lines.

MMWD has established a Citizen Advisory Panel on Infrastructure Investments to offer input on the CIP regarding investment priorities. The Panel will also review annual expenditures and provide the MMWD Board and management with additional feedback on annual infrastructure funding needs.

Reason for the Proposed Changes

MMWD is committed to providing high-quality, reliable water service at the lowest possible rates for our customers, while protecting the water resources and public health and safety of our community. As the oldest municipal water district in California, it is critically important that we continually re-invest in our built assets and keep pace with inflation and other cost increases. MMWD also is equally committed to protecting the Mt. Tamalpais Watershed—the primary source of our water—including managing wildfire risk on District lands.

Each year the District evaluates its infrastructure needs, programs, and operations and maintenance costs for the ensuing fiscal year. The District hired an independent rate consultant to determine how best to recover projected operating and maintenance costs over a five-year period and projected capital and wildfire management costs over a 10-year period. Based on this evaluation, the District has determined that rate increases are necessary to: recover current and projected costs of operations and maintenance, including increases in purchased wholesale water; fund capital infrastructure improvements needed to provide safe and reliable drinking water; maintain the operational and financial stability of the district; manage wildfire risk on our watershed lands; and avoid operational deficits and depletion of financial reserves. The proposed increases will allow us to recover our costs and to continue to provide safe, reliable drinking water to our customers, avoid budget deficits, and continue to invest in our infrastructure and maintain our high service levels.

Basis Upon Which Water Service Rates, Fees & Charges Are Calculated

The rates of our Service Charge, Watershed Management Fee, Fire Line Service Charge, and Tier Charges are structured to proportionally allocate



\$1 million per year: *The Mt. Tamalpais Watershed is our primary source of water. As the largest land manager on the mountain, MMWD is committed to reducing the risk of wildfire to protect our community. The proposed CMF will provide \$1 million annually for fire/fuels management and capital purchases of firefighting equipment.*

the cost of providing water service and are currently billed on a bimonthly basis. The District's rate structure has eight customer classes: (1) Single-Family; (2) Multi-Family; (3) Duplex; (4) Commercial; (5) Irrigation; (6) Recycled Water; (7) Institutional; and (8) Raw Water, i.e., customers who receive untreated water.

Fixed Service Charge

The fixed Service Charge is established on the basis of the size of the water meter serving a property (in inches) and is calculated to recover a significant portion of our fixed costs, such as billing

and collections, customer service, meter reading, meter maintenance, and meter-related capital and infrastructure.

Watershed Management Fee

MMWD has had a Watershed Management Fee in place since 2015 to help preserve the ecological health of our watershed and downstream ecosystems. The Watershed Management Fee is a fixed charge based on the size of a water meter serving a property and is designed to recover some of the watershed maintenance and vegetation management costs.

Tiered Rates

The rates for different levels of water usage are tiered and calculated to recover a portion of our fixed and variable costs of providing water service. Tier one usage is billed at the lowest rate. Additional water use is billed at higher tier rates because higher water use places greater demands on our water system and limited water resources. Depending on the customer class, the tiered rates consist of three or four tiers which increase as the customer's level of water consumption increases. One unit of water is equal to 748 gallons or one hundred cubic feet (CCF).

Residential

For Single-Family, Multi-Family, and Duplex customers, each tier consists of a defined amount of water. The amount of water allotted to each tier changes depending on when the water is used—summer (June through November) or winter (December through May).

Commercial, Irrigation and Recycled

Rates for Commercial, Irrigation and Recycled Water customers are designed differently than residential accounts. They are instead provided an allotment based on their assigned water budget. The budgets



\$110 million: *MMWD maintains over 900 miles of pipeline—almost half of which are 50 years or older. Over the next 10 years, we plan to invest \$110 million in capital projects to replace aging pipes, inhibit corrosion and maintain pump stations.*

are determined by the nature and type of business or institution and usage needs—for example, a restaurant requires more water than an office. The water budget is divided over the billing periods. These allocations are referred to as the account’s baseline. The water use for each billing period is compared to the account’s baseline for the same period and is billed accordingly. This difference in rate structure is based on the fact that non-residential water usage varies significantly from customer to customer depending on the type of use, whereas residential water usage is relatively uniform.

Private Fire Line Service Charge

MMWD imposes a fixed bimonthly Private Fire Line Service Charge on certain properties as a condition of extending or initiating water service (1) by the installation of a private fire suppression system, and (2) upon the request of the customer or property owner for the delivery of water to the property for the purpose of fire service protection. The rates for the bimonthly Private Fire Line Service Charge are established on the basis of the size of the fire service lateral through which water is delivered and are calculated to recover the cost of providing water to such properties for private fire service protection.

Capital Maintenance Fee

The proposed new Capital Maintenance Fee (CMF) is based on meter size. A property with a larger meter size has the capacity for significantly higher water demand as opposed to a smaller meter. In turn, the water system as a whole—including transmission and distribution lines, storage tanks and reservoirs—is required to have higher capacity to account for customers with larger meters. Calculating the CMF on meter size thus ensures

\$30 million: *We rely on 128 water storage tanks throughout our service area to meet operational and emergency demands. Over the next 10 years, we plan to invest \$30 million to maintain tanks and replace aging and deficient storage.*



that capital costs are distributed equitably among water users based on the demand they place on the system.

Ensuring Water Delivery Requires Proactive Maintenance

Investments made by MMWD and its customers over the last 100 years have ensured the reliable delivery of safe, high-quality water. During the last decade the District invested over \$200 million in our water system, including upgrading our water treatment plants, replacing over 70 miles of pipe, replacing over 30 storage tanks and rehabilitating 10 storage tanks.

Capital Maintenance Fee

\$/Meter Size			
Meter Size	% of meters	Current	Annual Per Meter Charge*
5/8"	68.09%	-	\$163.50
3/4"	5.62%	-	245.25
1"	21.09%	-	408.74
1.5"	3.76%	-	817.47
2"	1.07%	-	1,307.95
3"	0.26%	-	2,861.14
4"	0.07%	-	5,150.05
6"	0.03%	-	11,444.54
8"	0.01%	-	19,619.21
10"	0.00%	-	31,063.75

95% of MMWD customers have meters 1" or smaller

** With annual increases/decreases benchmarked to ENR Construction Cost Index and capped at 4% increases per year.*
The CMF does not apply to dedicated private fire service lines.

In order for this service to remain reliable, additional long-term, proactive maintenance of what we have is needed. Over the next ten years, the District will need to invest at a minimum another \$233 million to maintain our drinking water system. The current 10-year capital plan includes the following:

- \$36 million to maintain and protect our watershed and reservoirs
- \$20 million to maintain our treatment plants
- \$110 million to replace aging pipelines, inhibit corrosion and maintain pump stations
- \$30 million to maintain and replace storage tanks
- \$37 million to replace other aging facilities and equipment

High-Quality Water at a Reasonable Price

MMWD has worked hard to keep water rates low. This includes using reserve funds, prioritizing capital projects and implementing an asset management plan to optimize our investments, strategically managing the District's water supplies to maximize the use of the lowest cost water, reducing staff count without sacrificing service, and securing grant funding for environmental enhancement and other projects. It also includes investing in and promoting water conservation, which helps us avoid having to find and secure expensive new sources of water to meet demand.

Since 1990, MMWD's Tier 1 water rates have increased an average of 8.1¢ per CCF per year. That's in line with the average inflation rate as tracked by the Bay Area Consumer Price Index, and well below the 37.6¢ national trend for water utilities as tracked by the American Water Works Association (AWWA) National Rate Survey. Fifteen of the last 30 years at MMWD saw no rate increases.

Going forward, the proposed 4% average annual revenue increases will help us keep pace with inflation while maintaining our service levels and continuing to provide safe, clean, local water at a reasonable price.



Special Assistance Programs

MMWD offers two discount rate programs for single-family residential customers who qualify: The Service Charge Waiver Program for Low-Income Customers and the Medical Disability Discount. Both programs waive the Fixed Service Charge and the Watershed Management Fee. The Medical Disability Discount also provides an additional 12 CCFs at the Tier 1 rate. Learn more at: marinwater.org/discounts

Super Water Saver Program

Beginning July 1, MMWD's new Super Water Saver Program will reward the top 5% of water-conserving, single-family residential customers who meet program qualifications. Super Water Savers will receive an \$8 credit on their bimonthly bill. Learn more at: marinwater.org/rates

How to Learn More About the Proposed Rate Increases

Community Workshops

To provide additional information about the proposed increases, we are holding two community workshops. Join us!

Thursday, April 25, 2019

5:00 - 8:00 p.m.

Mill Valley Community Center

180 Camino Alto, Mill Valley, CA 94941

Wednesday, May 15, 2019

5:00 - 8:00 p.m.

Albert J. Boro Community Center

50 Canal Street, San Rafael, CA 94901

Contact Us

If you have questions, please call our Customer Service Department at 415-945-1400 or visit:

marinwater.org/rates

How will the proposed changes affect single-family residential customers?

MMWD's average single-family residential customer uses about 17 CCFs (12,716 gallons) of water per two-month billing cycle. 74% of our single-family residential customers have a 5/8" size meter. This chart shows the estimated impact of the rate proposal on a typical residential customer with a 5/8" meter.

To estimate the effects of the proposed rate increases based on your individual meter size, customer class and water usage, see the tables included in this notice or find a bill calculator at: marinwater.org/rates

For 5/8" meter size	Current Rates	Proposed July 1			
		2019	2020	2021	2022
Service Charge	\$36.79	\$39.66	\$41.25	\$42.90	\$44.62
Watershed Management Fee	9.78	10.29	10.71	11.14	11.59
Tier 1 Water Usage, 17 CCFs	69.19	71.23	74.12	77.18	80.41
Total Bimonthly Bill	115.76	121.18	126.08	131.22	136.62
Per Month	57.88	60.59	63.04	65.61	68.31
Monthly Increase		2.71	2.45	2.57	2.70

Annual Capital Maintenance Fee*	-	\$163.50	\$170.04	\$176.84	\$183.92
Per Month	-	13.63	14.17	14.74	15.33

* Assuming maximum annual increases of 4%

Tiered Rates & Allotments - Residential Customers

1 CCF = 100 cubic feet = 748 gallons

Single-Family Tier Rates (\$/CCF) and Tier Allotments (in CCF)

Tiers	Summer CCFs	Winter CCFs	Current	Proposed July 1			
				2019	2020	2021	2022
Tier 1	0-26	0-21	\$4.07	\$4.19	\$4.36	\$4.54	\$4.73
Tier 2	27-59	22-48	7.13	7.26	7.56	7.87	8.19
Tier 3	60-99	49-80	12.07	12.25	12.74	13.25	13.78
Tier 4	100+	81+	19.45	19.68	20.47	21.29	22.15

Duplex Tier Rates (\$/CCF) and Tier Allotments (in CCF)

Tiers	Summer CCFs	Winter CCFs	Current	Proposed July 1			
				2019	2020	2021	2022
Tier 1	0-20	0-18	\$4.10	\$4.22	\$4.39	\$4.57	\$4.76
Tier 2	21-45	19-35	7.24	7.38	7.68	7.99	8.31
Tier 3	46-78	36-68	12.02	12.19	12.68	13.19	13.72
Tier 4	79+	69+	18.90	19.13	19.90	20.70	21.53

Multi-Family Tier Rates (\$/CCF) and Tier Allotments (in CCF)

Tiers	Summer CCFs	Winter CCFs	Current	Proposed July 1			
				2019	2020	2021	2022
Tier 1	0-10	0-10	\$4.16	\$4.27	\$4.45	\$4.63	\$4.82
Tier 2	11-20	11-18	7.07	7.20	7.49	7.79	8.11
Tier 3	21-28	19-26	11.25	11.41	11.87	12.35	12.85
Tier 4	29+	27+	18.94	19.16	19.93	20.73	21.56

Tiered Rates & Allotments - Commercial, Irrigation, Recycled and Raw Water Customers

Commercial, Irrigation & Institutional Tier Rates (\$/CCF) and Tier Allotments						
Tiers	% of baseline	Current	Proposed July 1			
			2019	2020	2021	2022
Tier 1	0-85	\$3.98	\$4.09	\$4.26	\$4.44	\$4.62
Tier 2	86-150	10.82	10.99	11.43	11.89	12.37
Tier 3	150+	16.26	16.46	17.12	17.81	18.53

Single-Family Irrigation Tier Rates (\$/CCF) and Tier Allotments						
Tiers	% of baseline	Current	Proposed July 1			
			2019	2020	2021	2022
Tier 1	0-50	\$5.14	\$5.27	\$5.49	\$5.71	\$5.94
Tier 2	51-100	6.15	6.29	6.55	6.82	7.10
Tier 3	100+	10.76	10.94	11.38	11.84	12.32

Recycled Water Tier Rates (\$/CCF) and Tier Allotments						
Tiers	% of baseline	Current	Proposed July 1			
			2019	2020	2021	2022
Tier 1	0-100	\$3.17	\$3.27	\$3.41	\$3.55	\$3.70
Tier 2	101-150	10.05	10.20	10.61	11.04	11.49
Tier 3	150+	18.73	18.94	19.70	20.49	21.31

Raw Water Rates (\$/CCF)						
	Current	Proposed July 1				
		2019	2020	2021	2022	
All Uses	\$4.23	\$3.82	\$3.98	\$4.14	\$4.31	

Your Water Rates, Charges & Fees Pay for:

- Clean water delivered to your tap 24/7/365
- Water storage, treatment and distribution
- Critical infrastructure projects to ensure a reliable and resilient water supply for the future
- Protecting the health of 21,600 acres of watershed land
- Ongoing work to reduce the risk of wildfire on Mt. Tam and to our community
- Round-the-clock operations and emergency response
- Excellent customer service
- Water conservation programs and rebates
- Free school programs, volunteer events and other community engagement opportunities

Fixed Charges & Fees - All Customers

95% of MMWD customers have meters 1" or smaller

Bimonthly Service Charge (\$/Meter Size)					
Meter Size	Current	Proposed July 1			
		2019	2020	2021	2022
5/8"	\$36.79	\$39.66	\$41.25	\$42.90	\$44.62
3/4"	46.62	50.74	52.77	54.89	57.09
1"	66.28	72.89	75.81	78.85	82.01
1.5"	115.43	128.27	133.41	138.75	144.30
2"	174.41	194.72	202.51	210.62	219.05
3"	361.18	405.17	421.38	438.24	455.77
4"	636.42	715.30	743.92	773.68	804.63
6"	1,393.33	1,568.15	1,630.88	1,696.12	1,763.97
8"	2,376.33	2,675.75	2,782.78	2,894.10	3,009.87
10"	3,752.53	4,226.39	4,395.45	4,571.27	4,754.13

Bimonthly Watershed Management Fee (\$/Meter Size)					
Meter Size	Current	Proposed July 1			
		2019	2020	2021	2022
5/8"	\$9.78	\$10.29	\$10.71	\$11.14	\$11.59
3/4"	11.69	12.30	12.80	13.32	13.86
1"	15.50	16.30	16.96	17.64	18.35
1.5"	25.02	26.31	27.37	28.47	29.61
2"	36.45	38.32	39.86	41.46	43.12
3"	72.65	76.36	79.42	82.60	85.91
4"	125.99	132.42	137.72	143.23	148.96
6"	272.67	286.57	298.04	309.97	322.37
8"	463.17	486.77	506.25	526.50	547.56
10"	729.87	767.05	797.74	829.65	862.84

Fixed Charges - Private Fire Service Line

Fire Service Line Fixed Bimonthly Charge - Private					
Line Size	Current	Proposed July 1			
		2019	2020	2021	2022
2"	\$32.17	\$36.06	\$37.51	\$39.02	\$40.59
4"	76.35	90.57	94.20	97.97	101.89
6"	148.73	179.85	187.05	194.54	202.33
8"	242.73	295.81	307.65	319.96	332.76
10"	374.33	458.16	476.49	495.55	515.38

Find a bill calculator at: marinwater.org/rates