



NOTICE OF PROPOSED WATER RATE, FEE AND CHARGE INCREASES

Ensuring 24/7 on-demand water service for you

More than 191,000 community members depend on Marin Water to provide clean, reliable water every day. It's a mission Marin Water has carried out with pride since 1912, when it became California's first municipal water district. During the past 110 years, Marin Water has maintained that mission while charging only enough to recover the costs associated with providing your water service, which includes maintenance of water supply infrastructure and protection of the watershed.

Marin Water continually evaluates its infrastructure needs, programs, operations and maintenance costs. In 2022, Marin Water hired an independent water rate consultant to determine how best to recover these projected costs over the next four-year period. As set forth in the Cost-of-Service Analysis, Marin Water has determined that a rate increase is necessary to:

- Replace and modernize aging infrastructure
- Accelerate mitigation work to reduce wildfire risk and enhance forest health restoration efforts on the Mt. Tam Watershed
- Keep pace with inflation and the rising costs of operating and capital expenses
- Strengthen water supply resiliency in the face of climate change
- Replenish reserves to prepare for future emergencies

In an effort to communicate clearly with our customers, Marin Water is notifying all property owners and water customers of the proposed changes. This notice explains the proposed rate changes in detail and provides examples of how they may affect you. It also includes information on how you can participate in the public hearing for the proposed rate increase. You can learn more at marinwater.org/2023RateSetting.

WHY MARIN WATER IS PROPOSING TO INCREASE WATER SERVICE RATES, FEES AND CHARGES

Replace and modernize aging infrastructure: Core to Marin Water's mission to provide reliable water every day is maintaining and enhancing its water infrastructure to ensure the reliability of the system that delivers water to you. Material and labor costs have soared over the last couple of years, well above the record inflation. This increases the cost for Marin Water to make critical replacements of pipelines, pumps and tanks – some nearing 100 years in service. The proposed increases will allow Marin Water to catch up on its deferred maintenance, complete its annual infrastructure replacement schedule and pursue additional system improvements that help guarantee water is delivered whenever you may need it.

Accelerate mitigation work to reduce wildfire risk and enhance forest health restoration efforts on the Mt. Tam Watershed: About 75% of Marin Water's annual water supply comes from protected watershed lands



on Mt. Tamalpais and in the hills of west Marin. Rainfall from these watersheds flows into one of seven reservoirs before being treated and traveling through Marin Water's extensive distribution system for delivery to your tap. Marin Water works to protect the ecological health of its watersheds to maintain water quality, biodiversity, and water supply yields and to reduce the potential impacts of catastrophic wildfire. Marin Water conducts 1,500 acres of vegetation management annually to restore forests, remove invasive plants and address hazardous fuels on the Mt. Tam Watershed. The proposed rate increase will allow Marin Water to expand its activities in multi-benefit vegetation management, preserve the rich biodiversity, and protect the high quality of water provided by the mountain streams and their natural systems. The increase will also allow for the continued stewardship of important watershed fire roads and trails, which ensure first responders emergency access and connect the community to the watershed lands. All of these efforts are necessary to safeguard the continued reliability of Marin Water's primary source of water supply.

Keep pace with rising operating costs and capital expenses: Amid record inflation Marin Water is committed to keeping your costs as low as possible. With 95% of annual expenditures devoted to fixed costs, inflationary pressures do impact Marin Water's ability to ensure the seamless care and operation of a 24/7, complex water system that includes three treatment plants, 130 storage tanks, 97 pump stations and more than 900 miles of pipelines. Compounding the financial challenge, Marin Water's revenues have declined due to reduced water use by our customers in response to the extreme drought and state-mandated conservation requirements. Customer water-usage patterns are projected to remain lower than historical averages due to state guidelines and strengthened local conservation practices. Operating under these pressures, and within its current rate structure, Marin Water's deficit continues to grow

by about \$1 million per month. Adjustments to the rate structure will reflect those lower usage patterns and restore Marin Water's ability to recover those increased costs and ensure your water service is always available.

Build on water supply resiliency in the face of climate change: Severe conditions brought on by the drought during the past few years have intensified Marin Water's focus on strengthening the resiliency of its water supply. During this time, Marin Water customers have also achieved some of the best water-savings levels in the state. Building on this momentum, the proposed rate increase will support implementation of Marin Water's recent Strategic Water Supply Assessment. Marin Water will implement near-term capital projects to increase its water supply availability, and will also invest in the latest technologies and expand its industry-leading conservation programs, in collaboration with customers, to maximize efficient water use. These actions will ensure effective water demand management and further increase the resiliency of the community's water supply despite fluctuating weather patterns. Concurrently, the proposed rates will allow Marin Water to continue its efforts to develop longer-term water supply options, including building up reserves for future water supply projects. Learn more about Marin Water's strategies for maximizing water supply at marinwater.org/WaterSupplyResiliency.

Replenish reserves to prepare for future emergencies: Marin Water's reserves functioned as intended during the response to the drought emergency and ensured continued reliable delivery of clean water while not increasing costs to customers. However, reserves were depleted during the extreme drought years to cover increasing costs, unexpected expenses and reduced water sales. Now, Marin Water must replenish those reserve accounts to be ready for the next earthquake, wildfire, drought or other emergency.



THE PROPOSED RATE CHANGES INCLUDE THREE KEY COMPONENTS

In order to maintain our commitment to serving central and southern Marin County with clean, reliable water now and for generations to come, Marin Water is proposing changes to some customer rate tiers and a conversion of the Watershed Management Fee to a volumetric rate that will help reduce fixed fees for most customers. Additionally, Marin Water is proposing to establish drought surcharges, which would go into effect only if water supply drops to critical levels. The proposed rates, fees and charges would become effective July 1, 2023, 2024, 2025 and 2026 and vary by customer class. Further explanation of the proposal, as well as the current and proposed service rates, fees and charges for each customer class are shown in the tables below and on pages 4-6.

Adjustment to Tiered Rate Structure

The rates for different levels of water usage are tiered by customer class and calculated to recover a portion of Marin Water's fixed and variable costs of providing water service. Tier 1 usage is billed at the lowest rate. Additional water use is billed at higher tier rates because higher water use places greater demands on the water system and limited water resources, increasing costs for Marin Water. Marin Water is proposing to modify the tier structure to better recover the cost of providing water and to reflect customer demand trends. Increases to volumetric unit rates are needed to invest in water supply resiliency, replenish reserves, keep pace with inflation and improve aging infrastructure.

One CCF = 100 cubic feet of water/748 gallons of water

Tiered Rates & Allotments - All tier allotments shown are bi-monthly

Single-Family Residential - Tier Allotments (in CCF) and Tier Rates (\$ per CCF)							
Tiers	Current CCFs Winter / Summer	Proposed CCFs	Current	Proposed July 1, 2023	Proposed July 1, 2024	Proposed July 1, 2025	Proposed July 1, 2026
Tier 1	0 - 21 / 0 - 26	0 - 15	\$4.73	\$7.67	\$9.16	\$10.24	\$10.86
Tier 2	22 - 48 / 27 - 59	16 - 25	\$8.19	\$10.02	\$11.96	\$13.38	\$14.19
Tier 3	49 - 80 / 60 - 99	26 - 80	\$13.78	\$16.19	\$19.33	\$21.62	\$22.92
Tier 4	81+ / 100+	81+	\$22.15	\$24.77	\$29.58	\$33.08	\$35.07

Duplex - Tier Allotments (in CCF) and Tier Rates (\$ per CCF)							
Tiers	Current CCFs Winter / Summer	Proposed CCFs	Current	Proposed July 1, 2023	Proposed July 1, 2024	Proposed July 1, 2025	Proposed July 1, 2026
Tier 1	0 - 18 / 0 - 20	0 - 15	\$4.76	\$7.67	\$9.16	\$10.24	\$10.86
Tier 2	19 - 35 / 21 - 45	16 - 25	\$8.31	\$10.02	\$11.96	\$13.38	\$14.19
Tier 3	36 - 68 / 46 - 78	26 - 80	\$13.72	\$16.19	\$19.33	\$21.62	\$22.92
Tier 4	69+ / 79+	81+	\$21.53	\$24.77	\$29.58	\$33.08	\$35.07

Multi-Family Residential - Tier Allotments (in CCF) and Tier Rates (\$ per CCF)							
Tiers	Current CCFs Winter / Summer	Proposed CCFs	Current	Proposed July 1, 2023	Proposed July 1, 2024	Proposed July 1, 2025	Proposed July 1, 2026
Tier 1	0 - 10 / 0 - 10	0 - 10	\$4.82	\$8.19	\$9.78	\$10.94	\$11.60
Tier 2	11 - 18 / 11 - 20	11 - 20	\$8.11	\$10.30	\$12.30	\$13.76	\$14.59
Tier 3	19 - 26 / 21 - 28	21 - 28	\$12.85	\$14.94	\$17.84	\$19.95	\$21.15
Tier 4	27/ 29+	29+	\$21.56	\$19.69	\$23.51	\$26.29	\$27.87

Commercial, Institutional, & Irrigation Tier Allotments and Tier Rates (\$ per CCF)							
Tiers	Current Allocation % of baseline	Proposed Allocation % of baseline	Current	Proposed July 1, 2023	Proposed July 1, 2024	Proposed July 1, 2025	Proposed July 1, 2026
Tier 1	0 - 85%	0 - 85%	\$4.62	\$8.42	\$10.05	\$11.24	\$11.92
Tier 2	86 - 150	86 - 150	\$12.37	\$15.29	\$18.26	\$20.42	\$21.65
Tier 3	151+	151+	\$18.53	\$16.09	\$19.21	\$21.48	\$22.77

Single Family Irrigation Tier Allotments and Tier Rates (\$ per CCF)							
Tiers	Current Allocation % of baseline	Proposed Allocation % of baseline	Current	Proposed July 1, 2023	Proposed July 1, 2024	Proposed July 1, 2025	Proposed July 1, 2026
Tier 1	0 - 50	0 - 85	\$5.94	\$8.42	\$10.05	\$11.24	\$11.92
Tier 2	51 - 100	86 - 150	\$7.10	\$15.29	\$18.26	\$20.42	\$21.65
Tier 3	101+	151+	\$12.32	\$16.09	\$19.21	\$21.48	\$22.77

Recycled Water - Tier Rates (\$ per CCF)					
Tiers	Current	Proposed July 1, 2023	Proposed July 1, 2024	Proposed July 1, 2025	Proposed July 1, 2026
Tier 1	\$3.70	\$5.43	\$5.63	\$5.84	\$6.06
Tier 2	\$11.49	\$5.43	\$5.63	\$5.84	\$6.06
Tier 3	\$21.35	\$5.43	\$5.63	\$5.84	\$6.06

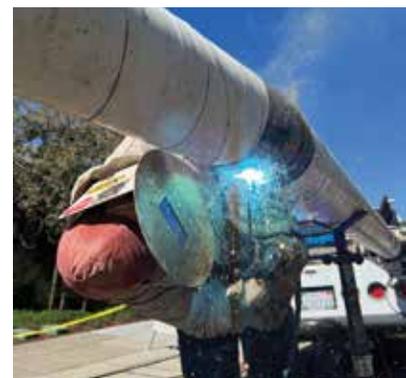
Raw Water Rates (\$ per CCF)					
	Current	Proposed July 1, 2023	Proposed July 1, 2024	Proposed July 1, 2025	Proposed July 1, 2026
All Use	\$4.31	\$5.32	\$6.35	\$7.10	\$7.53

Service Charge (Base Water Charge)

The fixed Service Charge is established partially on the basis of the size of the water meter (in inches) serving a property and is calculated to recover a significant portion of Marin Water’s fixed costs, including billing and collections, customer service, meter reading, meter maintenance, and facility maintenance and administrative support. Marin Water is proposing to adjust the service charge effective July 1, 2023, followed by five percent increases in future years, as shown below.

Single-Family Residential and Duplex - Fixed Bi-Monthly Charge (\$ per meter size)					
Meter Size	Current	Proposed July 1, 2023	Proposed July 1, 2024	Proposed July 1, 2025	Proposed July 1, 2026
5/8"	\$44.62	\$48.04	\$50.44	\$52.96	\$55.61
3/4"	\$57.09	\$61.99	\$65.09	\$68.34	\$71.76
1"	\$82.01	\$72.46	\$76.08	\$79.88	\$83.87
1.5"	\$144.30	\$142.22	\$149.33	\$156.80	\$164.64
2"	\$219.05	\$222.45	\$233.57	\$245.25	\$257.51

All Other Customer Classes - Fixed Bi-Monthly Charge (\$ per meter size)					
Meter Size	Current	Proposed July 1, 2023	Proposed July 1, 2024	Proposed July 1, 2025	Proposed July 1, 2026
5/8"	\$44.62	\$48.04	\$50.44	\$52.96	\$55.61
3/4"	\$57.09	\$65.48	\$68.75	\$72.19	\$75.80
1"	\$82.01	\$100.36	\$105.38	\$110.65	\$116.18
1.5"	\$144.30	\$187.57	\$196.95	\$206.80	\$217.14
2"	\$219.05	\$292.22	\$306.83	\$322.17	\$338.28
3"	\$455.77	\$710.82	\$746.36	\$783.68	\$822.86
4"	\$804.63	\$1,408.48	\$1,478.90	\$1,552.85	\$1,630.49
6"	\$1,763.97	\$2,454.97	\$2,577.72	\$2,706.61	\$2,841.94
8"	\$3,009.87	\$4,722.38	\$4,958.50	\$5,206.43	\$5,466.75
10"	\$4,754.13	\$6,989.78	\$7,339.27	\$7,706.23	\$8,091.54



A 2022 pipeline replacement project on Third Street in San Rafael replaced 6,570-feet of 95-year-old cast iron pipe with new welded steel pipe. The proposed rate adjustment will increase the amount of aging pipeline Marin Water is able to replace per year.

Watershed Management Rate

The current Watershed Management Fee (WMF) is a fixed charge that was designed to recover some of the watershed maintenance and vegetation management costs. Marin Water is proposing to convert this fixed fee to a volumetric rate so that all customers pay an equal amount in relation to the amount of water they use.

Watershed Management Bi-Monthly Volumetric Rate (\$ per CCF)					
	Current	Proposed July 1, 2023	Proposed July 1, 2024	Proposed July 1, 2025	Proposed July 1, 2026
All Use	Fixed Fee	\$0.61	\$0.62	\$0.64	\$0.66

Capital Maintenance Fee

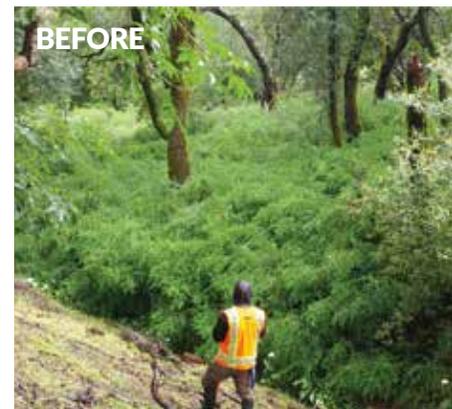
The Capital Maintenance Fee (CMF) is a per meter charge based on meter size. Funds raised through the CMF go directly to Marin Water's Capital Improvement Program (CIP), which is dedicated to maintaining, upgrading, rehabilitating and building resiliency into our existing and aging infrastructure. A portion of the CMF may be used to pay debt service. Marin Water is proposing to adjust the capital maintenance fee effective July 1, 2023, followed by five percent increases in future years, as shown below.

Single-Family Residential and Duplex - Fixed Bi-Monthly Charge (\$ per meter size)					
Meter Size	Current	Proposed July 1, 2023	Proposed July 1, 2024	Proposed July 1, 2025	Proposed July 1, 2026
5/8"	\$30.42	\$31.50	\$33.08	\$34.73	\$36.47
3/4"	\$45.61	\$44.11	\$46.32	\$48.64	\$51.07
1"	\$76.03	\$53.56	\$56.24	\$59.05	\$62.00
1.5"	\$152.07	\$116.57	\$122.40	\$128.52	\$134.95
2"	\$243.32	\$189.03	\$198.48	\$208.40	\$218.82

All Other Customer Classes - Fixed Bi-Monthly Charge (\$ per meter size)					
Meter Size	Current	Proposed July 1, 2023	Proposed July 1, 2024	Proposed July 1, 2025	Proposed July 1, 2026
5/8"	\$30.42	\$31.50	\$33.08	\$34.73	\$36.47
3/4"	\$45.61	\$47.26	\$49.62	\$52.10	\$54.71
1"	\$76.03	\$78.76	\$82.70	\$86.84	\$91.18
1.5"	\$152.07	\$157.52	\$165.40	\$173.67	\$182.35
2"	\$243.32	\$252.04	\$264.64	\$277.87	\$291.76
3"	\$532.26	\$630.10	\$661.61	\$694.69	\$729.42
4"	\$958.09	\$1,260.19	\$1,323.20	\$1,389.36	\$1,458.83
6"	\$2,129.09	\$2,205.34	\$2,315.61	\$2,431.39	\$2,552.96
8"	\$3,649.85	\$4,253.15	\$4,465.81	\$4,689.10	\$4,923.56
10"	\$5,778.95	\$6,300.97	\$6,616.02	\$6,946.82	\$7,294.16

Private Fire Line Charge – This charge applies only to customers with a dedicated fire line service.

Private Fire Line - Fixed Bi-Monthly Charge					
Line Size	Current	Proposed July 1, 2023	Proposed July 1, 2024	Proposed July 1, 2025	Proposed July 1, 2026
2"	\$40.59	\$21.41	\$22.48	\$23.60	\$24.78
4"	\$101.89	\$49.29	\$51.75	\$54.34	\$57.06
6"	\$202.33	\$95.66	\$100.44	\$105.46	\$110.73
8"	\$332.76	\$157.55	\$165.43	\$173.70	\$182.39
10"	\$515.38	\$240.06	\$252.06	\$264.66	\$277.89



A portion of the Mt. Tam Watershed before and after invasive French broom was mechanically removed – this work is essential to protecting Marin Water's primary source of water supply. The proposed rate increase will allow for additional fire fuel reduction work on the watershed.



Three permanent emergency generators were installed at the San Geronimo Treatment Plant in 2022 to ensure continued water service for customers in the event of a power outage. The rate proposal will allow for additional water system reliability enhancements.

Temporary Drought/Water-Shortage Surcharges

Marin Water is proposing drought rates, which would become effective when water storage levels meet specific thresholds outlined in Marin Water’s Water Shortage Contingency Plan. The purpose of drought surcharges is to help keep Marin Water financially sustainable in the event of future droughts or other water shortage emergencies that result in reductions in customer water usage and associated revenue losses.

Drought Stage	Reservoir Levels as of April 1 each year	Drought Surcharge
1	<70,000 AF	0%
2	<65,000 AF	23%
3	<55,000 AF	39%
4	<45,000 AF	62%
5	<35,000 AF	93%

Read Marin Water’s Water Shortage Contingency Plan at marinwater.org/WSCP.

The following table shows the maximum amount a customer could be charged assuming Stage 5 of the Water Shortage Contingency Plan is in effect and a drought surcharge of 93% per CCF is being imposed. These surcharges would be in addition to the Tiered Rates listed on pages 3-4 and the Watershed Management Rate on page 5.

Temporary Drought Stage Five Surcharges (\$ per CCF)					
Tier	Current	Proposed July 1, 2023	Proposed July 1, 2024	Proposed July 1, 2025	Proposed July 1, 2026
Single-Family and Duplex Residential Volumetric Surcharges					
Tier 1	N/A	\$6.98	\$8.43	\$9.52	\$10.10
Tier 2	N/A	\$9.12	\$11.00	\$12.44	\$13.20
Tier 3	N/A	\$14.73	\$17.78	\$20.11	\$21.32
Tier 4	N/A	\$22.54	\$27.21	\$30.76	\$32.62
Multi-Family Residential Volumetric Surcharges					
Tier 1	N/A	\$7.45	\$9.00	\$10.17	\$10.79
Tier 2	N/A	\$9.37	\$11.32	\$12.80	\$13.57
Tier 3	N/A	\$13.60	\$16.41	\$18.55	\$19.67
Tier 4	N/A	\$17.92	\$21.63	\$24.45	\$25.92
Commercial, Institutional, Irrigation & Single Family Irrigation Volumetric Surcharges					
Tier 1	N/A	\$7.66	\$9.25	\$10.45	\$11.09
Tier 2	N/A	\$13.91	\$16.80	\$18.99	\$20.13
Tier 3	N/A	\$14.64	\$17.67	\$19.98	\$21.18
Raw Water Rates					
All Use	N/A	\$4.84	\$5.84	\$6.60	\$7.00
Watershed Management Rate					
All Use	N/A	\$0.56	\$0.57	\$0.60	\$0.61

For more information on the development of the proposed rate structure, fees and charges, please refer to the Cost-of-Service Analysis and other information, published at marinwater.org/2023RateSetting.

Proposed Rate Impact on Average Single-Family Residential Customer

A majority of Marin Water single family residential customers use a 5/8" size water meter and average about 11 CCFs (8,228 gallons) of water per bi-monthly billing cycle. Applying those circumstances here, this chart shows the estimated changes resulting from the rate increase for a typical residential customer. Find more information at marinwater.org/2023RateSetting.

Typical Single Family Customer - 11 CCF (8,228 gallons) Bi-Monthly					
Charge	Current	Proposed July 1, 2023	Proposed July 1, 2024	Proposed July 1, 2025	Proposed July 1, 2026
Tier 1 Water Use	\$52.03	\$84.37	\$100.76	\$112.64	\$119.46
Watershed Management Rate	\$11.59	\$6.71	\$6.82	\$7.04	\$7.26
Service Charge	\$44.62	\$48.04	\$50.44	\$52.96	\$55.61
Capital Maintenance Fee	\$30.42	\$31.50	\$33.08	\$34.73	\$36.47
Bi- Monthly Bill Total:	\$138.66	\$170.62	\$191.10	\$207.37	\$218.80
Increase to bi-monthly bill:		\$31.96	\$20.48	\$16.27	\$11.43
Monthly increase:		\$15.98	\$10.24	\$8.13	\$5.71

AFFORDABILITY: CUSTOMER DISCOUNT PROGRAMS

Marin Water maintains a number of programs designed to save qualifying customers money on their water bills.

Whether Marin Water customers have a medical condition that requires additional water or are struggling to make ends meet amid inflation and other economic concerns, Marin Water offers a variety of discounts to eligible ratepayers.

Learn more at marinwater.org/Discounts.

CONTROLLING COSTS: LEVERAGING ALTERNATIVE REVENUE STREAMS

Marin Water is committed to the responsible stewardship of your dollars, striving to identify alternative revenue sources to help minimize the need for rate increases, where possible. In just the last couple of years, Marin Water has successfully secured a range of outside funds to for capital projects, watershed fuel reduction, creek restoration and conservation programs that support customers. A few examples include:

- \$4 million in combined total from CAL FIRE and State Coastal Conservancy for fire fuel reduction and forest restoration work on the Mt. Tam watershed
- \$1 million allocation from the State of California's 2022 surplus budget for permanent emergency generator installation at the San Geronimo Treatment Plant
- \$1.4 million from the Federal Bureau of Reclamation for salmon habitat restoration work on Lagunitas Creek
- \$969,000 in state and local grants for construction of the new Azaela Hill multi-use trail on the Mt. Tam Watershed
- \$212,000 in state grants to subsidize the cost of smart water metering devices for customers



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NOTICE OF PUBLIC HEARING FOR PROPOSED WATER RATES

This notice contains important information about proposed increases for water service rates, fees and charges

Atención: Este aviso contiene información sobre los aumentos propuestos a su factura de agua. Vea una copia en español en marinwater.org/2023RateSetting o llame al 415-945-1400 para solicitar que se le envíe por correo una copia del aviso en español.

marinwater.org/2023RateSetting

If you are responsible for more than one water bill, you may receive more than one notice.

NOTICE OF PUBLIC HEARING

The Marin Water Board of Directors will hold a public hearing to consider the proposed increases to customer water service rates, fees and charges, as described in this notice. Customers may join the meeting virtually, by phone or in-person.*

Tuesday, May 16, 2023, beginning at 6:30 p.m.

Attend in one of the following ways:

1. Online via Zoom using a computer or smart device

Access Zoom link at
marinwater.org/2023RateSetting

2. By telephone via Zoom

Dial: 1-669-444-9171
Zoom meeting ID: 881 3485 2296

3. In Person

Marin Water - Board Room
220 Nellen Ave., Corte Madera, CA 94925

*In-person attendance may change dependent upon public health directives.

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 virtually or in person. 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 16, 2023, public hearing. Written protests must identify:

1. Customer OR property owner name
2. Parcel number OR Marin Water account number OR address where water service is provided
3. Signature of property owner OR water customer
4. Statement in opposition to the rate proposal

Protests must **ONLY** be submitted by mail or in person to the following address (emailed submissions not accepted):

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

Pursuant to Government Code Section 53759, there is a 120-day statute of limitations for any judicial action or proceeding challenging any new, increased, or extended water rate, fee or charge.