



Proposed Rates

Public Hearing

May 16, 2023



Overview

1. Marin Water
2. Financial challenges and opportunities
3. Rate-setting process and outreach
4. Proposed rate structure



Marin Water

Your Water District – the longest running in California

Mission: *Manage our natural resources in a sustainable manner and provide reliable, high-quality drinking water at a reasonable price*

- Established in 1912 as state's first municipal water District
- 147 sq. mile service area covers central and southern Marin
 - 191,000+ people served
- As a public agency, the District does not make a profit – by law, we only charge customers the cost of providing reliable, high-quality drinking water

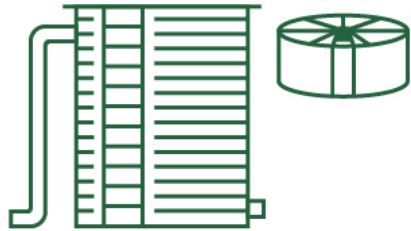


Your Water – Locally Sourced

- 8 billion gallons of water are delivered to customers each year
- **75%** comes from Marin reservoirs
- **25%** is imported from Sonoma County



What it takes to deliver water to our customers



24/7 Water Operations

Water treatment and distribution

Water quality testing

Emergency response



Watershed Land Management

Wildfire resiliency/
vegetation management

Forest and creek
restoration

Ongoing maintenance
and improvements



Water System Care & Improvements

Ongoing
maintenance

System improvements

Infrastructure
investments for water
system reliability



Customer Service

Billing and account
assistance

Programs and
outreach

Our Water System – clean water is more than turning on the tap



22k

Acres of Watershed
Lands



3

Treatment Plants



7

Reservoirs



908

Miles of Pipeline



97

Pump Stations



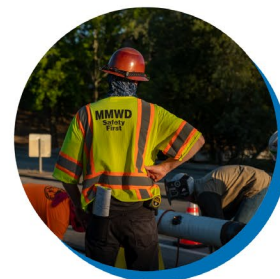
130

Storage Tanks



115k

Water Quality
Tests per Year



243

District
Employees



62k

Water Meters



**MARIN
WATER**

Districtwide Financial Planning Goals

Strengthen water supply reliability in the face of extreme droughts

Build upon wildfire resiliency and biodiversity enhancement efforts on the Watershed

Keep pace with inflation and invest in aging infrastructure

Replenish reserves to prepare for future uncertainties

Proposed Rate Structure Focus Areas

Update rate model to reflect current demand patterns and cost of service

- Reduce residential tier breaks to align with current customer water usage patterns
- Reduce fixed fees as a percentage of customer bills
- Increase volumetric charges to provide enhanced funding

Simplify the rate structure

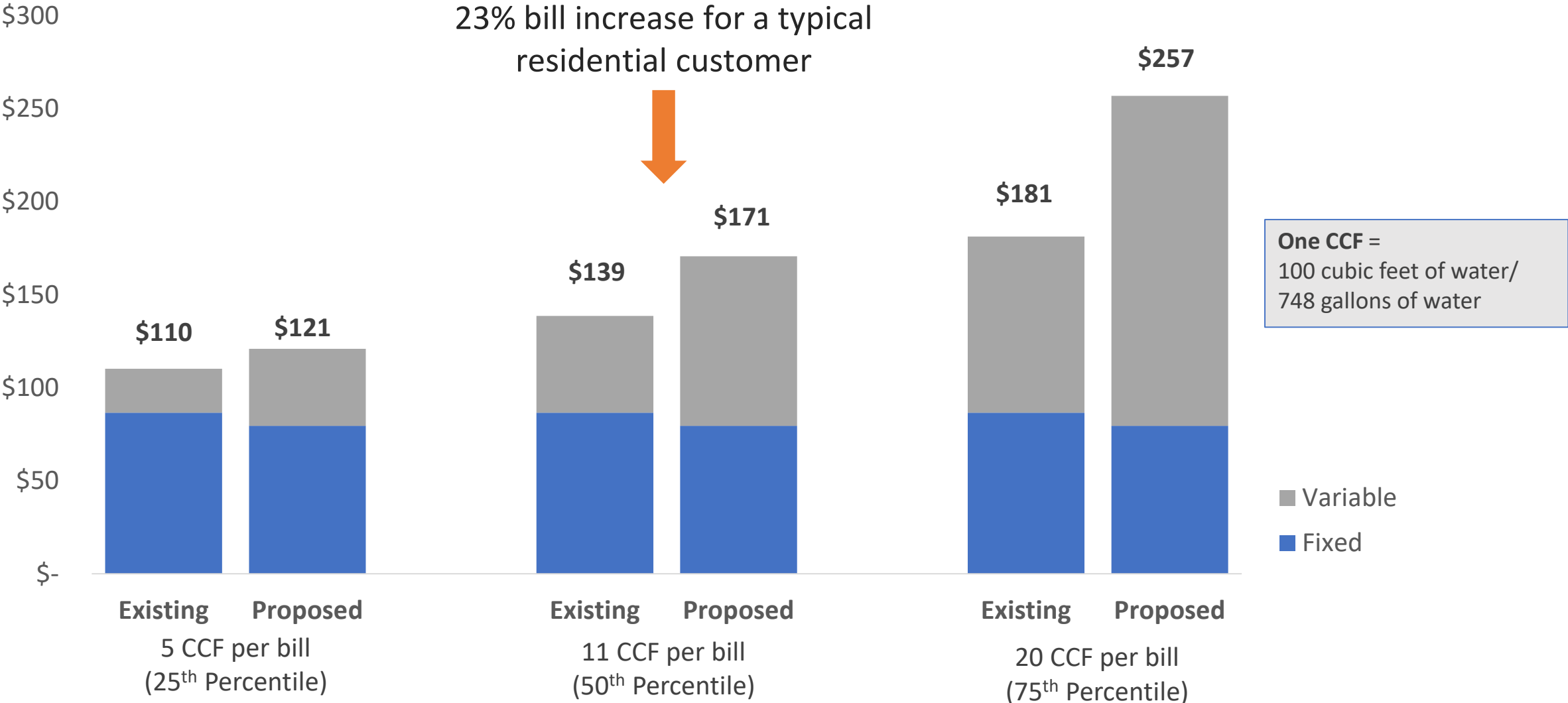
- Give customers greater control of their monthly bill
- Encourage conservation
- Eliminate seasonal tiers for residential customers

Apply a long-term lens

- Incremental approach to change where possible
- Goal of stable and predictable future rate increases
- Incorporate drought rates

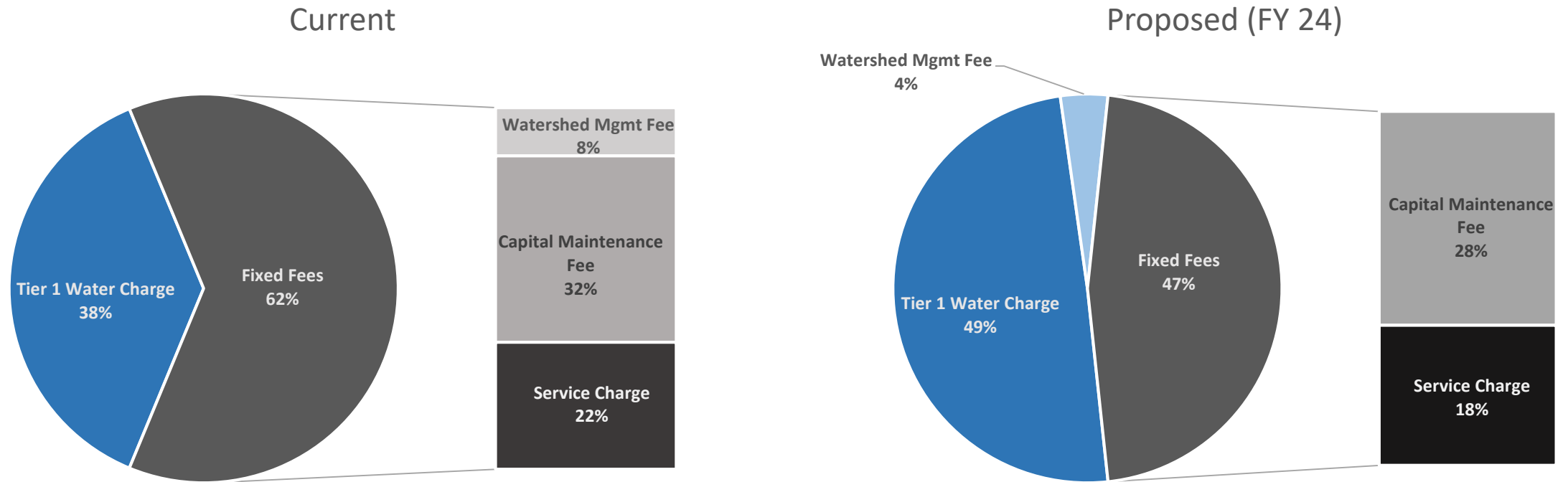
Proposed Bi-Monthly Rate Impact on Average Single-Family Residential Customer

Includes Service Charge, Capital Maintenance Fee and Watershed Management Rate for 5/8" meter



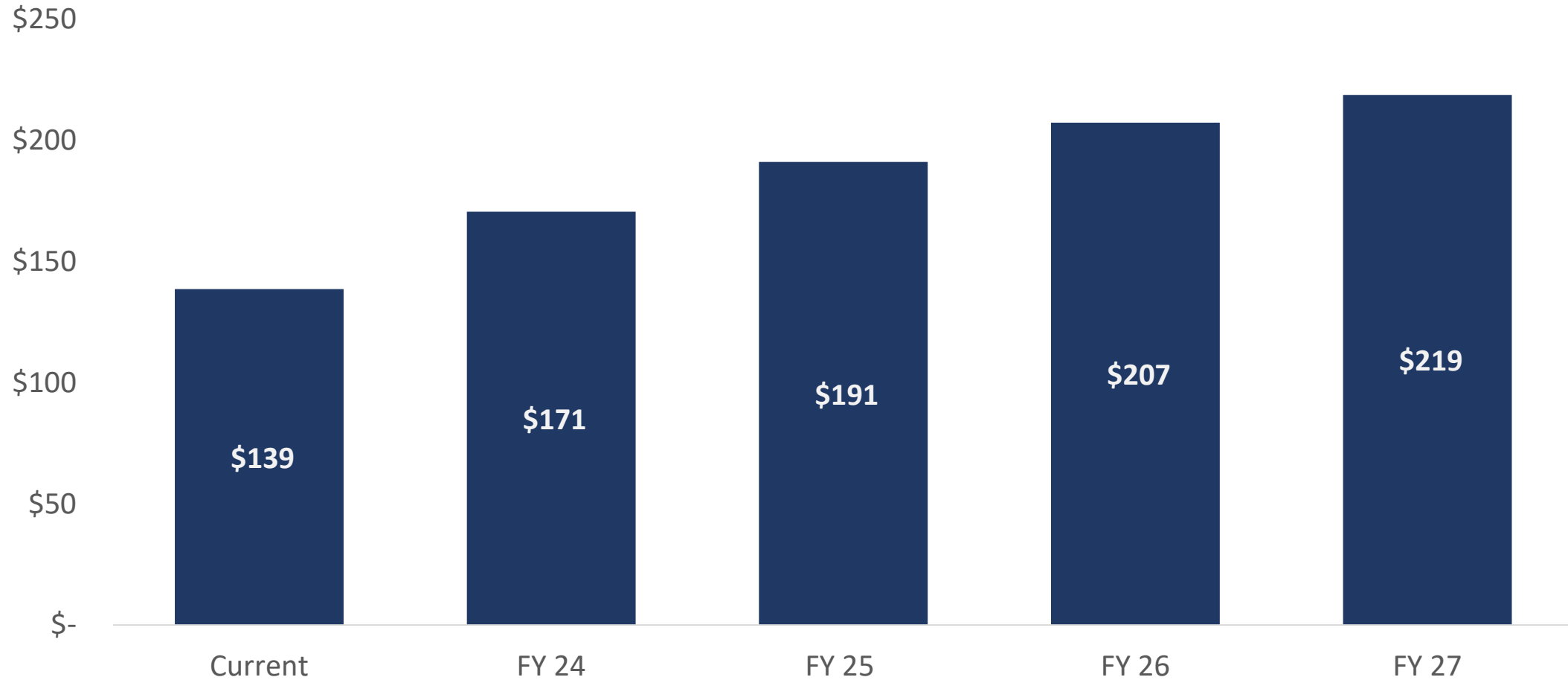
Proposed Bi-Monthly Rate Impact on Typical Single-Family Residential Customer

Fixed fees are reduced as a portion of customer bills



Proposed Bi-Monthly Rate Impact on Typical Single-Family Residential Customer

Rate increases are spread throughout the 4 year period



Organizational Challenge: Marin Water is Unique

County of Marin

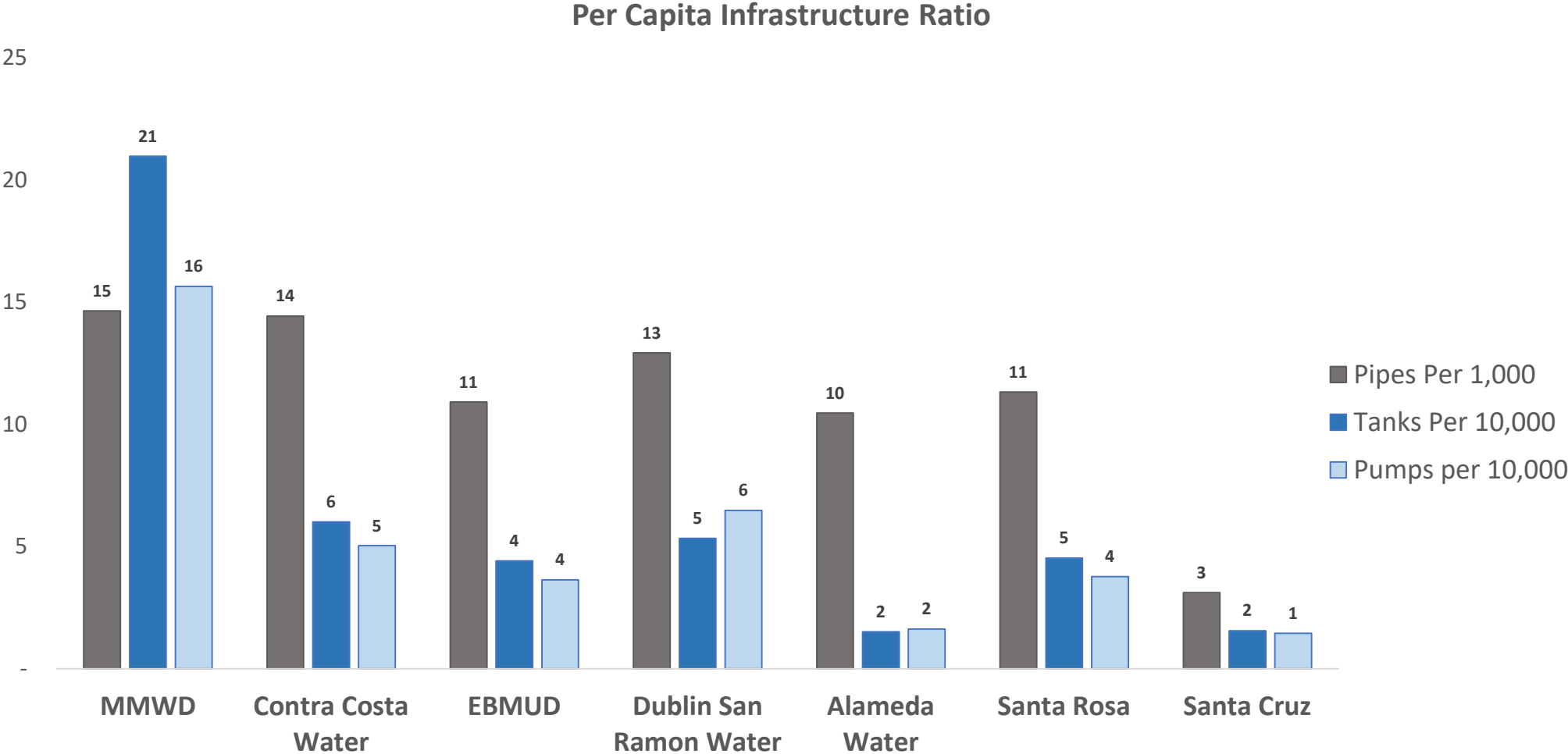
- Topography -> requires more infrastructure to pump water over the hills
- Density -> Low population density reduces economics of scale
- Slow Growth -> Smaller population base to share costs; less benefit from new connection fees

Marin Water

- Oldest municipal water district in California
- Local Watershed Management and Water Treatment Operations
 - Unlike many Bay Area water suppliers, Marin does not rely on the Sierras or the State Water Project

Infrastructure Challenge: Regional Comparisons

- Marin Water requires more infrastructure than other similarly sized agencies





Financial Challenges & Opportunities

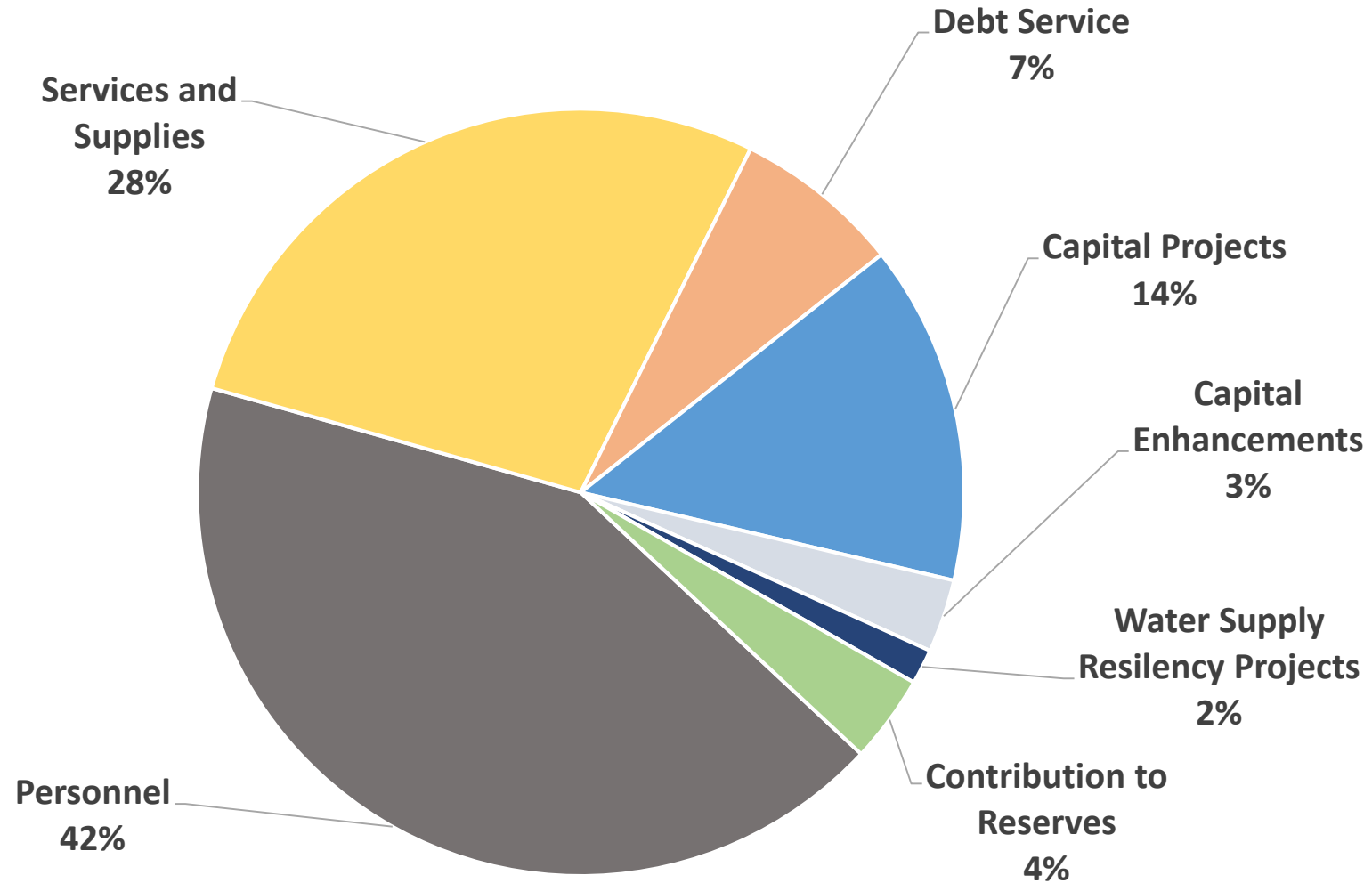
Marin Water Budget Overview

- Total current budget of \$112 million (FY 2022-23)
- Operating Fund = \$92 million
 - Day to day operations and maintenance
 - Debt Service
- Capital Fund = \$20 million
 - Capital Improvement Program
 - Replacement of pipelines and storage tanks
 - Improvements to dam spillways and treatment plants
 - Fire hardening of critical facilities
 - Water supply reliability projects

Marin Water Financial Plan Overview

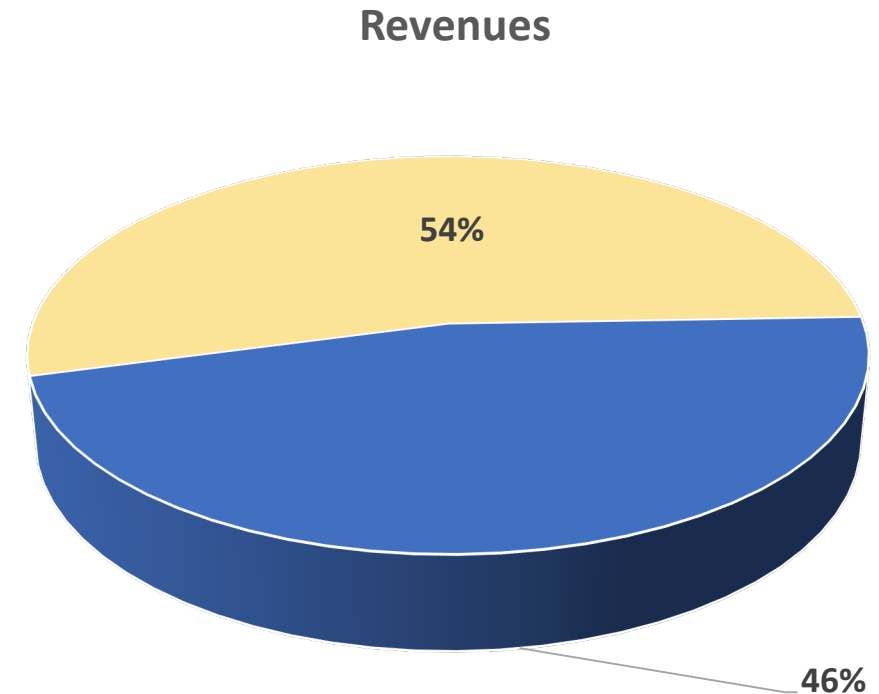
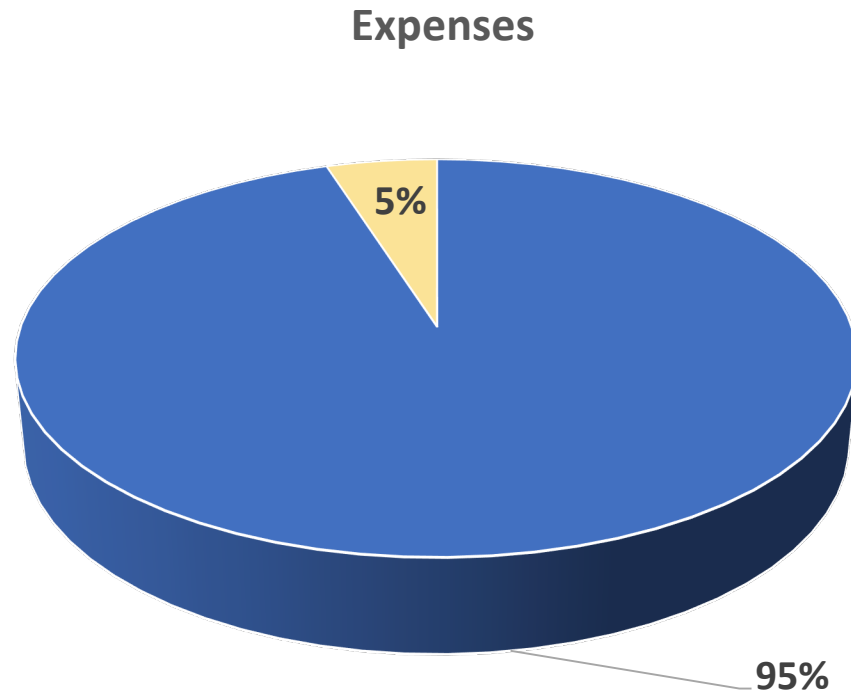
	FY 2023	FY 2024	% Change	FY 2025	% Change	FY 2026	% Change	FY 2027	% Change
Operations	\$ 83.5	\$ 92.1	10%	\$ 97.3	6%	\$ 102.9	6%	\$ 108.8	6%
Debt Service	\$ 9.7	\$ 9.5	-2%	\$ 9.4	-1%	\$ 14.7	56%	\$ 14.7	0%
Capital & Water Supply Projects	\$ 19.4	\$ 26.9	39%	\$ 39.7	48%	\$ 44.9	13%	\$ 53.1	18%
Contributions to Reserves	\$ -	\$ 5.0		\$ 5.0	0%	\$ 5.0	0%	\$ 5.0	0%
Total	\$ 112.7	\$ 133.6	19%	\$ 151.5	13%	\$ 167.5	11%	\$ 181.6	8%

Marin Water FY 24 Expenditure Plan by Category



Fixed Expense vs Variable Revenues

- Nearly all of the District's expenses are fixed
- More than half of our revenues are dependent on the amount of water distributed to customers

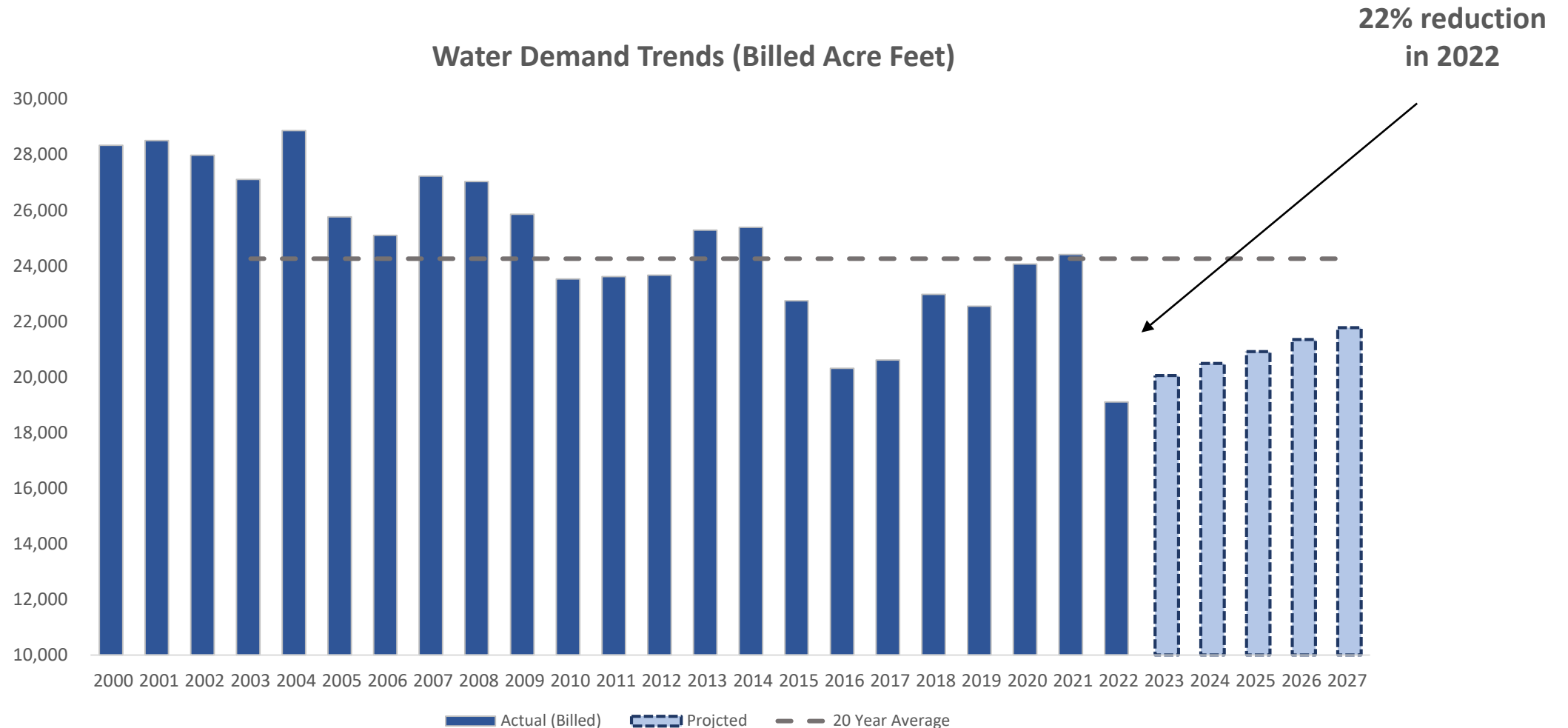


■ Fixed ■ Variable

■ Fixed ■ Variable

Rate Structure Challenge: Adapting to Consumption Trends

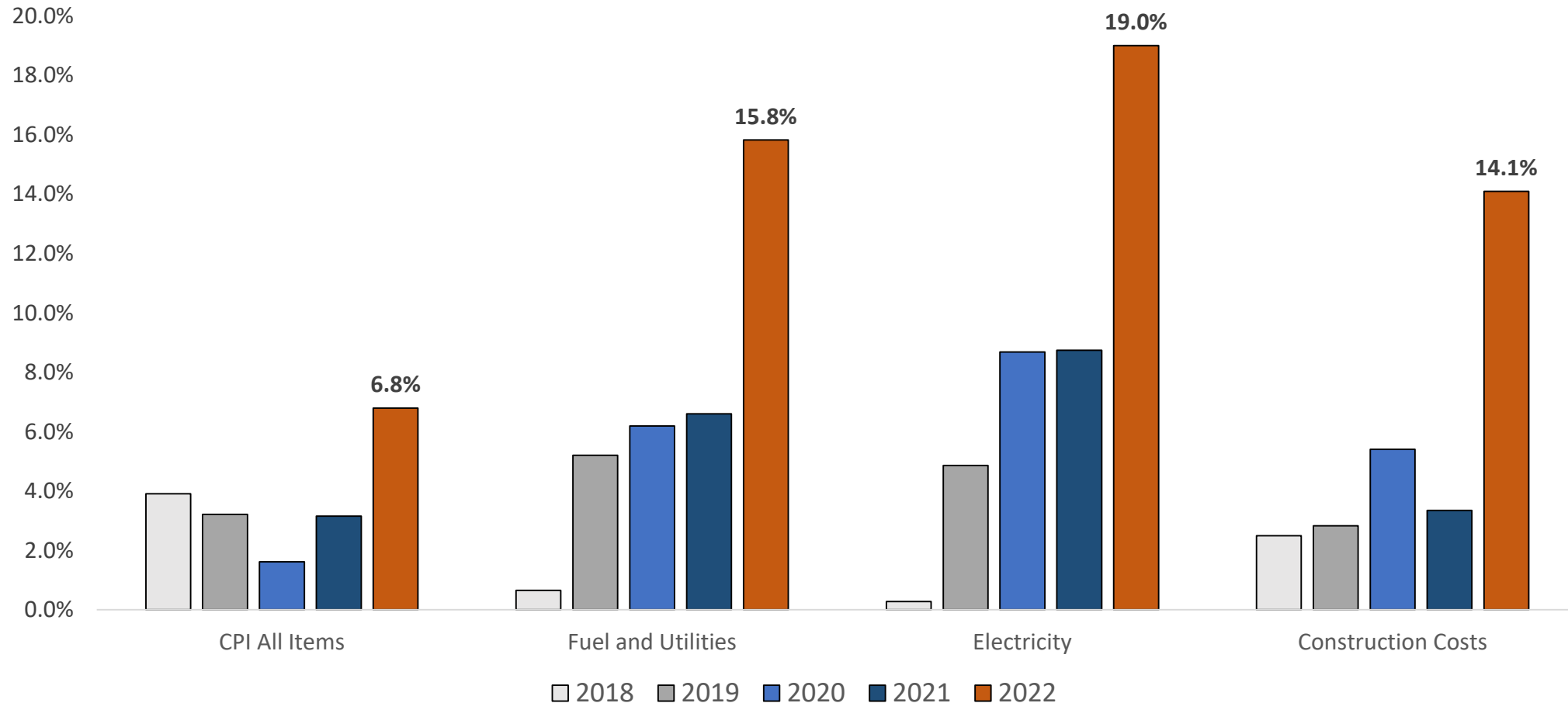
- Over the past 20 years, billed water units have fallen by about 1 percent per year
 - Demand is projected to stay below long-term averages for the next 4 years



Financial Challenge: Inflationary Pressures

- Double digit increases are affecting core operational areas

Bay Area Inflation Rates



Examples of Inflation and Key Cost Drivers at Marin Water



Purchased Water from Sonoma

Expecting estimated 10% per year increase in base rate in each of the next 4 years



Paving contracts

Costs have risen over 100% for paving projects since 2020 due to increasing local jurisdiction requirements to repair streets after pipeline projects



Welded Steel Pipe

Costs have increased 17% per year from 2020 to 2022



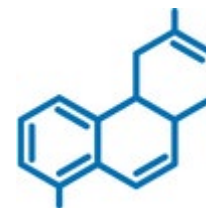
Insurance

Premiums have risen over 50% since 2021 due to increased statewide wildfire risk and litigation trends



Water Meters

Prices are up over 90% since 2021 for basic analog meters

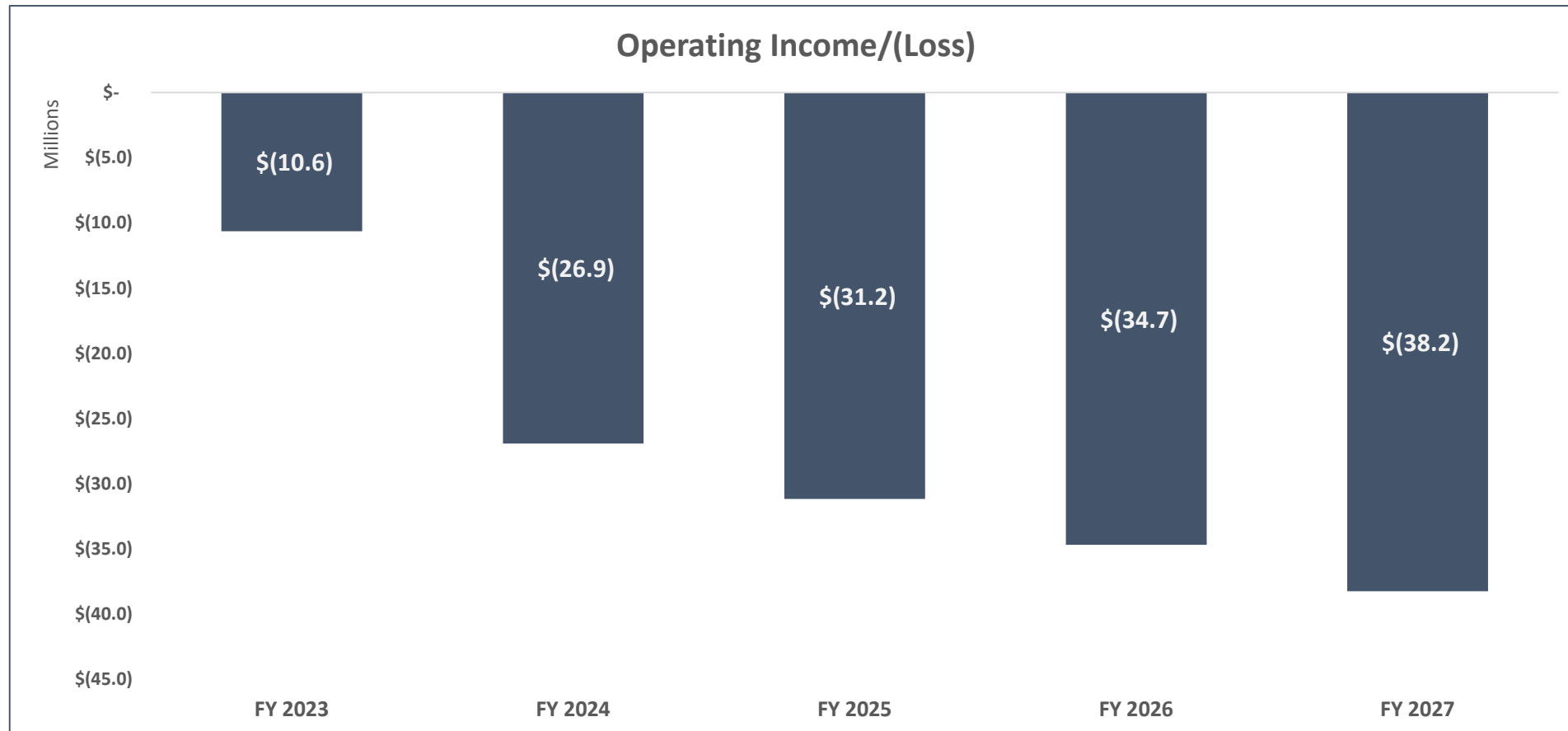


Water Treatment Chemicals

42% increase in unit costs last bidding cycle

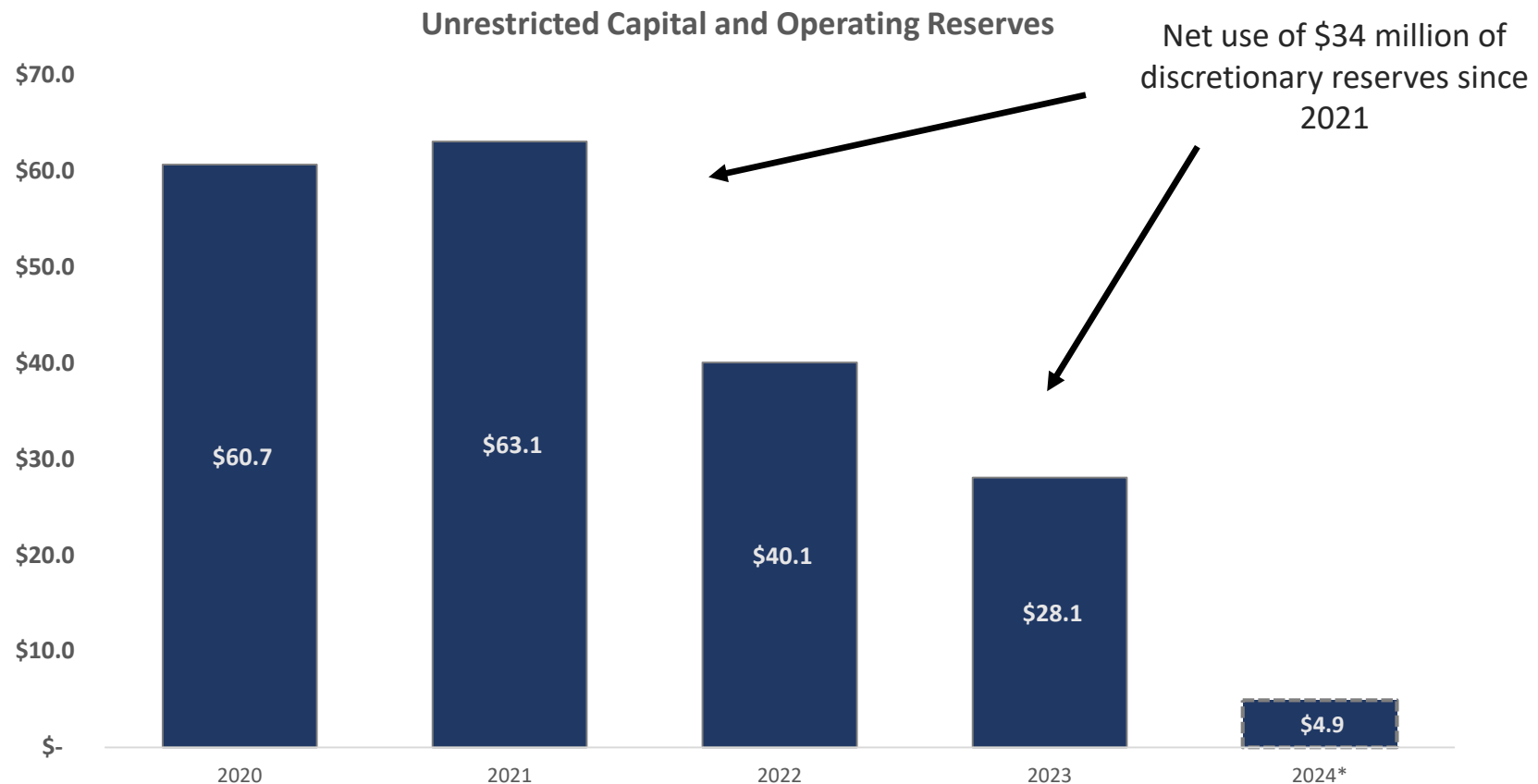
Financial Challenge: Operating Deficit Under Current Rates

- Marin Water is currently operating below break-even (FY 2023)
 - Offset by short term expenditure savings from vacancies and deferred capital projects
- At current revenue levels, annual ongoing deficits would reach \$38 million by FY 2027



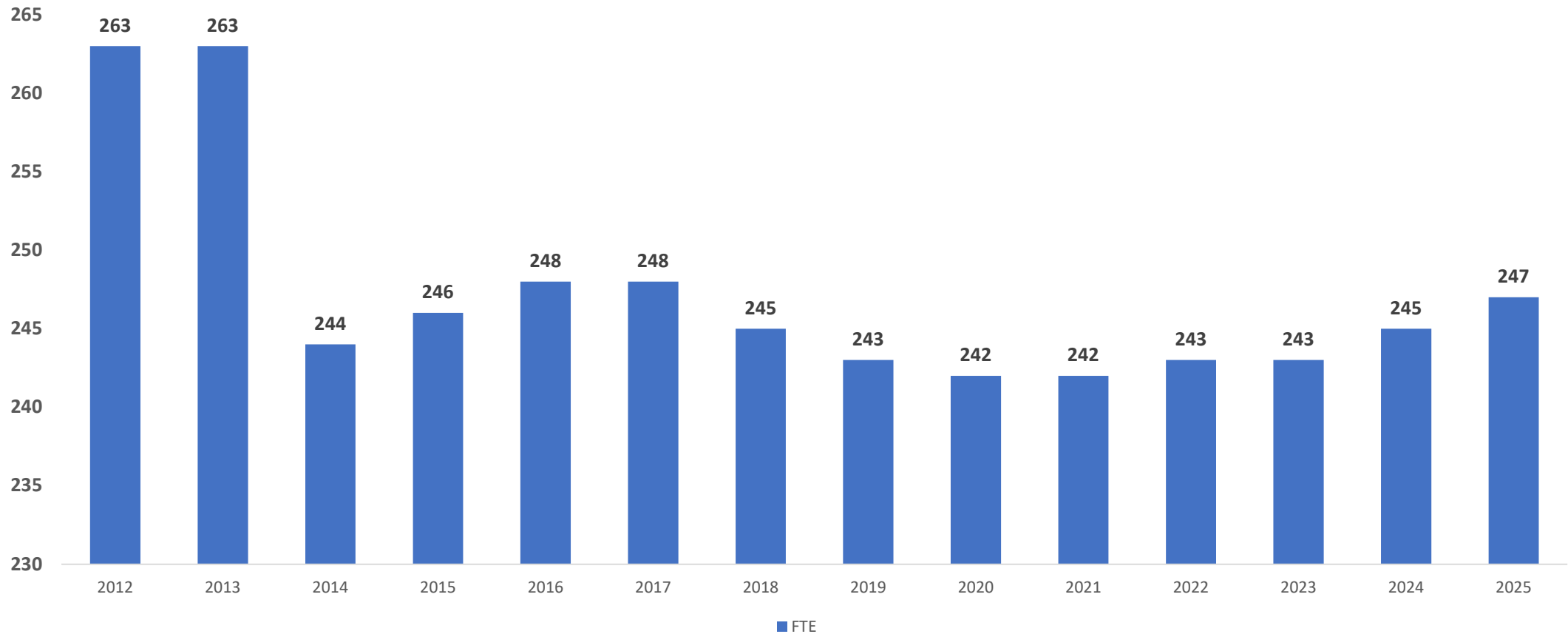
Financial Challenge: Reserves Must be Replenished

- The District had well-funded reserves in 2021
- Over the next two years, the District used reserves to secure additional water supply and offset revenue losses from the drought



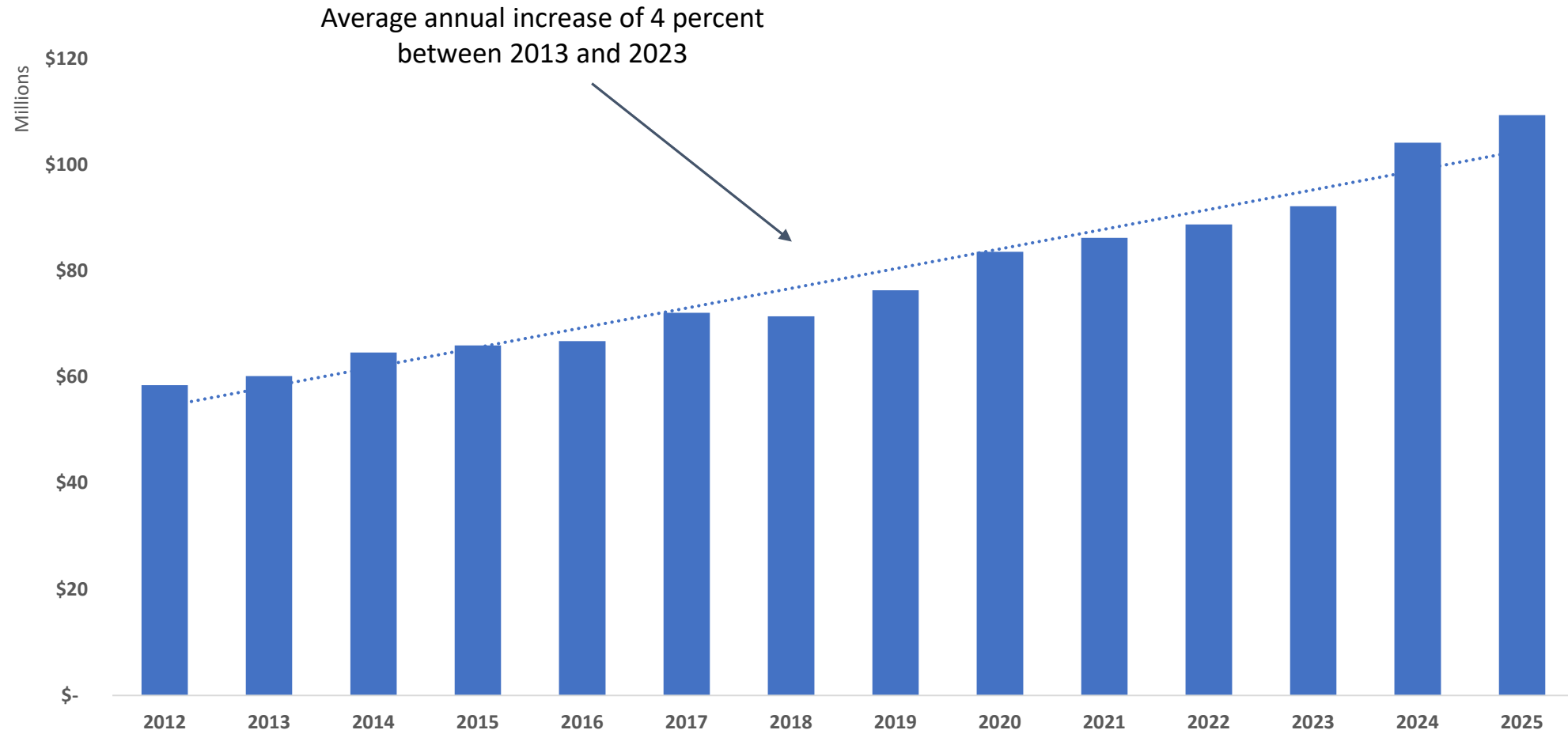
*Projected FY 2024 under current rates

Historical Budget Trends: Districtwide Staffing Levels



- Largely flat staffing levels since 2014
 - FY 2024 = Addition of 2.0 FTE (Ranger Trainee and Organizational Training Specialist)
 - FY 2025 = Addition of 2.0 FTE (Valve Exercising Crew)

Historical Budget Trends: Operating Budget Expenditures

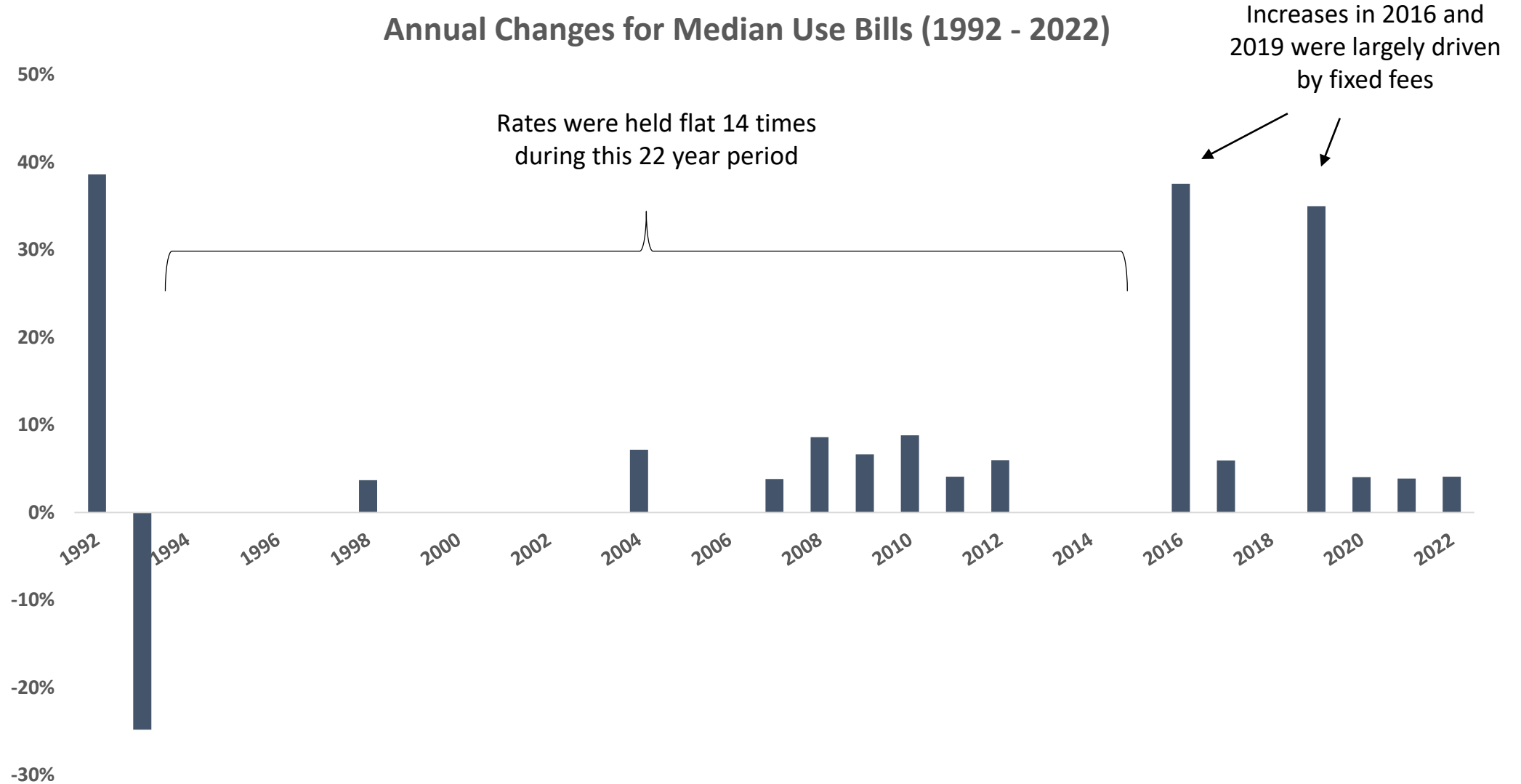


- Operating Budget increases 13% in FY 2024 and 5% in FY 2025
 - Incorporates two years of cost increases in core functional areas

Rate Increase History

- Over the past 30 years, MMWD bills have increased by an average of 4 percent per year
 - Inflation has been approximately 3 percent per year during this time
- AWWA survey from 1998 to 2018 shows average rate increases of 10 percent per year
 - National water rates have risen at about twice the rate of inflation
 - Aging infrastructure, regulations and climate change
- Due to uncertainty of weather and consumption, we have experienced large swings in annual rate changes since 1992
 - 16 years with 0% increases or rate reductions
 - 3 years with 10% increases or greater
- Efficiency and conservation efforts result in higher unit costs (rates)
 - Revenue required to support fixed costs is allocated over a smaller base

Rate Increase History





Rate Setting Process

Marin Water: Rate Study

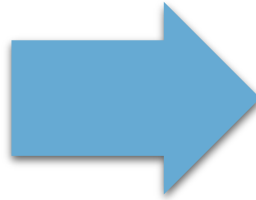
- Beginning in 2022, District staff worked with an independent water rate consultant to perform a cost of service analysis
 - Financial Plan = Revenue Requirement
 - Baseline Budget
 - Inflationary cost drivers
 - Non-discretionary expenditures
 - Districtwide funding enhancements
 - Rate Design
 - Reduced fixed fees
 - Increased volumetric/variable rates
 - Lower residential tier breaks
 - Drought rates

Rate Setting Process

- Proposition 218 outlines the process by which all service fees charged by local governments in California – the basic provisions include:
 - Rates cannot exceed cost of providing service
 - Cost recovery methodology must be proportional to customer base

Cost of Service Analysis

- Recent Trends
- Rate Structure
- Revenue Requirement:
 - Operations & Maintenance
 - Capital Improvements
 - Water Supply Enhancement Projects
 - Fiscal Sustainability



Public Outreach & Engagement

- Board Meetings
- Customer Workshops
- Website
- Bill Inserts
- District E-News
- News Releases/Media
- Social Media
- Mailed Notice*
- Public Hearing*

**proposition
218 requirement*

Marin Water: Public Engagement

- Board meetings
 - December: Initial review of the rate setting process
 - January: Capital needs and reserve targets
 - February: Operating cost drivers, structural challenges, water supply, rate structure and district-wide revenue requirement
 - March: Draft Cost of Service Analysis and preliminary rate proposals
- Customer Workshops
 - February 9th, 13th, 15th and 16th
 - Held in 3 different locations and 1 virtual workshop
- Community Meetings
- Website: MarinWater.org/2023RateSetting
 - FAQ's
 - Rate Calculator

Discount Programs Available to Customers

- The District will continue to provide a variety of robust financial support programs to customers who need assistance in paying their water bill



Medical Disability Discount

Waives certain fees, discounts additional water usage

400 currently enrolled customers



Waiver Program Based on Income

Subtracts water charges and fees from qualifying customers' bills

1,000 currently enrolled customers

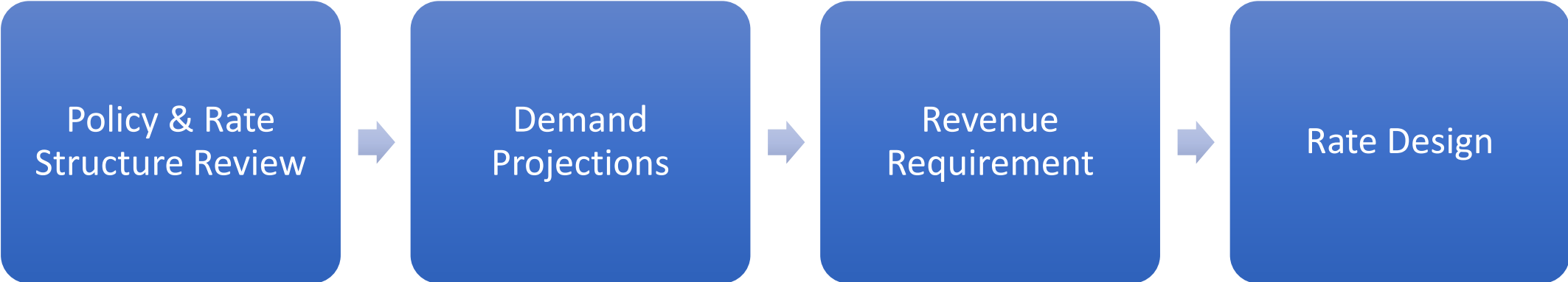


Super Saver Program

Provides a discount worth up to \$8 for the lowest 5% of water users

3,000 benefitting customers

Cost of Service Analysis: Step by Step Approach



- ✓ Baseline budget
- ✓ Water Supply
- ✓ Capital Investments
- ✓ Service Enhancements

Key Assumptions for Cost of Service Analysis

- Demand will remain well below long term averages
- Inflation will continue to impact core operational costs
- Funding will be provided to implement the Water Supply Roadmap
- Investments in capital infrastructure will be phased-in to address deferred maintenance
- Additional debt service may be considered to address critical infrastructure needs
- Reserves have been utilized and need to be replenished
- Future Uncertainties
 - Pace of climate change; frequency and intensity of droughts
 - Level of sustained inflation



Revenue Requirement

Marin Water Revenue Requirement

- Baseline Operating Deficit
 - Reduced demand
 - Inflationary cost drivers
- Deferred Maintenance
 - Maintaining pace with replacement and improvement needs requires more than double the current annual capital budget
- Water Supply Roadmap
 - Short term, 'no regrets' projects
 - Long term projects with additional studies
 - Water Supply Project Reserve
- Service Enhancements
 - Watershed (BFFIP), Ranger Trainee, Training Program position, Valve Exercising Crew
- Reserve replenishment and technology

Marin Water Revenue Requirement: Watershed

- Primary function is to protect the District's local source of water supply
 - Watershed Protection and Maintenance
 - Vegetation and Natural Resources
 - Fisheries
 - Grants and Legislation
- Biodiversity, Fire, and Fuels Integrated Plan (BFFIP)
 - Current budget of \$2.3 million (excluding grants)
 - Recommended increase of \$500,000 (27%) beginning in FY 2024
- Capital Infrastructure
 - Increased funding for deferred maintenance backlog beginning in FY 2025
 - Phased increases in FY 26 and FY 27 will double the annual capital investment
- Grant funds support BFFIP, Azalea Hill Restoration and Lagunitas Creek Fisheries

Marin Water Revenue Requirement: Conservation

- 3 focus areas to preserve the District's water supply
 - Community Engagement
 - Incentives
 - Regulations
- Enhanced funding for Water Conservation Element
 - Implement outreach and marketing to increase participation levels
 - Improved analytics
 - Targeted advertising programs
 - Graywater training
- Grants
- AMI

Marin Water Revenue Requirement: Capital Improvement Program (CIP)

Category	FY24	FY25	FY26	FY27
Baseline	\$19,421	\$20,353	\$21,344	\$22,377
Grant Funded Projects	\$3,936	\$4,652	\$1,400	\$0
Fire Flow	\$4,500	\$4,500	\$4,500	\$4,500
Water Supply	\$2,750	\$9,200	\$9,700	\$3,000
Backlog Stabilization	\$3,150	\$6,615	\$10,418	\$14,586
Large Projects	\$0	\$0	\$5,200	\$5,200
Watershed BFFIP Enhancements	\$500	\$525	\$551	\$579
System Improvements	\$525	\$3,858	\$4,051	\$9,450
Total CIP	\$34,782	\$49,703	\$57,164	\$59,692

* Funding in 1,000s

Examples of Baseline Projects



*Cole Dr. Pipeline Replacement
(Marin City)*



*Paloma, Granada, El Camino
(Corte Madera)*



Greenbrae Boardwalk Pipeline Replacement

Examples of Baseline Projects



Left: Culvert Replacement (Top); Trail Restoration (Bottom);



Spillway Repairs (Seeger Dam)



Before



After

Watershed fire fuel reduction projects

Water Supply Projects

Water Supply: Preliminary Funding Schedule for Capital Investments

\$(Millions)	2024	2025	2026	2027	Total
Phoenix to Bon Tempe	\$0.5	\$1.7	\$2	\$1	\$5.2
Soulajule Electrification	\$0.5	\$3.5	\$3.2	-	\$7.2
Roadmap – Long Term Projects	\$1.75	\$4	\$4.5	\$2	\$12.25
Water Supply Project Reserve	\$2.5	\$2.5	\$2.5	\$2.5	\$10.0
Total	\$5.25	\$11.70	\$12.20	\$5.50	\$34.65

Phoenix – Bon Tempe Project Overview

- Install new infrastructure to pump water up from Phoenix Lake to Bon Tempe Lake
- Phoenix storage capacity: 411 ac-ft
- Improves operational efficiency and would allow for more frequent use of water without intensive system modifications



Soulajule Project Overview

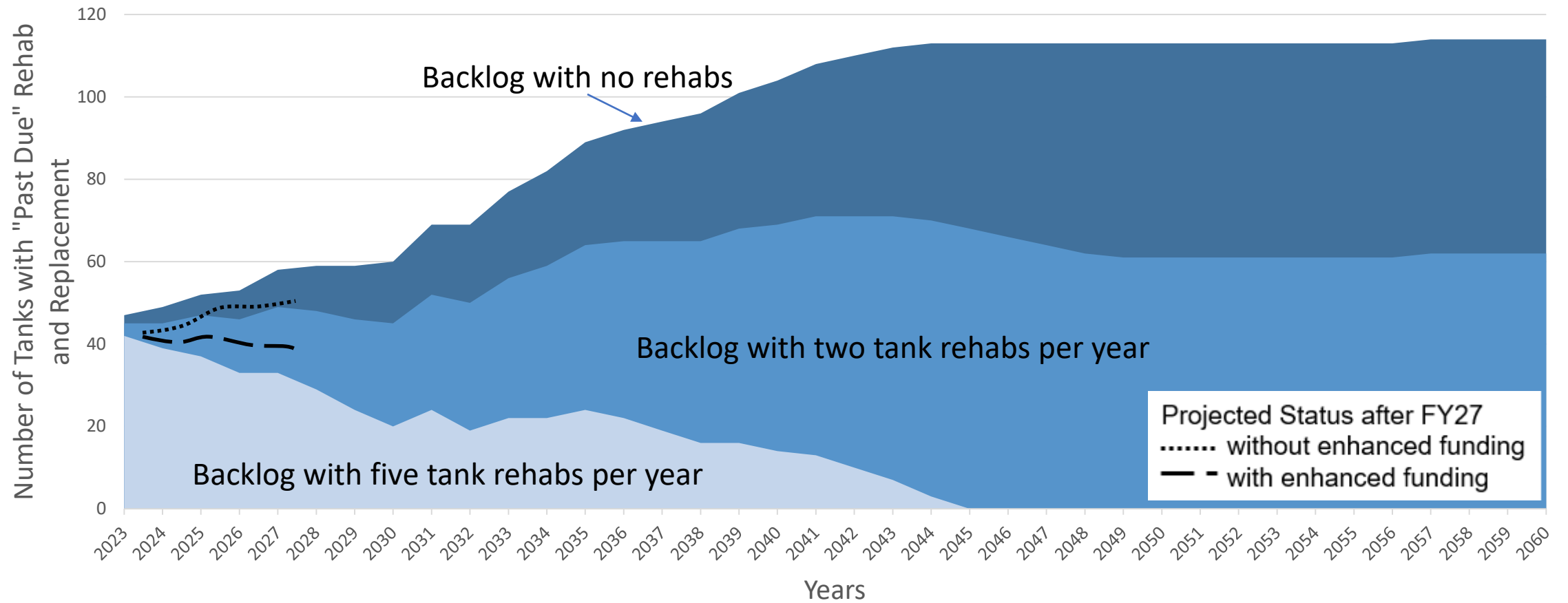
- Storage capacity: 10,572 acre feet
- Improves operability and flexibility of storage facilities
- Would set up improved efficiency for long term operating model



Soulajule Dam & Pump Station

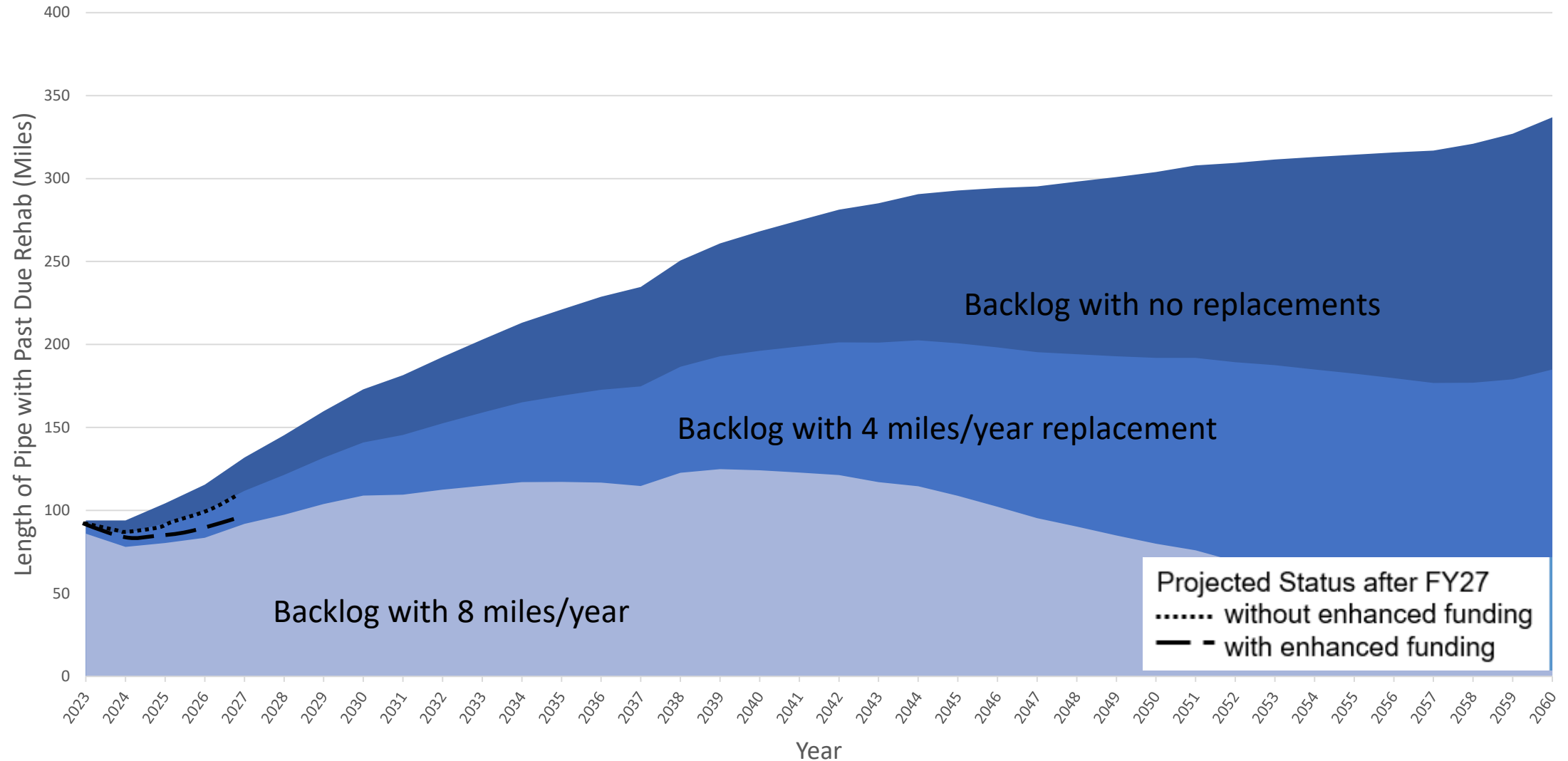
Capital Backlog Stabilization

Effect of Rehab Rate on Backlog of “Past Due” Tank Rehabs

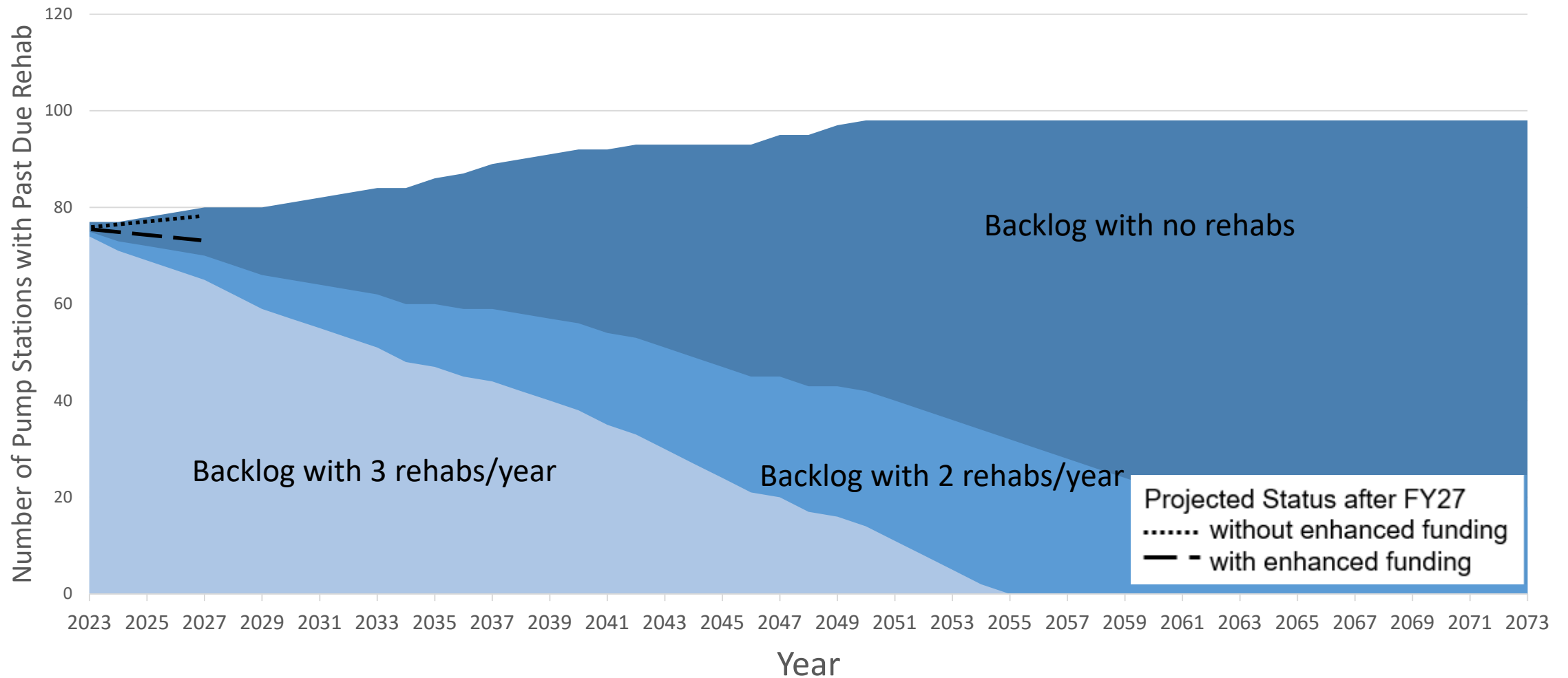


Includes major tanks only (114)

Miles of Pipe “Past Due” for Replacement at different Rehab or Replacement Rates



Effect of Rehab Rate on Backlog of “Past Due” Distribution Pump Station Rehabs



Preliminary Funding Schedule for Deferred Maintenance Backlog

\$[Thousands]	2024	2025	2026	2027	Total
Pipelines	1,550	3,615	5,500	6,500	17,615
Pump Stations		1,000			1,000
Storage Tanks	500	1,000	1,500	3,250	6,250
Treatment Plants	500	500	750	1,350	3,100
Watershed		500	918	1,486	2,904
System Improvements	600	0	1,750	2,000	4,350
Total	3,150	6,615	10,418	14,586	34,769

Watershed Biodiversity, Fire & Fuels Management

Fire & Fuel Management



French broom removal below Bon Tempe Treatment Plant



Routine fuelbreak maintenance along Lower Railroad Grade

Enhanced funding allows for an annual additional **235** acres (17% increase)

Capital Funding Source	FY24	FY25	FY26	FY27
Baseline	\$2,271,000	\$1,217,000	\$1,265,000	\$1,316,000
Enhancements	\$500,000	\$525,000	\$551,000	\$579,000

* FY24 Baseline funding includes \$1.1M grant

Systems

SAP Conversion - Enterprise Resource Planning

- Enterprise Resource Planning (ERP) Software
 - Used to manage day-to-day business activities such as accounting, human resources, budgeting, procurement, inventory, project and maintenance management, billing and customer services .
- SAP has been the ERP in use at the District for over 20 years (at “end of life”)

Advanced Metering Infrastructure (AMI)

- Educational tool to provide customers further opportunities to use water wisely
 - Supports organizational goal of advancing water efficiency
 - Customer access of real-time water use data results in increased water conservation
- Funded \$2.5M FY 27 to begin moving toward full implementation
 - Full project will be over \$20 million

Large Projects

Larger Projects

Existing San Geronimo Treatment Plant Clarifiers



Project	Project Cost (est.)
North Marin Line	\$28,000,000
Smith Saddle Tanks	\$24,000,000
Ross Reservoir	\$15,000,000
San Geronimo Clarifiers	\$25,000,000

- Debt service may be considered beginning in FY 2026 for 1-2 large projects in this rate cycle



Ross Reservoir

Smith Saddle Tanks

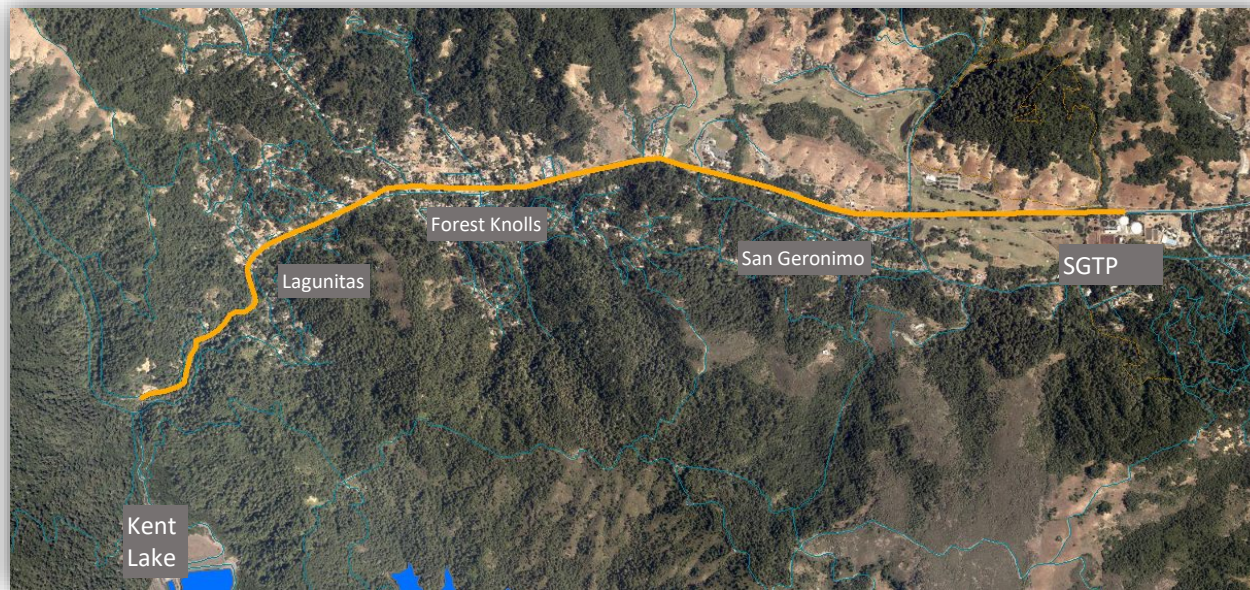


Current condition (interior)

- Smith Saddle Tanks provide 10MG of storage
 - Last interior recoat 1983
 - Last exterior recoat 1961

North Marin Line

- Sole transmission from Nicasio and Kent to San Geronimo Treatment Plant
- 33" ACCP installed in 1957



Lagunitas Creek Crossing

Summary

- Backlog funding distributed across asset classes to begin to address deferred maintenance
- In addition to baseline capital and deferred maintenance:
 - Early action water supply projects
 - Enhanced BFFIP work
 - SAP replacement
- Larger CIP Projects – Debt Service factored into future CIP budget (beginning FY26) for select large projects

Recommended Financial Plan: Revenue Requirement for Targeted Investments over 4 year planning period

Water Supply Resiliency Enhancements

- Electrify Soulajule Reservoir (\$7.2M)
- Phoenix Lake-Bon Tempe Connection (\$5.2M)
- Roadmap Implementation and Pre-Design (\$12.3M)
- Conservation Program (\$6.8M)
- Water Supply Project Reserve (\$10.0M)
- Maximize Sonoma Water (\$6.7M)

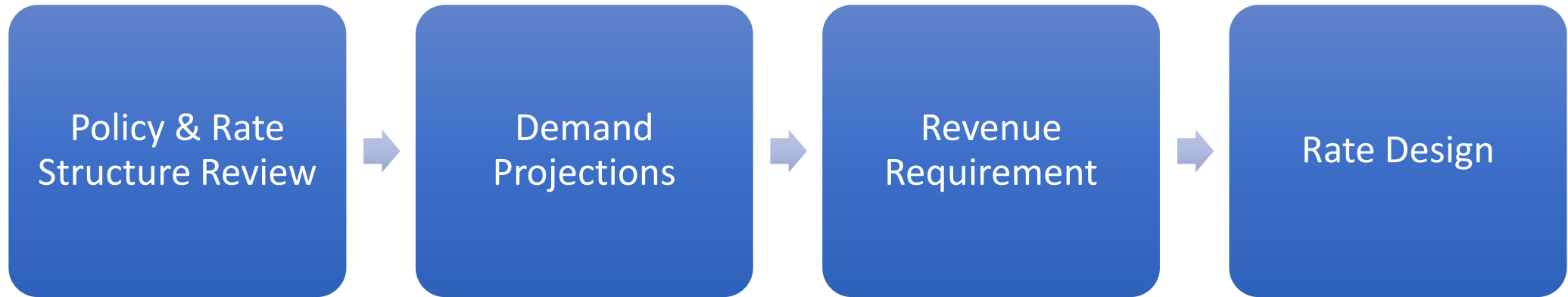
Capital Infrastructure and IT Systems

- Scaled Up Backlog Reduction Funding (\$30.0M)
- Debt Service for Large System-Critical Projects (\$10.4M)
- SAP Replacement and AMI Expansion (\$10.7M)

Service Enhancements

- Watershed Fire Fuel Mitigation – BFFIP (\$2.0M)
- Ranger Trainee (\$0.8M)
- Organizational Training and Development (\$0.8M)
- Valve Exercising Crew (\$0.9M)

Cost of Service Analysis: Step by Step Approach



- ✓ Tier breaks
- ✓ Fixed vs Variable
- ✓ Drought rates
- ✓ Consolidated classes

Rate Structure Recommendations

- **Align residential tiers to reflect current water demands and costs**
 - Adjust tier breakpoints
 - Remove tier seasonality (additional low tier units in summer months)
- **Implement Drought Rates**
 - Schedule of surcharges linked to Water Shortage Contingency Plan
- **Reduce Fixed Fees**
 - Convert Watershed Management Fee to a volumetric charge
 - Limit Service Charge and Capital Maintenance Fee to inflation-based increases
 - Adjust Single Family and Duplex meter equivalent methodology for fixed charges
- **Consolidate customer classes to reflect similar usage patterns and costs**
 - Combine Single Family Residential and Duplex classes
 - Combine Single Family Irrigation class with the Commercial, Institutional and Irrigation class



Proposed Rate Structure

Rate Structure Recommendations

- **Align residential tiers to reflect current water demands and costs**
 - Reduce Tier 1 break point to 15 CCF
 - Reduce Tier 2 break point to 25 CCF
 - Eliminate seasonal allocation

Single-Family Residential & Duplex Tier Allotments

Tiers	Existing Summer	Existing Winter	Proposed Summer/Winter
	CCF	CCF	CCF
Tier 1	0 - 26	0 - 21	0 - 15
Tier 2	27 - 59	22 - 48	16 - 25
Tier 3	60 - 99	49 - 80	26 - 80
Tier 4	100+	81+	81+

Rate Structure Recommendations

- Align volumetric rates to reflect current water demands and costs

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
(\$ per CCF)	Existing	Proposed	Proposed	Proposed	Proposed
Single-Family Residential Volumetric Rates					
Tier 1	\$ 4.73	\$ 7.67	\$ 9.16	\$ 10.24	\$ 10.86
Tier 2	8.19	10.02	11.96	13.38	14.19
Tier 3	13.78	16.19	19.33	21.62	22.92
Tier 4	22.15	24.77	29.58	33.08	35.07
Duplex Volumetric Rates					
Tier 1	\$ 4.76	\$ 7.67	\$ 9.16	\$ 10.24	\$ 10.86
Tier 2	8.31	10.02	11.96	13.38	14.19
Tier 3	13.72	16.19	19.33	21.62	22.92
Tier 4	21.53	24.77	29.58	33.08	35.07

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
(\$ per CCF)	Existing	Proposed	Proposed	Proposed	Proposed
Multi-Family Residential Volumetric Rates					
Tier 1	\$ 4.82	\$ 8.19	\$ 9.78	\$ 10.94	\$ 11.60
Tier 2	8.11	10.30	12.30	13.76	14.59
Tier 3	12.85	14.94	17.84	19.95	21.15
Tier 4	21.56	19.69	23.51	26.29	27.87
Commercial, Institutional, Irrigation Volumetric Rates					
Tier 1	\$ 4.62	\$ 8.42	\$ 10.05	\$ 11.24	\$ 11.92
Tier 2	12.37	15.29	18.26	20.42	21.65
Tier 3	18.53	16.09	19.21	21.48	22.77
Single-Family Irrigation Volumetric Rates					
Tier 1	\$ 5.94	\$ 8.42	\$ 10.05	\$ 11.24	\$ 11.92
Tier 2	\$ 7.10	15.29	18.26	20.42	21.65
Tier 3	\$ 12.32	16.09	19.21	21.48	22.77

Rate Structure Recommendations

- **Reduce Fixed Fees:**
 - Convert Watershed Management Fee to a Volumetric Charge

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
<i>Meter Size</i>	<i>Existing</i>	<i>Proposed</i>	<i>Proposed</i>	<i>Proposed</i>	<i>Proposed</i>
Watershed Management Fee					
5/8"	\$ 11.59				
3/4"	13.86				
1"	18.35				
1.5"	29.61				
2"	43.12				
3"	85.91				
4"	148.96				
6"	322.37				
8"	547.56				
10"	862.84				

Volumetric rate

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
<i>Existing</i>	<i>Proposed</i>	<i>Proposed</i>	<i>Proposed</i>	<i>Proposed</i>	<i>Proposed</i>
Watershed Maintenance Volumetric Rate					
All Use	N/A	\$ 0.61	\$ 0.62	\$ 0.64	\$ 0.66

Rate Structure Recommendations

- **Reduce Fixed Fees:**
 - Adjust meter equivalent for Single Family and Duplex customers
 - Apply inflation-based increases to Service Charge and Capital Maintenance Fees

Fixed Charges

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Meter Size	Existing	Proposed	Proposed	Proposed	Proposed
Service Charge					
<i>SFR + Duplex</i>					
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
<i>All Other Customer Classes (Except Private Fire Lines)</i>					
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

Fixed Charges

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Meter Size	Existing	Proposed	Proposed	Proposed	Proposed
Capital Maintenance Fee					
<i>SFR + Duplex</i>					
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
<i>All Other Customer Classes (Except Private Fire Lines)</i>					
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

Rate Structure Recommendations

- **Establish Drought Rates**

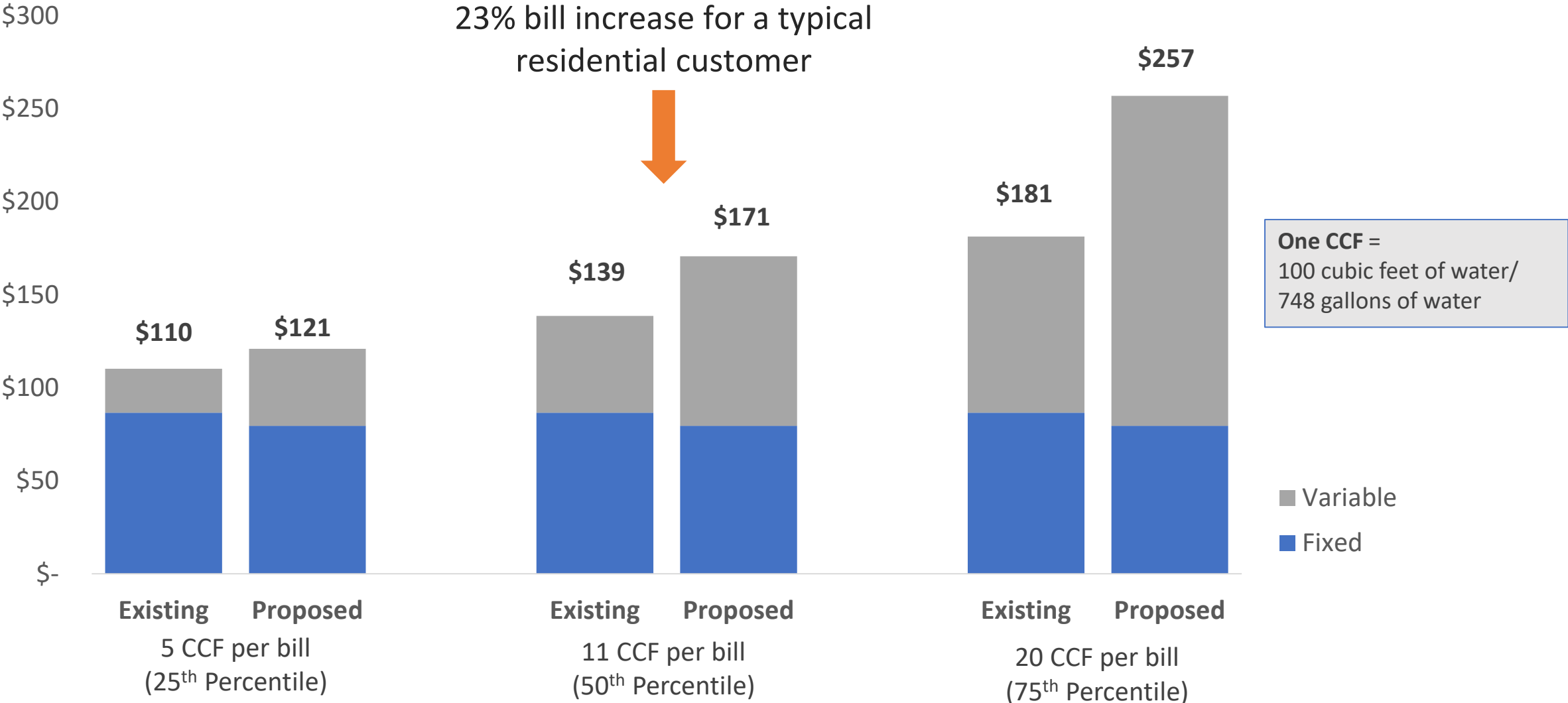
- Linked to Water Shortage Contingency Plan metrics
- Temporary surcharges during severe droughts
- Maximum rates are calculated to recover revenue loss under each scenario
- Actual surcharge rates will be brought to the Board for approval

Drought Surcharges

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
<i>(\$ per CCF)</i>	<i>Existing</i>	<i>Proposed</i>	<i>Proposed</i>	<i>Proposed</i>	<i>Proposed</i>
1 - Voluntary	N/A	0.0%	0.0%	0.0%	0.0%
2 - Voluntary	N/A	22.0%	23.0%	23.0%	23.0%
3 - Mandatory	N/A	39.0%	39.0%	40.0%	40.0%
4 - Mandatory	N/A	61.0%	61.0%	62.0%	62.0%
5 - Mandatory	N/A	91.0%	92.0%	93.0%	93.0%

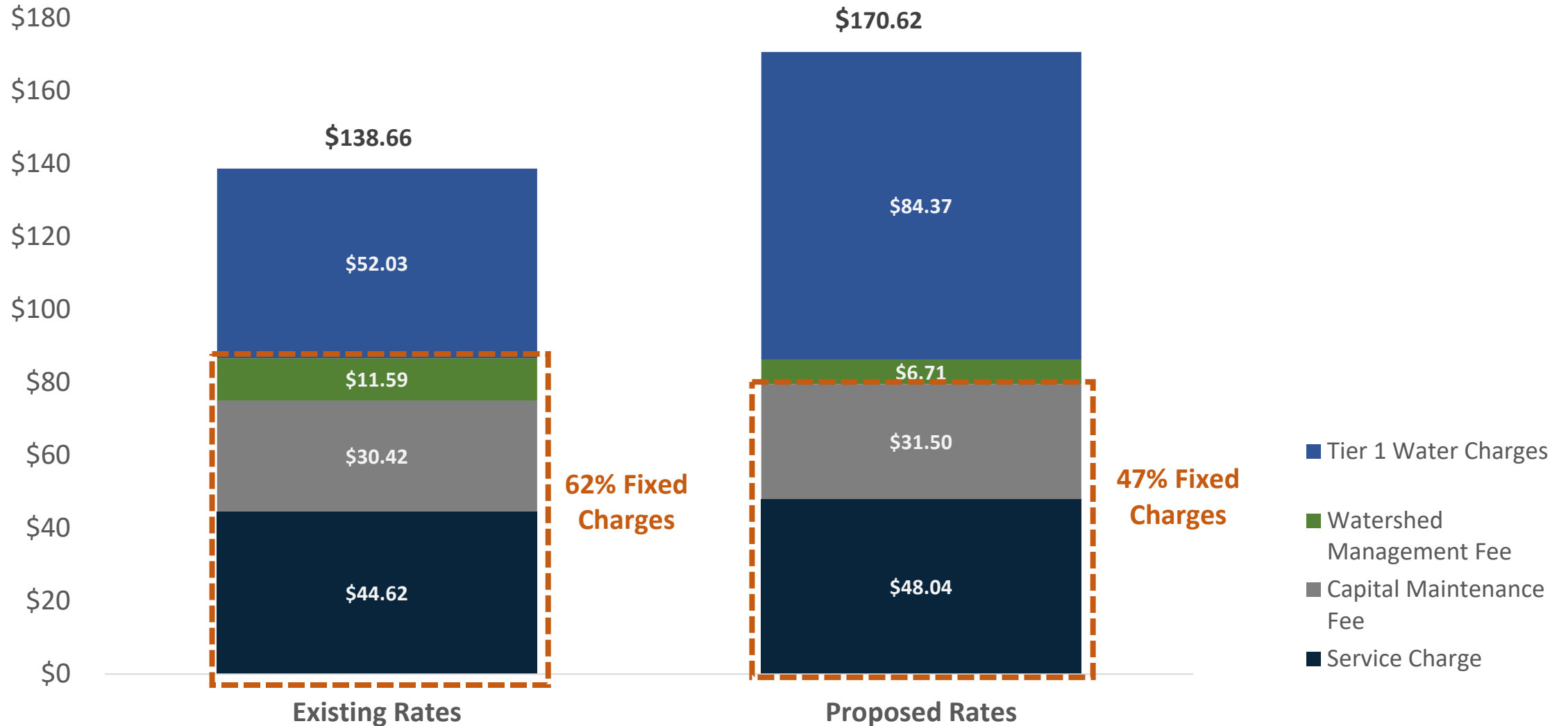
Proposed Bi-Monthly Rate Impact on Average Single-Family Residential Customer

Includes Service Charge, Capital Maintenance Fee and Watershed Management Rate for 5/8" meter



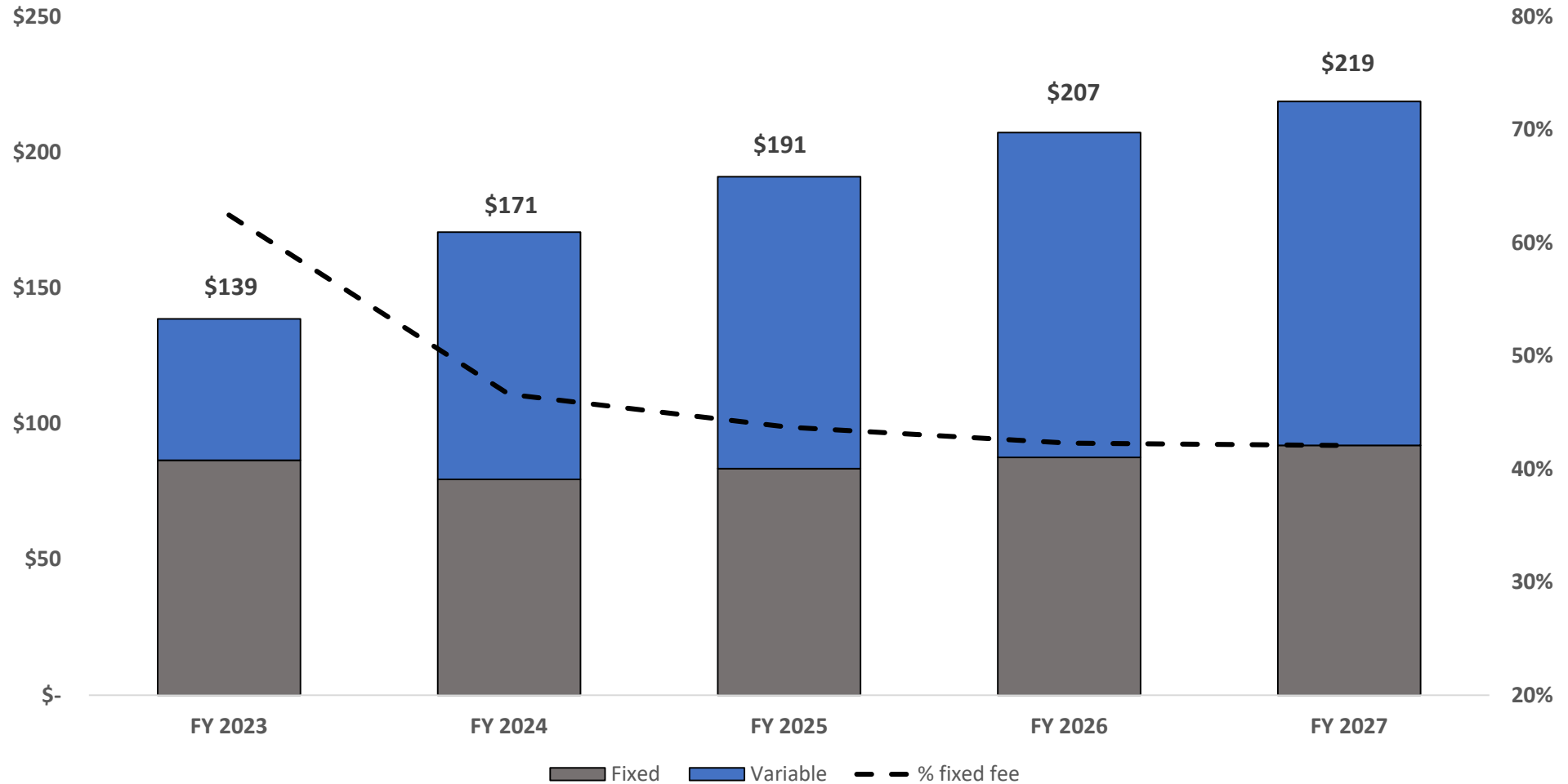
Proposed Bi-Monthly Rate Impact on Typical Single-Family Residential Customer

Fixed fees are reduced as a portion of customer bills



Proposed Bi-Monthly Rate Impact on Typical Single-Family Residential Customer

Rate increases are spread throughout the 4 year period



Recap

- District expenditure plan incorporates high priority investments
 - Water Supply
 - Capital projects and deferred maintenance
 - Inflationary cost drivers and operating enhancements
 - Reserve replenishment
- Revenues to support operating and capital expenses are reflected in the proposed rate increase
 - Reduced fixed fees, lower residential tier breaks
 - Impacts to customers vary depending on water use and meter size