

# Mt. Tam

It's where your water comes from!



Bon Tempe Lake MMWD's Mt. Tam Watershed.

Since 1912, the Marin Municipal Water District has provided high-quality, locally sourced water at the lowest possible rates, while protecting the crown jewel of Marin – Mt. Tam.

Water is a vital, precious resource, essential to the health of our community, environment, economy and safety. We continually invest in our water infrastructure to ensure the health of our community and watershed.

## Where does our water come from?

MMWD manages a complex distribution system of reservoirs, tanks, pumps and pipelines to deliver water to our customers' taps. About 75% of our drinking water comes from rainwater captured in seven reservoirs on Mt. Tamalpais and in west Marin. Another 23% of the District's annual water supply is imported from the Sonoma County Water Agency ("SCWA"). Water from these sources is treated at our three drinking water treatment plants to ensure the highest quality. The water then travels through almost 900 miles of underground pipelines to homes and business throughout our service area. The remaining 2% comes from recycled water.

Because of Marin's hilly terrain, about 90 percent of the water must be pumped at least once before it reaches the tap; some water is pumped up to six times. MMWD also manages a separate treatment and distribution system for recycled water. With parts of our system dating back more than 100 years, we are continually replacing pipeline and upgrading facilities to ensure reliable water for drinking and firefighting.

## Providing water 24/7, 365 days per year

MMWD's skilled workforce operates our water system and staffs the operations dispatch center 24 hours a day, 365 days a year. Providing safe, reliable water requires a broad range of expertise, from engineers who plan and design our system, chemists who test for water quality, service crews who maintain the pipelines, biologists and ecologists who ensure the health of our watershed, responsive customer service representatives and many others. Even with all those services that go into maintaining and upgrading our drinking water system which includes 900 miles of pipelines, 3 water treatment plants, 125 storage tanks, and 95 pump stations, treating and delivering our drinking water, it still costs a penny per gallon.

## Proposed Increases To Water Service Rates, Fees & Charges Effective July 1, 2017 & July 1, 2018

The proposed rate adjustments include increasing the fixed Service Charge, fixed Watershed Management Fee and the tier rates of the Commodity Charge for all customer classes. The proposed increases, effective July 1, 2017 and July 1, 2018, result in overall annual 7% increases in revenue for the District.

### The Proposed Increase in Water Service Rates, Fees & Charges

The District is committed to efficiently providing high quality, reliable water service at the lowest possible rates for our customers, while protecting the water resources and public health of our community. As the oldest municipal water district in California, it is critically important that the District continually re-invest in the assets it holds and keep pace with inflation and other cost increases. Each year the District evaluates its infrastructure needs, programs, and operations and maintenance costs for the ensuing fiscal year. This year the District hired an independent rate consultant to determine how best to recover these projected costs over a five-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, and capital infrastructure improvements needed to provide safe and reliable drinking water; maintain the operational and financial stability of the District; and avoid operational deficits and depletion of financial reserves. The District has been primarily using bond funding for building capital projects with no specific annual budget allocation for capital projects from each year's annual water revenues, otherwise known as PAYGO (Pay-As-You-Go). Prudent fiscal policy is to maintain a roughly 50/50 split between bond funding and PAYGO to ensure a) limited interest payments, b) a higher debt coverage ratio, and c) maintaining generational equity (the fair division of payment responsibility between current ratepayers (PAYGO) and future ratepayers (bond funding)). With this goal in mind, the proposed rate change allocates \$6 million and \$7 million respectively for PAYGO effective July 1, 2017 and July 1, 2018.

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

Our Service Charges, Watershed Management Fees and Commodity Charges are structured to proportionally allocate the cost of providing water service to our customers and are currently billed on a bi-monthly 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



Bon Tempe Lake from East Peak Mt. Tam.

ed water. The rate structure for our water service has three components: (1) a fixed Service Charge; (2) Tier Rate; and (3) fixed Watershed Management Fee.

#### Fixed Service Charge

The fixed Service Charge is established on the basis of the size of the water meter serving a property 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.

#### Tier Rates (Commodity Charges)

Depending on the customer class, the tier rates consist of three or four tiers which impose higher rates for each unit of water usage and increase as the level of water consumption increases. One unit of water is equal to 748 gallons or one CCF, and is calculated to recover a portion of our fixed and variable costs of providing water service. For Single-Family, Multi-Family, and Duplex customers, 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). While residential accounts are provided a defined amount of water in each tier (tier allotments), Commercial, Irrigation, Recycled Water, and Raw Water customers are provided an allotment based on their defined water needs. 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. Customers who use more water place greater demands and burdens on our water system and resources. The tiered rates are designed

to recover the incremental costs incurred by MMWD as a result of this higher usage and its impacts. Based on the unique nature of the customer category of Raw Water (only two users) and the current usage patterns, a flat rate structure is proposed for this class.



Cataract Falls on MMWD's Mt. Tam Watershed.

## Watershed Management Fee

The Watershed Management Fee helps to 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 watershed maintenance and vegetation management costs.

## Fire Service Line Charge

In addition to the Fixed Service Charges, Watershed Management Fee and Tier Rates (Commodity Charges) described here, MMWD also imposes a fixed bi-monthly Fire Service Line 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 bi-monthly Fire Service Line 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.

## Proposed Increases to Fund Capital Improvements

Due to the proposed rate increases, the District's revenues are projected to increase by \$4.9 million in FY 17/18 and \$5.2 million in FY 18/19, an average of approximately 7% each year. This additional revenue is the primary source of Pay-As-You-Go funding of \$6 million in FY 17/18 and \$7 million in FY 18/19. This approach enables the District to invest \$75.5 million in infrastructure improvements, including \$9 million in water treatment plant upgrades (the first phase of a planned \$62 million investment over the next 18 years), \$21 million in pipeline replacements, and \$5 million for storage tank replacements. These expenditures represent significant and necessary improvements to our aging infrastructure to preserve the health of our water system and watershed.



San Geronimo Treatment Plant seismic upgrade construction underway.

Additionally, approximately 80% of our costs to operate and maintain the system are fixed, meaning the costs remain the same regardless of water sales. 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.

## Investing In Our Future

Our infrastructure projects over the next two years include:

- **Treatment Plants:** Completing seismic and other upgrades of the San Geronimo and Bon Tempe water treatment plants to ensure high quality water and strengthen their ability to survive a major earthquake.
- **Pipeline Replacement:** Replacing 8 miles of aging pipeline. Projects include replacing over 1 mile of a leak-prone, major transmission line dating to 1920 along Sir Francis Drake in Kentfield, in coordination with a county re-paving project.
- **Fire Flow Improvement Program:** Replacing 3.4 miles of undersized pipe to ensure sufficient flow for firefighting.
- **Storage Tanks:** Replacing Ross Reservoir—a deteriorating, 1-million-gallon water storage facility constructed in the 1920s—with a new larger facility to enhance water quality, improve reliability, and meet emergency needs. In addition, replacing four of our remaining redwood storage tanks with more seismically stable, steel tanks.
- **Control Systems:** Upgrading the electronic control and communication systems between treatment plants, pump stations, storage tanks, control valves and reservoirs used to control and monitor the treatment, production and distribution of water.
- **Corrosion Control:** Recoating one tank per year for corrosion protection, and maintain and enhance MMWD's cathodic protection system, which currently protects 423 miles (47%) of water distribution pipelines. For every \$1 invested in corrosion prevention, MMWD saves about \$50 in pipeline repair and replacement.
- **Watershed:** Repairing roads, restoring trails and enhancing winter habitat for endangered salmon in Lagunitas Creek.

# Current & Proposed Charges & Increases

## Proposed Rate Increases for Fiscal Years 2018 & 2019

The rate adjustments effective July 1, 2017 and July 1, 2018, include increases to the fixed Service Charge, fixed Watershed Management Fee, Tier Rates and Fire Service Line Charge for all customer classes as reflected in the tables below.

The exact amount of fees and charges to be paid vary among the customer classes based on levels of water usage and meter sizes.

For instance, for the average residential customer with a 5/8 inch meter and using approximately 6,358 gallons per month (8.5 CCFs) the proposed monthly increase would be approximately \$2.90 or 5% effective July 1, 2017 and \$4.09 or 7% effective July 1, 2018.

## Fixed Charges and Fees

### Bi-Monthly Service Charge (\$/Meter Size)

Meter Size	Current	Proposed July 1, 2017	Proposed July 1, 2018
5/8"	\$33.85	\$36.79	\$39.41
3/4"	42.90	46.62	49.93
1"	60.95	66.28	70.97
1.5"	106.05	115.43	123.57
2"	160.20	174.41	186.69
3"	331.70	361.18	386.57
4"	584.40	636.42	681.13
6"	1,279.30	1,393.33	1,491.17
8"	2,181.80	2,376.33	2,543.17
10"	3,445.30	3,752.53	4,015.97

### New Bi-Monthly Watershed Management Fee (\$/Meter Size)

Meter Size	Current	Proposed July 1, 2017	Proposed July 1, 2018
5/8"	\$8.80	\$9.78	\$10.41
3/4"	10.55	11.69	12.44
1"	14.00	15.50	16.49
1.5"	22.65	25.02	26.61
2"	33.05	36.45	38.76
3"	66.00	72.65	77.24
4"	114.60	125.99	133.94
6"	248.10	272.67	289.86
8"	421.50	463.17	492.36
10"	664.30	729.87	775.86

### Average Single-Family Residential Customer, Monthly Impact, Bi-Monthly Usage of 17 CCFs

	Current Rates	Proposed July 1, 2017	Proposed July 1, 2018
Service Charge <sup>1</sup>	\$33.85	\$36.79	\$39.41
Watershed Management Fee <sup>1</sup>	8.80	9.78	10.41
Commodity Charge	67.32	69.19	74.12
Total Bill	109.97	115.76	123.94
Per Month	54.99	57.88	61.97
<b>Monthly Increase</b>		<b>2.90</b>	<b>4.09</b>

1 The fixed Service Charge and Watershed Management Fee are calculated based on 5/8" meter size

2 Difference in charges and fees from May 1, 2016 amounts

## Commodity Charge Tier Rates and Allotments

### Single-Family Tier Rates (\$/CCF) And Tier Allotments (In CCF)

Tiers	Current	Proposed July 1, 2017	Proposed July 1, 2018	Summer CCFs	Winter CCFs
Tier 1	\$3.96	\$4.07	\$4.36	0-26	0-21
Tier 2	6.66	7.13	7.62	27-59	22-48
Tier 3	11.40	12.07	12.91	60-99	49-80
Tier 4	19.60	19.45	20.81	100+	81+

### Multi-Family Tier Rates (\$/CCF)

Tiers	Current	Proposed July 1, 2017	Proposed July 1, 2018
Tier 1	\$3.93	\$4.16	\$4.47
Tier 2	6.50	7.07	7.58
Tier 3	10.71	11.25	12.05
Tier 4	18.36	18.94	20.28

### Multi-Family Tier Allotments (In CCF)

Tiers	Current Summer	Proposed Summer	Current Winter	Proposed Winter
Tier 1	0-10	0-10	0-10	0-10
Tier 2	11-20	11-20	11-18	11-18
Tier 3	21-28	21-28	19-26	19-26
Tier 4	29+	29+	27+	27+

### Duplex Tier Rates (\$/CCF)

Tiers	Current	Proposed July 1, 2017	Proposed July 1, 2018
Tier 1	\$3.95	\$4.10	\$4.39
Tier 2	6.77	7.24	7.75
Tier 3	11.11	12.02	12.86
Tier 4	18.89	18.90	20.23

### Duplex Tier Allotments (In CCF)

Tiers	Current Summer	Proposed Summer	Current Winter	Proposed Winter
Tier 1	0-20	0-20	0-18	0-18
Tier 2	21-45	21-45	19-35	19-35
Tier 3	46-78	46-78	36-68	36-68
Tier 4	79+	79+	69+	69+

### Commercial, Irrigation, and Institutional Tier Rates (\$/CCF) And Tier Allotments (In CCF)

Tiers	Current	Proposed July 1, 2017	Proposed July 1, 2018	% of Baseline
Tier 1	\$3.80	\$3.98	\$4.25	0-85
Tier 2	9.75	10.82	11.58	86-150
Tier 3	14.98	16.26	17.40	Over 150

### Single-Family Irrigation Tier Rates (\$/CCF) And Tier Allotments (In CCF)

Tiers	Current	Proposed July 1, 2017	Proposed July 1, 2018	% of Baseline
Tier 1	\$5.40	\$5.14	\$5.50	0-50
Tier 2	7.09	6.15	6.58	51-100
Tier 3	11.31	10.76	11.51	Over 100

### Recycled Water Tier Rates (\$/CCF) And Tier Allotments (In CCF)

Tiers	Current	Proposed July 1, 2017	Proposed July 1, 2018	% of Baseline
Tier 1	\$2.76	\$3.17	\$3.40	0-100
Tier 2	7.56	10.05	10.76	101-150
Tier 3	15.78	18.73	20.04	Over 150

### Raw Water Tier Rates (\$/CCF) And Tier Allotments (In CCF)

Tiers	Current	Proposed July 1, 2017	Proposed July 1, 2018
Tier 1	\$3.80	\$4.23	\$4.53
Tier 2	6.70	4.23	4.53
Tier 3	15.20	4.23	4.53

### Fire Service Fixed Bi-Monthly Charge - Private

Meter Size	Current	Proposed July 1, 2017	Proposed July 1, 2018
2"	\$43.40	\$32.17	\$34.45
4"	77.95	76.35	81.69
6"	134.60	148.73	159.07
8"	208.15	242.73	259.57
10"	311.15	374.33	400.27

# By The Numbers -- Average Cost of a Gallon

**MMWD Water delivered to your home for a penny per gallon!**



**\$0.01**



**Gas  
\$2.94**



**Milk  
\$3.78**



**Bottled Water  
\$7.80**



**Latte  
\$31.60**

## Public Workshop

To provide additional information about the proposed increases for Water Service Rates, Fees and Charges, we are holding a public workshop and inviting the public to attend:

**Tuesday, April 11, 2017**

**Starting at 7:00 p.m.**

Corte Madera Community Center  
498 Tamalpais Drive, Corte Madera, CA 94925

## Public Hearing

A public hearing before the Board of Directors of the Marin Municipal Water District to consider the issue of a rate increase is scheduled for:

**Tuesday, May 16, 2017**

**Starting at 7:30 p.m.**

Marin Municipal Water District  
220 Nellen Avenue, Corte Madera, CA 94925

## Public Notification

The MMWD Board of Directors has proposed an increase in water rates. In compliance with State Proposition 218, passed by California voters in 1996, MMWD is hereby notifying all affected property owners and water customers of the proposed water rate changes.

See the enclosed water rate tables for a comparison of the current rates and the proposed rates.

### How to Participate

You are invited to present oral or written testimony on the proposal at the public hearing. You have the right to protest this proposed rate increase. If you do, 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.

Your written protest must be received prior to the close of the May 16, 2017 public hearing. Written protests must include a description of the parcel (parcel number) or utility (MMWD) account number or address and a signature of the record property owner or utility customer. Send or deliver written protests to:

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

For more information visit MMWD's website at [www.marinwater.org](http://www.marinwater.org) or call our Customer Service Department at (415) 945-1400.

## Special Assistance Programs

**Service Charge Waiver Program for Low-Income Customers:** Both the Fixed Charge and the Watershed Management Fee will be waived.  
**Medical Disability Discount Program:** Both the Fixed Charge and the Watershed Management Fee will be waived. Qualifying customers will continue to receive an additional 9 CCFs at the Tier 1 rate.

## Public Hearing on Proposed Water Service Rates, Fees, and Charges

**Tuesday, May 16, 2017**

**Starting at 7:30 p.m.**

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

### Rate Protest Form

I am the parcel owner/tenant of the property located at the address shown below. I am submitting this form to protest the proposed rate increase.

\_\_\_\_\_  
APN # or Customer #

\_\_\_\_\_  
Street Address

\_\_\_\_\_  
Signature of Property Owner/Utility Customer

\_\_\_\_\_  
Print Name