



Questions and Answers About the Proposed Revenue Increase and Rate Structure Changes

The Amount of the Increase

Q: How much will my water bill increase?

A: The typical residential customer (56% of all customers) will pay about \$4 more per month after the proposed changes (\$8 on the bi-monthly bill). Some customers may pay more or less based on rate structure changes.

Q: Why Is the District Raising Rates and Revenue?

A: The District must increase revenue by 6%, primarily to pay for higher imported water costs and increase capital investment to about \$6 million per year to pay for critical upgrades to our aging infrastructure. The District maintains a \$137 million system of pipelines, pumps, reservoirs, treatment plants, valves and hydrants, a laboratory, monitoring systems, and more that must be well maintained and upgraded to work without fail every day and around the clock.

Rate Structure Changes

Q: If the District is raising total revenue by 6%, Why are individual bills more or less than that?

A: Before updating its proposed rates, the District conducted an extensive cost of service study of every aspect of the District's service, including water purchase, treatment and delivery, facility replacement and upgrades, daily operations, and many other factors. The study found changes in the proportion of costs required to serve each customer class (residential and commercial) caused by changes in customer water use, state regulations, service costs, etc. As a result, the District is proposing changes to the rate structure to ensure each class of customer continues to pay their fair and proportional share of costs. These changes are proposed to be applied to individual bills, resulting in billing changes that vary by customer either more or less than the 6% global revenue increase.

Cost Saving, Cost Control, and Affordability

Q: What is North Marin Water District (NMWD) doing to control costs?

A: Cost control is a daily focus of the District. Here are some examples:

- The number of full-time employees has been reduced from over 58 in 2009 to 54, resulting in an annual savings of approximately \$675,000 per year.
- The recycled water system was installed without additional staffing. This system added over 17 miles of pipes and two new storage tanks, and converted 90 existing large landscapes. In addition, recycled water costs 8% less than potable water.
- Caltrans and Marin Municipal Water District contributions paid for 80% (or \$18 million) of the \$22M project to upsize five miles of the District's Aqueduct, saving District customers that portion of the costs. The larger aqueduct eliminated the need to operate a costly 400-horsepower water pump by allowing the water to flow by gravity from Petaluma.
- Future pension costs for new employees were reduced by fully implementing the California Public Employees' Pension Reform Act (PEPRA).
- Electrical power costs were decreased by installing a clean solar energy power system at Stafford Treatment Plant, for cost savings over PG&E.
- The District obtained over \$10 million in state and federal grant funds covering over 30% of the cost for Recycled Water Expansion in Novato.

- The District has obtained construction loans as low as 1% over 30 years, providing substantial savings compared to typical loans.

Q: How do your rates compare to those of neighbor agencies?

A: With the proposed revenue increase, North Marin Water District’s rates will still be the lowest in Marin County and will remain right in the median of 16 other Bay Area agencies.

Q: Is the District’s water considered affordable?

A: Yes. NMWD has always focused on keeping costs as low as possible while maintaining quality service. Recognizing that some people may struggle to pay for basic needs regardless of affordability standards, experts and organizations concerned about affordability have stated that if water costs are roughly 2% or less than median income it is considered generally affordable. NMWD’s monthly cost for the average user (if the increase is approved) is less than 1% of median income.

More Details About the Rates

Q: I don’t use much water. Why are my bills going up?

A: Other fixed cost factors impact your bill such as having sufficient water available for fire protection and paying to maintain the water system facilities to ensure service is available without any interruptions. The bottom line is that the District is updating the rates to ensure customers continue to pay the true cost of service as required by law.

Q: Why does the District Office and laboratory need to be upgraded?

A: The existing District office was designed and built in 1965, over one-half century ago. It does not meet ADA compliance and other current building codes and safety standards, lacks adequate space for the laboratory and other services, the roof needs to be replaced, the HVAC system is obsolete, the electrical power system is inadequate, and the building has no standby power for emergencies.

Q: Can the District postpone or decrease the rate increase?

A: This rate increase provides the funding necessary to ensure that all customer can turn on their faucets and have all the clean, safe water that they need any day and any time. If it is decreased or postponed, the District will not have the funding it needs to provide these services at the same quality, reliability and financial stability as it would otherwise have.

Q: What about commercial, fire service, meter, recycled water and other rates?

A: All District rates have been re-evaluated and increased similar to the residential rates discussed in these documents. More information on these other rates will be presented at the February 11 Special Board meeting and Water Rate Study workshop.

Communicating with Our Customers and Next Steps

Q: What has been done to make sure your customers can learn about the proposed changes, get questions answered, and comment?

A: The District has carried out an extensive outreach program that began in October 2019 and includes news flashes, newsletters mailed to all customers, water bill messages, social media posts, ads in the local newspaper, web notices, public meetings and more.

Q: What are the next steps in the rate study process.

A: A summary of the remaining key steps is below

Feb. 11, 2020	Special Board Meeting Rate Study workshop (Board & Public)
Feb. 25, 2020	Special Board Meeting Rate Study workshop (Board & Public, if needed)
Mar. 3, 2020	Regular Board Meeting - Final rate study report presentation
Jun. 16, 2020	Public hearing to enact new water rates