

Notice of public hearing regarding proposed rate increases and rate structure changes for the Novato service area

Hearing Date: Tuesday, June 18, 2024
Time: 4:00pm
Location: 100 Wood Hollow Dr, Novato CA 94945



**NORTH MARIN
WATER DISTRICT**

This Notice provides information about proposed increases to North Marin Water District's water rates and proposed rate structure modifications. The Board of Directors will hold a public hearing to consider public comments before the Board votes on the proposed changes.

The District proposes increasing rates and updating the water rate structure for a three-year period starting with Fiscal Year (FY) 2024-2025.

If approved at the public hearing on June 18, 2024, the new rates and rate structure changes will go into effect on July 1, 2024.

Reasons for the proposed rate increase:

Increased investment in water facilities

The District must continue to invest in facility upgrades and replacements to properly maintain the District's \$330 million system of pipelines, pumps, reservoirs, treatment plants, valves, hydrants, laboratory, monitoring systems, buildings, and more. These investments benefit the system's fire protection, water supply, and aging infrastructure.

Rising costs to purchase imported water

The cost of purchasing imported water accounts for one third of the Novato operating budget and the water supplier has increased the cost of purchasing water by over 24% in the past two years.

Impact of inflation on all costs

The proposed rate increase is designed to meet all the costs of providing water service. This includes purchasing, treating, and delivering safe, high-quality, reliable water to your home or business without fail.

In FY 24/25, the typical residential customer (approximately 56% of all customers) will pay about 8.5% more or \$9.54 bi-monthly if the changes are approved (\$4.77 per month).

Reasons for the proposed rate structure changes:

The District regularly reviews its water rate structure to ensure that each residential and commercial, industrial, institutional, and irrigation customer continues to pay their fair and proportional share of costs. The cost for serving each type of customer varies over time because of changes in customer water use, state regulations, service costs, and other factors.

Proposed rate increases

North Marin Water District is proposing a three-year schedule of rate increases to cover the increasing costs of providing quality potable and recycled water service to our Novato service area customers.

Proposed Pass-Through Provision

North Marin Water District is proposing to adopt a provision whereby future increases to wholesale water rates will be automatically incorporated in rates as those increases occur.

Replacement of commercial, industrial, institutional, and irrigation customers seasonal usage rates with a year-round uniform rate.

An additional structural change for commercial, industrial, institutional, and irrigation customers involves replacing the current seasonal quantity charges (with higher rates during some summer months) with a uniform rate that will be applied during all months.

Where to learn more, get answers, and make comments

Call: 415-897-4133
Email: info@nmwd.com
Visit: nmwd.com

Attend the board hearing

The Board will review and consider adopting the rate increases at a public meeting on June 18, 2024, at 4:00pm at 100 Wood Hollow Drive in Novato.

Proposed tiered quantity (usage) charges

Residential customers will continue to pay Tiered Quantity (Usage) Charges made up of three tiers that reflect the cost of the different sources of water.

Tier 1 is based on the cost of imported water. Tier 2 is based on the cost of locally treated water from Stafford

Lake. Tier 3 is based on the cost of locally treated water plus the cost of the District's conservation program, which is targeted at those customers that use the most water. Usage charges include an **elevation zone charge** to recover the costs of pumping water to higher elevations.

	Current Rates	Effective July 1, 2024	Effective July 1, 2025	Effective July 1, 2026
Residential quantity charges (per 1,000 gallons)*				
Tier 1	\$6.77	\$7.01	To be determined due to pass-through provision	
Tier 2	\$7.67	\$9.16	\$9.71	\$10.29
Tier 3	\$9.44	\$13.55	\$14.36	\$15.22
Commercial, industrial, institutional, and irrigation quantity charges (per 1,000 gallons)				
Uniform	Winter - \$6.77 Summer - \$9.44	\$7.54	To be determined due to pass-through provision	
Other quantity charges (per 1,000 gallons)				
Raw Water	\$3.60	\$3.53	\$3.74	\$3.96
Temporary Meter	\$8.60	\$10.08	\$10.68	\$11.32
Recycled Water	\$7.38	\$6.75	\$7.16	\$7.59
Elevation zone charge (per 1,000 gallons)				
Zone A (0 - 60 ft)	\$0.00	\$0.00	\$0.00	\$0.00
Zone B (60 - 200 ft)	\$0.93	\$0.92	\$0.98	\$1.03
Zone C (> 200 ft)	\$2.58	\$2.54	\$2.69	\$2.85

* Tier 1 allocation is the first 262 gallons per day (gpd) per dwelling unit. Tier 2 allocation is 263 to 720 gpd per dwelling unit. Tier 3 is greater than 720 gpd.

Proposed bi-monthly fixed service charges

The Bi-Monthly Fixed Service Charge includes an account charge and a meter charge. The meter charge is based on an industry standard that apportions costs based on meter size and flow capacity. Most single-family residential customers have a 5/8" meter. Residential accounts that have a 1" meter due to fire requirements, but would otherwise have a 5/8" meter, are charged at the 5/8" meter rate.

Meter Size	Current Fixed Charge	Effective July 1, 2024	Effective July 1, 2025	Effective July 1, 2026
Potable water bi-monthly service charge				
5/8"	\$51.01	\$58.39	\$61.89	\$65.60
1"	\$91.11	\$105.73	\$112.07	\$118.79
1.5"	\$157.95	\$184.63	\$195.71	\$207.45
2"	\$238.16	\$279.31	\$296.07	\$313.83
3"	\$452.04	\$531.79	\$563.70	\$597.52
4"	\$692.65	\$815.83	\$864.78	\$916.67
6"	\$1,361.04	\$1,604.83	\$1,701.12	\$1,803.19
8"	\$1,762.07	\$2,078.23	\$2,202.92	\$2,335.10
Recycled water bi-monthly service charge				
5/8"	\$57.71	\$85.08	\$90.18	\$95.59
1"	\$101.49	\$188.97	\$200.31	\$212.33
1.5"	\$174.47	\$362.12	\$383.85	\$406.88
2"	\$262.03	\$569.90	\$604.09	\$640.34
3"	\$495.54	\$1,123.98	\$1,191.42	\$1,262.91
4"	\$758.23	\$1,747.32	\$1,852.16	\$1,963.29
6"	\$1,487.94	\$3,478.82	\$3,687.55	\$3,908.80
Private fire bi-monthly service charge				
1"	\$17.52	\$19.01	\$20.15	\$21.36
2"	\$23.10	\$25.06	\$26.56	\$28.15
4"	\$64.46	\$69.94	\$74.14	\$78.59
6"	\$90.56	\$98.26	\$104.16	\$110.41
8"	\$120.36	\$130.59	\$138.43	\$146.74
10"	\$157.63	\$171.03	\$181.29	\$192.17

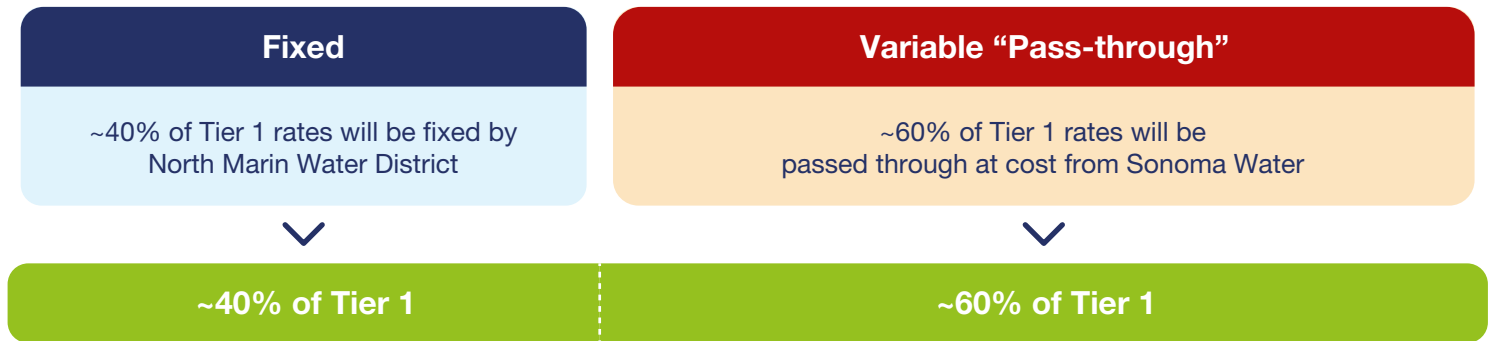
Pass-through provision for FY 25/26 and FY 26/27

Government Code 53756 allows for pass-through adjustments based upon increases in the wholesale charges for water from another public agency for up to a five-year authorization period. Beginning in Fiscal Year 2025-2026 and 2026-2027, should Sonoma Water adopt an increase in its charges, North Marin may recalculate its rates to reflect the unknown future increases. Such future

rate adjustments do not require additional public hearings or any additional action by the North Marin Water District. At least 30 days before the annual July 1 effective date, North Marin Water District will notify its customers of the rate adjustment. Additional details regarding the formula for this pass-through calculation can be found in the 2024 Novato and Recycled Water Rate Study.

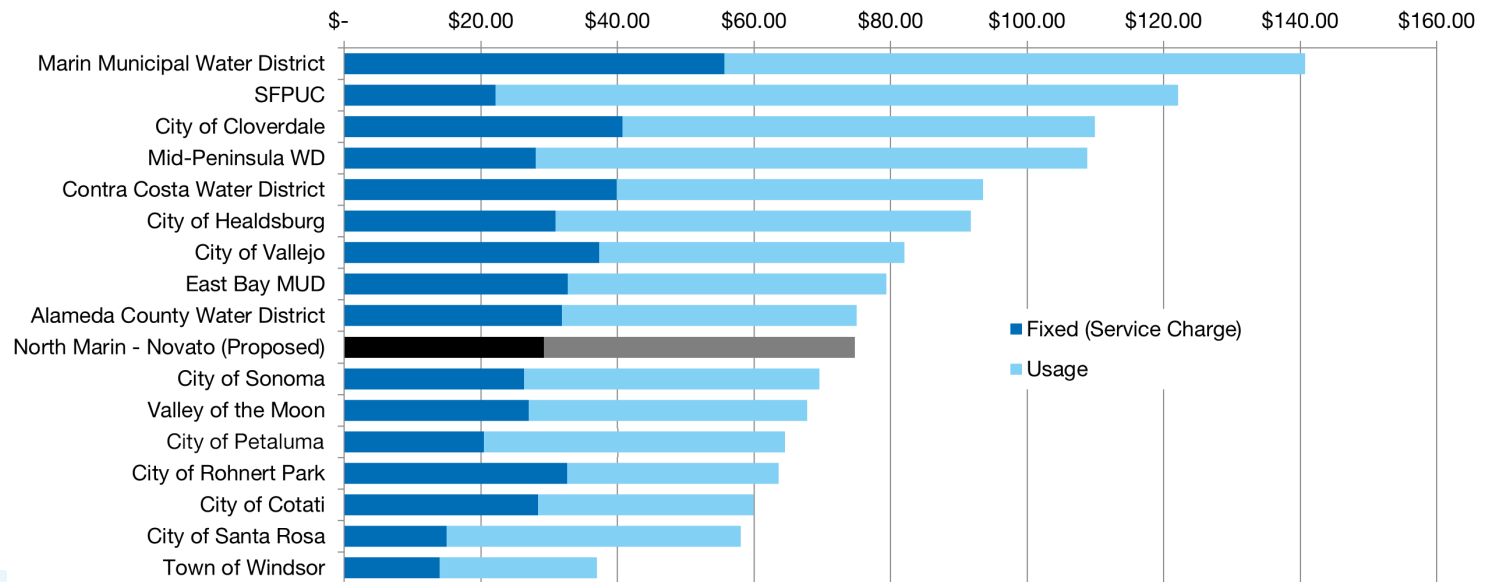
Sonoma Water Pass-Through Cost

The pass-through cost impacts the Tier 1 rate as indicated in the graphics below (examples are for residential customers).



Rate comparison

Our rates are the lowest in Marin County and at the median for water agencies around the Bay Area region.



* Survey results as of March 2024 using data available at the time the survey was compiled. Actual rates and comparisons may vary.

The proposed changes in rates are based on detailed engineering, financial, and legal evaluations carried out with the help of recognized experts in water rates. The rates conform to California law requiring that each residential and commercial, industrial, institutional and irrigation customer pay their proportionate share of the

cost to serve them.

The maximum rates that may be imposed are shown in this document. Prior to implementing the rates, the Board of Directors may choose to implement the full amount or less, but not more.



**NORTH MARIN
WATER DISTRICT**

PRSRT STD
U.S. POSTAGE
PAID
NOVATO, CA
PERMIT NO 53

At the public hearing

The Board of Directors will accept and consider all written protests and will hear and consider all verbal comments to the proposed rate increases at the public hearing. Verbal comments must be accompanied by a written protest to qualify as a valid protest. At the conclusion of the hearing, the Board of Directors will consider adoption of the proposed rate increases as outlined in this notice. If written protests of the proposed changes are presented by a majority of the property owners or tenants subject to the proposed changes, the proposed rate increases will not be adopted.

How to protest the proposed rate increases

Any owner of a parcel upon which the water service charges are proposed to be changed, or any tenant that directly pays the water bill for such parcel, may submit a written protest of the proposed rate changes. Only one protest will be counted per parcel. Written protests must:

(1) state that the property owner or tenant is opposing the proposed increases; (2) provide the location of the parcel (by street address, assessor's parcel number, or customer account number); and (3) include the name and signature of the property owner or tenant submitting the protest. Written protests may be submitted by mail to the District Secretary at North Marin Water District, PO Box 146, Novato, CA 94948, or in person at the public hearing. All written protests must be received prior to the close of the public input portion of the public hearing. Protests submitted via email or other electronic means will not be accepted. Please mark the protest: Attn: Novato Water Rate Hearing.

Per California Senate Bill 323, legal challenges to new or increased water or sewer rates must be initiated within 120 days of the effective date or date of final passage, adoption, or approval of the ordinance or resolution adopting the water or sewer rate.

nmwd.com

Phone: 415-897-4133 (Weekdays 8am – 5pm)

Email: info@nmwd.com

Mailing Address: PO Box 146, Novato, CA 94948-0146

Board of Directors

Jack Baker, President

Michael Joly, Vice President

Rick Frites, Director

Ken Eichstaedt, Director

Stephen Petterle, Director

General Manager

Tony Williams