

MUIR BEACH COMMUNITY SERVICES DISTRICT

19 Seacape Drive . Muir Beach, CA 94965 . 415-388-7804 . www.muirbeachcsd.com



**Mon, October 25, 2010
8:00 PM – Public Hearing**

**Board of Directors
Community Center
19 Seacape Drive
Muir Beach, CA 94965**

TIMING OF ITEMS ON AGENDA

The Board attempts to hear all items in order as stated on the agenda, however it reserves the right to take items out of the order listed at any time during the course of the meeting.

SPECIAL NEEDS

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the District Manager at 415-388-7804. Notification 48 hours prior to the meeting will enable the District to make reasonable arrangements to ensure participation in the meeting.

AGENDA

Item 1 CALL TO ORDER

Steve Shaffer, Board President
Scott Bender, Director
Dan Fitzpatrick, Director
Danny Hobson, Director
Peter Rudnick, Director

Leighton Hills, District Manager
Sharry Mullin, District Secretary

Item 2 PUBLIC HEARING ITEM

Public hearings provide the public and residents the opportunity to provide testimony to the board of directors on certain items, such as ordinances, rather than offering comments on regular agenda items. If you later challenge an action on a hearing item in court, you may be limited to raising only those issues you or someone else provided in testimony at the public hearing, or in written correspondence delivered to the board of directors at or prior to the hearing.

Steps – (1) Second reading of proposed ordinance by title; (2) brief overview; (3) Board President will open a public hearing to take testimony; (4) Board President will close the public hearing to further testimony or comments; (5) the Board will discuss and consider the merits of the proposed ordinance; and (6) a motion may be made to act upon the proposed ordinance.

Second Reading of Ordinance (by title only) – Ordinance No. 2010-2, An Ordinance of the Board of Directors of the Muir Beach Community Services District Establishing a Schedule of Rate Charges for Water Service and Capital Improvements. The proposed ordinance, prepared by County Counsel, is attached to this Meeting Packet.

Overview

The proposal was first discussed at the June 23, 2010 public meeting, presented in draft form for a first reading at the October 13, 2010 public meeting, and at that meeting scheduled for public hearing at tonight’s meeting.

Collection of Parcel Tax Via Water Bill Rather Than Property Tax Bill - At the June 2010 general election, Muir Beachers overwhelmingly supported continuation of the \$300 assessment for capital improvements to the water system, passing the measure by 85%, the highest passage margin in Marin County. Rather than have this \$300 assessment collected by the tax collector, however, we propose collection of this charge directly via water billing - \$150 twice a year as with the tax collector. County Counsel has prepared a proposed ordinance to permit collection via our water bills.

The primary reason for this modification is the extremely cumbersome process required each year by the tax collector’s office and the desire to streamline our administrative processes whenever possible. The tax collector also charges a not insignificant fee – approximately \$2,000 for which we see little or no benefit. We have examined the issue from the standpoint of deductibility on people’s income taxes and found that the fee – even though collected via the property tax bill - is clearly not normally deductible under IRS regulations (individuals should consult their own tax advisors for specifics).

Water Rate Increase (Last One Five Years Ago) - MMWD increased its rates 9.8% effective 5/1 (the fourth straight year of increases), and North Marin Water District increased its rates 11% effective 6/1, increasing more than 30% since 2006. By contrast, we have not changed rates for five years. Our total water billings are down from a peak of approximately \$100,062 to approximately \$93,000. Our costs are up – for instance we now spend more than \$6,000/year on silica treatment of water, an expense that was not present in 2005. Electric pumping rates and salaries for our water staff have steadily increased. An 8.5% increase in rate should restore our revenues (and residents’ water bills) to the levels where they had previously been. Please see the following table showing the existing and proposed rates.

Water Rates					
Tiers	Gallons	Existing	Proposed +8.5%		
<i>Tier One</i>	0 to 2,250	\$ 23.00	\$ 24.96	Flat charge	
<i>Tier Two</i>	2,251 to 5,000	\$ 0.85	\$ 0.92	per 100 gallons used, plus charge from prior tier	
<i>Tier Three</i>	5,001 to 15,000	\$ 1.19	\$ 1.29	per 100 gallons used, plus charge from prior tier	
<i>Tier Four</i>	15,001+	\$ 1.49	\$ 1.62	per 100 gallons used, plus charge from prior tier	

Note: The median usage is close to 5,000 gallons per month, which would increase \$3.94 per month from \$46.38.

Item 3 PUBLIC OPEN TIME

Item 4 ADJOURNMENT

ORDINANCE No. 2010-2

AN ORDINANCE OF THE BOARD OF DIRECTORS OF THE MUIR BEACH COMMUNITY SERVICES DISTRICT ESTABLISHING A SCHEDULE OF RATE CHARGES FOR WATER SERVICE AND CAPITAL IMPROVEMENTS

The Board of Directors of the Muir Beach Community Services District does ordain as follows:

Section 1 **Repeal of Existing Ordinance**

Ordinance 2005-2 establishing the existing schedule of rate charges for water service is repealed with regard to charges for water service after the effective date of this ordinance.

Section 2 **Purpose**

The purpose of this ordinance is: (1) to adopt a revised schedule of rate charges for water service provided to customers of the Muir Beach Community Services District ("District") such that the expenses of the District continue to be properly and fairly distributed among its customers; and (2) adopt an annual charge to fund capital improvements of the District's water supply equipment and facilities.

Section 3 **Findings of Necessity**

The Board of Directors finds as follows:

1. Water is a finite and precious resource.
2. California Constitution, Article X Section 2 provides, "It is hereby declared that because of conditions prevailing in this State the general welfare requires that the water resources of the State be put to beneficial use to the fullest extent of which they are capable, and that the waste or unreasonable use of or unreasonable method of use of water be prevented, and that the conservation of such water is to be exercised with a view to the reasonable and beneficial use thereof in the interest of the people and for the public welfare."
3. The State Water Resources Control Board authorizes the District's use of water under Permit 21085 ("Water Rights Permit") subject to the limitation, among other things, that the District utilize a system of tiered water rates.
4. Conservation efforts by the District's water users have resulted in reductions in total daily water usage by the District from the time that water rates were last established. This has resulted in fewer gallons of water over which the District can spread its costs of operation, thereby creating a need for the District to revise its rates charged for water service in order to properly and fairly distribute its costs of operation among its customers.
5. Revenue generated from the capital improvements charges, as set forth in Section 4 of this Ordinance, do not exceed the cost of providing such improvements to the District's water supply equipment and facilities.

Section 4 **Capital Improvement Charges**

A. Existing rates are subject to a 25% surcharge reserved for capital improvements in accordance with District Ordinance 2001-07-25-1. The Board of Directors finds that water billing statements will be clarified and simplified through the incorporation of the 25% surcharge into a single schedule of water rates as provided in Section 5 of this ordinance.

B. In addition to the surcharge set forth above in Section 4.A., all land parcels, developed or undeveloped, wholly or partially within the District for which the County Assessor of Marin County has assigned an assessor's identification number, provided, however, that any such parcels which are contiguous and held under identical ownership, may, upon approval of an application of

the owners thereof to the Board of Directors, be treated as a single parcel for purposes of this charge, or those land parcels entirely outside the District and served with District water, shall be subject to an annual charge to fund capital improvements to the District's water supply equipment and facilities in the following amounts: (1) \$3,250.00 dollars per year on each improved commercially zoned parcel; (2) \$300.00 dollars per year per separate habitable structure (as determined by units listed on the Marin County Assessment roll) on each residentially zoned parcel; and (3) \$300.00 per year per parcel on all other parcels.

Section 5 Adoption of Schedule of Rate Charges for Water Service

All water consumers using District water shall be subject to monthly charges for water as follows:

Tiers	Gallons	Charge
Tier One	0 to 2,250	\$ 24.96 Flat charge
Tier Two	2,251 to 5,000	\$ 0.92 per 100 gallons used, plus charge from prior tier
Tier Three	5,001 to 15,000	\$ 1.29 per 100 gallons used, plus charge from prior tier
Tier Four	15,001+	\$ 1.62 per 100 gallons used, plus charge from prior tier

Note

1. Rates **include** a 25% surcharge reserved for capital improvements to the community's water system.
2. Charges are calculated per gallon; rates are shown per 100 gallons for clarity only.

Section 6 Effective Date

This ordinance shall be effective upon adoption by the Board of Directors.

Section 7 Severability

If any section, subsection, sentence, clause, phrase, portion or part of this ordinance is for any reason held to be invalid or unconstitutional by any court of competent jurisdiction, such section shall not affect the validity of the remaining portions of this ordinance. The Board of Directors hereby declares that it would have passed this ordinance, any section, subsection, sentence, clause or phrase thereof, irrespective of the fact that any one or more sections, subsections, clauses, or phrases may be declared invalid or unconstitutional.

PASSED AND ADOPTED this _____ day of _____, 2010 by the following vote of the Board of Directors.

Ayes:

Noes:

Absent:

Board President

Attest:

District Secretary