

**NOTICE OF PUBLIC HEARING
PROPOSED WATER RATE INCREASE**

**October 11, 2017 at 7:15pm
Muir Beach Community Services District
19 Seacape Drive
Muir Beach, CA 94965**

Notice is hereby given on August 21, 2017 that at the date, time, and place shown above, the Board of Directors of the Muir Beach Community Services District will hold a public hearing to consider a proposed increase to current water rates. If approved by the Board of Directors, rates will increase effective November 16, 2017.

The District charges water rates to fund its costs for providing safe and reliable water service, including technical, managerial, financial, and operational costs, along with capital improvements, such as; repairing and drilling wells, replacing pumps, refurbishing or replacing tanks, replacing water lines and fire hydrants, upgrading and improving leak detection systems, replacing water meters, and continuing to update and modernize system technologies and efficiencies.

Background

The Muir Beach CSD has not increased water rates since 2010 when rates were increased 8.5% to offset the 33.3% increased cost of adding Silica treatment. Prior to that, the last increase was in 2005 when the 25% Water Capital Improvement fee was added directly into the water rate fees. Since 2011, water production and distribution costs have increased 52%, plus water management costs have increased 41%, so total water operations and water management have increased 93% through 2016 with no significant increase in water rate revenues for over 12 years. The District's water operations have been running at a loss and the district is falling behind in building sufficient reserves for larger Water Capital Improvement projects and deferred maintenance. Water operations for FY 2017/2018 require a 100% water rate increase to meet current operating expenses without additional infrastructure funding for future projects. The separate voter approved current Water Capital Improvement fee will remain unchanged.

Need for Water Rate Increase

The District's water rates need to be evaluated on an annual basis to determine if adequate revenues will be collected to pay for operations and maintenance costs and to provide funds for capital improvements. All revenues derived from the proposed rates and charges will be used for the operational costs associated with providing water service and to fund the capital improvement program required to maintain and periodically replace aging infrastructure. According to the District's 20 Year Plan for Water System Capital Improvements 1997-2016, a major portion of the Lower Zone water lines and infrastructure are currently passed their useful life and will need replacing within 1-5 years and the Lower Water Tank will need replacement within the next 25 years, and that is the maximum only if the additional expense to insert a tank liner is installed sooner to extend its useful life.

Details of Proposed Water Rate Changes

Customers pay water bills based on a bi-monthly fixed service charge Base Rate for a fixed amount of usage per gallon and then a volumetric charge for amounts consumed above the Base Rate in three successive rate tiers based on usage as shown below. The District is required by its Water Permit to have tiered rates. The successive tiers have incrementally higher rates to cover the additional infrastructure and operating costs needed to be able to provide higher water volume and maintain the extra storage capacity necessary to have water readily available for delivery to the higher volume users and larger water meter sizes.

The 100% increase will cost the average water customer \$49.92 per month (metered and billed bi-monthly) and will still include the 25% Water Capital Improvement Fee which will be applied to operational expenses for the FY 2017/2018 and then will again be applied to the Water Capital Reserve Fund starting FY 2018/2019. Tier 3 will reduce from 10,000 to 30,000 gallons to 10,001 to 20,000 gallons. Tier 4 will be adjusted to begin at 20,001+.

Current District Bi-monthly water rates:

Tiers	Gallons	Charge
<i>Tier One</i>	0 to 4,500	\$ 49.92 Flat charge
<i>Tier Two</i>	4,500 to 10,000	\$ 0.92 per 100 gallons used, plus charge from prior tier
<i>Tier Three</i>	10,000 to 30,000	\$ 1.29 per 100 gallons used, plus charge from prior tier
<i>Tier Four</i>	30,000+	\$ 1.62 per 100 gallons used, plus charge from prior tier

Proposed District Bi-monthly water rates:

Tiers	Gallons	Charge
<i>Base Rate</i>	0 to 4,500	\$ 99.84 Flat charge
<i>Tier Two</i>	4,501 to 10,000	\$ 1.84 per 100 gallons used, plus charge from prior tier
<i>Tier Three</i>	10,001 to 20,000	\$ 2.58 per 100 gallons used, plus charge from prior tier
<i>Tier Four</i>	20,001+	\$ 3.24 per 100 gallons used, plus charge from prior tier

Note

1. Rates **include** an assigned 25% surcharge by the District to be reserved for capital improvements at the direction of the Board of Directors.
2. Charges are calculated per gallon; rates are shown per 100 gallons for clarity only.

Conservation and Efficiency Still Pays

Customers who have used water wisely and conserved have always paid lower water bills than similar customers who don't conserve. Nothing in the proposed new rate schedule will change conservation practices. 37% of customers stay within the Base Rate and thus rarely extend into higher rate tiers. 73% of customers usage now falls within the Base Rate and Tier 2 so conservation has steadily increased.

Water Rate Increase Two-year Low-Income Program

Any owner of a parcel used solely for owner-occupied single family residential purposes and whose household income is Eighty Percent (80%) or below of the current median household income for Marin County residents may obtain a 50% reduction in the current proposed water Base Rate increase resulting in a realized 25% reduction in the proposed new water Base Rate bi-monthly billing upon approval of an application of such owner submitted to this Board for the first year. Following approval of an application in the first year, applicants can apply for a 25% reduction of the proposed water rate increase resulting in a realized 12.5% reduction in the proposed new water Base Rate bi-monthly billing upon approval in the second year. Submittal of income and financial verification each May for June approval to continue in the 2-year program. This reduction in the Base Rate billing does not apply to water rate Tiers 2, 3 and 4. This will result in a reduced increased billing of \$12.48 per month in the first year and \$6.24 per month in the second year.

Your Opportunity to Get Involved

The proposed rates above will be considered by the Muir Beach Community Services District at a Public Hearing on October 11, 2017 at 7:15pm. All residents and other interested persons are encouraged to submit written or oral comments at the hearing.

Written comment or protest from water customers or property owners may be submitted in writing and mailed to the District, or hand delivered to the District office during the 45-day comment period, or brought to the public hearing. **The District must receive your signed, written comment or protest prior to the close of the public hearing on October 11, 2017.** Protests should indicate what you are protesting and include information identifying your parcel by parcel number(s) for property(s) you own, and, or your street address. Multiple comments can be submitted per parcel but only one protest per parcel will be accepted.

Mail or deliver written protests to: Muir Beach CSD, 19 Seacape Drive, Muir Beach, CA 94965

If written protests are filed by a majority of the affected customers, the applicable proposed rate increase will not be imposed. For assistance in determining your costs under the proposed rate adjustment, please call the MBCSD CC Office at 415-383-9969.