



2023 Rate Study Public Hearing

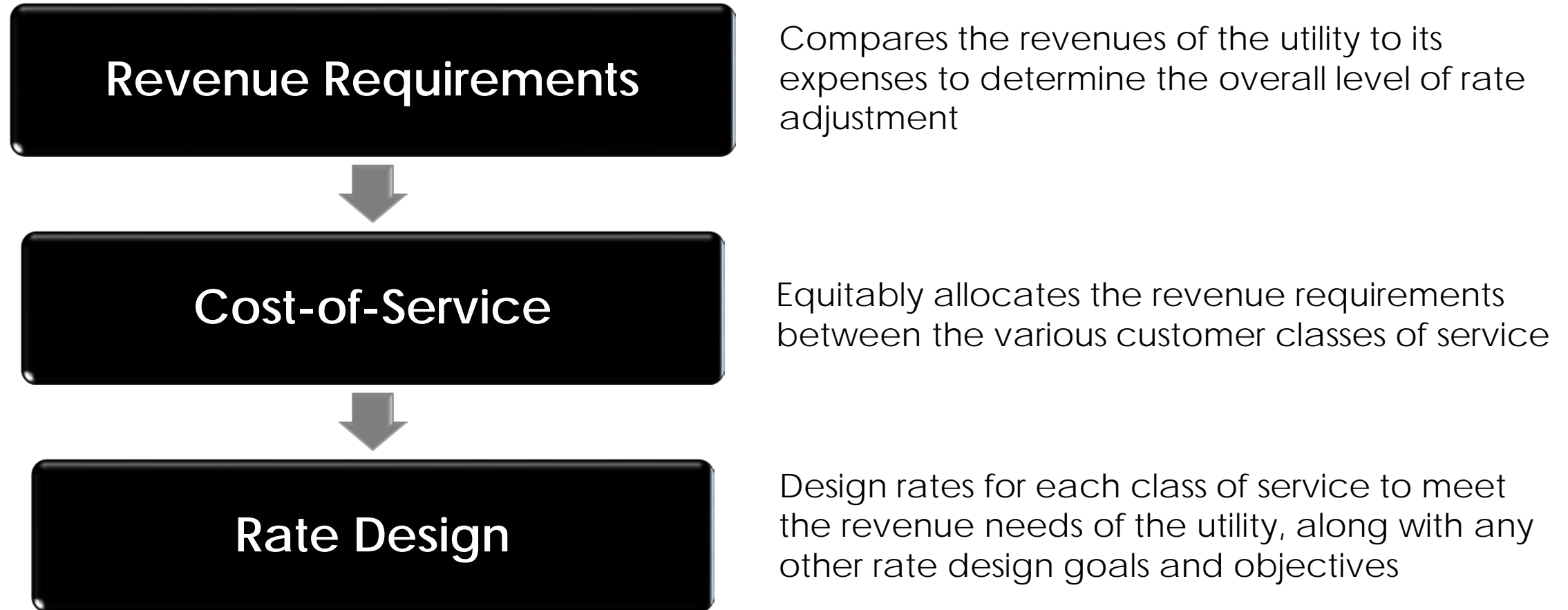
June 30, 2023



Agenda

1. Rate Setting Overview
2. Financial Plan
3. Cost of Service / Rate Design
4. Proposed Rates
5. Survey
6. Pumping Surcharge
7. Public Hearing

The Rate Setting Process

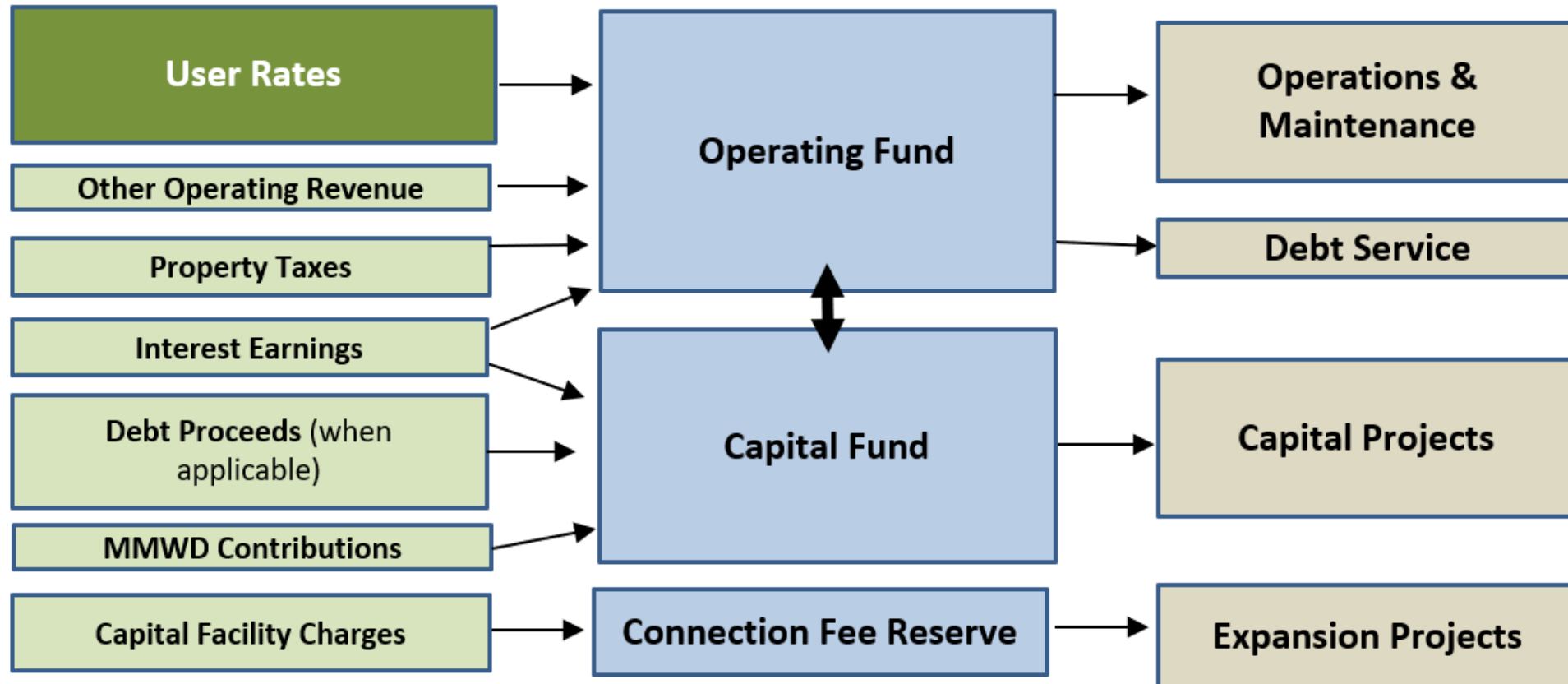


Legal Requirements for Setting Water Rates In California

Proposition 218 (Article XIID, Section 6 of California Constitution)

- Revenues shall not exceed funds required to provide service; nor used for another purpose
- Amount shall not exceed the proportional cost of the service attributable to the parcel
- Service must be actually used or immediately available
- Approval process includes 45-day notice, public hearing, and written majority protest. Does not require a voting process (unlike taxes).

Schematic of Cash Flow and Fund Structure



Cash Balances

Fiscal Year beginning July 1, 2022

Operating Reserve*	\$13,443,000
Emergency Repair Reserve	\$1,000,000
Capital Reserve	\$2,951,500
Vehicle & Equipment Reserve	\$841,700
Unrestricted Cash (for capital projects)	\$14,466,000
<hr/>	
Total:	\$32,702,200
Restricted Debt Service Reserves	\$904,600
Restricted (Capital Facility Charges)	\$587,700
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Total Reserves:	\$34,194,500

* Includes anticipated debt service for next year

Reserve Policies

The following are established reserve policies. In addition to protecting the District against unforeseen circumstances, these policies also contribute towards the District's credit rating.

Operating Reserve: 7 months of O&M budget and debt service (projected \$8.5 million target)

Emergency Repair Reserve: Cost to repair a major asset, e.g., pump station (current target = \$1 million)

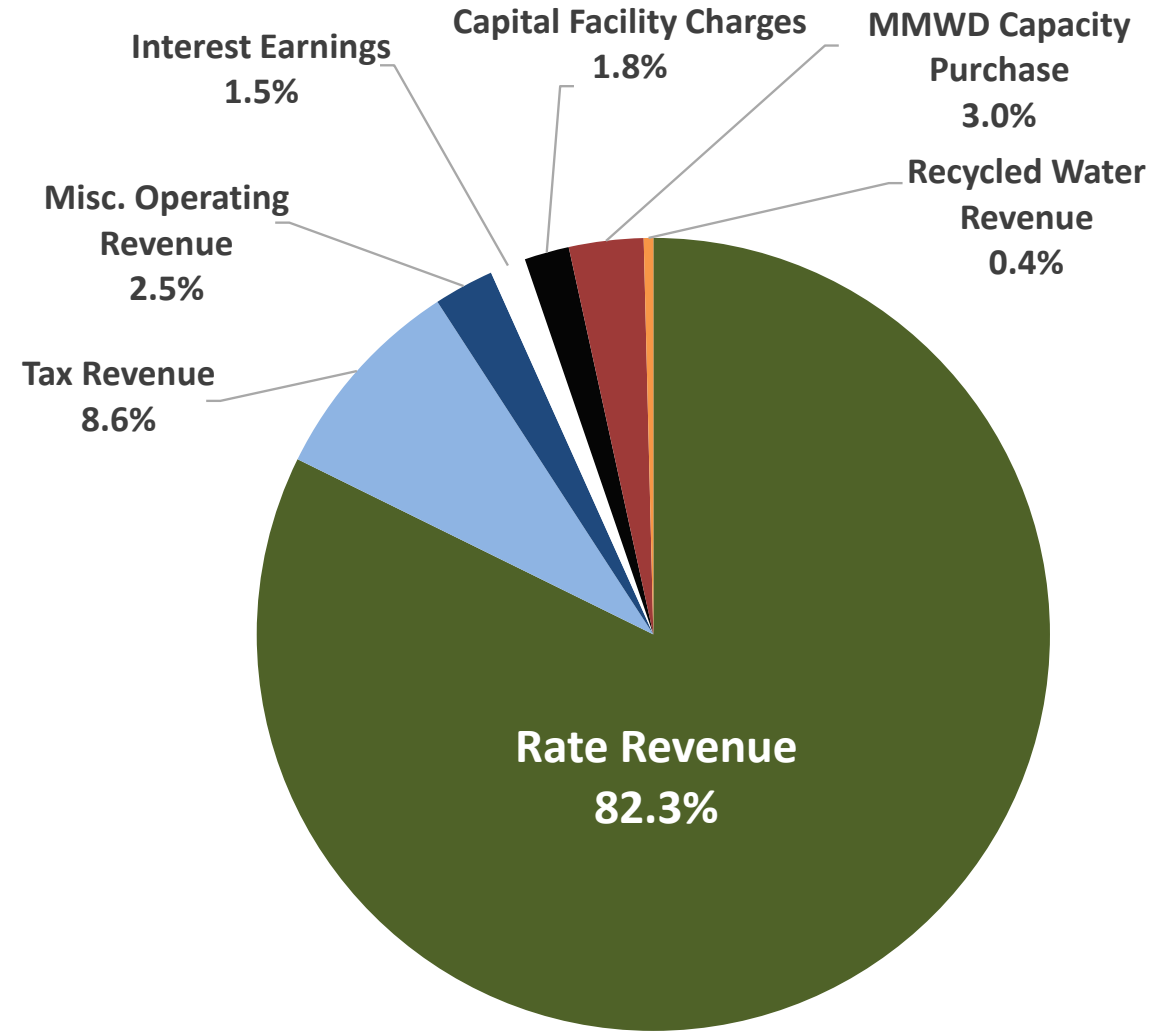
Capital Reserve: To provide capital for major capital projects that span two or more years. Accumulated depreciation is a factor (current target = \$4 million)

Vehicle and Equipment Reserve: Based on vehicle replacement life-cycle. (current target = \$1 million)

Revenue

FY2022/23 Estimated Year End*

Rate Revenue	\$17,102,300
Non-Rate Revenue	
Tax Revenue	\$1,777,700
Misc. Operating Revenue	\$509,900
Interest Earnings	\$303,300
Capital Facility Charges	\$379,300
MMWD Capacity Purchase	\$631,200
Recycled Water Revenue	\$80,800
Total:	\$20,784,500



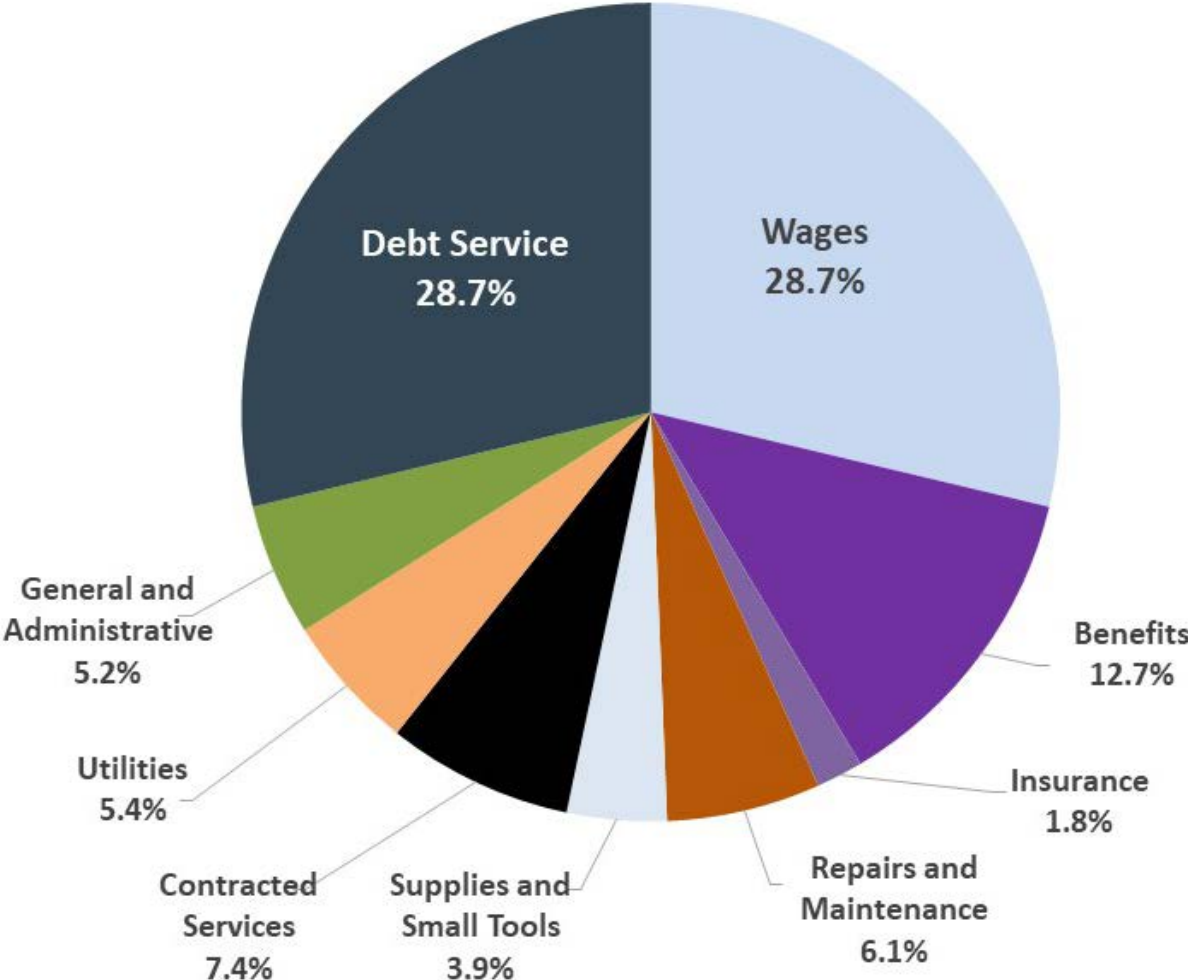
* Excludes iBank loan disbursement

Operating Expenses*

FY2022/23 Estimated Year End

Wages	\$4,201,000
Benefits	\$1,863,000
Insurance	\$270,000
Repairs and Maintenance	\$888,000
Supplies and Small Tools	\$577,000
Contracted Services	\$1,076,000
Utilities	\$788,000
General and Administrative	\$765,000
Debt Service	\$4,201,000

Total Budget: \$14,629,000

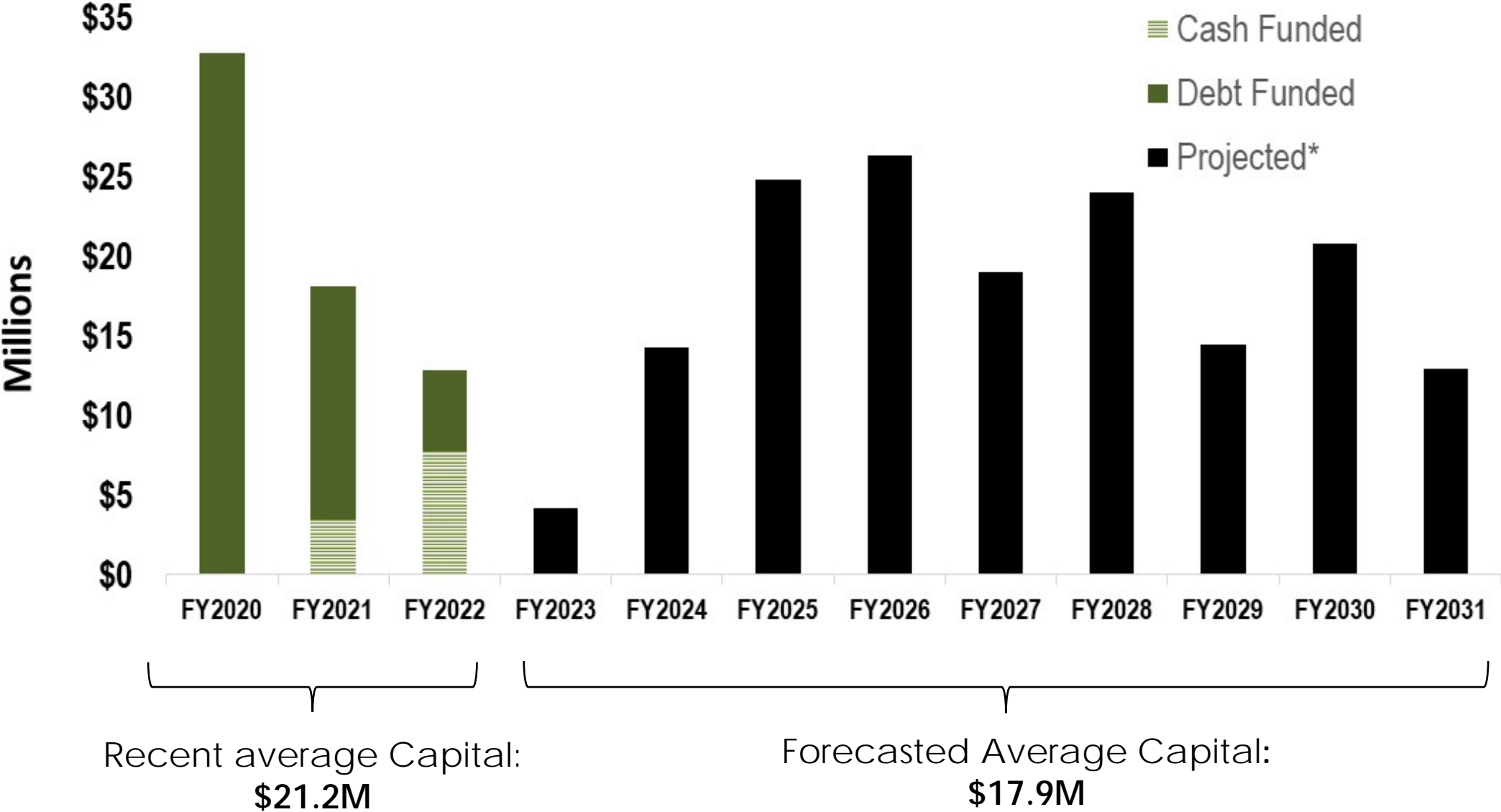


* Does not include capital spending budget

Projected Capital Spending Highlights

- ✓ **New Operational Buildings at Treatment Plant**
 - ✓ Replace Admin and Operations Building built in 1958, last renovated in 1985 and 1992.
 - ✓ Modern Laboratory Building with public education center and Boardroom.
 - ✓ Sustainable features: solar for electricity, biogas for heating, and recycled water for landscaping.
 - ✓ LEED certification and Living Building green features.
- ✓ **John Duckett Pump Station Improvements**
- ✓ **Smith Ranch Combined Force Main**
- ✓ **UV Disinfection System, Flow Equalization Basin, and Primary Clarifier Improvements**
- ✓ **Biosolids Program**

Capital Spending

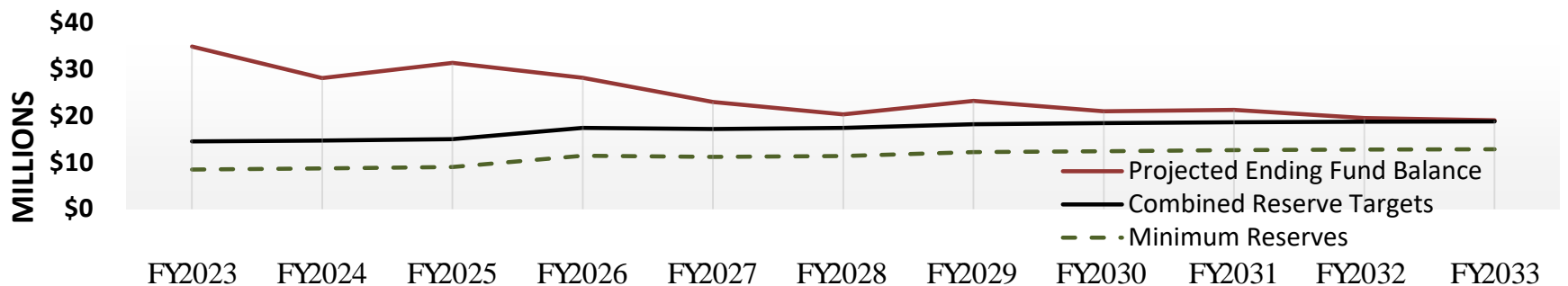
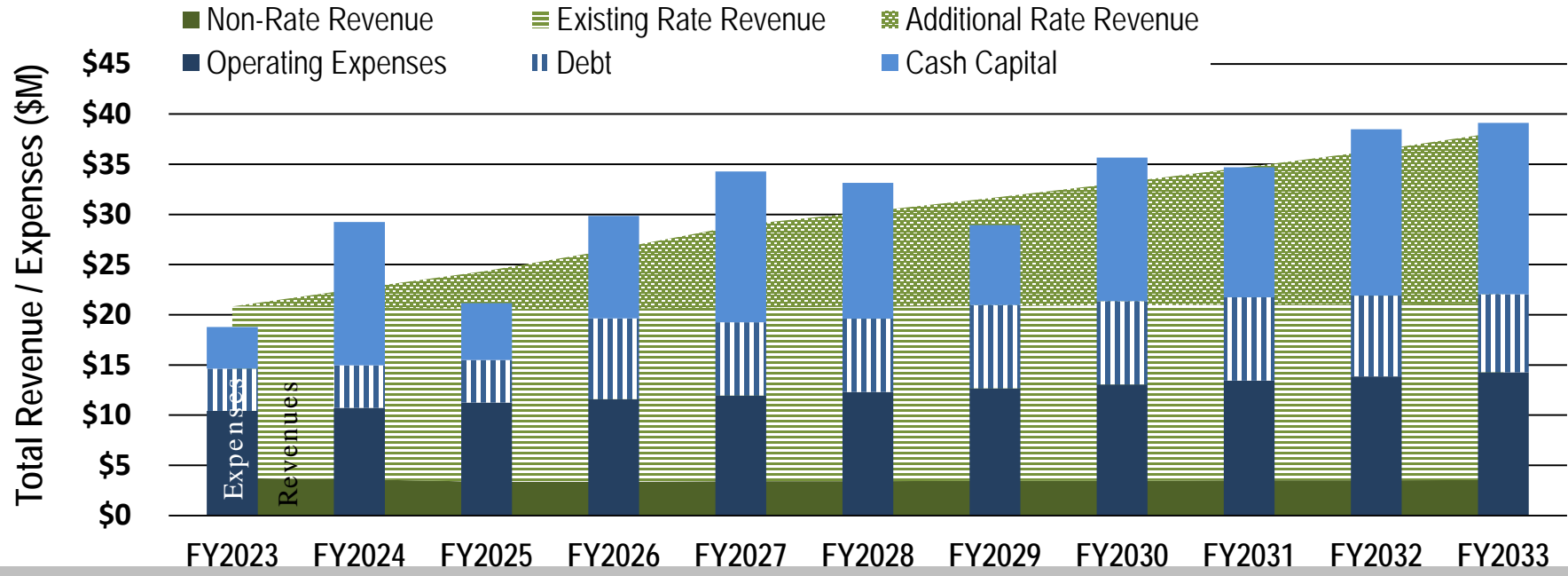


* Subject to adjustments

Rate Increase Drivers

- ✓ NPDES Regulations
 - ✓ Permit requires improvements to reduce wet weather bypass (blending)
 - ✓ Collection system improvements to reduce inflow and infiltration.
 - ✓ Plant facilities for increased biological treatment capacity
 - ✓ IFAS/Activated Sludge Process
 - ✓ Primary Clarification & UV Disinfection
 - ✓ Headworks & Flow Equalization
- ✓ SB 1383 Regulations
 - ✓ Required to increase beneficial use of biosolids
 - ✓ Move from Class B to Class A biosolids (on-site composting)
 - ✓ Exploring options to expand to a regional operation that could support county-wide needs (efficiencies of scale)
- ✓ Integrated Wastewater Master Plan
- ✓ Collection System and Treatment Plant Asset Management

Financial Forecast



	FY2023	Proposed				Forecasted					
Rate Revenue Increase:		11.0%	10.0%	10.0%	10.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Debt Coverage Ratio:	2.47	2.78	3.12	1.87	2.34	2.48	2.31	2.45	2.60	2.84	3.13
Net Debt Proceeds:			\$19.1M	\$16.1M	\$4.0M	\$10.5M	\$6.5M	\$6.5M			

Current Rates

Residential

Single Family	\$1,122 per account
Multi-Family	\$1,010 per unit
Mobile Home	\$1,122 per unit

Approximately 70% of rate revenue

Non-Residential

Rate per EDU (flow based*)

Domestic Strength	\$1,122
Dry Industry	\$1,122
Mortuaries	\$2,244
Mixed Use	\$2,244
Hotels w/ Food	\$2,244
Restaurants etc.	\$2,693
Markets w/ Disposal	\$2,917
Bakeries etc.	\$3,590

Approximately 30% of rate revenue

* Based on average water usage during summer and winter months

Cost Allocation

Usage Charge (based on estimated wastewater flows)

- For collection and treatment flow-related costs

Strength Charges (based on loadings)

- Allocated based on estimated BOD & TSS strength
(*examples: Bakeries, restaurants, markets, hotels*)

Rate Structure Evaluation

Current rates assume that single family homes produce an average of 8 HCF of wastewater per month.

A review of the average monthly water usage for residential, found that there is insufficient evidence to indicate that wastewater production is materially different than 8 HCF per month.

Current Sewer Rates

Residential (per dwelling unit per year)

Single Family	\$1,122
Multi-Family	\$1,010
Mobile Home	\$1,122

Non-Residential (per SSU per year)¹

Domestic Strength	\$1,122
Dry Industry	\$1,122
Schools	\$1,122
Mortuaries	\$2,244
Hotels w/ Restaurants	\$2,244
Mixed Uses	\$2,244
Restaurants/Café	\$2,693
Markets w/ Disposals	\$2,917
Bakeries	\$3,590

Proposed Sewer Rates (Year 1)

Residential (per dwelling unit per year)

Single Family	\$1,233
Multi-Family	\$1,109
Mobile Home	\$1,233

Non-Residential (per SSU per year)¹

Domestic Strength	\$1,233
Elevated Strength	\$2,243
High Strength	\$3,331

¹ Non-residential accounts are assigned one SSU for every 8 ccf of average water usage during the summer and winter, as reported by MMWD. As an exception, schools are assigned one SSU per 100 ADA.

Customer Statistics

Customer Class	No. of Accounts	No. Units	Estimated Annual Sewer Flow MG	BOD Strength mg/l	Annual BOD Loading lbs	TSS Strength mg/l	Annual TSS Loading lbs
<i>Residential</i>							
Single Family	9,293	9,330 Accounts	667.3	175	973,941	175	973,941
Multi-Family	100	2,446 dwelling units	158.1	175	230,715	175	230,715
Mobile Home	2	715 dwelling units	51.3	175	74,935	175	74,935
<i>Non-Residential</i>							
Domestic Strength	354	2,261 SSUs ²	162.4	175	236,961	175	236,961
Elevated Strength	31	302 SSUs	21.7	500	90,431	500	90,431
High Strength	33	156 SSUs	11.2	900	84,083	800	74,740
Totals	9,813	15,210	1,072.0		1,691,066		1,681,723

Customer Strength Classifications

Domestic	Elevated	High
APPROXIMATE STRENGTH (mg/L)		
BOD – 175	BOD – 500	BOD – 900
TSS – 175	TSS – 500	TSS – 800
<ul style="list-style-type: none"> - Residential - Mobile home - Retail/office - Dry industrial - Schools/Institutions - Bar (no food) - Car wash - Hotel without food - Laundromat - Auto repair 	<ul style="list-style-type: none"> - Hotels w/ food - Commercial laundry 	<ul style="list-style-type: none"> - Markets with disposals - Restaurants / café - Bakeries
<p>BOD = biochemical oxygen demand TSS = Total suspended solids</p>		

Proposed 4-Year Rate Schedule

	Effective Date			
	July 1, 2023	July 1, 2024	July 1, 2025	July 1, 2026
District's rate revenue increase ¹ :	11%	10%	10%	10%
Residential (per dwelling unit per year)				
Single Family	\$1,233	\$1,356	\$1,492	\$1,641
Multi-Family	\$1,109	\$1,220	\$1,342	\$1,476
Mobile Home	\$1,233	\$1,356	\$1,492	\$1,641
Non-Residential (per SSU per year) ²				
Domestic Strength	\$1,233	\$1,356	\$1,492	\$1,641
Elevated Strength	\$2,243	\$2,467	\$2,714	\$2,985
High Strength	\$3,331	\$3,664	\$4,030	\$4,433

Notes:

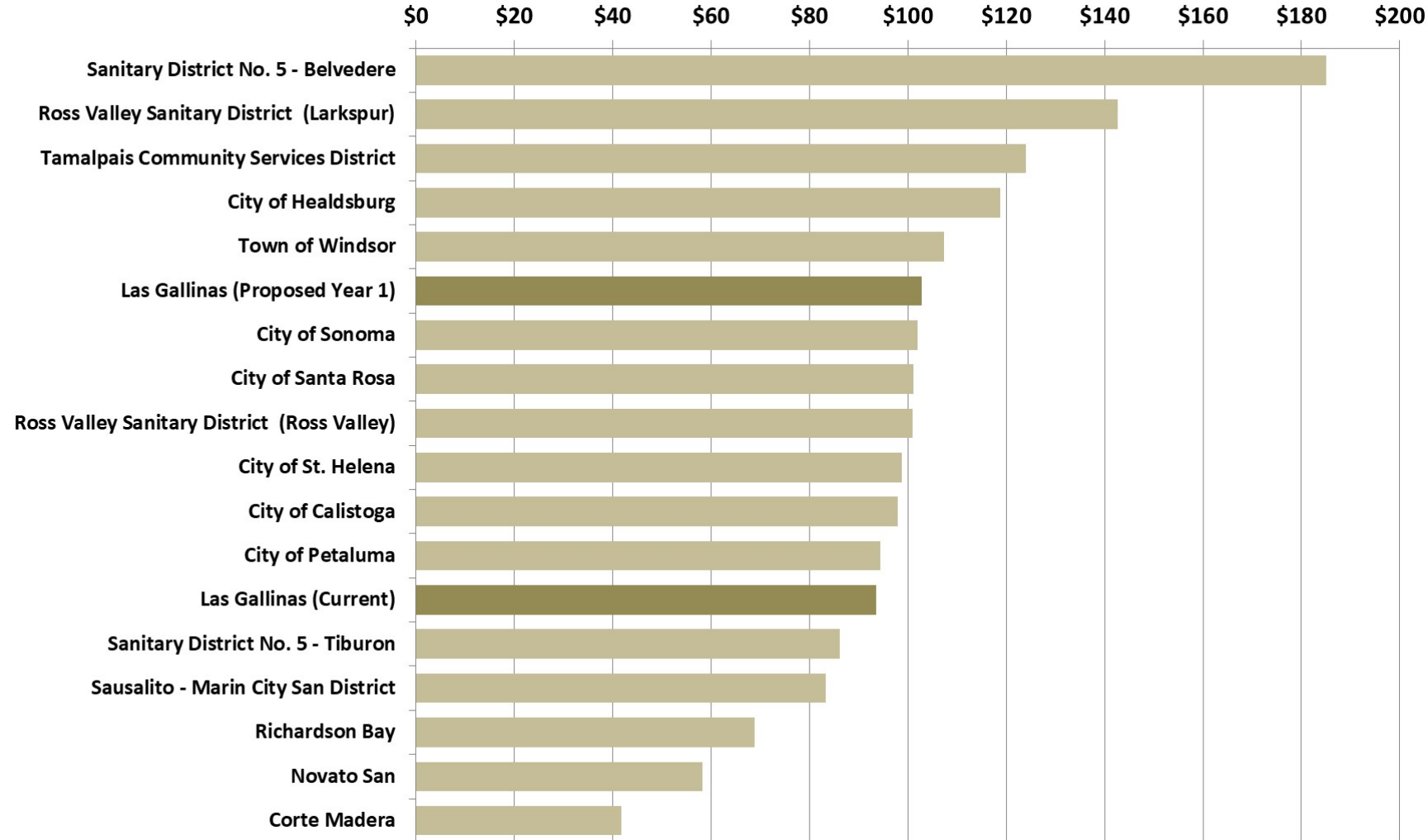
¹ Actual rate increases may vary by customer class during Year 1 due to updates to cost allocation

² Non-residential accounts are assigned one (1) SSU for every 8 ccf of average water usage during the summer and winter, as reported by Marin Municipal Water District. Each account shall pay a minimum of one (1) SSU.

Survey

Monthly Sewer Service Charges for Single Family Homes

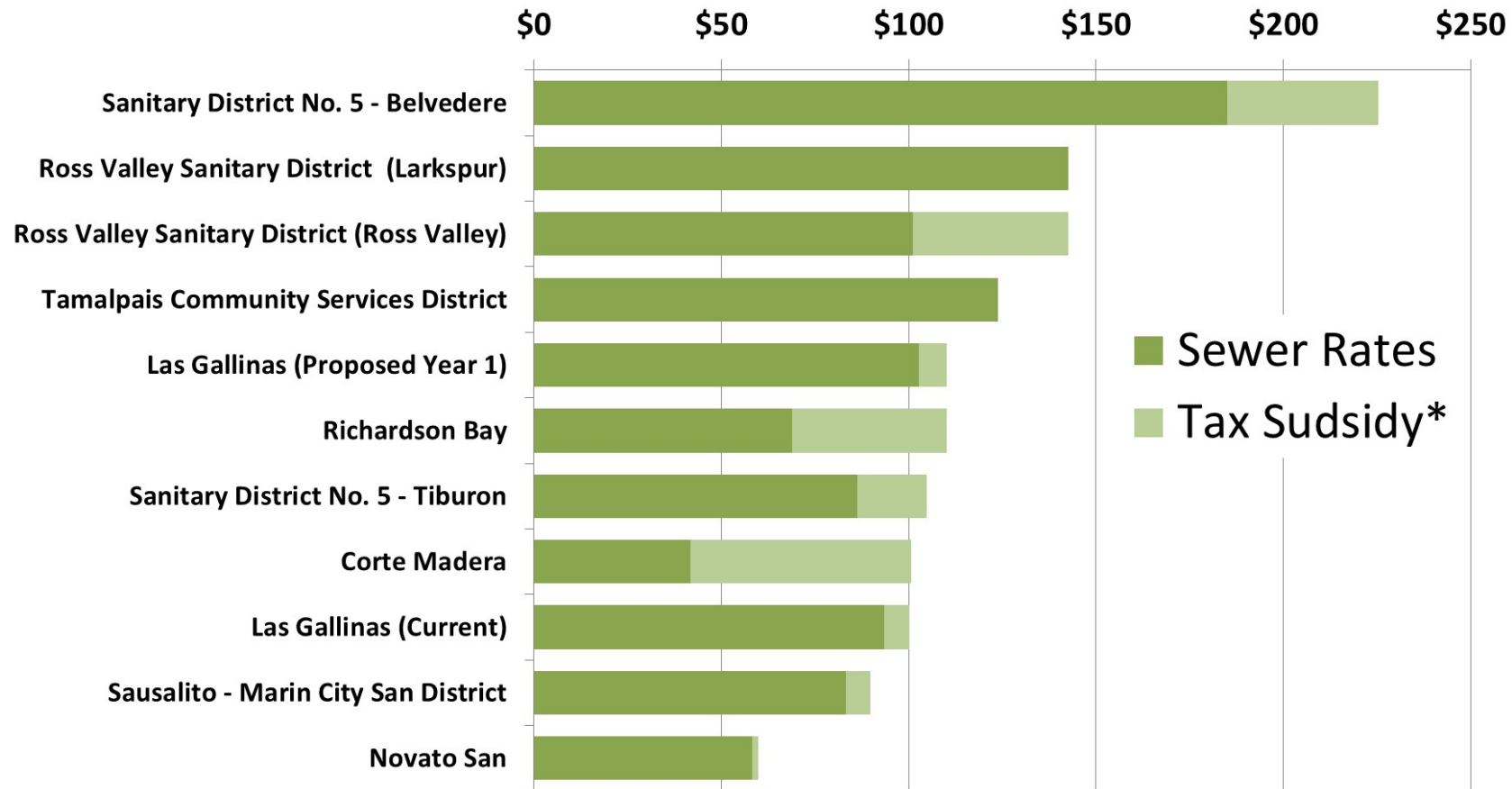
(assumes 8 HCF of winter water usage)



Survey

Monthly Sewer Service Charges for Single Family Homes

(assumes 8 HCF of winter water usage)



* The value of tax subsidies have been estimated based on publicly available financial data. The exact subsidy by customer class may deviate from the assumptions of our methodology.

Pumping Surcharge

Captains Cove and Marin Lagoon service areas have an agreement with the District to pay for the operation and maintenance costs for the extra pumps required to serve those areas. The last update was in 2009.

	Current Surcharge	Number of Units
Captains Cove	\$100 per unit	160
Marin Lagoon	\$110 per unit	225

Based on a review of Operating & Maintenance expenses in these two communities there is **no need to increase the surcharge at this time.**

Next Steps

- Open Public Hearing and receive public comment
- Tally protest votes
- Board deliberation
- Vote on proposed rates
- Implement rates on July 1, 2023 (if approved)