

PRESS RELEASE

On Tuesday, May 24, 2011, the North Marin Water District (NMWD or District) Board of Directors held a public hearing and voted unanimously to enact three annual water rate increases averaging 11% each year. The increases will add \$5.00 per month (\$10 per bimonthly bill) to the cost of water for a typical single-family residence beginning June 2011, another \$5.20 per month beginning June 2012 and an additional \$5.80 per month beginning June 2013. A survey of 16 Bay Area water agencies shows that the annual cost of water service for the typical NMWD customer remains below the median of comparison agencies.

The District received 281 letters, representing approximately 1% of its customer base, protesting the increase. Approximately twenty customers attended the meeting and six spoke in opposition to the increase. One attendee spoke in favor of the increase.

At the public hearing, NMWD General Manager Chris DeGabriele provided a 20-minute presentation detailing the need for the rate increase, including:

- The cost of Russian River water, which comprises 80% of the District's supply, has doubled over the past ten years;
- Water sales are at their lowest level since 1983, and significantly below the average over the past 10 years used for prior years budgeting. Additionally, recent legislation now requires that all California urban water agencies reduce per capita water consumption 20% by 2020 which means that water demand will never return to earlier levels;
- The District reserve balance fell from \$18.3M in 2000 to \$4.9M today as NMWD has expended nearly \$50M on new infrastructure improvements. \$25M of improvements were constructed without incurring debt, including four water storage tanks, adding 8.5MG (30%) to Novato storage. In addition, the District upgraded and modernized the 50-year-old Stafford Lake Water Treatment Plant and constructed the Deer Island Recycled Water Facility with \$24M of low-interest rate state loans. The District's outside auditor has recommended that reserve levels be increased and NMWD has set a goal to rebuild its reserves to 90% of its annual operating expense (\$10.3M).

Mr. DeGabriele informed the public and the Board that funds for past projects came principally from new development connection fees. But, new construction in Novato has slowed to a trickle. The Board is considering a \$17.6M budget for next year and District labor cost comprises 32% of that budget. NMWD's labor force has been reduced 11%, and the number of employees per 1,000 water services is now the lowest in District history. Over the next five years the District plans to expend another \$28M, to both expand the use of recycled water (a new source of supply, funded at no cost to existing potable water customers, with a 25% federal grant and low interest loans); and to enhance NMWD's water supply reliability with the Aqueduct Energy Efficiency Project (AEEP). (The Cal Trans Marin-Sonoma Narrows Hwy 101 widening project will require relocation of the existing North Marin Aqueduct and the AEEP will enlarge the relocated aqueduct to eliminate the need for the Kastania Pump Station, which now operates during the summer to deliver Novato's Russian River water. Caltrans will pay for about 2/3 of the project cost and NMWD will finance the remaining \$8M).

Director Dennis Rodoni stated that "The increases we're looking at unfortunately stem from a long time ago. In the 90's and early 2000's we had hardly any or little rate increases. Developers were paying the fees that supported the District reserve. And we're catching the brunt of it now."

For more information contact NMWD General Manager Chris DeGabriele at 415-897-4133.