



MUIR BEACH COMMUNITY SERVICES DISTRICT

19 Seacape Drive □ Muir Beach, CA 94965 □ 415 383 9969 □ www.muirbeachcsd.com

AGENDA

Regular Meeting of the Board of Directors

Wednesday, April 24, 2019 7:00 PM

Muir Beach Community Center

19 Seacape Drive

Muir Beach, CA 94965

TIMING OF AGENDA ITEMS: 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. The following items will be considered, and any item can be discussed, acted upon, or approved 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.

7:00 pm Item 1: Call to Order

Board: Leighton Hills (Board President), Victoria Hamilton-Rivers (Board Vice-President), Gary Friedman (Director), Peter Lambert (Director), Steven Shaffer (Director)

Staff: Mary Halley (District Manager), Chris Gove (Fire Chief), Ernst Karel (Meeting Secretary)

Item 2: Approval of Agenda

The following item or items were not included in this agenda, along with the reason for not being included. Pursuant to the Bylaws of the Muir Beach Community Services District, the Board of Directors may now by motion require that the item or items be added back to this meeting's agenda. Should the item or items require research or preparation by staff or by member(s) of the Board of Directors in order to be properly heard, the item or items may be deferred to a subsequent meeting. The motion to approve this agenda may be without change or may be to re-include any item or items listed below.

Item 3: Consent Calendar

All items on the Consent Calendar are considered to be either routine or non-controversial and will be enacted by a single blanket action of the Board. Upon request from a Board member or any member of the public, individual items may be removed from the Consent Calendar in which case they will be discussed in the meeting (under Items Removed from the Consent Calendar).

- A. Approval of Draft Minutes from Regular Board Meeting of 3/27/19.
- B. Approval of Quarterly Financial Reports dated 3/31/19.
- C. Approve amended Resolution No. 2019-2: To approve and Direct the District Manager to Apply for a Pre-Approved Guarantee Line-of-Credit for Emergency Funding Purposes Only from the County of Marin – with stated non-expiration date.

MBCSD Agenda 4-24-2019

Item 4: Items Removed from Consent Calendar

Items moved from the Consent Calendar to the Regular Agenda, if any.

Item 5: District Manager Report

District Manager Mary Halley will present highlights from the District Manager's Report.

Item 6: Fire Department Report

Fire Chief Chris Gove will give his report.

Item 7: Sunset Way Project Update

Director Leighton Hills, Board appointed Project Manager, will give any updates on the current status of the Sunset Way Improvement Project.

Item 8: Water Service Cost Study

Board to review MBCSD Water Service Cost Study and use in the determination of new water rates. *See attached MBCSD Water Service Cost Study – April 2019*

Item 9: Endorse Amazon Box Reuse Proposal

Director Lambert has asked that the District endorse an Amazon box reuse proposal being put forth by a group of concerned Marin County residents. *Please see attached Amazon Box Reuse Proposal Request for the Muir Beach Community Services District*

Item 10: Public Open Time

Please note:

1. Topics should be within the jurisdiction of the CSD (Water, Roads, Fire Protection, & Recreation).
2. The topic should not be elsewhere on the agenda.
3. The Board and staff may only briefly respond to statements and questions (i.e. the legal requirement for items not posted on an agenda which otherwise informs community members that a topic is up for discussion and/or action.)
4. Public comments are limited to 3 minutes per speaker, unless waived by the Board.
5. The period for public open time is limited to 10 minutes, unless waived by the Board.

Item 11: Recognitions & Board Member Items

Board recognitions and pending events of interest to the community.

Item 12: Adjournment

Next Agenda Meeting Date: Wednesday, May 15, 2019
Next Board Meeting Date: Wednesday, May 22, 2019

1 **MUIR BEACH COMMUNITY SERVICES DISTRICT**

2 Minutes of the Board of Directors' meeting held on
3 Wednesday, March 27, 2019

4
5 **OFFICIAL MINUTES ONLY UPON APPROVAL**

6
7 Prior to approval of these minutes by the Board of Directors in a public meeting, these
8 minutes are draft only and subject to change. Upon approval by the Board, these
9 minutes become the Official Minutes of the meeting.

10
11
12 **Item 1: Call to Order**

13
14 Victoria Hamilton-Rivers called the meeting of the Muir Beach Community Services
15 District Board of Directors to order at approximately 7:08 pm.

16
17 Directors present: Victoria Hamilton-Rivers, Leighton Hills, Peter Lambert,
18 Steve Shaffer

19
20
21 Staff present: Mary Halley, District Manager
22 Chris Gove, Fire Chief
23 Ernst Karel, Meeting Secretary

24
25
26 **Item 2: Approval of Agenda**

27
28
29 MOTION: To approve the agenda
30 Moved: Lambert, seconded by Hamilton-Rivers
31 Vote: AYES: Unanimous

32
33
34 **Item 3: Election of Vice-President**

35
36 Victoria Hamilton-Rivers has requested that a Board Vice-President be elected to
37 replace her in that role. She nominates Steve Shaffer.

38
39 MOTION: To elect Shaffer as Vice-President for the next year.
40 Moved: Hamilton-Rivers, seconded by Lambert
41 Vote: AYES: Unanimous

42
43
44 **Item 4: Consent Calendar**

45
46 A. Approval of Draft Minutes from Regular Board Meeting of 2/27/19.

1
2
3
4 MOTION: To adopt the consent calendar
5 Moved: Hamilton-Rivers, seconded by Lambert
6 Vote: AYES: Unanimous
7
8

9 **Item 5: Items Removed from Consent Calendar**

10
11 No items removed.
12
13

14 **Item 6: Treasurer's Report**

15
16 Hills notes that we've switched to having the report every quarter, so there is no
17 Treasurer's Report today. More significantly, Hills passes on that the board received
18 notice on Monday that Leslie Reihl is no longer interested in being Treasurer. Hills
19 commends the work she's been doing and recognizes that the task is arduous and
20 unpaid. According to the by-laws, the DM can be the treasurer. Halley agrees to take on
21 the Treasurer role on an interim basis, and the board will try to find someone to take the
22 position.
23

24 The board would like to make a formal gesture to thank Riehl for her excellent work and
25 decides to put \$200 towards this. Hamilton-Rivers comments that it's a huge blow that
26 she's no longer in the position and wants to remind us to be mindful of one another.
27 Lambert says that she advanced the financial reports of the CSD and hopes we can
28 continue to build on that. Hills also comments that she was invaluable with the audits.
29
30

31 **Item 7: District Manager Report**

32
33 Halley goes over highlights of her 3/27/19 DM report, which as usual was distributed
34 with the packet for this meeting.
35

36 Water service cost study has been making headway. They've cleaned out underneath
37 the playground. Flooring project for MBCC is going forward, and she has brought
38 samples for us to view. John-John Sward will be doing the flooring, and the project will
39 be undertaken April 15-23. The tile sample is handmade by a woman in Mendocino. We
40 got a designer discount thanks to Hamilton-Rivers.
41

42 There are a number of issues with encroachments onto CSD property. Leighton
43 comments that he was able to contact the so-far-unresponsive owner of 50 Starbuck by
44 text message and they have a conversation scheduled for Friday. At 66 Starbuck Halley
45 is hopeful for a resolution.
46

1 Halley discusses the details of the line of credit being offered by Marin County. Hills
2 proposes that the board give Halley the authority to enter into the agreement with Marin
3 County. It's useful even if we don't use it, because it means we can spend what we
4 have without worrying that we'll be unable to face an emergency should it arise.

5
6 Hamilton-Rivers asks about cleanup on a pathway below Sunset. The CSD should be
7 taking care of such cleanup. In general, if there's something that needs attention on
8 CSD easements and the like, residents should contact the CSD.

9
10
11 **Item 8: Approval of Marin LAFCO (Marin Local Agency Formation Commission)**
12 **Ballot Candidate**

13
14 The MBCSD has been requested by Drew McIntyre, General Manager for North Marin
15 Water District (NMWD), to exercise our District's vote in the upcoming LAFCO Election
16 for Special District Representative to vote for Jack Baker from NMWD. The other two
17 candidates are Lewis Kious, Almonte Sanitary District, and Tod Moody, Sanitary District
18 #5. A representative from a neighboring water district may align better with MBCSD
19 operations and interests. The Board is being asked to approve submitting a ballot with a
20 vote for Jack Baker. Directors Leighton Hills and Steve Shaffer provide some
21 background on previous requests by LAFCO candidates for votes in their favor.

22
23 Alternate Commissioner Lew Kious of LAFCO is present. Board members are elected
24 by agency members. Alternate members go to the meetings, but alternate members
25 don't get a vote unless primary members are absent. Kious is now running for a regular
26 position. He lives in Mill Valley, which he notes is 5.4 miles and 12 minutes away. Kious
27 gives his own background with LAFCO and makes the case for his own candidacy as
28 someone who can represent Muir Beach's interest to the LAFCO board. He asks for our
29 vote; it's rank choice voting. Ballots have to be received by April 22nd.

30
31 Hills proposes ranking Kious in first place, Todd Moody second, Jack Baker third.
32 Further discussion ensues.

33
34 The question is raised of what's in it for Muir Beach. LAFCO has the ability to create or
35 terminate agencies. Lew responds that connections to MBCSD water has to go through
36 LAFCO board. Halley adds that they have potential control over the size of spheres of
37 influence. Kious says that LAFCO could theoretically force the consolidation of Muir
38 Beach with neighboring districts. Furthermore, there are "latent powers" such as issuing
39 parking tickets that we might want to activate and which could come before LAFCO.

40
41 MOTION: To vote for Lew Kious in first place, Jack Baker second, and Todd
42 Moody third
43 Moved: Shaffer, second Hamilton-Rivers
44 Vote: AYES Hills, Hamilton-Rivers, Shaffer
45 Lambert abstains
46

1
2 **Item 9: Sunset Way Project Update**
3

4 Hills gives updates. The AIA-based draft contract has been received from legal counsel
5 and provided to the contractor for comments. Issues include a retention or a per-diem
6 penalty if the project is not finished in time. The contractor is considering a 10%
7 retention until the project is 50% completed, and then the retention shifts to 0% for the
8 remainder of the work. If we go with this reduced retention (versus a flat 10% retention),
9 then Hills has proposed a \$1,000/day per diem penalty. He thinks it's very unlikely that
10 this would be collected but would provide a financial incentive for the contractor to
11 complete the work.. These and other issues are currently being discussed/negotiated.
12

13 Current start date: they want to wait until things are pretty dry, so late April or early May.
14 Pre-project cleanup could happen sooner, as soon as the contract is signed. Hamilton-
15 Rivers suggests that we give people advance notice for the cleanup so that people can
16 salvage what they will.
17

18 Building on last meeting's discussion concerning Charlotte's Way, there's now an idea
19 that maybe Charlotte's Way could be paved. Hills is asking for a bid on this, and this
20 would be paid for mainly by those residents with the CSD perhaps contributing one
21 share (i.e. 1/10 if there are nine residents). Grindings could also be useful for Green
22 Way (the road by Wendy Johnson/David Taylor/Jon Rauh). Discussion also turns to
23 possible work on a water main down there. Further discussion about future projects for
24 which the grindings or gravel could be useful, such as the upcoming new firehouse.
25
26

27 **Item 10: Fire Department Report**
28

29 Chris Gove was hoping to give an update on Measure W funds, an occupancy tax, and
30 the new firehouse but is still waiting for people to get back to him on both counts, so
31 doesn't have a report currently. It looks as though we'll get the first six months of the
32 Measure W fund, possibly \$20,000-25,000.
33
34

35 **Item 11: Water Policy Update – Additional Fees**
36

37 Lack of physical access to a water meter can be costly to the District in terms of extra
38 management time when staff must go back repeatedly to read a meter or check for
39 critical leaks. It is the responsibility of the homeowner/water customer to make sure that
40 their water meter box is readily accessible – meaning clear of debris, dirt, mud, and
41 obstructions such as cars, trailers, trash cans, etc., that prevent access to the meter box
42 by the water operators and staff. It has been brought to the District's attention that
43 obstructed water meters, whether when trying to determine if a leak is present or during
44 routine meter readings, has become a persistent problem at some locations. The
45 proposed addition to our meter reading policies is the implementation of a \$45 "Water
46 meter box obstruction & cleaning fee" when the meter has to be cleared of debris, dirt,

1 mud, etc. before being able to access the meter, and, a \$45 "Water meter repeat trip
2 fee" when it takes more than one visit to read a water meter. Also, because of increased
3 costs, staff proposes increasing the "Delinquent account fee" from \$25 to \$45 and the
4 "48-Hour Termination Notice fee" be increased from \$25 to \$45.

5
6 **Summary of Fees:**

7 A. Meter Box Obstruction & Cleaning Fee - \$45

8 B. Water Meter Repeat Trip Fee - \$45

9 C. Delinquent Account Fee – increased from current \$25 to \$45

10 D. 48-Hour Termination Notice – increased from current \$25 to \$45

11
12 This will be noted in the water bill.

13
14 MOTION: To accept the new charges

15 Moved: Lambert, seconded Hamilton-Rivers

16 Vote: AYES unanimous
17
18

19 **Item 12: Public Open Time**

20
21 Paul Jeschke follows up on the topic of a generator from the last meeting – he'd like to
22 schedule a trial run using one of the existing generators.
23
24

25 **Item 13: Recognitions & Board Member Items**

26
27 Shaffer would like to recognize Victoria Hamilton-Rivers for the spectacular job she's
28 done as President. Without her, we wouldn't be doing this Sunset Way project. A round
29 of applause.
30

31 Hamilton-Rivers repeats that as a board and as a community, we owe a huge debt of
32 gratitude to erstwhile Treasurer Leslie Riehl – we understand our finances much better
33 than we did, and she's also been a huge support to Mary, so we thank her very very
34 much.
35
36

37 **Item 12: Adjournment**

38
39 There being no further business to come before the board, the meeting is adjourned.
40

41 Meeting adjourned at 8:28 pm.

Muir Beach Community Services District

Balance Sheet

Accrual Basis

As of March 31, 2019

	Mar 31, 19
ASSETS	
Current Assets	
Checking/Savings	
TriC MMF - General Fund	800,811
TriC checking	
TriC Fire	184,156
TriC WCI	178,730
TriC General Fund	(17,904)
TriC Water	(42,592)
Total TriC checking	302,391
Total Checking/Savings	1,103,202
Other Current Assets	
Due from Water Ops to Gen'l Fd	42,592
Undeposited Funds	1,680
Total Other Current Assets	44,272
Accounts Receivable	
Receivables	5,629
Total Accounts Receivable	5,629
Total Current Assets	1,153,103
Fixed Assets	
Other Fixed Assets	
Land	755,573
Buildings	499,931
Playground Upgrades	174,189
Road Improvements	156,892
Equipment	153,535
Land - Fire Station	148,661
Equipment - Fire Trucks	103,871
Buildings - Fire Station	33,670
Furniture & Fixtures - CC	10,467
Electric Gate	6,967
Shed Roof	3,688
Accumulated Depreciation	(596,029)
Total Other Fixed Assets	1,451,415
Water System Assets	
100-Year Equipment Post 2008	652,370
Historic Water System Equipment	546,323
40-Year Equipment Post 2008	106,700
Mains and Valves	60,939
Other Water System Assets	54,217
10-Year Equipment Post 2008	38,184
15-Year Equipment Post 2008	36,861
Wells	21,620
20-Year Equipment Post 2008	7,312
Equipment and Controls	6,973
5-Year Equipment Post 2008	4,084
Accumulated Depreciation	(573,139)
Total Water System Assets	962,444
Total Fixed Assets	2,413,859
TOTAL ASSETS	3,566,962

Muir Beach Community Services District

Balance Sheet

Accrual Basis

As of March 31, 2019

	Mar 31, 19
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
Due to Gen'l Fd from Water Ops	42,592
Deposit - emergency siren proj	10,000
Total Other Current Liabilities	52,592
Accounts Payable	
Accounts Payable	829
Total Accounts Payable	829
Credit Cards	
Credit Card	317
Total Credit Cards	317
Total Current Liabilities	53,738
Total Liabilities	53,738
Equity	
Retained Earnings	3,409,317
Net Income	103,907
Total Equity	3,513,224
TOTAL LIABILITIES & EQUITY	3,566,962

Muir Beach Community Services District
Profit & Loss - Excluding Water (Operations, WCI)
March 2019

	Mar 19
Income	
Combined Tax Revenues	
Property Tax Revenues	
Property Tax Revenues	205
Total Property Tax Revenues	205
Total Combined Tax Revenues	205
Interest Income	102
Recreational Activities Income	
Rental Income	40
Total Recreational Activities Income	40
Total Income	347
Expense	
Payroll Expenses	
Wages	4,668
Employer Payroll Taxes	746
Payroll Service	126
Total Payroll Expenses	5,539
Community Classes & Functions	
Rental Expense	2,500
Community Center Functions	500
Total Community Classes & Functions	3,000
Health Insurance	770
Meeting Expense	750
Supplies (non-water)	240
Utilities	
Electric	98
Propane	70
Refuse Service	34
Telephone	9
Total Utilities	212
Fire Dept Expenses	
Phone, Radio Link for Bolinas	98
Total Fire Dept Expenses	98
Office and Postage	10
Total Expense	10,619
Net Income	(10,272)

Muir Beach Community Services District
Profit & Loss - Water (Operations, WCI)
March 2019

	Mar 19
Income	
Combined Water Revenues	
Water Operations Revenues	
Water Service Revenues	9,638
Misc Water Revenues	70
Field for Billing Notices	0
Total Water Operations Revenues	9,708
Water Capital Improvement Revs	
25% Allocation of Water Revs	2,409
Total Water Capital Improvement Revs	2,409
Total Combined Water Revenues	12,117
Interest Income	1,478
Total Income	13,595
Expense	
Payroll Expenses	
Wages	5,081
Total Payroll Expenses	5,081
Utilities	
Electric	715
Total Utilities	715
Bank Fees & Credit Card Fees	277
Water Enterprise	
Water Testing	275
Total Water Enterprise	275
Total Expense	6,348
Net Income	7,247

Muir Beach Community Services District
Expenditures excl Payroll & Cap Assets
March 2019

Date	Name	Memo	Amount
Bank Fees & Credit Card Fees			
03/05/2019	Intuit Payment Solution Transaction...		4
03/26/2019	Intuit Payment Solution Transaction...		2
03/26/2019	Intuit Payment Solution Transaction...		272
Total Bank Fees & Credit Card Fees			277
Fire Dept Expenses			
Phone, Radio Link for Bolinas			
03/26/2019	AT&T	Phone @ fire barn; 415 380-9627	98
Total Phone, Radio Link for Bolinas			98
Total Fire Dept Expenses			98
Health Insurance			
03/14/2019	CALPERS	Halley	770
Total Health Insurance			770
Office and Postage			
03/14/2019	Adobe Systems	Software subscription	10
Total Office and Postage			10
Supplies (non-water)			
03/15/2019	Alcala, Jose - v	Firewood delivery	240
Total Supplies (non-water)			240
Utilities			
Electric			
03/16/2019	SMITH, Brent (1104)	Credit for electricity usage	8
03/27/2019	PG&E at Comm Ctr 019-6	Electric - Community Center (Net of Solar)	78
03/28/2019	PG&E Firehouse 6226-2	Electric - Firehouse	19
03/27/2019	PG&E Pumping at Lower Tank 623-9	Electric - Pumping from Lower Tank to Upper Ta...	197
03/27/2019	PG&E Pumping from Wells 745-7	Pumping	510
Total Electric			813
Propane			
03/28/2019	McPhail's	Tank lease	70
Total Propane			70
Refuse Service			
03/25/2019	United Site Services, Inc.	Portable restroom - Volleyball court	34
Total Refuse Service			34
Telephone			
03/01/2019	Ooma	Telephone	5
03/01/2019	Ooma	Telephone	5
Total Telephone			9
Total Utilities			927
Water Enterprise			
Water Testing			
03/26/2019	Brelje and Race Laboratories, Inc.	Water testing	190
03/01/2019	Public Health Laboratory	Water testing; acct. 733	85
Total Water Testing			275
Total Water Enterprise			275
TOTAL			2,597

COMPENSATION REPORT

Name	7/1/2017 to 7/1/2018 to		Notes
	6/30/2018	3/31/2019	
Halley	55,336	48,750	Annual salary: \$55,000 - Hire date 7/10/17. Salary increase to \$65,000 effective 5/1/18.
Blank	-	7,767	\$486/month for daily monitoring, \$354 if meter reading done, \$39.75/hour for additional hours.
Blank	-	8,099	\$486/month for daily monitoring, \$354 if meter reading done, \$39.75/hour for additional hours.
Gonzales	8,540	6,400	Hourly rate increased 11/13/2012 to \$20/hr from \$17/hr.
Gonzales	6,282	4,554	Hourly rate increased 11/13/2012 to \$18/hr from \$15/hr.
Pearlman	3,998	1,800	Change in job desc: water manager to consultant effective June 2017. Annual salary: \$2,400.
Karel	-	2,240	\$972/month for daily monitoring, \$354 if meter reading done, \$39.75/hour for additional hours.
Mirra	-	650	\$354 if meter reading done, \$39.75/hour for additional hours.
DeGroot	35,886	-	Annual salary: \$55,000 - Hire date 7/10/17. Employment ended effective 1/31/18.
Hills	2,037	-	Employment ended effective 11/16/17.
	\$ -	\$ 80,260	

10:59 AM

04/12/19

Accrual Basis

Muir Beach Community Services District

Account QuickReport

July 1, 2018 through April 12, 2019

Type	Date	Num	Name	Memo	Split	Amount
Combined Tax Revenues						
Measure A Revenues						
Sales Receipt	07/26/2018		Marin County Treas...		Undeposited F...	18,080.38
Sales Receipt	02/08/2019		Marin County Treas...		Undeposited F...	19,833.40
Total Measure A Revenues						37,913.78
Total Combined Tax Revenues						37,913.78
TOTAL						37,913.78

Muir Beach Community Services District: Budget vs. Actual - year-to-date

General - Revenue and Expenses Apportioned To All Departments

3/31/2019

Gen Revenue	Category	FY18/19 Budget	FY18/19 Actual	% of Budget
	Property Taxes (Unassigned)	110,000	64,190	58%
	Excess ERAF (Unassigned)	75,000	47,156	63%
	Interest Income (Unassigned)	6,000	880	15%
	Other Income (Unassigned)	-	100	
	Gen Revenue Total:	191,000	112,326	59%

Gen Expense	Category	FY18/19 Budget	FY18/19 Actual	% of Budget
	Audit (incl fees+bookkeeping) *	8,000	8,100	101%
	Bank & Credit Card Fees (District)	200	10	5%
	Bookkeeping	17,000	10,651	63%
	Dues & Memberships	1,500	1,394	93%
	Insurance (DM Health) *	9,300	6,988	75%
	Insurance (Umbrella)	4,000		0%
	Insurance (DM Workers Comp) *	1,200	(264)	-22%
	Legal Fees	5,000	110	2%
	Office & Postage *	2,000	1,386	69%
	Meetings (inc Minutes) *	4,500	3,561	79%
	Other Operating	500	268	54%
	Payroll (DM) - Total *	65,000	48,750	75%
	Payroll Employer Taxes (DM) *	5,200	3,729	72%
	Payroll Service *	2,000	1,466	73%
	Permits & Fees	2,300	834	36%
	Repair & Maint (non-water)	2,000		0%
	Tree Management Program	4,000	6,800	170%
	Supplies	1,200	6	1%
	Utilities (Telephone-RingCentral)	200	307	154%
	Website & Document Managment *	5,000		0%
	General Expense Total:	140,100	94,096	67%
	General Expenses (Net of Dept Allocations Total:	99,220	64,610	65%
	General Balance (Prior to Dept Allocations) :	50,900	18,230	36%
	General Balance (Net of Dept Allocations):	91,780	55,868	61%

General Notes: 1.)Apportionment: General Expenses are assigned to departments by the following percentages:
 General = 60%, Water = 20%, WCI = 20% *(DM Salary, DM Payroll taxes + service, DM Healthcare, DM WC, Audits, Website, Postage and Office, Board Meeting Expenditures incl Minutes) Capital Improvement Projects: Fire = 10%, Rec = 10%, Roads = 10% (DM Salary, DM Payroll taxes + service, DM Healthcare, DM WC)

Muir Beach Community Services District: Budget vs. Actual - year-to-date

Fire Department

3/31/2019

Fire Revenue	Category	FY18/19 Budget	FY18/19 Actual	% of Budget
	Special Parcel Tax for Fire	34,930	19,825	57%
	Grants/Donations for Fire (Misc)	-		
	Grants for Fire (FVA)	-		
	Grants for Fire (West Marin)	8,400		0%
	Workers Comp Reimbursement	-	-	
	Fire Revenue incl Cap Imp Rev:	43,330	19,825	46%
	Deduct Cap Imp Revenue:	-	-	
	Fire Operations Revenue:	43,330	19,825	46%

Fire Expense	Category	FY18/19 Budget	FY18/19 Actual	% of Budget
General Expenses (0% Share):				
Dedicated Expenses:				
	Emergency Preparedness	2,000	785	39%
	Membership Dues	330	237	72%
	Fire Equip & Tools	3,800	4,917	129%
	Fire Training	6,000	2,250	38%
	Fire Truck Maint & Repair	6,000	4,741	79%
	Insurance: VFIS	6,000		0%
	Insurance: Workers Comp	3,000	(442)	-15%
	Legal	1,000		0%
	Other Operating (Fire)		507	
	Supplies: Medical	2,000	931	47%
	Supplies: Sta wear/Turnouts	4,000	1,217	30%
	Utilities: Electric	200	245	123%
	Utilities: Phone, Radio	600	852	142%
	Dedicated Expense Sub-Total:	34,930	16,240	46%
	Fire Operations Expense Total:	34,930	16,240	46%
	Fire Operations Balance:	8,400	3,585	43%

Muir Beach Community Services District: Budget vs. Actual - year-to-date

Recreation Department

3/31/2019

Rec Revenue	Category	FY18/19` Budget	FY18/19 Actual	% of Budget
	Community Center Classes	1,200	867	72%
	Community Center Functions (+XF)	1,200	2,800	233%
	Donations for Rec	-	-	
	Measure A Tax	35,000	37,914	108%
	Rentals	18,000	6,365	35%
	Rec Operations Revenue Total:	55,400	47,946	87%

Rec Expense	Category	FY18/19 Budget	FY18/19 Actual	% of Budget
-------------	----------	----------------	----------------	-------------

General Expenses (0% Share):

Dedicated Expenses:

	Community Center Classes	1,000	828	83%
	Community Center Functions	7,500	5,965	80%
	Legal Fees (Rec)	-	-	
	Other Operating (Rec)	200	10	5%
	Payroll (Rec)	15,000	11,054	74%
	Payroll Employer Taxes (Rec)	1,200	846	70%
	Payroll (WC-Rec)	1,000	(70)	-7%
	Rental Expenses (CC)	4,600	2,754	60%
	Repairs & Maintenance (Rec)	10,000	2,025	20%
	Trails Maintenance	1,500	2,600	173%
	Supplies (CC)	2,700	1,477	55%
	Utilities: Elec (CC)	1,100	760	69%
	Utilities: Phone (CC-Ooma)	80	-	0%
	Utilities: Propane (CC)	200	298	149%
	Utilities: Refuse (Rec)	1,600	549	34%
	Dedicated Expense Sub-Total:	47,680	29,096	61%
	Rec Operations Expense Total:	47,680	29,096	61%
	Rec Operations Balance:	7,720	18,850	244%

Muir Beach Community Services District: Budget vs. Actual - year-to-date

Roads Department

3/31/2019

Roads Revenue	Category	FY18/19 Budget	FY18/19 Actual	% of Budget
	Fees for Roads	-	-	
	Grants/Donations for Roads	-	8,462	
	Roads Operations Revenue Total:	-	8,462	

Roads Expense	Category	FY18/19 Budget	FY18/19 Actual	% of Budget
	<i>General Expenses (0% Share):</i>			
	<i>Gen Exp (10% Share): p/project</i>			
	<i>Gen Exp (20% Share): p/project</i>			
	Dedicated Expenses:			
	Legal Fees (Roads)	-	-	
	Other Operating (Roads)			
	Payroll (Roads)	3,000	1,280	43%
	Payroll Employer Taxes (Roads)	240	98	41%
	Payroll (WC-Roads)	200	(71)	-36%
	Repairs & Maintenance (Roads)	25,000	885	4%
	Supplies (Roads)	-	64	
	Dedicated Expense Sub-Total:	28,440	2,256	8%
	Roads Operations Expense Total:	28,440	2,256	8%
	Roads Operations Balance:	(28,440)	6,206	-22%

Muir Beach Community Services District: Budget vs. Actual - year-to-date

Water Department

3/31/2019

Water Revenue	Category	FY18/19 Budget	FY18/19 Actual	% of Budget
	Water Service Revenue	90,000	69,592	77%
	Water Service Revenue (Misc)	23,593	355	2%
	Cap Impr Fee	50,350	25,808	51%
	Cap Impr (25% of Service)	22,500	17,286	77%
	Interest Income	-	1,478	
	Water Revenue incl Cap Imp:	186,443	114,519	61%
	Move Cap Impr to Reserves:	(50,350)	(25,808)	51%
	Move 25% Service to Reserves:	(22,500)	(17,286)	77%
	Move Service Revenue (Misc) NPS	(23,193)		
	Water Cap Impr+25%CPI Revenue	72,850	43,094	59%
	Water Operations Revenue:	90,400	71,425	79%
	Water Cap Impr Reserves:	72,850	43,094	59%

Water Expense	Category	FY18/19 Budget	FY18/19 Actual	% of Budget
	General Expenses (40% Share):*			
	Audit	3,200	3,240	101%
	Health Insurance (DM)	3,720	2,795	75%
	Insurance (Workers Comp)	480	(106)	-22%
	Meetings (incl Minutes)	1,800	1,424	79%
	Office & Postage	800	554	69%
	Payroll (DM) - Total	26,000	19,500	75%
	Payroll Employer Taxes (DM)	2,080	1,492	72%
	Payroll Service	800	586	73%
	Website & Doc Management	2,000	-	0%
	Gen Expenses (Total 40% Share):	40,880	29,487	72%
	Gen Exp (Water Ops 20% Share):	20,440	14,743	72%
	Gen Exp (WCI 20% Share):	20,440	14,743	72%
	Dedicated Expenses:			
	Bank & Credit Card Fees(Customer)	4,400	3,191	73%
	Bookkeeping (Water)	5,000	3,103	62%
	Dues & Memberships (Water)	1,360		0%
	Grant Spending		8,850	
	Insurance (Water WC)	2,000		0%
	Insurance (Water)	2,000		0%
	Legal Fees (Water)	2,000	220	11%
	Other Operating (Water)	1,000	277	28%
	Payroll (Compromise - WM)	6,000	5,000	83%
	Water Managers (Sub-contractors)	2,780	2,780	100%
	Payroll (Water Team)	30,370	18,757	62%
	Payroll (Other water salaries)	2,500	420	17%
	Payroll Employer Taxes (Water)	2,450	1,467	60%

Muir Beach Community Services District: Budget vs. Actual - year-to-date

Water Department

3/31/2019

Permits & Fees (Water)	1,360	966	71%
Repairs & Maintenance (Water)	25,000	3,801	15%
Supplies (Water)			
Testing (Water)	2,000	2,198	110%
Treatment (Water)	5,000	360	7%
Utilities: Electric (Water)	10,200	8,134	80%
Utilities: Telephone (Water-Ooma)	160		0%
<i>Dedicated Expense Sub-Total:</i>	105,580	59,524	56%
<i>Water Operations Expense Total:</i>	126,020	89,011	71%
 <i>Water Operations Balance :</i>	 (35,620)	 (17,586)	 49%
<i>Water Capital Improvement (Balance to Reserves):</i>	52,410	28,351	54%
<i>Water Capital Improvement (Capital spending):</i>		36,861	
<i>Water capital Improvement (Change to Reserve):</i>		(8,510)	

Muir Beach Community Services District**Reconciliation Summary**

TriC checking, Period Ending 03/31/2019

	Mar 31, 19
Beginning Balance	324,698.91
Cleared Transactions	
Checks and Payments - 36 items	-31,555.69
Deposits and Credits - 12 items	19,761.81
Total Cleared Transactions	-11,793.88
Cleared Balance	312,905.03
Uncleared Transactions	
Checks and Payments - 9 items	-1,110.58
Deposits and Credits - 3 items	1,091.70
Total Uncleared Transactions	-18.88
Register Balance as of 03/31/2019	312,886.15
New Transactions	
Checks and Payments - 4 items	-883.23
Total New Transactions	-883.23
Ending Balance	312,002.92

Muir Beach Community Services District

Reconciliation Detail

TriC checking, Period Ending 03/31/2019

Type	Date	Num	Name	Clr	Amount	Balance
Beginning Balance						324,698.91
Cleared Transactions						
Checks and Payments - 36 items						
Bill Pmt -Check	02/23/2019	1660	Alcala, Jose - v	X	-190.00	-190.00
Bill Pmt -Check	02/23/2019	1662	Divine Electric	X	-119.00	-309.00
General Journal	02/28/2019			X	-5,901.00	-6,210.00
Check	02/28/2019	DD 10...	Mary C Halley	X	-4,048.39	-10,258.39
Check	02/28/2019	PR	Payroll taxes	X	-2,318.62	-12,577.01
Check	02/28/2019	DD 10...	Mary C Halley	X	-1,083.33	-13,660.34
Check	02/28/2019	DD 10...	Thiemo Blank	X	-934.36	-14,594.70
Check	02/28/2019	DD 10...	Stephanie Blank {e}	X	-897.63	-15,492.33
General Journal	02/28/2019			X	-850.00	-16,342.33
Check	02/28/2019	DD 10...	Salvador Gonzalez	X	-558.71	-16,901.04
Check	02/28/2019	DD 10...	Juana Gonzalez	X	-432.20	-17,333.24
Check	02/28/2019	DD 10...	Harvey Pearlman	X	-184.70	-17,517.94
Check	02/28/2019	CCADJ		X	-20.00	-17,537.94
Bill Pmt -Check	03/02/2019	1665	Mullin, Sharon	X	-1,284.50	-18,822.44
Bill Pmt -Check	03/02/2019	1667	Wang, Emiko	X	-521.00	-19,343.44
Bill Pmt -Check	03/02/2019	1663	Lloyd Gross	X	-350.00	-19,693.44
Bill Pmt -Check	03/02/2019	1664	Mirra, Helen	X	-109.70	-19,803.14
Bill Pmt -Check	03/02/2019	1666	Public Health Labor...	X	-74.00	-19,877.14
Bill Pmt -Check	03/05/2019	EFT	Paychex, Inc.	X	-125.60	-20,002.74
Check	03/05/2019	CCADJ	Intuit Payment Soluti...	X	-3.60	-20,006.34
Bill Pmt -Check	03/15/2019	EFT	PG&E Pumping fro...	X	-653.41	-20,659.75
Bill Pmt -Check	03/15/2019	EFT	PG&E Pumping at L...	X	-220.31	-20,880.06
Bill Pmt -Check	03/15/2019	EFT	PG&E at Comm Ctr ...	X	-69.13	-20,949.19
Bill Pmt -Check	03/16/2019	1672	Alcala, Jose - v	X	-3,080.00	-24,029.19
Bill Pmt -Check	03/16/2019	1673	CALPERS	X	-770.02	-24,799.21
Bill Pmt -Check	03/16/2019	1674	Karel, Ernst	X	-750.00	-25,549.21
Bill Pmt -Check	03/16/2019	1670	RJ Ricciardi, Inc. CP...	X	-540.00	-26,089.21
Bill Pmt -Check	03/16/2019	1669	Public Health Labor...	X	-85.00	-26,174.21
Bill Pmt -Check	03/16/2019	1671	United Site Services...	X	-34.47	-26,208.68
Bill Pmt -Check	03/18/2019	EFT	PG&E Firehouse 62...	X	-22.01	-26,230.69
Bill Pmt -Check	03/20/2019	EFT	AT&T	X	-97.86	-26,328.55
Check	03/23/2019	EFT	Chase Card Services	X	-4,836.32	-31,164.87
Check	03/26/2019	CCADJ	Intuit Payment Soluti...	X	-271.52	-31,436.39
Bill	03/26/2019		AT&T	X	-97.86	-31,534.25
Check	03/26/2019	CCADJ	Intuit Payment Soluti...	X	-1.95	-31,536.20
Bill	03/28/2019		PG&E Firehouse 62...	X	-19.49	-31,555.69
Total Checks and Payments					-31,555.69	-31,555.69
Deposits and Credits - 12 items						
General Journal	02/28/2019			X	850.00	850.00
Check	02/28/2019	DD 10...	Mary C Halley	X	1,083.33	1,933.33
General Journal	02/28/2019			X	5,901.00	7,834.33
Deposit	03/05/2019			X	99.92	7,934.25
Deposit	03/13/2019			X	0.09	7,934.34
Deposit	03/16/2019			X	4,046.41	11,980.75
Deposit	03/20/2019			X	11.19	11,991.94
Deposit	03/20/2019			X	193.69	12,185.63
Deposit	03/26/2019			X	49.92	12,235.55
Bill	03/26/2019		AT&T	X	97.86	12,333.41
Deposit	03/26/2019			X	7,408.91	19,742.32
Bill	03/28/2019		PG&E Firehouse 62...	X	19.49	19,761.81
Total Deposits and Credits					19,761.81	19,761.81
Total Cleared Transactions					-11,793.88	-11,793.88
Cleared Balance					-11,793.88	312,905.03
Uncleared Transactions						
Checks and Payments - 9 items						
Deposit	02/09/2018				-404.26	-404.26
Bill Pmt -Check	03/16/2019	1644	Paul Smith		-200.00	-604.26
Bill Pmt -Check	03/30/2019	1675	Brelje and Race Lab...		-190.00	-794.26
Bill Pmt -Check	03/30/2019	1676	Chuck Terpo Piano ...		-190.00	-984.26
Bill Pmt -Check	03/30/2019	1677	McPhail's		-70.36	-1,054.62

Muir Beach Community Services District

Reconciliation Detail



TriC checking, Period Ending 03/31/2019

Type	Date	Num	Name	Clr	Amount	Balance
Bill Pmt -Check	03/30/2019	1653	United Site Services...		-34.47	-1,089.09
Bill Pmt -Check	03/30/2019	EFT	PG&E Firehouse 62...		-19.49	-1,108.58
General Journal	03/31/2019				-1.00	-1,109.58
General Journal	03/31/2019				-1.00	-1,110.58
Total Checks and Payments					-1,110.58	-1,110.58
Deposits and Credits - 3 items						
Deposit	03/30/2019				1,089.70	1,089.70
General Journal	03/31/2019				1.00	1,090.70
General Journal	03/31/2019				1.00	1,091.70
Total Deposits and Credits					1,091.70	1,091.70
Total Uncleared Transactions					-18.88	-18.88
Register Balance as of 03/31/2019					-11,812.76	312,886.15
New Transactions						
Checks and Payments - 4 items						
Bill Pmt -Check	04/15/2019	EFT	PG&E Pumping fro...		-509.64	-509.64
Bill Pmt -Check	04/15/2019	EFT	PG&E Pumping at L...		-197.46	-707.10
Bill Pmt -Check	04/15/2019	EFT	PG&E at Comm Ctr ...		-78.27	-785.37
Bill Pmt -Check	04/17/2019	EFT	AT&T		-97.86	-883.23
Total Checks and Payments					-883.23	-883.23
Total New Transactions					-883.23	-883.23
Ending Balance					-12,695.99	312,002.92


Page: **1 of 4**
 Statement Date: **03-31-19**
 Primary Account: **XXXXXXXX5376**

MUIR BEACH COMMUNITY SVCS DIST
 19 SEACAPE DR
 MUIR BEACH CA 94965-9701

With Instant Balance, your account balances are just a tap away.

Log in to the latest version of Tri Counties Bank's mobile app to get started.



Account #	XXXXXXXX5376	Statement Dates	03-01-19 thru 03-31-19
Beginning Balance	324,698.91		
7 Deposits/Credits	11,810.13		
26 Checks/Debits	23,604.01		
Service Charge	0.00		
Interest Paid	0.00		
Ending Balance	312,905.03		

Transactions

Date	Description	Amount
3-04	Intuit Pymt Soln Acct Fee Muir Beach Community S	20.00 -
3-04	Paychex Inc. Payroll Muir Beach Community S	7,055.99 -
3-05	Intuit Pymt Soln Deposit Muir Beach Community S	99.92
3-05	Intuit Pymt Soln Tran Fee Muir Beach Community S	3.60 -
3-05	Paychex Eib Invoice Muir Beach Community S	125.60 -
3-05	Paychex Tps Taxes Muir Beach Community S	2,318.62 -
3-14	County Of Marin COM Pay Muir Beach Csd	0.09
3-18	Pgande Web Online Muir Beach Csd	69.13 -
3-18	Pgande Web Online Muir Beach Csd	220.31 -
3-18	Pgande Web Online Muir Beach Csd	653.41 -
3-19	Pgande Web Online Muir Beach Csd	22.01 -
3-21	Deposit	4,046.41
3-21	County Of Marin COM Pay Muir Beach Csd	193.69
3-21	County Of Marin COM Pay Muir Beach Csd	11.19
3-21	ATT Payment Muir Beach	97.86 -
3-25	Chase Credit Crd Autopaybus Hills Leighton J	4,836.32 -
3-26	Intuit Pymt Soln Deposit Muir Beach Community S	7,408.91 ✓
3-26	Intuit Pymt Soln Deposit Muir Beach Community S	49.92 ✓
3-26	Intuit Pymt Soln Tran Fee Muir Beach Community S	1.95 -

Continued on Next Page

Transactions (Continued)

<u>Date</u>	<u>Description</u>	<u>Amount</u>
3-26	Intuit Pymt Soln Tran Fee Muir Beach Community S	271.52 -

Checks

<u>Check #</u>	<u>Date</u>	<u>Amount</u>	<u>Check #</u>	<u>Date</u>	<u>Amount</u>	<u>Check #</u>	<u>Date</u>	<u>Amount</u>
1660	3-08	190.00	1666	3-19	74.00	1672	3-25	3,080.00
1662 *	3-01	119.00	1667	3-12	521.00	1673	3-22	770.02
1663	3-12	350.00	1669 *	3-29	85.00	1674	3-21	750.00
1664	3-13	109.70	1670	3-25	540.00			
1665	3-12	1,284.50	1671	3-25	34.47			

* Indicates a Gap in Check Number Sequence

End of Statement



Service With Solutions™

P.O. Box 909, Chico, CA 95927

YOUR STATEMENT

Customer Service: 1-800-922-8742
TriCountiesBank.com

Page: 1 of 1
Statement Date: 03-31-19
Primary Account: XXXXXXXX4049

MUIR BEACH COMMUNITY SVCS DIST
19 SEACAPE DR
MUIR BEACH CA 94965-9701

With Instant Balance, your account
balances are just a tap away.



Download on the
App Store



GET IT ON
Google play

Log in to the latest version of
Tri Counties Bank's mobile app
to get started.



Account #	XXXXXXXX4049	Statement Dates	03-01-19 thru 03-31-19
Beginning Balance	800,708.50		
0 Deposits/Credits	0.00		
0 Checks/Debits	0.00		
Service Charge	0.00		
Interest Paid	102.01		
Ending Balance	800,810.51		

Transactions

Date	Description	Amount
3-29	Int Pmt Sys-Gen	102.01

Interest Summary

Interest Earned	3/01/19 thru 3/31/19
Days in Statement Period	31
Interest Earned	102.01
Annual Percentage Yield Earned	.15%
Interest Paid this Year	296.11
Interest Withheld this Year	0.00

End of Statement

RESOLUTION NO. 2019-2

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE MUIR BEACH COMMUNITY SERVICES DISTRICT TO APPROVE AND DIRECT THE DISTRICT MANAGER TO APPLY FOR A PRE-APPROVED GUARANTEE LINE-OF-CREDIT FOR EMERGENCY FUNDING PURPOSES ONLY FROM THE COUNTY OF MARIN

WHEREAS, the Muir Beach Community Services District has traditionally never borrowed funding for regular operations or capital improvement projects; and

WHEREAS, the Muir Beach Community Services District has always maintained a required sufficient emergency funding reserve to cover any emergency expenditures; and

WHEREAS, the Muir Beach Community Services District has limited reserves as a small Special District, the District may plan to spend down a portion of those reserves at prudent times to manage large infrastructure projects; and

WHEREAS, if a pre-approved line-of-credit of up to \$300,000 would be made readily available to the Muir Beach Community Services District for unforeseen emergencies by the County of Marin, Department of Finance, it would create a safety net to allow more flexibility of spending for larger District projects; and

WHEREAS, the Muir Beach Community Services District would only request the loan of such funds for emergency purposes only; and

WHEREAS, the Muir Beach Community Services District would only request any subsequent loan amounts sufficient to cover emergency costs whether it be equal to, or less than, the \$300,000 pre-approved loan amount;

NOW, THEREFORE, THE BOARD HEREBY FINDS AND BE IT RESOLVED, that the Muir Beach Community Services District wishes to approve the submittal by the District Manager for a proposal to request a Pre-approved Guarantee Line-of-Credit in the amount of \$300,000 from the County of Marin, Office of Finance, Treasurer Roy Given, for emergency purposes, that would be made readily available when deemed necessary by the Muir Beach Community Services District Board of Directors;

RESOLVED that the District Manager will submit the proposal for guarantee of funds.

RESOLVED that this Resolution shall take effect immediately.

RESOLVED that this Resolution shall have no expiration date.

PASSED AND ADOPTED at a regular meeting of the Board of Directors of the Muir Beach Community Services District held on this 24th day of April, 2019, by the following vote:

AYES:

NOES:

ABSENT:

ATTEST:

PRESIDENT, BOARD OF DIRECTORS

DISTRICT MANAGER

4/24/19 District Manager Report – Mary Halley

Water, Fire, Recreation, Roads, Finance, and Communications

General:

Treasurer – many thanks, and much appreciation, to our volunteer treasurer Leslie Riehl who retired her post after a full-year of energetic and dedicated service. I very much enjoyed working with her.

Water:

Water Service Cost Study – I first completed the Draft-Water Service Cost Study, which was reviewed by County Counsel, and have now completed the revised Water Service Cost Study incorporating some of County Counsel's comments and also exploring several new rate concepts and added a few more examples. County Counsel had reviewed many of my findings - specifically around the ability to include both capital improvements and capital maintenance in the service rate (verses a tax) along with a conservation reserve and discount - and has determined with some defined perimeters, they could be included under certain circumstances under Prop 218. The Water Service Cost Study does not make any determination, in and of itself, as to what the new water service rate should be, but rather is a factual based study of the MBCSD water system from which a water rate proposal can be based. The study includes: sources of supply, distribution, system capacity, consumption and usage, water service rates and fees, water operations budget, water cost of service, water rate structure under Prop 218, and water conservation which will be presented as the foundation for a water rate proposal. It is now before the Board for review, discussion, and ultimately to be used in the determination of a new water rate.

MBCSD Stream Monitoring System – the MBCSD continues to provide any requested well data to the NPS for their hydrology study of the Redwood Creek watershed.

Fire:

Firehouse – Cuco has now completed clearing old construction debris (which was a fire hazard) from underneath the CC and has made hanging racks to store any wood to be kept and the old redwood tank wood currently stored at Slide Ranch. Fire Chief Chris Gove will transfer the wood as soon as the rains end which will eventually be used in the new firehouse.

Emergency Siren at Green Gulch – no new news.

MBCC Fire Protection Projects – we removed broken limbs and branches from two additional cypress trees for safety and fire purposes along the Ahab to Sunset stairs.

Recreation:

MB Community Center – based on the MBCC facilities committee's list of priority projects, with safety as the primary determining factor, I have moved forward with the CC flooring project. By the April 24th Board meeting, the main floor, stairs, and quilters loft, should be complete along with both lower restrooms. The CC had to be closed for the week of work between 4/15-4/23 and seemed that the community received the messages, and that no one was surprised to find it inaccessible for the week. CC flooring project is being paid for by Measure A funds. It has been a complex but straight forward project just trying to make sure everything is coordinated and completed on time and on budget with the highest quality work possible.

The new 'used' piano, now has a new 'used' bench, and already had its first community performance played on it, which saved the event by being available and tuned when the recital piano did not arrive.

MBCSD District properties – the Sunset Way property owner whose front yard was inundated by rushing water when the drainage swale/ditch above Sunset Way overflowed during the heavy rains earlier in the year has now been reimbursed for half the cost of replacing the gravel that was washed out.

Encroachments – there are many ongoing encroachments in various states of communication or action within the District. The Sioux Falls, South Dakota owner of the current reported encroachment at 50 Starbuck Drive onto the CSD Upper Park property has responded to Board President Hills communication. I currently do not know the status of those communications.

I met with the owner at 66 Starbuck as to a parking lot encroachment onto the District's lower water tank property. The homeowner is being very responsive, knowing that it was an encroachment they inherited when they purchased the property, but does understand that encroachments on public lands can never become prescriptive rights, and whereas the issue is not completely resolved yet, ideas are being discussed as to the various possible options and solutions.

Trails – broken branches hanging over the Ahab to Sunset stairs and one dead tree trunk have now been removed. Cuco will repair drain box on Sunset to Pacific Way stairs as soon as it is dry enough.

Trees – am making a list of dead pine trees for removal to be ready if the MB Fire Chief, working with the other Marin County Fire Dept, secure some fuel load mitigation grants.

Roads:

Sunset Repairs – current focus is on minor pothole repair.

Lower Starbuck Extension – will likely need some asphalt patching scheduled for this summer when the ground dries up a bit.

Sunset Way Project – have been responding to any requests from Project Manager Hills to help facilitate getting the project underway. Currently working on Frank Valley Road encroachment permit and Certificate of Liability from our insurance company.

Communications:

Website – met with MB resident who is a web designer. He was able to add a plug-in to repair the website software update problems. Also, has given some good ideas for how to get the agenda on the front page of the website and streamline Board meeting postings, etc.

Resident email lists – updating is a continuous task.

Finance:

Measure A Funding – have revised this past year's FY18/19 Work Plan to include the CC new flooring project and am currently working on the FY19/20 Work Plan to include the CC window replacement project and to replace broken and rotten decks and hopefully include a small dog park. Work Plan due in June.

Audits – all data for the 2017 audits has been transmitted over to the auditor and was hoping to have 2017 audit ready for approval at April Board meeting but have not yet received the Draft-Audit most-likely due to

auditor's tax workload during March and April. The County of Marin Dept of Finance-Internal Audit Division has received audit year FY14/15-FY15/16 and is still waiting for years FY16/17-FY17/18 to be completed.

Budgets – planning to have a draft-FY19/20 for first review at the May Board meeting. It seems best that the draft-budget follow any Water Rate proposal discussions - which is on the April Board meeting agenda.

Line-of Credit – I received confirmation from County of Marin Treasure, Roy Given, that the MBCSD has been approved for an "Investment of County Pool Funds" (aka guarantee loan). Roy is drawing up the draft-agreement which the MBCSD Board approved for me to sign at my discretion as long as there are no unusual or outstanding additional conditions not before mention in our previous discussion of terms. Roy Given did ask that, because Resolution 2019-2 is a financial document, that it be revised with a term or intended expiration dated. I believe the Board approved it to be ongoing, so I have added the line that it "shall have no expiration date" and will resubmit to the County after approved in the Consent Calendar at the April 24 Board meeting.

Capital Planning – as time allows, I have now put together a 4-year maintenance plan (with some flexibility included) for the MBCC and Measure A funds. The water system asset worksheets are now current with the addition of the Piping schedule created by MOE engineering. I will work with Director Shaffer to come up with a Roads maintenance schedule. Once all schedules are completed, I can cross refence into a perpetual 10-year work plan. I think to go out any farther than 10 years is less constructive as costs and asset useful lives get less predictable. Also, capital maintenance funding for water under Prop 218 can only go out 5-years at a time. The General Fund can set reserve levels for various charters, so there is more flexibility within the General Fund to set project goals. The Firehouse project should benefit from \$52,000 in annual Measure W funds, and if Measure A funding continues beyond the next 3 years, I feel we can easily keep up with a schedule of CC maintenance, trail maintenance, and recreation projects.

Insurance – received the Certificate of Liability for the MBVFD BBQ in May. Am also working on Certificate of Liability with the County of Marin named as additional insured for the Sunset Way Road Project. Current billing for General Liability and Property Damage was paid in the amount of \$6,005 for FY19/20.

District Office Business – after upgrading to Quickbooks 2019, and dealing with the unbelievable hassle of trying to get Bill Hansell's name removed as Administrator of the account and my name added, Sharry then found that the Merchant Services Credit payment system account software was not working. It took many more hours on hold and on the phone with customer service (between Sharry and I) to get myself as new Administrator on the Merchant Services account because Maury Ostroff was still Administrator on the account. It would have been a huge process to get that switched over to me, so we opted to just open a new Merchant Services account. As always, I am continuing to process all District mail and work with Sharry to make sure payroll timesheets, routine/event reimbursements, Credit Card expenditures, incoming payments and outgoing checks are all processed and expedited between agencies, employees, and vendors promptly. Keeping software current is becoming a more frequent and time-consuming effort at times.

Respectfully submitted,

Mary Halley

MBCSD District Manager

Muir Beach Community Service District

Water Service Cost Study

Completed by Mary Halley – April 2019

The purpose of the MBCSD Water Service Cost Study is to comply with the California Constitution and the related Proposition 218 as needed to determine the full cost of service for the MBCSD water system.

California Constitution Article XIII D, section 6 established procedural requirements for imposing new, or increasing existing, property related fees and charges. Water service fees have been determined to be property related fees within the meaning of Article XIII D.¹

Tiered rates are allowed under Prop 281, but the following must apply:

- (1) Revenues derived from the fee must not exceed the funds required to provide the property-related service;*
- (2) Revenues derived from the fee must not be used for any purpose other than that for which the fee is imposed;*
- (3) The amount of a fee imposed upon any parcel or person as an incident of property ownership must not exceed the proportional cost of the service attributable to the parcel;*
- (4) The fee may not be imposed for a service unless the service is actually used by, or immediately available to the owner of the property subject to the fee. **Fees based on potential or future use of a service are not permitted**, and stand-by charges must be classified as assessments subject to the ballot protest and proportionality requirements for assessments; and*
- (5) No fee or charge may be imposed for general governmental service, such as police, fire, ambulance, or libraries, where the service is available to the public in substantially the same manner as it is to property owners.*

Additionally, included under the California Constitution, is legislation that has been created based on the premise that water is a valuable resource in California and should be reasonably conserved and managed to protect this limited resource.

California Constitution Article X, section 2 states that the waste and unreasonable use of water shall be prevented. This constitutional mandate shows the statewide responsibility to reasonably conserve and manage water. Article X, section 2 and other laws have historically played an important role in structuring water rates to encourage conservation in California. This includes tiered water rates. Water conservation through rate structure design has been expressly authorized by the State Legislature since 1993. Cal. Water Code § 375(b).²

To adequately access the MBCSD water cost of water service, this study will look at: Sources of Supply, Distribution, System Capacity, Consumption and Usage, Water Service Rates and Fees, Water Operations Budget, Water Cost of Service, and Water Conservation.

Sources and Supply

MBCSD's water supplies are all locally sourced and drawn from two separate groundwater sites that lie within the approximate 8.8 square mile Redwood Creek watershed. These sources coupled with pumping capacities collectively provide MBCSD with access to an estimated available annual supply of 209.7 acre-feet but are reduced to a maximum annual yield of 50.60 acre feet based on current permit allowances. A summary of MBCSD's water sources divided between primary and backup as follows.

MBCSD's primary water source is a groundwater well lying on District owned land in Frank Valley that is otherwise dedicated as a public picnic area. This "2002 well" – which is drilled to a depth of 60 feet and powered by a submersible pump – draws down on underflow from the Redwood Creek; a tributary to the Pacific Ocean. The 2002 well's right to access underflow from Redwood Creek is secured through a post-1914 appropriative permit from the State Water Resources Control Board. The permit allows MBCSD to daily and annual maximum yields of 0.14 and 50.60 acre-feet, respectively. The rated capacity of the pump affixed to the 2002 well is 60 gallons per minute and translates to a potential maximum daily yield of 86,400 gallons or 0.27 acre-feet; a stand-alone amount that exceeds the daily 45,000-gallon permit threshold by nearly double.³

A second well – termed "2008 well" – is also utilized as a backup by MBCSD in Frank Valley to draw underflow from the Redwood Creek. The 2008 well is located within 100 feet of the 2002 well and is also drilled to approximately 60 feet in depth. The 2008 well is used when the 2002 well is shut down for maintenance or repair. The rated capacity of the pump affixed to the 2008 well is 40 gallons per minute and translates to a potential maximum daily yield of 57,600 gallons or 0.18 acre-feet; a stand-alone amount that exceeds the daily 45,000-gallon permit threshold by over one-fourth.³

MBCSD provides chlorine disinfectant treatment of the raw water extracted from either of its two well sites in Frank Valley through metered injection of liquid chlorine into its water main at a point housed in a small service building referred to as the "Muir Beach Pump House." MBCSD recently supplemented its chemical treatment process to now inject soluble silica at the wellhead, and prior to injection of chlorine, to militate against the effects of copper plumbing in residents' homes. The well pumps and treatment processes run nightly to replace daytime usage based on storage levels with MBCSD's initial pressure zone serving Seacape. The daily treatment capacity at the Muir Beach Pump House when both wells are in use is 100 gallons a minute and if run continuously results in a daily maximum total of 144,000 gallons or 0.44 acre-feet. This daily capacity exceeds the daily accessible yield available to MBCSD of 0.14 acre-feet. It also accommodates MBCSD's current peak-day demand of 0.12 acre-feet. (Note that both wells never run simultaneously).³

Distribution

MBCSD's distribution system consists of approximately 2.5 miles of mains and overlays with two connected pressures zones termed "upper" and "lower" that jointly cover a 500 ft range in elevation between service connections.³ The distribution system relies on gravity pressure for recharge from two MBCSD storage tanks that collectively hold 300,000 gallons or 0.93 acre-feet; an amount equaling 12.5 times the average day demand of 24,000. All water is pumped nightly from MBCSD's well site - which is required by the water diversion permit and takes advantage of off-peak electricity rates - that then runs through treatment and into the Lower Tank which in turn pumps to the Upper Tank to restore supplies from the previous day. There are no public pump stations connected to the distribution system. There are four residences located near the top of the water system with private pressure booster systems.

System Capacity

MBCSD directly provides retail domestic water services through its own supply, treatment, storage, and distribution facilities. MBCSD does not need to purchase or store additional water to meet any of its current or higher usage levels.

MBCSD's plumbing and control systems preclude operation of both the 2002 and 2008 wells at the same time. The 2002 well is the main source and the 2008 well is the backup well. The second well cannot be attributed to higher usage as it cannot operate at the same time as the main well.

Existing treatment supplies adequately meet MBCSD's current peak-day demands and presently account for only 27.5% of available capacity. There is only one treatment facility which treats total water volume as it is being pumped from the well, so the cost of treatment is equal across all water usage levels with plenty of excess capacity.

All water testing is performed monthly for the entire system at the well site for both wells, along with one treated site deep within the distribution system. Testing costs apply the same to all usage levels.

Water supplies under normal conditions operate with excess available capacity relative to demand given that existing annual usage equals only 53.2% of the District's accessible and established sources. The MBCSD does not buy any additional water supplies to meet the demands of higher volume users.

MBCSD serves 160 active water service connections. It has 156 billing customers which are divided between 155 residential users and one commercial use at The Pelican Inn. There is currently only one set of water service rates for both residential and commercial customers.

Water from the upper zone can also serve the lower zone through three pressure reducing stations. This in effect, makes the cost of pumping water equal for both the upper and lower zones if both zones are served by the Upper tank. This also allows all water pumped to the Upper tank to be equally available to all customers if needed. The District serves 50% of its customers in the lower zone from the Lower tank thus saving the additional pumping costs to the Upper zone for customers served from the Lower tank. Although, all zones can be served by the Upper tank, the upper zone cannot be served by the Lower tank making the upper zone dependent on the additional pumping charges to the Upper tank which could be considered an elevation cost.

The electricity cost for pumping from the wells to the lower tank is about 2/3 of the total pumping cost and from the lower tank to the upper tank about 1/3 of the total electricity cost. The ability to serve all customers from the upper tank equally makes every gallon of excess storage capacity above the upper zone usage levels include 100% of pumping costs.

Existing storage supplies adequately meet current peak-day demand with the present high-day usage equaling 8.8% of the available capacity. No additional storage is needed to meet peak day demand of higher users during a normal pumping cycle, which can be made available to all users, but the high demand users increase the need for the 300,000-gallon storage capacity to meet continuous high-day demand if it out paces pumping capacity.

MBCSD's surplus storage capacity is critical to allow the District to mitigate its existing and projected supply deficits during peak demand usage in drought conditions. The existing storage capacity, notably, allows MBCSD to accommodate up to eight consecutive days of current peak day demands.

Consumption and Usage

A summary of the last 12 months shows the highest usage to be 1,774,737 gallons for the bi-monthly billing period from May 17 – July 16, 2018, and the lowest usage being 1,095,031 gallons for the billing period Nov 17 – Jan 16, 2019, with the average usage of 1,430,246 gallons occurring in the billing period from Mar 17 – May 16, 2018.⁴ The average annual usage per resident over the last 12 months billing periods is 32,803 gallons per person and the average daily per person use based on a population of 248 is 90 gallons per day.⁵ *See Table 1: Worksheet Item 1) Most Current Bi-monthly Billings past 12 months.*

A summary of the total average consumption over the past three years (2016,2017, and 2018) equals 8,604,004 gallons annually or an average of 1,434,001 gallons per bi-monthly billing period. The average residential usage was 89% of total usage with commercial usage around 11% of total average usage. Average annual usage per resident was 31,021 gallons. Average daily use was 85 gallons per person. Average service fees paid by residential users was 87% of total fees paid and the commercial user paid 13% of total fees paid. *See Table 1 below: Worksheet Item 2) Past may billings.*

Table 1

MBCSD Water Consumption Worksheet							
1) Most Current Bi-monthly Billings past 12 months:							
Billing Date	Gals - Res	Gals - Com	Total Gals R+C	Avg. Res Use	Total Res Fees	Total Com Fees	Total Serv Fee
3/16/2018	1,237,684	77,568	1,315,252	7,985	\$14,781.89	\$1,129.11	\$15,911.00
5/16/2018	1,313,932	116,314	1,430,246	8,477	\$15,670.13	\$1,756.81	\$17,426.94
7/16/2018	1,619,976	154,761	1,774,737	10,451	\$19,368.83	\$2,379.65	\$21,748.48
9/16/2018	1,499,982	153,116	1,653,098	9,677	\$17,793.98	\$2,353.00	\$20,146.98
11/16/2018	1,473,121	132,620	1,605,741	9,504	\$17,213.49	\$2,020.96	\$19,234.45
1/16/2019	990,535	104,496	1,095,031	6,391	\$12,177.76	\$1,565.36	\$13,743.12
Total 12 mths	8,135,230	738,875	8,874,105		\$97,006.08	\$11,204.89	\$108,210.97
Avg. 12 mths	1,355,872	123,146	1,479,018	8,748	\$16,167.68	\$1,867.48	\$18,035.16
Avg % Total Users							
Avg p/user/p/yr	32,803						
Avg p/user/p/day	90						
2) Past May billings							
5/16/2016	1,390,011	188,272	1,578,283	8,968	\$17,304.40	\$2,922.53	\$20,226.93
5/16/2017	1,142,699	150,774	1,293,473	7,372	\$13,773.98	\$2,315.06	\$16,089.04
5/16/2018	1,313,932	116,314	1,430,246	8,477	\$15,670.13	\$1,756.81	\$17,426.94
Annual Avg. - 3 yrs	1,282,214	151,787	1,434,001	8,272	\$15,582.84	\$2,331.47	\$17,914.30
Avg % Total Users	89%	11%	100%		87%	13%	100%
Avg p/user/p/yr	31,021						
Avg p/user/p/day	85						
Note 1: the month of May seems to be most typical of average billing month							
Note 2: all averages were straight calculations not using statistical sampling or pulling out the outliers							
Note 3: 2019 US data has MB population at 248 persons (down 20% from a population of 310 in 2010)							

Tier 1 (base rate) includes 100% of all water users who consume water in the base rate before moving into higher tiers as their use increases. Currently those water users that use only the base rate (not consuming more than 4,500 gallons) remains constant as an average of 29% of users or 45 users.

Tier 2 (or currently those users using more than the base allotment of 4,500 gallons but less than 10,000 gallons per bi-monthly billing period) contains the majority of water users averaging between 40% - 47% of total water users. The variance in the individual numbers appears to be seasonal.

Tier 3 (users consuming between 10,001 – 30,000 gallons) has the most variability as to both the percentage of users and overall number of individual users per bi-monthly billing period. This seems to be strongly affected by two causal factors that contribute to this large variance. The first is that Tier 3 has the largest bracket of water allotment spanning from 10,001 to 30,000 gallons or 20,000 gallons per bi-monthly billing period (the bracket for Tier 1 is 4,500 gallons and Tier 2 includes approximately 5,500 gallons). The second factor is that most water users reaching the Tier 3 level are using it for landscaping (verses basic needs such as drinking, bathing, laundry, etc.) such that this type of water usage is much more susceptible to seasonal changes in rain, gardening, drought, and potential leaks.

Tier 4 has the smallest percentage of water users averaging between 2% - 3% of total connections and fluctuating between 2 – 9 individual connections. The minimal number of users that continually fall into the highest usage category is the one commercial enterprise and one residential customer with extensive irrigation usage. In the dryer summer months, the inclusion of additional high-water users is assumed to be due to increased landscaping use. *See Table 2 below: Water Users by Tier*

Table 2

Water Users by Tier - 1/17/2018 -1/16/2019					
Billing Date	T1	T2	T3	T4	Total
3/16/2018	49	66	37	4	156
5/16/2018	45	64	44	3	156
7/16/2018	40	55	52	9	156
9/16/2018	43	58	49	6	156
11/16/2018	42	58	50	6	156
1/16/2019	60	70	24	2	156
					156
Avg. 12 months	46	62	43	5	156
Avg % Total Users	29%	40%	28%	3%	100%
Water Users by Tier - May 2016, 2017, and 2018					
Billing Date					
5/16/2016	45	75	29	6	155
5/16/2017	45	82	27	2	156
5/16/2018	45	64	44	3	156
Annual Avg. - 3 years	45	74	33	4	156
Avg % Total Users	29%	47%	21%	2%	100%

The percentage of water usage does not necessarily correlate to the amount of fees collected at each usage level under the current tiered rate system. The chart below shows the amount of water usage and fees collected during the May 16th billing period for years 2016, 2017, and 2018. The May 16th billing period is being used, as it has demonstrated to be the most normalized month for both water usage and fees collected over a complete 12-month billing cycle. Based on this analysis, Tier 1 (only) has 29% of the users, consuming 7% of the water usage, and contributing 13% of the service fees. Tier 2 has 47% of the users, consuming 35% of the water usage, and provides 30% of the service fees. Tier 3 has 21% of the users, consuming 33% of the water usage, and provides 28% of the service fees. Lastly, Tier 4 (including the one commercial enterprise) has an average of 2% of the users, consuming 25% of the water usage, and provides 29% of the service fees. *See Table 3 below: Worksheet Item 3) Usage and Fees per Tier - May 2016, 2017, and 2018*

Table 3

3) Usage and Fees per Tier May of 2016, 2017, and 2018									
	Gallons-Res	Gallons-Com	Total Gallons	Total Fees	T1	T2	T3	T4	Total
5/16/2016			1,578,283	\$20,226.93	45	75	29	6	155
Tot Avg gal p/con									10,182
Gallons p/ Tier					108,242	514,860	387,367	567,814	1,578,283
Avg Gals p/ Tier					2,405	6,865	13,357	94,636	
Fees p/ Tier					\$2,246.40	\$5,375.51	\$4,171.02	\$8,434.00	\$20,226.93
Avg fee p/Tier					\$49.92	\$71.67	\$143.83	\$1,405.67	
Avg % of usage					7%	33%	25%	36%	100%
Avg % of fees					11%	27%	21%	42%	100%
					T1	T2	T3	T4	Total
5/16/2017	1,185,570	107,903	1,293,473	\$16,089.04	45	82	27	2	156
Tot Avg gal p/con									8,291
Gallons p/ Tier					95,269	563,932	392,564	241,708	1,293,473
Avg Gals p/ Tier					2,117	6,877	14,539	120,854	
Fees p/ Tier					\$2,246.40	\$5,886.81	\$4,295.12	\$3,660.71	\$16,089.04
Avg fee p/Tier					\$49.92	\$71.79	\$159.08	\$1,830.35	
Avg % of usage					7%	44%	30%	19%	100%
Avg % of fees					14%	37%	27%	23%	100%
					T1	T2	T3	T4	Total
5/16/2018	1,313,932	116,314	1,430,246	\$17,426.95	45	64	44	3	156
Tot Avg gal p/con									9,168
Gallons p/ Tier					106,458	443,168	627,990	252,630	1,430,246
Avg Gals p/ Tier					2,366	6,925	14,273	84,210	
Fees p/ Tier					\$2,246.40	\$4,622.43	\$6,847.95	\$3,710.17	\$17,426.95
Avg fee p/Tier					\$49.92	\$72.23	\$155.64	\$1,236.72	
Avg % of usage					7%	31%	44%	18%	100%
Avg % of fees					13%	27%	39%	21%	100%
Total Avg Gals bi-m			1,434,001						
Total Avg Fees bi-m				\$17,914.31					
Tot Avg Users p/tier					45	74	33	4	156
Tot Avg % of users					29%	47%	21%	2%	100%
Tot Avg % of usage					7%	35%	33%	25%	100%
Tot Avg % of fees					13%	30%	28%	29%	100%

The above analysis uses the current volumetric water service rate based on the bi-monthly meter readings for water usage. These service fees include a 25% surcharge, that is imbedded in the water rate fee structure, but does not include any calculation for the separate per parcel annual set Water Capital Improvement fee.

Water Service Rates and Fees

Current water service fees are based on a four-tier water rate structure that was approved by the MBCSD Board of Directors back in 2010. The water service fee includes a 25% surcharge for water capital improvements and there is an additional annual water capital improvement fee of \$300 per residential connection and \$3,250 per commercial connection, as well as a \$6,500 new connection fee.

See Table 4 below: Current rate chart

Table 4

Current MBCSD District Bi-monthly water rates:⁶

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

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.

The District's 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 in Table 4. The District is required by its Water Diversion Permit to have tiered rates. The permit does not specify the number of tiers to be used, but the basis for the requirement is that there should be an incremental increase in the cost for water service as a given connection's water use increases, thus encouraging conservation.

PERMIT FOR DIVERSION AND USE OF WATER - PERMIT 21085

A) Water Conservation Plan – A water conservation plan shall be developed by the District taking into consideration the flow and the condition of the fishery resources in Redwood Creek and the minimum instream flows (i.e., flow "thresholds") that will trigger appropriate water conservation measures by the District. The water conservation plan shall include the following elements:

1. Tiered rate structures⁷

The challenge to the District is to both meet its permit requirements at the same time meeting the requirements of Prop 218 which specifically states that:

(1) revenues derived from the fee must not exceed the funds required to provide the property related service; (2) the amount of a fee imposed upon any parcel or person as an incident of property ownership must not exceed the proportional cost of the service attributable to the parcel; (3) the fee may not be imposed for a service, unless the service is actually used by, or immediately available to, the owner of the property subject to the fee. A fee based on potential or future use of a service is not permitted and stand-by charges must be classified as assessments subject to the ballot protest and proportionality requirements for assessments.

The District's water rates should be reviewed and evaluated on an annual basis, even if the District were to decide to budget out multiple years ahead, to determine if adequate revenues are being collected to pay for routine operations and maintenance costs and to provide funds for capital improvements. All revenues derived from the water services fees are used for operational costs associated with providing water service and are tracked separately from the General funds in the Annual budget⁸. *See Table 5 below: Water Department Operations Budget FY18/19*

Table 5

Water Department							
				Jul2016-Jun2017		Jul2017-May2018	
Water Revenue	Category		FY16/17 Budget	FY16/17 Actual	FY17/18 Budget	FY17/18 Actual	FY18/19 Budget
	Water Service Revenue	fv	77,000	89,718	80,000	88,266	90,000
	Water Service Revenue (Misc)	V	-	11,519	800	900	23,593
	Cap Impr Fee	F	50,000	50,350	50,000	26,888	50,350
	Cap Impr (25% of Service)	V	19,000	22,385	19,760	22,552	22,500
	Donations for Water	V	-	-		11,000	-
	Grants for Water	V	-	-		-	-
	Water Revenue incl Cap Imp:	fv	146,000	173,972	150,560	149,606	186,443
	Move Cap Impr to Reserves:	F	(50,000)	(50,350)	(50,000)	(26,888)	(50,350)
	Move 25% CPI Service to Reserves:	V	(19,000)	(22,385)	(19,760)	(22,552)	(22,500)
	Move Service Revenue (Misc) NPS						(23,193)
	Water Cap Impr+ 25%CPI Reveues:				(69,760)	(49,440)	(96,043)
	Water Operations Revenue:		77,000	101,237	80,800	100,166	90,400
	Water Cap Impr Reserves:				69,760	49,440	72,850
Water Expense	Category		FY16/17 Budget	FY16/17 Actual	FY17/18 Budget	FY17/18 Actual	FY18/19 Budget
	Gen Exp (Water 20% Specific*):	F	79,712	69,522	44,390	35,673	20,540
	Gen Exp (WCI 20% Specific*):				44,390	35,674	20,540
	Gen Exp (40% Specific*) Sub-Total:		79,712	69,522	88,780	71,347	41,080
	Dedicated Expenses:						
	Bank Credit Card Fees (Customer)	V	3,400	3,284	3,300	3,729	4,400
	Bookkeeping (Water)	V	3,500	3,919	3,500	4,420	5,000
	Dues & Memberships (Water)	F	1,350	-	1,340	402	1,360
	Insurance (Water-G Liab+ % Umb)	F		-	6,000	-	2,000
	Health Insurance (WM)	F	2,500	2,553	-	-	-
	Legal Fees (Water)	V	8,000	15,836	2,000	1,425	2,000
	Payroll (Compromise - WM)	F	-	-	6,000	6,000	6,000
	Other Operating (Water)	V	-	7,464	4,000	290	1,000
	Water Management (Team)+WC	F	30,000	30,705	35,500	29,838	32,370
	Payroll Employer Taxes (Water)	F	2,500	2,266	-	-	2,450
	Permits & Fees (Water)	F	160	2,323	2,500	2,237	1,360
	Repairs & Maintenance (Water)	V	20,000	54,807	25,000	10,867	25,000
	Supplies (Water)	V	-	-	-	-	-
	Testing (Water)	V	2,300	5,316	5,000	1,955	2,000
	Treatment (Water)	V	8,000	8,433	6,000	596	5,000
	Vehicle Expense (WM)	F	1,900	1,350	-	-	-
	Utilities: Elec (Water)	V	8,000	8,917	10,000	9,315	10,200
	Utilities: Tel (Ooma)	F	875	1,052	-	-	160
	Dedicated Expense Sub-Total:		92,485	148,225	110,140	71,074	100,300
	Water Operations Expense Total:		172,197	217,747	154,530	106,747	120,840
	Water Ops Balance (Prior to Unassigned Revenue):		(95,197)	(116,510)	(73,730)	(6,581)	(30,440)
	Water Capital Improvement (Balance to Reserves):				25,370	13,766	52,310
Notes:	* \$23,193 included in Water Service Revenue (Misc) is for reimbursment of loan to NPS for Contact Tank installation - project costs are expected to be paid in June of 2018.						

The current FY2018/19 Budget shows that estimated revenues for FY18/19 are projected to fall short of current costs by \$30,440 or by approximately 25%. The most recent MBCSD March 31, 2019 Budget vs. Actual shows that the District's Water Operations are tracking on target so that the current projected loss will likely be realized by the end of FY18/19 but shouldn't be greater than projected.

Cost of Water Service

The District's water operation has two classification of costs: 1) Dedicated Water and 2) Allocated General. The Dedicated water costs, meaning costs strictly generated within the Water department, are divided up into two categories: 1) Fixed – a cost that exists whether one gallon of water is produced, and 2) Variable – a cost generated when a gallon of water is produced and thus fluctuates with the volume of production. The allocated expenses from General are administrative costs, needed to cover the full cost of management and administrative services that are performed by the District on behalf of the water operations, but are paid for by the General fund until allocated to the water operations. The percentage of allocation is based upon the estimated amount of the District Manager's time spent administering the water department. Currently the Water Department's allocation has been 40% of nine Board approved administrative costs, split between 20% Water Operations and 20% administering Water Capital Improvements. *See Table 6 below: Water Operation Expenses – Full Cost Breakout of Fixed, Variable, and Total Costs*

Table 6

Water Operation Expenses - Full Cost Breakout of Fixed, Variable, and Total Costs						Total Annual	Comments
Expenses				p/cust/ p/yr	p/cust p/bm		
Fixed:	Dedicated	\$56,530.00					based on current FY18/19 budget
	Allocated Gen	\$41,080.00					20% Ops + 20% WCI =40% (FY18/19)
	Depreciation	\$35,385.00					5 yr avg -incls LT liner + Sunset pipeline FY19/20
	Water Due to Gen	\$2,300.00					\$2300 for 20 years(Due to Gen \$45,708)
	Total Fixed:		\$135,295.00	\$867.28	\$144.55	\$135,295.00	
Variable:	Repairs & Maint	\$25,000.00					
	Utilities	\$10,200.00					
	Treatment	\$5,000.00					
	Water Manage Xt	\$3,570.00					extra hours usually due to repairs
	Total Variable:		\$43,770.00			\$43,770.00	
				p/ gallon	p/100 gals		
Total Exp:			\$179,065.00			\$179,065.00	estimated for FY19/20
	Cost p/gal - Variable			0.005087166	0.508716639	8,604,004	total avg. annual gals delivered (3yrs)
	Cost p/gal - Total Exp			0.02081	2.081182203	0.0208118	cost p/gallon to breakeven for Ops
Previous		T1	T2	T3	T4		
1	Previous bi-monthly	\$49.92	\$71.67	\$196.17	\$1,405.67		
1	Prev Annual +WCI	\$599.52	\$730.02	\$1,477.02	\$8,734.02		
156	Total Prev Revenue	\$26,978.40	\$54,021.48	\$48,741.66	\$38,186.08	\$167,927.62	
156	Total Expenses					\$179,065.00	

To better understand how to determine the District's full (true) cost of service under Prop 218, we need to look at the differences between expenses and how they can be distributed to water rates and revenues.

Fixed Costs: All fixed costs are equally attributable to all water users and are based on the assumption that all water users benefit equally from a set of stationary system costs that are necessary to have the water immediately available to all users before even one gallon of water is produced or distributed. Even though a cost is fixed, that does not mean it will not change over time due to increased operating costs usually due to inflation. Included in *Table 6 below: Water Operation Expenses – Full Cost Breakout of Fixed, Variable, and Total Costs* are some fixed costs that have not previously been included in the District's Water Operations budget, but should be, to fully expense the true costs that exist in the current water department. Among these costs are the depreciation expense (estimated on a 5-year average for FY19/20 – the next budget to include the depreciation expense) and the debt owed from the Water Fund to the General Fund (which is currently in an account "Due to General") for expenses that

were paid by the General Fund for Water department costs. These costs are important to capture in the full cost of the system because they represent infrastructure costs not previously fully accounted for in the true cost of service. The District has never assigned a maturity date for this loan and there has never been any interest required, so for this study, we are recommending a 20-year payback period with no interest so as not to create any additional burden on any future water rate increase proposal.

Variable Costs: Conversely, the variable costs include just those items generated by the production of water and do not pass along to the customer until the water is delivered, so the cost becomes relative to the amount of usage. For the MBCSD water department, the variable costs represent only about 23% of the total costs at current usage levels while fixed costs represent about 77%. This is mainly because the District has a very small population (156 customers) which is comparatively small to most water districts and thus has fewer users to spread the overall infrastructure costs necessary to supply, distribute, and manage a water district. The MBCSD District has way more excess capacity than current users and has no way to expand or create new customers being surrounded by non-developable NPS park lands.

So, in determining the cost of service, both variable costs and many of the fixed costs can be allocated to the customer on a per gallon basis depending on use. There are several alternative methods to develop a system of water rates within the Prop 218 requirements that employ various cost distribution methods. The limitation for the MBCSD is that having a small scope of service puts restrictions on how many variable tiers can be created to spread the fixed costs and to incentivize conservation. Some methods can favor either the higher-end users or lower-end water users and create inequities in distribution of costs versus usage. The challenge for the District will be to find the most equitable system for allocating the true cost of service while maintaining some measure of conservation incentives built into the pricing structure.

Depreciation Expense: Currently the water operations budget does not include any depreciation expense or debt payment for the amount owed by the Water Fund to the General fund. The lack of depreciation expense in the budgeting process has been partially the result of not having the current depreciation numbers readily available, due to the lack of the most recent year's current public audit, and also, that the Water Capital Improvement (WCI) fee was intended to supplement any accumulated depreciation reserves that would normally be generated directly by a depreciation expense which is based on the useful-life of current equipment as it ages towards replacement. This WCI is a dedicated fund to be able to both maintain capital equipment and replace aging infrastructure. The fee originally was a Water Capital Improvement Tax, voted for in 2005 by a 2/3 majority of the District's voters, but then was adopted as a fee into the 2010 Water Rates Ordinance. The fee currently generates annual restricted revenues of \$50,350. The WCI along with the current 25% water service fee surcharge, together generate approximately \$72,850 annually. The WCI and 25% surcharge currently more than doubles what the most recent audited 2016 water depreciation expense of \$33,311 could generate towards future capital replacement. Depreciation expense of \$33,311 is projected to be approximately just under the average based on the most current 5 years with the inclusion of a projected depreciation expense of approximately \$43,678 for FY19/20. The depreciation expense for FY19/20 is projected to increase with the addition of \$3,700 for the Lower Tank liner and \$6,667 for the new Sunset Way waterline replacement, but being that the depreciation expense is always a fluctuating number – as new equipment is added and used equipment is deleted – it is best to use the most recent projected 5 year average of \$35,384 to capture a more accurate estimate for water rate calculations. Also, due to the fluctuating nature of the depreciation expense, along with it being based on historical costs, it is not likely that the District could depend solely on the accumulated depreciation for future purchases given inflationary cost factors. *See Table 7 below: MBCSD Depreciation Expense: FY 15/16 – FY19/20*

Table 7

MBCSD Depreciation Expense: FY 15/16 - FY 19/20 - 5 Years						
	FY 15/16	FY 16/17	FY 17/18	FY 18/19	FY 19/20	5-Yr Avg.
	Audited	Non-audit	Non-audit	Non-audit	Non-audit	
Depreciation Expense	\$ 33,311	\$ 33,311	\$ 33,311	\$ 33,311	\$ 43,678	\$35,384.40

Capital Improvement Project Costs: Another component of the water system costs is infrastructure related. These costs can be incorporated into the operating budget or planned for separately through fees or taxes. But no matter how the costs are incorporated into the financial planning, they must be accounted for in the full costing of the water service. Capital improvement costs can be similar to a fixed cost, but usually are asset specific and may include the before mentioned depreciation expense, infrastructure debt, or short-term reserves for more specific capital improvement purposes. This can also be considered a “capacity” cost for the necessary infrastructure that allows water to be immediately available for use. 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. This project is planned for summer 2019, and will completely deplete current WCI reserves, so the District will need to consider how to replace those reserves for future infrastructure projects. The Lower Water Tank will need replacement in 10 years according to the 2018 Water System Review by MOE Engineering⁹, paid for by a grant from the County of Marin, but for capital planning purposes in a damp coastal environment, that life-expectancy could realize. *See excerpt below from MOE Engineering 2018 Water System Review*

“o The Redwood Lower Tank should be considered for replacement at the expiration of its new liner (in 10 years) or as funds become available because of its seismic vulnerability. In 2018 dollars, the replacement cost is estimated at \$250,000.”⁹

The approximate future cost of the Lower Tank replacement is currently estimated at closer to \$400,000 with inflation in 10-years. Because Prop 218 requires current infrastructure planning to be within 5 years, this could be incrementally divided into 2 five-year phases of \$200,000 which would require \$40,000 p/year to be saved in a Lower Water tank Reserve Fund. The next major piping infrastructure project due for replacement within the required 2 – 5 years, according to the related 2018 Piping Inventory Sheet from the same MOE Water system Review, is 1300 ft. of piping on Charlotte’s Way.¹⁰

See Table 8 below: excerpt from MBCSD Piping Asset Inventory

Table 8

Muir Beach Community Service District Piping Asset Inventory											
	Function	Size	Type	Zone & Location	install	length, ft	Miles	percent of system	Estimated Life	Remaining Life	Replacement Cost
7	Distr	4	PVC	High - Seascape Subdivision Charlotte's Way	1970	1300	0.2	6%	50	2.00	\$ 325,000
8	Distr	4	PVC 900	High - Seascape Subdivision Starbuck Extension	1993	270	0.1	1%	100	75.00	\$ 67,500
9	Distr	4	PVC	Low - Bello Beach Subdivision Corrected for replacement - Net	1971	6800	1.3	29%	50	3.00	\$ 1,700,000

The report estimates a cost of \$325,000 but based on the current realized work estimate for the Sunset Way waterline project which came in at 10% of the projected estimate, I would recommend budgeting to save \$32,500 over 5-years in a Pipe & Equipment Reserve, which would be \$6,500 annually. *See Table 9 below: Capital Improvement Projects FY19/20 – FY23/24*

Table 9

Capital Improvement Projects FY19/20 - FY23/24 - 5 years									
Project	Cost	Years	Annual CIP	FY 19/20	FY 20/21	FY 21/22	FY 22/23	FY 23/24	Reserves LT Reserves
LT Replacement - Phase 1	\$ 200,000	5	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 200,000
Charlotte's Way pipeline	\$ 32,500	5	\$ 6,500	\$ 6,500	\$ 6,500	\$ 6,500	\$ 6,500	\$ 6,500	\$ 32,500
Total annual Reserves			\$ 46,500	\$ 46,500	\$ 46,500	\$ 46,500	\$ 46,500	\$ 46,500	

Water Capital Improvement Fees: Under Prop 218, the District's current WCI fee will no longer be legally allowable to be incorporated into any new water rate ordinance as a savings mechanism without being based on a debt payment or line-item project calculation. The District will either need to incorporate the infrastructure and Capital Improvement costs through a set of reserves and capacity charges or as a Special tax by a 2/3 voter approved ballot measure. A Special Tax can allow for quite a bit of 'flexibility' in designing the requirements of a Water Capital Improvement tax (amount, purpose, sliding scale fees, etc.) because it requires approval by 2/3 of the voters (which is a high bar to achieve), but at the same time it is 'inflexible' as the District would have to go back to the voters and go through the ballot measure process each time the District needs to make any changes. (November 2019 is the next general election in which a ballot measure can be submitted as of the writing of this study.) Using the two Capital Improvement Project Reserves as outlined above, and then adding the depreciation expense that would go into the Pipe & Equipment Reserve, this would increase CIP over WCI funds by 12% and meet Prop 218 requirements. *See Table 10 below: Projected CIP Reserves FY19/20 – FY23/24*

Table 10

Projected CIP Reserves FY19/20 - FY23/24 - 5 years									
Project	Cost	Years	Annual CIP	FY 19/20	FY 20/21	FY 21/22	FY 22/23	FY 23/24	Reserves LT Reserves
LT Replacement - Phase 1	\$ 200,000	5	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 200,000
Charlotte's Way pipeline	\$ 32,500	5	\$ 6,500	\$ 6,500	\$ 6,500	\$ 6,500	\$ 6,500	\$ 6,500	\$ 32,500
Depreciation Expense	\$ 35,385	5	\$ 35,385	\$ 35,385	\$ 35,385	\$ 35,385	\$ 35,385	\$ 35,385	\$ 176,925
Total Annual CIP Reserves			\$ 81,885	\$ 81,885	\$ 81,885	\$ 81,885	\$ 81,885	\$ 81,885	
Total CIP Reserves - 5Yrs									\$ 200,000
Total LT + P&E Reserves									\$ 409,425
Current WCI Fee			\$ 72,850	\$ 72,850	\$ 72,850	\$ 72,850	\$ 72,850	\$ 72,850	\$ 364,250
Change									\$ 45,175
Percentage increase									12%

Water Rate Structures under Prop 218

The following are examples of water rate pricing structures that all conform to Prop 218 requirements but result in varying pricing inequities when transitioning from the District's current rate structure, and would result in varying degrees of water conservation incentives. All of the examples include the assumption that the District will include an annual CIP Reserve of \$46,500, whether included in a capacity charge or a separate Special Tax, along with a 5-year average Depreciation Expense of \$35,385 which will increase total Capital Improvement revenues by 12%.

Example 1) A single payer system (where all the total estimated annual costs both fixed and variable are divided up equally between all users) penalizes the lowest water users, does not provide for any incentive to conserve, and would result in greatly under charging the highest water users on a per gallon basis. *See Table 11*

Table 11

Example 1 Total Estimate Fixed + Variable Expenses in a Single Rate Fee		T1	T2	T3	T4	Total	
3 Yr Avg		45	74	33	4	156	
Annual	Total Fix + Var Exp	\$ 65,066.83	\$ 106,998.78	\$ 47,715.67	\$ 5,783.72		
Annual p/c	Single payer	\$1,445.93	\$1,445.93	\$1,445.93	\$1,445.93	\$225,565.00	Ops \$179,065 + Infr \$46,500
Bi-monthly	Installment payment	\$ 240.99	\$ 240.99	\$ 240.99	\$ 240.99	\$1,445.93	
156	Total bi-monthly	\$10,844.47	\$17,833.13	\$7,952.61	\$963.95	\$37,594.17	
156	Total annually	\$65,066.83	\$106,998.78	\$47,715.67	\$5,783.72	\$225,565.00	total operating + infrastructure fees
1	% increase p/c p/yr	141%	98%	-2%	-83%		
156	% increase total p/yr	141%	98%	-2%	-85%		
Previous		T1	T2	T3	T4		
1	Previous bi-monthly	\$49.92	\$71.67	\$196.17	\$1,405.67		
1	Prev Annual +WCI	\$599.52	\$730.02	\$1,477.02	\$8,734.02		
156	Total Prev Revenue	\$26,978.40	\$54,021.48	\$48,741.66	\$38,186.08		

Example 2) Prop 218 allows for the distribution of costs to be based on the District's storage capacity and its ability to meet its lower service capacity with just the Lower Tank verses the need for the Upper Tank to meet the higher users needs. Based on this division, the Lower Storage Tank has a 100,000-gallon capacity and the Upper storage Tank has a 200,000-gallon capacity. Using this distribution of cost method, the total estimated annual costs are divided equally by thirds attributable to each 100,000 gallons storage capacity, then relatedly, to each tier at 100,000-gallons per tier. The Lower Tank would meet the needs of the Tier 1 users and the Upper Tank would service Tier 2 and then Tiers 3 and 4 combined into one Tier 3. This costing methods, while attributing a higher increase in costs to the higher users, still provides no water conservation incentive having no volumetric base. *See Table 12*

Table 12

Example 2 Total Expenses divided between Upper Tank (2/3) and Lower Tank (1/3)		T1	T2	T3 + T4	T4		
3 yr Avg	Total Expenses	45	74	37		\$225,565.00	
	Lower Storage Tank	\$75,188.33					100,000 gals
	Upper Storage Tank		\$75,188.33	\$75,188.33			200,000 gals
							total estimated expenses
1	Bi-monthly	\$80.33	\$112.90	\$338.69			100,000 gals
1	plus Tier 1		\$80.33	\$80.33			100,000 gals
1	plus Tier 2			\$112.90			100,000 gals
1	Total bi-monthly	\$80.33	\$193.22	\$531.91			300,000 gals
1	Annually	\$481.98	\$1,159.35	\$3,191.47			300,000 gals
156	Annually	\$21,688.94	\$85,791.82	\$118,084.24		\$225,565.00	total service fees
1	% increase p/c p/yr	-20%	59%	116%			
156	% increase total p/yr	-20%	59%	116%			
Previous		T1	T2	T3	T4		
1	Previous bi-monthly	\$49.92	\$71.67	\$196.17	\$1,405.67		
1	Prev Annual +WCI	\$599.52	\$730.02	\$1,477.02	\$8,734.02		
156	Total Prev Revenue	\$26,978.40	\$54,021.48	\$54,649.74	\$38,186.08		

Example 3) Inversely, with such a small system, if all of the fixed costs were divided up equally among all the users, the difference in the variable costs will still penalize the low-end users and benefit the high-end users on a per gallon cost basis and create very minimal incentive to conservation. *See Table 13*

Table 13

Example 3 Distribution of 'All' Fixed Costs assigned to Base Rate then Variable costs by p/gal usage							
	T1	T2	T3	T4	Total Bi-monthly		
3 yr Avg	45	74	33	4	1,434,001		Total 3-yr average annual water usage
1 Avg Gals - bi-m	2,366	6,925	14,273	84,210	107,774		Total average bi-monthly water usage
1 Base Rate(0 gals)bi-	\$194.23	\$194.23	\$194.23	\$194.23	\$181,795.00		Total Fixed Costs + Res/156 c
1 Usage - bi-monthly	\$12.04	\$35.23	\$72.61	\$428.39	\$0.0051		Total Variable costs/8,604,004 avg gals
1 Total bi-monthly	\$206.26	\$229.45	\$266.83	\$622.62			
1 Total Annual	\$1,237.57	\$1,376.72	\$1,601.01	\$3,735.69			
156 Total Bi-m Revenues	\$9,281.77	\$16,979.60	\$8,805.54	\$2,490.46			
156 Total Annl Revenues	\$55,690.65	\$101,877.60	\$52,833.24	\$14,942.78	\$225,344.27		total service fee revenues
1 % increase p/c p/yr	106%	89%	8%	-57%			change from previous rate p/connection
156 % increase total p/yr	106%	89%	8%	-61%			change from previous rate 156
Previous	T1	T2	T3	T4			
1 Previous bi-monthly	\$49.92	\$71.67	\$196.17	\$1,405.67			
1 Prev Annual +WCI	\$599.52	\$730.02	\$1,477.02	\$8,734.02			
156 Total Prev Revenue	\$26,978.40	\$54,021.48	\$48,741.66	\$38,186.08			

Example 4) On the flip side, to allocate all costs (fixed and variable) on a p/gallon basis, benefits the low-end users, captures the full cost of the highest users, but also creates a very desirable incentive to conserve which may leave the district falling short on revenues with no built-in dependable base income for infrastructure. *See Table 14*

Table 14

Example 4 Total Fixed + Variable Expenses charge p/gallon w/ no base rate							
	T1	T2	T3	T4	Total		
3 yr Avg	45	74	33	4			\$225,565.00
Bi-monthly Total Gals p/tier	106,458	443,168	627,990	252,630			8,604,004
Avg gal p/ c p/tier	2,366	6,925	14,273	84,210			
Usage (.0290)p/gal							Exp=\$225,565 /Gals=8,604,004
1 Total bi-monthly	\$62.03	\$181.55	\$374.19	\$2,207.67			
1 Total Annual	\$372.17	\$1,089.29	\$2,245.11	\$13,246.04			
156 Total bi-monthly	\$2,791.25	\$13,434.53	\$12,348.11	\$8,830.69			
156 Total annually	\$16,747.49	\$80,607.20	\$74,088.63	\$52,984.16	\$224,427.48		
1 % increase p/c p/yr	-38%	49%	52%	52%			
156 % increase total p/yr	-38%	49%	52%	39%			
Previous	T1	T2	T3	T4			
1 Previous bi-monthly	\$49.92	\$71.67	\$196.17	\$1,405.67			
1 Prev Annual +WCI	\$599.52	\$730.02	\$1,477.02	\$8,734.02			
156 Total Prev Revenue	\$26,978.40	\$54,021.48	\$48,741.66	\$38,186.08			

Example 5) One more balanced approach, yet not as financially risky option for the District, is to set a two-rate structure with one charge based on 1) Capacity (infrastructure) and the second fee based on 2) Volumetric pricing (usage fee). The industry standard is to use a Meter fee aligning fixed meter charges with infrastructure costs. The AWWA M1 guidelines are used to determine water meter flow capacity which provides a standard cost basis for fixed meter charges. Meter charges are considered “availability” or “readiness-to-serve” charges for providing customers with access to water at all times.

These constitute a fixed portion of the customers' bills because they are levied whether or not water is used. The fee usually includes the infrastructure costs (depreciation expense, water debt, and short-term infrastructure reserves) plus a separate charge for appropriate water meter reading related fixed costs. In this example, the meter charge for a standard 5/8" or 3/4" meter would increase 10% over the current Base rate or Tier 1 fee. *See Table 15*

Table 15

American Water Works Association				
Fixed Charge Meter Ratios				
Meter Size	Capacity	Factor	Example	Example 5
		Based 5/8"		
5/8"	20	1.0	52.14	52.14
3/4"	30	1.5	78.21	52.14
1"	50	2.5	130.35	
1.5"	100	5.0	260.7	260.7
2"	160	8.0	417.12	

Then, the implementation of a single volumetric rate guarantees all customers pay a uniform volumetric rate for water usage. The volumetric charge would include all operating costs both fixed and variable into a single per gallon rate for each gallon used. Having a set capacity charge plus one volumetric rate fee does give some protection for covering infrastructure related fixed costs, while getting closer to an equitable balance between cost increase and usage, and still providing some incentive for conservation. In example 5, the volumetric fee increases water revenues by an average of 36% overall. So together with the 12% increase in Capital Improvements, which includes the 10% increase in the capacity charge, this would result in an average increase of 37% in total water revenues from \$167,927 to \$227,713 - although different volumetric fees would fluctuate depending on water usage. *See Table 16*

Table 16

Example 5 Base Rate Calculated on 'Infrastructure' Meter Capacity costs then usage calculated at p/gal rate									
	Tiers	T1	T2	T3	T4	Total			
3 yr Avg	Users p/ tier	45	74	33	4				
May-18	gallons p/tier	106,458	443,168	627,990	252,630		Total Gallons - May 2018		Meter Charge Calculation
							p/gal \$174,365/8,604,004		\$0.0203 p/gallon
	1 Meter Fee (0 gals)	\$52.14	\$52.14	\$52.14	\$260.68		Incls: LT Res, P&E Res, Debt		\$40,000.00 LT Res
	1 Avg usage (.0218)	\$47.94	\$121.37	\$385.65	\$1,279.92				\$6,500.00 Pipe&Eq Res
									\$2,300.00 WF Debt
	1 Meter Reading bi-m	\$2.56	\$2.56	\$2.56	\$2.56		annual fee p/customer=\$15.36		
	1 Total bi-monthly	\$100.08	\$173.50	\$437.79	\$1,540.61				\$48,800.00 Total Base
	1 Total annual	\$600.48	\$1,041.01	\$2,626.74	\$9,243.64				\$312.82 p/c/ p/yr
156	Total Annual	\$27,021.51	\$77,035.02	\$86,682.51	\$36,974.55	\$227,713.59	total service fees+infrastructure		\$52.14 p/c/ p/bm3/4'
									\$130.34 p/c/ p/bm 1"
	1 % increase p/c p/yr	0%	43%	78%	6%				\$260.68 p/c/ p/bm1.5"
156	% increase total p/yr	0%	43%	78%	-3%				\$417.09 p/c/ p/bm 2"
Previous		T1	T2	T3	T4				
	1 Previous bi-monthly	\$ 49.92	\$ 71.67	\$196.17	\$ 1,405.67				
	1 Prev Annual +WCI	\$ 599.52	\$ 730.02	\$1,477.02	\$ 8,734.02				
156	Total Prev Revenue	\$ 26,978.40	\$ 54,021.48	\$48,741.66	\$ 38,186.08				

Water Conservation and Incentives

The MBCSD Water Department Rates and Policies -Updated June 21, 2016 includes the District's mandatory conservation levels during dry periods to be approximately 15,000 gallons per month/per user, which translates into 30,000 gallons per bi-monthly billing period per residential customer.

8) Water Conservation

As the district's water supply is limited, water conservation measures are encouraged throughout the year. A general guideline is no more than 80 gallons of water per day per occupant.

In conformance with the District's Water Rights permit, we are required to monitor the levels in Redwood Creek, and during conditions when the creek is not continuously flowing, Muir Beach is required to go on Water Conservation Alert and curtail our use of water. During times of noticed conservation, there are severe financial penalties for any residential customer who exceeds 2,000 cubic feet of water in a month (approximately 15,000 gallons).⁶

Included in [Table 17](#) below is an example of how a Water Conservation Discount can be used by the District as an additional incentive to encourage water conservation. This meets Prop 218 requirements for proportional costs as long as a Water Conservation Reserve is used in developing the total water costs. In Example 6 below, there is a conservation discount with a sliding scale based on water usage brackets from the current tier system with the maximum usage level aligning with the District's mandatory conservation requirements. In this example, discount levels are set at the previous breakpoints for tier rate usage levels. There is a 30% discount for bi-monthly water use under 4500 gallons, 20% discount for use over 4501 but under 10,000 gallons, and then lastly a 10% discount for bi-monthly water usage over 10,001 gallons but less than 30,000 gallons. There is no discount over 30,001 gallons.

Table 17

Example 6 Base Rate Calculated on 'Infrastructure' Meter Capacity costs then usage calculated at p/gal rate									
	Tiers	T1	T2	T3	T4	Total			
3 yr Avg	Users p/ tier	45	74	33	4				
May-18	gallons p/tier	106,458	443,168	627,990	252,630		Total Gallons - May 2018	Meter Charge Calculation	
							p/gal \$178,365/8,604,004	\$0.0207 p/gallon	
							Incls: LT Res, P&E Res, Debt	\$40,000.00 LT Res	
	1 Meter Fee (0 gals)	\$52.14	\$52.14	\$52.14	\$260.68			\$6,500.00 Pipe&Eq Res	
	1 Avg usage (.0218)	\$49.04	\$124.15	\$394.50	\$1,309.28			\$2,300.00 WF Debt	
	1 Cons Disc 30/20/10	-\$14.71	-\$24.83	-\$39.45	N/A				
	1 Meter Reading	\$2.56	\$2.56	\$2.56	\$2.56				
	1 Total bi-monthly	\$86.47	\$151.46	\$407.19	\$1,569.97			\$48,800.00 Total Base	
	1 Total annual	\$518.80	\$908.74	\$2,443.12	\$9,419.81			\$312.82 p/c/ p/yr	
156	Total Annual	\$23,346.00	\$67,246.69	\$80,623.11	\$37,679.23	\$208,895.04	total service fees+infrastructure	\$52.14 p/c/ p/bm3/4"	
								\$130.34 p/c/ p/bm 1"	
	1 % increase p/c p/yr	-13%	24%	65%	8%			\$260.68 p/c/ p/bm1.5"	
156	% increase total p/yr	-13%	24%	65%	-1%			\$417.09 p/c/ p/bm 2"	
Previous		T1	T2	T3	T4				
	1 Previous bi-monthly	\$ 49.92	\$ 71.67	\$196.17	\$ 1,405.67				
	1 Prev Annual +WCI	\$ 599.52	\$ 730.02	\$1,477.02	\$ 8,734.02				
156	Total Prev Revenue	\$ 26,978.40	\$ 54,021.48	\$48,741.66	\$ 38,186.08				

The current set of examples included both the capital improvement fees and the operation costs into one water rate schedule. This could be similar to the current Water Capital Improvement Fee and could be used to build reserves for water capital infrastructure projects.

Another option for setting up conservation incentives, is to levy a Water Capital Improvement Tax through a voter ballot process. This would require the district to hold a public hearing for the water service rate proposal and then do a separate ballot measure for the Water Capital Improvement Tax. A Water Capital Improvement (WCI) Tax would need to be approved by a 2/3 vote at the ballot if the

District decided to attempt to renew a similar annual charge to meet infrastructure needs as they incur versus debt finance capital improvements.

A WCI tax could also provide another level of conservation incentive by having a sliding scale fee based on a parcel's previous year's annual usage. The current system of four tiers does seem to provide for a certain level of conservation but the tax could be structured with more or less brackets. The current four tiers maximum water use brackets are at Tier 1 – 4,500, Tier 2 – 10,000, Tier 3 – 30,000, and Tier 4 – 30,001 +, so with a majority of 98% of the users falling between Tier 1 and Tier 3, it would seem that Tier 4 - which makes up 2% of users, but consumes 25% of the water usage – would be the tier of users most in need of encouragement to conservation. For example, the District could use the mandatory conservation usage level of 30,000 gallons per monthly billing period, prorated annually, which also correlates to the maximum use level in Tier 3, to create a possible two-tiered conservation-based tax rate. Using the current fee structure, that would be a \$300 annual tax for parcels using less than or equal to 180,000 gallons annually, and \$3,250 for those customers using greater than 180,000 gallons annually.

In summary, the MBCSD water system has many challenges in developing a rate structure in the face of both its physical and legal environment. Its first, and foremost limitation, is having a small service population with no opportunity for expansion or growth within its service area to help spread its operational and infrastructure costs. The majority of the District's cost of service are fixed costs which need to be shared equitably among its users that in turn can make creating conservation incentives challenging. These conservation requirements are both mandated by its Water Diversion Permit, the State of California, and the National Park Service which manages the creek for which the District draws its water supply. Prop 218 also creates its own challenges in trying to balance the cost of service with these conservation requirements as it sets the legal requirements for which the District's rate structure must conform. The District's goal is to set its water service rates in such a manner that the cost of service is distributed equally per parcel and that no customer is charged more than is attributable to that parcel for services provided. While no one can disagree with the concept as reasonable and equitable service, it becomes more challenging in practice for small districts to maintain the integrity of a water system's infrastructure, while at the same time encouraging conservation, and making sure that the water system will continue to deliver the highest quality of water supply and service to its customers into the future.

Resources

¹ California Constitution Article XIII D, section 6

² California Constitution Article X, section 2

³ LAFCO Water Service Study 2015 (Muir Beach CSD)

⁴ MBCSD Water Billing worksheets (January 16, 2016 – January 16, 2019)

⁵ DataUSA (Muir Beach, CA – 2019 population – 248)

DataUSA (Muir Beach, CA – 2016 population – 275)

US Census 2010 (Muir Beach, CA population – 310)

⁶ MBCSD Water Department Rates and Policies -Updated June 21, 2016

⁷ MBCSD Water Permit (2100508) Amendment – May 2018

⁸ MBCSD FY18/19 Annual Budget

⁹ Preliminary Review of Water System (September 20, 2018) – MOE Engineering

¹⁰ Piping Asset Inventory 2018 (September 20, 2018) – MOE Engineering

Appendix A

Piping Asset Inventory 2018 (September 20, 2018) – MOE Engineering

Muir Beach Community Service District													
Piping Asset Inventory													
	Function	Size	Type	Zone & Location	install	length, ft	Miles	percent of system	Estimated Life	Remaining Life	Replacement Cost		
1	Trans	4	CICL	Corrected for replacement - Net	1965	5250	1.0	23%	75	22.00	\$ 1,312,500		
		6	HDPE	Seacape to Lower Tank	2007	250	0.0	1%	100	89.00	\$ 62,500		
				1997 Report Length		5500				NA	NA		
2	Trans	4	DICL	at Hwy 1 & PRS	1991	325	0.1	1%	75	48.00	\$ 81,250		
3	Distr	6	AC	High - Seacape Subdivision	1965	6500	1.2	28%	75	22.00	\$ 1,625,000		
	Distr	6	PVC 900	Seacape Dr to Overlook Tank	2010	300	0.1	1%	100	92.00	\$ 75,000		
4	Distr	6	DICL	High - Seacape Subdivision	1965	260	0.0	1%	75	22.00	\$ 65,000		
5	Distr	6	WSCL	High - Seacape Subdivision	1965	200	0.0	1%	75	22.00	\$ 50,000		
6	Distr	6	PVC 900	Starbuck Extension	1993	230	0.0	1%	100	75.00	\$ 57,500		
7	Distr	4	PVC	High - Seacape Subdivision Charlotte's Way	1970	1300	0.2	6%	50	2.00	\$ 325,000		
8	Distr	4	PVC 900	High - Seacape Subdivision Starbuck Extension	1993	270	0.1	1%	100	75.00	\$ 67,500		
9	Distr	4	PVC	Low - Bello Beach Subdivision Corrected for replacement - Net	1971	6800	1.3	29%	50	3.00	\$ 1,700,000		
	Distr	6	PVC 900	Low - Bello Beach Subdivision Pacific Way	1999	600	0.1	3%	100	81.00	\$ 150,000		
				Low - Bello Beach Subdivision 1997 Report Length		7400		0%		NA	NA		
10	Distr	4	PVC 900	Low - Bello Beach Subdivision W Sunset to Pacific Way Intertie	1992	323	0.1	1%	100	74.00	\$ 80,750		
11	Distr	2	GI	Low - Bello Beach Subdivision Cove Lane	1990					NA	NA		
	Distr	6	HDPE	Low - Bello Beach Subdivision Cove Lane	2009	225	0.0	1%	100	91.00	\$ 56,250		
12	Distr	4	PVC 900	Low - Bello Beach Subdivision Charlotte's Way to Sunset Way intertie	1993	500 feet	0.1	2%	100	75.00	\$ 125,000		
											\$ 5,833,250		
					Total	23,333	4.4 miles						
						4.4 Miles					Replacement Estimate	Annual cost/year	
						Replacement Value	\$ 5,833,250	Industry Norm	1%	233	\$ 250	\$ 58,333	
									Total Length, ft	Annual Length, ft			
									Replace life Exceeding life, over 20 year period	11,750	588	\$ 250	\$ 146,875

Mary Halley
 District Manager
 Muir Beach Community Services District
 19 Seacape Drive, Muir Beach, CA 94965
 Office: 415-383-9969
 Voicemail: 415-388-7804
 Cell: 415-297-1831
mary@muirbeachcsd.com

April 14, 2019

Dear MBCSD Board Members,

We request your endorsement of an Amazon to Reuse Boxes initiative, on behalf of the residents of Muir Beach.

A group of Marin residents is petitioning Amazon to do a pilot Amazon Pick Up Program in Marin County, in which delivery trucks pick up used Amazon boxes on subsequent deliveries and return them to Amazon warehouses for reuse. Ebay sellers and independent mail services have been reusing Amazon boxes for several years.

Hank Cauley, Conservation International, Sr. VP of Environmental Leadership in Business, is advising us. He has directed us to: 1) collect 10,000 signatures to demonstrate that there is sufficient interest among Amazon customers in Marin to offer the program, and 2) garner endorsements from city, town, and district councils to elevate the issue inside Amazon.

Support for an Amazon Pick up Program is widespread in Marin and signatures have climbed to over 4,000 (online and in-person). The City of Belvedere has endorsed the initiative.

Most cities, towns, and districts in Marin have committed to the reduction of waste through reuse and recycling, in their Climate Action Plans.

The reuse of cardboard boxes is key to this commitment. Reuse eliminates the need to re-manufacture boxes. It conserves natural resources (timber, water) and causes no pollution.

According to "USA Today" (6/8/18) an average of 25 percent of all cardboard is recycled in the U.S.; 75% goes to the landfill. One hundred million Amazon Prime Members place an estimated 5.2 billion orders a year, worldwide. Based on these numbers, over 3.5 billion Amazon boxes go to the landfill annually.

We need to safeguard the beauty of Marin County. Please: 1) "support the Amazon to Reuse Boxes petition", and 2) provide a link on the district website for residents to read about the initiative.

The link is: <http://chng.it/cTrbLd4GbZ>

Sincerely,

Carolyn Lund (Belvedere)
Suzanne Morgan (Belvedere)
Barbara Winter (Belvedere)
Christina Decker (Belvedere)
Edith Spindler (Belvedere)
Ginny Doyle (Belvedere)

Lisa Jason (Tiburon)
Ann Eve Hazen (Tiburon)
Sally Tao (Tiburon)
Linda Frender (Larkspur)

