



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

Tuesday, May 28, 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
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Board: Leighton Hills (Board President), Steven Shaffer (Board Vice-President), Gary Friedman (Director), Victoria Hamilton-Rivers (Director), Peter Lambert (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(s) not included in this agenda: None

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 4/24/19.
- B. Approval of Resolution No. 2019-3: With regards to the previously approved fire tax paid each year by Muir Beach residents, there is an inconsistency between the language

in the approving resolution for the tax and the language in the ballot measure approved by the voters. One document calls for automatic CPI increases in the annual tax, and the other requires that the Board manually approve CPI increases by resolution each year. The Marin County Department of Finance would like this inconsistency to be resolved, and the attached resolution resolves this inconsistency in favor of the automatic CPI increases each year (as have occurred since the tax was passed in 2016). If any Board member or resident would like this discussed, then please ask that this item be removed from the Consent Calendar.

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: Approve FY2017 Draft-Audit

FY2017 Draft-Audit is complete and has been available for review on the MBCSD website for a week. Board approval is required to be finalized. (See www.muirbeachcsd.com then click on the Administration tab, then Financial page, see Audits section)

Item 7: Proposed Water Rate Increase and Revision

Board to review and potentially set for public hearing (July 24 meeting, with a first reading at the June 26 meeting) a Proposed Water Rate Increase and Revision.

At the last meeting the District Manager presented the Water Service Cost Study, which has since been updated and is posted on the District's website. This Water Cost Study provides the foundation for any rate increase, and the District Manager has drafted a Proposed Water Rate Increase and Revision (attached) which calls for an increase in water rates up to \$2.18 per hundred gallons, along with conservation discounts to preserve the tiered nature of water rates as discussed at the last meeting.

The Board President has a suggested revision to the Proposed Water Rate Increase, which would increase rates to \$2.00 per hundred gallons (vs \$2.18), and also includes the conservation discounts to encourage conservation. With this suggested revision, the existing tier sizes remain in place, and billings within those tiers would increase on average by the following percentages:

	<u>Gallons</u>	<u>% Increase</u>
Tier 1	4,500	23.8%
Tier 2	7,250	28.9%
Tier 3	20,000	28.3%
Tier 4	75,000	38.8%
Tier 4 - High Usage	180,000	39.6%

All can be discussed further at the meeting. Suggested revision is attached to this agenda.

Item 8: FY19-20 Draft-Budget

The first reading of the proposed FY19-20 Draft-Budget will be presented by the District Manager for discussion. *(See FY19-20 Draft-Budget attached)* The second reading and approval will be held at the June 26, 2019 Board meeting.

Item 9: Fire Department Report

Fire Chief Chris Gove will give his report and present the Measure W MOU for Board approval. *(See Measure W TOT Ad Hoc Committee MOU Final attached)*

Item 10: 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 11: Pacific Way Bridge Working Group

Board to consider a request by Supervisor Rodoni to setup a 7 member Pacific Way Bridge working group to include at a minimum: 1-2 MBCSD Board members, 1 member from the MBVFD Fire Dept, along with Christian Riehl and Peter Rudnick who have already volunteered, plus 2 additional MB residents.

Item 12: CC Bocce Ball Court Proposal

Muir Beach resident Tom Passow will present a proposal for creating a Bocce Ball court in the open space just below the Community Center deck.

Item 13: 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 14: Recognitions & Board Member Items

Board recognitions and pending events of interest to the community.

Item 15: Closed Session

The California Government Code provides that certain matters such as litigation, personnel matters, and real estate negotiations may be conducted in closed session. The matters shall be

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identified as set out below. After any closed session, the legislative body shall reconvene in open session prior to adjournment and make disclosure of action taken during the closed session – authorized by CA Government Code Section 54954.5(e)

Public Employment – Title: District Manager, authorized by CA Gov’t Code Section 54957

Item 16: Reconvene in Open Session

Report as required on any actions taken in Closed Session.

Item 17: Adjournment

Next Agenda Meeting Date: Wednesday, June 19, 2019

Next Board Meeting Date: Wednesday, June 26, 2019

1 **Item 5: District Manager Report**

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3 Halley goes over the highlights from the 4/24/19 District Manager Report, a written
4 document which (as always) is included with the monthly meeting packet available
5 online at <http://www.muirbeachcsd.com/meetings>.

6
7 Halley has now completed the Water Service Cost Study, following review by County
8 Counsel, and this document is also included in the packet. She comments that the
9 Study is simply that, a document which collects facts about the MB water system in
10 relation to what potentially could be allowed under Prop 218, along with water
11 conservation requirements adopted as part of the California State Constitution. Its
12 purpose is to create the basis for a future proposal.

13
14 The floors are almost finished in the Community Center; some details yet to be
15 completed. Floor-cleaning instructions will be posted, because care & maintenance is
16 different from the old floor. Board members express their approval for the appearance of
17 the new floor. It was paid for with Measure A funding, for which the next project (next
18 FY) will be doing the windows which need to be tempered glass.

19
20 Halley also goes over highlights on finances (also from the District Manager Report),
21 because this is the quarterly financial report where normally the treasurer would give a
22 full report. Line of credit is going forward. Revenues for General are tracking slightly
23 under for the excess ERAF funds, at about 63%. General expenses going along as
24 expected, with the exception of tree maintenance, which is a bit over due to stormy
25 winter, but that increase was approved by the board. Fire department is tracking on
26 budget. Recreation is a little down on the revenues, but May spring bookings are
27 promising; every weekend is booked with local or outside rentals. Non-Sunset Way road
28 maintenance is significantly under-budget, which is great. Water department expenses
29 are tracking on schedule, with the exception of repairs and maintenance which is at only
30 15% (also good savings). Net income is tracking at 49% but many big expense items
31 come in June (insurance, workers comp, etc.) so can't yet determine how close we will
32 be in coming in under budget.

33
34 Currently general unrestricted reserves, along with our WCI, minus Measure A money
35 embedded in that, is basically breaking even for the Sunset project now, so Halley
36 recommends that we do not try to expand that project any further until we know for sure
37 what the exact costs of such things might be, or what other kinds of contributions we
38 might have to the project.

39
40
41 **Item 6: Fire Department Report**

42
43 Fire Chief Gove was unable to attend due to a special fire drill this evening; he will
44 submit the report at the next meeting.

Item 7: Sunset Way Project update

Hills spoke with the contractor yesterday, and they're basically ready to start, but are waiting for ILS to submit the final plans for the turnaround at the end of Sunset, which is where they'll start. ILS has been busy but they promise the plans by a week from Friday, and they'll start the following Monday.

The clearing of the road can start next week. As soon as we have a specific date, we'll notify the community. Hamilton-Rivers asks about phasing; Hills replies that they are still uncertain about the approach they'll take in terms of installing the new water line and making all the connections. In any case it will start from the far and moving forward; replacing the water main first, removing the existing main to put in the new concrete V-ditch along the side, doing the final grading, and then paving.

Conversation ensues about the scheduling for road closures during the various stages, and the penalty which would ensue if they exceeded the agreed six months. Hills thinks it could well be more like 3-4 months.

Tayeko Kaufman asks about the individual driveway projects; these would not significantly extend the timeline. Charlotte's Way will also likely be paved. Marilyn Laatsch asks about implications for people with disabilities, and relocating cars. Hills replies that during the workday, one will not be able to use the road, so, everyone will have to work around that.

Hills reiterates the plan: trench for new water main, down middle of road. As they do that, they'll connect people to the new water main. Once they get to Hwy 1, they'll go back and rip out the old water main. Where that was will then become a concrete V-ditch, a drainage ditch that can then be a bit deeper. Then they'll regrade it, then it'll be compacted, then the layer of asphalt. Throughout, there will be a road that will be usable by people before ~8:30am and after ~5:30pm every day, and on weekends.

Shaffer offers parking places by his place on Pacific Way and is sure we'll have others available.

Further conversation ensues about engineering, package delivery, potential noise levels, one-inch water meters, and repaving driveways. All of these issues will be addressed in emails to the community as the project proceeds.

The location for the lead contractor's office has not yet been determined; it needs electricity and internet. It could be mobile and moved to the pump house area every evening.

Item 8: Water Service Cost Study

Hills comments that Halley has done a terrific job on this. It's very complex, but that's helpful because it demonstrates that she has considered all of these factors. The examples are other than what we'll ultimately use. A few meetings ago it was discussed

1 that if you took the \$300 capital improvement fee and adjusted it for inflation, it would be
2 \$500 today. The proposed rates being considered is that the capital improvement fee
3 would morph into a meter fee, and this would be \$400 (not \$500) – so it's less in
4 inflation-adjusted dollars than it was when it went into effect in the 1990s. After the
5 audit, we discovered that our finances were much better than we had thought. Tallying
6 the adjustments, the auditor made, they added \$750,000 in net income to the water
7 department from what they first reported so, a \$317,000 loss became a \$430,000 profit.
8 We still need an increase, but not a 100% or 58% increase; what we need is a 25%
9 increase. This would be in addition to the change from the \$300 to the \$400 fee, as the
10 water capital improvement fee will end; it'll be folded into a meter charge.

11
12 If we have a single fee for all users, the lowest users would have a huge increase and
13 the biggest users a decrease. They don't really support tiers, but County Counsel allows
14 a discount for conservation. So by applying a conservation discount on a raised base
15 price, we can mimic something similar to the current tiered structure. So everyone's
16 rates will uniformly be increased by this 25%.

17
18 Tayeko Kaufman expresses concern that high-water users are not being penalized for
19 wasting water. Indeed, their fees will remain the same that they are now.

20
21 There will be more to come on all this. One thing Hills wants to ask is if this should be
22 indexed to inflation. Shaffer says no, that it's better for the conversation to come up
23 again and to reconsider it. Lambert points out that we have to review this again in five
24 years (and Halley agrees), so tying to inflation makes sense, and Hamilton-Rivers
25 agrees. Hills polls the audience; those that speak are in favor of including inflation.
26 Shaffer notes he is OK with indexing based on the comments received.

27 28 29 **Item 9: Endorse Amazon Box Reuse Proposal**

30
31 "A group of Marin residents is petitioning Amazon to do a pilot Amazon Pick Up
32 Program in Marin County, in which delivery trucks pick up used Amazon boxes
33 on subsequent deliveries and return them to Amazon warehouses for reuse."

34
35 This group has asked the MBCSD Board to endorse the petition, which can be seen at
36 [https://www.change.org/p/attention-amazon-prime-members-amazon-customers-in-](https://www.change.org/p/attention-amazon-prime-members-amazon-customers-in-marin-county-ca)
37 [marin-county-ca](https://www.change.org/p/attention-amazon-prime-members-amazon-customers-in-marin-county-ca) . Their letter to this effect is included in the packet.

38
39 A brief discussion ensued in which nobody could see much harm in supporting it.

40
41 MOTION: To endorse the 'Amazon to Reuse Boxes' initiative
42 Moved: Lambert, seconded by Shaffer
43 Vote: AYES: Unanimous

44 45 46 **Item 10: Public Open Time**

1
2 No public comments.
3
4

5 **Item 11: Recognitions & Board Member Items**
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7 Thanks to Hamilton-Rivers for helping arrange a discount on the floor.
8 Kathy Sward would like to thank Mary for all the research she did into the floors, which
9 was echoed by the board.
10

11
12 **Item 12: Adjournment**
13

14 There being no further business to come before the board, the meeting is adjourned.
15

16 Meeting adjourned at 8:05 pm.

RESOLUTION NO. 2019-3

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE MUIR BEACH COMMUNITY SERVICES DISTRICT TO APPROVE A CLARIFICATION TO RESOLVE A DISCREPANCY BETWEEN RESOLUTION NO. 2016-07-13 AND ORDINANCE NO. 2016-07-13 BOTH OF WHICH WERE FOR APPROVING BALLOT MEASURE L ADOPTING A SPECIAL TAX ON REAL PROPERTY FOR FIRE PROTECTION AND RELATED PURPOSES

WHEREAS, the Muir Beach Community Services District voters overwhelmingly passed Ballot Measure L to approve a Special Tax on real property for fire protection and related purposes back on November 8, 2016; and

WHEREAS, the Muir Beach Community Services District Resolution No. 2016-07-13 which approved proposing an ordinance for a Special Tax on real property for fire protection and related purposes stated that the tax rate will increase annually commensurate with the annual percentage increase to the San Francisco-Oakland-San Jose Price Index for All Urban Consumers ("CPI"); and

WHEREAS, the Muir Beach Community Services District Ordinance No. 2016-07-13 which ordained the requirements for Ballot Measure L for a Special Tax on real property for fire protection and related purposes stated in SECTION 4: Inflation Adjustment that the Board may annually, by resolution passed by a simple majority of the Board, increase the amount of the special tax commensurate with the annual percentage increase to the San Francisco-Oakland-San Jose Price Index for All Urban Consumers ("CPI") for the preceding calendar year; and

WHEREAS, the Muir Beach Community Services District deems that the purchasing power of the Special Tax which is for fire protection and related purposes should keep up with inflation, and thus, should increase annually commensurate with the annual percentage increase to the San Francisco-Oakland-San Jose Price Index for All Urban Consumers ("CPI");

NOW, THEREFORE, THE BOARD HEREBY FINDS AND BE IT RESOLVED, that the Muir Beach Community Services District wishes to approve automatic annual to commensurate with the annual percentage increase to the San Francisco-Oakland-San Jose Price Index for All Urban Consumers ("CPI");

RESOLVED that this Resolution shall take effect immediately.

RESOLVED that this Resolution shall expiration with the expiration of the Fire Tax Ordinance No. 2016-07-13 in fiscal year 2025-2026.

PASSED AND ADOPTED at a regular meeting of the Board of Directors of the Muir Beach Community Services District held on this 28th day of May, 2019, by the following vote:

AYES:

NOES:

ABSENT:

ATTEST:

PRESIDENT, BOARD OF DIRECTORS

DISTRICT MANAGER

5/28/19 District Manager Report – Mary Halley

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

General:

District Manager – the DM’s annual salary review was scheduled back at the April 24, 2018 Board meeting for the November 28, 2018 Board meeting, but now on the agenda for the May 28, 2019 meeting.

Water:

Water Rate Proposal – now with the Water Service Cost Study completed, and having been submitted to the Board for review at the April meeting, I have started setting up spreadsheets to help aid in finding the right water rate structure that conforms with Prop 218 and the California Constitutional water conservation requirements. The biggest challenge right now has been trying to keep any water rate increase to a minimum along with minimizing the discrepancy in rate changes between current tier users and new legally required rate structure. I have submitted the 2018 Annual Water Report electronically to the State Water Board and have completed the Water Quality Report – 2018 for distribution to the community in June.

MBCSD Stream Monitoring System – have been coordinating between the NPS and expert resources to figure out the last technical challenge for setting up a new creek monitoring system at the CSD bridge. The last technical issue concerns cellphone connectivity, but new ‘small cell’ technology (such as installed at the MB parking lot) is looking like a promising solution. I have made preliminary contact with Silke Communications who installed the small cell service at the MB parking lot.

Fire:

Firehouse – no new news.

Fire Tax – processed and filed FY2019-20 transmittals T1, T3, and T4. CPI this year is 4%. I am now revising Low-Income Tax Exemption and creating a new Contiguous Parcel Exemption forms. Also, am asking the Board to approve clarification as to discrepancy in annual CPI adjustment language so County can process.

Emergency Siren at Green Gulch – no new news.

MBCC Fire Protection Projects – am hoping that the Fire Dept gets grant funding for brush and tree removal this summer but have increased suggested tree maintenance allowance to be able to remove 8 – 10 additional designated dangerous trees before next winter’s storms. We have cleared overgrown brush below CC playground as it was becoming a fire hazard.

Recreation:

MB Community Center – based on the MBCC facilities committee’s list of priority projects, with safety as the primary determining factor, the CC flooring project is now complete with the exception of trimming out the floor hatches (which is scheduled to be completed this coming week), replacing the black temporary stair nosing with modelled-bronze nosing, and adding the carpet runners for placement in front of the two sliding glass doors (will arrive this week as well). This finishing work is tentatively set for Thursday 5/30.

This project has all been paid for by Measure A funds. The fireplace hearth will be completed as soon as the decorative tiles arrive. The main field tiles are currently just waiting. Cuco will do the installation. Then we will finish the wainscoting in the second bathroom and do some touchup painting to finish giving the bathrooms a 'facelift'. We already have all the materials so will just take a bit more of Cuco's time.

MBCSD District properties – now with a new Director for Caltrans in place, and many summer road projects planned for 2020, I will again revisit the wetland parcel mitigation possibilities with Supervisor Rodoni.

Encroachments – there are many ongoing encroachments in various states of communication or action within the District. The current reported encroachment at 50 Starbuck Drive onto the CSD Upper Park property has responded to Board President Hills communication. The two were scheduled to have a phone conversation the Friday after the last Board meeting, but I do not know the outcome of that call.

Encroachment at 66 Starbuck onto the District's lower water tank property is still evolving with no decisive action yet. I have suggested for him to relocate his parking lot to the other side of the driveway being as he was looking to repave the driveway and parking lot anyway. The idea to pay the District some amount of rent for use of the land has been another 'possible' idea thrown out, although there is no District policy around such arrangements.

Trails – lots of grass cutting and brush trimming currently being done by District staff. It may be good to consider widening the upper trail path a bit to accommodate both bikes and hikers to pass and so that tall grasses and Coyote brush don't overwhelm the path so quickly in the spring. I walked the trail with Fire Chief Chris Gove to see if widening the trail may also create a fire break for the upper Starbuck area, but Chris felt the path would never be wide enough to hold off an uphill fire, but that also, the moist damp air and fog help keep any overgrowth of brush on those slopes from being as much of a fire issue as it would be in other inland areas of Marin. 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 and Eucalyptus 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 – no repairs at this time with the Sunset Way Project already underway and with the first vegetation clearing completed.

Lower Starbuck Extension – will likely need some asphalt patching scheduled for this summer when the ground dries up a bit. I have included the need for this work in the current 'Roads' draft-budget.

Sunset Way Project – have been responding to any requests from Project Manager Hills to help facilitate getting the project underway. We just received the sign contractor's agreement to be able to secure the Certificate of Liability from our insurance company to finish working on Frank Valley Road encroachment permit from the County of Marin.

Communications:

Website – website software has had an ongoing series of glitches based on a software update, but a local MB resident web designer has been continuing to help out with quick advice and solutions.

Resident email lists – updating is a continuous task.

Finance:

Prop 68 Per Capita Program – have submitted application questionnaire packet to apply for State Parks and Recreation capital improvement grant. Maximum (and minimum) awarded for Special District with small population is a one-time grant of \$200,000 for capital improvement projects or land acquisitions. I feel very optimistic about our chances of securing this grant.

Measure A Funding – have now completed the FY19/20 Work Plan which includes the CC window replacement project and replacing broken and rotten decks and a few CC minor upgrades. Work Plan submittal is due in June.

Audits – 2017 draft-audit complete and ready for Board approval at May Board meeting. Auditor now requesting data for 2018 which Sharry is submitting. Hopefully should have 2018 audits ready for approval at the June Board meeting. 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 and approved.

Budgets – first reading of the draft-FY19/20 scheduled for the May Board meeting. The Proposed Water Rate Increase and Revision will accompany it for approval as they are interconnected between required revenues needed to meet estimated expenses.

Line-of Credit – amended Resolution 2019-2 was approved at the April 24 Board meeting and submitted to Roy Given at the Marin County Department of Finance. This filed document creates the County agreement to allow the County pool to invest in the MBCSD. Roy given has sent me an example of what a loan agreement and terms would look like if the CSD ever needed to borrow emergency funds.

Capital Planning – between both working on the draft-budget and water rate proposal, there has been much capital planning work done which is incorporated into both documents, but there is not a lot of additional planned spending this year with the current Sunset Way Project scheduled for this summer.

Insurance – currently working on Certificate of Liability with the County of Marin named as additional insured for the Sunset Way Road Project. The annual Worker's Compensation billing for this coming fiscal year is \$6,386.50 which is a 5% increase over last year's \$6,121.16 billing as was projected.

District Office Business – office software continues to be challenging and time consuming as so many programs periodically need to be updated, upgraded, or become incompatible with other systems. Scanner issues continuing to be problematic, but now with a new USB cable and new driver installation, we are hoping for more dependable performance. 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.

Respectfully submitted,

Mary Halley

MBCSD District Manager

Muir Beach Community Services District

Proposed Water Rate Increase and Revision

May 28, 2019

The MBCSD must increase the water rates to customers in order to comply with California State Law which states that Water Districts must be fiscally responsible and financially solvent; meaning operating costs associated with delivering water to residents must be covered solely by rates charged for water consumed by each customer. Additionally, the water district needs to conform more strictly to new laws that have been passed since the District's last water rate increase in 2010. Muir Beach Community Services District completed a full Water Service Cost Study in April 2019 which was presented to the MBCSD Board at the April 24, 2019 Regular Board meeting. Based on that study, the Board elected to use the Example 6 – Base Rate Calculations Based on Infrastructure Meter Capacity Costs Plus Usage Calculated at Per Gallon Rate – as the most equitable rate model for the proposed water rate increase and water rate structure revision.

Current Water Rate and Structure

Currently the Water District charges all residents a flat fee (Tier 1) every two months plus additional fees for water consumed. The more water consumed over the two-month period, the more the consumer is charged for each additional gallon of water as their usage levels reached the higher rate tiers. Table 1 summarizes the current charges to water consumers in Muir Beach. In addition to the water rates charged based on consumption, MBCSD also charges residential water consumers \$300 per year to cover capital projects related to water production, transmission, and storage. This translates into \$50 every two months as shown in *Table 1 below*. (The \$300 fee is an additional line item on the water bill.)

Table 1
Muir Beach Community Services District
Current Bi-Monthly Water Rates
Residential Properties Only¹

Tiers	Gallons	Current Charge *				
Tier 1	0 to 4,500	\$ 49.92	Flat Charge			
WCI Fee (\$300/yr)		\$ 50.00	Flat Charge			
Total Tier One		\$ 99.92				
Tier Two	4,501 to 10,000	\$ 0.92	per 100 gallons used, plus charge from prior tier			
Tier Three	10,001 to 30,000	\$ 1.29	per 100 gallons used, plus charge from prior tier			
Tier Four	30,001 +	\$ 1.62	per 100 gallons used, plus charge from prior tier			
* Charges are calculated per gallon; rates are shown per 100 gallons for clarity only						

The current rate structure does not adequately cover the water expenses required to operate the water system.

Revised New Structure

Since the MBCSD last increased the water rates and fees to the community, new laws have been approved which no longer allow the MBCSD to employ old methodologies to determine water rates and fees. Going forward water rates set in California require:

¹ Operating commercial properties pay \$3,250 WCI fee per year

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.²*

In summary, the MBCSD may only set water rates on costs currently attributable to the service provided or appropriately estimated for up to five years. Any future costs for capital improvements, can be appropriately estimated in advance for planned infrastructure replacements or new improvements, with future charges collected as the improvements are needed. These planned capital improvements can be incorporated into capacity charges relative to the immediate availability of a given flow of water to a customer at any time. This is significant when it comes to planning for capital improvements. In the past the MBCSD has always saved money for future capital expenditures through the Water Capital Improvement Fund (WCI). But now, all fees collected for future expenditures must be incorporated into a Meter charge (capacity charge) or as a tax approved by 67% of the eligible voters in a District.

Procedures for New Water Rate Structure

The following steps are needed to keep within the guidelines set out by Proposition 218:

1. Set new water rates and structure following the guidelines in Proposition 218 and conform to the California Constitution as it applies to water conservation as a valuable public resource.
2. Determine operating expenses to breakeven and 5-year capital improvement schedule.
3. Based on expenses and capital needs, project necessary revenues.
4. Create rate structure to meet adequate funding levels to breakeven.

Summary of Proposed Water Rate Revision:

The proposed new water rates include **1) a Meter Charge** based on a 5-year Capital Improvement Plan, that utilizes and conforms to the American Water Works Association (AWWA) M1 standards for meter capacity rates, along with **2) Meter Reading** fee that includes the meter reading and customer billing costs per meter, and **3) a single per gallon Volumetric charge** for each gallon consumed based on operating expenses divided by average annual total water usage. There will be no volumetric tiers. All customers will be charged the same fee per gallon based on the analysis that it costs the same to deliver the first gallon of water through the system as it does the last gallon through the system as outlined in the MBCSD Water Service Cost Study - April 2019. But there will be a **Water Conservation Reserve** setup to create a **Water Conservation Discount** to be given to customers based on their bi-monthly usage as an incentive to encourage additional conservation which would not normally be realized with just one single per gallon volumetric tier. The proposed Meter Reading fee and the per gallon rate were developed using “projected costs” from the FY 2019-2020 Draft Budget³ used in the cost summary below. Table 2 summarizes the proposed water rates.

² California Special Districts Association: Proposition 218 Guide for Special Districts

³ Based on FY 2018/2019 Actuals as incorporated into FY2019/2020 Draft-Budget. See Appendix A for details regarding the cost assumptions.

Table 2
Muir Beach Community Services District
Proposed Bi-Monthly Water Rates
PROPOSED RATE STRUCTURE

Tiers	Description	Gallons	Proposed Charge per billing
Capacity	Meter Charge (per 5/8'-1" size)		\$ 70.83
	Meter Charge (per 1.5" size)		\$ 354.15
	Meter Reading Charge		\$ 7.90
Volumetric	Plus	Per Gallon	\$ 0.0218

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	\$48,660.00 *					based on draft FY19/20 budget
	Allocated Gen	\$44,440.00 *					20% Ops + 20% WCI =40% (FY19/20)
	Depreciation				\$ 33,000.00		5 yr avg -incls LT liner + Sunset pipeline f
	WF Debt - Due to GF	\$2,600.00					\$2300 for 20 years(Due to Gen \$45,708)
	Discount Reserve	\$57,000.00					Conservation Discount Reserve
	FY20/21 CPI - F *						
	Total Fixed:	\$152,700.00	\$978.85	\$163.14	\$152,700.00		
Variable:	Repairs & Maint	\$15,000.00 *					
	Utilities	\$11,860.00 *					
	Treatment	\$5,000.00 *					
	Water Manage Xt	\$3,340.00 *					extra hours usually due to repairs
	FY20/21 CPI - V *						
	Total Variable:	\$35,200.00			\$35,200.00		
			p/ gallon	p/100 gals			
Total Exp:		\$187,900.00			\$187,900.00		estimated for FY19/20
	Cost p/gal - Variable		0.00409112	0.40911185	8,604,004		total avg. annual gals delivered (3yrs)
	Cost p/gal - Total Exp		0.0218	2.18386695	0.0218387		cost p/gallon to breakeven for Ops
Previous	T1	T2	T3	T4			
	45	74	33	4			
1 Previous bi-monthly	\$49.92	\$71.67	\$196.17	\$1,405.67	\$19,646.27		total service fee p/bm
1 Prev Annual +WCI	\$599.52	\$730.02	\$1,477.02	\$8,734.02	\$117,877.62		total service fee p/yr
156 Total Prev Revenue	\$26,978.40	\$54,021.48	\$48,741.66	\$38,186.08	\$167,927.62		
					\$49,750.00		previous WCI fee
			\$86,927.74	\$10,211.04	\$ 108,211.00		annual service fees - last 12 years
Example 6 Base Rate Calculated on 'Infrastructure' Meter Capacity costs then usage calculated at p/gal rate							
Cons disc%	0.5	0.43	0.3	0			
Tiers	T1	T2	T3	T4	Total	Annual - 156	
3 yr Avg Users p/ tier	45	74	33	4	156		
May-18 gallons p/tier	106,458	443,168	627,990	252,630	1,430,246		Total Gallons - May 2018
1 Cons Disc 50/43/30/0	\$ (25.83)	\$ (56.24)	\$ (124.68)	0	\$ (9,438.42)	\$ (56,630.50)	p/gal \$187,900/8,604,004
1 Meter Fee (0 gals)	\$70.83	\$70.83	\$70.83	\$70.83	\$11,050.00	\$66,300.00	Incls: LT Reserves & P&E Reserves
1 Meter Reading bi-m	\$7.90	\$7.90	\$7.90	\$7.90			
1 Base Rate							
1 Avg usage (cost p/gal)	\$51.66	\$130.79	\$415.59	\$1,379.28			
						\$68,000.00	total WCI
1 Total bi-monthly	\$104.57	\$153.28	\$369.65	\$1,458.01	18,250		total WCI increase from previous rates
1 Total annual	\$627.39	\$919.69	\$2,217.88	\$8,748.03	37%		total % increase
156 Total Annual	\$28,232.70	\$68,057.04	\$73,189.96	\$37,046.31	\$206,526.01	\$206,526.01	total service fees + WCI
						\$38,598.39	total increase from previous rates
1 % increase p/c p/yr	5%	26%	50%	0%	23%		total % increase
156 % increase total p/yr	5%	26%	50%	-3%	\$138,526.01		total service fees
					\$20,648.39		service fee increase from previous rates
					18%		service % increase

The Conservation Discounts:

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

Water conservation is a high priority for the District as it is required by our Adaptive Management Plan and Water Diversion Permit. Water Conservation Discounts can be used by the District as an additional incentive to encourage water conservation. Conservation discounts meet Prop 218 requirements for proportional costs as long as a Water Conservation Reserve is used in developing the total water costs. The Proposed Water conservation Discounts will be set at **50%** for water usage up to 4500 gallons per bi-monthly billing period; **43%** for all usage up to, but does not exceed, 10,000 gallons per bi-monthly billing period; **30%** for all water usage up to, but does not exceed, 30,000 gallons per bi-monthly billing period; and **0%** for all water use up to, and over 30,001 gallons per bi-monthly billing period, as 15,000 gallons p/month (30,000 gallons bi-monthly) is the District's mandatory conservation required limit. A Conservation Reserve account of \$57,000 is incorporated into the budget to allow for the financing of the Conservation Discount incentive program in keeping with the Prop 218 proportional cost of service.

Water Capital Improvement Fee:

When the MBCSD determined it was necessary to change the water rates, the annual fee currently charged to customers⁴ needed to be incorporated into the new rate structure in a manner consistent with the cost study. Replacement cost of existing assets (i.e. depreciation) can be included in water service rates but is a fluctuating number – going up and down as new assets are purchased and older assets retire – which makes it unstable for use as a constant expense in calculating a constant capacity or volumetric rate for the next 5 years. Instead, the MBCSD will base an infrastructure capacity charge on a Capital Infrastructure Planning (CIP) model which will use 5-year phased-in planned projects versus longer range savings programs. The proposed infrastructure fees will now be based on future replacement planning worksheets. The current meter charge is based on a total annual capital improvement need of \$66,300, which calculates out annually to \$425 per customer for a base rate meter sizes between 5/8" – 1" (which currently encompasses the majority of meter sizes in Muir Beach) and one additional larger meter capacity size above 1" based on AWWA M1 flow factor guidelines (*See Table 3 below*). The new rate structure will be funding the WCI by \$68,000 per year which is 37% more than the previous WCI of \$49,750, but 12% less than the current contribution of \$77,875⁵ when including the current 25% water capital improvement surcharge imbedded in the water service fee (*see Table 4 below*). If the Board wishes to continue funding the WCI at a higher contribution level, then it will need to determine what additional capital improvement projects should be added to the Capital Planning worksheet, and at what funding level, for the next 5-years to meet total estimated phased capital projects.⁶

⁴ Residential customers: \$300 per year, Commercial customer: \$3,250 per year

⁵ Includes 25% of Gross Operating Revenues and the flat annual fee of \$300 Residential and \$3,250 Commercial.

⁶ Current estimate from MOE consultant (9/2018) is \$650,000 in five years, an additional \$600,000 in the next 5 years and over \$2.7 million in the following 15 years.

Table 3
Muir Beach Community Services District
AWWA M1 Meter Ratios and MBCSD Meters

American Water Works Association								
Fixed Charge Meter Ratios								
AWWA M1	AWWA M1	AWWA M1	Example	MBCSD	MBCSD	MBCSD	MBCSD	MBCSD
Meter Size	Capacity	Factor	Rates	Proposed	Meters	Meters	Meters	Meters
		Based 5/8"			# of total	% of total	# Post SWP	% Post SWP
			Bi-monthly	Bi-monthly	156	156	156	156
5/8"	20	1.0	\$ 70.83	\$ 70.83	140	90%	87	56%
3/4"	30	1.5	\$ 106.25	\$ 70.83	8	5%	8	5%
1"	50	2.5	\$ 177.08	\$ 70.83	7	4%	60	38%
1.5"	100	5.0	\$ 354.15	\$ 354.15	1	1%	1	1%
2"	160	8.0	\$ 566.64	\$ 566.64	0	0%	0	0%
					156	100%	156	100%

Table 4
Muir Beach Community Services District
Proposed Water Capital Improvement Fund

User	Annual \$/connection Fee	Proposed \$/connection Tax
Residential Meters (5/8" - 1")	\$ 300	\$ 425
Commerical Meters (1.5")	\$ 3,250	\$ 2,125
25% of Revenues	\$ 28,125	\$ -
Contribution to WCI	\$ 77,875	\$ 68,000
Depreciation	\$ -	

Impact on the Water Consumer:

The result of the proposed water rate changes will increase the billing to a majority of the water users in Muir Beach. The level of increase is dependent upon the highest tier the water consumer is currently being charged. Customers currently in Tier 1 will see an average increase of 5% to 20% in their billing, while customers in Tier 2 and 3 will see the highest average increases between 26% to 50% due to transitioning from a tiered rate system where higher user customers previously benefited from discounts received in lower rate tiers. Tier 4 users will experience an average increase of 0% due to the inclusion previously of the one commercial customer that previously paid a higher WCI fee in that Tier, but then separately going forward, the one customer with the largest water meter capacity will see an average increase of 26%. (See table 5 below)

Table 5
Muir Beach Community Services District
Impact on Residential Consumer

Tier User	Current Average Annual Cost	Proposed Average Annual Cost	% Change
Tier 1	\$ 600	\$ 627	5%
Tier 2	\$ 730	\$ 919	26%
Tier 3	\$ 1,477	\$ 2,218	50%
Tier 4	\$ 8,734	\$ 8,748	0%
1.5" Meter size	\$ 14,448	\$ 18,232	26%

The Next Steps: Public process

1. Board and Public to review and discuss documents regarding the water rates and fee structure and provide comments at May 2019 meeting.
2. Consider adding an Annual Consumer Price Increase (CPI) tied to the Bay Area Consumer Price Index for San Francisco, Oakland, and Hayward for each of the 5 additional years.
3. Board to vote on Proposed Water Rate Increase and Revision – May 2019
4. Depending upon Board vote
 - a. Schedule Public Hearing with minimum 45-day comment period – July 24 or Aug 28, 2019
 - b. Send out Notice of Water Rate Increase Public Hearing by June 10 or July 12, 2019
5. First reading of new Water Rate Draft-Ordinance setting water rates - June 26, 2019 Board Meeting with ordinance going into effect retroactively to July 16, 2019 for the Sept 16, 2019 meter reading.

Appendix A

MBCSD Water Rate Analysis, Cost Assumptions, and Specific Calculations

1. Meter charges are based on infrastructure costs required to maintain a working water system with no water being consumed. These costs are: Lower tank Reserve and Pipe and Equipment Reserves.

	Capital Improvement Projects FY19/20 - FY23/24 - 5 years									
									Reserves	Reserves
Project	Cost	Years	Annual CIP	FY 19/20	FY 20/21	FY 21/22	FY 22/23	FY 23/24	LT Reserves	Pipe & Equip
LT Replacement - Phase 1	\$ 200,000	5	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 200,000	
Char Way pipeline - Ph 1	\$ 42,250	5	\$ 8,450	\$ 8,450	\$ 8,450	\$ 8,450	\$ 8,450	\$ 8,450		\$ 42,250
FVR Trans line - Phase 1	\$ 89,250	5	\$ 17,850	\$ 17,850	\$ 17,850	\$ 17,850	\$ 17,850	\$ 17,850		\$ 89,250
Total Annual Reserves			\$ 66,300	\$ 66,300	\$ 66,300	\$ 66,300	\$ 66,300	\$ 66,300		\$ 331,500

2. Meter Reading expenses are comprised of the cost to read the water meter every two months plus the customer billing bookkeeping costs. Total meter reading costs per year are \$7,400.

Meter Reading Expense	
Readers	\$ 2,400
Bookkeeping	\$ 5,000
Total	\$ 7,400

3. Debt Service Repayment is the amount owed to MBSD Government Services, which were incurred over the past many years. Balance due will change, but the payment is set at \$2,600 per year.

as of April 30, 2019	
Debt to Government Service	\$ 52,870
amortized over 20 years	\$ 2,644
Budgeted Annual Payment	\$ 2,600

4. FY 2019/2020 Draft-Budget

Water Department						
		Jul2017-June2018			Jul2018-Apr2019	
Water Revenue	Category	FY17/18 Budget	FY17/18 Actual	FY18/19 Budget	FY18/19 Actual	FY19/20 Budget
	Water Service Fee Revenue	fv 80,000	88,266	90,000	69,592	187,900
	Water Conservation Discount					(57,000)
	Meter Reading Fee + Bookkpg	F				7,400
	Water Service Revenue (Misc)	V 800	900	23,593	355	300
	Water Service Fee Net Revenue					138,600
	Water Cap Impr (Meter Charge)	F 50,000	50,296	50,350	26,658	68,000
	Cap Impr (25% of Service)	19,760	22,552	22,500	17,286	
	Interest Income	V			1,478	
	Grants/Donations for Water	V	11,000	-	8,850	-
	Water Revenue incl Cap Imp:	fv 150,560	173,014	186,443	124,219	206,600
	Move Cap Impr to Reserves:	F (50,000)	(50,296)	(50,350)	(26,658)	(68,000)
	Move 25% CPI Service to Reserves:	V (19,760)	(22,552)	(22,500)	(17,286)	
	Move Service Revenue (Misc) NPS			(23,193)		
	Water Cap Impr+ 25%CPI Reveues:	(69,760)	(72,848)	(96,043)	(43,944)	(68,000)
	Water Operations Revenue:	80,800	100,166	90,400	80,275	138,600
	Water Cap Impr Reserves:	69,760	72,848	72,850	43,944	68,000
Water Expense	Category	FY17/18 Budget	FY17/18 Actual	FY18/19 Budget	FY18/19 Actual	FY19/20 Budget
	Gen Exp (Water 20% Specific*):	F 44,390	29,618	20,540	16,337	-
	Gen Exp (WCI 20% Specific*):	44,390	29,618	20,540	16,337	-
	Gen Exp (40% Specific*) Sub-Total:	88,780	59,235	41,080	32,674	44,440
	Dedicated Expenses:					
	Bank Credit Card Fees (Customer)	V 3,300	3,730	4,400	3,289	4,400
	Bookkeeping (Water)	V 3,500	4,505	5,000	3,188	5,000
	Depreciation Expense					-
	Debt (Due to GF-20 years/no int)					2,600
	Dues & Memberships (Water)	F 1,340	402	1,360		400
	Grant Spending	V			8,850	
	Insurance (Water-G Liab+ % Umb)	F 6,000	-	2,000	2,002	2,000
	Legal Fees (Water)	V 2,000	1,425	2,000	2,263	2,000
	Other Operating (Water)	V 4,000	290	1,000	277	410
	Payroll (Water Sub-Contractors)	V		2,780	2,780	-
	Payroll (Compromise - WM)	F 6,000	6,000	6,000	5,000	5,000
	Payroll (Other Water Salaries)	F		2,500	960	500
	Water Management (Team)+WC	F 35,500	32,443	30,370	22,247	32,340
	Payroll Employer Taxes (Water)	F -	-	2,450	1,660	2,300
	Permits & Fees (Water)	F 2,500	2,237	1,360	966	1,360
	Repairs & Maintenance (Water)	V 25,000	13,564	25,000	3,888	15,000
	Supplies (Water)	V -	-	-	-	-
	Testing (Water) Full panel year	V 5,000	2,053	2,000	2,313	3,600
	Treatment (Water)	V 6,000	4,869	5,000	433	5,000
	Utilities: Elec (Water)	V 10,000	10,519	10,200	8,848	11,700
	Utilities: Tel (Ooma)	F -	-	160	36	250
	Dedicated Expense Sub-Total:	110,140	82,037	103,580	69,000	93,860
	Water Operations Expense Total:	154,530	111,655	124,120	85,337	138,300
	Water Conservation Reserve (Beginning Balance):					57,000
	Water Conservation Discount (Balance to Reserve):					\$ (57,000)
	Water Conservation Reserve (Ending Balance):					\$ -
	Water Ops Balance (Unassigned Revenue):	(73,730)	(11,489)	(33,720)	(5,062)	300
	Water Capital Improvement (Balance to Reserves):	25,370	43,230	52,310	27,607	68,000
	Depreciation Expense (Balance to WCI Reserves):					-
	Water Capital Improvement (Reserves):					178,730
	Water Capital Improvement (SWP) Spending:					(213,326)
	Water Capital Improvement (Reserves):					33,404
Notes:	Meter Reading charge \$2400 + Water bookkeeping \$5000 = \$7400					

5. MBCSD General overhead expenses are allocated to the Water department at a rate of 40% of specific costs: Audit, Health Insurance, Office Supplies and Postage, Meetings, Workers Compensation, District Manager Salary, Payroll taxes, Payroll Services and Website expenses.

Allocation of Govt. Svc Costs	
FY 2019/2020 Draft-Budget	\$ 44,440

6. All cost analyses are based on 156 water connections

7. Cost per Gallon calculations were based on the average of the historical water usage for the billing period ending the month of May for the years 2016, 2017, 2018. Annual volume: 8,604,004 gallons

MBCSD Water Consumption Worksheet												
1) Most Current Bi-monthly Billings past 12 months:												
Billing Date	Gals - Residential	Gals - Commercial	Total Gallons - R+C	Avg. Res Conspit	Total Residential Fees	Total Commercial Fees	Total Service Fee	Water Users by Tier				Total
								T1	T2	T3	T4	
3/16/18	1,237,684	77,568	1,315,252	7,934	\$14,781.89	\$1,129.11	\$15,911.00	49	66	37	4	156
5/16/18	1,313,932	116,314	1,430,246	8,423	\$15,670.13	\$1,756.81	\$17,426.94	45	64	44	3	156
7/16/18	1,619,976	154,761	1,774,737	10,384	\$19,368.83	\$2,379.65	\$21,748.48	40	55	52	9	156
9/16/18	1,499,982	153,116	1,653,098	9,615	\$17,793.98	\$2,353.00	\$20,146.98	43	58	49	6	156
11/16/18	1,473,121	132,620	1,605,741	9,443	\$17,213.49	\$2,020.96	\$19,234.45	42	58	50	6	156
1/16/19	990,535	104,496	1,095,031	6,350	\$12,177.76	\$1,565.36	\$13,743.12	60	70	24	2	156
Total 12 mths	8,135,230	738,875	8,874,105		\$97,006.08	\$11,204.89	\$108,210.97					156
Avg. 12 mths	1,355,872	123,146	1,479,018	8,691	\$16,167.68	\$1,867.48	\$18,035.16	46	62	43	5	156
Avg % Total Users		Median	1,517,994					29%	40%	28%	3%	100%
2) Past May billings												
5/16/16	1,390,011	188,272	1,578,283	8,968	\$17,304.40	\$2,922.53	\$20,226.93	45	75	29	6	155
5/16/17	1,142,699	150,774	1,293,473	7,372	\$13,773.98	\$2,315.06	\$16,089.04	45	82	27	2	156
5/16/18	1,313,932	116,314	1,430,246	8,477	\$15,670.13	\$1,756.81	\$17,426.94	45	64	44	3	156
		Median	1,430,246									
		Average	1,434,001									
		Annual Volume	8,604,004									
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												

It should be noted that the May billing is very similar to the average annual billing.

Suggested Revision to Proposed Rate Increase

\$ per 100 Gallons:	\$	2.00		
<u>Conservation Discounts</u>		<u>Gallons</u>		
T1	-50%	0 to 4,500		
T2	-43%	4,501 to 10,000		
T3	-30%	10,001 to 30,000		
T4	0%	30,001+		
<u>Existing Rates</u>	<u>Gallons</u>	<u>Bi-Mo \$</u>		
T1	4,500	\$ 99.92	(includes \$49.92 flate charge and \$50 WCI)	
T2	7,250	\$ 125.22		
T3	20,000	\$ 279.52		
T4	75,000	\$ 1,137.52		
T4 - High Usage	180,000	\$ 2,838.52		
<u>Modified Rates</u>	<u>Gallons</u>	<u>Bi-Mo \$</u>		
T1	4,500	\$ 123.73	(includes \$78.73 flat charge)	
T2	7,250	161.38		
T3	20,000	358.73		
T4	75,000	1,578.73		
T4 - High Usage	180,000	3,962.05	(includes \$362.05 flat charge (1.5" meter)	
<u>Comparison</u>				
	<u>% Increase</u>	Note: Last rate increase was 9 years ago in 2010		
T1	23.8%			
T2	28.9%			
T3	28.3%			
T4	38.8%			
T4 - High Usage	39.6%			
For reference, having a 25% increase in current rates (at 7,250 gallon usage level, being the middle of Tier 2), and a 33% increase in WCI (\$300/year to \$400/year), results in a <u>28.3% combined increase</u> .				



MUIR BEACH COMMUNITY SERVICES DISTRICT

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

Draft — Budget

Fiscal Year 2019/2020

Draft Version for May 28, 2019 Board Meeting

The proposed FY 19/20 Draft-Budget is being presented to the MBCSD Board as a first reading expecting further input and comment. It is a balanced budget that meets all State mandatory minimum requirements, will meet all State Proposition 218 and CA Constitutional requirements for Water Operations, and is based on sound accounting principles and practices. It has been developed as a framework to achieve the District's goals and objectives, both present and future, within the constraints of revenue sources and strategic planning.

This Draft- Budget is projected to have year-end unrestricted funds of \$208,667 after an intensive year of capital spending for projects in both Roads and Recreation. The Water Department budget has a projected overall revenue increase of 23% to fill the previous deficit spending gap. Water service fee revenue will increase by \$20,648 with year-end projected restricted Water Capital Reserves of \$33,404 after completion of the Sunset Way Water line project.

The Fire department will benefit by an average \$52,000 increase in grant funding and have expected restricted reserves of \$208,667. Recreational capital spending will stay within a strict measure A planning budget, but deficit spending for other recreational activities is not completely covered by CC rentals, although the rentals do currently supplement the recreational and community activities by about 40-50%.

If the Board and public has any specific item of interest, I am available to answer any questions.
Please note:

- May 28, 2017 Board Meeting Draft-budget includes current actuals thru April 2019.
- Second reading of the Final FY19/20 Draft-Budget will be presented at the June 26, 2019 Board Meeting for further comment and Board approval.
- Fire Department Draft-Budget still needs Fire Chief's review and input.

Muir Beach Community Services District: Budget for FY 2019/2020 - Draft 1 (60%/40%)

General - Revenue and Expenses Apportioned To All Departments						
			Jul2017-June2018		Jul2018-Apr2019	
Gen Revenue	Category	FY17/18 Budget	FY17/18 Actual	FY18/19 Budget	FY18/19 Actual	FY19/20 Budget
	Property Taxes (Unassigned)	102,300	107,675	110,000	108,303	115,000
	Excess ERAF (Unassigned)	60,000	75,990	75,000	47,156	75,000
	Interest Income (Unassigned)	800	797	6,000	979	100
	Other Income (Unassigned)	-	628	-	368	-
	Gen Revenue Total:	163,100	185,090	191,000	156,806	190,100
Gen Expense	Category	FY17/18 Budget	FY17/18 Actual	FY18/19 Budget	FY18/19 Actual	FY19/20 Budget
	Audit (includes fees+bookkeeping)	F 29,000	28,769 *	8,000	8,100 *	9,000
	Bank & Credit Card Fees (District)	F 500	120	200	10	10
	Bookkeeping	F 15,000	18,802	17,000	11,747	15,000
	Dues & Memberships	F 1,300	1,073	1,500	1,394	1,400
	Insurance: Health (DM)	F 9,600	9,160 *	9,300	7,758 *	9,400
	Insurance: (Blanket+Gen Lb+Umb)	F 7,000	5,946	4,000	4,003	4,000
	Insurance: WComp (Board)	F				70
	Insurance: WComp (DM)	F 2,400	145 *	1,200	762 *	1,200
	Legal Fees	V 2,500	4,620	5,000	167	2,500
	Meetings (inc minutes)	F		4,500 *	3,720 *	4,800
	Office & Postage	F 1,000	2,890 *	2,000	2,019 *	2,000
	Other Operating	V 4,000	4,533	500	584	500
	Payroll: Salary (DM)	F 119,600	91,222 *	65,000	54,557 *	75,000
	Payroll: Employer Taxes (DM)	F 8,400	6,933 *	5,200	4,174 *	5,700
	Payroll Service: Fees	F 1,500	1,826 *	2,000	1,619 *	2,000
	Permits & Fees (non election year)	F 4,000	3,067	2,300	1,747	1,000
	Repair & Maint (non-department)	V 4,000	679	2,000		2,000
	Tree Management Program	F 4,000	-	4,000	8,475	8,000
	Supplies: (non-water)	V 1,000	1,323	1,200	6	1,000
	Utilities: Telephone (RingCentral)	F 150	448	200	307	200
	Website & Doc Management	F 4,000	2,610 *	5,000		2,000 *
	Gen Exp Total:	218,950	184,166	140,100	111,149	146,780
	Gen Bal (Prior to Dept Allocations) :	(55,850)	924	50,900	45,657	43,320
	Gen Bal (Dept Allocations):					44,440.0
	Gen Bal (After Dept Allocations) :					87,760.0
General Notes:	1. Apportionment: General Expenses are assigned to departments by the following percentages: General = 60%, Water = 20%, WC = 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 for FY 2019/2020 - Draft 1 (60%/40%)

Fire Department						
			Jul2017-June2018		Jul2017-Apr2018	
Fire Revenue	Category	FY17/18 Budget	FY16/17 Actual	FY18/19 Budget	FY18/19 Actual	FY19/20 Budget
	Special Parcel Tax for Fire	33,400	36,386	34,930	34,244	37,320
	Grants/Donations for Fire		3,000			
	Grants for Fire (Measure W)					52,000
	Grants for Fire (VFA Firehouse) CE		15,000			
	Grants for Fire (West Marin)	8,400	16,800	8,400		8,400
	Fire Operations incl Cap Imp Rev:	41,800	71,186	43,330	34,244	97,720
	Deduct Cap Imp Revenue:		(15,000)			
	Fire Operations Revenue:		56,186		34,244	97,720
Fire Expense	Category	FY17/18 Budget	FY17/18 Actual	FY18/19 Budget	FY18/19 Actual	FY19/20 Budget
	Gen Exp (10% Share) Sub-Total:	22,195				
	Dedicated Expenses:					
	Emergency Preparedness	1,000	605	2,000	785	2,000
	Membership Dues	150	326	330	316	330
	Fire Equipment & Tools	2,750	5,008	3,800	7,120	6,000
	Fire Training/Certification	8,150	133	6,000	5,400	4,000
	Fire Truck: Maint/Repairs	6,000	4,859	6,000	4,315	6,000
	Insurance: VFIS	6,000	5,712	6,000		6,000
	Insurance: Workers Comp	4,500	2,889	3,000	2,157	2,800
	Legal Fees	500	-	1,000	-	1,000
	Other Operating (Fire)				721	500
	Supplies: Medical	110	1,052	2,000	1,658	1,000
	Supplies: Sta wear/Turnouts/Other	805	11,240	4,000	1,217	8,000
	Utilities: Electric	1,300	206	200	266	350
	Utilities: Phone, Radio	600	1,129	600	949	1,130
	Dedicated Expense Sub-Total:	31,865	33,159	34,930	24,904	38,610
	Fire Operations Expense Total:	54,060	33,159	34,930	24,904	38,610
	Fire Ops Balance (Prior to Unassigned Revenue):	(12,260)	23,027	8,400	9,340	59,110

Muir Beach Community Services District: Budget for FY 2019/2020 - Draft 1 (60%/40%)

Recreation Department						
			Jul2017-June2018		Jul2017-Apr2018	
Rec Revenue	Category	FY17/18 Budget	FY17/18 Actual	FY18/19 Budget	FY18/19 Actual	FY19/20 Budget
	Community Center Classes	1,200	1,167	1,200	1,175	1,200
	Community Center Functions +(XF)	1,200	1,896	1,200	2,800	2,800
	Donations and Grants for Rec		-		-	
	Measure A Tax	37,000	35,606	35,000	37,914	A 38,579
	Rentals	28,000	18,285	18,000	10,455	18,000
	Rec Operations Revenue Total:	67,400	56,954	55,400	52,344	60,579
	Rec Ops non-Measure A Total:					22,000
Rec Expense	Category	FY17/18 Budget	FY17/18 Actual	FY18/19 Budget	FY18/19 Actual	FY19/20 Budget
	General Expenses (10% Share):	22,195	NA	NA	NA	NA
	Gen Exp (10% Share) Sub-Total:	22,195			-	
	Dedicated Expenses:					
	Community Center Classes	1,000	799	1,000	828	A 1,000
	Community Center Functions	6,000	6,721	7,500	6,372	A 8,700
	Legal Fees (Rec)	0		-	-	-
	Measure A Projects					38,579
	Other Operating	100	2,358	200	40	100
	Payroll (Rec)	15,000	14,822	15,000	11,794	15,000
	Payroll (WC)		786	1,000	976	1,050
	Payroll Employer Taxes (Rec)	1,200	1,126	1,200	902	1,200
	Rental Expense (CC)			4,600	5,254	4,600
	Repairs & Maintenance (Rec)	1,200	28,625	10,000	4,750	A 4,000
	Trails Maintenance (budget)	1,500	-	1,500	2,600	1,500
	Supplies (Rec)	2,000	2,585	2,700	2,098	2,500
	Utilities: Elec (Rec)	1,000	931	1,100	832	1,200
	Utilities: Phone (Rec - Ooma)	50	-	80	10	80
	Utilities: Propane (Rec)	300	61	200	298	300
	Utilities: Refuse (Rec)	900	1,194	1,600	707	800
	Dedicated Expense Sub-Total:	30,250	59,222	47,680	37,461	80,609
	Non-Measure A Expense Total:	52,445	59,222	47,680	37,461	42,030
	Rec Ops Balance (Prior to Unassigned Revenue):	14,955	(2,268)	7,720	14,883	(20,030)

Muir Beach Community Services District: Budget for FY 2019/2020 - Draft 1 (60%/40%)

Roads Department						
			Jul2017-June2018		Jul2018-Apr2019	
Roads Revenue	Category	FY17/18 Budget	FY17/18 Actual	FY18/19 Budget	FY18/19 Actual	FY19/20 Budget
	Fees for Roads	-	-		-	
	Donations for Roads	-	-		-	
	Grants for Roads	-	16,551		8,462	
	Roads Operations Revenue Total:	-	16,551		8,462	
Roads Expense	Category	FY17/18 Budget	FY17/18 Actual	FY18/19 Budget	FY18/19 Actual	FY19/20 Budget
	General Expenses (10-20% Share):		NA	NA	NA	NA
	Gen Exp (10% Share) p/ project:	22,195				
	Dedicated Expenses:					
	Legal Fees (Roads)				3,446	
	Other Operating (Roads)				449	
	Payroll (Roads)		3,398	3,000	1,670	3,000
	Payroll Employer Taxes (Roads)		272	240	128	240
	Payroll (WC)		190	200	72	150
	Repairs & Maint (Gen Exp/Roads)	15,000	13,516	25,000	1,407	25,000
	Supplies (Roads)				64	
	Dedicated Expense Sub-Total:	15,000	17,186	28,440	7,236	28,390
	Roads Operations Expense Total:	37,195	17,186	28,440	7,236	28,390
	Roads Ops Balance (Prior to Unassigned Revenue):	(37,195)	(635)	(28,440)	1,226	(28,390)
	Capitla Spending:					
	Sunset Way Project					\$ 716,315
	Total Capital Spending:					\$ 716,315

Muir Beach Community Services District: Budget for FY 2019/2020 - Version 1 (60%/40%)

Water Department							
				Jul2017-June2018		Jul2018-Apr2019	
Water Revenue	Category		FY17/18 Budget	FY17/18 Actual	FY18/19 Budget	FY18/19 Actual	FY19/20 Budget
	Water Service Fee Revenue	fv	80,000	88,266	90,000	69,592	187,900
	Water Conservation Discount						(57,000)
	Meter Reading Fee + Bookkpg	F					7,400
	Water Service Revenue (Misc)	V	800	900	23,593	355	300
	Water Service Fee Net Revenue						138,600
	Water Cap Impr (Meter Charge)	F	50,000	50,296	50,350	26,658	68,000
	Cap Impr (25% of Service)		19,760	22,552	22,500	17,286	
	Interest Income	V				1,478	
	Grants/Donations for Water	V		11,000	-	8,850	-
	Water Revenue incl Cap Imp:	fv	150,560	173,014	186,443	124,219	206,600
	Move Cap Impr to Reserves:	F	(50,000)	(50,296)	(50,350)	(26,658)	(68,000)
	Move 25% CPI Service to Reserves	V	(19,760)	(22,552)	(22,500)	(17,286)	
	Move Service Revenue (Misc) NPS				(23,193)		
	Water Cap Impr+ 25%CPI Reveues:		(69,760)	(72,848)	(96,043)	(43,944)	(68,000)
	Water Operations Revenue:		80,800	100,166	90,400	80,275	138,600
	Water Cap Impr Reserves:		69,760	72,848	72,850	43,944	68,000
Water Expense	Category		FY17/18 Budget	FY17/18 Actual	FY18/19 Budget	FY18/19 Actual	FY19/20 Budget
	Gen Exp (Water 20% Specific*):	F	44,390	29,618	20,540	16,337	-
	Gen Exp (WCI 20% Specific*):		44,390	29,618	20,540	16,337	-
	Gen Exp (40% Specific*) Sub-Total:		88,780	59,235	41,080	32,674	44,440
	Dedicated Expenses:						
	Bank Credit Card Fees (Customer)	V	3,300	3,730	4,400	3,289	4,400
	Bookkeeping (Water)	V	3,500	4,505	5,000	3,188	5,000
	Depreciation Expense						-
	Debt (Due to GF-20 years/no int)						2,600
	Dues & Memberships (Water)	F	1,340	402	1,360		400
	Grant Spending	V				8,850	
	Insurance (Water-G Liab+ % Umb)	F	6,000	-	2,000	2,002	2,000
	Legal Fees (Water)	V	2,000	1,425	2,000	2,263	2,000
	Other Operating (Water)	V	4,000	290	1,000	277	410

Muir Beach Community Services District: Budget for FY 2019/2020 - Version 1 (60%/40%)

	Payroll (Water Sub-Contractors)	V				2,780	2,780	-
	Payroll (Compromise - WM)	F	6,000	6,000	6,000	5,000	5,000	
	Payroll (Other Water Salaries)	F			2,500	960	500	
	Water Management (Team)+WC	F	35,500	32,443	30,370	22,247	32,340	
	Payroll Employer Taxes (Water)	F	-	-	2,450	1,660	2,300	
	Permits & Fees (Water)	F	2,500	2,237	1,360	966	1,360	
	Repairs & Maintenance (Water)	V	25,000	13,564	25,000	3,888	15,000	
	Supplies (Water)	V	-	-	-	-	-	
	Testing (Water) Full panel year	V	5,000	2,053	2,000	2,313	3,600	
	Treatment (Water)	V	6,000	4,869	5,000	433	5,000	
	Utilities: Elec (Water)	V	10,000	10,519	10,200	8,848	11,700	
	Utilities: Tel (Ooma)	F	-	-	160	36	250	
	Dedicated Expense Sub-Total:		110,140	82,037	103,580	69,000	93,860	
	Water Operations Expense Total:		154,530	111,655	124,120	85,337	138,300	
	Water Conservation Reserve (Beginning Balance):							57,000
	Water Conservation Discount (Balance to Reserve):							\$ (57,000)
	Water Conservation Reserve (Ending Balance):							\$ -
	Water Ops Balance (Unassigned Revenue):		(73,730)	(11,489)	(33,720)	(5,062)	300	
	Water Capital Improvement (Balance to Reserves):		25,370	43,230	52,310	27,607	68,000	
	Depreciation Expense (Balance to WCI Reserves):							-
	Water Capital Improvement (Reserves):							178,730
	Water Capital Improvement (SWP) Spending:							(213,326)
	Water Capital Improvement (Reserves):							33,404
Notes:	Meter Reading charge \$2400 + Water bookkeeping \$5000 = \$7400							

MUIR BEACH CSD 2019/20 FULL YEAR CASH PROJECTION

	Fire	Recreation	Roads
Beginning Cash Balance as of 7/1/19	\$ 184,156	\$ -	\$ -
Sources of Income			
Income	\$ -	\$ 22,000	\$ -
Expenses	\$ (38,610)	\$ (42,030)	\$ (28,390)
Overhead Allocation from Gen.	\$ -	\$ -	\$ -
Net Income from Operations	\$ (38,610)	\$ (20,030)	\$ (28,390)
Depreciation	\$ -	\$ -	\$ -
Non-Cash Transactions	\$ -	\$ -	\$ -
Tax/Fee Initiatives	\$ 33,400	\$ -	\$ -
Grants	\$ 60,400	\$ 38,579	\$ -
Other (WCI reserve)	\$ -	\$ -	\$ -
Total Sources	\$ 55,190	\$ 18,549	\$ (28,390)
Uses of Income			
Capital Expenditures	\$ -	\$ (38,579)	\$ (716,315)
Transfer of Water Funds to WCI	\$ -	\$ -	\$ -
Total Uses	\$ -	\$ (38,579)	\$ (716,315)
Change in Cash Flow from Operations	\$ 55,190	\$ (20,030)	\$ (744,705)
Ending Cash Balance (projected 6/30/20)	\$ 239,346	\$ (20,030)	\$ (744,705)
Net Operating Income/Loss from Water Dept			
WCI - Beginning Cash Balance 7/1/19			
Funds moved into WCI Fund			
Depreciation Expense moved to WCI			
Capital Expenditures			
Overhead Allocation from Gen.			
WCI Cash Balance (projected 6/30/20)			
Amount Owed to Government Svc (2019/2020 only)			
Debt payment			

Projected Balance 6/30/20

1. Capital Expenditures:

A. Measure A: \$38,579

B. Sunset Way Pr - Roads: \$716,315

C. Sunset Way Pr - Water: \$213,326

2. Restricted Funds

Projected Balance 6/30/20

3. Unrestricted Funds

Projected Balance 6/30/20

4. Assigned Funds

Projected Balance 6/30/20

\$ 239,346

ONS

General	Total Govt Svc	Water	Total
\$ 919,046	\$ 1,103,202	\$ -	\$ 1,103,202
\$ 190,100	\$ 212,100	\$ 138,600	\$ 350,700
\$ (102,340)	\$ (211,370)	\$ (93,860)	\$ (305,230)
	\$ -	\$ (44,440)	\$ (44,440)
\$ 87,760	\$ 730	\$ 300	\$ 1,030
\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -
\$ -	\$ 33,400	\$ -	\$ 33,400
\$ -	\$ 98,979	\$ -	\$ 98,979
\$ -	\$ -	\$ 68,000	\$ 68,000
\$ 87,760	\$ 133,109	\$ 68,300	\$ 201,409
\$ -	\$ (754,894)		\$ (754,894)
\$ -	\$ -	\$ (68,000)	\$ (68,000)
\$ -	\$ (754,894)	\$ (68,000)	\$ (822,894)
\$ 87,760	\$ (621,785)	\$ 300	\$ (621,485)
\$ 1,006,806	\$ 481,417	\$ 300	\$ 481,717
		\$ 300	
		\$ 178,730	
		\$ 68,000	
		\$ -	
		\$ (213,326)	
		\$ -	
		\$ 33,704	
		\$ (42,592)	
		\$ 2,600	

		\$ (39,992)	
		\$ 33,404	
			\$ 208,667
		\$ 300	