



SIERRA CLUB MARIN GROUP

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Board of Directors
North Marin Water District (NMWD)
999 Rush Creek Place Novato, CA 94945

Dear Board:

We understand that you are to discuss at your June 27 meeting in Point Reyes Station an upgrade of your water treatment plant, which, if approved, would be funded by an increase in water rates. We urge that NMWD take this opportunity to rationalize its rate structure and implement conservation tiering.

Conservation tiering is a proven best management practice, yet NMWD, alone among major Marin Water suppliers, has a flat rate structure that varies only to account for increased pumping costs to higher elevations. Conservation tiering need not replace that elevation differential, but rather can be added to it if NMWD wishes to retain it.

We understand that conservation tiering requires more billing categories and thus might be seen as a bit more cumbersome to administer. However, currently, NMWD has six categories of fixed charges and six categories of usage charges in multiple combinations. In allocating the costs for the new treatment plant, NMWD should take the opportunity to see if some of the current billing complexity can be rationalized so that conservation tiering can be more easily implemented.

There are accepted methods for building in a reasonable factor to assure adequate funding in the event that conservation does, as we hope, reduce, consumption. In general, we urge that NMWD minimize the percentage of its necessary revenue that comes from fixed charges and maximize the percentage from usage charges. The allocation of the new water treatment costs can be a significant step toward this goal

Lastly, there are several methods for implementing conservation tiering, all of which would be an improvement over the current structure. Ideally, we would urge that there be at least 3 tiers. For example, tier one could be a residential baseline rate for the bottom third of the usage bell curve, which would have the smallest increase due to the treatment plant cost. Next would be the middle third of residential users, who would see a moderate increase, and the top third of the bell curve would see the majority of the increase. We understand that commercial/industrial users have different needs, however, it is also true that in most cases, their water costs are deductible, thus already providing these users with a ~35% discount compared to residential users.

Whatever form conservation tiering takes must be both reasonable and able to be administered. This is the opportunity for NMWD to take a meaningful step.

Sincerely,

Gordon Bennett, Chair
Sierra Club Marin Group