Response to Grand Jury Report Form

Report Title: ***Sustaining Marin's Fragile Water Supply***

Report Date: May 20, 2008

Response by: Marin Municipal Water District

By:

FINDINGS

- I (we) agree with the findings numbered: F1 through F5 and F7 through F9
- I (we) disagree wholly or partially with the findings numbered: F6 and F10

RECOMMENDATIONS

- Recommendations numbered _____ have been implemented.
- Recommendations numbered R1 (portions thereof), R2 and R3 have not yet been implemented, but will be implemented in the future.
- Recommendation numbered _____ requires further analysis.
- Recommendations numbered R1 (one portion thereof) will not be implemented because they are not warranted or are not reasonable.

Date: July 7, 2008 Signed: Paul Helliker

General Manager
Marin Municipal Water District

Number of pages attached: 2

Finding F6: MMWD can offset revenue decreases from increased conservation through a revised pricing strategy. This includes general rate increase guidelines on timing (annual or biennial), size (sufficient to cover inflation and business costs), and adequate time for Board consideration of public comments before the new rates take effect. In addition, the District has not yet undertaken the comprehensive study approved in its 2007 Water Conservation Master Plan of how the current tier rate structure could be improved.

Response: This finding is mostly accurate, but the reference to a "comprehensive study" approved in the 2007 Conservation Master Plan is potentially misleading. The reference from the 2007 Plan is the following policy recommendation:

"Staff recommends a comprehensive study of the District's tiered rate structure, entitlements, connection fees, and water budgets be performed. As many as one-half of the water budgets in the District are inaccurate and based on inefficient historical use patterns."

The focus of this recommendation is on updating water entitlements and the fees that are associated with them, due to the fact that they may be larger than necessary to meet the potable water needs of any particular customer. A review of the tiered rate structure would be related to this proposed effort.

Finding F10: Other options to substantially increase MMWD's water supply at this time are too expensive, have little to no potential, or are far in the future. They include expanding recycled water facilities, building or expanding reservoirs, and East Bay pipeline, a regional desalination plant, and sourcing more groundwater.

Response: While most of this finding is accurate, the potential for connecting to the East Bay Municipal Utility District's transmission system and participating in the regional desalination plant is still being evaluated as a possible option. Consequently, MMWD believes that concluding categorically that this option is not viable is still premature. Furthermore, some recycled water facilities may make economic sense to pursue, particularly if additional state and federal grant funding is available.

Recommendation R1: MMWD implement rate increase guidelines in FY 2009 to provide: (1) more structure on their timing and size, and (2) adequate time for Board consideration of public comments before rate increases take effect.

Response: The first item of this recommendation is appropriate and MMWD plans to implement it. The second item is appropriate as a general guideline, but the discussion in the report is based on an apparent misunderstanding of the Proposition 218 process for modifying water utility rates. MMWD is required to develop and distribute to all of its customers a statement of any proposed rate increases, including a description of the manner in which such increases can be opposed. After a minimum 45-day public review and comment period, the MMWD Board then holds a hearing on the proposed rates and either adopts them as proposed, or initiates another public notification and

comment period, if any components of the rate increase are modified. The rate increase may not go into effect if a majority of MMWD customers provide written protests before or during the public hearing. Consequently, the report's recommendation that some period of time elapse between the public hearing at which a new rate is adopted and the effective date of the new rate would not necessarily result in any benefit to the ratesetting process.

MARIN MUNICIPAL WATER DISTRICT

220 Nellen Avenue Corte Madera CA 94925-1169
www.marinwater.org

July 7, 2008

The Honorable Verna Adams
Marin County Superior Court
Post Office Box 4988
San Rafael, CA 94913-4988

Roberta Robinson, Foreperson
Marin County Grand Jury
3501 Civic Center Dr, Room #275
San Rafael, CA 94903

Re: Response to Marin County Civil Grand Jury Report entitled Sustaining Marin's Fragile Water Supply"

Your Honor and Madam Foreperson:

Enclosed is the District's response to the May 20, 2008 Grand Jury report entitled "Sustaining Marin's Fragile Water Supply" which was discussed and approved at a meeting of the Marin Municipal Water District Board of Directors' held June 18, 2008.

Should you need anything further, I can be reached at 415 945-1448.

Sincerely,

Stephanie Eichner-Gross
Administrative Secretary

Enclosure: as stated

recycled
recyclable