



FORT ORD REUSE AUTHORITY

REGULAR MEETING

FORT ORD REUSE AUTHORITY (FORA) WATER/WASTEWATER OVERSIGHT COMMITTEE

Wednesday, January 3, 2018 at 9:30 a.m.

(or at the end of the Administrative Committee meeting, whichever occurs later)

920 2nd Avenue, Suite A, Marina CA 93933 (FORA CIC)

AGENDA

1. CALL TO ORDER/ESTABLISHMENT OF QUORUM
2. PLEDGE OF ALLEGIANCE
3. ACKNOWLEDGEMENTS, ANNOUNCEMENTS AND CORRESPONDENCE
4. PUBLIC COMMENT PERIOD

Members of the public wishing to address the Committee on matters within its jurisdiction, but not on this agenda, may do so for up to 3 minutes and will not receive Committee action. Whenever possible, written correspondence should be submitted to the Committee in advance of the meeting, to provide adequate time for its consideration.

5. APPROVAL OF MEETING MINUTES

- a. December 13, 2017 Meeting Minutes ACTION

6. BUSINESS ITEMS

Business items are for Committee discussion, debate, direction to staff, and/or action. Comments from the public are not to exceed 3 minutes or as otherwise determined by the Chair.

- a. Set 2018 WWOC Calendar ACTION
- b. MCWD CIP INFORMATION/ACTION
 - i. **Recommendation:** Consider recommending the adjusted 5-year CIP to MCWD for use in the 2018 rate study.
- c. MCWD Rate Study Workshop with WWOC INFORMATION/ACTION
 - i. **Recommendation:** Consider recommending balanced rate approach to MCWD Board.
 - ii. **Recommendation:** Consider recommending to MCWD a 2-tier structure for future rates.
- d. Report from MCWD on Status of CSUMB RUWAP Easement INFORMATION
- e. 3-party Agreement Status Report INFORMATION

7. ITEMS FROM MCWD

8. ITEMS FROM MEMBERS

Receive communication from Committee members as it pertains to future agenda items.

9. ADJOURNMENT

NEXT MEETING: January 17, 2018

For information regarding items on this agenda or to request disability related modifications and/or accommodations please contact the FORA office at (831) 883-3672, 48 hours prior to the meeting. Agendas are available on the FORA website at www.fora.org.



**FORT ORD REUSE AUTHORITY
WATER/WASTEWATER OVERSIGHT COMMITTEE
MEETING MINUTES**

920 2nd Avenue, Suite A, Marina CA 93933 | FORA CIC
9:30 a.m., Wednesday, December 13, 2017

1. CALL TO ORDER

Chair Rick Riedl called the meeting to order at 9:45 a.m.

The following were present:

AR = After Roll Call

Committee Members:

Rick Riedl, City of Seaside
Brian McMinn, City of Marina
Dino Pick, City of Del Rey Oaks
Nick Nichols, County of Monterey
Mike Lerch, CSUMB

Other Attendees:

Mike Wegley, MCWD
Kelly Cadiente, MCWD
Patrick Breen, MCWD
Doug Yount, MCP
Sean Kranyak, MPP
Ken Nishi
Pierce Rossum, Carollo Engineers

FORA Staff:

Steve Endsley
Jonathan Brinkmann
Peter Said
Ikuyo Yoneda-Lopez

2. PLEDGE OF ALLEGIANCE led by Mike Wegley

3. ACKNOWLEDGEMENTS, ANNOUNCEMENTS, AND CORRESPONDENCE

None.

4. PUBLIC COMMENT PERIOD

5. APPROVAL OF MEETING MINUTES

a. **MOTION:** Nick Nichols moved to approve the August 16, 2017 Water/Wastewater Oversight Committee (WWOC) minutes. Seconded by Brian McMinn.

MOTION PASSED: UNANIMOUSLY

6. BUSINESS ITEMS

a. MCWD Rate Study Workshop with WWOC

Mr. Pierce Rossum of Carollo Engineers provided a presentation regarding the MCWD Rate Study and Cost Allocation Analysis, and they responded to questions and comments from the Committee and public.

Items raised for consideration by the Committee include a review of the 5-year Capital Improvements used for the rate study, which rate approach to recommend to MCWD, and WWOC consideration of a MCWD shift to a 2-tier rate structure.

b. Report of MCWD Master Plan

Mike Wegley, District Engineer, presented the status of the MCWD Master Plan to the Committee and responded to questions and comments from the Committee and public. For the next meeting, Mr. Wegley will provide future use assumptions and a calendar for Master Plan review by the WWOC. MCWD will also forward the General Plan for 'existing' systems in place to all members.

MCWD will provide the cost breakdown for each CIP project, the percentage covered by rates and percentage covered by capacity at next meeting.

7. ITEMS FROM MCWD

None.

8. ITEMS FROM MEMBERS

a. The Committee expressed concern that additional meetings were needed to further discuss the MCWD Rate Study. January 3, 2018 was proposed by the group for an additional meeting.

MOTION: Chair Rick Reidl moved to meet on January 3, 2018 to discuss the MCWD Rate Study. Seconded by Brian McMinn.

MOTION PASSED: UNANIMOUSLY

b. Mindful of the length of the meeting (11:44 A.M), Mr. Steve Endsley recommended that the Committee continue with item 6c on the Agenda at a later date.

MOTION: Committee Member Dino Pick moved to discuss Agenda item 6c (Report from MCWD on status of CSUMB RUWAP easement) at the next meeting. Seconded by Nick Nichols.

MOTION PASSED: UNANIMOUSLY

9. ADJOURNMENT

Chair Reidl adjourned the meeting at 11:44 A.M.

NEXT MEETING: January 3, 2018

Comprehensive Rate Study & Cost Allocation Analysis

Public Workshop | December 4, 2017



WATER
OUR FOCUS
OUR BUSINESS
OUR PASSION



carollo
Engineers...Working Wonders With Water®

Today's Workshop: Present findings and solicit Board input on rate design and fiscal policy considerations

Financial Outlook and Challenges



Financial Planning Scenarios



Rate Structure Recommendations



Next Steps / Q&A





Financial Outlook and Challenges

Financial Plan: Review uses three tests to assess the viability of the rates and corresponding revenues



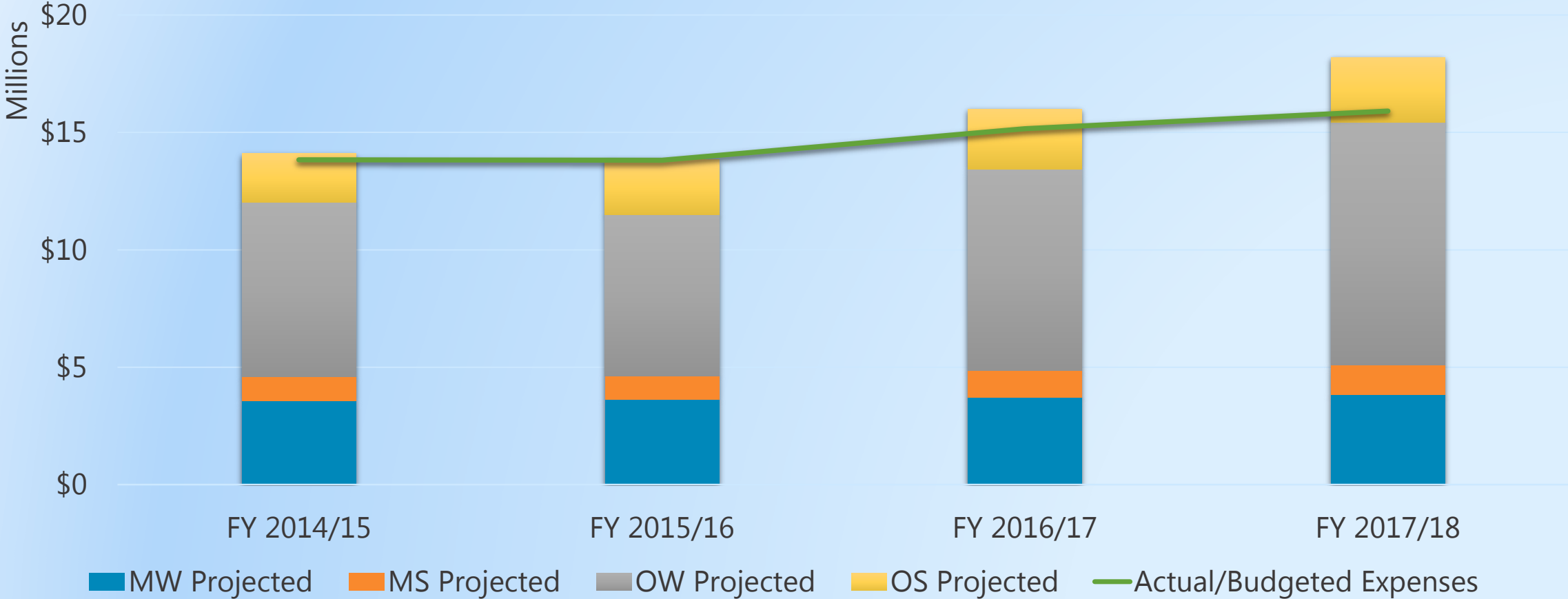
Do the rates fully fund operating expenditures?

Is there sufficient revenue for bond coverage?

Is the capital plan fully funded through rates, reserves, and/or debt?

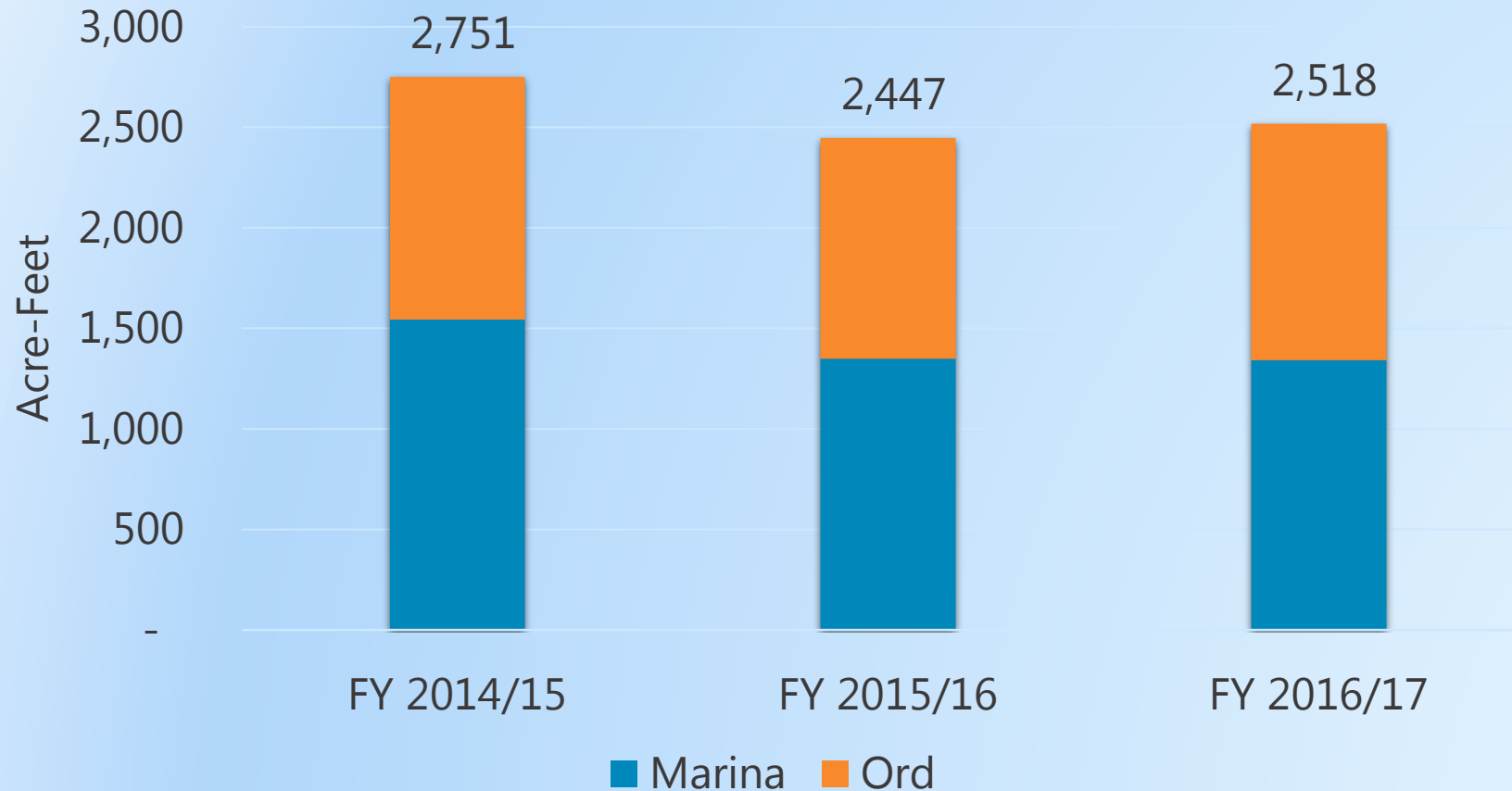
O&M expenses have kept pace with projected levels from the last rate study, and have even fallen below projections this year

Projected vs. Actual/Budgeted Expenses



Like most utilities in California, the financial plan is impacted by recent conservation, and ongoing capital funding needs

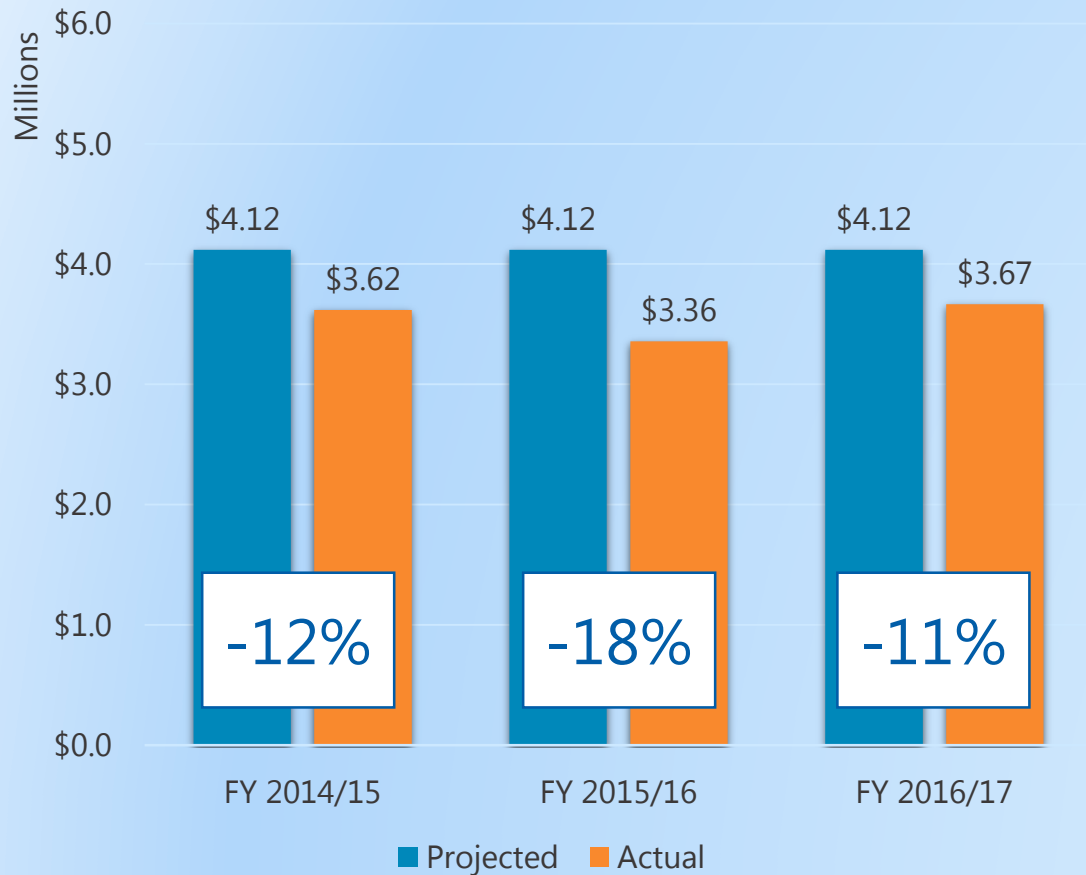
Water Demand Trends



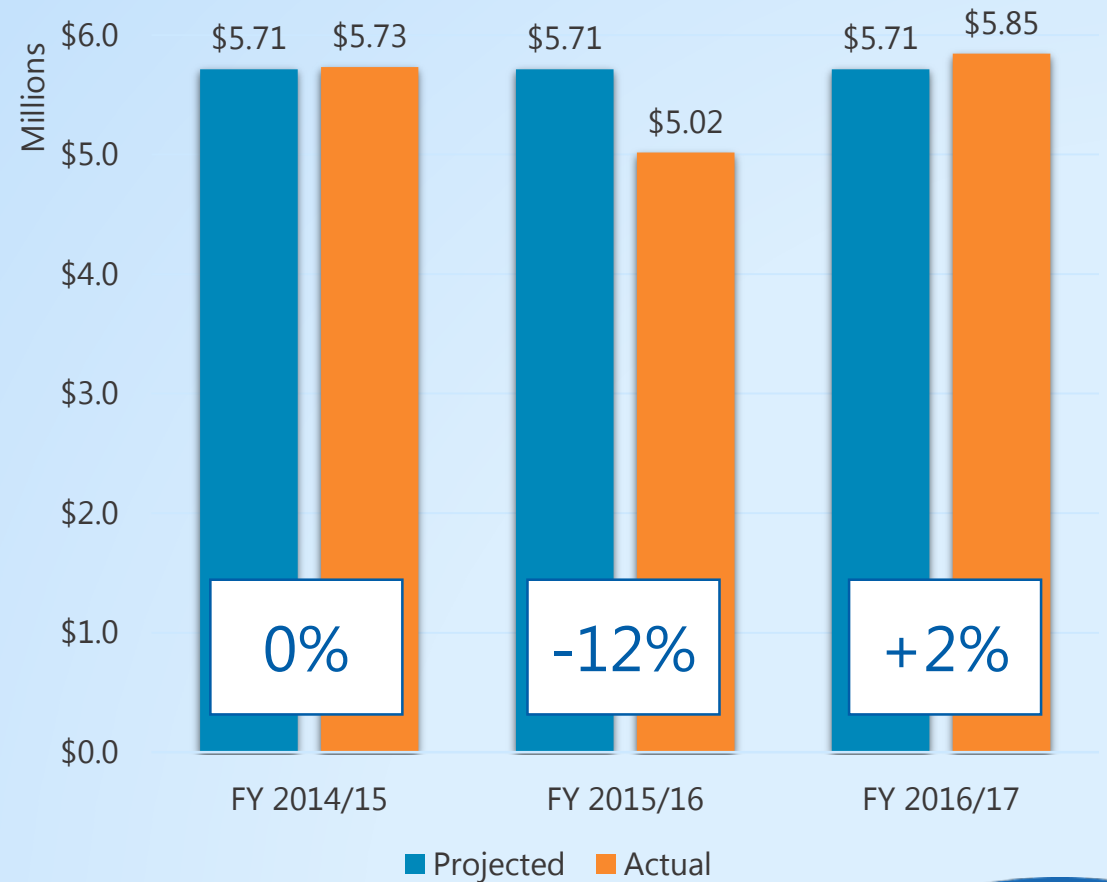
Total demand last year was
11% below
FY 2014/15 levels.

As a result of the conservation, water rate revenue was at least 10 percent below projected levels in FY 2015/16

Marina Water Rate Revenue

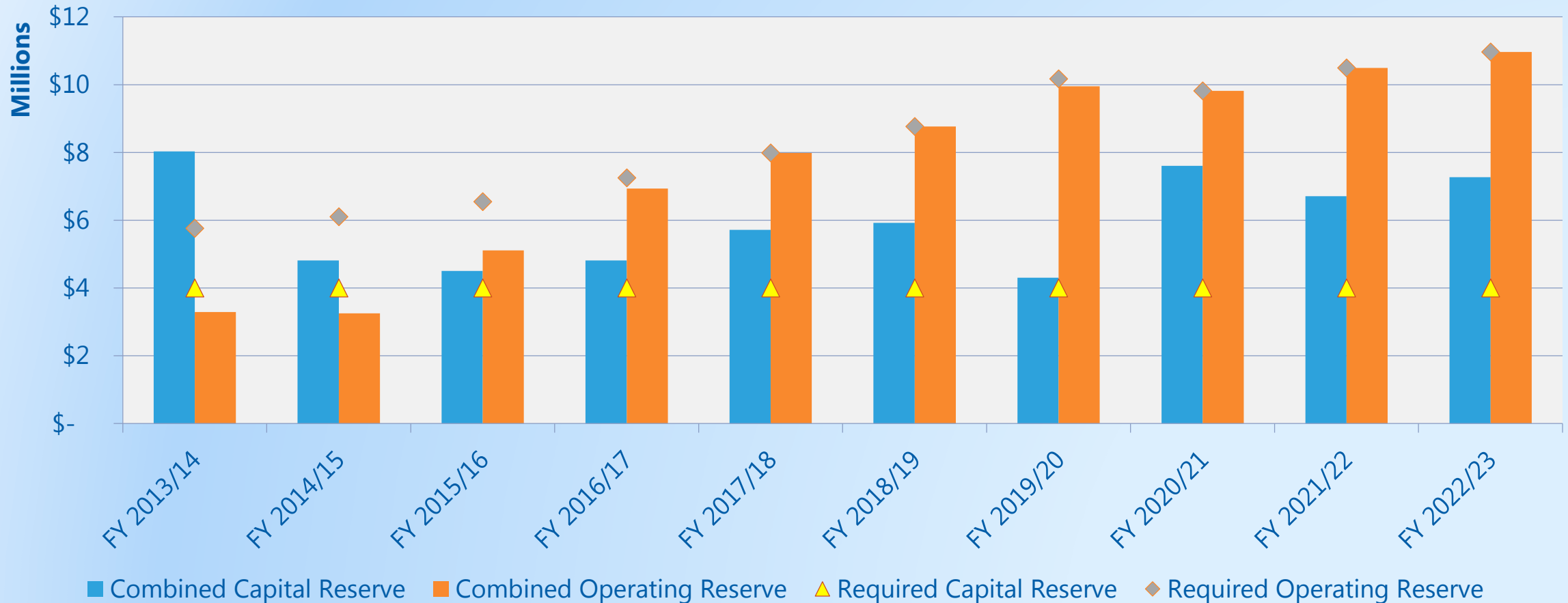


Ord Water Rate Revenue



Previous forecast of gradual buildup of reserves didn't materialize...

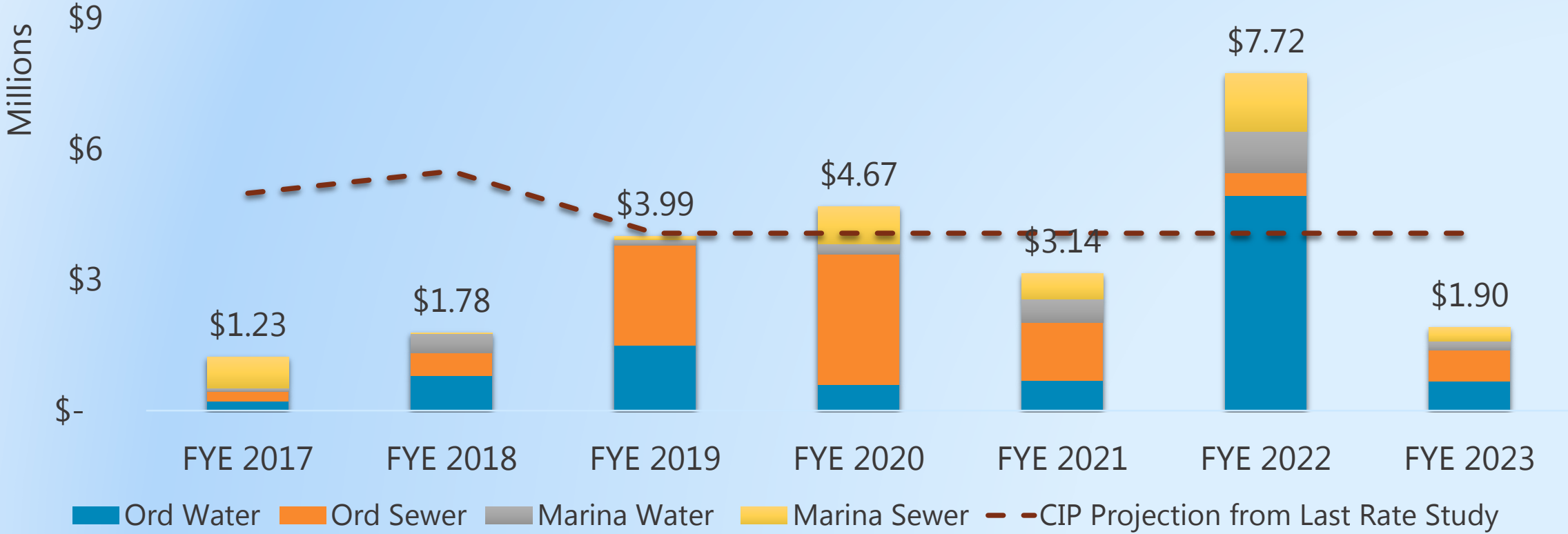
Combined Balances



■ Combined Capital Reserve ■ Combined Operating Reserve ▲ Required Capital Reserve ◆ Required Operating Reserve

All four systems have significant increases in capital funding needs forecasted in the next five years, a challenge with limited reserves for some cost centers

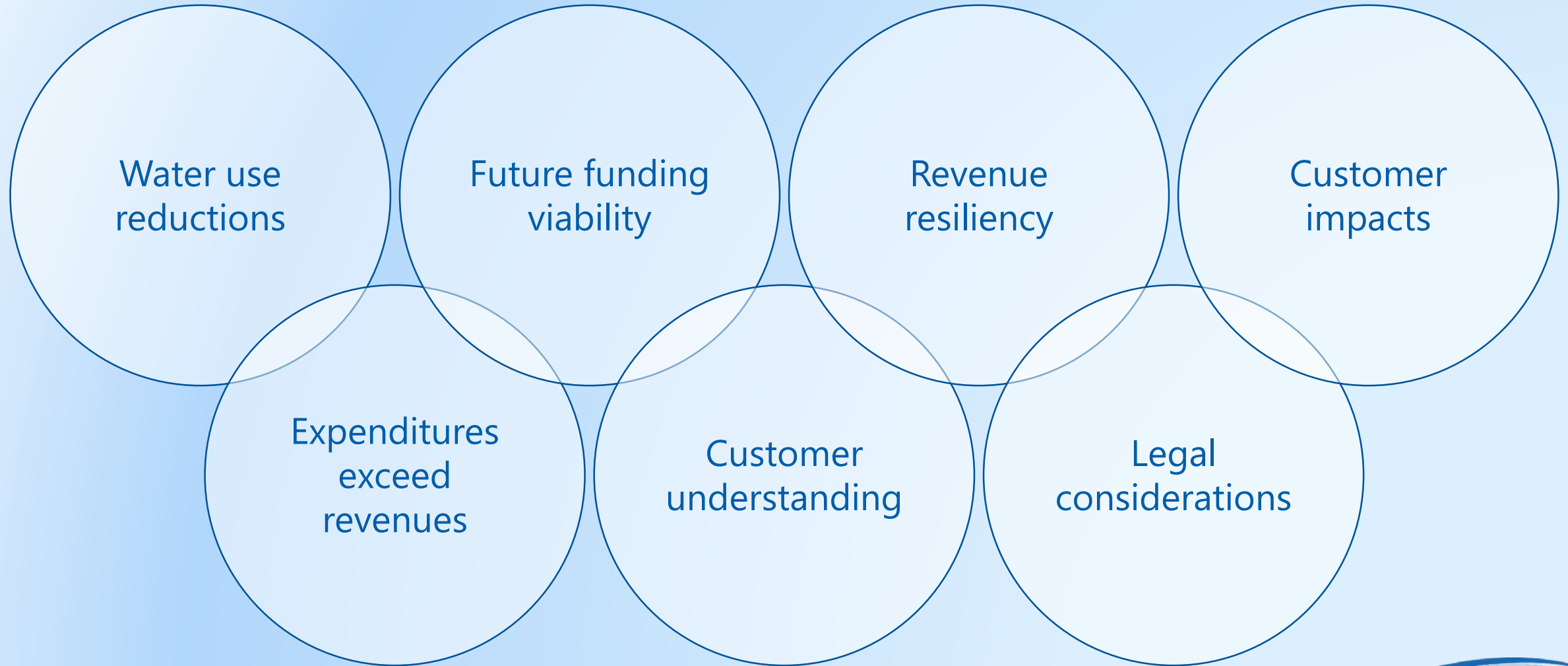
R&R Capital Funding Needs





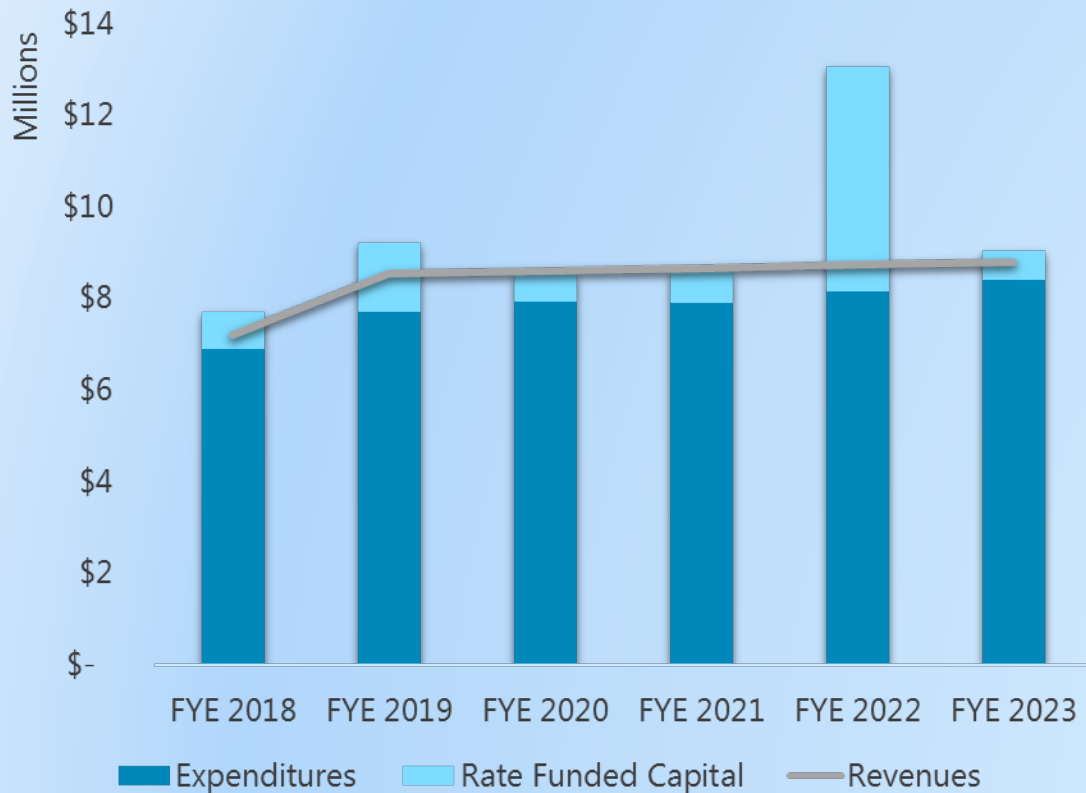
Financial Planning Scenarios

Adjusting to the New Normal: Key considerations and changes to system costs necessitate review of existing rates

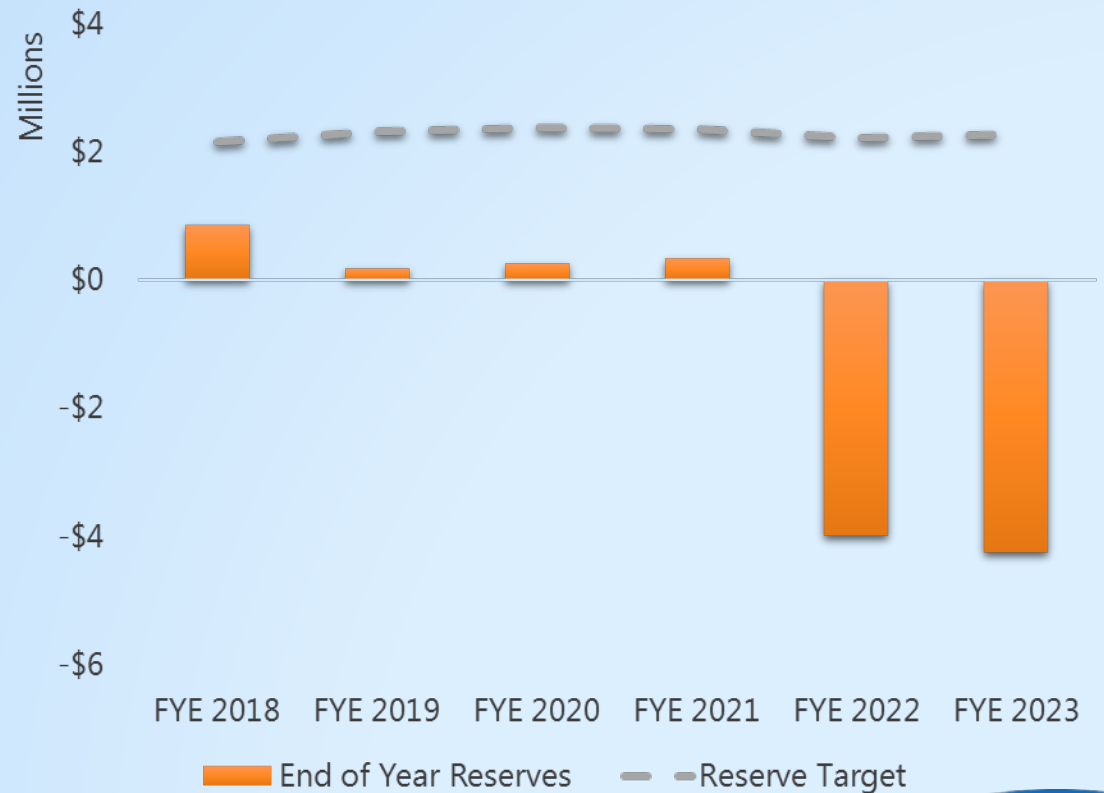


Ord Water: Significant capital needs that are currently underfunded by rates or reserves over the next five years

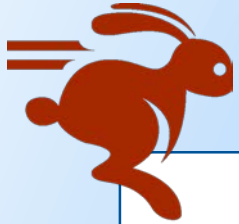
OW Revenues vs Expenditures with No Rate Change



OW Reserves with No Rate Change



Ord Water: Financial plan options offer a spectrum of capital funding scenarios



Immediate

- **Increases (%):**
 - 11 / 5 / 5 / 2 thereafter
- **Debt**
 - \$4.9m in FYE 2022
- **Reserves:**
 - O&M reserve \$1.5m below target in FYE 2019; \$300k in 2020
 - Meets target in all other years
- **Typical Customer Impact:***
 - Approx. \$10 per month



Balanced

- **Increases (%):**
 - 5 / 5 / 2 thereafter
- **Debt**
 - **\$1.5m in FYE 2019**
 - \$4.9m in FYE 2022
- **Reserves:**
 - O&M reserve \$250k below target in FYE 2019
 - Meets target in all other years
- **Typical Customer Impact:***
 - Approx. \$4 per month



Extended

- **Increases (%):**
 - 3 in all years
- **Debt**
 - \$1.5m in FYE 2019
 - \$4.9m in FYE 2022
- **Reserves:**
 - O&M reserve **\$1.4m below** target in FYE 2019; **\$1.0m** in FYE 2020
 - Meets target in all other years
- **Typical Customer Impact:***
 - Approx. \$2 per month

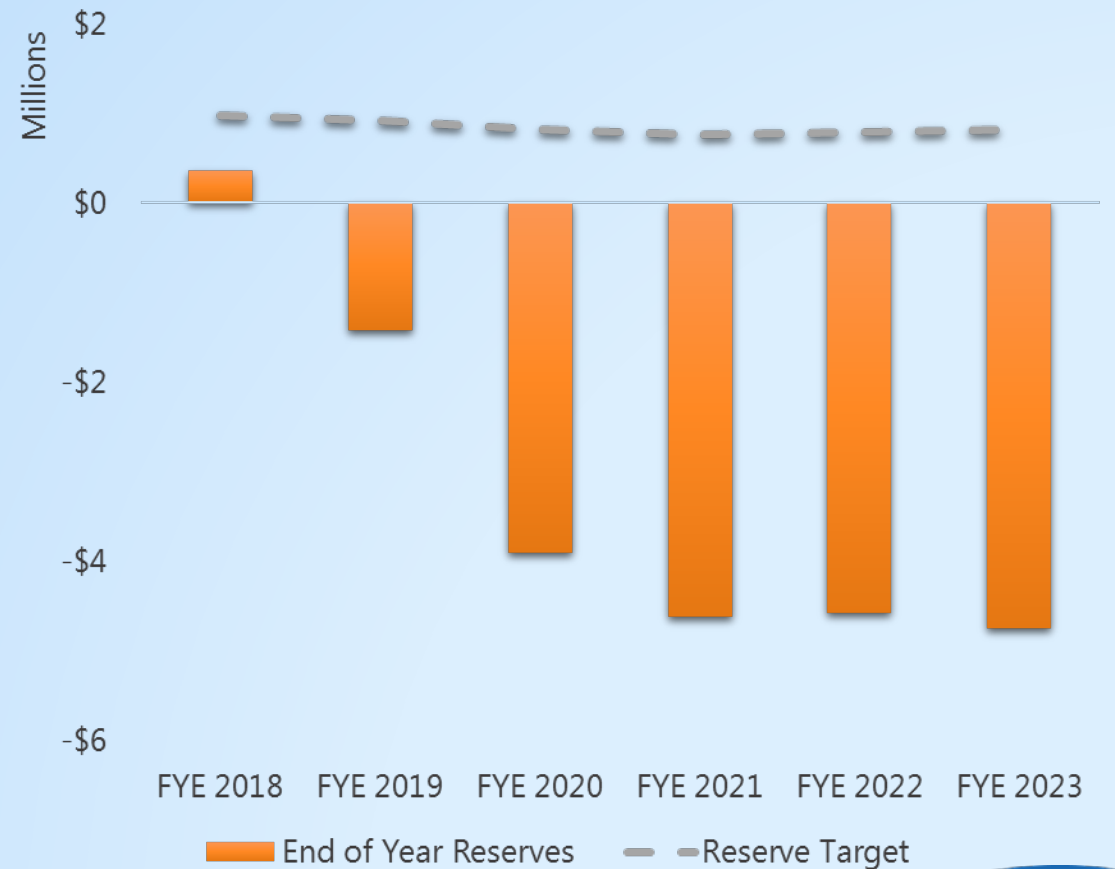
*Typical customer assumes 9 CCF with a 3/4" meter

Ord Sewer: Significant capital needs that are currently underfunded by rates or reserves over the next five years

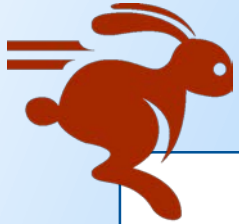
OS Revenues vs Expenditures with No Rate Change



OS Reserves with No Rate Change



Ord Sewer: Options offer either no debt in FYE 2019 and high increases, or lower increases with immediate debt



Immediate

- **Increases (%):**
 - 25 / 3 thereafter
- **Debt**
 - **No debt in FYE 2019**
 - \$3.0m in FYE 2020
 - \$1.4m in FYE 2021
- **Reserves:**
 - Allows **only 38% of FYE 2019** CIP to be funded before reserves go negative
 - Meets target in all other years
- **Typical Customer Impact:***
 - Approx. \$9 per month



Balanced

- **Increases (%):**
 - 6 / 3 thereafter
- **Debt**
 - **\$2.3m in FYE 2019**
 - \$3.0m in FYE 2020
 - \$1.4m in FYE 2021
- **Reserves:**
 - Meets target in all years
- **Typical Customer Impact:***
 - Approx. \$2 per month



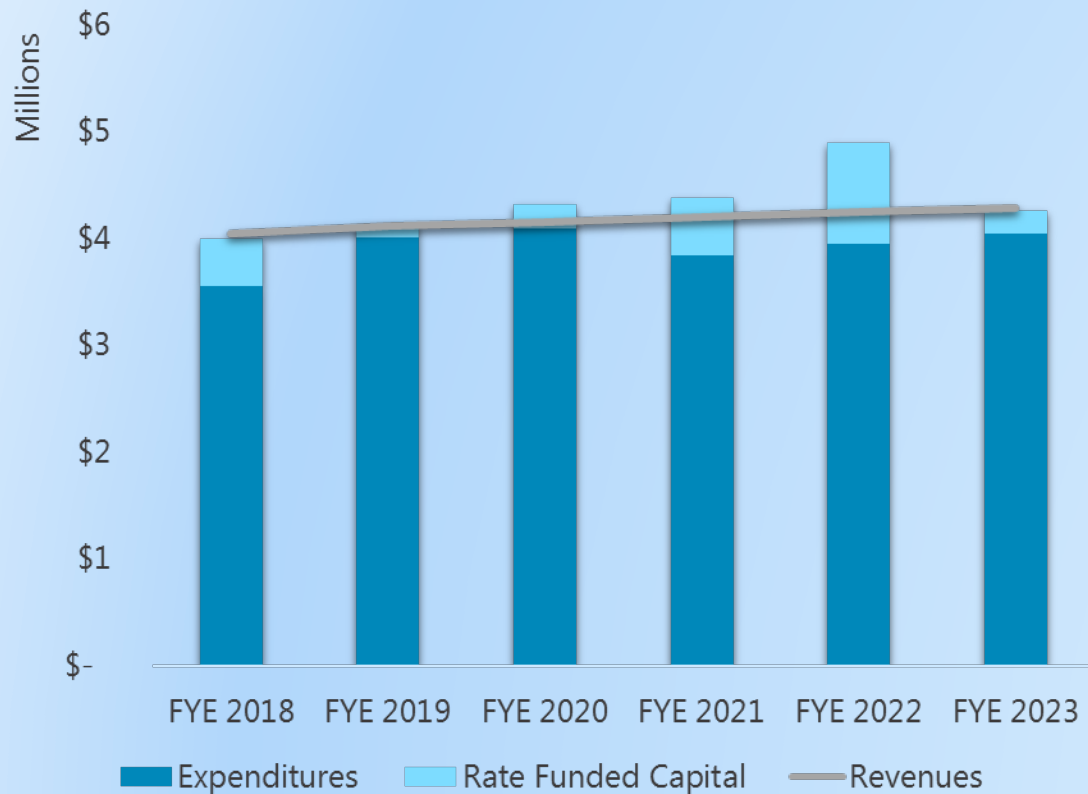
Extended

- **Increases (%):**
 - 3 in all years
- **Debt**
 - No additional debt
- **Reserves:**
 - Falls short of O&M target in all years
 - Allows only approx. 50% funding of total CIP over next 5 years
- **Typical Customer Impact:***
 - Approx. \$1 per month

*Typical customer assumes SFR with 1 EDU

Marina Water: Rates would need increases to fund O&M, but increases would be inflationary and modest (<4%)

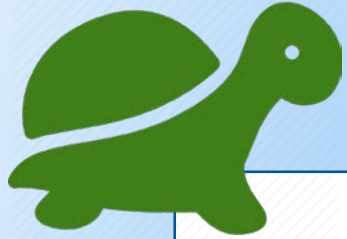
MW Revenues vs Expenditures with No Rate Change



MW Reserves with No Rate Change



Marina Water: Financial plan options balance how quickly to rebuild operating and capital reserves



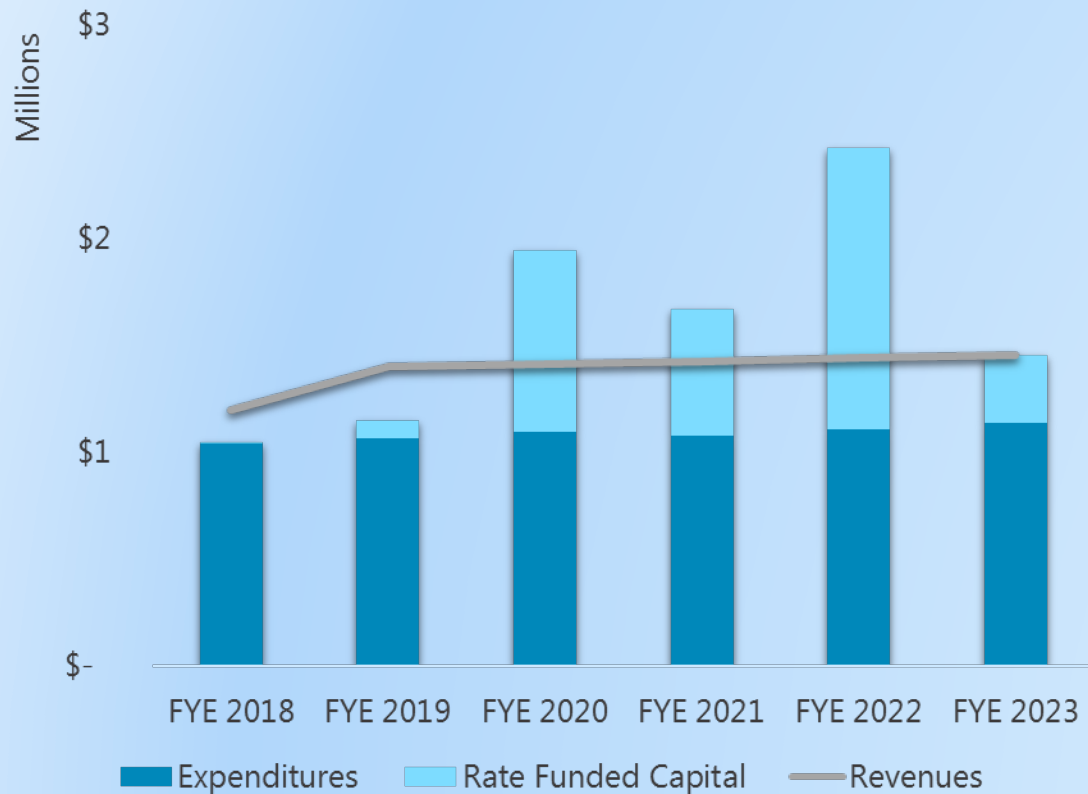
Balanced

- **Increases (%):**
 - 3 in all years
- **Debt**
 - No additional debt
- **Reserves:**
 - O&M reserve meets target in all years
- **Typical Customer Impact:***
 - Approx. \$3 per month

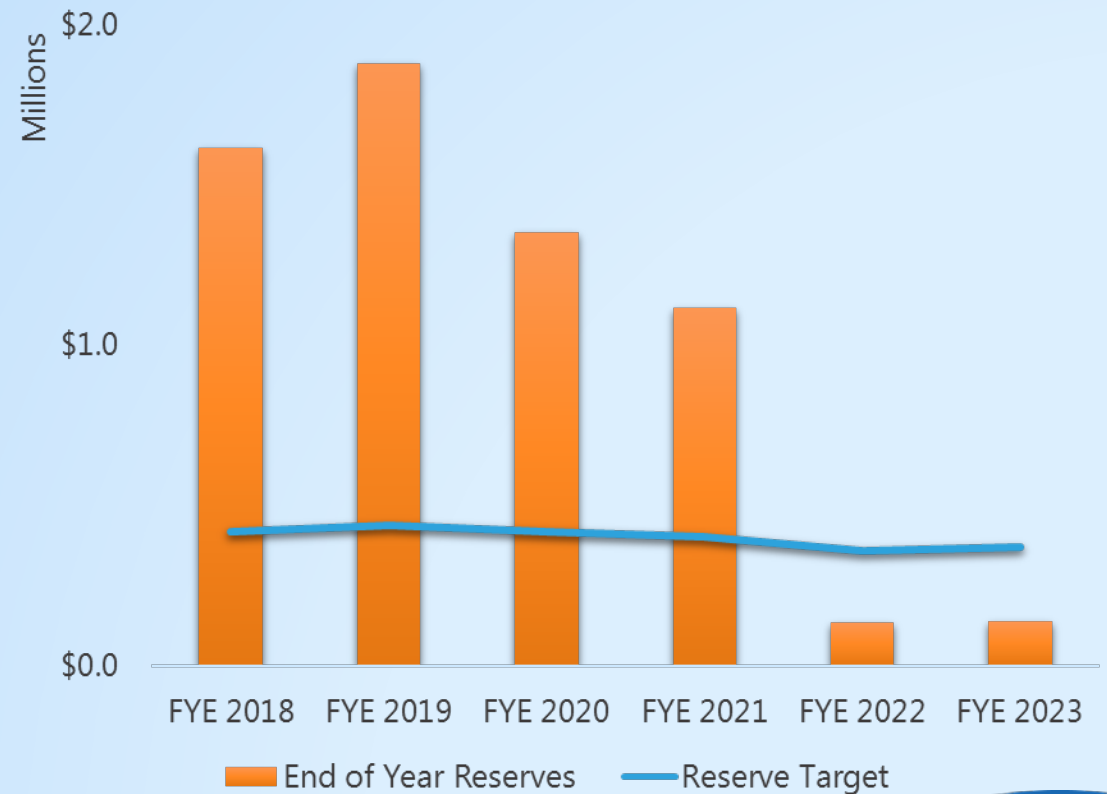
**Typical customer assumes 9 CCF with a 3/4" meter*

Marina Sewer: Significant capital expenditures planning in FYE 2020-2022, necessitating additional funding

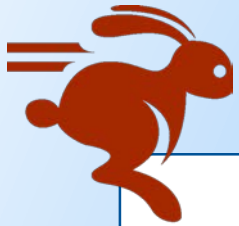
MS Revenues vs Expenditures with No Rate Change



MS Reserves with No Rate Change



Marina Sewer: Financial plan balances debt in FYE 2022 with more modest rate increases (3% versus 5% without debt)



Immediate

- **Increases (%):**
 - 5 in all years
- **Debt**
 - No additional debt
- **Reserves:**
 - Meets target in all years
 - Relies on reserve funding in FYE 2020 and 2022
- **Typical Customer Impact:***
 - Approx. \$1 per month



Balanced

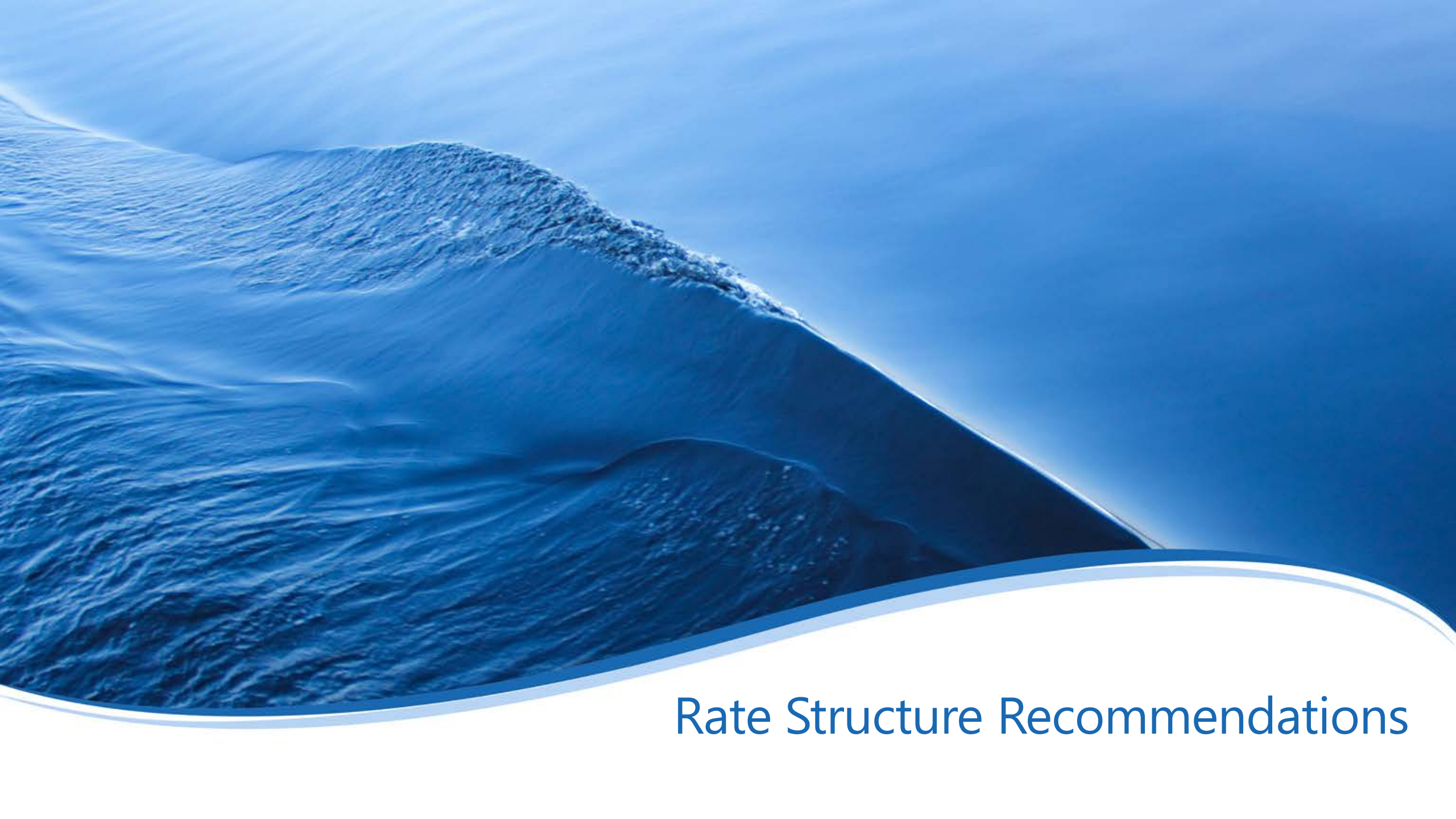
- **Increases (%):**
 - 3 in all years
- **Debt**
 - **\$1.3m in FYE 2022**
- **Reserves:**
 - Meets target in all years
 - Relies on reserve funding in FYE 2020
- **Typical Customer Impact:***
 - < \$1 per month



Extended

- **Increases (%):**
 - 3 in all years
- **Debt**
 - No additional debt
- **Reserves:**
 - Meets target in all years
 - Relies on reserve funding in FYE 2020 through 2022
- **Typical Customer Impact:***
 - < \$1 per month

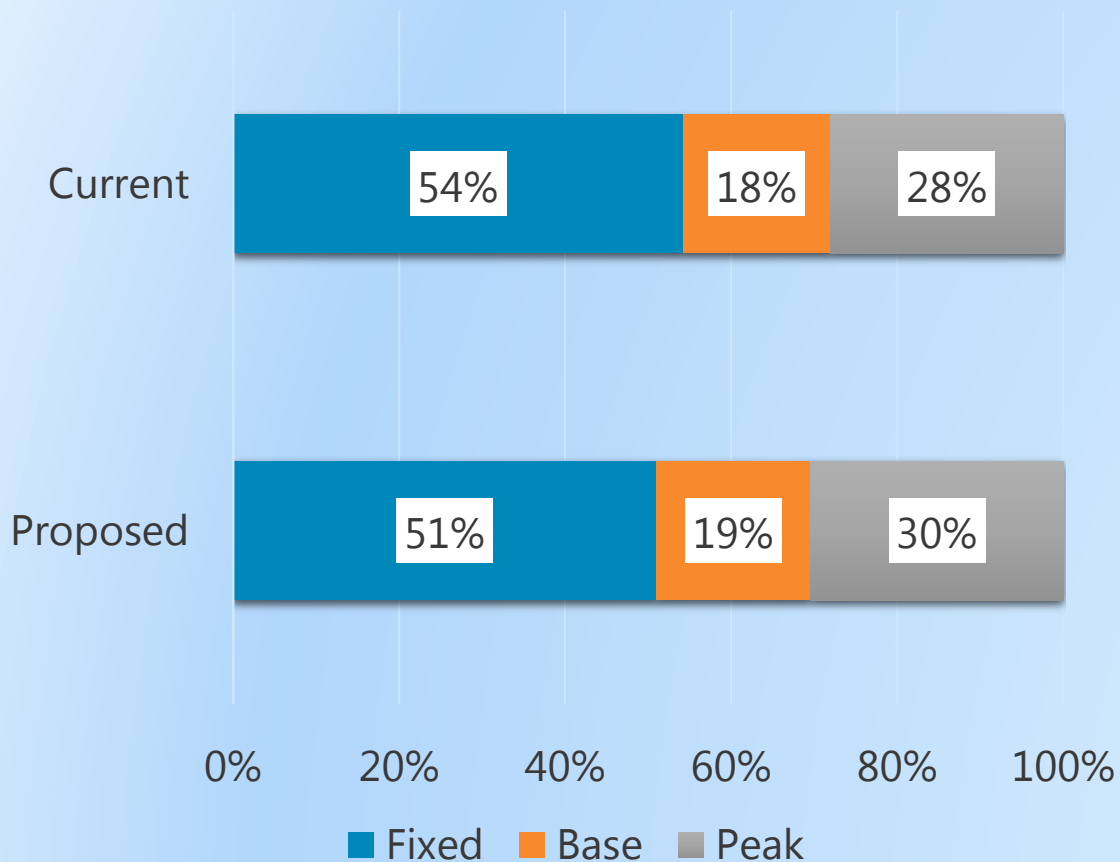
*Typical customer assumes SFR with 1 EDU



Rate Structure Recommendations

Ord Water: Cost recovery continues to be stabilized by a high percentage of revenues from fixed charges

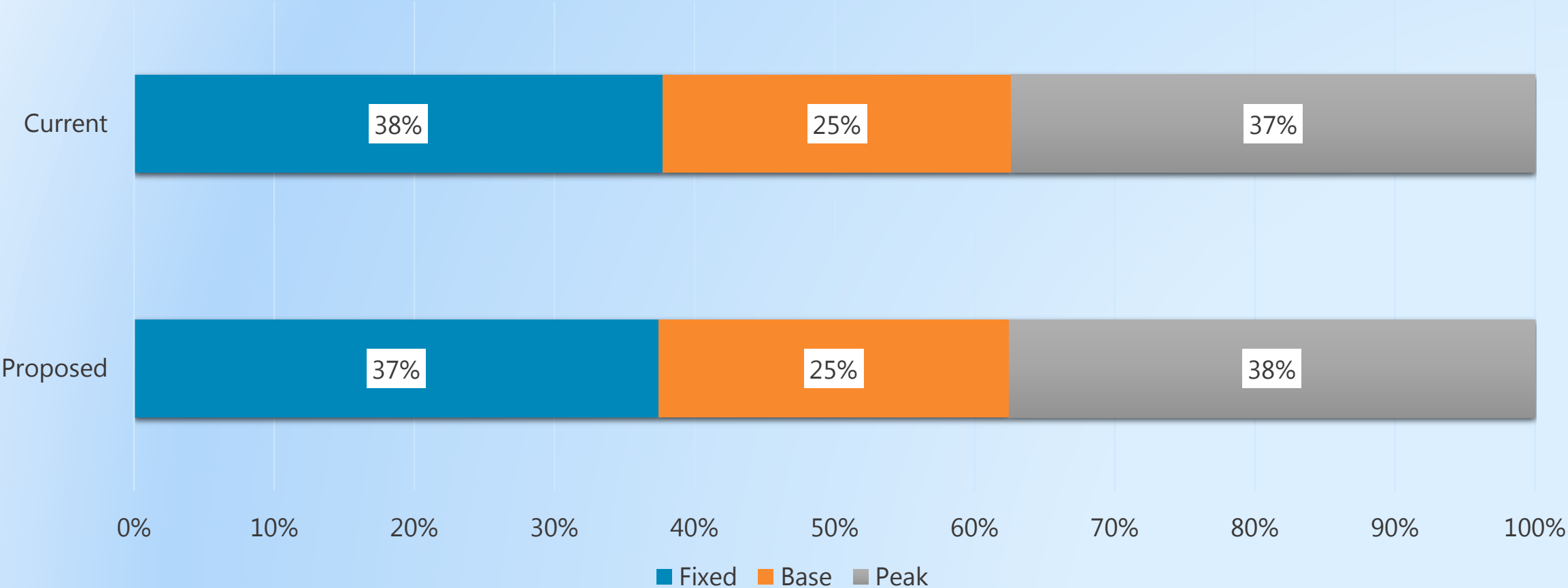
Ord Water Cost Allocation Results



- High fixed cost recovery helped smooth revenue collection during the drought
 - However, percentage went up as volumetric usage went down in recent years

While less than Ord, Marina Water fixed cost recovery is still high enough to help stabilize revenues

Marina Water Cost Allocation Results



Three-Tiered rates have a firm cost of service foundation

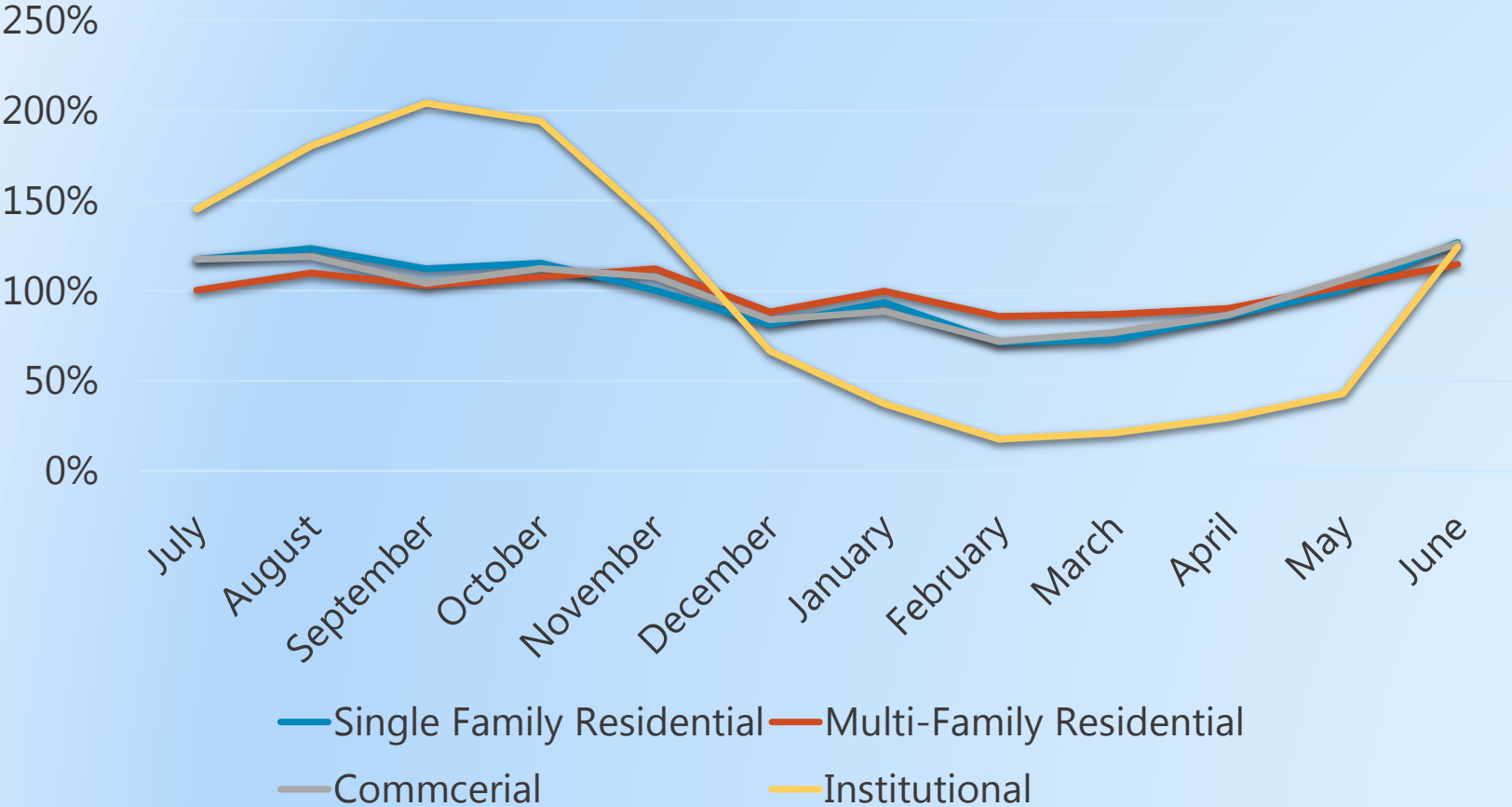
		July 1, 2016	January 1, 2017
Water Consumption Charge			
0-8 hcf	First Tier	2.97 per hcf	3.40 per hcf
8-16 hcf	Second Tier	4.56 per hcf	5.22 per hcf
16+ hcf	Third Tier	6.14 per hcf	7.03 per hcf

But have the underlying assumptions changed since these were developed?

- What changes could be made to the rates?
 - More closely tailored to cost of service?
 - More reflective customer demands?
 - Greater mitigation of financial risk?

With the exception of Institutional customers, MCWD customers have a relatively flat peak profile

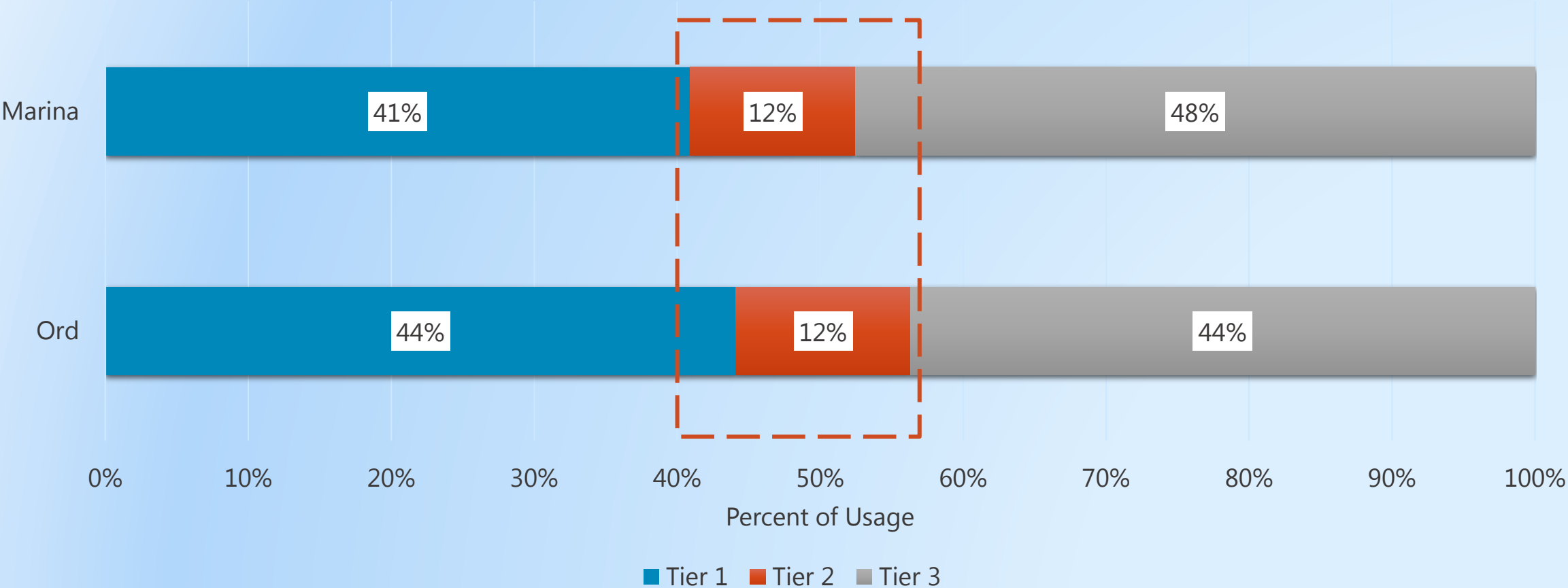
Month vs. Average Peak Profile



Max month is only **22% higher** compared to an average month for all customer classes

Over 85 percent of all usage for both Marina and Ord occurs within tiers 1 or 3, questioning the need for a tier 2

Usage by Tier



Given the limited peaking of the District's customers, a two-tiered approach may provide a better alternative



Easier to understand and administer

Simpler cost of service nexus

Potentially less subject to revenue risk

Two-Tier structure would expand the first tier, and consolidate the second and third tiers

- Tier 1 would be expanded to provide additional base capacity water
- Tier 2 would cover all usage above the tier 1 allowance
- Tier 3 would be eliminated

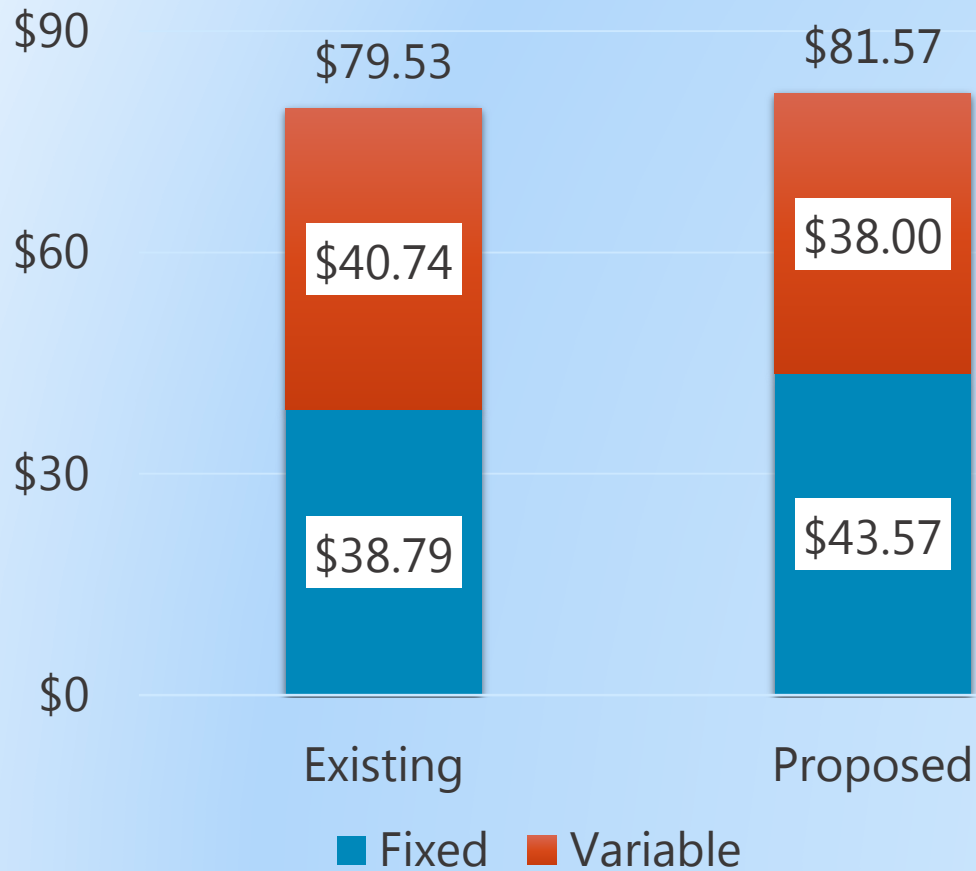
Tier	Three-Tier CCF	Two-Tier CCF
1	8	10
2	16	All other usage
3	All other usage	Eliminated

Proposed Water Rates: Assuming the balanced funding scenario

Ord				Marina			
Tier	<i>Current Rates (Eff. 1/1/18)</i>	<i>Three Tier (1/1/19)</i>	<i>Two Tier (1/1/19)</i>	Tier	<i>Current Rates (Eff. 1/1/18)</i>	<i>Three Tier (1/1/19)</i>	<i>Two Tier (1/1/19)</i>
1	\$3.68	\$4.15	\$4.08	1	\$2.78	\$3.29	\$3.28
2	\$5.65	\$5.80	\$8.33	2	\$3.19	\$4.19	\$4.99
3	\$7.62	\$8.57	-	3	\$5.63	\$5.02	-

Balanced Financial Plan: Bill impacts for the typical customers

Ord Monthly Bill Comparison (9 CCF)

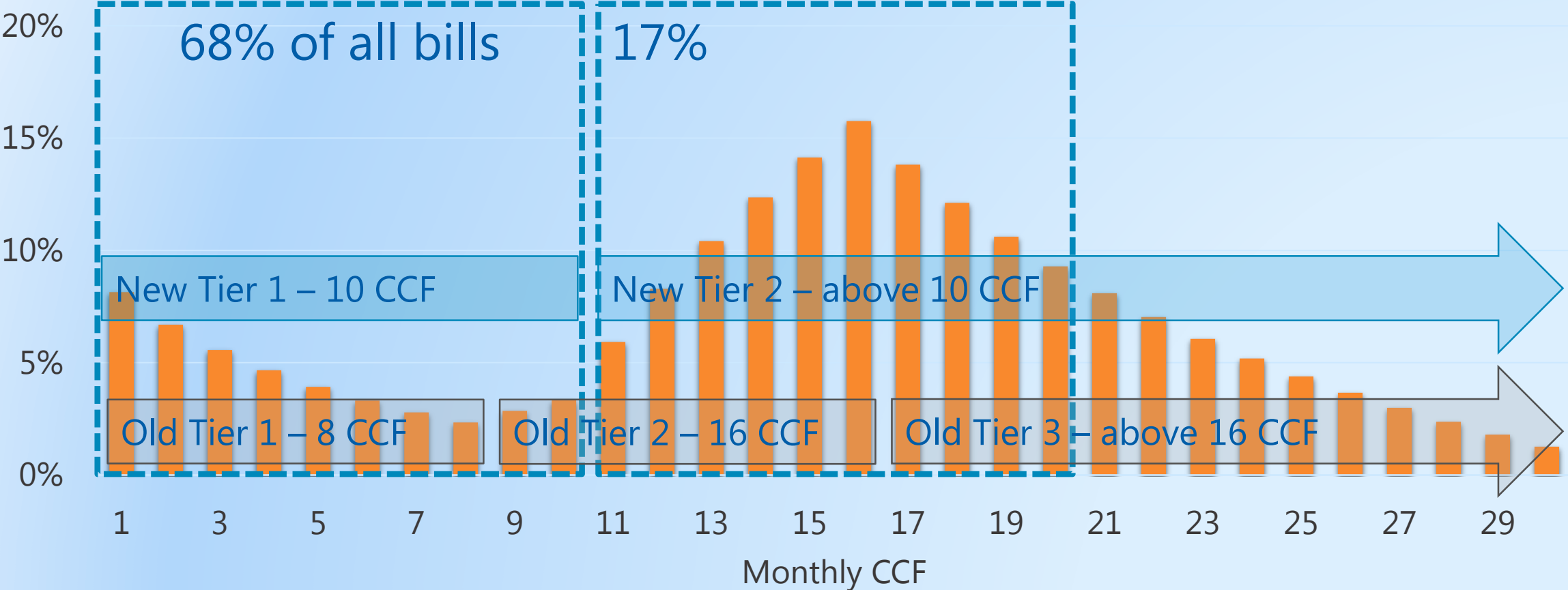


Marina Monthly Bill Comparison



Two-Tier structure would impact Marina water customers differently based on usage levels relative to old tier breakpoints

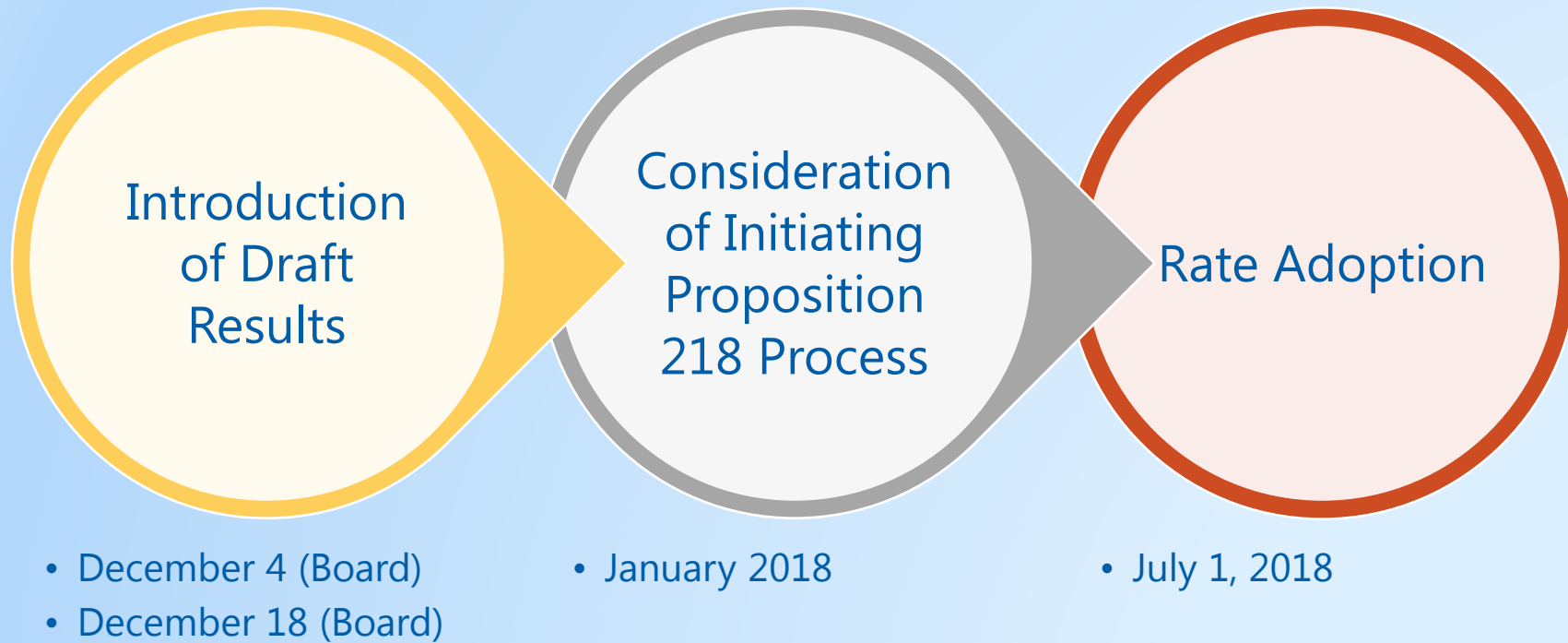
MW Bill Impact at Each Usage Level





Next Steps

Schedule and Next Steps





FORT ORD REUSE AUTHORITY

920 2nd Avenue, Suite A, Marina, CA 93933

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2018 FORA WWOC SCHEDULE

January 17

February 14

February 28

March 14

April 11

April 25

May 2

May 16

June 13

July 18

August 15

October 17

November 14

December 19

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Meeting dates and times are subject to change. Agendas and other meeting materials are posted on the FORA website www.fora.org and are available upon request.

**Marina Coast Water District
DRAFT Rate Study Five-Year CIP**

CIP No.	PROJECT DESCRIPTION	FY 2016-17 Remaining	FY 2017-18 Approved	FY 2018-19 Proposed	FY 2019-20 Proposed	FY 2020-21 Proposed	FY 2021-22 Proposed	FY 2022-23 Proposed	OUT YEARS	TOTAL
Ord Water										
OW-0206	Inter-Garrison Road Pipeline - 20% Rates \$649,124	\$10,000	\$119,825	\$0	\$0	\$0	\$0	\$0	\$0	\$129,825
OW-0193	Imjin Parkway Pipeline, Reservation Rd to Abrams Drive	\$0	\$102,000	\$800,000	\$0	\$0	\$0	\$0	\$0	\$902,000
OW-0201	Gigling Transmission from D Booster to JM Blvd	\$0	\$0	\$0	\$0	\$0	\$125,000	\$400,000	\$0	\$525,000
OW-0230	Wellfield Main 2B -Well 31 to Well 34	\$0	\$0	\$0	\$170,000	\$0	\$200,000	\$540,000	\$0	\$910,000
OW-0127	CSUMB Pipeline Up-Sizing -Commercial Fireflow	\$0	\$0	\$0	\$100,000	\$0	\$100,000	\$0	\$150,000	\$350,000
OW-0203	7th Avenue and Gigling Rd	\$0	\$0	\$0	\$0	\$0	\$70,000	\$200,000	\$0	\$270,000
OW-0129	Rehabilitate Well 31	\$0	\$0	\$0	\$0	\$0	\$0	\$1,710,000	\$0	\$1,710,000
OW-0210	Sand Tank Demolition	\$0	\$0	\$0	\$0	\$0	\$0	\$540,000	\$0	\$540,000
Ord Sewer										
OS-0147	Ord Village Sewer Pipeline & Lift Station Impr Project	\$110,000	\$610,000	\$0	\$0	\$0	\$0	\$0	\$0	\$720,000
OS-0205	Imjin LS & Force Main Improvements - Phase 1	\$0	\$650,000	\$0	\$0	\$0	\$0	\$0	\$0	\$650,000
OS-0152	Hatten, Booker, Neeson LS Improvements Project	\$0	\$0	\$525,000	\$0	\$0	\$0	\$0	\$400,000	\$925,000
OS-0203	Gigling LS and FM Improvements -In Design	\$65,000	\$0	\$0	\$2,125,000	\$0	\$0	\$0	\$0	\$2,190,000
OS-0153	Misc. Lift Station Improvements	\$0	\$0	\$0	\$561,000	\$929,000	\$0	\$0	\$0	\$1,490,000
OS-0215	Demolish Ord Main Garrison WWTP	\$0	\$0	\$0	\$0	\$0	\$0	\$1,625,000	\$0	\$1,625,000

**Marina Coast Water District
DRAFT Rate Study Five-Year CIP**

CIP No.	PROJECT DESCRIPTION	FY 2016-17 Remaining	FY 2017-18 Approved	FY 2018-19 Proposed	FY 2019-20 Proposed	FY 2020-21 Proposed	FY 2021-22 Proposed	FY 2022-23 Proposed	OUT YEARS	TOTAL
GW-0112	General Water (32% Marina, 68% Ord) A1 & A2 Zone Tanks & B/C Booster Station @CSUMB - 50% Rates \$10,279,720	\$1,822,360	\$0	\$1,632,500	\$1,685,000	\$0	\$0	\$0	\$0	\$5,139,860
WD-0106	Water District-Wide (25% MW, 7%MS, 54%OW, 14%OS) Corp Yard Demolition & Rehab 80% Rates \$6,070,000	\$0	\$96,000	\$360,000	\$0	\$400,000	\$2,400,000	\$0	\$1,600,000	\$4,856,000
	Shared Project Costs									
	Marina Water Cost Center Share	\$601,379	\$25,920	\$635,925	\$556,050	\$108,000	\$648,000	\$0	\$432,000	\$3,007,274
	Marina Sewer Cost Center Share	\$0	\$6,720	\$25,200	\$0	\$28,000	\$168,000	\$0	\$112,000	\$339,920
	Ord Water Cost Center Share	\$1,220,981	\$51,840	\$1,288,175	\$1,128,950	\$216,000	\$1,296,000	\$0	\$864,000	\$6,065,946
	Ord Sewer Cost Center Share	\$0	\$11,520	\$43,200	\$0	\$48,000	\$288,000	\$0	\$192,000	\$582,720
	Total Costs									
	Ord Water	\$1,230,981	\$273,665	\$2,088,175	\$1,398,950	\$216,000	\$1,791,000	\$3,390,000	\$1,014,000	\$11,402,771
	Ord Sewer	\$175,000	\$1,271,520	\$568,200	\$2,686,000	\$977,000	\$288,000	\$1,625,000	\$592,000	\$8,182,720
	Total	\$1,405,981	\$1,545,185	\$2,656,375	\$4,084,950	\$1,193,000	\$2,079,000	\$5,015,000	\$1,606,000	\$19,585,491

Ord Water

OW-0206 Inter-Garrison Road Pipeline - 20% Rates / 80% Capacity Charges

Replacement of an existing 12" Water Main with a new 18" Water Main. This project is needed due to a change in system operations and development related fire flow deficiencies.

OW-0193 Imjin Parkway Pipeline, Reservation Rd to Abrams Drive

Construction of a new 12-inch pipeline in Imjin Road from Reservation Road to near Abrams Drive. The 2,800 LF pipeline is needed for existing fire flow deficiencies in the Existing Marina area of Ord Community.

OW-0201 Gigling Transmission from D Booster to General Jim Moore Blvd

Replacement of 1,800 LF of aging 12" AC pipeline with new 12" PVC pipeline between the D Booster Pump Station and General Jim Moore Blvd.

OW-0230 Wellfield Main 2B -Well 31 to Well 34

Replace the 16-inch raw water pipeline with a 24-inch pipeline between wells 31 and 34 along Reservation Road. This will allow Wells 34 & Watkins Gate Well to run simultaneously and accommodate other well shutdowns to maintain capacity.

OW-0127 CSUMB Pipeline Up-Sizing-Commercial Fireflow

Involves replacing 2,376 feet of 6, 8, and 10-inch pipeline with 12-inch pipeline in the main campus area of CSUMB (vicinity of Inter-Garrison and A Street) to resolve existing fire flow deficiencies.

OW-0203 Gigling Rd between 6th Avenue and 7th Avenue

Replace 1,200 LF of existing 10" pipeline in Gigling Road between 6th Avenue and 7th Avenue with new 12" pipeline for fireflow deficiencies created by development in Surplus Area II.

OW-0129 Rehabilitate Well 31

Well 31 was installed circa 1985 and in need of service. This project includes inspecting and cleaning the well screens and casing, and replacing the well pump, column and motor control center.

OW-0210 Sand Tank Demolition

Demolition of the Sand Tank Reservoir following construction of the A1/A2 Reservoirs, B/C Booster pump stations and completion of wellhead disinfection.

Ord Sewer

OS-0147 Ord Village Sewer Pipeline & Lift Station Improvement Project

This project includes constructing a new force main and renovating the lift station. The force main has broken causing spills and point repairs. Existing pumps replaced in 2016.

OS-0205 Imjin LS & Force Main Improvements-Phase 1

Replacement of existing wet well and pumps. Phase 2 will be for additional pump and larger force main.

OS-0152 Hatten, Booker, Neeson LS Improvements Project

Replacement of two small lift stations (Hatten and Booker) and renovation of Booker lift station.

OS-0203 Gigling LS and FM Improvements -In Design

This project is for renovation of the wet pit dry well lift station to a wet pit pumping system. The force main has broken causing spills and point repairs.

OS-0153 Misc. Lift Station Improvements

Repair and replacement of various components to existing lift stations.

OS-0215 Demolish Ord Main Garrison Waste Water Treatment Plant

Demolish Ord Main Garrison WWTP

General Water (32% Marina, 68% Ord)

GW-0112 A1 & A2 Zone Tanks & B/C Booster Station – 50% Rates and 50% Capacity

Construction of two 2.1 million gallon reservoirs and a B Zone and C Zone Pump Station, associated piping and facilities. The reservoirs will serve the A Zone pressure system. The project is to be located within an easement CSUMB is obligated to provide to the District.

Water District-Wide (25% MW, 7%MS, 54%OW, 14%OS)

WD-0106 Corp Yard Demolition & Rehab – 80% Rates and 20% Capacity Charges

Demolition of existing barracks and construction of corporation yard offices and maintenance buildings.