



FORT ORD REUSE AUTHORITY

REGULAR MEETING

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

Wednesday, January 17, 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. January 3, 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. MCWD's Draft Initial Study/Negative Declaration (IS/ND) **INFORMATION/ACTION**
for the Ord Community Sphere of Influence Amendment
and Annexation
 - b. Report from MCWD on Status of CSUMB RUWAP Easement **INFORMATION**
 - c. 3-party Agreement Status Report **INFORMATION**
 - d. MCWD Update on 2018 Future Rate Study **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: February 14, 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, January 3, 2018

1. CALL TO ORDER

Peter Said called the meeting to order at 9:33 a.m.

The following were present:
AR = After Roll Call

Committee Members:

Rick Riedl, City of Seaside (AR)
Brian McMinn, City of Marina
Dino Pick, City of Del Rey Oaks
Melanie Beretti, County of Monterey
Mike Lerch, CSUMB
Steve Matarazzo, UCSC

Other Attendees:

Mike Wegley, MCWD
Kelly Cadiente, MCWD
Sean Kranyak, MPP
Pierce Rossum, Carollo Engineers

FORA Staff:

Steve Endsley
Peter Said
Ikuyo Yoneda-Lopez

2. PLEDGE OF ALLEGIANCE led by Melanie Beretti

3. ACKNOWLEDGEMENTS, ANNOUNCEMENTS, AND CORRESPONDENCE

Peter Said announced the deadline of January 19, 2018 for comments on MCWD's Draft Initial Study/Negative Declaration (IS/ND) for the Ord Community Sphere of Influence Amendment and Annexation. Handout regarding announcement provided at meeting.

4. PUBLIC COMMENT PERIOD

5. APPROVAL OF MEETING MINUTES

- a. **MOTION:** Dino Pick moved to approve the December 13, 2017 Water/Wastewater Oversight Committee (WWOC) minutes. Seconded by Brian McMinn.

MOTION PASSED: UNANIMOUSLY

6. BUSINESS ITEMS

- a. Set 2018 WWOC Calendar

ACTION

Mr. Peter Said provided the proposed calendar and highlighted additional meetings added in February, April, and May to facilitate rate setting, the master plan, and the approval of the budget.

MOTION: Brian McMinn moved to approve the 2018 WWOC meeting calendar with addition of MCWD service area annexation initial study and negative declaration on agenda for January 17th meeting. Seconded by Dino Pick.

MOTION PASSED: UNANIMOUSLY

b. MCWD CIP

INFORMATION/ACTION

i. Recommendation: Consider recommending the adjusted 5-year CIP to MCWD for use in the 2018 rate study.

Mike Wegley, MCWD District Engineer, presented adjusted future use assumptions, map, and calendar for Master Plan review by the WWOC. Also included was the cost breakdown for each CIP project, the percentage covered by rates and percentage covered by capacity. Mr. Wegley responded to comments and questions from the Committee.

MOTION: Brian McMinn moved to recommend the adjusted 5-year CIP to MCWD for use in the 2018 Rate Study, with the adjustment to CIP project numbers OW-0201 and OW-0230. Seconded by Melanie Beretti.

MOTION PASSED: UNANIMOUSLY

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.

The WWOC received a report on the Rate Study from Pearce Rossum of Carollo Engineers. Topics discussed were: 1) a potential move to a two-tier water system, 2) the challenges of instituting customer classes, 3) questions of equity between residential, commercial, and institutional classes, 4) uniform rates, and 5) various data interpretation methods. Generally, the Committee was satisfied with the rigor and approach, but was not ready to make a recommendation to support any particular direction.

7. ITEMS FROM MCWD

None.

8. ITEMS FROM MEMBERS

a. Due to length of meeting, Chair Riedl suggested that Business Items 6d and 6e be carried over to the January 17, 2018 meeting.

MOTION: Steve Matarazzo moved to carry over Business Items 6d and 6e to January 17, 2018 meeting. Seconded by Brian McMinn.

MOTION PASSED: UNANIMOUSLY

9. ADJOURNMENT

Chair Riedl adjourned the meeting at 12:00 P.M.

NEXT MEETING: January 17, 2018



FORT ORD REUSE AUTHORITY

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

Phone: (831) 883-3672 | Fax: (831) 883-3675 | www.fora.org

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

The Water/Wastewater Oversight Committee (WWOC) meets Wednesdays, at 9:30 am or following the FORA Administrative Committee meeting, whichever occurs later. Meetings are held at the FORA office (920 2nd Avenue, Marina, California), unless otherwise noticed/announced.

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	\$125,000	\$0	\$400,000	\$0	\$0	\$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	\$70,000	\$0	\$0	\$200,000	\$0	\$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	\$50,000	\$650,000	\$0	\$0	\$0	\$0	\$0	\$0	\$700,000
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	\$583,155	\$24,000	\$612,400	\$539,200	\$100,000	\$600,000	\$0	\$400,000	\$2,858,755
	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	\$1,239,205	\$51,840	\$1,304,500	\$1,145,800	\$216,000	\$1,296,000	\$0	\$864,000	\$6,117,345
	Ord Sewer Cost Center Share	\$0	\$13,440	\$50,400	\$0	\$56,000	\$336,000	\$0	\$224,000	\$679,840
	Total Costs									
	Ord Water	\$1,249,205	\$273,665	\$2,299,500	\$1,415,800	\$616,000	\$1,796,000	\$2,790,000	\$1,014,000	\$11,454,170
	Ord Sewer	\$225,000	\$1,273,440	\$575,400	\$2,686,000	\$985,000	\$336,000	\$1,625,000	\$624,000	\$8,329,840
	Total	\$1,474,205	\$1,547,105	\$2,874,900	\$4,101,800	\$1,601,000	\$2,132,000	\$4,415,000	\$1,638,000	\$19,784,010

Comprehensive Rate Study & Cost Allocation Analysis

January 3, 2018

WATER
OUR FOCUS
OUR BUSINESS
OUR PASSION



carollo
Engineers...Working Wonders With Water®

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

Financial Outlook and Challenges

```
graph TD; A[Financial Outlook and Challenges] --> B[Financial Planning Scenarios]; B --> C[Rate Structure Recommendations]; C --> D[Next Steps / Q&A];
```

Financial Planning Scenarios

Rate Structure Recommendations

Next Steps / Q&A

An aerial photograph of a coastline, showing the ocean on the left and a landmass on the right. A prominent white curved line, possibly a road or a boundary, runs along the edge of the land. The water is a deep blue, and the land is a lighter, textured blue-grey.

Financial Outlook and Challenges

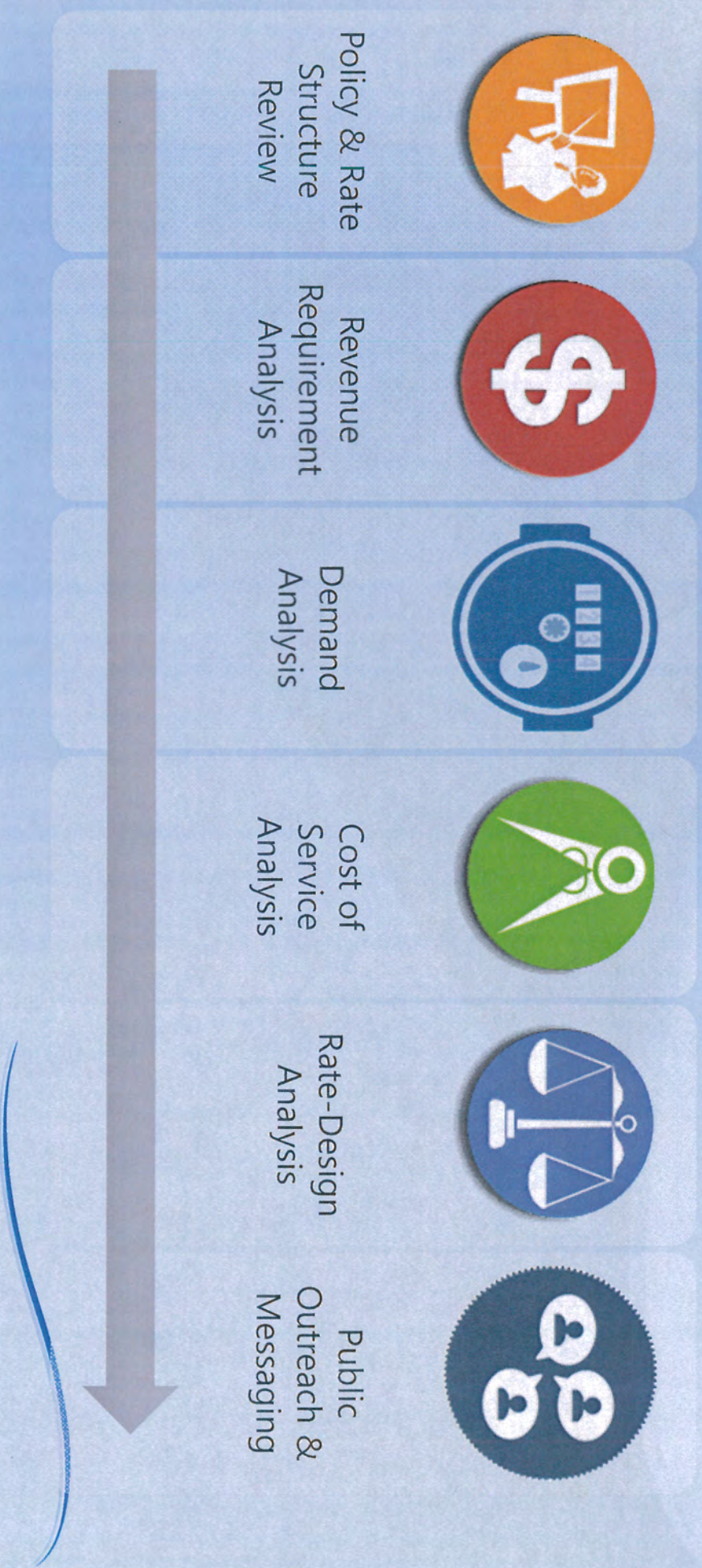
Financial Plan: Review uses three tests to assess the viability of the rates and corresponding revenues

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?

COST OF SERVICE ANALYSIS: Step-by-Step approach to developing sound and defensible rates





Financial Planning Scenarios

Recommendations: Balanced revenue increases to fund capital and rebuild reserves, while limiting rate payer impacts

Debt: Use of additional debt to fund upfront capital needs

- Alternative – Do not fund full CIP program

Reserves: Fully fund all reserves by 2023

- Alternative – Do not fully fund reserves

Rate Design: Implement two-tier rate design

- Alternative – Maintain three-tier structure or consider uniform rates.

Revenue Volatility: Implementation of demand management rates

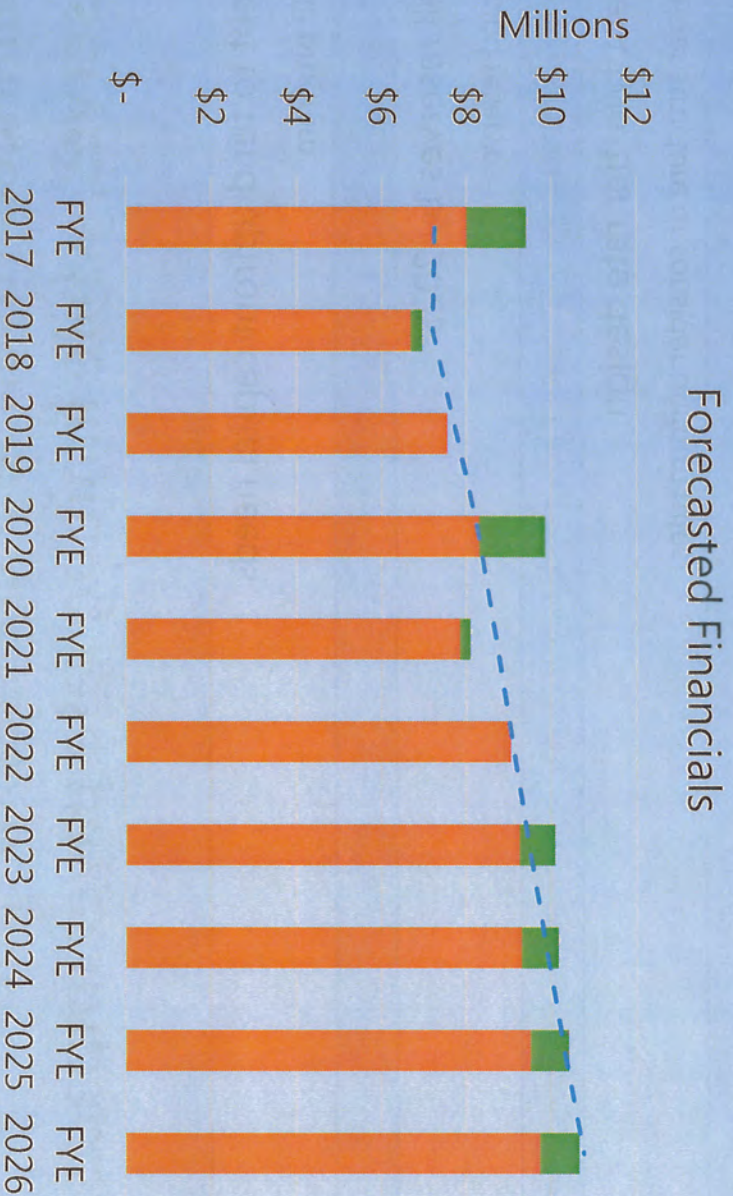
- Do not implement

Ord Water: Proposed increases are necessary to fund O&M and Capital needs



Proposed

- **Increases (%):**
 - 8 / 6 / 4 / 4 / 4
- **Debt**
 - \$2.2m in FYE 2019
 - \$2.1m in FYE 2022
- **Reserves:**
 - Deficient Reserves for all years
 - Any changes to assumptions would go to further increase reserves
- **Typical Customer Impact:***
 - Approx. \$5 per month



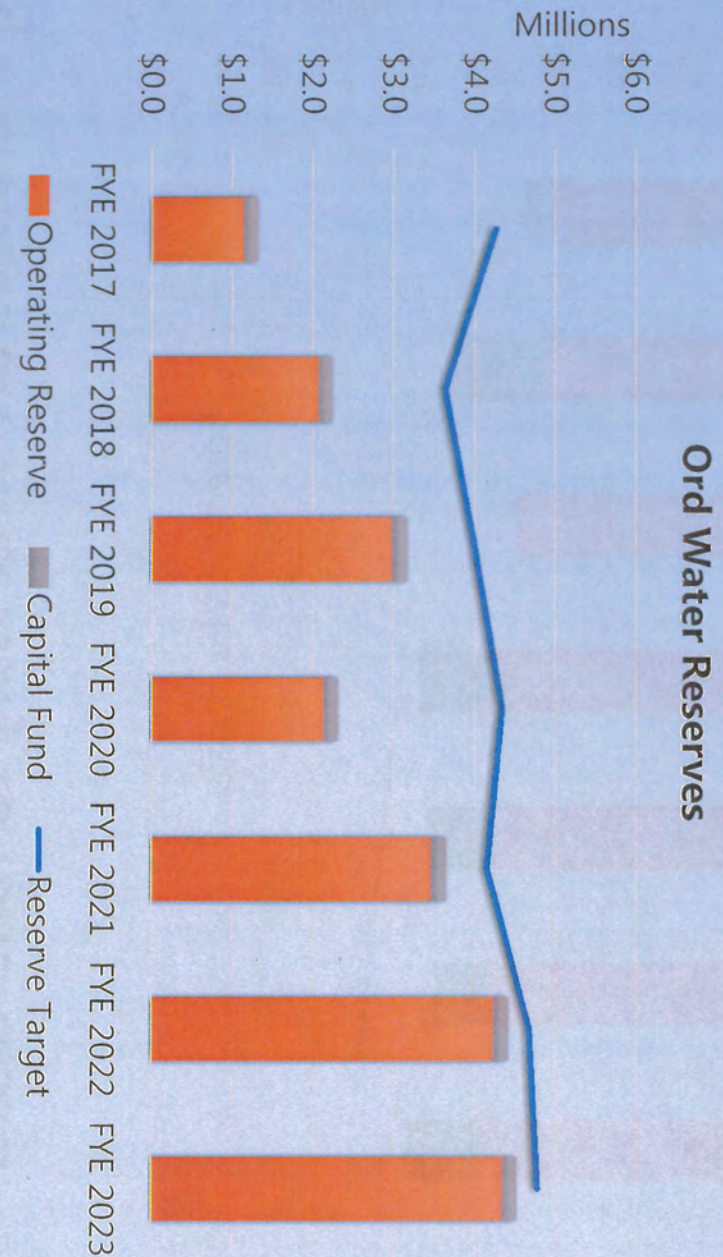
*Typical customer assumes 9 CCF with a 3/4" meter

Ord Water: Reserves only increase due to expected "buy-in" component of the Capacity Fee (\$0.3M otherwise)



Proposed

- **Increases (%):**
 - 8 / 6 / 4 / 4 / 4
- **Debt**
 - \$1.5m in FYE 2019
 - \$4.9m in FYE 2022
- **Reserves:**
 - Deficient Reserves for all years
- **Typical Customer Impact:***
 - Approx. \$3 per month



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

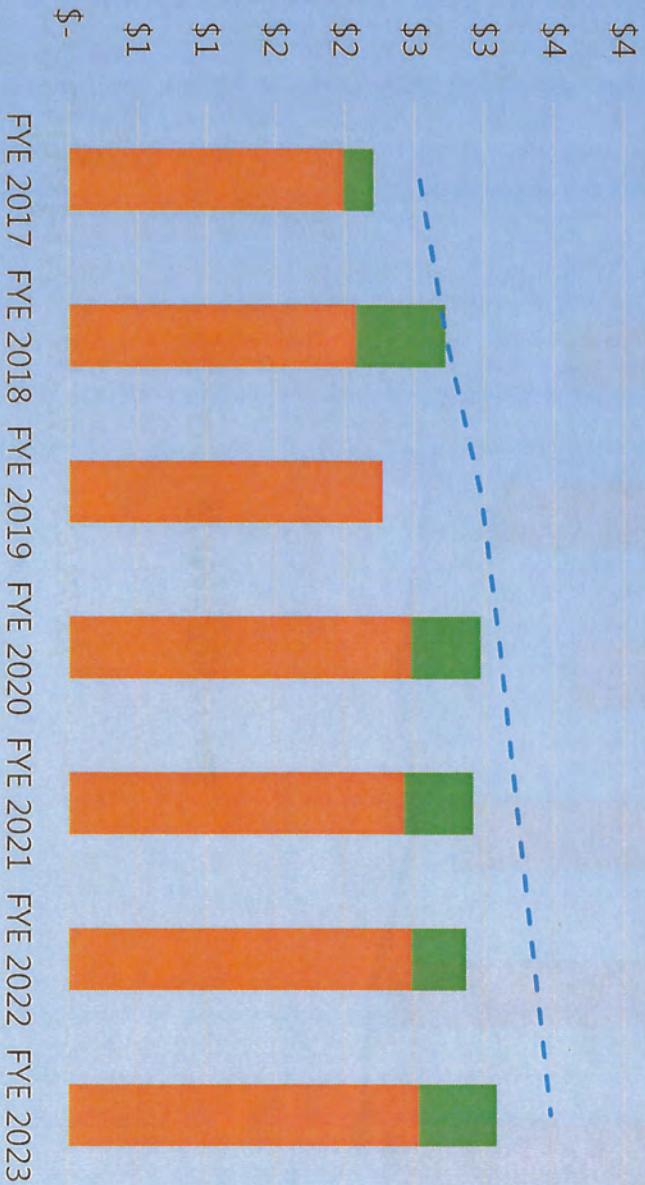
Ord Sewer: Proposed increases are necessary to fund O&M and Capital needs



Proposed

- **Increases (%):**
 - 5 / 3 / 3 / 3 / 3
- **Debt**
 - \$2.3m in FYE 2019
 - \$2.5m in FYE 2020
 - \$0.8m in FYE 2021
- **Reserves:**
 - Target met in 2020
- **Typical Customer Impact:***
 - < \$2 per month

Millions



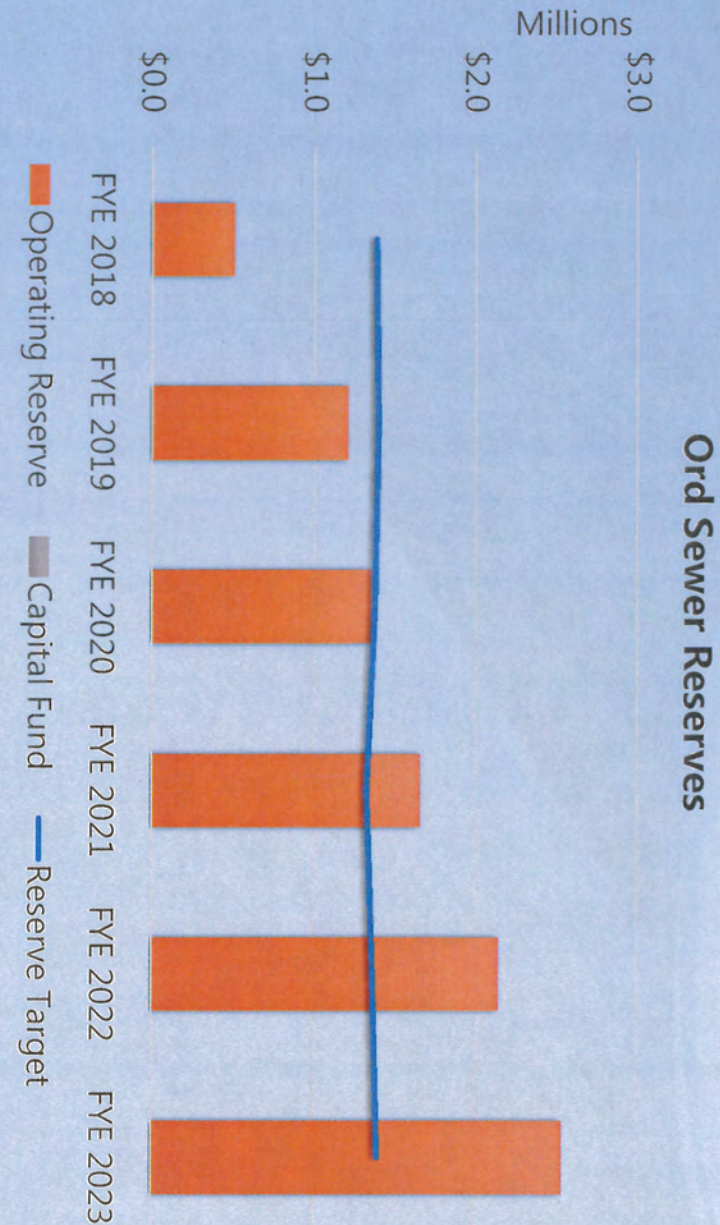
*Typical customer assumes 9 CCF with a 3/4" meter

Ord Sewer: Reserves built up over the 5-year plan



Proposed

- **Increases (%):**
 - 5 / 3 / 3 / 3 / 3
- **Debt**
 - \$2.3m in FYE 2019
 - \$2.5m in FYE 2020
 - \$0.8m in FYE 2021
- **Reserves:**
 - Target met in 2020
- **Typical Customer Impact:***
 - <\$2 per month

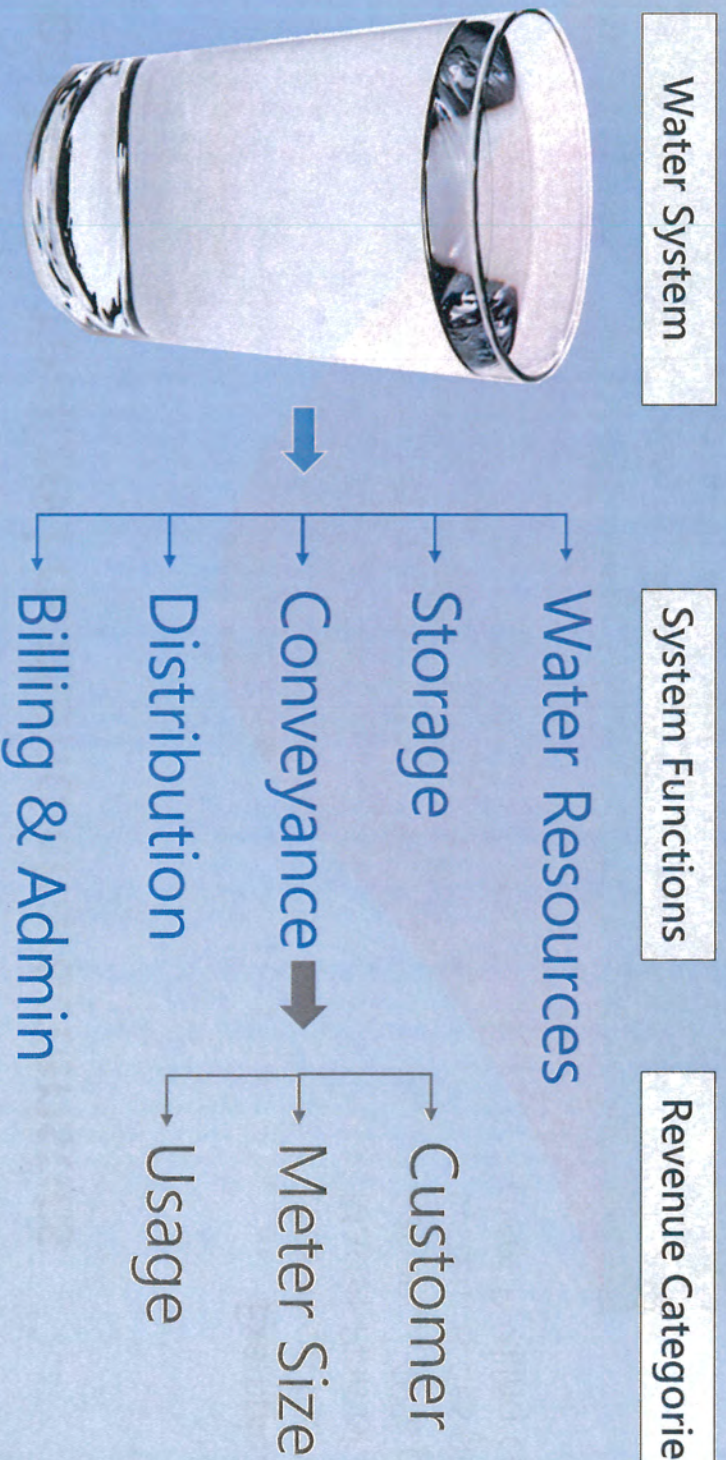


*Typical customer assumes 9 CCF with a 3/4" meter

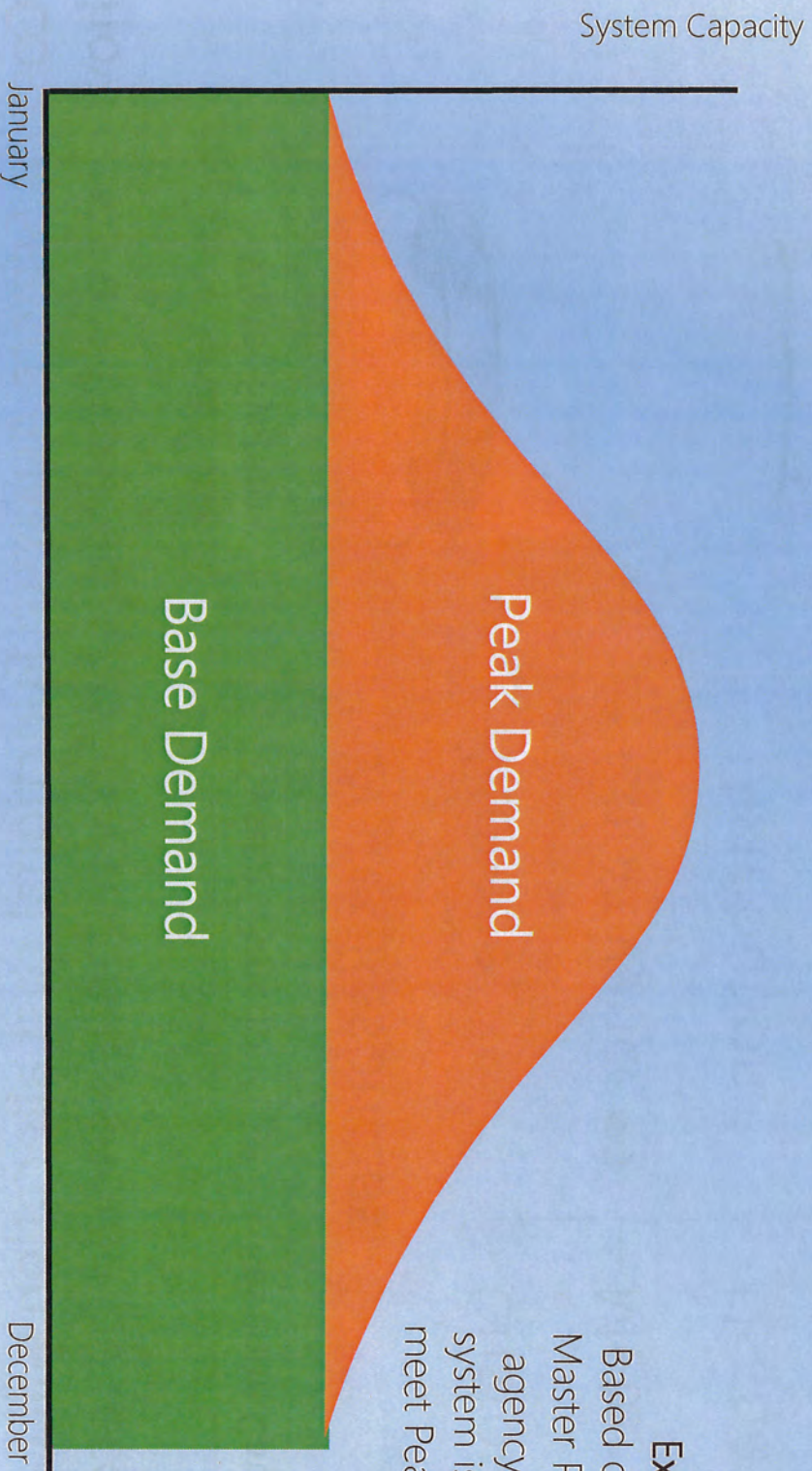


Cost of Service Analysis

COST OF SERVICE ANALYSIS: Functional cost allocation will categorize how costs are incurred, and how revenues should be recovered



SYSTEM PEAKING: Costs are allocated to each customer class based on its use realized demand characteristics



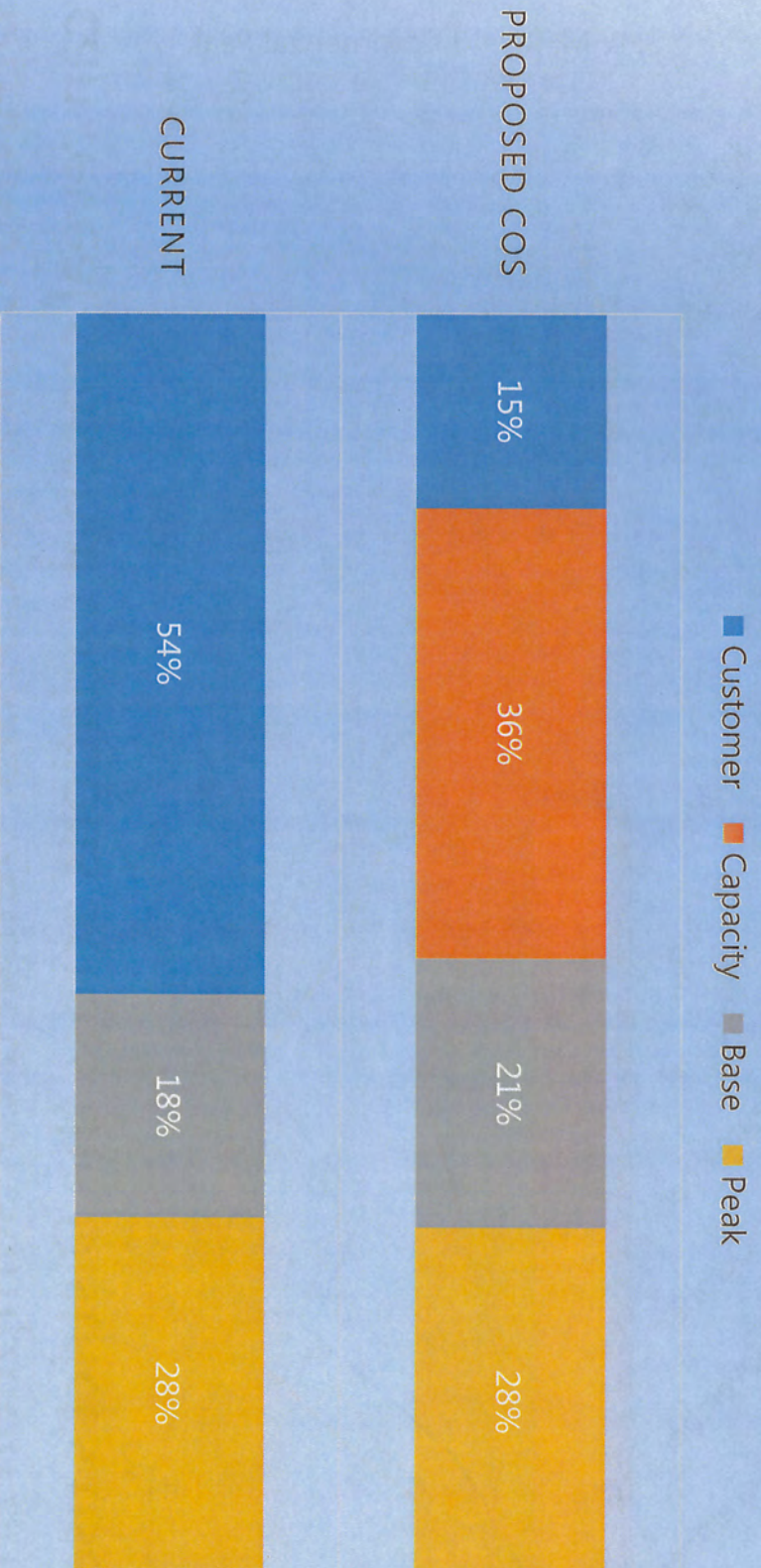
Example:

Based on the Water Master Plan of a peer agency, 40% of the system is designed to meet Peaking capacity

DEFINING CUSTOMER CLASSES: Detailed consumption analysis can reveal seasonal variations across the District's user groups



FUNCTIONAL ALLOCATION: Results closely reflect existing recovery



An aerial photograph of a coastline, showing a dark, forested landmass meeting a lighter, sandy beach and the ocean. The image is overlaid with a blue gradient that transitions from a deep blue at the top to a lighter blue at the bottom, creating a sense of depth and atmosphere. The coastline is irregular, with several inlets and peninsulas.

Rate Structure Recommendations

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



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 Ord Rates: Provide necessary funding to rebuild reserves over 5-years

Meter Size	Current Rates (Eff. 1/1/18)	Proposed (1/1/19)	Proposed (1/1/20)	Proposed (1/1/21)	Proposed (1/1/22)	Proposed (1/1/23)
5/8"	\$38.79	\$40.86	\$43.26	\$44.95	\$46.71	\$48.55
3/4"	38.79	\$40.86	\$43.26	\$44.95	\$46.71	\$48.55
1"	60.51	\$56.81	\$60.14	\$62.49	\$64.94	\$67.49
1 1/2"	96.71	\$96.67	\$102.34	\$106.34	\$110.51	\$114.85
2"	140.14	\$144.51	\$152.97	\$158.96	\$165.20	\$171.69
3"	241.57	\$272.07	\$288.01	\$299.28	\$311.02	\$323.24
4"	386.31	\$415.58	\$439.92	\$457.14	\$475.08	\$493.74
6"	748.31	\$814.22	\$861.91	\$895.64	\$930.78	\$967.34
8"	1,472.72	\$1,611.49	\$1,705.88	\$1,772.64	\$1,842.19	\$1,914.55

Proposed Ord Rates: Provide necessary funding to rebuild reserves over 5-years

Tier	Current Rates (Eff. 1/1/18)	Proposed (1/1/19)	Proposed (1/1/20)	Proposed (1/1/21)	Proposed (1/1/22)	Proposed (1/1/23)
1	\$3.68	\$4.29	\$4.54	\$4.72	\$4.91	\$5.10
2	\$5.65	\$8.18	\$8.66	\$9.00	\$9.35	\$9.72
3	\$7.62	--	--	--	--	--
Sewer	\$32.18	\$33.80	\$34.85	\$35.90	\$37.00	\$38.15

Fire Rates: Updated rates reflect the cost of service

Connection Size	Current Rates (Eff. 1/1/18)	Proposed (1/1/19)	Proposed (1/1/20)	Proposed (1/1/21)	Proposed (1/1/22)	Proposed (1/1/23)
1"	\$2.26	\$2.41	\$2.56	\$2.66	\$2.77	\$2.88
1 1/2"	6.56	7.08	7.51	7.81	8.12	8.45
2"	13.99	15.11	16.02	16.66	17.32	18.02
3"	25.15	27.16	28.79	29.94	31.14	32.39
4"	40.63	43.88	46.51	48.37	50.31	52.32
6"	86.58	93.51	99.12	103.08	107.20	111.49
8"	251.49	271.61	287.91	299.42	311.40	323.85

Proposed Impacts: Bill impacts for the typical 10 ccf customer

Ord Typical Bill Comparison



Marina Typical Bill Comparison



An aerial photograph of a coastline. The ocean is a deep blue, and the land is a lighter blue. A white curved line separates the two. The text "Demand Management Rates" is written in a bold, black, sans-serif font, rotated 90 degrees counter-clockwise, and positioned in the lower right quadrant of the image.

Demand Management Rates

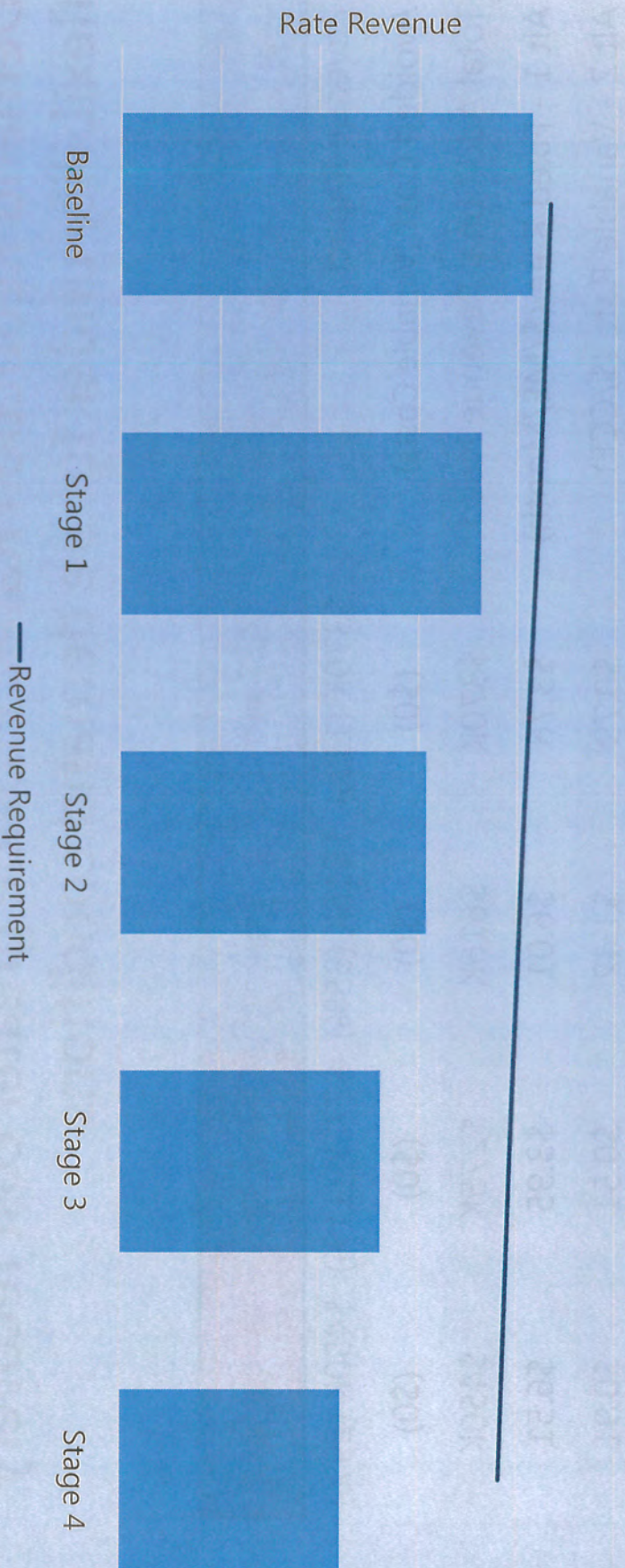
Consideration: Adoption of Demand Management Rates

- **Objective:** Increase financial resilience by providing temporary cost recovery under various demand reduction or drought conditions
- **Challenges:**
 - Customer understanding and communication
- **Recommendation:**
 - Create 2 stages of Demand Reduction Rates to maintain cost recovery
 - Require Board approval to implement rates (temporary surcharge)



If baseline demands are not realized, decreasing demands drive need for additional rate increases in the short-term

Illustrative Revenue under Demand Reduction Scenarios



Demand Reduction Rates: Provide greater cost recovery flexibility under future demand conditions

Demand Reduction	~10% (Ord)	~20% (Ord)	~10% (Marina)	~20% (Marina)
Revenue Impact	\$370K (11%)	\$616K (35%)	\$275K (11%)	\$450K (29%)
Avoided Cost (Variable Costs)	(\$0)	(\$0)	(\$0)	(\$0)
Total Additional Revenue Need	\$370K	\$616K	\$275K	\$450K
Alt 1 - Fixed Rate (\$/ME/Month)	\$3.76	\$6.01	\$3.95	\$6.51
Alt 2 - Variable Rate (\$/CCF)	\$0.79	\$1.42	\$0.51	\$0.91

Note: Given the implementation lag, rates are not intended for immediate or short-term demand restrictions. Nor are then intended to be used for small reductions in usage.

An aerial photograph of a coastline, showing a dark, forested landmass on the left and a lighter, sandy beach area on the right. The image is overlaid with a blue gradient that transitions from a darker blue on the left to a lighter blue on the right, following the curve of the coastline. The text "Next Steps" is positioned at the bottom of the image, centered horizontally.

Next Steps

Next Step: Over the next few weeks, numbers will continue to be confirmed and refined

- Cost Allocation Plan
 - Existing allocation based on sound principles
 - Carollo to fully document bases and suggest potential modifications
 - No significant changes expected
- Capital Plan
 - As part of the Master Plan, MCWD staff will continue to provide updates
 - Most changes expected in "out-years"
 - Confirmation of Capacity Fee methodology and potential rate recovery
- Final Board & FORA input



Schedule and Next Steps

- December 4 (Board)
- December 13 (WWOC)
- December 18 (Board)
- January 3 (WWOC)
- January 12 (FORA)
- January 22 (Board)

Review of
Draft Results

Consideration
of Initiating
Proposition
218 Process

- January 2018

Rate
Adoption

- March 2018
- January 1, 2019 (Implementation)

