

SEASIDE PROPOSAL FOR FORT ORD POTABLE WATER SERVICE

I. SUMMARY OF GOALS

A. Seaside Goals

1. City self-determination.
2. City control of timing of infrastructure development and control of infrastructure costs.
3. City rate control.
4. Direct City accountability as service provider to customers.

B. Presumed Goals of City of Marina

1. No dilution of MCWD Board of Directors.
2. No export of Marina-based water supplies to serve non-Marina portions of Fort Ord.
3. No imposition of Fort Ord infrastructure development costs on Marina customers (i.e., no rate impact).
4. Maintain MCWD's focus on Marina development goals

C. Presumed Goals of Other Jurisdictions

1. Administratively simple and cost-effective water service.
2. No undue delay in obtaining service/construction of infrastructure.
3. Cost and rate control.
4. Potentially other interests similar to those listed for Seaside and Marina.

II. SUMMARY OF PROPOSED WATER SERVICE

A. Retail Water Service

1. Seaside Municipal Water System is expanded to serve all Seaside portions of former Fort Ord not currently served by MCWD (predominantly south of General Jim Moore and Eucalyptus).
2. If desired, Seaside would consider substituting as the service provider for areas of the City of Seaside currently served by MCWD if terms of infrastructure conveyance were acceptable to both entities.
3. If desired, Seaside would consider serving other jurisdictions within Fort Ord to the extent practical and cost-effective.

4. MCWD annexes and serves all Marina portions of the former Fort Ord and other jurisdictions within Fort Ord that desire service from MCWD to the extent practical and cost-effective.

B. Wholesale Water Service to Seaside

1. Seaside and MCWD contract for delivery of wholesale water supply to Seaside Municipal at General Jim Moore and Eucalyptus through a “master meter.”

- a. Quantity: Limited to FORA Allocation.
- b. Term: 25 Years subject to automatic 10 year renewals unless decision made not to renew at the discretion of either party.
- c. Wholesale Payments: Cost of service (including reasonable administrative fee).
- d. Source of Supply: Limited to groundwater produced from Salinas Basin wells on Fort Ord (i.e., no export of Marina-based supply). Seaside Municipal may rely on Seaside Basin production as an emergency back-up supply.

2. Possible Alternative: If preferred by other jurisdictions, Seaside would consider formation of a JPA to substitute for MCWD as the wholesale water provider. However, JPA approach would likely require a conveyance or lease of Salinas Basin wells and related infrastructure from MCWD to JPA.

III. POLICY RATIONALES FOR PROPOSAL

- 1. Best option to satisfy Seaside goals of control over infrastructure development timing, infrastructure costs, and rates.
- 2. Provides for direct accountability to new customers.
- 3. If other jurisdictions desire extraterritorial service by Seaside, Seaside can contract with other jurisdiction for service. Contract(s) would set forth reasonable terms of service and protections to ensure long-term conformity with terms of service.
- 4. Keeps MCWD largely focused on Marina (No/minimal dilution of MCWD board of directors and limits exports of Marina-based water supplies out of Marina and immediate vicinity).
- 5. Wholesale water service contract between MCWD and Seaside would be relatively simple.
- 6. No need to create a new entity.
- 7. Efficient water service in that (a) MCWD and Seaside both currently provide retail water service; and (b) no duplication of infrastructure.
- 8. There are numerous examples of successful implementation of a wholesale/retail water service division between two or more public agencies. See e.g., Metropolitan Water District of Southern California, Sonoma County Water Agency, Santa Clara Valley Water District, San Diego County Water Authority, and Contra Costa Water District.

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