



**CONTINUED FROM ADJOURNED JOINT MEETING OF THE
FORT ORD REUSE AUTHORITY AND
MARINA COAST WATER DISTRICT
BOARDS OF DIRECTORS FROM JULY 8, 2011**



AGENDA

**3:30 PM, Friday, September 16, 2011
Carpenters Union Hall
910 2nd Avenue * Marina, CA 93933**

(It is the policy of the FORA Board to adjourn no later than 6:00 pm.)

*Govt. Code 54954(b)(3) allows a board to meet outside its jurisdictional boundaries to participate in meetings or discussions of multiagency significance, provided Brown Act notice is provided by all bodies subject to the Act

- 1. CALL TO ORDER AND ROLL CALL OF BOTH BOARDS - 3:30 PM TIME CERTAIN**
- 2. PLEDGE OF ALLEGIANCE**
- 3. NEW BUSINESS**
 - a. Independent audit report – Marina Coast Water District water rates **INFORMATION**
- 4. CONTINUED OLD BUSINESS – from July 8th 2011**
 - a. Ord Community and Marina Water/Wastewater Systems Proposed Budgets and Rates for FY 2011-2012
 - (1) FORA Board Approval of Resolution Nos. 11-03 and 11-04 Adopting a Compensation Plan and Setting Rates, Fees and Charges for Base-Wide Water, Recycled Water and Sewer Services on the Former Fort Ord **ACTION**
 - (2) MCWD Board Consider Adoption of Resolution Nos. 2011-36 and 2011-37 (Ord Community Budget and Compensation Plan) **ACTION**
- 4. ANNOUNCEMENTS AND CORRESPONDENCE**
- 5. ADJOURNMENT**

*Information about items on this agenda or persons requesting disability related modifications and/or accommodations can contact the FORA Deputy Clerk at: 831-883-3672 * 920 2nd Avenue, Ste. A, Marina, CA 93933 or the MCWD offices 831-384-6131* 11 Reservation Road, Marina, CA 93933 by 5:00 p.m. one business day prior to the meeting. Agendas can also be found on the FORA website: www.fora.org*

FORT ORD REUSE AUTHORITY BOARD REPORT

NEW BUSINESS

Subject:	Independent audit report – Marina Coast Water District water rates	
Meeting Date:	September 16, 2011	INFORMATION
Agenda Number:	3a	

RECOMMENDATION:

Receive an independent audit report of Marina Coast Water District ("MCWD") proposed 2011/12 water rates performed by Economic Planning Systems ("EPS").

BACKGROUND:

MCWD began serving customers on the former Fort Ord in 1997 and in November 2001, took over ownership of the basewide water and recycled water system via Economic Development Conveyance. MCWD bills their former Fort Ord customers according to the rates approved annually by the Fort Ord Reuse Authority ("FORA") Board of Directors.

In 2008, a rate study performed by Bartles & Wells showed the need for a substantial increase to capacity fees and water rates to adequately fund MCWD maintenance and capital improvement projects. To avoid drastically increasing capacity fees, the FORA Board approved the addition of \$20M of costs associated with the Monterey Bay Regional Water Supply Program into the FORA Capital Improvement Program. Additionally, the study proposed increasing water rates over the course of five years: a 10% increase in the first two years followed by a 7.8% increase in each remaining year.

After the MCWD Board reviewed the proposed 7.8% increase to the 2011/12 water rates, they requested that staff identify budget reductions and lower the rate increase as much as possible. MCWD staff was able to reduce outside consulting and operating expenses, thus reducing the proposed increase to 4.9%.

DISCUSSION:

In June 2011, the FORA and MCWD Boards of Directors received a presentation of the draft FY 2011/12 MCWD budgets and rates for the Ord Community. The FORA Board had numerous questions. MCWD staff met with individual FORA Board members in order to provide additional information (see Questions & Answers, **Attachment A**).

In July 2011, the joint Boards convened to receive the Questions & Answers and act on the resolutions adopting the budget and setting the rates, fees and charges. However, the FORA Board was still concerned about the proposed rate increase. Although individual Board members had received answers to their questions, they requested that MCWD staff list each question and answer in a comprehensive document for the FORA Board as a whole. The FORA Board additionally requested that staff engage a consultant to perform an independent audit of the proposed water rates to ensure that the requested increase was both adequate and warranted. Staff solicited proposals from several consultants and selected EPS to perform the independent audit. FORA expanded EPS's scope of services for a separate contract (**Attachment B**) to include this work.

Based on their review, EPS found that the 4.9% rate increase proposed for 2011/12 *is warranted*. Additionally, they found that the 5% increase proposed for 2012/13 *is warranted* as well. A final report prepared by EPS is attached (**Attachment C**) and includes further details of these findings. Staff is requesting that the Board receive the results of the audit prior to acting on continued old business item 4a.

FISCAL IMPACT:

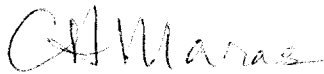
Reviewed by FORA Controller 

The cost to FORA for the water rates audit is not to exceed \$7,500 and this expense was approved by the FORA Board in July 2011. Staff time for this item is included in the FY 11-12 budget.

COORDINATION:

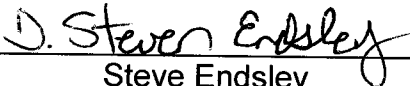
MCWD, Administrative Committee, Executive Committee

Prepared by



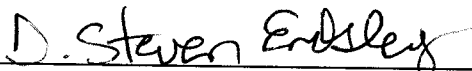
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Reviewed by

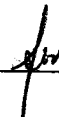


Steve Endsley

Approved by



Michael A. Houlemard, Jr.



**ANSWERS TO QUESTIONS ON 2011/12 ORD COMPENSATION PLAN FROM
THE JOINT FORA/MCWD MEETING 06/10/2011**

1. *2nd Chair/Mayor Pro-Tem O'Connell asked if the District looked into a different sewer rate between residential and commercial so as to reduce the rate of residential.*

No. The current rate structure, recommended by the firm of Bartle & Wells from their 2008 rate study (the foundation of all rate increases since FY 2008/09), is based on 1 equivalent dwelling unit (EDU). Commercial customer rates are based on the number EDUs that are assigned to their business and residential customer rates are based on the number of EDUs assigned to residences. If for example a business is determined to have 42 EDU, their monthly bill would be $42 \times \$24.36 = \$1,023.12$. The residential charge is based on 1 EDU, as such their monthly charge would be \$24.36.

2. *Mayor McCloud asked if the District was concerned by the amount of ratepayer protests (about 25%) and if the District took on additional debt to cause such an increase in interest.*

Of the 553 protests that were reported at the June 10th meeting, 517 were from a single ratepayer, CSUMB. CSUMB letter counts as 517 protests based on the number of connections it has. There were 36 protests received from individual ratepayers. 1.3% of the ratepayers protested.

The reason for the increase in interest expense is that new debt has been placed in a debt instrument with an accelerated (10 yr) repayment schedule. As such, it substantially increased the interest budgeted for FY 2011/12. In June, 2010, the District exercised a long held option to purchase 224 Acres of Armstrong Ranch with a Promissory Note as part of the 1996 Annexation Agreement and Groundwater Mitigation Framework for Marina Area Lands. If the Promissory Note was paid by December 31, 2010, the District would be able to recoup the costs of the land purchase through annexation and/or capacity fees collected on the Development of Armstrong Ranch. In December 2010, the District refinanced the Promissory Note with refunding revenue bonds with the same repayment schedule as the Promissory Note - 10 years. The existing 2006 Bonds have a 30-year repayment schedule and FY 2011/12 is year 6 of 30. The 2010 refunding revenue bonds have a 10-year repayment schedule and FY 2011/12 is year 2 of 10.

3. *Mayor Edelen, City of Del Rey Oaks, asked what attributed to the increase of interest anticipated for FY 2011/12.*

See answer to Question 2.

KAMPE QUESTIONS EMAILED TO FORA

So here are the questions regarding the tables of numbers:

1. *What are the main cost drivers of the rate increase?*
 - a. *Expenses, e.g. energy, salaries*
 - b. *Capital/interest costs*
 - c. *Required or necessary improvements for healthy, safety or reliability*
 - d. *Unanticipated maintenance actions*
 - e. *Can we see a few summary year to year compares in a simple table format, for significant cost factors?*

All of the above are potential cost drivers of a rate increase. The combined outstanding Debt for the Ord Community is more than \$30 million. The Ord community is a small rate base that must support a large water and sewer system. The annual Debt Service for FY 2011/12 is \$2.5 million. Below is a table of the budgeted annual Debt Service for Ord Community Cost Centers:

Cost Center	FY 2008/09	FY 2009/10	FY 2010/11	FY 2011/12
Ord Water	692,880	793,933	1,017,034	1,828,100
Ord Sewer	365,640	413,285	433,814	730,590

2. *Salaries are obviously a hot topic. Probably needs some comment.*

Ord Water personnel costs increased by .2% and Ord Sewer personnel costs have decreased by 18.7% for an overall decrease of 3% or \$92,750. This was achieved by decreasing staff through attrition and current staff picking up the workload.

3. *What role does the 5-year plan play?*

The 5-year financial plan and rate study was used to determine the rates for the five years within the plan (FY 2008/09 – FY 2012/13). FY 2011/12 is year 4 of 5 of recommended rate increases. The plan assumes little to no growth during these years. Rates for the five years were established to meet the annual debt service, operating costs, fund a scaled-down CIP plan and to fund reserves.

4. *What adjustments are being made to adjust to circumstances, e.g. the slow build-out of former Fort Ord?*

The implemented 5-year financial plan assumes the current slow build-out environment at of the former Fort Ord.

5. *What actions are being taken to mitigate cost increases*

The Board directed staff to make necessary cuts in order to reduce the planned increase of 7.8% to less than 5%. Staff took measures to mitigate cost increases and reduce the planned increase by reducing staffing levels through attrition. In addition, O&M staff is doing more work in-house instead of using outside contractors and Engineering staff have reduced the use of consultants and doing more of the work in house as well.

6. *I think I heard that conservation measures are reducing water usage overall.*

a. *How much?*

Total water consumption in the District has gone down 4.6% (based on five year averages from 2001-2005 and 2006-2010) while the number of connections has gone up.

b. *What is the consequence for the base rate, all other things being equal?*

If by “all other things being equal” includes the continued reduction of water usage, the base rate would need to increase in order to meet operational costs, debt service and capital needs.

Another industry, solid waste, serves as a good example for how good public behavior (recycling) can negatively impact the revenue stream for public agencies. As the revenue for landfills is based on the volume of refuse it receives, successful recycling efforts of the public have impacted landfill revenue streams. Rates reflect the operational costs of a landfill or water district, which in large part, are fixed.

c. *While the rate may go up, shouldn't the monthly bill for the average, more water-wise customer still go down?*

The average bill for the more water-wise customer may or may not go down depending on how much they can reduce water usage.

7. *How is overhead/common expense allocated to cost centers? (My experience in product and service pricing is that overhead allocation is a battle ground and has a significant effect on prices.) It's operating cost ratio – but I don't know what that means. What is in each cost center operating cost? I look at Exhibit W-1 and it's just hard to sort that out. There's a section for operation and maintenance, but are personnel assigned exclusively*

to the cost center for this line item? Or should I be looking at the Total Operating Expenses? But that clearly includes allocated expenses already.

Shared/Overhead Cost ratio is based on actual operating costs for each cost center from the previous audited fiscal year. The proposed FY 2011/12 expense allocation is based on the audited FY 2009/10 total operating expenses of the District. The cost allocation used in the proposed FY 2011/12 compensation plan is Marina Water (28%), Marina Sewer (7%), Ord Water (54%), and Ord Sewer (11%).

There are personnel costs and overhead/common expenses that are distributed among the cost centers using the cost allocation. These expenses include certain insurance and equipment lease payments, various administrative costs and supplies. There are also direct costs for each cost center as well as staff that are allocated to particular cost centers. The personnel and expenses listed in the Exhibits of the Compensation Plan therefore include the total of direct and allocated costs.

8. Comparison of cost center increases

- a. Would like to see a simple table comparing the 4 cost center selected rates and rate increases.*

Table 1 - Rate Increases (%)

Cost Center	Approved FY 2008/09	Approved FY 2009/10	Approved FY 2010/11	Proposed FY 2011/12
Marina Water	3.8%	7.8%	7.8%	4.9%
Marina Sewer	3.8%	7.8%	7.8%	4.9%
Ord Water	10%	10%	7.8%	4.9%
Ord Sewer	3.8%	7.8%	7.8%	4.9%

Table 2 - Rates

Cost Center	Approved FY 2008/09	Approved FY 2009/10	Approved FY 2010/11	Proposed FY 2011/12
Marina Water				
Base Rate (3/4" Meter)	\$14.72	\$15.87	\$17.11	\$17.95
Tier 1	\$1.79	\$1.93	\$2.08	\$2.18
Tier 2	\$2.18	\$2.35	\$2.53	\$2.66
Tier 3	\$3.98	\$4.29	\$4.62	\$4.85
Marina Sewer (per EDU)	\$7.14	\$7.70	\$8.30	\$8.71
Ord Water				
Base Rate (3/4" Meter)	\$13.75	\$15.13	\$16.31	\$17.11
Tier 1	\$1.87	\$2.06	\$2.22	\$2.33
Tier 2	\$2.63	\$2.89	\$3.12	\$3.27
Tier 3	\$3.39	\$3.73	\$4.02	\$4.22
Flat Rate	\$67.76	\$74.58	\$80.40	\$84.34
Surcharge	\$20.00	\$20.00	\$20.00	\$20.00
Ord Sewer (per EDU)	\$20.97	\$22.60	\$24.36	\$25.56
Surcharge	\$5.00	\$5.00	\$5.00	\$5.00

- b. Jim, your comment that the board reduced your recommended increases to a common 4.9% across all cost centers really caught my ear. I hope that's based on some tangible plan to control costs. And it still leaves me wondering if the cost center pricing is really properly represented.*

The rate study recommended a 7.8% rate increase to all cost centers in year 4. In earlier years of the study, the rates varied between Ord Water and the rest of the cost centers. The Board chose to decrease the rate increase of all cost centers to 4.9%.

- 9. *Tier structure, why is first break so high?*
 - a. The answer provided at our board meeting was bewildering. It was oriented around multiple users at a trailer park, and perhaps at some apartments. It seems to me that there must be some rate setting method to manage that.*
 - b. Fix the problem of multiple users on a meter! Special rate table, more meters? Can you create a special scale based on number of EDU's per meter?*
 - c. It just doesn't make sense to me to forgo the conservation incentives for the single meter per EDU users. That's the perspective of a CalAm customer with a CDO looming.*

The increasing tier rate structure used by the District and other local water districts, are in part placed to encourage water conservation. In these rate structures the water rates increase with progressive preset consumption "blocks". The MCWD tier rates were derived from recommendations from Bartle Wells Associates in its 2008 MCWD rate study report. This study included water conservation considerations in its analysis. The rate structure is similar to California Water Service, which draws its water from the same Salinas Valley aquifer.

SUPERVISOR PARKER'S QUESTIONS EMAILED TO FORA

- 1. Ord Community Water Budget –
 - a. What capital projects caused the interest rate to double?*

Interest rates did not double. Interest expense did increase 68%. New debt has been placed in a debt instrument with an accelerated (10 yr) payment schedule.

*Can the debt service be refinanced to ease the burden on current rate payers?
(Bill Kempe's questions)*

It is not feasible to refinance the debt at this time.

1. Interest rates on municipal bonds are currently higher than interest rates on existing debt.
2. It would not be cost-effective because there would be severe cost penalties for early call on the bonds.

b. How do the tier rates compare to Cal-Am's?

Cal-Am's tier structure is more aggressive towards water conservation.

By comparison, the Cal Am rate structure is more aggressive with more tiers and steeper rate structure. This is accompanied by a customization of rate schedules for different factors such as number of people in the household, lot size, etc. This rate structure is formulated for the water supply situation in the Cal Am area.

The MCWD rate structure is similar to California Water Service, which draws its water from the same Salinas Valley aquifer. MCWD and Cal Water rate schedules do not account for the number of people in the household or multiple users behind one meter.

*What unit of water do the numbers on the chart represent in gallons? (Jane)
There were numbers, like 400, 800, but it didn't say "gallons" or any other measurement.*

The numbers represent cubic feet.

2. Ord Community Waste Water –

a. Why are the rates so high compared to surrounding communities?

The rates are higher compared to surrounding communities for a couple of reasons

1. The Ord customer base is very small compared to the large system that it must support.
2. The rates must provide for a portion of the pay down of the large debt service incurred for sewer restoration capital projects due to the poor condition of the system when it was turned over to the District.

b. Where did the dollar amounts for surrounding communities come from – the PCA rates for the cities are higher than what was on the chart – for example, it lists Monterey as paying \$5.18 per month, but Monterey residents pay much more than that to PCA, and there is no separate bill from the city of Monterey. Perhaps the comparison numbers don't include all the expenses? It may be that

Ord Community rates are not much different from other Peninsula communities, but the chart makes them look 5x as expensive.

The sewer bill to the City of Monterey residents (and some of the other cities with MRWPCA), have combined collection system and wastewater treatment bills. The referenced chart shows only the collection system costs for the Ord and surrounding communities.

**QUESTIONS SUBMITTED TO FORA BY PAULA PELOT, RATEPAYER
VIA MAYOR PRO-TEM O'CONNELL**

Proposed MCWD Rate Increases to the Ord Community and the MCWD Budget Presentation

1. *Since 2003, what is the percentage increase to Ord Community ratepayers?*

Since 2003, the percentage increase for water rates is 96% and 132% for wastewater rates.

2. *What accounts for the **68%** increase in Interest Expense under the Administration/Management section of the Ord Community Water Systems Operations Proposed Budget? Was there additional indebtedness acquired (if so when/what) or did the terms for the existing indebtedness change resulting in this increase? Provide the detail of what comprises the interest expense line.*

The 68% increase in interest expense is primarily due to new debt which has been placed in a debt instrument with an accelerated (10 yr) payment schedule. Interest expense is comprised of (2006 Bond Interest - \$937,330; 2010 Bond Interest - \$174,420; Loans & Interest on Leased EQ - \$47,000.)

3. *What accounts for the **38%** increase in Maintenance Expenses under the Operations and Maintenance section of the Ord Community Water Systems Operations Proposed Budget?*

The 38% increase in Maintenance Expense is due to O&M equipment (primarily valve replacement) - 52,300; O&M property (on aging facilities) - \$14,400; O&M fleet -\$10,000; O&M supplies (lubricants, safety, data).

4. *What accounts for the **71%** increase in Lab Contract Services under the Laboratory section of the Ord Community Water Systems Operations Proposed Budget?*

Lab Contract Services increase is due to more anticipated tests to be run when two new wells go online in the proposed budget year. The increase is also for additional tests required under the District's permit.

5. *What accounts for the 81% increase in Interest Expense under the Administration/Management section of the Ord Community Wastewater Systems Operations Proposed Budget? Was there additional indebtedness acquired (if so when/what) or did the terms for the existing indebtedness change resulting in this increase? Provide the detail of what comprises the interest expense line.*

The 81% increase in interest expense is primarily due to new debt which has been placed in a debt instrument with an accelerated (10 yr) payment schedule. Interest expense is comprised of (2006 Bond Interest - \$406,000; 2010 Bond Interest - \$41,040; Loans & Interest on Leased EQ - \$15,800.)

6. *What accounts for the 85% increase in Maintenance Expenses under the Operations and Maintenance section of the Ord Community Wastewater Systems Operations Proposed Budget?*

The 85% increase in Maintenance Expense is due to O&M equipment for the sewer lift stations (2 stations in particular: Clark - \$15,000 and Giggling - \$30,000).

7. *What is the allocation of administrative overhead between the cost centers? Please provide the justification for the allocations. Has administrative staff increased since MCWD "acquired" the Ord Community as a service area? Has it been necessary to increase staff by full-time equivalents that justify the allocation of perhaps 50% to 60% of the entire MCWD administrative overhead to the Ord Community Cost Centers (in other words has the Administrative staff full time equivalents doubled?)*

Shared/Overhead Cost ratio is based on actual operating costs for each cost center. The proposed expense allocation is based on the FY 2009/10 total operating expenses of the District. The cost allocation used in the proposed FY 2011/12 compensation plan is Marina Water (28%), Marina Sewer (7%), Ord Water (54%), and Ord Sewer (11%). There are personnel costs and overhead/common expenses that are distributed among the cost centers using the cost allocation. These expenses include certain insurance and equipment lease payments, various administrative costs and supplies. There are also direct costs for each cost center as well as staff that are allocated to particular cost centers. The personnel and expenses listed in the Exhibits of the Compensation Plan therefore include the total of direct and allocated costs.

The administrative staff has not increased since MCWD "acquired" the Ord Community as a service area. As an example, in FY 1999, the administrative staff had 10 full time equivalents (FTE's) which is what the District maintains in the proposed 2011/12 budget. The District has been able to accommodate the increased workload through technology and ongoing review of work processes. However, the basis for cost distribution is not based on the number of FTE but on expenses. By MCWD taking on the Ord Community service area, each community receives the benefit of economy of scale. If Central Marina and Ord Community were individual districts, they would each have to staff their own administrative

staff. Further, while Ord Community's rate base is smaller than Central Marina's, the Ord service area and systems are much larger than Marina's. Water and wastewater systems of Central Marina consist of 91 miles of pipeline, 5 pressure zones, 4 well, 1 tank and 5 lift stations versus Ord Community's 257 miles of pipeline, 9 pressure zones, 5 well, 7 tanks and 16 lift stations. If the allocation were based on size of system and service area, the Ord Community's percentage would be more like 75% to 80%.

In re Exhibit W-3, MCWD Ord Community Water Systems Operations Revenue Projections:

- 8. What accounts for the drop off of # of Metered Accounts from 2,988 in FY 10/11 to 2,808 in FY 11/12?*

The # of accounts in Compensation plan are budget estimates. They are based on existing meters plus the # of meters estimated to be added in that particular fiscal year. The additional metered accounts did not materialize in FY 10/11 therefore the FY 11/12 estimate was reduced to 2,808.

- 9. The number of metered accounts in the Ord Community that was provided to me by MCWD relative to the Prop 218 process was 2,876. How do you account for the discrepancy with that in Exhibit W-3 (2,988), or 112 metered accounts. Over the years, and each time we move into one of these Prop 218 processes, Ord Community residents have not been able to obtain a fixed number from MCWD; it continually changes and this discrepancy exemplifies that condition.*

The discrepancy between the number of actual accounts at the time of the Prop 218 process (2,876) for FY 11/12 and the number of budgeted meters for FY 10/11 listed in Exhibit W-3 (2,988) is due to the fact that the anticipated increase in meters in FY 10/11 were not realized.

Marina Coast Water District Water and Wastewater Rate Analysis

This proposal is in response to FORA's request that EPS analyze Marina Coast Water District's (MCWD) proposal to increase water and wastewater rates.

Scope of Work

EPS understands MCWD recently sought approval for an annual rate increase at a joint meeting of the MCWD and FORA boards. As a result of that and follow-up meetings, the FORA Board is seeking to engage a professional services firm with water and wastewater rate and fee expertise to review and make findings regarding the proposed water and wastewater rate increases. The review will not constitute a complete recalculation of proposed rates, but rather findings as to whether the proposed rate increases are warranted or could be modified.

This review of the proposed MCWD water rates has a direct relation to the overall consideration of financial feasibility for new development and redevelopment planned at Fort Ord. EPS's current work on the CFD special tax has provided recent data related to the financial feasibility of private development projects.

EPS will complete the following work for the MCWD Water and Wastewater Rate Analysis:

- Review original MCWD Five-Year Water and Wastewater Financial Plan and Rate Study, prepared by Bartle Wells Associates.
- Review historical MCWD and FORA materials documenting prior rate increases.
- Review recent MCWD Board agendas, meeting materials and minutes to document basis for proposed rate increases.
- Review recent FORA Board agendas, meeting materials and minutes for background information on proposed rate increases.
- Evaluate operating cost, financing and other cost assumptions used in justifying the proposed rate increases.
- Focus on the largest cost drivers and on the allocations of costs between cost centers.
- Conduct interviews with MCWD and FORA staff to inform the rate review analysis.
- Review existing rate comparisons and augment them as necessary with additional data.
- Prepare a technical memorandum summarizing the results of the water and wastewater rate review. EPS will prepare an administrative draft memorandum for staff review and comment. Following staff review, EPS will prepare a memorandum for FORA Board consideration.
- Present information at an upcoming FORA Board meeting – targeted for September 2011.

EPS will also respond to questions from FORA staff and the Board throughout the process of completing the work product.

Budget and Schedule

EPS requests a budget amendment of \$7,500 to complete the review and prepare associated technical memoranda. EPS charges for its services on a direct-cost (hourly billing rates plus direct expenses), not-to-exceed basis; therefore, you will be billed only for the work completed up to the authorized budget amount.

EPS is prepared to begin working immediately and will complete this work on a schedule that allows for presentation at an upcoming FORA Board meeting targeted for September 2011.

EPS Contact Information

Jamie Gomes will serve as EPS Principal-in-Charge for this project. Questions regarding this proposal should be directed to him at (916) 649-8010.

Final Report

The Economics of Land Use



Marina Coast Water District Rate Increase Proposal Review

Prepared for:

Ford Ord Reuse Authority

Prepared by:

Economic & Planning Systems, Inc.

September 9, 2011

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EPS #21495

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1. EXECUTIVE SUMMARY

The purpose of this report is to evaluate the water and wastewater rate increase request for the Ord Community on behalf of the Fort Ord Reuse Authority (FORA). FORA engaged Economic & Planning Systems, Inc. (EPS) to provide an independent review of the proposed water and wastewater rate increase request. Following this summary of findings, this document describes the review of the Marina Coast Water District (MCWD) Fiscal Year (FY) 2011-12 annual budget and proposed rate increases.

Context and Scope of Review

In 2008, MCWD adopted the Marina Coast Water District Five-Year Water and Wastewater Financial Plan and Rate Study (2008 Rate Study), prepared by MCWD's consultant, Bartle Wells Inc. This document included recommendations for MCWD's annual water and wastewater rates, as well as capital improvement charges to be collected from new development. The 2008 Rate Study included recommendations for 2008 rates, as well as rate increases for a 5-year period through FY 2012-13. From FY 2008-09 through FY 2010-11, MCWD adhered to the annual rate increases recommended in the 2008 Rate Study. MCWD is now proposing alternative rate increases for FY 2011-12 and FY 2012-13. These rate increases are lower than those proposed in the 2008 Rate Study.

MCWD proposed the alternative rate increases to members of the Joint Board of MCWD and FORA in June 2011. Questions from the joint meeting ultimately led to the request for an audit of the proposed rate increase request. EPS performed the audit by reviewing the FY 2011-12 annual budget and historical budget and other financial planning documents. The scope of the budget analysis focuses on the Ord Community's Water and Wastewater budgets. However, MCWD-wide budget information also was reviewed for contextual understanding.

This analysis is based on data from the following sources:

- FY 2011-12 Ord Community Compensation Plan.
- FY 2011-12 MCWD Revised Draft Budget.
- 2008 Rate Study.
- FY 2009-10 Comprehensive Annual Financial Report (CAFR).
- Historical MCWD Budgets.
- Meeting Agendas and Minutes from FORA Board, MCWD Board, and joint board meetings.
- Interviews with MCWD staff.

Summary of Findings

This section summarizes findings from the budget and rate review analysis. The findings are summarized for MCWD overall and separately for Ord Water and Ord Wastewater. Later chapters in the report discuss the findings in detail.

Overall Findings

1. The proposed Ord Water and Wastewater 4.9-percent rate increases are warranted.
2. Ord Community operating and other cost increases are similar to Marina.
3. MCWD implemented cost reductions of \$360,000 to reduce the FY 2011-12 rate increase proposal from 7.8 percent to 4.9 percent.
4. Individual cost centers are funding proportional amounts of administrative costs.
5. Required debt service coverage ratios are being met.
6. General district cash reserves are adequately funded.
7. Ord Community capital reserves are not at adequate levels and require additional funding to reach desired levels.
8. Major capital facility financing will be contingent on new revenue sources (e.g., capacity charges from new development and other sources such as grants and loans).

Ord Water Rate Request Findings

1. The proposed Ord Water rate increase of 4.9 percent is warranted.
2. FY 2011-12 operating revenues are anticipated to exceed operating costs.
3. Excluding interest costs, annual operating costs increased 3.8 percent from FY 2010-11 to FY 2011-12.
4. Including interest costs, overall operating costs increased 13.6 percent from FY 2010-11 to FY 2011-12.
5. The Ord Water capital reserve account is below desired levels but is improving.
6. Reserve funding will be used to meet FY 2011-12 obligations.

Ord Wastewater Rate Request Findings

1. The proposed Ord Wastewater rate increase of 4.9 percent is warranted.
2. FY 2011-12 operating revenues are anticipated to exceed operating costs by approximately 50 percent.
3. Excluding interest costs, annual operating costs decreased by 17.5 percent from FY 2010-11 to FY 2011-12.
4. Including interest costs, overall operating costs increased 5.5 percent from FY 2010-11 to FY 2011-12.
5. The Ord Wastewater capital reserve fund is inadequately funded but is improving.

Table 1 provides a detailed summary of FY 2011-12 Ord Community Water and Wastewater revenues and expenses separated between operating and capital-related items. The remainder of this document describes the information summarized in **Table 1**.

Table 1
FORA MCWD Rate Increase Review
Ord Water and Wastewater Operations and Capital Budgets

Item	FY 2011-12 Adopted Budget				
	Ord Water		Ord Wastewater		
	Operations	Capital	Total	Operations	Capital
Operating Revenues	\$5,514,880	-	\$5,514,880	\$1,775,600	-
Other Revenues					
Funding New Source	-	\$4,035,929	\$4,035,929	-	-
Grant Revenues	-	\$800,000	\$800,000	-	\$1,459,985
Capital Surcharge	-	\$80,000	\$80,000	-	-
Capacity Revenue	-	\$50,000	\$50,000	-	\$10,000
Subtotal	-	\$4,965,929	\$4,965,929	-	\$18,000
Total Revenues	\$5,514,880	\$4,965,929	\$10,480,809	\$1,775,600	\$1,487,985
Operating Expenses	(\$5,162,055)	-	(\$5,162,055)	(\$1,161,510)	-
Capital Expenses					
Principal	-	(\$669,350)	(\$669,350)	-	(\$264,250)
Capital Replacement Reserves Fund	-	(\$200,000)	(\$200,000)	-	(\$100,000)
Capital Improvement Project	-	(\$4,835,929)	(\$4,835,929)	-	(\$1,459,985)
CIP General	-	(\$95,600)	(\$95,600)	-	(\$15,400)
Subtotal	-	(\$5,800,879)	(\$5,800,879)	-	(\$1,839,635)
Total Expenses	(\$5,162,055)	(\$5,800,879)	(\$10,962,934)	(\$1,161,510)	(\$1,839,635)
Total Revenues less Total Expenses	\$352,825	(\$834,950)	(\$482,125)	\$614,090	(\$351,650)
Use of Reserve	-	-	\$482,125	-	-
Potential Transfer to Gen. Reserve Fund	-	-	-	-	(\$262,440)
					"cap_op"

Overview of Report

This report consists of four chapters, including this Executive Summary as **Chapter 1**.

Chapter 2 describes MCWD operating and capital facilities financing. **Chapter 3** describes the analysis of Ord Water revenues and expenditures in the context of the proposed rate increase.

Chapter 4 describes the analysis of Ord Wastewater revenues and expenditures in the context of the proposed rate increase.

2. MCWD OPERATING AND CAPITAL FACILITIES FINANCING

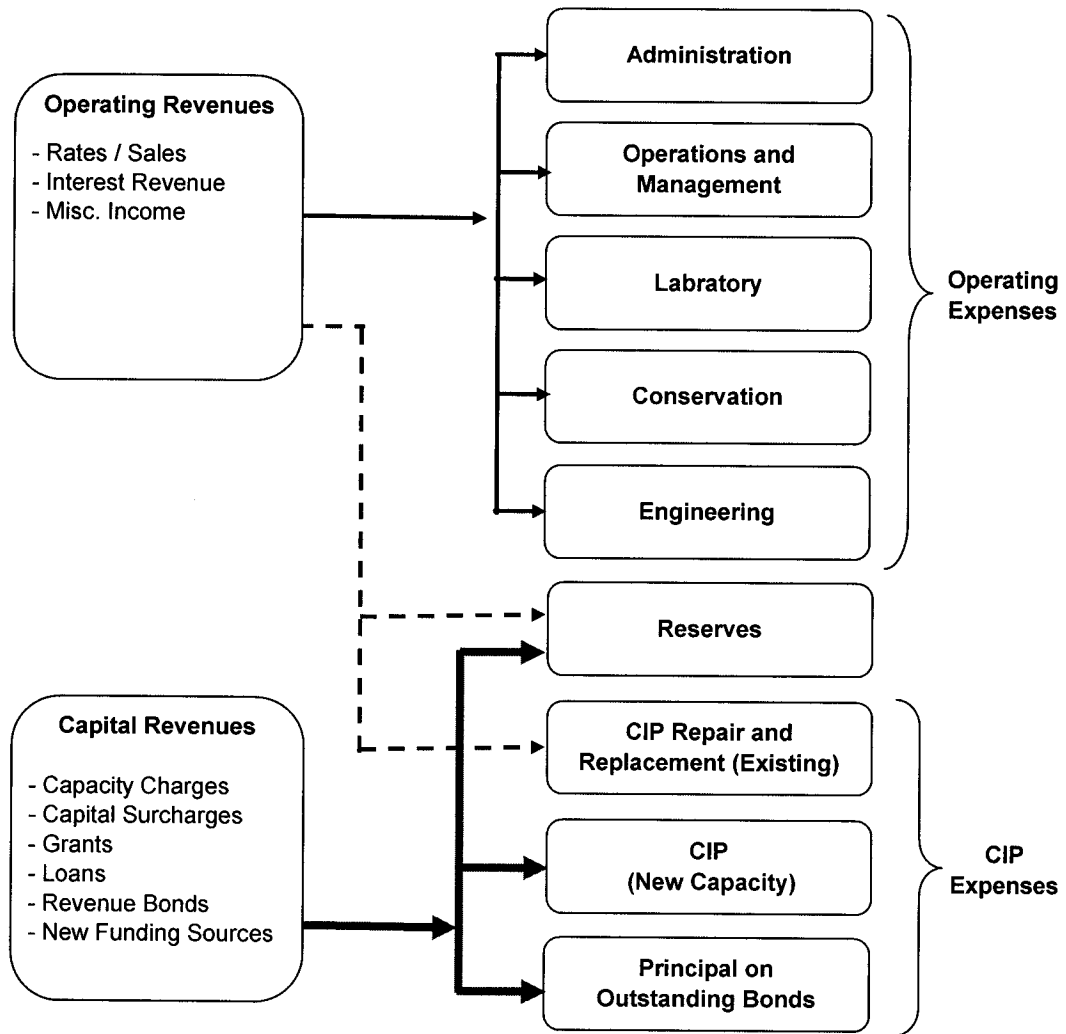
MCWD relies on a combination of revenue sources to provide operating and capital facility financing. This chapter summarizes the major sources and how those sources are programmed for both operating and capital needs.

General Overview

MCWD adopts an annual budget for each fiscal year (July 1 through June 30). The annual budget includes historical revenue and expenditure information, as well as the anticipated revenues and expenditures for the upcoming fiscal year. Each annual budget estimates revenues and expenditures by department or major category/function. In addition to its annual operating budget, the annual budget contains the agency's 5-year capital improvement plan (CIP) for planned capital expenditures. The 5-year CIP is also reviewed and updated annually to reflect revised estimates of revenues available and planned capital facility expenditures. MCWD prepares a 5-year CIP for both water and wastewater facilities. Each of the respective CIP documents tracks capital expenditures separately for the Marina and Ord communities. This separate tracking is necessary for purposes of setting and updating the rates and capacity charges for customers in each of the respective service areas. **Figure 1** on the following page generally summarizes major sources of revenues and categories of operating and capital expenditures.

As shown, capital facilities are anticipated to be funded through a combination of annual rate revenues, capacity charges from new development, grants, and other sources. Rate revenue funding for capital facilities is intended to fund ongoing repair and replacement of existing facilities that serve existing MCWD customers. Annually, MCWD transfers a portion of annual rate revenues to its capital replacement reserve funds (for both water and wastewater). Funding from the capital replacement reserve funds is programmed for expenditure through the 5-year CIP development.

Figure 1
Illustration of Major Operating and Capital Revenues and Expenses



2008 Rate Study and Financing Plan

In 2008, MCWD adopted the 2008 Rate Study, prepared by MCWD's consultant, Bartle Wells, Inc. This document included recommendations for MCWD's annual water and wastewater rates, as well as capital improvement charges to be collected from new development. The 2008 Rate Study included recommendations for 2008 rates, as well as rate increases for a 5-year period through FY 2012-13. From FY 2008-09 through FY 2010-11, MCWD adhered to the annual rate increases recommended in the 2008 Rate Study. MCWD is now proposing alternative rate increases for FY 2011-12 and FY 2012-13, as shown in the figures below.

These rate increases are lower than those proposed in the 2008 Rate Study. MCWD implemented cost reductions of \$360,000 to reduce the FY 2011-12 rate increase from 7.8 percent to 4.9 percent. These cost reductions reflected budgeted cuts to personnel and contracting.

Figure 2
Recommended and Proposed Water Rate Increases by Fiscal Year

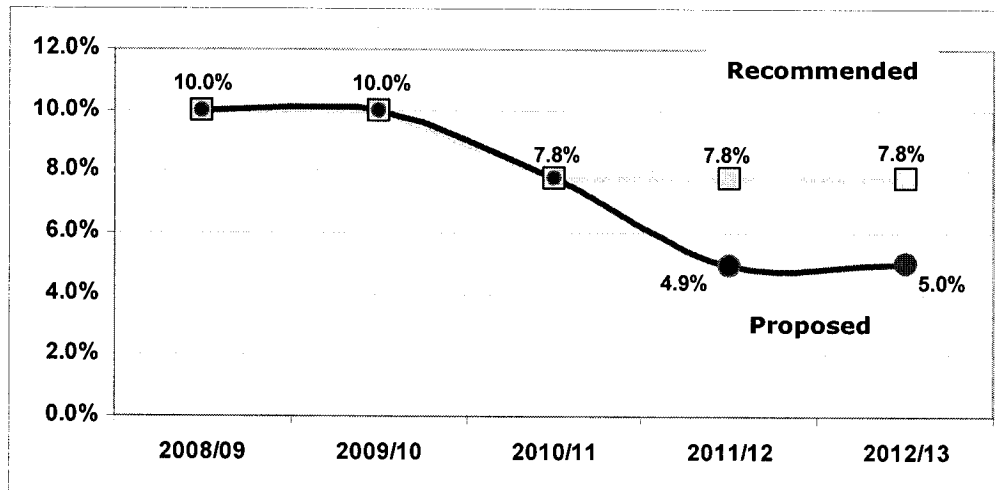
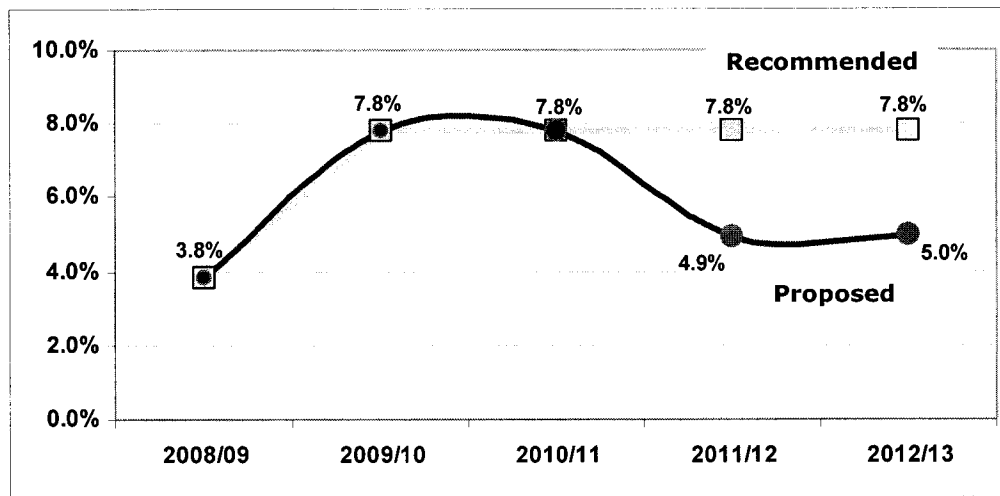


Figure 3
Recommended and Proposed Wastewater Rate Increases by Fiscal Year



The 2008 Rate Study and financing plan relied on estimates of annual revenues and expenditures for operating and capital purposes. As anticipated, actual revenues and expenditures have varied from original estimates. **Tables 2A** and **2B** respectively compare the estimated FY 2011-12 operating revenue and expenditure estimates for Ord Water and Wastewater from the 2008 Rate Study with those in the current FY 2011-12 MCWD annual budget.

Major changes in revenues and expenditures included the following items:

- Increased water conservation translated into lower water revenues.
- Lower interest earnings on fund balances because of reduced interest rates.
- Increased debt service costs (incurred by increased debt financing).
- Increased administration/management costs.
- Decreased Engineering department costs.

The comparison of prior estimates with the current budget provides a good context for evaluating the FY 2011-12 rate increase request. **Chapters 2** and **3** discuss findings from the review of Ord Water and Wastewater budget information and evaluation of the requested rate increase.

Administrative Cost Allocation

MCWD costs that are not dedicated to a specific cost center are shared among the four primary cost centers:

Marina Water	Ord Water
Marina Wastewater	Ord Wastewater

Table 2A
FORA MCWD Rate Increase Review
Comparison of Projected and Adopted Water System Operations Budgets

Item	FY 2011-12 Ord Community			Percent Change
	Projected MCWD Financial Plan & Rate Study	Adopted MCWD Budget Water Expenses	Difference	
Source	Table 23	Exhibit W-1		
Administration/Management	\$1,481,000	\$2,545,620	\$1,064,620	71.9%
Operations & Maintenance	\$1,542,000	\$1,880,130	\$338,130	21.9%
Laboratory	\$258,000	\$237,540	(\$20,460)	-7.9%
Conservation	\$192,000	\$208,755	\$16,755	8.7%
Engineering	\$580,000	\$290,010	(\$289,990)	-50.0%
Total Operating Expenses	\$4,053,000	\$5,162,055	\$1,109,055	27.4%
Less: Interest Expense [1]	\$0	(\$1,158,750)	n/a	n/a
Total Operating Expenses Less Interest Expense	\$4,053,000	\$4,003,305	\$1,109,055	-1.2%

Source: MCWD Ord Community Water/Wastewater Systems Compensation Plan for FY 2011-12, May 2008 Barle Wells MCWD Water and Wastewater Financial Plan and Rate Study and EPS.

[1] Included under Administration/Management in MCWD Adopted Budget.

Table 2B
FORA MCWD Rate Increase Review
Comparison of Projected and Adopted Wastewater System Operations Budgets

Item	FY 2011-12 Ord Community		Percent Change
	Projected MCWD Financial Plan & Rate Study	Adopted MCWD Budget Wastewater Expenses	
Source	Table 44	Exhibit WW-1	
Administration/Management			
Administration	\$438,000		
Employee CALPERS Transfers	\$10,500		
Subtotal	\$448,500	\$689,370	53.7%
Operations & Maintenance	\$462,000	\$396,720	-14.1%
Engineering	\$210,000	\$75,420	-64.1%
Total Operating Expenses	\$1,120,500	\$1,161,510	3.7%
Less: Interest Expense [1]	\$0	(\$466,340)	n/a
Total Operating Expenses, Less Interest Expense	\$1,120,500	\$695,170	-38.0%
			"ww_comp"

Source: MCWD Ord Community Water/Wastewater Systems Compensation Plan for FY 2011-12 and EPS.

[1] Included under Administration/Management in MCWD Adopted Budget.

General overhead costs are also allocated in this same manner. Costs are allocated based on each cost center's proportionate share of total operating expenses for the most recent audited fiscal year. The FY 2011-12 allocation of overhead (e.g., administrative/management) costs was reportedly based on the FY 2009-10 actual budget figures. The assigned cost share for each cost center is shown below:

Marina Water—	28%	Ord Water—	54%
Marina Wastewater—	7%	Ord Wastewater—	11%

EPS recreated MCWD's cost assignment by calculating the proportionate share of FY 2009-10 operating costs among the four cost centers using the FY 2009-10 audited figures from the FY 2009-10 CAFR. **Table 3** shows the calculations using FY 2009-10 CAFR data.

The allocation of FY 2011-12 administrative/management costs was evaluated based on that function's two activities: (1) Salaries and Benefits and (2) Department Expense. **Table 4** identifies the cost breakdown for these two activities and compares them with the assigned cost share.

As shown, the cost breakdown by cost center for Salaries and Benefits varies from the assigned cost sharing. A portion of salary and benefit costs was allocated to Recycled Water and the Regional Project because MCWD expects staff to spend a portion of their time on both projects. This proportionately reduced the share of costs attributed to Marina Water, Marina Sewer, Ord Water, and Ord Wastewater. The allocation of Department Expense is consistent with the assigned cost shares for each cost center.

Figure 4 illustrates the FY 2011-12 overhead cost assignment, as well as the cost breakdown for Salaries and Benefits and Department Expense.

Interest Expense

Interest expense represents one of the most significant cost increases for Ord Community Water and Wastewater. **Table 5A** identifies the difference in Ord Water interest expense from FY 2010-11 to FY 2011-12, while **Table 5B** identifies the difference in Ord Wastewater interest expense from FY 2010-11 to FY 2011-12. Ord Water interest expense, which equals more than 22 percent of the annual operating budget, is anticipated to increase by approximately 68 percent in FY 2011-12. Of the total estimated \$617,000 in operating cost increase, interest expense represents approximately \$469,000. Ord Wastewater interest expense equals more than 40 percent of the annual operating budget and is anticipated to increase by approximately 81 percent in FY 2011-12. While total operating costs are estimated to increase by \$61,000, interest expense is budgeted to increase by nearly \$209,000.

Table 3
FORA MCWD Rate Audit
Expense Budget Allocation - FY 2009/10 Actual [1]

Item	Total	
	Amount	Percent
Marina Water	\$2,858,595	28%
Marina Wastewater	\$739,876	7%
Ord Water [2]	\$5,562,012	54%
Ord Wastewater	\$1,101,309	11%
Total	\$10,261,792	100%

"ex09.10"

Source: Marina Coast Water District CAFR FY 2010-11 and EPS.

[1] Does not include other expenses for recycled water and the regional project.

[2] Includes New Water Fund.

Table 4
FORA MCWD Rate Increase Review
Administration Allocation - FY 2011/12 Budget

Item	Administration				2011/12 Budget	
	Salaries and Benefits		Department Expense		Allocation	
	Amount	Percent	Amount	Percent	Amount	Percent
Marina Water	\$295,720	20%	\$241,390	28%		28%
Marina Wastewater	\$73,940	5%	\$60,350	7%		7%
Ord Water	\$570,330	39%	\$474,540	54%		54%
Ord Wastewater	\$116,190	8%	\$94,840	11%		11%
Recycled Water	\$16,070	1%	\$0	0%		0%
Regional Project	\$378,630	26%	\$0	0%		0%
Total	\$1,450,880	100%	\$871,120	100%		100%

Source: Marina Coast Water District Budget 2011-2012 and EPS.

"admin"

Figure 4
Allocation of Administration Cost Components

FY 2011/12 Overhead Budget Allocation

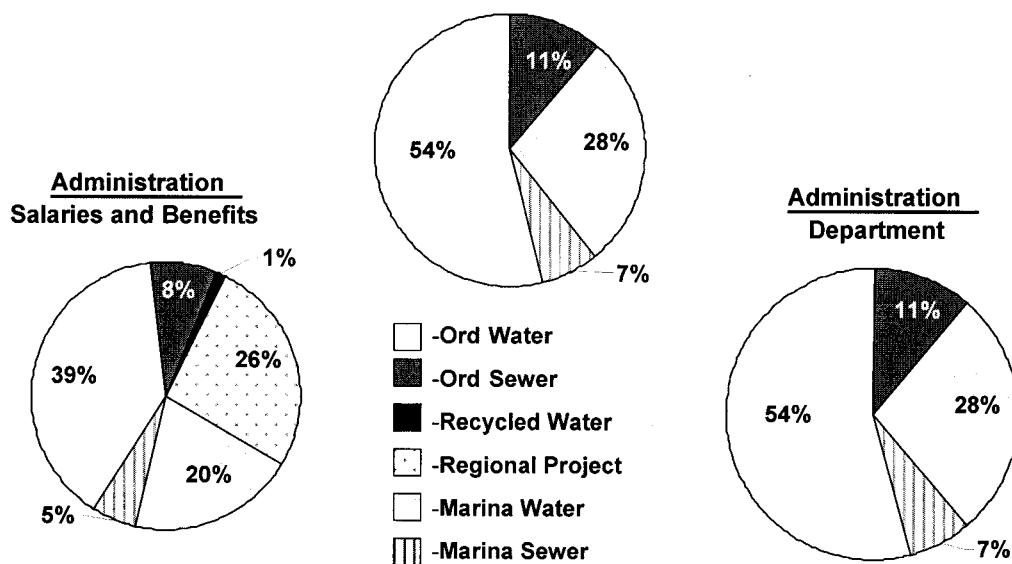


Table 5A
FORA MCWD Rate Increase Review
Ord Community Water System Operations Proposed Budgets

Item	Adopted Budget Ord Community Water Expenses		Difference	
	FY 2010-11	FY 2011-12	Actual	% Change
Administration/Management				
Personnel	\$676,570	\$570,330	(\$106,240)	-15.7%
Expenses	\$647,280	\$686,940	\$39,660	6.1%
Insurance	\$55,300	\$67,500	\$12,200	22.1%
Legal	\$57,500	\$62,100	\$4,600	8.0%
Interest Expense	\$689,800	\$1,158,750	\$468,950	68.0%
Subtotal	\$2,126,450	\$2,545,620	\$419,170	19.7%
Operations & Maintenance				
Personnel	\$979,650	\$1,115,890	\$136,240	13.9%
Maintenance Expenses	\$161,900	\$223,990	\$62,090	38.4%
Power Costs	\$437,750	\$490,250	\$52,500	12.0%
Annual Maintenance	\$50,000	\$50,000	\$0	0.0%
Subtotal	\$1,629,300	\$1,880,130	\$250,830	15.4%
Laboratory				
Personnel	\$152,880	\$157,530	\$4,650	3.0%
Equipment/Expenses	\$39,489	\$44,010	\$4,521	11.4%
Lab Contract Services	\$21,000	\$36,000	\$15,000	71.4%
Subtotal	\$213,369	\$237,540	\$24,171	11.3%
Conservation				
Personnel	\$125,750	\$144,550	\$18,800	15.0%
Expenses	\$64,370	\$64,205	(\$165)	-0.3%
Subtotal	\$190,120	\$208,755	\$18,635	9.8%
Engineering				
Personnel	\$314,860	\$264,830	(\$50,030)	-15.9%
Expenses	\$15,032	\$4,180	(\$10,852)	-72.2%
Outside Consultants	\$56,000	\$21,000	(\$35,000)	-62.5%
Subtotal	\$385,892	\$290,010	(\$95,882)	-24.8%
Total Operating Expenses	\$4,545,131	\$5,162,055	\$616,924	13.6%
<i>Less: Interest Expense</i>	<i>(\$689,800)</i>	<i>(\$1,158,750)</i>	<i>(\$468,950)</i>	<i>68.0%</i>
Total Operating Expenses, Less Interest Expense	\$3,855,331	\$4,003,305	\$147,974	3.8%

Source: MCWD Ord Community Water/Wastewater Systems Compensation Plan
for FY 2011-12 and EPS.

"water"

Table 5B
FORA MCWD Rate Increase Review
Ord Community Wastewater System Operations Proposed Budgets

Item	Adopted Budget Ord		Difference	
	Community Wastewater Expenses FY 2010-11	FY 2011-12	Actual	% Change
Administration/Management				
Personnel	\$189,310	\$116,190	(\$73,120)	-38.6%
Expenses	\$95,660	\$80,440	(\$15,220)	-15.9%
Insurance	\$15,500	\$13,750	(\$1,750)	-11.3%
Legal	\$16,100	\$12,650	(\$3,450)	-21.4%
Interest Expense	\$257,700	\$466,340	\$208,640	81.0%
Subtotal	\$574,270	\$689,370	\$115,100	20.0%
Operations & Maintenance				
Personnel	\$230,490	\$233,100	\$2,610	1.1%
Maintenance Expenses	\$52,200	\$96,520	\$44,320	84.9%
Power Costs	\$62,900	\$57,100	(\$5,800)	-9.2%
Annual Maintenance	\$30,000	\$10,000	(\$20,000)	-66.7%
Subtotal	\$375,590	\$396,720	\$21,130	5.6%
Engineering				
Personnel	\$94,480	\$68,820	(\$25,660)	-27.2%
Expenses	\$1,510	\$1,100	(\$410)	-27.2%
Outside Consultants	\$54,800	\$5,500	(\$49,300)	-90.0%
Subtotal	\$150,790	\$75,420	(\$75,370)	-50.0%
Total Operating Expenses	\$1,100,650	\$1,161,510	\$60,860	5.5%
<i>Less: Interest Expense</i>	<i>(\$257,700)</i>	<i>(\$466,340)</i>	<i>(\$208,640)</i>	<i>81.0%</i>
Total Operating Expenses, Less Interest Expense	\$842,950	\$695,170	(\$147,780)	-17.5%

"wastewater"

Source: MCWD Ord Community Water/Wastewater Systems Compensation Plan for FY 2011-12 and EPS.

As has been documented,¹ the rise in Ord Water and Wastewater interest expense is attributed to the refinancing of the Armstrong Ranch promissory note. The accelerated 10-year repayment schedule of the promissory note resulted in a substantial increase in the interest expense budgeted for FY 2011-12.

Tables 5A and **5B** also show operating costs excluding interest costs. The Ord Water operating cost increase of 5.5 percent is reduced to 3.8 percent excluding interest expense. The Ord Sewer operating cost increase is reversed to a cost decrease of 17.5 percent excluding interest expense. These results demonstrate MCWD's efforts to control costs at the Board's direction.

¹ Based on response #2 in Attachment A to Item 8d for the FORA Board Meeting, 8/12/11.

3. ORD WATER

This chapter focuses on the FY 2011-12 budget for the MCWD Ord Community Water functions. It describes and compares operations and maintenance revenues and expenditures with historical data and projections from the 2008 Rate Study and discusses capital facility needs and financing sources. This chapter concludes with a summary of findings from the budget analysis.

Operations and Maintenance

FY 2011-12 Budget

Table 5A in **Chapter 2** compares estimated FY 2011-12 annual expenditures with estimated totals from FY 2010-11. Increases in Ord Water system operations costs in all department functions are offset by a decrease in operations costs for the Engineering department. Overall, operating costs (including interest expenses) are anticipated to increase by 13.6 percent. The largest cost increase is interest expense allocated to Ord Water. Ord Water interest expense, which equals almost 22 percent of the annual operating budget, is anticipated to increase approximately 68 percent.

Below is a summary of FY 2011-12 Ord Community Water revenues, expenditures, and surplus/shortfalls for operations and maintenance and capital improvements. Detailed revenues and expenditures are shown in **Table 1** in **Chapter 1**.

Item	Operations & Maintenance	Capital	Total
Revenues	\$5,514,880	\$4,965,929	\$10,480,809
Expenses	(\$5,162,055)	(\$5,800,879)	(\$10,962,934)
Surplus/(Shortfall)	\$352,825	(\$834,950)	(\$482,125)

MCWD anticipates using reserve funds to cover the \$482,000 shortfall.

Operating Revenues and Expenses

Table 6 compares the Ord Water operating revenues and expenditures for the last 3 fiscal years. Even considering annual rate increases implemented by MCWD, Ord Water sales revenues have ranged between approximately 67 percent and 104 percent of total operating expenses. The difference between operating revenues and expenditures is partially attributable to increased water conservation. When the interest expense is excluded, Ord Water revenues equate to approximately 79 percent to 133 percent of budgeted expenditures.

Table 6
FORA MCWD Rate Increase Review
Historical Comparison of Ord Water Sales and Operating Expenses [1]

Item	Formula	Ord Water		
		2009-10 Actual [2]	2010-11 Estimated	2011-12 Proposed
Water Sales				
Water Sales Residential	a	\$2,714,635	\$3,027,030	\$3,196,000
Water Sales Other [3]	b	\$0	\$0	\$893,000
Flat Rate Accounts	c	\$0	\$0	\$1,253,000
Total Water Sales	d = a + b + c	\$2,714,635	\$3,027,030	\$5,342,000
Operating Expenses				
Administration/Management	e	\$1,941,648	\$2,126,450	\$2,545,620
Operations & Maintenance	f	\$1,307,159	\$1,629,300	\$1,880,130
Laboratory	g	\$196,122	\$213,369	\$237,540
Conservation	h	\$167,822	\$190,120	\$208,755
Engineering	i	\$267,090	\$385,892	\$290,010
Total Operating Expenses	j = e+f+g+h+i	\$3,879,841	\$4,545,131	\$5,162,055
<i>Less: Interest Expense</i>	k	<i>(\$484,000)</i>	<i>(\$689,800)</i>	<i>(\$1,158,750)</i>
Total, Less Interest Expense	l = j + k	\$3,395,841	\$3,855,331	\$4,003,305
<i>Water Sales as a % of Total Operating Expense</i>	<i>m = d / j</i>	<i>70.0%</i>	<i>66.6%</i>	<i>103.5%</i>
<i>Water Sales as a % of Total Operating Expense, Less Interest Expense</i>	<i>n = d / l</i>	<i>79.9%</i>	<i>78.5%</i>	<i>133.4%</i>

"water_hist"

Source: MCWD Revised Draft Budget FY 2011-12 and MCWD Draft Budget FY 2009-10.

- [1] Excludes other revenues besides Water Sales Residential and Other. Excludes costs to fund the principal portion of debt service.
- [2] All 2009-10 budget information is based on actuals except interest expense, which is based on the adopted budget.
- [3] Represents revenue associated with MCWD's agreement with the City of Seaside to exchange 2,500 acre-feet of water for Seaside's conveyance and assignment of all certain property to MCWD.

Comparison to 2008 Rate Study Estimates

Because the proposed rate increase is lower than originally recommended in the 2008 Rate Study, it is helpful to compare 2008 Rate Study data to the current budget. **Table 7** compares the proposed FY 2011-12 budget with FY 2011-12 projections in the 2008 Rate Study. The largest difference in cost is in the Administration/Management function, with a difference of approximately \$1.1 million. The 2008 Rate Study estimate for Administrative/Management excluded interest costs, so the comparison actually needs to account for that difference. If the \$1.2 million in interest costs were removed from the Administrative/Management function, budgeted costs for FY 2011-12 are lower than originally anticipated in the 2008 Rate Study.

Increases in operations and maintenance costs (e.g., higher utilities, materials costs) were offset by decreases in Laboratory and Engineering costs. Overall, excluding interest costs, the FY 2011-12 budget Ord Water expenditures are approximately 1.2 percent less than projected in the 2008 Rate Study.

The comparisons demonstrate that MCWD appears to have implemented actions to limit cost increases where possible to keep overall Ord Water system operations and maintenance costs at or below original projections. Aside from increases in interest cost, which were at MCWD's discretion, other cost increases appear to be based on outside influences (i.e., external cost changes).

Capital Facility Financing

Ord Water's 5-year CIP includes capital projects that serve existing customers (i.e., repair and replacement projects), as well as capacity expansion projects. As discussed earlier, CIP projects will be funded through a combination of funding sources.

As shown in **Table 1** in **Chapter 1**, MCWD has programmed approximately \$5.8 million in capital facility and other expenses for FY 2011-12. Expenses include \$4.8 million for a capital improvement project, nearly \$96,000 for general CIP expenses, a \$200,000 contribution for the capital replacement reserves fund, and \$670,000 in principal payments on outstanding debt attributable to Ord Water.

Funding sources include grant revenues, capital surcharges, capacity revenues, and "new sources" of funding (e.g., additional grants, loans, capacity charges, etc.). Capital surcharge revenue may be used to make a portion of the outstanding principal payments on the debt service allocated to new capacity. Because new development is limited, the budgeted capital surcharge revenue is not adequate to pay the entire proportionate share of such costs.

Overall, capital-related revenue estimates of \$5.0 million are approximately \$0.8 million short of budget expenditures.

Table 7

FORA MCWD Rate Increase Review
Comparison of Projected and Actual FY 2011-12 MCWD Budgets, Water

Water

Item	Projected FY 2011-12			Actual FY 2011-12			Difference From Projected		
	MCWD Rate Study (May 2008)			MCWD FY 2011-12 Revised Budget			Ord		
	Marina	Community	Total	Marina	Community	Total	Marina	Community	Total
REVENUES									
Total Water Sales	\$4,403,000	\$5,755,000	\$10,158,000	\$3,711,000	\$5,342,000	\$9,053,000	(\$692,000)	(\$413,000)	(\$1,105,000)
Permits and Other Income	\$283,000	\$114,000	\$397,000	\$3,000	\$5,000	\$8,000	(\$280,000)	(\$109,000)	(\$389,000)
Interest Income	\$20,000	\$26,000	\$46,000	\$70,000	\$90,000	\$160,000	\$50,000	\$64,000	\$114,000
Other Revenues [1]	\$0	\$0	\$0	\$63,850	\$77,880	\$141,730	\$63,850	\$77,880	\$141,730
Total	\$4,706,000	\$5,895,000	\$10,601,000	\$3,847,850	\$5,514,880	\$9,362,730	(\$858,150)	(\$380,120)	(\$1,238,270)
<i>Percent Difference</i>							-18%	-6%	-12%
EXPENSES									
Administration	\$876,000	\$1,481,000	\$2,357,000	\$887,810	\$2,545,620	\$3,433,430	\$11,810	\$1,064,620	\$1,076,430
Operations and Maintenance	\$1,299,000	\$1,542,000	\$2,841,000	\$993,720	\$1,880,130	\$2,873,850	(\$305,280)	\$338,130	\$32,850
Laboratory	\$209,000	\$258,000	\$467,000	\$154,340	\$237,540	\$391,880	(\$54,660)	(\$20,460)	(\$75,120)
Conservation	\$166,000	\$192,000	\$358,000	\$180,350	\$208,755	\$389,105	\$14,350	\$16,755	\$31,105
Engineering	\$482,000	\$580,000	\$1,062,000	\$191,990	\$290,010	\$482,000	(\$290,010)	(\$289,990)	(\$580,000)
Other Expenses	\$89,000	\$0	\$89,000	\$0	\$0	\$0	(\$89,000)	\$0	(\$89,000)
Subtotal	\$3,121,000	\$4,053,000	\$7,174,000	\$2,408,210	\$5,162,055	\$7,570,265	(\$712,790)	\$1,109,055	\$396,265
<i>Less: Interest Expense</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>(\$350,600)</i>	<i>(\$1,158,750)</i>	<i>(\$1,509,350)</i>	<i>(\$350,600)</i>	<i>(\$1,158,750)</i>	<i>(\$1,509,350)</i>
Total, Less Interest Expense	\$3,121,000	\$4,053,000	\$7,174,000	\$2,057,610	\$4,003,305	\$6,060,915	(\$1,063,390)	(\$49,695)	(\$1,113,085)
<i>Percent Difference</i>							-34%	-1%	-16%
NET REVENUES, Less Int. Expense	\$1,585,000	\$1,842,000	\$3,427,000	\$1,790,240	\$1,511,575	\$3,301,815	\$205,240	(\$330,425)	(\$125,185)
<i>Percent Difference</i>							13%	-18%	-4%

Source: Marina Coast Water District Revised Draft Budget FY 2011-12, Marina Coast Water District Five Year Water and Wastewater Financial Plan and Rate Study (May 2008), and EPS.

[1] Actual FY 2011-12 "Other Revenues" includes fire system charge, backflow prevention, meter fees, late charges and other income.

Findings

1. The proposed Ord Water rate increase of 4.9 percent is warranted.

The proposed rate increase will permit MCWD to adequately cover operating costs, make contributions to an underfunded capital reserve account, and help fund some FY 2011-12 capital costs.

2. Operating revenues are anticipated to exceed operating costs.

Operating revenues are anticipated to exceed operating costs by approximately \$353,000. More than half of this amount will be used to fund the capital reserve fund. The remaining amount will help to fund principal payments on outstanding debt service.

3. Excluding interest costs, annual operating costs increased 3.8 percent from FY 2010-11 to FY 2011-12.

Operating cost increases were mitigated by decreases in some functions. This is primarily a result of decreases in Engineering department costs, which fell by 25 percent between FY 2010-11 and FY 2011-12. Total operating costs, excluding interest costs, are in line with original 2008 Rate Study expectations.

4. Including interest costs, overall operating costs increased 13.6 percent from FY 2010-11 to FY 2011-12.

Interest costs from Armstrong Ranch promissory note refinance increased overall interest costs by approximately \$467,000. This increase had a significant influence on overall operating cost changes on a year-over-year basis.

5. The Ord Water capital reserve account is below desired levels but is improving.

Including the FY 2011-12 contribution, the Ord Water capital reserve account will be approximately \$200,000 below the desired \$1.0 million level. MCWD has been making annual contributions to the capital reserve account to bring it up to desired levels.

6. Reserve funding will be used to meet FY 2011-12 obligations.

Excluding CIP projects that may or may not be fully funded in FY 2011-12, MCWD will need to use approximately \$482,000 in reserves to meet its Ord Water obligations.

4. ORD WASTEWATER

This chapter focuses on the FY 2011-12 budget for the MCWD Ord Community Wastewater functions. It describes and compares operations and maintenance revenues and expenditures with historical data and projections from the 2008 Rate Study. It also discusses capital facility needs and financing sources. The chapter concludes with a summary of findings from the budget analysis.

Operations and Maintenance

FY 2011-12 Budget

Table 5B in **Chapter 2** compares estimated FY 2011-12 annual expenditures with estimated totals from FY 2010-11. Increases in wastewater system operations costs in Administration and Operations & Maintenance department functions are offset by a decrease in Engineering department costs. Overall, operating costs (including interest expenses) are anticipated to increase by 5.5 percent.

The largest cost increase is interest expense. Ord Water interest expense, which equals more than 40 percent of the annual operating budget, is anticipated to increase by approximately 81 percent. While total operating costs are estimated to increase by \$61,000, interest expense is budgeted to increase by nearly \$209,000.

Below is a summary of FY 2011-12 Ord Community Wastewater revenues, expenditures, and surplus/shortfalls for operations and maintenance and capital improvements. Detailed revenues and expenditures are shown in **Table 1** in **Chapter 1**.

Item	Operations & Maintenance	Capital	Total
Revenues	\$1,775,600	\$1,487,985	\$3,263,585
Expenses	(\$1,161,510)	(\$1,839,635)	(\$3,001,145)
Surplus/(Shortfall)	\$614,090	(\$351,650)	\$262,440

MCWD anticipates using the \$262,000 in surplus revenues to fund CIP projects that serve existing ratepayers.

Operating Revenues and Expenses

Table 8 compares the Ord Wastewater operating revenues and expenditures for the last 3 fiscal years. Data was based on budget actuals for FY 2009-10, budget estimates for FY 2010-11, and the proposed budget for FY 2011-12. Including annual rate increases implemented by MCWD, wastewater sales revenues equate to approximately 150 percent of total operating expenses.

Table 8

FORA MCWD Rate Increase Review
Historical Comparison of Ord Water Sales and Operating Expenses [1]

Item	Formula	Ord Wastewater		
		2009-10 Actual [2]	2010-11 Estimated	2011-12 Proposed
Wastewater Sales	<i>a</i>	\$1,488,795	\$1,635,451	\$1,713,000
Operating Expenses				
Administration/Management	<i>b</i>	\$557,867	\$574,270	\$689,370
Operations & Maintenance	<i>c</i>	\$282,752	\$375,590	\$396,720
Engineering	<i>d</i>	\$136,262	\$150,790	\$75,420
Total Operating Expenses	<i>e = b + c + d</i>	\$976,881	\$1,100,650	\$1,161,510
<i>Less: Interest Expense</i>	<i>f</i>	<i>(\$242,000)</i>	<i>(\$257,700)</i>	<i>(\$466,340)</i>
Total, Less Interest Expense	<i>g = e - f</i>	\$734,881	\$842,950	\$695,170
<i>Wastewater Sales as a % of Total Operating Expense</i>	<i>h = a/e</i>	152.4%	148.6%	147.5%
<i>Wastewater Sales as a % of Total Operating Expense, Less Interest Expense</i>	<i>i = a/g</i>	202.6%	194.0%	246.4%

Source: MCWD Revised Draft Budget FY 2011-12 and MCWD Draft Budget FY 2009-10.

[1] Excludes costs to fund the principal portion of debt service.

[2] All 2009-10 budget information is based on actuals except interest expense, which is based on the adopted budget.

The difference between operating revenues and expenditures is partially attributable to MCWD's actions to reduce operating costs. Excluding interest expense, wastewater revenues equate to approximately 200 percent to 250 percent of budgeted expenditures.

Comparison to 2008 Rate Study Estimates

Because the proposed rate increase is lower than the rate originally recommended in the 2008 Rate Study, it is helpful to compare 2008 Rate Study data to the current budget. **Table 9** compares the proposed FY 2011-12 budget with FY 2011-12 projections in the 2008 Rate Study. The largest difference in cost is in the Administration/Management function, with a difference of approximately \$251,000. The 2008 Rate Study estimate for Administrative/Management excluded interest costs, so the comparison should account for that difference. If the \$466,000 in interest expense were removed from the Administrative/Management function, budgeted costs for FY 2011-12 would be less than originally anticipated in the 2008 Rate Study.

The increases in Administration costs was offset and exceeded by cost reductions in all other departments. Overall, excluding interest costs, the FY 2011-12 budget for wastewater expenditures is approximately 38 percent less than the operating expenditures projected in the 2008 Rate Study.

These comparisons demonstrate that MCWD appears to have implemented actions to limit cost increases where possible to keep overall wastewater system operations and maintenance costs at or below original projections.

Capital Facility Financing

Ord Wastewater's 5-year CIP includes capital projects that serve existing customers (i.e., repair and replacement projects), as well as capacity expansion projects. As discussed earlier, CIP projects will be funded through a combination of funding sources.

As shown in **Table 1** in **Chapter 1**, MCWD has programmed approximately \$1.8 million in capital facility expenses for FY 2011-12. Expenses include \$1.46 million for a capital improvement project, more than \$15,000 for general CIP expenses, a \$100,000 contribution for the capital replacement reserves fund, and \$264,000 in principal payments on outstanding debt attributable to Ord Wastewater.

Funding sources include capital surcharges, capacity revenues, and "new sources" of funding. The new sources of funding could include additional grants, loans, capacity charges, and reserves. These sources and their amounts are estimates. The completion of CIP projects will occur pending the acquisition of these new sources of funding. Capital-related revenue estimates are approximately \$352,000 short of budgeted capital expenditures.

FY 2011-12 capital improvements are for repair and replacement of capital facilities that benefit existing ratepayers. Because rate revenues can cover costs for capital repair and replacement, the budget uses FY 2011-12 surplus wastewater operating revenues to offset the funding gap for capital projects. The surplus operating revenues of \$614,000 are sufficient to fill the \$352,000 gap in capital funding. The remaining \$262,000 will be used as another new source of capital funding. As shown in **Table 10**, this represents 18 percent of the total funding needed. Other sources will be required to generate the additional 82 percent.

Table 9
FORA MCWD Rate Increase Review
Comparison of Projected and Actual FY 2011-12 MCWD Budgets, Wastewater

Wastewater									
Item	Projected FY 2011-12 MCWD Rate Study (May 2008)			Actual FY 2011-12 MCWD FY 2011-12 Revised Budget			Difference From Actual		
	Marina	Community	Total	Marina	Community	Total	Marina	Community	Total
REVENUES									
Total Wastewater Sales	\$815,000	\$1,655,000	\$2,470,000	\$751,500	\$1,713,300	\$2,464,800	(\$63,500)	\$58,300	(\$5,200)
Permits and Other Income	\$1,000	\$8,000	\$9,000	\$2,500	\$2,500	\$5,000	\$1,500	(\$5,500)	(\$4,000)
Interest Income	\$8,000	\$8,000	\$16,000	\$15,800	\$43,000	\$58,800	\$7,800	\$35,000	\$42,800
Other Income	\$0	\$0	\$0	\$2,400	\$16,800	\$19,200	\$2,400	\$16,800	\$19,200
Total	\$824,000	\$1,671,000	\$2,495,000	\$772,200	\$1,775,600	\$2,547,800	(\$51,800)	\$104,600	\$52,800
Percent Difference							-6%	6%	2%
EXPENSES									
Administration	\$174,000	\$438,000	\$612,000	\$281,730	\$689,370	\$971,100	\$107,730	\$251,370	\$359,100
Operations and Maintenance	\$204,000	\$462,000	\$666,000	\$190,550	\$396,720	\$587,270	(\$13,450)	(\$65,280)	(\$78,730)
Engineering	\$96,000	\$210,000	\$306,000	\$48,010	\$75,420	\$123,430	(\$47,990)	(\$134,580)	(\$182,570)
Other Expenses	\$7,200	\$10,500	\$17,700	\$0	\$0	\$0	(\$7,200)	(\$10,500)	(\$17,700)
Subtotal	\$481,200	\$1,120,500	\$1,601,700	\$520,290	\$1,161,510	\$1,681,800	\$39,090	\$41,010	\$80,100
Less: Interest Expense	\$0	\$0	\$0	(\$147,440)	(\$466,340)	(\$613,780)	(\$147,440)	(\$466,340)	(\$613,780)
Total, Less Interest Expense	\$481,200	\$1,120,500	\$1,601,700	\$372,850	\$695,170	\$1,068,020	(\$108,350)	(\$425,330)	(\$533,680)
Percent Difference							-23%	-38%	-33%
NET REVENUES, Less Int. Expense	\$342,800	\$550,500	\$893,300	\$399,350	\$1,080,430	\$1,479,780	\$56,550	\$529,930	\$586,480
Percent Difference							16%	96%	66%

*compa2"

Source: Marina Coast Water District Revised Draft Budget FY 2011-12, Marina Coast Water District Five Year Water and Wastewater Financial Plan and Rate Study (May 2008), and EPS.

Table 10
FY 2011-12 Ord Wastewater Capital Improvement Project Funding

Item	Amount	Percent
Ord Wastewater Expenses for Capital Repair and Replacement	\$1,459,985	100%
Rate Revenue Available for Capital Costs	\$262,440	18%
Remaining Funding Needed From New Source	\$1,197,545	82%

"cip"

Findings

1. The proposed Ord Wastewater rate increase of 4.9 percent is warranted.

The proposed rate increase will permit MCWD to adequately cover operating costs, make contributions to an underfunded capital reserve account, and help fund some FY 2011-12 capital projects.

2. Operating revenues are anticipated to exceed operating costs by approximately 50 percent.

Although operating revenues under the rate increase exceed operating costs by approximately \$614,000, the surplus operating revenues are needed to help fund FY 2011-12 capital costs and to make progress toward desired capital reserve funding thresholds. Approximately 57 percent of wastewater operating revenues in excess of costs will be used to offset the shortfall in capital funding of \$352,000. The remainder will be used to fund eligible FY 2011-12 capital projects.

3. Excluding interest costs, annual operating costs decreased by 17.5 percent from FY 2010-11 to FY 2011-12.

Operating cost decreases were identified in many wastewater functions. The overall decrease is primarily a result of decreases in Engineering department costs, which fell by 50 percent between FY 2010-11 and FY 2011-12. Total operating costs, excluding interest costs, are approximately 38 percent less than original 2008 Rate Study expectations.

4. Including interest costs, overall operating costs increased 5.5 percent from FY 2010-11 to FY 2011-12.

Interest costs from Armstrong Ranch promissory note refinance increased overall interest costs by approximately \$209,000. This increase had a significant influence on overall operating cost changes on a year-over-year basis.

5. The Ord Wastewater capital reserve fund is inadequately funded but is improving.

Including the FY 2011-12 contribution, the wastewater capital reserve fund will be approximately \$400,000, well below the desired \$1.0 million level. MCWD has been making annual contributions to the capital reserve account to bring it up to desired levels.

FORT ORD REUSE AUTHORITY BOARD REPORT

CONTINUED OLD BUSINESS

Subject:	Ord Community and Marina Water/Wastewater Systems Proposed Budgets and Rates for FY 2011-2012	
Meeting Date:	September 16, 2011	ACTION
Agenda Number:	4a	

RECOMMENDATION:

1. **Fort Ord Reuse Authority ("FORA") Board of Directors** approve Resolutions #11-03 and #11-04 (**Attachment A**) adopting a compensation plan and setting rates, fees and charges for basewide water, recycled water and sewer services on the former Fort Ord, and
2. **MCWD Board of Directors** adopt Resolutions #2011-36 and #2011-37 (Ord Community Budget and Compensation Plan (**Attachment B**)).

BACKGROUND / DISCUSSION:

Following the May 1997 FORA Board selection of MCWD to operate and own both the former Fort Ord water and wastewater collection systems, MCWD began service in July 1997. Between July 1997 and October 2001, MCWD operated the systems under Cooperative Agreement with the U.S. Army that defined terms of their operations and funding. Since November 2001, MCWD has owned the systems following the Economic Development Conveyance (U.S. Army to FORA to MCWD) of the related real and personal property associated with the network. MCWD bills former Fort Ord customers according to FORA Board annually approved rates.

The Water and Wastewater Oversight Committee ("WWOC"), advisory to the FORA Board on budgets and rates, met in March and April 2011 to receive presentations and to review/recommend action on MCWD's proposed FY 2011/12 budgets and rates. On April 13, 2011 the WWOC recommended the FORA Board approve the attached budgets and rates.

FORA staff and the WWOC recommend that the FORA Board receive the MCWD staff presentation and approve the adopting Resolutions. These Resolutions are provided to Board members in preparation for the MCWD presentation and requested Board action. To conserve resources, one copy of the budgets and rates package is provided - *please note it is referenced /appended to both resolutions.*

FISCAL IMPACT:

Reviewed by FORA Controller 

Staff time for this item is included in the approved FY 11-12 budget.

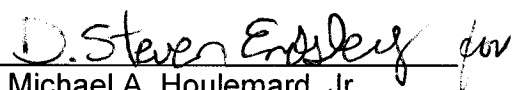
COORDINATION:

MCWD, WWOC, Administrative Committee, Executive Committee

Prepared by


Crissy Maras

Approved by


Michael A. Houlemard, Jr.

Resolution No. 11-03

Resolution of the Board of Directors

Fort Ord Reuse Authority

Adopting the Budget and the Ord Community Compensation Plan for FY 2011-2012
not including Capacity Charges

September 16, 2011

RESOLVED by the Board of Directors (“Directors”) of the Fort Ord Reuse Authority (“FORA”), at a regular meeting duly called and held on September 16, 2011 at the business office of FORA at 910 2nd Avenue, Marina California as follows:

WHEREAS, Marina Coast Water District (“District”) Staff prepared and presented the draft FY 2011-2012 Budget (**Exhibit A**) which includes projected revenues, expenditures and capital improvement projects for the Ord Community Water, Recycled Water and Wastewater systems, including the area within the jurisdiction of FORA and the area remaining within the jurisdiction of the U.S. Army; and,

WHEREAS, FORA is authorized by the FORA Act, particularly Government Code 67679(a)(1), to arrange for the provision of water and wastewater services to the Ord Community; and

WHEREAS, the District and FORA, entered into a “Water/Wastewater Facilities Agreement” (“the Agreement”) on March 13, 1998, and have subsequently duly amended the Agreement; and,

WHEREAS, the Agreement provides a procedure for establishing budgets and compensation plans to provide for sufficient revenues to pay the direct and indirect, short-term and long-term costs, including capital costs, to furnish the water and wastewater facilities; and,

WHEREAS, the Agreement, as amended, provides that FORA and the District will each adopt the annual Budget and Compensation Plan by resolution; and,

WHEREAS, the proposed Budget and Compensation Plan for 2011-2012 provides for funds necessary to meet operating and capital expenses for sound operation and provision of the water, recycled water and wastewater facilities and to enable MCWD to provide continued water, recycled water and sewer services within the existing service areas on the former Fort Ord. The rates, fees and charges adopted by FORA apply only to the area within FORA’s jurisdictional boundaries; and,

WHEREAS, the Water/Wastewater Oversight Committee of FORA and the MCWD full Board have reviewed the proposed Budget and Compensation Plan; and,

WHEREAS, pursuant to the Agreement, FORA and MCWD have adopted and implemented and acted in reliance on budgets and compensation plans for prior fiscal years; and,

WHEREAS, pursuant to the Agreement, FORA and MCWD cooperated in the conveyance to MCWD of easements, facilities and ancillary rights for the water, recycled water and wastewater systems on the area of the former Fort Ord within FORA’s jurisdiction; and,

WHEREAS, MCWD has provided water and wastewater services on the former Fort Ord by contract since 1997, and currently provides water and wastewater services to the area of the former Fort Ord within FORA's jurisdiction under the authority of the Agreement, and provides such services to the portion of the former Fort Ord still under the Army's jurisdiction by contract with the Army; and,

WHEREAS, FORA and MCWD have agreed that water conservation is a high priority, and have implemented a water conservation program in the Ord Community service area that includes public education, various incentives to use low-flow fixtures, and water-conserving landscaping. The rates, fees and charges adopted by this Resolution are intended to support the water conservation program and encourage water conservation, pursuant to sections 375 and 375.5 of the California Water Code. This conservation program and these rates, fees and charges are in the public interest, serve a public purpose, and will promote the health, welfare, and safety of Ord Community, and will enhance the economy and quality of life of the Monterey Bay community; and,

WHEREAS, estimated revenues from the rates, fees and charges will not exceed the estimated reasonable costs of providing the services for which the rates, fees or charges are imposed, will not be used for any purpose other than that for which the fee or charge was imposed, will not exceed the proportional cost of the service attributable to each identified parcel upon which the fee or charge is proposed for imposition and no fee or charge will be imposed for a service unless that service is actually used by, or immediately available to, the owner of the property in question; and,

WHEREAS, after a public meeting based upon staff's recommendations, the Board has determined that the Budget and Compensation Plan, including the rates, fees and charges therein, should be adopted as set forth on **Exhibit A** to this Resolution; and,

WHEREAS, FORA has held a joint hearing with the District on the rates, fees and charges, not including Capacity Charges, for the Compensation Plan pursuant to and in accordance with Section 6 of Article XIID of the California Constitution; and

WHEREAS, at the joint hearing, the Board heard and considered all protests to the Compensation Plan and the rates, fees and charges proposed and finds that written protests were submitted by less than a majority of the record owners of each identified parcel upon which the fee or charge is proposed for imposition; and,

WHEREAS, Capacity Charges for the FY 2011-2012 are the subject of and will be adopted by a separate Resolution; and,

WHEREAS, FORA is the lead agency for the adoption of rates, fees and charges for the area of the Ord Community under FORA's jurisdiction, and that in adopting rates and charges for that area, the District is acting as a responsible agency and relying on FORA's compliance with the requirements of the California Environmental Quality Act ("CEQA"); that the District has previously adopted rates, fees and charges for its jurisdictional service area; and that, in approving rates, fees and charges for the area of Ord Community within the jurisdiction of the U.S. Army, the District is acting to provide continued water, recycled water and sewer service within existing service areas on the Ord Community, and that such action is exempt from CEQA pursuant to Public Resources Code Section 21080(b)(8) and Section 15273 of the State CEQA Guidelines codified at 14 CCR §15273.

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS,

1. The Board of Directors of the Fort Ord Reuse Authority does hereby approve and adopt FY 2011-2012 Budget and Compensation Plan, not including Capacity Charges for water, recycled water and wastewater services to the Ord Community.
2. The District is authorized to charge and collect rates for provision of water and wastewater services within the boundaries of FORA in accordance with the rates, fees and charges set forth in **Exhibit A**, not including Capacity Charges. The District is further authorized to use the same rates, fees and charges in providing services to the area of Ord Community within the jurisdiction of the U.S. Army.
3. The rates, fees and charges authorized by this Resolution shall not exceed the estimated reasonable costs of providing the services for which the rates, fees or charges are imposed.

PASSED AND ADOPTED on September 16, 2011, by the Board of Directors of the Fort Ord Reuse Authority by the following roll call vote:

Ayes: Directors _____

Noes: Directors _____

Absent: Directors _____

Abstained: Directors _____

Dave Potter, Chair

ATTEST:

Michael A. Houlemard, Jr., Secretary

CERTIFICATE OF SECRETARY

The undersigned Secretary of the Board of the Fort Ord Reuse Authority hereby certifies that the foregoing is a full, true and correct copy of Resolution No. 11-03 adopted September 16, 2011.

Michael A. Houlemard, Jr., Secretary

Resolution No. 11-04
Resolution of the Board of Directors
Fort Ord Reuse Authority
Adopting the Capacity Charge element of the Budget and the Ord Community Compensation
Plan for FY 2011-2012

September 16, 2011

RESOLVED by the Board of Directors ("Directors") of the Fort Ord Reuse Authority ("FORA"), at a regular meeting duly called and held on September 16, 2011 at the business office of FORA at 910 2nd Avenue, Marina California as follows:

WHEREAS, Marina Coast Water District ("District") Staff prepared and presented the draft FY 2011-2012 Budget which includes projected revenues, expenditures and capital improvement projects for the Ord Community Water, Recycled Water and Wastewater systems, including the area within the jurisdiction of FORA and the area remaining within the jurisdiction of the U.S. Army; and,

WHEREAS, FORA is authorized by the FORA Act, particularly Government Code 67679(a)(1), to arrange for the provision of water and wastewater services to the Ord Community; and

WHEREAS, the District and FORA, entered into a "Water/Wastewater Facilities Agreement" ("the Agreement") on March 13, 1998, and have subsequently duly amended the Agreement; and,

WHEREAS, the Agreement provides a procedure for establishing budgets and compensation plans to provide for sufficient revenues to pay the direct and indirect, short-term and long-term costs, including capital costs, to furnish the water and wastewater facilities; and,

WHEREAS, the Agreement, as amended, provides that FORA and the District will each adopt the annual Budget and Compensation Plan by resolution; and,

WHEREAS, the proposed Budget and Compensation Plan for 2011-2012 provides for funds necessary to meet operating and capital expenses for sound operation and provision of the water, recycled water and wastewater facilities and to enable the District to provide continued water, recycled water and sewer services within the existing service areas on the former Fort Ord. The rates, fees and charges adopted by FORA apply only to the area within FORA's jurisdictional boundaries; and,

WHEREAS, a financing study prepared by Citigroup Global Markets Inc. in 2005 for the District recommended the adoption of capacity charges as an element of financing capital facilities for water and wastewater services to the Ord Community; and,

WHEREAS, the Water/Wastewater Oversight Committee of FORA and the District full Board have reviewed the proposed Budget and Compensation Plan; and,

WHEREAS, pursuant to the Agreement, FORA and the District have adopted and implemented and acted in reliance on budgets and compensation plans for prior fiscal years; and,

WHEREAS, pursuant to the Agreement, FORA and the District have cooperated in the conveyance to the District of easements, facilities and ancillary rights for the water, recycled water and wastewater systems on the area of the former Fort Ord within FORA's jurisdiction; and,

WHEREAS, the District has provided water and wastewater services on the former Fort Ord by contract since 1997, and currently provides water and wastewater services to the area of the former Fort Ord within FORA's jurisdiction under the authority of the Agreement, and provides such services to the portion of the former Fort Ord still under the Army's jurisdiction by contract with the Army; and,

WHEREAS, capacity charges are imposed as a condition of service to customers. The charges are not imposed upon real property or upon persons as an incident of real property ownership; and,

WHEREAS, estimated revenues from the capacity charges will not exceed the estimated reasonable costs of providing the facilities and services for which the charges are imposed; and,

WHEREAS, the capacity charges and have not been calculated nor developed on the basis of any parcel map, including any assessor's parcel map; and,

WHEREAS, no written requests are on file with the District for mailed notice of meetings on new or increased fees or service charges pursuant to Government Code Section 66016. At least 10 days prior to the meeting, the District made available to the public data indicating the amount of cost, or estimated cost, required to provide the service for which the fee or service charge is levied and the revenue sources anticipated to provide the service; and

WHEREAS, the amount of the increase in capacity charges exceeds the percentage increase in the Implicit Price Deflator for State and Local Government Purchases, as determined by the Department of Finance. As a result, the District cannot charge the increased capacity fee to any school district, county office of education, community college district, state agency, or the University of California before first negotiating the increases with those entities in accordance with District Code section 6.16.020 and Government Code section 54999.3. Although these sections also apply to California State University at Monterey Bay, the District has complied with its obligation to negotiate with it and can charge the increased amounts to CSUMB as a result of and as limited by a Settlement Agreement and Mutual Release dated June 1, 2006, by which the District and California State University made an agreement regarding the amount of all future capacity charges. Accordingly, the District can charge the increased capacity charges as limited by the Settlement Agreement and Mutual Release immediately to CSUMB. The increased capacity charges to any other school district, state agency, county office of education, community college district or the University of California will be effective only when negotiations are concluded with those entities; and,

WHEREAS, after a public meeting and based upon staff's recommendations, the Board has determined that the capital elements of the Budget and Compensation Plan, including the capacity charges therein, should be adopted as set forth on **Exhibit A** to this Resolution; and

WHEREAS, the capacity charges set forth on **Exhibit A** to this Resolution have not changed from those approved in the FY 2010-2011 Budget and Compensation Plan; and,

WHEREAS, Government Code Section 54999.3 requires that before imposing certain capital facilities fees on certain educational and state entities, any public agency providing public utility service must negotiate with the entities receiving the service; and

WHEREAS, FORA is the lead agency for the adoption of rates, fees and charges for the area of the Ord Community under FORA's jurisdiction, and that in adopting rates and charges for that area, the District is acting as a responsible agency and relying on FORA's compliance with the requirements of the California Environmental Quality Act ("CEQA"); that the District has previously adopted rates, fees and charges for its jurisdictional service area; and that, in

approving rates, fees and charges for the area of Ord Community within the jurisdiction of the U.S. Army, the District is acting to provide continued water and sewer service within existing service areas on the Ord Community, and that such action is exempt from CEQA pursuant to Public Resources Code Section 21080(b)(8) and Section 15273 of the State CEQA Guidelines codified at 14 CCR §15273.

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS,

1. The Board of Directors of the Fort Ord Reuse Authority does hereby approve and adopt the capital elements of the FY 2011-2012 Budget for water, recycled water and wastewater services to the Ord Community.
2. The capital elements of the compensation plan for the area of Ord Community within FORA's jurisdiction, including capacity charges, set forth on **Exhibit A** to this Resolution are hereby approved and adopted. The District is authorized to charge and collect capacity charges for provision of water and wastewater services within the boundaries of the Fort Ord Reuse Authority in accordance with the schedule set forth in **Exhibit A**. The District is further authorized to use the same charges in providing services to the area of Ord Community within the jurisdiction of the U.S. Army.
3. The charges authorized by this Resolution shall not exceed the estimated reasonable costs of providing the services for which the charges are imposed.
4. The District will comply with the requirements of Government Code section 54999.3 before imposing a capital facilities fee (as defined in Government Code section 54999.1) on any school district, county office of education, community college district, the California State University, the University of California or state agency.

PASSED AND ADOPTED on September 16, 2011, by the Board of Directors of the Fort Ord Reuse Authority by the following roll call vote:

Ayes: Directors _____
Noes: Directors _____
Absent: Directors _____
Abstained: Directors _____

Dave Potter, Chair

ATTEST:

Michael A. Houlemard, Jr., Secretary

CERTIFICATE OF SECRETARY

The undersigned Secretary of the Board of the Fort Ord Reuse Authority hereby certifies that the foregoing is a full, true and correct copy of Resolution No. 11-04 adopted September 16, 2011.

Michael A. Houlemard, Jr., Secretary

September 16, 2011

Resolution No. 2011-36
Resolution of the Board of Directors
Marina Coast Water District
Adopting the Budget and the Ord Community Compensation Plan for FY 2011-2012
not including Capacity Charges

RESOLVED by the Board of Directors (“Directors”) of the Marina Coast Water District (“District”), at a regular meeting duly called and held on September 16, 2011 at the Carpenter’s Union Hall at 910 2nd Avenue, Marina California as follows:

WHEREAS, Marina Coast Water District (“District”) Staff prepared and presented the draft FY 2011-2012 Budget (**Exhibit A**) which includes projected revenues, expenditures and capital improvement projects for the Ord Community Water, Recycled Water and Wastewater systems, including the area within the jurisdiction of FORA and the area remaining within the jurisdiction of the U.S. Army; and,

WHEREAS, FORA is authorized by the FORA Act, particularly Government Code 67679(a)(1), to arrange for the provision of water and wastewater services to the Ord Community; and

WHEREAS, the District and FORA, entered into a “Water/Wastewater Facilities Agreement” (“the Agreement”) on March 13, 1998, and have subsequently duly amended the Agreement; and,

WHEREAS, the Agreement provides a procedure for establishing budgets and compensation plans to provide for sufficient revenues to pay the direct and indirect, short-term and long-term costs, including capital costs, to furnish the water and wastewater facilities; and,

WHEREAS, the Agreement, as amended, provides that FORA and the District will each adopt the annual Budget and Compensation Plan by resolution; and,

WHEREAS, the proposed Budget and Compensation Plan for 2011-2012 provides for funds necessary to meet operating and capital expenses for sound operation and provision of the water, recycled water and wastewater facilities and to enable MCWD to provide continued water, recycled water and sewer services within the existing service areas on the former Fort Ord. The rates, fees and charges adopted by FORA apply only to the area within FORA’s jurisdictional boundaries; and,

WHEREAS, the Water/Wastewater Oversight Committee of FORA and the MCWD full Board have reviewed the proposed Budget and Compensation Plan; and,

WHEREAS, pursuant to the Agreement, FORA and MCWD have adopted and implemented and acted in reliance on budgets and compensation plans for prior fiscal years; and,

WHEREAS, pursuant to the Agreement, FORA and MCWD cooperated in the conveyance to MCWD of easements, facilities and ancillary rights for the water, recycled water and wastewater systems on the area of the former Fort Ord within FORA’s jurisdiction; and,

WHEREAS, MCWD has provided water and wastewater services on the former Fort Ord by contract since 1997, and currently provides water and wastewater services to the area of the former Fort Ord within FORA's jurisdiction under the authority of the Agreement, and provides such services to the portion of the former Fort Ord still under the Army's jurisdiction by contract with the Army; and,

WHEREAS, FORA and MCWD have agreed that water conservation is a high priority, and have implemented a water conservation program in the Ord Community service area that includes public education, various incentives to use low-flow fixtures, and water-conserving landscaping. The rates, fees and charges adopted by this Resolution are intended to support the water conservation program and encourage water conservation, pursuant to sections 375 and 375.5 of the California Water Code. This conservation program and these rates, fees and charges are in the public interest, serve a public purpose, and will promote the health, welfare, and safety of Ord Community, and will enhance the economy and quality of life of the Monterey Bay community; and,

WHEREAS, estimated revenues from the rates, fees and charges will not exceed the estimated reasonable costs of providing the services for which the rates, fees or charges are imposed, will not be used for any purpose other than that for which the fee or charge was imposed, will not exceed the proportional cost of the service attributable to each identified parcel upon which the fee or charge is proposed for imposition and no fee or charge will be imposed for a service unless that service is actually used by, or immediately available to, the owner of the property in question; and,

WHEREAS, after a public meeting based upon staff's recommendations, the Board has determined that the Budget and Compensation Plan, including the rates, fees and charges therein, should be adopted as set forth on **Exhibit A** to this Resolution; and,

WHEREAS, FORA has held a joint hearing with the District on the rates, fees and charges, not including Capacity Charges, for the Compensation Plan pursuant to and in accordance with Section 6 of Article XIID of the California Constitution; and

WHEREAS, at the joint hearing, the Board heard and considered all protests to the Compensation Plan and the rates, fees and charges proposed and finds that written protests were submitted by less than a majority of the record owners of each identified parcel upon which the fee or charge is proposed for imposition; and,

WHEREAS, Capacity Charges for the FY 2011-2012 are the subject of and will be adopted by a separate Resolution; and,

WHEREAS, FORA is the lead agency for the adoption of rates, fees and charges for the area of the Ord Community under FORA's jurisdiction, and that in adopting rates and charges for that area, the District is acting as a responsible agency and relying on FORA's compliance with the requirements of the California Environmental Quality Act ("CEQA"); that the District has previously adopted rates, fees and charges for its jurisdictional service area; and that, in approving rates, fees and charges for the area of Ord Community within the jurisdiction of the U.S. Army, the District is acting to provide continued water, recycled water and sewer service within existing service areas on the Ord Community, and that such action is exempt from CEQA

pursuant to Public Resources Code Section 21080(b)(8) and Section 15273 of the State CEQA Guidelines codified at 14 CCR §15273.

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS,

1. The Board of Directors of the Marina Coast Water District does hereby approve and adopt FY 2011-2012 Budget and Compensation Plan, not including Capacity Charges for water, recycled water and wastewater services to the Ord Community.
2. The District is authorized to charge and collect rates for provision of water and wastewater services within the boundaries of FORA in accordance with the rates, fees and charges set forth in **Exhibit A**, not including Capacity Charges. The District is further authorized to use the same rates, fees and charges in providing services to the area of Ord Community within the jurisdiction of the U.S. Army.
3. The rates, fees and charges authorized by this Resolution shall not exceed the estimated reasonable costs of providing the services for which the rates, fees or charges are imposed.

PASSED AND ADOPTED on September 16, 2011, by the Board of Directors of the Marina Coast Water District by the following roll call vote:

Ayes: Directors _____

Noes: Directors _____

Absent: Directors _____

Abstained: Directors _____

William Y. Lee, President

ATTEST:

Jim Heitzman, Secretary

CERTIFICATE OF SECRETARY

The undersigned Secretary of the Board of the Marina Coast Water District hereby certifies that the foregoing is a full, true and correct copy of Resolution No. 2011-36 adopted September 16, 2011.

Jim Heitzman, Secretary

September 16, 2011

Resolution No. 2011-37
Resolution of the Board of Directors
Marina Coast Water District
Adopting the Capacity Charge element of the Budget and the Ord Community Compensation
Plan for FY 2011-2012

RESOLVED by the Board of Directors ("Directors") of the Marina Coast Water District ("District"), at a regular meeting duly called and held on September 16, 2011 at the Carpenter's Union Hall at 910 2nd Avenue, Marina California as follows:

WHEREAS, Marina Coast Water District ("District") Staff prepared and presented the draft FY 2011-2012 Budget which includes projected revenues, expenditures and capital improvement projects for the Ord Community Water, Recycled Water and Wastewater systems, including the area within the jurisdiction of FORA and the area remaining within the jurisdiction of the U.S. Army; and,

WHEREAS, FORA is authorized by the FORA Act, particularly Government Code 67679(a)(1), to arrange for the provision of water and wastewater services to the Ord Community; and

WHEREAS, the District and FORA, entered into a "Water/Wastewater Facilities Agreement" ("the Agreement") on March 13, 1998, and have subsequently duly amended the Agreement; and,

WHEREAS, the Agreement provides a procedure for establishing budgets and compensation plans to provide for sufficient revenues to pay the direct and indirect, short-term and long-term costs, including capital costs, to furnish the water and wastewater facilities; and,

WHEREAS, the Agreement, as amended, provides that FORA and the District will each adopt the annual Budget and Compensation Plan by resolution; and,

WHEREAS, the proposed Budget and Compensation Plan for 2011-2012 provides for funds necessary to meet operating and capital expenses for sound operation and provision of the water, recycled water and wastewater facilities and to enable the District to provide continued water, recycled water and sewer services within the existing service areas on the former Fort Ord. The rates, fees and charges adopted by FORA apply only to the area within FORA's jurisdictional boundaries; and,

WHEREAS, a financing study prepared by Citigroup Global Markets Inc. in 2005 for the District recommended the adoption of capacity charges as an element of financing capital facilities for water and wastewater services to the Ord Community; and,

WHEREAS, the Water/Wastewater Oversight Committee of FORA and the District full Board have reviewed the proposed Budget and Compensation Plan; and,

WHEREAS, pursuant to the Agreement, FORA and the District have adopted and implemented and acted in reliance on budgets and compensation plans for prior fiscal years; and,

WHEREAS, pursuant to the Agreement, FORA and the District have cooperated in the conveyance to the District of easements, facilities and ancillary rights for the water, recycled water and wastewater systems on the area of the former Fort Ord within FORA's jurisdiction; and,

WHEREAS, the District has provided water and wastewater services on the former Fort Ord by contract since 1997, and currently provides water and wastewater services to the area of the former Fort Ord within FORA's jurisdiction under the authority of the Agreement, and provides such services to the portion of the former Fort Ord still under the Army's jurisdiction by contract with the Army; and,

WHEREAS, capacity charges are imposed as a condition of service to customers. The charges are not imposed upon real property or upon persons as an incident of real property ownership; and,

WHEREAS, estimated revenues from the capacity charges will not exceed the estimated reasonable costs of providing the facilities and services for which the charges are imposed; and,

WHEREAS, the capacity charges have not been calculated nor developed on the basis of any parcel map, including any assessor's parcel map; and,

WHEREAS, no written requests are on file with the District for mailed notice of meetings on fees or service charges pursuant to Government Code Section 66016. At least 10 days prior to the meeting, the District made available to the public data indicating the amount of cost, or estimated cost, required to provide the service for which the fee or service charge is levied and the revenue sources anticipated to provide the service; and

WHEREAS, the amount of the increase in capacity charges exceeds the percentage increase in the Implicit Price Deflator for State and Local Government Purchases, as determined by the Department of Finance. As a result, the District cannot charge the increased capacity fee to any school district, county office of education, community college district, state agency, or the University of California before first negotiating the increases with those entities in accordance with District Code section 6.16.020 and Government Code section 54999.3. Although these sections also apply to California State University at Monterey Bay, the District has complied with its obligation to negotiate with it and can charge the increased amounts to CSUMB as a result of and as limited by a Settlement Agreement and Mutual Release dated June 1, 2006, by which the District and California State University made an agreement regarding the amount of all future capacity charges. Accordingly, the District can charge the increased capacity charges as limited by the Settlement Agreement and Mutual Release immediately to CSUMB. The increased capacity charges to any other school district, state agency, county office of education, community college district or the University of California will be effective only when negotiations are concluded with those entities; and,

WHEREAS, after a public meeting and based upon staff's recommendations, the Board has determined that the capital elements of the Budget and Compensation Plan, including the capacity charges therein, should be adopted as set forth on **Exhibit A** to this Resolution; and

WHEREAS, the capacity charges set forth on **Exhibit A** to this Resolution have not changed from those approved in the FY 2010-2011 Budget and Compensation Plan; and,

WHEREAS, Government Code Section 54999.3 requires that before imposing certain capital facilities fees on certain educational and state entities, any public agency providing public utility service must negotiate with the entities receiving the service; and

WHEREAS, FORA is the lead agency for the adoption of rates, fees and charges for the area of the Ord Community under FORA's jurisdiction, and that in adopting rates and charges for that area, the District is acting as a responsible agency and relying on FORA's compliance with the requirements of the California Environmental Quality Act ("CEQA"); that the District has previously adopted rates, fees and charges for its jurisdictional service area; and that, in

approving rates, fees and charges for the area of Ord Community within the jurisdiction of the U.S. Army, the District is acting to provide continued water and sewer service within existing service areas on the Ord Community, and that such action is exempt from CEQA pursuant to Public Resources Code Section 21080(b)(8) and Section 15273 of the State CEQA Guidelines codified at 14 CCR §15273.

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS,

1. The Board of Directors of the Marina Coast Water District does hereby approve and adopt the capital elements of the FY 2011-2012 Budget for water, recycled water and wastewater services to the Ord Community.
2. The capital elements of the compensation plan for the area of Ord Community within FORA's jurisdiction, including capacity charges, set forth on **Exhibit A** to this Resolution are hereby approved and adopted. The District is authorized to charge and collect capacity charges for provision of water and wastewater services within the boundaries of the Fort Ord Reuse Authority in accordance with the schedule set forth in **Exhibit A**. The District is further authorized to use the same charges in providing services to the area of Ord Community within the jurisdiction of the U.S. Army.
3. The charges authorized by this Resolution shall not exceed the estimated reasonable costs of providing the services for which the charges are imposed.
4. The District will comply with the requirements of Government Code section 54999.3 before imposing a capital facilities fee (as defined in Government Code section 54999.1) on any school district, county office of education, community college district, the California State University, the University of California or state agency.

PASSED AND ADOPTED on September 16, 2011, by the Board of Directors of the Fort Ord Reuse Authority by the following roll call vote:

Ayes: Directors _____
Noes: Directors _____
Absent: Directors _____
Abstained: Directors _____

William Y. Lee, President

ATTEST:

Jim Heitzman, Secretary

CERTIFICATE OF SECRETARY

The undersigned Secretary of the Board of the Marina Coast Water District hereby certifies that the foregoing is a full, true and correct copy of Resolution No. 2011-37 adopted September 16, 2011.

Jim Heitzman, Secretary

Ord Community Water/Wastewater Systems

Compensation Plan

for FY 2011-2012

presented to

Fort Ord Reuse Authority

June 10, 2011

by

Marina Coast Water District



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Draft FY 2011-2012 Ord Community Service Area Budget Summary

Introduction. The purpose of this summary is to provide an overview of the FY 2011-2012 Budget document and the key assumptions used in developing this Budget document.

In, accordance with Article 7 of the Water Wastewater Facilities Agreement between Marina Coast Water District (MCWD) and Fort Ord Reuse Authority (FORA), the District maintains separate cost centers to ensure that revenues and expenses are appropriately segregated and maintained for the Marina systems, the Ord Community systems, and the accruing costs for the Regional Water Augmentation Project. On October 25, 2006, the MCWD Board adopted Ordinance No. 43 which also requires the cost centers to remain separated after the expiration of the Agreement between MCWD and FORA.

District costs that are not dedicated to a specific cost center are shared among the four primary cost centers – Marina Water, Marina Wastewater Collection, Ord Community Water and Ord Community Wastewater Collection. General overhead costs are also allocated in this manner which, in turn, creates efficiencies and cost savings for administrative functions for the two service areas that would otherwise not be realized. The District uses the operating expenses ratio to allocate the shared expenses. The allocation rate for the proposed fiscal year has changed based on previous year (FY 2009-2010) audited expenditure figures.

The FORA Board adopts the Ord Community budgets by resolution before MCWD Board adopts the entire budget, also by resolution.

A five-year financial plan and rate study was completed in 2008 and recommendations from the rate study are partially incorporated in this budget document.

Cost Centers:

- Marina Water
- Marina Wastewater Collection (Sewer)
- Ord Community Water
- Ord Community Wastewater Collection (Sewer)
- Recycled Water
- Regional Project

Assumptions:

- Revenues (proposed rate increase of 4.9%):
 - Ord Community Water \$5.515 million
 - Ord Community Wastewater Collection \$1.776 million
- Expenses:
 - Ord Community Water \$5.162 million
 - Ord Community Wastewater Collection \$1.162 million
 - Recycled Water \$0.421 million
 - Regional Project \$0.490 million

- Debt Service on loans (principal/interest):
 - Ord Community Water \$1.828 million
 - Ord Community Wastewater Collection \$0.731 million
 - Recycled Water \$0.325 million
- Capital Replacement Reserve Fund:
 - Ord Community Water \$0.200 million
 - Ord Community Sewer \$0.100 million

Ord Community Water Rates (monthly):

	FY 2010-2011	FY 2011-2012
Meter Service Charge	\$16.31	\$17.11
First Tier (0-8 hcf)	2.22	2.33
Second Tier (8-16 hcf)	3.12	3.27
Third Tier (16+ hcf)	4.02	4.22
Average Monthly bill (13 units)	\$49.67	\$52.10
Flat Rate Billing	80.40	84.34

Ord Community Wastewater Collection Rates (monthly):

	FY 2010-2011	FY 2011-2012
Monthly Flat Fee Bill	\$24.36	\$25.56

Capacity Charge:

- Ord Community Water Capacity Charge \$5,750* per equivalent dwelling unit
- Ord Community Wastewater Collection Capacity Charge \$2,150 per equivalent dwelling unit
- * Ord Community water capacity charge includes future contributions from FORA towards RUWAP Project

Monthly Capital Surcharge*:

- Ord Community Water Monthly Capital Surcharge for NEW Customers (\$20.00 per EDU)
- Ord Community Wastewater Monthly Capital Surcharge for NEW Customers (\$5.00 per EDU)
- * Monthly Capital Surcharge applies to all new customers effective July 2005.

Capital Improvement Programs:

- Ord Community Water \$4.932 million
- Ord Community Wastewater Collection \$1.475 million
- Recycled Water \$31.643 million
- Regional Project \$10.118 million

District Overhead:

- Support for a staff of 39 positions:
 - Administration – 10
 - Operations & Maintenance – 18
 - Laboratory – 2
 - Conservation – 2
 - Engineering – 7

**ORD COMMUNITY
WATER & WASTEWATER SYSTEM
RATES, FEES and CHARGES
FY 2011 - 2012
Effective July 1, 2011**

Water Consumption Charge

0 - 8 hcf	First Tier	2.33	per hcf
8 - 16 hcf	Second Tier	3.27	per hcf
16+ hcf	Third Tier	4.22	per hcf
	Monthly Capital Surcharge (New EDU)	20.00	per EDU
	Flat Rate	84.34	per unit

Monthly Minimum Water Charges

<u>Size</u>	<u>Fee</u>
5/8" or 3/4"	17.11 per month
1"	42.76 per month
1 1/2"	85.49 per month
2"	136.78 per month
3"	256.47 per month
4"	427.45 per month
6"	854.89 per month
8"	1,709.79 per month

Monthly Minimum Sewer Charges

Monthly Wastewater Charge	25.56	per EDU
Monthly Capital Surcharge (New EDU)	5.00	per EDU

Temporary Water Service

Meter Deposit Fee	\$650.00
Hydrant Meter Fee (Set/Remove Fee)	\$140.00 one time fee
Hydrant Meter Fee (Relocate Fee)	\$140.00 per occurrence
Minimum Monthly Service Charge	82.24 per month
Estimated Water Consumption Deposit	\$1,100.00 minimum

Repair, Replacement and Maintenance of Private Fire Hydrants (Monthly Charge)

Single/Double Outlet, All Sizes	\$13.50 per month
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Capacity Charges (Effective Date: July 1, 2011)

Water	\$5,750.00 per edu
Sewer	\$2,150.00 per edu

**MARINA & ORD COMMUNITY
WATER & WASTEWATER SYSTEM
RATES, FEES and CHARGES
FY 2011 - 2012
Effective July 1, 2011**

Labor Charges

General Manager	\$183.69 per hour
Deputy General Manager/District Engineer	\$122.48 per hour
Director of Administrative Services	\$90.12 per hour
Capital Projects Manager	\$76.68 per hour
Associate Engineer	\$71.88 per hour
Assistant Engineer	\$60.78 per hour
Engineering Administrative Assistant	\$52.91 per hour
O&M Superintendent	\$86.58 per hour
Assistant O&M Superintendent	\$86.58 per hour
Operations & Maintenance System Operator 3	\$72.03 per hour
Operations & Maintenance System Operator 2	\$66.15 per hour
Operations & Maintenance System Operator 1	\$59.86 per hour
Conservation Coordinator	\$70.25 per hour
Conservation Specialist	\$54.68 per hour

Equipment Charges

Work Truck	\$20.00 per hour
Backhoe Tractor	\$30.00 per hour
Vactor Truck	\$30.00 per hour
Dump Truck	\$30.00 per hour
Ground Penetrating Radar Unit	\$10.00 per hour

Miscellaneous Charges

Photocopy Charges	\$0.10 per copy
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Water Meter Installation Fee

(includes box and meter)

<u>Size</u>	<u>Fee</u>
5/8" or 3/4"	\$350.00
1"	\$400.00
1 1/2"	\$450.00
2"	\$700.00
3" or Larger	

Actual direct and indirect cost to district.

Advance payment to be based on estimated cost.

Other Fees and Charges

Preliminary Project Review Fee (large projects)	\$500.00
Plan Review Fees:	
Existing Residential Modifications	\$200.00 per unit plus additional fees
Existing Commercial Modifications	\$400.00 per unit plus additional fees
Plan Review	\$500.00 per unit plus additional fees
Water/Sewer Permit Fee	\$30.00 each
Small Project Inspection Fee (single lot)	\$400.00 per unit
Large Project Inspection Fee (large projects)	\$500.00 per unit plus 3% of water & sewer construction cost
Building Modification/Addition Fee	\$200.00 per unit
Deposit for a Meter Relocation	\$200.00 deposit, plus actual costs
Mark and Locate Fee (USA Markings)	\$100.00 first mark and locate at no-charge, each additional for \$100
Backflow/Cross Connection Control Fee	\$45.00 per device
Additional Backflow/Cross Connection Device	\$30.00 per device
Deposit for New Account	\$35.00 per edu
Meter Test Fee	\$15.00 for 3/4" meter, actual cost for 1" and larger
Returned Check Fee	\$15.00 per returned item
Basic Penalty	10% of the delinquent amount
Additional Penalty	1.50% per month of the delinquent amount

Ord Community Water System

**MARINA COAST WATER DISTRICT
ORD COMMUNITY WATER SYSTEM OPERATIONS
PROPOSED BUDGETS**

EXHIBIT W-1

	Adopted Budget Ord Community Water Expenses FY 2010-2011	Proposed Budget Ord Community Water Expenses FY 2011-2012
Administration/Management		
Personnel	\$676,570	\$570,330
Expenses	\$647,280	\$686,940
Insurance	\$55,300	\$67,500
Legal	\$57,500	\$62,100
Interest Expense	\$689,800	\$1,158,750
subtotal	\$2,126,450	\$2,545,620
Operations & Maintenance		
Personnel	\$979,650	\$1,115,890
Maintenance Expenses	\$161,900	\$223,990
Power Costs	\$437,750	\$490,250
Annual Maintenance	\$50,000	\$50,000
subtotal	\$1,629,300	\$1,880,130
Laboratory		
Personnel	\$152,880	\$157,530
Equipment/Expenses	\$39,489	\$44,010
Lab Contract Services	\$21,000	\$36,000
subtotal	\$213,369	\$237,540
Conservation		
Personnel	\$125,750	\$144,550
Expenses	\$64,370	\$64,205
subtotal	\$190,120	\$208,755
Engineering		
Personnel	\$314,860	\$264,830
Expenses	\$15,032	\$4,180
Outside Consultants	\$56,000	\$21,000
subtotal	\$385,892	\$290,010
Total Operating Expenses	\$4,545,131	\$5,162,055

WORKING DRAFT

	B	G	L	M	W	X	Y	Z	AA	AB	AD
3	Marina Coast Water District										
4	5-Year Capital Improvement Plan										
5											
6											
7	CIP #	Project Description	Original Cost	JAN 2011 Cost	FY 11/12 Proposed	FY 12/13 Proposed	FY 13/14 Proposed	FY 14/15 Proposed	FY 15/16 Proposed	OUT YEARS	Programmed Overall Project Cost Estimate
45		Ord Community Water 03-00-160-000									
47		FY 2010/2011 (Active Projects)									
49	WD-0201	IOP Building 1 (FORA)	3,000,000	3,000,000	842,400						842,400
50	OW-0170	Well 34 (deep aquifer at Well 32 site) (Construct)	1,650,000	1,650,000	1,040,000						1,040,000
51	GW-0201	2010 - Urban Water Mgmt. Update	300,000	300,000	31,200						31,200
52	GW-0200	Integrated Regional Water Management Plan - Update	100,000	100,000	62,400						62,400
53	NA	Basewide Environmental Insurance [50% CW, 50% OS]	82,632	82,632	10,329			10,329			41,316
54		FY 2011/2012 (Planned Year)									
56	OW-116	Eastern Distribution System (Prop 50 funded) Watkin Gate Well and Distribution Pipe, 1st Year - Design and O	4,250,000	4,250,000	2,600,000						2,600,000
57	OW-0119	Replace D & E Reservoir (Demolition phase) [CIP No. 4.04, 3.07]	actual	8,300,000	124,800						124,800
58	GW-0211	RD Integration Planning	200,000	200,000	124,800						124,800
60	GW-0112	"A1/A2" Zone Tanks & B/C Booster Sta @ CSUMB; 1st Year - Design, 2nd Year - Construct	6,684,000	8,010,600		779,784	4,595,526				5,375,310
61	OW-0128	Lightfighter "B" Zone Pipeline Extension (Design)	75,000	89,900		97,236					97,236
62	OW-0128	Lightfighter "B" Zone Pipeline Extension (Construct)	231,000	276,900		299,495					299,495
63	OW-0167	2nd Ave extension to Gligling Rd	170,850	204,800		221,512					221,512
64	OW-0121	Replace D & E Reservoir Off-Site Piping	140,000	167,800		181,492					181,492
65	GW-0211	Regional Desal (RD) Integration w/ Potable System (Design, 1st year, Construct 50% 2nd year, Construct 50%	21,000,000	21,000,000		11,811,072		12,283,515			26,138,811
66	OW-0206	Inter-Garrison Road Pipeline Replacement (in lieu of ASP booster until B tanks installed); 1st Year - Design, 2n	600,000	600,000		162,240	506,189				668,429
67	OW-0169	Inter-Garrison Road PRV	122,000	146,300				171,150			171,150
68	WD-0202	IOP Building II; 1st Year - Design, 2nd Year - Construct	1,800,000	1,800,000		157,697	893,618				1,051,315
69	WD-0200	Long-Term Facilities Planning	120,000	120,000		70,088					70,088
70	WD-0108	Corp Yard (Demolition/Construct)	450,000	450,000		262,829					262,829
71	WD-0115	SCADA System Improvements - Phase I	500,000	500,000		292,032					292,032
72	WD-0115	SCADA System Improvements (Increase Security, Integrate w/Regional Desal)	300,000	300,000		182,228					182,228
73	WD-0110	Asset Management Program - Phase II	255,000	255,000		148,936					148,936
74	WD-0110	Asset Management Program - Phase III	250,000	250,000			151,857				151,857
75	OW-0200	Surplus Area 2 Pipelines	773,000	926,500		1,002,102					1,002,102
76	OW-0201	Gligling Transmission from D Booster to JM Blvd	93,960	124,100							139,596
77	OW-0211	Eastside Road (D-Zone pipeline); 1st Year - Design, 2nd Year - Construct	2,300,000	2,300,000		388,078	2,287,073				2,675,152
78	OW-0211	Fire Flow Improvements - Commercial on CSU; 1st Year - Design, 2nd Year - Construct	488,000	644,300			640,679				749,391
79	OW-0203	7th Avenue and Gligling Rd; 1st Year - Design, 2nd Year - Construct	171,000	225,800			224,551				262,630
80	OW-0118	"B4" Zone Tank @ East Garrison (+ Demolish Travel Camp Tank); 1st Year - Design, 2nd Year - Construct	1,898,050	2,274,800		389,179		2,352,496			2,751,675
81	OW-0204	2nd Ave connection, Reindollar to Injin	1,000,000	1,000,000				1,169,859			1,169,859
82	OW-0205	Demolish Bayview Reservoir	150,000	198,100			231,749				231,749
83	OW-0166	CSU Fireflow Improvements	96,000	115,100			134,651				134,651
84	OW-0208	Fire Flow Improvements - Commercial Fire Flow between UV and Seaside Gateway	461,000	608,600			711,976				711,976
85	OW-0209	Fire Flow Improvements - Residential Fire Flow between UV and Seaside Gateway	142,500	188,200			220,167				220,167
86	OW-0164	Reservation Rd to Injin Main Improvements (2,800 ft of 12"); 1st Year - Design, 2nd Year - Construct	379,000	454,300				552,725	574,834		1,127,560
87	GW-0123	"B2" Zone Tank @ CSUMB; 1st Year - Design, 2nd Year - Construct	1,610,000	1,929,600				211,289	1,197,303		1,408,592
88	OW-0202	South Boundary Road Pipeline (DRO In-Tract) (20% allocation for up-sizing, if needed)	1,000,000	1,198,500				218,724	1,289,012		1,507,736
89	OW-0131	Abrams Road Pipeline in CSU East Housing Area; 1st Year - Design, 2nd Year - Construct	114,570	151,300				27,612	162,726		190,338
90	OW-0112	"A2" Zone Tank @ CSUMB; 1st Year - Design, 2nd Year - Construct	1,610,000	1,929,600				211,289	1,245,195		1,456,484
91	OW-0165	Rehabilitate/Replace Well 29 & TOE Treatment; 1st Year - Design, 2nd Year - Construct	1,158,000	1,528,700				278,985	1,644,149		1,923,134
92	OW-0210	Sand Tank Demolition; 1st Year - Design, 2nd Year - Construct	288,000	345,200				62,988	371,270		434,268
93	GW-0210	Reservoir A3 (1.5 MG); 1st Year - Design, 2nd Year - Construct	2,301,000	2,757,700				301,965	1,779,579		2,081,544
94	OW-0212	Reservoir "D2"; 1st Year - Design, 2nd Year - Construct	2,375,000	2,846,400				540,241	3,061,363		3,601,604
95	OW-0129	Rehabilitate Well 31; 1st Year - Design, 2nd Year - Construct	1,177,500	1,594,500				283,693	1,671,898		1,955,591
96	OW-0214	Injin Road, Reservation to Injin Pkwy realignment; 1st Year - Design, 2nd Year - Construct	700,000	839,000				153,116	902,362		1,055,478
97	OW-0215	Booster Station @ UCMBEST Add'l Pump Cap.; 1st Year - Design, 2nd Year - Construct	1,140,000	1,366,300				249,347	1,469,485		1,718,831
98	OW-0171	Eucalyptus Rd Pipeline	1,735,000	2,079,400				2,631,104	2,631,104		2,631,104
99	OW-0121	"C2" to "B4" Pipeline and PRV Station	1,037,000	1,242,900				1,572,865	1,572,865		1,572,865
100	OW-0213	Reservoir B4/B5 to East Garrison Pipeline	188,000	225,400				285,203	285,203		285,203
101	OW-0216	UCMBEST Pipeline	296,500	355,400				449,694	449,694		449,694
102	OW-0217	Injin Road @ Airport Area	1,000,000	1,198,500				1,516,485	1,516,485		1,516,485
103	OW-0218	Golf Boulevard Transmission Line	796,000	954,000				1,207,114	1,207,114		1,207,114
104	OW-0219	"B5" Zone Tank @ East Garrison	2,301,000	2,757,700				3,489,370	3,489,370		3,489,370
105	OW-0220	Blanco/Injin Connector - road project pending change	473,000	473,000				598,496	598,496		598,496

[illegible]

**MARINA COAST WATER DISTRICT
ORD COMMUNITY WATER SYSTEM OPERATIONS
REVENUE PROJECTIONS**

EXHIBIT W-3

		Adopted FY 2010-2011	Proposed FY 2011-2012
	Number of water services		
	# Flat Rate Customers	1,200	1,200
	# Metered Customers	2,988	2,808
	Total Customers	4,188	4,008
	Annual Water Usage (in AF)		
	Metered use	1,650	1,790
	Unmetered use / Losses	800	800
	Total Water Usage	2,450	2,590
	Monthly Service Charges		
	Flat Rate Billing	\$80.40	\$84.34
	Metered Service Charge - 3/4" Meter	\$16.31	\$17.11
	Monthly Quantity Rates		
	Tier 1 (0-8 hcf)	\$2.22	\$2.33
	Tier 2 (8 - 16 hcf)	\$3.12	\$3.27
	Tier 3 (16+ hcf)	\$4.02	\$4.22
	Monthly Capital Surcharge (per EDU)	\$20.00	\$20.00
	Annual Revenue Calculations		
	Flat Rate Accounts	1,203,000	1,253,000
	Metered Accounts	3,170,000	3,196,000
	Capacity Fee (\$5,750 per EDU)	40,000	50,000
	Capital Surcharge Revenue	72,000	80,000
	Other Fees & Charges	84,500	975,880
A	Total Operating Revenue	\$4,569,500	\$5,554,880
B	Funding - New Source	10,808,993	4,035,929
C	Grant Revenues	0	800,000
D	Non-operating Revenue (Interest Income)	90,000	90,000
E	TOTAL REVENUE (A through D)	\$15,468,493	\$10,480,809
F	Operating Expenditures	4,203,131	4,820,055
G2	CIP Projects	10,808,993	4,835,929
G3	General Capital Outlay	132,200	95,600
I	Costs for Bond Issuance	0	0
J1	Debt Service	327,234	669,350
K	Capital Replacement Reserve Fund	200,000	200,000
L	<u>Payments to Land Use Jurisdictions/FORA</u>		
	Reimb. to Land Use Agencies (5% of OR)	140,000	140,000
	FORA Admin/Liaison Fees	25,000	25,000
	Reimbursements to FORA (5% of OR)	140,000	140,000
	Mmbrshp on FORA Bd. of Directors (1% of OR)	37,000	37,000
M	TOTAL EXPENDITURES (F through L)	\$16,013,558	\$10,962,934
	USE OF RESERVES	\$545,065	\$482,125
	NET REVENUE (E-M)	\$0	\$0

EXHIBIT W-4

MONTHLY WATER RATES FOR REGION SURROUNDING THE ORD COMMUNITY

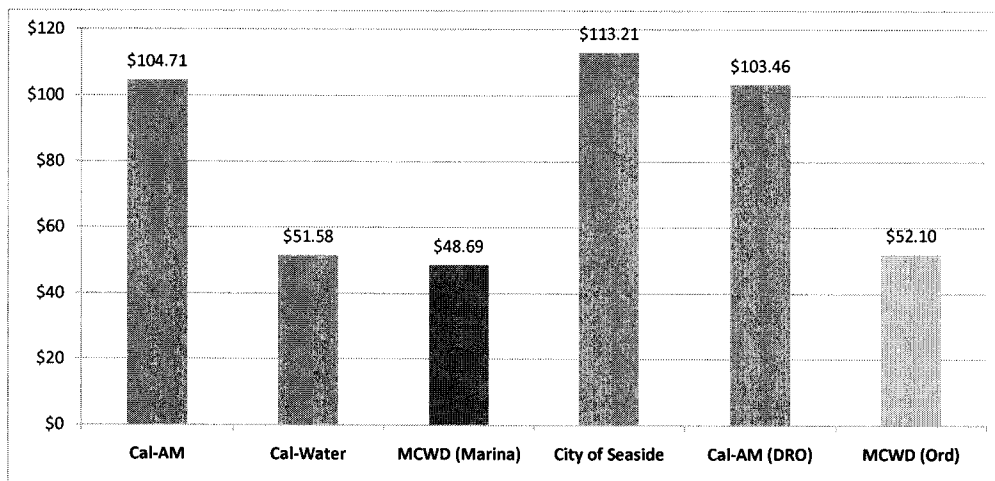
Revised March 16, 2011

TYPE OF FEE	CAL-AM	California Water Service Company	Proposed MCWD City of Marina ²	City of Seaside	City of Del Rey Oaks (Cal-Am)	Proposed MCWD Ord Community ³	Median Rates
Quantity Rate per 100 cu.ft.							
1st tier	\$0.2798	\$1.8545	\$2.18	\$3.44	\$0.2798	\$2.33	\$2.02
2nd tier	\$0.4068	\$1.9521	\$2.66	\$7.44	\$0.4068	\$3.27	\$2.31
3rd tier	\$0.8136	\$2.1864	\$4.85	\$12.06	\$0.8136	\$4.22	\$3.20
4th tier	\$1.6272			\$17.19	\$1.6272		\$1.63
5th tier	\$2.8475			\$23.60	\$2.8475		\$2.85
6th tier				\$30.78			
Breakpoint for 1st tier	40	600	800	400	40	800	500
Breakpoint for 2nd tier	80	1,100	1,600	1,000	80	1,600	1,050
Breakpoint for 3rd tier	120	1700+	1600+	2,000	120	1600+	1,600
Breakpoint for 4th tier	160			3,000	160		
Breakpoint for 5th tier	200			4,000	200		
				4,000 +			
Meter Service Charge per month							
3/4-inch	\$13.29	\$23.82	\$17.95	\$18.63	\$13.29	\$17.11	\$17.53
Service Charge (hcf)		0.200					\$0.20
Service Charge (monthly)	3.8100	1.060			2.5600		\$2.56
Surcharges (%)	7.6280				7.6280		\$7.63
Surcharges	3.71	-1.163			3.71		\$3.71
For illustrative purposes only, monthly rates based on 13 hcf/month, or 0.358 acre feet/year	\$104.71	\$51.58	\$48.69	\$113.21	\$103.46	\$52.10	\$64.35

2. Proposed rates effective as of July 1, 2011.

3. Proposed rates effective as of July 1, 2011.

MONTHLY WATER RATES FOR REGION SURROUNDING THE ORD COMMUNITY - 13 hcf



2010 Ord Community Water Consumption vs. Allocation (in Acre Feet per year)

EXHIBIT W-5

Entity	2009 Consumption	2010 Consumption	Fort Ord Reuse Plan Allocation (AFY)	% of
OMC				
Nonresidential	45	45		
Residential	124	182		
Residential (e)	410	410		
Irrigation	39	39		
Subtotal	618	676	1,577.0 (1) (4)	43%
Construction Water - Army	40	3		
CSUMB				
Main Campus	52	136		
CSUMB Housing (metered)	221	232		
CSUMB Housing (e)	159	0		
CSUMB Irrigation	35	35		
CSUMB Irrigation (e)	95	0		
Subtotal	562	403	1,035.0	39%
UC MBEST	2	3	230.0	
County	4	10	710.0 (7)	
County/State Parks	0	0	45.0	
Cty/Del Rey Oaks	0	0	242.5 (6)(7)	
Cty/Monterey	0	0	65.0	
Cty/Marina (Sphere)	0	0	10.0	
Subtotal	6	13	1,302.5	1%
Seaside				
Golf Course	1	349		
MPUSD	94	100		
Brostrom	64	60	85.0 (4)	
Thorson	60	60	120.0 (3)	
Seaside Highlands	178	166		
Monterey Bay Land, LLC	0	0	114.0 (5)	
Other	7	5	693.0 (7)	
Subtotal	404	740	1,012.0 (4)	73%
Construction Water - Seaside	27	51		
Marina				
Preston/Abrams	195	177		
Airport	8	10		
Other	69	69		
Subtotal	272	256	1,325.0 (7)	19%
Construction Water - Marina	18	15		
Total	1,947	2,157	6,251.5	35%
Assumed Line Loss	129 (8)	232 (8)	348.5 (7)	
Total Extracted	2076	2389		
Reserve	4524	4211	0 (7)	
Total	6600	6600	6,600	

Notes:

(e) indicates water use is estimated; meters are not installed.

Footnotes:

(1) The 1996/1998 FORA Board Allocation Plan reflects 1410 afy that considers future conservation on the POM Annex. The OMC's current reservation of 1577 afy reflects the decrease of 38 afy and 114 afy (see footnote (4)) from the original 1729 afy. The FORA Board has not yet revised the allocation numbers to reflect this change.

(3) The Sunbay/Thorson property was given its own allocation (120 afy) as part of the transfer of real estate from the US Army to the Southwest Sunbay Land Company.

(4) Seaside's original allocation of 710 afy was augmented by 38 afy by agreement with the OMC and Brostrom, and by 114 afy under final terms of the land exchange agreement among the City of Seaside, Monterey Bay Land, LLC and the US Army.

(5) 114 afy of Monterey Bay Land, LLC controlled potable water includes the proviso that the City of Seaside shall use no less than 39 afy of such water for affordable or workforce housing.

(6) The FORA Board approved an additional 17.5 afy for Del Rey Oaks on 05/13/2005.

(7) In January 2007, the FORA Board changed the 150 afy interim use loans to Marina, Seaside, Del Rey Oaks and Monterey County in October 1998 to add to their permanent allocations.

(8) Line loss figures include water transferred from Ord to Marina system through the inter-tie. The transferred numbers are tracked in the SCADA system and will be repaid back to Ord from Marina over time.

Ord Community Wastewater System

**MARINA COAST WATER DISTRICT
ORD COMMUNITY WASTEWATER SYSTEM OPERATIONS
PROPOSED BUDGETS**

	Adopted Budget Ord Community Wastewater Expenses FY 2010-2011	Proposed Budget Ord Community Wastewater Expenses FY 2011-2012
Administration/Management		
Personnel	\$189,310	\$116,190
Expenses	\$95,660	\$80,440
Insurance	\$15,500	\$13,750
Legal	\$16,100	\$12,650
Interest Expense	\$257,700	\$466,340
subtotal	\$574,270	\$689,370
Operations & Maintenance		
Personnel	\$230,490	\$233,100
Maintenance Expenses	\$52,200	\$96,520
Power Costs	\$62,900	\$57,100
Annual Maintenance	\$30,000	\$10,000
subtotal	\$375,590	\$396,720
Engineering Department		
Personnel	\$94,480	\$68,820
Expenses	\$1,510	\$1,100
Outside Consultants	\$54,800	\$5,500
subtotal	\$150,790	\$75,420
TOTAL	\$1,100,650	\$1,161,510

WORKING DRAFT

	B	G	L	M	W	X	Y	Z	AA	AB	AD
											[WITHIN COST CENTER]
3	Marina Coast Water District										
4	5-Year Capital Improvement Plan										
5											
6											
7	CIP #	Project Description	Original Cost	JAN 2011 Cost	FY 11/12 Proposed	FY 12/13 Proposed	FY 13/14 Proposed	FY 14/15 Proposed	FY 15/16 Proposed	OUT YEARS	Programmed Overall Project Cost Estimate
151		Ord Community Sewer 04-00-000-000									
152		FY 2010/2011 (Active Projects)									
153		East Garrison LS Improvements (Construct)	800,000	863,900	898,456						898,456
155	OS-0150	IOP Building I (FORA)	3,000,000	3,000,000	171,600						171,600
156	WD-0201	Basewide Environmental Insurance [50% OW, 50% OS]	82,632	82,632	10,329	10,329	10,329	10,329			41,316
157	NA										
158		FY 2011/2012 (Planned Year)									
159		Clark LS Improvement (Construct)	350,000	350,000	364,000						364,000
161	OS-0200	Parker Flats Collection System, 1st year - Design, 2nd year - Construct	100,000	100,000	15,600	91,936					107,536
162	OS-0208										
163											
165	OS-0153	Misc. Lift Station Improvements, 1st year - Planning/Design, 2nd year - Construct	2,158,700	2,330,900		504,220	2,097,556				2,601,777
167	OS-0147	Ord Village Sewer Pipeline & Lift Station Impr Project, 1st year - Planning, 2nd year - Design, 3rd year - Construct	555,000	599,300		64,820	67,413	560,877			693,110
168	WD-0202	IOP Building II, 1st Year - Design, 2nd Year - Construct	1,800,000	1,800,000		32,124	189,315				221,438
169	WD-0200	Long-Term Facilities Planning	120,000	120,000		14,277					14,277
170	WD-0106	Corp Yard (Demolition/Construct)	450,000	450,000		53,539					53,539
171	WD-0115	SCADA System Improvements Phase I	500,000	500,000		59,488					59,488
172	WD-0115	SCADA System Improvements (Increase Security, Integrate w/Regional Desal)	300,000	300,000			37,121				37,121
173	WD-0110	Asset Management Program - Phase II	255,000	255,000		30,339					30,339
174	WD-0110	Asset Management Program -- Phase III	250,000	250,000			30,934				30,934
175	OS-0154	Del Rey Oaks -- Collection System (Planning)	50,000	50,000		54,080					54,080
176	GS-0200	Odor Control Project; Design/Construct	100,000	100,000			67,492				67,492
177	OS-0214	Intergration 8th Ave SS (for Eastside Pkwy developments); Design/Construct	1,000,000	1,000,000			1,124,864				1,124,864
178	OS-0202	DRO Gravity Sewer Main and GJMB Improvements 1st year - Design, 2nd year - Construct	8,984,000	10,677,900			1,801,678	10,617,888			12,419,566
179	OS-0152	Booker, Hatlen, Neeson LS Improvements Project, 1st year - Design, 2nd year - Construct	400,000	432,000			72,891	429,572			502,463
180	OS-0203	Gigling LS and FM Improvements, 1st year - Design, 2nd year - Construct	1,470,400	1,587,700			267,892	1,578,777			1,846,669
181	OS-0205	Irwin LS & Force Main Improvements -- Phase I, 1st year - Design, 2nd year - Construct	1,750,000	1,981,500			334,338	1,970,364			2,304,701
182	OS-0204	CSUMB Developments [9,14,18], 1st year - Design, 2nd year - Construct	435,300	470,100				82,493	486,156		568,649
183	OS-0207	Seaside Resort, East & Affordable Housing Sewer Imps. Project, 1st year - Design, 2nd year - Construct	232,500	251,100				44,063	259,676		303,739
184	OS-0206	Fitch Park Sewer Improvements	88,400	95,500					116,190		116,190
185	OS-0148	Marina Heights Sewer Pipeline Improvements Project [6,21], 1st year - Design, 2nd year - Construct	583,000	629,500					110,464	651,001	761,464
186	OS-0149	University Villages Sewer Pipeline Replacement Projects [7,11,12,15], 1st year - Design, 2nd year - Construct	329,400	355,700					62,418	367,849	430,267
187	OS-0151	Cypress Knolls Sewer Pipeline Improvements Project, 1st year - Design, 2nd year - Construct	69,600	75,200					13,724	80,879	94,603
188	OS-0209	Irwin LS & Force Main Improvements -- Phase II (Design) 1st year - Design, 2nd year - Construct	500,000	566,200					103,330	608,960	712,290
189	OS-0210	1st Ave Sewer Pipeline Replacement Project [2020]	285,200	308,000						389,718	389,718
190	OS-0211	Gen'l Jim Moore Sewer Pipeline Replacement Project [2020]	34,800	37,600						47,576	47,576
191	OS-0212	Gen'l Jim Moore Sewer Pipeline Replacement Project [2020]	131,000	141,500						179,043	179,043
192	OS-0213	MRWPCA Buy-In	8,300,000	8,300,000						10,502,148	10,502,148
193	OS-0300	Ord Wastewater Master Plan	200,000	200,000						224,973	224,973
194											
195											
196		TOTALS - Ord Community Sewer			1,459,985	915,152	6,326,795	15,294,361	1,151,959	12,827,173	37,975,426

**MARINA COAST WATER DISTRICT
ORD COMMUNITY WASTEWATER SYSTEM OPERATIONS
PROJECTED NET REVENUE**

EXHIBIT WW-3

		Adopted FY 2010-2011	Proposed FY 2011-2012
	Estimated # of EDU's	5,860	5,595
	Flat Rate Billing per EDU	\$24.36	\$25.56
	Monthly Capital Surcharge (per EDU)	\$5.00	\$5.00
	Annual Revenue - Flat Rate Billing	1,715,000	1,713,300
	Capacity Fee (\$2,150 per EDU)	30,000	10,000
	Capital Surcharge Revenue	10,000	18,000
	Other Fees & Charges	17,800	19,300
A	Total Operating Revenue	1,772,800	1,760,600
B	Funding - New Source	2,005,796	1,459,985
C	Non-Operating Revenue (Interest Income)	27,000	43,000
D	TOTAL REVENUE (A+B+C)	\$3,805,597	\$3,263,585
E1	Operating Expenditures	1,088,650	1,149,510
F1	CIP Projects	2,005,796	1,459,985
F2	General Capital Outlay	26,400	15,400
F3	Costs for Bond Issuance	0	0
F4	Debt Service (principal)	176,114	264,250
G	Capital Replacement Reserve Fund	100,000	100,000
H	Reimb. To Land Use Agencies (5% of OR)	12,000	12,000
I	TOTAL EXPENDITURES (E through H)	\$3,408,960	\$3,001,145
J	NET REVENUE (D-I)	\$396,637	\$262,440

MONTHLY WASTEWATER COLLECTION RATES FOR REGION SURROUNDING THE ORD COMMUNITY

Revised March 17, 2011

SERVICE DESCRIPTION	City of Pacific Grove ¹	City of Monterey ²	City of Salinas ³	SCSD City of Seaside ⁴	SCSD City of Del Rey Oaks ⁵	Proposed MCWD City of Marina ⁶	Proposed MCWD Ord Community ⁷
Residential - per Living Unit	\$22.20	\$5.18	\$4.20	\$7.97	\$7.97	\$8.71	\$25.56
Business - 15 employees	\$30.71	\$7.17	\$5.81	\$11.02	\$11.02	\$13.07	\$38.34
Church - over 100 members	\$30.71	\$7.17	\$5.81	\$11.02	\$11.02	\$8.71	\$25.56
Laundromat - each washing machine	\$12.40	\$2.89	\$2.35	\$4.45	\$4.45	\$5.23	\$15.34
General Hospital - each bed	\$33.95	\$7.93	\$6.42	\$12.18	\$12.18	\$6.97	\$20.45
Motel/hotel - each room	\$9.16	\$2.14	\$1.73	\$3.29	\$3.29	\$2.18	\$6.39
Restaurant - each seat	\$3.98	\$0.93	\$0.75	\$1.43	\$1.43	\$0.61	\$1.79
High School/University - each student/faculty	\$0.37	\$0.09	\$0.07	\$0.13	\$0.13	\$0.61	\$1.79
Supermarket - 30 Employees	\$144.95	\$33.85	\$27.42	\$52.02	\$52.02	\$26.13	\$76.68

¹Rate is 185% of MRWPCA rate²Rate is 43.2% of MRWPCA rate³Rate is 35% of MRWPCA rate⁴Rate is 66.4% of MRWPCA rate⁵Rate is 66.4% of MRWPCA rate⁶Rate is \$8.95 per Equivalent Dwelling Unit (74.6% of MRWPCA rate - Residential Rate) is proposed for FY 2011/2012⁷Rate is \$26.26 per Equivalent Dwelling Unit (218.8% of MRWPCA rate - Residential Rate) is proposed for FY 2011/2012

As District customer base grows in the next few years, the monthly wastewater collection rate could possibly be reduced.

