

Good afternoon to Everyone,

MCWD appreciates the opportunity to provide some clarity regarding the information presented. As we have let the City Manager know the City's Consultant may not have a full grasp of MCWD's financial information.

The District's presentation provided information on the potential financial impact of the proposed utility tax, based on the language of the proposed ordinance and MCWD's actual financial and billing data. We would like to clarify the statement that MCWD's estimate was "determined" to be overstated by more than \$900,000.

That difference results from adjustments made by the City's consultant to MCWD's analysis—adjustments which the District was not consulted on nor do we agree with.

Importantly, MCWD's analysis used FY26 actual data adjusted for FY27 rates. The consultant's adjustments relied, in part, on the District's December 2024 Water Consumption Report and FY25 audited financial statements. Not the most accurate and up to date information available. We could have shared that information had we been contacted, if only to ensure the accuracy of their assumptions.

Specifically:

- \$518,000 adjustment for water use outside Marina: MCWD's calculation had already excluded all accounts outside the City. This may have been difficult for the consultant to understand as portions of the City are in our Marina operating area and other parts are in the Ord operating area; the \$518,000 stays in the calculation.
- 47% districtwide adjustment: The consultant used a percentage from a 2024 water consumption report and applied it to revenues that include both fixed and variable charges. This methodology is not applicable to MCWD's calculation as all our figures already included only accounts inside the City. So, the adjustment is uncalled for.
- \$369,000 adjustment for meter, capacity and developer-related charges: MCWD included these charges based on the language of the proposed ordinance "service establishment or reestablishment charges ... other charges, fees, or surcharges which are necessary for or common to the receipt, use or enjoyment of water service" which specifically identifies metering and other water-service-related charges necessary for or common to the receipt, use or enjoyment of water service. We believe this to be the intent of the language but will of course yield to the City's Tax Administrator.

- Low-income and senior reductions: MCWD disclosed the 50% reduced rate in our presentation but did not assume how many customers would qualify and enroll, because that information was not available. This assumption is difficult to predict. No one at the moment can gauge how many participants there will be.

MCWD appreciates the City's review. However, it is important that we use the timeliest and most accurate data, assumptions, and methodologies to produce realistic estimates. Characterizing those differences as errors or a \$900,000 "overstatement" does not accurately reflect the analysis nor is it representative of the work done.

MCWD remains committed to providing transparent and factual information on this and any work we do.

Kindest Regards,

MCWD