



2024 Water, Wastewater & RW Rate Study

Final Recommendations

April 17, 2024





Purpose and Agenda

Provide a brief introduction to the District, review the proposed rates, answer public questions, and receive public input.

1. Background on the District
2. Introduction to District Finances and Rate Setting Requirements
3. Financial Plan Findings
4. WATER Cost of Service and Rate Design and bill impacts
5. SEWER Cost of Service and Rate Design and bill impacts
6. Private Fire Meter Charge and Drought Surcharge
7. What's Next



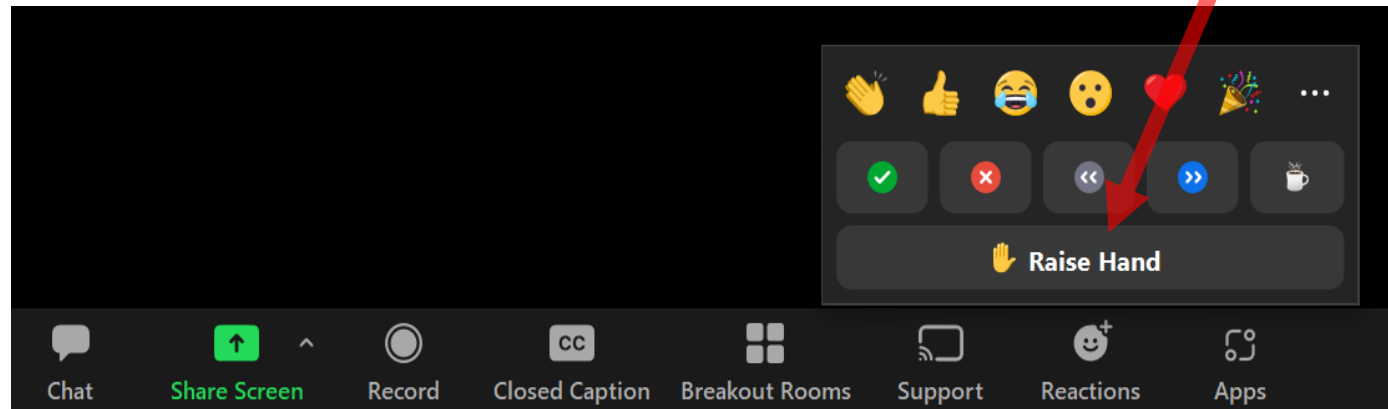
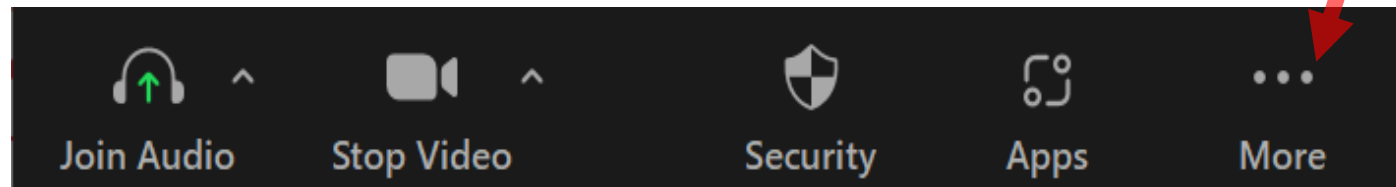
Questions or Comments

- Please only clarifying questions **DURING PRESENTATION.**
- Comment input and questions **AFTER PRESENTATION**



Clarifying Questions

1. Raise a virtual hand



2. Phone Keypad Accessibility:

***9 raises / lowers hand**

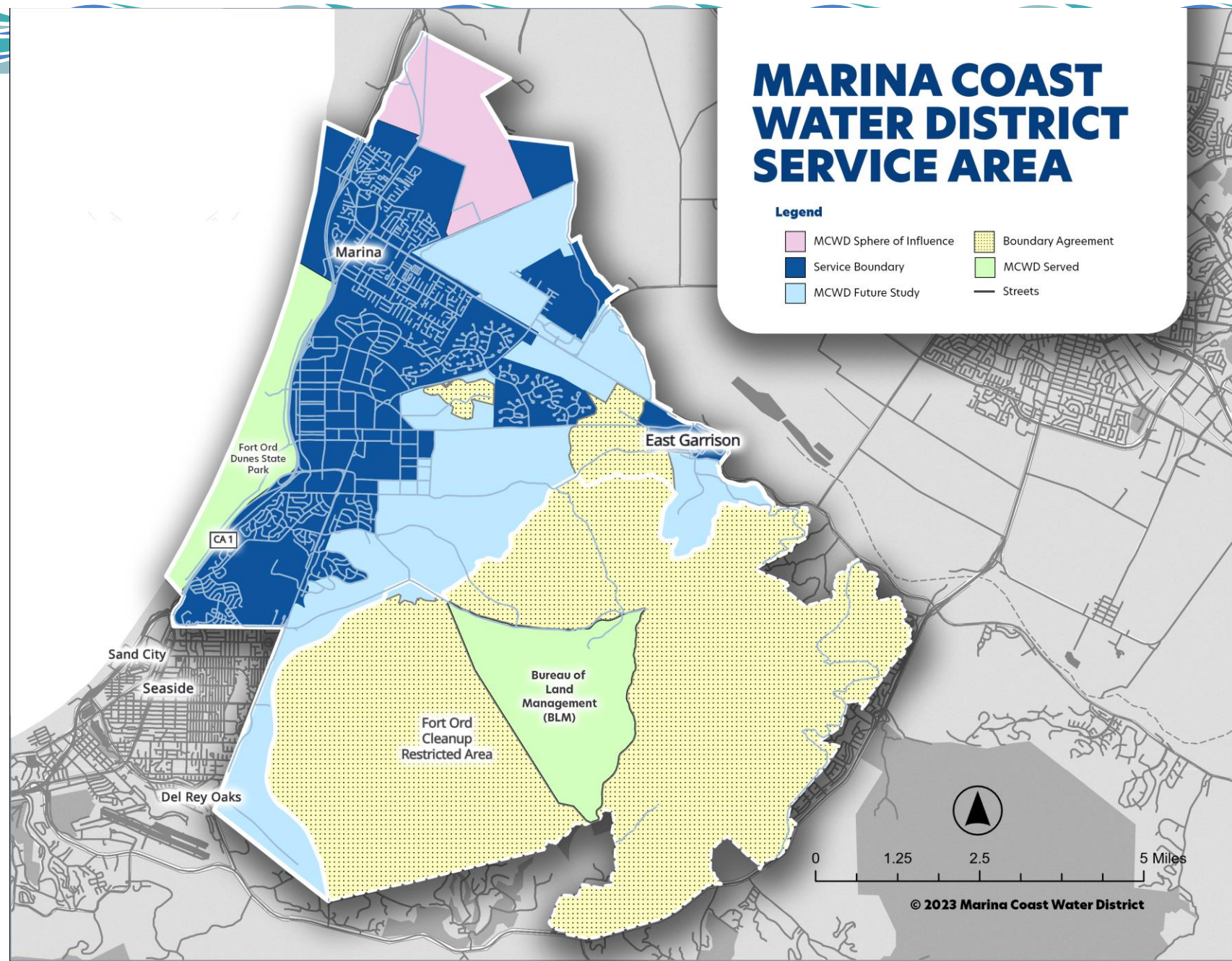
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Background on the District

An independent public agency, governed by an elected Board of Directors.

We serve over 40,000 residents in Marina and the Ord Community, including Del Rey Oaks, Monterey, And East Garrison





47 Professionals Providing Quality Potable and Recycled Water and Wastewater Service 24/7





Portfolio of water supplies to meet customer needs

- Extensive **groundwater** rights
- **Desalination** facilities and permits
- Partners in the advanced treated **recycled water** plant
- Partners in **aquifer storage and recovery**





Save Customers Money with conservation Rebates and Tips

- High-efficiency toilet and water-free urinal
- High-efficiency clothes washer
- Hot water recirculation pump
- Evapotranspiration-based irrigation controller
- And much more....





State Certified Water Quality Professional Test and Monitor Your Water for Quality 24/7





Preventive Maintenance, Upgrades & Replacements for Reliability

24/7 Automated monitoring and controls.

Computerized maintenance management.

In-pipe video inspection to ensure quality.

Geographic information system (GIS)





20 Sewer and 6 Water Pump Stations





147 miles of sewer pipelines
215 miles of water pipelines
6 Potable Water Wells





Storage tanks meet instantaneous fire needs, provide backup, and lower pumping costs.





**Provide Wastewater
Collection for Central
Marina / Ord Community
Waster**

**And 27% owner in
Monterey One Water
Treatment Facility**





Maintain the Sewer Collection Pipeline and Pumping System





Introduction to District Finances and Rate Setting Requirements



Despite Successes We Face Challenges

Need to Increase Investment in Aging Systems

ORD AREA: Inherited Aging Improperly Build System from Army. Large, old, made with non-standard materials requiring substantial rehabilitation and replacement

MARINA: Much of the system was built in the early 1960s and is reaching the end of its useful life.

Need to Invest in Developing New Water Supplies



State Legal Requirements For Rate Setting (Prop 218)

Substantive Requirements:

- **Revenues shall not exceed funds** required to provide service; nor used for another purpose
- Amount **shall not exceed the proportional cost** of the service attributable to the parcel

Procedural Requirements

- Approval process includes 45-day notice, public hearing, and written majority protest. Does not require a voting process (unlike taxes).



The Rate Setting Process

Revenue Requirements

Compares the revenues of the utility to its expenses to determine the overall rate adjustment. Largely driven by capital program.



Cost-of-Service

Equitably allocates the revenue requirements between the customer classes. A customer class is a group such as residential or business



Rate Design

Design rates for each class of service to meet the revenue needs of the utility, along with any other rate design goals and objectives



Financial Plan Findings



District Divided Into Five Financial Areas

- **These five “cost centers” each have separate finances and rates.**
 - Marina Water
 - Marina Sewer
 - Ord Water
 - Ord Sewer
 - Recycled Water
- **Each cost center incurs direct costs and indirect costs (allocated based on the Cost Allocation Plan)**
- **The last rate increase occurred in January 2023**



Annual Cost Increase Assumptions

- **Salaries and Benefits** – 10% in FY 2024/25 and 3% thereafter
- **Utilities (PG&E)** – 10% per year
- **Source of Supply** – Driven by both cost inflation and increases in water demand
 - 3.8% for Marina for next 5 years
 - 8.2% for Ord for next 5 years
- **Construction Cost Index** – 3%
- **All other costs** – 3% per year



Capital Improvement Program (CIP) Needs

District engineers undertook an extensive review of facility renewal and replacement needs.

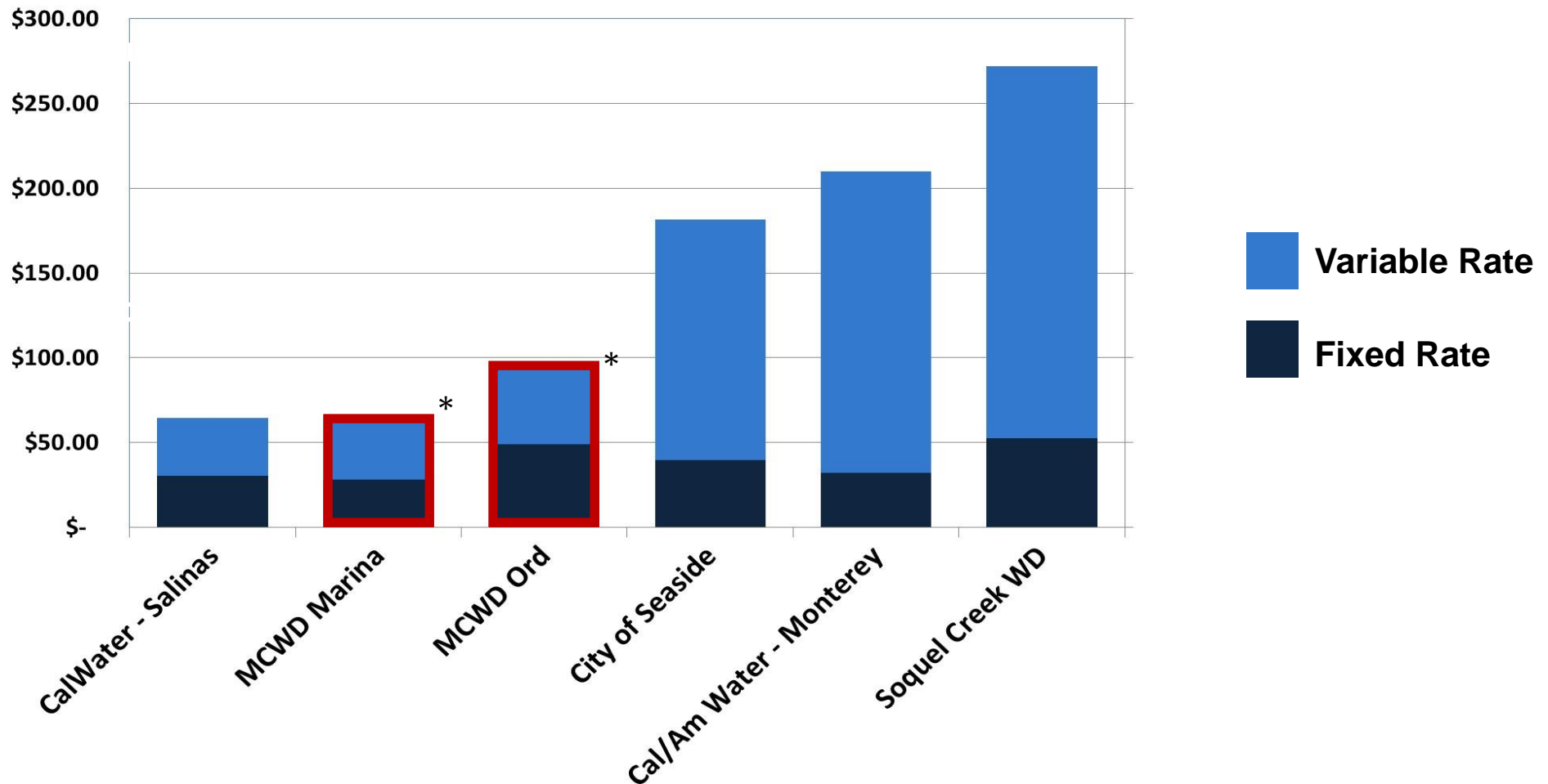
In order to reduce impacts to rates, the District will defer less critical repair and replacement (“R&R”) projects that were identified in earlier plans.

Total Capital (R&R)

Marina Water	\$5,975,000
Ord Water	\$20,129,000
Marina Sewer	\$5,911,000
Ord Sewer	\$12,781,000
Recycled Water	\$600,000
Total	\$45,396,000

Water Rate Comparison

Monthly bills for Single Family Home with 10 HCF water usage



* Current rates

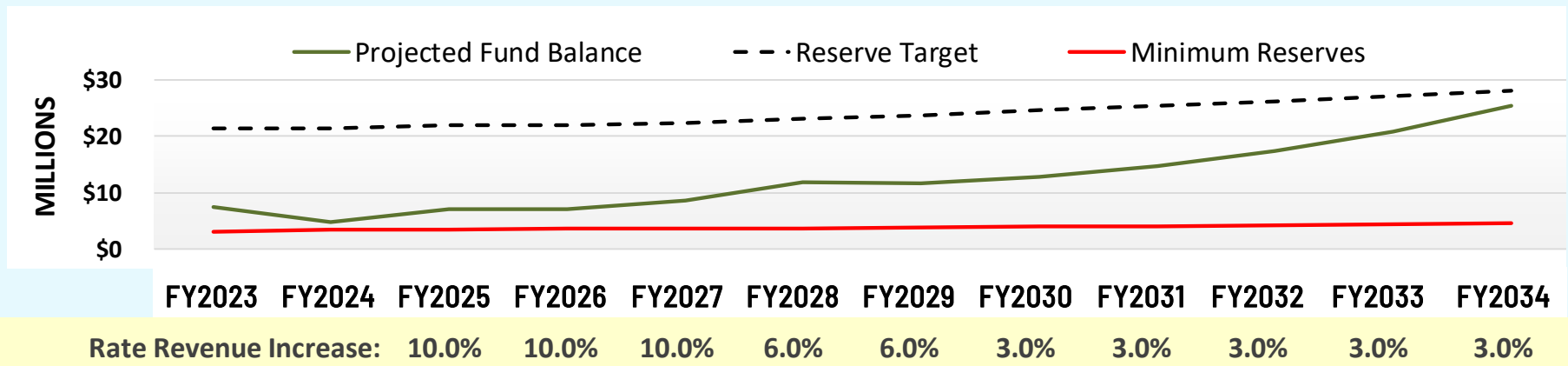
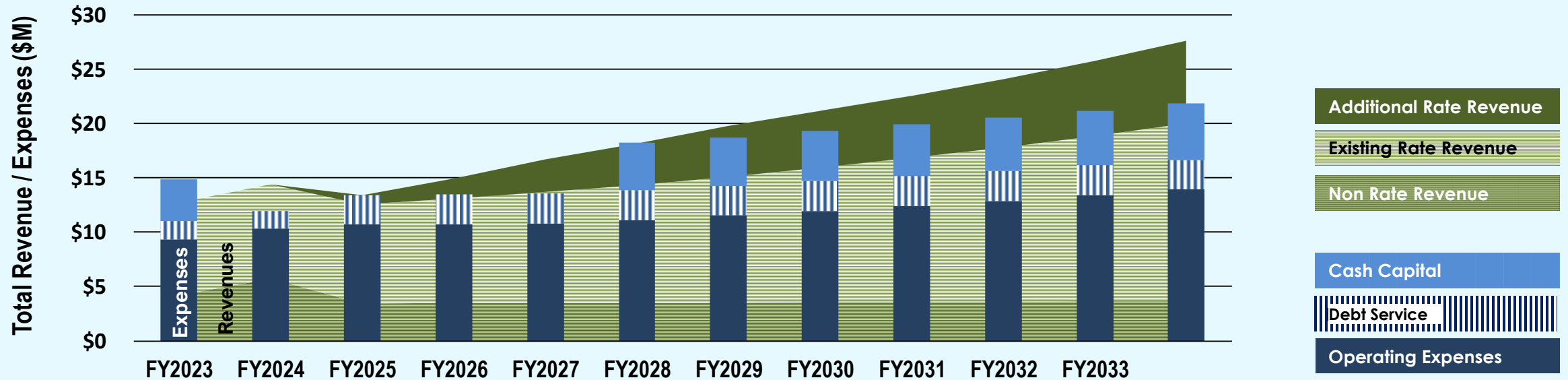


Ord Water 5-year Capital Spending

PROJECT	COST
Fire Hydrant Replacement Program	942,000
Misc Booster Pumping Station Improvements	1,537,000
Ord Community Housing Distribution System Enhancements	2,491,000
Water Pipeline Renew/Replacement Program	3,761,000
Well Rehabilitation	899,000
5th Avenue Water Pipeline Replacement Diverty Circle to Inter-Garrison	441,000
B1 Tank Improvements	576,000
CIP planning and program management	68,000
D line valves install from Booster to Tank	368,000
D Reservoir Redundant Fill Line	357,000
F reservoir to Inter-Garrison, SDR Water Pipeline Replacement	1,523,000
Gigling Road Water Pipeline Replacement	1,286,000
Hatch Replacement project (IR, Ord water system)	131,000
Inter-Garrison Rd pipeline upsizing Schoonover to East Garrison	1,050,000
Large Valve Repalcements B and C Zones	429,000
Monterey to Leinbach Water Pipeline Replacement	1,418,000
Paint Reservoir 2 Exterior	840,000
PLC Replacement Project Phase 2	83,000
PRV Pressure and Flow Monitoring	290,000
Recondition Reservoir C1	304,000
SCADA Improvements Phase 2	299,000
Secondary Feed to E Zone	184,000
Water Pipeline First Ave from Lightfighter to Gigling	312,000
Well 12	110,000
Wellfield ARV Line Replacement	36,000
Zone A Tank and Improvements	394,000
	\$20,128,000

Ord Water Financial Forecast

Capital Spending : \$4.1 million per year



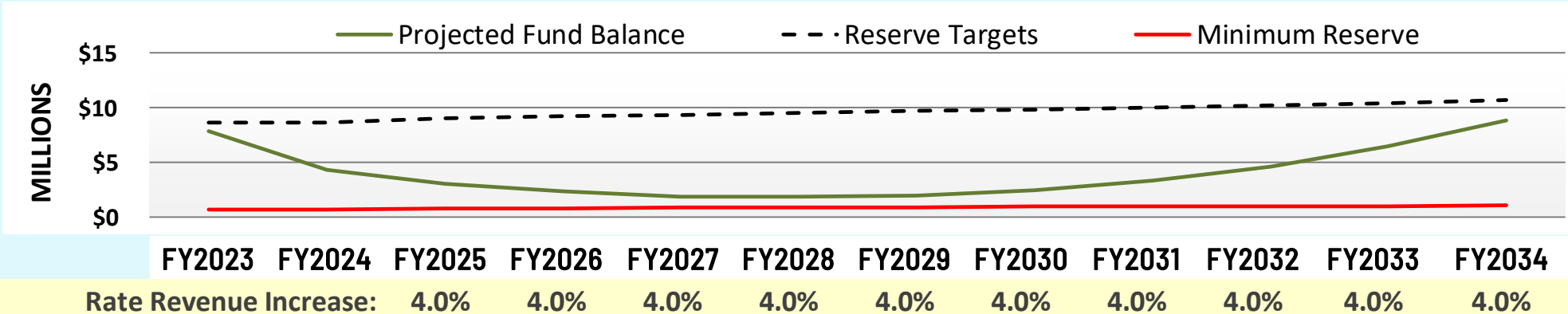
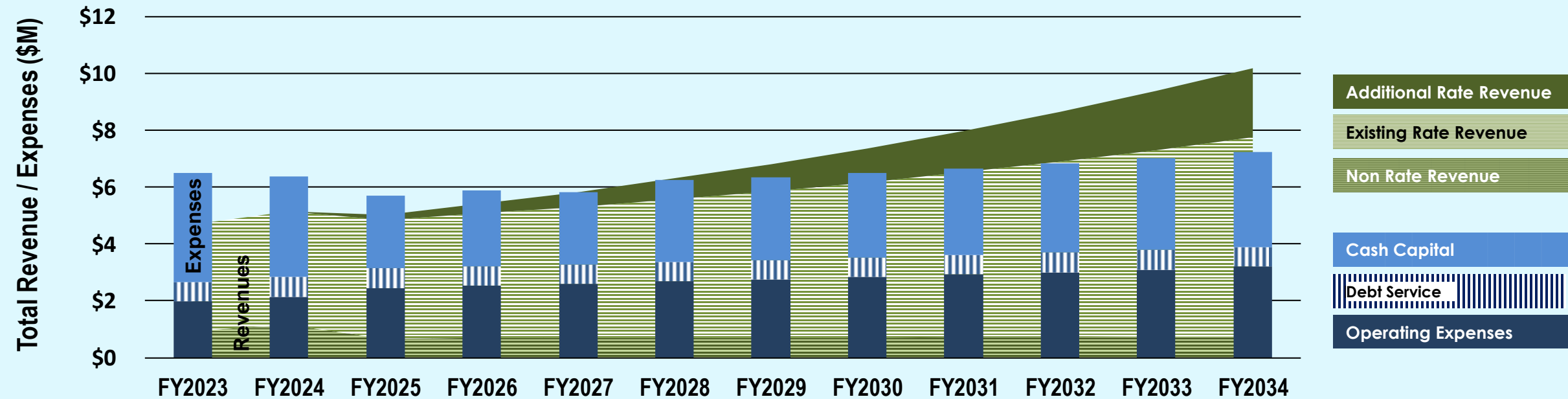
Ord Sewer

5-year Capital Spending

PROJECT	COST
Misc Lift Station Improvements	\$2,490,000
Sewer Pipeline Renew/Replacement Program	\$7,460,000
1st Avenue Gravity Main - 3,100 LF, 30-inch diam.	\$840,000
CIP planning and program management	\$18,000
Gigling Lift Station Replacement	\$210,000
Imjin Parkway Sewer Manhole Rehab (MCWD-1)	\$158,000
Lift Station Wetwell Lining Program (Lift Station #2)	\$282,000
Manhole Rehab and Lining Lightfighter 21 Manholes	\$145,000
Northeast Sewer Reroute to Interceptor	\$36,000
Odor Control Program (Imjin Lift Station)	\$190,000
PLC Replacement Project Phase 2	\$350,000
Replace Sewer Pipeline Imjin ROW Between Abrams and California - 1,1	\$286,000
SCADA Improvements Phase 2	\$191,000
Sewer Flow Monitor Upstream M1 Marina Pump Station	\$127,000
	\$12,782,000

Ord Sewer Financial Forecast

Capital Spending : \$2.6 million per year (Original Target: \$2.5M)



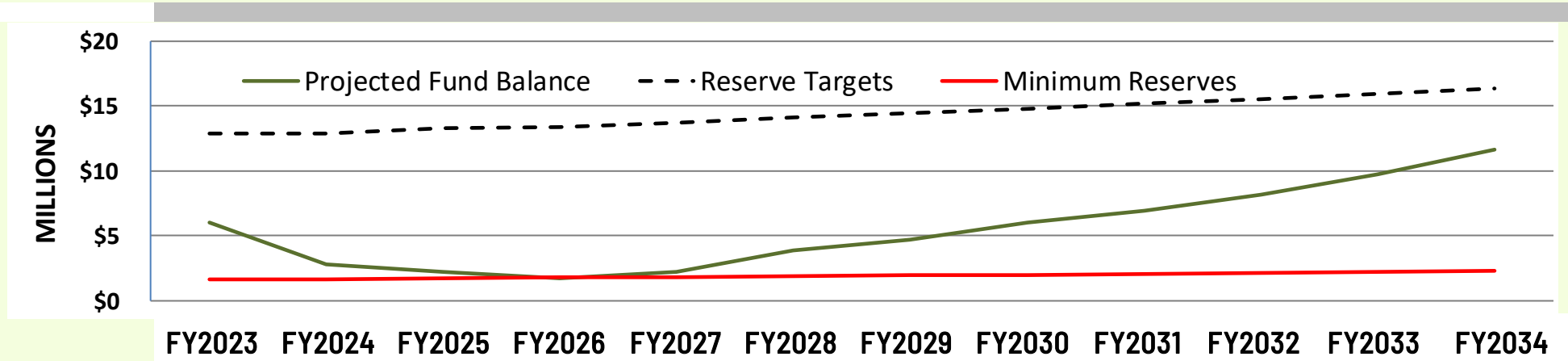
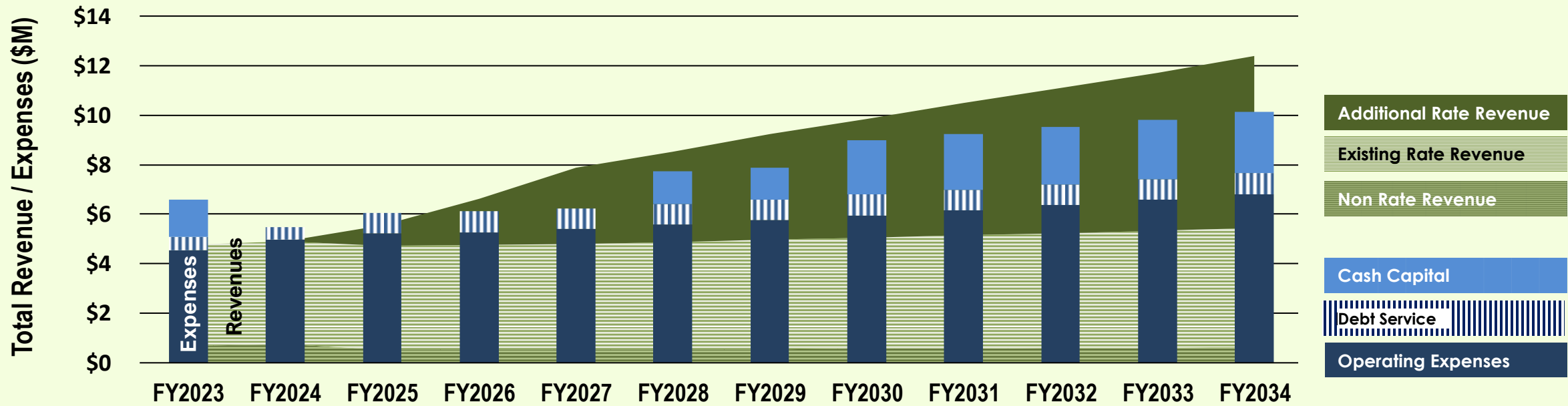


Marina Water 5-year Capital Spending

PROJECT	5-YEAR COSTS
Fire Hydrant Replacement Program	\$246,000
Misc Booster Pumping Station Improvements	\$542,000
Water Pipeline Renew/Replacement Program	\$2,371,000
Well Rehabilitation	\$468,000
B1 Tank Improvements	\$369,000
Beach Road Water Pipeline	\$184,000
CIP planning and program management	\$30,000
D Reservoir Redundant Fill Line	\$168,000
Large Valve Repalcements B and C Zones	\$202,000
PLC Replacement Project Phase 2	\$35,000
PRV Pressure and Flow Monitoring	\$130,000
Recondition Reservoir C1	\$137,000
SCADA Improvements Phase 2	\$144,000
Water Pipeline in California Avenue from Patton Parkway to Reindollar Ave	\$698,000
Well 12	\$51,000
Wellfield ARV Line Replacement	\$16,000
Zone A Tank and Improvements	\$185,000
	\$5,975,000

Marina Water Financial Forecast

Capital Spending : \$1.7 million per year (Original Target: \$3.8M)



Rate Revenue Increase:	20.0%	20.0%	20.0%	8.0%	8.0%	6.0%	6.0%	5.0%	5.0%	5.0%
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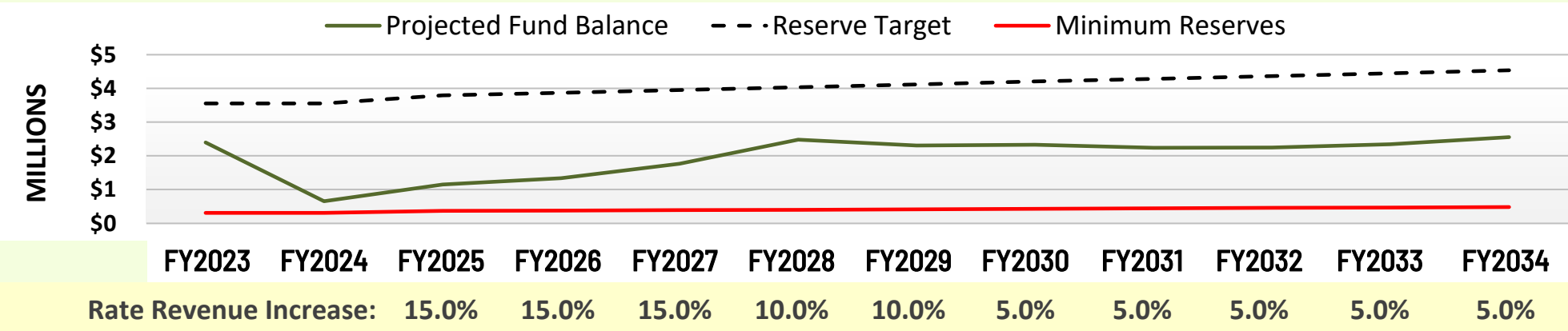
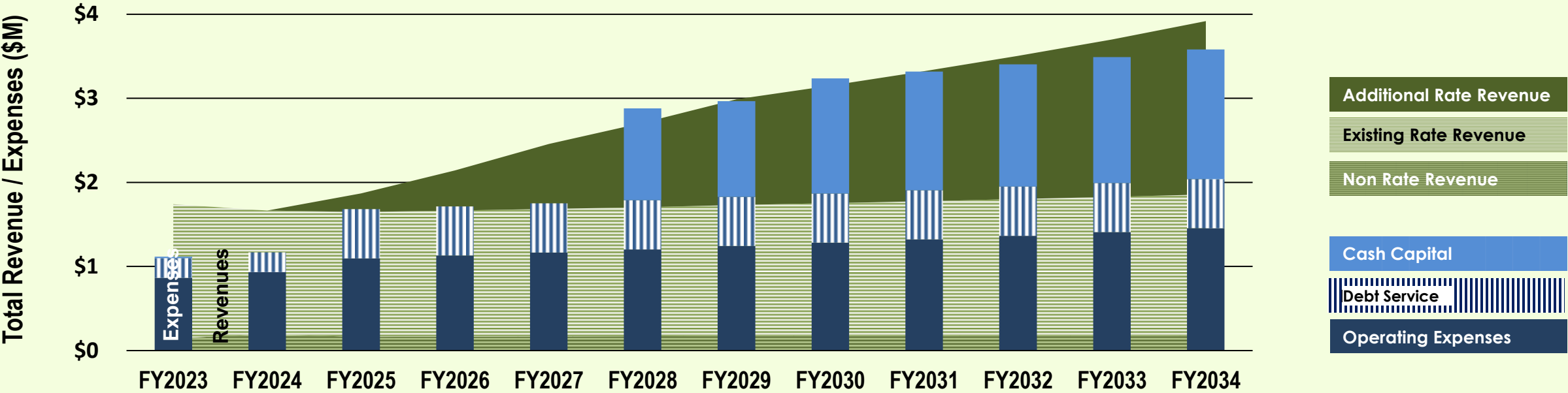


Marina Sewer 5-year Capital Spending

Misc Lift Station Improvements	\$1,379,000
Sewer Pipeline Renew/Replacement Program	\$2,275,000
Carmel Ave Sewer Pipeline Replacement	\$460,000
CIP planning and program management	\$8,000
Lift Station Wetwell Lining Program (Lift Station #2)	\$128,000
Northeast Sewer Reroute to Interceptor	\$17,000
PLC Replacement Project Phase 2	\$85,000
Replace Sewer Pipeline in Reservation Road Vista Del Camino to Del Monte Blvd	\$297,000
Replace Sewer Pipeline Reservation Road Near Crestview Court	\$35,000
SCADA Improvements Phase 2	\$48,000
Sewer Flow Monitor Upstream M1 Marina Pump Station	\$57,000
Tate Park Lift Station	\$1,122,000
	\$5,911,000

Marina Sewer Financial Forecast

Capital Spending : \$1.2 million per year (Original Target: \$2.2M)





WATER:

Cost of Service and Rate Design



Water Rates

Current rates (all customers):

- Fixed Service Charge based on meter size
- Tiered Consumption Charge
 - All customers receive 10 HCF of Tier 1 water per month

Proposal:

- Charge a uniform rate to commercial and multifamily customers
 - Uniform rate will be equal to the average consumption rate paid by single family customers
- Increase proportion of fixed revenue

Consumption Charges

Single Family Tiered Water Rates



Non-Single Family Uniform Water Rates





Ord Water Rates Year 1*

	Fixed	Variable
Current	49.4%	50.6%
Proposed	49.8%	50.2%

	Current	Proposed Year 1	Change
Single Family Consumption Charge (\$/hcf)			
Tier 1	\$4.90	\$6.79	\$1.89
Tier 2	\$9.55	\$10.36	\$0.81
Multi-Family and Non-Residential Consumption Charge (\$/hcf)			
Uniform Rate	\$7.70	\$7.30	-\$0.40
Fixed Monthly Service Charges			
5/8" & 1" meters	\$48.94	\$52.40	\$3.46
1" meter	\$68.76	\$78.73	\$9.97
1.5" meter	\$118.29	\$144.54	\$26.25
2" meter	\$177.74	\$223.50	\$45.76
3" meter	\$336.26	\$434.09	\$97.83
4" meter	\$514.60	\$671.00	\$156.40
6" meter	\$1,003.98	\$1,329.08	\$325.10
8" meter	\$2,000.75	\$1,987.15	-\$13.60

* With 10% rate increase



Ord Water Bill Impacts

	Meter Size	Monthly Water Use (hcf)	Current Bill	Proposed Bill	Change \$
Single Family					
Low Use	3/4"	3.0	\$63.64	\$72.77	\$9.13
Median Use	3/4"	5.0	\$73.44	\$86.35	\$12.91
Average Use	3/4"	6.0	\$78.58	\$93.47	\$14.89
Multifamily					
Example #1	1"	15.0	\$165.51	\$188.23	\$22.72
Example #2	1.5"	30.0	\$358.29	\$363.54	\$5.25
Example #3	2"	50.0	\$608.74	\$588.50	-\$20.24
Non-Residential					
Example #1	1"	10.0	\$117.76	\$151.73	\$33.97
Example #2	2"	50.0	\$608.74	\$588.50	-\$20.24
Example #3	3"	150.0	\$1,722.26	\$1,529.09	-\$193.17
Example #4	4"	300.0	\$3,333.10	\$2,861.00	-\$472.10
Example #5	6"	600.0	\$6,687.48	\$5,709.08	-\$978.40

* Results include the 10 percent Year 1 rate increases



Marina Water Rates Year 1*

	Fixed	Variable
Current	37.4%	62.6%
Proposed	49.2%	50.8%

	Current	Proposed Year 1	Change
Single Family Consumption Charge (\$/hcf)			
Tier 1	\$3.80	\$4.37	\$0.57
Tier 2	\$5.79	\$7.01	\$1.22
Multi-Family and Non-Residential Consumption Charge (\$/hcf)			
Uniform Rate	\$5.49	\$4.65	-\$0.84
Fixed Monthly Service Charges			
5/8" & 1" meters	\$28.34	\$42.22	\$13.88
1" meter	\$38.22	\$64.94	\$26.72
1.5" meter	\$62.91	\$121.72	\$58.81
2" meter	\$92.55	\$189.87	\$97.32
3" meter	\$171.56	\$371.58	\$200.02
4" meter	\$260.46	\$576.01	\$315.55
6" meter	\$507.39	\$1,143.88	\$636.49
8" meter	\$963.15	\$1,711.74	\$748.59

* With 20% rate increase



Marina Water Bill Impacts

	Meter Size	Monthly Water Use (hcf)	Current Bill	Proposed Bill	Change \$
Single Family					
Low Use	3/4"	3.0	\$39.74	\$55.33	\$15.59
Median Use	3/4"	5.0	\$47.34	\$64.07	\$16.73
Average Use	3/4"	6.0	\$51.32	\$68.65	\$17.33
Multifamily					
Example #1	1"	15.0	\$105.17	\$134.69	\$29.52
Example #2	1.5"	30.0	\$216.71	\$261.22	\$44.51
Example #3	2"	50.0	\$362.15	\$422.37	\$60.22
Non-Residential					
Example #1	1"	10.0	\$76.22	\$111.44	\$35.22
Example #2	2"	50.0	\$362.15	\$422.37	\$60.22
Example #3	3"	150.0	\$1,020.16	\$1,069.08	\$48.92
Example #4	4"	300.0	\$1,977.56	\$1,971.01	-\$6.55
Example #5	6"	600.0	\$3,961.49	\$3,933.88	-\$27.61



Sewer: Cost of Service and Rate Design



Sewer Rates

Current rates are fixed

- Residential: Fixed charge per dwelling unit
- Commercial: Fixed charge per EDU (equivalent dwelling unit)

Proposal:

- Develop sewer rates with a fixed charge and a variable rate based on actual water usage



Sewer Rate Structure

50% of revenue recovered through existing EDU assignments (fixed)

50% of revenue recovered through water usage rates

- Monthly water usage for Non-Residential
- Annualized winter water usage for Residential



Ord Sewer Rates Year 1*

	Fixed	Variable
Current	100%	0%
Proposed	50%	50%

	Current	Year 1
Fixed Charges (per EDU)	\$38.15	\$20.55
Flow-Based Charges (per HCF)	(not applicable)	\$4.02

* With 4% rate increase



Ord Sewer Bill Impacts

	Estimated Monthly Sewer (HCF)	Current Bill	Proposed Bill	Change \$
Single Family				
Low Use	3.0	\$38.15	\$32.61	-\$5.54
Average Use	5.0	\$38.15	\$40.65	\$2.50
Multifamily				
3 Dwelling Units	12.0	\$114.45	\$109.89	-\$4.56
10 Dwelling Units	40.0	\$381.50	\$366.30	-\$15.20
160 Dwelling Units	640.0	\$6,104.00	\$5,860.80	-\$243.20
Non-Residential				
Office, 0.8 EDUs	2.0	\$30.52	\$24.48	-\$6.04
Retail, 3 EDUs	7.0	\$114.45	\$89.79	-\$24.66
Restaurant, 4 EDUs	90.0	\$152.60	\$444.00	\$291.40
Institution, 4 EDUs	22.0	\$152.60	\$170.64	\$18.04
Commercial, 32 EDUs	270.0	\$1,220.80	\$1,743.00	\$522.20
Hotel, 90 EDUs	370.0	\$3,433.50	\$3,336.90	-\$96.60

* Results include the 4 percent Year 1 rate increases



Marina Sewer Rates Year 1*

	Fixed	Variable
Current	100%	0%
Proposed	50%	50%

	Current	Year 1
Fixed Charges (per EDU)	\$17.98	\$9.45
Flow-Based Charges (per HCF)	(not applicable)	\$1.85

* With 15% rate increase



Marina Sewer Bill Impacts

	Estimated Monthly Sewer (HCF)	Current Bill	Proposed Bill	Change \$
Single Family				
Low Use	3.0	\$17.98	\$15.00	-\$2.98
Average Use	5.0	\$17.98	\$18.70	\$0.72
Multifamily				
3 Dwelling Units	12.0	\$53.94	\$50.55	-\$3.39
10 Dwelling Units	40.0	\$179.80	\$168.50	-\$11.30
160 Dwelling Units	640.0	\$2,876.80	\$2,696.00	-\$180.80
Non-Residential				
Office, 0.8 EDUs	2.0	\$14.38	\$11.26	-\$3.12
Retail, 3 EDUs	7.0	\$53.94	\$41.30	-\$12.64
Restaurant, 4 EDUs	90.0	\$71.92	\$204.30	\$132.38
Institution, 4 EDUs	22.0	\$71.92	\$78.50	\$6.58
Commercial, 32 EDUs	270.0	\$575.36	\$801.90	\$226.54
Hotel, 90 EDUs	370.0	\$1,618.20	\$1,535.00	-\$83.20

* Results include the 15 percent Year 1 rate increases



Sample Bill

Sample Bill – Single Family			
Average User			
Marina	Current	Proposed	Change
Water	51.32	68.65	17.33
Sewer	17.98	18.70	0.72
Total Bill	\$69.30	\$87.35	\$18.05

Sample Bill – Single Family			
Average User			
Ord	Current	Proposed	Change
Water	78.58	93.47	14.89
Sewer	38.15	40.65	2.50
Total Bill	\$116.73	\$134.12	\$17.39



Private Fire Meter Charge

Proposed annual CPI updates to the Private Fire Meter Charge
(2.3% this year)



Why Water Shortage Surcharges?

Water Shortage Surcharges are designed to reduce the financial impacts associated with reduced water sales and increases in operating costs during drought events.

Water shortage financial changes include:

- 1) Decrease in rate revenue
- 2) Decrease in electricity cost (reduced pumping)
- 3) Increase in the cost of the conservation program

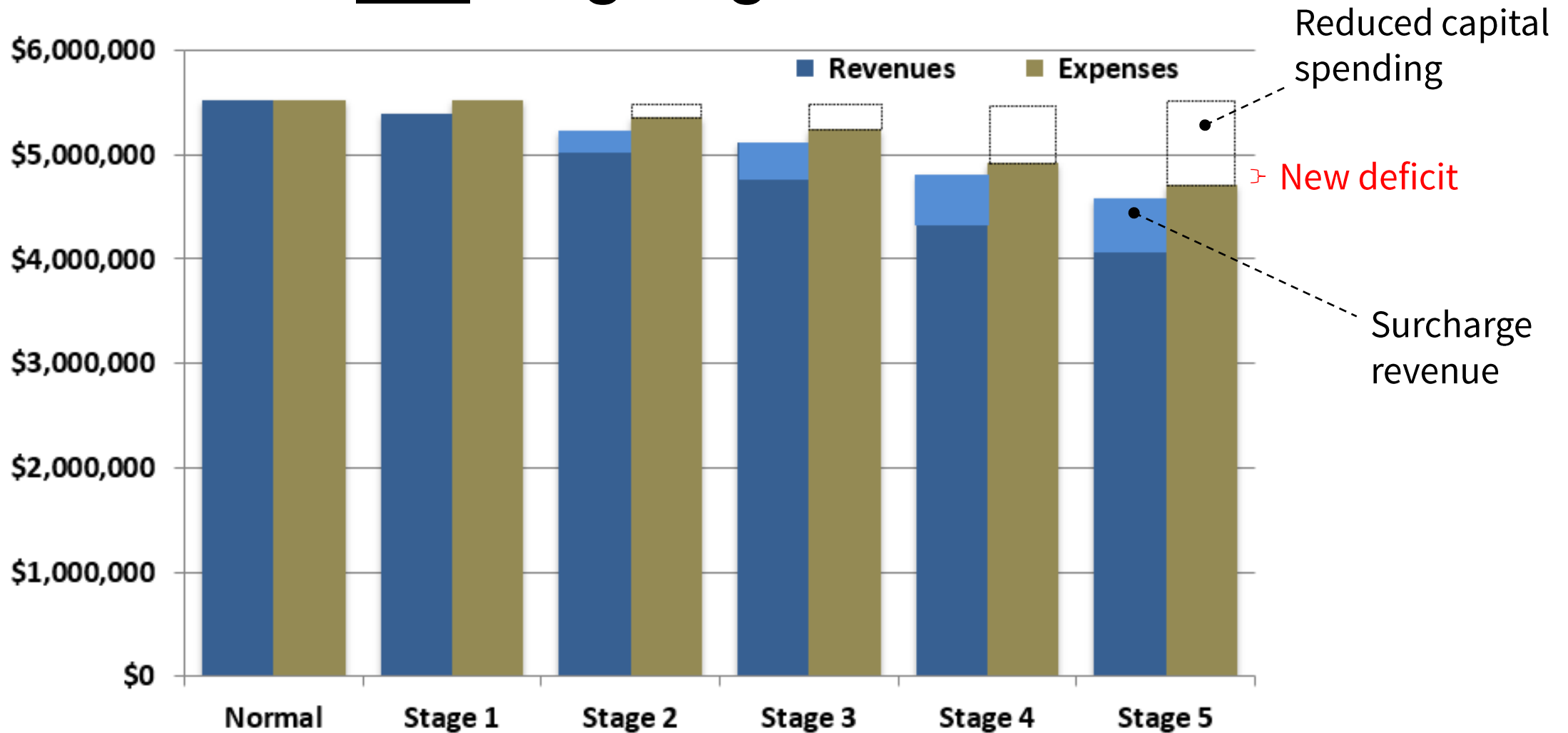


The proposed changes to the water shortage surcharges include:

- 1) Aligning the surcharges with the District's water shortage contingency plans (WSCP)
- 2) Propose a multi-prong approach to addressing financial deficit
 - a. Water Consumption Surcharge
 - b. Reduction in capital spending
 - c. Measured use of financial reserves



Marina Water with Mitigating Measures





Next Steps

- Finalize Prop 218 Notice and mail by May 3rd
- Hold Public Hearing on June 17th
- If approved, rates would be effective on July 1, 2024



To Comment or Ask a Question

If you would like to speak during the public comment portion of the meeting, you have two options:

ONLINE: “Raise” your hand

PHONE: Press *9 to raise your hand to request to be unmuted to ask a question.

*6 toggle mute/unmute



Two Minute Question and Comments Each

Each person gets 2 minutes to use how they like

You can use your time however you like: ask a question and receive an answer, make a comment, share specific priorities, etc.

A timer will be set for two minutes. Please stick to the allotted time to give everyone a fair chance.

If we have time and you have more to say, we will provide another chance to comment or ask a question if any of you are interested.

It is helpful if you identify yourself before making your comments.