

RESOLUTION NO. 2018-17

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MARINA RECEIVING A REPORT REGARDING MARINA COAST WATER DISTRICT'S (MCWD) PROPOSED WATER AND WASTEWATER RATE CHANGES FOR THE CENTRAL MARINA SERVICE AREA AND ORD COMMUNITY SERVICE AREA, PROVIDE DIRECTION TO STAFF ON ANY RESPONSE IN ACCORDANCE WITH PROPOSITION 218, AND AUTHORIZING THE CITY MANAGER TO TAKE ACTION CONSISTENT WITH THE CITY COUNCIL'S DIRECTION TO STAFF.

WHEREAS, The Marina Coast Water District (MCWD) published a notice of a public hearing for Central Marina Services Area and the Ord Community ("**EXHIBIT A**"). The hearing on the proposed rate changes in water and wastewater rates for the Central Marina Service Area and the Ord Community is scheduled for Monday, March 12, 2018, at 7:00 P.M. at the Marina City Council Chambers; and,

WHEREAS, the public hearing notice states that MCWD proposes to update the water and wastewater rates, fees and in order to be able to continue to operate, maintain and improve the District's water and wastewater facilities for the areas MCWD serves in Marina and on the former Fort Ord (Ord Community) in order to comply with Water Code Section 31007; and,

WHEREAS, The City owns approximately 175 parcels receiving service from MCWD. In accordance with Proposition 218, the City does not have to take any action if it is in concurrence with the proposed rate increases. If in opposition, the City will have to file a protest for each city-owned parcel that is being contested.

NOW, THEREFORE IT BE RESOLVED that the City Council of the City of Marina does hereby:

1. Adopt resolution receiving a report regarding Marina Coast Water District's (MCWD) proposed water and wastewater rate changes for the Central Marina Service Area and Ord Community Service Area

PASSED AND ADOPTED by the City Council of the City of Marina at a regular City Council meeting duly held on the 6th day of March 2018 by the following vote:

AYES, COUNCIL MEMBERS: Amadeo, Morton, Brown, Delgado

NOES, COUNCIL MEMBERS: None

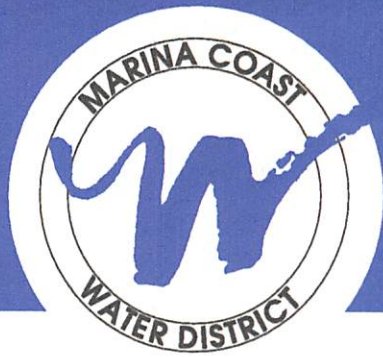
ABSENT, COUNCIL MEMBERS: O'Connell

ABSTAIN, COUNCIL MEMBERS: None

Bruce C. Delgado, Mayor

ATTEST:

Anita Sharp, Deputy City Clerk



PROPOSITION 218 NOTICE OF PROPOSED WATER AND WASTEWATER RATE CHANGES FOR CENTRAL MARINA AND THE ORD COMMUNITY

NOTICE OF PUBLIC HEARING

A public hearing for the proposed rate changes will be held on:

Date: Monday, March 12, 2018

Time: 7:00 p.m.

Place: Marina City Council Chambers • 211 Hillcrest Avenue, Marina, CA

This notice is being sent to all record owners of parcels within the District's service areas, but only those parcels currently receiving water and/or wastewater services from the District can submit protests. If adopted, the proposed rate increases would become effective per the rate tables listed in this notice.

A Letter from District General Manager Keith Van Der Maaten

MCWD is committed to providing you with the highest quality water and wastewater services at affordable rates. In fact, our rates are among the lowest among water districts serving the greater Monterey Peninsula Region which we know is important to you, our ratepayers.

We are responsible for providing water and wastewater service to approximately 38,000 residents, as well as many public and commercial institutions. Customers of the water and sewer utilities are located in two service areas, Central Marina (Marina) and the Ord Community (Ord). We take seriously our responsibility to continually take stock of regional growth and water demands, conservation efforts, system maintenance and operations to ensure we are able to provide services well into the future.

We place equal importance on ensuring that the funding provided through rates and other fees are used in the most judicious manner. To that end, we recently conducted a cost of service and rate study and found a need for a modest increase in rates in order to maintain the quality of services we provide our ratepayers. In Marina, if the proposed increases are adopted, the combined water and wastewater increases for typical users will go from \$65.76/mo. to \$72.11/mo., while in the Ord Community, combined rates for typical users will increase from the current \$111.71 to \$116.30.

I invite you to review the information provided in this notice to gain a better understanding of the process used to analyze District operations and the most prudent rates structure needed to provide the necessary funding.

Regards,

Keith Van Der Maaten

PROPOSED WATER RATE & FIRE SERVICE FEE CHANGES

The Marina Coast Water District (MCWD or District) proposes to update the water and wastewater rates, fees and charges in order to be able to continue to operate, maintain and improve the District's water and wastewater facilities for the areas MCWD serves in Marina and on the former Fort Ord (Ord Community) in order to comply with Water Code Section 31007. This notice only pertains to those rates, fees and charges set forth herein.

Proposed Increase for Water and Wastewater Rates

The District currently charges customers a monthly fixed fee and a water quantity charge based on the amount of the water consumed. The monthly consumption rate is currently an inclining block with three tiers – 0-8 hcf for tier 1, 9-16 hcf for tier 2, and 16+ hcf for tier 3. Some customers may also be subject to fire service fees. The District currently charges a flat rate for wastewater services. Although Marina and Ord have different rates, they share the same tier structure. Through a comprehensive evaluation of consumption and billing data, it was revealed that only 12% of all usage from both communities occurs within the mid-level tier. In order make it easier to understand billing and to further refine the nexus between cost of service and rates, a two-tier commodity rate structure is proposed – 0-10 hcf for tier 1 and 10+ hcf for tier 2. The

District proposes maximum increases to water and wastewater rates set forth herein.

Reason for the Increases

The District's revenue from rates must adequately fund its operations, maintenance, and ongoing capital needs while maintaining sensible reserves. The proposed rates provide for the inflationary increases of the costs of energy, labor, raw materials and all other components necessary to provide water and wastewater services and to maintain and repair the facilities used to provide such services. In addition, they also assist in rebuilding reserve balances to District Reserve Policy levels. The proposed maximum increases are based on information presented by engineering and financial advisors to the District's Board

Central Marina Monthly Water Service Fees

	Existing	Proposed Fee (Effective 01/01/2019)	Proposed Fee (Effective 01/01/2020)	Proposed Fee (Effective 01/01/2021)	Proposed Fee (Effective 01/01/2022)	Proposed Fee (Effective 01/01/2023)
Water Rates						
Tier 1	\$2.78	\$3.25	\$3.38	\$3.51	\$3.65	\$3.80
Tier 2	\$3.19	\$4.95	\$5.15	\$5.36	\$5.57	\$5.79
Tier 3	\$5.63					
Fixed Monthly Charge for Water						
5/8"	\$22.36	\$24.24	\$25.21	\$26.22	\$27.26	\$28.34
3/4"	\$22.36	\$24.24	\$25.21	\$26.22	\$27.26	\$28.34
1"	\$36.07	\$32.69	\$33.99	\$35.35	\$36.77	\$38.22
1 1/2"	\$58.94	\$53.80	\$55.95	\$58.19	\$60.52	\$62.91
2"	\$88.36	\$79.14	\$82.30	\$85.60	\$89.02	\$92.55
3"	\$150.41	\$146.72	\$152.57	\$158.69	\$165.03	\$171.56
4"	\$241.82	\$222.74	\$231.62	\$240.92	\$250.55	\$260.46
6"	\$470.42	\$433.91	\$451.22	\$469.33	\$488.08	\$507.39
8"	\$927.88	\$856.25	\$890.40	\$926.15	\$963.15	\$1,001.26
Sewer Monthly Charge per EDU	\$14.78	\$15.37	\$15.99	\$16.63	\$17.29	\$17.98

Central Marina Monthly Fire Service Fees

Connection	Existing	Proposed Fee (Effective 01/01/2019)	Proposed Fee (Effective 01/01/2020)	Proposed Fee (Effective 01/01/2021)	Proposed Fee (Effective 01/01/2022)	Proposed Fee (Effective 01/01/2023)
1"	\$1.68	\$1.73	\$1.80	\$1.87	\$1.94	\$2.02
1-1/2"	\$4.87	\$5.02	\$5.22	\$5.43	\$5.65	\$5.87
2"	\$10.37	\$10.70	\$11.13	\$11.57	\$12.04	\$12.52
2-1/2"	\$18.65	\$19.25	\$20.01	\$20.82	\$21.65	\$22.51
3"	\$30.13	\$31.09	\$32.33	\$33.62	\$34.97	\$36.37
4"	\$64.20	\$66.25	\$68.90	\$71.65	\$74.52	\$77.50
6"	\$186.49	\$192.43	\$200.13	\$208.13	\$216.46	\$225.12
8"	\$397.40	\$410.08	\$426.48	\$443.54	\$461.28	\$479.73

Central Marina Temporary Water Rates

	Existing	Proposed Rate (Effective 01/01/2019)	Proposed Rate (Effective 01/01/2020)	Proposed Rate (Effective 01/01/2021)	Proposed Rate (Effective 01/01/2022)	Proposed Rate (Effective 01/01/2023)
Gate Valve/Meter Deposit	\$650.00	\$676.00	\$704.00	\$733.00	\$763.00	\$794.00
Hydrant Meter Fee (Set/Remove Fee)	\$140.00	\$146.00	\$152.00	\$159.00	\$166.00	\$173.00
Hydrant Relocate Fee (per Occurrence)	\$140.00	\$146.00	\$152.00	\$159.00	\$166.00	\$173.00
Meter set, other than hydrant	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost
Minimum Monthly Service Charge	\$98.29	\$102.25	\$106.35	\$110.65	\$115.10	\$119.75
Water Consumption Deposit	\$1,100.00	\$1,144.00	\$1,190.00	\$1,238.00	\$1,288.00	\$1,340.00

of Directors demonstrating the need to increase rates, fees and charges to maintain water and wastewater services within the District's existing service areas. The specific information relating to the need for the rate increase as well as the calculation of the amount of the increase is on file at the MCWD's office.

How the Rates, Fees and Charges were Calculated

A rate study has been conducted by Carollo Engineers, an independent consulting firm. That study concluded that the proposed rates will provide enough funds for the District to recover the cost of operation & maintenance, administration and ongoing capital needs. All rates, fees and charges are calculated based on the cost to provide services. The water rates are calculated based on (1) the size of the meter; and (2) the

amount of water used. The monthly meter charge, as well as the fire service fee, increases with the size of the meter because customers with larger meters have the potential to use more water. The water systems must be sized with adequate capacity to meet this potential demand. Wastewater rates are calculated based on the amount of wastewater discharged, measured by equivalent dwelling units (one residence equals one dwelling unit). For a more detailed account of the proposed rate calculations, The Carollo Engineers' Rate Study may be viewed at www.mcwd.org or at the District's offices at 11 Reservation Road, Marina, CA 93933. MCWD has also placed a copy of the Rate Study for viewing at the Marina City Hall and the Marina Public Library.

Ord Community Monthly Water Service Fees

	Existing	Proposed Fee (Effective 01/01/2019)	Proposed Fee (Effective 01/01/2020)	Proposed Fee (Effective 01/01/2021)	Proposed Fee (Effective 01/01/2022)	Proposed Fee (Effective 01/01/2023)
Water Rates						
Tier 1	\$3.68	\$4.13	\$4.37	\$4.54	\$4.72	\$4.90
Tier 2	\$5.65	\$8.04	\$8.51	\$8.84	\$9.19	\$9.55
Tier 3	\$7.62					
Fixed Monthly Charge for Water						
5/8"	\$38.79	\$41.20	\$43.62	\$45.32	\$47.09	\$48.94
3/4"	\$38.79	\$41.20	\$43.62	\$45.32	\$47.09	\$48.94
1"	\$60.51	\$57.88	\$61.28	\$63.68	\$66.16	\$68.76
1 1/2"	\$96.71	\$99.57	\$105.43	\$109.55	\$113.82	\$118.29
2"	\$140.14	\$149.61	\$158.41	\$164.61	\$171.02	\$177.74
3"	\$241.57	\$283.05	\$299.68	\$311.42	\$323.55	\$336.26
4"	\$386.31	\$433.16	\$458.62	\$476.58	\$495.14	\$514.60
6"	\$748.31	\$850.15	\$900.12	\$935.37	\$971.80	\$1,009.98
8"	\$1,472.72	\$1,684.12	\$1,783.11	\$1,852.94	\$1,925.11	\$2,000.75
Flat Rate	\$153.99	\$162.95	\$172.75	\$179.70	\$186.90	\$194.40
Sewer Monthly Charge per EDU	\$32.18	\$33.80	\$34.85	\$35.90	\$37.00	\$38.15

Ord Community Service Area Monthly Fire Service Fees

Connection	Existing	Proposed Fee (Effective 01/01/2019)	Proposed Fee (Effective 01/01/2020)	Proposed Fee (Effective 01/01/2021)	Proposed Fee (Effective 01/01/2022)	Proposed Fee (Effective 01/01/2023)
1"	\$2.26	\$2.44	\$2.58	\$2.69	\$2.79	\$2.90
1-1/2"	\$6.56	\$7.08	\$7.51	\$7.81	\$8.12	\$8.45
2"	\$13.99	\$15.11	\$16.02	\$16.66	\$17.32	\$18.02
2-1/2"	\$25.15	\$27.16	\$28.79	\$29.94	\$31.14	\$32.39
3"	\$40.63	\$43.88	\$46.51	\$48.37	\$50.31	\$52.32
4"	\$86.58	\$93.51	\$99.12	\$103.08	\$107.20	\$111.49
6"	\$251.49	\$271.61	\$287.91	\$299.42	\$311.40	\$323.85
8"	\$535.94	\$578.82	\$613.54	\$638.09	\$663.61	\$690.15

Ord Community Temporary Water Rates

	Existing	Proposed Rate (Effective 01/01/2019)	Proposed Rate (Effective 01/01/2020)	Proposed Rate (Effective 01/01/2021)	Proposed Rate (Effective 01/01/2022)	Proposed Rate (Effective 01/01/2023)
Gate Valve/Meter Deposit	\$650.00	\$702.00	\$745.00	\$775.00	\$806.00	\$839.00
Hydrant Meter Fee (Set/Remove Fee)	\$140.00	\$152.00	\$162.00	\$169.00	\$176.00	\$184.00
Hydrant Relocate Fee (per Occurrence)	\$140.00	\$152.00	\$162.00	\$169.00	\$176.00	\$184.00
Meter set, other than hydrant	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost
Minimum Monthly Service Charge	\$151.56	\$163.70	\$173.55	\$180.50	\$187.75	\$195.30
Water Consumption Deposit	\$1,100.00	\$1,188.00	\$1,260.00	\$1,311.00	\$1,364.00	\$1,419.00

Demand Management Rates

Demand rates are temporary surcharges that can be implemented in time of need to safeguard cost recovery. The District will have the ability to implement these rates when necessary to provide sufficient revenues under various drought, water shortage, or demand reduction/restriction periods. The rates can either be implemented proactively (known shortage or drought) or reactively (wait and see if reductions are prolonged and whether existing reserves are sufficient). The District has the option of implementing either the fixed rate surcharge or the variable rate surcharge when required in time of need as determined by the Board.

Ord Community Water	Proposed Rates Effective 01/01/2019	
Water Consumption Reduction Level (estimated)	10%	20%
Fixed Rate Recovery Only (\$/ME/Month)	\$4.04	\$6.43
Variable Rate Recovery Only (\$/hcf)	\$0.84	\$1.51

Central Marina Water	Proposed Rates Effective 01/01/2019	
Water Consumption Reduction Level (estimated)	10%	20%
Fixed Rate Recovery Only (\$/ME/Month)	\$3.95	\$6.51
Variable Rate Recovery Only (\$/hcf)	\$0.51	\$0.91

Proposition 218 Process

Proposition 218 requires local districts to provide notice to record owners of affected parcels receiving water and wastewater (sewer) service from the District of any proposed new rates for the water and wastewater (sewer) service. The Marina Coast Water District Board of Directors will consider the new rates identified herein for Central Marina and the Ord Community during the public hearing listed above. This notice also provides information on the reasons for the rate increases and what the District plans on doing with the additional revenue generated.

How To Protest Proposed New Water And Wastewater Rates

Under Proposition 218, the owner of record for a parcel that currently receives water and/or wastewater services from the District and, therefore subject to the proposed rate increase, can submit a written protest against the proposed rate increase to the District at or before the time set for the public hearing. Each parcel is only entitled to submit one valid protest without regard to parcel value or size. If a majority of the affected property owners within the District's combined service area submit written protests, the proposed rate increases will not go into effect. A valid protest must:

- 1) be in writing;
- 2) state opposition to the proposed water and/or wastewater rate increases;
- 3) state the location of the owner's parcel by County Assessor's Parcel Number (APN) or by the parcel's street address;
- 4) list the owner's name(s);
- 5) have an original signature; and
- 6) be received at or before the time of the above public hearing.

If the party signing the protest is not shown on the last equalized assessment tax roll of Monterey County as the owner of the parcel, then the protest must include sufficient written evidence that such party is the owner of the parcel.

Protests may be mailed or personally delivered to: Marina Coast Water District, 11 Reservation Road, Marina, CA 93933. All protests must be received no later than the time set for the public hearing. All protests received after the time set for the public hearing shall be automatically rejected.

In rental situations where the tenant pays the utility bills, the property owner is responsible for supplying the tenant with this notice. Tenants may submit a written protest by the deadline specified in this notice, but only one protest per parcel shall be counted, in any event.

**If you have any questions
please call (831) 384-6131.**



**Si usted necesita ayuda en
espanol con esta noticia, por
favor llame al (831) 384-6131.**

Honorable Mayor and Members
of the Marina City Council

City Council Meeting
of March 6, 2018

CONSIDER ADOPTING RESOLUTION NO. 2018-, RECEIVING A REPORT REGARDING MARINA COAST WATER DISTRICT'S (MCWD) PROPOSED WATER AND WASTEWATER RATE CHANGES FOR THE CENTRAL MARINA SERVICE AREA AND ORD COMMUNITY SERVICE AREA, PROVIDE DIRECTION TO STAFF ON ANY RESPONSE IN ACCORDANCE WITH PROPOSITION 218, AND AUTHORIZING THE CITY MANAGER TO TAKE ACTION CONSISTENT WITH THE CITY COUNCIL'S DIRECTION TO STAFF.

REQUEST:

It is requested that the City Council consider:

2. Adopting Resolution No. 2018-____, receiving a report regarding Marina Coast Water District's (MCWD) proposed water and wastewater rate changes for the Central Marina Service Area and Ord Community Service Area, and provide direction to staff on any response in accordance with Proposition 218; and,
3. Authorizing the City Manager to take action consistent with the City Council's direction to staff.

BACKGROUND:

The Marina Coast Water District (MCWD) published a notice of a public hearing for Central Marina Services Area and the Ord Community ("EXHIBIT A"). The hearing on the proposed rate changes in water and wastewater rates for the Central Marina Service Area and the Ord Community is scheduled for Monday, March 12, 2018, at 7:00 P.M. at the Marina City Council Chambers.

The public hearing notice states that MCWD proposes to update the water and wastewater rates, fees and in order to be able to continue to operate, maintain and improve the District's water and wastewater facilities for the areas MCWD serves in Marina and on the former Fort Ord (Ord Community) in order to comply with Water Code Section 31007.

ANALYSIS:

Staff from MCWD will present the findings of the rate study and rationale for the proposed fee increases. Staff is requesting direction from the City Council on how to proceed regarding the proposed rate and fee increase.

The City owns approximately 175 parcels receiving service from MCWD. In accordance with Proposition 218, the City does not have to take any action if it is in concurrence with the proposed rate increases. If in opposition, the City will have to file a protest for each city-owned parcel that is being contested. If directed by City Council, staff will provide a list of City owned parcels for which the rate increases are being protested to MCWD on or before the public hearing.

CONCLUSION:

This request is submitted for City Council consideration.

Respectfully submitted,

Brian McMinn, P.E., P.L.S.
Public Works Director/City Engineer
City of Marina

REVIEWED/CONCUR:

Layne P. Long
City Manager
City of Marina