

**MCWD RESPONSES TO QUESTIONS ON THE FY 2015/2016 PROPOSED
ORD COMMUNITY COMPENSATION PLAN**

WWOC Questions from 4/1/15.

1. Ken Nishi- Does the District give capacity charge credit for former Army facilities when a new project is being constructed on the same parcel?
 - a. *If an occupied facility is renovated or replaced, the capacity charge is calculated as the difference between the previous and proposed water and sewer use (EDU or fixture unit calculation). If the building was unoccupied/not in use and then demolished, the new development is charged for the full capacity of the new facility. The one exception to the rule is Army housing, where MBMH is doing phased neighborhood by neighborhood replacements. In that case, capacity charges are only applied to non-housing uses (landscape meters, community center, etc.) as long as the total housing count remains under the original control total.*

2. Don Hofer- When a developer has to relocate an existing facility that serves more customers than the development why does the developer have to bear the entire cost?
 - a. *Under the District's In-Tract Policy, when an area is redeveloped, the water and sewer infrastructure must be replaced as part of the development. The replacement infrastructure must be sized to replace the existing capacity, plus any additional capacity needed by the development. If off-site development creates a need for additional up-sizing, the District will enter into a reimbursement agreement with the developer for the additional cost. (i.e., the District would pay the difference between installing a 12-inch main vs. an 8-inch main).*

3. Don Hofer- Does this budget include monies to cover the expense of developers having to install temporary jumpers to connect the potable water system to the recycled water distribution system since there currently is no recycled water available to distribute?

- a. No, but installing a single backflow prevention device on the connection between the potable and irrigation system prevents the need for separate backflow prevention devices at every irrigation meter.*
4. Don Hofer- Does the District currently have any programs to allow for the elimination of backflow prevention through the use of best management practices or a professional site manager that have been considered in other parts of the State?
 - a. No. Previous discussions with CDPH were that you would need to encase each potable water lateral in concrete from the meter to the house if you wanted to irrigate the yard with non-potable water.*
5. Don Hofer- His fourth question echoed Ken's question #1.
6. Doug Yount- Does this budget contain any funding for Augmented Water?
 - a. Yes in that the funding of the Augmented Water is through in inter-fund transfer from Ord Water Capital Reserves (See Exhibit RES-1 line 25).*
7. Doug Yount- Does this budget contain any funding for the Regional Project costs (legal)?
 - a. No. The funding for Regional Project costs (legal) are being funded through an inter-fund transfer from Marina Water Operating Reserves.*
8. Doug Yount- Is the MCWD CIP and the FORA CIP sync'd?
 - a. The MCWD CIP was synched to the FORA, Marina and Seaside FY 2014-15 CIPs. In discussions with FORA staff, the timing of road projects are not expected to change in this year's update.*
9. Mike Lerch- The Flat Rate revenue projections do not appear to match the number of flat rate accounts on page 7 of the budget.
 - a. The line title should be corrected to Flat Rate Units instead of Flat Rate Customers. The number of Flat Rate Units is actually is 1,073. Because the rate increase is effective January 1, 2016, the revenue projection is calculated as follows: $((1,073 * 112.65) * 6) + ((1,073 * 127.65) * 6)$.*
10. Mike Lerch- Page 7: What was used to determine the amount of capacity charge revenue?

- a. Engineering estimates of development were used. At the time of publication, estimates were not available and therefore the District used the remaining balance of the FY 2014-2015 estimates less what Engineering anticipated would be collected by FYE 06/30/15. At time of publication, the District had received approximately \$600.9K in Ord Water Capacity charges. Staff estimated an additional \$120K by FYE 06/30/15 which left an estimated outstanding amount of \$1,201,500 estimated for FY 2015/2016. Projects included in the 2014/2015 estimate includes East Garrison, Dunes – Promenade, Dunes – Residential, Cinemark, VA Medical Center, State Parks – Fort Ord Dunes, Youth Hostel – Seaside.*
11. Mike Lerch- Page 7: Why did the debt service amount increase so much?
 - a. Debt service amount increased so much because the secured line of credit that funded the construction of the Imjin Office Park FORA building is payable December 1, 2015.*
12. Mike Lerch- Page 10: Why did the proposed Ord Community Water Expense amount increase to \$38k?
 - a. Assuming the \$38K is referring to the annual maintenance line under Operations & Maintenance, the MCWD Board requested funding for an annual Leak detection program.*
13. Steve Mattarazzo- Page 15: Where is the triple asterisk?
 - a. Triple asterisk was a format error and has been corrected.*
14. Steve Mattarazzo- Page 15: Perhaps some verbiage to describe items 20&28 can be improved?
 - a. Verbiage has been revised in the next version of the Compensation Plan.*

Questions from Seaside

1. City staff believes it would be beneficial to complete the review of the CIP...
 - a. *The District reviewed the CIP's for FORA, Marina and Seaside when updating the CIP list for 2015-16. What additional review are you suggesting?*
2. The master plans should be updated ...
 - a. *Updating the water and wastewater master plans is included in the Engineering operations budget for FY 15-16. However, the projects proposed for construction in the current FY and FY 15-16 address existing needs, so they will not change.*
3. A map of CIP projects should be provided...
 - a. *I will try to generate a map before the next WWOC meeting, but it won't be ready before the packet goes out.*
4. Capital costs should be apportioned to new developments ...
 - a. *The CIP data provided for the last rate study included information on which projects were for existing deficiencies and which were for new development. The cost split between capacity charges and operating costs should be reflected in the current charge rate structure.*
5. On page 2, fifth paragraph, the Budget states "...the recommended rates for FY 2013/2014 were not implemented." Should this say "2014/2015"?
 - a. *No. That sentence has been eliminated.*
6. On page 2, there are four Cost Centers – "Marina Water," "Ord Water," "Marina Sewer," and "Ord Sewer." Are there correlating revenue centers for each cost center?
 - a. *Yes. See page 2, paragraph 2.*
7. How are costs accrued for the Water Augmentation Project?
 - a. *Costs for the Water Augmentation Project are accrued through tracking cost center RW-Recycled Water. If a cost is not directly related to a particular project, it is charged to the Ord Water cost center with a task code that identifies it as a potential cost to be recaptured into the appropriate RW project.*
8. The total estimated revenues for the Ord Water and Ord Sewer systems are substantially less than the proposed expenses. Can MCWD make recommendations to

either increase estimated revenues or decrease the proposed expenses to bring these more in line with each other?

a. *These are MCWD's recommended levels of estimated revenues and proposed expenses. MCWD is always looking at ways to cut costs and increase revenue.*

9. Near the middle of page 3, the Budget states "Debt Service (Principal Only) \$2.055 million" for Ord Water and Debt Service (Principal Only) \$0.575 million" for Ord Wastewater. Please clarify what expenses are included in the debt service.

a. *The Debt Service includes each cost center's share of the 2006 Bond Principal, the 2010 Bond Principal, and the Secured Line of Credit used to construct the Imjin Office Park FORA building.*

10. In Exhibit W-1 is all of the system loss included in the "unmetered use/Losses?" If so, how was this calculated?

a. *To be provided.*

11. In Exhibit W-1, does the proposed meter usage of 1,926 AF include water usage by the Seaside golf course? If so, this value should be decreased by about 500 AF.

a. *Yes. That will be reduced.*

12. The estimated revenue for flat rate customers shown in Exhibit W-1 doesn't make sense. ...What is the discrepancy?

a. *See response to WWOC question 9.*

13. The average monthly usage of 13 hcf shown in Exhibit W-2 doesn't make sense. ... How was "Annual Water Usage" for metered customers determined? Do you have data showing accurate average monthly usage?

a. *To be provided.*

14. On page 7, Exhibit W-1 for the Ord Water shows the following:

a. Under expenditures it shows Item H, "Operating Expenditures" as approximately \$6.0 million. In Exhibit W-4, this number is shown as approximately \$6.4 million. Which number is correct?

- i. *Both numbers are correct. Item H is Operating Expenditures Excluding payments to Land jurisdictions. The total Operating Expenditures is the total of lines H and I in Exhibit W-1 which equals the total in Exhibit W-4.*
 - b. Under expenditures it shows Item M, “Debt Service” increasing by almost 140%. What is the cause of the significant increase?
 - i. *See response to WWOC question 11.*
 - c. Under expenditures it shows Item O “Capital Replacement Fund Reserves.” Why is placing funds into the reserves an expenditure? Shouldn’t this be an accrual?
 - i. *No. It is MCWD Board Policy to fund the Capital Replacement Fund a fixed amount through the annual budget.*
 - d. Near the bottom of the table is an item called “Transfer from/To Reserves.” Actual transfers shown to this account for FYE 2013 varies between last year’s budget document. It was also noted that the actual transfers shown to this account for FYE 2012 varied \$664,173 between successive year’s budget documents.
 - i. Why do the “actual” numbers change? Are there audited financial statements that could clarify?
 - 1. *The District is currently going through a financial software migration and will have to provide a response once the system is up.*
 - ii. Where is the carry-over from previous years?
 - 1. *The balance in the reserve includes any unused budgeted uses for these funds.*
15. On page 11, Exhibit WW-1 for the Ord Water shows the following:
- a. Under expenditures it shows Item G, “Operating Expenditures” as approximately \$1.619 million. In Exhibit WW-3, this number is shown as approximately \$1.634 million. Which number is correct?
 - i. *See response to Question 14a. It is the same situation.*
 - b. Under expenditures it shows Item M “Capital Replacement Fund Reserves.” Why is placing funds into the reserves an expenditure? Shouldn’t this be an accrual?

Item M also shows \$100,000 per year being placed into this reserve fund. What is the current fund balance? Where is the carryover from previous years?

i. See response to Question 14c.

ii. The fund balance at March 31, 2015 was \$710,962

iii. The balance in the reserve includes any unused budgeted uses for these funds.

c. Near the bottom of the table is an item called "Transfer from/To Reserves." Actual transfers shown to this account for FYE 2013 varies between last year's budget document (transfer out #36,528) and this year's budget document (transfer in \$2,277).

i. Why do the "actual" numbers change? Are there audited financial statements that could clarify?

1. See response to Question 14.d.i

ii. Where is the carry-over from previous years?

1. See response to Question 14.d.ii

16. Why are the Ord wastewater rates high...?

a. The Ord wastewater system has 16 lift stations, which Central Marina system has only 4. The power costs for all those lift stations drives the customer cost up. As more customers are added, the cost per customer will go down.

17. Why did the engineering cost in table WW-3 go up by so much?

a. The engineering consultant budget was increased this year to fund an updated wastewater master plan. This is a single year expense and not a recurring cost.

18. Page 14, Table CIP-1, do any of these projects benefit discrete users?

a. All of these projects ultimately serve multiple customers. Pending development in Del Rey Oaks triggers the need for OW-0202, and on-going development in East Garrison triggered OW-0206.

18.a. Please provide more detail on project OW-0112, A-Zone tanks.

a. The existing B/C-zone booster pump station was constructed in 1954 and has reached the end of its service life. The Sand Tank forebay to the pump station is leaking. MCWD needs to construct new water tanks at a suitable elevation to provide operational and fire storage for the A-Zone. The new tanks will serve as a forebay to the replacement B/C booster pump station. We can provide a copy of the water master plan if you like.

18.b. Please provide more detail on project OS-0205, Imjin Lift Station.

a. Imjin Lift Station serves existing customers in CSUMB, Marina, and East Garrison. The pumps and panels were upgraded in 2006. The next phase of improvements is installing a larger wet well, which will reduce the chance of overflows during power outages, and replacing the force main concurrently with the widening of Imjin Road. Because East Garrison is adding homes, the sooner this work is completed the less sewer flow will need to be by-passed.

18.c. Please provide more detail on project OS-0203, Gigling LS and Force Main

a. The Gigling lift station serves existing customers in Seaside and Army Housing. The cast iron force main has failed on several occasions in the last two years and needs to be replaced. The pump station is a wet-well/dry-well configuration, using ABS brand pumps. The District will reconfigure the dry-well piping to accommodate Flygt pumps sized to meet the current flows plus the Seaside Resort build-out flows.

**MCWD RESPONSES TO QUESTIONS/REQUESTS ON THE FY 2015/2016 PROPOSED
ORD COMMUNITY COMPENSATION PLAN**

WWOC Questions/Requests from 4/15/15.

1. Request – Please change the verbiage for the line-item, “Funding Source to be Obtained” to something more specific.
 - a. *Verbiage has been changed to “Construction Loan Proceeds – IOP BLM Bldg”*
2. Request – Please distinguish which users – existing or new, will benefit from each CIP Project
 - a. *A column has been added to Exhibit CIP-1 titled, “Project Beneficiaries” to indicate whether the project benefits existing users, new users, or both.*
3. Request – Please delineate what part of Line 25 of Exhibit RES-1 which part is attributable to the funding of RUWAP Desalination Project.
 - a. Lines 25 titled, “Due to/(Due From) Inter-fund Transfers” has been split into Lines 25a titled, “Due to/(Due From) Inter-fund Transfers - Debt Service on Recycled Water Pipeline” and 25b titled, “Due to/(Due From) Inter-fund Transfers - Fund Recycled Trunk Main & RUWAP Desal Projects”
4. Previous Request – Please provide a map of the CIP projects
 - a. *Maps for the Ord Water and Ord Wastewater CIP projects have been provided.*

MCWD WATER SYSTEM 2015-2016 CIP

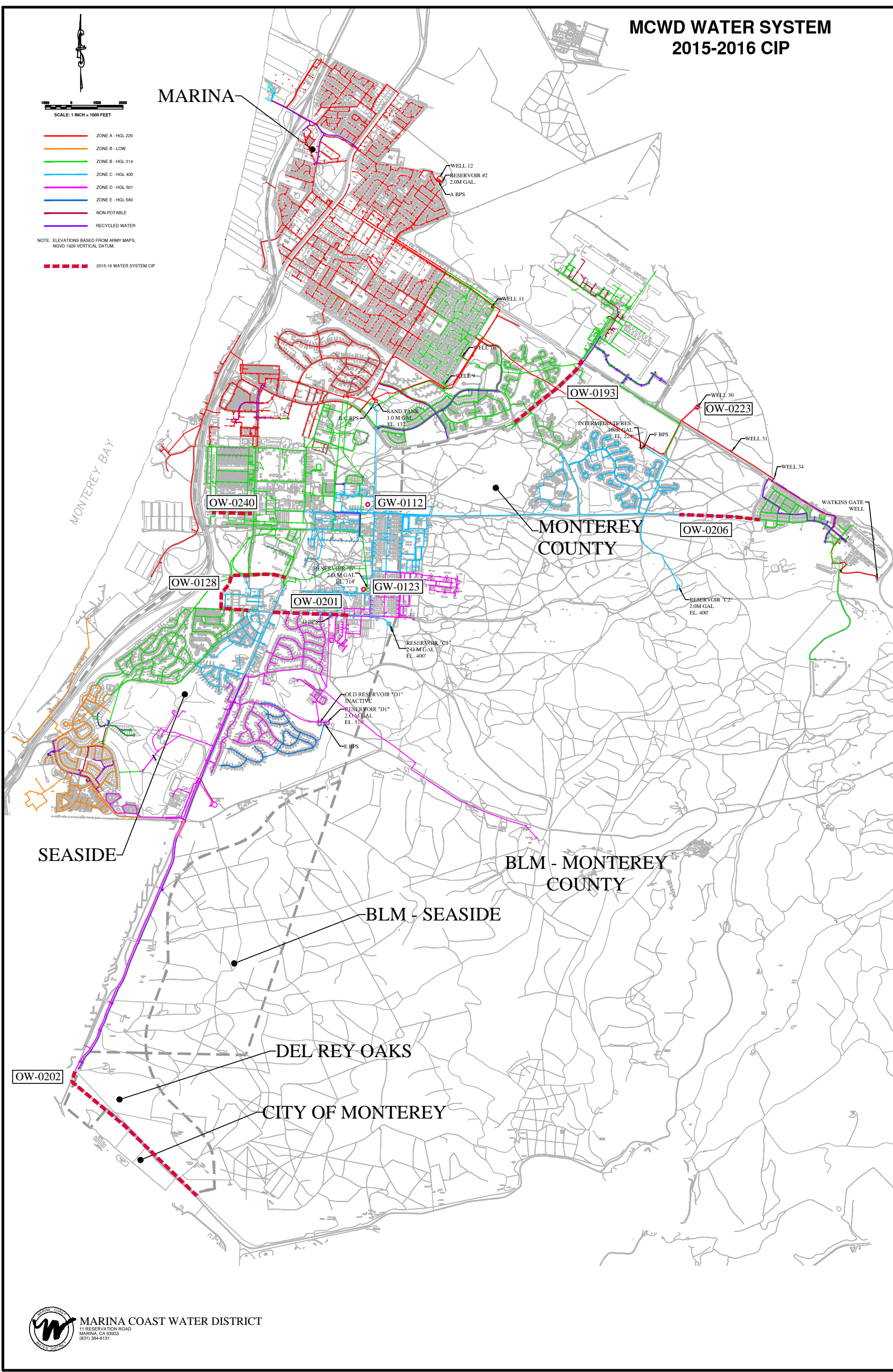


SCALE: 1 INCH = 1000 FEET

- ZONE A - HGL 220
- ZONE B - LOW
- ZONE B - HGL 314
- ZONE C - HGL 400
- ZONE D - HGL 501
- ZONE E - HGL 580
- NON-POTABLE
- RECYCLED WATER

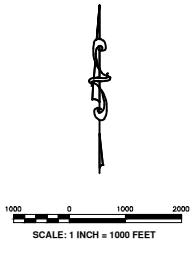
NOTE: ELEVATIONS BASED FROM ARMY MAPS, NGVD 1929 VERTICAL DATUM.

 2015-16 WATER SYSTEM CIP

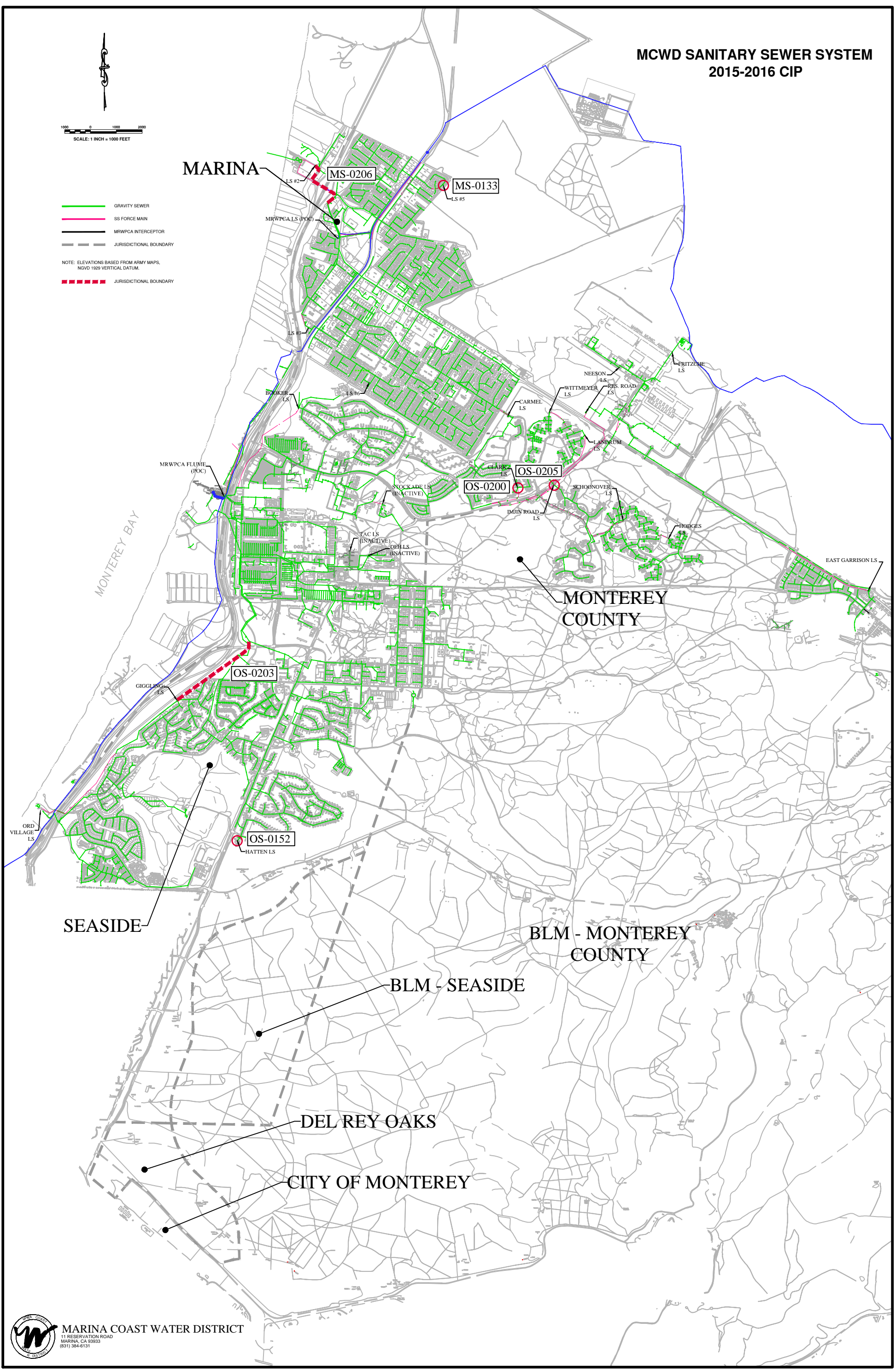


S:\MCWD\MCD SYSTEM MAPS\Meeting Exhibit\WATER EXHIBIT 2015_2016 CIP.dwg, 4/29/2015 11:20:12 AM, 11x17 portrait

**MCWD SANITARY SEWER SYSTEM
2015-2016 CIP**



- GRAVITY SEWER
 - SS FORCE MAIN
 - MRWPCA INTERCEPTOR
 - JURISDICTIONAL BOUNDARY
- NOTE: ELEVATIONS BASED FROM ARMY MAPS,
NGVD 1929 VERTICAL DATUM.
- - - - JURISDICTIONAL BOUNDARY



S:\MCWD\MCD SYSTEM MAPS\Meeting Exhibit\SEWER EXHIBIT 2015_2016 CIP.dwg, 4/29/2015 11:25:53 AM, 11x17 portrait