

Presentations from the

June 11, 2018

City Council Meeting

Utility Financial Plan and Proposed Rate Changes

City Council
June 11, 2018

Overall Rate Change Impact

		FY 2019	FY 2018 Bill	FY 2019 Bill	Bill Difference
Electric		6%	\$ 51.81	\$ 54.33	\$ 2.52
Gas		4%	\$ 39.09	\$ 40.72	\$ 1.63
Wastewater		11%	\$ 34.83	\$ 38.66	\$ 3.83
Water		3%	\$ 84.27	\$ 86.59	\$ 2.32
Storm Drain		2.9%	\$ 13.65	\$ 14.05	\$ 0.40
Refuse		-	\$ 50.07	\$ 50.07	\$ 0.00
Utility User Tax			\$ 8.76	\$ 9.08	\$ 0.32
Bill Change	(\$/mo)		\$ 282.48	\$ 293.50	\$ 11.02

Rate Drivers

- Capital cost increasing with rising construction market costs, as well as general inflationary pressures.
- Rising statewide transmission costs for electricity (improvements in the state transmission network to deliver renewable energy) and gas (to upgrade pipelines and infrastructure)
- Steadily increasing costs of supply
 - New renewable energy projects in electric
 - Water system improvements
 - Market prices for natural gas have been flat, but could change
- Funds financial reserves for rate stability

Cost Containment

- CIP strategies to reduce long term expenses
- Formalize cost containment as an ongoing priority and annual cycle, as specified in new Utilities Strategic Plan
- Ongoing management review of personnel actions
 - Review/revision of position classifications to match evolving needs
 - Add/Deletion of positions to reflect organizational priorities
 - Review/approval to fill individual position vacancies in conjunction with ASD Budget Office and Human Resources
- Regular review of performance metrics and expenditures
- Working with partner agencies to mitigate cost increases (e.g., NCPA/CPUC, WAPA, and BAWSCA)

Electric Recommendation

That the City Council:

- Adopt a resolution approving the FY 2019 Electric Utility Financial Plan; and
- Adopt a resolution increasing electric rates by amending E-1 (Residential Electric Service), E-2 (Small Non-Residential Electric Service), E-2-G (Small Non-Residential Green Power Electric Service), E-4 (Medium Non-Residential Electric Service), E-4-G (Medium Non-Residential Green Power Electric Service), E-4 TOU (Medium Non-Residential Time of Use Electric Service), E-7 (Large Non-Residential Electric Service), E-7-G (Large Non-Residential Green Power Electric Service), E-7 TOU (Large Non-Residential Time of Use Electric Service), and E-14 (Street Lights).

Gas Recommendation

That the City Council:

- Adopt a resolution approving the FY 2019 Gas Utility Financial Plan; and
- Adopt a resolution increasing gas rates by amending Rate Schedules G-1 (Residential Gas Service), G-2 (Residential Master-Metered and Commercial Gas Service), G-3 (Large Commercial Gas Service), and G 10 (Compressed Natural Gas Service Service).

Wastewater Recommendation

That the City Council:

- Adopt a resolution approving the FY 2019 Wastewater Utility Financial Plan
- Adopt a resolution increasing Wastewater rates by 11% by amending Rate Schedules S-1 (Residential Wastewater Collection and Disposal), S-2 (Commercial Wastewater Collection and Disposal), S-6 (Restaurant Wastewater Collection and Disposal) and S-7 (Commercial Wastewater Collection and Disposal – Industrial Discharger)

Water Recommendation

Staff recommends that City Council:

- Adopt a resolution approving the FY 2019 Water Utility Financial Plan as amended to be consistent with the preferred alternative rate proposal (3%); and
- Adopt a resolution increasing Water rates 3%, consistent with the selected alternative by amending Rate Schedules W-1 (General Residential Water Service), W-2 (Water Service from Fire Hydrants), W-3 (Fire Service Connections), W-4 (Residential Master-Metered and General Non-Residential Water Service), and W-7 (Non-Residential Irrigation Water Service).

Dark Fiber Recommendation

Staff recommends that City Council:

- Adopt a resolution increasing Dark Fiber rates by amending Rate Schedules EDF-1 (Dark Fiber Licensing Services) and EDF-2 (Dark Fiber Connection Fees).

Overall Rate Projections

		FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Electric Utility		6%	3%	2%	0%	1%
Gas Utility ¹		4%	8%	7%	6%	5%
Wastewater		11%	12%	10%	6%	4%
Water Utility		3%	4%	4%	4%	4%
Refuse		-	3%	3%	3%	3%
Storm Drain ²		2.9%	2%to3%	2%to3%	2%to3%	2%to3%
Bill Change ³	(%)	4%	5%	5%	4%	3%
	(\$/mo)	\$11.02	\$14.54	\$13.75	\$11.11	\$10.76

(1) Gas rate changes are shown with commodity rates held constant. Actual gas commodity rates will vary monthly with wholesale market fluctuations

(2) Storm Drain Rates increase annually by CPI

(3) Median residential bill is \$273.56 as of July 1, 2017 (does not include UUT)

Moulton Niguel Water District

Accountable. Responsible. Efficient.

In 2018, Moulton Niguel Water District will continue to deliver the **lowest average combined water and wastewater bill** in South Orange County. By comparison, the average bill in neighboring agencies can be more than **DOUBLE** our average customer bill.



ACCOUNTABLE WITH YOUR MONEY

- 💧 Moulton Niguel has earned the coveted "AAA Rating" from the independent credit ratings agency Fitch – the highest rating possible.
- 💧 Moulton Niguel has consistently received a clean audit of financial health from respected, independent accounting firms.



RESPONSIBLE FINANCIAL PLANNING

- 💧 Over the last decade, Moulton Niguel has invested more than \$75 million in local water reliability projects.
- 💧 Moulton Niguel maintains the lowest average bill in South Orange County.



EFFICIENT WITH EVERY DROP

- 💧 Moulton Niguel's partnerships with pioneering organizations has helped maximize water efficiency, deliver water reliability solutions, and save Moulton Niguel ratepayers tens of millions of dollars.
- 💧 Moulton Niguel has been recognized as the "water agency that thrived during California's drought" by a leading independent media outlet reporting on water issues and policy.

Moulton Niguel:
LOWEST AVERAGE BILL IN SOUTH ORANGE COUNTY

UNDERSTANDING YOUR BILL

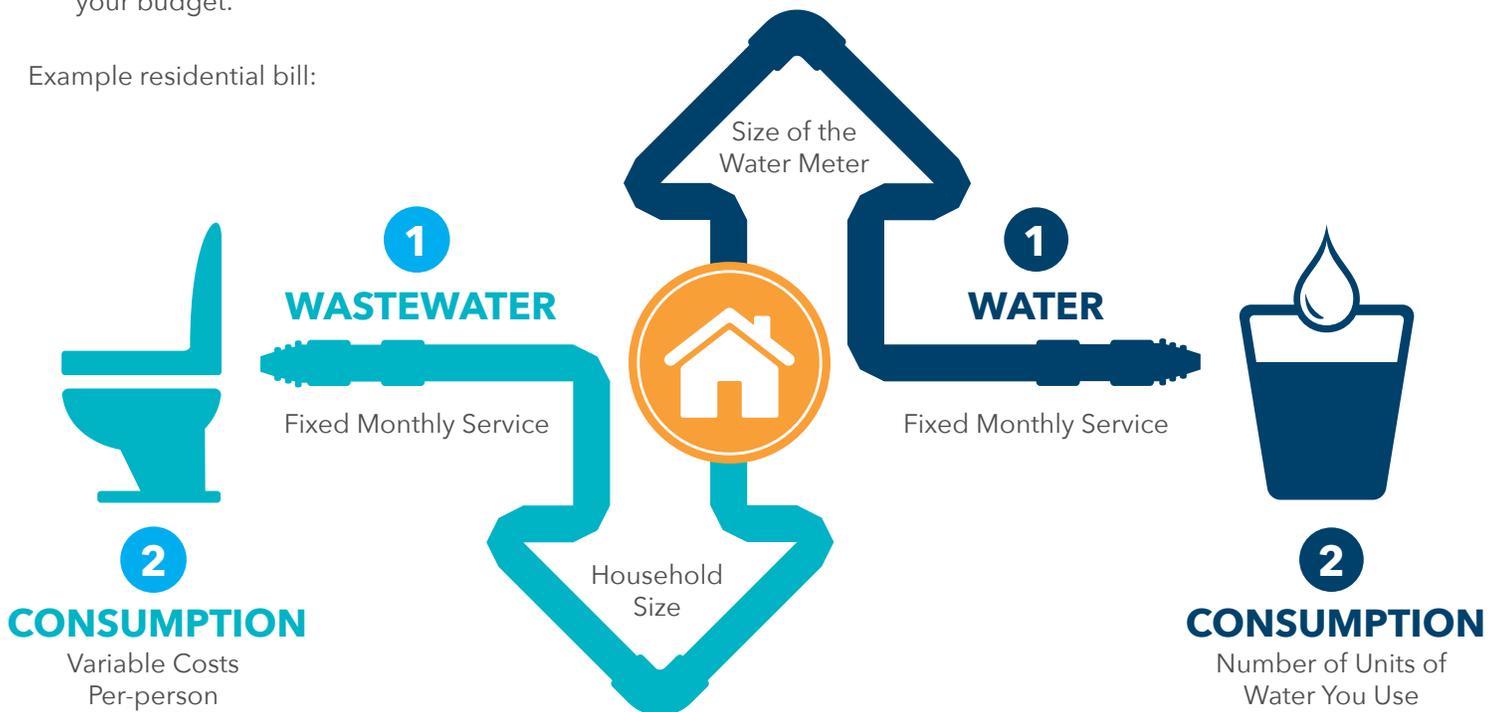
Your **wastewater** bill is proposed to be comprised of two components:

1. **A fixed monthly service charge** representing the share of the District's fixed costs associated with providing ongoing wastewater service to your property.
2. **A per-person charge** representing the share of variable costs associated with providing wastewater service to a household of your size to accurately capture the wastewater treatment cost increases from SOCWA.

Your **water** bill is comprised of two components:

1. **A fixed monthly service charge** that is designed to recover a significant portion of the District's fixed costs (e.g. facility repairs and maintenance, meter reading, billing, customer service costs) and is established based on the size of the water meter serving your property.
2. **A variable volumetric water consumption charge**, which is based on the number of units of water you use. (one unit of water is equal to one hundred cubic feet (HCF), or 748 gallons) Each billing unit of water you use is grouped into a tier based on your individualized water budget, with higher rates assessed for usage in excess of your budget.

Example residential bill:



Check out our Water Budget Bill Calculator www.mnwd.com/billcalculator

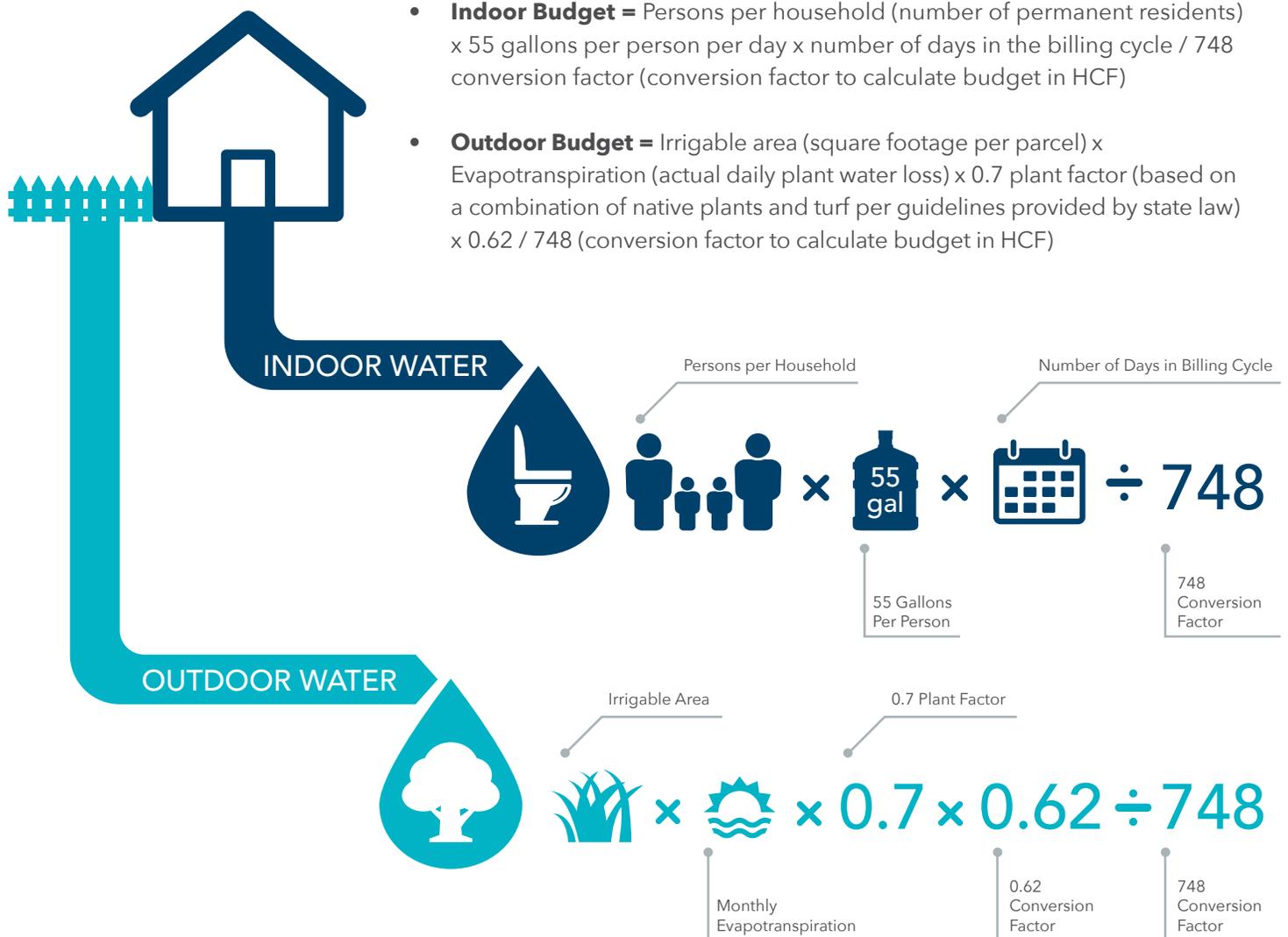
UNDERSTANDING YOUR WATER BUDGET

Every month, each customer receives a calculated “water budget” that represents an efficient volume of water that meets his or her individualized water needs. The proposed rates include an adjustment to 55 gallons per capita per day for indoor budgets to reflect current indoor water use in the District. There are five customer classes: single-family residential, multi-family residential, commercial, irrigation, and recycled water customers.

Single-family and Multi-family Residential customers:

Total Household water budget = Indoor water budget + Outdoor water budget.

All water used by a residential or multi-family customer within his or her calculated indoor water budget is billed at the Tier 1 rate and outdoor water budget is billed at the Tier 2 rate.





Public Spaces Irrigation Customers:

Total water budget = Irrigable area (square footage per parcel) x Evapotranspiration x 1.0 plant factor x 0.62 / 748 (conversion factor to calculate budget in HCF). All water used by a public spaces irrigation customer within his or her calculated outdoor water budget is billed at the Tier 1 rate.

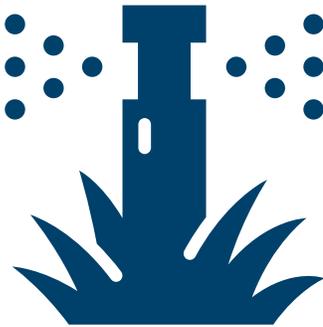
$$\begin{array}{c}
 \text{Irrigable Area} \times \text{Monthly Evapotranspiration} \times 1.0 \times 0.62 \div 748 \\
 \text{1.0 Plant Factor} \quad \text{0.62 Conversion Factor} \quad \text{748 Conversion Factor}
 \end{array}$$



Recycled Water Customers:

Total water budget = Irrigable area (square footage per parcel) x Evapotranspiration x 0.8 plant factor x 0.62 / 748 (conversion factor to calculate budget in HCF). All water used by a recycled water customer within his or her calculated outdoor water budget is billed at the Tier 1 rate.

$$\begin{array}{c}
 \text{Irrigable Area} \times \text{Monthly Evapotranspiration} \times 0.8 \times 0.62 \div 748 \\
 \text{0.8 Plant Factor} \quad \text{0.62 Conversion Factor} \quad \text{748 Conversion Factor}
 \end{array}$$



Irrigation Customers:

Total water budget = Irrigable area (square footage per parcel) x Evapotranspiration x 0.7 plant factor x 0.62 / 748 (conversion factor to calculate budget in HCF). All water used by an irrigation customer within his or her calculated outdoor water budget is billed at the Tier 1 rate.

$$\begin{array}{c}
 \text{Irrigable Area} \times \text{Monthly Evapotranspiration} \times 0.7 \times 0.62 \div 748 \\
 \text{0.7 Plant Factor} \quad \text{0.62 Conversion Factor} \quad \text{748 Conversion Factor}
 \end{array}$$



Commercial Customers:

Total water budget = Calculated as a three-year rolling average of daily water use for the respective billing cycle. All water used by a commercial customer within his or her calculated water budget is billed at the Tier 1 rate.

$$\left(\begin{array}{c} \text{2018} \\ \text{JAN} \end{array} + \begin{array}{c} \text{2017} \\ \text{JAN} \end{array} + \begin{array}{c} \text{2016} \\ \text{JAN} \end{array} \right) \div 3 \times \begin{array}{c} \text{2018} \\ \text{JAN} \end{array}$$

Jan 2018 Usage + Days in Jan 2018 Bill
 Jan 2017 Usage + Days in Jan 2017 Bill
 Jan 2016 Usage + Days in Jan 2016 Bill
 Days in Jan 2018 Bill

PSB Project EIR, PF Zone and Garage Approval

City Council Public Hearing June 11, 2018



PSB/Garage Site: 2.3 Acres Divided by Birch St

Lot C-6: 250 Sherman, PSB site



Lot C-7: 350 Sherman, Garage site

PSB/Garage Project Construction Phasing



Phase 1: Garage construction October 2018 – February 2020
Phase 2: PSB construction Spring 2020 – Fall 2021

Recommendation

Adopt/Approve:

- **Resolution** certifying the PSB Project Final EIR addressing comments, making required CEQA findings related to impacts, measures and alternatives (no Overriding Impacts) and MMRP
- **Ordinance** modifying PF Standards in PAMC 18.28 for City Parking Garages and Essential Service Facilities In the Downtown & California Avenue Business Districts as recommended by the PTC (*Site Development Standards, Additional PF District Design Requirements, Parking and Loading*)
- **Record of Land Use Action** approving the ARB-recommended, 4-story, 636-space garage, mitigating proposed loss of 310 existing parking spaces on parking lots C-6 and C-7 and providing additional parking for the California Business District

PSB/Garage Project: Council Actions



- June 2014: Infrastructure Plan adopted
- December 2015: Proceed with design and environmental review
- April 2017: Proceed with PF zone change and 636-space design in 4 above-grade levels and 2 basement levels (net gain 326 spaces)

Review Timeline

1. April 2017 - Prescreening and CEQA Scoping Meetings
2. June, October 2017 - ARB reviews (prelim, first formal)
3. January 2018 - DEIR publication and hearings by ARB, PTC and PTC recommends PF Zoning Code Text Amendment
4. March 2018 – ARB recommends approval of garage
6. May 11, 2018 - Final EIR publication
7. June 11, 2018 – Council action on EIR, Ordinance, Garage
8. August-October 2018: ARB and Council review PSB

PSB Project EIR

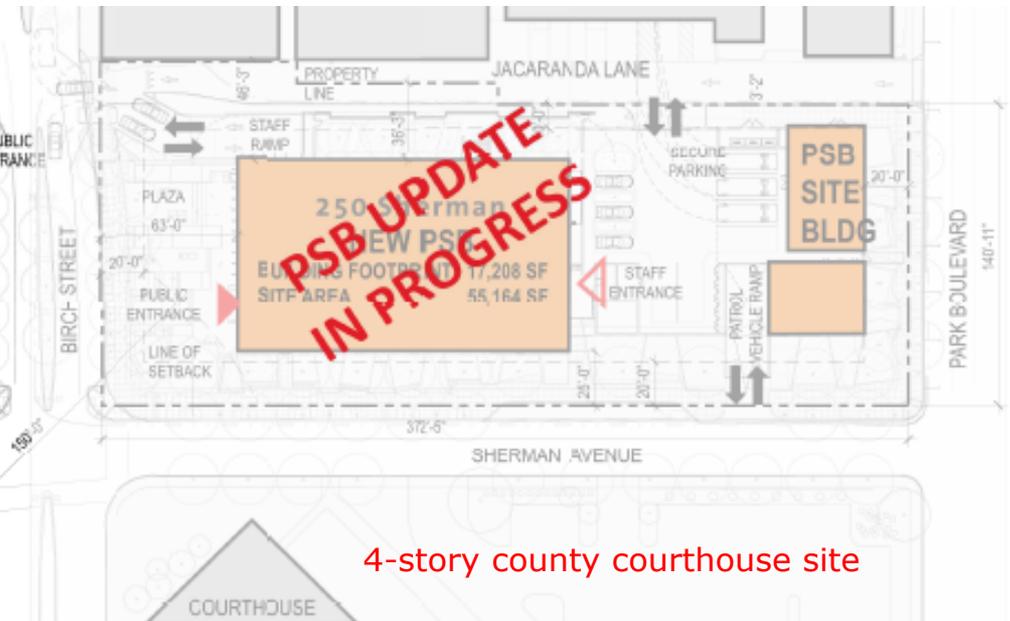
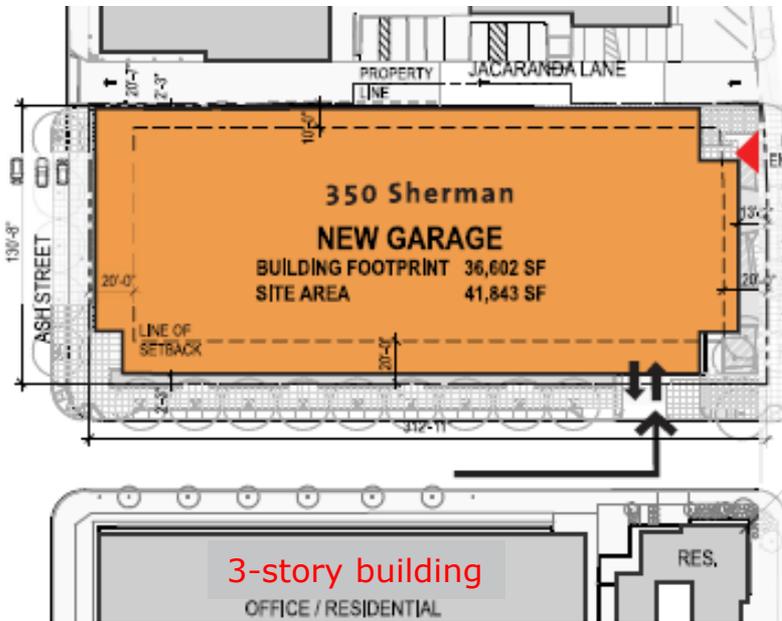
- Draft EIR analyzed PSB and Garage on one 2.3 acre project site
- CMR Attachment F: topics with potential and mitigated impacts
- Public garage mitigates loss of 310 existing spaces on both sites
- 636-space garage constructed first minimizes disruption
- PSB – Centralized facility for Police, Office of Emergency Services, EOC, Emergency Communications (911 Dispatch) Center, Fire Administration – to meet program needs
- Land Use Designations on Lots C-6 and C-7 allow uses
- Design works in context: 1-3-story buildings, 4-story courthouse

PSB Undergoing Changes in Response to ARB



- Items under exploration include ramp cover, plaza size, building massing/articulation
- 135' Emergency Communications Monopole proposed, with similar attachments as shown right

Public Parking Garage: 3 Formal ARB Reviews



Garage first floor:

- 30 bike spaces
- 94 car spaces
- Vehicle ingress/egress at Sherman near Birch

Garage – Nighttime Views



PF Zone Text Changes

Ordinance Text Change:

- City Essential Services Buildings and Ancillary Structures (e.g. tower) and Public Parking Facilities in PF zones within the Downtown and Cal Ave district
- Allows Council latitude related to City projects *only*. Would not apply to private development
- Council action on each project following Final EIR certifications

Exceptions Requested:

- Sherman garage requires exceptions to setbacks, site coverage, floor area ratio (FAR) and height (over 35' within 150' of residential)
- PSB requires one setback exception (alley), height (tower)
- Downtown garage needs setback, FAR and height exceptions

PSB Project EIR, PF Zone and Garage Approval

City Council Public Hearing June 11, 2018



2443 Ash St

RETAIL

PROPERTY
LINE

JACARANDA LANE

PUBLIC
ENTRANCE

350 Sherman

NEW GARAGE

BUILDING FOOTPRINT 36,602 SF

SITE AREA 41,843 SF

LINE OF
SETBACK

BIRCH STREET

MIXED USE
OFFICE / RESIDENTIAL

RES.

PROJECT DATA



Google

2453

COMMERCIAL
LOADING
ZONE ONLY
NO TRUCKS
NO TRAILERS
NO OVERSIZE
LOADS
NO TRUCKS
NO TRAILERS
NO OVERSIZE
LOADS
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