

AGENDA
CITY COUNCIL OF THE CITY OF MORENO VALLEY
MORENO VALLEY COMMUNITY SERVICES DISTRICT
CITY AS SUCCESSOR AGENCY FOR THE
COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF
MORENO VALLEY
MORENO VALLEY HOUSING AUTHORITY

March 17, 2015

STUDY SESSION – 6:00 P.M.

City Council Study Sessions

First & Third Tuesdays of each month – 6:00 p.m.

City Council Meetings

Second & Fourth Tuesdays of each month – 6:00 p.m.

City Council Closed Session

*Immediately following Regular City Council Meetings and
Study Sessions, unless no Closed Session Items are Scheduled*

City Hall Council Chamber - 14177 Frederick Street

Upon request, this agenda will be made available in appropriate alternative formats to persons with disabilities, in compliance with the Americans with Disabilities Act of 1990. Any person with a disability who requires a modification or accommodation in order to participate in a meeting should direct such request to Mark Sambito, ADA Coordinator at 951.413.3120 at least 48 hours before the meeting. The 48-hour notification will enable the City to make reasonable arrangements to ensure accessibility to this meeting.

Dr. Yxstian A. Gutierrez, Mayor Pro Tem
Jeffrey J. Giba, Council Member

Jesse L. Molina, Mayor

George E. Price, Council Member
D. LaDonna Jempson, Council Member

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CITY COUNCIL OF THE CITY OF MORENO VALLEY
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***THE CITY COUNCIL RECEIVES A SEPARATE STIPEND FOR CSD MEETINGS**

**STUDY SESSION - 6:00 PM
MARCH 17, 2015**

CALL TO ORDER

PLEDGE OF ALLEGIANCE

INVOCATION

Pastor Felix Bobo - Champion Cultural Church

ROLL CALL

INTRODUCTIONS

PUBLIC COMMENTS ON MATTERS UNDER THE JURISDICTION OF THE CITY COUNCIL

There is a three-minute time limit per person. Please complete and submit a BLUE speaker slip to the City Clerk. All remarks and questions shall be addressed to the presiding officer or to the City Council.

SPECIAL ORDER OF BUSINESS

1. ECONOMIC DEVELOPMENT RATE (EDR) PROGRAM UPDATE (Staff Report/PowerPoint) (PW/15 Min)
2. MORENO VALLEY UTILITY (MVU) PROGRAMS TO SUPPORT SMALL BUSINESSES AND RESIDENTS / RATE CONSULTANT'S FINDINGS (Staff Report/PowerPoint) (PW/15 Min)
3. EDGEMONT WATER ISSUES (Staff Report/CEDD/15 Min)
4. CITY COUNCIL REQUESTS AND COMMUNICATIONS

AGENDA
March 17, 2015

(Times shown are only estimates for staff presentation. Items may be deferred by Council if time does not permit full review.)

v Oral Presentation only – No written material provided

***Materials related to an item on this Agenda submitted to the City Council/Community Services District/City as Successor Agency for the Community Redevelopment Agency/Housing Authority after distribution of the agenda packet are available for public inspection in the City Clerk's office at 14177 Frederick Street during normal business hours.**

CLOSED SESSION

A Closed Session of the City Council, Community Services District, City as Successor Agency for the Community Redevelopment Agency of the City of Moreno Valley or Housing Authority will be held in the City Manager's Conference Room, Second Floor, City Hall. The City Council will meet in Closed Session to confer with its legal counsel regarding the following matter(s) and any additional matter(s) publicly and orally announced by the City Attorney in the Council Chamber at the time of convening the Closed Session.

• PUBLIC COMMENTS ON MATTERS ON THE CLOSED SESSION AGENDA UNDER THE JURISDICTION OF THE CITY COUNCIL

There is a three-minute time limit per person. Please complete and submit a BLUE speaker slip to the City Clerk. All remarks and questions shall be addressed to the presiding officer or to the City Council.

The Closed Session will be held pursuant to Government Code:

1 SIGNIFICANT EXPOSURE TO LITIGATION PURSUANT TO PARAGRAPH (2) OR (3) OF SUBDIVISION (D) OF SECTION 54956.9

Number of Cases: 5

2 SECTION 54956.9(d)(4) - CONFERENCE WITH LEGAL COUNSEL - INITIATION OF LITIGATION

Number of Cases: 5

REPORT OF ACTION FROM CLOSED SESSION, IF ANY, BY CITY ATTORNEY

ADJOURNMENT

CERTIFICATION

I, Jane Halstead, City Clerk of the City of Moreno Valley, California, certify that the City Council Agenda was posted in the following places pursuant to City of Moreno Valley Resolution No. 2007-40:

City Hall, City of Moreno Valley
14177 Frederick Street

Moreno Valley Library

AGENDA
March 17, 2015

25480 Alessandro Boulevard

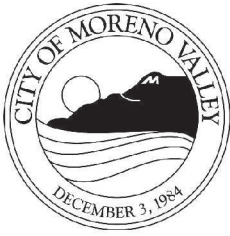
Moreno Valley Senior/Community Center
25075 Fir Avenue

Jane Halstead, CMC,
City Clerk

Date Posted: 3/12/2015

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March 17, 2015

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APPROVALS	
BUDGET OFFICER	<i>me</i>
CITY ATTORNEY	<i>[Signature]</i>
CITY MANAGER	<i>[Signature]</i>

Report to City Council

TO: Mayor and City Council

FROM: Ahmad R. Ansari, P.E., Public Works Director/City Engineer

AGENDA DATE: March 17, 2015

TITLE: ECONOMIC DEVELOPMENT RATE (EDR) PROGRAM UPDATE

RECOMMENDED ACTION

Recommendation:

1. That the City Council review and discuss the Economic Development Rate program update, and provide guidance that staff can incorporate into forthcoming recommendations to update MVU's economic development rate schedules.

SUMMARY

This Study Session item is a review and discussion of the current Economic Development Rate (EDR) Program and proposed changes to the economic development rates as recommended by the rate consultant.

Based upon the City Council's discussion, staff will return to a future Regular Meeting with updated economic development rate schedules for consideration and adoption.

DISCUSSION

On June 12, 2012, the City Council adopted a tiered Economic Development Rate program to be used as a tool to attract businesses and jobs to the City. The program was initially proposed as a two-year pilot program, and aimed to attract new businesses while retaining existing businesses located at the Stoneridge Towne Center and Moreno Beach Plaza. Under the current 5-tiered EDR program for new businesses, qualifying customers must meet the following criteria:

1. Electric load must equal or exceed 500 kW in demand
2. Targeted industries
 - a. Logistics/Distribution
 - b. Medical/Healthcare
 - c. Automotive Dealerships
3. Building/Site size
 - a. Logistics/Distribution 500,000 square feet minimum
 - b. Healthcare 100,000 square feet minimum
 - c. Auto Dealerships 5 acres
4. Job Creation
 - a. Tier 1/1a 150-499 jobs
 - b. Tier 2 500-999 jobs
 - c. Tier 3 greater than 1,000 jobs
 - d. Tier 4 350 jobs minimum
 - e. Tier 5 200 jobs minimum
5. City Revenue Producer, either sales tax or use tax generation
 - a. Tier 1a
 - b. Tier 4 – minimum \$40,000 annual sales tax revenue

The percentage discounts are as follows:

	Tier 1/1a	Tier 2	Tier 3	Tier 4	Tier 5
Years 1 – 2	15%	20%	20%	20%	20%
Years 3 – 4	12%	15%	20%	20%	20%
Years 5 – 6	10%	10%	15%	20%	20%
Years 7 -12	-	-	-	20%	20%
Years 13 - 18	-	-	-	-	20%

Under the current EDR program for retention of existing anchor stores located at the Stoneridge Towne Center and Moreno Beach Plaza, the discount is 20% for three years; qualifying criteria include a building size of 25,000 square feet and existing employees of 30 or more. Although the discount is for three years, the customer must commit to stay for a minimum of five years. If the customer leaves prior to the five-year commitment, the customer shall refund all savings achieved under the EDR.

There are currently three businesses that have executed EDR program agreements: Target, Procter and Gamble, and Deckers Outdoor (discount will begin in September 2015). Target and Procter and Gamble are saving on average a total of approximately \$22,078 per month. An EDR agreement with Aldi Foods for a Tier 5 rate is in process.

An updated cost-of-service study for Moreno Valley Utility (MVU) was recently completed, the results of which were presented to the Council on October 21, 2014. One of the goals of the cost-of-service study was to review the current EDR program and recommend any revisions to ensure that MVU is, at a minimum, recovering its power supply costs.

The rate consultant did not recommend any changes to the EDR program for retention of existing customers. However, changes were recommended to the EDR program for new businesses. These recommendations are as follows:

- Maintain the five-tier system and criteria
- Tiers 1 – 4 discounts should not be for more than five years
- Reduce Tier 5 discount from eighteen years to sixteen years
- All discounts should decline over time
- To maintain the City's competitiveness with surrounding utility providers, City staff should be given flexibility to negotiate specific rates subject to approval by the City Council
- Customer savings should be at least equal to those offered by SCE
- Utility should recover power costs at a minimum
- Maximum program size should be considered

The proposed EDR program rates are as follows:

Year	Current EDR Discounts					Proposed Standard EDR Discounts				
	Tier 1 Discount	Tier 2 Discount	Tier 3 Discount	Tier 4 Discount	Tier 5 Discount	Tier 1 Discount	Tier 2 Discount	Tier 3 Discount	Tier 4 Discount	Tier 5 Discount
Year 1	15.00%	20.00%	20.00%	20.00%	20.00%	19.00%	21.50%	24.00%	26.50%	20.00%
Year 2	15.00%	20.00%	20.00%	20.00%	20.00%	16.00%	18.50%	21.00%	23.50%	20.00%
Year 3	12.00%	15.00%	20.00%	20.00%	20.00%	13.00%	15.50%	18.00%	20.50%	20.00%
Year 4	12.00%	15.00%	20.00%	20.00%	20.00%	10.00%	12.50%	15.00%	17.50%	20.00%
Year 5	10.00%	10.00%	15.00%	20.00%	20.00%	7.00%	9.50%	12.00%	14.50%	15.00%
Year 6	10.00%	10.00%	15.00%	20.00%	20.00%					15.00%
Year 7				20.00%	20.00%					15.00%
Year 8				20.00%	20.00%					15.00%
Year 9				20.00%	20.00%					10.00%
Year 10				20.00%	20.00%					10.00%
Year 11				20.00%	20.00%					10.00%
Year 12				20.00%	20.00%					10.00%
Year 13					20.00%					5.00%
Year 14					20.00%					5.00%
Year 15					20.00%					5.00%
Year 16					20.00%					5.00%
Year 17					20.00%					
Year 18					20.00%					
Avg Program Discount	12.33%	15.00%	18.33%	20.00%	20.00%	13.00%	15.50%	18.00%	20.50%	12.50%

Considering the success of the EDR program as an economic development tool, staff will recommend at a future council meeting that the EDR program continue subject to regular review and analysis.

The EDR program was discussed with the Utilities Commission at the August 15, 2014 meeting.

NOTIFICATION

Publication of the Agenda.

ATTACHMENTS

Attachment 1 - PowerPoint presentation

Prepared By:
Jeannette Olko
Electric Utility Division Manager

Department Head Approval:
Ahmad R. Ansari, P.E.
Public Works Director/City Engineer



ECONOMIC DEVELOPMENT RATE PROGRAM UPDATE

City Council Study Session

March 17, 2015

History

- ▣ June 12, 2012 – Economic Development Rate (EDR) program approved by Council
- ▣ Recommended considerations:
 - Value and number of jobs
 - Tax revenue
 - Size of electric load
 - Target specific industries
 - Target load factor
 - Target energy efficiency
- ▣ Proposed as a two-year pilot program

Current EDR Program

- ▣ Eligible customers – Time-of-Use (TOU) Large General Service
- ▣ New load must equal or exceed 500 kilowatt (kW)
- ▣ Expanded load must equal or exceed 200 kW
- ▣ 5 tier system, 3 targeted industries
 - Logistics/Distribution, Medical/Healthcare, Automotive Dealerships
- ▣ Criteria based discounts from 5 – 18 years
- ▣ Discounts ranging from 10 – 20%

EDR Recommendations

- ▣ Maintain five-tier system & criteria
- ▣ Tiers 1 - 4 discounts for no more than five years
- ▣ Tier 5 discount reduced to 16 years
- ▣ Discounts should decline over the period
- ▣ Provide flexibility to negotiate subject to City Council approval

EDR Recommendations

- Customer savings at least equal to those offered by SCE
- Utility should recover power costs at a minimum
- Maximum program size should be considered

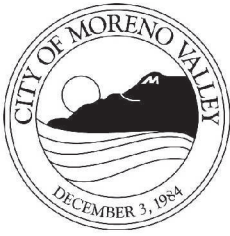
Current EDR Discounts

	Tier 1/1a	Tier 2	Tier 3	Tier 4	Tier 5
Years 1 - 2	15%	20%	20%	20%	20%
Years 3 - 4	12%	15%	20%	20%	20%
Years 5 - 6	10%	10%	15%	20%	20%
Years 7 -12	-	-	-	20%	20%
Years 13 - 18	-	-	-	-	20%

Recommended EDR Discounts

	Tier 1/1a	Tier 2	Tier 3			Tier 5 Years	Tier 5
Year 1	19.00%	21.50%	24.00%	26.50%		Years 1 - 4	20.00%
Year 2	16.00%	18.50%	21.00%	23.50%		Years 5 - 8	15.00%
Year 3	13.00%	15.50%	18.00%	20.50%		Years 9 - 12	10.00%
Year 4	10.00%	12.50%	15.00%	17.50%		Years 13 - 16	5.00%
Year 5	7.00%	9.50%	12.00%	14.50%			

Questions?



APPROVALS	
BUDGET OFFICER	<i>me</i>
CITY ATTORNEY	<i>R</i>
CITY MANAGER	<i>d</i>

Report to City Council

TO: Mayor and City Council

FROM: Ahmad R. Ansari, P.E., Public Works Director/City Engineer

AGENDA DATE: March 17, 2015

TITLE: MORENO VALLEY UTILITY (MVU) PROGRAMS TO SUPPORT SMALL BUSINESSES AND RESIDENTS / RATE CONSULTANT'S FINDINGS

RECOMMENDED ACTION

Recommendation:

1. That the City Council review and discuss MVU Programs to Support Small Businesses and Residents and review and discuss the rate consultant's findings regarding electric rates for small businesses.

SUMMARY

This Study Session item is a review and discussion of MVU programs to support small businesses and residents and a discussion of the rate consultant's findings regarding electric rates for small businesses.

DISCUSSION

AB 2021, as approved by the Governor in 2006, requires utilities to establish targets for energy savings achieved through the implementation of energy efficiency and demand response programs. Each year, all publicly owned utilities are required to report to the California Energy Commission data that includes energy efficiency targets, expenditures, and energy savings achieved. The current energy efficiency target for MVU is 0.18% of retail sales.

The energy efficiency program for commercial customers was established in 2012 and targets small commercial customers. The program consists of energy audits and the installation of energy efficiency measures related to lighting, refrigeration, motors,

sensors and timers, and weatherization. There is no charge to the customer for this service; it is paid for by MVU through the use of public purpose program funds. To date, 29 customers have participated in the program.

An updated cost-of-service study was recently completed, the results of which were presented to the Council on October 21, 2014. The purpose and goals of the study were as follows:

- Determine revenues and revenue requirements by customer class
- Recover the electric system's cost-of-service
- Support the development and purchase of renewable resources
- Reflect the impacts of greenhouse gas and renewables legislation
- Provide economic development incentive rate recommendations
- Summarize findings and recommendations

The rate consultant determined that while MVU was recovering its costs overall, the utility was not fully recovering all of its costs in certain customer classes while over collecting in other customer classes. In particular, the utility was not fully recovering its costs for both the residential customer class (by 11%) and the small commercial customer class (by 21%).

In 2014, rate adjustments were approved by the City Council to maintain parity with SCE rates per Resolution 2006-112. The rate adjustments resulted in increases to all customer classes, but the small commercial customers and residential customers saw the highest increases. These rate adjustments allow the utility to cover increasing power supply costs, capital needs, and establish reserve fund requirements as recommended by the rate consultant.

The Council directed staff to expand its current energy efficiency and demand response programs to help customers, particularly small commercial and residential customers, save money on their electric bill.

The expanded energy efficiency program for commercial customers will target all commercial customers whose demand is less than 500 kW. The program will consist of an energy audit and installation of measures related to lighting, refrigeration, sensors and timers, motors, and weatherization. In addition, the utility will host educational workshops for customers to help explain the benefits of participating in the program and customize an energy savings program for each customer. The expanded program will also include a demand response component whereby a customer will receive an incentive for voluntarily reducing load on those days when demand for electricity is high.

The residential energy efficiency program will include an energy audit, HVAC tune-up, duct testing and repairs, window tinting, attic fans, rebates for appliances and lighting, and replacement of lighting, weatherization, and insulation. The demand response component of the program will include the ability to monitor usage via a web portal and the ability to remotely turn off the air conditioner or adjust the thermostat on those days

when demand for electricity is high. Residents will receive an incentive for participating in this program.

There will be no charge to customers for participation in these programs. All costs will be borne by MVU through the use of public purpose program funds.

The expanded program was presented to the Utilities Commission on November 21, 2014 for discussion and input. The input received centered around whether or not to consider adding a rate schedule for the demand response programs. All commissioners approved of the direction of the proposed programs.

NOTIFICATION

Publication of the Agenda.

ATTACHMENTS

Attachment 1 – PowerPoint presentation

Prepared By:
Jeannette Olko
Electric Utility Division Manager

Department Head Approval:
Ahmad R. Ansari, P.E.
Public Works Director/City Engineer

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City of Moreno Valley

Moreno Valley Utility (MVU) Programs to Support Small
Businesses and Residents / Rate Consultant's Findings

City Council Study Session
March 17, 2015

Item No. 2.

History

- AB 2021 requires energy efficiency targets
 - Report to California Energy Commission
 - Targets
 - Expenditures
 - Programs
 - Energy savings achieved
- February 26, 2013 – Council approved energy efficiency targets = 0.18% of retail sales



Current Commercial Energy Efficiency Program

- Targeted small commercial customers
- Energy audit and Direct install program
 - Lighting
 - Refrigeration
 - Sensors/timers
 - Motors
 - Weatherization

\$1,000 incentive per installation



Cost-of-Service Study

Purpose and Goals

- Determine revenues and revenue requirements by customer class
- Recover the electric system's cost of service
- Support the development and purchase of renewable resources
- Reflect impacts of greenhouse gas and renewables legislation
- Provide economic development incentive rate recommendations
- Summarize findings and recommendations

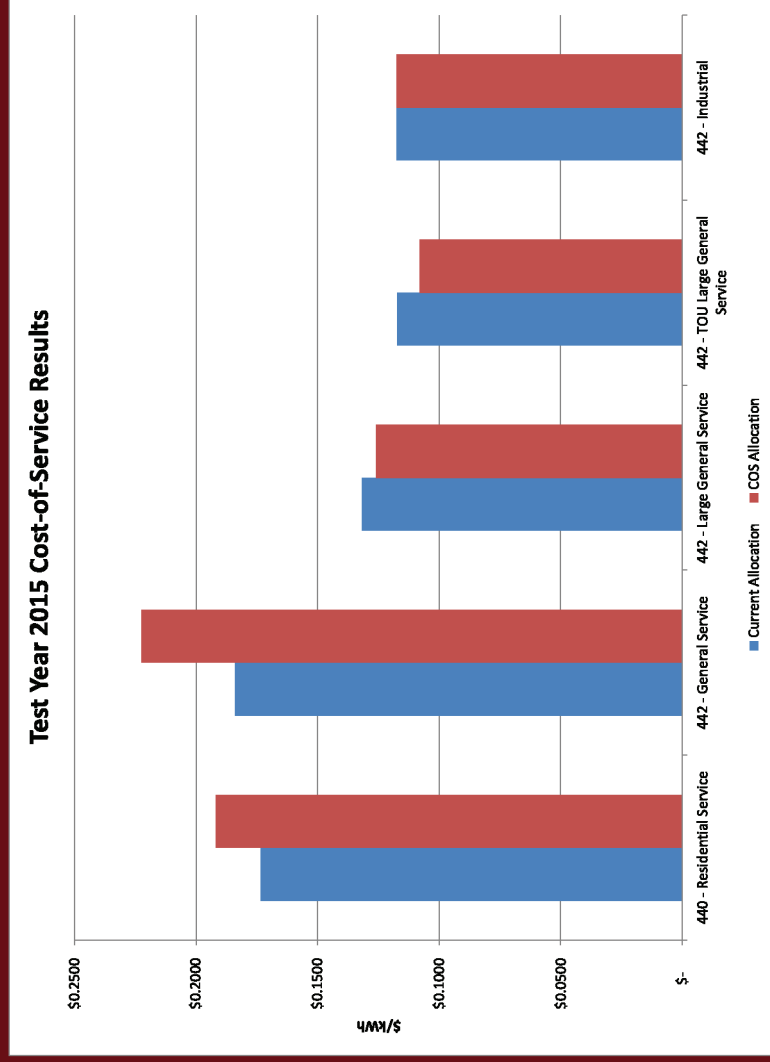
Cost-of-Service Study Results

Results suggest the following potential adjustments:

- Overall System – 0%
- Residential, 11%
- Gen. Service, 21%
- Large Gen. Service, -4%
- TOU, -8%
- Industrial, 0%

-27-

Item No. 2.



Item No. 2.

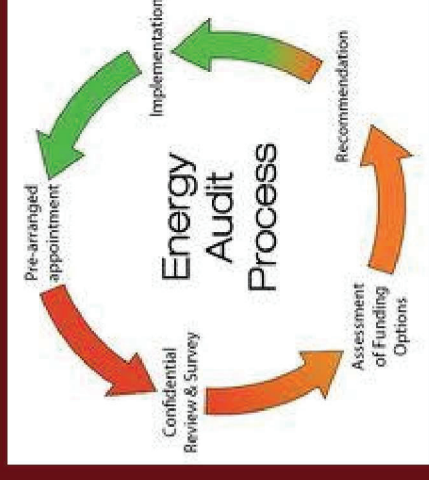
2014 Rate Adjustment

rates adjusted July 9, 2014 and November 19, 2014

- Maintain Parity with Southern California Edison rates

Expanded Commercial Energy Efficiency Program

- Target audience:
 - All commercial customers less than 500 kilowatt (kW) demand
- Program content:
 - Walk-through energy audit
 - Direct install incentive of \$1,000
 - Focus on common measures
 - Lighting
 - Refrigeration
 - Sensors/timers
 - Motors
 - Weatherization



Expanded Commercial Energy Efficiency Program

- Strategy
 - Describe program in commercial newsletter
 - Meet with customer in advance of audit
 - Personal follow-up
 - Host educational workshops
 - Custom program for time-of-use customers
 - Initial five-year program
 - Results evaluated annually
 - Program will be adjusted as necessary

Commercial Demand Response Program

- Program Description:
 - Available to Time-of-Use customers
 - Customer receives incentive for voluntary participation to reduce load
 - Incentive will be similar to SCE incentive
 - Utility and customer monitors customer load
 - Utility determines when to reduce load

Item No. 2.

Residential Energy Efficiency Program

Program includes:

- Walk-through energy audit
- HVAC tune-up
- Duct testing and repairs
- Window tinting
- Attic fans
- Rebates for appliances and lighting
- Replacement of lighting, weatherization, insulation



Residential Energy Efficiency Program



- Strategy
 - Bill stuffers
 - Personally meet with customer prior to audit
 - Residential newsletter
 - Flyers distributed at MVU payment office

Residential Demand Response Program

- Three options available
 - Utility or customer can monitor usage via web portal
 - Customer meter remotely turned off by utility
 - Smart meter remotely turns off air conditioner or pool pump by utility
- All options require installation of smart meter
- All options require utility software platform



Residential Demand Response Program

- Program costs
 - \$500 installation cost per meter for smart meter
 - \$495 software platform annual license fee (multiple users)
 - \$3 per month per meter cellular air time fee
- Incentive
 - Proposed customer incentive will be comparable to SCE incentive



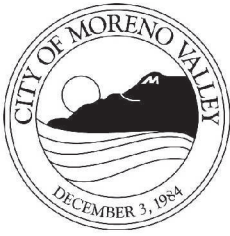
City of Moreno Valley

Item No. 2.

Questions?

Comments?

Suggestions?



APPROVALS	
BUDGET OFFICER	<i>me</i>
CITY ATTORNEY	<i>[Signature]</i>
CITY MANAGER	<i>[Signature]</i>

Report to City Council

TO: Mayor and City Council

FROM: Mike Lee, Community & Economic Development Director

AGENDA DATE: March 17, 2015

TITLE: EDGEMONT WATER ISSUES

RECOMMENDED ACTION

Recommendation: That the City Council receive and file this report.

SUMMARY

Staff will provide an update regarding water reliability issues in the Edgemont neighborhood of Moreno Valley and discuss efforts by the City and Box Springs Mutual Water Company (BSMWC) that seek funding to resolve those concerns.

DISCUSSION

BSMWC is a tax-exempt for-profit mutual company established in the 1920s to supply water to its shareholders for agricultural uses. The company serves water from its well, blended with water from Western Municipal Water District, to approximately 600 households. As of January 2015, BSMWC had issued a total of 2,300 shares and requires representation by 25% (575 shares) to establish a quorum of shareholders. The City holds shares as a consequence of owning property within the company boundaries (primarily the 8 acres owned by the former Redevelopment Agency at the northeast corner of Alessandro Blvd. and Day St.).

Box Springs Mutual Water Company has artificially suppressed the rates. Over the years, Box Springs Mutual Water Company has not had a capital replacement plan. Only in July 2014, did the company begin charging customers to fund a capital replacement plan. As a result, the company's pipelines have deteriorated over time. Current issues include:

- § Declining Water Infrastructure: Storage tanks and pipelines are deteriorated. The well and storage tanks are located northeasterly of Edgemont St. and Dracaea Ave.

Pipeline condition and shallow locations under roadways make the system vulnerable to damage by heavy trucks / street traffic.

- § Inconsistent Water Reliability: The system experiences numerous leaks, causing service interruptions during repairs and impacting BSMWC's budget for repair labor.
- § Impaired Water Quality / Cost (with blending): Well water tests high in nitrates. In order to be in compliance with State water quality standards, BSMWC is purchasing water from Western Municipal Water District (WMWD) by connecting to a WMWD pipeline for blend water. There are potential cost impacts to the company and to the residents / property owners if the price of blend water increases due to drought or other conditions.
- § Threat to Public Safety: The Fire Prevention office tested all BSMWC hydrants in January 2014, in accordance with National Fire Protection Association 291, 2013 Edition (the current edition of the National Fire Protection Association's recommended practice for fire flow testing) and documented inadequate fire flows from 46% of hydrants. Moreno Valley Fire has safety concerns related to fire suppression – for residents, property, and Fire personnel. In addition, significant sediment was found in the water flows during the hydrant testing. Fire expressed concern that the sediment could cause significant damage to the fire engine's pumping equipment.
- § Disadvantaged Community (DAC): The Edgemont neighborhood is home to many families challenged by low incomes, which may be sensitive to water rate increases.
- § Delayed Public Improvements: The City has deferred street improvements because of potential conflicts and damage to BSMWC's shallow water lines. As a result, a substantial portion of the Edgemont neighborhood lacks adequate street paving, sidewalks, and other infrastructure.
- § Impediment to Economic Development: Without minimum fire flows, development that brings new residents, businesses, and infrastructure investment cannot occur. Note that one multi-family project, adjacent to the BSMWC well and tanks, has recently documented adequate fire flows and is currently progressing through the entitlement review process.

Design alternatives estimate construction costs for water system replacement at more than \$22 million. As a private company, BSMWC is not eligible to apply independently for most grants. Yet, with just 600 connections, the company has also been unable to generate adequate revenues to fund the improvements directly. Over the years, the City has invested substantial resources and funds to improve the quality of life for the residents of the Edgemont neighborhood:

- § Loaned BSMWC \$60,000 to cover construction costs for the waterline improvements in Barbara St. and Hildegard St.
- § Loaned BSMWC \$110,000 to replace waterlines on the south side of Eucalyptus Ave. between Valley Springs Pkwy. and Day St., and on Day St. south of Eucalyptus Ave.

- § Applied for and received a \$240,000 grant from the Environmental Protection Agency to complete the programmatic California Environmental Quality Act (CEQA) and National Environmental Policy Act (NEPA) environmental studies that lead to the Council's adoption of a Mitigated Negative Declaration on the conceptual project.
- § Invested approximately \$61,000 in Community Development Block Grant funds for community outreach, staff support, and technical studies.
- § Currently funding \$487,000 in Community Development Block Grant funds for a 35% Preliminary Design Report, updated environmental clearances, phasing plans, etc. to prepare for grant applications.

City staff is tracking various opportunities to seek grant funding on behalf of BSMWC, including programs by the California Department of Water Resources, Cap and Trade, and Proposition 1, the November 2014 Water Bond. Most immediate is the final round of the Proposition 84 water bond. The State has escalated the anticipated Proposition 84 application schedule by approximately 9 months. The guidelines are due for release any day.

- § Application Schedule: currently estimated late Spring 2015.
- § Funding level: Santa Ana Watershed region will receive \$63.8 million.
- § Uncertain Disadvantaged Community set-aside (previous rounds dedicated 10%).
- § Match waiver for Disadvantaged Communities (previous rounds waived match requirements for DACs).
- § Competitive Grant Requirements – previous rounds required:
 - Integrated Regional Water Management Plan (IRWMP) consistency
 - Public agency as lead
 - Preliminary Design complete
 - Fire Flow Improvement
 - Environmental Review complete
 - Disadvantaged Community outreach
 - Agreement between a public lead agency, BSMWC, and an IRWMP participating agency,
 - Commitment to complete project construction within five years.

In conclusion, the City has made significant investment to assist BSMWC in serving the Edgemont neighborhood residents and to facilitate construction of street improvements that cannot now be made with the current waterline locations/condition. When the current engineering project is complete, the City will have brought the Edgemont Waterline Improvement Project to the point of readiness for grant applications.

BSMWC controls the next step. The ability to obtain the above referenced grant funding is dependent upon having a public agency serve as a lead agency and own the improvements. Since BSMWC is a private water company and not a public agency, they are not eligible to apply for such funding. Unfortunately, BSMWC has not acknowledged that the grants providing substantial funding require ownership of the new improvements by a public agency. To date, BSMWC has declined to enter into an agreement with a public agency and the Board of Directors has not proposed an

alternative. Staff is unaware of any grant programs available to BSMWC without public ownership of grant-funded improvements. Box Springs Mutual Water Company must decide:

§ Relinquish water system ownership to a public agency (maintain an advisory role in rate setting);

OR

§ Continue status quo – pay as they go – *without City involvement.*

CITY COUNCIL GOALS

Public Facilities and Capital Projects: Ensure that needed public facilities, roadway improvements, and other infrastructure improvements are constructed and maintained.

Public Safety: Provide a safe and secure environment for people and property in the community, control the number and severity of fire and hazardous material incidents, and provide protection for citizens who live, work and visit the City of Moreno Valley.

Positive Environment: Create a positive environment for the development of Moreno Valley's future.

NOTIFICATION

Publication of the Agenda

ATTACHMENTS

Attachment 1: Edgemont Water Issues PowerPoint
(To be provided under separate cover)

Prepared By:
Michele Patterson
Assistant to the City Manager

Department Head Approval:
Mike Lee
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