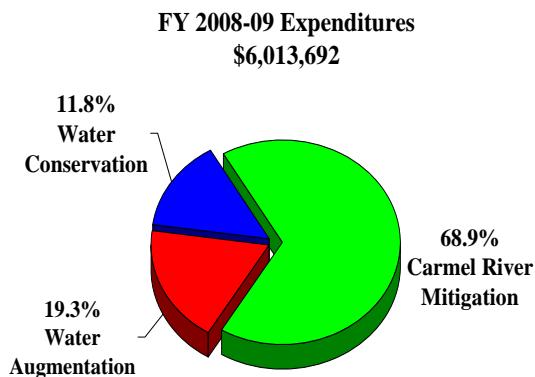
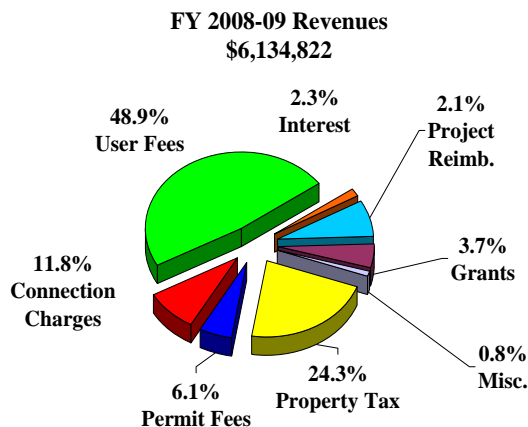


# MONTEREY PENINSULA WATER MANAGEMENT DISTRICT 2008 ANNUAL REPORT

## FINANCIAL ANALYSIS

Total revenues received in Fiscal Year 2008-09 were \$6,134,822 while expenditures totaled \$6,013,692. The difference of \$121,130 was placed in the General Operating Reserve for use in subsequent years. As of June 30, 2008, a balance of \$1,602,501 remained in the General Operating Reserve.

The amended budget for Fiscal Year 2009-10 anticipates revenues of \$7,275,500 and expenditures of \$8,349,800. The difference of \$1,074,300 is being used out of the General Operating Reserve to fund a portion of the amount budgeted to complete Phase 1 of the District's Aquifer Storage & Recovery (ASR) Project. The total amount budgeted for completion of Phase 1 of the ASR Project is approximately \$1,480,000. The budget also includes \$237,500 in funding for preliminary work on the MPWMD 95-10 Desalination Project.



## PRESENT AND FUTURE WATER REQUIREMENTS

**Present Water Requirements:** In Water Year 2008, approximately 19,570 acre-feet (AF) of water was produced to satisfy existing water requirements within the District. Of this total, approximately 14,760 AF or 75% was produced by California American Water (CAW), the largest water purveyor in the District.

**Future Water Requirements:** In 2006, District staff estimated that approximately 4,500 acre-feet per year (AFY) of new water supplies would be needed to meet future CAW water requirements within the District. This estimate was based on general plan build-out conditions provided by each of the jurisdictions within the District and included a 20% contingency factor.

**Available Water Supplies:** Presently, approximately 15,130 AFY of water are available in the Carmel River and Seaside Groundwater Basins to serve CAW customers within the District. Similarly, approximately 4,810 AFY of water are assumed to be available to serve non CAW users in the District. However, because of legal and regulatory constraints, the amount of water available to CAW in the future will be reduced by 10,260 AFY and the amount of water available to non CAW users will be reduced by approximately 210 AFY. This calculation assumes that CAW will retain rights to produce 3,376 AFY from Carmel River sources and 1,494 AFY from Seaside Groundwater sources.

In 2006, District staff estimated that approximately 12,500 AFY of new supplies would need to be developed to replace existing unlawful diversions from the Carmel River or production in excess of adjudicated rights in the Seaside Groundwater Basin. This estimate includes an adjustment for weather effects and possible sedimentation in Los Padres Reservoir.

**Requirements for Future Capital Improvements:** A number of water supply alternatives have been proposed by the District, CAW, and others to address the present and future water needs in the District. These alternatives include the Coastal Water Project proposed by CAW and the Regional Water Supply Project proposed by the Water for Monterey County Coalition and sponsored by the Marina Coast Water District (MCWD). Each of these projects includes a 10 million gallon per day (MGD) desalination plant that is projected to cost approximately \$210,000,000. Updated costs for the desalination plants and associated conveyance systems are being developed by CAW and MCWD as part of the rate-setting process before the California Public Utilities Commission (CPUC) and should be available by August 2009.

**Requirements for Operation and Maintenance:** As described above, updated costs for operation and maintenance of the proposed Coastal Water and Regional Water Projects are being developed as part of the current CPUC rate-setting process and should be available by August 2009.



## **METHODS AVAILABLE FOR FINANCING**

The District has historically paid for costs associated with water supply projects on a pay-as-you-go basis with the majority of the funding coming from user fees, the District's largest and most fluid revenue source. In October 2008, a \$2.5 million line of credit was established to provide additional funding for preliminary costs of current and future potential water supply projects. Possible sources of funds to pay for actual construction of future water supply projects include ongoing revenue increases, new revenue categories, grants, bond financing and user fee increases. Actual funding sources would be dependent on the type of project, the amount of funding needed and other variables.

## **GROUNDWATER CHARGE**



**Groundwater Zone:** In June 1980, the District Board approved formation of a groundwater charge zone including all District territory, except portions of the District lying within the City of Sand City. The District-wide groundwater zone was formed to provide the legal basis for a comprehensive well-monitoring program consisting of well registration, well metering, and water production reporting. Formation of the groundwater charge zone was not intended to generate revenues and it was acknowledged that no groundwater charge would be levied for the production of any naturally occurring groundwater.

Accordingly, it is recommended that no groundwater charge be levied in any zone of the District during Water Year 2009.

## **PROPOSED RATES**

The District does not propose to levy any agricultural water or other non-agricultural water charges in Fiscal Year 2009-10.