

**Potential Modifications
to
ORDINANCE NO. 152**

ONE - Addition to the Sunset Clause

This provision would add specific sunset provisions to the existing generic sunset clause now set forth in draft Ordinance No. 152. This addition would direct that the water supply charge shall not be collected (a) if an identified District project is not underway within five years, or (b) to the extent funding for a project has become a charge on the California American Water Company bill, or (c) if bonds for a project are repaid. If this change is selected by the Board, the existing paragraphs in Section Nine "Effective Date; Review Requirement; Sunset" shall be labeled as Paragraphs A and B, respectively. The following text would then be added as Paragraph C, as follows.

Section Nine: Effective Date; Review Requirement; Sunset

C. Notwithstanding any other provision of this Ordinance, the District shall not collect a water supply charge pursuant to this Ordinance: (a) in Fiscal Year 2018-19 (or any subsequent fiscal year) if no District project is identified and determined by the Board of Directors to have been underway as of December 31, 2017, (b) to the extent alternative funds are available via a charge collected on the California American Water Company bill, or (c) to the extent the Board of Directors determines that the charge (or portion thereof) is no longer required because bonds financing a specific project having been repaid.

TWO - Limit Use of Fee Revenue ; Limit on Administrative Overhead

The existing language in Section 3 "Purposes" ensures revenue collected by Ordinance No. 152 would be used to fund District water supply activities such as Aquifer Storage and Recovery (ASR), Groundwater Replenishment (GWR), and Desalination. However, new language would limit use of revenue collected by Ordinance No. 152 so that no more than fifteen (15%) of funding can be applied to general overhead. If selected by the Board, the following revision would be added to the section entitled "Purposes."

No more than fifteen (15%) of proceeds collected by reason of Ordinance No. 152 shall be used to fund general unallocated administrative overhead.

THREE - Revisions to Create Citizen's Oversight Panel

This provision would establish a citizen's advisory panel to review expenditure of funds received pursuant to this ordinance and make recommendations on this topic to the District Board of

Directors. If selected by the Board, the following text would be added to Ordinance No. 152 as a separate section, immediately preceding the section dealing with the Sunset provision. All subsequent sections would be renumbered.

Section XXX: Citizen's Oversight Panel

Within sixty days of the effective date of this ordinance, the District Board shall create a nine member "Ordinance 152 Citizen's Oversight Panel" as an advisory board to the Board of Directors. Members of the Panel shall serve at the pleasure of the District Board, and shall be appointed as follows: the Board shall appoint one member from a panel of three persons nominated by the Monterey Peninsula Taxpayers Association, and the Board shall appoint one member from a panel of three persons nominated by the Monterey County Association of Realtors, and each Director shall appoint one member.

The District Board shall adopt bylaws for the Panel which shall ensure the Panel meets on a quarterly basis, as needed, and that its meetings comply with the Ralph M. Brown Act. Duties of the Panel shall be limited to issuing an annual report and providing advice to the District Board. Expenditure of funds or use of staff resources shall require approval of the District Board.

FOUR - Revisions to Prohibit Modification without Proposition 218 Protest Hearing

This provision would limit future modification of Ordinance No. 152 unless a second Proposition 218 Protest Hearing was held. If selected, the following text would be added to Ordinance No. 152 as a separate section, and would become the last section of that ordinance.

Section XXX: Limitation on Modification

No subdivision, paragraph, sentence, clause or phrase of this Ordinance shall, for any reason, be amended by the District Board unless the District Board: (a) conducts a hearing on the proposed amendment, (b) causes mailed notice of the hearing to be given in the manner set forth in Article XIII D of the California Constitution, (c) accepts protests against the amendment in the manner set forth in Article XIII D of the California Constitution, and (d) determines that a majority protest to the modification does not exist. Notwithstanding the foregoing, the District Board may, without complying with the foregoing sentence, amend this Ordinance to (i) temporarily suspend the Supply Charge, (ii) reduce the rate of the Supply Charge, or (iii) repeal this ordinance in its entirety. Furthermore, nothing in this paragraph shall be construed to create notice, protest or hearing rights (if not otherwise created by state or federal law) with respect to any action taken by the Board of Directors for the purpose of complying with any (i) court order, (ii)

published appellate court or federal court decision (including a decision in a case to which the District is not a party), (iii) change in statutory law, or (iv) amendment to the California or federal constitutions.