



**EXHIBIT 18-B**

**FINAL MINUTES**  
**Ordinance No. 152 Oversight Panel of the**  
**Monterey Peninsula Water Management District**  
*October 31, 2016*

**Call to Order**        The meeting was called to order at 10:10 am in the conference room at the offices of the Monterey Peninsula Water Management District.

**Committee members present:**

Paul Bruno  
Jason Campbell  
Jody Hanson (arrived at 10:30 am)  
Todd Kruper  
George Riley  
John Tilley

**MPWMD Staff members present:**

David J. Stoldt, General Manager  
Suresh Prasad, Administrative Services Manager  
Arlene Tavani, Executive Assistant

**District Counsel Present:**

Heidi Quinn

**Committee members absent:**

Christine Monteith  
John Bottomley

**Comments from the Public:**

No comments were directed to the committee.

**Action Items**

**1. Consider Adoption of Minutes of June 7, 2016 Committee meeting**

On a motion by Kruper and second of Riley, the minutes were approved on a vote of 4 – 0 by Bruno, Campbell, Kruper and Riley. Tilley abstained as he did not attend the June 7, 2016 meeting. Hanson was absent for the vote.

**2. Approve 2016 Annual Report to MPWMD Board**

Riley offered a motion that was seconded by Bruno to approve the 2016 Annual Report with the following modifications. (a) Page 2, paragraph 2, describe how the Water Revenue Adjustment Mechanism surcharge relates to the User Fee. (b) Page 2, paragraph 3, second sentence – remove the word “significant” from the phrase “significant progress is being made...” (c) Explain why the Rabobank loan was needed and how it relates to water supply. The motion was approved on a vote of 5 – 0 by Bruno, Campbell, Kruper, Riley and Tilley. Hanson was absent for the vote.

## Discussion Items

### 3. **Review of Revenue and Expenditures of Water Supply Charge Related to Water Supply Activities**

Suresh Prasad, Administrative Services Manager/Chief Financial Officer, reviewed Exhibit 3-A, Water Supply Charge Availability Analysis that was submitted with the staff report. (Hanson joined the meeting at 10:30 am.) Prasad explained that Water Supply Charge Collections totaled only \$71,694 because it was early in the year. The next installment from the Monterey County Assessor would be received in December 2016. Stoldt stated that the analysis did not reflect an additional \$700,000 in unbudgeted Pure Water Monterey (PWM) expenses. Prasad noted Aquifer Storage and Recovery project (ASR) costs will be lower than budgeted, so funds originally intended for ASR will cover the additional Pure Water Monterey project costs.

## Other Items

### 4. **Update on District User Fee and CPUC**

Stoldt reported that the California Public Utilities Commission (CPUC) had not taken action to implement the User Fee, although the courts had ordered that the User Fee be reinstated. However, a member of the Commission who had opposed reinstatement of the User Fee recently resigned from the CPUC. In response to the personnel change, the Water Management District and California American Water submitted to the CPUC an All Party Motion for Order Authorizing Collection and Remittance of the Monterey Peninsula Water Management District User Fee. The Motion proposes that the two surcharges on the Cal-Am bill currently collected for the District be removed (Carmel River Mitigation Surcharge and MPWMD Conservation Surcharge), and replaced with the reinstated User Fee. It is anticipated that the User Fee will provide sufficient revenue to pay for water conservation and mitigation activities currently funded by the two surcharges. After the User Fee has been collected over time, staff can determine if sufficient funds will be available to fund water supply expenditures. The District plans to collect the User Fee and the Water Supply Charge for a three-year period and then determine if the Water Supply Charge can be reduced.

### 5. **Water Supply Project Update**

Stoldt presented an update that is on file at the District office and can be viewed on the Water Management District's website.

**Adjourn:** The meeting was adjourned at 11:25 pm