

EXHIBIT 6-A
AMENDMENT 2
to
MRWPCA-MPWMD GROUNDWATER REPLENISHMENT PROJECT
COST SHARING AGREEMENT

This Amendment is entered into as of October __, 2017 (**Effective Date**), by and between the Monterey Regional Water Pollution Control Agency, a joint powers authority (“MRWPCA”) and the Monterey Peninsula Water Management District, a California special act district (“MPWMD”), collectively the “Parties”, based upon the following facts, intentions and understandings of the Parties.

Section II. A. 1 is amended to read as follows:

1.(a) Planning and Development Costs Defined

This Agreement is by its terms limited to sharing of costs of planning and development of the GWR Project, incurred beginning April 1, 2012 and incurred through the period ending February 28, 2017. Such costs are also referred to as “Pre-Construction Costs.” Examples of those costs include:

1. CEQA
2. Feasibility Review
3. Facilities Planning
4. Monitoring Well Construction and Testing
5. Pilot Treatment and Pilot Injection
6. Public Outreach
7. Line of Credit Issuance Costs, Interests, and Related Fees
8. Design and Engineering
9. Legal Expenses Related to Activities Above

1.(b) Financing of GWR Project Planning and Development Costs

The Parties estimate that the costs described in Section 1.(a), immediately above, will total \$6,957,352 as shown in the budget in Appendix A. Beginning FY2013-14, MPWMD shall pay seventy-five percent (75%) of such costs, and MRWPCA shall pay twenty-five percent (25%) of such costs. Seventy-five percent (75%) of full employee costs (salary and benefits) incurred by MRWPCA for up to two (2) of its employees' allocable time committed to tasks falling within the components described in Section 1.(a), immediately above, shall be paid (reimbursed) by MPWMD. Prior to FY2013-14, such costs are shared fifty percent (50%) by each Party. Other employee costs incurred by either Party and allocable to the GWR Project will be reimbursed from the proceeds of

the permanent financing pursuant to any reimbursement resolution adopted by MPWMD or MRWPCA.

1.(c) Reimbursement of Planning and Development Costs

- i. Initial Reimbursement: The parties agree that the Agency will request an initial reimbursement from the State Revolving Fund (SRF) Loan in the amount of \$8,219,742 (Initial Reimbursement.) It is expected that this reimbursement will occur in more than one payment by the State. The amounts received from all payments of this Initial Reimbursement will be divided equally between the MRWPCA and MPWMD.
- ii. Periodic Subsequent Reimbursement: Periodic subsequent reimbursements of Planning and Development Costs shall be divided between MRWPCA and MPWMD in a manner to achieve proportional reimbursement by each party when all Planning and Development Costs have been fully reimbursed, pursuant to the formula described in Appendix B hereto.
- iii. If the actual amount received from the State is reduced by costs that are disallowed by the SRF Loan, the parties agree to equally share in any reimbursement reductions or request additional disbursements up to the amount listed within this section.
- iv. Total reimbursements of Planning and Development Costs received by the Parties shall not exceed the following (*NOTE: Subject to final reconciliation by the parties*):

MRWPCA: \$6,533,333

MPWMD: \$12,713,805

MRWPCA may not seek additional reimbursement of its pre-construction costs incurred outside of this Agreement unless and until the District is fully reimbursed the amount shown above.

1.(d) Unreimbursed Construction Period Costs Defined

From March 1, 2017 through June 30, 2019, there may occur project related costs that are not allowed to be capitalized to the project and paid or reimbursed by State Revolving Fund Loans. Examples of those costs include, among others:

- 1. Public Outreach
- 2. Geochemical Water Quality Modeling
- 3. Groundwater Basin Modeling
- 4. Facility Expansion Design and Engineering
- 5. Regulatory Proceedings

1.(e) Financing of GWR Unreimbursed Construction Period Costs

MPWMD shall pay seventy-five percent (75%) of such costs, and MRWPCA shall pay twenty-five percent (25%) of such costs.

Section II. A. 2 is amended to read as follows:

2. (This section deleted by Amendment 2)

Section II. F. is amended to read as follows:

14. Term

This Agreement shall remain in force and effect until June 30, 2019. The term of this Agreement may be extended with the mutual agreement of the Parties.

WHEREFORE, this Amendment 2 to the Cost Sharing Agreement was executed by the parties on the date first above written.

MRWPCA

MONTEREY REGIONAL WATER POLLUTION
CONTROL AGENCY,

By: _____
Rudy Fischer, Board Chair
MRWPCA Board of Directors

MPWMD

MONTEREY PENINSULA WATER MANAGEMENT
DISTRICT,

By: _____
Robert S. Brower, Chair
MPWMD Board of Directors

APPENDIX B

Calculation of Subsequent Reimbursements

Pursuant to Section 1.(c)ii of the Agreement, Subsequent Reimbursements will be calculated according to the formula (Formula) below.

Definitions:

“PSR” = “Periodic Subsequent Reimbursement”: Total amount, at any time subsequent to the Initial Reimbursement, of Planning and Development Costs reimbursed with SRF funds, subject to a single, periodic subsequent reimbursement request. There may be one, two, or several Periodic Subsequent Reimbursements.

“PSR_{PCA}” = “Periodic Subsequent MRWPCA Reimbursement”: The amount of any Periodic Subsequent Reimbursement allocable to MRWPCA pursuant to the Formula below.

“PSR_{WMD}” = “Periodic Subsequent MPWMD Reimbursement”: The amount of any Periodic Subsequent Reimbursement allocable to MPWMD pursuant to the Formula below.

“RTD_{PCA}” = “MRWPCA Reimbursements To Date”: At the time of any Periodic Subsequent Reimbursement received, the total of all reimbursements previously received to date by MRWPCA, including the portion of the Initial Reimbursement received by MRWPCA pursuant to Section 1.(c)i of the Agreement.

“RTD_{WMD}” = “MPWMD Reimbursements To Date”: At the time of any Periodic Subsequent Reimbursement received, the total of all reimbursements previously received to date by MPWMD, including the portion of the Initial Reimbursement received by MPWMD pursuant to Section 1.(c)i of the Agreement.

“TOT_{PCA}” = “Total MRWPCA Reimbursement”: The amount shown for MRWPCA pursuant to Section 1.(c)iv of the Agreement, equal to \$6,533,333

“TOT_{WMD}” = “Total MPWMD Reimbursement”: The amount shown for MPWMD pursuant to Section 1.(c)iv of the Agreement equal to \$12,713,805

Formula:

$$\text{PSR}_{\text{PCA}} = \frac{(\text{TOT}_{\text{PCA}} - \text{RTD}_{\text{PCA}})}{(\text{TOT}_{\text{PCA}} + \text{TOT}_{\text{WMD}}) - (\text{RTD}_{\text{PCA}} + \text{RTD}_{\text{WMD}})} \times \text{PSR}$$

$$\text{PSR}_{\text{WMD}} = \frac{(\text{TOT}_{\text{WMD}} - \text{RTD}_{\text{WMD}})}{(\text{TOT}_{\text{PCA}} + \text{TOT}_{\text{WMD}}) - (\text{RTD}_{\text{PCA}} + \text{RTD}_{\text{WMD}})} \times \text{PSR}$$

Example 1: One future remaining periodic reimbursement request of \$11,047,139

$$\text{PSR}_{\text{PCA}} = \frac{(\$6,533,333 - \$4,100,000)}{(\$19,247,138) - (\$8,200,000)} \times \$11,047,139 = \$2,433,333$$

$$\text{PSR}_{\text{WMD}} = \frac{(\$12,713,805 - \$4,100,000)}{(\$19,247,138) - (\$8,200,000)} \times \$11,047,139 = \$8,613,805$$

Example 2: Two future remaining periodic reimbursement requests of \$6,000,000 and then \$5,047,139

First, the \$6,000,000 reimbursement request:

$$\text{PSR}_{\text{PCA}} = \frac{(\$6,533,333 - \$4,100,000)}{(\$19,247,138) - (\$8,200,000)} \times \$6,000,000 = \$1,321,609$$

$$\text{PSR}_{\text{WMD}} = \frac{(\$12,713,805 - \$4,100,000)}{(\$19,247,138) - (\$8,200,000)} \times \$6,000,000 = \$4,678,391$$

Then later, the \$5,047,139 reimbursement request:

$$\text{PSR}_{\text{PCA}} = \frac{(\$6,533,333 - \$5,421,609)}{(\$19,247,138) - (\$14,200,000)} \times \$5,047,139 = \$1,111,724$$

$$\text{PSR}_{\text{WMD}} = \frac{(\$12,713,805 - \$8,778,391)}{(\$19,247,138) - (\$14,200,000)} \times \$5,047,139 = \$3,935,414$$

In this example, after the two periodic subsequent reimbursements, the totals for each entity are:

MRWPCA:	\$6,533,333	33.94%
MPWMD:	\$12,713,805	66.06%

If the second periodic subsequent reimbursement is never executed, the totals for each entity are:

MRWPCA:	\$5,421,609	38.18%
MPWMD:	\$8,778,391	61.82%

If no periodic subsequent reimbursements are ever executed, the totals for each entity are:

MRWPCA:	\$4,100,000	50.00%
MPWMD:	\$4,100,000	50.00%

Hence, the District takes the primary risk of the failure to in the future receive reimbursement that is in proportion to its relative investment compared to MOW.