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**Public Outreach  
Committee Members:**

*Brenda Lewis, Chair  
Molly Evans  
David Pendergrass*

**Alternate:**

*Jeanne Byrne*

**Staff Contacts:**

*Stephanie Locke  
Arlene Tavani*

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In addition, such  
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Documents distributed at  
the meeting will be made  
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**AGENDA**

**Public Outreach Committee  
of the Monterey Peninsula Water Management District**

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Tuesday, March 8, 2016, 1:30 pm

MPWMD Conference Room, 5 Harris Court, Building G., Monterey, CA

**Call to Order**

**Comments from Public**

*The public may comment on any item within the District's jurisdiction. Please limit your  
comments to three minutes in length.*

**Action – Public comment will be received on all Action Items**

1. Consider Development of Recommendation to the Board of Directors on  
Approval of 2015 MPWMD Annual Report
2. Discuss Plan for Informing the Public about the Long-Term Plan for User Fee and  
Water Supply Charge Funds

**Schedule Next Meeting Date**

**Adjournment**

Upon request, MPWMD will make a reasonable effort to provide written agenda materials in appropriate alternative formats, or disability-related modification or accommodation, including auxiliary aids or services, to enable individuals with disabilities to participate in public meetings. MPWMD will also make a reasonable effort to provide translation services upon request. Please send a written request, including your name, mailing address, phone number and brief description of the requested materials and preferred alternative format or auxiliary aid or service by 5:00 pm on Monday, March 7, 2016. Requests should be sent to the Board Secretary, MPWMD, P.O. Box 85, Monterey, CA, 93942. You may also fax your request to the Administrative Services Division at 831-644-9560, or call 831-658-5600.

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## **PUBLIC OUTREACH COMMITTEE**

### **ITEM: ACTION ITEMS**

#### **1. CONSIDER DEVELOPMENT OF RECOMMENDATION TO THE BOARD OF DIRECTORS RE ADOPTION OF 2015 MPWMD ANNUAL REPORT**

**Meeting Date:** March 8, 2016

**From:** David J. Stoldt,  
General Manager

**Prepared By:** Arlene Tavani

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**SUMMARY:** Attached as **Exhibit 1-A** is preliminary draft text of the 2015 MPWMD Annual Report. The District's Enabling Legislation specifies that a public hearing on the report will be conducted in March of each year.

**RECOMMENDATION:** The Committee should review the text, advise staff of any changes needed, and recommend that the Board adopt the report at the April 21, 2016 Board Meeting.

#### **EXHIBITS**

**1-A** Preliminary Draft MPWMD 2015 Annual Report



## EXHIBIT 1-A

### DRAFT MPWMD 2015 Annual Report

Preliminary Draft 3/7/16

#### Accomplishments

- **Monterey Peninsula Water Supply Project** – The District has made continued progress on the Monterey Peninsula Water Supply Project working jointly with California American Water (Cal-Am), the Monterey Peninsula Regional Water Authority, and other parties.
- **Funding for Desalination** – The District successfully passed SB 936 through the Legislature for financing the project in a manner to reduce impacts on ratepayers, working with Senator Bill Monning and Assembly member Mark Stone. Also provided funding for environmental and permitting work on an alternative desalination facility.
- **Pure Water Monterey Project** – The District led a coalition that includes Salinas Valley growers to expand the project potential in a multi-benefit, multi-regional manner. The District provided the majority of funding and provided services for environmental and permitting work on this innovative water recycling plant for serving a portion of the Peninsula's potable supply, working in partnership with the Monterey Regional Water Pollution Control Agency (MRWPCA).

The MRWPCA certified the Final Environmental Impact Report on Pure Water Monterey, which enables the District to enter into funding agreements for the project and obtain permits.

- **Aquifer Storage and Recovery (ASR)** - MPWMD operated the Phase 1 and Phase 2 facilities in coordination with Cal-Am while diverting 215 acre-feet (AF) of Carmel River Basin water for injection and storage in the Seaside Basin during the hydrologically-dry 2015 water year (WY). Since inception of the ASR program, a total of 4,986 AF has been diverted from the Carmel River for storage and subsequent recovery through the end of WY 2015.
- **Water Rights** – In its lead role as local resource manager, the District reviewed a water rights change permit issued by the State Water Resources Control Board for Carmel River diversions that enables a limited amount of new connections to the Cal-Am system. Also, MPWMD continued work on an integrated ground water – surface water GSFLOW/MODFLOW model to update instream flow needs for steelhead in the Carmel River, with a focus on model calibration, data review and input. The model is expected to be completed in mid-2016, and allow the District to model different water supply scenarios and their impacts on the Carmel River.
- **Well Permitting** – After reviews for potential impacts to the water resource system and other water users, MPWMD issued 6 Water Distribution System Permits and 13 Confirmation of Exemptions for private properties that met the criteria established in District Rules and Regulations.
- **Proposition 1 Integrated Regional Water Management Program** – The District took the lead for the Monterey Peninsula region in negotiating a draft agreement for sharing Proposition 1 funds in the Central Coast funding area. If approved by all regions, the Monterey Peninsula region would receive \$4.2 million for implementation of projects.
- **State-Mandated Carmel River Mitigation and Stewardship** – Completed a basis of design report for an upgrade for the Sleepy Hollow Steelhead Rearing Facility, which includes construction of a new intake and water supply system. The intent is to protect the facility from changes in river flows due to the removal of San Clemente Dam and to allow the facility to continue to operate during periods of extreme drought or high flows. The total project cost (design and construction) is estimated at \$2.2 million and will be reimbursed from funds generated by a Settlement Agreement between Cal-Am and the National Marine Fisheries Service (NMFS). The project is scheduled to be completed in 2017.

Successfully rescued 3,013 wild steelhead (including 384 collected during trapping operations) from approximately 10.9 miles of the Carmel River. Juvenile steelhead were released to upstream permanent habitats, predominantly in Cachagua Community Park, and adults and smolts to the ocean. The Sleepy Hollow Steelhead Rearing Facility

could not be operated due to critically dry low flow conditions, compounded by fluctuating streamflows that resulted from fish passage construction projects at San Clemente Dam and Los Padres Dam.

Reinstalled the Dual-frequency Identification Sonar (DIDSON) in the lower river to count immigrating adult steelhead for the third year of operation. The run size was estimated at a net of 10 adult fish, based on observations of 56 individual fish (31 upstream/21 downstream).

Continued to work with NMFS, the United States Geological Survey, and California State University at Monterey Bay on field studies to: (a) evaluate the impact of removing San Clemente Dam, and (b) develop a steelhead population life history model for the watershed, where staff helped tag fish from their two studies, as well as MPWMD's fall population survey sites. This effort included NMFS installation of a tag detection array at the Carmel Area Wastewater District's treatment plant.

Characterized steelhead habitat in the full reach of the mainstem Carmel River in preparation of selecting transects for use in the development of a hydraulic model to evaluate steelhead habitat. An analogous steelhead habitat assessment effort was last conducted in the 1980's. The model will be used to answer such questions as "Is the Carmel River better off with or without Los Padres Dam" and what effect changes in stream diversions would have on the availability and quality of steelhead habitat.

Carried out a Vegetation Management Program in the active channel of the Carmel River at six sites to prevent debris dams and erosion. This includes trimming back encroaching vegetation and reducing the hazard of downed trees in preparation for winter flows. In addition, trash was removed along the Carmel River before winter rains and high flows washed it into the ocean.

Planted native trees on the banks of the Carmel River to improve habitat value, reduce bank erosion, and mitigate for the District's Vegetation Management Program.

Completed four additional miles of survey work in the lower 15 miles of the Carmel River to document changes in the profile of the channel bottom since 2007.

- **Los Padres Dam Improvements** –Entered into a reimbursement agreement with Cal-Am for up to \$928,000 as part of the 2015-17 Public Utilities Commission General Rate Case to plan for the long-term future of the dam and associated reservoir. Completed a draft scope of work to assess upstream fish passage alternatives. Additional areas of study will include: sediment management, mitigating for downstream habitat impacts, and an evaluation of alternatives ranging from complete dam removal to increasing storage at the reservoir.
- **Conservation** – Approved 1,644 rebate applications totaling \$522,388.17 for annual savings of 32.443 acre-feet of water.

MPWMD began inspecting building-by-building for compliance with the Non-Residential water efficiency requirements (Rule 143). More than 277 businesses were inspected. All businesses will be verified by late 2016.

2,174 properties were inspected to verify compliance with Water Efficiency Standards (Retrofit Upon Change of Ownership or Use).

682 Water Permits were issued, including 40 Water Permits for Water Entitlement Holders.

American Rainwater Catchment Systems Association (ARCSA) training – MPWMD hosted a two day AP-level workshop on rainwater harvesting for those seeking ARCSA-accredited professional status.

Sponsored Commercial, Industrial & Institutional (CII) Water Efficiency Training. The three-day workshop provided a comprehensive overview of key CII water uses. Participants learned about potential water savings, auditing techniques, and return on investment.

Hosted several greywater ("Laundry to Landscape") and rainwater harvesting workshops, including hands-on demonstration installations at local locations.

Participated in numerous outreach events and school programs to promote conservation and the District.

- **Financial Performance** – This is the first year that the District has prepared a Comprehensive Annual Financial Report (CAFR). A CAFR is a set of government financial statements comprising the financial report of a

municipality that complies with the accounting requirements promulgated by the Government Accounting Standards Board. MPWMD received a clean financial audit report with no material weakness or deficiencies. The audit for fiscal year 2014-2015 was conducted by Hayashi Wayland, an independent auditing firm.

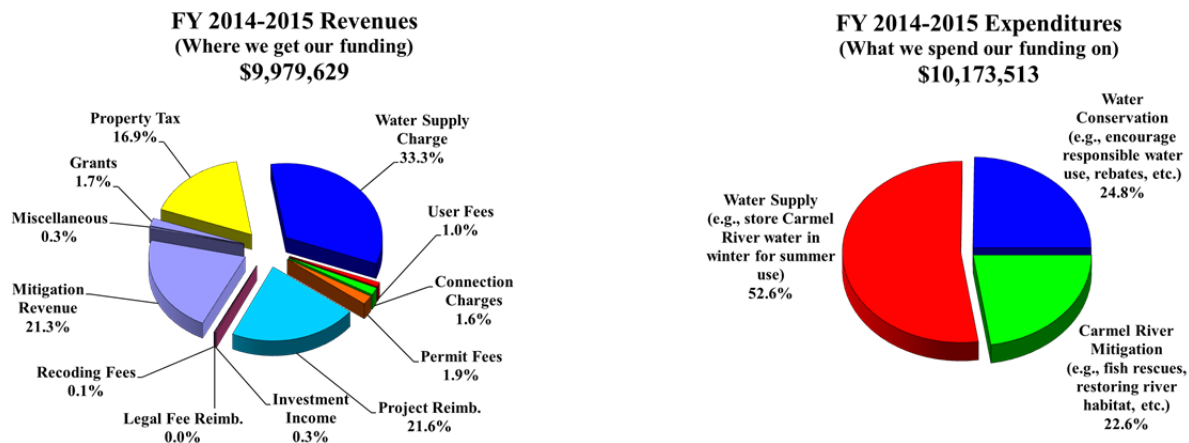
- **Community Outreach** - Continued outreach with presentations to fifth graders from the International School of Monterey and Pacific Grove, freshman biology classes from Carmel High School, seniors of Environmental Science classes from Robert Louis Stevenson School, graduate school classes at CSUMB in Watershed Science and Policy, the Carmel Foundation, and the California Naturalist program.

Executed over 30 presentations to community groups and City Councils, several guest opinions in local media, and posted weekly updates on the MPWMD Facebook page.

## Financial Analysis

Total revenues received in Fiscal Year 2014-2015 were \$9,979,629, while expenditures totaled \$10,173,513, generating a decrease in fund balance of \$193,884. As of June 30, 2015, the District's total fund balance was \$5,116,899.

The budget for Fiscal Year 2015-2016 anticipates revenues of \$13,930,850 and expenditures of \$13,930,850, which is a balanced budget. The total amount budgeted for completion of ASR 1 is \$502,400; ASR 2 work is budgeted at \$94,700; Ground Water Replenishment work is budgeted at \$4,633,000; local water project is budgeted at \$466,000; Cal-Am desalination financing work budgeted at \$140,000; and alternate desalination project is budgeted at \$350,000. The budget also includes \$367,800 in funding for preliminary work on various other water projects. ASR Projects 1 & 2 are wells and appurtenances for underground water storage and recovery.



## Future Financing Methods

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, which was the District's largest and most fluid revenue source. The User Fee revenue from Cal-Am customers was not available to the District in 2014. In 2016, the user fees once again became available to the District as a source of revenue. With the establishment of the Water Supply Charge, the District now funds its water supply projects from this funding source. The District also uses a line of credit 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, user fees, water supply charge, new revenue categories, grants, and bond financing. 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 2015.

**Available Water Supplies** **THIS SECTION WILL BE UPDATED WITH 2015 NUMBERS IN THE FINAL DRAFT REPORT:** In Water Year 2014, 12,244 AF of water were legally available in the Carmel River and Seaside Groundwater Basins to serve Cal-Am customers within the District. Similarly, approximately 4,710 AF of water were assumed to be available to serve non-Cal-Am users extracting water from the Carmel Valley Aquifer and the Seaside Basin.

However, because of legal and regulatory constraints, MPWMD estimates that the long-term water supplies available to Cal-Am's customers in the future will be reduced to approximately 6,750 acre-feet per year (AFY) and the amount of water available from the Seaside Basin to non-Cal-Am users will be reduced by approximately 122 AFY. This assumes that Cal-Am will retain rights to produce 774 AFY from Seaside Groundwater sources (restored to 1,474 in 25 years), 94 AFY from the Sand City Desalination Facility, 2,000 AFY from Aquifer Storage and Recovery, and 3,376 AFY from Carmel River sources. In 2013, the State granted Cal-Am an additional 1,488 AFY of Carmel River diversions, subject to meeting instream flow requirements. MPWMD estimates a long-term yield of about 500 AFY from this diversion right.

In its application to the California Public Utilities Commission for the Monterey Peninsula Water Supply Project, Cal-Am has sought to incorporate replenishment of the Seaside Basin, as well as potential demand for build-out in Pebble Beach, the potential "bounce back" in tourism resulting from economic recovery and utilizing existing visitor-serving capacity, and legal lots of record. Therefore, there is a required demand of 15,296 acre-feet.

**Requirements for Future Capital Improvements:** Based on the stated future demands discussed above, the resulting desalination facility size is 6,252 AF with Pure Water Monterey Groundwater Replenishment (GWR), or 9,752 AF without GWR. The groundwater replenishment project expected to create 3,500 AFY of new supply is being cosponsored by the Monterey Regional Water Pollution Control Agency and the District, which funds 75% of that project from its Water Supply Charge. Product water will be stored in the ground for 6 months and recovered for sale to Cal-Am.

Aquifer Storage and Recovery is expected to be doubled in capacity by 2019, to almost 3,000 AFY and is being developed jointly by the District and Cal-Am. However, until permit conditions are modified subsequent to the future lifting of the Cease and Desist Order, not all ASR capacity is reliably available in dry years, hence cannot all be counted upon to offset unlawful diversions. The District continues to develop plans for additional ASR opportunities for future water supply.

## **PUBLIC OUTREACH COMMITTEE**

### **ITEM: ACTION ITEMS**

#### **2. DISCUSS PLAN FOR INFORMING THE PUBLIC ABOUT THE LONG-TERM PLAN FOR USER FEE AND WATER SUPPLY CHARGE FUNDS**

**Meeting Date:** March 8, 2016

**From:** David J. Stoldt,  
General Manager

**Prepared By:** Arlene Tavani

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**SUMMARY:** Attached as **Exhibits 2-A through 2-C** are documents for your review that will be presented by General Manager Stoldt during the discussion of this item.

**RECOMMENDATION:** The Committee will discuss the information presented in the exhibits and begin development of a plan for informing the public about decisions regarding user fee and water supply funds.

#### **EXHIBITS**

- 2-A** Page 1 of MPWMD Ordinance No. 152
- 2-B** User Fee and Water Supply Charge 10 Year Forecast
- 2-C** Collection of User Fee from Cal-Am Bills



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*Adopted June 27, 2012 – Effective July 1, 2012*

**ORDINANCE NO. 152**

**AN ORDINANCE OF THE BOARD OF DIRECTORS OF THE  
MONTEREY PENINSULA WATER MANAGEMENT DISTRICT  
IMPOSING AN ANNUAL WATER SUPPLY CHARGE TO FUND  
WATER SUPPLY SERVICES, FACILITIES AND ACTIVITIES  
NEEDED TO ENSURE SUFFICIENT WATER FOR PRESENT BENEFICIAL  
WATER USE IN THE MAIN CALIFORNIA AMERICAN  
WATER DISTRIBUTION SYSTEM**

**Section Ten: Effective Date; Review Requirement; Sunset**

A. This Ordinance shall take effect at 12:01 a.m. on July 1, 2012. This Ordinance shall not have a sunset date, provided however, that charges set by this Ordinance shall not be collected to the extent proceeds exceed funds required to achieve the Purposes of this Ordinance, as set forth in Section Three or as described in the Findings referenced in Section Two.

B. So long as this annual water supply charge is collected, the Board of Directors shall hold a public hearing each calendar year in connection with review of the annual District budget. At that time, the Board shall review amounts collected and expended in relation to the purposes for which the charge is imposed. The District shall require the annual water supply charge to sunset in full or in part unless the Board determines that the purpose of the charge is still required, and the amount of the charge is still appropriate and less than the proportionate cost of the service attributable to each parcel on which the charge is imposed. If the purpose is fully accomplished, the charge shall be required to sunset. If the purpose for the charge is determined to continue, but amounts needed to fund that purpose are decreased, the charge shall be reduced to that lesser amount. In the event aggregate annual charge collections are insufficient to fund all appropriate purposes to which the charge may be expended, the Board may determine, in its sole discretion, the extent to which any purpose or purposes shall be funded provided that the charge does not exceed the proportionate cost of the service attributable to each parcel on which the charge is imposed.

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.

MPWMD  
User Fee and Water Supply Charge  
10 Year Forecast

3/3/2016

Scenario: No attempt to reduce shortfalls

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
<b>GENERAL USER FEE PROGRAMS</b>										
<b>Sources</b>										
Estimated Cal-Am Revenue (Note 1)	57,000,000	58,710,000	60,471,300	103,285,439	106,384,002	109,575,522	112,862,788	116,248,672	119,736,132	123,328,216
Less Undercollection at 11%	50,730,000	52,251,900	53,819,457	91,924,041	94,681,762	97,522,215	100,447,881	103,461,318	106,565,157	109,762,112
Potential General (7.125%) User Fee	3,614,513	3,722,948	3,834,636	6,549,588	6,746,076	6,948,458	7,156,912	7,371,619	7,592,767	7,820,550
<b>Uses</b>										
Mitigation Program (Note 2)	2,580,129	2,631,732	2,684,366	2,738,054	2,792,815	2,848,671	2,905,644	2,963,757	3,023,032	3,083,493
Conservation Surcharge Program (Note 2)	300,000	306,000	312,120	318,362	324,730	331,224	337,849	344,606	351,498	358,528
Water Demand Database Replacement	600,000									
Drought Contingency Plan Grant	125,000	100,000								
Sleepy Hollow Intake Project	-	200,000	-	-	-	-	-	-	-	-
Total Uses	3,605,129	3,237,732	2,996,486	3,056,416	3,117,544	3,179,895	3,243,493	3,308,363	3,374,530	3,442,021
Excess/(Shortfall)	9,383	485,216	838,150	3,493,172	3,628,531	3,768,563	3,913,418	4,063,256	4,218,237	4,378,530
<b>ASR USER FEE PROGRAMS</b>										
<b>Sources</b>										
Potential ASR (1.20%) User Fee	608,760	627,023	645,833	1,103,088	1,136,181	1,170,267	1,205,375	1,241,536	1,278,782	1,317,145
<b>Uses</b>										
ASR - Phase 1 (Note 3)	505,000	22,000	11,680	11,914	12,152	12,395	12,643	12,896	13,154	13,417
ASR - Future Phases (Note 4)	50,000	50,000		260,000	260,000	520,000	520,000	520,000	520,000	520,000
Rabobank Loan Debt Service	230,000	230,000	230,000	230,000	230,000	230,000	230,000			
Rabobank Loan Sinking Fund (Note 5)			504,738	504,738	504,738	504,738	504,738	504,738		
Total Uses	785,000	302,000	746,418	1,006,652	1,006,890	1,267,133	1,267,381	1,037,634	533,154	533,417
Excess/(Shortfall)	(176,240)	325,023	(100,585)	96,437	129,291	(96,866)	(62,006)	203,902	745,628	783,729
<b>WATER SUPPLY PROGRAMS</b>										
<b>Sources</b>										
Water Supply Charge	3,400,000	3,400,000	3,400,000	3,400,000	3,400,000	3,400,000	3,400,000	3,400,000	3,400,000	3,400,000
<b>Uses</b>										
Repay Reserves used for GWR	335,000	335,000	335,000							
Groundwater Replenishment Project	1,200,000	400,000								
GWR Operating Reserve (Note 6)			894,000	223,500	223,500	223,500				
GWR Drought Reserve (Note 7)				217,242	217,242	217,242	217,242	217,242		
Cal-Am Desalination	510,000	400,000								
Local Water Projects	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Carmel River/Los Padres (Note 8)	400,000	500,000	350,000	100,000	50,000	50,000	50,000	50,000	50,000	50,000
Water Allocation Process		900,000	400,000							
Water Supply Staff	1,152,000	1,175,040	1,198,541	1,222,512	1,246,962	1,271,901	1,297,339	1,323,286	1,349,752	1,376,747
Services and Supplies	477,600	487,152	496,895	506,833	516,970	527,309	537,855	548,612	559,585	570,776
Total Uses	4,274,600	4,397,192	3,874,436	2,470,087	2,454,673	2,489,952	2,302,436	2,339,140	2,159,336	2,197,523
Excess/(Shortfall)	(874,600)	(997,192)	(474,436)	929,913	945,327	910,048	1,097,564	1,060,860	1,240,664	1,202,477
<b>SUMMARY</b>										
Total Revenues Available	7,623,273	7,749,971	7,880,470	11,052,676	11,282,257	11,518,724	11,762,286	12,013,155	12,271,549	12,537,696
Total Uses	8,664,729	7,936,924	7,617,340	6,533,154	6,579,108	6,936,980	6,813,310	6,685,137	6,067,020	6,172,960
Excess/(Shortfall)	(1,041,457)	(186,953)	263,130	4,519,522	4,703,149	4,581,744	4,948,976	5,328,018	6,204,529	6,364,736

NOTES:

- (1) Assumes 3.0% annual growth and \$41 million addition in 2020
- (2) Assumes 2.0% annual growth
- (3) Current draft of Seaside lease agreement
- (4) 2 well pairs; 1 in 2019, 1 in 2021; Does not include Carmel Valley well capacity
- (5) \$3,105,159 due in 2023
- (6) \$894 per AF @1000 AF in year 1; @250 AF per year three years after
- (7) \$894 per AF @243 AF/yr for 5 years
- (8) IFIM and GSFlow; Insurance; No capital included

## Collection of User Fee from Cal-Am Bills

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### Goals:

- Single MPWMD User Fee Surcharge on Cal-Am bill
- Remove existing Conservation Surcharge and Mitigation Program from Cal-Am bill and from rates beginning July 1. Capture in MPWMD User Fee.
- Remove the programs from the next GRC period (2018-2020)
- Calculate solely on “Total Water Service Related Charges” line on bill
- Amount to be set after additional consultation with Cal-Am and at least 30 days prior to July 1, 2016
- Cal-Am remit with regularity (monthly)
- Undercollections get added to WRAM

### Calculating Potential Collections:

2015 Revenue Requirement per CPUC General Rate Case A.13-07-002=	\$53,205,444
2016 allowed increase of 3.90%	\$55,280,456
2017 allowed increase of 3.02%	\$56,949,926

But Cal-Am has had collections issues:

**CALIFORNIA AMERICAN WATER COMPANY  
MONTEREY RATE DESIGN AND RATIONING APPLICATION  
FIVE YEAR COMPARISON OF AUTHORIZED/ACTUAL CONSUMPTION AND REVENUE**

	Residential Consumption (AF)			Residential Quantity Revenue		
	Authorized	Actual	Percent Dif.	Authorized	Actual	Percent Dif.
2010 <sup>(1)</sup>	7,755	7,140	-7.9%	\$ 22,564,085	\$ 14,764,965	-34.6%
2011	8,216	7,202	-12.3%	\$ 24,165,312	\$ 15,071,310	-37.6%
2012	7,315	7,392	1.0%	\$ 27,672,417	\$ 20,926,190	-24.4%
2013	8,433	6,865	-18.6%	\$ 28,136,600	\$ 18,954,319	-32.6%
2014	7,278	6,951	-4.5%	\$ 28,846,295	\$ 22,178,830	-23.1%
		Average	-8.5%		Average	-30.5%

Residential volumetric revenue is approximately 37% of the whole revenue requirement.

$$30.5\% \times 37\% = 11.3\% \text{ average undercollection of total revenues}$$

Thus, 2017 assumed revenues of \$56,949,926 minus 11.3% = \$50,523,127 of revenue

$$1.2\% \text{ ASR User Fee} = \$606,280 \text{ per year (2017 revenues)}$$

$$7.125\% \text{ User Fee} = \$3,599,770 \text{ per year (2017 revenues)}$$

#### **Establish Priority Uses of User Fee:**

ASR component is dedicated to ASR. The Older, 7.125% component could be used first on existing MPWMD programs funded through Cal-Am ratepayers include the Conservation Surcharge and the Carmel River Mitigation Program.

Available from 7.125% User Fee	\$3,599,770
Conservation Surcharge costs	330,000
Mitigation Program Costs	2,580,130
"Excess" Available for other uses	689,640

If undercollection issue abates, an additional \$457,910 is available. Board will need to adopt policy for under/over-collection. (WRAM issues; Reserves versus offset to future year).

#### **Existing GRC versus next GRC:**

When to implement is affected by existing GRC and timing of next GRC.

Period	Conservation Program	Mitigation Program
7/1/16 to 12/31/16 (Current)	\$149,833	\$1,228,444
2017 (Current)	299,667	2,580,129
2018 (next GRC)	330,000	2,624,000

(Actual amounts to be confirmed before CPUC action)