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**Ordinance No. 152
Oversight Panel**

Members:

John Bottomley
Paul Bruno
Jason Campbell
Jody Hanson
George Riley
Christine Monteith
Susan Schiavone
John Tilley

MPWMD Contacts:

General Manager,
David J. Stoldt

Administrative Services
Manager, Suresh Prasad

Executive Assistant,
Arlene Tavani

AGENDA
**Ordinance No. 152 Oversight Panel
Of the Monterey Peninsula Water Management District**

Tuesday, June 6, 2017, 9 am
District 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 Items -- *Public comment will be received on Action Items. Please limit your comments to three minutes in length.*

- P.3 1. Consider Adoption of Minutes of March 15, 2017 Committee Meeting

Discussion Items -- *Public comment will be received on Discussion Items. Please limit your comments to three minutes in length.*

- P.9 2. Review of Revenue and Expenditures of Water Supply Charge Related to Water Supply Activities
P.13 3. Review Fiscal Year 2017-2018 Water Supply Charge Budget

Other Items -- *Public comment will be received on Other Items. Please limit your comments to three minutes in length.*

4. Water Supply Project Update

Adjourn

Staff reports regarding these agenda items will be available for public review on Friday, June 2, 2017 at the District office and website. After staff reports have been distributed, if additional documents are produced by the District and provided to the Committee regarding any item on the agenda, they will be made available at 5 Harris Court, Building G, Monterey, CA during normal business hours. In addition, such documents will be posted on the District website at www.mpwmd.net. Documents distributed at the meeting will be made available in the same matter. 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. Please send a description by 5 PM on Friday, June 2, 2017. 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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ORDINANCE NO. 152 OVERSIGHT PANEL

1. CONSIDER ADOPTION OF MINUTES OF MARCH 15, 2017 COMMITTEE MEETING

Meeting Date: June 6, 2017

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

Prepared By: Arlene Tavani

CEQA Compliance: This action does not constitute a project as defined by the California Environmental Quality Act Guidelines section 15378

SUMMARY: Draft minutes of the March 15, 2017 committee meeting are attached as Exhibit 1-A.

RECOMMENDATION: Review the minutes and adopt them by motion.

EXHIBITS

1-A Draft Minutes of March 15, 2017 Committee Meeting



EXHIBIT 1-A

DRAFT MINUTES
Ordinance No. 152 Oversight Panel of the
Monterey Peninsula Water Management District
March 15, 2017

Call to Order The meeting was called to order at 10:30 am in the conference room at the offices of the Monterey Peninsula Water Management District.

Committee members present:

John Bottomley
Paul Bruno
Jason Campbell
Todd Kruper
Christine Monteith
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:

David Laredo

Comments from the Public:

No comments were directed to the committee.

Action Items

1. Consider Adoption of Minutes of October 31, 2016 Committee Meeting

On a motion by Riley and second of Kruper, the minutes were approved on a vote of 7 – 0 by Riley, Kruper, Bottomley, Bruno, Campbell, Monteith and Tilley.

Discussion Items

2. Review of Revenue and Expenditures of Water Supply Charge Related to Water Supply Activities

Suresh Prasad, Administrative Services Manager/Chief Financial Officer, reviewed Exhibit 2-A, Water Supply Charge Receipts. Stoldt explained that expansions to the California American Water (Cal-Am) distribution system could increase Water Supply Charge receipts. Cal-Am plans to connect the Hidden Hills and Bishop water satellite systems to its distribution system. If those properties were not included in the area responsible to pay the Water Supply Charge, a Proposition 218 process must be completed in those areas in order to collect the charge. At the next meeting an update on this issue will be presented.

Prasad reviewed Exhibit 2-B, Water Supply Charge Availability Analysis. He explained that in the sixth column, FY 2016-2017 through 12/31/2016, the ending fund balance of \$1,850,177 reflects a \$1 million carryover from the previous year budget. Prasad noted that \$800,000 in additional costs for Pure Water Monterey (PWM) have been incurred

and will be reflected in the end-of-year fund totals.

Stoldt was asked to describe the Drought Contingency Plan listed under Project Expenditures. He explained that the Drought Contingency Plan is funded under a federally matched program through the United States Bureau of Reclamation. Development of the plan includes participation by the Monterey Regional Water Pollution Control Agency, Monterey County Water Resources Agency and the Marina Coast Water District. The Plan focuses on policies and projects that would increase resiliency in a drought. Completion is critical to the PWM project. The cost to the Water District will be \$230,000 over 2.5 years, and the Bureau's portion will be \$200,000. The Salinas Carmel River Basin Study is another federally matched effort underway. The study incorporates the United States Geological Survey 100 year climate change model, and will be used to analyze future water needs based on weather patterns, future demand and water storage. It is expected that federal funding will be available in the future to complete the study, because amounts have been authorized and appropriated, despite that the new federal administration discounts climate change. This study must be completed in order for the District to be eligible to apply for federal funds in the future.

Stoldt was asked about the status of funding for PWM. He explained that a California state revolving fund loan should be issued in May 2017 for the project. Pre-construction costs and construction costs incurred after March 9, 2017 could be paid from the loan. However, if the project cost is higher than approved by the California Public Utilities Commission, the Water District may not be fully reimbursed for the pre-construction costs. To date, the Water District has borrowed from its internal funds to cover PWM expenditures. If revolving loan proceeds cannot be used, one option would be to utilize the Water Supply Charge to reimburse those internal funds.

In regards to the future of the Water Supply Charge, Stoldt stated that it is security for the Rabobank loan; therefore, the charge should not be sunset until that loan is paid off. The Water Supply Charge is also needed to pay Aquifer Storage and Recovery (ASR) project expansion costs. The user fee was originally used to pay for ASR expansion, but after the Water District was denied the user fee, money was borrowed from other internal funds to cover the cost. Those costs could be reimbursed from the Water Supply Charge. It could also be used to pre-fund the Rabobank loan. Now that the Water District is again able to collect the user fee, it will take a year to determine how much money will be received. After another year, the Board of Directors could determine the future of the Water Supply Charge. Water District Counsel explained that an alternative to ending the Water Supply Charge would be to suspend it for a period of time and then resume collection at a later date. Some committee members expressed the opinion that payment of the Rabobank loan should be a priority

The committee asked about funding for water supply alternatives, should Cal-Am's desalination project be delayed or not approved. Some of the comments were: (a) If the Los Padres Dam and Reservoir was dredged to create additional storage, there may be no need for a desalination project. (b) The Water District could purchase Rana Creek Ranch in Carmel Valley; it is geologically separate from the Carmel River basin. The ASR project could be enlarged to utilize that area for storage. Stoldt responded that production from ASR would be limited by Cal-Am's well capacity and water treatment

capacity. He stated that the Water District is reviewing increasing ASR capacity through utilization of the Tularcitos Aquifer for storage. The Water District has also developed preliminary costs related to the DeepWater Desal project. District Counsel noted that the Water District does have a water right on the Carmel River that could be used if additional storage was created

Other Items

3. Update on District User Fee and CPUC

Stoldt reviewed a PowerPoint that can be viewed on the Water District website. One comment from the committee was that there may be opposition to the idea of suspension and later resumption of the Water Supply Charge.

4. Water Supply Project Update

Stoldt reviewed a PowerPoint that can be viewed on the Water District website. The committee asked about the possibility of using the Water District's existing water right on the Carmel River. Stoldt explained that the 16,000 acre feet of water rights could be lost in 2020 if a location for storage is not developed. Some options would be ASR expansion, dredging the Los Padres Reservoir, or installation of a rubber dam. It will not be possible to obtain new permits for the previously planned New Los Padres Dam and Reservoir due to concerns about steelhead passage to the ocean.

Adjourn: The meeting was adjourned at 12:24 pm.

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ORDINANCE NO. 152 OVERSIGHT PANEL

2. REVIEW OF REVENUE AND EXPENDITURES OF WATER SUPPLY CHARGE RELATED TO WATER SUPPLY ACTIVITIES

Meeting Date: June 6, 2017

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

Prepared By: Suresh Prasad

CEQA Review: Action does not constitute a project under the California Environmental Quality Act Guidelines section 15378

SUMMARY: Please refer to **Exhibits 2-A** and **2-B** that will be discussed at the June 6, 2017 committee meeting.

EXHIBITS

2-A MPWMD Water Supply Charge Receipts

2-B MPWMD Water Supply Charge Availability Analysis

EXHIBIT 2A

Monterey Peninsula Water Management District

Water Supply Charge Receipts

	FY 2014-2015 Revised Budget	FY 2014-2015 Audited Actuals	FY 2015-2016 Revised Budget	FY 2015-2016 Audited Actuals	FY 2016-2017 Adopted Budget	FY 2016-2017 Actual thru 03/31/17
Water Supply Charge	\$3,400,000	\$3,327,701	\$3,400,000	\$3,382,389	\$3,400,000	\$2,037,436
Percentage collected over budget		97.9%		99.5%		59.9%

EXHIBIT 2B

Monterey Peninsula Water Management District

Water Supply Charge Availability Analysis

	FY 2014-2015 Revised Budget	FY 2014-2015 Audited Actuals	FY 2015-2016 Revised Budget	FY 2015-2016 Audited Actuals	FY 2016-2017 Adopted Budget	FY 2016-2017 thru 03/31/2017
Beginning Fund Balance		\$3,892,112		\$3,511,567		\$1,016,295
Water Supply Charge	\$3,400,000	\$3,327,701	\$3,400,000	\$3,382,389	\$3,400,000	\$2,037,436
Carry-Forward Prior Year Water Supply Charge/Reserve	0	0	4,117,150	0	1,617,350	0
Capacity Fee	175,000	159,250	175,000	502,298	212,500	215,529
Project Reimbursement	626,900	712,002	444,100	429,074	595,600	38,687
Property Taxes	657,750	740,898	425,500	472,883	598,400	369,797
Grants	-	-	-	-	110,400	-
Interest	4,500	20,199	4,500	38,260	14,000	2,739
Other	-	12,112	-	12,908	10,000	1,784
Capital Equipment Reserve Fund	41,800		44,800	-	-	-
Total Revenues	\$4,905,950	\$4,972,162	\$8,611,050	\$4,837,812	\$6,558,250	\$2,665,972
Direct Personnel	908,936	884,281	956,119	916,597	960,450	716,661
Legal	230,000	241,583	250,000	334,749	240,000	117,849
Project Expenditures [see below]	3,760,400	3,225,649	6,219,550	5,329,436	3,690,050	1,965,482
Project Expenditures-Reimbursements [see below]	591,400	147,743	409,000	55,564	966,500	419,403
Fixed Asset Purchases	78,150	38,752	74,400	60,530	19,800	10,780
Contingencies	10,250	-	25,000	-	23,200	-
Debt Service	230,000	225,209	230,000	219,136	230,000	70,424
Election Expense	-	-	20,000	14,720	-	-
Measure O Costs	-	185,583	-	-	-	-
Indirect Labor*	200,314	200,314	203,781	203,781	204,750	153,563
Indirect Supplies & Services*	204,000	203,593	223,200	198,571	223,500	144,169
Total Expenditures	\$6,213,450	\$5,352,707	\$8,611,050	\$7,333,084	\$6,558,250	\$3,598,330
Net Revenue Over Expenses**	(\$1,307,500)	(\$380,545)	\$0	(\$2,495,272)	\$0	(\$932,358)
Ending Fund Balance		\$3,511,567		\$1,016,295		\$83,937
Project Expenditures	FY 2014-2015 Adopted Budget	FY 2014-2015 Audited Actuals	FY 2015-2016 Revised Budget	FY 2015-2016 Audited Actuals	FY 2016-2017 Adopted Budget	FY 2016-2017 thru 03/31/2017
Groundwater Replenishment Project	\$2,494,000	\$2,524,912	\$4,633,000	\$4,140,005	\$1,576,500	\$1,711,446
ASR Phase I	\$522,400	\$307,218	\$323,300	\$371,104	\$1,025,900	\$32,622
Reimbursement Projects	\$591,400	\$147,743	\$409,000	\$55,564	\$966,500	\$419,403
Cal-Am Desalination Application	\$75,000	\$106,614	\$140,000	\$92,253	\$200,000	\$14,960
ASR Expansion	\$50,000	\$1,320	\$8,300	\$0	\$18,500	\$0
Other Water Supply Projects - IFIM/GSFlow	\$75,000	\$72,301	\$255,000	\$149,410	\$152,000	\$62,875
Local Water Projects	\$150,000	\$0	\$466,000	\$147,256	\$386,900	\$0
Alternate Desal Project	\$225,000	\$153,133	\$350,000	\$350,057	\$0	\$0
Drought Contingency Plan	\$0	\$0	\$0	\$0	\$192,900	\$55,974
Other Project Expenditures	\$169,000	\$60,151	\$43,950	\$79,351	\$137,350	\$87,605
Total Commitments	\$4,351,800	\$3,373,392	\$6,628,550	\$5,385,000	\$4,656,550	\$2,384,885

*: Indirect costs as percent of Water Supply Charge 11.9% 12.1% 12.6% 11.9% 12.6% 12.6%

Recent Activities:

Amount

Cal-Am Desal Structuring & Financing Order	460,000
Cal-Am Professional Fees for Contribution of Public Funds	75,000
GWR bond counsel services	90,000
GWR accounting services for debt equivalence	10,000
GWR Consultant to assess externalities	178,637

** Deficit balances are paid from combination of loan, interfund borrowing, line of credit proceeds, or fund balance

ORDINANCE NO. 152 OVERSIGHT PANEL

3. REVIEW FISCAL YEAR 2017-2018 WATER SUPPLY CHARGE BUDGET

Meeting Date: June 6, 2017

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

Prepared By: Suresh Prasad

CEQA Review: Action does not constitute a project under the California Environmental Quality Act Guidelines section 15378

SUMMARY: Please refer to **Exhibits 3-A** that will be discussed at the June 6, 2017 committee meeting.

EXHIBITS

3-A MPWMD Water Supply Charge Proposed Budget

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EXHIBIT 3-A

Monterey Peninsula Water Management District

Water Supply Charge Proposed Budget

	FY 2016-2017 Revised Budget	FY 2017-2018 Proposed Budget
Beginning Fund Balance	(\$500,591)	(\$655,950)
Water Supply Charge	\$3,400,000	\$3,400,000
Carry-Forward Prior Year Water Supply Charge	0	0
Loan Proceeds for ASR	0	0
Capacity Fee	175,000	250,000
Project Reimbursement	631,400	1,284,800
Watermaster-Reimbursement	74,600	74,600
Property Taxes	614,000	-
Interest	14,000	14,000
Other	10,000	10,000
Capital Equipment Reserve Fund	-	-
Carry Over Projects from Prior Fiscal Year	914,300	749,000
Total Revenues	\$5,833,300	\$5,782,400
Direct Personnel	961,419	1,045,805
Legal	240,000	200,000
Project Expenditures [see below]	3,770,050	2,209,400
Project Expenditures-Reimbursements [see below]	966,500	1,261,200
Fixed Asset Purchases	19,800	77,900
Contingencies	23,200	24,000
Debt Service	230,000	230,000
Capital Equipment Reserve	-	22,300
General Fund Balance	-	238,500
Indirect Labor*	203,781	180,995
Indirect Supplies & Services*	214,200	292,300
Total Expenditures	\$6,628,950	\$5,782,400
Net Revenue Over Expenses**	(\$795,650)	\$0
Ending Fund Balance	(\$1,296,241)	(\$1,144,150)
	FY 2016-2017 Revised Budget	FY 2017-2018 Proposed Budget
Project Expenditures		
Groundwater Replenishment Project	\$1,576,500	\$200,000
ASR Phase I	\$1,025,900	\$895,400
Reimbursement Projects	\$966,500	\$1,261,200
Cal-Am Desal Project	\$200,000	\$175,000
Drought Contingency Plan	\$192,900	\$190,000
ASR Expansion	\$18,500	\$0
Other Water Supply Projects - IFIM/GSFlow	\$103,000	\$125,000
Local Water Projects	\$466,900	\$391,900
Alternate Desal Project	\$0	\$0
Other Project Expenditures	\$186,350	\$232,100
Total Commitments	\$4,736,550	\$3,470,600
*: Indirect costs as percent of Water Supply Charge	12.3%	13.9%