

ITEM: ACTION ITEM**25. CONSIDER EXPENDITURE OF FUNDS FOR FACILITATOR FOR MONTEREY PENINSULA WATER SUPPLY PROJECT SETTLEMENT DISCUSSIONS**

Meeting Date:	December 11, 2017	Budgeted:	N/A
From:	David J. Stoldt, General Manager	Program/ Line Item No.:	N/A
Prepared By:	David J. Stoldt	Cost Estimate:	District share not to exceed \$10,000; Total contract not to exceed \$50,000

General Counsel Review: N/A**Committee Recommendation: N/A****CEQA Compliance: This action does not constitute a project as defined by the California Environmental Quality Act Guidelines Section 15378**

SUMMARY: This is an urgency item that was brought forward after the Board meeting agenda was set and the packet distributed. The Board must first hold a vote to add this item to the agenda, which must pass by two-thirds.

The Monterey Peninsula Water Supply Project (MPWSP) application in front of the California Public Utilities Commission (CPUC) is expected to receive a Certificate of Public Convenience and Necessity (CPCN) for construction of a 6.4 MGD desalination plant in April 2018. There are approximately 17 parties to the MPWSP application, many with divergent opinions of the effects of the slant wells, the appropriate size of the plant, among other issues. Over the past two months a primary concern has percolated to the surface that the plant, as proposed, may not be able to proceed due to expected legal challenges. While no legal challenges have occurred to date, and it is possible no legal hurdles will occur that will delay the plant's construction, certain Parties to the application including the District, the Mayor's Authority, Monterey One Water, among others have convened broadly attended meetings of the stakeholders to determine if a negotiated compromise might occur which will satisfy all Parties' interests. In fact, options have been posed which include (a) expansion of Pure Water Monterey (in order to lift the CDO) in conjunction with interim supplies provided by Marina Coast Water District (MCWD) to provide time to rethink the configuration of the desalination plant, or (b) let the MPWSP application go intact and see what happens.

At this time, and in advance of another scheduled stakeholder meeting on December 19, 2017, key Parties have agreed that there is benefit to bringing in a facilitator from the Center for Collaborative Policy, affiliated with California State University Sacramento. The Center would be represented by Marci DuPraw. The budget was initially established at \$49,000 expected to be

shared between seven entities: Cal-Am and six public agencies (District, Authority, Monterey One Water, Monterey County Water Resources Agency, Marina Coast Water District, and the City of Marina.) The Parties have asked the District to be the contracting agency and to develop a simple cost-sharing agreement. To date, not all seven Parties have committed, hence the recommendation is conditioned upon at least five Parties participating in a cost-sharing arrangement.

The purpose of this facilitated process is to (a) seek a negotiated outcome that might be brought forth to the CPUC in settlement discussion, (b) better understand the concerns of various stakeholders, (c) absent a negotiated outcome, to better understand the landscape and options going forward.

This action would also authorize issuing the Center a notice to proceed immediately, and a formal contract subsequently.

RECOMMENDATION: The General Manager recommends the Board approve the District entering into a contract with The Center for Collaborative Policy not to exceed \$50,000 and to share the costs of such contract with no fewer than five Parties, including the District, through a cost-sharing agreement to be executed by the General Manager. Hence, this Board action limits the District share to no more than \$10,000. The Board shall also authorize the General Manager to issue a notice to proceed to the Center and subsequently enter into a formal contract.