

This meeting has been noticed according to the Brown Act rules. The Board of Directors meets regularly on the third Monday of each month. The meetings begin at 7:00 PM.



AGENDA

**Special Meeting
Board of Directors**

Monterey Peninsula Water Management District

Monday, December 12, 2016

Closed Session, 5:30 pm

2999 Monterey Salinas Hwy, Monterey, CA 93940

Special Meeting, 7:00 pm

Conference Room, Monterey Peninsula Water Management District
5 Harris Court, Building G, Monterey, CA

Staff notes will be available on the District web site at

<http://www.mpwmd.net/who-we-are/board-of-directors/bod-meeting-agendas-calendar/>

by 5 PM on Thursday, December 8, 2016.

The 7:00 PM Meeting will be televised on Comcast Channels 25 & 28. Refer to broadcast schedule on page 2.

5:30 pm – Closed Session

As permitted by Government Code Section 54956 et seq., the Board may adjourn to closed or executive session to consider specific matters dealing with pending or threatened litigation, certain personnel matters, or certain property acquisition matters.

1. **Public Comment** - Members of the public may address the Board on the item or items listed on the Closed Session agenda.
2. **Adjourn to Closed Session**
3. **Conference with Legal Counsel – Existing Litigation (Gov. Code 54956.9 (a))**
 - A. Application of California American Water to CPUC Case No. A10-01-012 – Monterey Peninsula Water Management District User Fee
 - B. MPWMD v. SWRCB; Santa Clara 1-10-CV-163328 – CDO – (6th District Appellate Case #H039455)
4. **Adjourn to 7 pm Session**

7 PM Special Meeting

CALL TO ORDER/ROLL CALL

Board of Directors

Jeanne Byrne, Chair – Division 4
Robert S. Brower, Sr., Vice Chair – Division 5
Brenda Lewis – Division 1
Andrew Clarke - Division 2
Molly Evans – Division 3
David Pendergrass, Mayoral Representative
David Potter, Monterey County Board of Supervisors Representative

General Manager

David J. Stoldt

This agenda was posted at the District office at 5 Harris Court, Bldg. G Monterey on Wednesday, December 7, 2016. Staff reports regarding these agenda items will be available for public review on 12/8/2016, at the District office and at the Carmel, Carmel Valley, Monterey, Pacific Grove and Seaside libraries. After staff reports have been distributed, if additional documents are produced by the District and provided to a majority of the Board regarding any item on the agenda, they will be available at the District office during normal business hours, and posted on the District website at <http://www.mpwmd.net/asd/board/boardpacket/2016>. Documents distributed at the meeting will be made available in the same manner. The next regular meeting of the Board of Directors is scheduled for January 25, 2017 at 7 pm.

PLEDGE OF ALLEGIANCE

ADDITIONS AND CORRECTIONS TO AGENDA - The Clerk of the Board will announce agenda corrections and proposed additions, which may be acted on by the Board as provided in Sections 54954.2 of the California Government Code.

ORAL COMMUNICATIONS - Anyone wishing to address the Board on Consent Calendar, Information Items, Closed Session items, or matters not listed on the agenda may do so only during Oral Communications. Please limit your comment to three (3) minutes. The public may comment on all other items at the time they are presented to the Board.

CONSENT CALENDAR: The Consent Calendar consists of routine items for which staff has prepared a recommendation. Approval of the Consent Calendar ratifies the staff recommendation. Consent Calendar items may be pulled for separate consideration at the request of a member of the public, or a member of the Board. Following adoption of the remaining Consent Calendar items, staff will give a brief presentation on the pulled item. Members of the public are requested to limit individual comment on pulled Consent Items to three (3) minutes.

1. Consider Adoption of October 17, 2016 and November 14, 2016 Board Meeting Minutes
2. Adopt Board Meeting Schedule for 2017
3. Consider Adoption of Resolution No. 2016-21 Expressing Appreciation to David Potter for 20 Years of Service on the Board of Directors
4. Consider Retention of Federal Legislative Consultant
5. Consider Approving Agreement with Regional Government Services Authority for Management and Administrative Services
6. Consider Funding Additional Expenditures for Environmental Monitoring and Compliance Services for Monterey Pipeline and Hilby Pump Station Projects
7. Receive Pension Reporting Standards Government Accounting Standards Board Statement No. 68 Accounting Valuation Report
8. Consider Adoption of Treasurer's Report for October 2016

PRESENTATIONS

9. Presentation to Director David Potter for 20 Years of Service on the Board of Directors
10. Presentation to Cynthia Schmidlin upon her Retirement after 20 Years with the MPWMD

GENERAL MANAGER'S REPORT

11. Status Report on California American Water Compliance with State Water Resources Control Board Order 2009-0060 and Seaside Groundwater Basin Adjudication Decision
12. Update on Development of Water Supply Projects

REPORT FROM DISTRICT COUNSEL ON 5:30 PM CLOSED SESSION OF THE BOARD

DIRECTORS' REPORTS (INCLUDING AB 1234 REPORTS ON TRIPS, CONFERENCE ATTENDANCE AND MEETINGS)

13. Oral Reports on Activities of County, Cities, Other Agencies/Committees/Associations

PUBLIC HEARINGS – Public comment will be received on each of these items. Please limit your comment to three (3) minutes per item.

14. **Consider Adoption of January through March 2017 Quarterly Water Supply Strategy and Budget**

Action: The Board will consider approval of a proposed production strategy for the California American Water Distribution Systems for the three-month period of January through March 2017. The strategy sets monthly goals for surface and groundwater production from various sources within the California American Water systems.

ACTION ITEMS – Public comment will be received on each of these items. Please limit your comment to three (3) minutes per item

- 15. Receive Fiscal Year 2015-2016 Comprehensive Annual Financial Report**
Action: The Board will review and consider acceptance of the Audit Report for Fiscal Year 2015-2016.

- 16. Consider Adoption of Resolution No. 2016-22 – Authorizing an Amendment to the District’s Contract with the California Public Employees’ Retirement System**
Action: The Board will consider the final step in amending the District’s contract with the CalPERS Retirement System to formally recognize Employees’ 3% Share of Cost of the Employers Premium Portion.

- 17. Conduct Election of Board Officers for 2017**
Action: The Board will conduct an election for the positions of Board Chair, Vice Chair, Secretary and Treasurer.

INFORMATIONAL ITEMS/STAFF REPORTS The public may address the Board on Information Items and Staff Reports during the Oral Communications portion of the meeting. Please limit your comments to three minutes.

- 18. Letters Received Supplemental Letter Packet
- 19. Committee Reports
- 20. Monthly Allocation Report
- 21. Water Conservation Program Report
- 22. Carmel River Fishery Report

ADJOURNMENT

Board Meeting Broadcast Schedule – Comcast Channels 25 & 28	
View Live Webcast at Ampmedia.org	
Ch. 25, Mondays, 7 PM	Monterey
Ch. 25, Mondays, 7 PM	Monterey, Del Rey Oaks, Pacific Grove, Sand City, Seaside
Ch. 28, Mondays, 7 PM	Carmel, Carmel Valley, Del Rey Oaks, Monterey, Pacific Grove, Pebble Beach, Sand City, Seaside
Ch. 28, Fridays, 9 AM	Carmel, Carmel Valley, Del Rey Oaks, Monterey, Pacific Grove, Pebble Beach, Sand City, Seaside

Upcoming Board Meetings			
Wednesday, Jan. 25, 2017	Regular Board Meeting	7:00 pm	District conference room
Wednesday, Feb. 22, 2017	Regular Board Meeting	7:00 pm	District conference room

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 submit 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 Thursday, December 8, 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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ITEM: CONSENT CALENDAR**1. CONSIDER ADOPTION OF MINUTES OF THE OCTOBER 17 AND NOVEMBER 14, 2016 REGULAR MEETINGS OF THE BOARD OF DIRECTORS****Meeting Date: December 12, 2016** **Budgeted: N/A****From: David J. Stoldt,
General Manager** **Program/
Line Item No.: N/A****Prepared By: Arlene Tavani** **Cost Estimate: N/A****General Counsel Review: N/A****Committee Recommendation: N/A****CEQA Compliance: N/A**

SUMMARY: Attached as **Exhibit 1-A and 1-B** are draft minutes of the October 17 and November 14, 2016 Regular meetings of the Board of Directors.**RECOMMENDATION:** District staff recommends approval of the minutes with adoption of the Consent Calendar.**EXHIBIT****1-A** Draft Minutes of the October 17, 2016 Regular Meeting of the Board of Directors**1-B** Draft Minutes of the November 14, 2016 Regular Meeting of the Board of Directors



EXHIBIT 1-A

DRAFT MINUTES
Regular Meeting
Board of Directors
Monterey Peninsula Water Management District
October 17, 2016

The meeting was called to order at 7:00 pm in the MPWMD conference room.

CALL TO ORDER/ROLL CALL

Directors Present:

Jeanne Byrne – Chair, Division 4
 Robert S. Brower, Sr. – Vice Chair, Division 5
 Brenda Lewis – Division 1
 Andrew Clarke – Division 2
 Molly Evans – Division 3
 David Pendergrass – Mayoral Representative
 David Potter – Monterey County Board of Supervisors

Directors Absent: None

General Manager present: David J. Stoldt

District Counsel present: David Laredo

The assembly recited the Pledge of Allegiance.

PLEDGE OF ALLEGIANCE

On a motion by Clarke and second of Evans, the agenda was approved without amendments on a vote of 7 – 0 by Clarke, Evans, Brower, Byrne, Potter, Lewis and Pendergrass. No public comment was directed to the Board on this item.

ADDITIONS AND CORRECTIONS TO AGENDA

During Oral Communications, **Tom Rowley**, representing the Monterey Peninsula Taxpayers Association, reported on a forum held between the three candidates running for Monterey City Council. He reported the candidates unanimously agreed that water is the top issue in Monterey. He urged the Board to continue addressing this issue wisely.

ORAL COMMUNICATIONS

On a motion by Pendergrass and second of Lewis, the Consent Calendar was approved on a vote of 7 – 0 by Pendergrass, Lewis, Brower, Byrne, Clarke, Evans and Potter.

CONSENT CALENDAR

Adopted.

1. **Consider Adoption of Minutes of the September 19, 2016 Board Meeting**

Approved.

2. **Receive Alternative Measurement Method Report for Determining Annual Costs for Post-Employment Medical Benefits**

Adopted.

3. **Consider Adoption of Resolution 2016-16 – Revisions to MPWMD Conflict of Interest Code**

Approved.

4. **Consider Approval of Reclassification of the Hydrography Programs Coordinator Position**

Adopted.

5. **Consider Adoption of Memorandum of Understanding with the General Staff Bargaining Unit**

Adopted.

6. **Consider Adoption of Memorandum of Understanding with the Management Staff Bargaining Unit**

Adopted.

7. **Consider Adoption of Memorandum of Understanding with the Confidential Staff Bargaining Unit**

Adopted.

8. **Consider Adoption of Treasurer’s Report for July 2016**

Adopted.

9. **Consider Adoption of Treasurer’s Report for August 2016**

A summary of General Manager Stoldt’s report is on file at the Water Management District’s office and can be viewed on the agency website. He noted some minor revisions to the chart titled Actual versus Target Production for Cal-Am: Oct to Sep 2016 (Acre-Feet). In the row titled Actual, the Coastal amount has been revised to 1,559 rather than 1,556 changing the difference to 692 and the total to 9,580 and the difference to 2,422. It was noted that for the year, consumer demand was under 10,000 acre-feet (AF) for the first time since 1968. This was 376 AF or about 4% below last year’s performance, and 83% of the 2013 total, which is the comparative number the state uses for conservation targets. The District agreed to an 8% conservation target for this year relative to 2013. The Monterey Peninsula has made great strides since the Cease and Desist Order (CDO) was issued in 2009. This is due to the conservation programs and rate structures California-American Water (Cal-Am) has put into place. With respect to how this compares with the new effective diversion limit, the 2015-16 Carmel River Production Limit was set at 7,705 AF. The new CDO Effective Diversion Limit is set at 8,310 AF, resulting in 605 AF bounce back in demand, assuming the amended CDO moves forward as expected. Stoldt reported he plans to work with Cal-Am to quantify the amount of water used for the Soberanes Fire suppression effort, and will report back to the Board.

Stoldt reported both the Monterey Pipeline Groundbreaking and Pure Water Monterey Water Sales Agreement signing ceremonies, were a result of leadership taken by the Board on

GENERAL MANAGER’S REPORT

10. **Status Report on California American Water Compliance with State Water Resources Control Board Order 2009-0060 and Seaside Groundwater Basin Adjudication Decision**

11. **Update on Development of Water Supply Projects**

water supply solutions, which led to progress in working with the public and private agencies involved. He noted the Pure Water Monterey project reflected the commitment of the Monterey Regional Water Pollution Control Agency, City of Salinas and the Monterey Peninsula Water Management District to move forward with a water supply project. **Tom Rowley**, expressed his concern that the MPWMD Board moved forward with pursuit of the water supply charge, but the community was not able to vote on this effort. He thanked Director Potter for his efforts to bring the Water Supply Charge to the community for input. Mr. Rowley stated that community input was needed and should not be avoided. **George Riley**, Public Water Now, stated that a group of community members supported the MPWMD.

District Counsel Laredo reported that the Board convened at 5:30 pm for the closed session. Regarding item 3, the Board met with the labor negotiator David Stoldt for a status report on the General and Management bargaining units. Regarding items 4 and 5, Counsel provided the Board of Directors with an update but no reportable action was taken.

No reports.

ATTORNEY'S REPORT

12. Report on 5:30 pm Closed Session of the Board

3. Conference with Labor Negotiators (Gov. Code 54957.6)

Agency Designated
Representative: David Stoldt
Employee Organization: General Staff and Management Bargaining Units Represented by United Public Employees of California/LIUNA, Local 792
Unrepresented Employees:
Confidential Unit

4. Conference with Legal Counsel – Existing Litigation (Gov. Code 54956.9 (a))

- A.** Monterey Peninsula Water Management District v. California Public Utilities Commission (California American Water Company) (Case S208838)
- B.** MPWMD v SWRCB; Santa Clara 1-10-CV-163328 – CDO (6th District Appellate Case #H039194)

DIRECTORS' REPORTS (INCLUDING AB 1234 REPORTS ON TRIPS, CONFERENCE ATTENDANCE AND MEETINGS)

13. Oral Reports on Activities of County, Cities, Other Agencies/Committees/ Associations

Potter offered a motion that was seconded by Brower to adopt the second reading of Ordinance No. 174. The motion was approved on a roll-call vote of 7 – 0 by Pendergrass, Evans, Byrne, Clarke, Lewis, Brower and Potter. No comments were directed to the Board during the public hearing on this item.

Evans offered a motion that was seconded by Lewis to adopt the first reading of Ordinance No. 175. The motion was approved on a roll-call vote of 7 – 0 by Clarke, Pendergrass, Potter, Brower, Byrne, Evans and Lewis. No comments were directed to the Board during the public hearing on this item.

Lewis offered a motion that was seconded by Brower to adopt the first reading of Ordinance No. 176. The motion was approved on a roll-call vote of 7 – 0 by Evans, Clarke, Potter, Byrne, Pendergrass, Lewis and Brower. No comments were directed to the Board during the public hearing on this item.

On a motion of Potter and second by Evans, Resolution 2016-17 was adopted on a vote of 7 – 0 by Potter, Evans, Brower, Byrne, Clarke, Lewis and Pendergrass. No comments were directed to the Board during the public comment period on this item.

On a motion of Brower and second by Lewis, Resolution 2016-18 was adopted on a vote of 7 – 0 by Brower, Lewis, Clarke, Byrne, Evans, Pendergrass and Potter.

The following comments were directed to the Board during the public comment period on this item. **(a) George Riley**, Public Water Now, encouraged the MPWMD Board to continue its efforts with the Public Utilities Commission with regards to the General Rate Case. **(b) Eric Sabolsice**, Director of Operations for California American Water, presented a letter to the Board from Anthony Cerasuolo, Vice President, Legal for California American Water, requesting that the District refrain from acting on draft Resolution 2016-18 at that time. **(c) Tom Rowley**, Monterey Peninsula Taxpayers Association, expressed concern about how reinstatement of the user fee would impact ratepayers.

There was no discussion of the Informational Items/Staff Reports.

PUBLIC HEARINGS

14. **Consider Second Reading and Adoption of Ordinance No. 174 – An Ordinance of the Monterey Peninsula Water Management District Suspending Authority to Accept Water Permit Applications for New Connections Based Upon Paralta Allocation, Pre-Paralta Allocation, Quail Meadows Subdivision Annexation, and Water West Reserve**
15. **Consider First Reading of Ordinance No. 175 – Modification of District Rules re Use of Water from the Carmel Valley Alluvial Aquifer for Water Supply**
16. **Consider First Reading of Ordinance No. 176 – Amending Rules 11, 21, 24, 25.5, 60, 64, 141, 143 and 144**

ACTION ITEMS

17. **Consider Adoption of Resolution No. 2016-17 – Resolution of Intention to Approve an Amendment to the District’s Contract with the California Public Employees’ Retirement System**
18. **Consider Adoption of Resolution No. 2016-18 – Directing California American Water to Continue Collection and Remittance of the District Water Distribution System User Fee**

INFORMATIONAL ITEMS/STAFF REPORTS

19. **Letters Received**

- 20. **Committee Report**
- 21. **Monthly Allocation Report**
- 22. **Water Conservation Program Report**
- 23. **Carmel River Fishery Report**
- 24. **Quarterly Water Use Credit Transfer Status Report**
- 25. **Quarterly Carmel River Riparian Corridor Management Program Report**
- 26. **Monthly Water Supply and California American Water Production Report**

The meeting was adjourned at 8 pm.

ADJOURNMENT

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Sara C Reyes, Office Services Supervisor



EXHIBIT 1-B

DRAFT MINUTES
Regular Meeting
Board of Directors
Monterey Peninsula Water Management District
November 14, 2016

The meeting was called to order at 7:00 pm in the MPWMD conference room.

CALL TO ORDER/ROLL CALL

Directors Present:

Jeanne Byrne – Chair, Division 4
 Brenda Lewis – Division 1
 Andrew Clarke – Division 2
 Molly Evans – Division 3
 David Pendergrass – Mayoral Representative
 David Potter – Monterey County Board of Supervisors

Directors Absent:

Robert S. Brower, Sr. – Vice Chair, Division 5

General Manager present: David J. Stoldt

District Counsel present: David Laredo

The assembly recited the Pledge of Allegiance.

PLEDGE OF ALLEGIANCE

No action.

ADDITIONS AND CORRECTIONS TO AGENDA

(A) **Ken Dursa**, representing 700 passive-sewer rate payers in Spreckels and Oak Hills, spoke about California-American Water Company (Cal-Am) general rate case application to the California Public Utilities Commission (CPUC) No. A16-07-002. He expressed concern that the CPUC had not scheduled public hearings on the application within Monterey County. He requested that the Water Management District file a motion for hearings to be conducted locally. *In response to the comment by Mr. Dursa, District Counsel Laredo noted that at a recent pre-hearing conference regarding A16-07-002, the Administrative Law Judge expressed intent to issue rulings that specify a schedule for public hearings. Laredo anticipated hearings would be scheduled in January in Monterey.* (B) **Jacob Green**, student attending California State University Monterey Bay studying molecular biology; a volunteer at Monterey Bay Aquarium; participant in the Undergraduate Research Opportunities Center Scholars Program; and a McNair Scholar. He expressed concern that development of the proposed desalination project component of the Monterey Peninsula Water Supply Project would increase the occurrence of harmful algae blooms in the

ORAL COMMUNICATIONS

Monterey Bay, with a corresponding increase in levels of demoi acid which is toxic to the local crab fishery and humans. He requested that desalination project plans include a monitoring program to address harmful toxins from algae blooms and brine disposal.

On a motion by Pendergrass and second of Potter, the Consent Calendar was approved except for items 2, 3 and 4 that were pulled for separate consideration. The motion was approved on a vote of 6 – 0 by Pendergrass, Potter, Byrne, Clarke, Evans and Lewis. Brower was absent.

Approved.

On a motion by Potter and second of Clarke, the Board authorized the purchase or lease of two new electric vehicles and approved the Incentive Replacement Program reimbursement agreement. The motion was approved on a vote of 6 – 0 by Potter, Clarke, Byrne, Evans, Lewis and Pendergrass. Brower was absent.

On a motion by Evans and second of Clarke, the Board approved an expenditure of \$871,785 on a unanimous vote of 6 – 0 by Evans, Clarke, Byrne, Lewis, Pendergrass and Potter. Brower was absent.

Clarke offered a motion that was seconded by Lewis to receive the report. The motion was adopted unanimously on a vote of 6 – 0 by Clarke, Lewis, Byrne, Evans, Pendergrass and Potter. Brower was absent.

Approved.

Adopted.

No report.

A summary of General Manager Stoldt’s report is on file at the Water Management District office and can be viewed on the agency website.

CONSENT CALENDAR

1. **Consider Adoption of Resolution 2016-18 Amending Rule 60 - Fees and Charges Table**
2. **Authorize Purchase or Lease of Two New Electric Vehicles and Approve Electric Vehicle Incentive Replacement Program Reimbursement Agreement with the Monterey Bay Air Resources District**
3. **Consider Funding Additional Expenditures for Pure Water Monterey Project**
4. **Receive 2016 Ordinance 152 Oversight Panel Annual Report**
5. **Consider Approval of First Quarter Fiscal Year 2016-2017 Investment Report**
6. **Consider Adoption of Treasurer's Report for September 2016**

GENERAL MANAGER’S REPORT

7. **Status Report on California American Water Compliance with State Water Resources Control Board Order 2009-0060 and Seaside Groundwater Basin Adjudication Decision**
8. **Update on Development of Water Supply Projects**

DIRECTORS’ REPORTS (INCLUDING AB 1234 REPORTS ON TRIPS, CONFERENCE ATTENDANCE AND MEETINGS)

Director Clarke stated that he attended a meeting of the California Water Association. The theme was disaster preparedness, and the Soberanes Fire was one topic of discussion. **Director Potter** announced that Kathleen Lee, his Chief of Staff, would leave her post to serve as District Director for Congressman Leon Panetta.

Pendergrass offered a motion that was seconded by Lewis to adopt the second reading of Ordinance No. 175 and: (a) revise the Implementation Guidelines and application forms for Water Distribution System Permits and Exemptions; and (b) update the 2006 District policy for setting a historical baseline for production limits from the Carmel Valley Alluvial Aquifer as described in the staff recommendation. The motion was approved on a roll-call vote of 6 – 0 by Pendergrass, Lewis, Byrne, Clarke, Evans and Potter. Brower was absent. No comments were directed to the Board during the public hearing on this item.

Lewis offered a motion that was seconded by Evans to adopt the second reading of Ordinance No. 176. The motion was approved on a roll-call vote of 6 – 0 by Lewis, Evans, Byrne, Clarke, Pendergrass and Potter. Brower was absent. No comments were directed to the Board during the public hearing on this item.

Potter offered a motion that was seconded by Evans to: (a) accept written Response to Comments; (b) Adopt CEQA Findings to Certify the Final Initial Study/Mitigated Negative Declaration; (c) Adopt Resolution 2016-19 certifying the Initial Study/Mitigated Negative Declaration and approving the project; (d) adopt the revised Mitigation and Monitoring and Reporting Plan with one modification: Bio MM-7, Seasonal Avoidance, would include the words, “work outside of the channel or at other times of the year would be carried out in consultation with permitting agencies; and (e) prepare a Final Initial Study/Mitigated Negative Declaration and file a Notice of Determination. The motion was approved on a vote of 6 – 0 by Potter, Evans, Byrne, Clarke, Lewis and Pendergrass. Brower was absent. No comments were directed to the Board during the public hearing on this item.

No Action Items were submitted to the Board for consideration.

There was no discussion of the Informational Items/Staff Reports.

9. Oral Reports on Activities of County, Cities, Other Agencies/Committees/ Associations

PUBLIC HEARINGS

10. Consider Second Reading and Adoption of Ordinance No. 175 – Amending Regulation of the System Capacity of Water Distribution Systems in the Carmel Valley Alluvial Aquifer (Rules 11, 20, 20.4, 21, 22, 40 and 60)

11. Consider Second Reading and Adoption of Ordinance No. 176 - Amending Rules 11, 21, 24, 25.5, 60, 64, 141, 143 and 144

12. Consider Certification of Initial Study/Mitigated Negative Declaration for Sleepy Hollow Steelhead Rearing Facility Upgrade Including Adoption of CEQA Findings and Mitigation Measures

ACTION ITEMS

INFORMATIONAL ITEMS/STAFF REPORTS

13. Letters Received
14. Committee Report
15. Monthly Allocation Report
16. Water Conservation Program Report
17. Carmel River Fishery Report

**18. Monthly Water Supply and
California American Water
Production Report**

The meeting was adjourned at 8:05 pm.

ADJOURNMENT

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Arlene M. Tavani, Deputy District Secretary

ITEM: CONSENT CALENDAR**2. ADOPT BOARD MEETING SCHEDULE FOR 2017****Meeting Date:** December 12, 2016 **Budgeted:** N/A**From:** David J. Stoldt
General Manager **Program/
Line Item No.:** N/A**Prepared By:** Arlene Tavani **Cost Estimate:** N/A**General Counsel Review:** N/A**Committee Recommendation:** N/A**CEQA Compliance:** N/A

SUMMARY: Attached as **Exhibit 2-A** is a proposed Board meeting schedule for the months of January 2017 through February 2018. Dates that are not set for the third Monday of each month are listed below.

- The regular Board meeting in January 2017 is set for the fourth Wednesday of the month due to a conflict with the Martin Luther King Jr. Birthday holiday.
- The February 2017 meeting is set for the fourth Wednesday due to a conflict with the Presidents' Day holiday.
- The November 2017 meeting is set for the second Monday due to a conflict with the Thanksgiving holiday.

The Board meetings will be conducted in the District's conference room unless there is a need to meet in another location. Changes to a meeting time or location will be noticed on the meeting agenda and the Water Management District website.

RECOMMENDATION: Review and adopt the 2017 MPWMD Board meeting schedule.

BACKGROUND: The meeting dates were selected in coordination with the Monterey Regional Water Pollution Control Agency to insure that our meeting dates do not conflict with their Board's meeting schedule.

EXHIBIT**2-A** Proposed Board Meeting Schedule for 2017



EXHIBIT 2-A

**MPWMD Board Meeting Schedule
January 2017 through February 2018**

Meetings begin at 7 PM in the District Conference Room unless noted otherwise.

	Day of Week	Date	Time	Type of Meeting
2017	Wednesday	January 25	7 PM	Regular
	Wednesday	February 22	7 PM	Regular
	Monday	March 20	7 PM	Regular
	Monday	April 17	7 PM	Regular
	Monday	May 15	7 PM	Regular
	Monday	June 19	7 PM	Regular
	Monday	July 17	7 PM	Regular
	Monday	August 21	7 PM	Regular
	Monday	September 18	7 PM	Regular
	Monday	October 16	7 PM	Regular
	Monday	November 13	7 PM	Regular
	Monday	December 18	7 PM	Regular
2018	Wednesday	January 24	7 PM	Regular
	Wednesday	February 28	7 PM	Regular

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ITEM: CONSENT CALENDAR**3. CONSIDER ADOPTION OF RESOLUTION NO. 2016-21 – EXPRESSING APPRECIATION TO DAVID POTTER FOR 20 YEARS OF SERVICE ON THE BOARD OF DIRECTORS****Meeting Date:** December 12, 2016 **Budgeted:** N/A**From:** David J. Stoldt,
General Manager **Program/
Line Item No.:** N/A**Prepared By:** Arlene Tavani **Cost Estimate:** N/A**General Counsel Review:** N/A**Committee Recommendation:** N/A**CEQA Compliance:** N/A

SUMMARY: Attached as **Exhibit 3-A** is Resolution No. 2016-21, expressing appreciation to Director David Potter for 20 years of exceptional service as the the Monterey County Board of Supervisors' appointee to the Board of Directors. The resolution lists Dave's many accomplishments as a member of the Board of Directors which illustrates his dedication and commitment to the community and mission of the Water Management District.

RECOMMENDATION: Approval of the resolution with adoption of the Consent Calendar.

EXHIBIT

3-A Resolution 2016-21 Expressing Appreciation to David Potter for 20 Years of Service on the Board of Directors



EXHIBIT 3-A

RESOLUTION NO. 2016-21

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE MONTEREY PENINSULA WATER MANAGEMENT DISTRICT
EXPRESSING APPRECIATION TO DAVID POTTER
FOR TWENTY YEARS OF EXCEPTIONAL SERVICE ON THE BOARD OF DIRECTORS**

WHEREAS, in 1997 David Potter was appointed by the Monterey County Board of Supervisors to serve as its representative on the Board of Directors. Mr. Potter has participated continuously on the Board of Directors since 1997. He served as Chair of the Board in 2001, 2012 and 2014; and held the position of Vice Chair in 2000 and 2011. In addition, throughout his 20 year tenure, Potter continued to fulfill his duties as Monterey County's Fifth District Supervisor.

WHEREAS, Mr. Potter was an active participant on Board committees including: eleven years on the Legislative Advocacy committee, and three years of service on the Public Outreach committee. Mr. Potter also committed his time to the Water Demand, Rules and Regulations Review, Policy Advisory, and Stormwater Management and Reuse committees.

WHEREAS, Mr. Potter advanced cooperation among water and wastewater agencies, local jurisdictions and agricultural interests on development of solutions to meet community water needs identified in State Water Resources Control Board Order 2009-0006. He was a proponent of the MPWMD Aquifer Storage and Recovery projects, and supported funding for environmental studies and development of water supply project alternatives such as desalination, stormwater reuse, and the Pure Water Monterey advanced recycled water treatment project. He also facilitated dialogue with federal and state representatives on assistance with funding of water supply and environmental programs.

WHEREAS, Mr. Potter supported the District's advocacy on behalf of local rate payers before the California Public Utilities Commission and State Water Resources Control Board regarding water rates, conservation measures, development of a water supply solution, and seeking relief from Order 2009-0006 and other state mandated water reductions.

WHEREAS, Mr. Potter supported the efficient use of existing water supplies through implementation of water conservation and reuse measures that would benefit residences and businesses.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the Monterey Peninsula Water Management District hereby recognizes David Potter for 20 years of exceptional service to the District and the community.

On a motion by Director _____ and second by Director _____, the foregoing resolution is duly adopted this 12th day of December 2016 by the following votes.

Ayes: Directors

Nays:

Absent:

I, David J. Stoldt, Secretary to the Board of Directors of the Monterey Peninsula Water Management District, hereby certify that the foregoing is a resolution duly adopted on the 12th day of December 2016.

Witness my hand and seal of the Board of Directors this ____ day of _____.

David J. Stoldt, Secretary to the Board

ITEM: CONSENT CALENDAR**4. CONSIDER RETENTION OF FEDERAL LEGISLATIVE CONSULTANT****Meeting Date:** December 12, 2016 **Budgeted:** N/A**From:** David J. Stoldt **Program/**
General Manager **Line Item No.:** N/A**Prepared By:** David J. Stoldt **Cost Estimate:****General Counsel Approval:** N/A**Committee Recommendation:** The Legislative Advocacy Committee reviewed this item at its December 12, 2016 meeting and has made a recommendation to the General Manager**CEQA Compliance:** N/A

SUMMARY: At its April 18, 2016 meeting the District Board adopted the 2016-17 Legislative Advocacy Plan to establish District legislative and government affairs priorities for FY 2016-17. The first of six items with respect to the District's Federal strategy was to evaluate hiring a Washington DC consultant that offers a deep understanding of the federal budget, legislative process, funding opportunities, and regulatory setting. The consultant needs established relationships with both Congress and regulatory departments related to water, including but not limited to BLM, NOAA (NMFS), USBR, USDA, and EPA.

An amount of \$30,000 was included in the FY 2016-17 General Manager's professional services budget as a placeholder to represent approximately a half-year expenditure. This amount may be insufficient, based on statements of qualifications received.

On November 1, 2016 a Request for Qualifications (RFQ) was issued, with the following proposed scope:

Scope of work will include, but is not limited to:

- Identifying legislation or proposed regulatory changes that may impact the District.
- Consult with staff to develop positions on relevant legislation.
- Advocate the District's position on bills and matters of interest.
- Represent the District in meetings with staff, directors, or independently with congressional members and staff, administration officials, regulatory agencies.
- Coordinate federal outreach with District's State governmental outreach
- Identify funding opportunities and notify of timing, requirements, and advocate on behalf of District
- Direct contact with associations including ACWA, WateReuse, etc.
- Prepare materials for briefing – talking points, briefing books, letters, as necessary
- Coordinate with other water district lobbyists and organizations
- Maintain close relationships with Monterey legislative delegation

- Organize timely trips as needed, but at least once a year separate from ACWA trip.
- Provide similar services for the District’s project partner(s), as needed and at the direction of the District.
- Periodic reporting of activities

The full RFQ is attached as **Exhibit 4-A**.

The RFQ was sent to 3 firms: The Ferguson Group (Roger Gwinn), The Furman Group (Hal Furman), and Nossaman LLP (Brent Heberlee). All three firms responded. Their responses are summarized in the “DISCUSSION” section below.

RECOMMENDATION: It is recommended that the Board authorize the General Manager to enter into an agreement with the consulting firm recommended by the Legislative Advocacy Committee at its December 12, 2016 meeting.

DISCUSSION: The respondents were told that their statements of qualifications would be evaluated with equal weight in 4 criteria as shown in the summary table below. The General Manager performed his evaluation shown below, but each of the Legislative Advocacy Committee members were asked to perform their own evaluation, to inform the Committee recommendation. Additionally, qualitative factors such as professional appearance of the submittal, overall quality of the submittal, consultant familiarity with the District, outside third-party references, and so on were considered. Finally, the proposing firms’ cost proposals were considered.

Summary of General Manager’s Evaluation

Criteria	Nossaman	The Ferguson Group	The Furman Group
Experience - with municipalities, special districts, agency’s & other governmental entities	15	20	25
Experience - with specific federal agencies	15	20	20
Experience - with specific water-related issues	7	25	25
Personnel	10	20	15
Total Points	47	85	85

Qualitative Overview:

The submittals by The Ferguson Group and Nossaman were clearly more professional looking. Nossaman has a solid foundation on Monterey County issues and some knowledge of the District, but very limited water experience. The Ferguson Group has the strongest familiarity with the District, but the Furman Group did a very good job of researching District needs and

activities. The Ferguson Group and The Furman Group clearly outpace Nossaman on water issues, but The Furman Group looks small compared to The Ferguson Group's resources. All three firms were supported in conversation with a California water association governmental affairs representative, but references for The Ferguson Group were very strong from a General Manager of another California water agency with projects similar to Pure Water Monterey. The Furman Group references were also strong. No references for Nossaman were contacted because no water agency references were provided – however, the County of Monterey has been satisfied with Nossaman and Directors Potter and Brower had a very positive experience with them in February 2016 on a Washington DC visit. The District General Manager had other qualitative factors that were discussed with the Committee.

Fees:

	Nossaman	The Ferguson Group	The Furman Group
Fee Proposal	\$60,000 (no hourly option)	\$96,000 (or hourly)	\$150,000 - \$180,000 (no hourly option)

Out-of pocket expenses billed at cost by all three respondents.

EXHIBIT

4-A Request for Qualifications – Federal Legislative and Agency Lobbyist



November 1, 2016

To Selected Recipients

Re: Request for Qualifications – Federal Legislative and Agency Lobbyist

Dear Sir or Madam:

The Monterey Peninsula Water Management District (District), is seeking a qualified Consultant to provide Federal Legislative and Agency Lobbyist services for the District's water supply activities on behalf of the Monterey Peninsula. You are invited to submit a Statement of Qualifications for such services.

In general, the selected consultant should offer a deep understanding of the federal budget, legislative process, funding opportunities, and regulatory setting, including both Congress and regulatory departments related to water, including but not limited to BLM, NOAA (NMFS), USBR, USDA, and EPA. Consultant should be able to identify federal crossover with District activities (Pure Water Monterey, Los Padres Dam, Carmel River Mitigation Program, other?) and what benefits of a federal strategy may accrue.

Scope of Services

Scope of work will include, but is not limited to:

- Identifying legislation or proposed regulatory changes that may impact the District.
- Consult with staff to develop positions on relevant legislation.
- Advocate the District's position on bills and matters of interest.
- Represent the District in meetings with staff, directors, or independently with congressional members and staff, administration officials, regulatory agencies.
- Coordinate federal outreach with District's State governmental outreach
- Identify funding opportunities and notify of timing, requirements, and advocate on behalf of District
- Direct contact with associations including ACWA, WateReuse, etc.
- Prepare materials for briefing – talking points, briefing books, letters, as necessary
- Coordinate with other water district lobbyists and organizations
- Maintain close relationships with Monterey legislative delegation

- Organize timely trips as needed, but at least once a year separate from ACWA trip.
- Provide similar services for the District's project partner(s), as needed and at the direction of the District.
- Periodic reporting of activities

It is understood that the responding Consultant's Statement of Qualifications will be used by the District as the basis to qualify firms for further consideration.

This RFQ is issued by the District to provide potential Firms with information, guidelines and rules to prepare and submit a Statement of Qualifications. The submittal must satisfy all criteria established in this RFQ and described in Attachment A to qualify for evaluation.

Any written proposals, other submissions, correspondence and all records made thereof, pursuant to this RFQ shall be opened in public in compliance with state law governing public records and meetings.

Reservation of Rights

The issuance of this RFQ constitutes only an invitation to present qualifications. The District reserves the right to determine, in its sole discretion, whether any aspect of the Statement of Qualifications satisfactorily meets the criteria established in this RFQ, the right to seek clarification from any Consultant submitting qualifications, and the right to reject any or all responses with or without cause. The District also reserves the right to modify the Scope of Services to be considered for this project. In the event that this RFQ is withdrawn by the District, or the District does not proceed for any reason, including but not limited to the failure to occur of any of those things or events set forth herein, the District shall have no liability to any Consultant for any costs of expenses incurred in connection with the preparation and submittal of this RFQ, or otherwise.

Term

Provide Federal Legislative and Agency Lobbying Services to District for a period of two (2) years with the option of one (1) renewal for two (2) additional years.

Qualifications and Selection Process

The District will receive Qualification Statements from potential Firms in response to the Request for Qualifications included in Attachment A of this RFQ. Based on the objective criteria for each of the Response Requirements, Executive Summary, Experience, and Personnel and Equipment, and other such factors as may be determined by the District to be applicable to the particular requirements of the project, the Agency will qualify Firms for further consideration.

Proposals should be submitted by 4:00 p.m. on Thursday, December 1, 2016. Three (3) hard copies shall be addressed and sent to the address below and a copy in PDF format shall be emailed to dstoldt@mpwmd.net

Monterey Peninsula Water Management District (MPWMD)
5 Harris Court, Building G
Monterey, CA 93940
Attention: General Manager

Thank you for your cooperation. If you have any questions or comments concerning the scope of services or Statement of Qualifications, please contact me at 831-658-5651 or dstoldt@mpwmd.net

Very truly yours,

A handwritten signature in blue ink that reads "David J. Stoldt". The signature is written in a cursive style with a large, stylized "D" and "S".

David J. Stoldt
General Manager

ATTACHMENT A
REQUEST FOR QUALIFICATIONS
SUBMITTAL REQUIREMENTS

INTRODUCTION AND GENERAL INFORMATION

Proposals should be submitted by 4:00 p.m. on Thursday, December 1, 2016. Three (3) hard copies shall be addressed and sent to the address below and a copy in PDF format shall be emailed to dstoldt@mpwmd.net

Monterey Peninsula Water Management District (MPWMD)
5 Harris Court, Building G
Monterey, CA 93940
Attention: General Manager

Qualification statements received after the aforementioned time and date will not be considered. Submittals shall include all of the information requested in a concise, organized manner. Extraneous material shall not be included.

Respond concisely to each of the requirements or questions as set forth below. Each requirement or question should be addressed separately, with the requirement or question preceding each response. Responses shall be on 8 ½" x 11" format.

All responses to this RFQ shall be prepared at the sole cost and expense of the Consultant. The District assumes no liability for the Consultant's costs for participating in this procurement.

The District reserves the rights stated this RFQ including, in its sole discretion, to modify the procurement process and schedule at any time, to determine, in its sole judgment, those Consultants qualified for the procurement.

CONSULTANT QUALIFICATIONS

Qualification Statements will be considered only from firms normally engaged in the provision of the services specified herein. Firms must have adequate organization, facilities, equipment and personnel to ensure prompt and efficient service to District. The District reserves the right before recommending any award to inspect the facilities and organization or to take any other action necessary to determine ability to perform in accordance with the terms and conditions. The District will determine whether the evidence of ability to perform is satisfactory and will make awards only when such evidence is deemed satisfactory and reserves the right to reject qualification statements where evidence submitted, or investigation and evaluation indicates inability of the Firm to perform.

Due to the nature of services provided through this qualification statement the District requires

that the key contact or provider of services to the District maintain residency in the Washington, DC area.

To qualify for consideration for selection as a qualified Consultant, a Consultant must meet certain designated minimum experience and qualifications must be met. These minimum qualifications are outlined in the following sections.

EXPERIENCE

A minimum of five (5) years experience in lobbying on behalf of a municipality, special district, agency, or other local government is required. Consultant shall describe experience, including specific tasks performed and furnished. See “Response Requirements and Format”, below.

CONTRACTOR'S LIABILITY INSURANCE

The Consultant will provide and maintain such insurance as will protect them from claims under Worker's Compensation laws, disability benefit laws or other similar employee benefit laws; from claims for damages because of bodily injury, occupational sickness or disease, or death of his employees including claims insured by usual personal injury liability coverage; and from claims for injury to or destruction of tangible property including loss of use resulting therefrom any or all of which may arise out of or result from the Consultant's operations, whether such operations be by itself or any subcontractor or anyone directly or indirectly employed by any of them or for whose acts any of them may be legally liable. This insurance shall be written for no less than the limits of liability specified in the form of Contract (see Attachment B) or required by law, whichever is greater, and shall include contractual liability insurance. As a prerequisite to the District signing the Contract, the Consultant will file with the District certificates of such insurance, acceptable to the District; these certificates shall contain a provision for cancellation.

PERSONNEL

Consultant shall demonstrate its capability to provide sufficient staffing to perform under this contract.

OTHER PROJECT CRITERIA

Consultant shall provide copy of most recent Financial Disclosure, if required to file.

CRITERIA FOR EVALUATION AND AWARD

The successful Consultant will be selected based upon the best response offered to the District. Consultants may be requested to participate in a telephone interview after submission of responses or an in-person interview.

Submitted Qualification Statements will be evaluated and scored on the following criteria:

Criteria (1 – Poor – Max Points – Excellent)	Possible Points
Experience - with municipalities, special districts, agency's & other governmental entities	25
Experience - with specific federal agencies	25
Experience - with specific water-related issues	25
Personnel	25
Total Possible Points	100

RESPONSE REQUIREMENTS AND FORMAT OF THE QUALIFICATION STATEMENT

CONSULTANT INFORMATION

- Name of Firm
- Contact person
- Telephone number
- Email address

EXECUTIVE SUMMARY

The Executive Summary shall not exceed two (2) pages. The Executive Summary shall include a brief description of the Consultant's understanding of the role and key responsibilities of the Consultant in this contract. Please describe the scope of services you intend to provide under a contract with the District. **DO NOT address specific technical details, means, methods, and techniques for this project.**

EXPERIENCE QUESTIONS

1. How many years of experience in lobby on behalf of a municipal, special district, agency, or other local government water entities does your firm have?
2. What percentage of your clients are public sector (local government or local agency) water entities?
3. Current and Previous Contracts - list all water-related clients for whom you have previously and/or are currently servicing. Also list any non-water-related clients in Monterey County, if any.
4. Describe any experience your firm has working with BLM, NOAA (NMFS), USBR, USDA, and EPA, or any other federal agencies you believe relevant to the District.
5. Describe any experience your firm has working with legislative delegations, their staff, and committees.
6. Provide references with contacts, name, title, affiliation, telephone numbers and email addresses

PERSONNEL AND EQUIPMENT QUESTIONS

1. Organization - a brief Corporate (firm, partnership, etc.) history, number of personnel, table of organization, scope of operations.
2. Personnel - list all persons authorized to negotiate for your Consultant, provide the names of all Consultant officers or directors, provide the names and credentials of all persons who will be specifically committed to working for the District.
3. Provide the appointed name of person or persons to act as a primary contact for all District members.
4. The Consultant shall identify available hours for District activities, examples of reports and analysis, and how the District accounts will be managed.

FEE QUESTION

Please provide a fee quote and describe your billing practice. Fees may be quoted as an annual retainer, a retainer plus fees for additional services, or hourly as incurred.

ATTACHMENT B – SAMPLE CONSULTANT CONTRACT

AGREEMENT BETWEEN THE MONTEREY PENINSULA WATER MANAGEMENT DISTRICT AND _____ (“CONSULTANT”) FOR PROFESSIONAL SERVICES

THIS AGREEMENT is entered into this ____ day of _____ 2016, by and between _____, hereinafter called "Consultant," and the Monterey Peninsula Water Management District, hereinafter called "MPWMD".

SECTION I - SCOPE OF SERVICES

MPWMD hereby engages Consultant for services as set forth in **Exhibit A**, Scope of Work.

SECTION II – COMPENSATION

A. FEE SCHEDULE

Fees payable to Consultant for services specified herein shall be in accordance with the Fee Schedule in **Exhibit B**.

B. METHOD OF PAYMENT

Payment of fees shall be based on work completed, as documented in monthly billings submitted by Consultant. Work reports shall be rendered in accordance with the schedule shown in **Exhibit C**, Work Schedule. Payments are due and payable within thirty (30) days after receipt of each invoice subject to a finding by MPWMD that work performed has been satisfactory and that payment is for the work specified in **Exhibit A**, Scope of Work. Where MPWMD finds the work to be unsatisfactory, MPWMD shall describe deficiencies in writing to Consultant within ten (10) days.

Five percent (5%) of the maximum payment shall be retained until all work described in **Exhibit A, Scope of Work** is completed to the satisfaction of MPWMD. The final invoice for work performed shall be submitted not later than sixty (60) days following notification by MPWMD of completion of such work. The final invoice shall be paid not later than 30 days after receipt of the final invoice.

C. MAXIMUM PAYMENT

Payments to Consultant for services rendered and expenses incurred under this Agreement **shall not exceed \$ _____**.

SECTION III - INSPECTION OF WORK

The books, papers, records and accounts of Consultant or any subconsultants retained by Consultant insofar as they relate to charges for services, or are in any way connected with the work herein contemplated, shall be open at all reasonable times to inspection and audit by the agents and authorized representatives of MPWMD. Said records shall be retained for a minimum of five (5) years after completion of services.

SECTION IV - OWNERSHIP OF PROJECT REPORT AND EQUIPMENT PURCHASED

All original documents, explanations of methods, maps, tables, computer programs, reports and other documents prepared under this Agreement and equipment purchased specifically for the project shall become the exclusive property of MPWMD. Digital data used to generate tables, figures, diagrams, images, Geographical Information System (GIS) or Computer Aided Design (CAD) layers shall be considered separate deliverables and shall be provided to MPWMD after acceptance by MPWMD of the final work product(s).

Consultant may retain copies for his/her own use.

SECTION V - TIME OF PERFORMANCE

Consultant shall begin work upon the effective date of this Agreement and shall complete all tasks described herein according to the schedule shown in Exhibit C, Work Schedule. Time is of the essence to this Agreement, and late performance shall result in a waiver of a part of the fees payable pursuant to the terms of this Agreement.

SECTION VI – RESPONSIBILITIES

- A. Consultant represents that he/she has or will secure at his/her own expense all personnel, materials, and related services required to perform the services under this Agreement. Consultant shall act as an independent consultant and not as an agent or employee of MPWMD. Consultant shall have exclusive and complete control over his/her employees and subconsultants, and shall determine the method of performing the services hereunder.
- B. MPWMD shall provide Consultant with all relevant data and studies in its possession without charge.
- C. MPWMD shall coordinate and arrange for all meetings required to be held with other agencies or persons hereunder, unless otherwise specified in Exhibit A, Scope of Services.
- D. Consultant shall be responsible for the reproduction of work produced by Consultant hereunder.
- E. The officers, agents, and employees of MPWMD shall cooperate with Consultant in the performance of services under this agreement without charge to Consultant. Consultant agrees to use such services insofar as feasible in order to effectively discharge his/her obligations

hereunder and further agrees to cooperate with MPWMD's officers, agents and employees.

F. The Consultant agrees to indemnify, defend and save harmless MPWMD, its officers, agents and employees from any and all claims and losses accruing or resulting to any and all consultants, subconsultants, material men, laborers and any other person, firm or corporation who may be injured or damaged by the negligent acts, errors, and/or omissions of the Consultant, Consultant's employees, or Consultant's subconsultants or subconsultants in the performance of this Agreement.

SECTION VII – INSURANCE

A. Consultant shall obtain and keep insurance policies in full force and effect for the following forms of coverage as shown in **Exhibit D**, Insurance Requirements.

SECTION VIII - CHANGES AND CHANGED CONDITIONS

A. If, during the course of the work herein contemplated, the need to change the Scope of Work or the Work Schedule should arise, for whatever reasons, whichever party first identifies such need to change shall notify the other party in writing. The representatives of the parties shall meet within seven (7) working days of the date of such notice to discuss the need for change so identified and to set the proposed action to be taken by the parties. A change in the Scope of Work may also result in a change in the compensation amount. Compensation changes shall be based upon the Consultant Fee Schedule (**Exhibit B**) attached hereto. Any changes agreed to shall be documented by duly executed amendments to this Agreement.

B. MPWMD reserves the right to specify individual employees, subconsultants or agents of Consultant who shall be assigned to perform the tasks specified in **Exhibit A**, Scope of Services. If, during the course of the work herein contemplated, there is a change such that the specified individual employees, subconsultants or agents are no longer assigned to the work described in this contract and/or are no longer affiliated with Consultant, Consultant shall immediately notify MPWMD in writing. Consultant shall assign the rights to this contract to another entity, if requested by MPWMD, as part of termination proceedings pursuant to Section IX, Termination.

SECTION IX - TERMINATION

A. MPWMD may terminate Consultant's services at any time by written notice to Consultant at least thirty (30) days prior to such termination. Upon receipt of written notice from MPWMD that this Agreement is terminated, Consultant shall submit an invoice for an amount that represents the value of services actually performed to the date of said notice for which he/she has not previously been compensated. Upon approval of this invoice by MPWMD, Consultant shall be paid from the sum found due and MPWMD shall have no further obligation to Consultant, monetarily or otherwise.

B. Upon receipt of written notice of termination, the Consultant shall (1) promptly discontinue all services affected (unless the notice directs otherwise), and (2) deliver or otherwise make available to MPWMD, copies, including magnetic media, of data, design

calculations, drawings, specifications, reports, estimates, summaries and other such information and materials as may have been accumulated by the Consultant in performing the services under this Agreement.

SECTION X - SUB-CONTRACTING AND ASSIGNABILITY

Consultant shall not sub-contract any portion of the work required by this Agreement nor otherwise assign or transfer any interest in it without prior written approval of MPWMD. Any work or services subcontracted hereunder shall be specified by written contract or agreement and shall be subject to each provision of this Agreement.

SECTION XI - DISCRIMINATION AND FAIR EMPLOYMENT

Attention is directed to Section 1735 of the California Labor Code, which reads as follows:

“No discrimination shall be made in the employment of persons upon public works because of race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, marital status, or sex of such persons, except as provided in Section 12940 of the government code and every Consultant for public works violating this section is subject to all penalties imposed by a violation of this chapter.”

During the performance of this Agreement, Consultant and its Consultants shall not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of sex, race, color, ancestry, religious creed, national origin, physical disability (including HIV and AIDS), mental disability, medical condition (cancer), age (over 40), marital status, and denial of family care leave. Consultant and its Consultants shall insure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment. Consultant and its Consultants shall comply with the provisions of the Fair Employment and Housing Act (Government Code Section 12990 (a-f) et seq.) and the applicable regulations promulgated thereunder (California Code of Regulations, Title 2, Section 7285 et seq.). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code Section 12990 (a-f), set forth in Chapter 5 of Division 4 of Title 2 of the California Code of Regulations, are incorporated into this Agreement by reference and made a part hereof as if set forth in full.

SECTION XII - INTEREST OF CONSULTANT

Consultant covenants that he/she presently has no interest and shall not acquire any interest, direct or indirect, which would conflict in any manner or degree with the performance of services required to be performed under this Agreement.

SECTION XIII - CONTINGENT FEES

Consultant warrants that he/she has not employed or retained any company or person, other than a bona fide employee working solely for the Consultant to solicit or secure this Agreement, and that he/she has not paid or agreed to pay any company, or person, other than a bona fide

employee working solely for Consultant, any fee, commission, percentage, brokerage fee, gifts, or other consideration, contingent upon or resulting from the award or making of this Agreement. For breach of violation of this warranty, MPWMD shall have the right to annul this Agreement without liability or at its discretion to deduct from the contract price or consideration, or otherwise recover, the full amount of such fee, commission, percentage, brokerage, gift or contingent fee.

SECTION XIV – DISPUTES

In the event of a dispute arising out of the performance of this Agreement either party shall, as soon as a conflict is identified, submit a written statement of the conflict to the other party. Within five (5) working days of receipt of such a statement of conflict, the second party will respond and a meeting will be arranged not more than five (5) working days thereafter to arrive at a negotiated settlement or procedure for settlement. If, within twenty (20) working days from the initial filing of a statement of conflict an agreement cannot be reached, it is agreed that the dispute may be resolved in a court of law competent to hear this matter. This Agreement shall be construed in accord with California law and it is agreed that venue shall be in the County of Monterey. The prevailing party shall be awarded costs of suit, and attorneys' fees.

SECTION XV – NOTICES

All communications to either party by the other shall be deemed given when made in writing and delivered or mailed to such party at its respective address, as follows:

MPWMD: General Manager
 Monterey Peninsula Water Management District
 5 Harris Court, Building G
 Monterey CA 93940
 or
 P. O. Box 85
 Monterey, CA 93942-0085

CONSULTANT: (TBD)

SECTION XVI – AMENDMENTS

This Agreement together with **Exhibits A, B, C, and D** sets forth the entire understanding of the parties with respect to the subject matter herein. There are no other agreements expressed or implied, oral or written, except as set forth herein. This Agreement may not be amended except upon written amendment, executed by both parties hereto.

SECTION XVII – ATTACHMENTS

The following exhibits attached hereto and referred to in the preceding sections are, by reference, incorporated herein and made an integral part of this Agreement:

- Exhibit A. Scope of Work
- Exhibit B. Fee Schedule
- Exhibit C. Work Schedule
- Exhibit D. Insurance Requirements

IN WITNESS WHEREOF, the parties hereto have entered into this Agreement effective as of the day and year first above written.

MONTEREY PENINSULA WATER MANAGEMENT DISTRICT

BY: David J. Stoldt, General Manager

CONSULTANT

BY:

FEDERAL TAX IDENTIFICATION NUMBER: _____

EXHIBIT D

INSURANCE REQUIREMENTS

I. Consultant shall provide evidence of valid and collectible insurance carried for those exposures indicated by an "X".

- A. Professional Liability Errors & Omissions
- B. Workers Compensation and Employers Liability
- C. Automobile Liability - "Any Auto - Symbol 1"
- D. Comprehensive General Liability, including Bodily Injury, Property Damage and Personal Injury
- E. Owners & Consultants Protective
- F. Protection & Indemnity (Marine/Aviation)

II. The minimum limit of protection provided by insurance policies for each of the coverages listed above shall be not less than \$1,000,000, except for coverage "D", which shall not be less than \$2,000,000. The procurement and maintenance by the Consultant of the policies required to be obtained and maintained by Consultant under this Agreement shall not relieve or satisfy Consultant's obligation to indemnify, defend and save harmless the District.

III. Evidence of insurance carried shall be Certificates of Insurance for the current policies. The District shall be listed as a certificate holder on the Consultant's Comprehensive General Liability insurance policy and the policy must be endorsed to provide a 60-day prior written notice of cancellation.

IV. The District requires that the Consultant carry a commercial liability policy written on a broad comprehensive general liability form.

A. Such protection is to include coverage for the following hazards, indicated by an "X":

- 1. Premises and Operations
- 2. Products and Completed Operations
- 3. Explosion Collapse and Underground
- 4. Broad Form Blanket Contractual
- 5. Broad Form Property Damage
- 6. Personal Injury, A, B & C
- 7. Employees named as Persons Insured
- 8. Protective and/or Contingent Liability (O&CP)

B. The "Persons Insured" provision on each comprehensive general liability policy shall include as an insured the "Monterey Peninsula Water Management District, its officers, directors, agents and employees."

C. This policy shall contain a severability of interest clause or similar language to the following:

"The insurance afforded applies separately to each insured against whom claim is made or suit is brought including claims made or suits brought by any persons included within the persons insured provision of the insurance against any other such person or organization."

D. All policies shall contain a provision that the insurance company shall give the District at least thirty (30) days prior written notice mailed to the address shown below prior to any cancellation, lapse or non-renewal. The 30-day written notice must be shown on all certificates of insurance.

E. Certificates of Insurance for the current policies shall be delivered by the Consultant to the Risk Manager for the District as verification that terms A, B, C and D have been met.

V. All insurance correspondence, certificates, binders, etc., shall be mailed to:

Monterey Peninsula Water Management District
Attn: Administrative Services Manager
5 Harris Court, Building G
P.O. Box 85
Monterey, CA 93942-0085

VI. All policies carried by the Consultant shall be primary coverage to any and all other policies that may be in force. The District shall not be responsible for payment of premiums due as a result of compliance with the terms and conditions of the insurance requirements.

VII. All such policies of insurance shall be issued by domestic United States insurance companies with general policy holders' rating of not less than "B" and admitted to do business in the State of California. The policies of insurance so carried shall be carried and maintained throughout the term of this Agreement.

ITEM: CONSENT CALENDAR**5. CONSIDER APPROVING AGREEMENT WITH REGIONAL GOVERNMENT SERVICES AUTHORITY FOR MANAGEMENT AND ADMINISTRATIVE SERVICES**

Meeting Date:	December 12, 2016	Budgeted:	Yes
From:	David J. Stoldt, General Manager	Program/ Line Item No.	Consulting
Prepared By:	Suresh Prasad	Cost Estimate:	\$35,000

General Counsel Review: Yes**Committee Recommendation: The Administrative Committee reviewed this item on December 5, 2016 and recommended approval.****CEQA Compliance: N/A**

SUMMARY: With the retirement of District's Human Resources Analyst, there is a need to find a replacement to fill that position. Based on the size of the District, the replacement of the full time Human Resources Analyst position can most effectively be filled with a part-time human resources consultant.

An Agreement for Management and Administrative Services has been prepared by Regional Government Services (RGS) for the Board review. If approved, this Agreement will be effective until June 30, 2017.

Currently, the Monterey Regional Airport District is using RGS to provide human resources services for their agency on a part-time basis.

RECOMMENDATION: District staff recommends authorizing the General Manager to enter into an agreement with RGS to provide management and administrative services for an amount not to exceed \$35,000. Funds to cover for this Agreement will come from savings by not hiring a full-time Human Resources Analyst.

BACKGROUND: With the retirement of the District's full time Human Resources Analyst, staff evaluated the District's human resources need and realized that the most efficient way to fill the position would be to contract part-time human resources services.

RGS is a governmental, joint powers authority, formed in 2001, who exclusively serves public sector agencies. RGS will serve as a consultant for management and administrative services to provide human resources support for the District on a part-time, continuous basis and will provide onsite office hours of two four-hour days per week.

The start date for the services to be provided by RGS is December 12, 2016, and the Agreement is anticipated to remain in force through June 30, 2017, as stated in Exhibit A. After which, these

services may continue on a month-to-month basis. RGS will assign RGS employees to serve as the Human Resources Advisor(s) to the District and will provide support by performing District's human resources management practices, policies and systems and by providing ongoing weekly Human Resources Management services. Details of these functions being performed by RGS are included in Scope of Services part of the Agreement.

EXHIBIT

5-A Agreement for Management and Administrative Services



Preamble: The agreement for services described below is also an agreement to engage in a relationship between organizations – agency partners. In order to establish a mutually respectful relationship as well as a productive one, RGS has adopted the following values and business methods.

Our Values

- **Expert Services:** RGS serves exclusively public sector agencies with its team of public-sector experts.
- **Innovation:** RGS encourages and develops innovative and sustainable services to help each agency meet its challenges through new modes of service provision.
- **Customer Driven:** RGS customizes solutions to achieve the right level and right kind of service at the right time for each agency's unique organizational needs.
- **Perseverance:** Sometimes the best solutions are not immediately apparent. RGS listens, works with you, and sticks with it until a good fit with your needs is found.
- **Open Source Sharing:** RGS tracks emerging best practices and shares them, learning openly from each other's hard won experience.
- **Commitment:** Government agencies are the public's only choice for many services. Public trust is earned and must be used wisely. And RGS will do its part. Each agency should and will know how RGS sets its rates. RGS' pledge to you is that we will act with honesty, openness, and full transparency.

How RGS Does Business

When you work with RGS you can expect:

- RGS will strive to be explicit up front and put our understandings in writing. Before making assumptions, we hope to talk directly to prevent any misunderstandings.
- Ongoing interaction throughout our relationship to ensure that your needs are being met, and that projects progress appropriately and agreed-upon timelines are met.
- RGS is committed to honest interaction.
- When RGS employees are on your site, we expect them to treat people respectfully and be treated respectfully. If problems arise, we want to communicate early, accurately, and thoroughly to ensure that we find mutually acceptable solutions.
- As a public agency, partnering is valued. We look out for each agency's interests consistent with maintaining the public trust.
- To keep expectations realistic, it is important to understand that RGS is a governmental, joint powers authority evolving to meet changing local government needs. RGS has carefully constructed policies and procedures to allow maximum flexibility to meet your needs.

RGS provides quality, innovative, cost-effective services exclusively to public agencies.

Main 650.587.7300 Fax 650.587.7311 P.O. Box 1350 Carmel Valley, CA 93924

www.rgs.ca.gov

Agreement for Management and Administrative Services

This Agreement for Management Services (“Agreement”) is made and entered into as of the 12th day of December, 2016, by and between the **Monterey Peninsula Water Manager District**, a municipal agency (“Agency”), and **Regional Government Services Authority** (RGS), a joint powers authority, (each individually a “Party” and, collectively, the “Parties”).

RECITALS

THIS AGREEMENT is entered into with reference to the following facts and circumstances:

- A. That Agency desires to engage RGS to render certain services to it;
- B. That RGS is a management and administrative services provider and is qualified to provide such services to the Agency; and
- C. That the Agency has elected to engage the services of RGS upon the terms and conditions as hereinafter set forth.

TERMS AND CONDITIONS

Section 1. Services. The services to be performed by RGS under this Agreement shall include those services set forth in the attached **Exhibits**, which are incorporated by this reference incorporated herein and made a part hereof as though it were fully set forth herein.

Where in conflict, the terms of this Agreement supersede and prevail over any terms set forth in the **Exhibits**.

- 1.1 Standard of Performance.** RGS shall perform all services required pursuant to this Agreement in the manner and according to the standards observed by a competent practitioner of the types of services that RGS agrees to provide in the geographical area in which RGS operates.
- 1.2 Lead Advisor.** To ensure quality and consistency for the services provided, RGS also assigns a lead advisor to the Agency. The lead advisor is available to assigned RGS staff and to Agency management and will check in regularly with both to address program/project directives. Typically lead advisor time is not billed to the agency, with some exceptions where significant programmatic direction is provided.
- 1.3 Reassignment of Personnel.** Assignment of personnel to provide the services described in the Exhibits is in the sole discretion of RGS. In the event that Agency, at any time during the term of this Agreement, desires the reassignment of personnel, Agency may make a request to RGS and RGS shall meet and confer in good faith to address the issue of concern, including but not limited to reassigning such person or persons.
- 1.4 Time.** RGS shall devote such time to the performance of services pursuant to this Agreement as may be reasonably necessary to meet the standard of performance described above and to provide the services described in the Exhibits.

Section 2. Term of Agreement and Termination. Services shall commence on or about December 12, 2016, and this Agreement is anticipated to remain in force to June 30, 2017, at which time services may continue on a month-to-month basis until one party terminates the Agreement, or if Exhibit A contains a “not to exceed” amount, until that amount of charges has been reached, at which point the parties shall either amend or terminate this Agreement. This Agreement may be terminated by either Party, with or without cause, upon 30 days written notice. Agency has the sole discretion to determine if the services performed by RGS are satisfactory to the Agency which determination shall be made in good faith. If the Agency determines that the services performed by RGS are not satisfactory, the Agency may terminate this Agreement by giving written notice to RGS. Upon receipt of notice of termination by either Party, RGS shall cease performing duties on behalf of Agency on the termination date specified and the compensation payable to RGS shall include only the period for which services have been performed by RGS.

Section 3. Compensation. Payment under this Agreement shall be as provided in the Exhibits.

Section 4. Effective Date. This Agreement shall become effective on the date first herein above written.

Section 5. Relationship of Parties.

- 5.1** It is understood that the relationship of RGS to the Agency is that of an independent contractor and all persons working for or under the direction of RGS are its agents or employees and not agents or employees of Agency. The Agency and RGS shall, at all times, treat all persons working for or under the direction of RGS as agents and employees of RGS, and not as agents or employees of the Agency. Agency shall have the right to control RGS only insofar as the results of RGS' services rendered pursuant to this Agreement.
- 5.2** RGS shall provide services under this Agreement through one or more employees of RGS qualified to perform services contracted for by Agency. The positions of RGS staff who will coordinate services to the Agency are indicated in the Exhibits. The Executive Director or assigned supervising RGS staff will consult with Agency on an as-needed basis to assure that the services to be performed are meeting Agency's objectives.
- 5.3** Agency shall not have the ability to direct how services are to be performed, specify the location where services are to be performed, or establish set hours or days for performance of services, except as set forth in the Exhibits.
- 5.4** Agency shall not have any right to discharge any employee of RGS from employment.
- 5.5** RGS shall, at its sole expense, supply for its employees providing services to Agency pursuant to this Agreement any and all benefits, such as worker's compensation, disability insurance, vacation pay, sick pay, or retirement benefits; obtain and maintain all licenses and permits usual or necessary for performing the services; pay any and all taxes incurred as a result of the employee(s)

compensation, including employment or other taxes; and provide Agency with proof of payment of taxes on demand.

Section 6. Loss Occurrence Coverage. RGS is self-insured and maintains loss occurrence coverage through its membership in the Municipal Insurance Cooperative (“MIC”), a California Joint Powers Authority, which is a risk purchasing joint powers authority. Consistent with sections 990.4 and 990.8 of the Government Code, the MIC provides coverage to RGS, in excess of its member retained limit, against claims for injuries to persons or damages to property that may arise from or in connection with the performance of the work hereunder by RGS and its agents, representatives, employees, and subcontractors.

6.1 Workers’ Compensation Coverage.

6.1.1 General requirements. RGS shall, at its sole cost and expense, maintain Workers’ Compensation coverage and Employer’s Liability coverage with limits of not less than \$1,000,000.00 per occurrence.

6.1.2 Waiver of subrogation. The Workers’ Compensation coverage shall be endorsed with or include a waiver of subrogation in favor of the Agency for all work performed by RGS, its employees, agents, and subcontractors.

6.2 Commercial General, Automobile, and Professional Liability Coverages

6.2.1 General requirements. RGS, at its own cost and expense, shall maintain commercial general and automobile liability coverage for the term of this Agreement in an amount not less than \$2,000,000 per occurrence, combined single limit coverage for risks associated with the work contemplated by this Agreement. RGS shall additionally maintain commercial general liability coverage in an amount not less than \$2,000,000 aggregated for bodily injury, personal injury, and property damage.

6.2.2 Minimum scope of coverage. The MIC MOC is not written on ISO forms but provides coverage at least as broad as the latest version of the following: (A) *General Liability*: Insurance Services Office Commercial General Liability coverage (occurrence form CG 0001); and (B) *Automobile Liability*: Insurance Services Office Business Auto Coverage form number CA 001, code 1 (any auto).

6.3 Professional Liability Insurance. RGS, at its own cost and expense, shall maintain for the period covered by this Agreement professional liability coverage for licensed professionals performing work pursuant to this Agreement in an amount not less than \$2,000,000 covering the licensed professionals’ errors and omissions.

6.4 All Policies Requirements.

- 6.4.1 Coverage requirements.** Each of the following shall be included in the coverage or added as an endorsement:
- a. Agency and its officers, employees, agents, and volunteers shall be covered as additional covered parties with respect to RGS' general commercial, and automobile coverage for claims, demands, and causes of action arising out of or relating to RGS' performance of this Agreement and to the extent caused by RGS' negligent act, error, or omission.
 - b. An endorsement to RGS' general commercial, and automobile coverages must state that coverage is primary with respect to the Agency and its officers, officials, employees and volunteers.
 - c. All coverages shall be on an occurrence or an accident basis, and not on a claims-made basis.
- 6.4.2 Acceptability of coverage providers.** All coverages required by this section shall be acquired through providers with a Bests' rating of no less than A: VII or through sources that provide an equivalent level of reliability.
- 6.4.3 Verification of coverage.** Prior to beginning any work under this Agreement, RGS shall furnish Agency with notifications of coverage and with original endorsements effecting coverage required herein. The notifications and endorsements are to be signed by a person authorized by the Municipal Insurance Cooperative to bind coverage on its behalf. The Agency reserves the right to require complete, certified copies of all Memorandums of Coverage at any time.
- 6.4.4 Subcontractors.** RGS shall include all subcontractors as insureds under its coverage or shall furnish separate certificates and endorsements for each subcontractor. All coverages for subcontractors shall be subject to all of the requirements stated herein.
- 6.4.5 Variation.** During the term of this agreement, RGS may change the insurance program in which it participates. RGS will provide reasonable notice of any such change to Agency and replacement copies of Certificates of Coverage and endorsements.
- 6.4.6 Deductibles and Self-Insured Retentions.** RGS shall disclose any self-insured retention if Agency so requests prior to performing services under this Agreement or within a reasonable period of time of a request by Agency during the term of this Agreement.
- 6.4.7 Maintenance of Coverages.** The coverages stated herein shall be maintained throughout the term of this Agreement and proof of coverage shall be available for inspection by Agency upon request.
- 6.4.8 Notice of Cancellation or Reduction in Coverage.** In the event that any coverage required by this section is reduced, limited, or materially affected in any other manner, RGS shall provide written notice to Agency

at RGS earliest possible opportunity and in no case later than five days after RGS is notified of the change in coverage.

Section 7. Legal Requirements.

- 7.1 Governing Law.** The laws of the State of California shall govern this Agreement.
- 7.2 Compliance with Applicable Laws.** RGS and any subcontractors shall comply with all laws applicable to the performance of the work hereunder.
- 7.3 Reporting Requirements.** If there is a statutory or other legal requirement for RGS to report information to another government entity, RGS shall be responsible for complying with such requirements.
- 7.4 Other Governmental Regulations.** To the extent that this Agreement may be funded by fiscal assistance from another governmental entity, RGS and any subcontractors shall comply with all applicable rules and regulations to which Agency is bound by the terms of such fiscal assistance program.
- 7.5 Licenses and Permits.** RGS represents and warrants to Agency that RGS and its employees, agents, and any subcontractors have all licenses, permits, qualifications, and approvals of whatsoever nature that are legally required to provide the services contemplated by this Agreement. RGS represents and warrants to Agency that RGS and its employees, agents, and subcontractors shall, at their sole cost and expense, keep in effect at all times during the term of this Agreement any licenses, permits, and approvals that are legally required to practice their respective professions.
- 7.6 Nondiscrimination and Equal Opportunity.** RGS shall not discriminate, on the basis of a person's race, religion, color, national origin, age, physical or mental handicap or disability, medical condition, marital status, sex, or sexual orientation, against any employee, applicant for employment, subcontractor, bidder for a subcontract, or participant in, recipient of, or applicant for any services or programs provided under this Agreement. RGS shall comply with all applicable federal, state, and local laws, policies, rules, and requirements related to equal opportunity and nondiscrimination in employment, contracting, and the provision of any services that are the subject of this Agreement.

Section 8. Keeping and Status of Records.

- 8.1 Records Created as Part of RGS' Performance.** All final versions of reports, data, maps, models, charts, studies, surveys, photographs, memoranda, plans, studies, specifications, records, files, or any other documents or materials, in electronic or any other form, that RGS prepares or obtains pursuant to this Agreement and that relate to the matters covered hereunder shall be the property of the Agency. RGS hereby agrees to deliver those documents to the Agency upon termination of the Agreement, if requested. It is understood and agreed that the documents and other materials, including but not limited to those described

above, prepared pursuant to this Agreement are prepared specifically for the Agency and are not necessarily suitable for any future or other use.

8.2 Confidential Information. RGS shall hold any confidential information received from Agency in the course of performing this Agreement in trust and confidence and will not reveal such confidential information to any person or entity, either during the term of the Agreement or at any time thereafter. Upon expiration of this Agreement, or termination as provided herein, RGS shall return materials which contain any confidential information to Agency. For purposes of this paragraph, confidential information is defined as all information disclosed to RGS which relates to Agency past, present, and future activities, as well as activities under this Agreement, which information is not otherwise of public record under California law. Agency shall notify RGS what information and documents are confidential and thus subject to this section 8.2.

8.3 RGS Books and Records. RGS shall maintain any and all ledgers, books of account, invoices, vouchers, canceled checks, and other records or documents evidencing or relating to charges for services or expenditures and disbursements charged to the Agency under this Agreement for a minimum of 3 years, or for any longer period required by law, from the date of final payment under this Agreement.

8.4 Inspection and Audit of Records. Any records or documents that Section 8.3 of this Agreement requires RGS to maintain shall be made available for inspection, audit, and/or copying at any time during regular business hours, upon oral or written request of the Agency. Under California Government Code Section 8546.7, if the amount of public funds expended under this Agreement exceeds \$10,000.00, the Agreement shall be subject to the examination and audit of the State Auditor, at the request of Agency or as part of any audit of the Agency, for a period of three years after final payment under the Agreement.

Section 9. Non-assignment. This Agreement is not assignable either in whole or in part without the written consent of the other party.

Section 10. Amendments. This Agreement may be amended or modified only by written Agreement signed by both Parties.

Section 11. Validity. The invalidity, in whole or in part, of any provisions of this Agreement shall not void or affect the validity of any other provisions of this Agreement.

Section 12. Disputes. Should any dispute arise out of this Agreement, Agency agrees that it shall only file a legal action against RGS, and shall not file any legal action against any of the public entities that are members of RGS.

Section 13. Governing Law/Attorneys' Fees. This Agreement shall be governed by the laws of the State of California and any suit or action initiated by either party shall be brought in Alameda County, California. In the event of litigation between the Parties hereto to enforce any provision of the Agreement, the prevailing Party shall be entitled to reasonable attorney's fees and costs of litigation.

Section 14. Mediation. Should any dispute arise out of this Agreement, the Parties shall meet in mediation and attempt to reach a resolution with the assistance of a mutually acceptable mediator. Neither Party shall be permitted to file legal action without first meeting in mediation and making a good faith attempt to reach a mediated resolution. The costs of the mediator, if any, shall be paid equally by the Parties. If a mediated settlement is reached, neither Party shall be deemed the prevailing party for purposes of the settlement and each Party shall bear its own legal costs.

Section 15. Employment Offers to Our Staff. Should the Agency desire to offer permanent or temporary employment to an RGS employee who is either currently providing RGS services to the Agency or has provided RGS services to the Agency within the previous six months, Agency will be charged a fee equal to the full-time cost of the RGS employee for one month, using the most recent RGS bill rate for the RGS employee's services to the Agency. This fee is to recover RGS' expenses in recruiting the former and replacement RGS staff.

Section 16. Entire Agreement. This Agreement, including the Exhibits, comprises the entire Agreement.

Section 17. Indemnification.

17.1 RGS' indemnity obligations.

RGS shall indemnify, defend, and hold harmless Agency and its legislative body, boards and commissions, officers, and employees ("Indemnitees") from and against all claims, demands, and causes of action by third parties, including but not limited to attorneys' fees, arising out of RGS's performance of this Agreement, to the extent caused by RGS's negligent act, error, or omission. Nothing herein shall be interpreted as obligating RGS to indemnify Agency against its own negligence or willful misconduct.

17.2 Agency's indemnity obligations. Agency shall indemnify, defend and hold harmless RGS and its officers, directors, employees and agents from any and all claims and lawsuits where such persons are named in the lawsuit solely by virtue of them temporarily staffing a position with Agency, or solely because of a duty any of them performs while temporarily staffing that position.

It is the intent of the parties here to define indemnity obligations that are related to or arise out of Agency's actions as a governmental entity. Thus, Agency shall be required to indemnify and defend only under circumstances where a cause of action is stated against RGS, its employees or agents:

- a. which is unrelated to the skill they have used in the performance of the duties delegated to them under this Agreement;
- b. when the allegations in such cause of action do not suggest the active fraud or other misconduct of RGS, its employees, or agents; or
- c. where an Agency employee, if he had been acting in a like capacity, otherwise would be acting within the scope of that employment.

Whenever Agency owes a duty hereunder to indemnify RGS, its employees or agents, Agency further agrees to pay RGS a reasonable fee for all time spent by

any RGS employee, or spent by any person who has performed work pursuant to this Agreement, for the purpose of preparing for or testifying in any suit, action, or legal proceeding in connection with the services the assigned employee has provided under this Agreement.

17.3 Obligations and indemnity related to CalPERS.

- a. RGS and Agency acknowledge and agree that, if Agency contracts with CalPERS for retirement benefits, it is possible that CalPERS may determine that RGS employees providing services pursuant to this Agreement are common-law employees of Agency and should be enrolled in CalPERS as employees of Agency, which possibility is the same as if Agency were contracting with a private consulting firm. Pursuant to Section 5.1 of this Agreement, Agency has an obligation to treat all persons working for or under the direction of RGS as agents and employees of RGS, and not as agents or employees of the Agency.
- b. In the event that CalPERS initiates an audit of Agency that includes examination of whether individuals providing services to Agency are Agency's common-law employees, Agency shall inform RGS within five days and share all communications and documents from CalPERS that it may legally share. Agency and RGS shall cooperate to determine the manner of responding to the inquiry and what, if any, documents to provide. Agency agrees not to ask RGS employees for personally identifying information
- c. In the event that CalPERS' preliminary determination is that one or more RGS employees are common-law employees of Agency, Agency shall promptly inform RGS and share all communications and documents from CalPERS that it may legally share. RGS and Agency shall cooperate in determining how to respond to the direction from CalPERS in its preliminary determination, including but not limited to whether and how to make any corrections described in the preliminary determination.
- d. RGS and Agency each reserves the right to file an administrative appeal of a CalPERS determination that an RGS employee is a common-law employee of Agency and should be enrolled in CalPERS as an employee of Agency and to challenge such a decision in court. Agency assigns its right to file an administrative appeal of such a CalPERS determination, if Agency does not itself file an administrative appeal. In the event that either RGS or Agency files an administrative appeal or court challenge of such a CalPERS determination, RGS and Agency each agree to cooperate with each other in pursuit of the action.
- e. Notwithstanding Section 17.1 of this Agreement, RGS and Agency shall each bear their own costs in responding to a CalPERS investigation, including but not limited to costs of an administrative appeal or court challenge. In the event that (1) CalPERS determines that an RGS employee is a common-law employee of Agency and should be enrolled as an

employee of Agency; (2) CalPERS determines that a payment is required to enroll the employee as an employee of Agency; and (3) neither RGS nor Agency challenges those determinations or the payment is upheld in a final administrative appeal or court decision, RGS' obligation for any payments to Agency for CalPERS benefits shall be limited to 50% of the employer's share of those payments that Agency may be required to pay.

Section 18. Notices. All notices required by this Agreement shall be given to Agency and RGS in writing, by first class mail, postage prepaid, or by email transmission addressed as follows:

Agency: Monterey Peninsula Water Management District
5 Harris Court, Building G
Monterey, CA 93940
Attn: Administrative Services Manager/Chief Financial Officer

RGS: Regional Government Services Authority
P. O. Box 1350
Carmel Valley, CA 93924
Email: contracts@rgs.ca.gov

Notice by email transmission shall be deemed given upon verification of receipt if received before 5:00 p.m. on a regular business day or else on the next business day.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed on the date first written by their respective officers duly authorized on their behalf.

DATED: _____, 2016 **Agency**

By: _____
David Stoldt, General Manager

APPROVED AS TO FORM:

DATED: _____, 2016 By: _____
David C. Laredo, District's General Attorney

DATED: _____, 2016 **Regional Government Services Authority**

By: _____
Richard H. Averett, Executive Director

APPROVED AS TO FORM:

DATED: _____, 2016 By: _____
Sky Woodruff, Authority Counsel

Exhibit A**Compensation.**

1. **Fees.** The Agency agrees to pay to RGS the hourly rates set forth in the tables below for each RGS employee providing services to Agency, which are based in part on RGS' full cost of compensation and support for the RGS employee(s) providing the services herein described.

RGS and Agency acknowledge and agree that compensation paid by Agency to RGS under this Agreement is based upon RGS's costs of providing the services required hereunder, including salaries and benefits of employees. The parties further agree that compensation hereunder is intended to include the costs of contributions to any pensions and/or annuities for which RGS may be obligated for its employees or may otherwise be contractually obligated.

Consequently, the parties agree that adjustments to the hourly rate shown below for "RGS Staff" will be made for changes to the salary and/or benefits costs provided by RGS to such employee. On July 1 of each year, RGS' hourly bill rates will be adjusted by the percentage change in the Employment Cost Index (total compensation - not seasonally adjusted) for state and local government workers ("ECI") from March of the prior year to March of the current year. Irrespective of the movement of the ECI, RGS will not adjust its hourly rates downward; nor will RGS adjust its hourly rates upward in excess of a two and one-half percentage (2.5%) change excepting instances where there was no increase in the prior year's hourly rates. In that event, RGS will adjust its hourly rates by the full percentage change in the ECI from March of the prior year to March of the current year.

2. **Reimbursement of RGS' Administrative Cost.** The Agency shall reimburse RGS for overhead as part of the hourly rate specified below, and direct external costs. Support overhead costs are those expenses necessary to administering this Agreement, and are included in the hourly rate. Direct external costs, including such expenses as travel or other costs incurred for the exclusive benefit of the Agency, will be invoiced to the Agency when received and without mark-up. These external costs will be due upon receipt.
3. **Terms of Payment.** RGS shall submit invoices monthly for the prior month's services. Invoices shall be sent approximately 10 days after the end of the month for which services were performed and are due and shall be delinquent if not paid within 30 days of receipt. Delinquent payments will be subject to a late payment carrying charge computed at a periodic rate of one-half of one percent per month, which is an annual percentage rate of six percent, which will be applied to any unpaid balance owed commencing 7 days after the payment due date. Additionally, in the event the Agency fails to pay any undisputed amounts due to RGS within 15 days after payment due date, then the Agency agrees that RGS shall have the right to consider said default a total breach of this Agreement and the duties of RGS under this Agreement may be terminated by RGS upon 5 working days advance written notice.

Payment Address. All payments due RGS shall be paid to:
Regional Government Services Authority
PO Box 1350
Carmel Valley, CA 93924

[EXHIBIT A CONTINUES ON FOLLOWING PAGE]

AGENCY CONTACTS

Agency Billing Contact. Invoices are sent electronically only. Please provide the contact person to whom invoices should be sent:

NAME	EMAIL
Suresh Prasad, Administrative Services Manager/Chief Financial Officer	suresh@mpwmd.net

Agency Insurance Contact. Please provide the contact person to whom the certificate of coverage should be sent:

NAME	ADDRESS
Suresh Prasad, Administrative Services Manager/Chief Financial Officer suresh@mpwmd.net	Monterey Peninsula Water Manager District 5 Harris Court, Building G Monterey, CA 93940

RGS STAFF

CLASSIFICATION	HOURLY RATE*
Senior (Lead) Human Resources Advisor	\$130.00
Human Resources Advisor	\$80.00

*The Hourly Rate does not include direct external costs which will be invoiced to the Agency with no markup.

The cost of services during the term of this agreement is estimated to be thirty-five thousand dollars (\$35,000).

Exhibit B

Scope of Services. Subject to the terms and conditions of this Agreement, RGS shall assign RGS employee(s) to serve as the Human Resources Advisor(s) to the Agency, which may require performing any or all of the functions described below:

1. Provide ongoing weekly Human Resources Management services. This work may be done onsite or remotely. An onsite RGS Advisor will serve as the Agency's primary service provider and point of contact, and will identify, prioritize and resolve or recommend resolution actions regarding employment-related issues. This service model will include:
 - 1.1. A regular schedule of onsite "office hours" will be established, typically consisting of two (2) four-hour days each week; however, service will be provided remotely throughout the week as priorities require, and ongoing communications via email, videoconference, and phone are expected.
 - 1.2. The onsite Advisor will engage in human resources problem-solving and project-planning meeting(s) with staff at all levels, and will develop action plans and timelines for accomplishment of high-priority HR activities.
 - 1.3. Regular communication regarding incoming issues and integration with overall Agency priorities will be provided by assigned Advisors, and directed to the Administrative Services Manager/Chief Financial Officer.
 - 1.4. As agreed, the onsite Advisor may direct personnel-related issues to Agency staff or to other RGS Advisors for resolution
2. Human Resource Management services include but are not limited to the following activities as needed:
 - 2.1. Research best practices and draft human resources administrative policies, procedures, forms and templates to develop an effective and compliant system of human resources management practices and personnel transactions.
 - 2.2. Identify key cultural perspectives within workgroups in order to provide effective communications to managers, supervisors, employees, and labor groups.
 - 2.3. Confer with staff and employee representatives as requested to obtain input and/or feedback regarding policy and procedure recommendations; or to obtain information relevant to the resolution of personnel issues.
 - 2.4. Create policy implementation plans and timelines, including identification of roles/activities to be carried out by the Agency's managers and supervisors.
 - 2.5. Coach or train managers and supervisors on policies and implementation, prepare educational and informational and procedural documents, and participate in implementation meetings as needed.
 - 2.6. Coach supervisors as needed in team building, conflict resolution, and other collaborative workplace skills.
 - 2.7. Draft required management communications to employees and labor organizations and facilitate compliance with legal obligations as well as effective relationship building.
 - 2.8. Draft specific documentation relevant to resolving a range of personnel issues; coach supervisors on conducting sensitive personnel conversations.
 - 2.9. Design and coordinate payroll and benefits workflows with finance and departmental staff to ensure effective transactional operations; may process such transactions as needed.

- 2.10. Develop and conduct managerial, supervisory, or employee training courses.
 - 2.11. Analyze a variety of information and recommend appropriate management action; provide written documentation of analysis and recommendations as needed.
 - 2.12. Conduct non-executive recruitments as requested, and design selection processes and instruments to be used.
 - 2.13. Draft or update individual job classification descriptions on an as-needed basis, and make preliminary compensation recommendations.
 - 2.14. Monitor and manage medical leaves of absence, modified returns-to-work, and other illness/injury/disability issues as needed from initial injury through return to work or separation from employment; ensuring correct communications to all parties, and creating appropriate documentation.
 - 2.15. Assist in preparation for labor negotiations, compiling data, recommending language revisions, and identifying administrative or operational options.
 - 2.16. Conduct research and prepare essential functions information as needed
3. RGS Advisor(s) will:
- 3.1. Perform the functions as assigned by the RGS lead advisor.
 - 3.2. Be reasonably available to perform the services during the normal work week.
 - 3.3. Meet as often as necessary for the purpose of consulting about the scope of work performed with the appropriate agency project manager and with the RGS lead advisor.
 - 3.4. Perform other duties as are consistent with the services described herein and approved by the RGS lead advisor.
4. Projects and activities may be modified on request of the Agency. Agency will only be invoiced for the actual hours worked.
- 4.1. The hourly bill rate does not include mark-up for direct external costs which will be invoiced to the Agency at cost.
 - 4.2. Except for regular office hours, travel time to/from the Agency will be billed at Advisor's hourly rate. In addition, costs related to travel such as airfare, overnight accommodations, car rentals, and other incidentals will be billed at actual cost.
5. These services will begin immediately upon authorization of a contract for services.

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ITEM: CONSENT CALENDAR**6. CONSIDER FUNDING ADDITIONAL EXPENDITURES FOR ENVIRONMENTAL MONITORING AND COMPLIANCE SERVICES FOR MONTEREY PIPELINE AND HILBY PUMP STATION PROJECTS**

Meeting Date:	December 12, 2016	Budgeted:	No
From:	David J. Stoldt, General Manager	Program/ Line Item:	Water Supply Projects N/A
Prepared By:	Maureen Hamilton	Cost Estimate:	NTE \$80,000

General Counsel Review: N/A**Committee Recommendation: The Administrative Committee reviewed this item on December 6, 2016 and recommended approval.****CEQA Compliance: N/A**

SUMMARY: Staff proposes to contract with Denise Duffy & Associates, Inc. (DD&A) for Mitigation Monitoring and Reporting Program (MMRP) monitoring and compliance services for the Monterey Pipeline and Hilby Pump Station projects (Projects) construction and post-construction work. DD&A will represent MPWMD in reviewing, auditing, and documenting findings regarding California-American Water Company (CAW) compliance with the MMRP. Approval of funding for the contract will enable continued progress in environmental impact mitigation monitoring and reporting.

The recommendation is to authorize MPWMD funds not-to-exceed (NTE) \$80,000 for this purpose. Funds will be transferred from Budget Item 1-9-1, the Cal-Am Desal Project, which has been deferred to the next fiscal year. A mid-year budget adjustment plan will be brought to the Board in January.

Attached as an Exhibit is the DD&A work proposal and detailed cost estimate.

RECOMMENDATION: Staff recommends the Board authorize the General Manager to fund \$80,000 for an amended DD&A agreement extending the scope of environmental mitigation compliance monitoring services for the Monterey Pipeline and Hilby Pump Station projects through post-construction.

BACKGROUND: CAW is constructing the Monterey Pipeline that will allow delivery of water from the Pure Water Monterey (PWM) Advanced Water Treatment Plant to CAW customers on the Monterey Peninsula. CAW will also implement a project to upgrade the existing Hilby Avenue Pump Station allowing its use to pressurize/convey potable water within the CAW system to assist the existing ASR facilities during injection. The Pump Station and Pipeline would serve the ASR Project and improve the average yield by about 700 acre-feet per year.

MPWMD approved CAW's application to Amend the Water Distribution System (WDS) Permit #M16-01-L3 to include the Hilby Avenue Pump Station and Monterey Pipeline. As a condition of the WDS Permit, MPWMD required compliance with all mitigation measures required in the Environmental Impact Report (EIR) MMRP for the construction of the Hilby Avenue Pump Station and Monterey Pipeline.

MPWMD does not have the staff to conduct environmental mitigation compliance monitoring work required for the Monterey Pipeline and Hilby Pump Station projects. DD&A has extensive experience providing similar services in connection with a number of infrastructure related projects. In addition, DD&A prepared the underlying environmental documentation for the PWM project and the Addendum for the Monterey Pipeline and Hilby Avenue Pump Station projects. Thus, DD&A is uniquely qualified to assist MPWMD with the mitigation monitoring and reporting requirements needed for this project.

Because the Projects benefit MPWMD, MRWPCA, and CAW; the cost of environmental compliance monitoring and reporting will be shared by the three organizations. MPWMD will seek reimbursement from CAW for one-third of the estimated \$80,000, or \$26,667. MPWMD will also seek reimbursement from MRWPCA for one-third of the estimated \$80,000 when MRWPCA has received Clean Water State Revolving Fund (SRF) monies; until that time MPWMD will pay 75% of MRWPCA's one-third cost sharing responsibility. MPWMD will seek reimbursement of its contribution to MRWPCA's cost sharing portion after MRWPCA has received SRF monies.

EXHIBIT

6-A Proposal for Environmental Monitoring and Compliance Services for the Monterey Pipeline and Hilby Pump Station Projects from DD&A.

**DENISE DUFFY & ASSOCIATES, INC.**

947 Cass Street, Suite 5
Monterey, California 93940
(831) 373 - 4341

PHASE 2
MITIGATION MONITORING & REPORTING SERVICES
FOR THE
PRE-CONSTRUCTION & CONSTRUCTION PHASE
OF THE MONTEREY PIPELINE PROJECT

INTRODUCTION

Denise Duffy & Associates, Inc. (DD&A) is pleased to present this proposal to provide continued mitigation monitoring and compliance services for Phase 2 of the Monterey Pipeline Project (“Project”) in accordance with the requirements of the Mitigation Monitoring & Reporting Programs (“MMRPs”) for the Project. DD&A has prepared this scope of work in response to a request from the Monterey Peninsula Water Management District (“MPWMD”). This scope of work specifically covers continued work in Phase 2, as described below.

PROJECT UNDERSTANDING

DD&A is proposing to provide continuation of environmental monitoring and compliance services to MPWMD. DD&A’s experience having prepared the underlying environmental documentation for the Pure Water Monterey/Groundwater Replenishment (“PWM/GWR”) Project and the Addendum for the Monterey Pipeline and Hilby Avenue Pump Station projects, as well as our work during Phase 1 and our extensive mitigation compliance experience makes DD&A uniquely qualified to manage the mitigation monitoring and reporting for this Project.

As defined below, DD&A’s responsibilities would include:

- Periodic site visits during construction activities to document compliance with monitoring requirements through December 2017;
- Overview and management of mitigation monitoring & reporting responsibilities, including maintaining a detailed record of compliance status during the pre-construction and construction phase of project;
- Coordination with local agencies;
- Preparation of compliance memoranda summarizing monitoring activities and mitigation compliance; and
- On-going coordination with MPWMD and California-American Water (Cal-Am).

As part of Phase 2, DD&A would be responsible for providing on-going mitigation monitoring and reporting services and additional long-term monitoring throughout the duration of construction. DD&A will provide on-going coordination with the MPWMD and Cal-Am (“Project Proponent”) and their technical sub-consultants. DD&A will continue to review the technical material submitted by the Project Proponent and/or their technical sub-consultants to verify that the material adequately

addresses the requirements identified in the MMRP. In Phase 1, DD&A developed and maintained a Mitigation Tracking Matrix and record keeping protocol to ensure that a comprehensive administrative record was retained. All material submitted on behalf of the Project Proponent will continue to be incorporated into the Mitigation Tracking Matrix. In addition, DD&A will continue to coordinate regular conference calls with relevant stakeholders to discuss project status and assign tasks in order to meet project deadlines. DD&A will continue to take an equally active approach to providing clear and concise actionable status information to MPWMD.

WORK TASKS UNDER PHASE 1

Phase 1 was intended to include project initiation and the development of MMRP documentation protocol, as well as weekly meetings and review of required MMRP work products from CalAm and its contractors. During the course of Phase 1, additional services beyond the initial assumptions were required to complete compliance document review and in anticipation of construction initiation. Phase 1 Work Tasks 1 through 5 are described below. Phase 1 tasks performed required additional DD&A efforts and services (see the attached budget table).¹

Phase 1 Task 1: Project Initiation - This task included documentation of existing information and reports, development of a complete reference list, and coordination with MPWMD staff on the early start up tasks for the project. In addition, DD&A prepared a Mitigation Tracking Matrix. The Mitigation Tracking Matrix has been and will continue to be used for the purposes of monitoring and documenting compliance with the various mitigation measures identified in the MMRP, and will be maintained throughout the duration of the project as part of Phase 2 tasks.

Phase 1 Task 2: Early Compliance Coordination - DD&A facilitated weekly calls to ensure compliance efforts during the start of construction and coordinated monitoring efforts to determine if all requirements were being met on a weekly basis through the initial phase of construction. DD&A reported on the production of work products during this task, as well as also established and managed weekly meeting follow up with MMRP, CalAm contractors and participants as needed for reporting and clarification on MMRP items.

Phase 1 Task 3: Data Management & Documentation Review - DD&A maintained the Mitigation Tracking Matrix developed as part of Task 1. This included compiling monitoring logs, as well as documenting material submitted on behalf of the Project Proponent. DD&A has also prepared compliance memoranda to document compliance with the requirements of the applicable mitigation measures. Compliance memoranda prepared in Phase 1 include:

- AQ-1 Construction Fugitive Dust Control Plan
- BT-1a Employee Education Program
- BT-1a Storm Water Pollution Prevention Plan
- CR-2a Archaeological Monitoring Plan
- EN-1 Construction Equipment Efficiency Plan

¹ The attached budget includes additional line item for the additional services conducted under Phase 1 for the requested tasks above during the initiation phase of the contract. These services are for additional document management, compliance and initiation of early tasks, particularly for the multiple revisions and review of plans submitted and services for coordination during tasks under Phase 1 effort.

- HH-2a Environmental Database Report
- HH-2b Health and Safety Plan
- HH-2c Materials and Dewatering Disposal Plan
- PS-3 Construction Waste Reduction and Recycling Plan

Phase 1 Task 4: Meetings - DD&A has coordinated and participated in regular conference calls and meetings with the project team as described above in Phase 1. Phase 2 meetings will continue as periodic conference calls for check in, approximately every two weeks, as well as meetings or calls to address issues as they arise.

Phase 1 Task 5: Project Management - DD&A provided project management services throughout the initiation phase of the project.

SCOPE OF WORK FOR PHASE 2

Phase 2 of the contract will finalize the initiation and planning documentation and provide compliance management, field monitoring and post-construction documentation through the end of 2017².

Phase 2 Task 6: Data Management & Documentation Review, continued from Phase 1

DD&A will continue to maintain the Mitigation Tracking Matrix compiled during Phase 1 which serves to maintain the record of documentation for MMRP Compliance of the Monterey Pipeline Project. This task also includes continued review and compliance documentation throughout the contract to ensure compliance with MMRP and Plans, as well we management of the database of materials.

Additionally, there are specific memoranda and plans that require completion of compliance documentation for the record. DD&A will complete the preparation of the needed compliance memoranda in ensure consistency and compliance with the MMRP per the Mitigation Tracking Matrix. DD&A will coordinate with MPWMD and the CalAm consulting and contracting team as part of continued work on this task.

Deliverables: Compliance Memoranda, up-to-date Mitigation Tracking Matrix, Database Management Updates

Phase 2 Tasks 7. Periodic Site Visits

DD&A will facilitate periodic on-site management of compliance efforts. These site visits are anticipated to occur on a weekly basis. DD&A will coordinate the different monitoring efforts and determine in real time if all requirements are being met. DD&A will assess monitoring needs and requirements, and ensure staff is available as needed to perform the required work. On-going on-site monitoring is a critical component of ensuring that the applicable mitigation measures have been satisfied in accordance with the requirements of the MMRP. DD&A assumes that the need for on-site staff will vary depending on the phase of the project and specific work activities. It is assumed that during construction a weekly presence would be required to document compliance. As

² Phase 2 is anticipated to begin in December 2016 and last until December 2017. If additional tasks arise outside of the compliance services and regular meetings due to unforeseen circumstances, these items would be billed as an additional task with preauthorization.

requested, DD&A will also conduct pre-construction field visit(s) with the CalAm consultants and project contractor, and/or permitting jurisdictions as needed to confirm project assumptions and work plan, as well as discuss any questions on applicable MMRP requirements.

Phase 2 Task 8: Post-Monitoring & Construction Final Report

As part of this task, DD&A will prepare a detailed Post-Monitoring & Construction Final Report. This plan will document the status of each of the individual mitigation measures, identify whether any additional post-construction monitoring is warranted, and, if necessary, identify additional management actions to ensure that post construction measures are implemented in accordance with the requirements of the MMRP. In addition, the Post-Monitoring & Construction Final Report will also include a detailed summary of the various management actions implemented throughout the duration of project construction.

Deliverables: Post-Monitoring & Construction Final Report

Phase 2 Task 9: Meetings

DD&A has managed meetings during the Phase 1 initiation process on a weekly basis. DD&A will continue to coordinate and participate in regular conference calls and meetings with the project team (assumed every two weeks) and as topics arise on an as-needed basis, to discuss work progress and outstanding issues. Regular conference calls and meetings will cover status of work products, schedule, and progress for construction and monitoring. DD&A will also conduct internal coordination meetings to coordinate activities and discuss ongoing issues, and provide project management services as described below. If additional meetings/conference calls are required, those meetings will be billed on a Time and Material ("T&M") basis.

Deliverables: Meeting notes

Phase 2 Task 10: Ongoing Project Management

DD&A will provide project management services throughout Phase 2 of the project. DD&A will routinely coordinate with the internal project team and provide monthly progress reports as part of this task. DD&A will attend to all aspects of managing the project, including scheduling resources, handling team communication (both internally and externally), scheduling, responding to requests for information, and preparation of monthly progress reports and conference calls. DD&A's Project Manager and Financial Manager will also be responsible for administering contracts, reviewing invoices, and monitoring the project budget.

Deliverables: Monthly progress reports, contracts, invoices, and budget items

Attachment A

Budget

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**MPWMD - Pre-and Post- Construction Phase 2
for the Monterey Pipeline Project**

Task		Principal	Project Manager	Assoc Planner/Scientist	Asst Planner/Scientist	GIS/Computer Specialist	Admin/Editing	Hours Per Task	Cost per Task	Cost Per Phase
Phase I		-	-	-	-	-	-			
1-6 Add's Services Ph 1	Phase 1 services for additional document management, compliance and initiation of early tasks	14	24	8	24	-	2	72	\$ 9,402	\$ 9,402
Phase 2 -assumes 12 month		-	-	-	-	-	-			
6-Ph 2	Data Management and Document Review	6	48	36	40	6	6	142	\$ 16,106	\$ 68,696
7-Ph 2	Periodic Site Visits	-	36	92	54	-	12	194	\$ 20,024	
8-Ph 2	Post-Monitoring & Construction Final Report	6	24	16	48	6	6	106	\$ 11,542	
9-Ph 2	Meetings	16	36	36	12	-	-	100	\$ 13,112	
10-Ph2	Project Management	4	36	-	16	-	12	68	\$ 7,912	
	Total Hours	46	204	188	194	12	38	682		
	Hourly Rate	\$215.00	\$135.00	\$103.00	\$92.00	\$98.00	\$60.00			
	Total Labor	\$ 9,890	\$ 27,540	\$ 19,364	\$ 17,848	\$ 1,176	\$ 2,280			\$ 78,098
Subconsultants										\$ -
None required										
Expenses										\$ 1,650
Mileage (at current IRS mileage rate)										\$ 900
Miscellaneous (phone, fax, cellular, postage, courier etc)										\$ 750
Subtotal										\$ 1,650
Administration Fee										\$ 248
Total Budget										\$ 79,996

ITEM: CONSENT CALENDAR**7. RECEIVE PENSION REPORTING STANDARDS GOVERNMENT ACCOUNTING STANDARDS BOARD STATEMENT NO. 68 ACCOUNTING VALUATION REPORT****Meeting Date:** December 12, 2016 **Budgeted:** N/A**From:** David J. Stoldt,
General Manager **Program/** N/A
Line Item No.:**Prepared By:** Suresh Prasad **Cost Estimate:** N/A**General Counsel Review:** N/A**Committee Recommendation:** The Administrative Committee reviewed this item on December 5, 2016 and recommended approval.**CEQA Compliance:** N/A

SUMMARY: In June 2012, the Government Accounting Standards Board (GASB) approved a new reporting statement, GASB Statement No. 68 (GASB 68), that improved the financial reporting of pensions by local governments. GASB 68, formally titled *Accounting and Financial Reporting for Pensions*, establishes new accounting and financial reporting standards for local governments that provide their employees with pensions. The new standard requires government agencies to report pension information to increase transparency about pension costs to help decision makers factor in the financial impact of total pension obligations. GASB 68 must be implemented by June 30, 2015. The District complied with this requirement with the FY 2014-2015 Annual Financial Report.

RECOMMENDATION: District staff recommends that the Board receive the GASB 68 Accounting Valuation Report prepared by CalPERS.

BACKGROUND: Local governments with pensions have a total pension liability, which is the obligation to pay deferred pension benefits in the future. When the total pension liability is greater than the pension plan's assets there is a net pension liability, also known as unfunded pension liability. GASB 68 now requires governments to report their net pension liability on their government-wide financial statements, as well as in the proprietary fund statements, in the Annual Financial Report. Government-wide financial statements report information about the government as a whole without displaying individual funds or fund types. Prior to GASB 68 the net pension liability was reported in the annual actuarial report provided by CalPERS, but not in the government agency Annual Financial Report.

The new GASB 68 reporting requirements will impact the Annual Financial Report on an annual basis going forward. As with past practice, the District will continue to pay the annual required contribution for the pension liabilities as identified in the annual CalPERS actuarial report. The next actuarial report, which informs the District of its FY 2017-2018 pension payments and rates, is scheduled to be released late November/December 2016. There will be a small discrepancy

between the reports since the GASB 68 reports are based on actuarial analysis using employee census data that is two years in arrears while the November actuarial reports are based on current calendar year employee census data.

The District's outside auditing firm, Hayashi & Wayland, provided staff with guidance on how to conform to the GASB 68 requirements. Hayashi & Wayland will provide a final opinion on the appropriateness of the GASB 68 allocation that will be presented in the FY 2015-2016 Annual Financial Report.

District's Net Pension Liability as of June 30, 2015 is estimated at \$3,548,843. See calculation below:

	Miscellaneous Risk Pool	Allocation Factor	MPWMD Share
Total Pension Liability	\$13,639,503,084	0.00119296	\$16,271,382
Risk Pool Fiduciary Net Position	\$10,896,036,068	0.00116763	\$12,722,539
Net Pension Liability/(Asset)	\$ 2,743,467,016		\$ 3,548,843

In comparison, District's Net Pension Liability as of June 30, 2014 was estimated at \$3,410,615. It is to be noted that the Net Pension Liability can change significantly from year to year based on the market conditions and the position of the District's Fiduciary Net Position (District's Market Value of Assets). For example, if the actual CalPERS investment earnings rate increases over the projected annual rate of investment return (currently set at 7.65%), then for the same future pension obligations, the unfunded Net Pension Liability would go down.

The pension liability reported in the Annual Financial Report for GASB 68 purposes does not impact the budget. The District's annual budget process will continue to use the pension liability figures that are provided by CalPERS in the actuarial valuation report in the November timeframe each year. This report provides the employer contribution rate that is used to determine the annual pension cost for the District.

The annual contribution rate prescribed by CalPERS includes amortization of the unfunded Net Pension Liability. Other strategies to reduce the unfunded liability might include a borrowing to increase the District's Market Value of Assets, which would require annual debt repayments, or increased annual contributions over and above the annual contribution calculated by CalPERS. Neither approach would ensure the unfunded liability would not continue to vary in its calculation going forward. In the simplest terms, if all employees retired tomorrow and the District dissolved, individual employee's pension benefits would not be affected, and the unfunded liability would be spread across the larger CalPERS pool.

At a later date, staff will be bringing report relative to funding strategies to the Board to address the GASB 68 liabilities and GASB 45 (Other Postemployment Benefits) liabilities.

EXHIBIT

7-A GASB 68 Accounting Valuation Report



GASB 68 ACCOUNTING VALUATION REPORT

**Prepared for
MISCELLANEOUS
RISK POOL
Cost-Sharing Multiple-Employer
Defined Benefit Pension Plan**

Measurement Date of June 30, 2015

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Actuarial Certification

This report provides disclosure and reporting information as required under Governmental Accounting Standards Board Statement 68 (GASB 68) for the MISCELLANEOUS RISK POOL, which is part of the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (PERF C) administered by the California Public Employees' Retirement System (CalPERS), for the measurement period ended June 30, 2015.

This report is to be viewed solely for the purpose of financial accounting requirements. Any usage of the contents provided in this report for purposes other than financial accounting requirements would be inappropriate.

This accounting valuation report relies on liabilities and related validation work performed by the CalPERS Actuarial Office as part of the June 30, 2014 annual funding valuation. The census data and benefit provisions underlying the liabilities were prepared as of June 30, 2014 and certified as part of the annual funding valuation by the CalPERS Actuarial Office. The June 30, 2014 liabilities, which were rolled forward to June 30, 2015 and used for this accounting valuation are based on actuarial assumptions adopted by the CalPERS Board of Administration. The assumptions and methods are internally consistent and reasonable for PERF C.

With the provided liability and asset information, the total pension liability, net pension liability and pension expense were developed for the measurement period using standard actuarial techniques.

The undersigned is an actuary for CalPERS, who is a member of the American Academy of Actuaries and the Society of Actuaries and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.


A vertical line is positioned to the right of the signature.

SHELLY CHU, ASA, MAAA
Senior Pension Actuary, CalPERS

Introduction

This is the GASB 68 Accounting Valuation Report for the MISCELLANEOUS RISK POOL for the measurement date June 30, 2015. The public agency cost-sharing multiple-employer defined benefit pension plan (PERF C or the Plan) is administered by the California Public Employees' Retirement System (CalPERS). PERF C consists of a miscellaneous pool and a safety pool (also referred to as "risk pools"), which are comprised of individual employer miscellaneous and safety rate plans, respectively. Individual employers may sponsor more than one miscellaneous and safety rate plan. The employer participates in one cost-sharing multiple-employer defined benefit pension plan regardless of the number of rate plans the employer sponsors. Each employer should combine information provided for their participation in the miscellaneous and/or safety pools to report them as one Plan in their financial statements.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used.

Valuation Date	June 30, 2014
Measurement Date	June 30, 2015
Measurement Period	June 30, 2014 to June 30, 2015

Changes in the Miscellaneous Risk Pool Net Pension Liability

The following table shows the changes in net pension liability recognized over the measurement period.

	Increase (Decrease)		
	Total Pension Liability (a)	Risk Pool Fiduciary Net Position (b)	Net Pension Liability/(Asset) (c) = (a) – (b)
Balance at: 06/30/2014	\$13,110,948,452	\$10,639,461,174	\$2,471,487,278
Changes Recognized for the Measurement Period:			
Service Cost	\$335,248,541		\$335,248,541
Interest on Total Pension Liability	977,551,637		977,551,637
Changes of Benefit Terms	485,762		485,762
Changes of Assumptions	(242,065,946)		(242,065,946)
Differences between Expected and Actual Experience	25,585,821		25,585,821
Net Plan to Plan Resource Movement		\$65,452,197	(65,452,197)
Contributions – Employer		376,902,997	(376,902,997)
Contributions – Employees		154,112,658	(154,112,658)
Net Investment Income		240,587,946	(240,587,946)
Benefit Payments, including Refunds of Employee Contributions	(568,251,183)	(568,251,183)	0
Administrative Expense		(12,229,721)	12,229,721
Net Changes during 2014-15	\$528,554,632	\$256,574,894	\$271,979,738
Balance at: 06/30/2015	\$13,639,503,084	\$10,896,036,068	\$2,743,467,016

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

	Discount Rate -1% (6.65%)	Current Discount Rate (7.65%)	Discount Rate + 1% (8.65%)
Risk Pool's Net Pension Liability/ (Asset)	\$4,600,985,615	\$2,743,467,016	\$1,209,869,645

Pension Expense/(Income) for Measurement Period Ended June 30, 2015

Description	Amount
Service Cost	\$335,248,541
Interest on Total Pension Liability	977,551,637
Changes of Benefit Terms	485,762
Recognized Changes of Assumptions	(63,701,565)
Recognized Differences between Expected and Actual Experience	6,733,111
Net Plan to Plan Resource Movement	(65,452,197)
Employee Contributions	(154,112,658)
Projected Earnings on Pension Plan Investments	(812,065,459)
Recognized Differences between Projected and Actual Earnings on Plan Investments	(67,903,910)
Administrative Expense	12,229,721
Total Pension Expense/(Income)	\$169,012,983

Note: Employers should also include changes in proportion and differences between actual and proportionate share of contributions in the pension expense computation.

Deferred Outflows and Deferred Inflows of Resources Related to Pensions

The following table presents deferred outflows and deferred inflows of resources related to pensions as of June 30, 2015. Note that no adjustments have been made for contributions subsequent to the measurement date. Appropriate treatment of any contributions made after the measurement date is the responsibility of the employer. Employers are also responsible for determining the difference between the employer's actual and allocated contributions and changes in proportion.

	Deferred Outflows of Resources	Deferred inflows of Resources
Changes of Assumptions	\$0	\$(178,364,381)
Differences between Expected and Actual Experiences	18,852,710	0
Net Difference between Projected and Actual Earnings on Pension Plan Investments	457,182,010	(546,598,240)
Total	\$476,034,720	\$(724,962,621)

Amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Measurement Periods Ended June 30:	Deferred Outflows/(Inflows) of Resources
2016	\$(124,872,364)
2017	(124,872,364)
2018	(113,478,674)
2019	114,295,501
2020	0
Remaining	0

Expected Average Remaining Service Lifetime (EARSL)

The EARSL for PERF C for the June 30, 2015 measurement date is 3.8 years, which was obtained by dividing the total service years of 467,023 (the sum of remaining service lifetimes of the active employees) by 122,410 (the total number of participants: active, inactive, and retired). Note that inactive employees and retirees have remaining service lifetimes equal to 0. Also note that total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

Schedules of Required Supplementary Information – PERF C

The following table is intended for informational purposes only and is not a required GASB 68 disclosure for employers participating in cost-sharing plans.

Schedule of Changes in Net Pension Liability and Related Ratios for the Measurement Periods Ended June 30

Measurement Period	2015	2014
TOTAL PENSION LIABILITY:		
Service Cost	\$694,641,520	\$708,468,231
Interest on Total Pension Liability	2,283,684,841	2,172,422,018
Changes of Benefit Terms	485,762	0
Changes of Assumptions	(568,432,799)	0
Difference between Expected and Actual Experience	(45,373,303)	0
Benefit Payments, Including Refunds of Employee Contributions	(1,423,755,250)	(1,324,632,796)
Net Change in Total Pension Liability	\$941,250,771	\$1,556,257,453
Total Pension Liability – Beginning	30,829,966,631	29,273,709,178
Total Pension Liability – Ending (a)	\$31,771,217,402	\$30,829,966,631
PLAN FIDUCIARY NET POSITION		
Contributions – Employer	\$853,591,771	\$740,762,907
Contributions – Employee	284,392,695	291,772,508
Net Investment Income	548,704,192	3,686,880,709
Other Miscellaneous Income	0	0
Benefit Payments, Including Refunds of Employee Contributions	(1,423,755,250)	(1,324,632,796)
Net Plan to Plan Resource Movement	64,836,646	0
Administrative Expense	(27,966,698)	0
Net Change in Fiduciary Net Position	\$299,803,356	\$3,394,783,328
Plan Fiduciary Net Position – Beginning	\$24,607,502,515	\$21,212,719,187
Plan Fiduciary Net Position – Ending (b)	24,907,305,871	24,607,502,515
Plan Net Pension Liability/(Asset) – (a)-(b)	\$6,863,911,531	\$6,222,464,116
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.40%	79.82%
Covered-Employee Payroll ¹	\$3,356,288,355	\$3,268,462,750
Plan Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll	204.51%	190.38%

¹ Covered-Employee Payroll presented above is based on pensionable earnings provided by the employer. However, GASB 68 defines covered-employee payroll as the total payroll of employees that are provided pensions through the pension plan. Accordingly, if pensionable earnings are different than total earnings for covered-employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required payroll-related ratios.

Notes to Schedule of Changes in Net Pension Liability and Related Ratios:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2014 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: The discount rate was changed from 7.5 percent (net of administrative expense) to 7.65 percent to correct for an adjustment to exclude administrative expense.

Schedule of Plan Contributions for Fiscal Years Ended June 30¹ – PERF C

Employer Fiscal Year End	2015	2014
Legally Required Contributions ²	\$694,805,563	\$681,668,865
Contributions in Relation to the Legally Required Contribution ²	(853,591,771)	(740,762,907)
Contribution Deficiency (Excess)	\$(158,786,208)	\$(59,094,042)
Covered-Employee Payroll ^{3, 4}	\$3,356,288,355	\$3,268,462,750
Contributions as a Percentage of Covered-Employee Payroll ³	25.43%	22.66%

¹ As prescribed in GASB 68, paragraph 46, the information presented in the Schedule of Plan Contributions should also be presented as of the employer's most recent fiscal year-end. The employer is responsible for determining this information as prescribed by the standard as this data is not available to CalPERS.

² Employers are assumed to make contributions equal to the legally required contributions. However, some employers may choose to make additional contributions towards their unfunded liability. Such employer contributions would create a contribution excess in relation to the legally required contributions.

³ Covered-Employee Payroll presented above is based on pensionable earnings provided by the employer. However, GASB 68 defines covered-employee payroll as the total payroll of employees that are provided pensions through the pension plan. Accordingly, if pensionable earnings are different than total earnings for covered-employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required payroll-related ratios.

⁴ Payroll from prior year \$3,258,532,383 was assumed to increase by 3.00 percent payroll growth assumption.

Notes to Schedule of Plan Contributions:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2014-15 were derived from the June 30, 2012 funding valuation report.

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	For details, see June 30, 2012 Funding Valuation Report.
Asset Valuation Method	Actuarial Value of Assets. For details, see June 30, 2012 Funding Valuation Report.
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation.
Retirement Age	The probabilities of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

There were no changes in methods or assumptions used to determine the legally required contributions, which are actuarially determined, from the June 30, 2011 to the June 30, 2012 funding valuation report.

APPENDICES

- APPENDIX A – RISK POOL DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS
- APPENDIX B – INTEREST AND TOTAL PROJECTED EARNINGS
- APPENDIX C – SCHEDULE OF AGGREGATE PENSION AMOUNTS

APPENDIX A

RISK POOL DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

- SCHEDULE OF CHANGES OF ASSUMPTIONS
- DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES ARISING FROM CHANGES OF ASSUMPTIONS
- SCHEDULE OF DIFFERENCES BETWEEN EXPECTED AND ACTUAL EXPERIENCE
- DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES ARISING FROM DIFFERENCES BETWEEN EXPECTED AND ACTUAL EXPERIENCE
- SCHEDULE OF DIFFERENCES BETWEEN PROJECTED AND ACTUAL EARNINGS ON PENSION PLAN INVESTMENTS
- DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES ARISING FROM DIFFERENCES BETWEEN PROJECTED AND ACTUAL EARNINGS ON PENSION PLAN INVESTMENTS
- SUMMARY OF RECOGNIZED DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

Schedule of Changes of Assumptions

Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of Changes of Assumptions (Measurement Dates)

Measurement Date	Initial Changes of Assumptions	Remaining Period (Years)	Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of Changes of Assumptions (Measurement Dates)						
			2015	2016	2017	2018	2019	2020	Remaining
2014	\$0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2015	(242,065,946)	3.8	(63,701,565)	(63,701,565)	(63,701,565)	(50,961,251)	0	0	0
Net Increase (Decrease) in Pension Expense			\$(63,701,565)	\$(63,701,565)	\$(63,701,565)	\$(50,961,251)	\$0	\$0	\$0

Deferred Outflows of Resources and Deferred Inflows of Resources arising from Changes of Assumptions

Measurement Date	Initial Increase in Total Pension Liability (a)	Initial Decrease in Total Pension Liability (b)	Amounts Recognized in Pension Expense through June 30, 2015 (c)	Balances at June 30, 2015	
				Deferred Outflows of Resources (a) – (c)	Deferred Inflows of Resources (b) – (c)
2014	\$0	\$0	\$0	\$0	\$0
2015	0	(242,065,946)	(63,701,565)	0	(178,364,381)
				\$0	\$(178,364,381)

Schedule of Differences between Expected and Actual Experience

Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of Differences between Expected and Actual Experience (Measurement Dates)

Measurement Date	Initial Differences between Expected and Actual Experience	Remaining Period (Years)	Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of Differences between Expected and Actual Experience (Measurement Dates)						
			2015	2016	2017	2018	2019	2020	Remaining
2014	\$0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2015	25,585,821	3.8	6,733,111	6,733,111	6,733,111	5,386,488	0	0	0
Net Increase (Decrease) in Pension Expense			\$6,733,111	\$6,733,111	\$6,733,111	\$5,386,488	\$0	\$0	\$0

Deferred Outflows of Resources and Deferred Inflows of Resources arising from Differences between Expected and Actual Experience

Measurement Date	Initial Experience Losses (a)	Initial Experience Gains (b)	Amounts Recognized in Pension Expense through June 30, 2015 (c)	Balances at June 30, 2015	
				Deferred Outflows of Resources (a) – (c)	Deferred Inflows of Resources (b) – (c)
2014	\$0	\$0	\$0	\$0	\$0
2015	25,585,821	0	6,733,111	18,852,710	0
				\$18,852,710	\$0

Schedule of Differences between Projected and Actual Earnings on Pension Plan Investments

Increase (Decrease) in Pension Expense Arising from the Recognition of the Differences
between Projected and Actual Earnings on Pension Plan Investments
(Measurement Dates)

Measurement Date	Initial Differences between Projected and Actual Earnings on Pension Plan Investments	Remaining Period (Years)	Increase (Decrease) in Pension Expense Arising from the Recognition of the Differences between Projected and Actual Earnings on Pension Plan Investments (Measurement Dates)						Remaining
			2015	2016	2017	2018	2019	2020	
2014	\$(910,997,066)	4.0	\$(182,199,413)	\$(182,199,413)	\$(182,199,413)	\$(182,199,414)	\$0	\$0	\$0
2015	571,477,513	5.0	114,295,503	114,295,503	114,295,503	114,295,503	114,295,501	0	0
Net Increase (Decrease) in Pension Expense			\$(67,903,910)	\$(67,903,910)	\$(67,903,910)	\$(67,903,911)	\$114,295,501	\$0	\$0

Deferred Outflows of Resources and Deferred Inflows of Resources arising from Differences between Projected and Actual Earnings on Pension Plan Investments

Measurement Date	Initial Investment Earnings less than Projected (a)	Initial Investment Earnings greater than Projected (b)	Amounts Recognized in Pension Expense through June 30, 2015 (c)	Balances at June 30, 2015	
				Deferred Outflows of Resources (a) – (c)	Deferred Inflows of Resources (b) – (c)
2014	\$0	\$(910,997,066)	\$(364,398,826)	\$0	\$(546,598,240)
2015	571,477,513	0	114,295,503	457,182,010	0
				\$457,182,010	\$(546,598,240)

Summary of Recognized Deferred Outflows of Resources and Deferred Inflows of Resources

	Net Increase (Decrease) in Pension Expense (Measurement Periods)						
	2015	2016	2017	2018	2019	2020	Remaining
Changes of Assumptions	\$ (63,701,565)	\$ (63,701,565)	\$ (63,701,565)	\$ (50,961,251)	\$ 0	\$ 0	\$ 0
Differences between Expected and Actual Experience	6,733,111	6,733,111	6,733,111	5,386,488	0	0	0
Differences between Projected and Actual Earnings on Pension Plan Investments	(67,903,910)	(67,903,910)	(67,903,910)	(67,903,911)	114,295,501	0	0
Grand Total	\$ (124,872,364)	\$ (124,872,364)	\$ (124,872,364)	\$ (113,478,674)	\$ 114,295,501	\$ 0	\$ 0

APPENDIX B

INTEREST AND TOTAL PROJECTED EARNINGS

- RISK POOL INTEREST ON TOTAL PENSION LIABILITY AND TOTAL PROJECTED EARNINGS

Risk Pool Interest on Total Pension Liability and Total Projected Earnings

Interest in the Total Pension Liability	Amount for Period (a)	Portion of Period (b)	Interest Rate (c)	Interest on the Total Pension Liability (a) X (b) X (c)
Beginning Total Pension Liability	\$13,110,948,452	100%	7.65%	\$1,002,987,557
Changes of Benefit Terms	485,762	100%	7.65%	37,161
Changes of Assumptions	(242,065,946)	100%	7.65%	(18,518,045)
Difference between Expected and Actual Experience	25,585,821	100%	7.65%	1,957,315
Service Cost	335,248,541	50%	7.65%	12,823,257
Benefit Payments, including Refunds of Employee Contributions	(568,251,183)	50%	7.65%	(21,735,608)
Total Interest on the Total Pension Liability				\$977,551,637

Projected Earnings on Pension Plan Investments	Amount for Period (a)	Portion of Period (b)	Projected Rate of Return (c)	Projected Earnings (a) X (b) X (c)
Beginning Plan Fiduciary Net Position excluding Receivables ¹	\$10,607,241,276	100%	7.65%	\$811,453,958
Net Plan to Plan Resource Movement	65,452,197	50%	7.65%	2,503,547
Employer Contributions	376,902,997	50%	7.65%	14,416,540
Employee Contributions	154,112,658	50%	7.65%	5,894,809
Benefit Payments, including Refunds of Employee Contributions	(568,251,183)	50%	7.65%	(21,735,608)
Administrative Expense	(12,229,721)	50%	7.65%	(467,787)
Total Projected Earnings				\$812,065,459

¹ Contribution receivables for employee service buybacks, totaling \$32,219,898 as of June 30, 2014, were excluded for purposes of calculating projected earnings on pension plan investments.

APPENDIX C

SCHEDULE OF AGGREGATE PENSION AMOUNTS

- SCHEDULE OF AGGREGATE PENSION AMOUNTS FOR THE PERF C

Schedule of Aggregate Pension Amounts for the PERF C, as of the Measurement Date June 30, 2015

	Miscellaneous	Safety	Total
Total Pension Liability	\$13,639,503,084	\$18,131,714,318	\$31,771,217,402
Plan Fiduciary Net Position	\$10,896,036,068	\$14,011,269,803	\$24,907,305,871
Net Pension Liability	\$2,743,467,016	\$4,120,444,515	\$6,863,911,531
Deferred Outflows of Resources			
Changes of Assumptions	0	0	0
Differences Between Expected and Actual Experience	18,852,710	0	18,852,710
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	457,182,010	598,448,222	1,055,630,232
Total Deferred Outflows of Resources Excluding Employer Specific Amounts ¹	476,034,720	598,448,222	1,074,482,942
Deferred Inflows of Resources			
Changes of Assumptions	(178,364,381)	(240,480,839)	(418,845,220)
Differences Between Expected and Actual Experience	0	(52,285,670)	(52,285,670)
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	(546,598,240)	(720,325,412)	(1,266,923,652)
Total Deferred Inflows of Resources Excluding Employer Specific Amounts ¹	(724,962,621)	(1,013,091,921)	(1,738,054,542)
Aggregate Plan Pension Expense	\$169,012,983	\$300,366,268	\$469,379,251

¹ No adjustments have been made for employer specific amounts such as changes in proportion, differences between employer contributions and proportionate share of contributions, and contributions to the Plan subsequent to the measurement date as defined in paragraphs 54, 55, and 57 of GASB 68. Appropriate treatment of such amounts is the responsibility of the employer.

ITEM: CONSENT CALENDAR**8. CONSIDER ADOPTION OF TREASURER'S REPORT FOR OCTOBER 2016**

Meeting Date:	December 12, 2016	Budgeted:	N/A
From:	David J. Stoldt, General Manager	Program/ Line Item No.:	N/A
Prepared By:	Suresh Prasad	Cost Estimate:	N/A

General Counsel Review: N/A**Committee Recommendation: The Administrative Committee considered this item on December 5, 2016 and recommended approval.****CEQA Compliance: N/A**

SUMMARY: Exhibit 8-A comprises the Treasurer's Report for October 2016. Exhibit 8-B, Exhibit 8-C and Exhibit 8-D are listings of check disbursements for the period October 1-31, 2016. Check Nos. 27336 through 27594, the direct deposits of employee's paychecks, payroll tax deposits, and bank charges resulted in total disbursements for the period in the amount of \$817,230.67. That amount included \$23,883.09 for conservation rebates. Exhibit 8-E reflects the unaudited version of the financial statements for the month ending October 31, 2016.

RECOMMENDATION: District staff recommends adoption of the October 2016 Treasurer's Report and financial statements, and ratification of the disbursements made during the month. The Administrative Committee reviewed this item at its December 5, 2016 meeting and voted 3 to 0 to recommend approval.

EXHIBITS

- 8-A** Treasurer's Report
- 8-B** Listing of Cash Disbursements-Regular
- 8-C** Listing of Cash Disbursements-Payroll
- 8-D** Listing of Other Bank Items
- 8-E** Financial Statements

**MONTEREY PENINSULA WATER MANAGEMENT DISTRICT
TREASURER'S REPORT FOR OCTOBER 2016**

<u>Description</u>	<u>Checking</u>	<u>MPWMD Money Market</u>	<u>L.A.I.F.</u>	<u>Wells Fargo Investments</u>	<u>MPWMD Total</u>	<u>Rabobank Line of Credit</u>	<u>PB Reclamation Money Market</u>
Beginning Balance	\$28,915.56	\$92,498.62	\$201,441.52	\$1,507,593.52	\$ 1,830,449.22	\$0.00	\$10,462.27
Fee Deposits		994,097.27			994,097.27		856,596.74
Line of Credit Draw		300,000.00			300,000.00	(300,000.00)	
Interest		4.61	1,164.58	2,011.23	3,180.42		5.48
Transfer to/from LAIF					0.00		
Transfer-Money Market to Checking	\$753,898.39	(753,898.39)			0.00		
Transfer-Money Market to W/Fargo					0.00		
Transfer-W/Fargo to Money Market					0.00		
W/Fargo-Investment Purchase					0.00		
Transfer Ckg to MPWMD M/Mrkt					0.00		
MoCo Tax & WS Chg Installment Pymt					0.00		
Transfer to CAWD					0.00		(500,000.00)
Voided Cks					0.00		
Bank Corrections/Reversals/Errors					0.00		
Bank Charges/Rtn'd Deposits/Other	(\$300.36)	(45.45)			(345.81)		(3.00)
Payroll Tax Deposits	(31,282.66)				(31,282.66)		
Payroll Checks/Direct Deposits	(130,237.34)				(130,237.34)		
General Checks	(655,410.31)				(655,410.31)		
Bank Draft Payments					0.00		
Ending Balance	(\$34,416.72)	\$632,656.66	\$202,606.10	\$1,509,604.75	\$2,310,450.79	(\$300,000.00)	\$367,061.49

Check Report

By Check Number

Date Range: 10/01/2016 - 10/31/2016



Monterey Peninsula Water Management Dist

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
Bank Code: APBNK	-Bank of America Checking					
00254	MoCo Recorder	10/06/2016	Regular	0.00	61.00	27336
00254	MoCo Recorder	10/06/2016	Regular	0.00	61.00	27337
00254	MoCo Recorder	10/06/2016	Regular	0.00	29.00	27338
00254	MoCo Recorder	10/06/2016	Regular	0.00	29.00	27339
00254	MoCo Recorder	10/06/2016	Regular	0.00	14.00	27340
00254	MoCo Recorder	10/06/2016	Regular	0.00	61.00	27341
00254	MoCo Recorder	10/06/2016	Regular	0.00	29.00	27342
00254	MoCo Recorder	10/06/2016	Regular	0.00	41.00	27343
00254	MoCo Recorder	10/06/2016	Regular	0.00	61.00	27344
00254	MoCo Recorder	10/06/2016	Regular	0.00	14.00	27345
00254	MoCo Recorder	10/06/2016	Regular	0.00	32.00	27346
00254	MoCo Recorder	10/13/2016	Regular	0.00	61.00	27433
00254	MoCo Recorder	10/13/2016	Regular	0.00	29.00	27434
00254	MoCo Recorder	10/13/2016	Regular	0.00	29.00	27435
00254	MoCo Recorder	10/13/2016	Regular	0.00	32.00	27436
00254	MoCo Recorder	10/13/2016	Regular	0.00	29.00	27437
00254	MoCo Recorder	10/13/2016	Regular	0.00	32.00	27438
00249	A.G. Davi, LTD	10/14/2016	Regular	0.00	395.00	27439
01188	Alhambra	10/14/2016	Regular	0.00	209.35	27440
00253	AT&T	10/14/2016	Regular	0.00	1,463.95	27441
09127	Ben Meadows	10/14/2016	Regular	0.00	465.96	27442
00252	Cal-Am Water	10/14/2016	Regular	0.00	86.25	27443
00252	Cal-Am Water	10/14/2016	Regular	0.00	92.51	27444
12601	Carmel Valley Ace Hardware	10/14/2016	Regular	0.00	32.91	27445
01001	CDW Government	10/14/2016	Regular	0.00	293.46	27446
01352	Dave Stoldt	10/14/2016	Regular	0.00	642.90	27447
08109	David Olson, Inc.	10/14/2016	Regular	0.00	692.00	27448
00761	Delores Cofer	10/14/2016	Regular	0.00	405.00	27449
00267	Employment Development Dept.	10/14/2016	Regular	0.00	3,794.54	27450
07624	Franchise Tax Board	10/14/2016	Regular	0.00	85.99	27451
07624	Franchise Tax Board	10/14/2016	Regular	0.00	35.00	27452
00072	Goodin,MacBride,Squeri,Day,Lamprey	10/14/2016	Regular	0.00	16,399.99	27453
12655	Graphicsmiths	10/14/2016	Regular	0.00	182.60	27454
12191	Gutierrez Consultants	10/14/2016	Regular	0.00	1,085.00	27455
00986	Henrietta Stern	10/14/2016	Regular	0.00	1,149.00	27456
00277	Home Depot Credit Services	10/14/2016	Regular	0.00	31.37	27457
00768	ICMA	10/14/2016	Regular	0.00	4,901.09	27458
04717	Inder Osahan	10/14/2016	Regular	0.00	1,149.00	27459
00094	John Arriaga	10/14/2016	Regular	0.00	2,500.00	27460
03969	Jonathan Lear	10/14/2016	Regular	0.00	310.63	27461
05371	June Silva	10/14/2016	Regular	0.00	580.86	27462
06999	KBA Docusys	10/14/2016	Regular	0.00	7,232.80	27463
09982	Kyle Smith	10/14/2016	Regular	0.00	366.29	27464
00769	Laborers Trust Fund of Northern CA	10/14/2016	Regular	0.00	27,775.00	27465
05830	Larry Hampson	10/14/2016	Regular	0.00	600.00	27466
00222	M.J. Murphy	10/14/2016	Regular	0.00	42.46	27467
00259	Marina Coast Water District	10/14/2016	Regular	0.00	1,218.51	27468
00259	Marina Coast Water District	10/14/2016	Regular	0.00	68.47	27469
12657	Monterey Bay Area Managers Group	10/14/2016	Regular	0.00	10.00	27470
00118	Monterey Bay Carpet & Janitorial Svc	10/14/2016	Regular	0.00	1,000.00	27471
01002	Monterey County Clerk	10/14/2016	Regular	0.00	50.00	27472
00275	Monterey County Herald	10/14/2016	Regular	0.00	255.26	27473
04034	Monterey County Tax Collector	10/14/2016	Regular	0.00	189.44	27474
01199	Monterey Signs, Inc.	10/14/2016	Regular	0.00	95.00	27475

EXHIBIT 8-B

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Check Report

Date Range: 10/01/2016 - 10/31/2016

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
00274	MRWPCA	10/14/2016	Regular	0.00	148.21	27476
00225	Palace Office Supply	10/14/2016	Regular	0.00	242.73	27477
00154	Peninsula Messenger Service	10/14/2016	Regular	0.00	801.00	27478
00755	Peninsula Welding Supply, Inc.	10/14/2016	Regular	0.00	217.65	27479
00282	PG&E	10/14/2016	Regular	0.00	11.87	27480
00282	PG&E	10/14/2016	Regular	0.00	62.76	27481
00282	PG&E	10/14/2016	Regular	0.00	20.03	27482
00282	PG&E	10/14/2016	Regular	0.00	11.87	27483
00752	Professional Liability Insurance Service	10/14/2016	Regular	0.00	35.74	27484
07627	Purchase Power	10/14/2016	Regular	0.00	500.00	27485
00262	Pure H2O	10/14/2016	Regular	0.00	64.56	27486
00272	Red Shift Internet Services	10/14/2016	Regular	0.00	68.72	27487
04046	Safeguard Business Systems	10/14/2016	Regular	0.00	404.05	27488
04709	Sherron Forsgren	10/14/2016	Regular	0.00	637.86	27489
03979	Special Districts Association of Monterey County	10/14/2016	Regular	0.00	60.00	27490
03973	Stephanie Kister	10/14/2016	Regular	0.00	581.26	27491
00286	Stephanie L Locke	10/14/2016	Regular	0.00	311.65	27492
00269	U.S. Bank	10/14/2016	Regular	0.00	2,870.89	27493
03967	U.S. Green Building Council	10/14/2016	Regular	0.00	300.00	27494
00207	Universal Staffing Inc.	10/14/2016	Regular	0.00	811.20	27495
00271	UPEC, Local 792	10/14/2016	Regular	0.00	1,036.92	27496
00221	Verizon Wireless	10/14/2016	Regular	0.00	592.42	27497
06009	yourservicesolution.com	10/14/2016	Regular	0.00	95.00	27498
00254	MoCo Recorder	10/19/2016	Regular	0.00	70.00	27499
00254	MoCo Recorder	10/19/2016	Regular	0.00	29.00	27500
00254	MoCo Recorder	10/19/2016	Regular	0.00	61.00	27501
00254	MoCo Recorder	10/19/2016	Regular	0.00	26.00	27502
00254	MoCo Recorder	10/19/2016	Regular	0.00	35.00	27503
00254	MoCo Recorder	10/19/2016	Regular	0.00	29.00	27504
00254	MoCo Recorder	10/19/2016	Regular	0.00	61.00	27505
00254	MoCo Recorder	10/19/2016	Regular	0.00	29.00	27506
00254	MoCo Recorder	10/19/2016	Regular	0.00	61.00	27507
00254	MoCo Recorder	10/19/2016	Regular	0.00	38.00	27508
00763	ACWA-JPIA	10/21/2016	Regular	0.00	447.40	27509
04732	AM Conservation Group, Inc.	10/21/2016	Regular	0.00	709.27	27510
00760	Andy Bell	10/21/2016	Regular	0.00	810.00	27511
01347	ARC	10/21/2016	Regular	0.00	148.16	27512
00253	AT&T	10/21/2016	Regular	0.00	60.56	27513
09127	Ben Meadows	10/21/2016	Regular	0.00	112.92	27514
00036	Bill Parham	10/21/2016	Regular	0.00	650.00	27515
00252	Cal-Am Water	10/21/2016	Regular	0.00	667.31	27516
00243	CalPers Long Term Care Program	10/21/2016	Regular	0.00	40.56	27517
12601	Carmel Valley Ace Hardware	10/21/2016	Regular	0.00	7.20	27518
01001	CDW Government	10/21/2016	Regular	0.00	2,017.28	27519
00281	CoreLogic Information Solutions, Inc.	10/21/2016	Regular	0.00	429.00	27520
08109	David Olson, Inc.	10/21/2016	Regular	0.00	9,906.00	27521
02660	Forestry Suppliers Inc.	10/21/2016	Regular	0.00	133.73	27522
00277	Home Depot Credit Services	10/21/2016	Regular	0.00	140.13	27523
00222	M.J. Murphy	10/21/2016	Regular	0.00	103.57	27524
00117	Marina Backflow Company	10/21/2016	Regular	0.00	120.00	27525
12597	Maureen Hamilton	10/21/2016	Regular	0.00	40.50	27526
12658	McCampbell Analytical, Inc.	10/21/2016	Regular	0.00	182.70	27527
00118	Monterey Bay Carpet & Janitorial Svc	10/21/2016	Regular	0.00	400.00	27528
00274	MRWPCA	10/21/2016	Regular	0.00	332,105.66	27529
00225	Palace Office Supply	10/21/2016	Regular	0.00	582.02	27530
00755	Peninsula Welding Supply, Inc.	10/21/2016	Regular	0.00	58.14	27531
00256	PERS Retirement	10/21/2016	Regular	0.00	13,477.67	27532
00282	PG&E	10/21/2016	Regular	0.00	8,769.12	27533
00282	PG&E	10/21/2016	Regular	0.00	38,006.44	27534
00282	PG&E	10/21/2016	Regular	0.00	18.69	27535
06746	POSTMASTER	10/21/2016	Regular	0.00	300.00	27536

EXHIBIT 8-B

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Check Report

Date Range: 10/01/2016 - 10/31/2016

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
00159	Pueblo Water Resources, Inc.	10/21/2016	Regular	0.00	3,612.50	27537
01020	Sara Reyes	10/21/2016	Regular	0.00	188.79	27538
00176	Sentry Alarm Systems	10/21/2016	Regular	0.00	125.50	27539
00283	SHELL	10/21/2016	Regular	0.00	770.65	27540
04719	Telit Wireless Solutions	10/21/2016	Regular	0.00	278.60	27541
00207	Universal Staffing Inc.	10/21/2016	Regular	0.00	2,902.18	27542
00254	MoCo Recorder	10/27/2016	Regular	0.00	29.00	27546
00254	MoCo Recorder	10/27/2016	Regular	0.00	29.00	27547
00254	MoCo Recorder	10/27/2016	Regular	0.00	61.00	27548
00254	MoCo Recorder	10/27/2016	Regular	0.00	29.00	27549
00254	MoCo Recorder	10/27/2016	Regular	0.00	26.00	27550
00254	MoCo Recorder	10/27/2016	Regular	0.00	93.00	27551
00254	MoCo Recorder	10/27/2016	Regular	0.00	26.00	27552
00254	MoCo Recorder	10/27/2016	Regular	0.00	61.00	27553
00254	MoCo Recorder	10/27/2016	Regular	0.00	61.00	27554
00254	MoCo Recorder	10/27/2016	Regular	0.00	32.00	27555
00254	MoCo Recorder	10/27/2016	Regular	0.00	14.00	27556
00254	MoCo Recorder	10/27/2016	Regular	0.00	61.00	27557
04732	AM Conservation Group, Inc.	10/28/2016	Regular	0.00	440.45	27558
00253	AT&T	10/28/2016	Regular	0.00	717.83	27559
00236	AT&T Long Distance	10/28/2016	Regular	0.00	1.30	27560
12188	Brown and Caldwell	10/28/2016	Regular	0.00	11,536.07	27561
00243	CalPers Long Term Care Program	10/28/2016	Regular	0.00	40.56	27562
00024	Central Coast Exterminator	10/28/2016	Regular	0.00	104.00	27563
00237	Chevron	10/28/2016	Regular	0.00	597.30	27564
00230	Cisco WebEx, LLC	10/28/2016	Regular	0.00	136.40	27565
00224	City of Monterey	10/28/2016	Regular	0.00	697.75	27566
06268	Comcast	10/28/2016	Regular	0.00	205.28	27567
00046	De Lay & Laredo	10/28/2016	Regular	0.00	37,027.29	27568
00267	Employment Development Dept.	10/28/2016	Regular	0.00	5,336.25	27569
00192	Extra Space Storage	10/28/2016	Regular	0.00	742.00	27570
02660	Forestry Suppliers Inc.	10/28/2016	Regular	0.00	146.48	27571
07624	Franchise Tax Board	10/28/2016	Regular	0.00	104.55	27572
07624	Franchise Tax Board	10/28/2016	Regular	0.00	35.00	27573
00993	Harris Court Business Park	10/28/2016	Regular	0.00	721.26	27574
08929	HDR Engineering, Inc.	10/28/2016	Regular	0.00	28,184.41	27575
00768	ICMA	10/28/2016	Regular	0.00	4,901.09	27576
06745	KBA Docusys - Lease Payments	10/28/2016	Regular	0.00	946.13	27577
00222	M.J. Murphy	10/28/2016	Regular	0.00	40.70	27578
12597	Maureen Hamilton	10/28/2016	Regular	0.00	47.00	27579
12745	Mr. David Jones & Ms. Debbie Jones	10/28/2016	Regular	0.00	532.94	27580
00256	PERS Retirement	10/28/2016	Regular	0.00	13,238.17	27581
04736	Pitney Bowes Global Financial Svc, LLC	10/28/2016	Regular	0.00	387.79	27582
00251	Rick Dickhaut	10/28/2016	Regular	0.00	1,023.00	27583
09989	Star Sanitation Services	10/28/2016	Regular	0.00	187.72	27584
03973	Stephanie Kister	10/28/2016	Regular	0.00	52.08	27585
00258	TBC Communications & Media	10/28/2016	Regular	0.00	10,100.00	27586
00229	Tyler Technologies	10/28/2016	Regular	0.00	967.50	27587
00207	Universal Staffing Inc.	10/28/2016	Regular	0.00	1,600.19	27588
08105	Yolanda Munoz	10/28/2016	Regular	0.00	540.00	27589

EXHIBIT 8-B

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Check Report

Date Range: 10/01/2016 - 10/31/2016

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
00754	Zone24x7	10/28/2016	Regular	0.00	4,487.50	27590

Payment Type	Bank Code APBNK		Summary	
	Payable Count	Payment Count	Discount	Payment
Regular Checks	192	166	0.00	631,527.22
Manual Checks	0	0	0.00	0.00
Voided Checks	0	0	0.00	0.00
Bank Drafts	0	0	0.00	0.00
EFT's	0	0	0.00	0.00
	192	166	0.00	631,527.22

EXHIBIT 8-B

Check Report

Date Range: 10/01/2016 - 10/31/2016

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
Bank Code: REBATES-02-Rebates: Use Only For Rebates						
12679	ANN WRIGHT	10/10/2016	Regular	0.00	100.00	27347
12694	ANNA GIAMMANCO	10/10/2016	Regular	0.00	98.00	27348
12675	ANTHONY MADONNA	10/10/2016	Regular	0.00	100.00	27349
12681	Arvid J. Miller & Francine Hilaire-Miller	10/10/2016	Regular	0.00	500.00	27350
12702	BILL ROBNETT	10/10/2016	Regular	0.00	500.00	27351
12711	C W FREEDMAN	10/10/2016	Regular	0.00	625.00	27352
12686	CARMEL HIGHLANDS SANCTUARY LLC	10/10/2016	Regular	0.00	500.00	27353
12728	Cassie Salopek	10/10/2016	Regular	0.00	500.00	27354
12669	CHARLES CECH	10/10/2016	Regular	0.00	100.00	27355
12723	CHARLES ROBLEDO	10/10/2016	Regular	0.00	100.00	27356
12670	CLYDE SCHAFFER	10/10/2016	Regular	0.00	149.00	27357
12722	CONNIE GARRETT	10/10/2016	Regular	0.00	300.00	27358
12715	Cynthia Wigdahl	10/10/2016	Regular	0.00	100.00	27359
12661	DAVID E GRIFFITHS	10/10/2016	Regular	0.00	100.00	27360
12685	DEBBIE YOUNG	10/10/2016	Regular	0.00	500.00	27361
12708	ELMER LARIOS	10/10/2016	Regular	0.00	500.00	27362
12665	Emily Higuera	10/10/2016	Regular	0.00	99.00	27363
12738	ERIC REY	10/10/2016	Regular	0.00	140.00	27364
12731	ERNESTINE LYSENKO	10/10/2016	Regular	0.00	500.00	27365
12737	ESTHER ROGERS	10/10/2016	Regular	0.00	500.00	27366
12726	FRANCOISE AVERY	10/10/2016	Regular	0.00	125.00	27367
12703	Gail Rawitzer	10/10/2016	Regular	0.00	500.00	27368
12697	GEORGE & MARILYN CHURILLA	10/10/2016	Regular	0.00	100.00	27369
12714	Gernot Friederich	10/10/2016	Regular	0.00	100.00	27370
12717	GLORIA RUSSELL	10/10/2016	Regular	0.00	100.00	27371
12693	GS LLC	10/10/2016	Regular	0.00	200.00	27372
12677	GS LLC	10/10/2016	Regular	0.00	200.00	27373
12662	HAI CHUNG	10/10/2016	Regular	0.00	100.00	27374
12673	HARRY DELIZONNA	10/10/2016	Regular	0.00	300.00	27375
12704	HOLLY SHEWBRIDGE	10/10/2016	Regular	0.00	500.00	27376
12676	HUY BUI	10/10/2016	Regular	0.00	100.00	27377
12684	Irma Jiminez	10/10/2016	Regular	0.00	500.00	27378
12712	JAMES GOLDBERG	10/10/2016	Regular	0.00	79.00	27379
12718	JAMES LAKE	10/10/2016	Regular	0.00	400.00	27380
12664	JAMES P DEOUDES	10/10/2016	Regular	0.00	600.00	27381
12698	JAMES PAGE	10/10/2016	Regular	0.00	125.00	27382
12695	JAMES W SHAKAL	10/10/2016	Regular	0.00	268.00	27383
12716	JANETTE MOODY	10/10/2016	Regular	0.00	200.00	27384
12725	JOHN SMITH	10/10/2016	Regular	0.00	125.00	27385
12687	John Wiederanders	10/10/2016	Regular	0.00	499.00	27386
12680	JOYCE NEWELL	10/10/2016	Regular	0.00	125.00	27387
12663	KARIN TWOHIG	10/10/2016	Regular	0.00	200.00	27388
12736	KATHLEEN BREULEUX	10/10/2016	Regular	0.00	500.00	27389
12707	Kathryn McKenna	10/10/2016	Regular	0.00	500.00	27390
12682	KATHRYN MELHEM	10/10/2016	Regular	0.00	500.00	27391
12700	KELLY HARTWELL	10/10/2016	Regular	0.00	500.00	27392
12733	Kim Christensen	10/10/2016	Regular	0.00	499.99	27393
12692	LARRY SUBLET	10/10/2016	Regular	0.00	298.00	27394
12672	LINDA PARISE	10/10/2016	Regular	0.00	100.00	27395
12666	LUIS SANDOVAL	10/10/2016	Regular	0.00	100.00	27396
12668	MANUS J & RUTHANN A DONAHUE	10/10/2016	Regular	0.00	100.00	27397
12667	MARY WEBER & COREY MILLER	10/10/2016	Regular	0.00	200.00	27398
12683	MECHELE NEELEY-SCHOLIS	10/10/2016	Regular	0.00	498.60	27399
12678	MEREDITH STRICKER	10/10/2016	Regular	0.00	200.00	27400
12732	MICHAEL FITZPATRICK	10/10/2016	Regular	0.00	500.00	27401
12705	PATRICK H TAYLOR	10/10/2016	Regular	0.00	500.00	27402
12740	PEGGY SORENSON	10/10/2016	Regular	0.00	100.00	27403
12671	Pei Ju Chang	10/10/2016	Regular	0.00	100.00	27404
12689	PETER & ANGIE BRUNO	10/10/2016	Regular	0.00	125.00	27405
12721	PETER GUERRA	10/10/2016	Regular	0.00	100.00	27406

EXHIBIT 8-B

Check Report

Date Range: 10/01/2016 - 10/31/2016

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
12710	PHIL ROSE	10/10/2016	Regular	0.00	140.00	27407
12719	RICHARD & CAROLYN TREAKLE	10/10/2016	Regular	0.00	100.00	27408
12674	RICHARD C & FAY M WELK	10/10/2016	Regular	0.00	825.00	27409
12706	RICHARD KOSTKAS	10/10/2016	Regular	0.00	500.00	27410
12724	ROBERT FREEMAN	10/10/2016	Regular	0.00	125.00	27411
12729	ROBERT & KATHERINE PETTY	10/10/2016	Regular	0.00	500.00	27412
12688	ROBERT & ROSALIND DAVIS	10/10/2016	Regular	0.00	500.00	27413
12659	RON & JAN GHIO	10/10/2016	Regular	0.00	200.00	27414
12713	RONALD ROLAND	10/10/2016	Regular	0.00	125.00	27415
12691	ROSE DIROCCO	10/10/2016	Regular	0.00	125.00	27416
12690	ROSE DIROCCO	10/10/2016	Regular	0.00	149.00	27417
12727	Sally Balesteri	10/10/2016	Regular	0.00	500.00	27418
12720	SANDRA J STILL	10/10/2016	Regular	0.00	100.00	27419
12741	SCOTT HARVEY	10/10/2016	Regular	0.00	40.00	27420
12739	TAMMIE TIMMION	10/10/2016	Regular	0.00	262.50	27421
12709	Terrence Coen	10/10/2016	Regular	0.00	499.00	27422
12701	TERRI PADEN	10/10/2016	Regular	0.00	500.00	27423
12696	THE NELL MILICH TRUST 4/18/2005	10/10/2016	Regular	0.00	100.00	27424
12735	THOMAS HUGO	10/10/2016	Regular	0.00	500.00	27425
12734	TONYA HUFFORD	10/10/2016	Regular	0.00	500.00	27426
12699	TRACI DAVIS	10/10/2016	Regular	0.00	125.00	27427
12660	VAL JOSEPH MARASCO	10/10/2016	Regular	0.00	89.00	27428
12730	Wanda Boring	10/10/2016	Regular	0.00	500.00	27429

Bank Code REBATES-02 Summary

Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	83	83	0.00	23,883.09
Manual Checks	0	0	0.00	0.00
Voided Checks	0	0	0.00	0.00
Bank Drafts	0	0	0.00	0.00
EFT's	0	0	0.00	0.00
	83	83	0.00	23,883.09

Fund Summary

Fund	Name	Period	Amount
99	POOL CASH FUND	10/2016	655,410.31
			<hr/>
			655,410.31

EXHIBIT 8-C

Payroll Bank Transaction Report - MPWMD



Monterey Peninsula Water Management Dist

By Payment Number

Date: 10/1/2016 - 10/31/2016

Payroll Set: 01 - Monterey Peninsula Water Management District

Payment Number	Payment Date	Payment Type	Employee Number	Employee Name	Check Amount	Direct Deposit Amount	Total Payment
2550	10/14/2016	Regular	1024	Stoldt, David J	0.00	5,169.39	5,169.39
2551	10/14/2016	Regular	1025	Tavani, Arlene M	0.00	1,899.86	1,899.86
2552	10/14/2016	Regular	1006	Dudley, Mark A	0.00	2,878.01	2,878.01
2553	10/14/2016	Regular	1039	Flores, Elizabeth	0.00	1,804.58	1,804.58
2554	10/14/2016	Regular	1018	Prasad, Suresh	0.00	3,583.00	3,583.00
2555	10/14/2016	Regular	1019	Reyes, Sara C	0.00	1,775.43	1,775.43
2556	10/14/2016	Regular	1021	Schmidlin, Cynthia L	0.00	1,802.02	1,802.02
2557	10/14/2016	Regular	1022	Soto, Paula	0.00	319.83	319.83
2558	10/14/2016	Regular	1002	Bekker, Mark	0.00	1,627.14	1,627.14
2559	10/14/2016	Regular	1005	Christensen, Thomas T	0.00	2,548.32	2,548.32
2560	10/14/2016	Regular	1042	Hamilton, Maureen C.	0.00	2,716.56	2,716.56
2561	10/14/2016	Regular	1008	Hampson, Larry M	0.00	3,199.25	3,199.25
2562	10/14/2016	Regular	1009	James, Gregory W	0.00	2,932.79	2,932.79
2563	10/14/2016	Regular	6034	Kleven, Alana K	0.00	190.82	190.82
2564	10/14/2016	Regular	1011	Lear, Jonathan P	0.00	2,731.28	2,731.28
2565	10/14/2016	Regular	1012	Lindberg, Thomas L	0.00	2,156.93	2,156.93
2566	10/14/2016	Regular	1013	Lyons, Matthew J	0.00	1,602.65	1,602.65
2567	10/14/2016	Regular	1023	Stern, Henrietta L	0.00	84.56	84.56
2568	10/14/2016	Regular	6028	Atkins, Daniel N	0.00	702.91	702.91
2569	10/14/2016	Regular	6035	Besson, Jordan C.	0.00	685.52	685.52
2570	10/14/2016	Regular	1004	Chaney, Beverly M	0.00	2,177.57	2,177.57
2571	10/14/2016	Regular	1007	Hamilton, Cory R	0.00	2,028.05	2,028.05
2572	10/14/2016	Regular	1026	Urquhart, Kevan A	0.00	1,464.51	1,464.51
2573	10/14/2016	Regular	1001	Ayala, Gabriela D	0.00	1,702.39	1,702.39
2574	10/14/2016	Regular	1041	Gonnerman, Maryan C	0.00	1,507.97	1,507.97
2575	10/14/2016	Regular	1010	Kister, Stephanie L	0.00	1,846.29	1,846.29
2576	10/14/2016	Regular	1017	Locke, Stephanie L	0.00	2,686.68	2,686.68
2577	10/14/2016	Regular	1014	Martin, Debra S	0.00	1,816.97	1,816.97
2578	10/28/2016	Regular	1024	Stoldt, David J	0.00	5,169.39	5,169.39
2579	10/28/2016	Regular	1025	Tavani, Arlene M	0.00	2,300.77	2,300.77
2580	10/28/2016	Regular	1006	Dudley, Mark A	0.00	3,475.68	3,475.68
2581	10/28/2016	Regular	1039	Flores, Elizabeth	0.00	2,210.11	2,210.11
2582	10/28/2016	Regular	1018	Prasad, Suresh	0.00	4,326.19	4,326.19
2583	10/28/2016	Regular	1019	Reyes, Sara C	0.00	2,192.85	2,192.85
2584	10/28/2016	Regular	1021	Schmidlin, Cynthia L	0.00	2,270.51	2,270.51
2585	10/28/2016	Regular	1022	Soto, Paula	0.00	246.29	246.29
2586	10/28/2016	Regular	1002	Bekker, Mark	0.00	2,004.11	2,004.11
2587	10/28/2016	Regular	1005	Christensen, Thomas T	0.00	3,084.62	3,084.62
2588	10/28/2016	Regular	1042	Hamilton, Maureen C.	0.00	3,131.04	3,131.04
2589	10/28/2016	Regular	1008	Hampson, Larry M	0.00	3,930.61	3,930.61
2590	10/28/2016	Regular	1009	James, Gregory W	0.00	3,538.82	3,538.82
2591	10/28/2016	Regular	6034	Kleven, Alana K	0.00	210.55	210.55
2592	10/28/2016	Regular	1011	Lear, Jonathan P	0.00	3,398.00	3,398.00
2593	10/28/2016	Regular	1012	Lindberg, Thomas L	0.00	2,663.05	2,663.05
2594	10/28/2016	Regular	1013	Lyons, Matthew J	0.00	1,976.29	1,976.29
2595	10/28/2016	Regular	1023	Stern, Henrietta L	0.00	515.82	515.82
2596	10/28/2016	Regular	6028	Atkins, Daniel N	0.00	945.51	945.51
2597	10/28/2016	Regular	6035	Besson, Jordan C.	0.00	781.84	781.84
2598	10/28/2016	Regular	1004	Chaney, Beverly M	0.00	2,696.31	2,696.31
2599	10/28/2016	Regular	1007	Hamilton, Cory R	0.00	2,477.46	2,477.46
2600	10/28/2016	Regular	1026	Urquhart, Kevan A	0.00	2,011.62	2,011.62
2601	10/28/2016	Regular	1001	Ayala, Gabriela D	0.00	2,150.76	2,150.76
2602	10/28/2016	Regular	1041	Gonnerman, Maryan C	0.00	1,805.39	1,805.39
2603	10/28/2016	Regular	1010	Kister, Stephanie L	0.00	2,227.59	2,227.59
2604	10/28/2016	Regular	1017	Locke, Stephanie L	0.00	3,243.16	3,243.16
2605	10/28/2016	Regular	1014	Martin, Debra S	0.00	2,226.79	2,226.79
2606	10/31/2016	Regular	7013	Clarke, Andrew	0.00	249.34	249.34

EXHIBIT 8-C

Payment Number	Payment Date	Payment Type	Employee Number	Employee Name	Check Amount	Direct Deposit Amount	Total Payment
2607	10/31/2016	Regular	7014	Evans, Molly F	0.00	366.40	366.40
2608	10/31/2016	Regular	7003	Lewis, Brenda	0.00	124.67	124.67
27430	10/14/2016	Regular	6038	Chow, Kaitlyn S.	129.29	0.00	129.29
27431	10/14/2016	Regular	6033	Suwada, Joseph	691.55	0.00	691.55
27432	10/14/2016	Regular	1040	Smith, Kyle	1,472.52	0.00	1,472.52
27543	10/28/2016	Regular	6038	Chow, Kaitlyn S.	416.22	0.00	416.22
27544	10/28/2016	Regular	6033	Suwada, Joseph	793.80	0.00	793.80
27545	10/28/2016	Regular	1040	Smith, Kyle	1,769.74	0.00	1,769.74
27591	10/31/2016	Regular	7006	Brower, Sr., Robert S	374.02	0.00	374.02
27592	10/31/2016	Regular	7007	Byrne, Jeannie	498.69	0.00	498.69
27593	10/31/2016	Regular	7001	Pendergrass, David K	374.02	0.00	374.02
27594	10/31/2016	Regular	7004	Potter, David L	124.67	0.00	124.67
Totals:					6,644.52	123,592.82	130,237.34



Monterey Peninsula Water Management Dist

Bank Transaction Report

Transaction Detail

Issued Date Range: 10/01/2016 - 10/31/2016

Cleared Date Range: -

Issued Date	Cleared Date	Number	Description	Module	Status	Type	Amount
Bank Account: 111 - Bank of America Checking - 0000 8170 8210							
10/14/2016	10/31/2016	DFT0000796	I.R.S.	Accounts Payable	Cleared	Bank Draft	-10,435.97
10/14/2016	10/31/2016	DFT0000797	I.R.S.	Accounts Payable	Cleared	Bank Draft	-2,280.84
10/14/2016	10/31/2016	DFT0000798	I.R.S.	Accounts Payable	Cleared	Bank Draft	-373.92
10/17/2016	10/31/2016	SVC0000099	To Post Bank Service Charge	General Ledger	Cleared	Service Charge	-300.36
10/28/2016	10/31/2016	DFT0000800	I.R.S.	Accounts Payable	Cleared	Bank Draft	-14,462.15
10/28/2016	10/31/2016	DFT0000801	I.R.S.	Accounts Payable	Cleared	Bank Draft	-2,798.66
10/28/2016	10/31/2016	DFT0000802	I.R.S.	Accounts Payable	Cleared	Bank Draft	-572.36
10/31/2016		DFT0000804	I.R.S.	Accounts Payable	Outstanding	Bank Draft	-7.62
10/31/2016		DFT0000805	I.R.S.	Accounts Payable	Outstanding	Bank Draft	-66.56
10/31/2016		DFT0000806	I.R.S.	Accounts Payable	Outstanding	Bank Draft	-284.58
Bank Account 111 Total: (10)							-31,583.02
Report Total: (10)							-31,583.02

EXHIBIT 8-D

Bank Transaction Report

Summary

Bank Account	Count	Amount
111 Bank of America Checking - 0000 8170 8210	10	-31,583.02
Report Total:	10	-31,583.02

Cash Account	Count	Amount
99 99-10-100100 Pool Cash Account	10	-31,583.02
Report Total:	10	-31,583.02

Transaction Type	Count	Amount
Bank Draft	9	-31,282.66
Service Charge	1	-300.36
Report Total:	10	-31,583.02



Monterey Peninsula Water Management Dist

Statement of Revenue Over Expense - No Decimals
Group Summary

For Fiscal: 2016-2017 Period Ending: 10/31/2016

Level...	October Activity	October Budget	Variance Favorable (Unfavorable)	Percent Used	YTD Activity	Total Budget	Variance Favorable (Unfavorable)	Percent Used
Revenue								
R100 - Water Supply Charge	0	283,220	-283,220	0.00 %	-2,376	3,400,000	-3,402,376	0.07 %
R110 - Mitigation Revenue	409,481	209,791	199,690	-195.19 %	409,481	2,518,500	-2,109,019	-16.26 %
R120 - Property Taxes Revenues	0	133,280	-133,280	0.00 %	0	1,600,000	-1,600,000	0.00 %
R130 - User Fees	4,177	7,914	-3,736	-52.79 %	12,992	95,000	-82,008	-13.68 %
R140 - Connection Charges	30,052	17,701	12,351	-169.77 %	104,575	212,500	-107,925	-49.21 %
R150 - Permit Processing Fee	17,560	14,578	2,983	-120.46 %	74,499	175,000	-100,501	-42.57 %
R160 - Well Registration Fee	325	0	325	0.00 %	975	0	975	0.00 %
R180 - River Work Permit Application	0	0	0	0.00 %	25	0	25	0.00 %
R190 - WDS Permits Rule 21	2,000	4,665	-2,665	-42.87 %	8,665	56,000	-47,335	-15.47 %
R200 - Recording Fees	1,099	666	433	-164.92 %	5,273	8,000	-2,727	-65.91 %
R210 - Legal Fees	171	833	-662	-20.53 %	912	10,000	-9,088	-9.12 %
R220 - Copy Fee	19	0	19	0.00 %	112	0	112	0.00 %
R230 - Miscellaneous - Other	0	1,666	-1,666	0.00 %	956	20,000	-19,044	-4.78 %
R240 - Insurance Refunds	290	0	290	0.00 %	290	0	290	0.00 %
R250 - Interest Income	3,180	1,666	1,514	-190.90 %	-2,576	20,000	-22,576	12.88 %
R265 - CAW - Los Padres Reimbursement	0	41,650	-41,650	0.00 %	0	500,000	-500,000	0.00 %
R270 - CAW - Rebates	29,818	83,300	-53,482	-35.80 %	125,162	1,000,000	-874,838	-12.52 %
R280 - CAW - Conservation	0	27,797	-27,797	0.00 %	0	333,700	-333,700	0.00 %
R290 - CAW - Miscellaneous	0	35,561	-35,561	0.00 %	0	426,900	-426,900	0.00 %
R300 - Watermaster	0	6,214	-6,214	0.00 %	0	74,600	-74,600	0.00 %
R308 - Reclamation Project	0	1,666	-1,666	0.00 %	0	20,000	-20,000	0.00 %
R310 - Other Reimbursements	0	2,999	-2,999	0.00 %	0	36,000	-36,000	0.00 %
R320 - Grants	0	27,522	-27,522	0.00 %	0	330,400	-330,400	0.00 %
R510 - Operating Reserve	0	143,613	-143,613	0.00 %	0	1,724,050	-1,724,050	0.00 %
R695 - Other Financing Sources	0	0	0	0.00 %	0	0	0	0.00 %
Total Revenue:	498,173	1,046,302	-548,129	-47.61 %	738,965	12,560,650	-11,821,685	-5.88 %

EXHIBIT 8-E

Statement of Revenue Over Expense - No Decimals

For Fiscal: 2016-2017 Period Ending: 10/31/2016

Level...	October Activity	October Budget	Variance Favorable (Unfavorable)	Percent Used	YTD Activity	Total Budget	Variance Favorable (Unfavorable)	Percent Used
Expense								
Level1: 100 - Personnel Costs								
1100 - Salaries & Wages	183,276	200,478	17,203	91.42 %	746,346	2,406,700	1,660,354	31.01 %
1110 - Manager's Auto Allowance	462	500	38	92.34 %	1,846	6,000	4,154	30.77 %
1120 - Manager's Deferred Comp	631	700	69	90.14 %	2,838	8,400	5,562	33.79 %
1130 - Unemployment Compensation	0	250	250	0.00 %	0	3,000	3,000	0.00 %
1140 - Insurance Opt-Out Supplemental	683	808	125	84.57 %	5,190	9,700	4,510	53.50 %
1150 - Temporary Personnel	5,314	3,432	-1,882	154.83 %	14,723	41,200	26,477	35.74 %
1160 - PERS Retirement	18,309	33,953	15,644	53.93 %	275,007	407,600	132,593	67.47 %
1170 - Medical Insurance	25,454	27,814	2,360	91.52 %	101,693	333,900	232,207	30.46 %
1180 - Medical Insurance - Retirees	6,295	4,823	-1,472	130.51 %	26,932	57,900	30,968	46.51 %
1190 - Workers Compensation	3,582	4,048	467	88.47 %	15,505	48,600	33,095	31.90 %
1200 - Life Insurance	0	541	541	0.00 %	1,201	6,500	5,299	18.48 %
1210 - Long Term Disability Insurance	1,112	1,225	113	90.80 %	4,457	14,700	10,243	30.32 %
1220 - Short Term Disability Insurance	221	283	63	77.93 %	885	3,400	2,515	26.02 %
1250 - Moving Expense Reimbursement	0	0	0	0.00 %	116	0	-116	0.00 %
1260 - Employee Assistance Program	59	125	66	47.02 %	250	1,500	1,250	16.69 %
1270 - FICA Tax Expense	615	458	-157	134.33 %	2,890	5,500	2,610	52.55 %
1280 - Medicare Tax Expense	2,573	2,999	426	85.80 %	11,194	36,000	24,806	31.09 %
1290 - Staff Development & Training	0	2,341	2,341	0.00 %	4,175	28,100	23,925	14.86 %
1300 - Conference Registration	580	367	-213	158.25 %	1,935	4,400	2,465	43.98 %
1310 - Professional Dues	340	183	-157	185.53 %	399	2,200	1,801	18.14 %
1320 - Personnel Recruitment	0	541	541	0.00 %	1,228	6,500	5,272	18.89 %
Total Level1: 100 - Personnel Costs:	249,504	285,869	36,365	87.28 %	1,218,811	3,431,800	2,212,989	35.52 %
Level1: 200 - Supplies and Services								
2000 - Board Member Compensation	2,295	3,082	787	74.46 %	9,180	37,000	27,820	24.81 %
2020 - Board Expenses	30	833	803	3.60 %	130	10,000	9,870	1.30 %
2040 - Rent	1,787	1,933	146	92.47 %	7,786	23,200	15,414	33.56 %
2060 - Utilities	2,360	3,182	822	74.17 %	10,607	38,200	27,593	27.77 %
2120 - Insurance Expense	3,405	3,757	352	90.64 %	13,620	45,100	31,480	30.20 %
2130 - Membership Dues	10,010	2,424	-7,586	412.95 %	11,046	29,100	18,054	37.96 %
2140 - Bank Charges	352	333	-19	105.56 %	1,409	4,000	2,591	35.22 %
2150 - Office Supplies	1,937	1,166	-771	166.09 %	7,857	14,000	6,143	56.12 %
2160 - Courier Expense	560	650	90	86.19 %	2,492	7,800	5,308	31.95 %
2170 - Printing/Photocopy	0	825	825	0.00 %	148	9,900	9,752	1.50 %
2180 - Postage & Shipping	560	533	-27	105.08 %	2,590	6,400	3,810	40.47 %
2190 - IT Supplies/Services	3,856	7,747	3,891	49.78 %	51,917	93,000	41,083	55.82 %
2200 - Professional Fees	6,647	14,161	7,514	46.94 %	29,247	170,000	140,753	17.20 %
2220 - Equipment Repairs & Maintenance	1,167	625	-542	186.80 %	1,680	7,500	5,820	22.40 %
2235 - Equipment Lease	946	1,166	220	81.13 %	4,560	14,000	9,440	32.57 %
2240 - Telephone	3,218	3,574	356	90.05 %	13,291	42,900	29,609	30.98 %
2260 - Facility Maintenance	2,351	3,157	806	74.46 %	9,570	37,900	28,330	25.25 %

EXHIBIT 8-E

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Statement of Revenue Over Expense - No Decimals**For Fiscal: 2016-2017 Period Ending: 10/31/2016**

Level...	October Activity	October Budget	Variance Favorable (Unfavorable)	Percent Used	YTD Activity	Total Budget	Variance Favorable (Unfavorable)	Percent Used
2270 - Travel Expenses	2,226	2,674	448	83.25 %	5,279	32,100	26,821	16.44 %
2280 - Transportation	1,477	2,216	739	66.66 %	4,924	26,600	21,676	18.51 %
2300 - Legal Services	11,847	33,320	21,473	35.55 %	129,651	400,000	270,349	32.41 %
2380 - Meeting Expenses	709	675	-34	105.08 %	1,675	8,100	6,425	20.68 %
2420 - Legal Notices	0	358	358	0.00 %	0	4,300	4,300	0.00 %
2460 - Public Outreach	920	425	-495	216.56 %	1,455	5,100	3,645	28.53 %
2480 - Miscellaneous	189	300	110	63.17 %	225	3,600	3,375	6.26 %
2500 - Tax Administration Fee	0	1,666	1,666	0.00 %	0	20,000	20,000	0.00 %
2900 - Operating Supplies	79	1,566	1,487	5.07 %	8,482	18,800	10,318	45.12 %
Total Level1: 200 - Supplies and Services:	58,929	92,346	33,417	63.81 %	328,823	1,108,600	779,777	29.66 %
Level1: 300 - Other Expenses								
3000 - Project Expenses	155,601	562,283	406,682	27.67 %	588,015	6,750,100	6,162,085	8.71 %
4000 - Fixed Asset Purchases	1,284	9,621	8,337	13.35 %	14,826	115,500	100,674	12.84 %
5000 - Debt Service	0	19,159	19,159	0.00 %	0	230,000	230,000	0.00 %
6000 - Contingencies	0	6,248	6,248	0.00 %	0	75,000	75,000	0.00 %
6500 - Reserves	0	70,776	70,776	0.00 %	0	849,650	849,650	0.00 %
Total Level1: 300 - Other Expenses:	156,886	668,087	511,201	23.48 %	602,841	8,020,250	7,417,409	7.52 %
Total Expense:	465,319	1,046,302	580,983	44.47 %	2,150,474	12,560,650	10,410,176	17.12 %
Report Total:	32,854	0	32,854		-1,411,509	0	-1,411,509	

EXHIBIT 8-E

Statement of Revenue Over Expense - No Decimals

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For Fiscal: 2016-2017 Period Ending: 10/31/2016

Fund Summary

Fund	October Activity	October Budget	Variance Favorable (Unfavorable)	Percent Used	YTD Activity	Total Budget	Variance Favorable (Unfavorable)	Percent Used
24 - MITIGATION FUND	248,537	0	248,537		-339,320	0	-339,320	
26 - CONSERVATION FUND	-71,821	0	-71,821		-325,379	0	-325,379	
35 - WATER SUPPLY FUND	-143,862	0	-143,862		-746,811	0	-746,811	
Report Total:	32,854	0.01	32,854		-1,411,509	0	-1,411,509	



Monterey Peninsula Water Management Dist

Statement of Revenue Over Expense - No Decimals
Group Summary

For Fiscal: 2016-2017 Period Ending: 10/31/2016

Level...	October Activity	October Budget	Variance Favorable (Unfavorable)	Percent Used	YTD Activity	Total Budget	Variance Favorable (Unfavorable)	Percent Used
Fund: 24 - MITIGATION FUND								
Revenue								
R110 - Mitigation Revenue	409,481	209,791	199,690	-195.19 %	409,481	2,518,500	-2,109,019	-16.26 %
R130 - User Fees	3,527	7,289	-3,762	-48.38 %	10,968	87,500	-76,532	-12.53 %
R160 - Well Registration Fee	325	0	325	0.00 %	975	0	975	0.00 %
R180 - River Work Permit Application	0	0	0	0.00 %	25	0	25	0.00 %
R190 - WDS Permits Rule 21	2,000	4,665	-2,665	-42.87 %	8,665	56,000	-47,335	-15.47 %
R230 - Miscellaneous - Other	0	833	-833	0.00 %	0	10,000	-10,000	0.00 %
R250 - Interest Income	401	208	193	-192.65 %	403	2,500	-2,097	-16.10 %
R290 - CAW - Miscellaneous	0	35,561	-35,561	0.00 %	0	426,900	-426,900	0.00 %
R310 - Other Reimbursements	0	2,416	-2,416	0.00 %	0	29,000	-29,000	0.00 %
R320 - Grants	0	16,660	-16,660	0.00 %	0	200,000	-200,000	0.00 %
R510 - Operating Reserve	0	8,688	-8,688	0.00 %	0	104,300	-104,300	0.00 %
Total Revenue:	415,734	286,111	129,624	-145.31 %	430,517	3,434,700	-3,004,183	-12.53 %

EXHIBIT 8-E

Statement of Revenue Over Expense - No Decimals

For Fiscal: 2016-2017 Period Ending: 10/31/2016

Level...	October Activity	October Budget	Variance Favorable (Unfavorable)	Percent Used	YTD Activity	Total Budget	Variance Favorable (Unfavorable)	Percent Used
Expense								
Level1: 100 - Personnel Costs								
1100 - Salaries & Wages	78,677	84,766	6,089	92.82 %	315,609	1,017,600	701,991	31.02 %
1110 - Manager's Auto Allowance	92	100	8	92.34 %	369	1,200	831	30.77 %
1120 - Manager's Deferred Comp	126	142	15	89.09 %	568	1,700	1,132	33.40 %
1130 - Unemployment Compensation	0	108	108	0.00 %	0	1,300	1,300	0.00 %
1140 - Insurance Opt-Out Supplemental	226	267	41	84.60 %	1,428	3,200	1,772	44.62 %
1150 - Temporary Personnel	869	42	-827	2,086.17 %	869	500	-369	173.78 %
1160 - PERS Retirement	7,884	14,369	6,486	54.86 %	116,391	172,500	56,109	67.47 %
1170 - Medical Insurance	10,839	11,729	889	92.42 %	43,289	140,800	97,511	30.74 %
1180 - Medical Insurance - Retirees	2,644	2,074	-570	127.46 %	11,311	24,900	13,589	45.43 %
1190 - Workers Compensation	2,403	2,482	80	96.79 %	9,878	29,800	19,922	33.15 %
1200 - Life Insurance	0	242	242	0.00 %	537	2,900	2,363	18.51 %
1210 - Long Term Disability Insurance	487	525	38	92.71 %	1,927	6,300	4,373	30.59 %
1220 - Short Term Disability Insurance	97	117	20	82.82 %	383	1,400	1,017	27.34 %
1250 - Moving Expense Reimbursement	0	0	0	0.00 %	116	0	-116	0.00 %
1260 - Employee Assistance Program	25	50	25	50.10 %	105	600	495	17.47 %
1270 - FICA Tax Expense	519	292	-228	178.05 %	2,437	3,500	1,063	69.63 %
1280 - Medicare Tax Expense	1,215	1,266	52	95.93 %	5,224	15,200	9,976	34.37 %
1290 - Staff Development & Training	0	841	841	0.00 %	2,963	10,100	7,137	29.34 %
1300 - Conference Registration	0	125	125	0.00 %	225	1,500	1,275	14.98 %
1310 - Professional Dues	0	67	67	0.00 %	25	800	775	3.10 %
1320 - Personnel Recruitment	0	225	225	0.00 %	530	2,700	2,170	19.64 %
Total Level1: 100 - Personnel Costs:	106,101	119,827	13,726	88.55 %	514,182	1,438,500	924,318	35.74 %
Level1: 200 - Supplies and Services								
2000 - Board Member Compensation	964	1,291	327	74.65 %	3,895	15,500	11,605	25.13 %
2020 - Board Expenses	0	350	350	0.00 %	42	4,200	4,158	1.00 %
2040 - Rent	834	900	66	92.72 %	3,612	10,800	7,188	33.44 %
2060 - Utilities	996	1,341	345	74.24 %	4,479	16,100	11,621	27.82 %
2120 - Insurance Expense	1,430	1,574	144	90.84 %	5,721	18,900	13,179	30.27 %
2130 - Membership Dues	4,116	841	-3,275	489.23 %	4,185	10,100	5,915	41.44 %
2140 - Bank Charges	145	142	-4	102.56 %	615	1,700	1,085	36.17 %
2150 - Office Supplies	807	475	-333	170.05 %	3,336	5,700	2,364	58.53 %
2160 - Courier Expense	235	275	40	85.56 %	1,047	3,300	2,253	31.72 %
2170 - Printing/Photocopy	0	175	175	0.00 %	62	2,100	2,038	2.96 %
2180 - Postage & Shipping	235	225	-10	104.61 %	1,139	2,700	1,561	42.20 %
2190 - IT Supplies/Services	1,620	3,257	1,637	49.73 %	21,889	39,100	17,211	55.98 %
2200 - Professional Fees	2,772	5,948	3,176	46.61 %	12,264	71,400	59,136	17.18 %
2220 - Equipment Repairs & Maintenance	490	267	-224	183.88 %	706	3,200	2,494	22.05 %
2235 - Equipment Lease	407	491	85	82.78 %	1,961	5,900	3,939	33.23 %
2240 - Telephone	1,383	1,474	91	93.80 %	6,083	17,700	11,617	34.36 %
2260 - Facility Maintenance	987	1,341	354	73.62 %	4,027	16,100	12,073	25.01 %

EXHIBIT 8-E

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Statement of Revenue Over Expense - No Decimals**For Fiscal: 2016-2017 Period Ending: 10/31/2016**

Level...	October Activity	October Budget	Variance Favorable (Unfavorable)	Percent Used	YTD Activity	Total Budget	Variance Favorable (Unfavorable)	Percent Used
2270 - Travel Expenses	183	883	700	20.67 %	505	10,600	10,095	4.77 %
2280 - Transportation	1,367	858	-509	159.29 %	4,219	10,300	6,081	40.96 %
2300 - Legal Services	11,847	9,330	-2,517	126.98 %	57,205	112,000	54,795	51.08 %
2380 - Meeting Expenses	278	200	-78	139.20 %	742	2,400	1,658	30.93 %
2420 - Legal Notices	0	158	158	0.00 %	0	1,900	1,900	0.00 %
2460 - Public Outreach	0	175	175	0.00 %	225	2,100	1,875	10.70 %
2480 - Miscellaneous	0	125	125	0.00 %	15	1,500	1,485	1.01 %
2900 - Operating Supplies	33	192	158	17.42 %	159	2,300	2,141	6.91 %
Total Level1: 200 - Supplies and Services:	31,130	32,287	1,157	96.42 %	138,132	387,600	249,468	35.64 %
Level1: 300 - Other Expenses								
3000 - Project Expenses	29,966	58,464	28,498	51.26 %	112,249	701,850	589,601	15.99 %
4000 - Fixed Asset Purchases	0	2,132	2,132	0.00 %	5,274	25,600	20,326	20.60 %
6000 - Contingencies	0	2,624	2,624	0.00 %	0	31,500	31,500	0.00 %
6500 - Reserves	0	70,776	70,776	0.00 %	0	849,650	849,650	0.00 %
Total Level1: 300 - Other Expenses:	29,966	133,996	104,030	22.36 %	117,523	1,608,600	1,491,077	7.31 %
Total Expense:	167,197	286,111	118,914	58.44 %	769,837	3,434,700	2,664,863	22.41 %
Total Revenues	415,734	286,111	129,624	-145.31 %	430,517	3,434,700	-3,004,183	-12.53 %
Total Fund: 24 - MITIGATION FUND:	248,537	0	248,537		-339,320	0	-339,320	

EXHIBIT 8-E

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Statement of Revenue Over Expense - No Decimals**For Fiscal: 2016-2017 Period Ending: 10/31/2016**

Level...	October Activity	October Budget	Variance Favorable (Unfavorable)	Percent Used	YTD Activity	Total Budget	Variance Favorable (Unfavorable)	Percent Used
Fund: 26 - CONSERVATION FUND								
Revenue								
R130 - User Fees	651	625	26	-104.17 %	2,024	7,500	-5,476	-26.99 %
R150 - Permit Processing Fee	17,560	14,578	2,983	-120.46 %	74,499	175,000	-100,501	-42.57 %
R200 - Recording Fees	1,099	666	433	-164.92 %	5,273	8,000	-2,727	-65.91 %
R210 - Legal Fees	171	833	-662	-20.53 %	912	10,000	-9,088	-9.12 %
R230 - Miscellaneous - Other	0	0	0	0.00 %	500	0	500	0.00 %
R250 - Interest Income	462	292	170	-158.46 %	570	3,500	-2,930	-16.29 %
R270 - CAW - Rebates	29,818	83,300	-53,482	-35.80 %	125,162	1,000,000	-874,838	-12.52 %
R280 - CAW - Conservation	0	27,797	-27,797	0.00 %	0	333,700	-333,700	0.00 %
R310 - Other Reimbursements	0	500	-500	0.00 %	0	6,000	-6,000	0.00 %
R320 - Grants	0	1,666	-1,666	0.00 %	0	20,000	-20,000	0.00 %
R510 - Operating Reserve	0	200	-200	0.00 %	0	2,400	-2,400	0.00 %
R695 - Other Financing Sources	0	83,433	-83,433	0.00 %	0	1,001,600	-1,001,600	0.00 %
Total Revenue:	49,761	213,889	-164,129	-23.26 %	208,940	2,567,700	-2,358,760	-8.14 %

EXHIBIT 8-E

Statement of Revenue Over Expense - No Decimals

For Fiscal: 2016-2017 Period Ending: 10/31/2016

Level...	October Activity	October Budget	Variance Favorable (Unfavorable)	Percent Used	YTD Activity	Total Budget	Variance Favorable (Unfavorable)	Percent Used
Expense								
Level1: 100 - Personnel Costs								
1100 - Salaries & Wages	42,834	46,556	3,723	92.00 %	175,082	558,900	383,818	31.33 %
1110 - Manager's Auto Allowance	92	100	8	92.34 %	369	1,200	831	30.77 %
1120 - Manager's Deferred Comp	126	142	15	89.09 %	568	1,700	1,132	33.40 %
1130 - Unemployment Compensation	0	58	58	0.00 %	0	700	700	0.00 %
1140 - Insurance Opt-Out Supplemental	226	267	41	84.60 %	1,428	3,200	1,772	44.62 %
1150 - Temporary Personnel	3,803	3,357	-446	113.30 %	13,213	40,300	27,087	32.79 %
1160 - PERS Retirement	4,071	7,247	3,176	56.17 %	57,520	87,000	29,480	66.11 %
1170 - Medical Insurance	6,755	7,489	734	90.20 %	27,943	89,900	61,957	31.08 %
1180 - Medical Insurance - Retirees	1,700	1,158	-542	146.79 %	7,272	13,900	6,628	52.31 %
1190 - Workers Compensation	162	208	46	77.90 %	718	2,500	1,782	28.71 %
1200 - Life Insurance	0	117	117	0.00 %	282	1,400	1,118	20.14 %
1210 - Long Term Disability Insurance	272	300	28	90.62 %	1,102	3,600	2,498	30.62 %
1220 - Short Term Disability Insurance	54	67	13	80.99 %	219	800	581	27.38 %
1260 - Employee Assistance Program	16	33	17	47.87 %	69	400	331	17.31 %
1270 - FICA Tax Expense	38	83	45	46.12 %	146	1,000	854	14.64 %
1280 - Medicare Tax Expense	599	708	109	84.58 %	2,659	8,500	5,841	31.28 %
1290 - Staff Development & Training	0	758	758	0.00 %	1,112	9,100	7,988	12.22 %
1300 - Conference Registration	580	133	-447	435.17 %	1,544	1,600	56	96.53 %
1310 - Professional Dues	100	50	-50	200.08 %	116	600	484	19.32 %
1320 - Personnel Recruitment	0	150	150	0.00 %	325	1,800	1,475	18.05 %
Total Level1: 100 - Personnel Costs:	61,428	68,981	7,553	89.05 %	291,687	828,100	536,413	35.22 %
Level1: 200 - Supplies and Services								
2000 - Board Member Compensation	620	833	213	74.39 %	2,361	10,000	7,639	23.61 %
2020 - Board Expenses	0	225	225	0.00 %	27	2,700	2,673	1.00 %
2040 - Rent	200	225	25	89.08 %	952	2,700	1,748	35.26 %
2060 - Utilities	622	850	228	73.22 %	2,802	10,200	7,398	27.47 %
2120 - Insurance Expense	919	1,016	97	90.47 %	3,678	12,200	8,523	30.14 %
2130 - Membership Dues	2,856	950	-1,906	300.75 %	3,772	11,400	7,628	33.08 %
2140 - Bank Charges	93	92	-2	101.90 %	405	1,100	695	36.78 %
2150 - Office Supplies	534	325	-209	164.26 %	1,840	3,900	2,060	47.18 %
2160 - Courier Expense	151	175	24	86.43 %	673	2,100	1,427	32.04 %
2170 - Printing/Photocopy	0	525	525	0.00 %	40	6,300	6,260	0.63 %
2180 - Postage & Shipping	151	133	-18	113.48 %	627	1,600	973	39.19 %
2190 - IT Supplies/Services	1,041	2,083	1,041	50.00 %	13,651	25,000	11,349	54.60 %
2200 - Professional Fees	1,782	3,823	2,041	46.61 %	7,884	45,900	38,016	17.18 %
2220 - Equipment Repairs & Maintenance	315	167	-148	189.13 %	454	2,000	1,546	22.68 %
2235 - Equipment Lease	227	317	89	71.74 %	1,118	3,800	2,682	29.41 %
2240 - Telephone	866	941	76	91.96 %	3,376	11,300	7,924	29.87 %
2260 - Facility Maintenance	635	791	157	80.21 %	2,562	9,500	6,938	26.97 %
2270 - Travel Expenses	1,852	1,075	-778	172.36 %	4,232	12,900	8,668	32.81 %

EXHIBIT 8-E

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Statement of Revenue Over Expense - No Decimals**For Fiscal: 2016-2017 Period Ending: 10/31/2016**

Level...	October Activity	October Budget	Variance Favorable (Unfavorable)	Percent Used	YTD Activity	Total Budget	Variance Favorable (Unfavorable)	Percent Used
2280 - Transportation	20	500	480	4.00 %	291	6,000	5,709	4.85 %
2300 - Legal Services	0	3,998	3,998	0.00 %	14,831	48,000	33,169	30.90 %
2380 - Meeting Expenses	206	325	119	63.43 %	403	3,900	3,497	10.34 %
2420 - Legal Notices	0	58	58	0.00 %	0	700	700	0.00 %
2460 - Public Outreach	243	117	-126	208.37 %	387	1,400	1,013	27.68 %
2480 - Miscellaneous	0	83	83	0.00 %	10	1,000	990	0.97 %
2500 - Tax Administration Fee	0	600	600	0.00 %	0	7,200	7,200	0.00 %
2900 - Operating Supplies	21	1,225	1,203	1.75 %	7,896	14,700	6,804	53.71 %
Total Level1: 200 - Supplies and Services:	13,355	21,450	8,095	62.26 %	74,270	257,500	183,230	28.84 %
Level1: 300 - Other Expenses								
3000 - Project Expenses	46,799	115,929	69,129	40.37 %	164,124	1,391,700	1,227,576	11.79 %
4000 - Fixed Asset Purchases	0	5,839	5,839	0.00 %	4,237	70,100	65,863	6.04 %
6000 - Contingencies	0	1,691	1,691	0.00 %	0	20,300	20,300	0.00 %
Total Level1: 300 - Other Expenses:	46,799	123,459	76,660	37.91 %	168,361	1,482,100	1,313,739	11.36 %
Total Expense:	121,582	213,889	92,307	56.84 %	534,319	2,567,700	2,033,381	20.81 %
Total Revenues	49,761	213,889	-164,129	-23.26 %	208,940	2,567,700	-2,358,760	-8.14 %
Total Fund: 26 - CONSERVATION FUND:	-71,821	0	-71,821		-325,379	0	-325,379	

EXHIBIT 8-E

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Statement of Revenue Over Expense - No Decimals**For Fiscal: 2016-2017 Period Ending: 10/31/2016**

Level...	October Activity	October Budget	Variance Favorable (Unfavorable)	Percent Used	YTD Activity	Total Budget	Variance Favorable (Unfavorable)	Percent Used
Fund: 35 - WATER SUPPLY FUND								
Revenue								
R100 - Water Supply Charge	0	283,220	-283,220	0.00 %	-2,376	3,400,000	-3,402,376	0.07 %
R120 - Property Taxes Revenues	0	133,280	-133,280	0.00 %	0	1,600,000	-1,600,000	0.00 %
R140 - Connection Charges	30,052	17,701	12,351	-169.77 %	104,575	212,500	-107,925	-49.21 %
R220 - Copy Fee	19	0	19	0.00 %	112	0	112	0.00 %
R230 - Miscellaneous - Other	0	833	-833	0.00 %	456	10,000	-9,544	-4.56 %
R240 - Insurance Refunds	290	0	290	0.00 %	290	0	290	0.00 %
R250 - Interest Income	2,317	1,166	1,151	-198.70 %	-3,548	14,000	-17,548	25.35 %
R265 - CAW - Los Padres Reimbursement	0	41,650	-41,650	0.00 %	0	500,000	-500,000	0.00 %
R300 - Watermaster	0	6,214	-6,214	0.00 %	0	74,600	-74,600	0.00 %
R308 - Reclamation Project	0	1,666	-1,666	0.00 %	0	20,000	-20,000	0.00 %
R310 - Other Reimbursements	0	83	-83	0.00 %	0	1,000	-1,000	0.00 %
R320 - Grants	0	9,196	-9,196	0.00 %	0	110,400	-110,400	0.00 %
R510 - Operating Reserve	0	134,725	-134,725	0.00 %	0	1,617,350	-1,617,350	0.00 %
R695 - Other Financing Sources	0	-83,433	83,433	0.00 %	0	-1,001,600	1,001,600	0.00 %
Total Revenue:	32,678	546,302	-513,624	-5.98 %	99,508	6,558,250	-6,458,742	-1.52 %

EXHIBIT 8-E

Statement of Revenue Over Expense - No Decimals

For Fiscal: 2016-2017 Period Ending: 10/31/2016

Level...	October Activity	October Budget	Variance Favorable (Unfavorable)	Percent Used	YTD Activity	Total Budget	Variance Favorable (Unfavorable)	Percent Used
Expense								
Level1: 100 - Personnel Costs								
1100 - Salaries & Wages	61,765	69,156	7,391	89.31 %	255,655	830,200	574,545	30.79 %
1110 - Manager's Auto Allowance	277	300	23	92.34 %	1,108	3,600	2,492	30.77 %
1120 - Manager's Deferred Comp	378	417	38	90.86 %	1,703	5,000	3,297	34.06 %
1130 - Unemployment Compensation	0	83	83	0.00 %	0	1,000	1,000	0.00 %
1140 - Insurance Opt-Out Supplemental	232	275	43	84.51 %	2,335	3,300	965	70.74 %
1150 - Temporary Personnel	641	33	-608	1,924.70 %	641	400	-241	160.33 %
1160 - PERS Retirement	6,355	12,337	5,982	51.51 %	101,096	148,100	47,004	68.26 %
1170 - Medical Insurance	7,860	8,597	737	91.43 %	30,461	103,200	72,739	29.52 %
1180 - Medical Insurance - Retirees	1,951	1,591	-360	122.65 %	8,349	19,100	10,751	43.71 %
1190 - Workers Compensation	1,017	1,358	341	74.87 %	4,910	16,300	11,390	30.12 %
1200 - Life Insurance	0	183	183	0.00 %	382	2,200	1,818	17.37 %
1210 - Long Term Disability Insurance	354	400	46	88.44 %	1,427	4,800	3,373	29.74 %
1220 - Short Term Disability Insurance	70	100	30	70.19 %	283	1,200	917	23.58 %
1260 - Employee Assistance Program	18	42	24	42.64 %	76	500	424	15.25 %
1270 - FICA Tax Expense	58	83	25	69.51 %	307	1,000	693	30.69 %
1280 - Medicare Tax Expense	760	1,025	265	74.13 %	3,311	12,300	8,989	26.92 %
1290 - Staff Development & Training	0	741	741	0.00 %	100	8,900	8,800	1.13 %
1300 - Conference Registration	0	108	108	0.00 %	166	1,300	1,134	12.76 %
1310 - Professional Dues	240	67	-173	360.14 %	258	800	542	32.29 %
1320 - Personnel Recruitment	0	167	167	0.00 %	373	2,000	1,627	18.65 %
Total Level1: 100 - Personnel Costs:	81,976	97,061	15,086	84.46 %	412,941	1,165,200	752,259	35.44 %
Level1: 200 - Supplies and Services								
2000 - Board Member Compensation	711	958	247	74.27 %	2,924	11,500	8,576	25.43 %
2020 - Board Expenses	30	258	228	11.62 %	61	3,100	3,039	1.97 %
2040 - Rent	753	808	55	93.13 %	3,222	9,700	6,478	33.22 %
2060 - Utilities	742	991	249	74.87 %	3,326	11,900	8,574	27.95 %
2120 - Insurance Expense	1,056	1,166	111	90.51 %	4,222	14,000	9,778	30.16 %
2130 - Membership Dues	3,038	633	-2,405	479.88 %	3,089	7,600	4,511	40.65 %
2140 - Bank Charges	113	100	-13	113.16 %	390	1,200	810	32.46 %
2150 - Office Supplies	596	367	-229	162.59 %	2,681	4,400	1,719	60.93 %
2160 - Courier Expense	174	200	26	86.83 %	773	2,400	1,627	32.19 %
2170 - Printing/Photocopy	0	125	125	0.00 %	46	1,500	1,454	3.06 %
2180 - Postage & Shipping	174	175	1	99.27 %	824	2,100	1,276	39.23 %
2190 - IT Supplies/Services	1,195	2,407	1,212	49.66 %	16,377	28,900	12,523	56.67 %
2200 - Professional Fees	2,093	4,390	2,297	47.68 %	9,099	52,700	43,601	17.27 %
2220 - Equipment Repairs & Maintenance	362	192	-170	188.83 %	521	2,300	1,779	22.65 %
2235 - Equipment Lease	312	358	46	87.17 %	1,482	4,300	2,818	34.45 %
2240 - Telephone	969	1,158	189	83.72 %	3,832	13,900	10,068	27.57 %
2260 - Facility Maintenance	729	1,025	296	71.12 %	2,981	12,300	9,319	24.24 %
2270 - Travel Expenses	191	716	525	26.73 %	541	8,600	8,059	6.29 %

EXHIBIT 8-E

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Statement of Revenue Over Expense - No Decimals**For Fiscal: 2016-2017 Period Ending: 10/31/2016**

Level...	October Activity	October Budget	Variance Favorable (Unfavorable)	Percent Used	YTD Activity	Total Budget	Variance Favorable (Unfavorable)	Percent Used
2280 - Transportation	90	858	768	10.53 %	414	10,300	9,886	4.02 %
2300 - Legal Services	0	19,992	19,992	0.00 %	57,615	240,000	182,385	24.01 %
2380 - Meeting Expenses	225	150	-75	149.83 %	530	1,800	1,270	29.42 %
2420 - Legal Notices	0	142	142	0.00 %	0	1,700	1,700	0.00 %
2460 - Public Outreach	677	133	-544	507.95 %	843	1,600	757	52.68 %
2480 - Miscellaneous	189	92	-98	206.74 %	201	1,100	899	18.24 %
2500 - Tax Administration Fee	0	1,066	1,066	0.00 %	0	12,800	12,800	0.00 %
2900 - Operating Supplies	25	150	125	16.43 %	428	1,800	1,372	23.78 %
Total Level1: 200 - Supplies and Services:	14,444	38,610	24,165	37.41 %	116,421	463,500	347,079	25.12 %
Level1: 300 - Other Expenses								
3000 - Project Expenses	78,836	387,891	309,055	20.32 %	311,642	4,656,550	4,344,908	6.69 %
4000 - Fixed Asset Purchases	1,284	1,649	365	77.88 %	5,315	19,800	14,485	26.84 %
5000 - Debt Service	0	19,159	19,159	0.00 %	0	230,000	230,000	0.00 %
6000 - Contingencies	0	1,933	1,933	0.00 %	0	23,200	23,200	0.00 %
Total Level1: 300 - Other Expenses:	80,120	410,632	330,511	19.51 %	316,957	4,929,550	4,612,593	6.43 %
Total Expense:	176,540	546,302	369,762	32.32 %	846,319	6,558,250	5,711,931	12.90 %
Total Revenues	32,678	546,302	-513,624	-5.98 %	99,508	6,558,250	-6,458,742	-1.52 %
Total Fund: 35 - WATER SUPPLY FUND:	-143,862	0	-143,862		-746,811	0	-746,811	
Report Total:	32,854	0	32,854		-1,411,509	0	-1,411,509	

EXHIBIT 8-E

Statement of Revenue Over Expense - No Decimals

Fund Summary

Fund	October Activity	October Budget	Variance Favorable (Unfavorable)	Percent Used	YTD Activity	Total Budget	Variance Favorable (Unfavorable)	Percent Used
24 - MITIGATION FUND	248,537	0	248,537		-339,320	0	-339,320	
26 - CONSERVATION FUND	-71,821	0	-71,821		-325,379	0	-325,379	
35 - WATER SUPPLY FUND	-143,862	0	-143,862		-746,811	0	-746,811	
Report Total:	32,854	0.01	32,854		-1,411,509	0	-1,411,509	

ITEM: PUBLIC HEARING**14. CONSIDER ADOPTION OF JANUARY THROUGH MARCH 2017
QUARTERLY WATER SUPPLY STRATEGY AND BUDGET**

Meeting Date:	December 12, 2016	Budgeted:	N/A
From:	Dave Stoldt, General Manager	Program/ Line Item No.:	N/A
Prepared By:	Kevan Urquhart & Jonathan Lear	Cost Estimate:	N/A

General Counsel Review: N/A**Committee Recommendation: N/A****CEQA Compliance: Notice of Exemption, CEQA, Article 19, Section 15301 (Class 1)****ESA Compliance: Consistent with the September 2001 and February 2009 Conservation Agreements between the National Marine Fisheries Service and California American Water to minimize take of listed steelhead in the Carmel River and Consistent with SWRCB WR Order Nos. 95-10, 98-04, 2002-0002, and 2016-0016.**

SUMMARY: The Board will accept public comment and take action on the January through March 2017 Quarterly Water Supply Strategy and Budget for California American Water's (Cal-Am's) Main and Laguna Seca Subarea Water Distribution Systems (WDS), which are within the Monterey Peninsula Water Resources System (MPWRS). The proposed budget, will be provided at the meeting as **Exhibits 14-A and 14-B**, and will show monthly production by source of supply that is required to meet projected customer demand in Cal-Am's Main and Laguna Seca Subarea systems, i.e., Ryan Ranch, Bishop, and Hidden Hills, during the January through March 2017 period. The proposed strategy and budget is designed to maximize the long-term production potential and protect the environmental quality of the Seaside Groundwater and Carmel River Basins.

Exhibit 14-A will show the anticipated production by Cal-Am's Main system for each production source and the actual production values for the water year to date through the end of November 2016.

Exhibit 14-B will show the anticipated production by Cal-Am's Laguna Seca Subarea systems for each production source, and the actual production values for WY 2017 to date through the end of November 2016.

RECOMMENDATION: The Board should receive public input, close the Public Hearing, and discuss the proposed quarterly water supply budget. District staff recommends adoption of the proposed budget. The budget will be described in greater detail in **Exhibit 14-C**, Quarterly Water Supply Strategy Report: January – March 2017.

BACKGROUND: The Quarterly Water Supply Strategy and Budget pertains to production within Cal-Am's Main and Laguna Seca Subarea systems for the three-month period of January, February, and March 2017. Staff from the District, Cal-Am, the California Department of Fish and Wildlife (CDFW), and the National Marine Fisheries Services (NMFS) intend to cooperatively developed this strategy on December 8, 2016. There is the potential for the U. S. Fish and Wildlife Service and the State Water Resources Control Board's Division of Water Rights (SWRCB-DWR) to also participate.

Rule 101, Section B of the District Rules and Regulations requires that a Public Hearing be held at the time of determination of the District water supply management strategy. Adoption of the quarterly water supply strategy and budget is categorically exempt from the California Environmental Quality Act (CEQA) requirements as per Article 19, Section 15301 (Class 1). A Notice of Exemption will be filed with the Monterey County Clerk's office, pending Board action on this item.

EXHIBITS

- 14-A** Quarterly Water Supply Strategy and Budget for Cal-Am Main System: January – March 2017
- 14-B** Quarterly Water Supply Strategy and Budget for Cal-Am Subsystems: January – March 2017
- 14-C** Quarterly Water Supply Strategy and Budget Report: January – March 2017

ITEM: ACTION ITEM**15. RECEIVE FISCAL YEAR 2015-2016 COMPREHENSIVE ANNUAL FINANCIAL REPORT****Meeting Date: December 12, 2016 Budgeted: N/A****From: David J. Stoldt, General Manager Program/ Line Item No.: N/A****Prepared By: Suresh Prasad Cost Estimate: N/A****General Counsel Review: N/A****Committee Recommendation: None.****CEQA Compliance: N/A**

SUMMARY: A draft copy of the District's Comprehensive Annual Financial Report (CAFR) is provided for review. Draft of the Independent Auditors' Report and Board Communication Letter (required communication letter from the Auditors to the Board) for the fiscal year ending June 30, 2016 has been received from the District's auditors, Hayashi & Wayland. The audit documents will also be posted on the District's website after it has been accepted by the Board. Hayashi & Wayland has been the District auditors since 1989.

This is the second year that the District has prepared a 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 Governmental Accounting Standards Board (GASB). GASB provides standards for the content of a CAFR in its annually updated publication. A CAFR is compiled by the governmental accounting staff and audited by an external certified accounting firm utilizing GASB requirements. A CAFR is composed of three sections:

Introductory section – includes transmittal letter.

Financial section – includes the independent auditor's report and contains management's discussion and analysis, government-wide financial statements, fund financial statements, notes to the financial statements, required supplementary information, combining financial statements, and schedules.

Statistical section – includes additional financial, economic, and demographic information.

The auditors have issued a clean opinion on the District's CAFR. The audit did not identify any deficiencies in the internal control that the auditors consider to be material weaknesses. Representatives from Hayashi and Wayland will be available at the meeting to review the Board Disclosure Letter.

A Management Letter may be issued in conjunction with the Report to offer constructive suggestions for improvements on matters that came to the auditors' attention in connection with

the audit, however, such letter was not deemed necessary by Hayashi & Wayland in connection with the audit for this fiscal year.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its CAFR for the fiscal year ended June 30, 2015. This was the first year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable program requirements. A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. However, we believe that our current CAFR continues to meet the Certificate of Achievement for Excellence in Financial Reporting Program's requirements, and we will be submitting it to the GFOA to determine its eligibility for another certificate.

RECOMMENDATION: District staff recommends that the Board review and receive the Comprehensive Annual Financial Report for the year ending June 30, 2016.

EXHIBITS

15-A Comprehensive Annual Financial Report for FY 2015-2016

15-B Board Disclosure Letter

Comprehensive Annual Financial Report

For The Fiscal Year Ended June 30, 2016



(Photo: Carmel River)



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**MONTEREY PENINSULA WATER
MANAGEMENT DISTRICT**

Monterey, California

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

JUNE 30, 2016

Prepared by:

Administrative Services Division

MONTEREY PENINSULA WATER MANAGEMENT DISTRICT

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INTRODUCTORY SECTION



(Photo: Schulte Sign)



_____ [date]

Board of Directors
 Monterey Peninsula Water Management District
 Monterey, California

It is a pleasure to submit the Monterey Peninsula Water Management District's (MPWMD or District) Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2016. The CAFR gives an assessment of the District's financial condition, informs readers about District services, gives details of infrastructure replacement projects, discusses current issues, and provides financial and demographic trend information.

The California Government Code requires an annual independent audit of MPWMD's financial statements by a Certified Public Accountant (CPA). The District's financial statements have been audited by Hayashi Wayland, Certified Public Accountants (auditor). The auditor's opinion is included in the financial section of this CAFR.

This CAFR is believed to be accurate in all material respects, and is presented in a manner designed to fairly set forth the financial position, the changes in financial position, and cash flows for the District. All disclosures necessary to enable the reader to gain the maximum understanding of the District's financial activity have been included. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. While the independent auditors have expressed an unqualified ("clean") opinion that MPWMD's financial statements are presented in conformity with generally accepted accounting principles (GAAP), responsibility for both the accuracy of the presented data and completeness and fairness of the presentation, including all disclosures, rests with the District.

Profile of the District

The District is a special district created in 1977 by the California Legislature and ratified by local voters in 1978. The District has four primary responsibilities. The first is to augment and manage development of potable water supplies and the delivery of this water to users in the Monterey Peninsula area. The second is to promote water conservation. The third is to promote water reuse and reclamation of storm and waste water. The fourth is to protect the environmental quality of the Monterey Peninsula area's water resources.

The District has an authorized staff of 27 full-time employees providing services within its jurisdiction. The District is made up of the following sections consisting of: General Manager's Office, Administrative Services, Planning & Engineering, Water Resources, and Water Demand Division.

Governance

MPWMD is a public agency (special district) governed by a seven member Board of Directors (Board), five elected from District's voter divisions, one member of the Monterey County Board of Supervisors, and one elected official or chief executive officer appointed by a committee comprised of mayors from jurisdictions within the District boundaries. The elected board members serve staggered four-year terms. Annually, a Chair and Vice Chair are chosen among the Board members. MPWMD operates under a Board-Manager form of government. The Board of Directors appoints the General Manager who is responsible for the administration of the District. The General Manager organizes and directs District activities in accordance with the Board's policies.

The Board meets in a regular session on the third Monday of each month. Regular meetings are held at 7:00 p.m. at the Monterey Peninsula Water Management District, Conference Room, 5 Harris Court, Building G, Monterey, California. Board meetings are open to the public.

Budget Process

Annually, the District prepares and adopts an operating budget and updates its five-year Capital Improvement Program (CIP). Both serve as the District's financial planning and fiscal control. Budgets are adopted on a basis consistent with governmental GAAP. Budgetary controls are set at the department level and are maintained to ensure compliance with the budget approved by the Board of Directors. The District's budget is a detailed operating plan that identifies estimated costs in relation to estimated revenues. The budget includes the projects, services and activities to be carried out during the fiscal year and the estimated revenue available to finance these operating and capital costs. The budget represents a process wherein policy decisions made by the Board of Directors are adopted, implemented and controlled. Budget control is maintained through the use of project codes and account appropriations. Actual expenditures are then compared to these appropriations on a monthly basis. The General Manager or the Administrative Services Manager/CFO has the discretion to transfer appropriations between activities. Board approval is required for any overall increase in appropriations or changes to the Capital Improvement Program. Additionally, a mid-year budget adjustment is prepared and presented to the District's Board for adoption.

Economic Condition and Outlook

In Water Year 2015, 12,244 AF of water were legally available in the Carmel River and Seaside Groundwater Basins to serve California American Water (Cal-Am) customers within the District. Similarly, approximately 4,660 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 46 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.

California's water supply continues to be a concern caused by drought over several years. This concern together with the legal and regulatory constraints has increased interest in conservation and new water sources. The District has led the area in its conservation efforts and will continue to make strides in this area. The District is also working on providing new water sources to its customers. The District is currently working with the Monterey Regional Water Pollution Control Agency on the Pure Water Monterey (PWM), which will introduce recycled water to California American Water's distribution systems. In addition, the District has made continued progress on the Monterey Peninsula Water Supply Project working jointly with Cal-Am.

Major Initiatives

During the current fiscal year, the District continued, completed or initiated a number of significant projects, which include the following:

Aquifer Storage 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.

Pure Water Monterey – 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.

Monterey Peninsula Water Supply Project – The District has made continued progress on the Monterey Peninsula Water Supply Project working jointly with 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.

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.

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.

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.

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.

The District is also a participant in the Carmel Area Wastewater District/Pebble Beach Community Services District Wastewater Reclamation Project (the Project), which is a cooperative effort that involves the Carmel Area Wastewater District, the Pebble Beach Community Services District and the Pebble Beach Company. The project did not create a new or separate legal entity, therefore the Project is included as a Proprietary (Enterprise) Fund of the District, the issuer of the Certificates of Participation which financed the project. The Project's financial statements were audited by Marcello & Company.

More financial information is available under Management Discussion and Analysis included in the Financial Section.

Internal Control

District management is responsible for the establishment and maintenance of the internal control structure that ensures the assets of the District are protected from loss, theft or misuse. The internal control structure also ensures adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The District's internal control structure is designed to provide reasonable assurances that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management.

Investment Policy

The Board of Directors annually adopts an Investment Policy that conforms to California State Law, District ordinances and resolutions, prudent money management and the "prudent person" standards. The objectives of the Investment Policy are safety, liquidity and yield. District funds are normally invested in the State Treasurer's Local Agency Investment Fund (LAIF), Certificates of Deposits, and Money Market accounts.

District Revenues

District's major funding sources are: Property Taxes, Water Supply Charge, Mitigation Revenue, Project Reimbursements, Grants, and others. Property tax allocations are collected and remitted by the County of Monterey. Water Supply Charge is levied by the District on property tax bills and are collected and remitted by the County of Monterey. Mitigation Revenue is paid for by the ratepayers of the California American Water Company. Project reimbursements are mostly collected from the California American Water Company ratepayers.

District Expenses

District's expenditures are classified into the following major categories: Salaries, Employee Benefits and Other Personnel, Project Expenditures, Operating Expenditures, Professional Fees, Capital Outlay, and Debt Service.

Independent Audit

State Law and Bond covenants require the District to obtain an annual audit of its financial statements by an independent certified public accountant. The accounting firm of Hayashi Wayland, CPAs has conducted the audit of the District’s financial statements. The audit was conducted in accordance with auditing standards generally accepted in the United States of America. The firm’s report has been included in the financial section of this report.

Other References

More information is contained in the District’s management discussion and analysis and the notes to the basic financial statements found in the financial section of this report.

Awards

GFOA Award

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Monterey Peninsula Water Management District for its comprehensive annual financial report (CAFR) for the fiscal year ended June30, 2015. This was the first year that the government has achieved this prestigious award.

In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable program requirements.

A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. However, we believe that our current CAFR continues to meet the Certificate of Achievement for Excellence in Financial Reporting Program’s requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Clair Hill Award

The District received the Association of California Water Agencies Clair Hill Award for completion of the Pure Water Monterey Demonstration Facility, which was developed jointly with the Monterey Regional Water Pollution Control Agency.

Acknowledgements

The preparation of this report would not have been possible without the skill, effort, and dedication of the entire staff of the District. We appreciate the dedicated efforts and professionalism that these staff members contribute to the service of the District’s customers. We would also like to thank the members of the Board of Directors for their continued support in the planning and implementation of the Monterey Peninsula Water Management District’s fiscal policies.

Respectfully submitted,

David J. Stoldt
General Manager

Suresh Prasad
Administrative Services manager/
Chief Financial Officer



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Monterey Peninsula
Water Management District
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

A handwritten signature in black ink, reading "Jeffrey R. Emer". The signature is written in a cursive, flowing style.

Executive Director/CEO

**MONTEREY PENINSULA WATER MANAGEMENT DISTRICT
ORGANIZATION CHART
FY 2015 - 2016**



MONTEREY PENINSULA WATER MANAGEMENT DISTRICT

June 30, 2016

Board of Directors

Chair – Division 4	Jeanne Byrne
Vice Chair – Division 5	Robert S. Brower, Sr.
Director – Division 1	Brenda Lewis
Director – Division 2	Andrew Clarke
Director – Division 3	Molly Evans
Director – Mayoral Representative	David Pendergrass
Director – Monterey County	
Board of Supervisors Representative	David Potter

Executive Staff

General Manager	David J. Stoldt
Administrative Services Manager/CFO	Suresh Prasad
Planning & Engineering Manager	Larry Hampson
Water Resources Manager	Joe Oliver
Water Demand Manager	Stephanie Locke
Executive Assistant	Arlene Tavani

FINANCIAL SECTION



(Photo: ACWA Booth)

INDEPENDENT AUDITORS' REPORT

**Board of Directors
Monterey Peninsula Water Management District
Monterey, California**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the **Monterey Peninsula Water Management District** as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the CAWD/PBCSD Wastewater Reclamation Project (the proprietary fund) which statements reflect 81% of the total assets (See Note 2). Those statements were audited by Marcello & Company whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the proprietary fund, is based solely on the report of Marcello & Company. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities and each major fund of the **Monterey Peninsula Water Management District** as of June 30, 2016, and the respective changes in financial position and cash flows, where applicable, for the year then ended in accordance with accounting principles generally accepted in the United States of America as well as accounting systems prescribed by the State Controller's Office and state regulations governing special districts.

Other Matters**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 11, the Budgetary Comparison Schedules on pages 50 through 53, the Schedule of Funding Progress of Other Post Employment Benefits on page 54, the Schedule of Proportionate Share of the Net Pension Liability on page 55 and the Schedule of Contributions on page 56 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the **Monterey Peninsula Water Management District's** basic financial statements. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

_____ [date]

MONTEREY PENINSULA WATER MANAGEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
JUNE 30, 2016

This section of the Monterey Peninsula Water Management District's (the District) comprehensive annual financial report presents a discussion and analysis of the District's performance during the fiscal year ended June 30, 2016. Please read it in conjunction with the additional information that we have furnished in our letter of transmittal, which can be found on pages i - v of this report and the District's financial statements, which follow this section.

The District was created by the California Legislature in 1977 and ratified by local voters in 1978. The District has four primary responsibilities. The first is to augment and manage development of potable water supplies and the delivery of this water to users in the Monterey Peninsula area. The second is to promote water conservation. The third is to promote water reuse and reclamation of storm and waste water. The fourth is to protect the environmental quality of the Monterey Peninsula area's water resources, including the protection of instream fish and wildlife resources.

The District is also a participant in the Carmel Area Wastewater District/Pebble Beach Community Services District Wastewater Reclamation Project (the Project), which is a cooperative effort that also involves the Carmel Area Wastewater District, the Pebble Beach Community Services District and the Pebble Beach Company. The cooperative effort did not create a new or separate legal entity. Therefore, the Project is included as a Proprietary (Enterprise) Fund of the District, the issuer of the Certificates of Participation which financed the project.

FINANCIAL HIGHLIGHTS

- The liabilities of the governmental activities of the District exceeded its assets at the close of the year ending June 30, 2016 by \$311 thousand (net position). However, \$3.5 million is net investment in capital assets.
- The assets of the business-type activities of the District exceeded its liabilities at the close of the year ending June 30, 2016 by \$23.9 million (net position). However, \$26.2 million is net investment in capital assets.
- A prior period adjustment in the amount of \$33 thousand was made to reduce beginning net position due to the implementation of GASB 82.
- The District's total governmental activities net position decreased by approximately \$1.3 million for the year ended June 30, 2016. The decrease in net position can mostly be attributed to the groundwater replenishment project, capital outlay and capitalized project expenditures. Depreciation expenses for the year were \$310,151.
- The District's total business-type activities net position increased by approximately \$1.2 million for the year ended June 30, 2016. The increase in net position can mostly be attributed to deferral of capital projects included in the current year water rates. Amortization expenses for the year were \$1,592,269.
- Capital outlay and capitalized project expenditures of \$1,248,799 consisted mostly of funds expended to construct an additional injection well for the District's Aquifer Storage & Recovery Project, routine computer equipment upgrades, transportation equipment and upgrades to the reclamation project.
- There was not an operating subsidy from Pebble Beach Company because of a new agreement with the Independent Reclaimed Water Users Group (IRWUG) whereby the expense of total debt service (principal and interest) is built into the cost of water.

OVERVIEW OF THE FINANCIAL STATEMENTS

This financial report consists of four parts: management's discussion and analysis (this section), the basic financial statements, the notes to the basic financial statements, and required supplementary information.

The financial statements provide both long-term and short-term information about the District's financial status. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by required supplementary information that further explains and supports the information in the financial statements.

The District's financial statements are prepared on an accrual basis in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. Under this basis of accounting, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred, and depreciation of assets is recognized in the Statement of Activities. All assets and liabilities associated with the operation of the District are included in the Statement of Net Position.

Government-wide Financial Statements – The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. The Statement of Net Position combines and consolidates governmental funds' current financial resources (short-term spendable resources) with capital assets and long-term obligations.

The *Statement of Activities* presents information showing how the District's net position changed during the most recent fiscal year. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

The government-wide financial statements include all the governmental activities of the District. The governmental activities of the District include conservation, mitigation and water supply. The business-type activity includes the water reclamation project.

The government-wide financial statements can be found on pages 12 and 13 of this report.

Fund Financial Statements – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The fund financial statements provide detail information about the most significant funds, not the District as a whole. The District, like other special districts, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District's funds are segregated into two categories: governmental funds and proprietary funds. Fund financial statements report essentially the same functions as those reported in the government-wide financial statements. However, unlike the government-wide financial statements, fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Governmental Funds – The District’s basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting, which measures cash and other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the District’s general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District’s projects. Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented in the government-wide financial statements. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate the comparison between governmental funds and government-wide statements.

The District maintains three individual governmental funds. Information is presented separately in the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balances for the Water Supply Fund, Conservation Fund, and the Mitigation Fund, all of which are considered to be major funds.

Proprietary Fund – The District maintains one type of proprietary fund, the enterprise fund. Proprietary funds are reported using the accrual basis of accounting. Enterprise funds are used to report the same functions presented as business-type activity in the government-wide financial statements but provide more detail and additional information. The District uses an enterprise fund to account for the CAWD/PBCSD Wastewater Reclamation Project.

The fund financial statements can be found on pages 14 through 20 of this report.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21 through 49 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District’s progress in funding its obligation to provide pension and other post employment benefits (OPEB) to its employees. This section also includes budgetary comparison schedules which compare the budgeted amounts for the fiscal year with the activity for the District’s major governmental funds – the Water Supply Fund, Conservation Fund and Mitigation Fund. Required supplementary information can be found on pages 50 to 56 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS**Net Position**

This Statement of Net Position, the difference between the District's assets and liabilities, is one way to measure the District's financial health or position. Net position is reported in three categories: Net Investment in capital assets, Restricted and Unrestricted. Unrestricted assets are funds available for future operational and capital expenditures.

GASB 82 was implemented in fiscal year 2016. Prior year amounts were restated to reflect the implementation.

Summary of Net Position

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Assets						
Current and Other Assets	\$ 4,862,937	\$ 6,516,467	\$ 2,929,762	\$ 2,492,345	\$ 7,792,699	\$ 9,008,812
Capital Assets – Net	<u>5,464,440</u>	<u>5,451,642</u>	<u>41,994,280</u>	<u>42,757,564</u>	<u>47,458,720</u>	<u>48,209,206</u>
Total Assets	<u>10,327,377</u>	<u>11,968,109</u>	<u>44,924,042</u>	<u>45,249,909</u>	<u>55,251,419</u>	<u>57,218,018</u>
Deferred outflows of resources	<u>904,591</u>	<u>369,874</u>	<u>–</u>	<u>–</u>	<u>904,591</u>	<u>369,874</u>
Liabilities						
Current Liabilities	1,517,664	1,651,496	3,828,699	2,926,691	5,346,363	4,578,187
Long-Term Liabilities	<u>9,045,940</u>	<u>8,702,487</u>	<u>17,212,000</u>	<u>19,664,000</u>	<u>26,257,940</u>	<u>28,366,487</u>
Total Liabilities	<u>10,563,604</u>	<u>10,353,983</u>	<u>21,040,699</u>	<u>22,590,691</u>	<u>31,604,303</u>	<u>32,944,674</u>
Deferred inflows of resources	<u>979,012</u>	<u>971,128</u>	<u>–</u>	<u>–</u>	<u>979,012</u>	<u>971,128</u>
Net Position						
Net Investment in Capital Assets	3,454,077	3,765,812	26,194,280	25,157,565	29,648,357	28,923,377
Restricted	220,772	220,330	1,119,639	1,274,491	1,340,411	1,494,821
Unrestricted (deficit)	<u>(3,985,497)</u>	<u>(2,973,270)</u>	<u>(3,430,576)</u>	<u>(3,772,838)</u>	<u>(7,416,073)</u>	<u>(6,746,108)</u>
Total Net Position	<u>\$ (310,648)</u>	<u>\$ 1,012,872</u>	<u>\$ 23,883,343</u>	<u>\$ 22,659,218</u>	<u>\$ 23,572,695</u>	<u>\$ 23,672,090</u>

The District's assets exceeded its liabilities by approximately \$23.6 million at the end of the current year, which is a decrease of approximately .4 % since June 30, 2015.

Capital assets decreased due to depreciation/amortization of \$1,902,420 and dispositions of \$96,865 offset by capital additions of \$1,248,799.

Deferred outflow of resources and deferred inflow of resources increased due to GASB 68.

Long-term liabilities increased due to an increase in the OPEB obligation and recognition of the net pension liability offset by current year payments on long-term debt.

Unrestricted net position decreased due to a prior period adjustment in the amount of \$33,000 offset by the change in net position, described below.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Change in Net Position

GASB 82 was implemented in fiscal year 2016. Prior year amounts were restated to reflect the implementation.

	Change in Net Position					
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Revenues:						
Program Revenue:						
Charges for Services	\$ 7,861,518	\$ 8,044,609	\$ 5,513,758	\$ 5,379,027	\$ 13,375,276	\$ 13,423,636
Operating Grants	334,864	169,214	-	-	334,864	169,214
General Revenues:						
Property Taxes	1,788,896	1,689,619	-	-	1,788,896	1,689,619
Investment Income	48,125	26,092	56,685	25,504	104,810	51,596
Miscellaneous	<u>29,207</u>	<u>39,507</u>	<u>762</u>	<u>-</u>	<u>29,969</u>	<u>39,507</u>
Total Revenues	<u>10,062,610</u>	<u>9,969,041</u>	<u>5,571,205</u>	<u>5,404,531</u>	<u>15,633,815</u>	<u>15,373,572</u>
Expenses:						
Conservation	1,928,518	2,546,486	-	-	1,928,518	2,546,486
Mitigation	2,261,058	2,362,093	-	-	2,261,058	2,362,093
Water Supply	7,196,554	5,301,612	-	-	7,196,554	5,301,612
Water sales	<u>-</u>	<u>-</u>	<u>4,347,080</u>	<u>3,945,772</u>	<u>4,347,080</u>	<u>3,945,772</u>
Total Expenses	<u>11,386,130</u>	<u>10,210,191</u>	<u>4,347,080</u>	<u>3,945,772</u>	<u>15,733,210</u>	<u>14,155,963</u>
Change in Net Position	(1,323,520)	(241,150)	1,224,125	1,458,759	(99,395)	1,217,609
Net Position - Beginning of Year, as restated	<u>1,012,872</u>	<u>1,254,022</u>	<u>22,659,218</u>	<u>21,200,459</u>	<u>23,672,090</u>	<u>22,454,481</u>
Net Position - End of Year	<u>\$ (310,648)</u>	<u>\$ 1,012,872</u>	<u>\$ 23,883,343</u>	<u>\$ 22,659,218</u>	<u>\$ 23,572,695</u>	<u>\$ 23,672,090</u>

Governmental activities decreased the District's net position by approximately \$1.3 million. Key elements resulting in the net decrease are as follows:

- Project expenditures of about \$6.5 million, consisting mainly of additional work for the Aquifer Storage & Recovery Project, groundwater replenishment project, alternate desalination project, local water supply project, and various minor project expenditures contributed to the decrease.
- Capital outlay of approximately \$131,000, mostly routine computer equipment upgrades, building upgrades, and transportation equipment added to the decrease.
- Depreciation expense of approximately \$310,000 added to the decrease.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

In fiscal year 2015-2016, the District did not receive an operating subsidy for the Reclamation Project from Pebble Beach Company because of the new agreement with the IRWUG whereby the expense of total debt service (principal and interest) is built into the cost of water. Business-type activities increased the District's net position by approximately \$1.2 million. Key elements resulting in the net increase are as follows:

- Net water sales were 1.3% higher than budget and 2.5% higher than the prior year. The Project has been impacted by drought conditions in California, however, because of an emergency plant malfunction which entitled the Project to utilize potable water, the Project purchased 24 acre feet (AF) from California American Water Company.
- Total AF sold (both reclaimed and potable) was 2.8% greater than the prior year. The operating component of water sales increased 0.6%. The non-operating or capital component of the rates increased 1.7%.
- Total operating expenses were 20.8% higher than the prior year and 12.1% below budget. Plant operating expenses were 20.5% higher than in fiscal year 2015 and 7.2% over budget. The two most significant causes were (1) the purchase of an additional set of microfiltration modules that were not budgeted, and (2) initiation of a consulting contract to increase the Reverse Osmosis recovery. Distribution costs were 29.8% below budget and 4.7% lower than prior year 2015. Pebble Beach Community Services District (PBCSD) Administrative salaries under budget 16.4%, Utilities 2.9% over budget, and O&M expenses 58.5% under budget (SCADA software costs did not materialize, and Poppy Hills storage tank painting has been rescheduled for 2016-17). Carmel Area Wastewater District (CAWD) and Monterey Peninsula Water Management District (MPWMD) General and Administrative costs were 7.6% higher than in 2015 and 0.2% under budget. Pebble Beach company salaries were 0.4% over budget. MPWMD salaries were 100.6% over budget, or \$11,636 spread across nearly all categories.
- The Reclamation Project has incurred a deficit from the inception of the project due primarily to the cost of the borrowing (debt service and carrying costs) on the Certificates of Participation (COPs) and construction cost for the project expansion. The implementation of the amended Construction & Operation Agreement's intent is to budget for a break even position. The budgeted costs of operations, capital, and debt service are all incorporated into the cost of water.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements.

The Water Supply Fund is the chief operating fund of the District. It accounts for all financial resources except those required to be accounted for in another fund. This fund accounts for financial resources to be used for the acquisition of or construction of major capital facilities (other than those financed by Proprietary Funds and Special Assessments).

FINANCIAL ANALYSIS OF THE DISTRICT’S FUNDS (Continued)

The Special Revenue Funds are used to account for specific revenue sources for which expenditures are restricted by law or regulation to finance particular activities of the District. The Conservation Fund accounts for financial resources used to fund water conservation activities mandated by District legislation including permit issuance and enforcement, jurisdictional water allocations, and public water conservation education. This includes the Toilet Replacement Refund Program, which decreases water demand on the Carmel River. The Mitigation Fund accounts for financial resources used to finance work along the Carmel River carried out pursuant to the Mitigation Program designed to ameliorate impacts identified in the District’s Allocation Program Environmental Impact Report.

At the end of the current fiscal year, the District’s governmental funds reported a total fund balance of \$3,631,551. The Water Supply Fund has a fund balance of \$1,016,295, the Conservation Fund has a fund balance of \$1,549,288 and the Mitigation Fund has a fund balance of \$1,065,968.

During the current fiscal year, the fund balance of the District’s Water Supply Fund decreased \$2,495,272, the Conservation Fund increased \$405,388 and the Mitigation Fund increased \$604,536. The increases in the Conservation Fund and the Mitigation Fund are due to revenues and other financing sources exceeding expenditures primarily due to deferment of some expenditures to next fiscal year.

The District’s uses an enterprise fund to account for the CAWD/PBCSD Wastewater Reclamation Project. At the end of the current fiscal year, the District’s enterprise fund reported a net position of \$23,883,343.

During the current fiscal year, the net position of the District’s enterprise fund increased \$1,224,125.

BUDGET HIGHLIGHTS/VARIANCES

Original budget compared to final budget – During the year, the District made slight modifications to its water supply original budget. There was a need for slight amendments to increase or decrease either the original estimated revenues or original budgeted appropriations. After careful review of six months revenues and appropriations, modifications were made to the revenue line items based on more accurate projections for the remainder of the year. Appropriations were modified in the same manner based on accurate projections for the next six months. Most of the changes occurred in the project expenditures part of the budget. Generally, the movement of the appropriations between departments was not significant. Total appropriations were increased from the original budget by \$508,050.

Final budget compared to actual results – The District’s budget projected expenditures for the water supply fund of \$8.6 million. The District finished the budget year with expenditures of \$7.3 million, which was \$1.3 or 14.8% less than budgeted. The difference was mostly attributable to Aquifer Storage Recovery Project, Monterey Peninsula Desalination Project, local water supply projects, and other reimbursement projects being \$1.2 million under budget due to deferral of projects to next fiscal year.

The District’s budget projected operating revenues for the water supply fund of \$5.6 million. The District finished the budget year with operating revenues of \$6.1 million, which was \$500 thousand or 9.2% more than budgeted. The difference was mostly attributable to property taxes being approximately \$175 thousand over budget and connection charges being approximately \$327 thousand over budget.

An annual budget is adopted by the Reclamation Management Committee (RMC) for management purposes. Budget information is reported to the RMC and adjustments to the budget may only be made by resolution of the committee.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District’s capital assets, net of accumulated depreciation/amortization, at June 30, 2016 totaled \$47.5 million as shown below. This amount represents a net decrease, including additions and disposals, net of depreciation/amortization, of approximately \$750 thousand or 1.6% from June 30, 2015.

Major capital asset events during the fiscal year included the following:

- Aquifer storage and recovery project additions at a cost of \$192,127.
- Various computer and software upgrades at a cost of \$27,855.
- Transportation equipment at a cost of \$88,106.
- Various additions to the Reclamation Project, which included power line conditioning, microfiltration waste flow control, MF/RO roof air conditioner, and pump P-932 & P-933 rehabilitation, at a cost of \$828,985.

Additional information on the District’s capital assets is provided in Note 5 on pages 34-35 of this report.

**Capital Assets
(Net of Depreciation/Amortization)**

	<u>2016</u>	<u>2015</u>
Governmental Activities:		
Office Equipment	\$ 1,797	\$ 2,377
Computer Equipment	359,531	412,757
Transportation Equipment	100,008	24,502
Project Equipment	2,048	4,440
Building and Improvements	1,132,844	1,185,856
ASR Facilities	3,849,778	3,815,748
Fish Rearing Facility	3,820	5,962
Leasehold improvements	<u>14,614</u>	<u>—</u>
	<u>\$ 5,464,440</u>	<u>\$ 5,451,642</u>
Business-type Activities:		
Water resale rights	\$ 40,996,379	\$ 42,491,783
Construction in progress	<u>997,901</u>	<u>265,781</u>
	<u>\$ 41,994,280</u>	<u>\$ 42,757,564</u>
Total	<u>\$ 47,458,720</u>	<u>\$ 48,209,206</u>

Debt Administration

The District has an installment purchase agreement with a balance of \$3,727,850 at June 30, 2016. Retirements were made in the amount of \$80,508.

The District has variable rate demand certificates of participation with a balance of \$15,800,000 at June 30, 2016. Retirements were made in the amount of \$1,800,000.

CAPITAL ASSETS AND DEBT ADMINISTRATION (Continued)

The District has a payable to Pebble Beach Company for bond carrying costs with a balance of \$3,864,000 at June 30, 2016. Retirements were made in the amount of \$552,000.

The balance of the District's debt relates to liabilities for compensated absences, other post employment benefits and pension expenses.

Additional information on the District's long-term debt is provided in Note 7 on pages 36-38 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

In developing the fiscal year 2016–2017 budget, the staff and management had to consider a number of factors that would impact the District's economy and finances. The 2016–2017 budget was developed and balanced using previously accumulated fund balance. This was accomplished by sustaining most expenditure levels and structuring permit and other processing fees collected by the District to fully recover service costs. The fiscal year 2016-2017 budget assumes continued collection of Water Supply Charge revenue derived from individual property owners and Mitigation Program revenue derived from Cal-Am ratepayers.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to Suresh Prasad, Administrative Services Manager/Chief Financial Officer, Monterey Peninsula Water Management District, 5 Harris Ct., Bldg. G, Monterey, California 93940.

BASIC FINANCIAL STATEMENTS

MONTEREY PENINSULA WATER MANAGEMENT DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2016
(WITH SUMMARIZED TOTALS FOR JUNE 30, 2015)

	Governmental Activities	Business-type Activities	2016 Total	2015 Total
ASSETS:				
Cash and cash equivalents	\$ 224,300	\$ 560,244	\$ 784,544	\$ 888,491
Investments	2,708,802	-	2,708,802	4,456,232
Receivables, net	1,709,063	1,249,879	2,958,942	2,169,226
Prepaid expenses and deposits	-	-	-	42
Restricted reserves	220,772	1,119,639	1,340,411	1,494,821
Capital assets, net:				
Water rights	-	40,996,379	40,996,379	42,491,783
Nondepreciable	-	997,901	997,901	265,781
Depreciable	5,464,440	-	5,464,440	5,451,642
Total assets	<u>10,327,377</u>	<u>44,924,042</u>	<u>55,251,419</u>	<u>57,218,018</u>
DEFERRED OUTFLOWS OF RESOURCES:				
PERS contributions	370,709	-	370,709	369,874
Deferred pension adjustments	533,882	-	533,882	-
Total deferred outflows of resources	<u>904,591</u>	<u>-</u>	<u>904,591</u>	<u>369,874</u>
LIABILITIES:				
Accounts payable	1,022,851	1,376,699	2,399,550	1,835,410
Accrued liabilities	89,120	-	89,120	63,497
Long-term debt:				
Due within one year	405,693	2,452,000	2,857,693	2,679,280
Due in more than one year	9,045,940	17,212,000	26,257,940	28,366,487
Total liabilities	<u>10,563,604</u>	<u>21,040,699</u>	<u>31,604,303</u>	<u>32,944,674</u>
DEFERRED INFLOWS OF RESOURCES –				
Deferred pension adjustments	979,012	-	979,012	971,128
NET POSITION:				
Net investment in capital assets	3,454,077	26,194,280	29,648,357	28,923,377
Restricted for debt service	220,772	1,136	221,908	221,466
Restricted for capital replacement	-	1,118,503	1,118,503	1,273,355
Unrestricted (deficit)	(3,985,497)	(3,430,576)	(7,416,073)	(6,746,108)
Total net position	<u>\$ (310,648)</u>	<u>\$ 23,883,343</u>	<u>\$ 23,572,695</u>	<u>\$ 23,672,090</u>

See Notes to Basic Financial Statements.

MONTEREY PENINSULA WATER MANAGEMENT DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016
(WITH SUMMARIZED TOTALS FOR JUNE 30, 2015)

	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		2016 Total	2015 Total
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities		
FUNCTIONS/PROGRAMS:							
Governmental activities:							
Conservation	\$ 1,928,518	\$ 1,005,237	\$ -	\$ (923,281)	\$ -	\$ (923,281)	\$ (956,548)
Mitigation	2,261,058	2,542,519	334,864	616,325	-	616,325	37,826
Water supply	7,196,554	4,313,762	-	(2,882,792)	-	(2,882,792)	(1,077,646)
Total governmental activities	<u>11,386,130</u>	<u>7,861,518</u>	<u>334,864</u>	<u>(3,189,748)</u>	<u>-</u>	<u>(3,189,748)</u>	<u>(1,996,368)</u>
Business-type activities – water sales	<u>4,347,080</u>	<u>5,513,758</u>	<u>-</u>	<u>-</u>	<u>1,166,678</u>	<u>1,166,678</u>	<u>1,433,255</u>
Total business-type activities	<u>4,347,080</u>	<u>5,513,758</u>	<u>-</u>	<u>-</u>	<u>1,166,678</u>	<u>1,166,678</u>	<u>1,433,255</u>
Total	<u>\$ 15,733,210</u>	<u>\$ 13,375,276</u>	<u>\$ 334,864</u>	<u>(3,189,748)</u>	<u>1,166,678</u>	<u>(2,023,070)</u>	<u>(563,113)</u>
GENERAL REVENUES:							
Property taxes				1,788,896	-	1,788,896	1,689,619
Investment earnings				48,125	56,685	104,810	51,596
Miscellaneous				29,207	762	29,969	39,507
Total general revenues				<u>1,866,228</u>	<u>57,447</u>	<u>1,923,675</u>	<u>1,780,722</u>
CHANGE IN NET POSITION				<u>(1,323,520)</u>	<u>1,224,125</u>	<u>(99,395)</u>	<u>1,217,609</u>
NET POSITION – BEGINNING OF YEAR (AS RESTATED)				<u>1,012,872</u>	<u>22,659,218</u>	<u>23,672,090</u>	<u>22,454,481</u>
NET POSITION – END OF YEAR				<u>\$ (310,648)</u>	<u>\$ 23,883,343</u>	<u>\$ 23,572,695</u>	<u>\$ 23,672,090</u>

See Notes to Basic Financial Statements.

MONTEREY PENINSULA WATER MANAGEMENT DISTRICT
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2016
(WITH SUMMARIZED TOTALS FOR JUNE 30, 2015)

	Water Supply	Conservation	Mitigation	2016 Total	2015 Total
ASSETS:					
Cash and cash equivalents	\$ (258,074)	\$ 425,770	\$ 56,604	\$ 224,300	\$ 645,376
Investments	1,611,067	978,935	118,800	2,708,802	4,456,232
Receivables, net	439,589	280,212	989,262	1,709,063	1,194,529
Restricted reserves	<u>220,772</u>	<u>–</u>	<u>–</u>	<u>220,772</u>	<u>220,330</u>
Total assets	<u>2,013,354</u>	<u>1,684,917</u>	<u>1,164,666</u>	<u>4,862,937</u>	<u>6,516,467</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES:					
Liabilities:					
Accounts payable	923,068	34,123	65,660	1,022,851	1,260,719
Accrued liabilities	<u>41,627</u>	<u>14,455</u>	<u>33,038</u>	<u>89,120</u>	<u>63,497</u>
Total liabilities	<u>964,695</u>	<u>48,578</u>	<u>98,698</u>	<u>1,111,971</u>	<u>1,324,216</u>
Deferred Inflows –					
Deferred tax revenue	<u>32,364</u>	<u>87,051</u>	<u>–</u>	<u>119,415</u>	<u>75,352</u>
Total deferred inflows	<u>32,364</u>	<u>87,051</u>	<u>–</u>	<u>119,415</u>	<u>75,352</u>
Fund balances:					
Assigned:					
Insurance/litigation	171,354	11,906	66,740	250,000	250,000
Capital equipment	3,666	44,533	95,801	144,000	232,000
Flood/drought emergencies	–	–	328,944	328,944	254,891
Project expenditures	<u>841,275</u>	<u>1,492,849</u>	<u>574,483</u>	<u>2,908,607</u>	<u>4,380,008</u>
Total fund balances	<u>1,016,295</u>	<u>1,549,288</u>	<u>1,065,968</u>	<u>3,631,551</u>	<u>5,116,899</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 2,013,354</u>	<u>\$ 1,684,917</u>	<u>\$ 1,164,666</u>		
Amounts reported in the statement of net position are different because:					
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds				5,464,440	5,451,642
Other assets are not available to pay for current-period expenditures and therefore are deferred in the funds				119,415	75,352
Deferred outflows and inflows of resources related to pensions are applicable to future periods, and therefore, are not reported in the funds				(74,421)	(601,254)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds				<u>(9,451,633)</u>	<u>(9,029,767)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES				<u>\$ (310,648)</u>	<u>\$ 1,012,872</u>

See Notes to Basic Financial Statements.

HAYASHI WAYLAND - PRELIMINARY DRAFT FOR REVIEW & DISCUSSION - SUBJECT TO CHANGE - 12/6/2016

MONTEREY PENINSULA WATER MANAGEMENT DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016
(WITH SUMMARIZED TOTALS FOR JUNE 30, 2015)

	Water Supply	Conservation	Mitigation	2016 Total	2015 Total
REVENUES:					
Property taxes	\$ 1,744,833	\$ –	\$ –	\$ 1,744,833	\$ 1,689,619
Water supply charge	3,382,389	–	–	3,382,389	3,327,701
User fees	–	7,213	71,805	79,018	95,321
Connection charges, net of refunds	502,298	–	–	502,298	159,250
Permit fees	–	167,213	58,161	225,374	193,609
Project reimbursements	429,075	830,811	–	1,259,886	2,151,906
Investment income	38,260	8,271	1,594	48,125	26,092
Legal fee reimbursements	–	2,728	–	2,728	2,637
Recording fees	–	12,047	–	12,047	11,340
Mitigation revenue	–	–	2,412,553	2,412,553	2,127,410
Miscellaneous	12,907	1,082	443	14,432	25,530
Grants	–	–	334,864	334,864	169,214
Total revenues	<u>6,109,762</u>	<u>1,029,365</u>	<u>2,879,420</u>	<u>10,018,547</u>	<u>9,979,629</u>
EXPENDITURES:					
Personnel:					
Salaries	815,048	594,470	997,369	2,406,887	2,303,067
Employee benefits and other personnel	308,289	279,789	403,092	991,170	945,150
Services and supplies:					
Project expenditures	5,384,999	775,829	366,933	6,527,761	5,424,991
Operating expenditures	166,695	143,461	213,542	523,698	677,320
Professional fees	378,388	95,547	230,487	704,422	480,555
Capital outlay	60,530	6,831	63,461	130,822	117,221
Debt service:					
Principal	80,508	–	–	80,508	78,059
Interest and other charges	138,627	–	–	138,627	147,150
Total expenditures	<u>7,333,084</u>	<u>1,895,927</u>	<u>2,274,884</u>	<u>11,503,895</u>	<u>10,173,513</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,223,322)</u>	<u>(866,562)</u>	<u>604,536</u>	<u>(1,485,348)</u>	<u>(193,884)</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	–	1,271,950	–	1,271,950	948,721
Transfers out	<u>(1,271,950)</u>	<u>–</u>	<u>–</u>	<u>(1,271,950)</u>	<u>(948,721)</u>
Total other financing sources (uses)	<u>(1,271,950)</u>	<u>1,271,950</u>	<u>–</u>	<u>–</u>	<u>–</u>
NET CHANGE IN FUND BALANCES	<u>(2,495,272)</u>	<u>405,388</u>	<u>604,536</u>	<u>(1,485,348)</u>	<u>(193,884)</u>
FUND BALANCES – BEGINNING OF YEAR	<u>3,511,567</u>	<u>1,143,900</u>	<u>461,432</u>	<u>5,116,899</u>	<u>5,310,783</u>
FUND BALANCES – END OF YEAR	<u>\$ 1,016,295</u>	<u>\$ 1,549,288</u>	<u>\$ 1,065,968</u>	<u>\$ 3,631,551</u>	<u>\$ 5,116,899</u>

See Notes to Basic Financial Statements.

**MONTEREY PENINSULA WATER MANAGEMENT DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016**

NET CHANGE IN FUND BALANCES	\$ (1,485,348)
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Amounts reported in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. In the current period these amounts are:

12,798

Capitalized project expenditures	\$	192,127
Capital outlay	\$	130,822
Depreciation expense	\$	<u>(310,151)</u>

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds.

44,063

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. However, neither transaction has any effect on net position. In the current period these amounts are:

Principal payments on long-term debt	80,508
--------------------------------------	--------

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:

24,459

Compensated absences	\$	(10,870)
OPEB costs	\$	(229,688)
Current year pension cost difference	\$	<u>265,017</u>

CHANGE IN NET POSITION	\$ <u>(1,323,520)</u>
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See Notes to Basic Financial Statements.

MONTEREY PENINSULA WATER MANAGEMENT DISTRICT
STATEMENT OF NET POSITION – PROPRIETARY FUND
(CAWD/PBCSD WASTEWATER RECLAMATION PROJECT)
JUNE 30, 2016
(WITH SUMMARIZED TOTALS FOR JUNE 30, 2015)

	<u>2016</u>	<u>2015</u>
ASSETS:		
Current assets:		
Cash and investments	\$ 560,244	\$ 243,115
Accounts receivable – water sales	1,230,290	961,391
Accounts receivable – other	19,589	13,306
Prepaid expenses	–	42
Total current assets	<u>1,810,123</u>	<u>1,217,854</u>
Noncurrent assets:		
Capital assets, net:		
Water resale rights	40,996,379	42,491,783
Construction-in-progress	997,901	265,781
Total noncurrent assets	<u>41,994,280</u>	<u>42,757,564</u>
Cash restricted for:		
Debt service	1,136	1,136
Capital replacements	1,118,503	1,273,355
Total restricted cash	<u>1,119,639</u>	<u>1,274,491</u>
Total assets	<u>44,924,042</u>	<u>45,249,909</u>
LIABILITIES:		
Current liabilities:		
Accounts payable – trade	60,182	69,451
Accounts payable – affiliates	1,316,517	505,240
Certificates of participation – current portion	1,900,000	1,800,000
Due to Pebble Beach Company – current portion	552,000	552,000
Total current liabilities	<u>3,828,699</u>	<u>2,926,691</u>
Noncurrent liabilities:		
Certificates of participation	13,900,000	15,800,000
Due to Pebble Beach Company	3,312,000	3,864,000
Total noncurrent liabilities	<u>17,212,000</u>	<u>19,664,000</u>
Total liabilities	<u>21,040,699</u>	<u>22,590,691</u>
NET POSITION:		
Net investment net in capital assets	26,194,280	25,157,565
Restricted for debt service	1,136	1,136
Restricted for capital replacements	1,118,503	1,273,355
Unrestricted (deficit)	<u>(3,430,576)</u>	<u>(3,772,838)</u>
Total net position	<u>\$ 23,883,343</u>	<u>\$ 22,659,218</u>

See Notes to Basic Financial Statements.

MONTEREY PENINSULA WATER MANAGEMENT DISTRICT
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION – PROPRIETARY FUND
(CAWD/PBCSD WASTEWATER RECLAMATION PROJECT)
FOR THE YEAR ENDED JUNE 30, 2016
(WITH SUMMARIZED TOTALS FOR JUNE 30, 2015)

	<u>2016</u>	<u>2015</u>
OPERATING REVENUES –		
Water sales	\$ 5,513,758	\$ 5,379,027
OPERATING EXPENSES:		
Plant costs	1,903,920	1,579,090
Distribution costs	325,982	342,252
General and administration	117,683	109,293
Potable water	111,378	5,247
Amortization	<u>1,592,269</u>	<u>1,589,847</u>
Total operating expenses	<u>4,051,232</u>	<u>3,625,729</u>
Operating income (loss)	<u>1,462,526</u>	<u>1,753,298</u>
NON-OPERATING REVENUES (EXPENSES):		
Bond and LC carrying costs	(191,049)	(211,044)
Interest expense – COP	(24,394)	(9,914)
Interest expense – PBCo.	(34,655)	(30,425)
Investment earnings	56,685	25,504
MPWMD fee	(45,750)	(60,509)
Other revenue (expenses)	<u>762</u>	<u>(8,151)</u>
Total non-operating revenue (expenses)	<u>(238,401)</u>	<u>(294,539)</u>
CHANGE IN NET POSITION	<u>1,224,125</u>	<u>1,458,759</u>
NET POSITION – BEGINNING OF YEAR	22,659,218	21,200,459
NET POSITION – END OF YEAR	<u>\$ 23,883,343</u>	<u>\$ 22,659,218</u>

See Notes to Basic Financial Statements.

MONTEREY PENINSULA WATER MANAGEMENT DISTRICT
STATEMENT OF CASH FLOWS – PROPRIETARY FUND
(CAWD/PBCSD WASTEWATER RECLAMATION PROJECT)
FOR THE YEAR ENDED JUNE 30, 2016
(WITH SUMMARIZED TOTALS FOR JUNE 30, 2015)

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 5,238,659	\$ 4,995,560
Cash payments for operating expenses	<u>(1,656,997)</u>	<u>(2,187,316)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>3,581,662</u>	<u>2,808,244</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES –		
Other cash receipts (expenses)	<u>762</u>	<u>(8,151)</u>
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>762</u>	<u>(8,151)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Principal payments on certificates of participation	(1,800,000)	(1,700,000)
Principal paid on PBCo debt	(552,000)	(552,000)
Interest expense	(59,049)	(40,339)
Bond carrying and interest expenses	(191,049)	(211,044)
Water resale rights – capital additions	(828,984)	(328,284)
MPWMD user fee	<u>(45,750)</u>	<u>–</u>
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(3,476,832)</u>	<u>(2,831,667)</u>
CASH FLOWS FROM INVESTING ACTIVITIES –		
Investment earnings	<u>56,685</u>	<u>25,504</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>56,685</u>	<u>25,504</u>
INCREASE (DECREASE) IN CASH AND INVESTMENTS	162,277	(6,070)
CASH AND INVESTMENTS, BEGINNING OF YEAR	<u>1,517,606</u>	<u>1,523,676</u>
CASH AND INVESTMENTS, END OF YEAR	<u>\$ 1,679,883</u>	<u>\$ 1,517,606</u>

MONTEREY PENINSULA WATER MANAGEMENT DISTRICT
STATEMENT OF CASH FLOWS – PROPRIETARY FUND
(CAWD/PBCSD WASTEWATER RECLAMATION PROJECT)
FOR THE YEAR ENDED JUNE 30, 2016
(WITH SUMMARIZED TOTALS FOR JUNE 30, 2015)
(Continued)

	<u>2016</u>	<u>2015</u>
RECONCILIATION OF CASH AND INVESTMENTS TO THE STATEMENT OF NET POSITION:		
Cash and investments	\$ 560,244	\$ 243,115
Restricted cash	<u>1,119,639</u>	<u>1,274,491</u>
Total	<u>\$ 1,679,883</u>	<u>\$ 1,517,606</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating income (loss)	\$ 1,462,526	\$ 1,753,298
Adjustments to reconcile net operating income (loss) to net cash provided by operating activities:		
Amortization	1,592,269	1,589,847
(Increase) decrease in:		
Receivables	(275,182)	(383,467)
Prepaid expenses	42	(42)
Increase (decrease) in – Accounts payable	<u>802,007</u>	<u>(151,392)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 3,581,662</u>	<u>\$ 2,808,244</u>

See Notes to Basic Financial Statements.

MONTEREY PENINSULA WATER MANAGEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Abbreviations Used:

CAW	California–American Water Company
CAWD	Carmel Area Wastewater District
COP	Certificates of participation
O&M	Operations and maintenance
PBCo.	Pebble Beach Company
PBCSD	Pebble Beach Community Services District
Project	CAWD/PBCSD Wastewater Reclamation Project

Description of the Reporting Entity:

The Monterey Peninsula Water Management District was created by Chapter 527, Statutes of 1977 (Assembly Bill No. 1329) of the California Legislature, on September 2, 1977. The District was created to provide integrated management of ground and surface water supplies, and to exercise regulatory control over the collection, storage, distribution, and delivery of water and wastewater within its jurisdiction including, but not limited to, such functions as management and regulation of the use, reuse, reclamation and conservation of water, and bond financing of public works projects. Water service is principally supplied by other entities, but the District has the power to acquire public or private water systems. The District also has the power to levy and collect real estate taxes. Operations were commenced during the fiscal year beginning July 1, 1978.

The District has a seven-member board of directors. Five directors are elected every four years on a staggered basis. Of the other two directors, one must be a member of the Monterey County Board of Supervisors and the other must be a chief executive officer, mayor, or member of the governing body of a city member unit. The Board of Directors has continuing oversight responsibility for the District.

The geographic jurisdiction of the District approximates the Monterey Peninsula and the Carmel River watershed including all of the cities (except Marina) and the unincorporated communities therein.

The accompanying financial statements conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant accounting policies used by the District:

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Basis of Presentation and Accounting:**

Government-Wide and Fund Financial Statements – The basic financial statements include both government-wide and fund financial statements. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the District. For the most part, the effect of interfund activity has been removed from these statements.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a functional category (Conservation, Mitigation or Water Supply) or identifiable activity are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. The District allocates indirect expenses to functions in the statement of activities. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or activity, 2) grants and contributions that are restricted to meeting the operational requirements of a particular function or activity, and 3) grants and contributions that are restricted to meeting the capital requirements of a particular function or activity. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The net cost (by function) is normally covered by general revenue (property taxes, intergovernmental revenues, interest income, etc.).

Separate fund based financial statements are provided for governmental funds. The District has one proprietary fund. Major individual governmental funds are reported as separate columns in the fund financial statements. The major governmental funds are the water supply, conservation, and mitigation fund. The District has no non-major funds.

The government-wide focus is more on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The focus of the fund financial statements is on the major individual funds. Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

Measurement Focus and Basis of Accounting – The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property taxes that have been levied and are due on or before year-end are recognized as revenue if they have been collected within sixty days after year-end. Water supply charges, connection charges and permit fees are considered to be measurable when they have been collected and are recognized as revenue at that time. Investment earnings are recorded as earned since they are measurable and available.

Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences, are recognized only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

Proprietary fund level financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from producing and delivering water. Operating expenses include the cost of sales, general and administrative expenses, and amortization of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Operating revenue comes from sales of reclaimed water. Other revenue comes primarily from the subsidy by PBCo. and from sales of water entitlements.

The following major funds are used by the District:

Governmental Funds:

The following is a description of the Governmental Funds of the District:

- a. *Conservation Fund*, accounts for financial resources used to fund water conservation activities mandated by District legislation including permit issuance and enforcement, jurisdictional water allocations, and public water conservation education. This includes the Toilet Replacement Refund Program which decreases water demand on the Carmel River.
- b. *Mitigation Fund*, accounts for financial resources used to finance work along the Carmel River carried out pursuant to the Mitigation Program designed to ameliorate impacts identified in the District's Allocation Program Environmental Impact Report.
- c. *Water Supply Fund*, accounts for financial resources used to fund for acquisition or construction of major capital facilities (other than those financed by Proprietary Funds, and Special Assessments), support for staff relative to water supply, and other water supply related activities.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)*Proprietary Fund:*

The following is a description of the Proprietary Fund of the District:

Enterprise Fund, accounts for the activity of the CAWD/PBCSD Wastewater Reclamation Project.

Fair Value – The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. All of the District’s investments are level one.

Cash Equivalents – The District considers all highly liquid assets which have an original term of less than ninety days to maturity as cash equivalents.

Restricted Assets – Certain cash and investments of the Reclamation Project are classified as restricted because their uses are limited by commitments made by the Project to the purchasers of the Certificates of Participation. Construction project cash is in an escrowed account for receipt of water entitlement sales by PBCo., who is entitled to reimbursements for its cash advances for phase II construction costs. Certain cash and investments of the District are classified as restricted because their uses are limited by commitments made by the District to the purchaser of the Aquifer Storage and Recovery Project.

Pooled Cash – Cash accounts (Reclamation) which essentially operate as demand deposit accounts are maintained by the Monterey County Treasurer’s Office. Available cash balances are controlled and invested by the County Treasurer in pooled investment funds in order to provide safety, liquidity and high investment returns for all funds. Interest earnings from these funds are generally credited to the District’s account on a quarterly basis.

The Monterey County Treasurer’s Investment policy is in compliance with Section 53635 of the Government Code of the State of California which permits investments in certain securities and participation in certain investment trading techniques or strategies.

Investments – Resolution 83-17, adopted September 12, 1983, authorized investment of the District’s monies with the State Treasurer for deposit in the Local Agency Investment Fund (LAIF). Money in the fund is invested by the State Treasurer to realize the maximum return consistent with prudent treasury management. All earnings of the fund, less a reimbursement of management costs incurred not to exceed one quarter of one percent of earnings, are distributed to the contributing agencies in their relative shares each quarter. The balances of funds in LAIF are stated at market value.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The types of investments the District may purchase are not limited by legal or contractual provisions, but the Board has established policies on investments and has so directed their investment managers.

The Project does not have a specific investment policy but generally follows the guidelines of the County of Monterey’s Investment Policy. All funds invested are managed to meet the guidelines stated in both California Code Section 53600, et. seq. and the County’s investment policy.

Receivables and Deferred Inflows of Resources – Receivables are amounts due representing revenues earned or accrued in the current period. Receivables which have not been remitted within 60 days subsequent to year end are offset by deferred inflows of resources, and accordingly have not been recorded as revenue in the governmental fund. When the revenue becomes available, the revenue is recognized in the governmental fund. Deferred inflows are detailed on the Balance Sheet.

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. The allowance is based on an assessment of the current status of individual accounts. At June 30, 2016, the allowance was estimated to be zero.

Prepaid Expenses – Prepaid expenses are capitalized and amortized ratably over the period of benefit.

Capital Assets – Property, facilities, and equipment purchased or acquired is carried at historical cost or estimated historical cost. Contributed capital assets are recorded at estimated fair market value at the time received. Capital assets are defined by the District as assets with an estimated useful life in excess of one year and an initial, individual cost of more than \$1,000 for equipment and \$5,000 for land, facilities, and improvements.

Property, facilities, and equipment of the District is depreciated using the straight-line method over the following estimated useful lives:

Equipment	3 to 20 Years
Building and improvements	5 to 39 Years
Monitoring stations	5 to 10 Years
ASR facilities	30 to 40 Years
Fish rearing facility	5 to 40 Years
Leasehold improvements	10 to 40 Years

Water Resale Rights – Proceeds from the issuance of the Certificates of Participation were used to construct facilities for wastewater reclamation and distribution. The District does not own these facilities, but instead owns the rights to the reclaimed water for resale. The Project capitalizes the costs incurred in order to obtain these water rights in accordance with generally accepted accounting principles for intangible assets. As a result, capital outlay and construction period interest incurred have been capitalized into this account. These rights are presented net of accumulated amortization.

Amortization – The water resale rights are amortized using the straight-line method over the expected useful life of the reclamation plant which is forty years.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows/Inflows of Resources – In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Compensated Absences – The District accrues vested liabilities for vacation and sick pay. Permanent employees are vested after one year of full-time employment.

Tier 1 – Employees hired before July 2013.

Vacation accrues at the rate of 10 days per year for the first year of employment, 15 days per year for two to five years of employment, 20 days per year for six to fifteen years of employment, and 22 days per year after fifteen years. Total accruals are limited to 60 days vacation per employee. Sick leave accrues at the rate of 12 days each year. After an employee leaves District employment, they are paid up to 75 days of accrued sick leave.

Tier 2 – Employees hired after July 2013.

Vacation accrues at the rate of 10 days per year for the first to three years of employment, 15 days per year for four to eight years of employment, and 20 days per year after eight years of employment. Total accruals are limited to 45 days vacation per employee. Sick leave accrues at the rate of 12 days each year. After an employee leaves District employment, they are paid up to 30 days of accrued sick leave.

Paid time off is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Interfund Activity – During the course of operations, transactions occur between individual funds that result in amounts owed between funds, which are classified as “due to/from other funds.” Eliminations have been made on the government-wide statements for amounts due to/from within the governmental funds.

Long-Term Obligations – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Debt premiums and discounts are deferred and amortized over the life of the debt using the straight-line method. Debt payable are reported net of the applicable debt premium or discount. Debt issuance costs are recognized in the current period.

In the fund financial statements, governmental fund types recognize debt premiums and discounts, as well as debt issuance costs, during the current period. The face amount of debt issued is reported as other financial sources. Premiums received on debt issuance are reported

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Long-term liabilities of all Proprietary Funds, including any general obligation bonds to be repaid by those funds, are accounted for in the respective funds.

Pensions – For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District’s California Public Employees’ Retirement System (CalPERS) plans and additions to/deductions from the Plans’ fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net Position – The Statement of Net Position presents the Districts assets and liabilities with the difference reported as net position. Net position is reported in three categories.

- *Net Investment in capital assets* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of any related debt obligations attributable to the acquisition, construction, or improvement of those assets.
- Restricted results when constraints placed on net positions use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted* consists of net position not meeting the definition of the two preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, then unrestricted resources, as they are needed.

Fund Balances – Fund balance classifications are based primarily on the extent to which the District is bound to honor constraints on the use of resources reported in each governmental fund.

The District reports the following classifications:

- *Nonspendable* – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form, such as prepaid expenses and long term receivables or (b) legally or contractually required to be maintained intact, such as a trust that must be retained in perpetuity.
- *Restricted* – Restricted fund balances are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- *Committed* – Committed fund balances are amounts that can only be used for specific purposes as a result of constraints imposed by the Board. Committed amounts cannot be used for any other purpose unless the Board removes those constraints by taking some type of action (passage of a resolution). Amounts in the committed fund balance classification may be used for other purposes with appropriate due process by the Board. Committed fund balances differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions or enabling legislation.
- *Assigned* – Assigned fund balances are amounts that are constrained by the District's intent to be used for specific purpose, but are neither restricted nor committed. Intent is express by (a) the General Manager or (b) the Board. The Board has the authority to remove or change the assignment of the funds with a simple majority vote.
- *Unassigned* – This fund balance is the residual classification. It is also used to report negative fund balances in other governmental funds.

When restricted and other fund balance resources are available for use, it is the District's policy to use restricted resources first, followed by committed, assigned and unassigned amounts, respectively.

Property Taxes – The County of Monterey is responsible for the assessment, collection, and apportionment of property taxes for all taxing jurisdictions, including the District. Secured property taxes for each year ended June 30 are payable in equal installments, November 1 and February 1, and become delinquent on December 10 and April 10, respectively. The lien date is January 1 of each year. Property taxes are accounted for as collected and remitted by the County in the Governmental Funds. Property taxes on the unsecured roll are due on the January 1 lien date and become delinquent if unpaid on August 31.

The term "Unsecured" refers to taxes on personal property other than land and buildings. These taxes are secured by liens on the property being taxed.

Property tax revenues are recorded in governmental funds as receivables and deferred revenues at the time the tax levy is billed. Current year revenues are those collected within the current period or soon enough thereafter to pay current liabilities, generally within sixty days of year-end. No allowance is provided for delinquent taxes as the lien is considered an enforceable legal obligation.

Permit Fees – Permit fee revenue is recorded as permits are issued. The District is required to refund permit fees if the permit is not used or to grant an extension of time upon a reasonable request. If a refund is issued, the refunded party also relinquishes any water rights associated with the permit. It is the District's policy to record such refunds as they become payable.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes – Monterey Peninsula Water Management District is a California local governmental unit and is exempt from both Federal and State income taxes.

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications – Certain reclassifications have been made to the prior year's financial statements to conform to the current year presentation.

Comparative Financial Information – The financial statements include certain prior-year summarized comparative information in total but not by activities or fund. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2015, from which the summarized information was derived.

Subsequent Events – Subsequent events have been evaluated through _____[date], which is the date the financial statements were available to be issued.

Effects of New Pronouncements – In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 72, *Fair Value Measurement and Application*. This Statement provides guidance for determining a fair value measurement, applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of this Statement will enhance fair value application guidance, comparability of financial statements among governments, and related disclosures by providing information on valuation techniques and the impact of fair value measurements on a government's financial position. The District implemented this statement as of June 30, 2016. There was no significant effect on the financial statements due to the implementation.

In June 2015, GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This Statement supersedes Statement No. 55, related to GAAP hierarchy. The requirements in this Statement will allow governments to apply financial reporting guidance with less variation, which will improve the usefulness and comparability of financial statement information for making decisions and assessing accountability. The District implemented this statement as of June 30, 2016. There was no significant effect on the financial statements due to the implementation.

In December 2015, GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. Significant noncompliance prevents the external investment pool from measuring all of its investments at amortized cost for financial reporting purposes. The District implemented this statement as of June 30, 2016. There was no significant effect on the financial statements due to the implementation.

In March 2016, GASB issued Statement No. 82, *Pension Issues-an amendment of GASB Statements No. 67, No. 68, and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The District implemented this statement in fiscal year 2016. As a result of this implementation, the District reported a prior period adjustment to net position in the amount of \$32,661.

NOTE 2. THE CAWD/PBCSD WASTEWATER RECLAMATION PROJECT

The CAWD/PBCSD Reclamation Project (the Project) is a cooperative effort involving the District, the Carmel Area Wastewater District (CAWD), the Pebble Beach Community Services District (PBCSD), and the Pebble Beach Company (PBCo.). This cooperative effort did not create a new or separate legal entity. Therefore, the Project is a proprietary (enterprise) fund of the District, the issuer of the Certificates of Participation which financed the Project's first construction project.

The statements of the Project were audited by Marcello & Company whose report has been furnished to us.

NOTE 2. THE CAWD/PBCSD WASTEWATER RECLAMATION PROJECT (Continued)

The Project provides treated wastewater to irrigate golf courses and open space areas in Pebble Beach community, which freed up potable water previously used for irrigation. The original Project involved the construction of a new tertiary treatment plant and laboratory facilities located on the site of the existing CAWD secondary wastewater treatment plant, the construction of a new reclaimed distribution system, including a 2.5 million gallon storage tank and irrigation system improvements. Construction of the original Project began in January 1993 and was completed in October 1994. The Project assets are owned principally by CAWD and PBCSD, and consist primarily of the following: Assets owned by CAWD: (1) a new tertiary treatment plant, (2) secondary process improvements, (3) new laboratory facilities, (4) a reclaimed water pump station, (5) related computer equipment and, (6) a small portion of the reclaimed water pipeline. Assets owned by PBCSD: (1) approximately seven miles of reclaimed water distribution system pipeline, (2) the Forest Lake Reservoir, (3) a 2.5 million gallon storage tank, and (4) a potable water pump station. The tertiary treatment plant produces water which meets Title 22 standards specified by the California Department of Health Services, which is a quality acceptable for human contact.

The original Project was financed by Certificates of Participation (COP) which were executed and delivered at the direction of the District in December 1992 in the amount of \$33,900,000. The District provided the funds necessary to construct and operate the Project and then obtained ownership of the reclaimed water for the purpose of resale. PBCo. guaranteed payment of construction costs of the Project as well as any operating deficiencies. The debt obligations incurred by the District to finance the project constitute limited obligations of the District, payable solely from the net operating revenues generated by the sale of reclaimed water produced by the Project and, if such reclaimed water revenues are insufficient, from payments on a Bond Letter of Credit provided by Wells Fargo Bank (the credit bank) through a reimbursement agreement between PBCo. and the credit bank. PBCo. pays the letter of credit fees, as well as principal and interest payments on debt obligations as needed, as a subsidy to the Project.

As the Project does not own the capital assets, the value earned for the capital expenditures incurred is reflected on the books of the Project as water resale rights, an intangible asset.

The activities of the Project are overseen by a six member management committee containing two representatives from the CAWD board, two from the PBCSD board, one from the PBCo and one from the Independent Reclaimed Water Users Group (IRWUG).

Subsequent to the completion of the original facilities, the Project has been expanded to increase the quantity and quality of reclaimed water. The expanded project utilizes Forest Lake Reservoir located in Pebble Beach which provides 115 million gallons of storage capacity. The Reservoir is filled with reclaimed water during winter months when there is excess production at the treatment plant. The stored water is used during summer months when the daily irrigation demand exceeds treatment plant production capacity. PBCSD purchased the Reservoir from California-American Water Company in 1998 and rehabilitated to meet State Water Resources Division of Safety of Dams requirements. The rehabilitated construction of the Reservoir was completed in March 2006. The construction costs of approximately \$13 million were financed by the sale of Pebble Beach Company water entitlements.

NOTE 2. THE CAWD/PBCSD WASTEWATER RECLAMATION PROJECT (Continued)

The Microfiltration/Reverse Osmosis (MF/RO) phase of the project (phase II), located at the CAWD treatment plant site, began design in 2006 and construction was completed in 2009. The intent of the MF/RO phase is to reduce the sodium content of the tertiary reclaimed water from 150 mg/l to less than 55 mg/l to reduce the stress on the golf greens and eliminate the need for flushing the courses with potable water. The design capacity for the MF/RO is 1.5 million gallons with an expected blend of 80% RO water and 20% MF water. The cost of the MF/RO construction project was approximately \$20 million. The cost of the phase II project was financed through the sale of water entitlements owned by PBCo. to residential property owners within the Pebble Beach community, currently at \$250,000 per acre foot, which is subject to change. At June 30, 2016, approximately \$27 million had been raised through these entitlement sales and investment earnings. The funds from the sales were deposited in a restricted escrow account where they were invested in short-term federal government securities before being spent for the Expanded Project. All project costs in excess of those raised through the sale of water entitlements are now paid by all participants in the Project.

NOTE 3. CASH AND INVESTMENTS

Cash and Cash Equivalents – Balances in cash and cash equivalents consist of bank accounts insured by the Federal Depository Insurance Corporation (FDIC) or Securities Investment Protection Corporation (SIPC) or collateralized by the pledging institution under the California Government Code.

Restricted Reserves – The District has established a reserve fund as required by the installment agreement. The remaining proceeds of the \$33,900,000 in Certificates of Participation issued for the Project were deposited in various restricted trust and reserve accounts as required by the terms of the issuance.

Custodial Credit Risk-Deposits – Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District has a deposit policy that complies with the California Government Code commencing at Section 53630 (Public Deposits). As of June 30, 2016, \$405,145 of the District's bank balances of \$2,405,172 were exposed to custodial credit risk as uninsured but are collateralized by the pledging bank's trust department not in the District's name.

The difference between bank balances and the carrying amounts (book value) represents outstanding checks and deposits in transit.

Custodial Credit Risk – Investments – Custodial credit risk is the risk that in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools.

NOTE 3. CASH AND INVESTMENTS (Continued)

Concentration of Credit Risk – The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code.

Investments – The District’s investments consist of obligations of the United States government and its agencies and instrumentalities, municipal obligations, corporate obligations, certificates of deposit, money market accounts, and the State Treasurer’s Local Agency Investment Fund. All investments are recorded at fair market value. The California Government code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal 110% of the total amount deposited by public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. The investment of state pooled funds is governed by state law, by policies adopted by the Pooled Money Investment Board (PMIB) and by accepted norms for prudent fiduciary management of investments. PMIB funds may be invested in a wide range of interest bearing securities, such as Treasury notes, prime commercial paper, certain California municipal and agency obligations, highly rated corporate bonds, obligations of such agencies as FannieMae, and negotiable certificates of deposit. Also allowed are time deposits in California banks, savings and loans, and credit unions that have not less than a “satisfactory” CRA rating. The value of each participating dollar equals the fair value divided by the amortized cost. The District’s fair value of the position in the pool is the same as the value of the pool shares.

Investments at June 30, 2016 consisted of the following:

Governmental activities:	
Local Agency Investment Fund	\$ 1,199,051
Wells Fargo – fixed income fund	1,507,808
Wells Fargo – money market	<u>1,943</u>
Subtotal Governmental activities	<u>2,708,802</u>
Business-type activities:	
Money market accounts	5,078
Certificates of deposit	1,019,987
Municipal obligations	<u>94,574</u>
	1,119,639
Less restricted reserves	<u>1,119,639</u>
Subtotal Business-type activities	<u>–</u>
Total Investments	<u>\$ 2,708,802</u>

NOTE 4. RECEIVABLES

Receivables consist of the following at June 30, 2016:

	<u>Conservation</u>	<u>Mitigation</u>	<u>Water Supply</u>	<u>Total</u>
Governmental activities:				
Property taxes	\$ 87,051	\$ -	\$ 32,364	\$ 119,415
User fees	-	32,718	13,032	45,750
Reimbursements	191,229	956,308	389,366	1,536,903
Interest	1,932	236	3,827	5,995
Other	-	-	1,000	1,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Governmental activities	<u>\$ 280,212</u>	<u>\$ 989,262</u>	<u>\$ 439,589</u>	<u>1,709,063</u>
Business-type activities:				
Water sales				633,514
Affiliates (Reclamation)				596,776
Other				<u>19,589</u>
Total Business-type activities				<u>1,249,879</u>
TOTAL				<u>\$ 2,958,942</u>

NOTE 5. CAPITAL ASSETS

Capital assets experienced the following changes for the year ended June 30, 2016:

	<u>Balance Beginning of Year</u>	<u>Current Additions</u>	<u>Deletions/ Transfers</u>	<u>Balance End of Year</u>
Depreciable assets:				
Equipment:				
Office	\$ 146,117	\$ -	\$ -	\$ 146,117
Computer	1,061,820	27,855	-	1,089,675
Operating	21,415	-	-	21,415
Transportation	354,280	88,106	64,221	378,165
Project	262,669	-	-	262,669
Phone	<u>43,851</u>	<u>-</u>	<u>-</u>	<u>43,851</u>
Total equipment	1,890,152	115,961	64,221	1,941,892
Building and improvements	2,028,208	-	-	2,028,208
Monitoring stations	45,214	-	-	45,214
ASR facilities	4,724,869	192,127	-	4,916,996
Fish rearing facility	949,833	-	-	949,833
Leasehold improvements	<u>2,837</u>	<u>14,861</u>	<u>-</u>	<u>17,698</u>
Total depreciable assets	<u>9,641,113</u>	<u>322,949</u>	<u>64,221</u>	<u>9,899,841</u>

NOTE 5. CAPITAL ASSETS (Continued)

	<u>Balance Beginning of Year</u>	<u>Current Additions</u>	<u>Deletions/ Transfers</u>	<u>Balance End of Year</u>
Less accumulated depreciation for:				
Equipment:				
Office	143,740	580	-	144,320
Computer	649,063	81,081	-	730,144
Operating	21,415	-	-	21,415
Transportation	329,778	12,600	64,221	278,157
Project	258,229	2,392	-	260,621
Phone	<u>43,851</u>	<u>-</u>	<u>-</u>	<u>43,851</u>
Total equipment	1,446,076	96,653	64,221	1,478,508
Building and improvements	842,352	53,012	-	895,364
Monitoring stations	45,214	-	-	45,214
ASR Facilities	909,121	158,097	-	1,067,218
Fish rearing facility	943,871	2,142	-	946,013
Leasehold improvements	<u>2,837</u>	<u>247</u>	<u>-</u>	<u>3,084</u>
Total accumulated depreciation	<u>4,189,471</u>	<u>310,151</u>	<u>64,221</u>	<u>4,435,401</u>
Total depreciable assets, net	<u>5,451,642</u>	<u>12,798</u>	<u>-</u>	<u>5,464,440</u>
Total governmental activities capital assets, net	<u>5,451,642</u>	<u>12,798</u>	<u>-</u>	<u>5,464,440</u>
Business-type activities:				
Nondepreciable assets:				
Construction in progress	<u>265,781</u>	<u>828,985</u>	<u>96,865</u>	<u>997,901</u>
Water resale rights	63,593,793	96,865	-	63,690,658
Less accumulated amortization for:				
Water resale rights	<u>21,102,010</u>	<u>1,592,269</u>	<u>-</u>	<u>22,694,279</u>
Total water resale rights, net	<u>42,491,783</u>	<u>(1,495,404)</u>	<u>-</u>	<u>40,996,379</u>
Total business type activities Capital assets, net	<u>42,757,564</u>	<u>(666,419)</u>	<u>96,865</u>	<u>41,994,280</u>
Total capital assets, net	<u>\$ 48,209,206</u>	<u>\$ (653,621)</u>	<u>\$ 96,865</u>	<u>\$ 47,458,720</u>

Depreciation expense was charged to functions/programs of the District as follows:

Conservation	\$ 44,973
Mitigation	60,911
Water supply	<u>204,267</u>
Total depreciation expense	<u>\$ 310,151</u>

NOTE 6. TRANSACTIONS WITH AFFILIATES

Through its participation in the CAWD/PBCSD Wastewater Reclamation Project, the District is affiliated with the other organizations involved in the Project.

At June 30, 2016, accounts receivable from these affiliates were as follows:

Receivable from PBCo. and affiliated golf courses –	
Water sales	\$ <u>1,230,290</u>
Total	\$ <u>1,230,290</u>

At June 30, 2016, accounts payable to these affiliates were as follows:

Payable to CAWD for operations and maintenance	\$ 274,622
Payable to PBCSD for operations and maintenance	94,569
Payable to MPWMD for salaries, legal, and software	36,837
Payable to MPWMD for user fee and water supply charge	<u>45,750</u>
Total	\$ <u>451,778</u>

At June 30, 2016, accounts payable to PBCo. were as follows –

Payable to PBCo. for working capital advance reimbursements	\$ <u>864,739</u>
Total	\$ <u>1,316,517</u>

NOTE 7. LONG-TERM DEBT

The Variable Rate Demand Certificates of Participation – Wastewater Reclamation Project Series 1992 (COPs) were issued in December 1992 in the amount of \$33,900,000 by the District, and will mature on July 1, 2022. The COPs are in the minimum denomination of \$100,000 or any integral multiple thereof or, during any reset period or on or after the conversion date, in the minimum denomination of \$5,000 or any integral multiple thereof. The COPs bear interest at a variable rate unless the interest rate is converted to a reset rate for a reset period or to a fixed rate to the maturity of the COPs. The variable rate is the rate necessary to produce a par bid if the COPs were sold on the day the rate is computed. The COPs accrued interest at an initial rate of 2.30% per annum at issuance and, thereafter, accrue at a variable rate determined as provided in the Official Statement of the COPs issuance.

Restricted Reserves – A Renewal and Replacement Reserve was established to pay for future major repairs and capital replacements, and is held in a segregated account restricted for its intended purposes. At June 30, 2016, the balance in this account was \$1,118,503.

Security for Repayment – The Project assets have not been pledged to secure payment of the COPs, nor have any other assets of the District. However, pursuant to the Water Purchase Agreement, all net operating revenues from the operations of the Project are irrevocably pledged by the District to the payment of COPs. This pledge constitutes a first lien on the net operating revenues and, subject to application of amounts on deposit therein as permitted in the Water Purchase Agreement, for the payment of the COPs in accordance with the terms of

NOTE 7. LONG-TERM DEBT (Continued)

the Water Purchase Agreement and of the Trust Agreement. Notwithstanding the foregoing, the District may at any time issue obligations or execute contracts which are secured by a lien subordinate to the pledge of net operating revenues created under the Water Purchase Agreement. A bond Letter of Credit also guarantees repayment of the COPs.

Repayment Schedule – Interest is paid to the holders of the COPs monthly at a variable rate as described above. Pre-determined principal and interest payments per the 1992 COP issue are shown below. Due to the nature of variable rate bonds, interest rates fluctuate weekly as a result of economic market conditions.

At June 30, 2016, the interest rate had dropped to a rate of 0.47% per annum. Interest expense for the year was \$24,394 as compared to the original scheduled interest expense of \$576,700. Consequently, the pre-determined scheduled interest payments column below is presented for information purposes only, based upon the original 1992 COP offering.

Future principal and interest payments are as follows:

<u>Year</u> <u>Ending June 30</u>	<u>Certificates of Participation</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 1,900,000	\$ 507,350	\$ 2,407,350
2018	2,000,000	434,350	2,434,350
2019	2,100,000	357,700	2,457,700
2020	2,300,000	273,750	2,573,750
2021	2,400,000	186,150	2,586,150
2022-2023	<u>5,100,000</u>	<u>94,900</u>	<u>5,194,900</u>
Total	<u>\$ 15,800,000</u>	<u>\$ 1,854,200</u>	<u>\$ 17,654,200</u>

Due Pebble Beach Company – Repayment of \$5,520,000 bond carrying costs incurred by PBCo prior to July 1, 2013, to be reimbursed over the next ten years at \$552,000 per year.

The 2013 Installment Purchase Agreement – The District entered into an Installment Purchase Agreement dated April 25, 2013 along with a sale and transfer agreement and an assignment agreement for the first phase of the Aquifer Storage and Recovery Project (ASR Project). The funds received from this agreement were used to retire the Bank of America line of credit, fund district reserves used to pay for ASR, finance and refinance certain capital improvements, fund a debt service reserve, and pay certain costs of execution and delivery of the Installment Purchase Agreement and related documents. The aggregate principal amount of the installment payments under the installment purchase agreement is \$4,000,000 and will mature on June 30, 2023. Principal and interest payments of \$109,568 are made bi-annually on December 31st and June 30th, beginning June 30, 2013 and continuing until December 31, 2023. The interest rate with respect to the installment payments is 3.6% fixed for 10 years.

Restricted Reserves – A reserve fund was established to ensure adequate funding of the debt service, and is held in a segregated account restricted for its intended purposes. The reserve fund is required to maintain a balance of \$219,136. At June 30, 2016, the balance in this account was \$220,772.

NOTE 7. LONG-TERM DEBT (Continued)

Security for Repayment – The assets of the ASR Project have not been pledged to secure payment of the installment purchase agreement. District Water Supply Charge revenues have been irrevocably pledged for the payment of the installment payments. This pledge constitutes a first and exclusive lien on and security interest in the revenues for the payment of the installment payments and payments of all specified obligations in accordance with the terms of the Installment Purchase Agreement.

Repayment Schedule – Annual debt service requirements to maturity are as follows:

<u>Year Ending June 30</u>	<u>Installment Purchase Agreement</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 85,896	\$ 133,240	\$ 219,136
2018	89,016	130,120	219,136
2019	92,249	126,887	219,136
2020	95,601	123,535	219,136
2021	99,073	120,063	219,136
2022-2023	<u>3,266,015</u>	<u>1,454,752</u>	<u>4,714,507</u>
Total	<u>\$ 3,727,850</u>	<u>\$ 2,088,597</u>	<u>\$ 5,810,187</u>

Borrowings under the installment purchase agreement are subject to certain financial covenants.

Long-term debt activity for the year ended June 30, 2016 is as follows:

	<u>2015*</u>	<u>Additions</u>	<u>Reductions</u>	<u>2016</u>	<u>Due Within One Year</u>
Governmental activities:					
Installment Purchase Agreement	\$ 3,808,358	\$ –	\$ 80,508	\$ 3,727,850	\$ 85,896
Compensated Absences	730,874	10,870	–	741,744	319,797
OPEB	1,203,508	229,688	–	1,433,196	–
Net pension liability	<u>3,287,027</u>	<u>992,211</u>	<u>730,295</u>	<u>3,548,843</u>	<u>–</u>
Total Governmental activities	<u>9,029,767</u>	<u>1,232,669</u>	<u>810,803</u>	<u>9,451,633</u>	<u>405,693</u>
Business-type activities:					
COPs	17,600,000	–	1,800,000	15,800,000	1,900,000
Due Pebble Beach Company	<u>4,416,000</u>	<u>–</u>	<u>552,000</u>	<u>3,864,000</u>	<u>552,000</u>
Total Business-type activities	<u>22,016,000</u>	<u>–</u>	<u>2,352,000</u>	<u>19,664,000</u>	<u>2,452,000</u>
Total	<u>\$ 31,045,767</u>	<u>\$ 1,232,669</u>	<u>\$ 3,162,803</u>	<u>\$ 29,115,633</u>	<u>\$ 2,857,693</u>

In prior years, the conservation, mitigation and water supply funds have been used to liquidate compensated absences.

*The beginning balance was changed to reflect the prior period adjustment for the net pension liability to comply with GASB No. 82.

NOTE 8. LEASE COMMITMENTS

The District is committed to a license agreement for the land on which the Sleepy Hollow Fishery was constructed. The license agreement calls for a payment of \$1 per year for five years through December 5, 2015.

The District leases various equipment under non-cancelable operating leases. Minimum future lease payments under non-cancelable operating leases for the years ended June 30, are as follows:

2017	\$	11,880
2018		11,880
2019		<u>11,761</u>
Total	\$	<u>35,521</u>

Rent expense for the year ended June 30, 2016 was \$13,035.

NOTE 9. RISK MANAGEMENT

The District is insured against various risks of loss related to torts, thefts of, damage or destruction of assets; errors and omissions; work-related injuries to employees and natural disasters through participation in a joint venture under a joint powers agreement (JPA) with the Special District Risk Management Authority (SDRMA). The relationship between the District and the JPA is such that the JPA is not a component unit of the District for financial reporting purposes. The insurance carried by the District includes policies for workers' compensation, general liability, errors and omissions, and vehicular liability.

There have not been any significant reductions in insurance coverage as compared to the previous year. Settled claims from these risks have not exceeded commercial coverage.

SDRMA was formed under a joint powers agreement pursuant to California Government Code Section 6500 et seq. effective August 1, 1986 to provide general liability, comprehensive/collision liability and property damage, and errors and omissions risk financing for the member districts. SDRMA is administered by a Board of Directors, consisting of one member appointed by the California Special Districts Association and five members elected by the districts participating. The board controls the operations of the JPA, including selection of management and approval of operating budgets, independent of any influence by the member districts beyond their representation on the board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to their participation in the JPA.

The SDRMA did not have long-term debt outstanding at June 30, 2016, other than claims liabilities and capital lease obligations. The District's share of year-end assets, liabilities and risk margin has not been calculated by the SDRMA.

NOTE 10. DEFERRED COMPENSATION PLAN

The District has a deferred compensation plan for its eligible employees wherein amounts earned by the employees are paid at a future date. This plan meets the requirements of Internal Revenue Code Section 457. All full-time, regular employees are permitted to participate in the plan beginning on the day of hire.

The employee may elect to make tax deferred contributions up to the limits established by the Internal Revenue Service for this type of plan. The employee is 100% vested in their contributions from the first date of participation. The plan does not provide for District contributions. The participant has a choice of investment options.

The plan is administered by ICMA Retirement Corporation (International City Management Association). The assets of the plan are held in trust, with the District serving as trustee. The plan assets held in the ICMA Retirement Trust are held for the exclusive benefit of the plan participants and their beneficiaries. The assets shall not be diverted to any other purpose. The plan does not permit loans.

The District believes, and the auditors concur, that, since it does not provide investment advice or administer the plan, it does not maintain a fiduciary relationship with the plan. Therefore, the District does not report the plan assets in its financial statements.

NOTE 11. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Plans Description – The District provides two defined benefit healthcare plans (the “Retiree Health Plans”). The Retiree Health Plans provide healthcare insurance for eligible retirees and dependants or survivors. Coverage to members of the General Staff Bargaining Unit is provided through the Association of California Water Agencies Health Benefit Authority Anthem Classic Plan, and coverage for the Management Staff Bargaining Unit members and the Confidential Staff Bargaining Unit members are provided through the Laborer’s Trust Funds for Northern California Special Plan III. The Plans provide for continuation of medical insurance benefits for certain retirees and their dependents or survivors who meet the eligibility criteria established by the District and/or medical care providers. The Plans can be amended by action of the Board of Directors during negotiation of periodic Memorandums of Understanding with the different bargaining units. The Plans do not issue a stand alone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plans.

Funding Policy – The contribution requirements of the District are based on a pay-as-you go basis. For the fiscal year ended June 30, 2016, the District paid \$63,076 for retiree health benefits. As of June 30, 2016, the District had eight retirees receiving benefits and 26 active employees eligible to receive benefits in the future. The District currently contributes enough money to the plans to satisfy current obligations on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation – The District’s annual other post employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the

NOTE 11. OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

District's annual OPEB cost of the year, the amount actually contributed to the plans, and changes in the District's net OPEB obligation.

Annual required contribution (ARC)	\$ 295,800
Interest on net OPEB obligation	60,176
Adjustment to ARC	<u>(63,212)</u>
Annual OPEB cost (expense)	292,764
Contributions made	<u>(63,076)</u>
Increase in net OPEB obligation	229,688
Net OPEB obligation, beginning of year	<u>1,203,508</u>
Net OPEB obligation, end of year	<u>\$ 1,433,196</u>

Trend Information – The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plans, and the net OPEB obligation were as follows:

Fiscal Year Ending	Annual OPEB Cost	Actual Contribution Made	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2014	\$ 250,679	\$ 63,724	25.4%	\$ 1,002,732
2015	\$ 257,958	\$ 57,182	22.2%	\$ 1,203,508
2016	\$ 292,764	\$ 63,076	21.5%	\$ 1,433,196

Funding Status and Funding Progress – As of June 30, 2016, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$3,227,615, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plans) for the year ended June 30, 2016 was \$2,406,886, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 134.10%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plans and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plans' assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions – Projections of benefits for financial reporting purposes are based on the substantive plans (the plans as understood by the employer and the plans' members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plans' members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

NOTE 11. OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

In the June 30, 2016 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions include a 5% investment rate of return (discount rate) and an annual health care cost trend rate of actual premiums initially (2014), reduced by decrements to an ultimate rate of 4.7% after ten years. The unfunded actuarial liability is being amortized over a closed thirty year period using the level percentage of payroll on an open basis. The remaining amortization period at June 30, 2016 was 24 years.

NOTE 12. PENSION PLAN

General Information about the Pension Plan

Plan Description – All qualified permanent and probationary employees are eligible to participate in the District’s Miscellaneous Employee Pension Plan, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees’ Retirement System (CalPERS). Benefit provisions under the Plan are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website at www.calpers.ca.gov.

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

The Plans’ provisions and benefits in effect at June 30, 2016, are summarized as follows:

<u>Hire date</u>	<u>Miscellaneous</u>	
	<u>Prior to January 1, 2013</u>	<u>On or after January 1, 2013</u>
Benefit formula	2% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 – 55	52-67
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.0% to 2.5%
Required employee contribution rates	7%	6.250%
Required employer contribution rates	14.197%	6.250%

Contributions – Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan is determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of

NOTE 12. PENSION PLAN (Continued)

benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2016, the contributions recognized as part of pension expense for the Plan was as follows:

	<u>Miscellaneous</u>
Contributions	\$ 369,874

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2016, the District reported net pension liability for its proportionate share of the net pension liability of the Miscellaneous Plan was \$3,548,843.

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2015, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability for the Plan as of June 30, 2014 and 2015 was as follows:

	<u>Miscellaneous</u>
Proportion - June 30, 2014	0.05481%
Proportion - June 30, 2015	0.00052%
Change - Increase (Decrease)	(0.05429)%

For the year ended June 30, 2016, the District recognized pension expense of \$105,692. Pension expense is allocated to the functions based on full time equivalents. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 370,709	\$ -
Change in assumption	-	200,039
Difference in proportion	-	18,535
Difference in experience	21,144	-
Difference in employer's contributions and the employer's proportionate share of contributions	-	122,326
Net differences between projected and actual earnings on plan investments	<u>512,738</u>	<u>638,112</u>
Total	<u>\$ 904,591</u>	<u>\$ 979,012</u>

NOTE 12. PENSION PLAN (Continued)

\$370,709 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended <u>June 30</u>	
2017	\$ (216,801)
2018	\$ (202,158)
2019	\$ (154,356)
2020	\$ 128,185

Actuarial Assumptions – The total pension liabilities in the June 30, 2014 actuarial valuations were determined using the following actuarial assumptions:

	<u>Miscellaneous/Safety</u>
Valuation Date	June 30, 2014
Measurement Date	June 30, 2015
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Salary Increases	Varies by entry age and service
Mortality Rate Table	Derived using CalPERS' membership data for all funds (1)
Post Retirement Benefit Increase	Contract Cola up to 2.75% Until Purchasing Power Protection Allowance Floor On Purchasing Power applies 2.75% thereafter

(1) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report located on the CalPERS website.

All other actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study can be found on the CalPERS website under Forms and Publications.

Change of Assumption – GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense, but without reduction for pension plan administrative expense. The discount rate was changed from 7.50% (net of administrative expense in 2014) to 7.65% as of the June 30, 2015 measurement date to correct the adjustment which previously reduced the discount rate for administrative expense.

NOTE 12. PENSION PLAN (Continued)

Discount Rate – The discount rate used to measure the total pension liability was 7.65% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report called “GASB Crossover Testing Report” that can be obtained from the CalPERS website under the GASB 68 Section.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employer will make their required contributions on time and as scheduled in all future years. Using historical returns of all of the funds’ asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	51.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	10.0%	6.83%	6.95%
Real Estate	10.0%	4.50%	5.13%
Infrastructure and Forestland	2.0%	4.50%	5.09%
Liquidity	2.0%	-0.55%	-1.05%
Total	100%		

(a) An expected inflation of 2.5% used for this period.

(b) An expected inflation of 3.0% used for this period.

NOTE 12. PENSION PLAN (Continued)

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the District’s proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>Miscellaneous</u>
1% Decrease Net Pension Liability	6.65% \$5,951,657
Current Discount Rate Net Pension Liability	7.65% \$3,548,843
1% Increase Net Pension Liability	8.65% \$1,565,041

Pension Plan Fiduciary Net Position – Detailed information about the plan fiduciary net position is available in the separately issued CalPERS financial reports.

NOTE 13. CONTINGENT LIABILITIES

Due to the various activities of the District involving the Carmel River, several pending and threatened claims against the District are outstanding. No estimate of the amount of any potential liability to the District can reasonably be made at this time.

NOTE 14. COMMITMENTS AND OTHER CONTINGENCIES

As of June 30, 2016, the District has several ongoing projects with outstanding contracts as follows:

<u>Vendor/Contractor</u>	<u>Project</u>	<u>Original Contract Date</u>	<u>Total Contract Amount</u>	<u>Amount Outstanding at 6/30/16</u>
Brown and Caldwell	North Mo. Co. Drought Contingency Plan	03/01/16	\$ 422,939	\$ 422,939
HDR Engineering	Los Padres Dam Fish Passage Study	04/18/16	282,034	282,034
City of Pacific Grove	Storm Water Project	10/19/15	75,000	34,744
Total			<u>\$ 779,973</u>	<u>\$ 739,717</u>

NOTE 15. INTERFUND TRANSFERS

During the year, transfers are used to move general property tax revenues to provide a subsidy to the Conservation & Mitigation funds.

NOTE 16. PRIOR PERIOD ADJUSTMENT

A prior period adjustment was made to Net Position as follows:

Net Position at June 30, 2015	\$ 1,045,533
Implementation of GASB 82	<u>(32,661)</u>
Restated Net Position at June 30, 2015	<u>\$ 1,012,872</u>

NOTE 17. AUTHORITATIVE PRONOUNCEMENTS ISSUED BUT NOT YET ADOPTED

The Governmental Accounting Standards Board (GASB) has released the following new standards which are not yet effective.

In June 2015, GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement 68 for pension plans that are within their respective scopes. This Statement improves the usefulness and comparability of information about pensions by establishing a single framework for the presentation of pensions. The provisions of this Statement that are within the scope of Statement No. 67 or 68 are effective for fiscal years beginning after June 15, 2015. The provisions of this Statement that address employers and governmental non-employer contributing entities for pensions that are not within the scope of Statement 68 are effective for fiscal years beginning after June 15, 2016. Earlier application is encouraged. The District has no plan for early implementation of this Statement. At this time, the District is not certain of the effect the adoption of Statement No. 73 will have on the accompanying financial statements.

In June 2015, GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This Statement replaces Statements No. 43 and No. 57 related to postemployment benefits other than pensions, as well as includes requirements for defined contribution (other post-employment benefit) OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, No. 43, and No. 50. Statement No. 74 establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain non-employer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities. The requirements of this Statement will improve financial reporting primarily through enhanced note disclosures and schedules of required supplementary information that will be

NOTE 17. AUTHORITATIVE PRONOUNCEMENTS ISSUED BUT NOT YET ADOPTED (Continued)

presented by OPEB plans that are administered through trusts that meet the specified criteria. The provisions in this Statement are effective for fiscal years beginning after June 15, 2016. Earlier application is encouraged. The District has no plan for early implementation of this Statement. At this time, the District is not certain of the effect the adoption of Statement No. 74 will have on the accompanying financial statements.

In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement replaces the requirements of Statements No. 45 and No. 57 related to postemployment benefits other than pensions. Statement No. 75 establishes new accounting and financial reporting requirements for OPEB plans. The requirements of this Statement will improve the decision-usefulness of information in employer and governmental non-employer contributing entity financial reports and will enhance its value for assessing accountability and inter-period equity by requiring recognition of the entire OPEB liability and a more comprehensive measure of OPEB expense. The provisions in this Statement are effective for fiscal years beginning after June 15, 2017. Earlier application is encouraged. The District has no plan for early implementation of this Statement. At this time, the District is not certain of the effect the adoption of Statement No. 75 will have on the accompanying financial statements.

In August 2015, GASB issued Statement No. 77, *Tax Abatement Disclosures*. This Statement requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. The requirements of this Statement improve financial reporting by requiring disclosures for essential tax abatement information that is not consistently or comprehensively reported to the public at present. The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. Earlier application is encouraged. The District has no plan for early implementation of this Statement. At this time, the District is not certain of the effect the adoption of Statement No. 77 will have on the accompanying financial statements.

In December 2015, GASB issued Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. This Statement amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above. The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. Earlier application is encouraged. The District has no plan for early implementation of this Statement. At this time, the District is not certain of the effect the adoption of Statement No. 78 will have on the accompanying financial statements.

NOTE 17. AUTHORITATIVE PRONOUNCEMENTS ISSUED BUT NOT YET ADOPTED (Continued)

In January 2016, GASB issued Statement No. 80, *Blending Requirements for Certain Component Units – An amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. Earlier application is encouraged. The District has no plan for early implementation of this Statement. At this time, the District is not certain of the effect the adoption of Statement No. 80 will have on the accompanying financial statements.

In March 2016, GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016, and should be applied retroactively. Earlier application is encouraged. The District has no plan for early implementation of this Statement. At this time, the District is not certain of the effect the adoption of Statement No. 81 will have on the accompanying financial statements.

**REQUIRED
SUPPLEMENTARY INFORMATON**

MONTEREY PENINSULA WATER MANAGEMENT DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE, BUDGET AND ACTUAL – WATER SUPPLY
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Amounts</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Property taxes	\$ 1,570,000	\$ 1,570,000	\$ 1,744,833	\$ 174,833
Water supply charge	3,400,000	3,400,000	3,382,389	(17,611)
Connection charges, net of refunds	175,000	175,000	502,298	327,298
Project reimbursements	953,100	444,100	429,075	(15,025)
Investment income	4,500	4,500	38,260	33,760
Miscellaneous	-	-	12,907	12,907
Total revenues	<u>6,102,600</u>	<u>5,593,600</u>	<u>6,109,762</u>	<u>516,162</u>
EXPENDITURES:				
Personnel:				
Salaries	837,700	840,200	815,048	25,152
Employee benefits and other personnel	320,800	319,700	308,289	11,411
Services and supplies:				
Project expenditures	6,080,000	6,628,550	5,384,999	1,243,551
Operating expenditures	280,300	223,600	166,695	56,905
Professional fees	294,600	294,600	378,388	(83,788)
Capital outlay	59,600	74,400	60,530	13,870
Debt service:				
Principal	-	-	80,508	(80,508)
Interest and other charges	230,000	230,000	138,627	91,373
Total expenditures	<u>8,103,000</u>	<u>8,611,050</u>	<u>7,333,084</u>	<u>1,277,966</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(2,000,400)</u>	<u>(3,017,450)</u>	<u>(1,223,322)</u>	<u>1,794,128</u>
OTHER FINANCING SOURCES (USES) –				
Transfers out	<u>(1,082,000)</u>	<u>(1,144,500)</u>	<u>(1,271,950)</u>	<u>(127,450)</u>
Total other financing sources (uses)	<u>(1,082,000)</u>	<u>(1,144,500)</u>	<u>(1,271,950)</u>	<u>(127,450)</u>
NET CHANGE IN FUND BALANCE	(3,082,400)	(4,161,950)	(2,495,272)	1,666,678
FUND BALANCE – BEGINNING OF YEAR	<u>2,761,948</u>	<u>3,730,703</u>	<u>3,511,567</u>	<u>(219,136)</u>
FUND BALANCE – END OF YEAR	<u>\$ (320,452)</u>	<u>\$ (431,247)</u>	<u>\$ 1,016,295</u>	<u>\$ 1,447,542</u>

See Notes to Required Supplementary Information.

MONTEREY PENINSULA WATER MANAGEMENT DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE, BUDGET AND ACTUAL – CONSERVATION
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Amounts</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
User fees	–	–	7,213	7,213
Permit fees	175,000	175,000	167,213	(7,787)
Project reimbursements	952,000	893,700	830,811	(62,889)
Investment income	4,000	4,000	8,271	4,271
Legal fee reimbursements	15,000	15,000	2,728	(12,272)
Recording fees	8,000	8,000	12,047	4,047
Miscellaneous	<u>10,000</u>	<u>10,000</u>	<u>1,082</u>	<u>(8,918)</u>
Total revenues	<u>1,164,000</u>	<u>1,105,700</u>	<u>1,029,365</u>	<u>(76,335)</u>
EXPENDITURES:				
Personnel:				
Salaries	537,200	577,800	594,470	(16,670)
Employee benefits and other personnel	298,500	299,900	279,789	20,111
Services and supplies:				
Project expenditures	1,111,500	1,111,000	775,829	335,171
Operating expenditures	220,500	183,200	143,461	39,739
Professional fees	92,400	92,400	95,547	(3,147)
Capital outlay	<u>17,900</u>	<u>17,900</u>	<u>6,831</u>	<u>11,069</u>
Total expenditures	<u>2,278,000</u>	<u>2,282,200</u>	<u>1,895,927</u>	<u>386,273</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,114,000)</u>	<u>(1,176,500)</u>	<u>(866,562)</u>	<u>309,938</u>
OTHER FINANCING SOURCES (USES) –				
Transfers in	<u>1,082,000</u>	<u>1,144,500</u>	<u>1,271,950</u>	<u>127,450</u>
Total other financing sources (uses)	<u>1,082,000</u>	<u>1,144,500</u>	<u>1,271,950</u>	<u>127,450</u>
NET CHANGE IN FUND BALANCE	(32,000)	(32,000)	405,388	437,388
FUND BALANCE – BEGINNING OF YEAR	<u>968,598</u>	<u>1,143,900</u>	<u>1,143,900</u>	<u>–</u>
FUND BALANCE – END OF YEAR	<u>\$ 936,598</u>	<u>\$ 1,111,900</u>	<u>\$ 1,549,288</u>	<u>\$ 437,388</u>

See Notes to Required Supplementary Information.

MONTEREY PENINSULA WATER MANAGEMENT DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE, BUDGET AND ACTUAL – MITIGATION
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Amounts</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
User fees	\$ 75,000	\$ 75,000	\$ 71,805	\$ (3,195)
Permit fees	58,000	58,000	58,161	161
Investment income	6,500	6,500	1,594	(4,906)
Mitigation revenue	2,412,000	2,412,000	2,412,553	553
Grants	275,000	275,000	334,864	59,864
Miscellaneous	<u>77,000</u>	<u>39,200</u>	<u>443</u>	<u>(38,757)</u>
Total revenues	<u>2,903,500</u>	<u>2,865,700</u>	<u>2,879,420</u>	<u>13,720</u>
EXPENDITURES:				
Personnel:				
Salaries	1,000,100	997,600	997,369	231
Employee benefits and other personnel	412,200	408,900	403,092	5,808
Services and supplies:				
Project expenditures	708,800	645,550	366,933	278,617
Operating expenditures	339,800	267,500	213,542	53,958
Professional fees	148,000	148,000	230,487	(82,487)
Capital outlay	<u>67,000</u>	<u>81,900</u>	<u>63,461</u>	<u>18,439</u>
Total expenditures	<u>2,675,900</u>	<u>2,549,450</u>	<u>2,274,884</u>	<u>274,566</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>227,600</u>	<u>316,250</u>	<u>604,536</u>	<u>288,286</u>
NET CHANGE IN FUND BALANCE	227,600	316,250	604,536	288,286
FUND BALANCE – BEGINNING OF YEAR	<u>387,523</u>	<u>461,432</u>	<u>461,432</u>	<u>–</u>
FUND BALANCE – END OF YEAR	<u>\$ 615,123</u>	<u>\$ 777,682</u>	<u>\$ 1,065,968</u>	<u>\$ 288,286</u>

See Notes to Required Supplementary Information.

MONTEREY PENINSULA WATER MANAGEMENT DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 1. BUDGETARY DATA

The District adopts an annual legal budget, which covers the Water Supply Fund (which acts as the District's general fund), Conservation Fund, and Mitigation Fund. All appropriations lapse at fiscal year end and then are rebudgeted for the coming fiscal year. Encumbrance accounting is not used. The budgets are prepared on the modified accrual basis of accounting, which is consistent with generally accepted accounting principles.

A mid-year budget review is performed and the budget is amended and adopted by the board of directors. The District must approve additional appropriations or interfund transfers not included in the amended budget resolution.

MONTEREY PENINSULA WATER MANAGEMENT DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS OF OTHER POST EMPLOYMENT BENEFITS
FOR THE YEAR ENDED JUNE 30, 2016

<u>Fiscal Year</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
2014	6/30/2014	\$ -	\$ 2,666,140	\$ 2,666,140	0%	\$ 2,251,992	118.39%
2015	6/30/2014	\$ -	\$ 2,666,140	\$ 2,666,140	0%	\$ 2,146,340	124.22%
2016	6/30/2016	\$ -	\$ 3,227,615	\$ 3,227,615	0%	\$ 2,406,886	134.10%

MONTEREY PENINSULA WATER MANAGEMENT DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Last 10 Years*
FOR THE YEAR ENDED JUNE 30, 2016

<u>Fiscal Year</u>	<u>Proportion of the net pension liability</u>	<u>Proportionate share of the net pension liability</u>	<u>Covered employee payroll</u>	<u>Proportionate share of the net pension liability as percentage of covered employee payroll</u>	<u>Plan's fiduciary net position</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
<u>2015</u>						
Miscellaneous Plan	0.05481%	\$ 3,287,027	\$ 2,282,220	144.03%	\$ 12,386,568	76.12%
<u>2016</u>						
Miscellaneous Plan	0.00052%	\$ 3,548,843	\$ 2,325,836	152.58%	\$ 12,722,539	78.19%

Notes to Schedule:**Benefit changes.**

For 2016, the figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2014 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes in assumptions.

In 2015, amounts reported as changes in assumptions resulted primarily from adjustments to expected retirement ages of general employees.

In 2016, the discount rate was changed from 7.50 percent (net of administrative expense) to 7.65 percent to correct for an adjustment to exclude administrative expense.

* Fiscal year 2015 was the 1st year of implementation, therefore, only two years are shown.

**MONTEREY PENINSULA WATER MANAGEMENT DISTRICT
SCHEDULE OF CONTRIBUTIONS
Last 10 Years*
FOR THE YEAR ENDED JUNE 30, 2016**

<u>Fiscal Year</u>	<u>Contractually required contribution (actuarially determined)</u>	<u>Contributions in relation to the actuarially determined contributions</u>	<u>Contribution deficiency (excess)</u>	<u>Covered employee payroll</u>	<u>Contributions as a percentage of covered employee payroll</u>
<u>2015</u>					
Miscellaneous Plan	\$ 369,874	\$ 369,874	\$ -	\$ 2,325,836	15.90%
<u>2016</u>					
Miscellaneous Plan	\$ 370,709	\$ 370,709	\$ -	\$ 2,419,068	15.32%

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2014–15 were derived from the June 30, 2012 funding valuation report, those used for Fiscal Year 2015–16 were derived from the June 30, 2013 funding valuation report.

Actuarial cost method	Entry age normal
Amortization method/period	Level percentage of payroll
Asset valuation method	Market value
Inflation	2.75%
Salary increases	Varies by entry age and service
Payroll growth	3.00%
Investment rate of return	7.50%, net of pension plan investment and administrative expenses; includes inflation
Retirement age	The probabilities of retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

* Fiscal year 2015 was the 1st year of implementation, therefore only two years are shown.

STATISTICAL SECTION



(Photo: Lagoon Breach)

**STATISTICAL
SECTION**

The information in this section is not covered by the Independent Auditor's Report, but is presented as supplemental data for the benefit of the readers of the comprehensive financial report. This section presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the District's overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time. (Pages 57-61)

Revenue Capacity

These schedules contain information to help the reader assess the District's most significant local revenue sources. (Pages 62-64)

Debt Capacity

These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future. (Pages 65-66)

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place. (Pages 67-69)

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs. (Pages 70-71)

MONTEREY PENINSULA WATER MANAGEMENT DISTRICT

Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Governmental activities										
Net investment in capital assets	\$ 3,454,077	\$ 3,765,812	\$ 3,703,618	\$ 3,825,773	\$ 7,626,567	\$ 6,238,660	\$ 5,280,114	\$ 4,702,951	\$ 4,022,151	\$ 3,263,675
Restricted for debt service	220,772	220,330	219,136	219,136	-	-	-	-	-	-
Unrestricted (deficit)	(3,985,497)	(2,940,609)	1,316,853	2,697,295	(1,117,760)	635,049	1,152,363	1,620,154	1,984,225	1,883,275
Total governmental activities net position	\$ (310,648)	\$ 1,045,533	\$ 5,239,607	\$ 6,742,204	\$ 6,508,807	\$ 6,873,709	\$ 6,432,477	\$ 6,323,105	\$ 6,006,376	\$ 5,146,950
Business-type activities										
Net investment in capital assets	\$ 26,194,280	\$ 25,157,565	\$ 24,719,129	\$ 18,794,502	\$ 24,212,463	\$ 24,130,341	\$ 24,178,621	\$ 24,421,926	\$ 22,852,527	\$ 15,676,949
Restricted for construction project	-	-	-	15,276	-	-	-	-	-	-
Restricted for debt service	1,136	1,136	1,137	1,137	1,136	1,136	1,136	1,136	2,755	2,670
Restricted for capital replacement	1,118,503	1,273,355	873,273	848,080	-	-	-	-	-	-
Restricted for expanded project	-	-	-	-	889,475	891,700	978,528	1,342,540	733,451	6,143,814
Unrestricted (deficit)	(3,430,576)	(3,772,838)	(4,393,080)	-	250,873	245,551	422,876	493,122	(341,413)	(5,445,716)
Total business-type activities net position	\$ 23,883,343	\$ 22,659,218	\$ 21,200,459	\$ 19,658,995	\$ 25,353,947	\$ 25,268,728	\$ 25,581,161	\$ 26,258,724	\$ 23,247,320	\$ 16,377,717
Primary government										
Net investment in capital assets	\$ 29,648,357	\$ 28,923,377	\$ 28,422,747	\$ 22,620,275	\$ 31,839,030	\$ 30,369,001	\$ 29,458,735	\$ 29,124,877	\$ 26,874,678	\$ 18,940,624
Restricted for construction project	-	-	-	15,276	-	-	-	-	-	-
Restricted for debt service	221,908	221,466	220,273	220,273	1,136	1,136	1,136	1,136	2,755	2,670
Restricted for capital replacement	1,118,503	1,273,355	873,273	848,080	-	-	-	-	-	-
Restricted for expanded project	-	-	-	-	889,475	891,700	978,528	1,342,540	733,451	6,143,814
Unrestricted (deficit)	(7,416,073)	(6,746,108)	(3,076,227)	2,697,295	(866,887)	880,600	1,575,239	2,113,276	1,642,812	(3,562,441)
Total primary government net position	\$ 23,572,695	\$ 23,672,090	\$ 26,440,066	\$ 26,401,199	\$ 31,862,754	\$ 32,142,437	\$ 32,013,638	\$ 32,581,829	\$ 29,253,696	\$ 21,524,667

Notes:

Accounting standards require that net assets be reported in three components in the financial statements: Net investment in capital assets; restricted; and unrestricted. Net assets are considered restricted when 1) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or 2) imposed by law through constitutional provisions or enabling legislation.

MONTEREY PENINSULA WATER MANAGEMENT DISTRICT

Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

Expenses (by function)	Fiscal Year Ended June 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Governmental activities:										
Conservation	\$ 1,928,518	\$ 2,546,486	\$ 2,269,696	\$ 1,459,231	\$ 1,112,961	\$ 1,066,511	\$ 912,893	\$ 1,093,863	\$ 870,287	\$ 660,914
Mitigation	2,261,058	2,362,093	2,463,838	2,284,450	3,131,325	4,777,577	3,977,038	2,767,714	3,208,565	2,717,456
Water supply	7,196,554	5,301,612	8,075,379	4,191,428	1,200,978	1,291,349	1,404,760	1,349,966	1,199,742	1,041,009
Total Governmental Activities expenses	11,386,130	10,210,191	12,808,913	7,935,109	5,445,264	7,135,437	6,294,691	5,211,543	5,278,594	4,419,379
Business- type activities:										
Water sales	4,347,080	3,945,772	3,889,685	3,434,236	3,793,748	3,664,890	3,691,170	3,881,830	3,500,939	3,239,985
Total business-type activities expenses	4,347,080	3,945,772	3,889,685	3,434,236	3,793,748	3,664,890	3,691,170	3,881,830	3,500,939	3,239,985
Total Primary Government Expenses	15,733,210	14,155,963	16,698,598	11,369,345	9,239,012	10,800,327	9,985,861	9,093,373	8,779,533	7,659,364
Program Revenues (by function)										
Governmental activities:										
Charges for service:										
Conservation	1,005,237	1,584,188	1,374,724	761,990	439,798	717,546	1,286,516	770,659	778,012	622,701
Mitigation	2,542,519	2,236,455	1,940,728	1,873,902	2,709,894	4,950,900	3,091,862	2,514,073	2,781,238	2,302,956
Water supply	4,313,762	4,223,966	5,728,874	5,523,491	305,849	420,552	603,777	695,933	764,685	693,872
Operating grants and contributions	334,864	169,214	602,499	391,797	165,528	-	-	-	299,870	195,099
Total governmental activities program revenues	8,196,382	8,213,823	9,646,825	8,551,180	3,621,069	6,088,998	4,982,155	3,980,665	4,623,805	3,814,628
Business-type activities:										
Charges for services -										
Water sales	5,513,758	5,379,027	5,420,240	4,175,379	2,344,688	1,840,264	1,807,929	1,915,828	2,235,363	1,891,131
Total Business-type activities revenue	5,513,758	5,379,027	5,420,240	4,175,379	2,344,688	1,840,264	1,807,929	1,915,828	2,235,363	1,891,131
Total Primary Government Program Revenues	13,710,140	13,592,850	15,067,065	12,726,559	5,965,757	7,929,262	6,790,084	5,896,493	6,859,168	5,705,759
Net (Expenses)/Revenue										
Governmental activities	(3,189,748)	(1,996,368)	(3,162,088)	616,071	(1,824,195)	(1,046,439)	(1,312,536)	(1,230,878)	(654,789)	(604,751)
Business-type activities	1,166,678	1,433,255	1,530,555	741,143	(1,449,060)	(1,824,626)	(1,883,241)	(1,966,002)	(1,265,576)	(1,348,854)
Total Primary Net (Expenses)/Revenue	\$ (2,023,070)	\$ (563,113)	\$ (1,631,533)	\$ 1,357,214	\$ (3,273,255)	\$ (2,871,065)	\$ (3,195,777)	\$ (3,196,880)	\$ (1,920,365)	\$ (1,953,605)

MONTEREY PENINSULA WATER MANAGEMENT DISTRICT

Changes in Net Position (continued)
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Taxes	\$ 1,788,896	\$ 1,689,619	\$ 1,582,796	\$ 1,690,645	\$ 1,388,301	\$ 1,402,646	\$ 1,339,138	\$ 1,436,800	\$ 1,352,826	\$ 1,280,201
Investment earnings	48,125	26,092	20,042	11,524	2,080	4,772	11,485	48,260	93,640	119,553
Miscellaneous	29,207	39,507	56,653	62,211	69,200	80,253	71,285	62,547	64,977	43,895
Gain (loss) on sale of capital assets	-	-	-	-	(288)	-	-	-	2,772	(4,348)
Special items -										
Transfer of capital assets	-	-	-	(2,147,054)	-	-	-	-	-	-
Total governmental activities	<u>1,866,228</u>	<u>1,755,218</u>	<u>1,659,491</u>	<u>(382,674)</u>	<u>1,459,293</u>	<u>1,487,671</u>	<u>1,421,908</u>	<u>1,547,607</u>	<u>1,514,215</u>	<u>1,439,301</u>
Business-type activities:										
Investment earnings	56,685	25,504	26,185	1,909	36,196	19,518	64,771	42,251	195,441	436,066
Miscellaneous	762	-	-	-	3,004	1,436	3,580	-	269	63,449
Special items:										
Subsidy, Pebble Beach Company	-	-	-	1,600,006	1,732,903	1,667,322	1,444,976	1,467,828	2,205,070	1,626,859
Capital contributions (withdrawals)	-	-	-	-	-	(176,083)	(995,219)	2,269,395	4,677,468	1,414,462
Withdrawal, Pebble Beach Company	-	-	-	(1,641,213)	-	-	-	-	-	-
Water entitlement sales	-	-	-	253,203	293,176	-	687,570	1,197,932	1,056,931	-
Water entitlement (withdrawals)	-	-	(15,276)	(1,130,000)	(531,000)	-	-	-	-	-
Total business-type activities	<u>57,447</u>	<u>25,504</u>	<u>10,909</u>	<u>(916,095)</u>	<u>1,534,279</u>	<u>1,512,193</u>	<u>1,205,678</u>	<u>4,977,406</u>	<u>8,135,179</u>	<u>3,540,836</u>
Total Primary Government	<u>1,923,675</u>	<u>1,780,722</u>	<u>1,670,400</u>	<u>(1,298,769)</u>	<u>2,993,572</u>	<u>2,999,864</u>	<u>2,627,586</u>	<u>6,525,013</u>	<u>9,649,394</u>	<u>4,980,137</u>
Change in Net Position										
Governmental activities	(1,323,520)	(241,150)	(1,502,597)	233,397	(364,902)	441,232	109,372	316,729	859,426	834,550
Business-type activities	1,224,125	1,458,759	1,541,464	(174,952)	85,219	(312,433)	(677,563)	3,011,404	6,869,603	2,191,982
Total Primary Government	(99,395)	1,217,609	38,867	58,445	(279,683)	128,799	(568,191)	3,328,133	7,729,029	3,026,532
Net position - beginning of year	<u>23,672,090</u>	<u>22,454,481</u>	<u>26,401,199</u>	<u>26,342,754</u>	<u>32,142,437</u>	<u>32,013,638</u>	<u>32,581,829</u>	<u>29,253,696</u>	<u>21,524,667</u>	<u>18,498,135</u>
Net position - end of year	<u>\$ 23,572,695</u>	<u>\$ 23,672,090</u>	<u>\$ 26,440,066</u>	<u>\$ 26,401,199</u>	<u>\$ 31,862,754</u>	<u>\$ 32,142,437</u>	<u>\$ 32,013,638</u>	<u>\$ 32,581,829</u>	<u>\$ 29,253,696</u>	<u>\$ 21,524,667</u>

Notes:

Net position - beginning of the year for the fiscal year ended June 30, 2007 has been restated for a prior period adjustment related to subsidies made by PBCo.

Net position - beginning of the year for the fiscal year ended June 30, 2013 has been restated for a prior period adjustment related to a liability to PBCo. For reimbursement of bond carrying costs.

Net position - beginning of the year for the fiscal year ended June 30, 2015 has been restated for implementation of GASB 68.

Net position - beginning of the year for the fiscal year ended June 30, 2015 has been restated for implementation of GASB 82.

MONTEREY PENINSULA WATER MANAGEMENT DISTRICT

Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Governmental Funds:										
Reserved for prepaid expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 38,220	\$ 87,701	\$ 90,533	\$ 35,286
Unreserved, designated:										
Insurance/litigation	-	-	-	-	-	-	250,000	250,000	250,000	250,000
Capital equipment	-	-	-	-	-	-	286,600	183,000	183,000	168,599
Flood/drought emergencies	-	-	-	-	-	-	443,944	443,944	443,944	613,944
Unreserved, undesignated	-	-	-	-	-	-	937,688	1,322,390	1,602,501	1,381,019
Nonspendable - prepaid expenses	-	-	-	36,025	39,869	44,743	-	-	-	-
Assigned:										
Insurance/litigation	250,000	250,000	250,000	250,000	250,000	250,000	-	-	-	-
Capital equipment	144,000	232,000	244,900	304,100	304,100	304,100	-	-	-	-
Flood/drought emergencies	328,944	328,944	443,944	443,944	443,944	443,944	-	-	-	-
Unassigned	2,908,607	4,305,955	4,371,939	5,738,988	(1,068,682)	475,704	-	-	-	-
Total governmental fund balances	\$ 3,631,551	\$ 5,116,899	\$ 5,310,783	\$ 6,773,057	\$ (30,769)	\$ 1,518,491	\$ 1,956,452	\$ 2,287,035	\$ 2,569,978	\$ 2,448,848

Notes: The District implemented GASB 54 during fiscal year 2010/11.

MONTEREY PENINSULA WATER MANAGEMENT DISTRICT

Changes in Fund Balance of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year Ended June 30,										
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Revenues:											
Property Taxes	\$ 1,744,833	\$ 1,689,619	\$ 1,582,796	\$ 1,690,645	\$ 1,388,301	\$ 1,402,646	\$ 1,339,138	\$ 1,436,800	\$ 1,352,826	\$ 1,280,201	\$ 1,012,932
Water supply charge	3,382,389	3,327,701	3,412,207	3,400,873	-	-	-	-	-	-	-
User fees	79,018	95,321	93,931	1,815,986	1,620,375	3,048,993	2,879,934	2,653,827	2,945,384	2,572,154	2,163,406
Connection charges, net of refunds	502,298	159,250	223,625	115,972	194,510	319,728	466,297	481,724	556,370	617,835	622,669
Permit fees	225,374	193,609	240,079	277,956	225,616	296,735	278,610	294,053	327,700	319,381	251,930
Project reimbursements	1,259,886	2,151,906	3,283,666	2,562,195	1,423,967	2,426,480	1,247,946	551,393	490,016	109,737	69,072
Investment income	48,125	26,092	20,042	11,524	2,080	4,772	11,485	48,260	93,640	119,553	105,177
Legal fee reimbursements	2,728	2,637	18,441	32,756	27,136	23,638	22,210	21,832	27,375	22,954	34,391
Recording fees	12,047	11,340	15,061	13,785	11,797	11,987	11,735	13,087	11,950	13,947	13,620
Mitigation revenue	2,412,553	2,127,410	1,801,800	-	-	-	-	-	-	6,994	-
Miscellaneous	14,432	25,530	23,151	15,670	30,267	44,628	37,340	27,628	29,691	-	6,686
Grants	334,864	169,214	602,499	391,797	165,528	-	-	-	299,870	195,099	1,987
Total revenues	10,018,547	9,979,629	11,317,298	10,329,159	5,089,577	7,579,607	6,294,695	5,528,604	6,134,822	5,257,855	4,281,870
Expenditures:											
Current:											
Water Supply	7,053,419	5,088,746	8,004,072	3,853,524	990,160	1,128,816	1,290,119	1,254,963	1,105,236	994,877	1,001,538
Conservation	1,889,096	2,493,467	2,083,341	1,343,770	1,041,833	1,005,320	1,540,229	1,014,088	840,318	605,371	581,162
Mitigation	2,211,423	2,248,870	2,365,683	2,194,725	4,540,619	5,787,207	3,749,822	3,095,183	3,917,407	3,552,089	3,513,859
Capital outlay	130,822	117,221	107,340	53,145	42,892	73,136	45,108	447,313	150,731	115,563	7,622
Debt Service:											
Principal	80,508	78,059	75,215	38,368	-	-	-	-	-	-	-
Interest and other charges	138,627	147,150	143,921	41,801	23,333	23,089	-	-	-	-	-
Total expenditures	11,503,895	10,173,513	12,779,572	7,525,333	6,638,837	8,017,568	6,625,278	5,811,547	6,013,692	5,267,900	5,104,181
Excess (deficiency) of revenues over (under) expenditures	(1,485,348)	(193,884)	(1,462,274)	2,803,826	(1,549,260)	(437,961)	(330,583)	(282,943)	121,130	(10,045)	(822,311)
Other Financing Sources (Uses):											
Transfers in	1,271,950	948,721	-	-	-	-	-	-	-	-	-
Transfers out	(1,271,950)	(948,721)	-	-	-	-	-	-	-	-	-
Loan proceeds	-	-	-	4,000,000	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	4,000,000	-	-	-	-	-	-	-
Net change in fund balances	(1,485,348)	(193,884)	(1,462,274)	6,803,826	(1,549,260)	(437,961)	(330,583)	(282,943)	121,130	(10,045)	(822,311)
Fund balances, beginning of year	5,116,899	5,310,783	6,773,057	(30,769)	1,518,491	1,956,452	2,287,035	2,569,978	2,448,848	2,458,893	3,281,204
Fund balances, end of year	\$ 3,631,551	\$ 5,116,899	\$ 5,310,783	\$ 6,773,057	\$ (30,769)	\$ 1,518,491	\$ 1,956,452	\$ 2,287,035	\$ 2,569,978	\$ 2,448,848	\$ 2,458,893
Debt service as a percentage of noncapital expenditures	2.00%	2.34%	1.80%	1.09%	0.47%	0.34%	0.00%	0.00%	0.00%	0.00%	0.00%

MONTEREY PENINSULA WATER MANAGEMENT DISTRICT

Assessed Value and Actual Value of Taxable Property - Monterey County
Last Ten Fiscal Years
(in thousands of dollars)

Fiscal Year Ended June 30	(1) Secured Roll	(2) Unsecured Roll	(3) Exemptions	Net Assessed Valuations	* MPWMD Property Tax Allocations	Percentage Over Net Assessed Value
2006	\$ 42,538,965	\$ 1,859,928	\$ (1,329,452)	\$ 43,069,441	\$ 1,012,932	2.4%
2007	47,388,757	1,999,660	(1,471,788)	47,916,629	1,280,201	2.7%
2008	51,334,367	2,035,086	(1,525,258)	51,844,195	1,352,826	2.6%
2009	52,454,129	2,234,086	(1,608,033)	53,080,182	1,436,800	2.7%
2010	50,655,874	2,254,022	(1,679,121)	51,230,775	1,339,138	2.6%
2011	48,774,186	2,116,423	(1,770,929)	49,119,680	1,402,646	2.9%
2012	48,980,011	2,103,408	(1,856,776)	49,226,643	1,388,301	2.8%
2013	49,595,091	2,122,678	(1,914,519)	49,803,250	1,690,645	3.4%
2014	51,396,835	2,159,991	(2,009,761)	51,547,065	1,582,796	3.1%
2015	\$ 54,354,520	\$ 2,231,717	\$ (2,119,791)	\$ 54,466,446	\$ 1,689,619	3.1%

Source: Monterey County CAFR Report (Fiscal Year Ended June 30, 2015)

* Source: Monterey Peninsula Water Management District, Audited Financial Statements

2016 data not available at time of print

MONTEREY PENINSULA WATER MANAGEMENT DISTRICT

Principal Property Taxpayers - Monterey County
For the Year Ended June 30, 2015 and June 30, 2006

Tax Payer	Type of Business	2015			2006		
		Taxable Assessed Value (\$'000)	Rank	Percentage of Total County Assessed Value	Taxable Assessed Value (\$'000)	Rank	Percentage of Total County Assessed Value
Pebble Beach Company	Tourism	\$ 716,702	1	1.32%	\$ 640,458	2	1.49%
Pacific Gas & Electric Company	Utility	493,521	2	0.91%	286,149	3	0.66%
Chevron USA Inc	Petroleum	408,145	3	0.75%	-		
Aera Energy LLC	Utility	406,152	4	0.75%	-		
Dynergy Moss Landing LLC	Utility	357,781	5	0.66%	-		
Northridge Owner LP	Retail	121,207	6	0.22%	80,272	6	0.19%
California-American Water Company	Utility	118,469	7	0.22%	81,668	7	0.19%
Pacific Bell Telephone Company	Utility	97,546	8	0.18%	103,128	4	0.24%
Scheid Vineyards California Inc	Agriculture	94,274	9	0.17%	-		
Pacific Holdings LP ET AL	Real Estate	94,246	10	0.17%	83,866	5	0.19%
Duke Energy Moss Landing LLC	Utility	-			728,700	1	1.69%
Texaco Inc	Utility	-			62,763	8	0.15%
King City LP	Real Estate	-			60,175	9	0.14%
DDI Salinas II LLC et al	Real Estate	-			41,899	10	0.10%
Ten Largest Taxpayers' Total		2,908,043		5.35%	2,169,078		5.04%
All Other Taxpayers' Total		51,558,404		94.66%	40,900,363		94.96%
Total		<u>\$ 54,466,447</u>		<u>100%</u>	<u>\$ 43,069,441</u>		<u>100%</u>

Source: Monterey County CAFR Report (Fiscal Year Ended June 30, 2015)
2016 data not available at time of print

MONTEREY PENINSULA WATER MANAGEMENT DISTRICT

Major Revenue Sources
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ended June 30,		2014	2013	2012	2011	2010	2009	2008	2007
	2016	2015								
Governmental activities										
Property Taxes	\$ 1,788,896	\$ 1,689,619	\$ 1,582,796	\$ 1,690,645	\$ 1,388,301	\$ 1,402,646	\$ 1,339,138	\$ 1,436,800	\$ 1,352,826	\$ 1,280,201
Water supply charge	3,382,389	3,327,701	3,412,207	3,400,873	-	-	-	-	-	-
User fees	79,018	95,321	93,931	1,815,986	1,620,375	3,048,993	2,879,934	2,653,827	2,945,384	2,572,154
Mitigation revenue	2,412,553	2,127,410	1,801,800	-	-	-	-	-	-	6,994
Business-type activities										
Water sales	5,513,758	5,379,027	5,359,496	4,175,379	2,344,688	1,840,254	1,807,929	1,915,828	2,235,363	1,891,131

Source: Monterey Peninsula Water Management District, Audited Financial Statements

MONTEREY PENINSULA WATER MANAGEMENT DISTRICT

Ratio of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year Ended June 30,

Fiscal Year	Installment Purchase Agreement	Line of Credit	Due Pebble Beach Company	Certificates of Participation	Debt	Personal Income	As a percent of Personal Income
2016	\$ 3,727,850	\$ -	\$ 3,864,000	\$ 15,800,000	\$ 23,391,850	**	**
2015	3,808,358	-	4,416,000	17,600,000	25,824,358	21,623,627	0.12%
2014	3,886,417	-	4,968,000	19,300,000	28,154,417	20,028,430	0.14%
2013	3,961,632	-	5,520,000	21,000,000	30,481,632	19,184,636	0.16%
2012	-	1,275,478	-	22,600,000	23,875,478	18,524,806	0.13%
2011	-	1,069,163	-	24,100,000	25,169,163	17,522,589	0.14%
2010	-	-	-	25,500,000	25,500,000	16,922,093	0.15%
2009	-	-	-	26,800,000	26,800,000	16,596,190	0.16%
2008	-	-	-	28,100,000	28,100,000	16,738,324	0.17%
2007	-	-	-	29,300,000	29,300,000	16,748,707	0.17%

(1) U.S Department of Commerce, Bureau of Economic Analysis, Monterey County, in Thousands

** Data not available for 2016

Source: Monterey Peninsula Water Management District, Audited Financial Statements

MONTEREY PENINSULA WATER MANAGEMENT DISTRICT

Debt Service Coverage
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Governmental activities *										
Debt service coverage										
Water supply charges	\$ 3,382,389	\$ 3,327,701	\$ 3,412,207	\$ 3,400,873	N/A	N/A	N/A	N/A	N/A	N/A
Operating expenses (1)	(1,847,397)	(1,828,234)	(1,674,940)	(1,533,328)	N/A	N/A	N/A	N/A	N/A	N/A
Reserve funds available	395,792	439,350	442,456	442,456	N/A	N/A	N/A	N/A	N/A	N/A
Net available revenues	\$ 1,930,784	\$ 1,938,817	\$ 2,179,723	\$ 2,310,001	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Service:										
Principal	\$ 78,059	\$ 78,059	\$ 75,215	\$ 38,368	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	147,150	147,150	143,921	41,801	23,333	23,089	-	-	-	-
	\$ 225,209	\$ 225,209	\$ 219,136	\$ 80,169	\$ 23,333	\$ 23,089	\$ -	\$ -	\$ -	\$ -
Debt service coverage ratio	8.57	8.61	9.95	28.81	N/A	N/A	N/A	N/A	N/A	N/A
Minimum coverage ratio (4)	1.25	1.25	1.25	1.25	N/A	N/A	N/A	N/A	N/A	N/A
Business-type activities										
Debt service coverage										
Gross revenues (2)	\$ 5,571,205	\$ 5,404,531	\$ 5,446,425	\$ 6,030,497	\$ 4,409,967	\$ 4,283,370	\$ 4,009,006	\$ 4,623,839	\$ 5,693,074	\$ 5,431,967
Operating expenses (3)	(2,588,706)	(2,035,882)	(1,960,727)	(1,770,313)	(1,907,355)	(1,716,344)	(1,870,725)	(1,813,080)	(1,356,232)	(1,181,394)
Net available revenues	\$ 2,982,499	\$ 3,368,649	\$ 3,485,698	\$ 4,260,184	\$ 2,502,612	\$ 2,567,026	\$ 2,138,281	\$ 2,810,759	\$ 4,336,842	\$ 4,250,573
Debt Service:										
Principal:										
PBCo.	\$ 552,000	\$ 552,000	\$ 552,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
COPs	1,700,000	1,700,000	1,700,000	1,600,000	1,500,000	1,400,000	1,300,000	1,300,000	1,200,000	1,100,000
Interest	40,339	40,339	47,688	35,308	307,246	374,014	248,742	497,692	1,006,133	1,036,907
	\$ 2,292,339	\$ 2,292,339	\$ 2,299,688	\$ 1,635,308	\$ 1,807,246	\$ 1,774,014	\$ 1,548,742	\$ 1,797,692	\$ 2,206,133	\$ 2,136,907
Debt service coverage ratio	1.30	1.47	1.52	2.61	1.38	1.45	1.38	1.56	1.97	1.99
Minimum coverage ratio (3)	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25

* The service coverage ratio only applies to the Water Supply Fund. The amounts included in the calculation relate only to that fund.
 (1) Operating expenses exclude depreciation, interest expense, capital outlay and project expenditures except for ASR operating expenses.
 (2) Gross revenues includes operating revenue, other non-operating revenue, and investment earnings.
 (3) Operating expenses exclude depreciation and amortization.
 (4) Minimum coverage ratio requirement per debt covenants.
 N/A represents years where debt service coverage was not required.

Source: Monterey Peninsula Water Management District, Audited Financial Statements



MONTEREY PENINSULA WATER MANAGEMENT DISTRICT

Demographic and Economic Statistics - Monterey County
Last Ten Fiscal Years

Calendar Year	Population	Per Capita Income	Total Personal Income	Median Age	School Enrollment	Unemployment Rate
2005	405,090	\$ 34,172	\$ 14,519,770	36.1	71,971	7.4%
2006	401,374	38,193	15,667,000	31.9	69,851	7.0%
2007	402,116	38,373	15,586,498	32.1	69,838	7.1%
2008	405,660	42,144	17,205,000	32.3	69,828	8.4%
2009	410,370	42,356	17,381,644	32.4	70,523	11.8%
2010	415,057	42,176	17,574,000	32.8	70,949	12.8%
2011	421,898	41,138	17,355,940	33.0	72,666	12.4%
2012	426,762	43,034	18,365,298	33.0	73,460	11.4%
2013	428,826	44,851	19,233,171	33.4	74,684	10.1%
2014	431,344	\$ 46,109	\$ 19,889,054	33.7	75,997	9.1%

Source: Monterey County CAFR Report (Fiscal Year Ended June 30, 2015)
2015 data not available at time of print

MONTEREY PENINSULA WATER MANAGEMENT DISTRICT

Principal Employment by Industry - Monterey County
For the Year Ended June 30, 2016 and June 30, 2006

Firm	2016		Firm	2006	
	Number of Employed	Percent of Total		Number of Employed	Percent of Total
Agriculture	68,800	33.32%	Agriculture	51,600	28.06%
Natural Resources, Mining and Construction	5,900	2.86%	Natural Resources, Mining and Constr	7,600	4.13%
Manufacturing	5,600	2.71%	Manufacturing	6,300	3.43%
Wholesale Trade	5,700	2.76%	Wholesale Trade	5,500	2.99%
Retail Trade	16,200	7.85%	Retail Trade	16,700	9.08%
Transportation, Warehousing and Utilities	4,800	2.32%	Transportation, Warehousing and Utili	3,500	1.90%
Information	1,200	0.58%	Information	2,200	1.20%
Financial Activities	4,100	1.99%	Financial Activities	6,200	3.37%
Professional and Business Services	13,700	6.63%	Professional and Business Services	12,700	6.91%
Educational and Health Services	18,900	9.15%	Educational and Health Services	14,600	7.94%
Leisure and Hospitality	24,400	11.82%	Leisure and Hospitality	21,200	11.53%
Other Services	5,200	2.52%	Other Services	4,600	2.50%
Government	32,000	15.50%	Government	31,200	16.97%

Source: State of California Employment Development Department, Industry Employment-Official Monthly Estimates (CES)

MONTEREY PENINSULA WATER MANAGEMENT DISTRICT

Full-time Equivalent Employees by Department
Last Ten Fiscal Years

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Department:										
General Manager's Office	2	2	2	2	3	3	4	4	4	4
Administrative Services Division	7	7	7	7	7	7	5	5	5	5
Planning & Engineering Division	5	5	5	5	5	6	6	6	6	6
Water Resources Division	7	7	7	7	7	7	7	7	7	7
Water Demand Division	6	5	5	5	5	5	5	5	6	6
Total	27	26	26	26	27	28	27	27	28	28

Source: Monterey Peninsula Water Management District Human Resources Department

MONTEREY PENINSULA WATER MANAGEMENT DISTRICT

Water Consumption by Type (in Acre-Feet)
Last Ten Fiscal Years

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Use Type:										
Residential	4,560	4,936	5,302	5,552	5,513	5,602	6,156	6,362	6,509	6,337
Multi-Residential	1,418	1,637	1,529	1,523	1,323	1,348	1,280	1,306	1,302	1,256
Commerical	2,224	2,414	2,637	2,673	2,750	2,763	2,789	2,980	3,029	3,002
Industrial	-	9	4	53	54	6	70	77	93	71
Golf Course	185	201	20	202	201	15	223	402	421	247
Public Authority	560	630	536	503	418	571	934	972	962	991
Other	40	14	2	60	102	11	30	52	59	26
Non Revenue Metered	1	1	0	11	25	10	36	46	144	50
Total	8,987	9,842	10,031	10,577	10,386	10,327	11,519	12,197	12,518	11,981

Source: California American Water - Customers and Consumption by Political Jurisdiction for Water Year

MONTEREY PENINSULA WATER MANAGEMENT DISTRICT

Customers by Type
Last Ten Fiscal Years

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Use Type:										
Residential	31,801	32,532	32,633	38,294	**	**	**	**	**	**
Multi-Residential	1,706	1,720	1,427	1,577	**	**	**	**	**	**
Commercial	3,890	3,655	3,077	3,537	**	**	**	**	**	**
Industrial	-	4	-	6	**	**	**	**	**	**
Golf Course	4	4	5	5	**	**	**	**	**	**
Public Authority	537	555	543	548	**	**	**	**	**	**
Other	51	274	897	364	**	**	**	**	**	**
Non-Revenue Metered	6	10	12	14	**	**	**	**	**	**
Total	37,995	38,754	38,593	44,345	-	-	-	-	-	-

Source: California American Water - Customers and Consumption by Political Jurisdiction for Water Year in Acre-Feet

** Data not available for 2006, 2007, 2008, 2009, 2010, & 2011 at the time of publishing

[Date]

To the Board of Directors
Monterey Peninsula Water Management District
Monterey, California

We are pleased to present this report related to our audit of the basic financial statements of ***Monterey Peninsula Water Management District*** (the District) for the year ended June 30, 2016. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the District's financial reporting process.

Generally accepted auditing standards (AU-C 260, *The Auditor's Communication with Those Charged with Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are, significant and relevant to your responsibility to oversee the financial reporting process.

Our Responsibilities with Regard to the Financial Statement Audit

Our responsibilities under auditing standards generally accepted in the United States of America and the State Controller's Minimum Audit Requirements for California Special Districts have been described to you in our arrangement letter dated July 11, 2016. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.

Overview of the Planned Scope and Timing of the Financial Statement Audit

We have issued a separate communication regarding the planned scope and timing of our audit and have discussed with you our identification of and planned audit response to significant risks of material misstatement.

Accounting Policies and Practices

Preferability of Accounting Policies and Practices

Under generally accepted accounting principles, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice.

To the Board of Directors
Monterey Peninsula Water Management District
Date
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Adoption of, or Change in, Accounting Policies

Management has the ultimate responsibility for the appropriateness of the accounting policies used by the District. Following is a description of significant accounting policies or their application that were either initially selected or changed during the year.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 72, *Fair Value Measurement and Application*. This Statement provides guidance for determining a fair value measurement, applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of this Statement will enhance fair value application guidance, comparability of financial statements among governments, and related disclosures by providing information on valuation techniques and the impact of fair value measurements on a government's financial position. The District implemented this statement as of June 30, 2016. There was no significant effect on the financial statements due to the implementation.

In June 2015, GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This Statement supersedes Statement No. 55, related to GAAP hierarchy. The requirements in this Statement will allow governments to apply financial reporting guidance with less variation, which will improve the usefulness and comparability of financial statement information for making decisions and assessing accountability. The District implemented this statement as of June 30, 2016. There was no significant effect on the financial statements due to the implementation.

In December 2015, GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. Significant noncompliance prevents the external investment pool from measuring all of its investments at amortized cost for financial reporting purposes. The District implemented this statement as of June 30, 2016. There was no significant effect on the financial statements due to the implementation.

In March 2016, GASB issued Statement No. 82, *Pension Issues-an amendment of GASB Statements No. 67, No. 68, and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The District implemented this statement in fiscal year 2016. As a result of this implementation, the District reported a prior period adjustment to net position in the amount of \$32,661.

To the Board of Directors
Monterey Peninsula Water Management District
Date
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Recently Issued Accounting Standards

The GASB has issued the following statements not yet implemented by the District. The District's management has not yet determined the effect these Statements will have on the District's financial statements. However, the District plans to implement the standards by the required dates:

In June 2015, GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement 68 for pension plans that are within their respective scopes. This Statement improves the usefulness and comparability of information about pensions by establishing a single framework for the presentation of pensions. The provisions of this Statement that are within the scope of Statement No. 67 or 68 are effective for fiscal years beginning after June 15, 2015. The provisions of this Statement that address employers and governmental non-employer contributing entities for pensions that are not within the scope of Statement 68 are effective for fiscal years beginning after June 15, 2016. Earlier application is encouraged. The District has no plan for early implementation of this Statement.

In June 2015, GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This Statement replaces Statements No. 43 and No. 57 related to postemployment benefits other than pensions, as well as includes requirements for defined contribution (other post-employment benefit) OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, No. 43, and No. 50. Statement No. 74 establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain non-employer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities. The requirements of this Statement will improve financial reporting primarily through enhanced note disclosures and schedules of required supplementary information that will be presented by OPEB plans that are administered through trusts that meet the specified criteria. The provisions in this Statement are effective for fiscal years beginning after June 15, 2016. Earlier application is encouraged. The District has no plan for early implementation of this Statement.

In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement replaces the requirements of Statements No. 45 and No. 57 related to postemployment benefits other than pensions. Statement No. 75 establishes new accounting and financial reporting requirements for OPEB plans. The requirements of this Statement will improve the decision-usefulness of information in employer and governmental non-employer contributing entity financial reports and will enhance its value for assessing accountability and inter-period equity by requiring recognition of the entire OPEB liability and a more comprehensive measure of OPEB expense. The provisions in this Statement are effective for fiscal years beginning after June 15, 2017. Earlier application is encouraged. The District has no plan for early implementation of this Statement.

In August 2015, GASB issued Statement No. 77, *Tax Abatement Disclosures*. This Statement requires disclosure of tax abatement information about (1) a reporting government's own tax

To the Board of Directors
Monterey Peninsula Water Management District
Date
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abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. The requirements of this Statement improve financial reporting by requiring disclosures for essential tax abatement information that is not consistently or comprehensively reported to the public at present. The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. Earlier application is encouraged. The District has no plan for early implementation of this Statement.

In December 2015, GASB issued Statement No.78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. This Statement amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above. The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. Earlier application is encouraged. The District has no plan for early implementation of this Statement.

In January 2016, GASB issued Statement No. 80, *Blending Requirements for Certain Component Units – An amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. Earlier application is encouraged. The District has no plan for early implementation of this Statement.

In March 2016, GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the

To the Board of Directors
Monterey Peninsula Water Management District
Date
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resources become applicable to the reporting period. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016, and should be applied retroactively. Earlier application is encouraged. The District has no plan for early implementation of this Statement.

Significant or Unusual Transactions

We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Management Judgments and Accounting Estimates

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. You may wish to monitor throughout the year the process used to determine and record these accounting estimates. The significant accounting estimates reflected in the District's June 30, 2016 basic financial statements include useful lives of depreciable assets, the cost of other post employment benefits and the pension cost and net pension liability.

Audit Adjustments

Audit adjustments proposed by us and recorded by the District are shown on the attached "Adjusting Journal Entries," "Reclassification Journal Entries," "GASB Journal Entries," and "Prepared by Client Journal Entries."

Uncorrected Misstatements

There were no uncorrected misstatements.

Disagreements with Management

We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit or significant disclosures to be included in the financial statements.

Consultations with Other Accountants

We are not aware of any consultations management had with other accountants about accounting or auditing matters.

Significant Issues Discussed with Management

No significant issues arising from the audit were discussed with or were the subject of correspondence with management.

Significant Difficulties Encountered in Performing the Audit

We did not encounter any significant difficulties in dealing with management during the audit.

To the Board of Directors
Monterey Peninsula Water Management District
Date
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Letter Communicating Significant Deficiencies and Material Weaknesses in Internal Control over Financial Reporting

When significant deficiencies and material weaknesses are identified during our audit of the financial statements, we are required to communicate them to you in writing. For the year ended June 30, 2016 a letter was not required.

Other Audit Findings or Issues

Bank Reconciliations

Observation: We noted that many old outstanding checks, some over one year old, are being carried on monthly cash reconciliations. This causes additional time to be spent by the Accountant to reconcile the bank accounts each month.

Recommendation: We recommend that checks that are over one year old be investigated and removed from the bank reconciliation and that the original transaction be reversed in the current year. Research should be done periodically to eliminate large numbers of old items being carried from month to month.

Status: The District is in the process of investigating and removing checks that are over a year old. Staff will periodically monitor and remove any checks that are more than a year old.

Significant Written Communications between Management and Our Firm

We have requested certain representations from management that are included in the management representation letter dated _____ [Date of Auditor report].

This report is intended solely for the information and use of the Board of Directors the Administrative Committee and management and is not intended to be and should not be used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have regarding this report. We appreciate the opportunity to continue to be of service to the Monterey Peninsula Water Management District.

Sincerely,

Michael T. Briley, CPA, CGMA
Managing Partner
Hayashi Wayland

33240/ml

Attachments: Adjusting Journal Entries
Reclassification Journal Entries
GASB Journal Entries
Prepared by Client Journal Entries

Monterey Peninsula Water Management District

AJE

Year End: June 30, 2016

Adjusting Journal Entries

Date: 7/1/2015 To 6/30/2016

Account No: AJE-01 To AJE-99

Number	Date	Name	Account No	Debit	Credit	Amount Chg	Net Income (Loss)
Net Income (Loss) Before Adjustments						(145,386.00)	
AJE-01	6/30/2016	Unapportioned/Uncollected Taxes Re	24-10-150100 SRF01				
AJE-01	6/30/2016	Deferred Revenue	24-10-370000 SRF01				
AJE-01	6/30/2016	Unapportioned/Uncollected Taxes Re	26-10-150100 SRF02	44,741.00			
AJE-01	6/30/2016	Deferred Revenue	26-10-370000 SRF02		44,741.00		
AJE-01	6/30/2016	Unapportioned/Uncollected Taxes Re	35-10-150100 CPF01		678.00		
AJE-01	6/30/2016	Deferred Revenue	35-10-370000 CPF01	678.00			
To record uncollected taxes.							
				45,419.00	45,419.00	0.00	(145,386.00)
				45,419.00	45,419.00	0.00	(145,386.00)

Monterey Peninsula Water Management District

RJE

Year End: June 30, 2016

Reclassification Journal Entries

Date: 7/1/2015 To 6/30/2016

Number	Date	Name	Account No	Debit	Credit	Amount Chg Net Income (Loss)
Net Income (Loss) Before Adjustments						(145,386.00)
RJE-01	6/30/2016	Property Tax Revenue	24-10-611000 SRF01			
RJE-01	6/30/2016	Interest-Monterey County Taxes	24-10-691500 SRF01			
RJE-01	6/30/2016	Tax Administration fee	24-80-750000 SRF01			
RJE-01	6/30/2016	Property Tax Revenue	26-10-611000 SRF02	1,514.00		
RJE-01	6/30/2016	Interest-Monterey County Taxes	26-10-691500 SRF02		1,514.00	
RJE-01	6/30/2016	TAX ADMINISTRATION FEE	26-80-750000 SRF02			
RJE-01	6/30/2016	Property Tax Revenue	35-10-611000 CPF01	563.00		
RJE-01	6/30/2016	Interest-Monterey County Taxes	35-10-691500 CPF01		563.00	
RJE-01	6/30/2016	Tax Administration Fee	35-80-750000 CPF01			
		To allocate tax and admin fee out of property tax revenue.		2,077.00	2,077.00	0.00 (145,386.00)
RJE-02	6/30/2016	Water Supply Charge	35-10-520500 CPF01	9,146.00		
RJE-02	6/30/2016	Interest Income	35-10-691000 CPF01		9,146.00	
		To reclass interest/penalty portion received on water supply charge.		9,146.00	9,146.00	0.00 (145,386.00)
				11,223.00	11,223.00	0.00 (145,386.00)

Monterey Peninsula Water Management District

GASB

Year End: June 30, 2016

GASB Journal Entries

Date: 7/1/2015 To 6/30/2016

Account No: GASB-00 To GASB-99

Number	Date	Name	Account No	Debit	Credit	Amount	Chg	Net Income (Loss)
Net Income (Loss) Before Adjustments						(180,715.00)		
GASB-01	6/30/2016	Deferred Outflows - PERS Contributi	51-10-171000 51		66,367.00			
GASB-01	6/30/2016	Beginning Net Position - GASB 68	51-10-283000 51	66,367.00				
To adjust Deferred outflows-PERS Contributions for the change in amount for the measurement period 6/30/2014 due to GASB 82.								
				66,367.00	66,367.00	0.00		(180,715.00)
GASB-02	6/30/2016	Beginning Net Position - GASB 68	51-10-283000 51		33,706.00			
GASB-02	6/30/2016	Deferred inflows - Actuarial	51-10-371500 51		123,588.00			
GASB-02	6/30/2016	Deferred inflows - Actuarial	51-10-371500 51	33,706.00				
GASB-02	6/30/2016	Net Pension Liability	51-10-383000 51	123,588.00				
To adjust Deferred outflows-Actuarial for the change in difference in contributions for the measurement period 6/30/2014 due to GASB 82.								
				157,294.00	157,294.00	0.00		(180,715.00)
GASB-03	6/30/2016	Pension expense - GASB 68	24-02-719200 G34G		30,721.00			
GASB-03	6/30/2016	Pension expense - GASB 68	26-02-719200 G34G		17,146.00			
GASB-03	6/30/2016	Pension expense - GASB 68	35-02-719200 G34G		23,576.00			
GASB-03	6/30/2016	Deferred inflows - Actuarial	51-10-371500 51		271,482.00			
GASB-03	6/30/2016	Deferred inflows - Actuarial	51-10-371500 51	71,443.00				
GASB-03	6/30/2016	Net Pension Liability	51-10-383000 51	271,482.00				
To record deferred inflow for changes in assumptions and recognize current amortization. (Tab B)								
				342,925.00	342,925.00	71,443.00		(109,272.00)
GASB-04	6/30/2016	Pension expense - GASB 68	24-02-719200 G34G	3,247.00				
GASB-04	6/30/2016	Pension expense - GASB 68	26-02-719200 G34G	1,812.00				
GASB-04	6/30/2016	Pension expense - GASB 68	35-02-719200 G34G	2,492.00				
GASB-04	6/30/2016	Deferred Outflows - Actuarial	51-10-172000 51	28,695.00				
GASB-04	6/30/2016	Deferred Outflows - Actuarial	51-10-172000 51		7,551.00			
GASB-04	6/30/2016	Net Pension Liability	51-10-383000 51		28,695.00			
To record deferred outflow for differences between expected and actual experience and recognize current amortization.. (Tab C)								
				36,246.00	36,246.00	(7,551.00)		(116,823.00)
GASB-05	6/30/2016	Pension expense - GASB 68	24-02-719200 G34G		311,940.00			
GASB-05	6/30/2016	Pension expense - GASB 68	26-02-719200 G34G		174,106.00			
GASB-05	6/30/2016	Pension expense - GASB 68	35-02-719200 G34G		239,396.00			
GASB-05	6/30/2016	Deferred Outflows - Actuarial	51-10-172000 51	640,923.00				
GASB-05	6/30/2016	Deferred Outflows - Actuarial	51-10-172000 51		128,185.00			
GASB-05	6/30/2016	Deferred inflows - Actuarial	51-10-371500 51	212,704.00				
To record deferred outflow for differences between projected and actual earnings on pension plan investments and recognize current amortization. (Tab D)								

Monterey Peninsula Water Management District

GASB-1

Year End: June 30, 2016

GASB Journal Entries

Date: 7/1/2015 To 6/30/2016

Account No: GASB-00 To GASB-99

Number	Date	Name	Account No	Debit	Credit	Amount Chg	Net Income (Loss)
				853,627.00	853,627.00	725,442.00	608,619.00
GASB-06	6/30/2016	Pension expense - GASB 68	24-02-719200 G34G		26,158.00		
GASB-06	6/30/2016	Pension expense - GASB 68	26-02-719200 G34G		14,600.00		
GASB-06	6/30/2016	Pension expense - GASB 68	35-02-719200 G34G		20,074.00		
GASB-06	6/30/2016	Deferred inflows - Actuarial	51-10-371500 51		70,209.00		
GASB-06	6/30/2016	Deferred inflows - Actuarial	51-10-371500 51	60,832.00			
GASB-06	6/30/2016	Net Pension Liability	51-10-383000 51	70,209.00			
		To record deferred outflow of resources due to the difference between the actual employer contributions made during the measurement period and the employer's proportionate share per the Risk Pool and recognize current amortization. (Tab E)					
				131,041.00	131,041.00	60,832.00	669,451.00
GASB-07	6/30/2016	Deferred Outflows - PERS Contributic	51-10-171000 51		369,874.00		
GASB-07	6/30/2016	Net Pension Liability	51-10-383000 51	369,874.00			
		To reclassify prior year contributions that were paid prior to the measurement date that are associated with the net pension liability to be reported in the financial statements of the current year. (Tab F)					
				369,874.00	369,874.00	0.00	669,451.00
GASB-08	6/30/2016	Pension expense - GASB 68	24-02-719200 G34G		159,405.00		
GASB-08	6/30/2016	Pension expense - GASB 68	26-02-719200 G34G		88,970.00		
GASB-08	6/30/2016	Pension expense - GASB 68	35-02-719200 G34G		122,334.00		
GASB-08	6/30/2016	Deferred Outflows - PERS Contributic	51-10-171000 51	370,709.00			
		To reclassify current year contributions made after the measurement date. (Tab F)					
				370,709.00	370,709.00	370,709.00	1,040,160.00
GASB-09	6/30/2016	Pension expense - GASB 68	24-02-719200 G34G	414,269.00			
GASB-09	6/30/2016	Pension expense - GASB 68	26-02-719200 G34G	231,220.00			
GASB-09	6/30/2016	Pension expense - GASB 68	35-02-719200 G34G	317,927.00			
GASB-09	6/30/2016	Net Pension Liability	51-10-383000 51		963,416.00		
		To record portion of pension expense attributable to changes recognized for the measurement period. (Tab G)					
				963,416.00	963,416.00	(963,416.00)	76,744.00
GASB-10	6/30/2016	Pension expense - GASB 68	24-02-719200 G34G		3,250.00		
GASB-10	6/30/2016	Pension expense - GASB 68	26-02-719200 G34G		1,814.00		
GASB-10	6/30/2016	Pension expense - GASB 68	35-02-719200 G34G		2,494.00		
GASB-10	6/30/2016	Deferred inflows - Actuarial	51-10-371500 51	7,558.00			
GASB-10	6/30/2016	Deferred inflows - Actuarial	51-10-371500 51		18,730.00		
GASB-10	6/30/2016	Net Pension Liability	51-10-383000 51	18,730.00			
		To record deferred outflow/inflow of resources due to the difference in proportions during the measurement period and recognize current amortization. (Tab H)					

Monterey Peninsula Water Management District

GASB-2

Year End: June 30, 2016

GASB Journal Entries

Date: 7/1/2015 To 6/30/2016

Account No: GASB-00 To GASB-99

Number	Date	Name	Account No	Debit	Credit	Amount Chg	Net Income (Loss)
				26,288.00	26,288.00	7,558.00	84,302.00
GASB-11	6/30/2016	Current Year OPEB Cost	24-10-716000 G34G	98,766.00			
GASB-11	6/30/2016	Current Year OPEB Cost	26-10-716000 G34G	55,125.00			
GASB-11	6/30/2016	Current Year OPEB Cost	35-10-716000 G34G	75,797.00			
GASB-11	6/30/2016	L/T Debt OPEB	51-10-282000 51		229,688.00		
		To record current year adjustment to OPEB liability.		229,688.00	229,688.00	(229,688.00)	(145,386.00)
GASB-12	6/30/2016	P.E.R.S.	24-01-714000 SRF01		9,746.00		
GASB-12	6/30/2016	P.E.R.S. - ER PAID PORTION OF EI	24-10-714500 SRF01	9,746.00			
GASB-12	6/30/2016	P.E.R.S.	26-01-714000 SRF02		5,440.00		
GASB-12	6/30/2016	P.E.R.S. - ER PAID PORTION OF EI	26-10-714500 SRF02	5,440.00			
GASB-12	6/30/2016	P.E.R.S.	35-01-714000 CPF01		7,480.00		
GASB-12	6/30/2016	P.E.R.S. - ER PAID PORTION OF EI	35-10-714500 CPF01	7,480.00			
		To separate out Employer paid portion of Employee pension expense per GASB 82.		22,666.00	22,666.00	0.00	(145,386.00)
				3,570,141.00	3,570,141.00	35,329.00	(145,386.00)

Monterey Peninsula Water Management District

PBC

Year End: June 30, 2016

Prepared by Client Journal Entries

Date: 7/1/2015 To 6/30/2016

Account No: PBC-01 To PBC-99

Number	Date	Name	Account No	Debit	Credit	Amount Chg Net Income (Loss)	
Net Income (Loss) Before Adjustments						(290,539.00)	
PBC-01	6/30/2016	Market Value of Assets	26-10-102490 SRF02	864.00			
PBC-01	6/30/2016	Unrealized Gain/Loss on Investments	26-10-692590 SRF02		864.00		
PBC-01	6/30/2016	Market Value of Assets	35-10-102490 CPF01	6,944.00			
PBC-01	6/30/2016	Unrealized Gain/Loss on Investments	35-10-692590 CPF01		6,944.00		
To record market value of WF Investments at 6/30/16.				7,808.00	7,808.00	7,808.00	(282,731.00)
PBC-02	6/30/2016	Project Reimbursements Receivable	24-10-130000 SRF01	137,345.00			
PBC-02	6/30/2016	SH Upgrade Grant	24-10-660008 SRF01		137,345.00		
To accrue SHSRF Grant Reimbursement.				137,345.00	137,345.00	137,345.00	(145,386.00)
				145,153.00	145,153.00	145,153.00	(145,386.00)

ITEM: CONSENT CALENDAR**16. CONSIDER ADOPTION OF RESOLUTION NO. 2016-22 - AUTHORIZING AN AMENDMENT TO THE DISTRICT'S CONTRACT WITH THE CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM**

Meeting Date:	December 12, 2016	Budgeted:	N/A
From:	David J. Stoldt, General Manager	Program: Line Item No.:	N/A N/A
Prepared By:	Cynthia Schmidlin	Cost Estimate:	N/A

General Counsel Approval: N/A**Committee Recommendation:** The Administrative Committee reviewed this item on December 5, and recommended approval.**CEQA Compliance:** N/A

SUMMARY: The District's current labor agreements with its three bargaining units include the provision that 3% of the salaries for Classic Members of the California Public Employees' Retirement System (CalPERS), hired before January 1, 2013, be applied to the Employer Contribution portion of the CalPERS premium. The employee deductions, however, are not officially applied to the members' accounts without the completion of a formal CalPERS contract amendment process. This process requires that the governing body of an agency first approve a resolution stating its intention to amend its contract. This step was accomplished at the October 17, 2016 Board Meeting. The next step is for the governing body to approve a resolution authorizing the contract amendment. The resolution is attached as (**Exhibit 16-A**).

RECOMMENDATION: To approve Resolution 2016-22, (**Exhibit 16-A**) stating the District's authorization of an amendment of its Retirement Contract with CalPERS to provide Section 20516 (Employees Sharing Additional Cost) of 3% for classic local miscellaneous members.

IMPACTS TO STAFF/RESOURCES: Amendment of the District's Retirement Contract to provide for the District's classic local miscellaneous members sharing 3% of the Employer premium contribution would have no cost impact.

BACKGROUND: On October 1, 2013, District employees began sharing 1% of the cost of the Employer Contribution portion of the CalPERS premium. That portion increased to 2%, effective July 1, 2014, and 3% effective July 1, 2015. Correspondingly, District employees began contributing equal amounts to the Member Contribution portion of the CalPERS premium, making the total employee contribution 6% of salary. Contributions to the Member portion have been applied to the employees' accounts, as a result of Resolutions approved by the Board in 2013. The process by which CalPERS applies employee contributions to the Employer portion to individual accounts is more complex. It includes an initial resolution, a formal vote of effected members, and a final resolution to amend the contract. During negotiations on successor contracts to the current Memorandums of Understanding, representatives of United Public Employees of California, Local 792/Laborers International Union of North America, requested

that the formal contract amendment process be initiated. The initial resolution was approved by the Board on October 17, 2016. The required vote was held and passed. This resolution is the second and final step in the process.

EXHIBIT

16-A Proposed District Resolution 2016-22



EXHIBIT 16-A

**RESOLUTION NO. 2016-22
A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
MONTEREY PENINSULA WATER MANAGEMENT DISTRICT REGARDING
AUTHORIZING AN AMENDMENT TO THE CONTRACT**

The Board of Directors of the Monterey Peninsula Water Management District hereby adopts a Resolution Authorizing an Amendment to Contract between the Board of Administration California Public Employees' Retirement System and the Board of Directors Monterey Peninsula Water Management District.

NOW, THEREFORE, BE IT RESOLVED that the governing body of the Monterey Peninsula Water Management District does hereby give notice of authorization to amend the contract between said public agency and the Board of Administration of the Public Employees' Retirement System, a copy of said resolution being appended hereto as Attachment I and by this reference made a part hereof.

On motion of Director _____, and second by Director _____, the foregoing resolution is duly adopted this 12th day of December, 2016, by the following votes:

AYES:

NAYES:

ABSENT:

I, David J. Stoldt, Secretary of the Board of Directors of the Monterey Peninsula Water Management District, hereby certify that the foregoing is a full, true and correct copy of a resolution duly adopted on the 12th day of December, 2016.

Witness my hand and seal of the Board of Directors, this _____ day of December, 2016.

David J. Stoldt, Secretary to the Board

MONTEREY PENINSULA WATER MANAGEMENT DISTRICT

**RESOLUTION
AUTHORIZING AN AMENDMENT TO THE CONTRACT**

No. 2016-22

WHEREAS, the Board of Administration of the California Public Employees' Retirement System and the Board of Directors of the Monterey Peninsula Water Management District entered into a contract effective on January 1, 1980 providing for the participation of said public agency in the California Public Employees' Retirement System; and

WHEREAS, it is now desirable to take advantage of certain benefits provided under said Retirement System and not included in said contract;

NOW, THEREFORE, BE IT RESOLVED, that said governing body authorized, and it does hereby authorize, an amendment to said contract, a copy of said amendment attached hereto and by such reference made a part hereof as though herein set out in full; and

NOW, THEREFORE, BE IT FURTHER RESOLVED, that the presiding officer of said governing body is hereby authorized, empowered and directed to execute said amendment for and on behalf of said public agency.

Adopted this _____ day of _____, _____.

Presiding Officer

Attest:

Clerk/Secretary



California
Public Employees' Retirement System

AMENDMENT TO CONTRACT

**Between the
Board of Administration
California Public Employees' Retirement System
and the
Board of Directors
Monterey Peninsula Water Management District**

The Board of Administration, California Public Employees' Retirement System, hereinafter referred to as Board, and the governing body of the above public agency, hereinafter referred to as Public Agency, having entered into a contract effective January 1, 1980, and witnessed December 10, 1979, and as amended effective August 1, 1987, August 1, 1999, July 17, 2001 and July 1, 2008 which provides for participation of Public Agency in said System, Board and Public Agency hereby agree as follows:

- A. Paragraphs 1 through 11 are hereby stricken from said contract as executed effective July 1, 2008, and hereby replaced by the following paragraphs numbered 1 through 13 inclusive:
1. All words and terms used herein which are defined in the Public Employees' Retirement Law shall have the meaning as defined therein unless otherwise specifically provided. "Normal retirement age" shall mean age 55 for classic local miscellaneous members and age 62 for new local miscellaneous members.
 2. Public Agency shall participate in the Public Employees' Retirement System from and after January 1, 1980 making its employees as hereinafter provided, members of said System subject to all provisions of the Public Employees' Retirement Law except such as apply only on election of a contracting agency and are not provided for herein and to all amendments to said Law hereafter enacted except those, which by express provisions thereof, apply only on the election of a contracting agency.

3. Public Agency agrees to indemnify, defend and hold harmless the California Public Employees' Retirement System (CalPERS) and its trustees, agents and employees, the CalPERS Board of Administration, and the California Public Employees' Retirement Fund from any claims, demands, actions, losses, liabilities, damages, judgments, expenses and costs, including but not limited to interest, penalties and attorney fees that may arise as a result of any of the following:
 - (a) Public Agency's election to provide retirement benefits, provisions or formulas under this Contract that are different than the retirement benefits, provisions or formulas provided under the Public Agency's prior non-CalPERS retirement program.
 - (b) Any dispute, disagreement, claim, or proceeding (including without limitation arbitration, administrative hearing, or litigation) between Public Agency and its employees (or their representatives) which relates to Public Agency's election to amend this Contract to provide retirement benefits, provisions or formulas that are different than such employees' existing retirement benefits, provisions or formulas.
 - (c) Public Agency's agreement with a third party other than CalPERS to provide retirement benefits, provisions, or formulas that are different than the retirement benefits, provisions or formulas provided under this Contract and provided for under the California Public Employees' Retirement Law.
4. Employees of Public Agency in the following classes shall become members of said Retirement System except such in each such class as are excluded by law or this agreement:
 - a. Employees other than local safety members (herein referred to as local miscellaneous members).
5. In addition to the classes of employees excluded from membership by said Retirement Law, the following classes of employees shall not become members of said Retirement System:
 - a. **ALL SAFETY EMPLOYEES.**
6. The percentage of final compensation to be provided for each year of credited prior and current service as a classic local miscellaneous member shall be determined in accordance with Section 21354 of said Retirement Law (2% at age 55 Full).
7. The percentage of final compensation to be provided for each year of credited prior and current service as a new local miscellaneous member shall be determined in accordance with Section 7522.20 of said Retirement Law (2% at age 62 Full).

8. Public Agency elected and elects to be subject to the following optional provisions:
- a. Section 21574 (Fourth Level of 1959 Survivor Benefits).
 - b. Section 20965 (Credit for Unused Sick Leave).
 - c. Section 20042 (One-Year Final Compensation) for classic members only.
 - d. Section 20516 (Employees Sharing Additional Cost):

From and after the effective date of this amendment to contract, 3% for classic local miscellaneous members.

The portion of the employer's contribution that the member agrees to contribute from his or her compensation, over and above the member's normal contribution ("Cost Sharing Percentage"), shall not exceed the Employer Normal Cost Rate, as that rate is defined in the CalPERS Actuarial Valuation for the relevant fiscal year. If the Cost Sharing Percentage will exceed the relevant Employer Normal Cost Rate, the Cost Sharing Percentage shall automatically be reduced to an amount equal to, and not to exceed, the Employer Normal Cost Rate for the relevant fiscal year.

9. Public Agency, in accordance with Government Code Section 20834, shall not be considered an "employer" for purposes of the Public Employees' Retirement Law. Contributions of the Public Agency shall be fixed and determined as provided in Government Code Section 20834, and such contributions hereafter made shall be held by the Board as provided in Government Code Section 20834.
10. Public Agency shall contribute to said Retirement System the contributions determined by actuarial valuations of prior and future service liability with respect to local miscellaneous members of said Retirement System.
11. Public Agency shall also contribute to said Retirement System as follows:
 - a. Contributions required per covered member on account of the 1959 Survivor Benefits provided under Section 21574 of said Retirement Law. (Subject to annual change.) In addition, all assets and liabilities of Public Agency and its employees shall be pooled in a single account, based on term insurance rates, for survivors of all local miscellaneous members.
 - b. A reasonable amount, as fixed by the Board, payable in one installment within 60 days of date of contract to cover the costs of administering said System as it affects the employees of Public Agency, not including the costs of special valuations or of the periodic investigation and valuations required by law.

- c. A reasonable amount, as fixed by the Board, payable in one installment as the occasions arise, to cover the costs of special valuations on account of employees of Public Agency, and costs of the periodic investigation and valuations required by law.
12. Contributions required of Public Agency and its employees shall be subject to adjustment by Board on account of amendments to the Public Employees' Retirement Law, and on account of the experience under the Retirement System as determined by the periodic investigation and valuation required by said Retirement Law.
13. Contributions required of Public Agency and its employees shall be paid by Public Agency to the Retirement System within fifteen days after the end of the period to which said contributions refer or as may be prescribed by Board regulation. If more or less than the correct amount of contributions is paid for any period, proper adjustment shall be made in connection with subsequent remittances. Adjustments on account of errors in contributions required of any employee may be made by direct payments between the employee and the Board.

B. This amendment shall be effective on the 19th day of December, 2016.

BOARD OF ADMINISTRATION
PUBLIC EMPLOYEES' RETIREMENT SYSTEM

BOARD OF DIRECTORS
MONTEREY PENINSULA WATER
MANAGEMENT DISTRICT

BY _____
CHERYL EASON
CHIEF FINANCIAL OFFICER
PUBLIC EMPLOYEES' RETIREMENT SYSTEM

BY _____
PRESIDING OFFICER

Witness Date

Attest:

Clerk

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
 Pension Contract Management Services & Prefunding Programs
 P.O. Box 942703
 Sacramento, CA 94229-2703
 888 CalPERS (or 888-225-7377)

**CERTIFICATION
 OF
 FINAL ACTION OF GOVERNING BODY**

I hereby certify that the _____ Board of Directors _____ of the
 (governing body)
 _____ Monterey Peninsula Water Management District _____
 (public agency)

considered and adopted on December 12, 2016, by an affirmative vote of a
 (date)

majority of the members of said Governing Body, **Ordinance / Resolution** No. 2016-22
 approving the attached contractual agreement between the Governing Body of said Agency
 and the Board of Administration of the California Public Employees' Retirement System, a
 certified copy of said **Ordinance / Resolution** in the form furnished by said Board of
 Administration being attached hereto.

Adoption of the retirement benefit increase/change was not placed on the consent
 calendar.

 Clerk/Secretary

 General Manager
 Title

Date _____

ITEM: ACTION ITEM**17. CONDUCT ELECTION OF BOARD OFFICERS FOR 2017****Meeting Date: December 12, 2016** **Budgeted: N/A****From: David J. Stoldt,
General Manager** **Program/
Line Item No.: N/A****Prepared By: Arlene Tavani** **Cost Estimate: N/A****General Counsel Review: N/A****Committee Recommendation: N/A****CEQA Compliance: N/A**

SUMMARY: Rule 2 of the MPWMD Board Meeting Rules states that in December of each year, the Board will elect a Chair, Vice-Chair, Treasurer, and Secretary. Rule 2.5 specifies the rotation of Directors into the position of Chair and Vice-Chair. The rules also specify that election of officers shall be the final item on the December meeting agenda. The officers elected at the meeting will assume their offices immediately following the December Board meeting. The term of office is twelve months.

It has been the Board's past practice to elect the General Manager to serve as Secretary and the Administrative Services Division (ASD) Manager to serve as Treasurer. Therefore, staff recommends that the Board elect General Manager David Stoldt to serve as Secretary and Suresh Prasad ASD Manager to serve as Treasurer in 2017.

RECOMMENDATION: The Board should elect the Board Chair and Vice Chair according to Meeting Rules 2 and 2.5 (**Exhibit 17-A**). In addition, staff recommends that the General Manager be elected to serve as Secretary and the ASD Manager be elected to the position of Treasurer for 2017.

EXHIBIT**17-A MPWMD Meeting Rules 2 and 2.5**

EXHIBIT 17-A

RULES 2 AND 2.5 FROM MPWMD MEETING RULES

RULE 2: ELECTION OF BOARD OFFICERS

At the first meeting in the month of December of each year, the Board of Directors shall elect a Chair, Vice-Chair, a Treasurer, and a Secretary. The agenda for the December meeting will list the election of Board officers as the last item for consideration that evening. The newly elected officers will assume their positions immediately following adjournment of the meeting at which they were elected. At the first meeting after a vacancy occurs in any office, an election shall be conducted to fill that vacancy. If both the Chair and Vice-Chair are absent, the directors in attendance shall select a presiding officer to conduct that meeting.

RULE 2.5: ROTATION OF VICE CHAIR INTO THE POSITION OF CHAIR

The Board shall rotate its leadership among the seven (7) members. To encourage rotation of the Chair, each December when the annual election of Board officers is conducted, or when a vacancy in the position of Chair occurs, the Vice-Chair shall be elected as Chair. Beginning in December 2016, the following rotation shall be used to select the next Vice-Chair.

Division 2 Director
 Mayoral Representative
 Division 3 Director
 Division 1 Director
 Division 4 Director
 Monterey County Board of Supervisors Representative
 Division 5 Director

Thereafter, the rotation shall return to the top of this list.

Should the current Vice Chair decline to serve as incoming Chair, the Board shall select the Director next in rotation to serve as Chair. Should the Director next in rotation for the position of Vice Chair decline to serve in that capacity, the Board shall select the next Director in rotation to serve as Vice Chair. The declining Director shall have an opportunity to serve once the entire rotation schedule is complete and has returned to the Division that opted-out. If the Chair has served less than 12 months at the time the annual December election of Board officers is conducted, the Board shall, by majority vote, elect a Chair to serve for that year, and thereafter the Chair rotation shall return to where it had left off.

ITEM: INFORMATIONAL ITEMS/STAFF REPORTS**19. COMMITTEE REPORTS**

Meeting Date: December 12, 2016 **Budgeted:** N/A

From: David J. Stoldt, **Program/** N/A
 General Manager **Line Item No.:**

Prepared By: Arlene Tavani **Cost Estimate:** N/A

General Counsel Review: N/A

Committee Recommendation: N/A

CEQA Compliance: N/A

Attached for your review as **Exhibits 19-A and Exhibit 19-B**, are final minutes of the committee meetings listed below.

EXHIBIT

19-A Final Minutes of November 7, 2016 Administrative Committee Meeting

19-B Final Minutes of September 21, 2016 Monterey Peninsula Water Supply Project
 Governance Committee Meeting



EXHIBIT 19-A

FINAL MINUTES Monterey Peninsula Water Management District Administrative Committee November 7, 2016

Call to Order

The meeting was called to order at 3:30 PM in the District Conference Room.

Committee members present: Andrew Clarke
Brenda Lewis
David Pendergrass - Chair

Committee members absent: None

Staff present: David Stoldt, General Manager
Suresh Prasad, Administrative Services Manager/Chief Financial Officer
Stephanie Locke, Water Demand Manager
Arlene Tavani, Executive Assistant

Oral Communications

None

Items on Board Agenda for November 14, 2016

1. **Consider Adoption of Minutes of October 10, 2016 Committee Meeting**
On a motion by Clarke and second by Lewis, the committee voted 3 to 0 to approve minutes of the meeting with two corrections: (a) meeting was called to order at 3:30 pm, and (b) Item 1 was approved on a vote of 2 to 0.
2. **Consider Adoption of Resolution No. 2016-18 – Amending Fees and Charges Table – Rule 60**
On a motion by Lewis and second by Clarke, the committee voted 3 to 0 to recommend the Board adopt Resolution No. 2016-18.
3. **Authorize Purchase or Lease of Two New Electric Vehicles and Approve Electric Vehicle Incentive Replacement Program Reimbursement Agreement with the Monterey Bay Air Resources District**
On a motion by Lewis and second by Clarke, the committee voted 3 to 0 to recommend the Board authorize the purchase or lease of the electric vehicles and approve the reimbursement agreement.
4. **Consider Funding Additional Expenditures for Pure Water Monterey Project**
On a motion by Clarke and second by Lewis, the committee voted 3 to 0 to recommend the Board approve an additional expenditure of \$871,785 for the Pure Water Monterey Project.

5. **Consider Adoption of Treasurer’s Report for September 2016**
On a motion by Lewis and second by Clarke, the committee voted 3 to 0 to recommend the Board adopt the Treasurer’s Report.
6. **Receive and File First Quarter Financial Activity Report for Fiscal Year 2016-17**
On a motion by Lewis and second by Clarke, the committee voted 3 to 0 to recommend the Board receive the First Quarter Financial Activity Report for Fiscal Year 2016-17.
7. **Consider Approval of First Quarter Fiscal Year 2016-2017 Investment Report**
On a motion by Clarke and second by Lewis, the committee voted 3 to 0 to recommend the Board approve the First Quarter Fiscal Year 2016-2017 Investment Report.

Other Business

8. **Review Draft November 14, 2016 Board Meeting Agenda**
General Manager Stoldt reviewed the agenda with the committee. The committee made no changes to the agenda.

Adjournment

The meeting was adjourned at 4:10 PM.

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**GOVERNANCE COMMITTEE
FOR THE
MONTEREY PENINSULA WATER SUPPLY PROJECT**

California American Water • Monterey County Board of Supervisors
Monterey Peninsula Regional Water Authority • Monterey Peninsula Water Management District

EXHIBIT 19-B

FINAL MINUTES

Regular Meeting

Governance Committee

for the

Monterey Peninsula Water Supply Project

September 21, 2016

Call to Order: The meeting was called to order at 2:00 pm in the conference room of the Monterey Peninsula Water Management District offices.

Members Present: Bill Kampe, representative for Monterey Peninsula Regional Water Authority
Robert S. Brower, Sr., representative for Monterey Peninsula Water Management District
Eric Sabolsice, representative for California-American Water (alternate to Robert MacLean)

Members Absent: David Potter, representative for Monterey County Board of Supervisors
Robert MacLean, representative for California-American Water

Pledge of Allegiance: The assembly recited the Pledge of Allegiance.

Public Comments: Michael Warburton, representing the Public Trust Alliance (PTA), addressed the committee. He spoke to the topic of leadership under changing circumstances. He stated that Governance Committee meetings have been cancelled often at a time when real leadership was needed on the Monterey Peninsula Water Supply Project. In addition, the climate crisis has caused changes in values, prices, benefits and business. Much must be done rather than lining pockets, and the arguments don't look good. He asserted that the committee members were bound by law to be reasonable and that he hoped reasonableness would come to the project.

Presentations

1. Presentation from California American Water on Monterey Peninsula Water Supply Project, Test Slant Well and Monterey Pipeline Project Update

Ian Crooks, Engineering Manager, California-American Water (Cal-Am), presented the progress report. A summary of his presentation is on file at the Water Management District office and can be viewed on the Governance Committee website. He stated that Cal-Am has begun pre-construction work on the Monterey Pipeline. Workers would dig approximately 100 holes along the pipeline route checking for critical pipelines at crossings. An archaeologist is present

at each hole to monitor the site. Crooks reviewed an updated project schedule showing that desalination plant construction should begin in 2018.

Catherine Stedman, Manager of External Affairs for Cal-Am, presented information on outreach to residents and businesses in areas that will be affected by pipeline construction. A summary of her presentation is on file at the Water Management District office and can be viewed on the Governance Committee website.

The following comments were directed to the committee. **(a) Michael Bear** asked some questions about how pipeline construction would affect his property, and would utilities be unavailable during that time. *Crooks responded that driveways will be accessible, and there will be a time with no parking on the block. He offered to speak to Mr. Bear after the meeting regarding utilities.* **(b) Michael Warburton** (PTA), commended Cal-Am staff on the plan for public outreach regarding pipeline construction. He stated that the Governance Committee is committing the area to a desalination future, but that circumstances in the physical, legal and social climate have changed. Arguments that made sense ten years ago don't make sense now, particularly with regard to the environmental analysis. He alleged that the only way the project cleared environmental analysis was to carry out an illegal scoping process. *In response to the accusation of illegal activity, Don Freeman attorney for the Monterey Peninsula Regional Water Authority stated that the recourse for any concern about Governance Committee processes or a procedural issue pertaining to the environmental analysis of the desalination project, would be with the Monterey County Superior Court.* **(c) George Riley** stated that the Governance Committee agreed that a value engineering study should not be conducted on the Monterey Pipeline route underway. There is support in the community for an alternative pipeline route that proponents assert would be less costly than the route Cal-Am plans to construct. According to Riley, no pipeline route alternatives were reviewed in the Pure Water Monterey Project EIR; and pipeline route alternatives are part of the desalination project EIR that has not yet been completed. Riley expressed concern that there has been no engineering review of the alternative pipeline route that could potentially result in significant cost savings for the ratepayer. **(d) Tom Rowley**, representing the Monterey Peninsula Taxpayers Association, stated that his organization supports the decision made to move forward on construction of the Monterey Pipeline as proposed by Cal-Am. The organizations that oppose the pipeline should accept the decision so that the project is not delayed and can stay on schedule. **(e) David Stoldt**, representing the Monterey Peninsula Water Management District, stated that the EIR on the Pure Water Monterey Project did review alternative pipelines, but not the one Mr. Riley referenced. Proponents of the alternate pipeline had the opportunity to present evidence concerning their proposal during the public comment period on the EIR, but did not do so. *In response, Chair Kamp noted that the VE study would have analyzed the pipeline that is under construction. Not the alternate route referenced by Mr. Riley.*

On a motion by Brower and second of Kampe, the report was received on a unanimous vote of 2 – 0 by Brower and Kampe. Potter was absent.

Action Items

2. Approve Committee Meeting Minutes of July 20, 2016

Michael Warburton addressed the committee during the public comment period on this item. He asked if the minutes had been amended following publication. Staff replied that the minutes had not been amended.

On a motion by Brower and second of Kampe, minutes of the July 20, 2016 were approved as presented on a unanimous vote of 2 – 0 by Brower and Kampe. Potter was absent.

3. Consider for Approval a Change of Material Specification for the Monterey Pipeline

A summary of Crooks' presentation is on file at the Water Management District office and can be viewed on the Governance Committee website. In response to a question from the committee he stated that there are cost advantages to installation of ductile iron pipe (DI): transmission pipes generally do not require much maintenance; it is industry standard material and easy to replace compared to steel pipe that requires welders and replacement of mortar inside and out; and DI is commonly used in the Eastern part of the United States because it can withstand freezing temperatures. In addition most of it is made of recycled iron and some is LEED certifiable.

The following comments were directed to the committee during the public comment period on this item. **(a) Jim Cullem**, Executive Director of the Monterey Peninsula Regional Water Authority, noted that installation of shorter sections of DI instead of steel pipe will cause less impact on streets and neighborhoods. **(b) David Stoldt**, MPWMD, distributed a memo from Denise Duffy and Associates stating that use of DI pipe would not constitute a substantial change in the project such that major revisions of the EIR would be warranted. *Denise Duffy, of Denise Duffy and Associates, preparer of the Pure Water Monterey Project EIR, stated that the environmental impacts of trenching and construction methods were studied in the EIR, but specific pipeline materials were only mentioned in relation to the Blanco Drain. Installation of DI will reduce construction time in comparison to steel pipes.* **(c) George Riley** asked Crooks if the change to DI was proposed by the pipeline contractor or Cal-Am. *Crooks stated that contractors proposed steel as the most cost effective solution; however, the price of steel had increased rapidly due to tariff changes, such that DI prices were approximately the same level as steel. DI meets American Water Works Association standards and is cement lined and impervious to corrosion.* **(d) Michael Bear** asked if calcium residue buildup in iron pipes would affect water quality. He also asked how price fluctuations in steel would affect the project costs and ultimately the ratepayers. *Crooks noted that DI is cement lined and impervious to corrosion so there would be no issues with calcium.*

Kampe explained that one interpretation of the Governance Committee agreement was that the committee was not required to make a determination on the change of pipe material. It was determined that the decision should undergo public discussion because if in the future the price of steel would drop, the decision to install DI pipe might be questioned.

Brower offered a motion that was seconded by Kampe to approve the use of DI pipe as the pipeline material. The motion was approved on a vote of 2 – 0 by Brower and Kampe. Potter was absent.

Discussion Items

4. Suggest Items to be Placed on Future Agendas

The following comments were directed to the committee. **(a) Michael Bear** asked if a quorum of the committee was present at the meeting. *Kamp affirmed that a quorum was present.* **(b) Michael Warburton** stated that the notion of changed circumstances affected the desalination project profoundly. He opined that despite the particulars of the law, there is a standard of

reasonableness and he urged the committee to consider reasonableness in its plans to move forward. He stated that the committee has never considered what it means to have the desalination project controlled completely by a private company that has demonstrated repeatedly that even when public benefits could accrue to citizens across spectrums, decisions are made to maximize private profit that is taken out of Monterey County. He described that as an emerging issue, and one the committee should discuss on a future agenda.

Kamp requested that Warburton submit specific language for an agenda item, and cite the law that applies. A determination would be made concerning whether the topic would be appropriate for discussion under the committee charge.

Adjournment: The meeting was adjourned at approximately 2:50 pm.


Arlene M. Tavani,
Clerk to the MPWSP Governance Committee

ITEM: INFORMATIONAL ITEM/STAFF REPORTS**20. MONTHLY ALLOCATION REPORT**

Meeting Date:	December 12, 2016	Budgeted:	N/A
From:	David J. Stoldt, General Manager	Program:	N/A
		Line Item No.:	
Prepared By:	Gabriela Ayala	Cost Estimate:	N/A

General Counsel Review: N/A
Committee Recommendation: N/A
CEQA Compliance: N/A

SUMMARY: As of November 30, 2016, a total of **25.830** acre-feet (**7.5%**) of the Paralta Well Allocation remained available for use by the Jurisdictions. Pre-Paralta water in the amount of **35.561** acre-feet is available to the Jurisdictions, and **29.208** acre-feet is available as public water credits.

Exhibit 20-A shows the amount of water allocated to each Jurisdiction from the Paralta Well Allocation, the quantities permitted in November 2016 (“changes”), and the quantities remaining. The Paralta Allocation had no debits in November 2016.

Exhibit 20-A also shows additional water available to each of the Jurisdictions and the information regarding the Community Hospital of the Monterey Peninsula (Holman Highway Facility). Additional water from expired or canceled permits that were issued before January 1991 are shown under “PRE-Paralta.” Water credits used from a Jurisdiction’s “public credit” account are also listed. Transfers of Non-Residential Water Use Credits into a Jurisdiction’s Allocation are included as “public credits.” **Exhibit 20-B** shows water available to Pebble Beach Company and Del Monte Forest Benefited Properties, including Macomber Estates, Griffin Trust. Another table in this exhibit shows the status of Sand City Water Entitlement.

BACKGROUND: The District’s Water Allocation Program, associated resource system supply limits, and Jurisdictional Allocations have been modified by a number of key ordinances. These key ordinances are listed in **Exhibit 20-C**.

EXHIBITS

- 20-A** Monthly Allocation Report
- 20-B** Monthly Entitlement Report
- 20-C** District’s Water Allocation Program Ordinances

EXHIBIT 20-A

MONTHLY ALLOCATION REPORT
Reported in Acre-Feet
For the month of November 2016

Jurisdiction	Paralta Allocation*	Changes	Remaining	PRE-Paralta Credits	Changes	Remaining	Public Credits	Changes	Remaining	Total Available
Airport District	8.100	0.000	5.197	0.000	0.000	0.000	0.000	0.000	0.000	5.197
Carmel-by-the-Sea	19.410	0.000	1.397	1.081	0.000	1.081	0.910	0.000	0.182	2.660
Del Rey Oaks	8.100	0.000	0.000	0.440	0.000	0.000	0.000	0.000	0.000	0.000
Monterey	76.320	0.000	0.203	50.659	0.000	0.030	38.121	0.000	2.485	2.718
Monterey County	87.710	0.000	10.284	13.080	0.000	0.000	7.827	0.000	1.891	12.175
Pacific Grove	25.770	0.000	0.000	1.410	0.000	0.012	15.874	0.000	0.133	0.145
Sand City	51.860	0.000	0.000	0.838	0.000	0.000	24.717	0.000	23.373	23.373
Seaside	65.450	0.000	8.749	34.438	0.000	34.438	2.693	0.000	1.144	44.331
TOTALS	342.720	0.000	25.830	101.946	0.000	35.561	90.142	0.000	29.208	90.599

Allocation Holder	Water Available	Changes this Month	Total Demand from Water Permits Issued	Remaining Water Available
Quail Meadows	33.000	0.000	32.277	0.723
Water West	12.760	0.020 Credit	9.201	3.629

* Does not include 15.280 Acre-Feet from the District Reserve prior to adoption of Ordinance No. 73.

EXHIBIT 20-B

**MONTHLY ALLOCATION REPORT
ENTITLEMENTS
Reported in Acre-Feet
For the month of November 2016**

Recycled Water Project Entitlements

Entitlement Holder	Entitlement	Changes this Month	Total Demand from Water Permits Issued	Remaining Entitlement/and Water Use Permits Available
Pebble Beach Co. ¹	235.280	0.200	25.994	209.286
Del Monte Forest Benefited Properties ² (Pursuant to Ord No. 109)	129.720	0.109	45.191	84.529
Macomber Estates	10.000	0.000	9.595	0.405
Griffin Trust	5.000	0.000	4.809	0.191
CAWD/PBCSD Project Totals	380.000	0.309	85.589	294.411

Entitlement Holder	Entitlement	Changes this Month	Total Demand from Water Permits Issued	Remaining Entitlement/and Water Use Permits Available
City of Sand City	165.000	0.000	2.999	162.001
Malpas Water Company	80.000	0.000	0.690	79.310
D.B.O. Development No. 30	13.95	0.000	0.000	13.95
City of Pacific Grove	66.000	0.000	0.000	66.000
Cypress Pacific	3.170	0.000	0.000	3.170

Increases in the Del Monte Forest Benefited Properties Entitlement will result in reductions in the Pebble Beach Co. Entitlement.

EXHIBIT 20-C

District's Water Allocation Program Ordinances

Ordinance No. 1 was adopted in September 1980 to establish interim municipal water allocations based on existing water use by the jurisdictions. Resolution 81-7 was adopted in April 1981 to modify the interim allocations and incorporate projected water demands through the year 2000. Under the 1981 allocation, Cal-Am's annual production limit was set at 20,000 acre-feet.

Ordinance No. 52 was adopted in December 1990 to implement the District's water allocation program, modify the resource system supply limit, and to temporarily limit new uses of water. As a result of Ordinance No. 52, a moratorium on the issuance of most water permits within the District was established. Adoption of Ordinance No. 52 reduced Cal-Am's annual production limit to 16,744 acre-feet.

Ordinance No. 70 was adopted in June 1993 to modify the resource system supply limit, establish a water allocation for each of the jurisdictions within the District, and end the moratorium on the issuance of water permits. Adoption of Ordinance No. 70 was based on development of the Paralta Well in the Seaside Groundwater Basin and increased Cal-Am's annual production limit to **17,619** acre-feet. More specifically, Ordinance No. 70 allocated 308 acre-feet of water to the jurisdictions and 50 acre-feet to a District Reserve for regional projects with public benefit.

Ordinance No. 73 was adopted in February 1995 to eliminate the District Reserve and allocate the remaining water equally among the eight jurisdictions. Of the original 50 acre-feet that was allocated to the District Reserve, 34.72 acre-feet remained and was distributed equally (4.34 acre-feet) among the jurisdictions.

Ordinance No. 74 was adopted in March 1995 to allow the reinvestment of toilet retrofit water savings on single-family residential properties. The reinvested retrofit credits must be repaid by the jurisdiction from the next available water allocation and are limited to a maximum of 10 acre-feet. This ordinance sunset in July 1998.

Ordinance No. 75 was adopted in March 1995 to allow the reinvestment of water saved through toilet retrofits and other permanent water savings methods at publicly owned and operated facilities. Fifteen percent of the savings are set aside to meet the District's long-term water conservation goal and the remainder of the savings are credited to the jurisdictions allocation. This ordinance sunset in July 1998.

Ordinance No. 83 was adopted in April 1996 and set Cal-Am's annual production limit at **17,621** acre-feet and the non-Cal-Am annual production limit at **3,046** acre-feet. The modifications to the production limit were made based on the agreement by non-Cal-Am water users to permanently reduce annual water production from the Carmel Valley Alluvial Aquifer in exchange for water service from Cal-Am. As part of the agreement, fifteen percent of the historical non-Cal-Am production was set aside to meet the District's long-term water conservation goal.

Ordinance No. 87 was adopted in February 1997 as an urgency ordinance establishing a community benefit allocation for the planned expansion of the Community Hospital of the Monterey Peninsula (CHOMP). Specifically, a special reserve allocation of 19.60 acre-feet of production was created exclusively for the benefit of CHOMP. With this new allocation, Cal-Am's annual production limit was increased to **17,641** acre-feet and the non-Cal-Am annual production limit remained at **3,046** acre-feet.

Ordinance No. 90 was adopted in June 1998 to continue the program allowing the reinvestment of toilet retrofit water savings on single-family residential properties for 90-days following the expiration of Ordinance No. 74. This ordinance sunset in September 1998.

Ordinance No. 91 was adopted in June 1998 to continue the program allowing the reinvestment of water saved through toilet retrofits and other permanent water savings methods at publicly owned and operated facilities.

Ordinance No. 90 and No. 91 were challenged for compliance with CEQA and nullified by the Monterey Superior Court in December 1998.

Ordinance No. 109 was adopted on May 27, 2004, revised Rule 23.5 and adopted additional provisions to facilitate the financing and expansion of the CAWD/PBCSD Recycled Water Project.

Ordinance No. 132 was adopted on January 24, 2008, established a Water Entitlement for Sand City and amended the rules to reflect the process for issuing Water Use Permits.

Ordinance No. 165 was adopted on August 17, 2015, established a Water Entitlement for Malpas Water Company and amended the rules to reflect the process for issuing Water Use Permits.

Ordinance No. 166 was adopted on December 15, 2015, established a Water Entitlement for D.B.O. Development No. 30.

Ordinance No. 168 was adopted on January 27, 2016, established a Water Entitlement for the City of Pacific Grove.

D. CII Compliance with Water Efficiency Standards

Effective January 1, 2014, all Non-Residential properties were required to meet Rule 143, Water Efficiency Standards for Existing Non-Residential Uses. To verify compliance with these requirements, property owners and businesses are being sent notification of the requirements and a date that inspectors will be on site to check the property. This month, District inspectors performed **36** inspections. Of the **36** inspections certified, **20 (56%)** were in compliance. **Three** of the properties that passed inspection involved more than one visit to verify compliance with all water efficiency standards; the remainder complied without a reinspection.

MPWMD is forwarding its CII inspection findings to California American Water (Cal-Am) for their verification with the Rate Best Management Practices (Rate BMPs) that are used to determine the appropriate non-residential rate division. Compliance with MPWMD's Rule 143 achieves Rate BMPs for indoor water uses, however, properties with landscaping must also comply with Cal-Am's outdoor Rate BMPs to avoid Division 4 (Non-Rate BMP Compliant) rates. In addition to sharing information about indoor Rate BMP compliance, MPWMD notifies Cal-Am of properties with landscaping. Cal-Am then conducts an outdoor audit to verify compliance with the Rate BMPs. During November 2016, MPWMD referred **three** properties to Cal-Am for verification of outdoor Rate BMPs.

E. Water Waste Enforcement

In response to the State's drought emergency conservation regulation effective June 1, 2016, the District has increased its Water Waste enforcement. The District has a Water Waste Hotline 831-658-5653 or an online form to report Water Waster occurrences at www.mpwmd.net or www.montereywaterinfo.org. There were **five** Water Waste responses during the past month. There were **no** repeated incidents that resulted in a fine.

II. WATER DEMAND MANAGEMENT

A. Permit Processing

District Rule 23 requires a Water Permit application for all properties that propose to expand or modify water use on a Site, including New Construction and Remodels. District staff processed and issued **64** Water Permits in November 2016. **One** Water Permit was issued using Water Entitlements (Macomber, Pebble Beach Company, Griffin Estates, etc). No Water Permit involved a debit to a Public Water Credit Account.

All Water Permits have a disclaimer informing applicants of the Cease and Desist Order against California American Water and that MPWMD reports Water Permit details to California American Water. All Water Permit recipients with property supplied by a California American Water Distribution System will continue to be provided with the disclaimer.

District Rule 24-3-A allows the addition of a second Bathroom in an existing Single-Family Dwelling on a Single-Family Residential Site. Of the **64** Water Permits issued in November, **six** were issued under this provision.

B. Permit Compliance

District staff completed **64** Water Permit final inspections during November 2016. **Nine** of the final inspections failed due to unpermitted fixtures. Of the **43** properties that were in compliance, **31** passed on the first visit. In addition, **four** pre-inspection were conducted in response to Water Permit applications received by the District.

C. Deed Restrictions

District staff prepares deed restrictions that are recorded on the property title to provide notice of District Rules and Regulations, enforce Water Permit conditions, and provide notice of public access to water records. In April 2001, the District Board of Directors adopted a policy regarding the processing of deed restrictions. In the month of November, the District prepared **44** deed restrictions. Of the **64** Water Permits issued in November, **29 (45%)** required deed restrictions. District staff provided Notary services for **65** Water Permits with deed restrictions.

III. JOINT MPWMD/CAW REBATE PROGRAM

Participation in the rebate program is detailed in the following chart. The table below indicates the program summary for Rebates for California American Water Company customers.

REBATE PROGRAM SUMMARY		November-2016				2016 YTD	1997 - Present	
		Number of devices	Rebate Paid	Estimated AF	Gallons Saved	YTD Quantity	YTD Paid	YTD Est AF
I. <u>Application Summary</u>								
A.	Applications Received	191				1923	22,758	
B.	Applications Approved	130				1477	17,832	
C.	Single Family Applications	179				1787	20,524	
D.	Multi-Family Applications	9				89	1,136	
E.	Non-Residential Applications	3				47	299	
II. <u>Type of Devices Rebated</u>								
A.	High Efficiency Toilet (HET)	15	1496.00	0.626220	204,054	192	19,039.00	8.015616
B.	Ultra Low Flush to HET	38	3788.00	0.380000	123,823	395	38,981.70	3.95
C.	Ultra HET	3	447.00	0.030000	9,776	194	28,415.80	1.94
D.	Toilet Flapper	0	0.00	0.000000	0	3	24.54	0
E.	High Efficiency Dishwasher	15	1875.00	0.045000	14,663	175	21,875.00	0.525
F.	High Efficiency Clothes Washer	63	31475.47	1.014300	330,511	562	281,991.51	9.450272
G.	Instant-Access Hot Water System	0	0.00	0.000000	0	25	4,690.00	0
H.	On Demand Systems	2	200.00	0.000000	0	7	700.00	0
I.	Zero Use Urinals	0	0.00	0.000000	0	0	0.00	0
J.	High Efficiency Urinals	0	0.00	0.000000	0	0	0.00	0
K.	Pint Urinals	0	0.00	0.000000	0	0	0.00	0
L.	Cisterns	6	1767.50	0.000000	0	58	59,598.50	0
M.	Smart Controllers	0	0.00	0.000000	0	10	1,383.12	0
N.	Rotating Sprinkler Nozzles	89	356.00	0.000000	0	109	436.00	0
O.	Moisture Sensors	0	0.00	0.000000	0	0	0.00	0
P.	Lawn Removal & Replacement	2	2514.00	0.206148	67,174	25	32,245.00	3.065898
Q.	Graywater	0	0.00	0.000000	0	0	0.00	0
R.	Ice Machines	0	0.00	0.000000	0	0	0.00	0
III. <u>Totals: Month; AF; Gallons; YTD</u>		233	43918.97	2.301668	750,001	1755	489,380.17	26.946786
						2016 YTD	1997 - Present	
IV. <u>Total Rebated: YTD; Program</u>						489,380.17	5,383,673.23	
V. <u>Estimated Water Savings in Acre-Feet Annually*</u>						26.946786	511.683751	

* Retrofit savings are estimated at 0.041748 AF/HET; 0.01 AF/UHET; 0.01 AF/ULF to HET; 0.003 AF/dishwasher; 0.0161 AF/residential washer; 0.0082 AF/100 square feet of lawn removal.

ITEM: INFORMATIONAL ITEMS/STAFF REPORTS**22. CARMEL RIVER FISHERY REPORT FOR NOVEMBER 2016**

Meeting Date:	December 12, 2016	Budgeted:	N/A
From:	David J. Stoldt, General Manager	Program/ Line Item No.:	N/A
Prepared By:	Kevan Urquhart & Cory Hamilton	Cost Estimate:	N/A

General Counsel Review: N/A**Committee Recommendation: N/A****CEQA Compliance: N/A**

AQUATIC HABITAT AND FLOW CONDITIONS: November flow conditions in the lower Carmel River were poor for migration but good for rearing for all steelhead life stages. Rearing conditions in the upper watershed were also good. The river's "wetted front" has advanced significantly downstream to just above Via Mallorca Road (River Mile ~3.3), though the U. S. Geological Survey's Near Carmel gage remains at zero flow.

Mean daily streamflow at the Sleepy Hollow Weir ranged from 10 to 24 cubic feet-per-second (cfs) (monthly mean 13.9 cfs) resulting in 827 acre-feet (AF) of runoff, while Highway 1 remained dry.

Four small storms in November brought 2.04 inches of rainfall as recorded at Cal-Am's San Clemente gauge. The rainfall total for WY 2017 (which started on October 1, 2016) is 4.04 inches, or 141% of the long-term year-to-date average of 1.45 inches.

CARMEL RIVER LAGOON: November water surface elevations (WSE) remained relatively level at approximately 8.5 feet above mean-sea-level (NAVD 1988 datum), as there was no surface inflow to the lagoon during this period.

Water-quality profiles were conducted on November 1 at five lagoon sites. Water conditions in the main body, north, and lower south arms were generally "fair" for steelhead rearing in the upper 1-meter of the water column, but "poor" in the deeper areas due to high salinity and low dissolved oxygen (DO) levels. Lagoon water temperatures ranged from 62-66 degrees Fahrenheit, DO from 1-7 mg/L, while salinity levels were between 6-25 parts per thousand (ppt). Our next survey is planned for December 6th.

SLEEPY HOLLOW STEELHEAD REARING FACILITY: The first rescued fish were brought to the Facility on June 13, 2016. On August 24th, District and National Marine Fisheries Service (NMFS) staff PIT tagged (Passive Integrated Transponder) and transferred 361 fish from holding tanks to the rearing channel. PIT tagged fish are individually numbered and can be tracked as they migrate past fixed electrical arrays placed in the river. An additional 15 fish were tagged on September 19 and placed in the rearing channel September 22.

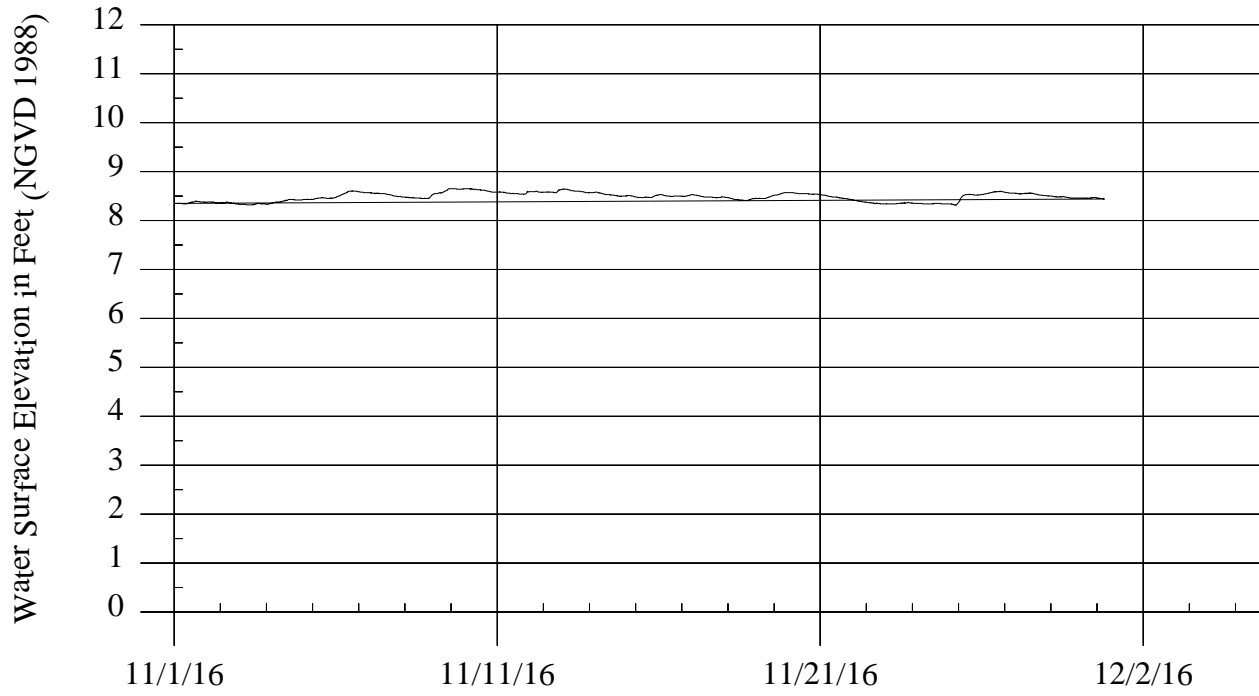
On October 22, as part of the new Sleepy Hollow Bridge project, Granite Construction removed the diversion dam and pipeline located approximately 200 meters upstream of the Facility's intake screen and pumps. This caused a huge jump in turbidity levels in the river. Staff turned off the intake pumps for as long as possible but had to turn them back on later in the afternoon, causing a turbidity level spike in the rearing channel. The river channel cleared up by approximately 5 pm and was fairly clear by the following morning but four fish at the head of the channel jumped out overnight and died.

Releases of rescue-reared steelhead juveniles began on Monday, November 28 and continued through Friday, December 2. All fish were released below the Narrows into the lower river where they originated. Final tallies of the releases will be provided in next month's report.

LOW FLOW SEASON STREAMFLOW MANAGEMENT: Los Padres Reservoir (LPR) had greater than expected inflows in October and November, which resulted in 556.3 AF more storage than planned for in the Cal-Am/CDFW/MPWMD Low Flow MOA at the end of November. As a result, the interagency managers took a conservative risk to increase river flows out of LPR by 4.2 cfs (54%) in small steps beginning on November 10 and continuing through November 29. If storage in LPR continues to accrue at greater than expected rates, the managers will consider an additional flow increase in December.

COOPERATIVE STUDIES WITH NMFS-SWFSC: MPWMD staff helped federal project lead persons install the second of three proposed PIT reading arrays in the river. The initial array was a double-loop array very low in the river. This second array uses a vertical-loop array in a series farther upstream, which we hope will withstand high flows and debris loading better, and also detect more tags than the original one. The last array is proposed for the upper river at the new Sleepy Hollow Ford Bridge, but may not get installed this year. NMFS is PIT tagging fish at their own study sites, as well as MPWMD's fall population monitoring sites, and MPWMD intends to tag up to 2,000 of the rescue-reared steelhead released each year. It is hoped that detection of these tags at the three arrays, as well as during annual population surveys or fish rescues, will provide enough data to develop a model of juvenile fish survival in the watershed, and estimate the contribution of rescue-reared fish to the annual adult spawning run.

Carmel River Lagoon November 2016





Supplement to 12/12/16 MPWMD Board Packet

Attached are copies of letters received between November 5, 2016 and December 6, 2016. These letters are listed in the December 12, 2016 Board packet under Letters Received.

Author	Addressee	Date	Topic
David L. Hobbs	Anthony Cerasuolo cc: Dave Stoldt	11/21/16	Potable Water Wheeling Agreement, dated April 8, 2009
John Coleman	David Stoldt	11/21/16	MPWMD Recipient of ACWA Outreach Award
Hans Uslar	David Stoldt	11/10/16	Wave Street Café, 550 Wave Street
Andrew Bell	MPWMD Board	11/9/16	Chairperson Jeanne Byrne's Participation in "No on Measure Z" Campaign

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GRIFFITH & MASUDA

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Founded 1920

W. Coburn Cook, 1892-1953
Lin H. Griffith, 1923-2014

David L. Hobbs
dhobbs@calwaterlaw.com

MPWMD

*Celebrating Our
96th Anniversary*

November 21, 2016

VIA CERTIFIED MAIL & EMAIL

Mr. Anthony J. Cerasuolo, Vice-President, Legal
California-American Water Company
655 W. Broadway, Ste. 1410
San Diego, CA 92101
ACerasuolo@amwater.com

Re: Potable Water Wheeling Agreement, dated April 8, 2009

Dear Mr. Cerasuolo:

As a follow-up to my letter dated September 14, 2016 and our subsequent correspondence relating to the dispute concerning the Potable Water Wheeling Agreement, dated April 8, 2009, as and between MCWD and CAW (the "Agreement"); it appears MCWD and CAW staffs have resolved their disagreement regarding the MCWD/CAW joint pipeline (the "Subject Facility") along the following lines and subject to a formal amendment to the Agreement:

1. CAW shall make at its expense a metered-connection to the Subject Facility at what is described as the "existing flanged tee" located at Hilby Avenue, Marina, California, in order to connect with a CAW pipeline, which runs from the City of Seaside to Pacific Grove. The use of this connection and of the Subject Facility shall be limited to the transportation of groundwater recovered from CAW's ASR Project and from the GWR Project and for no other use. In no event shall CAW's use of the Subject Facility result in an exceedance by CAW of any Subject Capacity as defined in the Agreement. The Parties agree that the current Subject Capacity is a maximum instantaneous rate of 6,000 gallons per minute.
2. CAW acknowledges that, if in the future it desires to use the Subject Facility to transport other sources of water for any other purpose, such additional use is not authorized under the Agreement.
3. Except as set forth in the Agreement, no additional charges will be incurred by CAW for its use of the Subject Facility for the limited purposes of transporting water recovered from CAW's ASR Project and from the GWR Project.

Mr. Anthony J. Cerasuolo
November 21, 2016
Page 2

4. CAW acknowledges that it has not provided monthly reports to MCWD with regards to the amount of potable water wheeled in the Joint Facility as required by Section 2.4 of the Agreement. CAW shall recommence providing MCWD with monthly wheeling reports with the monthly report for November 2016 and CAW further agrees to provide all past due monthly reports to MCWD by no later than January 30, 2017.

5. CAW and MCWD agree to meet to coordinate a "schedule and protocol" for a joint water delivery schedule, as required by Section 1.3 of the Agreement.

All other terms and conditions not modified or amended by this letter shall remain in full force and effect.

After you have confirmed the above terms with your client, please advise. We will provide you with a formal amendment to the Agreement encompassing these terms, which we expect to be signed by CAW and MCWD no later than January 18, 2017.

Thank you for your attention to this matter. Should you have any question or concerns please do not hesitate to contact me.

Regards,

GRIFFITH & MASUDA



David L. Hobbs

cc: Marina Coast Water District
Western States Divisional General Counsel
David Stoldt, Monterey Peninsula Water Management District
Paul Sciuto, Monterey Regional Water Pollution Control Agency
Jim Cullem, Monterey Peninsula Regional Water Authority



Association of California Water Agencies

Since 1910

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Nov. 21, 2016

NOV 22 2016

Monterey Peninsula Water Management District
dstoldt@mpwmd.net

MPWMD

Dear David Stoldt:

Congratulations! Your agency is the top ACWA Outreach winner in your region. The outstanding effort made by you and all members enrolled in the Outreach Program has helped ACWA accomplish its legislative goals this year.

Here's a list of the winning agencies in each region for the 2016 Outreach Recognition Awards.

- Region 1: North Marin Water District**
- Region 2: Rio Alto Water District**
- Region 3: City of Roseville**
- Region 4: (Tie) San Juan Water District, Oakdale Irrigation District**
- Region 5: Monterey Peninsula Water Management District**
- Region 6: Kings River Conservation District**
- Region 7: Wheeler Ridge-Maricopa Water Storage District**
- Region 8: Three Valleys Municipal Water District**
- Region 9: Cucamonga Valley Water District**
- Region 10: Vista Irrigation**

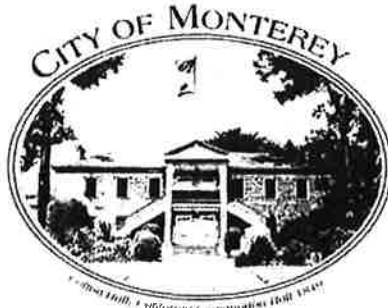
ACWA will acknowledge your agency and the other regional winners at the ACWA 2016 Fall Conference & Exhibition at the Anaheim Marriott, Thursday, Dec. 1 General Luncheon. The overall winner will be announced at the luncheon.

Thank you for all of your hard work this year on helping advance ACWA's legislative goals!

Sincerely,

John Coleman
ACWA President

Nov. 4, 2014



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MPWMD

November 10, 2016

Mr. David Stoldt, General Manager
Monterey Peninsula Water Management District
5 Harris Court, Bldg G
Monterey, CA 93940

Subject: Wave Street Café, 550 Wave Street

Dear Mr. Stoldt,

Thank you for meeting with City of Monterey staff on the afternoon of October 28, 2016 to discuss the water credit history associated with the Wave Street Café, located at 550 Wave Street.

As was discussed at the meeting, the City of Monterey hereby agrees to allocate the water credits necessary to officially recognize the eating and drinking establishment as a full service restaurant once the City receives a new jurisdictional allocation from the Monterey Peninsula Water Management District (MPWMD).

It was a pleasure to meet with you and your staff, and we greatly appreciate the cooperative relationship the MPWMD has established with the City over the years.

Please contact me if you have any questions.

Sincerely,

Hans Usler
Assistant City Manager
City of Monterey

3079 Hermitage Road
Pebble Beach, CA 93953

November 9, 2016

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MPWMD

Board of Directors
Monterey Peninsula Water Management District
5 Harris Court, Building G
Monterey, California 93940

SUBJECT: Chairperson Jeanne Byrne's Participation in "No on Measure Z" Campaign

Dear Water Management District Board Members:

In the past couple of weeks I've seen television advertisements urging a "no" vote on Measure Z that include statements by Chairperson Jeanne Byrne opposing the initiative. In these ads, Chairperson Byrne is identified as the Chair of the Water Management District Board. I also received by mail at least one flyer opposing the initiative containing a quote by Chairperson Byrne, again identifying her as Chair of the Water Management District. In addition there is a "No on Measure Z" ad in the November 4 Cedar Street Times containing similar opposition by Chairperson Byrne, "Chair, Monterey Peninsula Water Management District."

I do not believe the Water Management District Board has formally taken a position opposing Measure Z, or authorizing Chairperson Byrne to oppose the measure. Therefore, it is inappropriate, and possibly illegal, for Chairperson Byrne to be identified as a Water Management District spokesperson in advertisements against the initiative.

Now that Measure Z has passed, I trust that the Water Management District Board will see fit to support the will of the voters and take any steps appropriate to implement the measure. Although Measure Z deals with oil drilling and production operations in South Monterey County, the water produced during such operations is discharged to wetlands and recharge basins or re-injected into the Salinas River Groundwater Basin. California American Water's currently-proposed Monterey Peninsula Water Supply Project features intake wells that tap, in part, the Salinas River Basin, thereby directly involving the Monterey Peninsula in Salinas River Basin issues. As an important water agency within Monterey County, the Water Management District will be looked to regarding issues of water quality and quantity that affect our county.

Sincerely,



Andrew M. Bell

