

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



AGENDA  
**Regular Meeting**  
**Board of Directors**  
**Monterey Peninsula Water Management District**  
\*\*\*\*\*

**Monday, December 17, 2018**

**5:00 pm Closed Session**

**7:00 pm Regular Meeting**

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 Friday, December 14, 2018

The meeting will be televised on Comcast Channels 25 & 28. Refer to broadcast schedule on page 3.

**5:00 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 (No. 12-04-019) – Monterey Peninsula Water Supply Project
  - B. Marina Coast Water District v CPUC (No. S251935)
  - C. City of Marina v CPUC (No. S251935)
4. **Conference with Legal Counsel – Pending and Threatened Litigation (Gov. Code 54956.9(b)) – One Case**
5. **Adjourn to 7 pm Session**

**Board of Directors**

Alvin Edwards – Division 1  
George Riley – Division 2  
Molly Evans, Vice Chair – Division 3  
Jeanne Byrne – Division 4  
Gary Hoffmann – Division 5  
Mary Adams, Monterey County Board of  
Supervisors Representative  
Vacant – Mayoral Representative

**General Manager**  
David J. Stoldt

This agenda was posted at the District office at 5 Harris Court, Bldg. G Monterey on Thursday, December 13, 2018. Staff reports regarding these agenda items will be available for public review on Friday, December 14 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 [www.mpwmd.net/who-we-are/board-of-directors/bod-meeting-agendas-calendar/](http://www.mpwmd.net/who-we-are/board-of-directors/bod-meeting-agendas-calendar/). 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 23, 2019 at 7 pm.

**7:00 PM – Regular Meeting**

**CALL TO ORDER/ROLL CALL**

**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. Unless noted with double asterisks “\*\*”, Consent Calendar items do not constitute a project as defined by CEQA Guidelines section 15378.

1. Consider Adoption of Minutes of the November 19, 2018 Regular Board Meetings
2. Adopt Board Meeting Schedule for 2019
3. Consider Adoption of Treasurer's Report for October 2018

**GENERAL MANAGER’S REPORT**

4. Status Report on California American Water Compliance with State Water Resources Control Board Order 2016-0016 and Seaside Groundwater Basin Adjudication Decision

**ATTORNEY’S REPORT**

5. Report on 5:00 pm Closed Session of the Board

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

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

**PRESENTATIONS**

7. Receive Pension Reporting Standards Government Accounting Standards Board Statement No. 68 Accounting Valuation Report
8. Receive Government Accounting Standards Board Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits other than Pensions

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

9. **Consider First Reading of Ordinance No. 181 – Amending Rule 11 and Adding Rule 23.10 to Establish a Water Entitlement for SNG Evariste, LLC, A Delaware Limited Liability Company (CEQA Compliance: Exempt per Section 15268 based on previous environmental determinations made by the Courts.)**

*Action: The Board will receive public comment on the first reading of Ordinance No. 182, and consider scheduling the Ordinance for second reading and adoption.*

**10. Consider Adoption of January through March 2019 Quarterly Water Supply Strategy and Budget (Notice of Exemption, CEQA, Article 19, Section 15301 (Class 1))**

*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 2019. The strategy sets monthly goals for surface and groundwater production from various sources within the California American Water systems.

**11. Receive Fiscal Year 2017-2018 Comprehensive Annual Financial Report**

*Action:* The Board will review and consider acceptance of the Audit Report for Fiscal Year 2017-2018.

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

**12. Consider Approval for Retaining Consultant Services for an Update of the Integrated Regional Water Management Plan for the Monterey Peninsula, Carmel Bay, and Southern Monterey Bay**

*Action:* The Board will consider entering into agreements with qualified consultants to facilitate a project solicitation process and carry out an IRWM Plan update.

**13. Conduct Election of Board Officers for 2019**

*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.

- 14. Letters Received Supplemental Letter Packet
- 15. Committee Reports
- 16. Monthly Allocation Report
- 17. Water Conservation Program Report
- 18. Carmel River Fishery Report
- 19. Monthly Water Supply and California American Water Production Report

**ADJOURNMENT**

Board Meeting Broadcast Schedule – Comcast Channels 25 & 28	
View Live Webcast at <a href="http://Ampmedia.org">Ampmedia.org</a>	
Ch. 25, Mondays, 7 PM	Monterey, Del Rey Oaks, Pacific Grove, Sand City, Seaside
Ch. 25, Mondays, 7 PM	Carmel, Carmel Valley, Del Rey Oaks, Monterey, Pacific Grove, Pebble Beach, 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

Board Meeting Schedule			
Wednesday, January 23, 2019	Regular Board Meeting	7:00 pm	District conference room
Thursday, February 21, 2019	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 13, 2018. 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 NOVEMBER 19, 2018  
REGULAR BOARD MEETING****Meeting Date:** December 17, 2018 **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:** This action does not constitute a project as defined by the California  
Environmental Quality Act Guidelines Section 15378.**SUMMARY:** Attached as **Exhibit 1-A** are draft minutes of the November 19, 2018 Regular meeting of the Board.**RECOMMENDATION:** District staff recommends approval of the minutes with adoption of the Consent Calendar.**EXHIBIT****1-A** Draft Minutes of the November 19, 2018 Regular Meeting of the Board of Directors





## EXHIBIT 1-A

DRAFT MINUTES  
**Regular Meeting**  
**Board of Directors**  
**Monterey Peninsula Water Management District**  
*November 19, 2018*

Chair Clark called the meeting to order at 7:00 pm in the MPWMD conference room.

### CALL TO ORDER/ROLL CALL

*Directors Present:*

Andrew Clarke – Chair, Division 2  
 Molly Evans – Vice Chair, Division 3  
 Brenda Lewis, Division 1  
 Jeanne Byrne – Division 4  
 Vacant. – Division 5  
 Ralph Rubio – Mayoral Representative  
 Mary Adams – Monterey County Board of Supervisors Rep.

*Directors Absent:* None

*General Manager present:* David J. Stoldt

*District Counsel present:* David Laredo

The assembly recited the Pledge of Allegiance.

### PLEDGE OF ALLEGIANCE

Chair Clarke called for a moment of silence for the people effected by the Camp fire who lost family members, friends, homes and jobs. He noted that during these difficult times it is important that we remember what is important in life.

On a motion by Byrne, seconded by Lewis, the agenda was approved as presented on a unanimous vote of 6 – 0 by Byrne, Lewis, Adams, Clarke, Evans and Rubio.

### ADDITIONS AND CORRECTIONS TO AGENDA

The following comments were directed to the Board during Oral Communications. **(a) Phyllis Meurer** stated that the feasibility study and any analysis to be prepared in compliance with MPWMD Rule 19.8, Policy of Pursuing Public Ownership of Monterey Peninsula Water System, should be a public document. **(b) Melodie Chrislock**, member of Public Water Now, expressed confidence in the Board of Directors ability to do the right thing with respect to preparation of a feasibility study. **(c) Nina Beety** presented a letter dated November 19, 2018, addressed to the California American Water Company requesting ADA accommodation for electromagnetic sensitivity. She asked for the removal of Neptune digital water meters from her

### ORAL COMMUNICATIONS

property and her neighbors’ properties and replacement with mechanical water meters. **(d) Edie Lemon** requested that the Board represent the voters that did not support Measure J. **(e) Alvin Edwards** thanked everyone who voted for passage of Measure J. He also thanked Directors Clarke, Lewis and Rubio for their work on the Water Management District Board and for supporting development of the Pure Water Monterey Project.

Chair Clarke presented an award to Director Lewis for eight years of her service on the Board of Directors.

Vice Chair Evans presented an award to Chair Clarke for his four years of service on the Board of Directors. General Manager Stoldt presented a plaque to Chair Clarke, in honor of his service as Chair in 2018.

Chair Clarke presented an award to Director Rubio in recognition of service on the Board of Directors

On a motion by Rubio and second of Adams, the Consent Calendar was approved on a unanimous vote of 6 – 0 by Rubio, Adams, Byrne, Clarke, Evans and Lewis.

Approved.

Authorized allocation of \$40,000 from the Pueblo Water Resources Contract.

Approved a contract with a retainer of \$5,780 per month and \$245 per hour for special services.

Approved.

Received.

Adopted.

A summary of Mr. Stoldt’s report is available at the District office and on the agency’s website. He noted that on the first page of the presentation, in the column titled MPWRS Total, the number 869 should be corrected to 868. He reported that in October, ¼ inch of rain was received.

**PRESENTATIONS IN APPRECIATION OF OUTGOING DIRECTORS**

Brenda Lewis – Director Division 1

Andrew Clarke – Director Division 2

Ralph Rubio – Mayoral Representative

**CONSENT CALENDAR**

1. **Consider Adoption of Minutes of the October 15, 2018 Regular Board Meeting**
2. **Consider Allocating Funds from Pueblo Water Resources Contract to McCampbell Laboratories to Provide Support Operations**
3. **Consider Approval of Legal Services Contract with DeLay and Laredo, Attorneys at Law**
4. **Consider Approval of First Quarter Fiscal Year 2018-19 Investment Report**
5. **Receive and File First Quarter Financial Activity Report for Fiscal Year 2018-19**
6. **Consider Adoption of Treasurer's Report for September 2018**

**GENERAL MANAGER’S REPORT**

7. **Status Report on California American Water Compliance with State Water Resources Control Board Order 2016-0016 and Seaside Groundwater Basin Adjudication Decision**



Mr. Stoldt referenced the staff report on this item.

Mr. Stoldt directed the Board's attention to the staff note on this item that summarized legislative outreach activities.

District Counsel Laredo reported that on all closed session agenda items the Board received a status report. No action was taken.

No comments.

No Public Hearing items were submitted for Board consideration

On a motion by Byrne, seconded by Evans, Resolution 2018-21 was approved on a unanimous vote of 6 – 0 by Byrne, Evans, Adams, Clarke, Lewis and Rubio. No public comments were directed to the Board during the public comment period on this item.

The Board interviewed each candidate, received public comment and proceeded to take action. The Directors offered three motions for selection of the Division 5 representative. The Board first took action on Motion 1. No further action was required on Motions 2 and 3.

Motion 1: Rubio offered a motion to appoint Gary D Hoffmann, P.E. to the position of Division 5 Director. The motion was approved on a vote of 4 – 2 by Byrne, Clarke, Evans and Rubio. Adams and Lewis were opposed.

Motion 2: Adams nominated Kate Daniels as the Division 5 Director. No action was taken on the motion.

## 8. Update on Major District Projects

## 9. Report on Legislative Outreach for Calendar Year 2018

### ATTORNEY'S REPORT

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

#### 3. Conference with Legal Counsel – Existing Litigation (Gov Code 54946.9 (a))

A. Application of California American Water to CPUC (No. 12-04-019) – Monterey Peninsula Water Supply Project

B. Marina Coast Water District v CPUC (No. S251935)

C. City of Marina v CPUC (No. S251935)

#### 4. Conference with Legal Counsel – Threatened Litigation (Gov. Code 56956.9 (b)) – One Case

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

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

### PUBLIC HEARINGS

### ACTION ITEMS

#### 12. Consider Adoption of Resolution No. 2018-21 Amending Table 2: Non-Residential Water Use Factors

#### 13. Consider Selection of Appointee to Serve as Division 5 Director for a Term Ending November 2020 (the Board will receive statements from candidates prior to action on this item.)

Motion 3: Lewis nominated Judi Lehman as the Division 5 Director. No action was taken on the motion.

Public Comment: **(a) Lisa Vandersluis** asserted that the public should be in control of the local water supply. **(b) Ron Weitzman** urged the Board to appoint a Division 5 representative that evening. **(c) Bob Siegfried**, representing the Carmel Valley Association, told the Board that transparency, honesty, and forthrightness were the desired traits for a Division 5 representative. **(d) Timothy Barrett** expressed support for Kate Daniels as the Division 5 representative. **(e) Peter Mountier**, representing the Pacific Grove Chamber of Commerce, expressed a preference for unity and compromise on the Board of Directors along with a diversity of viewpoints. **(f) Anna Thompson** expressed support for Kate Daniels as the Division 5 representative. **(g) Harvey Billig**, resident of Carmel, expressed support for Judi Lehman as the Division 5 representative. **(h) Dan Turner**, resident of Monterey, warned that if the successful appointee was not a supporter of Measure J, a move to recall that appointee could be imminent. **(i) Tyler Williamson**, Monterey City Councilperson elect, identified Kate Daniels and Judy Lehman as candidates that had experience listening to the voice of the people. **(j) Erik Sand**, resident of Carmel Valley, stated that the community chose to take responsibility for its water supply. **(k) John Tilley**, resident of the District, expressed support for a candidate who would support the District's mission statement. **(l) Renee Voskoff**, representing the Coalition of Peninsula Businesses, read a letter dated November 16, 2018, expressing support for a candidate who could demonstrate a commitment to solving the need for a sustainable, safe, secure and stable water supply. **(m) Jody Hanson**, President and CEO of the Monterey County Hospitality Association, stated that the District's job is to create a water supply. The successful candidate must be someone who would listen and balance the community's interests. **(n) Gary Cursio**, representing the Monterey County Hospitality Association, recommended the Board replace Robert Brower with a person who held a similar mindset. **(o) Melodie Chrislock** recommended the appointment of Kate Daniels or Judi Lehman as the Division 5 representative. **(p) Dan Limesand**, representing Montage Health, asked the Board to appoint a candidate with sufficient knowledge of water matters and who would exhibit a balanced approach to the job. **(q) Susan Schiavone**, resident of Seaside, recommended the Board appoint the best person for the job who could look past the politics and honestly evaluate the feasibility of purchasing California-American Water facilities. **(r) Paul Bruno** spoke in support of candidate Scott Dick, or someone else who would represent Bob Brower's views. **(s) Jeff Davi**, third generation resident on the Monterey Peninsula, urged the Board to appoint a person who would represent Bob Brower's focus, yet would strike a balance on the Board; and a person who all six directors could support. **(t) David Henderson** expressed support for the appointment of Scott

Dick as the Division 5 representative. **(u) Amy Anderson**, resident of Carmel, urged the Board to appoint a clear thinker. She opined that a candidate who did not support Measure J would not address the feasibility study with an open mind. **(v) Marilee Milton**, resident of Voter Division 5, stated it was important that the successful candidate could determine feasibility in an unbiased manner.

**Chair Clarke called a recess at 9:10 pm**

**The meeting reconvened at 9:20 pm**

Deputy Clerk, Arlene Tavani, administered the oath of office to Gary D. Hoffmann P.E., Division 5 Director.

There was no discussion of these items.

Chair Clarke adjourned the meeting at 9:23 pm in honor of Directors Lewis and Rubio.

**ADMINISTER OATH OF OFFICE TO  
DIVISION 5 DIRECTOR**

**INFORMATIONAL ITEMS/STAFF  
REPORTS**

- 14. Letters Received**
- 15. Committee Report**
- 16. Monthly Allocation Report**
- 17. Water Conservation Program Report**
- 18. Carmel River Fishery Report**
- 19. Monthly Water Supply and California  
American Water Production Report**

**ADJOURNMENT**

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Arlene M. Tavani, Deputy District Secretary



**ITEM: CONSENT CALENDAR****2. ADOPT BOARD MEETING SCHEDULE FOR 2019****Meeting Date: December 17, 2018 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: This action does not constitute a project as defined by the California Environmental Quality Act Guidelines Section 15378.**

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**SUMMARY:** Attached as **Exhibit 2-A** is a proposed Board meeting schedule for the months of January 2019 through February 2020. Dates that are not set for the third Monday of each month are January and February 2019 and 2020 due to conflicts with the Martin Luther King Jr. Birthday and Presidents' Day holidays.

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 2019 MPWMD Board meeting schedule.

**EXHIBIT****2-A Proposed Board Meeting Schedule for 2019**





**EXHIBIT 2-A**

**Draft  
MPWMD Board Meeting Schedule  
January 2019 through February 2020**

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

	<b>Day of Week</b>	<b>Date</b>	<b>Time</b>	<b>Type of Meeting</b>
<b>2019</b>	Wednesday	January 23	7 PM	Regular
	Thursday	February 21	7 PM	Regular
	Monday	March 18	7 PM	Regular
	Monday	April 15	7 PM	Regular
	Monday	May 20	7 PM	Regular
	Monday	June 17	7 PM	Regular
	Monday	July 15	7 PM	Regular
	Monday	August 19	7 PM	Regular
	Monday	September 16	7 PM	Regular
	Monday	October 21	7 PM	Regular
	Monday	November 18	7 PM	Regular
	Monday	December 16	7 PM	Regular
<b>2020</b>	Wednesday	January 22	7 PM	Regular
	Thursday	February 20	7 PM	Regular

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**ITEM: CONSENT CALENDAR****3. CONSIDER ADOPTION OF TREASURER'S REPORT FOR OCTOBER 2018**

<b>Meeting Date:</b>	<b>December 17, 2018</b>	<b>Budgeted:</b>	<b>N/A</b>
<b>From:</b>	<b>David J. Stoldt, General Manager</b>	<b>Program/ Line Item No.:</b>	<b>N/A</b>
<b>Prepared By:</b>	<b>Suresh Prasad</b>	<b>Cost Estimate:</b>	<b>N/A</b>

**General Counsel Review:** N/A**Committee Recommendation:** There was no Administrative Committee in December 2018.**CEQA Compliance:** This action does not constitute a project as defined by the California Environmental Quality Act Guidelines Section 15378.

**SUMMARY:** Exhibit 3-A comprises the Treasurer's Report for October 2018. Exhibit 3-B and Exhibit 3-C are listings of check disbursements for the period October 1-31, 2018. Check Nos. 33065 through 33203, the direct deposits of employee's paychecks, payroll tax deposits, and bank charges resulted in total disbursements for the period in the amount of \$517,316.06. There were no rebate checks issued for the month of October 2018. Exhibit 3-D reflects the unaudited version of the financial statements for the month ending October 31, 2018.

**RECOMMENDATION:** District staff recommends adoption of the October 2018 Treasurer's Report and financial statements, and ratification of the disbursements made during the month.

**EXHIBITS**

- 3-A** Treasurer's Report
- 3-B** Listing of Cash Disbursements-Regular
- 3-C** Listing of Cash Disbursements-Payroll
- 3-D** Financial Statements



**MONTEREY PENINSULA WATER MANAGEMENT DISTRICT  
TREASURER'S REPORT FOR OCTOBER 2018**

<u>Description</u>	<u>Checking</u>	<u>MPWMD</u>		<u>Wells Fargo</u>	<u>Multi-Bank</u>	<u>MPWMD</u>	<u>Rabobank</u>	<u>PB</u>
		<u>Money Market</u>	<u>L.A.I.F.</u>					
Beginning Balance	(\$7,644.66)	\$462,225.11	\$6,550,278.69	\$3,059,194.50	\$1,241,920.46	\$11,305,974.10	\$0.00	\$10,424.83
Fee Deposits		548,756.74				548,756.74		711,975.75
Line of Credit Draw/Payoff						0.00		
Interest Received		9.98	35,593.35	3,437.70	2,301.03	41,342.06		6.54
Transfer to/from LAIF						0.00		
Transfer - Money Market/Checking	700,000.00	(700,000.00)				0.00		
Transfer - Money Market/Multi-Bank		(249,000.00)			249,000.00	0.00		
Transfer - Money Market/Wells Fargo		311,285.25		(311,285.25)		0.00		
MoCo Tax & WS Chg Installment Pymt						0.00		
Transfer to CAWD						0.00		(700,000.00)
Voided Cks						0.00		
Bank Corrections/Reversals/Errors	(594.65)					(594.65)		
Bank Charges/Rtn'd Deposits/Other	(370.44)	(210.00)				(580.44)		(30.00)
Payroll Tax/Benefit Deposits	(37,859.64)					(37,859.64)		
Payroll Checks/Direct Deposits	(129,337.37)					(129,337.37)		
General Checks	(277,642.29)					(277,642.29)		
Bank Draft Payments	(71,511.67)					(71,511.67)		
<b>Ending Balance</b>	<b>\$175,039.28</b>	<b>\$373,067.08</b>	<b>\$6,585,872.04</b>	<b>\$2,751,346.95</b>	<b>\$1,493,221.49</b>	<b>\$11,378,546.84</b>	<b>\$0.00</b>	<b>\$22,377.12</b>



**Check Report**

By Check Number

Date Range: 10/01/2018 - 10/31/2018



Monterey Peninsula Water Management Dist

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
<b>Bank Code: APBNK -Bank of America Checking</b>						
<b>Payment Type: Regular</b>						
14037	AECOM Technical Services, Inc.	10/05/2018	Regular	0.00	11,524.00	33065
04043	Campbell Scientific, Inc.	10/05/2018	Regular	0.00	1,175.00	33066
12601	Carmel Valley Ace Hardware	10/05/2018	Regular	0.00	51.55	33067
01001	CDW Government	10/05/2018	Regular	0.00	223.69	33068
00230	Cisco WebEx, LLC	10/05/2018	Regular	0.00	49.00	33069
07768	Coastal Fabrication Co.	10/05/2018	Regular	0.00	973.86	33070
06001	Cypress Coast Ford	10/05/2018	Regular	0.00	842.67	33071
02660	Forestry Suppliers Inc.	10/05/2018	Regular	0.00	77.90	33072
00277	Home Depot Credit Services	10/05/2018	Regular	0.00	94.15	33073
04717	Inder Osahan	10/05/2018	Regular	0.00	1,218.97	33074
00222	M.J. Murphy	10/05/2018	Regular	0.00	32.16	33075
00223	Martins Irrigation Supply	10/05/2018	Regular	0.00	115.03	33076
00242	MBAS	10/05/2018	Regular	0.00	620.00	33077
07418	McMaster-Carr	10/05/2018	Regular	0.00	140.48	33078
00118	Monterey Bay Carpet & Janitorial Svc	10/05/2018	Regular	0.00	1,000.00	33079
01353	Monterey Peninsula Chamber of Commerce	10/05/2018	Regular	0.00	421.00	33080
08700	Monterey Regional Waste Management District	10/05/2018	Regular	0.00	29.14	33081
13396	Navia Benefit Solutions, Inc.	10/05/2018	Regular	0.00	75.00	33082
04032	Normandeau Associates, Inc.	10/05/2018	Regular	0.00	2,470.00	33083
00154	Peninsula Messenger Service	10/05/2018	Regular	0.00	244.00	33084
00282	PG&E	10/05/2018	Regular	0.00	2,122.18	33085
00282	PG&E	10/05/2018	Regular	0.00	21.65	33086
00282	PG&E	10/05/2018	Regular	0.00	87.03	33087
00262	Pure H2O	10/05/2018	Regular	0.00	65.24	33088
13394	Regional Government Services	10/05/2018	Regular	0.00	300.00	33089
00251	Rick Dickhaut	10/05/2018	Regular	0.00	1,030.00	33090
04709	Sherron Forsgren	10/05/2018	Regular	0.00	715.47	33091
00766	Standard Insurance Company	10/05/2018	Regular	0.00	1,486.93	33092
09989	Star Sanitation Services	10/05/2018	Regular	0.00	71.01	33093
00258	TBC Communications & Media	10/05/2018	Regular	0.00	6,623.40	33094
00269	U.S. Bank	10/05/2018	Regular	0.00	7,464.86	33095
	**Void**	10/05/2018	Regular	0.00	0.00	33096
00207	Universal Staffing Inc.	10/05/2018	Regular	0.00	1,681.12	33097
00271	UPEC, Local 792	10/05/2018	Regular	0.00	1,116.00	33098
05368	Zim Industries, Inc.	10/05/2018	Regular	0.00	24,950.00	33099
15399	Accela Inc.	10/12/2018	Regular	0.00	50,660.96	33103
00763	ACWA-JPIA	10/12/2018	Regular	0.00	363.70	33104
01188	Alhambra	10/12/2018	Regular	0.00	177.07	33105
00253	AT&T	10/12/2018	Regular	0.00	3,737.45	33106
12188	Brown and Caldwell	10/12/2018	Regular	0.00	6,934.50	33107
00252	Cal-Am Water	10/12/2018	Regular	0.00	84.48	33108
00252	Cal-Am Water	10/12/2018	Regular	0.00	119.77	33109
00243	CalPers Long Term Care Program	10/12/2018	Regular	0.00	50.06	33110
12601	Carmel Valley Ace Hardware	10/12/2018	Regular	0.00	3.38	33111
01352	Dave Stoldt	10/12/2018	Regular	0.00	2,358.90	33112
00041	Denise Duffy & Assoc. Inc.	10/12/2018	Regular	0.00	12,653.75	33113
00225	Escalon Services c/o Palace Business Solutions	10/12/2018	Regular	0.00	299.92	33114
08990	Fort Ord Reuse Authority	10/12/2018	Regular	0.00	1,459.51	33115
16825	Fresno Irrigation District	10/12/2018	Regular	0.00	550.00	33116
00986	Henrietta Stern	10/12/2018	Regular	0.00	1,218.97	33117
00277	Home Depot Credit Services	10/12/2018	Regular	0.00	217.98	33118
00768	ICMA	10/12/2018	Regular	0.00	5,235.09	33119
00094	John Arriaga	10/12/2018	Regular	0.00	2,500.00	33120

**EXHIBIT 3-B**

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## Check Report

Date Range: 10/01/2018 - 10/31/2018

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
05371	June Silva	10/12/2018	Regular	0.00	432.06	33121
00259	Marina Coast Water District	10/12/2018	Regular	0.00	1,871.37	33122
00259	Marina Coast Water District	10/12/2018	Regular	0.00	86.27	33123
00242	MBAS	10/12/2018	Regular	0.00	310.00	33124
00275	Monterey County Herald	10/12/2018	Regular	0.00	2,075.62	33125
00274	Monterey One Water	10/12/2018	Regular	0.00	157.81	33126
00278	Monterey Tire Service	10/12/2018	Regular	0.00	674.84	33127
13396	Navia Benefit Solutions, Inc.	10/12/2018	Regular	0.00	798.34	33128
00755	Peninsula Welding Supply, Inc.	10/12/2018	Regular	0.00	49.50	33129
00282	PG&E	10/12/2018	Regular	0.00	5,488.22	33130
04736	Pitney Bowes Global Financial Svc, LLC	10/12/2018	Regular	0.00	378.00	33131
09925	QED Environmental Systems	10/12/2018	Regular	0.00	755.47	33132
00286	Stephanie L Locke	10/12/2018	Regular	0.00	745.16	33133
00258	TBC Communications & Media	10/12/2018	Regular	0.00	10,260.00	33134
04719	Telit IoT Platforms, LLC	10/12/2018	Regular	0.00	246.06	33135
09425	The Ferguson Group LLC	10/12/2018	Regular	0.00	8,000.00	33136
00207	Universal Staffing Inc.	10/12/2018	Regular	0.00	1,584.28	33137
00750	Valley Saw & Garden Equipment	10/12/2018	Regular	0.00	148.22	33138
00221	Verizon Wireless	10/12/2018	Regular	0.00	638.56	33139
00994	Whitson Engineers	10/12/2018	Regular	0.00	1,326.00	33140
00754	Zone24x7	10/12/2018	Regular	0.00	2,522.00	33141
00767	AFLAC	10/19/2018	Regular	0.00	1,207.44	33145
00760	Andy Bell	10/19/2018	Regular	0.00	699.00	33146
00253	AT&T	10/19/2018	Regular	0.00	773.59	33147
00232	Balance Hydrologics, Inc	10/19/2018	Regular	0.00	2,335.00	33148
00036	Bill Parham	10/19/2018	Regular	0.00	650.00	33149
12188	Brown and Caldwell	10/19/2018	Regular	0.00	11,518.83	33150
05370	California Secretary of State	10/19/2018	Regular	0.00	1.00	33151
01001	CDW Government	10/19/2018	Regular	0.00	146.62	33152
00224	City of Monterey	10/19/2018	Regular	0.00	697.75	33153
06268	Comcast	10/19/2018	Regular	0.00	276.72	33154
00281	CoreLogic Information Solutions, Inc.	10/19/2018	Regular	0.00	670.58	33155
04041	Cynthia Schmidlin	10/19/2018	Regular	0.00	682.59	33156
00192	Extra Space Storage	10/19/2018	Regular	0.00	833.00	33157
03965	Irrigation Association	10/19/2018	Regular	0.00	390.00	33158
16909	Jason B. Slingerland & Anna E. Speers	10/19/2018	Regular	0.00	1,132.06	33159
03857	Joe Oliver	10/19/2018	Regular	0.00	1,218.97	33160
00094	John Arriaga	10/19/2018	Regular	0.00	2,500.00	33161
00242	MBAS	10/19/2018	Regular	0.00	995.00	33162
04034	Monterey County Tax Collector	10/19/2018	Regular	0.00	378.88	33163
00282	PG&E	10/19/2018	Regular	0.00	23.58	33164
13394	Regional Government Services	10/19/2018	Regular	0.00	5,051.95	33165
00987	SDRMA - Prop & Liability Pkg	10/19/2018	Regular	0.00	95.00	33166
00283	SHELL	10/19/2018	Regular	0.00	862.77	33167
00286	Stephanie L Locke	10/19/2018	Regular	0.00	203.37	33168
09425	The Ferguson Group LLC	10/19/2018	Regular	0.00	36.13	33169
00269	U.S. Bank	10/19/2018	Regular	0.00	2,981.51	33170
	**Void**	10/19/2018	Regular	0.00	0.00	33171
00207	Universal Staffing Inc.	10/19/2018	Regular	0.00	2,685.76	33172
04340	Valley Trophies & Detectors	10/19/2018	Regular	0.00	161.25	33173
08105	Yolanda Munoz	10/19/2018	Regular	0.00	540.00	33174
15399	Accela Inc.	10/26/2018	Regular	0.00	1,188.85	33178
00252	Cal-Am Water	10/26/2018	Regular	0.00	575.68	33179
08926	Capitol Enquiry	10/26/2018	Regular	0.00	42.53	33180
12601	Carmel Valley Ace Hardware	10/26/2018	Regular	0.00	77.76	33181
00237	Chevron	10/26/2018	Regular	0.00	430.52	33182
00046	De Lay & Laredo	10/26/2018	Regular	0.00	20,396.00	33183
00277	Home Depot Credit Services	10/26/2018	Regular	0.00	8.71	33184
00768	ICMA	10/26/2018	Regular	0.00	5,235.09	33185
03965	Irrigation Association	10/26/2018	Regular	0.00	50.00	33186
13431	Lynx Technologies, Inc	10/26/2018	Regular	0.00	1,275.00	33187

**EXHIBIT 3-B**

## Check Report

Date Range: 10/01/2018 - 10/31/2018

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
00223	Martins Irrigation Supply	10/26/2018	Regular	0.00	88.98	33188
00242	MBAS	10/26/2018	Regular	0.00	565.00	33189
08700	Monterey Regional Waste Management District	10/26/2018	Regular	0.00	71.22	33190
13396	Navia Benefit Solutions, Inc.	10/26/2018	Regular	0.00	798.34	33191
00282	PG&E	10/26/2018	Regular	0.00	305.91	33192
	**Void**	10/29/2018	Regular	0.00	0.00	33193
	**Void**	10/29/2018	Regular	0.00	0.00	33194
	**Void**	10/29/2018	Regular	0.00	0.00	33195
	**Void**	10/29/2018	Regular	0.00	0.00	33196
	**Void**	10/29/2018	Regular	0.00	0.00	33197
00750	Valley Saw & Garden Equipment	10/26/2018	Regular	0.00	94.88	33198
00282	PG&E	10/26/2018	Regular	0.00	10.52	33199
01020	Sara Reyes - Petty Cash Custodian	10/26/2018	Regular	0.00	244.95	33200
00176	Sentry Alarm Systems	10/26/2018	Regular	0.00	309.25	33201
09425	The Ferguson Group LLC	10/26/2018	Regular	0.00	8,000.00	33202
00207	Universal Staffing Inc.	10/26/2018	Regular	0.00	1,838.99	33203
<b>Total Regular:</b>					<b>277,642.29</b>	

**EXHIBIT 3-B**

Check Report

Date Range: 10/01/2018 - 10/31/2018

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
<b>Payment Type: Bank Draft</b>						
00266	I.R.S.	10/12/2018	Bank Draft	0.00	11,576.98	DFT0001237
00266	I.R.S.	10/12/2018	Bank Draft	0.00	2,671.73	DFT0001238
00267	Employment Development Dept.	10/12/2018	Bank Draft	0.00	4,564.58	DFT0001239
00266	I.R.S.	10/12/2018	Bank Draft	0.00	376.76	DFT0001240
00266	I.R.S.	10/18/2018	Bank Draft	0.00	62.66	DFT0001243
00266	I.R.S.	10/18/2018	Bank Draft	0.00	267.84	DFT0001244
00266	I.R.S.	10/26/2018	Bank Draft	0.00	10,995.94	DFT0001246
00266	I.R.S.	10/26/2018	Bank Draft	0.00	2,640.72	DFT0001247
00267	Employment Development Dept.	10/26/2018	Bank Draft	0.00	4,390.59	DFT0001248
00266	I.R.S.	10/26/2018	Bank Draft	0.00	311.84	DFT0001249
00769	Laborers Trust Fund of Northern CA	10/15/2018	Bank Draft	0.00	26,220.00	DFT0001250
00256	PERS Retirement	10/12/2018	Bank Draft	0.00	15,136.77	DFT0001274
00256	PERS Retirement	10/26/2018	Bank Draft	0.00	14,723.05	DFT0001275
<b>Total Bank Draft:</b>					<b>93,939.46</b>	

Payment Type	Bank Code APBNK		Summary	
	Payable Count	Payment Count	Discount	Payment
Regular Checks	187	123	0.00	277,642.29
Manual Checks	0	0	0.00	0.00
Voided Checks	0	7	0.00	0.00
Bank Drafts	21	13	0.00	93,939.46
EFT's	0	0	0.00	0.00
	<b>208</b>	<b>143</b>	<b>0.00</b>	<b>371,581.75</b>



**All Bank Codes Check Summary**

<b>Payment Type</b>	<b>Payable Count</b>	<b>Payment Count</b>	<b>Discount</b>	<b>Payment</b>
Regular Checks	187	123	0.00	277,642.29
Manual Checks	0	0	0.00	0.00
Voided Checks	0	7	0.00	0.00
Bank Drafts	21	13	0.00	93,939.46
EFT's	0	0	0.00	0.00
	<b>208</b>	<b>143</b>	<b>0.00</b>	<b>371,581.75</b>

**Fund Summary**

<b>Fund</b>	<b>Name</b>	<b>Period</b>	<b>Amount</b>
99	POOL CASH FUND	10/2018	371,581.75
			<b>371,581.75</b>





Monterey Peninsula Water Management Dist

## Payroll Bank Transaction Report - MPWMD

By Payment Number

Date: 10/1/2018 - 10/31/2018

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
4003	10/12/2018	Regular	1024	Stoldt, David J	0.00	5,694.28	5,694.28
4004	10/12/2018	Regular	1025	Tavani, Arlene M	0.00	2,080.94	2,080.94
4005	10/12/2018	Regular	1044	Bennett, Corryn D	0.00	2,204.24	2,204.24
4006	10/12/2018	Regular	1006	Dudley, Mark A	0.00	2,834.24	2,834.24
4007	10/12/2018	Regular	1039	Flores, Elizabeth	0.00	1,551.12	1,551.12
4008	10/12/2018	Regular	1018	Prasad, Suresh	0.00	4,233.03	4,233.03
4009	10/12/2018	Regular	1019	Reyes, Sara C	0.00	1,767.36	1,767.36
4010	10/12/2018	Regular	1045	Atkins, Daniel	0.00	1,720.30	1,720.30
4011	10/12/2018	Regular	1005	Christensen, Thomas T	0.00	3,177.90	3,177.90
4012	10/12/2018	Regular	1042	Hamilton, Maureen C.	0.00	3,194.01	3,194.01
4013	10/12/2018	Regular	1008	Hampson, Larry M	0.00	3,060.65	3,060.65
4014	10/12/2018	Regular	1009	James, Gregory W	0.00	3,291.33	3,291.33
4015	10/12/2018	Regular	1011	Lear, Jonathan P	0.00	3,708.28	3,708.28
4016	10/12/2018	Regular	1012	Lindberg, Thomas L	0.00	2,508.70	2,508.70
4017	10/12/2018	Regular	1004	Chaney, Beverly M	0.00	2,495.19	2,495.19
4018	10/12/2018	Regular	1007	Hamilton, Cory R	0.00	2,221.17	2,221.17
4019	10/12/2018	Regular	6043	Robinson, Matthew D	0.00	700.96	700.96
4020	10/12/2018	Regular	1043	Suwada, Joseph	0.00	1,826.67	1,826.67
4021	10/12/2018	Regular	1026	Urquhart, Kevan A	0.00	2,204.99	2,204.99
4022	10/12/2018	Regular	1001	Ayala, Gabriela D	0.00	2,448.35	2,448.35
4023	10/12/2018	Regular	1010	Kister, Stephanie L	0.00	2,908.57	2,908.57
4024	10/12/2018	Regular	1017	Locke, Stephanie L	0.00	3,451.99	3,451.99
4025	10/12/2018	Regular	1040	Smith, Kyle	0.00	2,073.66	2,073.66
4026	10/18/2018	Regular	7015	Adams, Mary L	0.00	124.67	124.67
4027	10/18/2018	Regular	7013	Clarke, Andrew	0.00	374.02	374.02
4028	10/18/2018	Regular	7014	Evans, Molly F	0.00	374.02	374.02
4029	10/18/2018	Regular	7003	Lewis, Brenda	0.00	249.34	249.34
4030	10/26/2018	Regular	1024	Stoldt, David J	0.00	5,609.31	5,609.31
4031	10/26/2018	Regular	1025	Tavani, Arlene M	0.00	2,080.94	2,080.94
4032	10/26/2018	Regular	1044	Bennett, Corryn D	0.00	2,627.35	2,627.35
4033	10/26/2018	Regular	1006	Dudley, Mark A	0.00	2,834.25	2,834.25
4034	10/26/2018	Regular	1018	Prasad, Suresh	0.00	4,233.03	4,233.03
4035	10/26/2018	Regular	1019	Reyes, Sara C	0.00	1,767.34	1,767.34
4036	10/26/2018	Regular	1045	Atkins, Daniel	0.00	1,720.30	1,720.30
4037	10/26/2018	Regular	1005	Christensen, Thomas T	0.00	3,177.91	3,177.91
4038	10/26/2018	Regular	1042	Hamilton, Maureen C.	0.00	3,194.01	3,194.01
4039	10/26/2018	Regular	1008	Hampson, Larry M	0.00	3,060.65	3,060.65
4040	10/26/2018	Regular	1009	James, Gregory W	0.00	3,291.33	3,291.33
4041	10/26/2018	Regular	1011	Lear, Jonathan P	0.00	3,708.28	3,708.28
4042	10/26/2018	Regular	1012	Lindberg, Thomas L	0.00	2,508.71	2,508.71
4043	10/26/2018	Regular	1004	Chaney, Beverly M	0.00	2,495.19	2,495.19
4044	10/26/2018	Regular	1007	Hamilton, Cory R	0.00	2,221.17	2,221.17
4045	10/26/2018	Regular	6043	Robinson, Matthew D	0.00	887.71	887.71
4046	10/26/2018	Regular	1043	Suwada, Joseph	0.00	1,826.67	1,826.67
4047	10/26/2018	Regular	1026	Urquhart, Kevan A	0.00	2,204.99	2,204.99
4048	10/26/2018	Regular	1001	Ayala, Gabriela D	0.00	2,448.35	2,448.35
4049	10/26/2018	Regular	1010	Kister, Stephanie L	0.00	2,680.54	2,680.54
4050	10/26/2018	Regular	1017	Locke, Stephanie L	0.00	3,451.99	3,451.99
4051	10/26/2018	Regular	1040	Smith, Kyle	0.00	2,073.66	2,073.66
33100	10/12/2018	Regular	6044	Masters, Trevor	926.93	0.00	926.93
33101	10/12/2018	Regular	6045	Pentecost, Megan	923.67	0.00	923.67
33102	10/12/2018	Regular	1046	Whitmore, Cortina	1,197.00	750.00	1,947.00
33142	10/18/2018	Regular	7006	Brower, Sr., Robert S	249.34	0.00	249.34
33143	10/18/2018	Regular	7007	Byrne, Jeannie	374.02	0.00	374.02
33144	10/18/2018	Regular	7016	Rubio, Ralph S	249.34	0.00	249.34
33175	10/26/2018	Regular	6044	Masters, Trevor	689.44	0.00	689.44
33176	10/26/2018	Regular	6045	Pentecost, Megan	566.39	0.00	566.39

**EXHIBIT 3-C**

<b>Payment Number</b>	<b>Payment Date</b>	<b>Payment Type</b>	<b>Employee Number</b>	<b>Employee Name</b>	<b>Check Amount</b>	<b>Direct Deposit Amount</b>	<b>Total Payment</b>
33177	10/26/2018	Regular	1046	Whitmore, Cortina	77.58	750.00	827.58
<b>Totals:</b>					<b>5,253.71</b>	<b>124,083.66</b>	<b>129,337.37</b>



Monterey Peninsula Water Management Dist

**Statement of Revenue Over Expense - No Decimals**  
**Group Summary**

For Fiscal: 2018-2019 Period Ending: 10/31/2018

Level...	October Activity	October Budget	Variance Favorable (Unfavorable)	Percent Used	YTD Activity	Total Budget	Variance Favorable (Unfavorable)	Percent Used
<b>Revenue</b>								
R100 - Water Supply Charge	0	283,333	-283,333	0.00 %	0	3,400,000	-3,400,000	0.00 %
R120 - Property Taxes Revenues	0	149,981	-149,981	0.00 %	0	1,800,000	-1,800,000	0.00 %
R130 - User Fees	415,450	354,133	61,317	117.31 %	914,350	4,250,000	-3,335,650	21.51 %
R140 - Connection Charges	92,150	20,833	71,317	442.32 %	256,625	250,000	6,625	102.65 %
R150 - Permit Processing Fee	20,337	14,578	5,760	139.51 %	84,683	175,000	-90,317	48.39 %
R160 - Well Registration Fee	350	0	350	0.00 %	875	0	875	0.00 %
R190 - WDS Permits Rule 21	600	4,667	-4,067	12.86 %	5,400	56,000	-50,600	9.64 %
R200 - Recording Fees	222	3,332	-3,110	6.66 %	1,881	40,000	-38,119	4.70 %
R210 - Legal Fees	450	1,333	-883	33.76 %	2,250	16,000	-13,750	14.06 %
R220 - Copy Fee	12	0	12	0.00 %	37	0	37	0.00 %
R230 - Miscellaneous - Other	686	1,250	-564	54.89 %	746	15,000	-14,254	4.97 %
R250 - Interest Income	29,893	2,916	26,977	1,025.14 %	57,111	35,000	22,111	163.17 %
R260 - CAW - ASR	0	40,950	-40,950	0.00 %	0	491,600	-491,600	0.00 %
R270 - CAW - Rebates	0	80,801	-80,801	0.00 %	0	970,000	-970,000	0.00 %
R290 - CAW - Miscellaneous	0	3,749	-3,749	0.00 %	0	45,000	-45,000	0.00 %
R300 - Watermaster	0	4,548	-4,548	0.00 %	0	54,600	-54,600	0.00 %
R308 - Reclamation Project	0	1,666	-1,666	0.00 %	0	20,000	-20,000	0.00 %
R310 - Other Reimbursements	0	6,665	-6,665	0.00 %	0	80,000	-80,000	0.00 %
R320 - Grants	0	178,895	-178,895	0.00 %	106	2,147,600	-2,147,494	0.00 %
R510 - Operating Reserve	0	178,563	-178,563	0.00 %	0	2,143,500	-2,143,500	0.00 %
<b>Total Revenue:</b>	<b>560,151</b>	<b>1,332,193</b>	<b>-772,042</b>	<b>42.05 %</b>	<b>1,324,064</b>	<b>15,989,300</b>	<b>-14,665,236</b>	<b>8.28 %</b>

**EXHIBIT 3-D**

**Statement of Revenue Over Expense - No Decimals**

**For Fiscal: 2018-2019 Period Ending: 10/31/2018**

Level...	October Activity	October Budget	Variance Favorable (Unfavorable)	Percent Used	YTD Activity	Total Budget	Variance Favorable (Unfavorable)	Percent Used
<b>Expense</b>								
<b>Level1: 100 - Personnel Costs</b>								
1100 - Salaries & Wages	185,104	223,627	38,524	82.77 %	839,501	2,684,600	1,845,099	31.27 %
1110 - Manager's Auto Allowance	462	500	38	92.34 %	1,847	6,000	4,153	30.78 %
1120 - Manager's Deferred Comp	714	758	44	94.21 %	2,797	9,100	6,303	30.73 %
1130 - Unemployment Compensation	2,060	250	-1,810	824.33 %	2,060	3,000	940	68.67 %
1150 - Temporary Personnel	7,830	2,916	-4,915	268.57 %	15,975	35,000	19,025	45.64 %
1160 - PERS Retirement	17,388	44,057	26,669	39.47 %	364,218	528,900	164,682	68.86 %
1170 - Medical Insurance	23,966	28,372	4,406	84.47 %	103,429	340,600	237,171	30.37 %
1180 - Medical Insurance - Retirees	7,680	6,872	-808	111.75 %	32,049	82,500	50,451	38.85 %
1190 - Workers Compensation	3,646	4,648	1,003	78.43 %	17,969	55,800	37,831	32.20 %
1200 - Life Insurance	320	483	163	66.23 %	1,385	5,800	4,416	23.87 %
1210 - Long Term Disability Insurance	1,032	1,233	201	83.71 %	4,436	14,800	10,364	29.97 %
1220 - Short Term Disability Insurance	205	267	62	76.84 %	880	3,200	2,320	27.51 %
1230 - Other Benefits	70	125	55	56.02 %	300	1,500	1,200	20.00 %
1260 - Employee Assistance Program	53	125	72	42.32 %	224	1,500	1,276	14.96 %
1270 - FICA Tax Expense	478	400	-78	119.60 %	1,761	4,800	3,039	36.68 %
1280 - Medicare Tax Expense	2,890	3,315	425	87.17 %	13,578	39,800	26,222	34.12 %
1290 - Staff Development & Training	920	2,241	1,321	41.06 %	3,130	26,900	23,770	11.64 %
1300 - Conference Registration	895	408	-487	219.27 %	3,631	4,900	1,269	74.10 %
1310 - Professional Dues	50	233	183	21.44 %	490	2,800	2,310	17.50 %
1320 - Personnel Recruitment	224	250	26	89.50 %	489	3,000	2,511	16.31 %
<b>Total Level1: 100 - Personnel Costs:</b>	<b>255,985</b>	<b>321,080</b>	<b>65,095</b>	<b>79.73 %</b>	<b>1,410,149</b>	<b>3,854,500</b>	<b>2,444,351</b>	<b>36.58 %</b>
<b>Level1: 200 - Supplies and Services</b>								
2000 - Board Member Compensation	2,160	2,832	672	76.27 %	4,320	34,000	29,680	12.71 %
2020 - Board Expenses	365	833	468	43.77 %	365	10,000	9,635	3.65 %
2040 - Rent	1,878	1,933	55	97.18 %	6,817	23,200	16,383	29.38 %
2060 - Utilities	2,772	2,749	-23	100.85 %	10,684	33,000	22,316	32.38 %
2120 - Insurance Expense	95	4,332	4,237	2.19 %	95	52,000	51,905	0.18 %
2130 - Membership Dues	20,030	2,974	-17,056	673.55 %	21,915	35,700	13,785	61.39 %
2140 - Bank Charges	997	333	-663	299.12 %	1,777	4,000	2,223	44.43 %
2150 - Office Supplies	674	1,416	742	47.61 %	4,462	17,000	12,538	26.25 %
2160 - Courier Expense	244	666	422	36.61 %	1,091	8,000	6,909	13.64 %
2170 - Printing/Photocopy	1	42	41	2.40 %	30	500	470	5.96 %
2180 - Postage & Shipping	547	558	11	97.96 %	1,772	6,700	4,928	26.44 %
2190 - IT Supplies/Services	4,131	10,829	6,698	38.15 %	60,319	130,000	69,681	46.40 %
2200 - Professional Fees	25,607	29,821	4,214	85.87 %	90,570	358,000	267,430	25.30 %
2220 - Equipment Repairs & Maintenance	2,015	583	-1,432	345.60 %	2,015	7,000	4,985	28.79 %
2235 - Equipment Lease	947	1,166	219	81.22 %	4,545	14,000	9,455	32.46 %
2240 - Telephone	5,698	3,382	-2,316	168.48 %	21,997	40,600	18,603	54.18 %
2260 - Facility Maintenance	3,523	3,432	-91	102.64 %	10,320	41,200	30,880	25.05 %
2270 - Travel Expenses	5,717	2,049	-3,668	278.98 %	8,569	24,600	16,031	34.83 %

**EXHIBIT 3-D**

**Statement of Revenue Over Expense - No Decimals**

**For Fiscal: 2018-2019 Period Ending: 10/31/2018**

Level...	October Activity	October Budget	Variance Favorable (Unfavorable)	Percent Used	YTD Activity	Total Budget	Variance Favorable (Unfavorable)	Percent Used
2280 - Transportation	2,915	2,832	-83	102.93 %	9,282	34,000	24,718	27.30 %
2300 - Legal Services	19,668	33,320	13,653	59.03 %	71,532	400,000	328,468	17.88 %
2380 - Meeting Expenses	372	491	120	75.63 %	831	5,900	5,069	14.09 %
2420 - Legal Notices	0	258	258	0.00 %	0	3,100	3,100	0.00 %
2460 - Public Outreach	0	458	458	0.00 %	594	5,500	4,906	10.81 %
2480 - Miscellaneous	0	250	250	0.00 %	379	3,000	2,621	12.63 %
2500 - Tax Administration Fee	0	1,666	1,666	0.00 %	0	20,000	20,000	0.00 %
2900 - Operating Supplies	1,533	1,591	58	96.33 %	4,752	19,100	14,348	24.88 %
<b>Total Level1: 200 - Supplies and Services:</b>	<b>101,887</b>	<b>110,797</b>	<b>8,910</b>	<b>91.96 %</b>	<b>339,032</b>	<b>1,330,100</b>	<b>991,068</b>	<b>25.49 %</b>
<b>Level1: 300 - Other Expenses</b>								
3000 - Project Expenses	666,328	784,186	117,858	84.97 %	1,205,635	9,414,000	8,208,365	12.81 %
4000 - Fixed Asset Purchases	1,189	47,764	46,575	2.49 %	153,557	573,400	419,843	26.78 %
5000 - Debt Service	0	19,159	19,159	0.00 %	0	230,000	230,000	0.00 %
5500 - Election Expenses	0	13,328	13,328	0.00 %	0	160,000	160,000	0.00 %
6000 - Contingencies	0	6,248	6,248	0.00 %	0	75,000	75,000	0.00 %
6500 - Reserves	0	29,347	29,347	0.00 %	0	352,300	352,300	0.00 %
<b>Total Level1: 300 - Other Expenses:</b>	<b>667,517</b>	<b>900,031</b>	<b>232,515</b>	<b>74.17 %</b>	<b>1,359,193</b>	<b>10,804,700</b>	<b>9,445,507</b>	<b>12.58 %</b>
<b>Total Expense:</b>	<b>1,025,389</b>	<b>1,331,909</b>	<b>306,519</b>	<b>76.99 %</b>	<b>3,108,373</b>	<b>15,989,300</b>	<b>12,880,927</b>	<b>19.44 %</b>
<b>Report Total:</b>	<b>-465,238</b>	<b>284</b>	<b>-465,522</b>		<b>-1,784,309</b>	<b>0</b>	<b>-1,784,309</b>	

**EXHIBIT 3-D**

**Statement of Revenue Over Expense - No Decimals**

**For Fiscal: 2018-2019 Period Ending: 10/31/2018**

**Fund Summary**

<b>Fund</b>	<b>October Activity</b>	<b>October Budget</b>	<b>Variance Favorable (Unfavorable)</b>	<b>Percent Used</b>	<b>YTD Activity</b>	<b>Total Budget</b>	<b>Variance Favorable (Unfavorable)</b>	<b>Percent Used</b>
24 - MITIGATION FUND	-299,432	137	-299,569		-799,732	0	-799,732	
26 - CONSERVATION FUND	-6,179	0	-6,179		-280,087	0	-280,087	
35 - WATER SUPPLY FUND	-159,628	147	-159,774		-704,490	0	-704,490	
<b>Report Total:</b>	<b>-465,238</b>	<b>284.08</b>	<b>-465,522</b>		<b>-1,784,309</b>	<b>0</b>	<b>-1,784,309</b>	





Monterey Peninsula Water Management Dist

**Statement of Revenue Over Expense - No Decimals**  
**Group Summary**

For Fiscal: 2018-2019 Period Ending: 10/31/2018

Level...	October Activity	October Budget	Variance Favorable (Unfavorable)	Percent Used	YTD Activity	Total Budget	Variance Favorable (Unfavorable)	Percent Used
<b>Fund: 24 - MITIGATION FUND</b>								
<b>Revenue</b>								
R120 - Property Taxes Revenues	0	91,667	-91,667	0.00 %	0	1,100,000	-1,100,000	0.00 %
R130 - User Fees	259,001	220,833	38,168	117.28 %	460,483	2,650,000	-2,189,517	17.38 %
R160 - Well Registration Fee	350	0	350	0.00 %	875	0	875	0.00 %
R190 - WDS Permits Rule 21	600	4,667	-4,067	12.86 %	5,400	56,000	-50,600	9.64 %
R230 - Miscellaneous - Other	74	417	-342	17.86 %	134	5,000	-4,866	2.69 %
R250 - Interest Income	6,314	833	5,481	757.97 %	16,715	10,000	6,715	167.15 %
R290 - CAW - Miscellaneous	0	3,749	-3,749	0.00 %	0	45,000	-45,000	0.00 %
R310 - Other Reimbursements	0	2,250	-2,250	0.00 %	0	27,000	-27,000	0.00 %
R320 - Grants	0	158,270	-158,270	0.00 %	106	1,900,000	-1,899,894	0.01 %
R510 - Operating Reserve	0	23,750	-23,750	0.00 %	0	285,000	-285,000	0.00 %
<b>Total Revenue:</b>	<b>266,340</b>	<b>506,435</b>	<b>-240,095</b>	<b>-52.59 %</b>	<b>483,714</b>	<b>6,078,000</b>	<b>-5,594,286</b>	<b>7.96 %</b>

**EXHIBIT 3-D**

**Statement of Revenue Over Expense - No Decimals**

**For Fiscal: 2018-2019 Period Ending: 10/31/2018**

Level...	October Activity	October Budget	Variance Favorable (Unfavorable)	Percent Used	YTD Activity	Total Budget	Variance Favorable (Unfavorable)	Percent Used
<b>Expense</b>								
<b>Level1: 100 - Personnel Costs</b>								
1100 - Salaries & Wages	71,931	88,889	16,959	80.92 %	338,928	1,067,100	728,172	31.76 %
1110 - Manager's Auto Allowance	92	100	8	92.34 %	369	1,200	831	30.78 %
1120 - Manager's Deferred Comp	143	117	-26	122.47 %	559	1,400	841	39.94 %
1130 - Unemployment Compensation	824	100	-724	824.33 %	824	1,200	376	68.67 %
1150 - Temporary Personnel	3,132	1,166	-1,966	268.57 %	6,390	14,000	7,610	45.64 %
1160 - PERS Retirement	6,831	17,660	10,828	38.68 %	147,526	212,000	64,474	69.59 %
1170 - Medical Insurance	9,621	12,145	2,524	79.22 %	41,718	145,800	104,082	28.61 %
1180 - Medical Insurance - Retirees	3,072	2,749	-323	111.75 %	12,820	33,000	20,180	38.85 %
1190 - Workers Compensation	2,073	2,766	693	74.95 %	10,799	33,200	22,401	32.53 %
1200 - Life Insurance	132	217	84	61.12 %	570	2,600	2,030	21.94 %
1210 - Long Term Disability Insurance	419	516	97	81.12 %	1,789	6,200	4,411	28.85 %
1220 - Short Term Disability Insurance	83	108	25	76.91 %	355	1,300	945	27.33 %
1230 - Other Benefits	28	50	22	56.02 %	120	600	480	20.00 %
1260 - Employee Assistance Program	21	50	29	42.48 %	91	600	509	15.15 %
1270 - FICA Tax Expense	398	167	-231	238.82 %	1,600	2,000	400	80.00 %
1280 - Medicare Tax Expense	1,208	1,316	109	91.75 %	5,825	15,800	9,975	36.87 %
1290 - Staff Development & Training	368	708	340	51.97 %	985	8,500	7,515	11.59 %
1300 - Conference Registration	318	117	-201	272.68 %	1,139	1,400	261	81.34 %
1310 - Professional Dues	0	50	50	0.00 %	0	600	600	0.00 %
1320 - Personnel Recruitment	224	100	-124	223.75 %	224	1,200	976	18.64 %
<b>Total Level1: 100 - Personnel Costs:</b>	<b>100,918</b>	<b>129,090</b>	<b>28,172</b>	<b>78.18 %</b>	<b>572,631</b>	<b>1,549,700</b>	<b>977,069</b>	<b>36.95 %</b>
<b>Level1: 200 - Supplies and Services</b>								
2000 - Board Member Compensation	864	1,133	269	76.27 %	1,728	13,600	11,872	12.71 %
2020 - Board Expenses	146	333	187	43.77 %	146	4,000	3,854	3.65 %
2040 - Rent	856	883	27	96.91 %	3,080	10,600	7,520	29.05 %
2060 - Utilities	1,118	1,108	-11	100.95 %	4,297	13,300	9,003	32.31 %
2120 - Insurance Expense	38	1,733	1,695	2.19 %	38	20,800	20,762	0.18 %
2130 - Membership Dues	7,844	908	-6,936	863.86 %	8,598	10,900	2,302	78.88 %
2140 - Bank Charges	151	133	-18	113.45 %	654	1,600	946	40.85 %
2150 - Office Supplies	270	550	280	49.05 %	1,819	6,600	4,781	27.56 %
2160 - Courier Expense	98	267	169	36.61 %	436	3,200	2,764	13.64 %
2170 - Printing/Photocopy	0	17	16	2.40 %	12	200	188	5.96 %
2180 - Postage & Shipping	219	225	6	97.23 %	709	2,700	1,991	26.25 %
2190 - IT Supplies/Services	1,653	4,332	2,679	38.15 %	24,128	52,000	27,872	46.40 %
2200 - Professional Fees	9,963	11,929	1,966	83.52 %	34,705	143,200	108,495	24.24 %
2220 - Equipment Repairs & Maintenance	806	233	-573	345.60 %	806	2,800	1,994	28.79 %
2235 - Equipment Lease	407	466	59	87.32 %	1,954	5,600	3,646	34.90 %
2240 - Telephone	2,358	1,349	-1,008	174.73 %	9,144	16,200	7,056	56.44 %
2260 - Facility Maintenance	1,409	1,383	-26	101.90 %	4,128	16,600	12,472	24.87 %
2270 - Travel Expenses	1,847	641	-1,206	288.00 %	2,036	7,700	5,664	26.44 %

**EXHIBIT 3-D**

**Statement of Revenue Over Expense - No Decimals**

**For Fiscal: 2018-2019 Period Ending: 10/31/2018**

Level...	October Activity	October Budget	Variance Favorable (Unfavorable)	Percent Used	YTD Activity	Total Budget	Variance Favorable (Unfavorable)	Percent Used
2280 - Transportation	2,519	1,141	-1,378	220.74 %	7,447	13,700	6,253	54.36 %
2300 - Legal Services	3,167	11,662	8,495	27.16 %	14,040	140,000	125,960	10.03 %
2380 - Meeting Expenses	134	200	66	66.96 %	302	2,400	2,098	12.58 %
2420 - Legal Notices	0	108	108	0.00 %	0	1,300	1,300	0.00 %
2460 - Public Outreach	0	183	183	0.00 %	233	2,200	1,967	10.58 %
2480 - Miscellaneous	0	100	100	0.00 %	152	1,200	1,048	12.63 %
2500 - Tax Administration Fee	0	483	483	0.00 %	0	5,800	5,800	0.00 %
2900 - Operating Supplies	217	108	-109	200.54 %	593	1,300	707	45.59 %
<b>Total Level1: 200 - Supplies and Services:</b>	<b>36,083</b>	<b>41,608</b>	<b>5,525</b>	<b>86.72 %</b>	<b>121,182</b>	<b>499,500</b>	<b>378,318</b>	<b>24.26 %</b>
<b>Level1: 300 - Other Expenses</b>								
3000 - Project Expenses	428,592	300,388	-128,204	142.68 %	566,503	3,606,100	3,039,597	15.71 %
4000 - Fixed Asset Purchases	178	13,878	13,699	1.28 %	23,130	166,600	143,470	13.88 %
5500 - Election Expenses	0	5,331	5,331	0.00 %	0	64,000	64,000	0.00 %
6000 - Contingencies	0	2,499	2,499	0.00 %	0	30,000	30,000	0.00 %
6500 - Reserves	0	13,503	13,503	0.00 %	0	162,100	162,100	0.00 %
<b>Total Level1: 300 - Other Expenses:</b>	<b>428,771</b>	<b>335,599</b>	<b>-93,172</b>	<b>127.76 %</b>	<b>589,633</b>	<b>4,028,800</b>	<b>3,439,167</b>	<b>14.64 %</b>
<b>Total Expense:</b>	<b>565,771</b>	<b>506,297</b>	<b>-59,474</b>	<b>111.75 %</b>	<b>1,283,446</b>	<b>6,078,000</b>	<b>4,794,554</b>	<b>21.12 %</b>
<b>Total Revenues</b>	<b>266,340</b>	<b>506,435</b>	<b>-240,095</b>	<b>-52.59 %</b>	<b>483,714</b>	<b>6,078,000</b>	<b>-5,594,286</b>	<b>-7.96 %</b>
<b>Total Fund: 24 - MITIGATION FUND:</b>	<b>-299,432</b>	<b>137</b>	<b>-299,569</b>		<b>-799,732</b>	<b>0</b>	<b>-799,732</b>	

**EXHIBIT 3-D****Statement of Revenue Over Expense - No Decimals**

For Fiscal: 2018-2019 Period Ending: 10/31/2018

Level...	October Activity	October Budget	Variance Favorable (Unfavorable)	Percent Used	YTD Activity	Total Budget	Variance Favorable (Unfavorable)	Percent Used
<b>Fund: 26 - CONSERVATION FUND</b>								
<b>Revenue</b>								
R120 - Property Taxes Revenues	0	47,481	-47,481	0.00 %	0	570,000	-570,000	0.00 %
R130 - User Fees	96,564	83,300	13,264	115.92 %	235,719	1,000,000	-764,281	23.57 %
R150 - Permit Processing Fee	20,337	14,578	5,760	139.51 %	84,683	175,000	-90,317	48.39 %
R200 - Recording Fees	222	3,332	-3,110	6.66 %	1,881	40,000	-38,119	4.70 %
R210 - Legal Fees	450	1,333	-883	33.76 %	2,250	16,000	-13,750	14.06 %
R230 - Miscellaneous - Other	552	417	136	132.55 %	552	5,000	-4,448	11.04 %
R250 - Interest Income	8,325	833	7,492	999.43 %	15,937	10,000	5,937	159.37 %
R270 - CAW - Rebates	0	80,801	-80,801	0.00 %	0	970,000	-970,000	0.00 %
R320 - Grants	0	12,712	-12,712	0.00 %	0	152,600	-152,600	0.00 %
R510 - Operating Reserve	0	24,632	-24,632	0.00 %	0	295,700	-295,700	0.00 %
<b>Total Revenue:</b>	<b>126,450</b>	<b>269,417</b>	<b>-142,967</b>	<b>-46.93 %</b>	<b>341,022</b>	<b>3,234,300</b>	<b>-2,893,278</b>	<b>10.54 %</b>

**EXHIBIT 3-D**

**Statement of Revenue Over Expense - No Decimals**

**For Fiscal: 2018-2019 Period Ending: 10/31/2018**

Level...	October Activity	October Budget	Variance Favorable (Unfavorable)	Percent Used	YTD Activity	Total Budget	Variance Favorable (Unfavorable)	Percent Used
<b>Expense</b>								
<b>Level1: 100 - Personnel Costs</b>								
1100 - Salaries & Wages	38,350	56,686	18,336	67.65 %	194,758	680,500	485,742	28.62 %
1110 - Manager's Auto Allowance	92	100	8	92.34 %	369	1,200	831	30.78 %
1120 - Manager's Deferred Comp	143	192	49	74.54 %	559	2,300	1,741	24.31 %
1130 - Unemployment Compensation	577	67	-510	865.55 %	577	800	223	72.10 %
1150 - Temporary Personnel	2,192	816	-1,376	268.57 %	4,473	9,800	5,327	45.64 %
1160 - PERS Retirement	3,599	10,479	6,881	34.34 %	81,610	125,800	44,190	64.87 %
1170 - Medical Insurance	5,527	7,580	2,053	72.91 %	25,343	91,000	65,657	27.85 %
1180 - Medical Insurance - Retirees	2,150	1,924	-226	111.75 %	8,974	23,100	14,126	38.85 %
1190 - Workers Compensation	145	250	105	58.18 %	754	3,000	2,246	25.13 %
1200 - Life Insurance	59	108	50	54.19 %	298	1,300	1,002	22.94 %
1210 - Long Term Disability Insurance	218	317	99	68.78 %	1,031	3,800	2,769	27.13 %
1220 - Short Term Disability Insurance	43	67	23	64.95 %	205	800	595	25.61 %
1230 - Other Benefits	20	33	14	58.82 %	84	400	316	21.00 %
1260 - Employee Assistance Program	12	33	21	37.00 %	55	400	345	13.82 %
1270 - FICA Tax Expense	38	58	21	64.31 %	75	700	625	10.71 %
1280 - Medicare Tax Expense	625	841	216	74.28 %	3,206	10,100	6,894	31.74 %
1290 - Staff Development & Training	258	900	642	28.63 %	1,400	10,800	9,400	12.97 %
1300 - Conference Registration	323	192	-131	168.38 %	1,581	2,300	719	68.75 %
1310 - Professional Dues	50	133	83	37.52 %	490	1,600	1,110	30.63 %
1320 - Personnel Recruitment	0	67	67	0.00 %	266	800	534	33.22 %
<b>Total Level1: 100 - Personnel Costs:</b>	<b>54,420</b>	<b>80,843</b>	<b>26,423</b>	<b>67.32 %</b>	<b>326,108</b>	<b>970,500</b>	<b>644,392</b>	<b>33.60 %</b>
<b>Level1: 200 - Supplies and Services</b>								
2000 - Board Member Compensation	605	791	187	76.43 %	1,210	9,500	8,290	12.73 %
2020 - Board Expenses	102	233	131	43.77 %	102	2,800	2,698	3.65 %
2040 - Rent	233	233	0	100.00 %	920	2,800	1,880	32.87 %
2060 - Utilities	750	750	0	100.01 %	2,926	9,000	6,074	32.51 %
2120 - Insurance Expense	27	1,216	1,190	2.19 %	27	14,600	14,573	0.18 %
2130 - Membership Dues	5,912	1,341	-4,570	440.79 %	6,439	16,100	9,661	40.00 %
2140 - Bank Charges	106	92	-14	115.51 %	538	1,100	562	48.93 %
2150 - Office Supplies	189	417	228	45.32 %	1,312	5,000	3,688	26.24 %
2160 - Courier Expense	68	183	115	37.28 %	305	2,200	1,895	13.89 %
2170 - Printing/Photocopy	0	8	8	3.36 %	8	100	92	8.34 %
2180 - Postage & Shipping	153	150	-3	102.09 %	496	1,800	1,304	27.56 %
2190 - IT Supplies/Services	1,157	3,032	1,875	38.15 %	16,864	36,400	19,536	46.33 %
2200 - Professional Fees	7,170	8,347	1,177	85.90 %	25,360	100,200	74,840	25.31 %
2220 - Equipment Repairs & Maintenance	564	167	-398	338.69 %	564	2,000	1,436	28.21 %
2235 - Equipment Lease	227	325	98	69.98 %	1,113	3,900	2,787	28.55 %
2240 - Telephone	1,565	900	-665	173.96 %	6,008	10,800	4,792	55.63 %
2260 - Facility Maintenance	986	933	-53	105.72 %	2,889	11,200	8,311	25.80 %
2270 - Travel Expenses	2,246	875	-1,372	256.84 %	4,645	10,500	5,855	44.24 %

**EXHIBIT 3-D****Statement of Revenue Over Expense - No Decimals**

For Fiscal: 2018-2019 Period Ending: 10/31/2018

Level...	October Activity	October Budget	Variance Favorable (Unfavorable)	Percent Used	YTD Activity	Total Budget	Variance Favorable (Unfavorable)	Percent Used
2280 - Transportation	131	566	435	23.18 %	335	6,800	6,465	4.93 %
2300 - Legal Services	2,184	4,998	2,814	43.70 %	9,851	60,000	50,149	16.42 %
2380 - Meeting Expenses	116	133	17	86.97 %	257	1,600	1,343	16.08 %
2420 - Legal Notices	0	58	58	0.00 %	0	700	700	0.00 %
2460 - Public Outreach	0	125	125	0.00 %	166	1,500	1,334	11.05 %
2480 - Miscellaneous	0	67	67	0.00 %	106	800	694	13.26 %
2500 - Tax Administration Fee	0	475	475	0.00 %	0	5,700	5,700	0.00 %
2900 - Operating Supplies	1,302	1,391	89	93.58 %	4,146	16,700	12,554	24.82 %
<b>Total Level1: 200 - Supplies and Services:</b>	<b>25,793</b>	<b>27,806</b>	<b>2,012</b>	<b>92.76 %</b>	<b>86,589</b>	<b>333,800</b>	<b>247,211</b>	<b>25.94 %</b>
<b>Level1: 300 - Other Expenses</b>								
3000 - Project Expenses	51,584	123,725	72,142	41.69 %	101,084	1,485,300	1,384,216	6.81 %
4000 - Fixed Asset Purchases	832	24,715	23,883	3.37 %	107,328	296,700	189,372	36.17 %
5500 - Election Expenses	0	3,732	3,732	0.00 %	0	44,800	44,800	0.00 %
6000 - Contingencies	0	1,749	1,749	0.00 %	0	21,000	21,000	0.00 %
6500 - Reserves	0	6,847	6,847	0.00 %	0	82,200	82,200	0.00 %
<b>Total Level1: 300 - Other Expenses:</b>	<b>52,416</b>	<b>160,769</b>	<b>108,353</b>	<b>32.60 %</b>	<b>208,412</b>	<b>1,930,000</b>	<b>1,721,588</b>	<b>10.80 %</b>
<b>Total Expense:</b>	<b>132,629</b>	<b>269,417</b>	<b>136,788</b>	<b>49.23 %</b>	<b>621,109</b>	<b>3,234,300</b>	<b>2,613,191</b>	<b>19.20 %</b>
<b>Total Revenues</b>	<b>126,450</b>	<b>269,417</b>	<b>-142,967</b>	<b>-46.93 %</b>	<b>341,022</b>	<b>3,234,300</b>	<b>-2,893,278</b>	<b>-10.54 %</b>
<b>Total Fund: 26 - CONSERVATION FUND:</b>	<b>-6,179</b>	<b>0</b>	<b>-6,179</b>		<b>-280,087</b>	<b>0</b>	<b>-280,087</b>	

**EXHIBIT 3-D**

**Statement of Revenue Over Expense - No Decimals**

**For Fiscal: 2018-2019 Period Ending: 10/31/2018**

Level...	October Activity	October Budget	Variance Favorable (Unfavorable)	Percent Used	YTD Activity	Total Budget	Variance Favorable (Unfavorable)	Percent Used
<b>Fund: 35 - WATER SUPPLY FUND</b>								
<b>Revenue</b>								
R100 - Water Supply Charge	0	283,333	-283,333	0.00 %	0	3,400,000	-3,400,000	0.00 %
R120 - Property Taxes Revenues	0	10,833	-10,833	0.00 %	0	130,000	-130,000	0.00 %
R130 - User Fees	59,885	50,000	9,885	119.77 %	218,148	600,000	-381,852	36.36 %
R140 - Connection Charges	92,150	20,833	71,317	442.32 %	256,625	250,000	6,625	102.65 %
R220 - Copy Fee	12	0	12	0.00 %	37	0	37	0.00 %
R230 - Miscellaneous - Other	60	417	-357	14.29 %	60	5,000	-4,940	1.19 %
R250 - Interest Income	15,254	1,250	14,004	1,220.32 %	24,458	15,000	9,458	163.06 %
R260 - CAW - ASR	0	40,950	-40,950	0.00 %	0	491,600	-491,600	0.00 %
R300 - Watermaster	0	4,548	-4,548	0.00 %	0	54,600	-54,600	0.00 %
R308 - Reclamation Project	0	1,666	-1,666	0.00 %	0	20,000	-20,000	0.00 %
R310 - Other Reimbursements	0	4,415	-4,415	0.00 %	0	53,000	-53,000	0.00 %
R320 - Grants	0	7,914	-7,914	0.00 %	0	95,000	-95,000	0.00 %
R510 - Operating Reserve	0	130,181	-130,181	0.00 %	0	1,562,800	-1,562,800	0.00 %
<b>Total Revenue:</b>	<b>167,361</b>	<b>556,341</b>	<b>-388,980</b>	<b>-30.08 %</b>	<b>499,328</b>	<b>6,677,000</b>	<b>-6,177,672</b>	<b>7.48 %</b>

**EXHIBIT 3-D**

**Statement of Revenue Over Expense - No Decimals**

**For Fiscal: 2018-2019 Period Ending: 10/31/2018**

Level...	October Activity	October Budget	Variance Favorable (Unfavorable)	Percent Used	YTD Activity	Total Budget	Variance Favorable (Unfavorable)	Percent Used
<b>Expense</b>								
<b>Level1: 100 - Personnel Costs</b>								
1100 - Salaries & Wages	74,823	78,052	3,229	95.86 %	305,815	937,000	631,185	32.64 %
1110 - Manager's Auto Allowance	277	300	23	92.34 %	1,108	3,600	2,492	30.78 %
1120 - Manager's Deferred Comp	429	450	21	95.26 %	1,678	5,400	3,722	31.08 %
1130 - Unemployment Compensation	659	83	-576	791.36 %	659	1,000	341	65.92 %
1150 - Temporary Personnel	2,506	933	-1,573	268.57 %	5,112	11,200	6,088	45.64 %
1160 - PERS Retirement	6,958	15,919	8,960	43.71 %	135,082	191,100	56,018	70.69 %
1170 - Medical Insurance	8,817	8,647	-171	101.98 %	36,368	103,800	67,432	35.04 %
1180 - Medical Insurance - Retirees	2,458	2,199	-258	111.75 %	10,256	26,400	16,144	38.85 %
1190 - Workers Compensation	1,427	1,633	205	87.43 %	6,416	19,600	13,184	32.73 %
1200 - Life Insurance	129	158	29	81.47 %	516	1,900	1,384	27.15 %
1210 - Long Term Disability Insurance	395	400	4	98.88 %	1,616	4,800	3,184	33.67 %
1220 - Short Term Disability Insurance	78	92	13	85.41 %	320	1,100	780	29.11 %
1230 - Other Benefits	22	42	19	53.78 %	96	500	404	19.20 %
1260 - Employee Assistance Program	19	42	22	46.39 %	78	500	422	15.66 %
1270 - FICA Tax Expense	43	175	132	24.50 %	86	2,100	2,014	4.08 %
1280 - Medicare Tax Expense	1,058	1,158	100	91.34 %	4,547	13,900	9,353	32.71 %
1290 - Staff Development & Training	294	633	339	46.50 %	745	7,600	6,855	9.81 %
1300 - Conference Registration	254	100	-154	254.50 %	911	1,200	289	75.92 %
1310 - Professional Dues	0	50	50	0.00 %	0	600	600	0.00 %
1320 - Personnel Recruitment	0	83	83	0.00 %	0	1,000	1,000	0.00 %
<b>Total Level1: 100 - Personnel Costs:</b>	<b>100,648</b>	<b>111,147</b>	<b>10,500</b>	<b>90.55 %</b>	<b>511,409</b>	<b>1,334,300</b>	<b>822,891</b>	<b>38.33 %</b>
<b>Level1: 200 - Supplies and Services</b>								
2000 - Board Member Compensation	691	908	217	76.13 %	1,382	10,900	9,518	12.68 %
2020 - Board Expenses	117	267	150	43.77 %	117	3,200	3,083	3.65 %
2040 - Rent	789	816	27	96.66 %	2,817	9,800	6,983	28.74 %
2060 - Utilities	904	891	-13	101.44 %	3,461	10,700	7,239	32.34 %
2120 - Insurance Expense	30	1,383	1,352	2.20 %	30	16,600	16,570	0.18 %
2130 - Membership Dues	6,275	725	-5,550	865.85 %	6,878	8,700	1,822	79.06 %
2140 - Bank Charges	740	108	-631	682.99 %	585	1,300	715	45.04 %
2150 - Office Supplies	216	450	234	47.96 %	1,331	5,400	4,069	24.65 %
2160 - Courier Expense	78	217	139	36.05 %	349	2,600	2,251	13.43 %
2170 - Printing/Photocopy	0	17	16	1.92 %	10	200	190	4.77 %
2180 - Postage & Shipping	175	183	8	95.47 %	567	2,200	1,633	25.77 %
2190 - IT Supplies/Services	1,322	3,465	2,143	38.15 %	19,327	41,600	22,273	46.46 %
2200 - Professional Fees	8,474	9,546	1,072	88.77 %	30,505	114,600	84,095	26.62 %
2220 - Equipment Repairs & Maintenance	645	183	-462	351.88 %	645	2,200	1,555	29.31 %
2235 - Equipment Lease	313	375	62	83.39 %	1,477	4,500	3,023	32.82 %
2240 - Telephone	1,775	1,133	-642	156.69 %	6,845	13,600	6,755	50.33 %
2260 - Facility Maintenance	1,127	1,116	-11	100.98 %	3,302	13,400	10,098	24.64 %
2270 - Travel Expenses	1,623	533	-1,090	304.42 %	1,888	6,400	4,512	29.50 %



**EXHIBIT 3-D**

**Statement of Revenue Over Expense - No Decimals**

**For Fiscal: 2018-2019 Period Ending: 10/31/2018**

Level...	October Activity	October Budget	Variance Favorable (Unfavorable)	Percent Used	YTD Activity	Total Budget	Variance Favorable (Unfavorable)	Percent Used
2280 - Transportation	265	1,125	860	23.55 %	1,500	13,500	12,000	11.11 %
2300 - Legal Services	14,317	16,660	2,344	85.93 %	47,641	200,000	152,359	23.82 %
2380 - Meeting Expenses	122	158	36	77.03 %	272	1,900	1,628	14.32 %
2420 - Legal Notices	0	92	92	0.00 %	0	1,100	1,100	0.00 %
2460 - Public Outreach	0	150	150	0.00 %	196	1,800	1,604	10.88 %
2480 - Miscellaneous	0	83	83	0.00 %	121	1,000	879	12.12 %
2500 - Tax Administration Fee	0	708	708	0.00 %	0	8,500	8,500	0.00 %
2900 - Operating Supplies	14	92	78	14.85 %	14	1,100	1,086	1.24 %
<b>Total Level1: 200 - Supplies and Services:</b>	<b>40,011</b>	<b>41,383</b>	<b>1,373</b>	<b>96.68 %</b>	<b>131,261</b>	<b>496,800</b>	<b>365,539</b>	<b>26.42 %</b>
<b>Level1: 300 - Other Expenses</b>								
3000 - Project Expenses	186,152	360,073	173,921	51.70 %	538,049	4,322,600	3,784,551	12.45 %
4000 - Fixed Asset Purchases	178	9,171	8,993	1.94 %	23,099	110,100	87,001	20.98 %
5000 - Debt Service	0	19,159	19,159	0.00 %	0	230,000	230,000	0.00 %
5500 - Election Expenses	0	4,265	4,265	0.00 %	0	51,200	51,200	0.00 %
6000 - Contingencies	0	1,999	1,999	0.00 %	0	24,000	24,000	0.00 %
6500 - Reserves	0	8,996	8,996	0.00 %	0	108,000	108,000	0.00 %
<b>Total Level1: 300 - Other Expenses:</b>	<b>186,330</b>	<b>403,663</b>	<b>217,333</b>	<b>46.16 %</b>	<b>561,148</b>	<b>4,845,900</b>	<b>4,284,752</b>	<b>11.58 %</b>
<b>Total Expense:</b>	<b>326,989</b>	<b>556,194</b>	<b>229,205</b>	<b>58.79 %</b>	<b>1,203,818</b>	<b>6,677,000</b>	<b>5,473,182</b>	<b>18.03 %</b>
<b>Total Revenues</b>	<b>167,361</b>	<b>556,341</b>	<b>-388,980</b>	<b>-30.08 %</b>	<b>499,328</b>	<b>6,677,000</b>	<b>-6,177,672</b>	<b>-7.48 %</b>
<b>Total Fund: 35 - WATER SUPPLY FUND:</b>	<b>-159,628</b>	<b>147</b>	<b>-159,774</b>		<b>-704,490</b>	<b>0</b>	<b>-704,490</b>	
<b>Report Total:</b>	<b>-465,238</b>	<b>284</b>	<b>-465,522</b>		<b>-1,784,309</b>	<b>0</b>	<b>-1,784,309</b>	

**EXHIBIT 3-D**

**Statement of Revenue Over Expense - No Decimals**

**For Fiscal: 2018-2019 Period Ending: 10/31/2018**

**Fund Summary**

<b>Fund</b>	<b>October Activity</b>	<b>October Budget</b>	<b>Variance Favorable (Unfavorable)</b>	<b>Percent Used</b>	<b>YTD Activity</b>	<b>Total Budget</b>	<b>Variance Favorable (Unfavorable)</b>	<b>Percent Used</b>
24 - MITIGATION FUND	-299,432	137	-299,569		-799,732	0	-799,732	
26 - CONSERVATION FUND	-6,179	0	-6,179		-280,087	0	-280,087	
35 - WATER SUPPLY FUND	-159,628	147	-159,774		-704,490	0	-704,490	
<b>Report Total:</b>	<b>-465,238</b>	<b>284.08</b>	<b>-465,522</b>		<b>-1,784,309</b>	<b>0</b>	<b>-1,784,309</b>	

**ITEM: PRESENTATION****7. RECEIVE PENSION REPORTING STANDARDS GOVERNMENT ACCOUNTING STANDARDS BOARD STATEMENT NO. 68 ACCOUNTING VALUATION REPORT****Meeting Date: December 17, 2018**                      **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: There was no Administrative Committee during December 2018.****CEQA Compliance: This action does not constitute a project as defined by the California Environmental Quality Act Guidelines Section 15378.**

**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 Comprehensive Annual Financial Report (CAFR). It is noteworthy to mention that the GASB 68 standard only applies to reporting the liability and does not stipulate any requirement for funding the liability.

District's Net Pension Liability as of June 30, 2018 is estimated at \$5,202,822. See calculation below:

	<b>Miscellaneous Risk Pool</b>	<b>Allocation Factor</b>	<b>MPWMD Share</b>
Total Pension Liability	\$16,016,547,402	0.0011921	\$19,093,326
Risk Pool Fiduciary Net Position	\$12,074,499,781	0.0011504	\$13,890,504
Net Pension Liability/(Asset)	\$ 3,942,047,621		\$ 5,202,822

In comparison, District's Net Pension Liability as of June 30, 2017 was estimated at \$4,496,774. 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 7.15%), then for the same future pension obligations, the unfunded Net Pension Liability would go down.

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 2017-2018 Comprehensive Annual Financial Report.

The pension liability reported in the Annual Financial Report for GASB 68 purposes does not impact the District's budget. The District's annual budget process will continue to use the annual pension costs 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.

**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 2019-2020 pension payments and rates, is scheduled to be released late November/December 2018. 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 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.

Beginning with the fiscal year 2018-2019 budget, District has started setting aside funds towards the unfunded pension and other postemployment benefits (OPEB). At a later date, staff will be bringing additional reports relative to other funding strategies to the Board to address the pension liabilities and OPEB liabilities.

## **EXHIBIT**

### **7-A GASB 68 Accounting Valuation Report**



# **GASB 68 ACCOUNTING VALUATION REPORT**

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

**Measurement Date of June 30, 2017**

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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, 2017.

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, 2016 annual funding valuation. The census data and benefit provisions underlying the liabilities were prepared as of June 30, 2016 and certified as part of the annual funding valuation by the CalPERS Actuarial Office. The June 30, 2016 liabilities, which were rolled forward to June 30, 2017 and used for this accounting valuation, are based on actuarial assumptions adopted by the CalPERS Board of Administration and consistent with the requirements of GASB 68. 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, deferred inflows and outflows 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.



CHEUK KIU (JET) AU, 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, 2017. 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, 2016
Measurement Date	June 30, 2017
Measurement Period	June 30, 2016 to June 30, 2017



## 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)
<b>Balance at: 06/30/2016</b>	<b>\$14,397,353,530</b>	<b>\$10,923,476,287</b>	<b>\$3,473,877,243</b>
<b>Changes Recognized for the Measurement Period:</b>			
Service Cost	\$391,832,080		\$391,832,080
Interest on Total Pension Liability	1,077,608,396		1,077,608,396
Changes of Benefit Terms	1,932,029		1,932,029
Changes of Assumptions	907,027,295		907,027,295
Differences between Expected and Actual Experience	(102,359,669)		(102,359,669)
Net Plan to Plan Resource Movement		\$(26,049,676)	26,049,676
Contributions – Employer		456,855,300	(456,855,300)
Contributions – Employees		168,218,719	(168,218,719)
Net Investment Income		1,225,227,907	(1,225,227,907)
Benefit Payments, including Refunds of Employee Contributions	(656,846,259)	(656,846,259)	0
Administrative Expense		(16,382,497)	16,382,497
Other Miscellaneous Income	0	0	0
<b>Net Changes during 2016-17</b>	<b>\$1,619,193,872</b>	<b>\$1,151,023,494</b>	<b>\$468,170,378</b>
<b>Balance at: 06/30/2017</b>	<b>\$16,016,547,402</b>	<b>\$12,074,499,781</b>	<b>\$3,942,047,621</b>

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

	Discount Rate -1% 6.15%	Current Discount Rate 7.15%	Discount Rate + 1% 8.15%
Risk Pool's Net Pension Liability/(Asset)	\$6,145,073,915	\$3,942,047,621	\$2,117,461,486

## Pension Expense/(Income) for Measurement Period Ended June 30, 2017

Description	Amount
Service Cost	\$391,832,080
Interest on Total Pension Liability	1,077,608,396
Changes of Benefit Terms	1,932,029
Recognized Changes of Assumptions	174,989,828
Recognized Differences between Expected and Actual Experience	(21,232,141)
Net Plan to Plan Resource Movement	26,049,676
Employee Contributions	(168,218,719)
Projected Earnings on Pension Plan Investments	(776,525,126)
Recognized Differences between Projected and Actual Earnings on Plan Investments	(3,070,912)
Administrative Expense	16,382,497
Other Miscellaneous Income	0
<b>Total Pension Expense/(Income)</b>	<b>\$719,747,608</b>

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, 2017. 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 employers' actual and allocated contributions and changes in proportion.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$668,335,902	\$(50,961,251)
Differences between Expected and Actual Experience	5,386,488	(77,171,360)
Net Difference between Projected and Actual Earnings on Pension Plan Investments	151,150,027	0
<b>Total</b>	<b>\$824,872,417</b>	<b>\$(128,132,611)</b>

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
2018	\$162,080,465
2019	390,163,188
2020	234,236,710
2021	(89,740,557)
2022	0
Thereafter	0

Note: For employers with June 30<sup>th</sup> year-end, the fiscal year will be one year later than the measurement period. For example, the 2018 measurement period presented in the above table will be listed as year 2019 in the employer's fiscal year ending June 30, 2018 financial statements.

### Expected Average Remaining Service Lifetime (EARSL)

The EARSL for PERF C for the measurement date ending June 30, 2017 is 3.8 years, which was obtained by dividing the total service years of 490,088 (the sum of remaining service lifetimes of the active employees) by 130,595 (the total number of participants: active, inactive, and retired) in PERF C. Inactive employees and retirees have remaining service lifetimes equal to 0. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

---

## Required Supplementary Information

### **Summary of Changes of Benefits or Assumptions**

Benefit Changes: There were no changes to benefit terms that applied to all members of the Public Agency Pool. However, individual employers in the Plan may have provided a benefit improvement to their employees by granting Two Years Additional Service Credit to members retiring during a specified time period (a.k.a. Golden Handshakes). Employers that have done so may need to report this information as a separate liability in their financial statement as CalPERS considers such amounts to be separately financed employer-specific liabilities. These employers should consult with their auditors.

Changes of Assumptions: In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent.

Employers should refer to CalPERS' Comprehensive Annual Financial Report for the fiscal year ended June 30, 2017, which may be accessed on the CalPERS website at [www.calpers.ca.gov](http://www.calpers.ca.gov), to obtain the required supplementary information for proper financial reporting.

## **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 COLLECTIVE 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 Date	Changes of Assumptions	Remaining Recognition Period (Years)	Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of Changes of Assumptions						
			2017	2018	2019	2020	2021	2022	Thereafter
2014	\$0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2015	(242,065,946)	1.8	(63,701,565)	(50,961,251)	0	0	0	0	0
2016	0	0	0	0	0	0	0	0	0
2017	907,027,295	3.8	238,691,393	238,691,393	238,691,393	190,953,116	0	0	0
<b>Net Increase (Decrease) in Pension Expense</b>			<b>\$174,989,828</b>	<b>\$187,730,142</b>	<b>\$238,691,393</b>	<b>\$190,953,116</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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

Measurement Date	Increase in Total Pension Liability (a)	Decrease in Total Pension Liability (b)	Amounts Recognized in Pension Expense through June 30, 2017 (c)	Balances at June 30, 2017	
				Deferred Outflows of Resources (a) – (c)	Deferred Inflows of Resources (b) – (c)
2014	\$0	\$0	\$0	\$0	\$0
2015	0	(242,065,946)	(191,104,695)	0	(50,961,251)
2016	0	0	0	0	0
2017	907,027,295	0	238,691,393	668,335,902	0
				<b>\$668,335,902</b>	<b>\$(50,961,251)</b>



**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 Date	Differences between Expected and Actual Experience	Remaining Recognition Period (Years)	Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of Differences between Expected and Actual Experience						
			2017	2018	2019	2020	2021	2022	Thereafter
2014	\$0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2015	25,585,821	1.8	6,733,111	5,386,488	0	0	0	0	0
2016	(3,805,440)	2.7	(1,028,497)	(1,028,497)	(719,949)	0	0	0	0
2017	(102,359,669)	3.8	(26,936,755)	(26,936,755)	(26,936,755)	(21,549,404)	0	0	0
<b>Net Increase (Decrease) in Pension Expense</b>			<b>\$(21,232,141)</b>	<b>\$(22,578,764)</b>	<b>\$(27,656,704)</b>	<b>\$(21,549,404)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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

Measurement Date	Experience Losses (a)	Experience Gains (b)	Amounts Recognized in Pension Expense through June 30, 2017 (c)	Balances at June 30, 2017	
				Deferred Outflows of Resources (a) – (c)	Deferred Inflows of Resources (b) – (c)
2014	\$0	\$0	\$0	\$0	\$0
2015	25,585,821	0	20,199,333	5,386,488	0
2016	0	(3,805,440)	(2,056,994)	0	(1,748,446)
2017	0	(102,359,669)	(26,936,755)	0	(75,422,914)
				<b>\$5,386,488</b>	<b>\$(77,171,360)</b>

**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 Date	Differences between Projected and Actual Earnings on Pension Plan Investments	Remaining Recognition Period (Years)	Increase (Decrease) in Pension Expense Arising from the Recognition of the Differences between Projected and Actual Earnings on Pension Plan Investments						
			2017	2018	2019	2020	2021	2022	Thereafter
2014	\$(910,997,066)	2.0	\$(182,199,413)	\$(182,199,414)	\$0	\$0	\$0	\$0	\$0
2015	571,477,513	3.0	114,295,503	114,295,503	114,295,501	0	0	0	0
2016	772,867,770	4.0	154,573,554	154,573,554	154,573,554	154,573,554	0	0	0
2017	(448,702,781)	5.0	(89,740,556)	(89,740,556)	(89,740,556)	(89,740,556)	(89,740,557)	0	0
<b>Net Increase (Decrease) in Pension Expense</b>			<b>\$(3,070,912)</b>	<b>\$(3,070,913)</b>	<b>\$179,128,499</b>	<b>\$64,832,998</b>	<b>\$(89,740,557)</b>	<b>\$0</b>	<b>\$0</b>

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

Measurement Date	Investment Earnings less than Projected (a)	Investment Earnings greater than Projected (b)	Amounts Recognized in Pension Expense through June 30, 2017 (c)	Balances at June 30, 2017	
				Deferred Outflows of Resources (d) = (a) – (c)	Deferred Inflows of Resources (e) = (b) – (c)
2014	\$0	\$(910,997,066)	\$(728,797,652)	\$0	\$(182,199,414)
2015	571,477,513	0	342,886,509	228,591,004	0
2016	772,867,770	0	309,147,108	463,720,662	0
2017	0	(448,702,781)	(89,740,556)	0	(358,962,225)
				<b>\$692,311,666</b>	<b>\$(541,161,639)</b>
				<b>Net Deferred Outflows/(Inflows) of Resources</b>	
				<b>(d) + (e)</b>	
				<b>\$151,150,027</b>	

**Note:** GASB 68 paragraph 33 requires that deferred outflows of resources and deferred inflows of resources arising from differences between projected and actual pension plan investment earnings in different measurement periods should be aggregated and reported as a net deferred outflow or inflow.

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

	Net Increase (Decrease) in Pension Expense						
	2017	2018	2019	2020	2021	2022	Thereafter
Changes of Assumptions	\$174,989,828	\$187,730,142	\$238,691,393	\$190,953,116	\$0	\$0	\$0
Differences between Expected and Actual Experience	(21,232,141)	(22,578,764)	(27,656,704)	(21,549,404)	0	0	0
Net Differences between Projected and Actual Earnings on Pension Plan Investments	(3,070,912)	(3,070,913)	179,128,499	64,832,998	(89,740,557)	0	0
<b>Grand Total</b>	<b>\$150,686,775</b>	<b>\$162,080,465</b>	<b>\$390,163,188</b>	<b>\$234,236,710</b>	<b>\$(89,740,557)</b>	<b>\$0</b>	<b>\$0</b>

## **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**

<b>Interest on Total Pension Liability</b>	<b>Amount for Period (a)</b>	<b>Portion of Period (b)</b>	<b>Interest Rate (c)</b>	<b>Interest on the Total Pension Liability (a) X (b) X (c)</b>
Beginning Total Pension Liability	\$14,397,353,530	100%	7.15%	\$1,029,410,777
Changes of Benefit Terms	1,932,029	100%	7.15%	138,140
Changes of Assumptions	907,027,295	100%	7.15%	64,852,452
Difference between Expected and Actual Experience	(102,359,669)	100%	7.15%	(7,318,716)
Service Cost	391,832,080	50%	7.15%	14,007,997
Benefit Payments, including Refunds of Employee Contributions	(656,846,259)	50%	7.15%	(23,482,254)
<b>Total Interest on Total Pension Liability</b>				<b>\$1,077,608,396</b>

<b>Projected Earnings on Pension Plan Investments</b>	<b>Amount for Period (a)</b>	<b>Portion of Period (b)</b>	<b>Projected Rate of Return (c)</b>	<b>Projected Earnings (a) X (b) X (c)</b>
Beginning Plan Fiduciary Net Position excluding Receivables <sup>1</sup>	\$10,897,593,482	100%	7.15%	\$779,177,934
Net Plan to Plan Resource Movement	(26,049,676)	50%	7.15%	(931,276)
Employer Contributions	456,855,300	50%	7.15%	16,332,577
Employee Contributions	168,218,719	50%	7.15%	6,013,819
Benefit Payments, including Refunds of Employee Contributions	(656,846,259)	50%	7.15%	(23,482,254)
Administrative Expense	(16,382,497)	50%	7.15%	(585,674)
Other Miscellaneous Income	0	50%	7.15%	0
<b>Total Projected Earnings</b>				<b>\$776,525,126</b>

<sup>1</sup> Contribution receivables for employee service buybacks, totaling \$(25,882,805) as of June 30, 2016, were excluded for purposes of calculating projected earnings on pension plan investments.

## **APPENDIX C**

### **SCHEDULE OF COLLECTIVE PENSION AMOUNTS**

- **SCHEDULE OF COLLECTIVE PENSION AMOUNTS FOR PERF C**



**Schedule of Collective Pension Amounts for PERF C, as of the Measurement Date June 30, 2017**

	<b>Miscellaneous</b>	<b>Safety</b>	<b>Total</b>
Total Pension Liability	\$16,016,547,402	\$21,144,800,930	\$37,161,348,332
Plan Fiduciary Net Position	\$12,074,499,781	\$15,169,595,595	\$27,244,095,376
<b>Net Pension Liability</b>	<b>\$3,942,047,621</b>	<b>\$5,975,205,335</b>	<b>\$9,917,252,956</b>
Deferred Outflows of Resources			
Changes of Assumptions	668,335,902	895,547,724	\$1,563,883,626
Differences Between Expected and Actual Experience	5,386,488	61,751,204	\$67,137,692
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	151,150,027	195,264,464	\$346,414,491
<b>Total Deferred Outflows of Resources Excluding Employer Specific Amounts<sup>1</sup></b>	<b>824,872,417</b>	<b>1,152,563,392</b>	<b>\$1,977,435,809</b>
Deferred Inflows of Resources			
Changes of Assumptions	(50,961,251)	(68,708,811)	(\$119,670,062)
Differences Between Expected and Actual Experience	(77,171,360)	(16,100,237)	(\$93,271,597)
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	0	0	\$0
<b>Total Deferred Inflows of Resources Excluding Employer Specific Amounts<sup>1</sup></b>	<b>(128,132,611)</b>	<b>(84,809,048)</b>	<b>(\$212,941,659)</b>
<b>Plan Pension Expense</b>	<b>\$719,747,608</b>	<b>\$821,201,709</b>	<b>\$1,540,949,317</b>

<sup>1</sup> 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: PRESENTATION****8. RECEIVE GOVERNMENT ACCOUNTING STANDARDS BOARD STATEMENT NO. 75 ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS****Meeting Date: December 17, 2018**                      **Budgeted: N/A****From: David J. Stoldt,**                      **Program/ N/A**  
**General Manager**                      **Line Item No.:****Prepared By: Suresh Prasad**                      **Cost Estimate: N/A****General Counsel Review: N/A****Committee Recommendation: There was no Administrative Committee during December 2018.****CEQA Compliance: This action does not constitute a project as defined by the California Environmental Quality Act Guidelines Section 15378.**

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**SUMMARY:** In July 2004, the Governmental Accounting Standards Board (GASB) issued Statement Nos. 43 & 45, establishing financial reporting requirement for post-employment benefits other than pensions. The District currently provides health insurance benefits as a post-employment benefit and has complied with GASB 43 & 45 requirements by including current and future cost information in its financial statements beginning with Fiscal Year 2009-2010. District used the actuarial firm Milliman, Inc. to compile the required data using the alternative measurement report method.

In June 2015, GASB issued Statement No. 75 replacing GASB 45, financial reporting requirement for post-employment benefits other than pensions, which now includes information with respect to the total obligation to provide future retiree health and welfare benefits with fiscal year beginning June 15, 2017. Since this is a report that requires a full actuarial report, District used Precision Actuarial, Inc. to prepare this report to meet GASB Statement No. 75 for the fiscal year ending June 30, 2018 attached as **Exhibit 8-A**. It is noteworthy to mention that the GASB 75 standard only applies to reporting the liability and does not stipulate any requirement for funding the liability.

As stated in the Executive Summary, page 3, the District's Net OPEB Liability as of June 30, 2018 is estimated at \$4,104,989, all of which remains unfunded. In comparison, District's Net OPEB Liability as of June 30, 2017 was estimated at \$3,929,329.

The District's annual expense of \$268,040 would fully fund the current and future costs amortized over time. In FY 2017-2018, the District paid premium contributions towards medical coverage for nine retirees and one surviving spouse of retiree in the amount of \$92,380. This actual cost would be deducted from any contribution made for the year. For example, if the District had fully funded its contribution in FY 2017-2018, the \$92,380 would have been deducted from the \$268,040 resulting in a net contribution of \$175,660. It should be noted that

both current and future costs must be recalculated on an annual basis based on then current employee data and District benefit levels, so the contribution amounts may vary somewhat each subsequent year. The District can elect to either partially fund, fully fund or continue to fund the costs on a pay-as-you-go basis. The District's budget in the past has included funds for pay-as-you-go basis.

**RECOMMENDATION:** District staff recommends that the Board receive the GASB 75 OPEB Valuation Report prepared by Precision Actuarial, Inc.

**BACKGROUND:** In July 2004, GASB issued Statement Nos. 43 & 45, establishing financial reporting requirements for post-employment benefits other than pensions. The District provides health insurance as a post-employment benefit and is required to comply with GASB 43 & 45 and include the required information in its audited financial statements beginning in FY 2009-10.

In June 2015, GASB issued Statement No. 75 replacing GASB 45, financial reporting requirement for post-employment benefits other than pensions, which now includes information with respect to the total obligation to provide future retiree health and welfare benefits with fiscal year beginning June 15, 2017.

The main thrust of GASB OPEB standard is to require that public-sector employees recognize the cost of other post-employment benefits over the service life of their employees rather than on a pay-as-you-go basis. While the liability amount must be included in each entities annual audited financial statements, the GASB statements do not require that the amount actually be funded. Government entities can either partially fund, fully fund or continue to fund the costs on a pay-as-you-go basis.

Beginning with the fiscal year 2018-2019 budget, District has started setting aside funds towards the unfunded pension and other postemployment benefits (OPEB). At a later date, staff will be bringing additional reports relative to other funding strategies to the Board to address the pension liabilities and OPEB liabilities.

## **EXHIBIT**

**8-A** GASB 75 OPEB Valuation Report as of 06/30/2018

# Monterey Peninsula Water Management District

**GASB 75 OPEB Valuation Report as of June 30, 2018  
for Disclosures for the Fiscal Year Ending June 30, 2018**

December 11, 2018



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Actuarial Inc.

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(415) 801-5987

December 11, 2018

Suresh Prasad  
Administrative Services Manager/CFO  
Monterey Peninsula Water Management District  
PO Box 85  
Monterey, California 93942

**Re: Monterey Peninsula Water Management District GASB 75 OPEB Valuation as of June 30, 2018**

Dear Mr. Prasad:

At your request, we completed an actuarial valuation of the retiree health and welfare benefits as of June 30, 2018, for the Monterey Peninsula Water Management District. Please use the information in this report for your financial statements for the fiscal year ending June 30, 2018. This valuation is based on input from the District and from CalPERS, as well as our understanding of GASB Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" (GASB 75).

We greatly appreciate your business. If you have any questions, please feel free to call us at (405) 801-5987.

Best Regards,

A handwritten signature in blue ink that reads "Roger J. Burton".

Roger Burton, FSA, MAAA, FCA



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**Purpose of the Report**

Precision Actuarial prepared this report to meet employer financial accounting requirements under GASB Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" (GASB 75), issued in June 2015. This report includes information with respect to the obligation to provide future retiree health and welfare benefits for the fiscal year ending June 30, 2018.

**Valuation Date:** June 30, 2018  
**Measurement Date:** June 30, 2018  
**Report Date:** June 30, 2018

**Application to Financials**

This report provides assets, liabilities, and expenses for use in the District's 2018 and 2019 financial reports. If significant changes, including to the discount rate, occur up to one year after the measurement date, a new valuation may be necessary.

The District should use the liabilities and assets measured as of June 30, 2018, for its June 30, 2018, liabilities and assets, and it should use the expense for the measurement period ending June 30, 2018, as its expense in its financial statements for the year ending June 30, 2018.

We recommend that the District have an actuary provide an updated report for the June 30, 2019, financial statements using updated benefit payments, assets, and discount rate. However, barring significant changes, this is optional. Please confer with your auditor for guidance.

**Changes Since the Prior Valuation**

The previous valuation was a GASB 45 valuation produced by Milliman. We updated the census, benefit payments, contributions, assets, and all assumptions. This valuation is a full valuation.

**Actuarial Certification**

Our determinations reflect the provisions and methods prescribed by GASB 75. In preparing this report, we relied on employee census, plan design, premium rates, and administrative fees provided directly or indirectly by the plan sponsor, and demographic assumptions provided by CalPERS. CalPERS' actuaries set the premium rates using community rating. We did not attempt to verify that the community-rated premium rates represent the true cost of claims and administrative fees.



**Actuarial Certification** *(continued)*

We based the results in this report on this information, along with the actuarial assumptions and methods used herein. In our opinion, the assumptions used represent reasonable expectations of anticipated plan experience. We reviewed the census information for reasonableness, but we did not audit it.

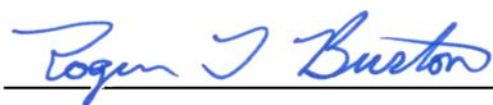
Actuarial computations under GASB 75 fulfill employer accounting and financial reporting requirements. The calculations are consistent with our understanding of GASB 75. Determinations for purposes other than meeting employer financial accounting requirements may be significantly different from the results in our report. Accordingly, additional determinations may be necessary for other purposes, such as judging benefit security at termination.

No third-party recipient of Precision Actuarial's work product should rely solely on Precision Actuarial's work product. Any third-party recipient should engage qualified professionals for advice appropriate to their own needs.

There is no relationship between Precision Actuarial, its owners, subcontractors, or staff; GovInvest; or the Monterey Peninsula Water Management District beyond the contractual services that we perform for the Monterey Peninsula Water Management District.

On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, the report is complete and accurate and that we prepared it in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the applicable "Actuarial Standards of Practice" and "Actuarial Compliance Guidelines" as promulgated by the American Academy of Actuaries.

The undersigned is a member of the American Academy of Actuaries and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.



December 11, 2018

---

**Roger Burton, FSA, MAAA, FCA**

**Date**

*Fellow of the Society of Actuaries (FSA)*

*Member of the American Academy of Actuaries (MAAA)*

*Fellow of the Conference of Consulting Actuaries (FCA)*

**EXHIBIT 8-A**  
**Executive Summary**

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**Accounting Summary**

A summary of the key valuation results follows.

	<u>Actual</u>	<u>Projected</u>
Valuation Date:	June 30, 2018	June 30, 2018
Measurement Date:	June 30, 2018	June 30, 2019
Report Date:	June 30, 2018	June 30, 2019
<b>Present Value of Future Benefits</b>		
Active Employees	\$ 3,686,406	\$ 3,815,431
Retirees	+ 1,572,263	+ 1,522,817
<b>Total Present Value of Future Benefits</b>	<b>= \$ 5,258,669</b>	<b>= \$ 5,338,248</b>
<b>OPEB Liability</b>		
Active Employees	\$ 2,532,726	\$ 2,757,136
Retirees	+ 1,572,263	+ 1,522,817
<b>Total OPEB Liability</b>	<b>= 4,104,989</b>	<b>= 4,279,953</b>
<b>Fiduciary Net Position</b>	-	-
<b>Net OPEB Liability</b>	<b>= \$ 4,104,989</b>	<b>= \$ 4,279,953</b>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.00%	0.00%
Covered-Employee Payroll	\$ 2,441,044	\$ 2,508,173
Net OPEB Liability as a Percentage of Covered-Employee Payroll	168.2%	170.6%
<b>Measurement Period</b>	<b>2017-2018</b>	<b>2018-2019</b>
<b>Reporting Period</b>	<b>2017-2018</b>	<b>2018-2019</b>
<b>Expense</b>	<b>\$ 268,040</b>	<b>\$ 277,642</b>

### Changes in the Net OPEB Liability

---

The funded status of the Plan as of the fiscal year-end, as well as other required disclosure information, follows.

	<b>Total/Net OPEB Liability</b>
<b>Balance as of Report Date June 30, 2017*</b>	<b>\$ 3,929,329</b>
<b>Changes for the year:</b>	
Service Cost	127,662
Interest	140,378
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	-
Changes of Assumptions	-
Benefit Payments, Including Refunds of Employee Contributions	(92,380)
Implicit Rate Subsidy Fulfilled	-
Other Changes	-
<b>Net Changes</b>	<b>175,660</b>
<b>Balance as of Report Date June 30, 2018</b>	<b>\$ 4,104,989</b>

\*These balances are estimated and may not match the District's financial statements.

## Accounting Information

### Development of Deferred Outflows and Inflows of Resources

All Balances at Report Date June 30, 2018

Deferred Outflows and Inflows of Resources Arising from Differences Between Expected and Actual Experience

Measurement Date – June 30:	Experience Losses (a)	Experience Gains (b)	Amounts Recognized in Expense Through June 30, 2018 (c)	Deferred Outflows of Resources (a) - (c)	Deferred Inflows of Resources (b) - (c)
2018	\$ -	\$ -	\$ -	\$ -	\$ -
Total				\$ -	\$ -

Deferred Outflows and Inflows of Resources Arising from Changes in Assumptions

Measurement Date – June 30:	Increase in Total Liability (a)	Decrease in Total Liability (b)	Amounts Recognized in Expense Through June 30, 2018 (c)	Deferred Outflows of Resources (a) - (c)	Deferred Inflows of Resources (b) - (c)
2018	\$ -	\$ -	\$ -	\$ -	\$ -
Total				\$ -	\$ -

Deferred Outflows and Inflows of Resources Arising from Differences Between Projected and Actual Earnings on Investments

Measurement Date – June 30:	Earnings Less than Projected (a)	Earnings Greater than Projected (b)	Amounts Recognized in Expense Through June 30, 2018 (c)	Deferred Outflows of Resources (a) - (c)	Deferred Inflows of Resources (b) - (c)
2018	\$ -	\$ -	\$ -	\$ -	\$ -
Total				\$ -	\$ -

## Accounting Information

**Development of Projected Deferred Outflows and Inflows of Resources**

All Balances at Report Date June 30, 2019

## Deferred Outflows and Inflows of Resources Arising from Differences Between Expected and Actual Experience

Measurement Date – June 30:	Experience Losses (a)	Experience Gains (b)	Amounts Recognized in Expense Through June 30, 2019 (c)	Deferred Outflows of Resources (a) - (c)	Deferred Inflows of Resources (b) - (c)
2018	\$ -	\$ -	\$ -	\$ -	\$ -
2019	-	-	-	-	-
Total				\$ -	\$ -

## Deferred Outflows and Inflows of Resources Arising from Changes in Assumptions

Measurement Date – June 30:	Experience Losses (a)	Experience Gains (b)	Amounts Recognized in Expense Through June 30, 2019 (c)	Deferred Outflows of Resources (a) - (c)	Deferred Inflows of Resources (b) - (c)
2018	\$ -	\$ -	\$ -	\$ -	\$ -
2019	-	-	-	-	-
Total				\$ -	\$ -

## Deferred Outflows and Inflows of Resources Arising from Differences Between Projected and Actual Earnings on Investments

Measurement Date – June 30:	Experience Losses (a)	Experience Gains (b)	Amounts Recognized in Expense Through June 30, 2019 (c)	Deferred Outflows of Resources (a) - (c)	Deferred Inflows of Resources (b) - (c)
2018	\$ -	\$ -	\$ -	\$ -	\$ -
2019	-	-	-	-	-
Total				\$ -	\$ -



## Accounting Information

## Calculation of Expense under GASB 75

		<u>Actual</u>
	Measurement Period:	2017-2018
	Reporting Period:	<u>2017-2018</u>
<b>Expense</b>		
Service Cost	\$	127,662
Interest on Total OPEB Liability		140,378
Changes of Benefit Terms		-
Recognized Differences Between Expected and Actual Experience		-
Recognized Changes of Assumptions		-
Employee Contributions		-
Projected Earnings on OPEB Plan Investments		-
Recognized Differences Between Projected and Actual Earnings		-
Administrative expenses		-
<b>Total Expense</b>	<u>\$</u>	<u>268,040</u>

## Deferred Outflows and Inflows of Resources

	<u>June 30, 2018</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ -	\$ -
Changes of Assumptions	-	-
Net Difference Between Projected and Actual Earnings on Plan Investments	-	-
District Contributions Subsequent to the Measurement Date	<i>District to Determine</i>	-
<b>Total</b>	<u>\$ -</u>	<u>\$ -</u>

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

<u>Report Year Ending June 30</u>		<u>Amount</u>
2019	\$	-
2020		-
2021		-
2022		-
2023		-
2024		-
Remaining		-

## Accounting Information

## Calculation of Projected Expense under GASB 75

	<u>Actual</u>	<u>Projected</u>
Measurement Period:	2017-2018	2018-2019
Reporting Period:	2017-2018	2018-2019
<b>Expense</b>		
Service Cost	\$ 127,662	\$ 131,173
Interest on Total OPEB Liability	140,378	146,469
Changes of Benefit Terms	-	-
Recognized Changes of Assumptions	-	-
Recognized Differences Between Expected and Actual	-	-
Employee Contributions	-	-
Projected Earnings on OPEB Plan Investments	-	-
Recognized Differences Between Projected and	-	-
Administrative expenses	-	-
<b>Total Expense</b>	<b>\$ 268,040</b>	<b>\$ 277,642</b>

## Deferred Outflows and Inflows of Resources

	<u>June 30, 2019</u>	
	<u>Deferred Outflows of</u>	<u>Deferred Inflows of</u>
	<u>Resources</u>	<u>Resources</u>
Differences Between Expected and Actual Experience	\$ -	\$ -
Changes of Assumptions	-	-
Net Difference Between Projected and Actual Earnings on Plan Investments	-	-
District Contributions Subsequent to the Measurement Date	<i>District to Determine</i>	-
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>

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

<u>Report Year Ending June 30:</u>	<u>Amount</u>
2020	\$ -
2021	-
2022	-
2023	-
2024	-
Remaining	-



## Accounting Information

## Reconciliation of Expense

	Total/Net OPEB Liability	Deferred Inflows	Deferred Outflows	Net Deferrals	Net OPEB Liability plus Net Deferrals	Annual Expense
Balance as of Report Date June 30, 2017	\$ (3,929,329)	\$ -	\$ -	\$ -	\$ (3,929,329)	
Service Cost	(127,662)					\$ 127,662
Interest on Total OPEB Liability	(140,378)					140,378
Effect of Changes of Benefit Terms	-					
Effect of Liability Gains or Losses	-	-		-		
Effect of Assumption Changes or Inputs	-	-		-		
Expected Investment Income (Net of Investment Expenses)						-
Investment Gains or Losses on Expected Return						
Contributions						
Employer – District's Contribution					-	
Employer – Implicit Subsidy					-	
Employee					-	
Benefit Payments, Including Refunds of Employee Contributions	92,380				92,380	
Implicit Rate Subsidy Fulfilled	-				-	
Administrative Expenses						-
Recognition of Liability Gains or Losses		-		-		-
Recognition of Assumption Changes or Inputs		-		-		-
Recognition of Investment Gains or Losses		-		-		-
Annual Expense					(268,040)	\$ 268,040
Balance as of Report Date June 30, 2018	\$ (4,104,989)	\$ -	\$ -	\$ -	\$ (4,104,989)	

### Projection of Net OPEB Liability

	<u>Actual</u>	<u>Projected</u>
Measurement Date:	June 30, 2018	June 30, 2019
Report Date:	June 30, 2018	June 30, 2019
<b>Estimated Liabilities</b>		
OPEB Liability, Beginning of Year	\$ 3,929,329	\$ 4,104,989
Service Cost	127,662	131,173
Interest on Liabilities	140,378	146,469
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	-	-
Changes of Assumptions	-	-
Projected Benefit Payments:		
Benefit Payments, Including Refunds of Employee Contributions	(92,380)	(102,678)
Implicit Rate Subsidy Fulfilled	-	-
Total Benefit Payments	(92,380)	(102,678)
<b>Total/Net OPEB Liability, End of Year</b>	<b>\$ 4,104,989</b>	<b>\$ 4,279,953</b>
<b>Estimated expense</b>	<b>\$ 268,040</b>	<b>\$ 277,642</b>

Projections for fiscal year-end 2019 and beyond use an estimated expected rate of return, contributions, and benefit payments. We recommend that the District update these values for its 2019 financial statements.

## OPEB Cash-Flow Projections

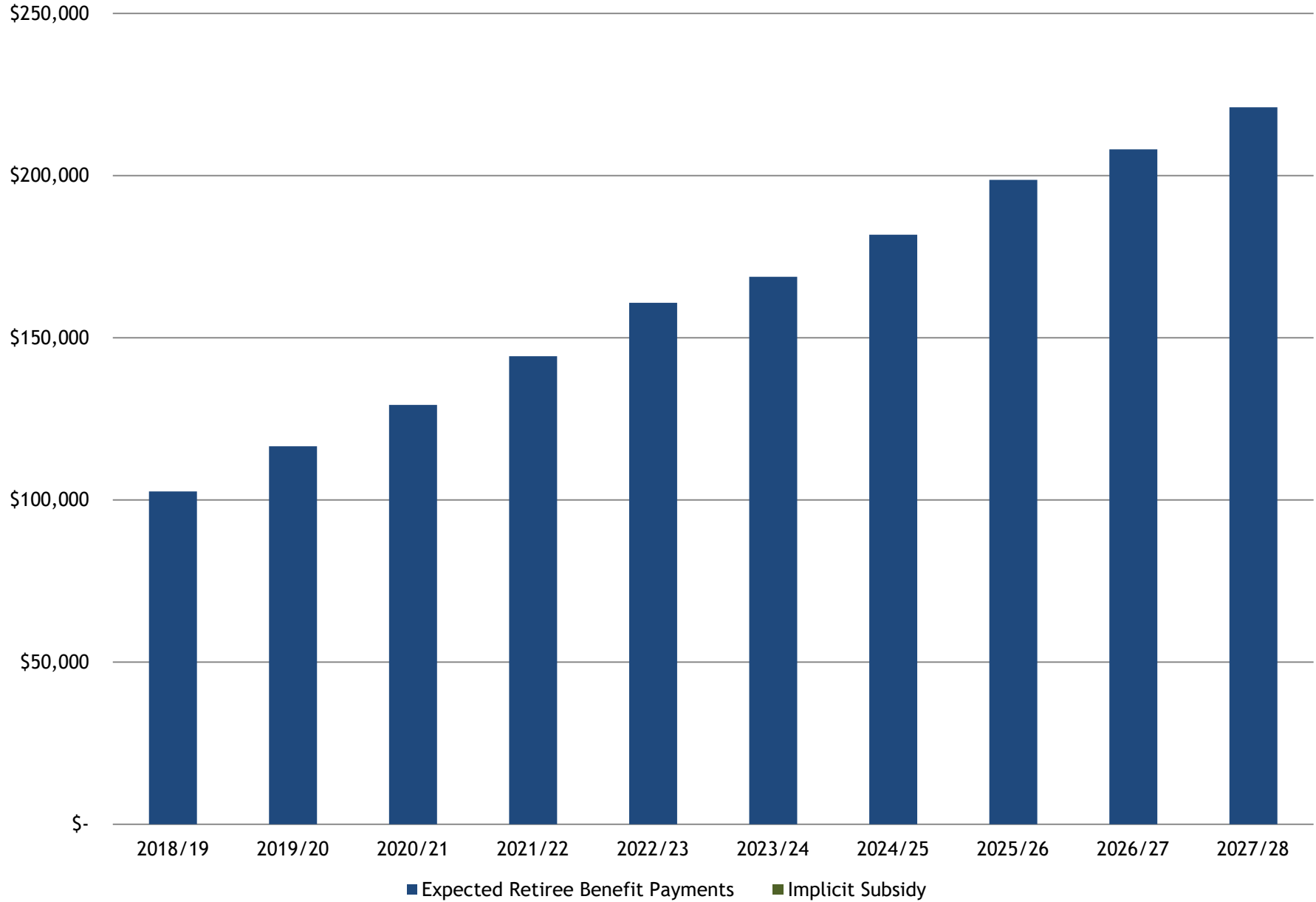
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OPEB cash-flow projections for existing participants for the next twenty-five years follow.

Measurement Period Ending June 30:	Total Expected Benefit Payments	Expected Retiree Benefit Payments	Implicit Subsidy
2019	\$ 102,678	\$ 102,678	\$ -
2020	116,531	116,531	-
2021	129,327	129,327	-
2022	144,354	144,354	-
2023	160,839	160,839	-
2024	168,803	168,803	-
2025	181,766	181,766	-
2026	198,728	198,728	-
2027	208,130	208,130	-
2028	221,071	221,071	-
2029	235,403	235,403	-
2030	245,053	245,053	-
2031	256,613	256,613	-
2032	266,010	266,010	-
2033	279,653	279,653	-
2034	288,191	288,191	-
2035	284,206	284,206	-
2036	292,844	292,844	-
2037	297,861	297,861	-
2038	302,596	302,596	-
2039	308,868	308,868	-
2040	309,456	309,456	-
2041	312,433	312,433	-
2042	310,824	310,824	-
2043	310,642	310,642	-

EXHIBIT 8-A  
**Accounting Information**

**Ten-Year Projection of Expected Benefit Payments for Existing Participants**



## Implicit Subsidy

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Actuarial standard of practice (ASOP) number 6, "Measuring Retiree Group Benefits Obligations and Determining Retiree Group Benefits Program Periodic Costs or Actuarially Determined Contributions", requires the inclusion of the implicit subsidy in OPEB valuations.

The implicit subsidy arises when an employer allows a retiree and their dependents to continue on the plans for active employees, and pay the active-employee premiums. When that occurs, retirees are not paying the true cost of their benefits because they have higher costs than active employees, and therefore are partially subsidized by the active employees. **The District's retirees participate in a plan that is priced separate from the employer-sponsored active plan, so there is no implicit subsidy.**

	<u>Actual</u>	<u>Projected</u>	
Measurement Date:	June 30, 2018	June 30, 2019	
Report Date:	June 30, 2018	June 30, 2019	
Discount Rate	3.50%	3.50%	
Retiree Benefit Payments	\$ 4,104,989	\$ 4,279,953	
Implicit Subsidy	-	-	
<b>Total OPEB Liability</b>	<b><u>\$ 4,104,989</u></b>	<b><u>\$ 4,279,953</u></b>	

### Schedule of Changes in the Total OPEB Liability and Related Ratios

GASB 75 requires a disclosure of the changes in Net OPEB Liability for the last ten fiscal years, or for as many years as are available.

	<b>Measurement Date:</b>	<b>June 30, 2018</b>
	<b>Report Date:</b>	<b>June 30, 2018</b>
<b><u>Total/Net OPEB Liability</u></b>		
Service Cost	\$	127,662
Interest		140,378
Changes of Benefit Terms		-
Differences Between Expected and Actual Experience		-
Changes of Assumptions		-
Benefit Payments, Including Refunds of Employee Contributions		(92,380)
Implicit Rate Subsidy Fulfilled		-
Net Change in Total OPEB liability		<u>175,660</u>
Total/Net OPEB Liability – Beginning of Year		3,929,329
<b>Total/Net OPEB Liability – End of Year</b>	<b>\$</b>	<b><u>4,104,989</u></b>
 <b>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</b>		 0.00%
 <b>Covered-Employee Payroll</b>	 \$	 2,441,044
 <b>District's Net OPEB Liability as a Percentage of Covered-Employee Payroll</b>		 168.17%

**Notes to schedule:**

The District adopted GASB 75 for the fiscal Year Ending June 30, 2018.

## Draft Notes to the Financial Statements

*A draft of the required notes to the District's financial statements, based on the requirements of GASB 75 and our understanding of the District's retiree health plan, follows.*

**Notes to the Financial Statements  
for the Year Ended June 30, 2018**

**Summary of Significant Accounting Policies**

*Other Postemployment Benefits Other Than Pensions (OPEB).*

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense information about the fiduciary net position of the District Retiree Benefits Plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

**Note X – Other Post-employment Benefits (OPEB)**

*Plan Description.*

The District administers an Agent Multiple-Employer defined-benefit post-employment healthcare plan. Dependents are eligible to enroll, and benefits continue to surviving spouses for 1 year following the member's death.

*Benefits Provided.*

Retirees are eligible for medical benefits if they retire at Age 50+. A retiree who was hired before 7/1/2013 and retires with 15+ years of service is eligible to receive a payment of \$1,219 per month for fiscal-year end 6/30/2019. The amount of this payment increases 3% annually. All other retirees are eligible to receive \$540 per month with no service requirements. There are no disability benefits.

*Employees covered by benefit terms.*

At June 30, 2018 (the census date), the benefit terms covered the following employees:

<b>Category</b>	<b>Count</b>
Active employees:	24
Inactive employees, spouses, or beneficiaries currently receiving benefit payments:	10
Inactive employees entitled to but not yet receiving benefit payment:	0
<b>Total</b>	<b>34</b>

*Contributions.*

The District pays retiree benefits as they come due.

Draft Notes to the Financial Statements

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**Net OPEB Liability**

The District's net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018.

*Actuarial Assumptions .*

The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation: 2.625%

Salary increases: 2.750%. Additional merit-based increases based on CalPERS merit salary increase tables.

Healthcare cost trend rates: 6.50% in the first year, trending down to 3.84% over 58 years.

Mortality rates were based on CalPERS tables.

*Discount Rate.*

The discount rate used to measure the total OPEB liability is 3.50%. The District's OPEB Plan is an unfunded plan, therefore the discount rate was set to the rate of tax-exempt, high-quality 20-year municipal bonds, as of the valuation date.



## Draft Notes to the Financial Statements

## Changes in the Net OPEB Liability

	<u>Total/Net OPEB Liability</u>
Balance as of Report Date June 30, 2017	\$ 3,929,329
Changes for the year:	
Service Cost	127,662
Interest	140,378
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	-
Changes of Assumptions	-
Benefit Payments, Including Refunds of Employee Contributions	(92,380)
Implicit Rate Subsidy Fulfilled	-
Net Changes	<u>175,660</u>
<b>Balance as of Report Date June 30, 2018</b>	<b><u>\$ 4,104,989</u></b>

Sensitivity of the net OPEB liability to changes in the discount rate. The net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.50%) or one percentage point higher (4.50%) follows:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
	2.50%	3.50%	4.50%
<b>Net OPEB Liability (Asset)</b>	<b><u>\$ 4,768,985</u></b>	<b><u>\$ 4,104,989</u></b>	<b><u>\$ 3,563,246</u></b>

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (5.50%) or one percentage point higher (7.50%) than current healthcare cost trend rates follows:

	<u>1% Decrease</u>	<u>Trend Rate</u>	<u>1% Increase</u>
	5.50% Decreasing to 2.84%	6.50% Decreasing to 3.84%	7.50% Decreasing to 4.84%
<b>Net OPEB Liability (Asset)</b>	<b><u>\$ 3,519,896</u></b>	<b><u>\$ 4,104,989</u></b>	<b><u>\$ 4,837,526</u></b>

## Draft Notes to the Financial Statements

## OPEB Expense and Deferred Inflows and Outflows of Resources Related to OPEB

For the year ended June 30, 2018, the District recognized an OPEB expense of \$268,040. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Actual and Expected Experience	\$ -	\$ -
Changes of Assumptions	-	-
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	-	-
District Contributions Subsequent to the Measurement Date	<i>District to Determine</i>	-
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>

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

<u>Report Year Ending June 30:</u>	<u>Amount</u>
2019	\$ -
2020	-
2021	-
2022	-
2023	-

**EXHIBIT 8-A**  
**Basis of Valuation**

**Substantive Plan**

A summary of the substantive plan used as the basis of the valuation follows.

<b>Tier 1 - Hired Before 7/1/2013 or Classic Member under PEPRA</b>	
<b>Less than 15 Years of Service</b>	
<b>Eligibility</b>	On attainment of age 50.
<b>Duration of coverage</b>	Retiree's lifetime.
<b>Dependent coverage</b>	Eligible to enroll but no employer contribution. Surviving spouse benefits available for one year after retiree death, if applicable
<b>Medical plan choices</b>	Retiree will be enrolled in the Laborers Northern California Trust Special Plan.
<b>Core Benefit</b>	District contributes up to \$540. This amount is fixed.
<b>15 or More Years of Service</b>	
<b>Eligibility</b>	On attainment of age 50 and 15 years of Service.
<b>Duration of coverage</b>	Retiree's lifetime.
<b>Dependent coverage</b>	Eligible to enroll but no employer contribution. Surviving spouse benefits available for one year after retiree death, if applicable
<b>Medical plan choices</b>	Retiree will be enrolled in the Laborers Northern California Trust Special Plan.
<b>Core Benefit</b>	District contributes up to \$1,219 per month for fiscal-year end 6/30/2019. This cap increases by 3% on July 1st of each successive year.

<b>Tier 2 - Hired After 1/1/2013 or PEPRA New Member Under PEPRA</b>	
<b>Eligibility</b>	On attainment of age 50.
<b>Duration of coverage</b>	Retiree's lifetime.
<b>Dependent coverage</b>	Eligible to enroll but no employer contribution. Surviving spouse benefits available for one year after retiree death, if applicable
<b>Medical plan choices</b>	Retiree will be enrolled in the Laborers Northern California Trust Special Plan.
<b>Core Benefit</b>	District contributes up to \$540. This amount is fixed.

**EXHIBIT 8-A**  
**Basis of Valuation**

**Participant Summary**

Census Date:

June 30, 2018

Age and service determined as of the census date.

Active Participants												
Age	Years of Service										Total	
	< 1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+		
< 25	1											1
25-29		1										1
30-34		1										1
35-39				1								1
40-44		1	1		1							3
45-49		1	1		1	1	1					5
50-54		1					2					3
55-59							1	1				2
60-64			2	1	1		1	2				7
65-69												0
70+												0
<b>Total</b>	<b>1</b>	<b>5</b>	<b>4</b>	<b>2</b>	<b>3</b>	<b>1</b>	<b>5</b>	<b>3</b>	<b>0</b>	<b>0</b>		<b>24</b>

Average Employee Age: 49.7

Average Years of Service: 15.9

Inactive Participants			
Age	Retiree	Spouse*	Total
< 50			0
50-54	1		1
55-59			0
60-64	4		4
65-69	1		1
70-74	2		2
75-79	2		2
80-84			0
85-89			0
90+			0
<b>Total</b>	<b>10</b>	<b>6</b>	<b>10</b>

Average Inactive Age: 66.0

\*Retiree spouse ages are unknown

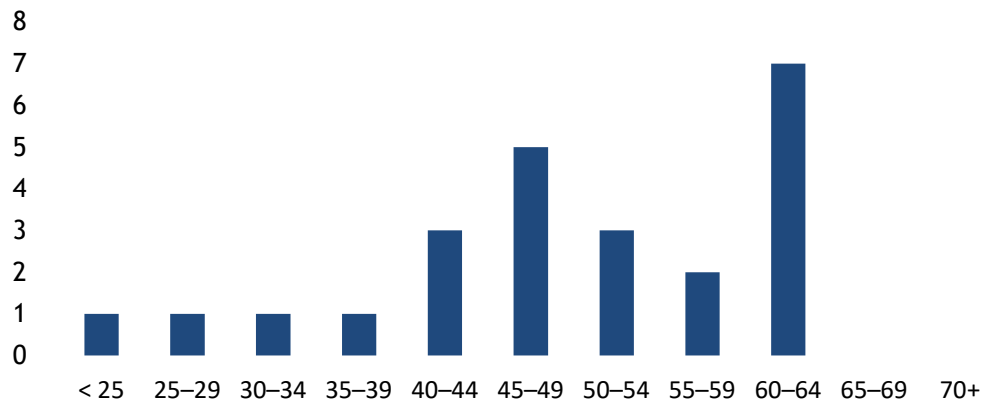
**Participant Summary Charts**

Census Date: June 30, 2018

Age and service determined as of the census date.

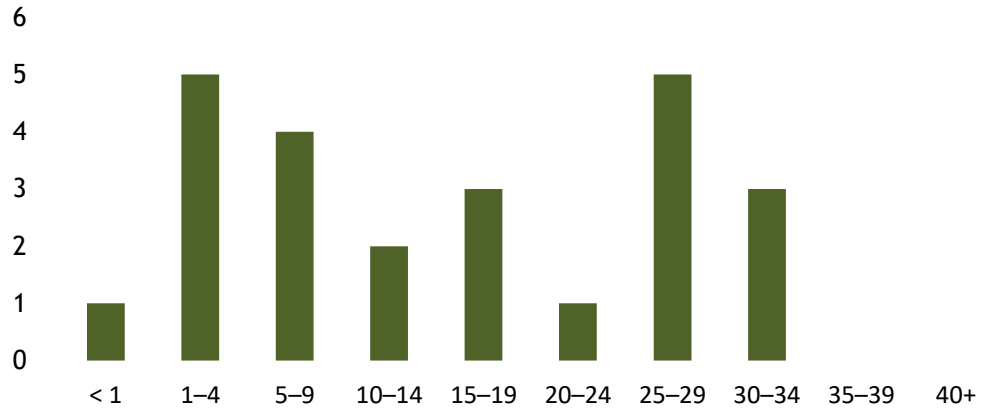
**Count of Actives by Age Bracket**

Average Employee Age: 49.7



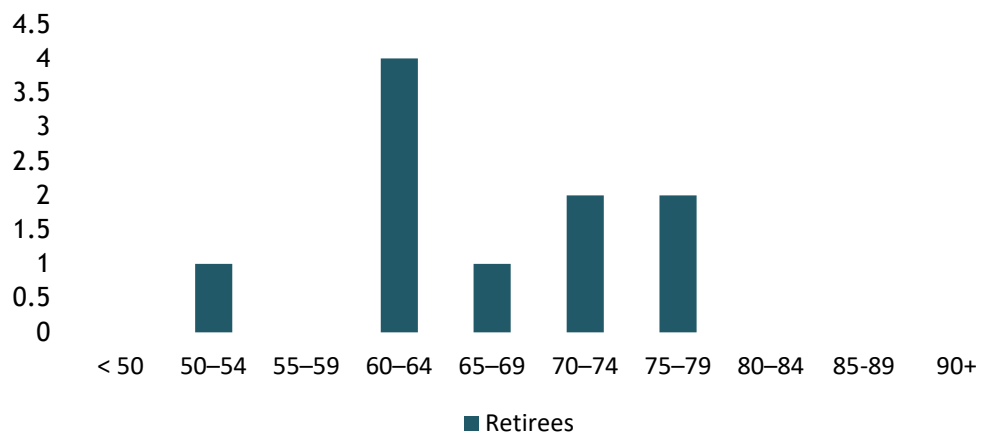
**Count of Actives by Years of Service**

Average Years of Service: 15.9



**Count of Inactives by Age Bracket**

Average Inactive Age: 66.0



**Actuarial Assumptions**

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A summary of the actuarial assumptions used for this valuation follows. We considered the reasonableness of each assumption independently based on its own merits, consistent with each other assumption, and the combined impact of all assumptions.

<b>Assumption</b>	<b>Rates</b>
<b>Actuarial Cost Method</b>	Entry Age Normal Level Percentage of Salary
<b>Measurement Date</b>	June 30, 2018
<b>Valuation Date</b>	June 30, 2018
<b>Report Date</b>	June 30, 2018
<b>Discount Rate</b>	The discount rate selected is 3.50%. The discount rate is the long-term rate of return for the plan's assets. Since the plan is unfunded we employ a discount rate reflecting the 20-year tax-exempt municipal bond yield.
<b>Mortality</b>	Same as CalPERS. See appendix.
<b>Termination Rates</b>	Same as CalPERS. See appendix. Also known as "turnover".
<b>Disability</b>	Same as CalPERS. See appendix.
<b>Retirement</b>	Same as CalPERS. See appendix.

**Actuarial Assumptions**

<b>Assumption</b>	<b>Rates</b>						
<b>Aging or Morbidity Factors</b>	Based on actual CalPERS HMO and PPO population data.						
<b>Participant Contributions</b>	Retiree pays any difference between premiums and the benefit cap for the retiree (which varies by benefit received).						
<b>Salary Increases</b>	2.75% (same as CalPERS). The salary increase is used to determine the growth in the aggregate payroll.  Individual Salary Increases: 2018 CalPERS Merit Salary Increases.						
<b>Inflation Rate</b>	2.625%						
<b>Marital Status</b>	Current Retirees: Actual spouse coverage is used.  Future retirees: 70% assumed to be married.						
<b>Spouse Gender</b>	Assumes spouse of opposite gender for current and future retirees.						
<b>Spouse Age Difference</b>	Assumes males are three years older than females.						
<b>Participation</b>	Current Retirees: Assume current elections continue until decrement. Future Retiree election assumptions summarized below*: <table border="1"> <thead> <tr> <th>Hire Dates</th> <th>Service Retirement</th> </tr> </thead> <tbody> <tr> <td>Pre-2013, 15+ YOS</td> <td>90.0%</td> </tr> <tr> <td>All Others</td> <td>75.0%</td> </tr> </tbody> </table>	Hire Dates	Service Retirement	Pre-2013, 15+ YOS	90.0%	All Others	75.0%
Hire Dates	Service Retirement						
Pre-2013, 15+ YOS	90.0%						
All Others	75.0%						
	*Assumed all covered spouses elect survivor spouse benefits.						
<b>ACA Excise Tax</b>	Assumed that the District will pass the ACA Excise Tax on to the retirees.						

**EXHIBIT 8-A**  
**Basis of Valuation**

**Actuarial Assumptions**

**Assumption** **Rates**

**Premiums** A single retiree premium was developed based on current enrollment patterns.

Grouping	Employee	Two-Party
Pre-Medicare Plans	\$ 11,064	\$ 22,128
Medicare Plans	4,368	8,736

**Trend Rates** Medical Long-Term Trends from Society of Actuaries "Long Term Healthcare Cost Trends Model v2018\_c" using baseline assumptions.

Year	Pre-Medicare Trend	Medicare Trend
2018	6.50%	5.50%
2019	6.00%	5.50%
2020	5.50%	5.30%
2021	5.20%	5.20%
2022	5.20%	5.20%
2023	5.20%	5.20%
2024	5.19%	5.19%
2025	5.19%	5.19%
2026-2074	...	...
2075+	3.84%	3.84%

**PEMHCA Administration Fee** Not applicable

**PEMHCA Information** Not applicable

**Benefit Cap Trend Rate** Assumed annual growth of 3% for the retirees hired before 2013 with 15+ years of service. Assumed no annual increase for other retirees.



## About GASB 75

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This section includes a brief summary of GASB 75, as well as definitions of some of the key terminology used in this report.

### About GASB 75

*In General.* In June 2015 the Governmental Accounting Standards Board released GASB 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". GASB 75 replaced GASB 45 for fiscal years beginning after June 15, 2017, for employers that sponsor OPEB plans. The provisions in GASB 75 are similar to the provisions of GASB 68 for pensions.

*Accounting.* GASB 75 requires a liability known as the Net OPEB Liability (NOL). The employer recognizes the NOL on its balance sheet. The employer also recognizes an OPEB expense in the income statement. GASB 45 recorded the Unfunded Accrued Actuarial Liability (UAAL) in the notes to the financial statement, whereas GASB 75 records the NOL, which is very similar to the UAAL with just a few technical differences, on the balance sheet.

*Financial Statement Impact (Employers).* One of the biggest changes to the financial statements of governmental employers that provide OPEB is the reporting of the OPEB liability on the face of the statements rather than in the footnotes. Governments that do not provide OPEB through a trust are required to recognize the entire OPEB liability in the financial statements. For governments that provide OPEB through an OPEB plan that is administered through a trust, the government's OPEB liability is recognized net of the amount of the OPEB plan's fiduciary net position.

*Changes to the Measurement of the Total OPEB Liability.* Measurement of the OPEB liability includes discounting future benefit payments for current and former employees and their beneficiaries to their present value and allocating the present value over past and future periods of the employee service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position. The calculation continues to include employee-related events, such as projected salary increases and projected years of service, if they affect the amount of OPEB payments employees will receive, as well as provisions for automatic cost-of-living adjustments (COLAs) and other automatic benefits. Additionally, ad hoc COLAs and other ad hoc benefit changes, which are made at the discretion of the government, are included in projections as well, if they routinely recur.

GASB 75 requires governments to discount projected OPEB payments to their present value. Under the new standard, governments discount the projected OPEB payments to be made in each year and the amount of plan assets (if a government administers the OPEB through a trust) available for providing those benefits to current active and inactive employees and their beneficiaries. Similar to the pension standards, the discount rate used is based on whether the plan assets are projected to be sufficient to make future payments. If the plan assets are sufficient, governments discount future payments using the long-term expected rate of return. If projected plan assets are insufficient to make all future payments to current and inactive employees and their beneficiaries, or if there are no plan assets held in trust, the discount rate is based on a high-quality 20-year tax-exempt general obligation municipal bond yield or index rate. "High-quality" is defined as being rated AA or higher (or an equivalent rating).

*Cost Method.* The Entry Age Normal Cost method must be used.

**About GASB 75 (continued)**

Factors that affect a government's OPEB liability, such as actual earnings on plan investments when the OPEB plan is administered as a trust, employee compensation changes, interest on the outstanding OPEB liability, contributions from employees and employers, and actual demographic and economic changes that are not in line with assumptions made in the actuarial calculations, are considered when determining the government's OPEB expense. A government's annual OPEB expense is calculated with consideration for factors affecting the OPEB liability within the reporting period. Several causes of changes in OPEB liability are immediately factored into the calculation of OPEB expense for the period, such as benefits earned each year, interest on the total OPEB liability, changes in benefit terms, and projected earnings on plan investments, if administered through a trust.

Governments are required to recognize deferred outflows of resources or deferred inflows of resources and then introduce into the expense calculation, systematically and rationally over the average remaining years of employment (active employees and inactive employees, including retirees), the effect on the total OPEB liability of differences between assumptions and actual experience.

## Appendix

## About GASB 75

Key Terminology

<b>Actuarially Determined Contribution</b>	A target or recommended contribution to a defined benefit OPEB plan for the reporting period, determined in conformity with Actuarial Standards of Practice based on the most recent measurement available when the contribution for the reporting period was adopted.
<b>Actuarial Present Value of Projected Benefit Payments</b>	Projected benefit payments discounted to reflect the expected effects of the time value (present value) of money and the probabilities of payment.
<b>Agent Employer</b>	An employer whose employees are provided with OPEB through an agent multiple-employer defined-benefit OPEB plan.
<b>Closed Period</b>	A specific number of years that is counted from one date, which declines to zero with the passage of time. For example, if the recognition period initially is five years on a closed basis, four years remain after the first year, three years after the second year, and so forth until no years remain.
<b>Contributions</b>	Additions to an OPEB plan's fiduciary net position for amounts from employers, non-employer contributing entities, or employees.
<b>Dates and Periods</b>	
• <b>Census Date</b>	The date of the census. It is usually the same as the <b>Valuation Date</b> .
• <b>Measurement Date</b>	The date on which assets are measured. The liabilities are rolled forward to this date from the <b>Valuation Date</b> , should it differ, using actuarial roll-forward techniques.
• <b>Measurement Period</b>	The year ending on the <b>Measurement Date</b> .
• <b>Report Date</b>	The date on which the amounts are reported in the financial statements. It is the same as the fiscal year-end. It may be up to one year ahead of the <b>Measurement Date</b> , with no roll-forward of liabilities or assets required.
• <b>Reporting Period</b>	The year ending on the <b>Report Date</b> . It is the same as the fiscal year.
• <b>Valuation Date</b>	The date on which the liabilities are valued.
<b>Defined-Benefit OPEB</b>	OPEB for which the benefits that the employee will receive at or after separation from employment are defined by the benefit terms. The OPEB may be stated as (a) a specified dollar amount (b) an amount that is calculated based on one or more factors such as age, years of service, and compensation, or (c) a type or level of coverage such a prescription drug coverage or a percentage of health insurance premiums. OPEB that does not have all of the terms of defined contribution OPEB is classified as defined-benefit OPEB.

**Key Terminology (continued)**

<b>Discount Rate</b>	<p>The single rate of return that, when applied to all projected benefit payments, results in an actuarial present value of projected benefit payments equal to the total of the following:</p> <ul style="list-style-type: none"><li>a. The actuarial present value of benefit payments projected to be made in future periods in which (1) the amount of the OPEB plan's fiduciary net position is projected to be greater than the benefit payments that are projected to be made in that period and (2) OPEB plan assets up to that point are expected to be invested using a strategy to achieve the long-term expected rate of return, calculated using the long-term expected rate of return on OPEB plan investments.</li><li>b. The actuarial present value of projected benefit payments not included in (a), calculated using a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale).</li></ul>
<b>Net OPEB Liability</b>	<p>The liability of employers and non-employer contributing entities to employees for benefits provided through a defined-benefit OPEB plan that is administered through a trust that meets the criteria in paragraph 4 of GASB 75.</p>
<b>Normal Cost</b>	<p>See <b>Service Cost</b>.</p>
<b>Other Postemployment Benefits (OPEB)</b>	<p>Benefits (such as death benefits, life insurance, disability, and long-term care) that are paid in the period after employment and that are provided separately from a pension plan, as well as healthcare benefits paid in the period after employment, regardless of the manner in which they are provided. OPEB does not include termination benefits or termination payment for sick leave.</p>
<b>Projected Benefit Payments</b>	<p>All benefits estimated to be payable through OPEB plan to current active and inactive employees as a result of their past service and their expected future service.</p>
<b>Service Cost</b>	<p>The portions of the actuarial present value of projected benefit payments that are attributed to valuation years. Also called <b>Normal Cost</b>.</p>
<b>Substantive Plan</b>	<p>The plan terms as understood by the employer and the plan members at the time of the valuation, including only changes to plan terms that have been made and communicated to employees.</p>

**Decrement Tables**

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The valuation used the following decrement tables from the CalPERS OPEB Assumption Model, revised December 20, 2017.

<b>Mortality</b>	<b><u>Source Table</u></b>
Miscellaneous Employees	Mort and Disb Rates_PA Misc
<b>Disability Rates</b>	
Miscellaneous Employees	Mort and Disb Rates_PA Misc
<b>Terminated Vested Rates</b>	
Miscellaneous Employees	Terminated Refund Rates_Misc + Terminated Vested Rates_PA Misc
<b>Salary Scale Rates</b>	
Miscellaneous Employees	Salary Scale Rates_PA Misc
<b>Service Retirement Rates</b>	
Miscellaneous Employees	
• 2.0% at 55	Rx PA Misc 2% @ 55
• 2.0% at 62	Rx PA Misc 2% @ 62

Sample Mortality and Disability Rates

Public Agency Miscellaneous

Attained Age	Pre-Retirement Mortality				Post-Retirement Mortality						Disability			
	Male Assumptions		Female Assumptions		Male Assumptions			Female Assumptions			Male Assumptions		Female Assumptions	
	Non Industrial Death	Industrial Death	Non Industrial Death	Industrial Death	Healthy Recipients	Non Industrially Disabled	Industrially Disabled	Healthy Recipients	Non Industrially Disabled	Industrially Disabled	Non Industrial Disability	Industrial Disability	Non Industrial Disability	Industrial Disability
1	0.00000	0.00000	0.00000	0.00000	0.00023	0.00555	0.00128	0.00015	0.00346	0.00098	0.00000	0.00000	0.00000	0.00000
5	0.00000	0.00000	0.00000	0.00000	0.00023	0.00565	0.00129	0.00015	0.00350	0.00099	0.00000	0.00000	0.00000	0.00000
10	0.00000	0.00000	0.00000	0.00000	0.00024	0.00572	0.00130	0.00015	0.00354	0.00099	0.00000	0.00000	0.00000	0.00000
15	0.00023	0.00000	0.00017	0.00000	0.00024	0.00584	0.00132	0.00016	0.00361	0.00101	0.00017	0.00000	0.00010	0.00000
20	0.00031	0.00000	0.00020	0.00000	0.00025	0.00604	0.00135	0.00017	0.00372	0.00104	0.00017	0.00000	0.00010	0.00000
25	0.00040	0.00000	0.00023	0.00000	0.00029	0.00637	0.00141	0.00021	0.00392	0.00109	0.00017	0.00000	0.00010	0.00000
30	0.00049	0.00000	0.00025	0.00000	0.00039	0.00693	0.00153	0.00028	0.00428	0.00121	0.00019	0.00000	0.00024	0.00000
35	0.00057	0.00000	0.00035	0.00000	0.00060	0.00788	0.00178	0.00046	0.00492	0.00143	0.00049	0.00000	0.00081	0.00000
40	0.00075	0.00000	0.00050	0.00000	0.00110	0.00949	0.00225	0.00091	0.00605	0.00188	0.00122	0.00000	0.00155	0.00000
45	0.00106	0.00000	0.00071	0.00000	0.00227	0.01221	0.00318	0.00200	0.00804	0.00281	0.00191	0.00000	0.00218	0.00000
50	0.00155	0.00000	0.00100	0.00000	0.00501	0.01680	0.00501	0.00466	0.01158	0.00466	0.00213	0.00000	0.00229	0.00000
55	0.00228	0.00000	0.00138	0.00000	0.00599	0.01973	0.00599	0.00416	0.01149	0.00416	0.00221	0.00000	0.00179	0.00000
60	0.00308	0.00000	0.00182	0.00000	0.00710	0.02289	0.00754	0.00436	0.01235	0.00518	0.00222	0.00000	0.00135	0.00000
65	0.00400	0.00000	0.00257	0.00000	0.00829	0.02451	0.01122	0.00588	0.01607	0.00838	0.00210	0.00000	0.00118	0.00000
70	0.00524	0.00000	0.00367	0.00000	0.01305	0.02875	0.01635	0.00993	0.02211	0.01395	0.00180	0.00000	0.00114	0.00000
75	0.00713	0.00000	0.00526	0.00000	0.02205	0.03990	0.02834	0.01722	0.03037	0.02319	0.00142	0.00000	0.00118	0.00000
80	0.00990	0.00000	0.00814	0.00000	0.03899	0.06083	0.04899	0.02902	0.04725	0.03910	0.00142	0.00000	0.00118	0.00000
85	0.00000	0.00000	0.00000	0.00000	0.06969	0.09731	0.07679	0.05243	0.07762	0.06251	0.00000	0.00000	0.00000	0.00000
90	0.00000	0.00000	0.00000	0.00000	0.12974	0.14804	0.12974	0.09887	0.12890	0.09887	0.00000	0.00000	0.00000	0.00000
95	0.00000	0.00000	0.00000	0.00000	0.22444	0.22444	0.22444	0.18489	0.21746	0.18489	0.00000	0.00000	0.00000	0.00000
100	0.00000	0.00000	0.00000	0.00000	0.32536	0.32536	0.32536	0.30017	0.30017	0.30017	0.00000	0.00000	0.00000	0.00000
105	0.00000	0.00000	0.00000	0.00000	0.58527	0.58527	0.58527	0.56093	0.56093	0.56093	0.00000	0.00000	0.00000	0.00000
110	0.00000	0.00000	0.00000	0.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	0.00000	0.00000	0.00000	0.00000
115	0.00000	0.00000	0.00000	0.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	0.00000	0.00000	0.00000	0.00000
120	0.00000	0.00000	0.00000	0.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	0.00000	0.00000	0.00000	0.00000

Notes:

- 1) Pre-Retirement and Post-Retirement mortality rates include 20 years of projected on-going mortality improvement using Scale BB published by the Society of Actuaries.
- 2) Miscellaneous Plans usually have Industrial Death rates set to zero unless the agency has specifically contracted for Industrial Death benefits. If so, each Non-Industrial Death rate shown above will be split into two components: 99% will become the Non-Industrial Death rate and 1% will become the Industrial Death rate.
- 3) The Miscellaneous Non-Industrial Disability rates are used for Local Prosecutors.
- 4) Normally, Industrial Disability rates are zero for miscellaneous plans unless the agency has specifically contracted for Industrial Disability benefits. If so, each miscellaneous non-industrial disability rate will be split into two components: 50% will become the Non-Industrial Disability rate and 50% will become the Industrial Disability rate.

Sample Termination Rates

		Sample Terminated Refund Rates Public Agency Miscellaneous									
Entry Ages		15	20	25	30	35	40	45	50	55	59
Service	0	0.18120	0.17420	0.16740	0.16060	0.15370	0.14680	0.14000	0.13320	0.12620	0.12080
	5	0.02320	0.02120	0.01930	0.01740	0.01550	0.01360	0.01160	0.00970	0.00780	0.00620
	10	0.01550	0.01380	0.01210	0.01040	0.00880	0.00710	0.00550	0.00380	0.00210	0.00080
	15	0.00700	0.00600	0.00510	0.00420	0.00320	0.00230	0.00140	0.00040	0.00020	0.00020
	20	0.00450	0.00370	0.00290	0.00210	0.00130	0.00050	0.00010	0.00010	0.00010	0.00010
	25	0.00240	0.00170	0.00110	0.00050	0.00010	0.00010	0.00010	0.00010	0.00010	0.00010
	30	0.00110	0.00050	0.00010	0.00010	0.00010	0.00010	0.00010	0.00010	0.00000	0.00000
	35	0.00010	0.00010	0.00010	0.00010	0.00010	0.00010	0.00010	0.00000	0.00000	0.00000
	40	0.00010	0.00010	0.00010	0.00010	0.00010	0.00010	0.00000	0.00000	0.00000	0.00000
	45	0.00010	0.00010	0.00010	0.00010	0.00010	0.00000	0.00000	0.00000	0.00000	0.00000
		0.00010	0.00010	0.00010	0.00010	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000

		Sample Terminated Vested Rates Public Agency Miscellaneous									
Entry Ages		15	20	25	30	35	40	45	50	55	59
Service	0	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
	5	0.07140	0.06560	0.05970	0.05370	0.04770	0.04180	0.00000	0.00000	0.00000	0.00000
	10	0.05940	0.05300	0.04660	0.04030	0.03390	0.00000	0.00000	0.00000	0.00000	0.00000
	15	0.05110	0.04430	0.03730	0.03050	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
	20	0.04050	0.03330	0.02610	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
	25	0.02880	0.02120	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
	30	0.01500	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
	35	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
	40	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
	45	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
	50	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000

When a member is eligible to retire, the termination with vested benefits probability is set to zero

**EXHIBIT 8-A**  
**Appendix**

**Sample Salary Scale Rates**

Service	Entry Ages											Public Agency Miscellaneous		
	15	20	25	30	35	40	45	50	55	60	65	70	75	79
0	0.1220	0.1220	0.1220	0.1160	0.1090	0.1020	0.0950	0.0950	0.0950	0.0950	0.0950	0.0950	0.0950	0.0950
5	0.0640	0.0640	0.0640	0.0600	0.0550	0.0520	0.0480	0.0480	0.0480	0.0480	0.0480	0.0480	0.0480	0.0480
10	0.0460	0.0460	0.0460	0.0430	0.0410	0.0390	0.0370	0.0370	0.0370	0.0370	0.0370	0.0370	0.0370	0.0370
15	0.0420	0.0420	0.0420	0.0400	0.0380	0.0360	0.0340	0.0340	0.0340	0.0340	0.0340	0.0340	0.0340	0.0340
20	0.0390	0.0390	0.0390	0.0380	0.0360	0.0340	0.0330	0.0330	0.0330	0.0330	0.0330	0.0330	0.0330	0.0330
25	0.0370	0.0370	0.0370	0.0360	0.0340	0.0330	0.0310	0.0310	0.0310	0.0310	0.0310	0.0310	0.0310	0.0310
30	0.0350	0.0350	0.0350	0.0340	0.0330	0.0320	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300
35	0.0350	0.0350	0.0350	0.0340	0.0330	0.0320	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300
40	0.0350	0.0350	0.0350	0.0340	0.0330	0.0320	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300
45	0.0350	0.0350	0.0350	0.0340	0.0330	0.0320	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300
50	0.0350	0.0350	0.0350	0.0340	0.0330	0.0320	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300

Miscellaneous Salary Scale is used for Local Prosecutors



### Matrix of Sample Service Retirement Assumption Rates

Service	Attained Ages				Public Agency Miscellaneous 2% @ 55		
	50	55	60	65	70	75	79
0	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
5	0.0080	0.0400	0.0580	0.1450	0.1500	1.0000	1.0000
10	0.0130	0.0400	0.0750	0.1730	0.1710	1.0000	1.0000
15	0.0180	0.0560	0.0930	0.2010	0.1920	1.0000	1.0000
20	0.0210	0.0930	0.1260	0.2330	0.2390	1.0000	1.0000
25	0.0220	0.1090	0.1430	0.2660	0.3040	1.0000	1.0000
30	0.0330	0.1540	0.1690	0.2890	0.3300	1.0000	1.0000
35	0.0500	0.2100	0.2070	0.3160	0.3300	1.0000	1.0000
40	0.0000	0.2400	0.2800	0.3300	0.3300	1.0000	1.0000
45	0.0000	0.0000	0.2800	0.3300	0.3300	1.0000	1.0000
50	0.0000	0.0000	0.0000	0.3300	0.3300	1.0000	1.0000

Service	Attained Ages				Public Agency Miscellaneous 2% @ 62		
	50	55	60	65	70	75	79
0	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
5	0.0000	0.0100	0.0310	0.1080	0.1200	1.0000	1.0000
10	0.0000	0.0190	0.0510	0.1410	0.1560	1.0000	1.0000
15	0.0000	0.0280	0.0710	0.1730	0.1930	1.0000	1.0000
20	0.0000	0.0360	0.0910	0.2060	0.2290	1.0000	1.0000
25	0.0000	0.0610	0.1110	0.2390	0.2650	1.0000	1.0000
30	0.0000	0.0960	0.1380	0.3000	0.3330	1.0000	1.0000
35	0.0000	0.1520	0.1830	0.3480	0.3870	1.0000	1.0000
40	0.0000	0.1800	0.2040	0.3600	0.4000	1.0000	1.0000
45	0.0000	0.0000	0.2040	0.3600	0.4000	1.0000	1.0000
50	0.0000	0.0000	0.0000	1.0000	1.0000	1.0000	1.0000



**ITEM: PUBLIC HEARING****9. CONSIDER FIRST READING OF ORDINANCE NO. 181 AMENDING RULE 11 AND ADDING RULE 23.10 TO ESTABLISH A WATER ENTITLEMENT FOR SNG EVARISTE, LLC, A DELAWARE LIMITED LIABILITY COMPANY**

<b>Meeting Date:</b>	<b>December 17, 2018</b>	<b>Budgeted:</b>	<b>N/A</b>
<b>From:</b>	<b>David J. Stoldt, General Manager</b>	<b>Program/ Line Item No.:</b>	<b>N/A</b>
<b>Prepared By:</b>	<b>Stephanie Locke</b>	<b>Cost Estimate:</b>	<b>N/A</b>

**General Counsel Review: Yes****Committee Recommendation: N/A**

**CEQA Compliance: MPWMD has determined that a Statutory Exemption applies as defined in CEQA Guidelines Section 15268 (Ministerial Projects), based on previous environmental determinations made by the Courts.**

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**SUMMARY:** Ordinance No. 181 (**Exhibit 9-A**) establishes a 5.07 Acre-Feet (AF) Water Entitlement for SNG EVARISTE, LLC, a Delaware Limited Liability Company (SNG). SNG is an Alternate Producer under the Seaside Groundwater Adjudication Decision. SNG is requesting an Entitlement to convert 10.903 AF from Alternate to Standard Production so that the water can be used elsewhere in the Seaside Groundwater Basin. By making the conversion, the Production Limit is subject to the adjudication “ramp down,” reducing the amount of water from 10.903 AF to 5.07 AF. Montage Health will be the recipient of the Entitlement for construction of a new health care facility in Ryan Ranch.

A Water Entitlement is a discrete quantity of water established by District ordinance that specifies a Water Entitlement Holder for new or Intensified Water Use. A Water Entitlement Holder assigns water to its subscribers via Assignment Documents that the subscribers then use to obtain Water Use Permits from the District. The Water Use Permit can then be used to permit new or intensified water use up to the amount specified. Other Water Entitlement Holders include Malpas Water and the City of Sand City.

Before water from the SNG Entitlement can be assigned to Montage, the Board must approve amendments to the California American Water Water Distribution System (WDS) and to the SNG WDS. The Public Hearing for that action is scheduled for the January 24, 2019, meeting. The first reading of Ordinance No. 180 is taking place at this meeting to facilitate second reading and adoption at the meeting where the WDS amendments are considered.

**CEQA:** MPWMD has followed those guidelines adopted by the State of California and published in the California Administrative Code, Title 14, Section 15000, *et seq.* Specifically, the MPWMD has determined that a Statutory Exemption applies as defined in CEQA Guidelines Section 15268 (Ministerial Projects), based on previous environmental determinations by the Courts. The Monterey County Superior Court concluded that its Adjudication Decision included environmental

determinations related to the Seaside Basin and adjudication of the rights therein. The MPWMD action is also consistent with the May 11, 2009, Court Order as confirmed by the Sixth District Court of Appeal, which limits CEQA review of water-related issues to areas other than the Seaside Basin.

**RECOMMENDATION:** The Board should approve the first reading of Ordinance No. 181, establishing a Water Entitlement for SNG EVARISTE, LLC, a Delaware Limited Liability Company.

**EXHIBIT**

**9-A** Draft Ordinance No. 181

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**EXHIBIT 9-A**

***First Reading Draft***

**ORDINANCE NO. 181**

**AN ORDINANCE OF THE BOARD OF DIRECTORS OF THE  
MONTEREY PENINSULA WATER MANAGEMENT DISTRICT  
AMENDING RULE 11 AND ADDING RULE 23.10  
TO ESTABLISH A WATER ENTITLEMENT FOR  
SNG EVARISTE, LLC, A DELAWARE LIMITED LIABILITY COMPANY**

**FINDINGS**

1. The Monterey Peninsula Water Management District (MPWMD or District) is charged under the Monterey Peninsula Water Management District Law with the integrated management of all ground and surface water resources in the Monterey Peninsula area.
2. The Monterey Peninsula Water Management District Law grants MPWMD general and specific powers to cause sufficient water to be available for present and future beneficial use or uses of lands or inhabitants within the District. MPWMD Rule 30 requires the District to establish a specific Allocation for each Jurisdiction and provides that the District also may establish Water Entitlements as necessary to manage water supplies throughout the District.
3. SNG EVARISTE, LLC, a Delaware Limited Liability Company (SNG), is the current owner of Assessor's Parcel Number (APN) 011-501-014, referred to herein as the "Donor Parcel." SNG holds adjudicated rights, including rights to an Alternative Production Allocation of water totaling more than 10.903 Acre-Feet Annually (AFA) from the Seaside Groundwater Basin. The Donor Parcel was previously owned by Security National Guaranty Inc., a California Corporation, which is named in the Seaside Basin Adjudication Decision (as amended).
4. SNG's water rights are based on Groundwater in the Costal Subareas of Seaside Groundwater Basin. SNG's rights to this groundwater were adjudicated in March 2006. Water for the SNG Entitlement shall be produced by California-American Water Company

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- (California American Water or CAW) and delivered to a receiving Parcel through CAW's Water Distribution System. All water provided to a receiving Parcel must be derived from Wells in the Seaside Groundwater Basin, consistent with the May 11, 2009 Monterey County Superior Court Order, Case #M66343 ("Court Order"). The Adjudication Decision allows parties to exercise their water rights anywhere in the Seaside Basin, and extractions are not limited to the location of historical use. Thus, SNG's water rights are not confined to the Donor Parcel, and may be produced from another Seaside Basin Well, owned by another entity, and delivered to recipient Parcels within the Seaside Basin.
5. The Monterey County Superior Court, Seaside Groundwater Basin Watermaster, and Sixth District Court of Appeal have confirmed (Order After Hearing on SNG's Motion to Enforce and Clarify the Amended Decision, Case #M66343, filed by the Monterey County Superior Court (Judge Roger Randall) on May 11, 2009 (referred to herein as "Court Order"); Sixth District Court of Appeal Decision, Case #H034335, dated April 1, 2010 (referred to herein as the "Appeal Decision")) that all or a portion of SGN's 10.903 AFY Standard Production Allocation water rights may be delivered to recipient Parcels in the Seaside Basin from offsite CAW Well(s) located in the Seaside Basin.
  6. 10.903 AFA of the water rights associated with the Donor Parcel are proposed to be wheeled to another location CAW Water Distribution System for future use at one or more recipient Parcels in the Seaside Groundwater Basin as designated by SNG. The relocation of the 10.903 AF to another Site changes the water right from an Alternative Production Allocation to a Standard Production Allocation.
  7. As a Standard Production Allocation, the amount of water available for use is subject to triennial 10% reductions through year 2021 as ordered by the Monterey County Superior Court in the Seaside Basin Adjudication Decision (as amended). After accounting for the reductions and an assumed system loss factor (unaccounted for water) of seven percent (7%), the amount of water available to a recipient Parcels is 5.07 Acre-Feet.
  8. This ordinance establishes a Water Entitlement for SNG that California American Water will convey through CAW's Water Distribution System to SNG Water Use Permit subscribers.
  9. This ordinance authorizes SNG, on terms and conditions set forth in this ordinance, to separately sell and convey portions of the Water Entitlement established by this ordinance to Parcels within the California Public Utilities Commission (CPUC)-recognized Service Area of the CAW Water Distribution System supplied with water from the Seaside Groundwater Basin and located within the Seaside Groundwater Basin.

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10. This ordinance provides that water use authorized by Water Use Permits issued under this ordinance shall be subject to the water efficiency and conservation rules of MPWMD under its Regulation XIV and the rationing rules of MPWMD under its Regulation XV.
11. This ordinance amends Rule 11 (Definitions) and adds Rule 23.10 (SNG Water Entitlement) to the Rules and Regulations of the Monterey Peninsula Water Management District.
12. MPWMD has followed those guidelines adopted by the State of California and published in the California Administrative Code, Title 14, Section 15000, *et seq.* Specifically, the MPWMD has determined that a Statutory Exemption applies as defined in CEQA Guidelines Section 15268 (Ministerial Projects), based on previous environmental determinations by the Courts. The Monterey County Superior Court concluded that its Adjudication Decision included environmental determinations related to the Seaside Basin and adjudication of the rights therein. The MPWMD action is also consistent with the May 11, 2009 Court Order as confirmed by the Sixth District Court of Appeal, which limits CEQA review of water-related issues to areas other than the Seaside Basin.

NOW THEREFORE, be it ordained as follows:

## ORDINANCE

### Section One: Short Title

This ordinance shall be known as the SNG (SNG) Water Entitlement Ordinance of the Monterey Peninsula Water Management District.

### Section Two: Purpose

This ordinance establishes a SNG Water Entitlement for use on Parcels within the CPUC-recognized Service Area of the California American Water Water Distribution System supplied with water from the Seaside Groundwater Basin and located within the Seaside Groundwater Basin.

### Section Three: Amendment of Rule 11, Definitions

The following definitions in Rule 11 shall be amended as shown in bold italics (***bold italics***) and strikeout (~~striketrough~~).

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WATER ENTITLEMENT HOLDER – “Water Entitlement Holder” shall refer to one of the following entities: The Pebble Beach Company (Ordinance Nos. 39 and 109), Hester Hyde Griffin Trust (Ordinance No. 39), Lohr Properties Inc. (Ordinance No. 39), the City of Sand City (Ordinance No. 132), Cypress Pacific Investors LLC (Water Distribution System Permit approved September 15, 2014), ~~and~~ Malpas Water Company LLC (Ordinance No. 165), D.B.O. Development No. 30, a California Limited Liability Company (Ordinance No. 166), *and SNG Evariste, LLC (Ordinance No. 182).*

**Section Four: Addition of Rule 23.10, SNG, Water Entitlement**

The following text shall be added as Rule 23.10 –SNG Water Entitlement:

**RULE 23.10 – SNG, WATER ENTITLEMENT****A. SNG, WATER ENTITLEMENT**

1. The SNG Evariste, LLC, a Delaware Limited Liability Company (SNG) Water Entitlement confers on SNG a Water Entitlement of 5.07 AFA through the California American Water Water Distribution System.
2. Benefited Properties of the SNG Water Entitlement shall mean all properties that are supplied with water from the Seaside Groundwater Basin and that are located within the Seaside Groundwater Basin and served by California American Water Water Distribution System.
3. SNG is authorized to separately sell, transfer and convey to owners of Benefited Properties for such consideration and upon such terms and conditions as SNG in its discretion may determine, such portions of the SNG Water Entitlement as it may choose. Any portion of the SNG Water Entitlement conveyed to the owner of a Benefited Property by an Assignment Document shall vest in the owner of the Benefited Property and become appurtenant to title to the particular Benefited Property, at the time the Water Use Permit is issued as evidence of such conveyance.
4. The SNG Water Entitlement shall be separate and distinct from any other Allocations provided in Rule 30. The existence of the SNG Water Entitlement shall not affect any existing use of water in the County of Monterey or any City, or any existing Allocation to any Jurisdiction.



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5. For purposes of collecting Capacity Fees and tracking the use of a Water Entitlement, the projected increase in Water Use Capacity of a Benefited Property shall be calculated in the manner set forth in Rule 24, as it may be amended from time to time.
6. Each Water Use Permit issued pursuant to this Rule shall represent a vested property interest upon issuance and shall not be subject to Revocation or cancellation except as expressly set forth in subparagraph B below.
7. The portion of the SNG Water Entitlement granted by each Water Use Permit shall not be subject to reallocation pursuant to MPWMD Rule 30, nor shall the setting of meters for the California American Water system be terminated or diminished by reason of a water emergency, water moratorium or other curtailment on the setting of meters with the exception of a water emergency, water moratorium or other curtailment that affects the use of water by all Users of the Coastal Subarea of the Seaside Groundwater Basin.

**B. REVOCAION, TERMINATION, OR MODIFICATION OF WATER USE PERMITS**

1. Each Water Use Permit which, on or after January 1, 2075, embodies an annual Water Entitlement in excess of requirements for planned land uses on the Benefited Property, or which purports to authorize usage in excess of the constitutional limitation (California Constitution, article 10, Section 2) to reasonable and beneficial use, shall be subject to modification, Revocation, or termination in the sole discretion of MPWMD, such that the water usage authorized thereby shall not exceed such requirements and limitations.
2. Prior to any modification, termination or Revocation pursuant to this subparagraph B, the holder of the Water Use Permit shall be entitled to notice and a hearing, and any termination, Revocation, or modification shall be subject to appeal to the Board pursuant to Rule 70 of the MPWMD Rules and Regulations.

**Section Five: Effective Date and Sunset**

This ordinance shall take effect at 12:01 a.m. on the 30th day after it has been enacted on second

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reading.

This Ordinance shall not have a sunset date.

**Section Six:           Severability**

If any subdivision, paragraph, sentence, clause or phrase of this ordinance is, for any reason, held to be invalid or unenforceable by a court of competent jurisdiction, such invalidity shall not affect the validity or enforcement of the remaining portions of this ordinance, or of any other provisions of the Monterey Peninsula Water Management District Rules and Regulations. It is the District's express intent that each remaining portion would have been adopted irrespective of the fact that one or more subdivisions, paragraphs, sentences, clauses, or phrases be declared invalid or unenforceable.

On motion by Director \_\_\_\_\_, and second by Director \_\_\_\_\_, the foregoing ordinance is adopted upon this \_\_\_th day of \_\_\_\_\_, 2019 by the following vote:

AYES:

NAYS:

ABSENT:

I, David J. Stoldt, Secretary to the Board of Directors of the Monterey Peninsula Water Management District, hereby certify the foregoing is a full, true and correct copy of an ordinance duly adopted on the \_\_\_th day of \_\_\_\_\_ 2019.

Witness my hand and seal of the Board of Directors this \_\_\_\_ day of \_\_\_\_\_ 2019.

\_\_\_\_\_  
David J. Stoldt, Secretary to the Board

**ITEM: PUBLIC HEARING****10. CONSIDER ADOPTION OF JANUARY THROUGH MARCH 2019 QUARTERLY**

**Meeting Date:** December 17, 2018                      **Budgeted:** N/A

**From:** David J. Stoldt,                                      **Program/** N/A  
             General Manager                                      **Line Item No.:**

**Prepared By:** 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.**

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**SUMMARY:** The Board will accept public comment and take action on the **January** through **March 2019** Quarterly Water Supply Strategy and Budget for California American Water's (CalAm's) Main and Satellite Water Distribution Systems (WDS), which are within the Monterey Peninsula Water Resources System (MPWRS). The proposed budgets, which are included as **Exhibits 10-A and 10-B**, show monthly production by source of supply that is required to meet projected customer demand in CalAm's Main and Laguna Seca Subarea systems, i.e., Ryan Ranch, Bishop, and Hidden Hills, during the **January** through **March 2019** 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 10-A** shows the anticipated production by CalAm's Main system for each production source and the actual production values for the water year to date through the end of **November 2018**. CalAm's annual Main system production for Water Year (WY) 2019 will not exceed 10,130 acre-feet (AF). Sources available to meet customer demand are 1,820 AF from the Coastal Subareas of the Seaside Groundwater Basin as set by the Seaside Basin Adjudication Decision and 8,310 AF from the Carmel River as set by WRO 2016-16. Assuming we have an average water year, additional water projects and water rights available for WY 2019 would be an estimated 900 AF from ASR Phase 1 and 2 diverted to storage in the Seaside Groundwater Basin for this quarter, 300 AF from the Sand City Desalination Plant, and an average of 225 AF from CalAm's Table 13 water rights. Under Table 13 water rights, CalAm is allowed to produce water for in-basin uses when bypass flows are in excess of permit conditions. The schedule of production from the Carmel Valley Alluvial Aquifer is consistent with State Water Resources Control Board (SWRCB) Order Nos. 95-10, 98-04, 2002-0002, and 2016-0016. In compliance with WRO 2016-0016, any water diverted under these rights must be used to reduce unlawful diversion from the Carmel River Basin.

**Exhibit 10-B** shows the anticipated production by CalAm's Laguna Seca Subarea systems for each production source, and the actual production values for WY 2019 to date through the end of **November 2018**. According to the Seaside Basin Adjudication Decision, CalAm's production has been reduced to 0 AF. It is recognized that CalAm will need to produce water to serve its customers

and this table is produced as a ministerial component of tracking the implementation of the Adjudication Decision. CalAm has filed in the most recent general rate case with the California Public Utility Commission to intertie the main system and satellite systems to solve this issue.

**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 is described in greater detail in **Exhibit 10-C**, Quarterly Water Supply Strategy Report: **January - March 2019**.

**BACKGROUND:** The Water Supply Strategy and Budget prescribes production within CalAm's Main and Laguna Seca Subarea systems and is developed on a quarterly schedule. Staff from the District, CalAm, the National Marine Fisheries Services (NMFS), State Water Resources Control Board's Division of Water Rights (SWRCB-DWR), and the California Department of Fish and Wildlife (CDFW) cooperatively develop this strategy to comply with regulatory requirements and maximize the environmental health of the resource system while meeting customer demand. To the greatest extent pumping in the Carmel Valley is minimized in the summer months and the Seaside wells are used to meet demand by recovering native water and banked Carmel River water. Also, it was agreed that CalAm will operate its wells in the Lower Carmel Valley in a downstream to upstream order.

If flows exceed 20 cfs at the District's Don Juan Gage, CalAm is allowed to produce from its Upper Carmel Valley Wells, which are used to supply water for injection into the Seaside Groundwater Basin. The permitted diversion season for ASR is between December 1 and May 31. Diversions to storage for ASR will be initiated whenever flows in the river are above permit threshold values. For planning purposes, until otherwise known, the QWB group schedules diversions to ASR storage based on operational days that would occur in an average streamflow year. CalAm may also divert under Table 13 Water Rights for in-basin use within Carmel Valley when flows are adequate. This schedule is estimated with average year streamflow conditions and daily demand for Carmel Valley. There is also a projected goal of producing 25 AF of treated brackish groundwater from the Sand City Desalination Plant in each of these three months.

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**

- 10-A** Quarterly Water Supply Strategy and Budget for Cal-Am Main System: January – March 2019
- 10-B** Quarterly Water Supply Strategy and Budget for Cal-Am Subsystems: January – March 2019
- 10-C** Quarterly Water Supply Strategy and Budget Report: January – March 2019

**California American Water Main Distribution System  
Quarterly Water Supply Strategy and Budget: January - March 2019**

**Proposed Production Targets by Source in Acre-Feet**

SOURCE/USE	MONTH			YEAR-TO-DATE		
	Jan-19	Feb-19	Mar-19	Oct-18 - Nov-18	% of YTD	% of Annual Budget
<b>Source</b>						
<u>Carmel Valley Aquifer</u>						
Upper Subunits (Service)	100	100	100	0	0%	NA
Lower Subunits (Service)	573	459	616	964	133%	12%
ASR Diversion	230	320	345	0		
Table 13 Diversion (Service)	38	52	56	0		
<b>Total</b>	941	931	1,117			
<b>Total to count against CDO</b>	<b>941</b>	<b>931</b>	<b>822</b>			
<u>Seaside Groundwater Basin</u>						
Coastal Subareas	100	100	100	620	100%	34%
Phase 1 and 2 ASR Recovery	0	0	0	0	0%	0%
Sand City Desalination	25	25	25	37	74%	12%
<b>Total</b>	125	125	125	657		
<b>Total for All Sources</b>	<b>1,066</b>	<b>1,056</b>	<b>1,242</b>			
<b>Use</b>						
Customer Service	798	684	841	1,621		
Phase 1 and 2 ASR Storage	230	320	345	0		
Table 13 In Basin use	38	52	56	0		
<b>Total</b>	<b>1,066</b>	<b>1,056</b>	<b>1,242</b>	<b>1,621</b>		

## Notes:

- The annual budget period corresponds to the Water Year, which begins on October 1 and ends on September 30 of the following Calendar Year.
- Total monthly production for "Customer Service" in CAW's main system was calculated by multiplying total annual production (10,130 AF) times the average percentage of annual production for January, February and March (7.9%, 6.8%, and 8.3%, respectively). According to District Rule 160, the annual production total was based on the assumption that production from the Coastal Subareas of the Seaside Groundwater Basin would not exceed 1,820 AF and production from Carmel River sources, without adjustments for water produced from water resources projects, would not exceed 8,310 AF in WY 2019. The average production percentages were based on monthly data for customer service from WY 2012 to 2015.
- Anticipated production for ASR injection is based on an average diversion rate of approximately 4,500 gallons per minute (gpm) or 19.9 AF per day from CAW's sources in the Carmel River Basin. "Total" monthly CAW "Use" includes water for customer service and water for injection into the Seaside Basin.
- The production targets for CAW's wells in the Seaside Coastal Subareas are based on the assumption that sufficient flow will occur in the Carmel River at the targeted levels, to support ASR injection. It is planned that Coastal Subarea pumping will not occur, or will be proportionally reduced, if ASR injection does not occur at targeted levels.
- The production targets for CAW's wells in the Seaside Coastal Subareas are based on the need for CAW to produce its full Standard Allocation during WY 2019 to be in compliance with SWRCB WRO No. 95-10.
- It should be noted that monthly totals for Carmel Valley Aquifer sources may be different than those shown in MPWMD Rule 160, Table XV-3. These differences result from monthly target adjustments needed to be consistent with SWRCB WRO 98-04, which describes how Cal-Am Seaside Wellfield is to be used to offset production in Carmel Valley during low-flow periods. Adjustments are also made to the Quarterly Budgets to ensure that compliance is achieved on an annual basis with MPWMD Rule 160 totals.
- Table 13 values reflect source/use estimates based on SWRCB Permit 21330, which allows diversions from the CVA for "In Basin use" (3.25 AFD) when flows in the River exceed threshold values. In accordance with Water Rights Permits 21330 and CDO2009-0060, water produced and consumed under this right is subtracted from the CVA annual base amount. Actual values will be dependant on the number of days flows exceed minimum daily instream flow requirements.



**EXHIBIT 10-B**

**California American Water Highway 68 Distribution Systems  
Quarterly Water Supply Strategy and Budget: January - March 2019  
Proposed Production Targets by Source and Projected Use in Acre-Feet**

SOURCE/USE	MONTH			YEAR-TO-DATE		
	Jan-19	Feb-19	Mar-19	Oct-18 - Nov-18	% of YTD	% of Annual Budget
<b><u>Source</u></b>						
Seaside Groundwater Basin						
Laguna Seca Subarea	0	0	0	53		
Other	0	0	0	0		
<b><u>Use</u></b>						
Customer Service	0	0	0			
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>53</b>		

**Notes:**

1. The annual budget period corresponds to the Water Year, which begins on October 1 and ends on September 30 of the following Calendar Year.
2. Total monthly production for "Customer Service" in CAW's Highway 68 systems was calculated by multiplying total annual production (0 AF) times the average percentage of annual production for January, February, and March (6.8%, 5.5%, and 7.0%, respectively). The annual production total was based on the assumption that production from the Laguna Seca Subarea of the Seaside Groundwater Basin would not exceed 0 AF. The average production percentages were based on monthly data for customer service from WY 2012 to 2015. The 0 AF annual production limit is based on procedures specified in the Seaside Basin Adjudication Decision.
3. It should be noted that CAW will supply water to the customers of these systems. In this context, the production targets in this table represent the maximum monthly production that should occur so that CAW remains within its Standard Production Allocation for the Laguna Seca Subarea specified in the Seaside Decision. Accordingly, actual production beyond these production targets will be subject to replenishment assessment by the Seaside Basin Watermaster.
4. "Other" production sources refer to supplies transferred to Highway 68 customers from CAW's Carmel River sources, water rights acquired from other producers in the Seaside Basin, or supplies transferred from other systems outside of the Laguna Seca Subarea to produce additional water.
5. The production targets for CAW's wells in the Seaside Coastal Subareas are based on the need for CAW to produce its full Standard Allocation during WY 2019 to be in compliance with SWRCB WRO No. 95-10.
6. Year to date production numbers are estimated pending finalization of CAW production data.
7. As approved by MPWMD Board on 8/17/2015, an allocation of 3.41 AF production (3.17 AF metered sales) is transferred to CHOMP within the Ryan Ranch Unit of CalAm (in the Laguna Seca Sub-Area) from Cypress Pacific Standard Producer in the Coastal Sub-Area.





**Quarterly Water Supply Strategy and Budget  
Report California American Water Main Water  
Distribution System: January - March 2019**

1. Management Objectives

The Monterey Peninsula Water Management District (District) desires to maximize the long-term production potential and protect the environmental quality of the Carmel River and Seaside Groundwater Basins. In addition, the District desires to maximize the amount of water that can be diverted from the Carmel River Basin and injected into the Seaside Groundwater Basin while complying with the instream flow requirements recommended by the National Marine Fisheries Service (NMFS) to protect the Carmel River steelhead population. To accomplish these goals, a water supply strategy and budget for production within California American Water's (CalAm's) Main and Laguna Seca Subarea water distribution systems is reviewed quarterly to determine the optimal strategy for operations, given the current hydrologic and system conditions, and legal constraints on the sources and amounts of water to be produced.

2. Quarterly Water Supply Strategy: January - March 2019

On December 6, 2018 staff from the District, CalAm, the National Marine Fisheries Services (NMFS), State Water Resources Control Board's Division of Water Rights (SWRCB-DWR), and the California Department of Fish and Wildlife (CDFW) met and discussed the proposed water supply strategy and related topics for upcoming quarter.

**Carmel River Basin** CalAm will operate its wells in the Lower Carmel Valley in a downstream to upstream sequence, as needed to meet customer demand. For this quarterly water budget, it was agreed that CalAm would plan to use Upper Valley production when the River enters exits "Low Flow" regime to support ASR and Table 13 diversions. If winter rains do not produce adequate flows for diversion, pumping will be shifted away from the river wells and Seaside native groundwater and Sand City Desalinated water will be used to meet demand in the summer months. Any new sources of water reduce the water available to be pumped from the river on a one to one basis consistent with SBO 2016-0016.

**Seaside Groundwater Basin** CalAm will continue to produce water from the Coastal Subareas of the Seaside Basin during this period, as necessary to meet system demand and facilitate ASR diversion to storage. There is also a goal to produce 25 AF of treated brackish groundwater from the Sand City Desalination Plant in each of these three months. It is recognized that, based on recent historical use, CalAm's production from the Laguna Seca Subarea during this period cannot be reduced to zero, as is set by CalAm's allocation specified in the Seaside Basin Adjudication Decision. In this context, the production targets represent the maximum monthly production that should occur so that CalAm remains within its adjudicated allocation for the Laguna Seca Subarea. Under the amended Seaside Basin Decision, CalAm is allowed to use production savings in the Coastal Subareas to offset over-production in the Laguna Seca Subarea. However, the quarterly budget was developed so that CalAm would produce all native groundwater in the Coastal Subareas and Laguna Seca production would be over the Adjudication allotment.



**ITEM: PUBLIC HEARING****11. RECEIVE FISCAL YEAR 2017-2018 COMPREHENSIVE ANNUAL FINANCIAL REPORT**

<b>Meeting Date:</b>	<b>December 17, 2018</b>	<b>Budgeted:</b>	<b>N/A</b>
<b>From:</b>	<b>David J. Stoldt, General Manager</b>	<b>Program/ Line Item No.:</b>	<b>N/A</b>
<b>Prepared By:</b>	<b>Suresh Prasad</b>	<b>Cost Estimate:</b>	<b>N/A</b>

**General Counsel Review: N/A****Committee Recommendation: None.****CEQA Compliance: This action does not constitute a project as defined by the California Environmental Quality Act Guidelines Section 15378.**

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**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, 2018 has been received from the District's auditors, Hayashi & Wayland. The final 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 fourth 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, 2017. This was the third year that the District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the District 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, 2018.

#### **EXHIBITS**

**11-A** Comprehensive Annual Financial Report for FY 2017-2018

**11-B** Board Disclosure Letter

HAYASHI WAYLAND - PRELIMINARY DRAFT FOR REVIEW AND DISCUSSION - SUBJECT TO CHANGE - 12/11/2018

# Comprehensive Annual Financial Report

For The Fiscal Year Ended June 30, 2018



(Photo: Bruce Fork Carmel River)



5 Harris Court, Bldg G, Monterey CA 93940  
(831) 658-5600 • [www.mpwmd.net](http://www.mpwmd.net)

HAYASHI WAYLAND - PRELIMINARY DRAFT FOR REVIEW AND DISCUSSION - SUBJECT TO CHANGE - 12/11/2018

**MONTEREY PENINSULA WATER  
MANAGEMENT DISTRICT**

**Monterey, California**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

JUNE 30, 2018

Prepared by:

Administrative Services Division

**MONTEREY PENINSULA WATER MANAGEMENT DISTRICT**

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HAYASHI WAYLAND - PRELIMINARY DRAFT FOR REVIEW AND DISCUSSION - SUBJECT TO CHANGE - 12/11/2018

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# INTRODUCTORY SECTION

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(Photo: Sleepy Hollow Fish Rearing Facility)



December 18, 2018

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, 2018. 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 unmodified ("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 25 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 three-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 (WY) 2017, 10,609 acre feet (AF) of water was legally available to serve California American (Cal-Am) customers within the District. Similarly, approximately 3,046 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, long-term water supplies available to Cal-Am's customers in the future will be reduced to approximately 5,500 acre-feet per year (AFY) assuming 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, 1,300 AFY from Aquifer Storage and Recovery, and 3,376 AFY from Carmel River sources.

Non-Cal-Am pumpers outside of the Seaside Basin and Carmel River Basin that depend on percolating groundwater rights pumped 939.3 AF in WY 2017.

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 One Water (formerly 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:

Monterey Peninsula Water Supply Project – The District has made continued progress on the Monterey Peninsula Water Supply Project working jointly with California American Water (Cal-Am), the Monterey Peninsula Regional Water Authority, and other parties. This past year, Cal-Am began work on the Monterey Pipeline and Hilby Pump Station with the District acting as Project Manager for environmental compliance assurance. When completed, the pipeline will allow Pure Water Monterey water to be supplied to Pebble Beach, Carmel and Carmel Valley and also allow additional excess Carmel River water to be delivered to the Aquifer Storage and Recovery wells in the winter.

Pure Water Monterey Project – The District provided the majority of preconstruction funding for this innovative water recycling plant, working in partnership with Monterey One Water which will own and operate the system. The Advanced Water Purification Facility (AWPF), facilities to bring source waters to the AWPF, the pipeline from the AWPF to the Injection Well Facilities, and the Injection Wells Facilities are all under construction. The District is acting as Project Manager for the Injection Wells Facilities component of Pure Water Monterey. Construction of the first injection well was successfully completed in 2017. Design of the remaining two injection wells and associated facilities required for injection was completed in 2017, and the project is out to bid.

Aquifer Storage and Recovery (ASR) – The District operated the ASR facilities in coordination with Cal-Am while diverting 2,345 acre-feet (AF) of Carmel River Basin water for injection and storage in the Seaside Basin during the 2017 water year (WY). Since inception of the ASR program, a total of 8,030 AF has been diverted from the Carmel River for storage and subsequent recovery through the end of WY 2017.

Water Availability – In cooperation with the United States Geological Survey (USGS), the District worked to calibrate an integrated ground water-surface water GSFLOW/MODFLOW model to update water availability for additional water supply from the Carmel River. The model is due to be finalized in early 2018. In addition, the District completed a draft instream flow study and hydraulic model to simulate flow requirements for steelhead in the Carmel River. A final version will be developed after regulatory agencies complete their reviews. These models will allow the District to simulate different water supply scenarios and their impacts on the Carmel River environment.

Well Permitting – MPWMD issued 2 Water Distribution System Permits and 21 Confirmation of Exemptions for private properties that met the criteria established in District Rules and Regulations. Applications were reviewed for potential impacts to the water resource system and other water users.

Proposition 1 Integrated Regional Water Management (IRWM) Program – The District spearheaded an effort that will allow the Monterey Peninsula region to receive \$4.2 million for implementation of projects. At the State's direction, the first round awarded in 2017 will target conservation and supply projects in Disadvantaged Communities.

The District represented the Monterey Peninsula Regional Water Management Group submission to the Central Coast funding area application for Proposition 1 Integrated Regional Water Management Disadvantaged Community Involvement Grant funds. Approximately \$465k in Disadvantaged Community Involvement funding is allocated for the Monterey Peninsula region. The no-match grant funds will be

applied to a District initiated Disadvantaged Community Needs Assessment project that will provide a basis for future Disadvantaged Community Implementation grants; the City of Monterey Franklin Street Storm Drain project; and the District High Efficiency Applied Retrofit Targets (HEART) pilot program project.

Legally-Mandated Carmel River Mitigation and Stewardship – The District continued processing permit applications for an upgrade to the Sleepy Hollow Steelhead Rearing Facility, which includes construction of a new intake and water supply system 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 60% design plans, specifications, and cost estimate were completed. The total project cost is estimated at \$2.5 million, including environmental compliance documents, design, permits and construction. The State Coastal Conservancy has approved up to \$2.25 million for reimbursement of expenses, which will come 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 2019.

The District successfully rescued 5,499 fish from the Carmel River, five tributaries, and the spillway at Los Padres Dam. All fish were released near the tributaries confluence with the Carmel River.

Staff reinstalled the Dual-frequency Identification Sonar (DIDSON) in the lower river at the end of December and operated it until the end of February, when extreme high flows scoured out the camera and caused it to blow out for the rest of the season. Staff also conducted late season Redd (steelhead nests) surveys, counting 36 over approximately 20 miles. Staff also continued to work for the third year with NMFS on field studies to develop a steelhead population life history model for the watershed, based on tagged fish from NMFS' studies and MPWMD fall population surveys. This effort included assisting NMFS with basin-wide population surveys and installing 4 tag detection arrays from the mouth up to the Old San Clemente Dam site.

District crews carried out the Vegetation Management Program in the active channel of the Carmel River at 15 sites to prevent debris dams and erosion, trimming back encroaching vegetation and reducing the hazard of downed trees in preparation for winter flows. Trash was removed from along the river before winter rains washed it into the ocean. District staff also planted native trees on exposed banks to improve habitat value, protect water quality, and reduce bank erosion.

Los Padres Dam Improvements – A study of upstream volitional fish passage alternatives continued and a study of alternatives to the dam and management of reservoir sediment was begun. District expenses will be partially reimbursed by Cal-Am under a Public Utilities Commission decision to plan for the long-term future of the dam and associated reservoir.

Salinas and Carmel Rivers Basin Study – The District began a Basin Study that will evaluate future water demands and water supplies taking into account the effects of climate change. The area includes all of the Salinas River Valley through Monterey and San Luis Obispo Counties, the Monterey Peninsula, and the Carmel River Basin. The US Bureau of Reclamation is providing \$1.8 million in grant funds for the study, which is expected to take about four years to complete.

North Monterey County Drought Contingency Plan (DCP) – The District continued development of a plan for North Monterey County areas from Salinas to the Monterey Peninsula to better cope with recurring droughts in the region. The DCP is being partially funded with a federal grant of \$280,000 to prepare the plan, which will be coordinated with the Basin Study.

Conservation – The District approved 1,342 rebate applications in the amount of \$506,461 for annual savings of 28.7 acre-feet of water. Staff conducted building-by-building inspections for compliance with the non-residential water efficiency requirements (Rule 143). More than 557 businesses were inspected. All Peninsula businesses will be verified by 2020. On the residential side, 1,028 properties were inspected

to verify compliance with water efficiency standards (Retrofit upon Change of Ownership or Use). 867 Water Permits were issued, including 86 Water Use Permits for water entitlement holders.

The District hosted several rainwater harvesting, and water efficient irrigation workshops, as well as a hands-on sheet mulching workshop at Martin Luther King Elementary School. We also targeted Multi-Family Dwelling property owners and property management companies for a class on water efficiency requirements and opportunities. The District offered two Specialized Landscaping classes focused on drought tolerant landscape and native plant selections.

The CAWD/PBCSD Reclamation Project – The District is also a participant in the Carmel Area Wastewater District (CAWD)/Pebble Beach Community Services District (PBCSD) Reclamation Project (the Project), which is a cooperative effort that involves the CAWD, the PBCSD 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, User Fee, 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. User Fee 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***

Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Monterey Peninsula Water Management District for its comprehensive annual financial report for the fiscal year ended June 30, 2017. This was the third consecutive year that the government has achieved this prestigious award.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

***Association of California Water Agencies Award***

The District received the Association of California Water Agencies (ACWA) Most Active Small Agency of 2017 award and ACWA's Top Outreach Participation Agency in ACWA Region 5 award. District also entered into a drought tolerant landscape display in the Monterey County Fair and was awarded first place in the Water-Wise Landscape category.

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***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

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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, 2017**

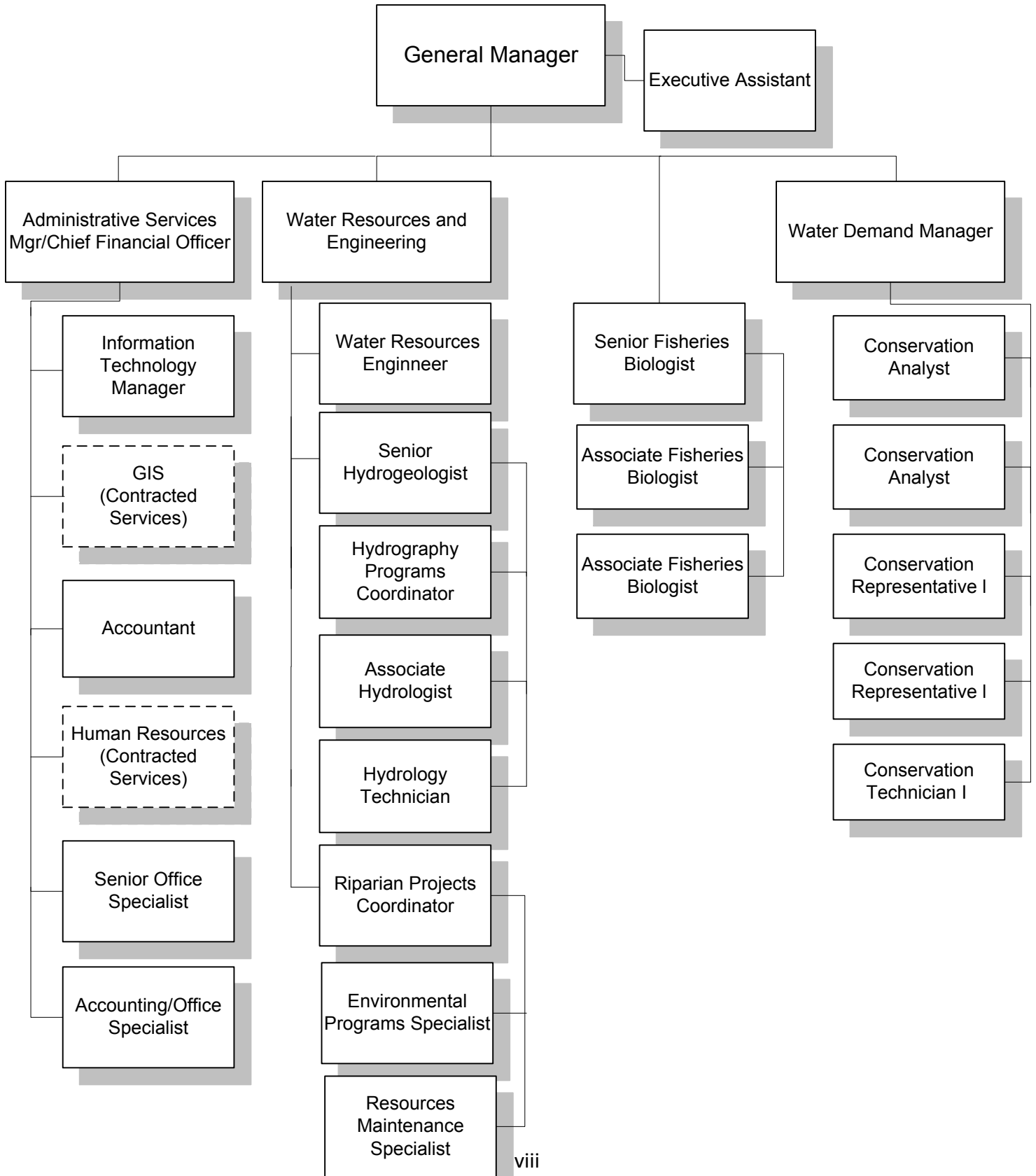
*Christopher P. Morrill*

Executive Director/CEO



# Monterey Peninsula Water Management District

## ORGANIZATION CHART



**MONTEREY PENINSULA WATER MANAGEMENT DISTRICT**

June 30, 2018

**Board of Directors**

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

**Executive Staff**

General Manager	David J. Stoldt
Administrative Services Manager/CFO	Suresh Prasad
Planning & Engineering Manager	Larry Hampson
Water Demand Manager	Stephanie Locke
Executive Assistant/Clerk of the Board	Arlene Tavani

# FINANCIAL SECTION

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(Photo: Carmel River Lagoon Breach)

**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, 2018, 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 Reclamation Project (the proprietary fund) which statements reflect 68% 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, 2018, 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 48 through 51, the Schedule of Funding Progress of Other Post Employment Benefits on page 52, the Schedule of Proportionate Share of the Net Pension Liability on page 53 and the Schedule of Contributions on page 54 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.

**Prior-Year Comparative Information**

We have previously audited the District's 2017 financial statements, and we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, and each major fund in our reported dated December 18, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived. GASB 75 was implemented in fiscal year 2018. Prior year amounts were not restated to reflect the implementation.

**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.

December 18, 2018

**MONTEREY PENINSULA WATER MANAGEMENT DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**  
**JUNE 30, 2018**

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, 2018. 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 - vi 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 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 assets and deferred outflows of resources of the governmental activities of the District exceeded its liabilities and deferred inflows of resources at the close of the year ending June 30, 2018 by \$7.2 million (net position). However, \$3.4 million is net investment in capital assets.
- The assets and deferred outflows of resources of the business-type activities of the District exceeded its liabilities and deferred inflows of resources at the close of the year ending June 30, 2018 by \$27.7 million (net position). However, \$28.6 million is net investment in capital assets.
- A prior period adjustment in the amount of \$2,279,554 was made to reduce beginning net position of the governmental activities due to the implementation of GASB 75.
- The District's total governmental activities net position increased by approximately \$9.0 million (excluding the impact of the prior period adjustment) for the year ended June 30, 2018. The increase in net position can mostly be attributed to the resumption of the User Fee revenue from Cal-Am rate payers and reimbursements received for the Pure Water Monterey Project. Depreciation expenses for the year were \$359,361.
- The District's total business-type activities net position increased by approximately \$2.2 million for the year ended June 30, 2018. The increase in net position can mostly be attributed to increased water sales. Amortization expenses for the year were \$1,617,720.
- Capital outlay and capitalized project expenditures of \$1,206,764 consisted mostly of funds expended for Los Padres long term plan, Sleepy Hollow facility upgrade, Aquifer Storage & Recovery backflush basin, water demand database upgrade, routine computer equipment and software upgrades, transportation equipment and upgrades to the reclamation project.

## 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 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 75 was implemented in fiscal year 2018. Prior year amounts were not restated to reflect the implementation.

**Summary of Net Position**

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
<b>Assets</b>						
Current and Other Assets	\$ 14,939,264	\$ 5,680,066	\$ 2,820,467	\$ 2,626,555	\$ 17,759,731	\$ 8,306,621
Capital Assets – Net	<u>5,510,419</u>	<u>5,317,585</u>	<u>40,503,597</u>	<u>41,466,748</u>	<u>46,014,016</u>	<u>46,784,333</u>
Total Assets	<u>20,449,683</u>	<u>10,997,651</u>	<u>43,324,064</u>	<u>44,093,303</u>	<u>63,773,747</u>	<u>55,090,954</u>
<u>Deferred outflows of resources</u>	<u>1,527,664</u>	<u>1,107,581</u>	<u>–</u>	<u>–</u>	<u>1,527,664</u>	<u>1,107,581</u>
<b>Liabilities</b>						
Current Liabilities	1,098,056	1,067,335	3,630,872	3,909,844	4,728,928	4,977,179
Long-Term Liabilities	<u>13,303,377</u>	<u>10,207,252</u>	<u>12,008,000</u>	<u>14,660,000</u>	<u>25,311,377</u>	<u>24,867,252</u>
Total Liabilities	<u>14,401,433</u>	<u>11,274,587</u>	<u>15,638,872</u>	<u>18,569,844</u>	<u>30,040,305</u>	<u>29,844,431</u>
<u>Deferred inflows of resources</u>	<u>333,645</u>	<u>272,693</u>	<u>–</u>	<u>–</u>	<u>333,645</u>	<u>272,693</u>
<b>Net Position</b>						
Net Investment in Capital Assets	3,360,667	3,279,341	28,603,598	27,566,748	31,964,265	30,846,089
Restricted	221,656	221,214	1,144	1,136	222,800	222,350
Unrestricted (deficit)	<u>3,659,946</u>	<u>(2,942,603)</u>	<u>(919,550)</u>	<u>(2,044,425)</u>	<u>2,740,396</u>	<u>(4,987,028)</u>
Total Net Position	<u>\$ 7,242,269</u>	<u>\$ 557,952</u>	<u>\$ 27,685,192</u>	<u>\$ 25,523,459</u>	<u>\$ 34,927,461</u>	<u>\$ 26,081,411</u>

The District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by approximately \$35 million at the end of the current year, which is an increase of approximately 33.9 % since June 30, 2017.

Capital assets decreased due to depreciation/amortization of \$1,977,081 offset by capital additions of \$1,206,764.

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

Long-term liabilities increased due to recognition of the OPEB obligation in accordance with GASB 75 and an increase in the net pension liability offset by current year payments on long-term debt.

Unrestricted net position increased due to the change in net position, described below.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**

**Change in Net Position**

GASB 75 was implemented in fiscal year 2018. Prior year amounts were not restated to reflect the implementation.

	<b>Change in Net Position</b>					
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenues:						
Program Revenue:						
Charges for Services	\$ 15,526,854	\$ 8,592,237	\$ 6,328,302	\$ 5,661,358	\$ 21,855,156	\$ 14,253,595
Operating Grants	155,021	89,276	-	-	155,021	89,276
General Revenues:						
Property Taxes	1,872,468	1,811,861	-	-	1,872,468	1,811,861
Investment Income	61,336	35,837	(5,236)	3,326	56,100	39,163
Miscellaneous	44,766	22,955	-	-	44,766	22,955
Total Revenues	<u>17,660,445</u>	<u>10,552,166</u>	<u>6,323,066</u>	<u>5,664,684</u>	<u>23,983,511</u>	<u>16,216,850</u>
Expenses:						
Conservation	2,101,343	1,881,138	-	-	2,101,343	1,881,138
Mitigation	2,584,965	2,343,392	-	-	2,584,965	2,343,392
Water Supply	3,878,083	5,321,950	-	-	3,878,083	5,321,950
Interest	132,183	137,086	-	-	132,183	137,086
Reclamation Project	-	-	4,161,333	4,024,568	4,161,333	4,024,568
Total Expenses	<u>8,696,574</u>	<u>9,683,566</u>	<u>4,161,333</u>	<u>4,024,568</u>	<u>12,857,907</u>	<u>13,708,134</u>
Change in Net Position	8,963,871	868,600	2,161,733	1,640,116	11,125,604	2,508,716
Net Position - Beginning of Year	<u>(1,721,602)</u>	<u>(310,648)</u>	<u>25,523,459</u>	<u>23,883,343</u>	<u>23,801,857</u>	<u>23,572,695</u>
Net Position - End of Year	<u>\$ 7,242,269</u>	<u>\$ 557,952</u>	<u>\$ 27,685,192</u>	<u>\$ 25,523,459</u>	<u>\$ 34,927,461</u>	<u>\$ 26,081,411</u>

Governmental activities increased the District’s net position by approximately \$9 million. Key elements resulting in the net increase are as follows:

- Project expenses of about \$3 million, consisting mainly of Los Padres Dam project, additional work for the Aquifer Storage & Recovery Project, groundwater replenishment project, upgrade of the water demand data base and various minor project expenses offset the increase. Overall project expenses contributed to the increase due to lower project expense costs over prior year, such as aquifer storage recovery costs, and ground water replenishment project costs.
- Project reimbursements of about \$6 million, consisting mainly of reimbursements for the Pure Water Monterey Project, contributed to the increase.
- Depreciation expense of approximately \$359 thousand offset the decrease.
- Higher than anticipated collection of User Fee paid by Cal-Am rate payers contributed to the increase.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Business-type activities increased the District's net position by approximately \$2.2 million. Key elements resulting in the net increase are as follows:

- Operating revenues increased 11.8% over the prior year.
- Total amount of water sold was 23.0% higher than the prior year. Last year total water sales included 839-acre feet (AF) of reclaimed water. That figure contrasts with 1,032 AF of reclaimed water for the current year. There was no potable water purchased this year although there are plans to purchase as much as 5 AF in the fall of 2018. The operating component of water sales increased 7.9%. The non-operating or capital component of the rates decreased 2.5%.
- Net Non-operating expenses increased 15.4% over prior year due to the increase in interest expense on the Bonds.
- Long-term obligations include the bonds issued in 1992 that mature in 2023 with current year principal due of \$2.0 million and interest due of \$129,308. The Project has been able to take advantage of lower interest rates over the last several years – rates have crept up slightly to 1.37% compared with 0.87% in 2017.
- Total operating expenses (exclusive of amortization) were 0.6% less than the prior year as follows:
  - Plant operating expenses were 3.04% lower than in fiscal year 2017 and 28.1% under budget. The most significant cause was that the Project did not need to invest in a set of microfiltration membranes.
  - Distribution costs were 36.7% below budget and 19.9% higher than prior year 2017. Pebble Beach Company Community Services District (PBCSD) Administrative and engineering salaries were under budget 1.0% while staff salaries were under budget 6.7%, Utilities were 13.6% under budget, and O&M expenses 54.2% under budget (Poppy Hills storage tank painting has been rescheduled for 2018-19).
  - Carmel Area Wastewater District (CAWD) and Monterey Peninsula Water Management District (MPWMD) General and Administrative costs were 19.9% lower than in 2017 and 28.6% under budget.
- The Reclamation Project has incurred a deficit from the inception of the project due primarily to the cost of debt service and carrying costs on the Certificates of Participation (COPs) and construction cost for the Project's expansion. With the implementation of the amended Construction & Operation Agreement the intent is to budget for a break-even position. The budgeted costs of operations, capital, and debt service are all incorporated into the waters sales rate structure.

## 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 \$14,112,065. The Water Supply Fund has a fund balance of \$7,333,575, the Conservation Fund has a fund balance of \$3,348,352 and the Mitigation Fund has a fund balance of \$3,430,138.

During the current fiscal year, the fund balance of the District's Water Supply Fund increased \$6,421,128, the Conservation Fund increased \$1,449,586 and the Mitigation Fund increased \$1,384,944. The increase in the Water Supply Fund is due to revenues and other financing sources exceeding expenditures primarily due to project reimbursements for the Pure Water Monterey Project. The increase in the Conservation Fund is due to revenues and other financing sources exceeding expenditures primarily due to resumption of the User Fee paid by Cal-Am rate payers. The increase in the Mitigation Fund is due to revenues and other financing sources exceeding expenditures primarily due to an allocation of the property tax revenue.

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 \$27,685,192.

During the current fiscal year, the net position of the District's enterprise fund increased \$2,161,733.

## BUDGET HIGHLIGHTS/VARIANCES

**Original budget compared to final budget** – During the year, the District made modifications to its water supply original budget. There was a need for 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 reimbursements part of the budget. Generally, the movement of the appropriations between departments was not significant. Total revenues were increased from the original budget by approximately \$5 million whereas total appropriations were increased from the original budget by approximately \$110 thousand.

**Final budget compared to actual results** – The District's budget projected expenditures for the water supply fund of \$5.8 million. The District finished the budget year with expenditures of \$3.9 million, which was \$1.8 million or 31.6% 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 \$1.7 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 \$11.7 million. The District finished the budget year with operating revenues of \$12.3 million, which was \$563 thousand or 4.8% more than budgeted. The difference was mostly attributable to property taxes being approximately \$174 thousand over budget, connection charges being approximately \$222 thousand over budget and user fees being approximately \$231 thousand over budget.

**BUDGET HIGHLIGHTS/VARIANCES (Continued)**

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, 2018 totaled \$46 million as shown below. This amount represents a net decrease, including additions and disposals, net of depreciation/amortization, of approximately \$770 thousand or 1.7% from June 30, 2017.

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

- Aquifer storage and recovery project additions at a cost of \$180,089.
- Various computer and software upgrades at a cost of \$341,312.
- Transportation equipment at a cost of \$30,794.
- Various additions to the Reclamation Project, which included SCADA PLC improvements, Forest Lake intake manifold bypass, flow equalization basin mixing project expenses and a thermos scientific gallery discrete analyzer at a total cost of \$654,569.

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>2018</u>	<u>2017</u>
Governmental Activities:		
Office Equipment	\$ 1,652	\$ 2,266
Computer Equipment	544,805	297,066
Transportation Equipment	141,530	150,155
Building and Improvements	1,034,973	1,088,913
ASR Facilities	3,778,790	3,765,845
Fish Rearing Facility	-	1,698
Leasehold improvements	<u>8,669</u>	<u>11,642</u>
	<u>5,510,419</u>	<u>5,317,585</u>
Business-type Activities:		
Water resale rights	38,789,024	40,005,115
Construction in progress	<u>1,714,573</u>	<u>1,461,633</u>
	<u>40,503,597</u>	<u>41,466,748</u>
Total	<u>\$ 46,014,016</u>	<u>\$ 46,784,333</u>

**Debt Administration**

The District has an installment purchase agreement with a balance of \$3,557,016 at June 30, 2018. Retirements were made in the amount of \$86,953.

**CAPITAL ASSETS AND DEBT ADMINISTRATION (Continued)**

The District has variable rate demand certificates of participation with a balance of \$11,900,000 at June 30, 2018. Retirements were made in the amount of \$2,000,000.

The District has a payable to Pebble Beach Company for bond carrying costs with a balance of \$2,760,000 at June 30, 2018. 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 2018–2019 budget, the staff and management had to consider a number of factors that would impact the District's economy and finances. The 2018–2019 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 2018–2019 budget assumes continued collection of Water Supply Charge revenue and property tax revenue derived from individual property owners. The budget also includes the User Fees collected from Cal-Am rate payers.

On November 6, 2018, Measure J, regarding the public vote to instruct the Monterey Peninsula Water Management to undertake a feasibility study on the public takeover of California American Water's Monterey Water System. The measure was passed at with the electorate voting 55.81% to 44.19% in favor of the measure.

The cost of the feasibility study is estimated to cost from \$400,000 to \$700,000. This feasibility study cost was not included in the District's original fiscal year 2018-2019 budget.

**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, 2018**  
**(WITH SUMMARIZED TOTALS FOR JUNE 30, 2017)**

	Governmental Activities	Business-type Activities	2018 Total	2017 Total
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 2,253,085	\$ 528,593	\$ 2,781,678	\$ 1,751,763
Investments	9,808,038	808,977	10,617,015	3,789,763
Receivables, net	2,656,485	1,481,753	4,138,238	2,542,745
Restricted reserves	221,656	1,144	222,800	222,350
Capital assets, net:				
Water rights	-	38,789,024	38,789,024	40,005,115
Nondepreciable	-	1,714,573	1,714,573	1,461,633
Depreciable	5,510,419	-	5,510,419	5,317,585
Total assets	<u>20,449,683</u>	<u>43,324,064</u>	<u>63,773,747</u>	<u>55,090,954</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>				
PERS contributions	386,341	-	386,341	391,816
Deferred pension adjustments	1,141,323	-	1,143,323	715,765
Total deferred outflows of resources	<u>1,527,664</u>	<u>-</u>	<u>1,527,664</u>	<u>1,107,581</u>
<b>LIABILITIES:</b>				
Accounts payable	612,751	978,872	1,591,623	1,964,912
Accrued liabilities	93,891	-	93,891	102,521
Long-term debt:				
Due within one year	391,414	2,652,000	3,043,414	2,909,746
Due in more than one year	13,303,377	12,008,000	25,311,377	24,867,252
Total liabilities	<u>14,401,433</u>	<u>15,638,872</u>	<u>30,040,305</u>	<u>29,844,431</u>
<b>DEFERRED INFLOWS OF RESOURCES –</b>				
Deferred pension adjustments	333,645	-	333,645	272,693
<b>NET POSITION:</b>				
Net investment in capital assets	3,360,667	28,603,598	31,964,265	30,846,089
Restricted for debt service	221,656	1,144	222,800	222,350
Unrestricted (deficit)	3,659,946	(919,550)	2,740,396	(4,987,028)
Total net position	<u>\$ 7,242,269</u>	<u>\$ 27,685,192</u>	<u>\$ 34,927,461</u>	<u>\$ 26,081,411</u>

See Notes to Basic Financial Statements.



**MONTEREY PENINSULA WATER MANAGEMENT DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2018**  
**(WITH SUMMARIZED TOTALS FOR JUNE 30, 2016)**

	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		2018 Total	2017 Total
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities		
<b>FUNCTIONS/PROGRAMS:</b>							
<b>Governmental activities:</b>							
Conservation	\$ 2,101,343	\$ 2,136,505	\$ 20,000	\$ 55,162	\$ –	\$ 55,162	\$ (884,904)
Mitigation	2,584,965	3,013,010	135,021	563,066	–	563,066	797,904
Water supply	3,878,083	10,377,339	–	6,499,256	–	6,499,256	(777,967)
Interest	132,183	–	–	(132,183)	–	(132,183)	(137,086)
Total governmental activities	<u>8,696,574</u>	<u>15,526,854</u>	<u>155,021</u>	<u>6,985,301</u>	<u>–</u>	<u>6,985,301</u>	<u>(1,002,053)</u>
Business-type activities – Reclamation Project	<u>4,161,333</u>	<u>6,328,302</u>	<u>–</u>	<u>–</u>	<u>2,166,969</u>	<u>2,166,969</u>	<u>1,636,790</u>
Total business-type activities	<u>4,161,333</u>	<u>6,328,302</u>	<u>–</u>	<u>–</u>	<u>2,166,969</u>	<u>2,166,969</u>	<u>1,636,790</u>
Total	<u>\$ 12,857,907</u>	<u>\$ 21,855,156</u>	<u>\$ 155,021</u>	<u>6,985,301</u>	<u>2,166,969</u>	<u>9,152,270</u>	<u>634,737</u>
<b>GENERAL REVENUES:</b>							
Property taxes				1,872,468	–	1,872,468	1,811,861
Investment earnings				61,336	(5,236)	56,100	39,163
Miscellaneous				44,766	–	44,766	22,955
Total general revenues				<u>1,978,570</u>	<u>(5,236)</u>	<u>1,973,334</u>	<u>1,873,979</u>
CHANGE IN NET POSITION				<u>8,963,871</u>	<u>2,161,733</u>	<u>11,125,604</u>	<u>2,508,716</u>
NET POSITION – BEGINNING OF YEAR, AS RESTATED				<u>(1,721,602)</u>	<u>25,523,459</u>	<u>23,801,857</u>	<u>23,572,695</u>
NET POSITION – END OF YEAR				<u>\$ 7,242,269</u>	<u>\$ 27,685,192</u>	<u>\$ 34,927,461</u>	<u>\$ 26,081,411</u>

See Notes to Basic Financial Statements.

**MONTEREY PENINSULA WATER MANAGEMENT DISTRICT**  
**BALANCE SHEET – GOVERNMENTAL FUNDS**  
**JUNE 30, 2018**  
**(WITH SUMMARIZED TOTALS FOR JUNE 30, 2016)**

	Water Supply	Conservation	Mitigation	2018 Total	2017 Total
<b>ASSETS:</b>					
Cash and cash equivalents	\$ 1,219,376	\$ 448,236	\$ 585,473	\$ 2,253,085	1,260,335
Investments	4,836,476	2,543,882	2,427,680	9,808,038	2,700,113
Receivables, net	1,582,985	496,007	577,493	2,656,485	1,498,404
Restricted reserves	<u>221,656</u>	<u>–</u>	<u>–</u>	<u>221,656</u>	<u>221,214</u>
<b>Total assets</b>	<u><b>7,860,493</b></u>	<u><b>3,488,125</b></u>	<u><b>3,590,646</b></u>	<u><b>14,939,264</b></u>	<u><b>5,680,066</b></u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:</b>					
<b>Liabilities:</b>					
Accounts payable	395,059	102,769	114,923	612,751	607,068
Accrued liabilities	<u>30,858</u>	<u>23,035</u>	<u>39,998</u>	<u>93,891</u>	<u>102,521</u>
<b>Total liabilities</b>	<u><b>425,917</b></u>	<u><b>125,804</b></u>	<u><b>154,921</b></u>	<u><b>706,642</b></u>	<u><b>709,589</b></u>
<b>Deferred inflows of resources –</b>					
Deferred revenue	<u>101,001</u>	<u>13,969</u>	<u>5,587</u>	<u>120,557</u>	<u>114,070</u>
<b>Total deferred inflows of resources</b>	<u><b>101,001</b></u>	<u><b>13,969</b></u>	<u><b>5,587</b></u>	<u><b>120,557</b></u>	<u><b>114,070</b></u>
<b>Fund balances:</b>					
Restricted	221,656	–	–	221,656	221,214
Committed	669,260	118,263	152,263	939,786	833,920
<b>Assigned:</b>					
Insurance/litigation	171,354	11,906	66,740	250,000	78,646
Capital equipment	25,966	69,633	236,401	332,000	140,334
Flood/drought emergencies	–	–	328,944	328,944	328,944
Project expenditures	6,245,339	3,148,550	2,645,790	12,039,679	3,396,036
Unassigned	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(142,687)</u>
<b>Total fund balances</b>	<u><b>7,333,575</b></u>	<u><b>3,348,352</b></u>	<u><b>3,430,138</b></u>	<u><b>14,112,065</b></u>	<u><b>4,856,407</b></u>
<b>Total liabilities, deferred inflows of resources,     and fund balances</b>	<u><b>\$ 7,860,493</b></u>	<u><b>\$ 3,488,125</b></u>	<u><b>\$ 3,590,646</b></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				5,510,419	5,317,585
Other assets are not available to pay for current-period expenditures and therefore are deferred in the funds				120,557	114,070
Deferred outflows and inflows of resources related to pensions are applicable to future periods, and therefore, are not reported in the funds:					
Deferred inflows of resources				1,527,664	1,107,581
Deferred outflows of resources				(333,645)	(272,693)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds				<u>(13,694,791)</u>	<u>(10,564,998)</u>
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>				<u><b>\$ 7,242,269</b></u>	<u><b>\$ 557,952</b></u>

See Notes to Basic Financial Statements.

**MONTEREY PENINSULA WATER MANAGEMENT DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**  
**(WITH SUMMARIZED TOTALS FOR JUNE 30, 2017)**

	Water Supply	Conservation	Mitigation	2018	2017 Total
<b>REVENUES:</b>					
Property taxes	\$ 1,924,320	\$ –	\$ –	\$ 1,924,320	\$ 1,817,206
Water supply charge	3,405,008	–	–	3,405,008	3,391,354
User fees	808,039	1,378,362	2,972,424	5,158,825	1,156,364
Connection charges, net of refunds	522,167	–	–	522,167	370,255
Permit fees	–	296,502	20,810	317,312	243,787
Project reimbursements	5,583,786	461,641	19,776	6,065,203	1,390,565
Investment income	31,347	15,940	14,049	61,336	35,837
Legal fee reimbursements	–	5,370	–	5,370	2,914
Recording fees	–	17,887	–	17,887	12,039
Mitigation revenue	–	–	–	–	2,039,912
Miscellaneous	2,258	–	19,251	21,509	8,002
Grants	–	20,000	135,021	155,021	89,276
Total revenues	<u>12,276,925</u>	<u>2,195,702</u>	<u>3,181,331</u>	<u>17,653,958</u>	<u>10,557,511</u>
<b>EXPENDITURES:</b>					
Personnel:					
Salaries	918,724	598,371	999,985	2,517,080	2,338,231
Employee benefits and other personnel	367,183	292,709	440,281	1,100,173	1,038,147
Services and supplies:					
Project expenditures	1,850,300	717,976	462,673	3,030,949	4,580,252
Operating expenditures	154,660	148,797	206,718	510,175	468,707
Professional fees	357,070	123,521	168,090	648,681	571,530
Capital outlay	64,404	239,256	68,446	372,106	114,821
Debt service:					
Principal	86,953	–	–	86,953	83,881
Interest and other charges	132,183	–	–	132,183	137,086
Total expenditures	<u>3,931,477</u>	<u>2,120,630</u>	<u>2,346,193</u>	<u>8,398,300</u>	<u>9,332,655</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>8,345,448</u>	<u>75,072</u>	<u>835,138</u>	<u>9,255,658</u>	<u>1,224,856</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	–	1,374,514	549,806	1,924,320	1,137,571
Transfers out	<u>(1,924,320)</u>	<u>–</u>	<u>–</u>	<u>(1,924,320)</u>	<u>(1,137,571)</u>
Total other financing sources (uses)	<u>(1,924,320)</u>	<u>1,374,514</u>	<u>549,806</u>	<u>–</u>	<u>–</u>
<b>NET CHANGE IN FUND BALANCES</b>	6,421,128	1,449,586	1,384,944	9,255,658	1,224,856
<b>FUND BALANCES – BEGINNING OF YEAR</b>	<u>912,447</u>	<u>1,898,766</u>	<u>2,045,194</u>	<u>4,856,407</u>	<u>3,631,551</u>
<b>FUND BALANCES – END OF YEAR</b>	<u>\$ 7,333,575</u>	<u>\$ 3,348,352</u>	<u>\$ 3,430,138</u>	<u>\$14,112,065</u>	<u>\$ 4,856,407</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, 2018**

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NET CHANGE IN FUND BALANCES	\$	9,255,658
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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:

Capitalized project expenditures	\$	180,089	
Capital outlay		372,106	
Depreciation expense		<u>(359,361)</u>	
	\$	192,834	192,834

In the Statement of Activities, only the gain or loss on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the net book value of the assets sold.

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

6,487

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	\$	86,953	86,953
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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:

Compensated absences	\$	(55,484)	
OPEB costs		(175,660)	
Current year pension cost difference		<u>(346,917)</u>	
	\$	(578,061)	<u>(578,061)</u>

CHANGE IN NET POSITION	\$	<u>8,963,871</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, 2018**  
**(WITH SUMMARIZED TOTALS FOR JUNE 30, 2017)**

	<u>2018</u>	<u>2017</u>
<b>ASSETS:</b>		
Current assets:		
Cash and investments	\$ 1,337,570	\$ 1,581,078
Cash restricted for debt service	1,144	1,136
Accounts receivable – water sales	1,470,587	1,033,606
Accounts receivable – other	<u>11,166</u>	<u>10,735</u>
Total current assets	<u>2,820,467</u>	<u>2,626,555</u>
Noncurrent assets:		
Capital assets, net:		
Water resale rights	38,789,024	40,005,115
Construction-in-progress	<u>1,714,573</u>	<u>1,461,633</u>
Total noncurrent assets	<u>40,503,597</u>	<u>41,466,748</u>
Total assets	<u>43,324,064</u>	<u>44,093,303</u>
<b>LIABILITIES:</b>		
Current liabilities:		
Accounts payable – trade	32,505	96,133
Accounts payable – affiliates	946,367	1,261,711
Certificates of participation – current portion	2,100,000	2,000,000
Due to Pebble Beach Company – current portion	<u>552,000</u>	<u>552,000</u>
Total current liabilities	<u>3,630,872</u>	<u>3,909,844</u>
Noncurrent liabilities:		
Certificates of participation	9,800,000	11,900,000
Due to Pebble Beach Company	<u>2,208,000</u>	<u>2,760,000</u>
Total noncurrent liabilities	<u>12,008,000</u>	<u>14,660,000</u>
Total liabilities	15,638,872	18,569,844
<b>NET POSITION:</b>		
Net investment in capital assets	28,603,598	27,566,748
Restricted for debt service	1,144	1,136
Unrestricted (deficit)	<u>(919,550)</u>	<u>(2,044,425)</u>
Total net position	<u>\$ 27,685,192</u>	<u>\$ 25,523,459</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, 2018**  
**(WITH SUMMARIZED TOTALS FOR JUNE 30, 2017)**

	<u>2018</u>	<u>2017</u>
<b>OPERATING REVENUES:</b>		
Water sales	\$ 3,075,040	\$ 2,321,784
Fixed cost charge	<u>3,253,262</u>	<u>3,339,574</u>
Total operating revenues	<u>6,328,302</u>	<u>5,661,358</u>
<b>OPERATING EXPENSES:</b>		
Plant costs	1,517,859	1,565,507
Distribution costs	341,498	323,703
General and administration	175,614	160,820
Potable water	6,594	3,596
Amortization	<u>1,617,720</u>	<u>1,607,679</u>
Total operating expenses	<u>3,659,285</u>	<u>3,661,305</u>
Operating income (loss)	<u>2,669,017</u>	<u>2,000,053</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>		
Bond and LC carrying costs	(149,290)	(168,961)
Interest expense – COP	(129,309)	(94,973)
Interest expense – PBCo.	(56,567)	(46,855)
Investment earnings (loss)	(5,236)	3,326
MPWMD fee	(83,816)	(52,408)
Abandoned well costs	(84,764)	-
Other revenue (expenses)	<u>1,698</u>	<u>(66)</u>
Total non-operating revenue (expenses)	<u>(507,284)</u>	<u>(359,937)</u>
CHANGE IN NET POSITION	2,161,733	1,640,116
NET POSITION – BEGINNING OF YEAR	<u>25,523,459</u>	<u>23,883,343</u>
NET POSITION – END OF YEAR	<u>\$ 27,685,192</u>	<u>\$ 25,523,459</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, 2018**  
**(WITH SUMMARIZED TOTALS FOR JUNE 30, 2017)**

	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from customers	\$ 5,890,890	\$ 5,866,896
Cash payments for operating expenses	(2,420,537)	(2,072,481)
Other cash receipts (expenses)	<u>1,698</u>	<u>(66)</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u><b>3,472,051</b></u>	<u><b>3,794,349</b></u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Principal payments on certificates of participation	(2,000,000)	(1,900,000)
Principal paid on PBCo debt	(552,000)	(552,000)
Interest expense	(185,876)	(141,828)
Bond carrying and interest expenses	(149,290)	(168,961)
Water resale rights – capital additions	(654,569)	(1,080,147)
Abandoned well costs	(84,764)	–
MPWMD user fee	<u>(83,816)</u>	<u>(52,408)</u>
<b>NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u><b>(3,710,315)</b></u>	<u><b>(3,895,344)</b></u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES –</b>		
Investment earnings (loss)	<u>(5,236)</u>	<u>3,326</u>
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<u><b>(5,236)</b></u>	<u><b>3,326</b></u>
<b>INCREASE (DECREASE) IN CASH AND INVESTMENTS</b>	<b>(243,500)</b>	<b>(97,669)</b>
<b>CASH AND INVESTMENTS, BEGINNING OF YEAR</b>	<u><b>1,582,214</b></u>	<u><b>1,679,883</b></u>
<b>CASH AND INVESTMENTS, END OF YEAR</b>	<u><b>\$ 1,338,714</b></u>	<u><b>\$ 1,582,214</b></u>

**MONTEREY PENINSULA WATER MANAGEMENT DISTRICT**  
**STATEMENT OF CASH FLOWS – PROPRIETARY FUND**  
**(CAWD/PBCSD WASTEWATER RECLAMATION PROJECT)**  
**FOR THE YEAR ENDED JUNE 30, 2018**  
**(WITH SUMMARIZED TOTALS FOR JUNE 30, 2017)**  
(Continued)

	<u>2018</u>	<u>2017</u>
RECONCILIATION OF CASH AND INVESTMENTS TO THE STATEMENT OF NET POSITION:		
Cash and investments	\$ 1,337,570	\$ 1,581,078
Cash restricted for debt service	<u>1,144</u>	<u>1,136</u>
Total	<u>\$ 1,338,714</u>	<u>\$ 1,582,214</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating income (loss)	\$ 2,669,017	\$ 2,000,053
Adjustments to reconcile net operating income (loss) to net cash provided by operating activities:		
Amortization	1,617,720	1,607,679
Other revenue (expenses)	1,698	(66)
(Increase) decrease in – Receivables	(437,412)	205,538
Increase (decrease) in – Accounts payable	<u>(378,972)</u>	<u>(18,855)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 3,472,051</u>	<u>\$ 3,794,349</u>

See Notes to Basic Financial Statements.



**MONTEREY PENINSULA WATER MANAGEMENT DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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**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 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 identifiable 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 identifiable activity, and 3) grants and contributions that are restricted to meeting the capital requirements of a particular function or identifiable 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. For this purpose, the District considers revenue to be available if they are collected within sixty days of the end of the current fiscal year.

**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, and claims and judgments 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. The Water Demand Division provides information and programs to achieve efficient water use and maximize available supplies. This is achieved through community education and outreach, development of incentives and training programs, and by implementing and enforcing permitting and conservation regulations, thereby reducing the community's need for potable water.
- 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 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 (bonds). 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, 2018, 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 acquisition 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.

**Other Postemployment Benefits (OPEB)** – For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District’s Retiree Benefits plan (OPEB Plan) and additions to/deductions from the OPEB Plan’s fiduciary net position have been determined on the same basis as they are reported by the OPEB Plan. For this purpose, the OPEB PLAN recognizes payments when currently due and payable in accordance with the benefit terms.

Generally accepted accounting principles require 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, 2018
Measurement Date	June 30, 2018
Measurement Period	July 1, 2017 to June 30, 2018

**Net Position** – The Statement of Net Position presents the Districts assets and deferred outflows of resources and liabilities and deferred inflows of resources 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.

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

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.
- *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 expressed 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.



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

**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.

**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, 2017, from which the summarized information was derived.

**Subsequent Events** – Subsequent events have been evaluated through December 18, 2018, which is the date the financial statements were available to be issued.

**Effects of New Pronouncements** – 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 primary objective of this Statement is to improve accounting and financial reporting by state and local governments for other postemployment benefits (OPEB). The Statement establishes standards for measuring and recognizing liabilities/(assets), deferred outflows of resources and deferred inflows of resources and expense/expenditures. Note disclosures and required supplementary information requirements about OPEB are also addressed. 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 net OPEB liability/(asset) and a more comprehensive measure of OPEB expense. The District implemented this Statement in fiscal year 2018. As a result of this implementation, the District reported a prior period adjustment to net position in the amount of \$2,279,554 and recognized a net OPEB liability/(asset) and deferred outflows of resources and deferred inflows of resources associated with the OPEB liability/(asset) as of June 30, 2018.

In March 2017, GASB issued Statement No. 85, *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and OPEB). The requirements of this Statement will enhance

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

consistency in the application of accounting and financial reporting requirements. Consistent reporting will improve the usefulness of information for users of state and local government financial statements. The District implemented this Statement in fiscal year 2018. There was no significant impact to the District's financial statements due to this implementation.

In May 2017, GASB issued Statement No. 86 *Certain Debt Extinguishment Issues*. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The District implemented this Statement in fiscal year 2018. There was no significant impact to the District's financial statements due to this implementation.

**NOTE 2. THE CAWD/PBCSD 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.

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 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 Project's assets are owned principally by CAWD and PBCSD, and consist primarily of the following:

- Assets owned by CAWD: (1) a tertiary treatment plant, (2) secondary process improvements, (3) 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.

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

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, with reimbursement as cash flow permits.

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

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 it 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.

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 year end, approximately \$29 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.

**NOTE 3. CASH AND INVESTMENTS (Continued)**

**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.

**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, 2018 consisted of the following:

Governmental activities:	
Local Agency Investment Fund	\$ 6,524,085
Money market accounts	46,045
Certificates of deposit	<u>3,237,908</u>
Subtotal Governmental activities	<u>9,808,038</u>
Business-type activities:	
Monterey County Investment Pool	1,647
Certificates of deposit	793,349
Municipal obligations	<u>15,125</u>
Less restricted reserves	<u>1,144</u>
Subtotal Business-type activities	<u>808,977</u>
Total Investments	<u>\$ 10,617,015</u>

**Interest Rate Risk** – Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Information about the sensitivity of the fair value of the District’s investments to market interest rate fluctuations is provided by the following table that shows the maturity date and yield of each investment.

**NOTE 3. CASH AND INVESTMENTS (Continued)**

Local Agency Investment Fund	on demand, 1.38% yield
Money market fund	on demand, 0.14% yield
Certificates of deposit (governmental activities)	15 months average maturity, 2.16% yield
Monterey County Investment Pool	7 months maturity, 1.63% yield
Certificates of deposit (business-type activities)	56 months average maturity, 2.75% yield
Municipal obligations	111 months average maturity, 3.00% yield

**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, 2018, \$2,667,385 of the District’s bank balances of \$4,430,609 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.

**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.

**NOTE 4. RECEIVABLES**

Receivables consist of the following at June 30, 2018:

	<u>Conservation</u>	<u>Mitigation</u>	<u>Water Supply</u>	<u>Total</u>
Governmental activities:				
Reimbursements	\$ 180,196	\$ –	\$ 1,288,837	\$ 1,469,033
User Fees	253,363	516,738	129,087	899,188
Other	39,375	44,723	45,966	130,064
Water supply charge	–	–	101,001	101,001
Interest	9,104	10,445	18,094	37,643
Property taxes	13,969	5,587	–	19,556
Total Governmental activities	<u>\$ 496,007</u>	<u>\$ 577,493</u>	<u>\$ 1,582,985</u>	<u>2,656,485</u>
Business-type activities:				
Water sales				762,072
Affiliates (Reclamation)				708,515
Other				11,166
Total Business-type activities				<u>1,481,753</u>
TOTAL				<u>\$ 4,138,238</u>

**NOTE 5. CAPITAL ASSETS**

Capital assets experienced the following changes for the year ended June 30, 2018:

	Balance Beginning of Year	Current Additions	Deletions/ Transfers	Balance End of Year
Depreciable assets:				
Equipment:				
Office	\$ 147,360	\$ –	\$ –	\$ 147,360
Computer	1,113,890	341,312	–	1,455,202
Operating	21,415	–	–	21,415
Transportation	457,622	30,794	39,236	449,180
Project	262,669	–	–	262,669
Phone	43,851	–	–	43,851
Total equipment	2,046,807	372,106	39,236	2,379,677
Building and improvements	2,038,114	–	–	2,038,114
Monitoring stations	45,214	–	–	45,214
ASR facilities	4,997,256	180,089	–	5,177,345
Fish rearing facility	949,833	–	24,201	925,632
Leasehold improvements	17,698	–	–	17,698
Total depreciable assets	10,094,922	552,195	63,437	10,583,680
	Balance Beginning of Year	Current Additions	Deletions/ Transfers	Balance End of Year
Less accumulated depreciation for:				
Equipment:				
Office	145,094	614	–	145,708
Computer	816,824	93,573	–	910,397
Operating	21,415	–	–	21,415
Transportation	307,467	39,419	39,236	307,650
Project	262,669	–	–	262,669
Phone	43,851	–	–	43,851
Total equipment	1,597,320	133,606	39,236	1,691,690
Building and improvements	949,201	53,940	–	1,003,141
Monitoring stations	45,214	–	–	45,214
ASR Facilities	1,231,411	167,144	–	1,398,555
Fish rearing facility	948,135	1,698	24,201	925,632
Leasehold improvements	6,056	2,973	–	9,029
Total accumulated depreciation	4,777,337	359,361	63,437	5,073,261
Total depreciable assets, net	5,317,585	192,834	–	5,510,419
Total governmental activities capital assets, net	5,317,585	192,834	–	5,510,419

**NOTE 5. CAPITAL ASSETS (Continued)**

Business-type activities:				
Nondepreciable assets:				
Construction in progress	<u>1,461,633</u>	<u>252,940</u>	<u>—</u>	<u>1,714,573</u>
Water resale rights	64,307,073	401,629		64,708,702
Less accumulated amortization for:				
Water resale rights	<u>24,301,958</u>	<u>1,617,720</u>	<u>—</u>	<u>25,919,678</u>
Total water resale rights, net	<u>40,005,115</u>	<u>(1,216,091)</u>	<u>—</u>	<u>38,789,024</u>
Total business type activities				
Capital assets, net	<u>41,466,748</u>	<u>(963,151)</u>	<u>—</u>	<u>40,503,597</u>
Total capital assets, net	<u>\$ 46,784,333</u>	<u>\$ (770,317)</u>	<u>\$ —</u>	<u>\$ 46,014,016</u>

The District has reevaluated the estimated useful lives of capital asset classes that have been fully depreciated and since the assets are still in use, the assets remain on the books of the District.

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

Conservation	\$ 50,366
Mitigation	91,483
Water supply	<u>217,512</u>
Total depreciation expense	<u>\$ 359,361</u>

**NOTE 6. TRANSACTIONS WITH AFFILIATES**

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

At June 30, 2018, accounts receivable from these affiliates were as follows:

Receivable from PBCo. and affiliated golf courses –	
Water sales	<u>\$ 1,470,587</u>
Total	<u>\$ 1,470,587</u>

At June 30, 2018, accounts payable to these affiliates were as follows:

Payable to CAWD for operations and maintenance	\$ 137,760
Payable to PBCSD for operations and maintenance	222,537
Payable to MPWMD for salaries, software, and fee	118,251
Payable to PBCo. for debt service reimbursements	<u>467,819</u>
Total	<u>\$ 946,367</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.

**Designated Reserves** – A Renewal and Replacement Reserve was established by the Board of Directors to pay for future major repairs and capital replacements and is held in a segregated account for its intended purposes. At June 30, 2018, the balance in this account was \$832,094.

**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 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 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.

For the last week in June of 2018, the interest rate was 1.37% per annum. Interest expense for the year was \$129,309 as compared to the estimated 1992 issuance annual interest expense of \$434,350 for the fiscal year 2017-18. Consequently, the interest payments column below is revised using a more realistic fixed annual rate of 2% which is presented for information purposes only.

Future principal and estimated 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>
2019	\$ 2,100,000	\$ 238,000	\$ 2,338,000
2020	2,300,000	196,000	2,496,000
2021	2,400,000	150,000	2,550,000
2022	2,500,000	102,000	2,602,000
2023	<u>2,600,000</u>	<u>52,000</u>	<u>2,652,000</u>
Total	<u>\$ 11,900,000</u>	<u>\$ 738,000</u>	<u>\$ 12,638,000</u>



**NOTE 7. LONG-TERM DEBT (Continued)**

**Due Pebble Beach Company** – Repayment of \$5,520,000 bond carrying costs incurred and advanced 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, 2018, the balance in this account was \$221,656.

**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:

Year Ending June 30	<u>Installment Purchase Agreement</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 92,249	\$ 126,887	\$ 219,136
2020	95,601	123,535	219,136
2021	99,073	120,063	219,136
2022	102,672	116,464	219,136
2023	<u>3,167,421</u>	<u>1,324,067</u>	<u>4,491,488</u>
<b>Total</b>	<b><u>\$ 3,557,016</u></b>	<b><u>\$ 1,811,016</u></b>	<b><u>\$ 5,368,032</u></b>

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

**NOTE 7. LONG-TERM DEBT (Continued)**

Long-term debt activity for the year ended June 30, 2018 is as follows:

	<u>2017*</u>	<u>Additions</u>	<u>Reductions</u>	<u>2018</u>	<u>Due Within One Year</u>
Governmental activities:					
Installment Purchase Agreement	\$ 3,643,969	\$ -	\$ 86,953	\$ 3,557,016	\$ 92,249
Compensated Absences	774,480	325,984	270,500	829,964	299,165
OPEB	3,929,329	268,040	92,380	4,104,989	-
Net pension liability	<u>4,496,774</u>	<u>1,068,029</u>	<u>361,981</u>	<u>5,202,822</u>	<u>-</u>
Total Governmental activities	<u>12,844,552</u>	<u>1,662,053</u>	<u>811,814</u>	<u>13,694,791</u>	<u>391,414</u>
Business-type activities:					
COPs	13,900,000	-	2,000,000	11,900,000	2,100,000
Due Pebble Beach Company	<u>3,312,000</u>	<u>-</u>	<u>552,000</u>	<u>2,760,000</u>	<u>552,000</u>
Total Business-type activities	<u>17,212,000</u>	<u>-</u>	<u>2,552,000</u>	<u>14,660,000</u>	<u>2,652,000</u>
Total	<u>\$ 30,056,552</u>	<u>\$ 1,662,053</u>	<u>\$ 3,363,814</u>	<u>\$ 28,354,791</u>	<u>\$ 3,043,414</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 OPEB liability to comply with GASB No. 75.

**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 4, 2020.

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:

2019	<u>\$ 11,761</u>
Total	<u>\$ 11,761</u>

Rent expense for the year ended June 30, 2018 was \$13,691.

**NOTE 9. RISK MANAGEMENT**

The District is insured against various risks of loss related to torts, thefts of, damage to 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.

**NOTE 9. RISK MANAGEMENT (Continued)**

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, 2018, 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 administers agent multiple-employer defined-benefit post-employment healthcare plans (the “Retiree Health Plans”). Dependents are eligible to enroll, and benefits continue to surviving spouses for one year following the member’s death. 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

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

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.

**Benefits Provided** – Retirees are eligible for medical benefits if they retire at Age 50+. A retiree who was hired before 7/1/2013 and retires with 15+ years of service is eligible to receive a payment of \$1,219 per month for fiscal-year end 6/30/2019. The amount of this payment increases 3% annually. All other retirees are eligible to receive \$540 per month with no service requirements. There are no disability benefits.

**Employees Covered by Benefit Terms** – At June 30, 2018 (the census date), the benefit terms covered the following employees:

Active employees	24
Inactive employees, spouses or beneficiaries currently receiving benefit payments	10
Inactive employees entitled to but not yet receiving benefit payments	<u>0</u>
Total	<u>34</u>

**Contributions** –The contribution requirements of the District are based on a pay-as-you-go basis. For the fiscal year ended June 30, 2018, the District paid \$92,380 for retiree health benefits. The District currently contributes enough money to the plans to satisfy current obligations on a pay-as-you-go basis.

**Net OPEB Liability** – The District’s net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018.

**Actuarial Assumptions** – The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation: 2.625%

Salary increases: 2.750%. Additional merit-based increases based on CalPERS merit salary increase tables.

Healthcare cost trend rates: 6.50% in the first year, trending down to 3.84% over 58 years.

Mortality rates were based on CalPERS tables.

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

*Discount Rate* – The discount rate used to measure the total OPEB liability is 3.50%. The District’s OPEB Plan is an unfunded plan, therefore the discount rate was set to the rate of tax-exempt, high-quality 2-0year municipal bonds, as of the valuation date.

**Changes in the NET OPEB Liability Net** – The changes in the net OPEB liability for the OPEB Plan are as follows:

	<u>Total OPEB Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net OPEB Liability</u>
<b>Balance at June 30, 2017</b>	\$ 3,929,329	\$ –	\$ 3,929,329
<i>Changes recognized for measurement period:</i>			
Service cost	127,662	–	127,662
Interest	140,378	–	140,378
Changes of benefit terms	–	–	–
Difference between expected and actual experience	–	–	–
Changes of assumptions	–	–	–
Contributions - employer	–	92,380	(92,380)
Net investment income	–	–	–
Benefit payments	(92,380)	(92,380)	–
Administrative expense	–	–	–
<i>Net Changes</i>	<u>\$ 175,660</u>	<u>\$ –</u>	<u>\$ 175,660</u>
<b>Balance at June 30, 2018</b>	<u>\$ 4,104,989</u>	<u>\$ –</u>	<u>\$ 4,104,989</u>

**Sensitivity of the Net OPEB Liability to Changes in the Discount Rate** – The following presents the net OPEB liability of the District if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate, for measurement period ended June 30, 2018:

	<u>1% Decrease (2.50%)</u>	<u>Current Discount Rate (3.50%)</u>	<u>1% Increase (4.50%)</u>
Net OPEB Liability	\$4,768,985	\$4,104,989	\$3,563,246

**Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates** – The following presents the net OPEB liability of the District if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2018:

	<u>1% Decrease (5.50% decreasing to 2.84%)</u>	<u>Current Healthcare Cost Trend Rate (6.50% decreasing to 3.84%)</u>	<u>1% Increase (7.50% decreasing to 4.84%)</u>
Net OPEB Liability	\$3,519,896	\$4,104,989	\$4,837,526

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

**OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB** – For the fiscal year ended June 30, 2018, the District recognized OPEB expense of \$268,040. As of fiscal year ended June 30, 2018, the District did not report any deferred outflows/inflows of resources related to OPEB.

**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](http://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, 2018, 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	7.000%	6.250%
Required employer contribution rates	8.921%	6.533%

**Contributions** – Section 20814(c) of the California Public Employees’ Retirement Law (PERL) 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

**NOTE 12. PENSION PLAN (Continued)**

costs of 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, 2018, the contributions recognized as part of pension expense for the Plan were as follows:

	<u>Miscellaneous</u>
Contributions	\$ 361,981

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

As of June 30, 2018, the District reported net pension liabilities for its proportionate share of the net pension liability of the Miscellaneous Plan as \$5,202,822.

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, 2017, 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, 2016 rolled forward to June 30, 2017 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, 2017 and 2018 was as follows:

	<u>Miscellaneous</u>
Proportion - June 30, 2017	0.12945%
Proportion - June 30, 2018	0.13198%
Change - Increase (Decrease)	0.00254%

For the year ended June 30, 2018, the District recognized pension expense of \$703,422. Pension expense is allocated to the functions based on full time equivalents. At June 30, 2018, 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>
Differences between actual and expected experience	\$ 6,421	\$ 91,996
Changes in assumptions	796,723	60,751
Differences between projected and actual investment earnings	180,186	-
Differences between employer's contributions and proportionate share of contributions	-	180,898
Change in employer's proportion	157,993	-
Pension contributions made subsequent to measurement date	<u>386,341</u>	<u>-</u>
Total	<u>\$ 1,527,664</u>	<u>\$ 333,645</u>

**NOTE 12. PENSION PLAN (Continued)**

Deferred outflows of resources in the amount of \$386,341 were reported related to contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as of June 30 as follows:

<u>Year Ended</u> <u>June 30</u>		
2019	\$	228,386
2020	\$	430,555
2021	\$	255,716
2022	\$	(106,980)

**Actuarial Assumptions** – The total pension liabilities in the June 30, 2016 actuarial valuations were determined using the following actuarial assumptions:

	<u>Miscellaneous/Safety</u>
Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
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, 2016 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** – In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent.



**NOTE 12. PENSION PLAN (Continued)**

**Discount Rate** – The discount rate used to measure the total pension liability was 7.15 percent for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS performed crossover testing of the 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 7.15 percent discount rate is adequate, and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The crossover 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.

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Real Return Years 1 - 10(a)</u>	<u>Real Return Years 11+(b)</u>
Global Equity	47.0%	4.90%	5.38%
Fixed Income	19.0%	0.80%	2.27%
Inflation Sensitive	6.0%	0.60%	1.39%
Private Equity	12.0%	6.60%	6.63%
Real Estate	11.0%	2.80%	5.21%
Infrastructure and Forestland	3.0%	3.90%	5.36%
Liquidity	2.0%	-0.40%	-0.90%
Total	<u>100%</u>		

- (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	6.15% \$ 7,829,049
Current Discount Rate Net Pension Liability	7.15% \$ 5,202,822
1% Increase Net Pension Liability	8.15% \$ 3,027,732

**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, 2018, 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 6/30/18</u>
Accela Inc	Water Demand Database	11/2017	\$ 676,377	\$ 354,788
AECOM Technical Services	Los Padres Dam Alternative Study	01/2017	559,700	269,977
Big Sur Land Trust	IRWMP Plan	06/2018	34,000	34,000
Brown and Caldwell	North Mo. Co. Drought Contingency Plan	03/2016	422,939	167,652
	Basin Study Plan	09/2016	45,000	13,494
HDR Engineering	Los Padres Dam Fish Passage Study	04/2016	282,034	10,384
Normandeau Associates	IFIM Study	12/2017	35,000	25,412
Pueblo Water Resources	Seaside Basin Geochemical Study	06/2018	<u>68,679</u>	<u>64,079</u>
Total			<u>\$ 2,123,729</u>	<u>\$ 939,786</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, 2017	\$	557,952
Implementation of GASB 75 - Net OPEB Liability	\$	<u>(2,279,554)</u>
Prior period adjustment		<u>(2,279,554)</u>
Restated Net Position at June 30, 2017	\$	<u>(1,721,602)</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 November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement also requires disclosure of information about the nature of a government’s AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. If an ARO (or portions thereof) has been incurred by a government but is not yet recognized because it is not reasonably estimable, the government is required to disclose that fact and the reasons therefore. This Statement requires similar disclosures for a government’s minority shares of AROs. The requirements in this Statement are effective for fiscal years beginning after June 30, 2018. 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. 83 will have on the accompanying financial statements.

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements in this Statement are effective for fiscal years beginning after June 30, 2019. 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. 84 will have on the accompanying financial statements.

**NOTE 17. AUTHORITATIVE PRONOUNCEMENTS ISSUED BUT NOT YET ADOPTED (Continued)**

In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for fiscal years beginning after June 30, 2020. 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. 87 will have on the accompanying financial statements.

In April 2018, GASB issued Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. The objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledge as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences and significant subjective acceleration clauses. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged. The District has no plans for early implementation of this Statement. At this time the District is not certain of the effect the adoption of Statement No. 88 will have on the accompanying financial statements.

In June 2018, GASB issued Statement No. 89 *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement established accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62 *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared

**NOTE 17. AUTHORITATIVE PRONOUNCEMENTS ISSUED BUT NOT YET ADOPTED (Continued)**

using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The District has no plans for early implementation of this Statement. At this time the District is not certain of the effect of the adoption of Statement No. 89 will have on the accompanying financial statements.

In August 2018, GASB issued Statement No. 90 *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61*. The objectives of this Statement are to improve the consistency and comparability of reporting a government's majority interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement established that ownership of majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The District has no plans for early implementation of this Statement. At this time the District is not certain of the effect of the adoption of Statement No. 90 will have on the accompanying financial statements.

**NOTE 18. SUBSEQUENT EVENT**

On November 6, 2018, Measure J, regarding the public vote to instruct the Monterey Peninsula Water Management to undertake a feasibility study on the public takeover of California American Water's Monterey Water System. The measure was passed at with the electorate voting 55.81% to 44.19% in favor of the measure.

The cost of the feasibility study is estimated to cost from \$400,000 to \$700,000. This feasibility study cost was not included in the District's original fiscal year 2018-2019 budget.

**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, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Amounts</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Property taxes	\$ 1,750,000	\$ 1,750,000	\$ 1,924,320	\$ 174,320
Water supply charge	3,400,000	3,400,000	3,405,008	5,008
User fees	–	577,000	808,039	231,039
Connection charges, net of refunds	250,000	300,000	522,167	222,167
Project reimbursements	1,279,400	5,576,400	5,583,786	7,386
Investment income	14,000	20,000	31,347	11,347
Grants	80,000	80,000	–	(80,000)
Miscellaneous	10,000	10,000	2,258	(7,742)
<b>Total revenues</b>	<b><u>6,783,400</u></b>	<b><u>11,713,400</u></b>	<b><u>12,276,925</u></b>	<b><u>563,525</u></b>
<b>EXPENDITURES:</b>				
<b>Personnel:</b>				
Salaries	873,000	873,000	918,724	(45,724)
Employee benefits and other personnel	353,800	355,800	367,183	(11,383)
<b>Services and supplies:</b>				
Project expenditures	3,478,100	3,595,600	1,850,300	1,745,300
Operating expenditures	216,600	206,200	154,660	51,540
Professional fees	312,500	312,500	357,070	(44,570)
Capital outlay	177,900	177,900	64,404	113,496
<b>Debt service:</b>				
Principal	–	–	86,953	(86,593)
Interest and other charges	230,000	230,000	132,183	97,817
<b>Total expenditures</b>	<b><u>5,641,900</u></b>	<b><u>5,751,000</u></b>	<b><u>3,931,477</u></b>	<b><u>1,819,523</u></b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b><u>1,141,500</u></b>	<b><u>5,962,400</u></b>	<b><u>8,345,448</u></b>	<b><u>2,383,048</u></b>
<b>OTHER FINANCING SOURCES (USES) –</b>				
Transfers out	(1,717,200)	(1,750,000)	(1,924,320)	(174,320)
<b>Total other financing sources (uses)</b>	<b><u>(1,717,200)</u></b>	<b><u>(1,750,000)</u></b>	<b><u>(1,924,320)</u></b>	<b><u>(174,320)</u></b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(575,700)</b>	<b>4,212,400</b>	<b>6,421,128</b>	<b>2,208,728</b>
<b>FUND BALANCE – BEGINNING OF YEAR</b>	<b><u>(655,950)</u></b>	<b><u>253,547</u></b>	<b><u>912,447</u></b>	<b><u>658,900</u></b>
<b>FUND BALANCE – END OF YEAR</b>	<b><u>\$(1,231,650)</u></b>	<b><u>\$ 4,465,947</u></b>	<b><u>\$ 7,333,575</u></b>	<b><u>\$ 2,867,628</u></b>

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, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Amounts</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
User fees	\$ 1,117,500	\$ 1,165,000	\$ 1,378,362	\$ 213,362
Permit fees	175,000	175,000	296,502	121,502
Project reimbursements	500,000	260,000	461,641	201,641
Investment income	3,500	5,000	15,940	10,940
Legal fee reimbursements	16,000	16,000	5,370	(10,630)
Recording fees	9,600	29,600	17,887	(11,713)
Grants	<u>220,000</u>	<u>220,000</u>	<u>20,000</u>	<u>(200,000)</u>
Total revenues	<u>2,041,600</u>	<u>1,870,600</u>	<u>2,195,702</u>	<u>325,102</u>
<b>EXPENDITURES:</b>				
Personnel:				
Salaries	644,200	644,200	598,371	45,829
Employee benefits and other personnel	305,400	307,000	292,709	14,291
Services and supplies:				
Project expenditures	1,150,900	1,240,900	717,976	522,924
Operating expenditures	211,700	202,600	148,797	53,803
Professional fees	170,400	170,400	123,521	46,879
Capital outlay	<u>518,200</u>	<u>518,200</u>	<u>239,256</u>	<u>278,944</u>
Total expenditures	<u>3,000,800</u>	<u>3,083,300</u>	<u>2,120,630</u>	<u>962,670</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(959,200)</u>	<u>(1,212,700)</u>	<u>75,072</u>	<u>1,287,772</u>
<b>OTHER FINANCING SOURCES (USES) –</b>				
Transfers in	<u>1,061,200</u>	<u>1,250,000</u>	<u>1,374,514</u>	<u>124,514</u>
Total other financing sources (uses)	<u>1,061,200</u>	<u>1,250,000</u>	<u>1,374,514</u>	<u>124,514</u>
<b>NET CHANGE IN FUND BALANCE</b>	102,000	37,300	1,449,586	1,412,286
<b>FUND BALANCE – BEGINNING OF YEAR</b>	<u>1,551,688</u>	<u>1,898,766</u>	<u>1,898,766</u>	<u>–</u>
<b>FUND BALANCE – END OF YEAR</b>	<u>\$ 1,653,688</u>	<u>\$ 1,936,066</u>	<u>\$ 3,348,352</u>	<u>\$ 1,412,286</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, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Amounts</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
User fees	\$ 2,307,500	\$ 2,353,000	\$ 2,972,424	\$ 619,424
Permit fees	56,000	56,000	20,810	(35,190)
Project reimbursement	35,900	35,900	19,776	(16,124)
Investment income	2,500	5,000	14,049	9,049
Grants	950,000	150,000	135,021	(14,979)
Miscellaneous	<u>10,000</u>	<u>10,000</u>	<u>19,251</u>	<u>9,251</u>
Total revenues	<u>3,361,900</u>	<u>2,609,900</u>	<u>3,181,331</u>	<u>571,431</u>
<b>EXPENDITURES:</b>				
<b>Personnel:</b>				
Salaries	984,800	984,800	999,985	(15,185)
Employee benefits and other personnel	432,400	434,800	440,281	(5,481)
<b>Services and supplies:</b>				
Project expenditures	1,791,100	861,100	462,673	398,427
Operating expenditures	259,300	246,300	206,718	39,582
Professional fees	268,600	268,600	168,090	100,510
Capital outlay	<u>197,400</u>	<u>197,400</u>	<u>68,446</u>	<u>128,954</u>
Total expenditures	<u>3,933,600</u>	<u>2,993,000</u>	<u>2,346,193</u>	<u>646,807</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(571,700)</u>	<u>(383,100)</u>	<u>835,138</u>	<u>1,218,238</u>
<b>OTHER FINANCING SOURCES (USES) –</b>				
Transfers in	<u>656,000</u>	<u>500,000</u>	<u>549,806</u>	<u>49,806</u>
Total other financing sources (uses)	<u>656,000</u>	<u>500,000</u>	<u>549,806</u>	<u>49,806</u>
<b>NET CHANGE IN FUND BALANCE</b>	84,300	116,900	1,384,944	1,268,044
<b>FUND BALANCE – BEGINNING OF YEAR</b>	<u>1,951,518</u>	<u>2,045,194</u>	<u>2,045,194</u>	<u>–</u>
<b>FUND BALANCE – END OF YEAR</b>	<u>\$ 2,035,818</u>	<u>\$ 2,162,094</u>	<u>\$ 3,430,138</u>	<u>\$ 1,268,044</u>

See Notes to Required Supplementary Information.

**MONTEREY PENINSULA WATER MANAGEMENT DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2018**

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**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**  
**SCHEDULE OF CHANGES IN THE TOTAL/NET OPEB LIABILITY AND RELATED RATIOS**  
For the Measurement Periods Ended June 30

Measurement Period	<u>2018</u>
<b>Total/Net OPEB Liability</b>	
Service cost	\$ 127,662
Interest	140,378
Changes of benefit terms	-
Actual and expected experience difference	-
Changes of assumptions	-
Benefit payments	<u>(92,380)</u>
<b>Net change in total OPEB liability</b>	175,660
<b>Total/Net OPEB liability – beginning of year</b>	<u>3,929,329</u>
<b>Total/Net OPEB liability – end of year</b>	<u>4,104,989</u>
Covered-employee payroll	\$ 2,441,044
Net OPEB liability as a percentage of covered-employee payroll	168.17%

**Notes to Schedule:**

The District adopted GASB 75 for the fiscal year ending June 30, 2018. Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

**MONTEREY PENINSULA WATER MANAGEMENT DISTRICT**  
**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**Last 10 Years\***  
**FOR THE YEAR ENDED JUNE 30, 2018**

Measurement Period	Proportion of the net pension liability	Proportionate share of the net pension liability	Covered employee payroll	Proportionate share of the net pension liability as percentage of covered employee payroll	Plan's fiduciary net position	Plan fiduciary net position as a percentage of the total pension liability
<u>2014</u>						
Miscellaneous Plan	0.05481%	\$ 3,287,027	\$ 2,282,220	144.03%	\$ 12,386,568	78.41%
<u>2015</u>						
Miscellaneous Plan	0.12936%	\$ 3,548,843	\$ 2,325,836	152.58%	\$ 12,722,539	78.19%
<u>2016</u>						
Miscellaneous Plan	0.12945%	\$ 4,496,774	\$ 2,419,068	185.89%	\$ 12,618,800	73.73%
<u>2017</u>						
Miscellaneous Plan	0.13198%	\$ 5,202,822	\$ 2,407,013	216.15%	\$ 13,890,505	80.93%

**Notes to Schedule:****Benefit changes.**

The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2015 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.

In 2017, the discount rate was changed from 7.65 percent to 7.15 percent.

\* Fiscal year 2015 was the 1st year of implementation, therefore, only four years are shown.

**MONTEREY PENINSULA WATER MANAGEMENT DISTRICT**  
**SCHEDULE OF CONTRIBUTIONS**  
 Last 10 Years\*  
 FOR THE YEAR ENDED JUNE 30, 2018

<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%
<u>2017</u> Miscellaneous Plan	\$ 361,981	\$ 361,981	\$ -	\$ 2,407,013	15.04%
<u>2018</u> Miscellaneous Plan	\$ 386,341	\$ 386,341	\$ -	\$ 2,531,145	15.26%

**Notes to Schedule:**

The actuarial methods and assumptions used to set the actuarially determined contributions for each fiscal year are as follows:

FYE 2014–2015	June 30, 2013	Funding valuation report
FYE 2015–2016	June 30, 2014	Funding valuation report
FYE 2016–2017	June 30, 2015	Funding valuation report
FYE 2017–2018	June 30, 2016	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	7.15
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 four years are shown.

# STATISTICAL SECTION

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(Photo: Carmel River)

**STATISTICAL  
SECTION**

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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,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Governmental activities</b>										
Net investment in capital assets	\$ 3,360,667	\$ 3,279,341	\$ 3,454,077	\$ 3,765,812	\$ 3,703,618	\$ 3,825,773	\$ 7,626,567	\$ 6,238,660	\$ 5,280,114	\$ 4,702,951
Restricted for debt service	221,656	221,214	220,772	220,330	219,136	219,136	-	-	-	-
Unrestricted (deficit)	3,659,946	(2,942,603)	(3,985,497)	(2,940,609)	1,316,853	2,697,295	(1,117,760)	635,049	1,152,363	1,620,154
<b>Total governmental activities net position</b>	<b>\$ 7,242,269</b>	<b>\$ 557,952</b>	<b>\$ (310,648)</b>	<b>\$ 1,045,533</b>	<b>\$ 5,239,607</b>	<b>\$ 6,742,204</b>	<b>\$ 6,508,807</b>	<b>\$ 6,873,709</b>	<b>\$ 6,432,477</b>	<b>\$ 6,323,105</b>
<b>Business-type activities</b>										
Net investment in capital assets	\$ 28,603,598	\$ 27,566,748	\$ 26,194,280	\$ 25,157,565	\$ 24,719,129	\$ 18,794,502	\$ 24,212,463	\$ 24,130,341	\$ 24,178,621	\$ 24,421,926
Restricted for construction project	-	-	-	-	-	15,276	-	-	-	-
Restricted for debt service	1,144	1,136	1,136	1,136	1,137	1,137	1,136	1,136	1,136	1,136
Restricted for capital replacement	-	1,121,549	1,118,503	1,273,355	873,273	848,080	-	-	-	-
Restricted for expanded project	-	-	-	-	-	-	889,475	891,700	978,528	1,342,540
Unrestricted (deficit)	(919,550)	(3,165,974)	(3,430,576)	(3,772,838)	(4,393,080)	-	250,873	245,551	422,876	493,122
<b>Total business-type activities net position</b>	<b>\$ 27,685,192</b>	<b>\$ 25,523,459</b>	<b>\$ 23,883,343</b>	<b>\$ 22,659,218</b>	<b>\$ 21,200,459</b>	<b>\$ 19,658,995</b>	<b>\$ 25,353,947</b>	<b>\$ 25,268,728</b>	<b>\$ 25,581,161</b>	<b>\$ 26,258,724</b>
<b>Primary government</b>										
Net investment in capital assets	\$ 31,964,265	\$ 30,846,089	\$ 29,648,357	\$ 28,923,377	\$ 28,422,747	\$ 22,620,275	\$ 31,839,030	\$ 30,369,001	\$ 29,458,735	\$ 29,124,877
Restricted for construction project	-	-	-	-	-	15,276	-	-	-	-
Restricted for debt service	222,800	222,350	221,908	221,466	220,273	220,273	1,136	1,136	1,136	1,136
Restricted for capital replacement	-	1,121,549	1,118,503	1,273,355	873,273	848,080	-	-	-	-
Restricted for expanded project	-	-	-	-	-	-	889,475	891,700	978,528	1,342,540
Unrestricted (deficit)	2,740,396	(6,108,577)	(7,416,073)	(6,746,108)	(3,076,227)	2,697,295	(866,887)	880,600	1,575,239	2,113,276
<b>Total primary government net position</b>	<b>\$ 34,927,461</b>	<b>\$ 26,081,411</b>	<b>\$ 23,572,695</b>	<b>\$ 23,672,090</b>	<b>\$ 26,440,066</b>	<b>\$ 26,401,199</b>	<b>\$ 31,862,754</b>	<b>\$ 32,142,437</b>	<b>\$ 32,013,638</b>	<b>\$ 32,581,829</b>

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,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Governmental activities:</b>										
Conservation	\$ 2,101,343	\$ 1,881,138	\$ 1,928,518	\$ 2,538,647	\$ 2,269,696	\$ 1,459,231	\$ 1,112,961	\$ 1,066,511	\$ 912,893	\$ 1,093,863
Mitigation	2,584,965	2,343,392	2,261,058	2,348,049	2,463,838	2,284,450	3,131,325	4,777,577	3,977,038	2,767,714
Water supply	3,878,083	5,321,950	7,057,927	5,149,757	7,931,458	4,054,342	1,200,978	1,291,349	1,404,760	1,349,966
Interest	132,183	137,086	138,627	141,077	143,921	137,086	-	-	-	-
<b>Total Governmental Activities expenses</b>	<b>8,696,574</b>	<b>9,683,566</b>	<b>11,386,130</b>	<b>10,177,530</b>	<b>12,808,913</b>	<b>7,935,109</b>	<b>5,445,264</b>	<b>7,135,437</b>	<b>6,294,691</b>	<b>5,211,543</b>
<b>Business-type activities:</b>										
Reclamation Project	4,161,333	4,024,568	4,347,080	3,945,772	3,889,685	3,434,236	3,793,748	3,664,890	3,691,170	3,881,830
<b>Total business-type activities expenses</b>	<b>4,161,333</b>	<b>4,024,568</b>	<b>4,347,080</b>	<b>3,945,772</b>	<b>3,889,685</b>	<b>3,434,236</b>	<b>3,793,748</b>	<b>3,664,890</b>	<b>3,691,170</b>	<b>3,881,830</b>
<b>Total Primary Government Expenses</b>	<b>12,857,907</b>	<b>13,708,134</b>	<b>15,733,210</b>	<b>14,123,302</b>	<b>16,698,598</b>	<b>11,369,345</b>	<b>9,239,012</b>	<b>10,800,327</b>	<b>9,985,861</b>	<b>9,093,373</b>
<b>Program Revenues (by function)</b>										
<b>Governmental activities:</b>										
<b>Charges for service:</b>										
Conservation	2,136,505	996,234	1,005,237	1,584,188	1,374,724	761,990	439,798	717,546	1,286,516	770,659
Mitigation	3,013,010	3,052,020	2,542,519	2,236,455	1,940,728	1,873,902	2,709,894	4,950,900	3,091,862	2,514,073
Water supply	10,377,339	4,543,983	4,313,762	4,223,966	5,728,874	5,523,491	305,849	420,552	603,777	695,933
Operating grants and contributions	155,021	89,276	334,864	169,214	602,499	391,797	165,528	-	-	-
<b>Total governmental activities program revenues</b>	<b>15,681,875</b>	<b>8,681,513</b>	<b>8,196,382</b>	<b>8,213,823</b>	<b>9,646,825</b>	<b>8,551,180</b>	<b>3,621,069</b>	<b>6,088,998</b>	<b>4,982,155</b>	<b>3,980,665</b>
<b>Business-type activities:</b>										
<b>Charges for services -</b>										
Water sales	6,328,302	5,661,358	5,513,758	5,379,027	5,420,240	4,175,379	2,344,688	1,840,264	1,807,929	1,915,828
<b>Total Business-type activities revenue</b>	<b>6,328,302</b>	<b>5,661,358</b>	<b>5,513,758</b>	<b>5,379,027</b>	<b>5,420,240</b>	<b>4,175,379</b>	<b>2,344,688</b>	<b>1,840,264</b>	<b>1,807,929</b>	<b>1,915,828</b>
<b>Total Primary Government Program Revenues</b>	<b>22,010,177</b>	<b>14,342,871</b>	<b>13,710,140</b>	<b>13,592,850</b>	<b>15,067,065</b>	<b>12,726,559</b>	<b>5,965,757</b>	<b>7,929,262</b>	<b>6,790,084</b>	<b>5,896,493</b>
<b>Net (Expenses)/Revenue</b>										
Governmental activities	6,985,301	(1,002,053)	(3,189,748)	(1,963,707)	(3,162,088)	616,071	(1,824,195)	(1,046,439)	(1,312,536)	(1,230,878)
Business-type activities	2,166,969	1,636,790	1,166,678	1,433,255	1,530,555	741,143	(1,449,060)	(1,824,626)	(1,883,241)	(1,966,002)
<b>Total Primary Net (Expenses)/Revenue</b>	<b>\$ 9,152,270</b>	<b>\$ 634,737</b>	<b>\$ (2,023,070)</b>	<b>\$ (530,452)</b>	<b>\$ (1,631,533)</b>	<b>\$ 1,357,214</b>	<b>\$ (3,273,255)</b>	<b>\$ (2,871,065)</b>	<b>\$ (3,195,777)</b>	<b>\$ (3,196,880)</b>

MONTEREY PENINSULA WATER MANAGEMENT DISTRICT

Changes in Net Position (continued)  
Last Ten Fiscal Years  
(accrual basis of accounting)

	Fiscal Year Ende		Fiscal Year Ended June 30,							
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Taxes	\$ 1,872,468	\$ 1,811,861	\$ 1,788,896	\$ 1,689,619	\$ 1,582,796	\$ 1,690,645	\$ 1,388,301	\$ 1,402,646	\$ 1,339,138	\$ 1,436,800
Investment earnings	61,336	35,837	48,125	26,092	20,042	11,524	2,080	4,772	11,485	48,260
Miscellaneous	44,766	22,955	29,207	39,507	56,653	62,211	69,200	80,253	71,285	62,547
Gain (loss) on sale of capital assets	-	-	-	-	-	-	(288)	-	-	-
Special items -										
Transfer of capital assets	-	-	-	-	-	(2,147,054)	-	-	-	-
Total governmental activities	1,978,570	1,870,653	1,866,228	1,755,218	1,659,491	(382,674)	1,459,293	1,487,671	1,421,908	1,547,607
Business-type activities:										
Investment earnings	(5,236)	3,326	56,685	25,504	26,185	1,909	36,196	19,518	64,771	42,251
Miscellaneous	-	-	762	-	-	-	3,004	1,436	3,580	-
Special items:										
Subsidy, Pebble Beach Company	-	-	-	-	-	1,600,006	1,732,903	1,667,322	1,444,976	1,467,828
Capital contributions (withdrawals)	-	-	-	-	-	-	-	(176,083)	(995,219)	2,269,395
Withdrawal, Pebble Beach Company	-	-	-	-	-	(1,641,213)	-	-	-	-
Water entitlement sales	-	-	-	-	-	253,203	293,176	-	687,570	1,197,932
Water entitlement (withdrawals)	-	-	-	-	(15,276)	(1,130,000)	(531,000)	-	-	-
Total business-type activities	(5,236)	3,326	57,447	25,504	10,909	(916,095)	1,534,279	1,512,193	1,205,678	4,977,406
Total Primary Government	1,973,334	1,873,979	1,923,675	1,780,722	1,670,400	(1,298,769)	2,993,572	2,999,864	2,627,586	6,525,013
Change in Net Position										
Governmental activities	8,963,871	868,600	(1,323,520)	(208,489)	(1,502,597)	233,397	(364,902)	441,232	109,372	316,729
Business-type activities	2,161,733	1,640,116	1,224,125	1,458,759	1,541,464	(174,952)	85,219	(312,433)	(677,563)	3,011,404
Total Primary Government	11,125,604	2,508,716	(99,395)	1,250,270	38,867	58,445	(279,683)	128,799	(568,191)	3,328,133
Net position - beginning of year	23,801,857	23,572,695	23,672,090	22,454,481	26,401,199	26,342,754	#REF!	#REF!	#REF!	#REF!
Net position - end of year	\$ 34,927,461	\$ 26,081,411	\$ 23,572,695	\$ 23,704,751	\$ 26,440,066	\$ 26,401,199	#REF!	#REF!	#REF!	#REF!

Notes:

- 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, 2016 has been restated for implementation of GASB 82.
- Net position - beginning of the year for the fiscal year ended June 30, 2018 has been restated for implementation of GASB 75.



MONTEREY PENINSULA WATER MANAGEMENT DISTRICT

Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Governmental Funds:										
Reserved for prepaid expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 38,220	\$ 87,701
Unreserved, designated:										
Insurance/litigation	-	-	-	-	-	-	-	-	250,000	250,000
Capital equipment	-	-	-	-	-	-	-	-	286,600	183,000
Flood/drought emergencies	-	-	-	-	-	-	-	-	443,944	443,944
Unreserved, undesignated	-	-	-	-	-	-	-	-	937,688	1,322,390
Nonspendable - prepaid expenses	-	-	-	-	-	36,025	39,869	44,743	-	-
Restricted	221,656	221,214	220,772	220,330	219,136	219,136	-	-	-	-
Committed	939,786	833,920	739,717	485,060	644,294	1,590,590	707,984	822,901	-	-
Assigned:										
Insurance/litigation	250,000	78,646	250,000	250,000	250,000	250,000	183,260	250,000	-	-
Capital equipment	332,000	140,334	144,000	232,000	244,900	304,100	99,599	304,100	-	-
Flood/drought emergencies	328,944	328,944	328,944	254,891	443,944	443,944	-	443,944	-	-
Project expenditures	12,039,679	3,396,036	2,067,332	3,674,618	3,508,509	3,929,262	150,891	379,217	-	-
Unassigned (deficit)	-	(142,687)	(119,214)	-	-	-	(1,212,372)	(726,414)	-	-
Total governmental fund balances	\$ 14,112,065	\$ 4,856,407	\$ 3,631,551	\$ 5,116,899	\$ 5,310,783	\$ 6,773,057	\$ (30,769)	\$ 1,518,491	\$ 1,956,452	\$ 2,287,035

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,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Revenues:</b>										
Property Taxes	\$ 1,924,320	\$ 1,817,206	\$ 1,744,833	\$ 1,689,619	\$ 1,582,796	\$ 1,690,645	\$ 1,388,301	\$ 1,402,646	\$ 1,339,138	\$ 1,436,800
Water supply charge	3,405,008	3,391,354	3,382,389	3,327,701	3,412,207	3,400,873	-	-	-	-
User fees	5,158,825	1,156,364	79,018	95,321	93,931	1,815,986	1,620,375	3,048,993	2,879,934	2,653,827
Connection charges, net of refunds	522,167	370,255	502,298	159,250	223,625	115,972	194,510	319,728	466,297	481,724
Permit fees	317,312	243,787	225,374	193,609	240,079	277,956	225,616	296,735	278,610	294,053
Project reimbursements	6,065,203	1,390,565	1,259,886	2,151,906	3,283,666	2,562,195	1,423,967	2,426,480	1,247,946	551,393
Investment income	61,336	35,837	48,125	26,092	20,042	11,524	2,080	4,772	11,485	48,260
Legal fee reimbursements	5,370	2,914	2,728	2,637	18,441	32,756	27,136	23,638	22,210	21,832
Recording fees	17,887	12,039	12,047	11,340	15,061	13,785	11,797	11,987	11,735	13,087
Mitigation revenue	-	2,039,912	2,412,553	2,127,410	1,801,800	-	-	-	-	-
Miscellaneous	21,509	8,002	14,432	25,530	23,151	15,670	30,267	44,628	37,340	27,628
Grants	155,021	89,276	334,864	169,214	602,499	391,797	165,528	-	-	-
<b>Total revenues</b>	<b>17,653,958</b>	<b>10,557,511</b>	<b>10,018,547</b>	<b>9,979,629</b>	<b>11,317,298</b>	<b>10,329,159</b>	<b>5,089,577</b>	<b>7,579,607</b>	<b>6,294,695</b>	<b>5,528,604</b>
<b>Expenditures:</b>										
<b>Current:</b>										
Water Supply	3,647,937	5,114,480	7,053,419	5,088,746	8,004,072	3,853,524	990,160	1,128,816	1,290,119	1,254,963
Conservation	1,881,374	1,733,055	1,889,096	2,493,467	2,083,341	1,343,770	1,041,833	1,005,320	1,540,229	1,014,088
Mitigation	2,277,747	2,149,332	2,211,423	2,248,870	2,365,683	2,194,725	4,540,619	5,787,207	3,749,822	3,095,183
Capital outlay	372,106	114,821	130,822	117,221	107,340	53,145	42,892	73,136	45,108	447,313
<b>Debt Service:</b>										
Principal	86,953	83,881	80,508	78,059	75,215	38,368	-	-	-	-
Interest and other charges	132,183	137,086	138,627	147,150	143,921	41,801	23,333	23,089	-	-
<b>Total expenditures</b>	<b>8,398,300</b>	<b>9,332,655</b>	<b>11,503,895</b>	<b>10,173,513</b>	<b>12,779,572</b>	<b>7,525,333</b>	<b>6,638,837</b>	<b>8,017,568</b>	<b>6,625,278</b>	<b>5,811,547</b>
Excess (deficiency) of revenues over (under) expenditures	9,255,658	1,224,856	(1,485,348)	(193,884)	(1,462,274)	2,803,826	(1,549,260)	(437,961)	(330,583)	(282,943)
<b>Other Financing Sources (Uses):</b>										
Transfers in	1,924,320	1,137,571	1,271,950	948,721	-	-	-	-	-	-
Transfers out	(1,924,320)	(1,137,571)	(1,271,950)	(948,721)	-	-	-	-	-	-
Loan proceeds	-	-	-	-	-	4,000,000	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balances	9,255,658	1,224,856	(1,485,348)	(193,884)	(1,462,274)	6,803,826	(1,549,260)	(437,961)	(330,583)	(282,943)
Fund balances, beginning of year	4,856,407	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
Fund balances, end of year	<u>\$ 14,112,065</u>	<u>\$ 4,856,407</u>	<u>\$ 3,631,551</u>	<u>\$ 5,116,899</u>	<u>\$ 5,310,783</u>	<u>\$ 6,773,057</u>	<u>\$ (30,769)</u>	<u>\$ 1,518,491</u>	<u>\$ 1,956,452</u>	<u>\$ 2,287,035</u>
Debt service as a percentage of noncapital expenditures	2.87%	2.48%	2.00%	2.34%	1.80%	1.09%	0.47%	0.34%	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	Secured Roll	Unsecured Roll	Exemptions	Net Assessed Valuations	* MPWMD Property Tax Allocations	Percentage Over Net Assessed Value
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%
2016	57,571,743	2,333,413	(2,196,512)	57,708,644	1,744,833	3.0%
2017	\$ 60,242,461	\$ 2,370,771	\$ (2,324,855)	\$ 60,288,377	\$ 1,817,206	3.0%

Source: Monterey County CAFR Report (Fiscal Year Ended June 30, 2017)

\* Source: Monterey Peninsula Water Management District, Audited Financial Statements

2018 data not available at time of print

MONTEREY PENINSULA WATER MANAGEMENT DISTRICT

Principal Property Taxpayers - Monterey County  
For the Year Ended June 30, 2017 and June 30, 2008

Tax Payer	Type of Business	2017			2008		
		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	\$ 770,155	1	1.28%	\$ 617,834	2	1.19%
Pacific Gas & Electric Company	Utility	588,620	2	0.97%	319,962	3	0.62%
Dynergy Moss Landing LLC	Utility	322,500	3	0.53%	-		
Chevron USA Inc	Petroleum	251,435	4	0.42%	-		
D'Arrigo Bros Co	Agriculture	129,685	5	0.22%	69,215	10	0.13%
Northridge Owner LP	Retail	125,292	6	0.21%	83,509	8	0.16%
Aera Energy LLC	Utility	120,025	7	0.20%	-		
California-American Water Company	Utility	114,497	8	0.19%	97,188	5	0.19%
AAT Del Monte LLC	Real Estate	113,097	9	0.19%	-		
Scheid Vineyards California Inc	Agriculture	100,789	10	0.17%	-		
LSP Moss Landing LLC	Utility	-			680,100	1	1.31%
Texaco Inc	Utility	-			164,987	4	0.32%
Pacific Bell Telephone Company	Utility	-			91,965	6	0.18%
Pacific Oceanside Holdings	Real Estate	-			90,174	7	0.17%
Pacific Wine Partners LLC	Agriculture	-			69,438	9	0.13%
Ten Largest Taxpayers' Total		2,636,095		4.37%	2,284,372		4.40%
All Other Taxpayers' Total		57,652,282		95.63%	49,559,826		95.60%
Total		<u>\$ 60,288,377</u>		<u>100%</u>	<u>\$ 51,844,198</u>		<u>100%</u>

Source: Monterey County CAFR Report (Fiscal Year Ended June 30, 2017)  
2018 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,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Governmental activities</b>										
Property Taxes	\$ 1,872,468	\$ 1,811,861	\$ 1,788,896	\$ 1,689,619	\$ 1,582,796	\$ 1,690,645	\$ 1,388,301	\$ 1,402,646	\$ 1,339,138	\$ 1,436,800
Water supply charge	3,405,008	3,391,354	3,382,389	3,327,701	3,412,207	3,400,873	-	-	-	-
User fees	5,158,825	1,156,364	79,018	95,321	93,931	1,815,986	1,620,375	3,048,993	2,879,934	2,653,827
Mitigation revenue	-	2,039,912	2,412,553	2,127,410	1,801,800	-	-	-	-	-
<b>Business-type activities</b>										
Water sales	6,328,302	5,661,358	5,513,758	5,379,027	5,359,496	4,175,379	2,344,688	1,840,254	1,807,929	1,915,828

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
2018	\$ 3,357,016	\$ -	\$ 2,760,000	\$ 11,900,000	\$ 18,017,016	**	**
2017	3,643,969	-	3,312,000	13,900,000	20,855,969	**	**
2016	3,727,850	-	3,864,000	15,800,000	23,391,850	22,827,059	0.10%
2015	3,808,358	-	4,416,000	17,600,000	25,824,358	22,142,878	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%

(1) U.S Department of Commerce, Bureau of Economic Analysis, Monterey County, in Thousands

\*\* Data not available for 2018

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 Fiscal Year Ended June 30,									
	6/30/2018	6/30/2017	6/30/2016	7/1/2015	7/1/2014	7/5/1905	7/4/1905	7/3/1905	7/2/1905	7/1/1905
<b>Governmental activities *</b>										
Debt service coverage										
Water supply charges	\$ 3,405,008	\$ 3,391,354	\$ 3,382,389	\$ 3,327,701	\$ 3,412,207	\$ 3,400,873	N/A	N/A	N/A	N/A
Operating expenses (1)	(1,855,440)	(1,525,501)	(1,847,397)	(1,828,234)	(1,674,940)	(1,533,328)	N/A	N/A	N/A	N/A
Reserve funds available	418,976	396,234	395,792	439,350	442,456	442,456	N/A	N/A	N/A	N/A
Net available revenues	\$ 1,968,544	\$ 2,262,087	\$ 1,930,784	\$ 1,938,817	\$ 2,179,723	\$ 2,310,001	\$ -	\$ -	\$ -	\$ -
<b>Debt Service:</b>										
Principal	\$ 86,953	\$ 83,881	\$ 80,508	\$ 78,059	\$ 75,215	\$ 38,368	\$ -	\$ -	\$ -	\$ -
Interest	132,183	137,086	138,627	147,150	143,921	41,801	23,333	23,089	-	-
	\$ 219,136	\$ 220,967	\$ 219,135	\$ 225,209	\$ 219,136	\$ 80,169	\$ 23,333	\$ 23,089	\$ -	\$ -
Debt service coverage ratio	8.98	10.24	8.81	8.61	9.95	28.81	N/A	N/A	N/A	N/A
Minimum coverage ratio (4)	1.25	1.25	1.25	1.25	1.25	1.25	N/A	N/A	N/A	N/A
<b>Business-type activities</b>										
Debt service coverage										
Gross revenues (2)	\$ 6,324,764	\$ 5,664,684	\$ 5,571,205	\$ 5,404,531	\$ 5,446,425	\$ 6,030,497	\$ 4,409,967	\$ 4,283,370	\$ 4,009,006	\$ 4,623,839
Operating expenses (3)	(2,041,565)	(2,053,626)	(2,588,706)	(2,035,882)	(1,960,727)	(1,770,313)	(1,907,355)	(1,716,344)	(1,870,725)	(1,813,080)
Net available revenues	\$ 4,283,199	\$ 3,611,058	\$ 2,982,499	\$ 3,368,649	\$ 3,485,698	\$ 4,260,184	\$ 2,502,612	\$ 2,567,026	\$ 2,138,281	\$ 2,810,759
<b>Debt Service:</b>										
Principal:										
PBCo.	\$ 552,000	\$ 552,000	\$ 552,000	\$ 552,000	\$ 552,000	\$ -	\$ -	\$ -	\$ -	\$ -
COPs	2,000,000	1,900,000	1,800,000	1,700,000	1,700,000	1,600,000	1,500,000	1,400,000	1,300,000	1,300,000
Interest	185,876	141,828	59,049	40,339	47,688	35,308	307,246	374,014	248,742	497,692
	\$ 2,737,876	\$ 2,593,828	\$ 2,411,049	\$ 2,292,339	\$ 2,299,688	\$ 1,635,308	\$ 1,807,246	\$ 1,774,014	\$ 1,548,742	\$ 1,797,692
Debt service coverage ratio	1.56	1.39	1.24	1.47	1.52	2.61	1.38	1.45	1.38	1.56
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 Calendar Years

Calendar Year	Population	Per Capita Income	Total Personal Income	Median Age	School Enrollment	Unemployment Rate
2007	402,116	\$ 38,373	\$ 15,586,498	32	69,838	7.1%
2008	405,660	42,144	17,205,000	32	69,828	8.4%
2009	410,370	42,356	17,381,644	32	70,523	11.8%
2010	415,057	42,176	17,574,000	33	70,949	12.8%
2011	421,898	41,138	17,355,940	33	72,666	12.4%
2012	426,762	43,034	18,365,298	33	73,460	11.4%
2013	428,826	44,851	19,233,171	33	74,684	10.1%
2014	431,344	46,109	19,889,054	34	75,997	9.1%
2015	433,898	49,836	21,623,627	34	76,768	8.1%
2016	435,232	\$ 52,448	\$ 22,827,059	34	77,517	7.6%

Source: Monterey County CAFR Report (Fiscal Year Ended June 30, 2017)  
2017 data not available at time of print

**MONTEREY PENINSULA WATER MANAGEMENT DISTRICT**

Principal Employment by Industry - Monterey County  
For the Year Ended June 30, 2018 and June 30, 2008

Industry	2018		Industry	2008	
	Number of Employed	Percent of Total		Number of Employed	Percent of Total
Agriculture	68,600	32.30%	Agriculture	54,800	29.27%
Natural Resources, Mining and Construction	6,700	3.15%	Natural Resources, Mining and Construction	6,200	3.31%
Manufacturing	6,000	2.82%	Manufacturing	6,100	3.26%
Wholesale Trade	5,900	2.78%	Wholesale Trade	5,500	2.94%
Retail Trade	16,400	7.72%	Retail Trade	16,700	8.92%
Transportation, Warehousing and Utilities	4,300	2.02%	Transportation, Warehousing and Utilities	3,700	1.98%
Information	1,000	0.47%	Information	2,100	1.12%
Financial Activities	4,400	2.07%	Financial Activities	5,500	2.94%
Professional and Business Services	13,500	6.36%	Professional and Business Services	11,500	6.14%
Educational and Health Services	20,200	9.51%	Educational and Health Services	15,600	8.33%
Leisure and Hospitality	25,200	11.86%	Leisure and Hospitality	21,900	11.70%
Other Services	5,300	2.50%	Other Services	4,700	2.51%
Government	34,900	16.43%	Government	32,900	17.57%

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Department:										
General Manager's Office	2	2	2	2	2	2	3	3	4	4
Administrative Services Division	5	5	7	7	7	7	7	7	5	5
Planning & Engineering Division	5	5	5	5	5	5	5	6	6	6
Water Resources Division	7	7	7	7	7	7	7	7	7	7
Water Demand Division	6	6	6	5	5	5	5	5	5	5
<b>Total</b>	<b>25</b>	<b>25</b>	<b>27</b>	<b>26</b>	<b>26</b>	<b>26</b>	<b>27</b>	<b>28</b>	<b>27</b>	<b>27</b>

Source: Monterey Peninsula Water Management District

**MONTEREY PENINSULA WATER MANAGEMENT DISTRICT**

Water Consumption by Type (in Acre-Feet)  
Last Ten Fiscal Years

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Use Type:										
Residential	4,242	4,384	4,560	4,936	5,302	5,552	5,513	5,602	6,156	6,362
Multi-Residential	1,367	1,410	1,418	1,637	1,529	1,523	1,323	1,348	1,280	1,306
Commercial	2,194	2,214	2,224	2,414	2,637	2,673	2,750	2,763	2,789	2,980
Industrial	-	-	-	9	4	53	54	6	70	77
Golf Course	169	168	185	201	20	202	201	15	223	402
Public Authority	585	617	560	630	536	503	418	571	934	972
Other	18	39	40	14	2	60	102	11	30	52
Non Revenue Metered	1	2	1	1	-	11	25	10	36	46
<b>Total</b>	<b>8,576</b>	<b>8,834</b>	<b>8,988</b>	<b>9,842</b>	<b>10,030</b>	<b>10,577</b>	<b>10,386</b>	<b>10,326</b>	<b>11,518</b>	<b>12,197</b>

Source: California American Water - Customers and Consumption by Political Jurisdiction for Water Year

**MONTEREY PENINSULA WATER MANAGEMENT DISTRICT**

Connections by Type  
Last Ten Fiscal Years

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Use Type:										
Residential	32,332	32,355	31,801	32,532	32,633	38,294	**	**	**	**
Multi-Residential	1,732	1,696	1,706	1,720	1,427	1,577	**	**	**	**
Commercial	3,918	3,932	3,890	3,655	3,077	3,537	**	**	**	**
Industrial	-	-	-	4	-	6	**	**	**	**
Golf Course	4	4	4	4	5	5	**	**	**	**
Public Authority	544	545	537	555	543	548	**	**	**	**
Other	66	64	51	274	897	364	**	**	**	**
Non-Revenue Metered	6	6	6	10	12	14	**	**	**	**
<b>Total</b>	<b>38,602</b>	<b>38,602</b>	<b>37,995</b>	<b>38,754</b>	<b>38,594</b>	<b>44,345</b>	-	-	-	-

Source: California American Water - Customers and Consumption by Political Jurisdiction for Water Year in Acre-Feet

\*\* Data not available for 2008, 2009, 2010, & 2011 at the time of publishing

December 18, 2018

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) as of and for the year ended June 30, 2018. 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. Also included is a summary of recently issued accounting standards that may affect future financial reporting by the District.

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 August 27, 2018. 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 dated August 27, 2018 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.

Board of Directors  
Monterey Peninsula Water Management District  
December 18, 2018  
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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 a significant policy or their application that were either initially selected or changed during the year.

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 primary objective of this Statement is to improve accounting and financial reporting by state and local governments for other postemployment benefits (OPEB). The Statement establishes standards for measuring and recognizing liabilities/(assets), deferred outflows of resources and deferred inflows of resources and expense/expenditures. Note disclosures and required supplementary information requirements about OPEB are also addressed. 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 net OPEB liability/(asset) and a more comprehensive measure of OPEB expense. The District implemented this Statement in fiscal year 2018. As a result of this implementation, the District reported a prior period adjustment to net position in the amount of \$2,279,554 and recognized a net OPEB liability/(asset) and deferred outflows of resources and deferred inflows of resources associated with the OPEB liability/(asset) as of June 30, 2018.

**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 November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. If an ARO (or portions thereof) has been incurred by a government but is not yet recognized because it is not reasonably estimable, the government is required to disclose that fact and the reasons therefore. This Statement requires similar disclosures for a government's minority shares of AROs. The requirements in this Statement are effective for fiscal years beginning after June 30, 2018.

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The objective of this Statement is to improve guidance regarding the



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Monterey Peninsula Water Management District  
December 18, 2018  
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identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements in this Statement are effective for fiscal years beginning after June 30, 2019.

In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for fiscal years beginning after June 30, 2020.

In April 2018, GASB issued Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. The objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences and significant subjective acceleration clauses. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

In June 2018, GASB issued Statement No. 89 *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement established accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62 *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

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Monterey Peninsula Water Management District  
December 18, 2018  
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In August 2018, GASB issued Statement No. 90 *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61*. The objectives of this Statement are to improve the consistency and comparability of reporting a government’s majority interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government’s holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement established that ownership of majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

**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, 2018 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,” and “GASB Journal Entries.”

**Uncorrected Misstatements**

We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.

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Monterey Peninsula Water Management District  
December 18, 2018  
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**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.

**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, 2018 a letter was not required.

**Significant Written Communications between Management and Our Firm**

We have requested certain representations from management that are included in the management representation letter dated December 18, 2018.

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,

Hayashi Wayland

Attachments: Adjusting Journal Entries  
GASB Journal Entries

**Monterey Peninsula Water Management District**

**AJE**

Year End: June 30, 2018

Adjusting Journal Entries

Date: 7/1/2017 To 6/30/2018

Account No: AJE-01 To AJE-99

Number	Date	Name	Account No	Debit	Credit	Amount Chg	Net Income (Loss)
Net Income (Loss) Before Adjustments						10,942,393.00	
AJE-01	6/30/2018	Unapportioned/Uncollected Taxes Re	24-10-150100 SRF01	5,587.00			
AJE-01	6/30/2018	Deferred Revenue	24-10-370000 SRF01		5,587.00		
AJE-01	6/30/2018	Unapportioned/Uncollected Taxes Re	26-10-150100 SRF02		57,439.00		
AJE-01	6/30/2018	Deferred Revenue	26-10-370000 SRF02	57,439.00			
AJE-01	6/30/2018	Unapportioned/Uncollected Taxes Re	35-10-150100 CPF01	58,339.00			
AJE-01	6/30/2018	Deferred Revenue	35-10-370000 CPF01		58,339.00		
To adjust uncollected taxes and water supply charge per confirm.				121,365.00	121,365.00	0.00	10,942,393.00
AJE-02	6/30/2018	Accounts Receivable-Other	26-10-140000 SRF02	39,375.00			
AJE-02	6/30/2018	Permit Processing Fees	26-10-510000 SRF02		39,375.00		
To properly accrue for permit fee from Monterey Bay Military Housing				39,375.00	39,375.00	39,375.00	10,981,768.00
				<b>160,740.00</b>	<b>160,740.00</b>	<b>39,375.00</b>	<b>10,981,768.00</b>

**Monterey Peninsula Water Management District**

**GASB**

Year End: June 30, 2018

GASB Journal Entries

Date: 7/1/2017 To 6/30/2018

Account No: GASB-00 To GASB-99

Number	Date	Name	Account No	Debit	Credit	Amount Chg Net Income (Loss)	
Net Income (Loss) Before Adjustments						11,504,345.00	
GASB-01	6/30/2018	Pension expense - GASB 68	24-02-719200 G34G	138,767.00			
GASB-01	6/30/2018	Pension expense - GASB 68	26-02-719200 G34G	97,137.00			
GASB-01	6/30/2018	Pension expense - GASB 68	35-02-719200 G34G	111,013.00			
GASB-01	6/30/2018	Deferred Outflows - PERS Contributi	51-10-171000 51		5,475.00		
GASB-01	6/30/2018	Deferred Outflows - Actuarial	51-10-172000 51	425,558.00			
GASB-01	6/30/2018	Deferred Inflows - Actuarial	51-10-371500 51		60,952.00		
GASB-01	6/30/2018	Net Pension Liability	51-10-383000 51		706,048.00		
To record adjustment to deferred outflow/inflow of resources and net pension liability.				772,475.00	772,475.00	(346,917.00)	11,157,428.00
GASB-02	6/30/2018	L/T Debt OPEB	51-10-282000 51		1,649,775.00		
GASB-02	6/30/2018	Net OPEB Obligation	51-10-382000 51	1,649,775.00			
To remove prior year net OPEB obligation that was recorded in accordance with GASB 45.				1,649,775.00	1,649,775.00	0.00	11,157,428.00
GASB-03	6/30/2018	L/T Debt OPEB	51-10-282000 51	3,929,329.00			
GASB-03	6/30/2018	Net OPEB Obligation	51-10-382000 51		3,929,329.00		
To restate beginning net OPEB obligation in accordance with GASB 75.				3,929,329.00	3,929,329.00	0.00	11,157,428.00
GASB-04	6/30/2018	Current Year OPEB Cost	24-10-716000 G34G	70,264.00			
GASB-04	6/30/2018	Current Year OPEB Cost	26-10-716000 G34G	49,185.00			
GASB-04	6/30/2018	Current Year OPEB Cost	35-10-716000 G34G	56,211.00			
GASB-04	6/30/2018	Net OPEB Obligation	51-10-382000 51		175,660.00		
To recognize current year OPEB expense.				175,660.00	175,660.00	(175,660.00)	10,981,768.00
				<b>6,527,239.00</b>	<b>6,527,239.00</b>	<b>(522,577.00)</b>	<b>10,981,768.00</b>

**Monterey Peninsula Water Management District**

**PBC**

Year End: June 30, 2018

Prepared by Client Journal Entries

Date: 7/1/2017 To 6/30/2018

Account No: PBC-01 To PBC-99

Number	Date	Name	Account No	Debit	Credit	Amount Chg Net Income (Loss)	
Net Income (Loss) Before Adjustments						10,801,572.00	
PBC-01	6/30/2018	Tax Administration Fee	24-02-750000 SRF01		3,537.00		
PBC-01	6/30/2018	Tax Administration Fee	24-02-750000 SRF01	5,922.00			
PBC-01	6/30/2018	Property Tax Revenue	24-10-611000 SRF01		2,385.00		
PBC-01	6/30/2018	Tax Administration Fee	26-02-750000 SRF02		8,843.00		
PBC-01	6/30/2018	Tax Administration Fee	26-02-750000 SRF02	14,805.00			
PBC-01	6/30/2018	Property Tax Revenue	26-10-611000 SRF02		5,962.00		
PBC-01	6/30/2018	Tax Administration Fee	35-02-750000 CPF01	8,458.00			
PBC-01	6/30/2018	Tax Administration Fee	35-02-750000 CPF01		8,347.00		
PBC-01	6/30/2018	Water Supply Charge	35-10-520500 CPF01		111.00		
To correct County Tax Collection.							
				29,185.00	29,185.00	0.00	10,801,572.00
PBC-02	6/30/2018	Capital Equipment Reserve	24-10-406500 SRF01		140,600.00		
PBC-02	6/30/2018	Capital Equipment Reserve	24-10-585000 SRF01	140,600.00			
PBC-02	6/30/2018	Capital Equipment Reserve	26-10-406500 SRF02		25,100.00		
PBC-02	6/30/2018	Capital Equipment Reserve	26-10-585000 SRF02	25,100.00			
PBC-02	6/30/2018	Capital Equipment Reserve	35-10-406500 CPF01		22,300.00		
PBC-02	6/30/2018	Capital Equipment Reserve	35-10-585000 CPF01	22,300.00			
To allocate Capital Reserves FY 2017-2018							
				188,000.00	188,000.00	0.00	10,801,572.00
PBC-03	6/30/2018	A/R Cal-Am	26-10-141600 SRF02	180,196.00			
PBC-03	6/30/2018	CAW-Rebates	26-10-580006 SRF02		180,196.00		
To accrue Cal-Am Rebate A/R as of 6/30/2018.							
				180,196.00	180,196.00	180,196.00	10,981,768.00
				<b>397,381.00</b>	<b>397,381.00</b>	<b>180,196.00</b>	<b>10,981,768.00</b>

**ITEM: ACTION ITEM****12. CONSIDER APPROVAL FOR RETAINING CONSULTANT SERVICES FOR AN UPDATE OF THE INTEGRATED REGIONAL WATER MANAGEMENT PLAN FOR THE MONTEREY PENINSULA, CARMEL BAY, AND SOUTHERN MONTEREY BAY**

<b>Meeting Date:</b>	<b>December 17, 2018</b>	<b>Budgeted:</b>	<b>Yes</b>
<b>From:</b>	<b>Dave Stoldt, General Manager</b>	<b>Program/</b>	<b>Protect Environmental Quality</b>
		<b>Line Item No.:</b>	<b>Program 2-6-1-A</b>
		<b>Acct. No.</b>	<b>24-03-785505</b>
<b>Prepared By:</b>	<b>Larry Hampson</b>	<b>Cost Estimate:</b>	<b>Approximately \$66,000</b>

**General Counsel Approval: N/A****Committee Recommendation: The Administrative Committee did not review this item.****CEQA Compliance: This action does not constitute a project as defined by the California Environmental Quality Act Guidelines section 15378.**

**SUMMARY:** In April 2018, the Board approved entering into a contract with the Big Sur Land Trust (BSLT) for up to \$34,000 to facilitate an update of the Integrated Regional Water Management (IRWM) Plan for the Monterey Peninsula region. As described in **Exhibit 12-A**, the key person at BSLT involved with this work, Sarah Hardgrave, will be leaving BSLT at the end of the year and BSLT does not have other staff to complete the IRWM Plan update. Staff estimates that expenses for work through December 31, 2018 will total approximately \$16,000.

As shown in **Exhibit 12-B**, the Monterey Peninsula region must complete a project solicitation and prioritization in January 2019 to remain on track to participate in the Proposition 1 implementation grant round. In addition, work proposed for the IRWM Plan update should be completed concurrently with project review and development. At present Denise Duffy & Associates (DD&A) has tentatively confirmed their availability to assist the District to complete these tasks.

BSLT will provide a summary of tasks completed to date and a “road map” to completing the scope of work previously outlined in the agreement to update the IRWM Plan. Staff proposes to work with DD&A and other consultants as necessary to complete a scope of work for a new contract for services for up to the balance of the FY 2018-19 budget for this task, which includes \$80,000 for Prop 1 assistance.

**RECOMMENDATION:** Staff recommends that the General Manager be authorized to enter into agreements with qualified consultants to facilitate a project solicitation process and carry out an IRWM Plan update. Total expenditures for services would not exceed the balance of funds remaining in the FY 2018-19 budget after all BSLT expenses have been reimbursed. The current estimate of unexpended funds as of December 31, 2018 is approximately \$66,000.

**DISCUSSION:** The MPWMD Board approved an updated IRWM Plan for the region on June 23, 2014. That plan conformed to Proposition 84 standards and was accepted by DWR, although there were several areas that DWR said needed improvement. The passage of Proposition 1 in November 2014 mandated several changes to IRWM Plan Standards. The Monterey Peninsula region is eligible to receive up to \$4.33 million of the funds allocated to the Central Coast Funding area. However, to be eligible to receive most of the grant funds, the region must update the IRWM Plan to current standards when the region submits a proposal to DWR for grant funds.

Since 2005, MPWMD has facilitated the development and implementation of the IRWM program for the Monterey Peninsula region and should continue to provide assistance with this effort.

**IMPACT TO STAFF/RESOURCES:** Funds (\$80,000) are included in Project Expenditures Line Item 2-6-1-A “Prop 1 Coordination” in the Fiscal Year 2018-19 budget adopted by the Board of Directors on June 18, 2018.

The Big Sur Land Trust agreement to update the IRWM Plan will be terminated effective December 31, 2018 and all expenses incurred by BSLT through that date will be reimbursed. As of December 3, 2018, the District had reimbursed \$7,108 in expenses. Additional expenses of about \$7,000 are anticipated through December 31, 2018.

## **EXHIBITS**

**12-A** November 29, 2018 Letter (Hamilton to Stoldt)

**12-B** Round 1 Implementation Grant Project Solicitation Schedule 2018/2019





**BIG SUR**  
LAND TRUST

David Stoldt, General Manager  
Monterey Peninsula Water Management District  
P.O. Box 85  
Monterey, CA 93942-0085

November 29, 2018

Re: Agreement Between Monterey Peninsula Regional Water Management District and Big Sur Land Trust for Update to the Monterey Peninsula, Carmel Bay and Southern Monterey Bay Integrated Regional Water Management Plan Update

Dear Mr. Stoldt:

The purpose of this letter is to notify you, pursuant to the above referenced agreement Section VIII (B), Changes and Changed Conditions, that the specified individual intended to perform work under this agreement will no longer be affiliated with the Big Sur Land Trust as of December 28, 2018. Regrettably, Sarah Hardgrave has given her notice to us that she will be departing at the end of the year. She will be unable to complete the full scope of work under this agreement. Big Sur Land Trust does not have other staff at this time who would be available to assume these responsibilities. Therefore, we respectfully recommend that MPWMD proceed with termination of this agreement pursuant to Section IX.

Sarah is coordinating with your staff on the work remaining and will provide them with a memo detailing what was completed and what is outstanding prior to her departure in one month.

If you wish to discuss this matter further, please contact me at (831) 625-5523.

Sincerely,

A handwritten signature in black ink, appearing to read 'Rich Hamilton', written over a horizontal line.

Rich Hamilton  
Chief Operating Officer

cc: Larry Hampson, Planning and Engineering Manager/District Engineer



**EXHIBIT 12-B****Proposition 1 Integrated Regional Water Management (IRWM)  
Round 1 Implementation Grant Project Solicitation Schedule 2018/2019****Department of Water Resources (DWR) Timeline for Round 1 Implementation Grants**

- Oct 5, 2018: DWR released Draft Project Solicitation Package (PSP) and Guidelines; comments due December 14, 2018
- November – early December: Central Coast Funding Area (CCFA) preparing joint comments on Draft PSP
- Early 2019: DWR releases Final PSP released
- DWR will schedule **Pre-Application Workshops** with each Funding Area following release of PSP. The Central Coast IRWM regions are requesting a workshop in June 2019.
- RWMG must provide DWR with information on proposed projects *at least two weeks prior* to the workshop: A Proposal Summary, plus a “Project Information Form” for each project.
- DWR will get back to regions with comments within 4 weeks after the workshop.
- Application to DWR will be due 12 weeks after the workshop date.

**Prop 1 IRWM Grant Funds Available to Central Coast Funding Area**

Prop 1 Allocation to CCFA:	\$43,000,000
Minus State costs (10%):	<u>- \$4,300,000</u>
Remaining for CCFA:	\$38,700,000

Of that amount:

DAC Funds (20% total allocation):	\$8,600,000
General Implementation Grant Funding:	\$30,100,000

**Prop 1 IRWM Grant Funds Available to the Monterey Peninsula, Carmel Bay and South Monterey Bay Region**Total Prop 1 funds available:

DAC Funds:	\$931,966
General Implementation:	\$3,261,882
TOTAL:	\$4,193,848

Prop 1 funds spent to date:

DAC Involvement (50% of total DAC):	\$465,983
-------------------------------------	-----------

For Round 1, DWR is proposing that 35% of DAC Implementation funds and 50% of General Implementation funds be provided, leaving the rest for Round 2 in 2020.

Round 1: 50% of General Implementation allocation, 35% of remaining DAC allocation

DAC Implementation:	\$163,094
General Implementation:	\$1,630,941
TOTAL:	\$1,794,035

Round 2 (2020): 50% of Implementation allocation, 65% of remaining DAC allocation

DAC Implementation:	\$302,889
General Implementation:	\$1,630,941
TOTAL:	\$1,933,830

## EXHIBIT 12-B

### **Proposed Project Solicitation Schedule for IRWMP:**

- October 5, 2018: Draft Project Solicitation Package (PSP) was released by DWR.
- December 6, 2018: Solicitation begins. The process will be reviewed at the December 6 RWMG meeting.

Those who are interested in having their projects put forward in Round 1 will also need to submit DWR's Project Information Form. The **Project Information Form** will be due Monday February 8, 2019. This deadline assumes DWR will release the final PSP with the form in early January, but the timeline may be delayed.

- January 14, 2019: Project Application Forms due. Subcommittee ranks projects.
- January 21, 2019: Prioritized project list prepared by TAC (prior to January 24 RWMG meeting).
- January 24 RWMG Meeting: Discuss project ranking with RWMG, and consider ranked Project List for Round 1. RWMG takes a first look at projects on the table for Round 1.
- February 8, 2019: Project Information Forms due.
- February, March and April RWMG Meetings: Project proponents present their projects to the RWMG. RWMG selects projects to put forward.
- April or May RWMG Meeting: Must decide which projects to put forward, in time for June Funding Area Pre-Application Workshop.
- June 2019 (tbd): Pre-Application Workshop with DWR. Proposal Summary and Project Information Forms are due to DWR two weeks *prior* to the workshop.

### **Local Cost Share**

Proposition 1 requires a minimum cost share of 50% of the total project cost. Applicants must demonstrate that a minimum of 50 percent of the total proposal costs will be paid for with non-State funds (Water Code §79742(C)). Costs incurred after January 1, 2015 (the effective date of Proposition 1) can be used as local cost share; in-kind services may also be used for local cost share.

An applicant may request the local cost share requirement be waived or reduced for projects that directly benefit one or more DACs and/or Economically Distressed Areas (EDAs). The 2018 Guidelines, Appendices E and F provide details regarding what documentation must be submitted to support claimed benefits to DACs and/or EDAs. Project benefits may be claimed based on either by population or geographic area. If documentation submitted is reasonable, cost share waivers will be determined as follows:

#### DAC/EDA Benefit Cost Share Waiver

- 76% - 100%: 100 percent cost share waiver
- 51% - 75%: 75 percent cost share reduction waiver
- 25% - 50%: 50 percent cost share reduction waiver
- Less than 25%: No cost share reduction waiver

## EXHIBIT 12-B

### **Eligible Project Types**

Subject to regional priorities, projects may include, *but are not limited to*, the following elements (Water Code §79743 (a - j)):

- Water reuse and recycling for non-potable reuse and direct and indirect potable reuse
- Water-use efficiency and water conservation
- Local and regional surface and underground water storage, including groundwater aquifer cleanup or recharge projects
- Regional water conveyance facilities that improve integration of separate water systems
- Watershed protection, restoration, and management projects, including projects that reduce the risk of wildfire or improve water supply reliability
- Stormwater resource management, including, but not limited to, the following:
  - Projects to reduce, manage, treat, or capture rainwater or stormwater
  - Projects that provide multiple benefits such as water quality, water supply, flood control, or open space
  - Decision support tools that evaluate the benefits and costs of multi-benefit stormwater projects
  - Projects to implement a stormwater resource plan developed in accordance with Part 2.3 (commencing with Section 10560) of Division 6 including Water Code § 10562 (b)(7)
- Conjunctive use of surface and groundwater storage facilities
- Water desalination projects
- Decision support tools to model regional water management strategies to account for climate change and other changes in regional demand and supply projections
- Improvement of water quality, including drinking water treatment and distribution, groundwater and aquifer remediation, matching water quality to water use, wastewater treatment, water pollution prevention, and management of urban and agricultural runoff
- Regional projects or programs as defined by the IRWM Planning Act (Water Code §10537).

### **Eligible proposals must do the following. The following requirements may be applied at the project level depending on the individual PSP:**

- Advance the purpose of Proposition 1 Chapter 7, Regional Water Security, Climate, and Drought Preparedness (Water Code §79707(c) and §79740) which are, as follows:
  - Assist water infrastructure systems adapt to climate change
  - Provide incentives for water agencies throughout each watershed to collaborate in managing the region's water resources and setting regional priorities for water infrastructure

### **Eligible also projects must:**

- Promote State planning priorities and sustainable community strategies, consistent with Government Code §65041.1 and §65080 (Water Code §79707 (i))
- Be included in a Stormwater Resource Plan that has been incorporated into and IRWM plan, unless exempt per Water Code §10563(c)(2)(B). (Applies only to stormwater and dry weather runoff capture projects.)
- Be supported by the local Groundwater Sustainability Agency. (Applies only to projects that affect Groundwater levels.) *If a groundwater project is located in the Seaside Groundwater Basin, it must be considered by the Seaside Groundwater Basin Watermaster Technical Advisory Committee and conform to the adjudication requirements.*



**ITEM: ACTION ITEM****13. CONDUCT ELECTION OF BOARD OFFICERS FOR 2019****Meeting Date:** December 17, 2018 **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:** This action does not constitute a project as defined by the California Environmental Quality Act Guidelines section 15378.

**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.

**RECOMMENDATION:** The Board confirm the rotation of Directors into the positions of Board Chair and Vice Chair according to Meeting Rules 2 and 2.5 (**Exhibit 13-A**); Alvin Edwards would take the position of Vice Chair and Molly Evans would move into the position of Chair. In addition, staff recommends that General Manager, David Stoldt be elected to serve as Secretary and that ASD Manager, Suresh Prasad be elected to the position of Treasurer for 2018.

**EXHIBIT****13-A MPWMD Meeting Rules 2 and 2.5**





**EXHIBIT 13-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****14. LETTERS RECEIVED**

**Meeting Date:** December 17, 2018                                **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: This action does not constitute a project as defined by the California Environmental Quality Act Guidelines Section 15378.**

A list of letters submitted to the Board of Directors or General Manager and received between November 13, 2018 and December 10, 2018 is shown below. The purpose of including a list of these letters in the Board packet is to inform the Board and interested citizens. Copies of the letters are available for public review at the District office. If a member of the public would like to receive a copy of any letter listed, please contact the District office. Reproduction costs will be charged. The letters can also be downloaded from the District's web site at [www.mpwmd.net](http://www.mpwmd.net).

<b>Author</b>	<b>Addressee</b>	<b>Date</b>	<b>Topic</b>
Claudio Valenzuela	MPWMD	11/27/18	Measure J – Certificate of Registrar of Voters
Claudio Valenzuela	MPWMD	11/27/18	Division 1 and 2 Directors – Certificate of Registrar of Voters
Dustin Cook	MPWMD Board	11/19/18	Appointment of Division 5 Representative
Nina Beety	Anthony Lopez	11/19/18	ADA accommodation/ modification request
Richard Silver	MPWMD Board	11/18/18	Appointment of Division 5 Representative
Rene Boskoff	MPWMD Board	11/19/18	Appointment of Division 5 Representative



**ITEM: INFORMATIONAL ITEMS/STAFF REPORTS****15. COMMITTEE REPORTS**

**Meeting Date:** December 17, 2018                      **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:** This action does not constitute a project as defined by the California  
Environmental Quality Act Guidelines Section 15378.

Attached for your review as **Exhibit 15-A** are final minutes of the July 23, 2018, Ordinance No. 152 Oversight Panel meeting.

**EXHIBIT**

**15-A** Final Minutes of July 23, 2018 Ordinance 152 Oversight Panel Meeting



EXHIBIT 15-A**FINAL MINUTES**

**Ordinance No. 152 Oversight Panel of the  
Monterey Peninsula Water Management District  
July 23, 2018**

**Call to Order**           The meeting was called to order at 3:00 pm in the conference room at the offices of the Monterey Peninsula Water Management District.

**Committee members present:**

Bill Bluhm  
Paul Bruno  
Jason Campbell  
An McDowell  
Susan Schiavone  
John Tilley

**MPWMD Staff members present:**

David J. Stoldt, General Manager  
Suresh Prasad, Administrative Services Manager  
Arlene Tavani, Executive Assistant

**District Counsel Present:**

David Laredo

**Committee members absent:**

John Bottomley  
Jody Hanson  
Ian Oglesby

**Comments from the Public:**

No comments were directed to the committee.

**Action Items**

1.     **Consider Adoption of Minutes of April 12, 2018 Committee Meeting**  
On a motion by Tilley and second of Campbell, the minutes were approved on a unanimous vote of 6 – 0 by Bluhm, Bruno, Campbell, McDowell, Schiavone and Tilley. Bottomley, Hanson and Oglesby were absent. No public comment.

**Discussion Items**

2.     **Overview of MPWMD Fiscal Year 2018-2019 Water Supply Budget**  
Suresh Prasad, Administrative Services Manager, reviewed Exhibit 2-A, the 2018-2019 Water Supply Project Proposed Budget and responded to questions. Revenue budgeted for FY 2018-2019 was \$6,677,000; \$4 million less than in FY 2017-2018. Prasad explained that FY 2017-2018 revenues reflect a one-time reimbursement from Monterey One Water. Stoldt advised that in FY 2018-2019, Monterey One Water may release funds from its Proposition 1 revolving fund loan for repayment of pre-construction costs, which would be reflected in the District's mid-year budget adjustment. As for expenses, Prasad noted that Pension Reserve and OPEB Reserve were new line-items for FY 2018-2019, that were added by the Board of Directors in June 2018.

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

Prasad reviewed Exhibit 3-A, Water Supply Charge Receipts. He stated that \$50,000 received in June 2018 was not reflected in the total, so by the end of June, receipts should be close to one hundred percent of the budgeted amount. Prasad reviewed Exhibit 3-B, Water Supply Availability Analysis. Stoldt stated that the ability to consider sunset of the Water Supply Charge depends upon the consistency of User Fee receipts collected over a three-year period. District staff has considered options for sunsetting the Water Supply Charge. In eighteen months, User Fee receipts will be analyzed.

**4. Discuss Performance of Reinstated District User Fee, To Date**

Prasad reviewed Exhibit 4-A, MPWMD User Fee Revenue Collections, that shows User Fee collected by month between May 2017 and April 2018. The User Fee reflects 8.235% of water sales. Prasad stated that 1.2% of the User Fee was set aside for Aquifer Storage and Recovery Project costs. Stoldt noted that as Cal-Am rates increase, User Fee receipts will also increase and the District must decide if a surplus would prompt an end to the Water Supply Charge or should be used for other water supply project expenses.

**5. Discuss Timeline for Consideration of Sunset of Water Supply Charge**

Stoldt reviewed information presented in the staff note. He stated that instead of allowing the Water Supply Charge to sunset, the District could suspend it for a period of time, so that it could be reactivated if needed. He reviewed costs that the Water Supply Charge is committed to cover such as the Rabobank Loan, and repayment of the State Revolving Fund Loan for the Pure Water Monterey Project should water sales revenues be interrupted or insufficient to repay the loan. District Counsel noted that if the Monterey Peninsula Water Supply Project is approved, costs will be associated with preparation of a water allocation EIR. Stoldt stated that within a year, the District can begin to analyze the future of the Water Supply Charge. He advised that if Measure J, the Monterey Peninsula Water System Local Ownership Feasibility Study Initiative, is approved by the voters, the feasibility study could be paid from contingency funds because the District had not budgeted for that expense.

Public Comment: Michael Baer asked Mr. Stoldt to describe the contingency water supply the District must fund. *Response from Mr. Stoldt. Cal-Am will receive the first 3,500 acre-feet of water each year from the Pure Water Monterey Project. That should be provided in months 1 through 8, so that water produced in months 9 through 12 could be placed in a reserve. At the end of the first three-years of operation, 1,700 acre-feet of water must be set aside in reserve in case of an interruption of service. The first 1,000 acre-feet must be stored underground before it can be sold to Cal-Am, and the remaining 700 acre-feet must be produced during the subsequent year. In addition, during the winter months, the goal is to set aside 200 additional acre-feet per month underground for five years for a total of 1,000 acre-feet of drought reserve.*



## Other Items

### 6. Water Supply Project Update

In response to questions from the panel members, Mr. Stoldt stated the following. (a) If desalinated water is available it will be injected into the Seaside basin. (b) The new Monterey pipeline will facilitate the distribution of water from Carmel Valley and the Seaside basin throughout the District, to allow for efficient use of the different water sources when they are available. (c) Water from the Seaside basin, desalination project and Carmel River will be distributed to Seaside basin residents and other customers seasonally. Water from different sources may mix in the distribution pipes, and underground. (d) The District is conducting a mixing study to determine how the water distribution pipes will be affected by carrying water from different sources. Chemicals of emerging concern are also being studied. Water from all sources injected into the Seaside basin will meet State drinking water standards.

**Adjourn:** The meeting was adjourned at 4:40 pm.

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**ITEM: INFORMATIONAL ITEM/STAFF REPORTS****16. MONTHLY ALLOCATION REPORT**

<b>Meeting Date:</b>	<b>December 17, 2018</b>	<b>Budgeted:</b>	<b>N/A</b>
<b>From:</b>	<b>David J. Stoldt, General Manager</b>	<b>Program:</b>	<b>N/A</b>
		<b>Line Item No.:</b>	
<b>Prepared By:</b>	<b>Gabriela Ayala</b>	<b>Cost Estimate:</b>	<b>N/A</b>

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

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**SUMMARY:** As of November 30, 2018, a total of **22.998** acre-feet (**6.7%**) of the Paralta Well Allocation remained available for use by the Jurisdictions. Pre-Paralta water in the amount of **35.923** acre-feet is available to the Jurisdictions, and **28.932** acre-feet is available as public water credits.

**Exhibit 16-A** shows the amount of water allocated to each Jurisdiction from the Paralta Well Allocation, the quantities permitted in November 2018 (“changes”), and the quantities remaining. The Paralta Allocation had one debit in November 2018.

**Exhibit 16-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 16-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 and the Malpaso 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 16-C**.

**EXHIBITS****16-A** Monthly Allocation Report**16-B** Monthly Entitlement Report**16-C** District’s Water Allocation Program Ordinances



**EXHIBIT 16-A**  
**MONTHLY ALLOCATION REPORT**  
**Reported in Acre-Feet**  
**For the month of November 2018**

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	1.398	1.081	0.000	1.081	0.910	0.000	0.182	2.661
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	0.263	50.659	0.000	0.030	38.121	0.000	2.325	2.618
Monterey County	87.710	0.000	10.717	13.080	0.000	0.352	7.827	0.000	1.775	12.844
Pacific Grove	25.770	0.000	0.000	1.410	0.000	0.022	15.874	0.000	0.133	0.155
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	0.166	5.423	34.438	0.000	34.438	2.693	0.000	1.144	41.005
<b>TOTALS</b>	<b>342.720</b>	<b>0.166</b>	<b>22.998</b>	<b>101.946</b>	<b>0.000</b>	<b>35.923</b>	<b>90.142</b>	<b>0.000</b>	<b>28.932</b>	<b>87.853</b>

Allocation Holder	Water Available	Changes this Month	Total Demand from Water Permits Issued	Remaining Water Available
Quail Meadows	33.000	0.000	32.320	0.680
Water West	12.760	0.000	9.372	3.388

\* Does not include 15.280 Acre-Feet from the District Reserve prior to adoption of Ordinance No. 73.



**EXHIBIT 16-B**  
**MONTHLY ALLOCATION REPORT**  
**ENTITLEMENTS**  
**Reported in Acre-Feet**  
**For the month of November 2018**

**Recycled Water Project Entitlements**

Entitlement Holder	Entitlement	Changes this Month	Total Demand from Water Permits Issued	Remaining Entitlement/and Water Use Permits Available
<b>Pebble Beach Co. <sup>1</sup></b>	225.180	0.650	31.431	193.749
<b>Del Monte Forest Benefited Properties <sup>2</sup> (Pursuant to Ord No. 109)</b>	139.820	0.760	53.646	86.174
<b>Macomber Estates</b>	10.000	0.000	9.595	0.405
<b>Griffin Trust</b>	5.000	0.000	4.829	0.171
<b>CAWD/PBCSD Project Totals</b>	<b>380.000</b>	<b>1.410</b>	<b>99.501</b>	<b>280.499</b>

Entitlement Holder	Entitlement	Changes this Month	Total Demand from Water Permits Issued	Remaining Entitlement/and Water Use Permits Available
<b>City of Sand City</b>	206.000	0.000	4.548	201.452
<b>Malpas Water Company</b>	80.000	0.166	11.308	68.692
<b>D.B.O. Development No. 30</b>	13.950	0.024	1.112	12.838
<b>City of Pacific Grove</b>	66.000	0.000	0.000	66.000
<b>Cypress Pacific</b>	3.170	0.000	3.170	0.000

Increases in the Del Monte Forest Benefited Properties Entitlement will result in reductions in the Pebble Beach Co. Entitlement.





## EXHIBIT 16-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.

**ITEM: INFORMATIONAL ITEM/STAFF REPORTS****17. WATER CONSERVATION PROGRAM REPORT**

<b>Meeting Date:</b>	<b>December 17, 2018</b>	<b>Budgeted:</b>	<b>N/A</b>
<b>From:</b>	<b>David J. Stoldt, General Manager</b>	<b>Program/ Line Item No.:</b>	<b>N/A</b>
<b>Prepared By:</b>	<b>Kyle Smith</b>	<b>Cost Estimate:</b>	<b>N/A</b>

**Committee Recommendation:** N/A

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

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**I. MANDATORY WATER CONSERVATION RETROFIT PROGRAM**

District Regulation XIV requires the retrofit of water fixtures upon Change of Ownership or Use with High Efficiency Toilets (HET) (1.28 gallons-per-flush), 2.0 gallons-per-minute (gpm) Showerheads, 1.2 gpm Washbasin faucets, 1.8 gpm kitchen, utility and bar sink faucets, and Rain Sensors on all automatic Irrigation Systems. Property owners must certify the Site meets the District's water efficiency standards by submitting a Water Conservation Certification Form (WCC), and a Site inspection is often conducted to verify compliance.

**A. Changes of Ownership**

Information is obtained monthly from *Realquest.com* on properties transferring ownership within the District. The information compared against the properties that have submitted WCCs. Details on **35** property transfers that occurred between November 1, 2018 and November 30, 2018 were added to the database.

**B. Certification**

The District received **5** WCCs between November 1, 2018, and November 30, 2018. Data on ownership, transfer date, and status of water efficiency standard compliance were entered into the database.

**C. Verification**

In November, **68** properties were verified compliant with Rule 144 (Retrofit Upon Change of Ownership or Use). Of the **68** verifications, **40** properties verified compliance by submitting certification forms and/or receipts. District staff completed **45** Site inspections. Of the **45** properties inspected, **28 (62%)** passed inspection. **None** of the properties that passed inspection involved more than one visit to verify compliance with all water efficiency standards.

**Savings Estimate**

Water savings from HET retrofits triggered by Rule 144 verified in November 2018 are estimated at **0.500** Acre-Feet Annually (AFA). Water savings from retrofits that exceeded the requirement (i.e., HETs to Ultra High Efficiency Toilets) is estimated at **0.200** AFA (20 toilets). Year-to-date estimated savings from toilet retrofits is **10.630** AFA.

#### 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 **eight** inspections. Of the **eight** inspections certified, **six** were in compliance. **Two** 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 2018, MPWMD referred **no** 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](http://www.mpwmd.net) or [www.montereywaterinfo.org](http://www.montereywaterinfo.org). There was **one** 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 **44** Water Permits in November 2018. **Seven** Water Permits were issued using Water Entitlements (Pebble Beach Company, Malpas Water, etc.). **No** Water Permits 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 **44** Water Permits issued in November, **two** were issued under this provision.

### B. Permit Compliance

District staff completed **57** Water Permit final inspections during November 2018. **Six** of the final inspections failed due to unpermitted fixtures. Of the **40** passing properties, **25** passed

inspection on the first visit. In addition, **four** pre-inspections 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 **37** deed restrictions. Of the **44** Water Permits issued in November, **27 (61%)** required deed restrictions. District staff provided Notary services for 72 Water Permits with deed restrictions. 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.

## III. JOINT MPWMD/CAW REBATE PROGRAM

REBATE PROGRAM SUMMARY		November-2018				2018 YTD	1997 - Present	
I. <u>Application Summary</u>								
A.	Applications Received	167				1281	26,015	
B.	Applications Approved	117				841	20,274	
C.	Single Family Applications	143				1065	23,559	
D.	Multi-Family Applications	19				68	1,299	
E.	Non-Residential Applications	2				27	352	
		Number of devices	Rebate Paid	Estimated AF	Gallons Saved	2018 YTD Quantity	2018 YTD Paid	2018 YTD Estimated AF
II. <u>Type of Devices Rebated</u>								
A.	High Efficiency Toilet (HET)	106	7950.00	0.785140	255,839	251	19,425.00	2.33514
B.	Ultra Low Flush to HET	0	0.00	0.000000	39,102	11	1,399.00	0.11
C.	Ultra HET	0	0.00	0.010000	3,259	3	1475.00	0.01
D.	Toilet Flapper	0	0.00	0.000000	0	5	75.00	0.318
E.	High Efficiency Dishwasher	21	2625.00	0.045000	14,663	161	22,375.00	4.3437
F.	High Efficiency Clothes Washer	45	16969.00	0.772800	251,818	388	226,529.34	0.7728
G.	Instant-Access Hot Water System	1	200.00	0.000000	0	3	600.00	0
H.	On Demand Systems	3	0.00	0.000000	0	3	300.00	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	0
L.	Cisterns	3	1700.00	0.000000	0	25	23,374.75	0
M.	Smart Controllers	3	300.00	0.000000	0	3	300.00	0
N.	Rotating Sprinkler Nozzles	34	136.00	0.000000	0	50	252.00	0
O.	Moisture Sensors	0	0.00	0.000000	0	2	2,435.00	0.19967
P.	Lawn Removal & Replacement	3	1376.00	0.000000	0	7	7,010.00	0
Q.	Graywater	0	0.00	0.000000	0	0	0.00	0
R.	Ice Machines	0	0.00	0.000000	0	580	177,967.50	8.17171
III. <u>Totals: Month; AF; Gallons; YTD</u>		219	31256.00	1.61294	525,578	1489	482,087.59	16.26102
						2018 YTD	1997 - Present	
IV. <u>Total Rebated: YTD; Program</u>						482,087.59	31,807.27	
V. <u>Estimated Water Savings in Acre-Feet Annually*</u>						16.261020	1.61294	

\*Retrofit savings are estimated at 0.041748 AF/HET;0.01 AF/UHET;0.01 AF/ULF to HET;0.003 AF/HE DW; 0.0161 AF/Residential HEW; 0.0082 AF/100 sf. of lawn removal



**ITEM: INFORMATIONAL ITEMS/STAFF REPORTS****18. CARMEL RIVER FISHERY REPORT FOR NOVEMBER 2018****Meeting Date: December 17, 2018 Budgeted: N/A****From: David J. Stoldt, General Manager Program/ Line Item No.: N/A****Prepared By: Beverly Chaney Cost Estimate: N/A****General Counsel Review: N/A****Committee Recommendation: N/A****CEQA Compliance: This action does not constitute a project as defined by the California Environmental Quality Act Guidelines Section 15378.**

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**AQUATIC HABITAT AND FLOW CONDITIONS:** A storm system in late November brought Los Padres Reservoir's (LPR) water surface elevation up 8 feet to 1,026.70 feet (~1,040' is spilling) (1,083.7 acre-feet storage). The river front started to advance in the lower valley reaching the Cypress Well area (river mile 5.4). Rearing conditions for juvenile steelhead are fair to good above Schulte Bridge. All lower valley tributaries remain dry at the confluence.

Mean daily streamflow at the Sleepy Hollow Weir ranged from 6.9 to 40 cfs (monthly mean 10.7 cfs) resulting in 639 acre-feet (AF) of runoff, while it remained dry at the Highway 1 gage.

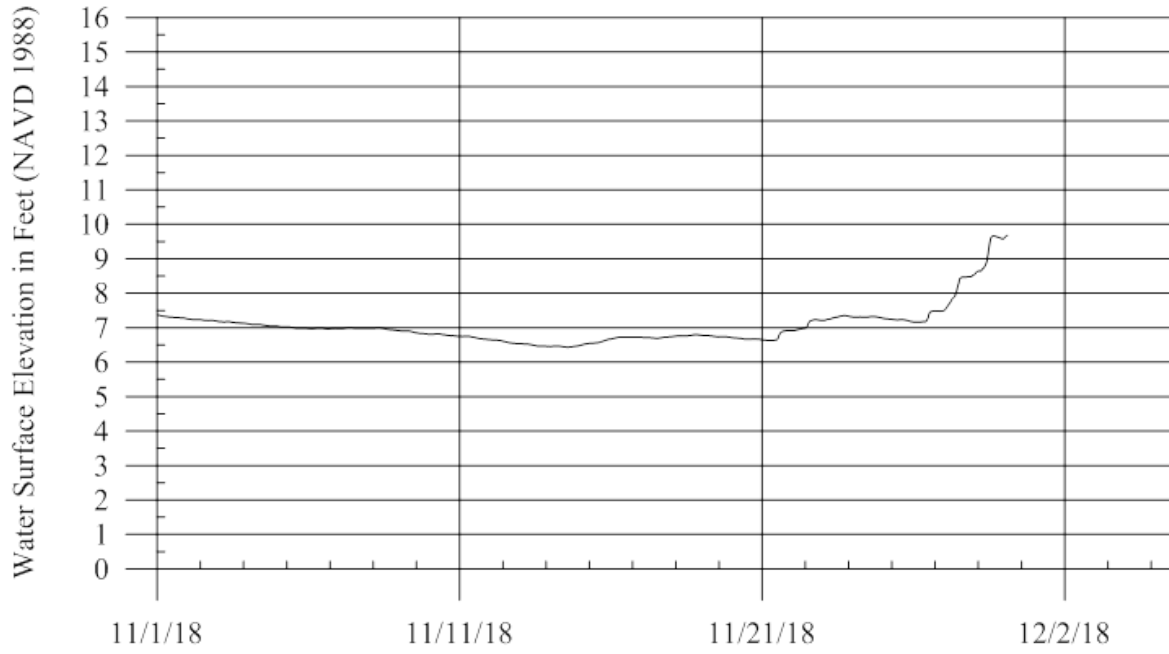
There were 1.89 inches of rainfall in November as recorded at Cal-Am's San Clemente gauge (4.68 inches at LPR). The rainfall total for WY 2019 (which started on October 1, 2018) is 2.21 inches, or 77% of the long-term year-to-date average of 2.87 inches.

**CARMEL RIVER LAGOON:** The lagoon mouth is closed and the water surface elevation rose from 6.5 to 9.75 feet (North American Vertical Datum of 1988 (NAVD 88) due primarily to local runoff and seawater overtopping the beach berm (see graph below).

Water quality depth-profiles were conducted at five sites on November 30 while the lagoon was closed and no river inflow. The water surface elevation was 9.75 feet. Steelhead rearing conditions near the surface were fair, but conditions generally worsened in deeper water. Salinity ranged from 5-28 ppt, water temperatures were much lower this month, ranging from 56-61 degrees F, and dissolved oxygen (DO) levels were 3-10 mg/l.

**SLEEPY HOLLOW STEELHEAD REARING FACILITY:** General contractor Mercer-Fraser Company of Eureka, CA, was hired for the Intake Upgrade Project and started construction in September on the \$2 million project. The main features of the project include installing a new intake structure that can withstand flood and drought conditions as well as the increased bedload from the San Clemente Dam removal project two years ago, and a new Recirculating Aquaculture System (RAS) that can be operated in times of low flow or high turbidity to keep the fish healthy. November work included completion of the intake system, installing new piping and electrical conduits, and pouring the new concrete pad for the cooling tower and degasser.

### Carmel River Lagoon November 2018





**ITEM: INFORMATIONAL ITEMS/STAFF REPORT****19. MONTHLY WATER SUPPLY AND CALIFORNIA AMERICAN WATER PRODUCTION REPORT**

<b>Meeting Date:</b>	<b>December 17, 2018</b>	<b>Budgeted:</b>	<b>N/A</b>
<b>From:</b>	<b>David J. Stoldt, General Manager</b>	<b>Program/ Line Item No.:</b>	<b>N/A</b>
<b>Prepared By:</b>	<b>Jonathan Lear</b>	<b>Cost Estimate:</b>	<b>N/A</b>

**General Counsel Review: N/A****Committee Recommendation: N/A**

**CEQA Compliance: Exempt from environmental review per SWRCB Order Nos. 95-10 and 2016-0016, and the Seaside Basin Groundwater Basin adjudication decision, as amended and Section 15268 of the California Environmental Quality Act (CEQA) Guidelines, as a ministerial project; Exempt from Section 15307, Actions by Regulatory Agencies for Protection of Natural Resources.**

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**Exhibit 19-A** shows the water supply status for the Monterey Peninsula Water Resources System (MPWRS) as of **December 1, 2018**. This system includes the surface water resources in the Carmel River Basin, the groundwater resources in the Carmel Valley Alluvial Aquifer and the Seaside Groundwater Basin. **Exhibit 19-A** is for Water Year (WY) 2019 and focuses on four factors: rainfall, runoff, and storage. The rainfall and Streamflow values are based on measurements in the upper Carmel River Basin at Sleepy Hollow Weir.

**Water Supply Status:** Rainfall through **November** 2018 totaled **3.55 inches** and brings the cumulative rainfall total for WY 2019 to **3.82 inches**, which is **133%** of the long-term average through **November**. Estimated unimpaired runoff during **November** totaled **945 acre-feet (AF)** and brings the cumulative runoff total for WY 2019 to **1,212 AF**, which is **67%** of the long-term average through **November**. Usable storage for the MRWPRS was **27,370 acre-feet**, which is **99%** of average through **November**, and equates to **73%** percent of system capacity

**Production Compliance:** Under State Water Resources Control Board (SWRCB) Cease and Desist Order No. 2016-0016 (CDO), California American Water (Cal-Am) is allowed to produce no more than 8,310 AF of water from the Carmel River in WY 2019. Through **November**, using the CDO accounting method, Cal-Am has produced **964 AF** from the Carmel River (including ASR capped at 600 AF, Table 13, and Mal Paso.) In addition, under the Seaside Basin Decision, Cal-Am is allowed to produce 1,820 AF of water from the Coastal Subareas and 0 AF from the Laguna Seca Subarea of the Seaside Basin in WY 2019. Through **November**, Cal-Am has produced **620 AF** from the Seaside Groundwater Basin. Through **November**, **0 AF** of Carmel River Basin groundwater have been diverted for Seaside Basin injection; **0 AF** have been recovered for customer use, and **0 AF** have been diverted under Table 13 water rights. Cal-Am has produced **1,674 AF** for customer use from all sources through **November**. **Exhibit 19-C** shows production by source. Some of the values in this report may be revised in the future as Cal-Am finalizes their production values and monitoring data. The 12 month moving average of production for customer service is **9,910 AF**, which is below the rationing trigger of **10,130 AF** for WY 2019.

**EXHIBITS****19-A** Water Supply Status: **December 1, 2018****19-B** Monthly Cal-Am Diversions from Carmel River and Seaside Groundwater Basins: WY 2019**19-C** Monthly Cal-Am production by source: WY 2019



**EXHIBIT 19-A**

Monterey Peninsula Water Management District Water Supply Status December 1, 2018				
Factor	Oct to Nov 2018	Average To Date	Percent of Average	Oct to Nov 2017
<b>Rainfall</b> (Inches)	3.82	2.87	133%	0.97
<b>Runoff</b> (Acre-Feet)	1,212	1,813	67%	1,699
<b>Storage</b> <sup>5</sup> (Acre-Feet)	27,370	27,760	99%	30,240

**Notes:**

1. Rainfall and runoff estimates are based on measurements at San Clemente Dam. Annual rainfall and runoff at Sleepy Hollow Weir average 21.1 inches and 67,246 acre-feet, respectively. Annual values are based on the water year that runs from October 1 to September 30 of the following calendar year. The rainfall and runoff averages at the Sleepy Hollow Weir site are based on records for the 1922-2018 and 1902-2018 periods respectively.
2. The rainfall and runoff totals are based on measurements through the dates referenced in the table.
3. Storage estimates refer to usable storage in the Monterey Peninsula Water Resources System (MPWRS) that includes surface water in Los Padres and San Clemente Reservoirs and ground water in the Carmel Valley Alluvial Aquifer and in the Coastal Subareas of the Seaside Groundwater Basin. The storage averages are end-of-month values and are based on records for the 1989-2018 period. The storage estimates are end-of-month values for the dates referenced in the table.
4. The maximum storage capacity for the MPWRS is currently 37,639 acre-feet.



## Production vs. CDO and Adjudication to Date: WY 2019

(All values in Acre-Feet)

Year-to-Date Values	MPWRS				Water Projects and Rights				
	Carmel River Basin <sup>2, 6</sup>	Seaside Groundwater Basin		MPWRS Total	ASR Recovery	Table 13 <sup>7</sup>	Sand City <sup>3</sup>	Water Projects and Rights Total	
		Coastal	Laguna Seca						Ajudication Compliance
Target	933	700	0	700	1,633	0	0	50	50
Actual <sup>4</sup>	964	620	53	673	1,637	0	0	37	37
Difference	-31	80	-53	27	-4	0	0	13	13
WY 2018 Actual	953	669	59	727	1,680	0	0	17	17

1. This table is current through the date of this report.
2. For CDO compliance, ASR, Mal Paso, and Table 13 diversions are included in River production per State Board.
3. Sand City Desal, Table 13, and ASR recovery are also tracked as water resources projects.
4. To date, 0 AF and 0 AF have been produced from the River for ASR and Table 13 respectively.
5. All values are rounded to the nearest Acre-Foot.
6. For CDO Tracking Purposes, ASR production for injection is capped at 600 AFY.
7. Table 13 diversions are reported under water rights but counted as production from the River for CDO tracking.

## Monthly Production from all Sources for Customer Service: WY 2019

(All values in Acre-Feet)

	Carmel River Basin	Seaside Basin	ASR Recovery	Table 13	Sand City	Mal Paso	Total
Oct-18	491	369	0	0	16	8	884
Nov-18	456	304	0	0	21	8	790
Dec-18							
Jan-19							
Feb-19							
Mar-19							
Apr-19							
May-19							
Jun-19							
Jul-19							
Aug-19							
Sep-19							
<b>Total</b>	<b>948</b>	<b>673</b>	<b>0</b>	<b>0</b>	<b>37</b>	<b>16</b>	<b>1,674</b>
WY 2018	953	727	0	0	17	6	1,703

1. This table is produced as a proxy for customer demand.
2. Numbers are provisional and are subject to correction.

## Rationing Trigger: WY 2019

12 Month Moving Average <sup>1</sup>	9,910	10,130	Rule 160 Production Limit
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1. Average includes production from Carmel River, Seaside Basin, Sand City Desal, and ASR recovery produced for Customer Service.



California American Water Production by Source: Water Year 2019

	Carmel Valley Wells <sup>1</sup>						Seaside Wells <sup>2</sup>						Total Wells			Sand City Desal		
	Actual		Anticipated <sup>3</sup>		Under Target		Actual		Anticipated		Under Target		Actual	Anticipated	Acre-Foot Under Target	Actual	Anticipated	Under Target
	Upper acre-feet	Lower acre-feet	Upper acre-feet	Lower acre-feet	Upper acre-feet	Lower acre-feet	Coastal acre-feet	LagunaSeca acre-feet	Coastal acre-feet	LagunaSeca acre-feet	Coastal acre-feet	LagunaSeca acre-feet	acre-feet	acre-feet	acre-feet	acre-feet	acre-feet	acre-feet
Oct-18	0	491	0	550	0	59	341	28	350	0	9	-28	860	900	40	16	25	9
Nov-18	0	456	0	383	0	-73	280	25	350	0	70	-25	761	733	-28	21	25	4
Dec-18																		
Jan-19																		
Feb-19																		
Mar-19																		
Apr-19																		
May-19																		
Jun-19																		
Jul-19																		
Aug-19																		
Sep-19																		
<b>To Date</b>	<b>0</b>	<b>948</b>	<b>0</b>	<b>933</b>	<b>0</b>	<b>-15</b>	<b>620</b>	<b>53</b>	<b>700</b>	<b>0</b>	<b>80</b>	<b>-53</b>	<b>1,621</b>	<b>1,633</b>	<b>12</b>	<b>37</b>	<b>50</b>	<b>13</b>

Total Production: Water Year 2019

	Actual	Anticipated	Acre-Foot Under Target
Oct-18	876	925	49
Nov-18	782	758	-24
Dec-18			
Jan-19			
Feb-19			
Mar-19			
Apr-19			
May-19			
Jun-19			
Jul-19			
Aug-19			
Sep-19			
<b>To Date</b>	<b>1,658</b>	<b>1,683</b>	<b>25</b>

1. Carmel Valley Wells include upper and lower valley wells. Anticipate production from this source includes monthly production volumes associated with SBO 2009-60, 20808A, and 20808C water rights. Under these water rights, water produced from the Carmel Valley wells is delivered to customers or injected into the Seaside Groundwater Basin for storage.
2. Seaside wells anticipated production is associated with pumping native Seaside Groundwater (which is regulated by the Seaside Groundwater Basin Adjudication Decision) and recovery of stored ASR water (which is prescribed in a MOA between MPWMD, Cal-Am, California Department of Fish and Game, National Marine Fisheries Service, and as regulated by 20808C water right).
3. Negative values for Acre-Feet under target indicates production over targeted value.



# Supplement to 12/17/18 MPWMD Board Packet

Attached are copies of letters received between November 13, 2018 and December 10, 2018. These letters are listed in the December 17, 2018 Board packet under Letters Received.

<b>Author</b>	<b>Addressee</b>	<b>Date</b>	<b>Topic</b>
Claudio Valenzuela	MPWMD	11/27/18	Measure J – Certificate of Registrar of Voters
Claudio Valenzuela	MPWMD	11/27/18	Division 1 and 2 Directors – Certificate of Registrar of Voters
Dustin Cook	MPWMD Board	11/19/18	Appointment of Division 5 Representative
Nina Beety	Anthony Lopez	11/19/18	ADA accommodation/ modification request
Richard Silver	MPWMD Board	11/18/18	Appointment of Division 5 Representative
Rene Boskoff	MPWMD Board	11/19/18	Appointment of Division 5 Representative

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# MONTEREY COUNTY ELECTIONS

1441 Schilling Place-North Building  
Salinas, CA 93901

PO Box 4400  
Salinas, CA 93912

831-796-1499 Phone  
831-755-5485 Fax

[www.MontereyCountyElections.us](http://www.MontereyCountyElections.us)

[elections@co.monterey.ca.us](mailto:elections@co.monterey.ca.us)

**Claudio Valenzuela**  
Registrar of Voters

**Gina Martinez**  
Assistant Registrar of Voters



November 27, 2018

Monterey Peninsula Water Management District  
Attention: Arlene Tavani  
P.O. Box 85  
Monterey, CA 93942

**Subject:** Certificate of the Registrar of Voters for the November 6, 2018 Election.

Attached hereto is the Certificate of the Registrar of Voters in connection with the November 6, 2018 Statewide General Election.

Sincerely,

**Claudio Valenzuela**  
Registrar of Voters

Enclosures

STATE OF NEW YORK

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# CERTIFICATE OF REGISTRAR OF VOTERS

In the Matter of the CANVASS OF THE VOTES CAST )  
at the Monterey Peninsula Water Management District )  
held on November 6, 2018 )

I, **Claudio Valenzuela**, Registrar of Voters of the County of Monterey, State of California hereby certify;

**THAT** an election was held within the boundaries of the **Monterey Peninsula Water Management District** on November 6, 2018 for the purpose of submitting **Measure J** to the qualified electors and; I caused to have processed and recorded the votes from the canvass of all ballots cast at said election within the boundaries of the **Monterey Peninsula Water Management District**.

I **HEREBY FURTHER CERTIFY** that the record of votes cast at said election is set forth in Exhibit "A" attached hereto and incorporated herein by reference as though fully set forth at length.

**IN WITNESS WHEREOF**, I have hereunto affixed my hand and official seal this Friday, November 27, 2018 and filed this date with the **Monterey Peninsula Water Management District**.



**Claudio Valenzuela**  
Registrar of Voters



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**EXHIBIT A**

**MEASURE J - MONTEREY PENINSULA WATER MANAGEMENT DISTRICT (Vote for 1)**

District	Turnout	Registered Voters	YES	NO	Total Votes
<b>County</b>					
<b>Monterey County</b>					
Polling Place (PP)	10,360	59,520	5,596	4,372	9,968
Vote by Mail (VBM)	30,956	59,520	16,756	13,212	29,968
Mailed Ballot Precincts (MBP)	2,726	59,520	1,405	1,226	2,631
<b>Monterey County - Total</b>	<b>44,042</b>	<b>59,520</b>	<b>23,757</b>	<b>18,810</b>	<b>42,567</b>
<b>Assembly Districts</b>					
<b>AS29 0 29th State Assembly District</b>					
Polling Place (PP)	10,328	59,360	5,586	4,352	9,938
Vote by Mail (VBM)	30,900	59,360	16,736	13,176	29,912
Mailed Ballot Precincts (MBP)	2,687	59,360	1,388	1,204	2,592
<b>AS29 0 29th State Assembly District - Total</b>	<b>43,915</b>	<b>59,360</b>	<b>23,710</b>	<b>18,732</b>	<b>42,442</b>
<b>AS30 0 30th State Assembly District</b>					
Polling Place (PP)	32	160	10	20	30
Vote by Mail (VBM)	56	160	20	36	56
Mailed Ballot Precincts (MBP)	39	160	17	22	39
<b>AS30 0 30th State Assembly District - Total</b>	<b>127</b>	<b>160</b>	<b>47</b>	<b>78</b>	<b>125</b>
<b>Board Of Equalization</b>					
<b>EQ2 0 2nd State Board Equal District</b>					
Polling Place (PP)	10,360	59,520	5,596	4,372	9,968
Vote by Mail (VBM)	30,956	59,520	16,756	13,212	29,968
Mailed Ballot Precincts (MBP)	2,726	59,520	1,405	1,226	2,631
<b>EQ2 0 2nd State Board Equal District - Total</b>	<b>44,042</b>	<b>59,520</b>	<b>23,757</b>	<b>18,810</b>	<b>42,567</b>
<b>City Districts</b>					
<b>CI100 0 City Of Carmel-By-The-Sea</b>					
Polling Place (PP)	561	2,566	269	261	530
Vote by Mail (VBM)	1,562	2,566	774	733	1,507
Mailed Ballot Precincts (MBP)	0	2,566	0	0	0
<b>CI100 0 City Of Carmel-By-The-Sea - Total</b>	<b>2,123</b>	<b>2,566</b>	<b>1,043</b>	<b>994</b>	<b>2,037</b>
<b>CI3000 0 City Of Monterey</b>					
Polling Place (PP)	2,803	15,057	1,605	1,082	2,687
Vote by Mail (VBM)	8,117	15,057	4,722	3,148	7,870
Mailed Ballot Precincts (MBP)	100	15,057	58	39	97
<b>CI3000 0 City Of Monterey - Total</b>	<b>11,020</b>	<b>15,057</b>	<b>6,385</b>	<b>4,269</b>	<b>10,654</b>
<b>CI3500 0 City Of Pacific Grove</b>					
Polling Place (PP)	1,957	10,025	1,115	766	1,881
Vote by Mail (VBM)	5,989	10,025	3,337	2,462	5,799
Mailed Ballot Precincts (MBP)	0	10,025	0	0	0
<b>CI3500 0 City Of Pacific Grove - Total</b>	<b>7,946</b>	<b>10,025</b>	<b>4,452</b>	<b>3,228</b>	<b>7,680</b>
<b>CI4500 0 City Of Sand City</b>					
Polling Place (PP)	0	214	0	0	0
Vote by Mail (VBM)	0	214	0	0	0
Mailed Ballot Precincts (MBP)	136	214	49	79	128

District	Turnout	Registered Voters	YES	NO	Total Votes
C14500 0 City Of Sand City - Total	136	214	49	79	128
<b>C1500 0 City Of Del Rey Oaks</b>					
Polling Place (PP)	249	1,149	146	96	242
Vote by Mail (VBM)	612	1,149	370	227	597
Mailed Ballot Precincts (MBP)	0	1,149	0	0	0
C1500 0 City Of Del Rey Oaks - Total	861	1,149	516	323	839
<b>C15000 0 City Of Seaside</b>					
Polling Place (PP)	2,235	13,109	1,118	1,050	2,168
Vote by Mail (VBM)	5,852	13,109	3,073	2,618	5,691
Mailed Ballot Precincts (MBP)	0	13,109	0	0	0
C15000 0 City Of Seaside - Total	8,087	13,109	4,191	3,668	7,859
<b>C12000 0 City Of King</b>					
<b>C14000 0 City Of Salinas</b>					
<b>Congressional</b>					
<b>CO20 0 20th Congressional District</b>					
Polling Place (PP)	10,360	59,520	5,596	4,372	9,968
Vote by Mail (VBM)	30,956	59,520	16,756	13,212	29,968
Mailed Ballot Precincts (MBP)	2,726	59,520	1,405	1,226	2,631
CO20 0 20th Congressional District - Total	44,042	59,520	23,757	18,810	42,567
<b>Senatorial Districts</b>					
<b>SE17 0 17th State Senatorial District</b>					
Polling Place (PP)	10,360	59,520	5,596	4,372	9,968
Vote by Mail (VBM)	30,956	59,520	16,756	13,212	29,968
Mailed Ballot Precincts (MBP)	2,726	59,520	1,405	1,226	2,631
SE17 0 17th State Senatorial District - Total	44,042	59,520	23,757	18,810	42,567
<b>Supervisory Districts</b>					
<b>SU4 0 4th Supervisorial District</b>					
Polling Place (PP)	2,484	14,472	1,264	1,146	2,410
Vote by Mail (VBM)	6,464	14,472	3,443	2,845	6,288
Mailed Ballot Precincts (MBP)	136	14,472	49	79	128
SU4 0 4th Supervisorial District - Total	9,084	14,472	4,756	4,070	8,826
<b>SU5 0 5th Supervisorial District</b>					
Polling Place (PP)	7,876	45,048	4,332	3,226	7,556
Vote by Mail (VBM)	24,492	45,048	13,313	10,367	23,680
Mailed Ballot Precincts (MBP)	2,590	45,048	1,356	1,147	2,503
SU5 0 5th Supervisorial District - Total	34,958	45,048	19,001	14,740	33,741
<b>Unincorporated Area</b>					
<b>UN6000 0 Unincorporated County Area</b>					
Polling Place (PP)	2,555	17,400	1,343	1,117	2,460
Vote by Mail (VBM)	8,824	17,400	4,480	4,024	8,504
Mailed Ballot Precincts (MBP)	2,490	17,400	1,298	1,108	2,406
UN6000 0 Unincorporated County Area - Total	13,869	17,400	7,121	6,249	13,370

**EXHIBIT A****MEASURE J - MONTEREY PENINSULA WATER MANAGEMENT DISTRICT (Vote for 1)**

Precinct	Turnout	Registered Voters	YES	NO	Total Votes
<b>County</b>					
<b>Monterey County</b>					
<b>4066</b>					
Polling Place (PP)	249	1,149	146	96	242
Vote by Mail (VBM)	612	1,149	370	227	597
Mailed Ballot Precincts (MBP)	0	1,149	0	0	0
<b>Total</b>	<b>861</b>	<b>1,149</b>	<b>516</b>	<b>323</b>	<b>839</b>
<b>4067</b>					
Polling Place (PP)	479	2,474	253	211	464
Vote by Mail (VBM)	1,024	2,474	517	461	978
Mailed Ballot Precincts (MBP)	0	2,474	0	0	0
<b>Total</b>	<b>1,503</b>	<b>2,474</b>	<b>770</b>	<b>672</b>	<b>1,442</b>
<b>4068</b>					
Polling Place (PP)	195	1,222	106	84	190
Vote by Mail (VBM)	638	1,222	367	257	624
Mailed Ballot Precincts (MBP)	0	1,222	0	0	0
<b>Total</b>	<b>833</b>	<b>1,222</b>	<b>473</b>	<b>341</b>	<b>814</b>
<b>4069</b>					
Polling Place (PP)	283	1,616	148	125	273
Vote by Mail (VBM)	754	1,616	438	296	734
Mailed Ballot Precincts (MBP)	0	1,616	0	0	0
<b>Total</b>	<b>1,037</b>	<b>1,616</b>	<b>586</b>	<b>421</b>	<b>1,007</b>
<b>4070</b>					
Polling Place (PP)	189	1,293	86	100	186
Vote by Mail (VBM)	681	1,293	326	329	655
Mailed Ballot Precincts (MBP)	0	1,293	0	0	0
<b>Total</b>	<b>870</b>	<b>1,293</b>	<b>412</b>	<b>429</b>	<b>841</b>
<b>4071</b>					
Polling Place (PP)	192	1,298	97	91	188
Vote by Mail (VBM)	479	1,298	253	215	468
Mailed Ballot Precincts (MBP)	0	1,298	0	0	0
<b>Total</b>	<b>671</b>	<b>1,298</b>	<b>350</b>	<b>306</b>	<b>656</b>
<b>4072</b>					
Polling Place (PP)	238	1,464	116	118	234
Vote by Mail (VBM)	636	1,464	328	293	621
Mailed Ballot Precincts (MBP)	0	1,464	0	0	0
<b>Total</b>	<b>874</b>	<b>1,464</b>	<b>444</b>	<b>411</b>	<b>855</b>
<b>4073</b>					
Polling Place (PP)	244	1,490	106	124	230
Vote by Mail (VBM)	671	1,490	317	339	656
Mailed Ballot Precincts (MBP)	0	1,490	0	0	0
<b>Total</b>	<b>915</b>	<b>1,490</b>	<b>423</b>	<b>463</b>	<b>886</b>
<b>4074</b>					
Polling Place (PP)	150	873	86	61	147
Vote by Mail (VBM)	376	873	207	166	373
Mailed Ballot Precincts (MBP)	0	873	0	0	0
<b>Total</b>	<b>526</b>	<b>873</b>	<b>293</b>	<b>227</b>	<b>520</b>
<b>4075</b>					



Precinct	Turnout	Registered Voters	YES	NO	Total Votes
Polling Place (PP)	265	1,379	120	136	258
Vote by Mail (VBM)	593	1,379	320	262	582
Mailed Ballot Precincts (MBP)	0	1,379	0	0	0
Total	858	1,379	440	398	838
5093					
Polling Place (PP)	275	1,462	164	104	268
Vote by Mail (VBM)	827	1,462	495	297	792
Mailed Ballot Precincts (MBP)	0	1,462	0	0	0
Total	1,102	1,462	659	401	1,060
5094					
Polling Place (PP)	369	1,601	219	139	358
Vote by Mail (VBM)	762	1,601	465	267	732
Mailed Ballot Precincts (MBP)	0	1,601	0	0	0
Total	1,131	1,601	684	406	1,090
5095					
Polling Place (PP)	405	1,906	246	144	390
Vote by Mail (VBM)	1,010	1,906	609	371	980
Mailed Ballot Precincts (MBP)	0	1,906	0	0	0
Total	1,415	1,906	855	515	1,370
5096					
Polling Place (PP)	265	1,515	141	113	254
Vote by Mail (VBM)	713	1,515	420	282	702
Mailed Ballot Precincts (MBP)	0	1,515	0	0	0
Total	978	1,515	561	395	956
5097					
Polling Place (PP)	298	1,469	162	127	289
Vote by Mail (VBM)	709	1,469	375	320	695
Mailed Ballot Precincts (MBP)	0	1,469	0	0	0
Total	1,007	1,469	537	447	984
5098					
Polling Place (PP)	130	952	56	65	121
Vote by Mail (VBM)	626	952	352	258	610
Mailed Ballot Precincts (MBP)	0	952	0	0	0
Total	756	952	408	323	731
5099					
Polling Place (PP)	207	1,171	102	96	198
Vote by Mail (VBM)	735	1,171	431	288	714
Mailed Ballot Precincts (MBP)	0	1,171	0	0	0
Total	942	1,171	533	379	912
5100					
Polling Place (PP)	258	1,395	148	99	247
Vote by Mail (VBM)	833	1,395	491	319	810
Mailed Ballot Precincts (MBP)	0	1,395	0	0	0
Total	1,091	1,395	639	418	1,057
5101					
Polling Place (PP)	241	1,231	151	75	226
Vote by Mail (VBM)	741	1,231	442	286	728
Mailed Ballot Precincts (MBP)	0	1,231	0	0	0
Total	982	1,231	593	361	954
5102					
Polling Place (PP)	355	2,136	216	120	336

Precinct	Turnout	Registered Voters	YES	NO	Total Votes
Vote by Mail (VBM)	1,161	2,136	642	465	1,107
Mailed Ballot Precincts (MBP)	0	2,136	0	0	0
Total	1,516	2,136	858	585	1,443
<b>5103</b>					
Polling Place (PP)	259	1,528	150	96	246
Vote by Mail (VBM)	986	1,528	536	429	965
Mailed Ballot Precincts (MBP)	0	1,528	0	0	0
Total	1,245	1,528	686	525	1,211
<b>5104</b>					
Polling Place (PP)	282	1,536	159	108	267
Vote by Mail (VBM)	938	1,536	505	409	914
Mailed Ballot Precincts (MBP)	0	1,536	0	0	0
Total	1,220	1,536	664	517	1,181
<b>5105</b>					
Polling Place (PP)	290	1,473	169	113	282
Vote by Mail (VBM)	919	1,473	526	360	886
Mailed Ballot Precincts (MBP)	0	1,473	0	0	0
Total	1,209	1,473	695	473	1,168
<b>5106</b>					
Polling Place (PP)	291	1,349	167	112	279
Vote by Mail (VBM)	769	1,349	458	283	741
Mailed Ballot Precincts (MBP)	0	1,349	0	0	0
Total	1,060	1,349	625	395	1,020
<b>5107</b>					
Polling Place (PP)	263	1,352	143	112	255
Vote by Mail (VBM)	804	1,352	452	319	771
Mailed Ballot Precincts (MBP)	0	1,352	0	0	0
Total	1,067	1,352	595	431	1,026
<b>5108</b>					
Polling Place (PP)	283	1,474	155	118	273
Vote by Mail (VBM)	823	1,474	414	390	804
Mailed Ballot Precincts (MBP)	0	1,474	0	0	0
Total	1,106	1,474	569	508	1,077
<b>5109</b>					
Polling Place (PP)	289	1,313	172	107	279
Vote by Mail (VBM)	750	1,313	446	272	718
Mailed Ballot Precincts (MBP)	0	1,313	0	0	0
Total	1,039	1,313	618	379	997
<b>5110</b>					
Polling Place (PP)	291	1,906	131	149	280
Vote by Mail (VBM)	1,227	1,906	519	672	1,191
Mailed Ballot Precincts (MBP)	0	1,906	0	0	0
Total	1,518	1,906	650	821	1,471
<b>5111</b>					
Polling Place (PP)	197	1,324	93	97	190
Vote by Mail (VBM)	843	1,324	377	437	814
Mailed Ballot Precincts (MBP)	0	1,324	0	0	0
Total	1,040	1,324	470	534	1,004
<b>5112</b>					
Polling Place (PP)	306	1,339	143	148	291
Vote by Mail (VBM)	797	1,339	406	367	773

Precinct	Turnout	Registered Voters	YES	NO	Total Votes
Mailed Ballot Precincts (MBP)	0	1,339	0	0	0
Total	1,103	1,339	549	515	1,064
<b>5113</b>					
Polling Place (PP)	255	1,227	126	113	239
Vote by Mail (VBM)	765	1,227	368	366	734
Mailed Ballot Precincts (MBP)	0	1,227	0	0	0
Total	1,020	1,227	494	479	973
<b>5114</b>					
Polling Place (PP)	208	1,167	112	88	200
Vote by Mail (VBM)	729	1,167	371	332	703
Mailed Ballot Precincts (MBP)	0	1,167	0	0	0
Total	937	1,167	483	420	903
<b>5115</b>					
Polling Place (PP)	339	1,675	160	166	326
Vote by Mail (VBM)	966	1,675	484	438	922
Mailed Ballot Precincts (MBP)	0	1,675	0	0	0
Total	1,305	1,675	644	604	1,248
<b>5116</b>					
Polling Place (PP)	210	1,273	101	98	199
Vote by Mail (VBM)	824	1,273	432	351	783
Mailed Ballot Precincts (MBP)	0	1,273	0	0	0
Total	1,034	1,273	533	449	982
<b>5117</b>					
Polling Place (PP)	106	768	51	42	93
Vote by Mail (VBM)	526	768	274	228	502
Mailed Ballot Precincts (MBP)	0	768	0	0	0
Total	632	768	325	270	595
<b>5118</b>					
Polling Place (PP)	194	1,196	109	78	187
Vote by Mail (VBM)	735	1,196	383	326	709
Mailed Ballot Precincts (MBP)	0	1,196	0	0	0
Total	929	1,196	492	404	896
<b>5119</b>					
Polling Place (PP)	272	1,419	151	119	270
Vote by Mail (VBM)	863	1,419	441	395	836
Mailed Ballot Precincts (MBP)	0	1,419	0	0	0
Total	1,135	1,419	592	514	1,106
<b>5120</b>					
Polling Place (PP)	201	1,260	120	76	196
Vote by Mail (VBM)	820	1,260	453	343	796
Mailed Ballot Precincts (MBP)	0	1,260	0	0	0
Total	1,021	1,260	573	419	992
<b>5121</b>					
Polling Place (PP)	232	1,028	139	88	227
Vote by Mail (VBM)	580	1,028	342	214	556
Mailed Ballot Precincts (MBP)	0	1,028	0	0	0
Total	812	1,028	481	302	783
<b>5122</b>					
Polling Place (PP)	273	1,162	166	96	262
Vote by Mail (VBM)	655	1,162	384	252	636
Mailed Ballot Precincts (MBP)	0	1,162	0	0	0

Precinct	Turnout	Registered Voters	YES	NO	Total Votes
Total	928	1,162	550	348	898
5124					
Polling Place (PP)	32	107	10	20	30
Vote by Mail (VBM)	56	107	20	36	56
Mailed Ballot Precincts (MBP)	0	107	0	0	0
Total	88	107	30	56	86
9434					
Polling Place (PP)	0	214	0	0	0
Vote by Mail (VBM)	0	214	0	0	0
Mailed Ballot Precincts (MBP)	136	214	49	79	128
Total	136	214	49	79	128
9435					
Polling Place (PP)	0	0	0	0	0
Vote by Mail (VBM)	0	0	0	0	0
Mailed Ballot Precincts (MBP)	0	0	0	0	0
Total	0	0	0	0	0
9537					
Polling Place (PP)	0	219	0	0	0
Vote by Mail (VBM)	0	219	0	0	0
Mailed Ballot Precincts (MBP)	100	219	58	39	97
Total	100	219	58	39	97
9538					
Polling Place (PP)	0	493	0	0	0
Vote by Mail (VBM)	0	493	0	0	0
Mailed Ballot Precincts (MBP)	373	493	203	160	363
Total	373	493	203	160	363
9539					
Polling Place (PP)	0	290	0	0	0
Vote by Mail (VBM)	0	290	0	0	0
Mailed Ballot Precincts (MBP)	240	290	116	119	235
Total	240	290	116	119	235
9540					
Polling Place (PP)	0	532	0	0	0
Vote by Mail (VBM)	0	532	0	0	0
Mailed Ballot Precincts (MBP)	421	532	209	192	401
Total	421	532	209	192	401
9541					
Polling Place (PP)	0	668	0	0	0
Vote by Mail (VBM)	0	668	0	0	0
Mailed Ballot Precincts (MBP)	523	668	277	228	505
Total	523	668	277	228	505
9542					
Polling Place (PP)	0	473	0	0	0
Vote by Mail (VBM)	0	473	0	0	0
Mailed Ballot Precincts (MBP)	390	473	194	185	379
Total	390	473	194	185	379
9543					
Polling Place (PP)	0	591	0	0	0
Vote by Mail (VBM)	0	591	0	0	0
Mailed Ballot Precincts (MBP)	491	591	276	196	472
Total	491	591	276	196	472

Precinct	Turnout	Registered Voters	YES	NO	Total Votes
<b>9546</b>					
Polling Place (PP)	0	53	0	0	0
Vote by Mail (VBM)	0	53	0	0	0
Mailed Ballot Precincts (MBP)	39	53	17	22	39
<b>Total</b>	<b>39</b>	<b>53</b>	<b>17</b>	<b>22</b>	<b>39</b>
<b>9547</b>					
Polling Place (PP)	0	15	0	0	0
Vote by Mail (VBM)	0	15	0	0	0
Mailed Ballot Precincts (MBP)	13	15	6	6	12
<b>Total</b>	<b>13</b>	<b>15</b>	<b>6</b>	<b>6</b>	<b>12</b>
<b>Monterey County - Total</b>	<b>44,042</b>	<b>59,620</b>	<b>23,757</b>	<b>18,810</b>	<b>42,567</b>

**MEASURE M - CITY OF PACIFIC GROVE (Vote for 1)**

		Polling Place (	Vote by Mail (	Mailed Ballot	Total	
Times Cast		1,957	5,989	0	7,946 / 10,025	79.26%
Candidate	Party	Polling Place (PP)	Vote by Mail (VBM)	Mailed Ballot Precincts (MBP)	Total	
YES		1,062	3,390	0	4,452	57.48%
NO		841	2,452	0	3,293	42.52%
Total Votes		1,903	5,842	0	7,745	
		Polling Place (PP)	Vote by Mail (VBM)	Mailed Ballot Precincts (MBP)	Total	

**MEASURE U - CITY OF PACIFIC GROVE (Vote for 1)**

		Polling Place (	Vote by Mail (	Mailed Ballot	Total	
Times Cast		1,957	5,989	0	7,946 / 10,025	79.26%
Candidate	Party	Polling Place (PP)	Vote by Mail (VBM)	Mailed Ballot Precincts (MBP)	Total	
YES		1,287	4,335	0	5,622	74.01%
NO		558	1,416	0	1,974	25.99%
Total Votes		1,845	5,751	0	7,596	
		Polling Place (PP)	Vote by Mail (VBM)	Mailed Ballot Precincts (MBP)	Total	

**MEASURE J - MONTEREY PENINSULA WATER MANAGEMENT DISTRICT (Vote for 1)**

		Polling Place (	Vote by Mail (	Mailed Ballot	Total	
Times Cast		10,360	30,956	2,726	44,042 / 59,520	74.00%
Candidate	Party	Polling Place (PP)	Vote by Mail (VBM)	Mailed Ballot Precincts (MBP)	Total	
YES		5,596	16,756	1,405	23,757	55.81%
NO		4,372	13,212	1,226	18,810	44.19%
Total Votes		9,968	29,968	2,631	42,567	
		Polling Place (PP)	Vote by Mail (VBM)	Mailed Ballot Precincts (MBP)	Total	



# MONTEREY COUNTY ELECTIONS



1441 Schilling Place-North Building  
Salinas, CA 93901

PO Box 4400  
Salinas, CA 93912

831-786-1499 Phone  
831-755-5485 Fax

[www.MontereyCountyElections.us](http://www.MontereyCountyElections.us)

[elections@co.monterey.ca.us](mailto:elections@co.monterey.ca.us)

**Claudio Valenzuela**  
Registrar of Voters

**Gina Martinez**  
Assistant Registrar of Voters

November 27, 2018

Monterey Peninsula Water Management District  
Attention: Arlene Tavani  
P.O. Box 85  
Monterey, CA 93942

Subject: Certificate of the Registrar of Voters for the November 6, 2018 Election.

Attached hereto is the Certificate of the Registrar of Voters in connection with the November 6, 2018 Statewide General Election.

Sincerely,

**Claudio Valenzuela**  
Registrar of Voters

Enclosures





## CERTIFICATE OF REGISTRAR OF VOTERS

In the Matter of the CANVASS OF THE VOTES CAST )  
 at the **Statewide General Election** )  
 held on November 6, 2018 )

I, **Claudio Valenzuela**, Registrar of Voters of the County of Monterey, State of California hereby certify;

**THAT** an election was held within the boundaries of the **Monterey Peninsula Water Management District, Division 1 and Division 2** on November 6, 2018 for the purpose of electing **(1) Director, Division 1 and (1) Director, Division 2** to the **Monterey Peninsula Water Management District**, and; I caused to have processed and recorded the votes from the canvass of all ballots cast at said election within the boundaries of the **Monterey Peninsula Water Management District**.

I **HEREBY FURTHER CERTIFY** that the record of votes cast at said election is set forth in Exhibit "A" attached hereto and incorporated herein by reference as though fully set forth at length.

**IN WITNESS WHEREOF**, I have hereunto affixed my hand and official seal this Wednesday, November 27, 2018 and filed this date with the **Monterey Peninsula Water Management District**.



**Claudio Valenzuela**  
 Registrar of Voter



**EXHIBIT A**

**MONTEREY PENINSULA WATER MANAGEMENT DISTRICT, DIRECTOR DIVISION 1 (Vote for 1)**

District	Turnout	Registered Voters	DEAN PROVENCE	ALVIN EDWARDS	Write-In	Total Votes
<b>County</b>						
<b>Monterey County</b>						
Polling Place (PP)	1,627	9,559	440	975	0	1,415
Vote by Mail (VBM)	4,419	9,559	1,294	2,698	0	3,992
Mailed Ballot Precincts (MBP)	0	9,559	0	0	0	0
<b>Monterey County - Total</b>	<b>6,046</b>	<b>9,559</b>	<b>1,734</b>	<b>3,673</b>	<b>0</b>	<b>5,407</b>
<b>Assembly Districts</b>						
<b>AS29 0 29th State Assembly District</b>						
Polling Place (PP)	1,627	9,559	440	975	0	1,415
Vote by Mail (VBM)	4,419	9,559	1,294	2,698	0	3,992
Mailed Ballot Precincts (MBP)	0	9,559	0	0	0	0
<b>AS29 0 29th State Assembly District - Total</b>	<b>6,046</b>	<b>9,559</b>	<b>1,734</b>	<b>3,673</b>	<b>0</b>	<b>5,407</b>
<b>Board Of Equalization</b>						
<b>EQ2 0 2nd State Board Equal District</b>						
Polling Place (PP)	1,627	9,559	440	975	0	1,415
Vote by Mail (VBM)	4,419	9,559	1,294	2,698	0	3,992
Mailed Ballot Precincts (MBP)	0	9,559	0	0	0	0
<b>EQ2 0 2nd State Board Equal District - Total</b>	<b>6,046</b>	<b>9,559</b>	<b>1,734</b>	<b>3,673</b>	<b>0</b>	<b>5,407</b>
<b>City Districts</b>						
<b>CI5000 0 City Of Seaside</b>						
Polling Place (PP)	1,627	9,559	440	975	0	1,415
Vote by Mail (VBM)	4,419	9,559	1,294	2,698	0	3,992
Mailed Ballot Precincts (MBP)	0	9,559	0	0	0	0
<b>CI5000 0 City Of Seaside - Total</b>	<b>6,046</b>	<b>9,559</b>	<b>1,734</b>	<b>3,673</b>	<b>0</b>	<b>5,407</b>
<b>CI2000 0 City Of King</b>						
<b>CI4000 0 City Of Salinas</b>						
<b>Congressional</b>						
<b>CO20 0 20th Congressional District</b>						
Polling Place (PP)	1,627	9,559	440	975	0	1,415
Vote by Mail (VBM)	4,419	9,559	1,294	2,698	0	3,992
Mailed Ballot Precincts (MBP)	0	9,559	0	0	0	0
<b>CO20 0 20th Congressional District - Total</b>	<b>6,046</b>	<b>9,559</b>	<b>1,734</b>	<b>3,673</b>	<b>0</b>	<b>5,407</b>
<b>Senatorial Districts</b>						
<b>SE17 0 17th State Senatorial District</b>						
Polling Place (PP)	1,627	9,559	440	975	0	1,415
Vote by Mail (VBM)	4,419	9,559	1,294	2,698	0	3,992
Mailed Ballot Precincts (MBP)	0	9,559	0	0	0	0
<b>SE17 0 17th State Senatorial District - Total</b>	<b>6,046</b>	<b>9,559</b>	<b>1,734</b>	<b>3,673</b>	<b>0</b>	<b>5,407</b>
<b>Supervisory Districts</b>						
<b>SU4 0 4th Supervisory District</b>						
Polling Place (PP)	1,627	9,559	440	975	0	1,415
Vote by Mail (VBM)	4,419	9,559	1,294	2,698	0	3,992
Mailed Ballot Precincts (MBP)	0	9,559	0	0	0	0

District	Turnout	Registered Voters	DEAN PROVENCE	ALVIN EDWARDS	Write-in	Total Votes
SU4 0 4th Supervisorial District Total	6,046	9,559	1,734	3,673	0	5,407
Unincorporated Area						

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**EXHIBIT A****MONTEREY PENINSULA WATER MANAGEMENT DISTRICT, DIRECTOR DIVISION 1 (Vote for 1)**

Precinct	Turnout	Registered Voters	DEAN PROVENCE	ALVIN EDWARDS	Write-in	Total Votes
<b>County</b>						
<b>Monterey County</b>						
4067						
Polling Place (PP)	479	2,474	112	296	0	408
Vote by Mail (VBM)	1,033	2,474	306	611	0	917
Mailed Ballot Precincts (MBP)	0	2,474	0	0	0	0
<b>Total</b>	<b>1,512</b>	<b>2,474</b>	<b>418</b>	<b>907</b>	<b>0</b>	<b>1,325</b>
4068						
Polling Place (PP)	195	1,222	67	102	0	169
Vote by Mail (VBM)	639	1,222	229	357	0	586
Mailed Ballot Precincts (MBP)	0	1,222	0	0	0	0
<b>Total</b>	<b>834</b>	<b>1,222</b>	<b>296</b>	<b>459</b>	<b>0</b>	<b>755</b>
4069						
Polling Place (PP)	283	1,616	79	168	0	247
Vote by Mail (VBM)	757	1,616	231	460	0	691
Mailed Ballot Precincts (MBP)	0	1,616	0	0	0	0
<b>Total</b>	<b>1,040</b>	<b>1,616</b>	<b>310</b>	<b>628</b>	<b>0</b>	<b>938</b>
4070						
Polling Place (PP)	189	1,293	43	117	0	160
Vote by Mail (VBM)	682	1,293	209	411	0	620
Mailed Ballot Precincts (MBP)	0	1,293	0	0	0	0
<b>Total</b>	<b>871</b>	<b>1,293</b>	<b>252</b>	<b>528</b>	<b>0</b>	<b>780</b>
4072						
Polling Place (PP)	238	1,464	62	156	0	218
Vote by Mail (VBM)	636	1,464	143	432	0	575
Mailed Ballot Precincts (MBP)	0	1,464	0	0	0	0
<b>Total</b>	<b>874</b>	<b>1,464</b>	<b>205</b>	<b>588</b>	<b>0</b>	<b>793</b>
4073						
Polling Place (PP)	243	1,490	77	136	0	213
Vote by Mail (VBM)	672	1,490	176	427	0	603
Mailed Ballot Precincts (MBP)	0	1,490	0	0	0	0
<b>Total</b>	<b>915</b>	<b>1,490</b>	<b>253</b>	<b>563</b>	<b>0</b>	<b>816</b>
9435						
Polling Place (PP)	0	0	0	0	0	0
Vote by Mail (VBM)	0	0	0	0	0	0
Mailed Ballot Precincts (MBP)	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Monterey County - Total</b>	<b>6,046</b>	<b>9,559</b>	<b>1,734</b>	<b>3,673</b>	<b>0</b>	<b>5,407</b>



**EXHIBIT A**

**MONTEREY PENINSULA WATER MANAGEMENT DISTRICT, DIRECTOR DIVISION 2 (Vote for 1)**

District	Turnout	Registered Voters	ANDREW CLARKE	GEORGE RILEY	Write-in	Total Votes
<b>County</b>						
<b>Monterey County</b>						
Polling Place (PP)	1,572	10,061	524	801	0	1,325
Vote by Mail (VBM)	4,200	10,061	1,516	2,166	0	3,682
Mailed Ballot Precincts (MBP)	972	10,061	356	462	0	818
Monterey County - Total	6,744	10,061	2,396	3,429	0	5,825
<b>Assembly Districts</b>						
<b>AS29 0 29th State Assembly District</b>						
Polling Place (PP)	1,572	10,061	524	801	0	1,325
Vote by Mail (VBM)	4,200	10,061	1,516	2,166	0	3,682
Mailed Ballot Precincts (MBP)	972	10,061	356	462	0	818
AS29 0 29th State Assembly District - Total	6,744	10,061	2,396	3,429	0	5,825
<b>Board Of Equalization</b>						
<b>EQ2 0 2nd State Board Equal District</b>						
Polling Place (PP)	1,572	10,061	524	801	0	1,325
Vote by Mail (VBM)	4,200	10,061	1,516	2,166	0	3,682
Mailed Ballot Precincts (MBP)	972	10,061	356	462	0	818
EQ2 0 2nd State Board Equal District - Total	6,744	10,061	2,396	3,429	0	5,825
<b>City Districts</b>						
<b>C13000 0 City Of Monterey</b>						
Polling Place (PP)	716	4,078	249	353	0	602
Vote by Mail (VBM)	2,134	4,078	780	1,062	0	1,842
Mailed Ballot Precincts (MBP)	0	4,078	0	0	0	0
C13000 0 City Of Monterey - Total	2,850	4,078	1,029	1,415	0	2,444
<b>C14500 0 City Of Sand City</b>						
Polling Place (PP)	0	214	0	0	0	0
Vote by Mail (VBM)	0	214	0	0	0	0
Mailed Ballot Precincts (MBP)	136	214	51	66	0	117
C14500 0 City Of Sand City - Total	136	214	51	66	0	117
<b>C1500 0 City Of Del Rey Oaks</b>						
Polling Place (PP)	249	1,149	99	113	0	212
Vote by Mail (VBM)	615	1,149	249	307	0	556
Mailed Ballot Precincts (MBP)	0	1,149	0	0	0	0
C1500 0 City Of Del Rey Oaks - Total	864	1,149	348	420	0	768
<b>C15000 0 City Of Seaside</b>						
Polling Place (PP)	607	3,550	176	335	0	511
Vote by Mail (VBM)	1,451	3,550	487	797	0	1,284
Mailed Ballot Precincts (MBP)	0	3,550	0	0	0	0
C15000 0 City Of Seaside - Total	2,058	3,550	663	1,132	0	1,795
<b>C12000 0 City Of King</b>						
<b>C14000 0 City Of Salinas</b>						
<b>Congressional</b>						
<b>CO20 0 20th Congressional District</b>						
Polling Place (PP)	1,572	10,061	524	801	0	1,325



District	Turnout	Registered Voters	ANDREW CLARKE	GEORGE RILEY	Write-in	Total Votes
Vote by Mail (VBM)	4,200	10,061	1,516	2,166	0	3,682
Mailed Ballot Precincts (MBP)	972	10,061	356	462	0	818
CO20 0 20th Congressional District - Total	6,744	10,061	2,396	3,429	0	5,825
<b>Senatorial Districts</b>						
<b>SE17 0 17th State Senatorial District</b>						
Polling Place (PP)	1,572	10,061	524	801	0	1,325
Vote by Mail (VBM)	4,200	10,061	1,516	2,166	0	3,682
Mailed Ballot Precincts (MBP)	972	10,061	356	462	0	818
SE17 0 17th State Senatorial District - Total	6,744	10,061	2,396	3,429	0	5,825
<b>Supervisory Districts</b>						
<b>SU4 0 4th Supervisorial District</b>						
Polling Place (PP)	856	4,913	275	448	0	723
Vote by Mail (VBM)	2,066	4,913	736	1,104	0	1,840
Mailed Ballot Precincts (MBP)	126	4,913	51	66	0	117
SU4 0 4th Supervisorial District Total	3,058	4,913	1,082	1,618	0	2,680
<b>SU5 0 5th Supervisorial District</b>						
Polling Place (PP)	716	5,148	249	353	0	602
Vote by Mail (VBM)	2,124	5,148	780	1,062	0	1,842
Mailed Ballot Precincts (MBP)	836	5,148	305	396	0	701
SU5 0 5th Supervisorial District Total	3,686	5,148	1,334	1,811	0	3,145
<b>Unincorporated Area</b>						
<b>UN6000 0 Unincorporated County Area</b>						
Polling Place (PP)	0	1,070	0	0	0	0
Vote by Mail (VBM)	0	1,070	0	0	0	0
Mailed Ballot Precincts (MBP)	836	1,070	305	396	0	701
UN6000 0 Unincorporated County Area - Total	836	1,070	305	396	0	701

**EXHIBIT A**

**MONTEREY PENINSULA WATER MANAGEMENT DISTRICT, DIRECTOR DIVISION 2 (Vote for 1)**

Precinct	Turnout	Registered Voters	ANDREW CLARKE	GEORGE RILEY	Write-in	Total Votes
<b>County</b>						
<b>Monterey County</b>						
<b>4066</b>						
Polling Place (PP)	249	1,149	99	113	0	212
Vote by Mail (VBM)	615	1,149	249	307	0	556
Mailed Ballot Precincts (MBP)	0	1,149	0	0	0	0
<b>Total</b>	<b>864</b>	<b>1,149</b>	<b>348</b>	<b>420</b>	<b>0</b>	<b>768</b>
<b>4071</b>						
Polling Place (PP)	192	1,298	56	105	0	161
Vote by Mail (VBM)	482	1,298	151	282	0	433
Mailed Ballot Precincts (MBP)	0	1,298	0	0	0	0
<b>Total</b>	<b>674</b>	<b>1,298</b>	<b>207</b>	<b>387</b>	<b>0</b>	<b>594</b>
<b>4074</b>						
Polling Place (PP)	150	873	45	84	0	129
Vote by Mail (VBM)	375	873	115	215	0	330
Mailed Ballot Precincts (MBP)	0	873	0	0	0	0
<b>Total</b>	<b>525</b>	<b>873</b>	<b>160</b>	<b>299</b>	<b>0</b>	<b>459</b>
<b>4075</b>						
Polling Place (PP)	265	1,379	75	146	0	221
Vote by Mail (VBM)	594	1,379	221	300	0	521
Mailed Ballot Precincts (MBP)	0	1,379	0	0	0	0
<b>Total</b>	<b>859</b>	<b>1,379</b>	<b>296</b>	<b>446</b>	<b>0</b>	<b>742</b>
<b>5096</b>						
Polling Place (PP)	265	1,515	87	137	0	224
Vote by Mail (VBM)	715	1,515	248	382	0	630
Mailed Ballot Precincts (MBP)	0	1,515	0	0	0	0
<b>Total</b>	<b>980</b>	<b>1,515</b>	<b>335</b>	<b>519</b>	<b>0</b>	<b>854</b>
<b>5097</b>						
Polling Place (PP)	298	1,469	103	150	0	253
Vote by Mail (VBM)	706	1,469	266	335	0	601
Mailed Ballot Precincts (MBP)	0	1,469	0	0	0	0
<b>Total</b>	<b>1,004</b>	<b>1,469</b>	<b>369</b>	<b>485</b>	<b>0</b>	<b>854</b>
<b>5098</b>						
Polling Place (PP)	130	952	52	54	0	106
Vote by Mail (VBM)	627	952	227	309	0	536
Mailed Ballot Precincts (MBP)	0	952	0	0	0	0
<b>Total</b>	<b>757</b>	<b>952</b>	<b>279</b>	<b>363</b>	<b>0</b>	<b>642</b>
<b>5102</b>						
Polling Place (PP)	23	142	7	12	0	19
Vote by Mail (VBM)	86	142	39	36	0	75
Mailed Ballot Precincts (MBP)	0	142	0	0	0	0
<b>Total</b>	<b>109</b>	<b>142</b>	<b>46</b>	<b>48</b>	<b>0</b>	<b>94</b>
<b>9434</b>						
Polling Place (PP)	0	214	0	0	0	0
Vote by Mail (VBM)	0	214	0	0	0	0
Mailed Ballot Precincts (MBP)	136	214	51	66	0	117
<b>Total</b>	<b>136</b>	<b>214</b>	<b>51</b>	<b>66</b>	<b>0</b>	<b>117</b>
<b>9538</b>						

Precinct	Turnout	Registered Voters	ANDREW CLARKE	GEORGE RILEY	Write-in	Total Votes
Polling Place (PP)	0	493	0	0	0	0
Vote by Mail (VBM)	0	493	0	0	0	0
Mailed Ballot Precincts (MBP)	375	493	150	170	0	320
Total	375	493	150	170	0	320
9541						
Polling Place (PP)	0	577	0	0	0	0
Vote by Mail (VBM)	0	577	0	0	0	0
Mailed Ballot Precincts (MBP)	461	577	155	226	0	381
Total	461	577	155	226	0	381
Monterey County - Total	6,744	10,061	2,396	3,429	0	5,825

**SOLEDAD COMMUNITY HEALTH CARE DISTRICT, DIRECTOR (Vote for 2)**

		Polling Place (	Vote by Mail (	Mailed Ballot	Total	
Times Cast		894	2,276	295	3,465 / 6,947 49.88%	
Candidate	Party	Polling Place (PP)	Vote by Mail (VBM)	Mailed Ballot Precincts (MBP)	Total	
JACK FRANSCIONI		439	1,262	139	1,840	43.26%
ANNE A. TREBINO		301	1,015	168	1,484	34.89%
ROBERT "BOB" BIGIOGNI		160	629	140	929	21.84%
Write-in		0	0	0	0	0.00%
Total Votes		900	2,906	447	4,253	
		Polling Place (PP)	Vote by Mail (VBM)	Mailed Ballot Precincts (MBP)	Total	

**MARINA COAST WATER DISTRICT, DIRECTOR (Vote for 3)**

		Polling Place (	Vote by Mail (	Mailed Ballot	Total	
Times Cast		1,597	4,177	0	5,774 / 9,056 63.76%	
Candidate	Party	Polling Place (PP)	Vote by Mail (VBM)	Mailed Ballot Precincts (MBP)	Total	
MATT ZEFFERMAN		863	2,616	0	3,479	30.01%
PETER N. LE		519	1,521	0	2,040	17.60%
WILLIAM "BILL" LEE		501	1,508	0	2,009	17.33%
JAN SHRINER		581	2,060	0	2,641	22.78%
HOWARD GUSTAFSON		364	1,060	0	1,424	12.28%
Write-in		0	0	0	0	0.00%
Total Votes		2,828	8,765	0	11,593	
		Polling Place (PP)	Vote by Mail (VBM)	Mailed Ballot Precincts (MBP)	Total	

**MONTEREY PENINSULA WATER MANAGEMENT DISTRICT, DIRECTOR DIVISION 1 (Vote for 1)**

		Polling Place (	Vote by Mail (	Mailed Ballot	Total	
Times Cast		1,627	4,419	0	6,046 / 9,559 63.25%	
Candidate	Party	Polling Place (PP)	Vote by Mail (VBM)	Mailed Ballot Precincts (MBP)	Total	
DEAN PROVENCE		440	1,294	0	1,734	32.07%
ALVIN EDWARDS		975	2,698	0	3,673	67.93%
Write-in		0	0	0	0	0.00%
Total Votes		1,415	3,992	0	5,407	
		Polling Place (PP)	Vote by Mail (VBM)	Mailed Ballot Precincts (MBP)	Total	

**MONTEREY PENINSULA WATER MANAGEMENT DISTRICT, DIRECTOR  
DIVISION 2 (Vote for 1)**

		Polling Place (	Vote by Mail (	Mailed Ballot	Total	
Times Cast		1,572	4,200	972	6,744 / 10,061 67.03%	
Candidate	Party	Polling Place (PP)	Vote by Mail (VBM)	Mailed Ballot Precincts (MBP)	Total	
ANDREW CLARKE		524	1,516	356	2,396 41.13%	
GEORGE RILEY		801	2,166	462	3,429 58.87%	
Write-in		0	0	0	0 0.00%	
Total Votes		1,325	3,682	818	5,825	
		Polling Place (PP)	Vote by Mail (VBM)	Mailed Ballot Precincts (MBP)	Total	

**PROPOSITION 1 (Vote for 1)**

		Polling Place (	Vote by Mail (	Mailed Ballot	Total	
Times Cast		28,283	81,202	7,906	117,391 / 187,286 62.68%	
Candidate	Party	Polling Place (PP)	Vote by Mail (VBM)	Mailed Ballot Precincts (MBP)	Total	
YES		17,021	47,366	3,756	68,143 59.74%	
NO		10,210	31,764	3,946	45,920 40.26%	
Total Votes		27,231	79,130	7,702	114,063	
		Polling Place (PP)	Vote by Mail (VBM)	Mailed Ballot Precincts (MBP)	Total	

**PROPOSITION 2 (Vote for 1)**

		Polling Place (	Vote by Mail (	Mailed Ballot	Total	
Times Cast		28,283	81,202	7,906	117,391 / 187,286 62.68%	
Candidate	Party	Polling Place (PP)	Vote by Mail (VBM)	Mailed Ballot Precincts (MBP)	Total	
YES		19,083	54,210	4,630	77,923 68.28%	
NO		8,161	24,957	3,089	36,207 31.72%	
Total Votes		27,244	79,167	7,719	114,130	
		Polling Place (PP)	Vote by Mail (VBM)	Mailed Ballot Precincts (MBP)	Total	

**From:** [Dustin Cook](#)  
**To:** [Arlene Tavani](#)  
**Subject:** Appointment of new board member  
**Date:** Monday, November 19, 2018 10:53:12 AM

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Arlene,

I am a resident of Carmel Valley.

I am writing you to request that you consider appointing Kate Daniels as a Division 5 Board Member to fill the vacancy left by Bob Brower.

Dustin Cook, 26065 Zdan Road, Carmel Valley, 93924.

Thank you for your consideration.

Dustin

D. Cook Construction  
831-899-2532  
831-899-2808 fax



11-19-18:

**Anthony Lopez**  
Business Performance Specialist  
California American Water Company  
511 Forest Lodge Rd., Suite 100  
Pacific Grove, CA 93950

**Service address:** 277 Mar Vista Dr. Monterey  
**Account number:** 1015-210018770787

**Subject:** ADA accommodation/modification request

Dear California American Water Company:

I request disabled accommodation under the Americans with Disabilities Act.

I am disabled by electromagnetic sensitivity. The EMF-emissions from your company's Smart/AMI/AMR meters cause me disabling health effects. My doctor has advised avoidance of RF-EMF-emitting technology including the type of exposure from near proximity of your EMF emitting invoicing tools. I request that Cal-Am modify its policies and allow my residence at my family's home to have a mechanical water meter.

I've made repeated requests in the past, as a person disabled by electromagnetic sensitivity, for a mechanical non-transmitting water meter, and I've been assured by Cal-Am personnel that my family did not have an RF meter and Cal-Am wouldn't install one. However, on Oct. 13, Cal-Am personnel came to my house announcing that they were going to install a new Neptune EMF-emitting meter. We refused, reminding them that I needed ADA accommodation due to my disability. The rep said he would not install it and made a note in my family's account file, but said he could not guarantee anything despite that I am qualified for guarantee of my disabled rights. In order to avoid this misunderstanding in the future, we requested that Cal-Am make an appointment for any meter work in the future. Despite my request, on the following weekend, on Oct. 20, Cal-Am personnel came to our house early in the morning and installed a Neptune Smart Meter on our water line without letting us know, making an appointment, or responding to my request for ADA accommodation.

I repeatedly contacted Cal-Am customer service due to the immediate disabling health effects I was experiencing following installation. I asked urgently for it to be removed, but I didn't get any call back from Cal-Am. Furthermore, customer service informed me we previously had an RF meter, despite representations to me by the company. They also did not have a local contact phone number for me to call. Finally, on Oct. 28, Cal-Am field rep Danny just arrived at my door, announced he would be removing the wireless unit, and then did so. However, Danny was not authorized or informed to assure me that this would-be accommodation was permanent nor was he able to provide me convincing evidence that all the equipment exacerbating to my disability had been removed.



**This pattern of failure to acknowledge or formalize my disabled needs is an ongoing and imminent threat to my health and well-being and my rights under the Americans with Disabilities Act and interferes with my doctor's treatment plan for me. On this basis, therefore and on the assertion of my disabled rights, I request reasonable accommodation-that you:**

- 1. Send me written acknowledgement of my disabled status in your files and confirm that the present meter is, and will remain as, a mechanical, non-digital water flow meter.**
- 2. Standardize for me some practice to obtain readings for me which, as a local and monopoly provider of a critical public service, is required and described by examples in the ADA Title II Technical Assistance Manual.**
- 3. Replace the neighbors' meters, using the same manual-read non-digital mechanical measuring practice on properties which touch my family's property or are across the right of way.**
- 4. Ensure that any collector antenna has not been placed near or adjacent to my house, and if so remove or relocate it.**
- 5. Provide me with the engineering schematics showing that this is a purely mechanical meter, and not a digital computer compiling data of some sort through electromagnetic means, means that are or may be exacerbating to my disability.**

**It is urgent that a dialogue can be opened to resolve this matter. Wireless and digital meters substantially exacerbate my condition and constitute a barrier to access to the use and enjoyment of my home. As such, I take very seriously any failure to resolve this matter as a violation of the Americans with Disabilities Act and a violation of State rules for equivalent enforcement of the ADA under local statutes.**

**Please contact me via someone with authority and knowledge to effect a meaningful dialogue under the state and federal rules and to effect a reasonable and swift resolution of this matter. I have all the proper medical qualifications that I am "actually" disabled by Electromagnetic Sensitivities, a condition formally recognized at ADA.gov's policy arm, The Access Board (<https://www.access-board.gov/research/completed-research/indoor-environmental-quality>). I am requesting accommodation and the modification of your policy and immediate contact about how you intend to proceed for the resolution of this issue.**

**If California American Water Company does not respond promptly with a policy statement and an achievable solution for me, I will immediately file a civil rights complaint at the State office empowered to enforce disabled access and rights.**

**Sincerely**

**Nina Beety  
831-655-9902**

**From:** [Richard Silver](#)  
**To:** [Arlene Tavani](#)  
**Subject:** Kate Daniels Kurz/MPWMD  
**Date:** Sunday, November 18, 2018 12:38:26 PM

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Chair Clarke and Members of the Board of Directors:

I understand that you will consider the appointment of a new director to an open seat on Monday. I write in support of Ms. Daniels and to encourage the Board's favorable consideration of her to that appointment.

As many of you may know I was honored to serve as a Superior Court Judge in our County from 1977 to 2002. During this time I was involved in many of the legal issues involving our water supply, both on the Peninsula and the Salinas Valley, and with the unique environmental issues that make this County such a wonderful place to live but which also need our continual vigilance to preserve and protect. In that regard I presided over the first case brought by the State relative to the Carmel Valley River and signed the Settlement Agreement that provided the time and incentive to develop other critical water projects. We all know the issues and delays that followed and the present critical need to act now or jeopardize the water supply to the Peninsula. Over the years I continued to be involved in those issues. In addition I presided over the water related issues in the Salinas Valley and the problems of salt water intrusion. Suffice it to say "water" and "the environment" were a major part of "my life" on the Bench and, since my retirement, have been a continued focus of my concerns whether privately or in various cases that I have assisted in mediating. All of us living on the Peninsula and in the County must work together to seek and analyze solutions that meet the very Mission of MPWMD and to offer our cooperative support to the Board. I believe my background has provided me a unique insight into these issues.

So, why do I support Ms. Daniels?

I have known her since she was born at Community Hospital many years ago. I have watched her grow, mature, and develop into an extremely bright, caring, and concerned member of our community.

Kate has always approached all issues in her life with energy, a "problem solving attitude", and an abundant concern for the area in which we all live whether it be the "human needs" or the importance of the plant and animal life that thrive in our County. Continuing the progress that the Board has made in the last years and understanding the dynamics and responsibilities moving forward both with the passage of Measure J and separately needs leadership with that energy, cooperative spirit, willingness to listen to all solutions, and a knowledge base upon which to build viable solutions.

I firmly believe that Kate will bring all of these attributes to the Board. She has lived in District 5 all of her life. Her work with Supervisor Adams over the last few years had provided her with the knowledge base to understand not only the needs of District 5 but all areas within the MPWMD area of concern. I know from my many discussions with her that she is not wedded to a particular result but to the best result for the district and County. She has a unique ability to listen to all positions and, just as importantly, help to guide and build consensus for fiscally and environmentally appropriate solutions.

Finally, she will never be just a “sit back” and let others do the hard work type of person. She has always “rolled up her sleeves” and been willing to get down into the trenches to do what is necessary to find solutions that work for all of us. Whatever it may be, she takes her responsibilities seriously.

I trust in her judgment. I hope that you will also. For these reasons I strongly urge your favorable consideration of her for the vacant seat.

Thank you.

Richard Silver, Judge (ret.)

[richardsilver@me.com](mailto:richardsilver@me.com)

"Grief can take care of itself, but to get the full value of a joy you must have somebody to divide it with."

- Mark Twain

## Coalition of Peninsula Businesses

*A coalition of the Monterey County Hospitality Association, Monterey Commercial Property Owners' Association, Monterey Peninsula Chamber of Commerce, Carmel Chamber of Commerce, Pacific Grove Chamber of Commerce, Monterey County Association of Realtors, Community Hospital of the Monterey Peninsula, Pebble Beach Co., and Associated General Contractors – Monterey District to resolve the Peninsula water challenge to comply with the CDO at a reasonable cost*

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**Submitted by R. Boskoff at 11/19/18 Board Meeting  
Item 13**

November 16, 2018

Andrew Clarke, Chair, and Members of the Board  
Monterey Peninsula Water Management District  
P.O. Box 85  
Monterey, CA 93942-0085

Re: Item 13, Agenda of November 19, 2018

Dear Chair Clarke and Members of the Board:

You have an important decision to make tonight. You must appoint someone to replace former Director Bob Brower, who worked tirelessly for many years to find solutions to our water supply problem. Bob was a balanced voice on the board, who always promoted water solutions that were in the best interest of the community; both for the residents and businesses.

While a number of capable people have indicated their interest, you should keep in mind that arguably the most critical task facing your Board right now is implementation of Measure J. That implementation is critical to the future well-being of all district residents, businesses and commercial operations, not to mention local governments.

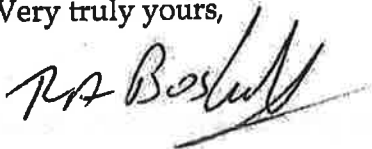
Measure J begins with commissioning a thorough and exhaustive water system purchase feasibility study followed by careful analysis of that study. It is vital that the feasibility study be impartial and fair. In order to ensure this and have the confidence of those you serve, you must have a diversity of viewpoints represented on your Board so all community interests are represented.

You should pick a new Board member who can contribute to the commissioning of the feasibility study and has experience in the water topic and knowledge that can be of value based on the critical tasks that lie ahead. It is important that the candidate you select has the same similar preceptive and values that Bob Brower held during his years of service,

who served our diversified community well since 2007. He was one who supported a long-term sustainable water supply solution.

In short, you should pick someone who is fair, balanced and unbiased, and who can demonstrate an understanding of the various issues facing our community and can demonstrate a commitment to solving our dire need for a sustainable, safe, secure and stable water supply. All have worked hard the last eight years to secure that solution which is the water supply project. Anything short of supporting and assisting in the project becoming a reality would be a tremendous disservice to our community. The project supports equality for all, affordable and workforce housing, downtown redevelopments to occur, lots of record by private owners to finally have the water they legally have the right to. Most important, the CDO will be satisfied and our community will no longer be living in water poverty. The deadline is near, 2021, yes this appointment is critical and the right person, given our comments above, must get your vote.

Very truly yours,



Rene Boskoff  
Member, Coalition of Peninsula Businesses



John V. Narigi  
President, Coalition of Peninsula Businesses