



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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