

ADMINISTRATIVE COMMITTEE

3A. RATIFY EMERGENCY EXPENDITURE TO ZIM INDUSTRIES TO REWIND PUMP AT AQUIFER STORAGE AND RECOVERY WELL NUMBER 1

Meeting Date:	May 14, 2018	Budgeted:	Yes
From:	David J. Stoldt General Manager	Program/ Line Item No.:	Water Supply Projects 1-2-1
Prepared By:	Jonathan Lear	Cost Estimate:	\$23,600

General Counsel Review: N/A

Committee Recommendation: The Administrative Committee reviewed this item on May 14, 2018 and recommended _____.

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

SUMMARY: Following the 2016 injection season where the District and CalAm injected 699 Acre-Feet of water into the Santa Margarita Groundwater Basin and according the Quarterly Water Budget, in September 2017 ASR 1 was placed into production to recover the banked water. After initial startup procedures, CalAm and District staff noted that the well was operating under an increased amp load. After consulting the motor manufacturer, staff was informed that the amp draw was outside of operational specifications for the motor and it would require rewinding. District General Manager authorized emergency funds to repair the well quickly and minimize down time. Repairing the well allowed CalAm to stay on track and produce the proposed ASR recovery volume outlined in the Quarterly Water Budget and minimize pumping in Carmel Valley.

RECOMMENDATION: Staff recommends the Committee ratify emergency expenditure of \$23,600 to Zim Industries to repair pump motor at ASR 1.

BACKGROUND: In the winter, District staff operates the ASR 1 well to inject excess Carmel River flows, and in the summer, CalAm operates the wells as sources to their distribution system in order to shift production from the Carmel Valley Alluvial Aquifer. Currently only ASR 1 has a permit from the Department of Drinking Water to be used as a source to the system. ASR wells 2, 3, and 4 are currently going through the permitting process to be used as sources to the CalAm system.

IMPACT TO STAFF/RESOURCES: Funds for this project are included in the FY 2017-18 budget under “Water Supply Projects,” line item 1-2-1. Funds expended to complete this work will be reimbursed to the District by CalAm through the ASR Management and Operations agreement between the District and CalAm.

EXHIBIT

A Bill from Zim Industries to repair motor at ASR 1



ZIM INDUSTRIES, INC.

Zim Industries, Inc
 4532 E Jefferson Ave
 Fresno, CA 93725
 (559) 834-1551

Invoice No. 2692A

Invoice/Sales Order

Customer

Name MPWMD
 Address P.O Box 85
 City Monterey State CA ZIP 93942
 Phone _____

Date 4/5/2018
 Serv Entry# _____
 PO# Job # 17081
 PO Item# _____

Qty	Description	Unit Price	TOTAL
	Labor:		
1	Pull 600 HP Motor, Unwire on 10/11/17 & drop off Arrow Electric for Repair	\$2,000.00	\$2,000.00
1	Rewind and Repair UPI Premium efficient Motor- Remove & Reinstall BTD's & RTD's & Balance Rotor	\$19,000.00	\$19,000.00
1	Reinstall Motor Wire- Nov 15	\$2,000.00	\$2,000.00
1	Unwire Motor & Test Motor-Nov 20	\$300.00	\$300.00
1	Rewire Motor - Nov 21	\$300.00	\$300.00

SubTotal	\$23,600.00
Shipping & Handling	
Taxes 8.225%	\$0.00
TOTAL	\$23,600.00

Payment Details

- Cash
- Check
- Credit Card

Name _____
 CC # _____
 Expires _____

Office Use Only

Thank you for your business!



Item 10

Discuss and Recommend Creating Reserves for Pension Retirement and Other Post-Employment Benefits (OPEB) Unfunded Liability

May 14, 2018, Administrative Committee
Staff contact: Suresh Prasad

PERS Pension Liability

- Classic Member Employer/Employee contribution sharing (2017-18)
 - ER = 8.921%; EE = 7%
 - EE contributes 3% towards ER & EE rates
 - UAL = \$231,892

	Required Contribution	Projected Future Employer Contributions (Assumes 7.375% Return for Fiscal Year 2016-17)					
Fiscal Year	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Normal Cost %	9.409%	9.9%	10.8%	10.8%	10.8%	10.8%	10.8%
UAL Payment	\$295,923	\$360,000	\$410,000	\$474,000	\$530,000	\$568,000	\$600,000

PERS Pension Liability

- PEPRA Member Employer/Employee contribution sharing (2017-18)
 - ER = 6.533%
 - EE contributes 6.25%
 - UAL = \$75

	Required Contribution	Projected Future Employer Contributions (Assumes 7.375% Return for Fiscal Year 2016-17)					
Fiscal Year	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Normal Cost %	6.842%	6.8%	7.1%	7.1%	7.1%	7.1%	7.1%
UAL Payment	\$787	\$850	\$990	\$1,100	\$1,300	\$590	\$700

PERS Pension Liability

■ Plans funded status:

	June 30, 2015		June 30, 2016	
1. Present Value of Projected Benefits (PVB)	\$	18,709,661	\$	19,721,503
2. Entry Age Normal Accrued Liability (AL)		16,510,849		17,592,607
3. Plan's Market Value of Assets (MVA)		12,687,722		12,605,828
4. Unfunded Accrued Liability (UAL) [(2) - (3)]		3,823,127		4,986,779
5. Funded Ratio [(3) / (2)]		76.8%		71.7%
		June 30, 2015		June 30, 2016
1. Present Value of Projected Benefits (PVB)	\$	93,157	\$	235,144
2. Entry Age Normal Accrued Liability (AL)		1,346		21,766
3. Plan's Market Value of Assets (MVA)		1,281		20,086
4. Unfunded Accrued Liability (UAL) [(2) - (3)]		65		1,680
5. Funded Ratio [(3) / (2)]		95.2%		92.3%

OPEB Liability

- District provides healthcare premium to retirees as follows:

Tier 1 employees (prior to July 1, 2013)

- <15 years = \$540/month
- >15 years = \$1,183 (2017)
 - Escalated by 3% each year

Tier 2 employees (after July 1, 2013)

- \$540/month

OPEB Liability

- Pay-Go payments each year
- District's annual obligation:

Description	Calculated Amount
Annual Required Contribution (ARC)	\$304,674
Interest on Net OPEB Obligation (NOO)	\$71,660
Adjustment to Annual Required Contribution (ARC)	(\$75,275)
Annual OPEB Cost (Expense)	\$301,058
Age Adjusted Contributions Made	(\$84,479)
Change in Net OPEB Obligation (NOO)	\$216,579

OPEB Liability

- Pay-Go payments each year
- District's OPEB funding status:

Annual Required Contribution (ARC)	Normal Cost (NC)	Amortization Payment	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)
\$235,800	\$121,191	\$174,609	\$0	\$3,227,615	\$3,227,615

Options

- Create Reserves
 - Fund \$100 for Pension
 - Fund \$100K for OPEB

- Setup Trust Fund

Terminology

■ Accrued Liability (AL)

- The present value of projected benefit payments to employees based on their past service

■ Annual Required Contribution (ARC)

- Amount employer is required to contribute for the current year to fund the liability over time

■ Normal Cost (NC)

- Current years cost for accruing benefits

Terminology

- **Market Value of Assets (MVA)**
 - Marked value of assets (the amount held in trust for paying retirement benefits)
- **Unfunded Accrued Liability (UAL)**
 - UAL is the difference between the accrued liability and the assets

Recommendation

- Staff recommends creating Pension and OPEB Reserves and funding \$100,000 each in the proposed FY 2018-2019 Budget
- At a later date, return with formal reserve policy and discuss additional funding options

For More Information

- Staff reports and presentation materials can be found on the District's website at:

www.mpwmd.net

- PowerPoint presentations will be posted on the website the day after the meeting.