

Ordinance No. 152 Citizens Oversight Panel
January 11, 2013

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**MISSION AND RESPONSIBILITIES
OF THE MPWMD
ORDINANCE 152 CITIZEN'S OVERSIGHT PANEL**

Adopted by MPWMD Board 12/10/12

1. Primary Function

The Ordinance 152 Citizen's Oversight Panel (the "Panel") is a committee formed for the sole purpose of providing a forum for public involvement in the budgeting and expenditure of the District's annual Water Supply Charge. The Panel is directed to meet quarterly and review proposed expenditure of funds for the water supply activities of the District. The Board does not seek consensus from the Panel, but rather input on the ongoing budgeting and expenditure of revenues raised by the water supply charge on water supply related activities. The Panel will submit an annual report for consideration by the Board of Directors at its regular September meeting. The Panel is expected to visit District facilities – to be scheduled by the District – to become better acquainted with water supply projects and operations. The Panel will also, from time to time, be requested to provide community input with respect to water supply-related activities.

Pursuant to the Ordinance, proceeds of the water supply charge may only be used to fund District water supply activities, including capital acquisition and operational costs for Aquifer Storage and Recovery (ASR), Groundwater Replenishment (GWR), and desalination purposes, as well as studies related to project(s) necessary to ensure sufficient water is available for present beneficial water use in the main CAW system. In addition to direct costs of the projects, proceeds of this annual water supply charge may also be expended to ensure sufficient water is available for present beneficial use or uses, including water supply management, water demand management, water augmentation program expenses such as planning for, acquiring and/or reserving augmented water supply capacity, including engineering, hydrologic, legal, geologic, financial, and property acquisition, and for reserves to meet the cash-flow needs of the District and to otherwise provide for the cost to provide services for which the charge is imposed.

No more than fifteen (15%) of proceeds collected by reason of Ordinance No. 152 shall be used to fund general unallocated administrative overhead.

2. Process

The Panel will meet quarterly, beginning in January 2013. At each meeting, the Panel will receive a report from District staff on budget and expenditure of the water supply charge on water supply activities. Generally, the Panel's meetings will include these topics:

January: Review of actual December receipts and update on on-going spending plans.

April: Review of actual April receipts (if available), discuss proposed budget and capital improvement plan for following fiscal year, and update on on-going spending plans

July: Overview of approved budget and proposed expenditure of funds on water supply activities, prepare prior year annual report, and update on on-going spending plans

October: Update on on-going spending plans.

The Panel meets the definition of a "legislative body" as defined by the Brown Act; therefore, all meetings shall be noticed and open to the public in compliance with the Brown Act.

3. Composition and Structure

- a) The Panel is comprised of 9 members who shall reside within the boundaries of the Monterey Peninsula Water Management District. Members of the Panel shall serve at the pleasure of the District Board.
- b) The Board shall appoint one member from a panel of three persons nominated by the Monterey Peninsula Taxpayers Association, and the Board shall appoint one member from a panel of three persons nominated by the Monterey County Association of Realtors, and
- c) Each Director shall appoint 1 member to the Panel. Appointee must reside within the District boundaries and may be associated with a community group, but does not have to officially represent any community group.
- d) Each appointee shall serve a term of two years, with terms expiring on January 1, or on the date the appointing Director vacates office as a member of the MPWMD Board of Directors, whichever shall occur first.
- e) A quorum of five (5) Panel members shall be required for an official meeting to be conducted. Action may be taken by majority vote of those Panel members present.
- f) The General Manager will serve as Chair to the Panel, for purposes of facilitating meetings. District staff will provide support to the committee as appropriate.

MONTEREY PENINSULA WATER MANAGEMENT DISTRICT

ORDINANCE 152 CITIZEN'S OVERSIGHT PANEL

MEETING BYLAWS, PROCEDURES, AND DECORUM RULES

Approved December 10, 2012

1. All Panel members are to ask the Chair to be recognized before speaking. In addition to facilitating an orderly meeting, this procedure will enable the Chair to state the member's name before he/she speaks. The latter will ensure Panel members and others listening to meeting recordings to identify each speaker's comments.
2. Ordinarily, the Chair will set no time limit on Panel members when making their comments. Members are asked to be concise and avoid redundant comments, especially if the only purpose is to attempt to convince others to accept her/his perspective.
3. Citizen comments will only be taken when shown on the agenda, and normally limited in time as indicated thereon.
4. All Panel members and public speakers are expected to be respectful of others' expressed opinions, and refrain from personal attack. Remember to criticize the issue or point, not the person.
5. The Chair will caution any public speaker who fails to confine her/his comment to the subject or time limit indicated on the agenda, and will be asked to stop or quickly conclude her/his remarks. The Chair reserves the right to declare any person out of order, if h/she deliberately refuses to abide by such caution or becomes disorderly.
6. Audible expression from any person the Chair has not recognized to speak is not acceptable.
7. The Chair retains the exclusive right to facilitate each meeting in accordance with State law, the Panel charge, and these meeting procedures, and to make other decisions necessary to ensure the efficient and orderly conduct of each meeting, including voting procedures, if needed; unless overruled by a majority of Panel members present.

Timeline of Activities Affecting the District's User Fee and Water Supply Charge

- 6/27/08 In her 2008 General Rate Case ("GRC") Scoping Memorandum, Administrative Law Judge ("ALJ") Maribeth A. Bushey declared specific interest in addressing the District's User Fee and its activities other than conservation and rationing.
- July 2009 CPUC issues decision in the GRC, D.09-07-021, which calls into question the costs and execution of the District's work for which it collects the User Fee. Bans regular collection of the User Fee and establishes a memorandum account for such related costs until Cal-Am re-applies to the CPUC proposing a program to reinstate the User Fee practice.
- 9/24/09 Cal-Am enters into "Mitigation and ASR Activity Reimbursement Agreement" with the District for continued funding on a 8.325 percent of revenue basis, to be recorded in the new Memorandum Account. [That account was subsequently ordered closed by the CPUC in May 2011, see below.]
- 1/5/10 Cal-Am filed the application authorized by D.09-07-021 (see "July 2009" above) proposing a program to reinstate the practice of collecting the User Fee. Application filed is A.10-01-012
- 5/18/10 A Motion to Approve an All-Party Settlement Agreement between Cal-Am, the District, and the CPUC Division of Ratepayer Advocates is made. All-Party Settlement Agreement language included continuation of past practice of collecting User Fee on Cal-Am water bills.
- 12/21/10 CPUC circulated proposed decision denying the motion – after the Commissioner in charge has stepped down from his term, and well into the December holidays. Interested parties, including the District submitted comments on the Proposed Decision in mid-January 2011.
- 3/24/11 CPUC issued Decision D.11-03-035 rejecting the Joint Settlement Agreement. The Decision allows for a future amended application (see 8/22/11 later.)
- 4/25/11 District and Cal-Am filed an Application for Rehearing of D.11-03-035 seeking reinstatement of Joint Settlement Agreement. *[Still Outstanding]*
- 5/24/11 CPUC ordered Memorandum Account closed. No more collection of interim User Fee to occur thereafter. CPUC authorized Cal-Am to recover amounts in account from ratepayers in equal monthly amounts over a 12-month period beginning October 2011.
- August 2011 MPWMD holds public workshop on potential water supply alternatives. Identifies several public options and need for financing. Subsequent workshops held in October 2011 and March 2012.
- 8/26/11 Cal-Am files Amended Application, as foreseen by D.11-03-035 (see 3/24/11, earlier), which seeks to recover from rates all of the desired costs of river mitigation and ASR that the District normally undertakes with its User Fee, but instead to be collected as a Cal-Am rate surcharge.
- 9/30/11 District files a Protest of the Amended Application, claiming primarily that the District has separate legal authority under its enabling legislation to calculate and assess a User Fee, that the District also has a statutory right to enter into agreement with the third party Cal-Am to collect the User Fee on their bills, and that the District's Resolution 2011-09 adopted in May of 2011, as well as Ordinance 123 compelling Cal-Am to collect such User Fee (as well as other Ordinances adopted by the District such as No. 138 adopted in December 2008) are enforceable.

- 10/14/11 The District files a Petition for Modification of Decision D.11-03-035 (March 2011), under the original application A.10-01-012 which was based on the January motion for approval of the earlier All-Party Settlement (see 1/5/10, above)
- October 2011 Recognizing that past funding practices would be insufficient to plan and build new water supply, MPWMD Board authorizes examining new sources of revenue to fund water supply capital projects and to stabilize operations. Staff reports back at January 23rd meeting with an update and strategy for a new fee.
- January 2012 Cal-Am terminates Regional Desalination Project. Groundwater Replenishment project is elevated to a preferred solution in conjunction with a smaller desalination facility, and continued progress on ASR.
- 2/8/12 A pre-hearing conference is held at the CPUC to address issues of the User Fee and Aquifer Storage and Recovery, specifically the remaining costs for ASR wells #1 and #2, accelerating funding for ASR well #4, and the mitigation program. A follow-up ruling was issued by ALJ Bushey on April 16, 2012.
- Feb – April 2012 MPWMD undertakes rate study, rate ordinance, evaluation of collection mechanisms, and Proposition 218 process to advance new source of revenue. In parallel, MPWMD requires Cal-Am to directly fund a significant portion of the mitigation program liability.
- June 2012 MPWMD certifies that Proposition 218 protest filings failed to reach a majority. However, before enacting new fee, MPWMD meets with community representatives to seek to narrow use of the fee, bolster sunset provisions, and create better oversight. New Water Supply Charge ordinance is adopted.
- 6/26/12 The CPUC issues a final decision which states (1) Cal- request for authorization of \$4.7 million to construct Well ASR-4 is granted, and, if feasible, on an expedited schedule with a target in-service date for the well in 2012; (2) Cal-Am is authorized to enter into the Interim Implementation Agreement for 2011-2012 Carmel River Mitigation Program, with a term through December 2014; (3) Cal-Am may file and serve a revised proposal for Aquifer Storage Phase 1 costs. The August 1 date was extended to 12/31/12 and a filing was made indicating that remaining ASR costs would be paid through the MPWMD Water Supply Charge.

How is the Water Supply Charge Calculated?

The annual water supply charge for each parcel by user category is calculated as follows:

$$\begin{array}{l} \text{Annual} \\ \text{Water} \\ \text{Supply} \\ \text{Charge} \end{array} = \begin{array}{l} \text{Meter Fee} \\ \text{Based on} \\ \text{Meter Size} \end{array} + \left[\begin{array}{l} \text{Water} \\ \text{Usage Fee} \\ \text{Per Unit} \end{array} \times \begin{array}{l} \text{\# of} \\ \text{Units} \end{array} \right]$$

That is, the annual charge is the sum of the parcel user's meter fee based on the size of the meter (from Table 1,) and the water usage fee per unit multiplied by the number of units for that parcel use (from Table 2.) Meter size is a measure of potential demand on a water system (i.e., the volume of service a utility must be prepared to supply) and water volume is a measure of actual demand (i.e., the volume of service a utility actually supplies). Both measures are appropriately used to make charges proportionate to the cost of service attributable to a parcel. Because the District does not have access to meter readings collected by CAW at the point of delivery, it is not feasible to use metered data to calculate the volume of water served to each property; accordingly, industry-standard estimates based on the use of each parcel are employed.

Table 1: Meter Fee Based on Meter Size

Meter Size	Single-Family		
	Residence Meter Fee	Multi-Family Meter Fee	Non-Residential Meter Fee
5/8 x 3/4"			
Small house (less than 1,200 sq ft)	\$14.31		
Medium house (1,200 to 2,000 sq ft)	\$16.84		
Medium/large house (2,000 to 4,000 sq ft)	\$19.36		
Large house (4,000 sq ft+)	\$19.36		
5/8 x 3/4" multi-family or commercial		\$12.64	\$22.57
3/4"	\$25.27	\$18.97	\$33.85
1"	\$42.10	\$31.62	\$56.42
1 1/2"	\$84.19	\$63.22	\$112.84
2"	\$134.70	\$101.15	\$180.54
3"	\$252.57	\$189.66	\$338.52
4"	\$420.95	\$316.11	\$564.20
6"	n/a	\$632.21	\$1,128.40
8"	n/a	\$1,011.54	\$1,805.43

Table 2: Water Usage Fee per Unit

Description	Water Usage Fee per Unit	Unit
Small house (less than 1,200 sq ft)	\$24.75	per single family home
Medium house (1,200 to 1,999 sq ft)	\$38.50	per single family home
Medium house (2,000 to 3,999 sq ft)	\$77.00	per single family home
Large house (4,000 sq ft+)	\$154.00	per single family home
Vacant house	50%	Of non-vacant fee
Multifamily Property	\$20.90	per multifamily unit
Business/Govt 1 to 10 employees	\$52.80	per location/each business
Business/Govt 11 to 20 employees	\$105.60	per location/each business
Business/Govt 21 to 30 employees	\$158.40	per location/each business
Rate Increases for Business/Govt	\$52.80	increase per every 10 employees
Hotel/Motel	\$32.17	per room
Bed and Breakfast	\$21.54	per room
Supermarket	\$261.42	per location/each business
Medical Office	\$45.11	per licensed physician
Dental Office	\$61.09	per licensed physician
Rest Home	\$20.03	per bed of licensed capacity
General Hospital	\$118.65	per bed of licensed capacity
Animal Hospital	\$138.98	per location/each business
Restaurant 1 meal/day	\$2.43	per seat
Restaurant 2 meals/day	\$3.79	per seat
Restaurant 3 meals/day	\$7.28	per seat
Restaurant w/bar	\$9.71	per seat
Bar	\$79.91	per location/each business
Nightclub	\$233.45	per location/each business
Takeout Food - small	\$82.39	1 cash register or checkout lane
Takeout Food - medium	\$211.66	2 or 3 cash registers or checkout lanes
Takeout Food - large	\$372.03	4+ cash registers or checkout lanes
Bakery	\$101.81	per location/each business
Theater	\$109.24	per screen
Bowling Center	\$491.59	per location/each business
Gym	\$52.80	per 500 members
Mortuary	\$128.06	per location/each business
School Minimum	\$52.80	per location
School (Grades 0-6)	\$0.91	per student
School (Grades 7- college)	\$1.82	per student
Boarding School	\$23.21	per student
Instructional Facility	\$52.80	per location/each business
Church (0 to 100 members)	\$52.80	per location
Church (over 100 members)	\$105.60	per location
Photo Developer	\$52.80	per location
Laboratory	\$52.80	per 10 employees
Printer	\$52.80	per 10 employees
Service Station	\$52.80	per 10 employees
Auto Painters/Body Shop	\$52.80	per location
Rate Increases for Previous 4 Categories	\$52.80	increase per every 10 employees
Dry Cleaner	\$67.49	per location/each business
Laundromat	\$21.24	per each washing machine
Mobile Home	\$32.17	per living unit
Golf Course/City Parks/Cemeteries/Other Irrigated Area	\$105.60	per acre
Vacant Commercial	\$26.40	per location/each business
Temporarily Suspended (no active meter)	\$0	per location/each business
Special Users (determined individually)	\$52.80	Fee proportional to average business user, not to exceed \$2500.

**Water Supply Charge
December 2012 Receipts**

\$1,971,601

**Monterey Peninsula Water Management District
Capital Improvement Plan
Fiscal Year 2012-13 Budget**

<u>Division</u>	<u>Project Description</u>	<u>FY 2012-13</u>	<u>FY 2013-14</u>	<u>FY 2014-15</u>	<u>Funding Source</u>
Funded From District Revenues					
WRD	Groundwater Replenishment Project	\$1,036,000	\$1,469,200	\$2,500,000	District Revenues
WRD	Water Project 1 (Phase 1 Aquifer Storage & Recovery)	898,700	435,314	245,513	District Revenues
WRD	Peninsula Water Supply Project Operations Studies	150,000	250,000	0	District Revenues
WRD	ASR Expansion Study	150,000	500,000	150,000	District Revenues
P&E	Other Water Supply Projects - Desal/Water Rights	250,000	200,000	100,000	District Revenues
P&E	Lower Carmel River Restoration Project (San Carlos)	20,000	80,000	0	District Revenues
	SUBTOTAL	\$2,504,700	\$2,934,514	\$2,995,513	
Reimbursed from Grants or Reimbursements					
WRD	Water Project 1 (Phase 1 Aquifer Storage & Recovery)	36,300	0	0	CAW
WRD	Water Project 2 (Phase 2 Aquifer Storage & Recovery)	3,315,300	984,700	0	CAW
WRD	Sleepy Hollow Facility Raw Water Intake Retrofit	610,000	1,120,000	0	CDFG Grant
P&E	Sleepy Hollow Ford Removal & Bridge Replacement	25,000	1,475,000	0	CDFG Grant
	SUBTOTAL	\$3,986,600	\$3,579,700	\$0	
No Identified Source of Funds					
WRD	Repayment of Advances for Aquifer Storage & Recovery	427,056	427,056	427,056	Unknown
WRD	Los Padres Reservoir Cooling Tower	0	0	250,000	Unknown
WRD	Lower Carmel Valley Well Pump - CR Lagoon	0	150,000	0	Unknown
P&E	Unspecified Bank Restoration Project	0	0	125,000	Unknown
	SUBTOTAL	427,056	577,056	802,056	
	TOTAL CIP	6,918,356	7,091,270	3,797,569	

MONTEREY PENINSULA WATER MANAGEMENT DISTRICT
PROJECT EXPENDITURES
FISCAL YEAR 2012-13 BUDGET

AUGMENT WATER SUPPLY

Objective	Timeline	Total	Account	Division	Reimbursable	Source
Operations Modeling						
1-1-1 CVSIM Update/Assistance	June	0	5-7829	WRD	0	
Water Supply Projects						
1-2-1 Water Project 1						
A. Santa Margarita Site						
1. Site work						
a. Permanent electrical equipment	Fall	10,000	5-7860.04	WRD		
b. Permanent instrumentation	Fall	107,700	5-7860.04	WRD		
c. Replacement of ASR-1 well pump/motor (upsized)	Winter	314,600	5-7860.04	WRD		
d. PG&E service upgrade	Fall	15,000	5-7860.04	WRD		
e. ASR-1 and 2 permanent soundproof enclosures	Spring	57,700	5-7860.04	WRD		
f. Facility building equipment	Fall	8,000	5-7860.04	WRD		
g. FORA/City of Seaside Easement	Fall	38,500	5-7860.04	WRD		
h. RWP Modifications	Spring	230,000	5-7860.04	WRD		
i. Contingency (15%)	Ongoing	117,200	5-7860.04	WRD		
2. Operations and Maintenance						
a. Operations support	Ongoing	75,000	5-7860.04	WRD	75,000	CAW
b. Water quality lab analysis	Ongoing	18,000	5-7860.04	WRD	18,000	CAW
c. Electrical power	Ongoing	30,000	5-7860.04	WRD	30,000	CAW
d. Replacement parts for water quality field meters	Ongoing	500	5-7860.04	WRD	500	CAW
e. Backup 500' water level probe	Fall	800	5-7860.04	WRD	800	CAW
f. Contingency (10%)	Ongoing	12,500	5-7860.04	WRD	12,500	CAW
3. Coordination With Seaside Middle School Site						
a. FORA ordinance clearance at Santa Margarita site	Fall	25,000	5-7860.06	WRD	25,000	CAW
b. City of Seaside appraisal/easement prep for Santa Margarita site	Fall	8,000	5-7860.06	WRD	8,000	CAW
c. Contingency (15%)	Ongoing	3,300	5-7860.06	WRD	3,300	CAW
B. Water Project 2						
1. Seaside Middle School Site						
a. ASR-4 well drilling and construction	Summer	1,942,900	5-7860.06	WRD	1,942,900	CAW
b. ASR-4 well pump & motor	Summer	314,600	5-7860.06	WRD	314,600	CAW
c. ASR-4 well downhole flow control valve	Summer	118,700	5-7860.06	WRD	118,700	CAW
d. ASR-4 permanent wellhead piping	Fall	125,800	5-7860.06	WRD	125,800	CAW
e. ASR-4 well MCWD water connection	Fall	36,000	5-7860.06	WRD	36,000	CAW
f. ASR-4 site preparation	Fall	3,500	5-7860.06	WRD	3,500	CAW
g. ASR-4 well temporary security fencing	Spring	15,000	5-7860.06	WRD	15,000	CAW
h. Contingency (15%)	Ongoing	383,500	5-7860.06	WRD	383,500	CAW
2. Operations & Maintenance						
a. Operations support	Ongoing	39,300	5-7860.06	WRD	39,300	CAW
b. Water quality lab analysis	Ongoing	9,000	5-7860.06	WRD	9,000	CAW
c. Electrical power	Ongoing	6,000	5-7860.06	WRD	6,000	CAW
d. Construction management	Summer/Fall	148,200	5-7860.06	WRD	148,200	CAW
e. Contingency (15%)	Ongoing	30,400	5-7860.06	WRD	30,400	CAW
3. Water Project 2 Site Planning						
a. Site survey for final design	Spring	36,000	5-7860.06	WRD	36,000	CAW
b. Evaluation/coordination with RWP facilities	Ongoing	30,000	5-7860.06	WRD	30,000	CAW
c. Regulatory agency permitting	Ongoing	40,000	5-7860.06	WRD	40,000	CAW
d. Diversion wall below site	Spring	45,200	5-7860.06	WRD	45,200	CAW
e. Backflow percolation pit	Spring	66,200	5-7860.06	WRD	66,200	CAW
f. Site underground water & electrical piping	Spring	30,000	5-7860.06	WRD	30,000	CAW
g. Electrical building	Spring	78,900	5-7860.06	WRD	78,900	CAW
h. Contingency (15%)	Ongoing	49,000	5-7860.06	WRD	49,000	CAW
1-4-1 Water Rights Permits Fees	Ongoing	4,000	5-7812	P&E		
1-5-1 Ground Water Replenishment Project	Ongoing	1,036,600	5-7860.10	WRD		
1-6-1 Peninsula Water Supply Project Operations Studies	Ongoing	150,000	5-7860.13	WRD		
1-7-1 ASR Expansion Study	Ongoing	150,000	5-7860.16	WRD		
1-8-1 Other Water Supply Projects - Desal/Water Rights	Ongoing	250,000	5-7860.19	P&E		
AUGMENT WATER SUPPLY TOTAL		6,210,600			3,721,300	

MONTEREY PENINSULA WATER MANAGEMENT DISTRICT
PROJECT EXPENDITURES
FISCAL YEAR 2012-13 BUDGET

PROTECT ENVIRONMENTAL QUALITY

Objective	Timeline	Total	Account	Division	Reimbursable	Source
Riparian Mitigations						
2-1-1 Irrigation Program						
A. Operate and maintain 4 well systems	Ongoing	7,000	4-7850.11	P&E	7,000	CAW
B. Operate and maintain District project systems	Ongoing	12,000	4-7850.12	P&E	0	
2-1-2 Riparian Corridor Management						
A. Maintain and diversify plantings at District projects						
1. Seed collection and propagation	Ongoing	700	4-7870.30	P&E	0	
2. Supplemental planting	Ongoing	500	4-7870.33	P&E	0	
B. Riparian corridor maintenance projects	Ongoing	700	4-7870.80	P&E	0	
C. Reprint and mail River Care Guide	June	500	4-7870.50	P&E	0	
2-1-3 Riparian Monitoring Program						
A. Vegetation and soil moisture monitoring equipment purchase & maintenance	Ongoing	500	4-7870.21	P&E	0	
B. Wildlife monitoring	August & May	3,500	4-7870.22	P&E	0	
C. Field Biology Assistant	Ongoing	17,000	4-7870.10	P&E	0	
D. GS flow (laptop for groundwater drawdown model development) Fixed Assets	June		4-7870.21	P&E	0	
2-1-4 Address Vegetation Hazards and Remove Trash from Channel	Ongoing	2,000	4-7870.40	P&E	0	
2-1-5 Permit Acquisition (CDFG, RWQCB)	Ongoing	2,000	4-7870.40	P&E	0	
Erosion Protection						
2-2-1 Repair Bank Damage at District Restoration Projects						
A. Emergency work at lower San Carlos restoration project	June	20,000	4-7895.41	P&E	0	
Aquatic Resources Fisheries						
2-3-1 Sleepy Hollow Facility Operations						
A. General operations and maintenance	Ongoing	39,000	4-7858.13	WRD		
B. Power	Ongoing	42,500	4-7858.13	WRD		
C. Road maintenance	June	1,000	4-7858.13	WRD		
D. Replacement of standby generator fuel	Ongoing	1,300	4-7858.13	WRD		
E. Generator maintenance service	Ongoing	5,600	4-7858.13	WRD		
F. Design and permitting for new intake system	Fall	330,000	4-7858.12	WRD	330,000	CDFG Grant
G. Raw water intake retrofit - phase 1	May	280,000	4-7858.12	WRD	280,000	CDFG Grant
H. ESA Section 10 SHSRF Evaluations	Ongoing	5,000	4-7858.12	WRD	5,000	Barnett-Segal
I. Intake/cold well repair & maintenance	Ongoing	10,000	4-7858.13	WRD		
2-3-2 Conduct Juvenile Rescues						
A. Miscellaneous fish rescue supplies	Ongoing	2,700	4-7858.13	WRD		
B. Water Resources Assistant	Ongoing	20,400	4-7870.10	WRD		
C. Seasonal Fish Rescue Workers	Ongoing	14,800	4-7870.10	WRD		
D. Recalibrate backpack electro-fisher	Ongoing	800	4-7858.13	WRD		
E. Waders	Ongoing	1,000	4-7858.13	WRD		
F. On-call fish rescue crew leader	Ongoing	3,200	4-7870.10	WRD		
2-3-3 Rescue & Transport Smolts						
A. Smolt rescue supplies	Ongoing	1,500	4-7858.33	WRD		
2-3-4 Monitoring of Adult Steelhead Counts at San Clemente Dam						
A. San Clemente Dam fish counter supplies	Ongoing	1,500	4-7858.51	WRD		
B. DIDSON Steelhead counting station components	Fall-Spring	83,200	4-7858.51	WRD	83,200	CDFG Grant
2-3-5 Adult & kelt rescue and transport	Ongoing	300	4-7859	WRD		
2-3-6 Contracted Aquatic Invertebrate Identification	Oct. & April	4,000	4-7858.60	WRD		
2-3-7 Carmel River Water Quality Monitoring Samples	Ongoing	400	4-7858.70	WRD		
2-3-8 CAW-NOAA-CDFG Settlement Agreement Projects						
A. Design of Sleepy Hollow Ford Removal and Bridge Repl. (\$10K staff costs reimb)	June	25,000	4-7858-56	P&E	35,000	CDFG Grant

**MONTEREY PENINSULA WATER MANAGEMENT DISTRICT
PROJECT EXPENDITURES
FISCAL YEAR 2012-13 BUDGET**

Lagoon Mitigation Activities

2-4-1	Monitoring					
	A. Bi-annual inter-agency cooperative Steelhead survey	June/Dec	200	4-7858.71	WRD	
	B. YSI Automatic Vertical Water Quality Profiler - Transferred from CDP&R	Ongoing	2,500	4-7822.03	WRD	

Hydrologic

2-5-1	Carmel Valley					
	A. Monitor Carmel River near Carmel (USGS)	Ongoing	14,300	5-7856	WRD	
	B. Water quality chemical analyses	Ongoing	1,900	4-7815	WRD	
	C. Miscellaneous maintenance	Ongoing	500	4/5-7855.02	WRD	
2-5-2	Seaside Basin Watermaster					
	A. MMP implementation (non-labor portion only)	Ongoing	35,000	5-7860.03	WRD	35,000 Watermaster
2-5-3	District Wide					
	A. Stream flow monitoring program					
	1. Miscellaneous equipment	Ongoing	3,000	4/5-7856.03	WRD	
	2. Data line rental - 7 sites	Ongoing	3,000	4/5-7856.03	WRD	

Integrated Regional Water Management

2-6	Integrated Regional Water Management					
	A. Update to the Canyon Del Rey Drainage Plan (see Note 1)	June	200,000	7855.11	P&E	200,000 DWR Grant
	B. Salt and nutrient management plan for the SGB (see Note 2)	June	50,000	7855.12	WRD	50,000 DWR Grant
	C. Assessment of steelhead passage barriers (Note 3) [\$25,000 staff cost reimbursed]	June	0	7855.13	WRD	25,000 DWR Grant
	D. GIS internet mapping site development & data management system (see Note 4)	June	71,000	7855.14	ASD	33,000 DWR Grant
	E. Inter-regional coordination (see Note 5) [staff cost \$5,000 reimbursed]	June	8,000	7855.15	P&E	13,000 DWR Grant
	F. Assessment for San Joe Creek watershed (see Note 6)	June	60,000	7855.16	P&E	60,000 DWR Grant
	G. ASBS alternatives analysis (see Note 7)	June	200,000	7855.17	P&E	200,000 DWR Grant
	H. Hydrologic monitoring - Carmel Valley Alluvial Aquifer (see Note 8)	June	5,000	7855.18	P&E	5,000 DWR Grant
	I. Feasibility of Scenic Road preservation (see Note 9)	June	54,200	7855.19	P&E	54,200 DWR Grant
	J. Update IRWM Plan Chapters 1-15 (see Note 10) [\$5,000 staff cost reimbursed]	June	100,000	7855.10	P&E	105,000 DWR Grant

Notes:

- 1 - Local match consists of \$60,000 cash (MCWRA), MPWMD in-kind services of \$22,080 for stream gage costs in Canyon Del Rey (two seasons)
- 2 - Local match consists of \$164,000 in expenses for the Seaside Groundwater Basin Watermaster
- 3 - Local match consists of MPWMD in-kind services of \$106,720 for stream gage costs in Carmel River tributaries (two seasons)
- 4 - Local match consists of \$40,500 mix of consultants, hardware & software and MPWMD in-kind services
- 5 - Local match consists of MPWMD in-kind services of \$2,400 during a two-year period in addition to reimbursed labor
- 6 - Sub-grantee agreement with Monterey Peninsula Regional Park District
- 7 - Sub-grantee agreement with City of Monterey
- 8 - Local match consists of MPWMD in-kind services of \$26,350 during a three-year period
- 9 - Sub-grantee agreement with County of Monterey.
- 10 - No local match required

Water Distribution System Permitting

2-8-1	Permit Processing Assistance	Ongoing	11,000	4-7855.03	P&E	11,000 Direct Bill
2-8-2	Hydrogeologic Impact Review	Ongoing	12,000	4-7855.03	P&E	12,000 Direct Bill
2-8-3	County Fees - CEQA Posting and Recording	Ongoing	5,000	4-7855.03	P&E	5,000 Direct Bill
2-8-4	WDS Permit Package Review (MPWMD Counsel)	Ongoing	8,600	4-7855.03	P&E	8,600 Direct Bill
2-8-5	WDS Permit Processing (completed by Field Biology Assistant)	Ongoing	4,000	4-7855.03	P&E	4,000 Direct Bill
2-8-6	A. Technical Procedures Update	December	4,000	4-7855.03	P&E	
	B. Independent Review of Technical Procedures Update (Consultant)	March	2,500	4-7855.03	P&E	
2-8-7	Document Management/File Scanning (Temporary service)	June	3,200	4-7855.03	P&E	

PROTECT ENVIRONMENTAL QUALITY TOTAL

1,798,500

1,561,000

MONTEREY PENINSULA WATER MANAGEMENT DISTRICT
PROJECT EXPENDITURES
FISCAL YEAR 2012-13 BUDGET

PUBLIC OUTREACH

Objective	Timeline	Total	Account	Division	Reimbursable	Source
3-1-1 Quarterly Newsletter	Ongoing	1,300	9-7811.10	GMO	0	
3-1-2 Public Outreach - General	Ongoing	10,000	9-7811.50	GMO	0	
3-1-3 Open House & Meeting Expenses	Ongoing	1,500	9-7811.50	GMO	0	
3-1-4 Website Upgrade	Summer	12,500	9-7811.50	GMO	0	
3-1-5 Super Saver Recognition Program	Ongoing	1,000	9-7811.xx	GMO	0	
3-1-6 Advertising	Ongoing	3,000	9-7811.xx	GMO	0	
3-1-7 Annual Report Printing	Fall	1,300	4-7811.10	GMO	0	
PUBLIC OUTREACH TOTAL		30,600			0	

WATER DEMAND

Objective	Timeline	Total	Account	Division	Reimbursable	Source
Demand Management						
4-1-1 Rule Implementation/Enforcement	Ongoing	13,000	6-7819	WDD	13,000	Direct Bill
A. Deed Restriction recording	Fall	5,000	6-7801	WDD		
B. CEQA						
4-1-2 Database Project	Ongoing	30,000	6-7811.61	WDD		
A. Maintenance & Programming						
Water Conservation						
4-2-1 Community Outreach	Ongoing	2,000	6-7811.40	WDD		
A. Sponsorships/support of community events						
B. Water Efficiency Training/Education (Public)	Ongoing	25,000	6-7811.52	WDD	25,000	CAW
C. Conservation Brochure Design	Ongoing	1,500	6-7811.30	WDD		
D. CII Outreach	Ongoing	2,000	6-7811.xx	WDD		
4-2-2 Conservation Programs	Ongoing	475,000	6-7813.81	WDD	475,000	CAW
A. Landscape auditors	Ongoing	150,000	6-7813.84	WDD	150,000	CAW
B. School retrofit grant program	Ongoing	5,300	6-7813.86	WDD	5,300	CAW
C. Waterwise Gardening web application updates	Ongoing	5,000	6-7813.88	WDD	5,000	CAW
D. Conservation printed material	Ongoing	2,400	6-7813.86	WDD	2,400	CAW
E. CIMIS stations wireless connection costs	Ongoing	15,000	6-7813.87	WDD	15,000	CAW
F. Conservation devices	Spring	20,000	6-7811.61	WDD	20,000	CAW
G. Rainwater/graywater demonstration projects	Ongoing	5,000	6-7811.55	WDD		
H. Best management practices	Ongoing	1,000	6-7811.xx	WDD		
I. Conservation Website Maintenance						
4-2-3 Rebate Program	Ongoing	800,000	6-7814.xx	WDD	800,000	CAW
A. CAW	Ongoing	10,000	6-7812.00	WDD	10,000	Seaside
B. Seaside Municipal	Ongoing	20,000	6-7814.99	WDD		
C. Non-CAW (MPWMD funded)	Ongoing	5,000	6-7814.00	WDD		
D. Rebate application forms						
WATER DEMAND TOTAL		1,592,200			1,520,700	
PROJECT EXPENDITURES TOTAL		9,631,900			6,803,000	

GWR Projected Planning Costs

1/3/12

	FY 2011/12	FY 2012/13	FY 2013/14	FY 2014 through 2016
Pilot Treatment	\$81,600	\$250,000	\$150,000	under development
Hydrogeologic and test wells	\$274,600	\$250,000	\$250,000	"
Environmental	\$10,000	\$22,800	\$358,500	"
Public Outreach	\$55,000	\$70,000	\$60,000	"
Regulatory/Permitting/Legal	\$198,600	\$385,000	\$270,000	"
Preliminary Design	\$20,000	\$27,800	\$1,532,400	"
Other/Contingency	\$45,500	\$117,500	\$167,500	"
Subtotal	\$685,300	\$1,123,100	\$2,788,400	
In-House Labor	\$140,000	\$200,000	\$150,000	"
Total	\$825,300	\$1,323,100	\$2,938,400	See Note 1

Note 1 - Roughly \$3 million in Fy 2014 with lessor planning/engineering costs in FY 2015 and FY 2016, plus construction-related costs in late 2015 through 2016

→ Needs CEQA added -- \$750,000?

Breakdown of Phase 1 ASR Project Expenditures by Project Stage and Category Type

Fiscal Year	Remarks regarding significant activities in each year	Expenditure Category Type							Combined Categories by Fiscal Year
		Capital Facilities Costs					Soft Costs		
		(A) Wells	(B) Pumps & Motors	(C) Utilities Infrastructure	(D) Building	(E) Other	(F) Planning, Design, Arch., Eng., Const. Mgmt., Oper.	(G) Envtl. Review / Permitting	
ASR Feasibility/Testing Program Expenditures									
1996-97	Reconnaissance-level feasibility study and demonstration test at Playa site								\$150,956.02
1997-98	Construct pilot-scale well (PRTIW) at Mission Memorial Cemetery								\$199,869.26
1998-99	First full year of injection testing at pilot well; construct Ord Grove booster pump & pipeline								\$111,363.16
1999-00	Second full year of injection testing at pilot well								\$74,523.10
2000-01	Construct full-scale test well (now ASR-1)								\$439,022.75
2001-02	Construct new ASR well pipeline and appurtenant facilities								\$258,749.95
2002-03	Installation and testing of downhole flow control valve								\$125,987.40
2003-04	Expanded water quality testing program for disinfection byproducts formation/degradation								\$165,324.21
2004-05	Begin work on long-term ASR planning and environmental review								\$229,681.95
	Subtotals	\$342,355.91	\$90,588.77	\$260,177.56	\$241,239.50	\$70,631.92	\$692,266.91	\$58,217.23	\$1,755,477.80
ASR Phase 1 Project Expenditures									
2005-06	Complete draft EIR/EA for Phase 1 ASR Project	\$0.00	\$0.00	\$25,118.22	\$0.00	\$25,840.49	\$71,901.50	\$103,555.07	\$226,415.28
2006-07	Construct ASR-2 Well as part of Phase 1 ASR Project	\$750,717.00	\$0.00	\$0.00	\$0.00	\$7,939.86	\$200,595.79	\$32,575.09	\$991,827.74
2007-08	Install Phase 1 ASR underground pipelines and electrical conduits	\$82,294.99	\$276,338.89	\$295,470.49	\$0.00	\$4,273.98	\$265,704.41	\$3,450.00	\$927,532.76
2008-09	Install ASR-2 pump and motor; plan, design, permit Facility building	\$35,700.00	\$0.00	\$88,236.62	\$0.00	\$4,916.32	\$300,297.29	\$6,592.00	\$435,742.23
2009-10	Bid and begin construction of Facility building	\$86,044.48	\$0.00	\$0.00	\$129,980.38	\$21,855.35	\$496,757.52	\$12,646.03	\$747,283.76
2010-11	Complete Facility building construction; purchase electrical equipment	\$89,592.12	\$0.00	\$25,941.30	\$428,795.03	\$23,643.23	\$667,709.84	\$866.84	\$1,236,548.36
2011-12	Complete installation of facility building elect control and HVAC equipment	\$0.00	\$0.00	\$358,898.83	\$177,119.96	\$126,991.78	\$108,777.42	\$17,905.26	\$789,693.25
	Subtotals	\$1,044,348.59	\$276,338.89	\$793,665.46	\$735,895.37	\$215,461.01	\$2,111,743.77	\$177,590.29	\$5,355,043.38
ASR Phase 1 Project Expenditures - Proportioned Category Distribution									
	Breakdown by Expenditure Category Type	\$1,044,348.59	\$276,338.89	\$793,665.46	\$735,895.37	\$215,461.01	\$2,111,743.77	\$177,590.29	
	Percentage cost of each Expenditure Category Type	20%	5%	15%	14%	4%	39%	3%	100%
	Apportioned percentage of Columns (K) and (L) Soft Costs to Capital Facilities categories	34%	9%	26%	24%	7%	NA	NA	100%
Combined Summary of Actual ASR Feasibility/Testing Program and ASR Phase 1 Project Expenditures									
	Breakdown by Expenditure Category Type	\$1,386,704.50	\$366,927.66	\$1,053,843.02	\$977,134.87	\$286,092.93	\$2,804,010.68	\$235,807.52	
	Proportional distribution of Columns (K) and (L) Soft Costs	\$1,035,528.66	\$274,005.10	\$786,962.64	\$729,680.44	\$213,641.36	NA	NA	
	Capital Facilities Category Sums with proportional distribution of Column (K) and (L) Soft Costs	\$2,422,233.16	\$640,932.76	\$1,840,805.66	\$1,706,815.31	\$499,734.29	NA	NA	\$7,110,521.18
Estimated Future Costs of Remaining Facilities to Complete Phase 1 ASR Project									
	Breakdown by Expenditure Category Type	\$177,700.00	\$314,600.00	\$795,500.00	\$170,500.00	\$145,830.00	NA	NA	\$1,604,130.00
GRAND TOTAL of Actual And Estimated Future Phase 1 ASR Project Expenditures		\$2,599,933.16	\$955,532.76	\$2,636,305.66	\$1,877,315.31	\$645,564.29	NA	NA	\$8,714,651.18

Costs for ASR Feasibility/Testing Program Expenditures were not tracked by the Expenditure Category Types listed above. Breakdown by Expenditure Category Type is estimated based on breakdown of ASR Phase 1 Project Expenditures, as shown below.

- NOTES:**
- Costs shown above are from available data on cost breakdowns in each Fiscal Year.
 - Complete breakdowns of costs by Expenditure Category Type are not available for FY 1996-97 through 2004-05, as these costs were not tracked by these categories during the ASR Feasibility/Testing Program period.
 - Columns (F) and (G) represent "Soft Costs" associated with: (a) Planning, Design, Architectural, Hydrogeologic, Engineering, Construction Management, and (b) Environmental Review / Permitting.
 - Costs for Columns (F) and (G) have been proportionally distributed to the Category Types in Columns (A), (B), (C), (D) and (E) to facilitate cost breakdowns by each Capital Facilities category.
 - It should be noted that approximately \$1.33M of the \$1.75M ASR Feasibility/Testing Program costs shown above reflect the ASR project "Research & Development" costs; the approximately \$423K of remaining cost reflects project Capital Facilities expenditures.

WATER PROJECT 1

Phase 1 Aquifer Storage and Recovery Project

Remaining Facilities Estimated Budget Summary

Facility Description	Permitting	Engineering	Construction Management	Construction	Sum
Items deferred from completion in FY 2011-12 (budget constraints)					
Permanent well instrumentation	--	\$7,000	\$3,500	\$35,000	\$45,500
PG&E service upgrade	--	\$10,000	\$5,000	--	\$15,000
Final fencing, grading, paving	\$1,000	\$13,000	\$6,500	\$130,000	\$150,500
Replacement of ASR-1 pump & motor (upsized)	--	\$14,300	\$14,300	\$286,000	\$314,600
ASR-1 and 2 permanent soundproof enclosures	\$500	\$1,000	\$1,000	\$55,200	\$57,700
City of Seaside easement	\$364,000	\$36,000	--	--	\$400,000
Disinfection system	\$3,000	\$15,000	\$5,000	\$102,000	\$125,000
CWP modifications	\$5,000	\$35,000	\$10,000	\$180,000	\$230,000
ASR well casing upgrade	--	--	--	\$120,000	\$120,000
Sum	\$373,500	\$114,300	\$36,800	\$873,200	\$1,458,300
10% Contingency					\$145,830
Total budget estimate					\$1,604,130.00

Notes:

1. Phase 1 ASR site is currently in use, but the full project facilities are not yet completed. Facilities that are in place include two ASR wells, permanent underground electrical and water utility pipelines to both wells, permanent backwash pit, temporary electrical connections to both wells, and temporary water treatment facilities.
2. Costs for Engineering and Permitting that are shown above as "dashed" indicate that significant additional costs for these items are not anticipated at this time.
3. The cost estimates above do not include MPWMD staff or legal costs.
4. Budget estimates are current as of Feb 2012; completed task items updated through Oct 2012.

Water Project 2
Phase 2 Aquifer Storage and Recovery Project
Seaside Middle School Site
Facilities Estimated Budget Summary

Facility Description	Construction				Sum
	Permitting	Engineering	Management	Construction	
ASR-3 Well Construction					
ASR-3 installation (Test ASR Well)	\$2,000	\$60,000	\$171,645	\$1,200,000	\$1,433,645
ASR-3 pump & motor		\$10,650	\$10,650	\$213,000	\$234,300
ASR-3 downhole flow control valve		\$3,500	\$3,500	\$70,000	\$77,000
ASR-3 temporary electrical connection	\$250	\$19,250	\$3,850	\$77,000	\$100,350
ASR-3 PG&E electrical	\$1,000	\$8,000	\$1,600	\$32,000	\$42,600
ASR-3 permanent wellhead piping		\$4,500	\$2,250	\$90,000	\$96,750
ASR-3 MCWD water connection		\$1,000	\$1,000	\$10,000	\$12,000
ASR-3 site preparation		\$7,500	\$1,500	\$30,000	\$39,000
ASR-3 temporary security fencing		\$1,500	\$1,500	\$15,000	\$18,000
CEQA environmental review	\$1,500	\$29,000			\$30,500
Regulatory agency permitting	\$15,000	\$25,000			\$40,000
MPWMD labor, project coordination (2%)					\$42,483
Contingency (10%)					\$216,663
ASR-4 Well Construction					
ASR-4 installation	\$2,500	\$76,050	\$137,000	\$1,521,000	\$1,736,550
ASR-4 pump, motor & FCV assembly		\$20,000			\$20,000
ASR-4 additional well development				\$50,000	\$50,000
ASR-4 temporary discharge piping	\$7,000			\$70,000	\$77,000
ASR-4 surveying		\$1,500			\$1,500
ASR-4 underground water pipelines		\$15,000	\$5,000	\$50,000	\$70,000
ASR-4 temporary electrical		\$3,250	\$650	\$65,000	\$68,900
ASR-4 temporary security fencing		\$475	\$95	\$9,500	\$10,070
ASR-4 PG&E permanent electrical	\$1,000	\$2,663	\$533	\$10,650	\$14,845
ASR-4 permanent wellhead piping		\$5,400	\$2,700	\$108,000	\$116,100
MPWMD labor, project coordination (2%)					\$43,299
Contingency (10%)					\$220,826
General Site Improvements Supporting both Wells					
Site survey for final design		\$4,500	\$1,500	\$30,000	\$36,000
Diversion wall below site	\$250	\$3,750	\$1,250	\$25,000	\$30,250
Backflush percolation pit	\$250	\$30,000	\$10,000	\$200,000	\$240,250
Site underground electrical piping		\$4,500	\$1,500	\$30,000	\$36,000
Electrical building	\$1,500	\$30,000	\$20,000	\$200,000	\$251,500
Permanent instrumentation (incl. PLCs)		\$0	\$0	\$0	\$0
Electrical control equipment (both wells)	\$750	\$60,000	\$40,000	\$400,000	\$500,750
Grading for permanent access from GJMB	\$250	\$3,750	\$1,250	\$25,000	\$30,250
Permanent paving, fencing, landscaping	\$500	\$11,250	\$3,750	\$75,000	\$90,500
Permanent MCWD service connection		\$4,500	\$1,500	\$30,000	\$36,000
MPWMD labor, project coordination (2%)					\$25,030
Contingency (20%)					\$255,306
Subtotal (ASR-3 Well Construction only)					\$2,383,291
Subtotal (ASR-4 Well Construction only)					\$2,429,091
Subtotal (General Site Improvements only)					\$1,531,836
Total budget estimate - all site components					\$6,344,217

1.2 billed

w/in 20K

Notes:
 1. Site easement approval process is currently complete – no cost shown here.
 2. Currently, site dedicated monitor well and ASR-3 Well are in place.
 3. Budget estimates shown above include MPWMD staff labor and project coordination costs.
 4. Budget estimates are subject to change as additional information on costs becomes available.
 5. Budget estimates are current as of June 2012.

ITEM: CONSENT CALENDAR

2.A CONSIDER EXPENDITURE OF BUDGETED FUNDS FOR WORK RELATED TO SECURING APPROVAL FOR AQUIFER STORAGE AND RECOVERY WATER PROJECT 1 EXPANSION

Meeting Date:	November 19, 2012	Budgeted:	Yes
From:	David J. Stoldt, General Manager	Program/ Line Item No.:	Water Supply Projects 1-7-1
Prepared By:	Joe Oliver	Cost Estimate:	\$50,000

General Counsel Review: N/A

Committee Recommendation: The Administrative Committee reviewed this item on November 13, 2012 and recommended approval.

CEQA Compliance: N/A

SUMMARY: The Phase 1 (Water Project 1) Aquifer Storage and Recovery (ASR) facility at the Monterey Peninsula Water Management District (MPWMD or District) Santa Margarita site in Seaside transitioned from a testing program to a permanent project beginning in Water Year (WY) 2008. With the successful implementation of this project, the MPWMD has since been pursuing project expansion opportunities that could more fully utilize available Carmel River system water rights. This led to the Phase 2 (Water Project 2) facility presently under construction by California American Water (Cal-Am) with assistance from MPWMD. There are currently additional Carmel River water rights that were originally secured by MPWMD under State Water Resources Control Board (SWRCB) Permit 20808 that could be utilized for further ASR project expansion. MPWMD has been evaluating ASR expansion options and is prepared to move forward to the next step of project planning by conducting work needed to secure additional land areas for ASR exploration. Earlier in 2012, MPWMD staff submitted a grant application through the California Department of Water Resources Local Groundwater Assistance (LGA) grant program for funds to undertake a groundwater exploration and monitor well project that could support ASR expansion in the basin. Regardless of whether the LGA grant application will be approved, a prospective site or sites must be identified that would be suitable to support additional ASR facilities. The proposed work would enable completion of preliminary planning, engineering and survey documents that are needed to facilitate discussions with the various land-use and regulatory agencies that would be involved with approvals needed for ASR expansion.

RECOMMENDATION: District staff recommends that the Board authorize expenditures up to \$50,000 for development of preliminary planning, engineering and survey documents needed to support ASR project expansion efforts in the Seaside Basin. This item has been discussed at several recent meetings of the District board's Water Supply Planning Committee. District staff will continue with preparation of a Work Plan for ASR expansion that will be reviewed with the Water Supply Planning Committee if this item is approved along with the Consent Calendar.

BACKGROUND: Since 1996, the MPWMD has been developing the ASR Program in the Seaside Basin. Pilot-scale ASR testing occurred from 1998 through 2002 at a site in Mission Memorial Park in Seaside, and full-scale ASR testing was conducted beginning in 2002 at a nearby site on former Fort Ord property (i.e., the Santa Margarita site). This site was subsequently expanded and became the first permanent phase (Water Project 1) facility in 2008. Also beginning in 2008, MPWMD initiated preliminary negotiations and exploration for an additional ASR site at the Seaside Middle School site. This site is presently under development as the second permanent phase (Water Project 2) by Cal-Am with project development assistance from MPWMD.

IMPACT ON STAFF/RESOURCES: Planning, design, construction and operation of the Seaside Basin ASR project facilities are ongoing significant staff commitments, as reflected in the District's Strategic Plan and annual budgets. Funds for the proposed work are in the MPWMD FY 2012-13 budget under Line Item 1-7-1 (ASR Expansion Study).

EXHIBIT

None

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ITEM: CONSENT CALENDAR

2.B CONSIDER EXPENDITURE OF BUDGETED FUNDS FOR PREPARATION OF PRELIMINARY ANALYSIS OF TULARCITOS GROUNDWATER BASIN – POTENTIAL FUTURE AQUIFER STORAGE AND RECOVERY SITE

Meeting Date:	November 19, 2012	Budgeted:	Yes
From:	David J. Stoldt, General Manager	Program/ Line Item No.:	Water Supply Projects 1-7-1
Prepared By:	Joe Oliver	Cost Estimate:	\$20,000

General Counsel Review: N/A

Committee Recommendation: The Administrative Committee reviewed this item on November 13, 2012 and recommended approval.

CEQA Compliance: N/A

SUMMARY: In addition to the Aquifer Storage and Recovery (ASR) expansion opportunities that the Monterey Peninsula Water Management District (MPWMD or District) has been pursuing in the Seaside Groundwater Basin, interest has also been expressed through the MPWMD board's Water Supply Planning Committee to investigate possible use of ASR technology at other locations. In particular, development of an ASR project within the Carmel River Watershed in the Tularcitos Creek Basin has been identified as a potential supplemental water supply option for the MPWMD area. The project concept would be to divert Carmel River flows during high-flow winter periods to underground aquifer storage in an area of the Tularcitos Basin, for subsequent recovery and use during summer or extended dry periods. Recovery concepts include extraction and delivery directly to the Cal-Am distribution system and/or delivery via summertime surface flow releases providing streamflow enhancement.

The area of interest in the Tularcitos Basin is outside of the MPWMD boundaries and accordingly, there is little technical information currently available. The initial effort envisioned under this item would include review of existing data sources, compilation of existing well and streamflow records, creation of a database to support the investigation, and development of preliminary hydrogeologic maps and figures.

RECOMMENDATION: District staff recommends that the Board authorize expenditures up to \$20,000 for development of reconnaissance-level technical information regarding the Tularcitos Basin, to support the planned feasibility analysis of a potential future ASR project in this area. This item has been discussed at several recent meetings of the District board's Water Supply Planning Committee. District staff will continue with preparation of a Work Plan for this ASR expansion concept that will be reviewed with the Water Supply Planning Committee if this item is approved along with the Consent Calendar.

BACKGROUND: The MPWMD currently holds a water right issued by the State Water Resources Control Board (Permit 20808B) that could be the basis for the additional water rights that would be needed for potential future ASR expansion in the Tularcitos Basin. The work

envisioned under this item would compile preliminary technical data in support of a full feasibility analysis of this project concept. Existing reports and available records will be compiled to develop a better reconnaissance-level understanding of this project. Assuming the results from this preliminary phase of work are favorable, planned future steps would include more detailed and specific ASR project concepts, coordination with property owners and resource management agencies, and site-specific pilot investigations.

IMPACT ON STAFF/RESOURCES: Planning, design, construction and operation of potential water-supply augmentation projects are ongoing significant staff commitments, as reflected in the District's Strategic Plan and annual budgets. Funds for the proposed work are in the MPWMD FY 2012-13 budget under Line Item 1-7-1 (ASR Expansion Study).

EXHIBIT

None

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ITEM: ACTION ITEM

1. AUTHORIZE EXPENDITURE OF BUDGETED FUNDS FOR FINANCIAL SERVICES CONSULTING IN SUPPORT OF DISTRICT'S TESTIMONY IN CPUC APPLICATION NO. 12-04-019

Meeting Date:	January 14, 2013	Budgeted:	Yes
From:	David J. Stoldt	Program/	Other Water Supply
	General Manager	Line Item No.:	Projects – Desal
			1-8-1
Prepared By:	David J. Stoldt	Cost Estimate:	\$17,000 (FY2013)

General Counsel Approval: N/A
Committee Recommendation: N/A
CEQA Compliance: N/A

SUMMARY: In October, both the District and the Mayors' Authority submitted "Public Agency Participation Proposals" to California American Water (Cal-Am) as part of the CPUC proceeding A.12-04-019. The District submitted both Governance Concepts and an Evaluation of Capital Financing Alternatives. Since that time, the District has worked with the Authority's Ad Hoc team of Chuck DellaSala and Jason Burnett and Cal-Am to focus on two issues: (1) revising the governance concepts to get Cal-Am approval, and (2) promoting the District's idea of a contribution of public financing to decrease the cost to ratepayers. These two items were discussed with Cal-Am on December 11th and December 20th, with Dave Potter, Dave Stoldt, and Dave Laredo participating for the District, and again on January 10th with Dave Pendergrass, Dave Stoldt, and Dave Laredo present.

In order to advance the financing concepts further and to develop testimony for submittal on February 22, 2013 District staff and General Counsel believe that it is important to obtain third party expert testimony in support of its financing proposals. The Authority would also utilize the third party expert and participate in cost sharing.

RECOMMENDATION: The General Manager recommends that the Board of Directors approve the hiring of Raymond James Morgan Keegan to provide financial services consulting and the expenditure of up to \$12,500, which represents a 50% cost-sharing with the Authority for a contract not to exceed \$25,000 total. The General Manager also recommends that the Board of Directors approve the hiring of Sidley Austin to provide hourly bond counsel services and the expenditure of up to \$4,500. The bond counsel services cost would be borne solely by the District.

Raymond James Morgan Keegan's team leader, Robert Larkins, has executed public debt for Monterey County and the City of Carmel and has been known to the District General Manager for 20 years. Sidley Austin has been advisor to the District on bond counsel matters since the 1992 Reclamation Project financing.

BACKGROUND: The District has made several proposals with respect to financing the Cal-Am desalination facility. Three key proposals made by the District in its October submittal were:

- 1) If SRF loans are not available, then examine the use of Cal-Am tax-exempt debt instead of taxable corporate debt based on market conditions at the time;
- 2) Providing a public credit “backstop” to Cal-Am’s credit rating would further reduce the cost to ratepayers, for either taxable or tax-exempt debt;
- 3) Reduce the financing cost, hence the cost to ratepayers, through a public contribution of funding.

The potential contribution of public capital is envisioned as a municipal debt offering in the public market, where the proceeds are delivered to Cal-Am to be used for construction of the desalination facility, and that amount is removed from the undepreciated rate base and is not subject to a return earned by Cal-Am. The District would not take an ownership interest in the facility, but revenues required from ratepayers are reduced. Repayment is secured by the District’s revenues, which would include a Surcharge collected on the Cal-Am bill. The Surcharge is set to equal 100% of the debt service in each future year. Cal-Am agrees that it does not book the surcharge as a debt. The District will covenant to maintain its revenues in an amount equal to 125% of debt service required in each year and will pledge to enact a Proposition 218 process in the future to maintain its revenue pledge, should Cal-Am falter and the Surcharge is inadequate. The District will also borrow and maintain a debt service reserve fund equal to one year’s debt service. This is summarized in the attached **Exhibit 1-A**.

The District has identified the need for the following from the financial services consultant:

Consultant will familiarize self with public financing proposals for California American (Cal-Am) desalination facility as proposed in their application to the California Public Utilities Commission (A.12-04-019) and provide expert testimony in support of other testimony to be filed by two public agencies – Monterey Peninsula Water Management District and Monterey Peninsula Regional Water Authority.

Consultant will peer review analyses performed by the District and provide its own findings with respect to financing structures, credit ratings, market conditions, and so forth. Consultant is expected to rely on a memorandum to be produced by bond counsel, as well as its historic and current market information. Specific areas of expertise desired:

- Does District have debt capacity sufficient to provide “public contribution” as outlined in **Exhibit 1-A**?
- Can private activity certificates of participation be sold by District and proceeds delivered to investor-owned utility without an ownership stake in facility or water produced?
- Is sufficient private activity volume cap likely to be available through CDLAC?

- What bond covenants will be required to provide secure financing and an investment grade credit?
- How can the debt be structured so that it cannot be booked as a debt by the investor-owned utility?
- Review and understand utility financing model and calculation of savings and NPV savings.
- Review and understand financing alternatives for the debt component of financing.
- Be prepared to discuss current market conditions and relationship between taxable and tax-exempt market for various credit ratings and potential financing structures.
- Be prepared to demonstrate historical relationship between taxable and tax-exempt market.
- Be prepared to offer your firm's views on long-term interest rates and relationship between taxable and tax-exempt yields.

The Authority has identified 5 additional desired areas:

- What is the broader applicability to all projects and which are specific to Cal-Am?
- What is the risk associated with the timing of investment?
- What can be done to ensure State Revolving Fund monies are treated as a contribution, not debt?
- Examine the use of Surcharge 2 monies.
- Should public contribution be made to the whole project or a segment of the project?

Consultant will be prepped by public agency attorneys on proper form of testimony, interrogatories, format, and responses. Written testimony will be prepared for submittal February 22, 2013 and consultant will be expected to be available for evidentiary hearings April 2-11, 2013.

The District has identified the following key questions to be addressed by Bond Counsel in the form of a memorandum to be delivered by the first week of February:

- Can private activity certificates of participation be sold by District and proceeds delivered to investor-owned utility without an ownership stake in facility or water produced?
- What is the "public purpose" such that a contribution is not a gift of public funds?

- If Cal-Am would be benefitted by the issuance of its own tax-exempt debt, can the District serve as conduit issuer?
- How might the District lend its public credit as a “backstop” to a Cal-Am debt issuance, either as a stand-by water purchase agreement or other?
- What other financing structures might be available to the District or Cal-Am that could reduce the cost to ratepayers?

EXHIBIT

1-A Overview of Financing Structure and Benefits of a Public Contribution

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Public Contribution Proposal for A.12-04-019

- MPWMD issues Certificates of Participation (COPs) in the public market
- Proceeds are delivered to Cal-Am to be used for construction of desalination facility, and that amount is removed from the undepreciated rate base and is not subject to a return earned by Cal-Am
- District does not take ownership of facility, but revenues required from ratepayers are reduced
- COPs are tax-exempt, but deemed "private activity" under federal tax law
- Repayment is secured by the District's water enterprise Net Revenues
- Net Revenues are Gross Revenues minus District water enterprise operating expenses
- Gross Revenues include a Surcharge collected on the Cal-Am bill (similar to the old User Fee), the District's Water Supply Charge, certain permit fees, interest earnings, and amounts in a Rate Stabilization Fund. The Surcharge is set to equal 100% of debt service in each future year. Cal-Am agrees that it does not book the surcharge as a debt.
- The District will covenant to maintain Net Revenues in an amount equal to 125% of debt service required in each year – the Coverage Requirement. District will pledge to enact a Prop 218 process in the future to maintain the Coverage Requirement, should Cal-Am falter and the Surcharge is inadequate.
- District will also borrow and maintain a debt service reserve fund equal to one year's debt service

The amount of public contribution is subject to ongoing discussion. The \$100 million example is shown in greater detail on the next page. Estimated savings to the ratepayer are as follows:

Public Contribution Amount In 2016	Total Ratepayer Savings Over Life of Project	Net Present Value of Ratepayer Savings in 2016 Dollars
\$100 million	\$124.5 million	\$79.2 million
\$50 million	\$62.2 million	\$39.6 million

Assumptions used in the analysis:

Traditional Cal-Am Financing

47% debt / 53% equity
 5.00% debt interest rate
 9.99% post-tax equity rate of return
 40.75% Effective Tax Rate
 35% Federal tax rate
 8.84% California tax rate
 1.05% Ad Valorem Tax Rate
 0.2643% Uncollectibles
 40 year depreciable life (2.50% factor)
 25 year tax depreciable life (4.00% factor)

District Public Financing

3.50% interest cost
 30 year term
 Debt service reserve fund equal to one annual debt payment
 Issuance costs equal to 1% of proceeds plus reserve

Analysis does not assume use of State Revolving Fund loans instead of corporate debt, which would reduce the benefits of a public contribution, but such benefits would remain substantial.

Scenario 1: MPWMD Contribution of \$100 million

	Public Agency Debt Calculation					Traditional Utility Financing Method				Savings From MPWMD Contribution	
	Principal Due	Interest Due	Total Debt Service	Debt Service Reserve Used	Net Debt Service	Depreciation & Amortization	Total Pre-Tax Return	Ad Valorem Taxes	Total Revenue Requirement	Annual Savings	NPV of Savings
2017	\$2,070,117	\$3,740,275	\$5,810,392	\$203,364	\$5,607,029	\$2,500,000	\$11,169,644	\$1,041,907	\$14,711,551	\$9,104,522	\$8,670,974
2018	2,142,571	3,667,821	5,810,392	203,364	5,607,029	2,500,000	10,846,670	1,011,780	14,358,450	8,751,421	7,937,797
2019	2,217,561	3,592,831	5,810,392	203,364	5,607,029	2,500,000	10,492,902	978,780	13,971,682	8,364,653	7,225,702
2020	2,295,176	3,515,216	5,810,392	203,364	5,607,029	2,500,000	10,138,972	945,765	13,584,737	7,977,708	6,563,280
2021	2,375,507	3,434,885	5,810,392	203,364	5,607,029	2,500,000	9,785,041	912,751	13,197,791	7,590,762	5,947,561
2022	2,458,650	3,351,742	5,810,392	203,364	5,607,029	2,500,000	9,431,109	879,736	12,810,845	7,203,816	5,375,599
2023	2,544,703	3,265,690	5,810,392	203,364	5,607,029	2,500,000	9,077,178	846,721	12,423,899	6,816,870	4,844,623
2024	2,633,767	3,176,625	5,810,392	203,364	5,607,029	2,500,000	8,723,247	813,706	12,036,953	6,429,924	4,352,026
2025	2,725,949	3,084,443	5,810,392	203,364	5,607,029	2,500,000	8,369,316	780,692	11,650,007	6,042,978	3,895,358
2026	2,821,357	2,989,035	5,810,392	203,364	5,607,029	2,500,000	8,015,384	747,677	11,263,061	5,656,032	3,472,313
2027	2,920,105	2,890,287	5,810,392	203,364	5,607,029	2,500,000	7,661,453	714,662	10,876,115	5,269,086	3,080,726
2028	3,022,309	2,788,084	5,810,392	203,364	5,607,029	2,500,000	7,307,522	681,647	10,489,169	4,882,140	2,718,558
2029	3,128,089	2,682,303	5,810,392	203,364	5,607,029	2,500,000	6,953,591	648,632	10,102,223	4,495,194	2,383,898
2030	3,237,573	2,572,820	5,810,392	203,364	5,607,029	2,500,000	6,599,660	615,618	9,715,277	4,108,248	2,074,945
2031	3,350,888	2,459,505	5,810,392	203,364	5,607,029	2,500,000	6,245,728	582,603	9,328,331	3,721,302	1,790,010
2032	3,468,169	2,342,224	5,810,392	203,364	5,607,029	2,500,000	5,891,797	549,588	8,941,385	3,334,356	1,527,507
2033	3,589,555	2,220,838	5,810,392	203,364	5,607,029	2,500,000	5,537,866	516,573	8,554,439	2,947,410	1,285,945
2034	3,715,189	2,095,203	5,810,392	203,364	5,607,029	2,500,000	5,183,935	483,559	8,167,493	2,560,464	1,063,926
2035	3,845,221	1,965,172	5,810,392	203,364	5,607,029	2,500,000	4,830,003	450,544	7,780,547	2,173,518	860,135
2036	3,979,803	1,830,589	5,810,392	203,364	5,607,029	2,500,000	4,476,072	417,529	7,393,601	1,786,572	673,340
2037	4,119,096	1,691,296	5,810,392	203,364	5,607,029	2,500,000	4,122,141	384,514	7,006,655	1,399,626	502,385
2038	4,263,265	1,547,128	5,810,392	203,364	5,607,029	2,500,000	3,768,210	351,499	6,619,709	1,012,680	346,185
2039	4,412,479	1,397,913	5,810,392	203,364	5,607,029	2,500,000	3,414,278	318,485	6,232,763	625,734	203,721
2040	4,566,916	1,243,476	5,810,392	203,364	5,607,029	2,500,000	3,060,347	285,470	5,845,817	238,788	74,041
2041	4,726,758	1,083,634	5,810,392	203,364	5,607,029	2,500,000	2,706,416	252,455	5,458,871	-148,158	-43,751
2042	4,892,194	918,198	5,810,392	203,364	5,607,029	2,500,000	2,387,069	222,666	5,109,735	-497,294	-139,859
2043	5,063,421	746,971	5,810,392	203,364	5,607,029	2,500,000	2,102,488	196,121	4,798,608	-808,421	-216,534
2044	5,240,641	569,751	5,810,392	203,364	5,607,029	2,500,000	1,818,091	169,592	4,487,682	-1,119,347	-285,538
2045	5,424,063	386,329	5,810,392	203,364	5,607,029	2,500,000	1,533,694	143,063	4,176,757	-1,430,272	-347,479
2046	5,613,906	196,487	5,810,392	5,810,392	0	2,500,000	1,249,298	116,535	3,865,833	3,865,833	894,467
2047	0	0	0	0	0	2,500,000	964,902	90,006	3,554,908	3,554,908	783,358
2048	0	0	0	0	0	2,500,000	680,505	63,478	3,243,983	3,243,983	680,802
2049	0	0	0	0	0	2,500,000	396,109	36,949	2,933,058	2,933,058	586,238
2050	0	0	0	0	0	2,255,699	126,955	11,842	2,394,497	2,394,497	455,804
2051	0	0	0	0	0	0	0	0	0	0	0
2052	0	0	0	0	0	0	0	0	0	0	0
2053	0	0	0	0	0	0	0	0	0	0	0
2054	0	0	0	0	0	0	0	0	0	0	0
2055	0	0	0	0	0	0	0	0	0	0	0
2056	0	0	0	0	0	0	0	0	0	0	0
	\$106,865,000	\$67,446,771	\$174,311,771	\$11,707,941	\$162,603,830	\$84,755,699	\$185,067,593	\$17,263,145	\$287,086,432	\$124,482,602	\$79,238,060

Assumes 3.5% interest rate, issuance costs, and reserve fund

Note: No gross-Up for Uncollectibles

ITEM: ACTION ITEMS

12. CONSIDER ACTION PLAN FOR INVESTIGATION INTO DESALINATION CONTINGENCY PROJECT AND APPROVE EXPENDITURE NOT TO EXCEED \$500,000 PER FISCAL YEAR TO FUND ENVIRONMENTAL REVIEW

Meeting Date:	December 10, 2012	Budgeted:	Yes
From:	David J. Stoldt General Manager	Program/ Line Item No.:	1-8-1, 1-5-1 adjusted
Prepared By:	David J. Stoldt	Cost Estimate:	Not to Exceed \$500,000 per year / 2 years

General Counsel Approval: N/A

Committee Recommendation: The Water Supply Planning Committee considered this matter on December 4, 2012 and voted 3 to 0 to recommend approval.

CEQA Compliance: N/A

SUMMARY: Cal-Am (Cal-Am) proposes that its Monterey Peninsula Water Supply Project will consist of slant intake wells, brackish water pipelines, the desalination plant, product water pipelines, brine disposal facilities, and related appurtenant facilities. Depending on the availability of water from the Groundwater Replenishment Project, the desalination plant is proposed to be sized at either 9.0 mgd or 5.4 mgd located just to the northwest of the Monterey Peninsula Water Pollution Control Agency (MRWPCA) wastewater treatment plant. The Project as proposed is to be owned and operated solely by Cal-Am.

Salinas Valley agricultural water users claim that they are at risk of slant wells within the boundaries of the Salinas Valley Groundwater Basin (SVGB) and that Cal-Am's plan will cause a protracted water rights dispute and possibly trigger an adjudication of the water basin. The Farm Bureau has stated it does "not support any water project that places a straw in the Salinas Valley aquifer."

Claims that have been raised in opposition to Cal-Am's plan include (i) whether the project would cause harm to others' groundwater rights and should be addressed through an independent hydrological assessment as soon as possible, (ii) that the SVGB is in overdraft – even though that fact has not been judicially determined – thus it appears there is no surplus water for the project to appropriate, (iii) by leaving the groundwater component in the Salinas Valley, Cal-Am may avoid violation of the Monterey County Water Resource Agency (MCWRA) Agency Act ban on export of groundwater – however, this does not mean that Cal-Am is not appropriating groundwater at the expense of other groundwater users who may be injured by any additional pumping.

Hence, the risk of litigation over Salinas Valley Groundwater rights is very high.

Final Commission action on a Proposed Decision is scheduled for January 2014. It is unclear if a decision can be rendered without resolution of the water rights issues discussed above, but we can assume that, just as in the case of the Regional Project previously, the Commission is able to issue a Certificate of Public Convenience and Necessity (CPCN) to Cal-Am before any data is obtained from the test wells, and without resolution of the water rights issues.

However, completion and operation of test wells may be a critical path to forestall litigation over SVGB water rights. One of the proposed methods to address the concerns of the agricultural interests is to develop the supply source from the shallow Sand Dunes Aquifer. The Growers have indicated that such a

solution would be satisfactory. Cal-Am has indicated that it will gather the necessary data on the shallow aquifer from its test well.

However, construction of a test slant well is time constrained, as well. Cal-Am recently reported that it did not secure permits necessary to begin construction of the test well in the current November to February 2012-13 Snowy Plover season and will have to wait until 2013-14. This places data-gathering over a year away.

Further, according to Coastal Commission sources, gathering data from the test well may take as many as two years. Hence, data to support a shallow Sand Dune Aquifer approach will not become available until early 2015, and possibly as late as the beginning of 2016.-

Therefore, a single linear path that relies on test well data to resolve potential litigation creates significant risk that the Cal-Am project proposal to use slant wells may not work or become significantly delayed. Indeed, even if data are available, it may not yield a solution that will avoid litigation. It may be in the Monterey Peninsula community's interest to develop a parallel process to advance or qualify an alternative project as a safety contingency. The District could continue to support steady advancement of the Cal-Am application at the CPUC, while at the same time work to advance environmental review and permitting of an alternative water source. This alternative project would be a back-stop to Cal-Am's proposal.

The recent draft report "Evaluation of Seawater Desalination Projects" performed by Separation Processes Incorporated (SPI) indicates proposed projects utilizing open water intakes and located at Moss Landing could provide water of equal quality to Cal-Am's proposal, at that these alternatives may be realized at comparable or lower costs. To determine if an open water intake alternative can be approved, it is necessary to undertake the CEQA/NEPA environmental review, as well as begin the permitting process with the Coastal Commission. The District could seek to partner with one of the project proponents, or develop an alternative with a new/undetermined partner.

RECOMMENDATION: The General Manager recommends that the Board discuss these concepts and that it approve a plan that includes the following:

- Develop a Request for Qualifications (RFQ) to be distributed to any and all potential ocean desalination project developers to utilize water sources that are not within the Salinas Valley Groundwater Basin. Such an RFQ would define specific project parameters that the District would determine represents the best qualified viable project for which a detailed description could be developed for environmental review.
- The District would partner with the developer to fund CEQA and NEPA review processes in an amount not to exceed \$500,000 per year; the expenditure would be made over two fiscal years. The District could undertake this effort as the sole Lead Agency for CEQA, or could act as co-Lead Agency for CEQA with a locally relevant agency.
- The RFQ should provide that the District hold the option, upon certification of the EIR/EIS, for one year to become the owner of the project or, in the alternative, to negotiate with a third-party for ownership, and enter into the design and permitting phase. However, as a condition to a partnership with a developer, the District should retain the option to terminate at any time, if the CPUC issues a CPCN to Cal-Am for another project designed to timely meet the potable water needs of the Peninsula.
- Engage County representatives and Mayors of the six jurisdictions to discuss the merits of this parallel plan as a safety "backstop" to the Cal-Am application and seek their support.

to Re-authorize a Water User Fee to Fund Aquifer Storage and Recovery and Related Water Supply Projects. In addition to re-authorizing and extending the 1.2% portion of the water user fee for the stated purpose, the Resolution required that the Board of Directors hold a public hearing each year in conjunction with review of the annual District budget to review the amounts collected and expended in relation to the purposes for which the fee was imposed. Since May 2011, the District has been unable to collect the 1.2% user fee from the Cal-Am customers.

The District has used its reserves and credit line to fund the ASR project in anticipation of getting reimbursed from the User Fee. Since the User Fee is not available, these funds remain outstanding. Staff proposes that District borrow funds from Rabobank to replenish the reserves and pay off the credit line. The semi-annual payment for the loan will be paid from the newly established Water Supply Charge.

Staff contacted Bank of America, N.A. (BoFA), US Bank, and Rabobank to solicit proposals for a commercial term loan. BoFA and US Bank declined to submit a proposal until after at least a 6 month history of collections. Attached as **Exhibit 11-C** is Rabobank's proposal.

The Rabobank proposal stipulates creating and maintaining a reserve fund in the amount of 1 year of debt service. It also requires a rate covenant of 1.25x maximum annual debt service, meaning that Water Supply Charge revenues minus operating expenses related to the water supply activities will, in every year, be at least 1.25% of debt service due in that year.. The interest rate is to be fixed at 3.6% per year, with 30 year amortization and a 10 year maturity. The District will have a balloon payment of the outstanding principal at the end of 10 years. However, there is no pre-payment penalty if the District chose to repay the loan before the maturity date. District's Water Supply Charge will be pledged as security for the loan.

The schedule of repayment is included in **Exhibit 11-D**. The payoff balance in year 10 is \$3.1 million and would have to be refinanced or repaid from reserves at that time.

EXHIBITS

- 11-A** Annual Status Report on 1.2% Water User Fee
- 11-B** Resolution 2012-15
- 11-C** Rabobank Terms and Conditions
- 11-D** Calculation of Debt Service

EXHIBIT 11-A

**Monterey Peninsula Water Management District
Status Report on 1.2% User Fee
June 30, 2012**

Capital Expenditures:

Fiscal Year 2005-06 & 2006-07	\$899,535
Fiscal Year 2007-08	778,604
Fiscal Year 2008-09	426,769
Fiscal Year 2009-10	530,684
Fiscal Year 2010-11	1,047,910
Fiscal Year 2011-12 [1]	679,272
Total	<u>\$4,362,774</u>

Revenue Collections:

Fiscal Year 2005-06	\$205,429
Fiscal Year 2006-07	366,118
Fiscal Year 2007-08	420,393
Fiscal Year 2008-09	376,576
Fiscal Year 2009-10	407,150
Fiscal Year 2010-11	400,355
Fiscal Year 2011-12 [2]	0
Total	<u>\$2,176,021</u>
Expenditures over Collections	\$2,186,753

Note: Capital expenditures from audited financial statements

[1] Estimated through June 30, 2012

[2] Collection has been suspended since May 2011

EXHIBIT 11-B

RESOLUTION 2012-15

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
MONTEREY PENINSULA WATER MANAGEMENT DISTRICT
APPROVING OBTAINING A LOAN WITH RABOBANK, N.A.
IN AN AMOUNT NOT-TO-EXCEED \$4 MILLION
FOR AQUIFER STORAGE RECOVERY COSTS**

WHEREAS, the District has used reserve and credit line proceeds to complete the Aquifer Storage and Recovery Project; and,

WHEREAS, the District was previously reimbursed for the Aquifer Storage Recovery costs from the User Fee collected by California American Water Company; and,

WHEREAS, since May 2011, the District has not been able to collect the User Fee and has not been able to get reimbursement for the Aquifer Storage Recovery costs; and,

WHEREAS, the outstanding balance of unreimbursed amount is \$2,188,625.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the Monterey Peninsula Water Management District hereby approve obtaining a loan with Rabobank, N.A. for not-to-exceed amount of \$4 million for reimbursement of the Aquifer Storage Recovery costs, as per the Terms and Conditions dated November 28, 2012 (Attachment 1).

On motion of Director _____, and second by Director _____, the foregoing resolution is duly adopted this 10th day of December 2012 by the following votes:

AYES:

NAYS:

ABSENT:

I, David J. Stoldt, Secretary to the Board of Directors of the Monterey Peninsula Water Management District, hereby certify that the foregoing is a resolution duly adopted on the 10th day of December 2012.

Witness my hand and seal of the Board of Directors this ____ day of December 2012.

David J. Stoldt,
Secretary to the Board

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EXHIBIT 11-C



Rabobank

Monterey Peninsula Water Management District Indicative Terms and Conditions as of November 28, 2012

By accepting this term sheet the Monterey Peninsula Water Management District (the "District") agrees that (i) it shall use the information contained herein solely for the purpose of evaluating a possible transaction between the District and Rabobank, N.A. (the "Bank") and for no other purpose and (ii) the District and its representatives will keep confidential and not disclose any of such information to any third parties other than its financial advisor and legal counsel, including the fact that the District is considering a possible transaction with the Bank. *This proposal is not a commitment. The terms and conditions contained in this proposal are not intended to be exhaustive or all-inclusive, and the final legal documentation may include additional or different terms and conditions required by the Bank that are not included herein.*

District:	Monterey Peninsula Water Management District
Bank:	Rabobank, N.A.
Amount:	\$4,000,000.
Use and Investment of Proceeds:	Bond proceeds will be used to [finance infrastructure owned by the District, reimburse the District for costs incurred in connection with infrastructure, pay off an existing line of credit, fund the Debt Service Reserve Fund, and fund costs of issuance]. District will invest and apply the proceeds only as permitted by applicable law.
Interest Rate:	3.6% fixed (taxable).
Amortization/Maturity:	30 year amortization/10 year maturity.
Prepayment Penalty:	None.
Reserve Fund:	The District shall maintain a Debt Service Reserve Fund equal to one year's debt service (principal and interest, estimated at \$220,000), that shall be held as additional security for the Bank in a Bank controlled account.
Nature of Obligation and Repayment:	Debt will be secured by a pledge of the District's water supply charge. Principal to be paid semi-annually.
Bank Fees:	Estimated \$20,000.
Legal Fees/Expenses:	Estimated \$20,000.
Bank Counsel:	Fulbright & Jaworski L.L.P.
Opinion of District Counsel:	The Bank shall receive an opinion of counsel to the District acceptable to the Bank, including among other things an opinion that the debt and the



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instrument under which the debt is issued have been duly and validly authorized by the District and constitute legal valid and binding obligations of the District, enforceable in accordance with their terms.

Documentation:

Standard documentation for a revenue bond transaction of this kind.

Conditions Precedent:

Any terms and conditions the Bank may reasonably require for transactions of this nature, including the following:

- District must comply with a rate covenant of 1.25x maximum annual debt service;
- District may issue additional debt subject to an additional debt test of 1.25x maximum annual debt service on all parity debt;
- Receipt of audited financial statements;
- Applicable permits, if any.

Credit Approval and Offer Expiration:

This term sheet is an indication of interest only and is not a commitment to lend. Any offer by the Bank in connection with the proposed transaction will be subject to the Bank's satisfactory completion of its due diligence review of the District and final credit approval by the Bank.

The Bank anticipates, but cannot guaranty, being able to provide its credit decision within 4 weeks of being given the mandate to purchase the warrants. The terms described herein expire Dec. 15, 2012 unless extended by the Bank.

Absence of Fiduciary Relationship:

The District acknowledges that the transactions described in this document are arms'-length commercial transactions and that the Bank is acting as principal and in its best interests. The District is relying on its own experts, lawyers and advisors to determine whether the transactions described in this document are in its best interests. The District agrees that the Bank will act under this document as an independent contractor and that nothing in this document, the nature of the Bank's services or in any prior relationship will be deemed to create an advisory, fiduciary or agency relationship between the Bank, on the one hand, and the District, on the other hand. In addition, the Bank may employ the services of its affiliates in providing certain services in connection with the transactions described in this document and may exchange with such affiliates information concerning the District that may be the subject of the transactions described in this term sheet.

Please note that the Bank and its affiliates do not provide tax, accounting or legal advice. The Bank and its advisors are not serving as a municipal advisor to the District.



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Anti-tying Disclosure:

The extension of commercial loans or other products or services to the District by the Bank or any of its subsidiaries will not be conditioned on the District's taking other products or services offered by the Bank or any of its subsidiaries or affiliates, unless such a condition is permitted under an exception to the anti-tying provisions of the U.S. Bank Holding Company Act of 1956, as amended, and the regulations issued by the Federal Reserve Board implementing the anti-tying rules (collectively, the "Anti-tying Rules"). The Bank will not vary the price or other terms of any product or service offered by the Bank or its subsidiaries on the condition that the District purchase another product or service from the Bank or any affiliate, unless the Bank is authorized to do so under an exception to the Anti-tying Rules. The Bank will not require the District to provide property or services to the Bank or any affiliate as a condition to the extension of a commercial loan to the District by the Bank or any of its subsidiaries, unless such a requirement is reasonably required to protect the safety and soundness of the loan. The Bank will not require the District to refrain from doing business with a competitor of the Bank or any of its affiliates as a condition to receiving a commercial loan from the Bank or any of its subsidiaries, unless the requirement is reasonably designed to ensure the soundness of the loan.

**Bank Public Finance
Contact:**

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**Acknowledged and
Consented:**

By: _____
Authorized Officer
MONTEREY PENINSULA WATER MANAGEMENT DISTRICT

This document has been prepared by the Bank for information purposes only. This document is an indicative summary of the terms and conditions of the transaction described herein and may be amended, superseded or replaced by subsequent summaries. The final terms and conditions of the transaction will be set out in full in the applicable binding transaction document(s).

This document shall not constitute a commitment to participate in the transaction described herein, which shall be subject to the Bank's internal approvals. No transaction or services related thereto is contemplated without the Bank's subsequent formal agreement. The Bank is acting solely as principal



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and not as advisor or fiduciary. Accordingly you must independently determine, with your own advisors, the appropriateness for you of the transaction before investing or transacting. The Bank accepts no liability whatsoever for any direct, consequential or other losses arising from the use of this document or reliance on the information contained herein.

The Bank does not guarantee the accuracy or completeness of information which is contained in this document and which is stated to have been obtained from or is based upon trade and statistical services or other third party sources. Any data on past performance, modeling or back-testing contained herein is no indication as to future performance. No representation is made as to the reasonableness of the assumptions made within or the accuracy or completeness of any modeling or back-testing. All opinions and estimates are given as of the date hereof and are subject to change. The information in this document is not intended to predict actual results and no assurances are given with respect thereto.

The Bank, its affiliates and the individuals associated therewith may (in various capacities) participate in transactions identical or similar to those described herein.

IRS Circular 230 Disclosure: The Bank and its affiliates do not provide tax advice. Please note that (i) any discussion of US tax matters contained in this communication (including any attachments) cannot be used by you for the purpose of avoiding tax penalties; (ii) this communication was written to support the promotion or marketing of the matters addressed herein; and (iii) you should seek advice based on your particular circumstances from an independent tax advisor.

THIS DOCUMENT DOES NOT DISCLOSE ALL THE RISKS AND OTHER SIGNIFICANT ISSUES RELATED TO THE POTENTIAL TRANSACTION. PRIOR TO TRANSACTING, POTENTIAL PARTICIPANTS SHOULD ENSURE THAT THEY FULLY UNDERSTAND THE TERMS OF THE TRANSACTION AND ANY APPLICABLE RISKS.

EXHIBIT 11-D

Calculation of Debt Service

	<u>Principal Outstanding</u>	<u>Principal Due</u>	<u>Interest Due</u>	<u>Total Debt Service</u>
2013	\$3,923,781	\$76,219	\$144,000	\$220,219
2014	\$3,844,819	\$78,963	\$141,256	\$220,219
2015	\$3,763,014	\$81,805	\$138,413	\$220,219
2016	\$3,678,263	\$84,750	\$135,468	\$220,219
2017	\$3,590,462	\$87,801	\$132,417	\$220,219
2018	\$3,499,500	\$90,962	\$129,257	\$220,219
2019	\$3,405,263	\$94,237	\$125,982	\$220,219
2020	\$3,307,634	\$97,629	\$122,589	\$220,219
2021	\$3,206,490	\$101,144	\$119,075	\$220,219
2022	\$3,101,705	\$104,785	\$115,434	\$220,219
2023	\$2,993,148	\$108,557	\$111,661	\$220,219
2024	\$2,880,682	\$112,465	\$107,753	\$220,219
2025	\$2,764,168	\$116,514	\$103,705	\$220,219
2026	\$2,643,460	\$120,709	\$99,510	\$220,219
2027	\$2,518,406	\$125,054	\$95,165	\$220,219
2028	\$2,388,849	\$129,556	\$90,663	\$220,219
2029	\$2,254,629	\$134,220	\$85,999	\$220,219
2030	\$2,115,577	\$139,052	\$81,167	\$220,219
2031	\$1,971,519	\$144,058	\$76,161	\$220,219
2032	\$1,822,275	\$149,244	\$70,975	\$220,219
2033	\$1,667,659	\$154,617	\$65,602	\$220,219
2034	\$1,507,476	\$160,183	\$60,036	\$220,219
2035	\$1,341,526	\$165,950	\$54,269	\$220,219
2036	\$1,169,602	\$171,924	\$48,295	\$220,219
2037	\$991,489	\$178,113	\$42,106	\$220,219
2038	\$806,964	\$184,525	\$35,694	\$220,219
2039	\$615,796	\$191,168	\$29,051	\$220,219
2040	\$417,746	\$198,050	\$22,169	\$220,219
2041	\$212,566	\$205,180	\$15,039	\$220,219
2042	\$0	<u>\$212,566</u>	<u>\$7,652</u>	<u>\$220,219</u>
		\$4,000,000	\$2,606,561	\$6,606,561

Bond Sizing:

Reimburse Reserves Used for ASR	1,463,562
Pay Credit Line	725,063
Deposit to Water Supply Capital Account	1,496,102
Deposit to Rate Stabilization Fund	55,055
Debt Service Reserve Fund	220,219
Debt Issuance Costs	40,000
Balancing Amount	<u>0</u>
Issuance Amount	4,000,000

Assumptions:

Maturity of Bonds	30	years
Interest-Only Period	0	years
Interest Rate on Bonds	3.60%	

Ongoing Water Supply Activities

- Cal-Am and CPUC – Active Involvement as Intervenor
- ASR – Manage Consultants
 - Serve as General Contractor
 - Permits & Water Rights
 - Compliance Monitoring and Reporting
 - Coordinated Operations w/ Cal-Am
 - Hyrdologic Data Gathering for Permit Compliance
- GWR – coordination with MRWPCA
- Small Water Projects – coordination with jurisdictions
- Los Padres Dam – Data Gathering/Monitoring for Current Operations
- Water Rights Permitting w SWRCB – District Permits as well as Others (e.g. Table 13)
- Integrated Regional Water Management Plans – Multi-Jurisdictional Coordination
- Reclamation Project – Recycled Water Sales Billing and Operating Committees
- Seaside Watermaster – Data Management and Technical Support
- System-Wide Production Monitoring and Quarterly Water Supply Budget (re CDO & Adjudication)
- Groundwater Monitoring – Water Quality and Rationing Triggers (Seaside Basin & CVAA)
- Register, Permit, Monitor Wells; Research into New Disciplines such as Fractured Rock
- Surface & Groundwater Simulation Modeling
- Inter-Agency Coordination
- Public Engagement
- Other

**Monterey Peninsula Water Management District
Labor Allocation by Operating Funds
Fiscal Year 2012-13**

	<u>Mitigation</u>	<u>Water Supply</u>	<u>Conservation</u>	<u>Total</u>
<u>General Manager's Office</u>				
General Manager	20%	60%	20%	100%
Executive Assistant	25%	50%	25%	100%
Community Relations Liaison	30%	40%	30%	100%
<u>Administrative Services</u>				
ASD Mgr/CFO	33%	34%	33%	100%
Accountant	33%	34%	33%	100%
Human Resources Analyst	33%	34%	33%	100%
Office Services Supervisor	33%	34%	33%	100%
Office Specialist II	33%	34%	33%	100%
Information Technology Manager	30%	37%	33%	100%
GIS Specialist	51%	39%	10%	100%
<u>Planning & Engineering</u>				
P&E Mgr/District Engineer	58%	42%	0%	100%
Project Manager	75%	25%	0%	100%
Water Resources Engineer	85%	15%	0%	100%
Riparian Projects Coordinator	90%	10%	0%	100%
River Maintenance Specialist	100%	0%	0%	100%
River Maintenance Worker	100%	0%	0%	100%
<u>Water Demand</u>				
Water Demand Manager	25%	10%	65%	100%
Conservation Analyst	30%	5%	65%	100%
Conservation Rep II	15%	75%	10%	100%
Conservation Rep I	5%	10%	85%	100%
Conservation Rep I	0%	0%	100%	100%
Conservation Technician II	10%	5%	85%	100%
<u>Water Resources</u>				
Water Resources Manager	29%	71%	0%	100%
Senior Hydrogeologist	0%	100%	0%	100%
Hydrography Programs Coordinator	90%	10%	0%	100%
Associate Hydrologist	2%	98%	0%	100%
Senior Fisheries Biologist	95%	5%	0%	100%
Associate Fisheries Biologist	100%	0%	0%	100%
Associate Fisheries Biologist	100%	0%	0%	100%
Average Percentage	46%	30%	24%	100%

**Monterey Peninsula Water Management District
Expenditures by Operating Fund
Fiscal Year 2012-13 Budget**

	<u>Mitigation</u>	<u>Water Supply</u>	<u>Conservation</u>	<u>Total</u>
<u>PERSONNEL</u>				
Salaries	\$1,001,500	\$653,200	\$522,600	\$2,177,300
Retirement	203,100	132,400	105,900	\$441,400
Unemployment Compensation	1,400	900	700	\$3,000
Auto Allowance	2,200	1,400	1,200	\$4,800
Deferred Compensation	2,800	1,900	1,500	\$6,200
Temporary Personnel	24,100	15,800	12,600	\$52,500
Workers Comp. Ins.	14,400	9,500	7,600	\$31,500
Employee Insurance	246,200	160,600	128,500	\$535,300
Medicare & FICA Taxes	12,200	8,000	6,400	\$26,600
Personnel Recruitment	0	0	0	\$0
Pre-Employment Physical	0	0	0	\$0
Moving Expense Reimbursement	1,400	900	700	\$3,000
Staff Development	10,000	6,600	5,300	\$21,900
Subtotal	<u>\$1,519,300</u>	<u>\$991,200</u>	<u>\$793,000</u>	<u>\$3,303,500</u>
<u>SERVICES & SUPPLIES</u>				
Board Member Comp.	\$17,000	\$11,100	\$8,900	\$37,000
Board Expenses	\$5,900	\$3,900	\$3,100	\$12,900
Telephone	\$15,300	\$10,000	\$8,000	\$33,200
Insurance	\$21,900	\$14,300	\$11,400	\$47,600
Facility Maint.	\$15,200	\$9,900	\$7,900	\$33,000
Membership Dues	\$13,200	\$8,600	\$6,900	\$28,700
Miscellaneous	\$200	\$200	\$100	\$500
Bank Charges	\$1,600	\$1,100	\$800	\$3,500
Office Supplies	\$8,200	\$5,300	\$4,300	\$17,800
Courier Expense	\$3,800	\$2,500	\$2,000	\$8,300
Postage & Shipping	\$1,000	\$700	\$500	\$2,200
Equipment Repairs & Maint.	\$1,500	\$1,000	\$800	\$3,200
Photocopy Expense	\$1,400	\$1,000	\$800	\$3,300
Meeting Expenses	\$5,700	\$3,700	\$3,000	\$12,400
Printing/Duplicating/Binding	\$2,800	\$1,800	\$1,400	\$6,000
Data Processing	\$34,300	\$22,400	\$17,900	\$74,500
Professional Fees	\$28,800	\$18,800	\$15,000	\$62,600
Legal Notices	\$1,400	\$900	\$700	\$3,000
Utilities	\$14,400	\$9,400	\$7,500	\$31,200
Rent	\$9,100	\$5,900	\$4,700	\$19,700
Equipment Lease	\$7,700	\$5,000	\$4,000	\$16,800
Legal Services	140,000	130,000	130,000	\$400,000
Travel	\$10,200	\$6,700	\$5,400	\$22,400
Transportation	\$18,000	\$11,700	\$9,400	\$39,100
Operating Supplies	\$7,800	\$5,100	\$4,100	\$17,100
Subtotal	<u>\$386,400</u>	<u>\$291,000</u>	<u>\$258,600</u>	<u>\$936,000</u>
FIXED ASSETS	33,400	20,500	16,300	70,200
<u>PROJECT EXPENDITURES</u>				
Water Supply	0	2,489,300	0	2,489,300
Mitigation	219,950	17,550	0	237,500
Public Outreach	14,700	8,900	7,000	30,600
Conservation & Rebates	0	0	71,500	71,500
Reimbursement Projects	1,526,000	3,756,300	1,520,700	6,803,000
DEBT SERVICE	0	145,600	0	145,600
FLOOD/DROUGHT RESERVE	0	0	0	0
LITIGATION/INSURANCE RESERVE	0	0	0	0
CAPITAL EQUIP. RESERVE	0	0	0	0
ELECTION EXPENSE	0	0	0	0
CONTINGENCY	32,650	10,250	32,100	75,000
EXPENDITURE TOTAL	<u>\$3,732,400</u>	<u>\$7,730,600</u>	<u>\$2,699,200</u>	<u>\$14,162,200</u>