

Draft Minutes

Ordinance No. 152 Oversight Panel of the
Monterey Peninsula Water Management District
April 23, 2013

Call to Order

The meeting was called to order at 9 am in the MPWMD conference room.

Committee members present

John Bottomley
Paul Bruno
Jason Campbell
Jody Hanson
Todd Kruper
George Riley
Christine Monteith (alternate to Rick Smith)
John Tilley
Norman Yassany

MPWMD Staff members present

David J. Stoldt, General Manager
Suresh Prasad, Chief Financial Officer
Arlene Tavani, Executive Assistant

Committee members absent: Rick Smith

District Counsel present: David C. Laredo

Comments from the Public

No comments were directed to the committee.

Action Items

1. Adopt Minutes of January 16, 2013 Oversight Panel Meeting
On a motion by Kruper and second of Campbell, the minutes were approved with one correction: delete the second mention of Jason Campbell's name under Committee members present. The motion was approved unanimously on a vote of 7 – 0.

Discussion Items

2. Discussion of Legal Liability of Panel Members
Laredo advised panel members that as officials of the Water Management District, there is statutory immunity for their actions as long as they are carried out within the scope and course of their office. The Water Management District must defend panel members if there are allegations of misconduct. Errors and omissions insurance is in effect to cover officers. Panel members have immunity from statements they make at official panel meetings.
3. Review of Allocation of Water Supply Charge on Capitol Projects, Labor, and Overhead;
Discussion of 15% Overhead Limit
Prasad reviewed the document presented as Exhibit 3-A, Second Quarter Report on Financial Activity for Water Supply Fiscal Year 2012-2013, and responded to questions from panel members. There was a suggestion from the panel that the category heading "CAW-ASR

Reimbursement” should be expanded to include the words “Phase 2.” There was a discussion about the requirement in Ordinance No. 152 which states that no more than 15% of proceeds from the water supply charge will fund general, unallocated administrative overhead. Stoldt described administrative overhead as services, supplies and indirect labor. One comment from the panel was that administrative overhead should be limited to 15% the project budget. It was suggested that debt servicing on loans to fund projects should be considered a project cost, not an indirect cost. Stoldt stated that Exhibit 3-A would be revised and forwarded to the panel members for review.

4. 2013-14 Preliminary Budgets for ASR, GWR, Desalination, and Other: Discussion of FY 2012-13 Carryover

Stoldt reviewed Exhibit 4-A Groundwater Replenishment Project Interim Budget. He explained that the Monterey Regional Water Pollution Control Agency has asked the Water Management District to increase its contribution to the project from 50 percent to 75 percent. In order to begin development of the project, over the next three years ASR Phase 1 costs could be paid through loan proceeds, and GWR costs could be funded from the water supply charge. Some committee members expressed support for the 75% funding request, no comments were raised in opposition.

The panel also discussed whether or not the water supply charge should contribute towards funding development of the DeepWater Desal alternative desalination project. The following comments were received from the panel. (a) Must ensure that developer is putting up risk capital. (b) Recognize need to fund project and will support due to need for a water project. (c) It would be premature for the panel to make a recommendation on prioritizing GWR ahead of the DeepWater Desal project.

5. Present concept of Funding Development of Local Water Supply Projects from Proceeds of Water Supply Charge

Stoldt suggested that the Water Management District could establish a grant or loan program to help local jurisdictions fund small water supply projects. The consensus of the panel was that the Water Management District should make it a priority to allocate some moneys for local projects and that reimbursement from the permanent financing of such projects, if any, would be better than outright grants. The panel did not support allocating a portion of the water created to the Districts as a reserve.

6. Discussion of Rabobank Loan; Use of Proceeds; Repayment

The use of loan proceeds was discussed. Stoldt described this as a refinancing – that is, repaying loan proceeds with new loan proceeds – all payable from the Water Supply Charge because ASR is a capital project for water supply. Several panel members expressed reservations about use of the revenues to reimburse prior expenditures, but no consensus was put forward on the subject.

7. Visit to Santa Margarita Aquifer Storage and Recovery Project Site at 1910 General Jim Moore Boulevard

Adjourn

At 1:40 pm the meeting was adjourned to the Santa Margarita Aquifer Storage and Recovery Project Site. The tour concluded at approximately 3 pm.