

Pure Water Monterey Cost of Water Update



Overview

- 💧 Review terms of agreements
- 💧 Identify areas of changes in costs and funding
 - 💧 Capital
 - 💧 Operational and maintenance
- 💧 Review updated financial projections
 - 💧 Water costs per acre foot
 - 💧 Debt ratios
- 💧 Other Financial Items for Related to Project

Partner Relationships

Advanced Water PF

- Pure Water Monterey: 86.1%
- Marina Coast Water District: 13.9%

Source Waters

- Pure Water Monterey: 54.9%
- Monterey County WRA: 45.1%

Injection Wells

- Pure Water Monterey: 100%

Pipeline

- Pure Water Monterey: 72.2%
- Marina Coast Water District: 27.8%

Black Horse Reservoir

- Pure Water Monterey: 25%
- Marina Coast Water District: 75%

Estimated Project Costs (In Millions)

| Project Component | 3/30/17 Estimate | 8/25/17 Estimate | 18-19 Budget* | 8/6/18 Estimate | Difference |
|--------------------------------------|---------------------|---------------------|------------------|--------------------|------------|
| Advanced Water Purification Facility | \$43.8 | \$60.8 | \$69.6 | \$69.7 | \$0.1 |
| Source Waters (Blanco/Rec) | 9.1 | 11.5 | 13.3 | 14.0 | 0.7 |
| Pipeline Conveyance System | 25.5 | 25.7 | 16.8 | 17.8 | 1.0 |
| Injection Wells | 10.1 | 15.2 | 15.5 | 15.7 | 0.2 |
| Subtotal | \$88.5 | \$113.2 | \$115.2 | \$117.2 | \$2.0 |
| Other Costs (Non SRF/Grant) | | | 0.3 | 0.3 | 0.0 |
| Prior Year Soft Costs (Claimed) | 14.5 | 8.2 | 8.2 | 11.2 | 3.0 |
| Total With Soft Costs | \$103.0 | \$121.4 | \$123.7 | \$128.7 | \$5.0 |

* Of the Totals listed, \$ 54.3 Million is budgeted for FY 18-19

Grants, SRF Loan, Capital Contributions

Proposition 1 – Recycled Water Grant: \$15 million

Proposition 1 – Stormwater (partial): \$2.5 million

SRF Loan: \$110 million

Anticipated Contribution from FORA \$2.3 million

Does not include other potential grant reimbursements, including those possible from a recently submitted WIIN grant application.

Estimated 1st Year Project Operating Costs ⁽¹⁾ ⁽²⁾

| Project Component | 3/30/17 Estimate | 8/25/17 Estimate | 1 st Year Estimate | 2 nd Year Estimate |
|------------------------|------------------|------------------|-------------------------------|-------------------------------|
| Power | \$1,070,000 | \$1,466,000 | \$2,172,000 | \$1,672,000 |
| Chemicals | 647,000 | 1,411,000 | 1,486,000 | 1,531,000 |
| Labor | 443,000 | 508,000 | 1,021,000 | 1,052,000 |
| Parts/Material/Other | 476,000 | 674,000 | 421,000 | 485,000 |
| Interruptible Rate | 104,000 | 60,000 | 125,000 | 129,000 |
| Insurance | 50,000 | 56,000 | 56,000 | 58,000 |
| Salinas Pond Lease | 164,700 | 164,700 | 164,700 | 170,000 |
| Estimated 1st Yr Costs | \$3,090,000 | \$4,475,000 | \$5,445,700 | \$5,097,000 |

(1) Based on 4,300 Acre Feet, of which Cal Am is responsible for 81% (3,500 acre feet) of costs

(2) Indirect costs estimated at 12.11% included in Power, Chemicals, Labor, Parts/Materials/Other, Insurance

Other Key Financial Information and Ratios

| Funding Source | 3/30/17 Estimate | 8/25/17 Estimate | 8/6/18 Estimate | Difference |
|--|---------------------|---------------------|--------------------|---------------|
| Reserve Contribution* | \$563K | \$548K | \$125K | (\$448K) |
| Annual SRF Debt Service* | \$3.4 million | \$3.8 million | \$4.3 million | \$0.5 million |
| Cal Am Cost Per Acre Foot 1 st Yr * | \$1,720 | \$2,005 | \$1,976 | (\$29) |
| PWM Debt Ratio * | 1.17 | 1.18 | 1.03 | (0.15) |
| M1W Debt Ratio w/o PWM | N/A | N/A | 2.09 | N/A |
| M1W Total Debt Ratio | 1.79 | 1.69 | 1.50 | (0.19) |

- 1st year reserve contribution will be zero to offset temporary increase in Electricity and 1st yr PWM ratio will be 1.00. Overhead will gradually be increased over time, with it being 2% in first year and 6% in second year. Once the debt service is paid off, those annual debt service funds will be used to set aside additional funds for future capital needs.

- Minimum Required Debt Ratio for M1W is 125%, Recommended Per Policy is 170%.



Questions / Comments?

