



FINAL MINUTES

Ordinance No. 152 Oversight Panel of the Monterey Peninsula Water Management District *April 12, 2018*

Call to Order The meeting was called to order at 3:05 pm in the conference room at the offices of the Monterey Peninsula Water Management District.

Committee members present:

Bill Bluhm
John Bottomley
Paul Bruno
Jason Campbell
Jody Hanson
An McDowell
Ian Oglesby
Susan Schiavone
John Tilley

MPWMD Staff members present:

David J. Stoldt, General Manager
Suresh Prasad, Administrative Services Manager
Arlene Tavani, Executive Assistant

District Counsel Present:

David Laredo

Committee members absent: None

Comments from the Public:

No comments were directed to the committee.

Action Items

- 1. Consider Adoption of Minutes of October 16, 2017 Committee Meeting**
On a motion by Oglesby and second of Hanson, the minutes were approved on a unanimous vote of 9 – 0 by Bluhm, Bottomley, Bruno, Campbell, Hanson, McDowell, Oglesby, Schiavone and Tilley. No public comment.

Discussion Items

- 2. Review of Revenue and Expenditures of Water Supply Charge Related to Water Supply Activities**
Suresh Prasad, Administrative Services Manager/Chief Financial Officer, reviewed Exhibit 2-A, Water Supply Charge Receipts; Exhibit 2-B, Water Supply Charge Availability Analysis; and Exhibit 2-C, Labor Allocation by Operating Funds FY 2017-2018 and responded to questions from the committee. During the discussion, Prasad and Stoldt stated the following. (a) The state revolving fund loan received by Monterey One Water (MIW) will not cover costs of investigations into the potential expansion of the Pure Water Monterey project. If the CPUC authorizes review of the project expansion, the District and MIW must fund preparation of the EIR, and project design and engineering at a cost of approximately \$2 million. The agencies could consider

funding for the CEQA work when it is clear there is support for the project – possibly June or July 2018. (b) If construction of California-American Water’s desalination plant does move forward and it is later determined environmental damage has occurred, the ratepayers will be responsible to pay for the damage. (c) The administrative costs covered by the Water Supply Charge are under the 15% cap, but the amount had increased \$70,000 over last year due to the replacement of two full-time employees with two part-time contractors. Those contract employees are included as indirect costs. (d) The District has spent \$12 million on the Pure Water Monterey project. The District has received \$4.1 million in reimbursements from state revolving fund loan proceeds and expects to receive another \$1.4 from other sources. (e) The District has first right of refusal for water produced from the proposed Deepwater Desal project, unless another party makes a request. The draft EIR for the project should be released by the end of the summer 2018. If the District were to accept water from the project, the California Public Utilities Commission must first approve a water purchase agreement and authorize Cal-Am to distribute the water through its system.

Public Comment: George Riley asked Mr. Stoldt to comment on an offer from Marina Coast Water District to provide water on an interim basis to Cal Am for distribution on the Peninsula. Stoldt explained that the Marina Coast Water District has offered to provide 1,200 to 1,500 acre-feet of water for use on the Peninsula until questions about the environmental effects of Cal-Am’s proposed desalination project are resolved, and enable the community to meet upcoming milestones established by the State Water Resources Control Board. There has been no acceptance of this offer.

3. Discuss Performance of Reinstated District User Fee, To Date, and Timeline for Consideration of Sunset for Water Supply Charge

Prasad reviewed Exhibit 3-A, MPWMD User Fee Revenue Collections. He explained that collection of the User Fee was reinstated in March 2017. When there is a record of collection for an entire year, staff can estimate what revenues will be. He noted that 1.2% of User Fee funds are allocated to the Water Supply fund. The User Fee could be reduced in the future.

4. Discuss Status of MPTA v MPWMD; Monterey Superior Court No. M 123512; CA 6th District Court of Appeal Case No. HO42484

Staff distributed the Sixth Appellate Court decision to the committee and responded to questions. Staff stated that the Appellate Court upheld all of the Superior Court arguments supporting the District’s determination that Proposition 2018 process followed and the water supply charge is a fee, not a tax. District Counsel noted that the MPTA could decide to submit this issue to the State Supreme Court for review. However, the District’s special counsel had determined that it would not meet the Court’s standards for review. District Counsel Laredo stated that the court confirmed that the Water Supply Charge could fund administrative costs. The decision was designated as “Not To Be Published in Official Reports”, which meant that the decision could not be cited as precedent in other cases. The District will request that some sections of the decision be published.

Other Items

5. Water Supply Project Update

There was some discussion about how the environmental effects of pumping on the Carmel River by property owners with appropriative and riparian rights has not yet been assessed, but will be an issue when the CDO has been lifted.

Adjourn: The meeting was adjourned at 4:15 pm.

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