

EMERGENCY ACTION ITEM

14. CONSIDER AUTHORIZATION OF EXPENDITURE FOR FINANCIAL CONSULTANT TO EVALUATE EXPANSION OF PURE WATER MONTEREY PROJECT

Meeting Date: January 17, 2018 **Budgeted:** No
From: David J. Stoldt **Program/**
 General Manager **Line Item No.:** 35-03-786010
 Cost Estimate: Not to exceed \$50,000

General Counsel Approval: N/A
Committee Recommendation:
CEQA Compliance: Action does not constitute a project as defined by the California Environmental Quality Act Guidelines section 15378.

SUMMARY: On November 13, 2017 Board approve the expenditure of up to \$360,000 in support of qualifying an expansion of Pure Water Monterey for approval by the CPUC on or about April 2018.

Recall that when the Pure Water Monterey project was first approved, it was required to meet 9 tests:

- (i) MRWPCA has approved the GWR Project pursuant to a certified Final EIR;
- (ii) The status of required permits is consistent with the published project schedule;
- (iii) There is sufficient legal certainty as to agreements or other determinations in place to secure delivery of source water(s)
- (iv) The weight of the evidence in the record does not show that the California Department of Health or the Regional Water Quality Control Board will decline to accept or approve the GWR extraction or GWR treatment and injection processes, respectively;
- (v) The GWR Project is on schedule, as verified by a report issued by an engineer licensed in California, to be operable;
- (vi) Preliminary design for the GWR Project is at least at the 10% level, represented by a basis of design report;
- (vii) A GWR Project funding plan is in place;
- (viii) California American Water, MPWMD, and MRWPCA have agreed on a WPA whose terms are just and reasonable; and

(ix) The revenue requirement for the combination of the GWR Project and the desalination project is just and reasonable when compared to the revenue requirement for a larger desalination project alone.

In order to gain greater certainty and make representative strides toward each of the 9 criteria by an April hearing date, it was estimated that \$480,000 will need to be expended. Under Amendment 2 of the Cost Sharing Agreement the District would fund up to \$360,000 of such costs. The source of the funds will be reimbursements for the Phase 1 Pure Water Monterey pre-construction costs, which were outside the District's adopted FY 2017-18 budget.

This item will authorize work to be done in support of criteria (ix) and (vii), above.

It is possible that an expansion of Pure Water Monterey will be deemed unnecessary or infeasible and the costs will be stranded.

RECOMMENDATION: The General Manager recommends the Board approve the expenditure of up to \$50,000 for a financial consultant to evaluate expansion of the Pure Water Monterey project.