



This meeting has been noticed according to the Brown Act rules. This agenda was posted on Friday, October 14, 2022.

**Ordinance No. 152
Oversight Panel
Members:**

*Susan Schiavone
Jason Campbell
Melodie Chrislock
Marli Melton
Mike Rachel
Kevan Urquhart
Bill Peake
Adam Pinterits
John Tilley*

MPWMD Contacts:

*General Manager,
David J. Stoldt*

*Administrative Services
Manager/CFO
Suresh Prasad*

*Board Clerk,
Joel G. Pablo*

After staff reports have been distributed, if additional documents are produced by the District and provided to the Committee regarding any item on the agenda, they will be made available on the District's website prior to the meeting. Documents distributed at the meeting will be made available upon request and posted to the District's website within five days following the meeting.

Agenda

**Ordinance No. 152 Citizen's Oversight Panel
of the Monterey Peninsula Water Management District**

Wednesday, October 19, 2022 at 11:00 AM | *Virtual Meeting*

As a precaution to protect public health and safety, and pursuant to provisions of AB 361, this meeting will be conducted via Zoom Video/Teleconference only.

Join the meeting at this link:

<https://mpwmd-net.zoom.us/j/84434949793?pwd=WFJ5YUyQmR6RWxaQUJYVnBKM2NmQT09>

Or access the meeting at: zoom.us

Webinar ID: 844 3494 9793

Meeting password: 10192022

Participate by phone: (669) 900 9128

For detailed instructions on connecting to the Zoom meeting see page 2 of this agenda.

Call to Order / Roll Call

Comments from Public -- *The public may comment on any item within the District's jurisdiction. Please limit your comments to three minutes in length.*

Action Items -- *Public comment will be received on Action Items. Please limit your comments to three minutes in length.*

1. Consider Adoption of the Committee Meeting Minutes from May 12, 2022

Discussion Items -- *Public comment will be received on Discussion Items. Please limit your comments to three minutes in length.*

2. Overview of Projects Funded with Water Supply Charge in FY 2022-23 Budget
3. Review of Revenue and Expenditures of Water Supply Charge Related to Water Supply Activities
4. Discuss Topics for 2022 Annual Report
5. Summary of Previous Project Funding Sources

Other Items -- *Public comment will be received on Other Items. Please limit your comments to three minutes in length.*

6. Suggest Items to be Placed on a Future Agenda

Adjournment

Upon request, MPWMD will make a reasonable effort to provide written agenda materials in appropriate alternative formats, or disability-related modification or accommodation, including auxiliary aids or services, to enable individuals with disabilities to participate in public meetings. MPWMD will also make a reasonable effort to provide translation services upon request. Submit requests by 5:00 pm on Monday, October 17, 2022 to joel@mpwmd.net, or call (831) 658-5652. Alternatively, you may contact Sara Reyes, Administrative Services Division at 831-658-5601.

Instructions for Connecting to the Zoom Meeting

Note: If you have not used Zoom previously, when you begin connecting to the meeting you may be asked to download the app. If you do not have a computer, you can participate by phone.

Begin: Within 10 minutes of the meeting start time from your computer click on this link: <https://mpwmd-net.zoom.us/j/84434949793?pwd=WFJ5YlUyQmR6RWxaQUJlVnBKM2NmQT09> or paste the link into your browser.

DETERMINE WHICH DEVICE YOU WILL BE USING (PROCEED WITH ONE OF THE FOLLOWING INSTRUCTIONS)

USING A DESKTOP COMPUTER OR LAPTOP

1. In a web browser, type: <https://www.zoom.us>
2. Hit the enter key
3. At the top right-hand corner, click on "Join a Meeting"
4. Where it says "Meeting ID", type in the Meeting ID# above and click "Join Meeting"
5. Your computer will begin downloading the Zoom application. Once downloaded, click "Run" and the application should automatically pop up on your computer. (If you are having trouble downloading, alternatively you can connect through a web browser – the same steps below will apply).
6. You will then be asked to input your name. It is imperative that you put in your first and last name, as participants and attendees should be able to easily identify who is communicating during the meeting.
7. From there, you will be asked to choose either ONE of two audio options: Phone Call or Computer Audio:

COMPUTER AUDIO

1. If you have built in computer audio settings or external video settings – please click "Test Speaker and Microphone".
2. The client will first ask "Do you hear a ringtone?" •If no, please select "Join Audio by Phone".
•If yes, proceed with the next question:
3. The client will then ask "Speak and pause, do you hear a replay?" •If no, please select "Join Audio by Phone"
•If yes, please proceed by clicking "Join with Computer Audio"

PHONE CALL

1. If you do not have built in computer audio settings or external video settings – please click "Phone Call"
2. Select a phone number based on your current location for better overall call quality.

+1 669-900-9128 (San Jose, CA)	+1 253-215-8782 (Houston, TX)
+1 346-248-7799 (Chicago, IL)	+1 301-715-8592 (New York, NY)
+1 312-626-6799 (Seattle, WA)	+1 646-558-8656 (Maryland)
3. Once connected, it will ask you to enter the Webinar ID No. and press the pound key
4. It will then ask you to enter your participant ID number and press the pound key.

5. You are now connected to the meeting.

USING AN APPLE/ANDROID MOBILE DEVICE OR SMART PHONE

1. Download the Zoom application through the Apple Store or Google Play Store (the application is free).
2. Once download is complete, open the Zoom app.
3. Tap "Join a Meeting"
4. Enter the Meeting ID number
5. Enter your name. It is imperative that you put in your first and last name, as participants and attendees should be able to easily identify who is communicating during the meeting.
6. Tap "Join Meeting"
7. Tap "Join Audio" on the bottom left hand corner of your device
8. You may select either ONE of two options: "Call via Device Audio" or "Dial in"

DIAL IN

1. If you select "Dial in", you will be prompted to select a toll-free number to call into.
2. Select a phone number based on your current location for better overall call quality.

+1 669-900-9128 (San Jose, CA)	+1 253-215-8782 (Houston, TX)
+1 346-248-7799 (Chicago, IL)	+1 301-715-8592 (New York, NY)
+1 312-626-6799 (Seattle, WA)	+1 646-558-8656 (Maryland)
3. The phone will automatically dial the number, and input the Webinar Meeting ID No. and your Password.
4. Do not hang up the call, and return to the Zoom app
5. You are now connected to the meeting.

Presenting Public Comment

Receipt of Public Comment – the Chair will ask for comments from the public on all items. Limit your comment to 3 minutes but the Chair could decide to set the time for 2 minutes.

- (a) Computer Audio Connection: Select the "raised hand" icon. When you are called on to speak, please identify yourself.
- (b) Phone audio connection **with** computer to view meeting: Select the "raised hand" icon. When you are called on to speak, push *6 to unmute and please identify yourself.
- (c) Phone audio connection only: Press *9. Wait for the clerk to unmute your phone and then identify yourself and provide your comment. Press *9 to end the call.

Submit Written Comments

If you are unable to participate via telephone or computer to present oral comments, you may also submit your comments by e-mailing them to comments@mpwmd.net with one of the following subject lines "PUBLIC COMMENT ITEM #" (insert the item number relevant to your comment) or "PUBLIC COMMENT – ORAL COMMUNICATIONS". Comments must be received by 8:00 a.m. on Wednesday, October 19, 2022. Comments submitted by 8:00 a.m. will be provided to the **Panel** and compiled as part of the record of the meeting.

ORDINANCE NO. 152 CITIZEN'S OVERSIGHT PANEL

ACTION ITEM

1. CONSIDER ADOPTION OF THE COMMITTEE MEETING MINUTES FROM MAY 12, 2022

Meeting Date: October 19, 2022

From: David J. Stoldt
General Manager

Prepared By: Joel G. Pablo

CEQA Compliance: This action does not constitute a project as defined by the California Environmental Quality Act Guidelines section 15378

SUMMARY: The draft meeting minutes of the Ordinance No. 152 Citizen's Oversight Panel for May 12, 2022 is attached as **Exhibit 1-A**. The committee will review, provided suggested edits, and consider approval of the draft meeting minutes.

RECOMMENDATION: Consider adoption of the May 12, 2022 Panel meeting minutes as presented or provide editorial changes, *if any*.

EXHIBIT

1-A Ordinance No. 152 Citizen's Oversight Panel: Draft Meeting Minutes for May 12, 2022



EXHIBIT 1-A

Draft Minutes

Ordinance No. 152 Citizen's Oversight Panel of the Monterey Peninsula Water Management District May 12, 2022

*As a precaution to protect public health and safety, and pursuant to provisions of AB 361 (Rivas),
the meeting was conducted via Zoom Video/Teleconference.*

Call to Order David J. Stoldt, General Manager / Chair to the Panel called the meeting to order
at 12:00 p.m.

Roll Call

Committee Members Present:

Susan Schiavone (Left at 1:12 p.m.)
Jason Campbell (Joined at 12:09 p.m.)
Bill Peake
Melodie Chrislock (Joined at 12:30 p.m.;
Left at 1:04 p.m.)
Marli Melton
Adam Pinterits
John Tilley

MPWMD Staff members present:

David J. Stoldt, General Manager / Chair to the Panel
Suresh Prasad, Administrative Services Manager/CFO
Joel G. Pablo, Board Clerk

District Counsel Present:

David C. Laredo and Fran Farina with De Lay and
Laredo

Committee Members Absent:

Mike Rachel and Kevan Urquhart

Comments from the Public:

No comments were directed to the Committee.

Action Items

1. Consider Adoption of the Committee Meeting Minutes from October 13, 2021 (Amended) and January 14, 2022

Chair Stoldt introduced the matter.

Opened Public Comment; No public comments were directed to the committee for Item No. 1.

A motion was offered by Tilley with a second by Schiavone to approve the committee meeting minutes from October 13, 2021 (Amended) and January 14, 2022. The motion passed on a roll-call vote of 5-Ayes (Schiavone, Melton, Peake, Pinterits and Tilley), 4-Absent (Campbell, Chrislock, Rachel and Urquhart) and 0-Noes.

2. Discuss and Determine the Frequency of Ordinance No. 152 Citizen’s Oversight Panel Meetings

Stoldt informed the Committee the Board of Directors at its January and March 2022 meeting discussed streamlining various District committee meetings, committee meeting frequency and eliminating inactive committees. He presented and voiced support for the Board’s recommendation for the Ordinance No. 152 Citizen’s Oversight Panel to meet from four (4) to three (3) times per year, or as needed. *In response to a question raised by Tilley*, Stoldt commented the “as needed” verbiage can be found in Ordinance No. 152. Tilley shared he would like for the Panel to continue meeting quarterly or four times per year. He requested for a draft of the Ordinance No. 152 Citizen’s Oversight Panel Annual Report (report) to be presented before the Panel at least one month prior to being due before the full Board to allow for review, to allow for editorial changes to be had and to reflect at least 11 months of work being reported on. Discussion ensued with comments made by Tilley, Pinterits, Schiavone, Campbell and Melton, *respectively* general consensus was reached.

Committee Consensus

By consensus, the committee agreed to continue to meet four times a year and directed staff to draft a set of revisions to the Panel’s charge to ensure future meeting dates of the panel align with preparing a draft of the report and presenting it to the full board a month in advance.

Chair Stoldt opened Public Comment; No public comments received for Item No. 2.

Discussion Items

3. Review of Revenue and Expenditures of Water Supply Charge Related to Water Supply Projects

Suresh Prasad, Administrative Services Manager/Chief Financial Officer briefly covered Exhibit 3-A through 3-C, answered committee questions and provided the following highlights under each:

- A. Exhibit 3-A: Water Supply Charge Receipts
 - 1. Under Fiscal Year (FY) 2021-22 Unaudited Actuals thru March 31, 2022:
 - a. 59.7% of Water Supply Charge receipts received

- B. Exhibit 3-B: Water Supply Charge Availability Analysis
 - 1. Under FY 2021-22 Unaudited Actuals thru March 31, 2022:
 - a. Total Revenues: ≈ \$12.2 million
 - b. Total Expenditures ≈ \$11.6 million

- C. Exhibit 3-C: Water Supply Charge Report – Water Supply Fund
 - 1. Cumulatively, and for the last 10 years the Water Supply Charge’s running deficit is approximately \$11.2 million and would take 2 to 3 cycles to bring the deficit down to a zero balance.

Mayor Peake requested a list of where the debt is owed and to who. Stoldt acknowledged Peake’s request.

Opened Public Comment; No public comment received on Item No. 3.

4. Direction from Court of MPTA (“Taxpayers”) Lawsuit (Verbal Report)

David C. Laredo, District Counsel provided background information on the MPTA lawsuit and informed the Committee that the District Board of Director’s directed staff to file an appellate writ with the Appellate Court following Judge Panetta’s overruling on the District’s Demurrer in mid-February 2022. Laredo mentioned the next step is to wait for a determination on the District’s writ either an acceptance by the Appellate Court or a denial, *effectively returning the matter back to Judge Panetta at the trial court level.*

Opened Public Comment; No public comment received on Item No. 4.

5. Draft District Budget for FY2022-23

David J. Stoldt, General Manager stated staff will: (1) finalize its draft budget for the District for FY 2022-23 for the Budget Workshop set for May 26, 2022; and (2) produce and distribute a Water Supply Project list to committee members for the upcoming year.

Opened Public Comment; No public comment received on Item No. 5.

Other Items

6. Water Supply Project Update

David J. Stoldt, Chair/General Manager provided a verbal status report on Water Supply Projects, answered committee questions, and made the following highlights:

A. Pure Water Monterey – Expansion

1. Application before the California Public Utilities Commission
 - a. *Phase 1:* Approval of the Amended and Restated Water Purchasing Agreement among California American Water, Monterey One Water, and the Monterey Peninsula Water Management District. A decision on Phase 1 of the application is anticipated to occur in September 2022.
 - b. *Phase 2:* Involves reevaluating long-term water supply and demand numbers which may provide additional insight on CalAm’s Monterey Peninsula Water Supply Project (desalination) for the CPUC. Stoldt projects a decision on Phase 2 of the application a proposed decision to be released in January 2023.

B. Pure Water Monterey – Base

1. Stoldt provided an update on Aquifer Storage and Recovery Well No. 1. In April 2022, 368 AF injected or 4,300 AF/year and has shown to outperform the contractual obligations with California American Water. Due to travel times, Pure Water Monterey partners have made ASR No. 1 inactive as a production well and informed the panel there are remedial solutions to provide water to the company.

Opened Public Comment; No public comment received on Item No. 6.

7. **Suggest Items to be Placed on a Future Agenda**

Mayor Peake: Requested to see charts or visual representations on project revenues vs. expenditures for water supply projects to include:

1. Pure Water Monterey
2. Purchases and Sales
3. Reimbursement Projects or Project Reimbursements

Time Period to include either the: (1) last two or three years; OR (2) last two years and for the projected year to include revenue vs. expenses by project.

Goal is to better understand the financial trajectory of the Water Supply Charge Related to Water Supply Projects.

Jason Campbell: Requested for Stoldt to provide a historical overview on the water system and as previously presented at a past meeting of the Ordinance No. 152 Citizen’s Oversight Panel.

ADJOURNMENT: There being no further business, Chair Stoldt adjourned the meeting at 1:20 p.m.

/ s/ Joel G. Pablo

Joel G. Pablo, Board Clerk to the
MPWMD Ordinance No. 152 Citizen’s Oversight Panel

Approved by the MPWMD Ordinance No. 152 Citizen’s Oversight Panel on October X, 2022
Received by the MPWMD Board of Director’s on November , 2022

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ITEM: DISCUSSION ITEM

2. OVERVIEW OF PROJECTS FUNDED WITH WATER SUPPLY CHARGE IN FY 2022-23 BUDGET

Meeting Date:	October 19, 2022	Budgeted:	N/A
From:	David J. Stoldt General Manager	Program/ Line Item No.:	N/A
Prepared By:	David J. Stoldt	Cost Estimate:	N/A

General Counsel Approval: N/A

Committee Recommendation: N/A

CEQA Compliance: This action does not constitute a project as defined by the California Environmental Quality Act Guidelines section 15378.

DISCUSSION: At its May 12, 2022 meeting the Ordinance 152 Citizen’s Oversight Panel received an oral report on the District’s adopted budget. While Item 3 of this Committee agenda will identify project expenditures for the Water Supply Charge in the current budget, below is a brief description of the projects.

Pure Water Monterey Project – Expansion: Design and permitting of a 2,250 acre-foot (AF) expansion of the Pure Water Monterey (PWM) project. The water purchase agreement for the expansion was approved by the California Public Utilities Commission September 30th and expected to be signed by the parties in November. Construction costs are expected to be funded through a low-cost federal loan through the EPA and an appropriation (grant) from the State’s General Fund pursuant to the Budget Act of 2022. Completion is expected in late 2024. **\$1,000,000**

Pure Water Monterey Project – Operating Reserve: The PWM water purchase agreement requires there to be a reserve of 1,750 AF held in the ground as of July 30, 2023. This budget assumes 300 AF are added. **\$1,200,000**

ASR Phase 1: Aquifer Storage and Recovery (ASR) has continued site work on the District’s Santa Margarita location, primarily related to the land easement, site landscaping, booster skid design, and other minor finishing work. **\$325,000**

The Cal-Am Desalination Project: The Monterey Peninsula Water Supply Project (MPWSP) desalination component is to be heard by the Coastal Commission November 17th. This item covers any District work related to that project. **\$30,000**

Other Water Supply Projects – IFIM/GSFlow: This line item covers the work for modeling flow impacts of the Pure Water Monterey/Desalination Plant Operations Modeling for system operations and water quality effects. **\$100,000**

Local Water Projects: Includes amounts for City of Seaside Laguna Grande local water project (\$107,000), a recirculating fire training device (\$25,000), and dry weather flow capture and re-use for the City of Monterey (\$25,000.) **\$157,000**

Los Padres Long Term Plan: Expected to be complete in late-2022, there has been an on-going study of alternatives for the future of Los Padres Dam. **\$85,000**

IRWM Grant Coordination: The District has secured grants for projects developed by others and paid for by State Integrated Regional Water Management program monies. Examples include a City of Monterey dry weather diversion, Carmel River FREE floodplain restoration, Sand City West End Stormwater project, Del Monte Manor LID, Coe Avenue Recycled Water Pipeline. **\$100,000**

Other Project Expenditures: Includes updating the Seaside Basin Model (\$75,000), beginning to develop a water allocation process for Pure Water Monterey Expansion (\$75,000), Water rights related activities (\$90,000), and Hydrologic monitoring (\$183,000). **\$423,000**

EXHIBITS

None

ORDINANCE NO. 152 CITIZEN'S OVERSIGHT PANEL

DISCUSSION ITEM

3. REVIEW OF REVENUE AND EXPENDITURES OF WATER SUPPLY CHARGE RELATED TO WATER SUPPLY ACTIVITIES

Meeting Date: October 19, 2022

From: Suresh Prasad
Administrative Services Manager/
Chief Financial Officer

Prepared By: Suresh Prasad

CEQA Compliance: This action does not constitute a project as defined by the California Environmental Quality Act Guidelines section 15378

SUMMARY: Please review Exhibit 3-A, 3-B and 3-C submitted for discussion at the October 19, 2022, committee meeting.

EXHIBITS

- 3-A** Water Supply Charge Receipts
- 3-B** Water Supply Charge Availability Analysis
- 3-C** Water Supply Charge Report (Water Supply Fund)

EXHIBIT 3-A

Monterey Peninsula Water Management District

Water Supply Charge Receipts

	FY 2021-2022 Original Budget	FY 2021-2022 Unaudited Actuals	FY 2020-2021 Revised Budget	FY 2020-2021 Audited Actuals
Water Supply Charge	\$3,400,000	\$3,393,516	\$3,300,000	\$3,422,117
Percentage		99.8%		103.7%

EXHIBIT 3-B

Monterey Peninsula Water Management District

Water Supply Charge Availability Analysis

	thru 09/30/2022		FY 2021-2022 Original Budget	FY 2021-2022 Unaudited Actuals
	FY 2022-2023 Original Budget	FY 2022-2023 Unaudited Actuals		
Beginning Fund Balance		\$9,478,780		\$8,469,682
Water Supply Charge	\$3,400,000	(\$89)	\$3,400,000	\$3,393,516
Capacity Fee	500,000	0	400,000	503,981
PWM Water Sales	12,201,000	1,956,057	9,828,000	9,828,000
Project Reimbursement	2,332,200	94,220	1,359,100	1,029,128
Property Taxes	1,125,000	0	1,969,700	2,058,683
User Fees	792,000	95,325	764,000	858,082
Interest	40,000	0	70,000	18,295
Reclamation Project	20,000	0	20,000	33,896
Other	5,000	4,913	5,000	7,812
Total Revenues	\$20,415,200	\$2,150,426	\$17,815,800	\$17,731,393
Direct Personnel	1,591,504	481,424	1,259,704	1,451,637
Direct Supplies & Services*	157,146	24,939	140,316	130,411
Legal	220,000	31,469	220,000	166,590
Project Expenditures [see below]	17,420,450	2,016,410	15,117,100	13,404,055
Project Expenditures-Reimbursements [see below]	792,600	80,756	725,000	362,982
Fixed Asset Purchases	104,700	3,917	126,800	39,471
Contingencies	25,200	0	23,800	0
Debt Service	730,000	0	730,000	719,308
Election Expense	90,000	0	0	0
Indirect Labor*	189,196	45,767	189,196	183,066
Indirect Supplies & Services*	319,054	50,634	284,884	264,775
Reserve	371,350	0	1,106,700	0
Total Expenditures	\$22,011,200	\$2,735,315	\$19,923,500	\$16,722,295
Net Revenue Over Expenses**	(\$1,596,000)	(\$584,889)	(\$2,107,700)	\$1,009,098
Ending Fund Balance	\$0	\$8,893,891		\$9,478,780
Project Expenditures	FY 2022-2023 Original Budget	FY 2022-2023 Unaudited Actuals	FY 2021-2022 Original Budget	FY 2021-2022 Unaudited Actuals
PWM Project	\$105,000	\$0	\$1,865,000	\$2,169,547
PWM Project - Expansion	\$1,000,000	\$16,665	\$850,000	\$583,200
PWM Project - Operating Reserve	\$1,200,000	\$0	\$1,385,000	\$480,403
PWM Project - Water Purchase	\$12,201,000	\$1,956,057	\$9,695,000	\$9,695,000
ASR Phase I	\$325,600	\$0	\$517,200	\$21,749
Reimbursement Projects	\$792,600	\$80,756	\$725,000	\$362,982
Cal-Am Desalination Project	\$30,000	\$0	\$50,000	\$0
ASR Expansion	\$80,000	\$0	\$0	\$0
Other Water Supply Projects - IFIM/GSFlow	\$1,848,000	\$3,465	\$50,000	\$17,586
Local Water Projects	\$157,000	\$0	\$157,000	\$0
Measure J/Feasibility Study	\$160,000	\$19,359	\$92,800	\$129,202
Drought Contingency Plan	\$0	\$0	\$0	\$0
Los Padres Long Term Plan	\$84,000	\$0	\$339,300	\$214,536
PB Reclamation Project	\$0	\$0	\$0	\$0
Other Project Expenditures	\$229,850	\$20,864	\$115,800	\$92,832
Total Project Expenses	\$18,213,050	\$2,097,166	\$15,842,100	\$13,767,037

*: Indirect costs as percent of Water Supply Charge 14.9% -108315.1% 13.9% 13.2%

Recent Activities:

- ASR Chemical Building
- Measure J/Feasibility Study
- PB Reclamation Project Financing
- PWM Reserve Water
- PWM Water Purchase

** Deficit balances are paid from combination of loan, interfund borrowing, line of credit proceeds, or fund balance

Exhibit 3-C
MONTEREY PENINSULA WATER MANAGEMENT DISTRICT
Water Supply Charge Report (Water Supply Fund)

	Fiscal Year Ending											Total
	2023*	2022*	2021	2020	2019	2018	2017	2016	2015	2014	2013	
Revenue												
Water Supply Charge	\$ -	\$ 3,393,516	\$ 3,422,117	\$ 3,355,193	\$ 3,410,398	\$ 3,405,008	\$ 3,391,354	\$ 3,382,389	\$ 3,327,701	\$ 3,412,207	\$ 3,400,873	\$ 33,900,756
Expenditures												
Personel:												
Salaries	\$ 247,723	\$ 1,088,157	\$ 1,050,039	\$ 1,034,678	\$ 1,025,894	\$ 918,724	\$ 824,182	\$ 815,048	\$ 790,486	\$ 768,299	\$ 734,454	\$ 9,297,684
Employee Benefits and other	\$ 279,467	\$ 546,546	\$ 489,891	\$ 468,197	\$ 415,047	\$ 367,183	\$ 338,110	\$ 308,289	\$ 295,699	\$ 321,168	\$ 331,552	\$ 4,161,149
Services and Supplies:												
Project expenditures	\$ 142,045	\$ 4,072,037	\$ 5,149,121	\$ 5,995,887	\$ 2,284,777	\$ 1,850,300	\$ 3,595,023	\$ 5,384,999	\$ 3,373,391	\$ 6,465,907	\$ 2,294,196	\$ 40,607,683
Water purchases	\$ 1,956,056	\$ 9,695,000	\$ 6,041,594	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,692,650
Operating expenditures	\$ 63,269	\$ 270,392	\$ 290,370	\$ 236,163	\$ 240,055	\$ 154,660	\$ 143,059	\$ 166,695	\$ 344,266	\$ 143,720	\$ 130,241	\$ 2,182,890
Professional fees	\$ 43,773	\$ 291,384	\$ 201,588	\$ 192,081	\$ 313,446	\$ 357,070	\$ 214,106	\$ 378,388	\$ 284,904	\$ 304,978	\$ 363,081	\$ 2,944,799
Capitla outlay	\$ 3,917	\$ 39,471	\$ 12,647	\$ 14,927	\$ 76,477	\$ 64,404	\$ 17,334	\$ 60,530	\$ 38,752	\$ 35,919	\$ 15,944	\$ 380,322
Debt Service:												
Principal	\$ -	\$ 617,383	\$ 96,405	\$ 93,157	\$ 90,175	\$ 86,953	\$ 83,881	\$ 80,508	\$ 78,059	\$ 75,215	\$ 38,368	\$ 1,340,104
Interest and other charges	\$ -	\$ 101,925	\$ 122,731	\$ 125,979	\$ 128,961	\$ 132,183	\$ 137,086	\$ 138,627	\$ 147,150	\$ 143,921	\$ 41,801	\$ 1,220,364
Total Expenditures	\$ 2,736,250	\$ 16,722,295	\$ 13,454,386	\$ 8,161,069	\$ 4,574,832	\$ 3,931,477	\$ 5,352,781	\$ 7,333,084	\$ 5,352,707	\$ 8,259,127	\$ 3,949,637	\$ 79,827,645
Difference [surplus/(deficit)]	\$ (2,736,250)	\$ (13,328,779)	\$ (10,032,269)	\$ (4,805,876)	\$ (1,164,434)	\$ (526,469)	\$ (1,961,427)	\$ (3,950,695)	\$ (2,025,006)	\$ (4,846,920)	\$ (548,764)	\$ (45,926,889)
Other Revenue Sources												
Project reimbursements	\$ 94,220	\$ 1,063,024	\$ 622,842	\$ 1,220,812	\$ 526,867	\$ 5,583,786	\$ 693,848	\$ 429,075	\$ 712,002	\$ 2,093,013	\$ 2,032,924	\$ 15,072,413
PWM Water Sales	\$ 1,956,057	\$ 9,828,000	\$ 5,908,182	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,692,239
Grants	\$ -	\$ -	\$ -	\$ -	\$ 200,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 38,342	\$ 238,342
Difference [surplus/(deficit)]	\$ (685,973)	\$ (2,437,755)	\$ (3,501,245)	\$ (3,585,064)	\$ (437,567)	\$ 5,057,317	\$ (1,267,579)	\$ (3,521,620)	\$ (1,313,004)	\$ (2,753,907)	\$ 1,522,502	\$ (12,923,895)

Source: MPWMD Audited Financial Statement

* 2022 & 2023 unaudited figures

ITEM: DISCUSSION ITEM

4. DISCUSS TOPICS FOR 2022 ANNUAL REPORT

Meeting Date: October 19, 2022 Budgeted: N/A

**From: David J. Stoldt Program/ N/A
General Manager Line Item No.:**

Prepared By: David J. Stoldt Cost Estimate: N/A

General Counsel Approval: N/A

Committee Recommendation: N/A

CEQA Compliance: This action does not constitute a project as defined by the California Environmental Quality Act Guidelines section 15378.

DISCUSSION: At its May 12, 2022 meeting the Ordinance 152 Citizen’s Oversight Panel agreed to develop an outline of its draft annual report at its October meeting and then finalize and approve the annual report in January. At this meeting, the Committee should identify topics for the annual report, the recommendation for each topic, and the order of appearance. The District General Manager will take the information provided and develop a draft report for Committee review, revision, and approval at its January meeting.

Topics covered in the past have included:

2021

Dual Collection of the Water Supply Charge and District User Fee
Development of a Summary Financial Report
Measure J Costs

2019

Measure J Costs
Mechanics Bank Loan
Dual Collection of the Water Supply Charge and District User Fee
Reserve Policies
Local Project Funding

2018

Measure J Costs
Dual Collection of the Water Supply Charge and District User Fee
Mechanics Bank Loan

2017

Reinstatement of District User Fee

15% Overhead Calculation

Deficit Spending

Local Projects

The Monterey Peninsula Taxpayers Association lawsuit

EXHIBIT

4-A 2021 Annual Report

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Ordinance 152 Citizens Oversight Panel

2021 Annual Report

2021 Annual Report Recommendations

The following areas of discussion represent three key topics the Panel has identified of particular interest or concern during the recent calendar year.

1. **Dual Collection of the Water Supply Charge and District User Fee:** The Panel reminds the Board that the 2019-20 fiscal year was the third year of dual collection of the Water Supply Charge and the User Fee. Therefore, the Panel discussed whether it would be advisable to plan for its continued use over the next several years or perhaps consider reductions or even sunset of the Water Supply Charge.

The User Fee was re-established for collection on the Cal-Am bills in July 2017. The Panel recognizes the plan adopted by the District Board in April 2016 to collect both fees for a 3-year period was said to be needed because: (i) the User Fee would primarily fund programs previously in Cal-Am surcharges (District conservation and river mitigation), so there may be little “new” revenue initially; (ii) there were still large near-term expenditures required on water supply projects; and (iii) Cal-Am had a recent history of significant revenue undercollection, so it made sense to have a period of collection until the predictability of the User Fee revenue was better known. However, that period has passed and much has been learned.

At its October 19, 2020 meeting the District Board adopted a policy that if User Fee collections in a fiscal year exceed the budget, then the excess will be applied in the following fiscal year budget in the following priority: First, to pay off the Mechanic’s Bank loan; Second, to repay reserves used for water supply project costs; Third, to sunset the Water Supply Charge. The Panel supports the District’s adopted policy and was pleased to see the District Board be proactive.

2. **Financial Report:** The attached financial report (Exhibit A) for the 2020-2021 fiscal year shows the details of water supply project revenues and expenses. The following summary uses round numbers for ease of discussion.

Total Revenues were \$13.42 million. Major revenue sources include the Water Supply Charge at \$3.4 million (26%), Property Taxes at \$2.1 million, (16%), User fees at \$843,000 (6%), and Pure Water Monterey water, which sold at cost for \$5.9 million (44%), reimbursing the expense to produce it. Capacity fees, project reimbursements, and interest make up the remaining 8%.

Total Expenditures were \$13.45 million. The largest components were Direct Personnel at \$1.35 million (10%) and Project Expenditures at \$10.75 million (80%). Legal, Project

Expenditure Reimbursements, Fixed Asset Purchases, Indirect Labor, Debt Service, and Indirect Supplies and Services make up the remaining 10%. A more detailed account of Project Expenditures is also provided.

Exhibit B shows inflows and outflows to the District's Water Supply Fund. An important conclusion is that in each of the nine years since the inception of the Water Supply Charge, it has been annually insufficient to meet all water supply related District expenditures. As a result, the District has subsidized water supply related activities by \$9.8 million during that timeframe.

The overall FY2020-21 District budget set aside \$500,000 for paying down the Mechanics Bank loan, which was done in August 2021. The current 2021-22 budget also has \$500,000 in it to pay down the loan. The principal balance entering the 2022-23 Fiscal Year is expected to be approximately \$2.2 million. June 30, 2023 is the date to pay it off in full or refinance.

The Panel members understand, however, in the next few years the District intends that the Water Supply Charge will primarily be used to pay ongoing capital costs of Project Expenditures, including: Aquifer Storage and Recovery project, the Pure Water Monterey operating reserve, a fourth deep well for Pure Water Monterey, and the recently authorized Pure Water Monterey Expansion. It is likely the collections will be insufficient to meet all MPWMD water supply needs next year, and those activities will again be subsidized by other District revenues, including the User Fee. The majority of Panel members believe this illustrates the continuing importance of the Water Supply Charge in funding projects and activities to meet the ongoing need for adequate and reliable water supplies and reserves. A Panel minority believes the Water Supply Charge has exceeded its time constraint and should be retired immediately.

- 3. Measure J Costs:** The Panel is currently in disagreement over whether the Water Supply Charge was intended solely for projects to solve the region's longstanding water supply problem, or could also be used to fund any of the costs related to Measure J, such as the cost of the LAFCO process, an appraisal and rate study, costs related to a "right to take" bench trial, the costs related to a subsequent jury trial to establish fair compensation, and/or the costs of acquisition.

The goal of Measure J included, if feasible and beneficial, the acquisition of water supply facilities as part of the District's water supply mission, with the expectation that under public ownership, a safe, adequate, and reliable water supply could be provided in a more affordable, sustainable, locally responsive and transparent way. A majority of Panel members agree with Outside Counsel's 2019 determination that it would be legal to use the Water Supply Charge on Measure J costs, and urges the District maintain flexibility to do so if necessary. A Panel minority believes Measure J does not constitute a water supply project and is therefore not an appropriate use of Water Supply Charge funds.

At this time, the majority of the Panel recommends that the District does not aggressively pursue a sunset of the Water Supply Charge at the expense of sufficiency of District reserves for liquidity, on-going new water supply projects, and need for flexibility.

Respectfully submitted by the Ordinance 152 Citizens Oversight Panel, February 24, 2022.

EXHIBIT A

Monterey Peninsula Water Management District

Water Supply Charge Availability Analysis
FY 2020-21

	Audited Actuals
Beginning Fund Balance	\$8,506,593
Water Supply Charge	\$3,422,117
Capacity Fee	474,040
PWM Water Sales	5,908,182
Project Reimbursement	622,842
Property Taxes	2,090,954
User Fees	843,136
Interest	52,882
Reclamation Project	0
Other	3,322
Total Revenues	\$13,417,475
Direct Personnel	1,356,864
Direct Supplies & Services*	115,453
Legal	102,623
Project Expenditures [see below]	10,750,030
Project Expenditures-Reimbursements [see below]	440,685
Fixed Asset Purchases	12,647
Contingencies	0
Debt Service	219,136
Election Expense	39,477
Indirect Labor*	183,066
Indirect Supplies & Services*	234,405
Reserve	0
Total Expenditures	\$13,454,386
Net Revenue Over Expenses**	(\$36,911)
Ending Fund Balance	\$8,469,682
	0
<u>Project Expenditures</u>	<u>Audited Actuals</u>
PWM Project	\$1,233,201
PWM Project - Expansion	\$0
PWM Project - Operating Reserve	\$751,683
PWM Project - Water Purchase	\$6,041,594
ASR Phase I	\$2,448,823
Reimbursement Projects	\$440,685
Cal-Am Desalination Project	\$0
ASR Expansion	\$0
Other Water Supply Projects - IFIM/GSFlow	\$7,433
Local Water Projects	\$0
Measure J/Feasibility Study	\$198,200
Drought Contingency Plan	\$0
Los Padres Long Term Plan	\$27,893
PB Reclamation Project	\$0
Other Project Expenditures	\$41,203
Total Project Expenses	\$11,190,715
*: Indirect costs as percent of Water Supply Charge	12.2%

Recent Activities:

ASR Chemical Building
Measure J/Feasibility Study
PB Reclamation Project Financing
PWM Reserve Water
PWM Water Purchase

** Deficit balances are paid from combination of loan, interfund borrowing, line of credit proceeds, or fund balance

EXHIBIT B

MONTEREY PENINSULA WATER MANAGEMENT DISTRICT
Water Supply Charge Report (Water Supply Fund)

	Fiscal Year Ending										Total
	2021	2020	2019	2018	2017	2016	2015	2014	2013		
Revenue											
Water Supply Charge	\$ 3,422,117	\$ 3,355,193	\$ 3,410,398	\$ 3,405,008	\$ 3,391,354	\$ 3,382,389	\$ 3,327,701	\$ 3,412,207	\$ 3,400,873	\$ 3,400,873	\$ 30,507,240
Expenditures											
Personel:											
Salaries	\$ 1,050,039	\$ 1,034,678	\$ 1,025,894	\$ 918,724	\$ 824,182	\$ 815,048	\$ 790,486	\$ 768,299	\$ 734,454	\$ 734,454	\$ 7,961,804
Employee Benefits and other	\$ 489,891	\$ 468,197	\$ 415,047	\$ 367,183	\$ 338,110	\$ 308,289	\$ 295,699	\$ 321,168	\$ 331,552	\$ 331,552	\$ 3,335,136
Services and Supplies:											
Project expenditures	\$ 5,149,121	\$ 5,995,887	\$ 2,284,777	\$ 1,850,300	\$ 3,595,023	\$ 5,384,999	\$ 3,373,391	\$ 6,465,907	\$ 2,294,196	\$ 2,294,196	\$ 36,393,601
Water purchases	\$ 6,041,594	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,041,594
Operating expenditures	\$ 290,370	\$ 236,163	\$ 240,055	\$ 154,660	\$ 143,059	\$ 166,695	\$ 344,266	\$ 143,770	\$ 130,241	\$ 130,241	\$ 1,849,229
Professional fees	\$ 201,588	\$ 192,081	\$ 313,446	\$ 357,070	\$ 214,106	\$ 378,388	\$ 284,904	\$ 304,978	\$ 363,081	\$ 363,081	\$ 2,609,642
Capital outlay	\$ 12,647	\$ 14,927	\$ 76,477	\$ 64,404	\$ 17,334	\$ 60,530	\$ 38,752	\$ 35,919	\$ 15,944	\$ 15,944	\$ 336,934
Debt Service:											
Principal	\$ 96,405	\$ 93,157	\$ 90,175	\$ 86,953	\$ 83,881	\$ 80,508	\$ 78,059	\$ 75,215	\$ 38,368	\$ 38,368	\$ 722,721
Interest and other charges	\$ 122,731	\$ 125,979	\$ 128,961	\$ 132,183	\$ 137,086	\$ 138,627	\$ 147,150	\$ 143,921	\$ 41,801	\$ 41,801	\$ 1,118,439
Total Expenditures	\$ 13,454,386	\$ 8,161,069	\$ 4,574,832	\$ 3,931,477	\$ 5,352,781	\$ 7,333,084	\$ 5,352,707	\$ 8,259,127	\$ 3,949,637	\$ 3,949,637	\$ 60,369,100
Difference [surplus/(deficit)]	\$ (10,032,269)	\$ (4,805,876)	\$ (1,164,434)	\$ (526,469)	\$ (1,961,427)	\$ (3,950,695)	\$ (2,025,006)	\$ (4,846,920)	\$ (548,764)	\$ (548,764)	\$ (29,861,860)
Other Revenue Sources											
Project reimbursements	\$ 622,842	\$ 1,220,812	\$ 526,867	\$ 5,583,786	\$ 693,848	\$ 429,075	\$ 712,002	\$ 2,093,013	\$ 2,032,924	\$ 2,032,924	\$ 13,915,169
PWM Water Sales	\$ 5,908,182	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,908,182
Grants	\$ -	\$ -	\$ 200,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 38,342	\$ 38,342	\$ 238,342
Difference [surplus/(deficit)]	\$ (3,501,245)	\$ (3,585,064)	\$ (437,567)	\$ 5,057,317	\$ (1,267,579)	\$ (3,521,620)	\$ (1,313,004)	\$ (2,753,907)	\$ 1,522,502	\$ 1,522,502	\$ (9,800,167)

Source: MPWMD Audited Financial Statement

ITEM: DISCUSSION ITEM

5. SUMMARY OF PREVIOUS PROJECT FUNDING SOURCES

Meeting Date:	October 19, 2022	Budgeted:	N/A
From:	David J. Stoldt General Manager	Program/ Line Item No.:	N/A
Prepared By:	David J. Stoldt	Cost Estimate:	N/A

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

DISCUSSION: Please see the table below, which will be discussed at the Ordinance 152 Citizen’s Oversight Panel Meeting:

Uses and Sources of Funds for MPWMD Water Supply Function (Thru March 31, 2022)			
Projects and Capital Outlay	39,588,539	32,538,422	Water Supply Charge
Personnel	12,499,898	14,839,775	Reimbursed by Others
Professional Fees	2,810,929	1,496,153	Rabobank Loan (see note)
Project Operations	2,037,125	238,342	Grants
Loan Principal & Interest	1,893,547	3,895,017	User Fee
	58,830,038	5,822,329	Interfund Borrowing
		58,830,038	

Note: Of original loan in April 2013, this is the portion that was placed in the project fund.

EXHIBITS

None