



# Pure Water Monterey Expansion

*MPWMD Special Meeting  
September 24, 2021*

David Stoldt  
General Manager



Copies Furnished to the MPWMD Board of Directors, General Manager, District Counsel for the MPWMD Board of Directors Special Meeting on 09-24-2021, Item No. 1

# Objectives of New Water Supply

---

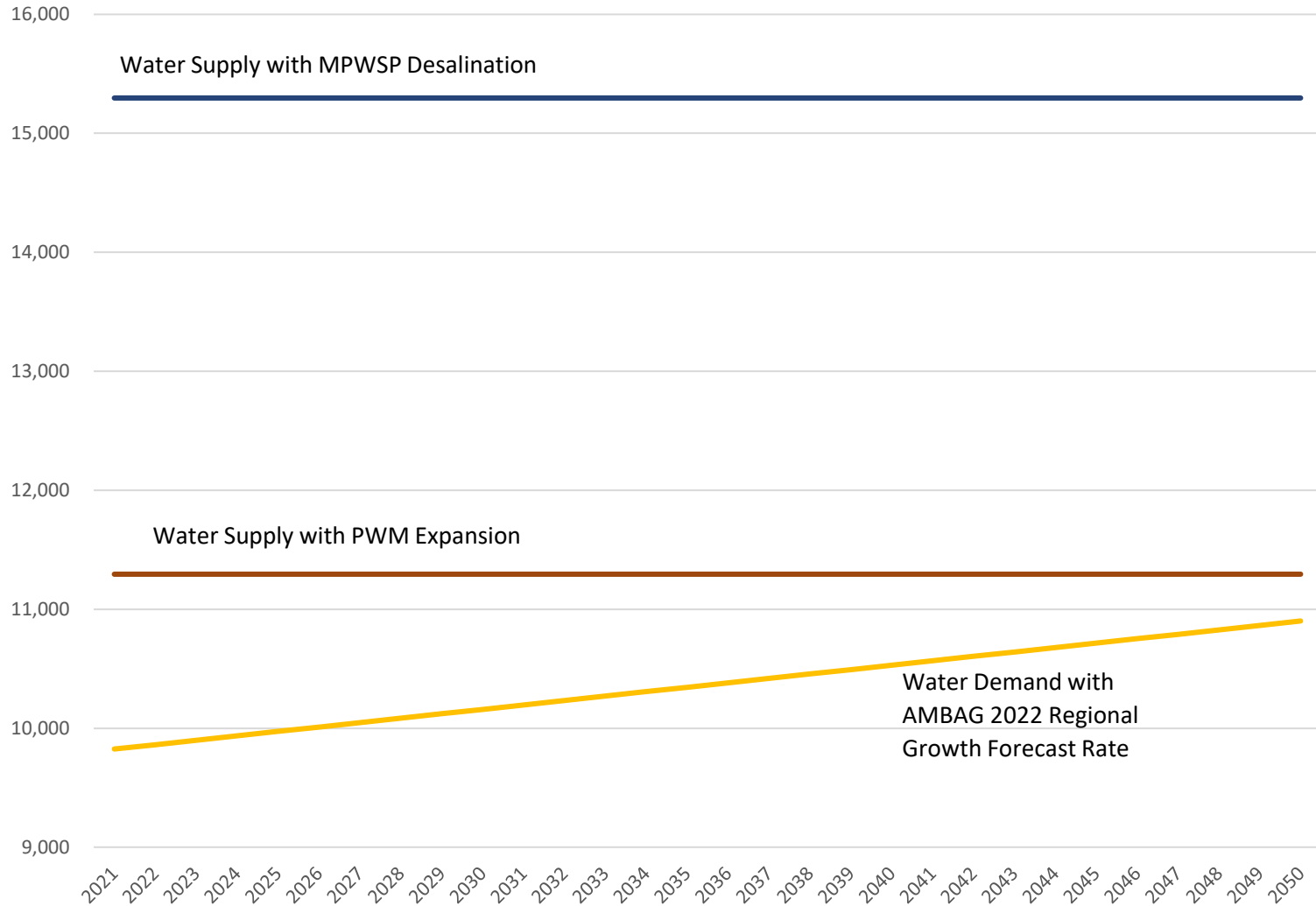
## Primary Objectives

- Lift the CDO
- End the Moratorium on New Meters
- Meet Growth Needs

## Secondary Objectives

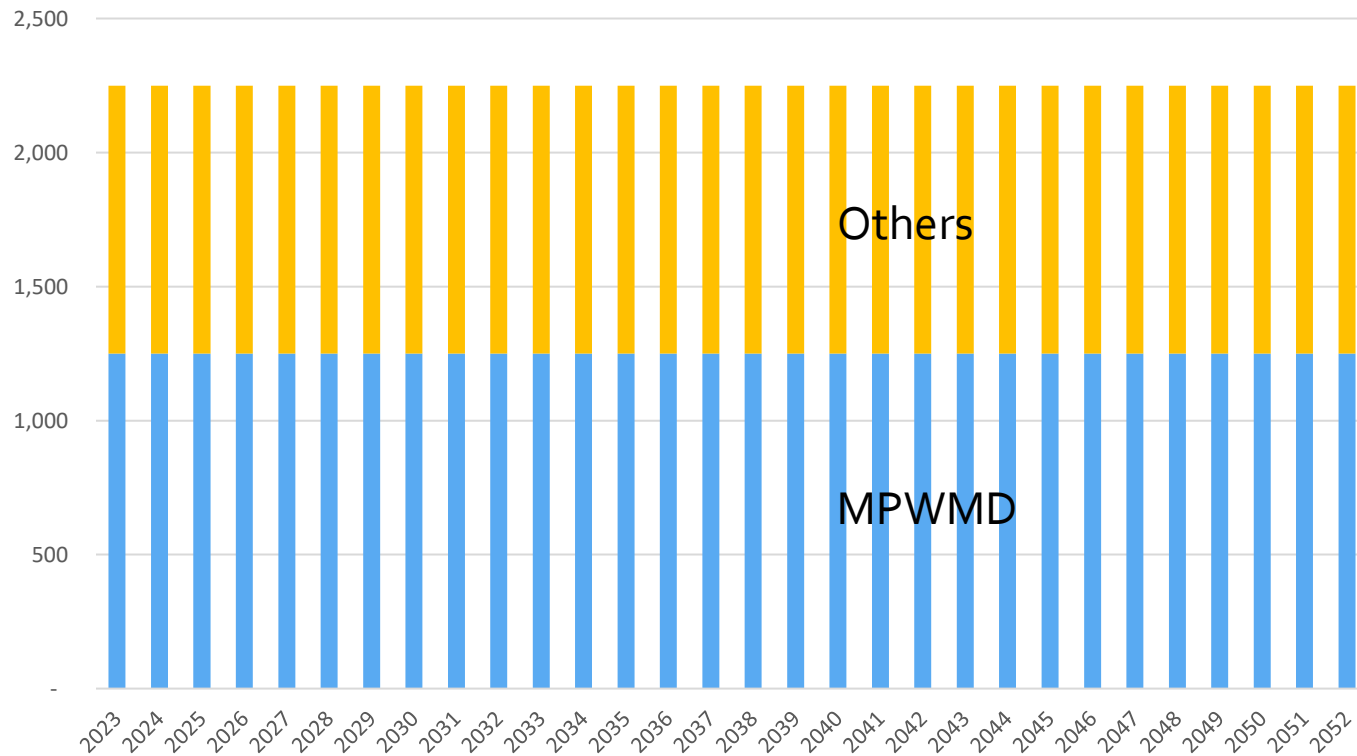
- Replenish Seaside Basin
- Water for Others (MCWD, Seaside Muni, etc)
- Watermaster Protective Water Levels
- Drought Reserve

# Water Supply v. Demand



# Pure Water Monterey Expansion – Option 1

- MPWMD Finances w/o Cal-Am
- MPWMD Keeps a Portion of the Water
- Sells Remainder of Water to Others



# Pure Water Monterey Expansion – Option 1

---

## PROs

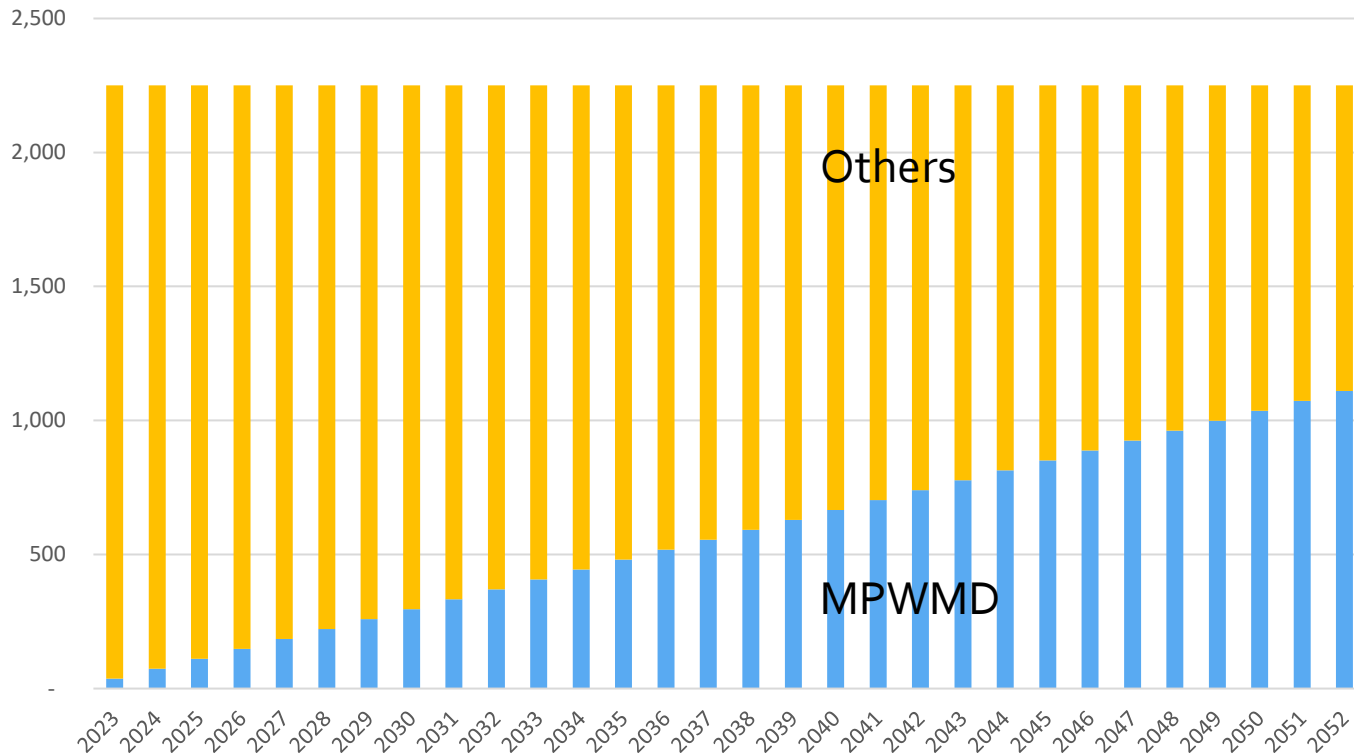
- Could Replenish Seaside Basin

## CONs

- Cal-Am Likely Pursues Desal
- Doesn't Lift CDO
- Doesn't end Meter Moratorium
- No Water for Growth
- M1W not Likely to Approve
- MPWMD Revenues on the Hook
- Must Do a Prop 218 Revenue Raise

# Pure Water Monterey Expansion – Option 2

- MPWMD Finances w/o Cal-Am
- MPWMD Reserves Water for Cal-Am
- Sells Remainder of Water to Others
- Relies on Coastal Commission to Deny Desal



# Pure Water Monterey Expansion – Option 2

---

## PROs

- Could Lift CDO
- Could End Meter Moratorium
- M1W More Likely to Approve
- Water for Growth
- Could Replenish Seaside Basin

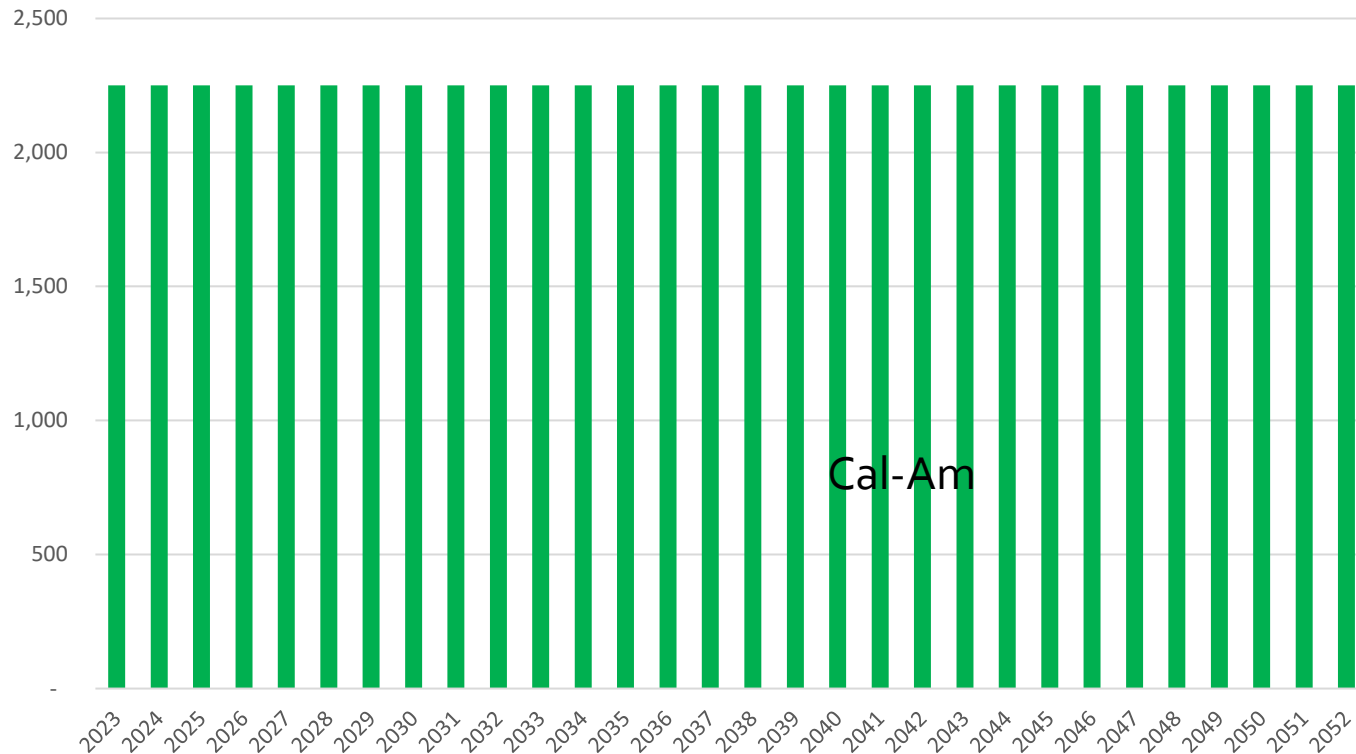
## CONS

- Relies on Coastal Commission to Deny Desal
- Some MPWMD Revenues on the Hook
- Must Do a Prop 218 Revenue Raise

# Pure Water Monterey Expansion – Option 3

---

- Cal-Am Buys 100% of Output
- Water Purchase Agreement Up-Front





# Pure Water Monterey Expansion – Option 3

---

## PROs

- Lifts CDO
- End Meter Moratorium
- M1W Approves
- Water for Growth
- Replenish Seaside Basin
- No MPWMD Revenue Committed

# Water Purchase Agreement Issues

---

- Performance Guarantees
- Coordinate and Support for Desal (Section 20(e))
- Liquidated Damages
- Original Start Date Defaults
- Stranded Costs (Section 18, Paragraph 6)

# Performance Guarantees

---

	Base Project WPA	Expansion	Combined WPA	What Cal-Am Asked For
3-Year Guarantee	3,500 AFA	2,250 AFA	5,750 AFA	5,750 AFA
2-Year Guarantee	2,800 AFA	1,800 AFA	4,600 AFA	5,050 AFA
1-Year Guarantee	1,800 AFA	1,160 AFA	2,960 AFA	4,050 AFA
Operating Reserve	1,750 AF*	1,125 AF	2,875 AF	5,750 AF

*\*: By September 1, 2023; Balance presently 1,202 AF*

# Water Purchase Agreement Issues

---

- Coordinate and Support for Desal (Section 20(e)) **DELETED**
- Liquidated Damages **LIMITED TO REMOTE EVENTS OF DEFAULT**
- Original Start Date Defaults **FOOTNOTED AS NO LONGER A BASIS OF DEFAULT**
- Stranded Costs (Section 18, Paragraph 6) **UNCHANGED**

# Recommendation

---

The Board should consider approval of the proposed Amended and Restated Water Purchase Agreement and authorize the Board Chair to sign it once CPUC approval is obtained, subject to non-substantive changes as determined by District Counsel.