

# 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 1<sup>st</sup> Year Project Operating Costs <sup>(1)</sup> <sup>(2)</sup>

Project Component	3/30/17 Estimate	8/25/17 Estimate	1 <sup>st</sup> Year Estimate	2 <sup>nd</sup> 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
<b>Estimated 1st Yr Costs</b>	<b>\$3,090,000</b>	<b>\$4,475,000</b>	<b>\$5,445,700</b>	<b>\$5,097,000</b>

(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 <sup>st</sup> 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)

- 1<sup>st</sup> year reserve contribution will be zero to offset temporary increase in Electricity and 1<sup>st</sup> 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?

