



Water Supply for the Monterey Peninsula

March 28, 2012

MPWMD Board Workshop

Item 4: Budget and Cost Allocation Issues

Community Criteria

The Monterey Peninsula Community wants Water Supply Projects that meet these criteria:

- Storage or Drought Resistant
- Reliable
- Meets Peak Demand
- Technically Proven
- Timely Implementation by 12/31/16

What's the Plan?

What Fits the Criteria...

Desalination

Aquifer Storage and Recovery

Groundwater Replenishment

What Doesn't Appear to Fit...

Table 13 Water Rights

Salinas River Water Rights

Dams

Over-Reliance on ASR

Some Desal Proposals

Over-Reliance on Conservation

Component 3 - GWR

- 3,300 AF
- Complete by 2016
- Public Component
- 3-Party MOU (MRWPCA, MPWMD, Cal-Am)
 - Water Purchase Agt
 - Storage & Recovery Agt
 - Wholesale Water Sales Agt
 - District **50% pay-as-you-go funding match**
 - District to **provide long-term financing**



Component 2 - ASR

- Double ASR Capacity
- Complete by 2016
- Public and Private Components
- Work jointly with Cal-Am
- District will continue to develop future ASR opportunities



Component 1 - Desal

- 6,500+ AF
- Completion date depends on Key Issues:
 - Requirement and timeline for a new CEQA process or not
 - Additional technical assessment and scoping of project alternatives
 - Ease in permitting
 - Water rights
 - Cost of financing and operations
 - Litigation risk
- Is it a Public Path or a Private Path?

Key Understanding

Projects Cost Money



Capital Improvement Plan

Draft CIP

	FY2012-13	FY2013-14
Water Supply: Aquifer Storage and Recovery Phase 1 Completion	\$885,165	\$435,314
Water Supply: Groundwater Replenishment	1,036,550	1,469,200
Water Supply: Studies for Combined Desal, GWR, and ASR Operations	150,000	250,000
Water Supply: ASR Expansion Study – Part 1(Scoping locations)	150,000	
Water Supply: ASR Expansion Study – Part 2 (Easements & Test Wells)		500,000
Water Supply: Feasibility studies – Other Projects	200,000	200,000
Water Supply: Repayment of Advances for ASR	427,056	427,056
Mitigation Program: Capital	109,873	50,000
TOTAL CIP	\$2,958,644	\$3,331,570

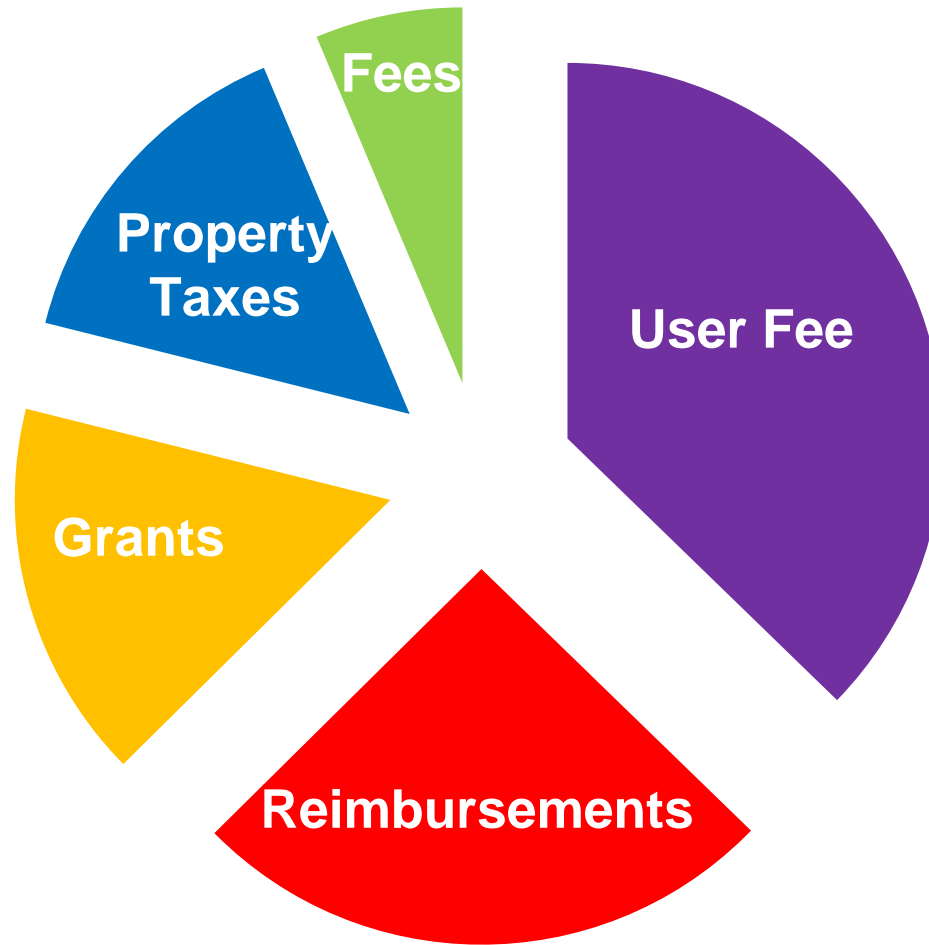
Plus, personnel, services, & supplies for water supply was \$1.6 million in FY 2011-12

Old User Fee

- User Fee collected since 1983
- Related to the delivery of water
- CPUC has interrupted collection mechanism (Cal-Am bill)
- Was budgeted at \$3.7 million last 3 years
- Seek **new collection mechanism**

MPWMD Finances

Revenue Sources



Water Supply & Budget

- Water Supply Projects are additive to existing budget
- Reduce District expenditures for other activities, where possible w/o disrupting legal mandates
- Seek to have Cal-Am directly pay a greater share of mitigation costs (at least \$1.6 million/year)
- Doing so allows 100% of new revenue source to be used on new water supply costs

Summary Use of New Fees

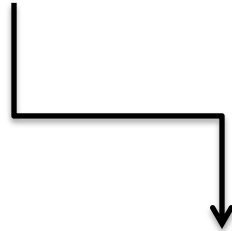
	Budgeted Amount	Available From New Fees
Direct Capital per CIP	\$2,959,000	\$2,488,000
Staff, Supplies, Services - Water	<u>1,618,000</u>	<u>1,212,000</u>
Total	4,577,000	3,700,000

Allocation Process

\$3.7 Million



~~38,000 Cal-Am Bills~~



43,500 Connections Based on Standard
Water Use by Type of Property and Meter

e.g.

Single-Family (small)
Single Family (medium)
Single Family (large)
Multi-Family

Commercial
Industrial
Golf Course
Public Agencies
Other Categories

A Local Example

Carmel Area Wastewater District Proposed Sewer Rate Increases for 2010-2012

User Categories	2010-11 Proposed Annual Rates	% Change	2011-12 Proposed Annual Rates	% Change
Veterinary Offices (each location)	\$ 693.50	4.84%	\$ 724.50	4.40%
Vet Hospital/Boarding (each location)	\$ 1,676.00	4.87%	\$ 1,750.00	4.42%
Bakery (each location)	\$ 1,123.00	4.86%	\$ 1,170.00	4.19%
Bar (each location)	\$ 588.00	4.68%	\$ 605.82	3.03%
Beauty Salon (each location)	\$ 430.00	5.41%	\$ 452.00	5.12%
Business/Govt./Retail (1-10 employees = one unit)	\$ 219.40	5.86%	\$ 230.42	5.02%
Camera/Photo (each location)	\$ 308.00	4.40%	\$ 318.92	3.55%
Church/Synagogue/Mission (each location)	\$ 313.00	5.15%	\$ 330.00	5.43%
Convalescent Hospital (per bed)	\$ 174.90	4.77%	\$ 182.26	4.21%
Dental Office (per dentist)	\$ 350.00	0.00%	\$ 350.00	0.00%
Gym/Health Spa (each location)	\$ 415.00	4.56%	\$ 431.12	3.88%
Hotel/Motel (per room)	\$ 188.00	4.85%	\$ 194.79	3.61%
Laundromat (per machine)	\$ 319.50	5.00%	\$ 334.60	4.73%
Laundry (each location)	\$ 1,482.00	3.94%	\$ 1,553.00	4.79%
Market (each location)	\$ 544.10	5.00%	\$ 571.32	5.00%
Medical Office (per physician)	\$ 190.00	4.86%	\$ 196.00	3.16%
Residential/Minimum vacant (each location)	\$ 370.50	4.72%	\$ 388.00	4.72%
Restaurants (per seat/meal)	\$ 26.22	4.80%	\$ 27.54	5.03%
School (per population)	\$ 14.32	4.99%	\$ 14.90	4.05%
Service Station (per pump)	\$ 1,186.00	5.37%	\$ 1,256.94	5.98%
Supermarket (each location)	\$ 11,451.08	2.74%	\$ 12,013.78	4.91%
Special Users (each location)	\$ 325.60	3.63%	\$ 338.02	3.81%

Annual Water Use Fee Collection Mechanism

- Need Stable and Secure Mechanism
- Used for Water Supply
- Will Allow Public Financing
- Attention to Cost and Rate of Collection

Key Dates

April 16 -

District Board accepts/adopts Rate Study
First reading of proposed Rate Ordinance
Board approves Prop 218 Hearing Notice
Board approves Prop 218 “Rules of the Road”
Board receives alternative collection method
Resolution drafts

June 12 -

Prop 218 protests calculated
Board holds Prop 218 Hearing
Second reading of proposed Rate Ordinance (adopt)
Approve Resolution for collection method
Approve CEQA waiver
Adopt annual budget

Conclusion



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