



Public Hearing Item 12(D)

Budget and Cost Allocation Issues

April 16, 2012 Regular Meeting
Staff Contact: D. Stoldt

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
- **Additional MPWMD Capital Costs** Next 2-3 Years
- 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?
- Can MPWMD **assist with lower cost financing and/or revolving fund loans?**

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
Other District Programs: 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

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

Conclusion



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