



EXHIBIT 24-C

**FINAL MINUTES
Ordinance No. 152 Oversight Panel of the
Monterey Peninsula Water Management District
*September 24, 2015***

Call to Order The meeting was called to order at 9:00 am in the conference room at the offices of the Monterey Peninsula Water Management District.

Committee members present:

Paul Bruno
Jason Campbell
Todd Kruper
John Bottomley
George Riley
Christine Monteith
John Tilley

MPWMD Staff members present:

David J. Stoldt, General Manager
Suresh Prasad, Administrative Services Manager
Arlene Tavani, Executive Assistant

District Counsel Present:

David Laredo

Committee members absent:

Jody Hanson
Norm Yassany

Comments from the Public:

No comments were directed to the committee.

Action Items

1. Consider Adoption of Minutes of February 19 and May 13, 2015 Committee Meetings

On a motion and second, the minutes were approved by the committee members present.

2. Review and Provide Recommendation on FY 2015-16 Local Water Projects/Grants Applicant Submissions

On a motion by Riley and second of Kruper, the committee recommended that the Board of Directors prioritize funding of the Pebble Beach and City of Seaside projects, reduce the grant amounts, and allocate funds according to public interest issues . The motion was approved unanimously on a vote of 7 – 0. No comments from the public were directed to the committee on this item

Stoldt described each project to the committee, received comments and responded to questions. Committee comments: (A) The Seaside project is a good use of water. There is no cost-sharing proposed, but that is less important because this will produce useable water within a short timeframe. The City of Seaside could develop a low-cost method

for metering and charging for the water, or distribute the water at no cost, so that it would benefit users throughout the area. (B) Would the wastewater agency in Seaside pay for the project? *Response: No. Wastewater customers cannot be required to pay for a project they will not benefit from.* (C) The Seaside and Pebble Beach projects are the two highest priority projects. (D) The Monterey project is focused on preparation of studies; development of water is far into the future. (E) Offer \$80,000 to Pebble Beach Company, instead of \$100,000. (F) A private company could develop the Pebble Beach Company project and own the water. *Response. That is true; however, the Water Management District would like to allocate that water to benefit the community.* (G) If the City of Monterey project is proposed to be a regional effort, why doesn't the Water Management District undertake the project? *Response. The state may require that every basin have a stormwater plan, in that case this project may be undertaken as a regional effort utilizing Proposition 1 funds.*

Discussion Items

3. Discuss Groundwater Replenishment Project Credit Structure and O&M Cost Requirements under Water Purchase Agreement

Stoldt responded to questions about the Water Purchase Agreement, and Resolution 2015-14, which is the District's pledge of revenues from the Water Supply Charge to guarantee repayment of government loans. The Water Purchase Agreement states that Cal-Am will not pay for water that it does not use. Committee Comments: (A) Is another Proposition 218 charge to be approved in order to guarantee this pledge? *Response: No. It could be paid from the existing Water Supply Charge, but we would need to show that a portion of the charge should continue to be collected for 30 years. This is a guarantee of process, not of outcome. It states that should the funds be needed, the Board would seek Proposition 218 funding, but it does not bind the public to approve it.* (B) Without Resolution No. 2015-14 the 1% financing option from State Revolving Funds would not be available for the project. (C) Why couldn't the cost of unused water be incorporated into the rate Cal-Am will pay? *Response: That would not offer insurance to the bond holder that you have collected enough money to pay costs during an interruption.* (D) Object to Cal-Am's unwillingness to enter into a take-or-pay contract. If Cal-Am's desalination project is halted, could the same financing mechanism be used to develop the DeepWater Desal project and would DeepWater Desal agree to a take-or-pay contract? *Response: DeepWater Desal has contracted with a firm to develop a financing model that anticipates 80% of the financing to be paid from take-or-pay contracts.* (E) The District should tell Cal-Am that if it will not accept a take-or-pay contract, the District will withdraw its support for Cal-Am's desal project and will back DeepWater Desal. *Response: Cal-Am has said that under those circumstances they would resort to building a larger desal plant. The CPUC allows Cal-Am to earn interest on the cost of projects they construct, so a larger project would be a benefit to the company.* (F) Cal-Am's decision to only pay for water that is produced is an effort to protect the rate payers. *Response: This is a pledge to seek Proposition 218 funding should Cal-Am be unable to pay for water, such as in the event of bankruptcy. An operating reserve will be established to pay financing costs in the event the project is not operational. In the event of drought, a drought reserve will be established to treat water and store it until the water is needed. The treatment costs will be repaid when the water is sold.*

4. Review Revenue and Expenditures of Water Supply Charge Related to Water Supply Activities

Prasad presented Exhibit 4-A, Water Supply Charge Receipts, and Exhibit 4-B, Water Supply Charge Availability Analysis. He responded to questions from the committee.

Adjournment

The meeting was adjourned at 10:40 am.

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