



EXHIBIT 17-E

FINAL MINUTES

**Ordinance No. 152 Oversight Panel of the
Monterey Peninsula Water Management District
*April 1, 2019***

Call to Order The meeting was called to order at 3:05 pm in the conference room at the offices of the Monterey Peninsula Water Management District.

Committee members present:

Bill Bluhm
John Bottomley
Patie McCracken
Susan Schiavone
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:

Jason Campbell
Paul Bruno

Other persons present:

Karen Paull, scheduled to be appointed to the committee on April 15, 2019, attended the meeting but did not participate in the discussion.

Comments from the Public:

No comments were directed to the committee.

Action Items

- 1. Consider Adoption of November 15, 2018 Committee Meeting Minutes**
On a motion by Bluhm and second of Tilley, the revised draft minutes were adopted with the correction to Item 5: replace "\$407,000" with "\$400,000 to \$700,000." The motion was adopted on a vote of 5 – 0 by Bluhm, Bottomley, McCracken, Schiavone and Tilley.
- 2. Approve Draft 2018 Oversight Panel Annual Report to the MPWMD Board of Directors**
On a motion by Tilley and second of Bluhm, the committee approved submittal of the report to the Board of Directors with minor corrections. The motion was approved on a vote of 4 – 1 by Tilley, Bluhm, Bottomley, McCracken. Schiavone was opposed. Committee members were encouraged to provide any additional corrections to the General Manager by Friday, April 5, 2019

During the discussion of this item, Stoldt reported that a portion of the Water Supply Charge (WSC) will fund the cost to conduct the 2018 election on Measure J/Rule 19.8, and could be made available for preparation of the Feasibility Study required by voter approval of the measure. Elements of the Measure J process that must be paid by the District are not discretionary expenditures; therefore, those expenses are not constrained by the 15% limit on overhead costs for the Water Supply Charge. The District's reserve fund is at \$12 million but those reserves are also slated for other purposes including payment of the Rabobank loan and pension benefits and liabilities. Reserve funds may not be sufficient to fund all costs related to Measure J going forward. Special counsel has opined that the WSC could be used to fund legal fees associated with eminent domain proceedings and acquisition costs, if needed.

The committee members made the following comments. (a) Questioned the legality of paying for preparation of the Feasibility Study from the WSC, considering that expenditures from the WSC for overhead are limited to 15 percent. (b) Should you define feasibility before spending WSC proceeds on the Feasibility Study? (c) Based on the legal argument submitted by staff, I don't see how the water board could not use, or want to use, they have a right to use these funds to do what they want to do. (d) There is a difference between sufficiency of water supply and ownership of the water system. The WSC addresses supply and Measure J applies to ownership. This is an advisory committee and the Board should receive that message.

3. Approve 2019 Committee Meeting Schedule

On a motion by Bluhm and second of Schiavone, the 2019 meeting schedule was approved on a unanimous vote of 5 – 0 by Bluhm, Schiavone, Bottomley, McCracken and Tilley.

Discussion Items

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

Suresh Prasad, Administrative Services Manager, reviewed Exhibit 4-A – Water Supply Charge Receipts and responded to questions. He also reviewed Exhibit 4-B – Water Supply Charge Availability Analysis and responded to questions.

5. Discuss Performance of Reinstated District User Fee, To Date

Prasad reviewed the chart titled MPWMD User Fee Revenue Collections FY 2018-2019 and responded to questions. Stoldt advised the committee that in the coming year, staff will have two years of actual User Fee receipts in order to estimate future User Fee collections. Staff can then evaluate when sufficient fees could be available to pay the Rabobank loan and sunset all or a portion of the Water Supply Charge. However, it may not be desirable to reduce the Water Supply Charge until the financial responsibility associated with the Measure J process is fully determined.

6. Discuss Actions Related to Rule 19.8 – Development of the Feasibility Study on Public Ownership of the Monterey Peninsula Water System

Brief comments from Stoldt on this item, as it was discussed under Item 2.

Other Items

7. Water Supply Project Update

Stoldt provided an update on the status of California-American Water Company's desalination project. He noted that the next milestone to be met is that construction begin by September 30, 2019. In the event that construction of the desalination project is delayed, the District and Monterey One Water are considering funding an investigation into the expansion of the Pure Water Monterey Project.

Adjourn: The meeting was adjourned at 4:15 pm.

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