



**EXHIBIT 7-D**

**FINAL MINUTES**

**Ordinance No. 152 Oversight Panel of the  
Monterey Peninsula Water Management District  
July 28, 2020**

**Call to Order**            The virtual meeting was called to order at 1:35 pm via WebEx.

**Committee members present:**

John Bottomley (joined at 1:40 pm)  
Paul Bruno  
Jason Campbell (joined at 1:50 pm)  
Scott Dick  
Birt Johnson, Jr.  
Patie McCracken  
Karen Paull  
Susan Schiavone  
John Tilley

**MPWMD Staff members present:**

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

**District Counsel Present:**

David Laredo

**Committee members absent:** None

**Comments from the Public:**

No comments were directed to the committee.

**Action Items**

**1. Consider Adoption of January 21, 2020 Committee Meeting Minutes**

On a motion by Bruno and seconded by Dick, the meeting minutes were approved on a vote of 7 – 0 by Bruno, Dick, Johnson, McCracken, Paull, Schiavone and Tilley. Bottomley and Campbell were absent for the vote. No public comment was directed to the committee during the public comment period on this item.

**Discussion Items**

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

Prasad reviewed Exhibit 2-A, Water Supply Charge Receipts; Exhibit 2-B, Water Supply Charge Availability Analysis; and Exhibit 2-C, Water Supply Fund Budget and responded to questions. He explained that incoming Water Supply Charge funds are coded to one GL, and expenditures are split between the three cost centers: Conservation, Water Supply and Mitigation. He stated that 1.2 percent of the 8.325% User Fee is applied to the Water Supply fund. The costs related to Measure J are split across the three cost centers, so 33% of the Measure J costs are shown in the Water Supply fund. In response to a question about the meaning of Section 10 of Ordinance No. 152, Stoldt explained that Section 10 states that if no water project is identified by 2017 the charge shall not be collected, it does not say that the Water Supply Charge can only be spent on projects that were identified prior to 2017. A concern was expressed that the District depends on funding from the User Fee and Water Supply Charge and there is no plan to sunset the Water Supply Charge. Stoldt explained that

the Water Supply Charge funds water supply projects, and those project costs exceed Water Supply Charge receipts. The expectation is that once the water projects are in place, the Water Supply Charge could be reduced or sunset, considering any surplus User Fees collected. There was a request that projects funded from the Water Supply Charge be identified, including those begun before 2017, and that those project expenditures should be shown.

**3. Discuss Performance of Reinstated District User Fee, To Date**

Prasad reviewed Exhibit 3-A, MPWMD User Fee Revenue Collections FY 2019-2020 and responded to questions. Stoldt stated that User Fee receipts fluctuate each year. Once the District can determine a consistent level of User Fee receipts, then a decision can be made as to how much the Water Supply Charge could be reduced or sunset.

**4. Discuss Baseline for Water Supply Charge/User Fee Sunset Provisions**

Stoldt explained that the User Fee is assessed on water use only, not other surcharges listed on the Cal-Am bill. When User Fee receipts reach \$3.4 million in excess of conservation and mitigation program expenditures, then that excess could be used to offset expenditures from the Water Supply Charge and the Board could consider a reduction. The Board adopted a policy in 2016, that could not be implemented until 2017, to collect both funding sources for three years, and then begin to sunset either or both funding sources. Stoldt suggested that as an example, if the user fee was budgeted at \$4.25 million, and \$5 million was received, of the \$750,000 excess, two-thirds could be used to fund a down payment on sunsetting the Water Supply Charge in the subsequent year. Prasad noted that only 1.2% of that \$750,000 will be allocated to Water Supply. Stoldt also advised that the Water Supply Charge is a reliable source of funding and if the District needed to fund a project through bonds, they could be guaranteed through the Water Supply Charge.

Patie McCracken left the meeting at 3:05 pm and Birt Johnson departed at 3:08 pm.

It was suggested that the District could identify short term project expenditures and set a goal that the Water Supply Charge be reduced/sunset when those projects are complete. Stoldt responded that the District would likely cut subsidies from other revenue sources first, and then reduce the Water Supply Charge.

**Other Items**

**5. Water Supply Project Update**

Stoldt reported that if the September 2020 CDO milestone was missed, the District would petition the SWRCB to waive the penalty fee. As to the Pure Water Monterey Project, costs were being developed on installation of two additional wells. Deliveries for customer service should begin the first week of September. The ASR chemical building should be completed by the end of 2020.

**Adjourn:** The meeting was adjourned at approximately 3:15 pm.