



CITY OF PACIFIC GROVE

AGENDA REPORT

300 Forest Avenue, Pacific Grove, California 93950

TO: Honorable Mayor and Members of the City Council

FROM: Mayor Bill Kampe

MEETING DATE: June 15, 2016

SUBJECT: Appoint Mayor Bill Kampe and Councilmember Bill Peake as Director and Alternate Director respectively to the Monterey Peninsula Regional Water Authority.

CEQA: Does not constitute a "Project" under California Environmental Quality Act (CEQA) Guidelines

RECOMMENDATION

Approve a resolution appointing Mayor Bill Kampe and Councilmember Bill Peake as Director and Alternate Director to the Monterey Peninsula Regional Water Authority, terms starting July 1, 2016 and ending June 30, 2018.

DISCUSSION

This agenda report includes an update from the prior report that has been postponed to this council meeting. The additional attachments include the budget request to the members of the JPAs, plus information on the Mission of the MPRWA, Accomplishments, and tasks still in progress. This information was prepared in response to questions from the Monterey County Board of Supervisors and is relevant for all cities that are participants in the MPRWA.

Relating to appointments of directors, here is an extract from the Joint Powers Agreement creating the MPRWA:

"6.4 Requirements. Each Director and Alternate Director shall be an official elected to the governing body of the Member he or she represents, and shall have been appointed by resolution of that Member's governing body to serve for a term of two years. A Director may be removed during his or her term or reappointed for multiple terms at the pleasure of the member that appointed him or her. No individual Director may be removed in any other manner, including by the affirmative vote of the other Directors."

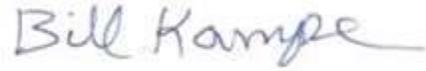
FISCAL IMPACT

None from the appointments. Pacific Grove pays an annual assessment for Membership in the MPRWA. Failure to obtain a timely replacement water supply will have serious and long term effects on all peninsula cities and their residents.

ATTACHMENTS

1. Resolution for the Appointments
2. MPRWA Budget Request for 2016-17
3. About the Monterey Peninsula Regional Water Authority

Respectfully submitted:

A handwritten signature in blue ink that reads "Bill Kampe". The signature is written in a cursive, slightly slanted style.

Bill Kampe, Mayor

RESOLUTION NO. 16-

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PACIFIC GROVE
FOR APPOINTMENTS TO THE MONTEREY PENINSULA REGIONAL WATER
AUTHORITY**

FINDINGS

1. The City of Pacific Grove is a member of the Monterey Peninsula Regional Water Authority (MPRWA).
2. The City's participation in the MPRWA requires action by City Council to designate a Director and Alternate Director by resolution.
3. MPRWA representatives must be an official elected to the governing body of the City.

**NOW, THEREFORE, THE COUNCIL OF THE CITY OF PACIFIC GROVE DOES
RESOLVE AS FOLLOWS:**

1. The Council determines that each of the Findings set forth above is true and correct, and by this reference incorporates those Findings as an integral part of this Resolution.
2. The Council designates Mayor Bill Kampe as Director and Councilmember Bill Peake as alternate director to the MPRWA, for terms starting on July 1, 2016 and expiring on June 30, 2018.
3. This Resolution shall become effective immediately upon passage and adoption thereof.

**PASSED AND ADOPTED BY THE COUNCIL OF THE CITY OF PACIFIC GROVE
this 15th day of June, 2016, by the following vote:**

AYES:

NOES:

ABSENT:

APPROVED:

Bill Kampe, Mayor

ATTEST:

Sandra Kandell, City Clerk

APPROVED AS TO FORM:

DAVID C. LAREDO, City Attorney



BUDGET for FY 2016-2017

OPERATING REVENUES

Membership Contributions (6 Cities + County)	\$ 350,000
EST. TOTAL OPERATING REVENUES	\$ 350,000

EST. OPERATING EXPENSES

Administration and Clerical Services

Principal Office of Authority (Monterey)	\$ 5,000
Clerk of Board (Monterey)	\$ 24,000
Financial Services (Monterey)	\$ 6,000
Executive Director (Monterey)	\$ 85,000
Misc. Admin Expenses	\$ 500

Legal Services

Board Counsel (Freeman)	\$ 36,000
Special Counsel (Brownstein)	\$ 150,000

Contract Services

Public Outreach	\$ -
Audit Services (Kaufman)	\$ 8,000
Televised Meetings (AMP)	\$ 3,000
Contract Services and Studies	\$ 10,000
Insurance	\$ 7,500
Travel Expenses	\$ 5,000
Contingency	\$ 10,000

TOTAL OPERATING EXPENSES	\$ 350,000
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Jurisdiction Contribution Requests

Member Jurisdiction	Water Usage	Contribution
Carmel by the Sea	6.5%	\$ 22,750
Sand City	0.8%	\$ 2,800
City of Pacific Grove	13.1%	\$ 45,850
City of Seaside	14.8%	\$ 51,800
City of Monterey	33.0%	\$ 115,500
City of Del Rey Oaks	1.4%	\$ 4,900
County of Monterey	30.4%	\$ 106,400
Total	100.0%	\$ 350,000



May 23, 2016

Directors:
Bill Kampe, Vice President
David Pendergrass, Secretary
Jerry Edelen, Treasurer
Ralph Rubio, Director
Libby Downey, Director

Executive Director:
Jim Cullem, P.E.

About the Monterey Peninsula Regional Water Authority

Purpose/Mission of the MPRWA

The purpose of the Monterey Peninsula Regional Water Authority is stated in the Joint Powers Agreement:

“2.2 Purpose of the Authority. Each Member has in common the power to study, plan, develop, finance, acquire, construct, maintain, repair, manage, operate, control, and govern Water Projects either alone or in cooperation with other public or private non-member entities. The purpose of this Agreement is to restate the creation of a public entity separate from its Members to jointly exercise some or all of the foregoing common powers, as deemed necessary by the Authority, to: (1) ensure the timely development, financing, construction, operation, repair, and maintenance of one or more Water Projects; and (2) ensure that the governance of such Water Projects includes representation that is directly accountable to the water users within the incorporated Cities and unincorporated portions of the County.”

Other clauses expand the Purpose to include ancillary tasks such as rights, permits, and authorizations. Much effort is applied in this area.

In practical terms, the work of the MPRWA remains focused on:

- Obtaining alternate water supply for city and county residents and businesses who use water from the Carmel River and Seaside Basin.
- Representing community interests of the affected jurisdictions.
- Advocating for governance to obtain the most cost effective solution.
- Supporting the process of the settling parties to find critical common ground.
- Supporting the steps necessary to ensure progress against the timeline of the Cease and Desist Order.

In our board dialog, we have explicitly foregone any role in ownership or operation, which might otherwise be permitted under the JPA. We also expect to sunset the Authority when water flows from a Desal plant to our communities.

MPRWA Policy Position Statement

The MPRWA has engaged in support of alternate water sources according to a policy statement originally adopted in February of 2013. The statement was adopted as guidance to staff and consultants in preparation for CPUC testimony.

The statement includes a commitment to a portfolio approach for water supply and includes GWR, ASR, Desal, and the PG Local Water Project. The authority supports efforts for each element of the portfolio to move forward on its own to the greatest possible extent

“Any project must meet four basic criteria:

- 1. Project economics must be competitive.*
- 2. Project must have suitable public governance, public accountability and public transparency.*
- 3. Project must have clear path to permitting and constructing the facility as near to the CDO deadline as feasible.*
- 4. Project must have contingency plans to address significant technical, permitting and legal risks.”*

We note that none of the projects in the portfolio meet all criteria. Based on early evaluations the Water Authority has chosen to support the CalAm project. We will continue to monitor alternatives and their status compared to MPWSP progress and timeline.

Accomplishments of the MPRWA

Every achievement in creating new water supplies involves multiple parties. The accomplishments below have been achieved in collaboration with those parties. Those listed represent accomplishments where the MPRWA brought significant influence on the outcomes.

The MPRWA has an active Technical Advisory Committee (TAC) that provides analysis and recommendations on many aspects of the Peninsula Water Supply programs. The MPRWA has also obtained independent consultant analysis where necessary to gain an informed perspective.

Early Accomplishments

- Major participant in the creation of the **large and the small settlement agreements** for the MPWSP.
- Obtained comprehensive **assessment of competing desal projects** as one factor in decision to support the CalAm project
- Advocated effectively for the **public contribution** to CalAm desal project financing. This public contribution will lower financing costs significantly.
- Advocated and created a **governance committee** to provide oversight and transparency for major cost elements of the Water Supply Project.
- Obtained a **value engineering study** of the project to identify potential cost savings.

Recent Accomplishments

- Advocated successfully for both the initial **startup of the test well** at Cemex, and for the restart after test interruption.
- Obtained an Independent **technical review of brine discharge and hydrological model** as critical aspects of the EIR. The report proved a useful confirmation of findings when a conflict of interest arose on these topics. While there was some delay, the conflict did not derail the project.
- Participated strongly with CalAm and MPWMD in advocacy for an **extension of the CDO**. The extension hearing is scheduled for July 19, and is critical for the Peninsula
- Effective **voice for community values** on behalf of **GWR as part of the water solution** portfolio at the CPUC. The CPUC might otherwise prefer a single large desal plant and no GWR. GWR adds several key benefits, including less environmental impact and greater resilience of the water supply. It especially offers faster project time to operation, which is critically important under the CDO.

Goals and Work Plan

The activities of the MPRWA are driven primarily by the phases of the projects. Every effort requires collaboration with other parties, and some of the main linkages are noted in the work plan. Top goals for the MPRWA may be summarized as:

- A. Obtain an extension of the CDO, based on a commitment to meet project milestones.
- B. Maintain the support of core settling parties to facilitate progress.
- C. Support progress through the key review points such as EIR/EIS, CPCN

The following items were received in the transition on the departure of President Jason Burnett and reflect the short and long term issues expected during the period completion of all needed water projects.

Work Plan Items:

1. SWRCB Cease and Desist Order (CDO) needs to be modified
 - SWRCB Hearing set for July 19, 2016
 - Main Parties: CalAm, MPWMD, MPRWA, PCL, Sierra Club, CRSA
 - Rancho Canada forbearance agreement aids prospects
 - CPUC will provide resolution in support.
2. NOAA mitigation agreement for Carmel River needs to be modified
 - Currently runs through early 2017
 - Needs to be extended by four years
 - \$1.1 million per year for river mitigation
 - Main Parties: CalAm, NOAA/NMS, Dr. Sullivan, Rep Farr
3. California Coastal Commission authorization to restart test well (granted)
 - Longer term data desired by farming community
 - We are told more data is not necessary for EIR; continue to monitor salinity.
 - Main parties: CalAm, MPRWA, Marina Coast Water District, Marina
4. CPUC EIR/EIS needs to be proposed and finalized
 - Proposed delay through end of 2017
 - CPUC Representatives at MPRWA committed to support at SWRCB re CDO
 - All settling parties are engaged.
5. Finalize Water Purchase Agreement with Castroville
6. Ongoing legal challenges from Marina Coast / Ag Land Trust
 - Provide technical info or amicus briefs when necessary
7. Interaction with Pure Water Monterey
 - Need NEPA for grant money
 - Need CPUC authorization to enter into WPA (potential cost premium vs other benefits)
 - Open question whether we need CalAm pipelines to maximize use of Pure Water Monterey

- Additional source water / water rights
8. Finalize brine discharge and monitoring plan with Surfrider
 - Ensure minimal impact to ocean environment.
 - Agreement is very close to final
 9. CPUC CPCN
 - Hopefully will follow settlements and subsequent decisions
 10. City of Marina / CCC Coastal Development Permit
 - Required following CPCN from CPUC
 11. Permits from county and other cities
 - Engage as needed
 - MPRWA adds an important community voice for these activities on the Peninsula
 12. Public Agency Coordination and Cooperation
 - Support to the District re securitization and ensure debt equivalency is not triggered
 13. Water Management District and cities need water allocation plan
 - Likely will require an EIR
 - Preference for projects that reduce housing / jobs imbalance?
 - Main parties: MPWMD, MPRWA, CalAm
 14. Monitor consumption if the drought ends. Continue community focus / avoid distractions
 15. Define funding and future of Water Authority