



## MCWRA Briefing Report: Regional Desalination Project (“Project”)

May 14, 2013

**Subject:** Regional Desalination Project (“Project”)

### **Current Status:**

The mediation among California-American Water (“Cal-Am”), Marina Coast Water District (“MCWD”), and MCWRA, which commenced per a Confidential Mediation Agreement, dated September 14, 2011, expired on January 16, 2012 without resolution. The next day, Cal-Am issued a press release that it was withdrawing support of the Water Purchase Agreement and related agreements behind the Project and would move forward on an alternate project.

Subsequent to Cal-Am’s announcement, the parties to the Water Purchase Agreement were involved in ongoing dispute resolution processes, with each party having different positions on the voidness of the various agreements involved. Those three-way negotiations were unsuccessful; but, Cal-Am, the County of Monterey and the County of Monterey Water Resources Agency were able to resolve issues, among them an executed Settlement Agreement, subject to California Public Utilities Commission (“CPUC”) approval, on December 4, 2012.

The Settlement Agreement provides for recovery of \$3,416,317 of the \$3,903,257 expended by the Agency, or potentially liable for activities related to the Regional Desalination Project. Not recovered are costs related to conflict of interest issues and pre-January 1, 2009 costs. Recovered are the following:

a) Payback of amounts reimbursed forgiven	\$ 1,173,744
b) Payback of Line of Credit forgiven	744,290
c) Payment to Agency upon Settlement approval	779,968
d) Trust account amount for unresolved claims against Agency	<u>718,315</u>
TOTAL	<u>\$ 3,416,317</u>

### **Decision Points:**

- Cal-Am needs to finalize testimony and file Application with the CPUC for approval of the Settlement Agreement

### **Completion will require:**

- Possible Agency appearance at a CPUC hearing on the Application
- Establishment of a Trust Account by the Auditor-Controller