

# MEMO



## Item #: 7.a

Meeting Date: October 18, 2024

To: Board of Directors  
From: David Ramirez, Director of Engineering and Compliance  
Approved by: Felipe Melchor, General Manager

**Subject: Authorize the General Manager to Negotiate a Reimbursement Agreement with California-American Water Company for Staff Time Related to Monterey Peninsula Water Supply Project**

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### RECOMMENDATION

That the Board authorize the General Manager to negotiate a reimbursement agreement with California-American Water Company (Cal-Am) for staff time related to Monterey Peninsula Water Supply Project (MPWSP)

### BACKGROUND AND DISCUSSION

Cal-Am, a subsidiary of American Water, Inc., is developing the MPWSP, which includes a desalination plant adjacent to ReGen Monterey's property. As part of this project, Cal-Am has approached the ReGen to discuss potential access needs, easements and infrastructure connections that may affect ReGen's property. Given the complexity and potential long-term implications of these discussions, staff time and resources will be required to properly evaluate and respond to Cal-Am's requests.

As a public agency, the ReGen has a fiduciary responsibility to ensure that public resources are not utilized to advance private interests. A reimbursement agreement would appropriately allocate the costs associated with staff time and expenses incurred during discussions and negotiations related to this private development project, which may significantly impact ReGen operations and property.

The draft reimbursement agreement could establish the following provisions with Board input:

1. Cal-Am would provide an initial deposit of \$25,000 to cover ReGen staff time and expenses.
2. The agreement would allow for additional deposits if needed, subject to mutual agreement.
3. The ReGen would provide monthly invoices detailing staff time and expenses.
4. Unused funds would be returned to Cal-Am upon completion or termination of discussions.
5. The agreement explicitly states that it does not commit the ReGen to any access, easements, or other accommodations for the MPWSP.

The final terms and conditions of the agreement will be brought back to the Board for consideration and final approval after negotiations have concluded.

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*Let's not waste this.*

**FISCAL IMPACT**

The agreement will ensure reimbursement for staff time and expenses related to Cal-Am's project. The draft Agreement includes an initial deposit of \$25,000 which will be held in a standard impound account and drawn down based on actual expenses incurred.

**CONCLUSION**

The proposed reimbursement agreement with Cal-Am represents a prudent approach to managing discussions regarding the MPWSP while utilizing District resources and maintaining appropriate boundaries between public and private interests. Staff recommends the Board authorize the General Manager to negotiate a reimbursement agreement with California-American Water Company for staff time related to Monterey Peninsula Water Supply Project.

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