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***MONTEREY ONE WATER***  
***(FORMERLY MONTEREY REGIONAL WATER POLLUTION CONTROL AGENCY)***

**MONTEREY, CALIFORNIA**  
**(MONTEREY COUNTY, CALIFORNIA)**

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**2017-18**  
**DISCLOSURE REPORT**

THE DATE OF THIS INFORMATION STATEMENT IS DECEMBER 12, 2018

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**MONTEREY ONE WATER**  
**MONTEREY, CALIFORNIA**  
(County of Monterey, California)

**BOARD OF DIRECTORS**

Rudy Fischer, Chair (City of Pacific Grove)  
Ron Stefani, Vice Chair (Castroville Community Services District)  
Gloria De La Rosa, Council Member (City of Salinas)  
Linda Grier, (Boronda County Sanitation District)  
Dennis Allion, Council Member (City of Del Rey Oaks)  
Thomas P. Moore, Director (Marina Coast Water District)  
John M. Phillips, Supervisor (County of Monterey)  
Timothy Barrett, Council Member (City of Monterey)  
Mary Ann Carbone, Mayor (City of Sand)  
Ralph Rubio, Mayor (City of Seaside)  
Vacant, Ex-Officio (United States Army)

MRWPCA Board Members are appointed from their respective Joint Power Authority jurisdictions

**AGENCY OFFICIALS**

Paul A. Sciuto, General Manager and Secretary to the Board  
Tamsen McNarie, Assistant General Manager  
Fred Marsh, Chief Financial Officer and Agency Treasurer

**DISCLOSURE ADVISOR**

A. M. Peché & Associates LLC  
River Islands  
Lathrop, California

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**MONTEREY REGIONAL WATER POLLUTION CONTROL AGENCY**  
**SUMMARY FINANCIAL INFORMATION STATEMENT**

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# MONTEREY ONE WATER

## SUMMARY FINANCIAL INFORMATION STATEMENT

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### Introduction

This document is intended to provide information to investors about the Monterey One Water (the "Agency"). The Agency is located in the County of Monterey (the "County"). The Agency formally changed its name from Monterey Regional Water Pollution Control Agency to Monterey One Water on June 26, 2017.

The Agency is a joint exercise of powers authority duly organized and existing under and pursuant to that certain Joint Exercise of Powers Agreement effective as of June 29, 1979, by and among the Agency's member entities. The representatives from each of the Agency's member entities sit upon its Board of Directors. The Agency's member entities are the Cities of Pacific Grove, Monterey, Del Rey Oaks, Salinas, Seaside and Sand City, the Fort Ord Military Reservation, the Marina Coast Water District, the Castroville Community Services District, the Boronda County Sanitation District and the County of Monterey. The Agency is empowered, among other things, to issue its bonds to finance and refinance the acquisition, construction and improvement of certain public capital improvements of and relating to the Agency.

The Agency owns and operates the regional wastewater treatment plant serving the northern part of the County. The Agency also owns and maintains wastewater pump stations, owns and operates the water recycling distribution system that provides irrigation to County farmland. The wastewater system collects, treats, and recycles wastewater that is discharged from residential, military, commercial, agricultural, resort and industrial customer from its member entities (the "Wastewater System").

The information presented below has been collected by and for the Agency, from sources believed to be accurate. The Agency makes no assurances about the accuracy or reliability of this information. The enclosed information is subject to change without notice. The Agency does not intend that the enclosed information be relied on as specific offering information in connection with any issuance of debt by the Agency or these entities.

The audited financial statements for the Agency for the year ending June 30, 2018 (the "Agency Audit") will be provided in a separate filing when it becomes available. Copies of the Agency Audit can be requested from the Agency or on the Agency's website [www.montereyonewater.org/about\\_financials.php](http://www.montereyonewater.org/about_financials.php). A copying, postage and handling fee may be charged for these reports. Requests may be directed to:

Fred Marsh  
Chief Financial Officer  
Monterey One Water  
5 Harris Court, Building D  
Monterey, California 93940-5756  
(831) 645-4630  
email: [fred@my1water.org](mailto:fred@my1water.org)

This statement provides information about the Agency and certain debt issued by Agency. Generally, this document relates to debt issued under one security structure:

- **Revenue Bonds**

**The Agency reserves the right to discontinue, amend or withdraw this information at anytime. This document is not intended to create disclosure requirements or a legal obligation to provide any or all items of information.**

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## SUMMARY OF DEBT OUTSTANDING

The table below summarizes the Agency parity debt, original par amount, and amount outstanding as of 2017-18 but excludes a parity U.S. Bureau of Reclamation Loan for which the Agency receives direct reimbursement of payments from the County. The U.S. Bureau of Reclamation Loan and subordinate debt, if any, can be seen in the audited financial statements.

### AGENCY OBLIGATIONS

Issue Name	Original Par Amount	Amount Outstanding	FY 2017-18 Debt Service	Final Maturity
Monterey Regional Water Pollution Control Agency, Taxable Wastewater Refunding Revenue Bonds, Series 2012	\$8,855,000	\$6,355,000	\$870,796	June 1, 2026
Monterey Regional Water Pollution Control Agency, Wastewater Refunding Revenue Bonds, Series 2013 (Direct Placement with Pinnacle Bank)	\$12,241,618.58	\$8,201,341	\$224,718	June 1, 2026
California State Water Resource Control Board Pure Water Monterey Groundwater Replenishment Project No. C-06-8028-110 Agreement No. D16-01033	\$103,000,000	\$103,000,000	\$0 First payment is on December 1, 2019	December 1, 2048

Source: The Agency.

## BALANCE IN THE 2012 BOND RESERVE FUND AND RESERVE REQUIREMENT

The Reserve Fund Requirement for the Series 2012 Bonds is \$885,500. The balance in the Reserve was \$901,343 as of June 30, 2018.

## SHARE OF REVENUES BY CUSTOMER CLASS

The following table shows the percentage Revenues produced by each customer class of the Wastewater System for 2017-18.

User Type	Revenue	Revenue as a Percent of Total
Single Family Residential	\$18,176,224	70.96%
Commercial	4,784,037	18.68%
Industrial	463,011	1.81%
Military	371,713	1.45%
Other	<u>1,819,764</u>	<u>7.10%</u>
Total	\$25,614,749%	100%

Source: The Agency.

## WASTEWATER SYSTEM LARGEST USERS

The top ten Wastewater System users of the Agency in 2017-18 account for approximately 7.24 percent of the total revenues of \$25,614,749. The following are the top ten users of the Wastewater System and their annual revenue.

Customer	Type of Property	12 Month Wastewater Revenues	Percent of Total Wastewater Revenues
Peninsula Septic Tank	Liquid Waste	\$395,802	1.55%
USA Fort Ord	Commercial	335,750	1.31%
Don Chapin Company	Liquid Waste	185,706	0.72%
JGPG Corporation Inc.	Liquid Waste	184,754	0.72%
USA Navy – La Mesa	Commercial	152,055	0.59%
USA Navy - Presidio	Commercial	145,650	0.57%
California State University, Monterey	Commercial	125,280	0.49%
Del Monte Shopping Center	Commercial	118,284	0.46%
Del Monte Manor Inc.	Commercial	108,589	0.42%
Mission Industries	Commercial	103,876	0.41%
	Total	\$1,855,746	7.24%

Source: The Agency.

## HISTORICAL DELINQUENCIES

Users of the Wastewater System carried an aggregate delinquent payment balance of \$196,771 as of June 30, 2018, which amount is equal to approximately 0.77 percent of total accrued Wastewater System user fees of \$25,614,749 arising during the Agency’s Fiscal Year 2017-18 time period. The following table shows an estimate of delinquencies for the Wastewater System for the prior five Fiscal Years.

Fiscal Year Ended (June 30)	Delinquent Balance at Beginning of Fiscal Year	Delinquent Billings During Fiscal Year	Payments During Fiscal Year	Delinquent Balance at Fiscal Year’s End <sup>(1)</sup>
2014	150,955	824,285	788,148	187,092
2015	187,092	838,309	853,278	172,123
2016	172,123	882,996	874,804	180,316
2017	180,316	864,077	840,387	204,006
2018	204,006	869,335	921,840	196,771

(1) Delinquencies are transferred as liens on property. Payments are added to the parcel’s property taxes – Agency does not write-off delinquencies. Eventually all delinquencies are paid through the collections by property tax.

Source: The Agency.

## **WASTEWATER SYSTEM RATES AND CHARGES**

A summary of the Agency's rates and charges for the Wastewater System can be found in the Appendix.

## **OPERATING RESULTS AND DEBT SERVICE COVERAGE**

In the Comprehensive Annual Financial Report ("CAFR") for 2017-18, the auditor will restate the Debt Covenant Schedule for 2016-17 and provide the Schedule for 2017-18. The draft debt service coverage for the Wastewater System for can be found in the Appendix.

## **AGENCY WEB SITE**

The Agency posts general information on the Agency Web Site:

[www.montereyonewater.org](http://www.montereyonewater.org)

The site is periodically updated and is designed to assist users of the Wastewater System and other interested parties in learning more about the Agency.

**The Agency reserves the right to discontinue, amend or withdraw this information at anytime. This document is not intended to create disclosure requirements or a legal obligation to provide any or all items of information.**

APPENDIX A  
INFORMATION ON THE WASTEWATER SYSTEM



Table 12 - Projected Rates (Rounded)

Proposed MRWPCA Wastewater Treatment Rates										
User Category			Average Flow (gpd)	Wastewater Strength		Current Monthly Rate	Monthly Rate per Unit Effective			Billing Unit
				BOD (mg/l)	SS (mg/l)		July 1 2017	July 1 2018	July 1 2019	
<b>RESIDENTIAL</b>										
B.	102/105 107/109	Residential	150	300	300	\$15.85	\$17.40	\$19.15	\$21.05	Each living unit
<b>COMMERCIAL/INSTITUTIONAL</b>										
A.	001	Business/Government	117	150	150	\$10.75	\$11.50	\$12.35	\$13.25	Location/each business
C.	102	Transient Occupancy (Resid)	150	300	300	15.85	17.40	19.15	21.05	Each living unit
D.	221	Hotel/Motel	66	310	120	6.70	7.20	7.80	8.40	Each room
E.	222	Bed & Breakfast Inn	43	310	120	4.45	4.75	5.10	5.45	Each room
F.	231	Supermarket	638	800	800	107.00	119.10	132.60	147.60	Location
G.	241	Medical Office	156	130	80	13.75	14.60	15.50	16.45	Each licensed physician
H.	242	Dental Office	215	130	80	18.80	20.00	21.30	22.70	Each licensed dentist
I.	243	Rest Home/Convalescent	43	250	100	4.20	4.50	4.80	5.15	Each bed of licensed capacity
J.	244	General Hospital	256	250	100	24.70	26.50	28.50	30.60	Each bed of licensed capacity
K.	245	Animal Hospital	292	250	100	28.55	30.50	32.65	34.90	Location/each business
L.	261	Restaurant—One Meal	6	1000	600	1.05	1.15	1.30	1.40	Each restaurant seat
	262	Restaurant—Two Meals	9	1000	600	1.55	1.70	1.90	2.10	Each restaurant seat
	263	Restaurant—Three Meals	17	1000	600	3.00	3.30	3.65	4.00	Each restaurant seat
M.	264	Restaurant w/Bar	17	1000	600	3.00	3.30	3.65	4.00	Each restaurant seat
N.	265	Bar	254	200	200	24.60	26.60	28.70	31.05	Location/each business
O.	266	Nightclub	760	200	200	73.05	79.15	85.75	92.85	Location/each business
P.	267	Takeout Food—Small	283	500	300	35.65	38.70	41.95	45.55	Location/each business
	268	Takeout Food—Medium	697	500	300	87.20	94.85	103.15	112.20	Location/each business
	269	Takeout Food—Large	1,270	500	300	159.00	172.90	188.00	204.40	Location/each business
Q.	270	Bakery	230	1000	600	41.20	45.15	49.50	54.30	Location/each business
R.	281	Theater	377	150	150	33.85	36.55	39.50	42.65	Per screen at each location
S.	282	Bowling Center	1,146	150	150	103.00	111.20	120.05	129.60	Location/each business
T.	290	Mortuary	310	800	800	52.25	58.05	64.55	71.70	Location/each business
U.	291	School (Minimum)	117	150	150	10.75	11.50	12.35	13.25	Each business
	292	School (Grades 0-6)	2	130	100	0.13	0.15	0.18	0.21	School population
	293	School (Grade 7-College)	4	130	100	0.28	0.32	0.37	0.43	School population
	294	Boarding School	40	233	165	3.25	3.75	4.30	4.90	School population
V.	331	Service Station/Repair	112	180	280	11.20	12.10	13.10	14.15	Location/each business
	332	Svc Station/Repair (11-20)	112	180	280	11.20	12.10	13.10	14.15	Location/each business
W.	353	Dry Cleaners	386	150	150	35.05	37.70	40.55	43.65	Location/each business
X.	354	Laundromats	102	150	110	9.00	9.70	10.40	11.20	Each washing machine
CC.	101	Vacant Residence	---	---	---	9.15	10.45	11.50	12.65	Each living unit
	211	Vacant Business	---	---	---	7.90	6.90	7.40	7.95	Each location/each business
	416	Mobile Washers (per year)	34	20	150	25.00	29.40	34.60	40.70	Each mobile washer per year
<b>SPECIAL USER CHARGE FORMULA ACCOUNTS</b>										
Y.	351	Laundry: Industrial	Usage	Sample	Sample	Based on "Special User Charge Formula" *				
	352	Laundry: Commercial	Usage	450	240	Based on "Special User Charge Formula" *				
Z.	366	Car Wash	Usage	20	150	Based on "Special User Charge Formula" *				
AA.	361	Major Hotel	Usage	500	600	Based on "Special User Charge Formula" *				
BB.	367	Truck Wash	Usage	180	270	Based on "Special User Charge Formula" *				
	407	Rec/Sports Center	Usage	150	150	Based on "Special User Charge Formula" *				
	401-410	Other	Usage	Sample	Sample	Based on "Special User Charge Formula" *				
<b>SPECIAL USER CHARGE FORMULA RATES</b>										
		Flow Charge				\$687,000	\$786,093	\$899,480	\$1,029,221	\$ per mgd
		BOD Charge				815	936	1,075	1,235	\$ per mgd x BOD strength
		SS Charge				337	476	672	950	\$ per mgd x SS strength
		Fixed Charge				2.84	---	---	---	

**SPECIAL USER CHARGE FORMULA**

"Special User" means any establishment, which cannot be classified in any other category, based on individual flow and strength characteristics. The special user charge is determined based on applying the formula shown below. Actual water usage is ordinarily the basis for the special user's average daily flow.

$$\text{Charge} = (\text{Flow Charge} \times V) + (\text{BOD Charge} \times V \times B) + (\text{SS Charge} \times V \times S)$$

Where: V = Average Daily Sewage Flow in Million Gallons per Day (mgd)

B = Average Sewage Biological Oxygen Demand (BOD) Concentration in mg/l

C = Average Sewage Suspended Solids (SS) Concentration in mg/l



**Debt Covenant Schedule**  
**Year Ended June 30, 2018**

	<u>2018</u>	<u>2017</u>
<b>Operating Revenues:</b>		
Wastewater user fees - residential customers	\$ 18,176,224	\$ 16,533,791
Wastewater user fees - others	7,438,525	6,760,567
Reclamation and diversion operations reimbursement	4,682,363	4,257,366
Other charges for services	734,108	729,408
<b>Total Operating Revenues</b>	<b><u>31,031,220</u></b>	<b><u>28,281,132</u></b>
<b>Non-Operating Revenues:</b>		
Investment earnings	146,253	51,526
CSRMA insurance rebates	39,214	49,404
Other non-operating revenue, net	226,436	397,350
<b>Total Non-Operating Revenues</b>	<b><u>411,903</u></b>	<b><u>498,280</u></b>
<b>Other Resources:</b>		
Capacity charges	1,337,460	852,038
Proceeds from Salinas Valley Reclamation Project receivable	1,252,443	96,328
Debt service recovery - Salinas Valley Reclamation Project	502,108	562,951
<b>Total Other Resources</b>	<b><u>3,092,011</u></b>	<b><u>1,511,317</u></b>
<b>Total Revenues and Resources Available</b>	<b><u>34,535,134</u></b>	<b><u>30,290,729</u></b>
<b>Operating Expenses:</b>		
General administration/Non-departmental	3,944,218	2,022,313
Finance/Information Technology	2,801,270	2,567,289
Engineering	1,481,016	1,353,517
Plant administration/Safety	1,498,797	801,073
Environmental services	1,513,120	1,379,191
Maintenance/Utilities	6,004,969	6,420,977
Cogeneration	1,027,162	1,026,972
Operations	4,367,781	4,404,337
Major maintenance and operation projects	1,484,072	964,004
Reclamation operations and maintenance	3,979,835	3,601,627
Pure water monterey project - operations and administration	205,002	276,344
<b>Total Operating Expenses</b>	<b><u>28,307,242</u></b>	<b><u>24,817,644</u></b>
<b>Less Capitalized Expenses:</b>		
Overhead absorption - capitalized operating expenses	(1,223,295)	(1,263,057)
<b>Total Expenses and Uses of Resources</b>	<b><u>27,083,947</u></b>	<b><u>23,554,587</u></b>
<b>Total Revenues and Resources Available, Net</b>	<b><u>7,451,187</u></b>	<b><u>6,736,142</u></b>
<b>Debt Service:</b>		
Principal paid on long-term debt	3,961,538	3,859,941
Interest paid on long-term debt	1,089,715	1,158,534
<b>Total Debt Service</b>	<b><u>\$ 5,051,253</u></b>	<b><u>\$ 5,018,475</u></b>
<b>Debt Service Coverage Ratio</b>	<b><u>1.48</u></b>	<b><u>1.34</u></b>