

FINAL MINUTES
Regular Meeting
Board of Directors
Monterey Peninsula Water Management District
March 15, 2010

The meeting was called to order at 7:03 PM in the District Conference Room.

CALL TO ORDER/ROLL CALL

Directors Present:

Regina Doyle, Chair -- Division 4
Bob Brower, Vice Chair -- Division 5
Alvin Edwards -- Division 1
Judi Lehman -- Division 2
Kristi Markey -- Division 3
David Pendergrass -- Mayoral Representative

Directors Absent:

David Potter -- Monterey County Board of Supervisors

General Manager present: Darby Fuerst

District Counsel present: David C. Laredo

The assembly recited the Pledge of Allegiance.

PLEDGE OF ALLEGIANCE

On a motion by Director Lehman and second by Director Edwards, the Board voted unanimously to convene in Closed Session upon adjournment of the 7 PM session. The topic of discussion would be Application No. 04-09-019 filed by California American Water Company (CAW) to the California Public Utilities Commission (PUC) for a Certificate of Public Convenience and Necessity to construct and operate the CAW Coastal Water Project and recover past, present and future costs in rates. The motion was adopted on a vote of 6 – 0. Directors Brower, Doyle, Edwards, Lehman, Markey and Pendergrass. Director Potter was absent.

The following comments were directed to the Board during Oral Communications. (1) **Dr. Carol Reeb**, Marine Biologist and Fisheries Geneticist with Stanford University and Hopkins Marine Station, expressed concern about the adverse environmental impacts of brine disposal that could result from operation of the desalination project proposed for Phase 1 of the Monterey Regional Water Supply Project. She requested that the local scientific community be involved in investigating how desalination would affect the marine environment. (2) **Colonel Darcy Brewer, Garrison Commander, Presidio of Monterey**, stated that \$164 million worth of projects were planned to be constructed at the Presidio. He urged the Board to support issuance of water permits needed to complete these projects.

ORAL COMMUNICATIONS

On a motion by Director Markey and second of Director Edwards, the Board approved the Consent Calendar with the exception of item 2 that was continued to the March 25, 2010 Board Meeting, and item 6 that was pulled for separate consideration. The motion was adopted unanimously on a vote of 6 – 0. Director Potter was absent.

Continued to the March 25, 2010 Special Board meeting.

Approved.

Approved.

Carol Reeb addressed the Board and suggested that the District should fund research into the effects of the marine environment on migrating steelhead.

Approved.

On a motion by Director Brower and second of Director Edwards, the Board voted to continue this item for 30 days. The motion was adopted on a vote of 4 – 2. Directors Brower, Doyle, Edwards and Pendergrass voted in favor of the motion. Directors Lehman and Markey were opposed. Director Potter was absent.

Approved.

Approved.

Approved.

Approved.

CONSENT CALENDAR

1. Consider Adoption of Minutes of the February 25, 2010 Regular Board Meeting
2. Consider Approval of Response Letter to 2009 Monterey County Grand Jury Report
3. Consider Adoption of Resolution 2010-02 Declaring March 15-21, 2010 to be Fix a Leak Week
4. Consider Adoption of Resolution 2010-03 In Support of Filing Applications to the California Department of Fish and Game Fisheries Restoration Grant Program
5. Receive Phase 1 Aquifer Storage and Recovery Project Water Year 2009 Summary Report
6. Consider Renewal of a \$1.5 Million Line of Credit with Bank of America to Fund Development of Water Supply Projects
7. Consider Adoption of Budgeted Funds to Contract with Zone 24x7 for Water Demand Database Improvements and Maintenance
8. Consider Expenditure of Budgeted Funds to Sponsor Cistern Workshops by the American Rainwater Catchment Systems Association
9. Consider Expenditure of Budgeted Funds to Contract with Ventana Wildlife Society for Carmel River Avian Habitat Monitoring
10. Consider Expenditure of Budgeted Funds to Conduct a Test Installation of a Sonic Fish Counting Device in the Lower Carmel River to Enumerate the Steelhead Run

Approved.

Approved.

Approved.

Craig Anthony presented a report that is on file at the District office and can be viewed at the District's website. He reviewed water rates that became effective on February 1, 2010. He reported that in August 2009, 12 percent of water used within the CAW system was subject to Tier 5 rates. In February 2010, 10 percent of the water used was subject to Tier 5 rates. He also advised the Board that between March 2009 and February 2010, Non-Revenue Water comprised 9.7% of water used in the main CAW system. Mr. Anthony reported that by early April 2010, CAW should be delivering water from the Sand City Desalination project to its customers. In response to a question from the Board, Joe Oliver, Water Resources Manager, stated that CAW and the District were working diligently to ensure that a bypass pipeline is installed to prevent any halt in operation of the Aquifer Storage and Recovery Project during realignment of General Jim Moore Blvd.

Henrietta Stern, Project Manager, presented the report. An outline of Ms. Stern's presentation is on file at the District office and can be viewed at the District's website.

Stephanie Pintar, Water Demand Manager, presented the report. An outline of Ms. Pintar's presentation is on file at the District office and can be viewed at the District's website.

Darby Fuerst, General Manager, presented the report. An outline of the presentation is on file at the District office and can be viewed at the District's website. Mr. Fuerst reported that for the period of October 1, 2009 through March 7, 2010, Cal-Am production from the Carmel River Basin was 802 acre-feet under the production target of 4,388 acre-feet established as a result of State Water Resources Control Board (SWRCB) Order 95-10. Production from the Coastal Subareas of the Seaside Basin was 130 acre-feet under the production target of 1,050 acre-feet established by the Seaside Groundwater Basin Adjudication. Production from the Laguna Seca Subarea was 71 acre-feet over the production target of 77 acre-feet established by the Seaside Groundwater Basin Adjudication. Therefore, total CAW production from the

11. Consider Approval of Second Quarter Fiscal Year 2009-2010 Investment Report

12. Consider Adoption of Treasurer's Report for December 2009

13. Consider Adoption of Treasurer's Report for January 2010

PRESENTATIONS

14. **Monthly Report from California American Water General Manager, Craig Anthony**

15. **Update on Development of Water Supply Project Alternatives Including Recycled Water**

16. **Water Conservation Program Report**

GENERAL MANAGER'S REPORT

17. **Status Report on California American Water Compliance with State Water Resources Control Board Order 95-10 and Seaside Groundwater Basin Adjudication Decision**

Seaside Basin was 59 AF under the adjudication target of 1,127 AF. Rainfall over the same time period was recorded as 22 inches, which is above the average of 18.9 inches.

The Board did not conduct a 5 PM Closed Session. However, Mr. Laredo provided an overview of the motions that have been filed with the PUC related to the reimbursement agreement between CAW, Marina Coast Water District (MCWD), and Monterey County Water Resources Agency (MCWRA) for costs incurred for the Coastal Water Project. All three agencies requested that the PUC approve a reimbursement agreement, whereby CAW would advance funds to MCWD and MCWRA and record them as costs against the Coastal Water Project. The loan amount would later be collected from CAW rate payers. The District and other agencies filed as interveners in this lawsuit. The District's position was to seek clarification on several issues. (1) Ask the PUC to describe what authority it has to grant financial relief to the parties. (2) Request that if the reimbursement order was approved, the PUC should assign an appropriate share of risk. If the project were not constructed, it would be clear whether CAW ratepayers or its shareholders would be liable for the costs. (3) What interest rate should be assigned the advanced costs? The interest rate should not be subject to future increases. (4) Request that the reimbursable expenses such as agency administrative, consultant and legal expenses be defined. The Department of Ratepayer Advocates expects that a decision will be handed down in June 2010. Director Markey requested that District staff provide a monthly report on this issue.

Chair Doyle reported that on February 27, 2010, she attended a workshop focused on the Laundry to Landscape method of greywater reuse. She mentioned that the Public Outreach Committee would discuss how to develop a demonstration project and to sponsor a workshop on the laundry to landscape methodology. Director Edwards congratulated Director Brower on his designation as 2009 Hospitality Professional of the Year by the Monterey County Hospitality Association.

On a motion by Director Pendergrass and second of Director Markey, the Board voted unanimously to adopt the April through June 2010 Quarterly Water Supply Strategy and Budget. The motion was adopted on a vote of 6 – 0. Director Potter was absent.

No comments were directed to the Board during the public

ATTORNEY'S REPORT

18. Report on 5:PM Session of the Board

DIRECTORS' REPORTS (INCLUDING AB 1234 REPORTS ON TRIPS, CONFERENCE ATTENDANCE AND MEETINGS)

19. Oral Report on Activities of County, Cities, Other Agencies/Committees/ Associations

PUBLIC HEARINGS

20. Consider Adoption of April through June 2010 Quarterly Water Supply Strategy and Budget

hearing on this item.

On a motion by Director Edwards and second by Director Brower, the Board agreed to approve the Draft 2009 MPWMD Annual Report as presented with one amendment: page 120, under the heading Future Water Requirements, state that the 4,500 acre-feet per year of new water supplies needed to meet future CAW requirements within the District is a number that will be updated in the 2010 report. The motion was approved unanimously on a vote of 6 – 0. Director Potter was absent.

No Action Items were submitted to the Board for consideration.

There was no discussion of the Informational Items/Staff Reports.

The meeting was adjourned to closed session at 8:40 PM.

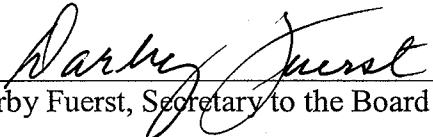
21. Consider Approval of Draft 2009 MPWMD Annual Report

ACTION ITEMS

INFORMATIONAL ITEMS/STAFF REPORTS

- 22. Letters Received
- 23. Committee Reports
- 24. Carmel River Fishery Report for February 2010
- 25. Water Conservation Program Report for January 2010
- 26. Water Conservation Program Report for February 2010
- 27. Monthly Allocation Report
- 28. Monthly California American Water Production Report
- 29. Monthly Water Supply Status Report

ADJOURN TO CLOSED SESSION



Darby Fuerst, Secretary to the Board