

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

The meeting was called to order at 7:00 p.m. in the District Conference Room.

CALL TO ORDER/ROLL CALL

Directors Present:

Regina Doyle, Chair -- Division 4
Alvin Edwards -- Division 1
Judi Lehman -- Division 2
Kristi Markey -- Division 3
Bob Brower -- Division 5
David Pendergrass -- Mayoral Representative
David Potter -- Monterey County Board of Supervisors

Directors Absent: None

General Manager present: Darby Fuerst

District Counsel present: David C. Laredo

The assembly recited the Pledge of Allegiance.

PLEDGE OF ALLEGIANCE

Clive Sanders, representing the Carmel River Watershed Conservancy (CRWC) addressed the Board during Oral Communications. He announced that the Planning and Conservation League and the CRWC scheduled two public meetings to discuss the San Clemente Dam Removal Project and Carmel River Reroute Project: November 30, 2010 at 2 p.m. at the Carmel Valley Youth Center, and at 7 p.m. at Mission Ranch.

ORAL COMMUNICATIONS

On a motion by Director Markey and second of Director Edwards, the Consent Calendar was adopted unanimously on a vote of 7 – 0.

CONSENT CALENDAR

Approved

1. **Consider Adoption of Minutes of the October 18, 2010 Regular Board Meeting**
2. **Proposition 84 Implementation Grant Applications: (A) Consider Approval of Resolution 2010-13 in Support of Filing a Proposition 84 Implementation Grant Application; (B) Authorize the General Manager to Enter into Grant Agreements; (C) Consider Approval of Additional Expenditure of Funds to Retain Consultants for Professional Services to Prepare a Grant Application**

Approved

Approved

Approved

Approved

Approved

A summary of Mr. Anthony's report is on file at the District office and can be viewed on the District's website.

Stephanie Pintar, Water Demand Manager, presented a report that is on file at the District office and can be viewed on the District's website.

Henrietta Stern, Project Manager, presented the report. It is on file at the District office and can be viewed on 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, 2010, through October 31, 2010, California American Water (Cal-Am) production from the Carmel River Basin was 57 acre-feet under the production target of 687 acre-feet established as a result of State Water Resources Control Board (SWRCB) Order 2009-0060. Production from the Coastal Subareas of the Seaside Basin was 76 acre-feet under the production target of 496 acre-feet established by the Seaside Groundwater Basin Adjudication. Production from the Laguna Seca Subarea was 15 acre-feet over the production target of 24 acre-feet established by the Seaside Groundwater Basin Adjudication. Production from the Sand City Desalination plant was 25 acre-feet. Therefore, total Cal Am production from the Monterey Peninsula Water Resources System was 1,114 acre-feet, which is 118 acre-feet below the target of 1,232 acre-feet.

3. **Authorize Expenditure of Budgeted Funds for Santa Margarita Aquifer Storage and Recovery (ASR) Well 2 Rehabilitation Work**
4. **Consider Expenditure of Budgeted Funds to Contract for Temporary Scanning Project Help in the Water Demand Division**
5. **Consider Expenditure of Funds to Contract with CJM Networking Solutions to Provide Information Technology Support and to Purchase Network Storage and Printer Replacement**
6. **Authorize a Change to the Organization Chart Adding a Conservation Technician 1 Position and Placing the Conservation Analyst Position in a Nonfunded Status**

PRESENTATIONS

7. **Monthly Report from California American Water General Manager, Craig Anthony**
8. **Water Conservation Program Report**
9. **Update on Development of Water Supply Project Alternatives Including Recycled Water**

GENERAL MANAGER'S REPORT

10. **Status Report on California American Water Compliance with State Water Resources Control Board Order 2009-0060 and Seaside Groundwater Basin Adjudication Decision**

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. He noted that on December 2, 2010, the California Public Utilities Commission (CPUC) is scheduled to consider approval of the Regional Project, adoption of the Settlement Agreement and issuance of a Certificate of Public Convenience and Necessity for Cal-Am's facilities.

Mr. Fuerst announced that he will retire from the District in the first half of 2011. He will work through June of 2011, to allow time for the District to recruit and hire his replacement.

District Counsel Laredo reported that the topic of the October 28, 2010 Closed Session was the Application of Cal-Am to the CPUC, Application No. 04-09-019. On November 15, 2010 the Board discussed items listed under agenda items 3 through 5, but no specific reportable action was taken.

11. Status Report and Discussion of CPUC Proceedings Relating to California American Water's Coastal Water Project and the Regional Water Project

ATTORNEY'S REPORT

12. Report on October 28, 2010 and November 15, 2010, 5:30 PM Closed Sessions of the Board

- 3. Conference with Legal Counsel – Existing Litigation (Gov. Code 54956.9)**
- (a)**
- A. Application of California American Water Company to the California Public Utilities Commission Application No. 04-09-019 – Coastal Water Project
 - B. Application of California American Water Company to CPUC Application No. 10-01-012 – Mitigation Cost Reimbursement
 - C. Application of California American Water Company regarding Reimbursement Balancing – CPUC Application No. 09-04-015
 - D. Application of California American Water Company to CPUC Application No. 10-07-007 – General Rate Case
 - E. Amended Application (U210W) of California American Water Company to CPUC Application No. 10-05-020 – Order Authorizing Moratorium in Monterey District
 - F. Application of California American Water Company to CPUC Application No. 10-09-018 – San Clemente Dam Removal
 - G. Seaside v. California American Water (MBSE/Cal-Am Motion) (Appellate Court #HO34335; Superior Court Case No. M 66343)
 - H. MPWMD v. State Water Resources Control Board; Superior Court Case No. 1-10-CV-163328

- I. California American Water v. State Water Resources Control Board, Superior Court Case No. M102097
- J. California American Water v. MPWMD (SWRCB/SNG) (Superior Court Case No. M 99622)
- K. California American Water v. MPWMD (Ryan Ranch) (Superior Court Case No. M 101255)
- L. Sierra Club v. MPMWD, SNG & CAW, Real Parties (Sup. Ct. Case M 108149)

- 4. **Conference with Real Property Negotiators (Gov Code 54956.8)**
Property: 990 Coe Avenue, Seaside, CA 93955
Agency Negotiators: Darby W. Fuerst & David C. Laredo
- 5. **Public Employment, Position of General Manager (Gov. Code 54957)**

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

- 13. **Oral Report on Activities of County, Cities, Other Agencies/Committees/ Associations**

Directors Brower and Doyle reported that they met with advisors to CPUC Commissioners Grueneich and Ryan the week of November 8, 2010. A meeting is also scheduled with the advisor to Commissioner Bohn on November 18, 2010.

Director Markey offered a motion that was seconded by Director Edwards to: (1) direct staff to develop a plan to conduct a review of District records in order to quantify existing water use credits that could be affected by a CPUC ordered moratorium; (2) prepare an Initial Study on Ordinance No. 146; (3) revise the title of the ordinance to replace the word "suspending" with the word "tolling," and replace the word "limiting" with the word "preclude;" and if possible bring the ordinance forward for first reading again at the December 13, 2010 Board meeting. The motion was adopted on a vote of 6 – 1. Directors Doyle, Edwards, Lehman, Markey, Pendergrass and Potter voted in favor of the ordinance. Director Brower was opposed.

Director Brower offered an amendment to the motion. He proposed that the ordinance be referred to the Water Demand Committee, where language could be developed that would expand the circumstances under which the water credit suspension date could be delayed. The amendment was not accepted by Director Markey or Director Edwards and no action was taken.

PUBLIC HEARINGS

- 14. **Consider First Reading of Ordinance No. 146 – An Ordinance Suspending the Expiration Date for Water Credits for the Duration of Any Moratorium Limiting Their Use**

The following comments were directed to the Board during the public hearing on this item. (1) **David Dilworth**, representing Helping Our Peninsula's Environment (HOPE), requested that proper CEQA review be conducted on proposed Ordinance No. 146. (2) **Jason Reterer** of Lombardo and Gilles, representing a number of property owners that hold water use credits, requested that staff be authorized to immediately commence environmental review of Ordinance No. 146, so that adoption of the ordinance would not be delayed.

Director Markey offered a motion that was seconded by Director Brower, that the Board receive the staff report and direct the Water Supply Planning Committee to develop a plan to obtain cost estimates on desalination projects the committee determines should be analyzed, including projects listed in the 95-10 Project Constraints Analysis Report. The motion was adopted unanimously on a vote of Brower, Doyle, Edwards, Lehman, Markey, Pendergrass and Potter.

The following comments were directed to the Board during the public comment period on this item. (1) **David Dilworth** representing HOPE, suggested that staff negotiate with the City of Sand City on potential desalination project sites within the City boundaries that could be utilized to expand production from the Sand City Desalination plant. He opined that additional water production would render the proposed Regional Water Supply Project as irrelevant and unnecessary. (2) **Steve Matarazzo**, representing the City of Sand City, expressed concern that increased water production from the Sand City coastal area could negatively impact the Seaside Groundwater Basin and operation of the Sand City Desalination project. (3) **Jim Heisinger**, Counsel for the City of Sand City, opined that the City has exclusive rights to utilize brackish water from the Seaside Groundwater Basin. The Seaside Groundwater Basin would be harmed if increased amounts of brackish water were utilized for a desalination facility.

Director Markey offered a motion that was seconded by Director Edwards, that the Board conduct a special election to fill the vacancy in Voter Division 1. The motion was adopted on a vote of 6 – 1. Directors Doyle, Edwards, Lehman, Markey, Pendergrass and Potter voted in favor of the motion. Director Brower was opposed.

The following comments were directed to the Board during the public comment period on this item. (1) **George Riley**, representing Citizens for Public Water, expressed support for conducting a special election to select a Director in Voter Division 1. (2) **Kay Cline**, a resident of Voter Division 1, requested that a special election be conducted. (3) **Katherine Crockett**, a resident of Seaside, spoke in

ACTION ITEMS

15. **Receive Staff Review of August 2008 MPWMD 95-10 Project Constraints Analysis Report**

16. **Receive Alvin Edwards' Resignation from the Board and Specify Method for Selection of Director to Fill Vacancy in Voter Division 1**

support of setting a special election to select a Director in Voter Division 1. (4) **David Dilworth** expressed support for conducting a special election to select a Director in Voter Division 1. (5) **Brenda Willis** stated that she would be in favor of setting a special election.

On a motion by Director Brower and second of Director Potter, the Board unanimously approved Resolution No. 2010-14, expressing appreciation to Alvin Edwards for thirteen years of service as Director of Division 1. The motion was approved on a vote of 7 – 0.

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

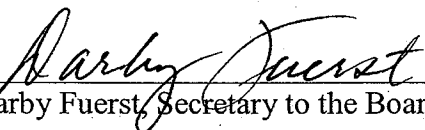
The meeting was adjourned at 9:30 p.m.

17. **Consider Adoption of Resolution No. 2010-14 Expressing Appreciation to Alvin Edwards for his Service as Director of Division 1**

INFORMATIONAL ITEMS/STAFF REPORTS

18. **Letters Received**
19. **Committee Reports**
20. **Carmel River Fishery Report for August 2010**
21. **Water Conservation Program Report**
22. **Monthly Allocation Report**
23. **Monthly California American Water Production Report**
24. **Monthly Water Supply Status Report**

ADJOURN



Darby Fuerst, Secretary to the Board