

FINAL MINUTES
Regular Meeting
Board of Directors
Monterey Peninsula Water Management District
August 15, 2011

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

CALL TO ORDER/ROLL CALL

Directors Present:

Robert S. Brower, Sr., Chair -- Division 5
Dave Potter, Vice Chair – Monterey County Board of Supervisors (arrived at 7:10 pm)
Brenda Lewis – Division 1
Judi Lehman – Division 2
Kristi Markey – Division 3
Regina Doyle – Division 4
David Pendergrass – Mayoral Representative

Directors Absent: None

General Manager present: Darby Fuerst

District Counsel present: David Laredo

The assembly recited the Pledge of Allegiance.

PLEDGE OF ALLEGIANCE

Chair Brower announced that the order in which agenda items would be considered would be modified. Agenda item 16 would be considered before item 15.

The following comments were directed to the Board during Oral Communications. (1) **Carlos Ramos**, representing the Latino Water Coalition, read a letter dated August 15, 2011, on file at the District office and available on the District's website. Mr. Ramos stated that the Coalition would provide constructive input to the Board within the context of social justice issues. He noted that water is critical to the utilization of economic opportunities in an environmentally and socially responsible manner. (2) **Helen Rucker**, requested that Brenda Lewis, Division 1 Director, be authorized to attend training for Board members in order to assume her responsibilities in representing her constituents in Division 1. (3) **Nelson Vega**, apartment owner, stated that employment opportunity for persons living in the Seaside and Sand City areas is directly related to water supply. (4) **Mary Claypool**, a resident of Seaside, requested that Director Lewis' representation on Board committees be increased so that the interests of the Division 1 constituency will be fully represented.

ORAL COMMUNICATIONS

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

Adopted.

Adopted.

Adopted.

Adopted.

Adopted.

Chair Brower presented Mr. Fuerst with a plaque and a gift from the Board of Directors. He thanked Mr. Fuerst for his exemplary work on behalf of the Board and the community and stated that he was pleased to call Mr. Fuerst a friend. Noelle White presented a framed certificate of recognition to Mr. Fuerst on behalf of Assembly member Bill Monning. Mr. Fuerst thanked the current Board of Directors, previous Boards, staff, District Counsel and the public for their support over the years. He stated that it was an honor and privilege to work for the District, and to live on the Monterey Peninsula and work in the watershed.

Chair Brower introduced David J. Stoldt to the assembly and announced that he would begin work with the District on September 1, 2011.

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

Henrietta Stern, Project Manager, presented the report. A summary is on file at the District office and can be viewed on the District's website. In response to a question from the Board, Ms. Stern advised that the moratorium on drilling of wells in fractured rock formations established by the County of Monterey in unincorporated areas of the County within the MPWMD boundaries has been extended to May 2012. Completion of the MPWMD study of fractured rock wells within the District boundaries may be delayed to September or October 2011.

CONSENT CALENDAR

1. **Consider Adoption of Minutes of the July 18, 2011 Regular Board Meeting**
2. **Consider Approval of Fourth Quarter Fiscal Year 2010-11 Investment Report**
3. **Consider Expenditure of Budgeted Funds for Confined Space Training**
4. **Consider Expenditure of Budgeted Funds to Contract with the California Conservation Corps for Fall 2011 Vegetation Management Activities**
5. **Consider Expenditure of Budgeted Funds for Purchase of Water Conservation Equipment**

PRESENTATIONS

6. **Presentations to General Manager Darby Fuerst Upon his Retirement after 25 Years of Service to the MPWMD**
7. **Introduce David Stoldt, Incoming General Manager**
8. **Water Conservation Program Report**
9. **Update on Development of Water Supply Project Alternatives Including Recycled Water**

- E. Application of California American Water Company to CPUC, Application No. 10-09-018-San Clemente Dam Removal
- F. Application of California American Water Company to the CPUC (Application No. 10-09-018) – San Clemente Dam Removal Project and Cost Recovery (SCD)
- G. California-American Water Company v. Monterey Peninsula Water Management District. Monterey County Superior Court Case No: M113336
- H. Application of California American Water to the CPUC (Application No. 04-09-019) Coastal Water Project
- I. Application of California-American Water to the CPUC (Application No. 10-04-019) Sand City Desal Lease

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

No reports.

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

PUBLIC HEARINGS

- 13. **Consider Request for Variance from District Rule 23-B-2-a Requiring a Separate Water Meter for Each Water User at 10 Vista Ladera, Carmel Valley (APN 187-111-027) – Applicant: Elaine Rankin**

Director Potter offered a motion that was seconded by Director Brower, to grant the variance from District Rule 23-B-2-a and adopt the Draft Findings of Approval submitted as Exhibit 13-E with one amendment, that an in-line water meter be installed for the caretaker unit and that the water use be monitored.

At the request of Director Markey, the motion was amended by Director Potter on a second by Director Brower to request that the Rules and Regulations Review Committee consider establishment of a rule that would specify a period of time in which a variance can be filed. The amended motion was adopted on a vote of 6-1. Directors Potter, Brower, Markey, Doyle, Pendergrass and Lewis voted in favor of the motion. Director Lehman was opposed.

Report of Ex Parte Communications: Director Pendergrass reported that the applicant contacted him about the application. Directors Brower and Potter reported that they met with the applicant on the property at 10 Vista Ladera.

The following comments were directed to the Board during the public hearing on this item. (1) Elaine Rankin, the

applicant, requested that the Board favorably consider her request for a variance, as she is on a fixed income and could not afford the \$65,000 that would be required to meter the caretaker unit. According to Ms. Rankin, her husband (now deceased) made decisions related to construction of the caretaker unit. At that time, she was not aware that a water permit was needed for the unit. (2)

Claude Hutchison recommended that the Board grant the variance request. (3) **Todd Norgaard** suggested that if the variance were to be granted, the Board establish conditions that would require installation of the water meter upon any future sale of the property. (4) **Carlos Ramos** urged the Board to utilize “common sense” in their deliberations on this matter.

Director Doyle offered a motion that was seconded by Director Potter to adopt the first reading of Ordinance No. 149.

Director Markey offered a friendly amendment to reduce the amount of lawn available for the rebate from 5,000 square feet to 2,000 square feet. Directors Doyle and Potter agreed to the amendment. The amended motion was adopted by the Board unanimously on a vote of 7 – 0.

During the public hearing on this item, Dan Presser addressed the Board. He requested that a report on the status of Cal-Am’s efforts to reduce the amount of non-revenue water use be presented.

The Board determined that item 16 would be considered prior to item 15. However, the report of the proceedings is recorded as listed on the September 15, 2011 agenda.

On a motion by Director Markey and second of Director Doyle, the Board voted to refrain from establishment of a committee to assess the WaterPlus proposal for public ownership of California-American Water. The motion was adopted on a vote of 5 – 2. Directors Brower, Doyle, Markey, Potter and Pendergrass voted in favor of the motion. Directors Lehman and Lewis were opposed.

The following comments were directed to the Board during the public comment period on this item. (1) **Ron Weitzman**, representing WaterPlus, stated that it would be unwise for the Board to decide against establishment of a committee to review the WaterPlus proposal. He reasoned that the Board’s focus on solving the water supply situation should not outweigh the equally important need for containment of water costs. (2) **Marc Beique** asked why the Board had not demanded that the desalination component of the Regional Water Supply Project be submitted to the voters for approval.

14. **Consider First Reading of Ordinance No. 149, An Ordinance of the Board of Directors Amending the Rebate Program**

ACTION ITEMS

15. **Consider Formation of an Ad-Hoc Committee to Assess WaterPlus Proposal for Public Ownership of California-American Water, Monterey District**

The report was presented Joe Conner, of Baker Donaldson, National Counsel for California American Water, who presented slides 1 through 22 and 28. Kevin Tilden, Director of Communications and External Affairs for California American Water, presented slides 24 through 27. The presentation focused on the eminent domain process, timeline and the associated cost. A summary of the presentation is on file at the District office, or can be viewed on the District's website. The Board received public comment and discussed the presentation. No action was taken.

The following comments were directed to the Board during the public comment period on this item. (1) **Veronica Morales**, owner of San Pablo Bakery in the City of Seaside and representing the Latino Business Owners Association, presented a statement in Spanish. She asked that the Board focus on the job of managing the water supply and not undertake the purchase of Cal-Am. (2) **Harvey Billing**, representing WaterPlus, expressed disagreement with some of the statements made by Cal-Am's spokespersons. He urged the Board to study this issue more thoroughly, and stated that the cost to the ratepayer for continued Cal-Am ownership of water infrastructure will be significant. (3) **Brian LeNeve**, President of the Carmel River Steelhead Association, expressed opposition to public purchase of Cal-Am and described the proposal as a distraction to solving the water problem. (4) **Lorin Letendra**, President of the Carmel River Watershed Conservancy, urged the Board to reject the WaterPlus proposal. He expressed hope that the Regional Water Project could move forward in order to prevent the potentially disastrous effects of SWRCB Cease and Desist Order WR 2009-0060. (5) **Nelson Vega**, a resident of Monterey, stated that any effort to purchase Cal Am will distract from efforts to develop a water supply. He urged the Board to focus on developing a "real" water source. (6) **George Riley**, representing Citizens for Public Water, challenged the Board to decide when the appropriate time would be to begin a discussion of the WaterPlus proposal in order to identify the issues related to public ownership of the water system. (7) **Dan Presser** expressed support for establishment of a committee to study the WaterPlus proposal. He stated that water rates must be affordable for rate payers in Division 1. (8) **Moe Ammar**, President of the Pacific Grove Chamber of Commerce, spoke in support of private ownership of the water distribution system. He noted that private companies such as Cal-Am provide financial support for community events. In addition, municipal governments are increasingly looking to privatize functions previously undertaken by city/county employees. (9) **Dale Ellis**, Monterey County Hospitality Association, read a letter signed by Janine M. Chicourrat, President of the Association, that is on file at the District office and can be viewed on the District's website. He encouraged the Board to refrain from moving forward on formation of a committee to study the

DISCUSSION ITEMS

16. **Presentation by California American Water regarding WaterPlus Proposal for Public Ownership of California American Water, Monterey District**

WaterPlus proposal. (10) **Marc Beique**, resident of Monterey, submitted a statement dated August 15, 2011 on file at the District office that can also be viewed on the District's website. He asked why the Board would consider taking a stance in opposition to Cal-Am. He asked why the District has not worked on behalf of the ratepayers. (11) **John Narigi**, Co-Chair of the Monterey County Hospitality Association's Coalition of Peninsula Businesses, submitted a letter dated August 15, 2011. He expressed opposition to the District spending time and money to form a citizen's advisory committee to investigate the purchase of Cal Am. (12) **Paul Bruno**, representing the Monterey Peninsula Taxpayers Association, questioned the accuracy of cost estimates submitted by WaterPlus. He urged the Board to stay focused on water supply planning and SWRCB Cease and Desist Order WR 2009-0060. (13) **Paul Bruno**, speaking as an individual, cautioned the Board to stay on course and not be distracted by the WaterPlus proposal. (14) **Andy Clark** expressed disagreement with the cost estimates submitted by WaterPlus. He noted that the substantial legal and appraisal fees to purchase Cal-Am would ultimately be paid by the ratepayers. (15) **Marianne Leffel**, Board President of the Monterey County Business Council, stated that water availability is critical to increasing employment opportunities. She urged the Board to support the business community by increasing the water supply. (16) **Kevin Stone**, representing the Monterey County Association of Realtors and the Monterey Peninsula Chamber of Commerce, stated that the Board's focus should be on developing a viable water source. He requested that the proposal to form a committee be tabled. (17) **Mary Claypool** stated that the Board must end its pattern of continual planning and analysis. A water source must be developed to facilitate job growth. (18) **Dick Rotter** asked the audience to consider that Cal-Am will build a \$400 million pipeline from Marina to Seaside to pump water into the Seaside Aquifer, but that costly effort will provide no new water for the community. (19) **Claude Hutchison**, part-time resident of Carmel Valley, urged the Board to form a subcommittee to obtain the facts related to the WaterPlus proposal and do what is best for the ratepayers. (20) **Ron Weitzman**, representing WaterPlus, endorsed the proposal to form a committee that would provide a forum to discuss all points of view related to public ownership of the Cal-Am water distribution system. (21) **Carlos Ramos**, representing the Latino Water Coalition, requested that the Board refrain from moving forward on formation of a committee to study the WaterPlus proposal. (22) **Ron Chesshire**, a resident of Monterey, expressed concern over the increase in water rates that would result from the purchase of Cal-Am. He asked that the Board refrain from establishment of a committee to study the WaterPlus proposal.

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


INFORMATIONAL ITEMS/STAFF REPORTS

17. Letters Received

18. Committee Reports
19. Carmel River Fishery Report for June 2011
20. Water Conservation Program Report
21. Monthly Allocation Report
22. Monthly California American Water Production Report
23. Monthly Water Supply Status Report
24. Quarterly Water Use Credit Transfer Status Report

The meeting was adjourned at 10:25 pm.

ADJOURNMENT



David J. Stoldt, Secretary to the Board