

EXHIBIT 10-A

**DRAFT MINUTES
Water Demand Committee
of the Monterey Peninsula Water Management District
August 10, 2004**

Call to Order

The meeting was called to order at 3:10 PM in the District conference room.

Committee members present: Larry Foy, Chair; Kristi Markey and David Pendergrass

Committee members absent: None

General Manager present: David A. Berger

District Counsel present: David C. Laredo

Staff present: Stephanie Pinter, Water Demand Manager; Robert Cline, Conservation Representative I; Gabriella Ayala, Conservation Representative II; and Arlene Tavani, Executive Assistant

Comments from Public

No comments were directed to the Committee.

Status Reports

1. Receive Update on Implementation of Stage 3, Expanded Water Conservation and Standby Rationing Plan

Ms. Pinter and Mr. Cline reported that a previous attempt to conduct a water audit and budgeting training session was never completed due to a lack of cooperation from California-American Water (Cal-Am) in regards to funding. Therefore an item authorizing funding by our Board was delayed and never added to the agenda. District staff is presently working on plans for another training session. Committee members encouraged staff to seek funding from Cal-Am for the training effort. If Cal-Am is not responsive, staff was directed to alert the Board.

Director Markey asked if Cal-Am water production was under the year-to-date production target as reported in the weekly letter to the Board. Mr. Berger noted that Cal-Am water production was below the limit. However, the public should continue to be diligent about conserving water because high temperatures in August and September could cause an increase in water production.

Action Items

2. Consider TAC Recommendation on Calculation of Long-Term Water Needs and Make Committee Recommendation to Board of Directors

Director Pendergrass made a motion to recommend to the Board of Directors that it adopt the Technical Advisory Committee recommendation that District staff apply its water use factors to the general plan build-out projections prepared by each jurisdiction. The motion was seconded by Director Foy and adopted on a vote of 2 – 1. Directors Pendergrass and Foy voted in favor of the motion. Director Markey was opposed. The committee requested that the calculation of water needs should be prepared by District staff for submission at the September 29, 2004 strategic planning session. In addition,

the jurisdictions should organize their general plan projections into three or five-year increments.

Director Markey suggested that a trend analysis be prepared that would depict historic and future water needs. She was concerned that by adopting the TAC recommended methodology, the District could be committed to fulfilling the water needs of the jurisdictions' general plans, which may be more water than can realistically be provided to them.

3. Provide Policy Guidance to Staff on Cal-Am Connections Serving Users Located Beyond the Cal-Am Service Area

District staff explained that there are many instances of homes outside of the Cal-Am service area that are being served by wells or connections within the Cal-Am service area. These connections are illegal according to the Public Utilities Commission and District rules. The Cal-Am service area would need to be expanded in order to legalize those connections. However, if those connections were brought into the Cal-Am boundary, there would still be the issue of water connections that were developed without the benefit of a water permit. In addition, the PUC probably would not allow new connections to be annexed into the Cal-Am system due to its current regulatory production limit. The committee discussed issues related to this situation such as: should this water use be permitted and counted against the jurisdiction's allocation; should the illegal connections be required to disconnect; and is there another option?

District staff was directed to bring this issue up with the Technical Advisory Committee to alert them to the situation, and discuss a solution. Cal-Am should also be notified. Staff should collect additional information on the remote connections, such as what jurisdiction they may be in. Also more information is needed on how connections are permitted in the mobile home park in Hitchcock Canyon that is served by a master meter. When more information is available, the issue should come back to the Water Demand Committee for discussion.

4. Provide Policy Guidance to Staff on Greywater Use for Irrigation

Director Foy made a motion to recommend to the Board that District staff process applications for exterior greywater use in the same manner as is followed for permitting well water in place of Cal-Am water for exterior uses. The applicant would be required to permit the project as if it will use Cal-Am water for exterior uses, but upon final inspection and verification that there are no Cal-Am exterior fixtures, the applicant would be refunded and the jurisdiction credited for the exterior portion of the permit. The motion was adopted on a vote of 2 to 1. Directors Foy and Pendergrass supported the motion. Director Markey was opposed. She noted that the goal should be to reduce water use, not develop more methods of trading water use from one type to another.

In the near-term greywater applications will be processed in the manner proposed by staff and recommended by the committee. In the future, an ordinance will be developed and brought to the Board that would propose establishment of the practice as a regulation of the District. The committee suggested that whenever a permit for greywater use is