

Seaside Groundwater Basin Watermaster
Board Meeting 09/05/07
Page 2 of 5

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| Reimbursable – General for June 2007 | 1,547.38 |
| B. Approval of Summary for Payments made in August | \$67,672.95 |
| C. Current Year Financial Reports – Through August 31, 2007 | |
| D. Clarification of Employment terms and conditions of Technical Project Manager | |

Moved by Director Mayor Russell, seconded by Director Bunosky, and unanimously carried, to approve the payment of bills, the current fiscal year financial reports, and the employment and terms of the Technical Project Manager agreement.

VII. ORAL PRESENTATION

Mr. Martin Feeney gave an update on the Sentinel Well Drilling Project. The construction of four wells along the coast to conduct induction logging, or measuring of seawater intrusion, is approximately 95% complete. Three water samples have been collected with one at the lab undergoing analysis. Site cleanup arrangements are being coordinated with State Parks. Collection of induction logs will begin next week. Mr. Feeney will compile a report to the Board to be completed by the end of the month. He will list in the report recommendations such as a plan for on-going monitoring and analysis of data (analyzing the data collected is not within the scope of Mr. Feeney's contract at this point), questions raised and recommendations for well network upgrades from an academic perspective. The Watermaster Technical Advisory Committee (TAC) will review Mr. Feeney's report and recommend a plan to the Board.

VIII. OLD BUSINESS

COMMITTEE REPORTS

1. **TECHNICAL COMMITTEE – No Report**

2. **BUDGET/FINANCE COMMITTEE – Mr. Ray Corpus, Chair of the Budget and Finance Committee, was absent. CEO Evans reviewed the submitted staff report regarding the sharing of costs of Board administrative expenses. The administrative fund budget for the current fiscal, or calendar, year is \$123,000 paid 83% by California American Water, 14.4% by the City of Seaside, and 2.6% by the City of Sand City. The proposed policy would establish the collection of a voluntary assessment in the amount of one-thirteenth of budgeted costs up to \$200,000 per vote allotted each party as stated in the Court decision. For example, a shared administrative assessment of \$100,000 would reduce Cal-Am's assessment from \$83,000 to \$15,384.60. Director Bunosky spoke as a member of the Committee stating that the goal intended is to prompt member parties to keep administrative costs down by having a vested interest in those costs. The balance of assessments paid by the current three member parties assessed for administrative costs freed up by shared costs can be reapportioned into operations, capital, and replenishment efforts. Chair Rubio noted that all member parties benefit from the administrative product. Director Bruno, also speaking as a member of the Committee, put forth acceptance of the policy as a gesture of goodwill by those members benefiting but not currently contributing. The matter would need to be taken**

up with respective City Councils once the policy is accepted. The policy would not necessarily override the original judgment assessment requirement, but would operate in place of it on a voluntary basis until members are no longer willing to contribute. Chair Rubio directed the Budget and Finance Committee consider the issue once more for clarification on the structure of the policy and the form of the amendment that would be presented to the Court. Director Knight suggested that input be solicited from absent Directors Pendergrass and Potter. Chair Rubio directed that any comments on the matter be submitted to CEO Evans. Attorney McGlothlin felt the policy to be one of fairness for services that benefit all. Each party's share is a token amount in comparison to substantial replenishment assessments to be levied. Mr. David Laredo, attorney for the Monterey Peninsula Water Management District, suggested the Board refer to Section 6.3 of the Watermaster Rules and Regulations when considering the structure of the proposed policy. The issue was continued until reevaluated at the Budget and Finance Committee meeting scheduled for September 27, 2007.

IX. NEW BUSINESS

- A.** Notice to Board Members of need to Appoint or Reappoint Voting and Alternate Members to Board of Director's Positions.

The Board received the notice; there were no questions or comments.

- B.** Consider Alternative Board Meeting Dates for October 2007.

The Board concurred to schedule the next regular Board meeting on October 17, 2007 at 1:30 p.m. at Soper Center.

- C.** MPWMD Ordinance on Recycled Water Use and Resulting Credits.

Mr. McGlothlin authored the submitted staff report and addressed the Board, stating that Ordinance 130 as proposed was to be brought by MPWMD staff before the District Board at the last meeting for the first reading. Wording in the ordinance pertaining to water users, not producers, restricted credits relating to the use of recycled water making them non-transferable. The ordinance was not brought before the District Board and is no longer titled Ordinance 130. Mr. McGlothlin stressed the importance of a new draft ordinance maximizing incentives for usage of recycled water including transference of credits for substitution of recycled water for potable water to overcome high costs. Mr. Laredo stated that the idea of a concept draft ordinance would be discussed by the MPWMD Board at its September 17, 2007 meeting under a new ordinance number, following a presentation by Keith Israel on a related topic on recycled/reclaimed water. Mr. Laredo anticipates that the Board will provide ordinance process direction to staff possibly sending it back to committee.

MPWMD General Manger, David Berger reviewed a brief history of the ordinance, stating that a 3-member Water Demand Committee meeting held May 9, 2007 called for an ordinance on this matter to be developed. District staff proceeded with the initial study and negative declaration and the issue went back to the Committee, two different members sitting at this second meeting, where discussions questioned whether any