



**EXHIBIT 1-A**

**DRAFT MINUTES  
Regular Meeting  
Board of Directors  
Monterey Peninsula Water Management District  
February 23, 2012**

The meeting was called to order at 7:05 p.m. in the District Conference Room.

**CALL TO ORDER/ROLL CALL**

*Directors Present:*

Dave Potter, Chairperson -- Monterey County Board of Supervisors  
David Pendergrass, Vice Chairperson – Mayoral Representative  
Brenda Lewis – Division 1  
Judi Lehman – Division 2  
Kristi Markey – Division 3  
Jeanne Byrne – Division 4  
Robert S. Brower, Sr., -- Division 5

*Directors Absent:* None

*General Manager present:* David J. Stoldt

*District Counsel present:* David Laredo

The assembly recited the Pledge of Allegiance.

**PLEDGE OF ALLEGIANCE**

No comments.

**ORAL COMMUNICATIONS**

On a motion by Director Lehman and second of Director Pendergrass, the Consent Calendar was approved unanimously on a vote of 7 – 0, with the exception of item 5 that was pulled for separate consideration.

**CONSENT CALENDAR**

Approved.

**1. Consider Adoption of Minutes from the January 23, 2012 Regular Meeting of the Board of Directors**

Approved.

**2. Consider Adoption of Resolution 2012-01 Declaring March 12 through March 18, 2012 to be Fix a Leak Week**

Approved.

**3. Ratify Update to Board Committee Assignments for Calendar Year 2012**

Approved.

**4. Consider Authorization of Consultant Contract to Provide Assistance with Inter-Regional Prioritization Processes for the**

**Integrated Regional Water Management  
Plan for the Monterey Peninsula, Carmel  
Bay and Southern Monterey Bay**

Director Brower offered a motion that was seconded by Director Lehman, to authorize the General Manager to contract for an amount not-to-exceed \$50,000 for preparation of a rate study which will provide support for the Proposition 218 hearing process. The motion was approved unanimously on a vote of 7 – 0.

**5. Consider Approval of Funding for Rate Study Consultant for Alternative User Fee Collection Mechanism**

During the discussion, Director Potter offered an amendment to the motion, to require that this item be brought before the Board again to clarify the scope of work and select the contractor. There was no second to the proposed amendment.

The following persons addressed the Board during the public hearing. **(1) Kevin Stone**, Government Affairs Director for the Monterey County Association of Realtors, read a letter dated February 23, 2012, on file at the District office that expressed opposition to: (a) collection of a user fee on the assessor's roll, and (b) funding for a rate study consultant. He advocated for an election on establishment of a fee on the assessor's roll. **(2) Ron Chesshire**, Monterey/Santa Cruz Building Construction Trades Council, expressed support for conducting an election on establishment of a fee on the assessor's roll. **(3) Kathy Nolan**, resident of Elk Grove and California American Water (Cal-Am) Customer, urged the Board to deny the request to hire a rate study consultant and requested that the fee issue be placed on an upcoming ballot. **(4) Tom Rowley**, resident of Monterey and member of the Monterey Peninsula Taxpayers Association, urged the Board to place the user fee issue on the ballot. **(5) Roger Dolan** – member of Carmel Valley Association, expressed support for placement of the user fee on the assessor's roll. **(6) Dean Provence**, resident of Pacific Grove, asked what percentage of the proposed fee would be allocated towards development of a water supply project. **(7) Micky Grennan**, resident of Del Rey Oaks, expressed opposition to the addition of any new fee on her property tax bill. **(8) Jody Hanson**, Monterey Peninsula Chamber of Commerce, expressed support for the comments presented by the Monterey County Association of Realtors. **(9) Skip Lloyd** resident of the unincorporated area of Monterey County, expressed support for preparation of a study on an alternative user fee collection mechanism. **(10) Al Werr** urged the Board to deny the request to hire a consultant, as the proposed funding mechanism should be submitted for a public vote. **(11) Steve Eckland**, resident of Salinas, requested that the District promote water conservation, specifically

installation of waterless urinals in all commercial buildings. (12) **Nina Beady** urged the Board to fund studies on alternatives such as greywater reuse and rainwater collection systems. (13) **Kim Benedetto**, resident of Carmel, expressed opposition to funding a study, and opined that a decision to collect user fees on the assessor's roll should be submitted to the voters. (14) **Linda Dorris** urged denial of the request to fund a study on alternative rate mechanisms, and stated that the public should have the opportunity to vote on collection of the user fee on the assessor's roll. (15) **Christine Monteith**, Pacific Grove resident, expressed opposition to the District adding a fee to the assessor's roll. (16) **Kay Kline** expressed support for funding a study that will identify a method for replacement of user fees the Public Utilities Commission determined could no longer be collected on Cal-Am water bills. (17) **George Riley** expressed support for completion of a rate study, and said that when the District's revenue stream is replaced, the water supply problem will be solved. (18) **Dennis Jones**, a resident of Monterey County and a Cal-Am ratepayer, stated that the addition of any fee on the assessor's bill should be approved by a 2/3 majority vote of the people. (19) **Andre Della Torre** expressed agreement with remarks made by Dennis Jones. (20) **Dale Hekhuis**, former Chair of the MPWMD Board of Directors, recommended that the Board adopt the proposal to fund a study on alternative user fee collection, as the District needs a replacement revenue source. (21) **Patricia Brower**, resident of Pacific Grove, opined that any fee proposed for the assessor's bill should first be approved by the voters. She was opposed to the idea that the fee would be based on the size of each house. (22) **Ron Weitzman**, President of WaterPlus, stated that if a seawater desalination project were developed, there would be no need to collect funds to mitigate for damage done to the Carmel River by over pumping. He recommended that the District fund construction of a seawater desalination project in Moss Landing or Marina.

Approved.

Approved.

Approved.

Approved.

6. **Review and Accept Independent Audit Report for Fiscal Year 2010-2011**
7. **Receive and File First Quarter Financial Activity Report for Fiscal Year 2011-2012**
8. **Consider Adoption of Treasurer's Report for September 2011**
9. **Consider Adoption of Treasurer's Report for October 2011**

General Manager Stoldt introduced Eric Sabolsice, former Operations Manager of California-American Water, who now serves as General Manager. Mr. Sabolsice offered to be of assistance to the Board and respond to their questions.

**At 8 pm, following adoption of the Consent Calendar items, the meeting recessed and was reconvened at 8:10 pm.**

General Manager Stoldt reviewed the summary chart presented at the meeting that is on file at the District office and available for review on the District website. He noted that as of January 31, 2012, water production for the Monterey Peninsula Water Resources System was 96 acre-feet below the target of 3,802 acre-feet. If in the future water production exceeds the monthly target, the community may be subject to Stage 2 water conservation regulations. Stoldt reported that as of January 31, 2012, rainfall at San Clemente Dam was 59 percent of average. In the same time period, unimpaired Carmel River flow at San Clemente Dam was measured at 29 percent of average.

No report, as the topic will be discussed under agenda item 16.

District Counsel Laredo reported that he provided a status report to the Board on items 3-A through 3-D. The Board provided general direction to District Counsel, but no reportable action was taken.

No reports. Director Lehman advised the public that on April 16, 2012 and June 12, 2012, public hearings are scheduled on the proposal to collect user fees on the assessor's roll, so the public will have opportunity to comment on this issue.

## **GENERAL MANAGER'S REPORT**

**10. Introduce Eric Sabolsice, General Manager Coastal Division, California American Water**

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

**12. Update on Development of Water Supply Projects**

## **ATTORNEY'S REPORT**

**13. Report on 5:30 pm Closed Session of the Board**

**3. Conference with Legal Counsel – Existing Litigation (Gov. Code 54956.9 (a))**

- A. MPWMD v. State Water Resources Control Board; Superior Court Case No. 1-10-CV-163328 -- Cease and Desist Order
- B. Application of California American Water Company to CPUC Application No. 10-01-012 – User Fee Collection; Cal-Am v. MPWMD: M113336
- C. Application of California American Water to the CPUC (Application No. 04-09-019) Coastal Water Project
- D. Richard & Sharlene Thum v. MPWMD; Superior Court Case No. M113598

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

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

On a motion by Director Pendergrass and second of Director Byrne, the Mid-Year FY 2011-2012 Budget adjustment was adopted on a unanimous vote of the Board.

No public comment was directed to the Board during the public hearing on this item.

General Manager Stoldt addressed the Board on items A and B. He reviewed the staff report and received comments from the Board. There was unanimous support expressed for the efforts of the Monterey Peninsula Regional Water Authority (Cities' JPA), but no consensus was reached on what the District's role should be in working with the Cities' JPA. The Board discussion included the following comments. (a) The District would like to work with the Cities' JPA, and can provide information on MPWMD water projects 1 through 5, and the matrix of proposed water supply projects. (b) The unincorporated areas of Monterey County should be represented on the Cities' JPA. (c) The District does not have staff resources to provide administrative and technical support to the Cities' JPA. (d) After Cal-Am presents its water supply project proposal, the District can determine which desal project option should move forward. (e) The Cities' JPA could be very effective as an advocate for funding and construction of a specific project.

The following comments were received during the public comment period on this item. (1) **Ron Chesshire** suggested that the District approach Assemblymember Monning and request an amendment to the District's enabling legislation that would remove any reference to a vote for funding of water supply projects. (2) **Tom Rowley**, Monterey Peninsula Taxpayers Association, urged the District to cooperate with the Cities' JPA and stated that it is essential that the unincorporated areas of Monterey County be represented. (3) **Dale Hekhuis** asked what value the Cities' JPA will provide, and what the District's unique contribution will be. (4) **George Riley** stated that the cost of a water supply project is the critical issue. One important role for the District could be to promote public financing in order to keep costs down. (5) **Roger Dolan** expressed support for public financing of a water supply project. He did not agree that the District should defer expressing support for a project until after Cal-Am presents its preferred alternative.

## PUBLIC HEARINGS

### 15. Consider Adoption of Mid-Year FY 2011-2012 Budget Adjustment

## DISCUSSION ITEMS

### 16. Water Supply Planning

- A. Monterey Peninsula Regional Water Authority -- Correspondence
- B. District's Roles and Responsibilities

Director Brower offered a motion to authorize the General Manager to develop a draft Memorandum of Understanding based on the draft partnership concepts presented in the staff report on this item. The motion was seconded by Director Pendergrass and approved unanimously on a vote of 7 – 0.

The following comments were directed to the Board during the public comment period on this item. **(1) Nina Beady** advocated for expansion of greywater reuse projects and expressed opposition to the injection of treated recycled wastewater into the groundwater system. She spoke against seawater desalination and expansion of freshwater sources. **(2) Tom Rowley** stated that the Memorandum of Understanding should specify a timeline for completion of a project and limit costs. He asked if the community could afford a project that will yield less than 3,000 acre-feet of water, considering the need is for at least 10,000 acre-feet. **(3) Ron Chesshire** expressed support for groundwater replenishment, but noted that the timeline for development of a project could be lengthy.

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

The meeting was adjourned at 9:45 pm.

#### **ACTION ITEMS**

- 17. Authorize the General Manager to Develop a Draft Memorandum of Understanding between the MPWMD, Monterey Regional Water Pollution Control Agency and California-American Water re Joint Funding of a Groundwater Replenishment Project**

#### **INFORMATIONAL ITEMS/STAFF REPORTS**

- 18. Letters Received**
- 19. Committee Reports**
- 20. Carmel River Fishery Report for November and December 2011**
- 21. Water Conservation Program Report**
- 22. Monthly Allocation Report**
- 23. Monthly Water Supply and California American Water Production Report**

#### **ADJOURNMENT**

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Arlene M. Tavani, Deputy District Secretary