



EXHIBIT 1-A

**DRAFT MINUTES
Regular Meeting
Board of Directors
Monterey Peninsula Water Management District
August 20, 2012**

The meeting was called to order at 7:00 p.m. in the District's conference room.

CALL TO ORDER/ROLL CALL

Directors Present:

David Potter – Chairperson – Monterey County
Board of Supervisors Representative
David Pendergrass – Vice Chair, 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

During Oral Communications, George Riley, representing Citizens for Public Water, requested that the District advocate to the California Public Utilities Commission (CPUC) for a rehearing on the issue of funding for the San Clemente Dam Removal Project.

ORAL COMMUNICATIONS

On a motion by Director Pendergrass and a second of Director Brower, the Consent Calendar items were approved unanimously on a vote of 7 – 0.

CONSENT CALENDAR

Approved.

1. Consider Adoption of Minutes of the June 12 and July 16, 2012 Regular Board Meetings

Approved.

2. Consider (a) Adoption of Resolution No. 2012-11 to Obtain Credit with Bank of America; and (b) Renewal of District's Line of Credit and Increasing the Credit Line to \$2.5 Million with Bank of America to Fund Development of Water Supply Projects

Approved.

3. **Consider Authorization of Reimbursable Funds for an Amendment to an Existing Contract for Consultant Services to Complete Design of the Sleepy Hollow Ford Removal and Bridge Replacement Project**

Approved.

4. **Receive Notice of Appointment to Carmel River Advisory Committee**

Approved.

5. **Consider Approval of Fourth Quarter Fiscal Year 2011-12 Investment Report**

Approved.

6. **Consider Adoption of Treasurer's Report for May 2012**

A summary of Mr. Stoldt's presentation is on file at the District office and can be viewed on the MPWMD website.

GENERAL MANAGER'S REPORT

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

No report as this item was discussed under agenda item 16.

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

A summary of Suresh Prasad's presentation is on file at the District office and can be viewed on the MPWMD website. He reported that between Fiscal Year 2005-2006 and Fiscal Year 2011 and 2012, capital expenditures for aquifer storage and recovery totaled \$4,362,774. Revenue collected for the project during the same time period from the 1.2% water user fee was \$2,176,021. The CPUC disallowed the 1.2% user fee in May 2011. Since then the District has been unable to collect the 1.2% user fee; therefore, \$2,186,753 remains to be collected from the new water supply charge, proceeds from new debt, leasing arrangements from Cal-Am or any other option not determined at this time.

9. **Review District Aquifer Storage and Recovery Costs and Funding**

District Counsel Laredo stated that the Board discussed the items listed on the agenda. No reportable action was taken.

ATTORNEY'S REPORT

10. **Report on August 20, 2012 Board Closed Session**

Conference with Legal Counsel – Threatened Litigation (Gov. Code 54956.9 (b)) – One Case

Conference with Labor Negotiators (Gov. Code 54957.6)

Agency Designated Representative: David J. Stoldt

Employee Organization: General Staff and Management Bargaining Units Represented by United Public Employees of California/LIUNA, Local 792

Unrepresented Employees: Confidential Unit

Chair Potter reported that he attended the 2012 Annual Conference of the Association of Defense Communities in August that focused on base reuse issues on the national level. Leon Panetta, Secretary of Defense, was the keynote speaker for the conference. Director Lewis reported on her attendance at the July 17, 2012 meeting of the Monterey County Special District's Association. The topic of discussion was how shortfalls in the Public Employees Retirement System should be addressed by requiring public sector employees to contribute towards their PERS benefit.

On a motion by Director Byrne and second of Director Brower, item 12 was continued to the September 17, 2012 Board meeting. The motion was approved unanimously on a vote of 7 – 0.

On a motion by Director Brower and second of Director Byrne, the first reading of Ordinance No. 154 was approved on a vote of 6 – 1. Directors Brower, Byrne, Lewis, Lehman, Pendergrass and Potter voted in favor of the motion. Director Markey was opposed.

Anthony Lombardo addressed the Board during the public hearing on this item. He encouraged the Board to adopt the first reading of Ordinance No. 154.

Director Brower offered a motion that was seconded by Director Byrne to: (a) deny the applicant's request to waive the \$750 appeal fee; (b) approve the application and deny the appeal as outlined in Option 1 of the staff report; and (c) prepare findings in support of the Board's decision.

Director Lehman offered a substitute motion that was seconded by Director Potter to: (a) waive the \$750 appeal fee; (b) approve the permit and deny the appeal as outlined in Option 1 of the staff report; and (c) prepare findings in support of the Board's decision. The substitute motion was approved on a vote of 4 – 3. Directors Markey, Lehman, Potter and Lewis voted in favor of the motion. Directors Brower, Byrne and Pendergrass were opposed.

The following comments were received during the public hearing on this item. **(1) David Beech** recommended that the Board adopt Option 3B; his proposal to continue consideration of this item until simultaneous 72-hour pumping of the Flores and

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

11. Oral Reports on Activities of County, Cities, Other Agencies/Committees/Associations

PUBLIC HEARINGS

12. Consider First Reading of Ordinance No. 151 -- Amending Definitions, the Residential Fixture Unit Count, High Efficiency Appliance Credits, the Variance Process, Water Efficiency Standards, and the Landscape Water Audits Rule

13. Consider First Reading of Ordinance No. 154 Tolling Water Use Credits Affected by State Water Resources Control Board Order WR 2009-0060

14. Consider Appeal Of Staff Determination To Authorize Permit S12-03-L2 For Flores (Well #1) Water Distribution System, Application #20110401FLO on APN 103-071-002 at 564 Monhollan Road, Carmel

Pisenti wells along with concurrent monitoring of the Beech well has been completed. The pump tests should be analyzed according to Mr. Beech's proposed criteria. He also requested that the Board waive the \$750 appeal fee. Mr. Beech's comments are summarized in a document he presented at the meeting that is on file at the District office and can be viewed on the MPWMD website. **(2) Aaron Bierman**, certified hydrologist retained by Paul Flores, stated that there is no conductivity between the Flores and Pisenti wells and the Beech well. He noted that Mr. Beech requested that well testing be completed according to procedures that were not in compliance with hydrologic practices, nor the District's rules. He recommended that the Board deny the appeal. **(3) David Beech** disagreed that pumping from the Flores and Pisenti wells had no effect on his wells. He asked why the applicants will not agree to additional testing that would present facts related to well production. **(4) George Riley** urged the Board to obtain all the facts related to the appeal, because the wells are in fractured bedrock formations.

Exparte communications reported: Pendergrass received letter and emails from Beech and a telephone call from Flores; Brower received two emails from Beech; Byrne received emails from Beech; Markey received voice mail; Lehman received voice mail from Beech; Lewis received telephone call from Beech; and Potter had a telephone conversation with Beech on 8/19/12 re the public hearing format.

Director Byrne offered a motion to approve the water distribution system permit, deny the appeal and direct staff to prepare findings to support the Board's action. The motion was seconded by Director Pendergrass and approved unanimously on a vote of 7 – 0.

The following comments were received during the public hearing on this item. **(1) David Beech** stated that the issues related to the Pisenti well are identical to those presented during discussion on item 14. He opined there is a danger that future applicants will believe the District condones a lack of notification to neighboring well owners and that it will support applicants against any appeal. **(2) Aaron Bierman** stated that well monitoring between January 25 and June 3, 2011 indicated that recharge did occur for six months with gradual seasonal fluctuation. He noted that the closer of two wells was monitored because it would be more impacted by pumping.

15. **Consider Appeal Of Staff Determination To Authorize Permit S12-04-L2 For Pisenti (Well #2) Water Distribution System, Application #20110401PIS on APN 103-071-019 at 577 Monhollan Road, Carmel**

On a motion by Director Brower and second of Director Lehman, the Board voted unanimously to forward this issue to the Water Supply Planning Committee to develop a recommendation for Board consideration at the September 17, 2012 Board meeting. The motion was 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) **Zan Henson**, former Division 5 Director (2000 – 2003), stated that the Board should take a leadership role in identification of a water supply solution, and promote that solution. (2) **George Riley**, urged the Board to utilize its legislated authority to own and finance a water supply project and take a leadership role in development of a water supply solution. (3) **Jason Campbell**, resident of Seaside, urged the District to take a leadership role in public ownership of a project. (4) **Amy White**, Executive Director of Land Watch, asked the Board to consider that the District could own a desalination project and be the nexus for tax free financing. (5) **Steve Ecklund**, resident of Salinas, suggested that the best option would be to place California American Water Company (Cal-Am) under public ownership. (5) **Bill Hood** advised the Board to take the first step towards a solution by determining where the District could assume leadership in the CPUC proceedings on Cal-Am’s application. The District should consider governance and how it can influence the CPUC in order to advance the interests of rate payers. (6) **John Narigi**, Monterey Peninsula Coalition of Businesses, expressed support for the District in a leadership role if a partnership is to be formed. However, Cal-Am must agree or the CPUC must order it. He stated that the Monterey Peninsula Regional Water Authority should not represent the community in the CPUC proceedings; that is the responsibility of the District.

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

ACTION ITEMS

16. **Discuss and Recommend District Position on Cal-Am Application 12-04-019 Re: Governance, Ownership, and Finance**

INFORMATIONAL ITEMS/STAFF REPORTS

17. **Letters Received**
18. **Committee Reports**
19. **Carmel River Fishery Report**
20. **Water Conservation Program Report**
21. **Monthly Allocation Report**
22. **Monthly Water Supply and California American Water Production Report**
23. **Semi-Annual Report on the CAWD/PBCSD Wastewater Reclamation Project**

The meeting was adjourned at 9:50 pm.

ADJOURNMENT

Arlene M. Tavani, Deputy District Secretary

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