



EXHIBIT 1-A

**DRAFT MINUTES
Regular Meeting
Board of Directors
Monterey Peninsula Water Management District
October 15, 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 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:

David Potter – Chairperson – Monterey County Board of Supervisors Representative

General Manager present: David J. Stoldt

District Counsel present: David Laredo

The assembly recited the Pledge of Allegiance.

PLEDGE OF ALLEGIANCE

The following comments were directed to the Board during Oral Communications. **(1) George Riley**, representing both Citizens for Public Water and Ratepayers First, urged the Board to take the leadership role in implementation of the People's Moss Landing Desalination Project or the DeepWater Desal Project. **(2) Ann Yateman** expressed support for public ownership of a water supply project. She requested an investigation into the occurrence of water bill spikes. **(3) Safwat Malek** requested that the Board clearly state its position of support or opposition to public ownership of a water supply project.

ORAL COMMUNICATIONS

On a motion of Director Lehman and second by Director Byrne, the Consent Calendar was approved unanimously with the exception of Items 6 and 7 that were pulled for separate consideration. The motion was adopted on a vote of 6 – 0. Director Potter was absent.

CONSENT CALENDAR

Approved.

Approved payment of not-to-exceed amount of \$4,000.

Approved contract for not-to-exceed amount of \$2,800.

Approved agreement for not-to-exceed amount of \$9,000.

Approved agreement for not-to-exceed amount of \$66,430.

Motion 1 -- Director Brower offered a motion that was seconded by Director Lehman to approve the contract for a 3-year term.

Motion 2 -- Director Markey offered a substitute motion that was seconded by Director Lehman to refer this item back to the Administrative Committee for further consideration. The motion failed on a vote of 4 – 2. Directors Pendergrass, Brower, Lewis and Byrne voted in favor of the motion. Directors Markey and Lehman were opposed. Director Potter was absent.

Motion No. 1 was approved on a vote of 5 – 1. Directors Pendergrass, Brower, Lehman, Lewis and Byrne voted in favor of the motion. Director Markey was opposed. Director Potter was absent.

On a motion by Director Pendergrass and second of Director Lehman, the Board Chair was designated as representative to the ACWA Joint Powers Insurance Authority Board, and Suresh Prasad, Administrative Services Manager, was designated as the alternate. The motion was approved unanimously on a vote of 6 – 0. Director Potter was absent.

A summary of Mr. Stoldt’s report is available on the District’s website and at the MPWMD office.

1. **Consider Adoption of Minutes of the September 17, 2012 Regular Board Meeting**
2. **Authorize Payment to Monterey County Elections Department for Cost to Verify Signatures on Petitions Submitted by Monterey Peninsula Taxpayers Association re Ordinance No. 152**
3. **Consider Expenditure of Budgeted Funds to Comply with Governmental Accounting Standards Board Actuarial Requirement for Employee Post-Retirement Health Benefits**
4. **Consider Expenditure of Budgeted Funds for Standard License Agreement with CoreLogic Information Solutions, Inc.**
5. **Consider Expenditure of Budgeted Funds to Enter Into Agreement with Tyler Technologies for Purchase and Implementation of Incode Financial Software**
6. **Consider Approval of Legal Services Contract with DeLay & Laredo, Attorneys at Law**
7. **Consider Appointing a Member and Alternate to the Association of California Water Agencies Joint Powers Insurance Authority Board**

GENERAL MANAGER’S REPORT

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

Groundwater Replenishment Project (GWR) –

Mr. Stoldt reported that on October 24, 2012, the Monterey Regional Water Pollution Control Agency (MRWPCA) Board of Directors did not approve funding for CEQA work related to GWR. He noted that the District had offered to pay to the MRWPCA 50% of the cost now (\$200,000) in order to expedite preparation of the CEQA work. Mr. Stoldt stated that progress has been made with Salinas Valley growers on the water rights issues related to recycled water rights for GWR. **Cal-Am Application to CPUC for Monterey Peninsula Water Supply Project** – Cal-Am compliance progress reports on public participation proposals are due on October 26, 2012. Scoping sessions for the EIR are scheduled on October 24 and October 25, 2012 in Monterey. Cost workshops will be conducted by the California Public Utilities Commission (CPUC) in early December 2012.

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

Director Byrne reported that she attended a presentation by Aircon Energy regarding hydroelectric power and energy savings.

On a motion by Director Markey and second of Director Lehman, the first reading of Ordinance No. 151 was adopted by the Board. The motion was approved on a roll-call vote of 5 – 1. Directors Brower, Lehman, Lewis, Markey and Pendergrass voted in favor of the motion. Director Byrne was opposed. Director Potter was absent.

9. Update on Development of Water Supply Projects

ATTORNEY’S REPORT

10. Report on October 15, 2012 Board Closed Session

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

Application of California American Water to the CPUC (Application No. 12-04-019) – Monterey Peninsula Water Supply Project

Conference with Legal Counsel – Pending and Threatened Litigation (Gov. Code 54956.9 (b))

- A. MPWMD v. State Water Resources Control Board; Santa Clara Superior Court Case No. 1-10-CV-163328
- B. One Case

Public Employee Performance Evaluation (Gov. Code 54957) – General Manager

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

During the public hearing on this item, **John Narigi**, representing both the Monterey Coalition of Peninsula Businesses and the Monterey County Hospitality Association, addressed the Board. He stated that both organizations support the ordinance and the appeal process provided. He emphasized the importance of public outreach to inform water users of the new rules.

Director Byrne offered a motion that was seconded by Director Brower to approve the first reading of Ordinance No. 155. The motion was approved unanimously on a roll-call vote of 6 – 0. Directors Brower, Byrne, Lehman, Lewis, Markey and Pendergrass voted in favor of the motion. Director Potter was absent. No comments were directed to the Board during the public hearing on this item.

On a motion by Director Markey and second of Director Byrne, this item was removed from the agenda. The motion was approved unanimously on a vote of 6 – 0. Directors Brower, Byrne, Lehman, Lewis, Markey and Pendergrass voted in favor of the motion. Director Potter was absent.

Director Brower offered a motion that was seconded by Director Byrne to continue this item for 60 days. The motion was approved unanimously on a vote of 6 – 0. Directors Brower, Byrne, Lehman, Lewis, Markey and Pendergrass voted in favor of the motion. Director Potter was absent. No comments were directed to the Board during the public comment period on this item.

On a motion by Director Markey and second of Director Byrne, the Board voted unanimously to refer this item to the Water Demand Committee for development of a resolution requesting that the CPUC investigate the occurrence of water bill spikes in the Cal Am Monterey District. In addition, staff should proceed with action on items 1, 2, 3 and 5 outlined in the staff report which are: provide CPUC contact information and complaint forms at the District office and website; distribute newsletter to ratepayers that includes information on the CPUC complaint process; request that Cal Am modify its high bill adjustment policy to bill the increased amount at the Tier 1 or lower level for customers experiencing a first-time unexplained spike in water use; and request Cal Am provide data on spiked billing complaints from other service areas. Directors Brower, Byrne, Lehman, Lewis, Markey and Pendergrass voted in favor of the motion. Director Potter was absent.

The following comments were received during the public comment period on this item. (1) **William**

13. **Consider First Reading of Ordinance 155 - Extension of Water Use Credits for Redevelopment Projects**

ACTION ITEMS

14. **Provide Direction to Staff Regarding Water Permits at Public Schools**
15. **Consider Extension of Nomination Period for Ordinance 152 Citizen's Oversight Panel for Annual Water Supply Charge**
16. **Consider Recommendation from Water Demand Committee Regarding California American Water Billing Practices**

Hood recommended that the District develop a process for Cal-Am to follow when responding to complaints about water bill spikes. If the customer is not satisfied after following the process with Cal-Am, the District could intervene. (2) **Barbara Locke**, resident of Pacific Grove, described water bill spikes that she experienced. She requested that the Board take action with regards to water bill spikes that have affected Cal Am customers throughout the Monterey District. (3) **Toni Ray** requested that the Board investigate the \$9,800 water bill spike that occurred at her property, although no leaks were found. She submitted documentation that is on file at the District office and on the MPWMD website. (4) **Mike Brown**, resident of Carmel-by-the-Sea, described the water bill spike that he encountered, and reiterated that something must be done to address the situation as soon as possible. (5) **Lindy Levin** stated that water bill spikes are not related to the tiered rate system, and noted that Cal Am offers a leak adjustment even when no leak is apparent. She submitted a written procedure for filing a complaint with the CPUC and requested that the District publish and distribute the information to water customers. The document is on file at the District office and on the MPWMD website. (6) **Jennifer Russo** described two water bill spikes that she experienced. She took issue with Cal Am's practice of granting a leak adjustment for an unusually high water bill, when there was no evidence of a leak. She stated that another solution must be developed. She submitted documentation that is on file at the District office and on the MPWMD website. (7) **George Riley** requested that the Board ask the CPUC Division of Rate Payer Advocates to conduct an investigation of the water bill spikes in order to determine the cause. (8) **Janice** (did not provide last name) stated that she spoke with Mitch Elliott, Sales Representative with Neptune Technology, manufacturer of the water meters installed by Cal-Am. He informed her of conditions under which water meters could provide an incorrect reading that might be the cause of a water bill spike. Janice related the specifics of her conversation to the Board. Her statement is on file at the District office and can be viewed on the MPWMD website. (9) **Eric Sabolsice**, Director of Operations for California-American Water, advised the Board that Cal-Am is investigating the high water bills carefully on a case-by-case basis to determine the cause. A local telephone line has been established to respond to callers at 831-646-3205. Leave a voice mail and your call will be returned. In addition, Mr. Sabolsice's telephone number is 831-236-1011. Mr. Sabolsice stated that his goal is to develop a solution in a forthright and honest manner.

Director Byrne offered a motion that was seconded by Director Lewis, to approve a not-to-exceed expenditure of \$15,000 to print and mail a newsletter to all residents within the District boundaries this fall. The motion was approved unanimously on a vote of 6 – 0. Directors Brower, Byrne, Lehman, Lewis, Markey and Pendergrass voted in favor of the motion. Director Potter was absent. No comments were directed to the Board during the public comment period on this item.

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

The meeting was adjourned at 9 pm.

17. **Consider Expenditure of Budgeted Funds to Print and Mail a Newsletter throughout the District**

INFORMATIONAL ITEMS/STAFF REPORTS

18. **Letters Received**
19. **Committee Reports**
20. **Carmel River Fishery Report**
21. **Water Conservation Program Report**
22. **Monthly Allocation Report**
23. **Monthly Water Supply and California American Water Production Report**
Quarterly Carmel River Riparian Corridor Management Program Report
Quarterly Water Use Credit Transfer Status Report

ADJOURNMENT

Arlene M. Tavani, Deputy District Secretary