



EXHIBIT 1-A

**DRAFT MINUTES
Regular Meeting
Board of Directors
Monterey Peninsula Water Management District
December 10, 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

Directors Absent:

David Potter – Chairperson – Monterey County Board of Supervisors Representative
Robert S. Brower, Sr., -- Division 5

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) Henry Ruhnke** with Wald, Ruhnke and Dost Architects, stated that in order to allow development of mixed-use projects in downtown Monterey, the District should allow installation of sub-meters, so that water use can be monitored in mixed-use projects despite the prohibition on setting new water meters within the California American Water system. **(2) Eric Miller**, representing Eric Miller Architects, expressed support for the comments made by Henri Ruhnke. He stated that the Board has approved installation of sub-meters in the past.

ORAL COMMUNICATIONS

On a motion by Director Markey and second of Director Lewis, the Consent Calendar items were approved unanimously on a vote of 5 – 0. Directors Byrne, Lewis, Lehman, Markey and Pendergrass voted in favor of the motion. Directors Brower and Potter were absent.

CONSENT CALENDAR

Approved.

1. **Consider Adoption of Minutes of November 19, 2012 Regular Board Meeting**

Approved.

2. **Adopt Board Meeting Schedule for 2013**

Approved expenditure of not-to-exceed amount of \$285,000.

3. **Authorize Expenditure of Reimbursable Funds for Design and Installation of Appurtenant Pipelines to ASR-4 Well at Water Project 2 Site**

A summary of Mr. Stoldt's report is available on the District's website and at the MPWMD office. He noted that the November rainfall and unimpaired Carmel River flow charts will be updated for the January 30, 2013 Board meeting, following receipt of critical data from California-American Water.

GENERAL MANAGER'S REPORT

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

Mr. Stoldt reviewed information provided in the staff report on item 5. In response to a question, Joe Oliver stated that the Sand City desalination plant should be back on-line soon, following a temporary shut-down while a well was refurbished.

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

Item deferred to January 30, 2013 Board meeting.

6. **Update on Laguna Seca Subarea Water Use**

District Counsel Laredo reported that he provided a status report to the Board on all items listed on the agenda, no reportable action was taken.

ATTORNEY'S REPORT

7. **Report on 6:00 PM Closed Session of the Board**

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

- A. Application of California American Water to the CPUC Application No. 12-04-019 -- Monterey Peninsula Water Supply Project
- B. Application of California American Water Company to CPUC Application No.10-01-012 – User Fee Collection
- C. California-American Water Company v. Monterey Peninsula Water Management District. Superior Court Case No: M113336 – Reverse Validation Action

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

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

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

Director Byrne reported that she participated in a tour of the Carmel River watershed conducted by Kevan Urquhart, Senior Fisheries Biologist. She

encouraged other interested persons to take part in this excellent tour when it is offered again.

On a motion by Director Markey and second of Director Byrne, the January through March 2013 Quarterly Water Supply Strategy and Budget was approved unanimously on a vote of 5 – 0. Directors Byrne, Lehman, Lewis, Markey and Pendergrass voted in favor of the motion. Directors Brower and Potter were absent.

No comments were directed to the Board during the public hearing on this item.

Director Lehman offered a motion that was seconded by Director Lewis, to adopt Resolution 2012-14 declaring the Board’s intent to reimburse expenditures from the proceeds of tax exempt securities. The motion was adopted unanimously on a vote of 5 – 0. Directors Byrne, Lehman, Lewis, Markey and Pendergrass voted in favor of the motion. Directors Brower and Potter were absent.

No comments were directed to the Board during the public comment period on this item.

On a motion by Director Byrne and second of Director Lehman, Resolution 2012-15 was adopted unanimously on a vote of 5 – 0. Directors Byrne, Lehman, Lewis, Markey and Pendergrass voted in favor of the motion. Directors Brower and Potter were absent.

No comments were directed to the Board during the public comment period on this item.

Director Markey offered a motion that was seconded by Director Lewis to adopt the staff recommendation outlined in the staff report and summarized here. (1) Develop a request for qualifications for potential ocean desalination project developers to utilize water sources that are not within the Salinas Valley Groundwater Basin. (2) Partner with the developer to fund CEQA and NEPA review in an amount not to exceed \$500,000 per year over two fiscal years. (3) The request for qualifications should provide that the District hold the option, upon certification of the EIR/EIS, to become the project owner or negotiate with a third-party for ownership. (4) Engage county representatives and Mayors of the six jurisdictions to discuss the merits of this parallel plan as a safety “backstop” to the Cal-Am application and seek their support. The motion was adopted on a unanimous vote of 5 – 0. Directors Byrne, Lehman, Lewis, Markey and Pendergrass voted in favor of the motion. Directors Brower and Potter were absent.

PUBLIC HEARINGS

- 9. Consider Adoption of January through March 2013 Quarterly Water Supply Strategy and Budget**

ACTION ITEMS

- 10. Consider Adoption of Resolution No. 2012-14 for Reimbursement of Expenditures for Groundwater Replenishment Project**
- 11. Consider Adoption of Resolution No. 2012-15 to Approve Obtaining a Loan for Costs Related to Aquifer Storage and Recovery**
- 12. Consider Action Plan for Investigation into Desalination Contingency Project and Approve Expenditure Not-to-Exceed \$500,000 Per Fiscal Year to Fund Environmental Review**

The following comments were directed to the Board during the public comment period on this item. (1) **Ed Mitchell** recommended that the Board authorize funding for contingency project planning. He suggested that the District contact the Otter Project and Monterey Coast Watchers for input on the environmental studies for a contingency project. (2) **Janet Brennan**, representing Land Watch Monterey County, urged the Board of Directors to move forward with development of an alternative to Cal-Am's Monterey Peninsula Water Supply Project. (3) **Safwat Malik** recommended that the District plan development of a primary desalination project instead of waiting for Cal-Am to take the lead. (4) **Dale Hekhuis** expressed support for the proposal to develop a desalination project contingency plan. (5) **Allen Haffa** expressed support for adoption of the desalination project contingency plan. (6) **Roger Dolan** urged the Board to support the desalination project contingency plan. (7) **Doug Wilhelm** stated that the District should move quickly on development of a desalination project contingency plan. (8) **Tom Rowley** representing the Monterey Peninsula Taxpayers Association, stated that considering the significant expenditure of \$1 million, should the Board approve this proposal, the plan should be completed incrementally over a longer time period than has been proposed. (9) **Ron Cohan** expressed support for the desalination contingency plan. He asked the Board to consider the economic impact to the community should Cal-Am succeed in obtaining approval to collect \$99 million for capital costs related to the Monterey Peninsula Water Supply Project. (10) **George Riley** encouraged the Board to move ahead with the desalination contingency plan. (11) **Lisa Deken** opined that there is a lack of awareness by the public on water issues, especially among young families. She advocated for more public education on water conservation measures such as cistern systems that could serve as a contingency project. (12) **Paul Bruno** asked the Board to defer any expenditure on a desalination contingency project until after the EIR is completed on the Monterey Peninsula Water Supply Project. He recommended that the District focus on support for development of groundwater replenishment. (13) **Tom McDonald** expressed support for the desalination contingency plan, and stated a preference for a publicly owned project. He advised the Board that the rate payers would take on a significant financial risk if required to pay \$99 million in advance for capital costs of Cal-Am's proposed desalination project. (14) **Dick Roddard** expressed support for the desalination contingency plan.

The meeting was adjourned for a short recess at 8:20 pm and reconvened at 8:30 pm.

Director Byrne offered a motion that was seconded by Director Markey to: (a) Adopt the mission statement and Meeting Bylaws for the Oversight Panel as presented; and (b) approve the appointments of Rick Smith, representing the Monterey County Association of Realtors, and Paul Bruno, representing the Monterey Peninsula Taxpayers Association to the Oversight Panel. The motion was adopted unanimously on a vote of 5 – 0. Directors Byrne, Lehman, Lewis, Markey and Pendergrass voted in favor of the motion. Directors Brower and Potter were absent. Mr. Stoldt announced the names of five of the Directors' appointees: Norman Yassany, appointed by Director Lewis; Todd Kruper, appointed by Director Pendergrass; John Bottomley, appointed by Director Byrne; George Riley, appointed by Director Markey; and John Tilley, appointed by Director Brower. Directors Potter and Lehman had not yet announced the names of their appointees.

During the public comment period on this item, Tom Rowley expressed support for the appointment of Paul Bruno to the Oversight Panel.

On a motion by Director Byrne and second of Director Lewis, the Board voted unanimously to support the recommendation described in the staff report and the PowerPoint presentation regarding the content of comments to be forwarded to the National Marine Fisheries Service (NMFS). The motion was approved on a vote of 5 – 0. Directors Byrne, Lehman, Lewis, Markey and Pendergrass voted in favor of the motion. Directors Brower and Potter were absent.

The following comments were directed to the Board during the public comment period on this item. (1) **Brian LeNeve**, Carmel River Steelhead Association (CRSA), spoke in support of development of a comment letter to the NMFS. He said that the CRSA will also be developing a letter, and would support the District's comments. (2) **Tom Rowley** stated that a comment letter should be forwarded to the NMFS. (3) **Paul Bruno** expressed support for the staff recommendation.

On a motion by Director Markey and second of Director Byrne, the Board approved the election of officers for 2013 as follows: Chair, David Pendergrass; Vice Chair, Brenda Lewis; Secretary, David Stoldt; and Treasurer, Suresh Prasad. The motion was adopted unanimously on a vote of 5 – 0. Directors Byrne, Lehman, Lewis, Markey and Pendergrass voted in favor of the motion. Directors Brower and Potter were absent.

13. Appoint Citizens Oversight Panel Members and Adopt Mission Statement and By-Laws

14. Provide Direction to Staff on Response to National Marine Fisheries Service 2012 Public Review Draft South-Central California Coast Steelhead Recovery Plan

15. Conduct Election of Board Officers for 2013

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

INFORMATIONAL ITEMS/STAFF REPORTS

- 16. Letters Received**
- 17. Committee Reports**
- 18. Water Conservation Program Report**
- 19. Monthly Allocation Report**
- 20. Monthly Water Supply and California American Water Production Report
Monthly Allocation Report**
- 21. Semi-Annual Groundwater Quality Monitoring Report**

The meeting was adjourned at 9:20 pm.

ADJOURNMENT

Arlene M. Tavani, Deputy District Secretary

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