



EXHIBIT 1-A

**DRAFT MINUTES
Regular Meeting
Board of Directors
Monterey Peninsula Water Management District
January 30, 2013**

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
David Potter – Chairperson – Monterey County Board of Supervisors Representative

Directors Absent: None

General Manager present: David J. Stoldt

District Counsel present: David Laredo

The assembly recited the Pledge of Allegiance.

PLEDGE OF ALLEGIANCE

Chair Pendergrass presented a plaque honoring Director David Potter for his service as Chair of the Board in 2012.

PRESENTATION TO OUTGOING BOARD CHAIR, DAVID POTTER, REPRESENTATIVE TO MONTEREY COUNTY BOARD OF SUPERVISORS

The following comments were directed to the Board during Oral Communications. **(1) Nelson Vega** urged the Board to coordinate with the Monterey Peninsula Regional Water Authority (Mayors JPA) to petition the State Water Resources Control Board (SWRCB) to extend the date for implementation of the Cease and Desist Order against California American Water (Cal-Am). **(2) George Riley** stated that he would be submitting to the District a petition signed by 1,800 people that expressed support for the lowest cost desalination project, and the MPWMD as the public partner in the project that is ultimately selected.

ORAL COMMUNICATIONS

Director Markey offered a motion that was seconded by Director Potter to adopt the Consent Calendar, except for item 2 that was pulled for separate

CONSENT CALENDAR

consideration. The motion was approved unanimously on a vote of 7 – 0.

Approved.

On a motion by Director Markey and second of Director Lehman, the Committee Assignments were approved with one amendment: Judi Lehman was designated as the active member of the Legislative Advocacy Committee and David Pendergrass agreed to serve as alternate. The motion was approved unanimously on a vote of 7 – 0.

Adopted.

Adopted.

Approved.

Received.

Received.

Adopted.

Adopted.

Adopted.

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

Mr. Stoldt reported that there is progress on coordination with the Monterey Regional Water Pollution Control Agency on funding development of a groundwater replenishment project (GWR).

Mr. Stoldt reviewed selected sections of the report with the Board.

1. Consider Adoption of Minutes of the December 10, 2012 Regular Board Meeting and January 14, 2013 Special Board Meeting
2. Ratify Board Committee Assignments for Calendar Year 2013
3. Confirm Appointments to Ordinance No. 152 Oversight Panel
4. Consider Adoption of Resolution No. 2013-01 – Amend MPWMD Conflict of Interest Code
5. Consider Approval of First Quarter 2012-2013 Investment Report
6. Receive and File Fourth Quarter Financial Activity Report for Fiscal Year 2011-12
7. Receive and File First Quarter Financial Activity Report for Fiscal Year 2012-13
8. Consider Adoption of Treasurer's Report for July 2012
9. Consider Adoption of Treasurer's Report for August 2012
10. Consider Adoption of Treasurer's Report for September 2012

GENERAL MANAGER’S REPORT

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**
13. **Update on California Pension Reform**

District Counsel Laredo reported that for all items listed on the Closed Session agenda, the Board provided general direction but no reportable action was taken.

ATTORNEY'S REPORT

14. 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. MPWMD v. SWRCB; Santa Clara Superior Court Case No. 1-10-CV-163328 – Cease & Desist Order
- D. Thum v. *MPWMD*; Superior Court Case No. M113598

Liability Claim

Claimant: Sarah Bennett
Agency Claimed Against: MPWMD

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

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

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

Director Lewis reported that discussion at the January 15, 2013, Monterey County Special District's Association focused on the California Environmental Quality Act (CEQA) and legislative efforts underway to modify the Act and streamline environmental review.

The report was presented by Joe Oliver, Water Resources Manager. A summary of the report is available for review at the District office and can be viewed on the MPWMD website.

The report was presented by Joe Oliver, Water Resources Manager. A summary of the report is available for review at the District office and can be viewed on the MPWMD website. Mr. Oliver noted that since 1998, 4,477 acre-feet (AF) of water have been injected into the Seaside Basin through the Aquifer Storage and Recovery Project.

Eric Sabolsice, General Manager of the Monterey District, California American Water addressed the Board. He explained why a considerable amount of time is needed to complete repairs to a Cal-Am production well. He stated that sufficient time is needed to complete the bid process for selection of a

REPORTS/PRESENTATIONS

16. Update on Cal-Am Laguna Seca Subarea Water Production

17. Update on Aquifer Storage and Recovery Injection Operations – Water Year 2013 to Date

specialized consultant to repair the well; to refurbish or replace the pump, then to conduct water quality tests once the well is repaired.

PUBLIC HEARINGS No public hearing items were submitted for Board consideration.

ACTION ITEMS

Director Markey offered a motion that was seconded by Director Brower, that the Board conduct a special meeting within two weeks in order to provide the public with an opportunity to comment on the project sizing issue. The motion was adopted unanimously on a vote of 7 – 0.

18. Consider Changes to Project Sizing by California American Water

The following comments were directed to the Board during the public comment period on this item. **(1) Regina Doyle, former member of the MPWMD Board**, requested that prior to submitting comments on Cal-Am’s proposed desalination project to the California Public Utilities Commission (CPUC), the Board should conduct a public forum to educate the public on the project and receive comments. **(2) Nelson Vega** urged the Board to recommend the increased production level from a desalination project, because ultimately production could be reduced if GWR and ASR are developed and perform as planned. He also stated that a desalination plant should not be operated at 95% capacity. **(3) Safwat Malek** requested that the Board support a desalination project production level that would provide water for lots of record. **(4) George Riley** stated that the term “water for lots-of-record” does not equate to “water for growth.” The public should be aware that once lots-of-record are satisfied, any amount of water beyond that is for “growth.”

The Board took separate action on each issue outlined in the staff report.

19. Provide Guidance to Staff Regarding District Positions for Testimony due February 22, 2013 in CPUC Application 12-04-019

General Statement of Support for the Application – To be discussed at the special Board meeting that was agreed to under discussion of agenda item 18.

Groundwater Replenishment (GWR) – On a motion by Director Byrne and second of Director Markey, the Board agreed unanimously on a vote of 7 – 0 to express strong support for groundwater replenishment.

Governance – Director Potter offered a motion that was seconded by Director Brower to direct the General Manager and District Counsel to finalize the Agreement to Form the Monterey Peninsula Water Supply Project Governance Committee, and if there are no substantive changes, the District’s testimony to the CPUC shall express support for the governance agreement. The motion was approved on a vote of 6

– 1. Directors Brower, Byrne, Lehman, Lewis, Pendergrass and Potter voted in support of the motion. Director Markey was opposed.

Director Brower departed from the meeting prior to the vote on Public Contribution.

Public Contribution – On a motion by Director Potter and second of Director Byrne, the Board agreed unanimously on a vote of 6 – 0 to reconfirm its commitment to a financial contribution to the benefit of ratepayers as outlined in the staff note. Directors Byrne, Lehman, Lewis, Markey, Pendergrass and Potter voted in favor of the motion. Director Brower was absent for the vote.

Surcharge 2 – Director Markey made a motion that was seconded by Director Pendergrass, to oppose Surcharge 2. The motion was approved unanimously on a vote of 6 – 0. Directors Byrne, Lehman, Lewis, Markey, Pendergrass and Potter voted in favor of the motion. Director Brower was absent for the vote.

Alternative Desalination Project – On a motion of Director Byrne and second by Director Potter, the Board voted unanimously to provide a status report to the CPUC on progress made towards identification of a contingency desalination project. Directors Byrne, Lehman, Lewis, Markey, Pendergrass and Potter voted in favor of the motion. Director Brower was absent for the vote.

Pacific Grove Small Projects – On a motion of Director Pendergrass and second by Director Byrne, the Board agreed to the statement in the staff report that expressed general support for Pacific Grove’s proposal(s) for small water projects. The statement was amended to delete the word “might” and replace it with the word “would” so the second line reads, “for small water projects that would allow it to shift irrigation of its municipal golf course from potable water to recycled water.....” The motion was approved on a vote of 6 – 0. Directors Byrne, Lehman, Lewis, Markey, Pendergrass and Potter voted in favor of the motion. Director Brower was absent for the vote.

The following comments were directed to the Board during the public comment period on this item. **(1) George Riley**, representing Citizens for Public Water, expressed opposition to proposed Surcharge 2, the collection of \$99 million from the ratepayers during the project construction period. He also stated that if the District were to support the positions outlined in the Mayors JPA Governance Committee Agreement, then the Mayors JPA should support the District’s proposal for a contingency desalination project. **(2) Nelson Vega** opined that a plan should

be developed for a back-up supply of source-water, in case use of slant wells for desalination is proved to be infeasible.

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

The meeting was adjourned at 9:10 pm.

INFORMATIONAL ITEMS/STAFF REPORTS

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

ADJOURNMENT

Arlene M. Tavani, Deputy District Secretary