

**GOVERNANCE COMMITTEE
FOR THE
MONTEREY PENINSULA WATER SUPPLY PROJECT**

California American Water • Monterey County Board of Supervisors
Monterey Peninsula Regional Water Authority • Monterey Peninsula Water Management District

EXHIBIT 23-C

FINAL MINUTES

Monterey Peninsula Water Supply Project

Governance Committee

April 22, 2013

Call to Order: The meeting was called to order at 2:05 pm in the MPWMD conference room.

Members present: Jason Burnett, Monterey Peninsula Regional Water Authority (MPRWA)
Jeanne Byrne, (Alternate to Robert S. Brower, Sr.) Monterey Peninsula Water
Management District (MPWMD)
Robert MacLean, California-American Water (Cal-Am)

Members absent: David Potter, County of Monterey (County)
Robert S. Brower, Sr., MPWMD

Pledge of Allegiance: The assembly recited the Pledge of Allegiance

Public Comments: No comments were directed to the committee.

Agenda Items

The Chair received public comment on each agenda item.

- 1. Approve Minutes of March 20, 2013 Committee Meeting**
On a motion by Brower and second of Burnett, the minutes were adopted on a vote of 2 – 0 by Brower and Burnett.
- 2. Adopt 2013 Governance Committee Meeting Schedule**
Staff will revise the schedule in order to conform to dates the Cal-Poly Design Team is available, and to allow for sufficient review of the Design/Build Request for Proposals.
- 3. Presentation from William Merry, General Manager of Monterey Regional Waste Management District (MRWMD) on Landfill Gas as an Alternative Energy Source for a Desal Facility**
Merry stated that the MRWMD does support providing landfill gas power to the proposed desalination facility. There is an opportunity to provide “over the fence” power, but a power purchase agreement will be needed. Merry explained that 5 megawatts of power are produced by the MRWMD currently and within 24 months production will be increased by 2 megawatts. Pacific Gas and Electric has a contract to purchase that power through 2015. The MRWMD has several options for distribution of the landfill gas after the contract expires. Cal-Am must decide if renewable power is preferred for its desalination plant, and if the source should be MRWMD or another vendor. Merry noted that the cost of renewable power has been reduced over the

years, as more renewable power sources have been developed. The MRWMD would sell the power for the highest rate that could be negotiated. He agreed that development of term sheet would be a good first step in putting together a draft purchase agreement.

There was consensus among the committee members that Bill Reichmuth should coordinate with William Merry and Richard Svindland on development of a term sheet that would be submitted for review at a future Governance Committee meeting.

4. Review California Public Utilities Commission (CPUC) Response to Governance committee Request for Workshop on Groundwater Replenishment Project (GWR)

A. Develop Agenda Topics for CPUC Workshop on GWR

Burnett announced that at the request of the Governance Committee, the CPUC will conduct a workshop on GWR on June 12, 2013. It was suggested that at the hearing the CPUC should be advised how the GWR section in the Governance Committee formation agreement was developed, and also describe the project constraints such as: cost, schedule, public acceptance, environmental review, and those consistent with filing a Tier 2 Advice Letter. Burnett stated that a letter would be forwarded to the CPUC outlining the agenda topics by May 6, 2013; the criteria list will not be attached. The Department of Water Resources EIR team should be invited attend the meeting. The CPUC should be asked to televise the June 12 hearing.

B. Review Draft GWR Criteria as Discussed by Water Authority TAC

The committee reviewed draft criteria submitted as Exhibit GC-4.

Suggestions for criteria:

1. No change.
2. No change.
3. Term “marginal cost” could be removed and replaced with a revenue requirement test.
4. Should be merged with #3, and insure that it is internally consistent. Need to balance cost with environmental benefits.
5. Language should be similar to stated in the Governance Committee Formation Agreement. Time estimate for project start up should be no earlier than 30% design, and no later than when Cal- Am is ready to issue the notice to proceed.
6. Should reflect language in Governance Committee Formation Agreement.
7. Okay.
8. Okay.
9. Consider removing the phrase, “Agreement in place on “debt equivalence.”
10. Amend to read, “Public Support has been Demonstrated” and remove items a through g.
11. Amend to read, “Public Outreach Campaign has Addressed Community Issues” and remove items a through d.

Public Comment: (1) Jeanne Byrne suggested that Exhibit GC-4 be edited down. (2) Sue McCloud stated that the public should have an opportunity to hear the views of interveners. (3) Jeanne Byrne asked for clarification of the need to conduct the CPUC Workshop on GWR and what is to be accomplished at that workshop.

5. Finalize Schedule for Cal-Poly Design Team Review

The goal will be to schedule meetings on May 17, June 12 through 14, and August 1, 2013 when the Cal-Poly design teams are available. Allow three hours per meeting. Staff will work with committee members to identify dates when committee members/alternates can participate. These meetings should be video recorded.

Public comment: (1) Sue McCloud asked what direction the design team had been given regarding project size. (2) Jeanne Byrne suggested that potential design/build contractors could be invited to attend the design team review meetings.

6. Update from Cal-Am on Status of Procurement for the Desal Design Build Effort

Anthony Cerasuolo, Vice President, Legal – Operations for California American Water, stated that the Request for Qualifications (RFQ) was issued on April 1, 2013 and can be viewed on Cal-Am’s website. Nineteen firms submitted responses to the RFQ. Cal-Am has provided answers to all 63 written questions submitted by the firms. The Statement of Qualifications is due on May 1. Cal-Am plans to conduct interviews of four design/build teams by May 31, 2013. It was agreed that the May Governance Committee meeting schedule should be adjusted to allow for an initial review of the RFP the week of May 20, and a follow-up meeting to review the final by May 31, 2013.

7. Discussion of Items to be placed on Future Agendas

William Reichmuth will advise the committee when he is ready to present the landfill gas draft term sheet.

8. Schedule Next meeting

The next meeting is scheduled for May 17, 2013 at 1 pm.

Adjournment

The meeting adjourned at 4:20 pm.