



EXHIBIT 1-A

**DRAFT MINUTES
Regular Meeting
Board of Directors
Monterey Peninsula Water Management District
October 21, 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 – Chair, Mayoral Representative
Judi Lehman – Division 2
Kristi Markey – Division 3
Jeanne Byrne – Division 4
David Potter – Monterey County Board of Supervisors Representative

Directors Absent:

Robert S. Brower, Sr., -- Division 5
Brenda Lewis – Vice Chair, Division 1

General Manager present: David J. Stoldt

District Counsel present: David Laredo

The assembly recited the Pledge of Allegiance.

PLEDGE OF ALLEGIANCE

No comments were directed to the Board during Oral Communications.

ORAL COMMUNICATIONS

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

CONSENT CALENDAR

Adopted.

1. Consider Adoption of Minutes of the September 16, 2013 Regular Board Meeting

Approved reimbursement agreement with City of Seaside in the amount of \$4,350.

2. Consider Authorization to Enter into Reimbursement Agreement with City of Seaside for Appraisal at Phase 1 Santa Margarita ASR Site

Approved expenditure of \$40,000 to retain Schaff and Wheeler Consulting Civil Engineers.

3. Consider Expenditure of Funds to Retain Schaff and Wheeler Consulting Civil Engineers to Evaluate the Reclamation Ditch as a Source of Supply for the Groundwater Replenishment Project

Approved expenditure of \$146,850 for contract with The Shibatani Group, Inc.

Adopted.

Adopted Resolutions 2013-23, 2013-24, 2013-25, 2013-26 and 2013-27.

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

Stoldt updated the Board on the progress made by DeepWater Desal on development of an alternative desalination project. (a) Grant Gordon hired as Chief Operating Officer. (b) Conducted an equity raise. (c) Hired Power Engineering to assist with a study on use of municipal power to serve the facility. (d) Continued to coordinate on development of a data server farm. (e) Tenera's study on the effects of open ocean intake should be completed by late November 2013. (f) Scott Jenkins has been hired to complete a study on the effects of discharge from the desal plant. (g) Hired EMC Planning for regulatory project management. (h) Work on the project EIR should begin in February 2014.

Stoldt referred to the staff note.

District Counsel Laredo reported that a status report was given to the directors on items 3 and 6 and guidance was provided to Counsel, but no reportable action was taken. No reportable action was taken with respect to items 4 and 5.

4. **Consider Expenditure of Funds for Development of a Long Term Strategic Plan for Los Padres Dam**
5. **Consider Adoption of Bargaining Agreement with Confidential Unit**
6. **Consider Approval of Resolutions 2013-23, 2013-24, 2013-25, 2013-26 and 2013-27 Regarding Employee Contributions to the California Public Employees Retirement System**

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

9. **Six Month Update on Strategic Plan Implementation**

ATTORNEY'S REPORT

10. **Report on 5:30 PM Closed Session of the Board**

3. **Conference with Legal Counsel – Existing Litigation (Gov. Code 54956.9 (a))**
 - A. Application of California American Water to the CPUC (App. No. 13-07-002) 2013 General Rate Case
 - B. MPWMD v. CPUC (Cal-Am); CA Supreme Court Case No. S208838
4. **Conference with Labor Negotiators (Gov. Code 54957.6)**
 - A. Unrepresented Employees: Confidential Unit
5. **Public Employee Annual Performance Evaluation (Gov. Code**

54957) – General Manager

6. Conference with Legal Counsel – Anticipated Litigation (Gov. Code 54946.9 (b)) Water Plus v. MPWMD

Director Lehman acknowledged measures taken by the public to conserve water. She suggested that the District should develop an awards program for effective water conservation projects.

On a motion by Byrne and second of Lehman, the first reading of Ordinance No. 156 was adopted on a vote of 5 – 0 with the following amendments. (1) Definition of Meter Split, the words “an existing Connection” should be amended to read “one existing Connection. (2) Page 130, item 3, the phrase “Standard Bathtub fixture” should be amended to read “Standard Bathtub.” (3) Page 131, word “User” should be clarified where necessary. Directors Lehman, Byrne, Markey, Pendergrass and Potter voted in favor of the motion. Directors Brower and Lewis were absent. No comments were directed to the Board during the public hearing on this item.

On a motion by Markey and second of Lehman, the Board adopted for incorporation into Resolution 2013-28, the amendment to MPWMD Board Meeting Rule 2.5 submitted as Exhibit 13-B with the following changes: (a) second paragraph, the phrase “seven (7) elected members” should be amended to read “seven (7) members; and (b) second paragraph, the phrase “Beginning in 2014” should be amended to read “Beginning in December 2013.” The motion was approved unanimously on a vote of 5 – 0 by Directors Lehman, Byrne, Markey, Pendergrass and Potter. Directors Brower and Lewis were absent. No comments were directed to the Board during the public comment period on this item.

On a motion by Markey and second of Potter, the Board confirmed agreement with the positions outlined by the General Manager and specified that: (a) staff can determine how to handle items 16 and 17; and (b) the District should take no position on item 28. The following recommendations on four revenue requests were also added to the list presented in the staff report: (a) recommend support for \$4.2 million for Los Padres Dam fish passage; (b) recommend support for \$270,000 for a Ryan Ranch/Bishop intertie, if the Cal-Am main system intertie could be open to the proposed intertie; (c) recommend support for connecting Hidden Hills, Ryan Ranch and Bishop water distribution systems to

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. 156 Clarifying and Amending Terms and Procedures Related to Water Permits, Water Use Credits, Rebates and Landscape Water Audits

ACTION ITEMS

13. Consider Adoption of Resolution 2013-28 – Amendment to MPWMD Board Meeting Rule 2.5

14. Provide Direction to Staff Regarding District Positions for General Rate Case Filings and Testimony

the Cal-Am main system by 2018; and (d) recommend the District oppose \$1 million request for Los Padres Dam long-term plan. No comments were directed to the Board during the public comment period on this item.

The Board reviewed the response presented in the staff report. Chair Pendergrass noted that there was consensus to accept the response.

The following comments were directed to the Board during the public comment period on this item. **(1) Doug Wilhelm**, representing Public Water Now, submitted a statement that is on file at the District office and can be viewed on the District's website. He requested that Public Water Now be given the opportunity at a future meeting of the Board to describe the initiative to the public. **(2) Paul Bruno**, a resident of Carmel-by-the-Sea, stated that the Board should reject the effort by Public Water Now to achieve public ownership of California American Water. **(3) Harvey Billig**, resident of Carmel-by-the-Sea, encouraged the Board to study public ownership of the water system. **(4) John Narigi**, representing the Coalition of Peninsula Businesses, expressed opposition to public ownership of the water system and urged the Board to continue its support of the three-pronged approach for water development. **(5) Tom McDonald**, Treasurer of Public Water Now, described the cost savings that could be achieved through public ownership of the water supply. **(6) Eric Sabolsice**, Director of Operations for the Monterey Division of California American Water, stated that public ownership of the water supply would result in a reduction in local tax receipts that could affect public safety services. **(7) Dan Turner** expressed agreement with the cost savings that Public Water Now estimates could be achieved through public ownership of the water supply. He encouraged the Board to study the cost of public ownership and support the proposal. **(8) Barbara Joe Aiken** stated that she saw no reason to support a company that is not meeting deadlines or providing for local water needs.

Following Board discussion, Chair Pendergrass requested that staff develop a draft ordinance amending Rule 28 and present it for consideration at a future meeting of the Board.

During the public comment period on this item, **Rudy Fisher**, member of the Pacific Grove City Council, stated that jurisdictions have the expertise to make good planning decisions regarding water credit transfers.

DISCUSSION ITEMS

15. Discuss Response to Receipt of Initiative Petition Submitted by Public Water Now

16. Discuss Amending Rule 28 to Allow Ministerial Approval of Water Use Credit Transfers

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

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. Quarterly Carmel River Riparian Corridor Management Program Report**
- 24. Quarterly Water Use Credit Transfer Status Report**

The meeting was adjourned at 8:25 pm.

ADJOURNMENT

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Arlene M. Tavani, Deputy District Secretary