



EXHIBIT 1-A

**DRAFT MINUTES
Regular Meeting
Board of Directors
Monterey Peninsula Water Management District
January 29, 2014**

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 Potter – Chair, Monterey County Board of Supervisors Representative
Bill Thayer – Vice Chair, Division 2
Kristi Markey – Division 3
Jeanne Byrne – Division 4
David Pendergrass – Mayoral Representative

Directors Absent:

Brenda Lewis – Vice Chair, Division 1
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

Chair Potter announced that agenda item 19, Consider Authorization to Increase Budget for Groundwater Replenishment Project (GWR), would be pulled from the agenda and deferred for consideration at the February 13, 2014 Board meeting. On a motion by Byrne and second of Pendergrass, agenda item 19 was deferred to the February 13, 2014 Board meeting. The motion was approved unanimously on a vote of Potter, Thayer, Markey, Byrne and Pendergrass. Directors Lewis and Brower were absent.

The following comments were directed to the Board during Oral Communications. (1) **Dan Dursa** requested that the Water Management District contact the California Public Utilities Commission (CPUC) and request that public participation hearings on Application 1307002 be conducted in an appropriate Monterey County location, and not at California State University Monterey Bay, as is proposed. (2) **Tom McMahon**, owner of Monterey Bay Laundry and Chairperson of the Pacific Grove Downtown Business Improvement District, advised

ORAL COMMUNICATIONS

that his organization will initiate an official inquiry into recent California American Water Company (Cal Am) rate increases. He asked the Water Management District to assist his organization in answering some questions: (a) why have commercial water rates tripled in the past two years; (b) why were commercial customers not told that rates would increase by 40 percent in December 2013; (c) why are commercial rates higher than residential rates; and (d) why was San Clemente Dam not properly maintained so that it had to be removed. **(3) Ron Brown**, a local architect, requested a meeting with a subcommittee of the Board of Directors to propose the use of atmospheric generators as a reliable water source. He suggested that this technology, offered by EcoloBlue, might be a source of water when water credits are not available for installation of a sink or other water fixture. **(4) Doug Davis**, National Sales Director for EcoloBlue, provided a brief description of the technology, and stated that industrial units can produce up to 1,600 gallons of water per day.

On a motion by Markey and second of Pendergrass, the Consent Calendar was approved on a unanimous vote by Byrne, Markey, Thayer, Pendergrass and Potter. Directors Brower and Lewis were absent.

Approved.

Approved.

Approved.

Approved.

Approved.

Approved not-to-exceed expenditure of \$351,797 for Phase 1 and \$246,010 for Phase 2.

Approved not-to-exceed expenditure of \$75,000.

CONSENT CALENDAR

1. **Consider Adoption of Minutes of the December 9, 2013 Regular Board Meeting**
2. **Reschedule February 26, 2014 Regular Board Meeting Date to February 13, 2014**
3. **Ratify Board Committee Assignments for Calendar Year 2014**
4. **Ratify Appointment by Director Thayer to Ordinance No. 152 Oversight Panel**
5. **Consider Adoption of Resolution No. 2014-01 In Support of Entering into an Agreement with the California State Coastal Conservancy to Upgrade the Intake for the Sleepy Hollow Steelhead Rearing Facility**
6. **Authorize Expenditure of Funds for Completion of Facilities Work at (A) Phase 1 and (B) Phase 2 Aquifer Storage and Recovery Sites**
7. **Consider Expenditure of Budgeted Reimbursable Funds to Contract with Waterwise Inc., to Conduct Required Landscape Water Audits and Prepare Budgets**

Approved.

8. **Consider Approval of First Quarter Fiscal Year 2013-2014 Investment Report**

Approved.

9. **Receive and File First Quarter Financial Activity Report for Fiscal Year 2013-14**

Approved.

10. **Consider Approval of Annual Update on Investment Policy**

Approved.

11. **Semi-Annual Financial Report on the CAWD/PBCSD Wastewater Reclamation Project**

Approved.

12. **Consider Adoption of Treasurer's Report for July 2013**

Approved.

13. **Consider Adoption of Treasurer's Report for August 2013**

Approved.

14. **Consider Adoption of Treasurer's Report for September 2013**

No report, as the topic was part of the discussion on agenda item 20.

GENERAL MANAGER'S REPORT

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

Stoldt restated several points outlined in the staff report on this item. He also announced that a draft version of the water rate relief bond legislation was distributed that morning for review by the California State Office of Legislative Counsel.

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

No reports.

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

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

Markey offered a motion to adopt the Water Supply Strategy and Budget with one amendment: Aquifer Storage and Recovery diversions and storage for January 2014 shall be listed as 0. The motion was seconded by Byrne and adopted on a unanimous vote by Byrne, Markey, Thayer, Pendergrass and Potter. Directors Brower and Lewis were absent.

PUBLIC HEARINGS

18. **Consider Adoption of January through March 2014 Quarterly Water Supply Strategy and Budget**

In response to a question from the Board, Eric Sabolsice stated that Sand City Desalination plant production was low during the last quarter because it was off-line for a period of time due to membrane replacement.

Deferred to February 13, 2014 meeting on a motion and unanimous vote. Refer to action taken following the Pledge of Allegiance.

On a motion by Pendergrass and second of Thayer, the Board voted unanimously to: (a) instruct staff to undertake interim voluntary conservation measures, and authorize additional riparian vegetation and Fisheries activities outlined in the staff report should conditions warrant them; and (b) present for approval with the mid-year budget adjustment a plan for funding the recommended measures; and (c) authorize expenditure of Flood/Drought Reserve balances to the extent mid-year budget adjustments are insufficient to cover anticipated costs. In addition, staff shall prepare a follow-up appraisal of water storage conditions and physical triggers for the March 17, 2014 Board meeting. The motion was approved on a unanimous vote of Byrne, Markey, Thayer, Pendergrass and Potter. Directors Brower and Lewis were absent for the vote.

George Brehmer addressed the Board during the public comment period on this item. He urged the Water Management District to encourage water users to take personal responsibility for reducing water use through simple measures such as washing hands under a thin stream of water. He referenced articles published in the Monterey County Herald in 1974 that provide many water saving measures and asked the Water Management District to see that those articles were published again.

The Water Management District's Elections Official, Arlene Tavani, certified to the Board that the petition submitted by Public Water Now was sufficient. Certification was based on Monterey County Elections Department's examination of the petitions, verification of signatures, and subsequent communication dated January 21, 2014, stating that the initiative petition contained 135% of signatures of qualified voters needed.

Byrne offered a motion to adopt Resolution No. 2014-02 to immediately order that the ordinance included in the Public Water Now initiative petition that calls for an investigation into the feasibility of public purchase of Cal Am be submitted to the voters without alteration. The motion was seconded by Markey and adopted unanimously on a vote of Byrne, Markey, Thayer Pendergrass and Potter. Directors Brower and Lewis were absent.

On a motion by Markey and second of Thayer, the timeline for review and submittal of arguments related to the ballot measure (submitted by staff at the meeting) was adopted unanimously on a vote of

ACTION ITEMS

19. Consider Authorization to Increase Budget for Groundwater Replenishment Project (GWR)

20. Update on Rainfall and Streamflow and Possible Actions on Conservation and Rationing

21. Consider Action to be Taken with Respect to Public Water Now Initiative Petition

Byrne, Markey, Thayer, Pendergrass and Potter.
Directors Brower and Lewis were absent.

The following comments were directed to the Board during the public comment period on this item. (1) **George Riley**, representing Public Water Now, expressed support for adoption of Resolution No. 2014-02. He stated that public ownership would result in a lower cost water supply. (2) **Rick Heuer** spoke in support of adoption of Resolution No. 2014-02. He stated that an election would provide an opportunity for public discourse on the drawbacks of public ownership. (3) **Eric Sabolsice**, Director of Operations for California American Water, stated that the company is not for sale. He expressed support for adoption of Resolution No. 2014-02. He described the Public Water Now initiative as a distraction to development of a water supply project. (4) **Nelson Vega**, Vice President of the Commercial Property Owners Association, expressed support for adoption of Resolution No. 2014-02. According to Mr. Vega, it cannot be said that public agencies operate more efficiently than private entities. (5) **Bill Hood** stated that if a ballot measure calling for purchase of Cal-Am is approved by the voters, costs for low and middle income rate payers will be controlled because the CPUC would not be involved in rate setting. (6) **John Narigi**, Co-Chair of the Coalition of Peninsula Businesses, referenced a letter dated January 24, 2014 (on file at the District office) recommending that the Board of Directors adopt a resolution calling for an election on public ownership of Cal-Am, because the voters would be responsible to pay for a feasibility study on the purchase of Cal-Am facilities. (7) **Sam Teel**, Chair of the Monterey County Hospitality Association, expressed agreement with comments made by John Narigi. (8) **Michael Behr** stated that public ownership of Cal-Am would provide an opportunity for local control, and the incentive for profit would be eliminated. (9) **Doug Wilhelm**, representing Public Water Now, stated that 85 percent of the population of the United States is served by public water. According to a market survey completed by Public Water Now, three out of four people who had an opinion expressed support for local control of the water supply by the Water Management District. (10) **Tom Rowley**, representing the Monterey Peninsula Taxpayers Association, recommended that if the Board voted to place the Public Water Now initiative on the June 3, 2014 ballot, it should keep an open mind and let the public hear all the issues before they cast a vote. (11) **Kevin Stone**, representing Monterey County Association of Realtors, referenced a letter to the Board dated January 29, 2014 (on file at the District office) requesting that the Public Water Now initiative be submitted to the voters. He stated that the Association of Realtors is opposed to public

ownership of Cal-Am. **(12) Harvey Billig**, member of Public Water Now, asked the Water Management District to analyze Cal-Am rates and determine what percentage of the rates collected are utilized locally. **(13) George Brehmer** expressed support for adoption of Resolution No. 2014-02. He spoke in support of public ownership of Cal-Am. **(14) Stan Dursa** stated that the cost of a feasibility study on the purchase of Cal-Am may be higher than originally anticipated.

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

The meeting was adjourned at 8:30 pm.

INFORMATIONAL ITEMS/STAFF REPORTS

22. **Letters Received**
23. **Committee Reports**
24. Carmel River Fishery Report for November through December 2013
25. Water Conservation Program Report
26. Monthly Allocation Report
27. Monthly Water Supply and California American Water Production Report
27. **Water Conservation Program Report**
28. Quarterly Carmel River Riparian Corridor Management Program Report
29. Quarterly Water Use Credit Transfer Status Report

ADJOURNMENT