



EXHIBIT 1-A

**DRAFT MINUTES
Regular Meeting
Board of Directors
Monterey Peninsula Water Management District
May 19, 2014**

The meeting was called to order at 7:00 p.m. in the Water Management District conference room.

CALL TO ORDER/ROLL CALL

Directors Present:

David Potter – Chair, Monterey County Board of Supervisors Representative
Bill Thayer – Vice Chair, Division 2
Brenda Lewis – Division 1 (arrived at 7:35 pm)
Kristi Markey – Division 3 (participated by telephone from New Hampshire)
Jeanne Byrne – Division 4
Robert S. Brower – Division 5
David Pendergrass – Mayoral 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

Ron Brown, a local architect, addressed the Board during Oral Communications on the EcoloBlue Atmospheric Generator. He asked that the Board consider the addition of atmospheric generator systems as a water source for residential and commercial uses.

ORAL COMMUNICATIONS

On a motion by Brower and second of Byrne, the Consent Calendar was approved, except for Item 3 that was rescheduled to the June 23, 2014 Board meeting. The motion was approved on a vote of 6 – 0 by Potter, Thayer, Markey, Byrne, Brower and Pendergrass. Lewis was absent for the vote.

CONSENT CALENDAR

Approved.

- 1. Consider Adoption of February 13, 2014 and April 21, 2014 Regular Board Meeting Minutes**

Approved.

- 2. Cancel June 16, 2014 Board Meeting Date and Reschedule to June 23, 2014**

Scheduled for June 23, 2014 Board meeting

3. **Consider Receipt of Final Los Padres Dam and Reservoir Long-Term Strategic and Short-Term Tactical Plan** (*this item was rescheduled to the June 23, 2014 Board meeting after the packet was produced*)

Approved.

4. **Consider Adoption of Resolution 2014-06 Certifying Compliance with State Law with Respect to the Levying of General and Special Taxes, Assessments, and Property-Related Fees and Charges**

Authorized expenditure of \$105,750.

5. **Consider Authorization to Contract with Hayashi & Wayland to Conduct Annual Financial Audit for Fiscal Year Ending 2014, 2015 and 2016**

Approved.

6. **Consider Approval of Amendment to Amended and Restated Agreement to Form the Monterey Peninsula Water Supply Project Governance Committee**

Approved.

7. **Consider Approval of 2014 Annual Memorandum of Agreement for Releases from San Clemente Reservoir among California American Water, California Department of Fish and Wildlife, and Monterey Peninsula Water Management District**

Approved.

8. **Receive Fiscal Year 2012-2013 Mitigation Program Annual Report**

Approved.

9. **Consider Approval of Third Quarter Fiscal Year 2013-2014 Investment Report**

Approved.

10. **Receive and File Third Quarter Financial Activity Report for Fiscal Year 2013-2014**

Approved.

11. **Consider Adoption of Treasurer's Report for March 2014**

General Manager Stoldt presented the report. A summary is on file at the Water Management District office and website.

GENERAL MANAGER'S REPORT

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

Stoldt reported that he and Director Byrne participated in multi-party negotiations to develop Pure Water Monterey project source water agreements. An additional four meetings have been scheduled through the end of June 2014. Stoldt provided an update on the DeepWater Desal project. He reported that: (a) the preliminary environmental assessment on the project will be filed in mid-May;

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

(b) an entrainment and impingement study and a brine discharge study were completed; (c) studies on alternative intake and pipeline locations and a greenhouse gas analysis are underway; (d) on June 16, 2014 DeepWater Desal will conduct a science symposium and present results of the completed studies; (e) an EIR consultant should be hired by August, and certification of the EIR is scheduled for June 2015; (f) private equity financing has been obtained and negotiations are underway with a large data center developer for core funding. Stoldt also reported that during the June Association of California Water Agencies Conference, the Water Management District and Monterey Regional Water Pollution Control Agency hosted a tour of the Pure Water Monterey pilot plant and a reception at the Wharf Marketplace.

Byrne reported that she attended the May 6 through 9, 2014 Association of California Water Agencies (ACWA) Spring conference. She received good information at the conference and made contact with representatives from other ACWA agencies. Potter said that he also attended one of the ACWA conference events.

Stoldt provided an overview of the report to the Board of Directors.

Director Lewis arrived at 7:35 pm during Board consideration of this item.

Larry Hampson, Planning and Engineering Division Manager, presented this item. The Board of Directors took no action.

The following comments were directed to the Board during the public hearing on this item. **(1) Sarah Hardgrave**, representing the Big Sur Land Trust, expressed support for the update and stated that the Land Trust would submit comments. **(2) Sarah Hardgrave**, speaking as a former staff person for the City of Pacific Grove, thanked the Water Management District for management of the grant that has allowed the City of Pacific Grove to pursue completion of a study on areas of special biological significance. She also acknowledged the Water Management District's unique water permit process that established a correlation between building permits and water supply planning.

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

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

PRESENTATIONS

15. Receive Annual Report of the Ordinance No. 152 Citizen's Oversight Panel

PUBLIC HEARINGS

16. Receive Report and Take Public Comment on Draft Update to Monterey Peninsula, Carmel Bay, and South Monterey Bay Integrated Regional Water Management Plan

Byrne offered a motion, that was seconded by Brower to: (a) receive the Water Supply Forecast; (b) adopt Resolution 2014-07; and (c) request that the Water Supply Planning Committee discuss development of an alternate water supply calculation. The motion was adopted on a unanimous roll-call vote of 7 – 0 by Brower, Byrne, Lewis, Markey, Pendergrass, Potter and Thayer.

George Riley addressed the Board during the public comment period on this item. He stated that the elimination of tiered rates could result in increased water use and asked if that was considered when the Water Supply Forecast was developed. Stoldt responded that incentives for water conservation are in effect, and that rationing program regulations must be revised due to the elimination of tiered rates.

Pendergrass offered a motion that was seconded by Brower, to defer this item to the June 23, 2014 Board of Directors meeting. The motion was approved unanimously on a roll-call vote by Brower, Byrne, Lewis, Markey, Pendergrass, Potter and Thayer.

The following comments were directed to the Board of Directors during the public comment period on this item. (1) **Michael Scattini**, representing landowners in the Blanco region, stated that growers are not opposed to participating in a solution for the Monterey Peninsula, but that growers' continued viability must be assured. (2) **David Chardavoine**, General Manager, Monterey County Water Resources Agency, stated that discussions on a water supply solution have been good, and four additional meetings are scheduled to discuss source water agreements. He noted that a give-and-take solution must be developed. (3) **George Riley** expressed support for continued negotiations to develop source water agreements.

On a motion by Thayer and second of Lewis, this item was deferred to the June 23, 2014, Regular meeting of the Board of Directors. The motion was approved unanimously on a roll-call vote by Brower, Byrne, Lewis, Markey, Pendergrass, Potter and Thayer. The following comments were directed to the Board during the public comment period on this item. (1) **David Chardavoine**, General Manager of the Monterey County Water Resources Agency, asked for an explanation of "externalities study." Also, he noted that proactive communications with the California Public Utilities Commission regarding the study will be important. (2) **George Riley** stated that the Pure Water Monterey project funding scheme will take externalities into account.

ACTION ITEMS

17. **Receive and Confirm Water Supply Forecast for Period of May 1, 2014 -- September 30, 2015; Adopt Resolution 2014-07 to Amend Rationing Table (XV-3)**

18. **Authorize the General Manager of the Monterey Peninsula Water Management District to File with the State Water Resources Control Board Applications to Appropriate Waters of the Reclamation Ditch, Tembladero Slough and Blanco Drain in the Salinas Valley for the Purpose of Providing Source Water to the Pure Water Monterey Project**

19. **Provide Direction on Pure Water Monterey Cost Sharing Agreement and Externalities Study**

Kristi Markey exited from the meeting at 8:45 pm during the discussion of item 20.

Suresh Prasad, Chief Financial Officer, reviewed the 2014-2015 proposed budget with the Board of Directors. No action was taken.

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

The meeting was adjourned at 9:25 pm.

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DISCUSSION ITEMS

- 20. Review Proposed MPWMD Budget for Fiscal Year 2014-2015**

INFORMATIONAL ITEMS/STAFF REPORTS

- 21. Letters Received**
- 22. Committee Reports**
- 23. Carmel River Fishery**
- 24. Water Conservation Program Report**
- 25. Monthly Allocation Report**
- 26. Monthly Water Supply and California American Water Production Report**

ADJOURNMENT

Arlene M. Tavani, Deputy District Secretary