



EXHIBIT 1-A

**DRAFT MINUTES
Regular Meeting
Board of Directors
Monterey Peninsula Water Management District
November 16, 2015**

The meeting was called to order at 7:05 p.m. in the Water Management District conference room.

CALL TO ORDER/ROLL CALL

Directors Present:

Kristi Markey – Chair, Division 3
Jeanne Byrne – Vice Chair, Division 4
Brenda Lewis – Division 1
Andrew Clarke – Division 2
Robert S. Brower, Sr. – Division 5
David Pendergrass – Mayoral Representative
David Potter – 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

No comments were directed to the Board during Oral Communications.

ORAL COMMUNICATIONS

On a motion by Byrne and second of Pendergrass, the Consent Calendar was approved unanimously on a vote of 7 – 0 by Brower, Byrne, Clarke, Lewis, Markey, Pendergrass and Potter.

CONSENT CALENDAR

Approved.

1. Consider Adoption of Minutes of the October 19, 2015 Regular Board Meeting

Approved.

2. Consider Adoption of Resolution 2015-20 Update to Rule 24, Table 3, Capacity Fee History

Approved.

3. Consider Approval of Revised Deed Restriction Template No. 1.8 –Notice and Deed Restriction Regarding Limitation on Use of Water on a Property with Sub-Metering

Approved.

Approved.

Approved.

Byrne presented a gift to Markey along with a framed resolution of appreciation signed by the Directors. Potter recognized Markey for her invaluable leadership. Brower said that he was proud to have worked with her. Lewis stated that Markey had been a wonderful mentor and friend. Clarke expressed appreciation for Markey’s candor and wisdom. Pendergrass acknowledged Markey for uniting the Board and facilitating respectful discussion. Markey stated that 12 years was enough time to become familiar with the issues and to accomplish some goals. She congratulated Molly Evans for her election to Division 3 and stated that democracy is about bringing fresh perspectives forward.

Stoldt presented a gift to Stern. He noted that she was committed to public service, had left an indelible mark on the District and would be missed. Stern noted that she cared deeply about the environment, the community and the goals of the District and felt privileged to have worked at the District for 30 years. Potter acknowledged Stern for her dedication to the organization.

David Chandler, Coordinator of Renewable Energy and Conservation at the Monterey Peninsula Unified School District, addressed the Board. A summary of his presentation can be viewed on the Water Management District website. Chandler reported that since 2012, water use in the school district was reduced by 46.8%. A six-year conservation plan was developed that included installation of cisterns, smart controllers, field retrofits, and implementation of professional drought tolerant landscape plans. Money saved through conservation measures was placed in a fund to be used for completion of additional conservation projects. He thanked the Board for providing funding and support to enable achievement of water savings.

A summary of General Manager Stoldt’s report is on file at the Water Management District office and can be viewed on the agency website. Stoldt reported that the community is below the water production targets set as a result of SWRCB Order 2009-0060.

4. Consider Adoption of Resolution No. 2015 – 21 Expressing Appreciation to Kristi Markey for Twelve Years of Service as Division 3 Director

5. Consider Approval of First Quarter Fiscal Year 2015-2016 Investment Report

6. Consider Adoption of Treasurer's Report for September 2015

PRESENTATIONS

7. Presentation to Outgoing Director Division 3 – Kristi Markey

8. Presentation to Henrietta Stern Upon Her Retirement after 30 Years of Service to the MPWMD

9. Presentation from Monterey Peninsula Unified School District on Recent Water Conservation Successes

GENERAL MANAGER’S REPORT

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

Stoldt stated that he anticipates that the EIR/EIS for the California American Water (Cal-Am) desalination project should be released for public review in April or May 2016. A summary of his report can be reviewed on the Water Management District website.

Stoldt reported that water use within the Water Management District was 16.4% below the 2013 base-year. The water use reduction target established by the State was 8%. Stoldt reported that 80% of the state is considered to be in extreme or exceptional drought.

Oliver reported that the Water Management District and Cal-Am staff were prepared to begin injection/recovery activities when flow conditions allow for commencement of the program. Improvements to the system include: rehabilitation of wells that are key to project operation; installation of heating elements on the most vulnerable wells so they will not freeze in cold weather; and new protocols were developed for reconfiguration of valves in the Seaside area. The earliest date that injection could occur is December 1, 2015, if flow at the Highway 1 gage is sufficient.

No report. Deferred to December 14, 2015 Board meeting.

Counsel reported that for closed session item 1, a status report was provided to the Board and negotiating parameters were given to the General Manager. Therefore, item 23 of the open-session agenda was not ready for action and should be pulled from the agenda. As for closed session item 2, the Board was provided background information and would discuss and consider taking action on a recommendation under item 19 of the open session.

On a motion by Potter and second of Brower, open session agenda item 23 was continued to a future meeting of the Board of Directors. The motion was approved on a unanimous vote of 7 – 0 by Brower, Byrne, Clarke, Lewis, Markey, Pendergrass and Potter.

11. Update on Development of Water Supply Projects

12. Report on Drought Response

13. Report on Readiness for Aquifer Storage and Recovery Activities

14. Report on GASB 68 Reporting Requirements

ATTORNEY’S REPORT

15. Report from District Counsel on 5:45 PM Closed Session of the Board

1. Conference with Real Property Negotiators (Gov. Code 54956.8)

- A.** Address: 1910 General Jim Moore Blvd., Seaside, CA 93955
Agency Negotiator: David J. Stoldt, General Manager
Under Negotiation: Price and Terms

2. Conference with Legal Counsel – Existing Litigation (Gov. Code 54956.9 (a))

- A.** MPWMD v. SWRCB; Santa Clara 1-10-CV-163328 – CDO

Clarke reported that he attended the November 11 – 13, 2015 Conference of the California Water Association. He was impressed by several thought provoking presentations, including a speech by Assemblyperson Alejo. Lewis attended the October 20, 2015 meeting of the Monterey County Special Districts Association. She advised the Board that the Association will be requesting contributions from member district's to fund the organization.

Potter offered a motion that was seconded by Byrne to approve the first reading of Ordinance No. 166. The motion was approved unanimously on a roll-call vote by Potter, Byrne, Brower, Clarke, Lewis, Markey and Pendergrass. No public comment was directed to the Board during the public hearing on this item.

Item 18 was considered prior to item 17. On a motion by Potter and second by Pendergrass, the Board voted unanimously to: (a) Approve MPWMD Findings of Approval for Application #WDS-20150922DBO; (b) Approve Application #WDS-20150922DBO and authorize issuance of MPWMD Permit #M15-07-L3 for the CAW/DBO Amendment with Conditions of Approval specified in Exhibit 18-E; and (c) direct staff to file a Notice of Exemption with the County Clerk. The motion was approved on a vote of 7 – 0 by Potter, Pendergrass, Brower, Byrne, Clarke, Markey and Lewis.

During the public hearing on this item, David Sweigert, representing the applicants, stated that they had no comments.

Ex Parte Communications: Potter and Pendergrass reported that the applicant did speak with them prior to the hearing concerning agenda items 17 and 18.

On a motion by Brower and second of Potter, the Board authorized the General Manager to sign the Application for Order Modifying State Water Board Order WRO 2009-0060, subject to non-substantive changes to be determined by District counsel, on behalf of the Board. The motion was approved unanimously on a vote of Brower, Potter, Byrne, Clarke, Markey, Lewis and Pendergrass.

The following comments were directed to the Board during the public hearing on this item. (a) **George Riley** expressed concern that Cal-Am is responsible to meet milestones, but the penalty for not meeting the milestones is tighter rationing on the community. He asked if the Water Management District would join with the Monterey Peninsula Regional Water Authority to defend Cal-Am should they miss a milestone. *Stoldt responded*

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

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

PUBLIC HEARINGS

**17. Consider First Reading of
Ordinance No. 166 Amending
Rule 11 and Adding Rule 23.8 to
Establish a Water Entitlement for
D.B.O. Development No. 30, A
California Limited Liability
Company**

**18. Consider Approval of Application
#WDS-20150922 DBO to Amend
California American Water
Distribution System – Transfer of
D.B.O. Development Water Rights
in Seaside Basin, APN 011-011-
051 (Donor Parcel), Sand City**

**19. Consider Approval of Application
to Amend State Water Resources
Control Board Cease and Desist
Order 2009-0060**

that the State maintains that the milestones outlined in the agreement create a risk of dire consequences that will force the community to take action. Under pressure from environmental interests who will be requesting a lower diversion limit from the Carmel River, the Water Management District will increase mitigation measures on the river. The concern is that the diversion rates could be set so low that the community would be placed at risk for the imposition of conservation rates and penalties. Laredo stated that the Water Management District maintained the right to petition the State for relief under the order. **(b) Jody Hanson**, President and CEO of the Monterey Peninsula Chamber of Commerce, expressed support for the recommendation to authorize the General Manager to sign the Application.

Stoldt reviewed the status of criteria listed in the staff report on this project. In response to a question from the Board he reported that a change petition for the Salinas Industrial Ponds has been noticed; the permit for the Blanco Drain and Reclamation Ditch waters may not be processed for six months to a year; and the El Estero Lake diversion will be included as part of a future phase of the recycled water project so there are no plans at this time to file for a permit on that project. Brower advised that the Water Supply Planning Committee has been monitoring action on Pure Water Monterey project for a year: he encouraged interested persons to attend the committee meetings. No comments were directed to the Board during the public comment period on this item.

Stoldt reviewed the risks associated with sections 12, 13, 14, 16, 19, 26 and 27 of the agreement as outlined in the staff note. The agreement will be brought before the Board for action at a future meeting.

During the public comment period on this item, George Riley expressed appreciation for the thorough discussion on risk. He explained that this was the first time he had heard such a complete description of risk by a public agency.

On a motion by Brower and second of Byrne, the Board voted to authorize an expenditure of \$1.8 million in unbudgeted funds for design-bid components and preparation of bid packets for construction manager at risk components. The motion was approved unanimously on a vote of 7 – 0 by Brower, Byrne, Clarke, Markey, Lewis, Pendergrass and Potter.

The following comments were directed to the Board during the public comment period on this item. **(a) Molly Evans** inquired as to the estimated construction cost of the Pure Water Monterey Project. *Stoldt responded that the construction costs will be approximately \$72.5 million, with an additional \$13 million in reimbursable pre-construction costs.* **(b) Jody Hanson** submitted a letter signed by John Narigi, Chair of the Coalition of Peninsula Businesses. The letter outlined comments on

DISCUSSION ITEMS

20. Discussion of Pure Water Monterey Project California Public Utilities Commission Settlement Agreement Criteria

21. Discussion of Pure Water Monterey Project Water Purchase Agreement Risks and Performance Obligations

ACTION ITEMS

22. Authorize Expenditure of Unbudgeted Funds for Pure Water Monterey Project Design Bid Packages

agenda items 20 and 21, and requested that action on item 22 be deferred until a source of funding has been identified. (c) **George Riley** encouraged the Board to take action to authorize the \$1.8 million expenditure.

Deferred by motion to a future meeting of the Board. See agenda item 15.

On a motion by Potter and second by Lewis, the Board voted to recommend approval of an \$85,000 grant to the City of Monterey to co-fund the Monterey Regional Water Recovery Study. This would require a mid-year budget adjustment. The motion was approved on a vote of 6 – 1 by Potter, Lewis, Brower, Byrne, Clark and Pendergrass. Markey was opposed. No comments were directed to the Board during the public comment period on this item.

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

The meeting was adjourned at 9:25 pm.

23. **Consider Approval of Ground Lease with City of Seaside for Santa Margarita ASR Site Expansion**
24. **Consider Distribution of Funds for Local Project Grant Funding**

INFORMATIONAL ITEMS/STAFF REPORTS

25. **Letters Received**
26. **Committee Report**
27. **Monthly Allocation Report**
28. **Water Conservation Program Report**
29. **Quarterly Water Use Credit Transfer Status Report**
30. **Carmel River Fishery Report**
31. **Receive and File First Quarter Financial Activity Report for Fiscal Year 2015-16**

ADJOURNMENT