



**EXHIBIT 1-A**

DRAFT MINUTES  
**Regular Meeting**  
**Board of Directors**  
**Monterey Peninsula Water Management District**  
*December 14, 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:*

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:* Molly Evans – Division 3

*General Manager present:* David J. Stoldt

*District Counsel present:* David Laredo

The assembly recited the Pledge of Allegiance.

**PLEDGE OF ALLEGIANCE**

The oath of office was administered to Andrew Clarke, Jeanne Byrne and Robert S. Brower, Sr.

**ADMINISTER OATH OF OFFICE TO ANDREW CLARKE, DIVISION 2; MOLLY EVANS, DIVISION 3; JEANNE BYRNE, DIVISION 4; AND ROBERT S. BROWER, SR., DIVISION 5**

Tom Rowley suggested that an effort should be made to inform the public about changes to rebate amounts and conservation requirements to be considered under agenda items 8 and 18.

**ORAL COMMUNICATIONS**

Stoldt advised the Board that staff had submitted that evening a revised version of Attachment 1 to Resolution No. 2015-22, presented for approval under agenda item 3. He reviewed the changes highlighted in the revised document. Potter suggested that in the future, any corrections to the agenda be called out at the beginning of the meeting so the Board could vote on the modifications.

**CONSENT CALENDAR**

Pendergrass offered a motion that was seconded by Potter to approve the Consent Calendar, including Item 3 and the amended version of Attachment 1 to Resolution No. 2015-22. The motion was approved unanimously on a vote of 6 – 0 by

Pendergrass, Potter, Brower, Byrne, Clarke and Lewis. Evans was absent.

Approved.

**1. Consider Adoption of Minutes of the November 16, 2015 Regular Board Meeting**

Approved.

**2. Adopt Board Meeting Schedule for 2016**

Approved with revised version of Attachment 1 to Resolution No. 2015-22.

**3. Implementation of GASB Statement No. 54 and Resolution No. 2015-22 Adopting Fund Balance Policy**

Approved.

**4. Authorize a Change to the Organization Chart Replacing the Water Resources Engineer Position with a Senior Water Resources Engineer**

Approved expenditure of \$66,000.

**5. Consider Approval of Expenditure for Purchase of Ford F350 4X4 Auto Crane/Dump Truck**

Approved.

**6. Consider Adoption of Resolution 2015-24 In Support of Filing an Application to the California Department of Fish and Wildlife, Steelhead Report and Restoration Card Program**

Approved rebate of \$56,642.

**7. Approve Lawn Removal Rebate Request from Monterey Peninsula Unified School District**

Approved.

**8. Consider Adoption of Resolution No. 2015-25 – Amending Table XIV-1, Rebate Amounts (Rule 141.B)**

Approved.

**9. Consider Adoption of Treasurer's Report for October 2015**

**PRESENTATIONS**

General Manager Stoldt presented Michael Boles with a gift from the Board of Directors. Stephanie Locke stated that the Water Demand Division and the public would miss Mr. Boles' cheerful disposition. Vice Chair Byrne congratulated Mr. Boles on his retirement and stated that it had been a pleasure to see him working with the public in the office and at community events.

**10. Presentation to Michael Boles upon his retirement after 11 Years of Service to the MPWMD**

Stoldt reported that through the end of November 2015, water production within the Monterey Peninsula Water Resources system was 446 AF below the monthly target. He stated that rainfall in November was at 140% of the long-term average, and that unimpaired Carmel River flow was at 14% of the long-term average.

No report.

A summary of General Manager Stoldt's report is on file at the District office and on the agency website. He reported that November water use in the California American Water Distribution System was 17.7 percent below the 2013 target year use. Also, November water use in the Seaside Municipal Water Distribution System was 27% below the 2013 target year use.

A summary of Suresh Prasad's report is on file at the District office and on the agency website.

District Counsel Laredo reported that the Board met in closed session to consider agenda item 1. The Board met alone first and then asked the General Manager to participate. No action was taken and no further report was required.

No reports.

On a motion by Potter and second of Brower, the Board adopted Ordinance No. 166 on second reading by a unanimous roll-call vote of 6 – 0. Directors Potter, Brower, Byrne, Clarke, Lewis and Pendergrass voted in favor of the motion. Evans was absent. No public comment was directed to the Board during the public comment period on this item. Report of exparte communications – Pendergrass reported that he spoke with the applicant.

On a motion by Brower and second of Clarke, the Board adopted Urgency Ordinance No. 167 on a unanimous roll-call vote of 6 – 0. Directors Brower, Clarke, Byrne, Lewis, Pendergrass and Potter voted in favor of the motion. Evans was absent. No public comment was directed to the Board during the public comment period on this item.

#### **GENERAL MANAGER'S REPORT**

- 11. Status Report on California American Water Compliance with State Water Resources Control Board Order 2009-0060 and Seaside Groundwater Basin Adjudication Decision**
- 12. Update on Development of Water Supply Projects**
- 13. Report on Drought Response**
- 14. Receive Report on GASB 68 Reporting Requirements**

#### **ATTORNEY'S REPORT**

- 15. Report from District Counsel on 6:15 PM Closed Session of the Board**
  - 1. Public Employee Performance Evaluation (Gov. Code 54957) – General Manager**

#### **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 Second Reading and Adoption 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 Urgency Ordinance No. 167 – An Ordinance Amending Rule 141, Water Conservation Rebates; Rule 142, Water Efficiency Standards; and Rule 143, Water Efficiency Standards for Existing Non-Residential Uses**

On a motion by Brower and second of Pendergrass, the Board approved the first reading of Ordinance No. 168 on a unanimous roll-call vote of 6 – 0. Directors Brower, Pendergrass, Byrne, Clarke, Lewis and Potter voted in favor of the motion. Evans was absent.

Public Comment: **(1) Bill Kampe**, Mayor, City of Pacific Grove, stated that when the water project is operational, production from the Carmel River will be reduced immediately by 88 acre-feet. He noted that the project is not growth inducing, as the City's residential population has been reduced by 1,000 over the last 25 years. The number of hotel/motel rooms has also decreased. The project will allow for future planning of business sustainability. In response to questions from the Board, he stated the following. The City believed it was the best course of action to agree to conditions imposed by the State Water Resources Control Board (SWRCB) in order to receive state revolving funds at a 1% borrowing rate. When the future of a new water project for the Monterey Peninsula is determined, there will be opportunity for follow-up discussions with the SWRCB on use of water from the Pacific Grove project. **(2) Brian LeNeve**, Carmel River Steelhead Association, expressed opposition to the ordinance. **(3) Lou Coletti** requested that the Board direct staff to present an ordinance that reflects the SWRCB direction and specific conditions for the project. Mr. Coletti submitted a printout of his statement. It is on file at the District office and on the agency website. **(4) Tom Frutchy** responded to comments made by previous speakers, and stated that the ordinance allows the City to utilize the water entitlement only. The SWRCB may authorize the use of additional water in the future when specific conditions are met.

At the beginning of the public hearing on this item, District Counsel Laredo explained that he also served as Counsel to the City of Pacific Grove. He advised that the Water Management District and the City of Pacific Grove had executed a conflict waiver so that he could sit with the Board of Directors to provide advice on this item. He stated that the interests of the City of Pacific Grove and the Water Management District were not opposed on this matter. The City of Pacific Grove sought approval from the Water Management District and intended to abide by any decision made by the Board of Directors.

Potter offered a motion that was seconded by Brower, to adopt the January through March 2016 Quarterly Water Supply Strategy and Budget. The motion was approved on a unanimous vote of 6 – 0 by Potter, Brower, Byrne, Clarke, Lewis and Pendergrass. Evans was absent. No comments were directed to the Board during the public hearing on this item.

Brower offered a motion that was seconded by Pendergrass, to approve the form of ground lease presented as Exhibit 1-A and authorize the General Manager to execute the lease on behalf of the Board, provided there are no additional substantive changes. The motion was approved on a vote of 5 – 1 by Brower.

**19. Consider First Reading of Ordinance No. 168 - Amending Rule 11, and Adding Rule 23.9 to Establish a Water Entitlement for the City of Pacific Grove**

**20. Consider Adoption of January through March 2016 Quarterly Water Supply Strategy and Budget**

#### **ACTION ITEMS**

**21. Consider Approval of Ground Lease with City of Seaside for Santa Margarita ASR Site Expansion**

Pendergrass, Byrne, Clarke and Potter. Lewis was opposed and Evans was absent. No comments were directed to the Board during the public comment period on this item.

**Director Lewis exited the meeting following Board consideration of Action Item 21.**

On a motion by Clarke and second of Potter, Resolution No. 2015-23 was approved on a unanimous vote of 5 – 0 by Clarke, Potter, Byrne, Brower and Pendergrass. Evans and Lewis were absent. No comments were directed to the Board during the public comment period on this item.

Brower moved to appoint Christine Monteith (Monterey County Association of Realtors) and Paul Bruno (Monterey Peninsula Taxpayers Association) to the Ordinance No. 152 Oversight Panel. The motion was seconded by Pendergrass and approved on a unanimous vote of 5 – 0 by Brower, Pendergrass, Byrne, Clarke and Potter. Evans and Lewis were absent. No comments were directed to the Board during the public comment period on this item.

On a motion by Brower and second of Clarke, the Board received the Fiscal Year 2014-2015 Financial Statements and Independent Audit Report on a unanimous vote of 5 – 0. Directors Brower, Clarke, Byrne, Pendergrass and Potter cast affirmative votes. Directors Evans and Lewis were absent.

Rae Gularte, CPA, Senior Manager with Hayashi and Wayland provided a detailed review of the Financial Statements and Independent Audit Report to the Board.

Tom Rowley, representing the Monterey Peninsula Taxpayers Association, addressed the Board during the public comment period on this item. He suggested that the powers and limitations outlined in the Water Management District’s enabling legislation should be included in the Audit Report because it could determine how projects are funded. *Stoldt responded that the courts have upheld the Water Management District’s determination that projects which benefit the District as a whole do not require a vote.*

Potter offered a motion that was seconded by Clarke, to elect the Chair and Vice Chair according to the rotation schedule outlined in MPWMD Meeting Rule 2.5, which would establish Division 4 Director Byrne as Chair, and Division 5 Director Brower as Vice Chair for 2016. In addition David Stoldt should serve as Secretary to the Board and Suresh Prasad as Treasurer. The motion was approved unanimously on a vote of 5 – 0 by Potter, Clarke, Byrne, Brower and Pendergrass. Evans and Lewis were absent. 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.

**22. Consider Adoption of Resolution No. 2015-23 Authorizing an Exception to the CalPERS 180-Day Wait Period for Hiring a Retiree**

**23. Select Appointees to Ordinance No. 152 Oversight Panel**

**24. Receive Fiscal Year 2014-2015 Financial Statements and Independent Audit Report**

**25. Conduct Election of Board Officers for 2016**

**INFORMATIONAL ITEMS/STAFF REPORTS**

**26. Letters Received**

- 27. Committee Report**
- 28. Monthly Allocation Report**
- 29. Water Conservation Program Report**
- 30. Quarterly Water Use Credit Transfer Status Report**
- 31. Carmel River Fishery Report**
- 32. Monthly Water Supply and California American Water Production Report for December 2015**

The meeting was adjourned at 8:45 pm.

**ADJOURNMENT**

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Arlene M. Tavani, Deputy District Secretary