



**EXHIBIT 1-A**

DRAFT MINUTES  
**3:30 pm Special Meeting and  
5:30 pm Continued Special Meeting  
Board of Directors  
Monterey Peninsula Water Management District  
January 27, 2016**

The 3:30 pm Special meeting was called to order at 3:35 pm at the Pure Monterey Project Demonstration Facility at 14811 Del Monte Blvd., Marina, CA.

**CALL TO ORDER/ROLL CALL**

*Directors Present:*

Jeanne Byrne – Chair, Division 4  
Andrew Clarke – Division 2  
Molly Evans – Division 3  
David Pendergrass – Mayoral Representative

*Directors Absent:*

Brenda Lewis – Division 1  
Robert S. Brower, Sr. – Vice Chair, Division 5  
David Potter – Monterey County Board of Supervisors Representative

*General Manager present:* David J. Stoldt

*District Counsel present:* David Laredo

A tour of the facility was conducted by Monterey Regional Water Pollution Control Agency staff members Paul Sciuto, General Manager; and Mike McCullough, Government Affairs Administrator.

**TOUR OF PURE WATER  
MONTEREY DEMONSTRATION  
FACILITY**

At approximately 4:10 pm the meeting was adjourned to the 5:30 pm Special Meeting.

**ADJOURN TO 5:30 PM CONTINUED  
SPECIAL MEETING**

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The Continued Special meeting was called to order at 5:35 p.m. in the Water Management District conference room.

**CALL TO ORDER/ROLL CALL**

*Directors Present:*

Jeanne Byrne – Chair, Division 4  
Brenda Lewis – Division 1  
Andrew Clarke – Division 2  
Molly Evans – Division 3  
David Pendergrass – Mayoral Representative  
David Potter – Monterey County Board of Supervisors Representative

*Directors Absent:*

Robert S. Brower, Sr. – Vice Chair, Division 5

General Manager present: David J. Stoldt

District Counsel present: David Laredo

The assembly recited the Pledge of Allegiance.

On a motion by Potter and second of Lewis, the Board approved the following changes to the agenda: (a) receipt of revised Exhibit I-B, minutes of the January 14, 2016 Special meeting of the Board; (b) receipt of revised Exhibit 14-A, Ordinance No. 169; and (c) item 17 was withdrawn from the agenda. The motion was adopted unanimously on a vote of 6 – 0 by Potter, Lewis, Byrne, Clarke, Evans and Pendergrass. Brower was absent.

The oath of office was administered to Molly Evans, Division 3 Director.

Kristi Markey, former Director of Division 3, congratulated the Board of Directors and staff on the California Supreme Court decision that reversed a ruling by the California Public Utilities Commission (CPUC) that interrupted collection of the Water Management District’s User Fee (MPWMD v CPUC (Cal-Am) Case S208838). She stated that the ruling will enable other public agencies to challenge the CPUC when they believe the Commission has exceeded its authority.

On a motion by Pendergrass and second of Clarke, the Consent Calendar was approved, including revised minutes of the January 14, 2016 Board meeting. The motion was approved unanimously on a vote of 6 – 0 by Pendergrass, Clarke, Byrne, Evans, Lewis and Potter. Brower was absent.

Approved.

Approved.

Approved.

Approved increase of 5.13 percent, of which 2 percent will be used to offset PERS contribution.

Approved.

Approved.

Approved.

## PLEDGE OF ALLEGIANCE

## ADMINISTER OATH OF OFFICE TO MOLLY EVANS, DIVISION 3

## ORAL COMMUNICATIONS

## CONSENT CALENDAR

1. Consider Adoption of Minutes of the December 14, 2015 Regular Board Meeting and January 14, 2016 Special Meeting
2. Ratify Board Committee Assignments for Calendar Year 2016
3. Ratify Appointments to Ordinance No. 152 Oversight Panel
4. Ratify Amendment to General Manager’s Employment Contract
5. Consider Approval of Annual Update on Investment Policy
6. Semi-Annual Financial Report on the CAWD/PBCSD Wastewater Reclamation Project
7. Consider Adoption of Treasurer's Report for November 2015

Stoldt reported that for the period of October 1, 2015 through December 31, 2015, water production within the Monterey Peninsula Water Resources System was 598 acre-feet below the target of 2,775, which is 25% below the target. For the period of October 1, 2015 through January 26, 2016, rainfall received was at 120% of long-term average. Unimpaired streamflow was estimated at 30% of long-term average.

No report.

Locke reported the following. (a) The District was able to distribute 18, 0.8 gallon per flush toilets to Del Monte Manor, a non-profit, subsidized housing development in Seaside. The toilets were donated to the District, and staff was directed to identify a non-profit that would take them. (b) In October 2014, 708 housing units at La Mesa Village were retrofitted with 0.8 gallon flush toilets and other water saving devices. This resulted in a savings of 3.5 acre-feet of water each month for the first three months of 2015. A report on the annual water savings will be provided at the February Board meeting. (c) On February 2, 2016, the State Water Resources Control Board (SWRCB) will consider adoption of drought response regulations that would continue through October 2016. The proposed regulations are similar to those adopted by the SWRCB in 2015.

Counsel Laredo reported that regarding all matters listed on the closed session agenda, a status report was given to the Board and general direction was provided.

Laredo reported that in January 2016, the Water Management District prevailed in *MPWMD v CPUC (Cal-Am)*; CA Supreme Court Case No. S208838. The court reaffirmed the District's independent authority to regulate its rates and charges without oversight of the CPUC. This was the first time in 25 years that the Supreme Court accepted a CPUC water case. The court ruled that the Water Management District had the authority to reinstate the user fee. Following the CPUC review of the decision the District will have a better understanding of when the user fee could be restored. The Board of Directors will determine if the fee should be collected and how it would be spent.

In January 2016, the Court ruled in favor of the District in *Thum v. MPWMD*; Monterey Case No. M113598. The original lawsuit was wide-ranging, challenging the District's inspection and permit processes and capacity charges. The District prevailed in the appellate court consideration of the matter. The case was then remanded to the trial court over some unresolved issues. The court ultimately determined there was no viable remaining case of action.

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

- 8. Status Report on California American Water Compliance with State Water Resources Control Board Order 2009-0060 and Seaside Groundwater Basin Adjudication Decision**
- 9. Update on Development of Water Supply Projects**
- 10. Report on Drought Response**

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

- 11. Report from District Counsel on 4:30 PM Closed Session of the Board**

1. Conference with Legal Counsel – Existing Litigation (Gov. Code 54956.9 (a))
  - A. MPWMD v CPUC (Cal-Am); CA Supreme Court Case No. S208838
  - B. Application of Cal-Am to CPUC (No. 12-04-019) - Mon. Pen. Water Supply Project
2. Conference with Labor Negotiators (Gov. Code 54957.6)  
Agency Designated Representatives: David Stoldt, Suresh Prasad and Cynthia Schmidlin  
Employee Organization: General Staff and Management Bargaining Units Represented by United Public Employees of California/LIUNA, Local 792  
Unrepresented Employees: Confidential Unit

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

No reports.

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

**PUBLIC HEARINGS**

13. Consider Second Reading and Adoption of Ordinance No. 168 - Amending Rules 11, and Adding Rule 23.9 to Establish a Water Entitlement for the City of Pacific Grove

Pendergrass offered a motion that was seconded by Lewis to: (1) adopt Ordinance No. 168 as presented; and (2) Find that the City of Pacific Grove's certified Environmental Impact Report and Supplemental Environmental Impact Report sufficiently analyzed impacts related to water and hydrology and were adequate for establishment of the City of Pacific Grove Entitlement. The motion was approved on a unanimous roll-call vote of 6 – 0 by Pendergrass, Lewis, Byrne, Clarke, Evans and Potter. Brower was absent.

The following comments were directed to the Board during the public hearing on this item. **(a) Luke Coletti**, resident of Pacific Grove, referenced an email he submitted that was dated January 27, 2016 and is on file at the District office and on the agency website. He requested that the Board make specific findings regarding how and why it is not necessary to evaluate the potential environmental impacts of the 9 acre-feet-per-year entitlement the Water Management District will receive. **(b) Daniel Goh**, Director of Public Works for the City of Pacific Grove, thanked the Board for their consideration of an ordinance that would establish an entitlement for the City. He offered to answer any questions posed by the Directors. In response to a question, he stated that the estimated recycled water cost will be \$3,500 to \$4,000 per acre-foot, compared to the cost of potable

water from California-American Water of \$7,000 per acre-foot. Therefore, the Pacific Grove golf course should achieve significant savings on irrigation costs. (c) **Tom Rowley**, resident of Monterey, noted that Neighborhood Improvement Funds had been integral to development of this project.

**Director Potter left the meeting during the staff presentation on item 14.**

Evans offered a motion that was seconded by Clarke to approve the first reading of Ordinance No. 169 as presented in the revised ordinance distributed at the meeting as Revised Exhibit 14-A. The motion was approved on a roll-call vote of 5 – 0 by Evans, Clarke, Byrne, Lewis and Pendergrass. Brower and Potter were absent.

The following comments were directed to the Board during the public hearing on this item. (a) **Eric Sabolcise**, Director of Operations for California American Water (Cal-Am), spoke in support of the ordinance. He stated that no comments from the public on the conservation and rationing plan had been submitted during public hearings on Cal-Am’s proposed rate design. (b) **Tom Rowley**, Monterey Peninsula Taxpayers Association, expressed support for the ordinance and stated that the District must conduct a public education effort regarding the conservation and rationing plan.

On a motion by Pendergrass and second of Lewis, the first reading of Ordinance No. 171 was approved on a unanimous roll-call vote of 5 – 0 by Pendergrass, Lewis, Byrne, Evans and Clarke. Brower and Potter were absent. No comments were directed to the Board during the public comment period on this item.

On a motion by Clarke and second of Pendergrass, Resolution 2016-01 was approved on a unanimous vote of 5 – 0 by Clarke, Pendergrass, Byrne, Evans and Lewis. Brower and Potter were absent.

The following comments were received during the public hearing on this item. (a) **Tom Rowley** asked questions about the map, and then stated that he was pleased the proposed basin boundary was developed in coordination with Marina Coast Water District, Monterey County Water Resources Agency, the City of Seaside and other stakeholders.

This item was withdrawn from the agenda by motion of the Board. See action taken following the Pledge of Allegiance.

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

**14. Consider First Reading of Ordinance No. 169 – An Ordinance of the Board of Directors of the Monterey Peninsula Water Management District Repealing Regulation XV, the Expanded Water Conservation and Standby Rationing Plan, and Replacing it with Regulation XV, the Monterey Peninsula Water Conservation and Rationing Plan**

**15. Consider First Reading of Ordinance No. 171 – Setting Compensation for Board Members**

**16. Adopt Resolution 2016-01 to Initiate the Proposed Basin Boundary Modification Request for Recognition of the Adjudicated Seaside Groundwater Basin with the California Department of Water Resources under the Sustainable Groundwater Management Act**

**ACTION ITEMS**

**17. Consider Expenditure for Preparation of Agency Classification/Compensation Study**

**INFORMATIONAL ITEMS/STAFF REPORTS**

- 18. Letters Received**
- 19. Committee Report**
- 20. Monthly Allocation Report**

- 21. Water Conservation Program Report**
- 22. Quarterly Water Use Credit Transfer Status Report**
- 23. Monthly Water Supply and California American Water Production Report**
- 24. Carmel River Fishery Report for December 2015**
- 25. Quarterly Carmel River Riparian Corridor Management Program Report**
- 26. Semi-Annual Groundwater Quality Monitoring Report**

The meeting was adjourned at 6:55 pm.

**ADJOURNMENT**

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Arlene M. Tavani, Deputy District Secretary