



EXHIBIT 1-A

**DRAFT MINUTES
Regular Meeting
Board of Directors
Monterey Peninsula Water Management District
June 20, 2016**

The meeting was called to order at 7:00 pm in the MPWMD conference room.

CALL TO ORDER/ROLL CALL

Directors Present:

Jeanne Byrne – Chair, Division 4
Robert S. Brower, Sr. – Vice Chair, Division 5
Molly Evans – Division 3
Andrew Clarke – Division 2
David Pendergrass – Mayoral Representative
David Potter – Monterey County Board of Supervisors

Directors Absent: Brenda Lewis – Division 1

General Manager present: David J. Stoldt

District Counsel present: David Laredo

The assembly recited the Pledge of Allegiance.

PLEDGE OF ALLEGIANCE

On a motion by Potter and second of Brower, the agenda was approved as presented on a unanimous vote of 6 – 0 by Potter, Brower, Byrne, Clarke, Evans and Pendergrass. Lewis was absent.

ADDITIONS AND CORRECTIONS TO AGENDA

During Oral Communications, George Riley, representing Public Water Now, addressed the Board. He stated that the State Water Resources Control Board (SWRCB) proposal to reduce pumping from the Carmel River from 8,310 AF to 7,990 has a risk to the ratepayer that has not been mentioned previously. He noted that a reduction in California American Water (Cal Am) sales could be considered under collection of rates. The difference between actual water sales and the previously anticipated sales would be passed on to the ratepayers. Cal-Am would not be responsible for this cost. He suggested this argument should be used to block adoption of the reduced pumping limit.

ORAL COMMUNICATIONS

On a motion by Pendergrass and second of Evans, the Consent Calendar was adopted on a vote of 6 – 0 by Pendergrass, Evans, Brower, Byrne, Clarke and Potter. Lewis was absent.
No comments were directed to the Board during the public comment period on this item.

CONSENT CALENDAR

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|--------------------------------------|---|
| Adopted. | 1. Consider Adoption of Minutes of the May 16, 2016 Board Meeting |
| Approved. | 2. Consider Approval of 2016 Annual Memorandum of Agreement for Releases from Los Padres Reservoir among California American Water, California Department of Fish and Wildlife, and Monterey Peninsula Water Management District |
| Received. | 3. Receive 2015 Monterey Peninsula Water Conservation Program Annual Report |
| Approved an expenditure of \$40,154. | 4. Consider Expenditure for Temporary Agency Employee to Assist with Data Migration in the Water Demand Division During FY 2016-17 |
| Approved an expenditure of \$81,647. | 5. Consider Expenditure to Contract for Limited-term Field Positions during FY 2016-2017 |
| Approved an expenditure of \$34,976. | 6. Consider Expenditure to Contract for a Limited-term Project Manager in the Planning and Engineering Division during FY 2016-2017 |
| Approved an expenditure of \$13,500. | 7. Consider Renewal of Standard License Agreement With CoreLogic Information Solutions, Inc. |
| Approved an expenditure of \$60,000. | 8. Consider Continuance of Contract with Zone 24x7 for Water Demand Database Improvement and Maintenance |
| Adopted. | 9. Consider Adoption of Resolution 2016-11 Establishing Article XIII (B) Fiscal Year 2016-17 Appropriations Limit |
| Adopted. | 10. Consider Adoption of Treasurer's Report for April 2016 |

GENERAL MANAGER'S REPORT

A summary of Stoldt's comments are on file at the Water Management District office and can be reviewed on the agency's website. Water production within the Carmel River Basin was 244 acre-feet below the target. Production within the Monterey Peninsula Water Resources System was 785 acre-feet below the target which equates to 10.9% below the target. Rainfall received in May was approximately one-half

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

of average, and unimpaired flow was approximately two-thirds of average.

Stoldt reported that on June 17, 2016, SWRCB staff released the preliminary revised Cease and Desist order. Public comment is due to the SWRCB on July 13, 2016 and a public hearing is scheduled for July 19, 2016. He noted that Cal Am, the Monterey Peninsula Regional Water Authority, City of Pacific Grove, Pebble Beach Company and the Water Management District will be developing a response to the SWRCB's proposed revisions. The local agencies would like the revised CDO to include: (a) the effective diversion limit (EDL) should remain at 8,310 and not be reduced to 7,990 as proposed; (b) Cal Am should retain the ability to carry over water credits to subsequent water year when its diversions are less than the EDL in a given year; and (c) Cal Am should be allowed to increase the EDL in any year in an amount equal to 50% of any water rights or instream flows acquired. The CPUC will conduct a public participation hearing on September 1, 2016 to provide preliminary results of the hydrologic modeling results for Cal Am's desalination project. In addition, comments will be taken on the Water Purchase agreement for the Pure Water Monterey Project. Stoldt anticipated that a preliminary decision on the agreement would be issued in August 2016 with the final decision in September 2016.

The State of California issued a new procedure that would allow Cal Am to self-certify the amount of water supplies it has assuming three additional dry years. Since water conservation in the 2014-2016 water year exceeded the required 8 percent, no additional reductions would be required. The new conservation target would be 0 percent; however, the community would continue to satisfy the CDO production limits.

Counsel reported that there was no discussion of items 3A and 3C. Also, no reportable action was taken on item 3B. However, it was reported that an all-party conference was scheduled for June 22, 2016 with the CPUC Commissioner assigned to that matter. Regarding item 4, staff presented background data and the Board provided general direction for staff to return to the bargaining table

12. Update on Development of Water Supply Projects

13. Report on Drought Response

ATTORNEY'S REPORT

14. Report on 5:30 pm Closed Session of the Board

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

- A. MPWMD v. SWRCB; Santa Clara 1-10-CV-163328 – CDO – (6th District Appellate Case #H039455)**
- B. Application of California American Water to CPUC Case No. A10-01-012 – Monterey Peninsula Water**

Management District User Fee

- C. Application of California American Water to the CPUC (No. 12-04-019) – Monterey Peninsula Water Supply Project

4. 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.

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

PUBLIC HEARINGS

16. Consider Approval of Amendment to California American Water Distribution System to Add Aquifer Storage and Recovery Facilities, including Phase 1 and Phase 2 Wells, the Proposed Hilby Avenue Pump Station and the Proposed Monterey Pipeline

The following comments were directed to the Board during the Public Comment period on this item. (a) **George Riley**, representing Public Water Now, asked for clarification on the timing for approval of an alternative pipeline proposal that would be used for the Pure Water Monterey Project and Cal Am's desalination project. *Stoldt responded that a citizen-generated-pipeline alternative was proposed to cross through Monterra and Tehema. This alternative was under evaluation in the EIR for Cal Am's desalination project; however, Cal Am engineers determined that it was not a preferable alternative. That alternative was not evaluated in the certified EIR for the Pure Water Monterey project.* (b) **Tom Rowley**, representing the Monterey Peninsula Taxpayers Association, stated that one drawback of the alternative pipeline through Monterra and Tehama was the high cost of pumping water over the ridge. He expressed support for the Hilby Avenue Pump Station proposal and the Monterey Pipeline.

Potter offered a motion that was seconded by Pendergrass to approve the Addendum for the Hilby Avenue Pump Station; adopt the Mitigation Monitoring and Reporting Program; adopt Resolution No. 2016-12; and approve the Monterey Pipeline. The motion was approved on a vote of 6 – 0 by Potter, Pendergrass, Brower, Byrne, Clarke and Evans. Lewis was absent.

A. Consider an Addendum for the Hilby Avenue Pump Station (Addendum to both the Aquifer Storage and Recovery Project Environmental Impact Report/Environmental Assessment and Pure Water Monterey/Groundwater

**Replenishment Project
Environmental Impact
Report)**

On a motion by Potter and second of Brower, the Board approved Application #WDS-20160602CAW and authorized issuance of Water Distribution System Permit Amendment #M16-01-L3. The motion was approved on a vote of 6 – 0 by Potter, Brower, Byrne, Clarke, Evans and Pendergrass. Lewis was absent.

On a motion by Potter and second of Brower, the Board authorized staff to file a Notice of Determination with the Monterey County Clerk regarding the action to amend the California American water distribution system. The motion was approved on a vote of 6 – 0 by Potter, Brower, Byrne, Clarke, Evans and Pendergrass. Lewis was absent.

On a motion by Pendergrass and second of Brower, the July through September 2016 Quarterly Water Supply Strategy and Budget was approved on a vote of 6 – 0 by Pendergrass, Brower, Byrne, Clarke, Evans and Potter. Lewis was absent. No comments were directed to the Board during the public hearing on this item.

On a motion by Clarke and second of Potter, the FY 2016-2017 MPWMD Budget and Resolution 2016-10 were adopted on a vote of 6 – 0 by Clarke, Potter, Brower, Byrne, Evans and Pendergrass. Lewis was absent. No comments were directed to the Board during the public hearing on this item.

Brower offered a motion that was seconded by Potter to approve the proposed settlement, subject to Monterey County Water Resources Agency discretion to resolve the dry year bypass flow/Salinas River lagoon management issue. The motion was approved on a vote of 6 – 0 by Brower, Potter, Byrne, Clarke, Evans and Pendergrass. Lewis was absent. No comments were directed to the Board during the public comment period on this item.

On a motion by Potter and second of Brower, the Board authorized General Counsel to sign the Brine Discharge Settlement Agreement on behalf of the District and to join in the motion to the CPUC to approve the Brine Discharge Settlement Agreement, in both cases subject to non-substantive changes prior to filing. The motion was approved on a vote of 6 – 0 by Potter, Brower, Byrne, Clarke, Evans and Pendergrass. Lewis was 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 authorized General Counsel to sign the Return Water Settlement Agreement on behalf of the District and to join in the motion to the CPUC to approve the Return Water Settlement Agreement, in both cases subject to non-

**B. Consider Application
Submitted by California
American Water to Amend its
Water Distribution System**

- 17. Consider Adoption of July through September 2016 Quarterly Water Supply Strategy and Budget**
- 18. Consider Adoption of Proposed FY 2016-2017 MPWMD Budget and Resolution 2016-10**

ACTION ITEMS

- 19. Consider Approval of Settlement Terms for Dismissal of Protests to Monterey County Water Resources Agency Water Rights Application for Pure Water Monterey**
- 20. Consider Approval of Brine Discharge Settlement Agreement Under A.12-04-019**
- 21. Consider Approval of Return Water Settlement Agreement Under A.12-04-019**

substantive changes prior to filing. The motion was approved on a vote of 5 – 1 by Brower, Clarke, Byrne, Pendergrass and Potter. Evans was opposed and Lewis was absent.

During the public comment period on this item, **George Riley** stated that Public Water Now issued a notice to the CPUC and other parties that it would oppose some provisions of the settlement agreement. The concern was that Cal-Am ratepayers would be responsible for the cost of the return water, but there was no protection in the agreement against ratepayer exposure to costs that could be higher than estimated.

On a motion by Potter and second of Evans, the General Manager’s contract was approved on a vote of 6 – 0 by Potter, Evans, Brower, Byrne, Clarke and Pendergrass. Lewis was absent.

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

The meeting was adjourned at 8:35 pm.

22. Consider Approval of General Manager’s Contract

INFORMATIONAL ITEMS/STAFF REPORTS

- 23. Letters Received**
- 24. Committee Report**
- 25. Monthly Allocation Report**
- 26. Water Conservation Program Report**
- 27. Carmel River Fishery Report for May 2016**
- 28. Monthly Water Supply and California American Water Production Report**

ADJOURNMENT

Arlene M. Tavani, Deputy District Secretary