



EXHIBIT 1-A

DRAFT MINUTES

Regular Meeting

Board of Directors

Monterey Peninsula Water Management District

December 17, 2018

Vice Chair Evans called the meeting to order at 7:10 pm in the MPWMD conference room.

CALL TO ORDER/ROLL CALL

Directors Present:

Alvin Edwards, Division 1

George Riley, Division 2

Molly Evans – Vice Chair, Division 3

Jeanne Byrne – Division 4

Gary D. Hoffmann, P.E. – Division 5

Vacant – Mayoral Representative

Mary Adams – Monterey County Board of Supervisors Rep.

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 changes.

ADDITIONS AND CORRECTIONS TO AGENDA

The following comments were directed to the Board during Oral Communications. (a) **Judi Lehman** asked if the listening sessions scheduled in early January regarding Rule 19.8/preparation of a feasibility study could be recorded so that the public could view each session. *General Manager Stoldt announced the dates of the Listening Sessions and stated the January 2 and 3, 2019, sessions would be video recorded. All sessions would be audio recorded.* (b) **Nina Beety** requested that the Board place on a future agenda a discussion of conducting an investigation into the effect of Neptune smart water meters on persons with electromagnetic sensitivity. *Mr. Stoldt advised that installation of Neptune smart meters would not occur as described by Ms. Beety, because the California Public Utilities Commission (CPUC) had denied California American Water's (Cal-Am) request to install them.* (c) **Gary Cursio**, representing the Coalition of Peninsula Businesses, expressed concern about the District's recent Supreme Court filing in case S251935 in support of Marina Coast Water District. He urged the Board to ensure disclosure and public transparency in its decision making. (d) **Michael Baer** stated that the Board of Directors

ORAL COMMUNICATIONS

should not support Cal-Am’s desalination project, because the company does not own water rights for development of the proposed desalination project, which places financing of the project in peril. (e) **Melodie Chrislock** – Urged the Board to fast track development of alternative water supplies because Cal-Am might not develop the desalination project due to the lack of water rights.

On a motion by Adams and second of Byrne, the Consent Calendar was approved on a unanimous vote of 6 – 0 by Adams, Byrne, Edwards, Evans, Hoffmann and Riley.

Adopted.

Adopted.

Adopted.

A summary of Mr. Stoldt’s report is on file at the District office and can be viewed on the agency’s website. He reported that for the period of October 1, 2018 through November 30, 2018, rainfall recorded was at 132% of long-term average; unimpaired flow was at 66% of long term average, and useable storage was at 99% of long term average. He reviewed the handout titled Status Report on Major District Projects dated December 17, 2018. He commended staff member Larry Hampson on completion of the Rancho San Carlos Road Streambank Stabilization Project.

In response to comments made during Oral Communications, Mr. Laredo reported that the Board had previously reviewed the status of pending cases before the California Supreme Court (items 3.A, B and C), and made a motion to intervene in S251935 in order to preserve the District’s party status. He noted that there had been no change in position by the District. He stated that the District’s submission to the courts was not in support of Marina Coast Water District, neither was it adverse to Cal-Am. Mr. Laredo reported that the California Supreme Court ruled last week to deny without prejudice the petitions for written review in this case. The CPUC considered a request for reconsideration in closed session, but there has been no report on action taken. Regarding the 5:00 pm closed session, the Board received a status report on all matters on the closed session agenda. The Board did not conclude its discussion at the 5:00 pm closed session, and would therefore reconvene the closed session following adjournment of the open session.

CONSENT CALENDAR

1. **Consider Adoption of Minutes of the November 19, 2018 Regular Board Meeting**
2. **Adopt Board Meeting Schedule for 2019**
3. **Consider Adoption of Treasurer's Report for October 2018**

GENERAL MANAGER’S REPORT

4. **Status Report on California American Water Compliance with State Water Resources Control Board Order 2016-0016 and Seaside Groundwater Basin Adjudication Decision**

ATTORNEY’S REPORT

5. **Report on 5:00 pm Closed Session of the Board**

3. **Conference with Legal Counsel – Existing Litigation (Gov Code 54946.9 (a))**
 - A. Application of California American Water to CPUC (No. 12-04-019) – Monterey Peninsula Water Supply Project
 - B. Marina Coast Water District v CPUC (No. S251935)
 - C. City of Marina v CPUC (No. S251935)
4. **Conference with Legal Counsel – Pending and Threatened Litigation (Gov. Code 56956.9 (b)) – One Case**

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

Director Adams reported that she attended the November 30, 2018 tour of the Carlsbad Desalination Project sponsored by the Association of California Water Agencies.

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

Suresh Prasad, Administrative Services Division Manager and Chief Financial Officer, presented the report. A summary is on file at the District office and on the agency's website. On a motion by Byrne and second of Adams the report was received on a unanimous vote of 6 – 0 by Byrne, Adams, Edwards, Evans, Hoffmann and Riley.

PRESENTATIONSS

7. **Receive Pension Reporting Standards Government Accounting Standards Board Statement No. 68 Accounting Valuation Report**

Suresh Prasad, Administrative Services Division Manager and Chief Financial Officer, presented the report. A summary is on file at the District office and on the agency's website. On a motion by Byrne and second of Adams, the report was received on a unanimous vote of 6 – 0 by Byrne, Adams, Edwards, Evans, Hoffmann and Riley.

8. **Receive Government Accounting Standards Board Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits other than Pensions**

Byrne offered a motion that was seconded by Riley to adopt the first reading of Ordinance No. 181. The motion was adopted on a roll-call vote of 6 – 0 by Byrne, Riley, Adams, Edwards, Evans and Hoffmann.

PUBLIC HEARINGS

9. **Consider First Reading of Ordinance No. 181 – Amending Rule 11 and Adding Rule 23.10 to Establish a Water Entitlement for SNG Evariste, LLC, A Delaware Limited Liability Company (CEQA Compliance: Exempt per Section 15268 based on previous environmental determinations made by the Courts.)**

The following comments were directed to the Board during the public hearing on this item. **(a) Paul Bruno**, Vice Chair of the Seaside Groundwater Basin Watermaster, expressed support for adoption of the ordinance. **(b) Cody Phillips**, representing Montage Health, spoke in support of the staff recommendation to adopt the first reading of the ordinance.

On a motion of Edwards and second by Riley, the January through March 2019 Quarterly Water Supply Strategy and Budget was approved on a vote of 6 – 0 by Edwards, Riley, Adams, Byrne, Evans and Hoffmann. No comments were directed to the Board during the public hearing on this item.

On a motion by Edwards and second of Byrne, the report was received by the Board on a unanimous vote of 6 – 0 by Edwards, Byrne, Adams, Evans, Hoffmann and Riley.

Suresh Prasad, Administrative Services Division Manager and Chief Financial Officer, presented a summary of the report. In addition, Mike Riley and Rae Gularte of Hayashi and Wayland provided information and responded to questions from the Board.

The following comments were directed to the Board during the public hearing on this item. **(a) Tom Rowley**, representing the Monterey Peninsula Taxpayers Association, asked when either the water supply charge or the user fee would be retired, and described collection of both funding sources as double-dipping into the rate payers' pocketbooks. **(b) Paul Bruno**, a member of the Ordinance No. 152 Oversight Panel, stated that the panel supports reduction of the property tax as soon as possible due to restoration of the user fee. *General Manager Stoldt stated that the Ordinance No. 152 Oversight Panel had concurred with the Board's policy to collect both the user fee and the water supply charge for three years, and then determine if the water supply charge could be reduced or sunset. He also noted that the Superior Court, Appeals Court and California Supreme Court have all determined that the water supply charge is not a property tax.*

Byrne offered a motion that was seconded by Edwards to approve the staff recommendation to enter into agreements with qualified consultants to be funded by the balance of the unexpended 2018-19 budgeted amount for this task. The motion was approved on a vote of 5 – 1 by Directors Byrne, Edwards, Evans, Hoffmann and Riley. Director Adams abstained. No comments were directed to the Board during the public comment period on this item.

On a motion by Adams and second of Byrne, Board officers for 2019 were elected as follows: Evans, Chair; Edwards, Vice Chair; Stoldt, Secretary; and Prasad, Treasurer. The motion was approved on a unanimous vote of 6 – 0 by Adams, Byrne, Edwards, Evans, Hoffmann and Riley. No comments were directed to the Board during the public comment period on this item.

There was no discussion of these items.

10. **Consider Adoption of January through March 2019 Quarterly Water Supply Strategy and Budget (Notice of Exemption, CEQA, Article 19, Section 15301 (Class 1))**
11. **Receive Fiscal Year 2017-2018 Comprehensive Annual Financial Report**

ACTION ITEMS

12. **Consider Approval for Retaining Consultant Services for an Update of the Integrated Regional Water Management Plan for the Monterey Peninsula, Carmel Bay, and Southern Monterey Bay**
13. **Conduct Election of Board Officers for 2019**

INFORMATIONAL ITEMS/STAFF REPORTS

14. **Letters Received**
15. **Committee Report**

- 16. Monthly Allocation Report**
- 17. Water Conservation Program Report**
- 18. Carmel River Fishery Report**
- 19. Monthly Water Supply and California American Water Production Report**

At 9 pm the meeting was adjourned to a continuation of the 5 pm Closed Session of the Board.

ADJOURNMENT

Arlene M. Tavani, Deputy District Secretary

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