



EXHIBIT 1-A

DRAFT MINUTES

Regular Meeting

Board of Directors

Monterey Peninsula Water Management District

March 18, 2019

Board Chair Evans called the meeting to order at 7:00 pm in the MPWMD conference room.

CALL TO ORDER/ROLL CALL

Directors Present:

Molly Evans – Chair, Division 3

Alvin Edwards, Vice Chair, Division 1

George Riley, Division 2

Jeanne Byrne – Division 4

Gary D. Hoffmann, P.E. – Division 5

Mary Adams – Monterey County Board of Supervisors Rep.

David Potter - Mayoral 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 action.

ADDITIONS AND CORRECTIONS TO AGENDA

The following comments were presented to the Board of Directors during Oral Communications. (a) **Chuck Cech** submitted a statement for the Directors' review following the meeting that addressed water rates. The statement can be viewed on the District's website or at the agency's office. (b) **Dan Turner**, resident of Monterey, alleged that California American Water (Cal-Am) incorrectly over-estimated the community's water requirements. He expressed opposition to inclusion of Cal-Am's proposed desalination plant if public ownership of the water company were to be achieved. (c) **Paul Bruno** recommended that if water company ownership is the goal, individuals could purchase stock in California American Water Company. (d) **Melodie Chrislock**, Managing Director of Public Water Now, read a statement on file at the District office and on the agency's website. She requested that at the next Board of Directors meeting a discussion of the District's projected water demand numbers should be conducted. (e) **Doug Wilhelm**, Public Water Now, read a statement that is on file at the District office and can be viewed on the agency's website. He listed reasons why the 2012 estimate of future water

ORAL COMMUNICATIONS

demand is outdated. (f) **Mary Ann Carbone**, Mayor City of Sand City, stated that an adequate supply of water is needed to meet the State’s housing construction mandates. (g) **Michael Baer**, resident of Carmel Valley, proposed that the new Monterey Pipeline may be underperforming due to modeling deficiencies; and that it would be disastrous if modeling for the slant well at the CEMEX property proved to be in error. (h) **Rudi Fisher**, stated that the Board of Directors is the appropriate organization to make decisions regarding the project(s) that will meet current and future water needs: such as the appropriately sized desalination plant, and/or Pure Water Monterey expansion. (i) **Anna Thompson**, resident of Carmel, recommended that expansion of Pure Water Monterey would be a cost effective alternative to desalination because it would protect Marina’s groundwater basin and the coastal environment.

On a motion by Director Byrne and second of Director Edwards, the Consent Calendar was approved on a unanimous vote of 7 – 0 by Byrne, Edwards, Adams, Evans, Hoffmann, Riley and Potter.

Adopted.

Approved expenditure of \$75,000 to contract with U.S.G.S.

Adopted.

Received.

Approved.

Adopted.

A summary of General Manager Stoldt’s report is on file at the District office and can be viewed on the agency’s website. He noted that for the period of October 2018 through February 28, 2019, water production from the Carmel River Basin was 274 acre-feet below the target. Water production from all sources was 249 acre-feet below the total for the same time period in 2018. In February 2019, 11.85 inches of rain was received for a total of 25 inches, which is 162% of the long-term average. Unimpaired streamflow measured 93,000 acre-feet or 261% of the long-term average. Mr. Stoldt reported that Aquifer Storage and

CONSENT CALENDAR

1. **Consider Adoption of Minutes of the February 21, 2019 Board Meeting**
2. **Consider Entering into a Technical Assistance Agreement with U.S. Geological Survey for Modeling Water Supply Scenarios in the Carmel River Basin**
3. **Consider Adoption of Treasurer's Report for December 2018**
4. **Receive and File Second Quarter Financial Activity Report for Fiscal Year 2018-2019**
5. **Consider Approval of Second Quarter FY 2018-19 Investment Report**
6. **Consider Adoption of Treasurer's Report for January 2019**

GENERAL MANAGER’S REPORT

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

Recovery project injection totaled 770 acre-feet, which equates to 11 to 12 acre-feet per day. He explained that production capacity has been constrained by lack of production capacity at Carmel River wells due to power outages.

Mr. Stoldt referred to an exhibit distributed at the meeting titled Status on District Open Contracts (over \$25K) as of 03-15-19. This report will be updated each month and provided to the Board of Directors under Informational Items. The consultants will provide input for the column labelled Current Period Activity.

A summary of Mr. Stoldt's report is on file at the District office and can be viewed on the agency's website.

Director Adams reported that she recently attended meetings in Washington D.C and Sacramento, and although she was not representing the District, she did respond to questions about the local water system. Director Edwards reported that he attended a recent meeting of the Carmel River Advisory Committee. He thanked the committee for their important contribution, and acknowledged staff members Larry Hampson, Thomas Christensen, Kevan Urquhart and Daniel Atkins for how well they work with the committee.

On a motion by Director Byrne and second of Director Adams, the Board approved the variance including the findings of approval along with two additional actions. (1) Finding of Approval 12.(4) shall be amended by appending the following phrase at the end of the last sentence, "or be considered for an extension if the delay is the result of circumstances beyond the applicant's control." (2) The deed restriction for the project will specify that sub-meter data must be retained for a time period consistent with the District's Records Retention Policy so that the data will be available to the District upon request. The motion was approved on a vote of 6 – 1 by Byrne, Adams, Edwards, Evans, Potter and Riley. Hoffmann was opposed.

The following comments were directed to the Board during the Public Hearing. (a) **Susan Schiavone**, resident of Seaside, noted that residents of separately metered units may qualify for reduced water rates for low-income individuals. (b) **Doug Roberts**, architect that designed the proposed improvements at Park Lane, stated that water costs are incorporated into the monthly rent. The sub-meters will facilitate monitoring of water usage in the new units. He expressed agreement with the staff Findings. (c) **Judi Lehman** asked: (1) would Cal-Am's cost to eventually

8. Update on Major District Projects

9. Update on Development of Water Supply Project Alternatives

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

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

PUBLIC HEARINGS

11. Consider Application for Variance from Separate Water Meter Requirement for a 40 Unit Senior Housing Project – 200 Glenwood Circle, Monterey (APN: 001-771-013-000)

replace the sub-meters be passed on to the rate payers; and (2) what was the source of water credit for the Park Lane addition. *Staff responded that the variance will waive the requirement to set individual Cal-Am meters, and that retrofitting at Park Lane provided water credit for the new units.*

Director Edwards offered a motion that was seconded by Director Byrne to adopt the Mid-Year Fiscal Year 2018-2019 Budget Adjustment as presented. The motion was approved on a unanimous vote of 7 – 0 by Edwards, Byrne, Adams, Evans, Hoffmann, Potter and Riley.

The following comments were presented to the Board during the Public Hearing on this item. (a) **Michael Baer** inquired as to the General Reserve fund total. (b) **Paul Bruno**, member of the 152 Oversight Panel, urged the Board to pay the Rabobank loan soon using excess reserves.

On a motion by Director Potter and second of Director Edwards, the April through June 2019 Quarterly Water Supply Strategy and Budget was approved on a unanimous vote of 7 – 0 by Potter, Edwards, Adams, Byrne, Evans, Hoffmann and Riley.

Judi Lehman commented during the Public Hearing. She asked if Production Targets reflected the increase in water use that may occur in May and June 2019 due to public events scheduled that will increase tourism to the area. *Mr. Soldt stated that no adjustment has been made for the U.S. Open Golf Tournament because calculations would not include records from as far back as 2010.*

On a motion by Director Byrne and second of Director Adams, the 2018 MPWMD Annual Report was approved on a unanimous vote of 7 – 0 by Byrne, Adams, Edwards, Evans, Hoffmann, Potter and Riley. No comments were presented to the Board during the Public Hearing on this item.

The meeting was recessed at approximately 8:58 pm and reconvened at 9:05 pm.

On a motion by Director Byrne and second of Director Potter, the Board approved an expenditure of up to \$1,000,000. The motion was approved on a unanimous vote of 7 – 0 by Byrne, Potter, Adams, Edwards, Evans, Hoffmann and Riley.

The following comments were directed to the Board during the public comment period on this item. (a) **Tom Rowley**, Monterey Peninsula Taxpayers Association, asserted that the project proponents underestimated groundwater replenishment costs because their estimates do not include costs for the new pipeline needed for project operation, and treatment of water recovered from the Seaside Basin. (b)

12. Consider Adoption of Mid-Year Fiscal Year 2018-2019 Budget Adjustment

13. Consider Adoption of April through June 2019 Quarterly Water Supply Strategy and Budget

14. Consider Adoption of 2018 MPWMD Annual Report

ACTION ITEMS

15. Consider Funding Preparation of Supplement to Final Consolidated EIR and Addendum for the Pure Water Monterey Groundwater Replenishment Project

Rudi Fisher urged the Board to approve the expenditure. (c) **Amy Anderson**, resident of Carmel, expressed support for the expenditure. (d) **Michael Baer**, resident of Carmel Valley, spoke in support of the expenditure. (e) **Judi Lehman** expressed support for the expenditure. (f) **Susan Schiavone**, resident of Seaside, spoke in support of the expenditure. (g) **John Tilley**, Co-Chair Coalition of Peninsula Businesses and also representing the Monterey Commercial Property Owners Association, expressed support for the expenditure. (h) **Melody Chrislock**, Public Water Now, expressed support for the expenditure.

On a motion by Director Byrne and second of Director Adams, Resolution 2019—01 was approved on a unanimous vote of 7 – 0 by Byrne, Adams, Edwards, Evans, Hoffmann, Potter and Riley. No comments were directed to the Board during the public comment period on this item.

On a motion by Director Edwards and second of Director Riley, Resolution 2019-02 was adopted on a unanimous vote of 7 – 0 by Edwards, Riley, Adams, Byrne, Evans, Hoffmann and Potter. No comments were directed to the Board during the public comment period on this item.

General Manager Stoldt introduced the item. No action was taken. No comments were directed to the Board during the public comment period on this item.

General Manager Stoldt reviewed information presented in the staff report and responded to questions. No action was taken.

The following comments were directed to the Board during the public comment period on this item. (a) **Dan Turner** stated that the outcome of the bench trial will be determined by whether or not the presiding judge has a pro-corporation bias. (b) **Kevan Dayton**, Government Affairs Liaison Monterey Peninsula Chamber of Commerce, questioned the District's ability to purchase Cal-Am's assets without seeking funding through a bond measure. He asked if the District has considered capital appreciation revenue certificates of participation as a funding source. (c) **Anna Thompson**, resident of Carmel-by-the-Sea, recommended that feasibility could be determined by comparing future costs under Cal-Am ownership to costs under public ownership. She stated that the profit Cal-Am earns from the ratepayers now; could, under public ownership be invested in our local water system. (d) **Michael Baer**, resident of Carmel Valley, stated that the main question is: can the community afford to purchase the water system for the price Cal-Am has estimated it is worth. He asserted that we will not have that information until the eminent domain case is underway. (e) **John Tilley**, resident of Pacific Grove representing the Coalition of Monterey Businesses, and the Monterey Commercial Property Owners Association, stated

16. **Consider Adoption of Resolution 2019-01 – 2019 Records Retention Schedule**

17. **Consider Adoption of Resolution 2019-02 Declaring March 18 through March 24, 2019 to be Fix a Leak Week**

DISCUSSION ITEMS

18. **Discuss Progress on One and Three-Year Strategic Planning Goals Adopted in 2017**

19. **Discuss Staff Recommendation on Criteria for Development of Feasibility Study on Public Ownership of the Monterey Peninsula Water System**

that the scope of the feasibility study should include the cost of the desalination plant. He expressed agreement with Mr. Stoldt's recommendation outlined in the staff report. **(f) Mary Ann Carbone**, Mayor of the City of Sand City, cautioned the Board that asserting the right to maintain confidentiality, does not mean that is the correct way to proceed. She requested that an estimate of the financial risk to the District be calculated, should the District not prevail at the bench trial. **(g) Peter Munteer**, Pacific Grove Chamber of Commerce, advocated for immediate and significant cost savings as the most important measure of feasibility. **(h) Paul Bruno**, stated that cost estimates should not be manipulated in order to show savings. The consultants should be directed to develop estimates in an objective manner. **(i) Janice Creeseey**, resident of Pacific Grove, stated that local ownership of the water distribution system will promote local hiring which is good for the local economy.

General Manager Stoldt reviewed the recommendation outlined in the staff report. No action was taken.

The following comments were directed to the Board during the public comment period on this item. **(a) Jeff Davi**, Co-Chair Coalition of Peninsula Businesses, expressed agreement with the recommendation outlined in the staff report that work should be done at the Board level rather than by a committee. **(b) Susan Schiavone**, supporter of Measure J, expressed agreement with the staff recommendation. **(c) Michael Baer** expressed agreement with the staff recommendation.

No discussion of these items.

The meeting was adjourned at 10:25 pm.

20. **Consider Options for Assignment of Rule 19.8 Responsibilities to Standing Committees or New Committees to be Established**

INFORMATIONAL ITEMS/STAFF REPORTS

21. **Letters Received**
22. **Committee Reports**
23. **Monthly Allocation Report**
24. **Water Conservation Program Report**
25. **Carmel River Fishery Report for February 2019**
26. **Monthly Water Supply and California American Water Production Report**

ADJOURNMENT