

**GOVERNANCE COMMITTEE  
FOR THE  
MONTEREY PENINSULA WATER SUPPLY PROJECT**

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California American Water • Monterey County Board of Supervisors  
Monterey Peninsula Regional Water Authority • Monterey Peninsula Water Management District

**EXHIBIT 27-D**

**FINAL MINUTES  
Regular Meeting  
Governance Committee  
for the  
Monterey Peninsula Water Supply Project  
July 18, 2018**

- Call to Order:** The meeting was called to order at 2:00 pm in the conference room of the Monterey Peninsula Water Management District offices.
- Members Present:** Bill Kampe, Chair, representative for Monterey Peninsula Regional Water Authority  
Mary Adams, representative for Monterey County Board of Supervisors  
Rich Svindland, representative for California-American Water (non-voting member)
- Members Absent:** Jeanne Byrne, representative for Monterey Peninsula Water Management District
- Pledge of Allegiance:** The assembly recited the Pledge of Allegiance.
- Public Comments:** **Michael Warburton**, representing the Public Trust Alliance, stated that the problem with obtaining a secure water supply and protecting the public trust assets of the Carmel River are that there are many divisions within Monterey County and working with State agencies. There are better ways of moving ahead collaboratively than by moving ahead by litigation. He stated that California American Water has an obligation to make a reasonable case and that has not been done.

**Action Items**

1. **Approve Committee Meeting Minutes of January 17, 2018**  
On a motion Adams and second of Kampe, the minutes were approved on vote of 2 – 0 by Adams and Kampe. Byrne was absent. No comments were directed to the committee during the public comment period on this item.
2. **California American Water Notification #13 – Provide any Recommendations on Qualifications and Selection Criteria for the Following Draft Requests for Proposals**
  - A Fitch Park Aquifer Storage and Recovery Wells 5 and 6 Construction Contract
  - B Fitch Park Aquifer Storage and Recovery Wells 5 and 6 Above Ground Facilities Design-Build Contract

Chris Cook, Assistant Engineering Manager for California American Water (Cal-Am) presented a summary which is on file at the MPWMD office and can be reviewed on the Governance Committee website. In response to questions from the committee members he stated the following. For this project the diverse spend goal is 30%. Cal-Am's contracts specify a diverse spend goal for the contractor. Cal-Am then works with contractors to track diverse spend compliance and reports the results annually to the California Public Utilities Commission (CPUC).

Mr. Cook noted that in the future, Cal-Am will submit to the committee for review RFPs for construction of the Castroville pipeline and slant wells civil and electrical work. Mr. Svindland noted that the satellite system interconnect pipelines listed in the PowerPoint presentation will not come before the Governance Committee as the CPUC approved those costs in a previous rate case filing. Those pipelines would be constructed after the desalination project is online.

In response to a question from the committee, Mr. Svindland stated that if construction of the desalination project was delayed by litigation, Cal-Am would make a decision about whether or not to move ahead on construction of wells 5 and 6. If desal water was not available for injection, the wells would be useful for extraction.

Public Comment – **(a) Michael Warburton**, Public Trust Alliance, recommended that the committee should not be moving ahead as if the desalination plant was a certainty because it could be a distraction to efficiently moving ahead with near term water supply needs. **(b) Jim Cullem**, Executive Director Monterey Peninsula Regional Water Authority, asked how Cal-Am will deal with the possibility of increased tariffs on construction materials. *Mr. Cook responded that Cal-Am works with the contractor to track cost increases, and there is also the possibility of cost decreases in other areas. If the cost of materials does drop below what was assumed based on the indices used, Cal-Am can negotiate with the contractor to obtain a credit.*

Adams made a recommendation that Cal-Am move forward on the Requests for Proposals as presented. The motion was seconded by Kampe and approved on a vote of 2 – 0 by Adams and Kampe.

### Discussion Items

#### 3. **Status Report by California-American Water as to Monterey Peninsula Water Supply Project and Monterey Pipeline/Pump Station Project**

No action was taken on this item. A summary of Chris Cook's presentation is on file at the MPWMD office and can be viewed on the Governance Committee website.

Public Comment – **(a) Michael Warburton** stated that the Governance Committee is optimistic to assume that permits for the desalination project will be obtained in 2019. He asked for a status report from Cal-Am, the County of Monterey and cities involved in the project, as to where they are in the permitting process. He concluded that there is a tremendous opportunity for problem solving, if a commitment is made for collaboration, rather than litigation. He asked if the Governance Committee supports moving ahead with litigation. *Chair Kampe responded that many agencies were reviewing that question, but it was beyond the scope of this committee's authority.* **(b) Tom Rowley**, Monterey Peninsula Taxpayers Association, suggested that if the option is available to the committee, it should formally request a waiver of the fees that will be

charged by the Monterey Bay National Marine Sanctuary to discharge brine into the bay. **(c) Jim Cullem** asked for an update on negotiations for joint use of the Marina Coast Water District pipeline. He asked if a parallel pipeline will need to be constructed. *Mr. Cook responded that Cal-Am has submitted applications to the City of Marina for a local coastal development permit and it is under review. The coastal development permit to the California Coastal Commission is under development. Cal-Am has submitted letters to the Federal government stating that the discharge fees are inappropriate, but there has been no final resolution on the issue. Cal-Am has been meeting with Marina Coast Water District to resolve the pipeline issue.*

**4. Suggest Items to be Placed on Future Agendas**

Kampe listed the items that were suggested for future discussion: permits and how they might affect the project; how fees proposed for brine discharge would affect operations costs; possibility of dual pipelines; and would the Governance committee charge be affected should the nature of the MPWSP change.

Public Comment - **(a) George Riley** asked what the committee's role would be if the desalination project was litigated. He also asked if the aquifer storage and recovery component of the Monterey Peninsula Water Supply Project would continue even if the desalination project schedule was affected due to litigation. *Mr. Svindland stated that the CPUC criteria is that if an asset is constructed, is it used and useful. The proposed ASR wells 5 and 6 are associated with the desalination project. If without desalination, those wells would facilitate water extraction, then Cal-Am would move forward on development of those wells before the desalination project has been fully permitted.* **(b) Tom Rowley** requested that the committee regularly review the status of desalination project costs. **(c) David Stoldt**, General Manager, Monterey Peninsula Water Management District, stated that a settlement agreement finalized in July 2013 established the Governance Committee. The agreement that established the parameters of the committee was adopted in November 2013. The committee was established to provide a method for the public to review and comment on initial bid packages, change orders and project cost. **(d) Michael Warburton** requested that the topic of changing circumstances be brought forward for discussion. He noted that he had made the request repeatedly over the past four years. *Chair Kampe asked Mr. Warburton to send him an email explaining how the request pertained to the Governance committee's charge, and then he would determine if the item should be brought forward for discussion.*

**Adjournment:** The meeting was adjourned at approximately 3:10 pm.

  
Arlene M. Tavani,  
Clerk to the MPWSP Governance Committee

