

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

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

**FINAL MINUTES
Regular Meeting
Governance Committee
for the
Monterey Peninsula Water Supply Project
April 17, 2019**

- Call to Order:** The meeting was called to order by Mary Adams at 2:00 pm in the conference room of the Monterey Peninsula Water Management District offices.
- Members Present:** Molly Evans, representative for Monterey Peninsula Water Management District
Bill Peake, 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:** All present
- Pledge of Allegiance:** The assembly recited the Pledge of Allegiance.
- Public Comments:** **Tom Rowley**, Monterey Peninsula Taxpayers Association (MPTA), asked if California American Water (Cal-Am) had requested a waiver of discharge fees from the Monterey Bay National Marine Sanctuary. He asked the committee to request that Cal-Am take action to request a waiver, if the company had not already done so.

Action Items

1. Elect Committee Chair and Vice Chair

On a motion by Adams and second by Peake, Evans was elected to the position of committee Chair on a vote of 3 – 0 by Adams, Peake and Evans.

On a motion by Peake and second by Evans, Adams was elected to the position of Vice Chair on a vote of 3 – 0 by Peake, Evans and Adams.

No public comment was directed to the committee on this item.

2. Approve Committee Meeting Minutes of July 18, 2018

Adams offered a motion to approve the minutes. Peake seconded the motion with a request that the spelling of Bill Kampe's name be corrected in the minutes. The motion was approved with Adams and Peake voting in support of the motion, while Evans abstained. No public comment was directed to the committee on this item.

3. Adopt 2019 Committee Meeting Schedule

On a motion by Adams and second by Peake, the meeting schedule was approved on a unanimous vote of 3 – 0 by Adams, Peake and Evans. No public comment was directed to the committee on this item.

4. California-American Water Notification #14 – Provide any Recommendations on Selection of Contractor and Terms of Final Contract for the Following Two Contracts:**A. Construction of Fitch Park ASR Wells 5 and 6****B. Fitch Park ASR Wells 5 and 6 Above Ground Facilities**

Evans offered a motion to defer items 4 and 5 to a special meeting on April 26, 2019. The motion was seconded by Adams and approved on a vote of 3 – 0 by Evans, Adams and Peake.

Public Comment: Michael Warburton, Public Trust Alliance, stated that it could not be assumed that the desalination project would move forward. The project could progress less expensively if Cal-Am were not moving forward with the slant well system. The CPUC issued its decision so that process was closed. There was a need to acknowledge the reality of changed circumstances.

5. California-American Water Notification #15 – Provide any Recommendations on Qualifications and Selection Criteria for the Following Draft Requests for Proposals:**A. Slant Well Intake System – Civil Work****B. Castroville Pipeline**

Item deferred to a special meeting on April 26, 2019. See action taken on agenda item 4. Public comment received on items 4 and 5 is listed under item 4.

Discussion Items**6. Status Report by California American Water as to Monterey Peninsula Water Supply Project and Monterey Pipeline/Pump Station Project Final Close Out**

Tim O'Halloran, Engineering Manager of the Coastal Division for Cal-Am, reported that the pipeline was completed in late 2018 and had delivered 900 acre-feet of water for injection into the Aquifer Storage and Recovery (ASR) Project wells. Rich Svindland noted that the California Public Utilities Commission (CPUC) authorized an expenditure of \$50.33 million for the project. Cal-Am issued an advice letter to the CPUC requesting funds to cover the final cost of \$50.31 million.

Public Comment: **(a) David Stoldt**, Monterey Peninsula Water Management District, stated that to-date the new pipeline had delivered 1,126 acre-feet of water to the ASR Project. The pipeline had not performed as well as expected. The District and Cal-Am will confer to determine how water deliveries through the pipeline could be increased. Mr. Stoldt noted that the cost to the ratepayers would be \$56.6 million. **(b) Michael Warburton**, Public Trust Alliance, stated that the Coastal Commission issued a permit for the desalination project test well. Cal-Am should provide evidence as to why the test well should continue operation. Mr. Warburton noted that the risk to the Marina water supply had been recognized and the harm would continue as long as the test well was in operation. *Svindland responded to the comments. Regarding Mr. Stoldt's remarks he stated that if there had been more capacity on the river, an increase in delivery through the Monterey Pipeline might have been achieved. However, he noted that results of a high volume pump test had proven that the pipeline could*

operate as expected. Regarding Mr. Warburton's comments, he stated that Cal-Am had prevailed in all three lawsuits that challenged the test well. The City of Marina would consider approval of the current wells before they are submitted to the Coastal Commission for consideration.

- 7. Informational Report by California American Water regarding Satellite System Interconnect**
Rich Svindland reported that Cal-Am provided this report because the CEQA analysis for these projects was included in the MPWSP EIR. The desalination project was sized to provide water to the three satellite systems. The committee does not have a responsibility to review expenditures for the satellite system interconnect. **Donald Monette**, Assistant Engineering Manager for Cal-Am, stated that a bid package for the Ryan Ranch project would be distributed soon. Also, Phase 1 of the Hidden Hills intertie was 90% complete.

Public Comment: **David Stoldt**, MPWMD, noted that Cal-Am must obtain an amendment to its water distribution system permit for all the new appurtenant features. Also, the intertie could not be opened until the Cease and Desist Order has been lifted.

- 8. Suggest Items to be Placed on Future Agendas**
- (a) Tom Rowley requested that the committee urge Cal-Am to request a waiver from discharge fees, in order to reduce costs for ratepayers.
 - (b) Michael Warburton stated that it made no sense to request a waiver. He noted that if no brine was discharged into the bay there would be no need for a waiver. The Governance Committee should work with Cal-Am to reduce the extent of profit to be made.
 - (c) Mary Adams requested that a review of desalination project costs should be provided at a future committee meeting.

Adjournment: The meeting was adjourned at approximately 3:15 pm.


Arlene M. Tavani,
Clerk to the MPWSP Governance Committee