



EXHIBIT 1-A

**DRAFT MINUTES
Regular Meeting
Board of Directors
Monterey Peninsula Water Management District
September 16, 2019**

Board Chair Evans called the meeting to order at 7:05 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.

Directors Absent: David Potter – Mayoral Representative

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) Tom Rowley** commented that the August 19, 2019 discussion by the Board regarding agenda item 17, Water for Affordable Housing, was a misplaced conversation. He described the 9 acre-feet of water in reserve as community water, not the District's water to allocate as it pleases. The Board should focus on the goal of a long-term water supply. **(b) Dan Turner** stated the community must obtain a publicly owned water system. He alleged corruption in the system. He said that California American Water (Cal-Am) collects \$65 million annually but the cost to provide water is \$49 million.

ORAL COMMUNICATIONS

On a motion by Riley and second by Byrne, the Consent Calendar was approved on a vote of 6 – 0, except for Item 3 that was pulled for separate consideration. The motion was approved by Riley, Byrne, Adams, Edwards, Evans and Hoffmann. Potter was absent.

CONSENT CALENDAR

Adopted.

- 1. Consider Adoption of Minutes of the August 19, 2019 Regular Board Meeting**

Approved agreement for a not-to-exceed amount of \$82,376.

On a motion by Byrne and second by Edwards, Resolution No. 2019-15 was approved on a vote of 6 – 0 by Byrne, Edwards, Adams, Evans, Hoffmann and Riley. Potter was absent.

A summary of General Manager Stoldt’s presentation is on file at the District office and can be viewed on the agency’s website. He noted that production from Aquifer Storage and Recovery (ASR) totaled 364 acre-feet for the period of October 2018 through August 19, 2019 which resulted in only 50 acre-feet of production from the Seaside Basin during that time period.

General Manager Stoldt reported that Cal-Am has begun construction of a pipeline from the proposed desalination plant site to General Jim Moore Blvd. The work will continue through mid-December. Therefore, Cal-Am has met the California Public Utilities Commission (CPUC) milestone that construction on the desalination project begin by September 2019. Mr. Stoldt reported that water sales from the Pacific Grove recycled water project have begun.

District Counsel Laredo reported that for Closed Session agenda items 3 and 4, an update was provided to the Board, there was Board discussion on both items but no specific reportable action was taken.

No reports were presented by the Directors.

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 responded to questions from the Board. Public comment was received – no action was taken.

2. Consider Approving Agreement with DeVeera Inc. for Information Technology Services

3. Consider Adoption of MPWMD Resolution No. 2019-15 Amending Table 2: Non-Residential Water Use Factors

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

5. Update on Development of Water Supply Projects

ATTORNEY’S REPORT

6. Report on 6:00 pm Closed Session of the Board

3. Public Employee Performance Evaluation (Gov. Code 54957) – General Manager

4. Conference with Legal Counsel – Pending and Threatened Litigation (Gov. Code 54956.9 (b)) – One Case

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

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

DISCUSSION ITEMS

8. Discuss Plan to Defeas Mechanics Bank Loan (formerly Rabobank)

Public comment: **(a) Rick Heuer**, President of the Monterey Peninsula Taxpayers Association (MPTA), advocated for payment of the loan when it is due. He noted that the District collects both the User Fee and the Water Supply Charge. He stated that the Board should eliminate the loan. **(b) Paul Bruno**, MPTA representative on the Ordinance No. 152 Oversight Panel, stated that the Panel would like to see the loan paid down or paid off. The committee would likely not support refinancing the loan. According to Mr. Bruno, the committee would recommend establishment of a sinking fund or to accelerate payment of the loan, and that collection of both the Water Supply Charge and the User Fee without paying off the loan would be a mistake.

A summary of General Manager Stoldt's presentation is on file at the District office and can be viewed on the agency's website. He responded to questions from the Board. This item was presented for discussion, no action was taken by the Board.

Public Comment: **(a) Kevin Dayton**, Government Affairs Liaison for the Monterey Peninsula Chamber of Commerce, stated that it would be a foolish mistake to use this report as proof that the area does not need water from a desalination project. **(2) Rick Heuer** stated that the report underestimates pent-up demand. The report does not account for state mandates regarding development of affordable housing, and expected changes of use in existing buildings. He concluded that if it is determined that a desalination plant is not needed, the amount of water available to the community will be reduced and the margin of error increased. **(3) Dan Turner** stated that the desalination plant will benefit Cal-Am and commercial water users, but not citizens and ratepayers. He asked that a slide be developed that depicts the cost of water under different scenarios. **(4) John Narigi** described the timing of release of the report as suspicious, and the new lower estimate of water demand as unrealistic. He chided the District for publishing the water demand assumptions without first conferring with public interest groups. He expressed support for the 6.4 MGD desalination project as approved by the CPUC and asserted that reduced water demand estimates were an attempt to promote the Pure Water Monterey Expansion project. **(5) Susan Schiavonne**, described herself as a simple, lower-middle class ratepayer who would like lower-cost water. She asserted that there is no need for the desalination project at this time when water from Pure Water Monterey is available. She asked the Board to work towards completion of the Measure J process. **(6) Mark Stillwell**, representing the Pebble Beach Company, requested that the report be corrected to state that the Company does plan to use the 325 acre-feet water entitlement from the Carmel Area Wastewater District/Pebble Board Community Services District Wastewater Reclamation Project. He urged the Board to

9. Supplies and Demands for Water on the Monterey Peninsula – Past and Future

support the desalination project and the Pure Water Monterey project to provide a long-term, flexible water supply. (7) **Cathy Anderson** urged the Board to settle the water supply battle, and move ahead on development of Cal-Am's desalination project. (8) **Rene Boskoff**, representing the Marriott Hotel, spoke in support of desalination plant development so that the community will be prepared for periods of drought or heavy rains. He noted that over the past 20 years the local hospitality industry reduced water use by 50%, and that when water is available the industry hopes to see some water restrictions lifted. (9) **Melodie Chrislock**, representing Public Water Now, stated that assumptions in the report clearly state that Cal-Am's desalination plant is not needed at this time. Also, water from the project will be unaffordable, which will inhibit the growth expected from a new water source. She urged the Board to support Pure Water Monterey Project expansion. (10) **Paul Bruno** disagreed with the assumption that there will be no increase in water use once a new water supply is available. He also argued that water supply from Aquifer Storage and Recovery and the Seaside Groundwater Basin could be lower than estimated in the report. He urged the Board to recognize that the District's responsibility is to augment the water supply. (11) **John Tilley**, representing the Coalition of Peninsula Businesses, read a statement dated September 16, 2019, that is on file at the District office and can be viewed on the agency's website. He urged the Board to reject the analysis of Peninsula demand and supply presented in the report. He spoke in support of Cal-Am's proposed desalination project as a means to provide a stable, secure and sustainable water supply. (12) **Tom Rowley** reported that there may be no floral display at the 2020 Monterey County Fair, which is an example of how the community has responded to water restrictions and the threat of rationing. He urged the Board to focus on completing a water supply project, not developing artificial estimates of water demand. He stated that there is pent-up demand. (13) **Gary Cursio**, Government Affairs Director for the Monterey County Hospitality Association, stated that estimates of pre-911 hotel/motel occupancy as presented by General Manager Stoldt were incorrect. According to Mr. Cursio, occupancy in Monterey was at 82% prior to 911. At this time, occupancy is at 70%, and Monterey is ninth on the list of a group of ten comparable destination locations. He maintained that the 500 acre-feet of water for hospitality bounce-back must be retained in the estimate of future water demand, as it affects local businesses – not just hospitality. He stated that the community needs the desalination project. (14) **Adam Scow**, former Director of Food and Water Watch and supporter of Public Water Now, stated that it is important to illustrate the real cost of desalination and Pure Water Monterey expansion. If a desalination project results in water rates doubling, water use may not bounce-back. Other factors are climate change, and that the State of California wants to see water demand reduced. The study's water demand estimates show that water needs can be met

without desalination. **(15) Monica Kim**, Housing Resource Commissioner, expressed concern for residents of lower income and disadvantaged communities such as Marina, where the income is \$20,000 less per year than the City of Seaside, and which also has a higher percentage of minorities and non-English speaking residents than does the City of Seaside. She asked how these Marina residents would be affected when desalination results in seawater intrusion into Marina’s aquifers, and fresh water would not be available. She concluded that only private water from the desalination plant would be available, and the natural habitat would be destroyed. **(16) Amy Anderson**, resident of Carmel, asserted that a publicly owned desalination plant could be developed sometime in the future when supply from Pure Water Monterey must be augmented. **(17) Frank Geissler**, Interim CEO of the Monterey Peninsula Chamber of Commerce, stated that the 600 members of the Chamber employ 20,000 to 30,000 people. He deplored the fact that the hospitality industry was not consulted about the assumptions presented in the study, as the industry is part of the solution.

Edwards offered a motion that was seconded by Byrne to approve the staff recommendation outlined in the staff report as items 1 through 6, which included Adoption of Resolution 2019-14 adopting the IRWM Plan. The motion was approved on a unanimous vote of 6 – 0 by Edwards, Byrne, Adams, Evans, Hoffmann and Riley. Potter was absent. No comments were directed to the Board during the public hearing on this item.

Riley offered a motion that was seconded by Byrne to adopt Resolution No. 2019-12 modifying Rule 160. The motion was approved on a vote of 6 – 0 by Riley, Byrne, Adams, Edwards, Evans and Hoffmann. Potter was absent. No comments were directed to the Board during the public hearing on this item.

Byrne offered a motion to adopt the Quarterly Water Supply Strategy and Budget. The motion was seconded by Edwards and approved on a vote of 6 – 0 by Byrne, Edwards, Adams, Evans, Hoffmann and Riley. Potter was absent.

Tom Rowley addressed the Board during the public hearing on this item. He stated that oceanographer/meteorologist Jack Jenson estimated that since 1840, seven out of every ten years were considered dry – or below 18 to 20 inches of rain. Rowley maintained that estimates of ASR production are useful for planning purposes, but are not reliable due to fluctuations in annual rainfall.

PUBLIC HEARINGS

- 10. Consider Adoption of the Monterey Peninsula, Carmel Bay and South Monterey Bay Integrated Regional Water Management Plan Update**

- 11. Consider Adoption of Resolution No. 2019-12 Modifying Rule 160 – Regulatory Water Production Targets for California American Water System**

- 12. Consider Adoption of October through December 2019 Quarterly Water Supply Strategy and Budget**

Byrne offered a motion that was seconded by Adams to adopt Resolution No. 2019-13. The motion was approved on a vote of 6 – 0 by Byrne, Adams, Edwards, Evans, Hoffmann and Riley. Potter was absent.

During the public comment period of this item, Tom Rowley requested that the November 12, 2019, Special Meeting/Workshop be rescheduled to follow the November 19, 2019 meeting of the California Coastal Commission.

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

The meeting was adjourned at 10:00 pm.

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ACTION ITEMS

- 13. Consider Adoption of Resolution No. 2019-13 Authorizing an Amendment to MPWMD Board Meeting Rule 12 – Establish Board Meeting Start Time as 6 PM**

INFORMATIONAL ITEMS/STAFF REPORTS

- 14. Status on Measure J/Rule 19.8 Spending**
- 15. Letters Received**
- 16. Committee Reports**
- 17. Monthly Allocation Report**
- 18. Water Conservation Program Report**
- 19. Carmel River Fishery Report for July 2019**
- 20. Monthly Water Supply and California American Water Production Report**

ADJOURNMENT

Arlene M. Tavani, Deputy District Secretary