



EXHIBIT 1-B

**DRAFT MINUTES
Regular Meeting
Board of Directors
Monterey Peninsula Water Management District
November 18, 2019**

Board Chair Evans called the meeting to order at 6:00 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 directed to the Board during Oral Communications. **(1) Ron Weitzman**, President of Water Ratepayers Association and a retired professor focused on statistical modeling and estimation. Expressed strong support for the report titled Supply and Demand for Water on the Monterey Peninsula (Supply and Demand report) prepared by General Manager Stoldt. He urged the Board to formally endorse the report. **(2) Beverly Bean** stated that she attended the November 14, 2019 California Coastal Commission (CCC) hearing and was disturbed by the verbal attacks against Mr. Stoldt. She hoped the Board would support Mr. Stoldt and the Supply and Demand report. **(3) Margaret Ann Coppernoll** congratulated Mr. Stoldt for his courageous leadership and work on the Pure Water Monterey Expansion project and preparation of the Preliminary Valuation and Cost of Service Analysis Report (feasibility study). She stated that his work advanced the search for water solutions beyond expectations. **(4) Rene Boskoff**, Monterey County Hospitality Association, urged the Board to delay the decision-making process on feasibility until the public and

ORAL COMMUNICATIONS

Board had more information in order to make an informed decision. (5) **Anna Thompson**, resident of Carmel, lodged opposition to Cal-Am’s proposed desalination project, and stated that the Pure Water Monterey Expansion project was superior at all levels. (6) **Patricia Fay Magera**, resident of Seaside, expressed appreciation and support for members of the District that developed the Supply and Demand report. She described the report as readable and credible. (7) **Kevin Dayton**, Government Affairs Liaison for the Monterey Peninsula Chamber of Commerce, disagreed with the assumption presented in the feasibility study that cost savings would be achieved because the public agency would not be taxed. He asked if the assumptions comparing costs under Cal-Am and public ownership were valid. He asked that an analysis using the same assumptions be conducted on another economic activity on the Monterey Peninsula in order to compare the results. (8) **Paul Bruno** cited costs of previous efforts to purchase a private water utility that indicated the final cost was twice what had been originally anticipated. He stated that those cost estimates had been prepared by Raftelis. He illustrated his comments with a chart that is on file at the District office and can be viewed on the agency website. He urged the District to determine at what price public ownership would be considered infeasible. (9) **Jeff Davi** stated that the Board should determine the worst-case scenario regarding the cost for the public buyout of Cal-Am, and then determine if it would be feasible. He urged the Board to conduct a 2/3 vote to determine if funds should be expended to prepare for and move the process to bench trial. (10) **Dan Turner** alleged that the California Public Utilities Commission (CPUC) would pressure staff of the CCC to determine that the CAW desalination project would be preferred. However, he would be surprised if the CCC granted a permit for construction of the desalination project. (11) **Michael Baer** suggested that the cost analysis for purchase of the Cal-Am system should be extended from 20 to 30 years. He also proposed that CCC staff hire a consultant to conduct a confidential and independent analysis of the demand estimates submitted by David Stoldt. (12) **Judi Lehman** advised the Board to not be disheartened by the negative comments that may be directed towards the agency. (13) **Susan Schiavone**, resident of Seaside, thanked the Board, staff and consultants for the feasibility study, and thanked Mr. Stoldt for the Supply and Demand report. She also expressed appreciation to the Board for cooperation on moving the Pure Water Monterey Expansion project forward. (14) **Melodie Chrislock**, thanked the Board for preparation of the feasibility study. She noted that often, the final purchase price for a water utility is lower than the utility estimated. She requested that the Board endorse the Supply and Demand report. (15) **Bill Wellman**, Public Water Now, thanked Mr. Stoldt for being an unbiased voice throughout this process. (16) **Marlee Melton** thanked the Board and staff for professional, well researched and fair-minded reports. She expressed hope that the Board would support employees against Cal-Am’s allegations of bias.

(17) **Heidi Biala**, Citizens for Just Water, stated that Cal-Am was attempting to malign the professional integrity of Paul Sciuto, Keith Van Der Maaten and David Stoldt and threaten their jobs. She urged the Board to not waiver in their support of Mr. Stoldt. (18) **Amy Anderson**, Public Water Now, expressed disagreement with persons who criticized the Supply and Demand report because it was not reviewed by Cal-Am prior to distribution. She spoke against efforts to slander Mr. Stoldt. She asked that the Board continue to work on the very important task of supplying water to the Monterey Peninsula. (19) **Urlene Fisher**, Public Water Now, described as “out of order” a statement made at the November 14, 2019, CCC hearing criticizing Mr. Stoldt for including information from another study into his report to the CCC. She described it as a bogus accusation meant to cloud the veracity of Mr. Stoldt’s conclusion that water needs could be met with recycled water. (20) **Susan Segal**, owner of hotels in the cities of Carmel and Monterey, a supporter of Monterey Now and a resident of Monterey addressed the Board. She stated that the public did not know if a public takeover of Cal-Am would be affordable, but the public knew that historically Cal-Am completed projects late and over budget. (21) **John Tilley** requested that future documents released by the District be accurate and not biased towards a particular outcome. (22) **Dr. Lisa Berkley**, City of Marina Councilmember, thanked Mr. Stoldt for his leadership and preparation of the Supply and Demand study that supported the City’s position regarding Cal-Am’s desalination project. (23) **Margaret Serna Bonetti**, President of LULAC, stated that the Board should support the Supply and Demand report prepared by Mr. Stoldt. *David Stoldt stated that written responses to the questions raised during oral communications and at the November 12, 2019 Board workshop would be posted to the District’s website. He also mentioned that at the November 14, 2019 CCC hearing, Gary Cursio mistakenly identified himself as an MPWMD Director, but there was no attempt at misrepresentation. Mr. Stoldt noted that he provided John Tilley with an updated copy of his memo to the CCC that identified sources of information.*

On a motion by Potter and second of Riley, the Consent Calendar was approved unanimously on a vote of 7 – 0, except for item 3 that was pulled for separate consideration. The motion was approved by Potter, Riley, Adams, Byrne, Edwards, Evans and Hoffmann.

Adopted

Adopted.

CONSENT CALENDAR

1. **Consider Adoption of Minutes of the October 21, 2019 Regular Board Meeting**
2. **Consider Adoption of Electronic Communications Management Policy**

Byrne offered a motion that was seconded by Adams to authorize an expenditure of \$134,500. The motion was approved on a vote of 7 – 0 by Byrne, Adams, Edwards, Evans, Hoffmann, Riley and Potter.

Approved expenditure of \$15,000.

Received.

Approved.

Adopted.

A summary of the General Manager’s report is on file at the District office and can be viewed on the agency website. He noted that for Water Year 2020, water production was 41 acre-feet above production over the same period in Water Year 2019. The increase was likely related to outdoor irrigation, as no measurable rainfall was received during that time period. He reported that the ASR recovery period is December through May. Jon Lear, Water Resources Manager, reported that ASR wells 2, 3 and 4 would be utilized for recovery, but ASR well 1 would undergo rehabilitation and be operational by June 2020.

Mr. Stoldt reported that CCC hearings on a Coastal Development permit for Cal-Am’s desalination project would likely be conducted in March 2020. He also reported that by the beginning of 2020, water from the Pure Water Monterey project should be delivered to injection sites.

District Counsel Laredo reported that the Board met to discuss performance evaluations for the periods of July 1, 2018 through June 30, 2019; and July 1, 2019 to the present. No reportable action was taken.

3. **Consider Authorization of Additional Contingency Funds for Construction and Related Services for the Sleepy Hollow Steelhead Rearing Facility Raw Water Intake and Water Supply System Upgrade Project**
4. **Consider Approval of Budgeted Funds to Replace HVAC Unit at the MPWMD Harris Court Administrative Building**
5. **Receive and File First Quarter Financial Activity Report for Fiscal Year 2019-2020**
6. **Consider Approval of First Quarter Fiscal Year 2019-2020 Investment Report**
7. **Consider Adoption of Treasurer's Report for September 2019**

GENERAL MANAGER’S REPORT

8. **Status Report on California American Water Compliance with State Water Resources Control Board Order 2016-0016 and Seaside Groundwater Basin Adjudication Decision**
9. **Update on Development of Water Supply Projects**

ATTORNEY’S REPORT

10. **Report on 4:00 pm Closed Session of the Board**
3. **Public Employee Performance Evaluation (Gov. Code 54957) – General Manager**

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

Edwards apologized to the Board of Directors and the City of Seaside for speaking as their representative at the November 14, 2019, CCC meeting. He noted that although he identified himself at the hearing as the MPWMD Director from Division 1, he had not spoken on behalf of the MPWMD Board. He advised that MPWMD Meeting Rule 6 states that a Director could make public statements as an individual; however, going forward he would like to speak for his division. He requested that an item be added to a future Board meeting agenda that would propose a change to Meeting Rule 6 so that Directors could speak on behalf of their divisions.

No public hearing items were presented for Board consideration.

A summary of Mr. Stoldt's presentation is on file at the District office and can be viewed on the agency website. During the discussion the directors requested the following. (a) Meet LAFCO deadline. (b) Illustrate how the buyout could be funded without property taxes. (c) Investigate how rates could be adjusted for low-income customers.

The following comments were directed to the Board during the public comment period on this item. **(1) Judi Lehman** asked what kind of conflict of interest and ex-parte communications the District's contractors would be required to report. **(2) Paul Bruno**, resident of Monterey, asked the Board to determine at what level of cost the buyout effort would be stopped, considering that the cost could be more than \$500 million. **(3) Jeff Davi** urged the Board to set a 2/3 vote on the December 16, 2019 decision as to authorizing funds for additional scope and budget. **(4) Susan Schiavone**, resident of Seaside, urged the Board to take the time needed to complete additional studies. She hoped the Board would have a super-majority vote at the appropriate time. She asked if the District receives grants from Cal-Am that must be considered in seeking eminent domain. **(5) Margaret Serna Bonetti** stated that it was not necessary to seek a super-majority vote prior to the decision on acquisition and a resolution of necessity.

Byrne offered a motion that was seconded by Potter to set no limit on the number of Directors that could participate in the ACWA DC conference. The motion was approved on a unanimous vote of 7 – 0 by Byrne, Potter, Adams, Edwards, Evans, Hoffmann and Riley.

During the public comment period on the item, Judi Lehman urged the Directors to travel as economically as possible.

Byrne offered a motion that the General Manager's employment agreement dated June 20, 2016 be approved without amendment. The motion was seconded by Adams

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

PUBLIC HEARINGS

DISCUSSION ITEMS

12. Discuss Additional Services Related to Rule 19.8

ACTION ITEMS

13. Consider Policy re Directors' Attendance at ACWA DC Conference

14. Consider Approval of Amendment to Agreement for Employment of General Manager

and approved on a unanimous vote of 7 – 0 by Byrne, Adams, Edwards, Evans, Hoffmann, Riley and Potter. No public comment was directed to the Board on this item.

There was no discussion of these items.

INFORMATIONAL ITEMS/STAFF REPORTS

15. **Report on Activity/Progress on Contracts Over \$25,000**
16. **Status on Measure J/Rule 19.8 Spending**
17. **Letters Received**
18. **Committee Reports**
19. **Monthly Allocation Report**
20. **Water Conservation Program Report**
21. **Carmel River Fishery Report for October 2019**
22. **Monthly Water Supply and California American Water Production Report**

The meeting was adjourned at approximately 8 pm.

ADJOURNMENT

Arlene M. Tavani, Deputy District Secretary

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