

MONTEREY PENINSULA
WATER
MANAGEMENT DISTRICT
EXHIBIT 1-A

DRAFT MINUTES
Regular Meeting
Board of Directors
Monterey Peninsula Water Management District
October 19, 2020

The meeting was called to order at 5:04 pm. Pursuant to Governor Newsom's Executive Orders N-29-20 and N-33-20, the meeting was conducted with virtual participation via WebEx.

CALL TO ORDER/ROLL CALL

Directors Present via WebEx:

Alvin Edwards, – Chair, Division 1
Jeanne Byrne – Vice Chair, Division 4
George Riley, Division 2
Molly Evans, Division 3
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

Agenda items 9 and 10 were deferred for consideration at a meeting to be scheduled within two weeks. Refer to the meeting minutes under agenda items 9 and 10 to review the motions to defer and public comment received.

ADDITIONS AND CORRECTIONS TO AGENDA

(a) **Tom Rowley** expressed concern about funds approved at the September 21, 2020 Board meeting for construction of a fourth deep injection well for the Pure Water Monterey (PWM) project. He stated that the project had been described as the least expensive water supply alternative, yet costs were increasing. He requested that the District and Monterey One Water (M1Water) agree that the project has resulted in cost overruns and the true cost to customers has been underestimated. (b) **Susan Schiavone** expressed support for funds spent on well maintenance and construction of new deep injection wells for the PWM project. (c) **Paul Bruno** reminded those assembled of the successful public/private partnership that accomplished the removal of San Clemente Dam. He noted that 10 years ago, as a member of the Carmel River Watershed Conservancy he met with government agency representatives at the dam site to gain their support for dam removal. (d) **Marli Melton** stated that she reviewed all materials presented for

ORAL COMMUNICATIONS

review under agenda items 9 and 10 and that she was impressed with the thorough and thoughtful work presented by District staff. She expressed support for approval of all items. **(d) Margaret-Anne Coppernoll** read a letter dated October 19, 2020 submitted to the Board in advance of the meeting that urged the Board to do all possible to secure certification of the PWM Expansion EIR. **(e) Anna Thompson** expressed support for the PWM project as a cost effective and environmentally friendly alternative to desalination. **(f) Michael Baer** expressed support for the PWM project as a regional solution to the area’s water supply problems. **(g) Amy Anderson** expressed support for funding improvements to the PWM project. **(h) Melodie Chrislock** cited the Orange County Water District groundwater replenishment project and the Carlsbad Desalination project as examples of projects that operated with a production deficit in the first year but later recovered to full production. She expressed confidence in M1 Water to develop solutions to operating deficiencies that occurred during the first year of PWM operations. **(i) Eric Tynan**, General Manager of Castroville Community Services District, cautioned the Board that experience with production at Orange County and Carlsbad was that full production had not been met, and would not guarantee that PWM would meet full production after the first year. **(j) John Tilley** stated that the PWM project was unprovable in terms of expected production and cost, as the full cost of the project was not known. **(k) Rudy Fisher** expressed support for the District taking over as lead agency for the PWM Expansion project. He asked if the PWM Expansion project would yield enough water to allow for lifting of the CDO.

On a motion by Byrne and seconded by Riley, the Consent Calendar was approved except for agenda items 2 and 4 that were pulled for separate consideration. The motion was approved on a vote of 7 – 0 by Byrne, Riley, Adams, Edwards, Evans, Hoffmann and Potter.

Approved.

Edwards offered a motion that was seconded by Potter to adopt Resolution No. 2020-14. The motion was approved on a unanimous vote of 7 – 0 by Edwards, Potter, Adams, Byrne, Hoffmann and Riley.

Approved.

No action taken. Stoldt read into the record Resolution No. 2020-16 that will be presented for adoption at the November 16, 2020 Board meeting.

CONSENT CALENDAR

1. **Consider Adoption of Minutes of the September 21, 2020 Regular Board Meeting**
2. **Consider Adoption of Resolution 2020-14 – Amending Fees and Charges Table – Rule 60**
3. **Consider Adoption of Resolution 2020-15 – Amendment to Conflict of Interest Code**
4. **REMOVED FROM CONSENT CALENDAR – BOARD CHAIR WILL MAKE A PUBLIC ANNOUNCEMENT Consider Adoption of Resolution 2020-16 – Recognition of Robert Brower for**

~~his Contribution to the MPWMD and the Community~~

Approved.

Chair Edwards announced the resignation of Molly Evans, Director Division 3. She will attend the November 16, 2020 Board meeting before her term closes at the end of November.

Chair Edwards announced that Robert S. Brower, Sr., former Director Division 5, passed away on September 30, 2020. General Manager Stoldt read a resolution of appreciation for Director Brower that will be presented for adoption at the November 16, 2020 Board meeting. The directors honored the memory of Mr. Brower with their comments describing him as man with great expertise in water policy; a friend; kind; could forward water issues as a conversation; inspired the District to be more involved with ACWA and to attend the Washington DC conferences; was a proponent of the PWM project and attended the project opening despite his illness.

A summary of General Manager Stoldt's report is on file at the District office and can be viewed on the agency's website. Stoldt stated that the report for October 1, 2019 – September 30, 2020 covered a full water year. Actual water production within the Monterey Peninsula Water Resources System was 1,370 acre-feet which was 164 acre-feet below the target established in the CDO. The report included production from the PWM project, and ASR. He noted that water demand for the water year was 142 acre-feet below the previous year. Water demand had been decreasing over the past six years. Additional study of the monthly water use numbers may provide information on how the COVID 19 Pandemic has affected water use. Stoldt also reported that California American Water (Cal-Am) has begun to purchase water from the PWM project, and those costs were billed to the ratepayers. The PWM water was injected into the ground and would remain there for more than six months before it would be distributed through the CAW system.

Stoldt reviewed the list of CDO Milestones 3 – 7 and stated that the fifth milestone had been missed. Therefore, in the new water year Cal-Am could withdraw 7,310 acre-feet per year from the Carmel River, a 1,000 acre-feet reduction from the previously allowed 8,310 acre-feet per year. The State Water Resources Control Board had the authority to suspend the 1,000 acre-feet reduction if it determined that the missed milestone was not the fault of Cal-Am or the other parties to the agreement. No decision had been made to suspend the 1,000 acre-feet reduction. He provided a chart which showed that if the diversion limit were reduced

5. Consider Adoption of Treasurer's Report for August 2020

ANNOUNCEMENTS REGARDING CURRENT AND PAST BOARD MEMBERS

GENERAL MANAGER'S REPORT

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

7. Update on Compliance with Cease and Desist Order Milestones

to 3,376 acre-feet, production from other sources including 3,500 acre-feet from the PWM project were available to serve the community. Until a long-term solution is developed, water is available to meet community needs unless problems arise in the distribution system, or customer demand increases beyond current levels achieved through permanent conservation measures. The chart is on file at the District office and can be viewed on the agency's website.

Counsel Laredo reported that under agenda item 1 the Board discussed findings of its regular evaluation of the General Manager. Under item 2 the Board discussed the compensation package for the General Manager. The product of that discussion was listed on the October 19, 2020 agenda as item 13. No other action was taken by the Board.

Chair Edwards announced that due to the work of Suresh Prasad, Administrative Services Manager/Chief Financial Officer, the District received the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting. Chair Edwards thanked Mr. Prasad and his team for their achievement.

Evans offered a motion that was seconded by Potter to defer this item for consideration at a special meeting to be scheduled within two weeks from October 19, 2020. The motion was approved on a vote of 6 – 1 by Evans, Potter, Adams, Byrne, Hoffmann and Riley. Edwards was opposed.

Public comment: (a) **Paul Bruno** expressed support for the motion. (b) **Anna Thompson** stated that the items should be considered as soon as possible. (c) **Susan Schiavone** spoke in support of the motion. (d) **Margaret-Anne Coppernoll** agreed the item could be deferred but that it should be considered as soon as possible.

REPORT FROM DISTRICT COUNSEL ON OCTOBER 8, 2020 CLOSED SESSION

- A. Public Employee Performance Evaluation (CA Gov Code Se c. 54957) General Manager
- B. Conference with Labor Negotiators (Gov. C. § 54957.6) Agency designated representatives: Chair Edwards and other Board representatives
Unrepresented employee: General Manager

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

- 8. **Oral Reports on Activities of County, Cities, Other Agencies/ Committees/Associations**

PUBLIC HEARINGS

- 9. **Consider Certification of Final EIR for the Potential Acquisition of Monterey Water System and District Boundary Adjustment** *(In accordance with Section 15121 of CEQA, the purpose of this EIR is to serve as an informational document that: "...will inform public agency decision makers and the public generally of the significant environmental effects of a project, identify possible ways to minimize the significant effects, and describe reasonable alternatives to the project.")*

Hoffmann offered a motion that was seconded by Potter to defer this item for action at the special meeting that would be scheduled for consideration of item 9. The motion was approved on a vote of 4 – 3 by Hoffmann, Potter, Byrne and Potter. Opposed were Adams, Edwards and Riley.

Public comment: (a) **Michael Baer** expressed support for the motion. (b) **Rick Heuer**, President of the Monterey County Taxpayers Association, spoke in support of the motion. (c) **Karen Paull** stated that the draft EIR had been available to the Board and public previously for review so the delay in consideration of the final should not be prolonged. (d) **Paul Bruno** expressed support for the motion.

Riley offered a motion that was seconded by Edwards to notify M1Water of its intent to assert lead agency status by sending to M1Water the letter provided in the staff report as Exhibit 11-A. The motion failed on a vote of 2 – 5. Riley and Edwards voted in favor of the motion. Byrne, Evans, Hoffmann, Adams and Potter were opposed.

Public comment: (a) **Paul Bruno** described this as a “bullying” tactic. He asked the Board to consider how aggressively they would pursue the PWM project should M1Water refuse to give up lead agency status. (b) **Michael Baer** expressed support for submitting the letter prior to the November 3, 2020 general election so that the current M1Water Board could consider the issue. (c) **Rick Heuer**, resident of Monterey, expressed opposition to submitting the letter to M1Water. He described it as an aggressive move to a sister agency. (d) **Susan Schiavone** spoke in support of submitting the letter to M1Water proposing that the District take on lead agency status. (e) **Marli Melton** recommended that the Board send the letter to M1Water or that it first request that they certify the PWM SEIR. (f) **Tom Rowley** stated that the SEIR was insufficient and deemed inadequate by the M1Water Board, as it did not meet the requirements of federal law. (g) **Anna Thompson** asked the Board to proceed to enable certification of the PWM SEIR. (h) **Eric Tynan** recommended that the Board work with M1Water to develop a rational decision based on mutual interests. The Board should consider what the consequences would be should it pursue lead agency status. (i) **Melodie Chrislock** encouraged the Board to send the letter to M1Water and pursue lead agency status as there were no deficiencies in the PWM SEIR. (j) **John Tilley** stated that the District should focus on meeting its mandate to provide a water supply project and spend less time on lawsuits.

Motion 1 - Riley offered a motion to adopt a policy that if User Fee collections in a fiscal year exceed the budget, then the excess will be applied in the following fiscal year budget in the following priority: First, to repay reserves use for

10. **Consider Adoption of Proposed Operations Plans for Rule 19.8 Acquisition of Monterey Water System** (*Exempt from environmental review according to Section 15262 of CEQA Guidelines, Feasibility and Planning Studies.*)

ACTION ITEMS

11. **Provide Direction Regarding Pure Water Monterey Expansion Final SEIR**

12. **Discuss Baseline for the Water Supply Charge and Consider Policy for Sunset Based on User Fee Performance**

water supply project costs; Second, to deposit into a sinking fund to pay off the Mechanic’s Bank loan; and Third, to build a fund that can be used to offset and sunset the Water Supply Charge. There was no second.

Motion 2 - Byrne offered a motion to adopt a policy that if User Fee collections in a fiscal year exceed the budget, then the excess will be applied in the following fiscal year budget in the following priority: First, prepayment of the Mechanics Bank Loan; Second, to repay reserves used for water supply project costs; and Third, to build a fund that can be used to offset and sunset the Water Supply Charge. The motion was seconded by Evans.

Motion -3 Hoffmann offered a substitute motion that the policy be limited to paying off the mechanics loan and not address the other two priorities. There was no second to the motion.

Motion 2 was approved on a vote of 7 – 0 by Byrne, Evans, Riley, Hoffmann, Adams, Potter and Edwards. General Manager Stoldt noted that staff would finalize the policy with a more accurate description of the word “fund” specified in the Third priority.

Public Comment: (a) **Tom Rowley** stated that the ratepayers and taxpayers were faced with a “bait and switch” as they must pay both the Water Supply Charge and User Fee. (b) **Paul Bruno**, the Monterey Peninsula Taxpayer Association representative to the Ordinance No. 152 Oversight Panel, recommended that excess funds be used for debt reduction such as payment of the Mechanics Bank loan. (c) **Susan Schiavone** the Division 1 representative to the Ordinance No. 152 Oversight Panel, agreed that payment of the Mechanics Bank Loan should be a priority. However, she recognized that water supply project expenditures were high, and the Board should be prudent about sunsetting a fee that would be needed to pay those costs. (d) **John Tilley** urged the Board to use the \$3 million fund to pay the Mechanics Bank Loan, which would signal an intent to sunset the Water Supply Charge. In addition, he requested that his letters of June 5, 2020 and October 13, 2020 regarding the Water Supply Charge be posted to the District’s website. (Note: the letters were published in the October 19 and June 15, Board packets.)

Jeanne Byrne left the meeting at 3:10 pm prior to public comment and a vote on agenda item 13.

Adams made a motion to approve the Amendment to the Agreement for Employment with an increase in the total PERSable salary to \$246,026; and an increase in Management Leave from 48 hours to 56 hours per year. The motion was seconded by Riley and approved on a vote of 5 – 1 with Adams, Riley, Edwards, Evans and Hoffmann in favor of the motion. Potter abstained. Byrne was absent.

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

Public Comment: (a) **John Tilley** stated that he respected Mr. Stoldt for his intelligence and hard work. (b) **Paul Bruno** described Mr. Stoldt as extremely competent, knowledgeable and professional and the best manager for the District. (c) **Tom Rowley** stated that based on Mr. Stoldt's hard work, he deserved the pay raise.

There was no discussion of these items.

INFORMATIONAL ITEMS/STAFF REPORTS

14. **Monthly Progress Report – Santa Margarita Water Treatment Facility**
15. **Report on Activity/Progress on Contracts Over \$25,000**
16. **Status Report on Measure J/Rule 19.8 Phase II Spending**
17. **Legislative Advocacy Committee's State and Federal Bill Tracking**
18. **Letters Received**
19. **Committee Reports**
20. **Monthly Allocation Report**
21. **Water Conservation Program Report**
22. **Quarterly Water Use Credit Transfer Status Report**
23. **Carmel River Fishery Report for September 2020**
24. **Quarterly Carmel River Riparian Corridor Management Program Report**
25. **Monthly Water Supply and California American Water Production Report**

The meeting was adjourned at 8:20 pm in memory of Robert S. Brower, Sr.

ADJOURNMENT