

FINAL MINUTES
Regular Meeting
Board of Directors
Monterey Peninsula Water Management District
July 18, 2011

The meeting was called to order at 7:00 p.m. in the District Conference Room.

CALL TO ORDER/ROLL CALL

Directors Present:

Robert S. Brower, Sr., Chair -- Division 5
Dave Potter, Vice Chair -- Monterey County Board of Supervisors
Brenda Lewis -- Division 1
Judi Lehman -- Division 2
Kristi Markey -- Division 3
Regina Doyle -- Division 4
David Pendergrass -- Mayoral Representative

Directors Absent: None

General Manager present: Darby Fuerst

District Counsel present: David Laredo

The assembly recited the Pledge of Allegiance.

PLEDGE OF ALLEGIANCE

Roland Martin, a resident of Del Mesa, addressed the Board during Oral Communications. He thanked the Board for setting time on the agenda to receive a presentation from WaterPlus on a proposal for public purchase of California American Water's Monterey Division. He stated that the estimated cost of \$6,000 to \$8,000 per acre-foot for desalinated water is absurdly broad and does not reflect the actual retail rate.

ORAL COMMUNICATIONS

On a motion by Director Potter and second of Director Doyle, the Consent Calendar was adopted with the exception of items 7 and 8 that were pulled for separate consideration. The motion was adopted unanimously on a vote of 7 - 0.

CONSENT CALENDAR

Approved.

1. **Consider Adoption of Minutes of the June 20, 2011 Regular Board Meeting**

Approved.

2. **Ratify Amendments to Board Committee Assignments**

Approved.

3. **Appoint Suresh Prasad to the Position of Board Treasurer**

Approved.

4. **Receive Phase 1 Aquifer Storage and Recovery Project Water Year 2010 Summary Report (Water Project 1)**

Approved.

5. **Receive Notice of Appointments to Carmel River Advisory Committee**

Approved.

6. **Consider Approval of 2011 Annual Memorandum of Agreement for Releases from San Clemente Reservoir among California American Water, California Department of Fish and Game, and Monterey Peninsula Water Management District**

Item 7 – On a motion by Director Potter and second of Director Doyle, the contract for a new General Manager was adopted on a vote of 5 – 2. Directors Brower, Potter, Doyle, Pendergrass, and Markey voted in favor of the motion. Directors Lehman and Lewis were opposed.

7. **Consider Approval of Contract for New General Manager**

Item 8 – On a motion by Director Pendergrass and second of Director Potter, the Board approved the modified travel expense reimbursement. The motion was approved on a vote of 5 – 2. Directors Brower, Potter, Doyle, Pendergrass and Markey supported the motion. Directors Lehman and Lewis were opposed.

8. **Request Approval of Funds to Reimburse General Manager Finalists for Interview Travel Expenses**

Approved.

9. **Consider Authorization of a Limited-Term Contract with the Current General Manager after his Official Retirement**

Approved.

10. **Consider Adoption of Side Letter Agreements Amending the Memorandums of Understanding Between the Monterey Peninsula Water Management District and the General, Management, and Confidential Staff Bargaining Units**

Approved.

11. **Authorize a Change to the District Organization Chart Adding a Community Relations Liaison Position and Changing the Project Manager/Public Information Representative Position's Title to Project Manager**

Approved.

12. **Consider Expenditure of Budgeted Funds for Information Technology Infrastructure Update**

Approved.

13. **Consider Expenditure of Budgeted Funds to Amend Contract with Pueblo Water Resources to Provide Hydrogeologic Review for Water Distribution System Permits**

Approved.

14. **Consider Expenditure of Budgeted Funds to Amend Contract with Golden State Planning and Environmental Consulting to Assist with Water Distribution System Permit Program**

Approved.

15. **Authorize Expenditure of Budgeted Funds for Electrical Installation Work at Phase 1 Aquifer Storage and Recovery Site (Water Project 1)**

Approved.

16. **Authorize Expenditure of Budgeted Funds for Completion of Interim Facilities at Phase 2 Aquifer Storage and Recovery Site (Water Project 2)**

Approved.

17. **Consider Adoption of Treasurer's Report for May 2011**

Darby Fuerst, General Manager, gave the presentation. A summary is on file at the District office and can be viewed on the District's website.

PRESENTATIONS

18. **Water Conservation Program Report**

Henrietta Stern, Project Manager, presented the report. A summary is on file at the District office and can be viewed on the District's website.

19. **Update on Development of Water Supply Project Alternatives Including Recycled Water**

Darby Fuerst, General Manager, presented the report. An outline of the presentation is on file at the District office and can be viewed at the District's website. Mr. Fuerst reported that for the period ending June 30, 2011, Cal-Am production from the Carmel River Basin was 776 acre-feet under the production target of 6,300 acre-feet established as a result of State Water Resources Control Board (SWRCB) Order 2009-0060. Production from the Coastal Subareas of the Seaside Basin was 211 acre-feet below the production target of 1,720 acre-feet. Production from the Laguna Seca Subarea was 98 acre-feet over the production target of 158 acre-feet established by the Seaside Groundwater Basin Adjudication. Production from the City of Sand City Desalination plant was 206 acre-feet, which was 19 acre-feet below the production target. Total Cal-Am production from the Monterey Peninsula Water Resources System was 8,606 acre-feet, which is 908 acre-feet below the target of 9,514 acre-feet.

GENERAL MANAGER'S REPORT

20. **Status Report on California American Water Compliance with State Water Resources Control Board Order 2009-0060 and Seaside Groundwater Basin Adjudication Decision**

District Counsel Laredo reported that the Board met in closed session on June 23, 2011 to discuss public employment of a new general manager. A status report was provided to the Board. No reportable action was taken. At the July 18, 2011, 5:30 pm closed session, District Counsel provided a status report regarding items listed on the meeting agenda. No reportable action was taken.

ATTORNEY'S REPORT

21. Report on June 23, 2011 and July 18, 2011, 5:30 pm Closed Sessions of the Board

3. Conference with Legal Counsel – Existing Litigation (Gov. Code 54956.9 (a))

- A. Application of California American Water Company to CPUC Application No.10-01-012 –Mitigation Cost Reimbursement
- B. MPWMD v. State Water Resources Control Board; Superior Court Case No. 1-10-CV-163328
- C. Sierra Club v. MPWMD, Security National Guaranty & California American Water, Real Parties (Superior Court Case No. M 108149)
- D. Application of California American Water Company to CPUC, Application No. 10-07-007 – General Rate Case
- E. Application of California American Water Company to CPUC, Application No. 10-09-018-San Clemente Dam Removal

4. Public Employment, Position of General Manager (Gov. Code 56957)

- 5. Conference with Labor Negotiators (Gov. Code 54957.6)**
Agency Designated Representative: Darby Fuerst
Employee Organization: General Staff and Management Bargaining Units Represented by United Public Employees of California/LIUNA, Local 792
Unrepresented Employees: Confidential Unit

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

22. Oral Report on Activities of County, Cities, Other Agencies/Committees/ Associations

Director Lehman reported that the Special Districts Association of Monterey County was scheduled to meet on July 19, 2011. She noted that the California Special Districts Association annual conference was scheduled on

October 10 through 13, 2011 at the Monterey Marriott. Director Doyle announced that she gave a presentation to the League of Women Voters on July 14, 2011 regarding general water issues. Director Markey stated that she participated on a panel with George Riley and Ron Weitzman regarding the history of the MPWMD, water project development and the proposed public purchase of Cal-Am.

PUBLIC HEARINGS – No Public Hearings were Submitted for Board Review

ACTION ITEMS

23. **Receive Report from Lapkoff & Gobalet on Analysis of 2010 Census Data as it Relates to Current Voter Division Boundaries**

Director Doyle offered a motion that was seconded by Director Lehman that the Board: (1) approve the Analysis of 2010 Census Data; (2) determine that director division populations are balanced with a 9.2% deviation, and (3) specify that the MPWMD will continue to use its existing director division boundaries. The motion was approved unanimously on a vote of 7 – 0.

The following comments were directed to the Board during the public comment period on this item. (1) **George Riley** asked why there are voters in Division 1 that are served by the Marina Coast Water District. (2) **Helen Rucker** asked if future population growth in voter division 1 was considered in the determination of population equity between divisions. *Lapkoff responded that the actual 2010 census numbers must be considered when developing voter division boundaries. If voter division boundaries were realigned, Division 1 could be reduced in size to allow for future housing growth, but the voter division populations are within the 10% deviation guideline so it is prudent to maintain the existing boundaries.* (3) **Bill Hood**, former director of the Association of Monterey Bay Area Governments, asked how part-time residents within the MPWMD boundary were counted in the 2010 census. *Lapkoff responded that each person is responsible to report residency status on the census form, whether it be within the MPWMD boundary or in another city outside of the area.*

DISCUSSION ITEMS

24. **Workshop on Proposal by Water Plus for Public Ownership of California American Water**

Following the presentation by WaterPlus representatives, the Board expressed an interest in formation of an ad-hoc subcommittee to analyze the cost for public ownership of Cal-Am's Monterey District, describe governance for a publicly owned utility, and define the public utility's scope of responsibility. District staff was directed to bring forward for consideration at a future meeting a plan for formation of a subcommittee, with an option that would include membership of directors. A list of parties that could be considered for membership on the committee should also be developed. The directors offered suggestions for the scope of the committee's analysis including: cost to purchase Cal-Am's Monterey District;

timeline to complete the eminent domain process; cost cap that ratepayers would accept over a defined time period; Cal-Am's contractual obligations that would be transferred to a publicly owned utility; a governance structure(s); scope of responsibility for the publicly owned utility; and (7) how the purchase of Cal-Am would impact the proposed Monterey Regional Water Supply Project.

A summary of the presentation given by Ron Weitzman, President of WaterPlus, is on file at the District office and can be viewed on the District's website. Harvey Billig, Vice President of WaterPlus, addressed the Board and suggested that a subcommittee be formed to evaluate the proposal for public ownership of Cal-Am. George Schroeder also spoke to the Board on behalf of WaterPlus regarding eminent domain. George Riley, representing Citizens for Public Water, spoke in support of the MPWMD taking action to study the WaterPlus proposal due to the estimated cost savings that could be achieved through public ownership of the water system.

The following comments were directed to the Board during the public comment period on this item. (1) **Bill Hood** asked if the District has the authority to operate a facility that is not within the MPWMD boundaries. (2) **Andy Clark** suggested that WaterPlus should pay for the District to conduct an independent analysis of the cost to purchase Cal-Am. He stated that the tax payers should not be responsible to pay for that analysis. (3) **Kevin Tilden**, Vice President of Cal-Am stated that Cal-Am's Monterey District is not for sale. He offered to meet with persons that have legitimate concerns or suggestions about how the local water distribution system operations can be improved. He noted that when the San Lorenzo Valley Water District purchased Cal-Am facilities, the cost was ultimately much higher than the \$9 million bond measure the voters approved. The actual cost was approximately \$13.5 million. (4) **Roger Dolan** stated that public ownership of water is not the problem. The real issue is lack of a water supply. The focus should be on creation of a water supply and then consider public ownership. (5) **Dan Presser** stated that the issue of public financing should be brought to the voters, even if it was rejected by the electorate in the past.

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

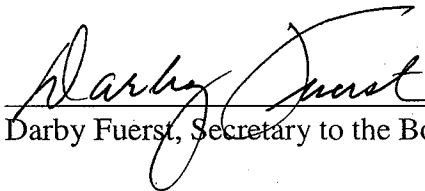
INFORMATIONAL ITEMS/STAFF REPORTS

25. Letters Received
26. Committee Reports
27. Carmel River Fishery Report for June 2011
28. Water Conservation Program Report
29. Monthly Allocation Report
30. Monthly California American Water Production Report

31. Monthly Water Supply Status Report
32. Quarterly Water Supply Project Status Report
33. Quarterly Irrigation Program and Riparian Projects Report
34. Quarterly Carmel River Erosion Protection and Restoration Projects Report
35. Quarterly Water Use Credit Transfer Status Report

The meeting was adjourned at 9:05 pm.

ADJOURNMENT



Darby Fuerst, Secretary to the Board