



EXHIBIT 1-A

**DRAFT MINUTES
Regular Meeting
Board of Directors
Monterey Peninsula Water Management District
September 16, 2013**

The meeting was called to order at 7:00 p.m. in the District's conference room.

CALL TO ORDER/ROLL CALL

Directors Present:

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

Directors Absent: All present

General Manager present: David J. Stoldt

District Counsel present: David Laredo

The assembly recited the Pledge of Allegiance.

PLEDGE OF ALLEGIANCE

At the request of Director Byrne, item XY was pulled from the agenda.

The following comments were directed to the Board during Oral Communications. **(1) Fred Emerson**, resident of Monterey County and a member of the Carmel River Steelhead Association, cautioned the Board against taking a position of support for the Public Water Now petition until it has reviewed the outcome of eminent domain proceedings at the Felton Water District and other areas. **(2) Paul Bruno**, resident of Pacific Grove, stated that before the Board takes a position on the Public Water Now petition, it should conduct a study session to weigh the drawbacks and advantages of purchasing the local California American Water (Cal-Am) system. **(3) Allison Schilling** advised the Board that many members of the community support public ownership of water facilities. **(4) Claude Hutchison** stated that 85% of water in the United States is distributed by publicly owned entities. He expressed outrage at the possibility of local water rates increasing by 40% over the next five years. **(5) Barbara Joe Aiken**

ORAL COMMUNICATIONS

expressed agreement with Schilling and Hutchison.

On a motion by Potter and second of Byrne, the Consent Calendar was approved on a unanimous vote of 7 – 0 by Potter, Byrne, Brower, Lehman, Lewis, Markey and Pendergrass.

Approved.

Approved.

Approved.

Approved expenditure of \$250,000 to contract with Charles Atkins and to proceed with Phase 1 of the contract at a cost of \$90,000.

Approved expenditure of \$90,000 for contract with Sidley Austin.

Approved expenditure of \$10,000 for accounting services.

Approved expenditure of \$80,000.

Approved expenditure of \$181,385 for contract with Monterey Peninsula Engineering.

Approved expenditure of \$13,550 for contract with United States Geological Survey.

Approved expenditure of \$19,000 to extend software maintenance agreements.

Approved.

CONSENT CALENDAR

1. **Consider Adoption of Minutes of the August 19, 2013 Regular Board Meeting**
2. **Consider Adoption of Amendment to Monterey Peninsula Water Supply Project Governance Agreement**
3. **Consider Adoption of Resolution No. 2013-16 – Amend Table 2 of the MPWMD Rules and Regulation – Non Residential Water Use Factors**
4. **Authorize Contract for Financial Consultant Related to Contribution of Public Funds for California American Water Desalination Project**
5. **Authorize Contract for Bond Counsel Services Related to Groundwater Replenishment Project Water Purchase Agreement**
6. **Authorize Contract for Accounting Services Related to Groundwater Replenishment Project Debt Equivalence**
7. **Authorize Contract for Consultant to Assess Externalities for Groundwater Replenishment Project**
8. **Authorize Funds for Phase 2 Aquifer Storage and Recovery Project Electrical Equipment Installation**
9. **Consider Extension of Cooperative Agreement with the United States Geological Survey for Streamflow Gaging in Water Year 2014**
10. **Authorize Funds for Software Maintenance Agreements**
11. **Low Impact Development Bioretention Opportunity Analysis (A) Consider Approval of Resolution 2013-17 in Support of Filing a Scope of Work and Proposal (B) Authorize the General Manager to Enter into a Contract Agreement**

Approved expenditure of \$10,000 to contract with CoreLogic Information Solutions, Inc.

Approved.

Approved.

Approved.

Approved.

Approved.

A summary of General Manager Stoldt's presentation is on file at the District office and can be viewed on the District's website. He advised the Board that due to dry weather conditions, river flow into the Sleepy Hollow Fish Rearing Facility was dangerously low. Therefore, it might be necessary to remove fish from the facility two months earlier than in previous years. Joe Oliver, Water Resources Division Manager, advised the Board that staff has coordinated with Cal-Am in preparation for the start-up of Aquifer Storage and Recovery operations at the onset of fall/winter rains.

Stoldt referred to Consent Calendar items 4, 5, 6, 7 and 8 that authorized funding for water supply project development, and Public Hearing item 22 that would provide funding to the City of Pacific Grove and the Monterey Peninsula Airport District for small water projects. He stated that in keeping with requirements of the settlement agreement in CPUC Application No. 12-04-019, the Water Management District must move rapidly on development of the water purchase agreement on the Groundwater Replenishment Project and to complete the evaluation of externalities.

District Counsel Laredo reported that for items 3.A through 3.F, status reports were provided to the Board and general direction was given to staff, no reportable action was taken. Regarding items 4 and 6, no reportable action was taken. As for item 5, on a motion by Potter and second of Brower, the Board agreed on a vote of 6 – 0 to deny leave to file the claim. Directors Potter, Brower, Byrne, Lehman,

12. Consider Expenditure of Budgeted Funds for Standard License Agreement with CoreLogic Information Solutions, Inc.

13. Consider Adoption of Bargaining Agreement with General Staff Unit

14. Consider Adoption of Bargaining Agreement with Management Unit

15. Consider Approval of Resolutions Regarding Employee Contributions to the California Public Employees Retirement System

16. Consider Approval of Reclassification of Staff Position

17. Consider Adoption of Resolution 2013-18 – Designate the District Elections Official

GENERAL MANAGER'S REPORT

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

19. Update on Development of Water Supply Projects

ATTORNEY'S REPORT

20. Report on 5:30 PM Closed Session of the Board

Lewis and Pendergrass voted in favor of the motion.
Director Markey was absent.

- 3. Conference with Legal Counsel – Existing Litigation (Gov. Code 54956.9 (a))**
 - A. Application of California American Water to the CPUC (Application No. 12-04-019) Monterey Peninsula Water Supply Project
 - B. Application of California American Water to the CPUC (App. No. 13-07-002) 2013 General Rate Case
 - C. Monterey Peninsula Taxpayers Association v. MPWMD, Monterey County Superior Court Case #M123512
 - D. Thum v. MPWMD; Monterey Case No. M113598; 6th District Appellate Case #H039566)
 - E. MPWMD v. SWRCB; Santa Clara 1-10-CV-163328 – CDO (6th District Appellate Case #H039566
 - F. MPWMD v. CPUC (Cal-Am); CA Supreme Court Case No. S208838
- 4. Conference with Labor Negotiators (Gov. Code 54957.6)**
 - A. Unrepresented Employees: Confidential Unit
- 5. Public Employee Annual Performance Evaluation (Gov. Code 54957) – General Manager**

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

Brower reported that he and Director Byrne would participate in a local conference conducted by the Association of California Water Agencies on 9/22 and 9/23/13. Lehman stated that members of the public had expressed concern about recent reports that Cal-Am will receive a \$2.8 million reimbursement under a proposed funding plan for the Monterey Peninsula Water Supply Project. She asked that the District respond to the following questions at a future meeting. (a) Who would confirm that the \$2.8 million would benefit the ratepayers that funded the original project? (b) What would be the source of reimbursement funds? (c) How would the funds be distributed?

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

On a motion by Director Brower and second of Director Byrne, the Board authorized distribution of \$100,000 to the City of Pacific Grove and \$15,000 to the Monterey Peninsula Airport District from the Local Water Project Funding Program. The motion was approved on a unanimous vote of 7 – 0. No comments were directed to the Board during the Public Hearing on this item.

PUBLIC HEARINGS

- 22. Authorize Distribution of Funds under Local Water Project Funding Program**

Director Markey offered a motion that was seconded by Director Lehman to adopt Resolution No. 2013-18. The motion was approved on a unanimous vote of 7 – 0. No comments were directed to the Board during the Public Hearing on this item.

On a motion by Director Markey and second of Director Lehman, the 2013 Quarterly Water Supply Strategy and Budget was adopted on a unanimous vote of 7 – 0. No comments were directed to the Board during the Public Hearing on this item.

Director Potter made a motion that was seconded by Director Markey to defer this item to the October 21, 2013 Board meeting, so that the rotation schedule could be revised, with the understanding that twelve months experience on the Board would be required before a Director could serve as Chair. The motion was adopted unanimously on a vote of 7 – 0.

Public Comment: **(1) Kim DiBenedetto**, representing the Monterey County Association of Realtors, expressed support for the revised proposal submitted by staff at the meeting. **(2) Claude Hutchison** noted that a newly elected reform candidate without previous experience on the Board might serve well as Chair.

At the request of Director Byrne, this item was pulled from the agenda.

Stoldt advised the Board that the Water Supply Planning Committee has been in discussion about future plans for use of Los Padres Dam. National Marine Fisheries Service has recommended removal of Los Padres Dam in its draft plan for steelhead recovery on the Central Coast. In the future, staff will be requesting funds for completion of environmental studies needed to advance the effort to improve and fully utilize Los Padres Dam for fishery enhancement and water supply. Director Brower, Chair of the Water Supply Planning Committee, encouraged members of the public who are interested in assisting with solving local water issues to attend the committee meetings. No comments were directed to the Board during the public comment period on this item.

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

23. Consider Adoption of Resolution No. 2013-18 – Modifying Rule 162 – Regulatory Water Production Targets for California American Water Systems

24. Consider Adoption of October through December 2013 Quarterly Water Supply Strategy and Budget

ACTION ITEMS

25. Consider Amendment to MPWMD Board Meeting Rule 2.5

XY. Consider Adoption of Response to Receipt of Initiative Petition Submitted by Public Water Now

DISCUSSION ITEMS

26. Discuss Plans for Future Use of Los Padres Dam

INFORMATIONAL ITEMS/STAFF REPORTS

27. Letters Received

28. Committee Reports

29. Carmel River Fishery Report

- 30. Water Conservation Program Report**
- 31. Monthly Allocation Report**
- 32. Monthly Water Supply and California American Water Production Report**

The meeting was adjourned at 8:05 pm.

ADJOURNMENT

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Arlene M. Tavani, Deputy District Secretary