



EXHIBIT 20-B

FINAL MINUTES

**Ordinance No. 152 Oversight Panel of the
Monterey Peninsula Water Management District
June 6, 2017**

Call to Order The meeting was called to order at 9:00 am in the conference room at the offices of the Monterey Peninsula Water Management District.

Committee members present:

John Bottomley (arrived at 9:25 am)
Paul Bruno
Jason Campbell
Christine Monteith
George Riley
Susan Schiavone

MPWMD Staff members present:

David J. Stoldt, General Manager
Suresh Prasad, Administrative Services Manager
Arlene Tavani, Executive Assistant

District Counsel Present:

David Laredo

Committee members absent:

Jody Hanson
John Tilley

Comments from the Public:

No comments were directed to the committee.

Action Items

1. Consider Adoption of Minutes of March 15, 2017 Committee Meeting

On a motion by Campbell and second of Monteith, the minutes were approved on a vote of 5 – 0 by Bruno, Campbell, Monteith, Riley and Schiavone. Bottomley, Hanson and Tilley were absent.

Discussion Items

2. Review of Revenue and Expenditures of Water Supply Charge Related to Water Supply Activities

Stoldt reported that the FY 2017-18 Budget anticipates revenues from both the User Fee and Water Supply Charge. The Water Management District expects that by the end of June 2017, California American Water will remit the first installment of User Fees. A review of the Water Supply Charge database will be conducted in 2018, as an update is necessary to identify properties that have changed use or are exempt from the charge.

Prasad reviewed Exhibits 2-A Water Supply Charge Receipts, and 2-B Water Supply Charge Availability Analysis. Prasad noted that Exhibit 2-B was updated through

March 31, 2017, and that the \$932,358 deficit will be balanced by the end of the fiscal year when all revenues are realized. Also \$1.7 million not spent on projects in 2016-2017 will be carried forward for use in 2017-2018.

3. Review Fiscal Year 2017-2018 Water Supply Charge Budget

Prasad reviewed Exhibit 3-A, Water Supply Charge Proposed Budget. Stoldt explained that the Indirect Supplies & Services includes the cost for a federal lobbyist to assist with obtaining federal funds for the Pure Water Monterey project. He stated that the Water Management District's costs for PWM will be significantly reduced in FY 2017-2018 due to the issuance of a State Revolving Fund Loan that will cover costs incurred after March 9, 2017. However, it has not been determined what percentage of the pre-construction costs will be covered from the loan.

At the suggestion of committee members, Prasad agreed to footnote the budget to describe the plan for expenditure of unutilized funds, for example, the General Fund Balance of \$238,500. Prasad stated that it appears as a surplus, but would be used to cover the negative fund balance from Fiscal Year 2016-2017.

Other Items

4. Water Supply Project Update

In response to a question from the committee, Stoldt reported on potential challenges to the desalination project proposed by California American Water. Comments submitted on the draft EIR on the project indicate that lawsuits based on water rights or CEQA issues could be filed by Marina Coast Water District or the City of Marina. District Counsel Laredo stated that a CEQA challenge would be directed to the California Public Utilities Commission (CPUC) which, by law, must send the issue to the California Supreme Court. The Supreme Court could remand the issue to an appellate court, or appoint a special master. Any challenge to water rights for the project would be considered by the Superior Court.

Stoldt stated that one solution to concerns about competing water rights would be to utilize an open water intake, such as the purchase of product or raw water from DeepWater Desal or purchase of additional recycled water from PWM. However, if the project changed direction, the result would be multi-year delays and fines to the ratepayers because milestones established in SWRCB Order 2016-0016 would not be achieved.

Stoldt described the studies funded by the District and California American Water that will form the basis for decisions on the future of Los Padres Dam. The question to be answered is would the Carmel River environment benefit from removal of the Los Padres Dam, or would it be more beneficial to maintain a regulated river by means of improvements to Los Padres Dam or other options. The National Marine Fisheries Service (NMFS) had originally recommended that the dam be removed, because it was a barrier to fish passage. Eventually, after the Water Management District expressed concern about that determination to federal agency authorities, the NMFS recommended that a study be conducted on removal of the dam.

The District believes that a regulated river utilizing Los Padres Dam would be beneficial, considering that non-Cal-Am water rights holders will continue to take water from the river after Cal-Am withdrawals cease. A regulated river could protect seasonal flows for protected species, and maintain the water supply for water rights holders. If the dam were to be removed, a replacement source of 2,800 acre-feet, must be developed. If the dam were to be raised, a portion of Cal-Am's right that that was lost to siltation would be restored. Or, with the addition of a rubber dam storage could be increased by 1,000 AF. If only 2,500 acre-feet of replacement storage were needed, additional water from aquifer storage and recovery or other sources might be developed. There is always a possibility that a future regulatory action could be taken by the SWRCB that would reduce the water rights of Cal-Am and the Water Management District.

Paul Sciuto, General Manager of Monterey One Water presented an update on the Pure Water Monterey project. His presentation can be viewed on the Water Management District website, or at the agency office. Sciuto made the following comments in response to questions about the product water quality. He stated that nano filtration will not be employed due to the high cost. Of the four raw-water sources sent to the water filtration plant, agricultural drainage water represents 12 to 14 percent of the total. No DDT was detected in the source waters. Studies of soil samples in California have indicated the presence of DDT, but it is a hydrophobic compound that does not adhere to water molecules. Through membrane treatment, 99.98% of constituents the State requires must be tested for, are removed. No DDT or DDE was detected in the treated water. Following membrane treatment the water undergoes further disinfection before it is injected underground and subsequently extracted for distribution in the California American system. The injected water is monitored regularly. If any harmful constituents are detected, the water would be pumped out, treated and then injected back underground. The sludge that remains after water treatment is used for average daily coverage at the landfill, which is lined. On average, 5 – 10 truckloads of sludge are delivered to the landfill each day.

Adjourn: The meeting was adjourned at 11:29 am.