



**EXHIBIT 1-A**

**DRAFT MINUTES**  
**Water Supply Planning Committee of the**  
**Monterey Peninsula Water Management District**  
*August 15, 2012*

**Call to Order**

The meeting was called to order at 8:05 am in the MPWMD conference room.

Committee members present: Bob Brower, Chair  
Jeanne Byrne  
David Pendergrass

Staff members present: David Stoldt, General Manager  
Joe Oliver, Water Resources Division Manager  
Arlene Tavani, Executive Assistant

**Action Items**

1. **Adopt minutes of June 7, June 19 and June 25, 2012 Committee Meetings**  
The minutes were approved as presented on a unanimous vote of 3 – 0.

2. **Discuss and Recommend District Position on Cal-Am application re: Governance, Ownership, and Finance**

The committee discussed this topic and there was consensus on the following: (a) the District is ready to participate in governance, ownership and/or financing of a project; (b) support expressed for a public/private partnership to benefit the ratepayers; (c) one suggestion would be 90% ownership by California American Water (Cal-Am) and 10% ownership by the District; (d) public ownership of a project is not critical to the success of the project; (e) the District should, at a minimum, be a member of a project oversight or management committee representing the interests of ratepayers; (f) committee does not support development of another desalination project in Sand City; (g) advise the California Public Utilities Commission (CPUC) that additional water conservation and greywater reuse will not be sufficient to reduce desalination project capacity, and that conservation savings must be reserved for drought relief ; and (h) project capacity must not be based on the water needs of a community that has been seriously impacted by the economic downturn, as water must be available when local economic activity returns to previous levels.

David Chardavoyne of the Monterey County Water Resources Agency (MCWRA) addressed the committee during the public comment period on this item. He stated that in order for Cal-Am to receive a rate-of-return on its equity in a water supply project, it must own 100 percent of the project. He suggested that Cal-Am could petition the CPUC to set up a separate corporation that would finance the project with 90% debt and the District could own 10% of the project. This would lower the rate-of-return for Cal-Am, which reduces the cost to the ratepayer. He also recommended that additional water conservation savings should be set aside as a buffer for drought or other water supply emergencies.

### Discussion Items

#### 3. Update on Groundwater Replenishment Project

The committee agreed that it would be appropriate for General Manager Stoldt to participate in future meetings between the Monterey Regional Water Pollution Control Agency (MRWPCA), Salinas Valley growers (Growers) and the MCWRA in order to present options for development of an agreement on use of reclaimed water capacity for the Groundwater Replenishment Project.

David Chardavoyne addressed the committee during the public comment period on this item. He explained that at issue is 5,000 acre-feet of “interruptible” reclaimed water supply that the Growers would like to retain use of. Negotiations have begun between the MRWPCA, MCWRA and Growers re compensation for use of all or a portion of that water for the Groundwater Replenishment Project.

#### 4. Discussion re Formation/Charge of Ordinance 152 Citizen’s Oversight Panel for Annual Water Supply Charge

This item was deferred to the next committee meeting date.

#### 5. Discuss Reimbursement Agreement for Water Project 2

General Manager Stoldt reported that Cal-Am has not yet submitted an agreement for the District’s review. In the absence of an agreement, the District is billing Cal-Am for project costs that are funded from the line-of-credit. The committee recommended that the District bill Cal-Am for financing costs associated with use of the line-of-credit, due to the delay in reimbursement caused by lack of a timely agreement.

#### 6. Planning for Aquifer Storage and Recovery Project 3 (Site and Project Selection)

General Manager Stoldt reported that two studies should be completed when the Board determines funds are available: (a) investigation into feasibility of installing an aquifer storage and recovery (ASR) well in the Tularcitos Creek Basin of Carmel Valley; and (b) preparation of an Instream Flow Incremental Methodology study might be required to determine if Table 13 water rights are available. Staff was encouraged to begin plans to contract for preparation of these studies, so that action could be taken to begin the work as soon as funds are available.

During the public comment period on this item, Brent Buché of the MCWRA, asked for confirmation that Carmel River water used for the ASR projects is winter runoff. Staff agreed with Mr. Buché’s assertion.

### Suggestions from the Public on Water Supply Project Alternatives

No comments.

### Set Next Meeting Date

The committee agreed to meet on Tuesday, September 11, 2012, at 2 pm.

### Adjournment

The meeting was adjourned at 9:35 am.