

FINAL MINUTES
Regular Meeting
Board of Directors
Monterey Peninsula Water Management District
October 18, 2010

The meeting was called to order at 7:02 p.m. in the District Conference Room.

CALL TO ORDER/ROLL CALL

Directors Present:

Regina Doyle, Chair -- Division 4
Alvin Edwards -- Division 1
Judi Lehman -- Division 2
Kristi Markey -- Division 3
Bob Brower -- Division 5
David Pendergrass -- Mayoral Representative
David Potter -- Monterey County Board of Supervisors

Directors Absent: None

General Manager present: Darby Fuerst

District Counsel present: David C. Laredo

The assembly recited the Pledge of Allegiance.

PLEDGE OF ALLEGIANCE

No comments were directed to the Board during Oral Communications.

ORAL COMMUNICATIONS

On a motion by Director Lehman and second of Director Brower, the Consent Calendar was adopted unanimously on a vote of 7 – 0.

CONSENT CALENDAR

Approved

1. **Consider Adoption of Minutes of the September 20, 2010 Regular Board Meeting**

Approved

2. **Consider Expenditure of Budgeted Funds to Amend Contract with Pueblo Water Resources for FY 2010-11 Hydrogeologic and Engineering Services for Phases 1 and 2 Aquifer Storage and Recovery Projects**

Approved

3. **Consider Expenditure of Budgeted Funds to Purchase Electrical Switchboard Equipment at Phase 1 Aquifer Storage and Recovery Site**

Approved

4. **Consider Expenditure of Budgeted Funds for Sponsorship of Association of California Water Agencies' Centennial Celebration**

Approved

Approved

Approved

A summary of Mr. Anthony's report is on file at the District office and can be viewed on the District's website. He reported that residential water use in September 2010 in Tiers 4 and 5 was 77.1 acre-feet, which is below the 5-year average of 97.9 acre-feet. Mr. Anthony updated the Board on the following topics. (1) The Sand City desalination project produced approximately 1 acre-foot of water per day in October, and should produce 300 acre-feet of water per year as authorized in permits for the project. (2) Due to permitting delays on projects planned for 2010, California American Water (Cal-Am) will need to defer some maintenance to 2011. Therefore, funding is available to replace 6,000 to 7,000 feet of pipelines in Seaside in 2010, rather than in 2011. (3) Cal-Am is awaiting issuance of a permit from the California Department of Public Health for the Phase 1 ASR wells, so that ASR water can be recovered by the Phase 1 ASR wells and provided to Cal-Am's customers. This approval will increase the amount of Phase 1 ASR water that can be recovered. (4) The District and Cal-Am have been working closely to obtain an easement for the Seaside Middle School test ASR well. (5) Since September 16, 2010, Cal-Am has provided water to the Seaside Municipal Water System, due to a massive failure in the system caused by a metallic balloon that hit a power line and set off a power surge. Seaside Municipal Water System pays commercial rates for the water to Cal-Am, and the Seaside Basin Watermaster accounts for the water use.

Stephanie Pintar, Water Demand Manager, presented a report that is on file at the District office and can be viewed on the District's website.

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

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 of October 1, 2009, through September 30, 2010 Cal-Am production from the Carmel River Basin was 1,710 acre-feet under the production target of 10,383 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

5. **Consider Sponsorship of May 2011 Monterey County Water Awareness Day Event**
6. **Receive and File Report on Fourth Quarter Financial Activity for Fiscal Year 2009-10**
7. **Consider Adoption of Treasurer's Report for June 2010**

PRESENTATIONS

8. **Monthly Report from California American Water General Manager, Craig Anthony**

9. **Water Conservation Program Report**

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

GENERAL MANAGER'S REPORT

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

was 300 acre-feet under the production target of 3,583 acre-feet established by the Seaside Groundwater Basin Adjudication. Production from the Laguna Seca Subarea was 185 acre-feet over the production target of 246 acre-feet established by the Seaside Groundwater Basin Adjudication. Therefore, total Cal Am production from the Seaside Basin was 115 AF under the adjudication target of 3,829 AF.

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.

District Counsel Laredo reported that he provided updates to the Board on items 3.A through 3.L but no reportable action was taken. Regarding item 4, the Board appointed Darby Fuerst and David Laredo as negotiators for acquisition of the property at 990 Coe Avenue in Seaside.

12. Status Report and Discussion of CPUC Proceedings Relating to California American Water's Coastal Water Project and the Regional Water Project

ATTORNEY'S REPORT

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

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

(a)

- A. Application of California American Water Company to the California Public Utilities Commission Application No. 04-09-019 – Coastal Water Project
- B. Application of California American Water Company to CPUC Application No. 10-01-012 – Mitigation Cost Reimbursement
- C. Application of California American Water Company regarding Reimbursement Balancing — CPUC Application No. 09-04-015
- D. Application of California American Water Company to CPUC Application No. 10-07-007 – General Rate Case
- E. Amended Application (U210W) of California American Water Company to CPUC Application No. 10-05-020 – Order Authorizing Moratorium in Monterey District
- F. Application of California American Water Company to CPUC Application No. 10-09-018 – San Clemente Dam Removal
- G. Seaside v. California American Water (MBSE/Cal-Am Motion) (Appellate Court #HO34335; Superior Court Case No. M 66343)
- H. MPWMD v. State Water Resources Control Board; Superior Court Case No. 1-10-CV-163328
- I. California American Water v. State Water Resources Control Board,

Superior Court Case No.
M102097

- J. California American Water v. MPWMD (SWRCB/SNG) (Superior Court Case No. M 99622)
- K. California American Water v. MPWMD (Ryan Ranch) (Superior Court Case No. M 101255)
- L. Sierra Club v. MPMWD, SNG & CAW, Real Parties (Sup. Ct. Case M 108149)

- 4. **Conference with Real Property Negotiators (Gov code 54956.8)**
Property: 990 Coe Avenue, Seaside, CA 93955
Agency Negotiators: Darby W. Fuerst & David C. Laredo

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

- 14. **Oral Report on Activities of County, Cities, Other Agencies/Committees/ Associations**

PUBLIC HEARINGS

ACTION ITEMS

- 15. **Provide Direction to Staff on Preparation of an Ordinance to Delay Water Credit Expiration Dates**

The Directors had nothing to report.

No Public Hearing items were submitted for Board consideration.

Director Markey offered a motion that was seconded by Director Edwards, to develop an ordinance that would suspend the expiration of Water Credits and Water Use Credits in the event there is a California Public Utilities Commission-authorized moratorium that impacts valid water credits. The motion was approved unanimously on a vote of 7 – 0.

Director Brower offered an amendment to the motion, that the ordinance include language which would allow the Board, on a case-by-case basis, to consider requests to suspend expiration of Water Credits and Water Use Credits for reasons other than a moratorium. Director Markey did not accept the amendment.

The following comments were directed to the Board during the public comment period on this item. **(1) Craig Anthony**, representing California American Water, stated that the Ryan Ranch and Hidden Hills water distribution systems would not be subject to the water meter moratorium. Therefore, water credits in those systems would not be eligible for suspension of the expiration date. **(2) Anthony Lombardo** spoke in support of the proposed ordinance, and noted that his clients have requested that the CPUC allow the use of water credits during the moratorium.

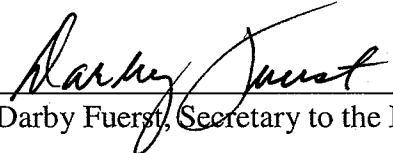
There was no discussion of the Informational Items/Staff Reports.

INFORMATIONAL ITEMS/STAFF REPORTS

16. Letters Received
17. Committee Reports
18. Carmel River Fishery Report for August 2010
19. Water Conservation Program Report
20. Monthly Allocation Report
21. Monthly California American Water Production Report
22. Monthly Water Supply Status Report
23. Quarterly Water Supply Project Status Report
24. Quarterly Irrigation Program and Riparian Projects Report
25. Quarterly Carmel River Erosion Protection and Restoration Projects Report
26. Quarterly Water Use Credit Transfer Status Report
27. Semi-Annual Financial Report on the CAWD/PBCSD Wastewater Reclamation Project

The meeting was adjourned at 8:15 p.m.

ADJOURN



Darby Fuerst, Secretary to the Board