



## EXHIBIT 1-A

DRAFT MINUTES  
**Regular Meeting**  
**Board of Directors**  
**Monterey Peninsula Water Management District**  
*August 19, 2019*

Board Chair Evans called the meeting to order at 7:00 pm in the MPWMD conference room.

### CALL TO ORDER/ROLL CALL

*Directors Present:*

Molly Evans – Chair, Division 3  
Alvin Edwards, Vice Chair, Division 1  
George Riley, Division 2  
Jeanne Byrne – Division 4  
Gary D. Hoffmann, P.E. – Division 5  
Mary Adams – Monterey County Board of Supervisors Rep.  
David Potter – Mayoral Representative

*Directors Absent:* None

*General Manager present:* David J. Stoldt

*District Counsel present:* Heidi Quinn

The assembly recited the Pledge of Allegiance.

### PLEDGE OF ALLEGIANCE

Byrne offered a motion to consider items 16 and 17 immediately after item 11, so that the public could participate in those items of particular interest early in the meeting. The motion was seconded by Hoffmann and approved on a unanimous vote of 7 – 0 by Byrne, Hoffmann, Adams, Edwards, Evans, Potter and Riley. Note that minutes of the meeting present agenda items in numerical order as listed on the agenda.

### ADDITIONS AND CORRECTIONS TO AGENDA

The following comments were directed to the Board during Oral Communications. (a) **Ken Dursa**, representing Central Coast Coalition of Communities for Wastewater Equity. He submitted a statement that is on file at the District office and can be viewed on the agency's website. He listed reasons that the Coalition filed a protest to California-American Water Company's application No. 19-07-004 to the California Public Utilities Commission. Mr. Dursa asserted that rate relief is needed for low-income water and wastewater customers. (b) **Michael Baer**, announced that he is no longer a rate payer in the Cal-Am system. He requested that the District inform California Coastal Commission staff prior to November hearings on the desalination project, that if Cal-Am misses a milestone, water rationing would not be implemented in the first or

### ORAL COMMUNICATIONS

second year because the community could utilize conservation savings. He stressed the importance of providing information to Coastal Commission staff early in the process so that it could be included in the recommendation to the Commission.

Byrne offered a motion to approve the Consent Calendar except for item 1 that was pulled for separate consideration. The motion was seconded by Hoffmann and approved on a unanimous vote of 7 – 0 by Byrne, Hoffmann, Adams, Edwards, Evans, Riley and Potter.

On a motion by Riley and second of Byrne, minutes of the June 13, and July 15, 2019 Board meetings were adopted as presented. The motion was approved on a unanimous vote of 7 – 0 by Riley, Byrne, Adams, Edwards, Evans, Hoffmann and Potter.

Approved expenditure of \$4,650.

Approved expenditure of \$25,839.

Approved expenditure of: (a) \$3,288.75 for CDFW LSAA five—year permit fee, and (b) \$6,711.25 to extend agreement with Denise Duffy and Associates.

Approved.

Approved.

Approved.

Approved.

A summary of the General Manager’s report is on file at the District office and can be viewed on the agency’s website. He reported that for the period of October 2018 through July 2019, water production within the Monterey Peninsula Water Resources System was 260 acre-feet below target

## CONSENT CALENDAR

1. Consider Adoption of Minutes of the June 13, 2019 Special Board Meeting and July 15, 2019 Regular Board Meeting
2. Consider Expenditure of Budgeted Funds for Updates to Gardensoft Waterwise Gardening Software
3. Consider Expenditure to Contract for Completion of Annual Carmel River Survey
4. Consider Augmenting Expenditures for Permitting of a New Carmel River Fish Counting Weir
5. Consider Approval of 2019 Annual Memorandum of Agreement for Releases from Los Padres Reservoir among California American Water, California Department of Fish and Wildlife, and Monterey Peninsula Water Management District
6. Consider Adoption of Memorandum of Understanding with the General Staff Bargaining Unit
7. Consider Adoption of Memorandum of Understanding with the Management Staff Bargaining Unit
8. Consider Adoption of Memorandum of Understanding with the Confidential Staff Bargaining Unit

## GENERAL MANAGER’S REPORT

9. **Status Report on California American Water Compliance with State Water Resources Control Board Order 2016-0016 and Seaside Groundwater Basin Adjudication Decision**

production. He noted that water production increased by 14 acre-feet in June as compared to the same time-period in 2018. This was not an appreciable increase considering that the U.S. Open Golf Championship occurred in June. Mr. Stoldt reported that no rainfall was received in July and the total for the water year remains at 146% of the long-term average. The total for unimpaired flow was 216% of the long-term average.

Counsel Heidi Quinn reported that the Board met to discuss Item 3 on the Closed Session agenda. The General Manager gave a report to the Board and guidance was provided. No reportable action was taken.

Riley reported that he attended the August 4, 2019 meeting of the Seaside Groundwater Basin Watermaster (Watermaster), and that Mary Ann Carbone was elected as Vice Chair that evening. Riley stated that the Seaside Basin should be considered a storage basin to be used like a dam or reservoir. He asked for more information on the calculation that allows Cal-Am and the City of Seaside to use in-lieu project expenditures instead of refilling the Seaside Groundwater Basin. Adams expressed regret that she was unable to attend the Watermaster meeting. She also announced that on August 27, 2019, the Monterey County Board of Supervisors would consider Marina Coast Water District's appeal of the County's approval of a permit for the desalination project pump station facility. Edwards reported that he attended the July 15, 2019, meeting of the Monterey County Special Districts Association. Senator Bill Monning spoke that evening on SB2000 that would utilize the Safe and Affordable Drinking Water Fund to assist low income communities with their water infrastructure needs. Edwards thanked General Manager Stoldt for doing a good job and speaking on water issues throughout the community. He asked for a presentation from the Watermaster regarding what water could be injected into the basin and who could utilize water from the basin.

#### **ATTORNEY'S REPORT**

##### **10. Report on 6:30 pm Closed Session of the Board**

##### **3. Conference with Labor**

##### **Negotiators (Gov. Code 54957.6)**

Agency Designated Representatives:  
David Stoldt; Suresh Prasad and Mi Ra Park

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)**

##### **11. Oral Reports on Activities of County, Cities, Other Agencies/Committees/Associations**

Potter made a motion to adopt Urgency Ordinance No. 184 as presented. The motion was seconded by Edwards and approved on a unanimous roll-call vote of 7 – 0 by Potter, Edwards, Adams, Byrne, Evans, Hoffmann and Riley.

Public Comment: John Wizard, City of Seaside, expressed support for adoption of the ordinance as it would, under some circumstances, reduce the cost for development of an accessory dwelling unit.

Byrne offered a motion to approve an additional \$15,000 for the contract with Right On Q Hydrology which would increase the not-to-exceed amount to \$71,800. The motion was seconded by Adams, and approved on a unanimous vote of 7 – 0 by Byrne, Adams, Edwards, Evans, Hoffmann, Potter and Riley. No public comment was directed to the Board during the public comment period on this item.

Riley offered a motion to approve the Findings and an expenditure of \$88,516.21, and to include an additional 10 percent of the equipment purchase price to cover the cost of taxes and fees. Also, prior to purchase, staff must determine that the equipment is NSF 61 compliant. The motion was seconded by Byrne and approved on a vote of 6 – 1 by Riley, Byrne, Adams, Edwards, Evans and Potter. Hoffmann was opposed. No public comment was directed to the Board during the public comment period on this item.

Edwards made a motion to approve an expenditure of \$218,822 for construction management services. The motion was seconded by Potter and approved on a unanimous vote of 7 – 0 by Edwards, Potter, Adams, Byrne, Evans, Potter and Riley. No public comment was directed to the Board during the public comment period on this item.

General Manager Stoldt presented an overview of the report that is on file at the District office and can be viewed on the agency's website. The Board received public comment. Stoldt responded to questions from the Board.

Public Comment: (a) **Michael Baer** requested that the November 12, 2019, Board workshop regarding the feasibility study be postponed due to California Coastal Commission hearings scheduled for the same week. (b) **Kevin Tilden**, Vice President of California American Water, recited a list of what he described as legal insufficiencies in the report. Mr. Tilden offered the assistance of Cal-Am's attorneys to provide the District with more information on the issues he raised. (c) **Mary Ann Carbone**, resident of Sand City, described the report as an excellent discussion of the process; however, it should have been provided six months earlier and it lacked the inclusion of a definition for

## PUBLIC HEARINGS

12. **Consider Adoption of Urgency Ordinance No. 184 Amending the Requirement for Permanent Water Sub-Meters for Accessory Dwelling Units in Existing Structures**

## ACTION ITEMS

13. **Consider Approval of Additional Expenditure to Right On Q Hydrology for Technical Support for the Carmel River Basin Hydrologic Model**
14. **Consider Findings Pursuant to Public Contract Code Section 3400(C) and Expenditure for Santa Margarita Water Treatment Facilities Equipment Pre-Purchase**
15. **Consider Expenditure for the Santa Margarita Water Treatment Facilities Construction Management Services**

## DISCUSSION ITEMS

16. **Report from General Manager on Pursuing Public Ownership of Monterey Public Water System**

feasibility. **(d) John Tilley**, Co-Chair of the Coalition of Peninsula Businesses and a resident of the MPWMD, urged the Board to prepare a fair feasibility study that would stand up in court; it should not be focused on justifying Measure J. He requested that due to the anticipated high cost of the takeover process, the Board of Directors not move forward if there were any doubt that it would prevail in court. **(e)**

**Kevin Dayton**, Government Affairs Liaison for the Monterey Peninsula Chamber of Commerce, described the report as well organized and a good beginning to create the framework for the feasibility study. He expressed support for a two-thirds majority vote of the Board to approve a resolution of necessity. **(f) Rick Heuer**, Monterey Peninsula Taxpayers Association, commended the Board for preparation of a report that was easy to read and understand. He stated that it could not be assumed that public ownership would result in transparency. The report should provide proof that transparency would be preserved. He defined feasible as: would public ownership save money from day one. If that fact was not evident, then public ownership would not be feasible. **(g) Jeff Davi**, Co-Chair of the

Coalition of Peninsula Businesses and a lifetime resident of the Monterey Peninsula, stated that the most important facets of the upcoming feasibility study would be the definition of feasibility and to quantify savings for the ratepayer. He was pleased that the facilities proposed for public ownership would include Cal-Am's seawater desalination project. **(h)**

**John Narigi** stated that the General Manager's report was good, but he was disappointed that the feasibility study had not been completed within the 9-month timeline. He hoped that preparation of the feasibility study would not detour staff from its efforts to obtain final approval for Cal-Am's desalination plant, to complete other components of the water supply solution, and achieve lifting of the Cease and Desist Order (CDO). **(i) Melodie Chrislock**, representing Public Water Now, advised the Board that the organization never claimed that public ownership of the Cal-Am water system would result in immediate savings to ratepayers. Instead, the organization had consistently maintained that public ownership would result in affordable water at some point. **(j) Peter Mountier**, representing the Pacific Grove Chamber of Commerce, asked for additional transparency from legal counsel regarding the inconsistency between the requirement in Measure J that all Cal-Am assets be publicly owned, and the assertion in the report that specific assets would be included in the buy-out. **(k) Margaret-Anne Coppernoll** asserted that the people voted to move ahead on all Measure J components, and the voters expect their democratic rights to be upheld. She expressed support for the Pure Water Monterey Project as a means to avoid implementation of a cease and desist order in the Salinas Valley. She urged the Board to adopt a resolution of necessity. **(l) Paul Bruno**, resident of Monterey, thanked the General Manager for preparation of a good report. He noted that one of the operations scenarios was to contract with an outside firm, instead of hiring Cal-Am employees.

He asked if the District reasoned that cost savings could not be achieved with Cal-Am employees, or was it that a high quality of service could not be guaranteed with Cal-Am employees. **(j) Anna Thompson**, resident of Carmel, stated that the community did not want a desalination plant. She advocated for development of the Pure Water Monterey (PWM) Expansion project, and public ownership of Cal-Am. **(k) Judi Lehman** encouraged speakers to be more truthful and respectful of differing opinions. She accepted the need for confidentiality regarding the identities of consultants, and looked forward to the time when those names could be made public. **(l) Darryl Choates**, resident of Seaside, stated that Cal-Am should not be publicly owned and that the feasibility study must be completed in a timely manner so the cost of public ownership could be determined. **(m) Susan Schiavone** advocated for public ownership of Cal-Am facilities, and development of a regional desalination plant by a regional agency. In the short-term, the PWM Expansion project could provide water for growth. **(n) Doug Yount**, Chair of the Monterey Peninsula Chamber of Commerce Board of Directors, urged the District to carefully and thoughtfully move ahead on completion of the feasibility study. He hoped that work on the feasibility study would not distract from completion of the three-pronged approach to establishment of a water supply that could support construction of housing in a responsible, sustainable manner. **(o) Dan Turner**, resident of Monterey, stated that Cal-Am water rates have doubled every 5 or 6 years and would continue to increase. He urged the Board to adopt a resolution of necessity. **(p) Frank Geisler**, Interim CEO of the Monterey Peninsula Chamber of Commerce, stated that he looked forward to the completed feasibility study because the public had a right to know if public ownership would be feasible, if it would save money, and if public necessity could be shown at trial. **(q) Carlos Ramos** stated that without a water supply project, there would be loss of jobs and a reduction in business activity on the Monterey Peninsula which would affect the entire community, not just the commercial sector.

General Manager Stoldt presented a summary of the issue that is on file at the District office and can be viewed on the agency's website. The Board received public comment. Stoldt responded to questions from the Board. Chair Evans directed that this item be brought to the Water Demand Committee. There were no objections from the Board.

The following comments were directed to the Board during the public comment period on this item. **(a) Kevin Dayton**, Government Affairs Liaison for the Monterey Peninsula Chamber of Commerce, recommended that the District work more aggressively with other local agencies to overcome the tendency within the community to use the water supply as an excuse to limit building. **(b) John Narigi** asked for an update on the status of Condition 2 of the CDO. *Stoldt reported that State Water Resources Control Board staff was*

## 17. Allocation of Water for Affordable Housing

*developing new language, but it likely would not conform to the needs of the community. It would allow use of onsite water credits, but not transfers of water from one site to another. Neither would it recognize use of water from all the entitlements that have been established. The District would be develop methods to make it easier to move water credits from one site to another.* (c) **Darryl Choates** urged the Board to allocate water from the reserve only for multi-family housing that would remain affordable in perpetuity. He asserted that the water should not be allocated directly to the jurisdictions. (d) **Paul Bruno** recommended that the Board assist jurisdictions to make their decisions about water for affordable housing. He stated that it should not be the responsibility of the City of Marina to provide affordable housing for the Peninsula. (e) **Jeff Davi**, third generation resident on the Peninsula, stated that the city councils and Board of Supervisors must change zoning and increase density in order to meet housing needs. Low income housing should be low cost in perpetuity. He encouraged the District to find water that could be given to the jurisdictions. (f) **Melodie Chrislock**, representing Public Water Now, stated that water from the PWM Expansion project could be delivered in 18 months for \$2,100 per acre-foot. Water from the proposed desalination project would cost \$600,000 to \$700,000 per acre-foot. She asked the Board to consider which project would facilitate affordable housing. (g) **Tyler Williamson, Monterey City Council**, suggested that due to the housing shortage, possibly the District could establish an emergency in order to justify to the State actions taken to expand the use of water credits. He reported that the City of Monterey identified five parcels that could be developed for affordable housing, but the lack of water would limit options on those sites. He announced that a coalition focused on housing as a regional issue plans to work with the District to develop methods for the allocation of any available water to affordable housing. (h) **Peter Mountier**, representing the Pacific Grove Chamber of Commerce, stated that the CDO can only be lifted when water supplies are available from Aquifer Storage and Recovery, PWM and desalination. (i) **Craig Malin**, City Manager for the City of Seaside, advised the Board that anything the District could do to make water available for affordable housing to the jurisdictions and developers would be greatly appreciated and utilized immediately. (j) **John Wizard**, City of Seaside, expressed support for using the reserve allocation for affordable and transitional housing. He expressed concern about establishing an open market for use of the reserve allocation, as economically stressed communities like Del Rey Oaks, Sand City or Seaside would most likely not be able to take advantage of it immediately.

**At 9:20 pm the meeting was recessed and reconvened at 9:30 am to consider agenda items 12, 13, 14 and 15.**

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

**INFORMATIONAL ITEMS/STAFF  
REPORTS**

- 18. Status on Measure J/Rule 19.8 Spending**
- 19. Letters Received**
- 20. Committee Reports**
- 21. Monthly Allocation Report**
- 22. Water Conservation Program Report**
- 23. Carmel River Fishery Report for July 2019**
- 24. Monthly Water Supply and California American Water Production Report**

The meeting was adjourned at 10:30 pm.

**ADJOURNMENT**

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Arlene M. Tavani, Deputy District Secretary