



EXHIBIT 1-A

DRAFT MINUTES
Water Supply Planning Committee of the
Monterey Peninsula Water Management District
July 9, 2019

Call to Order: The meeting was called to order at 10:00 am.

Committee members present: Gary Hoffmann, P.E. (participated by telephone)
Jeanne Byrne
George Riley

Committee members absent: None

Staff members present: David J. Stoldt, General Manager
Larry Hampson, District Engineer
Arlene Tavani, Executive Assistant
Stephanie Locke, Water Demand Manager
Jonathan Lear, Water Resources Division Manager
Thomas Christensen, Environmental Resources Div. Mgr.

District Counsel present David Laredo

Comments from the Public: Paul Bruno came forward to comment on California-American Water's desalination project, but agreed to speak under agenda item 4.

Action Items

- 1. Consider Adoption of March 28, 2019 Committee Meeting Minutes**
On a motion by Riley and second of Hoffmann, the minutes were approved on a unanimous vote of 3 – 0 by Riley, Hoffmann and Byrne.

Discussion Items

- 2. Update on Status of Ryan Ranch Unit of California American Water and Use of Emergency Intertie between the Bishop and Ryan Ranch Units**
General Manager Stoldt distributed an email dated July 8, 2019 from Tim O'Halloran of California American Water (CAW) outlining a plan to implement the Ryan Ranch-Bishop interconnection as contemplated in the Monterey Peninsula Water Supply Project EIR to meet the water needs of the Ryan Ranch system. The committee discussed the plan and agreed with staff's assessment that it would be preferable to support CAW's plan to implement the Ryan Ranch-Bishop interconnection which would be completed by April 2020, rather than require CAW to pursue the lengthy process to amend the Ryan Ranch Water Distribution System permit.

John Tilley addressed the committee during the public comment period on this item. He highlighted the importance of redundancy within the water system; the peak maximum daily demand needs must be met; and satellite systems do not work without a water supply project.

During the discussion, staff acknowledged that CAW may need to utilize its interconnection with the Bishop or main CAW system during construction of the new Bishop interconnection. It was noted that the District chose not to pursue enforcement procedures against CAW when it was known that the company was out of compliance with its Water Distribution System permit. There was concern that the lack of enforcement sent a signal to others that the District would not enforce its rules.

3. Discussion of Pure Water Monterey Advanced Water Purification Electrical Facilities

Stoldt summarized the information provided in the staff note and responded to questions. He stated that the cost of the design change to provide power from Monterey Regional Waste Management District to the Advanced Water Purification Facilities without the need to change the existing PG&E Meter and Switchgear will be offset by reduced power costs over a 30-year period.

4. Update on Pure Water Monterey Project; Discuss Pure Water Monterey Expansion's Role in Water Supply Portfolio

Riley stated that the topic was presented at his request. The purpose was not to ask the committee to establish priorities or take any action, but to promote a discussion on principles, priorities, and cost related to development of PWM and desalination. He described the District's support of both projects as mission creep. He explained that the District supported the financing agreement for the desalination project, and took action to support funding for Pure Water Monterey (PWM). PWM complies with sustainability priorities of the District and State and should be supported. PWM is less costly than desalination, with fewer environmental impacts. The desalination project was originally proposed as a no-growth project, but had been approved with growth mentioned in the mission statement. The desalination project as designed splits the community. A regional desalination project would be preferable to CAW's desalination project.

Byrne opined that there was no issue between the two projects. The source water for PWM is not guaranteed due to increased water conservation and improvements in agricultural water use practices. PWM is not a permanent solution; it is a short term 20-30 year solution. Desalination is a long term 50-100 year solution. The State is requiring every city to develop additional housing. If the original desalination project would only provide water for lots of record, infill, and return of the economy it would not provide water for the new housing requirements.

Hoffmann stated that PWM and the desalination project are components of the long-term solution and are not mutually exclusive. The District should not revisit the settlement agreement. Funding for both projects is available from State Revolving Fund loans. It is important to maximize water reuse before creating a new water supply and taxing overused resources that are highly energy intensive. He questioned

to what extent expansion of PWM would be viable in the long-term. He expressed concern about CAW's ability to reliably operate the desalination plant. Processes for potable reuse have improved over time, and the project should be reevaluated in order to develop a more comprehensive position consistent with the settlement agreement.

Public Comment: **(a) Sam Teal** stated that the District should remain on the same path, as there was no reason to withdraw support of desalination. **(b) Kevin Dayton**, Government Affairs Director for the Monterey Peninsula Chamber of Commerce, recommended that this discussion be conducted in a venue that would accommodate a large group of community members who could express their opinion. **(c) Jeff Davi** urged the District to continue its support of desalination. PWM expansion was intended as a back-up plan. Another public forum for this issue was not needed – the topic had been discussed. **(d) Paul Bruno** urged the committee to refrain from moving this discussion forward. The settlement agreement should remain in place. PWM and the expansion proposal would not meet peak demand without desalination, nor would PWM meet the needs of the Seaside Basin. **(e) John Tilley**, rate payer, stated that the desalination plant would be a sustainable project, with PWM as a supplement. He inferred that the issue was about Measure J, which he said should be decided through the feasibility study, not in discussions about the water supply project.

Stoldt stated that peak demand in the system can be met without a desalination project for ten years. He noted that funding from Clean Water State Revolving Fund loans and Safe Drinking Water State Revolving Fund loans could provide full funding for the desalination project; however, the State had not yet submitted a letter confirming its intent to fully fund the project. Until then, the plan is that some construction costs would be paid by a surcharge, 20% shareholder equity from CAW, and the remainder from State Revolving Fund loans.

5. Update on Los Padres Dam Alternatives Study

Larry Hampson reported that the calibrated model and scenarios to be studied in the alternatives study have been approved, including simulation of what the watershed was like prior to any European influences in the water shed. It could take 6 – 8 weeks to prepare the data for review by the consultants who will assess the data to determine how the steelhead would be affected under different scenarios.

6. Update on ASR Construction

Stoldt reported that chemical building design was nearly complete, and CEQA approval would be presented to the Board in July. When the building is constructed, the site will be landscaped.

Adjournment: The meeting was adjourned at 5:20 pm.