



**FINAL  
MINUTES  
November 12, 2019  
Special Meeting/Workshop  
Board of Directors Monterey Peninsula Water Management District**

**CALL TO ORDER/ROLL CALL**

The meeting was called to order at 6:10 pm by Board Chair, Molly Evans in the Laguna Grande room at the Embassy Suites, Seaside, CA.

**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

General Manager present: David J. Stoldt  
District Counsel present: David Laredo  
Representative from Raftelis: John Mastracchio

**PLEDGE OF ALLEGIANCE**

The assembly recited the Pledge of Allegiance

**ORAL COMMUNICATIONS**

Chair Evans announced that listening devices for hearing impaired members of the audience were available. She introduced Spanish language translators Joseph Harvin and Lupita Jaime and stated that listening devices for Spanish translation were also available. The following persons addressed the Board of Directors during Oral Communications. (1) **Jeff Davi**, a Monterey Peninsula resident, expressed concern that without MPWMD Board approval there has been a concerted effort to convince the California Coastal Commission (CCC) that a desalination project is not needed. He stated that it was important for the Board to stop this effort internally and to stop similar efforts by Monterey One Water. (2) **Michael Baer** stated that high water rates are a hardship for residents. He had not heard business or commercial interests express concerns about the hardship that residential rate payers face. (3) **Peter Kaiser** expressed opposition to the Pure Water Monterey Project and to use of eminent domain to take control of legitimate corporations. He stated that the electorate should vote on any proposal that would result in a rate increase. (4) **Melodie Chrislock**, Public Water Now, was disappointed that the expansion of Pure Water Monterey had become a politicized issue. She noted that Monterey One Water had attempted to prevent information on the project from being available to the CCC.

(5) **Eric Tynan**, Castroville Community Services District, stated that some members of the Monterey One Water Board of Directors were advocating for the North County area. He stated that Pure Water Monterey would not provide water to the overdrafted Salinas Valley aquifer and Castroville/North County areas; and that when wells in the deep aquifer are no long useable – there will be trouble. (6) **John Narigi**, Coalition of Peninsula Businesses, stated that in resolutions considered by the Monterey One Water Board of Directors, the Pure Water Monterey Expansion project was identified not as an alternative to desalination, but the direction was to complete the EIR so the project could be a back-up in the event that desalination could not move forward. It was not to be a replacement for desalination. (7) **Paul Bruno**, resident of Monterey, member of the Ordinance No 152 Oversight Panel, and Chair of the Seaside Groundwater Basin Watermaster. He reminded the Board of its unfunded pension liabilities and retirement benefits and asked the Board to be aware of them as it moved forward on the decision-making process. (8) **Carlos Ramos** disagreed with the assertion that the Latino community and minorities had been left out of the process. He noted that the Latino Water Use Coalition, the Latino Seaside Merchants and the Comunidad Unidad parents group supported two proposals for dam construction that were voted down. Also, a campaign of manipulation on the internet and in the media has been waged to “bamboozle” minority communities. In addition, there has been outreach to African American and Filipino communities to help them understand the issues. He took great offense at anyone who would say that minorities had been forgotten and only one side had spoken up for them. (8) **Dan Turner** – He expressed support for a regional desalination project to be developed sometime in the future. He stated that the cost for the CAW desalination project over thirty years would be \$2.1 billion, compared to the cost of Pure Water Monterey Expansion at approximately \$200 million over 30 years. He alleged that the California Public Utilities Commission (CPUC) would threaten the CCC with loss of their jobs if the permit for a desalination project were to be denied.

## PRESENTATIONS

1. **Overview of Feasibility Study Process – David Stoldt, General Manager MPWMD**  
A summary of the General Manager’s presentation is on file at the District office and can be viewed on the agency’s website.
2. **Findings as to the Valuation and Impact of the Cost of Service for Public Ownership of the Cal-Am Water System – Raftelis**  
A summary of John Mastracchio’s presentation is on file at the District office and can be viewed on the agency’s website.

General Manager Stoldt provided another presentation, outlining the next steps in the process. The presentation is on file at the District office and can be viewed on the agency’s website.

## RECEIVE PUBLIC COMMENT

The following comments were received during the public comment portion of the meeting. (1) **Ron Weitzman**, representing the Water Ratepayers Association of the Monterey Peninsula, stated that he endorsed the September 16, 2019 Estimate of Supply and Demand report developed by David Stoldt and believed that it would be a very difficult document for CAW to refute. He offered to support and endorse the report publicly, if needed. He was also impressed with the reports presented that evening. (2) **Alyssa Albert**, student at California State University Monterey Bay (CSUMB) expressed concern about allocation of financial resources should CAW

be sold to the MPWMD. She hoped that funds would continue to be allocated to programs such as protection of the steelhead fish and the environment. (3) **Michael Ipsen** asked the following questions. (a) Is there a risk of regulatory penalties if the sale process causes a delay in completion of a new water system; and (b) if CAW has not maintained their facilities and equipment and the sale proceeds, what recourse would the District have to adjust the price or recover the costs that were not mentioned in the feasibility study. (4) **Mara McEntee**, fifth-year environmental studies student at CSUMB, asked to what extent it would be financially feasible for MPWMD to buy-out CAW based on their proposed severance package, if there were a severance package, and what would that amount be. (5) **Kevin Tilden**, Vice President of California American Water, stated the company was not for sale; the buy-out attempt could be the costliest lawsuit in California History, and the District would not prevail in court. Attorneys' fees alone could reach \$20 million. CAW expects the final sale price to be \$1 billion to \$1.5 billion and its water rights to be valued at \$250,000. He stated that the public needed to know what cost would render the process infeasible. (6) **Doug Catey**, resident of Pebble Beach, noted that under public ownership the income and property tax not paid would be a loss of revenue to local governments that would result in a reduction in services. He asserted that it was financially beneficial for a private company to charge system improvements as operation and maintenance costs; which discourages the company from making significant capital improvements as they are taxed. (7) **Joshua Norden**, senior year student at CSUMB, stated that this proposal could affect the less-affluent members of the community by increasing costs and making it more difficult for young people to maintain a lifestyle in this region. (8) **Brian Jung**, senior year student at CSUMB, asked what the source of funding would be to pay off the debt incurred for the purchase of CAW. (9) **Rilynn Misa**, student at CSUMB and a resident of Marina, asked if CAW was not interested in being purchased for the price proposed, what would you pay. (10) **Adam Scow**, Public Water Now, urged the Board to be careful about valuation of the CAW system. He opined that the ratepayers in Felton should not have settled on a value, they should have gone to court. He asked the Board to ensure that the CPUC protects the public interest. (11) **Brianna Arroyo**, student at CSUMB, asked if CAW was purchased by the District, would the low-income rate payer program be rolled-over or adapted. (12) **Alexandre Bouzigues**, environmental studies student at CSUMB, expressed support for public ownership of the water system which would result in lower administrative costs, lower taxes for residents and the elimination of rate regulatory expenses. (13) **Brian Clark** stated that an extreme conflict of interest existed due to MPWMD publication of the September 16, 2019 Supplies and Demand for Water report stating that a desalination project was not needed, and at the same time studying the purchase of CAW with the option of hiring CAW employees to run the system. (14) **John Tilley**, Co-Chairperson of the Coalition of Peninsula Businesses, stated that the District's overarching goal is development of a sustainable water system. He discouraged the Board from supplanting that goal with the idea of public ownership. He opined that removal of the desalination project as a water supply in order to make the purchase of the CAW system affordable, would not advance the goal of a sustainable water supply. (15) **Brian LeNeve** asked what the cost would be to purchase the CAW system if the desalination project were approved and the entire cost of the plant must be absorbed, and the cost if CAW delayed or if the eminent domain lawsuit failed – what would be the cost for a failed attempt. (16) **Michael DeLapa**, Landwatch Monterey County, expressed support for public ownership of the CAW system because it would serve the public interest. He stated that CAW supported the desalination project because it would provide a high rate of return for investors and that it could cost five to 10 times more than Pure Water Monterey Expansion. He said that the voters have already

answered the question of whether the public or shareholders should own the water system. (17) **Robert Harding**, a student at CSUMB and resident of Seaside, expressed support for public ownership of the CAW water system. He supported the concept of government control without hiring a contractor to run the system. He opined that although the risk was high – public ownership should be pursued. (18) **Shannon Skidmore**, enrolled in the Water Resource Management Class at CSUMB, urged the Board to consider the financial benefits of publicly owned water presented in the Raftelis report and also the Measure J mandate. (19) **Melodie Chrislock**, Public Water Now, stated that the voters and Public Water Now were gratified at the results of the Raftelis report, that indicate public ownership of the water system would lower water costs. She noted that the cost of the desalination project over 30 years could reach \$1.2 billion, and Pure Water Monterey Expansion could cost \$190 million. She asked what community would choose the most expensive project when both could meet our water needs. (20) **Ashlee Smith**, CSUMB, noted that the cost for sustainable water management practices was not figured in the study, and that maintenance of sustainable water practices may be the most important factor in keeping water in the future. (21) **Paul Bruno**, resident of Monterey, disagreed with the estimated 8.9% savings that could be achieved through public ownership. In addition, the amount not paid in taxes is not savings, as local governments would be without that revenue for public services such as schools and fire protection. He opined that the risk of exposure to \$13 to \$20 million in legal costs would bankrupt the District. He alleged malpractice by the preparers of the report for not including an estimate of severance damages. (22) **David Chardavoyne**, who has a residence in Monterey and also spent 22 years negotiating acquisitions and divestures of water systems in the United States. He requested that the Board determine the number of Class A utility takeovers in California that have resulted in lower rates to customers. He asserted that there are none anywhere, except for Nassau where property taxes were 55%. He stated that ratepayers should not accept Section 6, paragraph 6 that assumes a revenue requirement decrease of 12%. (23) **Peter Munteer**, Pacific Grove Chamber of Commerce, urged the Board to proceed with extreme caution towards public ownership of the Water System. There was great risk in assuming the cost would be \$500 million, as there was no formal appraisal and the final cost could be much higher. He stated that the District's unfunded liability for PERS benefits would increase under public ownership and would be incorporated into future water rates. (24) **Scott Dick**, representing 1,300 members of the Monterey County Association of Realtors, urged the Board to be cautious about committing to public ownership as the cost could be much higher than estimated. He stated that in 2005 in Santa Cruz, the initial price for the CAW system was presented to the County Board of Supervisors as \$3.3 million but sold for \$13.4 million without invoking eminent domain. (25) **Jamie Skillen**, fourth year environmental studies student at CSUMB, expressed support for the Pure Water Monterey Expansion project as it would benefit the ratepayers and the environment. She stated that the desalination project would flood the groundwater basin with seawater and move the community further away from a sustainable water system. (26) **Michael Baer** thanked the Board for the excellent report. He asked what the obstacles were to obtaining the severance numbers and who would pay for legal fees. He proposed that the ratepayers were already paying legal fees on their monthly bills. He stated that the ratepayers had already paid to build the water system, and he asked how much the shareholders paid to build those systems. He urged the Board to be aggressive in their dealings with CAW and ask for a credit for legal fees already paid. In addition, a campaign to push back on misinformation should be waged. (27) **Peter Kaiser** stated that based on the \$1.2 billion cost for desalination, divided by 40,000 rate payers is \$28,000 per ratepayer household. He suggested that the presentation to the public should include that information. He opined that Measure J

should have included a requirement that ratepayers could vote on the buyout of CAW. The Board should also include the cost per ratepayer household based on the purchase of CAW with the desalination project which would be approximately \$62,000. (28) **Dan Presser** stated that after 30 years the ratepayers could own CAW. At that time, there would be no fees other than running the water system, which would benefit all ratepayers. (29) **Anna Thompson** expressed support for public ownership of the CAW water distribution system. She stated that CAW had supported construction of the desalination plant because it would yield the highest profits, compared to Pure Water Monterey Expansion. (30) **Monica Kim**, a child of refugees, stated that when her family arrived in Marina they did not starve because of the beaches. She said that CAW's proposed desalination plant would destroy 7 acres of Marina's beaches and would also block public access to the beach. Entire sources of water would be corrupted and destroyed in Marina and Fort Ord in order to provide water to a more affluent community. She stated that as a representative of refugees and the ethnic community, Marina residents should support Pure Water Monterey expansion in order to protect the groundwater supply. (31) **Tammy Jennings** thanked the Board for making the presentation understandable for the layperson. She stated that water should not be controlled by a for-profit entity. The 7.61 percent rate of return the CPUC allowed CAW to receive was unfair to persons on fixed incomes like Social Security. She recounted that her water bill had tripled since 2011 and she could not afford life-sustaining water even as a participant in CAW's low-income ratepayer program. (33) **Kevin Dayton**, Monterey Peninsula Chamber of Commerce, cautioned the Board to be careful. He stated that some members of the community saw this effort as an opportunity for continued population contraction on the Monterey Peninsula, and a way to hinder economic growth, reduce tourism, and shutdown military bases. He said that the business community will ask how public ownership would affect the economy in the future. (34) **Jessica Skaggs**, student at CSUMB, asked if the District acquired CAW, would CAW's efforts to promote water conservation continue. Also, if desalination did not go forward, what would be done to promote sustainable water supply practices and to address the diminishing water supply. (35) **Suzie Gabri**, resident of Pacific Grove, stated if 85% of the nation had public water, why shouldn't Monterey Peninsula ratepayers. She expressed opposition to the desalination project because it would utilize experimental slant well technology; the environmental impacts; and high energy use. She asked how the brine would be disposed of. (36) **George Paul**, Blue Valley Group, asked Mr. Mastracchio if the estimates of cost to operate the CAW water system included labor costs and benefits. Mr. Mastracchio responded that those costs were included in the estimate. (37) **Eleanor Markarian**, member of the Water Resource Management class at CSUMB, expressed concern about the environmental effects of the proposed desalination project. She urged the Board to place the desalination project EIR at a higher priority when considering the future of the desalination plant. (38) **Kevin Weaver**, senior at CSUMB and member of the Water Resource Management class, expressed concern about the financial feasibility of water access for low-income families with construction of the desalination project. (39) **Phil Wellman**, Public Water Now, stated that skyrocketing water rates that must be paid in this community over the last 20 years could not be disputed. The road to public ownership would not be easy but he was sure the community could achieve it.

#### ADJOURNMENT

The meeting was adjourned at 8:00 pm.

  
Arlene M. Tavani, Deputy Clerk to the Board