

REGULAR MEETING
Seaside Groundwater Basin Watermaster
March 5, 2008

MINUTES

I. CALL TO ORDER

Chairman Rubio called the meeting to order at 2:03 p.m. in the Monterey Regional Water Pollution Control Agency Boardroom at 5 Harris Court, Building D, Monterey.

II. ROLL CALL

City of Seaside – Mayor Ralph Rubio, Chairman
Laguna Seca Subarea Landowner – Director Bob Costa
Monterey Peninsula Water Management District – Director Judi Lehman, Secretary
California American Water – Director Tom Bunosky
City of Monterey – Councilmember Frank Sollecito
City of Sand City – Mayor David Pendergrass
Coastal Subarea Landowner – Director Paul Bruno, Vice Chairman
Monterey County/Monterey County Water Resources Agency – (Alternate) Curtis Weeks

Absent: City of Del Rey Oaks – Mayor Joseph Russell, Treasurer

III. APPROVAL OF MINUTES

Moved by Director Weeks, seconded by Director Costa, and unanimously carried, to approve the Watermaster Regular Meeting minutes of February 6, 2008.

IV. REVIEW OF AGENDA

There were no changes to the agenda.

V. PUBLIC PARTICIPATION/ORAL COMMUNICATIONS

There were no questions or comments from the public.

VI. CONSENT CALENDAR

- A. Approval of Summary for Payments made in February 2008 \$32,508.26
- B. Current Year Financial Reports – Through February 29, 2008

Moved by Director Weeks, seconded by Director Costa, and unanimously carried, to approve the payment of bills and the current fiscal year financial reports.

VII. ORAL PRESENTATION – None scheduled.

VIII. OLD BUSINESS

A. COMMITTEE REPORTS

1. BUDGET AND FINANCE COMMITTEE

- a) Consider Monterey Regional Water Pollution Control Agency (MRWPCA) Request for Watermaster Financing of Groundwater Replenishment Project (GWRP)

Mr. Ray Corpus, Budget/Finance Committee Chair, reviewed the submitted memorandum regarding the request for Watermaster financing of the GWRP. The \$100,000 Watermaster funding would be used to develop a report of the GWRP that would be submitted in May 2008 as one of a required list of alternative projects that the CAW Coastal Water Project is to provide to the Public Utilities Commission (PUC) for consideration: The PUC may approve the CAW Project, the CAW Project and an alternative project, only an alternative project, or nothing at all. Director Bruno, member of the B/F Committee, stated the Committee chose to commit only the \$100,000 until the PUC made its decision in the matter sometime in June 2008.

Moved by Mayor Pendergrass, seconded by Director Bruno, and unanimously carried, to authorize up to \$100,000 in financing for MRWPCA to develop project reports on the GWRP for inclusion as a listed alternative project to the California American Water Moss Landing desalination Coastal Water Project to be presented in environmental review documents to the Public Utilities Commission in May 2008 for possible project approval.

2. TECHNICAL ADVISORY COMMITTEE (TAC)

No current report.

B. OTHER OLD BUSINESS

1. State Water Resources Control Board (SWRCB) Cease and Desist Order (CDO) and Hearings Regarding California American Water

Mr. Don Freeman, Seaside City Attorney, stated that he and Attorney David Laredo had proceeded per the direction of the Board at the last meeting and had prepared documents for filing with the Court by the City of Seaside on behalf of Watermaster to obtain full party status for participation in the hearings relating to the CDO issued to CAW. It was recommended that the Board ratify the submission of the status request to Judge Randall to meet the March 14th SWRCB hearing participation status notification deadline prior to the preconference hearing scheduled for March 19th. The evidentiary hearing is scheduled for April 1, 2008 in Sacramento. The full hearing will be held on June 19 and, if necessary, June 20, 2008, in Monterey.

Mr. Tim Miller, Corporate Counsel for CAW, explained to the Board the two levels of participation in the hearings: Full-party introduces evidence and examines witnesses, much like a litigant; an interested person makes policy statements with regard to the matter. Mr. Miller stated that he did not see the necessity for anyone but CAW to have full party status. The SWRCB does not have the authority to modify the basin adjudication decision and has no jurisdiction over groundwater. When Order 95-10 on which the CDO is based was issued, the basin was not adjudicated; any action now by the SWRCB cannot impinge on the adjudication. If SWRCB did issue any order in conflict with adjudication, CAW would appear in court, most likely in front of Judge Randall, seeking declaratory relief or some other action. Mr. Miller expressed concern that Watermaster as a full party participant could present a conflict in the judicial proceedings as Watermaster is an arm of the judicial branch. He stated that policy statements made by interested parties either as Watermaster Board members or as individuals representing respective agencies are most welcome by CAW and would afford the Board adequate opportunity to participate in the proceedings. Watermaster status as interested party submitting policy statements would eliminate ratepayers having to support full party involvement by both the Watermaster and CAW, with the two parties potentially being at odds. Mr. Freeman expressed that he did not foresee any adversarial situation between Watermaster and CAW, but more of a collaborative effort amongst counsel of both parties.

Mr. Freeman stated that Judge Randall would consider the full party status request, upon Board ratification of the application, and would ultimately make the determination as to what level the Board is to proceed. All legal parties that participated in the action would be involved in the conference with the Judge scheduled for March 11th. Director Bunosky stated that currently CAW would object to Watermaster or any other party having full party status. Chair Rubio stated that if CAW changed its position, Watermaster would not have the opportunity later to file for full party status.

Moved by Director Pendergrass, seconded by Director Sollecito, and carried, with Director Bunosky abstaining, to ratify the City of Seaside's Motion for Court Approval for Watermaster to participate as a full party in the State Water Resources Control Board – Division of Water Rights hearing regarding Cease and Desist Order WR 2008-OOXX-DWR issued to California American Water, received on January 15, 2008.

IX. NEW BUSINESS

A. Assessments due by CAW

Mr. Freeman reviewed the submitted memorandum regarding overdue assessments owed to Watermaster by CAW. Director Bunosky, on behalf of CAW, submitted correspondence to Watermaster at the beginning of the meeting requesting a credit in the amount of \$13,469,120.00 toward the replenishment assessment fees owed Watermaster

through December 31, 2007. Mr. Freeman suggested referring the request to the Watermaster Budget/Finance Committee for consideration and recommendation. He stated that the credit has no bearing on the Monitoring and Management – Operations Fund or Administrative Fund overdue assessments owed by CAW. Director Bunosky acknowledged that the credit request applied only to the replenishment assessment; CAW does not object to paying the Operations Fund and Administrative Fund assessments and will do so upon receipt of invoices reissued by the Watermaster to CAW.

Moved by Director Bruno, seconded by Director Weeks, and unanimously carried, to continue the matter to the next Watermaster Board meeting, and to refer the matter to the Watermaster Budget/Finance Committee.

X. INFORMATIONAL REPORTS

- A. Timeline schedule of Milestone dates (Critical date monitoring)
 - B. Report of Groundwater Production for Quarter Ended 12/31/07
 - C. Technical Advisory Committee (TAC) draft minutes of February 13, 2008
 - D. Receipt of Quarterly Groundwater Quality Monitoring Report for December 2007
- There were no questions or comments.

XI. DIRECTOR'S REPORTS

Director Weeks reported that he had been requested to coordinate a report on the status of water supply projects in the region in relation to an element of the CDO issued by SWRCB. He does not know who the contact is in the matter, but will compile the report. Director Bunosky reported that a meeting will be held March 18th and 19th at the Embassy Suites Seaside to explain the CAW rate case. There will be a discussion of the SWRCB CDO as well at the meetings.

XII. EXECUTIVE OFFICER COMMENTS

Next TAC meeting is scheduled for Wednesday, March 12, 2008 at Seaside City Hall.

XIII. NEXT MEETING DATE – APRIL 2, 2008 at the Monterey Regional Water Pollution Control Agency (MRWPCA) Board meeting room at 5 Harris Court, Building "D" on Ryan Ranch in Monterey at 2:00 P.M.

XIV. There being no further business, Chairman Rubio adjourned the meeting at 2:46 p.m.