

SPECIAL MEETING
Seaside Groundwater Basin Watermaster
February 4, 2009

MINUTES

I. CALL TO ORDER

Chairman Rubio called the meeting to order at 2:00 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
Coastal Subarea Landowner – Director Paul Bruno, Vice Chair
Monterey Peninsula Water Management District (“MPWMD”) – Director Judi Lehman, Secretary
City of Del Rey Oaks – Mayor Joseph Russell, Treasurer
Laguna Seca Subarea Landowner – Leonard McIntosh (Alternate)
California American Water (“CAW”) – Director Craig Anthony
City of Monterey – Mayor Charles “Chuck” Della Sala
City of Sand City – Mayor David Pendergrass
Monterey County/Monterey County Water Resources Agency (“MCWRA”) – Curtis Weeks (Alternate)

Absent: None

III. APPROVAL OF MINUTES

There were no minutes submitted for approval.

IV. REVIEW OF AGENDA

There were no changes to the agenda.

V. PUBLIC PARTICIPATION/ORAL COMMUNICATIONS

Attorney Russ McGlothlin, acting on behalf of Watermaster, reported that he had filed the Report to the Court answering the judge’s questions posed at the December 12, 2008 hearing regarding the Watermaster 2008 Annual Report.

VI. CONSENT CALENDAR

- A. Consider Approval of Summary for Payments Made in January 2009 totaling \$12,325.00
- B. Consider current year Financial Reports – Through January 31, 2009

Moved by Mayor Russell, seconded by Director Lehman, and unanimously carried, to approve the consent calendar as presented.

VII. ORAL PRESENTATION

- A. Mr. McGlothlin announced that the California Public Utilities Commission (“CPUC”) Draft Environmental Impact Report (“DEIR”) for the California American Water proposed Coastal Water Project had been released on January 30, 2009. He noted the report being in more of a National Environmental Protection Act than a California Environmental Quality Act format

whereby components of alternative projects are compared to others without one being designated the lead project. The preferred approach of staff was the Regional Project requiring fewer infrastructures but requiring agreements that have as yet not been established. Staff found the most environmentally benign project would be the North Marina Project using vertical wells for recharge. Environmental issues of concern were greenhouse gas emissions, noise, and other temporary impact issues that were limited in scope. The document is very thorough and well written and should stand if any CEQA challenges are brought forth. There is a 60-day period for comments to be submitted, and public hearings are scheduled for March 2nd – 4th.

Mayor Russell requested that Watermaster meetings be coordinated to allow the Board to respond within the comment period. Mr. Jaques stated that the TAC would be reviewing the DEIR and generating comments and would coordinate its meetings with the Board's to accommodate the 60-day response period. Mr. Evans would be sending out an email to all on the dates of the hearings.

- B. Mr. Keith Israel, General Manager for the Monterey Water Pollution Control Agency, presented to the Board a summary of the Monterey Peninsula Groundwater Replenishment Project ("GWRP") and its relation to the CPUC DEIR alternative projects. Although the GWRP did not make the first phase of the Regional Water Supply Program, MRWPCA would be supplying information and other supporting documents to the CPUC in an effort to remain viable for the first phase of the program. Director Lehman inquired as to the source of project start-up funding. Mr. Israel stated that potential customers such as CAW would be solicited to pay for those costs that would be incorporated into the price of the water. The 1,000 acre-feet from the Regional Water Augmentation Project component of the proposed first phase is the amount available beyond the 1,487 acre-feet, and possibly up to 1,727 acre-feet, approved by FORA for two golf courses and projected projects such as the City of Del Rey Oaks resort.

VIII. OLD BUSINESS

- A. The board received a presentation by Derrick Williams of HydroMetrics LLC on the Basin Management Action Plan ("BMAP"), a draft of which was provided at the last regular meeting. Mr. Williams noted that the operation yield triennial reductions are required unless certain actions are met including the procurement by Watermaster of additional water or determining that groundwater levels are high enough to prevent seawater intrusion. The TAC will be presenting findings at the Board's March meeting and Mr. Williams suggested considering legal assistance in parsing legal language from the technical findings.

Moved by Mayor Russell, seconded by Director McIntosh, and unanimously carried, to approve the Watermaster Basin Management Action Plan as presented.

- B. Mr. Jaques stated that it was found that due to Watermaster being an arm of the court its actions are exempted from CEQA requirements as per the California Code therefore the Seawater Intrusion Response Plan is complete and ready for approval by the Board.

Moved by Director Bruno, seconded by Mayor Russell, and unanimously carried, to approve the Watermaster Seawater Intrusion Response Plan as presented.

- C. Mr. Jaques stated he had reviewed the invoice of \$100,000 from MRWPCA for developing the planning documents for the GWRP and was satisfied that MRWPCA had completed preparation of all the documents that fulfill the commitments under the one-time Memorandum of Agreement (“MOA”) with Watermaster. The TAC had examined the documents and was satisfied that they met all of the objectives of the MOA. Director Anthony inquired as to whether upon completion of the GWRP the \$100,000 would be included in the cost of the water produced to which Mr. Israel stated that the reimbursed expenses would not be charged for again.

Moved by Mayor Pendergrass, seconded by Director Lehman, and unanimously carried, to approve payment to MRWPCA of the \$100,000 in funding assistance in accordance with the Memorandum of Agreement entered into in April of 2008 and to direct staff to send a letter to MRWPCA stating that the Watermaster accepts the documents prepared by MRWPCA as fulfillment of MRWPCA’s obligations under the MOA.

IX. NEW BUSINESS

There were no new business items.

X. INFORMATIONAL REPORTS (No Action Required)

- A. Timeline Schedule of Milestone Dates (Critical date monitoring)
- B. Technical Advisory Committee minutes of January 14, 2009
- C. Water Production Report for First Quarter of Water Year 2009
- D. Recommended Adjustments to Carryover Credit Record Keeping and Replenishment Assessment Calculation

Mr. Russ McGlothlin addressed the Board on item X.D. stating that City of Seaside and CAW drafted a memorandum and distributed it to legal counsels explaining the legal rationale for the approach recommended, and distributed Mr. Jaques’ response to the draft memorandum outlining the current approach used by Watermaster in calculating the Replenishment Assessments. Mr. McGlothlin had received response from Graniterock Company stating they concur with the proposed approach; he had not heard back yet from others. He and Watermaster staff had met earlier and developed a process whereby Watermaster staff would also solicit feedback to the documents distributed from legal counsels and report further at the Watermaster March Board meeting. Mr. McGlothlin had not received any indication of disagreement to the proposed approach, and felt the issue was legal interpretation of the language of the Decision and not a policy issue. He requested the Board consider at the March meeting an amendment to the Watermaster Rules and Regulations to allow for the recommended approach for calculating Replenishment Assessment. Chair Rubio so directed staff to solicit feedback from legal counsels for water interests on the matter.

XI. DIRECTORS’ REPORTS

Director Bruno stated he had sent correspondence in support of MPWMD granting an application to amend the CAW distribution permit to serve the Monterey Bay Shores Ecoresort. He was unable to attend the MPWMD meeting on January 29, 2009 however had heard that a

motion was made to condition the permit to require SNG, the owner of the resort and an adjudicated party, to give to MPWMD any water produced in excess of that permitted for the resort. Director Bruno had concern with “takings” issues and was dismayed that MPWMD would act against SNG efforts to best use and redistribute production for the good of the Basin. He felt Watermaster should review the issue and come back with a strong stance. Mayor Pendergrass who attended the MPWMD meeting on January 29th as a member of the Board stated that the motion to establish the permit condition had failed, but he had stated for the record at the time that if the motion had passed, the issue would need to be brought before Watermaster. Mayor Russell agreed with Director Bruno’s comments that the MPWMD actions seemed to counter the efforts of Watermaster and the Decision. Mayor Pendergrass felt that Judge Randall would most likely not look favorably on an attempt at denying a party its right to water.

XII. EXECUTIVE OFFICER COMMENTS

CEO Evans stated that a schedule of public hearings of the PUC Draft EIR for the CWP on March 2-4 would be emailed to directors and interested parties tomorrow.

The next Watermaster TAC meeting is scheduled for Wednesday, February 11th at 1:30pm at the Seaside City Hall portable building conference room.

XIII. NEXT MEETING DATE – Regular Meeting to be held on March 4, 2009 , 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 3:09 p.m.