REGULAR MEETING
Seaside Groundwater Basin Watermaster

March 7, 2007

MINUTES

I. CALL TO ORDER
Chairman Rubio called the meeting to order at 1:34 p.m. in the Seaside Community Center at Soper Field, 220 Coe Avenue, Seaside.

II. ROLL CALL
City of Seaside – Mayor Ralph Rubio, Chairman
Laguna Seca Subarea Landowner – Director Bob Costa, Vice Chairman
Monterey Peninsula Water Management District – Director Michelle Knight, Secretary
City of Monterey –(Alternate- Director) Les Turnbeaugh
City of Sand City – Mayor David Pendergrass
California American Water – Director Steve Leonard
City of Del Rey Oaks – Mayor Joseph Russell
Coastal Subarea Landowner – Director Paul Bruno
Monterey County/Monterey County Water Resources Agency – Supervisor Jerry Smith, District 4

III. APPROVAL OF MINUTES
Moved by Mayor Pendergrass, seconded by Mayor Russell, and unanimously carried, to approve the Watermaster Special meeting minutes of January 31, 2007 and the Watermaster Regular meeting minutes of February 7, 2007.

REVIEW OF AGENDA
There were no changes to the agenda.

IV. PUBLIC PARTICIPATION/ORAL COMMUNICATIONS
There were no questions or comments from the public.

V. CONSENT CALENDAR

| Contract Compensation—CEO                      | $7,237.50 |
| Reimbursable—General                             | 2,048.96  |

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

VI. OLD BUSINESS

A. COMMITTEE REPORTS
1. TECHNICAL COMMITTEE

Report on Seaside Groundwater Basin Watermaster Monitoring and Management Program (“BMMP”) Implementation Plan and Schedule

Sarah Hardgrave, RBF Consultants, provided to the Board and public at the meeting a clean Revised Draft Implementation Plan - Seaside Basin Monitoring and Management Program. Changes made to the original draft documents furnished to Directors in the Watermaster Board packet prior to Monday’s Technical Advisory Committee (“TAC”) meeting of March 5th were provided in a marked up copy of the report text pages 2 through 28.

TAC Chair, Diana Ingersoll stated that the intent of the document was for submittal to the Court on March 13, 2007 in order to gain Court approval to implement, with schedule changes, the previously court-approved program. Ms. Ingersoll reviewed with the Board the marked up copy of the Plan text. She pointed out that each section refers to items required by the Court to be addressed by March 13th. Section 2.2 addresses the concerns of Laguna Seca property owners and the City of Del Rey Oaks. She emphasized that Phase 2, briefly addressed in the document, is very dependent on the outcome of the data obtained in Phase 1; the TAC will come back to the Board in the future with a recommendation on the implementation of Phase 2. She stated that the TAC had emphasized the need for the addition of section 4 to show extensive efforts by California American Water (“Cal-Am”) and the Monterey Peninsula Water Management District (“MPWMD”) in avoiding overproduction of the basin and to show that extra measures were being taken to monitor for any indication of seawater intrusion. Ms. Ingersoll thanked Mr. Joe Oliver of MPWMD, Ms. Sarah Hardgrave of RBF Consulting, John Fischer Public Member, Les Turnbeaugh of the City of Monterey, Tom Bunosky of Cal-Am, and Kathy Thomasberg of MCWRA, for working as a team to develop the draft implementation plan.

Ms. Hardgrave, in response to an inquiry by Mayor Russell regarding section 4.3, stated the Cal-Am Seaside Basin Adjudication Compliance Project is intended to expedite, hopefully within the year, the delivery of water for phase one of the Aquifer Storage and Recovery (“ASR”) Project, well in advance of the Coastal Water Project time line. Director Leonard referred to section 4.1 and requested that wording be added to the last sentence of the first paragraph indicating that the increase from 1,000 acre feet per year (“AFY”) to 2,300 AFY is not insured until the CPUC EIR is adopted, approximately a year from now.

Attorney Sandra Dunn stated that the report is intended to update the Court on the status of the execution of contracts to implement the BMMP. She expressed her concern that if any modifications are being made to information previously submitted by Watermaster to the Court, those changes should be called out and explained in this current submittal. Ms. Ingersoll, in support of Ms. Dunn’s statement, offered the TAC to work with attorneys to prepare the report for Court submission.

Moved by Supervisor Smith, seconded by Director Leonard, and unanimously carried, to accept the Revised Draft Implementation Plan -Seaside Basin Monitoring and Management Program, with the addition to section 4.1, first paragraph, last sentence, of wording to
indicate that the increase is reliant upon adoption of the Coastal Water Project Environmental Impact Report by the California Public Utilities Commission, and to direct the TAC to work with legal counsel to insure that the Draft Implementation Plan is in a complete, acceptable format for submission to the Court on March 13, 2007.

B. Award contract for Phase I Implementation and Analysis to RBF Consulting and Monterey Peninsula Water Management District/Monterey County Water Resources Agency

Ms. Ingersoll directed the Board to Appendix A, page 17: Phase 1 Budget Summary and to page 18: Table 2: Phase 1 Proposed Scope and Labor Budget Detail. The total cost of Phase 1 is not to exceed $483,367 for both contracts; RBF amount is $390,071 and MPWMD amount is $93,296. The actual contracts were not made available to the Board for review.

Ms. Ingersoll requested the Board consider adding a technical program manager to the Watermaster staff. Director Leonard requested that the discussion regarding a Watermaster technical project manager be agenized for the next regular meeting and, additionally, that discussion includes the prospect of the Watermaster hiring legal counsel. Chair Rubio directed TAC to develop a project manager job description and costs, and for the Budget/Finance Committee to determine what the budget allows.

Chair Rubio inquired if the absence of a contract would affect the March 13, 2007 submittal. Attorney Freeman stated that the lack of a contract would not affect the submission on March 13th.

The Board discussed how the retention of a project manager might affect the scope of work and costs presented. Ms. Ingersoll stated that oversight by a Watermaster appointed individual would insure work is being performed as contracted and pointed out the potential administrative cost savings. Ms. Dunn stated that each of the contracts drawn up with RBF and MPWMD/MCWRA should include a detailed scope of work to insure no duplication of work occurs. Director Bruno brought to the attention of the Board that the combined Watermaster Monitoring and Management Budget Capital ($150,000) and Operations ($258,350) Funds reflect a total amount available of $408,350, short of the $483,367 needed for the contracts being considered. He suggested that when contracts are awarded that an assessment be levied at the same time to avoid encumbering contracts beyond what is available in the funds.

Moved by Director Turnbeaugh, seconded by Supervisor Smith, and unanimously carried, to direct staff to bring to the Board at a future meeting, based on the presented scope of work and budget summary, a contract with RBF Consulting not to exceed $390,071 and a contract with MPWMD/MCWRA not to exceed $93,296, for a combined total not to exceed $483,367.
2. **BUDGET/FINANCE COMMITTEE**  
No current reports.

VII. **NEW BUSINESS**  
A. Declaration regarding the Unavailability of Artificial Replenishment Water for Water Year 2007  
Per Ms. Dunn, at the beginning of the Water Year the Watermaster is directed to make a declaration whether or not replenishment water is available in that water year. If it is not available, producers cannot pump over the operating yield of the basin. Ms. Dunn reviewed the submitted *Seaside Basin Groundwater Account per Amended Decision*, the *Water Year 2006 Replenishment Assessment*, and the *Water Year 2007 Water Account*, the latter listing the operation yield, carry-over storage, and total available production for each pumping entity if there is no replenishment water available. ASR project replenishment is projected to be minor for 2007 (2 – 20 acre feet). Future replenishment will be used to offset Cal-Am’s use of Carmel River Water and will not be applied to the basin account.

Moved by Supervisor Smith, seconded by Director Knight, and unanimously carried, to adopt a Declaration of Unavailability of Artificial Replenishment Water for Water Year 2007, the declaration being reflected in the minutes of the meeting, and a notice being sent out by the Watermaster CEO to each producer indicating its specific production allocation for Water Year 2007.

B. Credit Toward Replenishment Assessment  
Ms. Dunn addressed the Board citing a provision in the Court decision to allow for Cal-Am to bring costs of water supply augmentation to the Watermaster for a replenishment assessment credit. She suggested that a Watermaster committee develop a procedure to substantiate requests for reduction of replenishment assessment obligation. Mr. Freeman suggested referring agenda items B and E to an administrative committee to look at the credit balance presented by Cal-Am and develop criteria based on the judgment to make a recommendation back to the Watermaster Board as to the validity of the credit request. Director Knight noted that Cal-Am’s augmentation credit request was based on a set formula. Ms. Dunn explained that there are different methods of accounting for different types of water augmentation.

Moved by Director Bruno, seconded by Director Turnbeaugh, and unanimously carried, to refer to the Watermaster Budget/Finance Committee the development of criteria implementing Section III. M. 1. D of the Judgment – Credit Toward Replenishment Assessment, and for the Committee to review the credit request by California American Water of $465,252 against Water Year 2006 Replenishment Assessment for replenishment water jointly made available through MPWMD and California American Water’s pilot ASR project, and make recommendations to the Board at its next regular meeting.
C. Amended Rules and Regulations
Ms. Dunn stated that two additions to the Rules and Regulations were made: page 8 6.5.1 relating to the calculation of the assessment for production over natural safe yield; and page 11 11.1 water metering devices to be used for reporting water production within the basin. Mayor Pendergrass, a member of the Rules and Regulations Committee, pointed out that the committee included the headings for these two items, but intentionally left the wording out until such time as an agreement was reached on each subject, which is now the case.

Moved by Director Knight, seconded by Director Bruno, and unanimously carried, to adopt the amended Rules and Regulations of the Seaside Groundwater Basin Watermaster as presented.

D. Timeline of Meaningful Future Events
Ms. Dunn stated that the CEO developed the timeline format and that legal counsel should review it carefully for accuracy and consistency with the BMMP and the implementation plan. Chair Rubio directed the TAC and legal counsel to review the information with the CEO. Director Knight requested that on page two where annually and quarterly reporting is noted, include by what date. Director Bruno noted under Other Critical Dates, that the definitive date be indicated as to when each alternative producer has to choose whether or not to switch to standard production. Director Costa requested that pertinent imminent dates from the timeline be included in each newsletter that the CEO has commenced distribution of. Chair Rubio directed staff to make the suggested changes and bring the timeline back to the Board at its next meeting.

E. Credit to California American Water of $465,252
Addressed under agenda item B.

F. Report to Court by March 13, 2007
Ms. Dunn stated that the draft court filing provided to the Board needs to be modified to include the Draft Implementation Plan that was presented today, and review is necessary to insure that the information is consistent and in a format acceptable to the Court.

Moved by Director Leonard, seconded by Director Bruno, and unanimously carried, to direct the Executive Officer to work with the Technical Advisory Committee and legal counsel to modify the report and distribute the final draft to the Watermaster Board of Directors and interested parties for final review prior to submission to Court on March 13, 2007, with the completed, full report to be presented to the Board at the next regular meeting,

IX. STAFF INFORMATIONAL REPORTS
A. Agreement Between the Seaside Basin Watermaster and Martin B. Feeney for Professional Services to Implement the Seaside Groundwater Basin Watermaster Seawater Sentinel Monitoring Wells Work Plan
The Board received the contract as informational.

X. DIRECTOR’S REPORTS
Director Turnbeaugh commended Ms. Ingersoll for exemplary performance as Chair of the Technical Committee.

XI. NEXT MEETING DATE – APRIL 4, 2007, LOCATION TO BE DETERMINED AND ALL WILL BE NOTIFIED BY EMAIL.

XII. There being no further business, Chairman Rubio adjourned the meeting at 3:10 p.m.