

SPECIAL MEETING OF THE
Seaside Groundwater Basin Watermaster
October 27, 2006

MINUTES

I. CALL TO ORDER

Chairman Rubio called the meeting to order at 2:33 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 – Bob Costa, Vice Chairman (2:36 p.m.)
Monterey Peninsula Water Management District (“MPWMD”) – Director Michelle Knight, Secretary
City of Monterey – Mayor Dan Albert, Treasurer
City of Sand City – Mayor David Pendergrass
California American Water Co. – Steve Leonard
City of Del Rey Oaks – Mayor Joseph Russell
Monterey County/Monterey County Water Resources Agency (“MCWRA”) – Jerry Smith, District 4 Supervisor
Coastal Subarea Landowner – Paul Bruno

III. PUBLIC PARTICIPATION/ORAL COMMUNICATIONS

There were no comments from the public.

IV. SPECIAL MEETING BUSINESS

1. Adopt 2007 Administrative (Calendar) Year Budgets

The recommendation is for adoption of tentative budgets with parties allowed 15 days to respond to the Board action. If no objections, then the budgets become final. If still an objection, then the budgets would be revised by the Board and put to the parties again for response. Further objections would be presented to the Court.

Chair Rubio requested that the budgets be reviewed quarterly for the Board to provide optimum fiduciary oversight.

• **Administrative Budget**

There were no questions or comments from the public.

Moved by Mayor Albert, seconded by Mayor Russell, and unanimously approved, with Directors Costa and Bruno recusant, to adopt the tentative 2007 Administrative (Calendar) Year Budget as presented, with a report format to be presented to the Board showing the carryover of any reserve fund or unspent revenue to the next fiscal year, and budget to actual revenue and expenditures.

- **Monitoring and Management Plan Budget**
 1. ***Planning and Monitoring – Operational Assessment***
 2. ***Capital Improvement and Groundwater Model Assessment***

CEO Evans clarified for the Board that the Operational Assessment (\$200,000) is one fund in the Monitoring and Management Plan Budget, with the Capital Improvement and Groundwater Model Assessment (\$1 million) being the other.

The Request for Proposals will be noted as an expense to be charged to the Planning and Monitoring – Operational Assessment in 2006. Other costs will be charged to the respective year budget as they arise. Mayor Pendergrass requested that notes to the budgets be listed specifically; for example what basis the +/-40% error is calculated on (the standard used in engineering as order of magnitude level of accuracy).

The Technical Committee will be charged with recommending to the Board how to proceed with the placement of the new well sites, bearing in mind that the Judgment requires 4 to 6 well sites total, but does not specify the number to be placed in each of the Coastal and Inland areas. Eliminating one well site would bring costs within the proposed budget. Due to the inland wells being used more for basin characterization than intrusion monitoring, it is recommended by Joe Oliver, MPWMD, that an inland site be eliminated. Data logger costs would not be reduced with the elimination of one well site, as the inland sites were not intended to have the data logging systems.

Mr. Russ McGlothlin, Counsel to the City of Seaside, clarified that the assessments of \$200,000 for operations and \$1 million for capital improvements are caps per the judgment for the one-time assessment, but there are no caps on what is budgeted or assessed for following years. The Board can demonstrate to the court its ability to prudently manage the program by raising more funds or applying overages when needed.

Moved by Mayor Albert, seconded by Mayor Russell, and unanimously approved, with Directors Costa and Bruno recusant, to adopt the tentative 2007 Planning and Monitoring – Operational Assessment and the Capital Improvement and Groundwater Model Assessment Funds comprising the Monitoring and Management Plan Budget: Monitor Well Construction to consist of 5 well sites instead of 6 @ \$180,000 per 4 wells at each site; quarterly review of the budgets by the Board; and notes to specify that the costs for the RFP for completion of the Basin Monitoring and Management Plan and implementation will be charged against Operational Assessment and that cost estimates and accuracy basis presented in the budgets are taken from the *Seaside Basin Monitoring and Management Program*.

Mr. McGlothlin recommended that the Board-approved *Seaside Basin Monitoring and Management Program* (“*Program*”) be amended to 5 well sites instead of 6 and that the Technical Committee be responsible for prioritizing the placement of the wells, to be consistent with the budget being adopted. Chair Rubio directed that the amendment to the *Program* be placed on the agenda of the next Regular Meeting, and acknowledged the Technical Committee’s responsibility to prioritize well placement.

- **Over-Production Replenishment Assessment Budgeted Amount**

Charlie Kemp, California American Water Company, presented slides on the data used to calculate the \$1,132 per acre-foot Over-production Replenishment Assessment agreed upon by the Technical Committee. Still to be decided is the “allocated share” to be brought to the Court on or after November 1, 2006. Mr. Kemp approximated accuracy of the determination to be +/-10%.

The Board discussed “in-lieu” recharge as it related to the letter to the Board from Eric N. Robinson, on behalf of the Laguna Seca Alternative Producers, dated October 27, 2006, requesting revisions and clarifications to agenda items for today’s meeting regarding the Replenishment Assessment Budget.

Chair Rubio instructed any interested party not yet represented on the Technical Committee to contact the Board for appointment consideration.

Mr. McGlothlin clarified for the Board that the \$1,132 is an assessment, not a budget – it is the 2007 cost per acre-foot of over-production that will be forecast to producers. The assessment is not due to be reviewed in 2007, however, if funds are under-budget for 2007, then the Board can set a new rate for 2008 to make up any deficit. Chair Rubio requested that staff track the data used to determine the assessment and report to the Board on a regular basis.

There were no questions or comments from the public.

Moved by Director Bruno, seconded by Director Knight, and unanimously approved, to adopt the tentative 2007 Over-Production Replenishment Assessment at \$1,132, and, pursuant to the Physical Solution imposed by the Judgment the Assessment on overproduction in excess of Natural Safe Yield does not apply to groundwater production within any Alternative Production Allocation.

2. **Adopt Seaside Watermaster Tasks and “Time” Schedule**

Mr. McGlothlin noted that in Table 1, Near-Term Tasks Required by the Judgment, second row, column two, a correction would be made prior to submission to the Court if in fact the payment of the assessments are not made by that time, indicating that the initial funding, assessments and payments have not been completed.

Moved by Director Bruno, seconded by Director Smith, and unanimously approved, to adopt Seaside Watermaster Tasks and "Time" Schedule Tables 1 through 3 with stated change, if necessary.

V. INFORMATIONAL REPORT

Mr. McGlothlin advised the Board that the plan is for the City of Seaside to file the petition in conjunction with California American Water Company legal counsel – one petition filed jointly. A draft of the petition is anticipated to be presented at the November 1, 2006, regular Board meeting.

**REGULAR MEETING SCHEDULED FOR WEDNESDAY, NOVEMBER 1,
2006 1:30 P.M., SOPER FIELD, SEASIDE, CALIFORNIA**

VI. ADJOURNMENT

There being no further business, Chairman Rubio adjourned the meeting at 3:55 p.m.