

SPECIAL MEETING
Seaside Groundwater Basin Watermaster
November 29, 2012

I. CALL TO ORDER

Chair Bruno called the meeting to order at 2:03 p.m.

II. ROLL CALL

Coastal Subarea Landowner – Director Paul Bruno, Chair
California American Water (“CAW”) – Director Eric Sabolsice
City of Seaside – Mayor Felix Bachofner
City of Del Rey Oaks – Mayor Jerry Edelen
Laguna Seca Subarea Landowner – Director Bob Costa
City of Sand City – Mayor David Pendergrass
City of Monterey – Mayor Charles “Chuck” Della Sala
Monterey County/Monterey County Water Resources Agency (“MCWRA”) – David Chardavoyne -
Alternate
Absent: Monterey Peninsula Water Management District (“MPWMD”) – Director Bob Brower

III. APPROVAL OF MINUTES

Moved by Mayor Pendergrass, seconded by Mayor Edelen, and carried, to approve the minutes of the October 3, 2012 Watermaster regular meeting. Mayor Della Sala and Director Chardavoyne abstained having not attended the October meeting.

IV. REVIEW OF AGENDA

There were no requested changes to the agenda.

V. PUBLIC PARTICIPATION/ORAL COMMUNICATIONS

There were no public communications.

VI. CONSENT CALENDAR

A. Consider approval of Summary for Payments made during October and November 2012 totaling \$44,985.44.

2:10 p.m. – Mayor Bachofner arrived at the meeting.

B. Consider approving fiscal year financial reports through November 29, 2012.

C. Consider approving **1.** RFS 2013-01 and 2013-02 with MPWMD for \$83,970.00 and \$5,154.00 respectively and; **2.** RFS 2013-01 and 2013-02 with HydroMetrics for \$12,100.00 and \$22,655.00 respectively. The TAC reviewed all of the contracts presented at its October 14, 2012 meeting and recommended approval by the board.

Director Sabolsice had questions regarding the Replenishment Fund Financial Report under item B. CAW and Watermaster would discuss the calculations and replenishment assessment amounts prior to the report being considered finalized.

Mayor Della Sala requested a comparison of costs for tasks to be performed in 2013 under item C with costs for the same tasks performed last year. Mr. Jaques responded that the costs were generally the same and outlined the differences from last year. He would provide that comparison information in future reports.

Moved by Mayor Della Sala, seconded by Director Costa, and unanimously carried, to approve the consent calendar as presented, subject to potential changes in the Replenishment Assessment Financial Report after discussions are held between Watermaster and CAW.

VII. ORAL PRESENTATION: None scheduled.

VIII. OLD BUSINESS

A. Schedule of water repayment by CAW for overproduction

1. Report of the Watermaster Ad Hoc Committee on CAW Repayment Schedule

Mr. Evans gave highlights of the staff report submitted regarding the ad hoc committee meeting held November 13, 2012 attended by Directors Bruno, Sabolsice, Edelen, and Bachofner. The meeting was held to better define the CAW requirement to pay back the amount of water overproduced during the years based on a “feasible” schedule as termed in the current Memorandum of Understanding (MOU) for replenishment credit between CAW and the Watermaster. CAW has a need for the schedule to be clarified in order to design its proposed desalination plant at an appropriate size to accommodate the annual repayment amount. Director Bruno noted that the committee felt the most important component of the schedule is the ability to make emergency modifications to it in the event of seawater intrusion. The committee considered a number of payback schedules with regard to basin health, construction costs, ratepayer impact, and community growth. It was felt that Judge Randall would most likely not accept a 50-year time period. Relatively short time periods were evaluated and Director Sabolsice noted project costs would be significantly higher from a construction perspective. The committee ultimately recommended the CAW repayment schedule of 25-years at 700 acre-feet annually.

Director Sabolsice stated the plan was for CAW to “repay” the basin by in-lieu replenishment (non-pumping) of 700 acre-feet per year. The water year subsequent to plant completion would begin the repayment schedule. The in-lieu replenishment repayment would be achieved through obtaining alternative water supply generated by not only the planned CAW desalination plant, but the currently operational Aquifer Storage and Recovery, and the planned MRWPCA Groundwater Replenishment Project (GWRP) as well. Mayor Pendergrass stated that the GWRP would be built and would be a major component for water supply and ground water replenishment.

Director Costa inquired as to the relationship between this agenda item and item 2, modeling by HydroMetrics to evaluate replenishment scenarios. Mr. Jaques stated item 2 was separate from determining a repayment scenario, dealing with contracting HydroMetrics to analyze how a particular replenishment timeline affects protective water levels in the basin. CAW is not required under the MOU to achieve protective water levels in the basin, only to repay amounts it overproduced, however once a repayment timeline is established then future water levels can be modeled.

Mayor Bachofner was the one member of the committee that felt CAW replenishment should occur over ten years. A 25-year repayment schedule begun in 2017 would actually be a 30-year schedule and he felt this too lengthy for several reasons. A larger plant achieving protective water levels in the basin in a timely manner is of major environmental

significance. Once replenishment is achieved, a project designed larger for accelerated replenishment to promote basin health could then be used to supply water for development on lots of record and for other community growth. Also, he felt the unit cost of water would be significantly reduced based on the larger size of the project due to economies of scale. Finally, a larger plant would allow a greater margin of water supply protection against low rainfall years. Mayor Bachofner felt the board should wait to revise the MOU language until after the results of the modeling being considered in item 2 are received to better support a repayment schedule geared toward protective water levels being achieved.

Director Sabolsice informed the board that a water supply project cost analysis workshop was being put on by the Public Utilities Commission December 11th – 13th 2012. That workshop would be an ideal venue for input on additional water supply for growth. He felt the issue was outside the purview of the Watermaster.

Mr. George Riley, WaterPlus, addressed the board, supporting modeling of 10 to 25 years of repayment scheduling. Mr. Riley felt that developing an increased supply source for the GWRP would be more beneficial than increasing desalination plant size. He felt it best to consider a range of replenishment scenarios and timelines to assist with project sizing to achieve the most successful economies of scale, especially regarding the GWRP.

Attorney Don Freeman suggested that the board consider the repayment schedule at today's meeting however not take action to revise the language of the MOU since that action item was not clearly listed on the agenda. Chair Bruno interpreted "establishing a schedule" as an agenda action item.

Moved by Mayor Pendergrass, seconded by Mayor Edelen, and carried, to approve revisions to the language of Section 2 (a) of the agreement within the Memorandum of Understanding between Watermaster and CAW regarding Replenishment Credits against future Replenishment Assessment obligations, to clarify the "feasible" schedule of repayment by CAW of artificial or in-lieu replenishment water to the Basin as a 25-year schedule at 700 acre-feet annually. Mayor Bachofner and Director Costa voted no.

2. Mr. Jaques reviewed the submitted staff report regarding Professional Services Contract with HydroMetrics for \$45,290.00 to update protective water levels and perform modeling work to evaluate replenishment scenarios. If approved today, Hydrometrics could have the protective water level modeling completed by the January 2013 TAC meeting and the preliminary scenario conclusions by the February TAC meeting. Mayor Bachofner requested that tasks 3.c. and 3.d. be added to perform a 10 or 15-year repayment schedule modeling scenario. Director Sabolsice noted that shorter repayment schedule factors had been reviewed and, in the committee's judgment, the timeline most feasible to model was 25-years. He requested that if any other modeling scenarios were desired, they should be sent to the TAC for review and costing. Mr. Rick Riedl of the City of Seaside suggested that Hydrometrics be requested to perform "hand calculations" of the time-critical scenarios involving the 25-year repayment schedule that could be ready by mid-December to determine an order of magnitude of the effects, then have them perform refined analyses and additional scenarios such as 10 or 15-year repayment schedules later, after costs for the additional work had been determined.

Moved by Mayor Pendergrass, seconded by Director Sabolsice, and carried, to approve RFS No. 2012-04 for \$45,290.00 with HydroMetrics to perform groundwater modeling of Seaside Basin 25-year replenishment scenarios, and to approve funding of the \$45,290 with \$7,551 from the Operations Fund contingency account, \$24,220 available from the Operations Fund due to costs identified and deferred to 2013 earlier in the year, and the \$13,519 balance remaining in the Capital Fund. Mayor Bachofner voted no.

IX. NEW BUSINESS

A. COMMITTEE REPORTS

1. TECHNICAL ADVISORY COMMITTEE (TAC)

- a). The board received and reviewed the memorandum from Mr. Jaques regarding the 2012 Seawater Intrusion Analysis Report (SIAR). The full SIAR is available for viewing on the Watermaster web site at <http://www.seasidebasinwatermaster.org>. For the February board meeting, the TAC may recommend adding minimal funding to the Operations Fund Budget for increased monitoring beginning in April 2013 of three near-shore wells to determine if increasing chloride concentrations and decreasing sodium/chloride ratios are indicators of seawater intrusion. More data may be needed to determine if conditions are normal for the area. Director Bruno noted that the Calabrese/Cypress well near the coast that had been inactive since inception of Watermaster is now active.

Moved by Director Sabolsice, seconded by Mayor Della Sala, and unanimously carried to approve the Seawater Intrusion Analysis Report for WY 2012.

- B. The board received and reviewed the memorandum from CEO Evans regarding Watermaster Declaration of NO Replenishment Water Available and producer allocations for Water Year 2013.

Moved by Director Bruno, seconded by Mayor Edelen, and unanimously carried to approve the Declaration of No Artificial Replenishment Water Available and producer allocations for Water Year 2013.

- C. The board received and reviewed the memorandum from Mr. Jaques regarding the Watermaster 2012 Annual Report to Court. The full report is available on the Watermaster web site. The TAC reviewed the preliminary draft report at its October 14, 2012 meeting and recommended approval. A few non-substantive typographical errors will be corrected before submission to the court by December 14, 2012. Director Sabolsice noted that CAW's legal counsel found minor edits to be made prior to submission.

Moved by Director Costa, seconded by Director Sabolsice, and unanimously carried, to approve the Watermaster 2012 Annual Report to Court subject to minor edits and corrections.

- D. The board received and reviewed the memorandum from Ms. Dadiw regarding the extension to the MOU between Watermaster and City of Seaside for the Golf Course In Lieu Replenishment Program (Program). City of Seaside legal counsel, Russ McGlothlin, who drafted the original MOU, drafted extension language that Attorney Freeman received today

and would be reviewing; he recommended the matter be continued to the next board meeting. Director Sabolsice felt the TAC should review the Program to determine if groundwater modeling would be appropriate in assisting with management of the basin.

X. INFORMATIONAL REPORTS (No Action Required)

- A. Timeline Schedule of Milestone Dates (Critical date monitoring)
- B. Technical Advisory Committee (TAC) minutes from October 10 and November 14, 2012 meetings
- C. Report of Water Year 2012 Groundwater Quality and Level Data Collected for Seaside Groundwater Basin – available on the Watermaster web site
- D. Board of Directors and Technical Advisory Committee schedule of meeting dates for Calendar Year 2013
- E. Schedule of Replenishment Assessments for Water Year 2012 overproduction

XI. DIRECTORS' REPORTS

Mayor Bachofner announced that this would be his last meeting and that it had been a pleasure serving on the board. Chair Bruno thanked MRWPCA for allowing the use of its boardroom to conduct Watermaster meetings.

XII. EXECUTIVE OFFICER COMMENTS

The December 5, 2012 Watermaster board meeting would be cancelled, the January 2013 meeting would possibly be cancelled as well. The next meeting would be February 6, 2013. The December TAC meeting was cancelled. The next meeting would be Wednesday, January 9, 2013 at 1:30 p.m. in the MRWPCA conference room.

XIII. NEXT MEETING DATE – It was agreed that the next meeting would be a Regular Meeting held on Wednesday, January 2, 2013, 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, Chair Bruno adjourned the meeting 3:42 p.m.