

Monterey Regional Water Supply Reliability Collaboration

Division of Ratepayer Advocates

First Draft Meeting Notes

January 31, 2007

Location: MBEST Center, 3180 Imjin Road, Marina, CA 93933
Phone at the center is: 831.582.1020

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MEETING AGENDA

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10:00 AM	Overview of Goals for Meeting #1 Steve Kasower, University of California, Santa Cruz Urban and Regional Water Research team	15 Minutes	3
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11:00 AM	Break	15 Minutes	
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Noon	Discussion of Next Meeting Date, Agenda (Proposed for February 28, 2007)	15 Minutes	#
12:15 PM	Adjourn		

Welcome and Introductions

Steve Kasower welcomed the group, made sure the sign in sheet was passed around to have each person's information recorded for inclusion in communications.

Each person in the room introduced themselves and the organization represented at the meeting.

Steve Kasower, UCSC, collaborating with DRA, CPUC

Diana Brooks, Division of Ratepayer Advocates, CPUC

Sara Hardgrave, RBF Consulting. Deputy Project Manager for the Coastal Water Project representing California American Water.

Peter MacLaggan, Poseidon Resources representing Pajaro Sunny Mesa Community Services District.

Joe Rosa, Pajaro Community Services District

Roger Masuda, with a law firm that represents water interests, we have a satellite office here in this complex.

Marc Lucca, Marina Coast Water District

Curtis Weeks, Monterey County Water Resources Agency

Skip Griffin, engineering firm PBS&J, represent ship-based desalination company

Howard Gustafson, President of Marina Coast Water District
Jonas Minton, Planning and Conservation League
Amy Campbell, Association of Monterey Bay Area Governments (AMBAG)
Nick Papadakis, Association of Monterey Bay Area Governments
Keith Israel, Monterey Regional Water Pollution Control Agency
Monica Hunter, Planning and Conservation League Foundation. I'm also a member of the Central Coast Regional Water Quality Control Board.
Tanya Gulesserian, California Unions for Reliable Energy.
Tom Rowley, Monterey Peninsula Taxpayers Association, citizen in Monterey. Our organization has been heavily involved in looking at the costs of whatever is proposed ever since the dam vote failed.
Dewey Baird, Federal Presidio of Monterey
David Pendegrass, chair of the Monterey Peninsula Water Management District
Steve Matarazzo, City of Sand City
Manuel Fierro, citizen of Monterey. A proponent of public water for citizens of Monterey County.
Heidi Quinn, law firm Delaredo representing MPWMD
Darby Feurst, Monterey Peninsula Water Management District
Judd Vandever,
Steve Leonard, California American Water
John Fischer, citizen. I was a member of the Sanctuary's desal group. I'm a member of the conservation working group.
Ron Glaze, citizen
Holly Price, Monterey Bay National Marine Sanctuary
George Riley, Citizens for Public Water
Nader Agha, member of Friends for Locally Owned Water. Promoter for the desalination plant at Sunny Mesa by Poseidon.
Ron Weitzman, Friend of Locally Owned Water
Catherine Borrowman, UCSC, Steve Kasower's colleague
Eric Zigas, Environmental Science Associates. We are under contract with the Energy Division of the California Public Utilities Commission to prepare the environmental impact report on the CWP submitted by Cal Am.
Rito Guerra, Senator Maldonado's office.
Paul Reimer

Opening Remarks

Steve Kasower gave the floor to Diana Brooks to start the discussion and set the tone.

***Diana Brooks*, DRA**

Diana Brooks discussed the mission and scope of the DRA's involvement with Cal Am's projects. The mission of the DRA is to get the lowest cost for service consistent with safe and reliable service levels for all types of utilities and privately held water companies. She emphasized that the DRA reviews each project in terms of costs. The DRA believes there may be a more cost effective solution that has more economic benefits for the region and greater chance for being implemented if there is a regional collaboration with synergies and much lower costs. The purpose of the series of dialogues is to identify some of those synergies and put together an alternative to what is proposed that would lower the costs for the ratepayers that we serve in this area.

The idea with a regional project grouping is to analyze how any of the following actions might work for the area to create synergies and lower costs: more aggressive conservation more conjunctive water management, water reuse, larger desal. The DRA proposes to facilitate these series of dialogues in order to understand if there are synergies between existing projects that are already on the table.

The DRA is not going to do technical research. Brooks explained the DRA are looking at the economic and institutional restraints to facilitate overcoming those barriers. The Commission represented by Andrew Barnsdale has contracted with the CEQA consultants ESA Associates' Eric Zigas to do the technical analysis. Research performed by Cal Am and other agencies will be assembled and used to help this group come up with something that would benefit the ratepayers. Brooks explained that this approach is a little bit outside of DRA's traditional role. Normally the DRA presents evidence and analysis at evidentiary hearings at the Commission where the Administrative Law Judge issues rulings. However, Brooks noted that we are on a short timeline because the Commission is going ahead with its CEQA review of this project and it is moving into phase two of this proceeding.

The Commission has issued a permit and will be going ahead with the Cal Am Coastal Water Project in Moss Landing. That is on track, if we want to do something else, time is of the essence in the next six months to look at alternatives.

The DRA is aware that ratepayers in the Monterey Area continue to pay for proposed projects that are never implemented according to Brooks. DRA wants to see a successful solution to the water supply situation here to meet the mandates of SWRCB Order #95-10. Steve Kasower is taking the lead with this process and will continue to facilitate these dialogues. Steve is working on the Coastal Water Project identifying some of the risks and economic implications in the process of that work as well as facilitating this regional dialogue.

Steve Kasower

Steve Kasower explained the overall goal for this meeting is to discuss the context of the process that has been proposed.

A monthly process of information collection and sharing is proposed. The notes and technical documents become a draft that will be placed on a website where folks at the table and other citizens can comment on those drafts during the month. At the following meeting they will be finalized and made part of the historical record. To facilitate involvement of citizens who cannot come to the meetings we will establish a website that would have draft documents and the ability to place comments within that website in a blog. Comments will be dealt with in the following meeting. Finalized documents will also be on that website.

This first meeting is not to identify new projects, but to discuss the two documents: the Articles of Collaboration and the Milestones document.

Kasower explained that we would focus on agency roles in implementing programs and projects, and also we will focus on what those programs and project are and how they contribute to the overall regional water supply solution. According to Kasower, we are asking participants to "wear two hats". One is to assume responsibility to assure that any program or project that the regional dialogue supports also benefits your agenda or contributes beneficially to your agency's mission. The other responsibility we are requiring is for each participant to act as though they are on a board of directors for the whole region in charge of reliable water supply provision for the whole region. This approach will assure that we identify good regional programs and projects and those programs and projects are in the best interests of each participant.

Kasower mentioned that the Division of Ratepayer Advocates is specifically concerned about the financial impacts to Cal Am ratepayers from programs and projects Cal Am undertakes. We also recognize Cal Am's ratepayers exist in this community, so to the extent the economic vitality of people in this community, the livability of people in this community, the health and welfare of people in this community, and the environmental quality of this community are all benefits in which we are also interested according to Kasower.

Timing is an important issue now even though water supply issues here have a long history. So, what is different about this? The Coastal Water Project (CWP) is moving ahead as

Diana Brooks mentioned. Our hope is that we can identify a viable regional project that has greater benefit for the region and Cal Am. And we hope that Cal Am will prefer that regional project over the CWP. Our team will work with the technical staff of the water agencies, municipalities, and organizations to identify and evaluate the regional alternative.

Kasower then introduced the draft Articles of Collaboration and opened discussion.

Discussion of Draft Articles of Collaboration concepts

Ron Weitzman, MFLOW

Mr. Weitzman discussed the difference between the projected cost of water from a Cal Am desal plant and Pajaro Sunny Mesa. He said the Pajaro Sunny Mesa plant is legal because it is a public agency. He objects to the 200 million dollars of Cal Am's projected cost and that rate payers will not own the desal plant. He has estimated that from July 2005 - January 2009 a bill will rise by \$40 for a \$30 bill, if water were purchased from the Pajaro Sunny Mesa the same bill would rise by \$17.50. He stated that Cal Am's value as a company would triple and \$60 million dollars would go to shareholders instead of the current amount of \$20 million.

Dave Pendegrass, MPWMD

Mr. Pendegrass expressed concern with the word "alternatives" considering Cal Am's CWP is the train that has left the station. He thinks that looking at complimentary projects, noticing that with the CWP now, there is a consensus on private ownership. We need to look at public/private ownership. One thing that the Peninsula is concerned with is that Cal Am is under a mandate by 95-10, not the MPWMD district he represents; they have to replace a tremendous amount of water. They are the only one in the district that can do that right now, and we need to recognize that time is of the essence here. He spoke about the regional group within Monterey County of mayors and supervisors. The water district, with different electeds, has a difference of opinion on the board. The majority has decided that 12,500 acre feet of water is what Cal Am needs to replace, then the district constituents have put forward the need for 4,500 acre feet for future water. With the unusual circumstance of this regional collaboration group, which has never happened before, the point is to cooperate and work together. He expressed concern about how litigants around the same table might affect the process.

Steve Kasower

Mr. Kasower commented that in regional processes in California, and especially in cases with water, it usually almost impossible to sit people down without some of those people involved in litigation. The overall goal is to make the regional approach more beneficial.

Mr. Kasower refocused attention on the Articles of Collaboration.

Nader Agha

Mr. Agha expressed appreciation for Mr. Weitzman's comments. He discussed how ratepayers must protect themselves and own their own water. He mentioned that around the globe 85% is publicly owned, and 15% is private. He stated that in a democracy you let private companies perform but it is important to protect resources such as air, highways, and water.

He discussed the political battle he sees with public versus private ownership of desalination plants regarding the inequity of capital between the two. He brought up historical events with problems in Monterey County and mentioned Sunny Mesa, not Cal Am, made a commitment to solve the issue and "freed that charging".

He inferred that Cal Am is in it only for the 9.9% profit it is allowed to make. He expressed that people would pay less and no money would be sent to Germany, to "the wolves". He speculated that the owners will try to sell it for hundreds of millions of dollars. He concluded stating that this group is needed to make sure this private company will turn to the people.

John Fisher

Mr. Fisher explained that he is involved in desal with the Marine Sanctuary and expressed dissatisfaction with the fact that months back there was some talk about an integrated regional water management plan. This would have included a JPU, an MOA, and an MOU, to bring all the parties to work together. The Articles of Collaboration is similar and may be helpful for that group.

Out of that, the water district came up with a matrix that included nine different projects. They have had trouble getting some of the information and that matrix was not completed. Mr. Fisher stated that in the press afterward the question was raised: what is the plan for the next three years for the water district? With disagreement on the board, and nothing mentioned about the water district acting as a catalyst to try to solve the problem, he expressed concern with the expectations for this collaborative group.

Mr. Fisher stated that with so many interests it is important to present MOU, MOA, or JPA. He said he hopes this group's timeline holds and that the public will start to see some of those balls fall. He wants to see working documents put on the table.

Howard Gustafson, Marina Coast Water District

Mr. Gustafson stated that the public outreach has not been a part of planning processes in the past for discussing how to deliver water to the Peninsula. At MCWD meetings, items under discussion are the reclaimed water project currently being installed, the operational desal plant (300AF). He discussed expansion outward with a regional water supply, using FORA funding. He raised the question: how many projects are we going to put along the coast? Why do so many little entities want to control this water supply? MCWD has reached out to the Pajaro Sunny Mesa many times to jointly collaborate on a water project.

The delivering of a pipe system to Marina and pass-throughs are the most beneficial and economic way to deliver water into the Peninsula. He favors collaborating with the Carmel sanitation district, to deliver reclaimed water over to Pacific Grove. He stated that there are a range of options and there needs to be the political will to lower water rates and deliver the water regionally. Attempts at collaboration with Sand City have not worked. He sees other projects as stalling this progression. Without good past collaboration and negotiation, and the CWP so far along in its planning stage, he feels shut out of the political process. He stated it is important to remember that expanding on the reclaimed water project will have tremendous benefits. He doesn't understand why another plant is being discussed when the pass through on the Pajaro Sunny Mesa property could be expanded.

Sara Hardgrave, RBF Consulting

Ms. Hardgrave discussed the Articles of Collaboration and made an observation about the people who were sitting at the table. She noted there are local jurisdictions, project proponents, strong contingent of concerned citizens and regulators. She questions the word "agency representative" and the expectation that they will form a successful partnership if they are not in attendance. Who would be required if the intention is really to have collaboration between local agencies? Given the way the term "agency" is used, how do the remainder of the people sitting at the table participate? If the question is just for agency representatives, how do other concerns citizens get involved? How do the proponents get their voice in?

Tom Rowley, MPTA

Mr. Rowley thanked the DRA for getting involved. He reminded the group that voters turned down a water project in 1995. Using survey results, Cal Am claimed the reason for this was "everyone is against growth". Mr. Rowley has spoken with the thousand members of the MPTA and found that predominantly they weren't willing to pay for it. Why were people reluctant to pay? It is a credibility gap he claimed. Cal Am is building a project but the ratepayers will pay for it. The ratepayers should pay for the water. MPTA board meeting discussions about the issue focus on who should pay for the water project and how much.

Mr. Rowley believes the yearly schedule should be tightened up to 6 months. He has a conflict with the days of the month due to the water district citizens' advisory committee.

Mr. Rowley also stated that the price tag of the CWP is bound to rise along with the reluctance to pay for it. MPTA has participated in many studies and workshops over the past fifteen years and the only thing that really matters to its members is the cost.

Manuel Fierro, Citizens for Public Water

Mr. Fierro commented that each one of the members of the group has a role to play in solving this regional water problem, and he thinks that if everyone participates, the group process may work.

Holly Price Monterey Bay National Marine Sanctuary

Ms. Price stated that MBNMS is not a proponent of any one project. Four years ago it stated a coordinated regional approach would help MBNMS evaluate the cumulative environmental impacts of all the plants proposed in the project applications. In the document for this group she does not see a reflection of environmental benefits, which is essential to find something workable. With a logical regional plan the environmental permitting process will be smoother. MBNMS requests to see this language in the document.

Diana Brooks

Diana Brooks explained the difference between the DRA and the CPUC. The DRA is an independent division within the CPUC representing ratepayers. Dana Appling, the DRA Director reports directly to Governor. The heads of DRA and CPUC are appointed directly by the Governor. The DRA shares administrative services of the CPUC. This regional dialogue is DRA's initiative. The CEQA section in the energy division of the CPUC, who is doing the environmental review, is distinct organizationally from the DRA. The DRA's work here is collaborating with this group to find a regional solution. The DRA is a party in the proceeding at the CPUC in the CWP.

Dave Pendegrass, MPWMD

Mr. Pendegrass noted that in reference to Holly Price's comment, paying attention to environmental concerns with building in sensitive areas could unlock a lot of problems.

Steve Kasower

Kasower underscored that the first meeting is not an appropriate venue for debating public ownership. If we are going to move forward, some of these points may be germane. A regional approach has got to include concerns of ratepayers and other citizens, it must represent the values in this community, the environment, whether the public feels good about who delivers their water or if we are getting the best deal we can get.

Kasower reiterated that the agenda item is focused on establishing some general overall rules of how we will collaborate and behave toward each other. We want everyone to participate. Can we facilitate a politically realistic solution? Can we design something that does not frustrate 90% of the group?

Howard Gustafson

It is important to look at the effect on the families, there are big families in my district, if you raise rates, you can hurt these families, and many people live in financially tight circumstances. Let's investigate how to keep the costs down.

Mr. Weissman

Ratepayer advocates may be interested on March 13, the Board of Supervisors are going to reviewing an ordinance that requires a desal plant to be publicly owned, if they change that to allow a private company to own a plant, ratepayers will be paying for something they don't own. I request that DRA prepares documents to send to Board of Supervisors.

Diana Brooks

DRA's jurisdiction is limited to the ordinances in effect, the laws, in the areas where the ratepayers live. The position of DRA is whatever project is approved needs to comply with the laws; we do not take positions on what laws are formed. We will not get involved with supporting an ordinance.

Additionally, the way that ratemaking works is obscure to even to people who are involved. Ms. Brooks offered to do a tutorial on this, that would be something offline, not part of these meetings.

Manuel Fierro, CPW

Mr. Fierro tried to deliver a prepared oral presentation in support of Poseidon's plant with several items on governance and financing.

Steve Kasower

Mr. Kasower acknowledged the point that Mr. Fierro raised, that he believes there is a cheaper more technically appropriate way to go forward with that project. He redirected attention to discuss the collaboration process.

We are asking people to discuss what would be in the best interest of all parties, if there is a deal to be made it has got to get all of the parties to be better off afterward. That is the economic and sociological challenge. Is that a reasonable objective? To attain this goal, you have got to be willing to pursue a regional water supply.

Curtis Weeks, MCWRA

He has been directed from the Board of Supervisors to work with Cities, nonprofits, and wastewater districts to do essentially items 1-4. They are comfortable with these items. The Articles give us the framework to work together. Mr. Weeks has the authority to work through these issues in this group.

Howard Gustafson, MCWD

How does the Board of Supervisors wanting to change the public/private ownership law relate to our work today?

Steve Kasower

The public/private ownership decision may affect the group. Our goal is to address the need for a reliable water supply in ways that are healthful; the least cost, and have a delicate environmental footprint. What ordinances are placed over this group's efforts will be noticed, but are not a direct concern of ours for today's meeting.

Diana Brooks

Ms. Brooks restated the position of the DRA regarding the ordinance. She stated the DRA's work here is to look at alternatives for regional collaboration. We are interested in the most cost effective solution. I want to reiterate with these 4 points, we are trying to lay the groundwork of the process that evolves.

George Riley, CPW

Mr. Riley brought up an issue with the language in item No. 1 of the draft collaboration document. He stated that by only including agencies with the intent, the focus is misdirected away from a critical constituency in the process: citizens. It appears we are already entering decision mode. He urged the DRA to take a step back into collaboration mode and include citizens in that item. Opinions brought to the table are critical to the success of the process. Issues need to be explained and justified. Citizens in this region need to be regarded as essential participants in the process. Agencies are concerned with jurisdictional boundaries. To the extent that the DRA can take a broader view, it may be the last chance we have we want to take agencies and public opinion to the table and massage things together. Mr. Riley criticized other previous efforts as ineffectual and too time consuming.

Two key things that are positive and important with this regional group: the DRA has made sure there is legitimate public participation in the process, and the DRA is present and does not have a stake in the issues. The DRA can lead a process with involvement and this should be reflected in the language of the Articles of Collaboration as a credible statement.

John Fisher

Mr. Fisher requested the three general managers at the table who are members of the integrated regional water management plan to share information about what has been done on this issue of these questions. They must share their best thoughts and put them into a document right away.

Nader Agha

Mr. Agha expressed the desire for political representatives to notice that Henry Mello in 1974 established the Monterey Peninsula Water Management district to find a solution. Not a drop of water has been found. The county did not do anything. He stated we need to consider the Poseidon project as in the best interest of the ratepayers.

Steve Kasower

Number 4 states that as far as the DRA is concerned, this group process is free to all involved, but we need to borrow technical staff.

Manuel Fierro, CPW

Mr. Fierro requested the inclusion of cost savings not just use of the term cost sharing.

15 minute break

Steve Kasower

Here is how the process will work on this draft. I will add a public component to the document and email it to all involved. Each person can comment. At the next meeting, it will be a final product.

Curtis Weeks

Mr. Weeks discussed something with item number 4. It is important to note, there has been groundwork between the cities and the wastewater organizations, there is a role that the local government have played and could play, and there should be a continuity that is recognized.

Roger Masuda

Mr. Masuda recommended that the project team talk to each of the agencies and then report on findings. He prefers to avoid advocacy presentations in the meetings. He suggested the project team use a checklist to collect information from each agency regarding water management programs and then figure out how to cut and paste items. He wants the team to facilitate taking people's ideas and seeing how they can be mixed and matched.

Tanya Gulessarian, California Unions for Reliable Energy

CURE wants to have a regional solution with water projects that are built under a project labor agreement. The goal to minimize environmental impacts while providing for sustainable growth should include providing work for our members who live and work on the Peninsula.

Ms. Gulessarian stated that it is important to formally include CURE in the process in order to reach a successful, practical solution. She reiterated that the group should think about the economic benefits of hiring local labor.

Howard Gustafson

Mr. Gustafson concurred with Ms. Gulessarian stating that Marina lost many jobs and is in the process of redevelopment.

Discussion of Draft Monterey Regional Water Supply Reliability Planning Milestones

Steve Kasower

Mr. Kasower led the group through the Milestones document, noting that the group is in a hurry to find a regional approach in a few months. The group needs to stick to this schedule. Mr. Kasower suggested that for this document review we use a methodology that allows each person in the room an opportunity to make a comment on the Milestones document. Number one will be what we accomplish at this meeting. In February, we plan to identify some demand numbers and review some project ideas. What do we need for the environment? To satisfy 95-10? The group will need to examine these numbers and agree to allow the Study Team to use them.

Jonas Minton, PCL,

Mr. Minton agreed with Mr. Masuda. To the extent that the team can come up with alternative views of the future, and bring those things to the table, the group can then grade the work. If it takes all of February to do this work the group could meet in March instead.

Steve Kasower

Mr. Kasower noted agencies represented in the room have been doing technical work and stated there would be straw person material put before the group based on that work. To keep on track, we will produce documents and then will ask people to comment on them and to stick to the topic.

In February, the group will brainstorm about known projects. By March the group will review the work accomplished by the study team. This group will come up with a project with elements like pipeline sharing for the group will comment on that. In April, the group will be talking about what agreement is required between entities responsible for the project or program. Members of this dialogue group will need to get together beforehand and come prepared with a strategy for incorporating issues of interest into the meeting. In May, the group will talk about the strategy for building this alternative program or project, and address stakeholder concerns.

Diana Brooks

Ms. Brooks reminded the group needs to collect ideas and weigh in on what to name ourselves.

Kevin Howe

Mr. Howe stated he is observing for the newspaper.

Sara Corbin, Surfrider Foundation

Ms. Corbin stated it is important to keep on schedule. If people come to the table wanting to get through the agenda for each meeting and stick with it things should work out well.

Andrew Barnsdale

I think this is an excellent process, glad it has begun, will be attending every time you meet.

Judd Vandever – no statement

Darby Fuerst, MPWMD

The Milestones is an ambitious schedule and needs to be in order to not to delay the EIR for the CWP. He thinks it a tremendous amount of work, interested to see how it will be distributed.

Dave Berger

Mr. Berger expressed concern for this group to include some mechanism to observe political realities. With a focus on technical issues, there should be a way of engaging a potential elected group and staff to look at a regional alternative. He noticed in June and July there are agreements among entities. If this group pays attention to when the MOU is ratified, then that would activate a board or task force of elected officials. This DRA led group may not have

enough participation here to engage at this regional policy level, but can look to the other group processes for elected officials to be informed and involved, as sounding boards, to take back to city councils and present what has come out of this. Mr. Berger noted there should be a mechanism to do this in the Milestones document.

Heidi Quinn

Ms. Quinn, Council for Monterey Peninsula Water District stated she had nothing else to add.

Manuel Fierro

Mr. Fierro is glad the schedule has a quality of being open-ended at beginning and narrowing down as the group progresses. He appreciates the technical leadership of Eric Zigas and Andrew Barnsdale at the CPUC and DRA staff who will share information that will help with decision-making.

Mayor Pendegrass, MPWMD,

Elected officials make the decisions and the SWRCB Decision 95-10 is an unfunded mandate. The State bears the responsibility with the Delta. Why do people in Monterey bear the responsibility to pay for this? With expensive projects under debate and a drought is somewhere near, pressure is mounting on citizens to afford some project. A message needs to be sent to the State.

Mr. Pendegrass also stated that because of the 12-month period with the Cal Am draft EIR, it is important to shorten this process. If the collaborative regional process works out, the group's plans should not be superseded by Cal Am's CWP process. Decisions need to be made that will change that outcome.

Steve Kasower

Mr. Kasower responded to Mr. Pendegrass stating that to the extent that the team can address finding funding and identifying ways to pay for projects, the issues will be raised and studied. With the unfunded mandate of 95-10, it is important for each constituent to address their Legislator in Sacramento directly to work through that issue.

Dewey Baird, Presidio of Monterey

Mr. Baird said by virtue of the federal statutes he is limited in what he can say. We are still awaiting an answer from our headquarters for the group as to our participation in this regional dialogue. Speaking personally, not for the Army, as a long term resident, he has high hopes we will see a solution before October.

Tom Rowley, Monterey Peninsula Taxpayers Association.

Mr. Rowley agrees with comments of Mr. Berger that Cities need to be at the table. Also with the comments of Mr. Pendegrass, thanks Mr. Maldonado's staff, thank you to DRA for looking at the bigger view. With the title of the documents for this meeting, he raised the issue of whether we are really talking about a Monterey Bay project or a Monterey project. AMBAG leadership was here and should be included in that discussion.

Steve Kasower

Anything you can do to get the officials to participate would be good.

Monica Hunter, PCL

Ms. Hunter appreciates the regional dialogue and the effort to expand this group to have entities who must be involved as well as a good representation of local organizations who work on issues that relate to water supply. She stated that methods of communication with the public should include not only use of a website, but also include workshops. Workshops could be timed to share information about the intent of the group as well as reports of incremental progress. Ms. Hunter acknowledged that it is very hard work to inform people as well as to stay connected to a process in which you do not have a seat at the table. The community groups need help to get

informed and stay connected. Finally, Ms. Hunter stated that environmental issues will be addressed through the regulatory process, yet it is good to make them more explicit in this dialogue. What are the priorities? What are the local concerns? How they apply to the structures that will be built?

Keith Israel

Mr. Israel expressed doubt that the group will meet or follow this schedule but noted the program is necessary. Assembling information over the next few months will take a lot of folks who want to help out. His suggestion is to have a phase I, 6-month schedule and then a list following it. His agency will help compile information and get it to the groups.

Amy Campbell, AMBAG

Ms. Campbell, speaking personally, suggested the group define the scope of what is regional (County or the Monterey Bay Area). Knowing who has what interest in this would be helpful, i.e. Stakeholder analysis before the next meeting.

Eric Tynan, Castroville Water District

Mr. Tynan stated that in the Castroville Water District MOUs have been signed, with contracts naming things project components. Much of this water supply planning work has been done. The question now is how are we going to deal with a regional system. The CWD has done a lot of work. It is hard to get cities involved, yet they stand out as a real resource to use.

Dave Lewis, Board Chairman Castroville District.

Mr. Lewis noted that Castroville has tried to collaborate in a regional manner and has not succeeded yet. Castroville as a community and board is willing to see this through.

Rito Guerrero, Senator Abel Maldonado

Mr. Guerrero expressed thanks for the DRA initiative. He applauded Cal Am for being willing to sit at the table, considering they are the only entity under a State order, with a project in place recommended by the CPUC. Mr. Guerrero has spent considerable time on Monterey water issues while working at the Legislature and realizes this is a tough issue. He wants to find what is in the best interest of everyone in the Peninsula.

Jonas Minton, PCL

Mr. Minton talked with several of the managers, looked at the opportunities, and came to the conclusion that by cooperating and sharing facilities, being able to use water supplies in an area, there's a conservative approach that could be taken. He stated that it would be relatively easy to stretch water supplies 20 to 30% given the infrastructure. This translates into large cost savings and into minimal environmental impacts.

His second point was that because this group is discussing water pipes and compliance with water court orders, it is critical to have representation from land use agencies and Cities. This group is not going to be able to limit discussion to order 95-10.

Guy Phillips

Mr. Phillips, an economist, shared three observations. He thinks this is a very ambitious effort, and has gotten larger with comments around table in last 15 minutes. He asked what is meant by regional. How should this group try to integrate the ideas, dreams, and plans in the room? For example, for some people, regional means doubling the size of the desal plant. His third point was in the process of reviewing the numbers, it is important to develop some way to vet the representations that have been made about the numbers. To cut through the wishful thinking and present a clear analysis of whether or not the numbers are accurate, it is important for the DRA team to do the number crunching themselves.

Howard Gustafson

Mr. Gustafson stated that in order to not be afraid to turn on the faucet, the timing is most important with this project. Getting involved in discussions of a non-regional nature would not be the best interest of those in this group. All the water districts have conservation programs in place. To explain the desal and recycling projects, and future allocations at Ford Ord, MCWD added another public outreach person.

Mr. Gustafson thinks 6 months is a good timeline and that MCWD offers the best engineering practices to the regional solution water project. Trust is high in MCWD because of the outreach.

Curtis Weeks

Mr. Weeks thanked everyone for participating, especially DRA's leadership. In 2004 regional solutions were discussed, and we recognized the need for a wide range of collaborative organizations. Water and land use issues must be integrated. These things must be done in a regional manner which can at times be messy and time-consuming.

Mr. Weeks stated that there are specific things to put the table and wrestle with: regional set of priorities, which problems will be solved. What brought us was the recognition that there might be a pipeline from Moss Landing to Ford Ord. Everyone in the area needs a reliable water supply and a diversified portfolio from North County, Castroville, to Salinas. Keep the broad perspectives in mind and that will help the group see who needs to be at the table. Interests of different parties can only be managed properly if they have representatives present. Cal Am's train is moving forward and other perspectives may get left out and fall behind if they don't come.

Regarding the next meeting, Mr. Weeks expressed doubt that the group will be at a point where brainstorming would be productive without a strawman water supply example. We should not have that meeting unless that strawman is up and ready for us to review.

Mr. Weeks expressed hope that the conflict resolution mechanism should be in place for the next meeting. Mr. Weeks offered to send documents relating to this and to work with Mr. Berger and Mr. Lucca, to try to get elected officials to come to the meeting.

Mr. Masuda

Mr. Masuda noted the difference in water supply planning between wet and dry years. He discussed that after taking care of habitat concerns for endangered species it would be important to determine the water need on a modular basis. Taking the concept of peak hours with energy supply planning, water supply planning can follow suit. If we just focus on how 95-10 diversions with the concept of peak need we can design a better solution.

Steve Kasower

Mr. Kasower responded to Mr. Masuda stating he will be able to review how the group interprets this issue and can make comments.

Joe Lewis, Pajaro Sunny Mesa

Mr. Lewis stated that he does not have any additional comments.

Peter MacLaggan, Pajaro Sunny Mesa

Mr. MacLaggan stated that with respect to the solicitation of comments, he is coming to the table with an open mind, willingness to collaborate. He wants to reach a solution in a cost-effective fashion, to meet the most immediate and pressing needs but is also a long-term solution.

Sara Hardgrave

Ms. Hardgrave expressed concerned that existing work that has been done will be duplicated. Other comparative evaluations of projects should be reviewed. With the stated goal, DRA protect the ratepayer. Spreading costs more broadly should be an issue discussed that would include financing alternatives that are concurrent. Without real decision makers at this table, the problem

is to find some balance with people who will be partners in hearing the concerns of citizen groups. How will you balance the two groups is not represented in the Milestones document.

Ron Weitzman,

Mr. Weitzman said that to make rational decisions, solid financial data is needed.

George Riley,

Mr. Riley expressed concern with the problem of making plans but having decision makers not implement them. Decisions about building new houses should be linked to water supply planning. He does not think Cal Am should be solely responsible for 95-10. People need to take responsibility for what happened in the past, if we choose to ignore that, we are ducking a major issue and a major outcome on the entire community. Full disclosure is also key with our collaborative group. It is important for participants to reveal who they are representing when we are trying to resolve all technical issues with this impossible job. Mr. Riley stated the group should come up with guiding principles and guidelines but we may not have time if we are focused on solely on water-planning.

Holly Price Monterey Bay Sanctuary, NOAA –

Ms. Price stated that she thinks the timing and plans are sound.

Ron Glaze

Mr. Glaze stated that it is important to always invite a member of the press to the meetings.

John Fisher,

Mr. Fisher stated that it is crucial to respect the drop-dead dates in the Milestones document. This forms a critical path with how this thing moves along. He requested more detail about what must be accomplished before each meeting. He said if you want to wake up those interested parties and are relying on people's staff, and those people need to understand when things have to happen. He agrees with Mr. Israel.

Steve Kasower

Mr. Kasower noted that the group should include city managers.

Steven Leonard

Mr. Leonard reminded everybody that the SWRCB order specifically identifies Cal Am with responsibility; it doesn't lay that responsibility generally on the citizens of Monterey. Cal Am created the 4,000 page PEA document that was submitted to the CPUC. He recommended that the group take a look at it and recognize that Cal Am's initial environmental analysis was done at a regional level, including elements for all the areas. Cal Am has anticipated changes in power plant regulations and technology.

Mr. Leonard committed to be present at the meetings. He has a positive approach, will look for partners, is open to solutions, and sees the meetings as useful to his work. He appreciates the positive comments about Cal Am. He would like Diana Brooks to put on a seminar on how the rates are established in order to dispel the notion that there is some form of profiteering associated with regulated private water utilities.

Discussion of Next Meeting Date, Agenda

Steve Kasower

We propose the last Wednesday of every month, as a day what time do you want to start. Feb 28 works for everybody.

Appendix A

People and Represented Groups

Name	Agency
1. Agha, Nader	Friends of Locally Owned Water Coalition (FLOW)
2. Baird, Dewey	US Army, Presidio of Monterey
3. Barnsdale, Andrew	CPUC
4. Berger, Dave	Monterey Peninsula Water Management Dist. (MPWMD)
5. Borrowman, Catherine	UCSC/DRA
6. Brooks, Diana	DRA
7. Campbell, Amy	AMBAG (Regional Government)
8. Clark, Madeleine	Elkhorn Slough Coalition
9. Corbin, Sarah	Surfrider (Citizen / Interest Group)
10. Donnegan, Richard	MPTA (Taxpayers Group)
11. Fierro, Manuel	Citizens for Public Water (Interest Group)
12. Fischer, John	Citizen
13. Fuerst, Darby	MPWMD
14. Glaze, Ron	Citizen
15. Griffin, Skip	PBS&J (Private Firm)
16. Guerrero, Rito	Sen. Abel Maldonado's Office, (District Representative)
17. Gulesserian, Tanya	CURE (Labor)
18. Gustafson, Howard	Marina Coast Water District (MCWD)
19. Hardgrave, Sarah	RBF Consulting
20. Howe, Kevin	Monterey Herald
21. Hunter, Monica	Planning and Conservation League Foundation (PCLF)
22. Israel, Keith	Monterey Regional Water Pollution Control Agency
23. Kasower, Steven	UCSC/DRA
24. Leonard, Steven	Cal Am
25. Lewis, David	Castroville Water District
26. Lucca, Marc	Marina Coast Water District
27. MacLaggan, Peter	Poseidon (PSMCS)
28. Masuda, Roger	CalWaterLaw
29. Matarazzo, Steve	Sand City
30. Minton, Jonas	Planning and Conservation League (PCL)
31. Papadakis, Nick	Assoc. of Monterey Bay Area Governments (AMBAG)
32. Pendergrass, David	MPWMD
33. Phillips, Guy	Consultant CAW
34. Price, Holly	Monterey Bay National Marine Sanctuary (MBNMS)
35. Quinn, Heidi	MPWMD
36. Reimer, Paul	Reimer Assoc. (Citizen)
37. Riley, George	(CPW) Citizens for Public Water
38. Rosa, Joe	Pajaro Sunny Mesa Community Service District, PCMSCD
39. Rowley, Tom	Monterey Peninsula Taxpayers Assoc. (MPTA)
40. Tynan, Eric	Castroville Water District (Public Utility)
41. Vandeveoe, Judson	CPW Citizens for Public Water
42. Weeks, Curtis	Monterey County Water Resources Agency (MCWRA)
43. Weitzman, Ron	Marine Fireman's Oiler's and Deck Engineer's Union
44. Zigas, Eric	ESA/CPUC

List of People Invited Who Did Not Attend:

1. Altfeld, Tony	City of Marina
2. Bauman, Lew	County of Monterey
3. Colangelo, Jim	City of Pacific Grove
4. Corpuz, Ray	City of Seaside
5. Guillen, Rich	City of Seaside
6. Houlemard, Michael	FORA

7. Laclergue, Bruce
8. Langford, Ron
9. McIntyre, Linda
10. Meurer, Fred
11. Mora, Dave
12. Morgan, Kelly
13. von Dohren, Ray

Pajaro Valley Water Management Agency
Moss Landing Harbor
City of Monterey
City of Salinas
City of Sand City
CAWD