

EXHIBIT 22-B

AGREEMENT NO. A-06181

MEMORANDUM OF AGREEMENT BETWEEN
THE MONTEREY COUNTY WATER RESOURCES AGENCY,
THE MONTEREY PENINSULA WATER MANAGEMENT DISTRICT AND
THE PAJARO VALLEY WATER MANAGEMENT AGENCY

This is a memorandum of agreement between and among the Monterey County Water Resources Agency (MCWRA), the Monterey Peninsula Water Management District (MPWMD) and the Pajaro Valley Water Management Agency (PVWMA). Its date for reference purposes is December 15, 1991.

RECITALS

This memorandum of agreement is entered into in light of the following facts:

A. The Legislature of the State of California has created the three water management agencies who are parties to this memorandum of agreement. All are located wholly or partially in Monterey County, with overlapping territory and with many similar powers: the territory of the MCWRA is coextensive with the territory of Monterey County; the MPWMD includes the Monterey Peninsula and Carmel Valley areas and is entirely within the territory of the MCWRA; and a portion of the PVWMA is located in north Monterey County and therefore is within the territory of the MCWRA.

B. In order to prevent any conflicts that might otherwise occur as a result of this overlap, to encourage and facilitate cooperation with one another, to insure that resource management efforts are not inappropriately duplicated, and to insure that public funds are used effectively, the parties enter into this memorandum of agreement.

AGREEMENTS

COOPERATION AMONG AGENCIES

1. Cooperation among agencies. In all matters in which there is a joint interest, the agencies shall cooperate with one another to the maximum feasible extent.

2. Meeting agendas and reports. (a) The MCWRA will provide to each of the other agencies a copy of the agenda for each meeting of the Monterey County Board of Supervisors at which the board will act in its capacity as MCWRA Board of Supervisors. If a managing board of directors is established for the MCWRA, the MCWRA will also provide to each of the other agencies a copy of the agenda for each meeting of the board of directors. The MPWMD and the PVWMA will each provide to the MCWRA the agenda for each meeting of their respective boards of directors. In each case the agenda will

(MPPVWRA.MOA - 12/15/91)

be provided to the manager of the respective agencies as soon as it is available for public distribution, by fax or by other prompt means of delivery.

(b) If the manager of an agency desires a copy of any report prepared by another agency for any of its public meetings, he or she may request the same by phone, and a copy will be faxed, mailed, or otherwise delivered promptly.

(c) The manager of each agency will provide to the other agencies copies of environmental documents and technical reports, whenever it appears that such documents will be of interest to such other agency.

3. Quarterly managers' meetings. The managers of the three agencies will meet on a quarterly basis, or more often as needed, to discuss matters of common interest to the agencies.

4. Joint meetings of governing bodies. The governing bodies of the three agencies may hold joint meetings as needed.

FLOOD CONTROL ACTIVITIES

5. Flood control and drainage activities. Among these three agencies, the MCWRA shall have primary responsibility for flood control and drainage activities in the County of Monterey. When the MCWRA's activity is related solely to flood control and/or drainage control, the MCWRA may undertake public works projects, acquire property, create zones, raise revenues from areas benefited by the flood control and/or drainage control activities, and exercise its police powers in any part of its territory, including territory within the other agencies, without obtaining the consent of the other agencies.

WATER SUPPLY PROJECTS

6. Other agency consent for MCWRA projects. Except as otherwise provided in this agreement, the MCWRA will not undertake water supply projects in the territory of either of the other agencies without first obtaining the consent of the affected agency.

7. MCWRA activities outside territory of other agencies, with incidental activities within territory of another agency. When the Water Resources Agency's activity is solely for the purpose of meeting the needs of or benefiting persons and property outside the territory of the other agencies, the MCWRA may, without obtaining the consent of the other agencies, undertake public works projects and acquire property in any part of its territory, including territory within the other agencies, provided that such

activities in the other agency's territory are incidental to the authorized purpose of the activity and the primary facilities for the project (including any water resources) are located outside the other agency's territory.

8. Projects by MCWRA and MRWPCA. The MCWRA may participate in joint projects with the Monterey Regional Water Pollution Control Agency (MRWPCA) in any part of the MCWRA's territory, including territory within the other agencies, without obtaining the consent of the other agencies, when one or more of the primary purposes in such a project is to benefit property and persons outside the territory of the other agencies.

9. Notice of MCWRA water supply projects within another agency's territory. Whenever the MCWRA proposes to undertake an activity (other than an activity described in paragraph 5, above) in one of the other agencies' territory, the MCWRA shall give to the affected agency at least 10 days' notice by first class mail, or greater notice if otherwise required by law, in advance of any MCWRA meeting at which such action will be considered; provided, however, that if an emergency requires prompt action, the MCWRA will give such notice as it can under the circumstances, even though less than 10 days' notice, and even though other than by first class mail.

10. MPWMD and PVWMA projects outside their boundaries. Neither MPWMD nor PVWMA will undertake any project wholly or partially outside their boundaries in the County of Monterey without first obtaining the written consent of the MCWRA, where the activities outside the agency's boundaries include the construction of facilities, the acquisition of property, or the acquisition or use of water resources located outside the agency's boundaries.

11. Lead agency designation. If any project set forth on the list attached hereto as Exhibit A is proposed to be undertaken by any of the parties to this agreement, then the lead agency for carrying out such project shall be PVWMA or MPWMD, where so specified in the last column of that list (PVWMD on the list means PVWMA); otherwise, the lead agency shall be MCWRA. The affected parties may change the lead agency designation by separate written agreement.

WATER CONSERVATION REGULATIONS

12. Water conservation regulations. The MCWRA may enact water conservation regulations applicable in any part of its territory, including territory within the other agencies, without obtaining the consent of the other agencies. Such regulations shall not apply in the overlapping territory of another party if the other party has enacted and regularly enforces substantially similar or more restrictive regulations.

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TAXATION AND ASSESSMENTS

13. Other agency consent for MCWRA revenue-raising activities. Except as otherwise provided in this agreement, the MCWRA will not raise revenues in the territory of either of the other agencies for the purpose of financing water supply projects, without first obtaining the consent of the affected agency.

14. Agencies' shares of property tax revenues. This agreement does not affect the ability of any party hereto to continue to share in the collection of property tax revenues in accordance with such formulas as are now in effect or as may be hereafter established by state law.

15. Financing tertiary treatment plant. This agreement does not restrict in any way the ability of the MCWRA to raise revenues to finance joint projects with the Monterey Regional Water Pollution Control Agency (MRWPCA) for the construction, operation, and maintenance of a tertiary wastewater treatment plant, wherever such plant and its related facilities might be located, nor does this agreement restrict in any way the ability of the MRWPCA to raise revenues within its own territory for such a project.

GENERAL PROVISIONS

16. Term of agreement and cancellation. This agreement shall remain in effect indefinitely, until modified or canceled by the parties. This agreement may be canceled by one party after giving at least thirty days' notice in writing to the other parties.

17. Dispute resolution. If any dispute arises between or among the parties concerning the interpretation or application of this memorandum of agreement, staff for the parties shall meet and confer regarding the dispute. If the matter is not resolved through meetings at the staff level, the governing bodies shall hold a joint meeting to resolve the matter. Litigation may be initiated by a party only if such party has made a good faith effort, documented by correspondence with the other parties, to resolve the dispute in the manner prescribed above.

18. No third party beneficiaries. This memorandum of agreement is made solely between and among the parties hereto. No person shall be deemed to be a third party beneficiary of the memorandum, and no person shall have a cause of action or standing to enforce this memorandum or to assert non-compliance with its terms, except a party hereto.

19. Not binding on County of Monterey. This memorandum of agreement is not made by the Board of Supervisors acting in its capacity as the governing body of the County of Monterey, and it is not binding on the County of Monterey.

IN WITNESS WHEREOF, the parties execute this memorandum of agreement as follows:

MONTEREY COUNTY WATER RESOURCES AGENCY:

Dated: May 25, 1993 By *John J. Lynch*
Chair, Board of Supervisors

MONTEREY PENINSULA WATER MANAGEMENT DISTRICT:

Dated: 15 APRIL 1993 By *Fernando Lopez*
Chair, Board of Directors

PAJARO VALLEY WATER MANAGEMENT AGENCY:

Dated: 7/14/93 By *Edward J. Kelly III*
Chair, Board of Directors

Approved as to form:
William K. Renty
Counsel for MCWRA
Dated: 5/6/93

Approved as to form:
Abigail Garcia
Counsel for MPWMD and PVWMA
Dated: April 7, 1993

DRAFT WATER CAPITAL FACILITIES PLAN
STAFF RECOMMENDATIONS FOR REVISION

BOYLZ PROJECT #	PROJECT DESCRIPTION	RECOMMENDATION	
		BOYLE	STAFF
1	Widen San Antonio Spillway	Viable	Viable
2	Widen Nacimiento Spillway	"	"
3	Raise Nacimiento Spillway	Less Viable	Viable
4	Nacimiento - San Antonio Interlake Tunnel	Less Viable	Viable
5	Jarratt Dam Project	Viable	Less Viable
6	Arroyo Seco Dam - Pool Site	Less Viable	"
7	Arroyo Seco Dam - Woodtick Site	Less Viable	Viable
8	Arroyo Seco Dam- Greenfield Site (High)	"	"
9	Arroyo Seco Dam - Greenfield Site (Low)	"	"
10	Gabilan Creek Dam Sugarloaf Site	"	Less Viable
11	Mud Creek Site	"	"
12	New Los Padres Dam	"	MPWD jurisdiction -no comments
13	Canada Reservoir Project	"	"
14	Fort Ord/Marina Potable Water Supply System	Viable	Viable (jointly with Marina & Ft. Ord)
15	Castroville Irrigation Water Supply Project	"	Viable
16	Regional Water Reclamation Supply Project	"	" (jointly with MRNPCA)

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BOYLE PROJECT #	PROJECT DESCRIPTION	RECOMMENDATION	
		BOYLE	STAFF
17	Carmel/Pebble Beach Wastewater Reclamation Project	Less Viable	MPWMD jurisdiction -no comments
18	Pacific Grove Wastewater Reclamation Project	"	MPWMD jurisdiction -no comments
19	Salinas Industrial Wastewater Reclamation Project	"	Less Viable
20	Upper Salinas Valley Wastewater Reclamation Project	"	"
21	San Felipe Project (Fajaro Valley)	Viable	FPWMD jurisdiction - no comments
22	Urban Conservation - Monterey County		
	a. Peninsula	"	MPWMD jurisdiction
	b. Salinas Valley	"	Viable
	c. North County	"	"
*23	Delete - see note #3		
24	Agricultural Water Management - Phase I	"	"
25	Agricultural Water Management - Phase II	"	"
26	Groundwater Development - Seaside	"	MPWMD jurisdiction -no comments
27	Seawater Desalination - Monterey	"	"
28	Brackish Water Desalination -Marina	Less Viable - Problems	Less Viable
29	Salinas Valley M & T Water Delivery Project (associated with Jarrett Dam)	Viable	Less Viable
30	Peninsula Participation in Salinas Valley M & T Project (associated with Jarrett Dam) (see note #6)	"	(Delete association with Salinas River water)

EXHIBIT A
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BOYLE PROJECT #	PROJECT DESCRIPTION	RECOMMENDATION	
		BOYLE	STAFF
31	a. East Side Irrigation Water Supply	Less Viable	Viable (if associated with Arroyo Seco Dam)
	b. " " spreading Grounds (see note #5)	None	Needs study by the Agency
32	North County M & I Water Supply Project (associated with Jarrett Dam)	Less Viable	Viable (if associated with Arroyo Seco Dam)
33	Laguna Seca Pipeline (associated with Jarrett Dam) (see note #6)	"	MPWMD jurisdiction (delete association with Salinas River water)
34	Finch Creek Pipeline to Carmel River (see note #6)	Less Viable	"
35	Arroyo Seco Dam - Salinas River Conveyance Canal	"	Viable - if associated with Arroyo Seco Dam

Notes:

- Boyle Project Numbers 29, 31, and 32 may be associated with Project Numbers 7, 8, and 9 (Arroyo Seco Dam) with modification.
- Project Numbers 22 and 23 should be combined and be classified as:
 - 22. Urban Conservation - Monterey County
 - a. Peninsula
 - b. Salinas Valley
 - c. North County
- Project Number 23 should be deleted.
- Seawater Intrusion Project should not be considered as 'approved' or 'done deal'. It is still in a feasibility stage and should be treated similarly as other considered potential projects.
- Project Number 31(b) is an interim project for spreading flood water in Gabilan and Alisal Creeks watersheds until a project similar to project 31(a) is constructed. Further studies may be necessary for a definitive recommendation.
- Projects identified in the draft report to supply Salinas Valley water to the Peninsula are to be down graded from viable to less viable. All projects within the Peninsula area will be managed and implemented by the MPWMD.

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EXHIBIT A

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ADDENDUM NO. 1 TO
MEMORANDUM OF AGREEMENT BETWEEN
THE MONTEREY COUNTY WATER RESOURCES AGENCY,
THE MONTEREY PENINSULA WATER MANAGEMENT DISTRICT AND
THE PAJARO VALLEY WATER MANAGEMENT AGENCY

This is Addendum No. 1 to the memorandum of agreement (MOA) between and among the Monterey County Water Resources Agency (MCWRA), the Monterey Peninsula Water Management District (MPWMD) and the Pajaro Valley Water Management Agency (PVWMA), dated December 15, 1991. The date of this addendum for reference purposes is September 28, 1992.

RECITALS

This addendum to the MOA is entered into in light of the following facts:

A. MCWRA is developing a Seawater Intrusion Program (SIP) to mitigate the effects of seawater intrusion into the groundwater basin along the coast under Ft. Ord, Marina, and the Castroville area. This program has been in the planning stages for several years. As part of this program, it has been proposed that pumping from existing groundwater wells supplying Fort Ord and the Marina County Water District (MCWD) be curtailed or eliminated, the construction of additional wells in the seawater intrusion area be limited or prohibited, and a replacement potable water supply be provided to Fort Ord and the MCWD by MCWRA, from wells to be constructed in the Salinas Valley. In order to control pumping from existing wells, MCWRA may acquire the existing wells. MCWRA may at some time seek to levy assessments within the subject area, to impose charges for water provided to the subject area, and to raise revenues from within the subject area in other ways, in order to operate, maintain, and improve the SIP in that area. MCWRA decisions on whether to proceed with this project will be made in the future.

B. MPWMD has an interest in this part of the SIP, in that part of Fort Ord and adjacent areas are within MPWMD's boundaries. Nevertheless, MPWMD does not wish to participate in the SIP, and does not wish to impede its implementation.

C. The impending closure of Ft. Ord calls for additional coordination among the three parties to this MOA.

D. The Board of Directors and/or Board of Supervisors of the Monterey County Water Resources Agency has requested changes in the original MOA.

AGREEMENTS

1. Consent to project within territory of Ft. Ord. The parties hereto agree that MCWRA may carry out the SIP within the territory presently occupied by Fort Ord and northwards along the coast, may acquire existing wells drawing water from the Salinas Valley and other property within the territory, may provide water to the territory in connection with the SIP, and may exercise any regulatory authority within that territory as may be needed in connection with the SIP and may levy assessments and impose charges in connection with the SIP for water provided within such territory, without any further compliance with the terms of the MOA, notwithstanding that any part of such territory may be located within the boundaries of MPWMD.

2. Future expansion of MPWMD boundaries. If MPWMD boundaries are expanded to include additional territory involved in the SIP, MPWMD will not object to the continued operation of the SIP in that area.

3. Coordination of programs and activities in connection with closure of Fort Ord. The MCWRA, PVWMA, and MPWMD will coordinate programs related to the closure of Fort Ord and will cooperate in the implementation of future developments within the Fort Ord area. In anticipation that a portion of the future water delivery system to the Fort Ord area will be located within the MPWMD area and that the water supply for that system will be developed from the MCWRA area which is outside of the MPWMD area, the MPWMD and the MCWRA will comply with one another's ordinances as follows:

(a) The MCWRA shall have exclusive authority to regulate water delivery systems that deliver water to the area that is both within the present Fort Ord boundaries and within the MPWMD boundaries in existence at the time of the regulation, and the MPWMD will comply with any such ordinance enacted by the MCWRA.

(b) The MPWMD shall have exclusive authority to regulate the management of the Seaside groundwater basin within the present Fort Ord boundaries, and the MCWRA will comply with any such ordinance enacted by the MPWMD.

(c) This Memorandum of Agreement does not commit the MCWRA to provide any specific quantity of water to Fort Ord or to any portion of it, nor does it commit the MCWRA to provide any water to Fort Ord from the Salinas Valley Groundwater Basin. It also does not give to an other agency the authority to compel provision of water to Fort Ord.

4. Deletion of paragraph 18. Paragraph 18 is deleted from the original MOA.

5. Deletion of paragraph 19. Paragraph 19 is deleted from the original MOA.

IN WITNESS WHEREOF, the parties execute this memorandum of agreement as follows:

MONTEREY COUNTY WATER RESOURCES AGENCY:

Dated: May 25, 1993

By *Anthony J. Ryan*
Chair, Board of Supervisors

MONTEREY PENINSULA WATER MANAGEMENT DISTRICT:

Dated: 15 APRIL 1993

By *Lemuel Dwyer*
Chair, Board of Directors

PAJARO VALLEY WATER MANAGEMENT AGENCY:

Dated: 7/14/93

By *Edward J. Kelly II*
Chair, Board of Directors

Approved as to form:

William K. Rutz
Counsel for MCWRA

Dated: 5/6/93

Approved as to form:

Alvin C. Sandoz
Counsel for MPWMD and PVWMA

Dated: April 7, 1993