

This meeting has been noticed according to the Brown Act rules. The Board of Directors meets regularly on the third Monday of each month. The meetings begin at 7:00 PM.



REVISED AGENDA (7/17/2015)

Regular Meeting Board of Directors Monterey Peninsula Water Management District

Monday, July 20, 2015

Closed Session - 6:30 pm

Regular Meeting - 7:00 pm

Conference Room, Monterey Peninsula Water Management District
5 Harris Court, Building G, Monterey, CA

Staff notes will be available on the District web site at
<http://www.mpwmd.net/asd/board/boardpacket/2015>
by 5 PM on Friday, July 17, 2015.

Brenda Lewis will participate by telephone from 1758 Broadway Avenue, Seaside, CA 93955

The 7 PM Meeting will be televised on Comcast Channels 25 & 28. Refer to broadcast schedule on page 3.

6:30 PM - CLOSED SESSION

As permitted by Government Code Section 54956 et seq., the Board may adjourn to closed or executive session to consider specific matters dealing with pending or threatened litigation, certain personnel matters, or certain property acquisition matters.

PUBLIC COMMENT – Members of the public may address the Board on the item or items listed on the Closed Session agenda.

ADJOURN TO CLOSED SESSION

1. Conference with Real Property Negotiators (Gov. Code 54956.8)

- A. Address: 1910 General Jim Moore Blvd., Seaside, CA 93955
Agency Negotiator: David J. Stoldt, General Manager
Under Negotiation: Price and Terms

ADJOURN TO 7 PM SESSION

Board of Directors

Kristi Markey, Chair – Division 3
Jeanne Byrne, Vice Chair – Division 4
Brenda Lewis – Division 1
Andrew Clarke - Division 2
Robert S. Brower, Sr. – Division 5
David Pendergrass, Mayoral Representative
David Potter, Monterey County Board of Supervisors Representative

General Manager

David J. Stoldt

This agenda was posted at the District office at 5 Harris Court, Bldg. G Monterey on Wednesday, July 15, 2015. Staff reports regarding these agenda items will be available for public review on 7/16/15, at the District office and at the Carmel, Carmel Valley, Monterey, Pacific Grove and Seaside libraries. After staff reports have been distributed, if additional documents are produced by the District and provided to a majority of the Board regarding any item on the agenda, they will be available at the District office during normal business hours, and posted on the District website at <http://www.mpwmd.net/asd/board/boardpacket/2015>. Documents distributed at the meeting will be made available in the same manner. The next regular meeting of the Board of Directors is scheduled for August 17, 2015 at 7 pm.

**7:00 PM - REGULAR BOARD
MEETING**

CALL TO ORDER/ROLL CALL

PLEDGE OF ALLEGIANCE

ORAL COMMUNICATIONS: Anyone wishing to address the Board on Consent Calendar, Information Items, Closed Session items, or matters not listed on the agenda may do so only during Oral Communications. Please limit your comment to three (3) minutes. The public may comment on all other items at the time they are presented to the Board.

CONSENT CALENDAR: The Consent Calendar consists of routine items for which staff has prepared a recommendation. Approval of the Consent Calendar ratifies the staff recommendation. Consent Calendar items may be pulled for separate consideration at the request of a member of the public, or a member of the Board. Following adoption of the remaining Consent Calendar items, staff will give a brief presentation on the pulled item. Members of the public are requested to limit individual comment on pulled Consent Items to three (3) minutes.

- (01) 1. Consider Adoption of Minutes of the June 15, 2015 Regular Board Meeting
- (09) 2. Consider Extension of Memorandum of Understanding Regarding Source Waters and Water Recycling - Amendment No. 2
- (13) 3. Consider Adoption of Resolution 2015-14 for State Revolving Fund Application for Pure Water Monterey Project
- (19) 4. Consider Adoption of Resolution 2015-15 Restating Intent to Reimburse Expenditures for Pure Water Monterey Project
- (23) 5. Consider Contract for Public Outreach and Communications Services with Thomas Brand Consulting for Fiscal Year 2015-2016
- (33) 6. Consider Awarding \$125.00 Scholarships for ARCOSA Attendance to Residents/Professionals Within the MPWMD Boundaries

GENERAL MANAGER'S REPORT

- 7. Status Report on California American Water Compliance with State Water Resources Control Board Order 2009-0060 and Seaside Groundwater Basin Adjudication Decision
- (35) 8. Update on Development of Water Supply Projects
- 9. Report on Drought Response

ATTORNEY'S REPORT

- 10. Report from District Counsel on Closed Session of June 15, 2015

DIRECTORS' REPORTS (INCLUDING AB 1234 REPORTS ON TRIPS, CONFERENCE ATTENDANCE AND MEETINGS)

- 11. Oral Reports on Activities of County, Cities, Other Agencies/Committees/Associations

PUBLIC HEARINGS – Public comment will be received on each of these items. Please limit your comment to three (3) minutes per item.

- (53) 12. **Consider First Reading of Ordinance No. 165 Amending Rules 11, 21, 23 and 23.1 and Adding Rule 23.7 to Establish a Water Entitlement for Malpaso Water LLC**
Action: The Board will receive public comment and consider approval of the first reading of Ordinance No. 165.

Item 13 was deleted from this agenda on 7/17/2015

- (73) 13. **Consider First Reading of Ordinance No. 166 - Amending Rule 11 and Adding Rule 23.8 to Establish a Water Entitlement for the City of Pacific Grove**
Action: The Board will receive public comment and consider approval of the first reading of Ordinance No. 166.

ACTION ITEMS – Public comment will be received on each of these items. Please limit your comment to three (3) minutes per item.

- (81) **14. Consider Approval of Ground Lease with City of Seaside for Santa Margarita ASR Site Expansion**
Action: Authorize the General Manager to enter into the Ground Lease on behalf of the Board.
- (83) **15. Consider Approval of Response to 2014-2015 Monterey County Grand Jury Report**
Action: Authorize comments on the report to be sent to the Superior Court.
- (109) **16. Consider Approval of Proposal to Modify Cease and Desist Order 2009-0060**
Action: Authorize the General Manager to sign Application to Modify Cease and Desist Order on behalf of the Board.

INFORMATIONAL ITEMS/STAFF REPORTS The public may address the Board on Information Items and Staff Reports during the Oral Communications portion of the meeting. Please limit your comments to three minutes.

- (133) 17. Letters Received Supplemental Letter Packet
- (135) 18. Committee Reports
- (143) 19. Receive Notice of Appointments to Carmel River Advisory Committee
- (147) 20. Carmel River Fishery Report for June 2015
- (149) 21. Quarterly Carmel River Riparian Corridor Management Program Report
- (155) 22. Monthly Allocation Report
- (163) 23. Water Conservation Program Report
- (167) 24. Quarterly Water Use Credit Transfer Status Report
- (169) 25. Monthly Water Supply and California American Water Production Report
- (177) 26. Semi-Annual Groundwater Quality Monitoring Report

ADJOURNMENT

Board Meeting Broadcast Schedule – Comcast Channels 25 & 28	
View Live Webcast at Ampmedia.org	
Ch. 25, Sundays, 7 PM	Monterey
Ch. 25, Mondays, 7 PM	Monterey, Del Rey Oaks, Pacific Grove, Sand City, Seaside
Ch. 28, Mondays, 7 PM	Carmel, Carmel Valley, Del Rey Oaks, Monterey, Pacific Grove, Pebble Beach, Sand City, Seaside
Ch. 28, Fridays, 9 AM	Carmel, Carmel Valley, Del Rey Oaks, Monterey, Pacific Grove, Pebble Beach, Sand City, Seaside

Upcoming Board Meetings			
Mon. August 17, 2015	Regular Board Meeting	7:00 pm	District conference room
Mon. September 21, 2015	Regular Board Meeting	7:00 pm	District conference room
Mon. October 19, 2015	Regular Board Meeting	7:00 pm	District conference room

Upon request, MPWMD will make a reasonable effort to provide written agenda materials in appropriate alternative formats, or disability-related modification or accommodation, including auxiliary aids or services, to enable individuals with disabilities to participate in public meetings. MPWMD will also make a reasonable effort to provide translation services upon request. Please submit a written request, including your name, mailing address, phone number and brief description of the requested materials and preferred alternative format or auxiliary aid or service by 5:00 PM on Thursday, July 17, 2015. Requests should be sent to the Board Secretary, MPWMD, P.O. Box 85, Monterey, CA, 93942. You may also fax your request to the Administrative Services Division at 831-644-9560, or call 831-658-5600.

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ITEM: CONSENT CALENDAR**1. CONSIDER ADOPTION OF MINUTES OF THE JUNE 15, 2015 REGULAR BOARD MEETING****Meeting Date: July 20, 2015** **Budgeted: N/A****From: David J. Stoldt,
General Manager** **Program/
Line Item No.: N/A****Prepared By: Arlene Tavani** **Cost Estimate: N/A****General Counsel Review: N/A****Committee Recommendation: N/A****CEQA Compliance: N/A**

SUMMARY: Attached as **Exhibit 1-A** are draft minutes of the June 15, 2015 Regular meeting of the Board of Directors.

RECOMMENDATION: District staff recommends approval of the minutes with adoption of the Consent Calendar.

EXHIBIT**1-A** Draft Minutes of the June 15, 2015 Regular Board Meeting



EXHIBIT 1-A

**DRAFT MINUTES
Regular Meeting
Board of Directors
Monterey Peninsula Water Management District
June 15, 2015**

The meeting was called to order at 7:00 p.m. in the Water Management District conference room.

CALL TO ORDER/ROLL CALL

Directors Present:

Kristi Markey – Chair, Division 3
Brenda Lewis – Division 1
Andrew Clarke – Division 2
David Pendergrass – Mayoral Representative
David Potter – Monterey County Board of Supervisors Representative

Directors Absent:

Jeanne Byrne – Vice Chair, Division 4
Robert S. Brower, Sr. – Division 5

General Manager present: David J. Stoldt

District Counsel present: David Laredo

The assembly recited the Pledge of Allegiance.

PLEDGE OF ALLEGIANCE

No comments presented to the Board.

ORAL COMMUNICATIONS

Potter offered a motion to accept the revised staff note for agenda item 4. The motion was seconded by Lewis and approved unanimously on a vote of 5 – 0 by Potter, Clarke, Lewis, Markey and Pendergrass. Directors Brower and Byrne were absent.

CONSENT CALENDAR

On a motion by Potter and second of Clarke, the Board voted unanimously on a vote of 5 – 0 to approve the Consent Calendar. The motion was approved by Potter, Clarke, Lewis, Markey and Pendergrass. Directors Brower and Byrne were absent.

Approved.

1. Consider Adoption of Minutes of the April 20, 2015 Regular Board Meetings

Approved and authorized expenditure of up to \$222,540.

2. Consider Adoption of Resolution 2015-10 Calling an Election for Directors in Divisions 2, 3, 4, and 5 on November 4, 2015; and Approve Service Agreement with Elections Department

Approval to apply for \$200,000 grant.

3. **Bureau of Reclamation WaterSMART Program (A) Consider Approval of Resolution 2015-13 in Support of Filing an Application for a Drought Contingency Planning Grant (B) Authorize the General Manager to Enter into a Grant Agreement with the United States Bureau of Reclamation**

Approved.

4. **Consider Adoption of Resolution 2015-11 - Revisions to Meeting Rule No. 7.D. Seaside Groundwater Basin Watermaster**

Approved.

5. **Consider Approval of Deed Restriction Template No. 1.8 -- Notice and Deed Restriction Regarding Limitation on Use of Water on a Property with Sub-Metering**

Approved expenditure of \$45,000.

6. **Consider Purchase of Conservation Equipment**

Approved expenditure of \$60,000.

7. **Consider Continuance of Contract with Zone 24x7 for Water Demand Database Improvement and Maintenance**

Approved expenditure of \$30,000.

8. **Consider Amendment of Contract with Golden State Planning and Environmental Consulting to Assist with Water Distribution System Permit Program**

Approved expenditure of \$7,000.

9. **Consider Amendment of Contract with Pueblo Water Resources to Provide Hydrogeologic Review for Water Distribution System Permits**

Approved expenditure of up to \$91,687.

10. **Authorize Funds to Contract for Limited Term Field Positions During FY 2015-16**

Approved expenditure of \$40,154.

11. **Authorize Expenditure for Temporary Agency Employee to Assist with Data Migration in the Water Demand Division During FY 2015-16**

Approved.

12. **Consider Adoption of Resolution 2015-12 Establishing Article XIII(B) Fiscal Year 2015-16 Appropriations Limit**

Approved.

13. **Consider Adoption of Treasurer's Report for April 2015**

A summary of General Manager Stoldt's report is on file at the District office and can be viewed on the agency website. He stated that water production in the California-American Water service area on June 1, 2015 was 800 acre-feet lower than reported on June 1, 2014. He reported the following for the

GENERAL MANAGER'S REPORT

14. **Status Report on California American Water Compliance with State Water Resources Control Board Order 2009-0060 and Seaside Groundwater Basin Adjudication Decision**

period of October 1, 2014 through June 1, 2015. Total rainfall received was determined to be below normal, and at 76% of the long-term average. Streamflow was at 32% of long-term average. Useable storage was at 91% of long-term average, and estimated to be approximately 28,670 acre-feet which is a two-year supply.

Stoldt reported the following. Comments on the Monterey Peninsula Water Supply Project EIR are due to the California Public Utilities Commission by July 1, 2015. Eleven comment letters on the EIR for the Pure Water Monterey Project were received by the June 5, 2015 deadline. The City of Seaside has submitted a draft lease agreement to the Water Management District for a site to be used for Aquifer Storage and Recovery. The Notice of Preparation for the Deepwater Desal Project was recently released and scoping sessions are scheduled for June 16, 2015. The District submitted to the City of Pacific Grove an agreement for distribution of a \$100,000 grant, awarded to the City for development of water recycling facilities. The draft application for a modification to the Cease and Desist Order will be submitted soon for review by negotiating parties. On May 29, 2015, Tam Doduc of the SWRCB participated in a tour of local water production facilities.

A summary of Stephanie Locke's report is on file at the District office and can be viewed on the agency website.

Potter reported that he attended the May 29, 2015 tour of Monterey County water facilities conducted for Tam Doduc of the State Water Resources Control Board. He expressed appreciation for Dave Stoldt's leadership in organizing the event and planning the itinerary. Pendergrass noted that the tour was helpful in educating Ms. Doduc on progress that has been made towards solving the water supply situation.

On a motion by Potter and second of Pendergrass, the application was approved unanimously on a vote of 5 – 0 by Directors Potter, Pendergrass, Lewis, Markey and Clarke. Directors Brower and Byrne were absent. No public comment was directed to the Board during the public hearing on this item.

Pendergrass offered a motion that was seconded by Lewis to adopt the July through September 2015 Quarterly Water Supply Strategy and Budget. The motion was approved on a unanimous vote of 5 – 0

15. Update on Development of Water Supply Projects

16. Report on Drought Response

DIRECTORS' REPORTS (INCLUDING AB 1234 REPORTS ON TRIPS, CONFERENCE ATTENDANCE AND MEETINGS)

17. Oral Reports on Activities of County, Cities, Other Agencies/Committees/Associations

PUBLIC HEARINGS

18. Application to Amend California American Water Distribution System – Interconnection of Ryan Ranch and Bishop Units in Seaside Basin for Emergency Use

19. Consider Adoption of July through September 2015 Quarterly Water Supply Strategy and Budget

by Pendergrass, Lewis, Clarke, Markey and Potter. Directors Brower and Byrne were absent. No public comment was directed to the Board during the public hearing on this item.

On a motion by Potter and second of Clarke, the proposed Fiscal Year 2015-16 MPWMD Budget and Resolution 2015-09 were adopted unanimously on a vote of 5 – 0 by Potter, Clarke, Pendergrass, Lewis and Markey. Directors Brower and Byrne were absent.

Tom Rowley, representing the Monterey Peninsula Taxpayers Association (MPTA), addressed the Board during the public hearing. He noted that the MPTA appealed the court decision in the lawsuit against the Water Management District challenging collection of Water Supply Charge revenues. He stated that expenditures in the proposed budget greatly exceed those envisioned for the agency when it was formed.

No Action Items were submitted for consideration by the Board of Directors.

There was no discussion of the Informational Items/Staff Reports.

The meeting was adjourned to closed session at 8 pm.

20. Consider Adoption of Proposed FY 2015-16 MPWMD Budget and Resolution 2015-09

ACTION ITEMS

INFORMATIONAL ITEMS/STAFF REPORTS

21. Letters Received
22. Committee Report
23. Carmel River Fishery Report
24. Monthly Allocation Report
25. Water Conservation Program Report
26. Monthly Water Supply and California American Water Production Report

ADJOURN TO CLOSED SESSION

1. **Conference with Real Property Negotiators (Gov. Code 54956.8)**
Address: 1910 General Jim Moore Blvd.,
Seaside, CA 93955
Agency Negotiator: David J. Stoldt, General Manager
2. **Conference with Legal Counsel – Existing Litigation (Gov. Code 54956.9 (a))**
 - A. MPWMD v. SWRCB; Santa Clara 1-10-CV-163328 – CDO
 - B. Application of Cal-Am to CPUC (No. 12-04-019) - Mon. Pen. Water Supply Project
 - C. MPTA v MPWMD Case No. M123512
 - D. Thum v. MPWMD; Monterey Case No. M113598; 6th District Appellate Case #HO39566
 - E. MPWMD v CPUC (Cal-Am); CA supreme Court Case No. S208838
 - F. Water Plus v. MPWMD, Case No. M125274
 - G. MPWMD v. SWRCB; Santa Clara 1-10-CV-163328 – CDO

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The closed session was adjourned at 8:15 pm.

ADJOURNMENT

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Arlene M. Tavani, Deputy District Secretary

ITEM: CONSENT CALENDAR**2. CONSIDER EXTENSION OF MEMORANDUM OF UNDERSTANDING REGARDING SOURCE WATERS AND WATER RECYCLING – AMENDMENT NO. 2**

Meeting Date:	July 20, 2015	Budgeted:	N/A
From:	David J. Stoldt, General Manager	Program/	Groundwater Replenishment Project
		Line Item No.:	1-5-1
Prepared By:	David J. Stoldt	Cost Estimate:	N/A

General Counsel Approval: N/A
Committee Recommendation: N/A
CEQA Compliance: N/A

SUMMARY: On October 8, 2014 Monterey Regional Water Pollution Control Agency, the Monterey County Water Resources Agency, the City of Salinas, the Marina Coast Water District, and Monterey Peninsula Water Management District, collectively the "Parties" entered into a Memorandum of Understanding (MOU) for the development of permanent agreements in support of the Pure Water Monterey groundwater replenishment project. The MOU anticipated agreements in place by March 31, 2015. While progress is being made on multiple fronts, it became clear that the March 31 deadline could not be met and at the Board's April 13, 2015 meeting the MOU was extended to June 30, 2015. This Amendment No. 2 will extend the deadline to September 30, 2015.

RECOMMENDATION: The General Manager recommends that the Board of Directors approve Amendment 2 to the MOU.

EXHIBIT

2-A Amendment 2 to Memorandum of Understanding Regarding Source Waters and Water Recycling

EXHIBIT 2-A

**AMENDMENT 2
TO
MEMORANDUM OF UNDERSTANDING REGARDING
SOURCE WATERS AND WATER RECYCLING**

THIS AMENDMENT 2 TO THE MEMORANDUM OF UNDERSTANDING (“Amendment”) is made this _____ day of July 2015, by and between Monterey Regional Water Pollution Control Agency, the Monterey County Water Resources Agency, the City of Salinas, the Marina Coast Water District, and Monterey Peninsula Water Management District, collectively the “Parties.”

Sections 4 and “MISCELLANEOUS” Item 7 are amended to read as follows:

4. Accounting Protocols

PCA to enter into agreement with WRA by September 30, 2015 to achieve the following:

- a. PCA’s adoption of activity-based costing for all its CSIP, SRDF and SVRP activities.
- b. Revision of the various financial protocols currently utilized to achieve one standard protocol for each of CSIP, SRDF and SVRP.
- c. Allocation methodologies for costs associated with CSIP, SRDF, and SVRP.
- d. An annual audit of PCA’s financial transactions related to CSIP, SRDF and SVRP at WRA expense.
- e. PCA to credit to the CSIP and SVRP accounts any pro rata revenues it receives from byproducts of tertiary treated wastewater.
- f. A third-party agreed upon by both PCA and WRA to be hired to design and implement these Accounting Protocols.

MISCELLANEOUS

7. This Memorandum of Understanding will expire the earlier of (i) execution of a Definitive Agreement, or (ii) September 30, 2015.

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WITNESS, the Monterey Regional Water Pollution Control Agency, the Monterey County Water Resources Agency, the City of Salinas, Marina Coast Water District, and the Monterey Peninsula Water Management District entered into this Memorandum of Understanding as of the date first written above.

MONTEREY REGIONAL WATER POLLUTION CONTROL AGENCY

By: _____

Its: _____

MONTEREY COUNTY WATER RESOURCES AGENCY

By: _____

Its: Chair of the Monterey County Water Resources Agency Board of Supervisors

CITY OF SALINAS

By: _____

Its: _____

MARINA COAST WATER DISTRICT

By: _____

Its: _____

MONTEREY PENINSULA WATER MANAGEMENT DISTRICT

By: _____

Its: _____

ADMINISTRATIVE COMMITTEE

3. CONSIDER ADOPTION OF RESOLUTION 2015-14 FOR STATE REVOLVING FUND APPLICATION FOR PURE WATER MONTEREY PROJECT

Meeting Date:	July 20, 2015	Budgeted:	N/A
From:	David J. Stoldt, General Manager	Program/ Line Item No.:	Groundwater Replenishment Project 1-5-1
Prepared By:	David J. Stoldt	Cost Estimate:	N/A

General Counsel Approval: N/A

Committee Recommendation: The Administrative Committee reviewed this item on July 13, 2015 and recommended approval.

CEQA Compliance: N/A

SUMMARY: The Board of Directors of the Monterey Regional Water Pollution Control Agency (“Agency”) has approved its Resolution No. 2014-03 authorizing its General Manager to sign and file, for and on behalf of the Agency, an application to the State Water Board for financing from the State Revolving Fund Loan Program that would support the construction of the Pure Water Monterey Project. The loan application requires an official resolution to be adopted by the Board of Directors of the Agency and the District verifying support of the loan.

Because repayment of any such loan will be made from revenues received by the District from sale of Water to California American Water, the District will want to show that it dedicates and pledges wholesale water sales revenues from the water purchase agreement, and its ability to raise a District Water Supply Charge through the Proposition 218 process as additional support should revenues from the water purchase agreement be insufficient or interrupted, to payment of any and all Clean Water State Revolving Fund and/or Water Recycling Funding Program financing for the Pure Water Monterey Groundwater Replenishment Project.

This Resolution commits the District to collecting such revenues and maintaining such funds throughout the term of such financing and until the repayment obligation thereunder is satisfied unless modification or change is approved in writing by the State Water Resources Control Board. So long as the financing agreements are outstanding, the District’s pledge shall constitute a lien in favor of the State Water Resources Control Board on the foregoing funds and revenues without any further action necessary. So long as the financing agreements are outstanding, the District commits to maintaining funds and revenues at levels sufficient to meet its obligations under the financing agreements.

However, because the application and loan will be made in the Agency’s name, our pledge and commitment will be in support of a similar pledge made by the Agency.

RECOMMENDATION: The General Manager recommends that the Board of Directors approve Resolution 2015-14.

EXHIBIT

3-A Resolution 2015-14

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EXHIBIT 3-A

RESOLUTION NO. 2015-14

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
MONTEREY PENINSULA WATER MANAGEMENT DISTRICT
IN SUPPORT OF A FINANCIAL ASSISTANCE APPLICATION FOR A
FINANCING AGREEMENT FROM THE STATE WATER RESOURCES
CONTROL BOARD FOR THE PLANNING, DESIGN AND CONSTRUCTION OF THE
PURE WATER MONTEREY GROUNDWATER REPLENISHMENT PROJECT**

WHEREAS, the Board of Directors of the Monterey Peninsula Water Management District (“District”) on April 20, 2012 approved a three-party Memorandum of Understanding with the Monterey Regional Water Pollution Control Agency (“Agency”) and California American Water to develop the Pure Water Monterey Groundwater Replenishment Project (“Project”); and

WHEREAS, the Board of Directors of the District on July 31, 2013 approved a sixteen-party proposed Settlement Agreement to develop the Monterey Peninsula Water Supply Project, including the Pure Water Monterey Groundwater Replenishment Project, as part of Application A.12-04-019 at the California Public Utilities Commission; and

WHEREAS, the Board of Directors of the District on October 8, 2014 approved a five-party Memorandum of Understanding Regarding Source Waters and Water Recycling in support of the Pure Water Monterey Groundwater Replenishment Project; and

WHEREAS, the Project would produce replacement water sources and groundwater storage to allow California-American Water Company to extract 3,500 AFY from the Seaside Groundwater Basin to meet its obligations to find a replacement to its use of water from the Carmel River; and

WHEREAS, the District will enter into a Water Purchase Agreement for the sale of the product water and creation of revenues that will pay the costs of the Project; and

WHEREAS, the Board of Directors of the District on April 20, 2015 authorized utilization of the District credit for financing of the Pure Water Monterey Groundwater

Replenishment Project; and

WHEREAS, the Board of Directors of the Agency has approved its Resolution No. 2014-03 authorizing its General Manager to sign and file, for and on behalf of the Agency, in the State Revolving Fund application process; and

WHEREAS, the State Water Board offers a State Revolving Fund Loan Program that would support the construction of the Project; and

WHEREAS, the loan application requires an official resolution to be adopted by the Board of Directors of the Agency and the District verifying support of the loan.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Monterey Peninsula Water Management District to:

1. Verifies that it authorizes the General Manager (the “Authorized Representative”) or his/her designee to sign and file for on behalf of the District, a financial assistance application or letter in support of an Agency application from the State Water Resources Control Board for the planning, design, and construction of the Pure Water Monterey Groundwater Replenishment Project;
2. Authorizes the General Manager or his/her designee to provide the assurances certifications, and commitments required for the financial assistance application, including executing a financial assistance agreement from the State Water Resources Control Board and any amendments or changes thereto;
3. Hereby dedicates and pledges wholesale water sales revenues from the water purchase agreement, and its ability to raise a District Water Supply Charge through the Proposition 218 process as additional support should revenues from the water purchase agreement be insufficient or interrupted, to payment of any and all Clean Water State Revolving Fund and/or Water Recycling Funding Program financing for the Pure Water Monterey Groundwater Replenishment Project;
4. Commits to collecting such revenues and maintaining such funds throughout the term of such financing and until the repayment obligation thereunder is satisfied unless modification or change is approved in writing by the State Water Resources Control Board. So long as the financing agreements are outstanding, the District’s pledge

- hereunder shall constitute a lien in favor of the State Water Resources Control Board on the foregoing funds and revenues without any further action necessary. So long as the financing agreements are outstanding, the District commits to maintaining funds and revenues at levels sufficient to meet its obligations under the financing agreements; and
5. Authorizes the General Manager or his/her designee to represent the District in carrying out the District's responsibilities under the financing agreement and compliance with applicable state and federal laws.

On motion of Director _____, and second by Director _____, the foregoing resolution is duly adopted this 20th day of July 2015, by the following votes:

AYES:

NAYES:

ABSENT:

I, David J. Stoldt, Secretary of the Board of Directors of the MPWMD, hereby certify that the foregoing is a full, true and correct copy of a resolution duly adopted on the 20th day of July 2015.

Witness my hand and seal of the Board of Directors, this _____ day of July, 2015.

David J. Stoldt, Secretary to the Board

ITEM: CONSENT CALENDAR**4. CONSIDER ADOPTION OF RESOLUTION 2015-15 RESTATING INTENT TO REIMBURSE EXPENDITURES FOR PURE WATER MONTEREY PROJECT**

Meeting Date:	July 20, 2015	Budgeted:	N/A
From:	David J. Stoldt, General Manager	Program/ Line Item No.:	Groundwater Replenishment Project 1-5-1
Prepared By:	David J. Stoldt	Cost Estimate:	N/A

General Counsel Approval: N/A**Committee Recommendation: The Administrative Committee reviewed this item on July 13, 2015 and recommended approval.****CEQA Compliance: N/A**

SUMMARY: The Board of Directors of the Monterey Peninsula Water Management District (the “District”) has previously approved Resolution No. 2012-14 officially declaring its intent to reimburse pre-construction expenditures made on the Groundwater Replenishment Project (the “Project”) from the proceeds of tax-exempt securities consistent with United States Treasury regulations. Further, the Board has approved Resolution 2015-14 in support of a financial assistance application for a loan from the State Water Resources Control Board (“State Water Board”) for planning, design, and construction of the Project.

The State Water Board may fund the Project Funds with proceeds from the sale of obligations the interest upon which is excluded from gross income for federal income tax purposes. The District’s Resolution 2012-14 anticipated the use of tax-exempt securities, but did not specifically identify the State Water Board’s State Revolving Fund. This Resolution will clarify that the tax-exempt securities, “Debts”, or Certificates of Participation envisioned by Resolution 2012-14 are construed to include the Obligations issued through the State Water Board.

RECOMMENDATION: The General Manager recommends that the Board of Directors approve Resolution 2015-15.

EXHIBIT**4-A Resolution 2015-15**



EXHIBIT 4-A

RESOLUTION NO. 2015-15

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
MONTEREY PENINSULA WATER MANAGEMENT DISTRICT
RESTATING OFFICIAL INTENT TO REIMBURSE EXPENDITURES FOR THE
PURE WATER MONTEREY GROUNDWATER REPLENISHMENT PROJECT**

WHEREAS, the Board of Directors of the Monterey Peninsula Water Management District (“District”) has approved Resolution No. 2012-14 officially declaring its intent to reimburse pre-construction expenditures made on the Groundwater Replenishment Project (the “Project”) from the proceeds of tax-exempt securities consistent with United States Treasury regulations; and

WHEREAS, the Board of Directors of the District has approved Resolution 2015-14 in support of a financial assistance application for a loan from the State Water Resources Control Board (“State Water Board”) for planning, design, and construction of the Project; and

WHEREAS, the construction of the Project may be financed with moneys (“Project Funds”) provided by the State of California, acting by and through the State Water Board; and

WHEREAS, prior to either the issuance of the Obligations or the approval by the State Water Board of the Project Funds the District desires to incur certain capital expenditures (the “Expenditures”) with respect to the Project from available moneys of the District; and

WHEREAS, the District has determined that those moneys to be advanced on and after the date of Resolution 2012-14 to pay the Expenditures are available only for a temporary period and it is necessary to reimburse the District of the Expenditures from the proceeds of the Obligations.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Monterey Peninsula Water Management District to:

1. Hereby restates its intention and reasonable expectation to reimburse Expenditures paid prior to the issuance of the Obligations of the approval by the State Water Board

- of the Project Funds;
2. The tax-exempt securities, “Debts”, or Certificates of Participation envisioned by Resolution 2012-14 are construed to include the Obligations issued through the State Water Board;
 3. The reasonable expected maximum principal amount of the Project Funds is \$85,000,000 or other value to be determined;
 4. Each District expenditure will be of a type properly chargeable to a capital account under general federal income tax principles; and
 5. All the recitals in this Resolution are true and correct and the District so finds, determines, and represents.

On motion of Director _____, and second by Director _____, the foregoing resolution is duly adopted this 20th day of July 2015, by the following votes:

AYES:

NAYES:

ABSENT:

I, David J. Stoldt, Secretary of the Board of Directors of the MPWMD, hereby certify that the foregoing is a full, true and correct copy of a resolution duly adopted on the 20th day of July 2015.

Witness my hand and seal of the Board of Directors, this _____ day of July, 2015.

David J. Stoldt, Secretary to the Board

ITEM: CONSENT CALENDAR**5. CONSIDER CONTRACT FOR PUBLIC OUTREACH AND COMMUNICATIONS SERVICES WITH THOMAS BRAND CONSULTING FOR FISCAL YEAR 2015-2016**

Meeting Date:	July 20, 2015	Budgeted:	Yes
From:	David J. Stoldt, General Manager	Program/ Line Item No.:	Professional Fees
Prepared By:	Stephanie Locke	Cost Estimate:	\$49,200

General Counsel Review: N/A

Committee Recommendation: The Public Outreach Committee reviewed this item on June 25, 2015 and recommended approval. The Administrative Committee reviewed this item on July 13, 2015 and recommended approval.

CEQA Compliance: N/A

SUMMARY: Attached as **Exhibit 5-A** is a proposed Scope of Work for Public Outreach & Communication Services submitted by Thomas Brand Consulting (TBC). TBC has been providing services to the District since 2013.

TBC has proposed a \$4,100 retainer for Fiscal Year (FY) 2015-2016 for a total budget of \$49,200. Costs in addition to the retainer include design services for graphic and website design, printing, website upgrades, media buys, etc. Funding for contractor assistance with public outreach and communication services was included in the District's budget.

RECOMMENDATION: The Administrative Committee should recommend the Board approve a contract with TBC for outreach services for the current fiscal year. The Public Outreach Committee reviewed the proposed Scope of Work as well as an outreach plan for FY 2015-16 and recommends approval.

EXHIBIT**5-A Proposed Scope of Work**

**Proposed Scope of Work
For Public Outreach &
Communication Services
FY15-16**

Prepared for:

Monterey Peninsula Water Management District

Submitted by:

Thomas Brand Consulting, LLC

183 Forest Avenue, Suite 4 • Pacific Grove, CA 93950
Tel: 831.920.1693 • Fax: 831.920.1729
www.thomasbrandconsulting.com
Attn: Stephen Thomas
steve@thomasbrandconsulting.com

Introduction to the Proposed Scope of Work

Over the past year, the Water Management District has continued to position itself as a true resource in the eyes of the public and the media. Facing a number of highly controversial and problematic issues including the drought, developing alternative water sources, impending CDO and misguided lawsuits, the district has laid the groundwork to continue this positive trend, but the momentum must be sustained for it to continue.

TBC is a full service agency with expertise in multiple disciplines; because we examine a company or organization from a brand perspective, we are able to implement a strategic plan that takes into account many different aspects of current and future messaging. Laying the groundwork in this manner, will ultimately lead a more streamlined and cohesive voice and ensure that the district's key messages are consistent across all platforms.

By bringing this unique skill-set, an unwavering commitment to excellence and a true belief, both personally and professionally, in the goals of the District and this ongoing project, the TBC team is uniquely positioned to effectively manage and facilitate the needs of the MPWMD .

Scope of Work

Upon approval, Thomas Brand Consulting will continue to represent the MPWMD across several areas. These areas, as listed below, constitute the scope and type the work proposed. While there are no changes in the type of work being performed, the individual deliverables will be listed in detail. This list, will be also be presented with the associated "hard costs" of these activities for individual approval as needed.

- **Ongoing Internal Communications Representation**
 - Including Internal community outreach integration facilitated through communications with staff, board of directors, relevant partners and stakeholders to determine the need for publication and/or distribution
- **Ongoing Brand Management & Key Message Development**
 - Regular ongoing meetings with the Monterey Peninsula Water Management District(MPWMD) Board of Directors, its staff and relevant stakeholders to ensure approval of any new, revised or ongoing key message development, as well as branding issues

▪ Public Relations Tactics

- Including but not limited to:
 - Press Release Development
 - Media Kit Development
 - Ongoing message-specific campaign to targeted media outlets
 - Updating of any relevant listings in trade, community and other member-based organizations, in which the MPWMD is active or represented
 - Targeted regions: additional local and regional outreach with a focus on areas of significance in relation to current resident or stakeholder base
 - Distribution of press releases to trade publications, trade/business organizations, community groups/advocates and general news outlets
 - Vetting of media inquiries, as well as facilitation and coordination of valuable media opportunities, interviews and FAM tours
 - Tracking, review and clipping of media coverage

▪ Community Relations & Public Events

- Outreach and relationship building with current user base, targeted community groups/advocates, stakeholders, relevant local businesses, educational institutions and other potential partners
- Outreach, introductions and relationship building with local, state and federal agencies
- Coordination of regular and special events and promotions geared towards locals and partners as a vehicle to garner increased exposure of your services, programs and projects.
- Regular communication and dissemination of news and promotions to targeted locals, as well as District support groups/committees via email blast capabilities, advertising and in-person contact
- Continued, regular communication, meetings and brainstorming with the MPWMD, its current partners, targeted stakeholders and the community at large
- Identification and facilitation of new community, business and agency partnerships designed to further the goals of the District and support existing projects and programs
- Facilitation of community workshops held in each district to establish an open line of communication between Directors and their constituents

▪ Social Media

- Ongoing implementation of the social media communications strategy
- Refreshed and additional content development and postings of relevant material and coverage from and of events, the media and the MPWMD
- Management of your current Social Media presence to ensure consistent messaging and relevant content
- Identification of new and viable platforms to utilize and integrate into the plan including Yelp, You Tube, Twitter, Pinterest, Instagram, etc.
- Outreach to, and integration with, industry blogs and information sources

- **Advertising**
 - Review existing advertising commitments, as well as research and provide strategic counsel as relevant advertising opportunities arise in alignment with agreed upon MPWMD based outreach.
 - Upon receipt from graphic designer/artist/producer, provide appropriate artwork and related materials/information to advertising outlets
 - Manage an advertising schedule to ensure proper placement, per agreed upon contracts
 - Post-buy analysis to ensure agreed upon audience composition, reach and frequency

- **Data/Contact Information Collection System**
 - Management of current Data Collection System, MailChimp
 - Continued creation of tactics and themes for future email marketing efforts and the outreach of the MPWMD
 - Continued creation and implementation of data collecting initiatives to increase database totals and targeted reach
 - Creation of industry partnerships to ensure widespread reach of public outreach initiatives

- **Coordination of Annual Newsletter/Copywriting**
 - Utilizing agreed upon messaging and information, TBC will oversee the creation of the MPWMD newsletter including creative direction and copywriting as needed.
 - If desired TBC can also design the newsletter or work with your current graphic artist
 - TBC also recommends the coordination of key messages, language and style of the newsletter and your other publications or collateral material

- **Specific Initiatives Continued From FY: 14-15**
 - Conservation & Drought Outreach
 - a. Ongoing meetings with CAW regarding joint conservation efforts
 - b. Outreach to Hospitality Industry regarding best management practices
 - c. Postcard to non-CAW users regarding conservation
 - d. Public Outreach to CAW and non-CAW customers
 - e. Continued outreach to multi-family homes and developments
 - f. Email Blasts through Chambers and business associations
 - g. Continued Guest Commentary Series
 - h. Continued Speakers Bureau Series

 - Website
 - a. Content creation and updates for both websites

 - Ongoing Rebate Program
 - a. Commercial Customer:
 - b. Residential: Development of in-store rebate point of purchase display
 - c. Residential: additional outreach for rebates available to district residents

- **Regular attendance at Board of Directors Meetings & Relevant Events**
- **General Strategic Counsel & Regular Meetings/Communication with MPWMD Board of Directors, Staff, Shareholders, and Project Partners.**

Disclosure

Thomas Brand Consulting is not party to any former or current ongoing civil or criminal investigation or litigation. At no time has our company defaulted or failed to perform our duties leading to a legal termination of contract.

Specific Deliverables

Upon the agreement of both parties to the Scope of Work, a schedule of deliverables will be determined based upon an agreed to communications strategy and outreach plan. The tenants of which follow on a separate document

Budget

Per the above outlined Scope of Work, Thomas Brand Consulting, LLC proposes a contractual retainer for 12 months with a range of 30 to 32 hours per month. A \$4100 retainer is proposed for July 1, 2015 through June 30, 2016 totaling \$49,200. All out of scope work unless otherwise agreed upon in writing by both parties shall be billed at \$150 per hour. The costs of any associated media buys or collateral production that would fall under the proposed Scope of Work will be determined upon examination of current programs.

The proposed contract does not include creative expenses such as graphic design, web development, photography, video production, any and all media buys and out of pocket expenses including travel/mileage, printing, postage and items associated with the production of events. Thomas Brand Consulting requires client approval for outside expenses greater than \$150.00.

Upon the approval of the of the agreed upon contract and any additional budget stipulations, work will start on an agreed upon date with the first month's or portion of the first month's payment due. From that point forward, the client will be invoices on the 1st of each month, payable within 30 days unless otherwise agreed to by both parties. TBC will work within your established accounting practices to ensure a smooth process.

Additional contractual stipulations to include:

1. Monthly reporting of specific hours utilized per individual project.

Addendum:

INSURANCE

- A. Consultant shall obtain and keep insurance policies in full force and effect for the following forms of coverage:
 - 1. Automobile liability including property damage and bodily injury with a combined single limit of \$300,000.
 - 2. Comprehensive General Liability (CGL) with a combined single limit of \$1,000,000
- 3. Consultant shall add to his/her Comprehensive General Liability insurance policy a severability or interest clause or such similar wording if his/her policy does not automatically have this clause already written into it. Such language shall be similar to: "The insurance afforded applies separately to each insured against whom claim is made or suit is brought, including claims made or suits brought by any person included within the persons insured provision of this insurance against any other such person or organization."
- B. Consultant shall provide photocopies of its current Automobile insurance policy [or policies], including endorsements thereto, or current certificates of insurance in lieu thereof, to MPWMD.
- C. Consultant shall provide notice to MPWMD of any cancellation or material change in insurance coverage where MPWMD has been named as an insured, such notice to be delivered to the MPWMD in accord with Section XV of this Agreement at least sixty (60) days before the effective date of such change or cancellation of insurance.
- D. Evidence acceptable to MPWMD that Consultant has complied with the provisions of this Section VII shall be provided to the MPWMD, prior to commencement of work under this Agreement.
- E. All policies carried by Consultant shall provide primary coverage instead of any and all other policies that may be in force. MPWMD shall not be responsible for any premium due for the insurance coverage specified in this Agreement.

Acceptance of Proposal:

 David J. Stoldt or Suresh Prasad
 Monterey Peninsula Water Management District

 Date

 Stephen C. Thomas
 Thomas Brand Consulting, LLC

 Date

Specific Deliverables:

MPWMD - Proposed Scope of Work – Public Outreach & Communication

District Wide Outreach Assistance

- Prepare individual cost budgets and plans for 2015-16 outreach activities
- Establish formal "Style Guide" for staff to reference prior to updating webpages, preparing memos/papers, etc.
- Order stationary, folders, and logo wear
- Establish a "Media Kit"
- Develop "About the District" brochure
- Maintain website/facebook/twitter
- Implement Outreach Committee priorities/direction
- Ensure regular op-ed pieces are written and published in newspaper
 - Assist with development of press releases as needed
- Manage regular news articles for local HOA/clubs/organizations newsletter/epapers
 - Includes chambers, CVA, city newsletters, etc.
- Prepare and place advertisements for District workshops in month prior to class
- Attend meetings/events as requested. Provide schedule for approval at beginning of month. (Photograph, feedback, participate, etc.)
- MPC Farmers market information table quarterly or semi-annually
- Award applications and identification of deadlines
- District calendar with regular updates
- Maintain District outreach event participation

Fisheries/River Mitigation Program

- Signage/wrap for steelhead rescue truck
- Fisheries specific handout

Water Demand Program

- Gardener contacts at Pebble Beach gates
- Ads in local special event publications
 - Prominent visitor information regarding water use during Concour, AT&T, Film Festival, etc.
- Shopping carts, dividers
- Develop print material
 - Rationing
 - Water softeners
 - Pressure regulators
 - Cooling towers
 - Permit process

- Water saving posters for restaurants, hospitality, etc.
- Plant tags (and distribution)
- Signage for nonpotable water supplies
- Interpretive sign for cistern installations
- *Water efficient business* certification sticker/sign
- Shrink wraps for buckets
- Develop and oversee mailing of restaurant enforcement effort
 - MCHA mailing list and chambers
 - District/CAW list
- Oversee cling distribution (This might be a job for an intern/student)
- Assist with implementation of pressure regulator program outreach

ITEM: CONSENT CALENDAR**6. CONSIDER AWARDING \$125 SCHOLARSHIPS FOR ATTENDANCE AT AMERICAN RAINWATER CATCHMENT SYSTEMS ASSOCIATION (ARCSA) RAINWATER HARVESTING WORKSHOP TO RESIDENTS/LANDSCAPING PROFESSIONALS WITHIN THE MPWMD BOUNDARIES**

Meeting Date:	July 20, 2015	Budgeted:	Yes
From:	David J. Stoldt General Manager	Program/ Line Item No.:	Workshops/Training 4-2-3 E
Prepared By:	Stephanie Locke	Cost Estimate:	\$2,100

General Counsel Review: N/A**Committee Recommendation: The Public Outreach Committee reviewed this item on June 17 and recommended approval. The Administrative Committee reviewed this item on July 13, 2015 and recommended approval.****CEQA Compliance: N/A**

SUMMARY: Staff is requesting authorization to offer \$125 scholarships to local professionals and homeowners who attend the two-day American Rainwater Catchment Systems Association (ARCSA) Level 200 workshop on August 26-27th. ARCSA is a non-profit organization that was founded to promote rainwater catchment systems in the United States and offers rainwater harvesting and accreditation workshops. ARCSA trainers are scheduled to conduct class in the Monterey area on Wednesday, August 26 Thursday, August 27. The workshop will be held in California American Water's (Cal-Am) training room in Pacific Grove. The District offered this same workshop and scholarship in 2010.

ARCSA requires a minimum of 15 participants in its Level 200 workshop, and registration is handled by ARCSA. The workshop costs \$395 for ARCSA members and \$495 for non-members. The registration cost is set by ARCSA, and has increased by \$100 over 2010 pricing (when MPWMD last hosted an ARCSA workshop). The scholarship would be offered to offset the cost of the registration fees for professionals and residents of the MPWMD only.

Funds for scholarships are available in the Fiscal Year 2015-2016 budget. The expenditure for residents and professionals within the California American Water system is reimbursable by Cal-Am through the California Public Utilities Commission (CPUC)-approved conservation budget. Scholarships for non-Cal-Am participants will be funded through the District's Best Management Practices budget.

ARCSA's 200 Level workshops are open to the public, as well as to any industry professional looking to expand their knowledge about rainwater harvesting. The workshop is a prerequisite for accreditation as an ARCSA Accredited Professional. Individuals must also pass an ARCSA Accreditation Exam in order to attain the ARCSA Accredited Professional designation. Topics

covered will include rainwater catchment design and installation, in-home rainwater use, installation and safety, rules and regulations, guidelines and restrictions, and other pertinent industry topics.

RECOMMENDATION: Staff recommends the Administrative Committee support District-issued scholarships for attendance at the American Rainwater Harvesting and Accreditation 200 Level Workshop August 26-27 at a not-to-exceed cost of \$2,100.

EXHIBIT

None

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ITEM: GENERAL MANAGERS REPORT**8. UPDATE ON DEVELOPMENT OF WATER SUPPLY PROJECTS**

Meeting Date:	July 20, 2015	Budgeted:	N/A
From:	David J. Stoldt, General Manager	Program/ Line Item No.:	Water Supply Projects
Prepared By:	David J. Stoldt	Cost Estimate:	N/A

General Counsel Review: N/A
Committee Recommendation: N/A
CEQA Compliance: N/A

DISCUSSION:

Cease and Desist Order: Under Section 1832 of the California Water Code any aggrieved party can request a modification to a State Water Resources Control Board (SWRCB) Cease and Desist Order (CDO). Agenda item 16 contains a proposed application for modification of the current CDO.

California American Water Company (Cal-Am) Desalination Facility: The Draft Environmental Impact Report was released April 30th with a 60-day comment period. Comments were initially due July 1st. The CPUC extended the period to July 13th, but then on July 9th based on several reasons outlined in **Exhibit 8-A**, the deadline was extended to September 30th. This delay will result in the rescheduling of the other filing dates related to the application. It is unclear what effect it will have on Phase 2 testimony on the Pure Water Monterey groundwater replenishment project scheduled for November.

The test slant well pump test was stopped on June 5th as a result of declining groundwater levels in a monitoring well. The California Coastal Commission in its July 3rd letter (**Exhibit 8-B**) “determined that the water level decrease appears to be caused in part by the pump test.” The Coastal Commission’s permit will require an amendment to allow the pump test to restart. The earliest Cal-Am will be able to appear in front of the Coastal Commission to request an amendment is August 12th to the 14th in Chula Vista.

On July 10th Cal-Am complied with a District data request which will facilitate the application for a CPUC Financing Order for the issuance by the District of Ratepayer Relief Bonds. The delay in the EIR schedule will have the effect of delaying the filing for a Financing Order to October or November.

Pure Water Monterey groundwater replenishment project: The Draft Environmental Impact Report was released April 22nd with a 45-day comment period. Comments were due June 5th and 27 comments were received. The project’s environmental team is in the process of reading and responding to the comments, and preparing for inclusion in the final EIR.

The large source water stakeholders group met July 2nd. Progress was reported on all fronts including negotiations between MRWPCA and MCWRA, MRWPCA and Salinas, and MPWMD and Cal-Am. The deadline for reaching definitive agreements has been extended to September 30th as shown in the Consent Calendar.

The State Regional Water Quality Control Board staff attended the July 2nd meeting and expressed strong support for the Blanco Drain element of the project.

Resolutions in support of State Revolving Fund loans were included in the Consent Calendar.

The demonstration facility is expected to be on-line in mid-August and tours have already been scheduled for the American Water Works Association in August and the California Special Districts Association in September.

ASR Wells – Phase 1 and 2: Item 14 in this Agenda will pave the way for completion of the ASR Wells Phase 1 site.

At its last meeting, the District's Public Outreach Committee decided it would be most appropriate to refer to ASR as ASR "Wells" – Phase 1 and Phase 2, rather than Water Project 1 and Water Project 2. The reason is to be more consistent with actual practice and to avoid confusion with the District's Paralta Well development and its Reclamation Project partnership.

Local Water Projects: The 2015-16 Local Water Project Grant solicitation has been distributed with a due date of September 1st. It is expected that the Pebble Beach Company (Del Monte Golf Course well) and/or the City of Seaside will apply.

The City of Pacific Grove released its draft supplemental environmental impact report (SEIR) the first week of July. It is expected to be certified by the City Council in August. A first reading of an Ordinance for this project appears on this Board Agenda.

Malpas (Odello) received its notice of decision from the SWRCB for its water rights on July 3rd. A first reading of an Ordinance for this project appears on this Board Agenda.

Airport District: In May, the Airport District's consultant produced a draft report indicating that the three existing extraction wells have a combined potential steady extraction rate of 66.2 gallons per minute or approximately 107 acre-feet per year. Potential markets have yet to be fully explored. Additional investment to maintain production reliability has not been identified.

Fairgrounds: The District provided the Fairgrounds with a draft grant agreement earlier this year. It has not been returned. The District also provided the Fairgrounds with a proposed scope of services for an outside feasibility study and design. The Fairgrounds has not yet acted. However, the Fairgrounds earlier this year completed the retrofit of all of its toilet facilities. That retrofit may have significantly altered the financial feasibility of re-plumbing the toilet facilities with well water. Additional follow-up by District staff is planned.

Alternative Desalination Project: DeepWater Desal released its Notice of Preparation for its CEQA work and hosted a Scoping Hearing on June 16th. District staff attended. The State

Lands Commission is Lead Agency and will invoice the District for 50% of the initial deposit for the consultant hired to prepare the draft EIR.

Los Padres Dam and Reservoir: On June 5th, District staff sent to Cal-Am a draft agreement for activities relating to a long term plan for Los Padres Dam. The Company has not responded. The scope of services includes the following:

Upstream Steelhead Passage – Existing Ladder: The existing fish ladder, trap and truck operation, and appurtenances shall be evaluated for effectiveness and design issues.

Upstream Volitional Steelhead Passage – All Life Stages: The feasibility and cost of building and maintaining facilities to allow volitional upstream passage over Los Padres Dam for all life stages of steelhead shall be evaluated

Water Availability Analyses: MPWMD shall complete a linked surface-groundwater flow model for the Carmel River Basin based on GSFLOW water availability analyses shall be conducted under 6 or more scenarios.

Analysis of Carmel River Flow and Steelhead Habitat: To study the effect on steelhead of the removal of the dam or an increase in storage, an additional analysis involving evaluation of stream habitat would be conducted using a hydraulic model and habitat suitability curves developed with the Instream Flow Incremental Method (IFIM). However, due to drought conditions, completion of the IFIM for the Carmel River is uncertain. It is anticipated that if enough steelhead are in the river in the winter of 2015-16, an IFIM could be completed by the latter part of 2016.

Analysis of Geomorphic Effects of Sediment Releases: A geomorphic analysis of the effect of two alternatives would be completed for: 1) bypassing all of the incoming bedload to Los Padres Reservoir (i.e., maintain existing reservoir volume); and 2) bypassing all of the incoming bedload to Los Padres Reservoir and periodically dredging existing reservoir sediment and adding to the bypassed sediment (i.e., steadily increase reservoir volume by increasing the bedload downstream of Los Padres Dam above the natural sediment load).

An additional task would be to identify feasible options for removing dredged material from the reservoir and either moving the material to a nearby disposal area or placing it downstream of Los Padres Dam and allowing the river to carry the material downstream

EXHIBITS

8-A CPUC Ruling Extending Briefing Schedule

8-B California Coastal Commission determination on test well permit conditions

8-C Cal-Am test well monitoring results



FILED
7-09-15
03:27 PM

GW2/ek4

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of California-American Water Company (U210W) for Approval of the Monterey Peninsula Water Supply Project and Authorization to Recover All Present and Future Costs in Rates.

Application 12-04-019
(Filed April 23, 2012)

**ADMINISTRATIVE LAW JUDGE'S RULING
EXTENDING BRIEFING SCHEDULE**

For the reasons identified by the Commission's Energy Division, the comment period on the Draft Environmental Impact Report has been extended. (See attached Notice issued by Energy Division on July 9, 2015.) The briefing schedule should similarly be extended in order to facilitate the efficient use of resources and promote the development of an organized record.

Opening briefs on legal and policy issues had been due July 14, 2015, with reply briefs due July 29, 2015. The new dates for the filing and serving of opening and reply briefs will be provided in a subsequent ruling.

IT IS RULED that the briefing schedule is extended to dates to be provided by subsequent Ruling.

Dated July 9, 2015, at San Francisco, California.

/s/ GARY WEATHERFORD

Gary Weatherford
Administrative Law Judge

ATTACHMENT

**Notice to all Parties
California American Water Co. Application A.12-04-019: Monterey
Peninsula Water Supply Project (MPWSP)**

(Issued July 9, 2015)

A.12-04-019 GW2/ek4

Notice to all Parties
California American Water Co. Application A.12-04-019: Monterey Peninsula Water Supply Project (MPWSP)

MPWSP DEIR Comment Period Extended to September 30, 2015

In Application (A.) 12-04-019, California American Water Company (Cal-Am) has applied to the California Public Utilities Commission (Commission) for a Certificate of Public Convenience and Necessity (CPCN) to build and operate a desalination plant, and related facilities, on the Monterey Peninsula. This project is called the Monterey Peninsula Water Supply Project (MPWSP).

The California Environmental Quality Act (CEQA) applies to this project. *See* Pub. Res. Code § 21080(a) (CEQA generally applies to "discretionary projects to be . . . approved by public agencies . . ."). As the state agency that has the primary permitting authority over this project, the Commission is the appropriate CEQA lead agency. CEQA Guidelines § 15051(b) ("If the project is to be carried out by a nongovernmental person or entity, the Lead Agency shall be the public agency with the greatest responsibility for supervising or approving the project as a whole."). As the Lead Agency, the Commission determined that an Environmental Impact Report (EIR) was necessary, and was obliged to "cause the document to be prepared." CEQA Guidelines § 15367. We engaged an environmental consultant, Environmental Science Associates (ESA), to help us prepare that document.

The Commission's Energy Division issued the Draft EIR in April 2015. Comments on the Draft EIR were due on July 13, 2015. **Energy Division has now determined that it is appropriate to further extend the comment period on the Draft EIR to September 30, 2015. We may take additional actions as described below.** We do these things for three important reasons.

First: We have learned that one of our sub-contractors, an entity called Geosciences, also has a contractual relationship with Cal-Am, the MPWSP's proponent, and that Geosciences's contract with Cal-Am pertains to the MPWSP; and that the President of Geosciences holds one or more patents related to slant well technology that Cal-Am might or could use in the construction of the MPWSP.

The Commission takes this situation very seriously. As a result of concerns raised by these issues, after transitioning their work product to ESA, Geosciences will not do any more work for the Commission on this project.

A.12-04-019 GW2/ek4

The work that Geosciences had done for the Commission in the past relates specifically to that portion of the EIR addressing the MPWSP's impact on local groundwater resources. *See* MPWSP DEIR, Chapter 4.4. We are now regarding that work as if it had been performed by the proponent, Cal-Am, rather than as the Commission's work product. We are considering options to independently evaluate the accuracy and credibility of that work, including but not limited to entering into a contract with a neutral third party to review that work; and/or opening up that work to review by the parties to this proceeding, or by the public at large.

During the remainder of the Draft EIR comment period, we specifically invite you to comment on the issues raised above, and we solicit your suggestions as to what remedies, if any, we should undertake.

Second: Independent of the possible conflicts addressed above, several parties have submitted comments asking for greater access to the data, models, and assumptions used by Geosciences in the hydrogeology modeling work they have performed. That is not required by CEQA, and ordinarily, the Commission would not make those data, models, or assumptions available to the public. But this is not an ordinary situation. Under the circumstances, we find it appropriate to make that information available to the parties.

Please tell us in what form it would be most helpful to you to have those data, models, and assumptions, no later than close of business on July 30, 2015.

Third: Independent of the issues raised above, we have received a comment from the Monterey Bay National Marine Sanctuary (Sanctuary) indicating that the Draft EIR should be recirculated as a joint state/federal environmental document under both CEQA and the National Environmental Policy Act (NEPA). The Sanctuary has stated that they would be the appropriate NEPA Lead Agency.

Recirculating the MPWSP environmental document as a joint CEQA/NEPA document would allow the Commission to complete its fact-finding into the Geosciences issues discussed above, and would allow the parties an additional opportunity to comment on those issues, as well as any other subjects contained in the joint CEQA/NEPA document. This would also allow the Commission to perform a more detailed analysis of several possible alternatives to the MPWSP, including the People's Moss Landing Water Desalination Project, and the Monterey Bay Regional Water Project (commonly known as the Deepwater Desal project).

A.12-04-019 GW2/ek4

During the remainder of the Draft EIR comment period, we specifically invite you to comment on the advisability of recirculating the Draft EIR as a joint CEQA/NEPA document.

Comments are now due by close of business on **Wednesday, September 30, 2015**.

The Draft EIR and Appendices are available for download at:

<http://www.cpuc.ca.gov/PUC/energy/Environment/Current+Projects/esa/mpwsp/index.html>

Written comments should be addressed to:

Mary Jo Borak, CPUC
c/o ESA
550 Kearny Street, Suite 800
San Francisco, CA 94108

Comments can be sent by fax to (415) 896-0332, or by email to MPWSP-EIR@esassoc.com.

All comments must be received by Close of Business on September 30, 2015.

Finally, we briefly address the separate, but related, track by which the Commission will determine whether to issue a CPCN for Cal-Am to build and operate a desalination plant. That track does not primarily consider environmental impacts, but rather issues such as project costs and the benefit to ratepayers. The Commission's Administrative Law Judge (ALJ) Division has set the date for initial briefs on the CPCN track for **July 15, 2015**. Energy Division has informed ALJ Division of the issues raised above, and has asked ALJ Division to consider delaying or suspending briefing on the CPCN track. You may expect a ruling on that matter shortly.

(END OF ATTACHMENT)

CALIFORNIA COASTAL COMMISSION

45 FREMONT, SUITE 2000
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TDD (415) 597-5885



July 3, 2015

Mr. Ian Crooks, P.E.
Engineering Manager
California American Water Company
511 Forest Lodge Rd, Suite 100
Pacific Grove, CA 93950

VIA EMAIL: ian.crooks@amwater.com

RE: Condition Compliance – Special Condition #11 of Coastal Development Permits (“CDPs”) A-3-MRA-14-0050 and 9-14-1735 for California American Water’s (“Cal-Am’s”) slant test well project in Marina, Monterey County.

Dear Mr. Crooks:

Thank you for your submittal of the Hydrological Working Group’s (“HWG’s”) June 10, 2015 letter pursuant to the above-referenced Special Condition #11.¹ That condition requires that the pump test for Cal-Am’s test well be temporarily halted if water levels decrease or if total dissolved solid concentrations (“TDS”) increase in the project’s Monitoring Well 4. The condition also requires Cal-Am to submit an application for a permit amendment if the Executive Director determines that the identified decrease in water level was caused at least in part by the pump test. As noted in the letter, Cal-Am on June 5, 2015 stopped its pump test because water levels were approaching the maximum allowable water level decrease.

As you know, part of the intent of that requirement was to provide for a temporary halt to the pump test to determine whether any identified decrease in water levels could be potentially due to a drawdown from the test that might propagate to more distant agricultural wells. Monitoring

¹ Special Condition #11 states: “**Protection of Nearby Wells. PRIOR TO STARTING PROJECT-RELATED PUMP TESTS, the Permittee shall install monitoring devices a minimum of four wells on the CEMEX site, within 2000 feet of the test well, and one or more offsite wells to record water and salinity levels within the wells and shall provide to the Executive Director the baseline water and Total Dissolved Solids (“TDS”) levels in those wells prior to commencement of pumping from the test well. The Hydrogeology Working Group shall establish the baseline water and TDS levels for the monitoring wells. During the project pump tests, the Permittee shall, at least once per day, monitor water and TDS levels within those wells in person and/or with electronic logging devices. The Permittee shall post data collected from all monitoring wells on a publicly-available internet site at least once per week and shall provide all monitoring data to the Executive Director upon request. If water levels drop more than one-and-one-half foot, or if TDS levels increase more than two thousand parts per million from pre-pump test conditions, the Permittee shall immediately stop the pump test and inform the Executive Director. The Hydrogeology Working Group shall examine the data from Monitoring Well 4 if the test well is shut down due to either of these causes. The Hydrogeology Working Group shall determine whether the drop in water level or increase in TDS is from a cause or causes other than the test well, and it will submit its determination to the Executive Director. If the Executive Director agrees with the Hydrogeology Working Group that the cause of the drop in water level or increase in TDS was a source or sources other than the test well, then the Executive Director may allow testing to resume. If, however, the Executive Director determines that the drop in water level was caused at least in part by the test well, then the Permittee shall not re-start the pump test until receiving an amendment to this permit.**”

Well 4 is about 2000 feet from the test well, and the nearest active agricultural well is another several thousand feet further from the test well. This requirement was meant to provide an additional factor of safety to ensure the pump test would not adversely affect coastal agriculture.

Executive Director's Determination

Special Condition 11 requires, in part, that Cal-Am stop its pump test if monitoring shows more than a 1.5-foot decrease in water levels at Monitoring Well 4. It also requires the HWG to examine the monitoring data to determine the causes of the water level decrease and to submit its determination to the Executive Director. We reviewed the above-referenced letter, along with the HWG's follow-up June 22, 2015 letter, weekly monitoring reports, and a June 25, 2015 submittal by Remy Moose Manley, all of which address various aspects of the pump test, monitoring results, aquifer characteristics, and regional and seasonal pumping regimes. The June 22nd HWG letter notes that there are likely several influences other than Cal-Am's pump test, but that the test could be responsible for about 0.2 to 0.5 feet of the decrease.² Based on our review, we have determined that the water level decrease appears to be caused in part by the pump test. Pursuant to Special Condition #11, Cal-Am must therefore submit an application for a permit amendment to allow restart of the test and is not to conduct further pump testing until receiving an amended permit. However, we understand that minimal maintenance pumping, of no more than 6 hours once per week, is required to maintain the well and its related equipment. This maintenance pumping is allowed prior to the Commission's action on an amendment to Cal-Am's permit. We understand you will notify us of the start and stop times for each of these maintenance cycles.

With the benefit of several months of monitoring data obtained before, during, and after the pump test, including data Cal-Am is continuing to collect, we believe the current permit and its conditions can be modified to better reflect aquifer conditions identified through these data, to better characterize other factors affecting the aquifers, and to better identify the potential effects of the pump test as they relate to those factors. We therefore recommend Cal-Am work with the HWG to develop a proposed amendment that incorporates the analyses and information referenced above and that addresses the following:

- **Characterization of local/regional effects:** The available data suggest the monitoring results are affected by several elements other than the pump test – e.g., regional pumping regimes, daily changes in agricultural pumping, etc. We recommend the application for the proposed amendment identify and incorporate the likely effects of those elements on the data. For example, the HWG surmises that a regular pattern observed in the data is due to seasonal increases in agricultural pumping, of pumping being reduced on Sundays, etc. We recommend the application include available data to support those assumptions.
- **Effects on different aquifers:** The available monitoring data show that the three aquifers underlying the area have different characteristics – e.g., confined, semi-confined, and unconfined – and are affected differently by the pump test and the other factors. We recommend that Cal-Am consider whether the application should include separate, specific thresholds that can be used to measure the potential effects of the test well on each of the aquifers.

² See June 22, 2015 letter, page 6, last bullet, which states, in part: "...it seems clear from the data collected so far that if there is any drawdown at MW-4S and/or MW-4M – it is less than 0.5 feet and probably closer to 0.2 to 0.3 feet."

- **Water and TDS levels:** The available monitoring data suggests the changes in water and TDS levels may be better described not as single values but as a range or trend in the data. We recommend that Cal-Am consider whether the application should include proposed thresholds that better reflect the identified trends in the monitoring data.

In addition, and as noted in the above-referenced June 25th letter, we request that you clarify Cal-Am's compliance with the requirement of Special Condition #11 that monitoring devices be installed at a minimum of four wells on the CEMEX site within 2000 feet of the test well.

Thank you again for your submittal. As always, we are happy to answer any questions and to work with you in developing an appropriate amendment to the CDPs. Please contact Tom Luster of my staff at 415-904-5248 or tom.luster@coastal.ca.gov if you have any questions.

Sincerely,

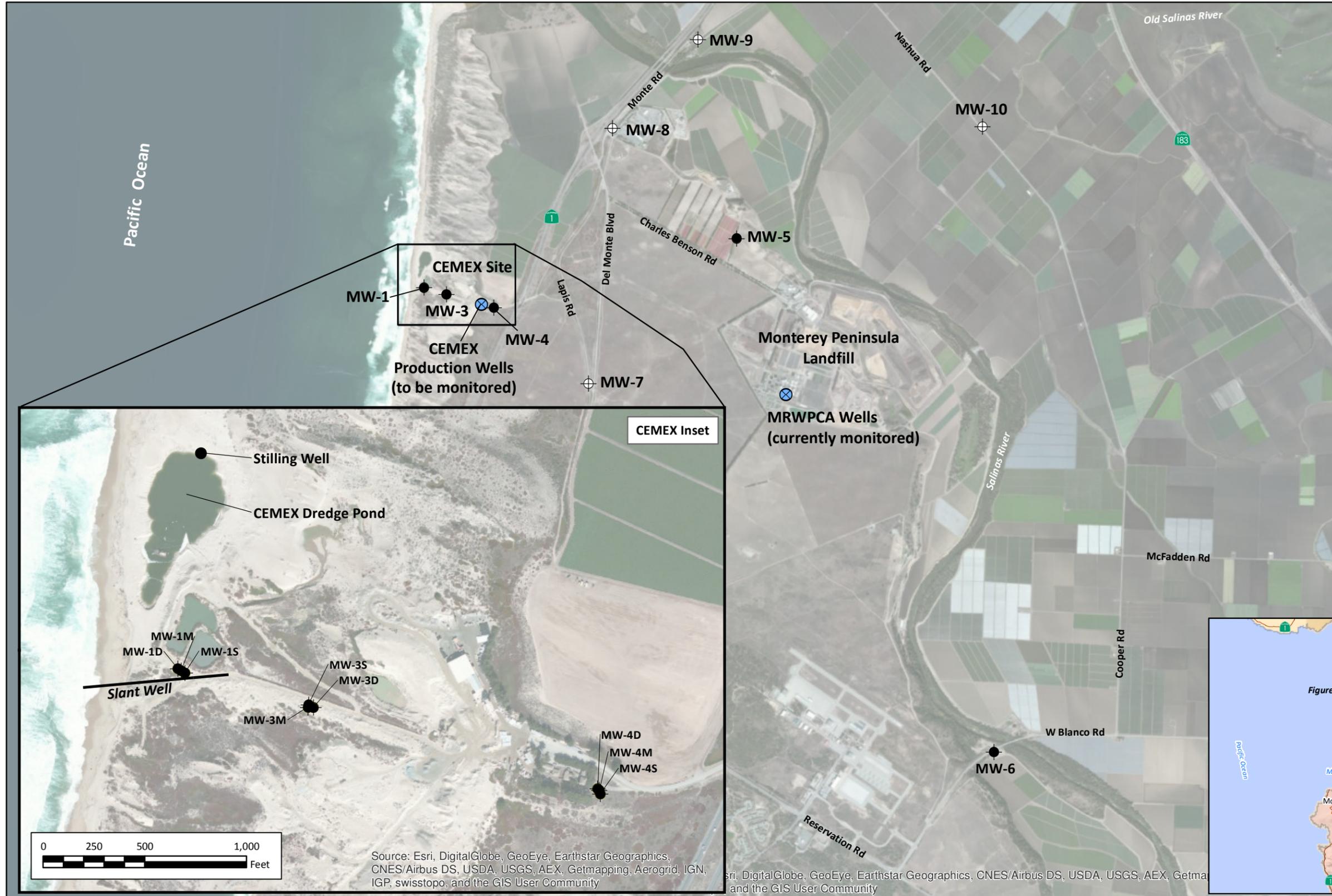


CHARLES F. LESTER
Executive Director

CALIFORNIA AMERICAN WATER

MONTEREY PENINSULA WATER SUPPLY PROJECT

EXISTING AND PROPOSED MONITORING WELL LOCATIONS



- EXPLANATION**
- Existing Monitoring Well Cluster
 - Proposed Monitoring Well Cluster
 - Existing Production Well
 - Slant Well

CEMEX Site

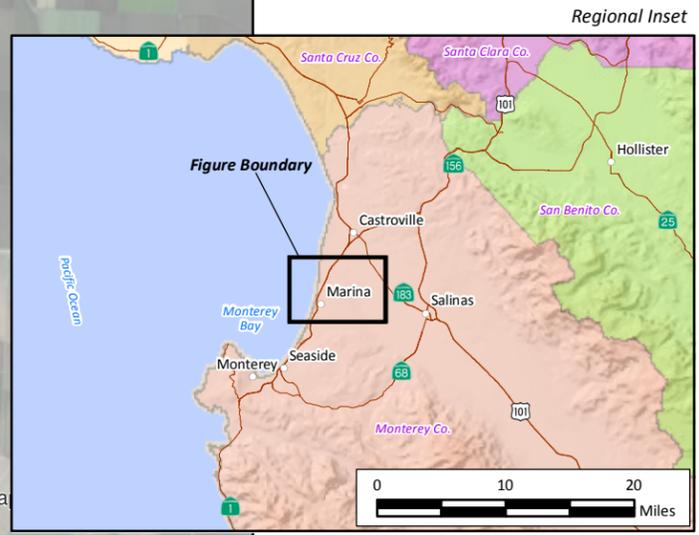
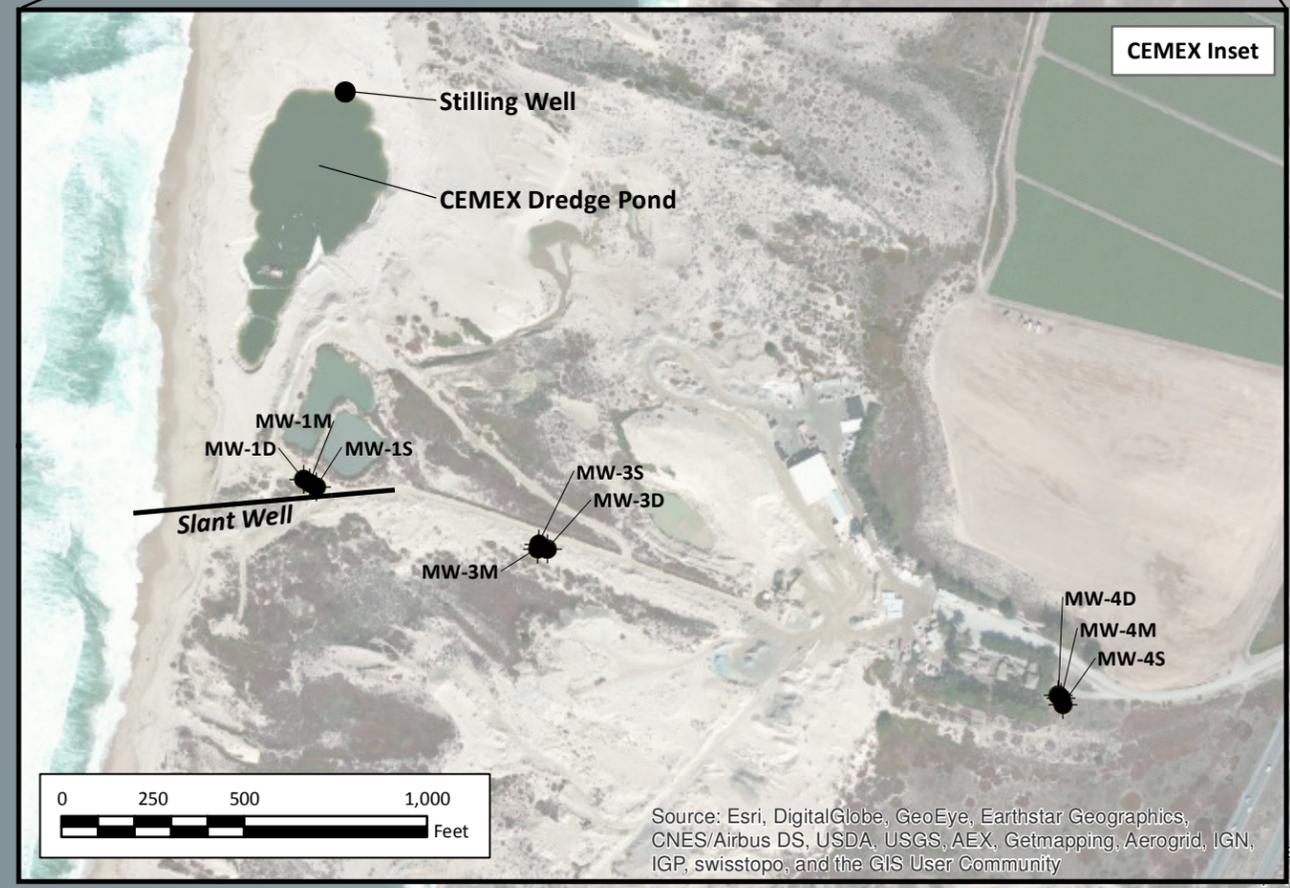
MW-1, MW-3, MW-4

CEMEX Production Wells (to be monitored)

MW-7

Monterey Peninsula Landfill

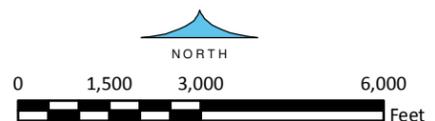
MRWPCA Wells (currently monitored)



Source: Esri, DigitalGlobe, GeoEye, Earthstar Geographics, CNES/Airbus DS, USDA, USGS, AEX, Getmapping, Aerogrid, IGN, IGP, swisstopo, and the GIS User Community

Esri, DigitalGlobe, GeoEye, Earthstar Geographics, CNES/Airbus DS, USDA, USGS, AEX, Getmapping, Aerogrid, IGN, IGP, swisstopo, and the GIS User Community

23-Mar-15
 Prepared by: DWB. Map Projection: State Plane 1983, Zone IV.
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Figure 1

Groundwater Elevation in MPWSP MW-1

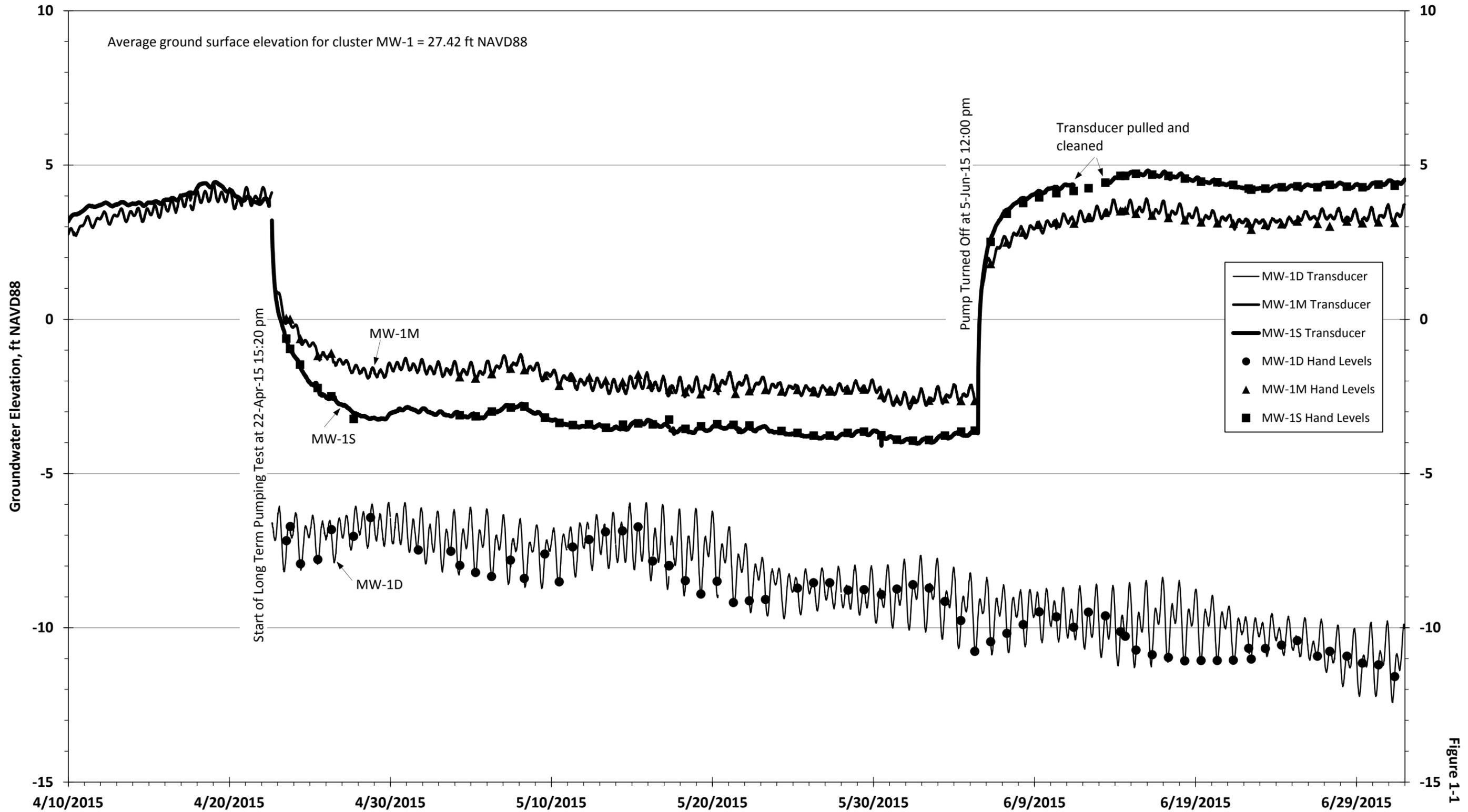


Figure 1-1

Groundwater Elevation in MPWSP MW-3

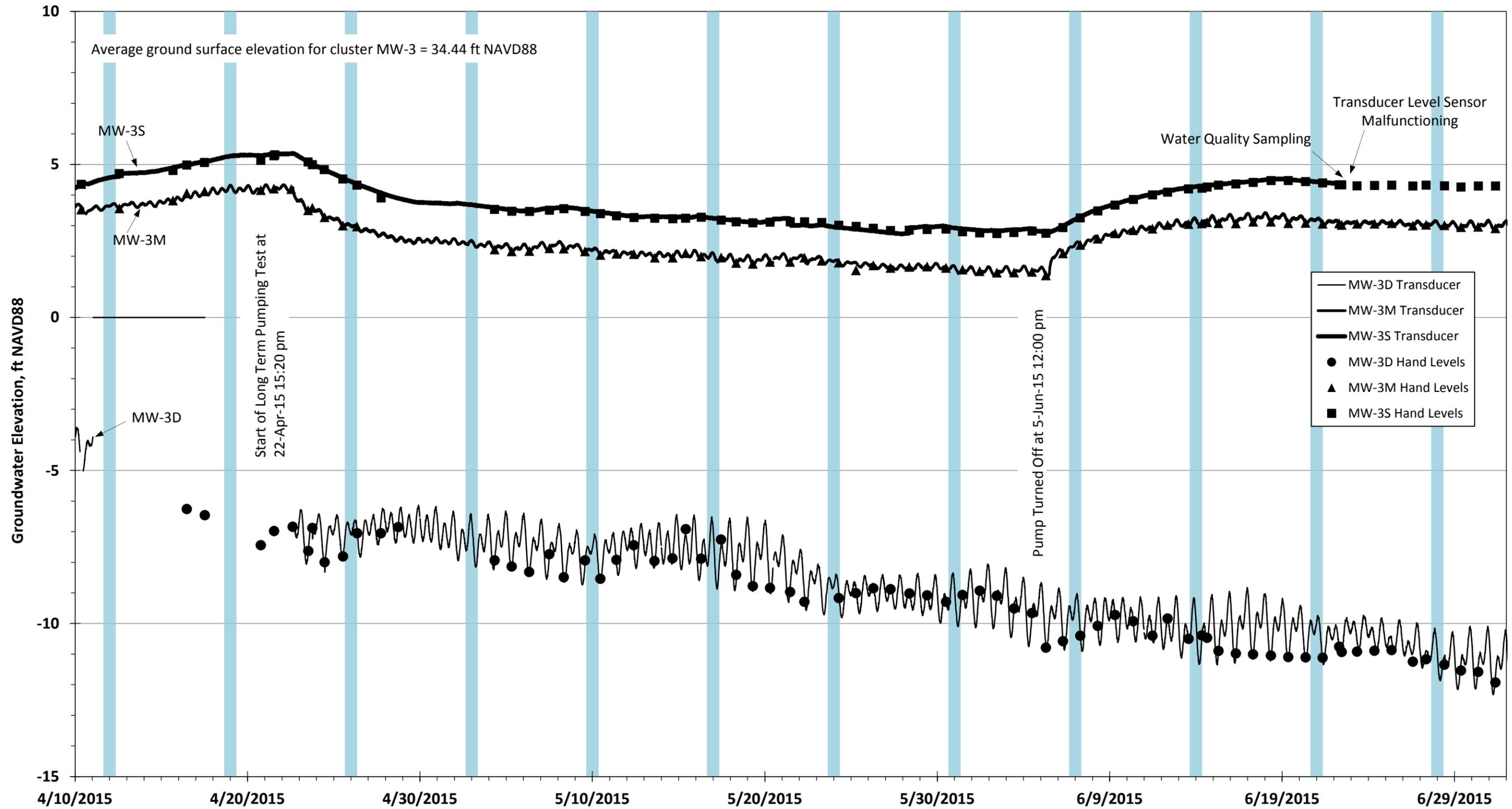


Figure 1-2

Groundwater Elevation in MPWSP MW-4

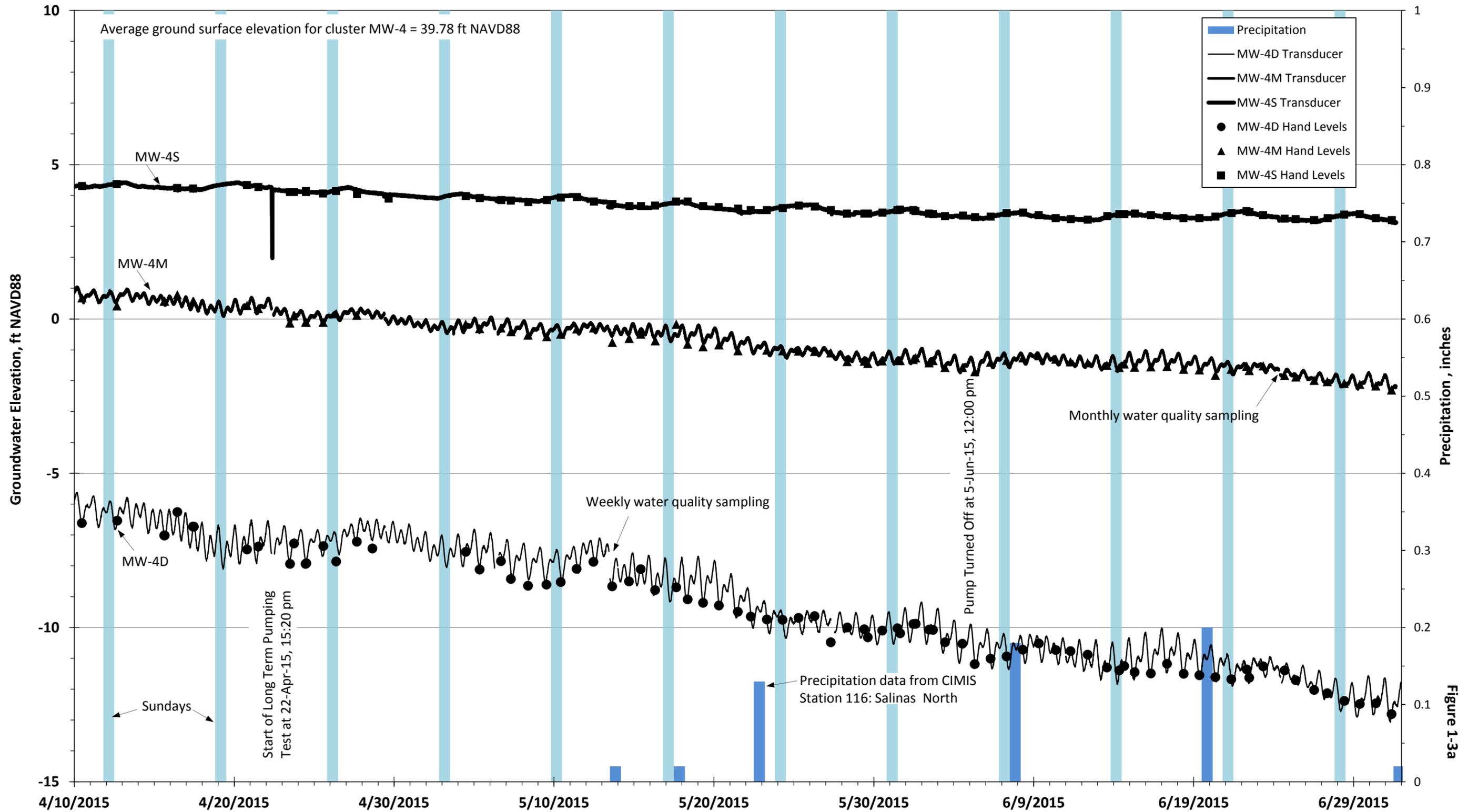


Figure 1-3a

ITEM: PUBLIC HEARING**12. CONSIDER FIRST READING OF ORDINANCE NO. 165 AMENDING RULES 11, 21, 23 AND 23.1 AND ADDING RULE 23.7 TO ESTABLISH A WATER ENTITLEMENT FOR MALPASO WATER LLC**

Meeting Date:	July 20, 2015	Budgeted:	N/A
From:	David J. Stoldt, General Manager	Program/ Line Item No.:	N/A
Prepared By:	Stephanie Locke	Cost Estimate:	N/A

General Counsel Review: Yes

Committee Recommendation: On March 17, 2015, the Water Supply Planning Committee recommended the Board conduct the first reading of a draft ordinance that would amend Rules 11, 21, 23 and 23.1, and add Rule 23.7 to establish a Water Entitlement for Malpasos Water LLC.

CEQA Compliance: District is a Responsible Agency relying on an EIR certified by the SWRCB

SUMMARY: Ordinance No. 165 (**Exhibit 12-A**) establishes a Water Entitlement for the Malpasos Water Company LLC (Malpasos Water Company) of 80 Acre-Feet Annually (AFA) (85.6 AFA of production water) to be used for new and intensified water uses by properties located within the California American Water service area. Water Entitlement Holders established by previous MPWMD ordinances include the Pebble Beach Company and the other fiscal sponsors of the CAWD/PBCSD Wastewater Reclamation Project, the City of Sand City, and Cypress Pacific Investors LLC. Ordinance No. 165 also streamlines the ordinance process for future Water Entitlements by reducing the number of amendments needed throughout the District's Rules. Each Water Entitlement is a discrete quantity of water designated by a District ordinance to a specified Water Entitlement Holder for new or Intensified Water Use. For the Malpasos Water Company Water Entitlement, the Water Entitlement Holder assigns water to its subscribers via Assignment Documents that the subscribers then use to obtain Water Use Permits from the District. The Water Use Permit can then be used to permit new or intensified water use up to the amount specified.

Before water from the Malpasos Water Entitlement will become available to Malpasos Water Company subscribers, the Board must approve an amendment to the California American Water Water Distribution System to allow Malpasos Water Company and the California American Water Company to divert and use water from the Carmel River system in the manner and for the purposes authorized by Water Right License 13868A. This action will be considered as a separate agenda item at the August 2015 Board meeting.

The development of existing legal lots of record in California American Water's service area is currently constrained by a lack of available MPWMD Allocations and Water Credits, and State Water Board Order WR 2009-0060, which prohibits California American Water from diverting

water from the Carmel River for new service Connections or increased uses of water at existing service addresses resulting from changes in zoning or use. Earlier this month, the State Water Board split License 13868 into two new licenses: Licenses 13868A and 13868B. License 13868A authorizes the municipal use of 85.6 acre feet per year for existing lots of record within the parts of Cal-Am's service area that are within the Carmel River watershed or the City of Carmel-by-the-Sea. After adjustment for system losses, License 13868A will allow a Water Entitlement of 80 AFA. License 13868B dedicates the remaining portion of the existing water right to instream uses.

RECOMMENDATION: The Board should consider approval of the first reading of Ordinance No. 165, establishing a Water Entitlement for the Malpas Water Company LLC.

CEQA: The MPWMD is a responsible agency under the California Environmental Quality Act (CEQA). As a CEQA responsible agency, the MPWMD may rely on the SWRCB's Eastwood/Odello Water Rights Change Petition certified Environmental Impact Report (EIR) for MPWMD's CEQA compliance for this ordinance.

Under CEQA, the State Water Board was the lead agency for preparation of environmental documentation for the project (Eastwood/Odello Water Right Change Petition Project). A Notice of Preparation (NOP) for the draft EIR was circulated to a project-specific mailing list and to the State Clearinghouse. The 30-day NOP comment period commenced on March 4, 2014 and ended on April 2, 2014. The State Water Board also posted the NOP for the draft EIR to its website. The State Water Board held a scoping meeting on April 2, 2014 to receive oral and written comments on the NOP. The NOP and comments received are included in Appendix A of the draft EIR. The State Water Board considered oral and written comments received during the scoping period in preparing the draft EIR.

A public Notice of Availability (NOA) of the draft EIR was mailed to adjacent landowners and interested parties on October 30, 2014, and was posted in the Office of the County Recorder, County of Monterey, on October 30, 2014. In addition, the NOA was also physically posted in several locations near the location of the project, including on State Route 1 near Palo Corona Regional Park, Carmel Valley Road at Via Mallorca, Carmel Valley Road at Williams Ranch, and Carmel Valley Road at Prado Del Sol. The Notice of Completion for the draft EIR was filed with the State Clearinghouse on October 30, 2014. The draft EIR was circulated to the State Clearinghouse, to federal, state, and local agencies, and to organizations and individuals that had expressed interest in receiving the draft EIR. The draft EIR public review period commenced on October 31, 2014 and ended on December 15, 2014.

On May 29, 2015, the State Water Board provided proposed written responses to all public agencies that commented on the draft EIR. The State Water Board received no suggested revisions to the proposed responses.

As disclosed in the final EIR, approval of the individual well alternative has the potential to result in significant effects based on erosion from well and pipeline construction, and based on the potential for introducing hazardous substances into the environment during well and pipeline construction. With implementation of best management practices in construction, impacts will be minimized to a less-than significant level. This mitigation measure was included as Condition 18 to License 13868A. This condition requires that, prior to commencement of construction, the

Malpaso Water Company will submit a construction plan including best management practices to minimize erosion and to prevent the accidental release of a potentially hazardous material from entering the environment. Upon completion of construction, the Malpaso Water Company must report on implementation of the measures, and on any breaches. Changes or alterations have been incorporated into the project which mitigate or avoid the significant effects on the environment of erosion and hazardous materials during construction. (See Pub. Resources Code, § 21081, subd. (a)(1).)

On July 3, 2015, the State Water Board certified the final EIR. The Board found that, on the basis of the whole record, there was no substantial evidence that the State Water Board's approval of the petitions would have a significant effect on the environment. The SWRCB also concluded that the Project, including the delivery of water represented by the Water Entitlement to the Benefited Properties, does not violate any provision of Order WR 95-10 or Order WR 2009-0060. A Notice of Determination was filed with the State Clearinghouse on July 7, 2015.

The District Board action must comply with CEQA as well as MPWMD regulations. In the review of this ordinance, MPWMD has followed those guidelines adopted by the State of California and published in the California Administrative Code, Title 14, Sections 15000, et seq. Specifically, the MPWMD, as a Responsible Agency under CEQA for this action, has complied with Guidelines section 15096. The MPWMD has considered the applicable Eastwood/Odello Water Right Change Petition EIR sections prepared by the State Water Board that relate to hydrology, water quality and water supply. A package of these excerpts was provided to each Board member via email.

Copies of the full EIR associated with the Eastwood/Odello Water Right Change Petition Draft are available for public review at the District office in hard copy or CD. The EIR and related documents can be found at

http://www.waterboards.ca.gov/waterrights/water_issues/programs/ceqa

BACKGROUND: In 1997, Clint Eastwood and the Margaret Eastwood Trust (Eastwood) canceled permits for development of 82 home sites on the historic Odello East property, located on the south bank of the Carmel River and primarily immediately east of Highway 1, and donated approximately 49 acres of the 131 acre Odello East and an associated agricultural water right to the Big Sur Land Trust.

Eastwood is planning to donate approximately 82 acres of Odello East to the Big Sur Land Trust to facilitate the Carmel River Floodplain Restoration and Environmental Enhancement Project ("Floodplain Project"). This property currently is being used for irrigated pasture. After the donation is completed, the Big Sur Land Trust will restore native vegetation on this property.

The Odello East water rights will not be needed to irrigate this property after native habitat is established. As envisioned by the project proponents, 85.6 AFA of production of the Odello East water supply will be made available for community benefits on existing lots of record within California American Water Company's service area. This water, for example, would allow for an existing home to be remodeled or added on to, and for a new home to be built on an existing lot of record. Also, this water may be used by Cal-Am on an interim basis to reduce Cal-Am's unauthorized diversions from the Carmel River, consistent with the State Water Resource

Control Board (SWRCB) Cease and Desist Order. Forty-six AFA of the Odello East water supply will be dedicated permanently to Carmel River instream use. This dedication is structured to provide beneficial use without adversely affecting water flows in the Carmel River or water levels in the alluvial aquifer; and enhance flows to the Carmel River Lagoon. The Eastwood donation of Odello East to the Big Sur Land Trust will occur after final regulatory actions to approve the water rights assignment and the necessary agreements have been completed.

Bottlenecks in the lower Carmel River from the construction of levees and Highway 1 have contributed to significant floods. The 1995 flood destroyed the Highway 1 Bridge and the 1998 flood caused millions of dollars in damage to residents and businesses north of the Carmel River. The Floodplain Project will let the river use its historic floodplain by removing portions of the river levees, restoring the natural floodplain on lower Odello East and building a causeway to allow flood flows to pass under Highway 1 to the floodplain on the west side of the highway. The original Floodplain Project included removal of approximately 101,500 cubic yards of fill material on Odello East (the "Blister" area), which blocked the Carmel River from flowing to the historic floodplain. Eastwood removed the Blister in 2009 and compacted it to create an east/west haul road on the property. Removal of the Blister will facilitate the Floodplain Project, and the haul road can be used as a recreational trail after the land donation to the Big Sur Land Trust. Reconnecting the floodplain to the Carmel River and the Lagoon will create and maintain a mosaic of wildlife habitats and aid in the restoration of Steelhead. The recreational component of the project will include development of an integrated trail and parkland system along the Carmel River.

The County of Monterey is coordinating with public agencies for environmental review for all phases of the Floodplain Project.

A Water Conveyance and Temporary Use Agreement was signed between Cal-Am and Eastwood on April 27, 2015. This agreement contains the following provisions:

- Eastwood will form the Malpaso Water Company, a limited liability company (LLC). (After the agreement was signed, Eastwood did form Malpaso Water Company, LLC.)
- The Agreement will become effective when the SWRCB has adopted the necessary orders and issued water right Licenses 13868A and 13868B and the MPWMD has adopted an ordinance creating the Malpaso Water Company Water Entitlement. The agreement contemplated that the SWRCB Division of Water Rights would adopt one order issuing these water right licenses and the SWRCB then would adopt a separate Order of Determination stating that these licenses are not subject to the provisions of the SWRCB's 2009 cease and desist order to Cal-Am. However, after the agreement was signed, the SWRCB Division of Water Rights decided to adopt just one order, Division Decision 2015-0001, which satisfies both of these requirements. Accordingly, the MPWMD's adoption of its ordinance is the only remaining regulatory action for the Agreement to become effective.
- Promptly after the Agreement becomes effective, Malpaso Water Company will construct the Eastwood/Cañada Well, which will be used to pump the water to be diverted under

water right License 13868A. (Three Cal-Am wells will be backup wells, to be used when the Eastwood/Cañada Well is shut down for maintenance.)

- Malpas Water Company will enter into subscription agreements with owners of legal lots of record. The subscription agreements and Water Use Permits issued by MPWMD will run with the land and will not be transferable.
- Cal-Am will treat, convey and deliver water pumped by the Eastwood/Cañada Well under License 13868A to Malpas Water Company subscribers that have received water-use permits from the MPWMD, and Cal-Am will provide any necessary new meters and connections for such subscribers.
- Cal-Am will use any surplus water available for diversion and use under License 13868A to supply the diverted water to Cal-Am's existing customers. MPWMD has requested that, to the extent such water is surplus to the legally available supplies from other Cal-Am sources, the Odello East water be made available to the Aquifer Storage and Recovery system.

EXHIBIT

12-A Draft Ordinance No. 165

EXHIBIT 12-A**ORDINANCE NO. 165****AN ORDINANCE OF THE BOARD OF DIRECTORS OF THE
MONTEREY PENINSULA WATER MANAGEMENT DISTRICT
AMENDING RULES 11, 21, 23 AND 23.1, AND ADDING RULE 23.7
TO ESTABLISH A WATER ENTITLEMENT FOR
MALPASO WATER COMPANY****FINDINGS**

1. The Monterey Peninsula Water Management District (MPWMD or District) is charged under the Monterey Peninsula Water Management District Law with the integrated management of all ground and surface water resources in the Monterey Peninsula area.
2. The Monterey Peninsula Water Management District Law grants MPWMD general and specific powers to cause sufficient water to be available for present and future beneficial use or uses of lands or inhabitants within the District. MPWMD Rule 30 requires the District to establish a specific Allocation for each Jurisdiction and provides that the District also may establish Water Entitlements as necessary to manage water supplies throughout the District.
3. The California State Water Resources Control Board (SWRCB) issued Water Right License 13868A (License 13868A) to Malpasos Water Company, LLC (Malpasos Water Company). License 13868A authorizes Malpasos Water Company to divert up to 85.6 Acre-Feet of production water per year from the Carmel River system, and to have this water (less production and conveyance losses) conveyed by the California American Water Company (California American Water) through its Water Distribution System to property owners that have entered into subscription agreements with Malpasos Water Company, for beneficial uses on their properties.
4. Associated with its issuance of License 13868A, the SWRCB certified an Environmental Impact Report (EIR) for the Eastwood/Odello Water Rights Change Petition Project (Project), in accord with the California Environmental Quality Act (CEQA).
5. In its Order WR 95-10, the SWRCB concluded that California American Water was diverting approximately 10,730 Acre-Feet per year of water from the Carmel River system without a valid basis of right. Order WR 95-10 directed California American

Water to diligently implement actions to terminate its unlawful diversions from the Carmel River system. In its Order WR 2009-0060, the SWRCB prohibited California American Water, with limited exceptions, from diverting water from the Carmel River system for new service Connections or for any increased uses at existing service addresses resulting from changes in zoning or use.

6. In its Decision 2015-0001, the SWRCB determined that diversions of water from the Carmel River system under License 13868A for the benefit of Malpas Water Company Water Use Permit subscribers will not be classified as water diverted by California American Water for new service Connections or any increased use of water at existing service Connections under term 2 on page 57 of SWRCB Order WR 2009-0060 or water for new projects under term 3 or term 5 of that Order.
7. Besides authorizing diversions from the Carmel River system for the benefit of Malpas Water Company Water Use Permit subscribers, License 13868A also authorizes and directs Malpas Water Company to temporarily use the portions of License 13868A that are not needed by Malpas Water Use Permit subscribers to provide water to California American Water. California American Water may use these portions of License 13868A to assist California American Water in complying with term 2 on page 40 of SWRCB Order WR 95-10.
8. Malpas Water Company has contracted with California American Water for the conveyance of water diverted under License 13868A to Malpas Water Company Water Use Permit subscribers through California American Water's Water Distribution System, and for the temporary use of the portions of License 13868A that are not used each year by Malpas Water Company Water Use Permit subscribers to supply water to California American Water.
9. This ordinance establishes a Water Entitlement for Malpas Water Company under which Malpas Water Company may divert water from the Carmel River system under License 13868A and have California American Water convey that water through California American Water's Water Distribution System to Malpas Water Company Water Use Permit subscribers. This ordinance also establishes procedures under which Malpas Water Company subscribers may apply to the District for Water Use Permits and receive and use water that is diverted under License 13868A.
10. This ordinance shall allow for new Connections and modifications of existing Connections to the California American Water System to provide Potable water service

in specific annual quantities (expressed in acre-feet) for the use on and benefit of property located within the California Public Utilities Commission (CPUC)-recognized Service Area of the California American Water Water Distribution System.

11. This ordinance authorizes Malpaso Water Company, on terms and conditions set forth in this ordinance, to separately sell and convey portions of the Water Entitlement established by this ordinance within the CPUC-recognized Service Area of the California American Water Water Distribution System and within the Carmel River watershed and the City of Carmel-by-the-Sea.
12. This ordinance authorizes the Malpaso Water Company to furnish water for present and future beneficial use of lands and inhabitants within the District, including but not limited to new and expanded water uses.
13. This ordinance benefits the community by allowing temporary diversions and use of water under Water Right License 13868A to serve California American Water's existing customers and to assist California American Water in its compliance with SWRCB Order WR 95-10.
14. This ordinance provides that water use authorized by Water Use Permits issued under this ordinance shall be subject to the water efficiency and conservation rules of MPWMD under its Regulation XIV and the rationing rules of MPWMD under its Regulation XV.
15. The Project will allow for the expansion of Non-Residential and Residential water uses, thereby contributing to the economy within MPWMD as well as providing new housing opportunities within the MPWMD.
16. It is in the best interest of MPWMD and the inhabitants thereof to provide for the Water Entitlement and to enable the Malpaso Water Company Water Use Permits.
17. The Project is consistent with the goals and strategic objectives of MPWMD.
18. This ordinance amends Rules 11 (Definitions), 21 (Applications), 23, Section C (Adjustment of Allocation for Unused Water Capacity) and 23.1 (Action on Application for a Water Use Permit on a Benefited Property), and adds Rule 23.7 (Malpaso Water Company Water Entitlement) to the Rules and Regulations of the Monterey Peninsula Water Management District.

19. The MPWMD is a responsible agency under CEQA. As a CEQA Responsible Agency, the MPWMD may rely on the SWRCB's Eastwood/Odello Water Rights Change Petition EIR for MPWMD's CEQA compliance for this ordinance.
20. The SWRCB has concluded that the Project, including the delivery of water represented by the Water Entitlement to the Benefited Properties, does not violate any provision of Order WR 95-10 or Order WR 2009-0060.
21. In the adoption of this ordinance, MPWMD has followed those guidelines adopted by the State of California and published in the California Administrative Code, Title 14, Section 15000 et seq. Specifically, the MPWMD, as a Responsible Agency under CEQA for this action, has complied with Guidelines Section 15096. The MPWMD, as a Responsible Agency for this Project, has considered the Notice of Determination filed by the State Water Resources Control Board on July 7, 2015, and all environmental documents associated with the Project. Copies of the Draft and Final EIR have been provided to MPWMD Board members for review prior to the public hearing on this matter. The MPWMD Board has reviewed the environmental information and relied on the information as part of its decision-making on this matter.
22. Pursuant to CEQA Sections 15091 and 15092, the MPWMD Board finds that the Project will not have a significant effect on the environment, based on the documentation cited in Finding #21. Mitigation measures are not made as conditions of approval by MPWMD for this action.

NOW THEREFORE, be it ordained as follows:

ORDINANCE

Section One: Short Title

This ordinance shall be known as the Malpas Water Company Water Entitlement Ordinance of the Monterey Peninsula Water Management District.

Section Two: Purpose

The purpose of this ordinance is to allow Malpas Water Company and the California American Water Company to divert and use water from the Carmel River system in the manner and for the purposes authorized by Water Right License 13868A. This ordinance establishes a Water Entitlement to facilitate the use of Malpas Water Company water in the CPUC-recognized Service Area of the California American Water Water Distribution System and within the Carmel River watershed and the City of Carmel-by-the-Sea. This ordinance also streamlines the ordinance process for future Water Entitlements by reducing the number of amendments needed throughout the District's Rules.

Section Three: Amendment of Rule 11, Definitions

The following definitions in Rule 11 shall be amended as shown in bold italics (*bold italics*) and strikethrough (~~strikethrough~~).

ASSIGNMENT DOCUMENT - "Assignment Document" shall refer to *a document recorded by a Water Entitlement Holder indicating the grant, assignment, and conveyance of a specific quantity of water from a Water Entitlement to a specific Site* ~~the document titled, "An Assignment of a Portion of Monterey Peninsula Water Management District Ordinance No. 39 Water Entitlement and Water Use Permit" issued and recorded by the Pebble Beach Company, or to "An Assignment of a Portion of Monterey Peninsula Water Management District Ordinance No. 132 Water Entitlement and Water Use Permit" issued and recorded by the City of Sand City.~~

BENEFITED PROPERTY - "Benefited Property" shall mean those properties *eligible to receive a portion of a Water Entitlement*. ~~located in the unincorporated portion of the Del Monte Forest described on Exhibit "A" to Monterey Peninsula Water Management District Ordinance No. 109, or (2) Sand City Sites located within the jurisdictional limits of the City of Sand City pursuant to Monterey Peninsula Water Management District Ordinance No. 132.~~

WATER ENTITLEMENT - "Water Entitlement" shall mean a discrete ~~amount~~ *quantity* of water ~~that has been set aside by the~~ *designated by a District ordinance to a specified Water Entitlement holder* for new or Intensified Water Use ~~that shall occur on one or more specific~~ *Parcels*.

WATER ENTITLEMENT HOLDER – “*Water Entitlement Holder*” shall refer to one of the following entities: *The Pebble Beach Company (Ordinance Nos. 39 and 109), Hester Hyde Griffin Trust (Ordinance No. 39), Lohr Properties Inc. (Ordinance No. 39), the City of Sand City (Ordinance Nos. 132), Cypress Pacific Investors LLC (Water Distribution System Permit approved September 15, 2014), and Malpas Water Company LLC (Ordinance No. 165).*

WATER USE PERMIT -- ‘Water Use Permit’ means a writing from MPWMD which evidences the dedication of ~~the~~ ***all or a portion of a*** Water Entitlement as a present vested property right enuring to the use and benefit of one or more of the Benefited Properties. ***Water available through a Water Use Permit can be used to obtain a Water Permit.*** ~~A Water Use Permit shall by non-discretionary ministerial action, cause the present Connection to or modification of the California American Water Water Distribution System upon designation of the location of use and upon payment of applicable Connection Charges and fees, and issuance of a Water Permit.~~

Section Four: Amendment of Rule 21, Applications

Section E. of MPWMD Rule 21 shall be amended as shown in bold italics (*bold italics*) and strikeout (~~strikethrough~~):

E. *APPLICATION FOR WATER USE PERMIT FOR “BENEFITED PROPERTIES” AS THAT TERM IS DEFINED IN RULE 11, 23.5, AND 23.6*

1. ***Any person that has an Assignment Document may file an application for a Water Use Permit.*** ~~Each application for a Water Use Permit shall follow the process set forth in Rule 23.1. A proper Applicant for a Water Use Permit may be the property owner or any agent thereof. The application for a Water Use Permit shall be deemed complete when the Applicant submits all of the following:~~

- a. A completed Water Use Permit application;
- b. A copy of the recorded Assignment Document; ~~“An Assignment of a Portion of Monterey Peninsula Water Management District Ordinance No. 39 Water Entitlement and Water Use Permit,” or “An Assignment of a Portion of Monterey Peninsula Water~~

~~Management District Ordinance No. 132 Water Entitlement and Water Use Permit~~ specific to the application Site;

- c. Processing fees.
2. *Upon completion of the process described in Rule 23.1, each holder of an Assignment Document shall be issued a Site-specific Water Use Permit for the quantity of water shown on the Assignment Document.*
3. *Each Water Use Permit issued pursuant to Rule 23.1 shall be appurtenant to the title of the Benefited Property and shall vest in the owner a property interest for the use and benefit of the quantity of Potable water in Acre-Feet per year.*
4. *Upon issuance of a Water Use Permit to the owner of a Benefited Property, the General Manager shall simultaneously make a record of the quantity of Water Entitlement that was conveyed to the owner of the Benefited Property and a commensurate reduction in the remaining amount of the Water Entitlement, if any, that thereafter is still held by the Water Entitlement Holder.*

Section Five: Amendment of Rule 23, Section C, Adjustment of Allocation for Unused Water Capacity

Rule 23, Section C shall be revised as shown in bold italics (*bold italics*) and ~~strikeout~~ text.

C. ADJUSTMENT OF ALLOCATION *OR WATER USE PERMIT* FOR UNUSED WATER CAPACITY

1. Any permitted ~~w~~Water Use ~~e~~Capacity which is not used because of an abandoned, expired, Revoked, returned, or amended Water Permit shall be returned to the applicable Allocation or ~~Water Entitlement~~Water Use Permit.
2. *The Owner of any Benefited Property shall be entitled to receive additional Water Permit(s) until the Water Use Permit has been used in full.*

Section Six: Amendment of Rule 23.1, Action on Application for a Water Use Permit on a Benefited Property

Rule 23.1 shall be revised as shown in bold italics (*bold italics*) and strikeout (~~strikeout~~) text.

~~The Application and Process for Water Use Permits issued after May 24, 2007 shall be controlled by this Rule in conjunction with either Rule 23.5, or Rule 23.6.~~

A. PROCESS

1. Action on Application for a Water Use Permit

a. The General Manager shall review the application and *Assignment Document and* determine whether the Applicant has met the criteria for a Water Use Permit. If additional information is required to complete the application, the Applicant shall be notified ~~in writing~~ within thirty (30) days of the initial application.

b. The General Manager shall ensure that the Assessor's Parcel Number of the Benefited Property shown on the Assignment Document matches the APN(s) shown on the spreadsheet of water purchasers provided ~~to the District by either the Pebble Beach Company, or the City of Sand City~~ *by the Water Entitlement Holder.*

(1) When the APN(s) shown on the Assignment Document does not match the spreadsheet of water purchasers, the General Manager shall contact the appropriate Water Entitlement ~~h~~*H*older to verify the validity of the Assignment Document.

(2) When the APN(s) shown on the Assignment Document is found to be incorrect, the Applicant shall submit a corrected and recorded Assignment Document from the Water Entitlement ~~h~~*H*older prior to issuance of a Water Use Permit. The Water Entitlement ~~h~~*H*older shall notify the District in writing of any correction.

- c. The General Manager shall prepare and execute a Water Use Permit for the APN(s) shown on the Assignment Document.
- d. The original Water Use Permit shall be ~~mailed~~ *provided* to the Applicant.
- e. The District shall retain one copy of the Water Use Permit and the copy of the Assignment Document.

B. AMENDMENT OF WATER USE PERMIT

- 1. A Water Use Permit may be amended to reflect a Change of Ownership of a Parcel.
- 2. A Water Use Permit may be amended to reflect assignment of water previously held collectively by two or more Parcels under a Water Use Permit. A written request for assignment shall be submitted to the District, along with processing fees and ownership information sufficient to prepare a new Water Use Permit.
- 3. A Water Use Permit may be amended to reflect newly-assigned Assessor's Parcel Numbers when a Benefited Property is subdivided into two or more Parcels *or when new APNs are assigned to existing lots of record on a Site*. A written request for amendment shall be submitted to the District, along with processing fees, evidence of the subdivision approval by the land use Jurisdiction and ownership information sufficient to prepare a new Water Use Permit.

C. WATER USE PERMIT LIMITATIONS

Water Use Permits issued under this Rule 23.1 shall be subject to the following limitations:

- 1. *The Water Use Permit and subsequent Water Permit shall not limit the power of the District to curtail water use in the event of any emergency caused by drought, or other threatened or existing water shortage, as defined in Section 332 of the Monterey Peninsula Water Management Act or other provision of law, including without limitation the power of*

the District to terminate water service as a consequence of a violation of water use restrictions.

2. *The Water Use Permit and subsequent Water Permit shall not relieve or reduce any obligation of the holder of the Permit to pay customary fees, Capacity Fees, User fees, surcharges, taxes, utility taxes and/or other customary monetary obligation which may be imposed by the California Public Utilities Commission, California American Water, or the District upon Water Users of the same class within the California American Water Service Area, including but not limited to fees and charges due and payable to the District by reason of Rule 24, nor shall such Permit limit the authority of California American Water or the District to terminate water use for non-payment of such fees and charges.*

Section Seven: Addition of Rule 23.7, Malpaso Water Company Water Entitlement

The following text shall be added as Rule 23.7 –Malpaso Water Company Water Entitlement:

RULE 23.7 – MALPASO WATER COMPANY WATER ENTITLEMENT

A. MALPASO WATER COMPANY WATER ENTITLEMENT

1. The Malpaso Water Company Water Entitlement confers on Malpaso Water Company, LLC (Malpaso Water Company) a Water Entitlement of 80 AFA through the California American Water Company Water Distribution System.
 - a. Malpaso Water Company shall hold Water Right License 13868A (issued by the California State Water Resources Control Board on July 3, 2015); and
 - b. Malpaso Water Company shall exercise Water Right License 13868A in a manner that will allow up to 80.0 AFA (reflecting conveyance losses) from the Carmel River system to be assigned by Malpaso Water Company to Benefited Properties via an Assignment Document; or

- c. Malpaso Water Company shall exercise Water Right License 13868A in a manner that will allow the diversion of up to 85.6 AFA of production water from the Carmel River system for interim use by California American Water.
2. The Malpaso Water Company Water Entitlement shall continue for so long as Malpaso Water Company and California American Water comply with the preceding conditions (a. and b., or c.) or as modified by Section B-1.
3. Benefited Properties of the Malpaso Water Company Water Entitlement shall mean all properties that are legal lots of record as of March 4, 2014, and that are located within the California American Water Service Area and within the Carmel River watershed and the City of Carmel-by-the-Sea as described as a “place of use” in Water Right License 13868A.
4. Malpaso Water Company is authorized to separately sell, transfer and convey to owners of Benefited Properties for such consideration and upon such terms and conditions as Malpaso Water Company in its discretion may determine, such portions of the Malpaso Water Company Water Entitlement as it may choose. Any portion of the Malpaso Water Company Water Entitlement conveyed to the owner of a Benefited Property by an Assignment Document shall vest in the owner of the Benefited Property, and become appurtenant to title to the particular Benefited Property, at the time the Water Use Permit is issued as evidence of such conveyance.
5. The Malpaso Water Company Water Entitlement shall be separate and distinct from any other Allocations provided in Rule 30. The existence of the Malpaso Water Company Water Entitlement shall not affect any existing use of water in the County of Monterey or any City, or any existing Allocation to the County of Monterey or any City.
6. For purposes of collecting Capacity Fees and tracking the use of a Water Entitlement, the projected increase in Water Use Capacity of a Benefited Property shall be calculated in the manner set forth in Rule 24, as it may be amended from time to time.

7. Each Water Use Permit issued pursuant to this Rule shall represent a vested property interest upon issuance and shall not be subject to Revocation or cancellation except as expressly set forth in subparagraph B below.
8. The portion of the Malpas Water Company Water Entitlement granted by each Water Use Permit shall not be subject to reallocation pursuant to MPWMD Rule 30, nor shall the setting of meters for the California American Water system be terminated or diminished by reason of any water emergency, water moratorium or other curtailment on the setting of meters.

B. REVOCATION, TERMINATION, OR MODIFICATION OF WATER USE PERMITS

1. Each Water Use Permit which, on or after January 1, 2075, embodies an annual Water Entitlement in excess of requirements for planned land uses on the Benefited Property, or which purports to authorize usage in excess of the constitutional limitation (California Constitution, article 10, Section 2) to reasonable and beneficial use, shall be subject to modification, Revocation, or termination in the sole discretion of MPWMD, such that the water usage authorized thereby shall not exceed such requirements and limitations.
2. Prior to any modification, termination or Revocation pursuant to this subparagraph B, the holder of the Water Use Permit shall be entitled to notice and a hearing, and any termination, Revocation, or modification shall be subject to appeal to the Board pursuant to Rule 70 of the MPWMD Rules and Regulations.

Section Eight: Effective Date and Sunset

This ordinance shall take effect at 12:01 a.m. on the 30th day after it has been enacted on second reading.

This Ordinance shall not have a sunset date.

Section Nine: Severability

If any subdivision, paragraph, sentence, clause or phrase of this ordinance is, for any reason, held to be invalid or unenforceable by a court of competent jurisdiction, such invalidity shall not affect the validity or enforcement of the remaining portions of this ordinance, or of any other provisions of the Monterey Peninsula Water Management District Rules and Regulations. It is the District's express intent that each remaining portion would have been adopted irrespective of the fact that one or more subdivisions, paragraphs, sentences, clauses, or phrases be declared invalid or unenforceable.

On motion by Director _____, and second by Director _____, the foregoing ordinance is adopted upon this ___ day of _____, 2015 by the following vote:

AYES:

NAYS:

ABSENT:

I, David J. Stoldt, Secretary to the Board of Directors of the Monterey Peninsula Water Management District, hereby certify the foregoing is a full, true and correct copy of an ordinance duly adopted on the ___ day of _____ 2015.

Witness my hand and seal of the Board of Directors this ___ day of _____ 2015.

David J. Stoldt, Secretary to the Board

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Supply Project (MPWSP) by Cal-Am. Finally, a portion of potable water would be retained for use by the MPWMD in a manner to be determined by the MPWMD.

The SDEIR evaluates potential environmental effects of the City obtaining Water Entitlements from the MPWMD and use of water dedicated to the environment. Analysis of the portion of water retained by MPWMD was not included in the analysis as it is not a part of the City's Water Entitlement. MPWMD staff has not had an opportunity to review the SEIR, and CEQA consideration for this ordinance will take place at second reading. MPWMD, in its comment letter on the Notice of Preparation for the SEIR and in conversations with the City's consultant and City Attorney, suggested the City consider a permanent abandonment of a portion of the Potable water saved. However, the City has not analyzed that alternative.

RECOMMENDATION: The Board should consider approval of the first reading of Ordinance No. 166, establishing a Water Entitlement for the City of Pacific Grove.

EXHIBIT

13-A Draft Ordinance No. 166

EXHIBIT 13-A

ORDINANCE NO. 166
AN ORDINANCE OF THE BOARD OF DIRECTORS OF THE
MONTEREY PENINSULA WATER MANAGEMENT DISTRICT
AMENDING RULE 11 AND ADDING RULE 23.8
TO ESTABLISH A WATER ENTITLEMENT FOR
THE CITY OF PACIFIC GROVE

FINDINGS

1. The Monterey Peninsula Water Management District (MPWMD or District) is charged under the Monterey Peninsula Water Management District Law with the integrated management of all ground and surface water resources in the Monterey Peninsula area.
2. The Monterey Peninsula Water Management District Law grants MPWMD general and specific powers to cause sufficient water to be available for present and future beneficial use or uses of lands or inhabitants within the District. MPWMD Rule 30 requires the District to establish a specific Allocation for each Jurisdiction and provides that the District also may establish Water Entitlements as necessary to manage water supplies throughout the District.
3. The City of Pacific Grove (City) committed to construct the Pacific Grove Local Water Project (Project) within the City. The Project is intended to create non-potable recycled water supply of 125 acre-feet annually (AFA) to meet irrigation needs on the City-owned Pacific Grove Golf Links and El Carmelo Cemetery and will thereby reduce potable water metered demand on the California American Water Company (Cal-Am) water system. The Project includes a new Satellite Reclaimed Water Treatment Plant facility with a design flow capacity of 0.25 million gallons per day, and will recycle a portion of the City's municipal wastewater at the Point Pinos Wastewater Treatment Plant. Potable water freed by reason of Project operations shall be available for re-use; a remainder will be conserved and suspended from use during the period that Cal-Am is diverting water from the Carmel River system without a valid basis of right.
4. The City certified an Environmental Impact Report (EIR) for the Project on November 19, 2014, in accord with the California Environmental Quality Act (CEQA). In certifying this EIR, the City made specific findings which, by this reference, are made an integral part of this ordinance, as if set forth in full. The City thereafter prepared a Supplemental

EIR (SEIR) on modification to the PG Local Water Project (SCH# 2014021058) which examined impacts that might result from implementation of this ordinance.

5. A key purpose for the Project is to assist the City, the District, and Cal-Am to meet requirements of State Water Resources Control Board (SWRCB) Order WR 95-10, whereby the SWRCB concluded Cal-Am was diverting approximately 10,730 acre-feet per year of water from the Carmel River system without a valid basis of right. Order WR 95-10 directed Cal-Am to terminate unlawful diversions from the Carmel River system. The Project reduces metered demand and Cal-Am production requirements from the Carmel River system. The Project is scheduled to be fully on line and delivering 125 afy on or before December 31, 2016.
6. This ordinance suspends use of a portion of the potable water previously diverted by Cal-Am and used by the City to irrigate its Golf Links and El Carmelo Cemetery, during that period before Cal-Am is able to cease diverting water from the Carmel River system without a valid basis of right.
7. This ordinance establishes a Water Entitlement for the City by which Cal-Am may convey water through its distribution system to City subscribers based upon a Water Use Permit, and adds water to Jurisdictional Allocations under Rule 33. This ordinance also establishes procedures under which City subscribers may apply to the District for Water Use Permits receive and use water diverted by Cal-Am.
8. This ordinance amends Rules 11 (Definitions), 21 (Applications), 23.1 (Action on Application for a Water Use Permit on a Benefited Property), 33 (Jurisdictional and Reserve Water Allocations) and adds Rule 23.8 (Permits) for Water the Rules and Regulations of the Monterey Peninsula Water Management District.
9. Significant portions of the water made available by the Project shall assist Cal-Am's efforts to comply with SWRCB Order WR 95-10, and Cease & Desist Order 2009-060.
10. The MPWMD is a responsible agency under CEQA. As a CEQA responsible agency, the MPWMD may rely on the City's CEQA compliance for this ordinance. Based on this EIR, the MPWMD makes the following findings:

NOW THEREFORE, be it ordained as follows:

ORDINANCE

Section One: Short Title

This ordinance shall be known as the Pacific Grove Recycled Water Supply Entitlement Ordinance of the Monterey Peninsula Water Management District.

Section Two: Purpose

The purpose of this ordinance create a process to confirm and quantify replacement of existing Potable water use with Recycled Water by reason of the Pacific Grove Local Water Project, to quantify the portion of replaced water supply retired from use during the period before California American Water is able to cease diverting water from the Carmel River system without a valid basis of right, and to confirm how the remainder portion of water may be re-used by the City of Pacific Grove and the District via deliveries from California American Water from its various sources, including water from the Carmel River system.

Section Three: Amendment of Rule 11, Definitions

The following definition in Rule 11 shall be amended as shown in bold italics (*bold italics*) and strikeout (~~strikethrough~~).

WATER ENTITLEMENT HOLDER – “Water Entitlement Holder” shall refer to one of the following entities: The Pebble Beach Company (Ordinance Nos. 39 and 109), Hester Hyde Griffin Trust (Ordinance No. 39), Lohr Properties Inc. (Ordinance No. 39), the City of Sand City (Ordinance Nos. 132), Cypress Pacific Investors LLC (Water Distribution System Permit approved September 15, 2014), ~~and~~ Malpaso Water Company LLC (Ordinance No. 165), *and the City of Pacific Grove.*

Section Four: Addition of Rule 23.8, City of Pacific Grove Water Entitlement

The following text shall be added as Rule 23.8 –City of Pacific Grove Water Entitlement:

RULE 23.8 – CITY OF PACIFIC GROVE WATER ENTITLEMENT

A. CITY OF PACIFIC GROVE WATER ENTITLEMENT

1. The City of Pacific Grove Water Entitlement confers on the City of Pacific Grove, a vested property right to release up to *[number to be provided at the Board meeting]* AFA of water for consumption from the California American Water Company Water Distribution System.
2. During the period before California American Water is able to cease diverting water from the Carmel River system without a valid basis of right, *[number to be provided at the Board meeting]* AFA of metered water demand previously used by the City of Pacific Grove to irrigate its Golf Links and El Carmelo Cemetery shall be suspended from use. Effective upon the date all Cal-Am diversions of water from the Carmel River system are made upon a valid basis of right (e.g. Cal-Am has complied with limits set by SWRCB Orders WR 95-10 and 2009-0060), the *[number to be provided at the Board meeting]* AFA of suspended water use shall be freed for use, and added to the Pacific Grove Water Entitlement set forth in Paragraph A 1 of this Rule.
3. Benefited Properties of the City of Pacific Grove Water Entitlement shall mean all properties that are located within the City of Pacific Grove.
4. City of Pacific Grove is authorized to separately sell, transfer and convey to owners of Benefited Properties for such consideration and upon such terms and conditions as City of Pacific Grove in its discretion may determine, such portions of the City of Pacific Grove Water Entitlement as it may choose. Any portion of the City of Pacific Grove Water Entitlement conveyed to the owner of a Benefited Property by an Assignment Document shall vest in the owner of the Benefited Property, and become appurtenant to title to the particular Benefited Property, at the time the Water Use Permit is issued as evidence of such conveyance.
5. The City of Pacific Grove Water Entitlement shall be separate and distinct from any other Allocations provided in Rule 30.
6. For purposes of collecting Capacity Fees and tracking the use of a Water Entitlement, the projected increase in Water Use Capacity of a Benefited Property shall be calculated in the manner set forth in Rule 24, as it may be amended from time to time.

7. Each Water Use Permit issued pursuant to this Rule shall represent a vested property interest upon issuance and shall not be subject to Revocation or cancellation except as expressly set forth in subparagraph B below.
8. The portion of the City of Pacific Grove Water Entitlement granted by each Water Use Permit shall not be subject to reallocation pursuant to MPWMD Rule 30.

B. REVOCATION, TERMINATION, OR MODIFICATION OF WATER USE PERMITS

1. Each Water Use Permit which, on or after January 1, 2075, embodies an annual Water Entitlement in excess of requirements for planned land uses on the Benefited Property, or which purports to authorize usage in excess of the constitutional limitation (California Constitution, article 10, section 2) to reasonable and beneficial use, shall be subject to modification, Revocation, or termination in the sole discretion of MPWMD, such that the water usage authorized thereby shall not exceed such requirements and limitations.
2. Prior to any modification, termination or Revocation pursuant to this subparagraph E, the holder of the Water Use Permit shall be entitled to notice and a hearing, and any termination, Revocation, or modification shall be subject to appeal to the Board pursuant to Rule 70 of the MPWMD Rules and Regulations.

Section Five: Designation of [TBD] Acre-Feet of Water Savings to MPWMD

Upon creation of the Pacific Grove Water Entitlement pursuant to Rule 23.8, the District shall receive [TBD] AFA of metered water demand for future Jurisdictional Allocation pursuant to Rule 30 or to be held in reserve.

Section Six: Effective Date and Sunset

This ordinance shall take effect upon completion of the Pacific Grove Local Water Project and verification of disconnection from the California American Water Water Distribution System of all irrigation and irrigation Connections to the Pacific Grove Municipal Golf Links and the El Carmelo Cemetery.

This Ordinance shall not have a sunset date.

Section Seven: Severability

If any subdivision, paragraph, sentence, clause or phrase of this ordinance is, for any reason, held to be invalid or unenforceable by a court of competent jurisdiction, such invalidity shall not affect the validity or enforcement of the remaining portions of this ordinance, or of any other provisions of the Monterey Peninsula Water Management District Rules and Regulations. It is the District's express intent that each remaining portion would have been adopted irrespective of the fact that one or more subdivisions, paragraphs, sentences, clauses, or phrases be declared invalid or unenforceable.

On motion by Director _____, and second by Director _____, the foregoing ordinance is adopted upon this ___ day of _____, 2015 by the following vote:

AYES:

NAYS:

ABSENT:

I, David J. Stoldt, Secretary to the Board of Directors of the Monterey Peninsula Water Management District, hereby certify the foregoing is a full, true and correct copy of an ordinance duly adopted on the ___ day of _____ 2015.

Witness my hand and seal of the Board of Directors this ___ day of _____ 2015.

David J. Stoldt, Secretary to the Board

ITEM: ACTION ITEM**14. CONSIDER APPROVAL OF GROUND LEASE WITH CITY OF SEASIDE FOR SANTA MARGARITA ASR SITE EXPANSION**

Meeting Date:	July 20, 2015	Budgeted:	Yes
From:	David J. Stoldt, General Manager	Program/ Line Item No.:	Water Supply Projects 1-2-1 A i
Prepared By:	David J. Stoldt	Cost Estimate:	\$22,000 (Initial Lease Fee)

General Counsel Review: N/A**Committee Recommendation: N/A****CEQA Compliance: N/A**

SUMMARY: The Monterey Peninsula Water Management District (District) Board will consider authorizing the General Manager to execute a ground lease with the City of Seaside for the Santa Margarita Aquifer Storage and Recovery (ASR) site located at 1910 General Jim Moore Boulevard in Seaside. The purpose for entering the lease with Seaside is to allow a modest expansion of the existing Phase 1 ASR site so that pipelines and equipment can be installed at the site to accommodate treatment and distribution of water from other existing and planned additional ASR sites per current long-term water supply augmentation plans. Per the ground lease provisions, the term is forty years with extensions in five-year increments. The initial lease fee is \$22,000 payable upon execution. The annual base rent payment is set at \$16,380 subject to CPI-adjustment in five-year increments; the annual payments would not begin until the term of the lease commences upon the future date of underlying property transfer from the Fort Ord Reuse Authority (FORA) to Seaside.

RECOMMENDATION: The Board should consider the recommendation from its closed session discussion of this property negotiation and provide direction to the General Manager regarding execution of the ground lease with the City of Seaside.

BACKGROUND: The District began negotiations in 1999 with the U.S. Army for an easement on former Fort Ord property to install and test a full-scale ASR well in the Seaside Groundwater Basin. In 2000, the Army granted a 0.23 acre easement, which was amended to 1.09 acres in 2007 to allow an expansion area for a second well and facility building as part of the first phase of a permanent ASR project. Since then, plans have been developed to utilize this site for treatment and distribution of water delivered from additional ASR sites in the basin, in coordination with long-term water supply project planning with California American Water (Cal-Am). Expansion of the existing easement area to 1.90 acres is required in order to accommodate the space needs for the planned use of the site.

Currently, this portion of the former Fort Ord land is under the jurisdiction of the FORA. Per an agreement between FORA and Seaside, these entities must coordinate on this proposed property transaction, as the land is intended for future transfer to Seaside. The ground lease will also be subject to FORA's review and concurrence per this agreement. The District has been working

on this matter with both Seaside and FORA since 2010. The current ground lease reflects the multiple staff-level discussions and reviews that have taken place in order to get to closure on the site expansion issue.

IMPACTS ON STAFF/RESOURCES: A significant staff effort has been expended in planning, coordinating, analyzing and overseeing work on the District's ASR program, as reflected in the District's Strategic Plan. It is expected that District staff will continue this level of effort as part of the ongoing development of the ASR program in the Seaside Basin.

EXHIBITS

None

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ITEM: ACTION ITEM**15. CONSIDER APPROVAL OF RESPONSE TO 2014-2015 MONTEREY COUNTY GRAND JURY REPORT****Meeting Date:** July 20, 2015 **Budgeted:** N/A**From:** David J. Stoldt
General Manager **Program/
Line Item No.:****Prepared By:** David J. Stoldt **Cost Estimate:****General Counsel Approval:** N/A
Committee Recommendation: N/A
CEQA Compliance: N/A

SUMMARY: On May 28, 2015 the Monterey County Civil Grand Jury released its Final Report no. 3 titled "A Glass Half Full? The Monterey Peninsula Water Management District and The Marina Coast Water District." The report constitutes a Final Report for purposes of Penal Code section 933. Pursuant to that section, the District Board must submit comments on the report to within ninety (90) days following its transmittal.

Pursuant to the Grand Jury's letter the Board is responsible for Finding Nos. F1, F2, F3, F4, F5, F6, F13, and F14, and Recommendation Nos. R1, R2, R3, R4, R5, R6, R13 and R14.

With respect to each finding, the Board shall indicate one of the following:

- 1) That the Board/Agency/You agree with the finding; or
- 2) That the Board/Agency/You disagree wholly or partially with the finding, in which case the Board must specify the portion of the finding that is disputed and shall include in the response an explanation of the reasons for the disagreement.

With respect to each recommendation, the Board of Directors must report one of the following actions:

- 1) That the recommendation has been implemented, with a summary regarding the implemented action;
- 2) That the recommendation has not yet been implemented, but will be implemented in the future, with a timeframe for implementation; or
- 1) That the recommendation requires further analysis, with an explanation and the scope and parameters of an analysis or study, and a timeframe for the matter to be prepared for discussion by the Board (this timeframe not to exceed six months from the date of publication).

RECOMMENDATION: The General Manager recommends the Board discuss the proposed response letter attached as **Exhibit 15-A**, recommend changes, if any, and authorize the Chair to sign on behalf of the Board.

EXHIBITS

15-A Draft Proposed Response to Civil Grand Jury Report

15-B 2014-15 Monterey County Civil Grand Jury Final Report No. 3

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**EXHIBIT 15-A**

July 20, 2015

Honorable Marla O. Anderson
Superior Court
240 Church Street
Salinas, CA 93901

Dear Judge Anderson:

We are in receipt of the 2014-15 Monterey County Civil Grand Jury final report number 3 titled "A Glass Half Full? The Monterey Peninsula Water Management District and The Marina Coast Water District." The Grand Jury has requested that our Board respond to certain findings and recommendations contained in the report, which we have done below. In addition, we have commented on certain statements and inaccuracies we have found in the body of the report.

Findings

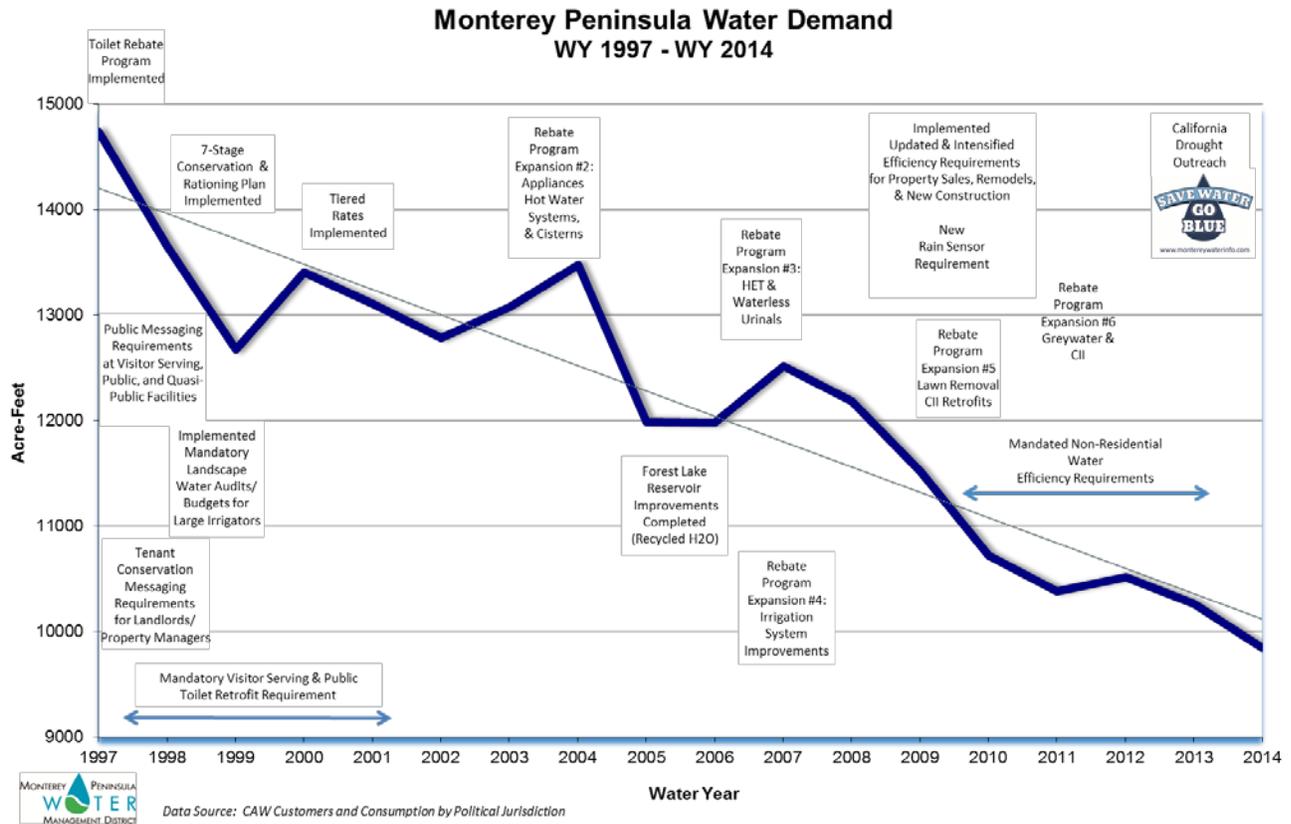
Our Board agrees with Findings F1, F2, F4, F5, F6, F13, and F14. We partially agree with Finding F3, in that further conservation efforts may conserve 500 acre-feet per year, but 1,000 acre-feet per year would be difficult and may take a multi-year effort to accomplish.

Recommendations

R1. Monterey Peninsula Water Management District (MPWMD) continue conservation efforts to achieve additional water savings, with the goal of conserving an additional 500 acre-feet per year by the end of 2016.

District response: This goal cannot be accomplished by the end of 2016. However, the District will work in partnership with California American Water Company (Cal-Am) to implement programs designed to accomplish an additional 500 acre-feet of savings within a reasonable timeframe.

Conservation programs take time and nuance to implement. As you can see from the chart below, the Monterey Peninsula has a culture of conservation that has taken over twenty years. Through multiple programs affecting both residential and commercial sectors, we have collectively saved over 4,500 acre-feet of water per year since a peak in the mid-1990s. That means additional savings will be challenging and that new programs will have to be carefully designed and executed. Results from any new initiatives will accumulate over several years, but are unlikely to reach 500 acre-feet by the end of 2016.



R2. MPWMD seek additional funding to offset reduction in rebate program budget by the end of 2015.

District response: It is unlikely the District will successfully implement this recommendation. Conservation programs funded by ratepayers on the Monterey Peninsula from 2015 to 2018 are budgeted at \$1.6 million, down from \$2.3 million the previous three year period. The difference of \$700,000 represents almost half of the District’s discretionary revenues. The District has already adopted a budget that dedicates those revenues for other purposes. All other revenues of the District are specifically designated as to use, primarily water supply and environmental stewardship related to water supply impacts. The District will pursue outside funding activities, but such opportunities are both financially and calendar limited. Earlier this year the District applied for grant funding for conservation programs from the State’s Proposition 84 grant monies, but the application was not funded. We will certainly apply for Proposition 1 monies during the next round when available.

R3. MPWMD offer incentives for retrofitting multi-family laundry facilities by the end of 2016.

District response: The District expects to implement this recommendation.

R4. MPWMD mandate installation of pressure reducers on all water supply lines by the end of 2016.

District response: This recommendation will not be implemented as written. The District requested funding of a pilot program to investigate impacts of and rebates for the installation of pressure reduction valves during the 2015-2018 period. That funding was approved by the California Public Utilities Commission. However, the use of pressure reducers is location specific and not applicable throughout the service area. It would be inappropriate to mandate them on all supply lines. The District will continue to address this topic and work with both customers and Cal-Am to reduce pressure where appropriate.

R5. MPWMD institute offset programs for new residential and commercial developments that offer incentives for builders to pay for conservation efforts in other structures as part of permit approval beginning in January 2016.

District response: The District expects to implement this recommendation, but may limit initial efforts to public benefit projects.

R6. MPWMD install water saving devices (low-flow toilets, water-efficient washers and dishwashers, aerators) in low-income housing units in conjunction with offset programs.

District response: The District expects to implement this recommendation.

R13. MPWMD and MCWD keep abreast of new technology for conservation and desalination and utilize such technology when economically feasible.

District response: The District expects to implement this recommendation.

R14. MCWD and MPWMD make all possible efforts to form an agreement with the signers of the wastewater MOU with the goal of having such an agreement in place by the end of 2015.

District response: The District expects to implement this recommendation.

Comments on Report

Page 5, second line of first paragraph: The District does not “control” the water on the Monterey Peninsula, rather has regulatory oversight thereof.

Page 5, last line of first paragraph: Those not served by Cal-Am include private wells, the City of Seaside municipal system, Canada Woods Water Company, and several other small water distribution systems.

Page 5, first sentence of third paragraph: The District’s legislation was passed in 1977. Further, the Legislature’s stated purpose for creation of the District was “to prevent waste or unreasonable use of water supplies, to promote the control and treatment of storm water and

wastewater, and to conserve and foster the scenic values, environmental quality, and native vegetation and fish and wildlife and recreation in the Monterey Peninsula and the Carmel River basin.”

Page 6, fourth line: Payments from Cal-Am are not simply for the rebate programs. Cal Am is contractually obligated to the District for reimbursement of District activities in the construction of an Aquifer Storage and Recovery Well project and environmental mitigation along the Carmel River. The District also receives monies from a surcharge on Cal-Am bills for other conservation activities.

Page 6, second full paragraph, beginning in third line: The Company proposed no new water supply projects until 1997. Prior to that, all new water supply efforts were developed by the District. A short history of water supply projects is attached.

Page 6, third full paragraph: MPWMD does not “advise” Cal-Am on rate policy, but it correct that we collaborate with Cal-Am on rate policy. We do not simply “attend” California Public Utilities Commission (CPUC) rate hearings, we intervene and advocate for the interests of the District and ratepayers. Our intervention at the CPUC is not limited to rate cases, rather includes applications for capital projects, rate design, rationing plans, and others.

Page 6, fourth full paragraph: The Cal-Am project is correctly titled the “Monterey Peninsula Water Supply Project” and was introduced in 2012.

Page 7, first line: The proper nomenclature is the “Carmel Valley Alluvial Aquifer.”

Page 7, third line from the bottom regarding pressure reducers. See District response to Recommendation 4, above.

Page 8, first line: The Reclamation Project also serves a school and is best referenced as “in the Del Monte Forest” rather than “in Pebble Beach.”

Thank you for the opportunity to review the Grand Jury report and to provide our responses and comments.

On behalf of the Board of the Monterey Peninsula Water Management District,
Sincerely yours,

Kristi Markey
Chair

Attachment 1

History of Water Supply Project Development on the Monterey Peninsula

Sixteen water projects are referenced below (denominated Projects A through P) that reflect primary efforts of the Monterey Peninsula Water Management District (MPWMD) and/or California-American Water Company (Cal-Am) (or its predecessors in interest), each with the purpose to develop water supplies to benefit the Monterey Peninsula. This list includes structures that were built, some of which have since been de-commissioned, together with other significant primary supply projects proposed over time that were never implemented. A myriad list of project alternatives exists for each listed primary water supply project.

- A. In 1881 the Pacific Improvement Company, a predecessor in interest to Cal-Am, built the Carmel River dam 1,900' below the site of the San Clemente Dam.
- B. In 1921, Del Monte Properties Co. (successor to Pacific Improvement Co.) built the San Clemente Dam, an 85' high concrete arch dam, with an original capacity of 1,425 AF, was built on the Carmel River to replace the function of the 1881 structure. In 2012, CPUC Decision D. 12-06-040 authorized Cal-Am (later successor to Del Monte Properties Co.) to remove this structure, in accord with Application No.10-09-018.
- C. In 1946, California Water and Telephone Company (successor to Del Monte Properties Co and immediate predecessor in interest to Cal-Am) obtained the right to build Los Padres Dam on the main stem of the Carmel River. This 150' high earthen dam with an original capacity of 3,030 AF, was completed 1949. Cal-Am purchased Cal. Water & Tel. properties in 1966.
- D. Monterey Peninsula Water Management District (MPWMD) was created by legislation in 1977 and ratified by a public vote in 1978. In 1980 MPWMD commissioned the U.S. Army Corps of Engineers (USACE) to design the 150,000 AF New San Clement Dam and Reservoir (NSC Dam) on the main stem of the Carmel River, for flood and water supply purposes. (Technical Feasibility Study - Carmel River Dam Sites, Cortright, Clifford J., 1979). (Feasibility Report on Water Resources Development Carmel River, USACE, 1981.)
- E. In 1982, MPWMD filed Application 27614 with the State Water Resources Control Board (SWRCB) seeking water rights for a proposed 29,000 AF New San Clemente Dam and reservoir to be built of compacted concrete on the main stem of the Carmel River, as a more cost effective structure than that designed by USACE.
- F. In 1989, a federal agency panel convened by then-Congressman Panetta gave the proposed NSC Dam a "red light," meaning agency representatives collectively concluded the proposed NSC Dam could never gain required regulatory approvals. MPWMD thereafter re-assigned SWRCB Application 27614 for an alternate project, known as New Los Padres Dam and Reservoir (NLP Dam). (See August 1991 SEIR #88089¹, February 1993 SEIR #91417², and March 1994 Final

¹ The August 1991 SEIR (88089) references an Original Preferred Alternative, a New Preferred Alternative, 9 discrete Projects for Detailed Analysis and 22 Other Projects that are reviewed.

² The February 1993 SEIR (91417) references an Original Preferred Alternative, a New Preferred Alternative and one discrete Project for Detailed Analysis in addition to the Other Projects reviewed in the 1991 SEIR.

EIR³.)

- G. In 1989, Cal-Am Am filed Application No. 89-11-036 for a CPCN seeking CPUC approval for a proposed 25,000 AF off-channel reservoir known as the Canada Reservoir, as an alternate to NLP Dam. The CPUC did not grant this CPCN.
- H. MPWMD began an Interim Water Supply Augmentation Program in 1989 to investigate and implement water supply projects during the period before development of a new long term water supply. This included additional ground water from the Seaside Ground Water Basin. A test well at Cal-Am's Paralta Ave. site was completed within both the Paso Robles and the Santa Margarita Sandstone formations. Thereafter, in 1989 Cal-Am completed the Paralta production well.
- I. In 1993, MPWMD proposed a "Near-Term Desalination Project" designed to produce 3,000 AFA. Voters rejected this proposal by a vote of 47% yes; 53% no. (Measure G, June 1993.)
- J. In 1995, SWRCB Permit 1632 was granted to MPWMD, confirming water rights for Application 27614 to be used for the District's proposed NLP Dam, a 24,000 AF dam and reservoir on the main stem of the Carmel River. Also in 1995, the USACE issued a Section 404 (Clean Water Act) Permit (#20364S09) to MPWMD for the proposed NLP Dam. In November, 1995, voters rejected this proposal by a vote of 43% yes; 57% no. (Measure C, November 1995.) The water right permit number 20808 went unused for this dam, but was eventually repurposed for Aquifer Storage and Recovery (ASR) facilities discussed below.
- K. In 1996, MPWMD began investigating the feasibility of ASR. The District constructed a "proof-of-concept" demonstration project in 1997, followed by a pilot test well in the Seaside Basin. MPWMD thereafter constructed a full-scale, 700-foot deep well in 2001 in the deeper Santa Margarita Sandstone aquifer. Today four separate ASR wells operate based on SWRCB Water Permit 20808.
- L. On March 28, 1997, Cal-Am filed its Application to the CPUC for a CPCN to "Construct and Operate the 24,000 AF Carmel River Dam and Reservoir in its Monterey Division." (Application No. 97-03-052)⁴. This Carmel River Dam and Reservoir Project (CRDP) had a similar physical configuration to the 24,000 AF NLP Dam, but was to be operated in a different manner and thus not supply water for "growth". (Application No. 97-03-052 was later dismissed by the CPUC in 2003, at which time the CPUC directed Cal-Am to file a separate CPCN Application for the proposed Coastal Water Project (CWP).
- M. In 1998, State Law (Keeley Bill, Assembly Bill (AB 1182), Chapter 797, Statutes of 1998) requires the CPUC to prepare a "Plan B" contingency to describe a program or programs for Cal-Am to pursue if the CRDP does not go forward. In 2000, the CPUC issued its Monterey Peninsula Long-Term Water Supply Contingency Plan Component Screening Report (Plan B

³ The March 1994 Final EIR references an Original Preferred Alternative, a New Preferred Alternative and one discrete Project for Detailed Analysis in addition to the Other Projects reviewed in the 1991 SEIR.

⁴ The 1997/1998 SEIR references an Original Preferred Alternative, a New Preferred Alternative and four discrete Projects for Detailed Analysis in addition to 39 Other Projects.

Report⁵) and in 2002 the CPUC issued the CPUC Carmel River Dame Alternative Plan B Project Report. Plan B was identified as 9,430 afa desal plant at Moss Landing combined with a 1,300 afa ASR project.⁶

N. In 2004, Cal-Am filed Application for a CPCN to “Construct and Operate its Coastal Water Project to Resolve the Long-Term Water Supply Deficit in its Monterey District” (Application No. 04-09-019). A 10,500AF Regional Desalination Project plus 1,300AF ASR was an alternate to the CWP. The CEQA assessment also identified these additional alternatives.

- Desal at Moss Landing (9,430AF) plus ASR (1,300AF),
- Desal at Moss Landing (10,500AF) plus ASR (1,300AF)
- Desal at North Marina (11,500AF) plus ASR

O. In 2010, CPUC adopted a revised Alternate Proposed Decision and authorized issuance of a CPCN for the Regional 9,430 AF Desalination Project at Moss Landing, with a 1,300 AF ASR component. This project was terminated in 2012 after the Monterey County District Attorney filed criminal charges based on Gov. C. §1090 against Steve Collins (MCWRA board member) alleging conflicts re Regional Project. Cal-Am informed the CPUC that Cal-Am, MCWD and MCWRA were in mediation and Regional Desalination Project would be delayed, modified, or replaced with an alternate project.

P. In 2012 the Monterey Peninsula Water Supply Project (MPWSP) was proposed as an alternative to the Regional Project. Chapter 7 of the 2015 MPWSP draft EIR shows detailed analysis of project alternatives.

⁵ The 2000 Screening Report evaluated potential Plan B water supply components, and evaluated fifteen components in detail:

1. Carmel Valley Deep Fractured Bedrock Wells
2. Seaside Basin ASR
3. Tularcitos Basin ASR
4. Desalination Plant at Marina
5. Desalination Plant at Moss Landing
6. Desalination Plant at Sand City
7. Water Purchase from CVP
8. Water Purchase from Humboldt Bay
9. Water Purchase from Salinas Valley
10. Pueblo Water Rights (Carmel River)
11. Pueblo Water Rights (Salinas River)
12. Table 13 Rights (Carmel River)
13. CAWD/PBCSD Reclamation Expansion
14. SVRP Expansion
15. Local Stormwater Reclamation Projects

⁶ The 2002 Plan B Project Report also references six discrete Projects for Detailed Analysis and one Other Project.

**A GLASS HALF FULL?
THE MONTEREY PENINSULA WATER MANAGEMENT
DISTRICT AND THE MARINA COAST WATER DISTRICT**



**A GLASS HALF FULL?
THE MONTEREY PENINSULA WATER MANAGEMENT
DISTRICT AND THE MARINA COAST WATER DISTRICT**

And it never failed that during the dry years the people forgot about the rich years, and during the wet years they lost all memory of the dry years. It was always that way.

John Steinbeck—1952

SUMMARY/BACKGROUND

The need for an adequate water supply on the Monterey Peninsula has been a subject of public debate for more than sixty years. Dams have been proposed and voted down or failed due to lack of funding; desalination projects have been proposed—even approved—and never completed for a variety of reasons. Twelve different Monterey County Civil Grand Juries (MCCGJ) have investigated various water issues over the past 16 years. Meanwhile, the county has faced recurring droughts and now faces several pieces of legislation that will restrict water use even further. The State Water Control Board’s Order 95-10 calls for reducing the amount of water pumped from the Carmel River by 2017 and the state’s Sustainable Groundwater Act (passed in 2014) may lead to adjudication of the groundwater basins that supply much of the county’s water (meaning the courts would intervene to assign specific water rights to water users).

A number of public and private agencies are involved in the county’s water supply (see Table 1, next page). Four Community Services Districts are charged with supplying potable water to their covered areas (Castroville, Ocean View, Pajaro-Sunny Mesa, and Santa Lucia Community Services Districts). Six special water districts are charged with protecting and managing water resources for the benefit of the community and the environment. Two of these districts are led by counties other than Monterey: the Pajaro Valley Water Management Agency is led by Santa Cruz County and the Aromas Water District is led by San Benito County. Two of the remaining four districts (San Lucas and San Ardo) service relatively small populations in the southern part of Monterey County.¹

The 2014-2015 MCCGJ chose to investigate the final two water districts, which service the coastal area of the county: the Monterey Peninsula Water Management District (MPWMD) and the Marina Coast Water District (MCWD). These two districts are responsible for much of the residential and commercial water use in the county, given that approximately 25% of county residents reside within the boundaries of these two districts and much of the county’s tourism trade is focused along the coastal areas of the county. In past years there has been a significant amount of controversy, involving both districts, with regard to managing existing resources and generat-

¹ The City of Salinas’ potable water is provided by two public utilities within the City [Alco Water Service (Alco) and California Water Service Corporation (Cal Water)] and the Hitchcock Road Water Utility.

ing new supplies of water. (For a brief history of water development on the Monterey coast, see the Appendix.)

The goal of this investigation was to evaluate the role and plans of the two coastal water districts in managing and providing water along the Monterey coast. As a result of this investigation, the MCCGJ concluded that while both districts have fulfilled their missions with regard to conserving the existing supply of water, the issue of sustaining and increasing that supply for the future benefit of the community is a lingering concern.

Table 1: Public Water Agencies.

A number of public and private agencies—in addition to the special water districts—are involved in the use and monitoring of water in Monterey County.

Monterey County Water Resources Agency (MCWRA) was formed in 1955 to manage, protect, and enhance the quality and quantity of water in the County and to provide flood control services.

Monterey Regional Water Pollution Control Agency (MRWPCA) was formed in 1979 as a Joint Powers Agency to manage the treatment of wastewater.

Monterey Peninsula Water Resources Authority (“Mayors Authority”) was formed in 2012 to take the lead on projects to increase the water supply.

Monterey County Groundwater Legislative Committee (name to be finalized) was created in January 2015 to address requirements of California’s new Sustainable Groundwater Management Act and implement a legislative platform to address the County’s water needs.

METHODOLOGY

In conducting this investigation, the MCCGJ employed the following methods:

- Interviews with staff and directors of the Monterey Peninsula Water Management District (MPWMD), the Marina Coast Water District (MCWD), and the Monterey County Water Resources Agency (MCWRA)
- Review and analysis of the published strategic plans of MPWMD and MCWD
- Review and analysis of the results of conservation programs run by both districts
- Research into the history and current status of water issues facing coastal Monterey, including but not limited to published articles, reports, and position papers by concerned community groups (see Bibliography).

DISCUSSION

Although both the Marina Coast Water Management District (MCWD) and the Monterey Peninsula Water Management District (MPWMD) are special districts under jurisdiction of the Local Agency Formation Commission, they are different in one very important way: MCWD manages,

Table 2: Water Agency Acronyms.

MCWD	—Marina Coast Water District (special district)
MPWMD	—Monterey Peninsula Water Management District (special district)
MRWPCA	—Monterey Regional Water Pollution Control Agency
MCWRA	—Monterey County Water Resources Agency (“The Mayors’ Authority”)
FORA	—Fort Ord Reuse Authority
CPUC	—California Public Utilities Commission
SWRCB	—State Water Resources Control Board
MPRWA	—Monterey Peninsula Regional Water Authority

controls and delivers water to its customers (the communities of Marina and Fort Ord) while the MPWMD manages and controls—but does not deliver—water to the residents and businesses of the Monterey Peninsula, Seaside, and portions of Carmel Valley. Most of the communities served by MPWMD receive their water through a system privately owned and operated by California American Water (Cal Am).² Those not served by California American Water are on private wells.

Both districts have signed a Memo of Understanding (MOU) with the Monterey County Water Resources Agency, the Monterey County Regional Water Pollution Control Agency, and the City of Salinas to work on more efficient and equitable uses of treated and reclaimed wastewater (including storm water and agricultural wash water). This MOU will support the Groundwater Replenishment Project.

MONTEREY PENINSULA WATER MANAGEMENT DISTRICT (MPWMD)

The MPWMD was created under the Mello Bill in 1978 to solve the over-pumping of the Carmel River and—potentially—to have an agency in place in case the public decided to acquire the Cal Am water system. A seven-member Board of Directors governs the District. Five directors are elected from voter divisions; one is a member of the Monterey County Board of Supervisors; and one member represents mayors from jurisdictions within the District boundaries. Incoming directors receive basic orientation from departmental managers and are offered the opportunity to attend professional board training workshops. All directors attend mandatory ethics training every two years. A



² As a private utility subject to California Public Utilities Commission (CPUC) oversight, Cal Am is required to show a profit from its operations.

general manager oversees a staff of twenty-five, plus interns. The District's annual budget for 2014/1015 was \$11.7 million. These monies are drawn from property taxes, a water supply charge, state grants, and payments from California American Water (Cal Am) for the District's rebate programs.

The MPWMD boundaries run north through Seaside to a portion of Marina, south to the Carmel Highlands, east into Carmel Valley to Cachagua, and back over the Laureles Grade to Laguna Seca. Within these boundaries, customers are split into two vocal camps: growth and no growth. These factions have influenced many decisions regarding water, defeating measures to build a desalination plant, to build a new dam on the Carmel River, and to explore the option of public ownership of the Peninsula's water delivery system.

Cal Am purchased the Monterey Peninsula's water delivery system—and historical rights to draw limited water from the Carmel River—in 1965. This purchase included the two dams then in existence on the Carmel River (San Clemente and Los Padres). In the ensuing 30 years, the company proposed various projects to increase the community's water supply, but none came to fruition. In 1995, the State Water Resources Control Board (SWRCB) issued Order 95-10, which determined that 69% of the community's water supply was being taken from the Carmel River without a valid right and ordered Cal Am to replace 10,730 acre-feet per year with an alternate water source.³ In 2009, the SWRCB issued a cease-and-desist order, demanding that Cal Am reduce pumping by December 31, 2016. The current plan for meeting this directive is to build a desalination plant, but such plant will not be operational until 2019.

The MPWMD advises Cal Am on rate policy, issues water permits for new construction and remodels, monitors water extraction, and attends the California Public Utilities Commission (CPUC) rate hearings, held every three years to approve rates charged to consumers and businesses. Cal Am reimburses the MPWMD for rebate programs aimed at conservation through a conservation fee billed to customers.

In 2014, Cal Am announced its Monterey Peninsula Water Project, which includes building a desalination plant capable of producing 9,750 acre-feet of water per year. The Monterey Peninsula Water Resources Authority and the MPWMD support this plan. The District has agreed to assist Cal Am in obtaining low-cost financing for the one quarter of the cost of this project (\$70-90 million) in return for Cal Am's promise to decrease its profit percentage.

While the need for a desalination plant on the Monterey Coast has been under discussion for more than twenty years, only one small plant (in Sand City) is currently in operation. The apparent inability to construct a desalination plant of significant size has less to do with a lack of technology and more to do with a lack of consensus.

MPWMD Conservation Efforts

While supporting the Cal Am plan to build a desalination plant—and working to develop a comprehensive strategy to address Order 95-10—the near-term goals of the District focus on the preservation and replenishment of the existing water supply, which is drawn from the Carmel

³ An acre-foot is the standard measure used defining the volume of water consumed. One acre-foot is equivalent to the volume of water that would cover one acre to a depth of one foot (approximately 326,000 gallons).

Basin Aquifer (the Carmel River), and the Seaside Groundwater Basin. To this end, the District maintains an extensive conservation program that involves reducing the amount of water used, reclaiming and recycling wastewater, and recharging the aquifers.

Water Use Reduction: The MPWMD has one of the most stringent conservation programs in the state of California. MPWMD customers have reduced water use to an average of 55-60 gallons per person per day; the average across the state is 200 gallons per day. Conservation programs include the following:

- *Mandatory conservation/retrofit requirements:* when a residential property is transferred, remodeled or built, the MPWMD requires the installation of low-flow toilets and showerheads, instant hot water systems, and landscape restrictions aimed at conserving water (including rain sensors). As of 2013, all businesses within the District are mandated to go to high-efficiency toilets, install aerators on faucets, retrofit inefficient ice machines, and replace inefficient washing machines.
- *Voluntary conservation/retrofit requirements:* the District offers rebates to residential customers who voluntarily install water efficient devices, including low-flow toilets, washing machines, and dishwashers. A file of more than 30,000 properties on the Peninsula allows the District to check the validity of rebate claims. Rebates are funded through a charge billed to Cal Am customers. For the past three years, the budget for this program has been \$2.3 million; this is being reduced to \$1.6 million for the next three years.
- *Rationing and “best practice” rates:* since 1988, Cal Am has conducted an annual survey of households to determine the number of residents and estimate water usage. Residential rates are divided into five tiers to encourage customers to use less water (a practice that has raised some concerns). A “best practices” rate structure (with four different divisions of water charges) was put in place in 2013 to reward commercial users for conserving water and penalize those who are not in compliance.
- *Workshops and demonstrations:* the District regularly offers workshops on converting laundry water to landscape use, designing and installing irrigation systems, and building and installing cisterns.
- *Public awareness campaigns:* In October 2014, the District launched the “Save Water—Go Blue” initiative as a means of encouraging consumers to be more water conscious. The initiative includes free distribution of simple water-saving devices.

Future MPWMD plans for conservation may be able to conserve an additional 500 acre-feet per year and could include:

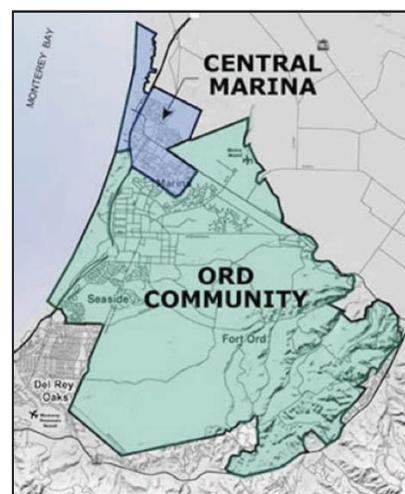
- Direct installation of water saving devices in low-income housing;
- Increased outreach to high-use commercial water customers (medical sector, food service and restaurants);
- Retrofitting of washing machines in multi-family laundry facilities;
- Installation of pressure reducers on all water supply lines.

Reclamation, Recycling, and Aquifer Replenishment: A number of recycling and reclamation programs are currently in place.

- The Carmel area plant provides treated wastewater to irrigate golf courses in Pebble Beach.⁴
- The Aquifer Storage and Recovery (ASR) program uses excess surface water from the Carmel River (when it reaches a specified level) to recharge the Seaside Basin.
- Beginning in 2016, the Monterey Pure Water Groundwater Replenishment Project (GWR Project) proposes to recharge the Seaside Groundwater Basin with treated wastewater through injection wells. Recharging the aquifers serves two purposes: (1) it supplements the water supply for the community and (2) decreases the impact of groundwater over-draft and the associated risks of seawater intrusion. It is predicted that this project will produce 3,500 acre-feet per year of potable water drawn from the aquifers and decrease the amount of water needed from the proposed desalination plant.

MARINA COAST WATER DISTRICT (MCWD)

The Marina Coast Water District (MCWD) was formed in 1960 to provide water to the residents of Marina, California. A board of five elected directors oversees the District. According to our investigation, these directors are not required to undergo formal training upon taking office although they are offered the opportunity to attend training provided by the League of California Cities. A general manager is in charge of operations with a staff of 36. The district's budget (\$10 million in 2014) allows for a staff of 42. According to the bylaws of the district, all interaction between staff and directors goes through the general manager, a position that has been held by an interim general manager for the past two years. This, and the fact that no one is currently serving as District Engineer, has led to instability within the organization.



MCWD is primarily a fee-for-service government agency that charges customers based on consumption. The District owns and maintains the water system for the City of Marina and, since 2001, has contracted to manage water delivery for the former Fort Ord (Ft. Ord). Services provided in Marina and Ft. Ord include the provision of potable water, collection of wastewater, conservation services, and creation of new infrastructure (primarily through new developments). In total, the District serves approximately 30,000 residents through 8,000 connections in central Marina and Ft. Ord (including California State University of Monterey Bay).

The main source of water for the District is the Salinas Valley Groundwater Basin known as Basin #1. Salt-water intrusion is a concern in the sustainability of this basin, which supplies Marina, Ft. Ord, the City of Salinas, and agriculture in the Salinas Valley. Three deep-water groundwater wells drawing on this basin are owned and managed by the District. Water for Ft. Ord is

⁴ The CAWD/PBCSD Reclamation Project, a cooperative effort involving the Carmel Area Wastewater District (CAWD), the Pebble Beach Community Services District (PBCSD), the Monterey Peninsula Water Management District (MPWMD), and the Pebble Beach Company (PBCo), is a proprietary (enterprise) fund of Monterey Peninsula Water Management District, the issuer of the Certificates of Participation which financed the Project's first construction project.

drawn from additional wells installed by the U.S. Army. Current water allocations for Marina and Ft. Ord appear to be sufficient for existing customers. The District has not experienced difficulties in supply due to the current drought but does maintain a Level 3 Water Rationing Plan, which places restrictions on outdoor watering.

MCWD Conservation Efforts

Under its Regional Urban Water Augmentation Project (RUWAP), initiated in 2005, the District is currently pursuing a mixture of approaches to ensure an adequate supply of water for current and future uses. These include water use reduction, reclamation and recycling, and desalination.

Water Use Reduction: MCWD maintains a conservation specialist on staff who works with residential and business customers in its service areas to implement the following conservation efforts:

- Incentive and rebate programs including landscape incentives (to encourage residents and businesses to switch from high to low water use by installing drip irrigation systems and timers) and rebates for installation of low-flow toilets;
- Monitoring of water use through a leak-detection program;
- Tracking water use through “smart” meters;
- Educational program in schools to teach children about water science and conservation;
- Public education program dispersing informational flyers.

Reclamation and Recycling: The MCWD is currently negotiating with the Monterey County Pollution Control Agency (MCPCA) to return treated wastewater from Marina to the District. This will involve the construction of a pipeline to deliver the treated water. The MCWD is also a signatory on the Memorandum of Understanding (MOU) regarding use of treated wastewater to recharge the aquifers. This MOU basically identifies conditions for a future agreement between the signatories.

Desalination

In 1996, MCWD built a desalination plant at Marina Coast beach. This plant was built to (a) have a backup for the wells drawing water from the basin and (b) test the technology. The plant was in operation for three years and decommissioned in 1999 due to mechanical failures, high operating costs, and because additional water was not needed at that time.

In 2006, MCWD took the lead in developing the Regional Desalination Project in collaboration with Cal Am and the Monterey County Water Resources Agency (MCWRA). The Environmental Impact Report (EIR) for this project was approved in December 2009, but the project fell apart in 2011 amid conflict of interest claims that resulted in litigation.

In January 2015, the Board of Directors of MCWD announced plans to construct a desalination plant to provide 2,700 acre-feet per year of water for future development in Ft. Ord.

FINDINGS

- F1.** The MPWMD has effectively communicated the need for consumers to conserve water.
- F2.** Reduced funding for the MPWMD rebate program may impact participation in the voluntary retrofit of home appliances.
- F3.** Water conservation efforts for the MPWMD are nearly maximized; further efforts may conserve an additional 500-1,000 acre-feet per year.
- F4.** Although water sources are sufficient for existing MPWMD communities and customers, this will change with the execution of Order 95-10 and enforcement of the State's Cease-and-Desist Order Cal Am to decrease pumping from the Carmel River.
- F5.** Although current water sources are sufficient to serve existing MPWMD customers, these sources are not sufficient to allow for growth.
- F6.** The MPWMD supports the current Cal Am proposal to construct (and so own) a desalination facility and has agreed to access low-cost funding for this project on behalf of Cal Am.
- F7.** The MCWD has sufficient water to serve existing customers but will need reliable sources of additional water if proposed developments in Ft. Ord are to move forward.
- F8.** 2014 groundwater legislation could affect the MCWD's current allocation of water from the Salinas Valley Basin.
- F9.** A lack of permanent senior management at MCWD has led to instability within the organization.
- F10.** Individuals elected to the MCWD Board of Directors are not required to undergo formal training in governance, procedure, and chain of command.
- F11.** The technology exists to track water use in real time, alerting technicians to serious water leaks; however, MCWD does not have this technology in place.
- F12.** Excess surface water from the Carmel and Salinas Rivers could be used to recharge the aquifers, providing a method for "storing" water that would otherwise flow to the ocean. MPWMD is currently capturing water from the Carmel River.
- F13.** The MOU signed by both districts and the Monterey County Water Resources Agency, the Monterey County Regional Water Pollution Control Agency, and the City of Salinas may lead to a more efficient use of reclaimed and treated wastewater across the county, provided the MOU results in a signed agreement.
- F14.** Conservation offset programs that involve conservation agreements between developers, water districts, and cities have significant potential to benefit both conservation efforts and city planning.

RECOMMENDATIONS

- R1.** Monterey Peninsula Water Management District (MPWMD) continue conservation efforts to achieve additional water savings, with the goal of conserving an additional 500 acre-feet per year by the end of 2016.

- R2.** MPWMD seek additional funding to offset reduction in rebate program budget by the end of 2015.
- R3.** MPWMD offer incentives for retrofitting multi-family laundry facilities by the end of 2016.
- R4.** MPWMD mandate installation of pressure reducers on all water supply lines by the end of 2016.
- R5.** MPWMD institute offset programs for new residential and commercial developments that offer incentives for builders to pay for conservation efforts in other structures as part of permit approval beginning in January 2016.
- R6.** MPWMD install water saving devices (low-flow toilets, water-efficient washers and dish-washers, aerators) in low-income housing units in conjunction with offset programs.
- R7.** The Marina Coast Water District (MCWD) continue conservation efforts to achieve additional water savings.
- R8.** MCWD install technology to track water use in real time by the end of 2016.
- R9.** MCWD hire additional personnel to expand current conservation efforts by September 2015.
- R10.** MCWD institute offset programs for new residential and commercial developments that offer incentives for builders to pay for conservation efforts in other structures as part of permit approval beginning in January 2016.
- R11.** MCWD hire permanent General Manager and District Engineer as soon as possible to stabilize operations.
- R12.** MCWD provide mandatory and ongoing training for all board members, effective immediately.
- R13.** MPWMD and MCWD keep abreast of new technology for conservation and desalination and utilize such technology when economically feasible.
- R14.** MCWD and MPWMD make all possible efforts to form an agreement with the signers of the wastewater MOU with the goal of having such an agreement in place by the end of 2015.

RESPONSES REQUIRED

Pursuant to Penal Code Section 933.05, the Grand Jury requests a response as indicated below from the following governing bodies:

Monterey Peninsula Water Management District Board of Directors:

- Findings F1 thru F6, F13, F14; Recommendations R1 thru 6, R13, R14

Marina Coast Water District Board of Directors:

- Findings F7 thru F14; Recommendations R7 thru R14.

INVITED RESPONSES

California American Water Co.

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APPENDIX

Monterey Coast Water Timeline**Agency Acronyms** (in order of appearance)

MCWD—Marina Coast Water District (special district)
 MPWMD—Monterey Peninsula Water Management District (special district)
 MRWPCA—Monterey Regional Water Pollution Control Agency
 MCWRA—Monterey County Water Resources Agency (“s Authority”)
 FORA—Fort Ord Reuse Authority
 CPUC—California Public Utilities Commission
 SWRCB—State Water Resources Control Board
 MPRWA—Monterey Peninsula Regional Water Authority

- 1881:** Charles Crocker (the Pacific Improvement Company) obtains easement to “lay down and maintain a line of water pipes from the Carmel River to the Hotel Del Monte,” establishing a private water distribution system using water from the river that eventually becomes the Monterey County Water Works
- 1883:** First dam is built on the Carmel River (the “Chinese Dam”)
- 1919 - 1965:** Monterey County Water Works changes hands (and names) several times but remains a private for-profit company controlling water delivery on the Monterey Peninsula
- 1921:** Second dam is built on the Carmel River (the San Clemente Dam)
- 1948:** Los Padres Dam is built with 20-year life expectancy
- 1960:** Formation of Marina Coast Water District (MCWD) to provide water to residents of Marina
- 1965:** American Water Works Company (Cal Am) purchases Peninsula’s water delivery system and rights to Carmel River water from California Water and Telephone Company
- 1972:** Formation of Monterey Regional Water Pollution Control Agency (MRWPCA) under the Clean Water Act, by the Monterey, Pacific Grove, and Seaside Sanitation Districts. In subsequent years, other north Monterey County communities joined to create what became a Joint Powers Authority in 1979 overseeing a regional plant for wastewater treatment
- 1978:** Formation of Monterey Peninsula Water Management District (MPWMD) by State Legislature as a local agency with regional responsibilities. Stated mission (per website): “to promote or provide for long-term sustainable water supply, and to manage and protect water sources for the benefit of the community and the environment”
- 1990:** MRWPCA Regional Plant goes on line, serving 13 communities
- 1993:** U.S. Army and MCWRA sign an agreement annexing Ft. Ord to the MCWRA for the purpose of developing a regional water support system. Agreement extended to the Army’s successor agency, Fort Ord Reuse Authority (FORA)
- 1995:** Monterey County Water Resources Agency (MCWRA) replaces the Monterey County Flood Control and Water Conservation District as a flood control and water agency for the county
- 1995:** Voters defeat ballot measure to build a new dam on the Carmel River

- 1995:** State Water Resources Control Board (SWRCB) issues order to limit pumping of the Carmel River (Order WR 95-10)
- 2001:** FORA and MCWD implement agreement transferring responsibility of the operation, maintenance, and ownership of existing water systems (including wastewater collection) to MCWD; specifies that FORA will retain extraction and discharge rights
- 2002:** Assembly Bill 1182 mandates that the California Public Utilities Commission (CPUC) conduct a study to review water supply alternatives to the Monterey Peninsula. In response, study is completed that became known as “Plan B”—provided foundation and point of departure for **Coastal Water Project (CWP)** and eventually led to the development of the Regional Desalination Project
- 2003:** CPUC dismisses Cal Am Carmel River Dam and Reservoir Project application; Cal Am proposes the Coastal Water Project (CWP)
- 2006:** CPUC begins preparing EIR for CWP. Proposed CWP includes the Moss Landing desalination plant and an Aquifer Storage and Recovery (ASR) project in the Seaside Groundwater Basin. In response, Marina Coast Water District takes the lead in developing the Regional Desalination Project in collaboration with a number of other agencies and interests
- 2007:** Sand City accepts \$2.9 million in Prop 50 grant funding to build desal plant; signs agreement with Cal Am to lease and manage the facility
- 2009:** SWRCB issues a draft cease-and-desist order to Cal Am to accelerate the reduction of pumping from the Carmel River, with goal of limiting pumping to 3,376 acre-feet per year by 2016 (a two-thirds reduction)

At this point, three projects are in the planning stage: two private desalination projects and one project (combining desalination, aquifer storage and recovery, new publicly-owned expandable desal plant, regional wastewater augmentation) by a coalition of local cities and agencies known as the Regional Water Project. (2008-2009 MCCGJ investigates water situation and issues a lengthy report)

Draft EIR for Coastal Water Project (CWP) released for public review in January. Final EIR certified by the CPUC in December. On December 3, CPUC issued a decision approving the Regional Desalination Project (RDP) to be implemented through a 3-way partnership of Marina Coast Water District (MCWD), Monterey County Water Resources Agency (MCWR) and Cal Am

- 2010:** Sand City desal plant begins operation in April 2010, with the ability to produce 300 acre-feet of potable water per year
- 2011:** RDP falls apart after conflict of interest claims are laid against Steve Collins
- 2012:** January: Cal Am pulls out of CWP and partners (Cal Am, MCWD, MCRWA) go to court
February: Monterey Peninsula Regional Water Authority (MPRWA) is created. Mayors of each Peninsula city served by Cal Am comprise the MPRWA board of directors (known as the Mayors Authority). Purpose is take lead in new water-supply plan to replace Regional Desalination Project
April: Cal Am files application in for Monterey Peninsula Water Supply Project (slant wells for desal plant in Marina). Goal of project is to build a desalination plant that will produce 9,730 acre-feet per year (6,250 acre-feet per year if Groundwater Replenishment Project goes forward)

December: Board of Supervisors agrees to make an exception to the County ordinance that all desalination plants must be owned by a public agency, allowing Cal Am to own and operate a desalination plant on the Monterey coast

2013: MPRWA declares support for the Cal-Am project

2014: Measure O (re public ownership of water) on June ballot; MPRWA comes out against, as do local media and the Board of Supervisors. Measure is defeated

Cal Am moves forward with plans to build a test slant well in preparation for constructing a desalination plant north of Marina, capable of producing 9,750 acre-feet per year

Memo of Understanding is signed in October, between MRWPCA, MCWRA, MCWD, MPWMD, and the City of Salinas to address the use of recycled water

2015: MCWD announces plan to build a 2,700 acre-feet per year desalination plant to supply water for Ft. Ord development

Cal Am submits a draft Cease-and Desist Order (CDO) modification plan to the SWRCB moving overall cutbacks on Carmel River pumping from 2016 to 2020

Cal Am test slant well for desalination plant drilled and pumping as of March 2015

ITEM: ACTION ITEM**16. CONSIDER APPROVAL OF PROPOSAL TO MODIFY CEASE AND DESIST ORDER 2009-0060****Meeting Date:** July 20, 2015 **Budgeted:** N/A**From:** David J. Stoldt
General Manager **Program/
Line Item No.:****Prepared By:** David J. Stoldt **Cost Estimate:****General Counsel Approval:** N/A
Committee Recommendation: N/A
CEQA Compliance: N/A

SUMMARY: This is an update from Item 16 of the Board's March 16 meeting. Due to a variety of reasons, many beyond the control of Cal-Am, as well as the community, the Monterey Peninsula Water Supply Project (MPWSP) has been delayed to the point where it is impossible for Cal Am to meet the State Water Resources Control Board (SWRCB) Cease and Desist Order (CDO) 2009-0060 deadline of December 31, 2016.

The attached proposal (**Exhibit 16-A**) was developed jointly by representatives of Cal-Am, the District, the Mayor's Water Authority, Carmel River Steelhead Association, The Sierra Club, the Pebble Beach Company, and attorneys representing Peninsula cities and Carmel Valley pumpers. It reflects many compromises between the parties, but reflects commitments all the parties believe they can support.

The June 19, 2015 version of a Preliminary Draft Proposal for a CDO extension is attached as **Exhibit 16-A**. A redlined version of the CDO is attached as **Exhibit 16-B** and a revised Table 1 to the CDO is attached as **Exhibit 16-C**.

Key principles included in the June 19 version are not materially changed from the March 10 proposal considered by the Board at its March 16th meeting and include:

- A four-year extension of the CDO deadline from December 31, 2016 to December 31, 2020.
- A new reduction schedule in regular increments during the extension, but suspension of the prescribed reductions if MPWSP milestones are satisfied.
- Authority for the SWRCB staff to suspend a reduction corresponding to a missed milestone if staff determines that the milestone was missed due to circumstances beyond the control of Cal-Am, MPWMD, and the Water Authority.
- Suspension of the reduction would be triggered by a joint written statement from Cal Am, the MPWMD, and the MPRWA that the milestone was missed for reasons outside our control. It is our position that such a statement is to be assumed to be correct, and if the SWRCB staff disagrees, the issue would be referred to the State Board for a decision. In any case, the community retains its rights to litigate the issue if necessary.

RECOMMENDATION: The General Manager recommends the Board authorize the General Manager to sign the Application to Modify Cease and Desist Order WR 2009-0060 on behalf of the Board.

DISCUSSION:

As discussed in previous closed sessions, representatives of the plaintiffs in the earlier, but now suspended, lawsuit over the CDO have been in discussion with the California State Water Resources Control Board (SWRCB) staff in an effort to develop a proposal acceptable enough to secure staff concurrence with a formal request for a CDO extension that will be made to the State Board.

Of particular importance during these discussions is that the District and other public officials are opposed to rationing and financial penalties or other measures that might be mandated by the SWRCB and that could result in unfair or punitive impacts on ratepayers who have exceeded conservation goals and who have no responsibility for the delay.

Presently, District staff and General Counsel support the proposed draft, but the proposal will leave very little factor of safety against a rebound in consumer demand for water, but the proposal does not appear to trigger immediate adverse impacts under existing conservation and rationing rules.

Further, under Section 3(b) of the original CDO, “the MPWMD may petition the State Water Board Deputy Director for Water Rights for relief from annual reductions imposed under condition 3.a (2). [if] (c) a showing is made that public health and safety will be threatened if relief is not granted.” The District will retain this right. The District does not lose its ability to initiate a new lawsuit if relief is not granted or unexpected future penalties arise from the amended CDO.

EXHIBITS

16-A Draft Proposal to Amend SWRCB Order (Carmel River CDO)

16-B Attachment 1 to Proposal – CDO Showing Changes in Redline Version

16-C Revised Table 1 to CDO

EXHIBIT 16-A

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**STATE OF CALIFORNIA
 STATE WATER RESOURCES CONTROL BOARD**

In the Matter of the Unauthorized Diversion and Use
 of Water by the California American Water
 Company; Cease and Desist Order WR 2009-0060

**APPLICATION TO MODIFY CEASE
 AND DESIST ORDER WR 2009-0060**

I. Introduction

Pursuant to Water Code section 1832, California American Water (CAW), Monterey Peninsula Regional Water Authority (MPRWA), Monterey Peninsula Water Management District (MPWMD), **[OTHERS?]**, (collectively, Petitioners) hereby apply to the State Water Resources Control Board (SWRCB) to modify Order WR 2009-0060. In Order WR 2009-0060 and WR 2010-0001 (referred to herein as “Order” or “CDO”), the SWRCB required CAW to comply with Condition 2 of SWRCB Order WR 95-10 by diligently implementing various

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1 actions in collaboration with the MPRWA, MPWMD and other community interests, including
2 termination of unlawful diversions from the Carmel River in accordance with the schedule and
3 conditions set forth in the Order. The Petitioners have diligently implemented measures to
4 comply with the CDO, and CAW is currently meeting or has met all of the conditions of the
5 Order. Despite the best efforts of these parties as described in Section III.B below, factors
6 beyond CAW's control will make it unlikely that that CAW will bring on-line a replacement
7 water supply to eliminated all unauthorized diversions from the Carmel River ahead of January
8 1, 2017, as required in the CDO. Accordingly, the petitioners hereby request that the SWRCB
9 modify the CDO as described below in Section III.B, and as specifically proposed in Attachment
10 1. In addition, Petitioners request assistance from the SWRCB in the form of provision of
11 support for certain applications, permits, loans and grant funds to implement projects that will
12 reduce the amount of unauthorized diversion from, and increase the amount of water in, the
13 Carmel River, particularly during the drier months of the year. In consideration of the SWRCB's
14 support for those projects and modification of Order WR 2009-0060, as requested in this
15 application, the Petitioners commit to:

- 18 • continued development and implementation of efficiency and conservation measures;
- 19 • continued development and implementation of projects to develop alternative and
20 supplemental water supplies; and
- 21 • continued development and implementation of fish and wildlife protection and
22 enhancement measures.
23

24 The additional measures proposed in this application are described further in Sections III.A and
25 III.C below.

II. Standard of Review

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1 The SWRCB has broad discretion to modify a CDO and to revise a schedule of
2 compliance contained in a CDO. (See Order WR 2010-0002.) Petitioners make this application
3 to the SWRCB pursuant to Water Code section 1832, which states, in relevant part: “The board
4 may, after notice and opportunity for hearing, upon its own motion or upon receipt of an
5 application from an aggrieved person, modify, revoke, or stay in whole or in part any cease and
6 desist order issued pursuant to this chapter.” For the reasons set forth below, including protective
7 measures that will be implemented by the petitioners, Petitioners submit that there is good cause
8 for the SWRCB to modify the schedule and conditions in Order WR 2009-0060.
9

III. Argument

10
11 A. CAW and Petitioners have diligently and aggressively implemented measures to
12 comply with CDO 2009-0060.

13
14 1. Efficiency and Conservation Measures

15 CAW has implemented efficiency and conservation measures in an effort to control and
16 reduce customer demand and system losses within CAW’s Monterey district, such that the
17 community is currently outperforming the Carmel River diversion reduction targets set forth in
18 the CDO. Specifically, CAW has implemented a moratorium on new service connections within
19 its Monterey district, (see Revised California Public Utilities Commission (CPUC) Sheet No.
20 6509-W), and on [DATE] submitted an application to the CPUC to modify revised Rule No.
21 14.1.1 in CAW’s CPUC tariff, Water Conservation and Rationing Plan for the Monterey District.
22 CAW filed this application in recognition that Rule 14.1.1, which is based upon the MPWMD
23 Regulation XV, Expanded Water Conservation and Standby Rationing Plan, is outdated since it
24 was last reviewed by the CPUC in a 2007 proceeding and it could be less cumbersome and
25 potentially less costly to implement.
26

27 In addition, CAW and MPWMD have implemented a variety of customer water
28

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1 conservation and efficiency programs, including programs targeting high use commercial
2 customers such as laundries, hotels and car washes. CAW's efficiency standards have placed it in
3 the lowest residential per-capita usage tier under the SWRCB's recently adopted emergency
4 urban water conservation regulations.

5
6 CAW and MPWMD also have implemented programs targeting reductions in outdoor
7 irrigation, including replacement of irrigated turf with drought tolerant landscaping or artificial
8 turf, incentives for installation of weather-based irrigation controllers, mandatory installation of
9 rain sensors on irrigation systems, and mandatory water efficiency requirements for all non-
10 residential customers and certain residential customers. (See MPWMD Regulation XIV.) In
11 February 2010, CAW implemented, with CPUC approval, a new tiered conservation rate
12 structure with increases directed at the top tier users to promote conservation practices and
13 reduce overall water usage. Tier 4 and 5 usage is almost exclusively outdoor watering. Compared
14 to the five year historical tier 4 and 5 usage, current tier 4 and 5 usage is down approximately
15 83% to 93% thus far in Water Year 2014-2015. (See Table Nine in CAW's 2nd Quarterly Report
16 for the 2014-2015 Water Year to SWRCB pursuant to Order WR 2009-0060.)

17
18 Finally, CAW has implemented and continues to implement programs to detect and
19 reduce non-revenue system losses, including: replacement of older water mains and service lines
20 in areas shown to be more leak prone; water meter replacement; active leak detection;
21 technological solutions to manage lost water; and operational fixes such as pressure reduction.

22
23 *2. Monterey Peninsula Water Supply Project*

24 CAW has diligently pursued the Monterey Peninsula Water Supply Project (MPWSP),
25 which will produce the replacement water supply necessary to eliminate unauthorized diversions
26 from the Carmel River. On April 23, 2012, CAW filed an application to the CPUC for approval
27 of the MPWSP. The MPWSP includes the following components: 1) a desalination plant and
28

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1 associated source-water slant wells and conveyance system, which can produce up to 9,752 acre-
2 feet-annually (afa) for system demand; 2) an Aquifer Storage and Recovery (ASR) project to
3 store water lawfully diverted from the Carmel River in the Seaside Groundwater Basin for
4 subsequent recovery, which permits an annual net storage of 1,300 acre-feet; and possibly 3) a
5 Groundwater Replenishment (GWR) project that could treat recycled water and replenish up to
6 3,500 afa in the Seaside Basin. The GWR project is being developed by the MPWMD and
7 Monterey Regional Water Pollution Control Agency (MRWPCA) and, if timely approved, could
8 result in a down-sized desalination plant. The Certificate of Public Convenience and Necessity
9 (CPCN), approving the MPWSP, is anticipated from the CPUC in the first quarter of 2016.
10

11 In September 2014, Governor Jerry Brown signed Senate Bill (SB) 936, authored by
12 Senators Bill Monning and Anthony Cannella and Assemblymen Mark Stone and Luis Alejo.
13 This legislation allows the MPWSP to utilize partial public financing if it is available at a lower
14 rate than conventional, private project financing.
15

16 Significant progress has been made on the MPWSP, including issuance of a Draft
17 Environmental Impact Report (DEIR) for the project pursuant to the California Environmental
18 Quality Act (CEQA). The CPUC released its Draft Environmental Impact Report (DEIR) for the
19 MPWSP on April 30, 2015. The release of the DEIR began a 60-day public comment period,
20 including public meetings and presentations, ending on July 1, 2015.
21

22 In addition, a new test slant well located on the CEMEX property in Marina, California
23 was completed in March 2015. The test well was put into long term operation on April 22, 2015.
24 Data from test well and an associated network of monitoring well is posted weekly on CAW's
25 MPWSP website. Preliminary test well results have been promising and indicate that the test
26 well is operating as it was expected to.
27

28 In addition, substantial progress also is being made on the GWR component of the

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1 MPWSP. On April 23, 2015, MPWMD and MRWPCA released a DEIR for a 45-day public
2 comment period that will close on June 5, 2015.

3 *3. Other Projects to Replace and Supplement Carmel River Diversions*

4 CAW and other Petitioners have developed, permitted and implemented supplemental
5 water supply projects to reduce unauthorized Carmel River diversions. These projects include
6 the Seaside Middle School ASR Well #3, which allows the lawful diversion and aquifer storage
7 of up to an additional 500 afa. CAW also obtained additional appropriate water rights under
8 SWRCB Permit 21330 to lawfully divert up to 1,488 afa from the Carmel River. Permit 21330
9 authorizes the diversion of water under Table 13 of SWRCB Decision 1632 (1995).¹
10

11 Cal-Am has been a participant with the Pebble Beach Company (PBC), the Carmel Area
12 Wastewater District (CAWD), the Pebble Beach Community Services District (PBCSD), and
13 MPWMD in accomplishing perhaps the most renowned golf course recycled water irrigation
14 project in the country. The CAWD-PBCSD Wastewater Reclamation Project (as it is known)
15 treats wastewater at the CAWD plant to a tertiary level, which is then distributed by PBCSD as
16 recycled water to irrigate all of the Del Monte Forest golf courses. This project is presently
17 supplying an average of 1,000 afa of recycled water to the golf courses, conserving that amount
18 of diversions from the Carmel River. In addition to MPWMD's conservation programs, this
19 project is one of the largest water saving projects operating on the Monterey Peninsula. In return
20 for its financial commitment (of which PBC has funded over \$22 million in operating shortfalls
21 and debt service) which made the project possible, PBC (with other Del Monte Forest
22 landowners) received the Pebble Beach Water Entitlement, which was fully recognized in
23 SWRCB Order WR 2009-0060, as modified by Order WR 2010-0001.
24
25
26

27 ¹ Decision 1632 Condition 10 provides an opportunity for the persons named in Table 13 of Decision 1632 to obtain
28 a water right permit with a priority superior to the MPWMD's Permit 20808. Decision 1632 delegates authority to
the Chief of the Division of Water Rights to modify the quantities identified in Table 13.

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1 In addition, there are several pending projects and water right transactions that will
2 permit beneficial uses within CAW's service area, including the Seaside Middle School ASR
3 Well #4, which is under development and can store and recover up to an additional 500 afa.
4 CAW also is supporting and facilitating changes to other water rights to permit beneficial uses
5 within CAW's service area, including a water right change petition submitted by the Clint
6 Eastwood and Margaret Eastwood Trust that proposes to partition an existing water right license
7 into two licenses. One of the partitioned new licenses proposes a permanent dedication of flow
8 to the Carmel River. The other new license would allow the Malpaso Water Company to
9 subscribe the beneficial use to property owners with CAW's service areas in the Carmel River
10 watershed and City of Carmel-by-the-Sea; CAW will have a right to use of the water, on an
11 interim basis, to off-set unauthorized Carmel River diversions up to 85.6 afa. On October 31,
12 2014 the SWRCB issued a Draft EIR for the water right petition, and the public comment period
13 closed on December 15, 2014. SWRCB approval of the petition currently is pending.

16 In addition, CAW has proposed to the SWRCB the Carmel River Instream Flow
17 Enhancement Program, whereby CAW will compensate Carmel River water rights holders to
18 implement conservation measures to reduce water diversions from the river in order to increase
19 instream flows for the benefit of fish and wildlife in the Carmel River. On [DATE], CAW and
20 participating Carmel River water users submitted to the State Water Board petitions to
21 temporarily modify the water users water rights to allow for the instream use of water in the
22 Carmel River.

24 Finally, the City of Pacific Grove has certified an EIR for its Local Water Projects to
25 reduce irrigation on the City's municipal golf course and El Carmelo Cemetery, and it is on
26 schedule to implement this project during calendar year 2016. MPWMD provided a feasibility
27 funding grant to assist planning this effort. The SWRCB recently authorized SWRCB SRF
28

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1 financing for this effort. CAW also has fully supported this project.

2 4. Measures to Enhance and Improve Conditions for Fish and Wildlife

3 Resources

4 CAW and Petitioners have permitted and implemented measures to enhance and improve
5 conditions for fish and wildlife resources in the Carmel River watershed, and to minimize and
6 avoid potential impacts to fish and wildlife during the extension period for Order WR 2009-0060
7 sought by this application. For example, pursuant to a 2009 agreement (amended in 2014)
8 between CAW, the National Oceanic and Atmospheric Administration (NOAA), and the
9 California Department of Fish and Wildlife (CDFW) CAW made a one-time payment of \$3.5
10 million in 2009, annual payments of \$1.1 million per year for 2010 through 2013, and has
11 committed to make annual payments of \$1.1 million per year through 2016 to the California
12 Coastal Conservancy (CCC) for environmental protection and enhancement projects in the
13 Carmel River watershed.
14
15

16 CAW also has permitted and initiated construction activities to re-route the Carmel River
17 and remove the San Clemente Dam. The various construction activities that have been completed
18 to date include complete excavation of the re-route cut, nearly complete installation of the
19 diversion dike and the moving of over one million cubic yards of rock and sediment.
20

21 In addition, CAW and various stakeholders have agreed to construct downstream fish
22 passage facilities at Los Padres Dam, located at approximately River Mile 24.8 on the Carmel
23 River. CAW owns and operates Los Padres Dam and has made various improvements to
24 accommodate upstream fish passage over the Dam. Currently, when the lake elevations fall
25 below the dam's spillway crest, no downstream fish passage corridor exists. To improve
26 downstream fish passage opportunities, the following facilities will be constructed: behavioral
27 guidance system, floating weir surface collector, fish bypass conduit, bypass access portals, and
28

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1 bypass outfall. Mobilization for the construction of these facilities starts in May 2015 and
2 drawdown activities have been coordinated with all parties so that work behind the dam in the
3 reservoir is anticipated to start in August 2015 once water level reaches the necessary elevation.
4 In July 2013, CAW also requested the CPUC's approval to fund a study to determine the
5 ultimate disposition of the Los Padres Dam, described further below.
6

7 B. CAW and Petitioners request modifications to the CDO because factors beyond
8 CAW's control make it unlikely that the deadline and certain future conditions
9 can be met.

10 Petitioners request that the SWRCB modify the CDO as shown in Attachment 1. The
11 modifications are necessary because factors beyond CAW's and Petitioners' control – namely
12 the late failure of the Regional Water Project and delays in the CPUC approval schedule for the
13 MPWSP – will not permit CAW to complete the MPWSP and eliminate unauthorized Carmel
14 River diversions within the current CDO schedule (i.e., December 31, 2016). The current
15 schedule calls for a final CPUC decision approving the MPWSP and authorizing construction in
16 February of 2016. Once authorized construction of the MPWSP is expected to begin in early
17 2016 and start-up of the project will occur in late-2018 or early-2019.
18

19 Under the CDO, Condition number (no.) 1 states that CAW shall diligently implement
20 actions to terminate its unlawful diversions from the Carmel River and shall terminate all
21 unlawful diversions from the river no later than December 31, 2016. Petitioners request that the
22 SWRCB extend the compliance deadline in Condition no. 1 for four years, from December 31,
23 2016 to December 31, 2020. In addition, Petitioners request that the SWRCB add a process to
24 Condition no. 1 delegating authority to the Executive Director to administratively extend the
25 time for compliance with the deadline, for good cause shown.
26

27 In conjunction with extending the deadline in Condition no. 1, Petitioners request that the
28

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1 SWRCB modify ordering Condition no. 3.a(2) to state that, effective Water Year 2015-2016,
2 CAW shall further reduce unlawful diversions by 1,000 afa from the existing cumulative
3 reduction level in place for Water Year 2013-2014, and to delegate authority to the Executive
4 Director to relax this diversion reduction for good cause shown, as set forth in Petitioners'
5 proposal. Petitioners also request that the SWRCB further modify Condition no. 3.a.(2) to
6 include additional provisions stating that the reduced diversion level shall be maintained (i.e., no
7 additional annual reduction in diversions will be required under the CDO), provided that CAW
8 meets the milestones set forth (proposed Condition no. 3.a(2)(i)), and if milestones are missed,
9 the reduced diversion level shall be further reduced by 1,000 afa until the milestone is achieved
10 (proposed Condition no. 3.a(2)(ii)), unless the further reduction is suspended in the event that
11 CAW, MPRWA and MPWMD follow the notice procedure set forth (proposed Condition
12 3.a(2)(iii)). The proposed milestones include: substantial completion of downstream fish passage
13 facilities at the Los Padres Dam by September 30, 2016; start of construction for any of the
14 CAW components of the MPWSP by September 30, 2017; progress and/or completion of several
15 specified components of MPWSP by September 30, 2018; further progress and/or completion of
16 additional specified components of MPWSP by September 30, 2019; and substantial completion
17 of the CAW components of the MPWSP and no further CAW diversions of Carmel River water
18 without valid basis of right by December 31, 2020. (See Attachment 1, redline to Order WR
19 2009-0060, proposed Condition no. 3.a.(2)(i).)

23 Additional requested modifications include correcting a cross-reference error in
24 Condition no. 3.a.(5), and amending Condition no. 3.a(6) to be consistent with the requested
25 extension of date in Condition 1 and consistent with the intent of Orders WR 2009-0060 and
26 2010-0001 .

27 Petitioners also request that the SWRCB add a new Condition no. 3.a(7) stating that
28

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1 CAW will use reasonable additional efforts to acquire supplemental water rights and/or pursue
2 other water acquisition and water right changes, which may be credited towards any further
3 reduction required under new Condition no. 3.a(2)(ii) (excepting supplies developed to satisfy
4 Conditions nos. 5 and 3.a(5)). In addition, Petitioners request that the SWRCB amend Condition
5 no. 3.c. to state that any excess ASR water shall be credited towards any further reduction
6 required under new Condition no. 3.a.(2)(ii).
7

8 Finally, Petitioners request another amendment to Condition no. 3.c. to extend the
9 deadline for written submissions to recover ASR water from May 1 to May 31 of each year in
10 order to allow CAW and the fisheries agencies appropriate time to consider information made
11 available at agency meetings that occur after May 1 each year.
12

13 C. SWRCB assistance

14 CAW and other Parties request that the SWRCB commit to use reasonable efforts to assist with
15 the following items:

- 16 1. Issuance of a CPCN from the CPUC and provision of support for CAW's request(s) to
17 the California Coastal Commission and other agencies with permitting jurisdiction for
18 expedited permit issuance for the "Monterey Pipeline and other ASR related
19 improvements," which will facilitate increased ASR diversion during high flows and
20 other improved operations that will increase the amount of water in the Carmel River
21 during dry months;
- 22 2. Provision of support in connection with an application by the MPWMD and the
23 Monterey Regional Water Pollution Control Authority ("MRWPCA") to place the GWR
24 component of the MPWSP on the State Revolving Fund financing priority list;
- 25 3. Provision of support in connection with a request that the SWRCB Division of Financial
26 Assistance award one percent (1.000%), thirty-year loan proceeds from the program
27
28

EXHIBIT 16-A**DRAFT 06/19/15**

1 announced March 19, 2014 for water recycling projects for the MPWMD/MRWPCA
2 GWR project, provided an application is submitted by December 2, 2015;

- 3 4. Provision of support and prioritization in connection with the MPWMD/MRWPCA
4 GWR receipt of grant funds pursuant to Chapter 9 of AB 1471 (2014 Proposition 1); and
5
6 5. Provision of support, including expedited review, in connection with water rights
7 Application 32263 of Monterey County Water Resources Agency, and any amendments
8 thereto, in order to facilitate the MPWMD/MRWPCA GWR project.

9 D. Additional measures

10 In consideration for the SWRCB's provision of support on the projects noted above and
11 for the extension of the deadline and other requested modifications to Order WR 2009-0060,
12 CAW and other Petitioners commit to continuing to implement the efficiency and conservation
13 measures described above throughout the CDO period, to diligently pursue the MPWSP and
14 other alternative and supplemental water supply projects, and to implement measures to avoid or
15 minimize effects to fish and wildlife associated with the extension of the CDO deadline. In
16 addition to the fish and wildlife protection and enhancement measures described above, and
17 provided that NOAA and CAW mutually agree to terms for extending the 2009 agreement
18 described in Paragraph III.A.4, above, CAW will make additional annual payments of \$1.1
19 million (pro-rated for any partial years) until unpermitted diversions of water from the Carmel
20 River are replaced by legal sources of water for use on projects during the period of the
21 requested extension of the CDO deadline. The use of these funds and administrative efforts will
22 focus, with the support of CAW and other Parties, on projects that can be implemented during
23 the extension period to mitigate potential effects of the extension. To the extent MPWMD
24 receives funding to carry out or implement mitigation measures that arise out of the 2009
25 agreement described in Paragraph III.A.4 above, MPWMD will use best efforts, including by
26
27
28

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1 fully cooperating with NOAA, CDFW, CCC, and the Carmel River Steelhead Association, to
2 identify, develop, and implement projects that will convey mitigation benefits for the Carmel River
3 before December 31, 2020.

4 Further, subject to final approval from CDFW, NOAA, and any other agencies with
5 permitting jurisdiction, CAW will implement up to \$2.5 million in other projects on the Carmel
6 River to improve fish passage and habitat. These include, in order of priority and estimated costs:
7 additional spawning gravel injections below San Clemente Dam using excess gravel from the
8 San Clemente Dam removal project or from Los Padres reservoir should there be an insufficient
9 quantity or type at San Clemente Dam (\$0.2MM); improvements to the existing upstream fish
10 passage ladder and trap at Los Padres Dam (\$0.2MM); installation of a fish screen at the lower
11 outlet pipe on Los Padres Dam (\$0.8MM); a pit tagging program (\$0.8MM); and a through-
12 reservoir survival study for Los Padres Reservoir (\$0.5MM). Should the higher priority projects
13 exceed the estimated amounts, funding will be pulled from the lower priority projects until the
14 entire \$2.5MM is utilized. Additionally, the estimated cost from the above projects may be used
15 to supplement other related projects occurring on the Carmel River (i.e., pit tagging work being
16 contemplated by MPWMD).
17
18

19 In its April 10, 2015 *Decision Adopting the 2015, 2016, 2017 Revenue Requirement for*
20 *California-American Water Company*, the CPUC authorized CAW to fund a study to determine
21 the ultimate disposition of the Los Padres Dam and Carmel River. CAW will fund MPWMD to
22 continue independently studying the fate of the Los Padres Dam, including contribution from
23 CAW of up to \$1.0MM minus CAW staff time of \$24K per year to assist MPWMD. Studies will
24 include evaluating upstream steelhead passage at Los Padres Dam, whether the public trust
25 resources of the Carmel River will be adversely affected or enhanced by removal or alteration of
26 Los Padres Dam, what options exist to maintain physical existing surface storage in Los Padres
27
28

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1 Reservoir, and analysis of the potential geomorphic effects of a resumption or increase of the
2 natural flow of sediment. In addition, CAW expects to work with MPWMD to develop the scope
3 of work and award the feasibility study to a qualified environmental consultant by the close of
4 the third quarter of 2015 and anticipates completing the study during 2018. CAW also will
5 continue to fund mitigation measures pursuant to MPWMD’s current mitigation program
6 through December 31, 2020.

7
8 **IV. Conclusion**

9 For the reasons stated herein, Petitioners respectfully request modification of Order WR
10 2009-0060 as set forth in Attachment 1.

11
12 Respectfully Submitted,

13
14
15 Dated:

CALIFORNIA AMERICAN WATER

16
17 _____

18
19 [Additional Signatories]

EXHIBIT 16-B**Attachment 1 to Application to Modify Order WR 2009-0060****DRAFT – 06/19/15****ORDER**

NOW, THEREFORE, IT IS ORDERED THAT Cal-Am shall cease and desist from the unauthorized diversion of water from the Carmel River in accordance with the following schedule and conditions.¹

1. Cal-Am shall diligently implement actions to terminate its unlawful diversions from the Carmel River and shall terminate all unlawful diversions from the river no later than December 31, 2016. The Executive Director is authorized to administratively extend this deadline for good cause shown.
2. Cal-Am shall not divert water from the Carmel River for new service connections or for any increased use of water at existing service addresses resulting from a change in zoning or use. Cal-Am may supply water from the river for new service connections or for any increased use at existing service addresses resulting from a change in zoning or use after October 20, 2009, provided that any such service had obtained all necessary written approvals required for project construction and connection to Cal-Am's water system prior to that date.²
3. At a minimum, Cal-Am shall adjust its diversions from the Carmel River in accordance with the following:
 - a. Commencing on October 1, 2009,³ Cal-Am shall not divert more water from the river than the base of 10,978 afa,⁴ as adjusted by the following:
 - (1) Immediate Reduction: Commencing on October 1, 2009, Cal-Am shall reduce diversions from the river by 5 percent, or 549 afa.
 - (2) Annual Reductions: Commencing on October 1, 2011, the base shall be further reduced by 121 afa per year through savings that will accrue from reduced system losses, the retrofit program, the reduction of potable water used for outdoor irrigation, demand reduction and similar measures. The 121 af reduction shall be cumulative. For example, 121 af shall be reduced in the first year and 242 af shall be reduced in the second year. Commencing ~~on October 1, in Water Year 2015-2016, the annual cumulative~~ reductions level shall increase by an additional to 2421,000 af per year. The 242 1,000 af per year reduction shall also be from the cumulative reduction level in place as of October 1, 2015, and this cumulative reduction shall be maintained through December 31, 2020, subject to the conditions in this order. Annual reductions shall continue until all unlawful Cal-Am diversions from the river have been terminated.

For good cause shown, the Executive Director may exercise discretion to modify required diversion reductions under this condition 3.a.(2) to address circumstances that may arise in future years. A showing of good cause to justify a modification of this diversion reduction shall include, but shall not be limited to, circumstances in which Cal-Am, Monterey Peninsula Water Management District (MPWMD), and/or Monterey Peninsula Regional Water Authority (MPRWA) submit credible evidence that: (i) the existing demand or projected demand within the Cal-Am system is likely to exceed the cumulative reduction level in effect, or a projected cumulative reduction level to take effect, as set forth in Revised Table 1; and (ii) Cal-Am has exercised all reasonable care, and the MPWMD and MPRWA have provided all reasonable cooperation and support, to meet the milestones set forth in Condition no. 3.a.(2)(i). Cal-Am, MPRWA and/or

¹ Attachment 1 to this order, "Revised Table 1, Projected Reductions in Illegal Diversions from the Carmel River," shows the reductions in illegal diversions from the Carmel River that should result from conditions 1, 2 and 3 of this order.

² Multiunit residential, commercial or industrial sites may currently be served by a single water meter. The installation of additional meters at an existing service will not be viewed as a new service connection provided that the additional metering does not result in an increase in water use. Metering each unit of a multiunit building tends to increase accountability in the use of water and the effectiveness of water conservation requirements.

³ Each water year runs from October 1 to September 30 of the following year.

⁴ Cal-Am diverts 3,376 afa under legal rights and, on average, 7,602 afa without a basis of right. (3,376 + 7,602 = 10,978 afa).

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Attachment 1 to Application to Modify Order WR 2009-0060

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MPWMD shall have the right to request the full SWRCB to reconsider any determination by the Executive Director under this Condition 3.a.(2).

- (i) The cumulative diversion reduction level set forth in this condition 3.a(2) shall be maintained, with no additional diversion reductions required under this Order, provided Cal-Am meets the following milestones as they accrue:

	<u>Milestone</u>	<u>Deadline</u>
<u>a.</u>	<u>Substantial completion of downstream fish passage facilities at the Los Padres Dam⁵, meaning facilities are sufficiently complete and appropriately permitted to allow for their operation as intended.</u>	<u>September 30, 2016</u>
<u>b.</u>	<u>Start of construction for any of the Cal-Am Components⁶ of the MPWSP, meaning commencement of physical work after issuance of required regulatory permits and authorizations to begin work⁷.</u>	<u>September 30, 2017</u>
<u>c.</u>	<u>(1) Drilling activity for at least one MPWSP source water production well⁸ complete; (2) foundation and structural framing complete for MPWSP pretreatment, seawater reverse osmosis, and administration buildings at desalination plant; (3) excavation complete for MPWSP brine and backwash storage basins; and (4) 25% of MPWSP transmission pipelines installed based on total length⁹.</u>	<u>September 30, 2018</u>
<u>d.</u>	<u>(1) 50% of drilling activity complete for MPWSP source water production wells based on total number of wells required; (2) mechanical systems for MPWSP brine and backwash storage basins complete; (3) Construction of MPWSP filtered water tanks and finished water tanks complete; (4) 50% of MPWSP transmission pipelines installed based on total length, including 100% installation of the “Monterey Pipeline and other ASR related improvements” (See Footnote 9.)</u>	<u>September 30, 2019</u>
<u>e.</u>	<u>Substantial completion of the Cal-Am Components of the MPWSP, meaning the Cal-Am Components are sufficiently complete and appropriately permitted to allow delivery of MPWSP produced, potable water to Cal-Am’s Monterey Main system, no further Cal-Am diversions of Carmel River water without valid basis of right</u>	<u>December 31, 2020</u>

⁵ To improve downstream fish passage opportunity, Cal-Am and various stakeholders have agreed that the following downstream fish passage facilities should be constructed at Los Padres Dam: behavioral guidance system; floating weir surface collector; fish bypass conduit; bypass access portals; and bypass outfall.

⁶ For purposes of this proposal the Cal-Am Components of the MPWSP include: source water production wells; desalination plant; brine disposal system; and transmission pipelines.

⁷ Such work may include, among other things, any of the following: desalination plant site grading and preparation; electric utility installation; yard piping; subsurface excavation for structural foundations; transmission pipeline installation; and/or presence of source water well drilling equipment on-site.

⁸ Not including the MPWSP Test Well completed in 2015.

⁹ For transmission pipeline installation Cal-Am will prioritize installation of the “Monterey Pipeline and other ASR related improvements,” which will facilitate increased ASR diversion during high flows and other improved operations that will increase the amount of water in the Carmel River during dry months.

EXHIBIT 16-B**Attachment 1 to Application to Modify Order WR 2009-0060****DRAFT – 06/19/15**

- (ii) In the event that Cal-Am fails to meet any milestones described in condition 3.a.(2)(i) by the corresponding deadline, the cumulative reduction level set forth in this condition 3.a.(2) shall be further reduced by an additional 1,000 af per year. Such additional diversion reductions shall continue until the corresponding milestone is achieved. If a milestone is not achieved by its original deadline, but is subsequently achieved, the further reduction required in the water year in which the milestone is achieved shall be determined and prorated at the end of that water year, but shall not be required in subsequent water years.¹⁰
- (iii) In the event that Cal-Am fails to meet any milestone described in Condition no. 3.a.(2)(i), the additional diversion reduction required in Condition no. 3.a.(2)(ii) shall be suspended if Cal-Am, MPWMD, and MPRWA:
- a. Make a joint notice to the Executive Director, with copies to counsel for the Sierra Club and the Carmel River Steelhead Association, no later than 60 days after the milestone deadline; and
 - i. The notice includes credible information demonstrating that Cal-Am has exercised all reasonable care, and MPWMD and MPRWA have provided all reasonable cooperation and support to meet the milestone, and the milestone deadline was missed due to circumstances beyond the control of Cal-Am, MPWMD and MPRWA;
 - ii. If Cal-Am, MPWMD, and MPRWA cannot agree on a joint notice, then any of these entities may submit an individual notice or individual notices consistent with condition 3.a.(2)(iii)a.i.. If an individual notice or individual notices are submitted, or if the Executive Director does not agree with a joint notice submitted under condition 3.a.(2)(iii)a.i., the SWRCB shall determine whether to suspend the additional diversion reduction for the missed milestone. If a notice or notices are submitted under condition 3.a.(2)(iii)a., additional diversion reductions otherwise required under condition 3.a.(2)(i) shall be tolled pending determination by the SWRCB or the Executive Director.
- (3) ASR Project: The amount of water diverted to underground storage under Permit 20808A (Application 27614A) as of May 31 of each year and which will be supplied to Cal-Am customers after that date shall be subtracted from the base.¹¹ On June 1 of each year, Cal-Am shall submit an operating plan to the Deputy Director for Water Rights specifying the quantity of water it intends to supply from ASR Project for its customers after May 4 31 of each year. Water pumped from the project for delivery to customers should be consistent with the requirements of paragraph “c” below.
- (4) Sand City Desalination Plant: Once the Sand City Desalination Plant becomes operational, 94 af shall be subtracted from the base. In addition, based on actual production from the plant, any other water that is produced and not served to persons residing within the City of Sand City shall be subtracted from the base amount for each water year.

¹⁰ For example, if Cal-Am failed to complete construction of downstream fish passage facilities at the Los Padres Dam by September 30, 2016, but completed these facilities by June, 2017, 75% (9/12ths) of the corresponding 1,000 afa reduction (i.e., 750 afa) would be required as a reduction for water year 2016-2017. No reduction based on missing this milestone would be required for water year 2017-2018 or any future water years.

¹¹ This condition shall apply to Phase I and Phase II of the ASR project.

EXHIBIT 16-B**Attachment 1 to Application to Modify Order WR 2009-0060****DRAFT – 06/19/15**

(5) Small Projects: Water produced from new sources developed pursuant to Condition 45 of this order shall be subtracted from the base.

(6) Pebble Beach: Within 90 days following adoption of the order, the Pebble Beach Company shall certify, under penalty of perjury, the total quantity of water annually used under its water entitlement from MPWMD (for the funding assurances provided for the construction and expansion of the CAWD-PBCSD wastewater reclamation project).¹² Ten percent (10%) of the amount reported shall be added to the adjusted base to allow Cal-Am to divert water from the river to supply water for PBC water entitlements initiated in the following 12 months. Thereafter, the PBC shall annually submit, on September 30, a report to the Deputy Director for Water Rights accounting for any additional water that is diverted from the Carmel River as the result of an increased use of its MPWMD water entitlement. Increased diversions from the river by Cal-Am to satisfy PBC entitlements from MPWMD shall be added to the adjusted base, and are not subject to section 2 of this order. Water diverted from the river by Cal-Am for PBC entitlements can only be served to properties that have received a PBC entitlement from MPWMD and which are located in the Cal-Am's service area. After December 31, 2020 Cal-Am shall not illegally divert water from the river to supply the holders of PBC entitlements.

(7) Provided Cal-Am is able to identify suitable and willing transacting parties, Cal-Am will exercise reasonable additional efforts to acquire supplemental water rights at acceptable costs, or will pursue other water acquisitions and water right changes in order to increase flows in the Carmel River or decrease Cal-Am's unauthorized diversions. Such acquisitions or water right changes may include leases and purchases of water rights along the Carmel River on a temporary or permanent basis, or may include water right change approvals or permits (permanent or temporary) from the SWRCB to increase opportunities to increase lawful diversions or reduce unauthorized diversions during periods of lower flow on the Carmel River. Cal-Am and the State Water Board will quantify the supplemental water and increased flows developed pursuant to this condition, and such supplemental water and increased flows will be credited towards any additional reduction required under condition no. 3.a.(2) (but will not be credited towards projects required to satisfy Conditions 5 and 3.a.(5)).

- b. Either Cal-Am or the MPWMD may petition the State Water Board Deputy Director for Water Rights for relief from annual reductions imposed under condition 3.a (2). No relief shall be granted unless all of the following conditions are met: (a) Within 18 months of the adoption of this order, Cal-Am has imposed a moratorium on new service connections pursuant to Water Code section 350 or has obtained an order prohibiting new connections from the PUC pursuant to Public Utility Code section 2708 or MPWMD has imposed a moratorium on new service connections under its authority; (b) the demand for potable water by Cal-Am customers has been reduced by 13 percent;¹³ and (c) a showing is made that public health and safety will be threatened if relief is not granted. Any relief granted shall remain in effect only as long as (a) a prohibition on new service connections remains in effect, and (b) the 13 percent conservation requirement remains in effect.
- c. ASR project water stored in the Seaside groundwater basin under Permit 20808A (Application 27614A) should be used to mitigate the effect of Cal-Am's illegal diversions from the river.

¹² Water currently diverted from the river by Cal-Am to supply PBC entitlements is accounted for in the existing base.

¹³ For purposes of measuring compliance, the 13 percent reduction shall be measured against the adjusted base required by this condition for the year in which the conservation requirement is imposed.

EXHIBIT 16-B**Attachment 1 to Application to Modify Order WR 2009-0060****DRAFT – 06/19/15**

ASR water should be supplied to Cal-Am customers only during months when water is most needed in the river to preserve steelhead.

Commencing no later than June 1 of each year, Cal-Am ~~should~~shall implement the agreed upon operating plan for use of stored groundwater to supply the needs of its customers and reduce diversions from the river. Consistent with Cal-Am's operating plan, water should be pumped from the groundwater basin at the maximum practicable rate for as long as possible. This condition shall apply to both Phase I and Phase II of the ASR project. The river's habitat and fish may receive greater benefits from a substitution regime that differs from that called for by this condition, a regime requiring that substitution commence at a different date, at a different rate or be coordinated with the level of flow in the river. In addition, it may be desirable to hold stored water from one year to the next to assure that more water is available for the steelhead and its habitat in years when the potential for steelhead survival may be greater. Several substitution trials may be necessary to determine which regime will have the greatest benefit. The National Marine Fisheries Service and the California Department of Fish and ~~Game~~ are encouraged to negotiate different substitution regimes with Cal-Am. The State Water Board will honor such agreements, provided Cal-Am submits the written operating plan agreement to the Deputy Director for Water Rights no later than May 31 of each year and the written ~~agreement~~operating plan is approved by the Deputy Director.

4. Cal-Am shall reduce its illegal diversions from the river at the same rate ASR Project water is pumped from the groundwater basin as long as stored water is available under the operating plan.
5. Cal-Am shall implement one or more small projects that, when taken together, total not less than 500 afa to reduce unlawful diversions from the river. Within 90 days of entry of this order, Cal-Am shall identify to the Deputy Director for Water Rights the projects that it will implement and shall implement the projects within 24 months of entry of this order. Cal-Am may petition the Deputy Director for additional time in which to implement the projects. However, no time extension shall be considered unless the petition is accompanied by detailed plans and time schedules for each project. Detailed justification shall be provided for additional time. Detailed justification shall be provided for any request for an extension to allow Cal-Am time to obtain prior approval from the PUC. To the maximum practicable extent, small projects shall be operated to reduce illegal diversions from the river during the months when surface flow in the river begins to go dry and through the months when surface flow in the river disappears below river mile 6.5.
6. Starting three months following adoption of this order, Cal-Am shall post quarterly reports on its website and file the quarterly reports with the Deputy Director for Water Rights.

The quarterly reports shall include the following:

- (a) Monthly summaries of the quantity of water it diverts from the river.
- (b) Monthly summaries of the quantity of ASR project water diverted from the river under Permit 20808A and stored in the Seaside ground water basin. The monthly reporting shall also state the quantity of water beneficially used under Permit 20808A and the current balance of water in storage.
- (c) Monthly summaries of the quantity of water being produced by the Sand City desalination plant. The reporting shall identify new service connections within Sand City and thereafter report the quantity of water being delivered to the new connections. The monthly reports shall specify the quantity of water used to reduce diversions from the river during the reporting period.

EXHIBIT 16-B**Attachment 1 to Application to Modify Order WR 2009-0060****DRAFT – 06/19/15**

- (d) Monthly summaries of the quantity of water saved by reducing system losses.
- (e) Monthly summaries of reductions in demand for potable water due to conservation actions such as increased water rates, MPWMD's retrofit program, efforts to reduce potable water for outdoor water use and demand reduction initiatives.
- (f) Monthly summaries identifying all new service connections. The report shall include the Cal-Am account number, the service address, the name of each authority granting any approval required for connecting to Cal-Am's system and the name of each authority granting any approval required before commencing construction; the issuer of the each approval and the date of each approval shall be separately listed for each service address.
- (g) Monthly summaries identifying existing service addresses that receive an increased supply of water due to a change in zoning or use. The report shall include Cal-Am account number, the service address and the name of each authority authorizing a change of use or of zoning and the date of such change.
- (h) Each quarterly report submitted by Cal-Am shall be certified under penalty of perjury and shall include the following declaration: *"I declare under penalty of perjury, under the laws of the State of California, that all statements contained in this report and any accompanying documents are true and correct, with full knowledge that all statements made in this report are subject to investigation and that any false or dishonest statement may be grounds for prosecution."*

7. Starting six months after adoption of this order, Cal-Am shall file quarterly reports of its progress toward implementing Condition 3 (small project implementation) and note specifically any problems with its schedule of implementation.

8. The Deputy Director for Water Rights is authorized to modify the timing and the content of the reporting required by all of the provisions of this order to more effectively carry out the intent of this order.

9. Cal-Am shall comply with all requirements of Order 95-10, except as follows:

- (a) Condition 1 of Order 95-10 is superseded by Condition 2 of this order.
- (b) Condition 3(b) of Order 95-10 is superseded by Condition 2 of this order.
- (c) The last sentence of Condition 4 is deleted because the Seaside groundwater basin watermaster will determine the manner in which water may be withdrawn from the groundwater basin.
- (d) All other conditions of Order 95-10 shall remain in full force and effect until fully implemented.

10. The Deputy Director for Water Rights is directed to closely monitor Cal-Am's compliance with Order 95-10 and this order. Appropriate action shall be taken to insure compliance with these orders including the issuance of additional cease and desist orders under Water Code section 1831, the imposition of administrative civil liability under Water Code section 1055, and referral to the Attorney General under Water Code section 1845 for injunctive relief and for civil liability. If additional enforcement action becomes necessary, the Deputy Director is directed to consider including in such actions all Cal-Am's violations of Water Code section 1052 since the adoption of Order 95-10.

11. The conditions of this order and order 95-10 shall remain in effect until (a) Cal-Am certifies, with supporting documentation, that it has obtained a permanent supply of water that has been substituted for the water illegally diverted from the Carmel River and (b) the Deputy Director for Water Rights concurs, in writing, with the certification.

ATTACHMENT 1

PROJECTED REDUCTIONS IN ILLEGAL DIVERSIONS FROM THE CARMEL RIVER (AF)										
Water Year (Oct - Sep)	Base Amount	Mandatory Cumulative Annual Reduction	Potential Additional Rampdown if Condition 3 a.(2)(i)	Estimated ASR Project Operational Yield	Estimated Sand City Desal Plant	Estimated Small Project Output	Estimated Water Supply Project Output	Total to Base Amount	Total Estimated Amount Diverted from Carmel River	Estimated Amount Diverted w/o Valid Basis of Right
2009-2010	10,978	549	0	145	75	0	0	769	10,209	6,833
2010-2011	10,978	549	0	145	290	0	0	984	9,994	6,618
2011-2012	10,978	670	0	145	280	0	0	1,095	9,883	6,507
2012-2013	10,978	791	0	145	270	0	0	1,206	9,772	6,396
2013-2014	10,978	912	0	145	260	0	0	1,317	9,661	6,285
2014-2015	10,978	1,912	0	145	250	0	0	2,307	8,671	5,295
2015-2016	10,978	1,912	0	145	240	0	0	2,297	8,671	5,295
2016-2017	10,978	1,912	1,000	145	230	0	0	2,287	8,671	5,295
2017-2018	10,978	1,912	1,000	145	230	0	0	2,287	8,671	5,295
2018-2019	10,978	1,912	1,000	145	230	0	0	2,287	8,671	5,295
2019-2020	10,978	1,912	1,000	145	230	0	0	2,287	8,671	5,295
2020-2021	10,978	1,912	1,000	145	230	0	2,688	2,287	4,705	1,329
2021-2022	10,978	n/a	n/a	145	230	0	10,753	2,287	3,376	0

ITEM: INFORMATIONAL ITEMS/STAFF REPORTS**17. LETTERS RECEIVED****Meeting Date:** July 20, 2015 **Budgeted:** N/A**From:** David J. Stoldt,
General Manager **Program/
Line Item No.:** N/A**Prepared By:** Arlene Tavani **Cost Estimate:** N/A**General Counsel Review:** N/A**Committee Recommendation:** N/A**CEQA Compliance:** N/A

A list of letters that were submitted to the Board of Directors or General Manager and received between June 10, 2015 and July 10, 2015 is shown below. The purpose of including a list of these letters in the Board packet is to inform the Board and interested citizens. Copies of the letters are available for public review at the District office. If a member of the public would like to receive a copy of any letter listed, please contact the District office. Reproduction costs will be charged. The letters can also be downloaded from the District's web site at www.mpwmd.net.

Author	Addressee	Date	Topic
George T. Riley	MPWMD Board	7/10/15	Request meeting re participation in discussions related to California American Water rate setting
David Chardavoyne	MPWMD Board	6/19/15	Support Letter for MPWMD U.S. Bureau of Reclamation Drought Contingency Planning Grant
David Potter	MPWMD Board	6/15/15	Support Letter for MPWMD U.S. Bureau of Reclamation Drought Contingency Planning Grant
Keith Israel	MPWMD Board	6/15/15	Support Letter for MPWMD U.S. Bureau of Reclamation Drought Contingency Planning Grant



EXHIBIT 18-A

FINAL MINUTES
Monterey Peninsula Water Management District
Administrative Committee
June 8, 2015

Call to Order

The meeting was called to order at 3:30 PM in the District Conference Room.

Committee members present: Andrew Clarke
 David Pendergrass

Committee members absent: Brenda Lewis

Staff present: Suresh Prasad, Administrative Services Manager/Chief Financial Officer
 Arlene Tavani, Executive Assistant

Oral Communications

None

Items on Board Agenda for May 18, 2015

Approve Minutes of May 11, 2015 Committee Meeting

On a motion by Clarke and second by Pendergrass, the minutes of the May 11, 2015 meeting were approved on a vote of 2 to 0.

Bureau of Reclamation WaterSMART Program (A) Consider Approval of Resolution 2015-13 in Support of Filing an Application for a Drought Contingency Planning Grant (B) Authorize the General Manager to Enter into a Grant Agreement with the United States Bureau of Reclamation

On a motion by Clarke and second by Pendergrass, the committee voted 2 to 0 to recommend the Board adopt Resolution 2015-13 to apply for a \$200,000 grant; and enter into a Grant Agreement with the Bureau of Reclamation.

Consider Purchase of Water Conservation Equipment

On a motion by Pendergrass and second by Clarke, the committee voted 2 to 0 to recommend the Board authorize an expenditure of \$45,000 to renew the District's stock of water conservation equipment.

Authorize Expenditure for Temporary Agency Employee to Assist with Data Migration in the Water Demand Division During FY 2015-2016

On a motion by Clarke and second by Pendergrass, the committee voted 2 to 0 to recommend the Board authorize funding in the amount of \$40,154 for a temporary agency employee to assist with data migration in the Water Demand Division.

Consider Continuance of Contract with Zone 24x7 for Water Demand Database Improvements and Maintenance

On a motion by Pendergrass and second by Clarke, the committee voted 2 to 0 to recommend the Board authorize an expenditure not to exceed \$60,000 for programming changes to the Water Demand Division Database.

Authorize Funds to Contract for Limited Term Field Positions During FY 2015-2016

On a motion by Clarke and second by Pendergrass, the committee voted 2 to 0 to recommend the Board authorize an expenditure of up to \$91,687 to contract for limited term field positions during FY 2015-2016.

Consider Amendment to Contract with Golden State Planning and Environmental Consulting to Assist with Water Distribution System Permit Program

On a motion by Pendergrass and second by Clarke, the committee voted 2 to 0 to recommend the Board authorize an amendment to the contract with Golden State Planning and Environmental Consulting for a not-to-exceed amount of \$30,000.

Consider Amendment to Contract with Pueblo Water Resources to Provide Hydrogeologic Review for Water Distribution System Permits

On a motion by Clarke and second by Pendergrass, the committee voted 2 to 0 to recommend the Board authorize an amendment to the contract with Pueblo Water Resources for a not-to-exceed amount of \$7,000.

Consider Adoption of Resolution 2015-12 Establishing Article XIII(B) Fiscal Year 2015-16 Appropriations Limit

On a motion by Pendergrass and second by Clarke, the committee voted 2 – 0 to recommend the Board adopt Resolution 2015-12.

Consider Adoption of Resolution No. 2015-10 Calling an Election in Voter Divisions 2, 3, 4 and 5 on November 3, 2015; and Approve Services Agreement with Elections Department

On a motion by Pendergrass and second by Clarke, the committee voted 2 to 0 to recommend adoption of Resolution No. 2015-10, and approval of a services agreement with the Elections Department in an amount not-to-exceed \$222,540.

Consider Adoption of Treasurer’s Report for April 2015

On a motion by Clarke and second by Pendergrass, the committee voted 2 to 0 to recommend the Board adopt the April 2015 Treasurer’s Report and financial statements, and ratify disbursements made during the month.

Other Business

Review Draft June 15, 2015 Board Meeting Agenda

A revised agenda was submitted for committee review that included additional items on the Closed Session section of the agenda. The committee made no changes to the agenda.

Adjournment

The meeting was adjourned at 4:25 PM.

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EXHIBIT 18-B

FINAL MINUTES

Monterey Peninsula Water Management District Public Outreach Committee May 11, 2015

Call to Order

The meeting was called to order at 2:43 pm in the Water Management District conference room.

Committee members present: Dave Pendergrass
Kristi Markey (by phone)

Committee members absent: Brenda Lewis
Jeanne Byrne

District staff members present: David Stoldt, General Manager
Stephanie Pintar, Water Demand Manager
Paula Soto, Office Specialist

Others present: Steve Thomas, Thomas Brand Consulting

Comments from the Public: No comments presented.

Action Items

1. **Consider Adoption of Minutes of March 30, 2015 Committee Meeting**
On a motion by Markey and second of Pendergrass, the committee approved the March 30, 2015 minutes on a vote of 2 – 0 by Markey and Pendergrass.
2. **Develop Recommendation to the Board on Implementation of New MPWMD Website**
On a motion by Markey and second of Pendergrass, the committee recommended that the new website and its features be demonstrated to the full Board at its next meeting and provide direction to staff. The motion was approved on a vote of 2 – 0 by Markey and Pendergrass.

Discussion Items

3. **Review of Pure Water Monterey Advanced Purification Demonstration Facility Award Nomination**
Staff showed the video clip prepared by the Association of California Water Agencies (ACWA) in which the District was recognized as one of the finalists to receive the Clair A. Hill Water Agency Award for Excellence, for the Pure Water Monterey Advanced Water Treatment Demonstration Facility. Stoldt reported staff intends to produce its own videos demonstrating the various aspects of the project.
4. **Review of Pure Water Monterey Public Information Meeting Items**
Staff and partnering agencies will be participating in public information meetings to present and discuss the various aspects and processes of the project as well as an opportunity for questions and comments from the public. The meetings are scheduled for Wednesday, May 20, 2015 from 6:00 to 8:00 PM at the Oldemeyer Center in Seaside, and Thursday, May 21 at the Hartnell

College Student Services Building Room B208 from 4:00 to 6:00 PM. Staff will also be attending meetings sponsored by California American Water (Cal-Am) regarding the Monterey Peninsula Water Supply Project EIR.

Schedule Next Meeting Date

No date was scheduled. Staff will coordinate with the committee on a meeting date.

Adjournment

The meeting was adjourned at 3:15 pm.

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ITEM: INFORMATIONAL ITEMS / STAFF REPORTS**19. RECEIVE NOTICE OF APPOINTMENTS TO CARMEL RIVER ADVISORY COMMITTEE**

Meeting Date:	July 20, 2015	Budgeted:	N/A
From:	David J. Stoldt, General Manager	Program/ Line Item No.:	N/A
Prepared By:	Larry Hampson	Cost Estimate:	N/A

General Counsel Review: N/A
Committee Recommendation: N/A
CEQA Compliance: N/A

A list of the Carmel River Advisory Committee (Committee) members, their term ending dates, and the corresponding appointing Board members is provided in **Exhibit 19-A**. Committee members are appointed for terms expiring on June 30, or on the date the appointing Director is replaced, whichever occurs first. The following Committee members have been appointed by their respective Board members:

<u>Committee Member</u>	<u>Appointing Board Member</u>
Marjorie Ingram Viales	Brenda Lewis (Division 1)
Lorin Letendre	Andrew Clarke (Division 2)
Frank D. Pierce	Jeanne Byrne (Division 4)

The adoption of the Consent Calendar will document the appointment of these Committee members for a term ending June 30, 2017.

EXHIBITS

19-A Carmel River Advisory Committee Member Appointments as of July 20, 2015



EXHIBIT 19-A

MONTEREY PENINSULA WATER MANAGEMENT DISTRICT

CARMEL RIVER ADVISORY COMMITTEE

Appointments as of July 20, 2015

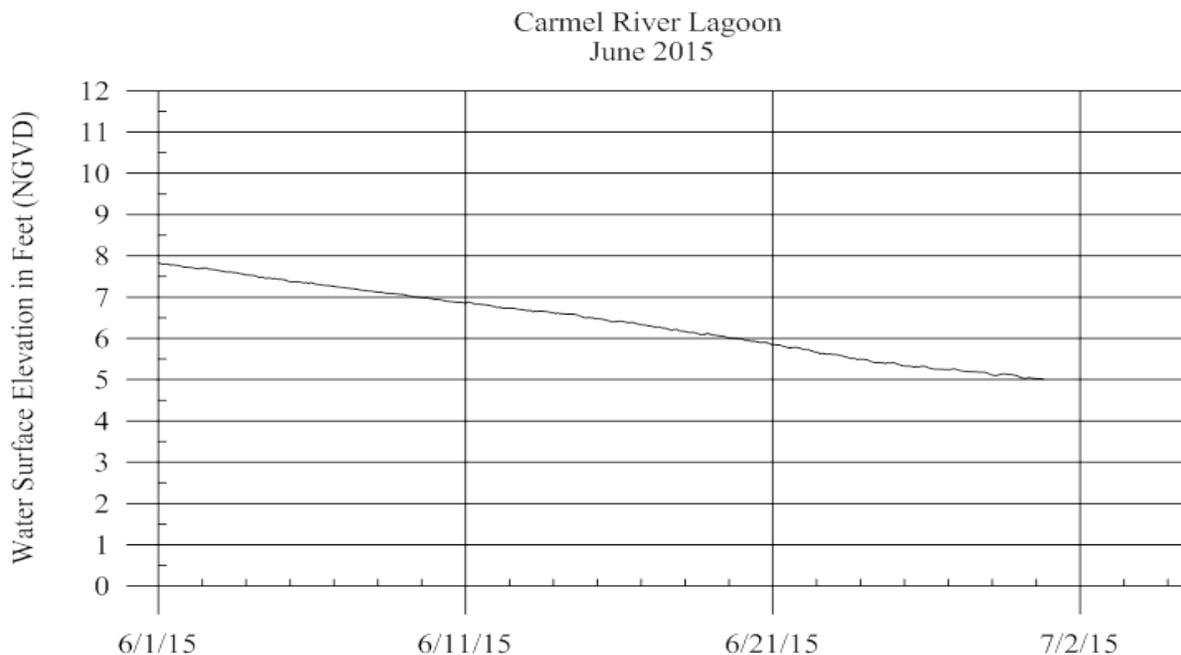
<u>Committee Member</u>	<u>Term Ends</u>	<u>Appointed By</u>
Marjorie Ingram Viales	June 30, 2017	Brenda Lewis (Div. 1)
Lorin Letendre	June 30, 2017	Andrew Clarke (Div. 2)
Lance Monosoff	June 30, 2016	Kristi Markey (Div. 3)
Frank D. Pierce	June 30, 2017	Jeanne Byrne (Div. 4)
Vincent Frumkin	June 30, 2016	Bob Brower (Div. 5)
Thomas D. House, Jr.	June 30, 2016	David Pendergrass (Mayoral Representative)
Lawrence V. Levine	June 30, 2016	Dave Potter (Monterey County Board of Supervisors)

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(fry), as well as adult resident rainbow trout, are transported upstream and released into permanent habitat in the Cachagua reach below Los Padres Dam.

The mid-valley trap was installed April 2, 2015 and decommissioned on June 26, 2015 due to the low flow conditions. Through the end of June, 386 steelhead were captured and transported to permanent habitat including: 58 smolts, 2 juveniles, 323 YOY, and one resident adult. There were two mortalities (0.5%).

JUVENILE STEELHEAD RESCUES: Rescues began on May 22, 2015 as flow at the MPWMD Highway 1 Gage dropped below 10 cfs. Through the end of June, 305 steelhead were rescued between HW1 and the CVTSC including 257 YOY, 24 age 1+ juveniles, 23 resident adults, and one mortality (0.3%). All rescued fish were transported and released in the Cachagua reach below Los Padres Dam.



sites in the lower Carmel Valley. The graph in **Exhibit 21-B** shows impacts to water table elevations.

The types of monitoring measurements made during May and June 2015 are as follows:

Monitoring Measurement

Canopy ratings	(See Exhibit 21-A for trends.)
Groundwater levels (monitoring wells)	(See Exhibit 21-B for trends.)
Groundwater pumping (production wells)	

OTHER TASKS PERFORMED SINCE THE APRIL 2015 QUARTERLY REPORT:

1. Carmel River Vegetation Management Project Notification: On April 15, 2015, District staff notified the U.S. Army Corps of Engineers, NOAA Fisheries, U.S. Fish and Wildlife Service, California Department of Fish and Game (CDFG), and the Regional Water Quality Control Board of six sites that are scheduled for vegetation management activities this fall. A total of approximately 500 square feet of stream encompassing approximately 0.011 acres in the channel bottom will be affected by this year's project. The goal of the vegetation management activities is to reduce the risk of streambank erosion along riverfront properties where vegetation encroachment could potentially divert river flows into streambanks during high flow periods.

2. Riparian Irrigation Tune-up: District staff (Mark Bekker and Matt Lyons) have been tuning up multiple irrigation systems along the Carmel River that are designed to offset impacts associated with groundwater extraction. Tune-ups include replacement of clogged emitters, leak repair, and trouble shooting well pumps and pressure tanks.

3. Public Outreach and Education: On June 1, 2015, District staff (Christensen) gave a presentation to the Carmel Foundation on the current state of water supply planning for the Monterey Peninsula. Highlights included discussion on the Monterey Peninsula Water Resource System, Aquifer Storage and Recovery, elements of Pure Water Monterey, and the Monterey Peninsula Water Supply Project.

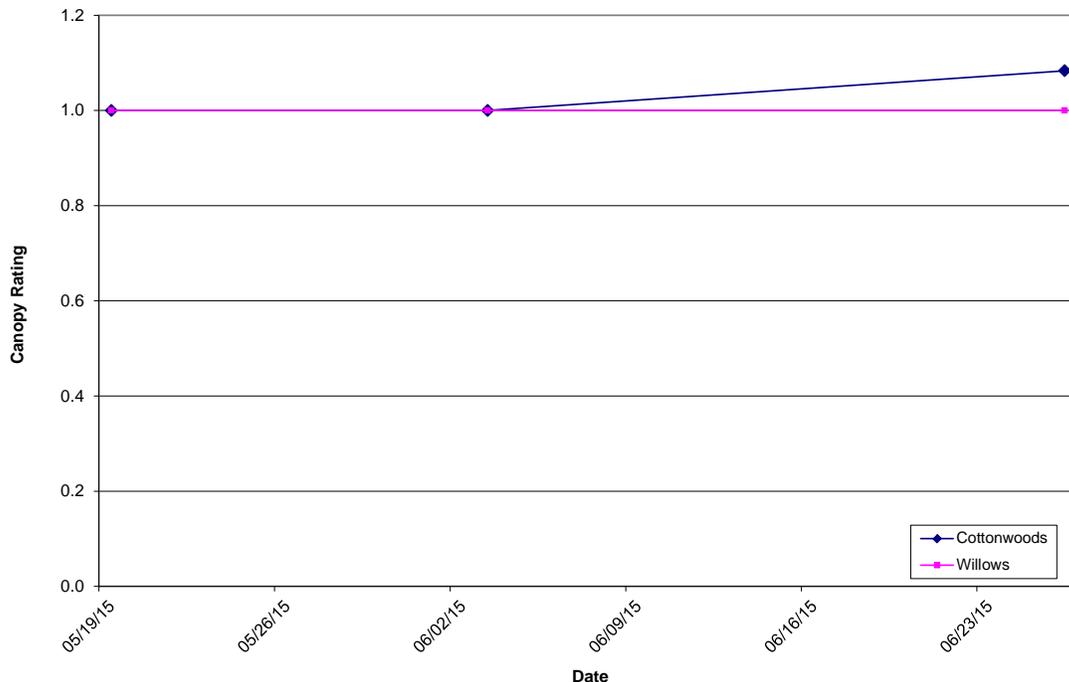
EXHIBITS

21-A Average Willow and Cottonwood Canopy Rating

21-B Depth to Groundwater

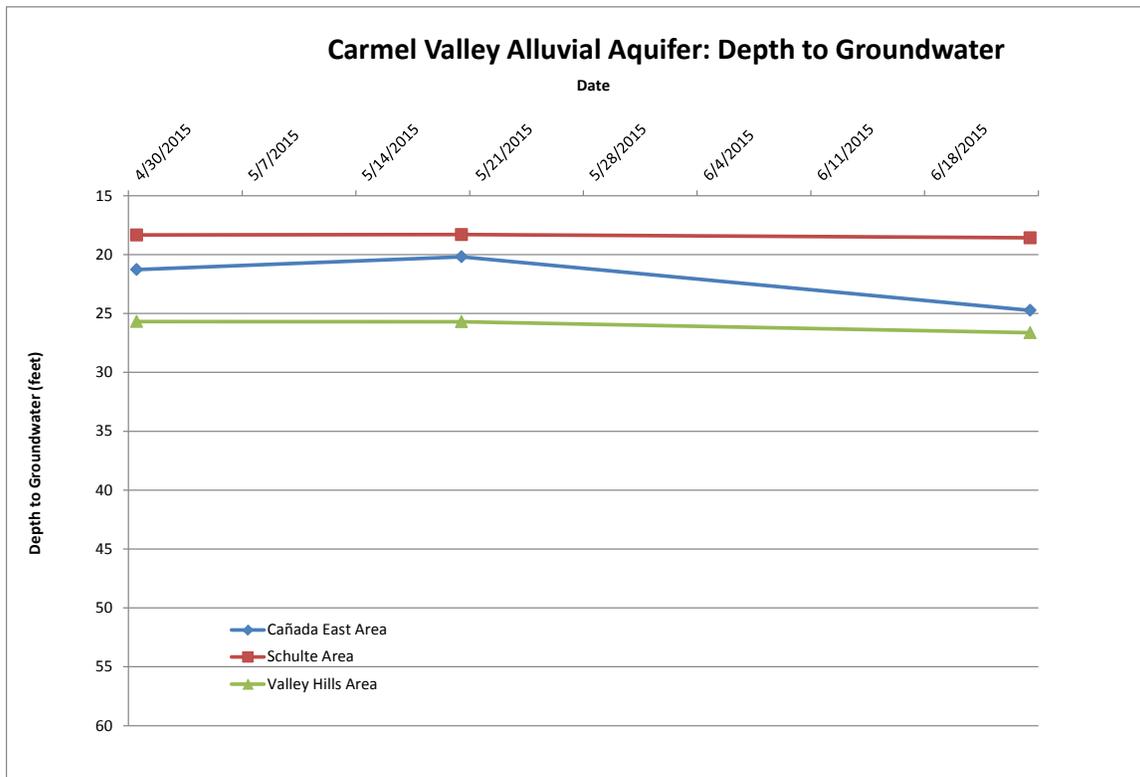
EXHIBIT 21-A

**Carmel River Riparian Vegetation:
Average Canopy Rating for Cottonwoods and Willows**



Canopy Rating Scale		Stress Level
1=	Green, obviously vigorous	none, no irrigation required
2=	Some visible yellowing	low, occasional irrigation required
3=	Leaves mostly yellowing	moderate, regular irrigation required
4=	< 10% Defoliated	moderate, regular irrigation required
5=	Defoliated 10% to 30%	moderate, regular irrigation required
6=	Defoliated 30% to 50%	moderate to high, additional measures required
7=	Defoliated 50% to 70%	high stress, risk of mortality or canopy dieback
8=	Defoliated 70% to 90%	high stress, risk of mortality or canopy dieback
9=	> 90% Defoliated	high stress, risk of mortality or canopy dieback
10=	Dead	consider replanting

EXHIBIT 21-B



ITEM: INFORMATIONAL ITEM/STAFF REPORTS**22. MONTHLY ALLOCATION REPORT**

Meeting Date:	July 20, 2015	Budgeted:	N/A
From:	David J. Stoldt, General Manager	Program:	N/A
		Line Item No.:	
Prepared By:	Gabriela Ayala	Cost Estimate:	N/A

General Counsel Review: N/A
Committee Recommendation: N/A
CEQA Compliance: N/A

SUMMARY: As of June 30, 2015, a total of **24.424** acre-feet (**7.1%**) of the Paralta Well Allocation remained available for use by the Jurisdictions. Pre-Paralta water in the amount of **35.861** acre-feet is available to the Jurisdictions, and **30.479** acre-feet is available as public water credits.

Exhibit 22-A shows the amount of water allocated to each Jurisdiction from the Paralta Well Allocation, the quantities permitted in June 2015 (“changes”), and the quantities remaining. The Paralta Allocation had no debits in June 2015.

Exhibit 22-A also shows additional water available to each of the Jurisdictions and the information regarding the Community Hospital of the Monterey Peninsula (Holman Highway Facility). Additional water from expired or canceled permits that were issued before January 1991 are shown under “PRE-Paralta.” Water credits used from a Jurisdiction’s “public credit” account are also listed. Transfers of Non-Residential Water Use Credits into a Jurisdiction’s Allocation are included as “public credits.” **Exhibit 22-B** shows water available to Pebble Beach Company and Del Monte Forest Benefited Properties, including Macomber Estates, Griffin Trust. Another table in this exhibit shows the status of Sand City Water Entitlement.

BACKGROUND: The District’s Water Allocation Program, associated resource system supply limits, and Jurisdictional Allocations have been modified by a number of key ordinances. These key ordinances are listed in **Exhibit 22-C**.

EXHIBITS

- 22-A** Monthly Allocation Report
- 22-B** Monthly Entitlement Report
- 22-C** District’s Water Allocation Program Ordinances

EXHIBIT 22-A

**MONTHLY ALLOCATION REPORT
Reported in Acre-Feet
For the month of June 2015**

Jurisdiction	Paralta Allocation*	Changes	Remaining	PRE-Paralta Credits	Changes	Remaining	Public Credits	Changes	Remaining	Total Available
Airport District	8.100	0.000	5.197	0.000	0.000	0.000	0.000	0.000	0.000	5.197
Carmel-by-the-Sea	19.410	0.000	1.397	1.081	0.000	1.081	0.910	0.000	0.182	2.660
Del Rey Oaks	8.100	0.000	0.000	0.440	0.000	0.000	0.000	0.000	0.000	0.000
Monterey	76.320	0.000	0.203	50.659	0.000	0.030	38.121	0.000	3.661	3.894
Monterey County	87.710	0.000	10.284	13.080	0.000	0.000	7.827	0.000	1.891	12.175
Pacific Grove	25.770	0.000	0.000	1.410	0.000	0.312	15.874	0.000	0.228	0.540
Sand City	51.860	0.000	0.000	0.838	0.000	0.000	24.717	0.000	23.373	23.373
Seaside	65.450	0.000	7.343	34.438	0.000	34.438	2.693	0.000	1.144	42.925
TOTALS	342.720	0.000	24.424	101.946	0.000	35.861	90.142	0.000	30.479	90.764

Allocation Holder	Water Available	Changes this Month	Total Demand from Water Permits Issued	Remaining Water Available
Quail Meadows	33.000	0.000	32.222	0.778
Water West	12.760	0.000	8.352	4.408

* Does not include 15.280 Acre-Feet from the District Reserve prior to adoption of Ordinance No. 73.

EXHIBIT 22-B

**MONTHLY ALLOCATION REPORT
ENTITLEMENTS
Reported in Acre-Feet
For the month of June 2015**

Recycled Water Project Entitlements

Entitlement Holder	Entitlement	Changes this Month	Total Demand from Water Permits Issued	Remaining Entitlement/and Water Use Permits Available
Pebble Beach Co. ¹	241.360	0.164	11.736	229.624
Del Monte Forest Benefited Properties ² (Pursuant to Ord No. 109)	123.640	0.879	39.049	84.591
Macomber Estates	10.000	0.000	9.595	0.405
Griffin Trust	5.000	0.000	4.809	0.191
CAWD/PBCSD Project Totals	380.000	1.043	65.189	314.811

Entitlement Holder	Entitlement	Changes this Month	Total Demand from Water Permits Issued	Remaining Entitlement/and Water Use Permits Available
City of Sand City	165.00	0.000	3.572	161.428

Increases in the Del Monte Forest Benefited Properties Entitlement will result in reductions in the Pebble Beach Co. Entitlement.

EXHIBIT 22-C

District's Water Allocation Program Ordinances

Ordinance No. 1 was adopted in September 1980 to establish interim municipal water allocations based on existing water use by the jurisdictions. Resolution 81-7 was adopted in April 1981 to modify the interim allocations and incorporate projected water demands through the year 2000. Under the 1981 allocation, Cal-Am's annual production limit was set at 20,000 acre-feet.

Ordinance No. 52 was adopted in December 1990 to implement the District's water allocation program, modify the resource system supply limit, and to temporarily limit new uses of water. As a result of Ordinance No. 52, a moratorium on the issuance of most water permits within the District was established. Adoption of Ordinance No. 52 reduced Cal-Am's annual production limit to 16,744 acre-feet.

Ordinance No. 70 was adopted in June 1993 to modify the resource system supply limit, establish a water allocation for each of the jurisdictions within the District, and end the moratorium on the issuance of water permits. Adoption of Ordinance No. 70 was based on development of the Paralta Well in the Seaside Groundwater Basin and increased Cal-Am's annual production limit to **17,619** acre-feet. More specifically, Ordinance No. 70 allocated 308 acre-feet of water to the jurisdictions and 50 acre-feet to a District Reserve for regional projects with public benefit.

Ordinance No. 73 was adopted in February 1995 to eliminate the District Reserve and allocate the remaining water equally among the eight jurisdictions. Of the original 50 acre-feet that was allocated to the District Reserve, 34.72 acre-feet remained and was distributed equally (4.34 acre-feet) among the jurisdictions.

Ordinance No. 74 was adopted in March 1995 to allow the reinvestment of toilet retrofit water savings on single-family residential properties. The reinvested retrofit credits must be repaid by the jurisdiction from the next available water allocation and are limited to a maximum of 10 acre-feet. This ordinance sunset in July 1998.

Ordinance No. 75 was adopted in March 1995 to allow the reinvestment of water saved through toilet retrofits and other permanent water savings methods at publicly owned and operated facilities. Fifteen percent of the savings are set aside to meet the District's long-term water conservation goal and the remainder of the savings are credited to the jurisdictions allocation. This ordinance sunset in July 1998.

Ordinance No. 83 was adopted in April 1996 and set Cal-Am's annual production limit at **17,621** acre-feet and the non-Cal-Am annual production limit at **3,046** acre-feet. The modifications to the production limit were made based on the agreement by non-Cal-Am water users to permanently reduce annual water production from the Carmel Valley Alluvial Aquifer in exchange for water service from Cal-Am. As part of the agreement, fifteen percent of the historical non-Cal-Am production was set aside to meet the District's long-term water conservation goal.

Ordinance No. 87 was adopted in February 1997 as an urgency ordinance establishing a community benefit allocation for the planned expansion of the Community Hospital of the Monterey Peninsula (CHOMP). Specifically, a special reserve allocation of 19.60 acre-feet of production was created exclusively for the benefit of CHOMP. With this new allocation, Cal-Am's annual production limit was increased to **17,641** acre-feet and the non-Cal-Am annual production limit remained at **3,046** acre-feet.

Ordinance No. 90 was adopted in June 1998 to continue the program allowing the reinvestment of toilet retrofit water savings on single-family residential properties for 90-days following the expiration of Ordinance No. 74. This ordinance sunset in September 1998.

Ordinance No. 91 was adopted in June 1998 to continue the program allowing the reinvestment of water saved through toilet retrofits and other permanent water savings methods at publicly owned and operated facilities.

Ordinance No. 90 and No. 91 were challenged for compliance with CEQA and nullified by the Monterey Superior Court in December 1998.

Ordinance No. 109 was adopted on May 27, 2004, revised Rule 23.5 and adopted additional provisions to facilitate the financing and expansion of the CAWD/PBCSD Recycled Water Project.

Ordinance No. 132 was adopted on January 24, 2008, established a Water Entitlement for Sand City and amended the rules to reflect the process for issuing Water Use Permits.

ITEM: INFORMATIONAL ITEM/STAFF REPORTS**23. WATER CONSERVATION PROGRAM REPORT**

Meeting Date:	July 20, 2015	Budgeted:	N/A
From:	David J. Stoldt, General Manager	Program/ Line Item No.:	N/A
Prepared By:	Gabriela Ayala	Cost Estimate:	N/A

Committee Recommendation: N/A**CEQA Compliance: N/A**

I. MANDATORY WATER CONSERVATION RETROFIT PROGRAM

District Regulation XIV requires the retrofit of water fixtures upon Change of Ownership or Use with High Efficiency Toilets (HET) (1.28 gallons-per-flush), 2.0 gallons-per-minute (gpm) Showerheads, 2.2 gpm faucet aerators, and Rain Sensors on all automatic Irrigation Systems. Property owners must certify the Site meets the District's water efficiency standards by submitting a Water Conservation Certification Form (WCC), and a Site inspection is often conducted to verify compliance.

A. Changes of Ownership

Information is obtained monthly from *Realquest.com* on properties transferring ownership within the District. The information is entered into the database and compared against the properties that have submitted WCCs. Details on **139** property transfers that occurred in June 2015 were entered into the database.

B. Certification

The District received **55** WCCs between June 1, 2015 and June 30, 2015. Data on ownership, transfer date, and status of water efficiency standard compliance were entered into the database.

C. Verification

In June, **122** properties were certified to verify compliance with Rule 144 (Retrofit Upon Change of Ownership or Use). Of the **122** inspections certified, **102 (84%)** were in compliance. **Four** of the properties that passed inspection involved more than one visit to verify compliance with all water efficiency standards.

District inspectors are tracking toilet replacement with High Efficiency Toilets (HET) in place of ULF toilets. These retrofits are occurring in remodels and new construction, and are the toilet of choice for Rule 144 compliance. State law mandated the sale and installation of HET by January 1, 2014, with a phase-in period that began in 2010. The majority of toilets sold in California are HET.

Savings Estimate

Water savings from HET retrofits triggered by Rule 144 verified in June 2015 are estimated at **0.422** acre-feet annually (AFA). Water savings from retrofits that exceeded requirements (i.e., HETs to Ultra High Efficiency Toilets) is estimated at **0.270** AFA (31 toilets). Year-to-date estimated savings occurring as a result of toilet retrofits is **7.930** AFA.

D. Water Waste Enforcement

In response to the State's drought emergency conservation regulation effective August 1, 2014, the District has increased its Water Waste enforcement. The District has a Water Waste Hotline 831-658-5653 or an online form to report Water Waster occurrences at www.mpwmd.net or www.montereywaterinfo.org. There were **20** Water Waste responses during the past month. There was **one** repeated incident that resulted in a fine.

II. WATER DEMAND MANAGEMENT

A. Permit Processing

District Rule 23 requires a Water Permit application for all properties that propose to expand or modify water use on a Site, including New Construction and Remodels. District staff processed and issued **60** Water Permits in June 2015. **Five** Water Permits were issued using water entitlements (Macomber, Pebble Beach Company, Griffin Estates, etc). No Water Permit involved a debit to a Public Water Credit Account.

All Water Permits have a disclaimer informing applicants of the Cease and Desist Order against California American Water and that MPWMD reports Water Permit details to California American Water. All Water Permit recipients with property supplied by a California American Water Distribution System will continue to be provided with the disclaimer.

District Rule 24-3-A allows the addition of a second Bathroom in an existing Single-Family Dwelling on a Single-Family Residential Site. Of the **60** Water Permits issued in June, **nine** were issued under this provision.

B. Permit Compliance

District staff completed **64** Water Permit final inspections during June 2015. **Eight** of the final inspections failed due to unpermitted fixtures. Of the **42** properties that were in compliance, **38** passed on the first visit. In addition, **six** pre-inspections were conducted in response to Water Permit applications received by the District.

C. Deed Restrictions

District staff prepares deed restrictions that are recorded on the property title to provide notice of District Rules and Regulations, enforce Water Permit conditions, and provide notice of public access to water records. In April 2001, the District Board of Directors adopted a policy regarding the processing of deed restrictions. In the month of June, the District prepared **59** deed restrictions. Of the **60** Water Permits issued in June, **52 (87%)** required deed restrictions. District staff provided Notary services for **77** Water Permits with deed restrictions.

III. JOINT MPWMD/CAW REBATE PROGRAM

The Water Conservation Rebate Program is available for purchase of Qualifying Devices.

Participation in the rebate program is detailed in the following chart. The table below indicates the program summary for California American Water Company.

REBATE PROGRAM SUMMARY

		June-2015				2015 YTD	1997 - Present	
I. Application Summary								
A.	Applications Received	192				955	19700	
B.	Applications Approved	151				760	15471	
C.	Single Family Applications	180				885	17720	
D.	Multi-Family Applications	8				53	995	
E.	Non-Residential Applications	4				17	230	
II. Type of Devices Rebated		Number of devices	Rebate Paid	Estimated AF	Gallons Saved	YTD Quantity	YTD Paid	YTD Est AF
A.	High Efficiency Toilet (HET)	32	3433.97	1.335936	435316.082	150	23559.92	6.2622
B.	Ultra Low Flush to HET	43	4020.00	0.430000	140115.930	256	14770.00	2.56
C.	Ultra HET	2	300.00	0.020000	6517.020	17	3564.83	0.17
D.	Toilet Flapper	0	0.00	0.000000	0.000	3	31.95	0
E.	High Efficiency Dishwasher	25	3125.00	0.075000	24438.825	97	12125.00	0.291
F.	High Efficiency Clothes Washer	62	30929.98	0.998200	325264.468	281	140136.39	4.5241
G.	Instant-Access Hot Water System	1	189.99	0.000000	0.000	6	1178.99	0
H.	On Demand Systems	0	0.00	0.000000	0.000	2	200.00	0
I.	Zero Use Urinals	1	300.00	0.020000	6517.020	1	300.00	0.02
J.	High Efficiency Urinals	0	0.00	0.000000	0.000	0	0.00	0
K.	Pint Urinals	0	0.00	0.000000	0.000	2	492.12	0.04
L.	Cisterns	2	1025.00	0.000000	0.000	11	5898.75	0
M.	Smart Controllers	0	0.00	0.000000	0.000	0	0.00	0
N.	Rotating Sprinkler Nozzles	0	0.00	0.000000	0.000	66	264.00	0
O.	Moisture Sensors	0	0.00	0.000000	0.000	0	0.00	0
P.	Lawn Removal & Replacement	3	4240.00	0.158800	51745.139	9	12199.00	1.065638
Q.	Graywater	0	0.00	0.000000	0.000	0	0.00	0
R.	Ice Machines	0	0.00	0.000000	0.000	0	0.00	0
III. Totals: Month; AF; Gallons; YTD		171	47563.94	3.037936	989914.484	901	214720.95	14.932938
						2015 YTD	1997 - Present	
IV. Total Rebated: YTD; Program						214720.95	4625247.24	
V. Estimated Water Savings in Acre-Feet Annually*						14.932938	468.99677	

* Retrofit savings are estimated at 0.041748 AF/HET; 0.01 AF/UHET; 0.01 AF/ULF to HET; 0.003 AF/dishwasher, 0.0161 AF/residential washer; 0.116618 AF/commercial washer; 0.0082 AF/100 square feet of lawn removal.

ITEM: INFORMATIONAL ITESM/STAFF REPORTS**24. QUARTERLY WATER USE CREDIT TRANSFER STATUS REPORT****Meeting Date: July 20, 2015** **Budgeted: N/A****From: David J. Stoldt,
General Manager** **Program/
Line Item No.: N/A****Prepared By: Gabriela Ayala** **Cost Estimate: N/A****General Counsel Review: N/A****Committee Recommendation: N/A****CEQA Compliance: N/A**

Information about Water Use Credit transfer applications will be reported as applications are received. There are no pending Water Use Credit transfer applications.

ITEM: INFORMATIONAL ITEMS/STAFF REPORT**25. MONTHLY WATER SUPPLY AND CALIFORNIA AMERICAN WATER PRODUCTION REPORT****Meeting Date: July 20, 2015** **Budgeted: N/A****From: David J. Stoldt,**
General Manager **Program/ N/A**
Line Item No.:**Prepared By: Jonathan Lear** **Cost Estimate: N/A****General Counsel Review: N/A****Committee Recommendation: N/A****CEQA Compliance: N/A**

Exhibit 25-A shows the water supply status for the Monterey Peninsula Water Resources System (MPWRS) as of **July 1, 2015**. This system includes the surface water resources in the Carmel River Basin, the groundwater resources in the Carmel Valley Alluvial Aquifer and the Seaside Groundwater Basin. **Exhibit 25-A** is for Water Year (WY) 2015 and focuses on four factors: rainfall, runoff, storage, and steelhead. The rainfall and Streamflow values are based on measurements in the upper Carmel River Basin at San Clemente Dam.

Water Supply Status: As shown, rainfall through **June 2015** totaled **0.00 inches** and brings the cumulative rainfall total for WY 2015 to **15.90 inches**, which is **76%** of the long-term average through **June**. Estimated unimpaired runoff during **June 2015** totaled **264 acre-feet (AF)** and brings the cumulative runoff total for WY 2015 to **21,508 AF**, which is **32%** of the long-term average through **June**. Usable storage, which includes surface and groundwater, was **28,730 AF**, or **91%** of the long-term average through **June**. This storage equates to **76%** of system capacity. In addition, **7 adult steelhead** were counted in the fish ladder at San Clemente Dam through **June**.

Production Compliance: Under State Water Resources Control Board (SWRCB) Cease and Desist Order No. 2009-0060, California American Water (Cal-Am) is allowed to produce no more than 9,945 AF of water from the Carmel River in WY 2015. In addition, under the Seaside Basin Decision, Cal-Am is allowed to produce 2,259AF of water from the Coastal Subareas and 48 AF from the Laguna Seca Subarea of the Seaside Basin in WY 2015. Altogether, Cal-Am is currently allowed to produce 12,196 AF from Carmel River and Seaside Coastal sources for customers in its main Monterey system and 48 AF from the Laguna Seca Subarea for customers in Ryan Ranch, Hidden Hills, and Bishop Systems (not adjusted for ASR recovery or Sand City Desalination). For WY 2015 through **June**, Cal-Am has produced **7,162 AF** from the Carmel River, Seaside Basin, Sand City Desalination, and ASR recovery, for customer use. This water production is **1,359 AF** or **15.9 % less** than the target specified for Cal-Am's production from the MPWRS for WY 2015 through **June**. A breakdown of Cal-Am's production for WY 2015 through **June** is included as **Exhibit 25-B**. Cal-Am's production from the Carmel River Basin is reduced for diversions that are made for injection into the Seaside Basin; Cal-Am's "native" Seaside Basin production is reduced for injected water recovery. For WY 2015 through **June**, **215 AF** of Carmel River Basin groundwater have been diverted for Seaside Basin injection; **0 AF** have been recovered for customer use. **Exhibit 25-C** shows production breakdown from all sources for all uses. Some of the values in this report may be revised in the future as Cal-Am finalizes their production values and monitoring data.

EXHIBITS**25-A** Water Supply Status: **July 1, 2015****25-B** Monthly Cal-Am Diversions from Carmel River and Seaside Groundwater Basins:
Water Year 2015**25-C** Monthly Cal-Am production by source: WY 2015

EXHIBIT 25-A

Monterey Peninsula Water Management District Water Supply Status July 1, 2015					
Factor	Water Year 2015 Oct - Jun 15	Average To Date	Percent of Average	Water Year 2014 Oct - Jun 14	
	Rainfall (Inches)	15.90	20.97	76%	10.42
	Runoff (Acre-Feet)	21,508	66,874	32%	6,970
	Storage (Acre-Feet)	28,730	31,570	91%	28,290
	Steelhead (Adults) (Juveniles)	7	383 ---	1.8% ---	0 --

Notes:

1. Rainfall and runoff estimates are based on measurements at San Clemente Dam. Annual rainfall and runoff at San Clemente Dam average 21.3 inches and 68,400 acre-feet, respectively. Annual values are based on the water year that runs from October 1 to September 30 of the following calendar year. The rainfall and runoff averages at the San Clemente Dam site are based on records for the 1922-2014 and 1902-2014 periods, respectively.
2. The rainfall and runoff totals are based on measurements through **June 2015**.
3. Storage estimates refer to usable storage in the Monterey Peninsula Water Resources System (MPWRS) that includes surface water in Los Padres and San Clemente Reservoirs and ground water in the Carmel Valley Alluvial Aquifer and in the Coastal Subareas of the Seaside Groundwater Basin. The storage averages are end-of-month values and are based on records for the 1989-2014 period. The storage estimates are end-of-month values for **June 2015**.
4. The maximum usable storage capacity for the MPWRS at this time, with the flashboard in at Los Padres Dam and no capacity at San Clemente Dam, is 37,639 acre-feet.
5. The adult steelhead count refers to the number of sea-run adults (> 15 inches) that have migrated up the fish ladder at San Clemente Dam in Water Year 2015. The juvenile count refers to the number of juveniles that were rescued by District staff from drying reaches of the Carmel River and its tributaries in Water Year 2015. The adult count average is based on records for the 1994-2014 period.

California American Water Production Distributed by Associated Water Rights: Water Year 2014

(All Values in Acre-Feet)

	Carmel River Water Diverted by Cal-Am for Customer Service Under 95-10 Rights ¹	Seaside Groundwater Diverted by Cal-Am from Coastal Subareas for Customer Service Under Adjudicated Rights ⁴	Seaside Groundwater Diverted by Cal-Am from Laguna Seca Subarea for Customer Service Under Adjudicated Rights ⁴	Total Seaside Basin Adjudicated Diversions for Customer Service ⁴	Total Production Under 95-10 Rights and Seaside Basin Adjudicated Rights ^{1,3}	Carmel River Water Diverted by Cal-Am for ASR Injection Under 20808A and C Rights ²	Seaside Groundwater Recovered by Cal-Am for Customer Service Under ASR Rights ⁴	Desalinated Water from Sand City Plant Target:
	Limit: 9,921 acre-feet ²	Limit: 2,669 acre-feet	Limit: 147 acre-feet	Limit: 2,816 acre-feet	Limit: 12,737 acre-feet	Limit: 5,326 acre-feet	Target: 0 acre-feet	Target: 300 acre-feet
Oct-13	721	282	35	317	1,038	0	0	7
Nov-13	500	350	28	378	879	0	0	8
Dec-13	511	263	27	290	801	0	0	28
Jan-14	687	221	29	250	937	0	0	4
Feb-14	466	185	19	204	670	0	0	22
Mar-14	616	128	24	152	768	0	0	18
Apr-14	637	140	26	165	803	0	0	26
May-14	660	299	35	334	995	0	0	25
Jun-14	794	189	35	224	1,018	0	0	8
Jul-14								
Aug-14								
Sep-14								
Total	5,592	2,059	257	2,316	7,908	0	0	145

California American Water Limit Adjustments to Comply with Associated Water Rights : Water Year 2014

(All Values in Acre-Feet)

	Carmel River Water Diverted by Cal-Am for Customer Service Under 95-10 Rights ¹	Carmel River Water Diverted by Cal-Am for ASR Injection Under 20808 Rights ³	Total Water Diverted from Carmel River for Customer Service and Injection	Seaside Groundwater Recovered by Cal-Am for Customer Service Under ASR Rights ⁵	Desalinated Water from Sand City Plant ²	Total Adjustment to 95-10 Water Right	95-10 Water Right Adjusted Monthly	Total Production for Customer Service from MPWRS
	acre-feet	acre-feet	acre-feet	acre-feet	acre-feet	acre-feet	acre-feet	acre-feet
Oct-13	721	0	721	0	7	7	10,059	1,045
Nov-13	500	0	500	0	8	8	10,051	887
Dec-13	511	0	511	0	28	28	10,023	829
Jan-14	687	0	687	0	4	4	10,019	941
Feb-14	466	0	466	0	22	22	9,997	692
Mar-14	616	0	616	0	18	18	9,979	786
Apr-14	637	0	637	0	26	26	9,953	829
May-14	660	0	660	0	25	25	9,929	1,019
Jun-14	794	0	794	0	8	8	9,921	1,026
Jul-14								
Aug-14								
Sep-14								
Total	5,592	0	5,592	0	145	145		8,054

Notes:

- "95-10 Rights" refer to water rights that were recognized by the State Water Resources Control Board (SWRCB) in Order No. WR 95-10 in July 1995 and assigned to California American Water. The rights total 3,376 acre-feet annually (AFA).
- "20808A Rights" refer to water rights that are held jointly by MPWMD and Cal-Am for the Phase 1 ASR project. "ASR" refers to Aquifer Storage and Recovery. "20808A" refers to Water Right Permit 20808A that was issued by the SWRCB in November 2007, for a maximum annual diversion of 2,426 AF. "20808C" refers to water rights permit 20808C, issued in November 2011 for a maximum annual diversion of 2,900AF.
- "Adjudicated Rights" refer to groundwater rights determined by the Superior Court of Monterey County in March 2006 and amended in February 2007. These limits are subject to change by action of the Seaside Basin Watermaster and were updated by the Watermaster on November 30, 2011.

Quarterly Water Budget Targets vs. Rule 162: Water Year 2014

(All Values in Acre Feet)

Quarterly Budget										Rule 162		Production
95-10 Monthly Budget	ASR Diversion for Injection	Total Carmel River Diversions for Customer Service and ASR Injection	Seaside Adjudication Monthly Budget (Coastal)	Seaside Adjudication Monthly Budget (Laguna Seca)	Seaside Adjudication Monthly Budget Combined	ASR Recovery Budget	Sand City Desal Budget	Monthly Production for Customer Use Target ⁵	End of Month Production Adopted	End of Month Cumulative to date	MPWRS to date	
acre-feet	acre-feet	acre-feet	acre-feet	acre-feet	acre-feet	acre-feet	acre-feet	acre-feet	acre-feet	acre-feet	acre-feet	
1st Oct-13	605	0	605	605	14	619	0	25	1,249	1,144	1,144	1,045
Qtr Nov-13	626	0	626	626	11	636	0	25	1,287	961	2,105	887
Dec-13	649	145	794	649	8	658	0	25	1,332	852	2,957	829
2nd Jan-14	694	230	924	100	8	108	0	25	827	827	3,784	941
Qtr Feb-14	634	320	954	100	7	107	0	25	766	766	4,549	692
Mar-14	767	345	1,112	100	8	108	0	25	901	901	5,450	786
3rd Apr-14	850	100	950	125	10	135	0	25	1,010	978	6,428	829
Qtr May-14	1,062	100	1,162	126	14	140	0	25	1,227	1,195	7,624	1,019
Jun-14	1,112	0	1,112	150	16	166	0	25	1,303	1,271	8,895	1,026
4th Jul-14											10,268	
Qtr Aug-14											11,614	
Sep-14											12,882	

California American Water Production vs. Water Budget and Water Right Limits: Water Year 2014

(All Values in Acre Feet)

Cal-Am Production vs. Quarterly Water Budget Targets												Cal-Am Production vs. EOM Totals	
95 - 10 Production for Customer Use vs. Monthly Targets		Seaside Coastal		Laguna Seca		Seaside Combined		Sand City Desal		Cal-Am Production vs. Rule 162			
Monthly Comparison		Monthly Comparison		Monthly Comparison		Monthly Comparison		Monthly Comparison		Year to Date			
acre-feet under	% Under	acre-feet under	% under	acre-feet under	% under	acre-feet under	% under	acre-feet under	% under	acre-feet under	% under		
1st Oct-13	-116	0	323	1	-21	-2	302	0	18	1	99	8.7%	
Qtr Nov-13	125	0	275	1	-18	-2	258	0	17	1	74	7.7%	
Dec-13	138	0	386	1	-18	-2	368	1	-3	0	22	2.6%	
2nd Jan-14	7	0	-121	-1	-21	-3	-142	-1	21	1	-114	-13.8%	
Qtr Feb-14	167	0	-85	0	-12	-2	-97	-1	3	0	73	9.6%	
Mar-14	152	0	-28	0	-16	-2	-44	0	7	0	115	12.7%	
3rd Apr-14	212	0	-15	0	-16	-2	-30	0	-1	0	150	15.3%	
Qtr May-14	402	0	-173	-1	-21	-2	-195	-1	0	0	176	14.7%	
Jun-14	318	0	-39	0	-19	-1	-58	0	17	1	245	19.3%	
4th Jul-14													
Qtr Aug-14													
Sep-14													
Annual Statistics	AF Remaining	% Remaining	841	9.5%									
	4,328	43.6%	610	22.9%	-110	-75.1%	500	17.8%	155	51.5%			

- "Target" refers to the maximum amount of water that Cal-Am will try to recover each year for customer service as part of the Phase 1 and 2 ASR Project. The actual amount of water that is recovered will depend on the amount injected during a particular water year and previous water years.
- Monthly Budget Target numbers from Quarterly Budget Meetings.
- Budget Target vs. Rule 162 used for the purpose of tracking compliance with MPWMD water rationing rules.
- Water Production vs. Water Budget and Water Rights Limits are tracked for compliance with Order 2009-0060 and Seaside Adjudication.
- Production from ASR and Sand City Desalination plant reduce 95-10 water right.

California American Water Production by Source: Water Year 2014

	Carmel Valley Wells ¹						Seaside Wells ²						Total Wells			Sand City Desal		
	Actual		Anticipated ³		Under Target		Actual		Anticipated		Under Target		Actual	Anticipated	Acre-Feet Under Target	Actual	Anticipated	Under Target
	Upper acre-feet	Lower acre-feet	Upper acre-feet	Lower acre-feet	Upper acre-feet	Lower acre-feet	Coastal acre-feet	LagunaSeca acre-feet	Coastal acre-feet	LagunaSeca acre-feet	Coastal acre-feet	LagunaSeca acre-feet	acre-feet	acre-feet	acre-feet	acre-feet	acre-feet	acre-feet
Oct-13	0	721	0	605	0	-116	282	35	500	14	218	-21	1038	1,119	81	7	25	18
Nov-13	0	500	0	626	0	125	350	28	300	11	-50	-18	879	936	58	8	25	17
Dec-13	0	511	0	649	0	138	263	27	169	8	-94	-18	801	827	26	28	25	-3
Jan-14	0	687	0	694	0	7	221	29	100	8	-121	-21	937	802	-135	4	25	21
Feb-14	0	466	0	634	0	167	185	19	100	7	-85	-12	670	741	70	22	25	3
Mar-14	45	571	0	767	-45	197	128	24	100	8	-28	-16	768	876	108	18	25	7
Apr-14	38	599	0	850	-38	251	140	26	125	10	-15	-16	803	985	182	26	25	-1
May-14	0	660	0	1,062	0	402	299	35	126	14	-173	-21	995	1,202	207	25	25	0
Jun-14	0	794	0	1,112	0	318	189	35	150	16	-39	-19	1018	1,278	260	8	25	17
Jul-14																		
Aug-14																		
Sep-14																		
To Date	83	5509	0	6999	-83.08	1489	2059	257	1670	96	-389	-162	7908	8764	856	145	225	80

Total Production: Water Year 2014

	Actual	Anticipated	Acre-Feet Under Target
Oct-13	1,045	1,144	99
Nov-13	887	961	74
Dec-13	829	852	22
Jan-14	941	827	-114
Feb-14	692	766	73
Mar-14	786	901	115
Apr-14	829	1,010	181
May-14	1,019	1,227	208
Jun-14			
Jul-14			
Aug-14			
Sep-14			
To Date	7,028	7,687	659

1. Carmel Valley Wells include upper and lower valley wells. Anticipate production from this source includes monthly production volumes associated with SBO 2009-60, 20808A, and 20808C water rights. Under these water rights, water produced from the Carmel Valley wells is delivered to customers or injected into the Seaside Groundwater Basin for storage.

2. Seaside wells anticipated production is associated with pumping native Seaside Groundwater (which is regulated by the Seaside Groundwater Basin Ajudication Decision) and recovery of stored ASR water (which is prescribed in a MOA between MPWMD, Cal-Am, California Department of Fish and Game, National Marine Fisheries Service, and as regulated by 20808C water right).

3. Current "anticipated" water budget reflects "Normal" Carmel River inflow conditions and monthly distribution of production based on long-term averages for the Cal-Am system.

ITEM: INFORMATIONAL ITEMS/STAFF REPORTS**26. SEMI-ANNUAL GROUNDWATER QUALITY MONITORING REPORT**

Meeting Date:	July 20, 2015	Budgeted:	Yes
From:	David Stoldt, General Manager	Program/ Line Item No.:	2.6 Hydrologic Monitoring 2-6-1
Prepared By:	Thomas Lindberg	Cost Estimate:	N/A

General Counsel Review: N/A
Committee Recommendation: N/A
CEQA Compliance: N/A

SUMMARY: Water-quality results from the Spring 2015 sampling of the Monterey Peninsula Water Management District's (District's) well network in the Carmel Valley aquifer are presented in **Exhibit 26-A** and briefly summarized below. Results from Summer 2014 are also provided for comparison.

BACKGROUND: The District has maintained a groundwater quality monitoring program in the Carmel Valley Aquifer since 1981 and in the Seaside Groundwater Basin since 1990. Currently, the sampling schedule for Carmel Valley is staggered, with upper valley wells (i.e., upgradient of the Narrows) normally sampled in Spring, and lower Carmel Valley wells sampled in Fall, to coincide with the historically higher nitrate concentrations in these respective areas. Collection of samples from the Seaside Basin coastal water-quality monitor wells is conducted once per year in Summer, coinciding with the seasonally low water levels in the basin at that time of the year.

DISCUSSION/ANALYSIS: **Carmel Valley Aquifer Monitor Wells** - Results from the Spring 2015 and Summer 2014 samplings are provided in **Exhibit 26-A**. Three shallow monitor wells in the upper Carmel Valley are normally sampled each Spring, per the sampling schedule described above. The locations of these sampling points are shown on the map in **Exhibit 26-B**. Review of these water-quality results indicates little significant changes in overall water quality in Spring 2015 compared to samples collected in Summer 2014. Samples were analyzed by Monterey Bay Analytical Services. All constituents that have established Drinking Water Standards are within acceptable limits in Spring 2015 with the exception of a borderline high Iron concentration in one well, although the amount of Iron detected was far lower in 2015 than in 2014, as discussed in the following paragraph. A brief discussion of results for each well is provided below.

16S/2E-33Q1: This well is located along Boronda Road, approximately 12.5 miles upstream from the Carmel River mouth. All of the constituents reported were slightly higher in 2015 relative to 2014, with the exceptions of Iron, Manganese and Potassium. Anomalous spikes in total Iron and Manganese concentrations were observed in 2011 and 2014, but concentrations

had dropped back to expected levels by Spring 2015. Dissolved Iron or Manganese were not detected from any of the wells in 2015.

17S/2E-03La: This well is located 13.65 miles from the river mouth near the parking lot of De Dampierre Park. All of the constituents reported were slightly lower or unchanged in 2015 relative to 2014.

17S/R2E-10B1: This well is located 14.28 miles from the river mouth on a dirt easement beside Via Helechos Road. Originally it was located in a manhole in the road, but the road was slightly realigned after the river flooded it in 1995. 2015 water quality results indicate moderate increases in general mineral constituents as well as nitrate and Total Organic Carbon, relative to the 2014 data. Currently the property adjacent to the easement is in foreclosure, and there have been episodes of the wellhead being buried, covered by a cut-down tree, or otherwise obstructed with vehicles. Although the well is protected by a tight sealing cap and manhole, this activity may be linked to the increased concentrations of most of the reported constituents here between 2014 and 2015. As stated earlier, all constituents that have established Drinking Water Standards were within acceptable limits in Spring 2015, but staff will continue to monitor results of sampling in this well in particular to see if the decline in its water quality progresses.

It should be noted that historical sampling revealed relatively high nitrate concentrations (up to 22 milligrams per liter [mg/L]) in two upper Carmel Valley monitor wells in Spring 1998, although those observed nitrate concentrations were well below the drinking water standard of 45 mg/L. The Carmel Valley Master Plan established an “action level” of 25 mg/l of nitrate due to concern about the limitations of septic systems in this unsewered portion of Carmel Valley. Those relatively high readings were attributed to the flushing effect of severe storm events in the winter of 1998. Results of more recent samplings from all three shallow wells indicate that nitrate concentrations have returned to more normal levels. In 2015, the nitrate levels in two wells (17S/2E-10B1 and 16S/2E-33Q1) remained below the action level. The nitrate concentration in the third well (17S/2E-03La) remained below the practical quantitation limit (i.e., detection limit).

EXHIBITS

26-A Groundwater Quality Monitoring Results for Spring 2015 and Summer 2014

26-B Map of Monitor Well Locations in Upper Carmel Valley

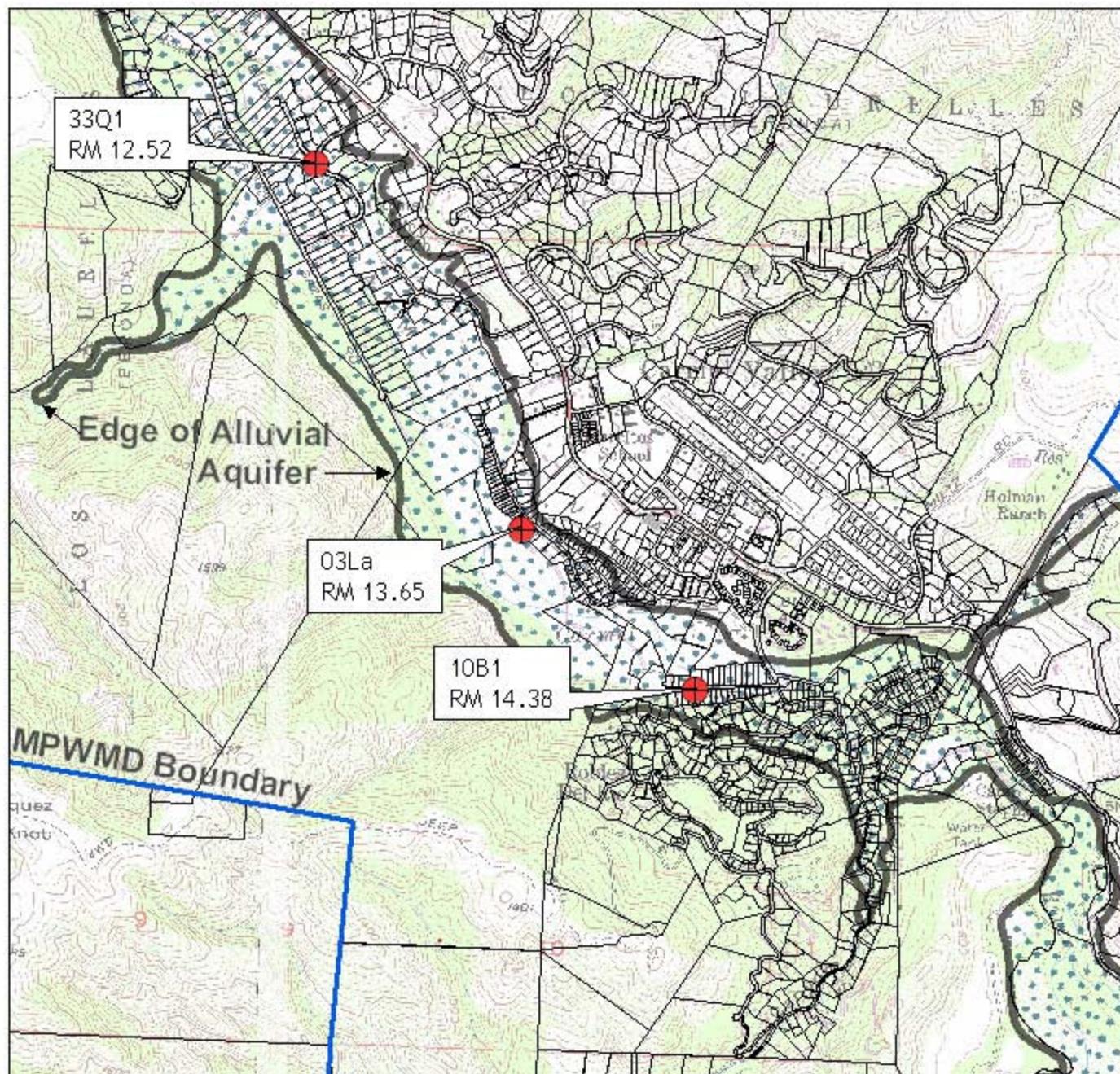
MONTEREY PENINSULA WATER MANAGEMENT DISTRICT
GROUNDWATER QUALITY MONITORING RESULTS
 Carmel Valley Aquifer Sample Collection Date: May 20, 2015
 Units are milligrams per liter unless otherwise noted.

Water Quality Constituent	Specific Conductance (micromhos/cm)	Total Alkalinity (as CaCO3)	pH	Chloride	Sulfate	Ammonia Nitrogen (as NH3)	Nitrate Nitrogen (as NO3)	Total Organic Carbon	Calcium	Sodium	Magnesium	Potassium	Iron	Manganese	Orthophosphate	Total Dissolved Solids	Hardness (as CaCO3)	Boron	Bromide	Fluoride
Drinking Water Standard	900 1600 2200 (2)	NA	NA	250 500 600 (2)	250 500 600 (2)	NA	45	NA	NA	NA	NA	NA	0.3	0.05	NA	NA	NA	NA	NA	NA
Sampling Location																				
<i>Upper Carmel Valley Aquifer</i>																				
16S/2E-33Q1	566	162	7.0	31	71	<0.05	4	1.1	61	31	18	3.1	0.357	0.025	<0.1	343	226	<0.05	0.1	0.3
17S/2E-03La	345	111	7.2	12	36	<0.05	<1	0.9	31	17	10	2.2	<0.010	<0.010	<0.1	206	119	<0.05	<0.1	0.2
17S/2E-10B1	700	182	7.0	44	106	<0.05	7	2.2	72	39	24	3.0	<0.010	<0.010	<0.1	446	279	<0.05	0.1	0.4
<p>(1) Maximum contaminant levels are from California Domestic Water Quality and Monitoring Regulations, Title 22, 1977.</p> <p>(2) The three values listed for certain constituents refer to the "recommended" level, the "upper" level, and "short-term use" level, respectively.</p>																				

MONTEREY PENINSULA WATER MANAGEMENT DISTRICT
GROUNDWATER QUALITY MONITORING RESULTS
 Carmel Valley Aquifer Sample Collection Date: July 2, 2014
 Units are milligrams per liter unless otherwise noted.

Water Quality Constituent	Specific Conductance (micromhos/cm)	Total Alkalinity (as CaCO3)	pH	Chloride	Sulfate	Ammonia Nitrogen (as NH3)	Nitrate Nitrogen (as NO3)	Total Organic Carbon	Calcium	Sodium	Magnesium	Potassium	Iron	Manganese	Orthophosphate	Total Dissolved Solids	Hardness (as CaCO3)	Boron	Bromide	Fluoride
Drinking Water Standard	900 1600 2200 (2)	NA	NA	250 500 600 (2)	250 500 600 (2)	NA	45	NA	NA	NA	NA	NA	0.3	0.05	NA	NA	NA	NA	NA	NA
Sampling Location																				
<i>Upper Carmel Valley Aquifer</i>																				
16S/2E-33Q1	474	149	6.8	25	56	<0.05	0.6	1.06	51	27	17	5.0	9.463	0.859	<0.1	277	197	<0.05	<0.1	0.3
17S/2E-03La	372	126	7.1	14	39	<0.05	<1	0.88	38	20	12	2.5	<0.010	<0.010	<0.1	208	144	<0.05	<0.1	0.2
17S/2E-10B1	448	143	7.0	20	55	<0.05	2	1.28	44	30	14	2.4	<0.010	<0.010	<0.1	274	168	<0.05	<0.1	0.5
<p>(1) Maximum contaminant levels are from California Domestic Water Quality and Monitoring Regulations, Title 22, 1977.</p> <p>(2) The three values listed for certain constituents refer to the "recommended" level, the "upper" level, and "short-term use" level, respectively.</p>																				

LOCATION OF MPWMD CARMEL VALLEY WATER QUALITY MONITORING WELLS
(River Mile 11.75 to 15.50)



River Mile (RM)	Well Common Name	State Well Number
12.52	Boronda Rd.	T16S/R2E-33Q1
13.65	Little League #1	T17S/R2E-03La
14.28	De Los Helechos	T17S/R2E-10B1





Supplement to 7/20/2015 MPWMD Board Packet

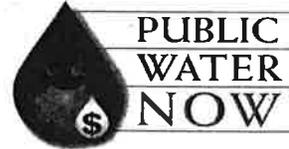
Attached are copies of letters received between June 10, 2015 and July 10, 2015. These letters are also listed in the June 15, 2015 Board packet under Letters Received.

Author	Addressee	Date	Topic
George T. Riley	MPWMD Board	7/10/15	Request meeting re participation in discussions related to California American Water rate setting
David Chardavoyne	MPWMD Board	6/19/15	Support Letter for MPWMD U.S. Bureau of Reclamation Drought Contingency Planning Grant
David Potter	MPWMD Board	6/15/15	Support Letter for MPWMD U.S. Bureau of Reclamation Drought Contingency Planning Grant
Keith Israel	MPWMD Board	6/15/15	Support Letter for MPWMD U.S. Bureau of Reclamation Drought Contingency Planning Grant

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PUBLIC WATER NOW**P.O. Box 1293, Monterey CA 93942**

www.publicwaternow.org publicwaternow@gmail.com



Monterey Peninsula Water Management District
 5 Harris Court, Bldg G.
 Monterey Ca, 93940

RECEIVED

JUL 13 2015

July 10, 2015

Dear Chair Markey and Board Members

MPWMD

Public Water Now (PWN) has become a credible and stable advocate for ratepayers in the local area with respect to issues of water. However, we feel rather estranged from the process of rate changes and/or increases.

We therefore inquire how and if PWN could become involved in future rate review discussions for Cal Am rate changes within the MPWMD. We understand that Cal Am initiates rate changes, and as a private company, it initiates such requests via the CPUC. But ratepayers are not informed in advance of how water rates are developed, or even if there is such a process which would allow for increased participation by members of the public.

As a community organization, PWN not only advocates before agencies, it also helps inform and educate the public. But without sufficient and timely access to relevant data, that role is greatly diminished and the ratepayer suffers. We assume MPWMD has early access to such relevant information regarding proposed and/or pending changes in the rate structure and it is this early access that we are inquiring about.

Therefore we request that you explore how our non-profit organization might obtain a meaningful role in the reviews that occur prior to an application by Cal Am, or how PWN might participate in MPWMD discussions prior to such application.

We can meet to discuss this further. And we thank you for this consideration.

Respectfully,

/s/ George T. Riley

Managing Director, Public Water Now

CC: David Stoldt

PWN Board

MONTEREY COUNTY

WATER RESOURCES AGENCY

PO BOX 930
SALINAS, CA 93902
(831)755-4860
FAX (831) 424-7935

DAVID E. CHARDAVOYNE
GENERAL MANAGER



STREET ADDRESS
893 BLANCO CIRCLE
SALINAS, CA 93901-4455

RECEIVED

JUN 23 2015

MPWMD

June 19, 2015

Monterey Peninsula Water Management District
5 Harris Court, Building G
Monterey, CA 93940

Attention: District Board of Directors

Re: Support Letter for Monterey Peninsula Water Management District (MPWMD)
U.S. Bureau of Reclamation Drought Contingency Planning Grant

As you are aware, the Monterey County Water Resources Agency is currently partnering with the Monterey Regional Water Pollution Control Agency and your District to provide additional waters to be utilized for the Pure Water Monterey Project and for an expansion of the Castroville Seawater Intrusion Project.

Achieving that result requires a sustainable, resilient water supply to meet the urban, agricultural and environmental needs of Monterey County; and, will take consistent coordination, cooperation and focused planning and management. To this end, the Water Resources Agency strongly supports the Monterey Peninsula Water Management District's grant application for funds to work with North County stakeholders on the preparation of a Drought Contingency Plan.

We look forward to MPWMD being awarded this critical funding, being an active participant in developing the Plan, and in turn implementing solutions that protect and enhance our increasingly valuable water resources.

Very truly yours,

David E. Chardavoynne

MONTEREY COUNTY

THE BOARD OF SUPERVISORS

MONTEREY COURTHOUSE - 1200 AGUAJITO ROAD, SUITE 001, MONTEREY, CALIFORNIA 93940

DAVE POTTER
 SUPERVISOR - DISTRICT FIVE
 (831) 647-7755 - FROM MONTEREY
 (831) 755-6055 - FROM SALINAS
 (831) 667-2770 - FROM BIG SUR
 (831) 647-7095 (FAX)
 e-mail: district5@co.monterey.ca.us

June 15, 2015

KATHLEEN LEE
 CHIEF OF STAFF

Monterey Peninsula Water Management District
 5 Harris Court, Building G
 Monterey CA 93940

Re: Support Letter for Monterey Peninsula Water Management District (MPWMD)
 U.S. Bureau of Reclamation Drought Contingency Planning Grant

To: District Board of Directors,

For decades, the County of Monterey has led the state in water conservation efforts for both residential and commercial uses. Given the worsening drought conditions in California, it is imperative that communities and public agencies continue to work together to create viable solutions and plan for the future. A well-developed drought contingency plan would further bolster our efforts to successfully navigate through this difficult time, not only in the North County, but also on the Peninsula, Salinas Valley and throughout the County of Monterey.

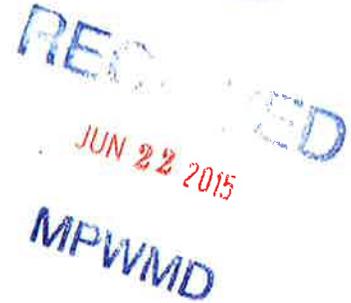
Planning for a sustainable, resilient water supply to meet the urban, agricultural and environmental needs of Monterey County will take consistent coordination, cooperation and focused planning and management. To this end, I strongly support the Monterey Peninsula Water Management District's grant application for funds to work with North County stakeholders on the preparation of a Drought Contingency Plan.

I look forward to MPWMD being awarded this critical funding, being an active participant in developing the Plan, and in turn, implementing solutions that protect and enhance our increasingly valuable water resources.

Sincerely,



Dave Potter
 Supervisor, Fifth District
 County of Monterey





Monterey Regional Water Pollution Control Agency

*"Dedicated to meeting the wastewater and reclamation needs
of our member agencies, while protecting the environment."*

7

Administration Office:
5 Harris Court, Bldg. D, Monterey, CA 93940-5756
(831) 372-3367 or 422-1001, FAX: (831) 372-6178
Website: www.mrwPCA.org

June 15, 2015

RECEIVED

JUN 16 2015

MPWMD

Monterey Peninsula Water Management District (MPWMD)
Board of Directors
5 Harris Court, Building G
Monterey, CA 93940

**Re: Support Letter for MPWMD U.S. Bureau of Reclamation Drought Contingency
Planning Grant**

The Monterey Regional Water Pollution Control Agency (MRWPCA) has partnered with the Monterey Peninsula Water Management District (MPWMD) for developing Pure Water Monterey, a Groundwater Replenishment Project. The Project has multiple agencies working together to implement diverse water resource management projects to counter the effects of climate change and drought on surface and groundwater supplies. These efforts are a high priority for many of the agencies and MRWPCA for building resiliency into the region's water supply.

Planning for a sustainable, resilient water supply to meet the urban, agricultural and environmental needs of Monterey County will take consistent coordination, cooperation and focused planning and management. To this end, MRWPCA strongly supports the MPWMD's grant application for funds to work with North Monterey County stakeholders on the preparation of a Drought Contingency Plan.

We look forward to MPWMD being awarded this critical funding. MRWPCA will also be an active participant in developing the Plan, and in turn, implementing solutions that protect and enhance our increasingly valuable water resources.

Sincerely,

Keith Israel, General Manager

Joint Powers Authority Member Entities:

Boronda County Sanitation District, Castroville Community Services District, County of Monterey, Del Rey Oaks, Fort Ord, Marina Coast Water District, Monterey, Moss Landing County Sanitation District, Pacific Grove, Salinas, Sand City, and Seaside.