

**EXHIBIT 2-A**

**COORDINATION AGREEMENT  
BETWEEN  
MONTEREY PENINSULA WATER MANAGEMENT DISTRICT,  
MARINA COAST WATER DISTRICT,  
AND  
MONTEREY COUNTY WATER RESOURCES AGENCY  
FOR  
AQUIFER STORAGE AND RECOVERY (ASR) INJECTION TESTING**

Monterey Peninsula Water Management District (MPWMD), Marina Coast Water District (MCWD), and Monterey County Water Resources Agency (MCWRA), collectively known as the "Parties", hereby enter into this Coordination Agreement for Aquifer Storage and Recovery (ASR) and Injection Testing (Coordination Agreement) this \_\_\_ day of \_\_\_, 2007.

**FACTS**

1. MPWMD is a public agency created by special act of the California Legislature, Chapter 527 of the Statutes of 1977, as amended (found at West's Water Code Appendix, section 118-1 et. seq., and Deerings Uncodified Water Code). Voters of the Monterey Peninsula ratified creation of the Water Management District in June, 1978. MPWMD is a Special District governed by its Board of Directors elected by the voters within the District. MPWMD was created to address water problems in the Monterey Peninsula area which the Legislature found require integrated management.
2. MCWD is a public agency created by the citizens of Marina in 1960 as a county water district, operating under the County Water District Law, set forth in the California Water Code, Sections 30000 - 33901. MCWD provides water and wastewater services

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within its jurisdictional boundaries (Central Marina) and, by agreement, to other areas. MCWD provides water and wastewater services to the former Fort Ord military reservation through contracts with the Fort Ord Reuse Authority (FORA) and the U.S. Army. MCWD owns the water (including recycled water) and wastewater collection facilities at the former Fort Ord. MCWD currently provides water for potable and notpotable uses from wells located in Zones 2/2A of the Salinas Groundwater Basin. In 2005, MCWD connected the Central Marina and Ord water systems. On July 20, 2007 the California Department of Public Health issued a single, consolidated water system permit for the Central Marina and Ord water system.

3. MCWRA is a public agency created by special act of the California Legislature, Chapter 1159 of the Statutes of 1990, as amended (found at Chapter 52 of West's Water Code Appendix and Deerings Uncodified Water Code and denominated the "Monterey County Water Resources Agency Act"). MCWRA is a Special District governed by its appointed Board of Directors and by the Monterey County Board of Supervisors. The Monterey County Water Resources Agency Act provides in Section 9(u) that the MCWRA has the power to prevent the export of groundwater from the Salinas River Groundwater Basin, except that use of water from the basin on any part of Fort Ord shall not be deemed an export, and that nothing in the act prevents the development and use of the Seaside Groundwater Basin for use on any lands within or outside that basin. Section 85(a) of the Act provides that the MCWRA and the MPWMD shall use their best efforts to cooperate with each other. Section 90 of the Act provides that the act, and every part thereof, shall be liberally construed to promote the objects thereof, and to carry out its intents and purposes.

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4. MPWMD and California American Water (CAW) are jointly investigating ASR opportunities in the Seaside Basin to supplement Monterey Peninsula water supplies for the benefit of CAW's customers and the constituents of MPWMD, in accord with the Aquifer Storage and Recovery Management & Operations Agreement dated March 28, 2006, between CAW and MPWMD.
5. MPWMD owns and operates two (2) ASR wells at its Santa Margarita test well site located on the former Fort Ord within Seaside. MPWMD desires to conduct a "dual well" injection test at its two ASR wells at the Santa Margarita test well site.
6. Existing constraints prohibit delivery of desired quantities of water for injection from the CAW distribution system to the Santa Margarita site. Due to these constraints, MPWMD desires to use the MCWD water system to provide water for ASR injection testing at the Santa Margarita test well site. This Coordination Agreement is intended to set forth the terms and conditions pertaining by which the Parties may utilize MCWD system groundwater to facilitate ASR injection testing in the Ord sub-area of the Seaside Basin.
7. CAW is proposing to install an ASR test well at the "Bayonet" ASR test site in Seaside. CAW also desires to conduct injection tests at this site, but the Parties acknowledge that testing for the Bayonet site will likely lag behind the Santa Margarita test program. This Coordination Agreement is not intended to provide a basis for testing of the CAW Bayonet ASR test site.
8. Consent of the Seaside Basin Watermaster Board is required to facilitate storage and recovery of MCWD water as contemplated by this Coordination Agreement.

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9. According to the MPWMD ASR Final Environmental Impact Report / Environmental Assessment (ASR EIR/EA), the operation of the existing ASR facilities, the resultant groundwater recharge contemplated by this Coordination Agreement, and the subsequent withdrawal and use of water injected during the test will not cause significant effects on the environment, and may be beneficial. Activities associated with injection and recovery at the existing ASR facilities, similar to those contemplated for the installation, testing of this activity have been analyzed in the ASR EIR/EA document, dated August 2006.

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1. MCWD Water. MCWD will supply water from MCWD's existing wells for ASR testing by MPWMD under this Coordination Agreement. MCWD will deliver that water to a point established in this Agreement along its transmission main in General Jim Moore Boulevard. Delivery shall be up to 3,000 gallons per minute and not exceed 300 acre-feet. Water delivered by MCWD shall meet drinking water requirements in accordance with Title 22 of California Code of Regulations – California Safe Drinking Water Act. MCWD shall retain ownership and control of all water supplied by MCWD for this purpose. Water injected pursuant to this Coordination Agreement into the Ord Sub-area of the Seaside Basin for ASR testing purposes shall remain exclusively available to MCWD for use on the former Fort Ord, within the area denominated "Fort Ord" in Section 9(u) of the Monterey County Water Resources Agency Act. All MCWD water shall be available for recovery and use by and at the sole discretion of MCWD in the event of future emergency or other need by users in the "Fort Ord footprint" area of

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the MCWD distribution system, exclusively within the area denominated "Fort Ord" in Section 9(u) of the Monterey County Water Resources Agency Act.

2. MPWMD Facilities. MPWMD will install, at MPWMD's sole cost, all facilities, pipelines and appurtenances necessary to receive water at MCWD's transmission main. MCWD shall have the right to review, inspect and approve the design and installation of all such facilities, pipelines and appurtenances.

3. Term. This Coordination Agreement, unless amended, shall facilitate an ASR injection test during one test period, beginning October 1, 2007 and ending September 30, 2008.

4. Accounting of Water Delivered. For the water year ending on September 30 of each year during which delivery and/or extraction occurs under this Coordination Agreement, MPWMD shall provide an accounting to each Party as to (a) the cumulative quantity of water stored for the benefit of MCWD under this Coordination Agreement, (b) the amount of carry-over from prior years' storage, (c) the quantity of water recovered from storage during that water year, and (d) the quantity of water to be carried forward and available to MCWD for future recovery from storage. No aquifer losses shall apply to MCWD's water in the Seaside Groundwater Basin.

5. Cooperation. All Parties shall fully cooperate to obtain the approvals necessary and proper to enable utilization of MCWD system water to facilitate ASR injection testing in the Seaside Basin for all purposes contemplated by and consistent with this Coordination Agreement.

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6. Data Sharing. The Parties shall make any data or information in their possession that reasonably pertains to purposes of this Coordination Agreement available to any other Party on reasonable notice. The Parties recognize that such a free exchange of data and information is essential to the purposes of this Coordination Agreement.

7. Joint Delivery Strategy. The Parties shall cooperate to facilitate physical connections needed to effect delivery of MCWD water to MPWMD for purposes of ASR testing and storage, and delivery of water from MPWMD to MCWD for purposes of use.

8. Environmental. MPWMD shall act as lead agency for purposes of California Environmental Quality Act (CEQA) compliance for the ASR testing contemplated by this Coordination Agreement.

9. No Third Party Beneficiaries. The sole Parties to this Coordination Agreement are MPWMD, MCWD, and MCWRA. This Coordination Agreement does not confer upon any person or entity, other than the Parties, any rights or remedies, and shall not be enforceable by any third parties.

10. Approval of Watermaster Board. The approval of the Seaside Basin Watermaster Board shall be a condition precedent to the effectiveness of this Coordination Agreement.

11. Joint Defense. The Parties shall vigorously defend any claim, litigation or third party regulatory challenge to the operation and use of water pursuant to this Coordination Agreement or any challenge to the validity of this Coordination Agreement. The Parties shall cooperate fully in the defense of any such action. To the fullest extent

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allowed by law, MPWMD and MCWRA agree to defend, indemnify and hold harmless MCWD from any and all costs (including attorneys' and expert fees and costs) relating to or arising from any such claim, litigation, regulatory challenge or challenge to the validity of this Coordination Agreement.

12. Limitations. It is understood by the Parties that all agreements, obligations, debts and liabilities of one Party shall not constitute agreements, obligations, debts and/or liabilities any other Party.

13. Compliance. Each Party shall use its best efforts, and shall be responsible for complying with all laws, whether Federal, State or local, and with any permit term or condition which may pertain to the production or delivery of water under this Coordination Agreement.

14. Water Use. All water exchanged under this Coordination Agreement shall be used for the benefit of the ASR test and for constituents of the MCWD. Execution of this Coordination Agreement by MCWRA as the agency with statutory authority to administer the Monterey County Water Resources Agency Act shall constitute the official determination by MCWRA based on advice of MCWRA legal counsel that this Coordination Agreement and actions taken pursuant to this Coordination Agreement comply with the Monterey County Water Resources Agency Act.

15. No Effect on Existing Water Rights. The Parties agree that no provision of this Coordination Agreement shall have any force or effect, directly or indirectly, on water rights of any nature held by a Party. No water right of any kind, including but not limited to prescriptive water rights, nor any claim thereto, shall arise or be created in

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favor of or against any Party or other person, directly or indirectly, nor shall any water right be lost as a result of this Coordination Agreement. This provision does not diminish or alter the continued right of MCWD to recover and use the water injected pursuant to Section 1 of this Coordination Agreement.

16. Remedies. This Agreement shall be specifically enforceable; damages are not an adequate remedy for a failure to perform pursuant to its terms and conditions.

17. Arbitration. In the case of any disagreement, difference, or controversy arising between any Party with respect to any matter in relation to or arising out of or under this Coordination Agreement, whether as to the construction or operation thereof, or the respective rights and liabilities of the Parties, and all Parties cannot mutually agree as to the resolution thereof, then such disagreement, difference or controversy shall be determined by arbitration by and under the arbitration rules of JAMS or by such other arbitrator and under such other rules as the Parties may agree, provided that the arbitrator shall be a former judge of the Superior Court or the Court of Appeal. Any arbitration hearing shall be noticed and open to the public. The submission to arbitration in accordance with the requirements of this section of any and all agreements, differences, or controversies that may arise hereunder is made a condition precedent to the institution of any action or appeal at law or in equity with respect to the controversy involved. The award by the arbitrators shall have the same force and effect and may be filed and entered, as a judgment of the Superior Court of the State of California, and shall be subject to appellate review upon the same terms and conditions as law permits for judgments of Superior Courts. A "Prevailing Party" shall be determined in the



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Arbitration, and the Prevailing Party shall be entitled to reasonable attorneys' fees and costs incurred, and accrued interest on any unpaid balance that may be due. Costs shall include the cost of any expert employed in the preparation or presentation of any evidence. All costs incurred and reasonable attorneys' fees shall be considered costs recoverable in that proceeding and be included in any award.

18. Litigation. In the event any Party to this Coordination Agreement brings a judicial or arbitration proceeding to enforce or interpret any provision of its terms, then, and in that event, the Prevailing Party shall be entitled to recover reasonable attorneys' fees and related expenses and costs, including but not limited to court costs, expert witness fees and expenses, and accountant fees and expenses. Costs shall include the cost of any expert employed in the preparation or presentation of any evidence, whether or not any such witness or accountant shall be called to testify. Recovery of these fees and costs shall be as additional costs awarded to the Prevailing Party, and shall not require initiation of a separate legal proceeding.

19. Notices. Notices regarding this Coordination Agreement shall be given to the Parties at the following addresses:

**MPWMD:**

Monterey Peninsula  
Water Management District  
Attn: General Manager  
P. O. Box 85  
Monterey, CA 93942

**MCWRA:**

Monterey County

**MCWD:**

Marina Coast

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Water Resources Agency  
Attn: General Manager  
833 Blanco Circle  
Salinas, CA 93901

Water District  
Attn: General Manager  
11 Reservation Road  
Marina, CA 93933

20. Entire Agreement. This document represents the entire Coordination Agreement between the Parties, and supersedes any prior written or oral negotiations and representations between the Parties.

21. Severability. If any provision, or any portion thereof, contained in this Coordination Agreement is held unconstitutional, invalid, unenforceable, or contrary to public policy, the remainder of this Coordination Agreement, or portion thereof, shall be deemed severable, shall not be affected and shall remain in full force and effect.

22. Mutuality. This Coordination Agreement is the product of negotiation and preparation by and among the Parties represented by counsel. All sides and their counsel have reviewed and have had the opportunity to revise this Coordination Agreement. The Parties waive the provisions of Section 1654 of the Civil Code of California and any other rule of construction to the effect that ambiguities are to be resolved against the drafting Party, and the Parties warrant and agree that the language of this Coordination Agreement shall neither be construed against or in favor of any Party.

23. Waiver. A Party's failure to insist on the strict performance of any provision of this Coordination Agreement or to exercise any right, power, or remedy upon a breach of this Coordination Agreement shall not constitute a waiver of any provision of this Coordination Agreement. Neither shall such action or inaction limit the

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Party's right to later enforce any provision or exercise any right to the fullest extent allowed under this Coordination Agreement. A waiver of any covenant, term or condition contained in this Coordination Agreement shall not be construed as a waiver of any subsequent breach of the same covenant, term or condition. The consent, authorization or approval by a Party of any act shall not be deemed to waive or render unnecessary the consent, authorization or approval of any subsequent similar act.

24. Amendment. This Coordination Agreement shall be amended or modified only by an instrument in writing duly approved and signed by each party hereto. Any waiver of any terms or conditions must be in writing and signed by the Parties.

25. Effective Date. This Coordination Agreement shall take effect on \_\_\_\_\_, 2007.

In witness whereof, the Parties hereto execute this Coordination Agreement as of the day and year written below.

Executed this \_\_\_\_ day of \_\_\_\_\_, 2007 at Monterey, California.

MPWMD

By: \_\_\_\_\_  
David A. Berger  
General Manager

Date: \_\_\_\_\_

MCWRA

MCWD

## Coordination Agreement for ASR Testing

By: \_\_\_\_\_  
Curtis Weeks  
General Manager

By: \_\_\_\_\_  
James Heitzman  
General Manager

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