

EXHIBIT 2-A

Draft Text for District Newsletter

1. California Water Crises Compared to Local Water Situation – Lead Article
2. Status of Draft Cease and Desist Order – Preparations by District to Enable Community Compliance
3. Progress on Water Supply Project Development
4. Expanded Rebate Program – Turf Replacement
5. Water Year 2009 Status – Production, Conservation Savings, Rainfall

California's Water Crisis: How It Affects Our Water District

In February 2009, Governor Schwarzenegger proclaimed a statewide drought emergency and called for immediate water conservation. In our Water District, the challenge is not new; it's a way of life. Since 1995, the community has reduced water use by more than 20 percent through admirable conservation measures. We are not affected by cutbacks in water deliveries from other parts of the state because our water comes exclusively from the Carmel River, the Seaside Groundwater Basin and other local sources. However, we *are* affected by low rainfall and court-mandated water limits on the local water supply.

In Water Year 2009,⁽¹⁾ our rainfall was 15 percent below average. **However, we have enough water storage to meet our needs through September 2010 if we continue to conserve and reduce water waste.**

Even if there is normal rainfall this year, "regulatory droughts" based on court mandated water reductions will continue. In 1995, in order to protect the Carmel River environment, the state set limits on how much water could be taken from the river and required cutbacks. The community lowered its water use. In 2006, pumping from the Seaside Basin was also reduced by the courts, and we again met our obligations. In 2008 and 2009, the state issued draft Cease and Desist Orders (CDO)⁽²⁾ calling for more stringent water reductions. To ensure compliance with escalating restrictions, the Water District has instituted a seven-phase water conservation and rationing program.

By developing new water supplies and increasing conservation, we can alleviate our "regulatory drought." In the past 15 years, many water supply options have been pursued. Measures such as a local desalination project or erecting a new dam were rejected by voters as either environmentally unsustainable or too costly. However, the Water District has been successful in increasing our water storage capacity through its Aquifer Storage and Recovery (ASR) Project.⁽³⁾ The District has also investigated the feasibility of desalinating water,⁽⁴⁾ participated in plans for a regional water supply project,⁽⁵⁾ continues implementation of conservation programs, and participates in state-level meetings regarding plans to reduce statewide per capita urban water use by 20 percent by the year 2020.⁽⁶⁾

(1) A "water year" runs from October 1 to September 30.

(2) See Order 95-10, page XX.

(3) See ASR on page ____.

(4) See ____.

(5) See Water for Monterey County Coalition, page ____.

(6) Visit www.swrcb.ca.gov/water_issues/hot_topics/20x2020/index.shtml.

NOTE TO COMMITTEE: A TIMELINE COULD BE DEVELOPED THAT SHOWS WATER SUPPLY PLANNING THE DISTRICT HAS ACHIEVED, SUCH AS DAM, DESAL AND ASR MILESTONES.

State-Ordered Water Cutbacks: How Our Water District Is Responding

After a year of hearings, the State Water Board finalized its Cease and Desist Order (CDO) ⁽¹⁾ in October 2009. As adopted, the CDO requires California American Water (Cal-Am), and consequently their customers, to incrementally reduce water diversions and use from the Carmel River by 67 percent over the next eight years.

The CDO is linked to an original 1995 order ⁽³⁾ for Cal-Am to reduce its pumping by 20 percent ⁽⁴⁾ until a new water project could be developed. Since the order went into effect, community water use has remained below the limits in 13 out of the past 14 years. However, new water sources have not been developed to allow full compliance with the order. ⁽⁵⁾ These state orders are intended to alleviate degradation of the Carmel River caused by overpumping, and improve habitat for steelhead fish and red-legged frogs.

In hearings on the draft CDO, the Water District advised the state that additional reductions in water supply would put our community's public health, safety and welfare in jeopardy. ⁽⁶⁾ On October 27, 2009, the District and Cal-Am filed petitions with the Superior Court to permanently prevent the final CDO from going into effect. The District also asked the court to delay implementation of the CDO until the litigation is concluded. On November 3, 2009, the court agreed to delay implementation of the CDO. Thus, for now, an immediate water moratorium and water cutbacks will not be imposed by the Water District. We will continue to pursue new sources of water supply and continue the current seven-phase water conservation and rationing program.

Should the courts sustain the CDO, the Water District and Cal-Am are developing joint strategies to minimize the impact of water cutbacks on the community. If necessary, the Water District has plans to activate its rationing program in an orderly manner so that water users can be prepared for the reductions.

(1) See State Water Resources Control Board (SWRCB) Order WR 2009-0060 adopted October 20, 2009 at [website address here](#).

(2) From current levels of 10,285 to 3,376 acre feet per year.

(3) See original Order WR 95-10 [website address here](#).

(4) To 11,285 acre-feet per year.

(5) See water supply discussion in paragraph four, previous page.

(6) See MPWMD Petition Against State Water Board at [website address here](#).

Additional Water Supply Project Development: District Progress

To reduce dependence on the Carmel River and protect the Seaside Groundwater Basin from seawater intrusion, the Water District has been actively engaged in expanding and preserving water resources, primarily through aquifer storage and recovery, desalination and water conservation. The Water District's Aquifer Storage and Recovery Project, and water conservation projects are components of the proposed Regional Water Supply Project developed by a consortium of public and private entities called the Water for Monterey County Coalition.

Aquifer Storage and Recovery (ASR)

The Water District's Phase 1 Aquifer Storage and Recovery Project is designed to use the Seaside Groundwater Basin to store up to 2,426 acre-feet of water per year (equivalent to the annual water use of 7,500 houses).⁽¹⁾ During the winter months when Carmel River streamflow is abundant, excess river water is pumped into the Seaside basin, where it is stored for use in the summer months. This helps meet customer water demand in the summer and reduces diversions from the Carmel River during dry periods, thereby helping to sustain streamflow for fish and wildlife.

Since planning and testing for the project began in 1998, over 2,100 acre-feet of Carmel River water have been diverted for storage in the Seaside Basin. The Phase 1 ASR project is anticipated to be at full capacity in early 2010, and planning is underway for an expanded Phase 2 ASR Project.

Seawater Desalination

There are several desalination plans under consideration, principally:

- MPWMD 95-10 Desalination Project – Estimated production between 2,800 and 4,500 acre-feet of water. Studies completed by the Water District in 2009 indicate project may not be feasible.⁽²⁾
- Cal-Am sponsored 10 million gallon per day seawater desalination plant in Moss Landing⁽³⁾
- Marina Coast Water District sponsored 10 million gallon per day brackish and seawater desalination project in Marina – component of the proposed Regional Water Supply Project⁽⁴⁾

Water Conservation

Congratulations to our community for its diligent conservation efforts—water use was below the annual limit established by the state for Water Year 2009.

A DESCRIPTION OF OUR CONSERVATION PROGRAMS WILL BE ADDED HERE.

(1) See [website address here](#).

(2) See [website address here](#).

(3) See [website address here](#).

(4) See [website address here](#).

Latest Water Saving Device Rebate: 'Cash for Grass'

Receive cash for replacing your lawn with drought-tolerant plants or synthetic turf while saving money on your water bill. Also, consider replacing your washing machine with a high-efficiency model to get a cash rebate. Own a business? Get a rebate by replacing your water-cooled ice machine with an air-cooled one, or install a high-efficiency toilet or smart irrigation system controller.

The Water District's residential and commercial rebate program encompasses a wide range of water using fixtures and appliances, such as high-efficiency toilets and urinals, ultra-low consumption dishwashers, instant-access hot water heaters and cooling-tower conductivity controllers. Rebates also are offered for installation of cistern water tanks and outdoor irrigation equipment.

The list of devices that qualify for rebates has recently expanded, and the amounts have been increased for some fixtures. Water saving devices that are required to be installed upon construction or resale of a property do not qualify for a rebate. Contact the Water District at 831/658-5601 for a complete list of qualifying devices. Funding for the rebate program is supported by California American Water and the Seaside Municipal Water System.

Our Water Supply: Where Do We Stand?

THIS INFORMATION WILL BE SHOWN AS GRAPHS. NO NEED TO EXPLAIN THIS IN PARAGRAPHS.

In May 2009, Water District hydrologists estimated that the amount of usable water in storage was 30,200 acre-feet. Those estimates were updated in September to reflect reservoir storage of 1,045 acre-feet and groundwater storage of 26,135 acre-feet for a total of 27,180 acre-feet. That amount is sufficient to meet area water needs of 17,793 acre-feet through September 30, 2010.

Rainfall recorded in the Carmel River watershed for Water Year 2009 was 18 inches, which is 3 inches or 15 percent below average. Even if abundant rainfall is received in 2010, reducing water use at home and work is critical. The Water District will continue to implement new voluntary and mandatory water conservation programs to assist the community with maintaining water use below statutory limits.

Holding down water use resulted in 10,285 acre-feet of total production by Cal-Am from the Carmel River Basin, which is 9 percent below the limit set by the state. Production from the Seaside Groundwater Basin by Cal-Am was 2,966 acre-feet, which is 14 percent below the limit established by the courts in the Seaside Groundwater Basin Adjudication.