

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



AGENDA  
**Regular Meeting**  
**Board of Directors**  
**Monterey Peninsula Water Management District**

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**Monday, August 20, 2018**

**5:30 pm Closed Session**

2999 Monterey Salinas Highway, Monterey, CA 93940

**7:00 pm Regular Meeting**

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/who-we-are/board-of-directors/bod-meeting-agendas-calendar/>  
by 5 PM on Friday, August 17, 2018

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

**5:30 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.

1. **Public Comment** – Members of the public may address the Board on the item or items listed on the Closed Session agenda.
2. **Adjourn to Closed Session**
3. **Public Employee Performance Evaluation (Gov. Code 54957) – General Manager**
4. **Conference with Legal Counsel – Existing Litigation (Gov Code 54956.9 (a))**  
Application of California American Water to CPUC (No. 12-04-019) – Monterey Peninsula Water Supply Project
5. **Adjourn to 7 pm Session**

**7:00 PM – Regular Meeting**

**CALL TO ORDER/ROLL CALL**

**PLEDGE OF ALLEGIANCE**

**Board of Directors**

Andrew Clarke, Chair – Division 2  
Ralph Rubio, Vice Chair - Mayoral Representative  
Brenda Lewis – Division 1  
Molly Evans – Division 3  
Jeanne Byrne – Division 4  
Robert S. Brower, Sr. – Division 5  
Mary Adams, 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 Thursday, August 16, 2018. Staff reports regarding these agenda items will be available for public review on Friday, August 17, 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 [www.mpwmd.net/who-we-are/board-of-directors/bod-meeting-agendas-calendar/](http://www.mpwmd.net/who-we-are/board-of-directors/bod-meeting-agendas-calendar/). 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 September 17, 2018 at 7 pm.

**ADDITIONS AND CORRECTIONS TO AGENDA** - The Clerk of the Board will announce agenda corrections and proposed additions, which may be acted on by the Board as provided in Sections 54954.2 of the California Government Code.

**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. Unless noted with double asterisks “\*\*”, Consent Calendar items do not constitute a project as defined by CEQA Guidelines section 15378.

1. Consider Adoption of Minutes of the July 16, 2018 Regular Board Meetings
2. \*\*Consider Expenditure to Contract with the California Conservation Corps for Fall 2018 Vegetation Management and to Remove Concrete at Rancho Canada (*No CEQA action required per CEQA Guidelines Section 15168 Program EIR*)
3. \*\*Consider Expenditure to Contract for Completion of Annual Carmel River Survey (*Exempt from CEQA – Section 15306*)
4. \*\*Consider Expenditures for Permitting of a New Carmel River Fish Counting Weir (*Exempt under CEQA Guidelines section 15306 and 15378*)
5. \*\*Consider Approval of 2018 Annual Memorandum of Agreement for Releases from Los Padres Reservoir among California American Water, California Department of Fish and Wildlife, and Monterey Peninsula Water Management District (*Exempt from environmental review per SWRCB Order Nos. 95-10, 98-04, 2002-0002 and 2016-0016, and Section 15268 of the California Environmental Quality Act (CEQA) Guidelines, as a ministerial project; Exempt from Section 15307, Actions by Regulatory Agencies for Protection of Natural Resources.*)

#### **EMPLOYEE RECOGNITION**

6. Mark Bekker upon retirement after 33 years of service to the District
7. Debbie Martin upon retirement after 18 years of service to the District
8. Stephanie Kister Campbell – 10 years with the District
9. Sara Reyes – 20 years with the District
10. Stephanie Locke – 30 years with the District

#### **GENERAL MANAGER’S REPORT**

11. Status Report on California American Water Compliance with State Water Resources Control Board Order 2016-0016 and Seaside Groundwater Basin Adjudication Decision

#### **ATTORNEY’S REPORT**

12. Report on 5:30 pm Closed Session of the Board

#### **DIRECTORS’ REPORTS (INCLUDING AB 1234 REPORTS ON TRIPS, CONFERENCE ATTENDANCE AND MEETINGS)**

13. 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.

**14. Second Reading and Adoption of Ordinance No. 179 – Clarifying Rules Related to the Rebate Program, Permits, and Water Waste (CEQA: Exempt pursuant to CEQA Guidelines Section 15301)**

*Action: The Board will conduct a second reading and consider adoption of Draft Ordinance No. 179 that amends the Rebate Program to support the District’s High Efficiency Applied Retrofit Targets (HEART) effort. HEART is focused on provided free or low-cost installations of water saving fixtures in disadvantaged communities.*

**ACTION ITEMS** – No Action Items were submitted for Board consideration.

**DISCUSSION ITEM** - Public comment will be received on each of these items. Please limit your comment to three (3) minutes per item.

**15. Monterey Peninsula Water Supply Project (MPWSP) CPUC Proposed Decision on Application 12-04-019; Discuss District Comments and August 22<sup>nd</sup> Oral Arguments**  
*The Board will discuss the proposed decision issued by the CPUC on California Water Company’s Application 12-04-019. No action will be taken. General direction may be provided to staff.*

**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.

- 16. Letters Received
- 17. Committee Reports
- 18. Monthly Allocation Report
- 19. Water Conservation Program Report
- 20. Carmel River Fishery Report
- 21. Semi-Annual Financial Report on the CAWD/PBCSD Wastewater Reclamation Project
- 22. Monthly Water Supply and California American Water Production Report

**ADJOURNMENT**

Board Meeting Broadcast Schedule – Comcast Channels 25 & 28	
View Live Webcast at <a href="http://Ampmedia.org">Ampmedia.org</a>	
Ch. 25, Mondays, 7 PM	Monterey, Del Rey Oaks, Pacific Grove, Sand City, Seaside
Ch. 25, Mondays, 7 PM	Carmel, Carmel Valley, Del Rey Oaks, Monterey, Pacific Grove, Pebble Beach, 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			
Monday, September 17, 2018	Regular Board Meeting	7:00 pm	District conference room
Monday, October 15, 2018	Regular Board Meeting	7:00 pm	District conference room
Monday, November 19, 2018	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, August 16, 2018. 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 JULY 16, 2018 REGULAR BOARD MEETING****Meeting Date:** August 20, 2018 **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:** This action does not constitute a project as defined by the California Environmental Quality Act Guidelines Section 15378.

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**SUMMARY:** Attached as **Exhibit 1-A** are draft minutes of the July 16, 2018 Regular meeting of the Board.**RECOMMENDATION:** District staff recommends approval of the minutes with adoption of the Consent Calendar.**EXHIBIT****1-A** Draft Minutes of the July 16, 2018 Regular Meeting of the Board of Directors





**EXHIBIT 1-A**

DRAFT MINUTES

**Regular Meeting**

**Board of Directors**

**Monterey Peninsula Water Management District**

*July 16, 2018*

The meeting was called to order at 7:00 pm in the MPWMD conference room.

**CALL TO ORDER/ROLL CALL**

*Directors Present:*

Andrew Clarke – Chair, Division 2

Ralph Rubio – Vice Chair, Mayoral Representative

Brenda Lewis, Division 1

Molly Evans – Division 3

Jeanne Byrne – Division 4

Mary Adams – Monterey County Board of Supervisors Rep.

*Directors Absent:*

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 action taken.

**ADDITIONS AND CORRECTIONS TO AGENDA**

The following comments were directed to the Board during Oral Communications. (1) **Tom Rowley**, directed his comment to General Manager Stoldt, a native of Illinois. He announced that it should be a good year for Chicago Cubs fans. (2) **George Riley**, representing Public Water Now (PWN), referenced a letter from PWN to the Central Coast Regional Water Quality Control Board, requesting that the agency conduct a feasibility analysis of the slant wells proposed for California-American Water Company's desalination project. Riley stated that ratepayers should not bear the cost for an experimental project, and that the State should prepare the feasibility study. (3) **Michael Baer**, resident of Monterey, encouraged directors to attend forums sponsored by PWN re public ownership of California-American Water Company facilities. He stated that attendance would not indicate support for the concept. He announced that a forum was scheduled for July 24, 2018, at 7 pm at the Universalist Unitarian Church in Monterey.

**ORAL COMMUNICATIONS**

The Consent Calendar was approved unanimously on a motion by Rubio and second of Lewis. Directors Rubio, Lewis, Adams, Byrne, Clarke and Evans voted in favor of the motion; Director Brower was absent.

**CONSENT CALENDAR**

Adopted.

**1. Consider Adoption of Minutes from the June 18, 2018 Regular Meeting of the Board of Directors**

Approved.

**2. Consider Approval of Amendment to License Agreement with California American Water for the Sleepy Hollow Steelhead Facility Upgrade**

Approved expenditure of \$907,000.

**3. \*\*Consider Expenditure to Contract for Construction and Related Services to Complete the Carmel River Bank Stabilization at Rancho San Carlos Road Project (CEQA: An Addendum for this project was approved by the Board on March 19, 2018.)**

Approved expenditure of \$70,000 to contract with Pueblo Water Resources.

**4. Consider Contract with Pueblo Water Resources to Provide Aquifer Storage and Recovery Operational Support**

Approved expenditure of \$10,000 for the services of Monterey Bay Analytical Services.

**5. Consider Authorizing Monterey Bay Analytical Services to Provide Laboratory Support for Watermaster Water Quality Monitoring**

Approved expenditure of \$60,000 for the services of Monterey Bay Analytical Services.

**6. Consider Authorizing Monterey Bay Analytical Services to Provide Laboratory Support for Aquifer Storage and Recovery Project Operations**

Approved expenditure of \$20,000 to contract with Normandeau Associates, Inc.

**7. Consider Expenditure to Contract with Normandeau Associates, Inc. for Carmel River IFIM for IFIM Model Support**

Received.

**8. Receive Draft Water Year 2017 Aquifer Storage and Recovery Project Summary of Operations Report**

Adopted.

**9. Consider Adoption of Treasurer's Report for May 2018**



General Manager Stoldt reported that as of June 30, 2018, water production from the Carmel River Basin was under the target for 2018; however, it was higher than recorded during the same time-period in 2017. He stated that customer water use was 297 acre-feet higher than recorded in the same time-period in 2017. However, approximately 250 acre-feet of overage was accumulated in October – December 2017 when water use increased as a result of high demand in the local visitor serving business sector due to fires in other tourist areas of the state. Mr. Stoldt reported the following. (a) No rainfall was received in June 2018; however, the annual total was at 65% of long-term average and was described as dry-year conditions. (b) Unimpaired streamflow was estimated at 47% of the long-term average and was categorized as below normal. (c) Useable Storage was at 96% of the long-term average. Mr. Stoldt reported that on Monday, July 9, 2018, a meeting was conducted to discuss Condition 2 of Order 2009-0060. Those in attendance were seven representatives from the State Water Resources Control Board, three representatives from the District, four representatives from California-American Water, Ben Harvey the City Manager for the City of Pacific Grove, Brien Le Neve and Luke Coletti representing the Carmel River Steelhead Association, and Larry Silver attorney for the Sierra Club. Representatives from the District described our water permitting and water credit regulations. The Sierra Club expressed opposition to water credit transfers, and the CRSA opposed any new use of water due to illegal diversions. Mr. Stoldt described the meeting as “a positive discussion” and a followup meeting was set for July 27, 2018. Mr. Stoldt announced that the District prevailed in the lawsuit brought against it by the Monterey Peninsula Taxpayers Association regarding implementation of the Water Supply Charge.

No report from District Counsel.

No reports were presented.

On a motion by Byrne and second of Lewis, the first reading of Ordinance No. 179 was approved by the Board of Directors on a unanimous vote of 6 – 0 by: Byrne, Lewis, Adams, Clarke, Evans and Rubio. Director Brower was absent. No comments were directed to the Board during the public hearing on this item.

## GENERAL MANAGER’S REPORT

### 10. Status Report on California American Water Compliance with State Water Resources Control Board Order 2016-0016 and Seaside Groundwater Basin Adjudication Decision

## ATTORNEY’S REPORT

### 11. No report for July 16, 2018

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

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

## PUBLIC HEARINGS

### 13. Consider First Reading of Ordinance No. 179 – Clarifying Rules Related to the Rebate Program, Permits, and Water Waste (CEQA: Exempt pursuant to CEQA Guidelines Section 15301)

Byrne offered a motion that was seconded by Evans to: (a) adopt CEQA Findings; (b) Adopt MPWMD Resolution No. 2018-15 certifying the Initial Study/Mitigated Negative Declaration and Addendum; (c) adopt mitigation measures; and (d) prepare a Final Initial Study/Mitigated Negative Declaration and file a Notice of Determination. The motion was approved unanimously by Byrne, Evans, Adams, Clarke, Lewis, and Rubio. Director Brower was absent.

Public Comment: **Michael Baer** addressed the Board during the public hearing on this item. He asked if a budget had been prepared for this project. *Larry Hampson, Water Resources & Engineering Manager/District Engineer responded that a budget had been established for this project. Cal-Am would reimburse the District for permitting expenses. The District would contribute in-kind services as Lead Agency and for project management in the field.*

On a motion by Rubio and second of Adams, the Board of Directors adopted MPWMD Resolution No. 2018-16 approving the Addendum to the Mitigated Negative Declaration. The motion was approved unanimously on a vote of 6 – 0 by Rubio, Adams, Byrne, Clarke, Evans and Lewis. Director Brower was absent.

Public Comment: During the public hearing on this item, **Michael Baer** addressed the Board. He suggested that fill material could be placed .50 miles above the river and held there until needed at Paso Hondo.

Evans offered a motion that was seconded by Lewis to adopt MPWMD Resolution No. 2018-17 adopting Addendum #4 to the ASR EIR/EA. The motion was approved unanimously on a vote of 6 – 0 by Evans, Lewis, Adams, Byrne, Clarke and Rubio. Director Brower was absent. No comments were directed to the Board during the Public Hearing on this item.

On a motion by Adams and second of Byrne, the Board unanimously adopted MPWMD Resolution No. 2018-18 declaring Monterey County Zoning Ordinance inapplicable to the Sleepy Hollow Steelhead Rearing Facility Upgrade. The motion was adopted on a vote of 6 – 0 by Adams, Byrne, Clarke, Evans, Lewis and Rubio. Director Brower was absent.

Public Comment: **Tom Rowley**, a citizen of Monterey, asked if the Carmel River Steelhead Association had provided input on development of the project.

Byrne offered a motion that was seconded by Rubio to contract with Mercer-Fraser in the amount of \$2,000,000 for construction of the project. The motion was approved on a vote of 6 – 0 by Byrne, Rubio, Adams, Clarke, Evans and Lewis. Director Brower was absent. During the

14. **Consider Certification of Initial Study/Mitigated Negative Declaration and Addendum for Los Padres Dam Gravel Augmentation Program Including Adoption of CEQA Findings and Mitigation Measures (CEQA Sections 15063, Initial Study; 15070, Negative Declaration; and 15162(b), Addendum. Adoption is final Board action in the CEQA process.)**

15. **Consider Approval of a CEQA Addendum to the Mitigated Negative Declaration for the Sleepy Hollow Steelhead Rearing Facility Upgrade (CEQA: Approve Addendum to the Mitigated Negative Declaration for the Sleepy Hollow Steelhead Rearing Facility Raw Water Intake and Water Supply System Upgrade Under CEQA Guideline Sections 15162 and 15164)**

16. **Consider Approval of a CEQA Addendum to the ASR EIR/EA for the Backflush Basin Expansion (CEQA: Approve Addendum to the ASR EIR/EA for the Backflush Expansion under CEQA Guideline Sections 15162 and 15164)**

17. **Consider Declaring Monterey County Zoning Ordinance Inapplicable to the Sleepy Hollow Steelhead Rearing Facility Upgrade (CEQA: Does not constitute a “Project” per California Environmental Quality Act (CEQA) Guidelines 15378 (b))**

#### ACTION ITEMS

18. **Consider Expenditure to Contract for Construction and Related Services for the Sleepy Hollow Steelhead Rearing Facility Raw Water Intake and Water Supply System Upgrade**

presentation on this item, Larry Hampson, advised the Board that the recommendation in the staff report incorrectly reported that \$30,000 should be authorized for “service contracts for associated tasks” and that the correct amount was \$40,000 as shown in the staff note in Table 1 – Summary of Costs.

Public Comment: **Michael Baer** suggested that since the District had no previous experience working with Mercer-Fraser, the staff could require the contractor to view the Sleepy Hollow Facility prior to awarding the contract.

On a motion by Rubio and second of Lewis, the Board of Directors authorized an expenditure of \$675,843 which represents: (a) FORA \$55,215; (b) Denise Duffy & Associates \$9,397; (c) Pueblo Water Resources \$96,034 and (d) Granite Rock \$515, 197 reflecting project works with an iron fence as required by the City of Seaside. The motion was approved on a unanimous vote of 6 – 0 by Rubio, Lewis, Adams, Byrne, Clarke and Evans. No comments were directed to the Board during the public comment period on this item.

General Manager Stoldt introduced a member of the audience, Colonel Gregory Ford, the recently appointed Garrison Commander for the Presidio of Monterey.

There was no discussion of these items.

The meeting was adjourned at 8:30 pm.

**Project (CEQA: The Board certified the Final Initial Study/Mitigated Negative Declaration for this project and adopted the Mitigation and Monitoring and Reporting Plan on November 14, 2016.)**

- 19. Consider Expenditure for the Santa Margarita Backflush Basin Expansion Project Construction and Support Services (CEQA: A Resolution to adopt an addendum to the ASR EIR/EA for this project will be presented to the Board on July 16, 2018 in advance of the request for the Board to approve this project. See agenda item 16.)**

#### INFORMATIONAL ITEMS/STAFF REPORTS

20. Letters Received
21. Committee Report
22. Monthly Allocation Report
23. Quarterly Water Use Credit Transfer Status Report
24. Water Conservation Program Report
25. Carmel River Fishery Report
26. Quarterly Carmel River Riparian Corridor Management Program Report
27. Monthly Water Supply and California American Water Production Report

#### ADJOURNMENT

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Arlene M. Tavani, Deputy District Secretary



**ITEM: CONSENT CALENDAR****2. CONSIDER EXPENDITURE TO CONTRACT WITH THE CALIFORNIA CONSERVATION CORPS FOR FALL 2018 VEGETATION MANAGEMENT AND TO REMOVE CONCRETE AT RANCHO CAÑADA (No CEQA action required per CEQA Guidelines Section 15168 Program EIR)**

<b>Meeting Date:</b>	<b>August 20, 2018</b>	<b>Budgeted:</b>	<b>Yes</b>
<b>From:</b>	<b>David J. Stoldt General Manager</b>	<b>Program/ Line Item No.:</b>	<b>Riparian Mitigations 2-1-4</b>
<b>Prepared By:</b>	<b>Thomas Christensen</b>	<b>Cost Estimate:</b>	<b>\$18,311</b>

**General Counsel Approval: N/A****Committee Recommendation: The Administrative Committee reviewed this item on August 13, 2018 and recommended approval.****CEQA Compliance: No CEQA action required per CEQA Guidelines Section 15168 Program EIR. The Board certified the Carmel River Management Plan Environmental Impact Report on October 29, 1984.**

**SUMMARY:** The Board will consider authorizing staff to contract with the California Conservation Corps (CCC), which will provide a crew of approximately 12 workers (6 days) to help District staff carry out vegetation management activities on the Carmel River during the fall of 2018. Vegetation management this year will involve cutting, removing, and dragging large tree limbs out of the river bed and removing debris from the channel in preparation for potential high winter flows. The amount of work required this year warrants the use of CCC workers. This program is conducted in accordance with the District's "Guidelines for Vegetation Management and Removal of Deleterious Materials for the Carmel River Riparian Corridor."

In addition, the CCC will help District staff use jackhammers to break up and remove a concrete bridge pier and deck associated with a collapsed bridge that is lying in the bed of the Carmel River on former Rancho Cañada Golf Course property. This concrete will also need to be carried by hand up and out of the river bed.

**CCC Labor Cost = \$15,840**

Removal of the concrete bridge pier and associated deck will require rental of a compressor trailer, jackhammers, hoses, points, and a cutoff saw.

**Equipment Rental Cost = \$1,471**

In addition, as the District breaks up the concrete, it is possible that large steel reinforcing beams may be encountered within the bridge pier or deck. The District may need a specialist to come and cut the steel with a torch. Carmel Valley Iron Works stated that they could come to the site and cut any large steel beams into smaller sections so they could be carried out.

**Steel Cutting Cost = \$1000 (\$200 for set up and \$100 per hour, only if needed)**



**RECOMMENDATION:** Staff recommends the Board authorize the General Manager to enter into an agreement with the CCC to assist with Vegetation Management and Concrete Removal, rent equipment for concrete removal, and hire Carmel Valley Iron Works for cutting of steel beams for a not-to-exceed amount of \$18,311.

**DISCUSSION:** The District plans to perform in-channel vegetation management and concrete removal along the Carmel River in September and October of 2018. Large trees that have fallen across the river are cut into sections to reduce the risk of debris piles and erosion events during winter flows. Erosion can occur if high flows are directed away from the center of the channel by vegetation and debris dams. In addition, it is anticipated that it will take at least four days to break up the concrete bridge pier and deck in the channel bottom and carry the concrete out of the channel to the truck by hand. It is important to note that the removal of the concrete pier and deck is part of a mitigation offset that will allow the new screen to be placed in the channel bottom for the Sleepy Hollow Intake Project.

**CALIFORNIA ENVIRONMENTAL QUALITY ACT:** The removal by staff of "...snags and other debris from the [Carmel River] channel..." is described as part of the implementation of the Carmel River Management Plan (p. 41, CRMP). The District approved the CRMP as a project with the adoption of Resolution 84-26 on October 29, 1984.

**IMPACT TO STAFF/RESOURCES:** Funds for this project are included in the FY 2018-19 budget under "Riparian Mitigations," line item 2-1-4 Address Vegetation Hazards and Remove Trash, Account 24-03-787040.



Concrete bridge pier to be removed

**EXHIBIT**

None

**ITEM: CONSENT CALENDAR****3. CONSIDER EXPENDITURE TO CONTRACT FOR COMPLETION OF ANNUAL CARMEL RIVER SURVEY (Exempt from CEQA – Section 15306)**

<b>Meeting Date:</b>	<b>August 13, 2018</b>	<b>Budgeted:</b>	<b>Yes</b>
<b>From:</b>	<b>David J. Stoldt, General Manager</b>	<b>Program/ Line Item No.:</b>	<b>Erosion Protection 2-2-2 Carmel Riverbed Topographic Data</b>
<b>Prepared By:</b>	<b>Larry Hampson</b>	<b>Cost Estimate:</b>	<b>\$23,650</b>

**General Counsel Review:** N/A**Committee Recommendation:** The Administrative Committee reviewed this item on August 13, 2018 and recommended approval.**CEQA Compliance:** This action is categorically exempt under California Environmental Quality Act Guidelines section 15306.

**SUMMARY:** MPWMD has cooperated for several years with the California State University at Monterey Bay (CSUMB) to gather and analyze Carmel River data. The Division of Science & Environmental Policy has provided a proposal attached as **Exhibit 3-A** to gather data in the active channel from the Carmel River Reroute to the lagoon. These data will be incorporated into the long-term database the District has developed to monitor and analyze the District's efforts to manage and restore streambank stability, vegetation, and fisheries habitat within the riparian corridor.

**RECOMMENDATION:** Staff recommends the Board authorize the General Manager to enter into an agreement with the University Foundation at CSUMB for a not-to-exceed amount of \$21,495. Staff requests an additional \$2,150 in contingency funding for unforeseen conditions. If this item is approved with the Consent Calendar, the General Manager would be authorized to expend up to \$23,650 for this work.

**DISCUSSION:** CSUMB students have surveyed the Carmel River for large wood abundance and changes in channel geometry on several occasions since 2003. These data are being published annually and are used to track changes in the river resulting from the removal of San Clemente Dam. Replicating previous survey work will document the evolution of the channel and will help inform the Los Padres Dam study as well as long-term management of the Carmel River.

**California Environmental Quality Act Compliance (CEQA): Guidelines**  
Section 15306. Information Collection

Class 6 consists of basic data collection, research, experimental management, and resource evaluation activities which do not result in a serious or major disturbance to an environmental resource. These may be strictly for information gathering purposes, or as part of a study leading to an action which a public agency has not yet approved, adopted, or funded.

**EXHIBIT**  
**3-A** July 24, 2018 Proposal

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**EXHIBIT 3-A**  
**Division of Science & Environmental Policy**  
**California State University Monterey Bay**

100 Campus Center, Seaside CA 93955-8001

(831)582-4110; FAX:(831)582-4122

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July 24, 2018

***2018 Carmel River Cross Section Survey and Large Wood Inventory***

From: Dr. Douglas Smith (CSUMB School of Natural Sciences)

To: Larry Hampson (Monterey Peninsula Water Management District)

**Overview**

San Clemente Dam was removed in 2015. We propose to document geomorphic changes and shifts in sediment size distributions in the third winter runoff following dam removal. We will use benchmarked cross sections and bed material particle counts to collect the data.

The dam removal project is unique in the world because it was designed to produce *de minimis* negative impacts to the downstream reach of river, while providing the ecological benefits of fish passage, restoration of steelhead spawning gravel, and the safety benefits of dam removal (Blanco et al., 2013; Boughton et al., 2016). However, the reintroduction of coarse sediment to the lower Carmel River (from the dam to the coast) can also locally influence flood hazard through channel filling bar formation and floodplain aggradation. Further, bar formation can force flows against stream banks, leading to accelerated erosion of public and private property.

CSUMB established 40 benchmarked river cross sections to monitor the changes in the river related to dam removal. We periodically collect topographic data and perform grain size analysis on the Carmel River (e.g., Leiker et al 2014; Chow et al. 2016a; 2017; Steinmetz and Smith 2018a). The work to date has shown that a small, pool-filling sediment wave of sand and fine gravel prograded just 3.5 km downstream from the dam site in the first post-dam winter (Chow et al. 2016a), and virtually no cross sectional changes were noted. In the second year (water year 2017), high flows eroded a large volume of sediment from above the dam site and deposited it throughout the lower Carmel River, to the coast. The resulting significant cross sectional changes and changes to sediment size were reported in Steinmetz and Smith (2018a) and Harrison et al (in press 2018). Much of the lower river was blanketed in sand and small gravel, leaving fewer opportunities for steelhead spawning in the lower river than existed before the dam removal. While spawning-sized gravel was introduced to the lower river, it is clear that subsequent flows will be needed to winnow the fine sediment, if the high quality gravel will be utilized by spawners. The proposed work will continue monitoring the river to document the changes driven by the average flows of water year 2018.

This proposal is to fund the third post-dam removal surveys that will document any changes resulting from the somewhat modest flows of winter 2018.

The impacts (or lack of impacts) documented by this project will inform the MPWMD and Carmel Valley residents about continual change (or stability) present in the Carmel River channel.

### **Deliverables**

The deliverables will include one final report and associated data in spreadsheet format. The cross section report will include data for approximately 40 cross sections spanning from below Los Padres Dam to the Crossroads shopping center. The report will include the following sections:

- 1) Project background
- 2) Data collection methods
- 3) Presentation of cross section and grainsize analyses in graphs and summary data tables
- 4) Comparison with previous data sets to analyze change occurring before dam removal and as a result of dam removal
- 5) Well organized and annotated data spreadsheet.

### **Budget**

We propose to complete the work for \$21,495, a summary budget is included.

All survey equipment will be provided by the CSUMB Watershed Geology Lab.

We propose to complete the fieldwork fall of 2018 before significant runoff of 2019 water year impedes access to the channel. Reports will be completed before February 2019.

Work on this project is contingent upon contracting between the MPWMD and the University Corporation at Monterey Bay.



Dr. Douglas Smith, Professor  
Division of Science and Environmental Policy

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Budget Items Requested	Year 1 Budget
<b>A. Direct Costs:</b>	
1. Salaries & Wages (professional & clerical employees, temporary and student support, etc.)	\$ 15,050
2. Fringe Benefits	\$ 1,370
3. Materials and Supplies	\$ 300
4. Other (telephone, subscriptions, service vehicle )	\$ 1,568
<b>Total Direct Costs (add 1-10 above):</b>	\$ 18,288.00
<b>B. Indirect/Administrative Costs: 20%</b>	
	\$ 3,658
<b>TOTAL PROJECT FUNDS:</b>	\$ 21,945

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**ITEM: CONSENT CALENDAR****4. CONSIDER EXPENDITURES FOR PERMITTING OF A NEW CARMEL RIVER FISH COUNTING WEIR (*Exempt under CEQA Guidelines Section 15306 and 15378*)**

<b>Meeting Date:</b>	<b>August 20, 2018</b>	<b>Budgeted:</b>	<b>Yes</b>
<b>From:</b>	<b>Dave Stoldt, General Manager</b>	<b>Program/ Line Item No.:</b>	<b>Protect Environmental Quality Program – Aquatic Resources Fisheries</b>
<b>Prepared By:</b>	<b>Kevan Urquhart</b>	<b>Cost Estimate:</b>	<b>\$ 15,000</b>

**General Counsel Approval:** N/A

**Committee Recommendation:** The Administrative Committee reviewed this item on August 13, 2018 and recommended approval.

**CEQA Compliance:** The primary project is Categorical Exempt under the California Environmental Quality Act Guidelines section 15306, and the remaining actions do not constitute a project as defined by the California Environmental Quality Act Guidelines section 15378.

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**SUMMARY:** The District needs to take three actions to begin the permitting process required to install a new fish counting weir that will enumerate the full annual run size of Carmel River steelhead: 1) approve a Notice of Exemption (NOE) under the California Environmental Quality Act (CEQA); 2) approve an expenditure for the fee the California Department of Fish & Wildlife (CDFW) requires for a Lake & Streambed Alteration Agreement (LSAA) permit; and 3) approve a reimbursement agreement between Denise Duffy & Associates (DD&A) and the District to assist in acquiring other State and local permits or waivers.

**RECOMMENDATION:** Staff recommends the Board of Directors: (1) approve the CEQA NOE; (2) approve an expenditure of \$2,170.50 for the CDFW LSAA five-year permit fee; (3) authorize the General Manager to enter into an agreement with DD&A for a not-to-exceed amount of \$7,829.50 for assistance with permit acquisition; and (4) include a \$5,000 contingency for a total expenditure of \$15,000.

**BACKGROUND:** The District budgeted for a new fish-counting weir to be built in the winter of 2018-2019 at River Mile ~0.5. It will be placed between the banks of the Carmel River on property owned by the Carmel Area Wastewater District and the City of Carmel-by-the-Sea. It will be removed and reinstalled annually for up to a six month monitoring season from December – May. The design is a resistance board weir, attached with sand anchors to the substrate, where the center panels are hinged, allowing them to lay down and flatten out under high flows, so that debris can be pass over the structure. The weir includes a trap for adult steelhead on one bank.

The District originally maintained a DIDSON hydro-acoustic sound camera upstream of this location on loan from the CDFW for this purpose, but the use of that device in the lower river has been rendered ineffective by the large number of striped bass that now regularly move up and down the river, which cannot be distinguished from steelhead with existing hydro-acoustic technology.

Preliminary consultations with CDFW and National Marine Fisheries Service staff operating these types of weirs from Santa Cruz County to the Oregon border, and in the Sacramento Valley, suggest that other Counties and the State Coastal Commission (SCC) are not exerting permit jurisdiction over these kinds of seasonal temporary installations elsewhere, and we may simply have to notify the parties and request a waiver. CDFW's Central Region has indicated they will likely require a LSAA, which also requires the District to conduct CEQA compliance, and the Monterey County Water Resources Agency requires formal consultation on any structures placed in the Carmel River flood plain.

**ACTION #1:** The Board should authorize staff to prepare a CEQA NOE, since the action is Categorically Exempt. The Categorical Exemption is identified in Title 14. Natural Resources; Division 6. Resources Agency; Chapter 3: Guidelines for Implementation of the California Environmental Quality Act: Article 19. Categorical Exemptions; Section 15306. Information collection [Section 21084, Public Resources Code] “consists of basic data collection, research, experimental management and resource evaluation activities which do not result in a serious or major disturbance to an environmental resource. These may be for strictly information gathering purposes, or as part of a study leading to an action which a public agency has not yet approved, adopted or funded”.

**ACTION #2:** The Board should approve an expenditure of \$2,1750.50 to acquire a CDFW LSSA for the next five years of weir operations.

**ACTION #3:** The Board should authorize the General Manager to enter into an agreement with DD&A for a not-to-exceed amount of \$7,829.50 for assistance with permit acquisition. Attached as **Exhibit 4-A** is a proposed reimbursement agreement between Denise DD&A and the District. DD&A would be responsible for developing the County and SCC permitting of the weir, if either agency exerts jurisdiction, or acquiring documented waivers, if they do not. MPWMD would be the Lead Agency for California Environmental Quality Act compliance; acquire CDFW LSAA permits for the project; and supervise installation by a specialized biological consulting firm to be selected as a result of a future bid process.

**IMPACT TO STAFF/RESOURCES:** Funds for the permits and to retain the services of DD&A are in the FY 2018-2019 Fisheries Program Budget under account 24-04-785851 “2-3-4 Monitoring of Adult Steelhead Counts: C. Resistance Board Weir Construction (Permitting)” Staff time will also be needed to for CEQA and CDFW LSAA compliance, and to oversee the project.

## **EXHIBIT**

**4-A** Letter proposal from Denise Duffy & Associates



**Denise Duffy & Associates, Inc.**

PLANNING AND ENVIRONMENTAL CONSULTING

July 18, 2018

Larry Hampson  
District Engineer  
Monterey Peninsula Water Management District  
5 Harris Ct., Bldg. G  
Monterey, CA 93942

**Subject: Permit Assistance for the Resistance Board Weir Project**

Dear Mr. Hampson:

Denise Duffy & Associates, Inc. (DD&A) appreciates the opportunity to provide permitting assistance services for the Resistance Board Weir Project to the Monterey Peninsula Water Management District (MPWMD). DD&A will be retained to assist MPWMD in obtaining the necessary permit or an exemption from the California Coastal Commission and County of Monterey Grading Permit and floodplain development authorization.

If you have any questions, please do not hesitate to contact me at (831) 373-4341 ext. 25. We look forward to working with the District on this project.

Sincerely,

A handwritten signature in black ink, which appears to read "Josh Harwayne". The signature is written in a cursive style with a long horizontal flourish at the end.

Josh Harwayne  
Senior Project Manager  
DENISE DUFFY & ASSOCIATES, INC.

**TASKS and OVERVIEW OF SCOPE**

**Task 1. Project Initiation**

This task includes coordination with the MPWMD to further define the scope and project path, identify data needs, confirm deliverables, and establish schedules and protocols for communication. DD&A will coordinate with the District to obtain all relevant project information, including the project description, site plans, aerial photographs, and other pertinent documentation. DD&A will review the project information to evaluate existing environmental conditions, data sets and plans as required for permit acquisition. This task also includes confirmation of required level of environmental review.

**Task 2. Communication and Coordination with Regulatory Agencies**

DD&A will prepare a detailed list of application requirements early in the process so that the District has a clear definition of items needed for the permit processing. DD&A's approach to the permitting requirements is based on direct and recent experience, familiarity with regulatory agency staff and protocol, and successful completion of permit acquisition.

**Task 3. Preparation of Permit Application Packages**

DD&A will prepare and submit permit applications to the California Coastal Commission and Monterey County.

**Task 4. Assistance with Processing Permits/Additional Permits**

DD&A will coordinate with permitting agencies to address comments, data gaps, and concerns that arise during permit processing. Should additional permitting assistance be required, DD&A will complete assigned tasks for processing as requested.

**BUDGET and SCHEDULE**

The tasks required to complete the documentation for the necessary permits will be billed on a Time and Materials (T&M) basis. Attached is DD&A 2018 Fee Schedule.

DD&A is available to initiate the work immediately upon receiving signed authorization from the District.





## Denise Duffy & Associates, Inc.

PLANNING AND ENVIRONMENTAL CONSULTING

### 2018 SCHEDULE OF RATES

#### HOURLY PERSONNEL RATES

Principal	\$220.00
Senior Project Manager/Engineering Specialist	\$184.00
Senior Project Manager	\$158.00
Senior Botanist	\$147.00
Senior Planner/Scientist II	\$147.00
Project Manager	\$138.00
Senior Planner/Scientist	\$128.00
Assistant Project Manager	\$116.00
Environmental Biologist	\$110.00
Associate Planner/Scientist	\$105.00
Assistant Planner/Scientist	\$ 94.00
GIS/Computer Specialist	\$100.00
Administrative Manager	\$ 82.00
Database/Designer/Graphics	\$ 77.00
Field Technician	\$ 66.00
Administrative Assistant	\$ 61.00

Direct reimbursable expenses are charged at DD&A cost, plus 15%.  
These expenses may include, but are not limited to: subconsultants, reproduction,  
courier, postage, long-distance phone, fax and cellular, mileage and field supplies.

Mileage will be charged at the current IRS mileage rate.

Above rates are effective through 12/31/18 and may be adjusted thereafter.



**ITEM: CONSENT CALENDAR**

- 5. CONSIDER APPROVAL OF 2018 ANNUAL MEMORANDUM OF AGREEMENT FOR RELEASES FROM LOS PADRES RESERVOIR AMONG CALIFORNIA AMERICAN WATER, CALIFORNIA DEPARTMENT OF FISH AND WILDLIFE, AND MONTEREY PENINSULA WATER MANAGEMENT DISTRICT** *(Exempt from environmental review per SWRCB Order Nos. 95-10, 98-04, 2002-0002 and 2016-0016, and Section 15268 of the California Environmental Quality Act (CEQA) Guidelines, as a ministerial project; Exempt from Section 15307, Actions by Regulatory Agencies for Protection of Natural Resources.)*

<b>Meeting Date:</b>	<b>August 20, 2018</b>	<b>Budgeted:</b>	<b>N/A</b>
<b>From:</b>	<b>David J. Stoldt, General Manager</b>	<b>Program/ Line Item No.:</b>	<b>Aquatic Resources and Hydrologic Monitoring 2</b>
<b>Prepared By:</b>	<b>Kevan Urquhart</b>	<b>Cost Estimate:</b>	<b>N/A</b>

**General Counsel Review:** N/A

**Committee Recommendation:** N/A

**CEQA Compliance:** Consistent with SWRCB WR Order Nos. 95-10, 98-04, 2002-0002, and 2016-0016.

**ESA Compliance:** Exempt from environmental review per SWRCB Order Nos. 95-10, 98-04, 2002-0002 and 2016-0016, and Section 15268 of the California Environmental Quality Act (CEQA) Guidelines, as a ministerial project; Exempt from Section 15307, Actions by Regulatory Agencies for Protection of Natural Resources.

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**SUMMARY:** Representatives from the Monterey Peninsula Water Management District (MPWMD), California American Water (Cal-Am), the California Department of Fish and Wildlife (CDFW), and National Marine Fisheries Service (NMFS) met on June 21, 2018 to negotiate the terms and conditions for the 2017 Memorandum of Agreement (MOA) for releases and diversions from Los Padres Reservoir to the Carmel River. As has been the case annually since 2010, concurrence was provided only on the minimum low-flow targets for 2018. CDFW and Cal-Am have not yet concurred on additional operational notification language to the existing MOA and are still in negotiation over it.

Based on current storage conditions and expected reservoir inflows, it was agreed that Cal-Am will maintain minimum flows in the Carmel River below Los Padres Dam (LPD) of 10.0 cubic feet per second (cfs) for July, and then 8.5 cfs for August through October. Thereafter relying solely on the natural recovery of river base flows from above LPD, to sustain 8.5 cfs or more for November and December. Inflows to LPD for June through October were estimated from averages of actual flows in 1999 to better match the current flow recession pattern seen to date in 2018, whereas November through December inflows were conservatively represented by the median inflow for a “dry” Water Year Type.

As has been the case in recent years, it is infeasible to set targets maintaining minimum flows at the District's Sleepy Hollow Weir gaging station, due to the variable and unpredictable effects of riparian diversions and summer temperatures on river flow. Nevertheless, the aforementioned release targets below LPD are expected to potentially produce minimum flows at the Sleepy Hollow Weir of between 7.8 to 11.5 cfs during July through October, then potentially returning to estimated natural river flows of as much as 9.4 to 16.1 cfs in November and December 2018.

The "below normal" streamflow conditions to date in 2018 are projected to be representative of what can be expected for the remainder of the year, but the agencies decided to be more conservative and use "dry" streamflow conditions for low flow season planning in November and December. Cal-Am ceased diversions from its wells upstream of the Narrows by June 21st, when Carmel River flow at the District's Don Juan Bridge gaging station in Garland Park had dropped below 20 cfs for the prior five consecutive days. These actions conform to State Water Resources Control Board (SWRCB) Order 2002-0002 and the 2001 NMFS Conservation Agreement with Cal-Am. The Draft 2018 MOA is included as **Exhibit 5-A**.

**RECOMMENDATION:** Staff recommends that the Board approve the 2018 MOA and direct the General Manager to sign the agreement.

**BACKGROUND:** Past MOAs determined minimum flow releases to the Carmel River below San Clemente Dam during the low-flow period (i.e., generally May through December), and the District entered annually into an agreement with Cal-Am and CDFW. Historically, the MOA specified the minimum release that must be maintained from San Clemente Reservoir to the Carmel River and the maximum diversion that was allowed from San Clemente Reservoir to Cal-Am's Carmel Valley Filter Plant (CVFP).

Cal-Am's ability to divert surface flow at San Clemente Dam or control outflow at that point is precluded forevermore by implementation of the final year of the San Clemente Dam Removal and River Reroute Project completed in 2015. Absent a flow control structure at River Mile 18.61, the MOA must now be managed based on releases from Los Padres Dam at River Mile 24.80.

Based on current reservoir storage and projected "below normal" to "dry" LPR inflow conditions for most of the remainder of Calendar Year 2018, it was agreed by all parties at the June 21, 2018 meeting that Cal-Am would:

- a) follow the natural pattern of LPR inflow recession in June and much of July, then
- b) maintain a minimum flow of 10.0 cfs for the remainder of July, stepping down to 8.5 cfs for August through October from LPD to the Carmel River (as measured at MPWMD's Below Los Padres Gage), and
- c) rely on the natural recovery of river base flows from above LPR, thereafter, in order to sustain an estimated natural river flows of 8.5 cfs or more in November and December 2018 (as measured at MPWMD's Below Los Padres Gage).

The projected monthly inflows, releases, diversions and storage values for the August - December 2018 period are shown on **Attachment A of Exhibit 5-A**. The parties will continue to monitor runoff throughout the year and may meet either in August or September to reconsider whether or not any further modifications are needed, if actual inflow and storage differ from the expectations. **Attachment A of Exhibit 5-A** also includes actual values for the October 2017 through May 2018 period, which are shown in bold type.<sup>1</sup>

To maximize the instream flow benefits from the proposed releases, the 2018 MOA also includes a condition that limits the amount of water pumped from Cal-Am's production wells in the Upper Carmel Valley (i.e., above the Narrows) to levels required for maintenance of the wells (**Exhibit 5-B**). This limitation and schedule also applies to the former Water West wells that are now owned and operated by Cal-Am. Similarly, the MOA includes a provision that Cal-Am will make all reasonable efforts to operate its Lower Carmel Valley production wells beginning with the most downstream well and moving to upstream wells as needed to meet system demand. This provision is consistent with Condition No. 5 of SWRCB Order 95-10.

While all parties agreed to the minimum flow targets shown in **Attachment A of Exhibit 5-A**, CDFW and Cal-Am did not discuss or agree to additional language requiring faster notification of any operational changes to the Cal-Am system that could result in the need to accelerate or expand fish rescues. CDFW provided draft language in 2010 that Cal-Am rejected, which resulted in the 2010 through 2016 Low Flow MOAs not being signed by CDFW. Cal-Am complied with the Low-Flow MOA targets in 2010 through 2016. District staff provided alternative draft language at a January 26, 2011 meeting which Cal-Am rejected as overly specific and unworkable. Cal-Am's current position is that CDFW must demonstrate the legal nexus requiring that such additional language be included in future Low Flow MOAs. Even if the Low Flow MOA shown in **Exhibit 5-A** is only signed by the District and Cal-Am, and not CDFW, as was the case in 2010 - 2016, we expect Cal-Am will once again comply with the low-flow targets for 2018.

The proposed MOA may be modified by mutual consent of all the parties and will be monitored weekly by representatives of the three parties. It should be noted that the releases and operations specified in the MOA are consistent with the releases and diversions that were proposed in the Quarterly Water Supply Strategy and Budget for Cal-Am for the July-September 2018 period, on June 7, 2018. If approved, the 2018 MOA becomes effective July 1, 2018, and extends through December 31, 2018.

**IMPACT ON STAFF AND FISCAL RESOURCES:** Due to the current "below normal" inflows that are likely to continue or worsen for the remainder of the year, the lower river is losing surface flow and has begun drying-up after the last significant storm of the year on April 7, 2018. LPD ceased spilling on June 5, 2018. Roving steelhead rescue efforts in the tributaries began on May 2, 2018, and main-stem rescues were initiated on June 25, 2018. District staff will need to do fish rescues and relocations, but will not operate the District's Sleepy Hollow Steelhead Rearing Facility (SHSRF) in 2018, due to planned reconstruction of the intake and addition of Recirculating Aquaculture Systems (RAS).

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<sup>1</sup> Bold type indicates final estimates and italic type indicates preliminary estimates.

**EXHIBITS**

- 5-A** Draft 2018 Memorandum of Agreement between the State of California Department of Fish and Wildlife, California American Water, and the Monterey Peninsula Water Management District to Release Water into the Carmel River from Los Padres Reservoir
- 5-B** Maintenance and Water Quality Pumping Schedule, 2018 – *to be provided at August 20 meeting*

**EXHIBIT 5-A**

**2018 MEMORANDUM OF AGREEMENT  
AMONG THE CALIFORNIA DEPARTMENT OF FISH AND WILDLIFE,  
CALIFORNIA AMERICAN WATER, AND MONTEREY PENINSULA WATER  
MANAGEMENT DISTRICT TO RELEASE WATER INTO THE CARMEL RIVER  
FROM LOS PADRES RESERVOIR**

THIS AGREEMENT is made this 21st day of June, 2018, among the California Department of Fish and Wildlife, ("Department"), California American Water, ("Cal-Am"), and the Monterey Peninsula Water Management District, (the "District"), with respect to the following.

**RECITALS**

- A. The Department is required to conserve and protect the fish and wildlife resources of Los Padres Dam;
- B. Cal-Am supplies water to the citizens of the communities of the Monterey Peninsula, Monterey County in accordance with SWRCB Order No. 95-10, as amended.
- C. The District, through its rules and regulations, establishes a quarterly water supply strategy and budget for the Monterey Peninsula.

**NOW THEREFORE, IT IS HEREBY AGREED:**

**DEFINITIONS**

1. "Minimum pool at Los Padres Reservoir" means a surface water elevation of 980 feet above mean sea level, or 105 acre feet of storage.
2. "Water Release by Cal-Am at Los Padres Dam" into the Carmel River may occur from seepage through the dam, direct release from any discharge port, spillage over the crest of the dam, releases through the fish ladder or smolt emigration facility, releases from the lowest outlet at 980 feet NGVD, or any combination thereof.

**DESIGNATION OF RESPONSIBILITIES**

3. Cal-Am shall make water releases into the Carmel River channel below Los Padres Reservoir beginning July 2018 as follows and summarized in **Exhibit A**: Cal-Am shall maintain 10.0 cubic feet per second (cfs) for July, and then 8.5 cfs for August through October 2018 below Los Padres Reservoir, as measured at the District's Below Los Padres Gage, relying on the natural recovery of river base flows from above the reservoir to sustain flows thereafter.
4. The Russell Wells shall be limited to a combined total instantaneous diversion rate of not more than 0.5 cfs during low-flow periods as set forth in ordering Paragraph No. 4 of SWRCB Order WRO-2002-0002 (**Exhibit B** hereto).

**DRAFT**

5. In the event that a significant change in projected runoff occurs in the basin during the duration of this Agreement, the parties will meet to discuss modifications to the scheduled reservoir releases and diversion.

6. Cal-Am shall limit operation of its wells in the Carmel Valley above the Narrows during low-flow periods as set forth in ordering Paragraph No. 2 of SWRCB Order WRO 2002-0002 (**Exhibit B** hereto). Cal-Am shall notify the District and the Department of its maintenance pumping schedule in advance.

7. Cal-Am shall make reasonable efforts to operate the Lower Carmel Valley production wells in the sequence from the most downstream well and progress upstream as wells are needed and available for production. Cal-Am shall notify the District and the Department before operating its Scarlett No. 8 Well.

8. Cal-Am shall notify the District and the Department when the water elevation reaches 990 feet NGVD at Los Padres Reservoir, and Cal-Am shall not draw Los Padres Reservoir below minimum-pool elevation without obtaining specific written approval from the Department.

9. In the event that Cal-Am has not exceeded its annual production limit from both the Coastal Subareas of the Seaside Groundwater Basin and Carmel River sources, Cal-Am shall make every reasonable effort to produce water from the Coastal Subareas of the Seaside Basin before producing water from its Carmel River sources to preserve streamflow and instream habitat in the Carmel River for listed species, consistent with the production amounts specified in the Quarterly Water Supply Strategy and Budget for Cal-Am's main distribution system.

#### **DISTRICT**

10. The District shall take direct measurements of inflow to Los Padres Reservoir on a monthly basis through the duration of this Agreement.

#### **ALL PARTIES**

11. This Agreement is revocable upon ten days' written notice to all parties signatory to this Agreement.

12. This Agreement is entered into without prejudice to the rights and remedies of any party to the Agreement.

#### **EFFECTIVE DATE AND TERM OF AGREEMENT**

13. This Agreement is effective July 1, 2018 and shall remain in force until December 31, 2018. This Agreement may be modified or extended by mutual consent of all the parties.



**EXECUTION**

IN WITNESS WHEREOF, each party hereto has caused this Memorandum of Agreement to be executed by an authorized official on the day and year set forth opposite their signature.

California American Water

By: \_\_\_\_\_  
511 Forest Lodge Road  
Pacific Grove, CA 93950

\_\_\_\_\_  
Date

Monterey Peninsula Water Management  
District

By: \_\_\_\_\_  
P.O. Box 85  
Monterey, CA 93942-0085

\_\_\_\_\_  
Date

California Department of Fish and  
Wildlife

By: \_\_\_\_\_  
1234 East Shaw Avenue  
Fresno, CA 93710

\_\_\_\_\_  
Date



**EXHIBIT A**

Table 1 [Version 1c] - 06/21/18																
2018 Low Flow Memorandum of Agreement & Quarterly Water Budget																
Los Padres Reservoir: Release Schedule (All Values in Acre-Feet, except Cubic-Feet-per-Second as indicated)																
e-October Flows from Recent Similar WYTs of 1999, 2001, 2009, 2012, and 2016, and then declining to Median Dry WYT Flows in November - December, and Drawdown No Lower Than 1000' Elevation = 378 AF (N)																
Month Represents Water Year Type of:	ExtWet	AboveNorm	CritDry	CritDry	CritDry	Norm	Dry	Dry	Estimated	Estimated	Estimated	Estimated	Estimated	Dry	Dry	
	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	WY 2018
<b>Los Padres Reservoir</b>																
Estimated Inflow	517	713	621	2,011	807	11,081	3,510	1,813	975	489	286	208	95	526	1,399	23,031
Evaporation	19	5	5	17	13	24	21	42	50	46	49	33	20	5	2	324
Outflow as @ BLP Gage																
Spillage	0	0	0	0	0	10,096	2,596	849	199	0	0	0	0	0	0	13,740
Combined Release (Ladder/Trap/980')	851	901	698	857	805	922	893	922	774	617	525	506	525	521	655	9,271
Actual Mean Daily in CFS @ BLP Gage	13.8	15.1	11.4	13.9	14.5	179.2	58.6	28.8	16.4	10.0	8.5	8.5	8.5	8.8	10.7	
Targeted Min. Mean Daily Flow in CFS	7	10	15	n/a	n/a	n/a	n/a	n/a	n/a	10.0	8.5	8.5	8.5	8.5	11.0	
<b>Total Storage</b>																
Beginning of Month	1,117	777	584	502	1,639	1,628	1,669	1,669	1,669	1,621	1,447	1,159	828	378	378	
End of Month	777	584	502	1,639	1,628	1,669	1,669	1,669	1,621	1,447	1,159	828	378	378	1,120	
<b>Between Reservoirs</b>																
Net Inflow from Tributaries	212	256	278	301	301	4,138	1,337	488	244	122	32	11	5	58	350	7,720
All Estimated Losses (Div. + E.T.)	0	0	0	0	0	0	0	0	0	31	58	53	37	21	16	142
<b>Sleepy Hollow Weir</b>																
Total Estimated Release	1,063	1,156	976	1,158	1,106	15,156	4,826	2,259	1,217	708	499	464	493	558	989	30,588
Estimated Mean Daily Flow in CFS	17.3	19.4	15.9	18.8	19.9	246.5	81.1	36.7	20.5	11.5	8.1	7.8	8.0	9.4	16.1	
<b>Notes:</b>																
1. The minimum pool requirement at Los Padres Reservoir is 105 acre-feet at elevation 980 ft.																
2. Projected inflows for the June - October are based on approximately 1999's pattern of inflows, and the November - December 2018 period are based on Median Dry WYT.																
3. Inflows are apportioned Above and Below LPD, as 80/20% in June - July, 90/10% August, 95/5% in September - October, 90/10% in November, and 80/20% in December.																
4. Estimated evaporation from LPR in June - December are actual measured values from 2010.																
5. Releases and diversions are consistent with terms of the 2001 and 2006 Conservation Agreements between the NMFS and Cal-Am and with the conditions in SWRCB Order Nos. 95-10, 98-04, 2002-0002, and 2016-0016.																
6. Numbers in <b>Bold</b> type are final reported numbers, and those in <i>Italics</i> are future estimates.																
7. LPR storage values based on preliminary results from the 2017 Bathymetric Survey of LPR, beginning July 1, 2017; max capacity @ 1039.78' = 1,669 AF.																



## EXHIBIT B

STATE OF CALIFORNIA  
STATE WATER RESOURCES CONTROL BOARD

ORDER WRO 2002 – 0002

In the Matter of Reconsideration of WR Order 2001-04-DWR  
Implementing Condition 6 of Order WR 95-10 as Modified by  
Order WR 98-04 Regarding Diversions by  
California-American Water Company

SOURCE: Carmel River

COUNTY: Monterey

**ORDER RECONSIDERING WR ORDER 2001-04-DWR**

IT IS FURTHER ORDERED that Cal-Am shall comply with Condition 6 of Order WR 95-10, as modified by Order WR 98-04 as follows:

1. Cal-Am shall immediately upon issuance of this order cease withdrawal of water from the San Clemente Dam during low flow periods except during an emergency. “Emergency” means a system failure such as a pump failure, main breaks or fires, that jeopardizes the public health and safety. Hot weather demand alone shall not *per se* be an “emergency,” but it is recognized that after taking appropriate conservation measures, if levels in the Clear Well fall below nine feet from the bottom of the tank, an emergency may exist and diversions at San Clemente or the utilization of other facilities may be necessary. Nine feet from the bottom of the tank is a minimum requirement established by California Department of Health Services regulations. In all cases, diversions at San Clemente Dam or the utilization of other facilities shall be undertaken in a manner that is least damaging to the fishery resources, and these emergency operations shall be for the shortest practicable time. Cal-Am shall notify and consult with NMFS, FWS, DFG, and the District prior to implementation of emergency operations. If there is no time for consultation, Cal-Am shall notify NMFS, FWS, DFG, and the District of its emergency operation as early as practicable within eight (8) hours after Cal-Am first becomes aware of the emergency. Cal-Am shall notify, by telephone or telefax, the Chief of the Division of Water Rights within 24 hours of the emergency or by noon of the first business day following the incident. For the purpose of this Order, “low flow periods” are defined as times when stream flow in the Carmel River at the Don Juan Bridge (RM 10.8) gage is less than 20 cfs for five consecutive days. Pursuant to its continuing authority over the public trust, the SWRCB may amend this order to modify the definition of “low flow periods” or to add additional flow requirements to protect steelhead in the Carmel River. The Chief of the Division of Water Rights (Chief) is delegated the authority to modify the definition of “low flow periods” and the authority to add flow requirements based on new information, after finding that any proposed change to the order would better protect steelhead in the Carmel River. The Chief is also delegated the authority to modify the flow requirements of this order, in response to any changes in the requirements imposed under the Endangered Species Act, as necessary to prevent this order from being in violation of the Endangered Species Act or unreasonably interfering with efforts to comply with the Endangered Species Act. Prior to making the finding and prior to making any change to the order, the Chief shall provide notice to the parties to this hearing and give them an opportunity to comment on the proposed change.



**ITEM: PUBLIC HEARING****14. CONSIDER SECOND READING AND ADOPTION OF ORDINANCE NO. 179 CLARIFYING RULES RELATED TO THE REBATE PROGRAM, PERMITS, AND WATER WASTE**

**Meeting Date:** August 20, 2018                      **Budgeted:** N/A

**From:** Dave Stoldt,  
General Manager                      **Program/  
Line Item No.:** N/A

**Prepared By:** Stephanie Locke                      **Cost Estimate:** N/A

**General Counsel Approval:** This ordinance has been reviewed by Counsel  
**Committee Recommendation:** The Water Demand Committee discussed the conceptual ordinance on July 10, 2018.

**CEQA Compliance:** This ordinance is exempt from the California Environmental Quality Act pursuant to CEQA Guidelines Section 15301, Existing Facilities, for modifications to Rule 141, as these amendments relate to replacement of existing facilities with less water intensive uses.

**SUMMARY:** Draft Ordinance No. 179 (**Exhibit 14-A**) makes minor changes to existing rules. The ordinance is needed to make amendments to the Rebate Program to support the District's HEART (High Efficiency Applied Retrofit Targets) effort. HEART is funded by a Proposition 1 Integrated Regional Water Management Disadvantaged Community Involvement Program grant from the Department of Water Resources (DWR) to the Central Coast Funding Area (CCFA). The HEART project is focused on the City of Seaside's Disadvantaged Communities (DAC) and will provide free or low-cost installations of water efficient toilets, showerheads and faucet aerators, High Efficiency Clothes Washers, High Efficiency Dishwashers, leak detection and repairs, dish squeegees, dye tablets for toilets, etc. The amendments proposed in this ordinance allow Multi-Family Dwellings located in the DAC areas to receive Rebates for purchase and installation of more than 20 toilets on a Site.

Ordinance No. 180 also includes the following:

1. Rule 11 edits to "Legal Parcel" and "Ultra High Efficiency Toilet" definitions.
2. Rule 23 clarification that past and future water use should be done according to the methodology codified in Rule 24.
3. Rule 23 notice that Major Landscapes audited by a Certified Landscape Irrigation Auditor require corrections noted in the audit to be made prior to the District's final inspection.
4. Rule 23 exemption by GM for fire service hardships and add requirement to deed restrictions. Exemptions must know that rationing enforcement could result in a Flow Restrictor.

5. Rule 141 is amended to include leases of High Efficiency Clothes Washers in Common Laundry Rooms and to allow Multi-Family Dwelling Units in the DAC to receive Rebates for more than 20 High Efficiency Toilets.
6. Rule 162-B-5 is amended to exempt non-MPWRS Wells from the Wednesday/Saturday watering days and to encourage Well irrigators located in urban areas to display signage that indicates the water used for irrigation is from a Well or other Source of Supply on the Site.

**RECOMMENDATION:** Staff recommends the Board adopt Ordinance No. 179 following second reading.

**EXHIBITS**

**14-A** Draft Ordinance No. 179

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**EXHIBIT 14-A***SECOND READING DRAFT***ORDINANCE NO. 179****AN ORDINANCE OF THE BOARD OF DIRECTORS OF  
THE MONTEREY PENINSULA WATER MANAGEMENT DISTRICT  
CLARIFYING RULES RELATED TO THE REBATE PROGRAM, PERMITS,  
AND WATER WASTE****FINDINGS**

1. The Monterey Peninsula Water Management District (District or Water Management District) is charged under the Monterey Peninsula Water Management District Law with the integrated management of the ground and surface water resources in the Monterey Peninsula area.
2. The Water Management District has general and specific power to cause and implement water conservation activities as set forth in Sections 325 and 328 of the Monterey Peninsula Water Management District Law.
3. The Monterey Peninsula Water Management District has found and determined that it is in the best interests of the Monterey Peninsula Water Management District and its inhabitants to define, implement and enforce water efficient plumbing standards and requirements for the conservation of Potable water supplies. Retrofit or replacement of existing plumbing fixtures lessens consumption of the limited water resources available on the Monterey Peninsula. Installation of water efficient plumbing fixtures reduces the burden of new, expanded or modified uses on the water resources.
4. This ordinance clarifies the Rule 23 process for estimating water demand prior to application for a Water Permit, clarifies that corrections noted in a Major Landscape Project audit shall be completed prior to a final inspection by the District, and authorizes the General Manager to exempt projects that demonstrate an Undue Hardship from the requirement to install separate water lines in the meter box to supply domestic and fire suppression systems.
5. Amendments to the Rule 141 Rebate Program are necessary to support the District's HEART (High Efficiency Applied Retrofit Targets) program. HEART is funded by a Proposition 1 Integrated Regional Water Management Disadvantaged Community

Involvement Program grant from the Department of Water Resources (DWR) to the Central Coast Funding Area (CCFA). The HEART project is focused on the City of Seaside's Disadvantaged Communities (DAC) and will provide free or low-cost installations of water efficient toilets, showerheads and faucet aerators, High Efficiency Clothes Washers, High Efficiency Dishwashers, leak detection and repairs, dish squeegees, dye tablets for toilets, etc. Outreach activities include education and outreach to DAC property owners, managers and renters. DAC residents benefit through site assessments and completion of appliance retrofits. Program participants should lower water/energy usage and lower bills. The amendments proposed in this ordinance allow Multi-Family Dwellings located in the Disadvantaged Communities to receive Rebates for purchase and installation of more than 20 toilets on a Site.

6. Ordinance No. 178 incentivized retrofits completed prior to January 1, 2019, when Senate Bill 407 (Padilla) requires certain retrofits. Property owners/managers are encouraged to use the Rebate Program to facilitate conversion of older toilets to High Efficiency or Ultra High Efficiency Toilets and replacement of older Clothes Washers with High Efficiency Clothes Washers.
7. This ordinance allows Rebates for High Efficiency Clothes Washers in Common Laundry Rooms that are leased from a vendor. Water savings from Multi-Family Residential retrofits is estimated to save up to 60 percent of the pre-retrofit water use. There are approximately 10,500 Multi-Family Dwelling Units in the DAC area, as determined by MPWMD in consultation with the California American Water Company and the Seaside Municipal Water District. Assuming 50% of these units are served by common-area laundries, the overall market potential for water savings in this area are anticipated to exceed 126 AFY.
8. Common Laundry Rooms provide excellent opportunities for water conservation because the frequency of use for each Clothes Washer is much greater than in-home machines. While an in-home machine averages only 4 to 6 loads per week, common area machines often wash 20 to 50 loads per week per Clothes Washer.
9. Most older coin-operated Clothes Washers have a Water Factor rating of 12 to 14 (top loaders); using 35 to 45 gallons per load. Newer water efficient models have a Water Factor rating of 4 to 8, using as little as 12 gallons per load.
10. This ordinance is exempt from the California Environmental Quality Act pursuant to CEQA Guidelines Section 15301, Existing Facilities, for modifications to Rule 141, as these amendments relate to replacement of existing facilities with less water intensive uses.

NOW THEREFORE be it ordained as follows:

## ORDINANCE

### **Section One:            Short Title**

This ordinance shall be known as the 2018 IRWM Grant Support Ordinance of the Monterey Peninsula Water Management District.

### **Section Two:            Purpose**

This ordinance amends and clarifies Rules related to the Rebate Program, Water Permits, and Water Waste.

### **Section Three:            Amendments to Rule 11**

Rule 11 shall be amended as shown below, with added language as shown in ***bold italic*** type face, and deleted language shown in ~~strikeout~~ type face.

LEGAL PARCEL - The term “Legal Parcel” ~~or “Parcel”~~ shall ~~refer~~ ***mean*** to the recorded legal description of a property that qualifies as a buildable legal lot of record under current rules of the applicable land use planning Jurisdiction.

ULTRA HIGH EFFICIENCY TOILET – “Ultra High Efficiency Toilet” or “UHET” shall mean a toilet that is designed and manufactured ~~to flush~~ with a maximum ***effective flush volume*** of 0.8 gallon of water and that is labeled by the U.S. Environmental Protection Agency’s WaterSense program. ***(Note: The UHET category includes dual-flush fixtures, which have been determined to meet the volume requirement by defining the effective flush volume as the average volume achieved with one full flush and two reduced flushes.)***

### **Section Four:            Amendments to Rule 23**

1. Rule 23-A-1-e shall be amended as shown below, with added language as shown in ***bold italic*** type face, and deleted language shown in ~~strikeout~~ type face.

e.        The General Manager shall calculate the appropriate Capacity Fee for the Project

using Rule 24, Calculation of Water Use Capacity and Capacity Fees. *Estimation of past and future water use should be done according to the Rule 24 methodology.*

2. Rule 23-A-1-o shall be amended as shown below, with added language as shown in ***bold italic*** type face, and deleted language shown in ~~strikeout~~ type face.
  - o. Following Project completion, a final inspection of the Project shall be conducted by the District. ***Major Landscape Projects shall be audited by a Certified Landscape Irrigation Auditor and corrections noted in the audit shall be made prior to District inspection.*** If the completed Project varies from the permitted Project, application for an amended Water Permit is required. When the completed Project has fewer fixture units than the number permitted (Residential Water Permits), or has a smaller Water Use Capacity than permitted (Non-Residential ***and landscape*** Water Permits), the Applicant shall not be required to secure the signature of the authorized official of the applicable Jurisdiction on the Water Release Form.
  
3. Rule 23-B-2-c shall be amended as shown below, with added language as shown in ***bold italic*** type face, and deleted language shown in ~~strikeout~~ type face. The remaining provisions of Rule 23 shall remain unchanged by this ordinance.
  - c. All New Structures receiving a Water Permit after January 1, 2009, shall have separate water supply lines that tee off after the Water Meter to supply fire suppression service and domestic service as demonstrated in Figure 23-1, unless the User has separate Water Meters maintained by the Water Distribution System Operator for fire and domestic services. This configuration shall facilitate installation of a Flow Restrictor in the domestic service without interfering with the fire suppression service.

***The General Manager shall have authority to make exceptions to this requirement for Undue Hardship. Exceptions shall be recorded on the property title with notice that rationing enforcement could result in a Flow Restrictor.***

### **Section Five: Amendments to Rule 141**

1. Rule 141-A shall be amended by adding the following footnote to the word “purchase” as shown in ***bold italic*** type face:

**A. QUALIFYING DEVICES**

Rebates are available for purchase<sup>1</sup> of the following Qualifying Devices within the boundaries of the Monterey Peninsula Water Management District. Qualifying Devices and the associated Rebate amount are shown in Table XIV-1.

<sup>1</sup> *Rebates are available for High Efficiency Clothes Washers in Common Laundry Rooms that are leased under a contract with a vendor.*

2. Rule 141-C-2 shall be amended as shown below, with added language as shown in ***bold italic*** type face, and deleted language shown in ~~strikeout~~ type face.
  2. No Rebate shall be issued for installation of Qualifying Devices that are required to be installed and maintained by Regulation XIV of the District with the exception of High Efficiency Toilets installed at Sites owned and operated by California Non-Profit Corporations. No Rebate shall be issued for installation of Qualifying Devices that ~~have been used~~ ***were required*** to obtain a Water Permit. Rebates shall be available until the date the retrofit becomes mandatory, such as the date a Change of Ownership or Change of Use occurs or a Water Permit is issued ***unless modified by the Board of Directors***. Rebates shall not be available for Qualifying Devices that have been required to be installed and maintained by local, State, or Federal water conservation programs.
3. Rule 141-C-5 shall be amended as shown below, with added language as shown in ***bold italic*** type face, and deleted language shown in ~~strikeout~~ type face.
  5. Rebates shall be available for a maximum of twenty (20) toilets on all Non-Residential Qualifying Properties with the exception of Qualifying Properties owned and operated by a California Non-Profit Corporation ***or that participate in the District's High Efficiency Appliance Retrofit Target (HEART) program.***
4. Rule 141-C-5 shall be amended as shown below, with added language as shown in ***bold italic*** type face, and deleted language shown in ~~strikeout~~ type face. The remaining provisions of Rule 141 shall remain unchanged by this ordinance.

4. Written authorization of the current property owner *or property manager* shall be required for Applicants who are not the owners of the property for which a Rebate is requested. The authorization must indicate ~~the property owner's~~ consent to the Applicant receiving a Rebate for installation of the Qualifying Devices. Applications submitted without ~~owner~~ approval will be denied.

**Section Six:**            **Amendment to Rule 162-B-5, Prohibition on Water Waste**

Rule 162-B-5 shall be amended as shown below, with added language as shown in *bold italic* type face, and deleted language shown in ~~strikeout~~ type face.

5. Irrigation between 9 a.m. and 5 p.m. on any day, and irrigation on any day other than Saturdays and Wednesdays, except for irrigation overseen by a professional gardener or landscaper who is available on Site and that is not exceeding a maximum two watering days per week. This prohibition applies to hand watering with a hose, and irrigation systems whether spray, drip, or managed by a Smart Controller. Limited hand watering of plants or bushes with a small container or a bucket is permitted on any day at any time. Subsurface Graywater Irrigation Systems may also be operated at any time. An exemption may be given to a Non-Residential establishment whose business requires water in the course of its business practice (e.g. golf courses, nurseries, recreational space, among others) with notification by the business owner to the District, and subject to the approval of the General Manager.

*Irrigation using water from a Well is exempt from the watering day restriction if irrigation is done in an efficient manner. Well irrigators located in urban areas are encouraged to display signage that indicates the water used for irrigation is from a Well or other Source of Supply on the Site.*

**Section Seven:**            **Publication and Application**

The provisions of this ordinance shall cause the republication and amendment of Rules 11, 23, 141, and 162 of the Monterey Peninsula Water Management District.

**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 20th day of August, 2018, 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 an ordinance duly adopted on the 20th day of August, 2018.

Witness my hand and seal of the Board of Directors this \_\_\_\_ day of \_\_\_\_\_ 2018.

\_\_\_\_\_  
David J. Stoldt, Secretary to the Board





**ITEM: DISCUSSION ITEM****15. MONTEREY PENINSULA WATER SUPPLY PROJECT (MPWSP) CPUC PROPOSED DECISION ON APPLICATION 12-04-019; DISCUSS DISTRICT COMMENTS AND AUGUST 22<sup>ND</sup> ORAL ARGUMENTS****Meeting Date: August 20, 2018** **Budgeted: N/A****From: David J. Stoldt** **Program/**  
**General Manager** **Line Item No.: N/A****Prepared By: David J. Stoldt** **Cost Estimate:****General Counsel Approval: N/A****Committee Recommendation: N/A****CEQA Compliance: This action does not constitute a project as defined by the California Environmental Quality Act Guidelines Section 15378.**

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**DISCUSSION:** On August 13, 2018 the California Public Utilities Commission (CPUC) issued its proposed decision regarding the Monterey Peninsula Water Supply Project (MPWSP) application A.12-04-019 of California American Water Company (Cal-Am). The CPUC is expected to act on the proposed decision at its September 13<sup>th</sup> or September 27<sup>th</sup> meetings. Their action would include certification of the Final Environmental Impact Report, issuance of a Certificate of Public Convenience and Necessity (CPCN – in effect, permission to build the 6.4 MGD desalination plant), and issuance of a final decision. Comments on the proposed decision are due by September 4<sup>th</sup> and oral arguments are scheduled for August 22<sup>nd</sup>.

The proposed decision is summarized below and can be found on the District’s website at:

<http://www.mpwmd.net/water-supply/water-supply-project/technical-aspects/cpuc-proposed-decision-on-application-12-04-019/>

or use the “Water Supply” menu and click on “Monterey Peninsula Water Supply Project”.

The document is 196 pages, so not included with this staff note. It is accompanied by 9 appendices, which will be posted to the web as they become available:

- APPENDIX A – Procedural History
- APPENDIX B – Parties Positions on Supply and Demand
- APPENDIX C – CEQA/NEPA Findings
- APPENDIX D – Mitigation Monitoring and Reporting Program
- APPENDIX E – FEIR/EIS Errata
- APPENFIX F – Modified Comprehensive Settlement Agreement
- APPENDIX G – Modified Sizing Settlement Agreement
- APPENDIX H – Return Water Settlement
- APPENDIX I – Brine Discharge Settlement

**SUMMARY:** Key aspects of the proposed Order include the following:

- The Final Environmental Impact Report is certified
- A Certificate of Public Convenience and Necessity is granted for a 6.4 MGD desalination plant.
- If the return water obligation under the Monterey County Water Resources Agency Act is greater than an average of six percent (6%) for years 0-7; four percent (4%) in years 8-15; or 1.5% annually from year 16 forward, ratepayers will not bear any costs for meeting the return obligation above these amounts.
- The cost cap for the MPWSP and the remaining Cal-Am Only Facilities is \$279.1 million excluding the amounts authorized in D.16-09-021 (the Monterey Pipeline.) To expend funds that Cal-Am intends to recover from ratepayers beyond the capital cost cap, Cal-Am must file a petition to modify the decision.
- Rate recovery for any Operations and Maintenance expenditures will not be authorized absent prior Commission authorization as part of the first general rate case after the Monterey Peninsula Water Supply Project is in operation.
- The Construction Funding Surcharge set forth in the decision is authorized and will be included in a Tier 3 advice letter adjusting the financing framework set out in the Comprehensive Settlement Agreement.
- Cal-Am shall file an application with the Commission requesting issuance of a financing order to allow for the securitization financing (District public financing) option consistent with this decision.
- Cal-Am shall submit a Tier 2 advice letter to reflect the service area extensions set out in Section 5 of the Return Water Settlement to provide water to Castroville Community Services District and Castroville Seawater Intrusion Project.

The Order will also close the Application, effective the date of the final decision.

The proposed decision also made certain findings and conclusions of law, as noted below:

**Sizing and Demand:** The CPUC stated its goal was to ensure a public water system can meet the maximum daily demand and for a system of Cal-Am's size to meet peak hour demand for 4 hours in a day with source capacity, storage capacity, and/or emergency connections. Further, the CPUC concluded that projecting any future demand amount less than approximately 14,000 afy presents unreasonable risk without commensurate public benefit.

The CPUC stated that it felt assertions by some parties that the downward trend in water use in the District will continue and that only minimal growth will occur in demand after 2021 are not convincing. Cal-Am has met its burden of proof in that its forecast of demand when weighed with those opposed to it has more convincing force and the greater probability of truth. Cal-Am has

shown that its forecast of demand considers the maximum day demand and peak hour demand for the past ten years. Cal-Am has met its burden of proof that its projections of future demand are reasonable in the circumstances of this case.

The Commission is not persuaded that it can rely upon the offers made by Marina Coast Water District or the proposed PWM expansion as available sources of water to Cal-Am, stating: “The Commission cannot rely upon the concept of potential expansion of the PWM project absent more concrete and specific information to find that additional supply is available to Cal-Am. Even if completed, PWM expansion alone fails to provide sufficient supply to meet the average demands assumed in MPWSP planning, and will not provide sufficient supply flexibility to meet most peak demands.”

**Source Water:** In order for Cal-Am to possess appropriative rights to fresh water under a “developed water” legal basis whereby the MPWSP essentially creates a new water source, Cal-Am would need to be able to demonstrate that any withdrawal of basin water that is not ocean water would not injure or harm other existing basin water rights holders. There is no permit regime for such an appropriative water right, hence Cal-Am cannot obtain a water rights permit before MPWSP implementation. The MPWSP will primarily draw seawater, but could draw some brackish water that includes fresh water, but is not expected to intersect with or draw fresh water on its own. Such brackish water is not used and useful in its existing state, therefore the withdrawal of the fresh water component of the source water is not expected to cause harm or injury to existing legal water users. Cal-Am proposed that basin groundwater could be extracted without harm to existing lawful water uses by returning desalinated product water into the basin in the amount of the fresh water molecules that originated in the basin that are included in the withdrawn brackish water. The CPUC stated “Cal-Am’s extraction from the Basin will not harm the quality of the Basin water, and over the years by returning supply water to the Basin the MPWSP will ultimately benefit the Basin groundwater users” and “The record supports the likelihood that Cal-Am will possess legal water rights for the MPWSP and that the MPWSP is not made infeasible by concerns over water rights.”

**Coordination with State Water Board:** The timing associated with water supply constraints is governed by the orders issued by the State Water Resources Control Board, including but not limited to WR 95-10 (July 6, 1995), WR 2009-0060 (October 20, 2009) and WR 2016-0016 (July 19, 2016), and deadlines required of Cal-Am for certification of milestone compliance reporting stemming from those orders. Because of the timing of the State Water Resources Control Board Cease and Desist Orders, this decision should be effective on the date of the final decision.

**Balance of Ratepayer Risk:** There may be some risk with the use of slant well technology for the MPWSP, as such project risk should be appropriately apportioned between ratepayers and shareholders. Further, any sale of excess desalinated water should inure to the benefit of Cal-Am ratepayers, who are providing the vast majority of the funding for the MPWSP, and should correspondingly benefit from any sales of the product water.

If the MPWSP goes offline for any reason other than routine maintenance or operates below a reasonable capacity for four (4) weeks or more Cal-Am is to notify and confer with the Commission and may require the estimated amount that loss of operation is costing ratepayers and a mechanism to refund/credit ratepayers for such amount. For a more extended outage, if the MPWSP is offline, or slant wells fail to produce at a level that is cost effective for ratepayers for

two (2) or more months, Cal-Am is to immediately notify the Commission and to propose a process to have the plant back online with a timeline, or to remove the MPWSP from rates and determine an appropriate mechanism to reimburse ratepayers for any recovery of costs for the time the MPWSP is not used and useful.

The Commission must retain its authority to ensure that Cal-Am ratepayers are paying cost-based rates related to the MPWSP, and its discretion to verify that these costs are appropriate, are project based, and do not include any costs that would otherwise be paid by the Public Agencies in the normal course of business. The Public Agencies have their own transparent processes and procedures. To the extent that these agencies, in exercising their duties to be accountable to their constituencies, find that particular aspects of the MPWSP are not reasonable and cost effective, it is reasonable to require Cal-Am to bring this issue to the Commission for its review and consideration, by filing the appropriate pleading.

**Previous Settlement Agreements:** The CPUC declined to adopt the Comprehensive Settlement Agreement filed on July 31, 2013 given its age, and that many of the provisions are either moot or require modifications. They do agree that the framework set forth in the agreement provides an appropriate structure, supported by the record, for operations and maintenance costs, financing, ratemaking, and contingency. The CPUC also rejected the Sizing Settlement Agreement, filed on July 31, 2013 stating this settlement is no longer relevant, and that the issues included in it are fully addressed in the decision and decided based on record evidence and the FEIR/EIS. They did adopt the Return Water Settlement and the Brine Discharge Settlement.

**ITEM: INFORMATIONAL ITEMS/STAFF REPORTS****16. LETTERS RECEIVED****Meeting Date: August 20, 2018** **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: This action does not constitute a project as defined by the California Environmental Quality Act Guidelines section 15378.**

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A list of letters that were submitted to the Board of Directors or General Manager and received between July 11, 2018 and August 10, 2018 is shown below. One letter was received and it is attached as **Exhibit 16-A**.

<b>Author</b>	<b>Addressee</b>	<b>Date</b>	<b>Topic</b>
George T. Riley	John Robertson cc MPWMD Board	7/12/2018	Request feasibility analysis of Cal Am's test slant well for sub-ocean intake for desal.

**EXHIBIT****16-A** July 12, 2018 letter from George T. Riley



# PUBLIC WATER NOW

P.O. Box 1293, Monterey CA 93942

www.publicwaternow.org publicwaternow@gmail.com



RECEIVED

JUL 17 2018

MPWMD

John Robertson, Executive Director  
 #3, Central Coast Regional WQCB  
 895 Aerovista Place, Suite 101  
 San Luis Obispo, CA 93401

July 12, 2018

Dear Sir,

This request is for this Regional Water Board to require a full feasibility analysis of Cal Am's test slant well (TSW) for sub-ocean intake for desal, consistent with regulations of the State Water Resources Control Board in its Ocean Plan of 2015. California American Water proposes to use this intake method for its Monterey Peninsula Water Supply Project (MPWSP), to be consistent with new state policy, **if feasible**. Cal Am is sponsoring and financing the project, in anticipation of obtaining all required permits, and recovering its costs in water rates.

Public Water Now (PWN) brings this request. PWN is a water ratepayer advocate organized in an all volunteer, 501(c)4 non-profit community organization operating on the Monterey Peninsula. Its mission is to track water supply issues, promote awareness with the general public and elected officials, and to seek a long term sustainable and affordable water supply through public ownership. The driving force is the extraordinarily high cost of Cal Am water, a string of project failures by Cal Am, the CPUC's continued willingness to charge ratepayers for those failures, and a general lack of transparency.

PWN requests that the CCRWQCB consider and evaluate the full range of feasibility factors of Cal Am's test slant well (TSW) subsurface intake arrangements for its proposed desal facility, as you review the permit for NPDES. PWN specifically asks that you require Cal Am to make a full feasibility report to your Board, and to the public, prior to acting on any related permit. 'If feasible' should be meaningful.

## FEASIBILITY IS A QUESTION

The demand to try subsurface intakes for ocean desal first, before any other option is pursued, is new. It requires large investments up front before any practical and useful work can be done, even before

significant data collection and analysis. It has the support of several state agencies. But since this is a new technology, the state wisely asked for a feasibility determination before any new desal project proceeds, or before an alternative is proposed. The feasibility determination has evaluation factors described in the CA Ocean Plan.

A sham review of 'feasibility' at this stage will not serve the state's purpose to evaluate this option. If 'feasibility' is treated lightly, and the project succeeds or fails for whatever reason, will state agencies have learned anything? Will state agencies feel any pain without a specific feasibility assessment? Local customers and ratepayers sure will.

Ocean Plan Amendment, adopted in 2015, applies to new desalination projects. I call attention to several responsibilities assigned to the regional water board (underlined).

Ocean Plan Section M.2.a(1): The owner or operator shall submit a request for a Water Code section 13142.5(b) determination to the appropriate regional water board as early as practicable. This request shall include sufficient information for the regional water board to conduct the analyses described below. The regional water board in consultation with the State Water Board staff may require an owner or operator to provide additional studies or information if needed, including any information necessary to identify and assess other potential sources of mortality to all forms of marine life. All studies and models are subject to the approval of the regional water board in consultation with State Water Board staff. The regional water board may require an owner or operator to hire a neutral third party entity to review studies and models and make recommendations to the regional water board.

Has Cal Am submitted its request for a WC section 13142.5(b) determination, as required?

If yes, does it contain a full evaluation of the test slant well experience? It is available to the public? If it is available, please send a link to PWN, PO Box 1293, Monterey CA 93942-1283, and to my attention: georgetriley@gmail.com

If no, when is the earliest practicable time?

If no, PWN requests that you require a 'feasibility report' on the full experience and analysis of the test slant well located near Marina.

CA Ocean Plan Amendment Section M.2.a(2): The regional water board shall conduct a Water Code section 13142.5(b) analysis of all new and expanded desalination facilities. A Water Code section 13142.5(b) analysis may include future expansions at the facility. The regional water board shall first analyze separately as independent considerations a range of feasible alternatives for the best available site, the best available design, the best available technology, and the best available mitigation measures to minimize intake and mortality of all forms of marine life. Then, the regional water board shall consider all four factors collectively and determine the best combination of feasible alternatives to minimize intake and mortality of all forms of marine life. The best combination of alternatives may not always include the best alternative under each individual factor because some alternatives may be mutually exclusive, redundant, or not feasible in combination.



Section M.2.a(2) specifies an evaluation of four factors – site, design, technology and mitigation. However other provisions and the definition of ‘feasibility’ include future expansions, time, economic and social factors.

Definition of “feasible” in the CA Ocean Plan, 2015

FEASIBLE for the purposes of chapter III.M, shall mean capable of being accomplished in a successful manner within a reasonable period of time, taking into account economic, environmental, social, and technological factors.

The regional board is not limited in the issues it analyzes.

CA Ocean Plan Amendment Section M.2.a(4): In conducting the Water Code section 13142.5(b) determination, the regional water boards shall consult with other state agencies involved in the permitting of that facility, including, but not limited to: California Coastal Commission, California State Lands Commission, and California Department of Fish and Wildlife. The regional water board shall consider project-specific decisions made by other state agencies; however, the regional water board is not limited to project-specific requirements set forth by other agencies and may include additional requirements in a Water Code section 13142.5(b) determination.

## DISCUSSION

### 1. History of Cal Am Failures

In the 29 years between Cal Am's purchase of the Monterey system in 1966 and 1995, it made no effort to develop a larger supply. The local water management district made two major efforts in early 1990s, but voters turned both down. Only after the first CDO in 1995, did Cal Am even make its first attempt to develop a supply project. And since 1995, Cal Am has failed three times. All failures were from Cal Am decisions. None were from voter rejections. Cal Am failed in 1998-2004 when it abandoned its proposed new dam on the Carmel River, at a stranded cost on ratepayers of \$3 million. In 2006-07 it abandoned a desal project at Moss Landing, with a ratepayer cost of \$12 million. Cal Am withdrew from a public-private partnership in 2012, called the Regional Desal Project, at an additional ratepayer cost of \$20 million (which could reach \$38 million pending litigation and CPUC proceedings). The CPUC has already approved passing all these Cal Am stranded costs on to ratepayers.

This is an abysmal track record by California American Water. In 52 years, no new supply. In the last 23 years three consecutive failures costing ratepayers over \$35 million. This history prompted the emergence of Public Water Now, and other ratepayer advocacy groups. As ratepayers pay more and more, shareholders get the benefit. As ratepayers shoulder the cost of risks, corporate utilities continue to be rewarded with large profit potential for ‘risks’ they have not taken.

But the experience of ratepayers on the Peninsula is to pay for Cal Am’s stranded costs. Since litigation is a relatively high likelihood with this project, we fear another experience of paying for stranded costs. Now is the time to require a full feasibility analysis.

## 2. No reports that address feasibility.

There has been no feasibility report on the TSW made by Cal Am.

The Hydrogeologic Working Group has oversight responsibilities for data collection and analysis, but there is a problem here. It issued a special technical report in October 2017, but it failed to mention, much less address, issues of feasibility.

The FEIR/S has been released. It refers to computer modeling that suggests minimum harm to the source water in the Salinas Basin. But it did not refer to, nor conclude in any way, that the state guidelines on feasibility were met.

A proposed 'large settlement agreement' crafted in 2013 contains the provision that Cal Am shall determine feasibility.

Large Settlement Agreement dated 7/31/2013.section 5.3: After careful consideration of the findings and conclusions set forth in the Technical Report, California American Water, in consultation with the Technical Group and other necessary or appropriate agencies, shall focus its production from a shallow portion of the aquifer system, sometimes referred to as the Sand Dunes Aquifer, and pursue a source water project and program for the MPWSP, to the extent feasible, that is most consistent with the Technical Report and the recommendations of the Technical Group. Consistent with the foregoing sentence and to the extent feasible, California American Water will pursue source water development, for the MPWSP in the shallow portion of the aquifer system. As used in this paragraph, whether a source water project or program is feasible shall be determined by California American Water.

There is no feasibility report on the local TSW. Cal Am's claim to have that authority is in direct conflict with the Ocean Plan requirement that the Regional Water Board has that responsibility.

## 3. Experimental and new, needs evaluation

The State Water Board, the CPUC and the CA Coastal Commission know that slant wells are a new engineering approach. It is experimental. Although highly desirable in concept, there is no evidence of a successful operation. Even with high quality design, engineering, and hydro-geologic data collection and analysis, there is still this one stunning fact – there is not one operational success to draw upon. Not in California. Not in the United States. Nowhere in the world.

That is the primary reason to seek a robust feasibility analysis. But another key reason this Regional Water Board needs to conduct an objective review is the current weaknesses and unaddressed matters in the TSW process to date.

The only experience with slant wells for desal intake to date is the pilot project at Dana Point, Doheney Beach, in Orange County. It was started a decade ago, tested for 18 months, but now sits idle. Of the five initial public agencies that sponsored it, four have withdrawn because of high and unpredictable future costs. Also the pump efficiency was less than expected, and the filter packs were not as effective as planned.

After Cal Am proposed slant well technology for the Peninsula, many officials commented on the need for the test slant well. It was new and needed a test period to prove its practicality.

Here are quotes from key parties that point to the need for a robust feasibility evaluation.

- “...slant test is an experiment...” Congressman Farr (Pine Cone 11-7-14)
- “...further the state of knowledge with respect to alternatives to open ocean intakes.” Mark Stone, Assemblyman, 29<sup>th</sup> District, letter of support.
- “This will provide important information for the state.” Steve Kinsey, Chair of CCC, (at permit hearing on Nov 12, 2014)
- “...prove the feasibility of the state's preferred subsurface intake method.” Jan Zimmer, member of CA Coastal Commission. (Herald 11-13-2014)
- “This research is important to the entire water industry.” Re research grant of \$200,000 from WaterReuse Foundation
- “...is the right thing ...(locally) and the right thing for the state.” Rob MacLean, President, Cal Am, (Herald 11-13-14) “...critical to the future of desalination...” CA report 10/2014
- “We’re probably pushing the max as far as how large (intake)...can get.” “How well the bearings will hold up over time is an area of concern.” Rich Svindland, Cal Am Chief Engineer, National Driller.
- “...has only been done once...” “It’s still a very rare method.” Dennis Williams, president of GEOSCIENCE (Cal Am contractor), National Driller.

These general comments are informative. No parameters were set. Some areas of concern were identified. However the general tenor was clear – a feasibility analysis was expected. To date only comments by Cal Am interests have been made about the TSW – to wit, the pump works, the volume of water is what was expected, and salinity readings are close to the target numbers.

#### **4. Hydrogeologic Working Group (HWG) is compromised**

The creation of the Hydrogeologic Working Group (HWG) was an attempt to create a team of technical professionals to oversee site specific impacts, design and engineering elements, and to oversee the evaluation design and process of data collection, and assessment of trends. But the actual workings of the HWG has remarkable unprofessional and quality deficiencies.

The HWG is not objective. All four HWG members represent private interests (two for Cal Am and two for private agricultural interests represented by Salinas Valley Water Coalition). Both Cal Am representatives are serving in support of a positive outcome for Cal Am. The agricultural representatives intend to assure that extraction of ground water is in compliance with the Agency Act that forbids exporting water from the Salinas Basin. The possibility of a shallow evaluation of slant well data is high, thus leading to a bias in favor of the project. This makes HWG credibility and objectivity highly questionable.

Research by Public Water Now discovered a conflict of interest in the HWG. Dennis Williams and his company Geoscience owns international patents for the slant well design and installation in the test slant well. Williams subcontracted to Cal Am AND the CPUC for evaluating the substance of test well modeling, data collection, and evaluation. Williams had not disclosed his patents to the CPUC, nor to the public. The company that can profit the most by a successful slant well test is the very same company charged with determining if the test is successful.

Cal Am initially denied, then admitted, that it was using the patents. This farce took a far more serious turn when the CPUC acknowledged the conflict of interest, and terminated its involvement with Williams/Geoscience.

These weaknesses in the HWGi are important because its reports will be used in support of the new policy favoring subsurface intakes. We know that major state agencies want a successful subsurface intake. The conflict of interest, and a narrow representation of the team of experts, suggest a bias. The 'expert' conclusion about test slant well outcomes cannot be considered legitimate. State interests in 'feasibility' will not have been addressed in a credible way.

## 5. Feasibility Issues not discussed in Cal Am or related documents

1. Cal Am has designed the test slant well at 19 degrees from horizontal. Cal Am claims the lowest angle in the past was 21 degrees. There should be comments on this new angle being workable, or what problems may have, or not have, been encountered. This is especially relevant since Cal Am has proposed the next 7 to 9 wells in the well field at CEMEX will be drilled at 14 degrees. These steps to push the envelope should be part of 'if feasible' analysis.
2. Cal Am has not reported on the fact that about 150 feet of well casing could not be extracted from the TSW. It was left in place in the middle of the intake screens. Inflow may be restricted. What are the facts? Why did this happen? What was the reason for the original design? Have design changes been planned? What engineering or technological implications are there? Does a lower angle of 14 degrees for future wells face similar problems? How serious is this further expansion of the experiment? Does any state agency care?
3. Partially discussed in HWG reports is that salinity percentages have ranged from about 89% to 92%. The HWG, and the FEIR/S state this is close to the target of 96%, close enough to give their blessings to proceed. This has expensive implications. Every percentage point below 100% is a % of costs that is subsidized by ratepayers, because the percent below 100% cannot be exported for potable use on the Peninsula. This is the law in the Agency Act that is protected by the two members from agriculture interests on the HWG. Ratepayers are exposed from the narrow interests of Cal Am and agriculture.
4. The Dana Point well produced more sand than expected, indicating a well screen issue. Also the water chemistry changed throughout the testing period. The changing chemistry will require innovative operational flexibility. We do not know these details with Cal Am's TSW. There needs to be wider explanations of what is different, if so, and more transparency. This can come only with a bona fide feasibility assessment.
5. The life cycle cost projections need additional professional input. There is little history of large pumps operating at an angle over extended periods of time. So far, only Cal Am has offered

its opinion. Since slant wells have no extended history with sea water, we deserve more confidence in cost projections. This is an economic factor of feasibility.

6. Mitigation. These costs are anticipated to be small with slant wells. However development, maintenance and replacement costs are expected to be high, possibly very high. In comparison, an open ocean intake will be less costly, but will it have high mitigation requirements? Would they be approximately the same, or would one be more risky and/or more costly than the other? Do agency professionals guess at this questions, or do they gather appropriate data? The FEIR/S avoids cost and expense questions. Where do these questions get raised, and how are they handled? This is why a robust feasibility review is required.
7. Cal Am and its well design contractor GEOSCIENCE Support Services Inc. have admitted to be pushing the envelope. According to an earlier article about the TSW, the length and size “is pushing the max...”. The angle will impose unique stress on pump bearings so that how they “will hold up over time is an area of concern.” (National Driller, September 1, 2014). There has been no public reporting on these questions.
8. Some allowance must be made that recognizes the complete lack of actual experience on which to base cost projections. Extraordinarily high contingencies should be anticipated. This should include as a minimum various unknowns about actual component parts, replacement requirements, design reconfigurations, type of maintenance demands, life cycle issues and redundancy requirements. This is another economic factor that should be considered.

## **6. Costs have skyrocketed**

Our community should not be expected to completely finance a new, state-ordered, experimental slant well with unproven technology. And since this new technology will be used for the bulk of our water supply, where does the state separate its interest by requiring it, and the ratepayers who pay for all of it.

PWN understands that slant wells are stated to be the “environmentally superior alternative” in past and current CEQA/NEPA documents. Ratepayers do not argue that point. But because they are superior environmentally does not mean they are practical or affordable or desirable or that harm is fully understood or fully mitigated.

Cal Am’s then President MacLean called it a “relatively novel approach.” This is a remarkable understatement. It is completely new for the entire world. The fact is this: slant wells for ocean desal intake are an unproven experimental approach. Cal Am initially estimated a \$4 million cost, but it has skyrocketed to over \$21 million in just over three years. This is atrocious to ratepayers. Furthermore it deserves a professional review by the state – a feasibility analysis.

High costs side-lined the Dana Point project after it reached about \$5 million. Dana Point received about \$1.5 in grants, or about 30%. Cal Am has received \$1 million, about 5% of the reported but unverified cost of \$21 million for its test well.

The water shortage on the Peninsula does not mean ‘water at any price’, including financing an entirely new and experimental approach, and paying for its fine-tuning into the future. And pouring good money after bad is not a plan. A feasibility analysis is required.

This is still an experiment. All costs are based on one test well in Orange County. No operational experience exists. Costs estimates for long term maintenance and replacement are speculative guesses. For such an experiment, grant funds would be expected. After all, it is the state that has required this experiment. Ratepayer pocketbooks, not state coffers, are exposed. However since no appropriate grants are available, at the very least the project should comply with answering the 'if feasible' question so ratepayers can get the full picture. Doesn't the state also want a thorough and relevant feasibility assessment?

Three major state agencies advocated for sub-ocean intakes for desal, "if feasible" – State Water Resources Control Board, CA Coastal Commission, CPUC. All three make reference to cost as a factor of feasibility. The current \$21 million price tag should be a 'red flag' to state agencies. The 'demand' for the test, and the lack of state funding to offset local costs, is a slap in the face of ratepayers.

No small community, nor any sized community, should be exposed to the risk and the financial burden for such an experimental project. This is state-ordered research and development at local cost. The ratepayer base is quite small, about 40,000 meters. It is too small to assume the risks and costs for experimental and unproven technology with unknown impacts. It's importance goes far beyond the Monterey Peninsula. Ratepayers must be protected from high and unjustified costs, especially with Cal Am's track record of stranded costs.

PWN further fears the argument that will surely come – that more and more money needs to be invested so as not to waste money spent to date. How does a community prepare for this question, especially if the decision is in the hands of Cal Am? A robust feasibility analysis can minimize this possibility. A site specific set of criteria that ignores cost will not. 'If feasible' should be meaningful.

Whatever is learned from the TSW, it will benefit the state, the industry, and beyond. It may benefit the patent holder as well. It is a crying shame that no state funds have been made available. It will be additional shame if the TSW does not get a robust feasibility evaluation.

## **7. Other factors: water rights, science, ocean intake alternatives, Water Rights not resolved**

These points acknowledge that there are many unresolved issues connected to this project.

Cal Am has no water rights for the project. A track for acquiring water rights has been suggested by SWRCB. Litigation may be necessary to gain clarity.

Actual location of the intake screens may be the critical factor in determining water rights. Under the ocean is relatively litigation-free. Under land will engage the decades of legal precedence. Cal Am's screen locations are about 80% under land.

The over-drafted Salinas River Basin is a state designated severely over-drafted basin in the SGMA legislation. It is very the location of Cal Am's slant well field. This makes it even more imperative that a robust feasibility analysis be conducted.

The well site is in a different water jurisdiction. The source water is intended to benefit a different jurisdiction, with no benefit of any kind to the source jurisdiction. This is bad.

More recent scientific imaging of the area has been completed by Marina Coast Water District. This new data significantly contradicts the computer modeling used in Cal Am's application. Science matters. When does this new data get considered? And does it trump computer modeling? Science

and cost questions should be at the heart of the feasibility determination. Neither is getting the attention it deserves.

The CDO deadlines add an overlay of urgency that interferes with rational discussions. Facts and thoughtful review can prevail, but only if certain permitting or regulatory agencies show the nerve or leadership to not let new policy (subsurface intake) override practical consideration of all costs and implementation risks.

More good money after bad is an earmark of a project gone wild. Or maybe a management with tunnel vision. This is how "white elephants" are hatched.

There is no groundswell of opinion or fact to support this project. A failure to conduct a serious assessment will be an embarrassment to the state, a seriously unexplained project, and a huge cost to current and future ratepayers, and full of unaddressed questions.

## CONCLUSION AND REQUEST

Some project has to go first. But at some point, management decisions must consider more than site specific and engineering information. Surely cost, and cost comparisons, are part. Maybe it is risk avoidance, such as litigation delay. Maybe it is an alternative that has new or comparative advantages. Maybe it is larger policy implications, such as an opportunity to enhance a regional objective in addition to the Peninsula objective. May it is all of these.

Being blind is a choice. No new experimental large expensive project should be allowed to get too far without a focused cost and cost comparison assessment. At an absolute minimum, this is the feasibility determination.

PWN wants all decisions to be based on facts, not hopes. This is the objective of the 'if feasible' question. This is not the time to ignore hard questions. This is not the time for cheer-leading on limited facts, nor fear mongering about missing CDO milestones. However it is time to account for risks, particularly when facts are so scarce. Declaring a policy is a good start. Now is the time to be hard-nosed on implementation facts and risks.

From any point of view, "if feasible" needs a professional objective review. It is requested that your Regional Water Board conduct such an analysis. At a minimum, the Regional Water Board should require Cal Am to produce such a feasibility report, and the Regional Water Board make a robust vetting of it.

Please do not leave the community with the simple promise by Cal Am: "Trust us." That is not good enough under any circumstance. Clearly it is insufficient with the TSW history. And "trust us" absolutely does not pass muster with recent stranded costs from three previous project failures that Cal Am initiated and abandoned.

I would like to speak with you about this. Thank you.



George T Riley

Director, Public Water Now

CC: State Water Resources Control Board

Senator Bill Monning

Assemblyman Mark Stone

John Laird, State Secretary of Natural Resources

→ Board, Monterey Peninsula Water Management District *Chair + Board*

Board, Monterey Peninsula Regional Water Authority

Mayor and Council, City of Marina

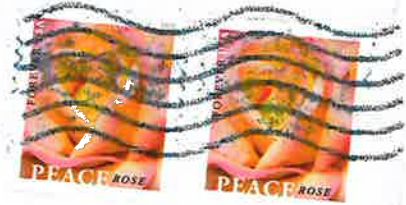
Board, Marina Coast Water District



Public Water Now  
PO BOX 1293  
Monterey, CA 939420

OAKLAND CA 946

14 JUL 2016 PM 3 L



Chair + Board Members  
Monterey Peninsula Water Agency District  
5 Harris Court. Bldg 6.  
Monterey CA 93940









**EXHIBIT 17-A**

FINAL MINUTES  
**Monterey Peninsula Water Management District**  
**Administrative Committee**  
*July 10, 2018*

**Call to Order**

The meeting was called to order at 2:37 PM in the District Conference Room.

Committee members present: Brenda Lewis – Chair  
 Andrew Clarke  
 Molly Evans

Staff present: David Stoldt, General Manager  
 Stephanie Locke, Water Demand Manager  
 Larry Hampson, Water Resources & Engineering Manager/District Engineer  
 Maureen Hamilton, Water Resources Engineer  
 Arlene Tavani, Executive Assistant  
 Jonathan Lear, Senior Hydrgeologist  
 Maureen Hamilton, Water Resources Engineer

**Oral Communications**

None

**Items on Board Agenda for July 16, 2018**

1. **Consider Adoption of Minutes of June 11, 2018 Committee Meeting**  
On a motion by Clarke and second of Lewis, the minutes were approved on a vote of 2 – 1 by Clarke and Lewis. Evans abstained from voting. No public comment.
  
2. **Consider Expenditure to Contract for Construction and Services to Complete the Carmel River Bank Stabilization at Rancho San Carlos Road Project**  
Clarke made a motion and Evans seconded, to recommend that the Board of Directors approve a contract with Empire Landscaping, Inc. and limit the contingency to 15%. The committee recommended approval of an expenditure up to a total of \$907,000. This would include: (a) Empire Landscaping construction of project \$517,365; (b) service contracts for associated services \$32,000; (c) contingency \$82,635; and (d) if the District must contract for the next highest bidder the General Manager could execute contracts for up to \$907,000. The motion was approved on a vote of 3 – 0 by Clarke, Evans and Lewis. No public comment.
  
3. **Consider Expenditure to Contract for Construction and Related Services for the Sleepy Hollow Steelhead Rearing Facility Raw Water Intake and Water Supply System Upgrade Project**  
On a motion by Evans and second of Clarke, the committee voted unanimously to recommend that the Board approve an expenditure of \$2,000,000 to complete the upgrade at the Sleepy Hollow Steelhead Rearing Facility. This would include: (a) \$1,802,835 to contract with Mercer Fraser; (b) \$30,000 for service contracts for associated tasks; and (c) \$157,165 for change orders or new service

contracts for unforeseen items. The motion was approved on a vote of 3 – 0 by Evans, Clarke and Lewis. No public comment.

**4. Consider Approval of Amendment to License Agreement with California American Water for the Sleepy Hollow Steelhead Facility Upgrade**

Clarke made a motion and Evans seconded, to recommend that the Board of Directors amend an existing license agreement with California American Water to allow the District to upgrade the Sleepy Hollow Steelhead Rearing Facility. The motion was approved on a vote of 3 – 0 by Clarke, Evans and Lewis. No public comment.

**5. Consider Expenditure to Contract with Normandeau Associates, Inc. for Carmel River IFIM for IFIM Model Support**

On a motion by Clarke and second of Evans, the committee recommended that the Board of Directors authorize staff to contract with Normandeau Associates, Inc. for a not-to-exceed amount of \$20,000. The motion was approved on a vote of 3 – 0 by Clarke, Evans and Lewis. No public comment.

**6. Consider Expenditure for the Santa Margarita Backflush Basin Expansion Project Construction and Support Services**

On a motion by Evans and second of Clarke, the committee recommended that the Board of Directors authorize an expenditure of \$688,515 to complete the Santa Margarita Backflush Basin Expansion Project. That includes (a) \$527,869 contract with Granite Rock; (b) \$96,034 contract with Pueblo Water Resources; (c) \$55,215 to amend the FORA agreement; and (d) \$9,397 to amend the contract with Denise Duffy & Associates. The motion was approved on a vote of 3 – 0 by Evans, Clarke and Lewis. No public comment.

**7. Consider Contract with Pueblo Water Resources to Provide Aquifer Storage and Recovery Operational Support**

Evans offered a motion and Clarke seconded, to recommend that the Board of Directors authorize an expenditure of \$70,000 to contract with Pueblo Water Resources. The motion was approved on a vote of 3 – 0 by Evans, Clarke and Lewis. No public comment.

**8. Consider Authorizing Monterey Bay Analytical Services to Provide Laboratory Support for Watermaster Water Quality Monitoring**

On a motion by Clarke and second of Evans, the committee recommended that the Board of Directors authorize an expenditure of \$10,000 for laboratory support to be provided by Monterey Bay Analytical Services. The motion was approved on a vote of 3 – 0 by Clarke, Evans and Lewis. No public comment.

**9. Consider Authorizing Monterey Bay Analytical Services to Provide Laboratory Support for Aquifer Storage and Recovery Project Operations**

Clarke offered a motion and Evans seconded, to recommend that the Board of Directors authorize an expenditure of \$60,000 for laboratory support to be provided by Monterey Bay Analytical Services. The motion was adopted on a vote of 3 – 0 by Clarke, Evans and Lewis. No public comment.

**10. Consider Adoption of Treasurer's Report for May 2018**

On a motion by Evans and second of Clarke, the committee recommended that the Board of Directors adopt the Treasurer's Report for May 2018. The motion was adopted on a vote of 3 – 0 by Evans, Clarke and Lewis. No public comment.

**Other Business**

**11. Review Draft July 16, 2018 Board Meeting Agenda**

The committee reviewed the draft agenda.

**Adjournment**

The meeting adjourned at 4:45 pm.

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**EXHIBIT 17-B  
GOVERNANCE COMMITTEE  
FOR THE  
MONTEREY PENINSULA WATER SUPPLY PROJECT**

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California American Water • Monterey County Board of Supervisors  
Monterey Peninsula Regional Water Authority • Monterey Peninsula Water Management District

**FINAL MINUTES  
Regular Meeting  
Governance Committee  
for the  
Monterey Peninsula Water Supply Project  
January 17, 2018**

- Call to Order:** The meeting was called to order at 1:30 pm in the conference room of the Monterey Peninsula Water Management District offices.
- Members Present:** Bill Kampe, representative for Monterey Peninsula Regional Water Authority (arrived at 1:45 pm)  
Jeanne Byrne, representative for Monterey Peninsula Water Management District  
Mary Adams, representative for Monterey County Board of Supervisors  
Rich Svindland, representative for California-American Water (non-voting member)
- Members Absent:** None
- Pledge of Allegiance:** The assembly recited the Pledge of Allegiance.
- Public Comments:** **(a) Michael Warburton**, representing the Public Trust Alliance, expressed confidence in the settlement process that is in underway for the Monterey Peninsula Water Supply Project (MPWSP). He stated that instead of a conflict between engineers and lawyers, this process could result in a reasonable compromise that would put everyone in a better place. Also, that there are phenomenal opportunities to unwind the maze of legal problems that the project has at the California Public Utilities Commission (CPUC) level. **(b) Tom Rowley**, representing the Monterey Peninsula Taxpayers Association, described as false, statements made at the November 15, 2017 meeting that desalination was unproven technology. He stated that the slant well technology for production of the source water has not been proven, and he asserted that desalination is a proven technology.

**Action Items**

- 1. Approve Committee Meeting Minutes of November 15, 2017**  
On a motion by Adams and second of Byrne, the minutes of November 15, 2017 were approved unanimously on a vote of 2 – 0 by Adams and Byrne. Kampe was absent for the vote. No comments were directed to the committee during the public comment period on this item.

**2. Adopt 2018 Committee Meeting Schedule**

On a motion by Adams and second of Byrne, the 2018 committee meeting schedule was approved on a vote of 2 – 0 by Adams and Byrne. Kampe was absent for the vote. No comments were directed to the committee during the public comment period on this item.

**Discussion Items**

**3. Status Report by California-American Water as to Monterey Peninsula Water Supply Project Generally**

Chris Cook, Assistant Engineering Manager for California American Water (Cal-Am), reviewed the MPWSP anticipated schedule, which is on file at the District office and can be viewed on the Water Management District website. He reported that the Monterey Pipeline should be completed in 2018, in advance of Pure Water Monterey (PWM) project construction. Cal-Am estimates that construction of the desalination project facilities could begin in 2019, after the California Coastal Commission issues a permit. The desalination project could be operational by 2021.

**4. Status Report by California-American Water As to Monterey Pipeline**

Mr. Cook continued narration of the PowerPoint presentation that is on file at the District office and can be viewed on the Water Management District website. (Mayor Kampe arrived at the meeting during Mr. Cook's presentation.) Cook reported that 5.5 miles of the 7 mile Monterey pipeline had been installed. He reviewed the change orders listed on slides 5, 6 and 7. In response to a question from the committee, Cook stated that one-third of the pipeline had been pressure tested, and there were plans to pressure test other areas before final paving was completed in those areas. Cook advised the committee that Cal-Am intends to present RFPs to the committee for review before a change order is put out to bid. In response to a question from the committee, Cook informed the committee that cost estimates are based on construction of a 6.4 mgd desalination plant. If the final decision was that a 4.8 mgd plant should be constructed, that could be achieved through removal of a reverse osmosis train or other minor changes.

Public Comment: **(a) Jim Cullem**, Executive Director – Monterey Peninsula Regional Water Authority, suggested that at a future meeting Cal-Am present the detailed project schedule to the Governance Committee, and advise them of the permits that must be obtained following issuance of the Certificate of Public Convenience and Necessity (CPCN) and many junctures in the schedule that could cause project delays. **(b) Michael Warburton**, Public Trust Alliance, asked if an investigation had been completed on project alternatives should the CPCN not be awarded for the desalination project. He stated that there is an enormous amount of water in Monterey County that is used very cheaply and could be sold for more expensive uses. According to Mr. Warburton, it is realistic to assume the CPCN will not be issued.

**5. Suggest Items to be Placed on Future Agendas**

It was suggested that Cal-Am present an overview of the number of permits that must be obtained to complete the desalination project, also an update on future change orders and RFPs.

During the public comment period on this item, **Tom Rowley** asked for an update on security at the slant wells located at the CEMEX plant, considering the impending plant closure. In response, Rich Svindland of Cal-Am stated that the CEMEX plant will be staffed for six more years, and Cal-Am has implemented ongoing security measures.

**Adjournment:** The meeting was adjourned at approximately 2:17 pm.

  
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Arlene M. Tavani,  
Clerk to the MPWSP Governance Committee



**EXHIBIT 17-C**  
**GOVERNANCE COMMITTEE**  
**FOR THE**  
**MONTEREY PENINSULA WATER SUPPLY PROJECT**

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California American Water • Monterey County Board of Supervisors  
Monterey Peninsula Regional Water Authority • Monterey Peninsula Water Management District

**FINAL MINUTES**  
**Regular Meeting**  
**Governance Committee**  
**for the**  
**Monterey Peninsula Water Supply Project**  
*January 17, 2018*

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**Adjournment:** The meeting was adjourned at approximately 2:17 pm.

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Arlene M. Tavani,  
Clerk to the MPWSP Governance Committee









**EXHIBIT 18-A**  
**MONTHLY ALLOCATION REPORT**  
**Reported in Acre-Feet**  
**For the month of July 2018**

Jurisdiction	Paralta Allocation*	Changes	Remaining	PRE-Paralta Credits	Changes	Remaining	Public Credits	Changes	Remaining	Total Available
<b>Airport District</b>	8.100	0.000	5.197	0.000	0.000	0.000	0.000	0.000	0.000	5.197
<b>Carmel-by-the-Sea</b>	19.410	0.000	1.398	1.081	0.000	1.081	0.910	0.000	0.182	2.661
<b>Del Rey Oaks</b>	8.100	0.000	0.000	0.440	0.000	0.000	0.000	0.000	0.000	0.000
<b>Monterey</b>	76.320	0.000	0.263	50.659	0.000	0.030	38.121	0.000	2.325	2.618
<b>Monterey County</b>	87.710	0.000	10.717	13.080	0.000	0.352	7.827	0.000	1.775	12.844
<b>Pacific Grove</b>	25.770	0.000	0.000	1.410	0.000	0.022	15.874	0.000	0.133	0.155
<b>Sand City</b>	51.860	0.000	0.000	0.838	0.000	0.000	24.717	0.000	23.373	23.373
<b>Seaside</b>	65.450	0.000	7.146	34.438	0.000	34.438	2.693	0.000	1.144	42.728
<b>TOTALS</b>	<b>342.720</b>	<b>0.000</b>	<b>24.721</b>	<b>101.946</b>	<b>0.000</b>	<b>35.923</b>	<b>90.142</b>	<b>0.000</b>	<b>28.932</b>	<b>89.576</b>

Allocation Holder	Water Available	Changes this Month	Total Demand from Water Permits Issued	Remaining Water Available
<b>Quail Meadows</b>	33.000	0.000	32.320	0.680
<b>Water West</b>	12.760	0.000	9.372	3.388

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

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**EXHIBIT 18-B**  
**MONTHLY ALLOCATION REPORT**  
**ENTITLEMENTS**  
**Reported in Acre-Feet**  
**For the month of July 2018**

**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. <sup>1</sup>	228.260	0.100	31.431	196.829
Del Monte Forest Benefited Properties <sup>2</sup> (Pursuant to Ord No. 109)	136.740	0.077	50.586	86.154
Macomber Estates	10.000	0.000	9.595	0.405
Griffin Trust	5.000	0.000	4.829	0.171
<b>CAWD/PBCSD Project Totals</b>	<b>380.000</b>	<b>0.177</b>	<b>96.441</b>	<b>283.559</b>

Entitlement Holder	Entitlement	Changes this Month	Total Demand from Water Permits Issued	Remaining Entitlement/and Water Use Permits Available
City of Sand City	206.000	0.000	4.353	201.647
Malpas Water Company	80.000	0.458	9.773	70.227
D.B.O. Development No. 30	13.950	0.000	1.088	12.862
City of Pacific Grove	66.000	0.000	0.000	66.000
Cypress Pacific	3.170	0.000	3.170	0.000

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



## EXHIBIT 18-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.

**Ordinance No. 165** was adopted on August 17, 2015, established a Water Entitlement for Malpas Water Company and amended the rules to reflect the process for issuing Water Use Permits.

**Ordinance No. 166** was adopted on December 15, 2015, established a Water Entitlement for D.B.O. Development No. 30.

**Ordinance No. 168** was adopted on January 27, 2016, established a Water Entitlement for the City of Pacific Grove.



**ITEM: INFORMATIONAL ITEM/STAFF REPORTS****19. WATER CONSERVATION PROGRAM REPORT**

<b>Meeting Date:</b>	<b>August 20, 2018</b>	<b>Budgeted:</b>	<b>N/A</b>
<b>From:</b>	<b>David J. Stoldt, General Manager</b>	<b>Program/ Line Item No.:</b>	<b>N/A</b>
<b>Prepared By:</b>	<b>Kyle Smith</b>	<b>Cost Estimate:</b>	<b>N/A</b>

**Committee Recommendation:** N/A**CEQA Compliance:** This action does not constitute a project as defined by the California Environmental Quality Act Guidelines Section 15378.**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, 1.2 gpm Washbasin faucets, 1.8 gpm kitchen, utility and bar sink faucets, 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 compared against the properties that have submitted WCCs. Details on **129** property transfers that occurred in July 2018 were added to the database.

**B. Certification**

The District received **38** WCCs between July 1, 2018, and July 31, 2018. Data on ownership, transfer date, and status of water efficiency standard compliance were entered into the database.

**C. Verification**

In July, **74** properties were verified compliant with Rule 144 (Retrofit Upon Change of Ownership or Use). Of the **74** verifications, **42** properties verified compliance by submitting certification forms and/or receipts. District staff completed **47** Site inspections. Of the **47** properties inspected, **32 (68%)** passed inspection. **None** of the properties that passed inspection involved more than one visit to verify compliance with all water efficiency standards.

**Savings Estimate**

Water savings from HET retrofits triggered by Rule 144 verified in July 2018 are estimated at **0.690** Acre-Foot Annually (AFA). Water savings from retrofits that exceeded the requirement (i.e., HETs to Ultra High Efficiency Toilets) is estimated at **0.130** AFA (13 toilets). Year-to-date estimated savings from toilet retrofits is **7.350** AFA.

**D. CII Compliance with Water Efficiency Standards**

Effective January 1, 2014, all Non-Residential properties were required to meet Rule 143, Water Efficiency Standards for Existing Non-Residential Uses. To verify compliance with these

requirements, property owners and businesses are being sent notification of the requirements and a date that inspectors will be on Site to check the property. This month, District inspectors performed **five** inspections. Of the **five** inspections certified, **three (60%)** were in compliance. **None** of the properties that passed inspection involved more than one visit to verify compliance with all water efficiency standards; the remainder complied without a reinspection.

MPWMD is forwarding its CII inspection findings to California American Water (Cal-Am) for their verification with the Rate Best Management Practices (Rate BMPs) that are used to determine the appropriate non-residential rate division. Compliance with MPWMD's Rule 143 achieves Rate BMPs for indoor water uses, however, properties with landscaping must also comply with Cal-Am's outdoor Rate BMPs to avoid Division 4 (Non-Rate BMP Compliant) rates. In addition to sharing information about indoor Rate BMP compliance, MPWMD notifies Cal-Am of properties with landscaping. Cal-Am then conducts an outdoor audit to verify compliance with the Rate BMPs. During July 2018, MPWMD referred **two** properties to Cal-Am for verification of outdoor Rate BMPs.

#### E. Water Waste Enforcement

In response to the State's drought emergency conservation regulation effective June 1, 2016, 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](http://www.mpwmd.net) or [www.montereywaterinfo.org](http://www.montereywaterinfo.org). There were **seven** Water Waste responses during the past month. There were **no** repeated incidents 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 **81** Water Permits in July 2018. **Ten** Water Permits were issued using Water Entitlements (Pebble Beach Company, Malpas Water, etc.). **No** Water Permits 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 **81** Water Permits issued in July, **eight** were issued under this provision.

#### B. Permit Compliance

District staff completed **238** Water Permit final inspections during July 2018. **Seventeen** of the final inspections failed due to unpermitted fixtures. Of the **238** passing properties, **32** passed inspection on the first visit. In addition, **five** 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 July, the District prepared **65** deed restrictions. Of the **81** Water Permits issued in July, **42 (51%)** required deed restrictions. District staff provided Notary services for **71** Water Permits with deed restrictions.

### III. JOINT MPWMD/CAW REBATE PROGRAM

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

REBATE PROGRAM SUMMARY		July-2018				2018 YTD	1997 - Present	
I. <u>Application Summary</u>								
A.	Applications Received	80				809	25,658	
B.	Applications Approved	53				581	20,014	
C.	Single Family Applications	75				753	23,247	
D.	Multi-Family Applications	5				37	1,268	
E.	Non-Residential Applications	0				16	341	
II. <u>Type of Devices Rebated</u>		Number of devices	Rebate Paid	Estimated AF	Gallons Saved	2018 YTD Quantity	2018 YTD Paid	2018 YTD Estimated AF
A.	High Efficiency Toilet (HET)	4	300.00	0.166992	54,415	59	4,600.00	2.463132
B.	Ultra Low Flush to HET	12	900.00	0.120000	39,102	155	11,475.00	1.55
C.	Ultra HET	0	0.00	0.000000	0	11	1,399.00	0.11
D.	Toilet Flapper	0	0.00	0.000000	0	3	45.00	0
E.	High Efficiency Dishwasher	10	1250.00	0.030000	9,776	106	16,000.00	0.318
F.	High Efficiency Clothes Washer	28	13948.00	0.450800	146,894	267	134,537.76	4.2987
G.	Instant-Access Hot Water System	2	400.00	0.000000	0	12	2,398.99	0
H.	On Demand Systems	0	0.00	0.000000	0	2	200.00	0
I.	Zero Use Urinals	0	0.00	0.000000	0	0	0.00	0
J.	High Efficiency Urinals	0	0.00	0.000000	0	0	0.00	0
K.	Pint Urinals	0	0.00	0.000000	0	0	0.00	0
L.	Cisterns	0	0.00	0.000000	0	14	21,015.75	0
M.	Smart Controllers	0	0.00	0.000000	0	5	659.00	0
N.	Rotating Sprinkler Nozzles	0	0.00	0.000000	0	0	0.00	0
O.	Moisture Sensors	0	0.00	0.000000	0	0	0.00	0
P.	Lawn Removal & Replacement	0	0.00	0.000000	0	2	2,435.00	0.19967
Q.	Graywater	0	0.00	0.000000	0	0	0.00	0
R.	Ice Machines	0	0.00	0.000000	0	0	0.00	0
III. <u>Totals: Month; AF; Gallons; YTD</u>		56	16798.00	0.767792	250,186	636	194,765.50	8.939502
							2018 YTD	1997 - Present
IV. <u>Total Rebated: YTD; Program</u>							194,765.50	6,132,758.09
V. <u>Estimated Water Savings in Acre-Feet Annually*</u>							8.939502	551.265077

\* 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; 0.0082 AF/100 square feet of lawn removal.



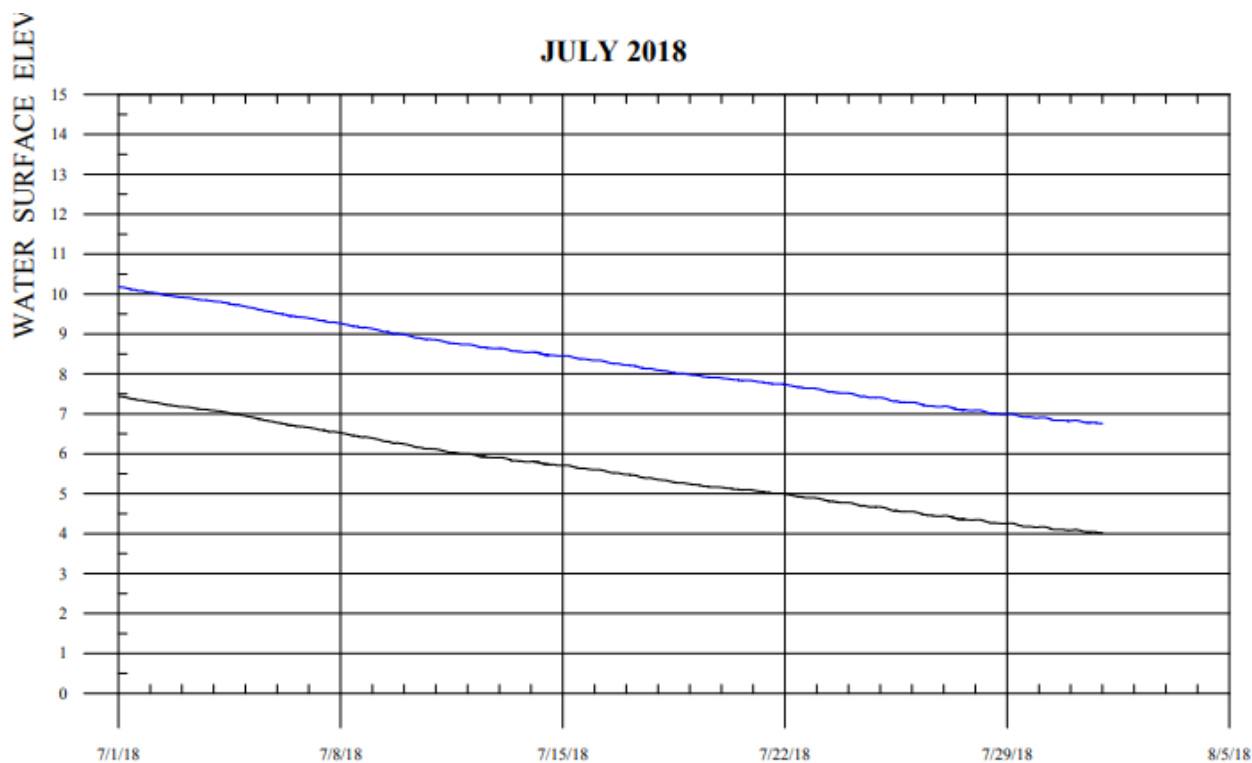


Mainstem Carmel River Steelhead Rescues - Staff began mainstem rescues on June 25<sup>th</sup> at the Highway 1 Bridge. In July, Staff completed 18 days of rescues up to the Meadows Road reach.

As of July 31, 1,633 fish have been rescued, including 652 YOY, 973 1+, 7 mortalities (0.4%), 1,542 fish were tagged, and there were 7 recaptures of previously tagged fish.

Tagging – Rescued fish larger than 65 mm are now being tagged with Passive Integrated Transponder (PIT) tags. District staff is currently operating four PIT tag arrays on the Carmel River in a partnership between the District and the National Marine Fisheries Service (NMFS). Data is being collected for future analysis and reporting.

**SLEEPY HOLLOW STEELHEAD REARING FACILITY:** General contractor Mercer-Fraser Company of Eureka, CA, has been hired for the Intake Upgrade Project and is scheduled to start construction later this fall on the \$2 million project. The main features of the project include installing a new intake structure that can withstand flood and drought conditions as well as the increased bedload from the San Clemente Dam removal project two years ago, and a new Recirculating Aquaculture System (RAS) that can be operated in times of poor river water quality to keep the fish healthy.



**ITEM: INFORMATIONAL ITEMS/STAFF REPORTS****21. SEMI-ANNUAL REPORT ON THE CAWD/PBCSD WASTEWATER RECLAMATION PROJECT****Meeting Date:** August 13, 2018 **Budgeted:** N/A**From:** David J. Stoldt,  
General Manager **Program/  
Line Item No.:** N/A**Prepared By:** Suresh Prasad **Cost Estimate:** N/A**General Counsel Review:** N/A**Committee Recommendation:** The Administrative Committee reviewed this item on August 13, 2018 and recommended approval.**CEQA Compliance:** N/A

This report relates to the original CAWD/PBCSD Wastewater Reclamation Project (Phase I) only and does not contain any information related to the CAWD/PBCSD Recycled Water Expansion Project (Phase II). On December 10, 1992, the Monterey Peninsula Water Management District (MPWMD or District) sold \$33,900,000 worth of variable rate certificates of participation to finance the wastewater reclamation project in Pebble Beach. The tables below summarize the investment information on funds held for future use, disbursements, and interest rate trends on the outstanding certificates for the period January 1, 2018 through June 30, 2018. During the first reporting period in 2006, the Wastewater Reclamation Project's (Project) Operations and Maintenance Reserve and Renewal and Replacement Reserve accounts were transferred to the Carmel Area Wastewater District in accordance with the Project's Amended Construction and Operations Agreement dated December 15, 2004. The Project's Operations and Maintenance account (Bank of America) and Certificate of Participation accounts (U.S. Bank) remain under the control of the District and will continue to be reported on this report and future reports.

Par of 1992 Certificates \$33,900,000

Investments as of June 30, 2018:

<u>Description</u>	<u>Institution</u>	<u>Market Value</u>	<u>Rate/Yield</u>	<u>Term</u>
Interest Fund	U.S. Bank	\$329	0.00%	Daily
Certificate Payment Fund	U.S. Bank	\$796	0.00%	Daily
Acquisition/Rebate Funds	U.S. Bank	\$19	0.00%	Daily
Water Sales Revenue Acct.	Bank of America	\$11,598	0.03%	Daily

### Operation and Maintenance Disbursements:

MPWMD transferred advances in the amount of \$2,625,000 from the Water Sales Revenue Account to the Carmel Area Wastewater District during this reporting period. Advance payments are provided in accordance with the terms and conditions of Section 5.5 (a) of the Operation and Maintenance Agreement.

As provided in the Water Purchase Agreement, the obligation of the District to make disbursements is a special obligation of the District, payable solely from net operating revenues of the project, monies in the Revenue Fund, and other funds described in the Trust Agreement. In no event, will disbursements be payable out of any funds or properties of the District other than such sources.

### Principal and Interest on Certificates:

No principal payment was made by the Project during this reporting period. The outstanding balance on the Certificates is currently \$11,900,000.

The interest rate on the Series 1992 Certificates was set initially at 2.30 percent per annum until December 16, 1992. On that date and weekly thereafter, so long as the certificates are in the variable mode, the Remarketing Agent, Stone & Youngberg, determines the rate of interest. Interest rates for this reporting period fluctuated between 0.91% and 1.78%.

On June 7, 2000, the Reclamation Management Committee noted that the Capital Interest Fund, used for payment of monthly interest on the outstanding certificates, would soon be exhausted. The Committee discussed the use of water sales revenue to make future interest payments. On July 3, 2000, the Reclamation Technical Advisory Committee affirmed the use of water sales revenue for interest payments when excess funds are available.

Effective July 1, 2013, the Reclamation Project water rates have been delinked from the California American Water Company potable rates. The rates are now set based on revenue requirement for the Project.

### **EXHIBIT**

None







**EXHIBIT 22-A**

**Monterey Peninsula Water Management District  
Water Supply Status  
August 1, 2018**

<b>Factor</b>	<b>Oct to Jul 2018</b>	<b>Average To Date</b>	<b>Percent of Average</b>	<b>Water Year 2017</b>
<b>Rainfall</b> (Inches)	13.52	20.97	65%	32.22
<b>Runoff</b> (Acre-Feet)	31,858	66,866	48%	194,659
<b>Storage</b> <sup>5</sup> (Acre-Feet)	29,130	30,820	97%	30,760

**Notes:**

1. Rainfall and runoff estimates are based on measurements at San Clemente Dam. Annual rainfall and runoff at Sleepy Hollow Weir average 21.1 inches and 67,246 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 Sleepy Hollow Weir site are based on records for the 1922-2017 and 1902-2017 periods respectively.
2. The rainfall and runoff totals are based on measurements through the dates referenced in the table.
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 1989-2017 period. The storage estimates are end-of-month values for the dates referenced in the table.
4. The maximum storage capacity for the MPWRS is currently 37,639 acre-feet.



**EXHIBIT 22-B**

**Production vs. CDO and Adjudication to Date: WY 2018**

(All values in Acre-Feet)

Year-to-Date Values	MPWRS					Water Projects and Rights			
	Carmel River Basin <sup>2,6</sup>	Seaside Groundwater Basin		Ajudication Compliance	MPWRS Total	ASR Recovery	Table 13 <sup>7</sup>	Sand City <sup>3</sup>	Water Projects and Rights Total
		Coastal	Laguna Seca						
Target	7,323	1,100	0	1,100	<b>8,423</b>	440	227	250	<b>917</b>
Actual <sup>4</sup>	5,850	1,922	254	2,176	<b>8,026</b>	398	153	165	<b>716</b>
Difference	1,473	-822	-254	-1,076	<b>397</b>	42	74	85	<b>201</b>
WY 2017 Actual	5,344	1,613	236	1,849	<b>7,193</b>	901	491	206	<b>1,598</b>

1. This table is current through the date of this report.
2. For CDO compliance, ASR, Mal Paso, and Table 13 diversions are included in River production per State Board.
3. Sand City Desal, Table 13, and ASR recovery are also tracked as water resources projects.
4. To date, 530 AF and 153 AF have been produced from the River for ASR and Table 13 respectively.
5. All values are rounded to the nearest Acre-Foot.
6. For CDO Tracking Purposes, ASR production for injection is capped at 600 AFY.
7. Table 13 diversions are reported under water rights but counted as production from the River for CDO tracking.

**Monthly Production from all Sources for Customer Service: WY 2018**

(All values in Acre-Feet)

	Carmel River Basin	Seaside Basin	ASR Recovery	Table 13	Sand City	Mal Paso	Total
Oct-17	532	396	0	0	14	3	945
Nov-17	421	331	0	0	3	3	758
Dec-17	399	339	0	0	26	1	765
Jan-18	400	267	0	0	25	7	699
Feb-18	413	264	0	0	21	7	704
Mar-18	374	189	0	98	0	7	667
Apr-18	579	91	0	55	3	7	735
May-18	740	113	0	0	25	0	878
Jun-18	692	154	43	0	23	8	919
Jul-18	567	34	355	0	26	7	988
Aug-18							
Sep-18							
<b>Total</b>	<b>5,118</b>	<b>2,176</b>	<b>398</b>	<b>153</b>	<b>165</b>	<b>49</b>	<b>8,058</b>
WY 2017	4,253	1,319	901	491	206	77	7,778

1. This table is produced as a proxy for customer demand.
2. Numbers are provisional and are subject to correction.

**Rationing Trigger: WY 2018**

12 Month Moving Average <sup>1</sup>	9,919	10,130	Rule 160 Production Limit
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California American Water Production by Source: Water Year 2018

	Carmel Valley Wells <sup>1</sup>						Seaside Wells <sup>2</sup>						Total Wells			Sand City Desal		
	Actual		Anticipated <sup>3</sup>		Under Target		Actual		Anticipated		Under Target		Actual	Anticipated	Acre-Foot 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-17	0	532	0	550	0	18	368	29	350	0	-18	-29	928	900	-28	14	25	11
Nov-17	0	421	0	383	0	-38	301	30	350	0	49	-30	752	733	-19	3	25	22
Dec-17	0	399	0	728	0	329	315	24	100	0	-215	-24	738	828	90	26	25	-1
Jan-18	0	400	0	673	0	273	247	19	100	0	-147	-19	667	773	106	25	25	0
Feb-18	0	413	0	559	0	146	242	22	100	0	-142	-22	677	659	-18	21	25	4
Mar-18	183	630	0	716	-183	86	170	18	100	0	-70	-18	1002	816	-186	0	25	25
Apr-18	0	824	0	881	0	58	71	20	100	0	29	-20	914	981	67	3	25	22
May-18	0	740	0	985	0	245	85	28	100	0	15	-28	853	1,085	232	25	25	0
Jun-18	0	692	0	1,044	0	352	166	31	47	0	-119	-31	889	1,091	203	23	25	2
Jul-18	0	567	0	819	0	252	355	34	480	0	125	-34	955	1,299	344	26	25	-1
Aug-18																		
Sep-18																		
<b>To Date</b>	<b>183</b>	<b>5,618</b>	<b>0</b>	<b>7,338</b>	<b>-183</b>	<b>1,720</b>	<b>2,320</b>	<b>254</b>	<b>1,827</b>	<b>0</b>	<b>-493</b>	<b>-254</b>	<b>8,374</b>	<b>9,165</b>	<b>791</b>	<b>165</b>	<b>250</b>	<b>85</b>

Total Production: Water Year 2018

	Actual	Anticipated	Acre-Foot Under Target
Oct-17	942	925	-17
Nov-17	755	758	3
Dec-17	764	853	89
Jan-18	692	798	106
Feb-18	698	684	-14
Mar-18	1,002	841	-161
Apr-18	917	1,006	89
May-18	878	1,110	232
Jun-18	911	1,116	205
Jul-18	981	1,324	343
Aug-18			
Sep-18			
<b>To Date</b>	<b>8,540</b>	<b>9,415</b>	<b>875</b>

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 Adjudication 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. Negative values for Acre-Foot under target indicates production over targeted value.