

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



AGENDA
Regular Meeting
Board of Directors
Monterey Peninsula Water Management District

Monday, September 19, 2016

Closed Session, 6:15 pm

Regular Meeting, 7:00 PM

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

Staff notes will be available on the District web site at

<http://www.mpwmd.net/who-we-are/board-of-directors/bod-meeting-agendas-calendar/>

by 5 PM on Friday, September 16, 2016.

The 7:00 PM Meeting will be televised on Comcast Channels 25 & 28. Refer to broadcast schedule on page 3.

6:15 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. **Conference with Labor Negotiators (Gov. Code 54957.6)**
Agency Designated Representatives: David Stoldt; Suresh Prasad and Cynthia Schmidlin
Employee Organization: General Staff and Management Bargaining Units Represented by United Public Employees of California/LIUNA, Local 792
4. **Conference with Legal Counsel – Existing Litigation (Gov. Code 54956.9 (a))**
 - A. Monterey Peninsula Water Management District v. California Public Utilities Commission (California American Water Company) (Case S208838)
 - B. MPWMD v SWRCB; Santa Clara 1-10-CV-163328 – CDO (6th District Appellate Case #H039194)
5. **Adjourn to 7 pm Session**

Board of Directors

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

General Manager

David J. Stoldt

This agenda was posted at the District office at 5 Harris Court, Bldg. G Monterey on Wednesday, September 14, 2016. Staff reports regarding these agenda items will be available for public review on 9/15/2016, at the District office and at the Carmel, Carmel Valley, Monterey, Pacific Grove and Seaside libraries. After staff reports have been distributed, if additional documents are produced by the District and provided to a majority of the Board regarding any item on the agenda, they will be available at the District office during normal business hours, and posted on the District website at <http://www.mpwmd.net/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 October 17, 2016 at 7 pm.

7:00 PM – Regular Meeting

CALL TO ORDER/ROLL CALL

PLEDGE OF ALLEGIANCE

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.

1. Consider Adoption of Minutes of the August 15, 2016 Board Meeting
2. Consider Approval of Reorganization Changes to the District's Organization Chart and Addition of Hydrology Technician Position
3. Consider Adoption of Resolution 2016-15 - Public Records Act Policy
4. Consider Contract with Whitson Engineers to Conduct a Survey of the Carmel River Channel
5. Receive and File Fourth Quarter Financial Activity Report for Fiscal Year 2015-2016
6. Consider Approval of Fourth Quarter Fiscal Year 2015-2016 Investment Report
7. Consider Approval of June 2016 Treasurer's Report

GENERAL MANAGER'S REPORT

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

ATTORNEY'S REPORT

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

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

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

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

12. **Consider First Reading of Ordinance No. 174 –An Ordinance of the Monterey Peninsula Water Management District Suspending Authority to Accept Water Permit Applications for New Connections Based Upon Paralta Allocation, Pre-Paralta Allocation, Quail Meadows Subdivision Annexation, and Water West Reserve**

Action: The proposed ordinance would supersede Urgency Ordinance No. 173 adopted on August 15, 2016, and suspend staff's authority to accept Water Permit applications for new Connections when the application relies on a Jurisdiction's Paralta or pre-Paralta Allocation, the Quail Meadows Annexation, or the Water West Reserve until the Main California-American Water Company Water Distribution System is no longer subject to a Public Utilities Commission ordered moratorium or the District explicitly rescinds or repeals this measure.

13. **Consider Adoption of Resolution 2016-14 – Modifying Rule 160 - Regulatory Water Production Targets for California American Water Systems**
Action: The Board will consider modifications to the Regulatory Water Production Targets in Tables XV-1, XV-2 and XV-3 of Rule 160. The modifications reflect the anticipated changes in Cal-Am production limits as set by the State Water Resources Control Board orders and Seaside Basin Adjudication decision in Water Year 2017 (Oct. 1, 2016 through Sept. 30, 2017).

14. **Consider Adoption of October through December 2016 Quarterly Water Supply Strategy and Budget**
Action: The Board will consider approval of a proposed production strategy for the California American Water Distribution Systems for the three-month period of October through December 2016. The strategy sets monthly goals for surface and groundwater production from various sources within the California American Water systems.

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

15. **Approve Response to 2015-2016 Monterey County Grand Jury Final Report**
Action: The Board will consider approval of the Water Management District’s response to Findings F1-F16 and Recommendation Nos. R1-R5 of the 2015-2016 Monterey County Grand Jury Report. The response must be submitted by October 12, 2016.

16. **Approve Water Purchase Agreement for Pure Water Monterey Project**
Action: The Board will consider approval of the Water Purchase Agreement between the District, California-American Water, and Monterey Regional Water Pollution Control Agency for the Pure Water Monterey Project.

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.

17. Letters Received Supplemental Letter Packet
18. Committee Reports
19. Monthly Allocation Report
20. Water Conservation Program Report
21. Carmel River Fishery Report
22. Monthly Water Supply and California American Water Production Report

ADJOURNMENT

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

Upcoming Board Meetings			
Monday, October 17, 2016	Regular Board Meeting	7:00 pm	District conference room
Monday, November 14, 2016	Regular Board Meeting	7:00 pm	District conference room
Monday, December 19, 2016	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, September 15, 2016. 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 AUGUST 15, 2016 REGULAR MEETING OF THE BOARD OF DIRECTORS****Meeting Date: September 19, 2016** **Budgeted: N/A****From: David J. Stoldt,
General Manager** **Program/
Line Item No.: N/A****Prepared By: Arlene Tavani** **Cost Estimate: N/A****General Counsel Review: N/A****Committee Recommendation: N/A****CEQA Compliance: N/A**

SUMMARY: Attached as **Exhibit 1-A** are draft minutes of the August 15, 2016 Regular meeting of the Board of Directors.**RECOMMENDATION:** District staff recommends approval of the minutes with adoption of the Consent Calendar.**EXHIBIT****1-A** Draft Minutes of the August 15, 2016 Regular Meeting of the Board of Directors

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EXHIBIT 1-A

DRAFT MINUTES
Regular Meeting
Board of Directors
Monterey Peninsula Water Management District
August 15, 2016

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

CALL TO ORDER/ROLL CALL

Directors Present:

Jeanne Byrne – Chair, Division 4
 Robert S. Brower, Sr. – Vice Chair, Division 5
 Brenda Lewis – Division 1
 Andrew Clarke – Division 2
 Molly Evans – Division 3
 David Pendergrass – Mayoral Representative
 David Potter – Monterey County Board of Supervisors
 (arrived at 7:03 pm)

Directors Absent: None

General Manager present: David J. Stoldt

District Counsel present: David Laredo

The assembly recited the Pledge of Allegiance.

PLEDGE OF ALLEGIANCE

Evans requested that Consent Calendar item 2 be pulled for separate consideration, and Chair Byrne announced that Consent Calendar item 3 was continued to a future meeting.

ADDITIONS AND CORRECTIONS TO AGENDA

No comments were directed to the Board during Oral Communications.

ORAL COMMUNICATIONS

On a motion by Brower and second of Pendergrass, Consent Calendar item 1 was approved on a vote of 7 – 0 by Brower, Pendergrass, Byrne, Clarke, Evans, Lewis and Potter.

CONSENT CALENDAR

Approved.

1. **Consider Adoption of Minutes of the July 18, 2016 Regular Meeting of the Board of Directors**
2. **Consider Extension of Cooperative Agreement with the United States Geological Survey for Streamflow Gaging in Water Year 2017**
3. **Consider Approval of Changes to the District's Organization Chart**

On a motion by Evans and second of Brower, an expenditure of \$14,700 was approved on a vote of 7 – 0 by Evans, Brower, Byrne, Clarke, Lewis, Pendergrass and Potter.

Continued to a future meeting of the Board.

A summary of General Manager Stoldt's report is on file at the Water Management District's office and can be viewed on the agency website. He noted that as of July 31, 2016, production from the Monterey Peninsula Water Resources System was 16.7% below the target. For the period of October 1, 2015 through July 31, 2016, rainfall totaled 106% of long-term average. For the same time period, unimpaired flow totaled 67% of long-term average, and storage totaled 103% of long-term average.

A summary of General Manager Stoldt's report is on file at the Water Management District office and can be viewed on the agency website. He announced that SWRCB Order 2009-0060, the Cease and Desist Order (CDO), was modified in July 2016 by Order 2016-0016. The SWRCB had proposed that production levels over the next 6 years be set below 2014-15 system demand. Due to input submitted by the Water Management District, Cal-Am, other agencies, Peninsula businesses and organizations, the SWRCB agreed to increase the annual production limits to be in-line with 2013-14 system demand. However, the SWRCB also established annual milestones toward development of a water supply project. If any milestone were to be missed, the production limit would be decreased by 1,000 acre-feet. Stoldt reviewed progress on development of the desalination project component of the Monterey Peninsula Water Supply Project and the Pure Water Monterey Project. He announced that the Public Utilities Commission has issued preliminary approval of the financing agreement that would precede construction of the Monterey Pipeline needed for efficient operation of desal, ASR and the Pure Water Monterey projects. The Monterey Peninsula Water Supply Project schedule anticipates delivery of water from Pure Water Monterey by March 2018, and March 2020 for the desalination project. Stoldt also reported on the sources of water from the Carmel Basin that were used to battle the Soberanes fire, and to support firefighters living in temporary encampments. Water use was monitored by Cal-Fire, and much of the water used was from metered sources. Water used to fight the Soberanes Fire will not be counted against the CDO water production targets.

No report.

Counsel Laredo reported that for both items 3 and 4, a status report was given, general direction was provided to the Board, and no specific reportable action was taken on either item.

GENERAL MANAGER'S REPORT

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

5. Update on Development of Water Supply Projects

6. Report on Drought Response

ATTORNEY'S REPORT

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

3. Conference with Labor Negotiators (Gov. Code 54957.6) Agency Designated Representatives: David Stoldt; Suresh Prasad and Cynthia Schmidlin

Employee Organization: General Staff and Management Bargaining Units Represented by United Public Employees of California/LIUNA, Local 792
Unrepresented Employees: Confidential Unit

4. **Conference with Legal Counsel – Existing Litigation (Gov. Code 54956.9 (a))**
Monterey Peninsula Water Management District v. California Public Utilities Commission (California American Water Company) (Case S208838)

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

No reports.

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

PUBLIC HEARINGS

9. **Consider Appeal of Decision to Issue Water Permit #34741 for 150 Sea Foam, Monterey, (APN 011-462-039)**

Exparte communications reported. Pendergrass, Byrne, Brower and Potter reported that they were contacted by Anthony Lombardo. Evans received an email from Gina Pompey but she did not read it. Clarke also received an email from Gina Pompey.

Brower offered a motion to deny the appeal. The motion was seconded by Pendergrass and failed on a roll-call vote of 3 – 4. Directors Brower, Pendergrass and Potter voted in support of the motion. Voting in opposition were Byrne, Clarke, Evans and Lewis.

Clarke moved to grant approval of the appeal based on the following: water fixtures that were shown in the original building permit; no subsequent permit was issued as confirmed by City of Monterey staff; statements from Sandra L. Randazzo, Trustee for the Robert Bullock Trust; and visual evidence provided that there was a single showerhead in one of the bathrooms. The motion was seconded by Evans. No action was taken.

Potter offered a substitute motion to continue the item and schedule an onsite inspection by staff based on new information provided at the August 15, 2016 hearing, and to take into consideration the comments by Cal-Am regarding the appropriateness of issuing the permit in relation to issues raised about compliance with the CDO. The motion was seconded by Brower and approved on a unanimous vote of 7 – 0 by Potter, Brower, Byrne, Clarke, Evans, Lewis and Pendergrass.

Byrne offered an amendment to the motion, suggesting that the Board of Directors and staff participate in the site visit. Potter and Brower accepted the amendment. The motion was approved on a unanimous vote of 7 – 0 by Byrne, Potter, Brower, Clarke, Evans, Lewis and Pendergrass.

The following comments were directed to the Board of Directors during the public hearing on this item. **(a) Eric Sabolcise**, Director of Operations for California American Water, recommended that the Board affirm the appeal. He expressed concern that to install a sub-meter at 150 Sea Foam that is sourced from a meter at the adjacent lot at 149 Spray could be a violation of the moratorium on new connections.

Comments from the appellant Jamie Fields. She stated that several individuals have confirmed that four showerheads and an additional utility sink were not installed at the property at the time of sale. She asserted that the additional water fixtures were installed following the sale of the home, without benefit of a water permit. She requested that the Board support the appeal.

Comments from Mike Churchill, of Anthony Lombardo and Associates, attorney for the applicant Ryan T. Hogan Family Trust. Mr. Churchill stated that the appellants asserted they had been advised in the past that the vacant lot at 150 Foam could not be developed. Mr. Churchill maintained the appeal was filed in order to prevent development that would block the appellants' viewshed. He requested that the Board deny the appeal.

Public comment: **(b) Mark Costanza**, co-appellant, stated that the value of the lot was based on its status as undevelopable. He urged the Board to approve the appeal. **(c) Dr. Joseph Foyo** stated that in 2014 he attended an open house at the property at 149 Spray and saw one showerhead in each of the two bathrooms. At that time, the Realtor advised him that no water credits were available for the adjacent empty lot. **(d) Jack Sperry** stated that he was a good friend of the previous owner of the house at 149 Spray. He had been in the home several times and had observed only one showerhead in each of the two bathrooms.

Appellant's rebuttal to comments received. Jamie Fields stated that her intent was not to prevent construction at 150 Sea Foam. Rather, her intent was to ensure that the rules regarding permitting new water use were followed. She proposed that the property owner defer construction until water would be available from a desalination project. She noted that if water credit were available to the lot, its value would have been higher than was previously established.

Plaintiff's rebuttal to comments received. Mike Churchill stated that the Board was obligated to develop credible findings, and that substantial evidence was submitted to support a denial of the appeal.

Public comment: **(e) Carolyn Elliott** stated that the issue was the availability of water for the vacant lot, not preservation of a viewshed. She noted there were other vacant lots that owners could not build on until water was available. **(f) At the request of Alan Cleaves**, District staff read into the record a letter submitted on 8/15/16 by Mr. Cleaves requesting that the Board grant the appeal. **Chair Byrne closed the public hearing.**

On a motion by Brower and second of Evans, Ordinance No. 172 was adopted on a unanimous vote of 7 – 0 by Brower, Evans, Byrne, Clarke, Lewis, Pendergrass and Potter. No comments were directed to the Board during the public hearing on this item.

Potter offered a motion to adopt Urgency Ordinance No. 173. The motion was seconded by Brower and approved on a unanimous vote of 7 – 0 by Potter, Brower, Byrne, Clarke, Evans, Lewis and Pendergrass. No comments were directed to the Board during the public hearing on this item.

Brower offered a motion that was seconded by Pendergrass, to adopt the policy outlined in the staff report, and to direct that staff should prepare an ordinance reflecting changes in the District Rules and Regulations as a result of the adopted policy. The motion was approved unanimously on a vote of 7 – 0 by Brower, Pendergrass, Byrne, Clarke, Evans, Lewis and Potter. No persons addressed the Board during the public comment period on this item.

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

The meeting was adjourned at 8:35 pm.

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10. **Consider Second Reading and Adoption of Ordinance No. 172, An Ordinance of the Monterey Peninsula Water Management District Amending Regional Water Efficient Landscape Requirements in Compliance with the California Code of Regulations, Title 23, Division 2, Chapter 2.7, California Model Water Efficient Landscape Ordinance**
11. **Consider Adoption of Urgency Ordinance No. 173, Suspending Authority to Accept Water Permit Applications for New Connections Based Upon the Paralta or Pre-Paralta Allocations**

ACTION ITEMS

12. **Consider Approval of Policy that will Address Monterey County General Plan Requirements for Carmel Valley Alluvial Aquifer**

INFORMATIONAL ITEMS/STAFF REPORTS

13. **Letters Received**
14. **Committee Report**
15. **Monthly Allocation Report**
16. **Water Conservation Program Report**
17. **Carmel River Fishery Report**
18. **Quarterly Carmel River Riparian Corridor Management Program Report**
19. **Monthly Water Supply and California American Water Production Report**

ADJOURNMENT

Arlene M. Tavani, Deputy District Secretary

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ITEM: CONSENT CALENDAR**2. CONSIDER APPROVAL OF REORGANIZATION CHANGES TO THE DISTRICT'S ORGANIZATION CHART AND ADDITION OF HYDROLOGY TECHNICIAN POSITION**

Meeting Date:	September 19, 2016	Budgeted:	FY 2016-2017 Operating Budget
From:	David J. Stoldt, General Manager	Program/ Line Item No.:	N/A
Prepared By:	Cynthia Schmidlin	Cost Estimate:	\$49,000

General Counsel Approval: N/A**Committee Recommendation: The Administrative Committee reviewed this item on September 12, 2016 and recommended approval.****CEQA Compliance: N/A**

SUMMARY: As a result of changes to the work performed by the District over the past several years, the General Manager has been consulting with the Division Managers and senior staff on plans for reorganizing the Water Resources and Planning and Engineering Divisions. Also, the Geographic Information Systems (GIS) Specialist has resigned and staff is preparing to conduct a search for his replacement. At this juncture, the reporting structure for that position, within the Administrative Services Division, has been re-examined.

The vacant Water Resources Manager position would not be filled at the present time, as various supervisory options are explored. The two divisions would be combined into a Water Resources and Engineering Division, with the exception of the three-person Fisheries Group, which would report to the General Manager for the time being.

The Planning and Engineering Manager/District Engineer, retitled Water Resources and Engineering Manager, would retain direct supervision for the Water Resources Engineer position, as well as two first-line supervisors. The Senior Hydrogeologist would assume direct supervisory duties for the Associate Hydrologist and Hydrography Programs Coordinator positions. The Riparian Projects Coordinator would assume direct supervisory duties for the River Maintenance Specialist and River Maintenance Worker positions.

It is proposed that a new Hydrology Technician position (**Exhibit 2-A**) be created to assist the Senior Hydrogeologist, Hydrography Programs Coordinator, and Associate Hydrologist. The new position would perform routine technical duties, so that incumbents of the professional classifications could concentrate on their higher level responsibilities.

The amount of work needed in the area of hydrology has increased significantly over the past few years. In 2010 the District operated two Aquifer Storage Recovery wells. That number has doubled. The number of private wells the District monitors for production has increased from 650

in 2009, to over 1000 today. A large percentage of the District's 20 stream gages, monitoring surface water flow, were installed in the 1980's and 90's. The older gages need to be replaced, while monitoring activities continue. The new position would be a stand-alone technical classification, not part of the professional Hydrology series. It would be placed in Range 23, on the District Salary Schedule. This is the same level as the Fisheries Technician class, which requires a similar level of education and experience in its subject area.

The GIS Specialist currently reports to the Information Technology Manager (IT) position, who then reports to the Chief Financial Officer (CFO). However, GIS is not, specifically, an IT function. GIS is a general support service, available to all staff. Direct reporting to the CFO would allow more proactive management of the GIS function by the Administrative Services Division Manager. This would be the only adjustment to the GIS Specialist job description. Placement of the position on the District Salary Chart would not change.

The proposed District Organization Chart would reflect the changes described in the preceding paragraphs. It is also proposed that the organization chart no longer show approved positions that are unfunded or will not be filled in the near future.

Unfunded positions have been approved by the Board, but are not being used at the current time. Removing them from the Organization Chart would not eliminate them. It would, rather, give a more accurate visual presentation of the current operational structure. To that end, the unfunded Community Relations Liaison, Project Manager, and Conservation Technician I/II positions, currently shown on the District Organization Chart as "unfunded," would be removed from the chart, while retained as potential District positions in the future.

As there are no immediate plans to fill the vacant Water Resources Manager position, it would be retained as an approved District position, but removed from the Organization Chart. This change would be made in order to show the Fisheries Group reporting directly to the General Manager, at the present time.

RECOMMENDATION: Authorize a change from the current District Organization Chart (**Exhibit 2-B**) to reflect the reorganization changes described above. (**Exhibit 2-C**).

IMPACTS TO STAFF/RESOURCES: The cost of a Hydrology Technician position for eight months during the remainder of this fiscal year would be approximately \$49,000. It would be funded from this year's current Operating Budget. The annualized cost would be approximately \$74,000.

EXHIBITS

- 2-A** Hydrology Technician Job Description
- 2-B** Current Organization Chart
- 2-C** Proposed Organization Chart

EXHIBIT 2-A

MONTEREY PENINSULA WATER MANAGEMENT DISTRICT HYDROLOGY TECHNICIAN

*Class specifications are intended to present a descriptive list of the range of duties performed by employees in the class. Specifications are **not** intended to reflect all duties performed within the job.*

DEFINITION

To support the functions of the Hydrology Group by performing difficult technical assignments involving gathering, compiling, and analyzing data related to water supply planning, demand management, water quality; and to perform a variety of technical tasks related to operation and maintenance of water projects, technical databases, and surface and groundwater monitoring networks.

DISTINGUISHING CHARACTERISTICS

This is the technical level class within the Hydrology Group. This class is distinguished from the Assistant Hydrologist by the performance of more routine tasks including manual labor related to surface and groundwater monitoring, water project operations, and equipment, facilities, and database maintenance duties. In contrast, the Assistant Hydrologist is the first level in the professional Hydrology series.

SUPERVISION RECEIVED AND EXERCISED

Reports to the Senior Hydrogeologist and receives direction from the Hydrography Programs Coordinator and Associate Hydrologist.

ESSENTIAL AND MARGINAL FUNCTION STATEMENTS

The following duties are typical for a position in this classification. Any single position may not perform all of these duties and/or may perform similar related duties not listed here:

Essential Functions:

1. Assist the Hydrography Programs Coordinator by measuring and calculating stream flow; use current meters in all types of weather; maintain field notes in book and computer.
2. Assist the Hydrography Programs Coordinator with installation and maintenance of stream flow gauging stations.
3. Assist the Associate Hydrologist by measuring depth to water in wells throughout the District; maintain well monitoring equipment and monitor sites.
4. Assist the Associate Hydrologist with installation and maintenance of groundwater quality and level sampling equipment.
5. Assist the Associate Hydrologist with the well reporting program and read meters.
6. Assist the Senior Hydrogeologist with water projects operations and maintenance; collect water quality field data and water quality samples; deliver to lab and enter field data into computer.
7. Retrieve data from and maintain weather stations, pressure transducers, and data loggers; connect to modem or lap top computer, convert and enter data; produce report.

MONTEREY PENINSULA WATER MANAGEMENT DISTRICT
Hydrology Technician (*Continued*)

8. Estimate time, materials and equipment required for jobs assigned; requisition materials as required.
9. Perform related duties and responsibilities as required.

QUALIFICATIONS

Knowledge of:

Operations, services and activities of a well production monitoring program.
 Principles and practices of hydrologic, climatic, geologic and biologic science.
 Computer applications related to hydrology including data management, word processing and report writing.
 Mathematics and statistics.
 Methods and techniques of soil sampling.
 Basic drafting methods, techniques and tools.
 Proper and safe use of hand and power tools.
 Basic carpentry, pipe fitting and cement working techniques.
 Laws and regulations relating to wells, water distribution, water production, fisheries, and riparian environments.
 Basic stream sedimentation and erosion processes.
 Water quality sampling protocols.
 Global positioning satellite systems for mapping.
 Chain of custody forms.
 Operation of pumps and water meters.
 Occupational hazards and standard safety practices.
 Geographic information systems software.
 12 volt battery systems and power budgets.

Ability to:

Develop and maintain databases and spreadsheets.
 Accurately collect, compile, and analyze data.
 Install, operate and maintain stream flow gauging stations.
 Measure all ranges of stream flow and compute continuous stream flow records.
 Troubleshoot electrical and mechanical equipment.
 Utilize a computer terminal for data management, data processing and word processing.
 Operate equipment in a safe and effective manner.
 Perform instrument calibration.
 Use proper techniques to acquire water quality samples.
 Complete chain of custody forms for water quality and biological samples.
 Operate GPS equipment to locate wells and other monitoring sites.
 Work independently in the absence of supervision.
 Understand and follow oral and written instructions.
 Communicate clearly and concisely, both orally and in writing.
 Establish and maintain effective working relationships with those contacted in the course of work.
 Operate land survey equipment.
 Maintain physical condition appropriate to the performance of assigned duties and responsibilities.

MONTEREY PENINSULA WATER MANAGEMENT DISTRICT
Hydrology Technician (*Continued*)

Experience and Training Guidelines — Any combination of experience and training that would likely provide the required knowledge and abilities is qualifying. A typical way to obtain the knowledge and abilities would be:

Experience

One year of responsible experience performing duties involving water supply projects, hydrology, or water resource management is desirable.

Training

Equivalent to a Bachelor's degree from an accredited college or university with major course work in hydrology, geology, environmental sciences, engineering or a related field.

License or Certificate:

Possession of, or ability to obtain, an appropriate, valid driver's license.

WORKING CONDITIONS

The conditions herein are representative of those that must be met by an employee to successfully perform the essential functions of this job. Reasonable accommodations may be made to enable individuals with disabilities to perform the essential job functions.

Environmental Conditions:

Office and field environment; work in and around water; exposure to all types of weather and temperature conditions; exposure to poisonous plants, animals, and/or insects; work closely with others and work alone; irregular work hours; exposure to computer screens, atmospheric conditions, and slippery and uneven conditions; working with machinery.

Physical Conditions:

Essential and marginal functions may require maintaining physical condition necessary for moderate to heavy lifting and carrying; walking on steep and uneven terrain, standing and sitting for prolonged periods of time; bending, climbing and reaching; operating motorized vehicles and equipment.

Vision:

See in the normal visual range with or without correction; specific vision abilities required by this job include close and distance vision, color perception and depth perception.

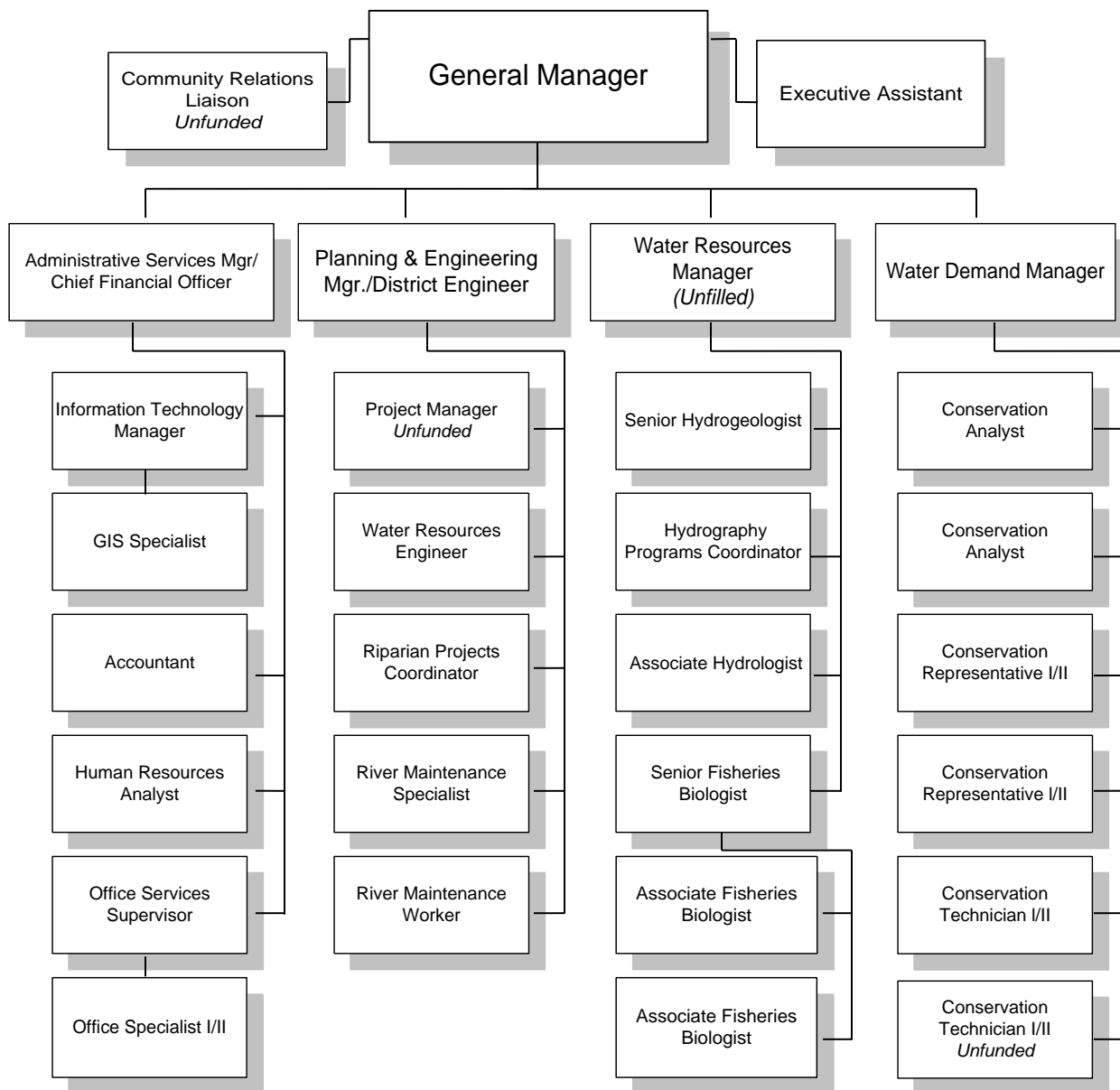
Hearing:

Hear in the normal audio range with or without correction.

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EXHIBIT 2-B

**MONTEREY PENINSULA WATER MANAGEMENT DISTRICT
CURRENT ORGANIZATION CHART
September 19, 2016**

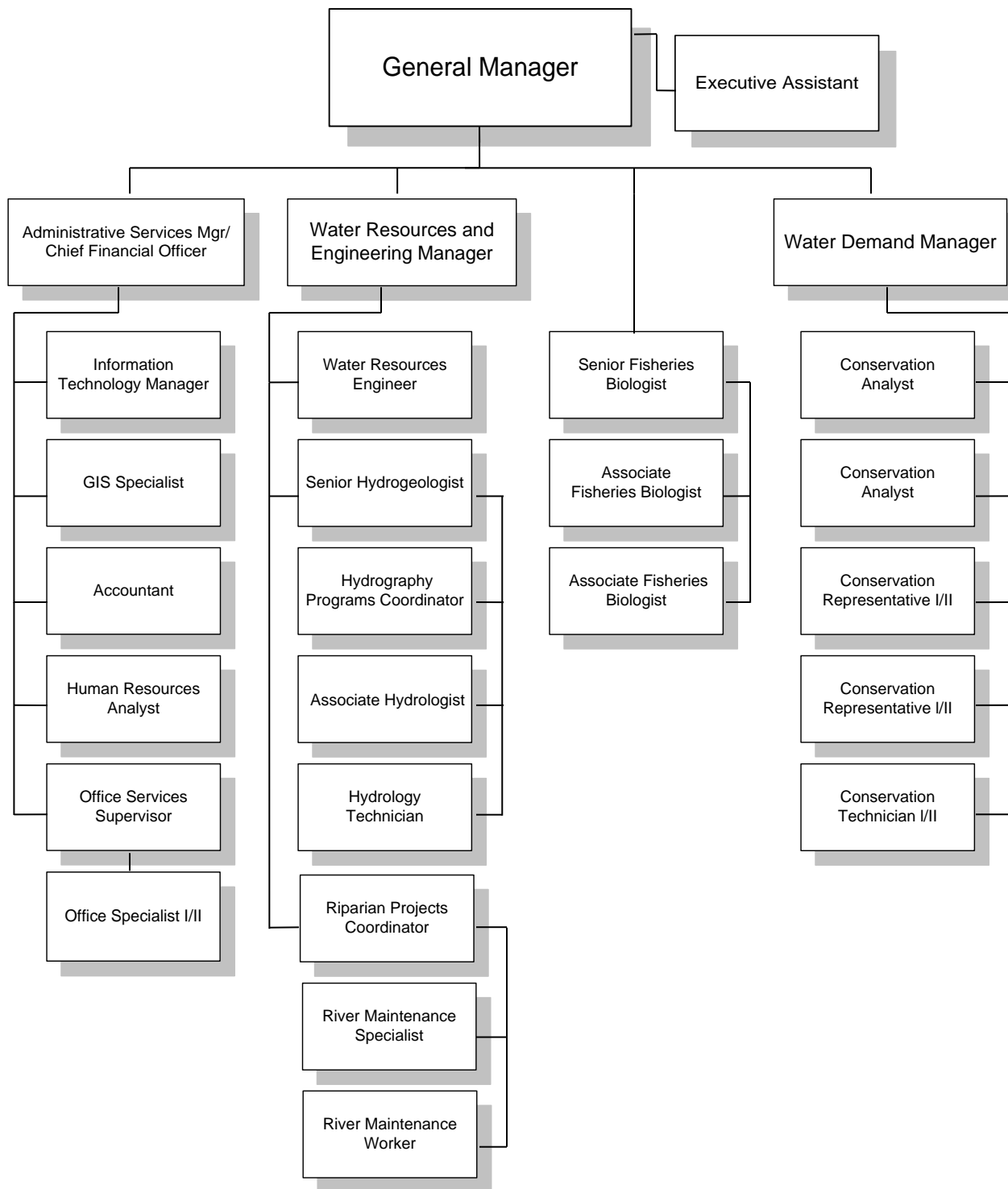


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EXHIBIT 2-C

**MONTEREY PENINSULA WATER MANAGEMENT DISTRICT
PROPOSED ORGANIZATION CHART**

September 12, 2016



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ITEM: CONSENT CALENDAR**3. CONSIDER ADOPTION OF RESOLUTION 2016-15 – PUBLIC RECORDS ACT POLICY**

Meeting Date:	September 19, 2016	Budgeted:	N/A
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From:	David J. Stoldt, General Manager	Program/ Line Item No.:	N/A
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Prepared By:	Arlene Tavani	Cost Estimate:	N/A
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General Counsel Approval: Yes**Committee Recommendation: The Administrative Committee reviewed this item on September 12, 2016 and recommended approval.****CEQA Compliance: N/A**

SUMMARY: Attached as **Exhibit 3-A** is Resolution No. 2016-15 that establishes a Public Records Act policy for the Water Management District. Adoption of this policy would complete the District's application to the Special District Leadership Foundation (SDLF) to receive the District Transparency Certificate of Excellence. Achievement of the Transparency Certificate of Excellence will exhibit to the public that the District values transparency in its operations and governance. No other action is required of the Board in order to complete and submit the application to the SDLF. The Administrative Committee reviewed this resolution on September 12, 2016 and voted 3 to 0 to approve.

The proposed Public Records Act policy refers to a Public Records Act Request Form. That document is on the District's website and has been in use by the public for two years (see <http://www.mpwmd.net/who-we-are/contact-us/public-records-act-requests/>).

RECOMMENDATION: Review and adopt the Public Records Act policy as recommended by the Administrative Committee.

IMPACTS TO STAFF/RESOURCES: None**EXHIBIT****3-A** Draft MPWMD Resolution 2016-15 – Public Records Act Policy

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EXHIBIT 3-A

RESOLUTION NO. 2016-14

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
MONTEREY PENINSULA WATER MANAGEMENT DISTRICT
POLICY ON PUBLIC RECORDS ACT**

WHEREAS, it is the intention of the Monterey Peninsula Water Management District to make records accessible to the public in an expedient and reasonable manner under the terms of the California Public Records Act (California Government Code Section 6250 and following). Accordingly, a Policy on Public Records Act is appended as Attachment 1.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of Monterey Peninsula Water Management adopts the Policy on Public Records Act appended as Attachment 1.

On motion of Director _____, and second by Director _____, the foregoing resolution is duly adopted this 19th day of September, 2016, by the following votes:

AYES:

NAYES:

ABSENT:

I, David J. Stoldt, Secretary of the Board of Directors of the Monterey Peninsula Water Management District, hereby certify that the foregoing is a resolution duly adopted on the 19th day of September 2016.

Witness my hand and seal of the Board of Directors, this ____ day of September, 2016.

David J. Stoldt, Secretary to the Board

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Policy on Public Records Act

It is the policy of the MPWMD to strictly adhere to the California Public Records Act California Government Code Section 6250 et seq.

Request to Access Public Records

A written request is not required; however, the Water Management District prefers that requests be submitted in writing to assist staff with the efficient identification of requested items. The MPWMD Public Records Request Form may be used to request records.

Procedure to Request Public Records

1. Requests may be submitted online using the Public Records Request Form at the MPWMD website.
2. If a request is made by E-mail, fax, or mail, submission of a completed Public Records Request Form is preferred.
3. Telephone requests will be honored but completion of the Public Records Request Form is recommended.
4. Please provide enough detail so staff can identify and locate the desired documents (dates, document types, subjects, etc.)
5. Include in the request enough information so that District staff may contact you to arrange for inspection, duplication, and/or delivery of the materials.
6. If the requestor needs help to identify specific records, staff will assist in making a focused request that reasonably describes identifiable records.

Length of Time to Process Request

The requestor will be contacted within ten (10) days of receipt of the request, and advised if the records exist and the date records can be made available for review, or the cost and timeline for duplication and delivery of the requested records. Under some circumstances, the 10 day limit can be extended up to an additional fourteen (14) days by written notice to the requestor.

Duplication Fee

Payment for duplication costs will be required prior to commencement of the work. There is no fee to view records if copies are not requested.

Inspection of Public Records

Public records are open to inspection during office hours, generally 8:00 am – 12:00 pm and 1:00 pm to 4:30 pm. Advanced notice is not required to inspect public records; however, the inspection of records is subject to a rule of reason and must be consistent with the efficient functioning of District offices. It is advisable for any person who wishes to inspect public records to contact the District office to make sure that the records are available. An appointment may have to be scheduled if the records are being used by staff, the records must be located and reviewed, or redaction of confidential information is necessary.

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ITEM: CONSENT CALENDAR**4. CONSIDER CONTRACT WITH WHITSON ENGINEERS TO CONDUCT A SURVEY OF THE CARMEL RIVER CHANNEL**

Meeting Date:	September 19, 2016	Budgeted:	Yes
From:	David J. Stoldt General Manager	Program/ Line Item No.:	Erosion Protection 2-2-1-a
Prepared By:	Larry Hampson	Cost Estimate:	\$45,000

General Counsel Approval: N/A**Committee Recommendation: The Administrative Committee reviewed this item on September 12, 2016 and recommended approval.****CEQA Compliance: N/A**

SUMMARY: Staff proposes to contract with Whitson Engineers for survey work along up to approximately six (6) miles of the Carmel River channel between the upstream end of the Schulte Restoration Project and downstream of Boronda Road Bridge. Detailed ground elevation data would be gathered along the profile of the channel at its lowest point (thalweg) as described in **Exhibit 4-A**, Scope of Work, Budget, and Schedule. Data will be used to maintain a long-term record and to compare with past and future monitoring data. Comparisons of repeated surveys carried out over long periods yields information about the long-term rate of aggradation (sediment build-up in the channel) or degradation (loss of sediment from the channel), and changes in bank storage that affect the capacity of the Carmel Valley Alluvial Aquifer to store water. The portion of the river proposed for survey work was last profiled by the District in 1984; however, FEMA conducted a less detailed survey in association with its 2009 Flood Insurance Study for Monterey County. A comprehensive survey of the lower 15.5 miles of the river will be used as part of the baseline for comparing alternatives for the long-term management of Los Padres Dam.

RECOMMENDATION: Authorize the General Manager to amend an existing agreement with Whitson Engineers for survey work to increase the not-to-exceed amount by \$45,000 to conduct a survey in the Carmel River channel.

DISCUSSION: Most of the riverbed and streambanks along the lower 15.5 miles of the Carmel River in Monterey County, California are composed of loosely consolidated silts, sands, gravels and cobbles. This material makes up the water-bearing alluvium in Carmel Valley that is pumped to supply Cal-Am and non-Cal-Am demand. Because the river channel changes in response to the amount of sediment that flows through it, an important aspect of managing and understanding this portion of the riparian corridor is long-term monitoring and documentation of changes in the elevation of the river bottom.

Gravel mining, main stem reservoirs, and streambank armoring have contributed to a sediment-starved condition in the river channel downstream of Los Padres Dam, which is located at approximately River Mile (RM, measured from the ocean) 25. A chronic lack of sediment from the watershed area above San Clemente Dam for more than 95 years has been a factor in aquatic

habitat degradation, channel incision, streambank instability, infrastructure damage, loss of property, and episodes of bank erosion along the river. In addition, incision and removal of alluvial valley deposits reduces the volume of water that can be retained in storage in the Carmel Valley Alluvial Aquifer.

Survey data will be used by MPWMD staff to adjust Carmel Valley Alluvial Aquifer parameters and to monitor effects to downstream areas from ongoing sediment retention at Los Padres Reservoir.

Whitson Engineers previously provided assistance in 2015 to survey several miles of the channel.

IMPACT TO STAFF/RESOURCES: Funds for this project are included in the FY 2016-17 budget under “Protect Environmental Quality,” line item 2-2-1-A Work at lower San Carlos Restoration Project, Account 35-03-7895.90, \$50,000. Because no work is currently proposed in this Fiscal Year for this work, up to \$45,000 in funds would be transferred from this item to 2-2-2 Carmel River Topographic Data. Staff time will be required to administer the contract. Additional background information is contained in **Exhibit 4-A**.

EXHIBIT

4-A Scope of Work, Budget and Schedule, Long Profile, Carmel River Channel

Scope of Work, Budget and Schedule
LONG PROFILE
CARMEL RIVER CHANNEL

Introduction

Most of the riverbed and streambanks along the alluvial section (the lower 18 miles) of the Carmel River in Monterey County, California are composed of loosely consolidated silts, sands, gravels and cobbles. Significant erosion along the lower 15.5 miles of river occurred at relatively low flows between the late 1970's and the late 1990's and several researches have noted that the channel is sediment starved. The Monterey Peninsula Water Management District (MPWMD) has carried out a stream restoration program since 1984 to stabilize and restore the streamside corridor and address other water-related problems along the Carmel River.

The material carried down from the upper watershed makes up the water-bearing alluvium in Carmel Valley that is pumped to supply Cal-Am and non-Cal-Am demand. Because the river channel changes in response to the amount of sediment that flows through it, an important aspect of managing and understanding this portion of the riparian corridor is long-term monitoring and documentation of changes in the elevation of the river bottom.

Gravel mining, main stem reservoirs, and streambank armoring have contributed to a sediment-starved condition in the river channel downstream of Los Padres Dam, which is located at approximately River Mile (RM, measured from the ocean) 25. A chronic lack of sediment from the watershed area above San Clemente Dam for more than 95 years has been a factor in aquatic habitat degradation, channel incision, streambank instability, infrastructure damage, loss of property, and episodes of bank erosion along the river. In addition, incision and removal of alluvial valley deposits reduces the volume of water that can be retained in storage in the Carmel Valley Alluvial Aquifer.

One of the results of sediment starvation in the alluvial reach is that in-channel supports for basic infrastructure (bridges with roads and utilities) have been undermined and compromised at several locations. In addition, there are areas along the river where scour at the base of slope protection installed to prevent bank erosion has caused bank slumping and/or the protection appears to be at risk of failure during high flows.

The focus of the work proposed in this scope is to complete a comprehensive thalweg survey (low point in the channel) to gather data between the Carmel River lagoon and Carmel Valley Village for use in maintaining a long-term record and to compare to past and future monitoring data. Previous work in 2014 and 2016 was completed in other portions of the alluvial aquifer. Comparisons of repeated surveys carried out over long periods can yield information about the long-term rate of aggradation (i.e., sediment build-up) or degradation (i.e., loss of sediment), effects of restoration projects along the river, and can inform decisions about infrastructure maintenance and repairs and proposed restoration projects.

Survey data will be used by MPWMD staff to adjust Carmel Valley Alluvial Aquifer parameters,

monitor effects to downstream areas from ongoing sediment retention at Los Padres Reservoir, and to set a baseline for comparison of potential effects of alternatives being studied for the long term management of Los Padres Dam.

It should be noted that San Clemente Dam at RM 18.6 was removed in 2015. The dam no longer traps 100% of the bedload sediment (the portion of the sediment load that tends to roll or saltate) and fine grained material and debris are now free to move past the dam at high flows. Thalweg profiles are one of the key monitoring methods in evaluating the effects on the streamside corridor from any increase in sediment flow. A potential change in sediment flow to the lower 15.5 miles is also an issue that must be evaluated with any alternative associated with long-term management of Los Padres Dam and Reservoir.

Previous MPWMD Survey Work

MPWMD conducted the first detailed long profile thalweg survey (a survey of the lowest point along the channel) of the lower 15.5 miles of the Carmel River channel in 1984. This survey gathered data at approximately 100-foot intervals using a surveyor's level, but was not referenced to a spatial grid (i.e., a coordinate system). A follow-up survey referenced to the State Plane coordinate system was conducted in 1993 along the lower five miles of the river using an electronic distance meter and total station. The 1993 survey included data that defined the limits of vegetation and the beginning and ends of pools, riffles, and glides. Several shorter surveys (also on State Plane coordinates) with a similar data set have been conducted in association with MPWMD-sponsored restoration projects. In 2007, Graham Matthews and Associates profiled approximately 10 miles of the lower river.

In 1995, MPWMD contracted with Central Coast Surveyors to set 12 permanent survey control points in the vicinity of six different bridge locations¹. The control points were set using Global Positioning System receivers and referenced to a control point in the CALTRANS High Precision Geodetic Network. These control points can serve as intermediate check points for surveys along the river.

It should be noted that due to limited access into the riverbed, gathering detailed survey work along the channel bottom may involve long hikes in difficult terrain. Vegetation along the channel bottom in some reaches has encroached toward the center of the channel and may obstruct direct line-of-sight views needed to set survey control and gather data. Portions of the stream corridor are densely vegetated along the streambanks. Poison oak, stinging nettle, and rattlesnakes are common throughout the streamside corridor.

Approach and Scope of Work

Tasks and the percentage of the budget to be used for each task are shown below. MPWMD staff is requesting that up to \$45,000 be made available for this work. The portion of the budget to be used for each task is approximate and is intended to be a guide in carrying out tasks. The percentages shown may be modified based on field conditions and/or recommendations made by the Consultant for the work.

1. MPWMD, May 20, 1995. Survey Control Points Established with GPS Methods, Lower Carmel River (Rivermile 1.0 to 15.5), Prepared for Monterey Peninsula Water Management District by Central Coast Surveyors, Seaside, California.

Task 1 (85%) – Obtain Long Profile. Gather thalweg data along the bottom of the river channel between the upstream end of the Schulte Restoration Project near RM 7 and RM 12.5, downstream of the Boronda Road Bridge. Data shall be of a sufficient density along the profile to show pools, riffle, glides, and other significant features. Where the channel bottom profile is relatively constant, data shall be gathered at intervals of no more than 50 feet between points. Work shall proceed from downstream (near the lagoon) and shall extend upstream. Horizontal accuracy shall be to +/- one foot and vertical accuracy shall be to +/- 0.1 foot.

Profile data shall be provided as a spatially referenced file (NAD 1983 and NAVD 1988) and in drawings at a horizontal scale of 1 inch = 200 feet and a vertical scale of 1 inch = five feet (all drawings no larger than 24 in. x 36 in.). Data should be in an Excel format, similar to previous thalweg profiles, with an ability to import new data into existing data files. Drawings may be in PDF format.

Task 5 (15%) – Prepare Report. A report shall be prepared that presents results and describes the equipment and methods used to gather and analyze data.

Project Deliverables

Any reference articles, books, publications, or software purchased specifically for this study shall be provided to MPWMD. Data input and output files from computer analysis shall be provided. A final report shall be provided in an acceptable digital format (e.g., Word, PDF, Excel). All files are to be provided electronically.

Budget

It should be noted that the scope of Tasks 1 and 2 may be amended in order to maintain project costs within the proposed budget.

Professional Services

Up to \$45,000 to be expended on a time-and-materials basis.

Schedule

It is anticipated that survey work would commence soon after issuance of a notice to proceed (i.e. during late September 2016). All field work shall be completed within four months of authorization to proceed and the project shall be completed within six months of authorization to proceed.

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ITEM: CONSENT CALENDAR**5. RECEIVE AND FILE FOURTH QUARTER FINANCIAL ACTIVITY REPORT FOR FISCAL YEAR 2015-2016**

Meeting Date:	September 19, 2016	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 September 12, 2016 and recommended approval.****CEQA Compliance: N/A**

SUMMARY: The fourth quarter of Fiscal Year (FY) 2015-2016 came to a conclusion on June 30, 2016. Table comparing budgeted and actual year-to-date revenues and expenditures for the period are included as **Exhibit 5-A**. **Exhibits 5-B and 5-C** presents the same information in bar graph format. The following comments summarize District staff's observations:

REVENUES

The revenue table compares amounts received through the second quarter and conclusion of FY 2015-2016 to the amounts budgeted for that same time period. Total revenues collected were \$9,873,394, or 70.9% of the budgeted amount of \$13,930,850. Variances within the individual revenue categories are described below:

- Water Supply Charge revenues were \$3,391,535, or 99.8% of the budget for the period. Actual collection was slightly lower than the budgeted figure.
- Mitigation revenue was \$2,412,553, or 100.0% of the budget. Actual collection was in line with the anticipated budgeted figure.
- Property tax revenues were \$1,746,910, or 111.3% of the budget for the period. Actual collection was higher than the anticipated budgeted revenue due to increase in home values.
- User fee revenues were \$79,019, or about 105.4% of the amount budgeted. Actual collection came in slightly higher than the anticipated budgeted figure.
- Connection Charge revenues were \$502,298, or 287.0% of the budget for the period. Actual collection was higher than anticipated budgeted figure as the forecasted figures are based on estimated number of customers pulling permits. The increase in fees was mainly related to projects from Malpaso and Pebble Beach area.
- Permit Fees revenues were \$224,624, or 97.2% of the budget for the period. Actual collection was slightly lower than anticipated budgeted figure as the forecasted figures are based on estimated number of customers pulling permits.
- Interest revenues were \$29,093, or 194.0% of the budget for the period. This is due to investments placed with Wells Fargo Securities yielding a higher interest rate.

- Reimbursements of \$1,259,885, or 91.8% of the budget. This is based on actual spending and collection of reimbursement project funds.
- Grant revenue of \$197,519, or 71.8% of the budget. This is based on actual spending and collection of grant funded projects.
- The Other revenue category totaled \$29,958 or about 74.9% of the budgeted amount. This is below budget as this category includes reimbursement revenues from legal and other services.
- The Reserves category totaled \$0 or about 0.00% of the budgeted amount. This category includes potential use of reserves, water supply carry forward balance and the line of credit during the fiscal year for which adjustments are made at the conclusion of the fiscal year.

EXPENDITURES

Expenditure activity as depicted on the expenditure table is similar to patterns seen in past fiscal years. Total expenditures of \$11,333,856 were about 81.4% of the budgeted amount of \$13,930,850 for the period. Variances within the individual expenditure categories are described below:

- Personnel costs of \$3,299,522 were about 95.8% of the budget. This was slightly lower than the anticipated budget due to new hire position remaining vacant for the fiscal year.
- Expenditures for supplies and services were \$1,192,521, or about 111.0% of the budgeted amount. This was slightly higher than the anticipated budget due to increase in legal costs.
- Fixed assets purchases of \$130,822 represented around 75.1% of the budgeted amount as some of the purchases were deferred to next fiscal year.
- Funds spent for project expenditures were \$6,527,758, or approximately 77.8% of the amount budgeted for the period. This is due to some project spending being deferred to next fiscal year.
- Debt Service included costs of \$138,627, or 60.3% of the budget for the period. Principal paid on the debt was recorded against the outstanding liability.
- Election expenditures were \$44,606, or 74.3% of the budgeted amount. This was slightly lower than the anticipated budget due to actual costs being higher than estimated figure.
- Contingencies/Other expenditures \$0, or 0% of the budgeted amount. This was due to the contingency budget not spent during this fiscal year.
- Reserve expenditures of \$0, or 0% of the budgeted amount. This was due to the adjustments made at the conclusion of the fiscal year.

EXHIBITS

- 5-A** Revenue and Expenditure Table
- 5-B** Revenue Graph
- 5-C** Expenditure Graph

**Monterey Peninsula Water Management District
Third Quarter Report on Financial Activity
Fiscal Year 2015-2016**

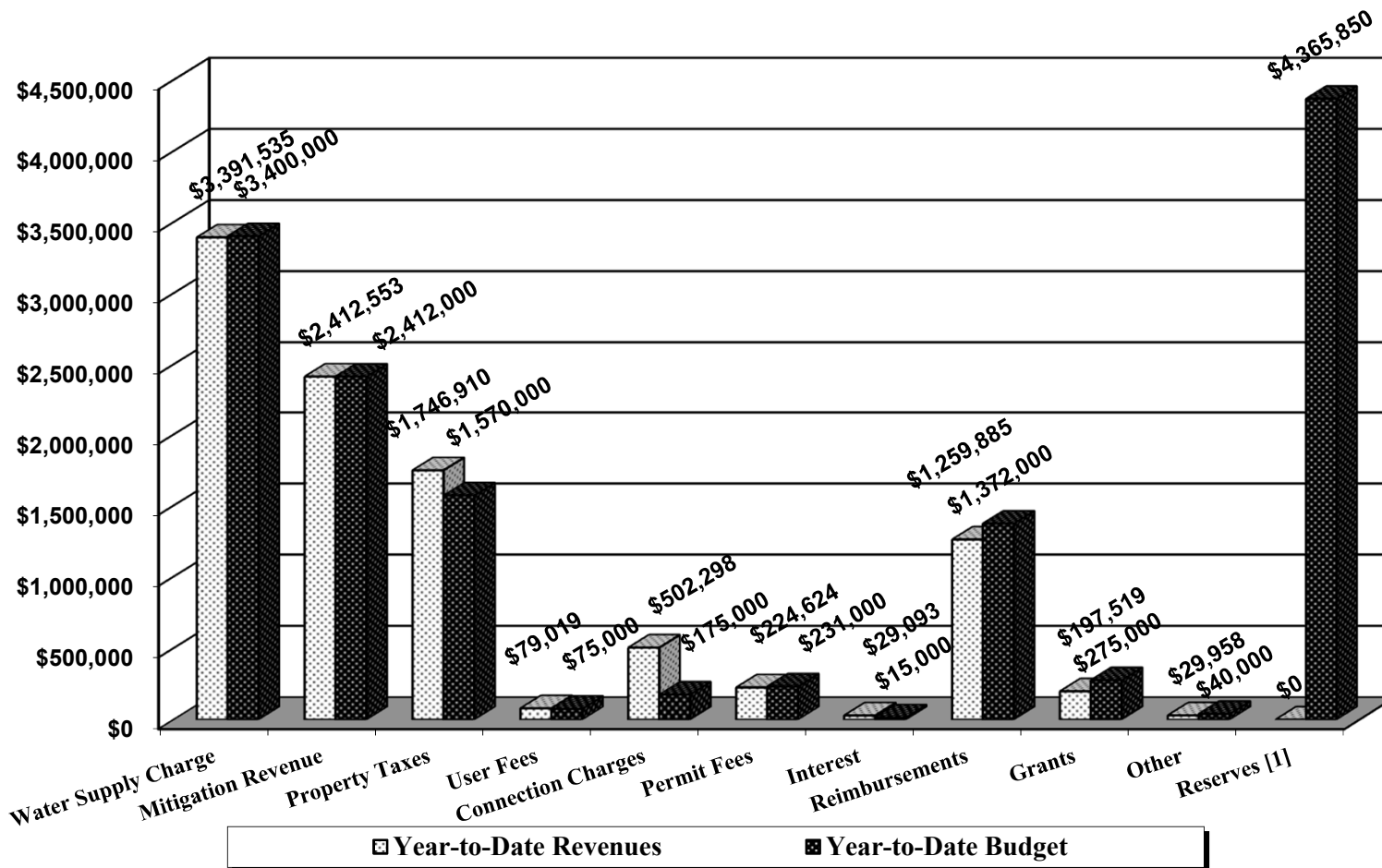
	Year-to-Date <u>Revenues</u>	Year-to-Date <u>Budget</u>	<u>Variance</u>	Percent of <u>Budget</u>
Water Supply Charge	\$3,391,535	\$3,400,000	\$8,465	99.8%
Mitigation Revenue	\$2,412,553	\$2,412,000	(\$553)	100.0%
Property Taxes	\$1,746,910	\$1,570,000	(\$176,910)	111.3%
User Fees	\$79,019	\$75,000	(\$4,019)	105.4%
Connection Charges	\$502,298	\$175,000	(\$327,298)	287.0%
Permit Fees	\$224,624	\$231,000	\$6,376	97.2%
Interest	\$29,093	\$15,000	(\$14,093)	194.0%
Reimbursements	\$1,259,885	\$1,372,000	\$112,115	91.8%
Grants	\$197,519	\$275,000	\$77,481	71.8%
Other	\$29,958	\$40,000	\$10,042	74.9%
Reserves [1]	\$0	\$4,365,850	\$4,365,850	0.0%
Total Revenues	<u>\$9,873,394</u>	<u>\$13,930,850</u>	<u>\$4,057,456</u>	<u>70.9%</u>

	Year-to-Date <u>Expenditures</u>	Year-to-Date <u>Budget</u>	<u>Variance</u>	Percent of <u>Budget</u>
Personnel	\$3,299,522	\$3,444,300	\$144,778	95.8%
Supplies & Services	\$1,192,521	\$1,074,100	(\$118,421)	111.0%
Fixed Assets	\$130,822	\$174,200	\$43,378	75.1%
Project Expenditures	\$6,527,758	\$8,385,100	\$1,857,342	77.8%
Debt Service	\$138,627	\$230,000	\$91,373	60.3%
Election Expenses	\$44,606	\$60,000	\$15,394	74.3%
Contingencies/Other	\$0	\$75,000	\$75,000	0.0%
Reserves	\$0	\$488,150	\$488,150	0.0%
Total Expenditures	<u>\$11,333,856</u>	<u>\$13,930,850</u>	<u>\$2,596,994</u>	<u>81.4%</u>

[1] Budget column includes fund balance, water supply carry forward, and reserve fund

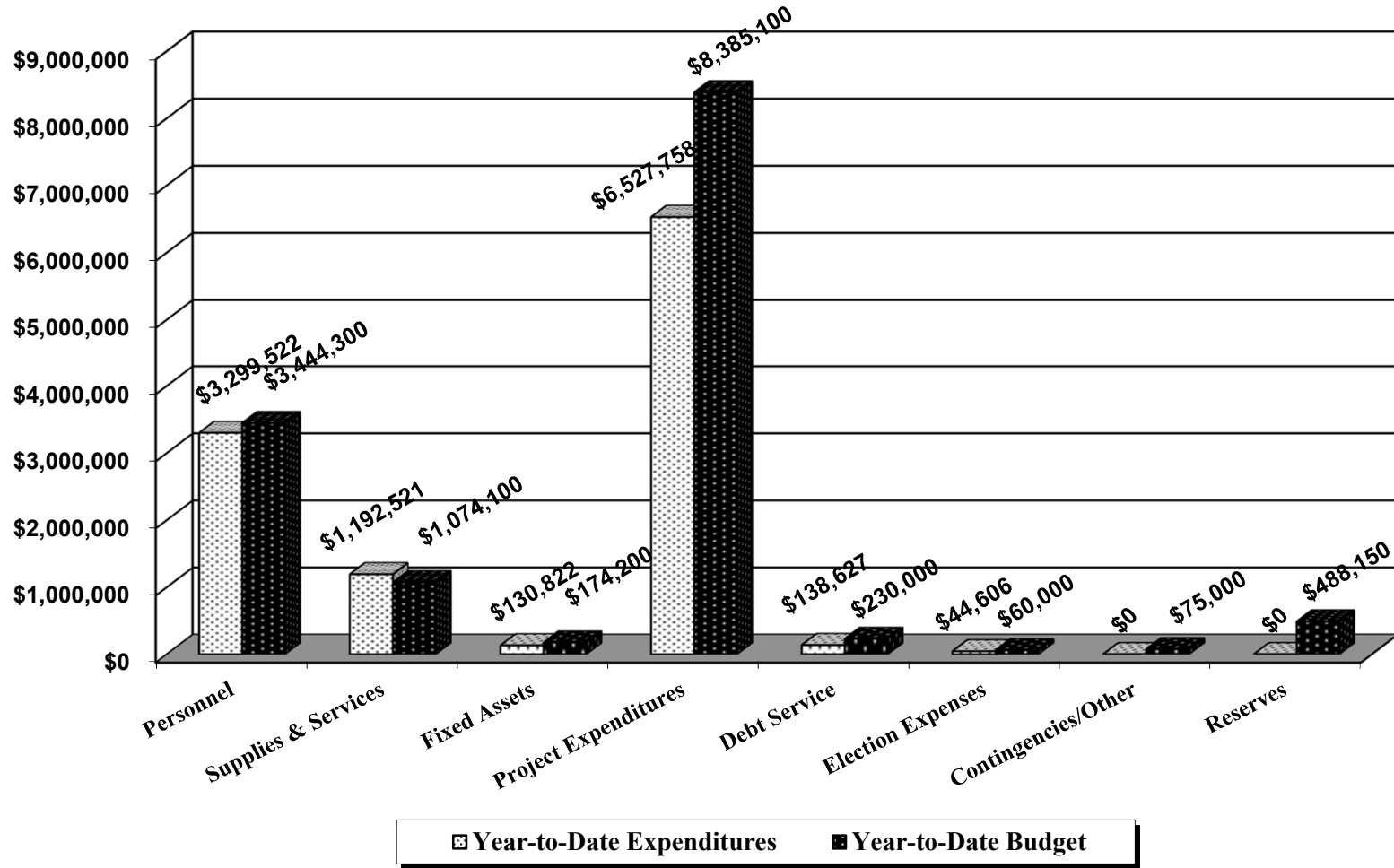
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REVENUES
Fiscal Year Ended June 30, 2016
 Year-to-Date Actual Revenues \$9,873,394
 Year-to-Date Budgeted Revenues \$13,930,850



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EXPENDITURES
Fiscal Year Ended June 30, 2016
 Year-to-Date Actual Expenditures \$11,333,856
 Year-to-Date Budgeted Expenditures \$13,930,850



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ITEM: CONSENT CALENDAR**6. CONSIDER APPROVAL OF FOURTH QUARTER FISCAL YEAR 2015-2016 INVESTMENT REPORT**

Meeting Date:	September 19, 2016	Budgeted:	N/A
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From:	David J. Stoldt, General Manager	Program/ Line Item No.:	N/A
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Prepared By:	Suresh Prasad	Cost Estimate:	N/A
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General Counsel Review: N/A**Committee Recommendation: The Administrative Committee considered this item on September 12, 2016 and recommended approval.****CEQA Compliance: N/A**

SUMMARY: The District's investment policy requires that each quarter the Board of Directors receive and approve a report on investments held by the District. **Exhibit 6-A** is the report for the quarter ending June 30, 2016. District staff has determined that these investments do include sufficient liquid funds to meet anticipated expenditures for the next six months and as a result this portfolio is in compliance with the current District investment policy. This portfolio is in compliance with the California Government Code, and the permitted investments of Monterey County.

RECOMMENDATION: The Administrative Committee considered this item at its September 12, 2016 meeting and voted 3 to 0 to recommend the Board approve.

EXHIBIT**6-A** Investment Report as of June 30, 2016

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**MONTEREY PENINSULA WATER MANAGEMENT DISTRICT
INVESTMENT REPORT AS OF JUNE 30, 2016**

MPWMD

Issuing Institution Security Description	Purchase Date	Maturity Date	Cost Basis	Par Value	Market Value	Annual Rate of Return	Portfolio Distribution
Local Agency Investment Fund	06/30/16	07/01/16	\$1,199,051	\$1,199,051	\$1,199,051	0.550%	40.99%
Bank of America:							
Money Market	06/30/16	07/01/16	79,055	79,055	79,055	0.037%	
Checking	06/30/16	07/01/16	144,844	144,844	144,844	0.000%	
			<u>\$223,900</u>	<u>\$223,900</u>	<u>\$223,900</u>		7.65%
Wells Fargo Money Market	06/30/16	07/01/16	1,943	1,943	1,943	0.010%	
Wells Fargo Institutional Securities:							
Interest Bearing Certificate of Deposit	04/15/14	04/18/17	\$250,000	\$250,000	\$250,958	1.050%	
Interest Bearing Certificate of Deposit	07/09/14	07/10/17	\$250,000	\$250,000	\$250,884	1.150%	
Interest Bearing Certificate of Deposit	04/10/15	10/10/17	\$250,000	\$250,000	\$250,390	1.100%	
Interest Bearing Certificate of Deposit	03/27/15	03/27/18	\$250,000	\$250,000	\$250,864	1.150%	
Interest Bearing Certificate of Deposit	06/17/15	06/18/18	\$250,000	\$250,000	\$251,185	1.550%	
Interest Bearing Certificate of Deposit	09/30/15	10/01/18	\$250,000	\$250,000	\$253,528	1.650%	
			<u>\$1,501,943</u>	<u>\$1,501,943</u>	<u>\$1,509,751</u>	1.273%	51.35%
TOTAL MPWMD			<u>\$2,924,893</u>	<u>\$2,924,893</u>	<u>\$2,932,701</u>	0.880%	

CAWD/PBCSD WASTEWATER RECLAMATION PROJECT

Issuing Institution Security Description	Purchase Date	Maturity Date	Cost Basis	Par Value	Market Value	Annual Rate of Return	Portfolio Distribution
US Bank Corp Trust Services:							10.02%
Certificate Payment Fund	06/30/16	07/01/16	791	791	791	0.000%	
Interest Fund	06/30/16	07/01/16	327	327	327	0.000%	
Rebate Fund	06/30/16	07/01/16	19	19	19	0.000%	
			<u>\$1,136</u>	<u>\$1,136</u>	<u>\$1,136</u>	0.000%	
Bank of America:							89.98%
Money Market Fund	06/30/16	07/01/16	10,200	10,200	\$10,200	0.033%	
TOTAL WASTEWATER RECLAMATION PROJECT			<u>\$11,336</u>	<u>\$11,336</u>	<u>\$11,336</u>	0.030%	

These investments do include sufficient liquid funds to meet anticipated expenditures for the next six months as reflected in the FY 2015-2016 annual budget adopted on June 15, 2015.

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ITEM: CONSENT CALENDAR**7. CONSIDER ADOPTION OF TREASURER'S REPORT FOR JUNE 2016****Meeting Date: September 19, 2016 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 considered this item on September 12, 2016 and recommended approval.****CEQA Compliance: N/A**

SUMMARY: Exhibit 7-A comprises the Treasurer's Report for June 2016. Exhibit 7-B, Exhibit 7-C and Exhibit 7-D are listings of check disbursements for the period June 1-30, 2016. Check Nos. 26073 through 26436, the direct deposits of employee's paychecks, payroll tax deposits, and bank charges resulted in total disbursements for the period in the amount of \$2,737,203.42. That amount included \$39,756.50 for conservation rebates. Exhibit 7-E reflects the unaudited version of the financial statements for the month ending June 30, 2016. The financial statements are preliminary draft and subject to change based on the final audit.

RECOMMENDATION: District staff recommends adoption of the June 2016 Treasurer's Report and financial statements, and ratification of the disbursements made during the month. The Administrative Committee reviewed this item at its September 12, 2016 meeting and voted 3 to 0 to recommend approval.

EXHIBITS

- 7-A** Treasurer's Report
- 7-B** Listing of Cash Disbursements-Regular
- 7-C** Listing of Cash Disbursements-Payroll
- 7-D** Listing of Other Bank Items
- 7-E** Financial Statements

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**MONTEREY PENINSULA WATER MANAGEMENT DISTRICT
TREASURER'S REPORT FOR JUNE 2016**

<u>Description</u>	<u>Checking</u>	<u>MPWMD Money Market</u>	<u>L.A.I.F.</u>	<u>Wells Fargo Investments</u>	<u>MPWMD Total</u>	<u>PB Reclamation Money Market</u>
Beginning Balance	\$32,047.64	\$1,674,592.53	\$2,199,050.78	\$1,500,000.00	5,405,690.95	\$10,206.70
Transfer to/from LAIF		1,000,000.00	(1,000,000.00)		0.00	
Fee Deposits		130,804.27			130,804.27	543,011.40
Interest		30.49	-	1,942.98	1,973.47	3.23
Transfer-Money Market to Checking	\$2,850,000.00	(2,850,000.00)			0.00	
Transfer-Money Market to W/Fargo					0.00	
Transfer-W/Fargo to Money Market					0.00	
W/Fargo-Investment Purchase					0.00	
Transfer Ckg to MPWMD M/Mrkt					0.00	
MoCo Tax & WS Chg Installment Pymt		123,662.79			123,662.79	
Transfer to CAWD					0.00	(543,000.00)
Voided Cks					0.00	
Bank Corrections/Reversals/Errors					0.00	0.00
Bank Charges/Rtn'd Deposits/Other	(\$774.50)	(34.80)			(809.30)	(21.80)
Payroll Tax Deposits	(28,446.34)				(28,446.34)	
Payroll Checks/Direct Deposits	(130,623.00)				(130,623.00)	
General Checks	(2,577,359.58)				(2,577,359.58)	
Bank Draft Payments	-				0.00	
Ending Balance	\$144,844.22	\$79,055.28	\$1,199,050.78	\$1,501,942.98	\$2,924,893.26	\$10,199.53

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Check Report



Monterey Peninsula Water Management D

By Check Number

Date Range: 06/01/2016 - 06/30/2016

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
Bank Code: APBNK	-Bank of America Checking					
00254	MoCo Recorder	06/02/2016	Regular	0.00	-29.00	24672
00166	Rickly Hydrological Co.	06/01/2016	Regular	0.00	-2,022.52	25793
04350	California Special Districts Assoc.	06/02/2016	Regular	0.00	-100.00	25818
00254	MoCo Recorder	06/02/2016	Regular	0.00	-29.00	25849
00254	MoCo Recorder	06/02/2016	Regular	0.00	-29.00	25850
00254	MoCo Recorder	06/28/2016	Regular	0.00	-29.00	25884
00254	MoCo Recorder	06/02/2016	Regular	0.00	29.00	26073
00254	MoCo Recorder	06/02/2016	Regular	0.00	61.00	26074
00254	MoCo Recorder	06/02/2016	Regular	0.00	29.00	26075
00254	MoCo Recorder	06/02/2016	Regular	0.00	26.00	26076
00254	MoCo Recorder	06/02/2016	Regular	0.00	61.00	26077
00254	MoCo Recorder	06/02/2016	Regular	0.00	61.00	26078
00254	MoCo Recorder	06/02/2016	Regular	0.00	61.00	26079
00254	MoCo Recorder	06/02/2016	Regular	0.00	61.00	26080
00254	MoCo Recorder	06/02/2016	Regular	0.00	55.00	26081
00254	MoCo Recorder	06/02/2016	Regular	0.00	64.00	26082
00254	MoCo Recorder	06/02/2016	Regular	0.00	61.00	26083
00254	MoCo Recorder	06/02/2016	Regular	0.00	61.00	26084
00254	MoCo Recorder	06/02/2016	Regular	0.00	61.00	26085
00254	MoCo Recorder	06/02/2016	Regular	0.00	61.00	26086
00254	MoCo Recorder	06/02/2016	Regular	0.00	61.00	26087
00254	MoCo Recorder	06/02/2016	Regular	0.00	61.00	26088
00254	MoCo Recorder	06/02/2016	Regular	0.00	61.00	26089
01000	A&B Fire Protection & Safety, Inc.	06/06/2016	Regular	0.00	256.73	26093
00010	Access Monterey Peninsula	06/06/2016	Regular	0.00	640.00	26094
00767	AFLAC	06/06/2016	Regular	0.00	1,289.16	26095
04042	Cabelas Government Outfitters	06/06/2016	Regular	0.00	335.14	26096
01001	CDW Government	06/06/2016	Regular	0.00	1,355.58	26097
00237	Chevron	06/06/2016	Regular	0.00	595.82	26098
00230	Cisco WebEx, LLC	06/06/2016	Regular	0.00	49.00	26099
00046	De Lay & Laredo	06/06/2016	Regular	0.00	27,645.83	26100
00758	FedEx	06/06/2016	Regular	0.00	22.40	26101
00993	Harris Court Business Park	06/06/2016	Regular	0.00	360.49	26102
06745	KBA Docusys - Lease Payments	06/06/2016	Regular	0.00	946.13	26103
01012	Mark Dudley	06/06/2016	Regular	0.00	43.49	26104
00274	MRWPCA	06/06/2016	Regular	0.00	713,156.72	26105
00755	Peninsula Welding Supply, Inc.	06/06/2016	Regular	0.00	52.78	26106
00282	PG&E	06/06/2016	Regular	0.00	2,014.82	26107
00282	PG&E	06/06/2016	Regular	0.00	399.11	26108
00233	Rana Creek Habitat	06/06/2016	Regular	0.00	135.61	26109
00166	Rickly Hydrological Co.	06/06/2016	Regular	0.00	2,022.52	26110
11671	Robert Scafani & Rosemarie Scafani	06/06/2016	Regular	0.00	8,034.96	26111
00221	Verizon Wireless	06/06/2016	Regular	0.00	611.92	26112
11668	Worksite International, Inc.	06/06/2016	Regular	0.00	886.95	26113
00254	MoCo Recorder	06/09/2016	Regular	0.00	32.00	26119
00254	MoCo Recorder	06/09/2016	Regular	0.00	29.00	26120
00254	MoCo Recorder	06/09/2016	Regular	0.00	61.00	26121
00254	MoCo Recorder	06/09/2016	Regular	0.00	29.00	26122
00254	MoCo Recorder	06/09/2016	Regular	0.00	29.00	26123
00254	MoCo Recorder	06/09/2016	Regular	0.00	29.00	26124
00254	MoCo Recorder	06/09/2016	Regular	0.00	29.00	26125
00254	MoCo Recorder	06/09/2016	Regular	0.00	29.00	26126
00254	MoCo Recorder	06/09/2016	Regular	0.00	29.00	26127
00254	MoCo Recorder	06/09/2016	Regular	0.00	29.00	26128

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Check Report

Date Range: 06/01/2016 - 06/30/2016

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
00254	MoCo Recorder	06/09/2016	Regular	0.00	32.00	26129
00254	MoCo Recorder	06/09/2016	Regular	0.00	29.00	26130
00254	MoCo Recorder	06/09/2016	Regular	0.00	29.00	26131
00254	MoCo Recorder	06/09/2016	Regular	0.00	61.00	26132
00254	MoCo Recorder	06/09/2016	Regular	0.00	61.00	26133
00249	A.G. Davi, LTD	06/10/2016	Regular	0.00	395.00	26134
11820	Adam Jeselnick	06/10/2016	Regular	0.00	15.00	26135
00253	AT&T	06/10/2016	Regular	0.00	941.31	26136
00236	AT&T Long Distance	06/10/2016	Regular	0.00	4.99	26137
00252	Cal-Am Water	06/10/2016	Regular	0.00	93.58	26138
00252	Cal-Am Water	06/10/2016	Regular	0.00	87.03	26139
00243	CalPers Long Term Care Program	06/10/2016	Regular	0.00	40.56	26140
00267	Employment Development Dept.	06/10/2016	Regular	0.00	3,957.72	26141
07624	Franchise Tax Board	06/10/2016	Regular	0.00	85.99	26142
07624	Franchise Tax Board	06/10/2016	Regular	0.00	35.00	26143
08929	HDR Engineering, Inc.	06/10/2016	Regular	0.00	17,337.59	26144
00768	ICMA	06/10/2016	Regular	0.00	5,380.41	26145
04717	Inder Osahan	06/10/2016	Regular	0.00	1,149.00	26146
03969	Jonathan Lear	06/10/2016	Regular	0.00	418.23	26147
00280	Kevan Urquhart	06/10/2016	Regular	0.00	262.77	26148
00259	Marina Coast Water District	06/10/2016	Regular	0.00	154.88	26149
00259	Marina Coast Water District	06/10/2016	Regular	0.00	56.84	26150
00225	Palace Office Supply	06/10/2016	Regular	0.00	30.63	26151
00154	Peninsula Messenger Service	06/10/2016	Regular	0.00	120.00	26152
00755	Peninsula Welding Supply, Inc.	06/10/2016	Regular	0.00	54.00	26153
00159	Pueblo Water Resources, Inc.	06/10/2016	Regular	0.00	5,600.00	26154
04709	Sherron Forsgren	06/10/2016	Regular	0.00	637.86	26155
00229	Tyler Technologies	06/10/2016	Regular	0.00	1,125.00	26156
09128	WCT-West Coast Technology	06/10/2016	Regular	0.00	1,150.00	26157
00254	MoCo Recorder	06/13/2016	Regular	0.00	26.00	26158
00254	MoCo Recorder	06/16/2016	Regular	0.00	32.00	26159
00254	MoCo Recorder	06/16/2016	Regular	0.00	14.00	26160
00254	MoCo Recorder	06/16/2016	Regular	0.00	93.00	26161
00254	MoCo Recorder	06/16/2016	Regular	0.00	61.00	26162
00254	MoCo Recorder	06/16/2016	Regular	0.00	29.00	26163
00254	MoCo Recorder	06/16/2016	Regular	0.00	61.00	26164
00254	MoCo Recorder	06/16/2016	Regular	0.00	29.00	26165
00254	MoCo Recorder	06/16/2016	Regular	0.00	14.00	26166
00254	MoCo Recorder	06/16/2016	Regular	0.00	61.00	26167
00254	MoCo Recorder	06/16/2016	Regular	0.00	14.00	26168
00254	MoCo Recorder	06/16/2016	Regular	0.00	29.00	26169
00254	MoCo Recorder	06/16/2016	Regular	0.00	61.00	26170
00254	MoCo Recorder	06/16/2016	Regular	0.00	61.00	26171
00243	CalPers Long Term Care Program	06/17/2016	Regular	0.00	40.56	26172
04043	Campbell Scientific, Inc.	06/17/2016	Regular	0.00	4,149.38	26173
00224	City of Monterey	06/17/2016	Regular	0.00	1,096.62	26174
06001	Cypress Coast Ford	06/17/2016	Regular	0.00	64,500.00	26175
00046	De Lay & Laredo	06/17/2016	Regular	0.00	48,236.81	26176
00761	Delores Cofer	06/17/2016	Regular	0.00	405.00	26177
00277	Home Depot Credit Services	06/17/2016	Regular	0.00	293.63	26178
00094	John Arriaga	06/17/2016	Regular	0.00	2,500.00	26179
00280	Kevan Urquhart	06/17/2016	Regular	0.00	855.54	26180
06744	Kinnetic Laboratories, Inc	06/17/2016	Regular	0.00	5,200.00	26181
00769	Laborers Trust Fund of Northern CA	06/17/2016	Regular	0.00	26,664.00	26182
00118	Monterey Bay Carpet & Janitorial Svc	06/17/2016	Regular	0.00	1,000.00	26183
00274	MRWPCA	06/17/2016	Regular	0.00	146.11	26184
00225	Palace Office Supply	06/17/2016	Regular	0.00	70.52	26185
01020	Paula Soto	06/17/2016	Regular	0.00	40.48	26186
00154	Peninsula Messenger Service	06/17/2016	Regular	0.00	535.00	26187
00256	PERS Retirement	06/17/2016	Regular	0.00	13,882.06	26188
06000	Potter's Electronics	06/17/2016	Regular	0.00	261.12	26189

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Check Report

Date Range: 06/01/2016 - 06/30/2016

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
00159	Pueblo Water Resources, Inc.	06/17/2016	Regular	0.00	5,557.50	26190
00262	Pure H2O	06/17/2016	Regular	0.00	64.49	26191
00283	SHELL	06/17/2016	Regular	0.00	692.17	26192
00766	Standard Insurance Company	06/17/2016	Regular	0.00	1,568.68	26193
04719	Telit Wireless Solutions	06/17/2016	Regular	0.00	164.66	26194
00258	Thomas Brand Consulting, LLC	06/17/2016	Regular	0.00	10,100.00	26195
00269	U.S. Bank	06/17/2016	Regular	0.00	1,036.94	26196
00207	Universal Staffing Inc.	06/17/2016	Regular	0.00	1,358.76	26197
00271	UPEC, Local 792	06/17/2016	Regular	0.00	1,039.28	26198
09128	WCT-West Coast Technology	06/17/2016	Regular	0.00	666.75	26199
00254	MoCo Recorder	06/22/2016	Regular	0.00	29.00	26200
00254	MoCo Recorder	06/22/2016	Regular	0.00	26.00	26201
00254	MoCo Recorder	06/22/2016	Regular	0.00	61.00	26202
00254	MoCo Recorder	06/22/2016	Regular	0.00	61.00	26203
00254	MoCo Recorder	06/22/2016	Regular	0.00	61.00	26204
00254	MoCo Recorder	06/22/2016	Regular	0.00	61.00	26205
00254	MoCo Recorder	06/22/2016	Regular	0.00	29.00	26206
00254	MoCo Recorder	06/22/2016	Regular	0.00	29.00	26207
00254	MoCo Recorder	06/22/2016	Regular	0.00	29.00	26208
00254	MoCo Recorder	06/22/2016	Regular	0.00	29.00	26209
00254	MoCo Recorder	06/22/2016	Regular	0.00	32.00	26210
00254	MoCo Recorder	06/23/2016	Regular	0.00	29.00	26213
00763	ACWA-JPIA	06/23/2016	Regular	0.00	469.60	26214
01188	Alhambra	06/23/2016	Regular	0.00	213.52	26215
00253	AT&T	06/23/2016	Regular	0.00	715.74	26216
00253	AT&T	06/23/2016	Regular	0.00	55.16	26217
00036	Bill Parham	06/23/2016	Regular	0.00	650.00	26218
07628	Caliper	06/23/2016	Regular	0.00	590.00	26219
01001	CDW Government	06/23/2016	Regular	0.00	522.40	26220
00024	Central Coast Exterminator	06/23/2016	Regular	0.00	104.00	26221
06268	Comcast	06/23/2016	Regular	0.00	205.22	26222
08697	Elizabeth Flores	06/23/2016	Regular	0.00	365.33	26223
00267	Employment Development Dept.	06/23/2016	Regular	0.00	3,977.62	26224
00192	Extra Space Storage	06/23/2016	Regular	0.00	716.00	26225
07624	Franchise Tax Board	06/23/2016	Regular	0.00	35.00	26226
07624	Franchise Tax Board	06/23/2016	Regular	0.00	85.99	26227
00285	Gabby Ayala	06/23/2016	Regular	0.00	69.50	26228
00986	Henrietta Stern	06/23/2016	Regular	0.00	1,149.00	26229
00768	ICMA	06/23/2016	Regular	0.00	5,380.41	26230
11821	Karen A. Warwick	06/23/2016	Regular	0.00	354.70	26231
04361	OneSource Office Systems	06/23/2016	Regular	0.00	558.32	26232
00225	Palace Office Supply	06/23/2016	Regular	0.00	110.08	26233
11818	Pebble Beach Company	06/23/2016	Regular	0.00	80,000.00	26234
00154	Peninsula Messenger Service	06/23/2016	Regular	0.00	566.00	26235
00752	Professional Liability Insurance Service	06/23/2016	Regular	0.00	38.50	26236
07627	Purchase Power	06/23/2016	Regular	0.00	556.00	26237
11621	Scotts Valley Sprinkler & Pipe Supply	06/23/2016	Regular	0.00	2,838.15	26238
00176	Sentry Alarm Systems	06/23/2016	Regular	0.00	125.50	26239
09989	Star Sanitation Services	06/23/2016	Regular	0.00	85.11	26240
00286	Stephanie L Locke	06/23/2016	Regular	0.00	527.87	26241
04720	Teletec Communications, Inc.	06/23/2016	Regular	0.00	190.00	26242
04719	Telit Wireless Solutions	06/23/2016	Regular	0.00	165.39	26243
10722	Thompson Wildland Management	06/23/2016	Regular	0.00	3,600.00	26244
06005	Trucksis Flag & Banner	06/23/2016	Regular	0.00	550.73	26245
00254	MoCo Recorder	06/30/2016	Regular	0.00	61.00	26381
00254	MoCo Recorder	06/30/2016	Regular	0.00	29.00	26382
00254	MoCo Recorder	06/30/2016	Regular	0.00	61.00	26383
00254	MoCo Recorder	06/30/2016	Regular	0.00	29.00	26384
00254	MoCo Recorder	06/30/2016	Regular	0.00	61.00	26385
00254	MoCo Recorder	06/30/2016	Regular	0.00	32.00	26386
00254	MoCo Recorder	06/30/2016	Regular	0.00	61.00	26387

EXHIBIT 7-B

Check Report

Date Range: 06/01/2016 - 06/30/2016

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
00254	MoCo Recorder	06/30/2016	Regular	0.00	61.00	26388
00254	MoCo Recorder	06/30/2016	Regular	0.00	29.00	26389
00254	MoCo Recorder	06/30/2016	Regular	0.00	29.00	26390
00254	MoCo Recorder	06/30/2016	Regular	0.00	61.00	26391
00254	MoCo Recorder	06/30/2016	Regular	0.00	61.00	26392
00010	Access Monterey Peninsula	06/30/2016	Regular	0.00	240.00	26393
00767	AFLAC	06/30/2016	Regular	0.00	1,289.16	26394
04731	Alliance for Water Efficiency	06/30/2016	Regular	0.00	500.00	26395
00243	CalPers Long Term Care Program	06/30/2016	Regular	0.00	40.56	26396
01001	CDW Government	06/30/2016	Regular	0.00	2,866.77	26397
00237	Chevron	06/30/2016	Regular	0.00	470.17	26398
00230	Cisco WebEx, LLC	06/30/2016	Regular	0.00	183.20	26399
00224	City of Monterey	06/30/2016	Regular	0.00	1,574.23	26400
11822	CSC	06/30/2016	Regular	0.00	2,695.00	26401
01352	Dave Stoldt	06/30/2016	Regular	0.00	245.90	26402
08109	David Olson, Inc.	06/30/2016	Regular	0.00	756.73	26403
00758	FedEx	06/30/2016	Regular	0.00	48.98	26404
00072	Goodin,MacBride,Squeri,Day,Lamprey	06/30/2016	Regular	0.00	3,816.40	26405
00993	Harris Court Business Park	06/30/2016	Regular	0.00	721.26	26406
00277	Home Depot Credit Services	06/30/2016	Regular	0.00	15.17	26407
11821	Karen A. Warwick	06/30/2016	Regular	0.00	70.00	26408
06745	KBA Docusys - Lease Payments	06/30/2016	Regular	0.00	946.13	26409
00274	MRWPCA	06/30/2016	Regular	0.00	547,310.09	26410
00274	MRWPCA	06/30/2016	Regular	0.00	656,266.65	26411
04032	Normandeau Associates, Inc.	06/30/2016	Regular	0.00	17,481.26	26412
00225	Palace Office Supply	06/30/2016	Regular	0.00	227.57	26413
01020	Paula Soto	06/30/2016	Regular	0.00	284.22	26414
00256	PERS Retirement	06/30/2016	Regular	0.00	13,894.64	26415
00282	PG&E	06/30/2016	Regular	0.00	2,099.58	26416
00282	PG&E	06/30/2016	Regular	0.00	9,008.53	26417
00282	PG&E	06/30/2016	Regular	0.00	10,334.65	26418
00759	RaboBank,N.A.	06/30/2016	Regular	0.00	109,568.00	26419
00251	Rick Dickhaut	06/30/2016	Regular	0.00	1,023.00	26420
04363	Sara Reyes	06/30/2016	Regular	0.00	67.45	26421
00987	SDRMA - Prop & Liability Pkg	06/30/2016	Regular	0.00	120.00	26422
00766	Standard Insurance Company	06/30/2016	Regular	0.00	1,566.25	26423
00766	Standard Insurance Company	06/30/2016	Regular	0.00	1,559.92	26424
09351	Tetra Tech, Inc.	06/30/2016	Regular	0.00	11,141.41	26425
00258	Thomas Brand Consulting, LLC	06/30/2016	Regular	0.00	4,441.31	26426
00229	Tyler Technologies	06/30/2016	Regular	0.00	750.00	26427
00269	U.S. Bank	06/30/2016	Regular	0.00	15,299.83	26428
00207	Universal Staffing Inc.	06/30/2016	Regular	0.00	1,622.40	26431
01197	USGS	06/30/2016	Regular	0.00	14,250.00	26432
12181	Val Strough Honda	06/30/2016	Regular	0.00	1,218.96	26433
06827	Waterline Envirotech Ltd	06/30/2016	Regular	0.00	822.77	26434
08105	Yolanda Munoz	06/30/2016	Regular	0.00	540.00	26435
00754	Zone24x7	06/30/2016	Regular	0.00	1,670.00	26436

Payment Type	Bank Code APBNK		Summary	
	Payable	Payment	Discount	Payment
Count	Count	Count	Count	
Regular Checks	289	217	0.00	2,539,841.60
Manual Checks	0	0	0.00	0.00
Voided Checks	0	6	0.00	-2,238.52
Bank Drafts	0	0	0.00	0.00
EFT's	0	0	0.00	0.00
	289	223	0.00	2,537,603.08

EXHIBIT 7-B

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Check Report

Date Range: 06/01/2016 - 06/30/2016

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
Bank Code: REBATES-02-Rebates: Use Only For Rebates						
12176	A.G. Davi	06/24/2016	Regular	0.00	525.00	26246
12177	A.G. Davi	06/24/2016	Regular	0.00	960.00	26247
12175	A.G. Davi	06/24/2016	Regular	0.00	1,200.00	26248
12175	A.G. Davi	06/28/2016	Regular	0.00	-1,200.00	26248
12152	Alfonso Aquino	06/24/2016	Regular	0.00	149.00	26249
12052	ALICE L SIMPSON	06/24/2016	Regular	0.00	100.00	26250
12134	ANNA GRAZIANO	06/28/2016	Regular	0.00	-99.00	26251
12134	ANNA GRAZIANO	06/24/2016	Regular	0.00	99.00	26251
12163	ANNA M MARTIN	06/24/2016	Regular	0.00	500.00	26252
12088	ANTHONY & CAROLYN LECCE	06/24/2016	Regular	0.00	500.00	26253
12173	Antoinette Saylor	06/24/2016	Regular	0.00	100.00	26254
12054	ANTONIO VITAL	06/24/2016	Regular	0.00	100.00	26255
12142	ARTHUR E. ORSUA	06/24/2016	Regular	0.00	100.00	26256
12080	Ashleigh Hutchison	06/24/2016	Regular	0.00	500.00	26257
12144	Bain Smith	06/24/2016	Regular	0.00	297.00	26258
12178	BARBARA B HEIL	06/24/2016	Regular	0.00	420.00	26259
12059	BERNARDO ARANDA	06/24/2016	Regular	0.00	149.00	26260
12097	BERNIE RIPHENBURG	06/24/2016	Regular	0.00	500.00	26261
12114	BERTRAND DEPREZ	06/24/2016	Regular	0.00	298.00	26262
12048	BLAIR CAMP	06/24/2016	Regular	0.00	98.00	26263
12119	BOB FERGUSON	06/24/2016	Regular	0.00	200.00	26264
12121	Bonnie Korhonen	06/24/2016	Regular	0.00	125.00	26265
12079	Carole Dorsey	06/24/2016	Regular	0.00	500.00	26266
12132	Casa Verde Inn	06/24/2016	Regular	0.00	300.00	26267
12131	CASANOVA MONTEREY LLC	06/24/2016	Regular	0.00	149.00	26268
12095	CASANOVA MONTEREY LLC	06/24/2016	Regular	0.00	149.00	26269
12153	CATHERINE WOOTEN	06/24/2016	Regular	0.00	125.00	26270
12138	CAVAN & CAROLYN HARDY	06/24/2016	Regular	0.00	200.00	26271
12058	CHRISTOPHER M PEERLESS	06/24/2016	Regular	0.00	100.00	26272
12167	CLANCY D'ANGELO	06/24/2016	Regular	0.00	500.00	26273
12051	CLINTON ROBINSON	06/24/2016	Regular	0.00	100.00	26274
12130	CONCEPCION BLAS	06/24/2016	Regular	0.00	600.00	26275
12104	Craig Boswell	06/24/2016	Regular	0.00	298.00	26276
12075	DAN FIELD	06/24/2016	Regular	0.00	125.00	26277
12078	DANIEL & DARIA LOMBARDO	06/24/2016	Regular	0.00	500.00	26278
12066	DAVID BOGART	06/24/2016	Regular	0.00	298.00	26279
12049	DAVID FALBY	06/24/2016	Regular	0.00	298.00	26280
12084	David Sergienilo	06/24/2016	Regular	0.00	500.00	26281
12046	DEAN SURBER	06/24/2016	Regular	0.00	200.00	26282
12081	DEANNA EDWARDS	06/24/2016	Regular	0.00	500.00	26283
12141	DEBRA C RAMIREZ	06/24/2016	Regular	0.00	298.00	26284
12065	DENNIS SORENSEN	06/24/2016	Regular	0.00	100.00	26285
12118	DON TOBIN	06/24/2016	Regular	0.00	100.00	26286
12112	DOUGLAS M. ROESSER	06/24/2016	Regular	0.00	98.00	26287
12174	Faton K. Samuels	06/24/2016	Regular	0.00	74.00	26288
12107	FRANCOISE AVERY	06/24/2016	Regular	0.00	149.00	26289
12124	Frank Geisler	06/24/2016	Regular	0.00	500.00	26290
12137	FRANK GRAZIANO	06/24/2016	Regular	0.00	99.00	26291
12092	Gabriela Chism	06/24/2016	Regular	0.00	499.00	26292
12172	GARPARE MONTANTE	06/24/2016	Regular	0.00	98.00	26293
12120	HARVEY SCHRIER	06/24/2016	Regular	0.00	125.00	26294
12076	HARVEY SULLIVAN	06/24/2016	Regular	0.00	125.00	26295
12103	HERBERT SHOEMAKER	06/24/2016	Regular	0.00	98.00	26296
12111	ISAO KATO	06/24/2016	Regular	0.00	149.00	26297
12123	Jacob LaMasters	06/24/2016	Regular	0.00	500.00	26298
12136	JAMES ANDERSON	06/24/2016	Regular	0.00	100.00	26299
12050	JAMES FREMGEN	06/24/2016	Regular	0.00	200.00	26300
12179	James Muu	06/24/2016	Regular	0.00	500.00	26301
12087	JAMES ROGERS	06/24/2016	Regular	0.00	500.00	26302
12106	JANE A STILE	06/24/2016	Regular	0.00	100.00	26303

EXHIBIT 7-B

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Check Report

Date Range: 06/01/2016 - 06/30/2016

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
12166	JANET MC GARVEY	06/24/2016	Regular	0.00	500.00	26304
12126	JEFFREY J SILVEIRA	06/24/2016	Regular	0.00	500.00	26305
12109	JEFFREY TISCHLER	06/24/2016	Regular	0.00	149.00	26306
12155	JIM PINCKNEY	06/24/2016	Regular	0.00	125.00	26307
12145	Joanna Chamberlain	06/24/2016	Regular	0.00	100.00	26308
12128	Joanne L Perron	06/24/2016	Regular	0.00	200.00	26309
12064	JOHN PEARSE	06/24/2016	Regular	0.00	149.00	26310
12169	Jonathan Balog	06/24/2016	Regular	0.00	500.00	26311
12110	JONATHAN ROELOFFS	06/24/2016	Regular	0.00	100.00	26312
12127	JOSEPH CITARELLI	06/24/2016	Regular	0.00	500.00	26313
12122	KARI WOLF	06/24/2016	Regular	0.00	500.00	26314
12143	KISHORE NARGUNDKAR	06/24/2016	Regular	0.00	298.00	26315
12089	LAN FULLOP	06/24/2016	Regular	0.00	500.00	26316
12108	Larry Lightman	06/24/2016	Regular	0.00	298.00	26317
12129	LESLIE TURRINI-SMITH	06/24/2016	Regular	0.00	65.00	26318
12160	LISA HALVORSEN	06/24/2016	Regular	0.00	500.00	26319
12170	LISA HONDA	06/24/2016	Regular	0.00	189.00	26320
12047	Lori Pierce	06/24/2016	Regular	0.00	500.00	26321
12159	LUZ AGUIRRE	06/24/2016	Regular	0.00	500.00	26322
12085	MALCOLM CITRON	06/24/2016	Regular	0.00	500.00	26323
12056	MARGARET MCLAUGHLIN	06/24/2016	Regular	0.00	200.00	26324
12094	MARGARITA FITHIAN	06/24/2016	Regular	0.00	1,537.50	26325
12151	MARIAN GALL	06/24/2016	Regular	0.00	100.00	26326
12100	MARIANNE HAAS	06/24/2016	Regular	0.00	149.00	26327
12091	MARK CANEPA	06/24/2016	Regular	0.00	500.00	26328
12090	MARK DIAZ	06/24/2016	Regular	0.00	500.00	26329
12053	Mary Dainton	06/24/2016	Regular	0.00	149.00	26330
12135	MEGAN O'NEILL	06/24/2016	Regular	0.00	298.00	26331
12077	MICHAEL & JACQUELINE NEWTON	06/24/2016	Regular	0.00	125.00	26332
12165	MICHAEL KOVAC	06/24/2016	Regular	0.00	500.00	26333
12060	MICHAEL MCGOVERN	06/24/2016	Regular	0.00	149.00	26334
12140	MICHAEL NESMITH	06/24/2016	Regular	0.00	99.00	26335
12116	MICHAEL SMITH	06/24/2016	Regular	0.00	149.00	26336
12101	NANCY DISCH	06/24/2016	Regular	0.00	100.00	26337
12147	NANCY HARDY	06/24/2016	Regular	0.00	100.00	26338
12146	NEIL ANDERSON & ROSE BRAVATA	06/24/2016	Regular	0.00	425.00	26339
12072	NILS STRINDBERG	06/24/2016	Regular	0.00	298.00	26340
12157	NORMAN YASSANY	06/24/2016	Regular	0.00	500.00	26341
12067	PATRICK SCHRADY	06/24/2016	Regular	0.00	149.00	26342
12045	PATRIK ZETTERLUND	06/24/2016	Regular	0.00	125.00	26343
12156	PAUL & LINDA FLORES	06/24/2016	Regular	0.00	500.00	26344
12082	PAUL & VICTORIA KIM	06/24/2016	Regular	0.00	500.00	26345
12115	PHILIP BITTER	06/24/2016	Regular	0.00	100.00	26346
12102	PHYLLIS DECKER SIEGEL	06/24/2016	Regular	0.00	100.00	26347
12133	RAYMOND PANGLE	06/24/2016	Regular	0.00	500.00	26348
12117	RICHARD HAMBLEY	06/24/2016	Regular	0.00	198.00	26349
12061	RICHARD J PALMER	06/24/2016	Regular	0.00	149.00	26350
12096	RICHARD L CLINE	06/24/2016	Regular	0.00	100.00	26351
12139	RICHARD VERBANEC	06/24/2016	Regular	0.00	100.00	26352
12161	ROBB & DALE JOHNSON	06/24/2016	Regular	0.00	500.00	26353
12071	ROBERT RICE	06/24/2016	Regular	0.00	298.00	26354
12148	ROBERT W & CAROL E HATTON	06/24/2016	Regular	0.00	100.00	26355
12083	RUSS GALLOWAY	06/24/2016	Regular	0.00	500.00	26356
12093	RUSS PIERIK	06/24/2016	Regular	0.00	500.00	26357
12113	RUTH WEIMER	06/24/2016	Regular	0.00	98.00	26358
12073	SAM KIER	06/24/2016	Regular	0.00	125.00	26359
12069	Saoirse Folsom	06/24/2016	Regular	0.00	149.00	26360
12068	Saoirse Folsom	06/24/2016	Regular	0.00	149.00	26361
12168	Sean Brownlee	06/24/2016	Regular	0.00	500.00	26362
12154	SERGEY FRIDMAN	06/24/2016	Regular	0.00	125.00	26363
12074	SETH PARIS	06/24/2016	Regular	0.00	125.00	26364

EXHIBIT 7-B

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Check Report

Date Range: 06/01/2016 - 06/30/2016

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
12070	Shawn G. Folsom	06/24/2016	Regular	0.00	149.00	26365
12098	ST PHILLIPS LUTHERN CHURCH	06/24/2016	Regular	0.00	100.00	26366
12164	STEPHANIE JOHNSTON	06/24/2016	Regular	0.00	500.00	26367
12162	STEVE HENRY	06/24/2016	Regular	0.00	500.00	26368
12055	STEVEN & HELEN RUBIN	06/24/2016	Regular	0.00	149.00	26369
12086	SURENDRA PATEL	06/24/2016	Regular	0.00	500.00	26370
12062	T MARIE VAUGHN	06/24/2016	Regular	0.00	298.00	26371
12158	Tammy Richardson	06/24/2016	Regular	0.00	500.00	26372
12063	THOMAS BOTTARO	06/24/2016	Regular	0.00	149.00	26373
12149	THOMAS P HLASNY	06/24/2016	Regular	0.00	149.00	26374
12150	THOMAS P HLASNY	06/24/2016	Regular	0.00	298.00	26375
12057	TRUMAN LONG	06/24/2016	Regular	0.00	149.00	26376
12099	VIRGINIA ZEISE	06/24/2016	Regular	0.00	500.00	26377
12125	WALTER RITCHIE	06/24/2016	Regular	0.00	500.00	26378
12105	WANDA GAMEZ	06/24/2016	Regular	0.00	200.00	26379
12171	YASMIN AL-SHAWAF	06/24/2016	Regular	0.00	100.00	26380
12175	A.G. Davi	06/30/2016	Regular	0.00	1,200.00	26437
12134	ANNA GRAZIANO	06/30/2016	Regular	0.00	99.00	26438

Bank Code REBATES-02 Summary

Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	137	137	0.00	41,055.50
Manual Checks	0	0	0.00	0.00
Voided Checks	0	2	0.00	-1,299.00
Bank Drafts	0	0	0.00	0.00
EFT's	0	0	0.00	0.00
	137	139	0.00	39,756.50

Fund Summary

Fund	Name	Period	Amount
99	POOL CASH FUND	6/2016	2,577,359.58
			<u>2,577,359.58</u>

EXHIBIT 7-C

Payroll Bank Transaction Report - MPWMD



Monterey Peninsula Water Management D

By Payment Number

Date: 6/1/2016 - 6/30/2016

Payroll Set: 01 - Monterey Peninsula Water Management District

Payment Number	Payment Date	Payment Type	Employee Number	Employee Name	Check Amount	Direct Deposit Amount	Total Payment
2278	06/02/2016	Regular	7013	Clarke, Andrew	0.00	316.40	316.40
2279	06/02/2016	Regular	7014	Evans, Molly F	0.00	124.67	124.67
2280	06/02/2016	Regular	7003	Lewis, Brenda	0.00	246.57	246.57
2281	06/10/2016	Regular	1024	Stoldt, David J	0.00	5,913.84	5,913.84
2282	06/10/2016	Regular	1025	Tavani, Arlene M	0.00	1,899.86	1,899.86
2283	06/10/2016	Regular	1006	Dudley, Mark A	0.00	2,878.00	2,878.00
2284	06/10/2016	Regular	1039	Flores, Elizabeth	0.00	1,941.68	1,941.68
2285	06/10/2016	Regular	1018	Prasad, Suresh	0.00	3,583.00	3,583.00
2286	06/10/2016	Regular	1019	Reyes, Sara C	0.00	1,856.04	1,856.04
2287	06/10/2016	Regular	1020	Sandoval, Eric J	0.00	1,933.32	1,933.32
2288	06/10/2016	Regular	1021	Schmidlin, Cynthia L	0.00	1,802.01	1,802.01
2289	06/10/2016	Regular	1002	Bekker, Mark	0.00	1,627.14	1,627.14
2290	06/10/2016	Regular	1005	Christensen, Thomas T	0.00	2,548.32	2,548.32
2291	06/10/2016	Regular	1008	Hampson, Larry M	0.00	3,199.25	3,199.25
2292	06/10/2016	Regular	1013	Lyons, Matthew J	0.00	1,602.65	1,602.65
2293	06/10/2016	Regular	1023	Stern, Henrietta L	0.00	820.21	820.21
2294	06/10/2016	Regular	6028	Atkins, Daniel N	0.00	370.41	370.41
2295	06/10/2016	Regular	6035	Besson, Jordan C.	0.00	420.54	420.54
2296	06/10/2016	Regular	1004	Chaney, Beverly M	0.00	2,177.57	2,177.57
2297	06/10/2016	Regular	1007	Hamilton, Cory R	0.00	2,028.05	2,028.05
2298	06/10/2016	Regular	1009	James, Gregory W	0.00	2,932.79	2,932.79
2299	06/10/2016	Regular	1011	Lear, Jonathan P	0.00	2,731.28	2,731.28
2300	06/10/2016	Regular	1012	Lindberg, Thomas L	0.00	2,156.93	2,156.93
2301	06/10/2016	Regular	1016	Oliver, Joseph W	0.00	2,645.69	2,645.69
2302	06/10/2016	Regular	1026	Urquhart, Kevan A	0.00	1,868.33	1,868.33
2303	06/10/2016	Regular	1001	Ayala, Gabriela D	0.00	1,653.90	1,653.90
2304	06/10/2016	Regular	1041	Gonnerman, Maryan C	0.00	1,507.97	1,507.97
2305	06/10/2016	Regular	1010	Kister, Stephanie L	0.00	1,838.32	1,838.32
2306	06/10/2016	Regular	1017	Locke, Stephanie L	0.00	2,686.68	2,686.68
2307	06/10/2016	Regular	1014	Martin, Debra S	0.00	1,816.98	1,816.98
2308	06/24/2016	Regular	1024	Stoldt, David J	0.00	5,913.84	5,913.84
2309	06/24/2016	Regular	1025	Tavani, Arlene M	0.00	1,899.87	1,899.87
2310	06/24/2016	Regular	1006	Dudley, Mark A	0.00	2,878.01	2,878.01
2311	06/24/2016	Regular	1039	Flores, Elizabeth	0.00	1,941.67	1,941.67
2312	06/24/2016	Regular	1018	Prasad, Suresh	0.00	3,583.00	3,583.00
2313	06/24/2016	Regular	1019	Reyes, Sara C	0.00	1,856.03	1,856.03
2314	06/24/2016	Regular	1020	Sandoval, Eric J	0.00	1,933.31	1,933.31
2315	06/24/2016	Regular	1021	Schmidlin, Cynthia L	0.00	1,802.01	1,802.01
2316	06/24/2016	Regular	1022	Soto, Paula	0.00	1,420.09	1,420.09
2317	06/24/2016	Regular	1002	Bekker, Mark	0.00	1,627.15	1,627.15
2318	06/24/2016	Regular	1005	Christensen, Thomas T	0.00	2,548.32	2,548.32
2319	06/24/2016	Regular	1008	Hampson, Larry M	0.00	3,199.25	3,199.25
2320	06/24/2016	Regular	1013	Lyons, Matthew J	0.00	1,602.64	1,602.64
2321	06/24/2016	Regular	1023	Stern, Henrietta L	0.00	1,276.83	1,276.83
2322	06/24/2016	Regular	6028	Atkins, Daniel N	0.00	279.32	279.32
2323	06/24/2016	Regular	6035	Besson, Jordan C.	0.00	403.56	403.56
2324	06/24/2016	Regular	1004	Chaney, Beverly M	0.00	2,177.57	2,177.57
2325	06/24/2016	Regular	1007	Hamilton, Cory R	0.00	2,028.05	2,028.05
2326	06/24/2016	Regular	1009	James, Gregory W	0.00	2,932.79	2,932.79
2327	06/24/2016	Regular	6034	Kleven, Alana K	0.00	75.67	75.67
2328	06/24/2016	Regular	1011	Lear, Jonathan P	0.00	2,731.28	2,731.28
2329	06/24/2016	Regular	1012	Lindberg, Thomas L	0.00	2,156.93	2,156.93
2330	06/24/2016	Regular	1016	Oliver, Joseph W	0.00	2,645.69	2,645.69
2331	06/24/2016	Regular	1026	Urquhart, Kevan A	0.00	1,868.33	1,868.33
2332	06/24/2016	Regular	1001	Ayala, Gabriela D	0.00	1,653.91	1,653.91
2333	06/24/2016	Regular	1041	Gonnerman, Maryan C	0.00	1,507.97	1,507.97
2334	06/24/2016	Regular	1010	Kister, Stephanie L	0.00	1,838.33	1,838.33

EXHIBIT 7-C

Payment Number	Payment Date	Payment Type	Employee Number	Employee Name	Check Amount	Direct Deposit Amount	Total Payment
2335	06/24/2016	Regular	1017	Locke, Stephanie L	0.00	2,686.68	2,686.68
2336	06/24/2016	Regular	1014	Martin, Debra S	0.00	1,816.97	1,816.97
2337	06/30/2016	Regular	7013	Clarke, Andrew	0.00	249.34	249.34
2338	06/30/2016	Regular	7014	Evans, Molly F	0.00	249.34	249.34
26090	06/02/2016	Regular	7006	Brower, Sr., Robert S	374.02	0.00	374.02
26091	06/02/2016	Regular	7007	Byrne, Jeannie	623.36	0.00	623.36
26092	06/02/2016	Regular	7001	Pendergrass, David K	374.02	0.00	374.02
26114	06/10/2016	Regular	1022	Soto, Paula	0.01	1,420.09	1,420.10
26115	06/10/2016	Regular	6007	Delay, Thomas E	364.33	0.00	364.33
26116	06/10/2016	Regular	6004	Malloway, Geoffrey J	1,502.05	0.00	1,502.05
26117	06/10/2016	Regular	6033	Suwada, Joseph	650.41	0.00	650.41
26118	06/10/2016	Regular	1040	Smith, Kyle	1,472.51	0.00	1,472.51
26211	06/24/2016	Regular	6033	Suwada, Joseph	961.46	0.00	961.46
26212	06/24/2016	Regular	1040	Smith, Kyle	1,472.52	0.00	1,472.52
26439	06/30/2016	Regular	7006	Brower, Sr., Robert S	498.69	0.00	498.69
26440	06/30/2016	Regular	7007	Byrne, Jeannie	498.69	0.00	498.69
26441	06/30/2016	Regular	7001	Pendergrass, David K	374.02	0.00	374.02
26442	06/30/2016	Regular	7004	Potter, David L	124.67	0.00	124.67
Totals:					9,290.76	121,332.24	130,623.00

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Monterey Peninsula Water Management D

Bank Transaction Report
Transaction Detail

Issued Date Range: 06/01/2016 - 06/30/2016

Cleared Date Range: -

Issued Date	Cleared Date	Number	Description	Module	Status	Type	Amount
Bank Account: 111 - Bank of America Checking - 0000 8170 8210							
06/02/2016	06/30/2016	DFT0000741	I.R.S.	Accounts Payable	Cleared	Bank Draft	-60.39
06/02/2016	06/30/2016	DFT0000742	I.R.S.	Accounts Payable	Cleared	Bank Draft	-66.56
06/02/2016	06/30/2016	DFT0000743	I.R.S.	Accounts Payable	Cleared	Bank Draft	-284.58
06/07/2016	06/30/2016	SVC0000088	IRS Overpayment	General Ledger	Cleared	Service Charge	-458.14
06/10/2016	06/30/2016	DFT0000745	I.R.S.	Accounts Payable	Cleared	Bank Draft	-10,927.59
06/10/2016	06/30/2016	DFT0000746	I.R.S.	Accounts Payable	Cleared	Bank Draft	-2,372.38
06/10/2016	06/30/2016	DFT0000747	I.R.S.	Accounts Payable	Cleared	Bank Draft	-643.64
06/15/2016	06/30/2016	SVC0000087	June/2016 Bank Service Fee	General Ledger	Cleared	Service Charge	-316.36
06/24/2016	06/30/2016	DFT0000749	I.R.S.	Accounts Payable	Cleared	Bank Draft	-10,928.66
06/24/2016	06/30/2016	DFT0000750	I.R.S.	Accounts Payable	Cleared	Bank Draft	-2,337.50
06/24/2016	06/30/2016	DFT0000751	I.R.S.	Accounts Payable	Cleared	Bank Draft	-494.54
06/30/2016		DFT0000753	I.R.S.	Accounts Payable	Outstanding	Bank Draft	-62.66
06/30/2016		DFT0000754	I.R.S.	Accounts Payable	Outstanding	Bank Draft	-267.84
Bank Account 111 Total: (13)							-29,220.84
Report Total: (13)							-29,220.84

EXHIBIT 7-D

Bank Transaction Report

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Issued Date Range: 06/01/2016 - 06/30/2016 Cleared Date Range: -

Summary

Bank Account	Count	Amount
111 Bank of America Checking - 0000 8170 8210	13	-29,220.84
Report Total:	13	-29,220.84

Cash Account	Count	Amount
99 99-10-100100 Pool Cash Account	13	-29,220.84
Report Total:	13	-29,220.84

Transaction Type	Count	Amount
Bank Draft	11	-28,446.34
Service Charge	2	-774.50
Report Total:	13	-29,220.84

Statement of Revenue Over Expense - No Decimals
Group Summary



Monterey Peninsula Water Management D

For Fiscal: 2015-2016 Period Ending: 06/30/2016

Level2	June Activity	June Budget	Variance Favorable (Unfavorable)	Percent Used	YTD Activity	Total Budget	Variance Favorable (Unfavorable)	Percent Used
Revenue								
R100 - Water Supply Charge	54,834	284,580	-229,746	-19.27 %	3,391,535	3,400,000	-8,465	-99.75 %
R110 - Mitigation Revenue	818,963	201,884	617,078	-405.66 %	2,412,553	2,412,000	553	-100.02 %
R120 - Property Taxes Revenues	81,334	131,409	-50,075	-61.89 %	1,746,910	1,570,000	176,910	-111.27 %
R130 - User Fees	36,547	6,278	30,270	-582.20 %	79,019	75,000	4,019	-105.36 %
R140 - Connection Charges	25,242	14,648	10,594	-172.33 %	502,298	175,000	327,298	-287.03 %
R150 - Permit Processing Fee	20,394	14,648	5,747	-139.23 %	167,213	175,000	-7,787	-95.55 %
R160 - Well Registration Fee	0	167	-167	0.00 %	675	2,000	-1,325	-33.75 %
R180 - River Work Permit Application	0	0	0	0.00 %	75	0	75	0.00 %
R190 - WDS Permits Rule 21	9,568	4,687	4,881	-204.13 %	57,411	56,000	1,411	-102.52 %
R200 - Recording Fees	1,395	670	725	-208.33 %	12,047	8,000	4,047	-150.59 %
R210 - Legal Fees	114	1,256	-1,142	-9.08 %	2,728	15,000	-12,272	-18.19 %
R220 - Copy Fee	33	0	33	0.00 %	132	0	132	0.00 %
R230 - Miscellaneous - Other	397	1,256	-859	-31.59 %	12,949	15,000	-2,051	-86.33 %
R240 - Insurance Refunds	0	0	0	0.00 %	1,352	0	1,352	0.00 %
R250 - Interest Income	8,411	1,256	7,156	-669.97 %	29,093	15,000	14,093	-193.95 %
R260 - CAW - ASR	241,989	22,929	219,061	-1,055.40 %	241,989	273,900	-31,911	-88.35 %
R265 - CAW - Los Padres Reimbursement	0	8,553	-8,553	0.00 %	0	100,000	-100,000	0.00 %
R270 - CAW - Rebates	60,150	58,590	1,560	-102.66 %	639,582	700,000	-60,418	-91.37 %
R280 - CAW - Conservation	191,229	14,560	176,669	-1,313.38 %	191,229	173,700	17,529	-110.09 %
R290 - CAW - Miscellaneous	0	3	-3	0.00 %	0	0	0	0.00 %
R300 - Watermaster	30,992	5,876	25,116	-527.46 %	70,701	70,200	501	-100.71 %
R305 - City of Seaside - Rebates	0	1,674	-1,674	0.00 %	0	20,000	-20,000	0.00 %
R308 - Reclamation Project	36,837	0	36,837	0.00 %	36,837	0	36,837	0.00 %
R309 - GWR Project Reimbursements	79,547	0	79,547	0.00 %	79,547	0	79,547	0.00 %
R310 - Other Reimbursements	0	2,874	-2,874	0.00 %	0	34,200	-34,200	0.00 %
R320 - Grants	0	23,018	-23,018	0.00 %	197,519	275,000	-77,481	-71.83 %
R500 - Capital Equipment Reserve	0	7,475	-7,475	0.00 %	0	89,700	-89,700	0.00 %
R510 - Operating Reserve	0	357,534	-357,534	0.00 %	0	4,276,150	-4,276,150	0.00 %
Total Revenue:	1,697,978	1,165,822	532,156	-145.65 %	9,873,395	13,930,850	-4,057,455	-70.87 %

Level2	June Activity	June Budget	Variance Favorable (Unfavorable)	Percent Used	YTD Activity	Total Budget	Variance Favorable (Unfavorable)	Percent Used
Expense								
Level1: 100 - Personnel Costs								
1100 - Salaries & Wages	178,238	202,171	23,933	88.16 %	2,322,371	2,415,600	93,229	96.14 %
1110 - Manager's Auto Allowance	462	502	41	91.90 %	6,000	6,000	0	100.00 %
1120 - Manager's Deferred Comp	631	653	22	96.61 %	8,138	7,800	-338	104.34 %
1130 - Unemployment Compensation	37	251	214	14.74 %	707	3,000	2,293	23.57 %
1140 - Insurance Opt-Out Supplemental	1,414	1,590	176	88.91 %	17,845	19,000	1,155	93.92 %
1150 - Temporary Personnel	3,792	5,943	2,150	63.82 %	51,939	71,000	19,061	73.15 %
1160 - PERS Retirement	17,250	33,566	16,316	51.39 %	401,256	401,000	-256	100.06 %
1170 - Medical Insurance	25,413	25,989	576	97.78 %	307,181	310,500	3,319	98.93 %
1180 - Medical Insurance - Retirees	4,904	4,821	-83	101.72 %	60,813	57,600	-3,213	105.58 %
1190 - Workers Compensation	3,361	3,715	354	90.47 %	42,650	44,400	1,750	96.06 %
1200 - Life Insurance	409	460	52	88.72 %	5,175	5,500	325	94.10 %
1210 - Long Term Disability Insurance	1,121	1,172	51	95.66 %	13,158	14,000	842	93.99 %
1220 - Short Term Disability Insurance	223	251	29	88.56 %	2,601	3,000	399	86.71 %
1260 - Employee Assistance Program	66	101	35	65.35 %	803	1,200	397	66.94 %
1270 - FICA Tax Expense	703	402	-301	174.98 %	5,111	4,800	-311	106.49 %
1280 - Medicare Tax Expense	2,386	2,921	535	81.69 %	30,376	34,900	4,524	87.04 %
1290 - Staff Development & Training	1,447	2,729	1,281	53.04 %	9,726	32,600	22,874	29.83 %
1300 - Conference Registration	285	268	-17	106.41 %	2,830	3,200	370	88.44 %
1310 - Professional Dues	0	226	226	0.00 %	2,288	2,700	413	84.72 %
1320 - Personnel Recruitment	590	544	-47	108.56 %	8,551	6,500	-2,051	131.55 %
Total Level1: 100 - Personnel Costs:	242,731	288,274	45,543	84.20 %	3,299,522	3,444,300	144,778	95.80 %
Level1: 200 - Supplies and Services								
2000 - Board Member Compensation	2,160	2,514	354	85.93 %	24,980	30,000	5,020	83.27 %
2020 - Board Expenses	0	835	835	0.00 %	9,462	10,000	538	94.62 %
2040 - Rent	1,045	1,975	930	52.90 %	19,792	23,600	3,808	83.86 %
2060 - Utilities	2,640	3,214	574	82.13 %	33,003	38,400	5,397	85.94 %
2120 - Insurance Expense	3,778	3,767	-11	100.30 %	43,155	45,000	1,845	95.90 %
2130 - Membership Dues	500	2,135	1,635	23.42 %	25,854	25,500	-354	101.39 %
2140 - Bank Charges	815	293	-522	278.19 %	5,409	3,500	-1,909	154.54 %
2150 - Office Supplies	2,190	1,314	-875	166.60 %	13,814	15,700	1,886	87.99 %
2160 - Courier Expense	772	670	-102	115.29 %	7,971	8,000	29	99.64 %
2170 - Printing/Photocopy	0	628	628	0.00 %	398	7,500	7,102	5.30 %
2180 - Postage & Shipping	0	335	335	0.00 %	5,281	4,000	-1,281	132.03 %
2190 - IT Supplies/Services	14,440	8,822	-5,618	163.68 %	84,926	105,400	20,474	80.57 %
2200 - Professional Fees	6,600	11,300	4,700	58.41 %	132,239	135,000	2,761	97.95 %
2220 - Equipment Repairs & Maintenance	1,767	586	-1,182	301.66 %	9,127	7,000	-2,127	130.39 %
2235 - Equipment Lease	946	1,256	309	75.36 %	13,035	15,000	1,965	86.90 %
2240 - Telephone	2,702	3,691	989	73.20 %	35,729	44,100	8,371	81.02 %
2260 - Facility Maintenance	9,719	3,113	-6,606	312.23 %	45,480	37,200	-8,280	122.26 %
2270 - Travel Expenses	5,050	2,945	-2,105	171.46 %	30,364	35,200	4,836	86.26 %

Level2	June	June	Variance	Percent	YTD	Total Budget	Variance	Percent
	Activity	Budget	Favorable (Unfavorable)	Used			Favorable (Unfavorable)	Used
2280 - Transportation	8,321	2,017	-6,305	412.63 %	35,346	24,100	-11,246	146.66 %
2300 - Legal Services	92,145	33,480	-58,665	275.22 %	572,183	400,000	-172,183	143.05 %
2380 - Meeting Expenses	975	603	-372	161.75 %	4,598	7,200	2,602	63.86 %
2420 - Legal Notices	0	360	360	0.00 %	1,750	4,300	2,550	40.69 %
2460 - Public Outreach	1,320	335	-985	393.88 %	5,455	4,000	-1,455	136.36 %
2480 - Miscellaneous	6	294	287	2.21 %	1,568	3,500	1,932	44.79 %
2500 - Tax Administration Fee	-526	1,674	2,200	-31.42 %	18,274	20,000	1,726	91.37 %
2900 - Operating Supplies	423	1,749	1,326	24.20 %	13,331	20,900	7,569	63.79 %
Total Level1: 200 - Supplies and Services:	157,789	89,902	-67,886	175.51 %	1,192,521	1,074,100	-118,421	111.03 %
Level1: 300 - Other Expenses								
3000 - Project Expenses	2,217,865	701,655	-1,516,210	316.09 %	6,527,758	8,385,100	1,857,342	77.85 %
4000 - Fixed Asset Purchases	19,406	14,570	-4,837	133.20 %	130,822	174,200	43,378	75.10 %
5000 - Debt Service	0	19,251	19,251	0.00 %	138,627	230,000	91,373	60.27 %
5500 - Election Expenses	0	5,084	5,084	0.00 %	44,606	60,000	15,394	74.34 %
6000 - Contingencies	0	6,278	6,278	0.00 %	0	75,000	75,000	0.00 %
6500 - Reserves	0	40,809	40,809	0.00 %	0	488,150	488,150	0.00 %
Total Level1: 300 - Other Expenses:	2,237,272	787,646	-1,449,626	284.05 %	6,841,814	9,412,450	2,570,636	72.69 %
Total Expense:	2,637,792	1,165,823	-1,471,969	226.26 %	11,333,857	13,930,850	2,596,993	81.36 %
Report Total:	-939,814	-1	-939,813		-1,460,461	0	-1,460,461	

Fund Summary

Fund	June Activity	June Budget	Variance Favorable (Unfavorable)	Percent Used	YTD Activity	Total Budget	Variance Favorable (Unfavorable)	Percent Used
24 - MITIGATION FUND	654,163	-1	654,164		501,048	0	501,048	
26 - CONSERVATION FUND	181,831	0	181,832		422,308	0	422,308	
35 - WATER SUPPLY FUND	-1,775,808	0	-1,775,808		-2,383,817	0	-2,383,817	
Report Total:	-939,814	-0.99	-939,813		-1,460,461	0	-1,460,461	

Statement of Revenue Over Expense - No Decimals
 Group Summary



Monterey Peninsula Water Management D

For Fiscal: 2015-2016 Period Ending: 06/30/2016

Level2	June Activity	June Budget	Variance Favorable (Unfavorable)	Percent Used	YTD Activity	Total Budget	Variance Favorable (Unfavorable)	Percent Used
Fund: 24 - MITIGATION FUND								
Revenue								
R110 - Mitigation Revenue	818,963	201,884	617,078	-405.66 %	2,412,553	2,412,000	553	-100.02 %
R130 - User Fees	35,951	6,278	29,673	-572.69 %	71,806	75,000	-3,194	-95.74 %
R160 - Well Registration Fee	0	167	-167	0.00 %	675	2,000	-1,325	-33.75 %
R180 - River Work Permit Application	0	0	0	0.00 %	75	0	75	0.00 %
R190 - WDS Permits Rule 21	9,568	4,687	4,881	-204.13 %	57,411	56,000	1,411	-102.52 %
R230 - Miscellaneous - Other	0	1,256	-1,256	0.00 %	443	15,000	-14,557	-2.95 %
R250 - Interest Income	245	544	-299	-45.10 %	1,593	6,500	-4,907	-24.51 %
R290 - CAW - Miscellaneous	0	3	-3	0.00 %	0	0	0	0.00 %
R310 - Other Reimbursements	0	2,037	-2,037	0.00 %	0	24,200	-24,200	0.00 %
R320 - Grants	0	23,018	-23,018	0.00 %	197,519	275,000	-77,481	-71.83 %
R500 - Capital Equipment Reserve	0	3,742	-3,742	0.00 %	0	44,900	-44,900	0.00 %
R510 - Operating Reserve	0	10,630	-10,630	0.00 %	0	127,000	-127,000	0.00 %
Total Revenue:	864,727	254,244	610,482	-340.12 %	2,742,076	3,037,600	-295,524	-90.27 %

Level2	June Activity	June Budget	Variance Favorable (Unfavorable)	Percent Used	YTD Activity	Total Budget	Variance Favorable (Unfavorable)	Percent Used
Expense								
Level1: 100 - Personnel Costs								
1100 - Salaries & Wages	73,167	83,500	10,334	87.62 %	964,331	997,600	33,269	96.67 %
1110 - Manager's Auto Allowance	92	100	8	91.90 %	1,200	1,200	0	99.99 %
1120 - Manager's Deferred Comp	126	134	8	94.21 %	1,628	1,600	-28	101.73 %
1130 - Unemployment Compensation	37	109	72	34.00 %	325	1,300	975	25.01 %
1140 - Insurance Opt-Out Supplemental	372	423	51	87.92 %	4,674	5,050	376	92.54 %
1150 - Temporary Personnel	0	42	42	0.00 %	4,732	500	-4,232	946.35 %
1160 - PERS Retirement	7,120	14,230	7,111	50.03 %	170,325	170,000	-325	100.19 %
1170 - Medical Insurance	10,575	11,316	741	93.45 %	129,155	135,200	6,045	95.53 %
1180 - Medical Insurance - Retirees	2,109	2,076	-33	101.58 %	26,149	24,800	-1,349	105.44 %
1190 - Workers Compensation	2,094	2,226	132	94.09 %	26,110	26,600	490	98.16 %
1200 - Life Insurance	182	197	15	92.60 %	2,251	2,350	99	95.78 %
1210 - Long Term Disability Insurance	470	519	49	90.52 %	5,583	6,200	617	90.04 %
1220 - Short Term Disability Insurance	93	109	16	85.65 %	1,104	1,300	196	84.94 %
1260 - Employee Assistance Program	27	42	15	63.66 %	331	500	169	66.12 %
1270 - FICA Tax Expense	578	193	-386	300.47 %	4,030	2,300	-1,730	175.23 %
1280 - Medicare Tax Expense	1,090	1,247	158	87.36 %	13,366	14,900	1,534	89.70 %
1290 - Staff Development & Training	152	845	693	18.01 %	2,388	10,100	7,712	23.65 %
1300 - Conference Registration	0	117	117	0.00 %	884	1,400	516	63.16 %
1310 - Professional Dues	0	84	84	0.00 %	606	1,000	394	60.58 %
1320 - Personnel Recruitment	295	234	-61	125.99 %	3,615	2,800	-815	129.10 %
Total Level1: 100 - Personnel Costs:	98,579	117,743	19,164	83.72 %	1,362,787	1,406,700	43,913	96.88 %
Level1: 200 - Supplies and Services								
2000 - Board Member Compensation	929	1,081	152	85.93 %	10,741	12,900	2,159	83.27 %
2020 - Board Expenses	0	359	359	0.00 %	4,157	4,300	143	96.67 %
2040 - Rent	685	912	227	75.08 %	9,523	10,900	1,377	87.37 %
2060 - Utilities	1,139	1,389	250	81.97 %	14,361	16,600	2,239	86.51 %
2120 - Insurance Expense	1,573	1,615	43	97.37 %	18,505	19,300	795	95.88 %
2130 - Membership Dues	0	770	770	0.00 %	9,743	9,200	-543	105.90 %
2140 - Bank Charges	342	126	-216	272.03 %	1,909	1,500	-409	127.26 %
2150 - Office Supplies	887	569	-318	155.86 %	5,819	6,800	981	85.57 %
2160 - Courier Expense	332	285	-47	116.65 %	3,422	3,400	-22	100.65 %
2170 - Printing/Photocopy	0	184	184	0.00 %	171	2,200	2,029	7.77 %
2180 - Postage & Shipping	0	142	142	0.00 %	2,224	1,700	-524	130.85 %
2190 - IT Supplies/Services	6,209	3,808	-2,401	163.04 %	36,485	45,500	9,015	80.19 %
2200 - Professional Fees	2,838	4,855	2,017	58.46 %	56,863	58,000	1,137	98.04 %
2220 - Equipment Repairs & Maintenance	754	251	-503	300.36 %	3,919	3,000	-919	130.63 %
2235 - Equipment Lease	407	536	129	75.95 %	5,605	6,400	795	82.58 %
2240 - Telephone	1,201	1,565	365	76.71 %	15,634	18,700	3,066	83.61 %
2260 - Facility Maintenance	4,179	1,347	-2,832	310.20 %	19,581	16,100	-3,481	121.62 %
2270 - Travel Expenses	2,242	904	-1,338	248.00 %	7,801	10,800	2,999	72.23 %

Level2	June	June	Variance		YTD	Total Budget	Variance	
	Activity	Budget	Favorable (Unfavorable)	Percent Used	Activity		Favorable (Unfavorable)	Percent Used
2280 - Transportation	6,357	737	-5,620	863.01 %	23,125	8,800	-14,325	262.79 %
2300 - Legal Services	31,438	7,533	-23,905	417.34 %	173,624	90,000	-83,624	192.92 %
2380 - Meeting Expenses	419	226	-193	185.50 %	1,982	2,700	718	73.42 %
2420 - Legal Notices	0	151	151	0.00 %	281	1,800	1,519	15.63 %
2460 - Public Outreach	450	142	-307	315.78 %	1,954	1,700	-254	114.92 %
2480 - Miscellaneous	3	134	131	2.08 %	557	1,600	1,043	34.82 %
2900 - Operating Supplies	-23	285	307	-7.93 %	682	3,400	2,718	20.06 %
Total Level1: 200 - Supplies and Services:	62,360	29,907	-32,453	208.51 %	428,669	357,300	-71,369	119.97 %
Level1: 300 - Other Expenses								
3000 - Project Expenses	40,240	54,056	13,816	74.44 %	366,931	645,550	278,619	56.84 %
4000 - Fixed Asset Purchases	9,385	6,850	-2,536	137.02 %	63,461	81,900	18,439	77.49 %
5500 - Election Expenses	0	2,203	2,203	0.00 %	19,181	26,000	6,819	73.77 %
6000 - Contingencies	0	2,678	2,678	0.00 %	0	32,000	32,000	0.00 %
6500 - Reserves	0	40,809	40,809	0.00 %	0	488,150	488,150	0.00 %
Total Level1: 300 - Other Expenses:	49,625	106,595	56,971	46.55 %	449,573	1,273,600	824,027	35.30 %
Total Expense:	210,564	254,245	43,681	82.82 %	2,241,028	3,037,600	796,572	73.78 %
Total Revenues	864,727	254,244	610,482	-340.12 %	2,742,076	3,037,600	-295,524	-90.27 %
Total Fund: 24 - MITIGATION FUND:	654,163	-1	654,164		501,048	0	501,048	

Level2	June Activity	June Budget	Variance Favorable (Unfavorable)	Percent Used	YTD Activity	Total Budget	Variance Favorable (Unfavorable)	Percent Used
Fund: 26 - CONSERVATION FUND								
Revenue								
R120 - Property Taxes Revenues	59,291	95,772	-36,481	-61.91 %	1,273,464	1,144,500	128,964	-111.27 %
R130 - User Fees	597	0	597	0.00 %	7,213	0	7,213	0.00 %
R150 - Permit Processing Fee	20,394	14,648	5,747	-139.23 %	167,213	175,000	-7,787	-95.55 %
R200 - Recording Fees	1,395	670	725	-208.33 %	12,047	8,000	4,047	-150.59 %
R210 - Legal Fees	114	1,256	-1,142	-9.08 %	2,728	15,000	-12,272	-18.19 %
R230 - Miscellaneous - Other	0	0	0	0.00 %	1,082	0	1,082	0.00 %
R250 - Interest Income	1,939	335	1,604	-579.13 %	5,892	4,000	1,892	-147.31 %
R270 - CAW - Rebates	60,150	58,590	1,560	-102.66 %	639,582	700,000	-60,418	-91.37 %
R280 - CAW - Conservation	191,229	14,560	176,669	-1,313.38 %	191,229	173,700	17,529	-110.09 %
R305 - City of Seaside - Rebates	0	1,674	-1,674	0.00 %	0	20,000	-20,000	0.00 %
R310 - Other Reimbursements	0	837	-837	0.00 %	0	10,000	-10,000	0.00 %
R510 - Operating Reserve	0	2,678	-2,678	0.00 %	0	32,000	-32,000	0.00 %
Total Revenue:	335,109	191,019	144,091	-175.43 %	2,300,451	2,282,200	18,251	-100.80 %

Level2	June Activity	June Budget	Variance Favorable (Unfavorable)	Percent Used	YTD Activity	Total Budget	Variance Favorable (Unfavorable)	Percent Used
Expense								
Level1: 100 - Personnel Costs								
1100 - Salaries & Wages	43,904	48,347	4,443	90.81 %	580,015	577,800	-2,215	100.38 %
1110 - Manager's Auto Allowance	92	100	8	91.90 %	1,200	1,200	0	99.99 %
1120 - Manager's Deferred Comp	126	134	8	94.21 %	1,628	1,600	-28	101.73 %
1130 - Unemployment Compensation	0	59	59	0.00 %	161	700	539	22.97 %
1140 - Insurance Opt-Out Supplemental	372	423	51	87.92 %	4,674	5,050	376	92.54 %
1150 - Temporary Personnel	3,792	5,876	2,083	64.54 %	43,576	70,200	26,624	62.07 %
1160 - PERS Retirement	4,072	7,867	3,796	51.75 %	95,430	94,000	-1,430	101.52 %
1170 - Medical Insurance	7,441	6,688	-753	111.26 %	88,545	79,900	-8,645	110.82 %
1180 - Medical Insurance - Retirees	1,177	1,155	-22	101.89 %	14,595	13,800	-795	105.76 %
1190 - Workers Compensation	167	192	25	87.02 %	2,228	2,300	72	96.87 %
1200 - Life Insurance	93	134	41	69.34 %	1,301	1,600	299	81.31 %
1210 - Long Term Disability Insurance	292	264	-28	110.54 %	3,388	3,150	-238	107.55 %
1220 - Short Term Disability Insurance	58	59	1	98.94 %	672	700	28	95.99 %
1260 - Employee Assistance Program	19	25	6	76.18 %	232	300	68	77.23 %
1270 - FICA Tax Expense	32	42	10	76.85 %	372	500	128	74.34 %
1280 - Medicare Tax Expense	615	653	38	94.18 %	8,285	7,800	-485	106.22 %
1290 - Staff Development & Training	460	1,205	745	38.16 %	4,513	14,400	9,887	31.34 %
1300 - Conference Registration	285	50	-235	567.50 %	1,284	600	-684	214.00 %
1310 - Professional Dues	0	50	50	0.00 %	810	600	-210	135.07 %
1320 - Personnel Recruitment	0	125	125	0.00 %	1,300	1,500	200	86.67 %
Total Level1: 100 - Personnel Costs:	62,997	73,448	10,451	85.77 %	854,208	877,700	23,492	97.32 %
Level1: 200 - Supplies and Services								
2000 - Board Member Compensation	518	603	85	85.93 %	5,995	7,200	1,205	83.27 %
2020 - Board Expenses	0	200	200	0.00 %	2,320	2,400	80	96.67 %
2040 - Rent	0	259	259	0.00 %	1,835	3,100	1,265	59.20 %
2060 - Utilities	626	762	136	82.16 %	7,783	9,100	1,317	85.53 %
2120 - Insurance Expense	998	904	-94	110.39 %	10,448	10,800	352	96.74 %
2130 - Membership Dues	500	770	270	64.91 %	8,534	9,200	666	92.76 %
2140 - Bank Charges	191	67	-124	284.69 %	1,066	800	-266	133.24 %
2150 - Office Supplies	608	310	-298	196.25 %	3,578	3,700	122	96.71 %
2160 - Courier Expense	185	167	-18	110.68 %	2,132	2,000	-132	106.59 %
2170 - Printing/Photocopy	0	310	310	0.00 %	95	3,700	3,605	2.58 %
2180 - Postage & Shipping	0	84	84	0.00 %	1,326	1,000	-326	132.62 %
2190 - IT Supplies/Services	3,466	2,067	-1,398	167.63 %	20,453	24,700	4,247	82.80 %
2200 - Professional Fees	1,584	2,712	1,128	58.41 %	31,737	32,400	663	97.95 %
2220 - Equipment Repairs & Maintenance	442	142	-299	310.34 %	2,208	1,700	-508	129.88 %
2235 - Equipment Lease	227	301	74	75.36 %	3,175	3,600	425	88.19 %
2240 - Telephone	656	854	197	76.90 %	8,335	10,200	1,865	81.72 %
2260 - Facility Maintenance	2,333	694	-1,638	335.86 %	10,902	8,300	-2,602	131.34 %
2270 - Travel Expenses	947	1,288	341	73.50 %	14,175	15,400	1,225	92.05 %

Level2	June	June	Variance	Percent	YTD	Total Budget	Variance	Percent
	Activity	Budget	Favorable (Unfavorable)	Used	Activity		Favorable (Unfavorable)	Used
2280 - Transportation	1,666	544	-1,122	306.48 %	7,986	6,500	-1,486	122.87 %
2300 - Legal Services	11,812	5,022	-6,790	235.21 %	63,810	60,000	-3,810	106.35 %
2380 - Meeting Expenses	234	201	-33	116.44 %	1,111	2,400	1,289	46.31 %
2420 - Legal Notices	0	92	92	0.00 %	157	1,100	943	14.27 %
2460 - Public Outreach	431	84	-347	513.86 %	1,639	1,000	-639	163.90 %
2480 - Miscellaneous	2	67	66	2.33 %	311	800	489	38.87 %
2500 - Tax Administration Fee	-383	661	1,044	-57.92 %	7,238	7,900	662	91.62 %
2900 - Operating Supplies	442	1,222	780	36.17 %	12,220	14,600	2,380	83.70 %
Total Level1: 200 - Supplies and Services:	27,483	20,388	-7,095	134.80 %	230,571	243,600	13,029	94.65 %
Level1: 300 - Other Expenses								
3000 - Project Expenses	61,707	92,991	31,284	66.36 %	775,828	1,111,000	335,172	69.83 %
4000 - Fixed Asset Purchases	1,091	1,498	407	72.81 %	6,831	17,900	11,069	38.16 %
5500 - Election Expenses	0	1,187	1,187	0.00 %	10,705	14,000	3,295	76.47 %
6000 - Contingencies	0	1,507	1,507	0.00 %	0	18,000	18,000	0.00 %
Total Level1: 300 - Other Expenses:	62,798	97,183	34,385	64.62 %	793,364	1,160,900	367,536	68.34 %
Total Expense:	153,278	191,019	37,741	80.24 %	1,878,143	2,282,200	404,057	82.30 %
Total Revenues	335,109	191,019	144,091	-175.43 %	2,300,451	2,282,200	18,251	-100.80 %
Total Fund: 26 - CONSERVATION FUND:	181,831	0	181,832		422,308	0	422,308	

Level2	June Activity	June Budget	Variance Favorable (Unfavorable)	Percent Used	YTD Activity	Total Budget	Variance Favorable (Unfavorable)	Percent Used
Fund: 35 - WATER SUPPLY FUND								
Revenue								
R100 - Water Supply Charge	54,834	284,580	-229,746	-19.27 %	3,391,535	3,400,000	-8,465	-99.75 %
R120 - Property Taxes Revenues	22,043	35,637	-13,594	-61.85 %	473,446	425,500	47,946	-111.27 %
R140 - Connection Charges	25,242	14,648	10,594	-172.33 %	502,298	175,000	327,298	-287.03 %
R220 - Copy Fee	33	0	33	0.00 %	132	0	132	0.00 %
R230 - Miscellaneous - Other	397	0	397	0.00 %	11,424	0	11,424	0.00 %
R240 - Insurance Refunds	0	0	0	0.00 %	1,352	0	1,352	0.00 %
R250 - Interest Income	6,227	377	5,851	-1,653.32 %	21,607	4,500	17,107	-480.16 %
R260 - CAW - ASR	241,989	22,929	219,061	-1,055.40 %	241,989	273,900	-31,911	-88.35 %
R265 - CAW - Los Padres Reimbursement	0	8,553	-8,553	0.00 %	0	100,000	-100,000	0.00 %
R300 - Watermaster	30,992	5,876	25,116	-527.46 %	70,701	70,200	501	-100.71 %
R308 - Reclamation Project	36,837	0	36,837	0.00 %	36,837	0	36,837	0.00 %
R309 - GWR Project Reimbursements	79,547	0	79,547	0.00 %	79,547	0	79,547	0.00 %
R500 - Capital Equipment Reserve	0	3,733	-3,733	0.00 %	0	44,800	-44,800	0.00 %
R510 - Operating Reserve	0	344,226	-344,226	0.00 %	0	4,117,150	-4,117,150	0.00 %
Total Revenue:	498,142	720,559	-222,417	-69.13 %	4,830,869	8,611,050	-3,780,181	-56.10 %

Level2	June Activity	June Budget	Variance Favorable (Unfavorable)	Percent Used	YTD Activity	Total Budget	Variance Favorable (Unfavorable)	Percent Used
Expense								
Level1: 100 - Personnel Costs								
1100 - Salaries & Wages	61,168	70,324	9,156	86.98 %	778,025	840,200	62,175	92.60 %
1110 - Manager's Auto Allowance	277	301	24	91.90 %	3,600	3,600	0	100.00 %
1120 - Manager's Deferred Comp	378	385	7	98.29 %	4,883	4,600	-283	106.15 %
1130 - Unemployment Compensation	0	84	84	0.00 %	221	1,000	779	22.11 %
1140 - Insurance Opt-Out Supplemental	671	745	74	90.04 %	8,498	8,900	402	95.48 %
1150 - Temporary Personnel	0	25	25	0.00 %	3,631	300	-3,331	1,210.44 %
1160 - PERS Retirement	6,058	11,468	5,409	52.83 %	135,501	137,000	1,499	98.91 %
1170 - Medical Insurance	7,397	7,985	588	92.63 %	89,481	95,400	5,919	93.80 %
1180 - Medical Insurance - Retirees	1,618	1,590	-28	101.76 %	20,068	19,000	-1,068	105.62 %
1190 - Workers Compensation	1,100	1,297	198	84.77 %	14,312	15,500	1,188	92.33 %
1200 - Life Insurance	133	130	-4	102.82 %	1,624	1,550	-74	104.75 %
1210 - Long Term Disability Insurance	360	389	29	92.42 %	4,188	4,650	462	90.06 %
1220 - Short Term Disability Insurance	71	84	13	85.07 %	825	1,000	175	82.53 %
1260 - Employee Assistance Program	20	34	14	59.36 %	241	400	159	60.25 %
1270 - FICA Tax Expense	92	167	75	55.21 %	709	2,000	1,291	35.46 %
1280 - Medicare Tax Expense	682	1,021	339	66.78 %	8,725	12,200	3,475	71.52 %
1290 - Staff Development & Training	835	678	-157	123.17 %	2,825	8,100	5,275	34.88 %
1300 - Conference Registration	0	100	100	0.00 %	662	1,200	538	55.15 %
1310 - Professional Dues	0	92	92	0.00 %	871	1,100	229	79.21 %
1320 - Personnel Recruitment	295	184	-111	160.40 %	3,636	2,200	-1,436	165.28 %
Total Level1: 100 - Personnel Costs:	81,155	97,083	15,928	83.59 %	1,082,527	1,159,900	77,373	93.33 %
Level1: 200 - Supplies and Services								
2000 - Board Member Compensation	713	830	117	85.93 %	8,243	9,900	1,657	83.27 %
2020 - Board Expenses	0	275	275	0.00 %	2,985	3,300	315	90.46 %
2040 - Rent	360	804	444	44.80 %	8,434	9,600	1,166	87.85 %
2060 - Utilities	875	1,063	188	82.31 %	10,859	12,700	1,841	85.50 %
2120 - Insurance Expense	1,207	1,247	40	96.78 %	14,201	14,900	699	95.31 %
2130 - Membership Dues	0	594	594	0.00 %	7,577	7,100	-477	106.72 %
2140 - Bank Charges	283	100	-182	281.56 %	2,434	1,200	-1,234	202.83 %
2150 - Office Supplies	695	435	-259	159.54 %	4,417	5,200	783	84.94 %
2160 - Courier Expense	255	218	-37	117.06 %	2,417	2,600	183	92.97 %
2170 - Printing/Photocopy	0	134	134	0.00 %	131	1,600	1,469	8.20 %
2180 - Postage & Shipping	0	109	109	0.00 %	1,730	1,300	-430	133.11 %
2190 - IT Supplies/Services	4,765	2,946	-1,819	161.74 %	27,988	35,200	7,212	79.51 %
2200 - Professional Fees	2,178	3,733	1,555	58.34 %	43,639	44,600	961	97.85 %
2220 - Equipment Repairs & Maintenance	572	193	-379	296.96 %	3,000	2,300	-700	130.45 %
2235 - Equipment Lease	312	419	106	74.60 %	4,255	5,000	745	85.10 %
2240 - Telephone	845	1,272	427	66.41 %	11,759	15,200	3,441	77.36 %
2260 - Facility Maintenance	3,207	1,071	-2,136	299.45 %	14,997	12,800	-2,197	117.16 %
2270 - Travel Expenses	1,861	753	-1,108	247.11 %	8,388	9,000	612	93.20 %

Level2	June	June	Variance	Percent	YTD	Total Budget	Variance	Percent
	Activity	Budget	Favorable (Unfavorable)	Used	Activity		Favorable (Unfavorable)	Used
2280 - Transportation	299	737	438	40.58 %	4,235	8,800	4,565	48.12 %
2300 - Legal Services	48,894	20,925	-27,969	233.66 %	334,749	250,000	-84,749	133.90 %
2380 - Meeting Expenses	322	176	-146	183.00 %	1,504	2,100	596	71.62 %
2420 - Legal Notices	0	117	117	0.00 %	1,311	1,400	89	93.66 %
2460 - Public Outreach	440	109	-331	403.65 %	1,862	1,300	-562	143.23 %
2480 - Miscellaneous	2	92	90	2.32 %	700	1,100	400	63.60 %
2500 - Tax Administration Fee	-143	1,013	1,156	-14.12 %	11,036	12,100	1,064	91.21 %
2900 - Operating Supplies	4	243	239	1.62 %	430	2,900	2,471	14.81 %
Total Level1: 200 - Supplies and Services:	67,945	39,608	-28,338	171.55 %	533,281	473,200	-60,081	112.70 %
Level1: 300 - Other Expenses								
3000 - Project Expenses	2,115,919	554,608	-1,561,311	381.52 %	5,385,000	6,628,550	1,243,550	81.24 %
4000 - Fixed Asset Purchases	8,931	6,222	-2,709	143.53 %	60,530	74,400	13,870	81.36 %
5000 - Debt Service	0	19,251	19,251	0.00 %	138,627	230,000	91,373	60.27 %
5500 - Election Expenses	0	1,694	1,694	0.00 %	14,720	20,000	5,280	73.60 %
6000 - Contingencies	0	2,093	2,093	0.00 %	0	25,000	25,000	0.00 %
Total Level1: 300 - Other Expenses:	2,124,849	583,868	-1,540,982	363.93 %	5,598,877	6,977,950	1,379,073	80.24 %
Total Expense:	2,273,950	720,559	-1,553,391	315.58 %	7,214,686	8,611,050	1,396,364	83.78 %
Total Revenues	498,142	720,559	-222,417	-69.13 %	4,830,869	8,611,050	-3,780,181	-56.10 %
Total Fund: 35 - WATER SUPPLY FUND:	-1,775,808	0	-1,775,808		-2,383,817	0	-2,383,817	
Report Total:	-939,814	-1	-939,813		-1,460,461	0	-1,460,461	

Fund Summary

Fund	June	June	Variance	Percent Used	YTD	Total Budget	Variance	Percent Used
	Activity	Budget	Favorable (Unfavorable)		Activity		Favorable (Unfavorable)	
24 - MITIGATION FUND	654,163	-1	654,164		501,048	0	501,048	
26 - CONSERVATION FUND	181,831	0	181,832		422,308	0	422,308	
35 - WATER SUPPLY FUND	-1,775,808	0	-1,775,808		-2,383,817	0	-2,383,817	
Report Total:	-939,814	-0.99	-939,813		-1,460,461	0	-1,460,461	

ITEM: PUBLIC HEARING**12. CONSIDER FIRST READING OF ORDINANCE NO. 174 - AN ORDINANCE OF THE MONTEREY PENINSULA WATER MANAGEMENT DISTRICT SUSPENDING AUTHORITY TO ACCEPT WATER PERMIT APPLICATIONS FOR NEW CONNECTIONS BASED UPON PARALTA ALLOCATION, PRE-PARALTA ALLOCATION, QUAIL MEADOWS SUBDIVISION ANNEXATION, AND WATER WEST RESERVE**

Meeting Date:	September 19, 2016	Budgeted:	N/A
From:	David J. Stoldt, General Manager	Program/ Line Item No.:	N/A
Prepared By:	Stephanie Locke	Cost Estimate:	N/A

General Counsel Review: Yes.**Committee Recommendation: N/A****CEQA Compliance: Exempt. This is not a “project” under CEQA.**

SUMMARY: Ordinance No. 174 suspends authority to accept Water Permit applications for new Connections to the Main California American Water System (Cal-Am) when the application is based on water from the following water accounts: A Jurisdiction’s Paralta Allocation, a Jurisdiction’s pre-Paralta credit, the Water West Reserve, or California-American Water Company’s system capacity limits for the Quail Meadows Subdivision Annexation. This ordinance supports the California Public Utility Commission (CPUC) ordered moratorium on new Connections to the Cal-Am system and State Water Resources Control Board (SWRCB) Order WR 2009-0060 and the Cease and Desist Order (CDO) on Cal-Am. New Connections resulting from use of an Entitlement (e.g. Malpasos, Pebble Beach, and Sand City) would not be subject to this action.

By Urgency Ordinance on August 15, 2016, the District suspended staff’s ability to accept applications for New Connections that rely on water from a Jurisdiction’s Paralta or pre-Paralta Allocations. Until that time, District staff had no option other than to accept and process permit applications despite the SWRCB CDO and the CPUC-ordered moratorium, each of which apply directly and only to Cal-Am. Staff was providing notice to the applicant, and the Water Permit warned that even with an MPWMD permit, the project may be restricted by reason of SWRCB and CPUC regulations. When the applicant presented the MPWMD Water Permit to Cal-Am seeking to set a new Water Meter, Cal-Am refused to install the new meter. Urgency Ordinance No. 173 took effect immediately and will remain in place for one year or until superseded. Ordinance No. 174 (**Exhibit 12-A**) replaces the urgency ordinance and will remain in place until the CPUC moratorium or the CDO is lifted, or until the Board takes action to allow new Connections.

In addition to suspending authority to accept applications for new Connections using either a Jurisdiction’s Paralta Allocation or pre-Paralta Allocation, Ordinance No. 174 suspends staff’s

authority to accept Water Permit applications for new Connections that utilize water from either the Quail Meadows Annexation (0.763 AF remains) or the Water West Reserve (3.751 AF). These four sources of water for development are subject to the SWRCB CDO moratorium.

RECOMMENDATION: The Board should approve the first reading of Ordinance No. 174.

EXHIBIT

12-A Draft Ordinance No. 174

First Reading Draft

ORDINANCE NO. 174

**AN ORDINANCE OF
THE BOARD OF DIRECTORS OF
THE MONTEREY PENINSULA WATER MANAGEMENT DISTRICT
SUSPENDING AUTHORITY TO ACCEPT WATER PERMIT APPLICATIONS
FOR NEW CONNECTIONS BASED UPON A JURISDICTION'S PARALTA
ALLOCATION, A JURISDICTION'S PRE-PARALTA CREDIT, THE WATER WEST
RESERVE, OR CALIFORNIA-AMERICAN WATER COMPANY'S SYSTEM
CAPACITY LIMITS FOR THE QUAIL MEADOWS SUBDIVISION ANNEXATION**

FINDINGS

1. The Monterey Peninsula Water Management District ("District" or "MPWMD") was authorized in 1977 by the California Legislature (Chapter 527 of the Statutes of 1977, as amended, found at West's Water Law Appendix Section 118-1, et seq.). Voters of the Monterey Peninsula ratified its creation in June 1978. The District holds comprehensive authority to integrate management of the ground and surface water resources in the Monterey Peninsula area. MPMWD governs the Allocation of limited water supplies distributed by California American Water ("Cal-Am").
2. The Monterey District of Cal-Am has a continuing water supply deficit. It relies on scarce water resources. A sizeable portion of water demand within the District is based upon water diverted from the Carmel River without any basis in right. State water rights orders limit Cal-Am's supply, and physically adequate supplies are available only due to deferred enforcement.
3. MPWMD conceived the Paralta Well in 1989, which was thereafter constructed by Cal-Am based on permits cooperatively acquired by the District and Cal-Am. This well provides water from the Seaside Coastal Groundwater Basin to create a new water supply in accord with District Resolutions 93-11 and 93-12.
4. On October 9, 1989, the District adopted Findings of Approval and Conditions of Approval of the Annexation of Quail Meadows (APN 157-121-17) into the

California-American Water Company Service Area. This approval was based on the applicant's retrofitting the Irrigation Systems at the Carmel Valley Golf and Country Club Golf Course to demonstrate a permanent annual savings of at least 65 acre-feet (AF), as well as other conditions. The agreed-upon base amount (historical use) for the golf course was stipulated to be 318.55 AF/year. With the 65 AF savings, the new agreed-upon Production Limit for golf course irrigation was 253.55 AF/year. The estimated water production needed for the proposed subdivision was 35 AF/year (equivalent to 32.9 AF/year metered sales). The combined California American Water and non-California American Water production to serve the golf course and subdivision is 288.55 AF/year. As of September 13, 2016, 0.763 AF remains available for Water Permits in the subdivision.

5. MPWMD accounted for Water Use Capacity for construction projects and Changes of Use that received but did not complete Water Permits issued prior to the District's Water Allocation Program Environmental Impact Report in 1990. Water Use Capacity from abandoned or reduced Capacity projects was returned to the Jurisdiction for future use when the Paralta Well Allocations were released.
6. In 1993, the District accounted for water from the Paralta Well by enacting Ordinance No. 70 to modify Jurisdictional Water Allocations and to allow this supply to be used for new and expanded water uses. District Ordinance No. 70 ended the water Connection moratorium previously enacted by District Ordinance No. 52.
7. District Ordinance No. 70 effectively eliminated the previously recognized water use deficit of 230 Acre-Feet (calculated against water available under Supply Option V in the Water Allocation EIR) recognized by District Ordinance No. 52, and allocated 385 Acre Feet of additional Paralta Well production among the District Jurisdictions.
8. District Ordinance No. 70, confirmed in *Currier v. MPWMD* (Case No. M59299) established the Water West Adjustment Reserve (Water West Reserve). A special reserve was established to replenish the Monterey County Allocation for new water use which occurs within the boundaries of the former Water West Water Distribution System. Replenishment of Monterey County's Allocation from this special reserve shall occur upon the approval of water use for real property within the Water West boundary. The total quantity of water use to replenish Monterey County's Allocation was 12.76 acre feet (sales). As of September 13, 2016, 3.751 AF remains.

9. In 1995, the State Water Resources Control Board (SWRCB) issued Order WR 95-10 to affirm Cal-Am held rights to divert only 3,376 Acre-Feet annually (“AFA”) from the Carmel River. This order required Cal-Am to reduce former river diversions of 14,106 AFA in 1995 to 11,285 AFA in 1997.
10. District Resolution No. 2004-11 noted Order WR 95-10 directed water production from the Seaside Basin be maximized to serve existing Connections, honor existing Allocation commitments, and to reduce diversions from the Carmel River. Resolution No. 2004-11 also recognized the use of pre-Paralta credits and public credits.
11. In 2007, the Monterey County Superior Court in *California-American Water Company v. City of Seaside*, et al. (Case No. M66343) issued a comprehensive order to adjudicate the Seaside Groundwater Basin and impose a declining pumping schedule from the Seaside Groundwater Basin for Cal-Am and others.
12. In 2009, SWRCB Order WR 2009-0060 issued a Cease and Desist Order (CDO) on Cal-Am that required Cal-Am to (a) reduce Carmel River diversions from 11,285 AFA to 10,429 AFA until 2017, (b) set 3,376 AFA as the Carmel River diversion limit beginning in 2017, and (c) required Cal-Am to impose a moratorium on new Connections.
13. In 2011, the California Public Utilities Commission (CPUC) issued Decision (D.) 11-03-048, entitled “Decision Directing Tariff Modifications to Recognize Moratorium Mandated by State Water Resources Control Board.” D.11-03-048 prohibits new Cal-Am Connections and certain increased uses of water be served by diversions from the Carmel River to the extent such service would violate the terms of Condition 2 of SWRCB Order WR 2009-0060.
14. Since adoption of SWRCB Order WR 2009-0060, Cal-Am’s diversions complied with limits set in that Order, but remained thousands of Acre-Feet per year above the amount available under Cal-Am’s lawful water rights.
15. SWRCB Order WR 2016-0016 superseded requirements of Orders WR 95-10, WR 2009-0060 and other SWRCB orders, and extended to December 31, 2021, the date by which Cal-Am must terminate unlawful diversions from the Carmel River. Order WR 2016-0016 also set an Effective Diversion Limit from the Carmel River of 8,310 AFA starting Water Year 2015-2016.

16. This ordinance is adopted to enhance the District’s ability to prevent diminution of waters within the District, to protect environmental values, and is consistent with the District’s authority to reasonably regulate all water resources within District boundaries. The Board of Directors’ General Counsel finds it necessary to adopt this ordinance to protect the public health, welfare and safety of the District by ensuring the continuing water supply is physically adequate to meet demand. This measure is necessary to support moratorium requirements set by the CPUC in D. 11-03-048, and moratorium requirements set by the SWRCB in its Orders WR 2009-0060 and WR 2016-0016.

17. Enactment of this ordinance to suspend acceptance of applications for Water Permits for new Connections based upon a Jurisdiction’s Paralta Allocation, a Jurisdiction’s pre-Paralta credit, the Water West Reserve, or California-American Water Company’s system capacity limits for the Quail Meadows Subdivision Annexation does not constitute a “Project” as that term is defined under the California Environmental Quality Act (CEQA), CEQA Guideline Section 15060(c)(2) (the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment) and 15060(c)(3) (the activity is not a project as defined in section 15378). Furthermore, the Board finds that there is no possibility that the adoption of this measure could have a significant effect on the environment; therefore, no further environmental review is necessary in accordance with Section 15061(b)(3) of the CEQA Guidelines.

18. This ordinance shall not amend the Rules and Regulations of the Water Management District.

NOW THEREFORE be it ordained as follows:

ORDINANCE

Section One: Short Title

This ordinance shall be known as the 2016 Monterey Peninsula Water Management District Water Permit Deferral Ordinance for New Connections Subject to the Cease and Desist Order Against California American Water.

Section Two: Purpose

This ordinance suspends authority of the District to accept any Water Permit application for a new Connection to the Main California-American Water Company Water Distribution System

based upon a Jurisdiction’s Paralta Allocation, a Jurisdiction’s pre-Paralta credit, the Water West Reserve, or California-American Water Company’s system capacity limits for the Quail Meadows Subdivision Annexation.

Section Three: **Publication and Application**

The provisions of this ordinance shall not cause the republication and amendment of the permanent Rules and Regulations of the Monterey Peninsula Water Management District. During the period it has force and effect, however, the full text of this ordinance shall be bound together with those permanent Rules and Regulations, and a reference to this ordinance shall be annotated in each copy of the official set of those Rules and Regulations at Rule 20-B and Rule 21-B.

Section Four: **Effective Date and Sunset**

This ordinance shall take effect at 12:01 a.m. thirty (30) days after adoption.

This Ordinance shall become null and void, and cease to have any continuing effect on any of the following events, whichever may first occur: (a) removal of the SWRCB CDO issued in SWRCB Order WR 2009-0060 on Cal-Am, or (b) removal of the CPUC moratorium, or (c) the effective date of any District ordinance that explicitly rescinds or repeals this ordinance.

Section Five: **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 of Director _____, and second by Director _____, the foregoing ordinance is adopted upon this ____ day of _____ 2016, by the following vote:

AYES:

NAYS:

ABSENT:

I, David J. Stoldt, Secretary to the Board of Directors of the Monterey Peninsula Water Management District, hereby certify the foregoing is a full, true and correct copy of an ordinance duly adopted on the ___ day of August 2016.

Witness my hand and seal of the Board of Directors this ____ day of _____, 2016.

David J. Stoldt, Secretary to the Board

ITEM: PUBLIC HEARING**13. CONSIDER ADOPTION OF RESOLUTION 2016-14 - MODIFYING RULE 160 – REGULATORY WATER PRODUCTION TARGETS FOR CALIFORNIA AMERICAN WATER SYSTEMS****Meeting Date:** September 19, 2016 **Budgeted:** N/A**From:** David J. Stoldt,
General Manager **Program/** N/A
Line Item No.:**Prepared By:** Jonathan Lear **Cost Estimate:** N/A**General Counsel Review:** N/A**Committee Recommendation:** N/A**CEQA Compliance:** N/A

SUMMARY: District Rule 160 specifies the regulatory water production targets that are used in the District's *Expanded Water Conservation and Standby Rationing Plan* to trigger higher stages of water conservation to facilitate California American Water (Cal-Am) compliance with the production limits set by State Water Resources Control Board (SWRCB) Orders 95-10 and 2016-0016 and the Seaside Groundwater Basin adjudication decision, as amended. Specifically, Table XV-1 in **Exhibit 13-A** shows monthly and year-to-date at month-end targets for all Cal-Am systems that derive their source of supply or rely on production offsets from the Monterey Peninsula Water Resource System (MPWRS). Similarly, Table XV-2 in **Exhibit 13-A** breaks out monthly and year-to-date at month-end targets for Cal-Am satellite systems that derive their source of supply from the Laguna Seca Subarea of the Seaside Groundwater Basin, which is part of the MPWRS. In addition, Table XV-3 in **Exhibit 13-A** breaks out monthly and year-to-date at month-end targets for Cal-Am Carmel River system sources and is included to provide additional clarification as to the production target maximums for this component of the MPWRS.

Rule 160 authorizes modifications to Tables XV-1, XV-2 and XV-3 to account for changes in the amount of water that Cal-Am is allowed to divert from the Carmel River System under the pertinent SWRCB Orders and the amount of water that Cal-Am is allowed to produce from the Seaside Groundwater Basin under the Seaside Basin Decision, as administered by the Seaside Basin Watermaster. Any modifications to these tables must be made by Board resolution.

Resolution 2016-14 (**Exhibit 13-A**) modifies Tables XV-1, XV-2 and XV-3 of Rule 160 to account for the projected change in allowable diversions by Cal-Am from the Carmel River and Seaside Groundwater Basins for Water Year 2017.

RECOMMENDATION: District staff recommends adoption of Resolution 2016-14 (**Exhibit 13-A**) modifying Rule 160.

EXHIBIT

13-A Resolution 2016-14 Modifying Rule 160 – Regulatory Water Production Targets for California American Water Systems

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EXHIBIT 13-A

**RESOLUTION NO. 2016-14
A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
MONTEREY PENINSULA WATER MANAGEMENT DISTRICT
MODIFYING RULE 160 – REGULATORY PRODUCTION TARGETS FOR
CALIFORNIA AMERICAN WATER SYSTEMS**

WHEREAS, the Monterey Peninsula Water Management District has developed a set of rules to facilitate compliance by California American Water systems with the regulatory and legal water production limits set by the State Water Resources Control Board and the Seaside Basin Adjudication as administered by the Seaside Groundwater Basin Watermaster;

WHEREAS, District Rule 160 specifies the regulatory water production targets that are used to trigger higher stages of water conservation to ensure compliance with these legal and regulatory water production limits;

WHEREAS, these limits are subject to change by action of the State Water Resources Control Board and Seaside Groundwater Basin Watermaster;

WHEREAS, the State Water Resources Control Board adopted Order WR 2016-0016 on July 19, 2016, which requires California American Water to divert no more than 8,310 acre-feet in Water Year 2017 from its Carmel River system sources;

WHEREAS, the Monterey County Superior Court adopted an Amended Decision in the Seaside Groundwater Basin Adjudication on February 9, 2007 (*California American Water v. City of Seaside, et al.*, Case No. M66343), which requires California American Water to divert no more than 2,251 acre-feet from the Coastal Subareas and 48 acre-feet from the Laguna Seca Subarea of the Seaside Groundwater Basin in Water Year 2017;

WHEREAS, the Seaside Groundwater Basin Watermaster has not yet determined the amount of carryover credit, if any, that California American Water has from Water Year 2016 that will be available for diversion in Water Year 2017; and

WHEREAS, it is necessary to modify the monthly and year-to-date at month-end water production targets in Tables XV-1, XV-2 and XV-3 to reflect the projected quantities of production available to California American Water for diversion from the Carmel River and Seaside Groundwater Basins for Water Year 2017.

NOW THEREFORE, BE IT RESOLVED:

1. District staff shall modify Tables XV-1, XV-2 and XV-3 of District Rule 160 to reflect the projected quantities of production available to California American Water for diversion from the Carmel River and Seaside Groundwater Basins for Water Year 2017.
2. Specifically, District staff shall replace the monthly and year-to-date at month-end values presently shown in Tables XV-1, XV-2 and XV-3 of Rule 160 with the monthly and year-to-date at month-end values shown on the attached tables (**Attachment 1**).

On motion of Director _____, and second by Director _____, the foregoing resolution is duly adopted this 19th day of September 2016, by the following votes:

AYES:

NAYES:

ABSENT:

I, David J. Stoldt, Secretary of the Board of Directors of the MPWMD, hereby certify that the foregoing is a resolution duly adopted on the 19th day of September 2016.

Witness my hand and seal of the Board of Directors, this _____ day of September, 2016.

David J. Stoldt, Secretary to the Board

Table XV-1
Regulatory Water Production Targets
for All California American Water Systems from Sources
Within the Monterey Peninsula Water Resource System

(All Values in Acre-Feet)

Month	Monthly Target	Year-to-Date at Month-End Target
October	976	976
November	810	1,786
December	715	2,501
January	805	3,306
February	692	3,998
March	800	4,798
April	862	5,660
May	953	6,613
June	968	7,581
July	1,034	8,615
August	1,042	9,657
September	952	10,609
TOTAL	10,609	---

Notes:

Monthly and year-to-date at month-end production targets are based on the annual production limit specified for the California American Water (Cal-Am) systems for Water Year (WY) 2017 from Carmel River sources per State Water Resources Control Board Order WR 2016-0016 (8,310 acre-feet) and adjusted annual production limits specified for the Cal-Am satellite systems from its Coastal Subarea sources (2,251 acre-feet) and Laguna Seca Subarea sources (48 acre-feet) of the Seaside Groundwater Basin per the Seaside Basin adjudication decision. These values do not include consideration of any carryover credit in the Seaside Basin for WY 2016. This combined total (10,609 acre-feet) was distributed monthly based on Cal-Am's reported monthly average production for its main and satellite systems during the 2013 through 2015 period.

Table XV-2
Regulatory Water Production Targets
for California American Water Satellite Systems from Sources
Within the Monterey Peninsula Water Resource System

(All Values in Acre-Feet)

Month	Monthly Target	Year-to-Date at Month-End Target
October	5	5
November	3	8
December	3	11
January	3	14
February	3	17
March	3	20
April	4	24
May	4	28
June	5	33
July	5	38
August	5	43
September	5	48
TOTAL	48	---

Notes:
Monthly and year-to-date at month-end production targets are based on the adjusted annual production limit specified for the California American Water (Cal-Am) satellite systems for Water Year 2017 from its sources in the Laguna Seca Subarea of the Seaside Groundwater Basin per the Seaside Basin adjudication decision. This Laguna Seca Subarea total (48 acre-feet) was distributed monthly based on Cal-Am's reported monthly average production for its satellite systems during the 2013 through 2015 period.

**Table XV-3
Regulatory Water Production Targets
for California American Water Systems from Carmel River Sources
Within the Monterey Peninsula Water Resource System**

(All Values in Acre-Feet)

Month	Monthly Target	Year-to-Date at Month-End Target
October	764	764
November	634	1,399
December	561	1,960
January	632	2,591
February	541	3,133
March	627	3,760
April	675	4,435
May	747	5,182
June	758	5,940
July	810	6,749
August	816	7,565
September	745	8,310
TOTAL	8,310	---

Notes:
Monthly and year-to-date at month-end production targets are based on the annual production limit specified for California American Water (Cal-Am) for Water Year (WY) 2017 from its Carmel River system sources per State Water Resources Control Board Order WR 2016-0016 (8,310 acre-feet). This amount was distributed monthly based on Cal-Am's reported monthly average production for its Main system sources during the 2013 through 2015 period. These values incorporate consideration of the triennial reductions specified for the Cal-Am systems in the Seaside Basin adjudication decision, in setting the monthly maximum production targets from each source as part of the MPWMD Quarterly Water Supply Budget Strategy.

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ITEM: PUBLIC HEARING**14. CONSIDER ADOPTION OF OCTOBER THROUGH DECEMBER 2016 QUARTERLY WATER SUPPLY STRATEGY AND BUDGET**

Meeting Date:	September 19, 2016	Budgeted:	N/A
From:	David J. Stoldt, General Manager	Program/ Line Item No.:	N/A
Prepared By:	Kevan Urquhart & Jonathan Lear	Cost Estimate:	N/A

General Counsel Review: N/A**Committee Recommendation: N/A****CEQA Compliance: Notice of Exemption, CEQA, Article 19, Section 15301 (Class 1)****ESA Compliance: Consistent with the 2001 Conservation Agreement, 2009 Settlement Agreement between the National Marine Fisheries Service and California American Water to minimize take of listed steelhead in the Carmel River, and SWRCB WR Order Nos. 95-10, 98-04, 2002-0002, and 2016-0016.**

SUMMARY: The Board will accept public comment and take action on the October through December 2016 Quarterly Water Supply Strategy and Budget for California American Water's (Cal-Am) Main and Laguna Seca Subarea Water Distribution Systems (WDS). The proposed budgets, are included as **Exhibit 14-A and 14-B**, and show monthly production by source of supply that is required to meet projected customer demand in CalAm's Main and Laguna Seca Subarea systems (i.e., Ryan Ranch, Bishop, and Hidden Hills) during the October through December 2016 period. The proposed strategy and budgets are designed to maximize the long-term production potential and protect the environmental quality of the Seaside Groundwater and Carmel River Basins.

RECOMMENDATION: The Board should receive public input, close the Public Hearing, and discuss the proposed quarterly water supply budget. District staff will recommend adoption of the proposed budget. The budgets will be described in greater detail in **Exhibit 14-C**, Quarterly Water Supply Strategy Report: October - December 2016

BACKGROUND: The Quarterly Water Supply Strategy and Budget pertains to production within Cal-Am's Main and Laguna Seca Subarea systems for the three-month period of October, November, and December 2016. Staff from the District and Cal-Am met to cooperatively review, refine and approve this strategy on September 08, 2016. Staff from the California Department of Fish and Wildlife (CDFW), and National Marine Fisheries Service (NMFS) attended.

Rule 101, Section B of the District Rules and Regulations requires that a Public Hearing be held at the time of determination of the District water supply management strategy. Adoption of the quarterly water supply strategy and budget is categorically exempt from the California

Environmental Quality Act (CEQA) requirements as per Article 19, Section 15301 (Class 1). A Notice of Exemption will be filed with the Monterey County Clerk's office, pending Board action on this item.

EXHIBITS

- 14-A** Quarterly Water Supply Strategy and Budget for CAW Main System: October - December 2015
- 14-B** Quarterly Water Supply Strategy and Budget for CAW Laguna Seca Subarea: October - December 2015
- 14-C** Quarterly Water Supply Strategy and Budget Report: October - December 2015

**California American Water Main Distribution System
Quarterly Water Supply Strategy and Budget: October - December 2016**

Proposed Production Targets by Source and Projected Use in Acre-Feet

SOURCE/USE	MONTH			YEAR-TO-DATE		
	Oct-16	Nov-16	Dec-16	Oct-15 - Aug-16	% of YTD	% of Annual Budget
Source						
<u>Carmel Valley Aquifer</u>						
Upper Subunits (95-10)	0	0	0	342	NA	NA
Lower Subunits (95-10)	446	281	419	6,931	85.4%	72.4%
Lower Subunits (ASR)	0	0	145	699	NA	NA
Upper and Lower (Table 13)	0	0	24			
Total	446	281	588			
<u>Seaside Groundwater Basin</u>						
Coastal Subareas	350	350	100	1,260	89.9%	56.0%
ASR Recovery	150	150	0	459	100.0%	91.8%
Sand City Desalination	25	25	25	136	49.5%	45.3%
Total	525	525	125			
Use						
Customer Service (95-10 & SGB)	971	806	544			
ASR Injection	0	0	145			
Customer Service (Table 13)	0	0	24			
Total	971	806	713			

Notes:

1. The annual budget period corresponds to the Water Year, which begins on October 1 and ends on September 30 of the following Calendar Year.
2. Total monthly production for "Customer Service" in CAW's main system was calculated by multiplying total annual production (10,609 AF) times the average percentage of annual production for October, November, and December 9.2%, 7.6%, and 6.8% , respectively). According to District Rule 16, the annual production total was based on the assumption that production from the Coastal Subareas of the Seaside Groundwater Basin would not exceed 2,251 AF and production from Carmel River sources would not exceed 8,310 AF in WY 2017. The average production percentages were based on monthly data for customer service from WY 2013 to 2015.
3. Anticipated production for ASR injection is based on an average diversion rate of approximately 4,500 gallons per minute (gpm) or 19.9 AF per day from CAW's sources in the Carmel River Basin. "Total" monthly CAW "Use" includes water for customer service and water for injection into the Seaside Basin.
4. The production targets for CAW's wells in the Upper Subunits of the Carmel Valley Aquifer are set at 0 unless otherwise shown, based on CAW's goal to avoid use of these wells, during low flow periods. However, production could be higher under existing State water rights and interagency operating agreements.
5. The production target for CAW's wells in the Seaside Coastal Subareas in December is based on the assumption that sufficient flow will occur in the Carmel River at the targeted levels, to support ASR injection. It is planned that Coastal Subarea pumping will not occur, or will be proportionally reduced, if ASR injection does not occur at targeted levels.
6. The production targets for CAW's wells in the Seaside Coastal Subareas are based on the need for CAW to produce its full native water allocation during WY 2017 to be in compliance with SWRCB WRO No 2016-0016.
7. It should be noted that monthly totals for Carmel Valley Aquifer sources may be different than those shown in MPWMD Rule 160, Table XV-3. These differences result from monthly target adjustments needed to be consistent with SWRCB WRO 98-04, which describes how the Cal-Am Seaside Wellfield is to be used to offset production in Carmel Valley during low-flow periods. Adjustments are also made to the Quarterly Budgets to ensure that compliance is achieved on an annual basis with MPWMD Rule 160 totals.
8. Table 13 values reflect source/use estimates based on SWRCB Permit 21330, which allows diversions from the CVA for "in Basin use" (3.25 AFD) when flows in the River exceed threshold values.

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**California American Water Laguna Seca Subarea Distribution Systems
Quarterly Water Supply Strategy and Budget: October - December 2016**

Proposed Production Targets by Source and Projected Use in Acre-Feet

SOURCE/USE	MONTH			YEAR-TO-DATE		
	Oct-16	Nov-16	Dec-16	Oct-15 - Aug-16	% of YTD	% of Annual Budget
Source						
Seaside Groundwater Basin						
Laguna Seca Subarea	5	3	3	185	385.4%	385.4%
Other	0	0	0			
Use						
Customer Service	5	3	3	185		

Notes:

1. The annual budget period corresponds to the Water Year, which begins on October 1 and ends on September 30 of the following Calendar Year.
2. Total monthly production for "Customer Service" in CAW's Laguna Seca Subarea systems was calculated by multiplying total annual production (48 AF) times the average percentage of annual production October, November, and December (9.4%, 7.0%, and 6.2%, respectively). The annual production total was based on the assumption that production from the Laguna Seca Subarea of the Seaside Groundwater Basin would not exceed 48 AF. The average production percentages were based on monthly data for customer service from WY 2013 to 2016. The 48 AF annual production limit is specified in the Seaside Basin Adjudication Decision and is subject to change.
3. It should be noted that, based on recent historical use, actual monthly use will likely exceed the proposed monthly production target. In this context, the production targets represent the maximum monthly production that should occur so that CAW remains within its Standard Production Allocation for the Laguna Seca Subarea specified in the Seaside Decision. Accordingly, actual production beyond these production targets will be subject to replenishment assessment by the Seaside Basin Watermaster.
4. "Other" production sources refer to supplies transferred to Laguna Seca Subarea customers from CAW's Carmel River sources or water rights acquired from other producers in the Seaside Basin to produce additional water. For example, under emergency conditions, water can be transferred from sources that serve customers in CAW's main system, via an existing interconnection, to customers in CAW's Ryan Ranch system.

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EXHIBIT 14-C**Quarterly Water Supply Strategy and Budget Report
California American Water
Main Water Distribution System: October - December 2016****1. Management Objectives**

The Monterey Peninsula Water Management District (District) desires to maximize the long-term production potential and protect the environmental quality of the Carmel River and Seaside Groundwater Basins. In addition, the District desires to maximize the amount of water that can be diverted from the Carmel River Basin and injected into the Seaside Groundwater Basin while complying with the instream flow requirements recommended by the National Marine Fisheries Service (NMFS) to protect the Carmel River steelhead population. Similarly, during the low-flow season, the District desires to recover most or all of the water that was previously injected into the Seaside Groundwater Basin, as well as a seasonally balanced amount of California American Water's (Cal-Am) full allocation of Seaside native groundwater. By meeting customer demand with as much as feasible of these two groundwater sources, Cal-Am will be able to maximally reduce its diversion from its Carmel River sources during the low-flow season. To accomplish these goals, a water supply strategy and budget for production within the Cal-Am Main and Laguna Seca Subarea water distribution systems is reviewed quarterly to determine the optimal strategy for operations, given the current hydrologic and system conditions.

2. Quarterly Water Supply Strategy: October - December 2015

On September 08, 2016, staff from the District, Cal-Am, the California Department of Fish and Wildlife (CDFW), and National Marine Fisheries Service (NMFS) met and discussed the proposed water supply strategy and related topics for the remainder of September 2016, and the October through December 2016 period. Currently, flow in the Carmel River is regulated by releases from storage at Los Padres Reservoir, though there was 2.6 cubic feet per second (cfs) of surface flow coming into the reservoir on September 1, 2016. The intent under the original 2016 CDFW/Cal-Am/District Low Flow MOA was to sustain 6.5 cfs or more of flow the Below Los Padres Dam Gage at River Mile (RM) 24.70 through November 2016, return to un-supplemented flows, i.e., run-of-the- river conditions, estimated then to potentially be as much as 11.9 cfs.

Due to the removal of San Clemente Dam as a part of the San Clemente Dam Reroute Project (SCDRRP), the interagency signatories to the 2015 Low Flow MOA agreed to permanently shift the flow target compliance point from its historic location at the MPWMD Sleepy Hollow Weir Gage (SHW) at RM 17.64 to the MPWMD Below Los Padres Gage (BLP) at RM 24.70. Flow in the Carmel River is continuous from the headwaters to the vicinity of the Mid-Valley Safeway, just above Cal-Am's Begonia Well (RM ~7.85). The river is intermittent and mostly dry for the rest of the way to the Lagoon. Rainfall during Water Year (WY) 2016 to date through the end of August at San Clemente Dam in the upper watershed has totaled 22.25 inches or 106% of the long-term average at this site. However, unimpaired runoff at San Clemente Dam for WY 2016 to date through the end of August has totaled approximately 44,784 acre-feet (AF) or only about 67% of the long-term average for this site. The flow conditions through August 2016 categorize near to the bottom of a "Below Normal" Water Year.

EXHIBIT 14-C**Quarterly Water Supply Strategy and Budget Report
California American Water
Main Water Distribution System: October - December 2016**

Carmel River Basin: Given these conditions, it was agreed that it would be appropriate to use historic “Below Normal” inflow conditions to assess Cal-Am’s operations during the October through December 2016 period. Thereafter, the rainfall-to-date through November 2015 will be used to select a Water Year Type for the following quarter, so as to more accurately assess Cal-Am’s operations and set monthly production targets for Cal-Am’s systems from January through September 2017.

To meet customer demand, Cal-Am would operate its wells in the Lower Carmel Valley in a downstream-to-upstream sequence, as needed. For the quarterly budget, it was agreed that Cal-Am would produce approximately 0 AF of groundwater for this quarter’s months of October through December 2016, from its wells in the Upper Carmel Valley. These amounts are consistent with the interagency Low Flow Season MOA and Cal-Am management’s intent to minimize production in the Upper Carmel Valley at all times. However, production could legally be higher under Cal-Am’s existing State water rights, and the interagency Low Flow Season MOA, if the requisite minimum flow triggers are exceeded for five consecutive days.

Cal-Am will also be able to produce 24 AF in December for its customers under its recently acquired Table 13 Water Rights, identified for future approval in SWRCB Water Rights Order 95-10.

In addition, it was agreed that Cal-Am would produce approximately 446, 281, and 588 AF of groundwater from its wells in the Lower Carmel Valley during October, November, and December 2016, respectively.

Lastly, it was assumed that 145 AF of the total of 588 AF water planned to be diverted from the Carmel River Basin in December would be injected into the Seaside Groundwater, if flows are sufficient to allow diversions, since the diversion season for the Aquifer Storage and Recovery (ASR) projects ended May 31, and resumes on December 1, 2016. The remainder of the long-term average diversions of 920 AF and 1050 AF per WY for ASR Phases 1 and 2 respectively will be addressed in the Quarterly Water Budgets for January to May, 2017. If the minimum bypass flows defined in the joint MPWMD/Cal-Am Water Right for ASR Phase 1 and 2 are sufficient for any significant length of time after December 1, diversion to storage may begin.

Table 1 shows actual releases to date and projected monthly releases below Los Padres and San Clemente Reservoirs for the September through December 2016 period.

Seaside Groundwater Basin: It was also agreed that Cal-Am would produce 350, 350, and 100 AF of Seaside native groundwater in October, November, and December 2016, respectively, in order to better avoid having any unutilized carry-over water at the end of WY 2017. A total of 459 AF of the 759 AF of water injected for storage in WY 2016 by ASR Phases 1 and 2 was recovered in the last quarter of WY 2016, and the remainder will be recovered at 150 AF per

EXHIBIT 14-C**Quarterly Water Supply Strategy and Budget Report
California American Water
Main Water Distribution System: October - December 2016**

month in the first two months of this first quarter of WY 2017. The total amount of ASR storage recovered in WY 2017 will depend the aforementioned remainder amount from WY 2016, combined with any future ability to divert to storage for ASR in WY 2017. There is also a goal of producing an additional 25 AF of treated brackish groundwater from the Sand City Desalination Plant in each of these three months. If the Sand City Desalination Plant cannot make its monthly production targets, any of that amount of water that is needed to meet customer demand will be produced from a combination of Cal-Am wells in Seaside or the Lower Subunits of the Carmel Valley Aquifer.

It was also agreed that Cal-Am should produce only 5, 3, and 3 AF per month of groundwater from its wells in the Laguna Seca Subarea of the Seaside Basin for customers in the Ryan Ranch, Bishop, and Hidden Hills systems during October, November, and December 2016, respectively. It is recognized that, based on recent historical use, Cal-Am's actual production from the Laguna Seca Subarea during this period will likely exceed the proposed monthly targets, which are based on Cal-Am's allocation specified in the Seaside Basin Adjudication Decision. For example, in the October, November, and December 2015 period, Cal-Am actually produced 32, 23, and 20 AF from the Laguna Seca Subarea to meet customer demand in the Ryan Ranch, Bishop, and Hidden Hills systems. In this context, the production targets represent the maximum monthly production that should occur so that Cal-Am remains within its adjudicated allocation for the Laguna Seca Subarea. Accordingly, actual production beyond these production targets will be subject to a replenishment assessment by the Seaside Basin Watermaster.

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Table 1 [Version 1c - Update of 9/08/16]

2016 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)

Assuming June - November Flows of CY 2012 = WY2012-2013, December Median Flows of a Below Normal WYT, and Drawdown No Lower Than 1000' Elevation = 403 AF

Month Represents Water Year Type of:	BelowN	CritDry	Normal	AboveN	Dry	Wet	BelowN	BelowN	BelowN	BelowN	BelowN	Dry	Dry	Dry	BelowN	
	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	WY 2015
Los Padres Reservoir																
Estimated Inflow	72	224	937	7,108	2,722	14,537	2,707	1,357	563	232	158	65	183	525	1,510	30,682
Evaporation	14	5	2	16	20	34	23	34	51	46	33	27	16	7	8	305
Outflow as @ BLP Gage																
Spillage	0	0	0	5,513	1,869	13,581	1,791	401	0	0	0	0	0	0	0	23,155
Combined Release (Ladder/Trap/980')	185	175	342	922	833	922	893	922	537	457	434	417	431	430	751	7,039
Actual Mean Daily in CFS @ BLP Gage	3.0	2.8	5.6	104.6	43.9	235.9	43.7	21.5	9.0	7.4	7.1	7.0	7.0	7.0	12.2	
Targeted Min. Mean Daily Flow in CFS									8.0	7.0	7.0	7.0	7.0	7.0	7.0	
Total Storage																
Beginning of Month	607	480	524	1,117	1,775	1,775	1,775	1,775	1,775	1,750	1,479	1,170	791	527	615	
End of Month	480	524	1,117	1,775	1,775	1,775	1,775	1,775	1,750	1,479	1,170	791	527	615	1,366	
Between Reservoirs																
Net Inflow from Tributaries	0	20	249	2,906	1,327	7,168	1,672	730	168	0	0	0	0	0	0	14,240
All Estimated Losses (Div. + E.T.)	52	0	0	0	0	0	0	0	0	4	18	69	52	23	18	143
Sleepy Hollow Weir																
Total Estimated Release	133	195	591	9,341	4,029	21,671	4,356	2,053	705	453	416	348	379	407	733	44,291
Estimated Mean Daily Flow in CFS	2.2	3.3	9.6	151.9	72.5	352.4	73.2	33.4	11.8	7.4	6.8	5.8	6.2	6.8	11.9	

- Notes:
1. The minimum pool requirements at Los Padres Reservoir is 105 acre-feet at elevation 980 ft.
 2. Projected inflows for the June - September 2016 period are based on actual 2012 flows offset forward in time by 24 days to match the accelerated hydrology to date of 2016 vs 2012.
 3. Projected inflows for October-November 2016 are the monthly mean unimpaired monthly flows seen in 2012.
 4. Projected inflows for December 2016 are the median flows @ Sleepy Hollow Weir for a Below Normal WYT based on 1902-2015 data.
 5. Estimated evaporation from LPR in October-December 2016 is based on average monthly reservoir surface area and gross monthly evaporation rates developed by the US Army Corps of Engineers (1981).
 6. Estimated evaporation from LPR June - September 2016, are actual measured values from 2012.
 7. 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 2009-0060.
 8. Numbers in **Bold** type are final reported numbers, and those in *Italics* are future estimates.

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ITEM: ACTION ITEMS**15. APPROVE RESPONSE TO 2015-2016 MONTEREY COUNTY GRAND JURY FINAL REPORT****Meeting Date: September 19, 2016** **Budgeted: N/A****From: David J. Stoldt** **Program/**
General Manager **Line Item No.:****Prepared By: David J. Stoldt** **Cost Estimate:****General Counsel Approval: N/A**
Committee Recommendation: N/A
CEQA Compliance: N/A

SUMMARY: The Monterey County Civil Grand Jury submitted a Final Report to MRWPCA entitled “Striving for Sustainability” (**Exhibit 15-B**) on June 24, 2016. The report focused on groundwater and how important this resource is to every citizen in the county. The Grand Jury requested the District to respond affirmatively or negatively to their Findings and Recommendations.

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

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

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

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

District staff reviewed the report and recommends the response attached as **Exhibit 15-A**.

The District understands that civil grand juries have no enforcement authority, although we certainly know that they perform an important community function. The reports the Grand Jury generate are in response to citizen inquiries. The individuals who make up the Grand Jury are local citizens appointed by a judge.

The report constitutes a Final Report for purposes of Penal Code section 933. Pursuant to that section, the District Board must submit comments on the report to within ninety (90) days following its transmittal, which is October 12th.

Pursuant to the Grand Jury's letter the Board is responsible for Finding Nos. F1 through F16, and Recommendation Nos. R1 through R16.

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

EXHIBITS

15-A Draft Proposed Response to Civil Grand Jury Report

15-B 2015-16 Monterey County Civil Grand Jury Final Report "Striving for Sustainability"



September 19, 2016

Honorable Mark E. Hood
Superior Court
240 Church Street
Salinas, CA 93901

Subject: Grand Jury Final Report "Striving for Sustainability"

Dear Judge Hood:

We are in receipt of the 2015-16 Monterey County Civil Grand Jury Final Report entitled "Striving for Sustainability." The Grand Jury has requested that our Board respond to Findings F1 through F16 and Recommendations R1 through R5, which we have done below.

Findings:

1. Monterey County is critically dependent on groundwater for both its agricultural and urban water needs. The District agrees with the finding.
2. Groundwater is critically important to Monterey County's economy. The District agrees with the finding.
3. Several groundwater basin aquifers in Monterey County are now in overdraft. The District agrees with the finding.
4. Overdrafting has resulted in seawater intrusion into the 180 and 400 foot aquifers in northern Salinas Valley Basin. The District agrees with the finding.
5. Seawater intrusion results in localized salt-contaminated groundwater that is unsuitable for both urban and agricultural uses. As is, the water is unsuitable, but with available advanced treatment technology the water could be treated and used.

If no Groundwater Sustainability Agency (GSA) is formed by June 30, 2017 for the Salinas Valley Basin, the County of Monterey could then choose to become the GSA for that basin. That is the District's understanding, however an alternate local agency could decide to become a GSA that intends to develop a GSP for the entire basin, or a collection of local agencies might form separate GSAs and develop one or more GSPs that will collectively serve as a GSP for the entire basin.

6. If the County of Monterey chose to become the GSA for the Salinas Valley Basin that choice would prevent the State Water Resources Control Board (SWRCB) from intervening in the local Groundwater Sustainability Plan (GSP) planning process except for overseeing and insuring GSP compliance.

If the Collaborative Working Group has selected the County as the GSA, or fails to do so by June 30, 2017, then perhaps the County could become the GSA to avoid the SWRCB intervention.

Hon. Mark E. Hood

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7. Prior to the Sustainable Groundwater Management Act (SGMA), local groundwater management plans lacked sufficient enforcement authority to fully manage groundwater sustainability. The District agrees with this finding.
8. SGMA confers on GSAs stronger enforcement authority than had existed under previous groundwater management enactments or local plans. The District agrees with this finding.
9. The non-adjudicated Salinas Valley Marina Area and the Salinas Valley Corral De Tierra Area should be included under the authority of the Salinas Valley Basin GSA and part of the GSA's Groundwater Management Plan (GMP). The District's understanding is that unless there are entities that are eligible and want to form their own GSA's for those basins, they would have to be represented in the larger county-wide GSA.
10. Consensus Builders, Inc. has been retained by the City of Salinas, on behalf of itself and others, in an attempt to integrate competing Salinas Valley groundwater interest's in order to arrive at a consensus GSA before June 30, 2017. The District agrees with this finding.
11. Many local individuals and entities have for several years been vitally interested in preserving, enhancing and sustaining both groundwater and surface water availability in the Monterey Peninsula – Salinas Valley areas. The District agrees with this finding.
12. As a result of past efforts, there are several existing and planned projects that could logically be included in any GSPs adopted within the Monterey Peninsula – Salinas Valley areas, since each such project impacts groundwater sustainability. The District agrees with this finding.
13. Some existing and planned projects for logical inclusion in a local GSP include:
 - a) The Salinas Valley Reclamation Plant (SVRP) and the Castroville Seawater Intrusion Project (CSIP) Distribution System.
 - b) The Pure Water Monterey Groundwater Replenishment Project
 - c) The Soledad Water Recycling/Reclamation Project
 - d) The Salinas Valley Water Project
 - e) The Seaside Aquifer Storage & Recovery Project
 - f) The California Statewide Groundwater Elevation Monitoring Program
 - g) The Groundwater Extractions Monitoring System
 - h) The Salinas River Arundo Removal Project
 - i) The Interlake Tunnel Project
 - j) The Cal-Am Monterey Peninsula Water Supply Project
 - k) The DeepWater Desal Desalination/Data Center Project
 - l) The Marina Coast Water District Desalination Project
 - m) The People's Moss Landing Desalination Project
 - n) The Sand City Water Supply Project
 - o) Urban Water Conservation
 - p) Agricultural Water Conservation

The District is not fully aware of the details of the entire list of projects, above. However, an additional project is the capture and reuse of storm water for beneficial use, presently being studied as part of the Monterey Regional Storm Water Management Plan and led by the City of Monterey.

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15. As with other legislation that impacts those with divergent interest, legal maneuvering and delaying tactics can, in the case of SGMA, cause the loss of local controls over groundwater planning and management. The District agrees with this finding.
16. As with other legislation that impacts those with divergent interests, legal maneuvering and delaying tactics can, in the case of SGMA, cause already critical groundwater conditions in Monterey County to get much worse, to the detriment of all concerned. The District agrees with this finding.

Recommendations:

As for the recommendations section, The District provides the following responses:

1. That every public and private entity interested in the formation of a GSA and the adoption of GSP for the Salinas Valley Basin to consider the groundwater needs of every other interested party with an open mind and a commitment to fairness. The District agrees with this recommendation.
2. That if the June 30, 2017 deadline for forming one or more GSAs for the Salinas Valley Basin is not met by other interested parties, the County of Monterey agree to become the GSA for that basin in order to prevent state intervention in local groundwater planning. The District recommends this item needs further analysis of County resources, staffing, and desire to perform such duties.
3. That the County of Monterey actively participate in the currently ongoing effort by Consensus Builders, Inc. to help achieve the formation of one or more GSAs for the Salinas Valley Basin before June 30, 2017 deadline. The District agrees with this recommendation.
4. That the County of Monterey remain mindful of the possibility that it may become the GSA for the Salinas Valley Basin and, with that in mind, take all steps as far in advance of the June 30, 2017 deadline as necessary for it to assume that role prior to the deadline. The District recommends this item needs further analysis because it may undermine the intent of “Recommendation #3”, above.
5. That the County of Monterey remain mindful of the possibility that it may become the GSA for the Salinas Valley Basin and, with that in mind, begin immediately to consider GSP optional components. The District recommends this item needs further analysis because it may undermine the intent of “Recommendation #3”, above.

Thank you for the opportunity to review the Grand Jury Final Report and to provide our responses.

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

Sincerely yours,

Jeanne Byrne
Chair

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STRIVING FOR SUSTAINABILITY

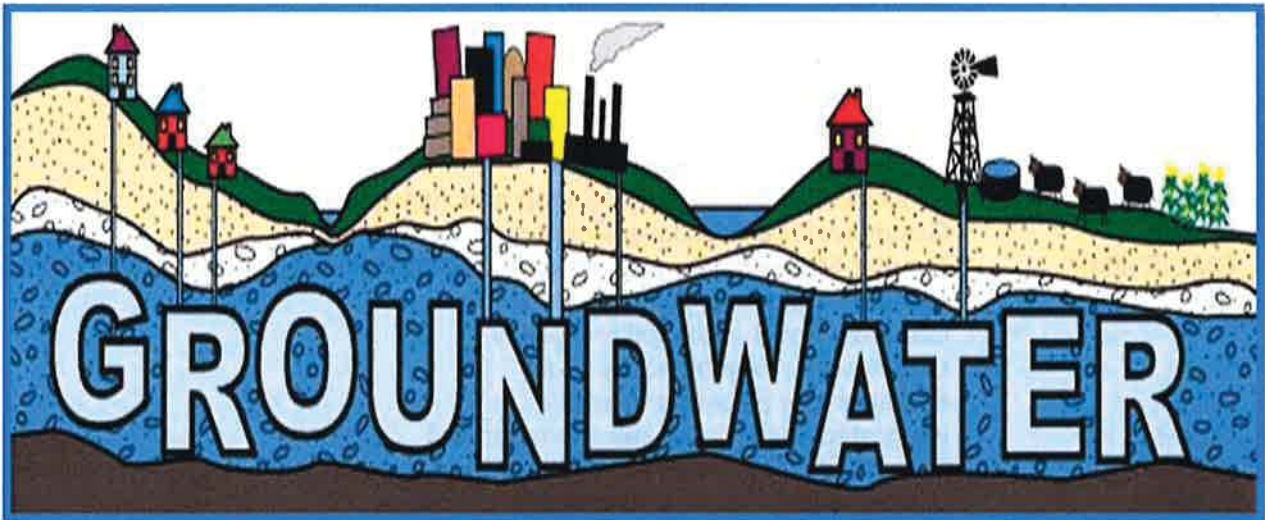


Image Courtesy of Texas Water Development Board. [HTTP://www.twdb.texas.gov](http://www.twdb.texas.gov)

LIST OF ACRONYMS

Ag	Agriculture
AMBAG	Association of Monterey Bay Area Governments
ARP	Arundo Removal Project
ASR	Aquifer Storage and Recovery
AWT	Advanced Water Treatment Plant
CASGEM	California Statewide Groundwater Elevation Monitoring program
CAWD	Carmel Area Wastewater District
CCR	California Code of Regulations
CPUC	California Public Utilities Commission
CSIP	Castroville Seawater Intrusion Project
DWD	DeepWater Desal
DWR	Department of Water Resources
EIR	Environmental Impact Report
FORA	Fort Ord Reuse Authority
GMA	Groundwater Management Act
GAMA	Groundwater Ambient Monitoring and Assessment
GEMS	Groundwater Extractions Monitoring System
GMCIRWMP	Greater Monterey County Integrated Regional Water Management Plan
GMP	Groundwater Management Plan
GSA	Groundwater Sustainability Agency
GSP	Groundwater Sustainability Plan
GWR	Groundwater Replenishment
IRWM	Integrated Regional Water Management
IRWMP	Integrated Regional Groundwater Management Plan
MBNMS	Monterey Bay National Marine Sanctuary
MCGMP	Monterey County Groundwater Management Plan
MCWMD	Marina Coast Water Management District
MCWRA	Monterey County Water Resources Agency
MPWMD	Monterey Peninsula Water Management District
MPWSP	Monterey Peninsula Water Supply Project
MRWMD	Monterey Regional Wastewater Management District
MRWPCA	Monterey Regional Water Pollution Control Agency
PG&E	Pacific Gas & Electric
PMLWDP	People's Moss Landing Water Desalination Project
PWMGRP	Pure Water Monterey Groundwater Replenishment Project
RCDMC	Resource Conservation District of Monterey County
RO	Reverse Osmosis
RTP	Regional Treatment Plant
SGB	Seaside Groundwater Basin
SGMA	Sustainable Groundwater Management Act
SGWB	Seaside Ground Water Basin
SGWBSA	Salinas Groundwater Basin Sustainability Agency
SRDF	Salinas River Diversion Facility
SVGB	Salinas Valley Groundwater Basin
SWRCB	State Water Resources Control Board

STRIVING FOR SUSTAINABILITY

SUMMARY

Monterey County is critically dependent on groundwater for both its agricultural and urban water demands. “An estimated 95 percent of all water used in Monterey County is derived from groundwater wells. With nearly 200,000 acres of land under cultivation in the Salinas Valley, agricultural pumping exceeds 495,000 acre-feet per year.¹ Combined with urban and other uses, total groundwater pumped in the Salinas Valley is approximately 520,000 acre-feet per year.”² Groundwater wells pump water from underground aquifers.³ Many of those aquifers are now experiencing “overdrafting”, a condition where more water is pumped out of an aquifer than is returned to the aquifer on an average yearly basis. In aquifers located adjacent to coastal waters, overdrafting can allow seawater to intrude into the aquifer, resulting in salt-contaminated groundwater that is unsuitable for both urban and agricultural uses.

Groundwater is critical not only because of its limited availability. It’s also critical to the economy of Monterey County, which depends heavily on its agricultural industry. “Monterey County is recognized as the Salad Bowl of the World. Its temperate climate, rich soils, and unparalleled infrastructure support system make this the ideal growing area for cool season vegetables, wine grapes, strawberries and flowers. The County is also the home of the packaged salad and pre-cut fresh vegetables, representing 90% market share of the fresh vegetable value added industry. Because the agriculture here is year round and highly labor intensive, Monterey County has the State’s highest agricultural payroll at \$408.6 million, comprising 9.5% of the State of California’s \$4.3 billion agricultural payroll”.⁴

1 One Acre Foot = 325851 gallons

2 Monterey County Legislative Program 2015-2016, Water Resources Sustainability, p.25. Approved by Board of Supervisors, January 13, 2015.

3 An aquifer is an underground layer of water-bearing porous rock, rock fractures or unconsolidated materials (gravel, sand, or silt) from which groundwater can be extracted using water wells. More than one aquifer may be located within a groundwater basin.

4 University of California, Division of Agriculture & Natural Resources. June 2005. <http://cemonterey.ucanr.edu/about/>

Because of its importance to Monterey County, the focus of this report is on groundwater management with special emphasis on the recently enacted Sustainable Groundwater Management Act (SGMA). We begin with a brief discussion of groundwater, its characteristics, groundwater rights, groundwater basins, and the specific groundwater basins located within Monterey County. Next, the concept of groundwater management is discussed, including a brief review of selected early groundwater legislation and local responses. We then review SGMA in some detail. Its key elements are presented and explored, followed by a discussion of SGMA's specific application to Monterey County basins and the status of preliminary steps taken to comply with its provisions. Finally, we explore local existing and proposed groundwater related projects that logically appear to be candidates for inclusion as components of local SGMA Groundwater Management Plans (GWMP).

INVESTIGATIVE METHODOLOGY

During the course of this investigation Jury members interviewed nineteen (19) high level officials and individuals whose work or position in the community is directly involved with one or more water- or wastewater-related issues. The Sustainable Groundwater Management Act of 2014 (as amended and codified) and certain of its predecessor enactments were studied, along with a variety of other legal sources including, among others, state and local agency orders, court decisions, adjudication documents, water rights law, legal definitions, and state mandated groundwater related program components. With respect to more technical matters we reviewed local project documentation for a number of existing and planned projects that are having, or will have, a direct impact on groundwater sustainability, and which might logically be incorporated into a Groundwater Sustainability Plan (GSP). In addition, the investigation included the reading of newspaper articles, website information, white papers, groundwater basin studies, and other technical source materials.

BACKGROUND

A. THE ORIGIN OF GROUNDWATER

Groundwater is water located beneath the land's surface, filling pore spaces between subsurface deposits of sand, clay, gravel, silt or other such materials. These porous deposits (known as aquifers) were left behind in geologic time as a form of sediment deposited by ancient sources of running water. Aquifers are found not only in the beds of ancient streams and rivers; they are also found in the floodplains and deltas of the ancient running waters.

Groundwater is part of the earth's hydrologic cycle. Water evaporates from surface waters (oceans, lakes, rivers, etc.) and from the small pores of plants (transpiration). Once in the atmosphere the vapor can condense into rain, snow or sleet and fall onto land. There, it runs off into rivers and streams or soaks into the earth. Part of the surface water penetrates deep into the earth, recharging groundwater aquifers. Once in an aquifer, groundwater can remain there for extended periods of time or it can be pumped to the land's surface and used for crop irrigation, drinking water and other purposes. **Figure 1** is a depiction of earth's continuous water cycle, scientifically termed the hydrologic cycle.

B. ACQUIRING THE RIGHT TO EXTRACT AND USE GROUNDWATER

In 1914, California created a system for acquiring surface water rights through a state regulated permitting process,⁵ but no such process was created with respect to groundwater. Although they are treated differently in the law, groundwater and surface water are so closely interconnected in the hydrologic cycle that the use of one resource will generally affect the other. Nevertheless, prior to the recent passage SGMA, California was one of only two states, and the only state in the western United States, that did not regulate groundwater rights. Groundwater rights in California are legally acquired as "overlying rights", "appropriative rights", "prescriptive rights" or "adjudicated rights".

⁵ California Statutes 1913, chapter 586

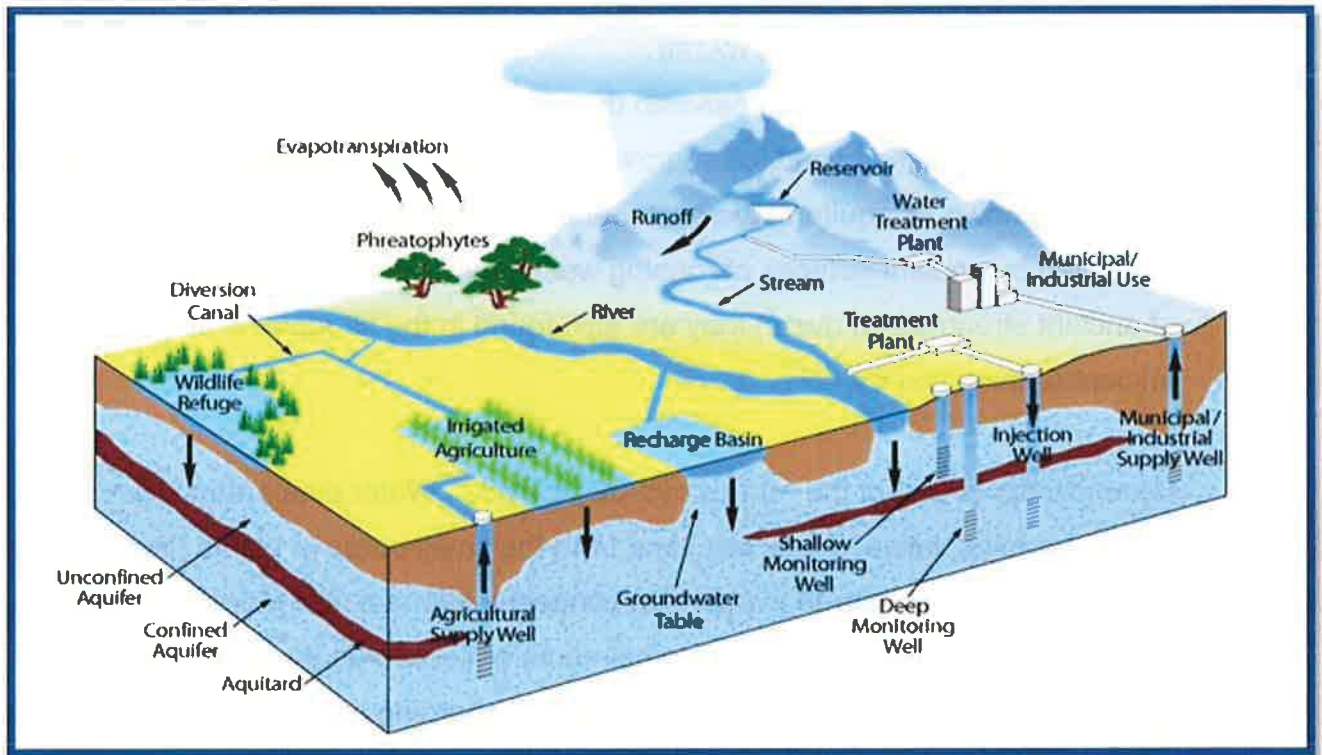


FIGURE 1

GROUNDWATER AND THE EARTH'S WATER CYCLE⁶

⁶ California Department of Water Resources, Groundwater Information Center, Hydrologic Cycle. http://water.ca.gov/groundwater/groundwater_basics/hydrocycle.cfm, April 2016.

1. Overlying Rights

An overlying right allows landowners to use groundwater from basins located under their land. The extracted groundwater may only be used by the landowner on land that overlies the aquifer from which the water is extracted. The groundwater may not be transferred or used on any other property. The holder of an overlying right shares the aquifer's water resources, and may put an unspecified amount of groundwater to use so long as the use is reasonable, beneficial and not harmful to fellow right holders.

2. Appropriative Rights

Someone who extracts groundwater for use on non-overlying land may obtain an appropriative right to that groundwater. The right is acquired by the first person to take a specific quantity of water from a groundwater source for a "beneficial use", whether agricultural, industrial or household. The right continues so long as the water continues to be used for the same purpose. The amount allowed is sometimes defined by the pattern of use at the time the water was first taken.

Disputes sometimes arise between overlying landowners and someone claiming appropriative rights to the same water. That appears to have been the case recently when California American Water Company (Cal-Am) claimed the right to extract unspecified amounts of brackish groundwater from a Salinas Valley Basin aquifer. The extraction was reported to be an unavoidable result of the operating Cal-Am's planned desalination plant seawater intake wells.⁷ Those with overlying groundwater rights argued that Cal-Am did not have the legal right to appropriate and export groundwater from the Salinas Valley Basin for use in another basin. Cal-Am countered that it could appropriate the water since it was brackish water, unsuitable for drinking or irrigation, and as a result it was no longer being put to a "beneficial use." That disagreement was ultimately resolved by a negotiated agreement between the parties.⁸

⁷ Cal-Am's desalination plant plans are discussed more fully later in this report.

⁸ Johnson, Jim. "Cal-Am, Castroville, others reach deal on desal 'return' water." Monterey Herald, 1/12/2016

3. Prescriptive Rights

If someone wrongfully takes water from a groundwater source for a period of five years, all the while claiming the right to do so, it's possible for that person to eventually acquire a legal right to the water. During the five-year period, the person must take the water openly, while obviously encroaching on the rights of another. For groundwater, taking water from an overdrafted⁹ aquifer might be an example of adverse use that could become a prescriptive right to water from that aquifer.

4. Adjudicated Rights

Adjudication is a judicial process by which parties with competing claims to groundwater extraction rights can have a judge determine the extent of each party's right. For example, a portion of the Seaside Basin was adjudicated in 2006, during which the court determined the extraction rights of several overlying landowners.

C. GROUNDWATER BASINS

The primary concern of this report is groundwater management. Groundwater management refers to the planned and coordinated monitoring, operation, and administration of a groundwater basin or portion of a groundwater basin with the goal of long-term sustainability of the resource. A "groundwater basin" is defined as an area underlain by porous materials capable of furnishing a significant supply of groundwater to wells, or storing a significant amount of water, generally in one or more aquifers. A groundwater basin is three-dimensional and includes both the surface extent and all of the subsurface fresh-water-yielding material.

D. GROUNDWATER BASINS IN MONTEREY COUNTY AND BASIN PRIORITIES

In 1975 the California Department of Water Resources (DWR) published Bulletin 118, which was most recently updated in 2003.¹⁰ Prior to its publication, the state legislature directed DWR to inventory all groundwater basins in the state, determine their

⁹ The condition of a groundwater basin in which the amount of water withdrawn by pumping exceeds the amount of water that recharges the basin over a period of years.

¹⁰ State of California, Department of Water Resources. California's Ground Water Bulletin 118, 1975. Bulletin 118-75 contained a summary of technical information for 248 of the 461 identified groundwater basins, subbasins and what were referred to as "areas of potential ground water storage" in California. The number of identified basins has since grown to 515.

boundaries, and collect all known technical information regarding each. A later legislative enactment directed DWR to prioritize each identified basin based upon their relative “health” and importance as a viable groundwater resource. This was accomplished as part of DWR’s California Statewide Groundwater Elevation Monitoring (CASGEM) Program. The prioritization was intended to help identify, evaluate, and determine the need for additional groundwater level monitoring. CASGEM priority levels¹¹ were assigned based upon the following eight criteria:

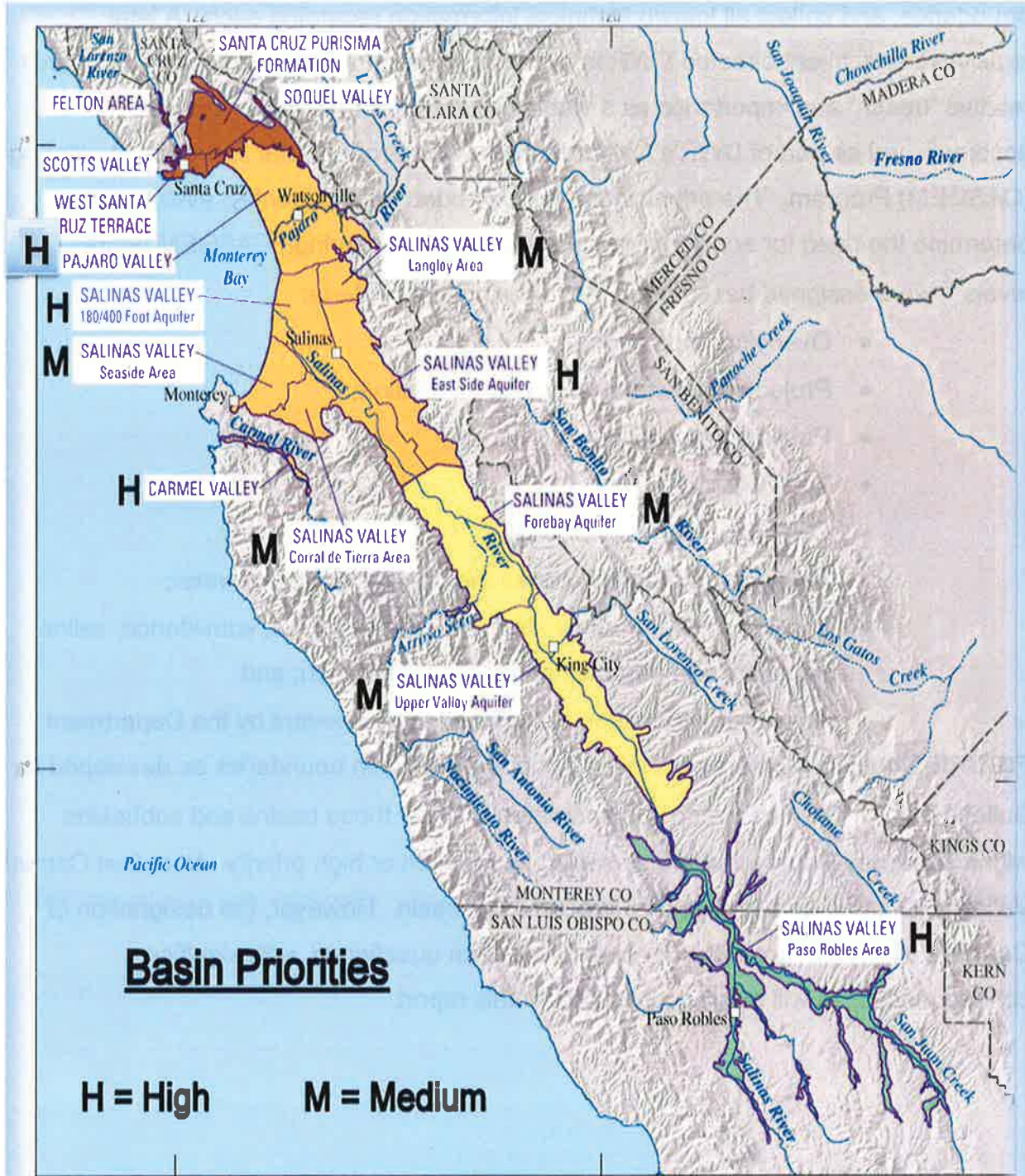
- Overlying population;
- Projected growth of overlying population;
- Public supply wells;
- Total wells;
- Overlying irrigated acreage;
- Reliance on groundwater as the primary source of water;
- Impacts on the groundwater; including overdraft, subsidence, saline intrusion, and other water quality degradation; and
- Any other information determined to be relevant by the Department.

FIGURE 2 depicts Monterey County’s basin and subbasin boundaries as developed in Bulletin 118.¹² The basin map¹³ is annotated to show those basins and subbasins within Monterey County that are classified as medium or high priority. Note that Carmel Valley is included as a high priority groundwater basin. However, the designation of Carmel Valley as a “groundwater basin” has been questioned, with significant consequences, as will be discussed later in this report.

11 CASGEM classified basins as high, medium, low or very low priority.

12 Note that FIGURE 2 depicts the “Seaside Area” to be a subbasin of the Salinas Valley Basin (orange). The same area is sometimes referred to as the “Seaside Basin” or as the Adjudicated Seaside Groundwater Basin”. These terms appear to be used interchangeably by those involved with groundwater, but we will refer to the area as simply the “Seaside Basin” to lessen reader confusion.

13 U.S. GEOLOGICAL SURVEY Data Series 258. See Figure 2. <http://pubs.usgs.gov/ds/2007/258/figure2.html>. April 2016.



Base from U.S. Geological Survey National Elevation Dataset, 2006, Albers Equal-Area Conic Projection

FIGURE 2
EXPLANATION



THE CONCEPT OF GROUNDWATER MANAGEMENT

Groundwater management refers to the planned and coordinated monitoring, operation, and administration of a groundwater basin or portion of a groundwater basin with the goal of long-term sustainability of the resource. In past years the state's approach to groundwater management was cautious. Given the nature of water rights in California, any attempt by the state to regulate groundwater was met with strong resistance. Nevertheless, there have been several attempts to find an effective groundwater management solution that would ensure groundwater sustainability. A few predecessors of the 2014-2015 Sustainable Groundwater Management Act (SGMA) are discussed below.

A. THE 1992 GROUNDWATER MANAGEMENT ACT

In 1992 the California legislature passed assembly bill AB 3030, entitled the Groundwater Management Act.¹⁴ That act allowed and encouraged certain defined existing local agencies to develop a groundwater management plan (GMP) for those groundwater basins listed in Department of Water Resources Bulletin 118. Such plans, however, were not required. Then in 2002, the Legislature passed senate bill SB1938. That bill required local agencies to develop and adopt a GMP, but only if the agency wanted certain financial assistance.

A search of available records suggests that no GMP was developed and enacted anywhere within Monterey County until 2006. At that time the Monterey County Water Resources Agency (MCWRA) prepared the *Monterey County Groundwater Management Plan*,¹⁵ said to be in accordance with the requirements of the 1992 Groundwater Management Act. According to the plan adoption resolution,¹⁶ the plan formalized the management activities currently being conducted in the Salinas Valley Groundwater Basin.

¹⁴ Codified as California Water Code, Section 10750 et sec. Part 2.75

¹⁵ Monterey County Water Resources Agency, Monterey County Groundwater Management Plan, May 2006.

¹⁶ Monterey County Water Resources Agency Resolution 06-R04, May 22, 2006.

B. INTEGRATED REGIONAL WATER MANAGEMENT PLANS (IRWMP)

Between 2002 and 2006 California voters passed Propositions 50, 84, and 1E, which in total made over \$5 billion in financial assistance available for various water related programs. A significant amount of funding from those sources required that recipients develop and implement Integrated Regional Water Management Plans (IRWMP). An IRWMP was defined as a comprehensive planning document to be prepared collaboratively by water management entities and stakeholders¹⁷ within a region. The plan was required to identify priority water resource projects and integrate regional planning efforts into a single plan.

Two IRWMPs were subsequently developed for Monterey County: the *Monterey Peninsula, Carmel Bay and South Monterey Bay IRWMP* (November 2007, updated June 2014) and the *Salinas Valley IRWM Functionally Equivalent Plan* (Updated, May 2006). In April 2013 the Salinas Valley plan became what is now the *Greater Monterey County Integrated Regional Water Management Plan* (GMCIRWMP).¹⁸ While the scope of both IRWMPs includes groundwater planning, the plans are directed toward all water related issues. The goal was integrated long-term water planning. Some of the projects mentioned later in this report were funded by IRWMP resources.

C. SUSTAINABLE GROUNDWATER MANAGEMENT ACT (SGMA)

In September 2014, the California Legislature passed a series of three bills, which taken together constitute the Sustainable Groundwater Management Act. SGMA, as amended in 2015, is intended to provide a comprehensive framework for the sustainable management of groundwater by local (as opposed to state) authorities. However, there is the potential for state intervention if local authorities do not act as required by SGMA, and the state deems its intervention necessary to properly protect local groundwater resources. The key provisions of SGMA will now be summarized.

¹⁷ "Stakeholders" are those individuals, groups, or organizations in the community that have a special interest in decisions relating to water or its uses.

¹⁸ While the name of GMCIRWMP suggests that it deals with all of Monterey County, it specifically excludes the Monterey Peninsula, Carmel Bay, and South Monterey Bay IRWM region

SGMA requires the formation of a local Groundwater Sustainability Agency (GSA) for each groundwater basin within its jurisdiction, subject to certain exceptions. The GSA is responsible for eventually developing and implementing a local Groundwater Sustainability Plan (GSP) for each of its basins. The GSA can be a local public agency that has water supply, water management, or land use responsibilities within the basin area. Alternatively, it may be a combination of local agencies using a joint powers agreement, memorandum of agreement, or other legal document. If there is an area overlying a groundwater basin that is not in the management area of a GSA, the local county is presumed to be the basin GSA unless it opts out of that responsibility.

Originally, only local agencies could form, be part of, or participate in a GSA, but by a 2015 amendment to the Act, a water corporation such as California American Water Company (Cal-Am) or a mutual water company may participate in a GSA through legal agreement. While a private water entity can be part of a GSA, it would not have any of the powers conferred by SGMA on a GSA.

The SGMA includes various milestones that must be met, including among others the following critical deadlines:

- June 30, 2017: Deadline for forming GSAs.
- January 31, 2020: GSPs must be adopted for “critically overdrafted”¹⁹ basins.
- January 31, 2022: GSPs must be adopted for high and medium priority basins²⁰ not currently in overdraft.
- 20 years after adoption: All high and medium priority groundwater basins must achieve “sustainability”.

DWR is the named state agency responsible for setting the priority levels for all basins within the state, adopting regulations for basin boundary adjustments where

¹⁹ The term “critically overdrafted” has the meaning specified in SGMA and will be provided later in this report.

²⁰ California Water Code section 10720.7 subsection (b) provides that basins designated as low or very low priority are legislatively encouraged and authorized to be managed by SGMA, but that state intervention would not be an available penalty for such basins. No deadlines are mentioned.

appropriate, adopting regulations for evaluating the adequacy of GSPs and GSA agreements, publishing a report estimating water available for groundwater replenishment, and publishing “best management” practices for achieving groundwater sustainability. The DWR is also required to periodically evaluate GSPs to see if they meet SGMA requirements and are likely to achieve sustainability. SGMA specifies those requirements that must be met for a GSP to be found compliant with the Act. The California State Water Resources Control Board (SWRCB) has the authority to intervene if a GSA is not formed, or if it fails to adopt a legally sufficient plan by the stated deadlines.

Perhaps most significant, SGMA gives each GSA significant new local powers to:

- Conduct investigations to carry out the Act’s requirements.
- Require the registration of groundwater wells.
- Require the installation of water volume measuring devices on all groundwater wells at the owner’s expense.
- Control groundwater extractions by limiting, suspending or otherwise regulating extractions from individual groundwater wells.
- Assess fees to establish and implement local GWMPs.

Notably, SGMA specifically states that it does not determine or alter “surface water rights or groundwater rights under common law or any provision of law that determines or grants surface water rights.”²¹

²¹ California Water Code, Section 10720.5 subsection (b).

D. IMPORTANT SGMA DEFINITIONS

1. Groundwater

SGMA defines “Groundwater” in a manner that, on its face, is somewhat unclear to those not versed in water law. For purposes of SGMA, “Groundwater” means water beneath the surface of the earth within the zone below the water table in which the soil is completely saturated with water, but does not include water that flows in known and definite channels.”²² The significance of this definition’s exclusionary language will be explored later in this report.

2. The Concept of Sustainable Groundwater Management

SGMA defines “Sustainable Groundwater Management” to mean the management and use of groundwater sources by a GSA in a manner that can be maintained for at least 50 years without causing “undesirable results” and without exceeding the “sustainable yield” of the groundwater sources. This definition is better understood by looking at SGMA’s definitions of “undesirable results” and “sustainable yield”.²³ It seems logical, however, that effective groundwater management must also consider surface water supplies and uses, since the use of one resource will often affect the other.

3. Sustainable Yield

“Sustainable Yield” is defined as the maximum quantity of water, calculated over a period of time representative of long-term conditions in the basin, including any temporary surplus, which can be withdrawn each year from a groundwater source without causing any undesirable results.

4. Undesirable Results

“Undesirable Results”²⁴ as defined by SGMA means any of the following effects caused by basin groundwater conditions:

²² California Water Code, Section 10721 subsection (g).

²³ California Water Code, Sections 10721 subsection (x) and 10721 subsection (w).

²⁴ California Water Code, Section 10721 subsection (x).

- Chronic lowering of groundwater levels, but excluding reductions in groundwater levels during a drought if they are offset by increases in groundwater levels during other periods;
- Significant and unreasonable reductions in groundwater storage;
- Significant and unreasonable seawater intrusion;
- Significant and unreasonable degradation of water quality;
- Significant and unreasonable land subsidence; and
- Surface water depletions that have significant and unreasonable adverse impacts on beneficial uses.

5. The Sustainability Goal

The "Sustainability Goal" of SGMA is to create for each basin "one or more groundwater sustainability plans that achieve sustainable groundwater management by identifying and causing the implementation of measures targeted to ensure that the applicable basin is operated within its sustainable yield."²⁵

6. Critical Basin Overdraft

The focus of SGMA is on individual groundwater basins²⁶ and on preventing each basin from reaching a critical overdraft condition due to long term groundwater mismanagement or lack of sound planning. Groundwater overdraft is "The condition of a groundwater basin in which the amount of water withdrawn by pumping exceeds the amount of water that recharges the basin over a period of years..."²⁷ A basin is susceptible to critical overdraft when continuation of present water management practices would probably result in significant adverse overdraft-related environmental, social, or economic impacts.²⁸ Conditions of critical overdraft can result in seawater

²⁵ California Water Code, Section 10721 subsection (u).

²⁶ A groundwater basin is an underground reserve of water which may take the form of a single aquifer or a group of linked aquifers.

²⁷ California Department of Water Resources, Groundwater Bulletin 118, Update 2003, Glossary p.214

²⁸ California Department of Water Resources, Groundwater Bulletin 118, Update 2003, p.98

intrusion, land subsidence, groundwater depletion, and/or the chronic lowering of groundwater levels.

To avoid confusion, it is important to distinguish between the terms “critical overdraft” (as used, for example, to set one of the SGMA compliance deadlines) and “high priority” (as used in Bulletin 118). These are different concepts and depend on different factors as can be seen by comparing the above definition with the CASGEM basin priority-setting criteria set forth in Section III.D of this report. Overdraft is but one of eight criteria used in the Bulletin 118 studies to determine the priority level of a groundwater basin.

Currently, there are twenty one (21) groundwater basins in California that have been designated as being in Critical Overdraft and, therefore, subject to the earlier GSP adoption deadline. Two of those twenty one (21) “Critically Overdrafted Basins” are Salinas Valley subbasins: the 180/400-Foot Aquifer and the Paso Robles subbasin. In reality, however, it could also logically be argued that the Carmel Valley Basin is in the equivalent of overdraft as evidenced by the fact that Cal-Am is under order of the PUC to reduce its extraction of groundwater by over 70%. The PUC pointed out that “There continues to be an annual drawdown or drying of the Carmel River in the area upstream of the Highway 1 bridge. Because Cal-Am is the largest diverter of water on the river, this drawdown of the river is attributable, at least in part, to Cal-Am’s illegal diversions from the Carmel River. Cal-Am’s pumping from the subterranean stream contributes to the reduction of surface flow.”²⁹

The same is true of the Seaside Basin as evidenced by the fact that the Superior Court that adjudicated the water rights for that basin ordered the reduction of overall pumping from that basin and found that “...groundwater production has exceeded the Natural

29 State of California, Department of Water Resources. Cease and Desist Order WR 2008–00XX-DWR, p.2, Finding 8.

Safe Yield during the preceding five (5) years throughout the Seaside Basin and in each of its subareas.³⁰

7. Exemptions from SGMA Compliance

SGMA specifies two conditions that can exempt a basin from required compliance with its provisions. The first exemption is for groundwater basins that have had the competing groundwater rights of co-users adjudicated.³¹ The second exemption is for basin aquifers having below surface “water that flows in known and definite channels”.³²

Although SGMA does not directly attempt to control adjudicated basins, a 2015 amendment to the act added section 10737.8, which forbids judges in future adjudication proceedings from entering a judgment involving any basin required by SGMA to otherwise prepare a GSP, unless the court first finds that the judgment will not substantially impair the ability of a GSA or related officials to comply with the requirements of SGMA, and to achieve sustainable groundwater management.

8. SGMA Provision for Basin Boundary Adjustments

SGMA directs GSAs to use the boundary and priority classifications listed in DWR Bulletin 118 (2003) for GWMP development. Although the principal reliance is on Bulletin 118 boundary descriptions, SGMA allows local agencies to request a DWR modification of a Bulletin 118 basin boundary to adjust the spatial locations of a high or medium priority groundwater basin to more accurately correspond with waterways, county lines, agency boundaries, or known geologic boundaries.³³

As previously mentioned, a portion of the Seaside Basin has been adjudicated. As a result, a basin boundary modification has been requested by the Monterey Peninsula

30 Cal-Am vs. City of Seaside, et al., Superior Court of California, County of Monterey. Case No. M66343. Decision filed Mar. 27, 2006, p. 8-9, Finding 2.

31 California Water Code, section 10720.8

32 California Water Code 10721 subsection (g)

33 California Water Code 10722.2

Water Management District (MPWMD) to create an independent basin named the “Adjudicated Seaside Groundwater Basin”. Doing so would appear to require altering the boundaries of two subbasins: the current Seaside and Corral De Tierra area subbasins. The stated purpose of the proposed modification is to adjust the boundary of the proposed Adjudicated Seaside Groundwater Basin to match that portion of the existing Seaside subbasin over which the Superior Court has exercised “adjudication” authority.

GSP EMERGENCY REGULATIONS

SGMA became effective on January 1, 2015. DWR is charged with reviewing local GSPs for SGMA compliance. Therefore, on February 18, 2016 DWR released draft emergency regulations applicable to local GSPs for public comment. On May 10, 2016 DRW released its proposed final version of the GSP Emergency Regulations.³⁴ These regulations are intended to specify how DWR will evaluate GSPs.³⁵ They include the process, methodology, and criteria for evaluating the development and implementation of GSPs, alternatives, and coordination agreements. DWR’s proposed final version was presented to the California Water Commission for consideration and adopted on May 18, 2016.³⁶

STATUS OF LOCAL BASIN GSA FORMATION

Any local agency or combination of local agencies overlying a groundwater basin may become a GSA for that basin unless a local agency exists that already has groundwater responsibility.

A. SEASIDE BASIN

The Seaside Basin is designated as a “medium priority” basin within the meaning of DWR Bulletin 118. However, much of the Seaside Basin has been adjudicated and is, therefore, excluded from SGMA’s requirements to form a GSA and to implement a GSP.

³⁴ DRW SGMA subscription list email dated May 10, 2016.

³⁵ SGMA requires DWR to adopt final regulations by June 1, 2016.

³⁶ The final Emergency Regulations can be found at <http://water.ca.gov/groundwater/sqm/gsp.cfm>

Nevertheless, there remains a portion of the basin that was not adjudicated and will presumably remain within SGMA's jurisdiction.

In February 2016, the MPWMD filed a request with DWR to have the Seaside area basin (or subbasin) boundary adjusted so that it would only include that area of the Seaside Basin that has been adjudicated. The adjudicated area would be called the Adjudicated Seaside Groundwater Basin.

MPWMD was designated by SGMA to be the exclusive GSA³⁷ for all basins within the District's jurisdiction (except for the adjudicated area) unless it opts out of that responsibility.³⁸ Part of the Seaside area does lie within the District's jurisdictional boundary, but the District has resolved to "...opt out of being the exclusive groundwater management agency for that area north of the adjudicated Seaside Groundwater Basin that is within the MPWMD statutory boundaries..."³⁹

FIGURE 3 is a regional map prepared by MPWMD that shows the recommended boundary for the Adjudicated Seaside Groundwater Basin. It also shows the two remaining areas of the basin that would remain after the requested boundary adjustment. The District has termed these residual areas the Salinas Valley Marina Area and the Salinas Valley Corral De Tierra Area. If the part of the basin not adjudicated is, in fact, a Salinas Valley subbasin, it must be included in a Salinas Valley Basin GSA's GSP. If not, then it may ultimately require a separate GSA and GSP, assuming its designation remains "medium priority".

37 California Water Code section 10723 subsection (C)(1)(I)

38 California Water Code section 10723 subsection (C)(2)

39 Monterey Peninsula Water Management District Resolution No. 2016-01, February 3, 2016

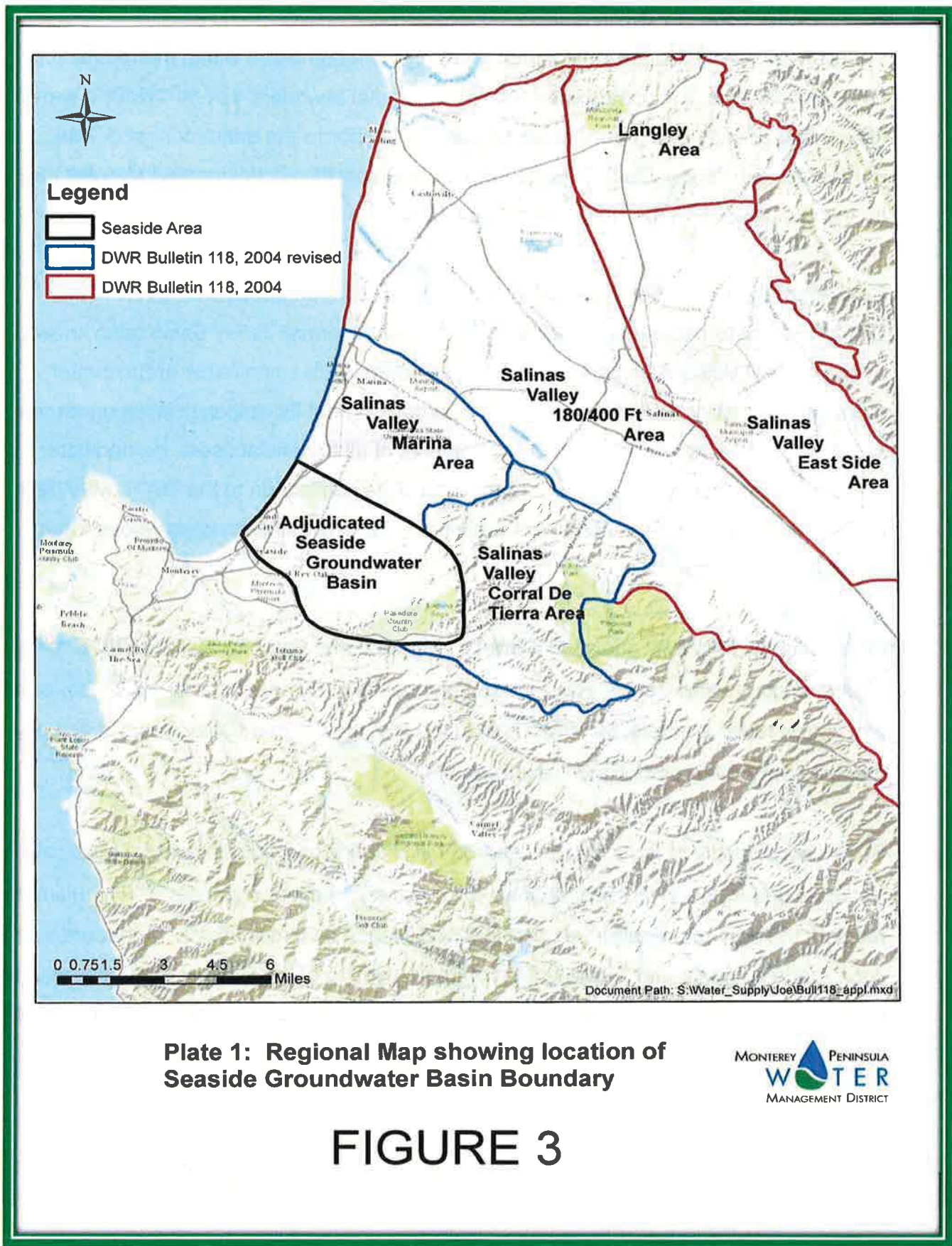


Plate 1: Regional Map showing location of Seaside Groundwater Basin Boundary



FIGURE 3

B. CARMEL VALLEY BASIN

The Carmel Valley Basin is designated as a “high priority” basin within the meaning of DWR Bulletin 118. It’s located within the jurisdictional boundaries of MPWMD, a water district that already had groundwater responsibility prior to the enactment of SGMA. For that reason, Water Code Section 10723(c) (1) specifically designated MPWMD to be the exclusive GSA for the Carmel Valley basin.

Consequently, in October 2014, MPWMD filed the required notice with DWR of the District’s intent to become the exclusive GSA for the Carmel Valley Basin (also known as the Carmel Valley Alluvial Aquifer) and to undertake its sustainable groundwater management. MPWMD confirmed that when carrying out its responsibilities under the Act, it would take into consideration the interests of all beneficial users, groundwater users and other interested parties. At the time of its notification to the DWR, MPWMD had already identified over 250 users and other interested stakeholders whose input would be considered.

More recently, MPWMD analyzed SGMA’s language and that of a 1995 SWRCB ruling regarding competing Carmel River water right claims of Cal-Am and others.⁴⁰ Based on that comparative analysis, MPWMD concluded that the Carmel Valley Basin is actually exempt from SGMA compliance requirements.⁴¹

SGMA applies only to groundwater, and SGMA’s definition of groundwater specifically excludes underground “water that flows in known and definite channels.”⁴² The ultimate result of the 1995 proceeding was that SWRCB issued its Order 95-10. In that order, the court made a finding that “Downstream of [river mile] 15 of the Carmel River, the aquifer underlying and closely paralleling the surface water course of the Carmel River is water flowing in a subterranean stream and, therefore, subject to the jurisdiction of the

40 State Water Resources Control Board Order 95-10, July 6, 1995

41 E-mail to Civil Grand Jury from Monterey Peninsula Water Management District. March 21, 2016

42 California Water Code 10721 subsection (g)

SWRCB.”⁴³ MPWMD based its determination of SGMA inapplicability on the comparison of SGMA’s language to that of Order 95-10.

SGMA’s exclusion of underground “water that flows in known and definite channels” beneath a river seems illogical since Bulletin 118 and other technical sources state that surface water and groundwater are interconnected resources. They point out that 1) groundwater originates as surface water, 2) groundwater extraction can affect flow in streams, and 3) changes in surface water flow can affect groundwater levels. Treating underground water flows and groundwater differently for purposes of SGMA, then, creates an anomaly that may eventually need to be addressed by a SGMA amendment.

C. PAJARO VALLEY GROUNDWATER BASIN

The Pajaro Valley Basin is designated as a “high priority” basin within the meaning of DWR Bulletin 118. Like the Carmel Valley Basin, SGMA specifically designated the Pajaro Valley Water Management District as the exclusive GSA, and that entity is presumably beginning the implementation process for its required GSP.

D. SALINAS VALLEY GROUNDWATER BASIN (SVGB)

Virtually all subbasins within the Salinas Valley Basin are designated as either “high priority” or “medium priority” basin within the meaning of DWR Bulletin 118. Thus its compliance with SGMA is required.

No single agency was designated by SGMA to become the exclusive GSA for the Salinas Valley Groundwater Basin and no eligible entity has yet officially notified the DWR of its intent to become the GSA for SVGB. However, in October of 2014, MCWRA Board of Directors recommended that MCWRA become the GSA for the Salinas Valley basin, and the Monterey County Board of Supervisors recommended beginning a public process to gain input from interested members of the community. That process was initiated in December of 2014, and in January 2015, the Agency held

⁴³ State Water Resources Control Board Order 95-10, July 6, 1995

a public meeting to inform interested parties about the need to form a GSA for the SVGB. In the weeks that followed, several other local agencies and interested parties advised DWR that they did not want a GSA comprised of just one local agency, and a number indicated that they wanted to participate directly in the GSA that was ultimately to be formed.⁴⁴

Given the lack of unanimity regarding GSA membership, and facing a specific deadline for forming a GSA that would avoid state intervention, a small group of interested parties, including the City of Salinas, hired the privately owned Consensus Building Institute (CBI) to investigate the concerns and competing groundwater related interests of potentially affected parties. That effort is currently under way. CBI anticipates that a consensus regarding GSA participation can be developed that will be satisfactory to all concerned public agencies and community stakeholders.⁴⁵ The ultimate goal of this effort is the development and implementation of a Salinas Groundwater Basin Sustainability Agency (SGBSA), which will then have the responsibility of creating and implementing a GWMP for the entire basin.

The consensus building process currently underway primarily involves two agency and stakeholder groups: the Groundwater Stakeholder Forum and the Collaborative Work Group. According to CBI's project website, "The Collaborative Work Group, in consultation with the Groundwater Stakeholder Forum, will recommend the GSA structure to the GSA eligible entities in the basin. If more than one agency chooses to participate in the GSA, each agency's governing board would adopt or approve the GSA. If the Collaborative Work Group proved unable to reach consensus on the recommended structure, each GSA-eligible agency could move forward to comply with SGMA by forming one or more GSAs and the required coordination agreements."⁴⁶ If

⁴⁴ City of Salinas, FORA, Castroville Community Service District, City of Soledad, Marina Coast Water District, California Water Service, etc.

⁴⁵ A stakeholder is an individual or organization that has an interest in water management activities. Typically, stakeholders are anyone involved in protecting, supplying, or using water for any purpose, who have a vested interest in water-related decisions.

⁴⁶ www.salinasgroundwater.org

agreement is not reached by SGMA's deadline, the County of Monterey will become the GSA unless it chooses to opt out.

The Groundwater Stakeholder Forum is "designed to share information and gather public input on the GSA formation process."⁴⁷ The Collaborative Work Group's initial membership is shown in **Appendix 1**. The meetings of the Forum and the meetings of the Work Group are open to the public. **Appendix 2** details CBI's initial findings and more fully describes the consensus building process. Given the consensus building process, it seems likely that no GSP will be forthcoming for some time.

TYPES OF ACTIVITIES THAT HAVE A POSITIVE IMPACT ON GROUNDWATER SUSTAINABILITY

Sustainability can most easily be achieved when there are adequate sources of water during successive years to fill basin aquifers with enough groundwater to meet evolving community water demands. In a county subject to periodic droughts, competing groundwater interests and appetites, and a number of independently managed water plans and projects, how can sustainability be achieved most efficiently and effectively? SGMA presents a logical framework for achieving sustainability by fostering the integration of water-related efforts on a local level. The types of local sustainability activities to be integrated and centrally managed include, among others:

- Urban and agricultural water conservation
- Creation of new sources of water
- Reclamation and reuse of existing non-potable water sources
- Effective management of river and stream flows
- Recharging depleted aquifers
- Reducing the need for agricultural groundwater pumping
- Stopping seawater intrusion into coastal aquifers
- Monitoring of groundwater elevations

⁴⁷ The first Groundwater Stakeholder Forum was scheduled for May 19, 2016 from 5:30-7:30 pm.

- Monitoring the volume of basin extractions in relation to that of basin recharging

EXISTING, PLANNED and PROPOSED PROJECTS

There are a number of water projects and programs in Monterey County that appear suitable for inclusion as components of one or more GSPs. In this section we review a number of such projects, both large and small in scope. While many of the projects benefit the Salinas Valley Basin, some benefit the Seaside Basin and/or the Carmel Valley Basin as well.

Even though the Seaside and Carmel Valley Basins appear to be excluded from the SGMA's reach, multi-basin projects are included here for three reasons: First, there is at least one earlier local area water management plan which should still be viable for purposes of groundwater sustainability. Second, SGMA strongly encourages planning coordination between adjacent basins.⁴⁸ Finally, basins that are not required to participate in SGMA planning are nevertheless encouraged to do so.

With regard to previously existing groundwater related plans, the *Monterey Peninsula, Carmel Bay and South Monterey Bay IRWMP* (November 2007, updated June 2014) has a number of objectives that closely parallel the SGMA objective of sustainability. The Monterey Peninsula Regional Water Management Group (RWMG) is the body responsible for the development and implementation of the IRWMP and includes seven local agencies and organizations.⁴⁹ The geographic coverage of this regional plan is approximately 350 square miles and includes the coastal cities of Carmel-by-the-Sea, Del Rey Oaks, Monterey, Pacific Grove, Sand City, and Seaside. Also included are the unincorporated portions of Monterey County in Carmel Valley, Pebble Beach, the Carmel Highlands, the Laguna Seca area, and a portion of the Ord Community.

⁴⁸ California Water Code 10727.6

⁴⁹ Initially, RWMG was comprised of representatives from the Big Sur Land Trust (BSLT), the City of Monterey, MCWRA, MRWPCA, and MPWMD. In 2014 MCWD and RCDMC became added participants.

The purpose of RWMG is to plan and facilitate funding for appropriate local water and environmental projects. Stated IRWMP objectives⁵⁰ include:

- Meet existing water supply replacement needs of the Carmel River system and Seaside Groundwater Basin.
- Maximize use of recycled water and other reuse opportunities, such as gray-water and storm-water capture and use.
- Seek long-term, sustainable water supplies for estimated future demand estimates.
- Optimize conjunctive use of surface and ground-water.
- Create, evaluate, and advance water conservation throughout the Region.
- Protect and improve water quality in groundwater basins.

Finally, we note that although not a component of any public agency, the agriculture industry in Salinas has strongly supported many of the projects that are discussed in the following sections of this report.

As previously suggested, there are a number of independent projects and programs in Monterey County that appear suitable for inclusion as components of one or more GSPs. In this section we review a number of such projects, both large and small in scope. Included are projects that benefit the Seaside and Carmel Valley Basins. Even though those projects are excluded from SGMA's requirements, at least one other local area water management plan remains viable.

A. WASTEWATER RECYCLING PROJECTS

Using recycled wastewater for irrigation and other purposes is intended to reduce the amount of groundwater extraction otherwise necessary for such uses.

⁵⁰ The Civil Grand Jury lacked sufficient time and resources to investigate the extent to which these plan objectives are actually being met.

1. The Salinas Valley Reclamation Plant (SVRP) and Castroville Seawater Intrusion Project (CSIP)

Long term over-pumping of Salinas Valley Basin aquifers nearest the ocean allowed seawater to intrude into those aquifers, resulting in the creation of salty, unpleasant-tasting water, unfit for either drinking or agricultural irrigation. MCWRA monitors the movement and extent of seawater intrusion by testing a series of wells located in the coastal northwestern portion of Monterey County. The degree to which seawater has intruded into basin aquifers can be seen in **FIGURES 3** and **4**.

SVRP and CSIP are a linked pair of existing projects developed to halt the inland spread of seawater into the Salinas Valley coastal aquifers by supplying overlying agricultural lands with clean irrigation water from a source other than groundwater. Project managers anticipated that providing an alternate source of irrigation water would result in a corresponding reduction in groundwater pumping, thus slowing or stopping the seawater intrusion. **FIGURE 3** and **FIGURE 4**, below, provide evidence that this program seems to be working.

For SVRP and CSIP, the alternate source of the irrigation water is currently urban wastewater from local municipalities that has been treated at the Monterey Regional Wastewater Treatment facility in Marina and its component Salinas Valley Reclamation Plant (SVRP), where the wastewater is treated to “tertiary” levels. The tertiary recycled water is tested to assure that it meets state standards for unrestricted use on freshly edible food crops.⁵¹ From the reclamation plant, the recycled water is distributed for irrigation use to 12,000 acres of farmland in northern Monterey County by means of the CSIP “purple pipeline” system. The system consists of 45 miles of pipeline and 22 supplemental wells. These wells supply supplemental amounts of basin groundwater to meet area irrigation demands not fully satisfied by the quantity of recycled water produced.

⁵¹ Tertiary treated water is not suitable for drinking. However, an extensive industry testing program concluded it was safe to use on crops.

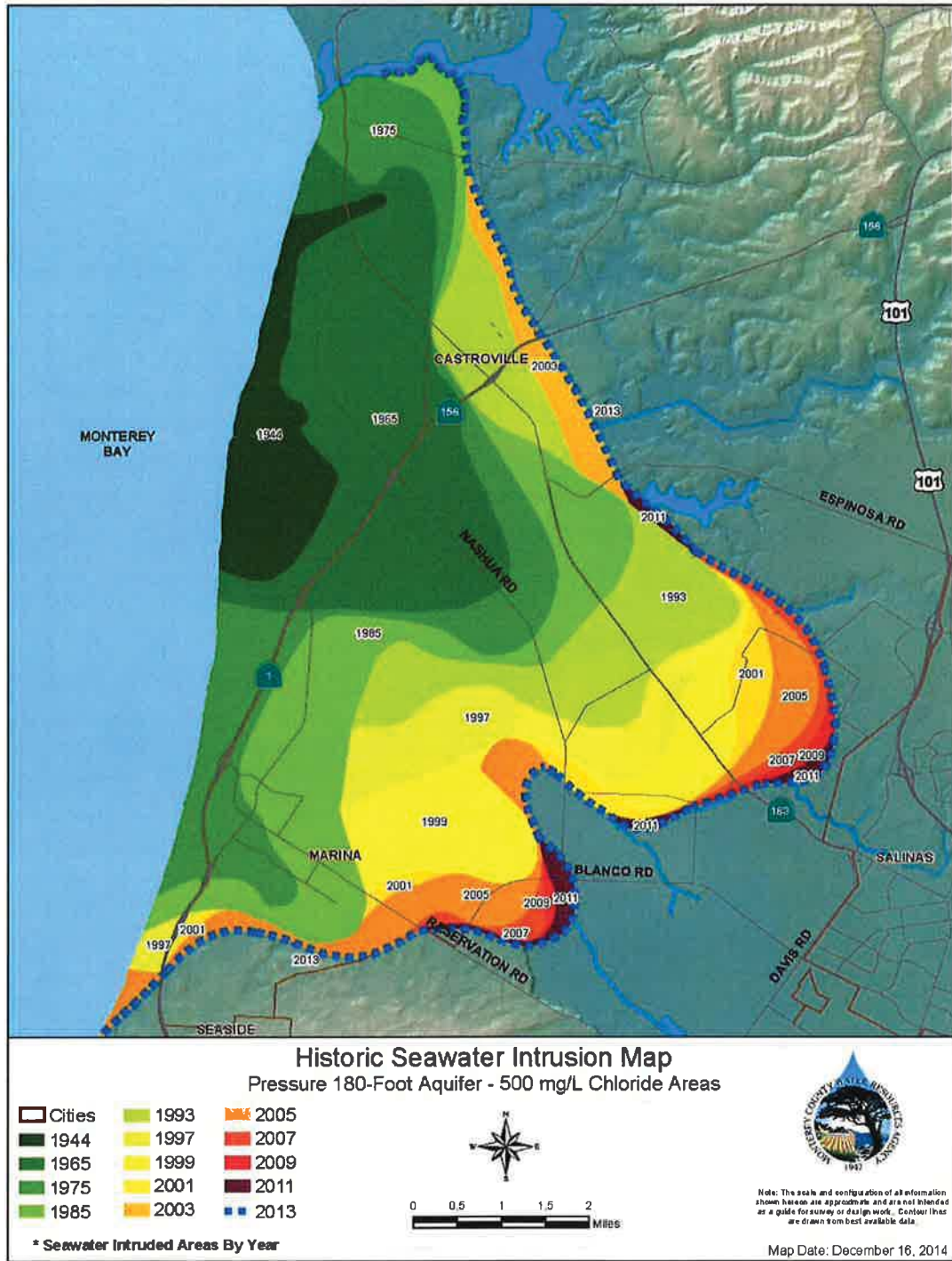


FIGURE 4

Salinas Valley Basin 180 Foot Aquifer

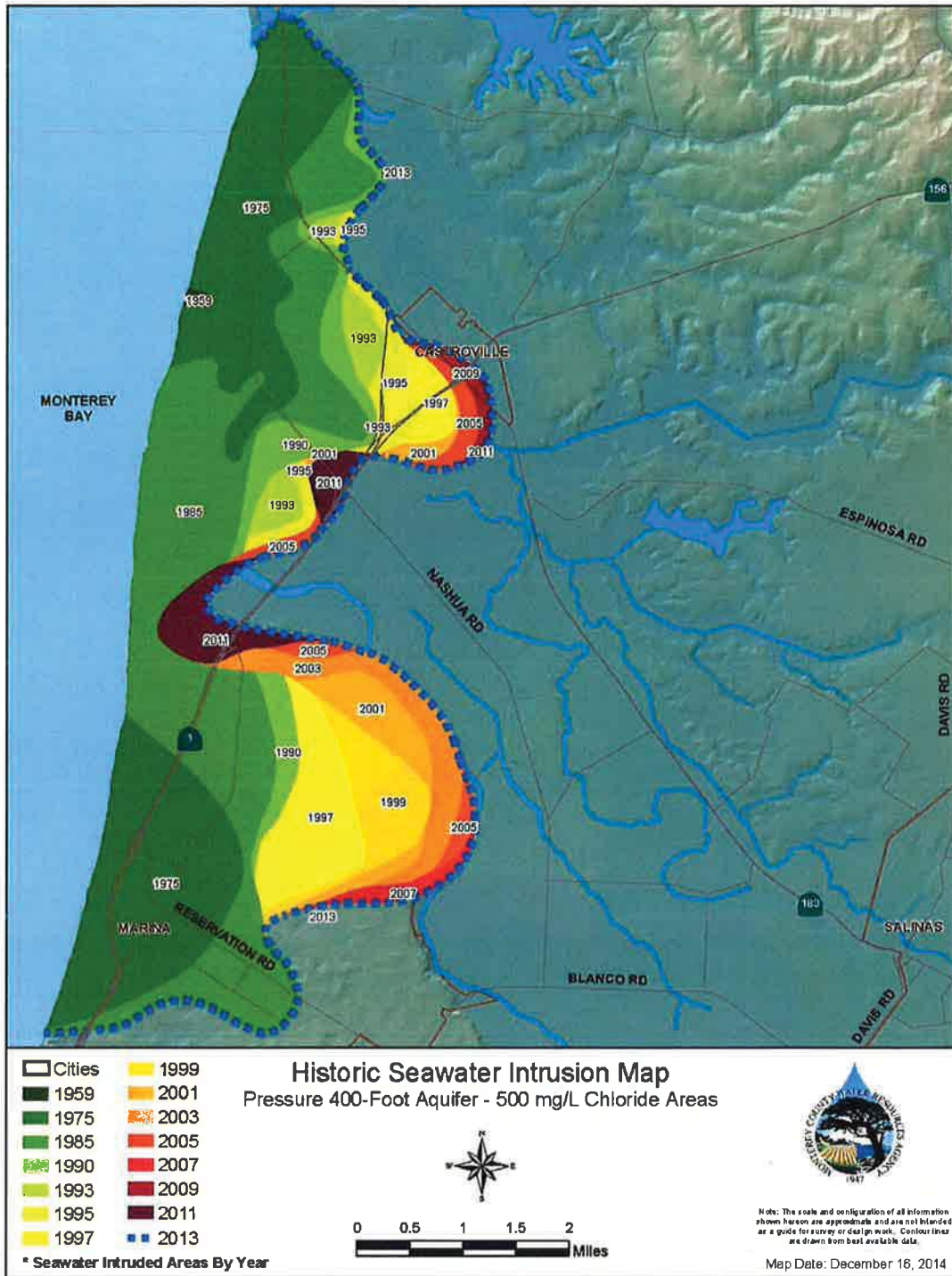


FIGURE 5
Salinas Valley Basin 400 Foot Aquifer

2. The Pure Water Monterey Groundwater Replenishment Project

The proposed Pure Water Monterey Groundwater Replenishment Project is a water recycling project developed through the joint efforts of the MPWMD and the MRWPCA. In essence, it is a multi-component program intended to benefit both the Seaside and Carmel Valley groundwater basins by creating a new source of potable water. In so doing, the program would result in reduced groundwater demand and resultant reduced stress on both basins. The project's Final Environmental Impact Report explains the project as follows:

Replenishment of the Seaside Groundwater Basin. The project would enable California American Water Company (Cal-Am) to reduce its diversions from the Carmel River system by up to 3,500 acre-feet per year by injecting the same amount of purified recycled water into the Seaside Basin. The purified recycled water would be produced at a new [advanced purification] facility at the MRWPCA Regional Wastewater Treatment Plant and would be conveyed to and injected into the Seaside Groundwater Basin via a new pipeline and new well facilities. The injected water would then mix with the existing groundwater and be stored for future urban use by Cal-Am, thus enabling a reduction in Carmel River system diversions by the same amount.

Additional recycled water for agricultural irrigation in northern Salinas Valley. An existing water recycling facility at the Regional Treatment Plant (the Salinas Valley Reclamation Plant) would be provided additional source waters in order to provide additional recycled water for use in the Castroville Seawater Intrusion Project's agricultural irrigation system. It is anticipated that in normal and wet years approximately 4,500 to 4,750 acre-feet per year of additional recycled water supply could be created for agricultural irrigation purposes. In drought conditions, the Proposed Project could provide up to 5,900 acre feet per year for crop irrigation.”⁵²

Figure 6 is a diagram of the Projects intended water recycling path. Pure Water's Environmental Impact Report has been completed and operations are estimated to begin by the end of 2017.

52 Denise Duffy & Associates, Inc. Consolidated Final Environmental Impact Report for the Pure Water Monterey Groundwater Replenishment Project, January 2016.

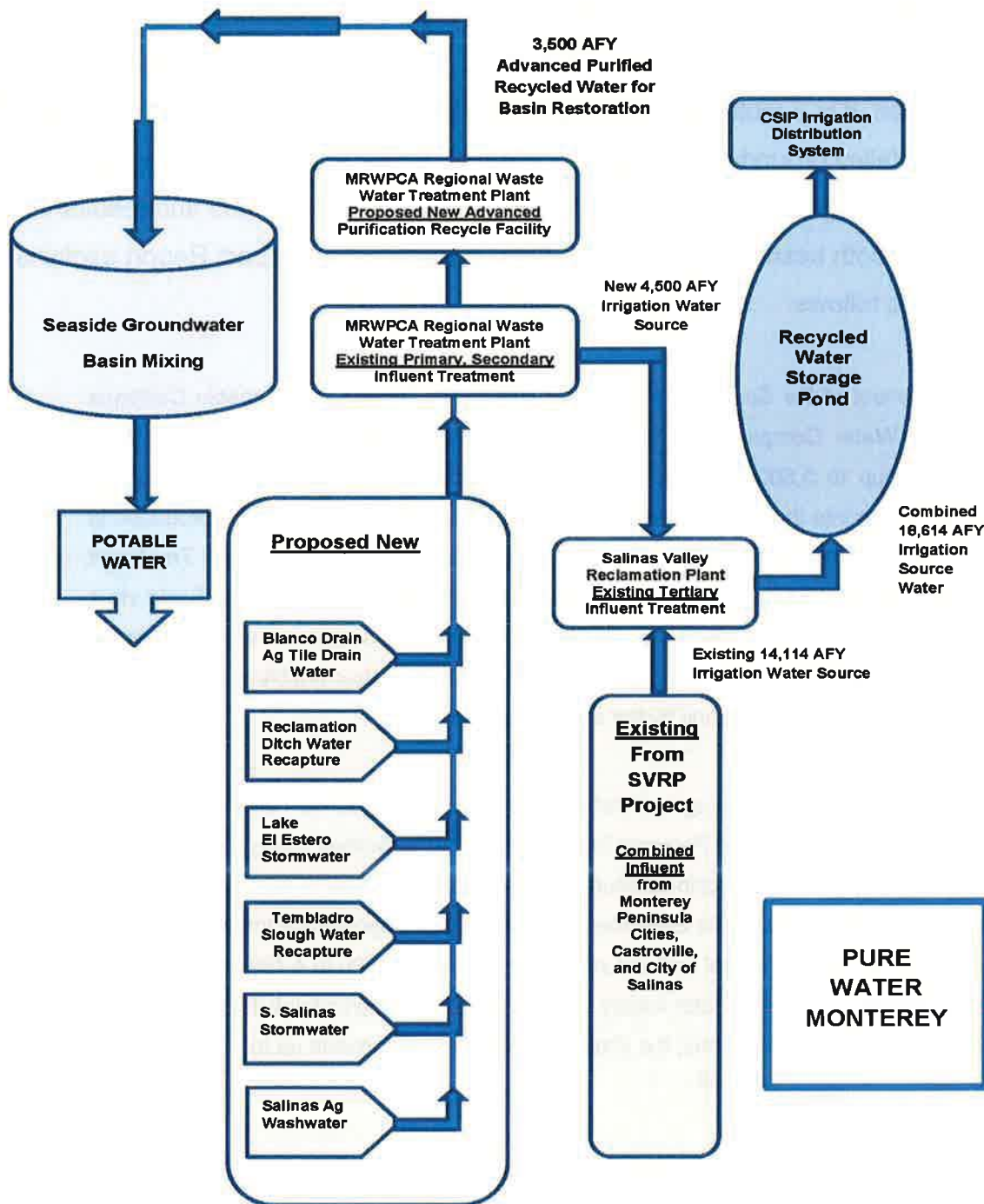


FIGURE 6

3. The Soledad Water Recycling/Reclamation Project

The City of Soledad's Water Reclamation Facility receives all wastewater from the City and surrounding community, including the nearby Salinas Valley State Prison. At the Reclamation Facility, the wastewater is treated and recycled into a pond. The recycled water then seeps into the groundwater basin. The Salinas Valley IRWMP includes proposed funds to build a pipeline to link the Soledad's Water Reclamation Facility with the City water system to irrigate all City parks and landscaping, neighboring farmlands and future planned development landscaping needs within City limits. Overall, the project helps to improve groundwater quality and conserves the potable groundwater sources.

B. SURFACE WATER DIVERSION PROJECTS

1. The Salinas Valley Water Project

The Salinas Valley Water Project (SVWP) was designed to assist with the long-term management and protection of groundwater resources in the Salinas Valley Basin. At the time of project planning, recycled water was being treated and used for farmland irrigation in the area now served by CSIP. The new project was designed to blend surface water from the Salinas River to the existing program's recycled water, thereby increasing the volume of water available for irrigation. If successful, groundwater pumping from wells drawing from the valley's coastal aquifers would be reduced, which should help the basin aquifers to recharge.

The mixing of recycled water and river water begins at the Salinas River Diversion Facility (SRDF) located along the Salinas River, roughly five miles from the ocean. It consists of an inflatable rubber dam and pump station to withdraw flowing river water, a pipeline to an 80-acre recycled water storage pond, and facilities for filtration and chlorination. Once in the storage pond, the river water is combined with tertiary treated recycled water to be delivered to Castroville farmlands via the CSIP distribution system. A second component of SVWP's initial phase included the modification of the Nacimiento Reservoir to handle larger flood flows and better control dry season Salinas River flows.

A second phase of SVWP is currently planned to provide for two additional diversion points for river water, again intended to reduce the need for groundwater pumping as a source for irrigation waters.

2. Seaside Aquifer Storage & Recovery Project (ASR)

Cal-Am distributes water from both the Carmel Valley and Seaside groundwater basins. It's been estimated that Monterey Peninsula gets approximately 70 percent of its water from the Carmel River groundwater basin and 25 percent from the Seaside Basin. While these basins are separate, they are physically connected by Cal-Am's water distribution system. Both basins have suffered from over pumping. In the case of the Carmel Valley Basin, over pumping has led to reduced flows in the Carmel River, depleted aquifer storage, and damage to wildlife habitat. In the case of the Seaside Basin, continued over pumping and ongoing seawater intrusion in the nearby Salinas Valley basin indicates that the Seaside aquifers are also vulnerable to seawater intrusion. Fortunately, as of 2012, seawater intrusion had not yet occurred.⁵³

The Seaside Basin aquifer system is much larger and deeper than the Carmel Valley aquifer. As a result of its over pumping and related lowering of groundwater levels, there has been a significant amount of unused storage volume in the Seaside Basin. To take advantage of the unused storage capacity and increase the amount of fresh water available for peninsula users, the Monterey Peninsula Water Management District (MPWMD) with the cooperation of Cal-Am, instituted its Aquifer Storage and Recovery (ASR) project. After a testing phase, the ASR system became operational in 1998 and has been expanding in scope since that time.

In years when there are heavy winter flows in the Carmel River, the result is the loss of unused surface waters flowing to the ocean. ASR consists of diverting portions of heavy winter flows to Cal-Am's distribution system where it is then treated and injected

⁵³ HydroMetrics, Water Year 2012 Seawater Intrusion Analysis Report, Seaside Basin, Monterey County, California, November 30, 2012

into the Seaside Basin, which functions as an underground storage reservoir. Later, during the dry season, the stored water can be pumped out of the “reservoir” to help reduce pumping from the Carmel Valley aquifer, while retaining a substitute source of usable water. In recent drought years ASR has not been as productive as it has in more normal rainfall years.

C. GROUNDWATER MONITORING PROGRAMS

1. California Statewide Groundwater Elevation Monitoring (CASGEM) Program

In 2009, the State legislature added provisions to the Water Code that required DWR to establish the CASGEM program to periodically monitor groundwater elevations in groundwater basins throughout the state. The purpose of the program is to track seasonal and long term trends in the state’s groundwater basins. CASGEM requires local water management entities to collect groundwater elevation data in their area and provide that data to DWR for analysis. Locally, MCWRA is the monitoring entity for seven high and medium priority basins in Monterey County.

Participation in the CASGEM program by groundwater well owners is voluntary. The MCWRA currently monitors 48 wells scattered throughout the County, some of which are privately owned and some publicly owned. Keeping track of basin groundwater levels over time enables officials to evaluate the basin’s relative health.

2. Groundwater Extractions Monitoring System (GEMS)

In 1993, the Monterey County Board of Supervisors adopted ordinances 3663 and 3717. These ordinances required water suppliers in specified zones of the county to report water use information for groundwater extraction wells and water service connections. MCWRA collects the data annually from over 300 wells and inputs the data into a computerized data base maintained by the agency. Until recently, in order to encourage participating well owners to accurately divulge the extent of their extractions, that data was reportedly not available to the public.

D. SALINAS RIVER FLOW ENHANCEMENT PROJECTS

1. Salinas River Arundo Removal Project

The Resource Conservation District of Monterey County (RCD), MCWRA, and landowners along the Salinas River are coordinating efforts to remove Arundo plants from the Salinas River. Arundo, commonly known as *giant reed*, is a tough invasive “perennial grass that grows from nine to thirty feet tall. It grows in many-stemmed, cane-like clumps, and often forms large colonies many meters across. Individual stems are tough and hollow, divided by partitions at nodes like bamboo.” Arundo is primarily a problem in waterways. Its “dense stands often displace native vegetation; diminish wildlife habitat, and increase flooding and siltation in natural areas.” Most importantly for groundwater sustainability, stands of Arundo “increase water loss from underground aquifers because of the rate at which they use water. The rate of water loss has been estimated at roughly three times more than that of the native riparian vegetation.”⁵⁴

Arundo has been accumulating in the Salinas River corridor and its tributaries for several years. The Arundo Removal Project is being carried out in two phases. The first phase cleared 11.5 miles along the river as a demonstration project. Phase two will include an additional 94-mile stretch and is scheduled to begin in the fall of 2016.

2. Interlake Tunnel Project

According to MCWRA project information, the Nacimiento River watershed, on average, produces nearly three times as much water volume as the San Antonio River watershed. As a result, the Nacimiento Lake reservoir fills three times faster than the Lake San Antonio reservoir. During heavy flows, the Nacimiento dam is legally required to release large amounts of water over its spillway for reasons of flood control. However, while the Nacimiento reservoir is releasing water over its spillway, there remains a large volume of unused storage capacity in the Lake San Antonio reservoir. If the spillway water from the Nacimiento reservoir were diverted to the San Antonio

⁵⁴ DiTomaso, J.M., G.B. Kyser et al. Weed Control in Natural Areas in the Western United States. Weed Research and Information Center, University of California. 2013, 544 pp.

Reservoir, then water could be released at strategic times from the San Antonio Reservoir into the Salinas River to recharge Salinas Valley basin aquifers and to supplement waters delivered to the Salinas River Diversion Facility.

The controversial Interlake Tunnel Project is the means by which the inter-lake water diversion is intended to occur. The project calls for drilling a tunnel between the two reservoirs and inserting a pipeline that would allow water transfer to occur using a downhill gradient. In mid-2014 the Monterey County Board of Supervisors approved funds for a full engineering analysis and preliminary project planning.

E. DESALINATION PROJECTS

There are currently four planned or proposed seawater desalination projects under discussion for Monterey County, each of which differs from the others in its technology features and stage of development. There is no way of knowing at this point which, if any, will:

- Survive all required state and federal permitting processes.
- Obtain all necessary project funding.
- Satisfy all local ordinance requirements.
- Be the first to produce desalinated water for community distribution.
- Be allowed to proceed, even if another project has already begun to produce desalinated water.

1. The Monterey Peninsula Water Supply Project (MPWSP)

MPWSP is a multi-faceted plan, the components⁵⁵ of which are intended to help develop a sustainable water supply for the Monterey Peninsula communities. A critical component of the plan calls for a new seawater desalination plant, to be located in Moss Landing. The plant is to be designed and constructed by Cal-Am, with public

⁵⁵ Other program elements include the Aquifer Storage and Recovery project and the Groundwater Replenishment project, both of which are discussed elsewhere in this report.

participation and oversight by MPWMD and others.⁵⁶ Depending on the success or failure of the MRWPCA's Pure Water Monterey project,⁵⁷ the desalination plant will be sized at either 6.4 mgd or 9.6 mgd (million gallons per day). Its intake system will use "slant wells", a relatively new technology.

The goal of MPWSP is to construct a desalination facility with an output capacity sufficient to meet the water use demands of Monterey Peninsula communities for the foreseeable future. A successful conclusion to MPWSP would allow Cal-Am to greatly reduce its groundwater pumping from the Carmel Valley (River) Basin and the Seaside Basin aquifers. The pumping reductions are required by existing state and judicial orders. Cal-Am has stated that it would no longer be able to continue its present level of water service to Peninsula communities unless a new source of potable water, in sufficient quantities, can be developed in the near future.

Cal-Am has moved its desalination project forward on a number of fronts, but it has also suffered setbacks. After earlier delays, the California Coastal Commission voted unanimously, on October 6, 2015, to approve an amendment to Cal-Am's permit, allowing it to operate a test slant well for its proposed seawater desalination project. Later in the year, contractors were awarded contracts for the construction of 22 miles of planned desalinated water delivery pipelines and construction of the planned slant seawater intake wells.

There have been a number of delays and a series of missteps involving Cal-Am's completion and submission of necessary Environmental Impact Reports (EIRs). The latest of these delays was announced in March 2016, when the California Public Utilities Commission (CPUC) postponed the planned date for the release of its "draft environmental impact report and environmental impact assessment" until December 21, 2016. Cal-Am predicted that the CPUC's rescheduling would set the project back for

⁵⁶ MPWSP is overseen by a Governance Committee comprised of representatives of California American Water, the Monterey Peninsula Regional Water Authority, the Monterey Peninsula Water Management District, and the County of Monterey.

<http://www.mpwmd.net/GovernanceCommittee/GovernanceCmte.htm>

⁵⁷ <http://www.purewatermonterey.org>

one year, delaying the availability of the project's desalinated water until the first half of 2020. According to a recent news article, CPUC officials have promised to consider ways to speed up its review process.

2. DeepWater Desal

Like Cal-Am, DeepWater Desal LLC is planning to build a desalination facility in Moss Landing. Unlike Cal-Am's project, however, the DeepWater project is intended to have a broader geographic reach, making a new supply of potable water available north to Santa Cruz, east to Salinas and south to the Monterey Peninsula. Also unlike Cal-Am's project, the proposed DeepWater desalination facility will be co-located with a seawater-cooled computer data center.

The planned desalination plant will employ a reverse osmosis desalinating process and have the capability of producing up to 25,000 AFY of potable water. The co-located data center facility will be capable of producing 150-megawatts of power. Intake seawater will be used to cool the data center facility before being piped through the desalination process. The seawater is intended to absorb unwanted heat from the data center building, eliminating the need for energy-inefficient chillers and evaporative cooling systems.

As an added benefit, the desalination plant, as designed, should also be energy-efficient, since the seawater piped to the plant after being warmed in the data center is expected to reduce the energy required to operate the reverse osmosis process. The energy requirements for the project will be supplemented by solar power to be supplied by PV2 Energy, a planned solar farm in the nearby Panoche Valley.

DeepWater Desal officials have stated that their project is not in direct competition with the Cal-Am desalination project, even though MPWMD has indicated that DeepWater Desal is considered the "backup" to Cal-Am's project should Cal-Am's project not be viable.

Preparation of environmental reviews was initiated in the fall of 2015 for both state and federal agencies. The federal permit review process will be conducted concurrently with the state process. DeepWater Desal's initial time projection called for desalinated water availability in 2017. However, funding for the project has not yet been resolved. Recent updates indicate that the project's draft EIR will not be ready until late 2016 or early 2017, delaying the start of water production until 2019.

Upon project completion, it is anticipated that the desalination facility will be sold to a Joint Powers Agency (JPA) formed from municipal agencies in the Monterey Bay area region. Those agencies would subscribe for the plant's output in the amount of their respective needs, and possibly contract with DeepWater Desal to operate the facility, with oversight provided by the JPA.

3. Marina Coast Water District (MCWD) Desal Project

MCWD has stated its intent to complete two water projects during the next decade, one of which is to build and operate a 2700 AFY seawater desalination plant. On January 21, 2015, its Board of Directors authorized securing firms to conduct an environmental review, prepare a financing plan, and design/build a 2700 acre foot desalination facility. On March 2, 2015 the Board of Directors revised that plan, calling for the solicitation of proposals to complete a 10% design of a 2700 acre foot desalination facility and solicitation of proposals to begin environmental analysis and participation in the conceptual design. On February 8, 2016, the MCWD Executive Committee reviewed a list of District priorities that included moving the desalination project along "by getting the engineering firm and environmental firm under contract."⁵⁸ From the foregoing, it appears that a MCWD desalination plant will not be available for inclusion in near term groundwater sustainability planning.

⁵⁸ Marina Coast Water District, Executive Meeting Minutes, 2/8/2016, Approved 03/14/2016.

4. The People's Moss Landing Water Desalination Project (PMLWDP)

The PMLWDP is a proposed desalination facility to be built in Moss Landing, California. According to its website,⁵⁹ the project team⁶⁰ published its Draft Process Design Report and Cost Information in March 2015. The report projected that the plant will provide 9,752 acre feet per year ("AFY") of potable water to the Monterey Peninsula and 3,652 AFY of potable water to North County. Construction costs were estimated at \$140 million. With the inclusion of pipeline construction and operating costs, the desalinated water cost is projected to be \$1900-\$2000 per acre foot. In a recent *Monterey Herald* article, project officials stated that their draft EIR would be ready for public release in July 2016 and that they expect to deliver water sometime in 2019.⁶¹

5. The Existing Sand City Water Supply Project

Discouraged by the lack of progress in developing new sources of water within Monterey County, the City of Sand City, with the cooperation of Cal-Am, built and put into operation a small 300 AFY desalination facility for City use. The facility acquires brackish water from four (4) local wells, and treats it by a reverse osmosis process. The facility is operated by Cal-Am under contract with Sand City.

CONSERVATION MEASURES

It goes without saying that conservation measures assist in achieving groundwater sustainability. By now, after several years of drought, virtually every household and business in Monterey County is aware of the many ways in which water can be conserved on a day-to-day basis in homes, office buildings, and other business facilities. At the same time, ag growers have begun to switch from sprinkler irrigation to drip tape irrigation for crops that can do well with that irrigation method. According to figures reported in MCWRA annual Groundwater Extraction Reports, in 2009, out of

59 <http://www.thepeopleswater.com>

60 <http://www/thepeopleswater.com/the-team/>

61 Johnson, Jim. "Desal proposals expect draft EIRs." *Monterey Herald*, April 7, 2016

176,463 net ag acres, 53.85 % were irrigated by drip irrigation.⁶² By 2015, out of 179,521 net ag acres, 70.02% were irrigated by drip irrigation.⁶³

No doubt there are still more ways to conserve water in Monterey County, but this report is not intended to present an informed discussion of such possible measures. A reminder of the role that conservation plays in groundwater sustainability, however, is appropriate in a county that depends so heavily on groundwater as its primary water source.

STRUGGLE AHEAD?

The California State Water Resources Control Board is currently hearing testimony in enforcement actions ENF01949 and ENF01951.⁶⁴ That dispute arose because of the Board's issuance of enforcement orders, limiting the amount of water that two irrigation districts near Tracy, California, could pump from the Delta. The matter at issue is whether the SWRCB has the authority to restrict such pumping. Although these actions deal with surface water pumping rather than groundwater pumping, when ultimately resolved (most likely in court) the result may well have consequences for the state's ability to restrict long held water rights, including groundwater rights. It may also have consequences for SGMA's viability. On March 25, 2016 the consolidated hearing on these matters was suspended for an unspecified period of time while the factual and legal issues were taken under consideration by the Hearing Officers.⁶⁵

During our interviews, those concerned with agricultural made clear their opposition to any GWMP that resulted in mandatory restrictions on groundwater pumping for irrigation purposes. Nevertheless, SGMA authorizes GMAs, among other things, to control

62 Monterey County Water Resources Agency, 2005 Groundwater Extraction Report. April 2007

63 Monterey County Water Resources Agency, 2014 Groundwater Extraction Report. October 2015

64 In the Matter of Enforcement Action Enf01949, SWRCB Enforcement Action Draft Cease And Desist Orders Enf01951 And Enf01949 Regarding Unauthorized Diversions or Threatened Byron-Bethany Irrigation Unauthorized Diversions of Water From Old River In San Joaquin County and In the Matter of Enforcement Action Enf01951, Administrative Civil Liability Complaint Regarding Unauthorized Diversion Of Water From The Intake Channel To The Banks Pumping Plant (Formerly Italian Slough) In Contra Costa County

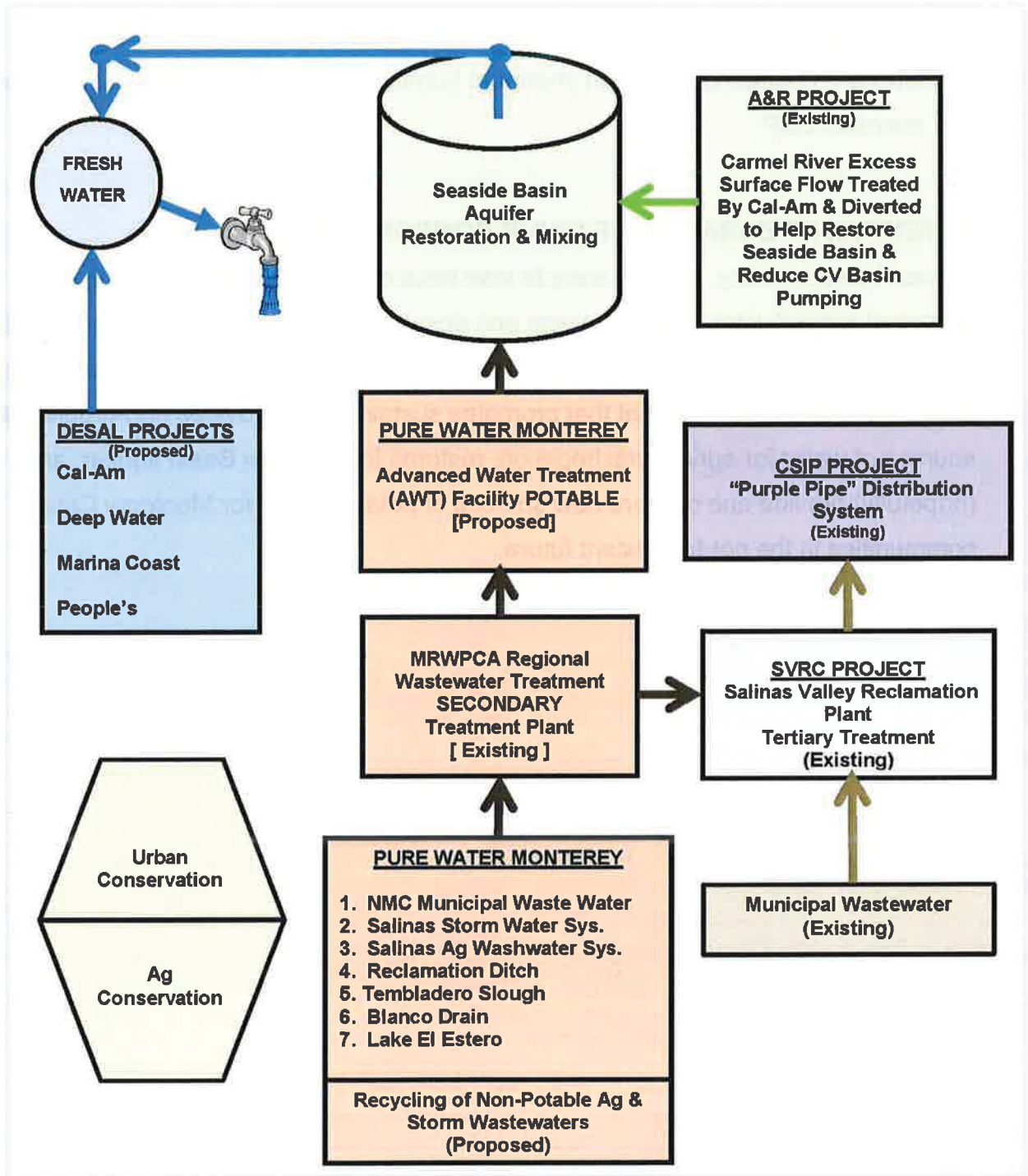
65 State Water Resources Control Board, Ruling issued March 25, 2016

groundwater extractions by limiting, suspending or otherwise regulating extractions from individual groundwater wells.⁶⁶ The inherent tension caused by the potential for restrictions on pumping will be an important hurdle for the Salinas Valley GSA formation and eventual GSP.

POTENTIAL INTEGRATION OF GWMP COMPONENTS

Viewed independently, it's very easy to lose track of how the various existing and proposed groundwater-saving projects and desalination plans work together toward common goals. While not all-inclusive, **FIGURE 7** demonstrates how several of the projects integrate in a way that that promotes sustainability, provides non-groundwater sources of water for agricultural irrigation, restores the Seaside Basin aquifer, and (hopefully) provide one or more new sources of potable water for Monterey County communities in the not-too-distant future.

⁶⁶ California Water Code Section 10726.4 subsection (A)(2)



ENVISIONING THE OLD AND NEW WORKING TOGETHER
 FIGURE 7

Revised 4/25/2016

FINDINGS

- F1. Monterey County is critically dependent on groundwater for both its agricultural and urban water demands.
- F2. Groundwater is critically important to Monterey County's economy.
- F3. Several groundwater basin aquifers in Monterey County are now in overdraft.
- F4. Overdrafting has resulted in seawater intrusion into the 180 and 400 foot aquifers in the northern Salinas Valley Basin.
- F5. Seawater intrusion results in localized salt-contaminated groundwater that is unsuitable for both urban and agricultural uses.
- F6. If no Groundwater Sustainability Agency (GSA) is formed by June 30, 2017 for the Salinas Valley Basin, the County of Monterey could then choose to become the GSA for that basin.
- F7. If the County of Monterey chose to become the GSA for the Salinas Valley Basin that choice would prevent the State Water Resources Control Board (SWRCB) from intervening in the local Groundwater Sustainability Plan (GSP) planning process except for overseeing and insuring GSP compliance.
- F8. Prior to the Sustainable Groundwater Management Act (SGMA), local groundwater management plans lacked sufficient enforcement authority to fully manage groundwater sustainability.
- F9. SGMA confers on GSAs stronger enforcement authority than had existed under previous groundwater management enactments or local plans.
- F10. The non-adjudicated Salinas Valley Marina Area and the Salinas Valley Corral De Tierra Area should be included under the authority of the Salinas Valley Basin GSA and part of the GSA's Groundwater Management Plan (GMP).
- F11. Consensus Builders, Inc. has been retained by the City of Salinas, on behalf of itself and others, in an attempt to integrate competing Salinas Valley groundwater interest's in order to arrive at a consensus GSA before June 30, 2017.
- F12. Many local individuals and entities have for several years been vitally interested in preserving, enhancing, and sustaining both groundwater and surface water availability in the Monterey Peninsula-Salinas Valley areas.

F13. As a result of past efforts, there are several existing and planned projects that could logically be included in any GSPs adopted within the Monterey Peninsula-Salinas Valley areas, since each such project impacts groundwater sustainability.

F14. Some of the existing and planned projects for logical inclusion in a local GSP include:

- a. The Salinas Valley Reclamation Plant (SVRP) and the Castroville Seawater Intrusion Project (CSIP) Distribution System.
- b. The Pure Water Monterey Groundwater Replenishment Project.
- c. The Soledad Water Recycling / Reclamation Project.
- d. The Salinas Valley Water Project.
- e. The Seaside Aquifer Storage & Recovery Project.
- f. The California Statewide Groundwater Elevation Monitoring Program.
- g. The Groundwater Extractions Monitoring System.
- h. The Salinas River Arundo Removal Project.
- i. The Interlake Tunnel Project.
- j. The Cal-Am Monterey Peninsula Water Supply Project.
- k. The DeepWater Desal Desalination/Data Center Project
- l. The Marina Coast Water District Desalination Project
- m. The People's Moss Landing Water Desalination Project
- n. The Sand City Water Supply Project
- o. Urban Water Conservation
- p. Agricultural Water Conservation

F15. As with other legislation that impacts those with divergent interests, legal maneuvering and delaying tactics can, in the case of SGMA, cause the loss of local controls over groundwater planning and management.

F16. As with other legislation that impacts those with divergent interests, legal maneuvering and delaying tactics can, in the case of SGMA, cause already critical groundwater conditions in Monterey County to get much worse, to the detriment of all concerned.

RECOMMENDATIONS

R1. That every public and private entity interested in the formation of a GSA and the adoption of a GSP for the Salinas Valley Basin pledge to consider the groundwater needs of every other interested party with an open mind and a commitment to fairness.

- R2. That if the June 30, 2017 deadline for forming one or more GSAs for the Salinas Valley Basin is not met by other interested parties, the County of Monterey agree to become the GSA for that basin in order to prevent state intervention in local groundwater planning.
- R3. That the County of Monterey actively participate in the currently ongoing effort by Consensus Builders, Inc. to help achieve the formation of one or more GSAs for the Salinas Valley Basin before the June 30, 2017 deadline.
- R4. That the County of Monterey remain mindful of the possibility that it may become the GSA for the Salinas Valley Basin and, with that in mind, take all steps as far in advance of the June 30, 2017 deadline as necessary for it to assume that role prior to that deadline.
- R5. That the County of Monterey remain mindful of the possibility that it may become the GSA for the Salinas Valley Basin and, with that in mind, begin immediately to consider GSP optional components.

REQUIRED AND REQUESTED RESPONSES

Pursuant to Penal Code Section 933.05, the Civil Grand Jury requires responses from each of the following public entities:

Monterey County Water Resources Agency
Findings F1-16 and Recommendations R1-R5

Monterey Peninsula Water Management District
Findings F1-16 and Recommendations R1-R5

Monterey Regional Wastewater Management District
Findings F1-16 and Recommendations R1-R5

Marina Coast Water District
Findings F1-16 and Recommendations R1-R5

Monterey County Board of Supervisors
Findings F1-16 and Recommendations R1-R5

As a matter of good faith, the Civil Grand Jury requests responses from each of the following entities to Findings F1-F16 and Recommendations R1-R5

Grower-Shipper Association of Central California

Monterey County Farm Bureau

Fort Ord Reuse Authority

California American Water Co.

Salinas Valley Water Coalition

LIST OF REFERENCED AUTHORITIES

Cal-Am vs. City of Seaside, et al., Superior Court of California, County of Monterey. Case No.M66343. Decision filed Mar.27, 2006, p.8-9, Finding 2.

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California State Water Resources Control Board. In the Matter of Enforcement Action Enf01951, Administrative Civil Liability Complaint Regarding Unauthorized Diversion of Water from the Intake Channel to the Banks Pumping Plant (Formerly Italian Slough) In Contra Costa County

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California Water Code Section 10721 subsection (g)

California Water Code Section 10721 subsection (r)

California Water Code Section 10721 subsection (u).

California Water Code Section 10721 subsection (w).

California Water Code Section 10721 subsection (x).

California Water Code Section 10722.2

California Water Code Section 10726.4 subsection (A) (2)

California Water Code Section 10727.6

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State of California, Department of Water Resources. California's Groundwater Bulletin 118, Update 2003, p.98

State of California, Department of Water Resources. Cease and Desist Order WR 2008-00XX-DWR, p.2, Finding 8.

State Water Resources Control Board Order 95-10, July 6, 1995

State Water Resources Control Board, Ruling issued March 25, 2016

University of California, Division of Agriculture & Natural Resources. June 2005

APPENDIX 1

Collaborative Work Group Current Membership

Alco

Cal Water Service

Castroville Community Service District

CHISPA

City of Salinas

Driscoll Strawberry Associates

Environmental Justice Coalition for Water

California Native Plant Society

City of Gonzales

Grower-Shipper Association of Central California

LandWatch

Marina Coast Water District

Monterey County Regional Water Pollution Control Agency

Monterey County Farm Bureau

Monterey County Vinters & Growers

Monterey County

Salinas Valley Sustainable Water Group

San Luis Obispo County

Salinas Valley Water Coalition

Water Resources Agency



Sustainable Groundwater Management Act Implementation

Salinas Valley Groundwater Stakeholder Issue Assessment

Developed by Senior Mediators Gina Bartlett and Bennett Brooks, Consensus Building Institute

February 29, 2016

Executive Summary

In fall 2015, the Consensus Building Institute, a neutral nonprofit that helps groups collaborate, conducted a stakeholder issue assessment on forming a groundwater sustainability agency in the Salinas Valley Basin. California's Sustainable Groundwater Management Act requires that the basin identify an agency or group of agencies to oversee groundwater management by 2017 and then develop a plan to manage groundwater by 2020. CBI's role is to *help facilitate* local decision-making, recommending and leading a process that brings together all affected parties in productive dialogue, on forming the groundwater sustainability agency (GSA).

To understand and reflect the range of perspectives and to develop recommendations for the process to form a GSA, CBI conducted 35 in-depth interviews and received 86 individual surveys from a range of stakeholder interests in the Salinas Valley, including governmental (cities and counties), water agencies, agriculture, disadvantaged communities, environmental, business, and community representatives. Given the importance of groundwater in the region's water supply and economy, CBI's methodology is grounded in three core principles: (1) being comprehensive in soliciting input from the range of potentially impacted stakeholders; (2) being transparent in the nature of the feedback and recommendations provided; and (3) drawing on CBI experience and best practices to recommend an approach likely to foster effective and inclusive deliberations. This report presents CBI's assessment findings and recommendations for a transparent, inclusive process on forming a GSA in the Salinas Valley.

Findings

Findings reflect a range of feedback on GSA formation, the process, challenges, and critical issues. In brief, stakeholders articulate:

- Groundwater supply is high stakes; everyone recognizes the importance of forming the GSA successfully.

- Interviewees cannot identify any one organization as a likely candidate to serve as the GSA. Many envision multiple organizations coming together under a Joint Power Authority to form a singular GSA.
- The GSA must have the trust of all the interested parties and the technical expertise to develop the plan. The GSA should draw on existing data and studies wherever possible.
- Stakeholders strongly support inclusivity and diversity to build success in the process. Fairly representing all interests would support creating a shared framework of mutual benefit.
- Given that agriculture is the primary economic driver in the area, stakeholders recommend that agriculture have a significant voice in governance and decision-making on GSA formation, yet balancing that voice with urban, cities, county, and other interests.
- Many recognize the need to act to avoid both undesirable results and state intervention.
- Interviewees readily talk about historic tensions and sources of distrust in the region that the process must manage.
- Critical issues are tied to land use and small communities losing water supply because of poor water quality.
- “The Valley is innovative and progressive – it moves ahead to address problems.” While interviewees define and view groundwater supply quite differently, everyone concurs that a range of stakeholders must agree on the GSA.

Consensus Building Institute Process Recommendations

Create a Transparent, Inclusive Collaborative Process for Groundwater Sustainability Agency Formation

Stakeholders are broadly unified on several core aspects related to a process for identifying a GSA. It must be transparent. It must be inclusive. It must be accompanied by broad outreach. And it should draw on the best available data.

Convene a Groundwater Stakeholder Forum and Collaborative Work Group

The Groundwater Stakeholder Forum would be a periodic public forum with a range of interests participating that advises on GSA formation. The forum’s role would be to shape the overall process. Forum membership would encompass all stakeholders who are interested in groundwater and must be considered under SGMA. The Collaborative Work Group would develop consensus on the proposed GSA structure and recommend adoption by the GSA-eligible agencies. The work group would be a representative body with a focused number of participants (12-20) representing the interests of GSA-eligible agencies and groundwater users. CBI would work with interest groups to identify work group participants. The work group would develop detailed proposals and meet regularly with the Groundwater Stakeholder Forum to share ideas and solicit feedback on proposals. The work group would commit to incorporating forum feedback to the greatest degree possible. The work group could also form ad hoc committees to carry out detailed work. For example, CBI would recommend forming an engagement committee to develop the public engagement plan and a technical committee to begin to prepare for plan development.

Confirm Work Plan

The forum and the work group would have a decision-making work plan to outline its discussion topics. Between February and November 2016, these bodies would work diligently to develop a proposal for GSA formation. These conversations would be punctuated by public engagement activities. In winter 2016/17, the Collaborative Work Group would consult with agency governing boards and the public on the proposals. In spring 2017, the forum and work group would refine the GSA structure based on those consultations. Once the GSA structure was set, the responsible entities forming the GSA would issue public notice and hold a public hearing by spring 2017 before notifying the state in advance of the June 2017 deadline.

Design and Implement a Public Engagement Plan

Given the paramount importance and level of interest in groundwater in the Salinas Valley, CBI would recommend designing and implementing a public engagement plan and suite of activities to create transparency and information about GSA formation for the general public, translating materials and creating radio spots to reach Spanish-speaking communities.

Conclusion

The overarching goal of this effort would be to reach widespread support on forming the groundwater sustainability agency for the Salinas Valley and complying successfully with the Sustainable Groundwater Management Act. The keys to success are creating a transparent, inclusive process that engages interested stakeholders, designing a governance structure that balances interests, supports a vibrant economy, manages groundwater sustainably, and meets SGMA requirements. A viable and broadly supported GSA is the essential first step towards long-term sustainable groundwater management.

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Part 1: Assessment Findings

California's recently passed historic groundwater management legislation requires that groundwater be managed locally to ensure it can be a sustainable resource well into the future.

The legislation, known as the Sustainable Groundwater Management Act, prioritizes groundwater basins in significant overdraft including the Salinas Valley to move forward first. SGMA requires that such areas first identify an agency or group of agencies to oversee groundwater management by 2017 and then develop a plan to manage groundwater use by 2020.

The Consensus Building Institute (CBI) is a neutral non-profit that helps groups engage collaboratively on a wide range of issues. A consortium of interests¹ in the Salinas Valley asked CBI to help all interested parties in the region to address the legislation's initial mandate to form a Groundwater Sustainability Agency (GSA) by June 2017.

This report represents the first step in CBI's work on this effort: an in-depth assessment of stakeholder perspectives on the range of issues and opportunities tied to establishing a GSA. This report presents CBI's assessment findings and recommendations for a transparent, inclusive process on forming a GSA in the Salinas Valley. The report is presented in the following sections:

- **Approach**, summarizing CBI's methodology to conduct the assessment
- **SGMA Context**, providing a brief scan of the legislation, project impetus, and objectives
- **Findings**, presenting findings based on a series of interviews and surveys and a review of relevant background material
- **Recommendations**, putting forward a series of process design and decision-making recommendations related to GSA formation.

It is important to note that CBI's role is to *help facilitate* local decision-making on this critical issue, recommending and leading a process that brings all affected parties together in a productive dialogue. The ultimate decision on GSA structure is to be determined entirely at the local level.

Approach

CBI's assessment is intended to understand and then reflect to interested parties the range of perspectives and possible process approaches being considered by stakeholders potentially affected by implementation of the Sustainable Groundwater Management Act (SGMA) in the Salinas Valley.

¹ Consortium members comprised the representatives of the cities, Monterey County, Farm Bureau, Grower Shipper Association, Salinas Valley Water Coalition and Water Resources Agency. The Consortium was formed solely to jump-start the process by hiring an impartial facilitator. CBI will work with a broad cross-set of interests including agriculture, cities and NGOs to manage the process moving forward.

Given the critical role groundwater plays in the region's water supply and economy and the potential impacts of any change in how groundwater is managed, CBI's methodology is grounded in three core principles: (1) being comprehensive in soliciting input from the range of potentially impacted stakeholders; (2) being transparent in the nature of the feedback and recommendations provided; and (3) drawing on CBI experience and best practices to recommend an approach likely to foster effective and inclusive deliberations.

The findings included in this report are drawn from a wide range of discussions and feedback with Salinas Valley stakeholders. CBI gathered this feedback in two primary ways:

- ***In-depth interviews.*** CBI Senior Mediators Gina Bartlett and Bennett Brooks conducted 35 in-depth interviews with 47 individuals that included cities; agriculture, environmental, and land use groups; water agencies and suppliers; individuals working with disadvantaged communities; and elected officials. Interviewees were confidential (to foster candor) and were conducted either in-person or by phone. (A list of those interviewed as part of the formal assessment process, as well as the interview protocol, is included as an appendix.)
- ***Broad-based survey.*** Given the importance of this topic and to ensure all stakeholders had an opportunity to inform this initial report, CBI also conducted a survey, available online and via email. CBI worked with a range of individuals and entities in the Salinas Valley to invite widespread participation. CBI received 86 individual survey responses. (A copy of the survey is included in the appendix.)

CBI initially worked with the consortium to identify a preliminary stakeholder list. In the initial round, CBI concentrated on interviewing representatives of the local public agencies eligible to serve as the GSA and key interested parties. Once interviews began, participants recommended other stakeholders for the assessment process, many of whom CBI then interviewed. This incremental process continued until Gina and Bennett began to hear similar information with no significant new information put forth. In addition, Gina and Bennett held brief conversations with other interested parties who contacted them or expressed interest in learning more about the process.

Both the interviews and survey focused on a common set of questions intended to provide feedback on the following broad topics: interests, issues, and challenges related to groundwater management; perspectives on GSA formation and structure; and guidance related to process structure and stakeholder involvement. In addition, CBI reviewed background materials related to both SGMA and Salinas Valley groundwater management.

After preparing this report, CBI invited interview participants to review the draft findings and provide feedback to ensure accuracy. CBI will also present the draft findings and recommendations at a public workshop in January. After this, CBI will finalize the report and its recommendations.

Please note that CBI did not attempt to independently validate the claims or concerns of the interviewees or survey respondents. Rather, this report seeks to summarize the range of views, ideas, and concerns expressed. Additionally, this brief report cannot do justice to the deep knowledge, experience, and nuances of the many stakeholders interviewed. Rather, the report tries to reflect back key themes and concerns that help shape the way forward. CBI has sought to present these findings, in our role as a neutral facilitator, as accurately and fairly as possible. Any errors or omissions are the sole responsibility of CBI.

SGMA Context

The Sustainable Groundwater Management Act is a package of three bills (AB 1739, SB 1168, and SB 1319) that provides local agencies with a framework for managing groundwater basins in a sustainable manner. The State has prioritized 127 basins in the state that must comply with SGMA, including the Salinas Valley basin's eight sub-basins. The California Department of Water Resources Bulletin 118 is a report that defines the basin boundaries. Basins that must comply with SGMA have to meet several critical deadlines.

Form a Groundwater Sustainability Agency by June 30, 2017

A local agency, combination of local agencies, or county may establish a GSA. Under SGMA, local agencies with water supply, water management, or land use responsibilities are eligible to form GSAs. A water corporation regulated by the Public Utilities Commission or a mutual water company may participate in a groundwater sustainability agency through a memorandum of agreement or other legal agreement. The GSA is responsible for developing and implementing a groundwater sustainability plan that considers all beneficial uses and users of groundwater in the basin.

A GSA must cover all portions of the basin. The county is responsible for representing the unincorporated areas. Each GSA-eligible agency could form its own GSA; however, DWR will not recognize GSAs with overlapping areas. GSAs with overlap must eliminate overlap to be recognized by the state. If more than one GSA is formed in the Salinas Valley Basin, they would require a coordination agreement.

Develop a Groundwater Sustainability Plan by 2020 or 2022

GSAs must develop a groundwater sustainability plan with measurable objectives and milestones that ensure sustainability. A priority basin must have single plan or multiple coordinated plans. The Salinas Valley sub-basin has areas deemed in critical condition. Basins in critical condition must develop plans by Jan. 31, 2020. Priority basins that are not in critical condition have until Jan. 31, 2022, to develop plans.

Achieve Sustainability in 20 years

SGMA requires basins to achieve sustainability in 20 years. Sustainability is defined as avoiding undesirable results, including significant and unreasonable chronic lowering of groundwater levels, reduction of groundwater storage, seawater intrusion, degraded water quality, land subsidence, and depletion of interconnected surface waters.

State Backstop or Intervention

If a local agency is not managing the groundwater sustainably, SGMA directs the State Water Resources Control Board to intervene to manage the basin until a local agency is able to do so. SGMA calls for State Water Board intervention when a basin fails to meet the stated deadlines.

GSA-Eligible Agencies in the Salinas Valley Basin

A number of local public agencies are eligible to form a GSA in the Salinas Valley. California Water Code 10723.6 stipulates that a combination of local agencies may form a GSA by a joint powers agreement, a memorandum of agreement or other legal agreement. A water corporation regulated by the Public Utilities Commission or a mutual water company may participate in a groundwater sustainability agency through a memorandum of agreement or other legal agreement. Staff will identify the complete list GSA eligible agencies, including PUC-regulated and mutual water companies early in the process. Below is a partial list of agencies that are eligible in the Salinas Valley Basin.

Monterey County	Castroville Water Community Service District
San Luis Obispo County	Marina Coast Water District
	Monterey County Water Resources Agency
City of Gonzales	Monterey Peninsula Water Management District
City of Greenfield	San Ardo Water District
City of King	San Lucas Water District
City of Marina	
City of Paso Robles	
City of Salinas	Alco Water
City of Soledad	California Water Service

Findings

The following summarizes findings from interviews and surveys conducted by the Consensus Building Institute.

GSA Formation

Groundwater supply is high stakes; everyone recognizes the importance of forming the GSA successfully. The people of the Salinas Valley rely almost solely on groundwater for their water supply and livelihoods. Interviewees articulate that sustainability will require a long-term approach: the region needs a continuous source of drinking water for communities and individual well owners. Significant agricultural production in the Valley and tourism in the Peninsula shape the economy and create a complex interdependence between production and business and water for people's daily lives, including the cities and communities that house workers essential to the region's prosperity. While interviewees define and view groundwater supply problems quite differently, everyone concurs that a range of stakeholders must agree on the groundwater sustainability agency. "Fairness and trust are the key to whatever comes out of this process."

“Our primary concern is to maintain the economic driver by managing on a sustainable basis.”

No clear candidate exists for the GSA. Interviewees cannot identify any one organization as a likely candidate to serve as the GSA. One person outlined two options: a single GSA for the entire basin or multiple GSAs organized by sub-basin, suggesting that the latter might better manage the varied conditions in each sub-basin. Many anticipate that some type of Joint Powers Authority, merging the responsibilities of existing agencies, may be likely. Suggested examples are the county, one or more cities, and agriculture representatives with some type of advisory body that is inclusive of smaller water systems, domestic well owners, or the general public. One person suggested one vote per acre-owned, and another urged that the GSA avoid duplicating existing processes when possible. Also, most interviewees envision one GSA in the basin in Monterey County. At least one person suggests that one GSA cover the Salinas Valley Basin in both counties. (Many anticipate that the Paso Robles sub-basin would be split at the county line with a separate GSA forming for the San Luis Obispo County portion.) However, no one configuration or entity emerged through the interview process.

“We need an entity that has knowledge to be the GSA and trust of all the interested parties, and the technical expertise to develop the plan.” Stakeholders urge that the GSA must rely on science, constructively regulate, and wisely and fairly navigate water supply politics. Interviewees recommend a process based on scientific information and a governance structure that reflects this understanding. Participants would like to see a GSA with a formal regulatory structure with repercussions for failure to abide by agreements. Most recognize that the GSA will need the power and structure to be able to regulate toward sustainability, including levying fees for projects. They would like to see a GSA that can identify and implement management decisions that would achieve sustainability and provide the ability to measure success. Questions that stakeholders recommend for consideration in forming the GSA include: How do we get better knowledge of basin functions? What projects are currently operating and anticipated in the future? What has worked or failed in other areas? How will funding be set up? What fees would the GSA charge?

“The worst situation would be if the GSA is formed without proper internal capacity to carry out its required functions.”

Surveys mentioned the need for skilled staff and adequate funding for success. “It will take a skilled director to run the GSA.” Interviewees suggest that GSA staff will need to exercise strong leadership and knowledge of water and politics. The GSA would need hydrologists and geo-morphologists. Interviewees suggest that the GSA should be balanced and represent the range of stakeholders in the Salinas Valley Basin. Others counter that stakeholder consensus has not worked so allowing independent experts to make decisions would be preferable. The Monterey Regional Pollution Control Agency is a model that the GSA might replicate. Interviewees suggest that it found a way to balance urban and rural interests.

“The Water Resources Agency acting alone as a GSA would probably not balance agricultural interests with urban, that’s why some organizations were hesitant about WRA becoming the GSA.” WRA is often mentioned as a likely GSA candidate because its service area overlies the basin, and it manages many water supply projects. However, most interviewees think that WRA needs to *participate in* rather than *serve as* the GSA. Stakeholders’ reasons vary: many feel that agricultural interests are dominant, that the cities have no direct representation, and that representing diverse interests at WRA would be difficult; changing WRA’s legislative intent to serve as the GSA would be arduous; and shifting WRA to a regulatory role might erode stakeholder trust.

Given that agriculture is the primary economic driver in the area, most interviewees feel that agriculture needs to have a “big voice” in governance.

Most concur that balancing the importance of agriculture with all the other interests in governance is critical. Agriculture is clearly recognized as the primary economic driver; it uses “most of the water and will foot much of the bill for any changes needed to manage groundwater sustainably.” Interviewees understand that others need representation as well, specifically, the cities, city water suppliers (which are California Public Utilities Commission-regulated water corporations), rural residential well owners, and small mutual water companies. Interviewees articulate the inter-connected nature and need for comprehensive water management because the cities provide the homes for agricultural workers and hospitality workers in the Peninsula. The City of Salinas has a number of residents that rely on jobs in the hospitality industry in the Peninsula. The City sees a direct line between those jobs and the corresponding revenue and supporting successful regional water management.

“Agriculture is going to be focusing in on their needs with 90% of the use in the basin. It’s a big majority that you have to listen to. But it doesn’t work for the 90% to pump and not be mindful of the impact on the 10%.”

Interviewees express fear about achieving balance in decision-making. They express concern about the urban population “outvoting” agricultural interests, and agricultural interests using political power to “outvote” the cities.

Interviewees articulate a strong recognition of inter-dependence and recommend the following considerations for governance:

- Ensure agricultural interests have a significant voice in the dialogue, but balance that voice with urban, cities, county, and other interests
- Represent the major interests: agriculture, cities, domestic water suppliers, community interests, and environmental users of water.
- Consider population
- Consider water use and demand
- Make size of governing body manageable: not too large to be unwieldy

Stakeholder GSA-Formation Process Recommendations

“Inclusivity and diversity will build success.” All interviewees suggest that an inclusive, transparent process is critical to success. Everyone agrees that all stakeholders need to come together to collaborate and reach consensus on the GSA. Some express concern that collaboration will be difficult if stakeholders fight over groundwater issues rather than trying to resolve them. Many recommend having all GSA-formation-related meetings open to the public. Also, a few people suggest the importance of holding meetings throughout the Valley to explain the need for the new organizations and request ideas on the governing board, funding, and programs. Some would like to see process agreements so interests participating in GSA formation cannot use what they have learned for lawsuits. To reach Spanish-speaking populations, the outreach effort would need to rely on Spanish radio and television, and many suggested translating all materials.

“The Valley is innovative and progressive – it moves ahead to address problems.”

While no one thinks collaborating on the GSA will be easy, everyone concurs that stakeholders from different interest groups must work together to figure out the best configuration for forming the GSA. One person suggests looking at cooperative efforts in Napa County as an example. Many believe that stakeholders will be able to successfully form the GSA.

“Fairly represent the interests so we can create a shared framework of mutual benefit.” Participants offered a number of suggestions for designing an effective process. Some recommend a focused group to negotiate the GSA complemented by broad transparent outreach. Many suggest starting with a large, inclusive group, anticipating that after the first few meetings, many will defer to a core group to carry out the work. A few recommended establishing committees to work on detailed agreements and proposals for broader group consideration. Several recommended developing a memorandum of understanding on the process so that the public agencies commit to the process of working together, possibly in a joint meeting of the Board of Supervisors and City Councils. Many said they look to CBI to recommend a process design based on its experience and familiarity with best practices.

Stakeholders recommend drawing on existing studies when possible. To manage costs and avoid duplication of effort, people would like the GSA to draw on existing studies. An important first step would be to consider all the data that are currently available and to determine the role of Zone 2c in the GSA.

Challenges to GSA Formation

Many recognize the need to act – to avoid both undesirable results and state intervention. Many understand that groundwater levels are dropping. A few interviewees perceive that some water users, in particular some representatives of agriculture, are resistant to reducing water use. Yet others feel that agriculture has contributed significantly to reducing water use by changing irrigation practices and providing funding and support for water supply projects. Many express hope that

people can move beyond their own self-interests and manage water for the region. Lastly, a lawsuit with the County of San Luis Obispo underway on the Paso Robles sub-basin continues with different views of the role of the underflow from the Salinas River, the outcome of which might affect this effort.

“GSA-forming entities [must] recognize and accept that new ways of addressing the issues are needed (i.e., the status quo is not working).”

Some interviewees suggest that a few stakeholders in the Valley would prefer an adjudicated basin. A few interviewees articulate that adjudication or state intervention is necessary to sustainably manage the basin; in other words, they do not believe the political will exists to ever curtail pumping. One or two interviewees believe that adjudication would remove politics from management, i.e. it would be easier. A few interviewees express frustration that adjudication would be costly and time consuming. Some suggest that if stakeholders are unable to reach consensus on the GSA, some may initiate the adjudicatory process. Some express concern that the State will intervene, regardless, if saltwater intrusion continues.

“If the GSA is going to have authority to impose strict measures to maintain sustainability, there has to be the political will to undertake these.”

Many suggest that it is timely to rethink WRA’s agreement to keep well data confidential and only provide aggregated data. The GSA will need data to demonstrate sustainability and be in compliance with SGMA. Interviewees anticipate that comprehensive monitoring data will be necessary to support implementation of the groundwater sustainability plan and would prefer to use existing well data where possible.

Interviewees readily talk about historic tensions and sources of distrust in the region. People express differing viewpoints about whether these tensions are “real” or even if they still exist. However, CBI names them here because they are part of the “water narrative” that could affect GSA representation and governance. While a few interviewees suggest strain, most articulate mutual interests among agriculture and urban interests, linking the economy and housing. Most speak of historic tensions between North and South County over water supply, including impacts to groundwater and surface water and cost sharing on water resources projects. However, stakeholders also suggest that many are working together across the whole basin to manage water supply issues. One person cites the Salinas Valley water project (rubber dam) as an example of folks coming together to address issues cooperatively. The other identified division in the county is between the Peninsula and the Valley. Some interviewees suggest that attitudes between the two shape the ability to carry out projects with perceived regional benefit. These perceptions could affect GSA formation, governance structure, and operational effectiveness.

Critical Issues: Land Use, Water Supply, Water Quality and Boundaries

Water and land use are closely connected. Some agricultural representatives suggest that many in agriculture have long believed there is sufficient water. However, with the ongoing drought and other changed conditions, supply constraints have become more evident. A few people would like to limit residential and commercial development in watershed areas to reduce groundwater depletion. Most would prefer that development occur within the cities rather than taking land out of production. Interviewees express different perceptions of how water flows throughout the sub-basins, where recharge may occur, and how pumping in one area impacts another. California Water Service and Alco Water Service, investor-owned water corporations, serve Salinas residents, and California Water serves King City residents as well. Individuals from the North County report an unprecedented dip in water levels in this fourth year of drought. One or two people would like clarification of water rights under SGMA.

Interviewees report that many small communities are losing their water supply, primarily because of water quality concerns. Interviewees identify a number of water quality issues in different parts of the Valley, primarily nitrates in domestic wells, arsenic, and seawater intrusion. Many of these communities are small systems with only several houses connected to wells that tend to be very shallow. The communities tend to be low income or impoverished. The County Department of Public Health monitors water quality in wells, and several local non-profits have been working with community residents to secure reliable potable water supplies. Stakeholders link water supply to quality issues and believe the groundwater sustainability plan has to link them as well, regardless of SGMA requirements.

While the Salinas Valley relies on groundwater, a number of projects augment supply, and studies are underway that will inform the groundwater sustainability plan.

Surface storage in the Upper Valley controls releases to the Salinas River and provides recharge in that part of the basin. Recycled water projects, including the Castroville Seawater Intrusion Project and Pure Water Monterey, and the Salinas River Diversion Project (rubber dam) are underway to offset groundwater use in North Valley. A Bureau of Reclamation study will characterize the Carmel and Salinas rivers' groundwater basins. The Water Resources Agency has a technical advisory group that is working with USGS to develop a new groundwater model and is evaluating an interlake tunnel between the two surface storage facilities. Stakeholders also report the possibility of additional

ONGOING RELATED PROJECTS & STUDIES (partial list)

- Bureau of Reclamation Carmel and Salinas Rivers Study
- Bureau of Reclamation-Funded Drought Contingency Planning in North Salinas Valley
- Castroville Seawater Intrusion Project (CSIP) / Salinas Valley Reclamation Project
- Salinas River Stream Maintenance Program
- Salinas Valley Water Project
- Pure Water Monterey
- Water Resources Agency (WRA) / USGS Groundwater Model Development
- WRA Interlake Tunnel Project

water available via State Permit 11403 on the Salinas River. Finally, desalination projects are at various stages of development in the region.

"Ag is the major economic engine in Monterey County. Agriculture has and will continue to pay for the largest percentage of water improvement projects in the basin."

Several discrete boundary issues might affect GSA formation. The California Department of Water Resources' (DWR) Bulletin 118 defines basin boundaries for SGMA implementation. The area known as the "Salinas Valley Basin" is actually made up of 8 sub-basins listed below. Stakeholders mentioned a number of basin boundary issues that could affect GSA formation. DWR is accepting requests to change basin boundaries for technical reasons and for jurisdictional reasons between January and March 2016. The next opportunity to request changes would be in 2018, before the groundwater sustainability plan is due for the Salinas Valley in 2020.

Salinas Valley Sub-Basins Defined by Department of Water Resources Bulletin 118

CASGEM Basin Number	Sub-Basin Name	Stakeholder-Identified Boundary Considerations
3-4.01	180/400 FOOT AQUIFER	<ul style="list-style-type: none"> Part of Dolan Road is included in Pajaro Basin, which should be in the 180/400 Foot Aquifer. Stakeholder would consider extending 180/400 Foot Aquifer north to County line.
3-4.02	EAST SIDE AQUIFER	<ul style="list-style-type: none"> <i>None mentioned.</i>
3-4.04	FOREBAY AQUIFER	<ul style="list-style-type: none"> <i>None mentioned.</i>
3-4.05	UPPER VALLEY AQUIFER	<ul style="list-style-type: none"> <i>None mentioned.</i>
3-4.06	PASO ROBLES AREA	<ul style="list-style-type: none"> Separated by County Line. New water district forming via LAFCO in San Louis Obispo County portion. Hames Valley in Monterey County is included although some think it is a separate hydrologic system.
3-4.08	SEASIDE AREA	<ul style="list-style-type: none"> Adjudicated. GSA would govern fringe area not covered by adjudication.
3-4.09	LANGLEY AREA	<ul style="list-style-type: none"> <i>None mentioned.</i>
3-4.10	CORRAL DE TIERRA AREA	<ul style="list-style-type: none"> Portion adjudicated. GSA would govern fringe area not covered by adjudication.

Part 2: Recommendations

Create a Transparent, Inclusive Collaborative Process for Groundwater Sustainability Agency Formation

Stakeholders are broadly unified on several core aspects related to a process for identifying a GSA. It must be transparent. It must be inclusive. It must be accompanied by broad outreach. And it should draw on the best available data. While stakeholders did not articulate broad agreement on a particular process for tackling GSA formation, many are looking to CBI to draw on its expertise and experience elsewhere to put forward a recommended approach. With this in mind, CBI has crafted a suite of recommendations structured to achieve the following:

- Ensure multiple and ongoing opportunities for meaningful public input and dialogue
- Balance the need for broad participation with the imperative for focused and effective conversations
- Foster cross-interest group discussions on all aspects of GSA design to ensure participants understand and integrate each other's interests and concerns
- Provide sufficient time for thoughtful deliberations without exhausting people's time and resources
- Achieve agreements and reach outcomes within the required timeline

Convene a Groundwater Stakeholder Forum and Collaborative Work Group

Groundwater Stakeholder Forum

The Groundwater Stakeholder Forum would be a public forum with a range of interests participating that meets periodically to advise on the formation of the GSA. The forum's role is to shape the overall process. Forum membership would encompass all stakeholders who are interested in groundwater and must be considered under SGMA. Forum meetings would foster consistent participation and also provide the public an opportunity to learn about and provide input on an ad hoc basis on GSA formation. Spanish translation would be offered at forum meetings. At each forum, the Collaborative Work Group (see below) would share information about work underway and solicit feedback on proposals. Forum discussions would focus on outlining both areas of agreement and divergent views for the Collaborative Work Group to consider; consensus at the Forum would not be required. The Collaborative Work Group would incorporate forum feedback into its proposals that would ultimately become recommendations to the decision-making bodies on the GSA governance structure.

Collaborative Work Group

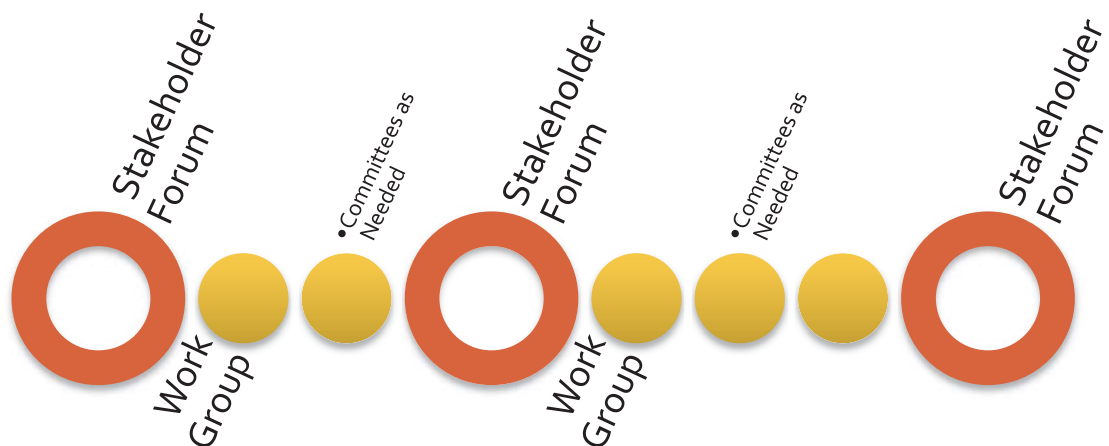
The Collaborative Work Group's role would be to develop consensus recommendations on the GSA structure. The GSA-eligible agencies would consider those recommendations for adoption. The Collaborative Work Group would be a representative body with a focused number of participants (12-20 individuals) representing the diverse interests of the GSA-eligible agencies and groundwater users. All Work Group deliberations would be open to the public. CBI facilitators

would work with each interest to identify individual representatives able to commit to consistent participation in the Collaborative Work Group. Work group members would commit to attending meetings consistently, with relative frequency as necessary, to develop the recommendations needed to meet the state’s deadlines. Representatives would need to be able to represent interests and demonstrate ability to work collaboratively with others and listen and problem solve on GSA formation and governance issues. The work group would review and finalize its membership at an early meeting.

- Work Group Participation Criteria**
- Strong effective advocate
 - Demonstrated ability to work collaboratively with others
 - Able to commit time needed for ongoing discussions
 - Collectively reflect diversity of interests
 - Maintain group size to support focused deliberations

The work group would carry out the detailed work of forming the GSA. The work group would strive for consensus (participants can at least live with the decision) in developing recommendations for GSA formation. Products of the work group would reflect the outcomes of its discussion. The work group would meet regularly with the Groundwater Stakeholder Forum to share ideas and solicit feedback on proposals. The work group would commit to incorporating feedback from the stakeholder forum to the greatest degree possible. Discussion at meetings would be centered on work group members, but with time built in for public comment. However, as noted above, the Groundwater Stakeholder Forum would be the primary venue for sharing information and seeking feedback on proposals for GSA formation in the Salinas Valley.

DIAGRAM: Groundwater Stakeholder Forum, Collaborative Work Group, and Committee Meetings



Committees

CBI would also recommend ad hoc committees come together periodically to manage a specific task. Ad hoc committees would develop options for the Collaborative Work Group to contemplate and refine before sharing with the Groundwater Stakeholder Forum. Ad hoc committees would be small and nimble. Participants would have expertise related to the committee's purpose. Ad hoc committees would also be open to the public.

Engagement Committee: In this initial phase, CBI would recommend an engagement committee form to work with the facilitation team on developing a communication and engagement plan and creating a project web site and public information materials about SGMA and the GSA formation process. As time progresses, materials would focus on making sure interested community members understand and can provide input on the proposed recommendations. The engagement committee would refine all public information materials.

Technical Committee: CBI would also recommend a technical committee convene to examine basin boundaries and begin preparing to develop the groundwater sustainability plan. Since the Salinas Valley Basin must complete its plan by 2020, the technical committee could develop a work plan, including plan requirements and the necessary resources, to develop the groundwater sustainability plan.

Recommended Stakeholder Representation and Participation

CBI would recommend that all stakeholder interests engage in forming the groundwater sustainability agency. CBI would work with interest groups to identify specific individuals to commit to participate in GSA formation. The key interests, that stakeholders suggest and SGMA defines, would include the following:

Local Agencies Eligible to Serve as GSA

- County (Monterey County & San Luis Obispo County)
- Cities
- Water Agencies
- Public Utilities Commission-Regulated Water Companies
- Other Public Agencies

Beneficial Users & Uses

- Agriculture
- Business
- Disadvantaged Communities
- Environmental
- Rural Residential Well Owners

Effective Participation

To conduct a successful process, the parties would commit to the following:

Everyone would agree to address the issues and concerns of the participants. Everyone who is joining in the collaborative process is doing so because she or he has a stake in the issues at hand. For the process to be successful, all the parties

agree to validate the issues and concerns of the other parties and strive to reach an agreement that takes all the issues under consideration. Disagreements would be viewed as problems to be solved, rather than battles to be won. Parties are committed to making a good faith effort to find a collaborative solution (as opposed to seeking resolution in the courts).

Continuity of the conversations and building trust would be critical to the success of the work group. Everyone would agree to inform and seek feedback from their respective group's leadership and constituents about the ongoing dialogue. Meeting scheduling would allow for the work group to inform the stakeholder forum and for work group members to inform and seek advice from their leadership, attorneys, or scientific advisors about the discussions and recommendations.

Decision Making

The Collaborative Work Group and Groundwater Stakeholder Forum would be consensus seeking, striving to reach outcomes that all participants could at least "live with." The Collaborative Work Group would recommend the GSA structure to the GSA-eligible entities in the basin. If more than one agency chooses to participate in the GSA, each agency's governing board would have to adopt or approve the GSA.

If the Collaborative Work Group proved unable to reach consensus on the recommended structure, each GSA-eligible agency could move forward to comply with SGMA by forming one or more GSAs and the required coordination agreements. If no agencies step forward to form the GSA, SGMA stipulates that the county would be the default GSA. In the Salinas Valley, this would need to involve both Monterey County and San Luis Obispo County because the Paso Robles sub-basin extends into San Luis Obispo County. The GSA would be responsible for forming the groundwater sustainability plan. Based on stakeholder feedback, successful GSA formation is considered critical to the ultimate goal of plan development and implementation.

Decision-Making Road Map

The process would move through these stages of organization, information gathering, proposal development, and engagement activities to develop recommendations on forming a groundwater sustainability agency for the Salinas Valley Basin.

Jan-Feb 2016	Feb-April	March-Oct	Oct-Nov	Dec-Mar 2017	March 2017
<ul style="list-style-type: none"> • Organization: • Confirm Process Design & Stakeholder Participation • Develop Work Plan • Organize Committees 	<ul style="list-style-type: none"> • Information Gathering & Understanding: • SGMA Requirements & Governance Options • Current Basin Understanding • Basin Boundaries (Applications due to DWR between Jan-March 2016) • Stakeholder Interests 	<ul style="list-style-type: none"> • GSA Formation Proposal Development • Public Engagement Plan and Activities 	<ul style="list-style-type: none"> • GSA Formation Vetting Process 	<ul style="list-style-type: none"> • GSA Formation Proposal Refinement and Legal Documentation 	<ul style="list-style-type: none"> • Public Notice & Hearing

GSA Formation Proposal Development

To develop and make recommendations on forming the GSA, the Collaborative Work Group would need to explore these topics, engaging the Groundwater Stakeholder Forum to guide its work. Public engagement activities would also occur to solicit input to strengthen proposals.

- Confirm GSA Authorities and Management Responsibilities
- Establish Criteria to Evaluate Options
- Identify GSA-Eligible Agencies and Interest in Participating in GSA
- Understand Potential Options for GSA
- Explore Overarching Governance Structure
- Evaluate Pros & Cons of Different Legal Structures
- Identify Potential Costs of GSA Operations
- Develop Recommendations on Representation, Voting, Financing, Fees
- Agree on Preliminary Proposals
- Vet and Refine Proposals
- Recommend GSA Structure

Design and Implement a Public Engagement Plan

Given the paramount importance of groundwater in the Salinas Valley, CBI would design and implement an outreach plan and suite of activities to create transparency and information about GSA formation for the general public. CBI recommends working with the engagement committee to develop both the plan and its materials. As recommended during the public workshop on the assessment, the engagement plan would include special efforts to reach neighborhood groups, homeowners' associations, and local landowners who own wells. As recommended during the interview process, the public engagement plan would incorporate translation and radio spots to inform Spanish-speakers in the groundwater basin.

Conclusion

The overarching goal of this effort would be to reach widespread support on forming the groundwater sustainability agency for the Salinas Valley and complying successfully with the Sustainable Groundwater Management Act. The keys to success are creating a transparent, inclusive process that engages interested stakeholders, designing a governance structure that balances interests, supports a vibrant economy, manages groundwater sustainably, and meets SGMA requirements. A viable and broadly supported GSA is the essential first step towards long-term sustainable groundwater management.

About the Consensus Building Institute

Founded in 1993, the Consensus Building Institute improves the way that community and organizational leaders collaborate to make decisions, achieve agreements, and manage multi-party conflicts and planning efforts. A nationally and internationally recognized not-for-profit organization, CBI provides collaborative problem solving, mediation and high-skilled facilitation for state and federal agencies, non-profits, communities, and international development agencies around the world. CBI senior staff are affiliated with the MIT-Hard Public Disputes Program and the MIT Department of Urban Studies and Planning. Learn more about CBI at: www.cbuiding.org

Gina Bartlett is a senior mediator at CBI. She has mediated many complex policy issues related to water resources, land use, and natural resources over the last 20 years. She is on the national roster of the U.S. Institute for Environmental Conflict Resolution and has a Master's degree in Conflict Analysis & Resolution. Ms. Bartlett is working on implementation of the Sustainable Groundwater Management Act with the California State Water Resources Control Board and Department of Water Resources, the California Water Foundation, and Sonoma County with three priority basins. You can learn more about Gina at cbuiding.org and reach Gina at 415-271-0049 or gina@cbuiding.org

Bennett Brooks is a senior practitioner who brings deep experience in water resources and high-conflict complex issues, both in California and elsewhere. Over the last 18 years, he has facilitated dozens of complex and highly contentious collaborative dialogues on issues related to water resource conflicts, ecosystem restoration, fisheries, and infrastructure improvements throughout the U.S. He has conducted numerous assessments, designed and facilitated several joint fact-finding panels, and taught a range of negotiations trainings on mutual gains bargaining. Last year, Bennett facilitated a successful dialogue among Central Valley water managers that generated many of the ideas now encompassed in California's groundbreaking groundwater management legislation. Bennett recently facilitated a series of roundtable discussions to better define measurable objectives and triggers related to the six "undesirable results" identified in SGMA. You can reach Bennett at BBrooks@cbuiding.org

Appendix A: List of Persons Interviewed

Interviews alphabetized by last name of interviewee.²

1. Tom Adcock, President, and Andrea Schmitz, Water Quality Manager, Alco Water
2. Lew Bauman, County Administrative Officer, Nick Chiulos, Assistant CAO, Les Girard, Chief Assistant County Counsel, and Charles McKee, County Council, Monterey County
3. Brian Boudreau and Beth Palmer, Monterey Downs, LLC
4. Dave Chardavoyne and Rob Johnson, Monterey County Water Resources Agency
5. Rob Cullen, Mayor, King City
6. John Diodati, Department Administrator, Carolyn Berg, San Luis Obispo County Department of Public Works
7. Marc Del Piero, Sherwood Darington, and Richard Nutter, Board Members, Agricultural Land Trust
8. Daisy Gonzalez and Vicente Lara, Environmental Justice Coalition for Water
9. Norm Groot, Monterey County Farm Bureau
10. Abigail Hart, The Nature Conservancy
11. Brett Harrell, Nunes Company and Grower-Shipper Association
12. Dale Huss, Ocean Mist and Sea Mist Farms
13. Nancy Isakson, Salinas Valley Water Coalition
14. Mike Jones, General Manager, California Water Service
15. Margie Kay
16. Roger Maitoso, Arroyo Seco Vineyard
17. Bob Martin, Rio Farms
18. Mike McCullough, Monterey Regional Pollution Control Agency
19. Rene Mendez, City Manager, City of Gonzales
20. Jeanette Pantoja, Environmental Justice Coalition for Water Board and Building Healthy Cities
21. Gary Petersen, Director of Public Works, City of Salinas
22. John Ramirez, Monterey County Department of Public Health
23. Jerry Rava, Rava Ranch
24. Rich Smith, Paraiso Vineyards
25. Sergio Sanchez, Office of Assemblyman Alejo and Hispanic Chamber of Commerce of the Central Coast
26. Steve Shimek, Monterey Coast Keeper and The Otter Project
27. Dennis Sites, Salinas Valley Sustainable Water Group
28. Abby Taylor Silva, Grower-Shipper Association and Monterey County Water Resources Agency Board Member
29. Simon Salinas, Supervisor, Monterey County
30. Dave Stoldt, Monterey Peninsula Water Management District
31. Eric Tynan, General Manager, and Ron Stefani, Board Member, Castroville Community Services District
32. Juan Uranga, Center for Community Advocacy
33. Keith Van Der Maaten, General Manager; Howard Gustafson and Peter Le, Board Members; and Roger Masuda, Attorney, Marina Coast Water District
34. Amy White, Executive Director, LandWatch Monterey County
35. Don Wilcox, Public Works Director, City of Soledad

² In addition to the formal assessment interviews, G. Bartlett and B. Brooks held brief conversations with other interested parties who contacted them or expressed interest in learning more about the process.

Appendix B: Interview Protocol & Survey Questions

NOTE: The survey varied slightly to make it easier to capture information in writing, but the questions were essentially the same. Please contact Gina@cbuilding.org or 415-271-0049 if you would like a copy of the survey questions.

Initial Exploration on GSA Formation in Salinas Valley Basin

Confidentiality: CBI Facilitators will use what we discuss to report back findings without attributing it to interviewee personally; anything that interviewee wishes to stay confidential will remain between the facilitator and interviewee.

Background

Tell us about your background and/or interests related to groundwater management generally?

What is the role of groundwater in your water supply? How does your organization think about groundwater as part of its water supply future?

GSA Formation and Structure

The first major requirement under SGMA is to form a GSA(s) by June 2017 for medium and high priority basins. What are your primary concerns or interests related to SGMA and GSA formation? Why are these important?

How would you (and your entity) foresee GSA formation moving forward in your basin? Why?

What configurations or options for a GSA would you envision or have you thought about? How would you organize the governance structure? What are the pros and cons related to those options?

What kind of conflict might emerge related to GSA formation? How might the conflict be resolved?

What criteria or considerations would help you evaluate GSA configurations and/or candidates? (*What specific qualities would you envision for a potential GSA? (financial, technical capacity, etc.)*)

What special considerations, if any, related to basin boundaries (as outlined in Bulletin 118) should we know about? How might these considerations affect GSA formation, outreach, etc.?

Process and Decision-Making

Who should be involved in deciding on the GSA formation? How should they decide?

If a stakeholder group comes together to work on GSA formation, how would you like to be involved?

Who might be able to represent your interests in these deliberations?

How would you recommend designing a road map to a decision on GSA formation? What steps would you take?

What interest, if any, does your entity have in serving as a GSA?

What agency might you recommend or envision as serving as the GSA(s) or what agencies might come together to serve as a GSA? How might other agencies or stakeholders feel about these possibilities?

What kinds of information might be needed to support decision-making on GSA formation?

Who has credibility to provide technical information?

Internal Decision Making

How will decision making on the GSA configuration/structure occur in your entity?

Who are the key opinion leaders and thought leaders on forming the GSA and managing groundwater within your entity?

What's the best method to keep those leaders abreast of new developments and potential insights?

Stakeholder Engagement

What other stakeholders are important to inform or keep abreast in some fashion on these issues?

How would you recommend engaging those groups/individuals during this phase of the process? Once the GSA is formed?

What kinds of outreach / engagement /activities do you or others already have in place that might involve these stakeholders?

Conclusion

Is there anything else that you haven't mentioned? What advice would you offer or what else would you recommend to move this effort forward?

Who else, if anyone, would you recommend that I interview on these issues?

ITEM: ACTION ITEM**16. APPROVE WATER PURCHASE AGREEMENT FOR PURE WATER MONTEREY PROJECT****Meeting Date:** September 19, 2016 **Budgeted:** N/A**From:** David J. Stoldt **Program/
General Manager** **Line Item No.:** N/A**Prepared By:** David J. Stoldt **Cost Estimate:** N/A**General Counsel Approval:** N/A**Committee Recommendation:** N/A**CEQA Compliance:** N/A

SUMMARY: At its January 14, 2016 Special Joint Meeting with the board of the Monterey Regional Water Pollution Control Agency (MRWPCA), the District board approved 6-0 (Director Potter absent) the form of Water Purchase Agreement (WPA) between the District, California-American Water, and Monterey Regional Water Pollution Control Agency for the Pure Water Monterey Project. At the time of approval, minor changes to Section 7 and the addition of Exhibit B (insurance provisions) were expected. As a result of hearings and testimony at the California Public Utilities Commission, the final WPA attached hereto as **Exhibit 16-A** was recommended for approval by the Commission. It reflects the final text of the insurance exhibit, as well as additional changes to Section 16 as shown in **Exhibit 16-B** hereto.

STAFF RECOMMENDATION: The General Manager recommends the Board approve the revised Water Purchase Agreement between the District, California-American Water, and Monterey Regional Water Pollution Control Agency for the Pure Water Monterey Project.

EXHIBITS**16-A** Final Water Purchase Agreement approved by CPUC**16-B** Summary of changes to Section 16 of WPA

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**WATER PURCHASE AGREEMENT FOR
PURE WATER MONTEREY PROJECT**

THIS WATER PURCHASE AGREEMENT (“Agreement”) is made this 19th day of September, 2016 (the “Effective Date”) by and between California-American Water Company, a California corporation, hereinafter referred to as the “Company,” Monterey Regional Water Pollution Control Agency, hereinafter referred to as the “Agency,” and Monterey Peninsula Water Management District, hereinafter referred to as the “District.” The Company, the Agency, and the District are hereinafter referred to individually as a “Party” and collectively as the “Parties.”

RECITALS

- A. The Company has a statutory duty to serve water in certain cities on the Monterey Peninsula and in a portion of Monterey County for its service area, the boundaries of which are shown in Exhibit A attached hereto and incorporated herein.
- B. The Company has been ordered by the State Water Resources Control Board in orders 95-10 and WR 2009-0060 to find alternatives to the Carmel River to fulfill its duty to serve, and the Company has applied to the California Public Utilities Commission (“CPUC”) for an order seeking a Certificate of Public Convenience and Necessity for the construction of water supply facilities and authorizing the recovery of the costs for such construction in rates.
- C. The Agency will be responsible for the design, construction, operation, and ownership of facilities for the production and delivery of advanced treated recycled water, such facilities to be part of the Pure Water Monterey groundwater replenishment project.
- D. The District will buy advanced treated recycled water from the Agency for purpose of securing the financing of and paying the operating costs of the project. The District will sell the advanced treated recycled water to the Company subject to the terms of this Agreement.
- E. The Company desires to buy advanced treated recycled water from the District for the purpose of fulfilling its duty to serve its customers within its service area and the District is willing to sell advanced treated recycled water to the Company for this purpose on the terms and conditions provided for herein.
- F. The Agency contends, and has so advised the District and the Company, that based on advice of counsel, (1) Agency assets and revenue derived from Agency ratepayers are not available for satisfying claims and judgments for any liability arising from this water project Agreement, and (2) therefore, the single source for so satisfying is insurance coverage described as Required Insurance in this Agreement.

G. The Agency has separately entered into an agreement with the Monterey County Water Resources Agency in Section 4.05 of which, the Monterey County Water Resources Agency may request additional irrigation water from Agency sources. Pursuant to that agreement the Agency has committed to produce no more than 200 acre-feet per year, up to a total quantity of 1,000 acre-feet, for delivery to the District as a drought reserve. When such a request is made, the District may make available to the Company Drought Reserve Water in order to satisfy the Company Allotment. Additionally, in order to ensure delivery of the Company Allotment in the event of an interruption in project operations, the District has established an Operating Reserve. Together the two reserves are called the Reserve Account and will be paid for by the District until deemed delivered to the Company if needed at a future date.

NOW, THEREFORE, the Parties agree as follows:

1. Purpose of Agreement.

The purpose of this Agreement is to provide for the sale of advanced treated recycled water from the Agency to the District and from the District to the Company derived from the Pure Water Monterey groundwater replenishment project owned and operated by the Agency, and to serve the Company's customers within its service area. The Parties confirm that this Agreement constitutes a contractual right to purchase advanced treated recycled water, that no water right is conferred to the Company, and that no additional rights in the Seaside Groundwater Basin are conferred to the District or the Agency.

2. Definitions

The following terms shall, for all purposes of this Agreement have the following meanings:

“Additional Project Participant” means any public district, agency, or entity, or any private water company, other than the Company, that executes a water purchase agreement in accordance with Section 18 hereof, together with its respective successors or assigns.

“Affected Party” means a Party claiming the occurrence of a Force Majeure Event and seeking relief under this Agreement as a result thereof.

“Agreement” means this Water Purchase Agreement, as the same may be amended from time to time.

“Applicable Law” means any federal, state or local statute, local charter provision, regulation, ordinance, rule, mandate, order, decree, permit, code or license requirement or other governmental requirement or restriction, or any interpretation or administration of any of the foregoing by any governmental authority, which applies to the services or obligations of any of the Parties under this Agreement.

“AWT Facilities” means the advanced water treatment facilities portion of the Project that provides advanced treatment to source water that has undergone secondary treatment at the Regional Treatment Plant.

“AWT Water” means advanced treated recycled water produced by the AWT Facilities.

“Company Account” means the account managed by the District and the Company that tracks and records the quantity of Company Water delivered to the Delivery Point.

“Company Allotment” means 3,500 acre-feet of AWT Water, or another quantity of AWT Water as agreed to, in writing, by the Parties.

“Company Water” means the AWT Water delivered to the Delivery Point to be used and owned by the Company and will be counted toward the Company Allotment.

“Company Water Payments” means payments made by the Company to the District pursuant to Section 16 hereof for the furnishing of Company Water.

“Company Water Rate” means the dollar amount per acre-foot of Company Water that the Company pays the District for delivery of Company Water, as calculated pursuant to Section 16.

“CPUC” means the California Public Utilities Commission.

“Delivery Point” means any of the metered points of delivery identified in Exhibit C.

“Delivery Start Date” means the date that the District commences delivery of AWT Water to the Delivery Point.

“Drought Reserve” means one of the two sub-accounts that comprise the Reserve Account.

“Drought Reserve Minimum” means 1,000 acre-feet of Drought Reserve Water in the Drought Reserve.

“Drought Reserve Water” means Excess Water in the Drought Reserve Account at any given time.

“Event of Default” means each of the items specified in Section 20 which may lead to termination of this Agreement upon election by a non-defaulting Party.

“Excess Water” means a quantity of AWT Water in excess of the Company Allotment delivered by the District to the Delivery Point in any given Fiscal Year.

“Fiscal Year” means a twelve-month period from July 1 through June 30. Any computation made on the basis of a Fiscal Year shall be adjusted on a pro rata basis to take into account any Fiscal Year of less than 365 or 366 days, whichever is applicable.

“Fixed Project Costs” means all pre-construction, development, and capital costs of the Project, including debt service and reserves for the payment of debt service, incurred by the Agency or District in accordance with Section 6 hereof; provided, however, Fixed Project Costs shall not include any damages or other amounts paid by the Agency or the District to the Company as indemnification payments pursuant to Section 22 of this Agreement.

“Force Majeure Event” means any act, event, condition or circumstance that (1) is beyond the reasonable control of the Affected Party, (2) by itself or in combination with other acts, events, conditions or circumstances adversely affects, interferes with or delays the Affected Party’s ability to perform its obligations under this Agreement, and (3) is not the fault of, or the direct result of the willful or negligent act, intentional misconduct, or breach of this Agreement by, the Affected Party.

“Injection Facilities” means the injection wells and appurtenant facilities portion of the Project used to inject AWT Water into the Seaside Basin.

“Minimum Allotment” means 2,800 acre-feet of AWT Water.

“Operating Reserve” means one of the two sub-accounts that comprise the Reserve Account.

“Operating Reserve Minimum” means 1,000 acre-feet of Operating Reserve Water in the Operating Reserve prior to the date that is three (3) years following the Performance Start Date, and 1,750 acre-feet of Operating Reserve Water in the Operating Reserve after the date that is three (3) years following the Performance Start Date.

“Operating Reserve Water” means Excess Water in the Operating Reserve at any given time.

“Performance Start Date” means the date set forth in a written notice provided by the District to the Company upon which the District’s performance obligations with respect to the Water Availability Guarantee, the Water Delivery Guarantee, and the Water Treatment Guarantee shall commence, such date not to be more than six months following the Delivery Start Date.

“Product Water Facilities” means the product water conveyance facilities portion of the Project used to transport the AWT Water from the AWT Facilities to the Injection Facilities.

“Project” means the Pure Water Monterey groundwater replenishment project, including (a) Source Water Facilities, (b) AWT Facilities, (c) Product Water Facilities, and (d) Injection Facilities, all as additionally described in Exhibit B.

“Project Operation and Maintenance Expenses” means all expenses and costs of management, operation, maintenance, repair, replacement, renovation, or improvement of the Project incurred by the Agency and the District, including overhead costs, and properly chargeable to the Project in accordance with generally accepted accounting principles, including, without limitation (a) salaries, wages, and benefits of employees, contracts for professional services, power, chemicals,

supplies, insurance, and taxes; (b) an allowance for depreciation, amortization, and obsolescence; (c) all administrative expenses; and (d) a reserve for contingencies, in each case incurred by the Agency or District with respect to the Project; provided, however, Project Operation and Maintenance Expenses shall not include any damages or other amounts paid by the Agency or the District to the Company as indemnification payments pursuant to Section 22 of this Agreement.

“Regional Treatment Plant” means the Agency’s Regional Wastewater Treatment Plant.

“Required Insurance” means, with respect to the Agency and the District, the insurance each Party is required to obtain and maintain during the term of this Agreement as set forth in Exhibit D.

“Reserve Account” means the account managed by the District that tracks and records (a) quantities of Excess Water delivered to the Delivery Point, and (b) quantities of Reserve Water debited from the Reserve Account to satisfy the Company Allotment.

“Seaside Basin” means the Seaside Groundwater Basin.

“Service Area” means the Company’s service area as of the Effective Date of this Agreement, as shown in Exhibit A, and as amended from time-to-time by the CPUC.

“Storage and Recovery Agreement” means the storage and recovery agreement among the Company, the District and the Watermaster that allows for injection of AWT Water into the Seaside Basin for purposes of continued storage or withdrawal.

“Source Water Facilities” means the source water diversion and conveyance facilities portion of the Project used to divert and convey new source waters to the Regional Treatment Plant.

“Watermaster” means the Seaside Groundwater Basin Watermaster.

“Water Availability Guarantee” means the water availability guarantee set forth in Section 13.

“Water Delivery Guarantee” means the water delivery guarantee set forth in Section 12.

“Water Treatment Guarantee” means the water treatment guarantee set forth in Section 14.

OPERATIVE PROVISIONS

3. Commencement of Service.

The Performance Start Date shall be no later than January 1, 2020. Failure of the Agency and the District to meet this deadline shall constitute an Event of Default upon which the Company

may terminate this Agreement in accordance with Section 20. The Company shall not incur any costs or be responsible for any payments under this Agreement prior to the Performance Start Date.

4. Term of Agreement.

This Agreement shall be effective as of the Effective Date and shall remain in effect until the date that is thirty (30) years after the Performance Start Date (the “Expiration Date”), unless earlier terminated as provided in this Agreement.

5. Option for Continued Service.

The Company may extend the Expiration Date of this Agreement for one or more periods not to exceed ten (10) years, in total. The Company shall notify the Agency and the District, in writing at least 365 days prior to the then-applicable Expiration Date, of its intent to extend the Expiration Date and such notice shall indicate the new Expiration Date. At the election of any Party, the Parties will meet and confer to consider the Parties’ interest in any additional extension or renewal of an arrangement similar to this Agreement. Such meet-and-confer sessions should take place approximately five (5) years prior to the then-applicable Expiration Date; provided, however, if pursuant to an extension under this Section 5 the new Expiration Date is less than five (5) years following the Company’s notification of the extension, the Parties will meet and confer within a reasonable time prior to the new Expiration Date.

6. Agency and District to Develop Project.

Subject to all terms and conditions of the Agency’s water rights, permits and licenses, and all agreements relating thereto, the Agency and District will cause and complete the design, construction, operation, and financing of the Project, the production and delivery of AWT Water, the obtaining of all necessary authority and rights, consents, and approvals, and the performance of all things necessary and convenient therefor. The Agency will own and operate the Project.

As consideration for funding environmental, permitting, design, and other pre-construction costs, as well as for pledging revenues for repayment of future costs under this Agreement in the event Company Water Payments are insufficient, the District shall (i) own AWT Water for sale and delivery to the Company, (ii) have the right to sell AWT Water to the Company or any Additional Project Participant (if approved by the Company pursuant to Section 19), (iii) have the right to bill the Company for Company Water Payments or to bill any Additional Project Participant for AWT Water, and (iv) have the right to apply all Company Water Payments to payment of Fixed Project Costs and Project Operation and Maintenance Expenses.

7. Obligation to Pay Design and Construction Costs.

The Agency shall be solely responsible for the design, construction, implementation and performance of the Project, and shall bear all costs associated with such design, construction, implementation and performance. Title to the structures, improvements, fixtures, machinery, equipment, materials, and pipeline capacity rights constituting the Project shall remain with the Agency and the Agency shall bear all risk of loss concerning such structures, improvements, fixtures, machinery, equipment, and materials.

8. Obligation to Pay Operation and Maintenance Costs.

The Agency shall be solely responsible for the operation, maintenance, repair and replacement of the Project, and shall bear all costs associated with such operation, maintenance, repair and replacement.

9. Point of Delivery and Ownership of AWT Water.

All AWT Water shall be delivered to the Delivery Point. Water utilized to backflush an injection well that percolates into the ground is considered delivered AWT Water.

The Agency shall own the AWT Water until the point it leaves the AWT Facilities. The District shall own the AWT Water from the point it leaves the AWT Facilities to the Delivery Point. After the Delivery Point, if the water is Company Water, it will be owned by the Company. If, however, the water is Excess Water after the Delivery Point, then ownership of such water shall remain with the District. The District shall own any water in the Reserve Account, until such time as Operating Reserve Water or Drought Reserve Water is used to satisfy the Water Availability Guarantee at which point it shall become Company Water and be owned by the Company.

The Company recognizes and agrees that it acquires no interest in or to any portion of the District's system or any Agency facilities.

Delivery by the District and withdrawal by the Company shall be governed by the Storage and Recovery Agreement.

10. Points of Withdrawal.

All AWT Water furnished pursuant to this Agreement shall be taken from storage by the Company at the points of withdrawal controlled by the Company and permitted by the California Department of Public Health. The Company shall be solely responsible for operating and maintaining all of its facilities for withdrawal of water.

11. Measurement.

All AWT Water furnished pursuant to this Agreement shall be measured by the Agency at the Delivery Point. Such measurement shall be with equipment chosen by the Agency, installed by the Agency on Agency facilities, and approved by the District and Company in writing. All measuring equipment shall be installed, maintained, repaired and replaced by the Agency. The Agency will provide annual meter calibration by an outside contractor and provide a copy of results of such calibrations to District and Company. The Agency shall have the primary obligation to measure the quantity of AWT Water delivered to the Delivery Point. The Company may request, at any time, investigation and confirmation by the District or Agency of the measurement being made as well as the charges associated with those measurements. Errors in measurement and charges discovered by the investigation will be corrected in a timely manner by the Agency and the District. The Company may, at its own expense, at any time, inspect the measuring equipment and the record of such measurements for the purpose of determining the accuracy of the equipment and measurements.

12. Water Delivery Guarantee.

- (a) Beginning on the Performance Start Date and in every Fiscal Year throughout the term of this Agreement, the Agency shall use its best efforts to deliver AWT Water to the District in quantities at least equal to the Company Allotment.
- (b) Beginning on the Performance Start Date and in every Fiscal Year throughout the term of this Agreement, the District shall use its best efforts to deliver Company Water to the Delivery Point in quantities at least equal to the Company Allotment.
- (c) Beginning on the Performance Start Date and in every Fiscal Year throughout the term of this Agreement, the Agency shall deliver AWT Water to the District in quantities at least equal to the Minimum Allotment (the “Water Delivery Guarantee”).
- (d) Beginning on the Performance Start Date and in every Fiscal Year throughout the term of this Agreement, the District shall deliver Company Water to the Delivery Point in quantities at least equal to the Minimum Allotment (also, the “Water Delivery Guarantee”).
- (e) All AWT Water delivered by the District to the Delivery Point between the Delivery Start Date and the Performance Start Date shall be deemed Operating Reserve Water and allocated to the Operating Reserve. The Performance Start Date shall not occur until the Operating Reserve Minimum has been allocated to the Operating Reserve. Beginning on the Performance Start Date and in every Fiscal Year throughout the term of this Agreement, the first 3,500 acre-feet of AWT Water delivered to the Delivery Point each Fiscal Year shall be Company Water.

13. Water Availability Guarantee.

- (a) Beginning on the Performance Start Date and throughout the term of this Agreement, the Agency must deliver enough AWT Water to the District so that the Company may draw AWT Water (including Company Water, Operating Reserve Water, and Drought Reserve Water released by the District to the Company) from the Seaside Basin every Fiscal Year in an amount at least equal to the Company Allotment (the “Water Availability Guarantee”).
- (b) Beginning on the Performance Start Date and throughout the term of this Agreement, the District must deliver enough AWT Water to the Delivery Point so that the Company may draw AWT Water (including Company Water, Operating Reserve Water, and Drought Reserve Water released by the District to the Company) from the Seaside Basin every Fiscal Year in an amount at least equal to the Company Allotment (also, the “Water Availability Guarantee”).
- (c) If in any Fiscal Year the District delivers Excess Water, any such amount shall be credited to the Reserve Account. The Reserve Account will have two sub-accounts: the Operating Reserve and the Drought Reserve. The District will allocate all Excess Water into either the Operating Reserve or the Drought Reserve as it shall determine in its sole discretion.
- (d) If the amount of Operating Reserve Water in the Operating Reserve at any time is less than the Operating Reserve Minimum, then all Excess Water in a Fiscal Year must be allocated to the Operating Reserve until the Operating Reserve Minimum is achieved, except for up to 200 acre-feet of Excess Water that may, at the District’s election, be allocated to the Drought Reserve but only if the balance in the Drought Reserve is less than the Drought Reserve Minimum. In no instance shall the District reduce Company Water deliveries to make available additional irrigation water to the Monterey County Water Resources Agency from Agency sources in an amount exceeding the balance available in the Drought Reserve.
- (e) If in any Fiscal Year the District delivers Company Water to the Delivery Point in quantities less than the Company Allotment, the Company shall have the right, but not the obligation, to draw Operating Reserve Water from the Operating Reserve to make up for any such shortfall in Company Water. In addition, if a shortfall still exists after Operating Reserve Water is drawn by the Company, the District may, in its sole discretion, use Drought Reserve Water available in the Drought Reserve to satisfy the Water Availability Guarantee. Upon the occurrence of the Expiration Date, or the earlier termination of this Agreement as contemplated herein, the Company shall have the right to draw Drought Reserve Water from the Drought Reserve.

- (f) Every three (3) months during the term of this Agreement, beginning on the Performance Start Date, the District will report to the Company the balances and activity in the Operating Reserve and Drought Reserve. In addition, the District shall, with ten (10) days following the Company's request, provide to the Company the balances and activity in the Operating Reserve and Drought Reserve.

14. Water Treatment Guarantee.

All AWT Water delivered by the Agency to the District and by the District to the Delivery Point must meet the water quality requirements set forth in Applicable Law (the "Water Treatment Guarantee"). If at any time the Agency or the District fails to meet the Water Treatment Guarantee, the Agency or the District shall give the Company immediate notice thereof and shall promptly meet with the Company to discuss the circumstances of such failure and the District's and the Agency's proposed action plan for remediation so that the Water Treatment Guarantee will be met. AWT Water delivered by the Agency to the District or by the District to the Delivery Point that does not meet the Water Treatment Guarantee shall not be considered Company Water or Excess Water.

15. Budgeting.

Not later than May 1 each year, the Fixed Project Costs and Project Operation and Maintenance Expenses shall be estimated by the Agency and the District for the following Fiscal Year. Such estimates shall be made available for review by the Parties at least fifteen (15) days prior to adoption by the Agency's or District's respective boards.

16. Rate of Payment for Company Water.

For Company Water furnished to the Company under this Agreement, the Company shall pay Company Water Payments to the District on a monthly basis determined as the Company Water Rate multiplied by the quantity of Company Water delivered the previous month. The Company shall not pay for deliveries to the Operating Reserve and the Drought Reserve until such reserves are designated by the Company or the District, as applicable, as Company Water.

The Company Water Rate in each Fiscal Year of the Agreement shall be the sum of the Fixed Project Costs and Project Operation and Maintenance Expenses budgeted for production and delivery of AWT Water in such Fiscal Year, divided by the amount of AWT Water expected to be produced during such Fiscal Year. The Parties agree that the fundamental rate-setting principles of this Agreement shall be (a) the Company does not pay for water it does not receive, (b) the cost of water shall only reflect the true cost of service consistent with California public agency laws and regulations, and (c) the Company shall pay only its proportionate share of the costs of the Agency and the District producing AWT Water.

In the first year following the Performance Start Date, the Company Water Rate shall not exceed \$1,720 per acre foot (the “Soft Cap”). Prior to the Performance Start Date, if the first-year Company Water Rate as calculated is expected to exceed the Soft Cap, the Company shall apply to the CPUC through a Tier 2 advice letter for approval of such rate before the Company shall be required under this Agreement to pay an amount greater than the Soft Cap as the Company Water Rate. Unless and until the CPUC approves a Company Water Rate in an amount greater than the Soft Cap, the Company shall only be required to pay an amount equal to the Soft Cap as the Company Water Rate. In no circumstance shall the District’s or the Agency’s obligations under this Agreement to deliver Company Water to the Company be affected by the pendency of the Company’s application to the CPUC for approval of a rate greater than the Soft Cap or a decision by the CPUC to deny any such application.

As Project Operation and Maintenance Expenses are projected or budgeted for an upcoming Fiscal Year, the Parties agree there will be a “true-up” or reconciliation at the end of every Fiscal Year following the Performance Start Date to ensure the principles set forth in this section are met. Such “true-up” shall mean: if actual Project Operation and Maintenance Expenses are more or less than budgeted Project Operation and Maintenance Expenses used to calculate the Company Water Rate paid during the Fiscal Year, a corresponding adjustment (up or down) will be provided against the subsequent Fiscal Year budget and computed Company Water Rate for that Fiscal Year.

The Parties agree that, given the status of the Agency and the District as governmental agencies and the requirements under law that they incur only reasonable and prudent costs and expenses for purposes related to their governmental duties and the fact that such costs and expenses are subject to public review and scrutiny, all Fixed Project Costs and Project Operation and Maintenance Expenses incurred by the Agency and/or the District in compliance with the terms of this Agreement shall reflect only the actual cost of service consistent with California public agency laws and regulations and shall be subject to CPUC review consistent with that used for existing water purchase agreements by CPUC-regulated Class A investor-owned water utilities.

The District covenants and agrees to pay to the Agency the revenues received from the Company from the Company Water Payments provided, however, it will reduce the payment amount by any portion of the Fixed Project Costs and Project Operation and Maintenance Expenses directly paid or incurred by the District.

17. Time and Method of Payments.

The District shall send the Company a detailed monthly statement of charges due for all Company Water delivered to the Delivery Point during the preceding month as measured by the Agency meters, which shall be read on a monthly basis, and all Operating Reserve Water and Drought Reserve Water used to satisfy the Water Availability Guarantee, The Company shall not be billed for Excess Water that goes into the Reserve Account.

The Company shall pay to the District all undisputed portions of statements, within forty-five (45) days after receipt. Statements shall be mailed to the Company at the following address:

California American Water Company
Director of Operations
511 Forest Lodge Rd # 100
Pacific Grove, CA 93950

The Agency shall send the District a monthly statement of charges due for all AWT Water actually delivered to the District during the preceding month as measured by the meters, which shall be read on a monthly basis. The District shall pay all statements within forty-five (45) days after receipt. Statements shall be mailed to the District at the following address:

Monterey Peninsula Water Management District
Administrative Services Division Manager
5 Harris Court, Building G
Monterey, CA 93940

If payment of any amount due hereunder is not made when due, excluding disputed amounts, simple interest will be payable on such undisputed amount at the legal rate of interest charged on California judgments, as provided in California Code of Civil Procedure Section 685.010, and shall be calculated on the basis of a 365-day year from the date such payment is due under this Agreement until paid.

The Company is obligated to pay to the District the undisputed amounts becoming due under this Agreement, notwithstanding any individual default by its water users or others in the payment to the Company of assessments or other charges levied by the Company.

GENERAL PROVISIONS

18. CPUC Rate Recovery Process.

All costs that the Company pays to the District pursuant to this Agreement shall be considered purchased water costs that are a pass-through to customers to be recovered via the Modified Cost Balancing Account (“MCBA”) mechanism.

At least six (6) months prior to the Performance Start Date, at least one time between May 1 and June 1 of every year thereafter, and at any time throughout the term of this Agreement the District deems necessary, the District shall provide the Company with written notice of the Company Water Rate, supported by detailed information relating to the Fixed Project Costs and the estimated Operation and Maintenance Expenses to be incurred in the upcoming Fiscal Year that were used to determine the Company Water Rate. Within sixty (60) days following receipt of the written notice containing the Company Water Rate, the Company shall file a Tier 1 advice letter for rate

recovery with the CPUC to update its rates and tariffs, and in doing so establish a surcharge rate to reflect the Company Water Rate.

All changes to the Company Water Rate resulting from annual increases or decreases to the Fixed Project Costs or Project Operation and Maintenance Expenses, as reflected in the Company Water Rate, shall be requested for rate recovery through a Tier 1 advice letter in accordance with Section 3.2 of Water Industry Rules in General Order 96-B, as amended from time to time, for processing expense offset rate changes. The rate change will be applied to the surcharge to ensure that the Company's customer rates remain aligned with the Company Water Rate under the Agreement.

The Company shall have no obligation to make Company Water Payments unless and until the CPUC approves payment and recovery of those payments in rates through the process set forth in General Order 96-B, including a Tier 1 advice letter, which is effective upon filing pending CPUC approval, or another process resulting in CPUC approval of such costs, which shall be diligently pursued by the Company. Failure of the Company to pay amounts in excess of the amount approved by the CPUC shall not constitute a breach, and the District and Agency shall not be relieved of any obligations hereunder as a result thereof.

Access to the books and records of the Agency and the District will be made available to the Company for purposes of reviewing the accuracy and reasonableness of all costs relating to the Project and determination of the Company Water Rate.

19. Additional Project Participants.

After giving sixty (60) days' prior written notice to the Company, the District and Agency may enter into water purchase agreements for AWT Water with Additional Project Participants subsequent to the Effective Date of this Agreement to the extent the District determines sufficient capacity exists (after accounting for the need to maintain the Operating Reserve Minimum and the Drought Reserve Minimum), to the extent there is no additional cost to the Company as a result of any such agreement, and to the extent any such agreement does not adversely affect the Agency's or the District's ability to meet their performance obligations under this Agreement.

In order to not diminish the source waters available to produce AWT Water under this Agreement, the Company shall have the right, prior to the District or the Agency entering into any water purchase agreement for AWT Water and in the Company's sole discretion, to approve or not approve in writing any Additional Project Participants deriving water from the water sources identified for the Project, specifically source waters identified in Sections 1.04 and 2.02 of the Amended and Restated Water Recycling Agreement between the Agency and Monterey County Water Resources Agency, dated November 3, 2015.

The Company shall not have the right to approve Additional Project Participants deriving water from prior existing rights to wastewater flows to the Regional Treatment Plant pursuant to Section 4.01 of the Agency's agreement with Monterey County Water Resources Agency or from future additional sources, as yet unidentified, such as wastewater systems annexed to the Agency's service area.

Any Additional Project Participant will pay for all additional capital costs necessitated by existence of the new water purchase agreement, its proportionate share of both the unamortized capital costs of the Project, and its proportionate share of future operation and maintenance expenses of the Project. The District and Agency will provide supporting documentation to the Company to ensure the Company Water Payments do not include any costs properly allocable to an Additional Project Participant.

20. Breach, Event of Default and Termination.

- (a) Remedies for Breach – The Parties agree that, except as otherwise provided in this section with respect to termination rights, if any Party breaches this Agreement, any other Party may exercise any legal rights it may have under this Agreement and under Applicable Law to recover damages or to secure specific performance. No Party shall have the right to terminate this Agreement for cause except upon the occurrence of an Event of Default. If a Party exercises its rights to recover damages upon a breach of this Agreement or upon a termination due to an Event of Default, such Party shall use all reasonable efforts to mitigate damages. If a Force Majeure Event occurs, the Affected Party shall be entitled to relief from determination of a breach pursuant to Section 23 of this Agreement.
- (b) If the District fails to exercise, and diligently pursue, any legal rights it may have against the Agency pursuant to subsection (a) of this section 20 within forty-five (45) days after the Company's written request that the District do so, the District shall be deemed to have assigned to the Company all such legal rights. The Agency shall not object to any such assignment, but shall not waive any defense it may otherwise assert to any claim brought by the Company.
- (c) Event of Default – The following shall each constitute an “Event of Default” under this Agreement:
 - (1) The Delivery Start Date does not occur on or before July 1, 2019;
 - (2) The Performance Start Date does not occur on or before January 1, 2020;

- (3) The failure of the Agency or the District to deliver Company Water to the Delivery Point in quantities at least equal to the Company Allotment in each of three consecutive Fiscal Years;
 - (4) The failure of the Agency or the District to meet the Water Delivery Guarantee in each of two consecutive Fiscal Years;
 - (5) The failure of the Agency or the District to deliver Company Water to the Delivery Point in quantities at least equal to 1,800 acre-feet in any Fiscal Year;
 - (6) The failure of the Agency or the District to meet the Water Availability Guarantee in any Fiscal Year;
 - (7) The failure of any Party to perform any material term, covenant, or condition of this Agreement, and the failure continues for more than thirty (30) days following the defaulting Party's receipt of written notice of such default from a non-defaulting Party; provided, however, that if and to the extent such default cannot reasonably be cured with such thirty (30) day period, and if the defaulting Party has diligently attempted to cure the same within such thirty (30) period and thereafter continues to diligently attempt to cure the same, then the cure period provided for herein shall be extended from thirty (30) days to one-hundred twenty (120) days;
 - (8) The failure of the Agency or the District to meet the Water Treatment Guarantee on a repeated basis; and
 - (9) The Company no longer has a statutory duty to serve water in the Service Area.
- (d) Termination for Event of Default – If an Event of Default occurs, any non-defaulting Party may terminate this Agreement immediately upon written notice to the other Parties. A non-defaulting Party may enforce any and all rights and remedies it may have against a defaulting Party under Applicable Law.

21. Dispute Resolution.

Representatives from each Party shall meet and use reasonable efforts to settle any dispute, claim, question or disagreement (a "Dispute") arising from or relating to this Agreement. To that end, the Parties' representatives shall consult and negotiate with each other in good faith and, recognizing their mutual interests, attempt to reach a just and equitable solution satisfactory to the Parties. If the Parties do not reach such a solution within a period of thirty (30) days after the first notice of the Dispute is received by the non-disputing Parties, then the Parties shall pursue non-

binding mediation to be completed within one-hundred twenty (120) days after the notice of the Dispute is received by the non-disputing Parties. If the Parties do not settle the Dispute within the one-hundred twenty (120) day period, any Party may pursue any and all available legal and equitable remedies.

22. Indemnification.

Each Party (an “Indemnifying Party”) shall fully indemnify the other Parties and their respective officers, directors, employees, consultants, contractors, representatives and agents (the “Indemnified Persons”) against, and hold completely free and harmless from, all liability and damages including any cost, expense, fine, penalty, claim, demand, judgment, loss, injury and/or other liability of any kind or nature, including personal or bodily injury, death or property damage, that are incurred by or assessed against the Indemnified Persons and directly or indirectly caused by, resulting from, or attributable to the fault, failure, breach, error, omission, negligent or wrongful act of the Indemnifying Party, or its officers, directors, employees, consultants, contractors, representatives and agents, in the performance or purported performance of the Indemnifying Party’s obligations under this Agreement, but only to the extent of and in proportion to the degree of fault, failure, breach, error, omission, negligent or wrongful act of the Indemnifying Party, or its officers, directors, employees, consultants, contractors, representatives and agents.

23. Force Majeure Event Relief.

- (a) If a Force Majeure Event occurs, the Affected Party shall be entitled to (1) relief from its performance obligations under this Agreement to the extent the occurrence of the Force Majeure Event prevents or adversely affects Affected Party’s performance of such obligations, and (2) an extension of schedule to perform its obligations under this Agreement to the extent the occurrence of the Force Majeure Event prevents or adversely affects Affected Party’s ability to perform such obligations in the time specified in this Agreement. The occurrence of a Force Majeure Event shall not, however, excuse or delay the other Parties’ obligation to pay monies previously accrued and owing to Affected Party under this Agreement, or for Affected Party to perform any obligation under this Agreement not affected by the occurrence of the Force Majeure Event.
- (b) Upon the occurrence of a Force Majeure Event, Affected Party shall notify the other Parties in accordance with the notice provisions set forth herein promptly after Affected Party first knew of the occurrence thereof, followed within fifteen (15) days by a written description of the Force Majeure Event, the cause thereof (to the extent known), the date the Force Majeure Event began, its expected duration and an estimate of the specific relief requested or to be requested by the Affected Party. Affected Party shall use commercially reasonable efforts to reduce costs resulting from the occurrence of the Force Majeure Event, fulfill its

performance obligations under the Agreement and otherwise mitigate the adverse effects of the Force Majeure Event. While the Force Majeure Event continues, the Affected Party shall give the other Parties a monthly update of the information previously submitted. The Affected Party shall also provide prompt written notice to the other Parties of the cessation of the Force Majeure Event.

24. Amendments.

No change, alteration, revision or modification of the terms and conditions of this Agreement shall be made, and no verbal understanding of the Parties, their officers, agents or employees shall be valid, except through a written amendment to this Agreement duly authorized and executed by the Parties.

25. Remedies Not Exclusive.

The use by any Party of any remedy for the enforcement of this Agreement is not exclusive and shall not deprive the Party using such remedy of, or limit the application of, any other remedy provided by law.

26. Mitigation of Damages.

In all situations arising out of this Agreement, the Parties shall attempt to avoid and minimize the damages resulting from the conduct of another Party.

27. Failure of CPUC Approval.

If this Agreement is not approved by the CPUC in a manner acceptable to the Parties, any Party may, within sixty (60) days after the effective date of the decision or order of the CPUC relating to the approval of this Agreement, give written notice to the other Parties that the Agreement will terminate ten (10) days after receipt of such notice. Those acts and obligations that are to be performed on or after the Execution Date shall be discharged and no Party shall thereafter be obligated to continue to perform this Agreement or any provision hereof. Whether this Agreement is approved by the CPUC in a manner acceptable to the Parties or not, those acts and obligations performed prior to the date of termination shall be final and no party shall have any claim to be restored to its pre-Execution Date status with regard to any of those acts or obligations.

28. Insurance.

The Agency and District will each obtain the applicable Required Insurance, as set forth in Exhibit D. If insurance proceeds fail to satisfy the obligations of the Agency or the District under

this Agreement, the District and the Agency will utilize their own resources, including Prop 218 revenue raising capacity, to the extent allowable by law, to satisfy their obligations.

29. No Waiver.

Failure by a Party to insist upon the strict performance of any of the provisions of this Agreement by another Party, irrespective of the length of time for which such failure continues, shall not constitute a waiver of such Party's right to demand strict compliance by such other Party in the future. No waiver by a Party of any default or breach shall affect or alter this Agreement, and each and every covenant, term, and condition hereof shall continue in full force and effect to any existing or subsequent default or breach.

30. Successors in Interest, Transferees, and Assignees.

- (a) This Agreement and all the rights and obligations created by this Agreement shall be in full force and effect whether or not any of the Parties to this Agreement have been succeeded by another entity, or had their interests transferred or assigned to another entity, and all rights and obligations created by this Agreement shall be vested and binding on any Party's successor in interest, transferee, or assignee. If the Company, the Agency or the District is succeeded by another entity, it shall assign this Agreement to its successor. If the District ceases to exist, the Agency and the Company shall continue their obligations hereunder in a manner that will substantively comply with the intent of this Agreement. Except as provided in subsection (b) of this Section 30, no succession, assignment or transfer of this Agreement, or any part hereof or interest herein, by a Party shall be valid without the prior written consent of the other Parties, such consent not to be unreasonably withheld.
- (b) In the event of the creation of a local governmental agency duly established for the sole purpose of succeeding to, assuming, and performing all obligations and rights of Agency or District created by this Agreement, Agency or District may assign this Agreement and all those obligations and rights to such local governmental agency without consent, written or otherwise, of any other Party.

31. Covenants and Conditions.

All provisions of this Agreement expressed either as covenants or conditions on the part of the District, Agency, or the Company shall be deemed to be both covenants and conditions.

32. Governing Law.

This Agreement and the rights and obligations of the Parties shall be governed, controlled and interpreted in accordance with the laws of the State of California.

33. Headings.

All headings are for convenience only and shall not affect the interpretation of this Agreement.

34. Construction of Agreement Language.

The provisions of this Agreement shall be construed as a whole according to its common meaning and purpose of providing a public benefit and not strictly for or against any Party. The Agreement shall be construed consistent with the provisions hereof, in order to achieve the objectives and purposes of the Parties. Wherever required by the context, the singular shall include the plural and vice versa, and the masculine gender shall include the feminine or neutral genders or vice versa.

35. Drafting Ambiguities.

This Agreement is the product of negotiation and preparation between the Parties. The Parties and their counsel have had the opportunity to review and revise this Agreement. The Parties waive the provisions of Section 1654 of the Civil Code of California and any other rule of construction to the effect that ambiguities are to be resolved against the drafting Party, and the Parties warrant and agree that the language of this Agreement shall neither be construed against nor in favor of any Party unless otherwise specifically indicated.

36. Partial Invalidity; Severability.

If any provision of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions will nevertheless continue in full force without being impaired or invalidated in any way.

37. No Third Party Beneficiaries.

Nothing in this Agreement is intended to create any third Party beneficiaries to the Agreement, and no person or entity other than the Parties and the permitted successors, transferees and assignees of either of them shall be authorized to enforce the provisions of this Agreement.

38. Relationship of the Parties.

The relationship of the Parties to this Agreement shall be that of independent contractors. Each Party shall be solely responsible for any workers compensation, withholding taxes, unemployment insurance, and any other employer obligations associated with the described work or obligations assigned to them under this Agreement.

39. Signing Authority.

The representative of each Party signing this Agreement hereby declares that authority has been obtained to sign on behalf of the Party such person is representing.

40. Further Acts and Assurances.

The Parties agree to execute, acknowledge and deliver any and all additional papers, documents and other assurances, and shall perform any and all acts and things reasonably necessary in connection with the performance of the obligations hereunder and to carry out the intent of the Parties.

41. Opinions and Determinations.

Where the terms of this Agreement provide for action to be based upon opinion, judgment, approval, review or determination of any Party hereto, such terms are not intended to be and shall never be construed as permitting such opinion, judgment, approval, review or determination to be arbitrary, capricious or unreasonable.

42. Interpretation of Conflicting Provisions.

If there is any conflict, discrepancy or inconsistency between the provisions of this Agreement and the provisions of any exhibit or attachment to this Agreement, the provisions of this Agreement shall prevail and control.

43. Integration.

This Agreement, including the exhibits, represent the entire Agreement between the Parties with respect to the subject matter of this Agreement and shall supersede all prior negotiations, representations, or agreements, either written or oral, between the Parties as of the Effective Date.

44. Counterparts.

All signatures need not appear on the same counterpart of this Agreement and all counterparts of this Agreement shall constitute one and the same instrument.

45. Notices.

All notices to a Party required or permitted under this Agreement shall be in writing and shall be deemed delivered (i) when delivered in person; (ii) on the third day after mailing, if mailed, postage prepaid, by registered or certified mail (return receipt requested); or (iii) on the day after mailing if sent by a nationally recognized overnight delivery service which maintains records of the time, place, and recipient of delivery. Notices to the Parties shall be sent to the following addresses or to other such addresses as may be furnished in writing by one Party to the other Parties:

Monterey Peninsula Water Management District
5 Harris Court, Building G

Monterey, CA 93940
Attention: General Manager

Monterey Regional Water Pollution Control Agency
5 Harris Court, Building D
Monterey, CA 93940
Attention: General Manager

California American Water
Attn: President
655 W. Broadway, Suite 1410
San Diego, CA 92101

SIGNATURE PAGE FOLLOWS

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first above written.

**MONTEREY REGIONAL WATER POLLUTION
CONTROL AGENCY,**

By: _____

Printed Name: _____

Board Chair, Agency Board of Directors

**MONTEREY PENINSULA WATER MANAGEMENT
DISTRICT,**

By: _____

Printed Name: _____

Chair, District Board of Directors

CALIFORNIA-AMERICAN WATER COMPANY,

By: _____

Printed Name: _____

President

EXHIBIT A

Service Area

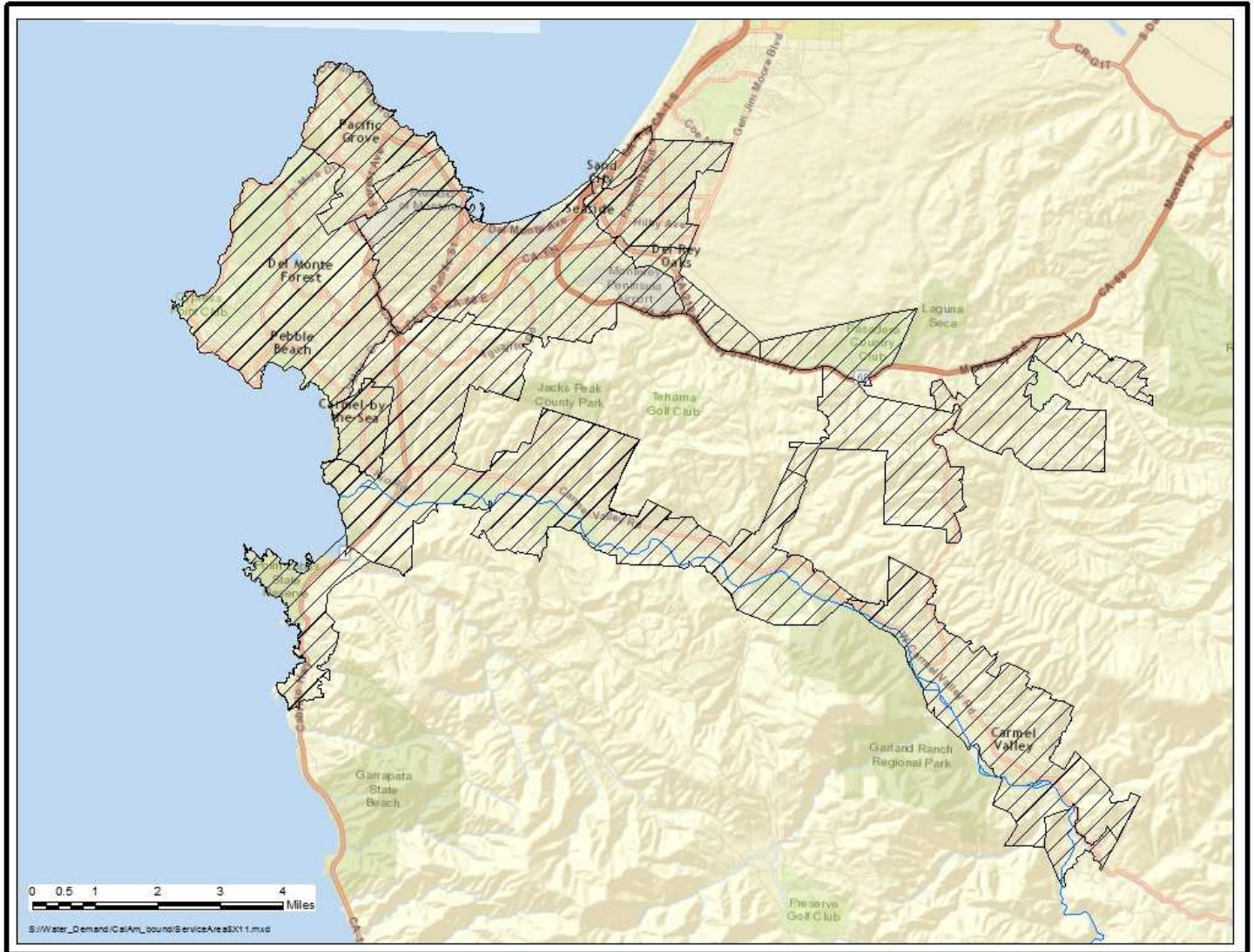


EXHIBIT B**Description of Project**

Source Water Facilities – facilities to enable diversion of new source waters to the existing municipal wastewater collection system and conveyance of those waters as municipal wastewater to the Regional Treatment Plant to increase availability of wastewater for recycling. Modifications would also be made to the existing Salinas Industrial Wastewater Treatment Facility to allow the use of the existing treatment ponds for storage of excess winter source water flows and later delivery to the Regional Treatment Plant for recycling.

AWT Facilities – use of existing primary and secondary treatment facilities at the Regional Treatment Plant, as well as new pre-treatment, advanced water treatment (AWT), product water stabilization, product water pump station, and concentrate disposal facilities.

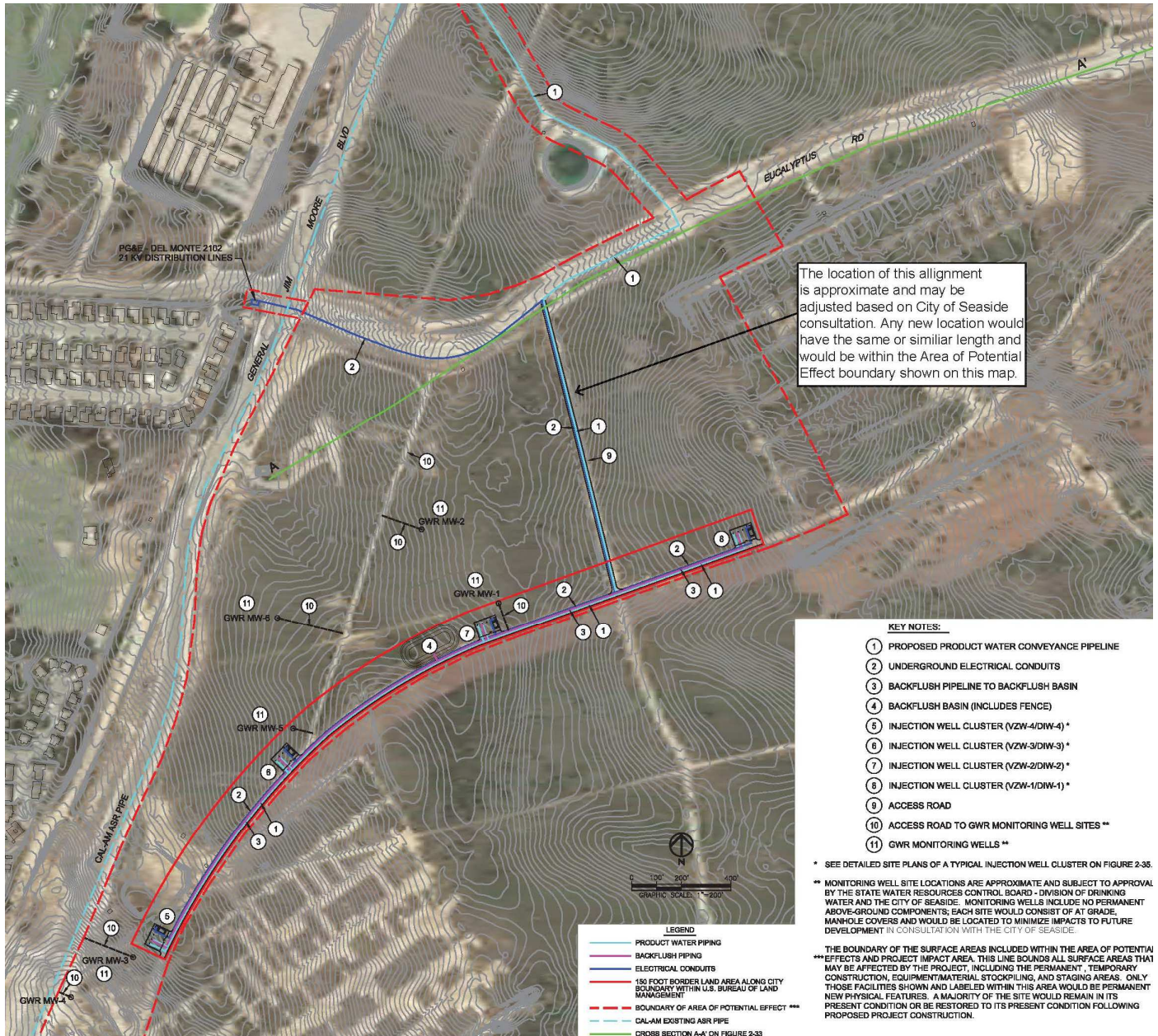
Product Water Facilities – new pipelines, pipeline capacity rights, booster pump station(s), appurtenant facilities along one of two optional pipeline alignments to move the product water from the Regional Treatment Plant to the Seaside Groundwater Basin injection well facilities.

Injection Facilities – new deep and vadose zone wells to inject Proposed Project product water into the Seaside Groundwater Basin, along with associated back-flush facilities, pipelines, electricity/ power distribution facilities, and electrical/motor control buildings.

EXHIBIT C

Delivery Point

AWT Water will be injected into the Seaside Groundwater Basin using new injection wells. The proposed new Injection Well Facilities will be located east of General Jim Moore Boulevard, south of Eucalyptus Road in the City of Seaside, including up to eight injection wells (four deep injection wells, four vadose zone wells, in pairs identified as #5, #6, #7, and #8 in the figure below), six monitoring wells, and back-flush facilities.



The location of this alignment is approximate and may be adjusted based on City of Seaside consultation. Any new location would have the same or similar length and would be within the Area of Potential Effect boundary shown on this map.

* SEE DETAILED SITE PLANS OF A TYPICAL INJECTION WELL CLUSTER ON FIGURE 2-35.
 ** MONITORING WELL SITE LOCATIONS ARE APPROXIMATE AND SUBJECT TO APPROVAL BY THE STATE WATER RESOURCES CONTROL BOARD - DIVISION OF DRINKING WATER AND THE CITY OF SEASIDE. MONITORING WELLS INCLUDE NO PERMANENT ABOVE-GROUND COMPONENTS; EACH SITE WOULD CONSIST OF AT GRADE, MANHOLE COVERS AND WOULD BE LOCATED TO MINIMIZE IMPACTS TO FUTURE DEVELOPMENT IN CONSULTATION WITH THE CITY OF SEASIDE.
 *** THE BOUNDARY OF THE SURFACE AREAS INCLUDED WITHIN THE AREA OF POTENTIAL EFFECTS AND PROJECT IMPACT AREA. THIS LINE BOUNDS ALL SURFACE AREAS THAT MAY BE AFFECTED BY THE PROJECT, INCLUDING THE PERMANENT, TEMPORARY CONSTRUCTION, EQUIPMENT/MATERIAL STOCKPILING, AND STAGING AREAS. ONLY THOSE FACILITIES SHOWN AND LABELED WITHIN THIS AREA WOULD BE PERMANENT NEW PHYSICAL FEATURES. A MAJORITY OF THE SITE WOULD REMAIN IN ITS PRESENT CONDITION OR BE RESTORED TO ITS PRESENT CONDITION FOLLOWING PROPOSED PROJECT CONSTRUCTION.

EXHIBIT D**Required Insurance**

As provided in Section 28 of this Agreement, Agency and District shall, to the extent it continues to be available and applicable to the insured risk, obtain and keep in force during the term of this Agreement the following minimum insurance limits and coverage (or greater where required by Applicable Law). Such coverage will be in place not later than the inception of the covered activity, or such time as the Agency's and the District's insurable interest exists.

The cost of Project insurance obtained pursuant to this Exhibit is a Project Operation and Maintenance Expense as defined in Section 2 of this Agreement.

Upon request, Agency and District will provide Company with a certificate of insurance or memorandum of coverage as to any Project insurance and/or complete copies of policies.

Company shall be provided at least 30 days' written notification of cancellation, material reduction in coverage or reduction in limits.

Project insurance may be issued by a public agency Joint Powers Authority Program or insurance companies authorized to do business in California with a current A. M. Best rating of A or better.

All commercial general liability insurance, including completed operations-products liability, automobile liability, and pollution liability insurance obtained pursuant to this Agreement shall designate Company, its parent and affiliates, their respective directors, officers, employees and agents, as additional covered parties. All such insurance should be primary and non-contributory, and is required to respond and pay prior to any other insurance or self-insurance available to Company. In addition to the liability limits available, such insurance will pay on behalf or will indemnify Company for defense costs. Any other coverage available to Company applies on a contingent and excess basis. All such insurance shall include appropriate clauses pursuant to which the insurance companies shall waive their rights of subrogation against Company, its parent and affiliates, their respective directors, officers, employees and agents.

Agency shall require that the contractors and subcontractors of all tiers as appropriate provide insurance during the pre-construction and construction (as covered activities begin) of the AWT Facilities as described in "Pure Water Monterey – Insurance Requirements for Construction and Design Professional Contracts," attached to this Exhibit D as Attachment 1. Approval of any deviation or exception from these insurance requirements resides solely with the Agency.

Coverages:

i. The Agency will provide coverage as follows:

(a) General liability insurance, including coverage for auto, errors and omissions and employment practices, and for the Water Delivery Guarantee, Water Availability Guarantee, and Water Treatment Guarantee at Sections 12, 13, and 14, respectively, of this Agreement. Total general and excess liability coverage limits shall be no less than \$15,000,000 per occurrence.

(b) “All Risk” Property Insurance (including coverage for Builders’ Risk, with additional coverage for loss or damage by water, earthquake, flood, collapse, and subsidence) with a total insured value equal to replacement cost of the AWT Facilities during the term of this Agreement

(c) Cyber Liability Insurance with \$2,000,000 coverage limits for first and third party limits.

(d) (1) Public Entity Pollution Liability (claims made and reported) with coverage limits in the amounts of \$25,000,000 policy aggregate and \$2,000,000 per pollution condition with a \$75,000 per pollution condition retention; (2) Pollution & Remediation Legal Liability with coverage limits in the amounts of \$1,000,000 each pollution condition and \$5,000,000 aggregate liability limits including a self-insured retention not to exceed \$25,000 each pollution condition; and (3) TankAdvantage Pollution Liability with coverage limits in the amounts of \$1,000,000 each claim and \$2,000,000 aggregate.

(e) Workers’ Compensation/Employers’ Liability. Workers' Compensation and Employer's Liability insurance and excess insurance policy(s) shall be written on a policy form providing workers’ compensation statutory benefits as required by California law. Employers’ liability limits shall be no less than one million dollars (\$1,000,000) per accident or disease.

ii. The District will provide coverage as follows:

(a) General Liability Coverage: \$10,000,000 per Occurrence
Personal injury and Property Damage Coverage

(b) Automobile Liability Coverage: \$10,000,000 per Occurrence
Personal Injury and Property Damage Coverage

(c) Workers’ Compensation Coverage
A. Statutory Workers Compensation Coverage;
B. Employers’ Liability Coverage: \$5,000,000 each Occurrence

(d) Public Officials’ and Employees Errors and Omissions: \$10,000,000 per Occurrence

(e) Property Coverage: \$1,000,000,000 (pooled limit)

Includes Fire, Theft and Flood Coverage with property replacement values

(f) Public Entity Pollution Liability with coverage limits in the amounts of \$10,000,000 per occurrence with a not-to-exceed \$75,000 per-pollution-condition retention; and (2) Pollution & Remediation Legal Liability with coverage limits in the amounts of \$10,000,000 per occurrence including a self-insured retention not to exceed \$25,000 each pollution condition.

Attachment 1**Pure Water Monterey
Proposed Insurance Requirements for Construction
and Design Professional Contracts**

Contractors and design professionals (as that term is used in California Civil Code §2782.8) shall procure and maintain for the duration of the contract, and for twelve (12) years thereafter, insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by the contractor or design professional, his/her agents, representatives, employees, or subcontractors.¹

MINIMUM SCOPE AND LIMIT OF INSURANCE

Coverage shall be at least as broad as:

- 1. Commercial General Liability (CGL):** Insurance Services Office Form CG 00 01 covering CGL on an “occurrence” basis, including products and completed operations, property damage, bodily injury and personal & advertising injury with limits no less than \$5,000,000 per occurrence. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.
- 2. Automobile Liability:** Insurance Services Office Form Number CA 0001 covering Code 1 (any auto), with limits no less than \$5,000,000 per accident for bodily injury and property damage.
- 3. Workers’ Compensation** insurance as required by the State of California, with Statutory Limits, and Employers’ Liability insurance with a limit of no less than \$1,000,000 per accident for bodily injury or disease.
- 4. Builder’s Risk (Course of Construction)** insurance utilizing an “All Risk” (Special Perils) coverage form, with limits equal to the completed value of the project and no coinsurance penalty provisions.
- 5. Surety Bonds** as described below.

¹ The coverages herein are understood to be representative only and the Agency and District retain the right to modify the insurance and indemnity requirements based upon the scope of services for any engagement.

6. **Professional Liability** (for all design professionals and contractors for design/build projects), with limits no less than \$2,000,000 per occurrence or claim, and \$4,000,000 policy aggregate.
7. **Contractors' Pollution Legal Liability and Errors and Omissions** (if project involves environmental hazards) with limits no less than \$2,000,000 per occurrence or claim, and \$4,000,000 policy aggregate.

If the contractor or design professional maintains higher limits than the minimums shown above, the Entity² requires and shall be entitled to coverage for the higher limits maintained by the contractor or design professional. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to the Entity.

Deductibles and Self-Insured Retentions

Any deductibles or self-insured retentions must be declared to and approved by the Entity. At the option of the Entity, either: the contractor shall cause the insurer to reduce or eliminate such deductibles or self-insured retentions as respects the Entity, its officers, officials, employees, and volunteers; or the contractor or design professional shall provide a financial guarantee satisfactory to the Entity guaranteeing payment of losses and related investigations, claim administration, and defense expenses.

The insurance policies are to contain, or be endorsed to contain, the following provisions³:

1. The Entity, its officers, officials, employees, and volunteers are to be covered as additional insureds on the CGL policy with respect to liability arising out of with respect to liability arising out of work or operations performed by or on behalf of the Contractor including materials, parts, or equipment furnished in connection with such work or operations and automobiles owned, leased, hired, or borrowed by or on behalf of the Contractor. General liability coverage can be provided in the form of an endorsement to the Contractor's insurance (at least as broad as ISO Form CG 20 10 10 93, CG 00 01 11 85 or both CG 20 10 10 01 and CG 20 37 10 01 forms if later revisions used).
2. For any claims related to this project, the Contractor's insurance coverage shall be primary insurance as respects the Entity, its officers, officials, employees, and volunteers. Any insurance or self-insurance maintained by the Entity, its officers, officials, employees, or volunteers shall be excess of the Contractor's insurance and shall not contribute with it.

² The term "Entity" as used herein means the Agency or the District.

³ The term "Contractor" as used herein also means Design Professional in context of an agreement for services by a design professional as that term is used in CA CC 2782.8.

3. Each insurance policy required by this clause shall provide at least thirty (30) days' written notification of cancellation, material reduction in coverage or reduction in available limits.

Builder's Risk (Course of Construction) Insurance

Contractor may submit evidence of Builder's Risk insurance in the form of Course of Construction coverage. Such coverage shall name the Entity as a loss payee as their interest may appear.

If the project does not involve new or major reconstruction, at the option of the Entity, an Installation Floater may be acceptable. For such projects, a Property Installation Floater shall be obtained that provides for the improvement, remodel, modification, alteration, conversion or adjustment to existing buildings, structures, processes, machinery and equipment. The Property Installation Floater shall provide property damage coverage for any building, structure, machinery or equipment damaged, impaired, broken, or destroyed during the performance of the Work, including during transit, installation, and testing at the Entity's site.

Claims Made Policies

If any coverage required is written on a claims-made coverage form:

1. The retroactive date must be shown, and this date must be before the execution date of the contract or the beginning of contract work.
2. Insurance must be maintained and evidence of insurance must be provided for at least twelve (12) years after completion of contract work.
3. If coverage is canceled or non-renewed, and not replaced with another claims-made policy form with a retroactive date prior to the contract effective, or start of work date, the Contractor must purchase extended reporting period coverage for a minimum of five (5) years after completion of contract work.
4. A copy of the claims reporting requirements must be submitted to the Entity for review.
5. If the services involve lead-based paint or asbestos identification/remediation, the Contractors Pollution Liability policy shall not contain lead-based paint or asbestos exclusions. If the services involve mold identification/remediation, the Contractors Pollution Liability policy shall not contain a mold exclusion, and the definition of Pollution shall include microbial matter, including mold.

Acceptability of Insurers

Insurance is to be placed with insurers authorized to do business in California with a current A.M. Best rating of no less than A: VII, unless otherwise acceptable to the Entity.

Waiver of Subrogation

Contractor hereby agrees to waive rights of subrogation which any insurer of Contractor may acquire from Contractor by virtue of the payment of any loss. Contractor agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation. The Workers' Compensation policy shall be endorsed with a waiver of subrogation in favor of the Entity for all work performed by the Contractor, its employees, agents and subcontractors.

Verification of Coverage

Contractor shall furnish the Entity with original certificates and amendatory endorsements, or copies of the applicable insurance language, effecting coverage required by this contract. All certificates and endorsements are to be received and approved by the Entity before work commences. However, failure to obtain the required documents prior to the work beginning shall not waive the Contractor's obligation to provide them. The Entity reserves the right to require complete, certified copies of all required insurance policies, including endorsements, required by these specifications, at any time.

Subcontractors

Contractor shall require and verify that all subcontractors maintain insurance meeting all the requirements stated herein, and Contractor shall ensure that Entity is an additional insured on insurance required from subcontractors. For CGL coverage subcontractors shall provide coverage with a format least as broad as CG 20 38 04 13.

Surety Bonds

Contractor shall provide the following Surety Bonds:

1. Bid bond
2. Performance bond
3. Payment bond
4. Maintenance bond

The Payment Bond and the Performance Bond shall be in a sum equal to the contract price. If the Performance Bond provides for a one-year warranty a separate Maintenance Bond is not necessary. If the warranty period specified in the contract is for longer than one year a Maintenance Bond equal to 10% of the contract price is required. Bonds shall be duly executed by a responsible corporate surety, authorized to issue such bonds in the State of California and secured through an authorized agent with an office in California.

Special Risks or Circumstances

Entity reserves the right to modify these requirements, including limits, based on the nature of the risk, prior experience, insurer, coverage, or other circumstances.

Hold Harmless - Contractor

To the fullest extent permitted by law, Contractor shall hold harmless, immediately defend, and indemnify Entity and its officers, officials, employees, and volunteers from and against all claims, damages, losses, and expenses including attorney fees arising out of the performance of the work described herein, caused in whole or in part by any negligent act or omission of the Contractor, any subcontractor, anyone directly or indirectly employed by any of them, or anyone for whose acts any of them may be liable, except to the extent caused by the active negligence, sole negligence, or willful misconduct of the Entity.

Hold Harmless – Design Professional

To the fullest extent permitted by law, Design Professional shall hold harmless, immediately defend, and indemnify Entity and its officers, officials, employees, and volunteers from and against all claims, damages, losses, and expenses including attorney fees that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of the Design Professional, or its employees, agents or subcontractors, except to the extent caused by the active negligence, sole negligence, or willful misconduct of the Entity.

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EXHIBIT 16-BRevisions to Section 16 of WPA
(Redline)Additions in **Bold**Deletions in ~~**Bold Strike Out**~~16. Rate of Payment for Company Water.

For Company Water furnished to the Company under this Agreement, the Company shall pay Company Water Payments to the District on a monthly basis determined as the Company Water Rate multiplied by the quantity of Company Water delivered the previous month. The Company shall not pay for deliveries to the Operating Reserve and the Drought Reserve until such reserves are designated by the Company or the District, as applicable, as Company Water.

The Company Water Rate in each Fiscal Year of the Agreement shall be the sum of the Fixed Project Costs and Project Operation and Maintenance Expenses budgeted for production and delivery of AWT Water in such Fiscal Year, divided by the amount of AWT Water expected to be produced during such Fiscal Year. The Parties agree that the **fundamental rate-setting principles of this Agreement shall be (a) the Company does not pay for water it does not receive, (b) the cost of water shall only reflect the true cost of service consistent with California public agency laws and regulations, and (c) the** Company shall pay only its proportionate share of the costs of the Agency and the District producing AWT Water.

In the first year following the Performance Start Date, the Company Water Rate shall not exceed \$1,720 per acre foot (the “Soft Cap”). Prior to the Performance Start Date, if the first-year Company Water Rate as calculated is expected to exceed the Soft Cap, the Company shall apply to the CPUC for approval of such rate before the Company shall be required under this Agreement to pay an amount greater than the Soft Cap as the Company Water Rate. Unless and until the CPUC approves a Company Water Rate in an amount greater than the Soft Cap, the Company may only accept deliveries of Company Water if the District agrees to charge a Company Water Rate equal to or less than the Soft Cap.

As Project Operation and Maintenance Expenses are projected or budgeted for an upcoming Fiscal Year, the Parties agree there will be a “true-up” or reconciliation at the end of every Fiscal Year following the Performance Start Date to ensure the principles set forth in this section are met. **Such “true-up” shall mean: if actual Project Operation and Maintenance Expenses are more or less than budgeted Project Operation and Maintenance Expenses used to calculate the Company Water Rates paid during the Fiscal Year, a corresponding adjustment (up or down) will be provided against the subsequent Fiscal Year budget and computed Company Water Rate for that Fiscal Year.**

The Parties agree that, given the status of the Agency and the District as governmental agencies and the requirements under law that they incur only reasonable and prudent costs and expenses for purposes related to their governmental duties and the fact that such costs and expenses are subject to public review and scrutiny, all Fixed Project Costs and Project Operation and Maintenance Expenses incurred by the Agency and/or the District in compliance with the terms of this Agreement shall ~~be deemed reasonable and prudent and the CPUC, by its approval of this Agreement, shall be deemed to have agreed that such costs are reasonable and prudent.~~ **reflect only the actual cost of service consistent with California public agency laws and regulations and shall be subject to review consistent with that used for existing water purchase agreements by CPUC-regulated Class A investor-owned water utilities.**

The District covenants and agrees to pay to the Agency the revenues received from the Company from the Company Water Payments provided, however, it will reduce the payment amount by any portion of the Fixed Project Costs and Project Operation and Maintenance Expenses directly paid or incurred by the District.

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ITEM: INFORMATIONAL ITEMS/STAFF REPORTS**17. LETTERS RECEIVED****Meeting Date:** September 19, 2016 **Budgeted:** N/A**From:** David J. Stoldt,
General Manager **Program/** N/A
Line Item No.:**Prepared By:** Arlene Tavani **Cost Estimate:** N/A**General Counsel Review:** N/A**Committee Recommendation:** N/A**CEQA Compliance:** N/A

A list of letters that were submitted to the Board of Directors or General Manager and received between August 9, 2016 and September 7, 2016 is shown below. The purpose of including a list of these letters in the Board packet is to inform the Board and interested citizens. Copies of the letters are available for public review at the District office. If a member of the public would like to receive a copy of any letter listed, please contact the District office. Reproduction costs will be charged. The letters can also be downloaded from the District's web site at www.mpwmd.net.

Author	Addressee	Date	Topic
Anthony Lombardo	Stephanie Locke	9/1/16	150 Sea Foam – Request for Cancellation of Water Permit
Alecia Van Atta	Justine Herrig cc: David Stoldt	8/23/16	NOAA Protest Dismissal
Alan Cleaves	MPWMD Board	8/15/16	Water Permit Transfer from 149 Spray Ave., Monterey to 150 Sea Foam Ave., Monterey
Anthony Lombardo	MPWMD Board	8/11/16	150 Seafoam
Eric Sabolsice	Stephanie Locke cc: David Stoldt	8/5/16	Carmel River Cease and Desist Order, Moratorium on New Water Service or Increased Water Service Due to Change in Zoning or Use
“ “	Justine Guertin cc: David Stoldt	“ “	“ “
“ “	Robert A. Mullane cc: David Stoldt	“ “	“ “
“ “	Mark Brodeur cc: David Stoldt	“ “	“ “
“ “	Kim Cole cc: David Stoldt	“ “	“ “
“ “	Daniel Dawson cc: David Stoldt	“ “	“ “
“ “	Kurt Overmeyer cc: David Stoldt	“ “	“ “

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ITEM: INFORMATIONAL ITEMS/STAFF REPORTS**18. COMMITTEE REPORTS**

Meeting Date: September 19, 2016 **Budgeted:** N/A

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

Prepared By: Arlene Tavani **Cost Estimate:** N/A

General Counsel Review: N/A

Committee Recommendation: N/A

CEQA Compliance: N/A

Attached for your review as **Exhibit 18-A** are final minutes of the August 8, 2016 Administrative Committee meeting.

EXHIBIT

18-A Final Minutes of August 8, 2016 Administrative Committee Meeting

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EXHIBIT 18-A

FINAL MINUTES
Monterey Peninsula Water Management District
Administrative Committee
August 8, 2016

Call to Order

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

Committee members present: Andrew Clarke
 Brenda Lewis
 David Pendergrass

Staff present: David Stoldt, General Manager
 Sara Reyes, Office Services Supervisor

Oral Communications

None

1. Approve Minutes of July 11, 2016 Committee Meeting

On a motion by Lewis and second by Clarke, the minutes of the July 11, 2016 meeting were approved on a vote of 3 to 0.

Items on Board Agenda for August 15, 2016

2. Consider Extension of Cooperative Agreement with the United States Geological Survey for Streamflow Gaging in Water Year 2017

On a motion by Clarke and second by Lewis, the committee voted 3 to 0 to recommend the Board authorize the General Manager to execute the agreement with the USGS providing cooperative investigation of the water resources within the District for Water Year (WY) 2017 for amount not-to-exceed \$14,700.

Other Business

3. Review Fourth Quarter Legal Services Activity Report for Fiscal Year 2015-2016

This was presented to the committee for informational purposes only. No action was required of the committee.

4. Review Draft August 15, 2016 Board Meeting Agenda

A revised agenda was submitted to the committee for review. No changes were made by the committee.

Adjournment

The meeting was adjourned at 4:00 PM.

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ITEM: INFORMATIONAL ITEM/STAFF REPORTS**19. MONTHLY ALLOCATION REPORT**

Meeting Date:	September 19, 2016	Budgeted:	N/A
From:	David J. Stoldt, General Manager	Program:	N/A
		Line Item No.:	
Prepared By:	Gabriela Ayala	Cost Estimate:	N/A

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

SUMMARY: As of August 31, 2016, a total of **25.830** acre-feet (**7.5%**) of the Paralta Well Allocation remained available for use by the Jurisdictions. Pre-Paralta water in the amount of **35.561** acre-feet is available to the Jurisdictions, and **30.384** acre-feet is available as public water credits.

Exhibit 19-A shows the amount of water allocated to each Jurisdiction from the Paralta Well Allocation, the quantities permitted in August 2016 (“changes”), and the quantities remaining. The Paralta Allocation had no debits in August 2016.

Exhibit 19-A also shows additional water available to each of the Jurisdictions and the information regarding the Community Hospital of the Monterey Peninsula (Holman Highway Facility). Additional water from expired or canceled permits that were issued before January 1991 are shown under “PRE-Paralta.” Water credits used from a Jurisdiction’s “public credit” account are also listed. Transfers of Non-Residential Water Use Credits into a Jurisdiction’s Allocation are included as “public credits.” **Exhibit 19-B** shows water available to Pebble Beach Company and Del Monte Forest Benefited Properties, including Macomber Estates, Griffin Trust. Another table in this exhibit shows the status of Sand City Water Entitlement.

BACKGROUND: The District’s Water Allocation Program, associated resource system supply limits, and Jurisdictional Allocations have been modified by a number of key ordinances. These key ordinances are listed in **Exhibit 19-C**.

EXHIBITS

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

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EXHIBIT 19-A

MONTHLY ALLOCATION REPORT
Reported in Acre-Feet
For the month of August 2016

Jurisdiction	Paralta Allocation*	Changes	Remaining	PRE-Paralta Credits	Changes	Remaining	Public Credits	Changes	Remaining	Total Available
Airport District	8.100	0.000	5.197	0.000	0.000	0.000	0.000	0.000	0.000	5.197
Carmel-by-the-Sea	19.410	0.000	1.397	1.081	0.000	1.081	0.910	0.000	0.182	2.660
Del Rey Oaks	8.100	0.000	0.000	0.440	0.000	0.000	0.000	0.000	0.000	0.000
Monterey	76.320	0.000	0.203	50.659	0.000	0.030	38.121	0.000	3.661	3.894
Monterey County	87.710	0.000	10.284	13.080	0.000	0.000	7.827	0.000	1.891	12.175
Pacific Grove	25.770	0.000	0.000	1.410	0.000	0.012	15.874	0.000	0.133	0.145
Sand City	51.860	0.000	0.000	0.838	0.000	0.000	24.717	0.000	23.373	23.373
Seaside	65.450	0.000	8.749	34.438	0.000	34.438	2.693	0.000	1.144	44.331
TOTALS	342.720	0.000	25.830	101.946	0.000	35.561	90.142	0.000	30.384	91.775

Allocation Holder	Water Available	Changes this Month	Total Demand from Water Permits Issued	Remaining Water Available
Quail Meadows	33.000	0.000	32.237	0.763
Water West	12.760	0.030 Credit	9.039	3.751

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

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EXHIBIT 19-B

**MONTHLY ALLOCATION REPORT
ENTITLEMENTS
Reported in Acre-Feet
For the month of August 2016**

Recycled Water Project Entitlements

Entitlement Holder	Entitlement	Changes this Month	Total Demand from Water Permits Issued	Remaining Entitlement/and Water Use Permits Available
Pebble Beach Co. ¹	237.280	0.280	25.994	211.286
Del Monte Forest Benefited Properties ² (Pursuant to Ord No. 109)	127.720	0.250	43.960	83.760
Macomber Estates	10.000	0.000	9.595	0.405
Griffin Trust	5.000	0.000	4.809	0.191
CAWD/PBCSD Project Totals	380.000	0.530	84.358	295.642

Entitlement Holder	Entitlement	Changes this Month	Total Demand from Water Permits Issued	Remaining Entitlement/and Water Use Permits Available
City of Sand City	165.000	0.000	2.999	162.001
Malpaso Water Company	80.000	0.030	0.446	79.554
D.B.O. Development No. 30	13.95	0.000	0.000	13.95
City of Pacific Grove	66.000	0.000	0.000	66.000

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

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EXHIBIT 19-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**20. WATER CONSERVATION PROGRAM REPORT**

Meeting Date: September 19, 2016 **Budgeted:** N/A

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

Prepared By: Kyle Smith **Cost Estimate:** N/A

Committee Recommendation: N/A

CEQA Compliance: N/A

I. MANDATORY WATER CONSERVATION RETROFIT PROGRAM

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

A. Changes of Ownership

Information is obtained monthly from *Realquest.com* on properties transferring ownership within the District. The information is entered into the database and compared against the properties that have submitted WCCs. Details on **135** property transfers that occurred in August 2016 were entered into the database.

B. Certification

The District received **29** WCCs between August 1, 2016, and August 31, 2016. Data on ownership, transfer date, and status of water efficiency standard compliance were entered into the database.

C. Verification

In August, **75** properties were verified to be in compliance with Rule 144 (Retrofit Upon Change of Ownership or Use). Of the **87** verifications, **44** properties verified compliance by submitting certification forms and/or receipts. District staff completed **43** site inspections. Of the **43** properties inspected **31 (72%)** were in compliance. **None** of the properties that passed inspection involved more than one visit to verify compliance with all water efficiency standards.

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

Savings Estimate

Water savings from HET retrofits triggered by Rule 144 verified in August 2016 are estimated at **0.250** acre-feet annually (AFA). Water savings from retrofits that exceeded requirements (i.e., HETs to Ultra High Efficiency Toilets) is estimated at **0.500** AFA (40 toilets). Year-to-date estimated savings occurring as a result of toilet retrofits is **8.340** 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 **81** inspections. Of the **81** inspections certified, **52 (64%)** 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 August 2016, MPWMD referred **19** 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 or www.montereywaterinfo.org. There were **three** 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 August 2016. **Four** Water Permits were issued using Water Entitlements (Macomber, Pebble Beach Company, Griffin Estates, etc). No Water Permit involved a debit to a Public Water Credit Account.

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

District Rule 24-3-A allows the addition of a second Bathroom in an existing Single-Family Dwelling on a Single-Family Residential Site. Of the **81** Water Permits issued in August, **twenty** were issued under this provision.

B. Permit Compliance

District staff completed **50** Water Permit final inspections during August 2016. **Fourteen** of the final inspections failed due to unpermitted fixtures. Of the **41** properties that were in compliance, **25** passed on the first visit. In addition, **nine** pre-inspection 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 August, the District prepared **71** deed restrictions. Of the **81** Water Permits issued in August, **46 (56%)** required deed restrictions. District staff provided Notary services for **87** 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		August-2016				2016 YTD	1997 - Present	
I. <u>Application Summary</u>								
A.	Applications Received	131				1362	22,197	
B.	Applications Approved	91				1069	17,424	
C.	Single Family Applications	118				1258	19,995	
D.	Multi-Family Applications	7				65	1,112	
E.	Non-Residential Applications	6				39	291	
II. <u>Type of Devices Rebated</u>		Number of devices	Rebate Paid	Estimated AF	Gallons Saved	YTD Quantity	YTD Paid	YTD Est AF
A.	High Efficiency Toilet (HET)	22	2156.00	0.918456	299,280	145	14,345.00	6.05346
B.	Ultra Low Flush to HET	33	3267.00	0.330000	107,531	273	26,891.57	2.73
C.	Ultra HET	10	1490.00	0.100000	32,585	173	25,496.80	1.73
D.	Toilet Flapper	0	0.00	0.000000	0	2	17.25	0
E.	High Efficiency Dishwasher	10	1250.00	0.030000	9,776	122	15,250.00	0.366
F.	High Efficiency Clothes Washer	29	14396.58	0.466900	152,140	379	190,841.22	6.503972
G.	Instant-Access Hot Water System	1	189.00	0.000000	0	21	3,890.00	0
H.	On Demand Systems	0	0.00	0.000000	0	5	500.00	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	2	773.75	0.000000	0	47	56,687.25	0
M.	Smart Controllers	0	0.00	0.000000	0	5	664.12	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	20	24,547.00	2.198174
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>		107	23522.33	1.845356	601,311	1192	359,130.21	19.581606
						2016 YTD	1997 - Present	
IV. <u>Total Rebated: YTD; Program</u>						359,130.21	5,253,423.27	
V. <u>Estimated Water Savings in Acre-Feet Annually*</u>						19.581606	504.318571	

* 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.

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ITEM: INFORMATIONAL ITEMS/STAFF REPORTS**21. CARMEL RIVER FISHERY REPORT FOR AUGUST 2016****Meeting Date:** September 19, 2016 **Budgeted:** N/A**From:** David J. Stoldt,
General Manager **Program/
Line Item No.:** N/A**Prepared By:** Beverly Chaney **Cost Estimate:** N/A**General Counsel Review:** N/A**Committee Recommendation:** N/A**CEQA Compliance:** N/A

AQUATIC HABITAT AND FLOW CONDITIONS: August flow conditions in the lower Carmel River were poor for migration and generally poor for rearing for all steelhead life stages. Rearing conditions in the upper watershed were fair.

Mean daily streamflow at the Sleepy Hollow Weir dropped from 6.6 to 5.7 cubic feet-per-second (cfs) (monthly mean 6.3 cfs) resulting in 373 acre-feet (AF) of runoff, while Highway 1 was dry.

No August rainfall was recorded at Cal-Am's San Clemente gauge. The rainfall total to date for WY 2016 (which started on October 1, 2015) is 22.25 inches, or 106% of the long-term year-to-date average of 20.98 inches.

CARMEL RIVER LAGOON: August water surface elevations (WSE) dropped from approximately 6.2 to 5.9 feet above mean-sea-level (see graph below).

Water-quality profiles were conducted in early August at five lagoon sites. Water conditions in the main body, north, and lower south arms were generally "fair" for steelhead rearing with water temperatures between 66 and 69 degrees Fahrenheit, dissolved oxygen (DO) ranging from 1 - 14 mg/L, and low salinity levels between 2 - 4 parts per thousand (ppt).

STEELHEAD RESCUES: Summer steelhead rescues started on June 13, 2016 in the mainstem. Only five days of rescues were needed in August and through the end of the month a total of 655 fish had been rescued, including 421 young-of-the-year (YOY), 113 age 1+ year juveniles (1+), 115 age 2+ year residents (2+). There were six mortalities (0.90%).

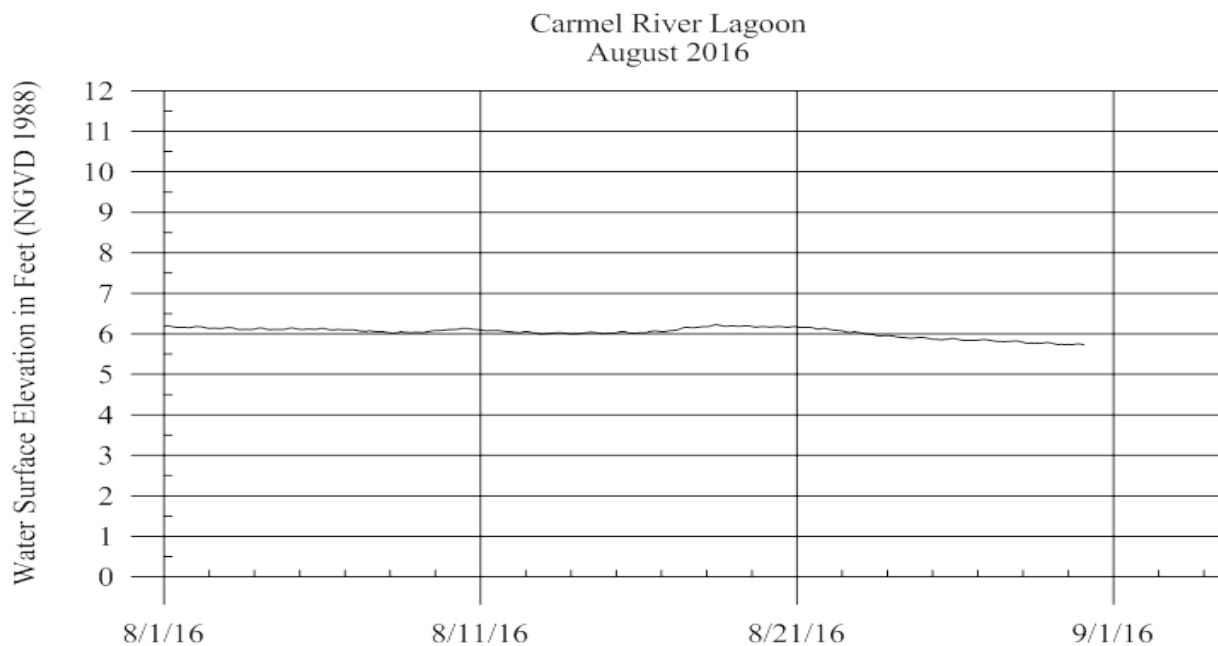
Of the 655 rescued fish, 242 were from the drying and isolated plunge pool below Los Padres Dam. They were released back into the river ~100m downstream. An additional 14 rescued fish were released in the Robles Del Rio area when access to SHSRF was limited due to the Soberanes Fire.

Rescues were conducted on the lower sections of three tributaries in late May/June. A total of 247 fish were captured and released into the Carmel River near the confluences. Hitchcock

Creek – 177 fish (mostly YOY); Robinson Canyon Cr. – 0 fish; Garzas Cr. – 70 fish (mix of YOY and 1+ fish). There were also two mortalities (0.81%).

SLEEPY HOLLOW STEELHEAD REARING FACILITY: The first rescued fish were brought to the Facility on June 13, 2016. On August 24th, District and NMFS staff PITT tagged (Passive Integrated Transponder Tags) and transferred 361 fish from the holding tanks to the rearing channel. PIT tagged fish are individually numbered and can be tracked as they migrate past fixed electrical arrays placed in the river.

At the end of August there were 350 steelhead in the Facility including 241 small/medium YOY/1+, 92 large 1+ fish, and 17 extra-large 2+ fish. There have been 42 mortalities (10.6%) (six in quarantine, 11 post tagging mortality, and 25 missing/presumed cannibalism).



ITEM: INFORMATIONAL ITEMS/STAFF REPORT**22. MONTHLY WATER SUPPLY AND CALIFORNIA AMERICAN WATER PRODUCTION REPORT****Meeting Date:** September 19, 2016 **Budgeted:** N/A**From:** David J. Stoldt,
General Manager **Program/** N/A
Line Item No.:**Prepared By:** Jonathan Lear **Cost Estimate:** N/A**General Counsel Review:** N/A**Committee Recommendation:** N/A**CEQA Compliance:** N/A

Exhibit 22-A shows the water supply status for the Monterey Peninsula Water Resources System (MPWRS) as of **September 1, 2016**. This system includes the surface water resources in the Carmel River Basin, the groundwater resources in the Carmel Valley Alluvial Aquifer and the Seaside Groundwater Basin. **Exhibit 22-A** is for Water Year (WY) 2016 and focuses on four factors: rainfall, runoff, and storage. The rainfall and Streamflow values are based on measurements in the upper Carmel River Basin at Sleepy Hollow Weir.




Water Supply Status: As shown, rainfall through **August** 2016 totaled **0.00 inches** and brings the cumulative rainfall total for WY 2016 to **22.25 inches**, which is **106%** of the long-term average through **August**. Estimated unimpaired runoff during **August** 2016 totaled **140 acre-feet (AF)** and brings the cumulative runoff total for WY 2016 to **44,784 AF**, which is **67%** of the long-term average through **August**. Usable storage, which includes surface and groundwater, was **30,302** or **104%** of the long-term average at the end of **August**. This storage equates to **81%** of system capacity.

Production Compliance: Under State Water Resources Control Board (SWRCB) Cease and Desist Order No. 2009-0060, California American Water (Cal-Am) is allowed to produce no more than 9,703 AF of water from the Carmel River in WY 2016. In addition, under the Seaside Basin Decision, Cal-Am is allowed to produce 2,251AF of water from the Coastal Subareas and 48 AF from the Laguna Seca Subarea of the Seaside Basin in WY 2016. Altogether, Cal-Am is currently allowed to produce 11,954 AF from Carmel River and Seaside Coastal sources for customers in its main Monterey system and 48 AF from the Laguna Seca Subarea for customers in Ryan Ranch, Hidden Hills, and Bishop Systems (not adjusted for Sand City Desalination). For WY 2016 through **August**, Cal-Am has produced **8,817 AF** from the Carmel River (including ASR and Table 13), and Seaside Basin. This water production is **2,304 AF** or **18.7 % less** than the target specified for Cal-Am's production from the MPWRS for WY 2016 to date. Cal-Am has produced **8,713 AF** for customer use through **August**. A breakdown of Cal-Am's production for WY 2016 is included as **Exhibit 22-B**. For WY 2016 through **August**, **459 AF** of Carmel River Basin groundwater have been diverted for Seaside Basin injection; **304 AF** have been recovered for customer use and **137 AF** have been diverted under Table 13. **Exhibit 22-C** shows production breakdown from all sources for all uses. Some of the values in this report may be revised in the future as Cal-Am finalizes their production values and monitoring data.

EXHIBITS**22-A** Water Supply Status: **September 1, 2016****22-B** Monthly Cal-Am Diversions from Carmel River and Seaside Groundwater Basins:
Water Year 2016**22-C** Monthly Cal-Am production by source: WY 2016

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EXHIBIT 22-A

Monterey Peninsula Water Management District Water Supply Status September 1, 2016					
Factor	Water Year 2016 Oct - Aug	Average To Date	Percent of Average	Water Year 2015 Oct - Aug	
	Rainfall (Inches)	22.25	20.98	106%	15.99
	Runoff (Acre-Feet)	44,784	67,282	67%	22,209
	Storage (Acre-Feet)	30,302	29,018	104%	27,340

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 67,442 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 1922-2015 and 1902-2015 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 1989-2015 period. The storage estimates are end-of-month values for the dates referenced in the table.
4. The maximum usable storage capacity for the MPWRS at this time, with the flashboard in at Los Padres Dam and no capacity at San Clemente Dam, is 37,639 acre-feet.

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Production vs. CDO and Adjudication to Date: WY 2016

(All values in Acre-Feet)

Year-to-Date Values	Carmel River Basin ²	Seaside Groundwater Basin		Water Rights and Projects			MPWRS Total	Percent Below Target
		Coastal	Laguna Seca	ASR Recovery	Table 13	Sand City ³		
Target	8,055	1,801	43	450	227	275	10,851	18.7%
Actual ⁴	7,272	1,260	285	459	137	136	8,817	
Difference	783	541	-242	-9	91	139	2,034	

1. This table is current through the last populated month of the table below.
2. For CDO compliance, ASR and Table 13 diversions are included in River production per State Board.
3. Sand City Desal is not part of the MPWRS production and is tracked as a new source.
4. To date, 699 AF and 137 AF have been produced from the River for ASR and Table 13 respectively.

Monthly Production from all Sources for Customer Service: WY 2016

(All values in Acre-Feet)

	Carmel River	Seaside Basin	ASR Recovery	Table 13	Sand City	Total
Oct-15	568	288	0	0	11	867
Nov-15	479	187	0	0	0	666
Dec-15	527	117	0	0	0	644
Jan-16	495	87	0	42	2	627
Feb-16	606	44	0	10	5	664
Mar-16	427	139	0	81	15	662
Apr-16	698	54	0	3	28	783
May-16	761	98	0	0	22	881
Jun-16	614	165	149	0	20	948
Jul-16	680	141	155	0	9	986
Aug-16	583	225	155	0	23	987
Sep-16						
Total	6,437	1,545	459	137	136	8,713

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

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California American Water Production by Source: Water Year 2016

	Carmel Valley Wells ¹						Seaside Wells ²						Total Wells			Sand City Desal			
	Actual		Anticipated ³		Under Target		Actual		Anticipated		Under Target		Actual	Anticipated	Acre-Feet Under Target	Actual	Anticipated	Under Target	
	Upper	Lower	Upper	Lower	Upper	Lower	Coastal	LagunaSeca	Coastal	LagunaSeca	Coastal	LagunaSeca	acre-feet	acre-feet	acre-feet	acre-feet	acre-feet	acre-feet	
Oct-15	0	568	0	568	0	0	258	31	400	5	142	-26	856	973	117	11	25	14	
Nov-15	0	479	0	479	0	0	166	21	300	3	134	-18	665	782	116	0	25	25	
Dec-15	0	527	35	637	35	110	97	20	100	3	3	-17	644	775	131	0	25	25	
Jan-16	85	662	0	725	-85	63	69	19	100	3	31	-16	835	828	-7	2	25	23	
Feb-16	53	622	0	926	-53	304	25	19	100	2	75	-17	719	1,028	309	5	25	20	
Mar-16	154	731	0	1,011	-154	280	119	19	100	3	-19	-16	1024	1,114	90	15	25	10	
Apr-16	24	729	0	994	-24	265	29	25	0	3	-29	-22	807	997	190	28	25	-3	
May-16	24	736	0	1,191	-24	455	68	30	0	5	-68	-25	859	1,196	337	22	25	3	
Jun-16	0	614	0	959	0	345	282	33	150	5	-132	-28	928	1,114	186	20	25	5	
Jul-16	0	680	0	1,027	0	347	261	35	300	6	39	-29	976	1,333	357	9	25	16	
Aug-16	0	583	0	796	0	213	346	34	321	5	-25	-29	963	1,122	159	23	25	2	
Sep-16																			
To Date	342	6,931	35	9,312	-307	2,381	1,719	285	1,871	43	152	-242	9,276	11,261	1,985	136	275	139	

Total Production: Water Year 2016

	Actual	Anticipated	Acre-Feet Under Target
Oct-15	867	998	131
Nov-15	666	807	141
Dec-15	644	800	156
Jan-16	837	853	16
Feb-16	723	1,053	329
Mar-16	1,039	1,139	100
Apr-16	835	1,022	187
May-16	881	1,221	340
Jun-16	948	1,139	191
Jul-16	986	1,358	372
Aug-16	987	1,147	160
Sep-16			
To Date	9,412	11,536	2,124

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



Supplement to 9/19/16 MPWMD Board Packet

Attached are copies of letters received between August 9, 2016 through September 7, 2016. These letters are listed in the September 19, 2016 Board packet under Letters Received.

Author	Addressee	Date	Topic
Anthony Lombardo	Stephanie Locke	9/1/16	150 Sea Foam – Request for Cancellation of Water Permit
Alecia Van Atta	Justine Herrig cc: David Stoldt	8/23/16	NOAA Protest Dismissal
Alan Cleaves	MPWMD Board	8/15/16	Water Permit Transfer from 149 Spray Ave., Monterey to 150 Sea Foam Ave., Monterey
Anthony Lombardo	MPWMD Board	8/11/16	150 Seafoam
Eric Sabolsice	Stephanie Locke cc: David Stoldt	8/5/16	Carmel River Cease and Desist Order, Moratorium on New Water Service or Increased Water Service Due to Change in Zoning or Use
“ “	Justine Guertin cc: David Stoldt	“ “	“ “
“ “	Robert A. Mullane cc: David Stoldt	“ “	“ “
“ “	Mark Brodeur cc: David Stoldt	“ “	“ “
“ “	Kim Cole cc: David Stoldt	“ “	“ “
“ “	Daniel Dawson cc: David Stoldt	“ “	“ “
“ “	Kurt Overmeyer cc: David Stoldt	“ “	“ “

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ANTHONY LOMBARDO & ASSOCIATES

A PROFESSIONAL CORPORATION

ANTHONY L. LOMBARDO
KELLY MCCARTHY SUTHERLAND
MICHAEL A. CHURCHILL
CODY J. PHILLIPS

144 W. GABILAN STREET
SALINAS, CA 93901
(831) 751-2330
FAX (831) 751-2331

September 1, 2016

RECEIVED

SEP - 2 2016

MPWMD

011-462-039

Stephanie Locke
Water Demand Manager
MPWMD
P.O. Box 85
Monterey, CA 93942-0085

RE: 150 Sea Foam—Request for Cancellation of Water Permit

Dear Ms. Locke:

Following up on our recent exchange of correspondence, on behalf of our client The Dale Hogan Family Trust, the owner of a vacant parcel at 150 Sea Foam and the adjacent property at 149 Spray Avenue in the City of Monterey, we request the immediate cancellation of recently approved Water Permit #34741.

At the recent appeal hearing regarding our client's water permit application, Cal Am Water's Operations Manager stated that the company considers any sub meter installation a violation of their cease and desist order (CDO). Following the hearing, we had further discussions with Cal Am regarding this issue and were advised that Cal Am would very likely respond to installation of the requested sub meter by removing 149 Spray's existing service meter. The trust has no intention of losing its existing service and therefore seeks the cancellation of Permit #34741.

Enclosed please find a draft for \$151 payable to the MPWMD for the requested fee for releasing the deed restriction the MPWMD recently recorded on 150 Sea Foam. Please refund the previously tendered fixture fees care of this office.

The trust will wait until additional water becomes available and the CDO is lifted to proceed with obtaining water for 150 Sea Foam.

Sincerely,



Michael A. Churchill
MAC/gp

cc: Client
Dave Prew



UNITED STATES DEPARTMENT OF COMMERCE 3
National Oceanic and Atmospheric Administration
NATIONAL MARINE FISHERIES SERVICE

West Coast Region
777 Sonoma Avenue, Room 325
Santa Rosa, California 95404

Justine Herrig
State Water Resources Control Board
Division of Water Rights
P.O. Box 2000
Sacramento, California 95812-2000

AUG 23 2016
RECEIVED
AUG 29 2016
MPWMD

Dear Ms. Herrig:

This letter concerns NOAA's National Marine Fisheries Service's (NMFS) protest dismissal for two of the three water rights applications submitted by the Monterey County Water Resources Agency (MCWRA) for new surface water diversions on the Blanco Drain (Application 33263A), the Salinas Reclamation Ditch (Application 33263B), and Tembladero Slough (Application 33263C) in northern Monterey County, California. The proposed purpose of use for the three diversions is to create purified recycled water for injection into the Seaside Groundwater Basin, and to provide additional recycled water for irrigation within the Castroville Seawater Intrusion Project area. These uses are part of the Pure Water Monterey Project proposed by the Monterey Regional Water Pollution Control Agency (MRWPCA), in partnership with the Monterey Peninsula Water Management District (MPWMD).

As outlined in the applications submitted by MCWRA, the proposed Blanco Drain diversion (Application 33263A) would be a year-round diversion, with a maximum rate of diversion of 6 cubic feet per second (cfs) and would authorize storage up to 3,000 acre-feet (af) annually. The Salinas Reclamation Ditch diversion (Application 33263B) would be a year-round surface water diversion of up to 6 cfs and a maximum of 2,000 af to storage annually. The Tembladero Slough diversion (Application 33263C) would also be a year-round surface water diversion of up to 3 cfs and a maximum of 1,500 af to storage annually. The diverted water would be co-mingled at the Regional Treatment Plant with other source waters before being treated for storage or municipal use or use for irrigation.

NMFS is responsible for administration of the Federal Endangered Species Act (ESA) as it applies to threatened and endangered anadromous salmonids. This responsibility includes working with the State Water Resources Control Board (SWRCB) to resolve water resource issues in concert with conservation of threatened and endangered species (ESA 2(c)(2)).

On February 16, 2016, NMFS submitted individual protest letters to SWRCB for Applications 33263A, 33263B and 33263C. Our protests were based on the potential of adverse impacts to



federally listed species and their habitats, outcomes which would be an adverse environmental impact and not be in the public interest. Specifically, the potential to adversely affect South-Central California Coast (S-CCC) steelhead in the Salinas River and the Reclamation Ditch/Tembladero Slough (Gabilan Creek), which are listed as threatened under the federal Endangered Species Act (ESA). The concerns outlined in our protests were based on the following:

1. presence of ESA-listed S-CCC steelhead in these waterbodies;
2. direct impacts to steelhead habitat and migration success;
3. limits to population recovery; and
4. cumulative effects of water diversions on steelhead and their habitats.

Between February 16, 2016 and June 20, 2016, NMFS met on multiple occasions with representatives from MCWRA, MPWMD, MRWPCA and their consultants to discuss NMFS' concerns with the proposed diversions, and to develop operating criteria (or terms) that would minimize impacts to steelhead and downstream habitats. The California Department of Fish and Wildlife and SWRCB personnel participated in several of these meetings.

On June 21, 2016, NMFS agreed, in principle, with MCWRA to revised operating criteria for the proposed diversions that would minimize or avoid impacts to steelhead and downstream habitats and thereby result in NMFS formally dismissing its protest for two of the three water rights applications; these criteria are enclosed with this letter. Before providing our written dismissal to SWRCB, NMFS requested the receipt of written agreement on the operating criteria from the MCWRA Board of Directors, the Monterey County Board of Supervisors, as well as from management from MPWMD and MRWPCA. These written agreements were received by NMFS between June 29 and July 14, 2016.

To conclude, NMFS is willing to dismiss our protests against MCWRA's water rights applications for new surface water diversions on the Blanco Drain (Application 33263A) and the Salinas Reclamation Ditch (Application 33263B) if SWRCB accepts the enclosed operating criteria and includes them as terms in Permits 33263A and 33263B. However, NMFS' protest against MCWRA's water right application for a new surface water diversion on Tembladero Slough (Application 33263C) remains in effect.

Should any future monitoring determine the diversions and operating criteria agreed to as part of this dismissal process result in unanticipated adverse impacts to steelhead or their habitat, NMFS would like to work collaboratively with SWRCB and the applicants to develop modifications for the diversion operations that would reduce or avoid these impacts.

Thank you for your cooperation in the above and we look forward to continued opportunities for NMFS and SWRCB to cooperate on the conservation of listed species. If you have any

questions or comments concerning the contents of this letter, please contact Joel Casagrande at (707) 575-6016 or joel.casagrande@noaa.gov, or William Stevens at (707) 575-6066 or william.stevens@noaa.gov.

Sincerely,



Alecia Van Atta
Assistant Regional Administrator
California Coastal Office

Enclosure

cc: Julie Vance and Annette Tenneboe, CDFW, Fresno
Lisa McCann, CCRWQCB, San Luis Obispo
Jacob Martin, USFWS, Watsonville
David Chardavoyne, MCWRA, Salinas
David Stoldt, MPWMD, Monterey
Paul Sciuto, MRWPCA, Monterey
Copy to Administrative File: 151416WCR2016SR00298
Copy to Chron File

MONTEREY COUNTY

WATER RESOURCES AGENCY

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

DAVID E. CHARDAVOYNE
GENERAL MANAGER



STREET ADDRESS
893 BLANCO CIRCLE
SALINAS, CA 93901-4455

July 15, 2016

Via Electronic and U.S. Mail

AleciaVanAtta@noaa.gov

Alecia Van Atta
Assistant Regional Administrator
U.S. Department of Commerce, NOAA
National Marine Fisheries Service, West Coast Region
777 Sonoma Avenue, Room 325
Santa Rosa, CA 95404

Dear Ms. Van Atta:

Re: Final Protest Dismissal Terms for the State Boards Water Right Application Nos. 32263A and 32263B of the Monterey County Water Resources Agency

The Monterey County Water Resources Agency (MCWRA) received notice from the State Water Resources Control Board (SWRCB) by letter dated February 19, 2016, that the National Marine Fisheries Service (NMFS) as well as the California Department of Fish and Wildlife (CDFW) had protested the subject water rights applications related to the Pure Water Monterey (PWM) Groundwater Replenishment Project. As you are aware, The PWM Project provides safe, resilient, and sustainable replacement water for Monterey County that includes advanced water recycling technology, replenishment of regional groundwater basins to offset use of existing water supplies, and protection of the environment.

Since the February letter, MCWRA staff and the PWM team have met with NMFS and CDFW staff to work toward resolution of the water rights protests filed. There were numerous coordination calls and emails between the parties as well as regular meetings. As the result of those efforts, the final Memo attached to this letter outlines protest dismissal terms addressing each agencies' concerns. NMFS staff requested written acceptance of these terms from the MCWRA Board of Directors, MCWRA Board of Supervisors, MRWPCA Board of Directors, and MPWMD Board of Directors prior to submitting a letter to the SWRCB dismissing the protest for these two water rights. These four governing boards approved the subject terms between June 20-28, 2016 and written acceptance has been forwarded to NMFS.

Ms. Alecia Van Atta
Page 2 of 2
July 15, 2016

Because further delays may harm the Pure Water Monterey Project's ability to timely meet Carmel River replacement water supply needs of the Monterey Peninsula related to the State Board Cease and Desist Order, we look forward to the timely completion of the formal protest dismissal process. If you should have any questions or require additional information, please contact Shaunna Juarez at juarezsl@co.monterey.ca.us or (831) 755-4865. Thank you for all your efforts to reach an agreement on these water rights applications.

Sincerely,



Attachment

cc:	William Stevens, NOAA NMFS	William.Stevens@noaa.gov
	Joel Casagrande, NOAA NMFS	joel.casagrande@noaa.gov
	Paul Sciuto, MRWPCA	Paul@mrwpc.com
	Dave Stoldt, MPWMD	dstoldt@mpwmd.net
	Shaunna Juarez, MCWRA	JuarezSL@co.monterey.ca.us

REVISED MEMORANDUM

TO: ALECIA VAN ATTA, BILL STEVENS, AND JOEL CASAGRANDE, NATIONAL MARINE FISHERIES SERVICE (NMFS)

FROM: PAUL SCIUTO, MONTEREY REGIONAL WATER POLLUTION CONTROL AGENCY (MRWPCA), DAVID STOLDT, MONTEREY PENINSULA WATER MANAGEMENT DISTRICT (MPWMD) AND DAVID CHARDAVOYNE, MONTEREY COUNTY WATER RESOURCES AGENCY (MCWRA)

SUBJECT: PROPOSED PROTEST DISMISSAL TERMS - WATER RIGHTS APPLICATIONS 32263A, BLANCO DRAIN, AND 32263B, RECLAMATION DITCH, MONTEREY COUNTY

DATE: JUNE 21, 2016

CC: SHAUNNA JUAREZ, MCWRA; BILL KOCHER, MRWPCA; LARRY HAMPSON, MPWMD; MIKE MCCULLOUGH, MRWPCA; ALISON IMAMURA, DD&A; BRENT BUCHE, MCWRA; JULIE VANCE, CALIFORNIA DEPARTMENT OF FISH AND WILDLIFE (CDFW); ANNEE FERRANTI, CDFW; ANNETTE TENNEBOE, CDFW

ATTACHMENT: 1. PURE WATER MONTEREY PROJECT FLOWS AND YIELDS

This letter is in response to a request for a synopsis of the Pure Water Monterey Project, issues of concern to National Marine Fisheries Service (NMFS), and a proposal of key protest dismissal terms regarding NMFS's protest of Monterey County Water Resources Agency's (MCWRA) Water Rights Applications #32263A (Blanco Drain), #32263B (Reclamation Ditch), and #32263C (Tembladero Slough).

The Pure Water Monterey Project provides safe, resilient, and sustainable replacement water for Monterey County that includes advanced water recycling technology, replenishment of regional groundwater basins to offset use of existing water supplies, and protection of the environment. The Pure Water Monterey Project will be the first of its kind to utilize not just municipal wastewater and stormwater, but also Clean Water Act Section 303(d) listed, impaired surface waters that flow to the Salinas River, Salinas River Lagoon, Reclamation Ditch, Tembladero Slough, and the Monterey Bay National Marine Sanctuary/Pacific Ocean. The proposed Blanco Drain and Reclamation Ditch diversions are key components of the Pure Water Monterey Project. The Blanco Drain and Reclamation Ditch diversions are estimated to provide about a third of the approximately 10,000 AFY of source water, including unused existing winter wastewater flow, needed as influent to the Regional Wastewater Treatment Plant to implement the Pure Water Monterey Project.

We understand NMFS is concerned that the proposed diversions from Blanco Drain, Reclamation Ditch, and Tembladero Slough, individually and in combination, would reduce the amount of water flowing into the lower Salinas Valley watershed area (specifically, the Salinas River Lagoon, the Tembladero Slough and the Old Salinas River Channel) possibly resulting in adverse effects on S-CCC Steelhead Distinct Population Segment (S-CCC steelhead). Key NMFS comments that the local agencies heard and hereby acknowledge include:

- Requests for adequate bypass flows in the Salinas River, Reclamation Ditch, and Tembladero Slough for fish passage.

PROPOSED PROTEST DISMISSAL TERMS - WATER RIGHTS APPLICATIONS 32263A, BLANCO DRAIN, AND 32263B, RECLAMATION DITCH, MONTEREY COUNTY

June 21, 2016

Page 2

- Requests for adequate flows, surface water elevations, and water quality in the Salinas Lagoon (between April 1 and October 31 of certain years), Reclamation Ditch, Tembladero Slough, and Old Salinas River Channel, for fisheries, including ensuring adequate water for any potential future restoration or habitat enhancement in these areas.

The Pure Water Monterey Project team consisting of MRWPCA, MPWMD, MCWRA, and their consultants (Hagar Environmental Services, HDR, Schaaf and Wheeler Consulting Hydrologists and Engineers, Denise Duffy and Associates) and others spent considerable time and resources analyzing the effects of reduced flow on S-CCC steelhead and associated habitat in these waterbodies. The extensive analysis concluded that the Blanco Drain, Reclamation Ditch, and Tembladero Slough diversions would not adversely impact S-CCC steelhead individuals or habitat with approved mitigation and there would be substantive water quality benefits by diverting and treating Blanco Drain and Reclamation Ditch flows. Water produced by Pure Water Monterey from these diversions would have greater benefits overall for public trust resources than the existing benefits provided by these waters to the downstream waters because of both the Carmel River and lower Salinas Valley watershed and groundwater benefits.

In light of the urgent need for protest resolution and NMFS's ongoing concerns, the MRWPCA, MCWRA, and MPWMD present the following offer for proposed terms to enable your protest dismissal on the Blanco Drain and Reclamation Ditch water rights applications. Please note that this offer of settlement is made in the context of seeking a global settlement that resolves the protests filed with the State Water Resources Control Board by NMFS and the California Department of Fish & Wildlife. If NMFS is willing to withdraw its protest on the terms outlined below, then MRWPCA, MCWRA, and MPWMD intend to offer the California Department of Fish & Wildlife (CDFW) identical terms as the basis for the withdrawal of CDFW's protest. Finally, this offer of settlement is conditioned on the issuance of Water Recycling Requirements (WRRs) by the Regional Water Quality Control Board, Central Coast Region (Regional Board) for all of the activities associated with the Pure Water Monterey Project and the associated water rights. MCWRA hereby offers the following terms and commitments in the event that NMFS and CDFW agree that SWRCB can dismiss the protests on Water Rights A32263A and A32263B:

1. MCWRA would commit to cease efforts to pursue the Tembladero Slough diversion (Water Right A32263C) for the Pure Water Monterey Project. MCWRA reserves the right to pursue Water Right A32263C, independently, *only* if all of the following circumstances occur: (1) a future, new project (i.e., not the Pure Water Monterey Project) is proposed by MCWRA that would divert and use the diversion, (2) the new project or projects are subject to a new California Environmental Quality Act process, and (3) the water rights application is amended, for example, through filing a petition to change the water right application, to be consistent with that future proposed project. The water right application will remain active with the State Water Control Resources Board, and NMFS protest of application A32663C would also remain active and be addressed when and if MCWRA proceeds with a new project.

PROPOSED PROTEST DISMISSAL TERMS - WATER RIGHTS APPLICATIONS 32263A, BLANCO DRAIN, AND 32263B, RECLAMATION DITCH, MONTEREY COUNTY

June 21, 2016

Page 3

2. This term would address recommendation #1 in NMFS protest letter on Water Right A32263A. Between April 1 and October 31 of years when the Salinas River Diversion Facility has not operated due to dry or drought conditions, and when the Salinas River Lagoon is closed to the ocean, MCWRA shall:
 - a. Monitor and report the average daily water levels in the Salinas River Lagoon and the operational characteristics of the slide gate between the lagoon and the Old Salinas River channel.
 - b. Maintain lagoon water surface elevation and provide flows to the Old Salinas River channel by adhering to the following two conditions:
 - i. If the water level in the Salinas Lagoon drops below 3.0 feet NGVD 29 (or the then-current lagoon water surface elevation management requirement) for 7 consecutive days, then cause MRWPCA to limit Blanco Drain diversions to flows above 2.0 cfs (or to provide an alternative source of 2 cfs to the lagoon that does not currently exists, if not prohibited by other regulations) until the lagoon water surface elevation increases to a minimum of 3.2 feet NGVD 29 or until October 31 whichever occurs first.
 - ii. If the slide gate between the Salinas Lagoon and the Old Salinas River channel has been closed for more than 7 consecutive days, adjust the slide gate to allow 0.5 to 1.0 cfs of Salinas Lagoon water to flow into the Old Salinas River Channel and cause MRWPCA to limit Blanco Drain diversions to flows above 2.0 cfs (or to provide an alternative source of 2 cfs that does not currently exist, if not prohibited by other regulations) until the lagoon water surface elevation reaches 3.2 feet NGVD 29 or until October 31 whichever occurs first.

Regarding NMFS recommendations #2 on Water Right A32263A, the diversions would result in no adverse water quality impacts and would in fact result in substantive and quantifiable pollutant load reductions, as documented in previous correspondence. There is no nexus for requiring that the local agencies treat bypassed flows when the Pure Water Monterey Project is resulting in purely beneficial water quality effects.

3. In compliance with recommendation #3 on Water Right A32263A, MCWRA will cause MRWPCA to commit to monitoring water quality of diverted water as required by the SWRCB and RWQCB for construction activities and during operations.¹

¹ Water treatment measures would not be necessary because the proposed diversions (Water Rights A32263A and A32263B) would not result in any adverse water quality effects on the downstream water bodies during operation.

PROPOSED PROTEST DISMISSAL TERMS - WATER RIGHTS APPLICATIONS 32263A, BLANCO DRAIN, AND 32263B, RECLAMATION DITCH, MONTEREY COUNTY

June 21, 2016

Page 4

4. In compliance with NMFS' recommendations #4 and #5 on Water Right A32263A, MCWRA will cause MRWPCA to commit to including a flow meter and totalizer on the Blanco Drain diversion.
5. To comply with NMFS's recommendations #1 and #2 in their protest letter to Water Right A32263B, MCWRA will cause MRWPCA to commit to divert no more than 6 cfs under the Reclamation Ditch diversion water right and those diversions would be subject to the following minimum bypass flows (as measured at the USGS San Jon Road Gage and as available):
 - a. Bypass a minimum of 2.0 cfs, as available, from December 1 through May 31 (in-and out-migration period) except as allowed by item c, below.
 - b. Bypass a minimum of 1.0 cfs, as available, from June 1 through June 30 (transitional period)
 - c. Bypass a minimum of 0.7 cfs, as available, from July 1 through November 30 (non-migration period). Note: This bypass minimum applies through the end of February of the following year, if no storm event has occurred that results in a flow of 30 cfs or more at the San Jon Road gage.

To ensure adequate flows for both adult upstream and smolt/kelt downstream migration in the Reclamation Ditch below Davis Road, the MCWRA will cause MRWPCA to commit to cease diverting when flows measured at San Jon Road gage are above 30 cfs (the most conservatively low passage threshold for the San Jon Road USGS gage weir). Diversion may resume when streamflow recedes below 20 cfs at the San Jon Road gage.

Operational decisions will be based on provisional mean daily and real-time USGS stream flow data. Such provisional USGS data used to make flow-related diversion decisions may not always coincide with final published USGS data.

6. In compliance with NMFS' recommendation #3 on Water Rights A32263B, MCWRA and MRWPCA would request technical assistance from NMFS' engineer staff on the design for the new diversion facility on the Reclamation Ditch.

In addition, NMFS has requested additional considerations for dismissal of the Blanco Drain Water Right that are outside the scope of the Pure Water Monterey Project and water right application (specifically, that MCWRA change their Salinas River Lagoon management protocol). As discussed in the memorandum from the Pure Water Monterey/MCWRA team to NMFS dated May 17, 2016, changes to lagoon management protocol such as increasing the water surface elevation is considered infeasible as part of the Pure Water Monterey Project.

Attachment 1 shows the flows proposed for diversion in the original Water Rights Applications for A32263A and A32263B compared to the diversions and resulting yields anticipated with these proposed terms. If the above terms, or other similar terms, are acceptable to NMFS, the project partners request that the federal agencies find that diversions for the Pure Water Monterey Project are not likely to adversely affect S-CCC steelhead per Section 7 of the Endangered Species Act. If the U.S.

PROPOSED PROTEST DISMISSAL TERMS - WATER RIGHTS APPLICATIONS 32263A, BLANCO DRAIN, AND
32263B, RECLAMATION DITCH, MONTEREY COUNTY

June 21, 2016

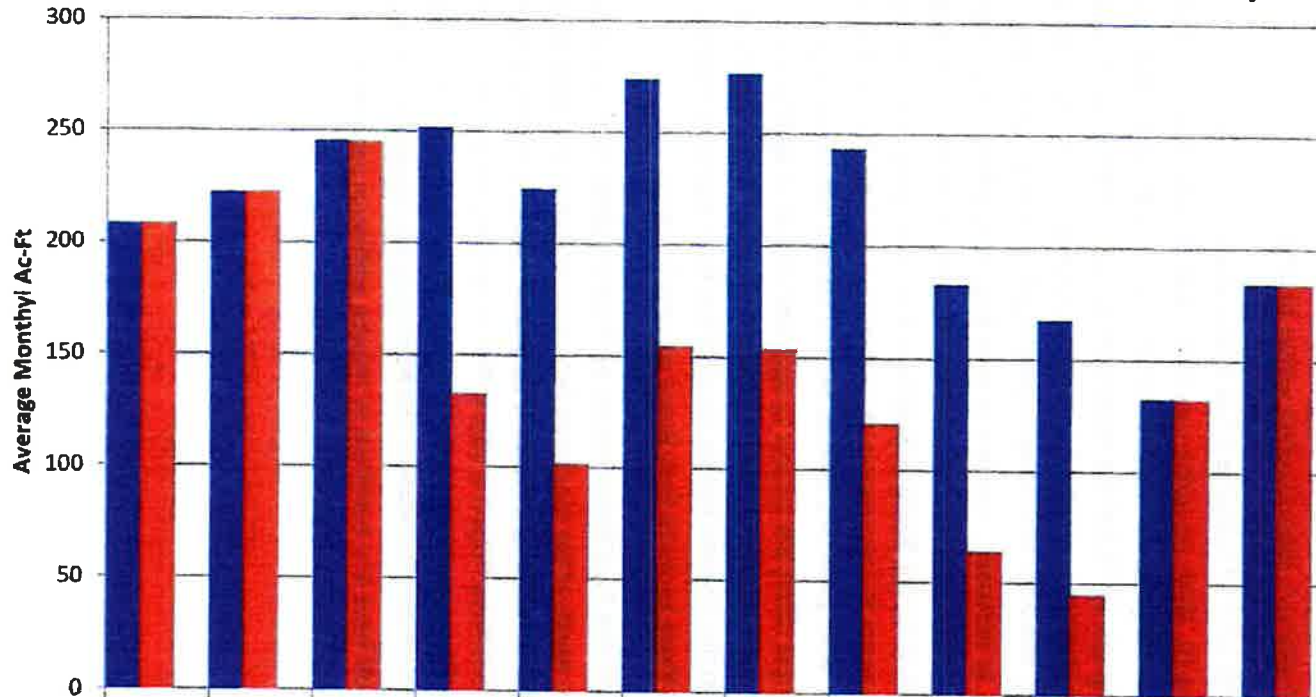
Page 5

EPA determines and requests NMFS' concurrence on a finding that the Pure Water Monterey Project may affect, but is not likely to adversely affect, S-CCC steelhead, it is requested that NMFS commit to concur in a letter with the federal lead agency's determination within 30 days.

Finally, as mentioned above, this offer of settlement has three conditions: (i) written acceptance by NMFS no later than June 21, 2016; (ii) written acceptance of this identical offer by CDFW by June 30, 2016; and (iii) written concurrence by the RWQCB no later than July 31, 2016, that it will provide documentation to satisfy Paragraph 16.15.3 of the November 3, 2015 Amended and Restated Water Recycling Agreement between MRWPCA and MCWRA. In the event that any one of those three events fails to occur in a timely manner, this offer shall have no binding effect on the Pure Water Monterey Project, MRWPCA, MCWRA, or MPWMD. Please also note that, in an effort to expedite reaching resolution on these very complicated matters, MCWRA has not yet presented this proposal either to the MCWRA Board of Directors or to the Board of Supervisors of the County of Monterey. MCWRA staff intends to present these terms for approval to their Board on June 27, 2016 and to the Board of Supervisors on June 28, 2016. Both governing boards and the SWRCB will need to approve any final resolution of these matters and these offers are subject to such approval at an appropriate time. MPWMD approved this version of the memorandum at their meeting on June 20, 2016 subject to MCWRA and NOAA NMFS agreement on the dry year bypass flow/Salinas River lagoon management issues. MRWPCA staff will also present these terms to their Board on June 27, 2016.

Because further delays may harm the Pure Water Monterey Project's ability to timely meet Carmel River replacement water supply needs of the Monterey Peninsula related to the State Board Cease and Desist Order, we look forward to reaching a mutually agreeable resolution to the protest very quickly. As you know, the Pure Water Monterey Project is vital to the socioeconomic and environmental conditions of the region, and is universally supported by virtually all Monterey Peninsula cities, the Planning and Conservation League, the Surfrider Foundation, the Monterey Bay Aquarium, and local state and federal legislators. If you should have any questions or require additional information, please contact Shaunna Juarez at juarezsl@co.monterey.ca.us or (831) 755-4865.

Blanco Drain Diversion Yield Reductions with Proposed Protest Dismissal Terms (June 2016)

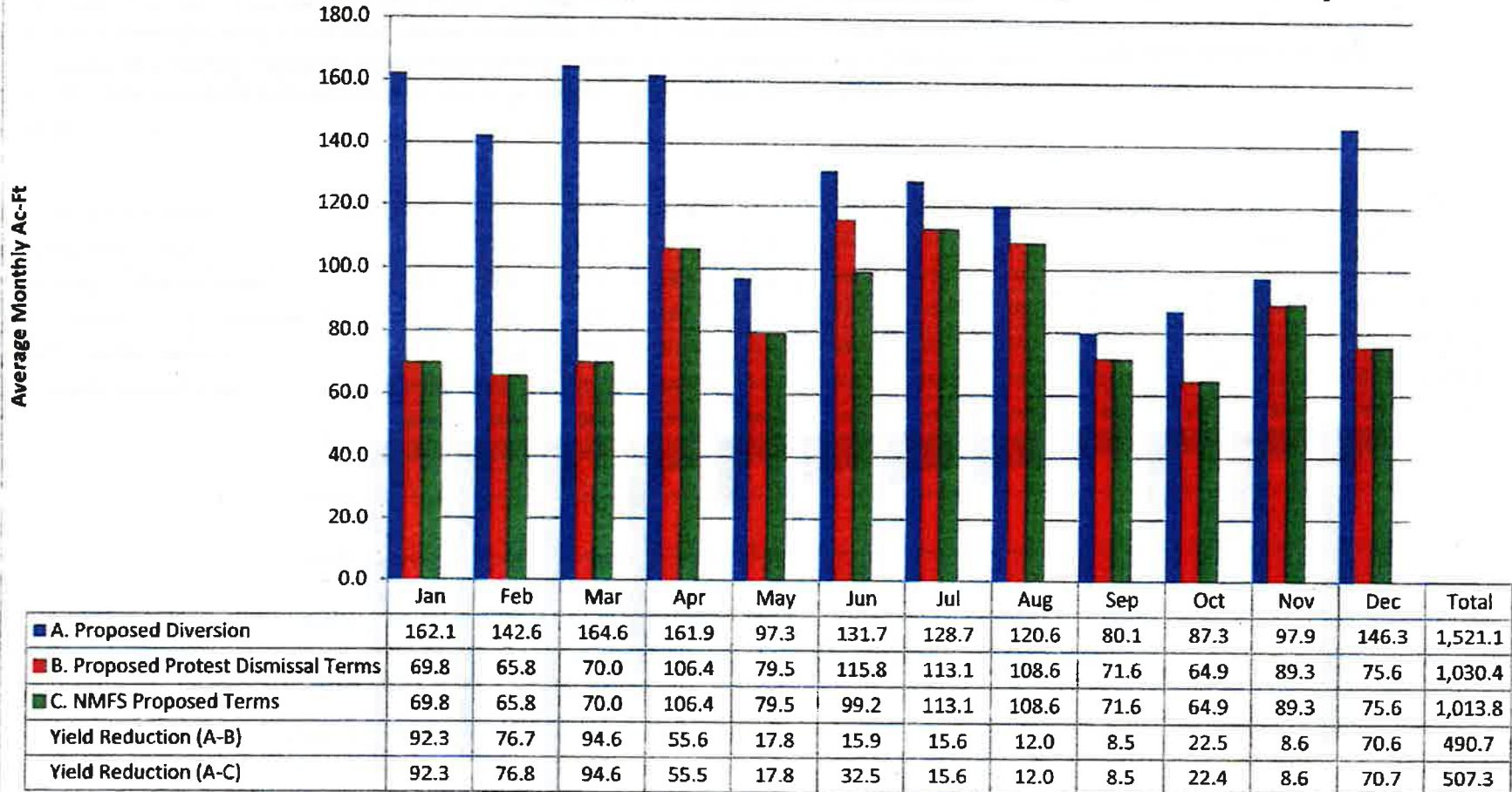


	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
■ Per Water Right Application	209	223	246	252	225	274	277	244	184	168	133	185	2,620
■ Drought Year per Proposed Dismissal Terms	209	223	246	133	102	155	154	121	65	45	133	185	1771
Yeild Reduction	0	0	0	119	123	119	123	123	119	123	0	0	849

Notes:

1. Application 32263A assumed no minimum bypass and maximum 6 cfs diversion rate (blue bars). Average Yeild 2,620 AFY
2. NMFS requested that 2 cfs be bypassed from APR 1 to OCT 31 in years when the SDRF is not operating (Letter of 2/16/2016).
3. Local agencies propose to comply with a 2 cfs bypass, if lagoon conditions warrant the bypass (see June 2016 Memo). Yield reductions shown reflect a year when the conditions for the 2 cfs bypass are met for the full time period of interest (April 1 through and including October 31). Average Yield 1771 AF (32% reduction)

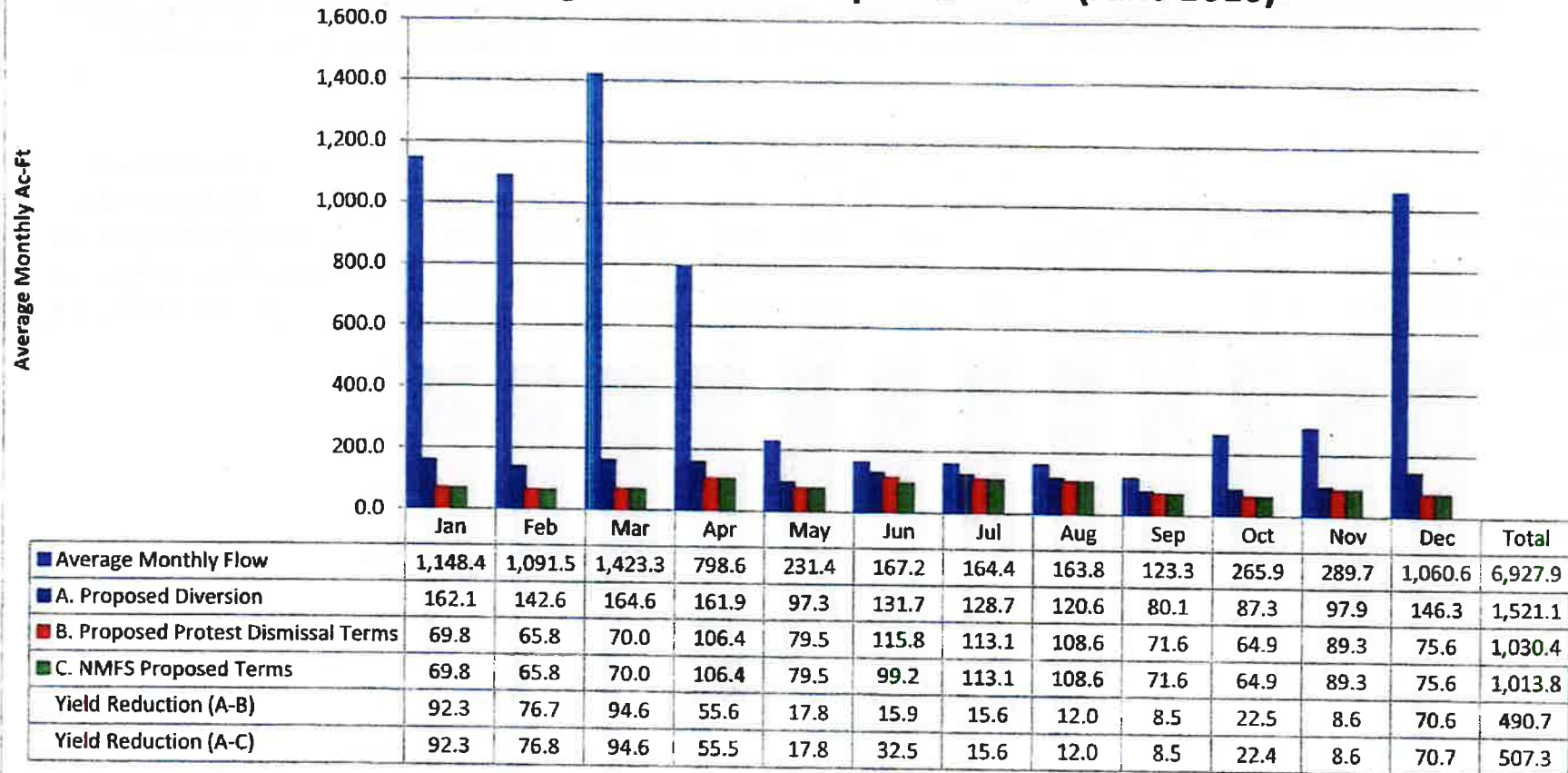
Reclamation Ditch Diversion at Davis Road Yield Reductions with Proposed Protest Dismissal Terms (June 2016)



Notes:

1. Proposed diversion (A32263B) included seasonal bypass of 0.7 cfs (JUN-NOV) and 2.0 cfs (DEC-MAY). Average annual yield 1,521 AFY.
2. NMFS requested and local agencies agree to cease diverting from Reclamation Ditch when flows exceed 30 cfs, and to not recommence diverting again until flows recede below 20 cfs. Average annual yield 1,030 AFY (32% reduction)
3. NMFS further requested that the seasonal bypass flow in June be 1.0 cfs (Scenario C).

Reclamation Ditch Diversion at Davis Road Existing Average Flows and Proposed Yields (June 2016)



Notes:

1. Light blue bars show average monthly flow in Reclamation Ditch at the San Jon Road gage. Average flow 6,928 AFY.
2. Proposed diversion (A32263B) included seasonal bypass of 0.7 cfs (JUN-NOV) and 2.0 cfs (DEC-MAY). Average annual yield 1,521 AFY.
3. NMFS requested and local agencies agree to cease diverting from Reclamation Ditch when flows exceed 30 cfs, and to not recommence diverting again until flows recede below 20 cfs. Average annual yield 1,030 AFY (32% reduction).
4. NMFS further requested that the seasonal bypass flow in June be 1.0 cfs (Scenario C).

RECEIVED

AUG 15 2016

MPWMD**To: MPWMB Members****From: Alan Cleaves
147 Sea Foam
Monterey, CA****Subject: Water Permit Transfer from 149 Spray Ave, Monterey to 150 Sea Foam Ave,
Monterey**

Frist off let me say that I planned on being back in California for the meeting tonight but this is not the case. I have talked to several employees and have asked a lot of questions and they know where I stand on the potential transfer of credit. Just to state it for the record, I am in total support of Jayme Fields and Marc Cusenza in requesting that the water permit/credit transfer from 149 Spray Ave to 150 Sea Foam Ave be denied.

A package has been submitted to the Board that stated that when the house was originally built and approved, the plans show that there was to be only one (1) shower head in the upstairs bathroom and only one (1) shower head in the downstairs bathroom. The Building Dept. has stated that no additional building permits have been issued for this house until after the house was sold to the Hogan's Trust.

The board has received statements/letters from various people (e.g. appraiser, trustee, the emergency care person) prior to the sale, that there was only one shower head in each of the bathrooms and that there was no laundry sink at the house in question. The questions that I pose: were these items added after the sale of the house? Was there a permit for these? Even the pictures submitted that were as part of the listing of the home, do not show additional shower heads.

There is a lot more information in the package to justify the denial of the transferring of the water credits (that were really not there).

Even though I am out of state, I am watching this process very carefully and am hoping for a just outcome. Thank you for taking the time to read the package that was submitted and for reading this letter.

Sincerely**Alan Cleaves**

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ANTHONY LOMBARDO & ASSOCIATES

A PROFESSIONAL CORPORATION

ANTHONY L. LOMBARDO
KELLY MCCARTHY SUTHERLAND
MICHAEL A. CHURCHILL
CODY J. PHILLIPS

144 W. GABILAN STREET
SALINAS, CA 93901
(831) 751-2330
FAX (831) 751-2331

August 11, 2016

Jeanne Byrne, Chair
Members of the Board of Directors
Monterey Peninsula Water Management District
P.O. Box 85
Monterey, CA 93942-0085

RE: 150 Seafoam

Dear Chair Byrne and Members of the Board:

Our firm represents The Dale Hogan Family Trust who is the owner of a vacant parcel at 150 Seafoam and the adjacent home at 149 Spray Avenue.

The Trust purchased 149 Spray Avenue and the Seafoam lot from an estate after the previous owner passed away. The District has visited the property 3 times in the last 2 years and performed its inspections. Based on these inspections and retrofitting of the existing fixtures the Trust was able to generate an adequate number of water credits in order to construct a very modest home on the adjacent Seafoam lot.

As so often happens, neighbors who have become accustomed to looking over a vacant lot are opposed to the construction of any new home that would impact their existing views. This neighborhood is particularly well known for residents expressing those types of concerns.

The Hogans' project is no exception.

The appellants have contested my client's design approval for over a year. The construction documents were completed and submitted for the building permit prior to this appeal. John Kuehl, City of Monterey Building Inspector has issued a "hold" awaiting resolution of this hearing before the City will issue a building permit.

In this case, after the Monterey Peninsula Water Management District confirmed the available fixture credits, the property owners spent considerable sums having the home designed and obtaining the necessary approvals from the City. The application for the home was submitted in August 2015 and orange netting was erected on the lot as required by the City. After the netting was placed and prior to the initial Architectural Review hearing, one of the appellants, Mrs. Fields, added large picture windows facing the vacant lot in an area that had been a solid wall. Thereafter these windows became the basis of her complaint to the City about the impact on the view from the new windows.

REC'D
AUG 15 2016
MPWMD

Jeanne Byrne, Chair
Members of the Board of Directors
August 11, 2016
Page 2

What followed was the typical litany of objections from the appellants, including the attached letter of January 26, 2016 from Mrs. Fields objecting to the design and location of the home. She further suggested, along with Mr. Cusenza, that the home be lowered *6 feet into the ground* and variances be granted in order to push the home to the rear lot line to preserve her new view. (Exhibit A, attached hereto.)

The first Architectural Review Committee meeting for the City of Monterey was held on February 3rd and two of the appellants, Ms. Fields and Mr. Cusenza expressed the desire to have the City preserve their views and Ms. Fields, for the first time, said that when she purchased her home she believed that the vacant lot at 150 Seafoam could never be developed. (Exhibit B, attached hereto.)

At the conclusion of the February 3rd ARC meeting, the Board asked the designer David Prew to consider certain revisions to accommodate some of the appellants' concerns and return with a revised design for their consideration.

Mr. Prew returned on April 6th to the ARC to present revised plans based on the direction previously provided by the ARC.

All 3 appellants appeared and objected to the approval of the revised design. Mr. Cleaves complained about the fact that although he had a panoramic view of the ocean from his home, he was concerned the new home would block his view of the airport and hills.

After one of the ARC members questioned Mr. Cusenza about the basis for his belief that this legal lot of record would not be buildable, Mr. Cusenza said that a real estate agent and an appraiser told him it was not developable. An ARC member asked him if anyone from the City had ever made such a representation to him and he said no.

The ARC's comments, which are attached as Exhibit C, may explain why the appellants have been able to enlist the former real estate agent, appraiser and *trustee* in opposing the construction of this house. When ARC member Freeman made comments regarding her support for the design of the home and praised the efforts to satisfy the neighbors, she made a comment that she did not believe it was reasonable that the neighbors would expect that the lot would remain vacant and noted that if comments were made by the real estate agent, the trustee or the appraiser misrepresenting the status of the lot, that the appellants should consider litigation against those individuals rather than against the City.

The appellants continued to oppose the approval of the home, including when the final design of the home was considered by the ARC (Exhibit D, letter dated May 11th). The final design was then approved unanimously by the ARC.

Not satisfied with the ARC's decision, the neighbors appealed the approval to the City of Monterey Planning Commission (a copy of which is attached as Exhibit E), again complaining about the loss of views from their homes. The Monterey City Planning Commission denied the appeal unanimously, upholding the decision of the ARC to approve the project.

Jeanne Byrne, Chair
Members of the Board of Directors
August 11, 2016
Page 3

Having failed to convince the City of Monterey that the residential lot should either remain permanent open space or that the home should either be buried into the sand dune or shoved up against the rear of the lot to improve their views, the appellants have now challenged the District's determination that there are sufficient water credits available to build the home.

Not unsurprisingly, based on the comments made at the City of Monterey ARC, the individuals who the City suggested to the appellants were culpable for any misrepresentations regarding the ability to build on the lot, have now been enlisted by the appellants to say that they were not aware of the existence of the fixtures.

Ms. Fields attempted to purchase this property before my client purchased it. Her offer to purchase was rejected in favor of my client's offer. Possibly, Ms. Fields low offer was based on the representation from the trustee, appraiser and realtor that the vacant lot would never be built upon. In any event, if the appellants have any issue, it should be with the individuals who made that representation to them, not my clients.

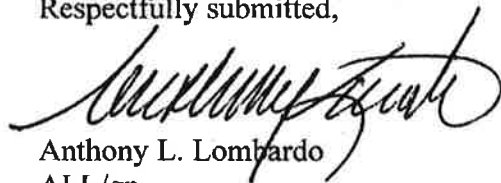
There is absolutely no conclusive documentation that I am aware of in either the listing information, transfer disclosures, appraisals or in photographs that indicates anything about the fixture units other than those documented by the District's inspections.

It has been my experience that, absent some type of irrefutable evidence (such as provided by a governing body) regarding the existing water fixtures, the District has always relied solely upon its own inspection report in determining the existence of fixtures and the availability of credits. I do not believe, in this case, that there is any evidence provided by the appellants that would justify the District deviating from that long standing practice.

Obviously, the issue of the appellants with this project has nothing to do with the water credits. It has to do with their attempts to ensure, as apparently represented by a real estate agent and appraiser that the lot will never be built upon.

On behalf of the Hogan Trust, I respectfully request that you deny the appeal and affirm the credits to allow the property owner to proceed with the construction of their home.

Respectfully submitted,



Anthony L. Lombardo
ALL/gp

Enclosures

cc: Client
Dave Prew

EXHIBIT A

Architectural Review Committee
City of Monterey

RECEIVED

JAN 26 2016

Re: 150 Seafoam Ave; Permit 15-483

City of Monterey
PEEC DIVISION

We have heard from the owner that there were not a lot of places to put the proposed house on its lot, but ARC can give flexibility and has been given further authority to do so by the Planning Commission.

We would like to see the new house:

- Lowered,
- Centered or moved toward the north-east side of the lot (which has no neighbors), and/or
- Pulled back on the lot (toward its rear fence).

We propose these location modifications, and variances, in order to mitigate the negative impact on existing view and light corridors for 148 and 147 Seafoam Avenue and 145 Spray Avenue. Corridors which we just purchased our home at 145 Spray Avenue to enjoy! These modifications will also keep the new house in line with the way neighboring houses are situated on their lots.

Such considerations appear reasonable based on the fact that:

- The new house gains no view by staying at the proposed high elevation and loses no view by being moved to a lower, recessed location.
- The proposed design at its current elevation presents the image of a three-story house, which is out of place for the neighborhood.
- The ground level of this lot is higher today than when the lot was originally subdivided due to the activity of wind and sand over the years.
- The tall, straight side of the proposed house is crowding the south-west border of the property while the north-east is wide open
- Movement of the house on the lot provides mitigation of negative impacts while allowing the owner to maintain the current proposed building structure with no expensive design modifications.
- Overall, the placement of the house, with aggressive grading if necessary, is the best way to meet the needs of all involved parties.

We would encourage consideration of encroaching on the rear set-back and the north east set-back to best minimize the negative impacts of the new house on its existing neighbors.

The suggested mitigations are feasible:

- There is a strong precedence in our neighborhood of moving the naturally flexible sandy soil to meet the needs of surrounding neighbors. The houses at the end of Spray Avenue are a prime example. A few hours and a truck can make a huge difference.

EXHIBIT A

ATTACHMENT 2

- All of the other houses in this area utilized retaining walls on their up-hill sides to achieve their desired lot locations; a five or six foot retaining wall (or wall built into the house structure) would not be out of place.
- The architect has mentioned that this placement preserves the views from 149 Spray Avenue (the owner's other house), but view *sharing* is the design guideline for the neighborhood and we are asking that the view be shared with others.

Taking away views while not gaining one is the reverse of what we try to achieve when considering new construction in the neighborhood. Lowering the house, and moving it back and to the north-east of the lot, are a small investment to make this new house a good fit. We invite you to not allow the building of the house at the maximum slope, and instead require it to be lowered and re-positioned.

Jayne and Jack Fields
145 Spray Avenue
Monterey, CA

RECEIVED

JAN 26 2016

City of Monterey
PEEC DIVISION

EXHIBIT B

Ms. Hopper said yes, however it would be difficult for some vehicles to access the garage at that slope.

Committee Member Latasa asked if the idea of locating a driveway off of Surf Way had been discussed and whether or not the site has water credits.

Ms. Hopper said water credits would be transferred to 150 Seafoam Avenue from 149 Spray Avenue.

Committee Member Freeman asked if the proposed setback could be moved further back on the lot.

Ms. Hopper said yes.

Committee Member Freeman asked if the proposed elevator required roof equipment.

Ms. Hopper said that was not a requirement for residential elevators.

Chair Kimzey asked if the Applicant would be required to replant the lot with native vegetation.

Ms. Hopper said that because the site is a natural dune, replanting it would be difficult and the Applicant would not be required to meet the recommended 85% revegetation.

Applicant

Dave Prew, designer of the project, said that his clients originally bought the house at 149 Spray Avenue which included the lot at 150 Seafoam Avenue. He said that the water fixtures were reduced at 149 Spray Avenue so they could transfer credits to 150 Seafoam Avenue. He said that he and his clients thought it would be best to create an eclectic design to complement the neighborhood and they would like it to be accessible for aging occupants. He said that is a goal to try to maintain the views of the neighbors as best as possible. He said that due to sand retention, pulling the home back on the lot would create a more expensive project. He said that they wanted to leave the land as natural as possible. He noted that sinking the structure by six feet would cause the garage to dip underground, making it impossible to use the driveway. He said that he intentionally worked to retain the neighbor, Marc Cosenza's, window view. He expressed concern that lowering the house seemed impractical, and that they had gone to great lengths to preserve views of the surrounding neighbors.

Committee Member Abma asked if lowering the house by four feet would cause severe design and functionality problems.

Mr. Prew said that he believed so.

Committee Member Theodore asked if the lot would be re-graded if the house was lowered by four feet.

Mr. Prew said that the site would be left intact with the topography remaining as is.

Committee Member Abma asked if the house was situated as far back on the lot as possible based on the rear yard setback.

Mr. Prew said yes, in order to preserve the neighbors' views.

Committee Member Freeman said that each one of the houses along the block is set back a certain distance back from each other one, but that his design appears to be forward of the others in line.

Mr. Prew said that if he moved the house back, he felt he would be moving it higher on the slope and thus impacting neighbors' views.

Public Comment

Mark Cosenza of 148 Seafoam Avenue said that as a neighbor of the homeowner of 149 Spray Avenue, he was under the impression that the lot could not be developed at 150 Seafoam Avenue until water was available. He expressed concern that the majority of the gradient was closer to his house, and noted that he felt if the house was moved back and toward Surf Way the gradient would be minimized.

Jamie Fields of 145 Spray Avenue said that she purchased her house specifically for the view and she did not believe that the lot at 150 Seafoam Avenue could be developed. She noted that many of the homes in the area have retaining walls and that it may be a consideration for the project at 150 Seafoam Avenue. She said that in the past, builders of homes had moved their structures to mitigate view impacts on neighboring homes. She said this project appears to be a three-story structure, while others in the area are two-story structures. She asked that the Applicant consider lowering the house six feet in consideration of neighbors' views.

Committee Member Comments

Committee Member Latasa asked if the house could be pushed further back on the lot.

Ms. Hopper said it could be pushed back to zero lot line; however that would not be ideal.

Committee Member Freeman expressed concern that moving the site toward Surf Way may not be a good idea.

Committee Member Latasa said that placing the driveway on the Surf Way side would involve redesigning the house.

Mr. Prew said that he could lower the overall height of the building two feet without interrupting the driveway or floor levels because the ceilings were currently proposed at nine feet.

Committee Member Latasa asked Mr. Cosenza if he felt that his view would be improved if the house was moved back on the lot.

Mr. Prew said that he was trying to be sensitive to Mr. Cosenza's privacy.

Mr. Cosenza said that he felt the house should be moved a bit towards Spray Avenue in order to mitigate the view impact.

Committee Member Freeman noted that many of the houses in this neighborhood have retaining walls.

Chair Kimzey asked if the natural terrain is sloping upward from the street.

Ms. Hopper said yes, that it slopes up from the corner about 16 feet.

EXHIBIT C

conjunction with the house at 149 Spray Avenue.

Committee Member Freeman asked if anyone from the City of Monterey told Mr. Cusenza that the lot was unbuildable.

Mr. Cusenza said no, but that he could obtain paperwork to show that the trust and the listing service said that the lot was unbuildable. He said that the trustee could also note that the property was not meant to be divided.

Applicant

Mr. Prew said that he was unaware of the details regarding the sale or value of the lot, but noted that if there was a vacant lot in the area, it would eventually be developed. He said that land is too precious on the Monterey Peninsula. He said that Mr. Cleaves' views were a concern to him, noting that he had tried to mitigate view impacts. He said that his clients should not be discriminated against for being the last ones on the block and that they deserved to have a nice living space and high-quality architecture. He said that he chose the 8.66% slope for the driveway because it was a center slope and although it was not perfect, it would make an accessible house with a good design.

Committee Member Comments

Committee Member Theodore asked for clarity on 145 Spray Avenue and the view impact that Ms. Fields was concerned with.

Ms. Fields explained the view and said that she planned to build a deck and an area with interior windows that would further allow a view of the bay. She said that looking east, not north, one can see the ocean over the rooftops on Surf Way.

Committee Member Latasa noted that the maximum height limit was 25 feet. He asked what the maximum height limit proposed for the house at 150 Seafoam Avenue was.

Ms. Hopper said that it was 24.8 feet. She also explained that at no point does the house incorporate a three-story element. She said that the house steps up the hill, so there was no portion above two stories.

Committee Member Freeman said that she believed that an architect's first duty was to satisfy the client and that Mr. Prew had gone to some length to satisfy both the neighborhood and his client. She said that she did not believe that the neighbors could expect to keep the lot vacant forever, and in an attempt to mitigate view impacts, it seems that Mr. Prew had done an outstanding job. She said that she felt the house design was superior, as well. She noted that Mr. Cusenza's point that the real estate agent's and trustee's misrepresentation of the lot's availability to be built upon was serious and any litigation should not be brought against the City but against those parties. She said that she supported the changes in design.

Chair Kimzey said that he believed the Applicant had followed the ARC's guidance and that he would support going forth with the storypole staking.

Committee Member Latasa said that he agreed with Chair Kimzey. He said that he felt the Applicant had heeded the ARC's requests for change in design. He noted that the nature of residential neighborhoods was for the lots to eventually fill in and said that he felt the Applicant had responded in a positive way.

Committee Member Abma said she believed that the Applicant responded in a positive

EXHIBIT D

May 11, 2016

City of Monterey Architectural Review Committee (ARC)

Mr. Charles Kimzey Chair

Re: 150 Seafoam Avenue, Monterey, CA 93940

Dear Mr. Kimzey,

I was standing on my deck this afternoon (which is across the street from 150 Sea Foam) and a construction crew started to adjust the poles indicating the height of the proposed house. I do not know at what height the poles and netting is set, but to me there is no change. I will lose about 95% of my mountains and airport views. I have attached a new picture of the new poles and netting. As you can see by the pictures, the proposed rental house is not consistent with the law/code of shared views. Again, Mr. Prew's statement that the proposed roof line will be the same height as the other roof lines is not true, just look at the pictures.

Again, I need to point out that this deck is the only place that can be used for outdoor functions such as bar-b-queing, entertainment of family / friends and / or just plain relaxing in the sun. I do have an outdoor table and 8 chair set-up on this deck along with a bar-b-que and outdoor cooking bar-b-que work station. The view of the surrounding hills and airport are very important to me and the market value of my property.

I have given Mr. Marc Cusenza and Mrs. Jayme Fields permission to speak for me at any meetings and site visits pertaining to 150 Seafoam as I will be out of town for the next few months. Both are allowed to take people on to my deck for the purpose of seeing the 95% mountain view and airport view that I will lose.

I stand by my letter/pictures of April 9, 2016 and request that the height of the proposed house be at least 8.5 feet lower than the original plans. If this is not acceptable to the owner, maybe this rental house design is not suited for this lot.

RECEIVED

MAY 12 2016

CITY OF MONTEREY
PERMISSION DIVISION

EXHIBIT D

I would like this letter and pictures placed into the minutes/records at the next 150 Seafoam project discussion / agenda item so that the full ARC can see my concerns with the height of the proposed building and the loss of market value.

Thanks you for your understanding and your time in this matter.

Sincerely

Alan Cleaves
Homeowner
147 Seafoam Ave, Monterey, CA 93940

EO: - Christy Hopper, Senior Planner

Mr. Cusenza

Mrs. Fields

Attachments:

A - Pictures



Copy of picture submitted with letter dated April 9, 2016 of anticipated lost view of Airport and Control tower



Picture taken after new poles and netting installed on May 11, 2016, confirming view loss of airport, control tower and most of the mountains.

RECEIVED
MAY 12 2016
CITY OF...
PLANNING

EXHIBIT E



PLANNING, ENGINEERING & ENVIRONMENTAL COMPLIANCE DIVISION

APPEAL TO: ARC _____ Planning Commission X City Council _____ FEE \$328

FROM ACTION OF: 150 Seafoam Avenue: Preliminary and Final Approval of AR Permit 15-293
DATE OF ACTION: June 1, 2016
APPELLANT'S NAME: Alan Cleaves, Marc Cusenza and Jayme Fields
MAILING ADDRESS: 147 and 148 Seafoam Avenue and 145 Spray Avenue
E-MAIL ADDRESS: eacleaves@msn.com, marccusenza@yahoo.com, jaymecfields@gmail.com
PHONE NUMBER: (831) 402-8877, (831) 751-5573
APPELLANT'S INTEREST: impact on view from 147 and 148 Seafoam Ave and 145 Spray Ave (Zoning Ordinance Section 38-206)

SUBJECT OF APPEAL: (To be completed by PEEC Staff only.)
ORIGINAL APPLICATION NUMBER: 15-293 APPEAL NUMBER: P-110-258
TYPE OF APPLICATION: Arch. Review Staff Initials: CH
(Use Permit, Variance, Architectural Review, etc.)
DESCRIPTION OF APPLICATION: New 2-story Residence
STREET ADDRESS OF SUBJECT PROPERTY: 150 Seafoam Avenue
Date Received: 6/13/2016

APPELLANT'S REASON FOR APPEAL:
Information not considered by the Architectural Review Committee could significantly improve the project outcome, acheiving a greater balancing of interests. See the attached for further details.

Appellant's Signature Date 6/12/16

Reasons for appeal shall pertain to factual information considered by the last reviewing body. No new factual information may be submitted. You will receive a notice of the hearing date.

Reviewed by [Signature] 6/13/2016 7/28/2016
Date
45 Day Period from date of filing ends: 7/28/2016

EXHIBIT E

RECEIVED

JUN 13 2016

APPELLANT'S REASON FOR APPEAL:

The neighbors have concerns over mass and view impacts from the proposed new structure. The neighbors feel that their rights under the Del Monte Beach land use guidelines were not given the weight that they should have been. Specifically:

- There was confusion over the neighbor's requests.
- The restaking was contrary to the neighbors' request.
- The majority of the committee did not attend the fieldtrip to see the restaking.
- Multiple options were not presented as requested.
- None of the neighbors' view concerns were addressed.
- There is uncertainty about availability of water for the project (from both Monterey Peninsula Water Management District and Cal Am).

Consultation with an architect has uncovered a simple solution which was not presented to, nor considered by, the Architectural Review Committee. The proposed compromise:

- Helps open the views
- Helps reduce the mass
- Corrects the negative impact on the neighbor of the previous design change

Despite the fact that multiple options were requested, only one option was presented to the Architectural Review Committee and it did nothing to address the view concerns that had been raised by the neighbors. Citing ADA access constraints, the option that was presented worsened the impact of the project. The appellants believe that the review process was not complete and that, after consultation with an architect, there is a solution that should be considered:

- Measuring the ADA compliant driveway slope at the downhill or east side of the driveway, using an ADA compliance path width, leaves room for the house to be lowered another 6 inches while maintaining ADA access via the driveway.
- Pulling the house back, or south, on the lot by six feet moves the side of the house out of the bay window view from 148 Seafoam and allows the house to be lowered another 6 inches.
- Dropping the ceiling in the garage to 7 feet 6 inches brings the ceiling more in line with the non-habitable laundry room and lowers the house height another 6 inches.

Based on the new calculations, the applicants are asking the Planning Commission to consider these changes. These simple changes undo the negative impact on 148 Seafoam of the applicant's proposed forward movement of the house, open up the view corridor to the bay for 145 Spray and give back some of the hillside view to 145 Seafoam.

RECEIVED

JUN 13 2016

The above solution is a compromise; more aggressive changes could be suggested that would further mitigate the negative impact. These include lowering the height of the first floor from 9 feet to 8 feet, lowering the garage another 6 inches to align it with the proposed lowered ceiling in the laundry room, moving the house east (toward Surf Way) into the 15 foot setback and/or significantly lowering the house by moving the driveway to the ADA accessible Surf Way. This last option is used by most houses on the street and would allow the theoretical occupant of this rental property to safely exit the driveway (which cannot happen in the proposed structure due to the slope of Seafoam).

In addition, the land use attorney raises the concern that the project is not likely to receive water. The Monterey Peninsula Water Management District recently stated that the proposed water source for this project was not in keeping with their policies. They have now issued Ordinance 170 to eliminate the residential water meter "loophole." Further, even if the District were to allow for the transfer of water credits, Cal AM is subject to its own regulations and installation of a new meter where none was present before would be a violation of its CDO.

As can be seen in the minutes, the Architectural Review Committee and City Planning staff were confused over the requests of the neighbors. Further, it does not appear that existing views were given the priority that they should have received per "City of Monterey Zoning Ordinance and Guidelines for Single Family Dwellings adopted in 1987". It is hoped that the results of this new analysis present a clear basis for compromise. This house takes away views without achieving any of its own. There is no equitable way to give value to one view over another; therefore in accordance with the Del Monte Beach Land Use Plan and Monterey Ordinance E, every effort must be made to find the middle ground. These proposed changes do so.

The first part of the document discusses the importance of maintaining accurate records of all transactions. It emphasizes that every entry should be supported by a valid receipt or invoice. This ensures transparency and allows for easy verification of the data.

In the second section, the author outlines the various methods used to collect and analyze the data. This includes both primary and secondary data collection techniques. The primary data was gathered through direct observation and interviews, while secondary data was obtained from existing reports and databases.

The third section provides a detailed description of the data analysis process. This involves identifying trends, patterns, and anomalies within the dataset. Statistical tools were used to quantify the data, and the results were compared against industry benchmarks to assess performance.

Finally, the document concludes with a series of recommendations based on the findings. These suggestions are aimed at improving operational efficiency, reducing costs, and enhancing the overall quality of the data collection process. The author believes that implementing these changes will lead to more reliable and actionable insights.



Eric J. Sabolsice
 Director, Operations
 Coastal Division
 511 Forest Lodge Road, Suite 100
 Pacific Grove, CA 93950
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 P 831.846.3291
 C 831.236.1011
 F 831.375.4367

August 5, 2016

Stephanie Locke
 Water Demand Manager
 Monterey Peninsula Water Management District
 P.O. Box 85
 Monterey, CA 93942-0085

Re: *Carmel River Cease and Desist Order, Moratorium on New Water Service or Increased Water Service Due to Change in Zoning or Use*

Dear Ms. Locke:

As you know, California American Water is operating under a Cease and Desist Order (the "CDO"¹), which was issued by the State Water Resources Control Board ("State Water Board") in October of 2009. Among other things, the CDO prohibits California American Water from supplying water from the Carmel River for new water service connections or for any increases in use at existing connections if the increase results from a change in zoning or use. To implement these prohibitions, California American Water was required to file an application with the California Public Utilities Commission ("CPUC") to institute the **Moratorium on New or Expanded Water Service Connections** (the "Moratorium"²) in our main Monterey district service territory. The Moratorium decision from the CPUC requires California American Water to deny requests for new service connections and prohibit any increased use of water at existing service addresses resulting from a change in zoning or use.

On July 19, 2016, the State Water Board issued Order WR 2016-0016 (the "Amended Order"³), amending certain provisions of the CDO and extending the CDO's deadline to reduce unauthorized Carmel River diversions to December 31, 2021. At that Board meeting, California American Water President Rob MacLean and numerous members of the community expressed concerns about application of the CDO's prohibitions to situations involving an intensification of use. Numerous speakers also requested that the

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State Water Board provide more flexibility to local jurisdictions in making land use decisions. Ultimately, in adopting the Amended Order, the State Water Board left the CDO provisions relating to the Moratorium unchanged, but requested that Staff meet with stakeholders over the next several months to discuss a possible solution to address community concerns. Thus, although the Moratorium remains in place, California American Water will work with State Water Board Staff, the Monterey Peninsula Water Management District, and other stakeholders to clarify provisions concerning changes in zoning or use, and intensification of use, and we will keep you apprised of any substantive or procedural changes that may arise through such discussions.

In the meantime, as an agency with jurisdiction to issue permits for new construction and/or changes in zoning or use, California American Water requests your continued cooperation and assistance in making property owners and project proponents aware of the CDO, the Moratorium, and the fact that projects may ultimately be prohibited based on the restrictions these orders include. When evaluating projects that may require new water connections or may result in increased water use at existing connections, we request that you consult with California American Water as early as possible so that we can avoid confusion for property owners and/or project proponents, allowing them to make informed decisions early in the approval process. Please keep us informed about proposed water demands for new and redevelopment projects so that we may evaluate the project's needs on a case by case basis, work with the State Water Board if necessary, and inform the project owners and developers about our ability to serve the project in the future.

If you have any questions about the CDO, the Moratorium or this request, please feel free to reach me at (831) 646-3291 or eric.sabolsice@amwater.com. You may also wish to contact Dave Stoldt at the Monterey Peninsula Water Management District for more information.

Sincerely,



Eric Sabolsice
Director of Operations
California American Water Coastal Division

cc: David Stoldt, General Manager
Monterey Peninsula Water Management District



Eric J. Sabolsice
 Director, Operations
 Coastal Division
 511 Forest Lodge Road, Suite 100 P 831.646.3291
 Pacific Grove, CA 93950 C 831.236.1011
 eric.sabolsice@amwater.com F 831.375.4367

August 5, 2016

John Guertin
 Interim Planning Director
 Monterey County Resource Management Agency
 168 W. Alisal Street, 2nd Floor
 Salinas, CA 93901

RECEIVED
 AUG - 9 2016
 MPWMD

Re: Carmel River Cease and Desist Order, Moratorium on New Water Service or Increased Water Service Due to Change in Zoning or Use

Dear Mr. Novo:

As you know, California American Water is operating under a Cease and Desist Order (the "CDO"¹), which was issued by the State Water Resources Control Board ("State Water Board") in October of 2009. Among other things, the CDO prohibits California American Water from supplying water from the Carmel River for new water service connections or for any increases in use at existing connections if the increase results from a change in zoning or use. To implement these prohibitions, California American Water was required to file an application with the California Public Utilities Commission ("CPUC") to institute the Moratorium on New or Expanded Water Service Connections (the "Moratorium"²) in our main Monterey district service territory. The Moratorium decision from the CPUC requires California American Water to deny requests for new service connections and prohibit any increased use of water at existing service addresses resulting from a change in zoning or use.

On July 19, 2016, the State Water Board issued Order WR 2016-0016 (the "Amended Order"³), amending certain provisions of the CDO and extending the CDO's deadline to reduce unauthorized Carmel River diversions to December 31, 2021. At that Board meeting, California American Water President Rob MacLean and numerous members of the community expressed concerns about application of the CDO's prohibitions to situations involving an intensification of use. Numerous speakers also requested that the

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State Water Board provide more flexibility to local jurisdictions in making land use decisions. Ultimately, in adopting the Amended Order, the State Water Board left the CDO provisions relating to the Moratorium unchanged, but requested that Staff meet with stakeholders over the next several months to discuss a possible solution to address community concerns. Thus, although the Moratorium remains in place, California American Water will work with State Water Board Staff, the Monterey Peninsula Water Management District, and other stakeholders to clarify provisions concerning changes in zoning or use, and intensification of use, and we will keep you apprised of any substantive or procedural changes that may arise through such discussions.

In the meantime, as an agency with jurisdiction to issue permits for new construction and/or changes in zoning or use, California American Water requests your continued cooperation and assistance in making property owners and project proponents aware of the CDO, the Moratorium, and the fact that projects may ultimately be prohibited based on the restrictions these orders include. When evaluating projects that may require new water connections or may result in increased water use at existing connections, we request that you consult with California American Water as early as possible so that we can avoid confusion for property owners and/or project proponents, allowing them to make informed decisions early in the approval process. Please keep us informed about proposed water demands for new and redevelopment projects so that we may evaluate the project's needs on a case by case basis, work with the State Water Board if necessary, and inform the project owners and developers about our ability to serve the project in the future.

If you have any questions about the CDO, the Moratorium or this request, please feel free to reach me at (831) 646-3291 or eric.sabolsice@amwater.com. You may also wish to contact Dave Stoldt at the Monterey Peninsula Water Management District for more information.

Sincerely,



Eric Sabolsice
Director of Operations
California American Water Coastal Division

cc: David Stoldt, General Manager
Monterey Peninsula Water Management District



Eric J. Sabolsice
 Director, Operations
 Coastal Division
 511 Forest Lodge Road, Suite 100 P 831.646.3291
 Pacific Grove, CA 93950 C 831.238.1011
 eric.sabolsice@amwater.com F 831.375.4367

August 5, 2016

Robert A. Mullane, AICP
 Community Planning & Building Director
 City of Carmel-by-the-Sea
 P.O. Drawer G
 Carmel-by-the-Sea, CA 93921

Re: *Carmel River Cease and Desist Order, Moratorium on New Water Service or Increased Water Service Due to Change in Zoning or Use*

Dear Mr. Mullane:

As you know, California American Water is operating under a Cease and Desist Order (the "CDO"¹), which was issued by the State Water Resources Control Board ("State Water Board") in October of 2009. Among other things, the CDO prohibits California American Water from supplying water from the Carmel River for new water service connections or for any increases in use at existing connections if the increase results from a change in zoning or use. To implement these prohibitions, California American Water was required to file an application with the California Public Utilities Commission ("CPUC") to institute the Moratorium on New or Expanded Water Service Connections (the "Moratorium"²) in our main Monterey district service territory. The Moratorium decision from the CPUC requires California American Water to deny requests for new service connections and prohibit any increased use of water at existing service addresses resulting from a change in zoning or use.

On July 19, 2016, the State Water Board issued Order WR 2016-0016 (the "Amended Order"³), amending certain provisions of the CDO and extending the CDO's deadline to reduce unauthorized Carmel River diversions to December 31, 2021. At that Board meeting, California American Water President Rob MacLean and numerous members of the community expressed concerns about application of the CDO's prohibitions to situations involving an intensification of use. Numerous speakers also requested that the

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If you have any questions about the CDO, the Moratorium or this request, please feel free to reach me at (831) 646-3291 or eric.sabolsice@amwater.com. You may also wish to contact Dave Stoldt at the Monterey Peninsula Water Management District for more information.

Sincerely,



Eric Sabolsice
Director of Operations
California American Water Coastal Division

cc: **David Stoldt, General Manager**
Monterey Peninsula Water Management District

Chip Rerig, City Administrator
Carmel-by-the-Sea



Eric J. Sabolsice
 Director, Operations
 Coastal Division
 511 Forest Lodge Road, Suite 100 P 831.648.3291
 Pacific Grove, CA 93950 C 831.236.1011
 eric.sabolsice@amwater.com F 831.375.4367

August 5, 2016

Mark Brodeur
 Director of Community and Economic Development
 City of Pacific Grove Planning Division
 300 Forest Avenue, 2nd Floor
 Pacific Grove, CA 93950

Re: *Carmel River Cease and Desist Order, Moratorium on New Water Service or Increased Water Service Due to Change in Zoning or Use*

Dear Mr. Brodeur:

As you know, California American Water is operating under a Cease and Desist Order (the "CDO"¹), which was issued by the State Water Resources Control Board ("State Water Board") in October of 2009. Among other things, the CDO prohibits California American Water from supplying water from the Carmel River for new water service connections or for any increases in use at existing connections if the increase results from a change in zoning or use. To implement these prohibitions, California American Water was required to file an application with the California Public Utilities Commission ("CPUC") to institute the Moratorium on New or Expanded Water Service Connections (the "Moratorium"²) in our main Monterey district service territory. The Moratorium decision from the CPUC requires California American Water to deny requests for new service connections and prohibit any increased use of water at existing service addresses resulting from a change in zoning or use.

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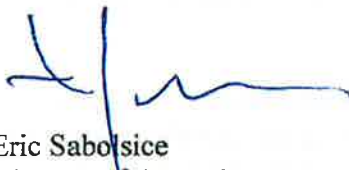
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Sincerely,



Eric Sabolsice
Director of Operations
California American Water Coastal Division

cc: David Stoldt, General Manager
Monterey Peninsula Water Management District

Ben Harvey, City Manager
City of Pacific Grove



Eric J. Sabolsice
 Director, Operations
 Coastal Division
 511 Forest Lodge Road, Suite 100 P 831.646.3291
 Pacific Grove, CA 93950 C 831.236.1011
 eric.sabolsice@amwater.com F 831.375.4367

August 5, 2016

Kim Cole
 Chief of Planning/Engineering/Environmental Compliance
 City of Monterey
 570 Pacific Street
 Monterey, CA 93940

Re: Carmel River Cease and Desist Order, Moratorium on New Water Service or Increased Water Service Due to Change in Zoning or Use

Dear Ms. Cole:

As you know, California American Water is operating under a Cease and Desist Order (the "CDO"¹), which was issued by the State Water Resources Control Board ("State Water Board") in October of 2009. Among other things, the CDO prohibits California American Water from supplying water from the Carmel River for new water service connections or for any increases in use at existing connections if the increase results from a change in zoning or use. To implement these prohibitions, California American Water was required to file an application with the California Public Utilities Commission ("CPUC") to institute the Moratorium on New or Expanded Water Service Connections (the "Moratorium"²) in our main Monterey district service territory. The Moratorium decision from the CPUC requires California American Water to deny requests for new service connections and prohibit any increased use of water at existing service addresses resulting from a change in zoning or use.

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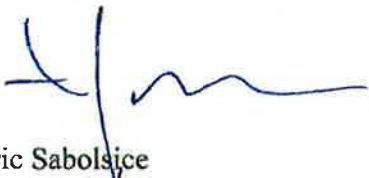
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Sincerely,



Eric Sabolsice
Director of Operations
California American Water Coastal Division

cc: David Stoldt, General Manager
Monterey Peninsula Water Management District

Mike McCarthy, City Manager
City of Monterey

Hans UsLAR, Assistant City Manager
City of Monterey
uslar@monterey.org



Eric J. Sabolsice
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 Pacific Grove, CA 93950 C 831.238.1011
 eric.sabolsice@amwater.com F 831.375.4367

August 5, 2016

Daniel Dawson
 City Manager
 City of Del Rey Oaks
 650 Canyon Del Rey Road
 Del Rey Oaks, CA 93940

Re: Carmel River Cease and Desist Order, Moratorium on New Water Service or Increased Water Service Due to Change in Zoning or Use

Dear Mr. Dawson:

As you know, California American Water is operating under a Cease and Desist Order (the "CDO"¹), which was issued by the State Water Resources Control Board ("State Water Board") in October of 2009. Among other things, the CDO prohibits California American Water from supplying water from the Carmel River for new water service connections or for any increases in use at existing connections if the increase results from a change in zoning or use. To implement these prohibitions, California American Water was required to file an application with the California Public Utilities Commission ("CPUC") to institute the Moratorium on New or Expanded Water Service Connections (the "Moratorium"²) in our main Monterey district service territory. The Moratorium decision from the CPUC requires California American Water to deny requests for new service connections and prohibit any increased use of water at existing service addresses resulting from a change in zoning or use.

On July 19, 2016, the State Water Board issued Order WR 2016-0016 (the "Amended Order"³), amending certain provisions of the CDO and extending the CDO's deadline to reduce unauthorized Carmel River diversions to December 31, 2021. At that Board meeting, California American Water President Rob MacLean and numerous members of the community expressed concerns about application of the CDO's prohibitions to situations involving an intensification of use. Numerous speakers also requested that the

¹ A copy of the CDO can be found at http://www.waterboards.ca.gov/waterrights/board_decisions/adopted_orders/orders/2009/wro2009_0060.pdf.

² A copy of the Moratorium can be found at: [http://www.amwater.com/files/Rate%20Schedule%20Monterey%20Main%20\(01-01-15\).pdf](http://www.amwater.com/files/Rate%20Schedule%20Monterey%20Main%20(01-01-15).pdf) (see Revised C.P.U.C. Sheet 6509-W, Special Condition 22).

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State Water Board provide more flexibility to local jurisdictions in making land use decisions. Ultimately, in adopting the Amended Order, the State Water Board left the CDO provisions relating to the Moratorium unchanged, but requested that Staff meet with stakeholders over the next several months to discuss a possible solution to address community concerns. Thus, although the Moratorium remains in place, California American Water will work with State Water Board Staff, the Monterey Peninsula Water Management District, and other stakeholders to clarify provisions concerning changes in zoning or use, and intensification of use, and we will keep you apprised of any substantive or procedural changes that may arise through such discussions.

In the meantime, as an agency with jurisdiction to issue permits for new construction and/or changes in zoning or use, California American Water requests your continued cooperation and assistance in making property owners and project proponents aware of the CDO, the Moratorium, and the fact that projects may ultimately be prohibited based on the restrictions these orders include. When evaluating projects that may require new water connections or may result in increased water use at existing connections, we request that you consult with California American Water as early as possible so that we can avoid confusion for property owners and/or project proponents, allowing them to make informed decisions early in the approval process. Please keep us informed about proposed water demands for new and redevelopment projects so that we may evaluate the project's needs on a case by case basis, work with the State Water Board if necessary, and inform the project owners and developers about our ability to serve the project in the future.

If you have any questions about the CDO, the Moratorium or this request, please feel free to reach me at (831) 646-3291 or eric.sabolsice@amwater.com. You may also wish to contact Dave Stoldt at the Monterey Peninsula Water Management District for more information.

Sincerely,



Eric Sabolsice
Director of Operations
California American Water Coastal Division

cc: David Stoldt, General Manager
Monterey Peninsula Water Management District



Eric J. Sabolsice
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 Coastal Division
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 eric.sabolsice@amwater.com F 831.375.4367

August 5, 2016

Kurt Overmeyer
 Economic Development Program Manager
 City of Seaside
 440 Harcourt Avenue
 Seaside, CA 93955

Re: Carmel River Cease and Desist Order, Moratorium on New Water Service or Increased Water Service Due to Change in Zoning or Use

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Sincerely,



Eric Sabolsice
Director of Operations
California American Water Coastal Division

cc: David Stoldt, General Manager
Monterey Peninsula Water Management District

Craig Malin, City Manager
City of Seaside