



EXHIBIT 22-B

200 Fred Kane Drive, Suite 200
Monterey, CA 93940
(831) 648-7000
(831) 648-7026 FAX

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August 30, 2013

David Stoldt, General Manager
Monterey Peninsula Water Management District
5 Harris Court, Building G
Monterey, CA 93940

RE: Local Water Project Grant

Dear Mr. Stoldt:

This letter is provided in response to Monterey Peninsula Water Management District's (MPWMD) recent solicitation for Local Water Project grant applications. The Monterey Peninsula Airport District (MPAD) is interested in utilizing grant funding to conduct a feasibility study on the reuse of existing wells that have been used for groundwater remediation.

BACKGROUND

Groundwater contamination on the northwest side of Monterey Regional Airport related to historic operations of the Naval Auxiliary Air Station (NAAS) Monterey was discovered in 1990. The Army Corps of Engineers determined that Department of Defense (DoD) fuel storage and aircraft maintenance activities was the source of contamination, and therefore eligible for DoD environmental remediation. A series of extraction, reinjection, and monitoring wells with "in situ" treatment systems were installed by the Corps on- and off-airport.

After eleven years and \$18M, the Corps of Engineers and the California Regional Water Quality Control Board have determined that remediation efforts have been highly effective and may be completed in the next several months (see attached Corps PowerPoint presentation).

PROPOSAL

The Corps of Engineers remediation closure plan calls for the ultimate destruction of the wells and removal of equipment. Corps staff has indicated that some of the wells may be usable as sources of water supply and that they are willing to facilitate retention and transfer of on-airport wells for productive reuse.

MPAD recognizes the substantial investment that has been made in developing this system of wells, conveyance lines, and a storage tank that is on the airport. This is an asset that may be able to be

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directed to existing and future on- and off-airport needs. We would like to conduct a feasibility study on whether and how the wells may be reused for the benefit of the airport, its neighbors, and the community.

SCOPE OF STUDY

After consulting with MPWMD staff, a two-phased approach to assessing the future potential of the wells would be appropriate. The grant request would address Phase 1 only and pertains to the on-airport wells and remediation infrastructure.

Phase 1 – Data Collection and Review

- Review all existing hydrogeo data and put into a useful format;
- Confirm current field conditions of the treatment system wells;
- Generate a preliminary range of concepts on how the wells may be developed and potential receptors of the water supply;
- Report with determination of feasibility and recommendations.

Phase 2 -- if reuse is considered feasible to this point and not risk-averse:

- Pump tests of the on-airport wells;
- Determination of sustainability of pumping, and long-term well production and maintenance costs;
- Estimated costs of alternatives.

Following an in-house assessment of the Phase 1 recommendations and consideration of liability of pursuing options and whether additional funding is available, MPAD may choose to proceed to Phase 2.

The Phase 1 study will be conducted by a local hydrogeologist. Preliminarily, we believe the Phase 1 feasibility analysis would cost in the range of \$10,000 to \$15,000. MPAD believes that, in addition to staff time, the existing well infrastructure is an asset that may be considered a match in-lieu of funds.

SUMMARY

This proposal is preliminary and subject to refinement following initial review by the MPWMD. MPAD sees the feasibility study and potential reuse of the wells as highly consistent with and complementary to MPWMD's goal of seeking a variety of small water projects that may (1) help offset the losses of Cal Am's reduced supply of Carmel River aquifer water for existing uses, and/or (2) provide water for future projected uses in the area.

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MPAD requests that the MPWMD consider this grant for a feasibility study. We are pleased to pursue this worthwhile endeavor and hope that you will find it suitable for your support.

Sincerely,

A handwritten signature in black ink, appearing to read "Tom Greer". The signature is written in a cursive style with a large initial "T" and "G".

Tom Greer
General Manager

Attachment: US Army Corps of Engineers PowerPoint presentation