

EXHIBIT 2-B

RESOLUTION 2017-03

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE
MONTEREY PENINSULA WATER MANAGEMENT DISTRICT
APPROVING ADDENDUM NO. 3 TO THE AQUIFER STORAGE AND RECOVERY
EIR/EA AND ADDENDUM NO. 2 TO THE PURE WATER MONTEREY
GROUNDWATER REPLENISHMENT PROJECT EIR FOR THE MONTEREY
PIPELINE, ADOPTING FINDINGS PER THE CALIFORNIA ENVIRONMENTAL
QUALITY ACT, AND APPROVING THE RE-ALIGNMENT TO THE MONTEREY
PIPELINE**

**I. CONSIDERATION OF AQUIFER STORAGE AND RECOVERY EIR/EA,
ADDENDUM TO THE ASR PROJECT EIR/EA, THE PURE WATER
MONTEREY GROUNDWATER REPLENISHMENT PROJECT EIR, THE
HILBY AVENUE PUMP STATION ADDENDUM, AND THE MONTEREY
PIPELINE ADDENDUM.**

Pursuant to the California Environmental Quality Act, Public Resources Code Sections 21000 *et seq.* (“CEQA”) and the State CEQA Guidelines, Title 14, California Code of Regulations, Sections 15000 *et seq.* (“CEQA Guidelines”), the Monterey Peninsula Water Management District (“District” or “MPWMD”) has considered the following documents:

- Final Environmental Impact Report/Environmental Assessment for the Phase 1 Aquifer Storage and Recovery Project (“ASR EIR/EA”), State Clearinghouse #2004121065, certified by the District on August 21, 2006 by Resolution No. 2006-04;
- Addendum to the Phase 1 ASR EIR/EA and Initial Study Checklist for Full Implementation of Aquifer Storage and Recovery (ASR) Water Project 2 (“ASR Phase 2 Addendum”), as amended by the District on April 16, 2012 by Resolution No. 2012-04 to address full implementation of Phase 2 Aquifer Storage and Recovery;
- Final EIR for the Pure Water Monterey/Groundwater Replenishment Project (“PWM/GWR EIR”), State Clearinghouse #2013051094, certified by the Monterey Regional Water Pollution Control Agency (“MRWPCA”) on October 08, 2015 by Resolution No. 2015-24 for the Pure Water Monterey Groundwater Replenishment Project (“PWM/GWR”), and included analysis of the Monterey Pipeline;
- Addendum to the ASR Project EIR/EA and the PWM/GWR EIR for the Hilby Avenue Pump Station (“Pump Station Addendum”), as amended by the District on June 20, 2016 by Resolution No. 2016-12;

- and Addendum No. 3 to the Aquifer Storage and Recovery EIR/EA and Addendum No. 2 to the Pure Water Monterey Groundwater Replenishment Project EIR for the Monterey Pipeline Addendum (this is one document hereinafter referred to as the “Monterey Pipeline Addendum”), dated February 13, 2017, for the re-alignment of a segment of the Monterey Pipeline.

The District finds that the information contained in the ASR EIR/EA, ASR Phase 2 Addendum, the PWM/GWR EIR, the Pump Station Addendum (altogether referred to hereinafter as “EIRs”), and the Monterey Pipeline Addendum reflects the independent judgment and analysis of the District, and that the EIRs and the Monterey Pipeline Addendum have been completed in compliance with CEQA.

The EIRs and the Monterey Pipeline Addendum contain the environmental analysis and information necessary to support approval of the re-alignment of a segment of the Monterey Pipeline as set forth in **Section III**, below.

II. FINDINGS

The Board of Directors of the Monterey Peninsula Water Management District makes the following Findings of Fact. The Findings are hereby adopted by the District as required by Public Resources Code Sections 21081, 21081.5 and 21081.6, and CEQA Guidelines Sections 15090, 15091, 15092, 15164, and 15168, in conjunction with the approval of the Project, which is set forth in **Section III**, below.

Environmental Review Process - ASR Project

1. The District and California American Water (“CalAm”) jointly developed and operate the Seaside Groundwater Basin Aquifer Storage and Recovery (“ASR”) Project. The ASR Project entails diversions from the Carmel River Alluvial Aquifer when there are excess winter flows in the Carmel River from December 1st through May 31st, conveying the water to the Seaside Basin via the existing CalAm delivery system, and injecting the water into specially-constructed ASR wells for subsequent recovery and delivery to CalAm customers during dry periods.
2. The ASR EIR/EA was prepared pursuant to CEQA to address the environmental effects, mitigation measures, and project alternatives associated with the implementation of Phase 1 of the ASR Project and actions related thereto. The MPWMD Board of Directors certified the ASR EIR/EA as complete and adequate and fully in compliance with all requirements of CEQA under Resolution 2006-04 on August 21, 2006. The ASR EIR/EA found that Phase 1 ASR would not result in any significant and unavoidable impacts. On August 30, 2006, the District’s Notice of Determination was filed with the Clerk of the County of Monterey.
3. The District filed a Notice of Exemption in June 2010, in compliance with CEQA, for conducting an assessment of expansion of the ASR Project to include additional wells at the Seaside Middle School site and construction of the test well facilities that subsequently occurred in August 2010. On November 30, 2011, MPWMD and CalAm received Amended

Permit for Diversion and Use of Water, Permit #20808C, from the State Water Resources Control Board for ASR Water Project 2. The MPWMD Board of Directors approved the ASR Water Project 2, which also increased the injection and extraction capacity of ASR Phase 2.

4. The MPWMD Board of Directors adopted the ASR Phase 2 Addendum with the CEQA Findings under Resolution 2012-04 on April 16, 2012. The ASR Phase 2 Addendum was found to fully comply with CEQA, and to support approval of implementation of ASR Water Project 2. Currently, the full implementation of ASR Phase 2 Project is constrained by pumping capability and water delivery systems which limit the amount of water that can be conveyed with existing infrastructure.

Environmental Review Process - PWM/GWR Project

5. The MRWPCA Board of Directors and the MPWMD Board of Directors jointly sponsored the PWM/GWR Project. This water supply project will provide recycled water to augment the existing Castroville Seawater Intrusion Project's crop irrigation supply, and purified recycled water for recharge of the Seaside Basin that serves as a drinking water supply. Water conveyed to the Seaside Basin would be injected into the basin via new injection wells, extracted through CalAm's existing extraction wells, and conveyed to CalAm's customers. Construction of a new pipeline, the Monterey Pipeline, would enable CalAm to deliver the water to its customers. This same pipeline will allow delivery of additional Carmel River diversions to the Seaside Basin.
6. MRWPCA, as the designated lead agency under CEQA for the PWM/GWR Project, prepared the PWM/GWR EIR pursuant to CEQA Guidelines to address the environmental effects, mitigation measures, and project alternatives associated with the consideration of the PWM/GWR and actions related thereto. The MRWPCA Board of Directors certified the PWM/GWR EIR as complete and adequate and fully in compliance with all requirements of CEQA under Resolution 2015-24 on October 8, 2015. The MRWPCA Board of Directors approved the PWM/GWR Project as modified by the Alternative Monterey Pipeline (referred to hereinafter as "Monterey Pipeline") and selected the environmentally preferred alignment on October 8, 2015 by Resolution 2015-24. On October 9, 2015, a Notice of Determination for the PWM/GWR Project was filed with the Monterey County Clerk and State Clearinghouse.
7. The District finds that the impacts of the Monterey Pipeline are as described in MRWPCA Resolution 2015-24, and hereby incorporates the findings and Statement of Overriding Considerations pertaining to the Monterey Pipeline from Resolution 2015-24.

Environmental Review Process - Hilby Avenue Pump Station

8. The Pump Station Addendum is an addendum to the ASR EIR/EA and ASR Phase 2 Addendum, and the PWM/GWR EIR. MPWMD prepared the Pump Station Addendum to fully evaluate the impacts of constructing and operating the Hilby Avenue Pump Station in conjunction with the Monterey Pipeline to determine whether such construction and

operation would result in any new significant impact or a substantial increase in the severity of impacts previously disclosed in the ASR EIR/EA, ASR Phase 2 Addendum, or PWM/GWR EIR.

9. The MPWMD Board of Directors certified the Pump Station Addendum as complete and adequate and fully in compliance with all requirements of CEQA on June 20, 2016 by Resolution 2016-12, and adopted the Statement of Overriding Considerations in its entirety.
10. The MPWMD Board of Directors approved the Mitigation Monitoring and Reporting Program (“MMRP”), the Hilby Avenue Pump Station, Monterey Pipeline, and an amendment to California American Water Company Water Distribution System Permit on June 20, 2016 by Resolution 2016-12. In approving the Water Distribution System Permit Amendment, MPWMD became the lead agency for the Hilby Avenue Pump Station and the Monterey Pipeline. On June 23, 2016 a Notice of Determination for the Hilby Avenue Pump Station Project was filed with the Monterey County Clerk and State Clearinghouse.
11. The District finds that the impacts of the Monterey Pipeline are as described in MPWMD Resolution 2016-12, and hereby incorporates the findings pertaining to the Monterey Pipeline from Resolution 2016-12.

Environmental Review Process – Monterey Pipeline

12. The Monterey Pipeline Addendum has been prepared to document the proposed re-alignment of an approximately 2,350-foot segment of the Monterey Pipeline. The proposed realignment is necessary to avoid a hydraulic barrier posed by elevated terrain along a segment of the previously analyzed pipeline route. The Monterey Pipeline Addendum fully evaluates and documents environmental impacts of the re-alignment of an approximately 2,350-foot segment of the Monterey Pipeline.
13. CEQA Guidelines Section 15164 requires a lead agency or responsible agency to “prepare an addendum to a previously certified EIR if some changes or additions are necessary but none of the conditions described in §15162 calling for preparation of a subsequent EIR have occurred.” The Monterey Pipeline Addendum fully evaluates and documents that the construction and operation of the re-alignment would not create new significant environmental impacts or substantially increase the severity of previously identified significant impacts in the EIRs per CEQA Guidelines sections 15162, 15164. Construction and operation of the re-aligned segment of the Monterey Pipeline would involve some changes or additions to the project and alternatives previously analyzed in the PWM/GWR EIR and Pump Station Addendum, but none of the conditions described in CEQA Guidelines Section 15162, which address the requirements for preparing a subsequent EIR, would occur in connection with the minor re-alignment of a segment of the Monterey Pipeline.
14. MPWMD adopted an MMRP for the Monterey Pipeline on June 20, 2016 that identified mitigation measures that would be applicable to the Monterey Pipeline. These measures were incorporated as conditions of approval for the Monterey Pipeline. All mitigation measures identified in that MMRP would also be applicable to the re-aligned segment of the Monterey Pipeline. With the implementation of the mitigation measures identified in the MMRP, all impacts would be reduced to less than significant. The MMRP prepared for Monterey

Pipeline and adopted on June 20, 2016 meets the requirements of the California Environmental Quality Act Public Resource Code, Section 21081.6.

15. The construction and operation of the proposed re-aligned segment of the Monterey Pipeline does not involve new information of substantial importance which would require mitigation measures or alternatives that are different from those analyzed in the EIRs. No additional mitigation measures are identified to substantially lessen any significant and unavoidable impacts previously identified in the EIRs.
16. The Monterey Pipeline Re-Alignment would not result in any new significant cumulative impacts, or increase the severity of significant cumulative impacts previously identified in the EIRs as significant.
17. As evidenced in the Monterey Pipeline Addendum, no circumstances have changed since the consideration of the EIRs that would trigger a new significant adverse impact or a worsening in severity of any previously identified significant impacts.
18. Section 21081 of the Public Resources Code and Section 15091 of the CEQA Guidelines require that the District Board make findings prior to approval of a project (along with statements of facts supporting each finding).
19. The Board of Directors has reviewed and considered the EIRs and the Monterey Pipeline Addendum in their entirety and find that these documents are adequate for the purpose of approving the proposed re-alignment. The District hereby relies upon the contents of those documents and the associated CEQA processes for its CEQA compliance on the action of approval of the Monterey Pipeline re-Alignment.
20. This Resolution is adopted pursuant to the California Environmental Quality Act, codified at Sections 21000 and following of the Public Resources Code (“CEQA”), and the CEQA Guidelines codified at Title 14, Sections 15000 and following of the California Code of Regulations (“CEQA Guidelines”).

III. NOW, THEREFORE, BE IT RESOLVED, that Board of Directors of the District determines each Finding set forth above to be true and correct, and by this reference incorporates each as an integral part of this Resolution. Based on these Findings, the Board of Directors hereby makes the following resolutions:

1. The Board of Directors of the District, pursuant to CEQA Guidelines Sections 15164(d), has reviewed and considered the information contained in the 2006 ASR EIR/EA, the 2012 ASR Phase 2 Addendum, PWMGWR EIR, the Hilby Avenue Pump Station Addendum, the Monterey Pipeline Addendum, and the documents and information contained therein. The Board of Directors of the District hereby relies upon the contents of those documents and the associated CEQA processes for its CEQA compliance on the action of approval of the Monterey Pipeline re-Alignment.

2. The Board of Directors of the District, as lead agency for the ASR project, Hilby Avenue Pump Station Project, and the Monterey Pipeline Project hereby approves the re-alignment of a segment of the Monterey Pipeline and adopts the February 2017 Monterey Pipeline Addendum as Addendum 3 to the ASR EIR/EA and Addendum 2 to the PWM/GWR Project EIR.
3. The Secretary of the Board or his/her designee is directed under the authority granted by the Board to file the Notice of Determination for the approval of the Monterey Pipeline re-Alignment.
4. If any subdivision, paragraph, sentence, clause or phrase of this Resolution is, including but not limited to any aspect of, component or portion of the Statement of Overriding Considerations, 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 Resolution. 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.
5. This Resolution shall become effective immediately following its passage and adoption.

On motion of Director _____ and second by Director _____ the foregoing resolution is duly adopted this _____ day of February 2017 by the following votes:

AYES:

NAYS:

ABSTAIN:

ABSENT:

I, David J. Stoldt, Secretary to the Board of Directors on the Monterey Peninsula Water Management District, hereby certify that the foregoing is a resolution duly adopted on the ____ day of February 2017.

Witness my hand and seal of the Board of Directors this ____ day of February 2017.

David J. Stoldt, Secretary to the Board