

EXHIBIT 7-B



March 9, 2021

Mr. Erik Ekdahl
Deputy Director
Division of Water Rights
State Water Resources Control Board
PO Box 100
Sacramento, CA 95812

Via Email Erik.Ekdahl@waterboards.ca.gov

Subject: Relief from Condition 2 of WR 2009-0060 and WR 2016-0016 Cease and Desist Order (CDO) for Health and Safety Needs Related to Housing

Dear Mr. Ekdahl:

The State Water Board's protection and enforcement of water rights on the Carmel River and the State Department of Housing and Community Development's statewide housing mandates are co-equal high-level State priorities. However, they appear to be in conflict.

As you know, a permanent replacement water supply for the Monterey Peninsula has been identified, yet remains at least three years away. In the interim, there is increasing pressure from the State for our local jurisdictions to meet their Regional Housing Needs Allocation (RHNA), especially in the affordable housing area. As written and as interpreted to date, Condition 2 of WR 2016-0016 is a barrier to timely construction of housing at the local level.

Condition 2 of WR 2009-0060 states "Cal-Am shall not divert water from the Carmel River for new service connections or for any increased use of water at existing service addresses resulting from a change in zoning or use. Cal-Am may supply water from the river for new service connections or for any increased use at existing service addresses resulting from a change in zoning or use after October 20, 2009, provided that any such service had obtained all necessary written approvals required for project construction and connection to Cal-Am's water system prior to that date."

This has the practical effect of constraining additional housing construction due to both the restriction on an increase in use at an existing service address, as well as due to the prohibition on new service connections.

The Housing Crisis Act of 2019 (SB 330) set forth that California is experiencing a housing supply and affordability crisis of historic proportion and is a public health and safety issue. The

Monterey Peninsula RHNA goals are shown below, and are likely to be revised upward later this year.

Estimated Water Required to Meet RHNA Goals on the Monterey Peninsula

	TOTAL RHNA GOAL	Water Required (AFY) ¹	Factor Used (AFY)
Very Low (24.1%)	307	37	0.12 (multi-family)
Low (15.7%)	200	24	0.12 (multi-family)
Moderate (18.2%)	233	37	0.16 (half single family/half multi-family)
Above Moderate (42%)	531	92	0.173 (2/3 single family/1/3 multi-family)
Total Allocation/Water Required	1,271	190	

Obviously, the State housing crisis was not identified at the time of the initial CDO in 2009, nor during its extension hearing in 2016. The request for an additional 75 acre-feet of relief from the prohibition of Condition 2, while keeping intact the overall Effective Diversion Limit under the CDO, will go a long way at alleviating near-term housing needs here locally, while continuing to work on a permanent water supply solution.

Pursuant to Condition 3.c of WR 2016-0016 we are petitioning you, as Deputy Director for Water Rights, for relief from Condition 2 as it relates to housing projects, as described in our application attached hereto.

As always, we very much appreciate your commitment of time and your cooperation on this matter. Please contact me to discuss next steps and questions, if any, that you may have.

Sincerely,



David Stoldt
General Manager
Monterey Peninsula Water Management District

CC: [via email]

E. Joaquin Esquivel
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¹ Calculated based on the RHNA goals for the six cities in the Monterey Peninsula and MPWMD's water use factors for single family units (0.2 AFA) and multi-family units (0.12 AFA).

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