

EXHIBIT 4-A**AGENDA**

San Clemente Dam Removal
Quarterly Meeting
Location: 2211 Garden Road, Monterey
Call-in info: 1-866-528-2256 passcode: 3756610#

August 26, 2010
2:00 - 5:00pm

- 2:00-2:10 Welcome and opening statement (Farr)
- 2:10-2:15 Meeting Introductions
- 2:15-2:30 Meeting Purpose (Sam, Rob)
- 2:30-3:30 San Clemente Dam Project Achievements
- Project Commitments (Rob)
 - Comparison of Project Risks (Laura, Jeff)
 - Development of a Project Funding Plan and Commitments
 - State funding (Sam, Laura).
 - Federal funding (Alec, Laura)
 - Landownership Commitment by BLM (Rick Cooper, Alec)
- 3:30-3:45 Project Objectives for 2010-2013 (Jeff)
- 3:45 – 5:00 Assignments and Next Steps
- Notice of Determination (DSOD)
 - Federal Funding (Sam, Rob, Alec)
 - BLM conditions for landownership (Laura)
 - Community Outreach (Catherine)
 - Next Quarterly Meetings (Sam, Rob)

Carmel River Reroute and San Clemente Dam Removal Project

Collaborative Statement Tasks and Achievements

Project Commitments

- Dam Removal Work Plan approved by DSOD (5/11/2010)
- Project approved by California American Water and American Water Boards (7/27/2010 and 7/30/2010)
- *Bureau of Reclamation DEC review in 2010*
- *DSOD Notice of Determination to be issued by September 2010*
- *CPUC to approve project in Nov/Dec 2010*

Evaluate and Develop Plan to Manage Risks

- Comparative risk assessment of Dam Strengthening and Dam Removal project complete
- Draft Long-Term Management Plan complete

Secure Funding Commitments

- \$7.2M committed by State and Federal Agencies.
- Grant applications submitted for \$15.5M
- Several possible federal funding entities/accounts identified
- *Additional state commitment of \$11M by March 2011.*
- *Federal funding commitments for \$10M in 2011/12*

Secure Long-Term Landowner

- BLM sent letter of commitment to be long-term landowner after project completion (8/2/2010)

14 **Summary of San Clemente Dam Strengthening (SCDS) and
Carmel River Route and Dam Removal (CRRDR)
Project Risk Assessments**

Purpose:

The State Coastal Conservancy, California American Water and the National Marine Fisheries Service agreed to perform risk assessments on both the SCDS and the CRRDR projects to provide a summary of the identified risks associated with each of the projects. These risk analyses were also designed to provide a comparison, to the extent appropriate and feasible, of the risk profiles between the CRRDR and SCDS projects.

Process:

SCDS and CRRDR Risk Assessments: Environmental Risk Services (ERS) provided a summary of the potential risks associated with the CRRDR project. URS then peer reviewed this assessment, used a more refined version of this methodology to identify the potential risks associated with the SCDS project, and revised the CRRDR assessment to allow for a more consistent comparison of the two project profiles.

Comparative Risk Assessment: URS used the information in the two individual risk assessments to conduct a comparison of the risk profiles of each project. This consisted of qualitatively evaluating each project risk factor for its potential impact on the following objectives common to both projects: 1) environmental issues; 2) schedule; 3) cost; and 4) legal issues. Each risk factor was scored for its probability of occurrence and its impact on the primary objective affected. URS then identified feasible mitigation measures for the risks and rescored the risks to identify those with scores above 15 as "significant" risks. The scores of these "significant" risks were then compared across the four project objectives for both projects.

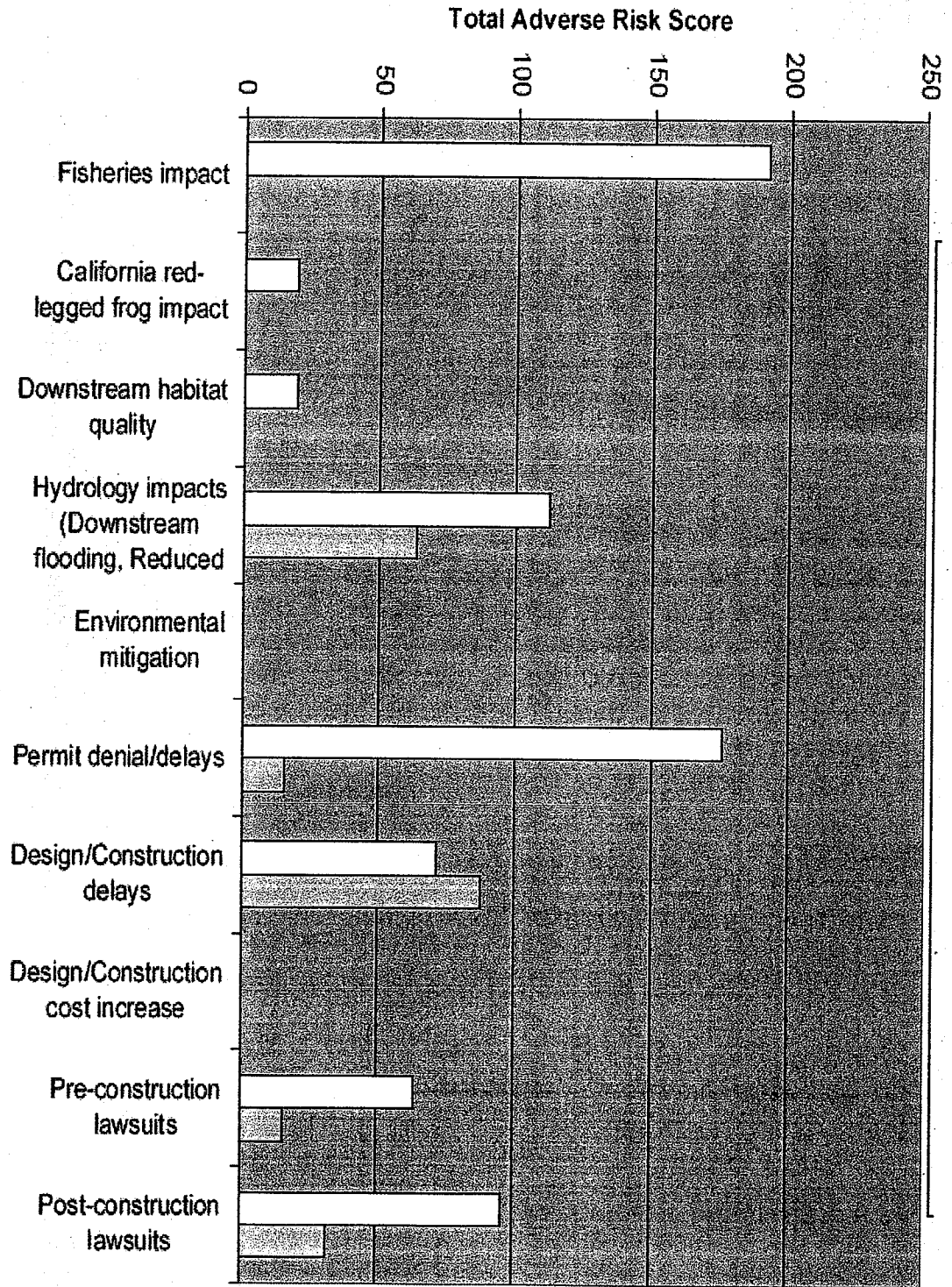
Overall Conclusion:

The risk profile for the SCDS project was determined to be consistently higher than the CRRDR project with only minor variations from this trend. Additional mitigation measures would lower the risk profile for both projects, but even when considering additional mitigation measures, the CRRDR has a significantly lower risk profile than the SCDS.

Figure 1 on the back summarizes the findings of the comparative risk analysis.

Figure 1. Adverse Risk Profiles of SCDS and CRRDR Projects with Additional Mitigation ¹⁵

□ Total Risk Score of Significant Adverse Risk Factors in Given Impact Category for SCDS Project
 ■ Total Risk Score of Significant Adverse Risk Factors in Given Impact Category for CRRDR Project



**San Clemente Dam Removal Project
Funding Strategy (as of August 2010)**

Funding Source	Estimated Amount	Estimated Date of Commitment	Status of Securing Funds	Estimated Probability of Success	Revised Estimate of Amount
California American Water					
SUBTOTAL	\$50,000,000		Need CalAm Board and PUC approval of project.	100%	\$50,000,000
State					
State Coastal Conservancy	\$7,000,000	December 2010	\$3 million approved. Staff level commitment for additional \$4 million. Conservancy Board Mtg on December 2, 2010.	95%	\$6,650,000
California Department of Fish and Game	\$7,000,000	Jan 2011 - Jan 2013	Fisheries Grant application submitted. In review. Jan 2011 decision.	50%	\$3,500,000
Wildlife Conservation Board	\$7,000,000	February 2011	Management-level commitment. Application Submitted and reviewed. WCB Mtg in February 2011.	85%	\$5,950,000
California Resources Agency	\$6,000,000	December 2010	\$3M awarded. Application for additional \$3M submitted and in review.	90%	\$5,400,000
SUBTOTAL	\$27,000,000				\$21,500,000
Federal					
Coastal Impact Assistance Program	\$700,000	July 2010	Approved.	100%	\$700,000
Open Rivers Initiative	\$3,000,000	April 2012	\$500,000 awarded in 2010 program for design and engineering. Multi-year proposal for additional \$2.4M over 2011-2012 submitted and discussed with ORI staff.	70%	\$2,100,000
Innovative Readiness Training Program (in-kind services)	\$4,000,000	September 2010	Application for assistance submitted. Project deemed eligible for IRT assistance.	50%	\$2,000,000
Unidentified federal source	\$10,000,000			85%	\$8,500,000
SUBTOTAL	\$17,700,000				\$13,300,000
Private Foundations/Other					
SUBTOTAL	\$2,000,000	May 2011	Initial discussions underway.	50%	\$1,000,000
TOTAL:	\$96,700,000				\$85,800,000

San Clemente Dam Removal Project Potential Funding Sources

Options for federal funding:

- existing federal funding programs;
- general funds of federal agencies;
- Congressional appropriations specific to a particular dam;
- in-kind federal assistance in the form of studies, technical assistance, and direct assistance

Existing Federal Programs

Although the federal government does not have a dedicated funding source for dam removal, federal agencies have a variety of programs to help fund such projects including the following:

Agriculture Department

Natural Resources Conservation Service

Wildlife Habitat Incentives Program (WHIP) provides financial incentives to develop habitat for fish and wildlife on private lands. Participants agree to implement a wildlife habitat development plan in exchange for cost-share funding to install the habitat modifications. The program can be used to fund portions of dam removal costs.

Coastal America

National Corporate Wetlands Restoration Partnership (CWRP) program encourages public-private partnerships in which corporations join forces with federal and state agencies, as well as local communities and non-profit organizations to restore wetlands and other aquatic habitats. Funds can also be used for dam removal.

Commerce Department

National Marine Fisheries Service (NOAA)

Anadromous Fish Conservation Act Program provides a means for the federal government to work with states and other interests in the conservation, development, and enhancement of the nation's anadromous fish stocks. The program is jointly administered with NOAA-NMFS and the U.S. Fish and Wildlife Service. Funds can be used for dam removal.

Habitat Conservation program provides grants for research, management, public education, and conservation of wetlands and other coastal habitats. Funds can be used for dam removal, research on the effects of dam removal, and restoration of aquatic, wetland and coastal estuary habitats associated with dam removal.

National Fisheries Habitat Program provides funding to restore habitat for coastal marine resources and anadromous fish. Funds can be used for fisheries habitat restoration projects including artificial reefs, estuarine dredging, wetland rehabilitation, streambank stabilization, spawning habitat for anadromous fish species, and dam removal.

Defense Department

United States Army Corps of Engineers

Aquatic Ecosystem Restoration program provides design and engineering assistance to restore degraded aquatic ecosystems to a more natural condition. The program may be used to remove dams.

Challenge 21 Initiative (Flood Hazard and Riverine Ecosystem Restoration) authorizes the Army Corps to undertake nonstructural flood control and riverine ecosystem restoration projects. Funds can be used for floodplain, wetland and riparian restoration and/or prevention of flood damages

on floodplains associated with dam removals, or removal of dams themselves where dam removal improves flood control.

Emergency Advance Measures for Flood Prevention program authorizes the Army Corps to perform activities prior to flooding that would assist in protecting against loss of life and damages to property due to flooding. Funds can be used for selective dam removal where failure of the dam would threaten a catastrophic flood event.

Planning Assistance to the States program provides technical assistance to support states with water and related land resource management. Funds can be used to cover a variety of planning, feasibility and engineering costs associated with a dam removal.

Department of the Interior

Fish & Wildlife Service

Partners for Fish and Wildlife program provides technical and financial assistance to restore degraded wetlands, streams and river corridors, prairie, grasslands, and other important fish and wildlife habitats for migratory birds, anadromous fish, threatened and endangered species, and some marine mammals. Funds can be used for dam removal.

Sport Fish Restoration program provides reimbursement for management of fishery resources, conservation, and restoration. Funds can be used for:

- fish habitat improvement, public access for fishing, and lake and stream rehabilitation
- dam removal

Wildlife Restoration program provides funding for the selection, restoration, rehabilitation and improvement of wildlife habitat, wildlife management and research. Funds can be used:

- for dam removal
- to restore riparian habitat areas in conjunction with dam removal.

Land and Water Conservation Fund (LWCF)

The LWCF program provides funds state and local governments to acquire and protect land and water resources. Funds can be used to purchase dams and for riparian area protection and restoration associated with dam removal.

National Park Service

Rivers and Trails Conservation Assistance Program (RTCA) provides assistance to support partnerships between government and citizens to increase the number of rivers and landscapes protected. RTCA has helped communities restore natural floodplains, identify potential Wild and Scenic Rivers and develop community-based consensus management plans for various kinds of public and natural resources. Funds can be used to:

- assist with dam removal planning and for river restoration related to dam removal

National Fish and Wildlife Foundation (NFWF)

The National Fish and Wildlife Foundation is a nonprofit charitable organization dedicated to the conservation and management of fish, wildlife, and habitats. NFWF funds have been used in dam removal, habitat restoration and fish passage projects. The foundation receives federal funding and provides grants to:

- support community-based wetland and riparian restoration projects
- benefit salmon (with emphasis on coho and Chinook), steelhead, trout, and their aquatic habitats

Bureau of Reclamation (BOR)

Endangered Species Recovery Program: Funding for Endangered Species programs and activities that include continuing water conservation activities; providing and protecting in-stream flows; managing endangered species activities; habitat restoration and protection; research; planning and outreach; and construction of facilities to benefit fish and wildlife.

Department of Transportation

TEA-21 (Transportation Equity Act for the 21st Century) program promotes and funds alternatives to highway transportation. Funds are provided through state agencies and can be used for a wide variety of projects including:

- dam removal costs in association with a trail or historic protection project
- reconstructing, rehabilitating, resurfacing, or restoring a transportation facility to address wetland restoration needs
- restoration work related to a dam removal if a transportation facility is involved.

National Service Corps

Americorps is a federal program of the Corporation for National and Community Service. Volunteers work as teams on many types of service projects and are supervised by trained crew leaders. Americorps crews can be used for portions of dam removal projects and related restoration work.



United States Department of the Interior



BUREAU OF LAND MANAGEMENT

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 Hollister, CA 95023
 Phone (831) 630-5000 Fax (831) 630-5055
www.blm.gov/ca/hollister

August 2, 2010

In Reply Refer to:
 1610 (P)
 CA190

Robert MacLean
 President
 California American Water
 1033 B Avenue, Suite 200
 Coronado, CA 92118

Dear Sir,

Please consider this letter as the Bureau of Land Management's intent to accept the 928 acre property described as parcels APN 4170510004000, 4170510005000, 4170510011000, and 417051010000 in the Monterey County parcel map, as donated lands from California American Water (CAW). The Bureau of Land Management (BLM) will accept the donation of land in an effort to facilitate an innovative river restoration project on the Carmel River. The aforementioned parcels contain the San Clemente Dam and Reservoir within their boundaries. The restoration project consists of removing the dam and realigning the Carmel River to improve public safety and improve the river function for the benefit of steelhead trout. BLM would accept the property for long term management after the restoration project has been completed.

The BLM's motivation for taking on long term land stewardship in this area would be to provide the public with opportunities to recreate and enjoy the Carmel River corridor while restoring critical habitat for a threatened species. The BLM believes this project will be in the best interest of the public and resources in this area and would be in keeping with the mission of this agency, assuming certain conditions of the donation are acceptable to CAW and the entire project team.

The following conditions must be met prior to or during the transfer of these lands to the BLM:

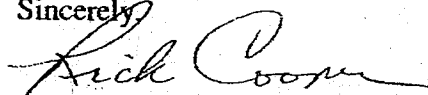
1. The donation and conditions will receive United States Department of Justice review and approval prior to the transfer of the property.
2. BLM would become an active advisory team member in the planning and implementation of the project.
3. BLM will require provisions in the transfer that will allow for the creation of a public access corridor along the Carmel River sections owned by CAW, BLM and Monterey

Peninsula Regional Parks District to facilitate a Carmel River Parkway. This segment would extend from below the current dam site on CAW property to a point at or below the Los Padres dam site.

4. BLM will require that access to the property in the form of easements through the Sleepy Hollow homeowners association and the Monterey Peninsula Regional Parks District be in place prior to transfer.
5. BLM will not accept transfer of the property until the project has been completed and monitoring of the significant design components of the project (i.e. river diversion channel, diversion dam condition, stabilization of sediment basin in the Carmel River segment) has occurred for two years. BLM would not be responsible for any regulatory or take provisions under Endangered Species Act or the Clean Water Act due to project design failures that impact threatened or endangered species or water quality.
6. CAW and the project team would agree to work with BLM and assist in funding a community based land use plan to address future land use on the parcel and the future River Parkway. A land use plan will be required of BLM to amend the 2007 Hollister Resource Management Plan to include management direction for these lands
7. CAW and the project team would agree to assist BLM in establishing an endowment which would provide BLM with funding for law enforcement and management presence in the area. This fund could be held by a third party and could augment local law enforcement agencies or partially fund BLM LE Ranger and Park Ranger.
8. BLM will require the property be left in a condition acceptable to BLM with respect to existing infrastructure on the property, including but not exclusive to structures, electrical power source, roads, hazardous materials, potable water and encumbrances of any type.

The conditions are necessary to ensure BLM has the appropriate resources in place to successfully manage the donated lands in perpetuity. We appreciate the work that the project team has done and the opportunity to be part of this historic restoration effort with exceptional public benefit.

Sincerely,



Rick Cooper
Field Manager

CC: Alec Arago, Congressman Farr's Office
Jim Abbott, Acting State Director California BLM
Trish Chapman, State Coastal Conservancy
Joyce Ambrosius, National Marine Fisheries Service

Carmel River Reroute and San Clemente Dam Removal Project

Critical Steps to Construction

2010

- Issue Notice of Determination for the FEIR/EIS
- Obtain CPUC approval of the project
- Begin preliminary design work
- Conduct Bureau of Reclamation DEC project review

2011

- Complete preliminary design & submit permit applications
- Confirm IRT involvement
- Develop draft Implementation Agreement
- Obtain majority of fund commitments

2012

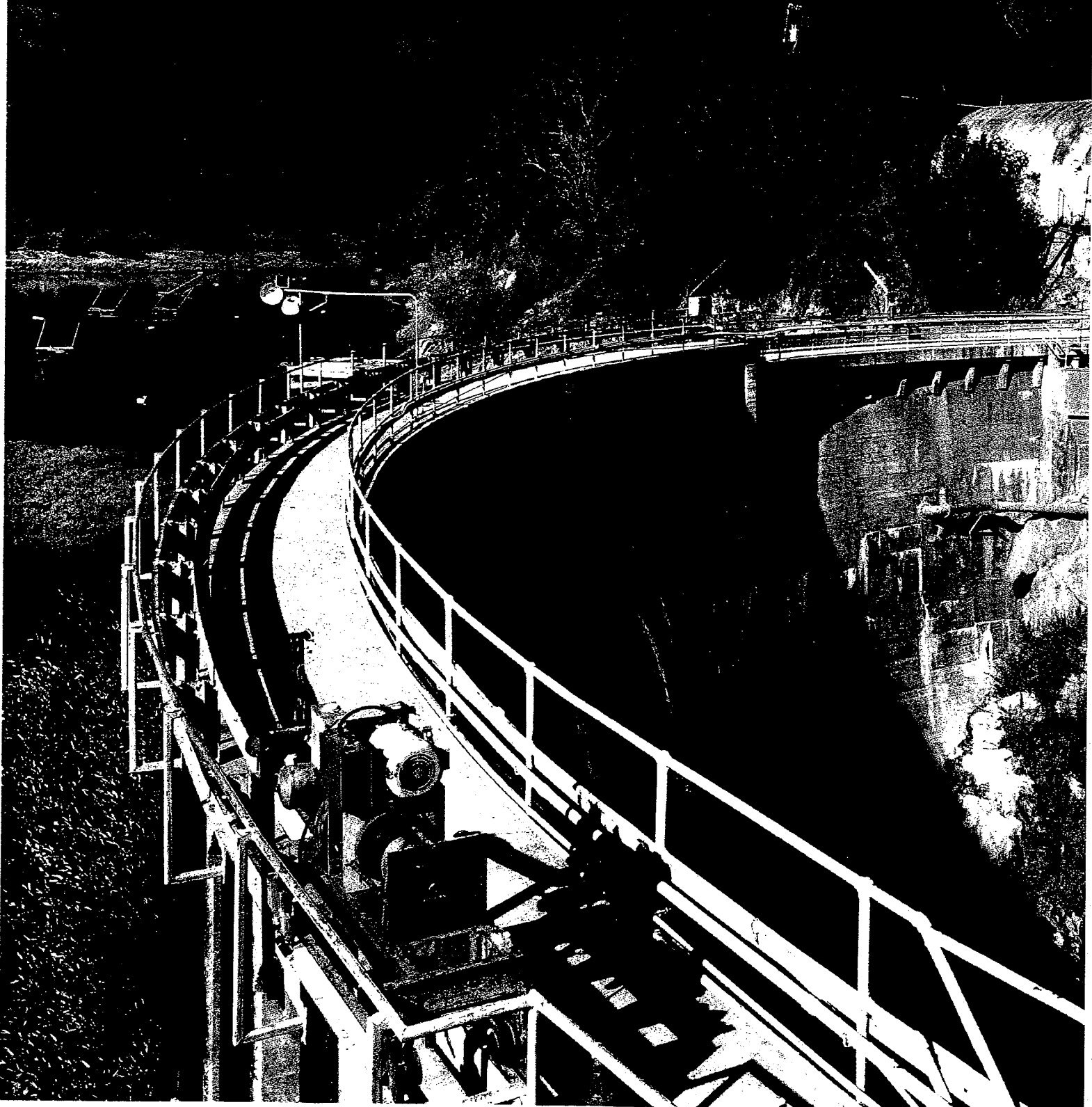
- Select design/build contractor
- Finalize Implementation Agreement, including land transfer
- Secure majority of project permits

2013

- Complete final design
- Obtain DSOD approval
- Finalize permit requirements
- Begin construction

San Clemente Dam Removal Project

A collaborative project of:
**California American Water, NOAA's National Marine Fisheries Service,
and the California State Coastal Conservancy**



**THE SAN CLEMENTE DAM
REMOVAL PROJECT IS
SUPPORTED BY:**

**Congressman
SAM FARR**

**U.S. Senator
BARBARA BOXER**

**State Assemblymember
WILLIAM MONNING**

**Monterey County Supervisor
DAVE POTTER**

American Rivers

California American Water

**California Department of
Fish and Game**

**California Natural Resources
Agency**

**California State Coastal
Conservancy**

Caltrout

**Carmel River Steelhead
Association**

**Carmel River Watershed
Conservancy**

**Central Coast Regional
Water Quality Control Board**

Friends of the River

Monterey Coastkeeper

**Monterey County Water
Resources Agency**

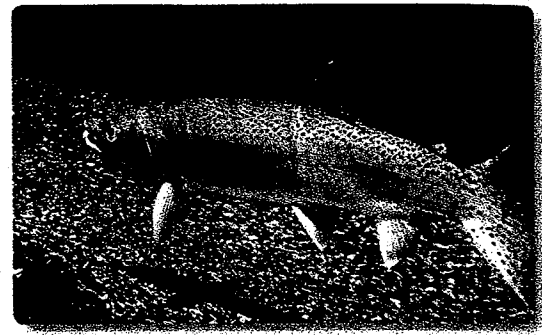
**Monterey Peninsula Water
Management District**

**NOAA's National Marine
Fisheries Service (NMFS)**

**Planning and Conservation
League Foundation**

U.S. Fish and Wildlife Service

The Carmel River is one of the best opportunities for river restoration on California's Central Coast. Flowing through the Ventana Wilderness and the Los Padres National Forest, the river provides essential habitat for threatened species including South-Central California Coast Steelhead and the California Red-Legged Frog.



South-Central California Coast Steelhead

San Clemente Dam has impacted the Carmel River and its wildlife since 1921. The river suffers accelerated erosion, the once-vibrant steelhead run has dramatically decreased, and lives and property below the dam are threatened with potential collapse of the dam, deemed unsafe by the State of California. Furthermore, the dam no longer provides a drinking water supply, as its reservoir is now 90% filled with sediment.

A unique partnership of federal, state, and local agencies led by the California State Coastal Conservancy (SCC) and NOAA's National Marine Fisheries Service (NMFS), is working with California American Water (CAW), a private water utility, to remove San Clemente Dam and begin restoring the Carmel River. This project can be one of the largest dam removal projects in California and is supported by a large constituency of elected officials, government agencies, environmental organizations, and the public.

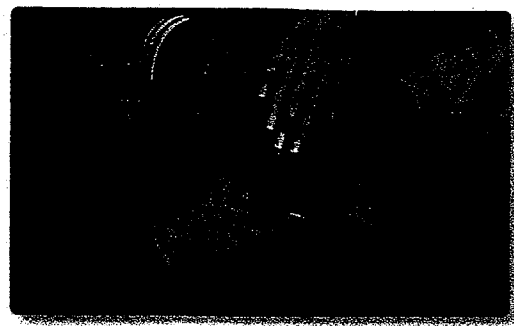


Carmel River

Two key tasks are essential to make this project a reality:

- ✓ **Secure up to \$15 million of federal funding to match \$20-27 million from the State of California and \$49 million from California American Water.**
- ✓ **Obtain a commitment from the Department of Defense's Innovative Readiness Training (IRT) Program to provide in-kind assistance on project implementation.**

Working Together Makes Innovative Solutions Possible



A Unique Project, a Unique Partnership

An agreement with CAW and federal, state and local agencies provides a framework to cooperatively remove the dam. It enables CAW to resolve dam safety concerns through the lowest cost solution for ratepayers. Public agencies, led by SCC and NMFS, will secure additional funds to pay for the dam removal project. This project demonstrates when public and private interests work together, benefits are realized far beyond what either could achieve alone. By overcoming numerous political and procedural challenges, the San Clemente Dam Removal Project can be a model for other public-private cooperative efforts.

Provide Jobs and Local Economic Stimulus

The project's direct construction expenses of approximately \$62 million are projected to result in over \$150 million in economic output that will save or generate over 900 jobs. Monterey County has been hard hit by the recession and currently has an unemployment rate over 12%.

Permanently Improve Public Safety

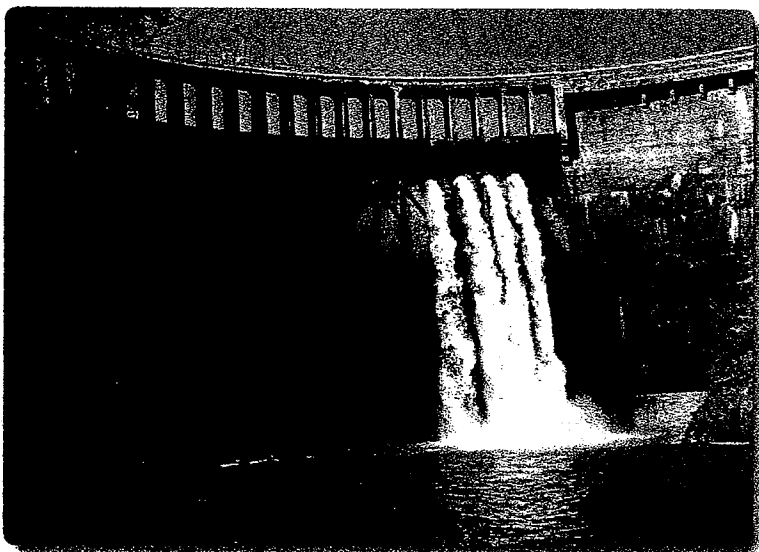
Removing the dam will permanently resolve a threat to 1,500 structures in the downstream floodplain that are now threatened by dam collapse.

Facilitate Military Readiness

The Department of Defense's Innovative Readiness Training (IRT) program is for military reserve and active-duty forces, and helps them achieve training objectives by participating in civilian projects. Reserve forces could undertake many tasks such as road building, earthmoving, water diversions, and removal of the dam. The project presents an excellent opportunity for multi-year, joint training operations.



Tino Gamboa, CAW Utility Worker



San Clemente Dam

A Model for Western Dam Removal Projects

San Clemente Dam will be one of the largest dams removed in the West. There is a great opportunity to learn more about post-dam removal sediment transport, channel response, and river restoration processes from studying the outcomes of the project. The project team has invited a group of academic experts to develop a coordinated research program for the project that will help guide all future dam removal projects in the West.



Carmel River Watershed
Conservancy steelhead rescue

Restoring Connectivity, Recovering Species

Steelhead along California's Central Coast are a threatened species. Removing San Clemente Dam will restore access to 25 miles of spawning and rearing habitat, critical to steelhead recovery. Restoring the river's ecological connectivity will benefit other threatened species, including the threatened California Red-Legged Frog. Enabling sediment to move past the dam will also help replenish sand supply to Carmel River beach and dunes, fortifying the beach and coastal area against sea level rise.

Coordinated River Restoration Program

Removal of San Clemente Dam is part of a larger coordinated effort to restore the Carmel River. This larger effort will restore the lagoon and floodplain, increase instream flows, and restore the river's riparian corridor.

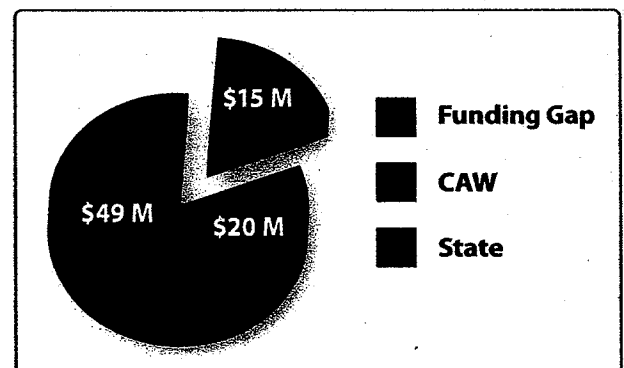
Permanent Watershed Conservation and Public Access

After completion of the project, CAW will donate 928 acres of adjacent land to the Bureau of Land Management for permanent watershed conservation and compatible public access. The project area adjoins two regional parks, creating over 5,400 acres of combined open space available for hiking and passive recreation. In addition, the restored river channel enables whitewater kayaking, a new regional recreational amenity.

Essential for Project Completion

Secure up to \$15 million of Federal Funding

The project team expects to secure at least \$20 million in State funds and is looking for \$15 million to be matched by federal agencies. The California State Coastal Conservancy is working with federal legislators and agencies to identify potential sources for this funding. In addition, the project team is working with NOAA and the IRT program to secure the assistance requested from those agencies, which could provide approximately \$5 million of the funding gap.



Secure assistance from the IRT

The Department of Defense has confirmed the San Clemente Dam Removal Project is eligible for IRT assistance, but has not indicated whether it will provide this assistance. The project team is working with IRT staff to confirm IRT involvement, and define its extent and nature. Additional federal funding for the IRT program could provide increased military training opportunities and help implement the dam removal project.

For more information on the SAN CLEMENTE DAM REMOVAL PROJECT:

TRISH CHAPMAN, California State Coastal Conservancy (SCC) tchapman@scc.ca.gov (510) 286-0749

JOYCE AMBROSIUS, NOAA's National Marine Fisheries Service (NMFS) joyce.ambrosius@noaa.gov (707) 575-6064

JEFF SZYTEL, California American Water (CAW) jszytel@wsc-inc.com (619) 807-8398