

This meeting is not subject to
Brown Act noticing requirements.
The agenda is subject to change.



**Water Supply
Planning Committee
Members:**
*Robert S. Brower, Sr.
Chair
Jeanne Byrne
David Pendergrass*

Alternate:
Kristi Markey

Staff Contact
*David J. Stoldt,
General Manager*

*After staff reports have
been distributed, if
additional documents are
produced by the District
and provided to the
Committee regarding any
item on the agenda, they
will be made available at
5 Harris Court, Building
G, Monterey, CA during
normal business hours.
In addition, such
documents may be posted
on the District website at
mpwmd.net. Documents
distributed at
the meeting will be made
available in the same
manner.*

AGENDA
Water Supply Planning Committee
Of the Monterey Peninsula Water Management District

Monday, November 2, 2015, 10:00 am
MPWMD Conference Room, 5 Harris Court, Bldg. G, Monterey, CA

Call to Order

Comments from Public

*The public may comment on any item within the District's jurisdiction. Please limit
your comments to three minutes in length.*

Action Items – Public comment will be received

1. Consider Adoption of September 8 and October 8, 2015 Committee Meeting Minutes
2. Consider Development of Recommendation to the Board re City of Monterey Application for Local Project Grant Funding

Discussion Item – Public comment will be received

3. Update on Monterey Peninsula Airport District Local Project Funding Grant
4. Discussion of District Activities Related to Sustainable Groundwater Management Act
5. Update on Pure Water Monterey Project
6. Update on California American Water Desalination Plant
7. Update on Alternative Desalination Project
8. Update on Status of Los Padres Dam
9. Update on SWRCB Hearing re Pacific Grove Water Project

Suggestions from the Public on Water Supply Project Alternatives (15 min limit)

Set Next Meeting Date

Adjournment

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 send a description of the requested materials and preferred alternative format or auxiliary aid or service by 5PM on October 29, 2015. 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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WATER SUPPLY PLANNING COMMITTEE

ITEM: ACTION ITEM

1. CONSIDER ADOPTION OF SEPTEMBER 8, AND OCTOBER 8, 2015 COMMITTEE MEETING MINUTES

Meeting Date: November 2, 2015 **Budgeted:** N/A

From: David J. Stoldt **Program/** N/A
 General Manager **Line Item No.:** N/A

Prepared By: Arlene Tavani **Cost Estimate:** N/A

General Counsel Approval: N/A

Committee Recommendation: N/A

CEQA Compliance: N/A

SUMMARY: Attached as **Exhibits 1-A and 1-B**, respectively, are draft minutes of the September 8 and October 8, 2015 Water Supply Planning Committee meeting.

RECOMMENDATION: The Committee should review the minutes and adopt them by motion.

EXHIBITS

1-A Draft Minutes of the September 8, 2015 Committee Meeting

1-B Draft Minutes of the October 8, 2015 Committee Meeting



EXHIBIT 1-A

DRAFT MINUTES Water Supply Planning Committee of the Monterey Peninsula Water Management District September 8, 2015

Call to Order The meeting was called to order at 3:00 pm in the MPWMD conference room.

Committee members present: Robert S. Brower, Sr. - Committee Chair
Jeanne Byrne
David Pendergrass

Committee members absent: None

Staff members present: David Stoldt, General Manager
Larry Hampson, Planning & Engineering Division Manager
Joe Oliver, Water Resources Division Manager
Arlene Tavani, Executive Assistant

District Counsel present: Heidi Quinn

Comments from the Public: No comments.

Action Items

1. **Consider Adoption of August 4, 2015 Committee Meeting Minutes**
On a motion by Pendergrass and second of Byrne, the August 4, 2015 committee meeting minutes were approved unanimously on a vote of 3 – 0 by Pendergrass, Byrne and Brower.
2. **Develop Recommendation to the Board re Adoption of Resolution 2015-17 Establish MPWMD as Groundwater Sustainability Agency for the Carmel Valley Alluvial Aquifer**
On a motion by Pendergrass and second of Byrne, the committee agreed to recommend that the Board of Directors adopt Resolution 2015-17 and direct the General Manager to file a Notice of Intent with the State Department of Water Resources to become the GSA for the Carmel Valley Alluvial Aquifer. The motion was approved on a vote of 3 – 0 by Pendergrass, Byrne and Brower.
3. **Develop Recommendation to the Board on Selection of Recipients – FY 2015-16 Local Water Projects/Grants**
On a motion by Byrne and second of Pendergrass, the committee requested that the Pebble Beach Company application be considered at the October Water Supply

Planning Committee meeting; and that the committee consider the applications of City of Monterey, City of Seaside and Pacific Grove at its November meeting. The motion was approved on a vote of 3 – 0 by Byrne, Pendergrass and Brower.

Comments from the Committee. (A) Will not support Pacific Grove or Monterey applications if they include a wastewater component. (B) We should fund all the applications but reduce the grants by 15.5 or 16 percent. (C) Must determine if water savings proposed by the Seaside application is from the Cal-Am system.

Public Comment: **(A) Michael McCullough**, Government Affairs Administrator, Monterey Regional Water Pollution Control Agency (MRWPCA), expressed support for funding studies proposed in the City of Monterey application but he did not support the following: proposal to send concentrated wastewater flows to the MRWPCA thereby reducing flows to the treatment plant, and use of a bi-directional pipeline which is not feasible due to public health concerns. As for the Pacific Grove application, the MRWPCA has no capacity to store the 417 acre-feet of stormwater that is to be delivered to the treatment plant. Pacific Grove must consider right-sizing the project. **(B) David Chardavoyne**, General Manager of the Monterey County Water Resources Agency (MCWRA), expressed concern that concentrated flows from the City of Monterey and Pacific Grove projects would result in poor quality recycled water available for use on agricultural fields. There is no requirement for local communities to send 100% of their wastewater flows to the MRWPCA treatment plant. He stated that the Pure Water Monterey project would include use of Blanco Drain Water, but in the winter that water would go through primary and secondary treatment and then be sent to the ocean because there is no storage or need for the water. He asked how the community would benefit by paying for treatment of additional water from Monterey or Pacific Grove in the winter months and then sending it to the ocean. He stated that these proposals are a hindrance to development of the Pure Water Monterey agreements and plans.

Discussion Items

4. Update on Pure Water Monterey Project

Stoldt reported the following. Agreements are being forged between the MCWRA and MRWPCA. The City of Salinas is supportive of the project, and is studying costs associated with its participation. The Water Purchase Agreement is needed to apply for project financing but Cal-Am is progressing slowly on completion of the agreement. The externalities study may be done by November 2015. As yet, there has been no release of cost data.

Public Comment: **(A) David Chardavoyne** stated that a good draft agreement has been developed with the MCWRA, and that County Counsel must review it. He proposed development of an umbrella agreement that incorporates the 6 agreements that pertain to this project. This umbrella agreement may be assigned to David Laredo for completion. **(B) Mike McCullough** reported that the Pure Water Monterey demonstration facility is under construction. The National Water Resources Association was given a tour of the facility on August 6, 2015, and a tour is planned on September 21, 2015 for the California Special District's Association.

5. Update on California American Water Desalination Plant

Stoldt advised the committee that in October 2015, the California Coastal Commission will consider Cal-Am's revised application for test slant well operation. The comment period on the project EIR has been extended through September 30, 2015. The Water Management District, Cal-Am, and the Monterey Peninsula Regional Water Authority have a meeting set to develop a schedule related to PWM and the desalination project that can be presented to the California Public Utilities Commission.

6. Update on Alternative Desalination Project

DeepWater Desal has begun work on the RFQ for the environmental consultant. The Water Management District recently issued a check to DeepWater Desal for \$325,000 to be placed in escrow to fund 50% of the environmental review. A draft EIR may be completed within 10 months.

7. Update on Status of Los Padres Dam

Hampson reported that Cal-Am has not yet signed the reimbursement agreement with the Water Management District for funding the Los Padres Dam Long Term Plan. Once the agreement is signed, he can finalize plans to contract for assistance with studies on sediment management alternatives and fish passage. He reported that a study of upstream volitional fish passage for steelhead was prepared for the Santa Felicia Dam upgrade. The result was that trap and truck was recommended as the most feasible fish passage alternative.

Suggestions from the Public on Water Supply Project Alternatives

No comments.

Set Next Meeting Date

The meeting was scheduled for October 9, 2015 at 9 am.

Adjournment

The meeting was adjourned at 4:30 p.m.

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EXHIBIT 1-B

DRAFT MINUTES Water Supply Planning Committee of the Monterey Peninsula Water Management District October 8, 2015

Call to Order The meeting was called to order at 9:05 am in the MPWMD conference room.

Committee members present: Robert S. Brower, Sr. - Committee Chair
Jeanne Byrne (participated by telephone)
David Pendergrass

Committee members absent: None

Staff members present: David Stoldt, General Manager
Larry Hampson, Planning & Engineering Division Manager
Joe Oliver, Water Resources Division Manager
Arlene Tavani, Executive Assistant

District Counsel present David C. Laredo

Comments from the Public: No comments.

Action Items

1. Develop Recommendation to the Board on Use of Local Water Projects/Grants Funds for Wastewater Recycling Projects

Byrne offered a motion that was seconded by Pendergrass to adopt a policy that would prohibit prospectively use of Local Water Project Grant Funds for any wastewater reclamation project that would remove wastewater flows from the Carmel Area Wastewater District or the Monterey Regional Water Pollution Control District. The Pure Water Monterey Project was exempted from the prohibition. Pendergrass seconded the motion. Pendergrass later withdrew his second. Brower offered a second to the motion. The motion was approved on a roll-call vote of 2 – 1. Brower and Byrne were in favor of the motion, and Pendergrass was opposed.

Public Comment: **(A) Jessica Kahn**, Environmental Programs Manager, City of Pacific Grove, stated that the city had not spent funds from the previous Local Water Project Grant due to time needed to complete reports that must be done before the RFP is issued. Requests for reimbursement for expenditures should be submitted after the RFP is issued in November 2015. She noted that the 2015 Grant Application does not include a wastewater component. **(B) Luke Coletti** – stated that he is opposed to the new application by the City of Pacific Grove because it proposes to expand Crespi Pond

and utilize it for feeder water into the Pacific Grove local project.

2. Develop Recommendation to the Board on Selection of Recipients – FY 2015-16 Local Water Projects/Grants

Pendergrass offered a motion to adopt the staff recommendation to approve the three projects: Pebble Beach Company, City of Monterey and City of Seaside and increase the Local Water Project Grant Fund to \$171,900 at the mid-year budget adjustment, and that no funds would be spent to study scalping. The motion failed on lack of a second.

Brower offered a motion that was seconded by Byrne to distribute \$80,000 to Pebble Beach Company and \$106,900 to the City of Seaside and to reduce the Local Water Project Grant Fund accordingly at the mid-year budget adjustment. Pendergrass offered an amendment to the motion that was seconded by Byrne, to add that a discussion of the application from the City of Monterey for the reduced amount of \$85,000 be considered at a future meeting. The amended motion was approved unanimously on a roll-call vote of 3 – 0 by Brower, Byrne and Pendergrass.

Public Comment: (A) **Rick Riedl**, Senior Engineer for the City of Seaside, stated that the proposed reduction of the grant to \$106,900 was a fair offer but must be accepted by the City Council. (B) **Brent Reitz**, Project Manager for Pebble Beach Company, expressed support for the opportunity to fund a project that would provide an alternative water source for the Del Monte Golf Course. (C) **Jessica Kahn**, advised the committee that the Pacific Grove project does include a detention facility for storm water, to allow for the City and MRWPCA to agree on the amount of water to be sent back to the MRWPCA treatment plant. (D) **Luke Coletti** opined that the detention facility proposed is Crespi Pond which is in conflict with the current stormwater plan EIR. He noted that one proposal is to store stormwater and utilize it for feeder water for the local water project. (E) **Jessica Kahn** responded that the detention facility would be a concrete storage area at the local water project site. It is anticipated that wastewater would be treated and that stormwater would be distributed to the MRWPCA. However, there is the potential to mix both sources of water and treat them for other purposes.

Byrne left the meeting at 9:50 am following the close of item 2.

Discussion Items

3. SB13 and Modifications to the Sustainable Groundwater Management Act

Stoldt advised the committee that in September 2015, the California State Legislature approved an amendment to the Sustainable Groundwater Management Act that authorizes investor-owned water utilities to participate in the Groundwater Sustainability Agency process. The Water Management District's intent to take on the responsibility of GSA for the Carmel River Groundwater Basin will proceed. It may be that California American Water (Cal-Am) will file a protest. The Water Management District could enter into an MOU with Cal-Am that would identify the agency as an ex-officio member of the GSA, with the authority to participate but no vote. Or, the Board could decide to increase Cal-Am's level of participation. The Water Management District's goal is to have the Carmel River Groundwater Basin removed from the list of priority basins, as it has been determined by the State Water Resources Control Board to be surface water flowing in a subterranean channel.

4. Update on Pure Water Monterey Project

Stoldt reported that certification of the Final EIR for the Pure Water Monterey Project was scheduled for that afternoon at the Monterey Regional Water Pollution Control Agency office. The Coalition of Peninsula Businesses (CPB) had encouraged its members to protest the certification. Stoldt spoke with the CPB leadership and they agreed to halt their protest, as certification of the EIR does not indicate the project is approved. A certified EIR is necessary for completion of sourcewater agreements and to apply for project financing. Work is underway to determine project costs in comparison to the large and small desalination project alternatives. A prehearing conference is scheduled to address the following. (1) Phase 2 proceedings and the Ground Water Recharge aspect of the application. (2) Should cost data be updated. Cal-Am has agreed that the 2013 data can be used until updated data is available from contracts and bids. (3) Accelerate the Commission's decision on Phase 2 so the project can proceed.

Public Comment: **(A) Rick Riedl** asked if the cost comparison will include the terminal pipeline. Stoldt stated that it would. **(B) Luke Coletti** asked for clarification as to opposition to the proposed project. Stoldt responded that cost is the issue: some persons support a large desalination plant, and are opposed to a smaller desalination project combined with the Pure Water Monterey project.

5. Update on California-American Water Desalination Plant

Stoldt reported that on October 6, 2015, the California Coastal Commission approved Cal-Am's revised application and authorized start-up of the test slant well. The RFP for conveyance facilities is due on October 16, 2015 and the RFP for slant well construction are due on October 23, 2015.

6. Update on Alternative Desalination Project

Stoldt noted that the California State Lands Commission has hired an environmental consultant for preparation of the project EIR. DeepWater Desal is limited by a 90-day disclosure period with a design/build firm.

7. Update on Status of Los Padres Dam

Hampson reported that a draft agreement has been reviewed and circulated to Cal-Am; however, there has been no commitment as to when the agreement will be returned for signature. The committee requested that the final agreement be emailed to the committee members for review.

Suggestions from the Public on Water Supply Project Alternatives

No comments.

Set Next Meeting Date

November 4, 2015, at 9 am in the MPWMD conference room.

Adjournment

The meeting was adjourned at 10:10 a.m.

WATER SUPPLY PLANNING COMMITTEE

ITEM: DISCUSSION ITEM

4. DISCUSSION OF DISTRICT ACTIVITIES RELATED TO SUSTAINABLE GROUNDWATER MANAGEMENT ACT

Meeting Date: November 2, 2015 **Budgeted:** N/A

From: David J. Stoldt **Program/** N/A
 General Manager **Line Item No.:** N/A

Prepared By: Arlene Tavani **Cost Estimate:** N/A

General Counsel Approval: N/A
Committee Recommendation: N/A
CEQA Compliance: N/A

SUMMARY: At the September 21, 2015 Board meeting, staff was authorized to submit to the State Department of Water Resources a notice of intent to become the Groundwater Sustainability Agency for the Carmel Valley Aquifer. Attached as **Exhibit 4-A** is the notice of intent letter that was submitted to the state.

RECOMMENDATION: No action required. Staff will provide an update on the process at the meeting.

EXHIBITS

4-A October 19, 2015 Letter to Mark Nordberg, California Department of Water Resources



October 19, 2015

Mark Nordberg, GSA Project Manager
California Department of Water Resources
PO Box 942836
Sacramento, California 94236

Re: Notice of Intent to Become a Groundwater Sustainability Agency (GSA) and to
Prepare a Groundwater Sustainability Plan for the Carmel Valley Alluvial Aquifer
(Carmel Valley Basin)

Dear Mr. Nordberg,

Pursuant to Water Code Section 10723.8, the Monterey Peninsula Water Management District (District) hereby notifies the California Department of Water Resources (DWR) of its intent to undertake sustainable groundwater management of Carmel Valley Basin with boundaries as identified in DWR Bulletin 118, Update 2003. This basin is also referred to as the Carmel Valley Alluvial Aquifer. This basin is classified by DWR as a high-priority basin under the Sustainable Groundwater Management Act.

The District service area boundary wholly encompasses the Carmel Valley Alluvial Aquifer. There are no other GSAs operating within the groundwater basin. The District's service area boundaries and our understanding of the Aquifer's boundaries are contained as GIS shapefiles on the CD-ROM enclosed.

After a September 21, 2015 public hearing held in accordance with Water Code Section 10723(b), the District adopted the attached Resolution No. 2015-17 establishing the District as GSA. No new bylaws, ordinances, or other authorities were adopted in conjunction with the establishment of the GSA.

On September 21, 2015, the District approved Resolution No. 2015-17, which directed staff to prepare a GSP for the Carmel Valley Basin. The Resolution was enacted September 23, 2015 and a copy is attached. Public notices published prior to the September 21, 2015 public hearing provided information regarding how interested parties can participate in the development and implementation of the GSP, in accordance with Water Code Section 10727.8. In addition, the District's website provides information on how to participate in the process. Pursuant to Water Code Section 10727.8, a written statement regarding how interested parties can participate in the development and implementation of the GSP has been provided to the Monterey County Board of Supervisors.

In accordance with Water Code Section 10723.2, the District will consider the interests of all

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beneficial uses, users of groundwater within its management areas, and other interested parties. In accordance with Water Code Section 10723.4, a list of Interested Parties has been established and will be maintained. Pursuant to Water Code Section 10723.8(a)(4), these Parties' interests will be considered in the operation of the GSA and the development and implementation of Groundwater Sustainability Plans (GSPs) as attached hereto.

If you require further information regarding these matters or have any questions, please contact Joe Oliver of my staff at 831-658-5640 or joe@mpwmd.net.

Sincerely,



David J. Stoldt
General Manager

Attachments:

List of Interested Parties
District Resolution No. 2015-17

Enclosure: 1 CD

Mark Nordberg

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**Carmel Valley Alluvial Aquifer
Groundwater Sustainability Plan**

List of Interested Parties

Monterey Peninsula Water Management District

California American Water Company

State Water Resources Control Board

Carmel River Advisory Committee

Carmel Valley Association

Carmel River Steelhead Association

Monterey County Department of Environmental Health

Abadir Parcel A Water Distribution System

Abadir Parcel C Water Distribution System

Aiello Water Distribution System

Aladwell Water Distribution System

All Saints Day School

Animal Farm WDS

Arroyo Carmel Homeowners' Association

Buck Creek

Cal. Dept. of Parks & Rec.

Canada Woods Water Co. WDS

CAOTCO/Abadir Parcel B

Cape Ann Ventures

Carmel Area Wastewater District

Carmel by the River RV Park

Carmel Middle School

Carmel Presbyterian Church

Carmel Property Co.

Carmel Rio LLC

Carmel Rio Rd. LLC

Carmel River Inn

Carmel River Stables

Carmel Unified Youth Baseball

Carmel Valley Ranch

Carmel Valley Road II WDS

Chugach & Company

Clark/Wells Fargo WDS

Coast Ranch

Coastal Cypress Corporation

Congregation Beth Israel

CV Recreation & Park Dist.

Cyr Ann Castle

Druid Hills Ranch

Eberly Susan and Yip Tracy TRS

Estate of Stuyvesant Fish

Bush Y. Abadir

Robert M. & Katherine McDonnell- Manson

Erasmus & Catherine Aiello

Michael and Lori Addison

Rosanne Taylor, Business Manager

Judy Leavelle-King

c/o Compass Management

Peter and Margaret Harding

Steve Bachman

c/o Brian Garneau

Bush Y. Abadir

Richard D. Mellinger, Safety & Compliance Officer

Mike Hatfield

Dan Paul

Attention: Business Manager

Peter Bartowick, Jr.

Ray Wirta

Ray Wirta c/o Brian Clark

c/o Maureen Doran

Craig Ehnisz, Trustee

Attn: Forest Arthur

Andy Magnasco

Frank Saunders

c/o Michael Marquez

Christopher Clark

c/o Brian Garneau

attn: Bill Anderson

Alethea Horne

c/o Board of Directors

c/o Joshua Reese

c/o John Ramos

Susan Eberly

Diana Fish

Mark Nordberg

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Griggs Nursery

Hacienda Carmel Com. Assoc.

Hatton Rancho Water Association

Heritage Development

Holman Ranch

Homestead Place, c/o Access Association Se

Housing Authority of Monterey County

James H. Morgens

Jeffers/Duffy WDS

KBKM Investments

Korean Buddhist Temple Sambosa

Laguna Robles Community Association

Mangold Property Management

Mission Ranch

Monterey Peninsula Regional Park District

NSTC LLC

Old River Ranch

Quail Lodge, Inc.

Ranch House Place H.O.A. c/o Access Service

Rancho Canada Golf Course

Rancho del Robledeo WDS.

Rancho San Carlos Road Water System

Reppy WDS irrigation

Reverand John Griffin

Riverwood Community Assoc.

San Marco WDS

Sanctuary Bible Church of Carmel Valley

Selfridge Farms, LLC

St. Dunstan's Episcopal Church

Stonepine Resort c/o MCSI

The Barnyard Shopping Village

Towle Trust

Valley Hills Nursery

Valley Hills Ranch #2

Wolter Properties LTD Partnership

Hakim-Baba Trust

A.M. Schlarman

Alice Russell

Alison L. McFarlane

Amelia A. Dow

Anthony and Ellen Dawson

Bahman Ahmadi

Barbara Quinn

Bill and Dorothy Dick Trust

Bradley Zeve

Ken Griggs

Robert Hedberg

Laura Pasten

Jeffrey & Paula Taylor

attention: Todd Kenyon

c/o Regency Management Group

Barbara Mulholland

c/o Nancy Rushmer

Angus and Elizabeth Jeffers

c/o Gerald Coangelo

attn: Heidi Chung

c/o Bill Bavelas

Craig Comings

c/o Brian Garneau

Tim Jensen

Adam Tight

Camille Penhoet

Lawson Little

attn: Rachel Valenzuela

Bob Costa

George S. Lockwood

c/o Flo E. Miller

Richard Reppy

c/o Carmel Mission

c/o Regency Management Group

William Patterson

Attn: Gary Tate

Erin Branson

attn: Roger Langland

c/o Russ Hatch, MCSI

attention: Brian Martini

Brad Towle

c/o Rick Richardson

William L. Smith and Loretta Loop

Russell Wolter

Mark Nordberg

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Brenda Snow

Chad Lincoln

Charles and Lisa Warner

Charles Franklin

Cheryl Stidham

Christopher and Lisa Orosco

Christopher J. Lowe and Charles R. Harris III

Daniel Clark

Darryl & Geraldine Kenyon

David Fink

David and Lisa Nelson

David Mac Vicar

Dean & Dawn Lindsey

Deborah and David Terdy

DeeAnne Howe

Dennis and Tamara Farber

Dennis Clark

Derek di Grazia

Diana Steiny

Don Beucke

Doug Brandeburg

Doug Steiny

Doyle Moses

Dr. and Mrs. Paul File

Edward S. Sigourney

Elaine Scarlett TR.

Frederick Bates

Gary Brant

Gilan Read

Gus Premutati

H. Chandler Steele

Jeff and Teri Britton

Jeffery Workman

Jerome Vandenbroucke

Jim Dougherty

Jim Staples

Jody Helmuth

John and Alice Randazzo

John and Gia Chaffin

John and Katherina Burton

John Kenny

John Stafnes

Jonathan Sutherland

Joseph and Nancy McMonigle

Julia Crow

Justin Aldi

Mark Nordberg
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Kenneth and Margaret Popovich
Klaus Engelbrecht
Laura Jones-Lewis
Leo G. Lutes
Lesa Broadman
Leslie and Robert Huntley
Leslie Logan
Loren Steck and Annette Yee
Madeline C. Wright
Marc Zimmerman
Mark S. Kimes
Mark S. Randazzo
Martin and Susan McKendry
Mary Sherman
Michael and Kira Whitaker
Michael Chandler
Michael Cox
Mr. & Mrs. William Bradford and Mitchell Dow
Mrs. Durell D. Agha
Neil and Jan Ticker Living Trust
Oscar D. Antillon
Pat and Peggy Ward
Patricia MacDonald
Patricia Maino
Patricia Womble
Paul Eid
Paul Turner
Peter and Karla Boynton
Peter and Kimberly Ruiz
Ray and Sandra Wirta
Rich Stemple
Richard Atwell
Richard Monroe
Richard Spencer
Richard T. Sinclair
Rob Sanford
Robert and Heather Gardner
Robert and Marcy Rustad
Robert and Monique Snyder
Robin Hamelin
Roland and Virginia Aldridge
Ron and Madeline Wright
Ronald and Donna Garren
Ronn and Melissa Olson
Roy Ballard
Roy Kaminske

Mark Nordberg

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S. James Campbell

Sebastian Crivello

Shawnie Tollner

Shehab Saddy

Sheila Sheppard and Gaston Georis

Shelley Jeane

Shellie Reade/Bob Reade

Sherry E. Deboer Trust

Stan McKee

Stephan Georis

Steve Copenhaver

Stuart & Lena Clark

Stuart Larson

Tanios and Liliane Viviani

Teri Scarlett

Thom Crow

Thomas Duffy

Thomas H. George

Thomas Noto

Thomas S. deRegt

Todd Harris

Tom Hlasny and Kimberly Merrick- Hlasny

Tom McDade

Tom Thorning

Vernon & Mary Ackerman

Vincent Frumkin

Virginia Bell

Wes Martin

William & Robin Harness

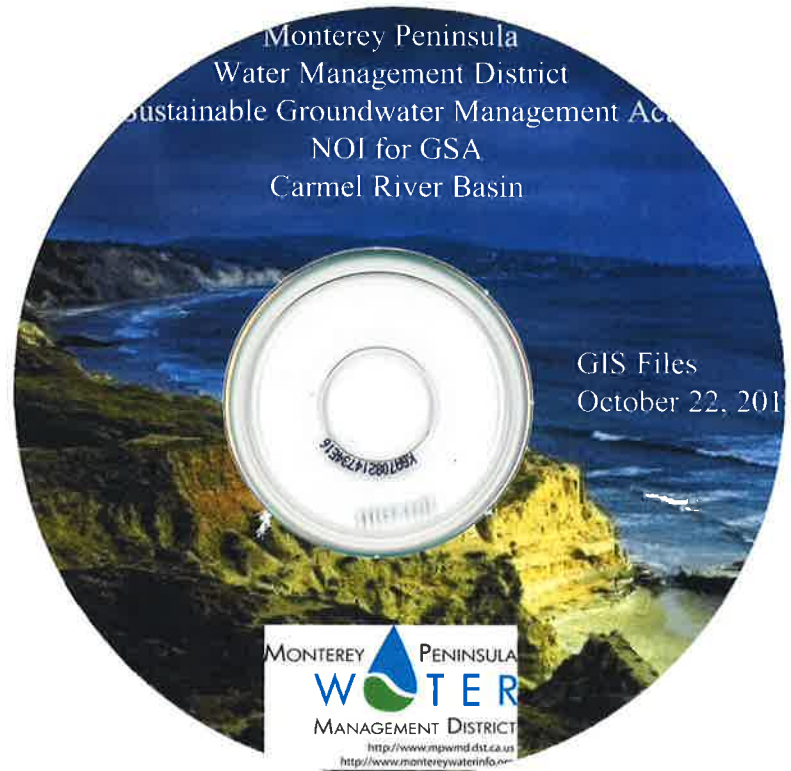
William and Diane Simmons

William Lemos

William Mack

Wm. & Brenda Reese IV

Wolfgang Baer



RESOLUTION NO. 2015-17

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE MONTEREY
PENINSULA WATER MANAGEMENT DISTRICT TO ESTABLISH MPWMD AS
GROUNDWATER SUSTAINABILITY AGENCY FOR THE CARMEL VALLEY
ALLUVIAL AQUIFER**

WHEREAS, on September 16, 2014 the Sustainable Groundwater Management Act (SGMA) was signed into law and adopted into the California Water Code, commencing with Section 10720; and

WHEREAS, the legislative intent of SGMA is to provide for the sustainable management of groundwater basins, to enhance local management of groundwater, to establish minimum standards for sustainable groundwater management, and to provide local groundwater agencies with the authority and the technical and financial assistance necessary to sustainably manage groundwater; and

WHEREAS, Water Code Sections 10725 and 10726 detail additional new powers and authorities granted to Groundwater Sustainability Agencies (GSAs) to implement sustainable groundwater management in the basins under their jurisdictions; and

WHEREAS, Water Code Section 10723(c)1(I) specifically identifies the Monterey Peninsula Water Management District (District) as one of several agencies created by statute to manage groundwater that shall be deemed the exclusive local agencies within their respective statutory boundaries with powers to become the Groundwater Sustainability Agency for basins within their jurisdictions; and

WHEREAS, the District's boundaries wholly overlies the Carmel Valley Alluvial Aquifer (also referred to as the Carmel Valley Basin by the California Department of Water Resources (DWR) Bulletin 118); and

WHEREAS, the Carmel Valley Basin is deemed to be a "high-priority" basin by DWR and therefore requiring a Groundwater Sustainability Plan (GSP); and

WHEREAS, Establishing the District as the Groundwater Sustainability Agency will enable the District to prepare and implement a Groundwater Sustainability Plan for the Carmel Valley Basin, or in the alternative to best work with DWR and the State Water Resources Control Board to resolve groundwater and surface water issues related to the Carmel Valley Basin; and

WHEREAS, the District is committed to its legislatively created mandate to manage the surface water and groundwater resources in its jurisdiction; and

WHEREAS, adoption of this Resolution does not constitute a “project” under California Environmental Quality Act Guidelines Section 15738(b)(5) including organizational and administrative activities of government because there would be no direct or indirect physical change in the environment; and

WHEREAS, prior to adopting a resolution of intent to establish the District as a GSA, Water Code Section 10723 requires the local agency to hold a public hearing, after publication of notice pursuant to California Government Code Section 6066, on whether or not to adopt a resolution to establish a GSA; and

WHEREAS, pursuant to Government Code 6066, notices of a public hearing on whether or not to adopt a resolution to establish a GSA were published on September 7, 2015 and September 14, 2015; and

WHEREAS, on September 21, 2015 this District held a public hearing regarding the adoption of a resolution to establish the District as GSA for the Carmel Valley Alluvial Aquifer (also referred to as the Carmel Valley Basin);

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Monterey Peninsula Water Management District:


1. Hereby establishes the District as the Groundwater Sustainability Agency for the Carmel Valley Alluvial Aquifer; and
2. Hereby authorizes the General Manager or his designee to provide a copy of this resolution and a Notice of Intent to the California Department of Water Resources within 30 days and to otherwise comply with the requirements of Water Code Section 10723.8(a); and
3. All the recitals in this Resolution are true and correct and the District so finds, determines, and represents.

On motion of Director Brower, and second by Director Potter, the foregoing resolution is duly adopted this 21st day of September, 2015 by the following votes:

AYES: Directors Brower, Potter, Byrne, Clarke, Markey and Pendergrass
 NAYS: None
 ABSENT: Director Lewis

I, David J. Stoldt, Secretary to the Board of Directors of the Monterey Peninsula Water Management District, hereby certify that the foregoing is a resolution duly adopted on the 21st day of September, 2015.

Witness my hand and seal of the Board of Directors this 23rd day of September, 2015.


 David J. Stoldt
 Secretary to the Board

COPY CERTIFICATION

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 Resolution No. 2015-17 duly adopted on the 21st day of September 2015.



David J. Stoldt,
Secretary to the Board of Directors

9.23.15
Date

WATER SUPPLY PLANNING COMMITTEE

ITEM: DISCUSSION ITEM

5. UPDATE ON PURE WATER MONTEREY PROJECT

Meeting Date: November 2, 2015 **Budgeted:** N/A

From: David J. Stoldt **Program/** N/A
 General Manager **Line Item No.:** N/A

Prepared By: Arlene Tavani **Cost Estimate:** N/A

General Counsel Approval: N/A

Committee Recommendation: N/A

CEQA Compliance: N/A

SUMMARY: Stakeholders in development of the Pure Water Monterey Project are making progress on finalizing agreements necessary to obtain project funding. Attached is the October 23, 2015 update of the draft Water Purchase Agreement for Pure Monterey Project between California-American Water, Monterey Regional Water Pollution Control Agency and the Water Management District.

RECOMMENDATION: No action required. Staff will review the draft agreement and respond to questions from the committee.

EXHIBIT

5-A October 23, 2015 Draft Water Purchase Agreement for Pure Water Monterey Project

WATER PURCHASE AGREEMENT FOR PURE WATER MONTEREY PROJECT

THIS WATER PURCHASE AGREEMENT (“Agreement”) is made this ____ day of _____, 2015 (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 described 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 has separately entered into agreement with the Monterey County Water Resources Agency, in which under certain conditions, the Monterey County Water Resources Agency may request additional irrigation water from Agency sources. When such a request is made, the District may make available Company Water from the Drought Reserve in order

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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.

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“Calendar Year” means a twelve-month period from January 1 through December 31. Any computation made on the basis of a Calendar Year shall be adjusted on a pro rata basis to take into account any Calendar Year of less than 365 or 366 days, whichever is applicable.

“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.

“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.

“CPUC Decision” means the California Public Utilities Commission decision in Application A.12-04-019 (or a successor application) authorizing recovery from rates related to the Monterey Peninsula Water Supply Project, and shall include any CPUC proceeding that addresses the Project.

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

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

“Drought Reserve” means one of the two sub-accounts that comprise the Reserve Account. The District expects to deposit 200 acre-feet per year into the Drought Reserve up to the Drought Reserve Minimum.

“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 19 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.

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“Fixed Project Costs” means pre-construction, development, capital costs, including debt service and reserves for the payment of debt service, incurred by the Agency or District in accordance with Section 6 hereof as estimated in **Exhibit D**.

“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.

“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 and the Water Delivery 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 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 of the District and the Agency incurred in connection with the Project; and (d) a reasonable reserve for contingencies, in each

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case incurred by the Agency or District with respect to the project. Initial annual Project Operation and Maintenance Expenses are estimated in **Exhibit D**.

“Project Operating Revenues” means all income, rents, rates, fees, charges, or other moneys derived by the Agency or District from the ownership or operation of the Project, including, without limiting the generality of the foregoing: all income, rents, rates, fees, charges, or other moneys including AWT Water Payments derived from the sale, furnishing, and supplying of the AWT Water.

“AWT Water Payments” means payments made by the Company to the District pursuant to Section 13 hereof for the furnishing of AWT Water. Such AWT Water Payments shall include Fixed Project Costs and Project Operations and Maintenance Expenses.

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

“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 19. 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.

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 AWT 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 18), (iii) have the right to bill the Company or any Additional Project Participant for AWT Water Payments, and (iv) have the right to apply all AWT Water Payments to payment of Fixed Project Costs and Project Operation and Maintenance Expenses.

7. Obligation to Pay Design and Construction Costs.

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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, and materials 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 if the water is Company Water. 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 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

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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 Company. The Company may request, at any time, investigation and confirmation by the District or Agency, at the District or Agency's expense, 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 District shall use its best efforts to deliver Company Water to the Delivery Point 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 deliver Company Water to the Delivery Point in quantities at least equal to the Minimum Allotment (the "Water Delivery Guarantee").
- (c) 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. 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 District and the Agency 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 (the "Water Availability Guarantee").
- (b) 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

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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.

- (c) 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 for the Drought Reserve 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.
- (d) 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 any 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.
- (e) Every six months the District will report to the Company the balances and activity in the Operating Reserve and Drought Reserve.

14. Water Treatment Guarantee.

All AWT Water delivered 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 District fails to meet the Water Treatment Guarantee, the District shall give the Company immediate notice thereof shall promptly meet with the Company to discuss the circumstances of such failure and the District’s and the Agency’s action plan for remediation so that the Water Treatment Guarantee will be met. AWT Water delivered 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 for the following Fiscal Year. Such estimates shall be made available for review by the Parties prior to adoption by the Parties’ respective boards.

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16. Rate of Payment for AWT Water.

For AWT Water furnished to the Company under this Agreement, the Company shall pay AWT Water Payments to the District on a monthly basis the costs allocable to the portion of the Project Allotment 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 District as a portion of the Project Allotment in a month.

Estimated Fixed Project Costs and Project Operation and Maintenance Expenses for the first year of project operation are attached as **Exhibit D**.

The Company shall have the right, at its cost, to have an independent engineering firm review the estimated costs contained in **Exhibit D**.

The rate of payment for AWT Water shall be \$_____ per acre-foot and is computed as the sum of Fixed Project Costs and Project Operating and Maintenance Expenses as shown in Exhibit D divided by 3,500 acre-feet.

The rate of payment shall be adjusted each year by the escalation in Project Operating and Maintenance Expenses in that year.

If the actual aggregate of the Fixed Project Costs and Project Operation and Maintenance Expenses will exceed the total estimated costs set forth in the CPUC Decision, the Company shall seek CPUC approval for costs in excess of those authorized. If the actual aggregate of Fixed Project Costs and Project Operation and Maintenance Expense are less than the total estimated costs set forth, the rate of payment shall be reduced accordingly. The Company shall have no obligation to make AWT Water Payments in excess of the amount set forth in the CPUC Decision unless and until the CPUC approves payment and recovery of those payments in rates.

The District covenants and agrees to pay to the Agency the revenues received from the Company from the AWT Water Payments, provided however it will reduce the payment amount by any portion of the Fixed Project Costs and Project Operating Expenses paid directly 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, and all Operating Reserve Water and Drought Reserve Water used to satisfy the Water Availability Guarantee, during the preceding month as measured by the Agency meters, which shall be read on a monthly basis. The Company shall not be billed for Excess Water that goes into the Reserve Account.

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The Company shall pay all complete and unchallenged 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, simple interest will be payable on such 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 payments 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. Additional Project Participants.

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. The Company shall have the right to approve in writing any Additional Project Participants deriving water from new water sources identified for the Project, but not for Additional Project Participants deriving water from prior existing rights to wastewater flows to the Regional Treatment Plant or from future additional sources, as yet unidentified. Any Additional Project Participant will pay for its proportionate share of capital costs and operation and maintenance expenses and the District and Agency will

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provide supporting documentation to the Company to ensure the Company's AWT Water Payments do not include any costs properly allocable to an Additional Project Participant.

19. 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) 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 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 District to meet the Water Delivery Guarantee in each of two consecutive Fiscal Years.
 - (5) The failure of the District to meet the Water Availability Guarantee in each of two consecutive Fiscal Years.
 - (6) 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

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provided for herein shall be extended from thirty (30) days to one hundred twenty (120) days.

(7) The Company no longer has a statutory duty to serve water in the Service Area.

(c) 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.

20. 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.

21. 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 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.

22. 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

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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.

23. 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.

24. 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.

25. 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.

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26. 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.

27. Insurance.

The Agency and District will each obtain insurance, to the extent available, to secure their performance under the Agreement, including but not limited to the Water Delivery Guarantee, the Water Availability Guarantee, and the Water Treatment Guarantee, as well as general liability insurance on all facilities. In the failure of such insurance to satisfy the requirements of the 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 its obligations.

28. 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.

29. Successors in Interest, Transferees, and Assignees.

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. In the event the Company is succeeded by another entity, it shall assign this Agreement to its successor. No succession, assignment or transfer of this Agreement,

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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.

30. 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.

31. 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.

32. Headings.

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

33. 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.

34. 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.

35. 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.

36. No Third Party Beneficiaries.

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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.

37. 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.

38. 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.

39. 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.

40. 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.

41. 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.

42. 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,

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representations, or agreements, either written or oral, between the Parties as of the Effective Date.

43. 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.

44. 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
 1033 B Avenue, Suite 200
 Coronado, CA 92118

SIGNATURE PAGE FOLLOWS

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IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first above written.

**MONTEREY REGIONAL WATER POLLUTION
CONTROL AGENCY,**

By: _____

[NAME]

Board Chair, Agency Board of Directors

**MONTEREY PENINSULA WATER MANAGEMENT
DISTRICT,**

By: _____

[NAME]

Chair, District Board of Directors

CALIFORNIA-AMERICAN WATER COMPANY,

By: _____

Robert G. MacLean
President

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EXHIBIT A

Service Area

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EXHIBIT B**Description of Project**

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EXHIBIT C

Delivery Point

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EXHIBIT D

Estimated Annual Fixed Project Costs and Project Operation and Maintenance Expenses

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