



FINAL

RESOLUTION NO. 2020-17

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
MONTEREY PENINSULA WATER MANAGEMENT DISTRICT
CERTIFYING THE MONTEREY PENINSULA WATER MANAGEMENT DISTRICT POTENTIAL
ACQUISITION OF MONTEREY WATER SYSTEM AND DISTRICT BOUNDARY ADJUSTMENT
ENVIRONMENTAL IMPACT REPORT**

WHEREAS, The Monterey Peninsula Water Management District (“District”) is organized and exists under the Monterey Peninsula Water Management District Law (Chapter 527 of the Statutes of 1977, and published at Water Code Appendix, Section 118-1, et seq.) (“District Law”).

WHEREAS, Pursuant to Section 325 of the District Law, and except as otherwise limited by the District Law, the District has the power to do any and every lawful act necessary in order that sufficient water may be available for any present or future beneficial use or uses of the lands or inhabitants within the District, including, but not limited to, irrigation, domestic, fire protection, municipal, commercial, industrial, recreational, and all other beneficial uses and purposes.

WHEREAS, Pursuant to Section 328 of the District Law, the District has the power, among other things, (a) to acquire public or private water systems necessary or proper to carry out the purposes of the District Law; (b) to store water in surface or underground reservoirs within or outside of the District for the common benefit of the District; (c) To conserve and reclaim water for present and future use within the District; (d) To appropriate and acquire water and water rights, and import water into the District and to conserve and utilize, within or outside of the District, water for any purpose useful to the District.

WHEREAS, The District engages in a variety of activities that supply water to properties within the District via a distribution system owned by California American Water (CAW), including water supplied by the Aquifer Storage and Recovery project and the Pure Water Monterey project.

WHEREAS, Since 1994 the District has provided highly treated water for sale to properties within the Del Monte Forest.

WHEREAS, On November 6, 2018, voters within the Water Management District passed initiative Measure J by 56% (23,757 voted yes) to 44% (18,810 voted no). Measure J directed that the following Rule 19.8 be added to the District Rules and Regulations, Regulation I, General Provisions:

Rule 19.8. Policy of Pursuing Public Ownership of Monterey Peninsula Water Systems

- A. It shall be the policy of the District, if and when feasible, to secure and maintain public ownership of all water production, storage and delivery system assets and infrastructure providing services within its territory.
- B. The District shall acquire through negotiation, or through eminent domain if necessary, all assets of California American Water, or any successor in interest to California American Water, for the benefit of the District as a whole.
- C. The General Manager shall, within nine (9) months of the effective date of this Rule 19.8, complete and submit to the Board of Directors a written plan as to the means to adopt and implement the policy set forth in paragraph A, above. The plan shall address acquisition, ownership, and management of all water facilities and services within and outside the District, including water purchase agreements as appropriate. The plan may differentiate treatment of non-potable water services.

WHEREAS, the District is deemed to be a “district” within the provisions of the District Reorganization Act of 1965 (Division 1 (commencing with *Section 56000*) of *Title 6 of the Government Code*), and all proceedings for the annexation or detachment of territory to or from the District are required to be conducted in the manner therein provided and all the provisions of such Act apply to the District.

WHEREAS, the District held a duly noticed public hearing on July 20, 2020 with respect to Resolution 2020-12 Seeking Authorization to Activate Latent District Powers and to Adopt a Sphere of Influence Amendment and Annexation as required by California Government Code §56824.12I and considered all testimony presented at that hearing.

WHEREAS, District boundaries include almost all, but not all, the properties served within the California American Water Main, Bishop, Hidden Hills, and Ryan Ranch service areas. In order to serve approximately 43 connections presently served by California American Water, but not presently within the District’s boundaries, the District seeks to annex 58 parcels in the Hidden Hills and Yankee Point locales. The proposed annexation, in and of itself, would have no impact on the environment with respect to future development, as the District, should it proceed with an acquisition of California American Water assets, would be obligated to provide water service to the area regardless of whether those areas were annexed.

WHEREAS, The District exercises no land use authority within or for the areas to be annexed, therefore the boundary modification cannot make any change whatsoever in the uses to which the affected area may be put.

WHEREAS, The District has earlier circulated a “Potential Acquisition of Monterey Water System and District Boundary Adjustment Draft Environmental Impact Report” and consistent with the California Environmental Quality Act (CEQA) has prepared a “Potential Acquisition of Monterey Water System and District Boundary Adjustment Final Environmental Impact Report”, which was posted publicly on the District’s website October 7, 2020.

WHEREAS, The District has prepared Findings of Environmental Review for the Potential Acquisition of Monterey Water System and District Boundary Adjustment Final Environmental Impact Report, attached hereto as **Attachment A** and incorporated herein by reference.

NOW, THEREFORE, BE IT RESOLVED, as follows:

The Board of Directors of the Monterey Peninsula Water Management District, certifies the Potential Acquisition of Monterey Water System and District Boundary Adjustment Final Environmental Impact Report as a true and accurate statement of the environmental impacts of the project; and

Directs staff to post a Notice of Determination of this action in accordance with Section 15094 of the CEQA Guidelines.

On motion of Director Riley, and second by Director Potter, the foregoing resolution is duly adopted this 29th day of October 2020 by the following votes:

AYES: Directors Riley, Potter, Adams, Byrne, Edwards and Evans
NAYS: Director Hoffmann
ABSENT: None

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 29th day of October 2020.

Witness my hand and seal of the Board of Directors this 4th day of November 2020.



David J. Stoldt,
Secretary to the Board

Attachment A

FINDINGS RELATED TO CERTIFICATION OF THE MONTEREY PENINSULA WATER MANAGEMENT DISTRICT POTENTIAL ACQUISITION OF MONTEREY WATER SYSTEM AND DISTRICT BOUNDARY ADJUSTMENT ENVIRONMENTAL IMPACT REPORT AND DETERMINING COMPLIANCE WITH THE CALIFORNIA ENVIRONMENTAL QUALITY ACT

The Board of Directors (Board) of the Monterey Peninsula Water Management District (MPWMD or District) makes the following findings in support of its determination to certify the Potential Acquisition of Monterey Water System and District Boundary Adjustment Environmental Impact Report (EIR). By adopting these findings, the Board determines that it has complied with the requirements of the California Environmental Quality Act (CEQA, Public Resources Code Section 21000 et seq.) and the CEQA Guidelines (California Code of Regulations Title 14, Section 15000 et seq.).

I. INTRODUCTION

1. MPWMD was created by the California Legislature in 1977 and ratified by the local voters in 1978. In creating MPWMD, the Legislature declared that “there is a need for conserving and augmenting the supplies of water by integrated management of ground and surface water supplies, for control and conservation of storm and wastewater and for promotion of the reuse and reclamation of water.” Water Code Appendix Section 118-2.
2. MPWMD has three primary responsibilities. The first is to manage the development of potable water supplies and the delivery of this water to users in the Monterey Peninsula area. The second is to protect the Monterey Peninsula area from drought impacts. The third is to protect the environmental quality of the Monterey Peninsula area’s water resources, including the protection of instream fish and wildlife resources. The relationship among these three responsibilities is complex, and MPWMD must balance competing interests so as to satisfactorily, if not optimally, achieve each of its three primary responsibilities.
3. While it continues to pursue development of new water resources, the MPWMD must carefully manage the Monterey Peninsula area’s currently limited water supplies. The District does this principally by regulating the amount of water that can be produced and delivered by the public and private water distribution systems within the boundaries of the MPWMD.

II. PROJECT SYNOPSIS

4. The project area is within Monterey County and includes the Monterey Water System (MWS), which is currently served by California American Water (CalAm). This area is approximately 55 square miles and includes approximately 40,000 customer connections. The project area is located within the Monterey Peninsula region and is bordered by California State University – Monterey Bay and the former Fort Ord to the north, unincorporated Monterey County to the east, the Big Sur coast and the Santa Lucia Mountains to the south, and the Pacific Ocean to the west. Customer connections in the project area are within the Cities of Carmel-by-the-Sea, Del Rey Oaks, Monterey, Pacific Grove, Sand City, and Seaside, and unincorporated areas of Monterey County.

5. CalAm is a wholly-owned subsidiary of the publicly traded company, American Water Works Company, Inc. CalAm provides water and wastewater service to five regions of California including the Central Division, which includes the MWS. The Central Division, which is comprised of the Main, Ryan Ranch, Bishop, and Hidden Hills components and the Central Satellites, serves approximately 41,000 customer connections and a population of approximately 99,794. CalAm is regulated by the California Public Utilities Commission (CPUC), United State Environmental Protection Agency (U.S. EPA) and State Water Resources Control Board (SWRCB). In 1965 CalAm purchased the Monterey Peninsula's water system and water rights from California Water and Telephone Company and has been operating throughout the Monterey Peninsula for 55 years.
6. This EIR has been prepared to comply with CEQA. The District is proposing to acquire the MWS that currently serves the majority of the incorporated area of the District's service area, as well as two small outlying areas located in a portion of unincorporated Monterey County. The project also includes the subsequent operation of the MWS by the District. The District would operate and maintain the system from CalAm's existing main office, operations center, and corporate yard as well as the existing District administrative building. No changes or expansion to the physical MWS or associated water rights are proposed.
7. The acquisition of CalAm's MWS would include all associated assets (i.e., real, intangible, and personal property), including, but not limited to: water systems and production wells; utility plants; vehicles and equipment; water rights; water supply contracts; records, books, and accounts; land, easements, and rental property.
8. Connections outside the District boundaries include approximately 33 residential connections within the Main component of the MWS located at Yankee Point and approximately 10 residential connections in the Hidden Hills component of the MWS. These portions of the Main and Hidden Hills MWS components are physically and functionally connected to the much larger portion of the MWS located within the District's boundary. As a result, if the MWS is acquired by the District it would be less practical to have CalAm continue to be the retail service provider to these connections as it is not practical for these components to operate independently. As a result, the proposed project would also include an annexation of these areas into the District service area. Connections to the MWS located outside the District boundary in Monterey County would be served by the District and no change in service to those connections would occur as a result of the proposed project. However, once annexed, these areas would be subject to District rules and regulations, including those for water use and conservation.
9. The objectives of the proposed project are to implement the Purpose approved by the electorate in Measure J:

To ensure the long-term sustainability, adequacy, reliability, cost-effectiveness and quality of water service within the Monterey Peninsula Water Management District area, to lower the cost of service to ratepayers, to promote and practice sustainable water management measures, and to establish public ownership of water system assets by establishing regulations requiring the District to take affirmative action, to the extent financially feasible, to acquire the water system assets owned and operated by the California American Water Company that currently provide water service to the District and its ratepayers.
10. The Purpose of Measure J, furthered by this proposed project, includes the following aspects:

- Allow the citizens of the Monterey Peninsula to independently own and operate the water production and distribution system serving customers presently served by the CalAm's MWS
- Provide greater transparency and accountability to residents and businesses on the Monterey Peninsula regarding potable water supplies, as well as increased customer service and reliability
- Enhance customer service and responsiveness to affected CalAm customers
- Provide greater local control over the rate setting process and rate increases
- Provide direct access to locally elected policy makers for water operations
- Allow the District to pursue funding and other financing alternatives available to public agencies for future infrastructure needs, including grants and financing options not available to a CPUC-regulated, privately-owned utility
- Ensure better coordination amongst local governmental decisions involving land use, emergency services, policy, the location and need for capital improvements, and overall planning in the water context

11. Therefore, this EIR serves two functions: (1) it serves as the CEQA compliance for the MPWMD acquisition and subsequent operation of the MWS; and (2) it is anticipated to be used by the Local Agency Formation Commission (LAFCO) of Monterey County, acting as a CEQA responsible agency, in considering any proposed sphere of influence amendments, annexations of lands into the District's jurisdictional boundary, activations of latent services or powers pursuant to Government Code section 56000 et seq., or other similar requested LAFCO approvals that effectuation of the project may entail.

12. These are the CEQA findings prepared by MPWMD as lead agency for the proposed project. These findings pertain to the project and the EIR prepared for the project, State Clearinghouse number 2020040069. The Draft EIR, the Final EIR, and all the appendices comprise the "EIR" referenced in these findings.

13. These CEQA findings are incorporated by reference into MPWMD Board Resolution No. 2020-17 certifying the EIR. The Resolution also incorporates the Mitigation Monitoring and Reporting Plan (MMRP), which references the project's impact, mitigation measure, action required, monitoring timing and frequency, responsible agency, and compliance verification.

III. REQUIRED CEQA FINDINGS OF FACT

14. CEQA requires the lead agency (i.e, MPWMD) to make written findings whenever it decides to approve a project for which an EIR was certified (Public Resources Code Section 21000 et seq.). The findings explain how the lead agency approached the significant impacts identified in the EIR. "Significant Impacts" includes those adverse effects of the project that can be reduced to a less-than-significant level as a result of mitigation measures identified in the EIR. The *State CEQA Guidelines* (California Code of Regulations Title 14, Section 15000 et seq.) further explain the required findings.

15. Specifically, Section 15091 of the *State CEQA Guidelines* states that:

“(a) No public agency shall approve or carry out a project for which an EIR has been certified which identifies one or more significant environmental effects of the project unless the public agency makes one or more written findings for each of those significant effects, accompanied by a brief explanation of the rationale for each finding. The possible findings are:

- (1) Changes or alterations have been required in, or incorporated into, the project which avoid or substantially lessen the significant environmental effect as identified in the final EIR.
- (2) Such changes or alterations are within the responsibility and jurisdiction of another public agency and not the agency making the finding. Such changes have been adopted by such other agency or can and should be adopted by such other agency.
- (3) Specific economic, legal, social, technological, or other considerations, including provisions of employment opportunities for highly trained workers, make infeasible the mitigation measures or project alternatives identified in the final EIR.

(b) The findings required by subsection (a) shall be supported by substantial evidence in the record.”

16. The “changes or alterations” referred to in the *State CEQA Guidelines* may be mitigation measures, alternatives to the project, or changes to the project by the project proponent (in this case, MPWMD). “Substantial evidence” means factual evidence, including expert opinion supported by facts.

17. With respect to findings (a)(1) stated above, all measures contained in the Final EIR that mitigate significant impacts associated with the proposed project are within the authority and jurisdiction of MPWMD.

18. In addition to describing the disposition of the various significant effects identified in the EIR, the findings must also explain why the project alternatives described in the EIR are not being selected for implementation.

IV. REQUIRED STATEMENT OF OVERRIDING CONSIDERATIONS:

19. CEQA prohibits an agency from approving a project that will have significant, unavoidable environmental impacts unless the agency adopts a statement describing the specific benefits of the project that will outweigh its expected unavoidable impacts. If the project’s specific economic, legal, social, technological, or other benefits outweigh the unavoidable environmental effects, those effects may be considered acceptable, notwithstanding the fact that they cannot be avoided. This “Statement of Overriding Consideration” must be supported by substantial evidence (State CEQA Guidelines Section 15093).

20. Because the project would not result in any significant and unavoidable impacts, these findings do not include a Statement of Overriding Considerations.

V. ENVIRONMENTAL REVIEW OF THE PROJECT

21. The District finds and declares that the Final EIR has been completed in compliance with CEQA and the *State CEQA Guidelines*.
22. MPWMD issued a Notice of Preparation (NOP) on April 6, 2020, which was circulated to responsible agencies and interested groups and individuals for review and comment. A public scoping meeting was held remotely via Zoom¹ on April 21, 2020 to assist MPWMD in determining the scope of the EIR. A 30-day public comment period, during which time the District received comments on the NOP, ended on May 6, 2020.
23. A Draft EIR was prepared for the project to analyze its environment effects. The Draft EIR was circulated for a 46-day public review period, from June 18, 2020 to August 3, 2020. A public meeting to receive oral comments on the Draft EIR was held via Zoom on July 9, 2020. In addition, the Zoom meeting was live broadcast on the local community access channel, AMP, as well as recorded and re-broadcast on July 13, 2020. Also, a hard copy of the Draft EIR was made available for curbside pick-up at the City of Monterey Public Library, 625 Pacific Street, Monterey, CA 93940, Tuesday through Saturday from 11 a.m. to 6 p.m.
24. MPWMD received written and oral comments on the Draft EIR during the public review period. MPWMD prepared responses to comments on environmental issues and made changes to the Draft EIR. The responses to comments, changes to the Draft EIR and additional information were published in the Final EIR and provided to commenting entities on or before October 7, 2020 in compliance with *State CEQA Guidelines* Section 15089.
25. At all public meetings/hearings, MPMWD staff and environmental consultants provided information about the project, the potential environmental impacts, and the CEQA review process. At each meeting/hearing members of the public had the opportunity to provide comments and express their concerns and interests for the project.
26. *State CEQA Guidelines* Section 15088.5 requires a lead agency to recirculate an EIR for further review and comment when significant new information is added to the EIR after public notice is given of the availability of the Draft EIR but before certification. New information added to an EIR is not “significant” unless the EIR is changed in a way that deprives the public of a meaningful opportunity to comment upon a substantial adverse environmental effect of the project or a feasible way to mitigate or avoid such an effect that the project proponent declines to implement. The *State CEQA Guidelines* provide examples of significant new information under this standard. Recirculation is not required where the new information added to the EIR merely clarified or amplifies or makes insignificant modifications in an adequate EIR. MPWMD finds that the Final EIR does not contain significant new information as defined in the *State CEQA Guidelines* and that recirculation of the Draft EIR, therefore, is not required.

VI. THE ADMINISTRATIVE RECORD

27. The administrative record upon which all findings and determinations related to the project are based includes the following:

¹ On March 4, 2020 the Governor proclaimed a State of Emergency in California as a result of the threat of Coronavirus 2019 (COVID-19). On March 17, 2020 the Health Officer of the County of Monterey issued a Shelter In Place Order for the County of Monterey. As a result, the public scoping meeting and public meeting on the Draft EIR were held remotely via Zoom.

- a. The EIR and all documents referenced in or relied upon by the EIR
 - b. All information (including written evidence and testimony) provided by MPWMD staff related to the EIR, the proposed approvals, the project or its alternatives
 - c. All information (including written evidence and testimony) presented to the MPWMD Board by the environmental consultant who prepared the EIR, or incorporated into reports presented to the MPWMD Board
 - d. All information (including written evidence and testimony) presented to the MPWMD from other public agencies relating to the project or the EIR
 - e. All information (including written evidence and testimony) presented at any public hearing or workshop related to the project and the EIR
 - f. The Mitigation Monitoring and Reporting Plan for the project
 - g. These findings for the project EIR
 - h. All other documents comprising the record pursuant to Public Resources Code Section 21167.6(e)
28. The custodian of the documents and other materials that constitute the record of proceedings upon which the MPWMD's decision is based is David Stoldt, MPWMD General Manager, or his designee. Such documents and other materials are generally located at 5 Harris Court, Building G, Monterey CA 92940. In addition, these materials can be found online at <https://www.mpwmd.net/resources/measure-j-information/>. District offices were closed to the public at the time of Draft EIR release due to the Shelter-In-Place Order for the County of Monterey. As a result, public access to these materials was offered via CD upon request or a hard copy could be viewed physically by appointment at the District offices.
29. These findings are based upon substantial evidence in the entire record before the Board. Any references to certain pages or sections of the EIR set forth in these findings are for ease of reference only and are not intended to provide an exhaustive list of the evidence relied upon for these findings.

VII. CERTIFICATION OF THE EIR

30. In accordance with CEQA as adopted by the MPWMD Board, MPWMD, as lead agency, certifies that the EIR has been completed in compliance with CEQA. MPWMD further certifies that it has reviewed and considered the information in the Potential Acquisition of Monterey Water System and District Boundary Adjustment EIR (State Clearinghouse number 2020040069) prior to approving the project. Similarly, MPWMD finds that it has reviewed the record prior to approving the project. By making these findings, MPWMD confirms, ratifies and adopts the findings and conclusions of the EIR, as supplemented and modified by the findings contained herein. The EIR and these findings represent the independent judgement and analysis of the MPWMD staff and Board.

31. The MPWMD Board certifies that the EIR is adequate to support the approval of the project. The EIR is adequate for each approval required for the project.

VIII. MITIGATION MEASURE AND MMRP

32. Public Resources Code Section 21081.6 and *State CEQA Guidelines* Section 15097 require MPWMD to adopt a monitoring or reporting program to ensure that the mitigation measure in the EIR is implemented. The MMRP is included as Exhibit A and is adopted by the MPWMD Board. The MMRP satisfies CEQA's requirements.
33. The mitigation measure recommended in the EIR and incorporated into the project are specific and enforceable. The MMRP adequately describes conditions, implementation, verification, a compliance schedule and reporting requirements to ensure the project complies with the adopted mitigation measure. The MMRP ensures that the mitigation measure is in place, as appropriate, throughout the life of the project. The mitigation measure described in Exhibit A, is incorporated into these findings as a condition of each of the approvals required for the project.
34. In accordance with Public Resources Code Section 21081 and *State CEQA Guidelines* Sections 15091 and 15092, the MPWMD Board adopts the findings and conclusions regarding impacts and mitigation measure that are set forth in the EIR, and summarized in Exhibit A. These findings do not repeat the full discussions of environmental impacts contained in the EIR. The MPWMD Board ratifies, adopts and incorporates the analysis, explanation, findings, responses to comments and conclusions of the EIR. The MPWMD Board adopts the reasoning of the EIR, of District staff reports, and District staff.
35. The MPWMD Board has, by its review of the evidence and analysis presented in the EIR and in the record, acquired a better understanding of the full scope of the environmental issues presented by the project. In turn, this understanding has enabled the MPWMD Board to make fully informed, thoroughly considered decisions on these important issues. These findings are based on a full appraisal of the EIR and the record, as well as other relevant information in the record of the proceedings for the project.

IX. FINDINGS REGARDING SIGNIFICANT AND UNAVOIDABLE AND POTENTIALLY SIGNIFICANT IMPACTS

36. The project would not result in any significant and unavoidable impacts.

Greenhouse Gas Emission

37. Impact GHG-1. The proposed project would generate greenhouse gas (GHG) emissions that may have a significant impact on the environment, and implementation of Mitigation Measure GHG-1 would be required.

Finding: MPWMD hereby makes finding (a)(1) as described in Finding 15, as stated in *State CEQA Guidelines* Section 15091 and as required by Public Resources Code Section 21081, with respect to the above-identified effect.

Facts Supporting Findings:

- a. Mitigation Measure GHG-1 Greenhouse Gas Reduction Plan for Operational Emissions. The District shall prepare and implement a Greenhouse Gas Reduction Program that reduces the net increase in GHG emissions of 62.7 metric tons of carbon dioxide equivalents to net zero (i.e., carbon neutral) over the operational life of the proposed project. To meet the net zero requirement, the District must reduce its operational GHG emissions by 62.7 metric tons of carbon dioxide equivalents per year. Potential options include, but would not be limited to, those listed in Table 4.2-2 in Section 4.2, *Greenhouse Gas Emissions*, of the EIR.
 - b. Implementation of the measure identified above will reduce this potentially significant impact to a less than significant level as defined by CEQA.
38. Impact GHG-2. The proposed project would be consistent with plans, policies, or regulations adopted for the purpose of reducing GHG emissions, and implementation of mitigation measure GHG-1 would be required.

Finding: MPWMD hereby makes finding (a)(1) as described in Finding 15, as stated in State CEQA Guidelines Section 15091 and as required by Public Resources Code Section 21081, with respect to the above-identified effect.

Facts Supporting Findings:

- a. This impact would be mitigated by Mitigation Measure GHG-1, described above.
- b. Implementation of the measure identified above will reduce this potentially significant impact to a less than significant level as defined by CEQA.

X. FINDINGS REGARDING ALTERNATIVES

39. In accordance with *Laurel Hills Homeowners Assn. v. City Council* (1978) 83 Cal.App.3d 515, 520-521, and *Rio Vista Farm Bureau v. County of Solano* (1992) 5 Cal.App.4th 351, 379, a finding on the feasibility of any of the alternatives is unnecessary. As such, a project may be approved without evaluation of the feasibility of alternatives if the proposed project incorporates mitigation measures that reduce all environmental effects to less than significant levels. The proposed project itself includes changes or alterations that have been required in, or incorporated into, the project to avoid or lessen to a less than significant level the significant environmental effects identified in the Final EIR and thus an analysis of feasibility is not required.
40. The MPWMD Board adopts the EIR's analysis and conclusions regarding alternatives eliminated from further consideration, both during the scoping process and in response to comments.
41. The EIR evaluated a reasonable range of alternatives to the original project that was described in the Draft EIR. These alternatives include (1) a No Project Alternative; (2) No Boundary Adjustment Alternative; (3) Private Third-Party Operator Alternative; (4) No Boundary Adjustment and Third-Party Operator Alternative. The analysis examined the environmental impacts of each alternative and the ability of each alternative to meet project objectives.

42. MPWMD has evaluated a full range of alternatives in the EIR that have the potential to meet most of the basic project objectives and purpose as defined by Findings 9 and 10 above.
43. The MPWMD Board certifies that it has independently reviewed and considered the information on alternatives provided in the EIR and in the record. The EIR reflects the MPWMD Board's independent judgement as to alternatives. The MPWMD finds that the alternatives are not selected for the following reasons.
44. Alternative 1 (No Project Alternative) assumes that the proposed acquisition of the MWS by the District would not occur. Specifically, the District would not acquire CalAm's Main, Bishop, Hidden Hills, and Ryan Ranch water systems and associated assets, including water systems and production wells; utility plants; vehicles and equipment; water rights; water supply contracts; records, books, and accounts; and, easements, and rental property. In addition, since the District would not acquire the MWS, a boundary adjustment to annex service areas into the District would not be necessary and, therefore, would not occur under Alternative 1. Under this alternative, CalAm would continue to operate and maintain the MWS from its existing facilities, including the construction and operation of the Monterey Peninsula Water Supply Project Desalination Plant, if approved. Alternative 1 would avoid all the adverse effects associated with the project, but it would not in itself meet the project objectives because it would not allow the District to implement the purpose approved by the electorate in Measure J, nor result in the beneficial impacts that would occur under the proposed project. Specifically, the No Project Alternative would not:
- Allow the citizens of the Monterey Peninsula to independently own and operate the water production and distribution system serving customers presently served by CalAm's MWS, 2) Provide greater transparency and accountability to residents and businesses on the Monterey Peninsula regarding potable water supplies, as well as increased customer service and reliability
 - Enhance customer service and responsiveness to affected CalAm customers
 - Provide greater local control over the rate setting process and rate increases
 - Provide direct access to locally elected policy makers for water operations
 - Allow the District to pursue funding and other financing alternatives available to public agencies for future infrastructure needs, including grants and financing options not available to a CPUC-regulated, privately-owned utility
 - Ensure better coordination amongst local governmental decisions involving land use, emergency services, policy, the location and need for capital improvements, and overall planning in the water context
45. Alternative 2 (No Boundary Adjustment Alternative) assumes that the proposed acquisition of the MWS by the District would proceed but that the application to annex areas outside of the District's boundaries would not be approved by LAFCO. Instead, the District's boundaries would remain the same. Areas outside of the District's boundaries that would be annexed under the proposed project - including approximately 33 residential connections within the Main component of the MWS in the Yankee Point area and approximately 10 residential connections

in the Hidden Hills component of the MWS - would still be acquired from CalAm by the District under this alternative. However, rather than through an annexation, service by the District would occur under a contract agreement. As a result, operation and maintenance of these areas outside the District would be the same as for the proposed project, however, the governance structure would be different.

Although Alternative 2 would result in a similar level of environmental impacts as the proposed project, Alternative 2 would not meet all the project objectives as directed by Measure J. Specifically under Alternative 2, project objectives would be met in areas that are currently within the District service area. However, areas outside of District boundaries would not be annexed, and therefore, customers in those areas would not be allowed to vote for the District Board and would not have direct contact through their municipal elected officials as they would if those areas were annexed. As a result, Alternative 2 would not meet the following objectives for customers outside of District boundaries: provide direct access to locally elected policy makers for water operations; allow the District to pursue funding and other financing alternatives available to public agencies for future infrastructure needs, including grants and financing options not available to a CPUC-regulated, privately-owned utility; and, ensure better coordination amongst local governmental decisions involving land use, emergency services, policy, the location and need for capital improvements, and overall planning in the water context. Alternative 2 would meet the following objectives for citizens outside the District boundaries: provide greater transparency and accountability to residents and businesses on the Monterey Peninsula regarding potable water supplies, as well as increased customer service and reliability; enhance customer service and responsiveness to affected CalAm customers; and provide greater local control over the rate setting process and rate increases.

46. Alternative 3 (Private Third-Party Operator Alternative) assumes that the proposed acquisition of the MWS by the District would proceed but that CalAm would not make its existing employees available for integration into the District. Instead a private third-party operator would be contracted by the District to operate and maintain the system. The third-party operator would work out of the same operations and maintenance facilities and require the same number of employees to service the MWS (approximately 87 employees) as for the proposed project. Further, it is assumed employees hired by the third-party contractor would be domiciled locally. The size of the system and the associated infrastructure would be the same for Alternative 3 as under the proposed project and no substantial construction would occur. Therefore, operation and maintenance of the system would remain the same as for the proposed project, just performed by a third-party operator and not the District. This alternative still would achieve all of the stated project objectives, since the District would still acquire the system and operation and maintenance would remain the same. However, the water pricing reductions would not be as pronounced, due to the additional fees required to hire a third-party operator. Therefore, the purpose stated in Measure J “to ensure the long-term sustainability, adequacy, reliability, cost-effectiveness and quality of water service within the Monterey Peninsula Water Management District area, to lower the cost of service to ratepayers...” would not be as fully realized as for the proposed project.
47. Alternative 4 (No Boundary Adjustment and Third-Party Operator Alternative) assumes that the proposed acquisition of the MWS by the District would proceed, but that the application to annex areas outside the District’s boundaries would not be approved by LAFCO and the District would hire a private third-party operator to operate and maintain the system. Similar to

Alternative 2, the District's boundaries would remain the same and areas outside the District would be served under contract agreement. Similar to Alternative 3, a third-party operator would be contracted by the District to operate and maintain the system, including areas within the District service area and areas outside the District's service area served under contract. Under this alternative, operation and maintenance of the system would remain the same. Therefore, the same number of employees would be retained by the third-party contractor as under the proposed project. Further, it is assumed employees hired by the third-party contractor would be domiciled locally. Similar to Alternative 2, this alternative would not fully realize all of the project objectives because it would not allow the District to fully implement the purpose approved by the electorate in Measure J in these areas that are not annexed. Similar to Alternative 3, water pricing reductions would be less pronounced. Therefore, the purpose stated in Measure J to "to ensure the long-term sustainability, adequacy, reliability, cost-effectiveness and quality of water service within the Monterey Peninsula Water Management District area, to lower the cost of service to ratepayers..." would not be as fully realized as for the proposed project.

48. Due to the factors described above, none of the project alternatives are more desirable than the proposed project with consideration to environmental effects, project objectives, and other factors. Alternative 1 (No Project) would not meet the project objectives. Alternatives 2, 3 and 4 do not fully meet as many of the project objectives (i.e., the project purpose as defined under Measure J). The proposed project itself includes changes or alterations that have been required in, or incorporated into, the project to avoid or lessen to a less than significant level the significant environmental effects identified in the Final EIR and thus an analysis of feasibility is not required as outlined in Finding 39 above. As a result, MPWMD finds that none of the alternatives are more desirable than the proposed project, and that the proposed project better meets the project objectives with less than significant impacts after mitigation.

XI. ULTIMATE FINDINGS AND CONCLUSIONS

49. The MPWMD Board therefore finds that:

- a. The proposed project is consistent with the goals and objectives of Measure J
- b. The EIR for the proposed project adequately describes the project impacts and one mitigation measure that would reduce effects to a less than significant level and can be relied upon by the MPWMD Board for decision making purposes.
- c. The proposed project best meets the objectives of the MPWMD Board of Directors when compared to the project alternatives. Therefore, the proposed project should be approved by the MPWMD Board.

EXHIBIT A

MITIGATION MONITORING AND REPORTING PLAN

Mitigation Monitoring and Reporting Program

CEQA requires that a reporting or monitoring program be adopted for the conditions of project approval that are necessary to mitigate or avoid significant effects on the environment (Public Resources Code 21081.6). This mitigation monitoring and reporting program is intended to track and ensure compliance with adopted mitigation measures during the project implementation phase. For each mitigation measure recommended in the Final Environmental Impact Report (Final EIR), specifications are made herein that identify the action required, the monitoring that must occur, and the agency or department responsible for oversight.

Mitigation Measure/ Condition of Approval	Action Required	Monitoring Timing	Monitoring Frequency	Responsible Agency	Compliance Verification		
					Initial	Date	Comments

Greenhouse Gas Emissions

GHG-1 Greenhouse Gas Reduction Plan for Operational Emissions

The District shall prepare and implement a Greenhouse Gas Reduction Program that reduces the net increase in GHG emissions of 62.7 metric tons of carbon dioxide equivalents to net zero (i.e., carbon neutral) over the operational life of the proposed project. To meet the net zero requirement, the District must reduce its operational GHG emissions by 62.7 metric tons of carbon dioxide equivalents per year. Potential options include, but would not be limited to, those listed in Table 4.2-2 in Section 4.2, *Greenhouse Gas Emissions*, and shown below.

Prepare a Greenhouse Gas Reduction Program for net zero GHG emissions.

Within 30 days of eminent domain judgment filing

Once

District

Implement final Greenhouse Gas Reduction Program

After acquisition

Ongoing

District

Table 4.2-2 Summary of GHG Mitigation Options

Source Category	Mitigation Measure
Mobile Source	Convert some or all the District's existing and/or proposed vehicle fleet to be powered by alternative low-carbon fuels, electricity, fuel cells, and/or other technologies.
	Install electric vehicle chargers and/or other alternative fueling stations at existing and/or proposed District facilities.
	Require all employees with driving duties to participate in a mandatory training program that provides information on ways to improve fuel economy, such as slow acceleration, removing unnecessary loads from vehicles, limiting idling, reducing air conditioning use, using cruise control, and carpooling with colleagues.

Mitigation Measure/ Condition of Approval	Action Required	Monitoring Timing	Monitoring Frequency	Responsible Agency	Compliance Verification		
					Initial	Date	Comments
	<p>Implement a transportation demand management program for employees, which may include the following measures:</p> <ul style="list-style-type: none"> ▪ Priority parking for carpools, vanpools, and alternatively fueled vehicles ▪ Subsidized transit passes for employees ▪ Retention of a transportation demand management coordinator or creation of a website to provide transit information and/or coordinate ridesharing ▪ Additional bicycle parking and/or shower and changing facilities ▪ Bicycle sharing ▪ Emergency ride home program ▪ Telecommuting or flexible schedule options to reduce transit time, vehicle miles traveled, and GHG emissions 						
	<p>Replace existing and/or proposed District facilities with more energy-efficient equipment.</p>						
	<p>Replace diesel-, natural gas- and propane-fueled equipment with electric equivalents at existing and/or proposed District facilities</p>						
	<p>Convert interior and exterior lighting at existing and/or proposed District facilities to high-efficacy luminaires, including light emitting diodes (LED)</p>						
	<p>Utilize automated lighting controls for indoor/outdoor lighting at existing and/or proposed District facilities</p>						
	<p>Switch to renewable gas (biogas) for facilities and equipment that cannot be replaced by electric equipment</p>						

Mitigation Measure/ Condition of Approval	Action Required	Monitoring Timing	Monitoring Frequency	Responsible Agency	Compliance Verification		
					Initial	Date	Comments
	Schedule times of high pumping to coincide with times of high renewable energy availability and low demand						
Waste ¹	Implement a program to separate organic waste from other materials and contract with local waste disposal companies to route organic waste to food recovery centers, anaerobic digestion, or composting facilities						
	Develop and implement net zero waste programs at District facilities						
Water ¹	Expand targeted outreach programs to install water efficient landscapes, irrigation systems, appliances, and fixtures through the use of a rebate program						
Vegetation Change	Plant trees in the District's service area						
Carbon Offsets	Directly undertake or fund activities that reduce or sequester GHG emissions ("Direct Reduction Activities") and retire the associated "GHG Mitigation Reduction Credits." A "GHG Mitigation Reduction Credit" shall mean an instrument issued by an Approved Registry and shall represent the estimated reduction or sequestration of 1 MT of CO2e that shall be achieved by a Direct Reduction Activity that is not otherwise required (CEQA Guidelines Section 15126.4[c][3]). A "GHG Mitigation Reduction Credit" must achieve GHG emission reductions that are real, permanent, quantifiable, verifiable, enforceable, and in addition to any GHG emission reduction required by law or regulation or any other GHG emission reduction that otherwise would occur in accordance with the criteria set forth in the California Air Resources Board's most recent Process for the Review and Approval of Compliance Offset Protocols						

Mitigation Measure/ Condition of Approval	Action Required	Monitoring Timing	Monitoring Frequency	Responsible Agency	Compliance Verification		
					Initial	Date	Comments
	<p>in Support of the Cap-and-Trade Regulation (2013). An “Approved Registry” is an accredited carbon registry that follows approved California Air Resources Board Compliance Offset Protocols. At this time, Approved Registries include American Carbon Registry, Climate Action Reserve, and Verra (California Air Resources Board 2018). Credits from other sources will not be allowed unless they are shown to be validated by protocols and methods equivalent to or more stringent than the California Air Resources Board standards. In the event that a project or program providing GHG Mitigation Reduction Credits to the District loses its accreditation, the District shall comply with the rules and procedures of retiring GHG Mitigation Reduction Credits specific to the registry involved and shall undertake additional direct investments to recoup the loss.</p> <p>Obtain and retire “Carbon Offsets.” “Carbon Offset” shall mean an instrument issued by an Approved Registry and shall represent the past reduction or sequestration of 1 MT of CO₂e achieved by a Direct Reduction Activity or any other GHG emission reduction project or activity that is not otherwise required (CEQA Guidelines Section 15126.4[c][3]). A “Carbon Offset” must achieve GHG emission reductions that are real, permanent, quantifiable, verifiable, enforceable, and in addition to any GHG emission reduction required by law or regulation or any other GHG emission reduction that otherwise would occur in accordance with the criteria set forth in the California Air Resources Board’s most</p>						

Mitigation Measure/ Condition of Approval	Action Required	Monitoring Timing	Monitoring Frequency	Responsible Agency	Compliance Verification		
					Initial	Date	Comments
	<p>recent Process for the Review and Approval of Compliance Offset Protocols in Support of the Cap-and-Trade Regulation (2013). If the District chooses to meet some of the GHG reduction requirements by purchasing offsets on an annual and permanent basis, the offsets shall be purchased according to the District's preference, which is, in order of District preference: (1) within the project area; (2) within the MBARD jurisdictional area; (3) within the State of California; then (4) elsewhere in the United States. In the event that a project or program providing offsets to the District loses its accreditation, the District shall comply with the rules and procedures of retiring offsets specific to the registry involved and shall purchase an equivalent number of credits to recoup the loss.</p>						
	<p>¹ Although the proposed project would not result in net increases in GHG emissions related to energy use, waste generation, or water use as compared to the existing baseline, GHG emission reduction measures can be implemented in these areas to effectively offset the project's mobile source emissions.</p>						