

This meeting has been noticed according to the Brown Act rules. The Board of Directors meets regularly on the third Monday of each month, except in January and February. The meetings begin at 6:00 PM.



AGENDA
Special and Regular Meeting
Board of Directors
Monterey Peninsula Water Management District

Monday, December 14, 2020, 5:00 PM, Virtual Meeting

5 PM Start Time

Pursuant to Governor Newsom's Executive Orders N-29-20 and N-33-20, and to do all we can to help slow the spread of COVID-19 (coronavirus), meetings of the Monterey Peninsula Water Management District Board of Directors and committees will be conducted with virtual (electronic) participation only using WebEx.

Join the meeting at this link:

<https://mpwmd.webex.com/mpwmd/onstage/g.php?MTID=eed48e75e4c34776346187118120f6aa8>

Or join at mpwmd.webex.com.

Event number: 126 551 3654

Meeting password: steelhead

Participate by phone: 1-877-668-4493

For detailed instructions on how to connect to the meeting, please see page 5 of this agenda.

You may also view the live webcast on AMP <https://accessmediaproductions.org/>
scroll down to the bottom of the page and select the Peninsula Channel

Staff notes will be available on the District web site at

<http://www.mpwmd.net/who-we-are/board-of-directors/bod-meeting-agendas-calendar/>
by 5 PM on Friday, December 11, 2020

CALL TO ORDER/ROLL CALL

PLEDGE OF ALLEGIANCE

ADMINISTER OATH OF OFFICE TO MOLLY EVANS, DIRECTOR DIVISION 3; KAREN PAULL, DIRECTOR DIVISION 4; AND AMY ANDERSON, DIRECTOR DIVISION 5

Board of Directors

Alvin Edwards, Chair – Division 1

George Riley – Division 2

Molly Evans – Division 3

Karen Paull – Division 4

Amy Anderson – Division 5

Mary Adams, Monterey County Board of
Supervisors Representative

David Potter – Mayoral Representative

General Manager

David J. Stoldt

This agenda was posted at the District office at 5 Harris Court, Bldg. G Monterey on Friday, December 11, 2020. Staff reports regarding these agenda items will be available for public review on December 11, 2020 at the District office and at the Carmel, Carmel Valley, Monterey, Pacific Grove and Seaside libraries. After staff reports have been distributed, if additional documents are produced by the District and provided to a majority of the Board regarding any item on the agenda, they will be available at the District office during normal business hours, and posted on the District website at www.mpwmd.net/who-we-are/board-of-directors/bod-meeting-agendas-calendar/. Documents distributed at the meeting will be made available in the same manner. The next meeting of the Board is set for January 25, 2021 at 6 pm.

ADDITIONS AND CORRECTIONS TO AGENDA - The Clerk of the Board will announce agenda corrections and proposed additions, which may be acted on by the Board as provided in Sections 54954.2 of the California Government Code.

ORAL COMMUNICATIONS - Anyone wishing to address the Board on Consent Calendar, Information Items, Closed Session items, or matters not listed on the agenda may do so only during Oral Communications. Please limit your comment to three (3) minutes. The public may comment on all other items at the time they are presented to the Board.

CONSENT CALENDAR - The Consent Calendar consists of routine items for which staff has prepared a recommendation. Approval of the Consent Calendar ratifies the staff recommendation. Consent Calendar items may be pulled for separate consideration at the request of a member of the public, or a member of the Board. Following adoption of the remaining Consent Calendar items, staff will give a brief presentation on the pulled item. Members of the public are requested to limit individual comment on pulled Consent Items to three (3) minutes. Unless noted with double asterisks "***", Consent Calendar items do not constitute a project as defined by CEQA Guidelines section 15378.

1. Consider Adoption of Minutes of the November 16, 2020 Regular Meeting of the Board of Directors
2. Adopt Board Meeting Schedule for 2021
3. Consider Authorizing the General Manager to Enter into a Contract for Grant Administration Services with Dudek
4. Consider Adoption of Treasurer's Report for September 2020
5. Receive and File First Quarter Financial Activity Report for Fiscal Year 2020-2021
6. Consider Approval of First Quarter Fiscal Year 2020-2021 Investment Report

PRESENTATIONS TO OUTGOING DIRECTORS MOLLY EVANS, DIVISION 3; JEANNE BYRNE, DIVISION 4; AND RETIRING BOARD CLERK ARLENE TAVANI

GENERAL MANAGER'S REPORT

7. Status Report on California American Water Compliance with State Water Resources Control Board Order 2016-0016 and Seaside Groundwater Basin Adjudication Decision
8. Report on Legislative Outreach for Calendar Year 2020

REPORT FROM DISTRICT COUNSEL

DIRECTORS' REPORTS (INCLUDING AB 1234 REPORTS ON TRIPS, CONFERENCE ATTENDANCE AND MEETINGS)

9. Oral Reports on Activities of County, Cities, Other Agencies/Committees/Associations

PUBLIC HEARINGS – Public comment will be received. Please limit your comment to three (3) minutes per item

10. Consider Adoption of Resolution No. 2020-19 Modifying Rule 160 – Regulatory Water Production Targets for California American Water System (Exempt from environmental review per SWRCB Order Nos. 95-10 and 2016-0016, and the Seaside Basin Groundwater Basin adjudication decision, as amended and Section 15268 of the California Environmental Quality Act (CEQA) Guidelines, as a ministerial project; Exempt from Section 15307, Actions by Regulatory Agencies for Protection of Natural Resources.)

Action: The Board will consider modifications to the Regulatory Water Production Targets in Tables XV-1, XV-2 and XV-3 of Rule 160 to account for the projected change in allowable diversions by California American Water from the Carmel River and Seaside Groundwater Basins for Water Year 2021 (Oct. 1, 2020 through Sept. 30, 2021).

11. Consider Adoption of January through March 2021 Quarterly Water Supply Strategy and Budget (Notice of Exemption, CEQA, Article 19, Section 15301 (Class 1))
Action: The Board will consider approval of a proposed production strategy for the California American Water Distribution Systems for the three-month period of January through March 2021. The strategy sets monthly goals for surface and groundwater production from various sources within the California American Water systems.

ACTION ITEMS – Public comment will be received. Please limit your comment to three (3) minutes per item

12. Receive Fiscal Year 2019-2020 Comprehensive Annual Financial Report
Action: The Board will review and consider acceptance of the Audit Report for Fiscal Year 2019-2020.
13. Consider Approval of Amendment 4 to the Cost Sharing Agreement with Monterey One Water for Pure Water Monterey Deep Wells 3 and 4
Action: The Board will consider adoption of an amendment to the cost sharing agreement to fund construction of deep injection wells 3 and 4 that will help ensure Water Purchase Agreement delivery guarantees, operational flexibility and create redundancy.
14. Consider Response to State Water Resources Control Board regarding Reduction in Effective Diversion Limit under the Cease and Desist Order
Action: The Board will review a proposed response letter and consider transmitting a response to the State Water Resources Control Board.
15. Consider Development of Board Position on California American Water Application to the California Coastal Commission for a Coastal Development Permit – Monterey Peninsula Water Supply Project
Action: The Board should consider providing direction to staff on any additional communication the District should make in regard to the California American Water application to the California Coastal Commission for its Coastal Development Permit.
16. Consider Funding Rebates in the California American Water System between January 1, 2020 and the Availability of Funding from the California-American Water General Rate Case
Action: The Board will consider authorizing advanced funding to continue the Rebate Program until the California American Water General Rate Case is approved and funding becomes available.
17. Consider Adoption of Resolution 2020-18 Authorizing an Exception to the CALPERS 180-Day Wait Period for Hiring
Action: The Board will consider adoption of a resolution in compliance with the California Public Retirement System (CalPERS) requirement that the governing body of any agency wishing to hire a retiree prior to 180-days following their retirement date, pass a resolution to that effect.
18. Consider Calling for Applications and Discuss Process to Fill the Position of Director Division 3
Action: The Board will determine the process to be followed for making an appointment to the position of Director Division 3 or calling for an election.
19. Conduct Election of Board Officers for 2021
Action: The Board will conduct an election for the positions of Board Chair, Vice Chair, Secretary and Treasurer.

INFORMATIONAL ITEMS/STAFF REPORTS - The public may address the Board on Information Items and Staff Reports during the Oral Communications portion of the meeting. Please limit your comments to three minutes.

20. Report on Activity/Progress on Contracts Over \$25,000
21. Status Report on /Rule 19.8 Phase II Spending
22. Letters Received Supplemental Letter Packet

23. Committee Reports
24. Monthly Allocation Report
25. Water Conservation Program Report
26. Carmel River Fishery Report
27. Monthly Water Supply and California American Water Production Report

ADJOURN TO CLOSED SESSION - *As permitted by Government Code Section 54956 et seq., the Board may adjourn to closed or executive session to consider specific matters dealing with pending or threatened litigation, certain personnel matters, or certain property acquisition matters.*

28. Cal-Am v. MPWMD; Monterey Superior Court Case No. 20CV003201

ADJOURNMENT

Board Meeting Schedule			
Monday, January 25, 2021	Regular Board Meeting	6:00 pm	Virtual - WebEx
Thursday, January 28, 2021	Tentative – Special Board Meeting	6:00 pm	Virtual - WebEx
Thursday, February 25, 2021	Regular Board Meeting	6:00 pm	Virtual - WebEx
Monday, March 15, 2020	Regular Board Meeting	6:00 pm	Virtual - WebEx

Board Meeting Television and On-Line Broadcast Schedule View Live Webcast at https://accessmediaproductions.org/ scroll to the bottom of the page and select the Peninsula Channel	
Television Broadcast	Viewing Area
Comcast Ch. 25 (Monterey Channel), Mondays view live broadcast on meeting dates, and replays on Mondays, 7 pm through midnight	City of Monterey
Comcast Ch. 28, Mondays, replays only 7 pm	Throughout the Monterey County Government Television viewing area.
For Xfinity subscribers, go to https://www.xfinity.com/support/local-channel-lineup/ or https://www.xfinity.com/stream/listings - enter your address for the listings and channels specific to your city.	Pacific Grove, Pebble Beach, Sand City, Seaside, Monterey
Internet Broadcast	
Replays – Mondays, 4 pm to midnight at https://accessmediaproductions.org/ scroll to Peninsula Channel	
Replays – Mondays, 7 pm and Saturdays, 9 am www.mgtvonline.com	
YouTube – available five days following meeting date - https://www.youtube.com/channel/UCg-2VgzLBmgV8AaSK67BBRg	

See next page of agenda for instructions on connecting to WebEx meeting

Instructions for Connecting to the WebEx Meeting

Note: If you have not used WebEx previously, when you begin connecting to the meeting you may be asked to download the app. If you do not have a computer, you can participate by phone.

Begin: Within 10 minutes of the meeting start time from your computer click on this link

or past the link into your browser or go to: mpwmd.webex.com.

Under “Join a Meeting” enter the event number 126 551 3654, hit the enter key and when prompted enter the meeting password **steelhead**, click “Next” and see the dropdown menu at the bottom of the screen “Use computer for audio” and select the method you will use to hear the meeting – see below.

1) Audio and video connection from computer with WebEx app – view participants/materials on your screen

Click on the “Use computer for audio” drop down list

Click “Join Meeting”

Once in the meeting, mute your microphone.

Turn your microphone on when it is your turn to speak.

2) View material on your computer screen and listen to audio on your phone

From the “Use computer for Audio” drop down list select “Call In”

Click on “Join Meeting” / You will see a toll-free telephone number, access code, and attendee ID # -- enter these numbers on your phone.

Mute the microphone on your computer.

Disable computer speakers using the Settings menu.

3) Join by phone only (no computer) dial 1-877-668-4493 and use the meeting number above.

Presenting Public Comment

Receipt of Public Comment – the Chair will ask for comments from the public on all items. Limit your comment to 3 minutes but the Chair could decide to set the time for 2 minutes.

(a) Computer Audio Connection: Select the “raised hand” icon. When you are called on to speak, please identify yourself.

(b) Phone audio connection **with** computer to view meeting: Select the “raised hand” icon. When you are called on to speak, please identify yourself.

(c) Phone audio connection only: Press *3. Wait for the clerk to unmute your phone and then identify yourself and provide your comment. Press *3 to end the call.

Submit Written Comments

If you are unable to participate via telephone or computer to present oral comments, you may also submit your comments by e-mailing them to comments@mpwmd.net with one of the following subject lines "PUBLIC COMMENT ITEM #" (insert the item number relevant to your comment) or “PUBLIC COMMENT – ORAL COMMUNICATIONS”. Comments must be received by 12:00 p.m. on Monday, December 14, 2020. Comments submitted by noon will be provided to the Board of Directors and compiled as part of the record of the meeting.

ITEM: CONSENT CALENDAR

**1. CONSIDER ADOPTION OF MINUTES OF THE NOVEMBER 16, 2020
REGULAR MEETING OF THE BOARD OF DIRECTORS**

Meeting Date: December 14, 2020

Budgeted: N/A

From: David J. Stoldt,
 General Manager

Program/ N/A
Line Item No.:

Prepared By: Arlene Tavani

Cost Estimate: N/A

General Counsel Review: N/A

Committee Recommendation: N/A

CEQA Compliance: This action does not constitute a project as defined by the California
Environmental Quality Act Guidelines Section 15378.

SUMMARY: Attached as **Exhibits 1-A** are draft minutes of the November 16, 2020 Regular meeting of the Board of Directors.

RECOMMENDATION: District staff recommends approval of the minutes with adoption of the Consent Calendar.

EXHIBIT

1-A Draft Minutes of the November 16, 2020 Regular Meeting of the Board of Directors



EXHIBIT 1-A

DRAFT MINUTES

Regular Meeting

Board of Directors

Monterey Peninsula Water Management District

November 16, 2020

The meeting was called to order at 6:06 pm. Pursuant to Governor Newsom's Executive Orders N-29-20 and N-33-20, the meeting was conducted with virtual participation via WebEx.

CALL TO ORDER/ROLL CALL

Directors Present via WebEx:

Alvin Edwards, – Chair, Division 1

Jeanne Byrne – Vice Chair, Division 4

George Riley, Division 2

Molly Evans, Division 3

Gary D. Hoffmann, P.E. – Division 5

Mary Adams – Monterey County Board of Supervisors Rep.

David Potter – Mayoral Representative

Directors Absent: None

General Manager present: David J. Stoldt

District Counsel present: David Laredo

The assembly recited the Pledge of Allegiance.

PLEDGE OF ALLEGIANCE

No changes.

ADDITIONS AND CORRECTIONS TO AGENDA

Tom Rowley advised the Board that the meeting was not broadcast that evening on the Peninsula Channel, so he was unable to view the meeting.

ORAL COMMUNICATIONS

On a motion by Byrne and seconded by Adams, the Consent Calendar was approved with a correction to the October 19, 2020 minutes: under Consent Item 2, add Evans to the list of persons that voted to approve the item. The motion was approved on a vote of 7 – 0 by Byrne, Adams, Edwards, Evans, Hoffmann, Potter and Riley.

CONSENT CALENDAR

1. **Consider Adoption of Minutes of the October 19, 2020 Regular Meeting and October 29, 2020 Special Meeting of the Board of Director**

General Manager Stoldt presented plaques to Directors Byrne and Hoffmann honoring them for their service on the Board of Directors. The directors expressed appreciation to Jeanne Byrne for her 9 years of service on the Board and many years of service to the City of Pacific Grove and the

PRESENTATIONS TO OUTGOING DIRECTORS: JEANNE BYRNE, DIVISION 4 AND GARY HOFFMANN, DIVISION 5

wider community. The directors thanked Gary Hoffmann for his 2 years of service on the Board, the valuable perspective he brought to their discussions of water issues.

Public Comment: Susan Schiavone thanked Director Hoffmann for his thoughtfulness and thoroughness. She thanked Director Byrne for her long-term commitment and help in development of a water supply project.

A summary of Mr. Stoldt's report is on file at the District office and can be viewed on the agency website. Stoldt reported that for the period of October 1, 2020 to November 30, 2020, the first month of the water year, water production within the Monterey Peninsula Water Resources System was 9 acre-feet below the target. He noted that the Pure Water Monterey project was operational, which should result in reduced pumping from the Carmel River and Seaside Basin.

A summary of Mr. Stoldt's report is on file at the District office and can be viewed on the agency website. He stated that with the commencement of construction of deep injection wells 3 and 4 in mid-November, the Pure Water Monterey project should meet annual contractual delivery requirements for the July 1, 2021 through June 20, 2022 time period. The project should provide 3,500 acre-feet of water to California-American Water Company, 200 acre-feet to a drought reserve, and an additional 258 acre-feet per year to build up the remainder of the operating reserve. Stoldt presented the following brief updates: a progress report on construction of the water treatment facility at the Santa Margarita ASR site; an update on construction of the Finch Creek Fish Passage Removal Project which was partially funded by a grant from the District that may be reimbursable; a plan for rotation of the Board Vice Chair into the position of Chair over the next five years; and the process for replacement of the Division 3 director who plans to resign at the December 14, 2020 Board meeting. In addition, he presented a video documenting fish releases at the Sleepy Hollow Steelhead Rearing Facility.

Byrne stated that it had been a pleasure to work with the Board and General Manager Stoldt. She encouraged the Board to stay focused on development of sustainable water projects, the only solution to housing needs, business development and ending the Cease and Desist Order. Chair Edwards congratulated incoming directors Amy Anderson and Karen Paull.

Public comment: Tom Rowley asked if the Board had made a decision on adoption of an addendum to the ASR EIR for

GENERAL MANAGER'S REPORT

2. **Status Report on California-American Water Compliance with State Water Resources Control Board Order 2016-0016 and Seaside Groundwater Basin Adjudication Decision**
3. **Update on Development of Water Supply Projects**

DIRECTORS REPORTS (INCLUDING AB 1234 REPORTS ON TRIPS, CONFERENCE ATTENDANCE AND MEETINGS)

4. **Oral Reports on Activities of County, Cities, Other Agencies/Committees/Associations**

construction of a bypass pipeline related to Pure Water Monterey Recovery and ASR injection. Stoldt reported that the Water Supply Planning Committee would consider the item at its December 7, 2020 meeting with possible subsequent follow up at the December 14, 2020 Board meeting.

No Public Hearing items were submitted for Board consideration.

No Action items were submitted for Board consideration.

There was no discussion of the Informational Items/Staff Reports.

The meeting was adjourned at 7:08 pm.

PUBLIC HEARINGS

ACTION ITEMS

INFORMATIONAL ITEMS/STAFF REPORTS

5. **Monthly Progress Report – Santa Margarita Water Treatment Facility**
6. **Letters Received**
7. **Committee Reports**
8. **Monthly Allocation Report**
9. **Water Conservation Program Report**
10. **Carmel River Fishery Report**
11. **Monthly Water Supply and California American Water Production Report**

ADJOURNMENT

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Arlene M. Tavani, Deputy District Secretary

ITEM: CONSENT CALENDAR

2. **ADOPT BOARD MEETING SCHEDULE FOR 2021**

Meeting Date: December 14, 2020

Budgeted: N/A

From: David J. Stoldt
General Manager

Program/ N/A
Line Item No.:

Prepared By: Arlene Tavani

Cost Estimate: N/A

General Counsel Review: N/A

Committee Recommendation: N/A

CEQA Compliance: This action does not constitute a project as defined by the California Environmental Quality Act Guidelines Section 15378.

SUMMARY: Attached as **Exhibit 2-A** is a proposed Board meeting schedule for the months of January 2021 through February 2022. Dates that are not set for the third Monday of each month are January and February 2021 and 2022 due to conflicts with the Martin Luther King Jr. Birthday and Presidents' Day holidays, and four special meeting dates scheduled in case there is a need for additional meetings during the year.

Board meetings will be conducted virtually until the Governor's limitations on public assembly have been lifted. Changes to a meeting time or location will be noticed on the meeting agenda and the Water Management District website.

RECOMMENDATION: Review and adopt the 2021 MPWMD Board meeting schedule.

EXHIBIT

2-A Proposed Board Meeting Schedule for 2021



EXHIBIT 2-A

Draft **MPWMD Board Meeting Schedule** **January 2021 through February 2022**

	Day of Week	Date	Time	Type of Meeting
2021	Monday	January 25	6 PM	Regular
	Thursday	January 28	6 PM	Special Meeting
	Thursday	February 25	6 PM	Regular
	Monday	March 15	6 PM	Regular
	Monday	April 19	6 PM	Regular
	Monday	May 17	6 PM	Regular
	Thursday	May 27	6 PM	Special Meeting
	Monday	June 21	6 PM	Regular
	Monday	July 19	6 PM	Regular
	Monday	August 16	6 PM	Regular
	Thursday	August 26	6 PM	Special Meeting
	Monday	September 20	6 PM	Regular
	Monday	October 18	6 PM	Regular
	Thursday	October 28	6 PM	Special Meeting
	Monday	November 15	6 PM	Regular
	Monday	December 13	6 PM	Regular
2022	Thursday	January 27	6 PM	Regular
	Thursday	February 24	6 PM	Regular

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ITEM: CONSENT CALENDAR**3. CONSIDER AUTHORIZING THE GENERAL MANAGER TO ENTER INTO A CONTRACT FOR GRANT ADMINISTRATION SERVICES WITH DUDEK**

Meeting Date:	December 14, 2020	Budgeted:	Yes
From:	David J. Stoldt, General Manager	Program/ Line Item No.:	WRD 2-6-1
Prepared By:	Maureen Hamilton	Cost Estimate:	\$132,204

General Counsel Review: N/A**Committee Recommendation: The Administrative Committee reviewed this item on December 8, 2020 and recommended approval.****CEQA Compliance: This action does not constitute a project as defined by the California Environmental Quality Act Guidelines section 15378.**

SUMMARY: Resolution 2020-02 authorized the General Manager to enter into a grant agreement with DWR for a Proposition 1 Integrated Regional Water Management (IRWM) Implementation Round 1 Grant. MPWMD will act as administrator for the grant funds. MPWMD received an award notification letter for the Proposition 1 IRWM Implementation Round 1 Grant on July 7, 2020.

MPWMD issued a Request for Proposals (RFP) for grant administration services on October 22, 2020. Staff contacted six organizations and published the RFP on the California Special Districts Association website RFP clearinghouse. Five proposals were opened on November 18, 2020 from the following firms:

1. Consero Solutions
2. Dudek
3. Landmark Environmental, Inc.
4. Regional Government Services
5. Wallace Group

Staff reviewed and rated the proposals based on each firm's experience and references, understanding of project goals, proposed methodology to fulfill the intent of the RFP, ability and capacity to fulfill the intent of the RFP, and reasonableness of the budget and schedule.

Dudek was the highest scoring firm, their proposal is included as **Exhibit 3-A**. Dudek is a California-based environmental and engineering consultant with nationwide offices and more than 600 staff. The team has been managing IRWM grants for Santa Barbara County and is contracted to manage Santa Barbara County's IRWM Implementation Round 1 grant.

The contract will be fully reimbursed by the grant. There is no cost share for grant administration.

RECOMMENDATION: The Administrative Committee recommends the Board authorize the General Manager to enter into a contract for grant administration services with Dudek in the amount of \$114,960 plus 15% contingency for a total contract amount not-to-exceed \$132,204. The contract will be paid on a time and materials basis. The contract amount will be 100% reimbursed by grant funding.

EXHIBIT

3-A Dudek Proposal for Grant Administration Services



PROPOSAL

Grant Administration for Proposition 1 Round 1 IRWM
Grant to the Monterey Peninsula, Carmel Bay, and South
Monterey Bay Planning Region

PREPARED FOR

Monterey Peninsula Water Management District

November 18, 2020

Section 1

Cover Letter

November 18, 2020

Maureen Hamilton, Water Resources Engineer
Monterey Peninsula Water Management District
5 Harris Court, Building G
Monterey, California 93940

Subject: Proposal for Grant Administration for Proposition 1 Round 1 Integrated Regional Water Management Grant to the Monterey Peninsula, Carmel Bay, and South Monterey Bay Planning Region

Dear Ms. Hamilton,

Providing grant administration consulting services to the Monterey Peninsula, Carmel Bay, and South Monterey Bay Planning Region for the Monterey Peninsula Water Management District (MPWMD) requires a knowledgeable and experienced grant team that is well-versed in managing and administering federal, state, and regional grants. We administer and manage grants for various jurisdictions and special districts, leading projects from conception to completion.

Dudek is well equipped to perform the following tasks under this contract:

- Grant administration
- Invoicing
- Reporting

Our expert grant team brings the following advantages to the MPWMD:

Extensive IRWM Program Experience. Dudek has been working within the Integrated Regional Water Management (IRWM) Program since its inception through Proposition (Prop) 50 until today. Our staff have experience with the State Board's previous IRWM grants, and since 2006 and 2007, we have worked with the California Department of Water Resources' (DWR) requirements for IRWM Plans, programming, and grant applications. Our team understands the depth, breadth, and vision associated with IRWM Plans, which we are well equipped to facilitate.

Grant Administration Expertise. Our team has experience managing complex water-related state and federal grant programs. Through this experience, we have learned that a key requirement for successful grant administration is a clear organizational framework with lines of communication defined among team members. Dudek has developed a proven management plan that has led to successful project implementation and timely grant close out. In addition to successfully securing competitive grant funding, the proposed project team works closely within interdisciplinary teams on various programs and projects.

Primary Contact Person

Jane Gray, Project Manager
621 Chapala Street
Santa Barbara, California 93101
805.308.8531
jgray@dudek.com

Organization Information

Type: Corporation
Years in Existence: 40

Dudek currently performs grant administration services for Santa Barbara County, IRWM Disadvantage Community Involvement Grant, Prop 1, which involves gathering progress reports and invoice information for the grant report, as well as reviewing for consistency and eligibility and working with all involved parties.

California Focus on Water Issues. Dudek has worked with agencies and municipalities to address engineering and environmental issues related to water throughout California for 40 years. We are a California-based environmental and engineering consultant with nationwide offices and more than 600 planners, scientists, civil engineers, contractors, and support staff. We assist clients on a range of projects that improve and evolve our water infrastructure, communities, and natural environment.

We look forward to contributing to the MPWMD's vision of providing funding support for programs and projects, in addition to managing grant funding opportunities. Please contact Project Manager Jane Gray with any questions at 805.308.8531 or jgray@dudek.com.

Sincerely,



Joseph Monaco
President/CEO



Jane Gray
Project Manager

Joseph Monaco is authorized to bind Dudek.

Signature Page

Exhibit A

SIGNATURE PAGE

ISSUE DATE: October 26, 2020

RFP EXTENSION DATE: NARFP: GRANT ADMINISTRATION PROPOSITION 1 ROUND 1 IRWM GRANT TO THE
MONTEREY PENINSULA REGION**PROPOSALS ARE DUE IN
THE DISTRICT OFFICE BY****2:00 P.M., LOCAL TIME, ON: Wednesday November 18, 2020****MAILING ADDRESS:**Monterey Peninsula Water Management District
5 Harris Court, Building G
Monterey, CA 93940QUESTIONS ABOUT THIS RFP #10340 SHOULD BE DIRECTED TO
Maureen Hamilton, mhailton@mpwmd.net, (831) 658-5622 or (831) 242-0191

Consultant MUST INCLUDE THE FOLLOWING IN EACH PROPOSAL:



ALL REQUIRED CONTENT AS DEFINED PER SECTION 7.1 HEREIN

This Signature Page must be included with your submittal in order to validate your proposal.

Proposals submitted without this page will be deemed non-responsive.**CHECK HERE IF YOU HAVE ANY EXCEPTIONS TO THIS SOLICITATION.**

Consultant MUST COMPLETE THE FOLLOWING TO VALIDATE PROPOSAL

I hereby agree to furnish the articles and/or services stipulated in my proposal at the price quoted, subject to the instructions and conditions in the Request for Proposal package and the identified exceptions. I further attest that I am an official officer representing my organization and authorized with signatory authority to present this proposal package.

Company Name: Dudek Date 11/18/2020Signature:  Printed Name: Joseph MonacoStreet Address: 605 Third StreetCity: Encinitas State: CA Zip: 92024Phone: (760) 942-5147 Fax: (760) 632-0164 Email: hello@dudek.com

Receipt of Signed Addenda

Addendum No.1

MONTEREY PENINSULA WATER MANAGEMENT DISTRICT

ADDENDUM NO. 1

TO

REQUEST FOR PROPOSALS

FOR GRANT ADMINISTRATION SERVICES

GENERAL

Scope

The following revisions are made to the Request for Proposals and its attachments for the subject project.

This Addendum (including attachments), dated November 13, 2020, includes 5 pages.

ADDITIONAL INFORMATION

Questions will be accepted until 12:00 p.m. on Tuesday September 17, 2019.

REVISIONS

Item No. 1

A new signature page is provided in Exhibit A. The submission date has been corrected from the erroneous date of November 17, 2020 to the correct date of Wednesday November 18, 2020.

Dudek acknowledges this addendum.


Joseph Monaco, President/CEO

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Section 2. Project Experience and References

Dudek's comparable project references include the following.

Grant Administration

Santa Barbara County, IRWM Disadvantage Community Involvement Grant, Proposition 1

Location: Santa Barbara County

Size: \$80,000

Date Completed: Ongoing

Project Owner: Santa Barbara County Water Agency

Reference Contact Information: Matt Young, 805.568.3546, mcyoung@cosbpw.net

On behalf of the Santa Barbara County Water Agency (Water Agency), Dudek works with all project proponents, subconsultants, and vendors to collect and assemble invoices and progress reports; supports the project proponents; and audits and compiles all quarterly invoicing requirements. Dudek prepared a master schedule for invoicing and reaches out to project proponents two weeks before the Santa Barbara County Integrated Regional Water Management (IRWM) invoicing deadline to remind entities of the needs, provide support, and work with each of them to review and compile materials before review by the Water Agency and ultimate submittal to the Grantee, the Regional Water Management Foundation. Dudek has worked with the project proponents, the Water Agency, the Regional Water Management Foundation, and California Department of Water Resources (DWR) on grant amendments and work products.

Santa Barbara County, IRWM Round 1 Implementation, Proposition 1

Location: Santa Barbara County

Size: \$53,330

Date Completed: Ongoing

Project Owner: Santa Barbara County Water Agency

Reference Contact Information: Matt Young, 805.568.3546, mcyoung@cosbpw.net

On behalf of the Santa Barbara County Water Agency, Dudek is working with all project proponents and the Water Agency to compile all quarterly invoicing requirements. Dudek prepared a master schedule for the invoicing and has coordinated on contractual issues and initial compliance items. On an on-going basis, Dudek reaches out to project proponents two weeks before the Santa Barbara County IRWM invoicing deadline to remind entities of the needs, provide support, and work with each of them to review and compile materials before review by the Water Agency and ultimate submittal to DWR.

Santa Clarita Valley Water Agency, IRWM Implementation Grant, Proposition 84

Location: Santa Clarita, California

Size: \$200,000

Date Completed: Ongoing

Project Owner: Santa Clarita Valley Water Agency

Reference Contact Information: Rick Viergutz, 661.513.1260, rviergutz@scvwa.org

Dudek coordinates and gathers progress report information and invoice documentation for the Proposition (Prop) 84 grant through DWR on a quarterly basis. We verify receipt of all proper information from Santa Clarita Valley Water Agency (SCVWA) staff in a timely manner, compile all documents, review materials and costs for accuracy and eligibility, and submit the finalized packet to SCVWA for report to DWR.

Santa Clarita Valley Water Agency, Sustainable Groundwater Planning Grants, Rounds 2 and 3 Proposition 1

Location: Santa Clarita, California

Size: \$1,307,265

Date Completed: Ongoing

Project Owner: Santa Clarity Valley Water Agency

Reference Contact Information: Rick Viergutz, 661.513.1260, rviergutz@scvwa.org

Dudek coordinates and gathers progress report information and invoice documentation for the Prop 1 grant through DWR on a quarterly basis. We coordinate with SCVWA staff; thoroughly review and edit documentation; and compile all required materials in a quarterly submittal packet.

Audits

Proposition 50 and Proposition 84, Round 1 Grant Audits

Location: Santa Barbara County

Size: \$25-million grant

Date Completed: Ongoing

Project Owner: Santa Barbara County Water Agency

Reference Contact Information: Matt Young, 805.568.3546, mcyoung@cosbpw.net

Dudek has supported the Santa Barbara County Water Agency with two audits:

Proposition 50

As an independent entity, Dudek supported Santa Barbara County on an audit of the \$25 million Prop 50 Grant, including 14 projects and 15 project proponents with four Disadvantaged Communities (DACs) among the parties audited. Work tasks entailed record discovery and recovery, coordination, documentation compilation, and audit materials delivery with all project proponents, their subconsultants, and their other vendors. Dudek coordinated with four separate County divisions, the State Water Resources Control Board, and the State Department of Finance.

Round 1, Proposition 84

As an independent entity, Dudek supported Santa Barbara County in the State Department of Finance's audit of the DWR's Division of Finance throughout the Prop 84, Round 1 audit. Dudek 's work tasks entailed coordination, documentation compilation, and audit materials delivery with all project proponents, their subconsultants, and their other vendors.

Section 3. Key Staff Persons

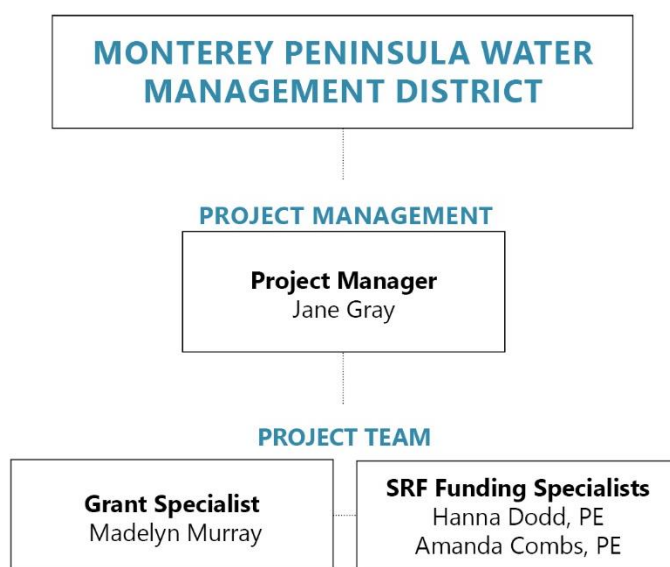
We are expert grant administrators and have extensive experience administering funding for agencies and municipalities. We have a deep understanding of water and wastewater resources, recycling/reclamation, groundwater sustainability, hazard mitigation, flooding, climate adaptation and resilience, sea-level rise, hydrology issues, sustainable development, transportation, open space and habitat restoration, urban greening, and public outreach and stakeholder engagement; as well as knowledge of local, state, and federal programs, which position us well to support the Monterey Peninsula Water Management District (MPWMD).

Dudek's project manager and primary contact, Ms. Jane Gray, has 25 years' project management experience and will serve as the MPWMD's main point of contact and project manager. She has extensive knowledge of bond laws, grant funding guidelines, and regulations. During Ms. Gray's many years successfully managing grants, she has cultivated strong relationships with agencies administering grants at the federal, state, and local levels.

Our team has proven expertise providing a full range of grant administration services, including negotiating favorable grant terms and/or extensions, coordinating with project proponents to submit materials necessary for successful grant reimbursement, and developing templates and forms specific to each project and grant program to verify that contract terms are met in a timely manner.

Figure 1 illustrates the project organization and responsibilities of the Dudek team. Brief biographies for key personnel follow. Focused resumes are provided in **Appendix A**.

Figure 1. Organizational Chart



Project Manager

Jane Gray

Ms. Gray is a regional planner, environmental specialist, and project manager with 25 years' project management and environmental planning experience, specializing in water/wastewater planning and permitting, agricultural resource and policy planning, policy analysis, land use planning, project development and entitlement services, and grant writing and management. She has a diverse and nuanced planning background, having worked as a project manager, analyst, and environmental planner for nongovernmental entities, public agencies, and private firms and corporations. Ms. Gray has been responsible for projects varying from small-scale development and infrastructure planning in developing economies to private residential and commercial developments throughout California.

Ms. Gray brings acumen, efficacy, and a customized approach to efficient service delivery. Her ability to skillfully negotiate the often-disparate interests involved in projects and bring about consensus is an asset in any situation. Ms. Gray has organizational expertise, technical aptitude, planning proficiency, and competency in facilitating projects through contentious issues and fractious communities. Her relevant grant writing experience includes:

- County of Santa Barbara, Grant Writing Support Services for Prop 84 (IRWM Plan) and Contract Management and Administration
- Santa Barbara County Water Agency, IRWMP Grant Administration Staff Support Prop 50
- San Luis Obispo County, Prop 84 IRWM Grant Applications and Prop 84 Drought Round Grant Application
- City of Guadalupe, Prop 84 Management and Administration
- Castaic Lake Water Agency, Grant Administrative Services
- City of Long Beach Water Department, On-Call Grant Services–various grants
- Midpeninsula Regional Open Space District, On-Call Grant Services–various grants
- San Mateo County, On-Call Grant Writing Services–various grants
- Montecito Water District, On-Call Grant Writing Services–various grants
- County of Santa Barbara Water Agency, Counties with Stressed Basins, Groundwater Sustainability Grant
- Joshua Basin Water District, Title XVI U.S. Bureau of Reclamation (USBR) WaterSMART Grant
- Joshua Basin Water District, Grant Writing Services for California Department of Public Health, USBR, and State Revolving Fund Projects
- City of Guadalupe, Grant Writing Services
- City of Santa Barbara, On-Call Grant Services
- City of Guadalupe, Grant Administration and Processing Services
- Cuyama Community Services District, On-Call Grant Writing Services and Grant Management and Administration

Education

*Universität Dortmund, Germany
MS, Regional Planning
and Management*

*State University of
New York, Buffalo
BS, Social Work*

Professional Affiliations

*Second District Santa Barbara
County Supervisorial Appointee to
the Agricultural
Advisory Committee*

*Member, Central Coast Regional
Water Quality Control Board
(Region 3)*

Grant Specialist

Madelyn Murray

Madelyn Murray is an environmental analyst with two years' experience in environmental research and grant support. Ms. Murray provides diligent support on numerous grant applications and plan updates. She also helps agencies identify appropriate grant opportunities for their projects. Her relevant grant administration experience includes the following:

Education

*University of California,
Santa Barbara
BA, Environmental Studies with
Ecology Emphasis*

- Monterey Peninsula Water Management District, IRWM Prop 1 Round 1 Grant
- Santa Ana Watershed Project Authority, IRWM Prop 1 Round 1 Grant
- Santa Barbara County Water Agency, IRWM Prop 1 Round 1 Grant
- Santa Clarita Valley Water Agency, Prop 84 Round 1 Grant Administration
- City of Long Beach Water Department, On-Call Grant Services-various grants
- Midpeninsula Regional Open Space District, On-Call Grant Services-various grants
- San Mateo County, On-Call Grant Writing Services-various grants
- San Diego State University, Prop 68 Urban Flood Protection Grant
- Santa Barbara County DAC Involvement Grant Needs Assessment and Administration
- Cosumnes, American, Bear, Yuba Region, IRWM Plan Update 2020
- Santa Clarita Valley Water Agency, Groundwater Sustainability Plan Grant Administration
- Indio Water Authority, On-Call Grant Services-various grants

State Revolving Fund Funding Specialists

Hanna Dodd, PE

Hanna Dodd is a project engineer with 7 years' experience focused on water resources and water and wastewater infrastructure, including water and wastewater treatment and facilities design analyses, as well as infrastructure planning. Ms. Dodd has experience providing application support for State Revolving Fund (SRF)-funded sewer pipeline rehabilitation programs, pipelines, pump stations, and treatment facilities. Her relevant experience includes the following:

Education

*Stanford University
MS, Civil and Environmental
Engineering
California Institute of Technology
BS, Mechanical Engineering*

License/Certifications

PE, CA No. 88525

Professional Affiliations

*Caltech Sustainability Council
Reinventing the Nation's Urban
Water Infrastructure Center
(ReNUWIt)
Society of Women Engineers
WateReuse*

- City of South Pasadena, SRF Loan Support for Wastewater Rehabilitation Program
- Crestline Sanitation District, SRF Application Assistance
- San Elijo Joint Powers Authority, SRF Loan Support for Various Recycled Water Projects

Amanda Combs, PE

Amanda Combs is an accomplished civil/environmental engineer with 11 years' experience in water and wastewater infrastructure design. She has experience in a variety of municipal water and wastewater projects, including SRF-funded sewer pipeline rehabilitation programs, pipelines, pump stations, water storage, and treatment plants. Her experience includes providing a full range of engineering services from conceptual planning, preliminary design, final design, to construction phase services. Ms. Combs's relevant experience includes:

- City of South Pasadena, SRF Loan Support for Wastewater Rehabilitation Program
- San Elijo Joint Powers Authority, SRF Loan Support for Various Recycled Water Projects
- City of Vista, Sewer Rehabilitation Project, Coordination and Compliance for the SRF-Funded Sewer Rehabilitation Project

Education

Virginia Polytechnic Institute and State University

MS, Environmental Engineering

BS, Civil/Environmental

Engineering

Certifications

PE, CA No. 67287

Section 4. Litigation History

The following is Dudek's summary of legal claims in the last five years as well as contract terminations involving professional consulting services.

City of Carlsbad vs. Ledcor Construction Inc.

On June 13, 2016, the City of Carlsbad filed a civil complaint in California Superior Court, County of San Diego, against Ledcor Construction Inc. Dudek was named as a co-defendant. The project architect, RRM Design Group, was also later named as a defendant. The suit was related to construction of the City's First Responder Training Center. Dudek served as construction manager for the City on the project. Dudek denied any liability in the matter. The matter has been resolved between the City and Dudek and was dismissed in August 2019.

Terra Lago Community Association v. Indo Land Ventures, LLC, et al.

On November 12, 2015, Terra Lago Community Association sued Indio Land Ventures for alleged construction defects arising out of the construction of a residential development complex located in Indio, California. Dudek was named as one of many cross-defendants for its role in preparing the lake-liner design; the other parties were involved in various construction aspects of the lake. Dudek did not participate in any supervision or other construction management activities. Plaintiff initially demanded \$25,275 to settle the claims against Dudek, and their claims ultimately resolved in full for \$10,000. The parties executed a settlement and release agreement which the Court approved, and the case was dismissed.

Contract Termination

In 2019, the City of Santa Barbara terminated a contract with Dudek's Santa Barbara office for Design and Preliminary Environmental Review for the Santa Barbara Police Station Project. Subsequent to that termination, and after contracting with a different Dudek team, Dudek was able to complete work for this project to the City's satisfaction. Furthermore, the City has continued to enter into new contracts with Dudek for projects.

Section 5. Project Understanding and Methodology

Understanding

Dudek understands that the MPWMD seeks a qualified grant administrator to perform grant administration for Prop 1 Round 1 IRWM Grant to the Monterey Peninsula, Carmel Bay, and South Monterey Bay Planning Region.

Dudek understands that IRWM Program occupies a unique space within the planning and funding universe. IRWM Plans are time- and energy-intensive endeavors that represent the sophisticated water challenges and opportunities of our diverse communities, and grant applications are large undertakings that represent a culmination of extensive project development processes involving many stakeholders, public input, and equity considerations. As IRWM projects implement the IRWM Plan, a successful application must effectively convey the importance of projects to the region's goals as well as DWR statewide goals. The work of marrying the Plan and Projects are what the bulk of IRWM practitioners do in implementing, dialoguing, and innovating.

Moreover, we recognize the importance of the IRWM program in the context of the large goals of the State of California in achieving a sustainable water future. The forum that the IRWM offer is complementary and synergistic to urban water management planning, conservation goals, water action planning, and the Sustainable Groundwater Management Act. In fact, IRWM goals and programming sit at the confluence of these efforts, while also innovating on issues related to vulnerable and disadvantaged communities; climate resilience; environmental and economic justice; tribal and cultural water concerns, needs, and water supply; and ecosystem restoration.

Methodology

Task 1 Agreement Administration: Disseminate grant compliance information to the three Local Project Sponsors (LPS) and the Administrative staff responsible for implementing the projects contained in the State Grant Agreement, and obtain and retain evidence of compliance (e.g., California Environmental Quality Act/National Environmental Policy Act documents, reports, monitoring compliance documents, and labor requirements).

The Administration of the Grant Agreement commences with the compliance grant requirements outlined in the grant agreement. As part of Dudek's responsibilities, we will ensure that continuing eligibility is maintained. Dudek will work with the Grantee project proponents/LPS managers on the following conformance related issues for initial and continuing eligibility:

- a. California Environmental Quality Act/National Environmental Policy Act documents;
- b. Required reports;
- c. Monitoring compliance documents; and
- d. Labor requirements.

Dudek understands that part of the administration task is ensuring that all information that is submitted or requested by DWR is curated and documented. Dudek staff maintains meticulous records to ensure that grants are as audit-proof as possible. In the event that there is an audit, however, Dudek will ensure that MPWMD is prepared. Dudek has participated in two previous state audits: one with the State Water Resources Control Board and one that involved DWR. Given this experience, we are well aware of the importance of complete and well documented files and a thorough administrative record. Dudek exercises due diligence in this task and will maintain and supply MPWMD with a complete administrative record at the close of the project as well as provide all materials to MPWMD on a quarterly basis.

Deliverables:

- Records or communication between Dudek, LPS managers/sponsors, MPWMD, and DWR, including, but not limited to emails, meeting agenda, meeting minutes or summaries, task lists, and actionable item lists
- Checklist of documentation requirements and verification of submittal and acceptance by DWR

Task 2 Invoicing: Coordinate all invoicing and payment of invoices. Once the Compliance items have been received by DWR, DWR typically has a call with the team to discuss expectations for the scheduled grant and deliverables. Accordingly, Dudek will prepare an overall schedule that will take into consideration the time needed for the project proponents/LPS managers to compile invoices; the time that Dudek needs to review, audit, and coordinate with the project proponents/LPS managers; as well as the time MPWMD needs to review and authorize submittal to DWR. Dudek will share this master schedule with MPWMD and upon approval, share with the LPS managers. At the same time the schedule is shared, Dudek will schedule a project kickoff call to talk with the LPS managers to establish relationships; answer questions about the invoicing protocols; and discuss required materials, eligible and ineligible costs; expectations, and any concerns. In addition to the master schedule, a tailored schedule will be provided to each of the LPS managers to track milestones and project deliverables.

The coordinating and invoicing of all invoices occurs contemporaneous to the progress reporting. To ensure that all eligible invoices are paid, Dudek will reach out to the LPS managers two weeks prior to the internal due date to remind them of the quarter and the reporting deadline, and to request vendor invoices. Once invoices are received by each of the LPS managers, Dudek staff will review to ensure the costs are eligible, properly represented, and match the work that is being reported on in the progress report. If any questions arise, Dudek staff will coordinate with LPS managers to resolve outstanding items. Consistency and eligibility of invoice expenses will be reviewed in light of the work completed, the reporting time period, requirement for backup documentation, and compliance with the grant agreement. Once verified, all costs will be entered into the DWR spreadsheet, will be batched per project with the progress reports, and will advance to MPWMD for review. Should MPWMD have any questions, comments, or follow-up, Dudek will work with the LPS managers to address items; if there are questions for Dudek, our staff will work with alacrity to answer questions and address items.

Deliverables:

- Draft and Final Invoices and Associated Backup Documentation as well as any relevant emails or correspondence with the LPS managers and/or DWR on Invoices, items of clarification, eligibility, etc.
- Records of communications between DWR and/or LPS managers, including emails, meeting summaries, site visits notes, field inspections, etc.

Task 3 Progress Reports and Project Completion Reports: Obtain data for progress reports from individual project managers, assemble and submit progress reports to the state.

In coordination with Task 2, Dudek will reach out to the LPS managers two weeks prior to the internal due date to remind them of the quarter and the reporting deadline, and to request a progress report that supports the work of the vendor invoices. Once progress reports are received by each of the LPS managers, Dudek staff will review to ensure discussions are relevant, milestones are cited, invoices match the work that is being submitted through the invoices.

The Project Completion and Grant Completion Reports will be prepared in accordance with DWR specifications which stipulate that the Grantee shall prepare and submit to DWR a separate Project Completion Report for each project as well as a Grant Completion Report. The Project Completion report is to be submitted within ninety (90) calendar days of project completion and a description of actual work done, including the following:

- Any changes or amendments to each project;
- A final schedule showing actual progress versus planned progress; and
- Copies of any final documents or reports generated or utilized during a project.

The project completion report will also include, if applicable, certification of the final project by a registered civil engineer. The project completion reports will draw largely on the progress reports, but will provide DWR with a complete overview of the projects, discuss any changes and/or modifications, and provide a comparison to the project/plan as originally scoped and discussed in the grant application. Within this context, we will be able to provide DWR with a clear and accurate assessment of project outcomes, goals achieved, as well as lessons learned.

Upon completion of all projects under the Grant Agreement, a Grant Completion Report will be prepared and submitted to DWR within ninety (90) calendar days of submitting the Project Completion Report for the final project, with specific components included as outlined below. The Grant Completion Report will include the actual reimbursement status, a brief description of each project completed, and a summary of the overall accomplishments associated with the IRWM Implementation Grant, including how the projects have furthered the goals of the IRWM Plan. It will draw largely on the progress reports, but will provide DWR with a complete overview of the project, discuss any changes and/or modifications, and provide a comparison to the project/plan as originally scoped and discussed in the grant application. It is understood that final reimbursement funds for the last project to be completed as part of this Grant Agreement will not be disbursed until the Grant Completion Report is submitted to and approved by the state, and as such, Dudek will ensure this task is completed in a timely manner.

The Executive Summary will consist of a maximum of ten pages and will summarize information for the grant as well as the individual projects. The Grant Completion Report serves as a compendium for the entire grant process. At a minimum, this Report will contain a brief discussion of each project completed and how they achieved IRWM Plan objectives and/or Regional goals and whether the level, type, or magnitude of benefits of the project are comparable to the original project proposal; any remaining work to be completed and mechanism for their implementation; the benefits to DAC and/or Economically Disadvantaged Area (EDA) as part of this Grant Agreement if a DAC or EDA Cost Share Waiver was approved for a project; and a summary of final funds disbursement for each project.

Deliverables:

- Quarterly Progress Reports
- Draft and Final Project Completion Reports
- Draft and Final Grant Completion Report
- Records of Communications

Project Management Approach

Ms. Gray will serve as the project manager for this project. Her philosophy for this contract is based on lessons learned from years of grant projects. Drawing on knowledge from these projects, she makes decisions that enable continuous project momentum and include cost and schedule controls. Her proven project management approach involves the following aspects.

Defined Lines of Communication

Effective project management requires careful communication with MPWMD and among project participants. Dudek believes that the most effective project manager aids the continuous flow of information, instructions, and guidance on a regular basis. Ms. Gray will remain personally involved in any grant project she manages for MPWMD. Working as a team with other technical discipline leaders, she will keep all task orders on schedule and within budget and will maintain the highest level of quality for all deliverables. She will communicate project status updates with other members of the Dudek team and with MPWMD by doing the following:

- Serving as the single point of contact;
- Establishing regular meetings with the MPWMD project manager to discuss project milestones, activities, and issues;
- Holding regular project management meetings with key project staff to coordinate work efforts, check on task completion, and review budget conformance;
- Updating the project scope, schedule, work progress reports, and inventories of available data, as necessary, so all team members are aware of information that may affect their work products and schedules; and
- Coordinating with MPWMD at strategic junctures for public input.

Project Management Tools

The management team will work together to meet these communication goals and to keep the project on schedule and within budget using the following:

- **Project Kickoff Meeting.** The management team will attend a project kickoff meeting with key team members. This meeting will be critical to the ultimate success of the project, as it provides an opportunity for all parties to discuss the project, review the scope, and formalize key assumptions. This meeting will also offer an opportunity to confirm document format requirements, points of contact, status report details, and any other logistical, technical, or procedural concerns. We approach every project with the understanding that attention on the front end can save substantial time and costs in the long run.
- **Dedicated Lines of Communication.** After the kickoff meeting, Ms. Gray will distribute a key contact list to all team members, identifying communication protocols and contact information.
- **Master Deliverables List.** Dudek will prepare a master deliverables list with key document development milestones, such as draft deliverables for review, review periods, and possible meeting dates with MPWMD to resolve comments, if needed. Dudek uses online meeting tools for collaborative document revisions with MPWMD staff and efficient resolution of comments, if needed. Dudek will manage and update the master deliverables list, make it available to all team members, and communicate accurate status updates to the team. Using this tool, Dudek will provide the MPWMD project manager with up-to-date status reports as requested.

- **Schedule and Budget Tracking.** The management team will use a schedule-tracking tool to meet important milestones for task orders issued under this contract. Similarly, we will use Deltek Vision to track all budget line items and deliver an accurate monthly balance for each.
- **Progress Reports.** Ms. Gray will prepare regular progress reports that will include a list of tasks completed during the period, a list of tasks anticipated during the coming period, a project schedule update, a summary of the schedule, and any outstanding scope of work or information request issues.

On Time and within Budget

Dudek has a reputation for consistently delivering projects on time and within budget. We rise to the challenges of meeting tight timelines and, in doing so, have developed an expertise in critical path management, fast-track scheduling, efficient staffing, and workload management. We have achieved this record of on-time performance through the consistent application of several fundamental strategies. These strategies include early identification of methodologies to be used, determination of existing issues, implementation of an interactive process, and use of consistently applied administrative systems.

Ms. Gray will provide regular status updates to MPWMD that identify work completed, work underway, and any needs for project data or information.

Quality Assurance/Quality Control

Senior Technical Oversight and Administrative Management

Dudek's quality assurance/quality control (QA/QC) program consists of senior staff oversight and administrative management. We are committed to engaging in clear communication and cooperation with MPWMD, holding regular conference calls, and preparing agendas to assist teams in clarifying any issues and proceeding with the work in a unified manner. We use "check-in meetings" with our project teams to allocate resources properly and according to the MPWMD schedule constraints. When working on several concurrent projects, we identify areas where information sharing can reduce the time, budget, or work needed to produce deliverables.

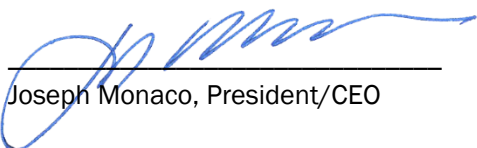
The intensity with which we carry out our QA/QC process is the foundation for our success. We follow three principles:

- Do it right the first time. The more accurate the deliverable, the better the control.
- Complete the project within budget and on time. Close schedule and cost monitoring keep the project on track.
- Avoid surprises. Understand client needs and keep clients apprised of any potential issues or changes through clear and consistent communication.

Dudek's professional services are based on these sound principles. We review our work products for completeness, accuracy, and coordination in accordance with our internal QA/QC process. A quality work product is one that meets the requirements of our client contract and is prepared in accordance with accepted standards of professional practice.

Signed Statement

Dudek confirms that our proposal is inclusive of all elements necessary to complete the described work within the period of the execution of the Agreement.

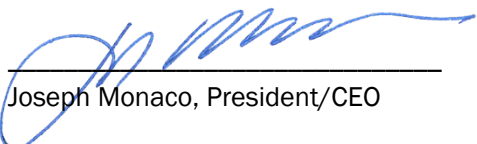


Joseph Monaco, President/CEO

Section 6. Pricing and Schedule

Signed Statement

Dudek's proposal is inclusive of all elements necessary to complete all goals, tasks, and project deliverables within of the period for execution of the Agreement.



Joseph Monaco, President/CEO

Budget

Table 1 outlines Dudek's proposed budget for the project, and **Figure 2** lists our 2021 hourly rates.

Table 1. Proposed Budget

Project Team Role:		Senior Specialist IV	Analyst IV	Technical Editor I	Total Dudek Hours	Dudek Labor Costs	Other Direct Costs	Total Fee
Team Member:		Jane Gray	Madelyn Murray	Technical Editor I				
Billable Rate:		\$230	\$110	\$115				
Task 1	Agreement Administration:	2	8		10	\$1,340		\$1,340
Task 2	Invoicing:	24	600		624	\$71,520		\$71,520
Task 3	Progress Reports and Project Completion Reports:	24	320	12	356	\$42,100		\$42,100
Total Base Hours and Fee		50	928	12	990	\$114,960	\$0	\$114,960
<i>Percent of Hours (Base)</i>		5%	94%	1%				

Figure 2. Dudek 2021 Rate Sheet

DUDEK
2021 STANDARD SCHEDULE OF CHARGES

ENGINEERING SERVICES

Project Director	\$295.00/hr
Principal Engineer III	\$275.00/hr
Principal Engineer II	\$265.00/hr
Principal Engineer I	\$255.00/hr
Program Manager	\$240.00/hr
Senior Project Manager	\$240.00/hr
Project Manager	\$235.00/hr
Senior Engineer III	\$230.00/hr
Senior Engineer II	\$220.00/hr
Senior Engineer I	\$210.00/hr
Project Engineer IV/Technician IV	\$200.00/hr
Project Engineer III/Technician III	\$190.00/hr
Project Engineer II/Technician II	\$175.00/hr
Project Engineer I/Technician I	\$160.00/hr
Senior Designer	\$180.00/hr
Designer	\$170.00/hr
Assistant Designer	\$165.00/hr
CADD Operator III	\$160.00/hr
CADD Operator II	\$150.00/hr
CADD Operator I	\$135.00/hr
CADD Drafter	\$125.00/hr
CADD Technician	\$115.00/hr
Project Coordinator	\$140.00/hr
Engineering Assistant	\$120.00/hr

ENVIRONMENTAL SERVICES

Project Director	\$245.00/hr
Senior Specialist IV	\$230.00/hr
Senior Specialist III	\$220.00/hr
Senior Specialist II	\$200.00/hr
Senior Specialist I	\$190.00/hr
Specialist V	\$180.00/hr
Specialist IV	\$170.00/hr
Specialist III	\$160.00/hr
Specialist II	\$145.00/hr
Specialist I	\$130.00/hr
Analyst V	\$120.00/hr
Analyst IV	\$110.00/hr
Analyst III	\$100.00/hr
Analyst II	\$90.00/hr
Analyst I	\$80.00/hr
Technician V	\$100.00/hr
Technician IV	\$90.00/hr
Technician III	\$80.00/hr
Technician II	\$70.00/hr
Technician I	\$60.00/hr
Compliance Monitor	\$95.00/hr

DATA MANAGEMENT SERVICES

GIS Programmer I	\$185.00/hr
GIS Specialist IV	\$160.00/hr
GIS Specialist III	\$150.00/hr
GIS Specialist II	\$140.00/hr
GIS Specialist I	\$130.00/hr
Data Analyst III	\$100.00/hr
Data Analyst II	\$90.00/hr
Data Analyst I	\$80.00/hr
UAS Pilot	\$100.00/hr

CONSTRUCTION MANAGEMENT SERVICES

Principal/Manager	\$195.00/hr
Senior Construction Manager	\$180.00/hr
Senior Project Manager	\$165.00/hr
Construction Manager	\$155.00/hr
Project Manager	\$145.00/hr
Resident Engineer	\$145.00/hr
Construction Engineer	\$140.00/hr
On-site Owner's Representative	\$140.00/hr
Construction Inspector III	\$130.00/hr
Construction Inspector II	\$120.00/hr
Construction Inspector I	\$110.00/hr
Prevailing Wage Inspector	\$135.00/hr

HYDROGEOLOGY/HAZWASTE SERVICES

Project Director	\$285.00/hr
Principal Hydrogeologist/Engineer II	\$265.00/hr
Principal Hydrogeologist/Engineer I	\$250.00/hr
Sr. Hydrogeologist IV/Engineer IV	\$235.00/hr
Sr. Hydrogeologist III/Engineer III	\$220.00/hr
Sr. Hydrogeologist II/Engineer II	\$205.00/hr
Sr. Hydrogeologist I/Engineer I	\$190.00/hr
Hydrogeologist VI/Engineer VI	\$180.00/hr
Hydrogeologist V/Engineer V	\$170.00/hr
Hydrogeologist IV/Engineer IV	\$160.00/hr
Hydrogeologist III/Engineer III	\$150.00/hr
Hydrogeologist II/Engineer II	\$140.00/hr
Hydrogeologist I/Engineer I	\$130.00/hr
Technician	\$100.00/hr

DISTRICT MANAGEMENT & OPERATIONS

District General Manager	\$195.00/hr
District Engineer	\$185.00/hr
Operations Manager	\$160.00/hr
District Secretary/Accountant	\$120.00/hr
Collections System Manager	\$135.00/hr
Grade V Operator	\$125.00/hr
Grade IV Operator	\$110.00/hr
Grade III Operator	\$100.00/hr
Grade II Operator	\$75.00/hr
Grade I Operator	\$70.00/hr
Operator in Training	\$65.00/hr
Collection Maintenance Worker	\$75.00/hr

CREATIVE SERVICES

3D Graphic Artist	\$180.00/hr
Graphic Designer IV	\$160.00/hr
Graphic Designer III	\$145.00/hr
Graphic Designer II	\$130.00/hr
Graphic Designer I	\$115.00/hr

PUBLICATIONS SERVICES

Technical Editor III	\$145.00/hr
Technical Editor II	\$130.00/hr
Technical Editor I	\$115.00/hr
Publications Specialist III	\$105.00/hr
Publications Specialist II	\$95.00/hr
Publications Specialist I	\$85.00/hr
Clerical Administration	\$90.00/hr

Forensic Engineering – Court appearances, depositions, and interrogatories as expert witness will be billed at 2.00 times normal rates.

Emergency and Holidays – Minimum charge of two hours will be billed at 1.75 times the normal rate.

Material and Outside Services – Subcontractors, rental of special equipment, special reproductions and blueprinting, outside data processing and computer services, etc., are charged at 1.15 times the direct cost.

Travel Expenses – Mileage at current IRS allowable rates. Per diem where overnight stay is involved is charged at cost.

Invoices, Late Charges – All fees will be billed to Client monthly and shall be due and payable upon receipt. Invoices are delinquent if not paid within 30 days from the date of the invoice. Client agrees to pay a monthly late charge equal to 1% per month of the outstanding balance until paid in full.

Annual Increases – Unless identified otherwise, these standard rates will increase 3% annually.

The rates listed above assume prevailing wage rates does not apply. If this assumption is incorrect Dudek reserves the right to adjust its rates accordingly.

Work Schedule

Table 2 outlines estimated periods of time and will be updated consistent with the execution of the grant agreement and actual project schedules. Dudek presumes no less than 42 months.

Table 2. Proposed Work Schedule

Task	Start Date	End Date
Grant Administration	January 2021	June 2023
Task 1 – Agreement Administration	January 2021	June 2023
Task 2 – Invoicing	January 2021	June 2023
Task 3 – Progress Reports	January 2021	June 2023

Timeline

The internal Dudek timeline will adhere to the final project timeline as agreed upon in the DWR Grant Agreement. DWR will require quarterly invoicing, and it is Dudek's standard procedure on all invoicing that we will work with the client to determine whether a 2-, 3-, or 4-week window is needed to complete and submit invoices to DWR. Our process is to ensure a period of one (1) week for review and authorization of invoice and progress reporting for MPWMD prior to DWR submittal. Prior to MPWMD review, Dudek will have a period of one (1) week to review invoices and coordinate with the LPS managers. The LPS managers will be given a two-week notice prior to the internal submittal deadline to allow for them to compile invoices and prepare a progress report. Dudek will work with all LPS managers and provide support as necessary and appropriate.

Section 7. Exceptions

Exception to MPWMD Solicitation for Grant Administration Proposition 1 Round 1 IRWM Grant

Dudek would like to propose the following change to the MPWMD Sample Agreement. However, we understand that submitting exceptions does not obligate MPWMD to revise the Agreement.

Page 16 of 25, Section II. Compensation (D. Late Performance Penalty):

Revise the liquidated damages clause as follows:

~~In the event Consultant is unable to perform satisfactory work within sixty (60) days of the date such work is due pursuant to Exhibit C, Work Schedule, MPWMD SHALL withhold twenty percent (20%) of the fees which would otherwise be payable pursuant to the Fee Schedule set forth in Exhibit B, and SHALL reduce the maximum payment stated in Section II, Paragraph C of this Agreement by twenty percent (20%). Said reductions shall be deemed liquidated damages for the untimely performance of work required by this Agreement, and the Consultant shall be deemed to have waived any claim for such fees by reason of his/her failure to perform in a timely fashion.~~

In the event Consultant is unable to perform satisfactory work within sixty (60) days of the date such work is due pursuant to Exhibit C, Work Schedule, MPWMD SHALL terminate the contract.

Section 8. Appendix

Key Personnel Resumes

Jane Gray

Project Manager

Jane Gray is a regional planner, environmental specialist, and project manager with 23 years' project management and environmental planning experience, specializing in water/wastewater planning and permitting, agricultural resource and policy planning, policy analysis, land use planning, project development and entitlement services, and grant writing and management. Ms. Gray has a diverse and nuanced planning background, having worked as a project manager, analyst, and environmental planner for non-governmental entities, public agencies, and private firms and corporations. She has been responsible for projects varying from small-scale development and infrastructure planning in developing economies to private residential and commercial developments throughout California.

Ms. Gray brings an effective and customized approach to efficiently deliver services. Her ability to skillfully negotiate the often-disparate interests involved in projects and bring about consensus is an asset in any situation. Ms. Gray has organizational expertise, technical aptitude, planning proficiency, and competency facilitating projects through contentious issues and fractious communities.

Education

*Universität Dortmund,
Germany
MS, Regional Planning and
Management
State University of
New York, Buffalo
BS, Social Work*

Professional Affiliations

*2nd District Appointee to the
County Agricultural Advisory
Committee
Vice Chair, Central Coast Regional
Water Quality Control Board*

Selected Project Experience

IRWM Program Management and Development for the Santa Barbara Countywide IRWM Region. Provides overall program management and coordination of more than 30 agencies and nonprofits of the RWMG in regional benefit planning, programming and project development. Coordinates and manages the public stakeholder process and all public outreach efforts associated with the IRWM program for the over 120 stakeholders. Organizes leads and facilitates monthly RWMG meetings, coordinates and facilitates watershed meetings, coordinates and facilitates public workshops, coordinates guest speakers and presenters. Is the Roundtable of Regions Representative and representative to the Central Coast Funding Area as well as the representative to the Bond Coalition and the DACI workgroup.

Santa Barbara Countywide IRWM Plan Update 2019. Prepared a complete update to the Santa Barbara IRWM Plan in conformance with the 2016 and 2019 DWR Guidelines, including generation of surveys, formation and facilitation of sub-committees, stakeholder and public outreach and public workshops.

Santa Ana Watershed Project Authority (SAWPA) OWOW Plan Update 2019. Completed an update to the SAWPA OWOW Plan in conformance with the 2016 DWR Guidelines, including generation of surveys, Climate Change and Adaptation Planning, formation and facilitation of sub-committees, stakeholder and public outreach and public workshops, GIS services and coordination with DWR.

CABY Region IRWM Plan Update. Preparing a complete update to the CABY IRWM Plan in conformance with the 2016 DWR Guidelines. This entails coordination with the CABY JPA and RWMG as well as stakeholders and Tribes, auditing and writing sections of the Plan, preparation of a Draft, Responses to Public Comments and preparation of Final Plan for submittal to DWR.

Grant Writing for IRWM Round 1 Implementation of Proposition 1, Santa Ana Watershed Project Authority.

Provided coordination and grant writing for 11 regional projects in the North Orange County and Santa Ana Watershed Project Authority IRWM regions. The application was submitted to the California Department of Water Resources on November 1st and was fully awarded.

Grant Writing for IRWM Round 1 Implementation of Proposition 1, Monterey Peninsula Watershed Management District, Monterey, California. Providing coordination and technical grant writing for four (4) regional projects in the Monterey Peninsula IRWM region. The application will be submitted to the California Department of Water Resources on December 20th and was fully awarded.

Grant Writing for IRWM Round 1 Implementation of Proposition 1, Santa Barbara County IRWM Region, Santa Barbara County, California. Providing coordination and technical grant writing for three (3) regional projects in the Monterey Peninsula IRWM region. The application will be submitted to the California Department of Water Resources on December 20th and was fully awarded.

Public and Stakeholder Communication, Engagement and Facilitation for the formation of a Groundwater Sustainability Agency in the Montecito Groundwater Basin, Montecito Water District, Santa Barbara County, California. Prepared a Communication and Engagement Plan (CEP), conducted extensive public and stakeholder outreach and community engagement, coordinated workshops and to form and establish a GSA for the Montecito Groundwater Basin, which at the time the effort begun was not required to form a GSA.

Public and Stakeholder Engagement Manager for the Montecito Basin GSA, Montecito, California. After completing successful public and stakeholder engagement for the formation of the GSA, is currently spearheading the public and stakeholder engagement for the development of a Groundwater Sustainability Plan for the Montecito Basin GSA, including preparation of a Communication and Engagement Plan, a Stakeholder Advisory Committee, a Technical Advisory Committee and public workshops.

Grant Writing for Round 3 of the Sustainable Groundwater Management Grant Program, Montecito Groundwater Basin Groundwater Sustainability Agency, Montecito, California. Provided technical assistance, overall coordination and grant writing services for the development and submittal of a Round 3 application for the agency's Groundwater Sustainability Plan and associated projects to support the GSP. The application was submitted to the California Department of Water Resources and received full award.

Grant Writing for Round 3 of the Sustainable Groundwater Management Grant Program, Carpinteria Valley Water District, Carpinteria, California. Provided technical assistance, overall coordination and grant writing services for the development and submittal of a Round 3 application for the Groundwater Sustainability Plan for the Carpinteria Valley Water District, which is forming a Groundwater Sustainability Agency. The application was submitted to the California Department of Water Resources in early November and received full award.

Grant Writing and Administration, Sustainable Groundwater Planning Grant Program under Prop 1 for Santa Barbara County, California. Wrote a successfully awarded grant application for the Santa Barbara County Water Agency for GSA formation for two priority basins in Santa Barbara County, and is also leading the administration and management of the grant and complying with all grant requirements. Leading the public and stakeholder outreach and engagement as well as facilitation of local agencies working toward formation of a GSA.

Public and Stakeholder Engagement Manager for the Creek and Watershed Management Plan, City of Goleta. Providing community engagement and facilitation services for the duration of the Plan development related to public meetings and workshops, Technical Advisory Committee meetings and other community outreach events and forums. This includes coordination of language appropriate support services, generation of meeting and workshop materials, meeting minutes, agenda and presentations.

Public and Stakeholder Engagement and Facilitation for the formation of a Groundwater Sustainability Agency in the Cuyama Valley, Santa Barbara County Water Agency, Santa Barbara County. Wrote a successfully awarded grant for formation of a Groundwater Sustainability Agency (GSA) in the Cuyama Groundwater Basin. Prepared a Communication and Engagement Plan (CEP), conducted extensive bilingual public and stakeholder outreach and community engagement, coordinated bilingual materials and workshops and coordinated monthly, year-long negotiations and meetings with 4 counties, which overlie the Cuyama Valley Basin as well as the Cuyama CSD, Cuyama Basin Water District to develop a voting structure, formation documents and establish a GSA for the Cuyama Valley Groundwater Basin.

Public and Stakeholder Engagement and Facilitation for the formation of a Groundwater Sustainability Agency in the San Antonio Creek Valley, Santa Barbara County Water Agency, Santa Barbara County. Wrote a successfully awarded grant for formation of a Groundwater Sustainability Agency (GSA) in the Santa Antonio Creek Valley groundwater basin. Conducted public and stakeholder outreach, agricultural interests, and community engagement, coordinated the Los Alamos Community Services District and the Santa Barbara County Water Agency to develop a voting structure, formation documents and establish a GSA for the San Antonio Creek Valley Groundwater Basin.

Grant Writing for the Santa Ynez Band of Chumash Indians. Provided technical assistance, overall coordination and grant writing services for the development and submittal of an application for update of the Tribe's recycled water plant. The grant was successfully award.

On-Call Grant Writing Services, City of Long Beach Water Department, California. Providing ongoing grant writing services as well as grant and project scoping for the City of Long Beach Water Department. Successfully awarded applications have been prepared for state grant programs.

IRWM Support Services, Public and Stakeholder Engagement for the 2014 IRWM Plan Update and On-Call Grant Services for IRWM Projects, San Luis Obispo County California. Provided IRWM support for the County's 2014 IRWM Plan Update, including public and stakeholder outreach, community engagement, update of Plan sections and on-call grant writing services for San Luis Obispo County.

On-Call Grant Writing Services, Midpeninsula Regional Open Space District, California. Providing ongoing grant writing services as well as grant and project scoping for the Midpeninsula Regional Open Space District.

On-Call Grant Writing Services, San Mateo County, California. Providing ongoing grant writing services as well as grant and project scoping for San Mateo County and various divisions from Sustainability to Flood Protection to Climate Change among other projects. Applications have been prepared for state and federal grant programs, including SB 2, Props 1 and 68, CalOES/FEMA, Department of Conservation, Department of Water Resources and others. Dudek has prepared numerous successfully awarded applications.

On-Call Grant Services, Water and Wastewater Divisions of Public Works, City of Santa Barbara, California. Assessed priority projects for the city and alignment with relevant state and federal grant programs. Served as liaison for various funding organizations and entities and the city for successful project presentation. Prepared grant applications for the city's Water and Wastewater Divisions, advocates on behalf of the projects, and carries them through to funding realization.

On-Call Grant Writing Services, Joshua Basin Water District, Joshua Tree, California. Provided the District with successfully awarded grant funding applications and is currently providing ongoing grant writing services as well as grant and project scoping for the District.

Grant Manager and Proposition 50 Grant Administration, City of Guadalupe, California. Managed and administered the grant funds received by the city for the Wastewater Treatment Plant Improvement project under Proposition 50. Complies with all reporting requirements and interfaces with the county, state, and RWQCB on project-related issues and waste discharge requirements and compliance.

Carpinteria Stormwater Management Plan (SWMP), City of Carpinteria, California. Responsible for project management and preparation of the City of Carpinteria's SWMP, as well as leadership and implementation of the city's first-year permit requirements under the NPDES Small Municipal Separate Storm Sewer Systems General Permit.

Grant Manager, Cuyama Community Services District, New Cuyama, California. Managed and administered the grant funds received by the district for two projects funded under Proposition 50. Prepared project assessment evaluation plans, quality assurance project plans, and other requirements of the state contract. Prepared and submitted all invoices and supporting documentation in fulfillment of the state contract requirements, and assists in determination of grant-eligible work tasks and project scoping. Interfaced with the county, state, and RWQCB on project-related issues, including the National Pollutant Discharge Elimination Systems (NPDES), waste discharge requirements, and compliance. Interfaced with the California Department of Public Health on water system compliance and other grant opportunities for the district.

Madelyn Murray

Environmental Analyst

Madelyn Murray is an environmental analyst with experience in environmental research and grant support. Ms. Murray provides diligent support on numerous grant applications and plan updates. She also helps agencies identify appropriate grant opportunities for their projects.

Education

*University of California,
Santa Barbara
BA, Environmental Studies
(Ecology emphasis), 2018*

Project Experience

Grant Administration for Proposition 84 and Proposition 1, Santa Clarita Valley Water Agency (SCVWA), California. Quarterly administration services involve the coordination and gathering of progress report information and invoice documentation for Proposition 84 and Proposition 1 grants through DWR. This involves ensuring receipt of all proper information from the SCVWA staff in a timely manner, compilation of all documents, and submittal of a finalized packet to the SCVWA for report to DWR.

Grant Administration for IRWM Disadvantaged Community Grant, SBCWA, California. Carrying out administration services and research support for the Disadvantaged Community Involvement (DACI) Program through the DWR's IRWM Grant. Grant writing and additional support for the Santa Barbara Countywide coordination efforts for Round 1 Implementation Grants are underway. Researching and recording information on limited water-related resources in DAC communities. Additional efforts have included thorough research and extensive outreach to organizations throughout Santa Barbara County, culminating in the creation of a region wide Needs Assessment document.

Grant Administration for Groundwater Sustainability Plan, Yucaipa Groundwater Basin, California. Support for this project includes grant administration tasks, grant funding identification and support, and reporting to the Department of Water Resources.

Grant Writing for IRWM Round 1 Implementation of Proposition 1, Monterey Peninsula Water Management District (MPWMD), California. Provided support on data-gathering, grant writing, and content review for four (4) regional projects in the Monterey Peninsula IRWM region, all successfully awarded. Served as a contact for applicant agencies for all questions and comments, and carried the application through finalization and submittal.

Grant Writing for Integrated Regional Water Management (IRWM) Round 1 Implementation of Proposition 1, Santa Ana Watershed Project Authority (SAWPA), California. Provided support to SAWPA for preparation in submitting a successfully awarded application for 11 regional projects in the funding region. In addition to reviewing and coordinating the data-gathering and reporting requirements associated with each project, served as a liaison with the Department of Water Resources (DWR) on resolving issues and questions throughout the updated process. Additional support has included leading numerous weekly calls and attending the Pre-Application meeting with DWR.

Grant Writing for IRWM Round 1 Implementation of Proposition 1, Santa Barbara County Water Agency (SBCWA), California. Provided support on data-gathering, grant writing, and content review for three (3) projects submitting in the Santa Barbara County IRWM region, all successfully awarded. Served as a contact for applicant agencies for all questions and comments, and carried the application through finalization and submittal.

SGMA Stakeholder Communication and Engagement, Santa Ynez River Valley Groundwater Basin, California. Facilitating communication and engagement with stakeholders and members of the public for the Western Management Area and Central Management Area of the Santa Ynez River Valley Groundwater Basin.

SGMA Outreach and Communication, Ojai Bain Groundwater Management Authority, California. Assisting in the implementation of the Outreach and Engagement Plan and facilitating communication with stakeholders and the public during public workshops.

Grant Analysis and Plan Writing Support for Indio Transformative Climate Communities (TCC) Round 3, Indio, California. Providing background research and writing plan content on funding opportunities, relevant grants, and feasible projects with associated information and recommendations. Additionally, Ms. Murray provides technical assistance insight on projects and funding from experience with grants.

Grant Analysis and Plan Writing Support for Bakersfield Transformative Climate Communities (TCC) Round 3, Bakersfield, California. Providing background research on funding opportunities, past grants, and other requirements. Accumulating relevant data and writing portions for the TCC grant support and Plan, especially pertaining to affordable housing and municipal code.

On-Call Grant Writing Services, Indio Water Authority, California. Providing grant writing and project scoping services for Indio Water Authority. Maintaining project option database to connect with grant opportunities.

On-Call Grant Writing Services, Midpeninsula Regional Open Space District, California. Providing ongoing grant writing services and support as well as grant and project scoping for Midpeninsula Regional Open Space District. Maintaining project option database to connect with grant opportunities. Applications have included Proposition 68 Wildlife Conservation Board Wildlife Corridor Program Pre-Application and Proposition 1 Round 13 State Coastal Conservancy Grant.

Grant Writing for California Natural Resources Agency Urban Flood Protection Grant of Proposition 68, San Diego State University (SDSU), California. Researched funding opportunities for a proposed project. Provided high levels of support through gathering information, documentation, and project components for preparation in submitting an application to the California Natural Resources Agency.

On-Call Grant Writing Services, Long Beach Water District, California. Providing ongoing grant writing and project scoping services for Long Beach Water District. Maintaining project option database to connect with grant opportunities. Applications have included State Coastal Conservancy Climate Ready Round 6 Grant and California Environmental Protection Agency Environmental Justice Small Grant.

On-Call Grant Writing Services, San Mateo County, California. Providing grant writing services for multiple agencies within the San Mateo County. Applications have included the Proposition 68 Department of Conservation Grant for a Climate Action Plan update, Proposition 68 Recreational Trails and Greenways Grant, and the SB 2 Planning Grants Application.

IRWM Plan Update, CABY, California. Providing support in the update of the Cosumnes, American, Bear, and Yuba (CABY) Region's IRWMP update to comply with Department of Water Resource 2016 Guidelines. Narrative editing, background research, and high-level content checks were the primary tasks associated with the update. Providing high-level audits for completion and compliance for every major draft.

CalOES FEMA Hazard Mitigation Grant Applications, Carpinteria Valley Water District, California. Gathered information and generated applications for two separate Hazard Mitigation Grant Program projects. Compiled and reviewed materials for submittal to CalOES FEMA.

Relevant Previous Experience

Center for Resource Solutions. Served as Green-e marketing compliance associate. Reviewed marketing materials, renewable energy claims, and critically evaluated compliance with Green-e program rules. Enforced carbon offset market standards. Expanded knowledge of renewable energy markets and consumer-protection issues. (2018)

The Cheadle Center for Biodiversity and Ecological Restoration (CCBER). Served as student worker. Worked with members of the CCBER staff to maintain restoration sites around UCSB's campus. Performed non-native plant identification and removal, native plant identification and planting, seed collecting, transplanting young seedlings, other various tasks with site restoration research and maintenance. (2017–2018)

Hanna Dodd, PE

Project Engineer

Hanna Dodd is a project engineer focused on water resources and water and wastewater infrastructure. Included in her experience is water and wastewater treatment and facilities design analyses as well as infrastructure planning. Ms. Dodd's expertise includes water and wastewater infrastructure design and asset management as well as writing funding applications to fund water infrastructure projects.

Education

Stanford University
MS, Civil and Environmental Engineering, 2015
California Institute of Technology
BS, Mechanical Engineering, 2013

License/Certifications

Professional Civil Engineer (PE),
CA No. 88525

Professional Affiliations

Society of Women Engineers
WateReuse

Project Experience

State Revolving Fund (SRF) Application Assistance, San Elijo Joint Powers Authority, Encinitas, California. Project engineer. Ms. Dodd assisted the San Elijo Joint Powers Authority with a California State Revolving Fund (SRF) loan application for the expansion of their recycled water pipeline system as well as purchase of more advanced water treatment equipment for more reliable recycled water production at their wastewater treatment facility.

SRF Application Assistance, Crestline Sanitation District, Crestline, California. Project manager. Ms. Dodd managed the creation of the California State Revolving Fund (SRF) loan application for the upgrades of Crestline Sanitation District's Huston Creek Wastewater Treatment Plant including adding a primary clarifier, backup generator, trickling filter recirculation pumps, and a sludge dewatering building.

FY 2012/2013 Sewer Lining & Repair and SRF Loan Support, City of South Pasadena, California. Project engineer. Ms. Dodd worked with a team of Dudek engineers to prioritize the use of a State Revolving Fund Loan to rehabilitate and replace the City of South Pasadena's aging sewer collection system. Her activities included pipeline condition assessment review, coordination of the collection of utility location information, and identifying the construction areas requiring specific planning prior to construction (traffic control, historic site preservation, etc.)

FY 2019/2020 Annual Citywide Sewer Rehabilitation Project, City of Encinitas, California. Project engineer. Ms. Dodd assisted the City of Encinitas with prioritization of City funds to rehabilitate and replace the City's aging sewer collection system. Her activities included pipeline condition assessment review, coordination of the collection of utility location information, and preparation of design deliverables.

Wastewater Treatment and Collection System Master Plan, Crestline Sanitation District, Crestline, California. Served as project engineer and modeler. Utilized a series of workshops to facilitate a CoFA to identify the most critical and high-risk failure scenarios at all three of the District's WWTP's and two lift stations, as well as the root cause of those failures. Performed a thorough process evaluation on each unit process of all WWTP's to determine processes capacity and performance in comparison to design criteria and industry standard ranges. Dudek prepared a sewer hydraulic model of the District's collection system and pump stations, as well as capture flow meter data to calibrate the model to determine existing and build-out sewer hydraulic capacity. The project culminated in a comprehensive list of Capital Improvement Projects, prioritized by risk, and paired with available funding opportunities.

Recycled Water Feasibility Study, Borrego Water District, Borrego, California. Project engineer. The District needed to reduce pumping in the Borrego Groundwater Basin by 70 percent. Ms. Dodd performed an alternatives analysis between, expanding the existing collection system to convey sewage to the existing WWTP for recycled water production or collecting sewage from individual communities (currently on septic systems) to convey to new satellite package treatment plants for recycled water production. A final report was submitted to the State of California Water Resources Control Board.

Planning & Preliminary Design of Upper and Lower San Luis Rey WRF Recycled Water System and Final Design of Lower SLRWRF RW System, City of Oceanside, California. As project engineer, Ms. Dodd analyzed potential recycled water customer demand data, using the data to develop an InfoWater hydraulic model of a proposed recycled water conveyance system. Ms. Dodd's team analyzed model pipeline alignments to determine the best alignment in the preliminary design. Modeling results were used in the City's multiple funding applications.

Recycled Water Distribution System Preliminary Design, Rainbow Municipal Water District, Rainbow, California. Working as project engineer, Ms. Dodd helped with a preliminary design and cost estimate an equalization basin. She also researched potential funding opportunities for Rainbow Municipal Water District's proposed recycled water treatment plant and distribution system. She summarized her design and findings in a Preliminary Design Report (PDR).

Chromium III Reoxidation, Joshua Basin Water District, Joshua Tree, California. Ms. Dodd organized field equipment and performed field studies at three (3) of Joshua Basin Water District's drinking water wells that contained Cr(VI) to study how stannous chloride reduction of Cr(VI) to Cr(III) could be reoxidized by sodium hypochlorite back to Cr(VI). The results from the field studies were submitted to the California State Water Resources Control Board Division of Drinking Water (DDW). This study was also funded by DDW.

Denitrification Upgrade Feasibility and Energy Reduction Assessment, Orange County Sanitation District, Fountain Valley, California. Project engineer. Ms. Dodd worked with The Energy Network to assess whether denitrification upgrades to the Orange County Sanitation District's (OCSD) Fountain Valley wastewater treatment plant (Plant 1) would result in significant energy usage reduction. After collecting data regarding the District's current operation of their Plant 1 secondary treatment system, Ms. Dodd used BioWin™ modeling to assess how various denitrification upgrades would affect Plant 1's effluent water quality and energy usage.

Awards

CWEA Outstanding Young Professional Award, 2016

CWEA Engineering Achievement Award, 2015 – City of South Pasadena Sewer Rehabilitation

Amanda Combs, PE

Project Manager

Amanda Combs is a project manager with 19 years' experience leading high quality water and wastewater projects, from conceptual planning, preliminary design, and final design, to construction-phase services for pipelines, pump stations, water storage, and treatment plants.

Project Experience

2016-2017 Citywide Sewer Rehabilitation Project, City of Encinitas, Encinitas, California. Lead project engineer for the first phase of a citywide sewer rehabilitation program. The project included reviewing CCTV inspection videos for 99 sewer segments to determine the recommended rehabilitation or repair strategy for each pipe. The resulting improvements included CIPP lining of approximately 28,600 lf of pipe ranging in diameter from 6-inch to 14-inch, open trench replacement of approximately 500 lf of 6-inch and 8-inch pipe, numerous in-situ and open trench point repairs of short defects, and rehabilitation of 20 manhole using cured-in-place liners and cementitious materials. The work included analysis of constructability and access constraints for pipes located outside of the street right-of-way to appropriately account for costs in contractor bids.

State Revolving Loan Fund Assistance, City of South Pasadena, Pasadena, California. Project manager responsible for securing and managing an \$11 Million SRF Loan for rehabilitation and replacement of the City's aging sewer collection system. Planned improvements include trenchless CIPP rehabilitation of approximately 28 miles of pipe and open trench replacement of approximately 2.7 miles of pipe. Responsibilities included coordination with the City and preparation of the financial assistance application including all required attachments and CEQA-Plus environmental documentation.

Hacienda Drive Trunk Sewer Rehabilitation, City of Vista, Vista, California. Project Manager for the consulting engineer and inspection services under a design-build project to rehabilitate an existing 36-inch ductile iron trunk sewer and manholes with a peak flow capacity of 10.1 MGD. The project consisted of a pre-construction phase (internal cleaning and CCTV and laser inspection of the sewer and preparation of plans and specifications for rehabilitation and bypass pumping), construction phase (temporary bypass system setup and installation and testing of CIPP liner and epoxy manhole coating), and start-up phase (preparation of as-built drawings). In addition, high pressure cleaning was added to the project during construction to address encrusted deposits at the pipe joints, providing a more uniform finished liner profile.

Sewer Rehabilitation & Replacement Program, Phase 1 and Phase 2, City of South Pasadena, Pasadena, California. Project manager for the design of both phases of the City's sewer rehabilitation and replacement program. The project included reviewing CCTV inspection videos for over 500 sewer segments to determine the recommended rehabilitation or repair strategy for each pipe. The resulting improvements included CIPP lining of approximately 160,000 lf of pipe ranging in diameter from 6-inch to 18-inch, open trench replacement of approximately 6,000 lf of 6-inch and 8-inch pipe, numerous in-situ and open trench point repairs of short defects, and other minor repairs to lateral connections and manholes. The work

Education

*Virginia Polytechnic Institute and State University
MS, Environmental Engineering, 2001*

*Virginia Polytechnic Institute and State University
BS, Civil/Environmental Engineering, 1998*

Certifications

*Professional Civil Engineer,
CA No. 67287*

included analysis of constructability and access constraints for pipes located outside of the street right-of-way so that costs could be appropriately accounted for in contractor bids. Subsequent to the design of the improvements, Ms. Combs was the project manager responsible for securing an \$11 Million SRF Loan to fund the City's sewer rehabilitation program. Responsibilities included coordination with the City and preparation of the financial assistance application including all required attachments and CEQA-Plus environmental documentation.

Design of 42-inch Los Coches Reservoir Inlet Pipe Repair, Padre Dam Municipal Water District, Santee, California.

Project manager for the design repairs to the 42-inch concrete cylinder pipe (CCP) bringing water to the Los Coches Reservoir. Because the location of the leak cannot be verified until the pipe is exposed and excavation and dewatering are the most costly project components, Dudek designed a two-step repair process. If the leak is found to in fact be in the blow-off assembly, the blow-off will be replaced. If the leak is found to be at the welded tangential outlet to the 42-inch CCP, a segment of the 42-inch CCP will be removed and replaced with a new piece of pipe with pre-fabricated outlets for the new blow-off and manway (for joint repair).

Caltrans Widening Pipeline Adjustments, Moulton Niguel Water District, Laguna Niguel, California. Project engineer. The project included water main relocation within a creek and under an I-5 overpass, protection of an existing water main passing under a bridge being widened, a sewer casing extension, and numerous miscellaneous smaller conflicts along the project corridor. Design of all components required extensive coordination with Caltrans and its design consultants. Construction work for the water main relocation was coordinated with the Caltrans overpass widening work, allowing the District's contractor to utilize the Caltrans access improvements to the site, while also reducing the number of permits required. Dudek also successfully negotiated with Caltrans to void requirement of extension of the sewer casing due to the configuration of the existing system. In all components of the project, Dudek provided the District with streamlined solutions that reduced cost and permitting complexities.

Otay II Pipeline Improvements – North Encanto Replacement, City of San Diego Water Department, California.

Project manager for the detailed design of 7,600 feet of new 42-inch-diameter CML&C and tape wrapped welded steel pipe to replace an existing aging 36-inch-diameter cast iron pipe. The project involved realigning the pipe through narrow residential streets so that the existing pipe located in backyard easements and open space could be abandoned. The design included 24-inch manway structures, abandonment of existing buried and aboveground pipe, impressed current cathodic protection, rehabilitation of pavement curb ramps, and extensive coordination with City operations for shutdown and connections to the existing transmission main and 65th & Herrick booster pump station.

Dana Point Town Center Infrastructure Improvements, South Coast Water District, Dana Point, California. Ms. Combs was the project engineer responsible for preparation of plans, specifications, and cost estimates. The project consisted of providing hydraulic modeling, preliminary design and design for multiple 8-inch and 10-inch domestic water, 8-inch through 15-inch sewer, and 8-inch recycled water pipelines throughout the Dana Point Town Center redevelopment area (primarily in and around Pacific Coast Hwy and Paseo Del Prado). In total, the project included 11,600-LF of domestic water piping and appurtenances, 3,800-LF of sewer and manholes, and 3,200-LF of recycled water piping.

15-inch Badger Plaintiff Drain Line Rehabilitation, Santa Fe Irrigation District. Project engineer for the design of 600 LF of reinforced CIPP lining to repair a broken 15-inch AC low pressure drain pipe located in an easement. The design included access and pipe closure pits on each end of the lining segment.

San Juan Creek 30-Inch Effluent Transmission Main Replacement, Moulton Niguel Water District, Laguna Niguel, California. Project engineer for the design of a new pipe under San Juan Creek to replace the existing exposed crossing pipe. Work included an analysis of trenchless construction methods and creek scour depth and preparation of plans and specifications for the selected slurry microtunneling alternative. A design depth of 45-feet was selected for the approximately 300-foot long tunnel under the Orange County Flood Control District channel. Due to the proximity of the concrete slope lining and flood control levees, shaft construction methods were limited to watertight and non-vibratory methods to protect the adjacent improvements.

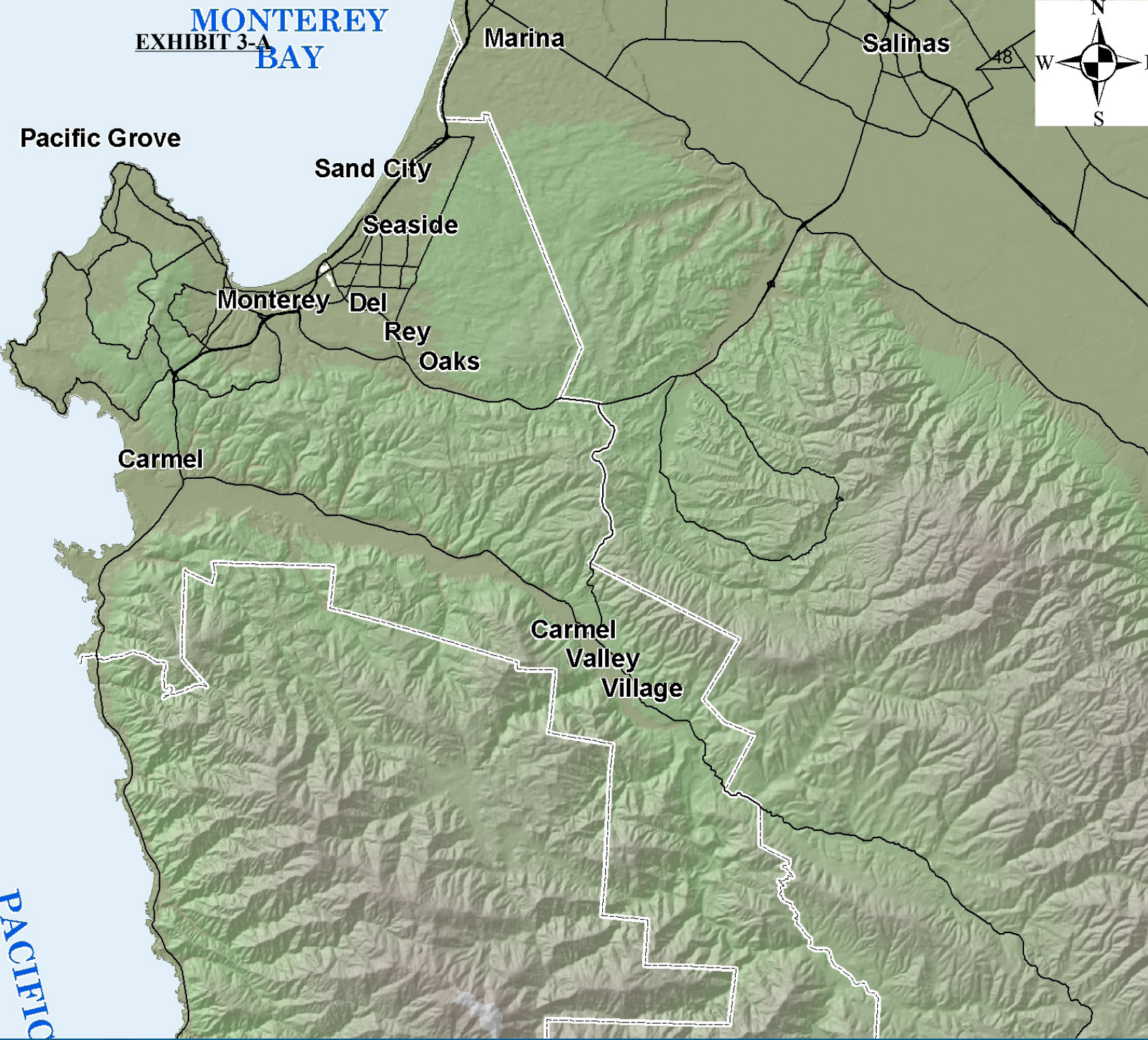
Age- and Condition-related Sewer Rehabilitation Project, City of Vista, California. Assistant project manager providing design services for an extensive multi-year program to rehabilitate the city's Vista sewer basin. The first phase of rehabilitation consisted of approximately 115,000 linear feet of 8-inch- to 12-inch-diameter cured-in-place-pipe lining and rehabilitation of over 600 manholes on residential and collector streets, and within easements.

Gateway Road and Innovation Way Recycled Water Pipelines, City of Carlsbad, California. Project engineer for the design of 2,500 linear feet of 8-inch PVC recycled pipe, including six connections to the existing recycled water distribution system requiring a detailed construction sequencing plan to convert potable pipes to recycled water service and limit shutdown durations of both distribution systems.

4S-I Reservoir Inlet Pipeline, Olivenhain Municipal Water District, San Diego County, California. Project engineer for the design and construction support of an 8,300-foot, 20-inch PVC water main to serve as the dedicated inlet to the 4S-I Reservoir.

Sewer Master Plan, City of Pasadena, Pasadena, California. Project engineer. Dudek provided a comprehensive evaluation of hydraulic capacity through updated flow monitoring and hydraulic modeling, as well as condition assessment and identification of improvements needed for system operation and reliability. As the City is 99% built out and historically has not experienced significant capacity issues, Dudek's approach focused efforts on identifying rehabilitation needs, quantifying specific repair methods, grouping improvement by region, and most importantly, applying prioritization of recommended improvements to address the most critical issues first. Taking a system wide perspective and focusing on key improvement areas that mitigate high risk, City staff will have confidence that the collection system will continue to operate and be maintained cost effectively.

Upper and Lower System Recycled Water System Expansion, City of Oceanside, California. Lead project engineer for planning of the City's recycled water system expansion from 100 AFY to over 4,500 AFY. Dudek refined demands in the proposed upper and lower systems and developed distribution system layouts that include five (5) reservoirs, seven (7) pump stations and 35 miles of new pipelines. As part of the project development, the team developed an operationally efficient distribution system that uses primarily storage reservoirs for sustaining pressure rather than pump stations and takes advantage of existing City-owned property for all but one facility, saving both cost and schedule.



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ITEM: CONSENT CALENDAR

4. CONSIDER ADOPTION OF TREASURER'S REPORT FOR SEPTEMBER 2020

Meeting Date: December 14, 2020 **Budgeted:** N/A

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

Prepared By: Suresh Prasad **Cost Estimate:** N/A

General Counsel Review: N/A

Committee Recommendation: The Administrative Committee considered this item on December 8, 2020 and recommended approval.

CEQA Compliance: This action does not constitute a project as defined by the California Environmental Quality Act Guidelines Section 15378.

SUMMARY: **Exhibit 4-A** comprises the Treasurer’s Report for September 2020. **Exhibit 4-B** and **Exhibit 4-C** are listings of check disbursements for the period September 1-30, 2020. Check Nos. 37755 through 37862, the direct deposits of employee’s paychecks, payroll tax deposits, and bank charges resulted in total disbursements for the period in the amount of \$1,845,670.48. There were no conservation rebates paid out during the current period. **Exhibit 4-D** reflects the unaudited version of the financial statements for the month ending September 30, 2020.

RECOMMENDATION: The Administrative Committee recommends adoption of the September 2020 Treasurer’s Report and financial statements, and ratification of the disbursements made during the month.

EXHIBITS

4-A Treasurer's Report

4-B Listing of Cash Disbursements-Regular

4-C Listing of Cash Disbursements-Payroll

4-D Financial Statements

**MONTEREY PENINSULA WATER MANAGEMENT DISTRICT
TREASURER'S REPORT FOR SEPTEMBER 2020**

<u>Description</u>	<u>Checking</u>	<u>MPWMD Money Market</u>	<u>L.A.I.F.</u>	<u>Wells Fargo Investments</u>	<u>Multi-Bank Securities</u>	<u>MPWMD Total</u>	<u>PB Reclamation Money Market</u>
Beginning Balance	(\$88,218.11)	\$354,477.80	\$13,162,102.53	\$504,114.36	\$2,850,512.99	\$16,782,989.57	\$697,001.46
Fee Deposits		760,469.37				760,469.37	522,820.66
MoCo Tax & WS Chg Installment Pymt						0.00	
Interest Received				8.55	4,170.61	4,179.16	
Transfer - Checking/LAIF	500,000.00		(500,000.00)			0.00	
Transfer - Money Market/LAIF		500,000.00	(500,000.00)			0.00	
Transfer - Money Market/Checking	1,362,245.04	(1,362,245.04)				0.00	
Transfer - Money Market/Multi-Bank						0.00	
Transfer - Money Market/Wells Fargo		504,122.91		(504,122.91)		0.00	
Transfer to CAWD						0.00	
Voided Checks						0.00	
Bank Corrections/Reversals/Errors						0.00	
Bank Charges/Other	(469.13)					(469.13)	
Credit Card Fees	(717.31)					(717.31)	
Returned Deposits	-					0.00	
Payroll Tax/Benefit Deposits	(77,206.44)					(77,206.44)	
Payroll Checks/Direct Deposits	(133,517.27)					(133,517.27)	
General Checks	(1,633,760.33)					(1,633,760.33)	
Bank Draft Payments	-					0.00	
Ending Balance	(\$71,643.55)	\$756,825.04	\$12,162,102.53	\$0.00	\$2,854,683.60	\$15,701,967.62	\$1,219,822.12

Check Report

By Check Number

Date Range: 09/01/2020 - 09/30/2020



Monterey Peninsula Water Management Dist

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
Bank Code: APBNK	-Bank of America Checking					
Payment Type: Regular						
00249	A.G. Davi, LTD	09/04/2020	Regular	0.00	395.00	37755
00252	Cal-Am Water	09/04/2020	Regular	0.00	166.20	37756
00224	City of Monterey	09/04/2020	Regular	0.00	1,041.56	37757
00046	De Lay & Laredo	09/04/2020	Regular	0.00	51,686.78	37758
18734	DeVeera Inc.	09/04/2020	Regular	0.00	8,353.25	37759
19093	Energy Options, Inc.	09/04/2020	Regular	0.00	2,700.00	37760
00277	Home Depot Credit Services	09/04/2020	Regular	0.00	1,124.35	37761
06999	KBA Docusys	09/04/2020	Regular	0.00	15,716.98	37762
00259	Marina Coast Water District	09/04/2020	Regular	0.00	104.98	37763
00259	Marina Coast Water District	09/04/2020	Regular	0.00	104.98	37764
00120	Martin B. Feeney, PG, CHG	09/04/2020	Regular	0.00	20,110.00	37765
00242	MBAS	09/04/2020	Regular	0.00	1,500.00	37766
01196	McDonald Refrigeration, Inc.	09/04/2020	Regular	0.00	331.54	37767
00275	Monterey County Herald	09/04/2020	Regular	0.00	968.79	37768
00274	Monterey One Water	09/04/2020	Regular	0.00	331,755.16	37769
13396	Navia Benefit Solutions, Inc.	09/04/2020	Regular	0.00	100.00	37770
00755	Peninsula Welding Supply, Inc.	09/04/2020	Regular	0.00	121.29	37771
00282	PG&E	09/04/2020	Regular	0.00	57.67	37772
00282	PG&E	09/04/2020	Regular	0.00	10.51	37773
06746	POSTMASTER	09/04/2020	Regular	0.00	1,150.00	37774
00159	Pueblo Water Resources, Inc.	09/04/2020	Regular	0.00	6,105.25	37775
07627	Purchase Power	09/04/2020	Regular	0.00	500.00	37776
00228	Ryan Ranch Printers	09/04/2020	Regular	0.00	106.96	37777
09989	Star Sanitation Services	09/04/2020	Regular	0.00	90.71	37778
09425	The Ferguson Group LLC	09/04/2020	Regular	0.00	8,000.00	37779
17965	The Maynard Group	09/04/2020	Regular	0.00	1,521.44	37780
00225	Trowbridge Enterprises Inc.	09/04/2020	Regular	0.00	570.98	37781
00750	Valley Saw & Garden Equipment	09/04/2020	Regular	0.00	51.29	37782
00767	AFLAC	09/11/2020	Regular	0.00	907.16	37786
01188	Alhambra	09/11/2020	Regular	0.00	88.21	37787
00253	AT&T	09/11/2020	Regular	0.00	801.73	37788
00983	Beverly Chaney	09/11/2020	Regular	0.00	16.38	37789
16237	California Water Efficiency Partnership	09/11/2020	Regular	0.00	250.00	37790
19895	CaseWare Cloud Ltd	09/11/2020	Regular	0.00	8,625.00	37791
01001	CDW Government	09/11/2020	Regular	0.00	36.90	37792
06268	Comcast	09/11/2020	Regular	0.00	206.26	37793
06268	Comcast	09/11/2020	Regular	0.00	206.26	37794
00281	CoreLogic Information Solutions, Inc.	09/11/2020	Regular	0.00	930.05	37795
00046	De Lay & Laredo	09/11/2020	Regular	0.00	102,655.98	37796
12655	Graphicsmiths	09/11/2020	Regular	0.00	88.80	37797
00986	Henrietta Stern	09/11/2020	Regular	0.00	1,293.21	37798
03857	Joe Oliver	09/11/2020	Regular	0.00	1,293.21	37799
00094	John Arriaga	09/11/2020	Regular	0.00	2,500.00	37800
13431	Lynx Technologies, Inc	09/11/2020	Regular	0.00	600.00	37801
00118	Monterey Bay Carpet & Janitorial Svc	09/11/2020	Regular	0.00	1,260.00	37802
13396	Navia Benefit Solutions, Inc.	09/11/2020	Regular	0.00	662.49	37803
00282	PG&E	09/11/2020	Regular	0.00	24.55	37804
13430	Premiere Global Services	09/11/2020	Regular	0.00	549.08	37805
00262	Pure H2O	09/11/2020	Regular	0.00	65.54	37806
19098	Specialty Construction, Inc.	09/11/2020	Regular	0.00	521,227.95	37807
03973	Stephanie Kister	09/11/2020	Regular	0.00	149.61	37808
04719	Telit Io T Platforms, LLC	09/11/2020	Regular	0.00	234.06	37809
00269	U.S. Bank	09/11/2020	Regular	0.00	1,777.66	37810

EXHIBIT 4-B

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Check Report**Date Range: 09/01/2020 - 09/30/2020**

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
00271	UPEC, Local 792	09/11/2020	Regular	0.00	997.50	37811
19896	USAG Presidio of Monterey	09/11/2020	Regular	0.00	900.00	37812
18163	Wex Bank	09/11/2020	Regular	0.00	1,557.45	37813
00763	ACWA-JPIA	09/18/2020	Regular	0.00	358.54	37814
00760	Andy Bell	09/18/2020	Regular	0.00	2,133.00	37815
12601	Carmel Valley Ace Hardware	09/18/2020	Regular	0.00	76.01	37816
01001	CDW Government	09/18/2020	Regular	0.00	141.29	37817
19448	David Frank Stone	09/18/2020	Regular	0.00	32.92	37818
00277	Home Depot Credit Services	09/18/2020	Regular	0.00	417.60	37819
03965	Irrigation Association	09/18/2020	Regular	0.00	422.00	37820
03857	Joe Oliver	09/18/2020	Regular	0.00	1,293.21	37821
00222	M.J. Murphy	09/18/2020	Regular	0.00	22.07	37822
00223	Martins Irrigation Supply	09/18/2020	Regular	0.00	29.34	37823
00274	Monterey One Water	09/18/2020	Regular	0.00	378,809.63	37824
00036	Parham Living Trust	09/18/2020	Regular	0.00	850.00	37825
00282	PG&E	09/18/2020	Regular	0.00	18.13	37826
13394	Regional Government Services	09/18/2020	Regular	0.00	6,166.30	37827
09425	The Ferguson Group LLC	09/18/2020	Regular	0.00	70.29	37828
12187	Toro Petroleum Cop.	09/18/2020	Regular	0.00	3,023.43	37829
00750	Valley Saw & Garden Equipment	09/18/2020	Regular	0.00	393.25	37830
00983	Beverly Chaney	09/25/2020	Regular	0.00	168.42	37831
00230	Cisco Systems, Inc.	09/25/2020	Regular	0.00	290.00	37832
11822	CSC	09/25/2020	Regular	0.00	5,000.00	37833
04041	Cynthia Schmidlin	09/25/2020	Regular	0.00	868.03	37834
19765	Daniel Larson	09/25/2020	Regular	0.00	158.13	37835
00192	Extra Space Storage	09/25/2020	Regular	0.00	885.00	37836
00993	Harris Court Business Park	09/25/2020	Regular	0.00	721.26	37837
00277	Home Depot Credit Services	09/25/2020	Regular	0.00	98.03	37838
19764	Katrina Herrmann	09/25/2020	Regular	0.00	332.35	37839
05829	Mark Bekker	09/25/2020	Regular	0.00	1,094.00	37840
00242	MBAS	09/25/2020	Regular	0.00	2,348.75	37841
07418	McMaster-Carr	09/25/2020	Regular	0.00	125.57	37842
01002	Monterey County Clerk	09/25/2020	Regular	0.00	50.00	37843
01002	Monterey County Clerk	09/25/2020	Regular	0.00	50.00	37844
16182	Monterey County Weekly	09/25/2020	Regular	0.00	863.00	37845
13396	Navia Benefit Solutions, Inc.	09/25/2020	Regular	0.00	662.49	37846
00755	Peninsula Welding Supply, Inc.	09/25/2020	Regular	0.00	185.79	37847
00282	PG&E	09/25/2020	Regular	0.00	1,768.84	37848
00282	PG&E	09/25/2020	Regular	0.00	18,038.99	37849
00282	PG&E	09/25/2020	Regular	0.00	39,517.48	37850
18544	Psomas	09/25/2020	Regular	0.00	21,728.10	37851
00159	Pueblo Water Resources, Inc.	09/25/2020	Regular	0.00	8,196.40	37852
07627	Purchase Power	09/25/2020	Regular	0.00	500.00	37853
00251	Rick Dickhaut	09/25/2020	Regular	0.00	543.40	37854
17968	Rutan & Tucker, LLP	09/25/2020	Regular	0.00	26,241.99	37855
00176	Sentry Alarm Systems	09/25/2020	Regular	0.00	185.50	37856
00766	Standard Insurance Company	09/25/2020	Regular	0.00	1,072.96	37857
04359	The Carmel Pine Cone	09/25/2020	Regular	0.00	726.00	37858
00225	Trowbridge Enterprises Inc.	09/25/2020	Regular	0.00	291.22	37859
00221	Verizon Wireless	09/25/2020	Regular	0.00	1,635.52	37860
18163	Wex Bank	09/25/2020	Regular	0.00	265.39	37861
08105	Yolanda Munoz	09/25/2020	Regular	0.00	540.00	37862
Total Regular:				0.00	1,633,760.33	

EXHIBIT 4-B

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Check Report**Date Range: 09/01/2020 - 09/30/2020**

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
Payment Type: Bank Draft						
00266	I.R.S.	09/11/2020	Bank Draft	0.00	13,012.55	DFT0001709
00266	I.R.S.	09/11/2020	Bank Draft	0.00	2,644.66	DFT0001710
00267	Employment Development Dept.	09/11/2020	Bank Draft	0.00	5,326.17	DFT0001711
00266	I.R.S.	09/11/2020	Bank Draft	0.00	669.02	DFT0001712
00266	I.R.S.	09/11/2020	Bank Draft	0.00	166.31	DFT0001718
00266	I.R.S.	09/11/2020	Bank Draft	0.00	125.28	DFT0001719
00267	Employment Development Dept.	09/11/2020	Bank Draft	0.00	7.28	DFT0001720
00266	I.R.S.	09/11/2020	Bank Draft	0.00	535.68	DFT0001721
00266	I.R.S.	09/25/2020	Bank Draft	0.00	12,862.80	DFT0001723
00266	I.R.S.	09/25/2020	Bank Draft	0.00	2,622.58	DFT0001724
00267	Employment Development Dept.	09/25/2020	Bank Draft	0.00	5,255.31	DFT0001725
00266	I.R.S.	09/25/2020	Bank Draft	0.00	574.62	DFT0001726
00768	ICMA	09/11/2020	Bank Draft	0.00	2,655.09	DFT0001727
00769	Laborers Trust Fund of Northern CA	09/11/2020	Bank Draft	0.00	28,094.00	DFT0001728
00768	ICMA	09/25/2020	Bank Draft	0.00	2,655.09	DFT0001738
Total Bank Draft:				0.00	77,206.44	

	Bank Code APBNK	Summary		
Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	140	105	0.00	1,633,760.33
Manual Checks	0	0	0.00	0.00
Voided Checks	0	0	0.00	0.00
Bank Drafts	15	15	0.00	77,206.44
EFT's	0	0	0.00	0.00
	155	120	0.00	1,710,966.77

All Bank Codes Check Summary

Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	140	105	0.00	1,633,760.33
Manual Checks	0	0	0.00	0.00
Voided Checks	0	0	0.00	0.00
Bank Drafts	15	15	0.00	77,206.44
EFT's	0	0	0.00	0.00
	155	120	0.00	1,710,966.77

Fund Summary

Fund	Name	Period	Amount
99	POOL CASH FUND	9/2020	1,710,966.77
			1,710,966.77

EXHIBIT 4-C

Monterey Peninsula Water Management Dist

Payroll Bank Transaction Report

By Payment Number

Date: 9/1/2020 - 9/30/2020

Payroll Set: 01 - Monterey Peninsula Water Management District

Payment Number	Payment Date	Payment Type	Employee Number	Employee Name	Check Amount	Direct Deposit Amount	Total Payment
5311	09/11/2020	Regular	1024	Stoldt, David J	0.00	5,742.47	5,742.47
5312	09/11/2020	Regular	1025	Tavani, Arlene M	0.00	2,227.84	2,227.84
5313	09/11/2020	Regular	1044	Bennett, Corryn D	0.00	2,031.05	2,031.05
5314	09/11/2020	Regular	1018	Prasad, Suresh	0.00	4,067.47	4,067.47
5315	09/11/2020	Regular	1019	Reyes, Sara C	0.00	1,891.34	1,891.34
5316	09/11/2020	Regular	1075	Valencia, Mariel C	0.00	1,583.05	1,583.05
5317	09/11/2020	Regular	1042	Hamilton, Maureen C.	0.00	2,653.43	2,653.43
5318	09/11/2020	Regular	6063	Hampson, Larry M	0.00	2,706.67	2,706.67
5319	09/11/2020	Regular	1009	James, Gregory W	0.00	3,266.43	3,266.43
5320	09/11/2020	Regular	1011	Lear, Jonathan P	0.00	4,230.74	4,230.74
5321	09/11/2020	Regular	1012	Lindberg, Thomas L	0.00	2,677.95	2,677.95
5322	09/11/2020	Regular	1043	Suwada, Joseph	0.00	2,011.61	2,011.61
5323	09/11/2020	Regular	1045	Atkins, Daniel N	0.00	1,965.50	1,965.50
5324	09/11/2020	Regular	1004	Chaney, Beverly M	0.00	2,702.76	2,702.76
5325	09/11/2020	Regular	1005	Christensen, Thomas T	0.00	3,685.20	3,685.20
5326	09/11/2020	Regular	6071	Foster, Ivie M	0.00	422.27	422.27
5327	09/11/2020	Regular	1007	Hamilton, Cory R	0.00	2,373.14	2,373.14
5328	09/11/2020	Regular	6069	Herrmann, Katrina F	0.00	717.29	717.29
5329	09/11/2020	Regular	6070	Larson, Daniel K	0.00	374.60	374.60
5330	09/11/2020	Regular	1048	Lumas, Eric M	0.00	1,811.39	1,811.39
5331	09/11/2020	Regular	1001	Bravo, Gabriela D	0.00	2,610.26	2,610.26
5332	09/11/2020	Regular	1076	Jakic, Tricia	0.00	2,583.98	2,583.98
5333	09/11/2020	Regular	1010	Kister, Stephanie L	0.00	2,706.86	2,706.86
5334	09/11/2020	Regular	1017	Locke, Stephanie L	0.00	3,468.23	3,468.23
5335	09/11/2020	Regular	1040	Smith, Kyle	0.00	2,389.57	2,389.57
5336	09/11/2020	Regular	1047	Timmer, Christopher	0.00	2,190.67	2,190.67
5337	09/11/2020	Regular	7015	Adams, Mary L	0.00	560.21	560.21
5338	09/11/2020	Regular	7014	Evans, Molly F	0.00	490.46	490.46
5339	09/11/2020	Regular	7017	Hoffmann, Gary D	0.00	374.02	374.02
5340	09/11/2020	Regular	7018	Riley, George T	0.00	734.53	734.53
5341	09/25/2020	Regular	1024	Stoldt, David J	0.00	5,742.48	5,742.48
5342	09/25/2020	Regular	1025	Tavani, Arlene M	0.00	2,227.86	2,227.86
5343	09/25/2020	Regular	1044	Bennett, Corryn D	0.00	2,031.07	2,031.07
5344	09/25/2020	Regular	1018	Prasad, Suresh	0.00	4,067.47	4,067.47
5345	09/25/2020	Regular	1019	Reyes, Sara C	0.00	1,891.34	1,891.34
5346	09/25/2020	Regular	1075	Valencia, Mariel C	0.00	1,583.04	1,583.04
5347	09/25/2020	Regular	1042	Hamilton, Maureen C.	0.00	2,653.44	2,653.44
5348	09/25/2020	Regular	6063	Hampson, Larry M	0.00	2,284.47	2,284.47
5349	09/25/2020	Regular	1009	James, Gregory W	0.00	3,266.44	3,266.44
5350	09/25/2020	Regular	1011	Lear, Jonathan P	0.00	4,230.75	4,230.75
5351	09/25/2020	Regular	1012	Lindberg, Thomas L	0.00	2,677.95	2,677.95
5352	09/25/2020	Regular	1043	Suwada, Joseph	0.00	2,011.61	2,011.61
5353	09/25/2020	Regular	1045	Atkins, Daniel N	0.00	1,965.50	1,965.50
5354	09/25/2020	Regular	1004	Chaney, Beverly M	0.00	2,702.77	2,702.77
5355	09/25/2020	Regular	1005	Christensen, Thomas T	0.00	3,685.21	3,685.21
5356	09/25/2020	Regular	6071	Foster, Ivie M	0.00	435.90	435.90
5357	09/25/2020	Regular	1007	Hamilton, Cory R	0.00	2,373.15	2,373.15
5358	09/25/2020	Regular	6069	Herrmann, Katrina F	0.00	752.49	752.49
5359	09/25/2020	Regular	6070	Larson, Daniel K	0.00	265.63	265.63
5360	09/25/2020	Regular	1048	Lumas, Eric M	0.00	1,811.40	1,811.40
5361	09/25/2020	Regular	1001	Bravo, Gabriela D	0.00	2,610.27	2,610.27
5362	09/25/2020	Regular	1076	Jakic, Tricia	0.00	2,583.97	2,583.97
5363	09/25/2020	Regular	1010	Kister, Stephanie L	0.00	2,706.87	2,706.87
5364	09/25/2020	Regular	1017	Locke, Stephanie L	0.00	3,468.24	3,468.24
5365	09/25/2020	Regular	1040	Smith, Kyle	0.00	2,389.58	2,389.58
5366	09/25/2020	Regular	1047	Timmer, Christopher	0.00	2,190.67	2,190.67
37783	09/11/2020	Regular	7007	Byrne, Jeanne	498.69	0.00	498.69

EXHIBIT 4-C							
Payment Number	Payment Date	Payment Type	Employee Number	Employee Name	Check Amount	Direct Deposit Amount	Total Payment
37784	09/11/2020	Regular	7009	Edwards, Alvin	809.88	0.00	809.88
37785	09/11/2020	Regular	7004	Potter, David L	348.14	0.00	348.14
Total:					1,656.71	131,860.56	133,517.27



MONTEREY PENINSULA WATER MANAGEMENT DISTRICT
STATEMENT OF REVENUES AND EXPENDITURES
FOR THE MONTH SEPTEMBER 30, 2020

	Mitigation	Conservation	Water Supply	Current Period Activity	FY 2020/2021 Year-to-Date Actual	FY 2020/2021 Annual Budget	Prior FY Year-to-Date Actual
REVENUES							
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,050,000	\$ -
Water supply charge			-	-	-	3,300,000	(2,376)
User fees	378,619	146,619	87,361	612,599	1,187,749	4,250,000	508,012
Mitigation revenue	-			-	-	-	-
Capacity fees			9,801	9,801	33,763	400,000	82,990
Permit fees	-	7,290		7,290	34,796	198,000	56,464
Investment income	-	-	9	9	(72,915)	200,000	(15,515)
Miscellaneous	3,382	2,145	2,722	8,250	9,533	15,000	5,761
Sub-total district revenues	382,002	156,054	99,892	637,948	1,192,925	10,413,000	635,336
Project reimbursements	-	22,395	152,059	174,454	213,304	2,436,000	73,780
Legal fee reimbursements		-		-	300	16,000	150
Grants	-	-	-	-	7,274	2,495,400	-
Recording fees		2,750		2,750	9,130	6,000	8,970
Sub-total reimbursements	-	25,145	152,059	177,204	230,009	4,953,400	82,900
From Reserves	-	-	-	-	-	9,055,400	-
Total revenues	382,002	181,199	251,951	815,152	1,422,934	24,421,800	718,236
EXPENDITURES							
Personnel:							
Salaries	67,276	41,876	79,683	188,835	556,327	2,651,200	627,310
Retirement	6,360	4,025	7,575	17,959	454,835	647,400	403,897
Unemployment Compensation	-	-	-	-	4,759	3,000	723
Auto Allowance	92	92	277	462	1,339	6,000	1,385
Deferred Compensation	143	143	429	714	2,072	9,400	2,143
Temporary Personnel	-	-	-	-	-	50,000	33,664
Workers Comp. Ins.	1,958	161	1,368	3,487	12,089	85,000	33,471
Employee Insurance	14,920	9,539	14,262	38,721	114,650	505,700	111,323
Medicare & FICA Taxes	1,482	659	1,301	3,441	11,810	46,800	12,584
Personnel Recruitment	-	-	-	-	-	3,000	45
Other benefits	41	26	33	100	300	1,500	210
Staff Development	-	1,156	-	1,156	1,156	29,700	2,198
Sub-total personnel costs	92,272	57,677	104,927	254,875	1,159,338	4,038,700	1,228,954
Services & Supplies:							
Board Member Comp	826	786	818	2,430	10,665	33,900	6,885
Board Expenses	117	74	94	286	2,224	10,000	963
Rent	985	230	915	2,130	6,390	23,200	5,990
Utilities	972	598	788	2,358	6,999	33,200	8,159
Telephone	2,001	1,292	1,144	4,438	14,090	46,500	11,960
Facility Maintenance	390	247	314	951	5,353	56,300	10,275
Bank Charges	507	321	408	1,236	4,068	15,100	4,221
Office Supplies	119	151	96	367	3,305	17,700	4,258
Courier Expense	357	226	287	870	1,124	6,100	1,623
Postage & Shipping	-	-	-	-	740	6,800	825
Equipment Lease	518	329	417	1,264	3,407	13,900	4,090
Equip. Repairs & Maintenance	-	-	-	-	341	7,000	2,119
Photocopy Expense				-			
Printing/Duplicating/Binding	-	-	-	-	-	500	-
IT Supplies/Services	5,383	3,413	4,332	13,128	89,337	220,000	70,616
Operating Supplies	187	-	-	187	277	16,100	3,410
Legal Services	10,417	5,026	8,571	24,014	72,578	400,000	56,179



MONTEREY PENINSULA WATER MANAGEMENT DISTRICT
STATEMENT OF REVENUES AND EXPENDITURES
FOR THE MONTH SEPTEMBER 30, 2020

	Mitigation	Conservation	Water Supply	Current Period Activity	FY 2020/2021 Year-to-Date Actual	FY 2020/2021 Annual Budget	Prior FY Year-to-Date Actual
Professional Fees	9,578	6,074	7,709	23,360	58,213	360,200	75,269
Transportation	2,510	43	796	3,349	6,585	34,000	8,242
Travel	490	-	-	490	1,202	26,100	1,252
Meeting Expenses	359	228	289	875	3,500	6,700	747
Insurance	-	-	-	-	-	98,000	17,543
Legal Notices	-	-	-	-	-	3,100	-
Membership Dues	-	-	-	-	1,691	38,300	12,732
Public Outreach	-	-	-	-	30	3,900	911
Assessors Administration Fee	-	-	-	-	-	20,000	-
Miscellaneous	-	-	-	-	-	3,000	379
Sub-total services & supplies costs	35,717	19,039	26,978	81,734	292,117	1,499,600	308,647
Project expenditures	46,435	39,750	864,921	951,106	3,273,928	16,639,100	662,885
Fixed assets	-	-	-	-	34,270	220,000	-
Contingencies	-	-	-	-	-	70,000	-
Election costs	-	-	-	-	-	200,000	-
Debt service: Principal	-	-	-	-	-	-	-
Debt service: Interest	-	-	-	-	-	230,000	-
Flood drought reserve	-	-	-	-	-	-	-
Capital equipment reserve	-	-	-	-	-	324,400	-
General fund balance	-	-	-	-	-	1,000,000	-
Pension reserve	-	-	-	-	-	100,000	-
OPEB reserve	-	-	-	-	-	100,000	-
Other	-	-	-	-	-	-	-
Sub-total other	46,435	39,750	864,921	951,106	3,308,198	18,883,500	662,885
Total expenditures	174,423	116,465	996,826	1,287,715	4,759,654	24,421,800	2,200,485
Excess (Deficiency) of revenues over expenditures	\$ 207,578	\$ 64,734	\$ (744,875)	\$ (472,563)	\$ (3,336,720)	\$ -	\$ (1,482,249)

ITEM: CONSENT CALENDAR**5. RECEIVE AND FILE FIRST QUARTER FINANCIAL ACTIVITY REPORT FOR FISCAL YEAR 2020-2021****Meeting Date: December 8, 2020 Budgeted: N/A****From: David J. Stoldt, General Manager Program/ Line Item No.: N/A****Prepared By: Suresh Prasad Cost Estimate: N/A****General Counsel Review: N/A****Committee Recommendation: The Administrative Committee reviewed this item on December 8, 2020 and recommended approval.****CEQA Compliance: This action does not constitute a project as defined by the California Environmental Quality Act Guidelines Section 15378.**

SUMMARY: The first quarter of Fiscal Year (FY) 2020-2021 concluded on September 30, 2020. Table comparing budgeted and actual year-to-date revenues and expenditures for the period are included as **Exhibit 5-A**. **Exhibits 5-B** and **5-C** presents the same information in bar graph format. The following comments summarize District staff's observations:

REVENUES

The revenue table compares amounts received through the first quarter of FY 2020-2021 to the amounts budgeted for that same time-period. Total revenues collected were \$1,422,934, or 23.3% of the budgeted amount of \$6,105,450. Variances within the individual revenue categories are described below:

- Water Supply Charge revenues were \$0, or 0.0% of the budget for the period. The first installment of this revenue is expected to be received in December 2020.
- Property tax revenues were \$0, or 0% of the budget for the period. The first installment of this revenue is expected to be received in December 2020.
- User fee revenues were \$1,187,749, or about 111.8% of the amount budgeted. This is higher than the budgeted amount as collections for the current year has been higher than anticipated.
- Connection Charge revenues were \$33,763, or 33.8% of the budget for the period. Actual collection was lower than anticipated budgeted figure as the forecasted figures are based on estimated number of customers pulling permits. There were fewer connections received than budgeted for the fiscal year.
- Permit Fees revenues were \$34,796, or 70.3% of the budget for the period. Actual collection was lower than anticipated budgeted figure as the forecasted figures are based on estimated number of customers pulling permits. There were fewer permits received than budgeted for the fiscal year.
- Interest revenues were (\$72,915), or -145.8% of the budget for the period. Actual interest includes accrual reversals from prior year. Most of the interest income revenue is realized in Quarter 4 of the FY.

- Reimbursements of \$222,734, or 36.2% of the budget. This is based on actual spending and collection of reimbursement project funds. This is due to projects being deferred and continued to next quarter.
- Grant revenue of \$7,274, or 1.2% of the budget. This is due to grant funded projects being deferred and continued to next quarter.
- The Other revenue category totaled \$9,533 or about 254.2% of the budgeted amount. This category includes reimbursement revenues from legal and other miscellaneous services. Actual collections were higher than anticipated.
- The Reserves category totaled \$0 or about 0.00% of the budgeted amount. This category includes potential use of reserves and the water supply carry forward balance during the fiscal year for which adjustments will be made at the conclusion of the fiscal year.

EXPENDITURES

Expenditure activity as depicted on the expenditure table is similar to patterns seen in past fiscal years. Total expenditures of \$4,759,653 were about 78.0% of the budgeted amount of \$6,105,450 for the period. Variances within the individual expenditure categories are described below:

- Personnel costs of \$1,159,338 were about 114.8% of the budget. This was slightly higher than the anticipated budget due to CalPERS employer portion of the unfunded liability paid upfront for the fiscal year.
- Expenditures for supplies and services were \$292,117, or about 77.9% of the budgeted amount. This was lower than the anticipated budget.
- Fixed assets purchases of \$34,270 represented around 62.3% of the budgeted amount. This was due to some of the fixed asset purchases deferred to next quarter.
- Funds spent for project expenditures were \$3,273,928, or approximately 78.7% of the amount budgeted for the period. This is due to some of the project spending being deferred to next quarter.
- Debt Service included costs of \$0, or 0.0% of the budget for the period. Debt service is paid semi-annually, in December and June.
- Contingencies/Other expenditures \$0, or 0% of the budgeted amount. This was due to the contingency budget not spent during this quarter.
- Reserve expenditures of \$0, or 0% of the budgeted amount. This was due to the adjustments made at the conclusion of the fiscal year.

EXHIBITS

5-A Revenue and Expenditure Table

5-B Revenue Graph

5-C Expenditure Graph

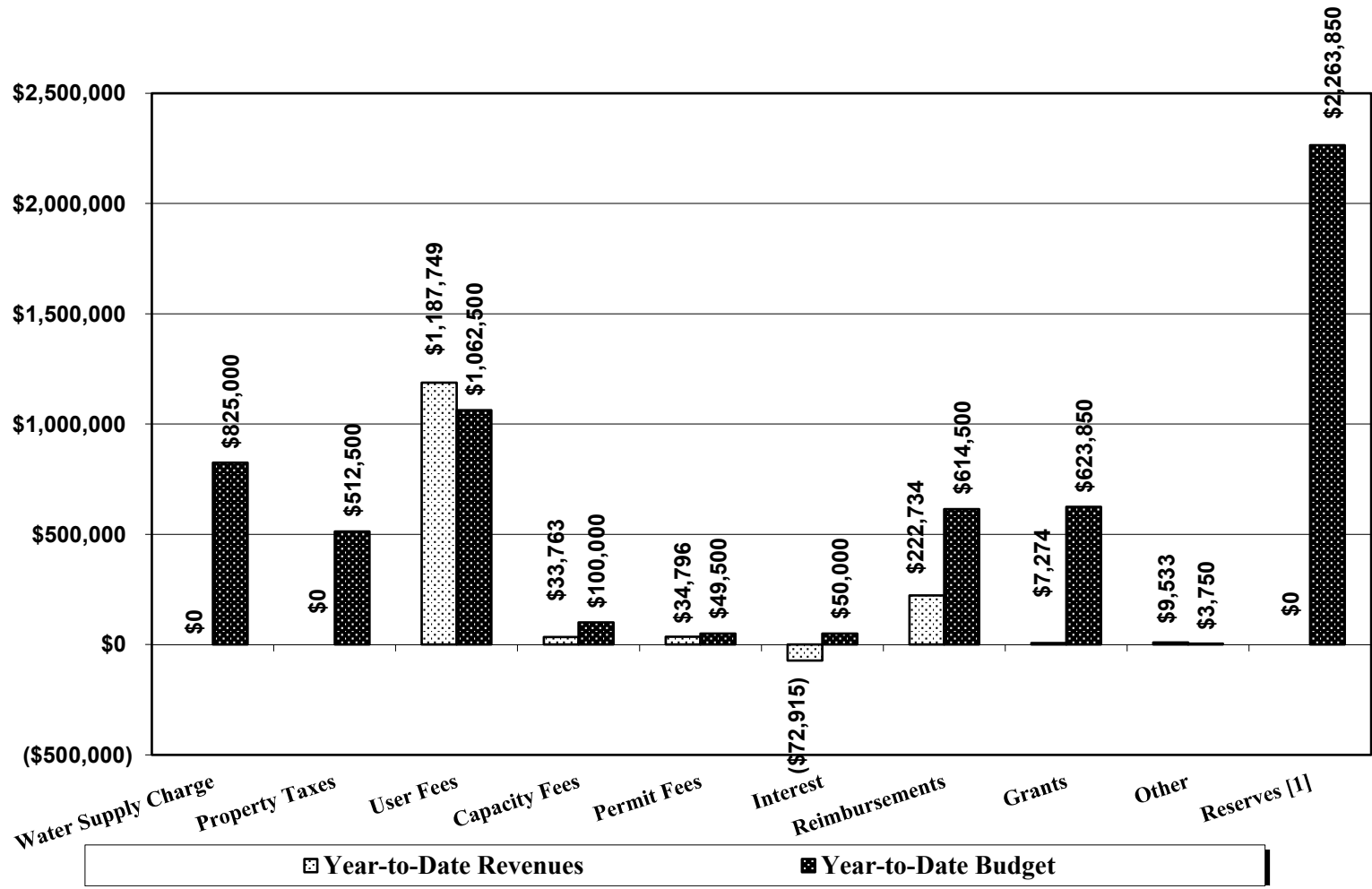
**Monterey Peninsula Water Management District
Financial Activity as of September 30, 2020
Fiscal Year 2020-2021**

	Year-to-Date <u>Revenues</u>	Year-to-Date <u>Budget</u>	<u>Variance</u>	Percent of <u>Budget</u>
Water Supply Charge	\$0	\$825,000	\$825,000	0.0%
Property Taxes	\$0	\$512,500	\$512,500	0.0%
User Fees	\$1,187,749	\$1,062,500	(\$125,249)	111.8%
Capacity Fees	\$33,763	\$100,000	\$66,237	33.8%
Permit Fees	\$34,796	\$49,500	\$14,704	70.3%
Interest	(\$72,915)	\$50,000	\$122,915	-145.8%
Reimbursements	\$222,734	\$614,500	\$391,766	36.2%
Grants	\$7,274	\$623,850	\$616,576	1.2%
Other	\$9,533	\$3,750	(\$5,783)	254.2%
Reserves [1]	\$0	\$2,263,850	\$2,263,850	0.0%
Total Revenues	\$1,422,934	\$6,105,450	\$4,682,516	23.3%

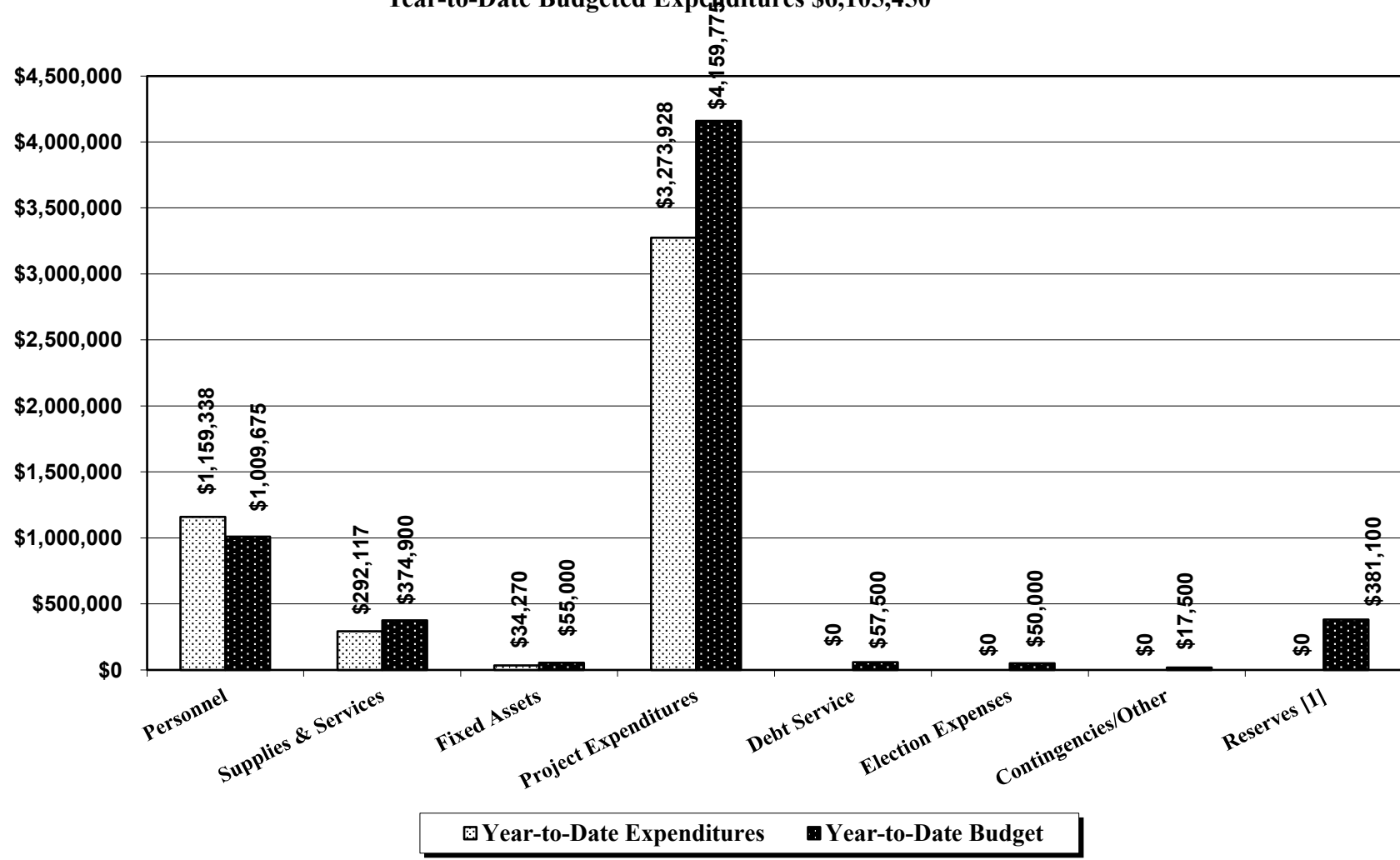
	Year-to-Date <u>Expenditures</u>	Year-to-Date <u>Budget</u>	<u>Variance</u>	Percent of <u>Budget</u>
Personnel	\$1,159,338	\$1,009,675	(\$149,663)	114.8%
Supplies & Services	\$292,117	\$374,900	\$82,783	77.9%
Fixed Assets	\$34,270	\$55,000	\$20,730	62.3%
Project Expenditures	\$3,273,928	\$4,159,775	\$885,847	78.7%
Debt Service	\$0	\$57,500	\$57,500	0.0%
Election Expenses	\$0	\$50,000	\$50,000	0.0%
Contingencies/Other	\$0	\$17,500	\$17,500	0.0%
Reserves [1]	\$0	\$381,100	\$381,100	0.0%
Total Expenditures	\$4,759,653	\$6,105,450	\$1,345,797	78.0%

[1] Budget column includes fund balance, water supply carry forward,
and reserve fund

REVENUES
Fiscal Year Ended September 30, 2020
 Year-to-Date Actual Revenues \$1,422,934
 Year-to-Date Budgeted Revenues \$6,105,450



EXPENDITURES
Fiscal Year Ended September 30, 2020
 Year-to-Date Actual Exenditures \$4,759,653
 Year-to-Date Budgeted Expenditures \$6,105,450



ITEM: CONSENT CALENDAR

6. CONSIDER APPROVAL OF FIRST QUARTER FISCAL YEAR 2020-2021 INVESTMENT REPORT

Meeting Date: December 8, 2020 **Budgeted:** N/A

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

Prepared By: Suresh Prasad **Cost Estimate:** N/A

General Counsel Review: N/A

Committee Recommendation: The Administrative Committee considered this item on December 8, 2020 and recommended approval.

CEQA Compliance: This action does not constitute a project as defined by the California Environmental Quality Act Guidelines Section 15378.

SUMMARY: The District’s investment policy requires that each quarter the Board of Directors receive and approve a report on investments held by the District. **Exhibit 6-A** is the report for the quarter ending September 30, 2020. District staff has determined that these investments do include sufficient liquid funds to meet anticipated expenditures for the next six months and as a result this portfolio is in compliance with the current District investment policy. This portfolio is in compliance with the California Government Code, and the permitted investments of Monterey County.

RECOMMENDATION: The Administrative Committee recommends that the Board approve the Third Quarter Fiscal Year 2020-2021 Investment Report.

EXHIBIT

6-A Investment Report as of September 30, 2020

**MONTEREY PENINSULA WATER MANAGEMENT DISTRICT
INVESTMENT REPORT AS OF SEPTEMBER 30, 2020**

MPWMD

Issuing Institution Security Description	Purchase Date	Maturity Date	Cost Basis	Par Value	Market Value	Annual Rate of Return	Portfolio Distribution
Local Agency Investment Fund	09/30/20	10/01/20	\$12,162,103	\$12,162,103	\$12,162,103	0.840%	77.46%
Bank of America:							
Money Market	09/30/20	10/01/20	756,825	756,825	756,825	0.000%	
Checking	09/30/20	10/01/20	(71,644)	(71,644)	(71,644)	0.000%	
			\$685,181	\$685,181	\$685,181		4.36%
Multi-Bank Securities Cash Account	09/30/20	10/01/20	126,684	126,684	126,684	0.000%	
Multi-Securities Bank Securities:							
Interest Bearing Certificate of Deposit	08/17/18	02/17/21	\$249,000	\$249,000	\$251,592	2.800%	
Interest Bearing Certificate of Deposit	07/03/18	07/06/21	\$246,000	\$246,000	\$251,545	3.000%	
Interest Bearing Certificate of Deposit	07/03/18	07/06/21	\$246,000	\$246,000	\$251,545	3.000%	
Interest Bearing Certificate of Deposit	10/05/18	10/05/21	\$249,000	\$249,000	\$256,604	3.100%	
Interest Bearing Certificate of Deposit	11/21/18	11/22/21	\$246,000	\$246,000	\$254,898	3.250%	
Interest Bearing Certificate of Deposit	01/09/19	01/10/22	\$250,000	\$250,000	\$259,570	3.100%	
Interest Bearing Certificate of Deposit	02/06/20	02/06/23	\$247,000	\$247,000	\$256,519	1.800%	
Interest Bearing Certificate of Deposit	09/30/20	03/30/21	\$249,000	\$249,000	\$249,901	0.400%	
Interest Bearing Certificate of Deposit	03/13/20	03/13/25	\$249,000	\$249,000	\$259,134	1.250%	
Interest Bearing Certificate of Deposit	03/30/20	03/31/25	\$248,000	\$248,000	\$262,057	1.600%	
Interest Bearing Certificate of Deposit	09/22/20	03/22/21	\$249,000	\$249,000	\$251,420	0.550%	
			\$2,854,684	\$2,854,684	\$2,931,470	1.906%	18.18%
TOTAL MPWMD			\$15,701,968	\$15,701,968	\$15,778,754	0.997%	

CAWD/PBCSD WASTEWATER RECLAMATION PROJECT

Issuing Institution Security Description	Purchase Date	Maturity Date	Cost Basis	Par Value	Market Value	Annual Rate of Return	Portfolio Distribution
US Bank Corp Trust Services:							0.10%
Certificate Payment Fund	09/30/20	10/01/20	818	818	818	0.000%	
Interest Fund	09/30/20	10/01/20	338	338	338	0.000%	
Rebate Fund	09/30/20	10/01/20	19	19	19	0.000%	
			\$1,176	\$1,176	\$1,176	0.000%	
Bank of America:							99.90%
Money Market Fund	09/30/20	10/01/20	1,219,822	1,219,822	\$1,219,822	0.000%	
TOTAL WASTEWATER RECLAMATION PROJECT			\$1,220,998	\$1,220,998	\$1,220,998	0.000%	

These investments do include sufficient liquid funds to meet anticipated expenditures for the next six months as reflected in the FY 2020-2021 annual budget adopted on June 15, 2020.

ITEM: PRESENTATION**PRESENTATIONS TO OUTGOING DIRECTOR MOLLY EVANS, DIVISION 3;
JEANNE BYRNE, DIVISION 4; AND RETIRING BOARD CLERK ARLENE TAVANI****Meeting Date: December 14, 2020 Budgeted: N/A****From: David J. Stoldt, General Manager Program/ Line Item No.: N/A****Prepared By: David J. Stoldt Cost Estimate: N/A****General Counsel Review: N/A****Committee Recommendation: N/A****CEQA Compliance: This action does not constitute a project as defined by the California Environmental Quality Act Guidelines Section 15378.**

SUMMARY: Several important contributors to the success of the District have recently retired or moved to new opportunities. Director Molly Evans has accepted new employment on the East Coast, Director Jeanne Byrne decided to retire from the District Board, and Board Clerk Arlene Tavani has decided to retire and enjoy life.

Please see attached Resolutions executed and adopted by the County Supervisors. There is not much more we can say, so we will let the County speak on our behalf. Well earned!

EXHIBIT**P-A County of Monterey Resolutions for District Departures**

Resolution Recognizing Molly Evans for
Exceptional Service as Division 3 Director,
Monterey Peninsula Water Management District

WHEREAS, Molly Evans is originally from Glen Ridge, New Jersey, and moved to Monterey in 2011 after living throughout the United States and overseas with her Navy husband, Bill;

WHEREAS, Molly Evans earned a Bachelor's degree in Civil Engineering from Tulane University and worked as a civil and structural engineer for consulting firms, for a municipality and for the federal government for many years. She earned an MBA from the University of Phoenix and successfully started and operated a retail business in Pensacola, Florida until relocating to Monterey;

WHEREAS, Molly Evans has served in leadership positions on various non-profit Boards and has earned several professional awards and honors including Young Engineer of the Year (New Orleans Branch and Louisiana Section ASCE) and Civilian of the Quarter and Civilian of the Year (Naval Air Station Fallon). In 2016 she was appointed to the Monterey County Commission on the Status of Women;

WHEREAS, in 2015 Molly Evans was elected to represent Division 3 of the Monterey Peninsula Water Management District. She served for five years with distinction drawing upon her engineering expertise and attention to detail;

WHEREAS, Molly Evans joined the Board with a focus on facilitating development of a water supply that was good for the environment and met the needs of the District's businesses and residents. To that end, she supported funding for development of the Pure Water Monterey advanced water recycling project and completion of the District's Aquifer Storage and Recovery Project;

WHEREAS, during her time on the Water Management District's Board of Directors, Molly Evans was elected by her peers to serve as Board Chair in 2019 and took on the responsibility of Board Vice-Chair in 2018;

WHEREAS, Molly Evans was an active participant on several committees including Water Supply Planning, Water Demand, Public Outreach, Administrative and Legislative Advocacy. She served as Chair on the Legislative Advocacy and Water Demand committees;

NOW, THEREFORE, BE IT RESOLVED, that the Monterey County Board of Supervisors on behalf of the County and all residents thereof hereby acknowledges Molly Evans, Director Division 3, for five years of exceptional service to the community and residents of the Monterey Peninsula Water Management District.

Resolution Recognizing Jeanne Byrne for
Exceptional Service as Division 4 Director,
Monterey Peninsula Water Management District

WHEREAS, Jeanne Byrne is a fourth generation Californian born and raised in Napa, California, moving to the Monterey Peninsula in 1977 and settling in Pacific Grove;

WHEREAS, Jeanne Byrne is a graduate of California Polytechnic Institute, San Luis Obispo with a Bachelor of Architecture and completed a post-graduate year in architecture in Florence, Italy studying the classics. In 1982, **Jeanne Byrne** opened her own successful architectural firm in Pacific Grove which she continues to operate today;

WHEREAS, Jeanne Byrne has a long career in public service including elected Mayor of the City of Pacific Grove in 1992, appointments to numerous City of Pacific Grove boards and commissions, and a two-time governor's appointee to the Monterey County Fair Board;

WHEREAS, in 2011 Jeanne Byrne was elected to represent Division 4 of the Monterey Peninsula Water Management District. In 2015 she was elected to a second term and served for a total of nine years with distinction drawing upon her extensive knowledge of architectural planning processes;

WHEREAS, Jeanne Byrne joined the Board with a focus on facilitating development of a secure water supply for the District's businesses and residents. To that end, she supported funding for development of the Pure Water Monterey advanced water recycling project and completion of the District's Aquifer Storage and Recovery Project;

WHEREAS, during her time on the Water Management District's Board of Directors, Jeanne Byrne was elected by her peers to serve as Board Chair in 2016. She also took on the responsibilities of Board Vice-Chair in 2015 and 2020;

WHEREAS, Jeanne Byrne was an active participant on several Water Management District committees including Water Supply Planning, Water Demand, Public Outreach, Administrative and Legislative Advocacy. She served as Chair on the Public Outreach, Administrative and Water Demand committees;

WHEREAS, Jeanne Byrne is respected and beloved for her generosity and willingness to mentor new members of the MPWMD and her influence will long be remembered and appreciated.

NOW, THEREFORE, BE IT RESOLVED, that the Monterey County Board of Supervisors on behalf of the County and all residents thereof hereby acknowledges **Jeanne Byrne**, Director Division 4, for nine years of exceptional service to the community and residents of the Monterey Peninsula Water Management District.

Resolution recognizing and congratulating **Arlene Tavani** upon her retirement from thirty-five plus years of service at the Monterey Peninsula Water Management District.

Resolution No:

WHEREAS, Arlene Tavani dedicated over thirty-five years to supporting the Monterey Peninsula Water Management District in several key administrative rolls; and

WHEREAS, Arlene Tavani has tirelessly shepherded forty-four board members and eight General Managers through their tenures at the Water Management District; and

WHEREAS, Arlene Tavani committed her career to organizing, running and documenting an array of meetings and events which have directly contributed to the health and renewal of the Carmel River and the Seaside Groundwater Basin; and

WHEREAS, Arlene Tavani developed, implemented and enforced the District's records retention policy in addition to creating multiple filing systems and transitioning from the days of paper to the days of electronic mail; and

WHEREAS, Arlene Tavani contributed her time to learn state-of-the-art records management and contribute time and energy to the Association of Records Managers and Administrators (ARMA); and

WHEREAS, Arlene Tavani lead the effort for the Water Management District to be recognized with a transparency certificate from the California Special Districts Association; and

WHEREAS, Arlene Tavani fostered numerous relationships with local, regional, and State agencies which support efforts of the Water Management District to protect and enhance our local public trust resources.

NOW, THEREFORE, BE IT RESOLVED that the Monterey County Board of Supervisors, on behalf of the County, and all residents thereof, hereby recognize and congratulate **Arlene Tavani** on her retirement from a career in service as Executive Assistant to the General Manager and Board Clerk of the Monterey Peninsula Water Management District and express our sincere thanks and appreciation for her tireless commitment to improving lives in Monterey County.

PASSED AND ADOPTED this ____ day of _____ 2020, by the following vote, to wit.

AYES:

NOES:

ABSENT:

ITEM: GENERAL MANAGER'S REPORT**8. REPORT ON LEGISLATIVE OUTREACH FOR CALENDAR YEAR 2020**

Meeting Date: December 14, 2020 **Budgeted:** N/A

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

Prepared By: David J. Stoldt **Cost Estimate:** N/A

General Counsel Review: N/A

Committee Recommendation: N/A

CEQA Compliance: This action does not constitute a project as defined by the California Environmental Quality Act Guidelines Section 15378.

SUMMARY: During the course of the 2020 calendar year, the District has undertaken a variety of outreach efforts with the legislature, government agencies, and industry groups consistent with its adopted 2020 Legislative Advocacy Plan. Several of these activities are identified chronologically below.

Federal:

- Hired federal lobbying firm The Ferguson Group in January 2017. Monthly conference calls. Notifications of bills and federal activity. Consultation on other western water recycling lobbying activities. Accompanied MPWMD staff at meetings with US Bureau of Reclamation during ACWA (see **Exhibit 8-A**).
- Received final approvals w/ Monterey One Water for FY 2018 USBR Title XVI WaterSMART WIIN grant for Pure Water Monterey.
- Coordinated with Congressman Panetta's office on changes to tax code for water-related rebates and other issues.
- Submitted FY 2019/20 USBR Title XVI WaterSMART grant application in July 2019 and received notice of recommendation December 3, 2020 (see **Exhibit 8-A**).
- District signed or co-signed letters of support for variety of issues (see **Exhibit 8-A**)

State:

- Miscellaneous meetings with JEA Associates to discuss Sacramento strategy.
- Multiple meetings and correspondence regarding state issues, including conference calls with State staffers regarding the Cease and Desist Order and water for housing.

- Letters regarding proposed Statewide legislation, several in consultation with ACWA or JEA (see **Exhibit 8-A**)

EXHIBIT

8-A 2020 Legislative Letters of Support/Opposition

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United States Department of the Interior

OFFICE OF THE SECRETARY
Washington, DC 20240

December 3, 2020

The Honorable Michael Simpson
Ranking Member
Subcommittee on Energy and Water Development
Committee on Appropriations
House of Representatives
Washington, DC 20515

Dear Representative Simpson:

Please find enclosed the Secretary of the Interior's funding recommendations for three categories of projects pursuant to the Water Infrastructure Improvements for the Nation (WIIN) Act of 2016 (Public Law 114-322). The three categories are WIIN Section 4007 for Water Storage, WIIN Section 4009(c) for Title XVI Water Recycling, and WIIN Section 4009(a) for Desalination projects.

On June 22, 2020 a letter was provided to the Subcommittee on Energy and Water Development detailing recommendations for \$108,795,000 for Section 4007 Water Storage projects, thereby requesting designation of projects in FY 2021 appropriations legislation. This transmittal provides additional recommended funding allocations for Section 4007 Water Storage projects to be included in FY 2021 appropriations language.

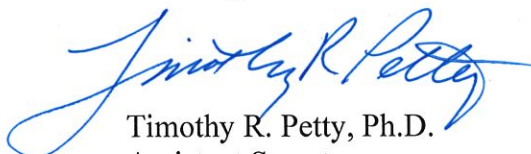
For storage projects, Reclamation will only proceed with expenditure of construction funding once a project has been found feasible and a cost sharing agreement has been signed with a non-federal partner. This recommendation is consistent with the language of the Appropriation Committees' Explanatory Statement and Section 4007 of Public Law 114-322, the Water Infrastructure Improvements for the Nation Act (WIIN Act).

The Secretary's recommendations for funding WIIN Section 4009(c) Title XVI projects includes descriptions of specific projects and individual funding amounts totaling \$40,000,000, using both FY 2019 and FY 2020 appropriations.

The Secretary's funding recommendations for Desalination Construction Projects eligible under Section 4009(a) of the WIIN Act include descriptions of specific projects and individual funding amounts totaling \$24,000,000, using both FY 2019 and FY 2020 appropriations.

If you have any questions or need additional information, please contact Mr. Bob Wolf, Director, Program & Budget, Bureau of Reclamation at 202-253-3861.

Sincerely,

A handwritten signature in blue ink, reading "Timothy R. Petty". The signature is fluid and cursive, with the first name "Timothy" being the most prominent part.

Timothy R. Petty, Ph.D.
Assistant Secretary
for Water and Science

Enclosures

Identical Letter Sent To:

The Honorable Dianne Feinstein
Ranking Member
Subcommittee on Energy and Water Development
Committee on Appropriations
United States Senate
Washington, DC 20510

The Honorable Marcy Kaptur
Chairwoman
Subcommittee on Energy and Water Development
Committee on Appropriations
House of Representatives
Washington, DC 20515

The Honorable Lamar Alexander
Chairman
Subcommittee on Energy and Water Development
Committee on Appropriations
United States Senate
Washington, DC 20510

Bureau of Reclamation FY 2018, FY 2019 and FY 2020 Funding for WIIN Act Section 4007 Storage Projects				
State	Category	Project (Study) Title	Project Description	FY 18/19/20 WIIN Recommended Funding for FY 2021
CA	Pre-Construction / Construction	Shasta Dam and Reservoir Enlargement Project	This project will enlarge Shasta Dam and Reservoir, creating an additional 634,000 acre-feet of storage to benefit anadromous fish cold water supply (191,000 acre-feet) and water supply reliability, improve Upper Sacramento River habitat, increase power generation, and increase/improve recreation opportunities. Funds will be used for pre-construction activities related to Shasta Dam Raise, recreation facilities planning/coordination, and reservoir infrastructure. Funds will also be used to initiate construction once WIIN requirements are met.	\$ 100,000,000
CA	Construction	Friant-Kern Canal Capacity Correction Resulting from Subsidence	Address the issue of Friant-Kern Canal (FKC) subsidence; 3,000 acre-feet/day conveyance restored, which would allow significant increase in storage capacity in Millerton Reservoir during key times. Restoring FKC capacity would increase annual average surface water deliveries by 8,000 acre-feet. Funding will be used for construction activities including: mobilization, earth movement, relocation of utilities, grading, land acquisition, and other construction related activities. This funding will ensure sufficient Federal funding to begin the initial phase of the project and provide Reclamation's cost share partner manageable targets in achieving the non-Federal share.	\$ 135,000,000
ID	Construction	Boise River Basin - Anderson Ranch Dam Raise	The Anderson Ranch Dam Raise would provide 29,000 acre-feet of new storage, increasing water storage in the Boise River watershed. Funding will be used for construction activities, including securing upfront funding agreements, executing water contracts, performing final design, environmental permitting and mitigation, contract solicitation, construction implementation, and general project administration.	\$ 10,000,000
CA	Pre-Construction / Construction	North-of-the-Delta Off Stream Storage (Sites Reservoir Project)	The proposed project includes up to an additional 1.8 million acre-feet of off-stream surface storage to restore flexibility and adaptability to the Central Valley Project (CVP) and State Water Project (SWP) operations. Funds will be used for pre-construction and construction activities including finalization of the water rights petition, operational and modeling plan, and environmental impact statement, as well as work with the Authority to further refine final engineering designs. (Note that \$2,500,000 is being reprogrammed from the Upper Yakima System Storage Feasibility project to this project)	\$ 9,700,000
CA	Construction	Los Vaqueros Reservoir Phase 2 Expansion Project	Phase 2 of the Los Vaqueros Expansion would increase storage up to 115,000 acre-feet in Contra Costa Water District (CCWD), and would add a pipeline to the California Aqueduct. Federal benefits include delivering Incremental Level 4 water to federally recognized wildlife refuge areas south of the Sacramento- San Joaquin Delta. Funds will be used for construction to award on the first construction contract (Pumping Plant #1).	\$ 4,100,000
WA	Construction	Cle Elum Pool Raise (Yakima)	Modify the radial gates at Cle Elum Dam to provide an additional 14,600 acre-feet of storage capacity in Cle Elum Reservoir; provide for shoreline protection of Cle Elum Lake. The additional storage is intended primarily for instream passage for fish while maintaining existing commitments for irrigation deliveries. Funds will be used for construction to support land acquisition, project management, and shoreline protection, fulfilling the Federal cost share for this project.	\$ 2,000,000
			Total of WIIN Funding Requests	\$ 260,800,000

State	Name of Applicant	Project Title	Detailed Project Description	FY19 WIIN Act Funding Recommended	FY20 WIIN Act Funding Recommended
TX	El Paso Water Utilities Public Service Board	El Paso Aquifer Storage and Recovery Using Reclaimed Water Project	This aquifer storage and recovery project will use treated water to recharge groundwater supplies through infiltration. This project involves the construction of a pump station, and expansion and construction of a new pipeline to convey treated water to infiltration basins. The project will provide a projected 15,000 acre-feet per year of additional water supply to address declining groundwater levels and growing water demand in the area.	\$400,000	\$0
CA	Monterey One Water	Pure Water Monterey: A Groundwater Replenishment Project	The Pure Water Monterey project will produce up to 8,200 acre-feet of water supply for communities in Monterey County. The project includes collection and conveyance facilities and construction of an advanced water treatment plant. The project will treat secondary effluent from a local wastewater treatment plant, municipal urban runoff, stormwater, and agricultural wash water that will be used to recharge the Seaside Groundwater Basin and for agricultural irrigation.	\$6,498,985	\$9,000,000
CA	Soquel Creek Water District	Pure Water Soquel: Groundwater Replenishment and Seawater Intrusion Prevention Project	The groundwater replenishment project will treat and recharge 1,500 acre feet of water annually through the construction of an advanced water purification facility to treat waste water, conveyance facilities, and recharge wells. The project will replenish an overdrafted basin and protect it against the immediate threat of seawater intrusion.	\$3,000,000	\$3,075,000
UT	Magna Water District	Magna Water District Water Reclamation and Reuse Project	This water reclamation and reuse project will create a new reliable source of recycled water for outdoor irrigation and utility demands for the Provo, Utah area. The project will recover wastewater currently discharged to the Great Salt Lake and treat it to reuse standards, making 4,144 acre-feet per year available for use in the District's secondary water system.	\$3,000,000	\$1,925,000
CA	City of Oceanside	Pure Water Oceanside: Mission Basin Groundwater Purification Facility Project	Pure Water Oceanside is a potable reuse project that will augment the Mission Groundwater Basin with advanced treated recycled water. The project will include the construction of an advanced water treatment facility, conveyance pipelines, injection wells, backwash piping, and monitoring wells. The project is expected to create 3,306 acre-feet of additional water supply for the City annually.	\$3,000,000	\$3,000,000

State	Name of Applicant	Project Title	Detailed Project Description	FY19 WIIN Act Funding Recommended	FY20 WIIN Act Funding Recommended
CA	Water Replenishment District of Southern California	Groundwater Reliability Improvement Program Recycled Water Project	The Groundwater Reliability Improvement Program Recycled Water Project will produce high-quality recycled water for replenishment of the Central Coast Groundwater Basin. The project includes a flow equalization and pumping facility, an advanced water treatment facility, supplemental recharge wells, and groundwater monitoring wells.	\$3,000,000	\$3,000,000
CA	Palmdale Water District	Palmdale Regional Groundwater Recharge and Recovery Project	The project will use recycled water to recharge an overdrafted groundwater basin and provide an additional 10,800 acre-feet per year of water supply. The project includes conveyance pipelines to two recharge basins, four groundwater recovery wells and a well collection pipeline to the District's potable water distribution system.	\$1,101,015	\$0
Total				\$ 20,000,000	\$20,000,000

Bureau of Reclamation FY 2019 and FY 2020 WIIN Act Desalination Construction Projects

State	Name of Applicant	Project Title	Detailed Project Description	FY19 WIIN Act Funding Recommended	FY20 WIIN Act Funding Recommended
CA	South Coast Water District	Doheny Ocean Desalination Project	This ocean water desalination facility includes a seawater intake, conveyance and distribution system, desalination plant, brine disposal through an existing ocean outfall and solids handling facilities. The project will improve water supply reliability by producing up to 5,321 acre-feet per year of new, local, potable supply for the District.	\$6,000,000	\$5,673,500
CA	City of Camarillo	North Pleasant Valley Desalter Facility	The desalter facility will produce 3,877 acre-feet per year of potable, drought-resistant water. The facility is a key component of the regional solution to address impaired groundwater in the Calleguas Creek Watershed. This project will help address declining production due to poor quality groundwater, the potential reoccurrence of drought conditions, and water restrictions imposed on imported water supplies.	\$3,000,000	\$3,443,367
TX	North Alamo Water Supply Company	Energy-Efficient Brackish Groundwater Desalination Project	This brackish groundwater desalination project includes the expansion of brackish groundwater well fields and leveraging existing facilities to increase drinking water production through brackish groundwater desalination. The project is expected to decrease the projected water deficits in the area and improve drought resiliency. It is expected to produce 4,055 acre-feet of additional water annually.	\$3,000,000	\$2,883,133
Total				\$12,000,000	\$12,000,000



November 23, 2020

The Honorable Marcy Kaptur
 Chairwoman
 House Appropriations Subcommittee on Energy and Water Development
 2362-B Rayburn House Office Building
 Washington, DC 20515

The Honorable Mike Simpson
 Ranking Member
 House Appropriations Subcommittee on Energy and Water Development
 1036 Longworth House Office Building
 Washington, DC 20515

Dear Chairwoman Kaptur and Ranking Member Simpson:

As the House Committee on Appropriations Subcommittee on Energy and Water Development continues its work to conference the Fiscal Year (FY) 2021 Energy and Water Development Appropriations Bill with its Senate counterpart, I respectfully request that the House recede to the Senate report language that states authorized U.S. Army Corps of Engineers (USACE) Environmental Infrastructure (EI) projects “shall not require a new start designation.” The full paragraph I ask you to accept is as follows:

Environmental Infrastructure. – Authorized Environmental Infrastructure projects shall not require a new start designation. This includes projects in regional authorities that have not received funding and projects authorized under section 219 of the Water Resources Development Act of 1992 (Public Law 102–580), as amended. The Committee reminds the Corps that Environmental Infrastructure authorities include caps on Federal participation, but do not provide a guarantee that the project authorization level will be met. Environmental Infrastructure projects shall only receive funding if there is a separable element that can be funded to completion in a fiscal year without the requirement for continued funding in future years. The Corps is reminded that it was directed to develop metrics for the selection of Environmental Infrastructure projects that receive funds and provide a report on such metrics to the Congress within 180 days of enactment of this act. Within 45 days of enactment of this act, the Corps shall brief the Committee on the status of these efforts.

As you know, USACE provides assistance to non-federal interests through EI authorities to carry out important water-related environmental infrastructure and resource protection and development projects. However, in recent years, only authorized entities that have been able to compete for the EI funds appropriated. USACE has no continuing obligation to fund projects under EI authorities that have previously been provided funding. Projects that are provided funding should be projects or separable elements of projects that can be completed with the funding provided in a single fiscal year in the event that future federal funding is not forthcoming. As a result, there is no justification for classifying any EI project as a new start.

It is important that Congress allow greater access to EI funding so more entities can compete for this critically needed assistance. In our region, EI funding could be used to advance the Pure Water Monterey project, expand the use of aquifer storage and recovery, and increase the use of recycled water

MPWMD
Page 2 of 2
November 23, 2020

for irrigation - both for urban irrigation and agricultural purposes.

I would also like to express my appreciation that the Subcommittee included \$100 million to support EI projects in FY 2021. This is \$20 million more than the Senate's proposed funding level, and I encourage you to insist on the House proposed funding level for EI.

Thank you for your time and consideration of my request. Please do not hesitate to contact me or my staff if you have any questions or need additional information.

Sincerely,



David Stoldt
General Manager
Monterey Peninsula Water Management District



October 27, 2020

Honorable John Barrasso
Chairman
Senate Environment and Public Works Committee
410 Dirksen Senate Office Building
Washington D.C. 20510

Honorable Thomas Carper
Ranking Member
Senate Environment and Public Works Committee
410 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Chairman Barrasso and Ranking Member Carper:

On behalf of the Monterey Peninsula Water Management District, I write to express our support for S 4206, a bill that would amend the *Water Infrastructure Finance and Innovation Act of 2014* (WIFIA) to authorize the interest rate for a WIFIA loan to be the interest rate for U.S. Treasury securities of a similar maturity on the date of first disbursement of the loan.

Currently, WIFIA interest rates are established at the date of loan closing. This legislation would allow for interest rates to be determined on the date of first disbursement of the loan and be calculated by the loan maturity date. This change allows for applicants to receive fairer interest rate terms beginning on the day they receive the first round of financing, potentially resulting in significant savings for WIFIA borrowers.

The WIFIA program continues to be an essential tool for water agencies seeking to advance important water projects across the country. S 4206 would further strengthen the program by creating yet another way to provide significant cost savings to communities and ratepayers. We urge the Committee to consider and advance this important bill. Thank you for your consideration and continued leadership on issues that are critical to fixing and maintaining our nation's water infrastructure.

Sincerely,

A handwritten signature in blue ink that reads "David Stoldt".

David Stoldt
General Manager
Monterey Peninsula Water Management District



October 27, 2020

Honorable Peter DeFazio
Chairman
House Transportation and Infrastructure Committee
2165 Rayburn House Office Building
Washington, D.C. 20515

Honorable Sam Graves
Ranking Member
House Transportation and Infrastructure Committee
2165 Rayburn House Office Building
Washington, D.C. 20515

Honorable Frank Pallone
Chairman
House Energy and Commerce Committee
2125 Rayburn House Office Building
Washington D.C. 20515

Honorable Greg Walden
Ranking Member
House Energy and Commerce Committee
2125 Rayburn House Office Building
Washington, D.C. 20515

Dear Chairman DeFazio, Chairman Pallone, Ranking Member Graves, and Ranking Member Walden:

On behalf of the Monterey Peninsula Water Management District (MPWMD), I write to urge the House Transportation and Infrastructure Committee to hold a hearing and advance the *WIFIA Improvement Act* (H.R. 8217), a bill that would amend the *Water Infrastructure Finance and Innovation Act of 2014* (WIFIA) to provide a new 55-year loan term for WIFIA financing.

As you know, federally backed financing programs like WIFIA can generate annual debt service savings of 20 percent or more for most water agencies. The legislation's establishment of an additional, longer-term loan that can be repaid over 55 years rather than the current maximum period of 35 years will increase these savings even more for projects that have an operational life of 55 years or more. For MPWMD, which has been invited with another agency to apply for a WIFIA loan to construct a major regional wastewater recycling project, the additional annual debt service savings would make the project more affordable for ratepayers, thereby putting less financial pressure on the community and its residents and businesses. Accordingly, we also support that the bill allows current WIFIA applicants that have not yet submitted their full applications to be eligible for the new 55-year loan term.

This legislation will accelerate work on critically needed infrastructure projects and allow for more local agencies to access the benefits of low-cost, long-term federal financing. We strongly urge the Committee to hold a hearing on this legislation to receive testimony and additional information on the many benefits of this bill.

Thank you for your consideration and continued leadership on issues that are critical to fixing and maintaining our nation's water infrastructure.

Sincerely,

A handwritten signature in blue ink that reads "David Stoldt". The signature is stylized with a large, looped "D" and "S".

David Stoldt
General Manager
Monterey Peninsula Water Management District



October 13, 2020

The Honorable Daniel R. Simmons
 Assistant Secretary
 Office of Energy Efficiency & Renewable Energy
 U.S. Department of Energy
 1000 Independence Avenue, S.W.
 Washington, DC 20585-0121

Appliance and Equipment Standards Program
 U.S. Department of Energy
 Building Technologies Office
 950 L'Enfant Plaza, SW., Suite 600
 Washington, DC, 20024.

RE: COMMENTS ON DOCKET ID NO. EERE-2020-BT-STD-0001 ENERGY CONSERVATION STANDARDS FOR CLOTHES WASHERS AND CLOTHES DRYERS

Dear Assistant Secretary Simmons:

The Alliance for Water Efficiency (AWE) and the undersigned 58 organizations write to express our opposition to the proposed creation of two new product categories for clothes washers with

normal run times of 30 and 45 minutes. We view this proposed rulemaking as both unnecessary and harmful for the reasons outlined below.

1. The proposed rulemaking is not needed. The creation of two new clothes washer categories, simply for the purpose of having shorter normal cycle run times, implies that there is an actual need for market differentiation in the area of run times -- and that the consumer wants a product that isn't already available. But the proposed rulemaking does not present any documentation of this need. Instead, the data presented in EERE-2020-BT-STD-0001 actually show that there already are a number of clothes washers on the market today that meet the normal cycle run time requirements AND that meet current water and energy standards. These products already exist, and if they are in high demand, market forces will develop more machines to meet these normal cycle criteria.
2. The product categories should not be created without accompanying water and energy efficiency standards. The DOE data show that there are clothes washers available today that meet the normal runtime requirements proposed for the new categories; these clothes washers already meet current water and energy standards, standards which have helped Americans save billions of dollars on their water and energy bills over the past 25 years. DOE has not produced any analysis to document the harmful impact on the nation's water and energy resources that these new product categories would have if adopted without accompanying water and energy efficiency standards.
3. The proposed rulemaking will adversely affect water use in particular, and this was not analyzed. 40 of the 50 US states are already confronting serious drinking water shortages, as documented in a US Government Accountability Office Report.¹ A number of southwestern states are also confronting a climate-change induced mega-drought² which is further reducing available water supplies. The 2016 Residential End Uses of Water study found that adoption of higher efficiency residential clothes washers was the most in effective indoor water efficiency measure for reducing per capita use over the past 15 years.³ Losing these critical water savings that have been achieved would negatively impact American water supply providers, and the proposed rulemaking did not contain any analysis of this harmful impact.
4. Without accompanying water and energy efficiency standards, the proposed rulemaking represents illegal backsliding. Introducing new categories of clothes washers without any accompanying energy or water efficiency standards would be an illegal step backward on water and energy efficiency, violating DOE's own anti-backsliding provisions contained in statute.⁴ These provisions were put in place to ensure that water and energy efficiency gains

¹ Freshwater Supply Concerns Continue, and Uncertainties Complicate Planning." US Government Accountability Office Report, May, 2014 - www.gao.gov/assets/670/663343.pdf

² https://weather.com/news/climate/news/2020-04-16-climate-change-stoking-long-term-megadrought-western-us?cm_ven=PS_GGL_DSA_09162019_1&par=MK_GGL&gclid=CjwKCAjw4rf6BRAvEiwAn2Q76jLyNknHWDhkp5XABdHvCMqIVjpJPVlyMfjxSwTQiU0cr2WmyrfRYhoCYPoQAvD_BwE

³ DeOreo, W., P.Mayer, et. al. 2016. Residential End Uses of Water, Version 2. Water Research Foundation. Denver, CO.

⁴ 42 U.S.C. 6295(o)(1) (commonly referred to as the "anti-backsliding provision") prohibits DOE from prescribing a standard that increases the maximum allowable energy use of a covered product.

remain and are not degraded once adopted. The proposal to create these two new clothes washer categories without any water and energy efficiency standards would clearly represent backsliding in the area of residential clothes washers.

The water and energy efficiency of modern clothes washers has been a tremendous success story. Efficient clothes washers have helped reduce water use by an average of 5.4 gallons per person per day⁵, which across 328 million Americans can total annual savings of more than 640 billion gallons. Clothes washers frequently use hot water as part of the cycle, and reductions in hot water use results in corresponding energy reductions. Water and energy providers are now planning on these reductions into the future to extend supplies and serve new customers. The consequences of illegal backsliding on clothes washer efficiency could negatively impact American utilities and consumers for years.

5. Energy and Water Efficiency Standards Are Essential for All Clothes Washer Categories. All clothes washers today are subject to efficiency standards. Energy and water efficiency standards for appliances have provided tremendous benefits for American consumers, most notably a significant reduction in water and energy use achieved as market transformation to more efficient machines has occurred over the past 25 years.⁶ These standards benefit both American consumers and manufacturers by creating a level, well-understood playing field. American companies have invested heavily in creating products that meet today's water and energy efficiency standards. We firmly believe that DOE should not introduce new product categories without the necessary efficiency standards in place.

AWE and the undersigned organizations strongly urge DOE to reject this rulemaking proposal to create new categories of clothes washers without energy or water efficiency standards. This would be an illegal and completely unnecessary step backwards that will have numerous negative consequences for water providers and consumers alike.

Sincerely,

Alliance for Water Efficiency
Chicago, Illinois

Amy Vickers and Associates
Amherst, MA

Arizona Municipal Water Users Association
Phoenix, AZ

Association of California Water Agencies
Sacramento, CA

Association of Metropolitan Water Agencies
Washington, DC

Bay Area Water Supply & Conservation Agency
San Mateo, CA

California Water Efficiency Partnership
Sacramento, CA

California Water Service Company
Torrance, CA

⁵ DeOreo, IBID

⁶ DeOreo, IBID

Cascade Water Alliance Bellevue, WA	Connecticut Water Company Clinton, CT	Maureen Erbeznik & Associates Los Angeles, CA
Center for Water-Energy Efficiency, University of California, Davis Davis, CA	Denver Water Denver, CO	Medford Water Commission Medford, OR
Citizens Water Advocacy Group Prescott, AZ	East Bay Municipal Utility District Oakland, CA	Metropolitan North Georgia Water Planning District Atlanta, GA
City of Big Bear Lake Big Bear Lake, CA	Eastern Municipal Water District Perris, CA	Metropolitan Water District of Southern California Los Angeles, CA
City of Charlottesville Charlottesville, VA	EcoSystems, LLC Miami, FL	
City of Durham Durham, NC	Electric & Gas Industries Association Sacramento, CA	Monterey Peninsula WMD Monterey, CA
City of Flagstaff Flagstaff, AZ	Foothill MWD La Canada Flintridge, CA	Municipal Water District of Orange County Fountain Valley, CA
City of Hays Hays, KS	Green Builder Coalition Glen Carbon, IL	National Wildlife Federation Merrifield, VA
City of Mesa Mesa, AZ	Jurupa Community Services District Jurupa Valley, CA	Orange Water and Sewer Authority Carrboro, NC
City of Round Rock Round Rock, TX	Las Vegas Valley Water District Las Vegas, NV	Plumbing-Heating-Cooling Contractors – National Association Falls Church, VA
City of Sacramento Sacramento, CA	Los Angeles Department of Water and Power Los Angeles, CA	Regional Water Authority Sacramento, CA
City of Santa Barbara Santa Barbara, CA		
City of Surprise Surprise, AZ	Miami-Dade Water and Sewer Department Miami, FL	Sacramento Suburban Water District Sacramento, CA
City of Westminster Westminster, CO		

San Antonio Water System
San Antonio, TX

Southern Nevada Water
Authority
Las Vegas, NV

Sonoma Water
Santa Rosa, CA

Texas Water Foundation
Austin, TX

Tucson Water
Tucson, AZ

Turfgrass Water
Conservation Alliance
Albany, OR

Upper San Gabriel Valley
MWD
Monrovia, CA

Valley Water
San Jose, CA

Walnut Valley Water
District
Walnut, CA

Water Demand
Management
Boulder, CO

Water Supply Citizens
Advisory Committee
Belchertown, MA

Water Use it Wisely
Phoenix, AZ

WaterNow Alliance
San Francisco, CA

Whirlpool Corporation
Benton Harbor, MI



October 14, 2020

The Honorable Daniel R. Simmons
 Assistant Secretary
 Office of Energy Efficiency & Renewable Energy
 U.S. Department of Energy
 1000 Independence Avenue, S.W.
 Washington, DC 20585-0121

Appliance and Equipment Standards Program
 U.S. Department of Energy
 Building Technologies Office
 950 L'Enfant Plaza, SW., Suite 600
 Washington, DC, 20024

RE: Comments on Docket ID No. EERE-2020-BT-TP-0002 Energy Conservation Program: Test Procedure for Showerheads

Dear Assistant Secretary Simmons:

The Alliance for Water Efficiency (AWE) and the undersigned 60 organizations write to express our firm opposition to the redefinition of a showerhead proposed by the US Department of Energy (DOE), which will allow multiple shower flows in a single stall. The current federal

definition of a maximum flow of 2.5 gallons per minute (gpm) from a single shower has helped Americans save billions of dollars on their water and energy bills. DOE has not provided any technical analysis to document the cumulative water and energy impact that this proposed change would have, and which we believe would be financially harmful to the American public. We are specifically opposed to the redefinitions of “body spray” and “safety shower showerhead” that would remove both of these products from the legal definition of a showerhead. These proposed changes would be the most significant step backward on water and energy efficiency in 30 years.

The undersigned organizations believe this rulemaking is ill-advised for the following eight reasons:

1. **The current definition of showerhead should be updated to align with the definitions in the current ASME A112.18.1/CSA B125.1 and ISEA Z358.1-2014 standards.** DOE states that the current definition of showerhead is “ambiguous and does not mandate DOE’s prior interpretation” as justification for the redefinition. The proposed rulemaking states that greater alignment with the ASME showerhead definition is needed. To fulfill the intent of greater alignment, DOE should also incorporate the definitions for accessory, body spray, showerhead, and safety shower showerhead in the current ASME A112.18.1/CSA B125.1 and ISEA Z358.1-2014 standards. Manufacturers utilize this standard, including the definitions, so showerheads can comply with the requirements in the U.S. model plumbing codes.
2. **The proposed rulemaking would allow wasteful showers in a wide variety of configurations.** The changes to the definitions and test procedures will legalize the sale of multiple showerhead systems, legitimizing the profligate use of water and energy, and contradicts with current industry design. This end result from the DOE’s action is unacceptable from the perspective of water efficiency. For nearly a decade, industry has been manufacturing and consumers have been purchasing showerheads designed to meet DOE’s 2011 Guidance. The proposed rulemaking would allow multiple shower head systems to increase flows from the current federally legal 2.5 gallons per minute (gpm) to 5.0 gpm or more, depending upon the number of shower heads. This could increase national water use by 161 billion gallons in just 1 year.¹
3. **Specifically exempting body sprays from the definition of a showerhead is illegal backsliding.** The DOE also proposes to define the term “body spray” to clarify that these products are not subject to the current energy conservation standards and thus can flow at any flow rate. We are concerned that the proposed rulemaking will result in wasteful and unnecessary “deluge” showers, which will also consume much more hot water. We also believe that this proposed rulemaking would be illegal and subject to anti-backsliding provisions under the federal statute². Additionally, the U.S. plumbing codes require body sprays to comply with the current ASME A112.18.1/CSA B125.1

¹ Mitchell D. (June 2020) Showerhead Water & Energy Savings. M.Cubed. Oakland, CA. Available from AWE.

² 42 U.S.C. 6295(o)(1) (commonly referred to as the “anti-backsliding provision”) prohibits DOE from prescribing a standard that increases the maximum allowable energy use of a covered product.

standard. The standard requires body sprays flow no more than 2.5 gpm. If DOE exempts body sprays instead of aligning the definition with that in the industry standard, consumers will be able to purchase higher flow body sprays, but they will not be able to legally install them.

4. **This illegal backsliding will only spur states to adopt their own showerhead standards and requirements.** The unnecessary redefinition will also create confusion and uncertainty in the market because at least eight states – which contain 40% of the nation’s population and housing – already have laws in place that effectively restrict shower flows to lower than the 2.5 gpm federal standard. It was exactly this type of state-by-state patchwork regulation that led to the passage of the Energy Policy Act in 1992 (EPAAct 1992).
5. **The process for this rulemaking has not followed past DOE protocols, and does not qualify for a categorical exclusion under the National Environmental Policy Act of 1992 (NEPA).** DOE Notices of Proposed Rulemakings have always had at least 60 days for public review, even in cases where there was clear pre-release information. This proposed rulemaking is on a very fast track with far less than the usual 60 days’ notice and no pre-release communication. Given the magnitude of the potential impact, the proposed rulemaking should allow at least 90 days or more for public comment and review, and should also not qualify for a categorical exclusion under NEPA since there are clear water resource and energy impacts to the environment that have not yet been analyzed.
6. **The proposed rulemaking will increase consumption of drinking water that will have a severe impact on water supplies across the country.** 40 of the 50 states are already confronting serious water shortages, as documented in a US Government Accountability Office Report³. Increasing the consumption of treated drinking water through this proposed rulemaking will increase water utility costs for providing new supplies – and therefore increase customer bills, as those costs for procuring needed new supplies are then passed on to the consumers.
7. **Every 1 gpm of increased flow in a shower would cost Americans \$1.14 Billion.** Even a small change in average shower flow rates would have a huge impact on national water and energy demands, and the proposed redefinition will clearly result in increased water and energy bills across the US. For each 1 gpm increase in shower flow rate, national annual domestic water use would increase by 55 billion gallons and national annual energy use for that added hot water would increase by 25,000 billion Btu⁴. This would, in turn, increase annual water and energy bills for American consumers by an estimated \$1.14 billion⁵. While these are our best estimates, this is the kind of

³“Freshwater Supply Concerns Continue, and Uncertainties Complicate Planning.” US Government Accountability Office Report, May, 2014 - www.gao.gov/assets/670/663343.pdf

⁴ Mitchell, IBID

⁵ Mayer, Peter. Memo to AWE on the Costs of 1 gpm Increase in Shower Flow. Available from AWE

technical analysis that DOE needs to undertake itself as part of this rulemaking proceeding.

8. **The water supply and energy savings from the current regulation are critical for the nation.** To provide some perspective on the importance of the water and energy savings, AWE has analyzed the future impact that might result if showerhead flow rates were raised or lowered, using data describing the installed base of showerheads in 2011-2012 from the Residential End Uses of Water Study that documented actual flow rates in the field⁶. Based on projections for new development and for existing home showerhead replacements, AWE estimates that 2.5 gpm showerheads provide 11 billion gallons per year in water savings and 5 trillion Btu per year in energy savings. Ultra-efficient showerheads (<1.6 gpm) provide 19 billion gallons per year in water savings and 9 trillion Btu per year in energy savings. These are significant savings; in ten years the savings for 2.5 gpm showerheads at the federal standard alone accumulate to the equivalent of supplying 1 million homes with water and 670,000 homes with energy.

The country needs more water and energy efficiency – not less – and thus the undersigned organizations firmly recommend that these proposed rulemaking changes be rejected.

Sincerely,

Alliance for Water Efficiency
Chicago, IL

Amy Vickers and Associates
Amherst, MA

Arizona Municipal Water Users Association
Phoenix, AZ

Association of California Water Agencies
Sacramento, CA

Association of Metropolitan Water Agencies
Washington, DC

Bay Area Water Supply & Conservation Agency
San Mateo, CA

California Water Efficiency Partnership
Sacramento, CA

California Water Service Company
Torrance, CA

Cascade Water Alliance
Bellevue, WA

Center for Water-Energy Efficiency,
University of California, Davis
Davis, CA

Citizens Water Advocacy Group
Prescott, AZ

City of Big Bear Lake
Big Bear Lake, CA

City of Charlottesville
Charlottesville, VA

City of Durham
Durham, NC

⁶ DeOreo, W., P. Mayer, et. al. 2016. Residential End Uses of Water, Version 2. Water Research Foundation. Denver, CO.

City of Flagstaff Flagstaff, AZ	Electric & Gas Industries Association Sacramento, CA	Monterey Peninsula WMD Monterey, CA
City of Hays Hays, KS	Foothill Municipal Water District La Canada Flintridge, CA	Municipal Water District of Orange County Fountain Valley, CA
City of Mesa Mesa, AZ	Green Builder Coalition Glen Carbon, IL	National Wildlife Federation Merrifield, VA
City of Round Rock Round Rock, TX	Jurupa Community Services District Jurupa Valley, CA	Orange Water and Sewer Authority Carrboro, NC
City of Santa Barbara Santa Barbara, CA	Las Vegas Valley Water District Las Vegas, NV	Plumbing-Heating-Cooling Contractors Association Falls Church, VA
City of Santa Monica Santa Monica, CA	Los Angeles Department of Water and Power Los Angeles, CA	Regional Water Authority Sacramento, CA
City of Surprise Surprise, AZ	Maureen Erbeznik & Associates Los Angeles, CA	Regional Water Providers Consortium Portland, OR
City of Westminster Westminster, CO	Medford Water Commission Medford, OR	Sacramento Suburban Water District Sacramento, CA
Connecticut Water Company Clinton, CT	Metropolitan North Georgia Water Planning District Atlanta, GA	San Antonio Water System San Antonio, TX
Denver Water Denver, CO	Metropolitan Water District of Southern California Los Angeles, CA	Santa Rosa Water Santa Rosa, CA
East Bay Municipal Utility District Oakland, CA	Miami-Dade Water and Sewer Department Miami, FL	Southern Nevada Water Authority Las Vegas, NV
Eastern Municipal Water District Perris, CA		Sonoma Water Santa Rosa, CA
Ecosystems, LLC Miami, FL		

Texas Water Foundation
Austin, TX

Valley Water
San Jose, CA

Water Use it Wisely
Phoenix, AZ

Tucson Water
Tucson, AZ

Water Demand Management
Boulder, CO

Water Supply Citizens
Advisory Committee
Belchertown, MA

Turfgrass Water Conservation
Alliance
Albany, OR

Walnut Valley Water District
Walnut, CA

WaterNow Alliance
San Francisco, CA

Upper San Gabriel Valley
MWD
Monrovia, CA



June 5, 2020

The Honorable Toni Atkins
President pro Tempore, California State Senate
California State Capitol, room 205
Sacramento, CA 95814

The Honorable Anthony Rendon
Speaker, California State Assembly
California State Capitol, room 219
Sacramento, CA 95814

RE: Special District COVID-19 Fiscal Impacts and Request for Access to Fiscal Assistance

Dear Senator Atkins and Assembly Member Rendon,

On behalf of the Monterey Peninsula Water Management District (MPWMD), I thank you for your leadership and consideration of the budgetary impacts on local governments resulting from COVID-19.

I respectfully request your support of special districts, like ours, being included in any economic relief determinations for local government. Special districts, like our partners at cities and counties, are delivering essential services to our communities. It is important that special districts have access to financial tools to weather the pandemic.

Across California, independent special districts like MPWMD are on the front lines of COVID-19 response ensuring the continued delivery of critical local services that impact the quality of life in their community including vital utility, transportation, park, health, and cultural services.

The California Special Districts Association estimates that statewide by June 2021 76% of special districts throughout the state – which represents 1,500 local governments – will experience significant budget challenges or cashflow issues. Within the next six months, 42% of special districts statewide will draw down reserves to mitigate budget impacts and/or cut or decrease staff. The estimated overall fiscal impact of COVID-19 to special districts as of May 2020 is approximately \$250 million.

MPWMD is still trying to assess the impacts to our revenues, but we remain concerned about reduced revenue due to reduced water consumption, as well as reductions in revenues due to delinquencies.

It is imperative State leaders consider the essential role of special districts and the impacts of COVID-19. If you have questions or would like to further discuss any of the above, we welcome the opportunity to assist your efforts in any way possible. Please do not hesitate to contact me at dstoldt@mpwmd.net.

Sincerely,

A handwritten signature in blue ink that reads "David Stoldt".

David Stoldt
General Manager
Monterey Peninsula Water Management District



September 14, 2020

Governor Gavin Newsom
State Capitol, First Floor
Sacramento, CA 95814

RE: AB 2560 (Quirk): SUPPORT - ENROLLED

Dear Governor Newsom,

On behalf of the Monterey Peninsula Water Management District (MPWMD), we are writing to express our support for AB 2560, which requires the State Water Resources Control Board (State Water Board) to post on its internet website and distribute through email information when it initiates the development of a Notification Level (NL) or Response Level (RL) for a contaminant.

Currently, the State Water Board adopts MCLs for contaminants, which are health protective drinking water standards to be implemented by public water systems. MCLs take into account not only a contaminant's health risks but also factors such as its detectability and treatability, as well as costs of treatment. Under current law there is a very clear process for the establishment of an MCL. In addition to MCLs, the State Water Board utilizes notification levels (NLs), which are health-based advisory levels for contaminants in drinking water that do not have an MCL. Generally, NLs are established as precautionary measures for contaminants that may be considered candidates for establishment of MCLs, but have not yet undergone or completed the regulatory process prescribed for the development of MCLs and are not drinking water standards. However, there is not a clear and consistent process for the establishment of NLs and RLs, which are not set by the State Water Board, but administratively set by the Division of Drinking Water. AB 2560 will provide greater transparency to the NL and RL process to provide all water agencies clear and consistent information as they can continue to provide safe, clean and affordable drinking water to their constituents."

MPWMD applauds Assemblymember Quirk for leading this effort and we respectfully urge your signature on AB 2560.

Sincerely,

A handwritten signature in blue ink that reads "David Stoldt".

David Stoldt

General Manager
Monterey Peninsula Water Management District



September 14, 2020

Governor Gavin Newsom
State Capitol, First Floor
Sacramento, CA 95814

RE: AB 3005 (R.Rivas): SUPPORT – ENROLLED

On behalf of the Monterey Peninsula Water Management District (MPWMD), I am writing to express our support for your legislation AB 3005, which will expedite the expert removal and replacement of the Leroy Anderson Dam and Reservoir. Located in the hills above Silicon Valley, the dam has been determined by dam safety officials to be vulnerable to damage during a 6.6 magnitude earthquake and failure with a 7.25 quake. The failure of Anderson Dam at full capacity would result in catastrophic losses of life and property, inundating an area that includes many of the cities comprising the San Jose metropolitan area and southward to Monterey Bay. The human and economic costs would be felt across California and the nation.

On February 20, the Federal Energy Regulatory Commission (FERC) issued an order to implement interim risk reduction measures prior to construction of the full seismic retrofit project. These measures include reducing the operating capacity significantly and directing Valley Water, by October 1 of this year, to begin draining the reservoir completely. In order to comply with the FERC order, Valley Water, the State of California, and stakeholders will need to expedite regulatory processes in order to keep this dam functioning so people can continue to have a supply of water.

The Expedited Dam Safety for Silicon Valley Act will facilitate the speedy and expert construction of the Anderson Dam Seismic Retrofit Project that will protect lives and property, reduce flood risk for downstream communities, and restore Anderson Reservoir's supply of clean, safe drinking water for the region. The project is estimated to cost \$576 million and will remove and replace most of the existing earthen dam. The new dam will be constructed to current seismic and dam safety standards, increasing dam safety and flood protection.

Another critical component of delivering the Anderson Project's public safety, water supply, and flood protection benefits is the timely issuance of state permits. AB 3005 sets reasonable deadlines for state permit issuance, helping to ensure construction starts promptly after design and CEQA review are completed. Not only will the Anderson Dam Project protect homes and businesses, it will also create 5,400 good paying jobs with an economic impact multiplied across the California economy

We thank you for your leadership on this vital safety measure and respectfully urge your signature on AB 3005.

Sincerely,

A handwritten signature in blue ink that reads "David Stoldt".

David Stoldt
General Manager

Monterey Peninsula Water Management District



August 24, 2020

The Honorable Robert Rivas
California State Assembly
State Capitol, Room 5158
Sacramento, CA 95814

RE: AB 3005 (R.Rivas): SUPPORT – ASSEMBLY FLOOR

Dear Assemblymember Rivas,

On behalf of the Monterey Peninsula Water Management District (MPWMD), I am writing to express our support for your legislation AB 3005, which will expedite the expert removal and replacement of the Leroy Anderson Dam and Reservoir. Located in the hills above Silicon Valley, the dam has been determined by dam safety officials to be vulnerable to damage during a 6.6 magnitude earthquake and failure with a 7.25 quake. The failure of Anderson Dam at full capacity would result in catastrophic losses of life and property, inundating an area that includes many of the cities comprising the San Jose metropolitan area and southward to Monterey Bay. The human and economic costs would be felt across California and the nation.

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Another critical component of delivering the Anderson Project's public safety, water supply, and flood protection benefits is the timely issuance of state permits. AB 3005 sets reasonable deadlines for state permit issuance, helping to ensure construction starts promptly after design and CEQA review are completed. Not only will the Anderson Dam Project protect homes and businesses, it will also create 5,400 good paying jobs with an economic impact multiplied across the California economy

We thank you for your leadership on this vital safety measure and respectfully urge passage of AB 3005.

Sincerely,

A handwritten signature in blue ink that reads "David Stoldt".

David Stoldt

General Manager
Monterey Peninsula Water Management District



June 8, 2020

The Honorable Jimmy Panetta
United States House of Representatives
212 Cannon Office Building
Washington, D.C. 20515

The Honorable Dianne Feinstein
United States Senate
331 Hart Senate Office Building
Washington, D.C. 20510

The Honorable Kamala Harris
United States Senate
112 Hart Senate Office Building
Washington, D.C. 20510

RE: H.R. 7073

Dear Congressman Panetta, Senator Feinstein, and Senator Harris,

On behalf of the Monterey Peninsula Water Management District (MPWMD), I thank you for your leadership and consideration of the budgetary impacts on local governments resulting from COVID-19. MPWMD respectfully requests your support of H.R. 7073.

Across California, independent special districts like MPWMD are on the front lines of COVID-19 response ensuring the continued delivery of critical local services that impact the quality of life in their community including vital utility, transportation, park, health, and cultural services. It is important that special districts have access to financial tools to weather the pandemic.

The California Special Districts Association estimates that statewide by June 2021 76% of special districts throughout the state – which represents 1,500 local governments – will experience significant budget challenges or cashflow issues. H.R. 7073 would help MPWMD and other special districts by:

- Allowing special districts access to the Coronavirus Relief Fund
- Treat districts as “eligible issuers” of the Federal Reserve Board’s Municipal Liquidity Facility
- Creating a federal definition of “special district”

MPWMD is still trying to assess the impacts to our revenues, but we remain concerned about reduced revenue due to reduced water consumption, as well as reductions in revenues due to delinquencies.

As Congress continues to negotiate next steps for COVID-19 relief for state and local governments, MPWMD not only asks for your support on this bill in the U.S. House, but also its provisions’ inclusion in the Senate’s version of a state and local relief bill.

If you have questions or would like to further discuss any of the above, we welcome the opportunity to assist your efforts in any way possible. Please do not hesitate to contact me at dstoldt@mpwmd.net.

Sincerely,


David Stoldt
General Manager, MPWMD



June 8, 2020

The Honorable Jimmy Panetta
United States House of Representatives
212 Cannon Office Building
Washington, D.C. 20515

The Honorable Dianne Feinstein
United States Senate
331 Hart Senate Office Building
Washington, D.C. 20510

The Honorable Kamala Harris
United States Senate
112 Hart Senate Office Building
Washington, D.C. 20510

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If you have questions or would like to further discuss any of the above, we welcome the opportunity to assist your efforts in any way possible. Please do not hesitate to contact me at dstoldt@mpwmd.net.

Sincerely,


David Stoldt
General Manager, MPWMD



June 5, 2020

The Honorable Toni Atkins
President pro Tempore, California State Senate
California State Capitol, room 205
Sacramento, CA 95814

The Honorable Anthony Rendon
Speaker, California State Assembly
California State Capitol, room 219
Sacramento, CA 95814

RE: Special District COVID-19 Fiscal Impacts and Request for Access to Fiscal Assistance

Dear Senator Atkins and Assembly Member Rendon,

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It is imperative State leaders consider the essential role of special districts and the impacts of COVID-19. If you have questions or would like to further discuss any of the above, we welcome the opportunity to assist your efforts in any way possible. Please do not hesitate to contact me at dstoldt@mpwmd.net.

Sincerely,

A handwritten signature in blue ink that reads "David Stoldt". The signature is stylized with a large, looped "D" and a cursive "Stoldt".

David Stoldt
General Manager
Monterey Peninsula Water Management District



ITEM: PUBLIC HEARING**10. CONSIDER ADOPTION OF RESOLUTION NO. 2020-19 MODIFYING RULE 160 – REGULATORY WATER PRODUCTION TARGETS FOR CALIFORNIA AMERICAN WATER SYSTEMS****Meeting Date:** September 14, 2020 **Budgeted:** N/A**From:** David J. Stoldt,
General Manager **Program/** N/A
Line Item No.:**Prepared By:** Jonathan Lear **Cost Estimate:** N/A**General Counsel Review:** N/A**Committee Recommendation:** N/A**CEQA Compliance:** Exempt from environmental review per SWRCB Order Nos. 95-10 and 2016-0016, and the Seaside Basin Groundwater Basin adjudication decision, as amended and Section 15268 of the California Environmental Quality Act (CEQA) Guidelines, as a ministerial project; Exempt from Section 15307, Actions by Regulatory Agencies for Protection of Natural Resources.

SUMMARY: District Rule 160 specifies the regulatory water production targets that are used in the District's *Expanded Water Conservation and Standby Rationing Plan* to trigger higher stages of water conservation to facilitate California American Water (Cal-Am) compliance with the production limits set by State Water Resources Control Board (SWRCB) Orders 95-10 and 2016-0016 and the Seaside Groundwater Basin adjudication decision, as amended. Specifically, Table XV-1 in **Exhibit 10-A** shows monthly and year-to-date at month-end targets for all Cal-Am systems that derive their source of supply or rely on production offsets from the Monterey Peninsula Water Resource System (MPWRS). Similarly, Table XV-2 in **Exhibit 10-A** breaks out monthly and year-to-date at month-end targets for Cal-Am satellite systems that derive their source of supply from the Laguna Seca Subarea of the Seaside Groundwater Basin, which is part of the MPWRS. It should be noted that in WY 2021, the Seaside Adjudication decision lowers the limit in the satellite systems to 0 Acre Feet, however the compliance of CalAm with the Adjudication decision limits are calculated using production limits set for the entire Basin. In addition, Table XV-3 in **Exhibit 10-A** breaks out monthly and year-to-date at month-end targets for Cal-Am Carmel River system sources and is included to provide additional clarification as to the production target maximums for this component of the MPWRS.

Rule 160 authorizes modifications to Tables XV-1, XV-2 and XV-3 to account for changes in the amount of water that Cal-Am is allowed to divert from the Carmel River System under the pertinent SWRCB Orders and the amount of water that Cal-Am is allowed to produce from the Seaside Groundwater Basin under the Seaside Basin Decision, as administered by the Seaside Basin Watermaster. Any modifications to these tables must be made by Board resolution.

Resolution 2020-19 (**Exhibit 10-A**) modifies Tables XV-1, XV-2 and XV-3 of Rule 160 to account for the projected change in allowable diversions by Cal-Am from the Carmel River and Seaside

Groundwater Basins for Water Year 2021.

RECOMMENDATION: District staff recommends adoption of Resolution 2020-19 (**Exhibit 10-A**) modifying Rule 160.

EXHIBIT

10-A Resolution 2020-19 Modifying Rule 160 – Regulatory Water Production Targets for California American Water Systems



EXHIBIT 10-A

RESOLUTION NO. 2020-19 A RESOLUTION OF THE BOARD OF DIRECTORS OF THE MONTEREY PENINSULA WATER MANAGEMENT DISTRICT MODIFYING RULE 160 – REGULATORY PRODUCTION TARGETS FOR CALIFORNIA AMERICAN WATER SYSTEMS

WHEREAS, the Monterey Peninsula Water Management District has developed a set of rules to facilitate compliance by California American Water systems with the regulatory and legal water production limits set by the State Water Resources Control Board and the Seaside Basin Adjudication as administered by the Seaside Groundwater Basin Watermaster;

WHEREAS, District Rule 160 specifies the regulatory water production targets that are used to trigger higher stages of water conservation to ensure compliance with these legal and regulatory water production limits;

WHEREAS, these limits are subject to change by action of the State Water Resources Control Board and Seaside Groundwater Basin Watermaster;

WHEREAS, the State Water Resources Control Board adopted Order WR 2016-0016 on July 19, 2016, which requires California American Water to divert no more than 7,310 acre-feet in Water Year 2020 from its Carmel River system sources;

WHEREAS, the Monterey County Superior Court adopted an Amended Decision in the Seaside Groundwater Basin Adjudication on February 9, 2007 (*California American Water v. City of Seaside, et al.*, Case No. M66343), which requires California American Water to divert no more than 1,474 acre-feet from the Coastal Subareas and 0 acre-feet from the Laguna Seca Subarea of the Seaside Groundwater Basin in Water Year 2021;

WHEREAS, the Seaside Groundwater Basin Watermaster has not yet determined the amount of carryover credit, if any, that California American Water has from Water Year 2020 that will be available for diversion in Water Year 2021; and

WHEREAS, it is necessary to modify the monthly and year-to-date at month-end water production targets in Tables XV-1, XV-2 and XV-3 to reflect the projected quantities of production available to California American Water for diversion from the Carmel River and Seaside Groundwater Basins for Water Year 2021.

NOW THEREFORE, BE IT RESOLVED:

1. District staff shall modify Tables XV-1, XV-2 and XV-3 of District Rule 160 to reflect the projected quantities of production available to California American Water for diversion from the Carmel River and Seaside Groundwater Basins for Water Year 2021.
2. Specifically, District staff shall replace the monthly and year-to-date at month-end values presently shown in Tables XV-1, XV-2 and XV-3 of Rule 160 with the monthly and year-to-date at month-end values shown on the attached tables (**Attachment 1**).

On motion of Director _____, and second by Director _____, the foregoing resolution is duly adopted this 14th day of December 2020, by the following votes:

AYES:

NAYES:

ABSENT:

I, David J. Stoldt, Secretary of the Board of Directors of the MPWMD, hereby certify that the foregoing is a full, true and correct copy of a resolution duly adopted on the 14th day of December 2020.

Witness my hand and seal of the Board of Directors, this _____ day of December 2020.

David J. Stoldt, Secretary to the Board

Table XV-1
Regulatory Water Production Targets
for All California American Water Systems from Sources
Within the Monterey Peninsula Water Resource System

(All Values in Acre-Feet)

Month	Monthly Target	Year-to-Date at Month-End Target
October	802	802
November	656	1,458
December	607	2,065
January	664	2,729
February	594	3,323
March	693	4,016
April	697	4,713
May	793	5,506
June	791	6,297
July	848	7,145
August	851	7,996
September	788	8,784
TOTAL	8,784	---

Notes:

Monthly and year-to-date at month-end production targets are based on the annual production limit specified for the California American Water (Cal-Am) systems for Water Year (WY) 2020 from Carmel River sources per State Water Resources Control Board Order WR 2016-0016 (7,310 acre-feet) and adjusted annual production limits specified for the Cal-Am satellite systems from its Coastal Subarea sources (1,474 acre-feet) and Laguna Seca Subarea sources (0 acre-feet) of the Seaside Groundwater Basin per the Seaside Basin adjudication decision. These values do not include consideration of any carryover credit in the Seaside Basin for WY 2020. This combined total (8,784 acre-feet) was distributed monthly based on Cal-Am's reported monthly average production for its main and satellite systems during the 2013 through 2018 period.

Table XV-2
Regulatory Water Production Targets
for California American Water Satellite Systems from Sources
Within the Monterey Peninsula Water Resource System

(All Values in Acre-Feet)

Month	Monthly Target	Year-to-Date at Month-End Target
October	0	0
November	0	0
December	0	0
January	0	0
February	0	0
March	0	0
April	0	0
May	0	0
June	0	0
July	0	0
August	0	0
September	0	0
TOTAL	0	---

Notes:

Monthly and year-to-date at month-end production targets are based on the adjusted annual production limit specified for the California American Water (Cal-Am) satellite systems for Water Year 2021 from its sources in the Laguna Seca Subarea of the Seaside Groundwater Basin per the Seaside Basin adjudication decision. This Laguna Seca Subarea total (0 acre-feet) was distributed monthly based on Cal-Am's reported monthly average production for its satellite systems during the 2013 through 2018 period.

Table XV-3
Regulatory Water Production Targets
for California American Water Systems from Carmel River Sources
Within the Monterey Peninsula Water Resource System

(All Values in Acre-Feet)

Month	Monthly Target	Year-to-Date at Month-End Target
October	667	667
November	545	1,213
December	506	1,719
January	553	2,272
February	494	2,766
March	577	3,343
April	580	3,923
May	660	4,583
June	659	5,241
July	706	5,947
August	708	6,655
September	655	7,310
TOTAL	7,310	---

Notes:

Monthly and year-to-date at month-end production targets are based on the annual production limit specified for California American Water (Cal-Am) for Water Year (WY) 2021 from its Carmel River system sources per State Water Resources Control Board Order WR 2016-0016 (8,310 acre-feet). This amount was distributed monthly based on Cal-Am's reported monthly average production for its Main system sources during the 2013 through 2018 period. These values incorporate consideration of the triennial reductions specified for the Cal-Am systems in the Seaside Basin adjudication decision, in setting the monthly maximum production targets from each source as part of the MPWMD Quarterly Water Supply Budget Strategy.

ITEM: PUBLIC HEARING**11. CONSIDER ADOPTION OF JANUARY THROUGH MARCH 2021
QUARTERLY WATER SUPPLY STRATEGY AND BUDGET****Meeting Date: December 14, 2020 Budgeted: N/A****From: David J. Stoldt, General Manager Program/ Line Item No.: N/A****Prepared By: Jonathan Lear Cost Estimate: N/A****General Counsel Review: N/A****Committee Recommendation: N/A****CEQA Compliance: Notice of Exemption, CEQA, Article 19, Section 15301 (Class 1)****ESA Compliance: Consistent with the September 2001 and February 2009 Conservation Agreements between the National Marine Fisheries Service and California American Water to minimize take of listed steelhead in the Carmel River and Consistent with SWRCB WR Order Nos. 95-10, 98-04, 2002-0002, and 2016-0016.**

SUMMARY: The Board will accept public comment and take action on the **January through March 2021** Quarterly Water Supply Strategy and Budget for California American Water's (Cal-Am's) Main System within the Monterey Peninsula Water Resources System (MPWRS). The proposed budget, which are included as **Exhibits 11-A**, shows monthly production by source of supply that is required to meet projected customer demand in Cal-Am's Main System during the **January through March 2021** period. The proposed strategy and budget is designed to maximize the long-term production potential and protect the environmental quality of the Seaside Groundwater and Carmel River Basins.

Exhibit 11-A shows the anticipated production by Cal-Am's Main system for each production source and the actual production values for the water year to date through the end of **March 2021**. Cal-Am's annual Main system production for Water Year (WY) 2021 will not exceed 8,784 acre-feet (AF). Sources available to meet customer demand are 1,474 AF from the Coastal Subareas of the Seaside Groundwater Basin as set by the Seaside Basin Adjudication Decision and 7,310 AF from the Carmel River as set by WRO 2016-16. I should be noted that there are several CDO milestones that if missed could potentially reduce the Effective Diversion Limit on the Carmel River by 1,000 AF per missed milestone. There has been one reduction of 1,000 AF carried out in WY 2021. There is potentially one more milestone that could affect WY 2021. The current water budget does not assume the second reduction, but they will be taken into account in the future quarters if they are enacted. Cal-Am will began WY 2021 with approximately 1,190 AF of carry over ASR storage. This carryover was planned at the WY 2020 4th quarter QWB meeting to provide an excess source of water in summer 2021 if conditions are drier than WY 2020. The schedule of production from the Carmel Valley Alluvial Aquifer is consistent with State Water Resources Control Board (SWRCB) Order Nos. 95-10, 98-04, 2002-0002, and 2016-0016. In compliance with WRO 2016-0016, any water diverted under these rights must be used to reduce unlawful diversion from the Carmel River Basin. This Quarterly Water Budget also has Cal-Am scheduled

to produce Pure Water Monterey Water roughly on the schedule that the highly purified water is injected into the Seaside Groundwater Basin.

RECOMMENDATION: The Board should receive public input, close the Public Hearing, and discuss the proposed quarterly water supply budget. District staff recommends adoption of the proposed budget. The budget is described in greater detail in **Exhibit 11-B**, Quarterly Water Supply Strategy Report: **January to March 2021**.

BACKGROUND: The Water Supply Strategy and Budget prescribes production within Cal-Am's Main and Laguna Seca Subarea systems and is developed on a quarterly schedule. Staff from the District, Cal-Am, the National Marine Fisheries Services (NMFS), State Water Resources Control Board's Division of Water Rights (SWRCB-DWR), and the California Department of Fish and Wildlife (CDFW) cooperatively develop this strategy to comply with regulatory requirements and maximize the environmental health of the resource system while meeting customer demand. To the greatest extent pumping in the Carmel Valley is minimized in the summer months and the Seaside wells are used to meet demand by recovering native water and banked Carmel River water. Also, it was agreed that Cal-Am will operate its wells in the Lower Carmel Valley in a downstream to upstream order.

When flows decline below 20 cfs at the District's Don Juan Gage, Cal-Am will stop production from its Upper Carmel Valley Wells. The permitted diversion season for ASR is between December 1 and May 31. ASR recovery will begin when flows decline to shift production away from the river. Pure Water Monterey recovery will also be used to shift pumping away from the river during the Low-Flow Period and will be recovered roughly at the rate it is injected because the injection of purified water writes down the Effective Diversion Limit for the Carmel River as the water is injected. This schedule is estimated with normal year streamflow conditions and daily demand for Carmel Valley. There is also a projected goal of producing 25 AF of treated brackish groundwater from the Sand City Desalination Plant in each of these three months. The group did discuss reducing this amount, but the majority of the entities decided to keep the goal of 25 AF per month to reduce pumping on the Carmel River to the maximum extent possible.

Rule 101, Section B of the District Rules and Regulations requires that a Public Hearing be held at the time of determination of the District water supply management strategy. Adoption of the quarterly water supply strategy and budget is categorically exempt from the California Environmental Quality Act (CEQA) requirements as per Article 19, Section 15301 (Class 1). A Notice of Exemption will be filed with the Monterey County Clerk's office, pending Board action on this item.

EXHIBITS

11-A Quarterly Water Supply Strategy and Budget for Cal-Am Main System: January – March 2021

11-B Quarterly Water Supply Strategy and Budget Report: January – March 2021

**California American Water Main Distribution System
Quarterly Water Supply Strategy and Budget: January - March 2021**

Proposed Production Targets by Source in Acre-Feet

SOURCE/USE	MONTH			YEAR-TO-DATE		
	Jan-21	Feb-21	Mar-21	Oct-20 - Nov-20	% of YTD	% of Annual Budget
<u>Source</u>						
<u>Carmel Valley Aquifer</u>						
Upper Subunits (Service)	0	0	0	0	0%	NA
Lower Subunits (Service)	390	319	418	526	225%	12%
ASR Diversion	230	320	345	0		
Table 13 Diversion (Service)	38	52	0	0		
Total	658	691	763			
Total to count against CDO	658	691	468			
<u>Seaside Groundwater Basin</u>						
Coastal Subareas	100	100	100	425	74%	34%
Phase 1 and 2 ASR Recovery	0	0	0	0	0%	0%
Sand City Desalination	25	25	25	10	21%	3%
Pure Water Monterey	150	150	150			
Total	275	275	275	435		
Total for All Sources	933	966	1,038			
<u>Use</u>						
Customer Service	665	594	693	961		
Phase 1 and 2 ASR Storage	230	320	345	0		
Table 13 In Basin use	38	52	0	0		
Total	933	966	1,038	961		

Notes:

1. The annual budget period corresponds to the Water Year, which begins on October 1 and ends on September 30 of the following Calendar Year.
2. Total monthly production for "Customer Service" in CAW's main system was calculated by multiplying total annual production (8,784 AF) times the average percentage of annual production for January, February and March (7.9%, 6.8%, and 8.3%, respectively). According to District Rule 160, the annual production total was based on the assumption that production from the Coastal Subareas of the Seaside Groundwater Basin would not exceed 1,474 AF and production from Carmel River sources, without adjustments for water produced from water resources projects, would not exceed 7,310 AF in WY 2021. The average production percentages were based on monthly data for customer service from WY 2012 to 2015.
3. Anticipated production for ASR injection is based on an average diversion rate of approximately 4,500 gallons per minute (gpm) or 19.9 AF per day from CAW's sources in the Carmel River Basin. "Total" monthly CAW "Use" includes water for customer service and water for injection into the Seaside Basin.
4. The production targets for CAW's wells in the Seaside Coastal Subareas are based on the assumption that sufficient flow will occur in the Carmel River at the targeted levels, to support ASR injection. It is planned that Coastal Subarea pumping will not occur, or will be proportionally reduced, if ASR injection does not occur at targeted levels.
5. The production targets for CAW's wells in the Seaside Coastal Subareas are based on the need for CAW to produce its full Standard Allocation during WY 2021 to be in compliance with SWRCB WRO No. 95-10.
6. It should be noted that monthly totals for Carmel Valley Aquifer sources may be different than those shown in MPWMD Rule 160, Table XV-3. These differences result from monthly target adjustments needed to be consistent with SWRCB WRO 98-04, which describes how Cal-Am Seaside Wellfield is to be used to offset production in Carmel Valley during low-flow periods. Adjustments are also made to the Quarterly Budgets to ensure that compliance is achieved on an annual basis with MPWMD Rule 160 totals.
7. Table 13 values reflect source/use estimates based on SWRCB Permit 21330, which allows diversions from the CVA for "In Basin use" (3.25 AFD) when flows in the River exceed threshold values. In accordance with Water Rights Permits 21330 and CDO2009-0060, water produced and consumed under this right is subtracted from the CVA annual base amount. Actual values will be dependant on the number of days flows exceed minimum daily instream flow requirements.

EXHIBIT 11-B

Quarterly Water Supply Strategy and Budget Report California American Water Main Water Distribution System: January – March 2021

1. Management Objectives

The Monterey Peninsula Water Management District (District) desires to maximize the long-term production potential and protect the environmental quality of the Carmel River and Seaside Groundwater Basins. In addition, the District desires to maximize the amount of water that can be diverted from the Carmel River Basin and injected into the Seaside Groundwater Basin while complying with the instream flow requirements recommended by the National Marine Fisheries (NMFS) to protect the Carmel River steelhead population. To protect the River, ASR water banked in the winter will be recovered in the summer months. To accomplish these goals, a water supply strategy and budget for production within California American Water's (Cal-Am's) Main water distribution system is reviewed quarterly to determine the optimal strategy for operations, given the current hydrologic and system conditions, and legal constraints on the sources and amounts of water to be produced.

2. Quarterly Water Supply Strategy: January – March 2021

On December 7, 2020 the Quarterly Water Budget Group met and discussed the proposed water supply strategy and related topics for upcoming quarter. The Group consists of staff from the District, Cal-Am, State Water Resources Control Board's Division of Water Rights (SWRCB-DWR), National Marine Fisheries Services (NMFS), and the California Department of Fish and Wildlife (CDFW)

Carmel River Basin Cal-Am will operate its wells in the Lower Carmel Valley in a downstream to upstream sequence, as needed to meet customer demand. For this quarterly water budget, it was agreed that CalAm will continue to produce water from the Lower Valley Wells as required by the "Low Flow" regime. To the maximum extent, pumping will be shifted away from the river wells and Seaside Native Water and recovery of Pure Water Monterey will be used to meet the demand in the fall months. Any new sources of water reduce the water available to be pumped from the river on a one to one basis consistent with SBO 2016-0016. Upon the first storms, MPWMD and Cal-Am will cooperate to begin preparation for ASR season and when instream flow requirements are met, Carmel River water injection will begin. On December 1st, ASR permits allow for diversion to injection if instream flow requirements are met.

Seaside Groundwater Basin Cal-Am will continue to produce water from the Coastal Subareas of the Seaside Basin during this period, as necessary to meet system demand and reduce pumping from the Carmel River wells. The Water pumped from this area will be a combination of Native Seaside Groundwater and Pure Water Monterey recovery. There is also a goal to produce 25 AF of treated brackish groundwater from the Sand City Desalination Plant in each of these three months. It is recognized that, based on recent historical use, Cal-Am's production from the Laguna Seca Subarea during this period cannot

be reduced to zero, as is set by Cal-Am's allocation specified in the Seaside Basin Adjudication Decision. In this context, the production targets represent the maximum monthly production that should occur so that Cal-Am remains within its adjudicated allocation for the Laguna Seca Subarea. Under the amended Seaside Basin Decision, Cal-Am is allowed to use production savings in the Coastal Subareas to offset over-production in the Laguna Seca Subarea. However, the quarterly budget was developed so that Cal-Am would produce all native groundwater in the Coastal Subareas and Laguna Seca production would be over the Adjudication allotment.

ITEM: ACTION ITEM**12. RECEIVE FISCAL YEAR 2019-2020 COMPREHENSIVE ANNUAL FINANCIAL REPORT****Meeting Date:** December 14, 2020 **Budgeted:** N/A**From:** David J. Stoldt,
General Manager **Program/
Line Item No.:** N/A**Prepared By:** Suresh Prasad **Cost Estimate:** N/A**General Counsel Review:** N/A**Committee Recommendation:** N/A**CEQA Compliance:** This action does not constitute a project as defined by the California Environmental Quality Act Guidelines Section 15378.

SUMMARY: A draft copy of the District's Comprehensive Annual Financial Report (CAFR) is provided for review. Draft of the Independent Auditors' Report and Board Communication Letter (required communication letter from the Auditors to the Board) for the fiscal year ending June 30, 2020 has been received from the District's auditors, Hayashi & Wayland. The final audit documents will also be posted on the District's website after it has been accepted by the Board. Hayashi & Wayland has been the District auditors since 1989.

This is the sixth year that the District has prepared a CAFR. A CAFR is a set of government financial statements comprising the financial report of a municipality that complies with the accounting requirements promulgated by the Governmental Accounting Standards Board (GASB). GASB provides standards for the content of a CAFR in its annually updated publication. A CAFR is compiled by the governmental accounting staff and audited by an external certified accounting firm utilizing GASB requirements. A CAFR is composed of three sections:

Introductory section – includes transmittal letter.

Financial section – includes the independent auditor's report and contains management's discussion and analysis, government-wide financial statements, fund financial statements, notes to the financial statements, required supplementary information, combining financial statements, and schedules.

Statistical section – includes additional financial, economic, and demographic information.

The auditors have issued an "unmodified opinion" on the District's CAFR. An unmodified opinion is the opinion where auditor expresses that the financial statements, in all material respects, are fairly presented in accordance with accounting principles generally accepted in the United States. The audit did not identify any deficiencies in the internal control that the auditors consider to be material weaknesses. Representatives from Hayashi and Wayland will be available at the meeting to review the Board Disclosure Letter.

A Management Letter may be issued in conjunction with the Report to offer constructive suggestions for improvements on matters that came to the auditors' attention in connection with the audit, however, such letter was not deemed necessary by Hayashi & Wayland in connection with the audit for this fiscal year.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its CAFR for the fiscal year ended June 30, 2019. This was the fifth year that the District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the District had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable program requirements. A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. However, we believe that our current CAFR continues to meet the Certificate of Achievement for Excellence in Financial Reporting Program's requirements, and we will be submitting it to the GFOA to determine its eligibility for another certificate.

RECOMMENDATION: District staff recommends that the Board review and receive the Comprehensive Annual Financial Report for the year ending June 30, 2020.

EXHIBITS

12-A Comprehensive Annual Financial Report for FY 2019-2020

12-B Board Disclosure Letter

EXHIBIT 12-A

Comprehensive Annual Financial Report

For The Fiscal Year Ended June 30, 2020



(Photo: Aquifer Storage & Recovery
Treatment Facility)



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EXHIBIT 12-A

**MONTEREY PENINSULA WATER
MANAGEMENT DISTRICT**

Monterey, California

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

JUNE 30, 2020

Prepared by:

Administrative Services Division

EXHIBIT 12-A**MONTEREY PENINSULA WATER MANAGEMENT DISTRICT****Table of Contents**

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INTRODUCTORY SECTION



(Photo: Sleepy Hollow Cooling Tower)

EXHIBIT 12-A

December XX, 2020

Board of Directors
Monterey Peninsula Water Management District
Monterey, California

It is a pleasure to submit the Monterey Peninsula Water Management District's (MPWMD or District) Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2020. The CAFR gives an assessment of the District's financial condition, informs readers about District services, gives details of infrastructure replacement projects, discusses current issues, and provides financial and demographic trend information.

The California Government Code requires an annual independent audit of MPWMD's financial statements by a Certified Public Accountant (CPA). The District's financial statements have been audited by Hayashi Wayland, Certified Public Accountants (auditor). The auditor's opinion is included in the financial section of this CAFR.

This CAFR is believed to be accurate in all material respects and is presented in a manner designed to fairly set forth the financial position, the changes in financial position, and cash flows for the District. All disclosures necessary to enable the reader to gain the maximum understanding of the District's financial activity have been included. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. While the independent auditors have expressed an unmodified ("clean") opinion that MPWMD's financial statements are presented in conformity with generally accepted accounting principles (GAAP), responsibility for both the accuracy of the presented data and completeness and fairness of the presentation, including all disclosures, rests with the District.

Profile of the District

The District is a special district created in 1977 by the California Legislature and ratified by local voters in 1978. The District has four primary responsibilities. The first is to augment and manage development of potable water supplies and the delivery of this water to users in the Monterey Peninsula area. The second is to promote water conservation. The third is to promote water reuse and reclamation of storm and waste water. The fourth is to protect the environmental quality of the Monterey Peninsula area's water resources.

The District has an authorized staff of 25 full-time employees providing services within its jurisdiction. The District is made up of the following sections consisting of: General Manager's Office, Administrative Services, Environmental Resources, Water Resources, and Water Demand Division.

EXHIBIT 12-A***Governance***

MPWMD is a public agency (special district) governed by a seven member Board of Directors (Board), five elected from District's voter divisions, one member of the Monterey County Board of Supervisors, and one elected official or chief executive officer appointed by a committee comprised of mayors from jurisdictions within the District boundaries. The elected board members serve staggered four-year terms. Annually, a Chair and Vice Chair are chosen among the Board members. MPWMD operates under a Board-Manager form of government. The Board of Directors appoints the General Manager who is responsible for the administration of the District. The General Manager organizes and directs District activities in accordance with the Board's policies.

The Board meets in a regular session on the third Monday of each month. Regular meetings are held at 6:00 p.m. at the Monterey Peninsula Water Management District, Conference Room, 5 Harris Court, Building G, Monterey, California. Board meetings are open to the public. Due to COVID19 pandemic, since March 2020, all District Board & Committee meetings are held virtually until further notice.

Budget Process

Annually, the District prepares and adopts an operating budget and updates its three-year Capital Improvement Program (CIP). Both serve as the District's financial planning and fiscal control. Budgets are adopted on a basis consistent with governmental GAAP. Budgetary controls are set at the department level and are maintained to ensure compliance with the budget approved by the Board of Directors. The District's budget is a detailed operating plan that identifies estimated costs in relation to estimated revenues. The budget includes the projects, services and activities to be carried out during the fiscal year and the estimated revenue available to finance these operating and capital costs. The budget represents a process wherein policy decisions made by the Board of Directors are adopted, implemented and controlled. Budget control is maintained through the use of project codes and account appropriations. Actual expenditures are then compared to these appropriations on a monthly basis. The General Manager or the Administrative Services Manager/CFO has the discretion to transfer appropriations between activities. Board approval is required for any overall increase in appropriations or changes to the Capital Improvement Program. Additionally, a mid-year budget adjustment is prepared and presented to the District's Board for adoption.

Economic Condition and Outlook

In WY 2019, 10,130 Acre-Feet (AF) of water was legally available to serve Cal-Am customers within the District. Similarly, approximately 3,046 AF of water were assumed to be available to serve non-Cal-Am users extracting water from the Carmel Valley Aquifer and the Seaside Basin.

However, because of legal and regulatory constraints, long-term water supplies available to Cal-Am's customers in the future will be reduced to approximately 5,500 acre-feet per year (AFY) assuming that Cal-Am will retain rights to produce 774 AFY from Seaside Groundwater sources (restored to 1,474 in 25 years), 94 AFY from the Sand City Desalination Facility, 1,300 AFY from Aquifer Storage and Recovery, and 3,376 AFY from Carmel River sources.

Non-Cal-Am pumpers outside of the Seaside Basin and Carmel Valley Alluvial Aquifer that depend on percolating groundwater rights pumped 1,071 AF in water year (WY) 2019.

California's water supply continues to be a concern caused by drought over several years. This concern together with the legal and regulatory constraints has increased interest in conservation and new water sources. The District has led the area in its conservation efforts and will continue to make strides in this area.

EXHIBIT 12-A

A 6,252 AFY desalination facility is planned for 2023 with the Pure Water Monterey project expected to create 3,500 AFY of new supply in 2020-21. Aquifer Storage and Recovery is expected to be doubled in capacity by 2020, to almost 3,000 AFY in good years. The District continues to develop plans for additional ASR opportunities for future water supply.

In June 1980, the District Board approved formation of a groundwater charge zone to provide the legal basis for a comprehensive well-monitoring program consisting of well registration, well metering, and water production reporting. However, the District abandoned this source as a revenue and no groundwater charge was established in any zone of the District during WY 2019.

The effects of COVID19 pandemic on District's revenues and operations are continuously being monitored.

Major Initiatives

During the current fiscal year, the District continued, completed, or initiated a number of significant projects, which include the following:

Pure Water Monterey Project – The District provided the majority of preconstruction funding for this innovative water recycling plant, working in partnership with Monterey One Water which will own and operate the system. The project was virtually complete at the end of the year with delivery of water expected during February 2020. The District served as project manager for the injection well portion of the project.

Aquifer Storage and Recovery (ASR) – The District operated the ASR facilities in coordination with California American Water (Cal-Am) while diverting 1,335 acre-feet (AF) of Carmel River Basin water for injection and storage in the Seaside Basin during the 2019 water year (WY). Since inception of the ASR program, a total of 9,895 AF has been diverted from the Carmel River for storage and subsequent recovery through the end of WY 2019. The District expanded its facility percolation pond to accommodate waters from two additional ASR wells to be constructed by Cal-Am. Facilities to treat produced waters began construction in 2019 to enable Cal-Am to recover ASR and Pure Water Monterey stored waters.

Water Availability – In cooperation with the United States Geological Survey (USGS), the District continues to refine an integrated groundwater surface water GSFLOW/MODFLOW model to help understand Carmel River flows related to changes in groundwater pumping. In addition, the District completed a draft instream flow study and hydraulic model to simulate flow requirements for steelhead in the Carmel River. These models will allow the District to simulate different water supply scenarios and their impacts on the Carmel River environment in the Los Padres removal analysis currently underway in conjunction with Cal-Am and the National Marine Fisheries Service.

Well Permitting – MPWMD issued 16 Confirmation of Exemptions for private properties that met the criteria established in District Rules and Regulations. Applications were reviewed for potential impacts to the water resource system and other water users.

Proposition 1 Integrated Regional Water Management (IRWM) Program – The District spearheaded an effort that will allow the Monterey Peninsula region to receive \$4.2 million for implementation of water projects. The District represented the Monterey Peninsula, Carmel Bay and South Monterey Bay Regional Water Management Group submission to the Central Coast funding area application for Proposition 1 Integrated Regional Water Management Disadvantaged Community Involvement Grant funds. In 2019, the Monterey Peninsula was awarded \$465,000 for Disadvantaged Community Involvement projects.

EXHIBIT 12-A

The no-match grant funds were applied to a District initiated Disadvantaged Community Needs Assessment project that will provide a basis for future Disadvantaged Community Implementation grants; the City of Monterey Franklin Street Storm Drain project; and the District High Efficiency Applied Retrofit Targets pilot program project.

In 2019 the District took the lead role to coordinate the IRWM plan update, expected to be approved by the State in early 2020. The IRWM Group also expanded by 9 members bringing the total number of partners to 16.

Legally-Mandated Carmel River Mitigation and Stewardship – The District secured authorizations for an upgrade to the Sleepy Hollow Steelhead Rearing Facility (SHSRF) in 2018. Construction began in 2019. The upgrade includes construction of a new intake and water supply system to protect the facility from changes in river flows due to the removal of San Clemente Dam, and to allow the facility to continue to operate during periods of extreme drought or high flows. Currently the SHSRF is being tested in various modes and is expected to be running during the 2020 steelhead fish rescue and rearing season. The total project cost is estimated at \$2.8 million, including environmental compliance documents, design, permits and construction. The State Coastal Conservancy has approved up to \$2.25 million for reimbursement of expenses, which will come from funds generated by a Settlement Agreement between Cal-Am and the National Marine Fisheries Service (NMFS).

The District successfully rescued 15,013 fish from five Carmel River tributaries. No rescues were needed in the mainstem in 2019. All fish were released near the tributary's confluence with the Carmel River.

Staff also conducted late season redd (steelhead nests) surveys, counting 121 redds in 23 miles of river. And for the fourth year, Staff continued to work with NMFS on field studies to develop a steelhead population life history model for the watershed, based on tagged fish from NMFS' studies and MPWMD fall population surveys. This effort included assisting NMFS with basin-wide population surveys and installing tag detection arrays from the lower Carmel valley to above Los Padres Reservoir.

District crews carried out the Vegetation Management Program in the active channel of the Carmel River at 6 sites to prevent debris dams and erosion. This includes trimming back encroaching vegetation and reducing the hazard of downed trees in preparation for winter flows. Trash was removed from the active channel of the river before winter rains washed it into the ocean. District staff also planted native trees on exposed banks to improve habitat value, protect water quality, and reduce bank erosion.

District staff completed revegetation and irrigation installation at the Carmel River Bank Stabilization Project just downstream of Rancho San Carlos Road. This work prevented streambanks from further collapse during the 2018-2019 winter season. MPWMD employed an environmentally friendly stabilization technique consisting of logs, rocks, and native plantings built into a cribwall at the site.

Los Padres Dam Improvements – A study of upstream volitional fish passage alternatives continued and a study of alternatives to the dam and management of reservoir sediment are in progress. District expenses have been partially reimbursed by Cal-Am under a Public Utilities Commission decision to plan for the long-term future of the dam and associated reservoir.

Salinas and Carmel Rivers Basin Study – The District continued work on a Basin Study to evaluate future water demands and water supplies taking into account the effects of climate change. The area includes all the Salinas River Valley through Monterey and San Luis Obispo Counties, the Monterey Peninsula, and the Carmel River Basin. The US Bureau of Reclamation is providing \$1.8 million in grant funds for the effort. A draft of the Study Metrics technical paper was circulated in 2019. The study, which began in 2017, is expected to take about four years to complete.

EXHIBIT 12-A

Conservation – The District approved 893 rebate applications in the amount of \$259,601 for annual savings of 9.061 acre-feet of water. Staff conducted building-by-building inspections for compliance with the non-residential water efficiency requirements (Rule 143). More than 149 businesses were inspected. All Peninsula businesses will be verified by 2021. Staff completed an additional 1,139 property inspections to verify compliance with water efficiency standards for changes of ownership or use.

During 2019, the District issued 944 Water Permits and 105 Water Use Permits to Benefited Properties (i.e., properties eligible to receive a portion of a Water Entitlement). Staff conducted 740 inspections to verify compliance with permit water efficiency requirements.

As the regional entity responsible for compliance with State landscaping regulations, the District issued 31 Water Permits for new and refurbished landscapes. A total of 71,716 square feet of new landscape area was permitted. Rehabilitated area totaled 127,234 square feet. The District hosted several rainwater harvesting and water efficient irrigation workshops.

MPWMD partnered with Ecology Action to complete direct install retrofits in the disadvantaged communities in Seaside. As a result, 65 High Efficiency Clothes Washers, 8 water efficient dishwashers, and 56 Ultra-High Efficiency Toilets were installed. In addition, three leaks were repaired.

Community Outreach – Posted regular updates to the District’s Facebook page and Twitter account. Outreach to schools continued with presentations to classes at local schools and water curriculum provided as a partner with the Water Awareness Committee for Monterey County. Presentations were also made to many local associations and clubs. The District ran monthly ads covering District activities in local media. Conservation staff participated in numerous outreach events to provide information and water saving devices to the public.

Measure J – – In November 2018, voters passed an initiative requiring the District to, if and when feasible, acquire all the water supply and distribution facilities of California American Water. The District assembled a team of experts to examine feasibility and to report its findings in mid-2019. The District reported on the initial findings that an acquisition is economically feasible in November 2019. The Board voted in December 2019 to approve the second phase of the feasibility to be completed by July 2020.

The CAWD/PBCSD Reclamation Project – The District is also a participant in the Carmel Area Wastewater District (CAWD)/Pebble Beach Community Services District (PBCSD) Reclamation Project (the Project), which is a cooperative effort that involves the CAWD, the PBCSD and the Pebble Beach Company. The project did not create a new or separate legal entity, therefore the Project is included as a Proprietary (Enterprise) Fund of the District, the issuer of the Certificates of Participation which financed the project. The Project’s financial statements were audited by Marcello & Company.

More financial information is available under Management Discussion and Analysis included in the Financial Section.

Internal Control

District management is responsible for the establishment and maintenance of the internal control structure that ensures the assets of the District are protected from loss, theft or misuse. The internal control structure also ensures adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The District’s internal control structure is designed to provide reasonable assurances that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management.

EXHIBIT 12-A***Investment Policy***

The Board of Directors annually adopts an Investment Policy that conforms to California State Law, District ordinances and resolutions, prudent money management and the “prudent person” standards. The objectives of the Investment Policy are safety, liquidity and yield. District funds are normally invested in the State Treasurer’s Local Agency Investment Fund (LAIF), Certificates of Deposits, and Money Market accounts.

District Revenues

District’s major funding sources are: Property Taxes, Water Supply Charge, User Fee, Permit Processing Fees, Project Reimbursements, Grants, and others. Property tax allocations are collected and remitted by the County of Monterey. Water Supply Charge is levied by the District on property tax bills and are collected and remitted by the County of Monterey. User Fee is paid by the ratepayers of the California American Water Company. Project reimbursements are mostly collected from the California American Water Company ratepayers.

District Expenses

District’s expenditures are classified into the following major categories: Salaries, Employee Benefits and Other Personnel, Project Expenditures, Operating Expenditures, Professional Fees, Capital Outlay, and Debt Service.

Independent Audit

State Law and Bond covenants require the District to obtain an annual audit of its financial statements by an independent certified public accountant. The accounting firm of Hayashi Wayland, CPAs has conducted the audit of the District’s financial statements. The audit was conducted in accordance with auditing standards generally accepted in the United States of America. The firm’s report has been included in the financial section of this report.

Other References

More information is contained in the District’s management discussion and analysis and the notes to the basic financial statements found in the financial section of this report.

Awards***GFOA Award***

Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Monterey Peninsula Water Management District for its comprehensive annual financial report for the fiscal year ended June 30, 2019. This was the fifth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program’s requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

EXHIBIT 12-A

Acknowledgements

The preparation of this report would not have been possible without the skill, effort, and dedication of the entire staff of the District. We appreciate the dedicated efforts and professionalism that these staff members contribute to the service of the District's customers. We would also like to thank the members of the Board of Directors for their continued support in the planning and implementation of the Monterey Peninsula Water Management District's fiscal policies.

Respectfully submitted,

David J. Stoldt
General Manager

Suresh Prasad
Administrative Services manager/
Chief Financial Officer

EXHIBIT 12-A



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Monterey Peninsula Water Management District
California**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO

EXHIBIT 12-A

Monterey Peninsula Water Management District

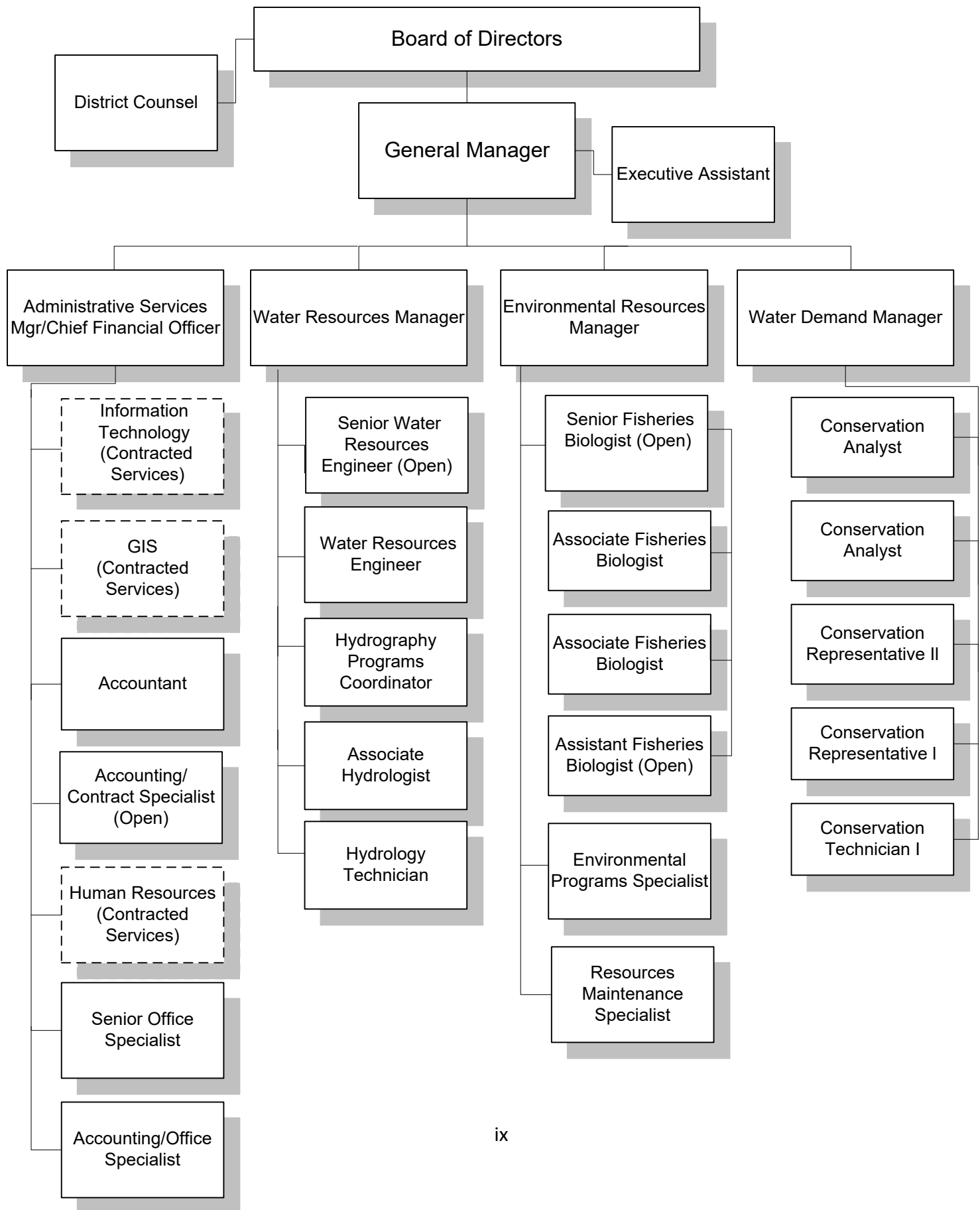


EXHIBIT 12-A

MONTEREY PENINSULA WATER MANAGEMENT DISTRICT

June 30, 2020

Board of Directors

Chair – Division 1	Alvin Edwards
Vice Chair – Division 4	Jeanne Byrne
Director – Division 2	George Riley
Director – Division 3	Molly Evans
Director – Division 5	Gary D. Hoffmann, P.E.
Director – Mayoral Representative	David Potter
Director – Monterey County	
Board of Supervisors Representative	Mary Adams

Executive Staff

General Manager	David J. Stoldt
Administrative Services Manager/CFO	Suresh Prasad
Environmental Resources Manager	Thomas Christensen
Water Resources Manager	Jonathan Lear
Water Demand Manager	Stephanie Locke
Executive Assistant/Clerk of the Board	Arlene Tavani

EXHIBIT 12-A

FINANCIAL SECTION



(Photo: Sleepy Hollow Drum Filters)

EXHIBIT 12-A

INDEPENDENT AUDITORS' REPORT

**Board of Directors
Monterey Peninsula Water Management District
Monterey, California**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the ***Monterey Peninsula Water Management District*** as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the CAWD/PBCSD Reclamation Project (the proprietary fund) which statements reflect 57% of the total assets (See Note 2). Those statements were audited by Marcello & Company whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the proprietary fund, is based solely on the report of Marcello & Company. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

EXHIBIT 12-A***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities and each major fund of the **Monterey Peninsula Water Management District** as of June 30, 2020, and the respective changes in financial position and cash flows, where applicable, for the year then ended in accordance with accounting principles generally accepted in the United States of America as well as accounting systems prescribed by the State Controller's Office and state regulations governing special districts.

Other Matters***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 11, the Budgetary Comparison Schedules on pages 53 through 56, the Schedule of Changes in the Total/Net OPEB Liability and Related Ratios on page 57, the Schedule of Proportionate Share of the Net Pension Liability on page 58 and the Schedule of Contributions on page 59 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Prior-Year Comparative Information

We have previously audited the District's 2019 financial statements, and we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, and each major fund in our report dated December 27, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the **Monterey Peninsula Water Management District's** basic financial statements. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

_____[date]

EXHIBIT 12-A**MONTEREY PENINSULA WATER MANAGEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
JUNE 30, 2020**

This section of the Monterey Peninsula Water Management District's (the District) comprehensive annual financial report presents a discussion and analysis of the District's performance during the fiscal year ended June 30, 2020. Please read it in conjunction with the additional information that we have furnished in our letter of transmittal, which can be found on pages i - vii of this report and the District's financial statements, which follow this section.

The District was created by the California Legislature in 1977 and ratified by local voters in 1978. The District has four primary responsibilities. The first is to augment and manage development of potable water supplies and the delivery of this water to users in the Monterey Peninsula area. The second is to promote water conservation. The third is to promote water reuse and reclamation of storm and waste water. The fourth is to protect the environmental quality of the Monterey Peninsula area's water resources, including the protection of instream fish and wildlife resources.

The District is also a participant in the Carmel Area Wastewater District/Pebble Beach Community Services District Reclamation Project (the Project), which is a cooperative effort that also involves the Carmel Area Wastewater District, the Pebble Beach Community Services District and the Pebble Beach Company. The cooperative effort did not create a new or separate legal entity. Therefore, the Project is included as a Proprietary (Enterprise) Fund of the District, the issuer of the Certificates of Participation which financed the project.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the governmental activities of the District exceeded its liabilities and deferred inflows of resources at the close of the year ending June 30, 2020 by \$17.2 million (net position). However, \$9.9 million is net investment in capital assets.
- The assets and deferred outflows of resources of the business-type activities of the District exceeded its liabilities and deferred inflows of resources at the close of the year ending June 30, 2020 by \$31.9 million (net position). However, \$33.1 million is net investment in capital assets.
- The District's total governmental activities net position increased by approximately \$4.9 million for the year ended June 30, 2020. The increase in net position can mostly be attributed to the deferral of project costs to next fiscal year, and higher than anticipated User Fee and Property Tax revenues. Depreciation expenses for the year were \$473,615.
- The District's total business-type activities net position increased by approximately \$2.6 million for the year ended June 30, 2020. The revenues were higher than the expenses for the current year. Amortization expenses for the year were \$1,680,274.
- Capital outlay and capitalized project expenditures of \$6,799,211 consisted mostly of funds expended for Los Padres long term plan, Sleepy Hollow facility upgrade, Aquifer Storage & Recovery treatment facility, and purchase of Pure Water Monterey reserve water.

EXHIBIT 12-A**OVERVIEW OF THE FINANCIAL STATEMENTS**

This financial report consists of four parts: management's discussion and analysis (this section), the basic financial statements, the notes to the basic financial statements, and required supplementary information.

The financial statements provide both long-term and short-term information about the District's financial status. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by required supplementary information that further explains and supports the information in the financial statements.

The District's financial statements are prepared on an accrual basis in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. Under this basis of accounting, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred, and depreciation of assets is recognized in the Statement of Activities. All assets and liabilities associated with the operation of the District are included in the Statement of Net Position.

Government-wide Financial Statements – The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. The Statement of Net Position combines and consolidates governmental funds' current financial resources (short-term spendable resources) with capital assets and long-term obligations.

The *Statement of Activities* presents information showing how the District's net position changed during the most recent fiscal year. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

The government-wide financial statements include all the governmental activities of the District. The governmental activities of the District include conservation, mitigation and water supply. The business-type activity includes the water reclamation project.

The government-wide financial statements can be found on pages 12 and 13 of this report.

Fund Financial Statements – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The fund financial statements provide detail information about the most significant funds, not the District as a whole. The District, like other special districts, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District's funds are segregated into two categories: governmental funds and proprietary funds. Fund financial statements report essentially the same functions as those reported in the government-wide financial statements. However, unlike the government-wide financial statements, fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year.

EXHIBIT 12-A**OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)**

Governmental Funds – The District’s basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting, which measures cash and other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the District’s general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District’s projects. Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented in the government-wide financial statements. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate the comparison between governmental funds and government-wide statements.

The District maintains three individual governmental funds. Information is presented separately in the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balances for the Water Supply Fund, Conservation Fund, and the Mitigation Fund, all of which are considered to be major funds.

Proprietary Fund – The District maintains one type of proprietary fund, the enterprise fund. Proprietary funds are reported using the accrual basis of accounting. Enterprise funds are used to report the same functions presented as business-type activity in the government-wide financial statements but provide more detail and additional information. The District uses an enterprise fund to account for the CAWD/PBCSD Reclamation Project.

The fund financial statements can be found on pages 14 through 20 of this report.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21 through 52 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District’s progress in funding its obligation to provide pension and other post-employment benefits (OPEB) to its employees. This section also includes budgetary comparison schedules which compare the budgeted amounts for the fiscal year with the activity for the District’s major governmental funds – the Water Supply Fund, Conservation Fund and Mitigation Fund. Required supplementary information can be found on pages 53 to 59 of this report.

EXHIBIT 12-A**GOVERNMENT-WIDE FINANCIAL ANALYSIS****Net Position**

This Statement of Net Position, the difference between the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources, is one way to measure the District's financial health or position. Net position is reported in three categories: Net Investment in capital assets, Restricted and Unrestricted. Unrestricted assets are funds available for future operational and capital expenditures.

Summary of Net Position

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Assets						
Current and Other Assets	\$ 21,455,745	\$ 17,958,780	\$ 1,393,030	2,718,978	\$ 22,848,775	\$ 20,677,758
Capital Assets – Net	<u>12,371,283</u>	<u>7,956,699</u>	<u>40,622,073</u>	<u>40,391,335</u>	<u>52,993,356</u>	<u>48,348,034</u>
Total Assets	<u>33,827,028</u>	<u>25,915,479</u>	<u>42,015,103</u>	<u>43,110,313</u>	<u>75,842,131</u>	<u>69,025,792</u>
Deferred outflows of resources	<u>1,424,643</u>	<u>1,511,297</u>	<u>–</u>	<u>–</u>	<u>1,424,643</u>	<u>1,511,297</u>
Liabilities						
Current Liabilities	3,613,177	1,136,799	3,870,802	4,583,750	7,483,979	5,720,549
Long-Term Liabilities	<u>13,419,969</u>	<u>13,552,088</u>	<u>6,204,000</u>	<u>9,156,000</u>	<u>19,623,969</u>	<u>22,708,088</u>
Total Liabilities	<u>17,033,146</u>	<u>14,688,887</u>	<u>10,074,802</u>	<u>13,739,750</u>	<u>27,107,948</u>	<u>28,428,637</u>
Deferred inflows of resources	<u>1,034,084</u>	<u>474,302</u>	<u>–</u>	<u>–</u>	<u>1,034,084</u>	<u>474,302</u>
Net Position						
Net Investment in Capital Assets	9,874,997	5,391,484	33,122,073	30,591,335	42,997,070	35,982,819
Restricted	222,524	222,098	1,176	1,164	223,700	223,262
Unrestricted (deficit)	<u>7,086,920</u>	<u>6,650,005</u>	<u>(1,182,948)</u>	<u>(1,221,936)</u>	<u>5,903,972</u>	<u>5,428,069</u>
Total Net Position	<u>\$ 17,184,441</u>	<u>\$ 12,263,587</u>	<u>\$ 31,940,301</u>	<u>\$ 29,370,563</u>	<u>\$ 49,124,742</u>	<u>\$ 41,634,150</u>

The District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by approximately \$49.1 million at the end of the current year, which is an increase of approximately 18.0 % since June 30, 2019.

Capital assets increased due to capital additions of \$6,799,211 offset by depreciation/amortization of \$2,153,889.

Deferred outflow of resources and deferred inflow of resources changed due to GASB 68 and GASB 75.

Long-term liabilities decreased due to current year payments on long-term debt and a decrease in the net OPEB liability offset by an increase in the net pension liability.

Unrestricted net position increased due to the change in net position, described in the next section.

EXHIBIT 12-A**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)****Change in Net Position**

	Change in Net Position					
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Revenues:						
Program Revenue:						
Charges for Services	\$ 11,230,299	\$ 10,087,223	\$ 7,063,288	\$ 6,299,411	\$ 18,293,587	\$ 16,386,634
Operating Grants	286,651	1,726,815	—	—	286,651	1,726,815
General Revenues:						
Property Taxes	2,219,260	2,075,081	—	—	2,219,260	2,075,081
Investment Income	398,262	327,035	33,923	42,855	432,185	369,890
Miscellaneous	43,423	13,019	—	—	43,423	13,019
Total Revenues	<u>14,177,895</u>	<u>14,229,173</u>	<u>7,097,211</u>	<u>6,342,266</u>	<u>21,275,106</u>	<u>20,571,439</u>
Expenses:						
Conservation	1,961,978	2,022,792	—	—	1,961,978	2,022,792
Mitigation	3,160,250	3,374,595	—	—	3,160,250	3,374,595
Water Supply	4,008,834	3,681,507	—	—	4,008,834	3,681,507
Interest	125,979	128,961	—	—	125,979	128,961
Reclamation Project	—	—	4,527,473	4,656,895	4,527,473	4,656,895
Total Expenses	<u>9,257,041</u>	<u>9,207,855</u>	<u>4,527,473</u>	<u>4,656,895</u>	<u>13,784,514</u>	<u>13,864,750</u>
Change in Net Position	4,920,854	5,021,318	2,569,738	1,685,371	7,490,592	6,706,689
Net Position - Beginning of Year	<u>12,263,587</u>	<u>7,242,269</u>	<u>29,370,563</u>	<u>27,685,192</u>	<u>41,634,150</u>	<u>34,927,461</u>
Net Position - End of Year	<u>\$ 17,184,441</u>	<u>\$ 12,263,587</u>	<u>\$ 31,940,301</u>	<u>\$ 29,370,563</u>	<u>\$ 49,124,742</u>	<u>\$ 41,634,150</u>

Governmental activities increased the District's net position by approximately \$4.9 million. Key elements resulting in the net increase are as follows:

- Project expenses of about \$3.0 million, consisting mainly of Los Padres Dam Project, Aquifer Storage & Recovery Treatment Facility, Sleepy Hollow Intake Upgrade project, purchase of Pure Water Monterey reserve water, and various minor project expenses offset the increase.
- Project reimbursements of about \$1.6 million, consisting mainly of reimbursements for the Aquifer Storage Recover Project, and Conservation rebates, contributed to the increase.
- Depreciation expense of approximately \$474 thousand offset the increase.
- Higher than anticipated collection of User Fee paid by Cal-Am rate payers, and Property Tax collections contributed to the increase.

EXHIBIT 12-A**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**

Business-type activities increased the District's net position by approximately \$2.6 million. Key elements resulting in the net increase are as follows:

- Water sales revenue increased 12.1% over the prior year due to an increase in water sales.
- Total amount of water sold was 17.2% higher than the prior year. Last year total water sales included 909-acre feet (AF) of reclaimed water. That figure contrasts with 1,066 AF of reclaimed water for the current year.
- Net Non-operating expenses decreased 15.8% over prior year due primarily to a decrease in bond and letter of credit carrying costs of 19.2% and bond interest expense of 41.0%. Additionally, this year there were no costs assigned to abandoned wells.
- Long-term obligations include the bonds issued in 1992 that mature in 2022 with current year principal due of \$2.3 million and interest due of \$76,687. The Project has been able to take advantage of lower interest rates over the last several years – the interest due dropped 41.0% over last year because of persistently low interest rates.
- Total operating expenses (exclusive of amortization) were 1.4% lower than the prior year as follows:
 - Plant operating expenses were 0.6% lower than in fiscal year 2019 but 7.7% below budget. The increase was primarily due to the following: Plant labor expense were 5.7% higher than prior year, reflected mainly in an increase in plant engineer expenses of \$20 thousand; electricity costs were nearly level at a 0.2% decrease; chemical costs were down 9.7%, however that could be attributable to delivery timing as all chemicals are expenses when received and may carry over into the next year; there was a 10.3% decrease in maintenance costs over the prior year as the reverse osmosis membranes were replaced in all three trains in Dec/Jan but the replacement membranes exceeded budget by 80.9%; emergency repairs of 30 thousand to microfiltration feed piping needed after minor earthquake activity; contractual services were under budget by 10.4% yet exceeded prior year actual by 17.1%; calibration costs and IT consulting were under budget 46.3% and 44.0% respectively.
 - Distribution costs were 15.3% below budget and 1.2% higher than the prior year. Pebble Beach Company Community Services District (PBCSD) administrative and engineering salaries were over budget 23.2% while staff salaries were under budget 14.4%. Compared to the prior year, administrative salaries were 40.4% higher and staff salaries were 16.1% higher. Forest Lake Reservoir utilities were 25.6% under budget, and O&M expenses were 1.4% under budget.
 - Carmel Area Wastewater District (CAWD) administrative salaries and other expenses were 20.9% over budget and 8.3% higher than the prior year. CAWD operating expenses were 59.7% over budget, and 44.3% higher than the prior year due largely to expenses related to sea level rise negotiations with the California Coastal Commission and engineering salaries. An agreement was arrived at in April 2019 whereby sea level rise costs were shared between CAWD, PBCSD, and the Project at 20%.
 - Monterey Peninsula Water Management District (MPWMD) general and administrative costs were 6.2% below budget and 3.7% higher than the prior year.
- With the implementation of the amended and restated Construction & Operation Agreement the intent was to budget annually for a break-even position. The budgeted costs of operations, capital, and debt service are all incorporated into the waters sales rate structure.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

EXHIBIT 12-A**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (Continued)**

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements.

The Water Supply Fund is the chief operating fund of the District. It accounts for all financial resources except those required to be accounted for in another fund. This fund accounts for financial resources to be used for the acquisition of or construction of major capital facilities (other than those financed by Proprietary Funds and Special Assessments).

The Special Revenue Funds are used to account for specific revenue sources for which expenditures are restricted by law or regulation to finance particular activities of the District. The Conservation Fund accounts for financial resources used to fund water conservation activities mandated by District legislation including permit issuance and enforcement, jurisdictional water allocations, and public water conservation education. This includes the Toilet Replacement Refund Program, which decreases water demand on the Carmel River. The Mitigation Fund accounts for financial resources used to finance work along the Carmel River carried out pursuant to the Mitigation Program designed to ameliorate impacts identified in the District's Allocation Program Environmental Impact Report.

At the end of the current fiscal year, the District's governmental funds reported a total fund balance of \$18,091,909. The Water Supply Fund has a fund balance of \$8,506,593, the Conservation Fund has a fund balance of \$4,417,442 and the Mitigation Fund has a fund balance of \$5,167,874.

During the current fiscal year, the fund balance of the District's Water Supply Fund decreased \$78,363, the Conservation Fund increased \$582,428 and the Mitigation Fund increased \$572,505. The decrease in the Water Supply Fund is due to deferral of water supply projects and increase in User Fee revenues and Connection Charge revenues. The increase in the Conservation Fund is due to deferral of project costs into next fiscal year. The increase in the Mitigation Fund is due to deferral of project costs into next fiscal year.

The District's uses an enterprise fund to account for the CAWD/PBCSD Wastewater Reclamation Project. At the end of the current fiscal year, the District's enterprise fund reported a net position of \$31,940,301.

During the current fiscal year, the net position of the District's enterprise fund increased \$2,569,738.

BUDGET HIGHLIGHTS/VARIANCES

Original budget compared to final budget – During the year, the District made modifications to its water supply original budget. There was a need for amendments to increase or decrease either the original estimated revenues or original budgeted appropriations. After careful review of six months revenues and appropriations, modifications were made to the revenue line items based on more accurate projections for the remainder of the year. Appropriations were modified in the same manner based on accurate projections for the next six months. Most of the changes occurred in the project reimbursements part of the budget. Generally, the movement of the appropriations between departments was not significant. Total revenues were increased from the original budget by approximately \$395 thousand and total appropriations were increased from the original budget by approximately \$3.6 million.

Final budget compared to actual results – The District's budget projected expenditures for the water supply fund of \$13.5 million. The District finished the budget year with expenditures of \$8.2 million, which was \$5.3 million or 39.4% less than budgeted. The difference was mostly attributable to Aquifer Storage Recovery Project, local water supply projects, Measure J costs, PWMD reserve water, and other reimbursement projects being \$5.2 million under budget due to deferral of projects to next fiscal year.

EXHIBIT 12-A**BUDGET HIGHLIGHTS/VARIANCES (Continued)**

The District's budget projected operating revenues for the water supply fund of \$7.6 million. The District finished the budget year with operating revenues of \$8.4 million, which was \$717 thousand or 9.4% more than budgeted. The difference was mostly attributable to project reimbursements being approximately \$375 thousand over budget, property taxes being approximately \$166 thousand over budget and investment income being approximately \$79 thousand over budget.

An annual budget is adopted by the Reclamation Management Committee (RMC) for management purposes. Budget information is reported to the RMC and adjustments to the budget may only be made by resolution of the committee.

CAPITAL ASSETS AND DEBT ADMINISTRATION**Capital Assets**

The District's capital assets, net of accumulated depreciation/amortization, at June 30, 2020 totaled \$53.0 million as shown below. This amount represents a net increase, including additions and disposals, net of depreciation/amortization, of approximately \$4.6 million or 9.6% from June 30, 2019.

Significant Capital asset events during the fiscal year included the following:

- Sleepy Hollow facility upgrade construction in progress at a cost of \$412,703.
- Aquifer storage and recovery project additions at a cost of \$2,806,859.
- Pure Water Monterey reserves at a cost of \$1,623,626.
- Various office, computer and software upgrades at a cost of \$45,011.
- Monterey Peninsula Country Club Bird Rock Coastline well at a cost of \$261,637.
- Wastewater treatment plant SCADA system improvements at a cost of \$211,059.
- Wastewater treatment plant filter system rehabilitation at a cost of \$108,381.

Additional information on the District's capital assets is provided in Note 5 on pages 34-35 of this report.

Capital Assets
(Net of Depreciation/Amortization)

	2020	2019
Governmental Activities:		
Office Equipment	\$ 1,807	\$ 1,127
Computer Equipment	653,184	782,163
Transportation Equipment	57,999	97,671
Telephone Equipment	26,850	33,972
Building and Improvements	967,477	1,005,596
ASR Facilities	4,369,310	4,577,017
Fish Rearing Facility	1,861,446	-
Leasehold improvements	2,725	5,697
Water reserves	1,623,626	-
Construction in progress	2,806,859	1,453,456
	<u>12,371,283</u>	<u>7,956,699</u>
Business-type Activities:		
Water resale rights	37,947,686	38,946,365
Construction in progress	2,674,387	1,444,970
	<u>40,622,073</u>	<u>40,391,335</u>
Total	<u>\$ 52,993,356</u>	<u>\$ 48,348,034</u>

EXHIBIT 12-A

CAPITAL ASSETS AND DEBT ADMINISTRATION (Continued)

Debt Administration

The District has an installment purchase agreement with a balance of \$3,373,684 at June 30, 2020. Retirements were made in the amount of \$93,157.

The District has variable rate demand certificates of participation with a balance of \$7,500,000 at June 30, 2020. Retirements were made in the amount of \$2,300,000.

The District has a payable to Pebble Beach Company for bond carrying costs with a balance of \$1,656,000 at June 30, 2020. Retirements were made in the amount of \$552,000.

The balance of the District's debt relates to liabilities for compensated absences, other post-employment benefits and pension expenses.

Additional information on the District's long-term debt is provided in Note 7 on pages 36-38 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

In developing the fiscal year 2020–2019 budget, the staff and management had to consider a number of factors that would impact the District's economy and finances. The 2019–2020 budget was developed and balanced using previously accumulated fund balance. This was accomplished by sustaining most expenditure levels and structuring permit and other processing fees collected by the District to fully recover service costs. The fiscal year 2019–2020 budget assumes continued collection of Water Supply Charge revenue and property tax revenue derived from individual property owners. The budget also includes the User Fees collected from Cal-Am rate payers.

On November 6, 2018, the public voted on Measure J to instruct the District to undertake a feasibility study on the public takeover of California American Water's Monterey Water System. The measure passed with the electorate voting 55.81% to 44.19% in favor of the measure.

The cost of the initial feasibility study was estimated to cost \$650,000. Part of this cost was paid from FY 2018-2019 budget. The District reported on the initial findings that an acquisition is economically feasible in November 2019. The Board voted in December 2019 to approve the second phase of the feasibility to be completed by July 2020. The second phase of the feasibility study is expected to cost up to \$1.2 million.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to Suresh Prasad, Administrative Services Manager/Chief Financial Officer, Monterey Peninsula Water Management District, 5 Harris Ct., Bldg. G, Monterey, California 93940.

EXHIBIT 12-A

BASIC FINANCIAL STATEMENTS

EXHIBIT 12-A

MONTEREY PENINSULA WATER MANAGEMENT DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2020
(WITH SUMMARIZED TOTALS FOR JUNE 30, 2019)

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>2020 Total</u>	<u>2019 Total</u>
ASSETS:				
Cash and cash equivalents	\$ 1,740,967	\$ 1,394,351	\$ 3,135,318	\$ 2,024,520
Investments	16,830,773	310,477	17,141,250	14,936,648
Receivables, net	1,548,342	800,165	2,348,507	3,493,328
Restricted reserves	222,524	1,176	223,700	223,262
Internal balances	1,113,139	(1,113,139)	-	-
Capital assets, net:				
Water rights	-	37,947,686	37,947,686	38,946,365
Nondepreciable	4,430,485	2,674,387	7,104,872	2,898,426
Depreciable	<u>7,940,798</u>	<u>-</u>	<u>7,940,798</u>	<u>6,503,243</u>
Total assets	<u>33,827,028</u>	<u>42,015,103</u>	<u>75,842,131</u>	<u>69,025,792</u>
DEFERRED OUTFLOWS OF RESOURCES:				
PERS contributions	516,231	-	516,231	458,759
Deferred pension adjustments	738,242	-	738,242	842,793
Deferred OPEB adjustments	<u>170,170</u>	<u>-</u>	<u>170,170</u>	<u>209,745</u>
Total deferred outflows of resources	<u>1,424,643</u>	<u>-</u>	<u>1,424,643</u>	<u>1,511,297</u>
LIABILITIES:				
Accounts payable	3,105,603	918,802	4,024,405	2,452,454
Accrued liabilities	111,157	-	111,157	88,587
Long-term debt:				
Due within one year	396,417	2,952,000	3,348,417	3,179,508
Due in more than one year	<u>13,419,969</u>	<u>6,204,000</u>	<u>19,623,969</u>	<u>22,708,088</u>
Total liabilities	<u>17,033,146</u>	<u>10,074,802</u>	<u>27,107,948</u>	<u>28,428,637</u>
DEFERRED INFLOWS OF RESOURCES –				
Deferred pension adjustments	<u>1,034,084</u>	<u>-</u>	<u>1,034,084</u>	<u>474,302</u>
NET POSITION:				
Net investment in capital assets	9,874,997	33,122,073	42,997,070	35,982,819
Restricted for debt service	222,524	1,176	223,700	223,262
Unrestricted (deficit)	<u>7,086,920</u>	<u>(1,182,948)</u>	<u>5,903,972</u>	<u>5,428,069</u>
Total net position	<u>\$ 17,184,441</u>	<u>\$ 31,940,301</u>	<u>\$ 49,124,742</u>	<u>\$ 41,634,150</u>

See Notes to Basic Financial Statements.

EXHIBIT 12-A

MONTEREY PENINSULA WATER MANAGEMENT DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020
(WITH SUMMARIZED TOTALS FOR JUNE 30, 2019)

	Program Revenues			Net (Expenses) Revenues and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	2020 Total	2019 Total
FUNCTIONS/PROGRAMS:							
Governmental activities:							
Conservation	\$ 1,961,978	\$ 1,899,280	\$ 16,288	\$ (46,410)	\$ —	\$ (46,410)	\$ (162,301)
Mitigation	3,160,250	3,380,722	270,363	490,835	—	490,835	1,059,864
Water supply	4,008,834	5,950,297	—	1,941,463	—	1,941,463	1,837,581
Interest	125,979	—	—	(125,979)	—	(125,979)	(128,961)
Total governmental activities	9,257,041	11,230,299	286,651	2,259,909	—	2,259,909	2,606,183
Business-type activities – Reclamation Project	4,527,473	7,063,288	—	—	2,535,815	2,535,815	1,642,516
Total business-type activities	4,527,473	7,063,288	—	—	2,535,815	2,535,815	1,642,516
Total	<u>\$ 13,784,514</u>	<u>\$ 18,293,587</u>	<u>\$ 286,651</u>	<u>2,259,909</u>	<u>2,535,815</u>	<u>4,795,724</u>	<u>4,248,699</u>
GENERAL REVENUES:							
Property taxes				2,219,260	—	2,219,260	2,075,081
Investment earnings				398,262	33,923	432,185	369,890
Miscellaneous				43,423	—	43,423	13,019
Total general revenues				2,660,945	33,923	2,694,868	2,457,990
CHANGE IN NET POSITION				4,920,854	2,569,738	7,490,592	6,706,689
NET POSITION – BEGINNING OF YEAR, AS RESTATED				12,263,587	29,370,563	41,634,150	34,927,461
NET POSITION – END OF YEAR				<u>\$ 17,184,441</u>	<u>\$ 31,940,301</u>	<u>\$ 49,124,742</u>	<u>\$ 41,634,150</u>

See Notes to Basic Financial Statements.

EXHIBIT 12-A

MONTEREY PENINSULA WATER MANAGEMENT DISTRICT
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2020
(WITH SUMMARIZED TOTALS FOR JUNE 30, 2019)

	Water Supply	Conservation	Mitigation	2020 Total	2019 Total
ASSETS:					
Cash and cash equivalents	\$ 436,169	\$ 522,390	\$ 782,408	\$ 1,740,967	\$ 1,190,061
Investments	9,117,317	3,727,778	3,985,678	16,830,773	14,248,011
Receivables, net	675,355	266,208	606,779	1,548,342	2,189,582
Due from Reclamation Project	1,057,357	15,640	40,142	1,113,139	109,028
Restricted reserves	222,524	—	—	222,524	222,098
Total assets	<u>11,508,722</u>	<u>4,532,016</u>	<u>5,415,007</u>	<u>21,455,745</u>	<u>17,958,780</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:					
Liabilities:					
Accounts payable	2,813,346	84,161	208,096	3,105,603	720,704
Accrued liabilities	46,466	25,654	39,037	111,157	88,587
Total liabilities	<u>2,859,812</u>	<u>109,815</u>	<u>247,133</u>	<u>3,216,760</u>	<u>809,291</u>
Deferred Inflows of resources –					
Deferred revenue	142,317	4,759	—	147,076	134,150
Total deferred inflows of resources	<u>142,317</u>	<u>4,759</u>	<u>—</u>	<u>147,076</u>	<u>134,150</u>
Fund balances:					
Restricted	222,524	—	—	222,524	222,098
Committed	2,812,819	221,775	446,665	3,481,259	1,362,417
Assigned:					
Insurance/litigation	171,354	11,906	66,740	250,000	250,000
Capital equipment	72,766	109,733	399,001	581,500	532,000
Flood/drought emergencies	—	—	328,944	328,944	328,944
Pension/OPEB	130,000	108,000	162,000	400,000	200,000
Project expenditures	5,097,130	3,966,028	3,764,524	12,827,682	14,119,880
Total fund balances	<u>8,506,593</u>	<u>4,417,442</u>	<u>5,167,874</u>	<u>18,091,909</u>	<u>17,015,339</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$11,508,722</u>	<u>\$ 4,532,016</u>	<u>\$ 5,415,007</u>		
Amounts reported in the statement of net position are different because:					
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds				12,371,283	7,956,699
Other assets are not available to pay for current-period expenditures and therefore are deferred in the funds				147,076	134,150
Deferred outflows and inflows of resources related to pension and OPEB are applicable to future periods, and therefore, are not reported in the funds:					
Deferred inflows of resources				1,424,643	1,511,297
Deferred outflows of resources				(1,034,084)	(474,302)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds				(13,816,386)	(13,879,596)
NET POSITION OF GOVERNMENTAL ACTIVITIES				<u>\$17,184,441</u>	<u>\$12,263,587</u>

See Notes to Basic Financial Statements.

EXHIBIT 12-A

MONTEREY PENINSULA WATER MANAGEMENT DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020
(WITH SUMMARIZED TOTALS FOR JUNE 30, 2019)

	<u>Water Supply</u>	<u>Conservation</u>	<u>Mitigation</u>	<u>2020 Total</u>	<u>2019 Total</u>
REVENUES:					
Property taxes	\$ 2,215,716	\$ –	\$ –	\$ 2,215,716	\$ 2,059,154
Water supply charge	3,355,193	–	–	3,355,193	3,410,398
User fees	789,399	1,461,133	3,284,852	5,535,384	4,862,354
Connection charges, net of refunds	575,511	–	–	575,511	591,240
Permit fees	–	191,852	50	191,902	251,850
Project reimbursements	1,220,812	246,295	95,820	1,562,927	973,715
Investment income	193,985	97,347	106,930	398,262	327,035
Legal fee reimbursements	–	1,800	–	1,800	3,600
Recording fees	–	35,040	–	35,040	7,530
Grants	–	16,288	270,363	286,651	1,726,815
Miscellaneous	<u>2,192</u>	<u>1,706</u>	<u>2,685</u>	<u>6,583</u>	<u>1,889</u>
Total revenues	<u>8,352,808</u>	<u>2,051,461</u>	<u>3,760,700</u>	<u>14,164,969</u>	<u>14,215,580</u>
EXPENDITURES:					
Personnel:					
Salaries	1,034,678	531,410	983,462	2,549,550	2,648,339
Employee benefits and other personnel	468,197	283,266	485,465	1,236,928	1,146,616
Services and supplies:					
Project expenditures	5,995,887	588,814	1,220,998	7,805,699	5,437,144
Operating expenditures	236,163	182,207	273,007	691,377	808,029
Professional fees	192,081	141,698	206,919	540,698	627,771
Capital outlay	14,927	11,740	18,344	45,011	425,271
Debt service:					
Principal	93,157	–	–	93,157	90,175
Interest and other charges	<u>125,979</u>	<u>–</u>	<u>–</u>	<u>125,979</u>	<u>128,961</u>
Total expenditures	<u>8,161,069</u>	<u>1,739,135</u>	<u>3,188,195</u>	<u>13,088,399</u>	<u>11,312,306</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>191,739</u>	<u>312,326</u>	<u>572,505</u>	<u>1,076,570</u>	<u>2,903,274</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	–	270,102	–	270,102	1,900,758
Transfers out	<u>(270,102)</u>	<u>–</u>	<u>–</u>	<u>(270,102)</u>	<u>(1,900,758)</u>
Total other financing sources (uses)	<u>(270,102)</u>	<u>270,102</u>	<u>–</u>	<u>–</u>	<u>–</u>
NET CHANGE IN FUND BALANCES	<u>(78,363)</u>	<u>582,428</u>	<u>572,505</u>	<u>1,076,570</u>	<u>2,903,274</u>
FUND BALANCES – BEGINNING OF YEAR	<u>8,584,956</u>	<u>3,835,014</u>	<u>4,595,369</u>	<u>17,015,339</u>	<u>14,112,065</u>
FUND BALANCES – END OF YEAR	<u>\$ 8,506,593</u>	<u>\$ 4,417,442</u>	<u>\$ 5,167,874</u>	<u>\$18,091,909</u>	<u>\$17,015,339</u>

See Notes to Basic Financial Statements.

EXHIBIT 12-A

MONTEREY PENINSULA WATER MANAGEMENT DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

NET CHANGE IN FUND BALANCES	\$	1,076,570
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Amounts reported in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. In the current period these amounts are:

Capitalized project expenditures	\$	4,843,188	
Capital outlay		45,011	
Depreciation expense		<u>(473,615)</u>	
	\$	4,414,584	4,414,584

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds.		12,926
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. However, neither transaction has any effect on net position. In the current period these amounts are:

Principal payments on long-term debt	\$93,157	93,157
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:

Compensated absences	\$	(9,549)	
OPEB costs		(120,188)	
Current year pension cost difference		<u>(546,646)</u>	
	\$	(676,383)	<u>(676,383)</u>

CHANGE IN NET POSITION	\$	<u>4,920,854</u>
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See Notes to Basic Financial Statements.

EXHIBIT 12-A

MONTEREY PENINSULA WATER MANAGEMENT DISTRICT
STATEMENT OF NET POSITION – PROPRIETARY FUND
(CAWD/PBCSD WASTEWATER RECLAMATION PROJECT)
JUNE 30, 2020
(WITH SUMMARIZED TOTALS FOR JUNE 30, 2019)

	<u>2020</u>	<u>2019</u>
ASSETS:		
Current assets:		
Cash and investments	\$ 1,704,828	\$ 1,523,096
Cash restricted for debt service	1,176	1,164
Accounts receivable – water sales	785,295	1,289,095
Accounts receivable – other	<u>14,870</u>	<u>14,651</u>
Total current assets	<u>2,506,169</u>	<u>2,828,006</u>
Noncurrent assets:		
Capital assets, net:		
Water resale rights	37,947,686	38,946,365
Construction-in-progress	<u>2,674,387</u>	<u>1,444,970</u>
Total noncurrent assets	<u>40,622,073</u>	<u>40,391,335</u>
Total assets	<u>43,128,242</u>	<u>43,219,341</u>
LIABILITIES:		
Current liabilities:		
Accounts payable – trade	112,749	133,693
Accounts payable – affiliates	806,053	1,598,057
Due to Governmental funds	613,139	109,028
Certificates of participation – current portion	2,400,000	2,300,000
Due to Pebble Beach Company – current portion	<u>552,000</u>	<u>552,000</u>
Total current liabilities	<u>4,483,941</u>	<u>4,692,778</u>
Noncurrent liabilities:		
Due to Governmental funds	500,000	–
Certificates of participation	5,100,000	7,500,000
Due to Pebble Beach Company	<u>1,104,000</u>	<u>1,656,000</u>
Total noncurrent liabilities	<u>6,704,000</u>	<u>9,156,000</u>
Total liabilities	<u>11,187,941</u>	<u>13,848,778</u>
NET POSITION:		
Net investment in capital assets	33,122,073	30,591,335
Restricted for debt service	1,176	1,164
Unrestricted (deficit)	<u>(1,182,948)</u>	<u>(1,221,936)</u>
Total net position	<u>\$ 31,940,301</u>	<u>\$ 29,370,563</u>

See Notes to Basic Financial Statements.

EXHIBIT 12-A

MONTEREY PENINSULA WATER MANAGEMENT DISTRICT
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION – PROPRIETARY FUND
(CAWD/PBCSD WASTEWATER RECLAMATION PROJECT)
FOR THE YEAR ENDED JUNE 30, 2020
(WITH SUMMARIZED TOTALS FOR JUNE 30, 2019)

	<u>2020</u>	<u>2019</u>
OPERATING REVENUES:		
Water sales	\$ 3,014,672	\$ 2,487,590
Fixed cost charge	<u>4,048,616</u>	<u>3,811,821</u>
Total operating revenues	<u>7,063,288</u>	<u>6,299,411</u>
OPERATING EXPENSES:		
Plant operating costs	1,845,316	1,856,255
Distribution costs	444,669	439,277
General and administration	211,049	198,948
Potable water purchases	3,517	89,754
Amortization	<u>1,680,274</u>	<u>1,663,234</u>
Total operating expenses	<u>4,184,825</u>	<u>4,247,468</u>
Operating income (loss)	<u>2,878,463</u>	<u>2,051,943</u>
NON-OPERATING REVENUES (EXPENSES):		
Bond and LC carrying costs	(97,843)	(121,132)
Interest expense – COP	(70,870)	(62,895)
Interest expense – PBCo.	(76,688)	(129,980)
Interest expense – MPWMD	(20,333)	–
Investment earnings (loss)	33,923	42,855
MPWMD user fee	(76,842)	(77,176)
Abandoned well costs	–	(15,593)
Other revenue (expenses)	<u>(72)</u>	<u>(2,651)</u>
Total non-operating revenue (expenses)	<u>(308,725)</u>	<u>(366,572)</u>
CHANGE IN NET POSITION	2,569,738	1,685,371
NET POSITION – BEGINNING OF YEAR	<u>29,370,563</u>	<u>27,685,192</u>
NET POSITION – END OF YEAR	<u>\$ 31,940,301</u>	<u>\$ 29,370,563</u>

See Notes to Basic Financial Statements.

EXHIBIT 12-A

MONTEREY PENINSULA WATER MANAGEMENT DISTRICT
STATEMENT OF CASH FLOWS – PROPRIETARY FUND
(CAWD/PBCSD WASTEWATER RECLAMATION PROJECT)
FOR THE YEAR ENDED JUNE 30, 2020
(WITH SUMMARIZED TOTALS FOR JUNE 30, 2019)

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 7,566,869	\$ 6,477,418
Cash payments for operating expenses	(3,313,388)	(1,722,328)
Other cash receipts (expenses)	<u>(72)</u>	<u>(2,651)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>4,253,409</u>	<u>4,752,439</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Principal payments on certificates of participation	(2,300,000)	(2,100,000)
Principal paid on PBCo debt	(552,000)	(552,000)
Proceeds from MPWMD interfund loan	1,000,000	–
Interest expense	(167,891)	(192,875)
Bond carrying and interest expenses	(97,843)	(121,132)
Water resale rights – capital additions	(1,911,012)	(1,550,972)
Abandoned well costs	–	(15,593)
MPWMD user fee	<u>(76,842)</u>	<u>(77,176)</u>
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(4,105,588)</u>	<u>(4,609,748)</u>
CASH FLOWS FROM INVESTING ACTIVITIES –		
Investment earnings (loss)	<u>33,923</u>	<u>42,855</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>33,923</u>	<u>42,855</u>
INCREASE (DECREASE) IN CASH AND INVESTMENTS	181,744	185,546
CASH AND INVESTMENTS, BEGINNING OF YEAR	<u>1,524,260</u>	<u>1,338,714</u>
CASH AND INVESTMENTS, END OF YEAR	<u>\$ 1,706,004</u>	<u>\$ 1,524,260</u>

EXHIBIT 12-A

MONTEREY PENINSULA WATER MANAGEMENT DISTRICT
STATEMENT OF CASH FLOWS – PROPRIETARY FUND
(CAWD/PBCSD WASTEWATER RECLAMATION PROJECT)
FOR THE YEAR ENDED JUNE 30, 2020
(WITH SUMMARIZED TOTALS FOR JUNE 30, 2018)
(Continued)

	<u>2020</u>	<u>2019</u>
RECONCILIATION OF CASH AND INVESTMENTS TO THE STATEMENT OF NET POSITION:		
Cash and investments	\$ 1,704,828	\$ 1,523,096
Cash restricted for debt service	<u>1,176</u>	<u>1,164</u>
Total	<u>\$ 1,706,004</u>	<u>\$ 1,524,260</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating income (loss)	\$ 2,878,463	\$ 2,051,943
Adjustments to reconcile net operating income (loss) to net cash provided by operating activities:		
Amortization	1,680,274	1,663,234
Other revenue (expenses)	(72)	(2,651)
(Increase) decrease in –		
Receivables	503,581	178,007
Increase (decrease) in:		
Accounts payable	(812,948)	861,906
Due to Governmental funds	<u>4,111</u>	<u>–</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 4,253,409</u>	<u>\$ 4,752,439</u>

See Notes to Basic Financial Statements.

EXHIBIT 12-A**MONTEREY PENINSULA WATER MANAGEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**Abbreviations Used:**

CAW	California–American Water Company
CAWD	Carmel Area Wastewater District
COP	Certificates of participation
O&M	Operations and maintenance
PBCo.	Pebble Beach Company
PBCSD	Pebble Beach Community Services District
Project	CAWD/PBCSD Reclamation Project

Description of the Reporting Entity:

The Monterey Peninsula Water Management District was created by Chapter 527, Statutes of 1977 (Assembly Bill No. 1329) of the California Legislature, on September 2, 1977. The District was created to provide integrated management of ground and surface water supplies, and to exercise regulatory control over the collection, storage, distribution, and delivery of water and wastewater within its jurisdiction including, but not limited to, such functions as management and regulation of the use, reuse, reclamation and conservation of water, and bond financing of public works projects. Water service is principally supplied by other entities, but the District has the power to acquire public or private water systems. The District also has the power to levy and collect real estate taxes. Operations were commenced during the fiscal year beginning July 1, 1978.

The District has a seven-member board of directors. Five directors are elected every four years on a staggered basis. Of the other two directors, one must be a member of the Monterey County Board of Supervisors and the other must be a chief executive officer, mayor, or member of the governing body of a city member unit. The Board of Directors has continuing oversight responsibility for the District.

The geographic jurisdiction of the District approximates the Monterey Peninsula and the Carmel River watershed including all of the cities (except Marina) and the unincorporated communities therein.

The accompanying financial statements conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant accounting policies used by the District:

EXHIBIT 12-A**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****Basis of Presentation and Accounting:**

Government-Wide and Fund Financial Statements – The basic financial statements include both government-wide and fund financial statements. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the District. For the most part, the effect of interfund activity has been removed from these statements.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a functional category (Conservation, Mitigation or Water Supply) or identifiable activity are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or identifiable activity. The District allocates indirect expenses to functions in the statement of activities. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or activity, 2) grants and contributions that are restricted to meeting the operational requirements of a particular function or identifiable activity, and 3) grants and contributions that are restricted to meeting the capital requirements of a particular function or identifiable activity. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The net cost (by function) is normally covered by general revenue (property taxes, intergovernmental revenues, interest income, etc.).

Separate fund based financial statements are provided for governmental funds. The District has one proprietary fund. Major individual governmental funds are reported as separate columns in the fund financial statements. The major governmental funds are the water supply, conservation, and mitigation fund. The District has no non-major funds.

The government-wide focus is more on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The focus of the fund financial statements is on the major individual funds. Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

Measurement Focus and Basis of Accounting – The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenue to be available if they are collected within sixty days of the end of the current fiscal year.

EXHIBIT 12-A**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Property taxes that have been levied and are due on or before year-end are recognized as revenue if they have been collected within sixty days after year-end. Water supply charges, connection charges and permit fees are considered to be measurable when they have been collected and are recognized as revenue at that time. Investment earnings are recorded as earned since they are measurable and available.

Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences, and claims and judgments are recognized only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

Proprietary fund level financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from producing and delivering reclaimed water. Operating expenses include the cost of sales, general and administrative expenses, and amortization of capital assets and water resale rights. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Operating revenue comes from sales of reclaimed water. Other revenue comes primarily from the subsidy by PBCo. and from sales of water entitlements.

The following major funds are used by the District:

Governmental Funds:

The following is a description of the Governmental Funds of the District:

- a. *Conservation Fund*, accounts for financial resources used to fund water conservation activities mandated by District legislation. The Water Demand Division provides information and programs to achieve efficient water use and maximize available supplies. This is achieved through community education and outreach, development of incentives and training programs, and by implementing and enforcing permitting and conservation regulations, thereby reducing the community's need for potable water.
- b. *Mitigation Fund*, accounts for financial resources used to finance work along the Carmel River carried out pursuant to the Mitigation Program designed to ameliorate impacts identified in the District's Allocation Program Environmental Impact Report.
- c. *Water Supply Fund*, accounts for financial resources used to fund for acquisition or construction of major capital facilities (other than those financed by Proprietary Funds, and Special Assessments), support for staff relative to water supply, and other water supply related activities.

EXHIBIT 12-A**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)***Proprietary Fund:*

The following is a description of the Proprietary Fund of the District:

Enterprise Fund, accounts for the activity of the CAWD/PBCSD Reclamation Project.

Fair Value – The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. All of the District's investments are level one.

Cash Equivalents – The District considers all highly liquid assets which have an original term of less than ninety days to maturity when purchased as cash equivalents.

Restricted Assets – Certain cash and investments of the Reclamation Project are classified as restricted because their uses are limited by commitments made by the Project to the purchasers of the Certificates of Participation (bonds). When applicable, construction projects cash is in an escrowed account for receipt of water entitlement sales by PBCo., who is entitled to reimbursements for its cash advances. Certain cash and investments of the District are classified as restricted because their uses are limited by commitments made by the District to the purchaser of the Aquifer Storage and Recovery Project.

Pooled Cash – Cash accounts (Reclamation) which essentially operate as demand deposit accounts are maintained by the Monterey County Treasurer's Office. Available cash balances are controlled and invested by the County Treasurer in pooled investment funds in order to provide safety, liquidity and high investment returns for all funds. Interest earnings from these funds are generally credited to the District's account on a quarterly basis.

The Monterey County Treasurer's Investment policy is in compliance with Section 53635 of the Government Code of the State of California which permits investments in certain securities and participation in certain investment trading techniques or strategies.

Investments – Resolution 83-17, adopted September 12, 1983, authorized investment of the District's monies with the State Treasurer for deposit in the Local Agency Investment Fund (LAIF). Money in the fund is invested by the State Treasurer to realize the maximum return consistent with prudent treasury management. All earnings of the fund, less a reimbursement of management costs incurred not to exceed one quarter of one percent of earnings, are distributed to the contributing agencies in their relative shares each quarter. The balances of funds in LAIF are stated at fair value.

EXHIBIT 12-A**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The types of investments the District may purchase are not limited by legal or contractual provisions, but the Board has established policies on investments and has so directed their investment managers.

The Project does not have a specific investment policy but generally follows the guidelines of the County of Monterey's Investment Policy. All funds invested are managed to meet the guidelines stated in both California Code Section 53600, et. seq. and the County's investment policy.

Receivables and Deferred Inflows of Resources – Receivables are amounts due representing revenues earned or accrued in the current period. Receivables which have not been remitted within sixty days subsequent to year end are offset by deferred inflows of resources, and accordingly have not been recorded as revenue in the governmental fund. When the revenue becomes available, the revenue is recognized in the governmental fund. Deferred inflows are detailed on the Balance Sheet.

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. The allowance is based on an assessment of the current status of individual accounts. At June 30, 2020, the allowance was estimated to be zero.

Prepaid Expenses – Prepaid expenses are capitalized and amortized ratably over the period of benefit.

Capital Assets – Property, facilities, and equipment purchased or acquired is carried at historical cost or estimated historical cost. Contributed capital assets are recorded at acquisition value at the time received. Capital assets are defined by the District as assets with an estimated useful life in excess of one year and an initial, individual cost of more than \$1,000 for equipment and \$5,000 for land, facilities, and improvements.

Property, facilities, and equipment of the District is depreciated using the straight-line method over the following estimated useful lives:

Equipment	3 to 20 Years
Building and improvements	5 to 39 Years
Monitoring stations	5 to 10 Years
ASR facilities	30 to 40 Years
Fish rearing facility	5 to 40 Years
Leasehold improvements	10 to 40 Years

Water Resale Rights – Proceeds from the issuance of the Certificates of Participation were used to construct facilities for wastewater reclamation and distribution. The District does not own these facilities, but instead owns the rights to the reclaimed water for resale. The Project capitalizes the costs incurred in order to obtain these water rights in accordance with generally accepted accounting principles for intangible assets. As a result, capital outlay and construction period interest incurred have been capitalized into this account. These rights are presented net of accumulated amortization.

Amortization – The water resale rights are amortized using the straight-line method over the expected useful life of the reclamation plant which is forty years.

EXHIBIT 12-A**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Deferred Outflows/Inflows of Resources – In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Compensated Absences – The District accrues vested liabilities for vacation and sick pay. Permanent employees are vested after one year of full-time employment.

Tier 1 – Employees hired before July 2013.

Vacation accrues at the rate of 10 days per year for the first year of employment, 15 days per year for two to five years of employment, 20 days per year for six to fifteen years of employment, and 22 days per year after fifteen years. Total accruals are limited to 60 days vacation per employee. Sick leave accrues at the rate of 12 days each year. After an employee leaves District employment, they are paid up to 75 days of accrued sick leave.

Tier 2 – Employees hired after July 2013.

Vacation accrues at the rate of 10 days per year for the first to three years of employment, 15 days per year for four to eight years of employment, and 20 days per year after eight years of employment. Total accruals are limited to 45 days vacation per employee. Sick leave accrues at the rate of 12 days each year. After an employee leaves District employment, they are paid up to 30 days of accrued sick leave.

Paid time off is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Interfund Activity – During the course of operations, transactions occur between individual funds that result in amounts owed between funds, which are classified as “due to/from other funds.” Eliminations have been made on the government-wide statements for amounts due to/from within the governmental funds. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as internal balances.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges for services to business-type activities of the District. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Long-Term Obligations – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Debt premiums and discounts are deferred and amortized over the life of the debt using the straight-line method. Debt payable are reported net of the applicable debt premium or discount. Debt issuance costs are recognized in the current period.

EXHIBIT 12-A**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

In the fund financial statements, governmental fund types recognize debt premiums and discounts, as well as debt issuance costs, during the current period. The face amount of debt issued is reported as other financial sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Long-term liabilities of all Proprietary Funds, including any general obligation bonds to be repaid by those funds, are accounted for in the respective funds.

Pensions – For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District’s California Public Employees’ Retirement System (CalPERS) plans and additions to/deductions from the Plans’ fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Postemployment Benefits (OPEB) – For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District’s Retiree Benefits plan (OPEB Plan) and additions to/deductions from the OPEB Plan’s fiduciary net position have been determined on the same basis as they are reported by the OPEB Plan. For this purpose, the OPEB Plan recognizes benefit payments when currently due and payable in accordance with the benefit terms.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2020
Measurement Date	June 30, 2020
Measurement Period	July 1, 2019 to June 30, 2020

Net Position – The Statement of Net Position presents the Districts assets and deferred outflows of resources and liabilities and deferred inflows of resources with the difference reported as net position. Net position is reported in three categories.

- *Net Investment in capital assets* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of any related debt obligations attributable to the acquisition, construction, or improvement of those assets.
- *Restricted* results when constraints placed on net positions use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted* consists of net position not meeting the definition of the two preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

EXHIBIT 12-A**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources, as they are needed.

Fund Balances – Fund balance classifications are based primarily on the extent to which the District is bound to honor constraints on the use of resources reported in each governmental fund.

The District reports the following classifications:

- *Nonspendable* – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form, such as prepaid expenses and long-term receivables or (b) legally or contractually required to be maintained intact, such as a trust that must be retained in perpetuity.
- *Restricted* – Restricted fund balances are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.
- *Committed* – Committed fund balances are amounts that can only be used for specific purposes as a result of constraints imposed by the Board. Committed amounts cannot be used for any other purpose unless the Board removes those constraints by taking some type of action (passage of a resolution). Amounts in the committed fund balance classification may be used for other purposes with appropriate due process by the Board. Committed fund balances differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions or enabling legislation.
- *Assigned* – Assigned fund balances are amounts that are constrained by the District's intent to be used for specific purpose but are neither restricted nor committed. Intent is expressed by (a) the General Manager or (b) the Board. The Board has the authority to remove or change the assignment of the funds with a simple majority vote.
- *Unassigned* – This fund balance is the residual classification. It is also used to report negative fund balances in other governmental funds.

When restricted and other fund balance resources are available for use, it is the District's policy to use restricted resources first, followed by committed, assigned and unassigned amounts, respectively.

Property Taxes – The County of Monterey is responsible for the assessment, collection, and apportionment of property taxes for all taxing jurisdictions, including the District. Secured property taxes for each year ended June 30 are payable in equal installments, November 1 and February 1, and become delinquent on December 10 and April 10, respectively. The lien date is January 1 of each year. Property taxes are accounted for as collected and remitted by the County in the Governmental Funds. Property taxes on the unsecured roll are due on the January 1 lien date and become delinquent if unpaid on August 31.

The term "Unsecured" refers to taxes on personal property other than land and buildings. These taxes are secured by liens on the property being taxed.

EXHIBIT 12-A**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Property tax revenues are recorded in governmental funds as receivables and deferred revenues at the time the tax levy is billed. Current year revenues are those collected within the current period or soon enough thereafter to pay current liabilities, generally within sixty days of year-end. No allowance is provided for delinquent taxes as the lien is considered an enforceable legal obligation.

Permit Fees – Permit fee revenue is recorded as permits are issued. The District is required to refund permit fees if the permit is not used or to grant an extension of time upon a reasonable request. If a refund is issued, the refunded party also relinquishes any water rights associated with the permit. It is the District's policy to record such refunds as they become payable.

Income Taxes – Monterey Peninsula Water Management District is a California local governmental unit and is exempt from both Federal and State income taxes.

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications – Certain reclassifications have been made to the prior year's financial statements to conform to the current year presentation.

Comparative Financial Information – The financial statements include certain prior-year summarized comparative information in total but not by activities or fund. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2019, from which the summarized information was derived.

Subsequent Events – Subsequent events have been evaluated through _____[date], which is the date the financial statements were available to be issued.

Effects of New Pronouncements – In May 2020, GASB issued Statement No. 95 *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. The implementation of this statement had no impact on the accompanying financial statements.

EXHIBIT 12-A**NOTE 2. THE CAWD/PBCSD RECLAMATION PROJECT**

The CAWD/PBCSD Reclamation Project (the Project) is a cooperative effort involving the District, the Carmel Area Wastewater District (CAWD), the Pebble Beach Community Services District (PBCSD), and the Pebble Beach Company (PBCo.). This cooperative effort did not create a new or separate legal entity. Therefore, the Project is a proprietary (enterprise) fund of the District, the issuer of the Certificates of Participation which financed the Project's first construction project.

The statements of the Project were audited by Marcello & Company whose report has been furnished to us.

The Project provides treated wastewater to irrigate golf courses and open space areas in the Pebble Beach community, which freed up potable water previously used for irrigation. The original Project involved the construction of a new tertiary treatment plant and laboratory facilities located on the site of the existing CAWD secondary wastewater treatment plant, the construction of a new reclaimed distribution system, including a 2.5 million gallon storage tank and irrigation system improvements. Construction of the original Project began in January 1993 and was completed in October 1994. The tertiary treatment plant produces water which meets Title 22 standards specified by the California Department of Health Services, which is a quality acceptable for human contact.

The Project's assets are owned principally by CAWD and PBCSD, and consist primarily of the following:

- Assets owned by CAWD: (1) a tertiary treatment plant, (2) secondary process improvements, (3) laboratory facilities, (4) a reclaimed water pump station, (5) related computer equipment and, (6) a small portion of the reclaimed water pipeline.
- Assets owned by PBCSD: (1) approximately seven miles of reclaimed water distribution system pipeline, (2) the Forest Lake Reservoir, (3) a 2.5 million gallon storage tank, and (4) a potable water pump station.

The original Project was financed by Certificates of Participation (COP) which were executed and delivered at the direction of the District in December 1992 in the amount of \$33,900,000. The District provided the funds necessary to construct and operate the Project and then obtained ownership of the reclaimed water for the purpose of resale. PBCo. guaranteed payment of construction costs of the Project as well as any operating deficiencies. The debt obligations incurred by the District to finance the project constitute limited obligations of the District, payable solely from the net operating revenues generated by the sale of reclaimed water produced by the Project and, if such reclaimed water revenues are insufficient, from payments on a Bond Letter of Credit provided by Wells Fargo Bank (the credit bank) through a reimbursement agreement between PBCo. and the credit bank. PBCo. pays the letter of credit fees, as well as principal and interest payments on debt obligations as needed, as a subsidy to the Project, with reimbursement as cash flow permits.

EXHIBIT 12-A**NOTE 2. THE CAWD/PBCSD RECLAMATION PROJECT (Continued)**

The activities of the Project are overseen by a six-member management committee containing two representatives from the CAWD board, two from the PBCSD board, one from the PBCo and one from the Independent Reclaimed Water Users Group (IRWUG). Since the Project does not own the wastewater reclamation capital assets, the value earned for the capital expenditures incurred is reflected on the books of the Project as water resale rights, an intangible amortizable capital asset.

Subsequent to the completion of the original facilities, the Project has been expanded to increase the quantity and quality of reclaimed water. The expanded project utilizes Forest Lake Reservoir located in Pebble Beach which provides 115 million gallons of storage capacity. The Reservoir is filled with reclaimed water during winter months when there is excess production at the treatment plant. The stored water is used during summer months when the daily irrigation demand exceeds treatment plant production capacity. PBCSD purchased the Reservoir from California-American Water Company in 1998 and rehabilitated it to meet State Water Resources Division of Safety of Dams requirements. The rehabilitated construction of the Reservoir was completed in March 2006. The construction costs of approximately \$13 million were financed by the sale of Pebble Beach Company water entitlements.

The Microfiltration/Reverse Osmosis (MF/RO) phase of the project (phase II), located at the CAWD treatment plant site, began design in 2006 and construction was completed in 2009. The intent of the MF/RO phase is to reduce the sodium content of the tertiary reclaimed water from 150 mg/l to less than 55 mg/l to reduce the stress on the golf greens and eliminate the need for flushing the courses with potable water. The design capacity for the MF/RO is 1.5 million gallons with an expected blend of 80% RO water and 20% MF water. The cost of the MF/RO construction project was approximately \$20 million. The cost of the phase II project was financed through the sale of water entitlements owned by PBCo. to residential property owners within the Pebble Beach community, currently at \$250,000 per acre foot, which is subject to change. At year end, approximately \$29 million had been raised through these entitlement sales and investment earnings. The funds from the sales were deposited in a restricted escrow account where they were invested in short-term federal government securities before being spent for the Expanded Project. All project costs in excess of those raised through the sale of water entitlements are now paid by all participants in the Project.

NOTE 3. CASH AND INVESTMENTS

Cash and Cash Equivalents – Balances in cash and cash equivalents consist of bank accounts insured by the Federal Depository Insurance Corporation (FDIC) or Securities Investment Protection Corporation (SIPC) or collateralized by the pledging institution under the California Government Code.

Restricted Reserves – The District has established a reserve fund as required by the installment agreement. The remaining proceeds of the \$33,900,000 in Certificates of Participation issued for the Project were deposited in various restricted trust and reserve accounts as required by the terms of the issuance.

EXHIBIT 12-A**NOTE 3. CASH AND INVESTMENTS (Continued)**

Investments – The District’s investments consist of obligations of the United States government and its agencies and instrumentalities, municipal obligations, corporate obligations, certificates of deposit, money market accounts, and the State Treasurer’s Local Agency Investment Fund. All investments are recorded at fair market value. The California Government code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The fair market value of the pledged securities in the collateral pool must equal 110% of the total amount deposited by public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. The investment of state pooled funds is governed by state law, by policies adopted by the Pooled Money Investment Board (PMIB) and by accepted norms for prudent fiduciary management of investments. PMIB funds may be invested in a wide range of interest-bearing securities, such as Treasury notes, prime commercial paper, certain California municipal and agency obligations, highly rated corporate bonds, obligations of such agencies as FannieMae, and negotiable certificates of deposit. Also allowed are time deposits in California banks, savings and loans, and credit unions that have not less than a “satisfactory” CRA rating. The value of each participating dollar equals the fair value divided by the amortized cost. The District’s fair value of the position in the pool is the same as the value of the pool shares.

Investments at June 30, 2020 consisted of the following:

Governmental activities:	
Local Agency Investment Fund	\$ 13,412,882
Money market accounts	861,191
Certificates of deposit	<u>2,556,700</u>
Subtotal Governmental activities	<u>16,830,773</u>
Business-type activities:	
Monterey County Investment Pool	1,718
Certificates of deposit	294,254
Municipal obligations	<u>15,681</u>
	311,653
Less restricted reserves	<u>1,176</u>
Subtotal Business-type activities	<u>310,477</u>
Total Investments	<u>\$ 17,141,250</u>

Interest Rate Risk – Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Information about the sensitivity of the fair value of the District’s investments to market interest rate fluctuations is provided by the following table that shows the maturity date and yield of each investment.

EXHIBIT 12-A**NOTE 3. CASH AND INVESTMENTS (Continued)**

Local Agency Investment Fund	on demand, 1.93% yield
Money market fund	on demand, 0.06% yield
Certificates of deposit (governmental activities)	23 months average maturity, 2.56% yield
Monterey County Investment Pool	on demand, 1.89% yield
Certificates of deposit (business-type activities)	39 months average maturity, 2.06% yield
Municipal obligations	27 months average maturity, 3.00% yield

Custodial Credit Risk-Deposits – Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. The District has a deposit policy that complies with the California Government Code commencing at Section 53630 (Public Deposits). As of June 30, 2020, \$3,152,347 of the District’s bank balances of \$4,424,880 were exposed to custodial credit risk as uninsured but are collateralized by the pledging bank’s trust department not in the District’s name.

The difference between bank balances and the carrying amounts (book value) represents outstanding checks and deposits in transit.

Custodial Credit Risk – Investments – Custodial credit risk is the risk that in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District’s investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government’s indirect investment in securities through the use of mutual funds or government investment pools.

Concentration of Credit Risk – The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code.

NOTE 4. RECEIVABLES

Receivables consist of the following at June 30, 2020:

	<u>Conservation</u>	<u>Mitigation</u>	<u>Water Supply</u>	<u>Total</u>
Governmental activities:				
Reimbursements	\$ 29,077	\$ –	\$ 366,979	\$ 396,056
User Fees	218,475	563,575	130,594	912,644
Other	–	29,706	3,978	33,684
Water supply charge	–	–	108,049	108,049
Interest	13,897	13,498	31,487	58,882
Property taxes	4,759	–	34,268	39,027
Total Governmental activities	<u>\$ 266,208</u>	<u>\$ 606,779</u>	<u>\$ 673,355</u>	<u>1,548,342</u>
Business-type activities:				
Water sales				412,125
Affiliates (Reclamation)				373,170
Other				14,870
Total Business-type activities				<u>800,165</u>
TOTAL				<u>\$ 2,348,507</u>

EXHIBIT 12-A**NOTE 5. CAPITAL ASSETS**

Capital assets experienced the following changes for the year ended June 30, 2020:

	Balance Beginning of Year	Current Additions	Deletions/ Transfers	Balance End of Year
Governmental activities:				
Non-depreciable assets:				
Water reserves	\$ —	\$ 1,623,626	\$ —	\$ 1,623,626
Construction in progress	<u>1,453,456</u>	<u>2,806,859</u>	<u>(1,453,456)</u>	<u>2,806,859</u>
Total non-depreciable assets	<u>1,453,456</u>	<u>4,430,485</u>	<u>(1,453,456)</u>	<u>4,430,485</u>
Depreciable assets:				
Equipment:				
Office	147,360	1,399	(56,041)	92,718
Computer	1,820,999	24,988	(3,409)	1,842,578
Operating	21,415	—	—	21,415
Transportation	449,180	—	—	449,180
Project	262,669	—	—	262,669
Phone	<u>78,701</u>	<u>—</u>	<u>(43,851)</u>	<u>34,850</u>
Total equipment	<u>2,780,324</u>	<u>26,387</u>	<u>(103,301)</u>	<u>2,703,410</u>
Building and improvements	2,062,738	18,624	(9,134)	2,072,228
Monitoring stations	45,214	—	—	45,214
ASR facilities	6,150,924	—	—	6,150,924
Fish rearing facility	925,632	412,703	1,453,456	2,791,791
Leasehold improvements	<u>17,698</u>	<u>—</u>	<u>—</u>	<u>17,698</u>
Total depreciable assets	<u>11,982,530</u>	<u>457,714</u>	<u>1,341,021</u>	<u>13,781,265</u>
Less accumulated depreciation for:				
Equipment:				
Office	146,233	719	(56,041)	90,911
Computer	1,038,836	153,967	(3,409)	1,189,394
Operating	21,415	—	—	21,415
Transportation	351,509	39,672	—	391,181
Project	262,669	—	—	262,669
Phone	<u>44,729</u>	<u>7,122</u>	<u>(43,851)</u>	<u>8,000</u>
Total equipment	<u>1,865,891</u>	<u>201,480</u>	<u>(103,301)</u>	<u>1,963,570</u>
Building and improvements	1,057,142	56,743	(9,134)	1,104,751
Monitoring stations	45,214	—	—	45,214
ASR Facilities	1,573,907	207,707	—	1,781,614
Fish rearing facility	925,632	4,713	—	930,345
Leasehold improvements	<u>12,001</u>	<u>2,972</u>	<u>—</u>	<u>14,973</u>
Total accumulated depreciation	<u>5,479,287</u>	<u>473,615</u>	<u>(112,435)</u>	<u>5,840,467</u>
Total depreciable assets, net	<u>6,503,243</u>	<u>(15,901)</u>	<u>1,453,456</u>	<u>7,940,798</u>
Total governmental activities capital assets, net	<u>7,956,699</u>	<u>4,414,584</u>	<u>—</u>	<u>12,371,283</u>

EXHIBIT 12-A**NOTE 5. CAPITAL ASSETS (Continued)**

	Balance Beginning of Year	Current Additions	Deletions/ Transfers	Balance End of Year
Business-type activities:				
Nondepreciable assets:				
Construction in progress	<u>1,444,970</u>	<u>1,229,417</u>	<u>—</u>	<u>2,674,387</u>
Water resale rights	66,529,277	681,595	—	67,210,872
Less accumulated amortization for:				
Water resale rights	<u>27,582,912</u>	<u>1,680,274</u>	<u>—</u>	<u>29,263,186</u>
Total water resale rights, net	<u>38,946,365</u>	<u>(998,679)</u>	<u>—</u>	<u>37,947,686</u>
Total business type activities				
Capital assets, net	<u>40,391,335</u>	<u>230,738</u>	<u>—</u>	<u>40,622,073</u>
Total capital assets, net	<u>\$ 48,348,034</u>	<u>\$ 4,645,322</u>	<u>\$ —</u>	<u>\$ 52,993,356</u>

The District has reevaluated the estimated useful lives of capital asset classes that have been fully depreciated and since the assets are still in use, the assets remain on the books of the District.

Depreciation expense was charged to functions/programs of the District as follows:

Conservation	\$ 73,841
Mitigation	118,226
Water supply	<u>281,548</u>
Total depreciation expense	<u>\$ 473,615</u>

NOTE 6. TRANSACTIONS WITH AFFILIATES

Through its participation in the CAWD/PBCSD Reclamation Project, the District is affiliated with the other organizations involved in the Project.

At June 30, 2020, accounts receivable from these affiliates were as follows:

Receivable from PBCo. and affiliated golf courses –	
Water sales	<u>\$ 373,170</u>
Total	<u>\$ 373,170</u>

At June 30, 2020, accounts payable to these affiliates were as follows:

Payable to CAWD for operations and maintenance	\$ 87,421
Payable to PBCSD for operations and maintenance	218,770
Payable to PBCo. for debt service reimbursements	<u>499,862</u>
Total	<u>\$ 806,053</u>

EXHIBIT 12-A**NOTE 7. LONG-TERM DEBT**

The Variable Rate Demand Certificates of Participation – Wastewater Reclamation Project Series 1992 (COPs) were issued in December 1992 in the amount of \$33,900,000 by the District and will mature on July 1, 2022. The COPs are in the minimum denomination of \$100,000 or any integral multiple thereof or, during any reset period or on or after the conversion date, in the minimum denomination of \$5,000 or any integral multiple thereof. The COPs bear interest at a variable rate unless the interest rate is converted to a reset rate for a reset period or to a fixed rate to the maturity of the COPs. The variable rate is the rate necessary to produce a par bid if the COPs were sold on the day the rate is computed. The COPs accrued interest at an initial rate of 2.30% per annum at issuance and, thereafter, accrue at a variable rate determined as provided in the Official Statement of the COPs.

Designated Reserves – A Renewal and Replacement Reserve was established by the Board of Directors to pay for future major repairs and capital replacements and is held in a segregated account for its intended purposes. At June 30, 2020, the balance in this account was \$341,448.

Security for Repayment – The Project assets have not been pledged to secure payment of the COPs, nor have any other assets of the District. However, pursuant to the Water Purchase Agreement, all net operating revenues from the operations of the Project are irrevocably pledged by the District to the payment of COPs. This pledge constitutes a first lien on the net operating revenues and, subject to application of amounts on deposit therein as permitted in the Water Purchase Agreement, for the payment of the COPs in accordance with the terms of the Water Purchase Agreement and of the Trust Agreement. Notwithstanding the foregoing, the District may at any time issue obligations or execute contracts which are secured by a lien subordinate to the pledge of net operating revenues created under the Water Purchase Agreement. A bond Letter of Credit also guarantees repayment of the COPs.

Repayment Schedule – Interest is paid to the holders of the COPs monthly at a variable rate as described above. Pre-determined principal payments per the 1992 COP issue are shown below. Due to the nature of variable rate bonds, interest rates fluctuate weekly as a result of economic market conditions.

For the last week in June of 2020, the interest rate was 0.12% per annum. Interest expense for the year was \$76,688 as compared to the estimated 1992 issuance annual interest expense of \$273,750 for the fiscal year 2019-20. Consequently, the interest payments column below is revised using a more realistic fixed annual rate of 2% which is presented for information purposes only.

Future principal and estimated interest payments are as follows:

<u>Year Ending June 30</u>	<u>Certificates of Participation</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 2,400,000	\$ 150,000	\$ 2,550,000
2022	2,500,000	102,000	2,602,000
2023	<u>2,600,000</u>	<u>52,000</u>	<u>2,652,000</u>
Total	<u>\$ 7,500,000</u>	<u>\$ 304,000</u>	<u>\$ 7,804,000</u>

EXHIBIT 12-A**NOTE 7. LONG-TERM DEBT (Continued)**

Due Pebble Beach Company – Repayment of \$5,520,000 bond carrying costs incurred and advanced by PBCo prior to July 1, 2013, to be reimbursed over the next ten years at \$552,000 per year.

The 2013 Installment Purchase Agreement – The District entered into an Installment Purchase Agreement dated April 25, 2013 along with a sale and transfer agreement and an assignment agreement for the first phase of the Aquifer Storage and Recovery Project (ASR Project). The funds received from this agreement were used to retire the Bank of America line of credit, fund district reserves used to pay for ASR, finance and refinance certain capital improvements, fund a debt service reserve, and pay certain costs of execution and delivery of the Installment Purchase Agreement and related documents. The aggregate principal amount of the installment payments under the installment purchase agreement is \$4,000,000 and will mature on June 30, 2023. Principal and interest payments of \$109,568 are made bi-annually on December 31st and June 30th, beginning June 30, 2013 and continuing until December 31, 2023. The interest rate with respect to the installment payments is 3.6% fixed for 10 years.

Restricted Reserves – A reserve fund was established to ensure adequate funding of the debt service and is held in a segregated account restricted for its intended purposes. The reserve fund is required to maintain a balance of \$219,136. At June 30, 2020, the balance in this account was \$222,524.

Security for Repayment – The assets of the ASR Project have not been pledged to secure payment of the installment purchase agreement. District Water Supply Charge revenues have been irrevocably pledged for the payment of the installment payments. This pledge constitutes a first and exclusive lien on and security interest in the revenues for the payment of the installment payments and payments of all specified obligations in accordance with the terms of the Installment Purchase Agreement.

Repayment Schedule – Annual debt service requirements to maturity are as follows:

<u>Year</u> <u>Ending June 30</u>	<u>Installment Purchase Agreement</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 99,073	\$ 120,063	\$ 219,136
2022	102,672	116,464	219,136
2023	<u>3,171,939</u>	<u>1,319,549</u>	<u>4,491,488</u>
Total	<u>\$ 3,373,684</u>	<u>\$ 1,556,076</u>	<u>\$ 4,929,760</u>

Borrowings under the installment purchase agreement are subject to certain financial covenants.

EXHIBIT 12-A**NOTE 7. LONG-TERM DEBT (Continued)**

Long-term debt activity for the year ended June 30, 2020 is as follows:

	<u>2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>2020</u>	<u>Due Within One Year</u>
Governmental activities:					
Installment Purchase Agreement	\$ 3,466,841	\$ —	\$ 93,157	\$ 3,373,684	\$ 99,073
Compensated Absences	755,891	302,971	293,422	765,440	297,344
OPEB	4,542,208	293,343	718,839	4,116,712	—
Net pension liability	<u>5,114,656</u>	<u>904,653</u>	<u>458,759</u>	<u>5,560,550</u>	<u>—</u>
Total Governmental activities	<u>13,879,596</u>	<u>1,500,967</u>	<u>1,564,177</u>	<u>13,816,386</u>	<u>396,417</u>
Business-type activities:					
COPs	9,800,000	—	2,300,000	7,500,000	2,400,000
Due Pebble Beach Company	<u>2,208,000</u>	<u>—</u>	<u>552,000</u>	<u>1,656,000</u>	<u>552,000</u>
Total Business-type activities	<u>12,008,000</u>	<u>—</u>	<u>2,852,000</u>	<u>9,156,000</u>	<u>2,952,000</u>
Total	<u>\$ 25,887,596</u>	<u>\$ 1,500,967</u>	<u>\$ 4,416,177</u>	<u>\$ 22,972,386</u>	<u>\$ 3,348,417</u>

In prior years, the conservation, mitigation and water supply funds have been used to liquidate compensated absences.

NOTE 8. LEASE COMMITMENTS

The District is committed to a license agreement for the land on which the Sleepy Hollow Fishery was constructed. The license agreement calls for a payment of \$1 per year for five years through December 4, 2020.

The District leases various equipment under non-cancelable operating leases. Minimum future lease payments under non-cancelable operating leases for the years ended June 30, are as follows:

2021	\$ 11,081
2022	11,081
2023	11,081
2024	11,081
Thereafter	<u>251</u>
Total	<u>\$ 44,575</u>

Rent expense for the year ended June 30, 2020 was \$12,167.

NOTE 9. RISK MANAGEMENT

The District is insured against various risks of loss related to torts, thefts of, damage to or destruction of assets; errors and omissions; work-related injuries to employees and natural disasters through participation in a joint venture under a joint powers agreement (JPA) with the Special District Risk Management Authority (SDRMA). The relationship between the District and the JPA is such that the JPA is not a component unit of the District for financial reporting purposes. The insurance carried by the District includes policies for workers' compensation, general liability, errors and omissions, and vehicular liability.

EXHIBIT 12-A**NOTE 9. RISK MANAGEMENT (Continued)**

There have not been any significant reductions in insurance coverage as compared to the previous year. Settled claims from these risks have not exceeded commercial coverage.

SDRMA was formed under a joint powers agreement pursuant to California Government Code Section 6500 et seq. effective August 1, 1986 to provide general liability, comprehensive/collision liability and property damage, and errors and omissions risk financing for the member districts. SDRMA is administered by a Board of Directors, consisting of one member appointed by the California Special Districts Association and five members elected by the districts participating. The board controls the operations of the JPA, including selection of management and approval of operating budgets, independent of any influence by the member districts beyond their representation on the board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to their participation in the JPA.

The SDRMA did not have long-term debt outstanding at June 30, 2020, other than claims liabilities and capital lease obligations. The District's share of year-end assets, liabilities and risk margin has not been calculated by the SDRMA.

NOTE 10. DEFERRED COMPENSATION PLAN

The District has a deferred compensation plan for its eligible employees wherein amounts earned by the employees are paid at a future date. This plan meets the requirements of Internal Revenue Code Section 457. All full-time, regular employees are permitted to participate in the plan beginning on the day of hire.

The employee may elect to make tax deferred contributions up to the limits established by the Internal Revenue Service for this type of plan. The employee is 100% vested in their contributions from the first date of participation. The plan does not provide for District contributions. The participant has a choice of investment options.

The plan is administered by ICMA Retirement Corporation (International City Management Association). The assets of the plan are held in trust, with the District serving as trustee. The plan assets held in the ICMA Retirement Trust are held for the exclusive benefit of the plan participants and their beneficiaries. The assets shall not be diverted to any other purpose. The plan does not permit loans.

The District believes, and the auditors concur, that, since it does not provide investment advice or administer the plan, it does not maintain a fiduciary relationship with the plan. Therefore, the District does not report the plan assets in its financial statements.

NOTE 11. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Plans Description – The District administers agent multiple-employer defined-benefit post-employment healthcare plans (the "Retiree Health Plans"). Dependents are eligible to enroll, and benefits continue to surviving spouses for one year following the member's death. The Retiree Health Plans provide healthcare insurance for eligible retirees and dependents or survivors. Coverage to members of the General Staff Bargaining Unit is provided through the Association of California Water Agencies Health Benefit Authority Anthem Classic Plan, and

EXHIBIT 12-A**NOTE 11. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)**

coverage for the Management Staff Bargaining Unit members and the Confidential Staff Bargaining Unit members are provided through the Laborer's Trust Funds for Northern California Special Plan III. The Plans provide for continuation of medical insurance benefits for certain retirees and their dependents or survivors who meet the eligibility criteria established by the District and/or medical care providers. The Plans can be amended by action of the Board of Directors during negotiation of periodic Memorandums of Understanding with the different bargaining units. The Plans do not issue a stand-alone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plans.

Benefits Provided – Retirees are eligible for medical benefits if they retire at Age 50+. A retiree who was hired before 7/1/2013 and retires with 15+ years of service is eligible to receive a payment of \$1,256 per month for fiscal-year end June 30, 2020. The amount of this payment increases 3% annually. All other retirees are eligible to receive \$540 per month with no service requirements. There are no disability benefits.

Employees Covered by Benefit Terms – At June 30, 2019 (the census date), the benefit terms covered the following employees:

Active employees	22
Inactive employees, spouses or beneficiaries currently receiving benefit payments	13
Inactive employees entitled to but not yet receiving benefit payments	<u>0</u>
Total	<u>35</u>

Contributions – The contribution requirements of the District are based on a pay-as-you-go basis. For the fiscal year ended June 30, 2020, the District paid \$117,237 for retiree health benefits. The District currently contributes enough money to the plans to satisfy current obligations on a pay-as-you-go basis.

Net OPEB Liability – The District's net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019.

Actuarial Assumptions – The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation: 0.75%

Salary increases: 2.750%. Additional merit-based increases based on CalPERS merit salary increase tables.

Healthcare cost trend rates: 7.00% in the first year, trending down to 3.84% over 54 years.

Mortality rates were based on CalPERS tables.

EXHIBIT 12-A**NOTE 11. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)**

Discount Rate – The discount rate used to measure the total OPEB liability is 2.45%. The District's OPEB Plan is an unfunded plan, therefore the discount rate was set to the rate of tax-exempt, high-quality 20-year municipal bonds, as of the valuation date.

Changes in the Net OPEB Liability – The changes in the net OPEB liability for the OPEB Plan are as follows:

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2019	\$ 4,542,208	\$ –	\$ 4,542,208
<i>Changes recognized for measurement period:</i>			
Service cost	148,363	–	148,363
Interest	144,980	–	144,980
Changes of benefit terms	–	–	–
Difference between expected and actual experience	(411,131)	–	(411,131)
Changes of assumptions	(190,471)	–	(190,471)
Contributions - employer	–	117,237	(117,237)
Net investment income	–	–	–
Benefit payments	(117,237)	(117,237)	–
Administrative expense	–	–	–
Net Changes	<u>\$ (425,496)</u>	<u>\$ –</u>	<u>\$ (425,496)</u>
Balance at June 30, 2020	<u>\$ 4,116,712</u>	<u>\$ –</u>	<u>\$ 4,116,712</u>

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate – The following presents the net OPEB liability of the District if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate, for measurement period ended June 30, 2020:

	1% Decrease (1.45%)	Current Discount Rate (2.45%)	1% Increase (3.45%)
Net OPEB Liability	\$ 4,750,218	\$ 4,116,712	\$ 3,598,914

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates – The following presents the net OPEB liability of the District if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2020:

	1% Decrease (6.00%)	Current Healthcare Cost Trend Rate (7.00%)	1% Increase (8.00%)
Net OPEB Liability	\$ 3,566,349	\$ 4,116,712	\$ 4,802,132

EXHIBIT 12-A**NOTE 11. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)**

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB – For the fiscal year ended June 30, 2020, the District recognized OPEB expense of \$237,425. As of fiscal year ended June 30, 2020, the District reported deferred outflows/inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Difference between actual and expected experience	\$ –	\$ (345,872)
Changes of assumptions	<u>170,170</u>	<u>(160,237)</u>
Total	<u>\$ 170,170</u>	<u>\$ (506,109)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Fiscal Year Ended June 30:</u>	<u>Deferred Outflows/(Inflows) Of Resources</u>
2021	\$ (55,918)
2022	\$ (55,918)
2023	\$ (55,918)
2024	\$ (55,918)
2025	\$ (83,623)
Remaining	\$ (28,664)

NOTE 12. PENSION PLAN**General Information about the Pension Plan**

Plan Description – All qualified permanent and probationary employees are eligible to participate in the District's Miscellaneous Employee Pension Plan, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plan are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website at www.calpers.ca.gov.

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

EXHIBIT 12-A**NOTE 12. PENSION PLAN (Continued)**

The Plans' provisions and benefits in effect at June 30, 2020, are summarized as follows:

<u>Hire date</u>	<u>Miscellaneous</u>	
	<u>Prior to January 1, 2013</u>	<u>On or after January 1, 2013</u>
Benefit formula	2% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 – 55	52-67
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.0% to 2.5%
Required employee contribution rates	6.906%	6.750%
Required employer contribution rates	10.221%	6.985%

Contributions – Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan is determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2020, the contributions recognized as part of pension expense for the Plan were as follows:

	<u>Miscellaneous</u>
Contributions	\$ 516,231

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2020, the District reported net pension liabilities for its proportionate share of the net pension liability of the Miscellaneous Plan as \$5,560,550.

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2018, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability for the Plan as of June 30, 2019 and 2020 was as follows:

	<u>Miscellaneous</u>
Proportion - June 30, 2019	0.13571%
Proportion - June 30, 2020	0.13886%
Change - Increase (Decrease)	0.00314%

EXHIBIT 12-A**NOTE 12. PENSION PLAN (Continued)**

For the year ended June 30, 2020, the District recognized pension expense of \$1,062,878. Pension expense is allocated to the functions based on full time equivalents. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between actual and expected experience	\$ 386,204	\$ 29,923
Changes in assumptions	265,153	93,994
Differences between projected and actual investment earnings	–	97,216
Differences between employer's contributions and proportionate share of contributions	–	280,266
Change in employer's proportion	86,885	26,576
Pension contributions made subsequent to measurement date	<u>516,231</u>	<u>–</u>
Total	<u>\$ 1,254,473</u>	<u>\$ 527,975</u>

Deferred outflows of resources in the amount of \$516,231 were reported related to contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as of June 30 as follows:

<u>Year Ended June 30</u>	
2021	\$ 294,003
2022	\$ (124,219)
2023	\$ 20,838
2024	\$ 19,644

Actuarial Assumptions – The total pension liabilities in the June 30, 2018 actuarial valuations were determined using the following actuarial assumptions:

	<u>Miscellaneous/Safety</u>
Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by entry age and service
Mortality Rate Table	Derived using CalPERS' membership data for all funds (1)
Post Retirement Benefit Increase	Contract COLA up to 2.50% Until Purchasing Power Protection Allowance Floor On Purchasing Power applies 2.50% thereafter

EXHIBIT 12-A**NOTE 12. PENSION PLAN (Continued)**

(1) The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report located on the CalPERS website.

All other actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period 1997 to 2015, including updates to salary increase, mortality and retirement rates. The Experience Study can be found on the CalPERS' website under Forms and Publications.

Discount Rate – The discount rate used to measure the total pension liability was 7.15 percent for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS performed crossover testing of the plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15 percent discount rate is adequate, and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The crossover test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained from the CalPERS website under the GASB 68 Section.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employer will make their required contributions on time and as scheduled in all future years. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

EXHIBIT 12-A**NOTE 12. PENSION PLAN (Continued)**

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Real Return Years 1 - 10(a)</u>	<u>Real Return Years 11+(b)</u>
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Sensitive	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Estate	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%
Total	100%		

(a) An expected inflation of 2.00% used for this period.

(b) An expected inflation of 2.92% used for this period.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the District's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	<u>Miscellaneous</u>
1% Decrease	6.15%
Net Pension Liability	\$6,423,429,224
Current Discount Rate	7.15%
Net Pension Liability	\$4,004,500,996
1% Increase	8.15%
Net Pension Liability	\$2,007,846,603

Pension Plan Fiduciary Net Position – Detailed information about the plan fiduciary net position is available in the separately issued CalPERS financial reports.

NOTE 13. CONTINGENT LIABILITIES

Due to the various activities of the District involving the Carmel River, several pending and threatened claims against the District are outstanding. No estimate of the amount of any potential liability to the District can reasonably be made at this time.

EXHIBIT 12-A**NOTE 14. COMMITMENTS AND OTHER CONTINGENCIES**

As of June 30, 2020, the District has several ongoing projects with outstanding contracts as follows:

<u>Vendor/Contractor</u>	<u>Project</u>	<u>Original Contract Date</u>	<u>Total Contract Amount</u>	<u>Amount Outstanding at 6/30/20</u>
AECOM Technical Services	Los Padres Dam Alternative Study	01/2017	\$ 559,700	\$ 194,933
De Lay & Laredo	Measure J CEQA Services	12/2019	129,928	30,048
De Lay & Laredo	Measure J Operations Plan	12/2019	145,000	130,818
De Lay & Laredo	Measure J Appraisal/Rate Study	12/2019	200,000	72,706
De Lay & Laredo	Measure J Appraisal/MAI Services	12/2019	120,000	90,000
De Lay & Laredo	Measure J 3 rd Party Operations	12/2019	87,000	18,713
Denise Duffy & Associates	IRWM Consulting Services	04/2019	55,000	1,678
DUDEK	Prop 1 Grant Proposal Consulting	04/2019	95,600	1,285
Ecology Action of Santa Cruz	HEART Grant Conservation Equipment	10/2018	152,600	66,238
HDR Engineering	Los Padres Dam Fish Passage Study	04/2016	282,034	10,248
Mercer-Fraser Company	Sleepy Hollow Facility Upgrade	07/2018	1,802,835	288,165
Normandeau Associates	IFIM Study	12/2017	35,000	10,950
PSOMAS	Constructability Review	08/2019	15,000	11,115
PSOMAS	ASR Construction Management Services	11/2019	190,280	57,809
Pueblo Water Resources	ASR Backflush Basin Expansion CM Services	10/2018	96,034	27,115
Pueblo Water Resources	ASR SMWTF Engineering Services During Construction	11/2019	148,100	30,796
Rural Community Assistance	IRWM DAC Needs Assessment	10/2018	100,000	30,904
Rutan & Tucker, LLC	Measure J Eminent Domain Advice Service	12/2019	200,000	124,327
Specialty Construction	ASR SMWTF Construction	11/2019	<u>4,649,400</u>	<u>2,283,411</u>
Total			<u>\$ 9,063,511</u>	<u>\$ 3,481,259</u>

EXHIBIT 12-A**NOTE 15. INTERFUND TRANSACTIONS**

During the year, transfers are used to move general property tax revenues to provide a subsidy to the Conservation & Mitigation funds.

The Water Supply fund advanced \$1,000,000 to the Reclamation Project for the recycled water storage tank rehabilitation project. This advance is to be repaid over the next two years with interest at 3.05% per annum.

During the year, the Water Supply fund charges the Reclamation Project for services provided.

Interfund receivable for the Water Supply fund and payable by the Reclamation Project consist of the following at June 30, 2020:

<u>Purpose</u>	<u>Amount</u>
Advance for Rehab Project	\$ 1,000,000
Charges for services	31,214
User fee	76,842
Interest	5,083
Total	<u>\$ 1,113,139</u>

NOTE 16. AUTHORITATIVE PRONOUNCEMENTS ISSUED BUT NOT YET ADOPTED

The Governmental Accounting Standards Board (GASB) has released the following new standards which are not yet effective.

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements in this Statement are effective for fiscal years beginning after June 30, 2021. Earlier application is encouraged. The District has no plan for early implementation of this Statement. At this time the District is not certain of the effect the adoption of Statement No. 84 will have on the accompanying financial statements.

In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for fiscal years beginning after June 15, 2021. Earlier application is encouraged. The District has no plan for early implementation of this Statement. At this time the District is not certain of the effect the adoption of Statement No. 87 will have on the accompanying financial statements.

EXHIBIT 12-A**NOTE 16. AUTHORITATIVE PRONOUNCEMENTS ISSUED BUT NOT YET ADOPTED (Continued)**

In June 2018, GASB issued Statement No. 89 *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement established accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62 *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged. The District has no plans for early implementation of this Statement. At this time the District is not certain of the effect of the adoption of Statement No. 89 will have on the accompanying financial statements.

In August 2018, GASB issued Statement No. 90 *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61*. The objectives of this Statement are to improve the consistency and comparability of reporting a government's majority interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement established that ownership of majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The District has no plans for early implementation of this Statement. At this time the District is not certain of the effect of the adoption of Statement No. 90 will have on the accompanying financial statements.

In May 2019, GASB issued Statement No. 91 *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for

EXHIBIT 12-A**NOTE 16. AUTHORITATIVE PRONOUNCEMENTS ISSUED BUT NOT YET ADOPTED (Continued)**

accounting and financial reporting additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. Earlier implementation is encouraged. The District has no plan for early implementation of this Statement. At this time the District is not certain of the effect of the adoption of Statement No. 91 will have on the accompanying financial statements.

In January 2020, GASB issued Statement No. 92 *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. GASB issued Statement No. 95 Postponement of the Effective Dates of Certain Authoritative Guidance, which, in light of the COVID-19 pandemic, postpones the effective date of this statement by one year. At this time the District is not certain of the effect of the adoption of Statement No. 92 will have on the accompanying financial statements.

In March 2020, GASB issued Statement No. 93 *Replacement of Interbank Offered Rates*. Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. Statement No. 53, Accounting and Financial Reporting for Derivative

Instruments, as amended, requires a government to terminate hedge accounting when it renegotiates or amends a critical term of a hedging derivative instrument, such as the reference rate of a hedging derivative instrument's variable payment. In addition, in accordance with Statement No. 87, Leases, as amended, replacement of the rate on which variable payments depend in a lease contract would require a government to apply the provisions for lease modifications, including remeasurement of the lease liability or lease receivable. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2022. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021. GASB issued Statement No. 95 Postponement of the Effective Dates of Certain Authoritative Guidance, which, in light of the COVID-19 pandemic, postpones the effective date of this statement by one year. At this time the District is not certain of the effect of the adoption of Statement No. 93 will have on the accompanying financial statements.

In March 2020, GASB issued Statement No. 94 *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify

EXHIBIT 12-A**NOTE 16. AUTHORITATIVE PRONOUNCEMENTS ISSUED BUT NOT YET ADOPTED (Continued)**

or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a of time an or exchange-like transaction. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged. The District has no plan for early implementation of this Statement. At this time the District is not certain of the effect the adoption of Statement No. 94 will have on the accompanying financial statements.

In May 2020, GASB issued Statement No. 96 *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged. The District has no plan for early implementation of this Statement. At this time the District is not certain of the effect the adoption of Statement No. 96 will have on the accompanying financial statements.

In June 2020, GASB issued Statement No. 97 *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*.

The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted by requirement as specified within this Statement. The District has no plan for early implementation of this Statement. At this time the District is not certain of the effect the adoption of Statement No. 97 will have on the accompanying financial statements.

EXHIBIT 12-A

NOTE 17. SUBSEQUENT EVENT

In November 2018, voters passed an initiative requiring the District to, if and when feasible, acquire all the water supply and distribution facilities of California American Water. The District assembled a team of experts to examine feasibility and to report its findings in mid-2019. The District reported on the initial findings that an acquisition is economically feasible in November 2019. The Board voted in December 2019 to approve the second phase of the feasibility to be completed by July 2020. The second phase of the feasibility study is estimated to cost up to \$1.2 million, which will be paid in FY 2019-20 & FY 2020-21.

EXHIBIT 12-A

REQUIRED

SUPPLEMENTARY INFORMATON

EXHIBIT 12-A

MONTEREY PENINSULA WATER MANAGEMENT DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE, BUDGET AND ACTUAL – WATER SUPPLY
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>With Final</u>
				<u>Amounts</u>
REVENUES:				
Property taxes	\$ 2,050,000	\$ 2,050,000	\$ 2,215,716	\$ 165,716
Water supply charge	3,400,000	3,400,000	3,355,193	(44,807)
User fees	720,000	720,000	789,399	69,399
Connection charges, net of refunds	400,000	500,000	575,511	75,511
Project reimbursements	575,700	845,700	1,220,812	375,112
Investment income	90,000	115,000	193,985	78,985
Miscellaneous	<u>5,000</u>	<u>5,000</u>	<u>2,192</u>	<u>(2,808)</u>
Total revenues	<u>7,240,700</u>	<u>7,635,700</u>	<u>8,352,808</u>	<u>717,108</u>
EXPENDITURES:				
Personnel:				
Salaries	997,300	980,300	1,034,678	(54,378)
Employee benefits and other personnel	463,100	461,200	468,197	(6,997)
Services and supplies:				
Project expenditures	7,522,350	11,158,250	5,995,887	5,162,363
Operating expenditures	226,300	245,700	236,163	9,537
Professional fees	339,100	337,900	192,081	145,819
Capital outlay	61,600	61,600	14,927	46,673
Debt service:				
Principal	–	–	93,157	(93,157)
Interest and other charges	<u>230,000</u>	<u>230,000</u>	<u>125,979</u>	<u>104,021</u>
Total expenditures	<u>9,839,750</u>	<u>13,474,950</u>	<u>8,161,069</u>	<u>5,313,881</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(2,599,050)</u>	<u>(5,839,250)</u>	<u>191,739</u>	<u>6,030,989</u>
OTHER FINANCING SOURCES (USES) –				
Transfers out	<u>(250,000)</u>	<u>(250,000)</u>	<u>(270,102)</u>	<u>(20,102)</u>
Total other financing sources (uses)	<u>(250,000)</u>	<u>(250,000)</u>	<u>(270,012)</u>	<u>(20,102)</u>
NET CHANGE IN FUND BALANCE	(2,849,050)	(6,089,250)	(78,363)	6,010,887
FUND BALANCE – BEGINNING OF YEAR	<u>10,190,175</u>	<u>8,584,956</u>	<u>8,584,956</u>	<u>–</u>
FUND BALANCE – END OF YEAR	<u>\$ 7,341,125</u>	<u>\$ 2,495,706</u>	<u>\$ 8,506,593</u>	<u>\$ 6,010,887</u>

See Notes to Required Supplementary Information.

EXHIBIT 12-A

MONTEREY PENINSULA WATER MANAGEMENT DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE, BUDGET AND ACTUAL – CONSERVATION
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>With Final</u>
				<u>Amounts</u>
REVENUES:				
User fees	\$ 1,200,000	\$ 1,200,000	\$ 1,461,133	\$ 261,133
Permit fees	175,000	175,000	191,852	16,852
Project reimbursements	700,000	700,000	246,295	(453,705)
Investment income	40,000	50,000	97,347	47,347
Legal fee reimbursements	16,000	16,000	1,800	(14,200)
Recording fees	6,000	6,000	35,040	29,040
Grants	–	–	16,288	16,288
Miscellaneous	<u>5,000</u>	<u>5,000</u>	<u>1,706</u>	<u>(3,294)</u>
Total revenues	<u>2,142,000</u>	<u>2,152,000</u>	<u>2,051,461</u>	<u>(100,539)</u>
EXPENDITURES:				
Personnel:				
Salaries	690,200	673,700	531,410	142,290
Employee benefits and other personnel	313,400	311,500	283,266	28,234
Services and supplies:				
Project expenditures	1,156,000	1,301,000	588,814	712,186
Operating expenditures	184,400	199,500	182,207	17,293
Professional fees	153,600	152,700	141,698	11,002
Capital outlay	<u>50,900</u>	<u>50,900</u>	<u>11,740</u>	<u>39,160</u>
Total expenditures	<u>2,548,500</u>	<u>2,689,300</u>	<u>1,739,135</u>	<u>950,165</u>
EXCESS (DEFICIENCY) OF REVENUES				
OVER EXPENDITURES	<u>(406,500)</u>	<u>(537,300)</u>	<u>312,326</u>	<u>849,626</u>
OTHER FINANCING SOURCES (USES) –				
Transfers in	<u>250,000</u>	<u>250,000</u>	<u>270,102</u>	<u>20,102</u>
Total other financing sources (uses)	<u>250,000</u>	<u>250,000</u>	<u>270,102</u>	<u>20,102</u>
NET CHANGE IN FUND BALANCE	<u>(156,500)</u>	<u>(287,300)</u>	<u>582,428</u>	<u>869,728</u>
FUND BALANCE – BEGINNING OF YEAR	<u>3,718,352</u>	<u>3,835,014</u>	<u>3,835,014</u>	<u>–</u>
FUND BALANCE – END OF YEAR	<u>\$ 3,561,852</u>	<u>\$ 3,547,714</u>	<u>\$ 4,417,442</u>	<u>\$ 869,728</u>

See Notes to Required Supplementary Information.

EXHIBIT 12-A

MONTEREY PENINSULA WATER MANAGEMENT DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE, BUDGET AND ACTUAL – MITIGATION
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>With Final</u>
REVENUES:				
User fees	\$ 3,080,000	\$ 3,080,000	\$ 3,284,852	\$ 204,852
Permit fees	56,000	56,000	50	(55,950)
Project reimbursement	135,300	135,300	95,820	(39,480)
Investment income	50,000	65,000	106,930	41,930
Grants	468,000	468,000	270,363	(197,637)
Miscellaneous	<u>5,000</u>	<u>5,000</u>	<u>2,685</u>	<u>(2,315)</u>
Total revenues	<u>3,794,300</u>	<u>3,809,300</u>	<u>3,760,700</u>	<u>(48,600)</u>
EXPENDITURES:				
Personnel:				
Salaries	1,067,100	1,050,600	983,462	67,138
Employee benefits and other personnel	523,000	521,800	485,465	36,335
Services and supplies:				
Project expenditures	1,871,650	2,098,450	1,220,998	877,452
Operating expenditures	268,400	292,400	273,007	19,393
Professional fees	267,900	266,500	206,919	59,581
Capital outlay	<u>101,400</u>	<u>101,400</u>	<u>18,344</u>	<u>83,056</u>
Total expenditures	<u>4,099,450</u>	<u>4,331,150</u>	<u>3,188,195</u>	<u>1,142,955</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(305,150)</u>	<u>(521,850)</u>	<u>572,505</u>	<u>1,094,355</u>
NET CHANGE IN FUND BALANCE	(305,150)	(521,850)	572,505	1,094,355
FUND BALANCE – BEGINNING OF YEAR	<u>4,758,338</u>	<u>4,595,369</u>	<u>4,595,369</u>	<u>–</u>
FUND BALANCE – END OF YEAR	<u>\$ 4,453,188</u>	<u>\$ 4,073,519</u>	<u>\$ 5,167,874</u>	<u>\$ 1,094,355</u>

See Notes to Required Supplementary Information.

EXHIBIT 12-A

**MONTEREY PENINSULA WATER MANAGEMENT DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 1. BUDGETARY DATA

The District adopts an annual legal budget, which covers the Water Supply Fund (which acts as the District's general fund), Conservation Fund, and Mitigation Fund. All appropriations lapse at fiscal year end and then are rebudgeted for the coming fiscal year. Encumbrance accounting is not used. The budgets are prepared on the modified accrual basis of accounting, which is consistent with generally accepted accounting principles.

A mid-year budget review is performed and the budget is amended and adopted by the board of directors. The District must approve additional appropriations or interfund transfers not included in the amended budget resolution.

EXHIBIT 12-A

MONTEREY PENINSULA WATER MANAGEMENT DISTRICT
SCHEDULE OF CHANGES IN THE TOTAL/NET OPEB LIABILITY AND RELATED RATIOS
For the Measurement Periods Ended June 30

Measurement Period	2020	2019	2018
Total/Net OPEB Liability:			
Service cost	\$ 148,363	\$ 131,173	\$ 127,662
Interest	144,980	155,268	140,378
Changes of assumptions	(190,471)	249,320	–
Benefit payments	<u>(117,237)</u>	<u>(98,542)</u>	<u>(92,380)</u>
Net change in total OPEB liability	(425,496)	437,219	175,660
Total/Net OPEB liability – beginning of year	<u>4,542,208</u>	<u>4,104,989</u>	<u>3,929,329</u>
Total/Net OPEB liability – end of year	<u>4,116,712</u>	<u>4,542,208</u>	<u>4,104,989</u>
 Covered-employee payroll	 \$ 2,577,148	 \$ 2,508,173	 \$ 2,441,044
 Net OPEB liability as a percentage of covered-employee payroll	 159.74%	 181.1%	 168.2%

Notes to Schedule:

The District adopted GASB 75 for the fiscal year ending June 30, 2018. Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

EXHIBIT 12-A

MONTEREY PENINSULA WATER MANAGEMENT DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Last 10 Years*
FOR THE YEAR ENDED JUNE 30, 2020

Measurement Period	Proportion of the net pension liability	Proportionate share of the net pension liability	Covered payroll	Proportionate share of the net pension liability as percentage of covered payroll	Plan's fiduciary net position	Plan fiduciary net position as a percentage of the total pension liability
<u>2015</u>						
Miscellaneous Plan	0.12936%	\$ 3,548,843	\$ 2,325,836	152.58%	\$10,896,036,068	79.89%
<u>2016</u>						
Miscellaneous Plan	0.12945%	\$ 4,496,774	\$ 2,419,068	185.89%	\$10,923,476,287	75.87%
<u>2017</u>						
Miscellaneous Plan	0.13198%	\$ 5,202,822	\$ 2,407,013	216.15%	\$12,074,499,781	75.39%
<u>2018</u>						
Miscellaneous Plan	0.13571%	\$ 5,114,656	\$ 2,531,145	202.07%	\$13,122,440,092	77.69%
<u>2019</u>						
Miscellaneous Plan	0.13886%	\$ 5,560,550	\$ 2,735,113	203.30%	\$13,979,687,268	77.73%

Notes to Schedule:**Benefit changes.**

The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2015 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes in assumptions.

In 2015, amounts reported as changes in assumptions resulted primarily from adjustments to expected retirement ages of general employees.

In 2016, the discount rate was changed from 7.50 percent (net of administrative expense) to 7.65 percent to correct for an adjustment to exclude administrative expense.

In 2017, the discount rate was changed from 7.65 percent to 7.15 percent.

In 2018, demographic assumptions and the inflation rate were changed in accordance with CalPERS Experience Study and review of Actuarial Assumptions December 2017.

* Fiscal year 2015 was the 1st year of implementation, therefore, only five years are shown.

EXHIBIT 12-A

MONTEREY PENINSULA WATER MANAGEMENT DISTRICT
SCHEDULE OF CONTRIBUTIONS –PENSION
 Last 10 Years*
 FOR THE YEAR ENDED JUNE 30, 2020

<u>Fiscal Year</u>	<u>Contractually required contribution (actuarially determined)</u>	<u>Contributions in relation to the actuarially determined contributions</u>	<u>Contribution deficiency (excess)</u>	<u>Covered payroll</u>	<u>Contributions as a percentage of covered payroll</u>
<u>2016</u>					
Miscellaneous Plan	\$ 370,709	\$ 370,709	\$ –	\$ 2,419,068	15.32%
<u>2017</u>					
Miscellaneous Plan	\$ 361,981	\$ 361,981	\$ –	\$ 2,407,013	15.04%
<u>2018</u>					
Miscellaneous Plan	\$ 386,341	\$ 386,341	\$ –	\$ 2,531,145	15.26%
<u>2019</u>					
Miscellaneous Plan	\$ 458,759	\$ 458,759	\$ –	\$ 2,735,113	16.77%
<u>2020</u>					
Miscellaneous Plan	\$ 516,231	\$ 516,213	\$ –	\$ 2,625,596	19.66%

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for each fiscal year are as follows:

FYE 2015–2016	June 30, 2013	Funding valuation report
FYE 2016–2017	June 30, 2014	Funding valuation report
FYE 2017–2018	June 30, 2015	Funding valuation report
FYE 2018–2019	June 30, 2016	Funding valuation report
FYE 2019–2020	June 30, 2017	Funding valuation report

Actuarial cost method	Entry age normal
Amortization method/period	Level percentage of payroll
Asset valuation method	Market value
Inflation	2.50%
Salary increases	Varies by entry age and service
Payroll growth	3.00%
Investment rate of return	7.15
Retirement age	The probabilities of retirement are based on results of an actuarial experience study for the period from 1997 to 2015.
Mortality	The probabilities of mortality are based on CalPERS specific data. The table includes 15 years mortality improvement using Society of Actuaries 90% scale MP 2016.

* Fiscal year 2015 was the 1st year of implementation, therefore only five years are shown.

EXHIBIT 12-A

STATISTICAL SECTION



(Photo: Sleepy Hollow UV Treatment)

EXHIBIT 12-A

**STATISTICAL
SECTION**

The information in this section is not covered by the Independent Auditor's Report but is presented as supplemental data for the benefit of the readers of the comprehensive financial report. This section presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the District's overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time. (Pages 60-64)

Revenue Capacity

These schedules contain information to help the reader assess the District's most significant local revenue sources. (Pages 65-67)

Debt Capacity

These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future. (Pages 68-69)

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place. (Pages 70-72)

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs. (Pages 73-74)

EXHIBIT 12-A**MONTEREY PENINSULA WATER MANAGEMENT DISTRICT****Net Position by Component****Last Ten Fiscal Years****(accrual basis of accounting)**

	Fiscal Year Ended June 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Governmental activities										
Net investment in capital assets	\$ 9,874,997	\$ 5,391,484	\$ 3,360,667	\$ 3,279,341	\$ 3,454,077	\$ 3,765,812	\$ 3,703,618	\$ 3,825,773	\$ 7,626,567	\$ 6,238,660
Restricted for debt service	222,524	222,098	221,656	221,214	220,772	220,330	219,136	219,136	-	-
Unrestricted (deficit)	7,086,920	6,650,005	3,659,946	(2,942,603)	(3,985,497)	(2,940,609)	1,316,853	2,697,295	(1,117,760)	635,049
Total governmental activities net position	\$ 17,184,441	\$ 12,263,587	\$ 7,242,269	\$ 557,952	\$ (310,648)	\$ 1,045,533	\$ 5,239,607	\$ 6,742,204	\$ 6,508,807	\$ 6,873,709
Business-type activities										
Net investment in capital assets	\$ 33,122,073	\$ 30,591,335	\$ 28,603,598	\$ 27,566,748	\$ 26,194,280	\$ 25,157,565	\$ 24,719,129	\$ 18,794,502	\$ 24,212,463	\$ 24,130,341
Restricted for construction project	-	-	-	-	-	-	-	15,276	-	-
Restricted for debt service	1,176	1,164	1,144	1,136	1,136	1,136	1,137	1,137	1,136	1,136
Restricted for capital replacement	-	-	-	1,121,549	1,118,503	1,273,355	873,273	848,080	-	-
Restricted for expanded project	-	-	-	-	-	-	-	-	889,475	891,700
Unrestricted (deficit)	(1,182,948)	(1,221,936)	(919,550)	(3,165,974)	(3,430,576)	(3,772,838)	(4,393,080)	-	250,873	245,551
Total business-type activities net position	\$ 31,940,301	\$ 29,370,563	\$ 27,685,192	\$ 25,523,459	\$ 23,883,343	\$ 22,659,218	\$ 21,200,459	\$ 19,658,995	\$ 25,353,947	\$ 25,268,728
Primary government										
Net investment in capital assets	\$ 42,997,070	\$ 35,982,819	\$ 31,964,265	\$ 30,846,089	\$ 29,648,357	\$ 28,923,377	\$ 28,422,747	\$ 22,620,275	\$ 31,839,030	\$ 30,369,001
Restricted for construction project	-	-	-	-	-	-	-	15,276	-	-
Restricted for debt service	223,700	223,262	222,800	222,350	221,908	221,466	220,273	220,273	1,136	1,136
Restricted for capital replacement	-	-	-	1,121,549	1,118,503	1,273,355	873,273	848,080	-	-
Restricted for expanded project	-	-	-	-	-	-	-	-	889,475	891,700
Unrestricted (deficit)	5,903,972	5,428,069	2,740,396	(6,108,577)	(7,416,073)	(6,746,108)	(3,076,227)	2,697,295	(866,887)	880,600
Total primary government net position	\$ 49,124,742	\$ 41,634,150	\$ 34,927,461	\$ 26,081,411	\$ 23,572,695	\$ 23,672,090	\$ 26,440,066	\$ 26,401,199	\$ 31,862,754	\$ 32,142,437

Notes:

Accounting standards require that net assets be reported in three components in the financial statements: Net investment in capital assets; restricted; and unrestricted. Net assets are considered restricted when 1) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or 2) imposed by law through constitutional provisions or enabling legislation.

EXHIBIT 12-A**MONTEREY PENINSULA WATER MANAGEMENT DISTRICT****Changes in Net Position****Last Ten Fiscal Years****(accrual basis of accounting)**

Expenses (by function)	Fiscal Year Ended June 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Governmental activities:										
Conservation	\$ 1,961,978	\$ 2,022,792	\$ 2,101,343	\$ 1,881,138	\$ 1,928,518	\$ 2,538,647	\$ 2,269,696	\$ 1,459,231	\$ 1,112,961	\$ 1,066,511
Mitigation	3,160,250	3,374,595	2,584,965	2,343,392	2,261,058	2,348,049	2,463,838	2,284,450	3,131,325	4,777,577
Water supply	4,008,834	3,681,507	3,878,083	5,321,950	7,057,927	5,149,757	7,931,458	4,054,342	1,200,978	1,291,349
Interest	125,979	128,961	132,183	137,086	138,627	141,077	143,921	137,086	-	-
Total Governmental Activities expenses	9,257,041	9,207,855	8,696,574	9,683,566	11,386,130	10,177,530	12,808,913	7,935,109	5,445,264	7,135,437
Business-type activities:										
Reclamation Project	4,527,473	4,656,895	4,161,333	4,024,568	4,347,080	3,945,772	3,889,685	3,434,236	3,793,748	3,664,890
Total business-type activities expenses	4,527,473	4,656,895	4,161,333	4,024,568	4,347,080	3,945,772	3,889,685	3,434,236	3,793,748	3,664,890
Total Primary Government Expenses	13,784,514	13,864,750	12,857,907	13,708,134	15,733,210	14,123,302	16,698,598	11,369,345	9,239,012	10,800,327
Program Revenues (by function)										
Governmental activities:										
Charges for service:										
Conservation	1,899,280	1,790,416	2,136,505	996,234	1,005,237	1,584,188	1,374,724	761,990	439,798	717,546
Mitigation	3,380,722	2,977,719	3,013,010	3,052,020	2,542,519	2,236,455	1,940,728	1,873,902	2,709,894	4,950,900
Water supply	5,950,297	5,319,088	10,377,339	4,543,983	4,313,762	4,223,966	5,728,874	5,523,491	305,849	420,552
Operating grants and contributions	286,651	1,726,815	155,021	89,276	334,864	169,214	602,499	391,797	165,528	-
Total governmental activities program revenues	11,516,950	11,814,038	15,681,875	8,681,513	8,196,382	8,213,823	9,646,825	8,551,180	3,621,069	6,088,998
Business-type activities:										
Charges for services -										
Water sales	7,063,288	6,299,411	6,328,302	5,661,358	5,513,758	5,379,027	5,420,240	4,175,379	2,344,688	1,840,264
Total Business-type activities revenue	7,063,288	6,299,411	6,328,302	5,661,358	5,513,758	5,379,027	5,420,240	4,175,379	2,344,688	1,840,264
Total Primary Government Program Revenues	18,580,238	18,113,449	22,010,177	14,342,871	13,710,140	13,592,850	15,067,065	12,726,559	5,965,757	7,929,262
Net (Expenses)/Revenue										
Governmental activities	2,259,909	2,606,183	6,985,301	(1,002,053)	(3,189,748)	(1,963,707)	(3,162,088)	616,071	(1,824,195)	(1,046,439)
Business-type activities	2,535,815	1,642,516	2,166,969	1,636,790	1,166,678	1,433,255	1,530,555	741,143	(1,449,060)	(1,824,626)
Total Primary Net (Expenses)/Revenue	\$ 4,795,724	\$ 4,248,699	\$ 9,152,270	\$ 634,737	\$ (2,023,070)	\$ (530,452)	\$ (1,631,533)	\$ 1,357,214	\$ (3,273,255)	\$ (2,871,065)

EXHIBIT 12-A**MONTEREY PENINSULA WATER MANAGEMENT DISTRICT**

Changes in Net Position (continued)
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Taxes	\$ 2,219,260	\$ 2,075,081	\$ 1,872,468	\$ 1,811,861	\$ 1,788,896	\$ 1,689,619	\$ 1,582,796	\$ 1,690,645	\$ 1,388,301	\$ 1,402,646
Investment earnings	398,262	327,035	61,336	35,837	48,125	26,092	20,042	11,524	2,080	4,772
Miscellaneous	43,423	13,019	44,766	22,955	29,207	39,507	56,653	62,211	69,200	80,253
Gain (loss) on sale of capital assets	-	-	-	-	-	-	-	-	(288)	-
Special items -										
Transfer of capital assets	-	-	-	-	-	-	-	(2,147,054)	-	-
Total governmental activities	2,660,945	2,415,135	1,978,570	1,870,653	1,866,228	1,755,218	1,659,491	(382,674)	1,459,293	1,487,671
Business-type activities:										
Investment earnings	33,923	42,855	(5,236)	3,326	56,685	25,504	26,185	1,909	36,196	19,518
Miscellaneous	-	-	-	-	762	-	-	-	3,004	1,436
Special items:										
Subsidy, Pebble Beach Company	-	-	-	-	-	-	-	1,600,006	1,732,903	1,667,322
Capital contributions (withdrawals)	-	-	-	-	-	-	-	-	-	(176,083)
Withdrawal, Pebble Beach Company	-	-	-	-	-	-	-	(1,641,213)	-	-
Water entitlement sales	-	-	-	-	-	-	-	253,203	293,176	-
Water entitlement (withdrawals)	-	-	-	-	-	-	(15,276)	(1,130,000)	(531,000)	-
Total business-type activities	33,923	42,855	(5,236)	3,326	57,447	25,504	10,909	(916,095)	1,534,279	1,512,193
Total Primary Government	2,694,868	2,457,990	1,973,334	1,873,979	1,923,675	1,780,722	1,670,400	(1,298,769)	2,993,572	2,999,864
Change in Net Position										
Governmental activities	4,920,854	5,021,318	8,963,871	868,600	(1,323,520)	(208,489)	(1,502,597)	233,397	(364,902)	441,232
Business-type activities	2,569,738	1,685,371	2,161,733	1,640,116	1,224,125	1,458,759	1,541,464	(174,952)	85,219	(312,433)
Total Primary Government	7,490,592	6,706,689	11,125,604	2,508,716	(99,395)	1,250,270	38,867	58,445	(279,683)	128,799
Net position - beginning of year	41,634,150	34,927,461	23,801,857	23,572,695	23,672,090	22,454,481	26,401,199	26,342,754	32,142,437	32,013,638
Net position - end of year	\$ 49,124,742	\$ 41,634,150	\$ 34,927,461	\$ 26,081,411	\$ 23,572,695	\$ 23,704,751	\$ 26,440,066	\$ 26,401,199	\$ 31,862,754	\$ 32,142,437

Notes:

Net position - beginning of the year for the fiscal year ended June 30, 2013 has been restated for a prior period adjustment related to a liability to PBCo. For reimbursement of bond carrying costs.

Net position - beginning of the year for the fiscal year ended June 30, 2015 has been restated for implementation of GASB 68.

Net position - beginning of the year for the fiscal year ended June 30, 2016 has been restated for implementation of GASB 82.

Net position - beginning of the year for the fiscal year ended June 30, 2018 has been restated for implementation of GASB 75.

EXHIBIT 12-A**MONTEREY PENINSULA WATER MANAGEMENT DISTRICT**

Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Governmental Funds:										
Nonspendable - prepaid expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 36,025	\$ 39,869	\$ 44,743
Restricted	222,524	222,098	221,656	221,214	220,772	220,330	219,136	219,136	-	-
Committed	3,481,259	1,362,417	939,786	833,920	739,717	485,060	644,294	1,590,590	707,984	822,901
Assigned:										
Insurance/litigation	250,000	250,000	250,000	78,646	250,000	250,000	250,000	250,000	183,260	250,000
Capital equipment	581,500	532,000	332,000	140,334	144,000	232,000	244,900	304,100	99,599	304,100
Flood/drought emergencies	328,944	328,944	328,944	328,944	328,944	254,891	443,944	443,944	-	443,944
Pension/OPEB	400,000	200,000	-	-	-	-	-	-	-	-
Project expenditures	12,827,682	14,119,880	12,039,679	3,396,036	2,067,332	3,674,618	3,508,509	3,929,262	150,891	379,217
Unassigned (deficit)	-	-	-	(142,687)	(119,214)	-	-	-	(1,212,372)	(726,414)
Total governmental fund balances	<u>\$ 18,091,909</u>	<u>\$ 17,015,339</u>	<u>\$ 14,112,065</u>	<u>\$ 4,856,407</u>	<u>\$ 3,631,551</u>	<u>\$ 5,116,899</u>	<u>\$ 5,310,783</u>	<u>\$ 6,773,057</u>	<u>\$ (30,769)</u>	<u>\$ 1,518,491</u>

EXHIBIT 12-A**MONTEREY PENINSULA WATER MANAGEMENT DISTRICT**

Changes in Fund Balance of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Revenues:										
Property Taxes	\$ 2,215,716	\$ 2,059,154	\$ 1,924,320	\$ 1,817,206	\$ 1,744,833	\$ 1,689,619	\$ 1,582,796	\$ 1,690,645	\$ 1,388,301	\$ 1,402,646
Water supply charge	3,355,193	3,410,398	3,405,008	3,391,354	3,382,389	3,327,701	3,412,207	3,400,873	-	-
User fees	5,535,384	4,862,354	5,158,825	1,156,364	79,018	95,321	93,931	1,815,986	1,620,375	3,048,993
Connection charges, net of refunds	575,511	591,240	522,167	370,255	502,298	159,250	223,625	115,972	194,510	319,728
Permit fees	191,902	251,850	317,312	243,787	225,374	193,609	240,079	277,956	225,616	296,735
Project reimbursements	1,562,927	973,715	6,065,203	1,390,565	1,259,886	2,151,906	3,283,666	2,562,195	1,423,967	2,426,480
Investment income	398,262	327,035	61,336	35,837	48,125	26,092	20,042	11,524	2,080	4,772
Legal fee reimbursements	1,800	3,600	5,370	2,914	2,728	2,637	18,441	32,756	27,136	23,638
Recording fees	35,040	7,530	17,887	12,039	12,047	11,340	15,061	13,785	11,797	11,987
Mitigation revenue	-	-	-	2,039,912	2,412,553	2,127,410	1,801,800	-	-	-
Miscellaneous	6,583	1,889	21,509	8,002	14,432	25,530	23,151	15,670	30,267	44,628
Grants	286,651	1,726,815	155,021	89,276	334,864	169,214	602,499	391,797	165,528	-
Total revenues	14,164,969	14,215,580	17,653,958	10,557,511	10,018,547	9,979,629	11,317,298	10,329,159	5,089,577	7,579,607
Expenditures:										
Current:										
Water Supply	7,927,006	4,279,219	3,647,937	5,114,480	7,053,419	5,088,746	8,004,072	3,853,524	990,160	1,128,816
Conservation	1,727,395	1,839,560	1,881,374	1,733,055	1,889,096	2,493,467	2,083,341	1,343,770	1,041,833	1,005,320
Mitigation	3,169,851	4,549,120	2,277,747	2,149,332	2,211,423	2,248,870	2,365,683	2,194,725	4,540,619	5,787,207
Capital outlay	45,011	425,271	372,106	114,821	130,822	117,221	107,340	53,145	42,892	73,136
Debt Service:										
Principal	93,157	90,175	86,953	83,881	80,508	78,059	75,215	38,368	-	-
Interest and other charges	125,979	128,961	132,183	137,086	138,627	147,150	143,921	41,801	23,333	23,089
Total expenditures	13,088,399	11,312,306	8,398,300	9,332,655	11,503,895	10,173,513	12,779,572	7,525,333	6,638,837	8,017,568
Excess (deficiency) of revenues over (under) expenditures	1,076,570	2,903,274	9,255,658	1,224,856	(1,485,348)	(193,884)	(1,462,274)	2,803,826	(1,549,260)	(437,961)
Other Financing Sources (Uses):										
Transfers in	270,102	1,900,758	1,924,320	1,137,571	1,271,950	948,721	-	-	-	-
Transfers out	(270,102)	(1,900,758)	(1,924,320)	(1,137,571)	(1,271,950)	(948,721)	-	-	-	-
Loan proceeds	-	-	-	-	-	-	-	4,000,000	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	4,000,000	-	-
Net change in fund balances	1,076,570	2,903,274	9,255,658	1,224,856	(1,485,348)	(193,884)	(1,462,274)	6,803,826	(1,549,260)	(437,961)
Fund balances, beginning of year	17,015,339	14,112,065	4,856,407	3,631,551	5,116,899	5,310,783	6,773,057	(30,769)	1,518,491	1,956,452
Fund balances, end of year	\$ 18,091,909	\$ 17,015,339	\$ 14,112,065	\$ 4,856,407	\$ 3,631,551	\$ 5,116,899	\$ 5,310,783	\$ 6,773,057	\$ (30,769)	\$ 1,518,491
Debt service as a percentage of noncapital expenditures	2.27%	2.59%	2.79%	2.42%	1.96%	2.28%	1.77%	1.08%	0.47%	0.34%

EXHIBIT 12-A**MONTEREY PENINSULA WATER MANAGEMENT DISTRICT**

Assessed Value and Actual Value of Taxable Property - Monterey County
Last Ten Fiscal Years
(in thousands of dollars)

Fiscal Year Ended June 30	Secured Roll	Unsecured Roll	Exemptions	Net Assessed Valuations	* MPWMD Property Tax Allocations	Percentage Over Net Assessed Value
2010	50,655,874	2,254,022	(1,679,121)	51,230,775	1,339,138	2.6%
2011	48,774,186	2,116,423	(1,770,929)	49,119,680	1,402,646	2.9%
2012	48,980,011	2,103,408	(1,856,776)	49,226,643	1,388,301	2.8%
2013	49,595,091	2,122,678	(1,914,519)	49,803,250	1,690,645	3.4%
2014	51,396,835	2,159,991	(2,009,761)	51,547,065	1,582,796	3.1%
2015	54,354,520	2,231,717	(2,119,791)	54,466,446	1,689,619	3.1%
2016	57,571,743	2,333,413	(2,196,512)	57,708,644	1,744,833	3.0%
2017	60,242,461	2,370,771	(2,324,855)	60,288,377	1,817,206	3.0%
2018	63,625,023	2,475,907	(2,455,639)	63,645,291	1,924,320	3.0%
2019	\$ 67,593,587	\$ 2,557,084	\$ (2,474,441)	\$ 67,676,230	\$ 2,059,154	3.0%

Source: Monterey County CAFR Report (Fiscal Year Ended June 30, 2019)

* Source: Monterey Peninsula Water Management District, Audited Financial Statements

EXHIBIT 12-A**MONTEREY PENINSULA WATER MANAGEMENT DISTRICT**

Principal Property Taxpayers - Monterey County
For the Year Ended June 30, 2018 and June 30, 2009

Tax Payer	Type of Business	2018			2009		
		Taxable Assessed Value (\$'000)	Rank	Percentage of Total County Assessed Value	Taxable Assessed Value (\$'000)	Rank	Percentage of Total County Assessed Value
Pebble Beach Company	Tourism	\$ 784,404	1	1.23%	\$ 628,703	2	1.18%
Pacific Gas & Electric Company	Utility	645,250	2	1.01%	345,052	3	0.65%
Chevron USA Inc	Petroleum	297,351	3	0.47%	-		
Dynergy Moss Landing LLC	Utility	230,400	4	0.36%	742,400	1	1.40%
Aera Energy LLC	Utility	215,125	5	0.34%	118,690	5	0.22%
D'Arrigo Bros Co	Agriculture	158,444	6	0.25%	82,140	10	0.15%
Northridge Owner LP	Retail	128,013	7	0.20%	85,143	9	0.16%
AAT Del Monte LLC	Real Estate	115,027	8	0.18%	-		
California-American Water Company	Utility	107,154	9	0.17%	89,904	8	0.17%
Scheid Vineyards California Inc	Agriculture	104,922	10	0.16%	-		
Texaco Inc	Utility	-			282,906	4	0.53%
Pacific Bell Telephone Company	Utility	-			109,008	6	0.21%
Pacific Oceanside Holdings	Real Estate	-			92,378	7	0.17%
Pacific Wine Partners LLC	Agriculture	-			-		
Ten Largest Taxpayers' Total		2,786,090		4.37%	2,576,324		4.84%
All Other Taxpayers' Total		60,859,202		95.62%	50,503,857		95.16%
Total		<u>\$ 63,645,292</u>		<u>100%</u>	<u>\$ 53,080,181</u>		<u>100%</u>

Source: Monterey County CAFR Report (Fiscal Year Ended June 30, 2018)
2019 data not available at time of print

EXHIBIT 12-A**MONTEREY PENINSULA WATER MANAGEMENT DISTRICT**

Major Revenue Sources
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Governmental activities										
Property Taxes	\$ 2,219,260	\$ 2,075,081	\$ 1,872,468	\$ 1,811,861	\$ 1,788,896	\$ 1,689,619	\$ 1,582,796	\$ 1,690,645	\$ 1,388,301	\$ 1,402,646
Water supply charge	3,364,575	3,408,064	3,463,347	3,391,354	3,382,389	3,327,701	3,412,207	3,400,873	-	-
User fees	5,535,384	4,862,354	5,158,825	1,156,364	79,018	95,321	93,931	1,815,986	1,620,375	3,048,993
Mitigation revenue	-	-	-	2,039,912	2,412,553	2,127,410	1,801,800	-	-	-
Business-type activities										
Water sales	\$ 7,063,288	\$ 6,299,411	\$ 6,328,302	\$ 5,661,358	\$ 5,513,758	\$ 5,379,027	\$ 5,359,496	\$ 4,175,379	\$ 2,344,688	\$ 1,840,254

Source: Monterey Peninsula Water Management District, Audited Financial Statements

EXHIBIT 12-A**MONTEREY PENINSULA WATER MANAGEMENT DISTRICT**

Ratio of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year Ended June 30,

Fiscal Year	Installment Purchase Agreement	Line of Credit	Due Pebble Beach Company	Certificates of Participation	Debt	Personal Income (1)	As a percent of Personal Income
2020	\$ 3,373,684	\$ -	\$ 1,656,000	\$ 7,500,000	\$ 12,529,684	**	**
2019	\$ 3,466,841	\$ -	\$ 2,208,000	\$ 9,800,000	\$ 15,474,841	**	**
2018	3,357,016	-	2,760,000	11,900,000	18,017,016	24,477,179	0.07%
2017	3,643,969	-	3,312,000	13,900,000	20,855,969	23,819,797	0.09%
2016	3,727,850	-	3,864,000	15,800,000	23,391,850	22,827,059	0.10%
2015	3,808,358	-	4,416,000	17,600,000	25,824,358	21,623,627	0.12%
2014	3,886,417	-	4,968,000	19,300,000	28,154,417	19,889,054	0.14%
2013	3,961,632	-	5,520,000	21,000,000	30,481,632	19,233,171	0.16%
2012	-	1,275,478	-	22,600,000	23,875,478	18,365,298	0.13%
2011	-	1,069,163	-	24,100,000	25,169,163	17,355,940	0.15%

(1) Monterey County CAFR Report (Fiscal Year Ended June 30, 2019)

** Data not available for 2019 or 2020

Source: Monterey Peninsula Water Management District, Audited Financial Statements

EXHIBIT 12-A**MONTEREY PENINSULA WATER MANAGEMENT DISTRICT**

Debt Service Coverage
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year Ended June 30,									
	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013	6/30/2012	6/30/2011
Governmental activities *										
Debt service coverage										
Water supply charges	\$ 3,355,193	\$ 3,410,398	\$ 3,405,008	\$ 3,391,354	\$ 3,382,389	\$ 3,327,701	\$ 3,412,207	\$ 3,400,873	N/A	N/A
Operating expenses (1)	(1,955,508)	(2,005,667)	(1,855,440)	(1,525,501)	(1,847,397)	(1,828,234)	(1,674,940)	(1,519,457)	N/A	N/A
Reserve funds available	596,644	519,118	418,976	396,234	395,792	439,350	442,456	396,234	N/A	N/A
Net available revenues	<u>\$ 1,996,329</u>	<u>\$ 1,923,849</u>	<u>\$ 1,968,544</u>	<u>\$ 2,262,087</u>	<u>\$ 1,930,784</u>	<u>\$ 1,938,817</u>	<u>\$ 2,179,723</u>	<u>\$ 2,277,650</u>	<u>\$ -</u>	<u>\$ -</u>
Debt Service:										
Principal	\$ 93,157	\$ 90,175	\$ 86,953	\$ 83,881	\$ 80,508	\$ 78,059	\$ 75,215	\$ 38,368	\$ -	\$ -
Interest	125,979	128,961	132,183	137,086	138,627	147,150	143,921	41,801	23,333	23,089
	<u>\$ 219,136</u>	<u>\$ 219,136</u>	<u>\$ 219,136</u>	<u>\$ 220,967</u>	<u>\$ 219,135</u>	<u>\$ 225,209</u>	<u>\$ 219,136</u>	<u>\$ 80,169</u>	<u>\$ 23,333</u>	<u>\$ 23,089</u>
Debt service coverage ratio	9.11	8.78	8.98	10.24	8.81	8.61	9.95	28.41	N/A	N/A
Minimum coverage ratio (4)	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	N/A	N/A
Business-type activities										
Debt service coverage										
Gross revenues (2)	\$ 7,097,211	\$ 6,342,266	\$ 6,324,764	\$ 5,664,684	\$ 5,571,205	\$ 5,404,531	\$ 5,446,425	\$ 6,030,497	\$ 4,409,967	\$ 4,283,370
Operating expenses (3)	(2,504,551)	(2,584,234)	(2,041,565)	(2,053,626)	(2,588,706)	(2,035,882)	(1,960,727)	(1,770,313)	(1,907,355)	(1,716,344)
Net available revenues	<u>\$ 4,592,660</u>	<u>\$ 3,758,032</u>	<u>\$ 4,283,199</u>	<u>\$ 3,611,058</u>	<u>\$ 2,982,499</u>	<u>\$ 3,368,649</u>	<u>\$ 3,485,698</u>	<u>\$ 4,260,184</u>	<u>\$ 2,502,612</u>	<u>\$ 2,567,026</u>
Debt Service:										
Principal:										
PBCo.	\$ 552,000	\$ 552,000	\$ 552,000	\$ 552,000	\$ 552,000	\$ 552,000	\$ 552,000	\$ -	\$ -	\$ -
COPs	2,530,000	2,100,000	2,000,000	1,900,000	1,800,000	1,700,000	1,700,000	1,600,000	1,500,000	1,400,000
Interest	167,891	192,875	185,876	141,828	59,049	40,339	47,688	35,308	307,246	374,014
	<u>\$ 3,249,891</u>	<u>\$ 2,844,875</u>	<u>\$ 2,737,876</u>	<u>\$ 2,593,828</u>	<u>\$ 2,411,049</u>	<u>\$ 2,292,339</u>	<u>\$ 2,299,688</u>	<u>\$ 1,635,308</u>	<u>\$ 1,807,246</u>	<u>\$ 1,774,014</u>
Debt service coverage ratio	1.41	1.32	1.56	1.39	1.24	1.47	1.52	2.61	1.38	1.45
Minimum coverage ratio (3)	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25

* The service coverage ratio only applies to the Water Supply Fund. The amounts included in the calculation relate only to that fund.

(1) Operating expenses exclude depreciation, interest expense, capital outlay and project expenditures except for ASR operating expenses.

(2) Gross revenues includes operating revenue, other non-operating revenue, and investment earnings.

(3) Operating expenses exclude depreciation and amortization.

(4) Minimum coverage ratio requirement per debt covenants.

N/A represents years where debt service coverage was not required.

Source: Monterey Peninsula Water Management District, Audited Financial Statements

EXHIBIT 12-A**MONTEREY PENINSULA WATER MANAGEMENT DISTRICT**

Demographic and Economic Statistics - Monterey County
Last Ten Calendar Years

Calendar Year	Population	Per Capita Income	Total Personal Income	Median Age	School Enrollment	Unemployment Rate
2009	410,370	42,356	17,381,644	32	70,523	11.8%
2010	415,057	42,176	17,574,000	33	70,949	12.8%
2011	421,898	41,138	17,355,940	33	72,666	12.4%
2012	426,762	43,034	18,365,298	33	73,460	11.4%
2013	428,826	44,851	19,233,171	33	74,684	10.1%
2014	431,344	46,109	19,889,054	34	75,997	9.1%
2015	433,898	49,836	21,623,627	34	76,768	8.1%
2016	435,232	52,448	22,827,059	34	77,517	7.6%
2017	437,907	54,395	23,819,797	34	77,954	7.2%
2018	435,594	\$ 56,193	\$ 24,477,179	35	77,923	4.7%

Source: Monterey County CAFR Report (Fiscal Year Ended June 30, 2019)
2020 data not available at time of print

EXHIBIT 12-A**MONTEREY PENINSULA WATER MANAGEMENT DISTRICT**Principal Employment by Industry - Monterey County
For the Year Ended June 30, 2019 and June 30, 2009

Industry	2019		Industry	2009	
	Number of Employed	Percent of Total		Number of Employed	Percent of Total
Agriculture	54,700	27.34%	Agriculture	42,800	25.46%
Natural Resources, Mining and Construction	6,800	3.40%	Natural Resources, Mining and Construction	4,800	2.86%
Manufacturing	5,300	2.65%	Manufacturing	5,700	3.39%
Wholesale Trade	5,800	2.90%	Wholesale Trade	4,900	2.91%
Retail Trade	16,800	8.40%	Retail Trade	15,100	8.98%
Transportation, Warehousing and Utilities	4,200	2.10%	Transportation, Warehousing and Utilities	3,500	2.08%
Information	1,000	0.50%	Information	1,700	1.01%
Financial Activities	4,400	2.20%	Financial Activities	4,700	2.80%
Professional and Business Services	14,800	7.40%	Professional and Business Services	10,900	6.48%
Educational and Health Services	20,400	10.19%	Educational and Health Services	16,500	9.82%
Leisure and Hospitality	26,200	13.09%	Leisure and Hospitality	20,300	12.08%
Other Services	5,100	2.55%	Other Services	4,600	2.74%
Government	34,600	17.29%	Government	32,600	19.39%

Source: State of California Employment Development Department, Industry Employment-Official Monthly Estimates (CES)

EXHIBIT 12-A**MONTEREY PENINSULA WATER MANAGEMENT DISTRICT**

Full-time Equivalent Employees by Department
Last Ten Fiscal Years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Department:										
General Manager's Office	2	2	2	2	2	2	2	2	3	3
Administrative Services Division	4	5	5	5	7	7	7	7	7	7
Environmental Resources Division	6	-	-	-	-	-	-	-	-	-
Planning & Engineering Division	*	5	5	5	5	5	5	5	5	6
Water Resources Division	5	6	7	7	7	7	7	7	7	7
Water Demand Division	6	6	6	6	6	5	5	5	5	5
Total	<u>23</u>	<u>24</u>	<u>25</u>	<u>25</u>	<u>27</u>	<u>26</u>	<u>26</u>	<u>26</u>	<u>27</u>	<u>28</u>

Source: Monterey Peninsula Water Management District

* Division reconfigured

EXHIBIT 12-A**MONTEREY PENINSULA WATER MANAGEMENT DISTRICT**

Water Consumption by Type (in Acre-Feet)
Last Ten Fiscal Years

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Use Type:										
Residential	4,488	4,067	4,242	4,384	4,560	4,936	5,302	5,552	5,513	5,602
Multi-Residential	1,359	1,293	1,367	1,410	1,418	1,637	1,529	1,523	1,323	1,348
Commercial	1,819	2,157	2,194	2,214	2,224	2,414	2,637	2,673	2,750	2,763
Industrial	-	-	-	-	-	9	4	53	54	6
Golf Course	99	108	169	168	185	201	20	202	201	15
Public Authority	593	589	585	617	560	630	536	503	418	571
Other	25	41	18	39	40	14	2	60	102	11
Non Revenue Metered	2	2	1	2	1	1	-	11	25	10
Total	<u>8,385</u>	<u>8,257</u>	<u>8,576</u>	<u>8,834</u>	<u>8,988</u>	<u>9,842</u>	<u>10,030</u>	<u>10,577</u>	<u>10,386</u>	<u>10,326</u>

Source: California American Water - Customers and Consumption by Political Jurisdiction for Water Year

EXHIBIT 12-A**MONTEREY PENINSULA WATER MANAGEMENT DISTRICT**Connections by Type
Last Ten Fiscal Years

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Use Type:										
Residential	32,442	32,371	32,332	32,355	31,801	32,532	32,633	38,294	**	**
Multi-Residential	1,739	1,734	1,732	1,696	1,706	1,720	1,427	1,577	**	**
Commercial	3,933	3,928	3,918	3,932	3,890	3,655	3,077	3,537	**	**
Industrial	-	-	-	-	-	4	-	6	**	**
Golf Course	4	4	4	4	4	4	5	5	**	**
Public Authority	532	543	544	545	537	555	543	548	**	**
Other	76	71	66	64	51	274	897	364	**	**
Non-Revenue Metered	5	6	6	6	6	10	12	14	**	**
Total	38,731	38,657	38,602	38,602	37,995	38,754	38,594	44,345	-	-

Source: California American Water - Customers and Consumption by Political Jurisdiction for Water Year in Acre-Feet

** Data not available for 2010 & 2011 at the time of publishing

[DATE]

Board of Directors
Monterey Peninsula Water Management District
Monterey, California

We are pleased to present this report related to our audit of the basic financial statements of **Monterey Peninsula Water Management District** (the District) as of and for the year ended June 30, 2020. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the District's financial reporting process. Also included is a summary of recently issued accounting standards that may affect future financial reporting by the District.

Generally accepted auditing standards (AU-C 260, *The Auditor's Communication with Those Charged with Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are, significant and relevant to your responsibility to oversee the financial reporting process.

Our Responsibilities with Regard to the Financial Statement Audit

Our responsibilities under auditing standards generally accepted in the United States of America and the State Controller's Minimum Audit Requirements for California Special Districts have been described to you in our arrangement letter dated July 7, 2020. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.

Overview of the Planned Scope and Timing of the Financial Statement Audit

We have issued a separate communication dated July 7, 2020 regarding the planned scope and timing of our audit and have discussed with you our identification of and planned audit response to significant risks of material misstatement.

Accounting Policies and Practices

Preferability of Accounting Policies and Practices

Under generally accepted accounting principles, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice.

Board of Directors
Monterey Peninsula Water Management District
[DATE]
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Adoption of, or Change in, Accounting Policies

Management has the ultimate responsibility for the appropriateness of the accounting policies used by the District. The District did not adopt any significant new accounting policies nor have there been any changes in existing significant accounting policies during the current period.

In May 2020, GASB issued Statement No. 95 *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

Recently Issued Accounting Standards

The GASB has issued the following statements not yet implemented by the District. The District's management has not yet determined the effect these Statements will have on the District's financial statements. However, the District plans to implement the standards by the required dates:

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements in this Statement are effective for fiscal years beginning after June 30, 2019. GASB issued Statement No. 95 *Postponement of the Effective Dates of Certain Authoritative Guidance*, which, in light of the COVID-19 pandemic, postpones the effective date of this statement by one year.

In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for fiscal years beginning after June 30, 2020. GASB issued Statement No. 95 *Postponement of the Effective Dates of Certain Authoritative Guidance*, which, in light of the COVID-19 pandemic, postpones the effective date of this statement by 18 months.

In June 2018, GASB issued Statement No. 89 *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement established accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62 *Codification of Accounting*

Board of Directors
Monterey Peninsula Water Management District
[DATE]
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and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. GASB issued Statement No. 95 *Postponement of the Effective Dates of Certain Authoritative Guidance*, which, in light of the COVID-19 pandemic, postpones the effective date of this statement by one year.

In August 2018, GASB issued Statement No. 90 *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61*. The objectives of this Statement are to improve the consistency and comparability of reporting a government's majority interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement established that ownership of majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. GASB issued Statement No. 95 *Postponement of the Effective Dates of Certain Authoritative Guidance*, which, in light of the COVID-19 pandemic, postpones the effective date of this statement by one year.

In May 2019, GASB issued Statement No. 91 *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. GASB issued Statement No. 95 *Postponement of the Effective Dates of Certain Authoritative Guidance*, which, in light of the COVID-19 pandemic, postpones the effective date of this statement by one year.

In January 2020, GASB issued Statement No. 92 *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2020. GASB issued Statement No. 95 *Postponement of the Effective Dates of Certain Authoritative Guidance*, which, in light of the COVID-19 pandemic, postpones the effective date of this statement by one year.

Board of Directors
Monterey Peninsula Water Management District
[DATE]
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In March 2020, GASB issued Statement No. 93 *Replacement of Interbank Offered Rates*. Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. Statement No. 53, Accounting and Financial Reporting for Derivative

Instruments, as amended, requires a government to terminate hedge accounting when it renegotiates or amends a critical term of a hedging derivative instrument, such as the reference rate of a hedging derivative instrument's variable payment. In addition, in accordance with Statement No. 87, Leases, as amended, replacement of the rate on which variable payments depend in a lease contract would require a government to apply the provisions for lease modifications, including remeasurement of the lease liability or lease receivable. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2022. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021. GASB issued Statement No. 95 Postponement of the Effective Dates of Certain Authoritative Guidance, which, in light of the COVID-19 pandemic, postpones the effective date of this statement by one year.

In March 2020, GASB issued Statement No. 94 *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a of time an or exchange-like transaction. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged. The District has no plan for early implementation of this Statement.

In May 2020, GASB issued Statement No. 96 *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the

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standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

In June 2020, GASB issued Statement No. 97 *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*.

The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted by requirement as specified within this Statement. The District has no plan for early implementation of this Statement.

Significant or Unusual Transactions

We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Management Judgments and Accounting Estimates

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. You may wish to monitor throughout the year the process used to determine and record these accounting estimates. The significant accounting estimates reflected in the District's June 30, 2020 basic financial statements include useful lives of depreciable assets, the cost of other post employment benefits and the pension cost and net pension liability.

Audit Adjustments

Audit adjustments proposed by us and recorded by the District are shown on the attached "Adjusting Journal Entries," and "GASB Journal Entries."

Board of Directors
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[DATE]
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Uncorrected Misstatements

We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.

Disagreements with Management

We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit or significant disclosures to be included in the financial statements.

Consultations with Other Accountants

We are not aware of any consultations management had with other accountants about accounting or auditing matters.

Significant Issues Discussed with Management

No significant issues arising from the audit were discussed with or were the subject of correspondence with management.

Significant Difficulties Encountered in Performing the Audit

We did not encounter any significant difficulties in dealing with management during the audit.

Letter Communicating Significant Deficiencies and Material Weaknesses in Internal Control over Financial Reporting

When significant deficiencies and material weaknesses are identified during our audit of the financial statements, we are required to communicate them to you in writing. For the year ended June 30, 2020 a letter was not required.

Significant Written Communications between Management and Our Firm

We have requested certain representations from management that are included in the management representation letter dated _____[DATE].

This report is intended solely for the information and use of the Board of Directors the Administrative Committee and management and is not intended to be and should not be used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have regarding this report. We appreciate the opportunity to continue to be of service to the Monterey Peninsula Water Management District.

Sincerely,

Hayashi Wayland

Attachments: Adjusting Journal Entries
GASB Journal Entries

Monterey Peninsula Water Management District

Year End: June 30, 2020

Adjusting Journal Entries

Date: 7/1/2019 To 6/30/2020

Account No: AJE-01 To AJE-99

Number	Date	Name	Account No	Debit	Credit	Amount Chg	Net Income (Loss)
Net Income (Loss) Before Adjustments						2,067,598.00	
AJE-01	6/30/2020	Unapportioned/Uncollected Taxes Re	24-10-150100 SRF01		21,836.00		
AJE-01	6/30/2020	Deferred Revenue	24-10-370000 SRF01	21,836.00			
AJE-01	6/30/2020	Unapportioned/Uncollected Taxes Re	26-10-150100 SRF02		6,159.00		
AJE-01	6/30/2020	Deferred Revenue	26-10-370000 SRF02	6,159.00			
AJE-01	6/30/2020	Unapportioned/Uncollected Taxes Re	35-10-150100 CPF01	40,921.00			
AJE-01	6/30/2020	Deferred Revenue	35-10-370000 CPF01		40,921.00		
To adjust uncollected taxes and water supply charge per confirm.				68,916.00	68,916.00	0.00	2,067,598.00
AJE-02	6/30/2020	PB Reclamation Project	35-02-786020 CPF01	5,033.00			
AJE-02	6/30/2020	Investment Interest	35-10-692500 CPF01		5,033.00		
To accrue interest receivable from Reclamation Project.				5,033.00	5,033.00	0.00	2,067,598.00
AJE-03	6/30/2020	Accounts payable - trade	20010.000 ENT01	108,106.00			
AJE-03	6/30/2020	Due to MPWMD	22040.000 ENT01		108,106.00		
AJE-03	6/30/2020	User Fees Recvble-Reclamation Proj	24-10-155200 SRF01		40,142.00		
AJE-03	6/30/2020	Due from Other Funds	24-10-160000 SRF01	40,142.00			
AJE-03	6/30/2020	User Fees Recvble-Reclamation Proj	26-10-155200 SRF02		15,640.00		
AJE-03	6/30/2020	Due from Other Funds	26-10-160000 SRF02	15,640.00			
AJE-03	6/30/2020	PB Reclamation Project	35-02-786020 CPF01	108,106.00			
AJE-03	6/30/2020	PB Reclamation Project	35-02-786020 CPF01		1,113,139.00		
AJE-03	6/30/2020	Project Reimbursements Receivable	35-10-130000 CPF01		31,214.00		
AJE-03	6/30/2020	Project Reimbursements Receivable	35-10-130000 CPF01		11,677.00		
AJE-03	6/30/2020	Project Reimbursements Receivable	35-10-130000 CPF01		49.00		
AJE-03	6/30/2020	User Fees Recvble-Reclamation Proj	35-10-155200 CPF01		9,384.00		
AJE-03	6/30/2020	Due from Other Funds	35-10-160000 CPF01	1,057,357.00			
To reclassify internal balances due from Reclamation Project.				1,329,351.00	1,329,351.00	1,005,033.00	3,072,631.00
				1,403,300.00	1,403,300.00	1,005,033.00	3,072,631.00

EXHIBIT 12-B230
GASB**Monterey Peninsula Water Management District**

Year End: June 30, 2020

GASB Journal Entries

Date: 7/1/2019 To 6/30/2020

Account No: GASB-00 To GASB-99

Number	Date	Name	Account No	Debit	Credit	Amount Chg	Net Income (Loss)
Net Income (Loss) Before Adjustments						3,739,465.00	
GASB-01	6/30/2020	Pension expense - GASB 68	24-02-719200 G34G	224,125.00			
GASB-01	6/30/2020	Pension expense - GASB 68	26-02-719200 G34G	142,128.00			
GASB-01	6/30/2020	Pension expense - GASB 68	35-02-719200 G34G	180,393.00			
GASB-01	6/30/2020	Deferred Outflows - PERS Contributions	51-10-171000 51	57,472.00			
GASB-01	6/30/2020	Deferred Outflows - Actuarial	51-10-171500 51		104,551.00		
GASB-01	6/30/2020	Deferred Inflows - Actuarial	51-10-371500 51		53,673.00		
GASB-01	6/30/2020	Net Pension Liability	51-10-383000 51		445,894.00		
To record adjustment to deferred outflow/inflow of resources and net pension liability.				604,118.00	604,118.00	(546,646.00)	3,192,819.00
GASB-02	6/30/2020	Current Year OPEB Cost	24-10-716000 G34G	49,277.00			
GASB-02	6/30/2020	Current Year OPEB Cost	26-10-716000 G34G	31,249.00			
GASB-02	6/30/2020	Current Year OPEB Cost	35-10-716000 G34G	39,662.00			
GASB-02	6/30/2020	Deferred Outflows - OPEB	51-10-172000 51		39,575.00		
GASB-02	6/30/2020	Deferred Inflows - OPEB	51-10-172500 51		506,109.00		
GASB-02	6/30/2020	Net OPEB Obligation	51-10-382000 51	425,496.00			
To record changes in NET OPEB liability and actuarial deferred outflows (inflows).				545,684.00	545,684.00	(120,188.00)	3,072,631.00
				1,149,802.00	1,149,802.00	(666,834.00)	3,072,631.00

ITEM: ACTION ITEM**13. CONSIDER APPROVAL OF AMENDMENT 4 TO THE COST SHARING AGREEMENT WITH MONTEREY ONE WATER FOR PURE WATER MONTEREY DEEP WELLS 3 AND 4****Meeting Date: December 14, 2020 Budgeted: N/A****From: David J. Stoldt, General Manager Program/ Line Item No.: N/A****Prepared By: David J. Stoldt Cost Estimate: N/A****General Counsel Approval: N/A****Committee Recommendation: Administrative Committee unanimously recommended approval at its December 8, 2020 meeting.****CEQA Compliance: This action does not constitute a project as defined by the California Environmental Quality Act Guidelines Section 15378.**

SUMMARY: In May 2013, the Monterey One Water (M1W) and Monterey Peninsula Water Management District (MPWMD) entered into a Cost Sharing Agreement (Agreement) to fund the Pure Water Monterey (PWM) Project planning and development costs, also referred to as pre-construction costs.

Under the Agreement, beginning with Fiscal Year 2013-14, M1W agreed to fund 25% of all costs listed in Section II (A)(1,2) of the Agreement, while the MPWMD agreed to pay for 75% of the specified costs. Since the initial Agreement, the parties have entered into 3 amendments to the Agreement.

To ensure adequate long-term recharge capacity for PWM, on August 31, 2020 the M1W Board approved proceeding with a third deep well (DIW-3) and supported a fourth (DIW-4) if the MPWMD participated financially. The additional capacity helps ensure that M1W and MPWMD do not breach the Water Purchase Agreement delivery guarantees, provides operational flexibility, and creates redundancy.

Funding for commissioning and repair of the existing injection wells and the addition of DIW-3, is being expedited as a \$6.1million amendment to the existing PWM Clean Water State Revolving Fund (SRF) loan agreement. DIW-4 is not budgeted or included within the SRF loan amendment. This proposed Fourth Amendment to the Agreement is for MPWMD to fund the construction and associated other costs for DIW-4 up to the approved amount.

At their September 21, 2020 Board meeting, MPWMD authorized \$4,070,000 to fund DIW-4. Based on their authorization, M1W amended the Injection Well Phase 3 bid package to include DIW-4. The contract awarded by the M1W Board on October 26, 2020 included both DIW-3 and DIW-4.

The attached Amendment 4 (**Exhibit 13-A**), incorporates changes to the Agreement to accommodate the additional expenditure of funds.

RECOMMENDATION: The General Manager recommends the Board approve Amendment 4 to the Cost Sharing Agreement with M1W for the Pure Water Monterey Project expansion and execute per agreement with M1W and at the direction of the CFO and General Manager.

EXHIBIT

13-A Amendment 4 – M1W-MPWMD GWR Project Cost Sharing Agreement

EXHIBIT 13-A**AMENDMENT 4****to****M1W (formerly MRWPCA)-MPWMD
GROUNDWATER REPLENISHMENT PROJECT
COST SHARING AGREEMENT**

This Amendment is entered into as of December __, 2020 (**Effective Date**), by and between the Monterey One Water, a joint powers authority ("M1W") and the Monterey Peninsula Water Management District, a California special act district ("MPWMD"), collectively the "Parties", based upon the following facts, intentions and understandings of the Parties.

Section II. A. 1 is amended to read as follows:**1.(d) Unreimbursed Construction Period Costs Defined**

From December 1, 2020 through June 30, 2022, there may occur project related costs that are not allowed to be capitalized to the project and paid or reimbursed by State Revolving Fund Loans. Examples of those costs include, among others:

1. Injection Well Phase 3 expenditures up to \$4,070,000 for Deep Injection Well 4 (DIW4), including construction, construction management, commissioning, among others.

1.(e) Financing of GWR Unreimbursed Construction Period Costs

MPWMD shall pay one-hundred percent (100%) of such DIW4 costs¹, and M1W shall pay one hundred percent (100%) of costs related to Deep Injection Well 3 (DIW3). Failure of M1W to fulfill its obligations to fund DIW3 through completion shall be an event of default by M1W and, in such an instance shall release MPWMD from its obligations related to DIW4.

MPWMD shall reimburse M1W within 30 days of receipt of an invoice for expenditures associated with DIW4.

Section II. E. is amended to read as follows:**14. Term**

This Agreement shall remain in force and effect until June 30, 2022. The term of this Agreement may be extended with the mutual agreement of the Parties.

WHEREFORE, this Amendment 4 to the Cost Sharing Agreement was executed by the parties on the date first above written.

MONTEREY ONE WATER
By: _____ Date: _____

Ron Stefani, Board Chair
M1W Board of Directors

MPWMD
By: _____ Date: _____

Alvin Edwards, Chair
MPWMD Board of Directors

¹ Such costs limited to \$4,070,000 as agreed and initialed by General Managers: ____ (M1W) ____ (MPWMD)

ITEM: ACTION ITEM**14. CONSIDER RESPONSE TO STATE WATER RESOURCES CONTROL BOARD REGARDING REDUCTION IN EFFECTIVE DIVERSION LIMIT UNDER THE CEASE AND DESIST ORDER****Meeting Date: December 14, 2020****Budgeted:****From: David J. Stoldt,
General Manager****Program/
Line Item No.:****Prepared By: David J. Stoldt****Cost Estimate:****General Counsel Approval: N/A****Committee Recommendation: None****CEQA Compliance: This action does not constitute a project as defined by the California Environmental Quality Act Guidelines Section 15378.**

SUMMARY: On November 17, 2020 the State Water Resources Control Board (SWRCB) issued a letter to California American Water (Cal-Am) stating that "regardless of control or fault, the 1,000-acre-foot Effective Diversion Limit reduction is an appropriate and intended consequence of Cal-Am's missing Milestone 5."¹ The District and the Monterey Peninsula jurisdictions, and others, were copied on the letter. The letter is attached as **Exhibit 14-A**.

The letter appears to be in response to an October 21, 2020 letter by Cal-Am to the SWRCB, **Exhibit 14-B**, which included several spurious and debunked claims, as well as the outrageous accusation that the District was the cause of missing Milestone 5.

Staff has prepared a draft response to the SWRCB attached hereto as **Exhibit 14-C**.

RECOMMENDATION: The Board should review the draft response, make changes if recommended, and consider authorizing the General Manager to send to the SWRCB.

EXHIBITS**14-A** November 17, 2020 letter from SWRCB to Cal-Am**14-B** October 21, 2020 letter from Cal-Am to SWRCB**14-C** Draft response by District to SWRCB

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¹ SWRCB letter of November 17, 2020 page 2, line 28

GAVIN NEWSOM
GOVERNORJARED BLUMENFELD
SECRETARY FOR
ENVIRONMENTAL PROTECTION

State Water Resources Control Board

11/17/2020

VIA POSTAL MAIL AND ELECTRONIC MAIL

Richard Svindland
President
California American Water
655 W. Broadway, Suite 1410
San Diego, CA 92101
Rich.Svindland@amwater.com

Chris Cook, PE
Director of Operations – Monterey
California American Water
511 Forest Lodge Road, Suite 100
Pacific Grove, CA 93950
Christopher.Cook@amwater.com

RE: Order WR 2016-0016, Ordering Paragraph 3.b.viii – 2020 Joint Annual Report

Dear Mr. Svindland and Mr. Cook:

On June 4, 2020, Mr. Cook submitted a joint annual report on behalf of California American Water Company (Cal-Am) as part of Order WR 2016-0016 (2016 Order) against Cal-Am for unauthorized diversions from the Carmel River. The report notified the State Water Resources Control Board (State Water Board, or Board) that Cal-Am would not accomplish the 2016 Order's Milestone 5, which entailed specific progress in constructing Cal-Am's proposed desalinated water supply project by September 30, 2020. The report also stated that Cal-Am's missing this specified milestone would be "beyond Cal-Am's control." On October 21, 2020, Mr. Svindland submitted a letter updating and expounding upon the subjects of the joint annual report.

As part of a schedule for Cal-Am to terminate all unauthorized diversions, the Board's 2016 Order established an interim "Effective Diversion Limit" that would be further reduced in the event that Cal-Am missed an annual, project-specific milestone. The

E. JOAQUIN ESQUIVEL, CHAIR | EILEEN SOBECK, EXECUTIVE DIRECTOR

2016 Order also included a provision under which the Board may request a presentation by Cal-Am, in consultation with its fellow Applicants¹, at a regularly scheduled meeting regarding the circumstances of a missed milestone. After such a presentation, the Board could suspend the Effective Diversion Limit reduction if it found that the missed milestone was “beyond Applicants’ control.”

In Mr. Svindland’s letter dated October 21, 2020, Cal-Am clarified that it does not request that the State Water Board schedule such a presentation or make such findings or actions regarding Milestone 5. Instead, Mr. Svindland states that Cal-Am is prepared to both meet customer water demands and to comply with the reduced Effective Diversion Limit in Water Year 2020-2021.

State Water Board staff and I appreciate Cal-Am’s progress and efforts to develop a permanent water supply for its Monterey service area to replace its unauthorized supplies from the Carmel River. However, as acknowledged in your correspondences, there are long-evident and significant regulatory, legal, and policy issues regarding the Monterey Peninsula’s long-term water solution. Mr. Svindland’s October 21, 2020 letter expresses and reiterates Cal-Am’s viewpoints that Cal-Am’s proposed desalination project is the “only permanent and sufficient” water supply solution for its Monterey Peninsula service area, that Cal-Am has done everything within its own control to advance the project, and that the actions of Monterey Peninsula Water Management District would have been the primary or sole reason the State Water Board may not have granted relief from Effective Diversion Limit reductions. To be clear, the State Water Board has not made any determinations on these points.

In the 2016 Order, the State Water Board expressly stated that if either the Pure Water Monterey groundwater replenishment project or the proposed desalination project “fails to move forward as envisioned, the step-wise reduction of diversions ensures a staggered approach to ending reliance on unlawful Carmel River diversions through continued conservation, efficiency and smaller supply development.” Accordingly, regardless of control or fault, the 1,000-acre-foot Effective Diversion Limit reduction is an appropriate and intended consequence of Cal-Am’s missing Milestone 5. The 2016 Order’s diversion limitations, conditions, and other requirements remain in effect. We are encouraged by your confirmation that Cal-Am is willing and able to remain in compliance with the 2016 Order.

If relying only on its existing lawful water supplies, Cal-Am may face challenges in serving existing demands over varying water years and will be unable to accommodate

¹ The “Applicants” referenced throughout the 2016 Order are Cal-Am, Monterey Peninsula Water Management District, Monterey Regional Water Authority, City of Pacific Grove, and Pebble Beach Company. It is State Water Board staff’s understanding that Monterey Regional Water Authority, a joint powers authority of the Cities of Carmel-by-the-Sea, Del Rey Oaks, Monterey, Pacific Grove, Sand City and Seaside, has either dissolved or is in the process of dissolving.

Monterey Peninsula jurisdictions' intended and planned future development and growth. Affordable housing and economic development within the Monterey Peninsula area are

important both to the local communities and to the State of California. However, these shared goals cannot be achieved at the continued expenses of violations of state water law and degradation of the state's natural resources held in public trust for all current and future Californians.

Cal-Am has indicated it will continue to pursue development and construction of its proposed desalination project despite regulatory hurdles, legal challenges, and other uncertainties. Regardless of whether additional progress occurs, it is highly unlikely that any project will meet future milestones or be constructed and operational by the end of next year. But the 2016 Order only requires Cal-Am to remain in compliance with the Effective Diversion Limit and to terminate unauthorized diversions by the final compliance deadline of December 31, 2021. Accordingly, I strongly encourage Cal-Am to continue to engage collaboratively with other Applicants and interested parties to resolve disputes, to secure other near-term solutions for ending Cal-Am's unauthorized Carmel River diversions by December 31, 2021, and to develop longer-term water supply solutions for meeting the Monterey Peninsula's and the broader region's economic, social, and environmental needs in the decades to come.

Sincerely,



Eileen Sobeck, Executive Director
State Water Resources Control Board

CC: [via electronic mail]

Ian Crooks, Vice President, California American Water
ian.Crooks@amwater.com

Dave Stoldt, General Manager, Monterey Peninsula Water Management District
dstoldt@mpwmd.net

Mayor Bill Peake, City of Pacific Grove
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Mayor Clyde Roberson, City of Monterey
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Mayor Mary Ann Carbone, City of Sand City
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Mayor Alison Kerr, Del Rey Oaks
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Mayor Dave Potter, City of Carmel-by-the Sea
dpotter@ci.carmel.ca.us

David Stivers, President, Pebble Beach Company
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Bob McKenzie, Consultant to Coalition of Peninsula Businesses
jrbobmck@gmail.com

Jeff Davi, Co-chair, Coalition of Peninsula Businesses
Jeff.Davi@mphtre.com

John Tilley, Co-chair, Coalition of Peninsula Businesses
theamswim@yahoo.com

Steve Park, President, Carmel River Steelhead Association
stevepark@razzolink.com



October 21, 2020

UPS OVERNIGHT & EMAIL

Eileen Sobeck, Executive Director
State Water Resources Control Board
1001 I Street
PO Box 100
Sacramento, CA 95812

Richard Svindland P 619-446-4761
President F 619-230-1096
California American Water
655 W. Broadway, Suite 1410
San Diego, CA 92101
www.calamwater.com

Re: **Carmel River Cease and Desist Order, WRO 2016-0016, Milestone 5**

Dear Ms. Sobeck:

This letter provides an update on California American Water Company's (Cal-Am) Annual Report regarding compliance with State Water Board WRO 2016-0016 (CDO) milestones. The Annual Report was submitted June 4, 2020 by letter from Chris Cook to Erik Ekdahl. As was predicted in June, CDO Milestone 5 was not met on September 30, 2020. Milestone 5 requires the following activities by September 30, 2020:

(1) Drilling activity for at least one MPWSP Desalination Plan source water production well complete; (2) foundation and structural framing complete for MPWSP Desalination Plant pretreatment seawater reverse osmosis, and administration buildings at desalination plant; (3) excavation complete for MPWSP Desalination Plant brine and backwater storage basins; and (4) 25% MPWSP Desalination Plant transmission pipelines installed based on total length, including 100% installation of the "Monterey Pipeline and other ASR related improvements". (CDO Sect. 3.b.v., p. 21).

As provided in section 3.b.vi of the CDO, the consequence of a missed milestone is a reduction of 1,000 acre-feet of the Effective Diversion Limit, thereby reducing Cal-Am's Carmel diversion limit to 7,310 acre-feet in Water Year 2020-2021.

Progress towards Milestone 5

As explained in the Annual Report (Attachment 1), numerous circumstances beyond Cal-Am's control resulted in delays to the construction activities required in Milestone 5. First, in June 2018, Cal-Am timely submitted a Coastal Development Permit application for the Monterey Peninsula Water Supply Project (MWPSP) supported by the extensive environmental and technical analyses developed before the California Public Utilities Commission. On October 28, 2019, the California Coastal Commission staff released a partial staff report recommending

denial of the Coastal Development Permit. On November 4, 2019, Coastal Commission staff released an addendum to the staff report, stating that, among other things, additional groundwater modeling was needed to determine whether the project would deplete groundwater supplies. The Coastal Commission therefore decided to open a hearing on Cal-Am's application on November 14, 2019, but continued the hearing to a later date.

On January 28, 2020 Coastal Commission staff requested that Cal-Am withdraw its Coastal Development Permit application to allow time for more studies. Cal-Am declined to withdraw the application, opposing any additional delay. Cal-Am and many other parties also questioned the need for the additional groundwater analyses requested by Coastal Commission staff in light of the extensive record that had been created before the CPUC on the same issues. The SWRCB submitted a letter dated May 8, 2020 that raised similar questions about the need for the additional studies. Nevertheless, Cal-Am agreed to a short extension of the application deadlines to allow time to complete additional independent analyses of the issues raised by Coastal Commission staff. Time was further extended in response to the COVID-19 pandemic.

The Annual Report also noted the October 2019 order issued by the Monterey County Superior Court staying construction activities contemplated in Milestone 5. The stay order was in response to a Marina Coast Water District challenge to Monterey County's issuance of a development permit needed to begin construction on the desalination plant. Both the Coastal Development Permit and County development permit are necessary to begin the construction activities required in CDO Milestone 5.

Circumstances Resulting in Missed Milestone 5

There have been several developments since Cal-Am submitted the Annual Report in June 2020. The Coastal Commission scheduled Cal-Am's continued hearing for a special meeting on September 17, 2020, but on August 25, 2020, released a staff report again recommending denial of the project. Unfortunately, the Coastal Commission staff report did not provide any means for the Commissioners to independently consider the factual record and take any action other than denial of the application. Facing a risk of possible Commission denial, Cal-Am elected to withdraw its application on September 17, 2020. Cal-Am intends to refile the Coastal Development Permit application in the coming weeks and will use the intervening period to explore opportunities to address certain environmental justice concerns raised by the City of Marina. Thus, on September 25, 2020, Cal-Am sent a letter to the City asking if the City would meet with Cal-Am to discuss the City's concerns with the project, and explore possible options that could be mutually beneficial to the City, Cal-Am, and the region as a whole. The City responded on October 6, 2020, that it was amenable to opening a dialogue to address concerns of the City and its stakeholders. Upon receiving the City's letter, Cal-Am reached out to arrange next steps, and is awaiting the City's response.

Cal-Am has done everything within its control to develop and permit the MPWSP as required in the CDO, with the goal of eliminating unauthorized diversions from the Carmel River and, ultimately, extinguishing the CDO. For example, Cal-Am worked with a broad coalition of stakeholders to integrate the Pure Water Monterey project into the MPWSP in 2016, which resulted in a downsized desalination plant and source water intake system. Cal-Am has also diligently pursued project approvals and construction of project components to meet the CDO Milestones:

- CDO Milestone 1: Cal-Am achieved Milestone 1 on September 22, 2016 when the CPUC issued Decision 16-09-021, providing its approval to (1) enter into a Water Purchase Agreement with Monterey One Water and (2) construct various facilities (pipelines and pump stations) necessary to allow the Pure Water Monterey to proceed.
- CDO Milestone 2: Cal-Am achieved Milestone 2 in 2016, commencing construction of the Monterey pipeline and pump station project as part of the Pure Water Monterey project in October 2016, and commencing installation of the 36-inch pipeline on January 3, 2017.
- CDO Milestone 3: Cal-Am achieved Milestone 3 on September 13, 2018, when the CPUC issued Decision 18-09-017 certifying the MPWSP Final Environmental Impact Report and issuing a Certificate of Public Convenience and Necessity to construct the MPWSP 6.4 mgd desalination project. In 2018 and 2019 Cal-Am and the CPUC successfully defended all legal challenges to the CPUC's decision.
- CDO Milestone 4: Following issuance of regulatory permits and authorizations to begin work, Cal-Am achieved Milestone 4 on September 16, 2019 by commencing construction on the Desalination Transfer Pipeline project for installation of over 2,500 linear feet of pipeline.
- CDO Milestone 5: Cal Am was on track to achieve Milestone 5 when in October 2019 the superior court issued a stay on all physical activities at the desalination plant site pending the Coastal Commission's determination about the project slant wells. Since October 2019 when Coastal Commission staff released its report recommending denial of the Coastal Development Permit, Cal-Am has repeatedly attempted to work with Coastal Commission staff to resolve its concerns with the project, including submission of a detailed Habitat Mitigation and Monitoring Plan for the Cemex site, an analysis of local vernal ponds and an Adaptive Management Program to address any potential impacts, a plan for lining of the Monterey One Water outfall, reports on the adequacy of water supplies to meet customer demand, and an analysis of project impacts on disadvantaged communities.

While Cal-Am firmly believes that the circumstances that resulted in missing Milestone 5 are beyond Cal-Am's control, we understand that it is less clear whether the actions of other CDO "Applicants" contributed to the missed Milestone.¹ Specifically, the Monterey Peninsula Water Management District (MPWMD), one of the early proponents of the MPWSP and an Applicant when the SWRCB amended and extended the CDO in 2016, has now become a staunch opponent of the Project, reversing its position despite being a party to multiple settlement agreements concerning the Project, which agreements had been relied upon by multiple parties. MPWMD submitted correspondence to the Coastal Commission that has undermined and delayed the Coastal Commission's review and consideration of the MPWSP Coastal Development Permit application, including continued advocacy of a misleading water supply and demand analysis that was specifically rejected by the CPUC, submitting a deliberately manipulated consultant's memorandum to make it appear to support MPWMD's analysis, and

¹ The CDO directs several actions at the "Applicants" that jointly petitioned the SWRCB in 2016 to modify the prior CDO. The Applicants include Cal-Am, the Monterey Peninsula Regional Water Authority, the Monterey Peninsula Water Management District, the City of Pacific Grove, and the Pebble Beach Company. Section 3.b.viii. of the CDO requires a SWRCB finding that the cause for a missed Milestone is beyond the control of the Applicants, collectively, before the SWRCB may grant relief from EDL reductions for a missed milestone.

arguing instead for its own alternative water supply project (Pure Water Monterey expansion). In a June 15, 2020 letter to Coastal Commission executive director Ainsworth, MPWMD expressly asked the Coastal Commission to reject Cal-Am's application for the MPWSP.² Coastal Commission staff relied heavily on MPWMD's actions and the misleading information provided by MPWMD staff in the Coastal Commission staff's analysis of the MPWSP and recommendation to deny the Coastal Development Permit application.

The problem with MPWMD's position is that it will not produce an adequate, reliable and permanent long-term water supply for the Monterey Peninsula, which is required to lift the CDO and pull the Monterey Peninsula out of its perpetual state of water poverty and temporary fixes. MPWMD's positions will force the Monterey Peninsula to continue to rely on the Carmel River and Seaside Groundwater Basin indefinitely as the backstop to water supply and demand variability.

Perhaps more importantly, MPWMD appears willing to risk the Carmel River's recovery and the Monterey Peninsula's last and most critical water supply resource, the Seaside Groundwater Basin. For example, earlier this year, given the likelihood that an alternate water supply would not be completed by the end of 2021, the MPWMD Board was presented with a plan for an additional pipeline to maximize use of Aquifer Storage and Recovery (ASR) and Pure Water Monterey water supplies and minimize Carmel River diversions. The new pipeline would allow simultaneous injection of ASR and extraction of Pure Water Monterey from the Seaside Groundwater Basin. But opponents of the desalination plant objected to the new pipeline, claiming it also could support the desalination project. And so far, the MPWMD Board has delayed consideration of the pipeline, instructing staff to explore an alternative that, as noted by MPWMD staff, would necessitate intensification of pumping on the Carmel River in the summer months when Cal-Am is trying to reduce pumping to benefit the fishery. MPWMD's preferred alternative also does not account for critical protections for the Seaside Groundwater Basin. As the Seaside Basin Watermaster recently explained to Coastal Commission staff, without the volume of water to be provided by the MPWSP, the Seaside Groundwater Basin is in serious jeopardy of overdraft and seawater intrusion, conditions that would be catastrophic to both the communities' ASR and the Pure Water Monterey project, not to mention native groundwater supplies in the Basin. (See Attachment 2). This is a very short-sighted and dangerous game that the MPWMD is playing with the Monterey Peninsula's water supplies and resources. Rather than protecting and enhancing the region's water supplies and resources, as it is charged to do, MPWMD's actions appear to be designed to defeat the MPWSP at all cost.

Cal-Am understands that the primary function of the CDO milestones is to ensure that the MPWSP is diligently pursued and that the community understands the importance of reducing Carmel River diversions to authorized limits without delay. Cal-Am has at all times diligently pursued the MPWSP, and aggressively opposed all attempts to delay the project. Cal-Am continues to believe that the MPWSP is the only permanent and sufficient solution to the water

² We should emphasize that the water supply and demand analysis advanced by the MPMWD was rejected by the California Public Utilities Commission (CPUC), and that the Pure Water Monterey Expansion Project was rejected by Monterey One Water Board in August 2020 and has been aggressively opposed by the County, Monterey County Water Resources Agency, City of Salinas, and agricultural water users in the Salinas Valley. Moreover, as you are well aware, the Pure Water Monterey project itself has encountered significant delays and technical issues that affect both the timing and overall viability of that project.

supply shortage on the Monterey Peninsula. But given MPWMD's complicity in the events resulting in missing Milestone 5, we understand that the State Water Board is not likely to find that delays were beyond the control of the "Applicants." Accordingly, Cal-Am is preparing its Water Year 2020-2021 operations plan with the expectation that the Effective Diversion Limit under the CDO is reduced from 8,310 acre-feet to 7,310 acre-feet. In order to comply with the CDO and meet customer water demands in WY 2020-21, Cal-Am intends to rely on continued water conservation, continuation of the existing moratorium, optimizing water supplies, and carry-over credits under the CDO. Cal-Am is optimistic that the Monterey Peninsula's water demands can be met without additional rationing in Water Year 2020-2021.

Cal-Am would like to set up a meeting with you and your staff in the next few week to discuss Cal-Am's Water Year 2020-2021 operations in light of missed Milestone 5. At the meeting we also should begin discussions about how Cal-Am will manage water supplies next year in light of the likelihood that remaining CDO milestones will be missed. I will follow up with you this week to set a meeting.

Sincerely,

A handwritten signature in dark ink, appearing to read "Richard Svindland", written in a cursive style.

Richard Svindland

cc: Erik Ekdahl (via email)
Steve Westhoff (via email)

EXHIBIT 14-C

December 15, 2020

Eileen Sobek
Executive Director
State Water Resources Control Board (SWRCB)
1001 I Street
Sacramento, CA 95814

RE: November 17, 2020 SWRCB Letter to California American Water regarding Order WR 2016-0016, Ordering Paragraph 3.b.viii – 2020 Joint Annual Report

Dear Ms. Sobek:

On November 17, 2020 you issued a letter to California American Water (Cal-Am) stating that "regardless of control or fault, the 1,000-acre-foot Effective Diversion Limit reduction is an appropriate and intended consequence of Cal-Am's missing Milestone 5."¹ The Monterey Peninsula Water Management District (District) and the Monterey Peninsula jurisdictions, and others, were copied on the letter.

The letter appears to be in response to an October 21, 2020 letter by Cal-Am to the SWRCB which included several spurious and debunked claims, as well as the outrageous accusation that the District was the cause of missing Milestone 5.

The District wishes to respond to both your letter and some of the Cal-Am claims in its letter to you, including:

- There was inadequate consultation with Cal-Am's fellow Applicants.
- The SWRCB may be misinterpreting its own Ordering Paragraph 3.b.viii.
- Missing Milestone 5 was not the cause of any of the Applicants.
- The Effective Diversion Limit reduction should be waived.

Your letter cites Cal-Am's letter that "Cal-Am clarified that it does not request the State Water Board schedule such a presentation or make such findings or actions regarding Milestone 5." and "Cal-Am is prepared to meet customer demands and to comply with the reduced Effective Diversion Limit in Water Year 2020-2021."² However, that decision not Cal-Am's alone to make. As you correctly state at the top of page 2 of your letter, the Order has a provision under which the request to make a presentation is to be in consultation with Cal-Am's fellow Applicants. Cal-Am made no effort whatsoever to engage its fellow Applicants on this matter, and the District as one of those original

¹ SWRCB letter of November 17, 2020 page 2, line 28

² Ibid, page 2, paragraph 2

Ms. Eileen Sobek
 Page 2 of 2
 December 15, 2020

Applicants disagrees with Cal-Am's approach.

Ordering Paragraph 3.b.viii requests a Joint Annual Report which is to indicate "whether Applicants expect the Milestone to be achieved by its Deadline and, if not, whether the Milestone will be missed for reasons beyond Applicants' control." This was done June 4, 2020. In it, it was reported that Milestone 5 would likely be missed and that it was beyond the control of the Applicants: "In light of the stay imposed by the Superior Court, and the delay in the Coastal Commission's hearing on Cal-Am's application for a coastal development permit, Cal-Am will not be able to meet Milestone 5."³ Note that there was no mention of District causality.

Ordering Paragraph 3.b.viii also states "If requested, Cal-Am, in coordination with Applicants, shall present written and/or oral comments on the progress towards Milestones at a regularly scheduled State Water Board meeting that falls at least 60 days after submission of the report." This phrase does not clarify if requested by whom, rather implies Cal-Am would be the presenter of the comments in coordination with Applicants. The District, as one of the original Applicants hereby requests to make such a presentation of evidence in the expectation that the SWRCB may suspend any corresponding reductions under Condition 3.b.vi.

Contrary to Cal-Am's spurious claims in its October 21, 2020 letter – which contradicts the June 4, 2020 Joint Annual Report – the missed Milestone 5 was not the fault of any Applicant and certainly not the District. Rather, it was simply due to the lack of a timely hearing on the Coastal Development Permit. Other misstatements by Cal-Am in its October 21, 2020 letter include: (a) the District's water supply and demand analysis is not misleading, rather is carefully footnoted and has third-party confirmation of its principal conclusions; (b) the water supply and demand analysis was not "specifically rejected by the CPUC, because it was released AFTER the CPUC issued its decision and closed the application on the desalination project; (c) there was never "a deliberately manipulated consultant's memorandum" to support the supply and demand analysis, rather the District excerpted the Benito/Williams technical memorandum modeling assumptions contained in the Pure Water Monterey SEIR appendices, to show that build-up of Aquifer Storage and Recovery storage would be sufficient to meet a 5-year drought – a completely different issue – and that excerpt has been used on multiple occasions; (d) The District's analysis does, in fact, account for critical protections of the Seaside Groundwater Basin; and (e) Cal-Am has never demonstrated or proven any of the District's analysis to be misleading or incorrect.

We respectfully request that the SWRCB consider the needs and values of the residents and businesses of the Monterey Peninsula. Rather than punishing the community for Cal-Am's inability to make reasonable progress, we request that you provide the forum to review evidence under Ordering Paragraph 3.b.viii and suspend any corresponding reductions under Condition 3.b.vi.

Sincerely,



David Stoldt
 General Manager
 Monterey Peninsula Water Management District

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³ Joint Annual Report, June 4, 2020, page 3, last paragraph

ITEM: ACTION ITEM**15. CONSIDER DEVELOPMENT OF BOARD POSITION ON CALIFORNIA AMERICAN WATER APPLICATION TO THE CALIFORNIA COASTAL COMMISSION FOR A COASTAL DEVELOPMENT PERMIT – MONTEREY PENINSULA WATER SUPPLY PROJECT**

Meeting Date: December 14, 2020 **Budgeted:** N/A

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

Prepared By: David J. Stoldt **Cost Estimate:** N/A

General Counsel Approval: N/A

Committee Recommendation: None

CEQA Compliance: This action does not constitute a project as defined by the California Environmental Quality Act Guidelines Section 15378.

SUMMARY: On November 11, 2020 California American Water (Cal-Am) refiled its application with the Coastal Commission for a coastal development permit (CDP) for the Monterey Peninsula Water Supply Project (see **Exhibit 15-A**, attached). There were minor modifications to its original application, including proposals to address Environmentally Sensitive Habitat Areas and environmental justice.

On December 1, 2020 the District sent a letter to the Coastal Commission reiterating its position in support of Pure Water Monterey expansion as a feasible, less environmentally harmful alternative to the desalination plant. The District's letter also raised questions related to the proposals made in Cal-Am's re-application (see **Exhibit 15-B**, attached).

Two days later, on December 3, 2020 the Coastal Commission deemed Cal-Am's application incomplete as shown in **Exhibit 15-C**.

The District Board should discuss what next steps, if any, the District should take to further engage the Coastal Commission on the Board's position.

RECOMMENDATION: The Board should direct staff on any additional communication the District should make in regard to the Cal-Am application to the Coastal Commission for its CDP.

EXHIBITS

15-A Cal-Am Re-Filed Application to Coastal Commission (without attachments)

15-B District's 12-1-20 Letter to Coastal Commission

15-C Coastal Commission's 12-3-20 Notice of Incomplete Application



November 5, 2020

VIA E-MAIL AND HAND DELIVERY

California Coastal Commission
Central Coast District Office
725 Front Street, Suite 300
Santa Cruz, CA 95060
CentralCoast@coastal.ca.gov

Mr. Tom Luster
California Coastal Commission
Energy and Ocean Resources Unit
445 Market Street, Suite 300
San Francisco, CA 94101
Tom.Luster@coastal.ca.gov

Ian C. Crooks
Vice President, Engineering
655 West Broadway, Suite 1410
San Diego, CA 92101
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www.amwater.com

Re: California-American Water Company Monterey Peninsula Water Supply Project – Consolidated Coastal Development Permit Application

Dear Mr. Luster:

Enclosed please find California-American Water Company's (CalAm) consolidated Coastal Development Permit (CDP) application for components of the Monterey Peninsula Water Supply Project (Project) located within the Coastal Zone of the City of Seaside and unincorporated Monterey County¹ and the Coastal Commission's original jurisdiction.

The overall Project, including components not covered by this application, consists of seven subsurface intake slant wells, a desalination facility, and associated source and product water distribution infrastructure.² The proposed development that is subject to this application and within the Coastal Zone in Seaside and unincorporated County involves the installation, operation, and maintenance of four pipeline segments—the Transmission Main, Source Water,

¹ Pursuant to Public Resources Code, section 30601.3, both the City of Seaside and Monterey County have agreed that the Commission may conduct a consolidated review of those Project components within the respective local governments' Coastal Zones.

² CalAm filed a separate CDP application with the City of Marina for the subsurface slant wells and associated pipelines within Marina's Coastal Zone. On March 7, 2019, the Marina Planning Commission denied CalAm's local CDP application. CalAm and other parties appealed the denial to the Commission. That appeal remains pending. (See Commission Appeal No. A-3-MRA-19-034.)

Desalinated Water, and Castroville Pipelines. In addition, within the Commission's retained jurisdiction and also subject to this application, CalAm proposes to install, operate, and maintain a segment of the Transmission Main Pipeline and portions of the Project's subsurface intake slant wells that extend seaward of the mean high tide line.

In coordination with Commission staff, CalAm withdrew Application No. 9-19-0918 on September 16, 2020. Since withdrawing that application, CalAm has refined the Project components within the Coastal Zone to address several of staff's previously stated concerns and further avoid or minimize impacts to coastal resources.

- **Environmentally Sensitive Habitat Areas (ESHA).** CalAm now proposes to mitigate the Project's potential temporary and permanent ESHA impacts using a 3:1 mitigation ratio. As CalAm explained in prior submittals to the Commission, the Project has the potential to temporarily impact 15.306 acres of ESHA and permanently impact 2.181 acres of ESHA for a total of approximately 17.5 acres. Using a 3:1 mitigation ratio, CalAm would need to restore 52.5 acres. However, Commission staff has identified the Project's entire footprint within the Coastal Zone as potentially containing ESHA. While CalAm disagrees with that assertion, and has prepared detailed biological studies demonstrating that the 17.5 acres of temporary and permanent ESHA impacts is accurate, as a Project benefit, CalAm is proposing to mitigate the entire 35 acres of potential impact identified by staff despite not being required to do so. Specifically, CalAm is proposing a 3:1 mitigation ratio be applied to the full 35 acres of potential ESHA impact identified by Commission staff, resulting in a ***total proposed mitigation acreage of 105 acres***. With this Project benefit of an additional 52.5 acres of ESHA restoration, CalAm would provide nearly five times the amount of mitigation CalAm previously proposed prior to the scheduled September 2020 hearing, and twice the amount of ESHA restoration CalAm believes is required to mitigate the Project's potential ESHA impacts at a 3:1 ratio. As part of this application, CalAm is submitting an updated Habitat Mitigation and Monitoring Plan that describes in detail the measures CalAm proposes to implement to restore or improve 105 acres of ESHA within the Coastal Zone.
- **Wetlands and Vernal Ponds ESHA.** In response to staff's concerns about monitoring of and potential impacts to vernal ponds in Marina, CalAm previously proposed an Adaptive Management Program. CalAm has begun implementing its proposed program to confirm that the Project will not result in adverse impacts to these vernal ponds. As part of this effort, Geoscience prepared a recent assessment of the Armstrong Ranch Ponds, which is included with this application. To conduct the assessment, Geoscience installed monitoring wells and obtained groundwater data which show that there is no hydrogeological connection between the Armstrong Ranch Ponds – the ponds that are closest to the CEMEX site – and the Dune Sand Aquifer. Accordingly, the Armstrong

Ranch Ponds would not be impacted by Project pumping. Further, CalAm has retained Balance Hydrologics, Inc. to conduct additional monitoring and tracking of hydrologic conditions as part of the Adaptive Management Program for the other nearby vernal ponds in Marina.

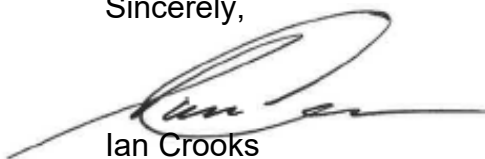
- **Environmental Justice.** CalAm is continuing to evaluate ways in which it can minimize the Project's costs, particularly for disadvantaged communities and low-income customers within its Monterey Main Service Territory. In particular, CalAm proposes to seek approval from the California Public Utilities Commission for an increase in the discount afforded to eligible low-income customers in this territory through its Customer Assistance Program (CAP) from 30% to 50%. Under a 50% discount, eligible single-family residences already enrolled in the CAP would only see their average monthly bills increase by approximately \$10-12 after Project implementation.

In addition, CalAm has reached out to the City of Marina to start a dialogue regarding Marina's concerns with the Project. CalAm and Marina are in the process of working to set up a time to discuss the Project.

Only the Project will provide the much-needed, long-term water supply for the Monterey Peninsula to promote development of affordable housing, avoid water rationing and ongoing service connection moratoria, and boost the Peninsula's economic vitality. An expansion of the Pure Water Monterey Groundwater Replenishment Project (PWM Expansion) currently remains infeasible as an alternative to the Project. Even if the PWM Expansion were approved and built, the Monterey Peninsula would experience a substantial water supply deficit without the Project—significantly worsening the Peninsula's existing water supply shortages and potentially resulting in water use restrictions and penalties on CalAm and its customers. Therefore, it is necessary for Cal-Am to continue pursuing the Project, which is why we are submitting the enclosed application to you today.

Thank you in advance for your diligence in processing the enclosed application. If you have any questions or concerns, please contact me at your earliest convenience.

Sincerely,



Ian Crooks
California American Water Company

cc: Kathryn Horning, California-American Water Company
DJ Moore, Latham & Watkins LLP
Winston Stromberg, Latham & Watkins LLP

Enclosures

**List of Attachments to California-American Water Company's
Coastal Development Permit Application Form**

Section I. Applicant

- I.2 Applicant's Representatives

Section II. Proposed Development

- II.1 Project Location
- II.2 Project Description
- II.8 Geology and Grading Technical Reports

Section III. Additional Information

- III.1 Existing Structures on Property
- III.4 Public Access Information
- III.7 Recreational Activities Information
- III.9 Floodplain Map
- III.11 State Historic Preservation Office Letter of Concurrence

Section IV. Required Attachments

- IV.1 Proof of Legal Interest in Property
- IV.2 Assessor's Parcel Maps
- IV.3 Regional and Local Approvals
- IV.4-5 Interested Parties List & Stamped Envelopes
- IV.6 Vicinity Maps
- IV.7 Project Plans
- IV.9 Final Environmental Impact Report/Environmental Impact Statement
- IV.10 Verification of Other Permits

Section V. Additional Materials

Environmentally Sensitive Habitat Areas

- A. Habitat Mitigation & Monitoring Program (Nov. 2020)
- B. Geoscience & AECOM Vernal Ponds Memorandum (Aug. 2020)
- C. Geoscience Groundwater Evaluation (Nov. 2020)
- D. AECOM Technical Memorandum re: Spoils Spreading (June 2020)

Coastal Hazards

- E. AECOM Sea Level Rise Analysis (Oct. 2019)

- F. AECOM Dune Migration Analysis (June 2020)
- G. AECOM Sea Level Rise Analysis Update (Aug. 2020)

Coastal Waters & Marine Resources

- H. AECOM Water Quality Monitoring Memo (Sept. 2019)
- I. Outfall Lining Proposal (Aug. 2020)

Groundwater

- J. HWG Critique of 2019 AEM Study (June 2020)
- K. HWG Critique of Weiss Report (Aug. 2020)

Environmental Justice

- L. Dudek Memorandum re: Environmental Justice (Nov. 2020)

Water Supply & Demand

- M. Memorandum re: Water Supply and Demand Analyses
 - 1. Hazen & Sawyer Memorandum (Aug. 11, 2020)
 - 2. Hazen & Sawyer Memorandum (Aug. 23, 2020)
 - 3. Hazen & Sawyer Memorandum (Sept. 10, 2020)
 - 4. Response to Holden Report
 - 5. MCWRA Letter (Sept. 11, 2020)
 - 6. City of Salinas Letter (Apr. 27, 2020)
 - 7. Monterey One Water Board Minutes
- N. Amended & Restated Water Recycling Agreement

Other

- O. Economic & Planning Systems Memorandum re: One-Time Economic Impacts of Project Construction (Aug. 2020)



December 1, 2020

Mr. John Ainsworth
Executive Director
California Coastal Commission
455 Market Street
San Francisco, CA 94105

Via Email

**RE: California American Water Company's Amended Coastal Development Permit
Application for the Proposed Monterey Peninsula Water Supply Project**

Dear Mr. Ainsworth:

In our letter to you dated June 15, 2020 the Monterey Peninsula Water Management District encouraged the California Coastal Commission to deny the Coastal Development Permit (CDP) for California American Water (Cal-Am) Company's proposed desalination facility for several reasons, including (a) Pure Water Monterey (PWM) expansion is a feasible alternative to the desalination facility; (b) PWM expansion has less adverse environmental impact than the proposed desalination facility, and no new construction in the coastal zone; (c) PWM expansion provides a new water supply sufficient to meet the future needs of the Peninsula for the next 20 to 30 years and is more than sufficient to lift the Cease and Desist Order in our community; and (d) PWM expansion will save the ratepayers approximately \$1 billion compared to desalination over a 30-year lifecycle.

The amended application refiled by Cal-Am on November 5, 2020 has done nothing to change those outcomes.

Further, the amended application raises several new questions:

- The original Mitigation Monitoring and Reporting Program was adopted by the California Public Utilities Commission (CPUC) in its Decision 18-09-017 prior to filing the Notice of Determination. The CPUC's designated Project Manager, along with Monterey Bay National Marine Sanctuary and the Third-Party Monitors, will evaluate any proposed deviations from the approved Project to ensure they are consistent with CEQA and NEPA requirements. Depending on its nature, a requested deviation would be processed by the CPUC as a Minor Project Change (MPC) or a Petition for Modification (PFM). How can Cal-Am submit an update to the Coastal Commission of its Habitat Mitigation and Monitoring Plan without CPUC approval?
- Cal-Am has made many proposals that have economic consequences that likely require CPUC approval, such as an increased subsidy to its Customer Assistance Program, a doubling of the ESHA mitigation, and as reported in the local press "to provide the city with water from the project, as well as a share of the franchise fees and a portion of the infrastructure among other enticements."¹ How can these revisions be considered by the Coastal Commission when they have not been approved by the CPUC?

¹ Monterey Herald 11-19-20

Mr. Ainsworth
Page 2 of 2
December 1, 2020

- The Cal-Am proposal to further subsidize the Customer Assistance Program purports to address “environmental justice.”² How does reducing bill impacts to one subset of customers in the Cal-Am service territory satisfy environmental justice issues raised by citizens of the City of Marina, outside of the Cal-Am service area?
- There has been no agreement by Monterey One Water (M1W) on the proposed outfall lining and Cal-Am’s proposal is not one of the two approaches that M1W and Cal-Am had identified before their discussions paused. In September, M1W issued a Technical Memorandum questioning the feasibility of Cal-Am’s proposal. How can a CDP be issued without the outfall solution known?
- Marina Coast Water District still maintains that there is insufficient conveyance capacity in their pipeline in General Jim Moore Boulevard and there has been no environmental approval for a by-pass pipeline. How can a CDP be issued without a known mechanism to convey the water to the Cal-Am distribution system?

In addition to such questions, it is clear that much new independent third-party information has been made available with respect to groundwater dependent ecosystems, water supply and demand needs, hydrology, among others, which contradict several of Cal-Am’s positions. Further, the EIS has not been certified by the National Marine Sanctuary and the NPDES discharge permit for the desalination facility has not been amended. It simply seems there are too many gaps yet to fill.

Thank you for your consideration of the District’s position. We will be seating a new District Board in December which will likely result in an update to your Commission of the District’s position going forward.

Sincerely,



David J. Stoldt
General Manager
on behalf of the Monterey Peninsula Water Management District

cc: CCC Central Coast District Office
Alison Detmer
Tom Luster

² See page 3 of revised Cal-Am Application to the Coastal Commission dated November 5, 2020

CALIFORNIA COASTAL COMMISSION

455 MARKET STREET, SUITE 300
SAN FRANCISCO, CA 94105
FAX (415) 904-5400
TDD (415) 597-5885



December 3, 2020

Ian C. Crooks Vice President, Engineering
California American Water
655 West Broadway, Suite 1410
San Diego, CA 92101

VIA EMAIL: ian.crooks@amwater.com

RE: Notice of Incomplete Coastal Development Permit Application

Dear Mr. Crooks:

We have reviewed the consolidated coastal development permit ("CDP") application you submitted on behalf of California American Water ("Cal-Am") and have assigned it CDP Application No. 9-20-0603. The application, received on November 6, 2020, is for the components of Cal-Am's proposed Monterey Peninsula Water Supply Project ("MPWSP") that would be located in the coastal zone within the Commission's retained jurisdiction, as well as project components that would be located within the Local Coastal Program jurisdictions of the County of Monterey and the City of Seaside.

Pursuant to Sections 13052 and 13053.5 of the Coastal Commission's regulations, Cal-Am must provide the additional information identified below to allow us to file the application as complete.

Administrative:

- 1) **General:** The application includes several numbered attachments and exhibits. However, they do not appear to be the complete set of documents Cal-Am may have intended to submit, as the document numbers are not fully sequential – for example, the application's Attachment II includes Attachments II.1 and II.2, and then skips to Attachment II.8, Attachment III includes just Attachments III.1, III.4, III.7, III.9, and III.11, etc. Please clarify whether Cal-Am intends to submit additional documents to complete these sequences, and if so, please provide them.
- 2) **Other permits and approvals:** The application does not appear to identify all the required discretionary permits and approvals needed for the proposed project (see, for example, incomplete submittals Attachment IV.3 – Regional and Local Permits and Attachment IV.10 – Verification of Other Permits). It also does not include a complete Appendix B – Local Agency Review, which is to be completed by relevant local agencies.

Please provide a complete description of the required permits and approvals and the status of those permits and approvals. Please also provide an updated Appendix B completed by the relevant local governments, including the Cities of Seaside and Marina and the County of Monterey, that describes the permits needed from each entity and the status of those permits.

- 3) **Approvals for requested consolidated permit review:** Pursuant to Coastal Act Section 30601.3, Cal-Am is requesting that the Commission conduct consolidated permit review for components of the proposed project located within the Commission's retained jurisdiction and for components of the project that would be within the Local Coastal Program jurisdictions of the County of Monterey and the City of Seaside. This section of the Coastal Act provides that the Commission may conduct consolidated review if the applicant and appropriate local governments agree to consolidated review, provided that public participation is not substantially impaired by consolidation. As this is a new CDP application, please provide documentation from the County and City showing that each entity agrees to a consolidated permit review for this new application.¹
- 4) **List of interested parties and self-addressed stamped envelopes:** The submitted application did not include the required list of interested parties and self-addressed stamped envelopes to those parties. We have received your request for an updated list of those parties that provided comments during our scheduled September 2020 hearing on Cal-Am's previous application. We will provide the updated list so that Cal-Am can provide the complete list and envelopes.
- 5) **Site posting (Appendix D of application):** The CDP application requires that an applicant post notice of a pending application and that the notice include a general description of the proposed development. As described below, neither the submitted application nor the submitted Appendix D provide a complete description of the proposed development. Please submit a modified Appendix D that includes the missing components of the project description identified below.

Project Description: The submitted application does not provide an adequate description of the proposed project or future development related to the project. Please provide the following:

- 6) **Project components in coastal waters:** The application does not identify several project components that would be located within the coastal waters of Monterey Bay in the Commission's retained permit jurisdiction. Cal-Am is proposing to use an existing outfall owned by Monterey One Water ("M1W") to discharge effluent from

¹ Cal-Am states that the application's Appendix B: Local Agency Review includes letters from those entities dated April 18, 2017 and April 17, 2017, respectively; however, those letters do not appear to be included and they refer to Cal-Am's previous application, not this current one.

its desalination facility. According to the proposed project's FEIR/FEIS, Cal-Am's use of that outfall may be contingent upon first removing and replacing the outfall's end gate as well as removing 172 existing duckbill diffusers on the outfall and replacing them with angled diffusers (as described, for example, in FEIR/FEIS Section 4.3, pages 105-106). According to the FEIR/FEIS, this work would require underwater construction, including burning off some of the diffusers and excavating a benthic area near the end gate. The FEIR/FEIS states that modifying the outfall in this manner would be the "most effective strategy for ensuring compliance with Ocean Plan objectives, and the one most likely to be implemented." The FEIR/FEIS also notes that there are other strategies that might be used to ensure Ocean Plan compliance including "pre-treatment of source water, post processing treatment of discharge flows, and/or flow augmentation," though it states that these options are less likely to be implemented.

The submitted application does not describe any of these project components or strategies. If Cal-Am has selected compliance strategies that would not require modifications of the diffusers and end gate, please provide an updated project description that describes those strategies and that confirms they would result in Ocean Plan compliance. If Cal-Am has not selected these other strategies, please provide a full description of the activities that would be needed to replace the diffusers and end gate, the known or potential adverse effects to water quality and marine life resulting from those activities, and any mitigation measures proposed to avoid or minimize those adverse effects.

- 7) **Outfall liner:** Both the CPUC and M1W require a corrosion-resistant liner be installed inside the existing portion of the outfall that is on land before Cal-Am can discharge brine waste from its proposed desalination facility. The submitted application describes a proposed "spray-on" liner method that M1W has not yet found to be feasible and in fact has raised concerns with. In particular, M1W has stated that the proposed spray-on liner would likely be insufficiently protective of the outfall and would require extensive modifications to M1W's ongoing operations (see, for example, the September 10, 2020 Technical Memorandum from M1W).

We understand that Cal-Am and M1W had previously considered six different methods to protect the outfall and that M1W had determined 1) that Cal-Am's currently proposed "spray-on" method was not suitable, and 2) that the only suitable method was to install either of two types of slip-liner in the outfall. We understand, too, that Cal-Am worked with M1W to develop a 95% design for the slip-liner method. Given the apparent infeasibility of Cal-Am's currently proposed "spray-on" liner, please provide a modified project description that includes a liner acceptable to M1W. This description should identify the liner components, the proposed method of installation, any structural or operational changes to M1W's facilities that would be needed to install the liner, any adverse impacts to coastal resources that would result from the installation, any mitigation measures proposed to avoid or minimize those impacts, and documentation of, at a minimum, M1W's preliminary concurrence with the proposed design and method.

Please also identify whether this modified liner installation would require additional discretionary permits. The slip-liner method previously considered by Cal-Am and M1W would have required excavating at several locations along the outfall route within environmentally sensitive habitat areas in the coastal zone in the City of Marina and possibly in the County of Monterey, which presumably would require additional permitting from one or both entities. Section II.2 of Cal-Am's application states that "Cal-Am (in coordination with M1W)" will retrofit the pipeline, but that "[a]ny necessary authorization for work on the M1W outfall pipeline would be sought via a separate CDP application." Please identify whether the requested modification of the proposed liner would require one or more CDPs or other discretionary permits. Please also describe the expected permitting process and any agreements between Cal-Am and M1W for obtaining the required permits.

- 8) **Current and future proposed well locations:** Cal-Am's proposed MPWSP is meant to provide water for its service area for about 40 to 60 years. However, the submitted CDP application states that the proposed slant wells (the desalination plant's sole source of water) are expected to operate for only about 25 years. As noted in our review of Cal-Am's previous application, the slant well locations are not likely to be affected by coastal erosion during the proposed project's initial 25 years of operations, but could be affected by dune recession during that period or shortly thereafter (see, for example, the application's Attachment V.F.).

Please clarify, first, whether Cal-Am is continuing to propose a 40- to 60-year operating life for its overall project. If Cal-Am is still proposing to operate for that period, then describe Cal-Am's plan to obtain source water after the wells' projected 25-year operating life. If Cal-Am plans to relocate the wells, please identify available locations and provide an assessment of coastal resource impacts that may occur at those locations, how those locations are likely to be affected by coastal erosion, dune recession, and sea level rise (based on current projections), and describe any legal interest Cal-Am has, or would need to obtain, for those locations.

The submitted application also states that Cal-Am could protect the wells from coastal erosion or dune recession by using "soft" or "hard" measures, if necessary. Please specifically describe what "soft" or "hard" measures Cal-Am is considering for protecting the wells, including their likely effects on the environmentally sensitive habitat areas surrounding the well sites, public access, and other coastal resources.

- 9) **Water distribution line:** Cal-Am's proposed project does not yet include an approximately one-mile long segment of a distribution pipeline needed to transport water from the proposed desalination facility to its customers. We understand that the Monterey Peninsula Water Management District recently declined to approve a pipeline that would provide for the necessary water distribution. Please describe what other alternatives are, or may be available, to transport the project's water,

what environmental review and permits are needed for these alternatives, and Cal-Am's proposed timing and process for selecting a feasible distribution method and obtaining the necessary review and approvals for it.

- 10) **Proposed project modification:** The application states that Cal-Am is evaluating ways to minimize the proposed project's costs to disadvantaged and low-income customers. Cal-Am proposes to seek approval from the California Public Utilities Commission to provide a larger water rate discount to customers enrolled in its Customer Assistance Program ("CAP"). Please identify the process needed to gain the required approval and the expected timing of that process.

Effects on Coastal Resources:

- 11) **Protection of area wetlands/vernal ponds:** As noted in our August 2020 staff report, Cal-Am's pumping of groundwater could adversely affect extensive areas of nearby wetlands and vernal ponds. Cal-Am's current application includes updated information about some aspects of those potential effects (including Attachment V.Exhibit B – Pond Drawdown, and Exhibit C – Armstrong Ranch Ponds Groundwater (Geoscience)), though Cal-Am describes these as preliminary findings and states that it will provide full reports after conducting additional data collection. Please provide the above-described full reports. Please note that our review of the final reports may result in additional information being needed to complete the application.

We also request that Cal-Am address the following in those reports:

- **Consistency:** The two submitted reports are inconsistent in at least one aspect – Exhibit B describes the Dune Sands Aquifer as "unconfined to semi-confined" and Exhibit C describes the same aquifer as "confined under pressure." We request that the final version of the two reports be reviewed for consistency in a manner that supports the conclusions of each.
- **Mitigation options:** The reports describe Cal-Am conducting very limited data collection to support the reports' conclusions. For example, the conclusions of Exhibit C are supported by data collected during just four dates in October 2020 from just two locations that represent just a small percentage of the overall Armstrong Ranch wetland/vernal pond complex. Exhibit B concludes that there is no hydraulic connection between several nearby wells and the Dune Sands Aquifer, but also proposes that Cal-Am collect additional data and conduct additional monitoring to "conclusively determine" whether such a connection exists. Given the paucity of field data and monitoring at the various wetland/vernal pond sites, we are not yet able to determine from the information provided whether these habitat areas would be adequately protected from Cal-Am's pumping. Because of the difficulty of mitigating adverse impacts to these types of habitats, please include in the final reports additional detailed information about what mitigation locations and methods Cal-Am would propose should there be adverse impacts to these areas.

In addition to the information identified above that is needed to complete the application, we would like to discuss with you, perhaps at the start of the new year, several questions we have related to other issues. These include, among other things, questions related to your proposed, revised Habitat Mitigation and Monitoring Plan, as well as the possibility of conducting additional, independent hydrogeological groundwater investigations, which have been recommended by various parties.

Thank you for your attention to these information requests. We are happy to provide additional details or answer any questions you may have.

Sincerely,
DocuSigned by:

Tom Luster

Tom Luster
26D8C6735981497...
Senior Environmental Scientist

ITEM: ACTION ITEM**16. CONSIDER RECOMMENDATION TO THE BOARD TO FUND REBATES IN THE CALIFORNIA AMERICAN WATER SYSTEM BETWEEN JANUARY 1, 2021 AND THE AVAILABILITY OF FUNDING FROM THE CALIFORNIA AMERICAN WATER GENERAL RATE CASE**

Meeting Date: December 14, 2020 **Budgeted:** No

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

Prepared By: Stephanie Locke **Cost Estimate:** \$200,000

General Counsel Review: N/A

Committee Recommendation: The Water Demand Committee reviewed this item on December 3, 2020 and recommended approval. The Administrative Committee reviewed this item on December 8, 2020 and recommended approval.

CEQA Compliance: This action does not constitute a project as defined by the California Environmental Quality Act Guidelines section 15378.

SUMMARY: The District and California American Water's (Cal-Am) Rebate Program is funded through a customer surcharge that is renewed as part of Cal-Am's General Rate Cases (GRC) every three years. The 2018-2020 GRC ends on December 31, 2020. The decision on the 2021-2023 GRC (filed in July 2019) is anticipated in mid-2021. Rather than shutting the Rebate Program down and reducing the current momentum, staff is requesting the Board authorize advance funding to continue the program until Cal-Am's GRC is approved and funds are available. The Rebate Program significantly contributes to reduced water consumption on the Monterey Peninsula.

The pending GRC includes a request for \$1.1 million in Rebate funding for the Monterey Peninsula for the next three years. Between January 1, 2021, until the GRC is approved with funding for the Rebate Program, Cal-Am will not be collecting the conservation surcharge that funds the rebate program and is unable to reimburse the District for Rebates. Although there is a slight risk that Rebate Program funding will not be approved by the CPUC, all previous requests for funding for the Rebate Program have been approved since 2007.

The District will be funding rebate advances from its general reserve fund. Cal-Am has agreed to reimburse the District for the advanced rebates once collection of the conservation surcharge is resumed. If authorized by the Board, the District will process and pay rebates up to a maximum of \$200,000 and invoice Cal-Am for the expenditures when/if they receive GRC approval. Funding for this reimbursable expenditure was not included in the 2020-2021 budget and will be included in the mid-year adjustment.

The District/Cal-Am Rebate Program is credited with a significant portion of the water savings since the Cease and Desist Order in 2009 (savings are reported monthly in the Water Conservation Program Report). The program offers extensive and generous rebates that motivate customers to purchase and install water efficient appliances. Shutting the program down until funding is

available would negatively impact the community and the vendors. In 2011, the program was suspended awaiting the 2012 GRC approval. Once funding became available, it took approximately 18 months to achieve current participation levels. Given the urgency of conservation and the Cease and Desist Order (CDO) milestones, staff recommends the Board authorize interim funding.

RECOMMENDATION: The Board should approve interim funding up to \$200,000 through June 2021 for the Rebate Program from the District's general reserve fund. District expenditures for Cal-Am customers will be reimbursed by Cal-Am when a rebate fund is approved in the GRC and collection of the conservation surcharge resumes.

EXHIBIT

None

ITEM: ACTION ITEM**17. CONSIDER ADOPTION OF RESOLUTION 2020-18 AUTHORIZING AN EXCEPTION TO THE CALPERS 180-DAY WAITING PERIOD FOR HIRING A RETIREE**

Meeting Date:	December 14, 2020	Budgeted:	No
From:	David J. Stoldt, General Manager	Program/ Line Item No.:	Salary & Benefits
Prepared By:	Suresh Prasad	Cost Estimate:	\$15,000

General Counsel Approval: N/A**Committee Recommendation: The Administrative Committee reviewed this item on December 8, 2020 and recommended approval.****CEQA Compliance: This action does not constitute a project as defined by the California Environmental Quality Act Guidelines Section 15378.**

SUMMARY: Executive Assistant/Clerk of the Board, Arlene Tavani, will retire on December 30, 2020. District is in the process of hiring her replacement, however, there will not be enough time to cross-train the new employee. There is a need for her specialized skills and knowledge of the District, such as dealing with historical document retention, dealing with Public Records Act request, other policy related work, etc. She will provide assessment and training on as needed basis to the District. Ms. Tavani's unique experience and historical knowledge, after 35 years with the District, makes her the only individual who can carry out these functions.

It would greatly benefit the District to offer a limited-term, part-time contract as a retired annuitant to Ms. Tavani. The contract would be for Ms. Tavani to act as a part-time Executive Assistant at her current hourly rate of \$40.57, for up to 300 hours from January 1, 2021 through June 30, 2021. She would not receive any benefits, other than those mandated by state and federal law.

The California Public Retirement System (CalPERS) requires that the governing body of any agency wishing to hire a retiree prior to 180-days following their retirement date, pass a resolution to that effect. The resolution must be presented and considered in open session, not on the consent calendar.

RECOMMENDATION: The Administrative Committee recommends the Board adopt Resolution 2020-18, **Exhibit 17-A**, authorizing an exception to the CalPERS 180-day wait period to hire Ms. Arlene Tavani as a part-time, limited-term employee.

IMPACTS TO STAFF/RESOURCES: The cost to the District for a 6-month, part-time contract would not exceed \$15,000.

EXHIBIT**17-A Resolution 2020-18**



EXHIBIT 17-A

RESOLUTION NO. 2020-18

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
MONTEREY PENINSULA WATER MANGEMENT DISTRICT REGARDING
AUTHORIZING AN EXCEPTION TO THE 180-DAY WAIT
PERIOD GC SECTIONS 7522.56 & 21224**

The Board of Directors of the Monterey Peninsula Water Management District, hereby adopts the following Resolution:

WHEREAS, in compliance with Government Code section 7522.56 the Monterey Peninsula Water Management District must provide CalPERS this certification resolution when hiring a retiree before 180 days has passed since his retirement date; and

WHEREAS, Arlene Tavani, CalPERS ID 7015155119, retired from the Monterey Peninsula Water Management District in the position of Executive Assistant/Clerk of the Board, effective December 30, 2020; and

WHEREAS, section 7522.56 requires that post-retirement employment commence no earlier than 180 days after the retirement date, which is June 30, 2020 without this certification resolution; and

WHEREAS, section 7522.56 provides that this exception to the 180 day wait period shall not apply if the retiree accepts any retirement-related incentive; and

WHEREAS, the Monterey Peninsula Water Management District Board of Directors, the Monterey Peninsula Water Management District, and Arlene Tavani certify that Arlene Tavani has not and will not receive a Golden Handshake or any other retirement-related incentive; and

WHEREAS, the Monterey Peninsula Water Management District Board of Directors hereby appoints Arlene Tavani as an extra help retired annuitant to perform the duties of Executive Assistant for the Monterey Peninsula Water Management District under Government Code section (21224), effective January 1, 2021; and

WHEREAS, the entire employment agreement, contract or appointment document between Arlene Tavani and the Monterey Peninsula Water Management District has been reviewed by this body and is attached herein, as Attachment A; and

WHEREAS, no matters, issues, terms or conditions related to this employment and appointment have been or will be placed on a consent calendar; and

WHEREAS, the employment shall be limited to 960 hours per fiscal year; and

WHEREAS, the compensation paid to retirees cannot be less than the minimum nor exceed the maximum monthly base salary paid to other employees performing comparable duties, divided by 173.333 to equal the hourly rate; and

WHEREAS, the maximum base salary for this position is \$7,031.39 per month and the hourly equivalent is \$40.57, and the minimum base salary for this position is \$5,784.74 and the hourly equivalent is \$33.37; and

WHEREAS, the hourly rate paid to Arlene Tavani will be \$40.57; and

WHEREAS, Arlene Tavani has not and will not receive any other benefit, incentive, compensation in lieu of benefit or other form of compensation in addition to this hourly pay rate;

THEREFORE, BE IT RESOLVED THAT the Monterey Peninsula Water Management District Board hereby certifies the nature of the appointment of Arlene Tavani as described herein and detailed in the attached employment contract document, and that this appointment is necessary to fill the critically needed position of Executive Assistant for the Monterey Peninsula Water Management District by January 1, 2021, because there is a need for oversight of administrative related District projects.

On motion of Director _____, and second by Director _____, the foregoing resolution is duly adopted this 14th day of December, 2020, by the following votes:

AYES:

NAYES:

ABSENT:

Presiding Officer

Monterey Peninsula Water Management District

I, David J. Stoldt, Secretary of the Board of Directors of the Monterey Peninsula Water Management District, hereby certify that the foregoing is a full, true and correct copy of a resolution duly adopted on the _____ day of _____, 2020.

Witness my hand and seal of the Board of Directors, this _____ day of _____, 2020.

David J. Stoldt, Secretary to the Board

**Attachment 1**

January 1, 2021

Arlene Tavani
P.O. Box 991
Salinas, CA 93902

Dear Arlene:

This letter constitutes the District's offer to you for temporary limited-term employment as an Executive Assistant, for a period of employment beginning on January 1, 2021 and ending no later than June 30, 2021. This limited-term position will not exceed 300 working hours. Your hourly rate will be \$40.57 per hour. You are covered under the District's Workers' Compensation Insurance. Your employment is "at will" and may be terminated at any time, with or without cause.

Federal legislation requires us, as your employer, to deduct 7.65 percent of your gross salary for Medicare and Social Security coverage. This position does not provide any other benefits other than those mandated by state and federal law. Federal and state income taxes will be withheld based on the W-4 form you complete. You will submit your bi-weekly time-sheet through entry in the Tyler Time Entry system.

To indicate your acceptance of these terms, please sign below and return this letter.

Sincerely,

Dave Stoldt
General Manager

☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐

I hereby accept the temporary position under the terms set forth above.

Arlene Tavani

(Date)

cc:
HR/Personnel File

ITEM: ACTION ITEM**18. CONSIDER CALLING FOR APPLICATIONS AND DISCUSS PROCESS TO FILL THE POSITION OF DIRECTOR DIVISION 3****Meeting Date: December 14, 2020****Budgeted:****From: David J. Stoldt,
General Manager****Program/
Line Item No.:****Prepared By: David J. Stoldt****Cost Estimate:****General Counsel Approval: N/A****Committee Recommendation: None****CEQA Compliance: This action does not constitute a project as defined by the California Environmental Quality Act Guidelines Section 15378.**

SUMMARY: Division 3 Director Molly Evans ran unopposed in the last election, hence was appointed by the County Registrar to the District Board as Division 3 Director through 2024. Subsequently, she accepted employment on the East Coast and has decided to resign her position on the Board. The Division 3 boundary map is shown in **Exhibit 18-A**, attached.

California Government Code Section 1780 dictates how a special district vacancy is filled. The Board will have the ability to either appoint a Director or call an election to fill the vacancy.

The general procedure is as follows:

	Item
December 14, 2020	New Board calls for applications
December 15, 2020	Resignation effective date
By December 30, 2020	District notifies County Registrar of vacancy (15 days from effective date)
January 21, 2021	Board decides whether it will appoint or call for an election; May decide to appoint at meeting
February 12, 2021	Last day for Board to appoint (60 days from effective date)
May 31, 2021	Earliest date an election could be held (no earlier than 130 days from January Board mtg)
August 31, 2021	Earliest regularly scheduled election; Mail-in only; (Need to reconfirm)
November 1, 2022	Appointed Director would run for reelection
November 5, 2024	Elected Director would run for reelection

RECOMMENDATION: The Board should call for statements of interest from potential candidates interested in serving as Division 3 Director, yet retain the right to choose instead to call an election.

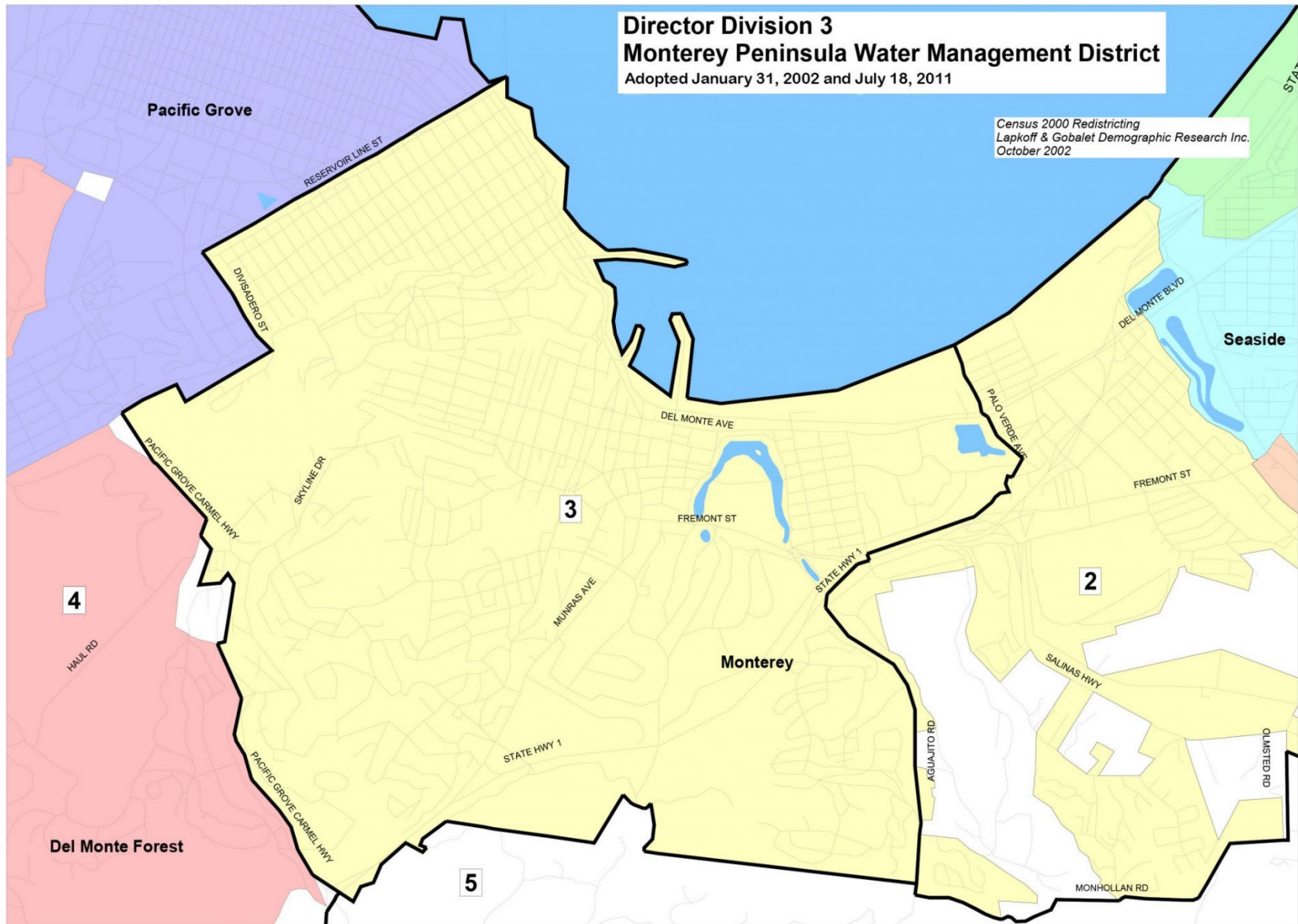
EXHIBIT

18-A Division 3 Map

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EXHIBIT 18-A

MPWMD Division 3 Boundary Map



ITEM: ACTION ITEM**19. CONDUCT ELECTION OF BOARD OFFICERS FOR 2021****Meeting Date:** December 14, 2020 **Budgeted:** N/A**From:** David J. Stoldt,
General Manager **Program/** N/A
Line Item No.:**Prepared By:** David J. Stoldt **Cost Estimate:** N/A**General Counsel Approval:** N/A**Committee Recommendation:** None**CEQA Compliance:** This action does not constitute a project as defined by the California Environmental Quality Act Guidelines Section 15378.

SUMMARY: District Meeting Rule 2.5 “Rotation of Vice Chair into the Position of Chair” would have resulted in the Division 4 Director rotating into the role of Chair for 2021, but she did not choose to stand for reelection. District Meeting Rule 2.5 also states *“If the Chair has served less than 12 months at the time of the annual December election of Board officers is conducted, the Board shall, by majority vote, elect a Chair to serve for that year, and thereafter the Chair rotation shall return to where it had left off.”*

District Counsel has determined this to mean the rotation is frozen with the new Division 4 Director serving 2021 as Vice Chair and the new Board chooses an interim Chair at the December 14 meeting.

With the election of an interim Chair for 2021, the rotation going forward will be as follows:

Calendar Year	Chair	Chair Name	Vice Chair
2021	Board Elects	TBD	Division 4
2022	Division 4	Paull	Supervisor
2023	Supervisor	Adams	Division 5
2024	Division 5	Anderson	Division 2
2025	Division 2	Riley (Currently)	Mayoral Rep

RECOMMENDATION: The Board should, by majority vote elect a Chair for 2021 and the new Director from Division 4 shall serve as Vice Chair.

EXHIBIT

None

ITEM: INFORMATIONAL ITEM/STAFF REPORT**20. REPORT ON ACTIVITY/PROGRESS ON CONTRACTS OVER \$25,000**

Meeting Date: December 14, 2020 **Budgeted:** N/A

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

Prepared By: Suresh Prasad **Cost Estimate:** N/A

General Counsel Review: N/A

Committee Recommendation: The Administrative Committee reviewed this item on December 8, 2020.

CEQA Compliance: This action does not constitute a project as defined by the California Environmental Quality Act Guidelines Section 15378.

SUMMARY: Attached for review is **Exhibit 20-A**, monthly status report on contracts over \$25,000 for the period September 2020. This status report is provided for information only, no action is required.

EXHIBIT

20-A Status on District Open Contracts (over \$25k)

EXHIBIT 20-A

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**Monterey Peninsula Water Management District
Status on District Open Contracts (over \$25K)
For The Period September 2020**

Contract	Description	Date Authorized	Contract Amount	Prior Period Expended To Date	Current Period Spending	Total Expended To Date	Expected Completion	Current Period Activity	P.O. Number
1	Hayashi & Wayland Accountancy Corp.	Audit services	6/15/2020	\$ 68,000.00	\$ -	\$ 3,500.00	\$ 3,500.00	Current period billing for auditing services	PO02426
2	Martin B. Feeney, PG, CHG	Construction Management of PWM final well comissioning	8/17/2020	\$ 53,820.00	\$ -	\$ 20,110.00	\$ 20,110.00	Current period billing related to PWM well construction management services	PO02403
3	De Lay & Laredo	Measure J/Rule 19.8 3rd Party Operations Phase II	12/16/2019	\$ 87,000.00	\$ -		\$ -		PO02398
4	Weston Solutions, Inc.	UXO Support Services	6/15/2020	\$ 26,378.70	\$ -		\$ -		PO02371
5	Denise Duffy & Assoc. Inc.	CEQA addendum for ASR Parallel Pipeline	4/20/2020	\$ 28,567.00	\$ 8,526.00		\$ 8,526.00		PO02363
6	Lynx Technologies, Inc	Geographic Information Systems contractual services	6/15/2020	\$ 35,000.00	\$ 900.00	\$ 1,200.00	\$ 2,100.00	Current period billing for GIS services	PO02357
7	Regional Government Services	Human Resouces contractual services	6/15/2020	\$ 70,000.00	\$ 12,111.30		\$ 12,111.30		PO02356
8	DeVeera Inc.	BDR Datto Services Contract FY 2020/2021	9/16/2019	\$ 26,352.00	\$ 4,392.00	\$ 2,196.00	\$ 6,588.00	Current period billing for IT backup services	PO02349
9	DeVeera Inc.	IT Managed Services Contract for FY 2020/2021	6/15/2020	\$ 57,012.00	\$ 9,502.00	\$ 4,751.00	\$ 14,253.00	Current period billing for IT managed services	PO02348
10	The Ferguson Group LLC	2020-21 - Legislative and Administrative Services	6/15/2020	\$ 99,500.00	\$ 16,141.18	\$ 8,063.17	\$ 24,204.35	Current period retainer billing	PO02339
11	JEA & Associates	Contract for Legislative and Administrative Services - FY 20-21	6/15/2020	\$ 35,000.00	\$ 5,000.00	\$ 2,500.00	\$ 7,500.00	Current period retainer billing	PO02338
12	MBAS	ASR Water Quality	6/15/2020	\$ 40,000.00	\$ 9,472.50	\$ 1,418.75	\$ 10,891.25	Current period billing related to ASR water quality testing	PO02330
13	Pueblo Water Resources, Inc.	ASR Operations Support	6/15/2020	\$ 75,000.00	\$ 1,995.00		\$ 1,995.00		PO02320
14	De Lay & Laredo	Measure J/Rule 19.8 Appraisal/MAI Services	6/15/2020	\$ 120,000.00	\$ 63,066.00		\$ 63,066.00		PO02316
15	De Lay & Laredo	Measure J/Rule 19.8 Appraisal/Rate Study Phase II	12/16/2019	\$ 200,000.00	\$ 159,155.00	\$ 5,927.50	\$ 165,082.50	Current period billing for appraisal/rate related to phase 2 Measure J	PO02282
16	De Lay & Laredo	Measure J/Rule 19.8 Operations Plan - Phase II	12/16/2019	\$ 145,000.00	\$ 47,972.50		\$ 47,972.50		PO02281
17	De Lay & Laredo	Measure J/Rule 19.8 CEQA Services Consultant	12/16/2019	\$ 129,928.00	\$ 129,889.49		\$ 129,889.49		PO02273
18	Rutan & Tucker, LLP	Rule 19.8 Eminent Domain Legal Services - Phase II	12/16/2019	\$ 200,000.00	\$ 116,952.99	\$ 16,248.52	\$ 133,201.51	Current period billing for eminent domain work related to phase 2 Measure J	PO02236
19	Norton Rose Fulbright	Cal-Am Desal Structuring & Financing Order	4/20/2015	\$ 307,103.13	\$ 38,557.29		\$ 38,557.29		PO02197
20	Pueblo Water Resources, Inc.	ASR SMWTF Engineering Services During Construction	10/21/2019	\$ 148,100.00	\$ 125,500.86	\$ 1,579.50	\$ 127,080.36	Current period billing related to ASR engineering services	PO02163
21	Specialty Construction, Inc.	ASR SMWTF Construction	10/21/2019	\$ 4,649,400.00	\$ 3,493,476.75	\$ 532,652.44	\$ 4,026,129.19	Current period billing related to ASR construction management services	PO02162
22	Psomas	ASR Construction Management Services	8/19/2019	\$ 190,280.00	\$ 154,198.74	\$ 22,504.44	\$ 176,703.18	Current period billing related to ASR construction management services	PO02160
23	U.S. Bank Equipment Finance	Copier machine leasing - 60 months	7/15/2019	\$ 52,300.00	\$ 11,371.33	\$ 871.82	\$ 12,243.15	6/30/2024 Current period billing for photocopy machine lease	PO02108
24	Monterey One Water	Supplemental EIR Costs for PWM Expansion Project	3/18/2019	\$ 750,000.00	\$ -	\$ 731,336.70	\$ 731,336.70	Current period billing related to PWM Expansion EIR services	PO02095
25	Monterey One Water	Pre-Construction Costs for PWM Expansion Project	11/13/2017	\$ 360,000.00	\$ 312,617.94		\$ 312,617.94		PO02094
26	DUDEK	Consulting Services for Prop 1 grant proposal	4/15/2019	\$ 95,600.00	\$ 94,315.05		\$ 94,315.05		PO01986
27	Denise Duffy & Associates	Consulting Services IRWM plan update	12/17/2018	\$ 55,000.00	\$ 53,322.32		\$ 53,322.32		PO01985

EXHIBIT 20-A

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**Monterey Peninsula Water Management District
Status on District Open Contracts (over \$25K)
For The Period September 2020**

Contract	Description	Date Authorized	Contract Amount	Prior Period Expended To Date	Current Period Spending	Total Expended To Date	Expected Completion	Current Period Activity	P.O. Number
28	Tetra Tech, Inc.	Engineering services Sleepy Hollow Facility Upgrade	7/16/2018	\$ 30,000.00	\$ 19,449.28	\$ 2,041.38	\$ 21,490.66	Current period billing related to Sleepy Hollow design services	PO01880
29	Colantuono, Highsmith, & Whatley, PC	Legal Services for MCWD vs PUC Matter for FY 2018-2019	7/1/2018	\$ 60,000.00	\$ 54,628.80		\$ 54,628.80	6/30/2021	PO01874
30	Ecology Action of Santa Cruz	IRWM HEART Grant	4/16/2018	\$ 152,600.00	\$ 86,362.33		\$ 86,362.33		PO01824
31	Pueblo Water Resources, Inc.	ASR Backflush Basin Expansion, CM services	7/16/2018	\$ 96,034.00	\$ 68,919.39		\$ 68,919.39		PO01778
32	Rural Community Assistance Corporation	IRWM DAC Needs Assessment	4/16/2018	\$ 100,000.00	\$ 69,095.92		\$ 69,095.92		PO01777
33	Mercer-Fraser Company	Sleepy Hollow Intake upgrade project	7/16/2018	\$ 1,802,835.00	\$ 1,786,834.91		\$ 1,786,834.91		PO01726
34	Fort Ord Reuse Authority	ASR Backflush basin expansion project UXO support	7/16/2018	\$ 55,215.00	\$ 8,241.72		\$ 8,241.72		PO01686
35	Pueblo Water Resources, Inc.	ASR operations support	1/24/2018	\$ 70,000.00	\$ 68,652.56		\$ 68,652.56		PO01645
36	Pueblo Water Resources, Inc.	Seaside Groundwater Basin Geochemical Study	1/24/2018	\$ 68,679.00	\$ 36,795.25		\$ 36,795.25		PO01628
37	Big Sur Land Trust	Update of the IRWMP Plan	4/16/2018	\$ 34,000.00	\$ 12,305.67		\$ 12,305.67		PO01620
38	Pueblo Water Resources, Inc.	SSAP Water Quality Study	8/21/2017	\$ 94,437.70	\$ 44,318.11		\$ 44,318.11		PO01510
39	Normandeau Associates, Inc.	Assistance with IFIM Study	11/13/2017	\$ 35,000.00	\$ 24,180.00		\$ 24,180.00		PO01509
40	Accela Inc.	Acquisition of Water Demand Database System	11/13/2017	\$ 676,377.00	\$ 669,227.81		\$ 669,227.81	6/30/2021	PO01471
41	Balance Hydrologics, Inc	Design Work for San Carlos Restoration Project	6/19/2017	\$ 51,360.00	\$ 50,894.32		\$ 50,894.32		PO01321
42	AECOM Technical Services, Inc.	Los Padres Dam Alternatives Study	1/25/2017	\$ 700,700.00	\$ 505,766.50		\$ 505,766.50		PO01268
43	Denise Duffy & Assoc. Inc.	MMRP Services for Monterey Pipeline	1/25/2017	\$ 80,000.00	\$ 73,144.06		\$ 73,144.06		PO01202
44	Goodin,MacBride,Squeri,Day,Lamprey	User Fee PUC Proceedings Legal Fee	7/1/2016	\$ 50,000.00	\$ 33,411.85		\$ 33,411.85	6/30/2021	PO01100
45	Whitson Engineers	Carmel River Thawleg Survey	9/19/2018	\$ 52,727.43	\$ 49,715.00		\$ 49,715.00		PO01076
46	HDR Engineering, Inc.	Los Padres Dam Fish Passage Study	4/18/2016	\$ 310,000.00	\$ 309,751.71		\$ 309,751.71		PO01072
47	Michael Hutnak	GS Flow Modeling for Water Resouces Planning	8/19/2013	\$ 71,800.00	\$ 65,880.00		\$ 65,880.00		PO00123
48	Justin Huntington	GS Flow Modeling for Water Resouces Planning	8/19/2013	\$ 59,480.00	\$ 53,918.98		\$ 53,918.98		PO00122

ITEM: INFORMATIONAL ITEM/STAFF REPORT**21. STATUS REPORT ON MEASURE J/RULE 19.8 PHASE II SPENDING**

Meeting Date: December 14, 2020 **Budgeted:** N/A

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

Prepared By: Suresh Prasad **Cost Estimate:** N/A

General Counsel Review: N/A

Committee Recommendation: The Administrative Committee reviewed this item on December 8, 2020.

CEQA Compliance: This action does not constitute a project as defined by the California Environmental Quality Act Guidelines Section 15378.

SUMMARY: Attached for review is **Exhibit 21-A**, monthly status report on Measure J/Rule 19.8 Phase II spending for the period September 2020. This status report is provided for information only, no action is required.

EXHIBIT

21-A Status on Measure J/Rule 19.8 Phase II Spending

**Monterey Peninsula Water Management District
Status on Measure J/Rule 19.8 Spending Phase II
For the Period September 2020**

	Contract	Date Authorized	Contract/Approved Amount	Prior Period Spending	Current Period Spending	Total Expended To Date	Spending Remaining	Project No.
1	Eminent Domain Legal Counsel	12/16/2019	\$ 225,000.00	\$ 116,952.99	\$ 16,248.52	\$ 133,201.51	\$ 91,798.49	PA00005-01
2	CEQA Work	12/16/2019	\$ 129,928.00	\$ 129,889.49	\$ -	\$ 129,889.49	\$ 38.51	PA00005-02
3	Appraisal Services	12/16/2019	\$ 200,000.00	\$ 159,155.00	\$ 5,927.50	\$ 165,082.50	\$ 34,917.50	PA00005-03
4	Operations Plan	12/16/2019	\$ 145,000.00	\$ 47,972.50	\$ -	\$ 47,972.50	\$ 97,027.50	PA00005-04
5	District Legal Counsel	12/16/2019	\$ 40,000.00	\$ 55,063.52	\$ 7,598.99	\$ 62,662.51	\$ (22,662.51)	PA00005-05
6	MAI Appraiser	12/16/2019	\$ 120,000.00	\$ 63,066.00	\$ -	\$ 63,066.00	\$ 56,934.00	PA00005-06
7	Jacobs Engineering	12/16/2019	\$ 87,000.00	\$ 51,686.78	\$ -	\$ 51,686.78	\$ 35,313.22	PA00005-07
6	Contingency/Miscellaneous/Uncommitted	12/16/2019	\$ 294,072.00	\$ 1,090.40	\$ -	\$ 1,090.40	\$ 292,981.60	PA00005-20
	Total		\$ 1,241,000.00	\$ 624,876.68	\$ 29,775.01	\$ 654,651.69	\$ 586,348.31	

ITEM: INFORMATIONAL ITEM/STAFF REPORT**22. LETTERS RECEIVED****Meeting Date: December 14, 2020****Budgeted: N/A****From: David J. Stoldt,
General Manager****Program/ N/A
Line Item No.:****Prepared By: Arlene Tavani****Cost Estimate: N/A****General Counsel Review: N/A****Committee Recommendation: N/A****CEQA Compliance: This action does not constitute a project as defined by the California Environmental Quality Act Guidelines Section 15378.**

A list of letters submitted to the Board of Directors or General Manager and received between November 10, 2020 and December 8, 2020 is shown below. The purpose of including a list of these letters in the Board packet is to inform the Board and interested citizens. Copies of the letters are available for public review at the District office. If a member of the public would like to receive a copy of any letter listed, please contact the District office. Reproduction costs will be charged. The letters can also be downloaded from the District's web site at www.mpwmd.net.

Author	Addressee	Date	Topic
Ben Harvey	MPWMD	12/4/20	2021 Appointees to Policy and Technical Advisory Committees
Timothy R Petty, Ph.D	Michael Simpson/cc MPWMD	12/3/20	Funding Recommendations - Water Infrastructure Improvements for the Nation (WIIN) Act of 2016
David T Moran	MPWMD Board	11/20/20	Notice of Commencement of CEQA Litigation Challenging the Certification of the Environmental Impact Report for the Potential Acquisition of Monterey Water System and District Boundary Adjustment
Eileen Sobeck	Richard Svindland/cc David Stoldt	11/17/20	Order WR 2116-0016, Ordering Paragraph 3.b.viii – 2020 Joint Annual Report
Monterey County Board of Supervisors	MPWMD Board	11/17/20	Approved MPWMD Conflict of Interest Code
Richard Svindland	Eileen Sobeck/cc David Stoldt	10/17/20	Carmel River Cease and Desist Order, WRO 2016-0016, Milestone 5

ITEM: INFORMATIONAL ITEM/STAFF REPORT**23. COMMITTEE REPORTS**

Meeting Date:	December 14, 2020	Budgeted:	N/A
From:	David J. Stoldt, General Manager	Program/ Line Item No.:	N/A
Prepared By:	Arlene Tavani	Cost Estimate:	N/A

General Counsel Review: N/A**Committee Recommendation: N/A**

CEQA Compliance: This action does not constitute a project as defined by the California Environmental Quality Act Guidelines Section 15378.

Attached for your review as **Exhibits 23-A through 23-E** are final minutes of the committee meetings listed below.

EXHIBITS

23-A	October 15, 2020 Public Outreach Committee
23-B	October 13, 2020 Administrative Committee
23-C	November 5, 2020 Water Demand Committee
23-D	November 2, 2020 Water Supply Planning Committee
23-E	August 4, 2020 Policy Advisory Committee



EXHIBIT 23-A

FINAL MINUTES

Monterey Peninsula Water Management District

Public Outreach Committee

October 15, 2020

Call to Order

The virtual meeting was called to order at 11:30 am via WebEx.

Committee members present: Mary Adams - Chair
Alvin Edwards
George Riley

Committee members absent: None

District staff members present: David Stoldt, General Manager
Stephanie Locke, Water Demand Manager
Arlene Tavani, Executive Assistant

District Counsel present: David Laredo

TMD Consulting: Sam Spadoni

Comments from the Public: No comments were directed to the committee.

Action Items

1. Consider Adoption of August 24, 2020 Committee Meeting Minutes
On a motion by Riley and second of Edwards, the minutes were adopted on a unanimous vote of 3 – 0 by Edwards, Riley, and Adams.

Presentations

2. Introduction by TMD Creative
Sam Spadoni presented an overview of the plan that he and staff had discussed including services provided by the TMD staff members, outreach program goals, expanding social media presence, branding, messaging, and development of ads and newsletters. Mr. Spadoni's presentation can be viewed on the District's website. The committee discussed the information provided by Spadoni and indicated an interest in educating the public about progress on the Measure J/Rule 19.8 process, and promoting the competence, credibility and vision of the District and staff. There was a concern expressed that it had been difficult to maintain relationships with business groups and local governments due to the separation of people brought on by the COVID pandemic and social distancing. It was suggested that staff should begin again to contact these groups and offer to make presentations. Staff planned to work with TMD to develop a focused outreach plan for presentation at the next Public Outreach Committee meeting.

District Counsel Laredo departed from the meeting at 12:15 PM.

3. Review Presentation to Jurisdictions re Update on Compliance with Cease and Desist Order Milestones

Stoldt stated that there was a concern in the community that a milestone would be missed, the State would implement a penalty and that rationing was eminent. He planned to make presentations to the jurisdictions stating that rationing was very unlikely, and it was possible for California American Water (Cal-Am) to comply with the CDO through December 31, 2021. Therefore, the community had time to thoughtfully develop a permanent water supply solution. However, the SWRCB could determine that it was not the fault of Cal-Am or the other applicants that a milestone was missed and then waive the penalty. Stoldt recommended that he delay scheduling any presentations to the jurisdictions until it was known if the SWRCB would waive the 1,000 acre-feet reduction.

Discussion Items

4. Suggest Items to be Placed on Future Agendas

The committee requested a report from TMD Creative at the next meeting.

Adjournment

The meeting was adjourned at 12:15 pm

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EXHIBIT 23-B

FINAL MINUTES Monterey Peninsula Water Management District Administrative Committee October 13, 2020

Call to Order

The meeting was called to order at 4:00 PM via WebEx.

Committee members present: Jeanne Byrne – Chair
Alvin Edwards
Molly Evans

Staff present: David Stoldt, General Manager
Jonathan Lear, Water Resources Manager
Suresh Prasad, Administrative Services Manager/Chief Financial Officer
Gabriela Bravo, Conservation Analyst
Sara Reyes, Sr. Office Specialist

Comments from Public

None

Action Items

1. Consider Approval of Amendment to Agreement for Employment of General Manager

On a motion by Byrne and second by Edward, the Committee voted to recommend the Board approve compensation changes as shown in Amendment No. 4 to Agreement for Employment of General Manager. 6% and 56 hours. The motion was approved 3 – 0 by a roll call vote.

Consent Calendar

On a motion by Evans and second by Edwards, the committee voted to approve Consent Calendar items 3 and 4. The motion was approved 3 – 0 on a roll call vote by Edwards, Evans and Byrne.

2. Consider Adoption of September 15, 2020 Administrative Committee Meeting Minutes Approved.

3. Consider Adoption of Resolution 2020-14 – Amending Fees and Charges Table – Rule 60

On a motion by Edwards and second by Byrne, the Committee voted 2 – 1 to recommend the Board adopt Resolution 2020-14 – Amending District Rule 60, Fees and Charges Table. Director Evans voted against the motion.

4. Consider Adoption of Treasurer's Report for August 2020 Approved.

Informational Items

5. Report on Activity/Progress on Contracts Over \$25,000

This item was presented as information to the committee. No action was required or taken by the committee.

6. Status Report on Measure J/Rule 19.8 Phase II Spending

This item was presented as information to the committee. No action was required or taken by the committee.

7. Monthly Progress Report – Santa Margarita Water Treatment Facility

This item was presented as information to the committee. No action was required or taken by the committee.

Other Items

8. Review Draft Board Meeting Agendas for the October 19, 2020 Closed Session and Regular Meeting

The Committee agreed that a Closed Session meeting is not needed on October 19. The Committee discussed changing the start meeting time to 5 PM rather than 6 PM to allow more time to conduct the meeting due to the nature of the items on the agenda. No changes were made to the October 19 Regular Board meeting agenda.

9. Suggest Items to be Placed on Future Agendas

No items were presented.

Adjournment

The meeting adjourned at 4:43 PM.

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EXHIBIT 23-C

FINAL MINUTES Water Demand Committee of the Monterey Peninsula Water Management District November 5, 2020

Call to Order

The virtual meeting was called to order at 3:02 pm via WebEx.

Committee members present:

Alvin Edwards, Chair
George Riley

Committee members absent:

Gary Hoffmann

Staff members present:

David Stoldt, General Manager
Stephanie Locke, Water Demand Division Manager
Arlene Tavani, Executive Assistant

District Counsel present:

David Laredo

Comments from the Public:

No comments.

Action Items

1. Consider Adoption of August 6, 2020 Committee Meeting Minutes

On a motion by Riley and second of Edwards, minutes of the August 6, 2020 committee meeting were adopted on a vote of 2 – 0 by Edwards and Riley. Hoffmann was absent.

Discussion Items

2. Discuss Amendments to Rules re Extension of Water Use Credits for Armed Forces of the United States

Stephanie Locke summarized the information presented in the staff report. David Stoldt explained that a draft ordinance addressing the extension of water credits for local armed forces installations could be broadened to respond to another request by the military, that the Presidio of Monterey and Naval Postgraduate School be considered separate entities that could receive an allocation of water from any new water source, as do the cities, County of Monterey and Monterey Peninsula Airport District. Stoldt proposed that one response would be to expand the definition of Jurisdiction in Rule 11 of the Rules and Regulations to include the Presidio of Monterey and Naval Postgraduate School. Staff would need to decide how to apply water credit on one military installation that would serve all branches of the military, such as a medical clinic. Staff estimated that the first reading of an ordinance could be brought forward to the Board in January 2021.

3. Discuss Amendments to Rules re Extension of Water Use Credits

Locke described the proposal: within the last year of the 10-year period in which water credit expires, the property owner could request a one-year extension and the General Manager would have the authority to grant the extension. Stoldt stated that this rule change could likely be accomplished through a Negative Declaration. Stoldt advised the committee that staff would be

submitting, sometime in the future, a proposal for modifying the capacity fee charge in order to reduce the overall cost for development of a project.

4. Update on Water for Near-Term Housing Needs Initiative

Stoldt reported that meetings were being scheduled with representatives from the Senate and Assembly housing committees and the Executive Director of Housing and Community Development. If those meetings resulted in a positive outcome, staff could request letters of support from local organizations that have expressed an interest in advocating for the establishment of a water allocation for development of housing.

5. Update on Activities Related to Non-Cal-Am Pumpers on the Carmel River

Stoldt summarized the findings in the staff report. He noted staff suspects that water use on some sites is well above what would be normal for the use on the property. Also, some well owners that have been granted the right to pump a specific amount of water routinely exceed the right. The committee members offered three suggestions: 1) investigate properties with extensive water use; 2) utilize enforcement measures when a property is out of compliance; and 3) well owners that do not self-report should be charged for staff time spent visiting the site to check the meter.

6. Suggest Items to be Placed on Future Agendas

Provide an update on any action to be taken by California American Water or the State Water Resources Control Board regarding the missed CDO milestone.

Adjournment: The meeting was adjourned at 4:00 pm.

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EXHIBIT 23-D

FINAL MINUTES

Water Supply Planning Committee of the Monterey Peninsula Water Management District November 2, 2020

Call to Order: The WebEx virtual meeting was called to order at 4:00 pm.

Committee members present: George Riley, Chair
Mary Adams
Molly Evans

Committee members absent: None

Staff members present: David J. Stoldt, General Manager
Jonathan Lear, Water Resources Division Manager
Thomas Christensen, Environmental Resources Div. Mgr.
Maureen Hamilton, Water Resources Engineer
Arlene Tavani, Executive Assistant

District Counsel present: David Laredo, De Lay & Laredo

Comments from the Public: Susan Schiavone asked two questions: 1) did the Marina Coast Water District (MCWD) respond to the staff report on agenda item 2; and 2) could a resolution authorizing the addendum specify that use of the pipeline be restricted to the ASR and Pure Water Monterey projects. *Chair Riley replied that the Marina Coast Water District submitted a letter dated 11/2/20. The letter has been incorporated into the record of the meeting.*

Action Items

1. **Consider Adoption of September 2, 2020 Committee Meeting Minutes**
On a motion by Evans and seconded by Adams, minutes of the September 2, 2020 meeting were approved on a unanimous vote of 3 – 0 by Evans, Adams and Riley.
2. **Consider Development of a Recommendation to the Board of Directors regarding Adoption of an Addendum to the District's Prior ASR Environmental Impact Report for Construction of a Bypass Pipeline to Allow Simultaneous Pure Water Monterey Recovery and ASR Injection**
Evans offered a motion that was seconded by Adams to postpone consideration of this item to the December 2020 committee meeting. The motion was approved on a unanimous vote of 3 – 0 by Evans, Adams and Riley. General Manager Stoldt requested that questions about the project should be submitted to the District so they could be answered and presented to the Water Supply Planning Committee when they take up the issue again.

Public comment: **(a) Keith Van Der Maaten**, MCWD, referenced a memo from Roger Masuda, Counsel for MCWD, dated November 2, 2020, and stated that an alternative to the proposed pipeline would provide a greater benefit in terms of optimizing resources and

increasing water production from ASR and Pure Water Monterey. He recommended that the issue be continued to allow time for the MCWD to work with MPWMD staff to develop the best solution. **(b) Anna Thompson** asked that if the project was related to Pure Water Monterey, why was the pipeline to be owned by California American Water (Cal-Am) rather than being publicly owned. She noted that there could be better alternatives to the proposed pipeline. **(b) Melodie Chrislock** alleged that Cal-Am planned to complete the pipeline by April, so that the California Coastal Commission would take it under consideration and approve the desalination project in the April time period. She asked if it would be worthwhile for the District to obtain additional water rights as suggested by MCWD. **(c) Ian Crooks**, Cal-Am, stated it was imperative that the pipeline advance in order to maximize existing water supplies. The effort was not intended to address the potential desalination project.

The following statements were made in response to questions from the committee: **Tim O'Halloran**, Cal-Am, stated that the bid opening was scheduled for November 16, 2020 and the project could be in service by mid-April. **Ian Crooks**, Cal-Am, advised that if the MPWMD Board did not take up this issue until December 14, 2020 the risk profile for the project would increase. The timeline would be affected because there would be a delay in ordering the pipe used in construction.

Discussion Items

3. Update on Pure Water Monterey Project

Stoldt reported that on September 1, 2020, Cal-Am began purchasing water from the project. Approximately 1,133 acre-feet of water had been placed in the operating reserve. He noted that deep injections well No. 1 was recently conditioned and had performed well. It was expected to inject 270 acre-feet of water per month. Deep injection well No. 2 would be shut down for conditioning. The two shallow vados zone wells were under construction and should be operating by the end of November. A pre-construction meeting was scheduled to discuss deep injection well Nos. 3 and 4. The bids for construction of deep injection well No. 4 were within the District's budgeted amount; \$3.2 million without the construction management component.

Public Comment: Susan Schiavone remarked that despite the naysayers, the Pure Water Monterey project was performing well.

4. Discuss Maximizing Storage in Seaside Basin

This item was placed on the agenda at the request of Director Riley, and he was asked to clarify his request. Stoldt summarized the topic as how to use water when there was a seasonal excess. The water could be banked for use later in the year, but a buyer for the water was needed.

5. Update on ASR Construction

Maureen Hamilton, Water Resources Engineer, narrated a presentation that showed progress made at the Santa Margarita water treatment facility construction site. The presentation was on file at the District office and could be viewed on the District's website. She reported that much progress had been made including installation of the tile room, the motor control center was wired, and gates and a sign were installed.

6. Review Amendments to ASR Operating Agreement

Stoldt advised the committee that Cal-Am prepared the red-lined version of the agreement that was included in the committee packet. He noted that the report was amended to include future ASR facilities namely deep injection well Nos. 3 and 4; and removal of a reference to a franchise agreement with Cal-Am that was never developed. The Operating Agreement

would be presented to the committee again, and then sent to the Board of Director for consideration.

Suggest Items to be Placed on Future Agendas

The District should conduct a formal orientation session for new directors and invite sitting directors to attend as a refresher.

Adjournment: The meeting was adjourned at 5:17 pm.

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EXHIBIT 23-E

FINAL MINUTES Policy Advisory Committee of the Monterey Peninsula Water Management District August 4, 2020

Call to Order

The virtual meeting was called to order at 1:00 pm via WebEx.

Committee members present:

City of Carmel-by-the-Sea	Dave Potter
City of Del Rey Oaks	Patricia Lintell
City of Monterey	Tyller Williamson
City of Pacific Grove	Bill Peake
County of Monterey	Mary Adams
Monterey Peninsula	Mary Ann Leffel
Airport District	
MPWMD Board Chair	Alvin Edwards – Committee Chair, Non- Voting Member

Committee members absent:

City of Sand City	Mary Ann Carbone
City of Seaside	Ian Oglesby

Staff members present:

David J. Stoldt, General Manager
Stephanie Locke, Water Demand Division Manager
Arlene Tavani, Executive Assistant

District Counsel present:

David Laredo, De Lay & Laredo

Comments from the Public:

No comments.

Review of Committee Charge by General Manager Stoldt

Discussion Items

1. Water for Near-Term Housing Needs and Next Steps Forward to State Agencies

Stoldt reviewed information provided in the staff report and narrated a PowerPoint presentation that can be viewed on the District's website. The committee members' comments and Stoldt's responses to their questions are listed here. Stoldt noted that on page 6 of the committee packet, the reference to a California Coastal Commission hearing in August was incorrect, the meeting was scheduled for September 17, 2020. He stated that the District could request that the State Water Resources Control Board (SWRCB) support lifting the restriction on setting new water meters for use of the new allocation. Only the California Public Utilities Commission (CPUC) could approve a change to the prohibition on setting new water meters, and it might do so at the request of the SWRCB. A committee member suggested that the District could also request that the CPUC allow a change of use at a site, such as commercial to residential in order to expand housing numbers. Stoldt advised that the 75 acre-feet could be allocated in a couple of ways: (a) the District could distribute to each jurisdiction a portion of the proposed allocation and then

determine how much is used over time; or (b) distribute the full allocation to each jurisdiction and if there is no study progress towards use of the water, it would be returned to the District for distribution to a jurisdiction in need. He reminded the committee that once a water supply project is approved, it is possible that water from the project could be allocated before the project is complete. Concern was expressed by some members of the committee that the amount of water proposed for allocation to a jurisdiction was lower than what was requested by the jurisdiction to meet its housing needs. It was also noted that the water should be identified for use on low, workforce, or moderate-income housing; it would not be appropriate to leave the term “housing” undefined and open to interpretation.

Adjourn – The meeting was adjourned at 2:00 pm.

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ITEM: INFORMATIONAL ITEM/STAFF REPORT**24. MONTHLY ALLOCATION REPORT**

Meeting Date:	December 14, 2020	Budgeted:	N/A
From:	David J. Stoldt, General Manager	Program:	N/A
		Line Item No.:	
Prepared By:	Gabriela Bravo	Cost Estimate:	N/A

General Counsel Review: N/A**Committee Recommendation: N/A****CEQA Compliance: This action does not constitute a project as defined by the California Environmental Quality Act Guidelines Section 15378.**

SUMMARY: As of November 30, 2020, a total of **26.557** acre-feet (**7.7%**) of the Paralta Well Allocation remained available for use by the Jurisdictions. Pre-Paralta water in the amount of **35.036** acre-feet is available to the Jurisdictions, and **28.839** acre-feet is available as public water credits.

Exhibit 24-A shows the amount of water allocated to each Jurisdiction from the Paralta Well Allocation, the quantities permitted in November 2020 (“changes”), and the quantities remaining. The Paralta Allocation no debits in November 2020.

Exhibit 24-A also shows additional water available to each of the Jurisdictions. Additional water from expired or canceled permits that were issued before January 1991 are shown under “PRE-Paralta.” Water credits used from a Jurisdiction’s “public credit” account are also listed. Transfers of Non-Residential Water Use Credits into a Jurisdiction’s Allocation are included as “public credits.” **Exhibit 24-B** shows water available to Pebble Beach Company and Del Monte Forest Benefited Properties, including Macomber Estates, Griffin Trust. Another table in this exhibit shows the status of Sand City Water Entitlement and the Malpaso Water Entitlement.

BACKGROUND: The District’s Water Allocation Program, associated resource system supply limits, and Jurisdictional Allocations have been modified by a number of key ordinances. These key ordinances are listed in **Exhibit 24-C**.

EXHIBITS**24-A** Monthly Allocation Report**24-B** Monthly Entitlement Report**24-C** District’s Water Allocation Program Ordinances

EXHIBIT 24-A
MONTHLY ALLOCATION REPORT
Reported in Acre-Feet
For the month of November 2020

Jurisdiction	Paralta Allocation*	Changes	Remaining	PRE-Paralta Credits	Changes	Remaining	Public Credits	Changes	Remaining	Total Available
Airport District	8.100	0.000	5.197	0.000	0.000	0.000	0.000	0.000	0.000	5.197
Carmel-by-the-Sea	19.410	0.000	1.398	1.081	0.000	1.081	0.910	0.000	0.182	2.661
Del Rey Oaks	8.100	0.000	0.000	0.440	0.000	0.000	0.000	0.000	0.000	0.000
Monterey	76.320	0.000	0.245	50.659	0.000	0.030	38.121	0.000	2.300	2.575
Monterey County	87.710	0.000	10.717	13.080	0.000	0.352	7.827	0.000	1.775	12.844
Pacific Grove	25.770	0.000	0.000	1.410	0.000	0.014	15.874	0.000	0.065	0.079
Sand City	51.860	0.000	0.000	0.838	0.000	0.000	24.717	0.000	23.373	23.373
Seaside	65.450	0.000	0.000	34.438	0.000	33.549	2.693	0.000	1.144	34.693
District Reserve	9.000	0.000	9.000	N/A			N/A			9.000
TOTALS	342.720	0.000	26.557	101.946	0.000	35.026	90.142	0.000	28.839	90.422

Allocation Holder	Water Available	Changes this Month	Total Demand from Water Permits Issued	Remaining Water Available
Quail Meadows	33.000	0.000	32.320	0.680
Water West	12.760	0.000	9.564	3.196

* Does not include 15.280 Acre-Feet from the District Reserve prior to adoption of Ordinance No. 73.

EXHIBIT 24-B
MONTHLY ALLOCATION REPORT
ENTITLEMENTS
Reported in Acre-Feet
For the month of November 2020

Recycled Water Project Entitlements

Entitlement Holder	Entitlement	Changes this Month	Total Demand from Water Permits Issued	Remaining Entitlement/and Water Use Permits Available
Pebble Beach Co. ¹	219.860	0.000	31.302	188.558
Del Monte Forest Benefited Properties ² (Pursuant to Ord No. 109)	145.140	0.345	57.947	87.193
Macomber Estates	10.000	0.000	10.000	0.000
Griffin Trust	5.000	0.000	4.829	0.171
CAWD/PBCSD Project Totals	380.000	0.345	104.078	275.922

Entitlement Holder	Entitlement	Changes this Month	Total Demand from Water Permits Issued	Remaining Entitlement/and Water Use Permits Available
City of Sand City	206.000	0.000	7.115	198.885
Malpaso Water Company	80.000	0.217	18.212	61.788
D.B.O. Development No. 30	13.950	0.000	3.784	10.166
City of Pacific Grove	38.390	3.541	4.823	33.567
Cypress Pacific	3.170	0.000	3.170	0.000

Increases in the Del Monte Forest Benefited Properties Entitlement will result in reductions in the Pebble Beach Co. Entitlement.

EXHIBIT 24-C

District's Water Allocation Program Ordinances

Ordinance No. 1 was adopted in September 1980 to establish interim municipal water allocations based on existing water use by the jurisdictions. Resolution 81-7 was adopted in April 1981 to modify the interim allocations and incorporate projected water demands through the year 2000. Under the 1981 allocation, Cal-Am's annual production limit was set at 20,000 acre-feet.

Ordinance No. 52 was adopted in December 1990 to implement the District's water allocation program, modify the resource system supply limit, and to temporarily limit new uses of water. As a result of Ordinance No. 52, a moratorium on the issuance of most water permits within the District was established. Adoption of Ordinance No. 52 reduced Cal-Am's annual production limit to 16,744 acre-feet.

Ordinance No. 70 was adopted in June 1993 to modify the resource system supply limit, establish a water allocation for each of the jurisdictions within the District, and end the moratorium on the issuance of water permits. Adoption of Ordinance No. 70 was based on development of the Paralta Well in the Seaside Groundwater Basin and increased Cal-Am's annual production limit to **17,619** acre-feet. More specifically, Ordinance No. 70 allocated 308 acre-feet of water to the jurisdictions and 50 acre-feet to a District Reserve for regional projects with public benefit.

Ordinance No. 73 was adopted in February 1995 to eliminate the District Reserve and allocate the remaining water equally among the eight jurisdictions. Of the original 50 acre-feet that was allocated to the District Reserve, 34.72 acre-feet remained and was distributed equally (4.34 acre-feet) among the jurisdictions.

Ordinance No. 74 was adopted in March 1995 to allow the reinvestment of toilet retrofit water savings on single-family residential properties. The reinvested retrofit credits must be repaid by the jurisdiction from the next available water allocation and are limited to a maximum of 10 acre-feet. This ordinance sunset in July 1998.

Ordinance No. 75 was adopted in March 1995 to allow the reinvestment of water saved through toilet retrofits and other permanent water savings methods at publicly owned and operated facilities. Fifteen percent of the savings are set aside to meet the District's long-term water conservation goal and the remainder of the savings are credited to the jurisdictions allocation. This ordinance sunset in July 1998.

Ordinance No. 83 was adopted in April 1996 and set Cal-Am's annual production limit at **17,621** acre-feet and the non-Cal-Am annual production limit at **3,046** acre-feet. The modifications to the production limit were made based on the agreement by non-Cal-Am water users to permanently reduce annual water production from the Carmel Valley Alluvial Aquifer in exchange for water service from Cal-Am. As part of the agreement, fifteen percent of the historical non-Cal-Am production was set aside to meet the District's long-term water conservation goal.

Ordinance No. 87 was adopted in February 1997 as an urgency ordinance establishing a community benefit allocation for the planned expansion of the Community Hospital of the Monterey Peninsula (CHOMP). Specifically, a special reserve allocation of 19.60 acre-feet of production was created exclusively for the benefit of CHOMP. With this new allocation, Cal-Am's annual production limit was increased to **17,641** acre-feet and the non-Cal-Am annual production limit remained at **3,046** acre-feet.

Ordinance No. 90 was adopted in June 1998 to continue the program allowing the reinvestment of toilet retrofit water savings on single-family residential properties for 90-days following the expiration of Ordinance No. 74. This ordinance sunset in September 1998.

Ordinance No. 91 was adopted in June 1998 to continue the program allowing the reinvestment of water saved through toilet retrofits and other permanent water savings methods at publicly owned and operated facilities.

Ordinance No. 90 and No. 91 were challenged for compliance with CEQA and nullified by the Monterey Superior Court in December 1998.

Ordinance No. 109 was adopted on May 27, 2004, revised Rule 23.5 and adopted additional provisions to facilitate the financing and expansion of the CAWD/PBCSD Recycled Water Project.

Ordinance No. 132 was adopted on January 24, 2008, established a Water Entitlement for Sand City and amended the rules to reflect the process for issuing Water Use Permits.

Ordinance No. 165 was adopted on August 17, 2015, established a Water Entitlement for Malpas Water Company and amended the rules to reflect the process for issuing Water Use Permits.

Ordinance No. 166 was adopted on December 15, 2015, established a Water Entitlement for D.B.O. Development No. 30.

Ordinance No. 168 was adopted on January 27, 2016, established a Water Entitlement for the City of Pacific Grove.

ITEM: INFORMATIONAL ITEM/STAFF REPORTS

25. WATER CONSERVATION PROGRAM REPORT

Meeting Date: December 14, 2020 **Budgeted:** N/A

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

Prepared By: Kyle Smith **Cost Estimate:** N/A

Committee Recommendation: N/A

CEQA Compliance: This action does not constitute a project as defined by the California Environmental Quality Act Guidelines Section 15378.

I. MANDATORY WATER CONSERVATION RETROFIT PROGRAM

District Regulation XIV requires the retrofit of water fixtures upon Change of Ownership or Use with High Efficiency Toilets (HET) (1.28 gallons-per-flush), 2.0 gallons-per-minute (gpm) Showerheads, 1.2 gpm Washbasin faucets, 1.8 gpm Kitchen, Utility, and Bar Sink faucets, and Rain Sensors on all automatic Irrigation Systems. Property owners must certify the Site meets the District's water efficiency standards by submitting a Water Conservation Certification Form (WCC), and a Site inspection is often conducted to verify compliance.

A. Changes of Ownership

Information is obtained monthly from *Realquest.com* on properties transferring ownership within the District. The information is compared against the properties that have submitted WCCs. Details on **127** property transfers that occurred between November 1, 2020, and November 30, 2020, were added to the database.

B. Certification

The District received **69** WCCs between November 1, 2020, and November 30, 2020. Data on ownership, transfer date, and status of water efficiency standard compliance were entered into the database.

C. Verification

From November 1, 2020, to November 30, 2020, **50** properties were verified compliant with Rule 144 (Retrofit Upon Change of Ownership or Use). Of the **50** verifications, **36** properties verified compliance by submitting certification forms and/or receipts. District staff completed **35** Site inspections. Of the **35** properties verified, **14 (40%)** passed.

Note that most Site inspections were suspended March 13, 2020, due to concerns about the novel coronavirus. Staff has continued to certify properties electronically through owner certification or other methods. Site inspections may be done in limited cases when the property is vacant, and staff has access without others present. Safety protocols (e.g. masks, gloves, hand sanitizer, etc.) are in place for those instances.

D. CII Compliance with Water Efficiency Standards

Effective January 1, 2014, all Non-Residential properties were required to meet Rule 143, Water Efficiency Standards for Existing Non-Residential Uses. To verify compliance with these requirements, property owners and businesses are being sent notification of the requirements and a date that inspectors will be on Site to check the property. In November, District inspectors performed **no** verification.

MPWMD is forwarding its CII inspection findings to California American Water (Cal-Am) for their verification with the Rate Best Management Practices (Rate BMPs) that are used to determine the appropriate Non-Residential rate division. Compliance with MPWMD's Rule 143 achieves Rate BMPs for indoor water uses, however, properties with landscaping must also comply with Cal-Am's outdoor Rate BMPs to avoid Division 4 (Non-Rate BMP Compliant) rates. In addition to sharing information about indoor Rate BMP compliance, MPWMD notifies Cal-Am of properties with landscaping. Cal-Am then conducts an outdoor audit to verify compliance with the Rate BMPs. During November 2020, MPWMD referred **no** properties to Cal-Am for verification of outdoor Rate BMPs.

E. Water Waste Enforcement

The District has a Water Waste Hotline 831-658-5653 or an online form to report Water Waster occurrences at www.mpwmd.net or www.montereywaterinfo.org. There were **no** Water Waste responses during the past month. There were **no** repeated incidents that resulted in a fine.

II. WATER DEMAND MANAGEMENT

A. Permit Processing

As of March 18, 2020, the District has been processing only electronic applications for Water Permits. Information can be found at <https://www.mpwmd.net/regulations/water-permits>.

District Rule 23 requires a Water Permit application for all properties that propose to expand or modify water use on a Site, including New Construction and Remodels. District staff processed and issued **45** Water Permits from November 1, 2020 to November 30, 2020. **Eight** Water Permits were issued using Water Entitlements (Pebble Beach Company, Malpaso Water, etc.). No Water Permits involved a debit to a Public Water Credit Account. In addition to those Water Permits issued in November, **11** Meter Permits and **three** Hydrant Meter Permits were issued. All Water Permits have a disclaimer informing applicants of the Cease and Desist Order against California American Water and that MPWMD reports Water Permit details to California American Water.

District Rule 24-3-A allows the addition of a second Bathroom in an existing Dwelling Unit. Of the **45** Water Permits issued from November 1, 2020, to November 30, 2020, **five** were issued under this provision.

B. Permit Compliance

District staff completed **nine** conditional Water Permit finals during November 2020. Staff completed **30** site inspections of vacant properties. **Twenty-one** properties passed and **five** failed due to unpermitted fixtures.

C. Deed Restrictions

District staff prepares deed restrictions that are recorded on the property title to provide notice of District Rules and Regulations, enforce Water Permit conditions, and provide notice of public access to water records. In April 2001, the District Board of Directors adopted a policy regarding the processing of deed restrictions. As of March 18, 2020, MPWMD offices are closed to the public. While still processing and issuing Water Permits, staff is no longer available for notary services. Applicants can obtain notary services at local UPS stores and other locations. Staff receives notarized deed restrictions via email and records the documents electronically with the County.

D. Rebates

Rebates continue to be processed during the Shelter-in-Place.

REBATE PROGRAM SUMMARY		November-2020			2020 YTD		1997 - Present	
I.	<u>Application Summary</u>							
A.	Applications Received	64			783		28,223	
B.	Applications Approved	51			620		22,013	
C.	Single Family Applications	50			556		25,062	
D.	Multi-Family Applications	1			61		1,521	
E.	Non-Residential Applications	0			3		358	
II.	<u>Type of Devices Rebated</u>	Number of devices	Rebate Paid	Estimated AF	Gallons Saved	Year to Date Number	Year to Date Paid	Year to Date Estimated AF
A.	High Efficiency Toilet (HET)	11	\$900.00	0.055000	17,922	196	\$14,625.00	0.98000
B.	Ultra HET	5	\$625.00	0.050000	16,293	21	\$2,625.00	0.21000
C.	Toilet Flapper			0.000000	0	0	\$0.00	0.00000
D.	High Efficiency Dishwasher	6	\$750.00	0.018000	5,865	106	\$13,375.00	0.31800
E.	High Efficiency Clothes Washer - Res	25	\$12,500.00	0.402500	131,155	313	\$156,455.99	5.03930
F.	High Efficiency Clothes Washer - Com			0.000000	0	0	\$0.00	0.00000
G.	Instant-Access Hot Water System	1	\$200.00	0.005000	1,629	13	\$2,396.95	0.06500
H.	Zero Use Urinals			0.000000	0	0	\$0.00	0.00000
I.	Pint Urinals			0.000000	0	0	\$0.00	0.00000
J.	Cisterns	4	\$3,462.50	0.000000	0	12	\$8,987.50	0.00000
K.	Smart Controllers	1	\$190.00	0.000000	0	14	\$1,377.49	0.00000
L.	Rotating Sprinkler Nozzles			0.000000	0	0	\$0.00	0.00000
M.	Moisture Sensors			0.000000	0	0	\$0.00	0.00000
N.	Lawn Removal & Replacement			0.000000	0	3	\$8,456.00	0.00000
O.	Graywater			0.000000	0	0	\$0.00	0.00000
R.	Other			0.000000	0	0	\$0.00	0.00000
III.	<u>TOTALS</u>	53	\$18,627.50	0.530500	172,864	678	\$208,298.93	6.61230
IV.	<u>TOTALS Since 1997</u>				Paid Since 1997:	\$ 6,567,054	598.7	Acre-Feet Saved Since 1997 (from quantifiable retrofits)

ITEM: INFORMATIONAL ITEM/STAFF REPORT**26. CARMEL RIVER FISHERY REPORT FOR NOVEMBER 2020****Meeting Date: December 14, 2020 Budgeted: N/A****From: David J. Stoldt, General Manager Program/ Line Item No.: N/A****Prepared By: Beverly Chaney Cost Estimate: N/A****General Counsel Review: N/A****Committee Recommendation: N/A****CEQA Compliance: This action does not constitute a project as defined by the California Environmental Quality Act Guidelines Section 15378.**

AQUATIC HABITAT AND FLOW CONDITIONS: Carmel River flows held relatively steady in November, providing good rearing conditions for steelhead young-of-the-year (YOY) in the mid to upper watershed and improving conditions in the lower valley as the wetted front advanced downstream into the Rancho Canada reach.

November's mean daily streamflow at the Sleepy Hollow Weir ranged from 8.7 to 11 cubic-feet-per-second (cfs) (monthly mean 9.9 cfs) resulting in 590 acre-feet (AF) of runoff. The Highway 1 gage remained dry.

There were 0.54 inches of rainfall in November as recorded at the San Clemente gauge. The rainfall total for WY 2021 (which started on October 1, 2020) is 0.54 inches, or 19% of the long-term year-to-date average of 2.85 inches.

CARMEL RIVER LAGOON: The lagoon mouth closed for the summer on June 16, 2020. During October, the lagoon water surface elevation (WSE) ranged from approximately 6.4 to 7.8 feet due to waves overtopping the beach berm (North American Vertical Datum of 1988; NAVD 88) (See graph below).

Water quality depth-profiles were conducted at five sites on November 19, 2020 while the lagoon mouth was closed, water surface elevation was 7.75 feet, and river inflow was 0 cfs. Steelhead rearing conditions were generally "good", especially above two meters depth. Salinity ranged from 7 - 22 ppt, dissolved oxygen (DO) levels were variable ranging from 1.6 – 9.2 mg/l, and water temperatures continued to cool, ranging from 53 - 61 degrees F.

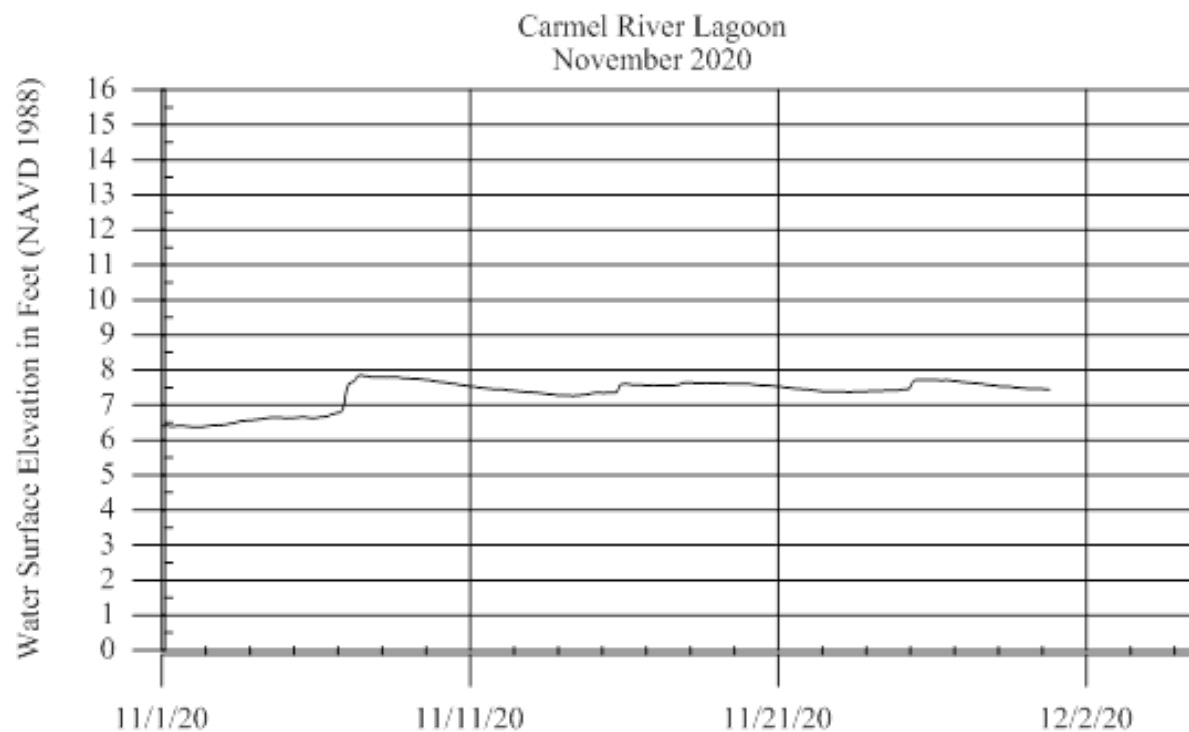
SLEEPY HOLLOW STEELHEAD REARING FACILITY: Due to the high risk of a mudslide or debris flow into the river or across the access road at the Facility as a result of this summer's wildfire, District fisheries staff, in consultation with NMFS and CDFW staff, decided the safe and prudent course of action was to release all the fish held at the Facility slightly earlier than usual. Typically, we wait until the river has reconnected to the lagoon or ocean and let the benthic invertebrates get reestablished before the fish are returned to the river, but all agreed to be on the safe side this year.

Between November 3 – 13, 2020 all Sleepy Hollow fish were captured, PIT tagged, weighed and measured, then released back into the Carmel River. Smaller/young-of-the-year (YOY) fish were released between the Sleepy Hollow area and Robinson Canyon while larger/older fish were released further downstream.

The preliminary end of the season numbers were as follows:

Of the 5,119 fish stocked in the rearing channel, there were 1,716 known mortalities (mostly bacterial disease brought on by the warm river water) and 434 unaccounted for mortalities (likely predation). We released 2,969 fish, including 593 older/larger fish and 2,376 YOY. The overall survival for the season was 58.0% (the long-term facility survival rate (1996-2016) is 43%).

Carmel River Lagoon Plot:



ITEM: INFORMATIONAL ITEM/STAFF REPORT**27. MONTHLY WATER SUPPLY AND CALIFORNIA AMERICAN WATER PRODUCTION REPORT****Meeting Date:** December 14, 2020 **Budgeted:** N/A**From:** David J. Stoldt,
General Manager **Program/** N/A
Line Item No.:**Prepared By:** Jonathan Lear **Cost Estimate:** N/A**General Counsel Review:** N/A**Committee Recommendation:** N/A

CEQA Compliance: Exempt from environmental review per SWRCB Order Nos. 95-10 and 2016-0016, and the Seaside Basin Groundwater Basin adjudication decision, as amended and Section 15268 of the California Environmental Quality Act (CEQA) Guidelines, as a ministerial project; Exempt from Section 15307, Actions by Regulatory Agencies for Protection of Natural Resources.

Exhibit 27-A shows the water supply status for the Monterey Peninsula Water Resources System (MPWRS) as of **December 1, 2020**. This system includes the surface water resources in the Carmel River Basin, the groundwater resources in the Carmel Valley Alluvial Aquifer and the Seaside Groundwater Basin. **Exhibit 27-A** is for Water Year (WY) 2021 and focuses on four factors: rainfall, runoff, and storage. The rainfall and Streamflow values are based on measurements in the upper Carmel River Basin at Sleepy Hollow Weir.

Water Supply Status: Rainfall through **December 2020** totaled **0.00 inches** and brings the cumulative rainfall total for WY 2021 to **0.54 inches**, which is **19%** of the long-term average through **November**. Estimated unimpaired runoff through **November** totaled **479 acre-feet (AF)** and brings the cumulative runoff total for WY 2021 to **1,004 AF**, which is **56%** of the long-term average through **November**. Usable storage for the MRWPRS was **28,730 acre-feet**, which is **103%** of average through **November**, and equates to **90%** percent of system capacity.

Production Compliance: Under State Water Resources Control Board (SWRCB) Cease and Desist Order No. 2016-0016 (CDO), California American Water (Cal-Am) is allowed to produce no more than 7,310 AF of water from the Carmel River in WY 2021. Through **November**, using the CDO accounting method, Cal-Am has produced **526 AF** from the Carmel River (including ASR capped at 600 AF, Table 13, and Mal Paso.) In addition, under the Seaside Basin Decision, Cal-Am is allowed to produce 1,474 AF of water from the Coastal Subareas and 0 AF from the Laguna Seca Subarea of the Seaside Basin in WY 2021. Through **November**, Cal-Am has produced **485 AF** from the Seaside Groundwater Basin. Through **November**, **0 AF** of Carmel River Basin groundwater have been diverted for Seaside Basin injection; **0 AF** have been recovered for customer use, **0 AF** have been diverted under Table 13 water rights, and **600 AF** of Pure Water Monterey recovered. Cal-Am has produced **1,621 AF** for customer use from all sources through **November**. **Exhibit 27-B** shows production by source. Some of the values in this report may be revised in the future as Cal-Am finalizes their production values and monitoring data. The 12-month moving average of production for customer service is **9,554 AF**, which is below the rationing trigger of **9,784 AF** for WY 2021.

EXHIBITS**27-A** Water Supply Status: **December 1, 2020****27-B** Monthly Cal-Am production by source: WY 2021

EXHIBIT 27-A

**Monterey Peninsula Water Management District
Water Supply Status
December 1, 2020**

Factor	Oct – Nov 2020	Average To Date	Percent of Average	Oct - Nov 2019
Rainfall (Inches)	0.54	2.83	19%	1.97
Runoff (Acre-Feet)	1,004	1,792	56%	1,212
Storage ⁵ (Acre-Feet)	28,730	27,760	103%	28,470

Notes:

1. Rainfall and runoff estimates are based on measurements at San Clemente Dam. Annual rainfall and runoff at Sleepy Hollow Weir average 21.22 inches and 67,246 acre-feet, respectively. Annual values are based on the water year that runs from October 1 to September 30 of the following calendar year. The rainfall and runoff averages at the Sleepy Hollow Weir site are based on records for the 1922-2019 and 1902-2019 periods respectively.
2. The rainfall and runoff totals are based on measurements through the dates referenced in the table.
3. Storage estimates refer to usable storage in the Monterey Peninsula Water Resources System (MPWRS) that includes surface water in Los Padres and San Clemente Reservoirs and ground water in the Carmel Valley Alluvial Aquifer and in the Coastal Subareas of the Seaside Groundwater Basin. The storage averages are end-of-month values and are based on records for the 1989-2020 period. The storage estimates are end-of-month values for the dates referenced in the table.
4. The maximum storage capacity for the MPWRS is currently 33,130 acre-feet.

Production vs. CDO and Adjudication to Date: WY 2021

(All values in Acre-Feet)

Year-to-Date Values	MPWRS					Water Projects and Rights				
	Carmel River Basin ^{2, 6}	Seaside Groundwater Basin		MPWRS Total					Water Projects and Rights Total	
		Coastal	Laguna Seca		Ajudication Compliance	ASR Recovery	Table 13 ⁷	Pure Water Monterey		Sand City ³
Target	234	573	0	573	807	0	0	600	50	650
Actual ⁴	532	425	60	485	1,016	0	0	600	10	610
Difference	-298	148	-60	88	-209	0	0	0	40	40
WY 2020 Actual	1,035	648	63	711	1,747	0	0	0	0	0

1. This table is current through the date of this report.

2. For CDO compliance, ASR, Mal Paso, and Table 13 diversions are included in River production per State Board.

3. Sand City Desal, Table 13, and ASR recovery are also tracked as water resources projects.

4. To date, 0 AF and 0 AF have been produced from the River for ASR and Table 13 respectively.

5. All values are rounded to the nearest Acre-Foot.

6. For CDO Tracking Purposes, ASR production for injection is capped at 600 AFY.

7. Table 13 diversions are reported under water rights but counted as production from the River for CDO tracking.

Monthly Production from all Sources for Customer Service: WY 2021

(All values in Acre-Feet)

	Carmel River Basin	Seaside Basin	ASR Recovery	Table 13	Sand City	Mal Paso	Pure Water Monterey	Total
Oct-20	293	266	0	0	10	0	300	869
Nov-20	233	219	0	0	0	5	300	757
Dec-20								
Jan-21								
Feb-21								
Mar-21								
Apr-21								
May-21								
Jun-21								
Jul-21								
Aug-21								
Sep-21								
Total	526	485	0	0	10	5	600	1,626
WY 2020	1,030	711	0	0	37	16	0	1,747

1. This table is produced as a proxy for customer demand.

2. Numbers are provisional and are subject to correction.

Rationing Trigger: WY 2021

12 Month Moving Average ¹	9,554	9,784	Rule 160 Production Limit
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1. Average includes production from Carmel River, Seaside Basin, Sand City Desal, and ASR recovery produced for Customer Service.



Supplement to 12/14/2020 MPWMD Board Packet

Attached are copies of letters received between November 10, 2020 and December 8, 2020. These letters are listed in the December 14, 2020 Board packet under Letters Received.

Author	Addressee	Date	Topic
Ben Harvey	MPWMD	12/4/20	2021 Appointees to Policy and Technical Advisory Committees
Timothy R Petty, Ph.D	Michael Simpson/cc MPWMD	12/3/20	Funding Recommendations - Water Infrastructure Improvements for the Nation (WIIN) Act of 2016
David T Moran	MPWMD Board	11/20/20	Notice of Commencement of CEQA Litigation Challenging the Certification of the Environmental Impact Report for the Potential Acquisition of Monterey Water System and District Boundary Adjustment
Eileen Sobeck	Richard Svindland/cc David Stoldt	11/17/20	Order WR 2116-0016, Ordering Paragraph 3.b.viii – 2020 Joint Annual Report
Monterey County Board of Supervisors	MPWMD Board	11/17/20	Approved MPWMD Conflict of Interest Code
Richard Svindland	Eileen Sobeck/cc David Stoldt	10/17/20	Carmel River Cease and Desist Order, WRO 2016-0016, Milestone 5

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CITY OF PACIFIC GROVE
300 Forest Avenue □ Pacific Grove, California

December 4, 2020

Via Email Arlene@mpwmd.net

Arlene Tavani
Executive Assistant
Monterey Peninsula Water Management District
5 Harris Court, Building G
Monterey, CA 93940

Dear Arlene:

Mayor Peake and Director Aziz would like to continue to serve in 2021 as Pacific Grove's representatives to the MPWMD's Policy and Technical Advisory Committees, respectively.

Please let me know if anything further is needed. Thank you.

Sincerely,

Ben Harvey
City Manager

Cc: Bill Peake, Mayor
Anastazia Aziz, Director CDD



United States Department of the Interior

OFFICE OF THE SECRETARY

Washington, DC 20240

December 3, 2020

The Honorable Michael Simpson
 Ranking Member
 Subcommittee on Energy and Water Development
 Committee on Appropriations
 House of Representatives
 Washington, DC 20515

Dear Representative Simpson:

Please find enclosed the Secretary of the Interior's funding recommendations for three categories of projects pursuant to the Water Infrastructure Improvements for the Nation (WIIN) Act of 2016 (Public Law 114-322). The three categories are WIIN Section 4007 for Water Storage, WIIN Section 4009(c) for Title XVI Water Recycling, and WIIN Section 4009(a) for Desalination projects.

On June 22, 2020 a letter was provided to the Subcommittee on Energy and Water Development detailing recommendations for \$108,795,000 for Section 4007 Water Storage projects, thereby requesting designation of projects in FY 2021 appropriations legislation. This transmittal provides additional recommended funding allocations for Section 4007 Water Storage projects to be included in FY 2021 appropriations language.

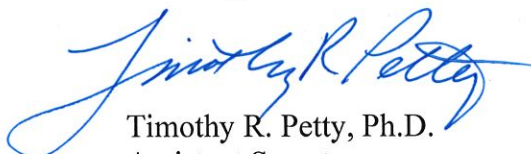
For storage projects, Reclamation will only proceed with expenditure of construction funding once a project has been found feasible and a cost sharing agreement has been signed with a non-federal partner. This recommendation is consistent with the language of the Appropriation Committees' Explanatory Statement and Section 4007 of Public Law 114-322, the Water Infrastructure Improvements for the Nation Act (WIIN Act).

The Secretary's recommendations for funding WIIN Section 4009(c) Title XVI projects includes descriptions of specific projects and individual funding amounts totaling \$40,000,000, using both FY 2019 and FY 2020 appropriations.

The Secretary's funding recommendations for Desalination Construction Projects eligible under Section 4009(a) of the WIIN Act include descriptions of specific projects and individual funding amounts totaling \$24,000,000, using both FY 2019 and FY 2020 appropriations.

If you have any questions or need additional information, please contact Mr. Bob Wolf, Director,
Program & Budget, Bureau of Reclamation at 202-253-3861.

Sincerely,

A handwritten signature in blue ink, reading "Timothy R. Petty". The signature is fluid and cursive, with the first name "Timothy" being the most prominent.

Timothy R. Petty, Ph.D.
Assistant Secretary
for Water and Science

Enclosures

Identical Letter Sent To:

The Honorable Dianne Feinstein
Ranking Member
Subcommittee on Energy and Water Development
Committee on Appropriations
United States Senate
Washington, DC 20510

The Honorable Marcy Kaptur
Chairwoman
Subcommittee on Energy and Water Development
Committee on Appropriations
House of Representatives
Washington, DC 20515

The Honorable Lamar Alexander
Chairman
Subcommittee on Energy and Water Development
Committee on Appropriations
United States Senate
Washington, DC 20510

Bureau of Reclamation FY 2018, FY 2019 and FY 2020 Funding for WIIN Act Section 4007 Storage Projects				
State	Category	Project (Study) Title	Project Description	FY 18/19/20 WIIN Recommended Funding for FY 2021
CA	Pre-Construction / Construction	Shasta Dam and Reservoir Enlargement Project	This project will enlarge Shasta Dam and Reservoir, creating an additional 634,000 acre-feet of storage to benefit anadromous fish cold water supply (191,000 acre-feet) and water supply reliability, improve Upper Sacramento River habitat, increase power generation, and increase/improve recreation opportunities. Funds will be used for pre-construction activities related to Shasta Dam Raise, recreation facilities planning/coordination, and reservoir infrastructure. Funds will also be used to initiate construction once WIIN requirements are met.	\$ 100,000,000
CA	Construction	Friant-Kern Canal Capacity Correction Resulting from Subsidence	Address the issue of Friant-Kern Canal (FKC) subsidence; 3,000 acre-feet/day conveyance restored, which would allow significant increase in storage capacity in Millerton Reservoir during key times. Restoring FKC capacity would increase annual average surface water deliveries by 8,000 acre-feet. Funding will be used for construction activities including: mobilization, earth movement, relocation of utilities, grading, land acquisition, and other construction related activities. This funding will ensure sufficient Federal funding to begin the initial phase of the project and provide Reclamation's cost share partner manageable targets in achieving the non-Federal share.	\$ 135,000,000
ID	Construction	Boise River Basin - Anderson Ranch Dam Raise	The Anderson Ranch Dam Raise would provide 29,000 acre-feet of new storage, increasing water storage in the Boise River watershed. Funding will be used for construction activities, including securing upfront funding agreements, executing water contracts, performing final design, environmental permitting and mitigation, contract solicitation, construction implementation, and general project administration.	\$ 10,000,000
CA	Pre-Construction / Construction	North-of-the-Delta Off Stream Storage (Sites Reservoir Project)	The proposed project includes up to an additional 1.8 million acre-feet of off-stream surface storage to restore flexibility and adaptability to the Central Valley Project (CVP) and State Water Project (SWP) operations. Funds will be used for pre-construction and construction activities including finalization of the water rights petition, operational and modeling plan, and environmental impact statement, as well as work with the Authority to further refine final engineering designs. (Note that \$2,500,000 is being reprogrammed from the Upper Yakima System Storage Feasibility project to this project)	\$ 9,700,000
CA	Construction	Los Vaqueros Reservoir Phase 2 Expansion Project	Phase 2 of the Los Vaqueros Expansion would increase storage up to 115,000 acre-feet in Contra Costa Water District (CCWD), and would add a pipeline to the California Aqueduct. Federal benefits include delivering Incremental Level 4 water to federally recognized wildlife refuge areas south of the Sacramento- San Joaquin Delta. Funds will be used for construction to award on the first construction contract (Pumping Plant #1).	\$ 4,100,000
WA	Construction	Cle Elum Pool Raise (Yakima)	Modify the radial gates at Cle Elum Dam to provide an additional 14,600 acre-feet of storage capacity in Cle Elum Reservoir; provide for shoreline protection of Cle Elum Lake. The additional storage is intended primarily for instream passage for fish while maintaining existing commitments for irrigation deliveries. Funds will be used for construction to support land acquisition, project management, and shoreline protection, fulfilling the Federal cost share for this project.	\$ 2,000,000
			Total of WIIN Funding Requests	\$ 260,800,000

State	Name of Applicant	Project Title	Detailed Project Description	FY19 WIIN Act Funding Recommended	FY20 WIIN Act Funding Recommended
TX	El Paso Water Utilities Public Service Board	El Paso Aquifer Storage and Recovery Using Reclaimed Water Project	This aquifer storage and recovery project will use treated water to recharge groundwater supplies through infiltration. This project involves the construction of a pump station, and expansion and construction of a new pipeline to convey treated water to infiltration basins. The project will provide a projected 15,000 acre-feet per year of additional water supply to address declining groundwater levels and growing water demand in the area.	\$400,000	\$0
CA	Monterey One Water	Pure Water Monterey: A Groundwater Replenishment Project	The Pure Water Monterey project will produce up to 8,200 acre-feet of water supply for communities in Monterey County. The project includes collection and conveyance facilities and construction of an advanced water treatment plant. The project will treat secondary effluent from a local wastewater treatment plant, municipal urban runoff, stormwater, and agricultural wash water that will be used to recharge the Seaside Groundwater Basin and for agricultural irrigation.	\$6,498,985	\$9,000,000
CA	Soquel Creek Water District	Pure Water Soquel: Groundwater Replenishment and Seawater Intrusion Prevention Project	The groundwater replenishment project will treat and recharge 1,500 acre feet of water annually through the construction of an advanced water purification facility to treat waste water, conveyance facilities, and recharge wells. The project will replenish an overdrafted basin and protect it against the immediate threat of seawater intrusion.	\$3,000,000	\$3,075,000
UT	Magna Water District	Magna Water District Water Reclamation and Reuse Project	This water reclamation and reuse project will create a new reliable source of recycled water for outdoor irrigation and utility demands for the Provo, Utah area. The project will recover wastewater currently discharged to the Great Salt Lake and treat it to reuse standards, making 4,144 acre-feet per year available for use in the District's secondary water system.	\$3,000,000	\$1,925,000
CA	City of Oceanside	Pure Water Oceanside: Mission Basin Groundwater Purification Facility Project	Pure Water Oceanside is a potable reuse project that will augment the Mission Groundwater Basin with advanced treated recycled water. The project will include the construction of an advanced water treatment facility, conveyance pipelines, injection wells, backwash piping, and monitoring wells. The project is expected to create 3,306 acre-feet of additional water supply for the City annually.	\$3,000,000	\$3,000,000

State	Name of Applicant	Project Title	Detailed Project Description	FY19 WIIN Act Funding Recommended	FY20 WIIN Act Funding Recommended
CA	Water Replenishment District of Southern California	Groundwater Reliability Improvement Program Recycled Water Project	The Groundwater Reliability Improvement Program Recycled Water Project will produce high-quality recycled water for replenishment of the Central Coast Groundwater Basin. The project includes a flow equalization and pumping facility, an advanced water treatment facility, supplemental recharge wells, and groundwater monitoring wells.	\$3,000,000	\$3,000,000
CA	Palmdale Water District	Palmdale Regional Groundwater Recharge and Recovery Project	The project will use recycled water to recharge an overdrafted groundwater basin and provide an additional 10,800 acre-feet per year of water supply. The project includes conveyance pipelines to two recharge basins, four groundwater recovery wells and a well collection pipeline to the District's potable water distribution system.	\$1,101,015	\$0
Total				\$ 20,000,000	\$20,000,000

Bureau of Reclamation FY 2019 and FY 2020 WIIN Act Desalination Construction Projects

State	Name of Applicant	Project Title	Detailed Project Description	FY19 WIIN Act Funding Recommended	FY20 WIIN Act Funding Recommended
CA	South Coast Water District	Doheny Ocean Desalination Project	This ocean water desalination facility includes a seawater intake, conveyance and distribution system, desalination plant, brine disposal through an existing ocean outfall and solids handling facilities. The project will improve water supply reliability by producing up to 5,321 acre-feet per year of new, local, potable supply for the District.	\$6,000,000	\$5,673,500
CA	City of Camarillo	North Pleasant Valley Desalter Facility	The desalter facility will produce 3,877 acre-feet per year of potable, drought-resistant water. The facility is a key component of the regional solution to address impaired groundwater in the Calleguas Creek Watershed. This project will help address declining production due to poor quality groundwater, the potential reoccurrence of drought conditions, and water restrictions imposed on imported water supplies.	\$3,000,000	\$3,443,367
TX	North Alamo Water Supply Company	Energy-Efficient Brackish Groundwater Desalination Project	This brackish groundwater desalination project includes the expansion of brackish groundwater well fields and leveraging existing facilities to increase drinking water production through brackish groundwater desalination. The project is expected to decrease the projected water deficits in the area and improve drought resiliency. It is expected to produce 4,055 acre-feet of additional water annually.	\$3,000,000	\$2,883,133
Total				\$12,000,000	\$12,000,000

manatt

David T. Moran
Manatt, Phelps & Phillips, LLP
Direct Dial: (310) 312-4365
dmoran@manatt.com

RECEIVED**NOV 23 2020****MPWMD**

November 20, 2020

VIA FEDERAL EXPRESS

Monterey Peninsula Water Management District
Monterey Peninsula Water Management District Board of Directors
5 Harris Court, Building G
Monterey, CA 93930

**Re: Notice of Commencement of CEQA Litigation Challenging the Certification
of the Environmental Impact Report for the Potential Acquisition of
Monterey Water System and District Boundary Adjustment**

Dear Sir/Madam:

Please take notice that California American Water Company intends to file suit against the Monterey Peninsula Water Management District and the Monterey Peninsula Water Management District Board of Directors for failing to comply with the requirements of the California Environmental Quality Act ("CEQA") (Pub. Resources Code, § 21000 et seq.) and the State CEQA Guidelines (Cal. Code Regs., tit. 14, § 15000 et seq.) in certifying the District's Environmental Impact Report (State Clearinghouse No. 2020040069). This notice is given pursuant to Public Resources Code section 21167.5.

Sincerely,

David T. Moran

David T. Moran

DTM

manatt

Monterey Peninsula Water Management District

November 20, 2020

Page 2

PROOF OF SERVICE

I, Brigitte Scoggins, declare as follows:

I am employed in Los Angeles County, Los Angeles, California. I am over the age of eighteen years and not a party to this action. My business address is Manatt, Phelps & Phillips, LLP, 11355 West Olympic Boulevard, Los Angeles, California 90064-1614. On **November 20, 2020**, I served the within: **LETTER RE NOTICE OF COMMENCEMENT OF CEQA LITIGATION CHALLENGING THE CERTIFICATION OF THE ENVIRONMENTAL IMPACT REPORT FOR THE POTENTIAL ACQUISITION OF MONTEREY WATER SYSTEM AND DISTRICT BOUNDARY ADJUSTMENT** on the interested parties in this action addressed as follows:

Monterey Peninsula Water Management District
5 Harris Court, Building G
Monterey, CA 93930

Monterey Peninsula Water Management District Board
of Directors
5 Harris Court, Building G
Monterey, CA 93930

- ☐ (BY MAIL) By placing such document(s) in a sealed envelope, with postage thereon fully prepaid for first class mail, for collection and mailing at Manatt, Phelps & Phillips, LLP, Los Angeles, California following ordinary business practice. I am readily familiar with the practice at Manatt, Phelps & Phillips, LLP for collection and processing of correspondence for mailing with the United States Postal Service, said practice being that in the ordinary course of business, correspondence is deposited in the United States Postal Service the same day as it is placed for collection.
- ☒ (BY OVERNIGHT MAIL) I caused such documents to be delivered to the office of the addressee(s) at the address(es) set forth above by overnight delivery via Federal Express or by a similar overnight delivery service.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct and that this declaration was executed on **November 20, 2020**, at Los Angeles, California.


Brigitte Scoggins



GAVIN NEWSOM
GOVERNOR



JARED BLUMENFELD
SECRETARY FOR
ENVIRONMENTAL PROTECTION

State Water Resources Control Board

11/17/2020

VIA POSTAL MAIL AND ELECTRONIC MAIL

Richard Svindland
President
California American Water
655 W. Broadway, Suite 1410
San Diego, CA 92101
Rich.Svindland@amwater.com

Chris Cook, PE
Director of Operations – Monterey
California American Water
511 Forest Lodge Road, Suite 100
Pacific Grove, CA 93950
Christopher.Cook@amwater.com

RE: Order WR 2016-0016, Ordering Paragraph 3.b.viii – 2020 Joint Annual Report

Dear Mr. Svindland and Mr. Cook:

On June 4, 2020, Mr. Cook submitted a joint annual report on behalf of California American Water Company (Cal-Am) as part of Order WR 2016-0016 (2016 Order) against Cal-Am for unauthorized diversions from the Carmel River. The report notified the State Water Resources Control Board (State Water Board, or Board) that Cal-Am would not accomplish the 2016 Order's Milestone 5, which entailed specific progress in constructing Cal-Am's proposed desalinated water supply project by September 30, 2020. The report also stated that Cal-Am's missing this specified milestone would be "beyond Cal-Am's control." On October 21, 2020, Mr. Svindland submitted a letter updating and expounding upon the subjects of the joint annual report.

As part of a schedule for Cal-Am to terminate all unauthorized diversions, the Board's 2016 Order established an interim "Effective Diversion Limit" that would be further reduced in the event that Cal-Am missed an annual, project-specific milestone. The

E. JOAQUIN ESQUIVEL, CHAIR | EILEEN SOBECK, EXECUTIVE DIRECTOR

2016 Order also included a provision under which the Board may request a presentation by Cal-Am, in consultation with its fellow Applicants¹, at a regularly scheduled meeting regarding the circumstances of a missed milestone. After such a presentation, the Board could suspend the Effective Diversion Limit reduction if it found that the missed milestone was “beyond Applicants’ control.”

In Mr. Svindland’s letter dated October 21, 2020, Cal-Am clarified that it does not request that the State Water Board schedule such a presentation or make such findings or actions regarding Milestone 5. Instead, Mr. Svindland states that Cal-Am is prepared to both meet customer water demands and to comply with the reduced Effective Diversion Limit in Water Year 2020-2021.

State Water Board staff and I appreciate Cal-Am’s progress and efforts to develop a permanent water supply for its Monterey service area to replace its unauthorized supplies from the Carmel River. However, as acknowledged in your correspondences, there are long-evident and significant regulatory, legal, and policy issues regarding the Monterey Peninsula’s long-term water solution. Mr. Svindland’s October 21, 2020 letter expresses and reiterates Cal-Am’s viewpoints that Cal-Am’s proposed desalination project is the “only permanent and sufficient” water supply solution for its Monterey Peninsula service area, that Cal-Am has done everything within its own control to advance the project, and that the actions of Monterey Peninsula Water Management District would have been the primary or sole reason the State Water Board may not have granted relief from Effective Diversion Limit reductions. To be clear, the State Water Board has not made any determinations on these points.

In the 2016 Order, the State Water Board expressly stated that if either the Pure Water Monterey groundwater replenishment project or the proposed desalination project “fails to move forward as envisioned, the step-wise reduction of diversions ensures a staggered approach to ending reliance on unlawful Carmel River diversions through continued conservation, efficiency and smaller supply development.” Accordingly, regardless of control or fault, the 1,000-acre-foot Effective Diversion Limit reduction is an appropriate and intended consequence of Cal-Am’s missing Milestone 5. The 2016 Order’s diversion limitations, conditions, and other requirements remain in effect. We are encouraged by your confirmation that Cal-Am is willing and able to remain in compliance with the 2016 Order.

If relying only on its existing lawful water supplies, Cal-Am may face challenges in serving existing demands over varying water years and will be unable to accommodate

¹ The “Applicants” referenced throughout the 2016 Order are Cal-Am, Monterey Peninsula Water Management District, Monterey Regional Water Authority, City of Pacific Grove, and Pebble Beach Company. It is State Water Board staff’s understanding that Monterey Regional Water Authority, a joint powers authority of the Cities of Carmel-by-the-Sea, Del Rey Oaks, Monterey, Pacific Grove, Sand City and Seaside, has either dissolved or is in the process of dissolving.

Monterey Peninsula jurisdictions' intended and planned future development and growth. Affordable housing and economic development within the Monterey Peninsula area are

important both to the local communities and to the State of California. However, these shared goals cannot be achieved at the continued expenses of violations of state water law and degradation of the state's natural resources held in public trust for all current and future Californians.

Cal-Am has indicated it will continue to pursue development and construction of its proposed desalination project despite regulatory hurdles, legal challenges, and other uncertainties. Regardless of whether additional progress occurs, it is highly unlikely that any project will meet future milestones or be constructed and operational by the end of next year. But the 2016 Order only requires Cal-Am to remain in compliance with the Effective Diversion Limit and to terminate unauthorized diversions by the final compliance deadline of December 31, 2021. Accordingly, I strongly encourage Cal-Am to continue to engage collaboratively with other Applicants and interested parties to resolve disputes, to secure other near-term solutions for ending Cal-Am's unauthorized Carmel River diversions by December 31, 2021, and to develop longer-term water supply solutions for meeting the Monterey Peninsula's and the broader region's economic, social, and environmental needs in the decades to come.

Sincerely,

A handwritten signature in blue ink, appearing to read "Eileen Sobeck".

Eileen Sobeck, Executive Director
State Water Resources Control Board

CC: [via electronic mail]

Ian Crooks, Vice President, California American Water
Ian.Crooks@amwater.com

Dave Stoldt, General Manager, Monterey Peninsula Water Management District
dstoldt@mpwmd.net

Mayor Bill Peake, City of Pacific Grove
bpeake@cityofpacificgrove.org

Mayor Clyde Roberson, City of Monterey
roberson@monterey.org

Mayor Ian Oglesby, City of Seaside
ioglesby@ci.seaside.ca.us

Mayor Mary Ann Carbone, City of Sand City
maryann@sandcityca.org

Mayor Alison Kerr, Del Rey Oaks
akerr@delreyoaks.org

Mayor Dave Potter, City of Carmel-by-the Sea
dpotter@ci.carmel.ca.us

David Stivers, President, Pebble Beach Company
stiversd@pebblebeach.com

Bob McKenzie, Consultant to Coalition of Peninsula Businesses
jrbobmck@gmail.com

Jeff Davi, Co-chair, Coalition of Peninsula Businesses
Jeff.Davi@mphtre.com

John Tilley, Co-chair, Coalition of Peninsula Businesses
theamswim@yahoo.com

Steve Park, President, Carmel River Steelhead Association
stevepark@razzolink.com



Monterey County Board of Supervisors

Board Order

168 West Alisal Street,
1st Floor
Salinas, CA 93901
831.755.5066
www.co.monterey.ca.us

A motion was made by Supervisor Jane Parker, seconded by Supervisor John M. Phillips to:

Resolution No. 20 - 370

Adopt a resolution to revise and approve amendments to the Monterey Peninsula Water Management District's Conflict of Interest Code.

PASSED AND ADOPTED on this 17th day of November 2020, by roll call vote:

AYES: Supervisors Alejo, Phillips, Lopez, Parker and Adams

NOES: None

ABSENT: None

(Government Code 54953)

I, Valerie Ralph, Clerk of the Board of Supervisors of the County of Monterey, State of California, hereby certify that the foregoing is a true copy of an original order of said Board of Supervisors duly made and entered in the minutes thereof of Minute Book 82 for the meeting November 17, 2020.

Dated: November 17, 2020
File ID: RES 20-200
Agenda Item No.: 45

Valerie Ralph, Clerk of the Board of Supervisors
County of Monterey, State of California

Joel G. Pablo, Deputy

**Before the Board of Supervisors in and for the
County of Monterey, State of California**

Resolution No. 20 - 370

Resolution revising and approving the Amended Conflict)
of Interest Code Monterey Peninsula Water Management)
District.....)

WHEREAS, under Government Code sections 87300 and 87301, the Monterey Peninsula Water Management District has adopted a Conflict of Interest Code;

WHEREAS, under Government Code section 87306, the Monterey Peninsula Water Management District amended its Conflict of Interest Code to update its designated positions;

WHEREAS, under Sections 82011 and 87303 of the Government Code, the Monterey Peninsula Water Management District submitted its amended Code to the Monterey County Board of Supervisors, the code reviewing body under the Political Reform Act, for approval;

WHEREAS, the amended Conflict of Interest Code of the Monterey Peninsula Water Management District is attached hereto as Attachment A and incorporated herein by reference;

WHEREAS, under Government Code section 87303, the Board of Supervisors as code reviewing body may approve the Code as submitted, may revise the proposed Code and approve it as revised, or may return the proposed Code to the agency for revision and resubmission; and

WHEREAS, the amended Code is lawful under the Political Reform Act of 1974;

NOW THEREFORE, BE IT RESOLVED THAT, the Board of Supervisors does hereby revise the proposed code and does hereby approve the Amended Conflict of Interest Code of the Monterey Peninsula Water Management District attached hereto as Attachments A and B, and directs the Clerk of the Board of Supervisors to notify the Monterey Peninsula Water Management District of its approval.

PASSED AND ADOPTED on this 17th day of November 2020, by roll call vote:

AYES: Supervisors Alejo, Phillips, Lopez, Parker and Adams

NOES: None

ABSENT: None

(Government Code 54953)

I, Valerie Ralph, Clerk of the Board of Supervisors of the County of Monterey, State of California, hereby certify that the foregoing is a true copy of an original order of said Board of Supervisors duly made and entered in the minutes thereof of Minute Book 82 for the meeting November 17, 2020.

Dated: November 17, 2020
File ID: RES 20-200
Agenda Item No.: 45

Valerie Ralph, Clerk of the Board of Supervisors
County of Monterey, State of California

Joel G. Pablo, Deputy



**CONFLICT OF INTEREST CODE
OF THE
MONTEREY PENINSULA WATER MANAGEMENT DISTRICT**

*Amended by MPWMD Resolution 2020-15 on October 21, 2020
Approved by Monterey County Board of Supervisors on November 17, 2020*

The Political Reform Act of 1974 (Government Code sections 81000, et seq.) requires state and local government agencies to adopt and promulgate conflict of interest codes. The Fair Political Practices Commission has adopted a regulation, section 18730 of Title 2 of the California Code of Regulations, which contains the terms of a standard conflict of interest code that can be incorporated by reference in an agency's code. After public notice and hearing, the Fair Political Practices Commission may amend the standard code to conform to amendments of the Political Reform Act. Therefore, the terms of section 18730 of title 2 of the California Code of Regulations and any amendments to it duly adopted by the Fair Political Practices Commission together with the attached Appendices designating positions and establishing disclosure categories are hereby incorporated by reference and together constitute the Conflict of Interest Code of the Monterey Peninsula Water Management District (hereafter "District").

Individuals holding designated positions shall file their statement of economic interests with the District Secretary which will make the statements available for public inspection and reproduction pursuant to Government Code section 81008. Upon receipt of the statements for positions listed in Appendix A, the District shall make and retain copies and forward the original of the statements to the code reviewing body, the Monterey County Board of Supervisors, by providing the documents to the office of the Monterey County Clerk to the Board. Statements for all other designated positions shall be retained by the District.

Attachments: Appendix A: Designated Positions
Appendix B: Disclosure Categories

Amended: 1979, 1983, 1986, 1979, 2006, 2013, 2016 and 2018

APPENDIX A: DESIGNATED POSITIONS

<u>Designated Positions¹</u>	<u>Assigned Disclosure Category</u>
Board of Directors	1
General Manager	1
District Counsel	1
District Engineer	1
CFO/Administrative Services Division Manager	1
Water Demand Division Manager	1
Water Resources Division Manager	1
Environmental Resources Division Manager	1

Consultants

For purposes of this Code, “consultant” has the same meaning as set forth in 2 Cal. Code Regs., tit. 2, section 18701(a)(2), as follows:

“Consultant” means an individual who, pursuant to a contract with a state or local government agency:

- (A) Makes a governmental decision whether to:
 - 1. Approve a rate, rule, or regulation;
 - 2. Adopt or enforce a law,
 - 3. Issue, deny, suspend, or revoke any permit, license, application, certificate, approval, order, or similar authorization or entitlement;
 - 4. Authorize the agency to enter into, modify, or renew a contract provided it is the type of contract which requires agency approval;
 - 5. Grant agency approval to a contract which requires agency approval and in which the agency is a party or to the specifications for such a contract;
 - 6. Grant agency approval to a plan, design, report, study, or similar item;
 - 7. Adopt, or grant agency approval of policies, standards, or guidelines for the agency, or for any subdivision thereof, or
- (B) Serves in a staff capacity with the agency and in that capacity participates in making a governmental decision or performs the same or substantially all the same duties for the agency that would otherwise be performed by an individual holding a position specified in the agency’s Conflict of Interest Code.

Consultants to the District shall be subject to disclosure under Category 1, subject to the following limitation: The General Manager of the District may determine in writing that a particular consultant, although a “designated position,” is hired to perform a range of duties that is limited in scope and thus is not required to comply with the disclosure requirements of Category 1. In such cases, the General Manager of the District may

¹ Public officials who manage public investments are not covered by the Conflict of Interest Code because they must file a statement of economic interests pursuant to Government Code section 87200. Therefore, those positions are listed under Designated Positions for information purposes only.

designate a different disclosure requirement. Such determination must be made in writing and shall include a description of the consultant's duties and, based upon that description, a statement of the extent of the consultant's disclosure requirements. Such determination by the General Manager of the District is a public record and shall be retained for public inspection in the same manner and location as the District's Conflict of Interest Code.

APPENDIX B: DISCLOSURE CATEGORIES

General Provisions Applicable to All Categories

When an individual who holds a designated position is required to disclose investments and sources of income, he or she shall disclose investments in business entities and sources of income which do business in the jurisdiction, plan to do business in the jurisdiction, or have done business in the jurisdiction within the past two years. In addition to other activities, a business entity is doing business within the jurisdiction if it owns real property within the jurisdiction.

When an individual who holds a designated position is required to disclose sources of income, he or she shall include gifts received from donors located inside as well as outside the jurisdiction.

When an individual who holds a designated position is required to disclose interests in real property, he or she shall disclose the type of real property described below if it is located within the jurisdiction, or not more than two miles outside the boundaries of the jurisdiction, or within two miles of any land owned or used by District.

When an individual who holds a designated position is required to disclose business position, he or she shall disclose positions in business entities that do business in the jurisdiction, plan to do business in the jurisdiction, or have done business in the jurisdiction within the past two years.

For purposes of this Conflict of Interest Code, the jurisdiction of the Monterey Peninsula Water Management District is the area of the County of Monterey within the District boundaries as described in West's Annotated California Codes, Water Code, Appendix Section 118.

Category 1

A designated position in this category must report all investments, business positions, interests in real property, and sources of income, including gifts, loans, and travel payments.

Category 2

A designated position in this category must report all investments, business positions, and sources of income, including gifts, loans, and travel payments.

Category 3

A designated position in this category must report all interests in real property.

Category 4

A designated position in this category must report all investments, business positions and income, including gifts, loans, and travel payments, from sources that are subject to the regulatory, permit or licensing authority of, or have an application for a license or permit pending before, the District.

Category 5

A designated position in this category must report all investments, business positions and income, including gifts, loans, and travel payments, from sources which are of the type to supply materials, products, supplies, commodities, services, machinery, vehicles, or equipment utilized by the District.

Category 6

A designated position in this category must report all investments, business positions and income, including gifts, loans, and travel payments, from sources which are of the type to receive grants or other monies from or through the District.



October 21, 2020

UPS OVERNIGHT & EMAIL

Eileen Sobeck, Executive Director
State Water Resources Control Board
1001 I Street
PO Box 100
Sacramento, CA 95812

Richard Svindland P 619-446-4761
President F 619-230-1096
California American Water
655 W. Broadway, Suite 1410
San Diego, CA 92101
www.calamwater.com

Re: **Carmel River Cease and Desist Order, WRO 2016-0016, Milestone 5**

Dear Ms. Sobeck:

This letter provides an update on California American Water Company's (Cal-Am) Annual Report regarding compliance with State Water Board WRO 2016-0016 (CDO) milestones. The Annual Report was submitted June 4, 2020 by letter from Chris Cook to Erik Ekdahl. As was predicted in June, CDO Milestone 5 was not met on September 30, 2020. Milestone 5 requires the following activities by September 30, 2020:

(1) Drilling activity for at least one MPWSP Desalination Plan source water production well complete; (2) foundation and structural framing complete for MPWSP Desalination Plant pretreatment seawater reverse osmosis, and administration buildings at desalination plant; (3) excavation complete for MPWSP Desalination Plant brine and backwater storage basins; and (4) 25% MPWSP Desalination Plant transmission pipelines installed based on total length, including 100% installation of the "Monterey Pipeline and other ASR related improvements". (CDO Sect. 3.b.v., p. 21).

As provided in section 3.b.vi of the CDO, the consequence of a missed milestone is a reduction of 1,000 acre-feet of the Effective Diversion Limit, thereby reducing Cal-Am's Carmel diversion limit to 7,310 acre-feet in Water Year 2020-2021.

Progress towards Milestone 5

As explained in the Annual Report (Attachment 1), numerous circumstances beyond Cal-Am's control resulted in delays to the construction activities required in Milestone 5. First, in June 2018, Cal-Am timely submitted a Coastal Development Permit application for the Monterey Peninsula Water Supply Project (MWPSP) supported by the extensive environmental and technical analyses developed before the California Public Utilities Commission. On October 28, 2019, the California Coastal Commission staff released a partial staff report recommending

denial of the Coastal Development Permit. On November 4, 2019, Coastal Commission staff released an addendum to the staff report, stating that, among other things, additional groundwater modeling was needed to determine whether the project would deplete groundwater supplies. The Coastal Commission therefore decided to open a hearing on Cal-Am's application on November 14, 2019, but continued the hearing to a later date.

On January 28, 2020 Coastal Commission staff requested that Cal-Am withdraw its Coastal Development Permit application to allow time for more studies. Cal-Am declined to withdraw the application, opposing any additional delay. Cal-Am and many other parties also questioned the need for the additional groundwater analyses requested by Coastal Commission staff in light of the extensive record that had been created before the CPUC on the same issues. The SWRCB submitted a letter dated May 8, 2020 that raised similar questions about the need for the additional studies. Nevertheless, Cal-Am agreed to a short extension of the application deadlines to allow time to complete additional independent analyses of the issues raised by Coastal Commission staff. Time was further extended in response to the COVID-19 pandemic.

The Annual Report also noted the October 2019 order issued by the Monterey County Superior Court staying construction activities contemplated in Milestone 5. The stay order was in response to a Marina Coast Water District challenge to Monterey County's issuance of a development permit needed to begin construction on the desalination plant. Both the Coastal Development Permit and County development permit are necessary to begin the construction activities required in CDO Milestone 5.

Circumstances Resulting in Missed Milestone 5

There have been several developments since Cal-Am submitted the Annual Report in June 2020. The Coastal Commission scheduled Cal-Am's continued hearing for a special meeting on September 17, 2020, but on August 25, 2020, released a staff report again recommending denial of the project. Unfortunately, the Coastal Commission staff report did not provide any means for the Commissioners to independently consider the factual record and take any action other than denial of the application. Facing a risk of possible Commission denial, Cal-Am elected to withdraw its application on September 17, 2020. Cal-Am intends to refile the Coastal Development Permit application in the coming weeks and will use the intervening period to explore opportunities to address certain environmental justice concerns raised by the City of Marina. Thus, on September 25, 2020, Cal-Am sent a letter to the City asking if the City would meet with Cal-Am to discuss the City's concerns with the project, and explore possible options that could be mutually beneficial to the City, Cal-Am, and the region as a whole. The City responded on October 6, 2020, that it was amenable to opening a dialogue to address concerns of the City and its stakeholders. Upon receiving the City's letter, Cal-Am reached out to arrange next steps, and is awaiting the City's response.

Cal-Am has done everything within its control to develop and permit the MPWSP as required in the CDO, with the goal of eliminating unauthorized diversions from the Carmel River and, ultimately, extinguishing the CDO. For example, Cal-Am worked with a broad coalition of stakeholders to integrate the Pure Water Monterey project into the MPWSP in 2016, which resulted in a downsized desalination plant and source water intake system. Cal-Am has also diligently pursued project approvals and construction of project components to meet the CDO Milestones:

- CDO Milestone 1: Cal-Am achieved Milestone 1 on September 22, 2016 when the CPUC issued Decision 16-09-021, providing its approval to (1) enter into a Water Purchase Agreement with Monterey One Water and (2) construct various facilities (pipelines and pump stations) necessary to allow the Pure Water Monterey to proceed.
- CDO Milestone 2: Cal-Am achieved Milestone 2 in 2016, commencing construction of the Monterey pipeline and pump station project as part of the Pure Water Monterey project in October 2016, and commencing installation of the 36-inch pipeline on January 3, 2017.
- CDO Milestone 3: Cal-Am achieved Milestone 3 on September 13, 2018, when the CPUC issued Decision 18-09-017 certifying the MPWSP Final Environmental Impact Report and issuing a Certificate of Public Convenience and Necessity to construct the MPWSP 6.4 mgd desalination project. In 2018 and 2019 Cal-Am and the CPUC successfully defended all legal challenges to the CPUC's decision.
- CDO Milestone 4: Following issuance of regulatory permits and authorizations to begin work, Cal-Am achieved Milestone 4 on September 16, 2019 by commencing construction on the Desalination Transfer Pipeline project for installation of over 2,500 linear feet of pipeline.
- CDO Milestone 5: Cal Am was on track to achieve Milestone 5 when in October 2019 the superior court issued a stay on all physical activities at the desalination plant site pending the Coastal Commission's determination about the project slant wells. Since October 2019 when Coastal Commission staff released its report recommending denial of the Coastal Development Permit, Cal-Am has repeatedly attempted to work with Coastal Commission staff to resolve its concerns with the project, including submission of a detailed Habitat Mitigation and Monitoring Plan for the Cemex site, an analysis of local vernal ponds and an Adaptive Management Program to address any potential impacts, a plan for lining of the Monterey One Water outfall, reports on the adequacy of water supplies to meet customer demand, and an analysis of project impacts on disadvantaged communities.

While Cal-Am firmly believes that the circumstances that resulted in missing Milestone 5 are beyond Cal-Am's control, we understand that it is less clear whether the actions of other CDO "Applicants" contributed to the missed Milestone.¹ Specifically, the Monterey Peninsula Water Management District (MPWMD), one of the early proponents of the MPWSP and an Applicant when the SWRCB amended and extended the CDO in 2016, has now become a staunch opponent of the Project, reversing its position despite being a party to multiple settlement agreements concerning the Project, which agreements had been relied upon by multiple parties. MPWMD submitted correspondence to the Coastal Commission that has undermined and delayed the Coastal Commission's review and consideration of the MPWSP Coastal Development Permit application, including continued advocacy of a misleading water supply and demand analysis that was specifically rejected by the CPUC, submitting a deliberately manipulated consultant's memorandum to make it appear to support MPWMD's analysis, and

¹ The CDO directs several actions at the "Applicants" that jointly petitioned the SWRCB in 2016 to modify the prior CDO. The Applicants include Cal-Am, the Monterey Peninsula Regional Water Authority, the Monterey Peninsula Water Management District, the City of Pacific Grove, and the Pebble Beach Company. Section 3.b.viii. of the CDO requires a SWRCB finding that the cause for a missed Milestone is beyond the control of the Applicants, collectively, before the SWRCB may grant relief from EDL reductions for a missed milestone.

arguing instead for its own alternative water supply project (Pure Water Monterey expansion). In a June 15, 2020 letter to Coastal Commission executive director Ainsworth, MPWMD expressly asked the Coastal Commission to reject Cal-Am's application for the MPWSP.² Coastal Commission staff relied heavily on MPWMD's actions and the misleading information provided by MPWMD staff in the Coastal Commission staff's analysis of the MPWSP and recommendation to deny the Coastal Development Permit application.

The problem with MPWMD's position is that it will not produce an adequate, reliable and permanent long-term water supply for the Monterey Peninsula, which is required to lift the CDO and pull the Monterey Peninsula out of its perpetual state of water poverty and temporary fixes. MPWMD's positions will force the Monterey Peninsula to continue to rely on the Carmel River and Seaside Groundwater Basin indefinitely as the backstop to water supply and demand variability.

Perhaps more importantly, MPWMD appears willing to risk the Carmel River's recovery and the Monterey Peninsula's last and most critical water supply resource, the Seaside Groundwater Basin. For example, earlier this year, given the likelihood that an alternate water supply would not be completed by the end of 2021, the MPWMD Board was presented with a plan for an additional pipeline to maximize use of Aquifer Storage and Recovery (ASR) and Pure Water Monterey water supplies and minimize Carmel River diversions. The new pipeline would allow simultaneous injection of ASR and extraction of Pure Water Monterey from the Seaside Groundwater Basin. But opponents of the desalination plant objected to the new pipeline, claiming it also could support the desalination project. And so far, the MPWMD Board has delayed consideration of the pipeline, instructing staff to explore an alternative that, as noted by MPWMD staff, would necessitate intensification of pumping on the Carmel River in the summer months when Cal-Am is trying to reduce pumping to benefit the fishery. MPWMD's preferred alternative also does not account for critical protections for the Seaside Groundwater Basin. As the Seaside Basin Watermaster recently explained to Coastal Commission staff, without the volume of water to be provided by the MPWSP, the Seaside Groundwater Basin is in serious jeopardy of overdraft and seawater intrusion, conditions that would be catastrophic to both the communities' ASR and the Pure Water Monterey project, not to mention native groundwater supplies in the Basin. (See Attachment 2). This is a very short-sighted and dangerous game that the MPWMD is playing with the Monterey Peninsula's water supplies and resources. Rather than protecting and enhancing the region's water supplies and resources, as it is charged to do, MPWMD's actions appear to be designed to defeat the MPWSP at all cost.

Cal-Am understands that the primary function of the CDO milestones is to ensure that the MPWSP is diligently pursued and that the community understands the importance of reducing Carmel River diversions to authorized limits without delay. Cal-Am has at all times diligently pursued the MPWSP, and aggressively opposed all attempts to delay the project. Cal-Am continues to believe that the MPWSP is the only permanent and sufficient solution to the water

² We should emphasize that the water supply and demand analysis advanced by the MPMWD was rejected by the California Public Utilities Commission (CPUC), and that the Pure Water Monterey Expansion Project was rejected by Monterey One Water Board in August 2020 and has been aggressively opposed by the County, Monterey County Water Resources Agency, City of Salinas, and agricultural water users in the Salinas Valley. Moreover, as you are well aware, the Pure Water Monterey project itself has encountered significant delays and technical issues that affect both the timing and overall viability of that project.

supply shortage on the Monterey Peninsula. But given MPWMD's complicity in the events resulting in missing Milestone 5, we understand that the State Water Board is not likely to find that delays were beyond the control of the "Applicants." Accordingly, Cal-Am is preparing its Water Year 2020-2021 operations plan with the expectation that the Effective Diversion Limit under the CDO is reduced from 8,310 acre-feet to 7,310 acre-feet. In order to comply with the CDO and meet customer water demands in WY 2020-21, Cal-Am intends to rely on continued water conservation, continuation of the existing moratorium, optimizing water supplies, and carry-over credits under the CDO. Cal-Am is optimistic that the Monterey Peninsula's water demands can be met without additional rationing in Water Year 2020-2021.

Cal-Am would like to set up a meeting with you and your staff in the next few week to discuss Cal-Am's Water Year 2020-2021 operations in light of missed Milestone 5. At the meeting we also should begin discussions about how Cal-Am will manage water supplies next year in light of the likelihood that remaining CDO milestones will be missed. I will follow up with you this week to set a meeting.

Sincerely,

A handwritten signature in blue ink, appearing to read "Richard Svindland", is positioned above the printed name.

Richard Svindland

cc: Erik Ekdahl (via email)
Steve Westhoff (via email)

ATTACHMENT 1



Chris Cook, PE
Director of Operations - Monterey
511 Forest Lodge Road, Suite 100
Pacific Grove, CA 93950
Christopher.Cook@amwater.com

June 4, 2020

UPS OVERNIGHT & EMAIL

Erik Ekdahl
Deputy Director, Division of Water Rights
State Water Resources Control Board
PO Box 2000
Sacramento, CA 95812

RE: Joint Annual Report – Satisfaction of Milestone 5

Dear Mr. Ekdahl,

California American Water Company ("Cal Am") is providing this joint annual report in accordance with SWRCB Order 2016-0016 Section 3.b.viii.

Joint Annual Report: Commencing in water year 2016-2017, at least 120 days prior to each milestone Deadline described in Condition 3.b.v, Cal Am, in accordance with Applicants, shall submit a joint report to the Deputy Director for Water Rights, describing progress toward that Milestone, whether Applicants expect the milestone to be achieved by the Deadline and, if not, whether the Milestone will be missed for reasons beyond Applicants control. Sufficient evidence supporting the reasons that missing a milestone is beyond the control of Applicants shall be included for any further action related to such a claim.

If requested, Cal Am, in coordination with Applicants, shall present written and/or oral comments on the progress towards Milestone at a regularly scheduled State Water Board Meeting that falls at least 60 days after submission of the report. If the report indicates that a Milestone is likely to be missed for reasons beyond Applicants control, the State Water Board may make a determination during that meeting or at a subsequent meeting whether the cause for delay is beyond the Applicants control. If the State Water Board determines that the cause is beyond Applicants control, it may suspend any corresponding reductions under Condition 3.b.vi until such time as the Applicant can reasonably control progress towards the Milestone.

In accordance with the Order, Milestone 5 must be satisfied by September 30, 2020.

(1) Drilling activity for at least one MPWSP Desalination Plant source water production well complete; (2) foundation and structural framing complete for MPWSP Desalination Plant pretreatment seawater reverse osmosis, and administration buildings at desalination plant; (3) excavation complete for MPWSP Desalination Plant brine and backwash storage basins; and (4) 25% of Desalination Plant transmission pipelines installed based on total length, including 100% installation of the "Monterey Pipeline and other ASR related improvements".

Drilling Activity for Source Water Production Wells

Cal-Am requires a coastal development permit from the Coastal Commission in order to commence construction of the MPWSP source water slant wells, without which, Cal-Am cannot begin the necessary activities in order to complete drilling activities for a slant well, as required under Milestone 5. On June 22, 2018, Cal-Am submitted a coastal development permit application to the City of Marina for those project components, including the slant wells, located within the City of Marina's Coastal Zone. On May 10, 2019, the City issued a notice of final local action based upon its Planning Commission decision denying Cal-Am's application. On May 22, 2019 CAW appealed the City's decision to the Coastal Commission. Additionally, on July 31, 2019, Cal-Am submitted an application to the Coastal Commission for those portions of the project within the Coastal Commission's original jurisdiction.

The Coastal Commission scheduled a public hearing on Cal-Am's application and appeal for November 14, 2019. On October 28, 2019, Coastal Commission staff issued a staff report recommending denial of the project. On November 4, 2019, Coastal Commission staff released an addendum to the staff report, concluding that additional groundwater modeling was needed before staff could find that the desalination project would not prevent depletion of groundwater supplies. Although the Coastal Commission opened its public hearing on November 14, 2019, Coastal Commission staff advised that no vote would be taken at the meeting due to questions raised by the California Public Utilities Commission (CPUC) concerning certain findings in the Coastal Commission staff report about water supplies and demand on the Monterey Peninsula, and the need for additional groundwater modeling, that appeared to conflict with findings made by the CPUC in approving the project and certifying the environmental impact report. Cal-Am also informed the Coastal Commission of its belief that the information sought by the additional groundwater modeling had been included in the CPUC's environmental review, and that the CPUC's determinations on supply and demand were correct and in accordance with California law.

On January 28, 2020, Coastal Commission staff sent a letter to Cal Am recommending that Cal Am withdraw its application due to staff's belief that the requested additional investigation could not be completed by the deadline under the Permit Streamlining Act for the Coastal Commission to vote on the application. Cal Am declined to withdraw its application, and instead, on February 12, 2020, Cal Am and the Coastal Commission entered into a stipulation extending by ninety days, to July 24, 2020, the deadline for the Coastal Commission to vote on Cal Am's original jurisdiction application. On April 16, 2020, due to the COVID-19 crisis, the state issued an order suspending for 60 days all timelines under the Permit Streamlining Act, effectively extending the Coastal Commission's deadline to vote on Cal Am's application to September 22, 2020. By letter dated May 8, 2020, the State Water Board executive director urged the Coastal Commission to act on Cal-Am's application at its August 2020 meeting, and stating that the technical groundwater questions raised by Coastal Commission staff had already been resolved by the CPUC, and that after review the State Water Board had no basis to conclude that the CPUC's prior analysis and determination regarding water demand, sizing, reliability, or diversity were unreasonable, invalid, or outdated.

The Coastal Commission has indicated that the continued hearing on Cal-Am's application will take place during the Coastal Commission's August meeting. The delay caused by the Coastal Commission's decision to undertake additional groundwater modeling and continue the hearing, based on a determination made just 10 days before the previously scheduled hearing, is beyond Cal-Am's control.

Construction of Desalination Plant.

The proposed desalination plant is located in an unincorporated portion of Monterey County, and requires a combined development permit from the County of Monterey prior to commencement of construction. On July 15, 2019, the County Board of Supervisors approved the permit. On August 21, 2019, Marina Coast Water District filed a petition for writ of mandate and a complaint for injunctive relief in Monterey County Superior Court, challenging the County's approval, and seeking injunctive relief to

enjoin the County and Cal Am from beginning construction of the desalination plant. On October 4, 2019, the court issued a stay precluding physical construction of the desalination plant, but allowing Cal-Am to continue to obtain permits needed for the plant's construction. Currently, the stay is in place until August 25, 2020. Cal-Am has continued to obtain the necessary permits, including an incidental take permit from California Department of Fish and Wildlife issued in December 2019, and had been on track to timely begin construction activities at the site, but the court's stay precludes Cal-Am from starting the necessary activities at the plant site in order to be able to complete construction of the various plant facilities required under Milestone 5 by September 30, 2020. It is therefore unlikely that Cal-Am will be able to complete all of the activities required under Milestone 5 by September 30, 2020. This setback resulting from the court's stay is beyond Cal-Am's control.

Other Activities

Cal-Am completed 100% of the Monterey Pipeline and Pump Station project in 2019 and a portion of the Desalination Plant transmission pipeline in 2020 with the completion of approximately 2,500 feet located in Seaside along General Jim Moore Boulevard and Lightfighter Drive. The remaining Desalination Transfer Pipeline installation work is currently on hold waiting for Coastal Commission approvals.

In light of the stay imposed by the Superior Court, and the delay in the Coastal Commission's hearing on Cal-Am's application for a coastal development permit, Cal-Am will not be able to meet Milestone 5. Cal-Am has vigorously opposed these delays in project construction that have jeopardized its ability to comply with CDO Milestones, but these delays are beyond Cal-Am's control. Cal-Am has and continues to meet with State Water Board staff to inform them of Cal-Am's progress. Cal-Am and State Water Board staff have also discussed the timing for presenting evidence to the State Water Board that Cal-Am's inability to timely meet Milestone 5 is beyond Cal-Am's control with a request to suspend any corresponding reductions under Condition 3.b.vi of the CDO.

Please let us know if you have any questions.

Sincerely,



Chris Cook, PE

Director of Operations, Coastal Division

CC: E. Joaquin Esquivel, State Water Resources Control Board
Dorene D'Adamo, State Water Resources Control Board
Tam Doduc, State Water Resources Control Board
Sean Maguire, State Water Resources Control Board
Laurel Firestone, State Water Resources Control Board
Eileen Sobeck, State Water Resources Control Board
Steve Westhoff, State Water Resources Control Board
David Stoldt, Monterey Peninsula water Management District
Clyde Roberson, Monterey Peninsula Regional Water Authority

ATTACHMENT 2

Seaside Groundwater Basin Watermaster
P.O. Box 51502, Pacific Grove, CA 93950
watermasterseaside@sbcglobal.net
(831) 641-0113

Paul Bruno, Coastal Subarea Landowners, Chairman

Dan Albert, City of Monterey, Vice Chairman

John Gaglioti, City of Del Rey Oaks, Treasurer

*Mary Adams, Monterey County/Monterey County
Water Resources Agency*

Mary Anne Carbone, City of Sand City

Christopher Cook, California American Water

Wesley Leith, Laguna Seca Subarea Landowners

Ian Oglesby, City of Seaside

*George Riley, Monterey Peninsula Water
Management District*

August 12, 2020

Mr. John Ainsworth, Executive Director
 California Coastal Commission
 45 Fremont Street, Suite 2000
 San Francisco, CA 94105

Re: Monterey Peninsula Water Supply Project – Support

Dear Mr. Ainsworth:

The Seaside Groundwater Basin Watermaster is tasked by the Court to administer the Seaside Basin. Our board is comprised of elected officials and others who each have a role in the protection and management of the basin.

Today I once again write to urge your approval of Coastal Development Permit (CDP) for California American Water Company's (CAW) Monterey Peninsula Water Supply Project (MPWSP). In October of 2019, our board approved a resolution in support of the MPWSP. That resolution was presented to the Coastal Commission at its prior hearing on the project.

As the Coastal Commission is well aware, the MPWSP is necessary to meet the long-term water demands of the Monterey Peninsula. No other project has been identified to reliably meet the communities' water needs sufficiently to get the community out from under the State Water Board's Cease and Desist Order. The MPWSP also will provide much needed protections to one of the Peninsula's other critical water supply sources, the Seaside Groundwater Basin.

- Without the quantities of supplemental supplies from the MPWSP, CAW and other Seaside Basin pumpers may not be able to meet the pumping reductions called for in the Seaside Basin Decision.
- The MPWSP supply is necessary to meet the replenishment obligations required in the Seaside Basin Decision, and to avoid the undesirable consequences of overdraft, and seawater intrusion.
- Without the quantity of supplemental supplies provided by the MPWSP, the Seaside Basin Watermaster cannot achieve the protective water levels (PWL) for the Basin that have been identified as necessary to avoid seawater intrusion and irreversible loss of Basin storage.
- If Seaside Basin storage is lost or reduced as a result of seawater intrusion, other existing water supplies - such as native groundwater, Aquifer Storage and Recovery, and Pure Water Monterey – are in serious jeopardy, as seawater intruded aquifers cannot be used for groundwater storage.
- The MPWSP is necessary to provide the Seaside Basin with the replenishment needed for reliable protection against seawater intrusion.

It is imperative that the Coastal Commission and other stakeholders understand what is truly at stake for the Seaside Basin and the water supplies that are dependent on the health and security of the Basin. The Seaside Basin is perhaps the most critical water supply resource for the Monterey Peninsula. The Basin provides more than 3,000-acre feet of native groundwater annually for

municipal uses in CAW's Monterey and Laguna Seca Districts and to the Cities of Seaside and Sand City, and also is used for other beneficial uses in the Basin. The Basin also provides critical groundwater storage for CAW's Aquifer Storage and Recovery (ASR) diversions from the Carmel River, and provides storage and treatment of recycled water for Monterey One Water's Pure Water Monterey (PWM) Project. The loss of Seaside Basin storage as a result of overdraft and seawater intrusion would have a catastrophic impact on these crucial existing water supplies, not only for CAW's customers on the Monterey Peninsula, but for the other municipal and irrigation users in Monterey County.

The Seaside Basin Decision, as amended in February 2007, allocates the yield of the Seaside Basin to municipal and overlying groundwater users according a formula and schedule set forth in the Decision. The Decision requires gradual reduction in total Basin production in order to reduce Basin pumping to Natural Safe Yield, which was determined to be approximately 2,900 acre-feet in 2007. Municipal pumpers that exceed their Natural Safe Yield allocations are required to replenish the Basin for such overproduction, even if that overproduction is authorized under the Decision. The Decision also obligates Watermaster to study and manage conditions in the Basin and, to the extent Watermaster finds that pumping may result in Material Injury to the Basin, and to request relief from the Court to avoid or mitigate Material Injury to the Basin and its users. The Decision defines Material Injury to include impacts such as seawater intrusion, water quality degradation and subsidence.

Under the Decision, CAW currently is obligated to replenish approximately 700-acre feet per year (afy) over a 25-year period in order to offset its overproduction. This replenishment will be accomplished by "in lieu recharge" of the Basin, i.e., CAW reducing its authorized pumping by 700 afy and allowing that unpumped groundwater to remain in groundwater storage. For planning purposes, Watermaster has assumed that the MPWSP will deliver approximately 700 afy to satisfy CAW's replenishment obligation, in-lieu of exercising its pumping rights. The Commission's evaluation of water supply and demand cannot merely assume CAW's yield allocation under the Decision (approximately 1,800 afy, reduced to 1,500 afy in 2021), but must also consider an additional 700 afy necessary to satisfy replenishment obligations under the Decision. Water supply and demand analyses that do not consider this replenishment obligation as a water demand (or as a reduction in the available Seaside Basin native groundwater supply) are ignoring potential Material Injury to the Seaside Basin.

In addition to administering the Natural Safe Yield of the Seaside Basin Decision, Watermaster has been carefully studying and evaluating seawater intrusion risks and potential management actions to avoid the disastrous consequences of seawater intrusion into the Seaside Basin. As described in the attached memorandum from Watermaster's Technical Program Manager, Robert Jaques, increasing groundwater elevations in the Seaside Basin aquifers across the coastal front has been identified by Watermaster's technical experts as a prudent and necessary action to prevent seawater intrusion into the Basin's aquifers. Based on our analysis of water elevations in several key coastal wells, Watermaster has found that higher groundwater elevations are needed in both the Paso Robles (shallow) and Santa Margarita (deep) aquifers to reduce the risk of seawater intrusion. To achieve these protective water levels (PWL), Watermaster has found that approximately 1,000 afy of additional replenishment is required over a 25-year period. The MPWSP is the only possible supplemental water project before us that is capable of supplying the additional water needed to allow Watermaster to sustain PWL in the Basin.

Sincerely,



Paul B. Bruno, Chairman

**Seaside Basin Watermaster
P.O. Box 51502
Pacific Grove, CA 93950
(831) 641-0113**

MEMORANDUM

TO: Chairman of the Board of Directors of the Seaside Groundwater Basin Watermaster

FROM: Robert Jaques, Technical Program Manager

DATE: August 11 , 2020

SUBJECT: Recharge Water Is Needed to Protect the Seaside Groundwater Basin
Against Seawater Intrusion

To our Technical Advisory Committee, I recently presented an analysis of groundwater modeling work and other reports pertaining to proposed projects that would supply water to help stabilize groundwater levels in the Basin. The Committee unanimously approved the analysis and recommended that it be presented to the Board of Directors.

Background & Discussion

The Seaside Groundwater Basin Adjudication Decision, which established the Watermaster in 2006, had as its primary purpose reducing pumping from the Basin in order to stabilize groundwater levels to prevent seawater intrusion. The Seaside Basin is a critical source of water supply for the Monterey Peninsula. The management actions in the Decision reflect the fact that the Basin had been over-pumped for many years prior to the issuance of the Decision, but does not contain express requirements for water levels to be raised. It only required that pumping be reduced to keep groundwater levels from continuing to fall. We now know that groundwater levels in the Basin have continued to fall in some areas despite implementation of the Decision-required pumping reductions, and that even if they stabilized at current levels they would be well below sea level in some parts of the Basin.

Protective Water Levels (PWLs) were developed for four wells located near the coast in the Coastal Subarea of the Basin. If the groundwater level is at or above the PWL at a given location, it means that seawater cannot intrude into that area because the groundwater level is sufficiently above sea level to prevent that from happening. Currently, groundwater levels at all of the wells in the deep (Santa Margarita) aquifer are below their respective PWLs, and only one of the groundwater levels is above its PWL in the shallow (Paso Robles) aquifer. Our hydrogeologic consultants have told us with

certainty that persistence of groundwater levels below PWLs will lead to seawater intrusion into the Basin. Loss of groundwater storage to seawater intrusion will be very difficult, if not impossible, to reverse. While it is not possible at this time to accurately predict when that could occur, groundwater levels need to rise above PWLs to ensure protection of the aquifers.

The only way to achieve PWLs is to inject more water into the Basin than is taken out, so that the Basin is permanently recharged and not just used as a temporary storage vessel (which is the case with the existing Pure Water Monterey Project and the proposed Pure Water Monterey Expansion Project).

Principle Conclusions from the Analysis

If the Desalination Plant is Not Constructed and There is No Expansion of the Pure Water Monterey Project (Under this scenario the only project constructed is the original 3,500 AFY PWM Project)

- There is negligible net change in groundwater levels because on average the amount of water that is replenished is quickly extracted and not left in the Basin.
- PWLs will not be achieved.
- The Basin will not be protected against seawater intrusion.

If the Desalination Plant is Not Constructed and the Pure Water Monterey Expansion Project is Constructed (Under this scenario both the original PWM Project and the PWM Expansion Project would be in operation)

- The groundwater modeling for the original PWM Project used the same Cal Am water demand figures that were used in the EIR/EIS for the MPWSP. The groundwater modeling performed for the PWM Expansion Project used water demand figures developed by MPWMD that are several thousand AFY lower than the demand figures that were used when the modeling was done for the original PWM Project.
- Even using the lower water demand figures mentioned above, PWLs will not be achieved and the Basin will not be protected against seawater intrusion with the Expanded Pure Water Monterey Project because additional replenishment water will not be available for the Seaside Basin.
- If the higher and more conservative original water demand values were used in the PWM Expansion Project modeling, that modeling would show an even greater threat of seawater intrusion because additional replenishment water will not be available for the Seaside Basin and pumping from the Basin would need to be greater to meet the higher demands.

Additional Replenishment Water Will be Needed to Achieve Protective Elevations

- Previous modeling indicates injecting on the order of 1,000 AFY of additional water into the Seaside Basin for 25 years, along with the existing Cal Am replenishment obligations and the original PWM Project and either the desalination plant or the PWM Expansion Project, may be necessary to achieve protective elevations at all Basin locations within 25 years.

- Groundwater modeling that incorporates the actual projects that are to be constructed, i.e. either the desalination plant or the PWM Expansion Project, would need to be performed to refine the amount of additional injection water that would be needed.
- In its initial years of operation the desalination plant will have unused capacity that could potentially provide some of this replenishment water.
- If the desalination plant is constructed, a smaller PWM Expansion Project could likely provide the additional water needed to achieve protective elevations.