

Final Draft
Conditions of Approval



**DRAFT
CONDITIONS OF APPROVAL**

Consider Amendment to California-American Water Company's Main Water Distribution System to Increase the Production Limit by 51.74 Acre-Feet Annually to Produce Riparian Water from the Carmel Valley Alluvial Aquifer for the Rancho Canada Village Project (Monterey County Resolution No. 21-309 and Resolution No. 23-131) and to Deliver Treated Riparian Water through a Master Meter to Individually Metered Users in the Rancho Canada Village Project Property; MPWMD Application #WDS-20241025CAW

Permittee: California-American Water Company, a California Corporation

Permitted System: Main California American Water System

Site Location: Rancho Canada Village Project: Vicinity Map, Legal Description and List of Assessor Parcel Numbers provided as Attachment 1 to Conditions of Approval

Application #WDS-20241025CAW

Adopted by MPWMD Administrative Hearing Officer on

MANDATORY CONDITIONS OF APPROVAL (MPWMD RULE 22-D)

1. The Main California American Water System¹ ("CAW" or "Permitted System") is authorized by the Monterey Peninsula Water Management District ("MPWMD") under Permit #CAW-25-L3-RCV to produce **51.74** Acre-Feet Annually ("AFA") of riparian water from the Carmel Valley Alluvial Aquifer ("CVAA") for Potable water service to the Rancho Canada Village Project ("RCV Project") in Carmel Valley. Identification of the Assessor's Parcel Numbers (APNs) for the RCV Project is provided as **Attachment 1**. [Rule 22-D-1-a]
2. The RCV Project is an approved subdivision located on approximately 77 acres that were formerly part of the Rancho Canada Golf Course in Carmel Valley (unincorporated Monterey County) located between Carmel Valley Road and Rio Road. The acreage is currently owned by Lombardo Land Group I, L.P. ("LLG I"), a California Limited Partnership, and is under option to Rancho Canada Venture, LLC ("RCV"), a California Limited Liability Company. The County approval of the RCV Project allows development of 93 single family residential lots, 12 townhomes, and 40 units of affordable/workforce housing, a 1.5-acre community park and 8.6 acres of common areas. [Rule 22-D-1-b]

¹ Capitalized terms are defined in MPWMD Rule 11.

3. The Source of Supply for the RCV Project is provided under riparian claims (“RCV Riparian Water Right”) pumped from the Carmel River underflow and conveyed through CAW’s Carmel Valley water system and infrastructure.
4. CAW is the Owner and Operator of the Main California American Water System (“Permitted System”). The System Capacity (“Production Limit”) for the Permitted System shall be increased by **51.74** AFA to permit CAW to produce riparian water from the CVAA for the RCV Project. CAW may treat and deliver up to **46.57** AFA of CVAA riparian water through a Master Meter to individually metered Users in the RCV Project. [Rule 22-D-1-c]
5. Precedent to use of this Permit, Permittee shall first obtain and comply with any required approval from the local Jurisdiction in which the property is located, as applicable. [Rule 22-D-1-c]
6. Permittee, LLG I, and RCV shall execute one or more Indemnification Agreements (**Attachment 2**) which hold the MPWMD harmless and promise to defend the MPWMD from any claims, demands, or expenses of any nature or kind arising from or in any way related to the MPWMD approval of this Permit. This Permit is not valid until Indemnification Agreements have been signed, notarized and recorded for each party. [Rule 22-D-1-d]
7. Permittee shall comply with MPWMD rules relating to water Well registration, metering, and annual reporting of production (MPWMD Regulation IV), including reporting the quantity of water produced from each Source of Supply, the number of active and non-active Connections in the system, and the number of new Connections and disconnections that occur during the year. [Rule 22-D-1-e; Rule 22-D-2]
8. The RCV Project shall incorporate and comply with all requirements of MPWMD Regulations II, XIV and XV. (Rule 22-D-1-f)
9. New Connections to the Permitted System may not be installed until a Water Permit has been secured from MPWMD for each Connection in accordance with MPWMD Regulation II. Landscape Water Permits shall also be required pursuant to Regulation II and Regulation XIV. [Rule 22-D-1-g]
10. Any Intensification, Expansion, or Change of Use of a User within the Permitted System shall require a new Water Permit pursuant to MPWMD Regulation II. [Rule 22-D-1-k]
11. Any modification, addition, or change to the Source of Supply, location of uses, any increase in the System Limits or expansion of the Service Area shall require an amended Water Distribution System Permit pursuant to MPWMD Regulation II. [Rule 22-E]
12. Permittee, LLG I, and RCV shall sign (and notarize) the Acceptance of Permit Conditions form accepting all conditions for the approval of the Permit. In doing so, Permittee, LLG I, and RCV and their successor(s) in interest acknowledge understanding and acceptance of these conditions as a binding part of the Final Permit approval and agree to carry them out faithfully. [Rule 22-D-1-m]

13. RCV shall disclose to any future owner, successors and assigns of the property described in Condition #1 the requirements for the Permitted System. Permittee shall advise MPWMD in a timely manner of any changes in system ownership, system name, or other substantive changes to the system to facilitate accurate record keeping. [Rule 22-D-2]
15. Upon notice to Permittee and RCV in writing, email, or by telephone, reasonable access shall be given to MPWMD staff or its designated representative to inspect, take readings and document the RCV Project Master Meter. [Rule 22-D-1-o]
16. Permittee shall pay to the MPWMD the invoiced cost for MPWMD staff, attorney and consultant time spent to process the Permit after the application date. [Rule 22-D-1-l]
17. Permittee shall execute a Notice of Agreement Regarding Limitation on Use of a Water Distribution System prepared by MPWMD regarding the limitation on water use set forth in these conditions. LLG I and RCV shall execute a Notice and Deed Restriction prepared separately by MPWMD regarding the limitation on water use as set forth in these conditions. Permittee, LLG I and RCV shall pay all fees associated with preparation, review and recording of the Notices. Each document must be signed and notarized by the respective party before the MPWMD has the document recorded by the Monterey County Recorder. Upon successful recordation, the Final Permit from MPWMD may be transmitted to the Permittee. [Rule 22-D-1-n]
18. The Permit granted herein is subject to revocation in the event Permittee does not fully comply with each and every condition set forth in this Permit. [Rule 22-D-1-p]

CALIFORNIA ENDANGERED SPECIES ACT

19. This Permit does not authorize any act that results in the taking of a threatened or endangered species or any act which is now prohibited, or becomes prohibited in the future, under either the California Endangered Species Act (Fish and Game Code Sections 2050 to 2097) or the federal Endangered Species Act (16 U.S.C.A. Sections 1531 to 1544). If a “take” will result from any act authorized under this Permit, the Permittee shall obtain authorization for an incidental take prior to construction or operation of the project. Permittee shall be responsible for meeting all requirements of the applicable Endangered Species Act for the project authorized under this Permit.

SPECIAL CONDITIONS

20. RCV shall provide a recorded Grant Deed from LLG I conveying the RCV Project real property with riparian water rights within thirty (30) days of final approval of this Permit. RCV shall provide a recorded Grant Deed conveying the “Well Site” to California-American Water Company within thirty (30) days of final approval of this Permit. RCV (or its successor in interest) shall provide RCV Project Covenants, Conditions, and Restrictions (CC&Rs) to MPWMD. RCV shall provide any subsequent amendments affecting water use on the property.

21. Pursuant to statements made in A.22-07-001, CAW shall complete the New Carmel Valley Well on the Site conveyed to CAW within two (2) years of this approval. The MPWMD General Manager shall have authority to extend this deadline for just cause. Construction water for the RCV Project may be produced by RCV from Canada Well #3, but production must be metered and reported to MPWMD by RCV.
22. In the event that Water Permits and Building Permits have not been issued for all development in the RCV Project within five years of the recording of these conditions, the MPWMD shall require adoption of an Entitlement Ordinance for the remaining available consumptive water use within the subdivision to track the limits imposed by this Permit.
23. Permittee shall install and maintain a Master Meter to measure the total deliveries as stated in the Wheeling of Riparian Water Agreement (“Wheeling Agreement”) signed September 10, 2024. Permittee shall report Master Meter readings to RCV or its designee and to MPWMD monthly.
24. Permittee shall promptly provide MPWMD with any amendments to the Wheeling Agreement.
25. Should water delivery through the Master Meter exceed **46.57** AF in any rolling 12-month period, MPWMD shall immediately cease issuance of Water Permits in the subdivision and shall impose a mandatory meter moratorium and Residential conservation program pursuant to MPWMD Regulation XV with the cooperation of the homeowner’s association or similar entity for the RCV Project for a minimum period of six months or until water use is within the limits. Costs of such enforcement shall be borne by the Permittee.
26. Permittee shall timely report the metered water deliveries to each RCV Project Connection upon request by MPWMD and as required by Rule 161-E as reported as a separate “jurisdiction” under the unincorporated County. Each Connection shall be subject to a MPWMD-recorded Notice and Deed Restriction titled “Provide Public Access to Water Use Data” prior to issuance of a Water Permit.
27. Permittee acknowledges that the RCV intends to form a homeowner’s association or similar entity for the RCV Project and assign to it all or part of RCV’s rights and obligations under the Wheeling Agreement signed September 10, 2024. These conditions shall be binding upon future successors in interest.
28. This Permit prohibits the drilling of new Wells on any of the RCV Project Parcels, other than the Parcel conveyed to CAW for its new Well.
29. There shall be no use of existing non-CAW Wells for any purpose other than limited construction water as referenced in Condition #21 for or on any of the RCV Project Parcels.

ATTACHMENT 1 -- Rancho Canada Village Project: Vicinity Map, Legal Description and List of Assessor Parcel Numbers provided as Attachment 1 to Conditions of Approval
ATTACHMENT 2 – Indemnification Agreement

LEGAL DESCRIPTION

All that certain real property designated as Parcel A, Parcel B1, Parcel B2, Parcel B3, Parcel C, Parcel E, Parcel F, Parcel G, Parcel H, Parcel I, Parcel J, Parcel K, Parcel L, Parcel P, Well Parcel #1, Well Parcel #2, Lots 1 – 93, Townhouse Lots 94 - 105, Townhouse Garages 94G - 99G and Powerhouse Lot, as shown on the Map of Tract No. 1564, "Rancho Cañada Village", filed for record on August 22, 2023, in Volume 24 of "Cities and Towns", at Page 87, Official Records of Monterey County, California.

Containing approximately 76.858 acres, more or less.

END OF DESCRIPTION

RANCHO CANADA VILLAGE NEW ASSESSOR PARCEL NUMBERS (March 2025)

| | | | |
|-----------------|-----------------|-----------------|-----------------|
| 015-164-001-000 | 015-164-032-000 | 015-164-063-000 | 015-164-094-000 |
| 015-164-002-000 | 015-164-033-000 | 015-164-064-000 | 015-164-095-000 |
| 015-164-003-000 | 015-164-034-000 | 015-164-065-000 | 015-164-096-000 |
| 015-164-004-000 | 015-164-035-000 | 015-164-066-000 | 015-164-097-000 |
| 015-164-005-000 | 015-164-036-000 | 015-164-067-000 | 015-164-098-000 |
| 015-164-006-000 | 015-164-037-000 | 015-164-068-000 | 015-164-099-000 |
| 015-164-007-000 | 015-164-038-000 | 015-164-069-000 | 015-165-001-000 |
| 015-164-008-000 | 015-164-039-000 | 015-164-070-000 | 015-165-002-000 |
| 015-164-009-000 | 015-164-040-000 | 015-164-071-000 | 015-165-003-000 |
| 015-164-010-000 | 015-164-041-000 | 015-164-072-000 | 015-165-004-000 |
| 015-164-011-000 | 015-164-042-000 | 015-164-073-000 | 015-165-005-000 |
| 015-164-012-000 | 015-164-043-000 | 015-164-074-000 | 015-165-006-000 |
| 015-164-013-000 | 015-164-044-000 | 015-164-075-000 | 015-165-007-000 |
| 015-164-014-000 | 015-164-045-000 | 015-164-076-000 | 015-165-008-000 |
| 015-164-015-000 | 015-164-046-000 | 015-164-077-000 | 015-165-009-000 |
| 015-164-016-000 | 015-164-047-000 | 015-164-078-000 | 015-165-010-000 |
| 015-164-017-000 | 015-164-048-000 | 015-164-079-000 | 015-165-011-000 |
| 015-164-018-000 | 015-164-049-000 | 015-164-080-000 | 015-165-012-000 |
| 015-164-019-000 | 015-164-050-000 | 015-164-081-000 | 015-165-013-000 |
| 015-164-020-000 | 015-164-051-000 | 015-164-082-000 | 015-165-014-000 |
| 015-164-021-000 | 015-164-052-000 | 015-164-083-000 | 015-165-015-000 |
| 015-164-022-000 | 015-164-053-000 | 015-164-084-000 | 015-166-005-000 |
| 015-164-023-000 | 015-164-054-000 | 015-164-085-000 | 015-166-006-000 |
| 015-164-024-000 | 015-164-055-000 | 015-164-086-000 | 015-166-015-000 |
| 015-164-025-000 | 015-164-056-000 | 015-164-087-000 | 015-166-016-000 |
| 015-164-026-000 | 015-164-057-000 | 015-164-088-000 | |
| 015-164-027-000 | 015-164-058-000 | 015-164-089-000 | |
| 015-164-028-000 | 015-164-059-000 | 015-164-090-000 | |
| 015-164-029-000 | 015-164-060-000 | 015-164-091-000 | |
| 015-164-030-000 | 015-164-061-000 | 015-164-092-000 | |
| 015-164-031-000 | 015-164-062-000 | 015-164-093-000 | |

further agree that MPWMD has made no representations that this permit approval is exempt from the SWRCB Order No. 95-10, WR 2009-0060, WR 2016-0016, or the California Public Utilities Commission (CPUC) Decision No. 11-03-048.

3. Indemnitors agree to indemnify MPWMD to the maximum extent authorized by the law as an inducement for MPWMD to undertake the actions referenced in Paragraph 1 without concern for any liability or expense which may result from the good faith performance of MPWMD's duties. Creation of this Indemnification Agreement, and the assumption of the duties set forth herein, have induced MPWMD to undertake that action, and if this Agreement shall lapse, the actions of MPWMD as referenced above shall then become null and void.
4. Indemnitors agree, in consideration of MPWMD's participation and approval in the activities referenced in Paragraph 1, to defend, indemnify, and hold harmless MPWMD and its elected and appointed officials, agents, officers, attorneys and employees from all liability, demands, claims, costs, losses, damages, recoveries, settlements, and expenses (including interest, penalties, attorney fees, accounting fees, and expert witness fees) of any kind or nature incurred by MPWMD, known or unknown, contingent or otherwise, directly or indirectly, including but not limited to personal injury or property damage, arising from or related to the activities referenced in Paragraph 1. This Agreement shall include, but shall not be limited to any action, or proceeding brought against MPWMD or its agents, officers, attorneys or employees to attack, set aside, void, annul, limit, modify or inhibit the activities referenced in Paragraph 1, and shall expressly include any action undertaken that may include claims or causes of action under the California Environmental Quality Act ("CEQA"), or the National Environmental Policy Act ("NEPA").
5. Indemnitors' obligation to defend, indemnify, and hold harmless shall further include, but not be limited to, all costs relating to litigation, preparation of any administrative record, response to discovery, retention of experts, and other related costs. Indemnification shall further extend to any and all reasonable expenses, including, without limitation, attorney's fees, expenses incurred in establishing a right to indemnification, costs of investigation and costs of appeal, judgments, fines, settlements and other obligations incurred in connection with any demand, claim or proceeding, or any appeal therefrom, to which MPWMD is a party or threatened to be made a party.
6. If required to accomplish the activities referenced in Paragraph 1, Indemnitors agree to indemnify and hold harmless MPWMD for all costs incurred in additional investigation or study of, or for supplementing, redrafting, revising, or amending any document (including any CEQA or NEPA documents) that shall support, defend, or comply with any relevant order.
7. Indemnitors shall not be liable to indemnify MPWMD with respect to any expense, judgment, fine, settlement or other obligation incurred by MPWMD:
 - a. To the extent that such expense, judgment, fine, settlement or other obligation is actually paid or satisfied by an insurer on behalf of Indemnitors pursuant to an insurance policy;

- b. In connection with any remuneration paid to MPWMD, if it shall be finally adjudged that such remuneration was in violation of law;
 - c. On account of MPWMD's misconduct if such misconduct shall be finally adjudged to have been knowingly fraudulent, deliberately dishonest or willful.
- 8. Indemnitors further agrees to make no claim, and hereby waive, to the fullest extent permitted by law, any claim or cause of action of any nature against MPWMD, its officials, officers, directors, employees, and agents which may arise out of or in connection with activities referenced in Paragraph 1.
- 9. In the event that Indemnitors are required to defend MPWMD in connection with the activities referenced in Paragraph 1, MPWMD shall retain the right to approve:
 - a. The counsel to so defend MPWMD and its agents, which approval shall be in writing;
 - b. All significant decisions concerning the timely manner in which the defense is conducted; and
 - c. Any and all settlements, which approval shall not be unreasonably withheld.
- 10. MPWMD shall not be required to participate in the defense of any proceeding. If MPWMD chooses to have counsel of its own where the Indemnitors have already retained counsel, the fees and expenses of the counsel selected by MPWMD shall be paid by the Indemnitors. MPWMD agrees to cooperate with the Indemnitors in the defense of any proceeding.
- 11. If MPWMD so elects, expenses actually and reasonably incurred by MPWMD in defending any demand, claim or proceeding shall be paid by Indemnitors from time to time as requested by MPWMD notwithstanding there may not yet be a final disposition of such demand, claim or proceeding. Indemnitors agree to advance any such expenses within ten (10) days after receipt from MPWMD of a written request for an advance payment. MPWMD shall not be obligated, however, to advance any such expenses if it is prohibited by applicable law from advancing such expenses. In the event that it is not ultimately determined that MPWMD is entitled to be indemnified, MPWMD shall repay the amount of any such expenses so advanced.
- 12. The defense and indemnification of MPWMD set forth herein shall remain in full force and effect throughout all stages of litigation including appeals of any lower court judgments.
- 13. MPWMD shall not settle any demand, claim or proceeding in any manner that would impose any obligation, penalty or limitation on, or that otherwise may adversely affect Indemnitors without Indemnitors' prior written consent. Neither MPWMD nor the Indemnitors shall unreasonably withhold its consent to any proposed settlement.
- 14. Any permit, appeal or other approval given by MPWMD to Indemnitors shall be valid only so long as this Indemnification Agreement is given full force and effect. If this Indemnification

Agreement is revoked, the permit, appeal, or other approval of MPWMD shall then become null and void.

15. This Indemnification Agreement shall bind and benefit MPWMD, its successors and assigns, and Indemnitors and Indemnitors' successors in interest.
16. It is agreed and understood by the parties hereto that this Agreement has been arrived at through negotiations and that neither party is to be deemed the party which prepared this Agreement within the meaning of Civil Code section 1654.
17. In the event any party brings an action to enforce rights or to collect moneys due under this Agreement or applies to a court for judgment that indemnification is proper under the circumstances and is successful in whole or in part in such action or application, the prevailing party in such action shall be entitled to all reasonable fees and expenses (including attorneys' fees) in pursuing or defending such action or application.
18. This Agreement shall be governed, construed and enforced in accordance with the laws of the State of California. Venue shall be in the County of Monterey.
19. If any provision of this Agreement or the application thereof to any person, place or circumstance, is held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such provision shall not affect the validity or enforceability of the other provisions hereof, which provisions shall be deemed separate and distinct agreements.
20. No amendment or termination of this Agreement shall be effective unless in writing signed by the parties hereto.

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(Signatures must be notarized. For all California Notaries, an All-Purpose Acknowledgement is required.)

California-American Water Company, a California Corporation

By: _____
Spencer Vartanian, Director of Operations

Dated: _____

Attest:

By: _____ Dated: _____

Rancho Canada Venture, LLC, a California Limited Liability Company

By: Its Managing Member

By: _____
R. Alan Williams

Dated: _____

Lombardo Land Group I, L.P., a California Limited Partnership

By: Its General Partner

The Lombardo Family Trust dated April 15, 2004

By: _____
David Harris, Trustee

Dated: _____

Monterey Peninsula Water Management District

By: _____
David J. Stoldt, General Manager
Monterey Peninsula Water Management District

Dated: _____