



AGENDA

**Water Demand Committee**

Thursday, June 4, 2026, at 1:30 p.m. | *Virtual Meeting*

COMMITTEE MEMBERS	STAFF	<u>Mission Statement</u>
<i>Alvin Edwards – Chair Marianne Gawain Ian Oglesby  Rebecca Lindor - Alternate</i>	<i>David J. Stoldt, General Manager Mike McCullough, Assistant General Manager Mollie Wooden, Water Demand Manager</i>	<p>Sustainably manage and augment the water resources of the Monterey Peninsula to meet the needs of its residents and businesses while protecting, restoring, and enhancing its natural and human environments.</p> <p><b><u>Vision Statement</u></b> Model ethical, responsible, and responsive governance in pursuit of our mission.</p> <p><b><u>Board's Goals and Objectives</u></b> Are available online at <a href="https://www.mpwmd.net/who-we-are/mission-vision-goals/">https://www.mpwmd.net/who-we-are/mission-vision-goals/</a></p>

Join the meeting at:

<https://mpwmd-net.zoom.us/j/86127760911?pwd=yj7y2ucYWahZQNJSheB31sDtkWbmDC.1>

Webinar ID: **861 2776 0911** | Password: **060426** | To Participate by Phone: **(669) 900-9128**

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<https://www.mpwmd.net/instructions-for-connecting-to-the-zoom-meetings/>

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**Call to Order / Roll Call**

**Additions and Corrections to the Agenda**

**Comments from Public** – *The public may comment on any item within the District's jurisdiction. Please limit your comments to three (3) minutes in length.*

**Action Items** – *Public comment will be received. Please limit your comments to three (3) minutes per item.*

1. Consider Adoption of Committee Meeting Minutes from April 2, 2026
2. Discuss Policy Questions Related to Upcoming Amendments to Rules and Regulations

**Discussion Items** – *Public comment will be received. Please limit your comments to three (3) minutes per item.*

3. Personnel Update
4. Summary of Jurisdictional Allocation Policies

5. Update on Application to Modify CDO
6. Status of SB 1139 (Non-Functional Turf enforcement)
7. Update on Summer Splash Water Challenge Giveaway Event
8. Update on Mulch Madness Event
9. Update on Rosie’s Garden Project

**Suggest Items to be Placed on Future Agendas**

**Adjournment**

**Accessibility**

In accordance with Section 202 of the Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12132), MPWMD will make a reasonable effort to provide written agenda materials in appropriate alternative formats, or disability-related modification or accommodation, including auxiliary aids or services, to enable individuals with disabilities to participate in public meetings. MPWMD will also make a reasonable effort to provide translation services upon request. Please send a description of the requested materials and preferred alternative format or auxiliary aid or service at least 48 hours prior to the scheduled meeting date/time. Requests should be forwarded to Sara Reyes by e-mail at [sara@mpwmd.net](mailto:sara@mpwmd.net) or at (831) 658-5610.

**Options for Providing Public Comment**

**Submission of Written Public Comment**

Send written comments to District Office, 5 Harris Court, Building G, Monterey, CA or online at [comments@mpwmd.net](mailto:comments@mpwmd.net). Include the following subject line: "PUBLIC COMMENT ITEM #" (insert the agenda item number relevant to your comment). Written comments must be received by 12:00 PM on the day of the meeting. All submitted comments will be provided to the Committee, compiled as part of the record, and placed on the District’s website as part of the agenda packet for the meeting. Correspondence is not read during public comment portion of the meeting.

**Instructions for Connecting to the Zoom Meeting can be found at**  
<https://www.mpwmd.net/instructions-for-connecting-to-the-zoom-meetings/>

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## **WATER DEMAND COMMITTEE**

### **ITEM: ACTION ITEM**

#### **1. CONSIDER ADOPTION OF COMMITTEE MEETING MINUTES FROM APRIL 2, 2026**

**Meeting Date: June 4, 2026**

**From: David J. Stoldt,  
General Manager**

**Prepared By: Sara Reyes**

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

**SUMMARY:** Exhibit 1-A contains the draft minutes of the April 2, 2026 Water Demand Committee meeting.

**RECOMMENDATION:** Staff recommends that the Water Demand Committee review and adopt the draft minutes.

#### **EXHIBIT:**

**1-A Draft Minutes of the April 2, 2026 Water Demand Committee Meeting**



**EXHIBIT 1-A**

**Draft Minutes  
Water Demand Committee Meeting  
Thursday, April 2, 2026, at 1:30 p.m.  
Meeting Location: Zoom**

**Call to Order / Roll Call**

Chair Edwards called the meeting to order at 1:30 p.m.

**Committee Members Present**

Alvin Edwards  
Ian Oglesby  
Marianne Gawain

**Committee Members Absent**

None

**District Staff Members Present**

Mike McCullough, Assistant General Manager  
Stephanie Locke, Water Demand Manager  
Maureen Hamilton, District Engineer  
Sara Reyes, Board Clerk

**District Counsel Present**

Michael Laredo, De Lay & Laredo  
Fran Farina, De Lay & Laredo

**Additions and Corrections to the Agenda**

None

**Comments from the Public**

Chair Edwards opened the Public Comment period; however, no comments were received.

**Action Items**

Chair Edwards introduced the item.

**1. Consider Adoption of Committee Meeting Minutes from December 4, 2025**

On a motion by Oglesby, seconded by Gawain, the minutes of the December 4, 2025, committee meeting were approved by a voice vote of 3 Ayes (Oglesby, Gawain, and Edwards) and 0 Noes.

**2. Adopt 2026 Meeting Schedule**

On a motion by Gawain, seconded by Oglesby, the 2026 Water Demand Committee meeting schedule was adopted on a vote of 3 Ayes (Gawain, Oglesby, and Edwards), and 0 Noes.

**Discussion Items**

Chair Edwards introduced this item.

**3. Discuss Plan to Achieve Strategic Goal 6: Update and Prioritize District Rules and Regulations**

Stephanie Locke, Water Demand Manager presented an overview of the plan to achieve Strategic Goal 6, which includes reviewing, prioritizing, and updating District rules and regulations. She noted that some rules date back to the late 1970s and are outdated, with many amendments expected to be administrative and others requiring policy direction from Board committees. Ms. Locke outlined the process for committee review, CEQA compliance, ordinance preparation, and board consideration.

Chair Edwards opened Public Comment; however, no comments were received.

**4. Discuss MPWMD’S URBAN WATER MANAGEMENT PLAN**

Maureen Hamilton, District Engineer, presented a PowerPoint overview of the District’s 2025 Urban Water Management Plan (UWMP), which is required every five years and due July 1, 2026. She explained that the plan evaluates long-term water supply and demand under normal and drought conditions using AMBAG growth forecasts and is reviewed by the Department of Water Resources. Ms. Hamilton noted that current projections indicate sufficient supplies, with no need to recover water from ASR storage, and outlined the schedule for public review, Board consideration, and submission to DWR. A copy of the presentation is available on the District’s website.

**Suggest Items to Be Placed on a Future Agenda**

Director Edwards requested that an item be placed on a future agenda to discuss updates on the Cease and Desist Order.

**Adjournment**

There being no further business, Chair Edwards adjourned the meeting at 2:02 p.m.

/s/ Sara Reyes

\_\_\_\_\_  
Sara Reyes, Board Clerk to the  
*MPWMD Water Demand Committee*

Approved by the MPWMD Water Demand Committee on \_\_\_\_\_.

Received by the MPWMD Board of Director’s on \_\_\_\_\_.

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## **WATER DEMAND COMMITTEE**

### **ITEM: ACTION ITEM**

#### **2. DISCUSS POLICY QUESTIONS RELATED TO UPCOMING AMENDMENTS TO RULES AND REGULATIONS**

**Meeting Date:** June 4, 2026 **Budgeted:** N/A

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

**Prepared By:** Stephanie Locke **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.

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**SUMMARY:** Over the coming months, the Water Demand Committee will have the opportunity to review policy questions presented by staff and provide direction on potential amendments to the District's Rules and Regulations. The first set of policy questions, to be discussed at the June 2026 Committee meeting, focuses on water permits and conservation requirements.

**RECOMMENDATION:** The Water Demand Committee should discuss the following questions and direct staff to follow-up with recommended changes to the Rules and Regulations.

**DISCUSSION:** Staff requests the Committee's feedback on the following issues:

#### **1. Deed Restriction Policy**

Deed restrictions are routinely recorded against a property to ensure that current and future owners are aware of the property's authorized water fixtures and any permanent water-efficiency requirements. Examples include High-Efficiency Dishwashers, High-Efficiency Clothes Washers, and Instant-Access Hot Water Systems. When a subsequent Water Permit is issued, the deed restriction is amended to reflect any changes.

Should this practice continue? If so, should deed restrictions be required for all Water Permits, or only for permits that include District-required or voluntary installation of high-efficiency appliances where future replacement with higher-water-use fixtures is possible?

#### **2. Requirement for High-Efficiency Dishwashers and Clothes Washers**

Should High-Efficiency Dishwashers (HEDWs) and High-Efficiency Clothes Washers (HECWs) be required as a condition of all Water Permits?

Currently, HEDWs and HECWs are required for new construction. For remodels, the District requires High-Efficiency Toilets, Showerheads, and Faucet Aerators, but allows existing

dishwashers and clothes washers to remain in service, even when less efficient models continue to consume substantially more water.

### **3. Fixture Unit Value for High-Efficiency Dishwashers**

High-Efficiency Dishwashers (HEDW) use significantly less water than handwashing dishes. An Energy Star-certified HEDW typically uses 3 to 4 gallons per cycle, while some ultra-efficient models use as little as 2.5 gallons. By comparison, older dishwashers (pre-1994) may use 9 to 14 gallons per cycle, and handwashing an equivalent load of dishes can consume 20 gallons or more.

Historically, a HEDW carried a fixture unit value of 2 fixture units, but that value was removed through Ordinance No. 201. As a result, currently installation of a HEDW reduces the fixture unit value of a kitchen sink by 0.5 fixture units. When an additional HEDW is installed in a kitchen, pantry, bar, or similar location, should a fixture unit value be assigned to the dishwasher, or should no fixture unit value be assessed in recognition of its substantial water savings?

### **4. Ultra High-Efficiency Toilets**

The District currently provides a reduction of 0.5 fixture units for installation of an Ultra High-Efficiency Toilet (UHET) beyond the reduction already associated with a High-Efficiency Toilet. Installation of a UHET also requires a deed restriction to ensure that the fixture remains a permanent water-efficiency measure.

At present, only two manufacturers offer toilets that qualify as UHETs. If one of these fixtures is replaced in the future, it is likely that the replacement toilet will have a higher flow rate due to the broader availability of conventional models.

Should the District continue to provide a fixture unit credit for UHETs, and if so, should the current deed restriction requirement remain in place to preserve the associated water savings?

### **5. Rebates and Water Use Credits**

The District offers rebates for voluntary retrofits that achieve water savings. Rebates are not available for appliances or fixtures that are required as a condition of a Water Permit.

Historically, applicants have been allowed to reimburse the District for a previously received rebate in order to claim the associated Water Use Credit for permit purposes. Under current rules, Water Use Credits for documented permanent retrofits remain valid for ten years from the date of installation.

Should Rule 25.5 (Water Use Credits) be amended to specify that no Water Use Credit is available for any retrofit that received a rebate? The District General Manager suggests ending this practice.

## **EXHIBITS**

None

## WATER DEMAND COMMITTEE

### ITEM: DISCUSSION ITEM

#### 4. SUMMARY OF JURISDICTIONAL WATER ALLOCATION POLICIES

<b>Meeting Date:</b>	<b>June 4, 2026</b>	<b>Budgeted:</b>	<b>N/A</b>
<b>From:</b>	<b>David Stoldt General Manager</b>	<b>Program/ Line Item No.:</b>	<b>N/A</b>
<b>Prepared By:</b>	<b>David Stoldt</b>	<b>Cost Estimate:</b>	<b>N/A</b>

**General Counsel Review:** N/A.

**Committee Recommendation:** N/A

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

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**SUMMARY:** The completion of the Pure Water Monterey Expansion in October 2025 has resulted in a surplus water supply situation on the Monterey Peninsula. The District adopted Ordinance 197 on January 27, 2025 effective 30 days later, which allocated a portion of the new surplus to jurisdictions. All jurisdictions were provided new initial allocations of water as of March 1, 2025.

However, without a modification to the State Water Board's Cease and Desist Order (CDO) new meters still cannot be set to enable use of the water for new projects. However, the District has informed every jurisdiction that they may release water for projects at existing service connections where there is not an increase in water use due to a change in zoning or a change in use. The State Water Board has interpreted a change in use to mean that if a property was residential and remains residential, or if it was non-residential and remains non-residential, or was mixed-use and remains mixed use – then there is no change in use and the Water Board has no need to examine it further.

The District formally applied to the State Water Board to Modify the CDO in October 2025 with the goal of lifting the moratorium on setting of new meters. The District's over-arching goal is to eliminate water scarcity as a barrier to growth. However, it appears that several jurisdictions are adopting new policies doing just that – limiting water releases to projects based on local jurisdictional priorities. (Side note: The District General Manager believes the jurisdictions should have established such priorities in their general plans and building permit policies, rather than using water as a tool to control construction.)

Some jurisdictions have released water from their new allocation for projects, some have not; Some jurisdictions are utilizing their prior rules affecting allocations, but some jurisdictions believe they must adopt a new policy – and have either done so or working to do so. Not all outcomes are the same and some outcomes have led to continued uncertainty.

The jurisdictions have taken different approaches to their water allocation strategies in the following four ways: (i) adoption of a new policy or not, (ii) establishing general priorities for releasing water, (iii) assigning their jurisdictional allocation to specific categories of use, and (iv) establishing water release limits for specific types of projects. Each of these is summarized below.

### Adoption of New Policy

Jurisdiction	New Policy Adopted?	Implementation Date
Carmel-by-the-Sea	Yes	November 3, 2025
Del Rey Oaks	No – Use existing policy	N/A
Monterey	Yes	November 18, 2025
Pacific Grove	Yes	November 5, 2025
Sand City	No – Use existing policy	N/A
Seaside	Yes	April 17, 2025
County of Monterey	In Process w/ Planning Commission	Unknown
Airport District	No – Use existing policy	N/A
Department of Defense	No – Use existing policy	N/A

### Establish Priorities for Release of Water

Jurisdiction	Priorities Established
Carmel-by-the-Sea	N/A; Assigned to Specific Categories
Monterey	Projects that include affordable housing are the City’s top priority and will be issued a water permit prior to other project types. The priority for water allocation is based on the overall size of the project, the number of affordable units proposed, and the level of affordability proposed. <b><i>No release of any water</i></b> until CDO is modified and the CPUC moratorium is lifted.
Pacific Grove	N/A; Assigned to Specific Categories
Seaside	N/A; Assigned to Specific Categories
County of Monterey	It is the policy of the County to prioritize the allocation to housing development. Overall prioritization is reflected in the following order of priority: (i) Honor past commitments to the allocation of water established in the “HCD Approved Water Waitlist”; (ii) Development of Planned Housing Growth; (iii) First-Come, First-Served; (iv) Strategic Reserve.

### Allocation Assigned to Specific Categories (in Acre-Feet)

Category	Carmel	Pacific Grove*	Seaside**	County
New Allocation	14.0	32.0	21.0	72.0
Affordable Housing	3.616	23.0	8.5	57.6 (80%) for Planned Housing Growth; 10.8 (15%)
Residential	3.000 SFR 2.000 MFR	0.0	4.0 Infill 2.0 ADUs	
Commercial	0.000	6.0	6.0	

Municipal	0.224	3.0	0.0	1 <sup>st</sup> -Come, 1 <sup>st</sup> -Served
Reserves	7.690	0.0	0.5	3.6 (5%)
Other	0.106	0.0	0.0	0.0
<b>Total</b>	<b>16.636</b>	<b>32.0</b>	<b>21.0</b>	<b>72.0</b>

\*: Does not include Pacific Grove Local Water Project Entitlement (15 AF for Residential & 4.2551 Reserves)

\*\* : Does not include Seaside Pre-Paralta and Public Water Credit (total of 13.699 AF)

### Water Release Limit by Project Type

Jurisdiction	Water Limit per Project
Monterey	- Residential Uses can add fixtures compliant with this maximum acre foot allocation: <ul style="list-style-type: none"> <li>• One Bath with High Efficiency Fixtures: 0.063 AF</li> <li>• Two Bath with High Efficiency Fixtures: 0.111 AF</li> <li>• Two &amp; ½ Bath with High Efficiency Fixtures: 0.129 AF</li> </ul> - ADU: 0.063 AF - JADU: 0.063 AF
Pacific Grove	N/A; Assigned to Specific Categories
Seaside	- SFR: 0.101 AF - MFR: 0.081 AF - ADU: See Exhibit 4-D
County of Monterey	- SFR: 0.25 AF fits “Planned Housing Growth” and “1 <sup>st</sup> -Come...” - ADU: 0.12 AF

More detailed elements new jurisdictional policies may be found in the Exhibits.

#### EXHIBITS:

- 4-A** City of Carmel Policy
- 4-B** City of Monterey Policy
- 4-C** City of Pacific Grove Policy
- 4-D** City of Seaside Policy Ordinance and Policies
- 4-E** County of Monterey Planning Commission Proposed Policy

## EXHIBIT 4-A



### **CITY OF CARMEL-BY-THE-SEA City Council Staff Report**

**November 3, 2025  
ORDERS OF BUSINESS**

**TO:** Honorable Mayor and City Council Members

**SUBMITTED BY:** Marnie Waffle, Principal Planner, AICP

**APPROVED BY:** Chip Rerig, City Administrator

**SUBJECT:** Resolution 2025-097 Adopting an Amended Water Allocation Policy for the City of Carmel-by-the-Sea (CMC 17.50.030) *(Estimated time - 40 min)*

#### **RECOMMENDATION:**

Adopt Resolution 2025-097 Adopting an Amended Water Allocation Policy for the City of Carmel-by-the-Sea (CMC 17.50.030).

#### **BACKGROUND / SUMMARY:**

##### **Executive Summary:**

On January 27, 2025, the Monterey Peninsula Water Management District (MPWMD) adopted Ordinance No. 197 allocating 14-acre feet of water to the City of Carmel-by-the-Sea effective March 1, 2025. The City's water management program (Carmel-by-the-Sea Municipal Code Chapter 17.50) requires new allocations to be placed in unallocated reserves until the City Council adopts a resolution allocating the water to a specific category (e.g., residential, commercial, municipal, etc.). On September 10, 2025, the Planning Commission adopted Resolution 2025-042-PC, recommending to the City Council how unallocated reserves should be allocated under a new water allocation resolution. On October 7, 2025, the City Council considered the Planning Commission's recommendation and made an alternative recommendation on the allocation of water resources. Staff is returning with a revised Resolution based on the City Council's direction.

##### **Background:**

On October 7, 2025, the City Council was presented with a staff report (**Attachment 2**) detailing the city's water management program and the policies and regulations

associated with the allocation of water resources. The report also summarized the Planning Commission's recommendation on the allocation of 14-acre feet of water into various land use categories. The City Council considered the Planning Commission's recommendation on and after receiving public comment and deliberating, directed staff to return with an allocation resolution that distributes water as follows:

- 3-acre feet to very low and low-income housing
- 3-acre feet to single-family residential, with no water allocation to accessory dwelling units
- 2-acre feet to multi-family residential
- 6-acre feet to remain in unallocated reserves

The City Council also directed staff to return at a date uncertain to discuss potential options for allocating water to accessory and junior accessory dwelling units. Staff has prepared a draft Resolution (**Attachment 1**) that reflects the City Council's direction.

### **Additional Information for City Council Consideration**

#### **Commercial:**

Following the October 7, 2025, City Council meeting, the City received a request from the Carl Cherry Center for 0.029-acre feet of water for two new utility sinks in the proposed reconstructed artist studio. This water is classified as commercial, which currently has a zero balance.

In the October 7<sup>th</sup> staff report, staff provided a sample of commercial use types and their associated water factors, which are copied below. Office and retail uses have lower water usage than hotels and full-line restaurants. How the water is calculated also differs. The water factor for a hotel is based on the number of rooms, whereas the water factor for a full-line restaurant is based on the number of seats. For office and retail uses, the water factor is based on the square footage of the business space.

The most common request for additional water in the business sector is from new food uses, such as restaurants (full line and specialty), followed by salons (hair/nails). Restaurants require a conditional use permit approved by the Planning Commission. Salons are a permitted use and do not require a conditional use permit.

*Note: A **Full Line Restaurant** is defined as a restaurant providing a full line of prepared food and drinks using non-disposable plates, glasses, and utensils for immediate consumption on the site. These restaurants provide table service to patrons of all ages who pay after eating. Takeout service may be provided.*

*A **Specialty Restaurant** is defined as a restaurant providing a limited range of food products for immediate consumption on the site. These restaurants provide seating but are not required to provide table service or menus. Specialty restaurants provide, as a primary use, two or fewer of the following lines of foods: pastries and doughnuts, frozen*

desserts, candy and nuts, juices, and coffee and tea.

**Table 1. Commercial Water Use**

	<b>MPWMD Group Number</b>	<b>Quantity/Square Footage</b>	<b>Water Factor</b>	<b>Estimated Water Usage (acre feet)</b>
<b>Hotel</b>	Group III	20 rooms	0.064/room	1.28
<b>Full Line Restaurant</b>	Group III	30 seats	0.02/seat	0.6
<b>Dog Grooming</b>	Group III	3 stations	0.0567/station	0.1701
<b>Specialty Restaurant (bakery, cafe, ice cream, etc.)</b>	Group II	400 SF (min.)	0.0002/SF	0.08
<b>Beauty Salon</b>	Group I	500	0.00007/SF	0.035
<b>Tasting Room (ABC Type 2)</b>	Group I	300 (max.)	0.00007/SF	0.021

At the October 7<sup>th</sup> City Council meeting, concerns were expressed about expanding restaurant seating if water was placed in the commercial category. If the City Council wanted to allocate water for commercial uses, restaurants could be excluded by including language in the land-use category description. Staff has provided two options for the City Council’s consideration. Option A includes language in the description excluding full-line and specialty restaurants. Option B creates a separate line item to allow for the separation of water allocations within the commercial category.

**OPTION A:**

**Category #4: Commercial X.XXX af**

This category includes construction of new commercial floor space and conversion of existing space to uses with greater demand for water. This category also includes the commercial component of mixed-use projects. Excluded from this category is the creation or expansion of full-line or specialty restaurants.

**OPTION B:**

**Category #4: Commercial X.XXX af**

This category includes construction of new commercial floor space and conversion of existing space to uses with greater demand for water. This category also includes the commercial component of mixed-use projects.

Category #4a: Full-Line and Specialty Restaurants 0.000 af

For more information on commercial water use, see **Attachment 3**.

**Single-Family Residential:**

The allocation of 3 acre-feet of water to the Single-Family Residential category, excluding accessory dwelling units, will facilitate additional fixtures in existing homes,

such as bathrooms. A full bath with the most efficient toilet requires 0.038 acre-feet of water. Below are the number of fixture units and the equivalent acre-feet needed for the highest efficiency fixtures in a typical residential dwelling:

**Table 2. One-Bath Residential Dwelling with High-Efficiency Fixtures**

Type of Fixture	Fixture Value	No. of Fixtures	Acre Feet of Water
Washbasin	1.0	1	0.010
Toilet, Ultra High-Efficiency	0.8	1	0.008
Bathtub/Shower	2.0	1	0.020
Kitchen Sink, with High-Efficiency Dishwasher	1.5	1	0.015
Clothes Washer, High-Efficiency	1.0	1	0.010
<b>Total</b>	<b>6.3</b>	<b>5</b>	<b>0.063</b>

**Table 3. Two-Bath Residential Dwelling with High-Efficiency Fixtures**

Type of Fixture	Fixture Value	No. of Fixtures	Acre Feet of Water
Washbasin	1.0	2	0.020
Toilet, Ultra High-Efficiency	0.8	2	0.016
Bathtub/Shower	2.0	1	0.020
Master bathtub/shower	3.0	1	0.030
Kitchen Sink, with High-Efficiency Dishwasher	1.5	1	0.015
Clothes Washer, High-Efficiency	1.0	1	0.010
<b>Total</b>	<b>9.3</b>	<b>8</b>	<b>0.111</b>

**Table 4. Two & 1/2 Bath Residential Dwelling with High-Efficiency Fixtures**

Type of Fixture	Fixture Value	No. of Fixtures	Acre Feet of Water
Washbasin	1.0	3	0.030
Toilet, Ultra High-Efficiency	0.8	3	0.024
Bathtub/Shower	2.0	1	0.020
Master bathtub/shower	3.0	1	0.030
Kitchen Sink, with High-Efficiency Dishwasher	1.5	1	0.015
Clothes Washer, High-Efficiency	1.0	1	0.010
<b>Total</b>	<b>9.3</b>	<b>10</b>	<b>0.129</b>

Upgrading existing toilets to high-efficiency models is a common strategy to free up capacity for additional fixtures, whether it's a new bathroom, bar sink, or utility sink in the primary residence, or the addition of an accessory dwelling unit on the property.

**Accessory Dwelling Units:**

A Junior Accessory Dwelling Unit (JADU), by definition, is the creation of a dwelling unit within the existing floor area of a single-family dwelling. If it does not contain its own

bathroom, it must have interior access to the primary residence to share bathroom facilities. A JADU must also include an efficiency kitchen with a kitchen sink. On its own, a kitchen sink is 2.0 fixture units, or 0.020 acre-feet of water. When paired with a high-efficiency dishwasher, the fixture unit is reduced to 1.5 or 0.015 acre-feet of water.

Accessory Dwelling Units (ADUs) may also be created from existing floor area. Examples include an attached or detached garage, or a detached accessory building such as a studio or guest house. ADUs can also be new structures, whether constructed in tandem with a single-family home or added later as a separate attached or detached dwelling unit.

At the October 7, 2025, meeting, the City Council discussed whether the allocation of water to the single-family residential category should be used for accessory dwelling units. Some support was expressed for granting water to ADUs that remain within the site's total allowable floor area. However, the majority of the Council felt that additional discussion was needed and directed staff to return at a date uncertain to discuss potential options for allocating water to accessory and junior accessory dwelling units.

**Low & Very Low-Income Housing:**

As noted above, a one-bath residential unit with high-efficiency fixtures uses 0.063 acre-feet of water. A two-bath unit uses 0.111-acre feet of water. The allocation of 3-acre feet of water to the “very low and low-income housing category” would bring the total balance in this category to 3.616-acre feet. This could accommodate a variety of affordable multi-family housing options, including, but not limited to:

**Table 5. Number of Multi-Family Units by Bathroom Configuration**

No. of Units	Total AF / 1-bath AF	1-bath units	Total AF / 2-bath AF	2-bath units	No. of Bathrooms
57 apartments(100%)	3.616/0.063	57	0	0	All 1-bath units
42 apartments(50%)	1.808/0.063	28	1.808/0.111 (50%)	16	28 1-bath units 16 2-bath units
37 apartments(25%)	0.904/0.063	14	2.712/0.111 (75%)	24	14 1-bath units 24 2-bath units
32 apartments	0	0	3.616/0.111 (100%)	32	All 2-bath units

\*This assumes net-new residential units that require additional water beyond what is currently available on an existing parcel.

**Multi-Family Residential:**

See discussion above.

**FISCAL IMPACT:**

None.

**PRIOR CITY COUNCIL ACTION:**

On August 6, 2013, the City Council passed Resolution 2013-43, adopting an amended water allocation resolution to facilitate the Carmel Event Center project.

**ATTACHMENTS:**

1. Resolution 2025-097
2. October 7, 2025 City Council Staff Report
3. Rule24-Table2

**CITY OF CARMEL-BY-THE-SEA  
CITY COUNCIL**

**RESOLUTION NO. 2025-097**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CARMEL-BY-THE-SEA  
ADOPTING AN AMENDED WATER ALLOCATION RESOLUTION (CMC SECTION 17.50.030)**

WHEREAS, the Land Use and Conservation Elements of the City's General Plan contain objectives and policies that establish guidance related to the distribution of water in Carmel; and

WHEREAS, in recognition of the need to conserve and manage its limited water resources, the City adopted a Water Management Ordinance in 2004 as part of the Local Coastal Program, which authorizes the establishment of allocation categories; and

WHEREAS, the purpose of establishing water use categories is to limit access to water to those land uses which have been determined to be consistent with the City's General Plan and to projects which provide the greatest level of benefit to the community; and

WHEREAS, the City has adopted a Water Management Program ordinance that requires the allocation of water to defined categories of development as a means of implementing the City's land use goals; and

WHEREAS, on January 27, 2025, the Monterey Peninsula Water Management District (MPWMD) adopted Ordinance No. 197, allocating 14 acre-feet of water to the City of Carmel-by-the-Sea in anticipation of the completion of the Pure Water Monterey Expansion project at the end of 2025; and

WHEREAS, Carmel-by-the-Sea Municipal Code Chapter 17.50, Water Management Program, Section 17.50.030.C, Unallocated Reserves states that if new water resources become available to the City through action by the MPWMD, they shall be placed in unallocated reserves administratively until distributed to other categories through the adoption of a new allocation resolution; and

WHEREAS, the City's Water Management Program requires recommendations from the Planning Commission before the City Council adopts an allocation resolution; and

WHEREAS, on September 10, 2025, the Planning Commission reviewed the water management program at a duly noticed public hearing and adopted Resolution 2025-042-PC recommending that the City Council adopt an amended water allocation resolution; and

WHEREAS, on September 26, 2025, a notice of public hearing was published in the Carmel Pine Cone for the October 7, 2025, City Council meeting in compliance with State law (California Government Code 65091), indicating the date and time of the public hearing; and

WHEREAS, on or before October 3, 2025, the meeting agenda was posted in three locations in compliance with State law, indicating the date and time of the public hearing; and

WHEREAS, on October 7, 2025, the City Council considered the Planning Commission's recommendation at a duly noticed public hearing; and

WHEREAS, the City Council directed staff to return with a draft resolution allocating 3-acre feet to very low and low-income housing, 3-acre feet to single-family residential (not including accessory and junior accessory dwelling units), 2-acre feet to multi-family residential, and 6-acre feet in unallocated reserves; and

WHEREAS, the City Council directed staff to return at a date uncertain to discuss potential options for allocating water to accessory and junior accessory dwelling units; and

WHEREAS, the City Council continued the hearing to the November 3, 2025, meeting; and

WHEREAS, on or before October 31, 2025, the meeting agenda was posted in three locations in compliance with State law, indicating the date and time of the public hearing; and

WHEREAS, the California Environmental Quality Act (California Public Resources Code §§ 21000, *et seq.*, "CEQA"), together with State Guidelines (14 California Code Regulations §§ 15000, *et seq.*, the "CEQA Guidelines") and City Environmental Regulations (CMC 17.60) require that certain projects be reviewed for environmental impacts and that environmental documents be prepared; and

WHEREAS, the City Council finds that adopting a resolution on the allocation of water resources is not a project under CEQA as defined in Public Resources Code Section 21065 and CEQA Guidelines Section 15378; and

WHEREAS, the facts set forth in the recitals are true and correct and are incorporated herein by reference.

**NOW, THEREFORE, BE IT RESOLVED, that the City Council of the City of Carmel-by-the-Sea does hereby:**

Adopt an amended water allocation as outlined in Exhibit A.

**PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF CARMEL-BY-THE-SEA, this 3<sup>rd</sup> day of November 2025, by the following vote:**

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED:

ATTEST:

\_\_\_\_\_  
Dale Byrne  
Mayor

\_\_\_\_\_  
Nova Romero, MMC  
City Clerk

**EXHIBIT "A"**  
Water Allocation Categories  
Pursuant to Carmel Municipal Code Section 17.50.030

**TOTAL AVAILABLE WATER RESOURCE** **16.636 af**

**Category #1: Low & Very Low-Income Housing** **3.616 af**

This category includes residential housing units that meet the affordable housing standards for low-income and/or very low-income households as defined by the municipal code.

**Category #2: Single Family Residential** **3.000 af**

Category #2a: Accessory Dwelling Unit/Junior Accessory Dwelling Unit 0.000 af

**Category #3: Multi-Family Residential** **2.000 af**

This category includes permanent and non-transient multi-family housing in all commercial and R-4 Districts, including new apartments and condominiums, conversions of commercial space to residential dwellings, and the housing component of mixed-use projects.

**Category #4: Commercial** **0.000 af**

This category includes the construction of new commercial floor space and the conversion of existing space to uses with a greater demand for water. This category also includes the commercial component of mixed-use projects.

**Category #5: Municipal** **0.224 af**

This category includes all forms of municipal projects, including expansion or renovation of existing facilities, construction of new facilities, and changes in use.

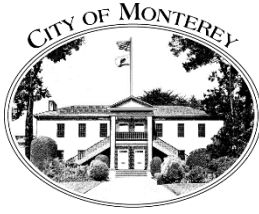
**Category #6: Unallocated Reserve** **7.690 af**

This category is unallocated and is to be held as uncommitted until assigned to a defined category through adoption of a new Allocation Resolution by the City Council.

**Category #7: Mallery/Pescadero Water Transfer Reserve** **0.106 af**

This category includes the remaining balance from .960 acre-feet of water originally set aside through a transfer of development rights for four vacant lots in Pescadero Canyon owned in 1998 by Tim Mallery but dedicated as permanent open-space. This water may be used for residential, multi-family residential, commercial, or public use development as determined by Mallery, provided that the project complies with all zoning requirements and is located within the City limits.

Note: af= acre feet



# Council Agenda Report

Date: 11/18/2025

Item No.: 14.

**FROM:** Kimberly Cole, AICP, Community Development Director

**SUBJECT:** Establish Water Policy Distributing Water Available from the Monterey Peninsula Water District Ordinance 197 (Not a Project under CEQA per Article 20, Section 15378 and Under General Rule Article 5, Section 15061)

**RECOMMENDATION:**

That the City Council adopt a Resolution establishing a water distribution policy for the City of Monterey.

**VALUE DRIVERS:**

Champion regional and local efforts to secure adequate, affordable, and sustainable water sources for the city, now and into the future.

**POLICY IMPLICATIONS:**

The City's General Plan contains a program to create a water distribution policy.

**Housing Element Program 2-J Water Distribution Policy:**

As detailed in Appendix C, Housing Constraints, the State Water Resources Control Board has put in place a Cease-and-Desist Order that effectively prohibits new water hookups or increased water use in Monterey. Consequently, the City cannot approve housing projects that would result a net increase in water consumption until the water supplier, the California American Water Company, has terminated illegal diversions from the Carmel River and a new water supply is in operation. Additional water supply is anticipated to become available starting in 2025 if the California Public Utilities Commission authorizes Cal-Am to enter into a water purchase agreement for the Pure Water Monterey expansion project, with supply to the City of Monterey increasing incrementally as new sources come online. Additional water sources are being explored for feasibility and

**Agenda Report Highlights**

- The City Council is recommended to adopt a resolution establishing a water distribution policy prioritizing affordable housing projects.
- The policy aligns with Housing Element Program 2-J, which mandates prioritizing water allocation for affordable housing based on project size, number of units, and affordability level.
- Water allocation is contingent on lifting or modifying the State Water Resources Control Board's Cease and Desist Order and CPUC moratorium.
- Water allocation is contingent on lifting or modifying the State Water Resources Control Board's Cease and Desist Order and CPUC moratorium.
- Water allocation is contingent on lifting or modifying the State Water Resources Control Board's Cease and Desist Order and CPUC moratorium.

are also anticipated to increase the overall water supply for the City. Therefore, as it becomes available, the City will develop a methodology for allocating new water supply in a manner that prioritizes affordable housing projects. The methodology will consider the overall size of the project, the number of affordable units proposed, and the level of affordability proposed.

The proposed policy implements this Housing Element Program 2-J.

**CAMPAIGN DISCLOSURE REQUIREMENT (LEVINE ACT) APPLIES:** No.

**FISCAL IMPLICATIONS:**

No fiscal implications have been identified.

**ENVIRONMENTAL DETERMINATION:**

The City of Monterey determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA)(CCR, Title 14, Chapter 3 (“CEQA Guidelines), Article 20, Section 15378). In addition, CEQA Guidelines Section 15061 includes the general rule that CEQA applies only to activities which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. Because the proposed action and this matter have no potential to cause any effect on the environment, or because it falls within a category of activities excluded as projects pursuant to CEQA Guidelines section 15378, this matter is not a project. Because the matter does not cause a direct or any reasonably foreseeable indirect physical change on or in the environment, this matter is not a project. Any subsequent discretionary projects resulting from this action will be assessed for CEQA applicability.

**ALTERNATIVES CONSIDERED:**

The City Council can modify the proposed policy or not adopt a policy.

**DISCUSSION:**

On January 2, 2025, the Monterey Peninsula Water Management District (MPWMD) adopted Ordinance 197 allocating 141.469 af (acre-feet) of water to the City of Monterey as of March 1, 2025. Use of, or release of, such allocation to projects was subject to final construction of the Pure Water Monterey Expansion Project which was October 9, 2025 and the State of California’s moratorium on new connections imposed by the State Water Resources Control Board Orders WR 2009-0060 and WR 2016-0016. (MPWMD Ord. 197, Section Five.) The purpose of this agenda report is to create a City policy that distributes this water consistent with the City’s General Plan Housing Element Program 2-J. Program 2-J requires the City to prioritize water for affordable housing projects. The methodology must consider the overall size of the project, the number of affordable units proposed, and the level of affordability proposed.

***Background***

California American Water (Cal Am) has been subject to State Water Resources Control Board (SWRCB) orders to reduce its water diversions from the Carmel River for decades. Specifically, SWRCB Order No. WR 95-10 dated July 6, 1995, determined that Cal-Am did not have the right

to divert as much water from the Carmel River system as it historically did. The SWRCB, through Order WR 2009-0060, authorized Cal Am to continue these diversion levels until 2017, and then again through Order WR 2016-0016 to 2021, at which point alternative water supplies were required to avoid significant threats to the health, safety and welfare of residents, businesses, visitors and property owners on the Monterey Peninsula.

MPWMD and Monterey One Water (M1W) jointly developed the Pure Water Monterey/ Groundwater Replenishment Project (PWM/GWR). PWM/GWR is an advanced water recycling project designed to eliminate diversions from the Carmel River and create a new water supply for the region. Initially, the approved PWM/GWR Project had an operational capacity of 4.0 million gallons per day (mgd). In 2017, M1W approved a modification to the PWM/GWR Project that expanded operational capacity from 4.0 mgd to 5.0 mgd. In 2019, M1W evaluated expanding the facility peak capacity from 5 mgd to 7.6 mgd resulting in an additional 2,250 AFY of purified recycled water injected into the Seaside Groundwater Basin. Today, the PWM/GWR project can extract and sell a total average yield of 5,750 AFY to Cal Am. The 5,750 AFY of water replaces a portion of the water supply for Cal Am which was required by the SWRCB to reduce drafting water from the Carmel River to legally permitted levels.

The Monterey Peninsula Water Management District adopted Ordinance No. 197 to allocate a portion of the additional new water supply made available by the expansion of the PWM/GWR Project amongst the Monterey Peninsula jurisdictions within the District's service area. The ordinance states, "Each Jurisdiction should limit the release of water from its Allocation to projects that will not be completed before December 31, 2025, until Pure Water Monterey Expansion has received its final approval. All projects using an Allocation, with the exceptions of the Bishop, Ryan Ranch, and Hidden Hills units of Cal Am, are subject to the moratorium on new Connections imposed by SWRCB Orders WR 2009-0060 and WR 2016-0016."

On October 21, 2025, MPWMD applied to the SWRCB to modify the Cease and Desist Order. Its application provides, in part, the rationale for this request as follows:

Condition 2 of WR 2009-0060 states "Cal-Am shall not divert water from the Carmel River for new service connections or for any increased use of water at existing service addresses resulting from a change in zoning or use. Cal-Am may supply water from the river for new service connections or for any increased use at existing service addresses resulting from a change in zoning or use after October 20, 2009, provided that any such service had obtained all necessary written approvals required for project construction and connection to Cal-Am's water system prior to that date."

The prohibitions against new service connections and increased use at existing service connections resulting from Condition 2 unfairly restrict local jurisdictions from pursuing housing construction mandated by the State and job growth sought by the local business community.

The State Housing and Community Development (HCD) Department has declared there is a housing crisis squarely in the public interest to change. If unmet, local public health and safety will be impaired. The Monterey Peninsula aspires to make progress on its Regional Housing Needs Allocation (RHNA) and housing requirements set by the HCD as mandated by the Housing Element Law, but is restricted by the SWRCB CDO limiting setting of new meters or increasing water use at existing sites.

## **Proposed Policy**

The proposed resolution establishes City policy for when specific provisions of the SWRCB Orders WR 2009-0060 and WR 2016-0016 are lifted or modified to allow new meters and increased use at existing sites. The proposed policy includes the following key provisions:

1. Projects that include affordable housing are the City's top priority for water allocation and will be issued a water permit prior to other project types. The priority for water allocation is based on the overall size of the project, the number of affordable units proposed, and the level of affordability proposed.
2. The City will accept a Water Release Form after all planning permits and outside agency (Coastal Commission, etc.) have been finalized/issued and when the project's building permit is ready for issuance according to the City Building Official.
3. Project applicants are required to pull a building permit within 180 days of the applicant being notified by email of the building and water permit issuance status.
4. Projects are required to pass a required building inspection within 365 days of building permit issuance in compliance with MCC.
5. Housing units are limited to these maximum water credits:
  - Residential Uses can add fixtures compliant with this maximum acre foot allocation
    - One Bath Residential Dwelling with High Efficiency Fixtures (.063 acre feet)
    - Two Bath Residential Dwelling with High Efficiency Fixtures (.111 acre feet)
    - Two & ½ Bath Residential Dwelling with High Efficiency Fixtures (.129 acre feet)
  - ADU (.063 acre feet)
  - JADU (.063 acre feet)
6. Water permits for new allocations per MPWMD's Ordinance 197 will be issued when the State Water Resources Control Board (SWRCB) Cease and Desist Order (CDO) and the California Public Utilities Commission ("CPUC") moratorium is lifted or modified to allow the City to allocate the water.

In summary, staff recommend the City Council adopt the attached Resolution.

KC

Attachments: 1. Resolution  
2. Example Water Project Allocations  
3. Monterey Peninsula Water Management District Ordinance 197  
4. Monterey Peninsula Water Management District Application for Order Modifying WRO 2016-0016 Cease and Desist Order (CDO), and Precedents WRO 2009-0060 and Order 95-10

e: All neighborhood associations  
All business associations

Writings distributed for discussion or consideration on this matter within 72 hours prior to the meeting, pursuant to Government Code § 54957.5, will be made available at the following link:

<https://monterey.gov/Submitted-Comments>

**RESOLUTION NO. \_\_ - \_\_ C.S.**

**A RESOLUTION OF THE COUNCIL OF THE CITY OF MONTEREY**

**ESTABLISHING A WATER POLICY TO DISTRIBUTE WATER AVAILABLE FROM THE  
MONTEREY PENINSULA WATER DISTRICT ORDINANCE 197**

WHEREAS, State Water Resources Control Board ("SWRCB") Order No. WR 95-10 dated July 6, 1995, determined that California American Water ("Cal-Am") did not have the right to divert as much water from the Carmel River system as it historically did. The SWRCB, through Order WR 2009-0060, authorized Cal-Am to continue these diversion levels until 2017, and then again through Order WR 2016-0016 to 2021, at which point alternative water supplies were required to avoid significant threats to the health, safety and welfare of residents, businesses, visitors and property owners on the Monterey Peninsula;

WHEREAS, the Pure Water Monterey ("PWM")/Groundwater Replenishment Project ("PWM/GWR") is an advanced water recycling project, jointly developed by MPWMD and Monterey One Water ("M1W"). The PWM Groundwater Replenishment Final Environmental Impact Report ("2015 EIR") was certified by M1W in October 2015, with Addenda approved in June 2016, March 2017, and October 2017 to address project changes (SCH #2013051094; MPWMD/MI W 2015, 2016, 2017a, 2017b). Initially, the approved PWM/GWR Project had an operational capacity of 4.0 million gallons per day (mgd). In 2017, M1W approved a modification to the PWM/GWR Project that expanded operational capacity from 4.0 mgd to 5.0 mgd (MPWMD/MIW 2019). The PWM/GWR Project is owned and operated by M1W. Currently, MPWMD sells 3,500 AFY of water from PWM/GWR to Cal-Am;

WHEREAS, in 2019, M1W prepared a Draft Supplemental EIR for modifications to expand the water supply yield of the approved PWM/GWR Project. These modifications would expand facility peak capacity from 5 mgd to 7.6 mgd and would ultimately result in an additional 2,250 AFY of purified recycled water for injection into the Seaside Groundwater Basin. PWMD would subsequently extract and sell a total average yield of 5,750 AFY to Cal Am (MPWMD/M1W 2019). The PWM/GWR Project would also deliver 600 AFY to the Marina Coast Water District. The 5,750 AFY of water would replace a portion of the water supply for Cal-Am, which has been required by the SWRCB to reduce drafting water from the Carmel River to legally permitted levels. The Final Supplemental EIR ("2021 SEIR") was certified in April 2021, and an Addendum was approved in November 2021 (SCH #2013051094, MPWMD/M1W 2020, 2021);

WHEREAS, the PWM Expansion provides a replacement water supply that should enable the lifting of the SWRCB Cease and Desist Order (CDO) and the California Public Utilities Commission ("CPUC") moratorium on the setting of new meters;

WHEREAS, Ordinance No. 197 allocated a portion of the additional new water supply made available by the expansion of the PWM/GWR Project amongst the Monterey Peninsula Jurisdictions within the District's service area. The District anticipates that the additional water supply will be on-line by the fourth quarter of 2025. The Amended and Restated Water Purchase Agreement for the Pure Water Monterey (PWM) Expansion project was signed in March 2023;

WHEREAS, the District considered several factors when determining the allocation, including but not limited to historical average water consumption data, water production data, water availability, and estimates of job and population growth for each Jurisdiction based on the Association of Monterey Bay Area Governments (AMBAG) 2022 Regional Growth Forecast;

WHEREAS, the District allocated a portion of the new supply and retains flexibility to be able to allocate additional supply when needed to meet future water demands of the Jurisdictions;

WHEREAS, the District prepared the EIR Addendum which supported the District's determination that the additional water allocation is within the scope of the 2021 SEIR, did not require subsequent action under CEQA Guidelines Section 15162 and, in conjunction with the 2021 SEIR, adequately analyzes potential environmental impacts. The Addendum was adopted by the District Board in February 2024;

WHEREAS, the District adopted Ordinance 197 distributing 141.469 af to the City of Monterey. Section 5 of the ordinance states, "Each Jurisdiction should limit the release of water from its Allocation to projects that will not be completed before December 31, 2025, until Pure Water Monterey Expansion has received its final approval. All projects using an Allocation, with the exceptions of the Bishop, Ryan Ranch, and Hidden Hills units of Cal-Am, are subject to the moratorium on new Connections imposed by SWRCB Orders WR 2009-0060 and WR 2016-0016. Pre-existing Paralta and pre-Paralta Allocations may continue to be used in the interim."

WHEREAS, the proposed policy will not result in water distributions until the State Water Resources Control Board (SWRCB) Cease and Desist Order (CDO) and the California Public Utilities Commission ("CPUC") moratorium is lifted. As a result, the City of Monterey determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA)(CCR, Title 14, Chapter 3 ("CEQA Guidelines), Article 20, Section 15378). In addition, CEQA Guidelines Section 15061 includes the general rule that CEQA applies only to activities which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. Because the proposed action and this matter have no potential to cause any effect on the environment, or because it falls within a category of activities excluded as projects pursuant to CEQA Guidelines section 15378, this matter is not a project. Because the matter does not cause a direct or any reasonably foreseeable indirect physical change on or in the environment, this matter is not a project. Any subsequent discretionary projects resulting from this action will be assessed for CEQA applicability.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF MONTEREY that the above recitals are true and correct and are hereby incorporated and adopted as findings of the City Council as if fully set forth herein.

NOW, THEREFORE, BE IT FURTHER RESOLVED BY THE COUNCIL OF THE CITY OF MONTEREY that it hereby establishes the following priorities and procedures:

1. Projects that include affordable housing are the city's top priority for water allocation and will be issued a water permit prior to other project types. The priority for water allocation

is based on the overall size of the project, the number of affordable units proposed, and the level of affordability proposed.

2. Project applicants may submit the completed Monterey Peninsula Water Management District Water Release Form to the City only after all planning permits and outside agency (Coastal Commission, etc.) approvals have been finalized/issued and when the project's building permit is ready for issuance according to the City Building Official.
3. Project applicants are required to pull a building permit within 180 days of the applicant being notified by email of the building and water permit issuance status.
4. Projects are required to pass a required building inspection within 365 days of building permit issuance in compliance with Monterey City Code.
5. Housing units are limited to these maximum water credits:
  - Residential Uses can add fixtures compliant with this maximum acre foot allocation
    - One Bath Residential Dwelling with High Efficiency Fixtures (.063 acre feet)
    - Two Bath Residential Dwelling with High Efficiency Fixtures (.111 acre feet)
    - Two & ½ Bath Residential Dwelling with High Efficiency Fixtures (.129 acre feet)
  - ADU (.063 acre feet)
  - JADU (.063 acre feet)
6. Water permits for new allocations per the MPWMD's Ordinance 197 will be issued when the State Water Resources Control Board (SWRCB) Cease and Desist Order (CDO) and the California Public Utilities Commission ("CPUC") moratorium is lifted or modified to allow the setting of new meters or allow for increasing water use at existing sites.

PASSED AND ADOPTED BY THE COUNCIL OF THE CITY OF MONTEREY this \_\_\_\_\_ day of \_\_\_\_\_, 202\_, by the following vote:

AYES:	COUNCILMEMBERS:
NOES:	COUNCILMEMBERS:
ABSENT:	COUNCILMEMBERS:
ABSTAIN:	COUNCILMEMBERS:

APPROVED:

ATTEST:

\_\_\_\_\_  
Mayor of said City

\_\_\_\_\_  
City Clerk thereof

**Table 1. One-Bath Residential Dwelling with High-Efficiency Fixtures**

<b>Fixture Type</b>	<b>Fixture Value</b>		<b># of Fixtures</b>	<b>Acre Feet</b>	
Washbasin	1.0		1	.010	
Toilet, Ultra High-Efficiency		0.8	1		.008
Bathtub/Shower	2.0		1	.020	
Kitchen Sink, with High-Efficiency Dishwasher	1.5		1	.015	
Clothes Washer, High-Efficiency	1.0		1	.010	
<b>Total</b>	<b>6.3</b>		<b>5</b>	<b>.063</b>	

**Table 2. Two-Bath Residential Dwelling with High-Efficiency Fixtures**

<b>Fixture Type</b>	<b>Fixture Value</b>		<b># of Fixtures</b>	<b>Acre Feet</b>	
Washbasin	1.0		2	.020	
Toilet, Ultra High-Efficiency		0.8	2		.016
Bathtub/Shower	2.0		1	.020	
Master bathtub/shower	3.0		1	.030	
Kitchen Sink, with High-Efficiency Dishwasher	1.5		1	.015	
Clothes Washer, High-Efficiency	1.0		1	.010	
<b>Total</b>	<b>9.3</b>		<b>8</b>	<b>.111</b>	

**Table 3. Two-Bath & ½ Bath Residential Dwelling with High-Efficiency Fixtures**

<b>Fixture Type</b>	<b>Fixture Value</b>		<b># of Fixtures</b>	<b>Acre Feet</b>	
Washbasin	1.0		3	.030	
Toilet, Ultra High-Efficiency		0.8	3		.024
Bathtub/Shower	2.0		1	.020	
Master bathtub/shower	3.0		1	.030	
Kitchen Sink, with High-Efficiency Dishwasher	1.5		1	.015	
Clothes Washer, High-Efficiency	1.0		1	.010	
<b>Total</b>	<b>9.3</b>		<b>10</b>	<b>.129</b>	

**Table 4. ADU (with laundry; not required)**

<b>Fixture Type</b>	<b>Fixture Value</b>		<b># of Fixtures</b>	<b>Acre Feet</b>	
Washbasin	1.0		1	.010	
Toilet, Ultra High-Efficiency		0.8	1		.008
Bathtub/Shower	2.0		1	.020	
Kitchen Sink, with High-Efficiency Dishwasher	1.5		1	.015	

Clothes Washer, High-Efficiency	1.0	1	.010
Total	6.3	5	.063

**Table 5. JADU (with laundry; bathroom not required per State law)**

<b>Fixture Type</b>	<b>Fixture Value</b>	<b># of Fixtures</b>	<b>Acre Feet</b>
Washbasin	1.0	1	.010
Toilet, Ultra High-Efficiency	0.8	1	.008
Bathtub/Shower	2.0	1	.020
Kitchen Sink, with High-Efficiency			
Dishwasher	1.5	1	.015
Clothes Washer, High-Efficiency	1.0	1	.010
Total	6.3	5	.063



**CITY OF PACIFIC GROVE**  
300 Forest Avenue, Pacific Grove, California 93950

**AGENDA REPORT**

**TO:** Honorable Mayor and Members of the City Council  
**FROM:** Jon Biggs, Community Development Director  
**MEETING DATE:** November 05, 2025  
**SUBJECT:** Allocation of available potable water from the Pacific Grove Local Water Project and the Pure Water Monterey Ground Water Replenishment Project.  
**CEQA:** Categorical Exemption, CEQA Guidelines Section 15061(b)(3)

**RECOMMENDATION**

Staff recommends adoption of the attached resolution and notes that if changes to the allocation are desired or necessary in the future, staff can return to the City Council with a new resolution that assigns different amounts of water among the five categories.

**DISCUSSION**

At its meeting of October 15, 2025, the City Council directed that staff return with a resolution that memorialized the assignment of potable water currently or nearly available for allocation. Chapter 11.68 of the Pacific Grove Municipal Code, Water Distribution Regulations, provides that the City Council may distribute available potable water by resolution.

There are two sources of potable water that are ready or nearly ready for allocation. These are the Pacific Grove Local Water Project (PGLWP), also referred to as entitlement water, and the Pure Water Monterey Ground Water Replenishment Project (PWM/GWR), which has an anticipated completion near the end of the 2025 calendar year.

The Monterey Peninsula Water Management District (MPWMD) adopted Ordinance No. 197, which allocated 32 acre-feet of water to the City of Pacific Grove in anticipation of the completion of the PWM/GWR at the end of 2025. The PGLWP generated 47.88 acre-feet of water, of which 11.5 acre-feet have been reserved for an affordable housing project. With this reserve and sales of this water to date, approximately 19.2551 acre-feet of water remain available for sale.

Attached for City Council consideration is a resolution that reflects the direction of the City Council and the allocation of available potable water from each of available or nearly available water sources.

**OPTIONS**

1. Adopt resolution recommended by staff.
2. Provide alternate allocations and amend resolution at meeting.
3. Decline to allocate available potable water.

**FINANCIAL IMPACT:**

A significant financial impact is not anticipated by the allocation of available potable water to the five categories identified in this report.

**FOCUSED PRIORITY AREA:** Community Development

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**Attachments**

Attachment 1 Resolution for the Allocation of Available Potable Water

**RESOLUTION NO. 25-026**

**A RESOLUTION OF THE COUNCIL OF THE CITY OF PACIFIC GROVE  
ALLOCATING AVAILABLE POTABLE WATER**

1. In recognition of the need to manage its limited water resources, the City Council enacted Chapter 11.68 (Water Distribution Regulations) of the Pacific Grove Municipal Code in 2018.
2. A key purpose of these regulations was to promote immediate use of available potable water and inhibit water banking.
3. Chapter 11.68 of the Pacific Grove Municipal Code authorizes the City Council to distribute available water by resolution.
4. The City of Pacific Grove built and now operates its Local Water Project (PGLWP), also known as entitlement water, that produces recycled water which is used instead of potable water for landscape irrigation at the Pacific Grove Golf Links and the El Carmelo Cemetery; thus, freeing up potable water for use elsewhere in the City.
5. The Monterey Peninsula Water Management District (MPWMD) approved Ordinance No. 168 on January 27, 2016 to establish the City's water entitlement based on potable water saved by the PGLWP.
6. The State Water Resources Control Board (SWRCB) has confirmed the City can allocate 47.88 acre-feet of entitlement water to allow increased uses of water at existing service addresses within the City but provides terms and conditions limiting the sale and use. The entitlement water is available to use on most Cal-Am service addresses within the City but cannot be used on properties without access to a pre-existing water meter.
7. On May 15, 2019, the City Council adopted Resolution 19-014, which authorized the City Manager to sell 47.88 acre/ft (AF) of water entitlements to be distributed and used in accord with the Pacific Grove Municipal Code Chapter 11.68, and further to be sold and used in accord with terms and conditions set by the SWRCB letter dated April 19, 2019.
8. Pacific Grove City Council Resolution 19-014 created a reserve of 11.5 AF of water entitlements for affordable housing to be deducted from the 47.88 of entitlement water for sale.
9. To date, there is approximately 19.2551 AF of entitlement water remains available for sale.
10. On January 27, 2025, the Monterey Peninsula Water Management District (MPWMD) adopted Ordinance No. 197, which allocated 32 acre-feet of water to the City of Pacific Grove in anticipation of the completion of the Pure Water Monterey Ground Water Replenishment Project (PWM/GWR) at the end of 2025.
11. The California Environmental Quality Act (California Public Resources Code §§ 21000, *et seq.*, "CEQA"), together with State Guidelines (14 California Code of Regulations §§ 15000,

*et seq.*, the “CEQA Guidelines”) require that certain projects be reviewed for environmental impacts.

12. The City Council finds that the allocation of water to various types of uses is categorically exempt and covered by the CEQA Guidelines Section 15061(b)(3).
13. On September 10, 2025, the City Council considered the recommendations of staff on the distribution of available potable water from the PGLWP and PWM/GWR projects among five categories and directed that staff return with a resolution documenting these allocations.

**NOW, THEREFORE, THE COUNCIL OF THE CITY OF PACIFIC GROVE DOES RESOLVE AS FOLLOWS:**

1. The City Council determines that each of the Findings set forth above are true and correct, and by this reference incorporates those Findings as an integral part of this Resolution.
2. The City Council allocates available potable water from the PGLWP and PWM/GWR projects among five categories in the amounts indicated in the following table:

<b>PWM/GWR - 32 AFY</b>	
Residential	0
Affordable Housing	23 AFY
Commercial	6 AFY
Municipal	3 AFY
Unallocated Reserve	0
<b>Total -</b>	<b>32 AFY</b>
<b>PGLWP – 19.2551</b>	
Residential	15 AFY
Affordable Housing	0
Commercial	0
Municipal	0
Unallocated Reserve	4.2551 AFY
<b>Total -</b>	<b>19.2551 AFY</b>

**PASSED AND ADOPTED BY THE COUNCIL OF THE CITY OF PACIFIC GROVE**  
 this 5<sup>th</sup> day of November 2025, by the following vote:

- AYES: Mayor Smith, Mayor Pro Tem Amelio, Councilmembers Garfield, McDonnell, Poduri, Rau and Walkingstick.  
 NOES: None.  
 ABSENT: None.

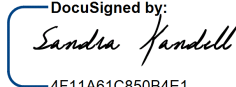
APPROVED:

Signed by:  
  
3A6EFFFFE41534EC...

NICK SMITH,  
Mayor

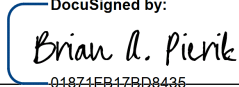
ATTEST: 11/25/2025

DATED: \_\_\_\_\_

DocuSigned by:  
  
4E11A61C850B4E1

SANDRA KANDELL, City Clerk

APPROVED AS TO FORM:

DocuSigned by:  
  
04874FB47BD8435...

BRIAN PIERIK, City Attorney

## EXHIBIT 4-D



### **CITY OF SEASIDE STAFF REPORT**

**Item No.: 9.B.**

**TO:** City Council

**FROM:** Greg McDanel, City Manager

**BY:** Andrew Myrick, Economic Development & Community Planning Manager

**DATE:** April 3, 2025

**SUBJECT: AN ORDINANCE TO AMEND CHAPTER 13.24 OF THE  
MUNICIPAL CODE TO MODIFY PROCEDURES FOR ALLOCATING  
WATER TO DEVELOPMENT PROJECTS**

---

### **RECOMMENDATION**

Conduct first reading of the ordinance, and hold public hearing.

### **BACKGROUND**

Water Allocations for development projects within the City of Seaside are regulated by Chapter 13.24 of the Municipal Code. As it is presently written, this Chapter proscribes a process whereby the City Council allocates available water within the boundaries of the Monterey Peninsula Water Management District (MPWMD) to specific categories for use. Although the Ordinance does not place any limits on the number or types of categories, there are three categories that are identified within the Ordinance: commercial projects, institutional projects, and accessory dwelling units. The level of detail for the allocation of water within these defined categories varies: there is a great deal of very specific details provided for commercial allocations, while there is very little detail provided for institutional projects. Not all of the categories currently identified by the Council are identified in the Ordinance.

The Ordinance also includes the creation of a water allocation committee, made up of the City Manager, Public Works Director, and Community Development Director. This committee is tasked with prioritizing the use of water and granting water permits.

Under the Ordinance, water allocations must be secured before an application for a development project may be considered.

The proposed Ordinance represents a significant change to the existing Ordinance.

Most significantly, the Ordinance would be rewritten to clarify the procedure that the Council uses to identify development priorities and then establish procedures for the allocation of this water. This would be done via Resolution by the Council, allowing the Council to maintain an active role in establishing how water supplies are managed. In the absence of any adopted program, all requests for a water allocation would be submitted to the City Council for consideration.

Essentially, from a procedural standpoint, the Council would allocate water to specific categories, then would establish procedures for the allocation of water within those categories. This will greatly assist in the processing of applications which have a high volume of small requests (such as ADUs or infill housing projects). Additionally, by establishing procedures, the Council is able to delegate authority to approve water to other entities by defining the criteria under which water would be allocated, and provides assurances to potential applicants that water will be available for those projects. If no review authority is delegated, Council would retain discretion over individual water allocations.

Another significant change is the elimination of all categories from the Ordinance. As noted above, these programs or categories would not necessarily be eliminated, but would instead have their programs defined via Resolution. This provides for more flexibility if changes to programs are desired in the future.

The Ordinance would also redefine the role of the water allocation committee. The committee will still exist, but its role will be as may be provided within the programs adopted by the Council. If those programs include a role for the water allocation committee, then the committee would assume that role. It will also serve as an intermediate appeal body between staff and the City Council if an applicant wishes to appeal a denial of a water allocation.

The Ordinance would also remove references to the MPWMD, allowing for these procedures to be utilized across all three of the City's water service providers (although the programs adopted by the Council in the future likely will vary between the different service areas due to differences regarding the management of allocations by different service providers).

Staff believes that adopting these changes will result in a more efficient, more flexible system that provides the Council with the ability to actively manage the City's water supplies while also providing certainty to applicants seeking water supplies for projects and reducing the time and costs associated with the consideration of these requests.

### **FISCAL IMPACT**

No fiscal impact is associated with this item.

**ATTACHMENTS**

1. Water Allocation Ordinance 2025-04-03
- 

Reviewed for Submission to the City Council by:



---

Greg McDanel, City Manager

**ORDINANCE NO. \_\_\_\_\_**

**AN ORDINANCE AMENDING CHAPTER 13.24 OF THE SEASIDE MUNICIPAL CODE FOR ALLOCATING WATER TO DEVELOPMENT PROJECTS**

**WHEREAS**, the Monterey Peninsula is currently experiencing a shortage of water; and

**WHEREAS**, in order to combat this shortage, water supplies within the service area of the California American Water Service Company (Cal Am) are managed by the Monterey Peninsula Water Management District (MPWMD), which provides an allocation to jurisdictions to then allocate to various projects; and

**WHEREAS**, the procedures for the allocation for this water is provided in Chapter 13.24 of the Municipal Code; and

**WHEREAS**, the City Council desires to modify the provisions of Chapter 13.24 to provide for more clarity and flexibility with regards to the allocation of water to various development projects and to also apply these provisions to water allocations from other service providers; and

**WHEREAS**, the proposed Ordinance is not subject to the California Environmental Quality Act (CEQA) pursuant to Section 15061(b)(3) of the CEQA Guidelines as the proposed changes do not make any changes to the allowable land uses or development regulations at any location within the City.

**NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF SEASIDE:**

**SECTION 1.** The City Council hereby finds and determines the foregoing recitals, which are incorporated herein by reference, are true and correct.

**SECTION 2.** Chapter 13.24 of the Seaside Zoning Ordinance is hereby amended to reflect the changes identified in the attached Exhibit "A."

**SECTION 3.** If any provision, section, paragraph, sentence, clause or phrase of this Ordinance, or any part thereof, or the application thereof to any person or circumstance is for any reason held to be invalid or unconstitutional by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance, or any part thereof, or its application to other persons or circumstances. The City Council hereby declares that it would have passed

and adopted each provision, section, paragraph, subparagraph, sentence, clause or phrase thereof, irrespective of the fact that any one or more sections, paragraphs, subparagraphs, sentences, clauses or phrases, or the application thereof to any person or circumstance, be declared invalid or unconstitutional.

**SECTION 4.** This Ordinance shall become effective thirty days following adoption.

**INTRODUCED** at a regular meeting of the City Council of the City of Seaside, State of California, held on the 3<sup>rd</sup> day of April 2025.

**PASSED AND ADOPTED** at a regular meeting of the City Council of the City of Seaside, State of California, held on the \_\_\_<sup>th</sup> day of \_\_\_\_\_ 2025 by the following vote:

AYES:                    COUNCIL MEMBERS:  
NOES:                    COUNCIL MEMBERS:  
ABSENT:                COUNCIL MEMBERS:  
ABSTAIN:               COUNCIL MEMBERS:

APPROVED:

\_\_\_\_\_  
Ian N. Oglesby, Mayor

ATTEST:

\_\_\_\_\_  
Dominique L. Davis, City Clerk

APPROVED AS TO FORM:

\_\_\_\_\_  
Sheri L. Damon,  
City Attorney

Attach:      Exhibit "A" – Proposed Ordinance Amendment

# Exhibit "A"

## Chapter 13.24

### WATER ALLOCATION PROGRAMWATER ALLOCATIONS FOR DEVELOPMENT PROJECTS AND NEW USES

#### Sections:

**13.24.010** ~~Findings and d~~Declaration of intent.

~~13.24.020~~ ~~Water allocation program.~~

~~13.24.021~~0 Objectives.

~~13.24.022~~30 Administration.

~~13.24.040~~ ~~Water release permits.~~

~~13.24.023~~50 Water allocation committee.

~~13.24.024~~ ~~Applications and scoring.~~

~~13.24.025~~ ~~Water allocation categories.~~

~~13.24.03~~60 Appeals.

**13.24.010** ~~Findings and D~~declaration of intent.

The potential for new water sources on the Monterey Peninsula is extremely limited and that demand for water in the city of Seaside may well exceed capacity within a very short period of time. As a result of the limited availability of water, the need for planned development, and the continuing number of applications for commercial and institutional projects, the city finds it necessary to develop criteria for evaluation of water allocation release requests. This Chapter shall provide the structure for the development, implementation, and modification of programs designed to allocate water to various projects and uses and parties within the City of Seaside.

~~Monterey Peninsula Water Management District (MPWMD) regulations allow for an intensification of water use. As a result, certain commercial and institutional projects which will result in an increase of water use continue to be eligible for permits from the MPWMD. The water used will be deducted from the city of Seaside's current water allocation. All applications for permits must have written approval of the affected jurisdiction.~~

~~The potential for new water sources on the Monterey Peninsula is extremely limited and that demand for water in the city of Seaside may well exceed capacity within a very short period of time. As a result of the limited availability of water, the need for planned development, and the continuing number of applications for commercial and institutional projects, the city finds it necessary to develop criteria for evaluation of water allocation release requests for commercial and institutional properties.~~

#### **~~13.24.020~~ Water allocation program.**

~~Notwithstanding any other ordinance, rule, or policy of the city of Seaside, no application for a project which would result in an increase in water use shall be accepted, processed, acted upon, granted, or approved by any officer or employee of the city of Seaside except in conformance with this water allocation program. Approval of the water allocation does not imply recommendations for or approval of any other applications which may be required for the project by the city of Seaside or any other governmental agency having jurisdiction over the project. Projects are required to obtain all other necessary approvals required by the city of Seaside and/or other governmental agencies.~~

#### **13.24.0210 Objectives.**

Due to the limited availability of water on the Monterey Peninsula, it is necessary to establish procedures for the allocation of water credits for residential, commercial, and ~~institutional~~ other projects. In order to allocate Seaside's remaining water allocation, this chapter establishes the process by which water is allocated for use. ~~The intent of this program is to allocate water by category and by priorities set by the city council.~~

#### **13.24.02230 Administration.**

The City hereby creates its Water Allocation Program. The city council shall have the discretion to allocate and reallocate water and water resources as deemed necessary for the public health, safety, and welfare of the community; ~~and~~ to enhance the fiscal stability of the city; and/or for any other reason it deems to be appropriate. The city recognizes the importance of all categories of projects to the overall development of Seaside. The city also recognizes that as the city develops, and as water availability changes, allocation categories and priorities may change. The city council shall create by Resolution categories of water and shall allocate and reallocate water to each category. The city council may create,

identify or modify sub-categories, such as specific commercial districts or areas, for water allocations dependent upon city priorities and needs ~~deemed necessary to protect the public health, safety and welfare of the community.~~

Upon creation of categories of water, the City Council shall establish, by Resolution, policies and procedures for the allocation of water within the established category. These policies and procedures shall detail the conditions under which water shall be allocated. Within these policies and procedures the City Council may delegate authority for individual projects to City Commissions, staff, and/or the Water Allocation Committee; further, the City Council may adopt separate programs for different geographic areas such as the service areas of water service providers or within specific zoning districts. Specific commercial districts for water allocation will be established by resolution.

If the City Council does not create a program for the allocation of water for a specific category, then allocations of water within that category shall require the approval of the City Council.

#### **13.24.040 Water release permits**

Applicants may make a request for a water release permit by submitting a request to the City of Seaside. Requests shall be processed by the community development department. The community development department shall establish forms and procedures consistent with Resolutions adopted by Council to process requests for water allocations from the City. If a review authority which has been delegated with the power to approve or deny a water release permit request determines that the City should deny a request for a water allocation, such determination shall be made in writing and provided to the applicant. Determinations may be appealed in accordance with Section 13.24.060.

#### **13.24.023-050 Water allocation committee.**

The city's ~~w~~Water ~~a~~Allocation ~~program~~Committee ~~will be administered by~~shall consist of a three\_-members\_ committee. The committee will be comprised of one representative each from the community development department, the public works department, and the city manager or ~~their~~his designee. The Water

Allocation Committee shall meet as needed and shall have such duties and powers as shall be provided by Resolution of the City Council.

~~This committee will be charged with prioritizing applications for water allocations. Each project will be evaluated by using the criteria that apply to the specific project category. Projects that are prioritized and ranked highly will also be evaluated in terms of their total request for a specific amount of water. The committee will determine whether the project should be given all the water that has been required or whether the amount should be decreased due to the availability of water.~~

~~The committee will also have the responsibility of making policy recommendations and proposing changes to the water allocation program to the city council. This committee will meet as needed and provide an annual update to the city council.~~

~~Once the committee grants a water release permit for a commercial, industrial or residential use, the applicant must submit a complete application for the appropriate development permit associated with their project within sixty days of the issuance of the water release permit. The applicant must complete all work within twelve months of the date of issuance of a building permit, or for those projects which do not require a building permit, within twelve months of the date of issuance of a permit from the city or other governmental agency with permits the project to commence construction. A request for a time extension, due to a delay in the completion of the project, shall be submitted to the committee in writing for consideration. Failure of an applicant to adhere within the prescribed time limits listed above may result in the water release permit being declared void. Water allocations for voided permits will be returned to the city's overall allocation for redistribution to other applicants.~~

#### **13.24.024 Applications and scoring.**

~~The city will accept applications for water on all types of projects. These applications will be kept on file if the city does not have water available for these projects at the time of application, or if the policies of the water purveyors for the city prevent the city from providing water for a certain type of project. An applicant will be allowed to undertake a project that does not intensify water usage.~~

At the discretion of the committee, applications may be retained on file indefinitely if there is the possibility of water being granted for the project in the future. If the committee decides to remove an application from the file, a letter will be sent to the applicant indicating this and giving the reason for this action.

**13.24.025 Water allocation categories.**

A. Commercial Projects. Water will be allocated for commercial projects until the water allocation established by resolution has been fully allocated, based upon the point system outlined below. The applicant is responsible for providing enough information and documentation for the committee members to determine the scoring as listed below.

1. Projects scoring twenty or more points will be allocated water, if water is available.
2. The committee will have the authority to determine whether a project should be given all water requested or should receive a lesser amount due to the projected availability of water.

<b>Commercial Project Criteria</b>	<b>Determination</b>	<b>Points Received</b>
<p><b>Revenue Generation</b>            Up to \$5,000 = 1 point            \$5,001 – \$10,000 = 3 points            \$10,001 – \$15,000 = 5 points            \$15,001 or more = 7 points</p>	<p>Total: \$XX            City’s Share Property Tax Revenue 0.18% of \$XX = \$XX            City’s Share of Sales Tax Revenue 1% of \$XX = \$XX</p>	-
<p><b>Jobs Creation</b>            1 – 9 part time = 1 point            10 or more part time = 3 points            1 – 9 full time = 5 points            10 or more full time = 7 points</p>	-	-
<p><b>Projects on Major Thoroughfares</b>            All other commercial areas = 1 point            Fremont, Broadway, Del Monte = 5 points</p>	-	-

Commercial Project Criteria	Determination	Points Received
<p><b>Removal of Blight</b></p> <p>Occupied building, remodel existing structure = 1 point</p> <p>Vacant building, remodel of existing structure = 3 points</p> <p>Occupied building, full demo and redevelopment = 5 points</p> <p>Vacant property, complete redevelopment = 7 points</p>	-	-
<p><b>Business Retention</b></p> <p>Seven points will be awarded for projects which, if not approved, would result in the loss of an existing business which generates revenue for the city and/or significant employment.</p>	-	-
Total	-	-

B. Institutional. Institutional projects shall be projects submitted by nonprofit organizations, churches or religious institutions, educational institutions, public and quasi-public facilities. Allocation under this category shall be on a first-come, first-served basis until the total amount of water allocation established by resolution has been allocated. Water allocation approval does not imply recommendations for or approval of the project or its merits. Projects are required to obtain all other necessary approvals as required by the city and any other governmental agency having jurisdiction over the project.

C. Residential Accessory Dwelling Units. Accessory dwelling units are a valuable form of additional housing. Accessory dwelling units are smaller habitable dwellings (up to one thousand two hundred square feet) that may be attached or detached and accessory to a primary dwelling on residentially zoned properties. The city wishes to encourage the development of ADUs as they provide valuable opportunities for property owners and a source of affordable housing.

Water shall be allocated to the residential ADU category for (1) deed-restricted ADUs to low and very low and (2) unrestricted ADUs. Both categories shall be

~~allocated on a first-come, first-served basis until the total amount of water allocation established by resolution has been allocated.~~

~~The residential accessory dwelling units (ADUs) shall retrofit the existing dwellings' water fixtures to high efficiency water fixtures and appliances. The maximum amount of water allocation to be made available in any application for an ADU water release permit shall be established by resolution. The residential accessory dwelling unit (ADU) category shall be required to purchase water release permits at an amount established by resolution, unless the residential unit is deed restricted to provide for rental or use only to persons of low income or very low income as published by the Department of Housing and Urban Development (HUD), inclusive of renters utilizing the Housing Choice Voucher Program (formerly known as "Section 8") for a period of forty-five years.~~

~~Water allocation approval alone does not imply project approval. Projects are required to obtain all other necessary approvals as required by the city and any other governmental agency having jurisdiction over the project.~~

~~If changes made to the existing structure do not intensify the existing use pertaining to water, then no additional water determinations are necessary.~~

~~The total number of ADU units created, including the number of deed-restricted affordable units, will be reported to California Department of Housing and Community Development as part of the required housing element annual progress report.~~

### **13.24.0360 Appeals.**

An applicant may appeal ~~a determination of water usage or~~ the denial of a water release permit by filing a written appeal within ~~ten~~ seven days after notice of the ~~determination or~~ denial by the committee review authority on a form prescribed for that purpose by the city of Seaside. A denial by City staff may be appealed to the water allocation committee; a denial by the water allocation committee may be appealed to the City Council. All required plans, drawings, photos, reductions and other information shall be submitted to the planning division before the appeal form is accepted as complete. A list of required information shall be available in the planning division. The filing fee for an appeal will be identical for the fee to appeal a land use project and is listed in the city's annual adopted fee

schedule. The appeal shall follow the procedures outlined in Chapter 17.76 of the Municipal Code.

~~A complete appeal application shall be filed at least three weeks prior to the proposed date of public hearing. Upon filing a complete written appeal application and payment of fees, the community development director or his/her designee shall place said appeal on the agenda of the city of Seaside city council for hearing. Notice of said hearing shall be given to the applicant by mail at least ten days prior to the hearing date. No other notice need be given.~~

~~At the scheduled public hearing, the city council shall affirm, reverse or modify the decision being appealed. The city council may also remand the matter for reconsideration and further hearings because of a desire for additional information, or due to the submission of new material or evidence not previously considered.~~



**CITY OF SEASIDE  
STAFF REPORT**

**Item No.: 10.A.**

**TO:** City Council

**FROM:** Greg McDanel, City Manager

**BY:** Andrew Myrick, Economic Development & Community Planning Manager

**DATE:** May 1, 2025

**SUBJECT: ADOPT A RESOLUTION TO ESTABLISH A PROGRAM FOR THE ALLOCATION OF WATER FOR SMALL COMMERCIAL PROJECTS**

---

**RECOMMENDATION**

Approve the establishment of a program to allocate water to small commercial projects.

**BACKGROUND**

All development within the boundaries of the Monterey Peninsula Water Management District (MPWMD) are subject to MPWMD's rules regarding the needs for additional water allocations in order to move forward. The City of Seaside maintains a reserve of water which it is able to allocate to private projects in order to enable them to proceed. Water allocations are governed by Chapter 13.24 of the Municipal Code. The City Council recently (on April 17, 2025) approved a second reading of an Ordinance that would change the procedures for the allocation of water. Among these changes would be the removal of an existing program for the allocation of water to small commercial projects. Currently, this program is included as a part of the Ordinance. However, due to the recent amendment, this program will be deleted from the Ordinance by May 18, 2025. It is therefore necessary to establish a new program via Resolution prior to that date.

The existing commercial business program can be found in Section 13.24.025. A of the Municipal Code prior to the newly adopted Ordinance. It essentially provided a scoring system based on the public benefits created by the business, with points being provided under the following categories: revenue generation, jobs creation, location, removal of blight, and business retention. The number of points eligible in each category varied

depending on the exact benefit. A copy of the existing program is attached as Attachment 2.

The proposed program, which would be adopted by Resolution, has many similarities to the existing program. Both programs include a scoring system which examine similar criteria behind the water allocation. However, the revised program includes some modifications to the existing program:

- 1) The point values within the categories have been changed.
  
- 2) Under the previous program, an applicant needed to obtain 20 points in order to be eligible; once eligible, there was no limit on the amount of water which could be allocated. The proposed program nearly eliminates the minimum threshold (applicants would need only at least one point to obtain water), but also creates a sliding scale whereby the amount of water which may be allocated increases as more points are obtained. This eliminates an issue whereby businesses seeking negligible amounts of water were unable to obtain any water since they did not meet the point threshold.
  
- 3) The existing Business Retention category provides points if an existing business would relocate out of the City of Seaside without a water allocation. This has been modified to simply provide points for established Seaside businesses, with more points available the longer their tenure in the City. This eliminates a potential concern whereby existing businesses had an incentive to explore relocation in order to obtain points for water.
  
- 4) Rehabilitation (ie beautification) of existing properties, either through work on the facade or landscaping, have been broken out into a separate category which may be combined with work to expand existing buildings. This allows for points for beautification of the site instead of just the building.
  
- 5) In the current program, all applications must go to the Water Allocation Committee. Under the proposed program, allocations below a certain threshold could be approved by staff, with larger requests for water being considered by the Water Allocation Committee. This will streamline the processing of minor water requests and better link the amount of water a business is eligible for to benefits to the community.

The amount of water which could be allocated would vary depending on the number of points obtained.

**FISCAL IMPACT**

There is no fiscal impact associated with this project.

**ATTACHMENTS**

1. Resolution Small Business Water Allocation Program 2025-05-01
  2. Attachment 2 Existing Commercial Projects Program
- 

Reviewed for Submission to the City Council by:



---

Greg McDanel, City Manager

**RESOLUTION NO. 25-**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SEASIDE ADOPTING  
A WATER ALLOCATION PROGRAM FOR SMALL BUSINESSES**

**WHEREAS**, the City of Seaside wishes to support small businesses within its boundaries; and

**WHEREAS**, the City of Seaside City Council has allocated water to support the establishment, expansion, and renovation of small businesses in the City of Seaside; and

**WHEREAS**, on April 17, 2025, the City Council amended the Municipal Code to eliminate the City’s existing small commercial projects program, with the understanding that a new program would be presented to the Council prior to the Ordinance’s effective date; and

**WHEREAS**, the City Council desires to modify the procedures for the allocation of water for future projects in order to increase eligibility for the program as well as more closely align the amount of water provided with the benefits to the community.

**NOW, THEREFORE, BE IT RESOLVED**, that the City Council of the City of Seaside hereby adopts the Water Allocation Program for Small Businesses, attached as Exhibit “A,” to take effect on May 18, 2025.

**PASSED AND ADOPTED** at a regular meeting of the City Council of the City of Seaside, State of California, on the 1<sup>st</sup> day of May, 2025, by the following vote:

AYES:           COUNCIL MEMBERS:  
NOES:           COUNCIL MEMBERS:  
ABSENT:        COUNCIL MEMBERS:  
ABSTAIN:       COUNCIL MEMBERS:

APPROVED:

ATTEST:

\_\_\_\_\_  
Ian N. Oglesby, Mayor  
City of Seaside

\_\_\_\_\_  
Dominique Davis, City Clerk

Attach:

Exhibit “A” – Water Allocation Program for Small Businesses

# **City of Seaside Water Allocation Program for Small Businesses**

*May 1, 2025*

This Water Allocation Program for Small Businesses (the “Program”) applies to requests for a water allocation from the City of Seaside to support the expansion or establishment of small businesses, as defined herein. This Program shall not apply to properties located within the service areas of the Seaside Municipal Water Company or the Marina Coast Water District. This Program shall have an effective date of May 18, 2025.

## **Applicability**

This Program shall be available only to commercial projects; institutional projects such as non-profit or public projects shall not be eligible under this program.

## **Processing and Allocation**

If the proposed project’s use requires a discretionary permit (such as a Use Permit) per Seaside Municipal Code, water credits shall be tentatively reserved at the time of application for that permit. If no discretionary permit is required, then water credits for a project shall be tentatively reserved at the time of application for a Building Permit. If no discretionary permit or Building Permit is required, the tentative reservation shall occur at the time of application for a Business License.

Requests for water credits shall be reviewed by the Community Development Department, and scored based on the criteria identified below. Depending on the score received, water may be allocated based on the amount of water needed.

The City shall have the right to recover any issued credits if the project is not pursued to completion. A Certificate of Occupancy shall be required in order to finalize the allocation of water.

The Community Development Department shall be responsible for tracking the total amount of water allocated under this Program and is authorized to pause the allocation of additional water if it appears that insufficient water remains to support additional projects.

The Zoning Administrator shall have the authority to enact such practices as deemed necessary and appropriate for the implementation of this Program, and to make interpretations regarding the provisions of this Program and how they may apply to individual circumstances.

All references to water allocations, water fixtures, and fixture units shall be interpreted in a manner consistent with current water allocation programs established by MPWMD.

Scoring

Applications shall be scored as follows in Table 1. No more than one line in each category may be selected for points. More details on each category may be found below the Table.

**Table 1. Water Allocation Program Scoring Criteria**

<b>Category</b>	<b>Scoring Criteria</b>	<b>Number of Points Awarded</b>
<b>New Job Creation</b>	1-2 Full-Time Equivalent	1
	3-5 Full-Time Equivalent	3
	6-10 Full-Time Equivalent	4
	10+ Full-Time Equivalent	6
<b>City's Share of Revenue Generation</b>	\$1,000-\$3,000/year	1
	\$3,001-\$10,000/year	3
	\$10,001+/year	5
<b>Location</b>	Located on Fremont, E Frontage, Del Monte, or Broadway	4
<b>Rehabilitation</b>	Existing Building Façade Improvements Only	1
	Additional Landscaping of 10% or more at an existing site OR replacement of all existing landscaping with drought-tolerant landscaping.	1
	Both Façade and Landscaping Improvements at Existing Site	3
<b>New Construction or Expansion</b>	Building Expansion of less than 1,000 square feet	1
	Building Expansion of 1,001-5,000 square feet	3
	Building Expansion of over 5,000 square feet	5
	New building 1,000 square feet or less	4
	New building 1,001-5,000 square feet	7
	New building greater than 5,000 square feet	10
<b>Established Business</b>	At least one full year	1
	At least five full years	3
	At least 10 full years	5

More details on each category may be found below:

- 1) **New Job Creation.** Based on the number of new jobs created only, calculated by comparing the number of Full-Time Equivalent (FTE) positions subtracted by the number of existing FTE positions. The existing FTE positions do not include those of any

business which formerly operated at the same location. One FTE is equivalent to 40 hours of employee time, regardless of the number of employees. For example, one employee working 40 hours per week and four employees working 10 hours per week are both 1 FTE.

- 2) **City's Share of Revenue Generation.**- Based on the additional tax revenues which are expected to be received by the City of Seaside based on the new business activity. Includes the City share of taxes paid such as (but not limited to) sales tax or property tax, but excludes fees due to the City (such as permit fees) or any payments to other entities.
- 3) **Location.** To be awarded points, the property must have a property line abutting Fremont Boulevard, E Frontage Road, Del Monte Boulevard, or Broadway Avenue and must have a vehicular or pedestrian access either on that street or on a frontage adjacent to the primary street. Properties with entrances on frontage opposite the primary streets only shall not be eligible for location points.
- 4) **Rehabilitation.** Only for projects which involve the rehabilitation of existing buildings or sites. Façade Improvements include items such as repainting, addition of architectural features, or other activities designed to enhance the appearance of the public-facing portion of the building. New landscaping improvements shall cover at least 10% of the site and shall not include existing maintained landscape areas, unless those areas are replaced with drought-tolerant landscaping. These categories may be combined with the Building Expansion activities in the New Construction or Expansion category but not with New Building activities in that category.
- 5) **New Construction or Expansion.** Additional square footage on a property with an existing building shall be considered to be a Building Expansion even if the additional square footage is not attached to an existing building. New construction includes development of a vacant lot as well as complete demolition of existing structures and construction of new buildings.
- 6) **Established Business.** Businesses shall receive points for operating with a physical location within the city limits of the City of Seaside for the time specified. Time of operation shall be determined utilizing Business License records unless another form of proof acceptable to the Zoning Administrator establishing a different date is provided.

Maximum Water Allocation

Table 2 below specifies the maximum amount of water that a business may obtain depending on the number of points scored:

**Table 2. Maximum Allowable Water Allocation**

Number of Points	Zoning Administrator Maximum	Water Allocation Committee Maximum
0	Ineligible	
1-5	0.02	0.1
6-10	0.1	0.2
11-17	0.2	0.4
18-25	0.5	1.0
26+	1.0	No Maximum

If the business is requesting an amount of water equal to or less than the amount provided in that column, the Zoning Administrator may approve the water allocation administratively. The allocation shall be provided if the points are met, and the Zoning Administrator shall limit their review to confirming the accuracy of the scoring.

If the business requests more water than the amount that can be approved by the Zoning Administrator, but the request is equal to or less than the amount which can be allocated by the Water Allocation Committee, then the Water Allocation may consider the request. In making a determination as to whether to allocate water to a particular project, the Water Allocation Committee may take into consideration any factors it deems pertinent, including the timeline for development, the advantages of the proposal to the community, and the amount of water remaining for allocation. The Water Allocation Committee may allocate less water than originally requested by the business.

When calculating the maximum allowable water allocation under Table 2, water previously allocated under this program shall be counted towards the maximum water allocation.

For the purposes of this program, decisions of the Zoning Administrator may be appealed to the Water Allocation Committee. Decisions of the Water Allocation Committee may be appealed to the City Council.

# **City of Seaside Water Allocation Program for Residential In-Fill Development**

*April 3, 2025*

This Water Allocation Program for Residential Infill Development (the “Program”) applies to requests for a water allocation from the City of Seaside to support the development of existing residential sites within the California American Water Company (Cal Am) service area. Water for Accessory Dwelling Units (ADUs) or Junior Accessory Dwelling Units (JADUs) is covered under a separate program and the provisions of this Program are inapplicable to those units. This Program shall not apply to properties located within the service areas of the Seaside Municipal Water Company or the Marina Coast Water District.

## **Processing and Allocation**

If the proposed project requires an Architectural Review as described in Section 17.62.030 of the Municipal Code, water credits shall be tentatively reserved at the time of application for an Architectural Review. If no Architectural Review is required, water credits for a project shall be tentatively reserved at the time of Building Permit submittal. These credits shall be held in reserve while the application(s) remain active. Applications that are withdrawn or have expired shall lose any water reservation, although a new application may be submitted if water supplies remain available. Water reservations shall be made on a first-come, first served basis, except that during the first six months following the date of establishment of this Program eligibility shall be limited to those on the existing wait list maintained by the community development department as of the date of establishment of this Program.

Requests for water credits shall be reviewed by the community development department, and water credits shall be issued by the community development department at the time of Building Permit issuance. The City shall have the right to recover any issued credits if the project is not pursued to completion. A Certificate of Occupancy shall be required in order to finalize the allocation of water.

Water credits may not be transferred from one property to another. If the project is transferred from one owner to another owner, the water credits will persist with the project until the project is allocated water or the application becomes inactive as described herein

The community development department shall be responsible for tracking the total amount of water allocated under this Program and is authorized to pause the allocation of additional water if it appears that insufficient water remains to support additional projects.

The Zoning Administrator shall have the authority to enact such practices as deemed necessary and appropriate for the implementation of this Program, and to make

interpretations regarding the provisions of this Program and how they may apply to individual circumstances.

All references to water allocations, water fixtures, and fixture units shall be interpreted in a manner consistent with current water allocation programs established by MPWMD.

**Eligibility for new Single-Family Dwellings (SFDs)**

- a) Water for new Single-Family Dwellings (SFDs) on vacant lots of record may be provided as follows:
  1. Each SFD may receive up to a maximum of 10.1 fixture units (0.101 acre-feet per year [AFY]) of water. Water allocations may only be applied to the SFD and to no other purpose.
  2. Unused water credits from one unit may not be transferred to another unit (for example, if a unit utilizes only 9.1 fixture units of water, the additional fixture unit may not be transferred elsewhere).
  3. Water credits shall only be available to those units which are actually built (for example, if one unit is built on two lots of record, a total of 10.1 fixture units shall be available for that unit).
  4. If a vacant lot of record is large enough that it may be subdivided in such a manner that all resultant lots containing residential units meet the minimum lot size requirements which are specified in Section 17.12.050 of the Seaside Municipal Code, then each resultant lot shall be eligible to receive a full water allocation once subdivided.
- b) Water may be allocated for expansions, remodels, or replacement of existing SFDs, provided that the total amount of water for which a Single-Family Dwelling (including both existing and proposed fixtures) shall be eligible is 10.1 fixture units (0.101 AFY). All existing fixtures, including fixtures installed utilizing MPWMD's second bathroom protocol program, shall count towards this total.
- c) All proposed fixtures installed shall be high-efficiency or ultra-high efficiency fixtures, as appropriate, including ultra-high-efficiency toilets (UHET), high-efficiency clothes washers (HECW), and high efficiency dishwashers. Existing fixtures within the SFD shall be retrofitted to these standards as well.
- d) Notwithstanding the above, an SFD which does not possess a clothes washer and has not previously received a water allocation under this Program may receive one fixture unit (0.01 AFY) for the installation of an HECW without the need to retrofit existing fixtures.
- e) Fixtures which would be eligible for MPWMD's second bathroom protocol program are not eligible to receive water under this Program.

- f) Water credits may not be used for the installation or enlargement of swimming pools or the installation of utility sinks. Existing swimming pools shall not count towards the 10.1 fixture unit per unit maximum for expansion, remodel, or replacements.
- g) Prior to Building Permit issuance, the applicant shall demonstrate either the existence at the property of a water meter, adequately sized for the proposed dwelling and available for use, or shall provide substantial evidence that necessary approvals have been obtained so as to allow for the installation of a water meter within 12 months of the issuance of a Building Permit.
- h) For the purposes of this Section, a “vacant lot of record” shall consist of land which has not been occupied by any dwelling unit within the past ten years.
- i) For the purposes of this Section, a “Single-Family Dwelling” shall include townhomes or residential project in which only one primary unit is located on a lot of record, but shall not apply to condominiums or other airspace subdivisions (which shall be classified as Multi-Family Dwellings).

**Eligibility for Multi-Family Dwellings (MFDs)**

- a) Water for new Multi-Family Dwellings (MFDs) on vacant sites may be provided an allocation of 8.1 fixture units (0.081 AFY) of water. This water may be divided among the units as desired by the developer.
- b) Expansions, remodels, or replacement of existing MFDs will not be eligible to receive additional water, except that units which do not have an existing clothes washer may receive one fixture unit (0.01 AFY) in order to install a clothes washer.
- c) All fixtures installed shall be high-efficiency or ultra-high efficiency fixtures, as appropriate, including ultra-high-efficiency toilets (UHET), high-efficiency clothes washers (HECW), and high efficiency dishwashers.
- d) Clothes washers, if provided, shall be provided equally to all units within a development. .
- j) Water credits may not be used for the installation of swimming pools or utility sinks.
- e) Water credit allocations in excess of 0.5 AFY shall require approval of the water allocation committee. When determining whether to allocate water to a particular project, the water allocation committee may take into consideration such factors as the timing of construction of the project. The water allocation committee may place shorter timelines for action on projects receiving in excess of 0.5 AFY to ensure that water credits are available for projects with short implementation

timelines. Decisions of the water allocation committee may be appealed to the City Council.

- f) Prior to Building Permit issuance, the applicant shall demonstrate either the existence at the property of a water meter, adequately sized for the proposed development, or shall provide substantial evidence that necessary approvals have been obtained so as to allow for the installation of a water meter within 12 months of the issuance of a Building Permit.
  
- g) For the purposes of this Section, a “vacant site” is a legal lot of record or multiple lots of record (or any portion thereof) occupied by the proposed multifamily development which has not been occupied by any dwelling unit within the past ten years. Units shall be determined to be a part of the same development if they share or make use of common facilities such as parking, open space, property management, etc and/or do not have clearly defined boundaries or fences between the units.

# **City of Seaside Water Allocation Program for Accessory Dwelling Units and Junior Accessory Dwelling Units**

*April 3, 2025*

This Water Allocation Program for Accessory Dwelling Units and Junior Accessory Dwelling Units (the “Program”) applies to requests for a water allocation from the City of Seaside to support the development of Accessory Dwelling Units (ADUs) and Junior Accessory Dwelling Units (JADUs) within the California American Water Company (Cal Am) service area. This Program shall not apply to properties located within the service areas of the Seaside Municipal Water Company or the Marina Coast Water District.

## **Applicability**

This Program shall be inapplicable to projects for which a Building Permit was submitted on or before June 30, 2022 and for which those Permits are still active. It shall also be inapplicable to those 28 properties which were notified of water availability in February 2025, provided that Building Permit applications are submitted to the City of Seaside no later than May 31, 2025, property eligibility is confirmed by planning staff, and the project is pursued to completion. Applications meeting these criteria shall be subject to the provisions set forth in Resolution 20-102. All other applications for ADUs or JADUs shall be subject to the provisions set forth herein.

## **Processing and Allocation**

Water credits for a project shall be tentatively reserved at the time of Building Permit submittal. These credits shall be held in reserve while the application remains active. Applications that are withdrawn or have expired shall lose any water reservation, although a new application may be submitted if water supplies remain available. Water reservations shall be made on a first-come, first served basis.

Requests for water credits shall be reviewed by the community development department, and water credits shall be issued by the community development department at the time of Building Permit issuance. The City shall have the right to recover any issued credits if the project is not pursued to completion. A Certificate of Occupancy shall be required in order to finalize the allocation of water.

The community development department shall be responsible for tracking the total amount of water allocated under this Program and is authorized to pause the allocation of additional water if it appears that insufficient water remains to support additional projects.

The Zoning Administrator shall have the authority to enact such practices as deemed necessary and appropriate for the implementation of this Program, and to make interpretations regarding the provisions of this Program and how they may apply to individual circumstances.

All references to water allocations, water fixtures, and fixture units shall be interpreted in a manner consistent with current water allocation programs established by MPWMD.

### **Eligibility for Properties with Single-Family Dwellings (SFDs)**

Water for an ADU or JADU on properties containing an existing or proposed SFD shall be allocated based upon the following criteria:

- a) Water credits obtained from retrofits from the primary unit shall be applied first before any City allocation for the purpose of applying credits for the ADU or JADU. The City may provide a water allocation to make up the difference between the water made available from retrofits and the fixtures identified below.
- b) Water allocations may be made available to support the development of ADUs or JADUs. These water allocations may be used to support the installation of the following fixtures within an ADU or JADU on each property:
  - a. One Washbasin OR Two Washbasins in a Master Bathroom;
  - b. One Ultra-High Efficiency Toilet (UHET);
  - c. One of the following: a tub, a shower, or a tub with a shower head;
  - d. One Kitchen Sink with a High-Efficiency Dishwasher; and
  - e. One High-Efficiency Clothes Washer (HECW).
- c) All toilets, dishwashers, and clothes washers in the existing SFD on the property shall be upgraded to a minimum efficiency rating of UHET, High-Efficiency Dishwasher, and HECW respectively and as defined by the Monterey Peninsula Water Management District. Any existing utility sinks must be removed.

### **Eligibility for Properties with Multi-Family Dwellings (MFDs)**

Water for an ADU on properties containing an existing MFD shall be allocated based upon the following criteria:

- a) Water credits obtained from retrofits from the primary units shall be applied first for the purpose of applying credits for the ADU or JADU. The City may provide a water allocation to make up the difference between the water made available from retrofits and the fixtures identified above from any fractional unit (ie a leftover credit insufficient to support the development of an additional unit) created from the retrofit of existing units. In the event that the credits generated divide into a fixed number of units with no remainder, no water will be available.
- b) Water allocations may be made to support the development of ADUs on a property containing an MFD. This water allocation may be used to include the following fixtures within the ADU:

- a. One Washbasin OR Two Washbasins in a Master Bathroom;
- b. One UHET;
- c. One of the following: a tub, a shower, or a tub with a shower head; and
- d. One Kitchen Sink with a High-Efficiency Dishwasher.

In addition, a water credit may be provided for one HECW provided that either of the following is true:

- a. The HECW is located within the individual ADU unit and cannot be accessed by other units; or
  - b. The property has an existing legally-established common laundry facility that is available to all of the existing units on the property which would be available for use by occupants of the ADU.
- c) All existing toilets, dishwashers, and clothes washers in existing units on the property shall be upgraded to a UHET, High-Efficiency Dishwasher, and HECW, respectively. Additionally, clothes washers located in a shared laundry facility shall be upgraded to HECWs.
- d) Projects shall be ineligible to receive City water if any existing clothes washers in units or laundry facilities are removed.

## Proposed Water Allocation Assignments

Projects	Location	Remaining Water Credits			Total
		Pre-Paralta	Public Credit	PWM	
Ascent (Sea Grove)	Broadway Ave and Terrace St	-	-	-	0.000
Auto Center Properties	Del Monte to Fremont, North of Olympia and south of Auto Center Parkway	3.602	-	-	3.602
WBUV	West Broadway Study Area	4.484	-	4.5	8.984
Small Commercial Allocation Account	Cal Am Service Area	4.101	-	1.5	5.601
ADU Water Allocation	Cal Am Service Area	-	-	2.0	2.000
Campus Town Offsite Affordable Housing	Cal Am Service Area	-	-	2.0	2.000
Affordable Housing - RHNA	Cal Am Service Area	-	-	6.5	6.500
Residential Infill	Cal Am Service Area	-	-	4.0	4.000
Unallocated Reserve	Unallocated	0.469	-	0.5	0.969
Public Credit		-	1.043	-	1.043
	<b>Total</b>	<b>12.656</b>	<b>1.043</b>	<b>21.000</b>	<b>34.699</b>

EXHIBIT 4-E

<h2 style="margin: 0;">County of Monterey Board Policy Manual</h2>		
<b>Policy Name</b> Monterey County Water Allocation Priorities and Procedures	<b>Policy Number</b>	<b>Page</b>
<b>Policy Category</b> Government and Administration		

**I. Purpose**

Establish a uniform policy for the allocation of limited water resources within the unincorporated areas of Monterey County within the Monterey Peninsula Water Management District service area.

**II. Background**

Monterey Peninsula Water Management District (“MPWMD”) has adopted rules that govern water resources within its jurisdictional boundaries (see Figure 1 below). MPWMD rules include, among other things, the ability to allocate water to local governments within its territory. This includes allocations to the County of Monterey (“County”).

Water allocations are used by MPWMD to manage water supplies within MPWMD boundaries. See Figure 1 for MPWMD District Boundaries.

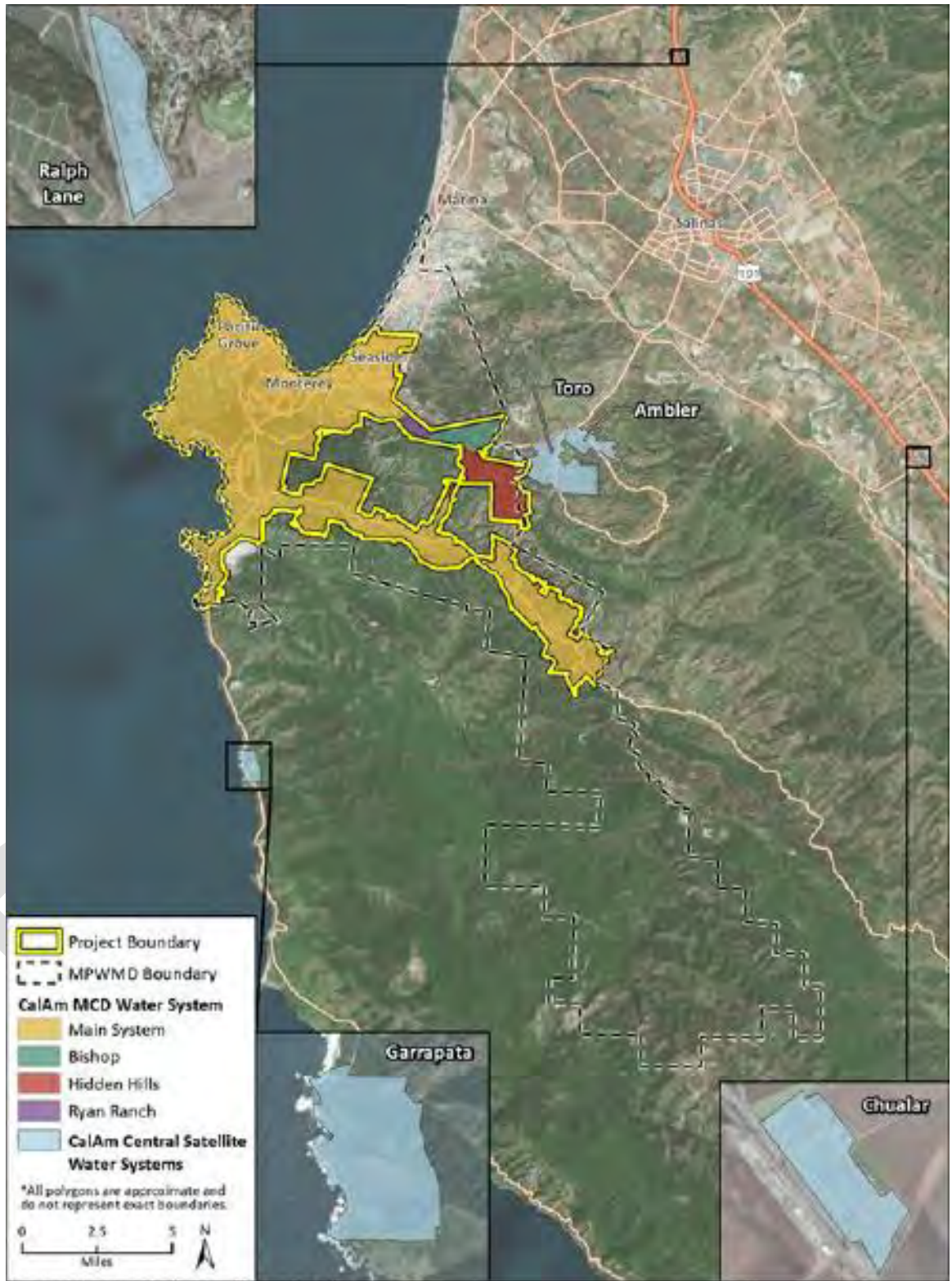


Figure 1 - MPWMD Service Area overlap with Cal-AM Service Area. Note: “Project Boundary” in yellow is the Cal-AM Service Area within MPWMD boundaries

The Cease-and-Desist Order (CDO) in place for new Cal-Am service connections does not currently allow for the installation of new water meters. A request to modify the CDO is under review and pending with the State Water Resources Quality Control Board (SWQCB).

On January 27, 2025, MPWMD allocated 72-acre -feet of water per year (AFY) to the County for use in the MPWMD service area. The County had 10.95 AFY remaining from the Paralta/Pre-Paralta allocations as of January 27, 2025, bringing the total combined allocations to the County to 82.95 AFY. The use of the water is at the County's discretion. When the County approves a suballocation of water, MPWMD debits the amount from the County's allocation when it issues a water permit.

Also on January 27, 2025, MPWMD adopted Ordinance No. 197, modifying Rule 33 requiring projects in the Bishop and Ryan Ranch subsystems that request an allocation of water be allocated water from the County's allocation. Before this date, water was allocated from the Seaside Groundwater Basin Adjudication.

The County may approve developments, and construction permits in the unincorporated areas pursuant to Monterey County Code ("MCC"). Construction permits can only be issued after the issuance of a water permit from MPWMD.

Water allocated by MPWMD to the County is currently limited and the demand by property owners and developers for the County's limited water allocation within the unincorporated area exceeds the limited supply. MPWMD staff have determined that up to 2,000 AFY are available and that they will provide additional allocations to jurisdictions in the future. The 2,000 AFY exceeds current demand in the unincorporated areas, however, it is unclear how much of this total allocation will be made available to the County and when.

Currently, the County does not have an adopted policy for the allocation of water in the MPWMD area. The past practice of the County typically included approval of a water credit allocation at the time a construction permit was ready to issue on a first-come first-served basis. The Planning Commission authorized the allocation of water credits when acting on a discretionary permit. In these cases, water allocations were reserved after the discretionary decision and until a construction permit was ready to issue. After accounting for most of the County's water allocation (circa 2000), staff established a "water waiting list" for those projects that were approved but could not move forward with building until water became available. Projects approved in the Bishop and Ryan Ranch subsystems are also included in the "water waiting list". This Policy addresses the "water waiting list" and updates the past practice for allocation of the County's water.

Given recent changes in California housing law requiring municipalities to prioritize utility services for housing development planned in the Housing Element of the General Plan, the finite allocation of water provided to the County by MPWMD, and the lack of a formal policy to prioritize the allocation of water to uses and development that furthers County goals and interests, development of a Water Allocation Policy for areas within the MPWMD service area is prudent.

### **III. Policy**

It is the policy of the County to prioritize the allocation of limited water resources in the MPWMD area to housing development. This prioritization is reflected in the following order of priority:

1. Honor past commitments to the allocation of water established in the “HCD Approved Water Waitlist”.<sup>1</sup>
2. Development of Planned Housing Growth.<sup>2</sup>
3. First Come First Served.<sup>3</sup>
4. Strategic Reserve.<sup>4</sup>

In accordance with the above listed priorities, the Director of Housing and Community Development, or their designee (collectively, “HCD Director”) shall be charged with tracking water allocations provided to the County and reserving portions of each new allocation as follows:

Prior commitments established in the “HCD Approved Water Waitlist” for the allocation of water shall be accounted for and deducted from the total allocation available.

After accounting for prior commitments, all remaining water and any future allocations shall be reserved as follows:

- 80% of allocations shall be reserved for Planned Housing Growth;
- 15% First-come, First-Served Basis; and

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<sup>1</sup> Past commitments include water allocated by the Board of Supervisors, Planning Commission, Zoning Administrator, or Chief of Planning and those properties or projects that have been on the County’s “water waiting list” as modified to exclude properties and projects that were on the list but have subsequently secured water from other sources prior to receiving an allocation from the County. The “water waiting list” is available at the Housing and Community Development Department.

<sup>2</sup> Planned Housing Growth as defined this policy in Section IV.1.I.

<sup>3</sup> All remaining development projects that do not meet the definition of Planned Housing Growth would fall under this category. Residential development shall comply with fixture limitations as defined in Section IV.2.I.

<sup>4</sup> This category can be allocated to other uses that are not covered under other categories, at the discretion of the Board of Supervisors as defined in Section IV.3.

- 5% of allocations shall be retained as a strategic reserve.
  - \*The Monterey County Board of Supervisors shall retain the authority to approve allocations from the Strategic Reserve category pursuant to a resolution.

#### IV. Procedure

The County shall review all land use entitlement permit and construction permit applications in the MPWMD service area pursuant to this Policy. An application for development requesting water shall be submitted with an MPWMD water permit application and a written request from the applicant for an allocation of water from the County specifying the amount of water requested and identifying the category the water is proposed to come from (i.e. Planned Housing Growth, First Come First Served, or Strategic Reserve). The County shall notify the applicant during the completeness review of the construction permit or the land use entitlement if the project is eligible for water and meets the criteria outlined in this Policy. The County will maintain a list of projects that have been provided notice of eligibility, including the amount of water requested and the category or suballocation area the water is proposed to come from. Such list will be available on the County's website.

##### 1. Planned Housing Growth:

- i. Projects that qualify under this category include the following:
  - a. A housing project that:
    - Is located in an Affordable Housing Overlay as defined in the 2010 General Plan, or is listed as a Housing Element Opportunity Site in the 6<sup>th</sup> Cycle Housing Element Update; and
    - Provides no fewer than the minimum percentage of total units deed restricted to lower-income and moderate-income households as required by MCC Chapter 18.40 or provides more than 50 percent of the units at levels affordable to moderate income, workforce I, and/or workforce II households; and
    - Meets a minimum density of 10 dwelling units/per 1 acre.

Exclusive from the above, the following projects also qualify under this category:

- b. An accessory dwelling unit or junior accessory dwelling unit that does not exceed a subtotal of 12 indoor fixture units (0.12 afy) as demonstrated in Table No. 2 of the MPWMD Residential Water Release Form and Water Permit Application.
- c. A single-family dwelling on a vacant lot of record that does not exceed a proposed total fixture unit count of 25 fixture units (0.25 afy) as demonstrated in Table No. 2 of the MPWMD Residential Water Release Form and Water Permit Application.
- d. Portions of housing projects that are deed-restricted to low-income

households as required by MCC Chapter 18.40 or as required by State Housing Law (i.e. State Density Bonus Law and/or Builders Remedy Law).

- e. Expansions to projects with existing multifamily developments for projects that meet the definition of Planning Housing Growth as outlined in Section IV.1.I(a).

ii. Procedure for Planned Housing Growth:

- a. Ministerial Process (if no land use entitlement is required under the MCC): The HCD Director may approve a water allocation at the time a construction permit is ready to issue provided the project conforms with this Policy.

The water allocation will be held for the period of time that the construction period remains active as noted in the “Time Limits” discussion.

- b. Discretionary Process (if a land use entitlement is required under the MCC): The Appropriate Authority, may approve a water allocation with the land use entitlement. The Appropriate Authority shall consider whether the project conforms to this Policy.

The water allocation will be held by the project for the period that the entitlement remains active as noted in the “Time Limits” discussion.

The decision of the Appropriate Authority is appealable as outlined in the MCC.

2. First Come First Served: For projects that do not qualify for Planned Housing Growth as described in this Policy, the following requirements apply:

- i. Residential Unit Fixture Maximums – the following fixture unit maximums apply for residential projects to be considered for water credits under this category.

- a. Existing Single Family Residential Dwellings (SFDs) and Existing Multifamily Residential Dwelling Units (MFDs)– Water may be allocated for expansions, remodels, or replacement of existing SFDs and MFDs, provided that:

- The total proposed fixture count for the SFD does not exceed 25 (0.25 afy) as demonstrated in Table No. 2 of the MPWMD Residential Water Release Form and Water Permit Application; or
- No maximum shall apply to the expansion, remodel or replacement of MFDs.

- ii. Non-Residential Uses - No fixture maximums apply except as described in the procedures section that follows.

- iii. Procedure for First Come First Served

- a. Ministerial Process (if no land use entitlement is required under the MCC): The HCD Director, may approve a water allocation at the time a construction permit is ready to issue, provided that the project complies with this Policy.

The water allocation will be held for the period of time that the construction period remains active as noted in the “Time Limits” discussion. The decision of the HCD Director is not appealable.

- b. Discretionary Process (If a land use entitlement is required under the MCC): The Appropriate Authority may approve a water allocation with the land use entitlement. The Appropriate Authority shall consider whether the project conforms to this Policy.

The water allocation will be held by the project for the period that the entitlement remains active as noted in the “Time Limits” discussion.

The decision of the Appropriate Authority is appealable as outlined in the MCC.

### 3. Strategic Reserve:

#### i. Procedure

- a. The Board of Supervisors may authorize the allocation of water or authorize the HCD Director to approve the allocation of water, for those projects or properties that do not conform to these criteria from the Strategic Reserve allocation category. The Board shall consider the following findings when authorizing water allocation:

1. The project has been designed to minimize the amount of water needed; and
2. The project complies with the County’s adopted policies and regulations; and
3. The project will provide affordable housing, create new jobs, or has a public benefit.

The water allocation will be active as discussed in the “Time Limits” section below. The Board of Supervisor’s decision is not appealable.

### 4. HCD Director – Additional Review Procedure:

If, in the opinion of the HCD Director, additional review is required prior to approving a water allocation for a project that does not require land use entitlements, the HCD Director may refer the matter to the Planning Commission for a decision. The HCD Director can refer to a decision to the Planning Commission if any of the following would occur through the granting of a water allocation:

1. Significant public policy issues;

2. Significant, unmitigable, and adverse environmental impacts; or
3. Establishment of precedents or standards by which other projects will be measured.

Once the MPWMD application has been reviewed and approved by the County, the applicant will be responsible for submitting the application to the MPWMD to obtain a water permit. A construction permit will be released to the applicant once the MPWMD water permit has been issued and the applicant has provided proof of the approved permit to HCD.

5. Projects Requesting Water Allocation Prior to Policy Adoption

Projects requiring a discretionary permit that have requested a water allocation prior to the adoption of this Policy, but who were not on the “water waiting list” should be considered by the Planning Commission with the decision appealable to the Board of Supervisors.

Projects requiring a ministerial permit that have requested a water allocation prior to the adoption of this Policy, but who were not on the “water waiting list” should be considered by the HCD Director.

6. Time Limits on County Water Allocations

The County’s water allocations may be held by a project applicant for the time limits set by the MCC for approved construction permits and approved land use entitlements as applicable. If a project’s water allocation lapses, the allocation will be made available to other projects per this Policy.

For ministerial and discretionary permits, time extensions can be considered by the Appropriate Authority. A project provided water allocation pursuant to this Policy shall be held by a project applicant for a maximum of 5 years. Projects that include affordable housing deed restricted to low-income households may be eligible for additional time extensions outside of the 5-year maximum. Such request shall be made in writing to the HCD Director outlining the need for the additional time and forwarded to the Appropriate Authority for decision.

7. Review of Allocation Policy

The HCD Director, or designee, shall regularly review this Policy to assess the need for changes. The review shall include:

- The remaining balance of water allocations within each of the categories defined in this policy;
- The general magnitude of demand for water within each category;
- Any future water supplies that are anticipated; and
- Any changes to this policy that may be warranted to better facilitate the allocation of water. This includes, for instance, the ability to modify policies, criteria, and

procedures to better align with the intended purpose or the ability to shift the total amount of water reserved for each category given supply and demand.

**8. Review Date**

- a. This Policy will be reviewed as needed to better align with the ability to shift the total amount of water reserved for each category given supply and demand or as directed by the Board.

**9. Board Action**

- a. Legistar File Number \_\_\_\_\_

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