

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



AGENDA
Regular Meeting
Board of Directors
Monterey Peninsula Water Management District

Monday, October 19, 2020, 5:00 PM, Virtual Meeting

5 PM Start Time

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

Join the meeting at this link:

<https://mpwmd.webex.com/mpwmd/onstage/g.php?MTID=efefca9ffdae8886e1281d3ba0ba91c6c>

Or join at mpwmd.webex.com.

Event number: 126 979 3090

Meeting password: WaterBoard

Participate by phone: 1-877-668-4493

For detailed instructions on how to connect to the meeting, please see page 4 of this agenda.

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

Staff notes will be available on the District web site at

<http://www.mpwmd.net/who-we-are/board-of-directors/bod-meeting-agendas-calendar/>
by 5 PM on Thursday, October 15, 2020

CALL TO ORDER/ROLL CALL

PLEDGE OF ALLEGIANCE

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

Board of Directors

Alvin Edwards, Chair – Division 1

Jeanne Byrne, Vice Chair - Division 4

George Riley – Division 2

Molly Evans – Division 3

Gary D. Hoffmann, P.E. – Division 5

Mary Adams, Monterey County Board of
Supervisors Representative

David Potter – Mayoral Representative

General Manager

David J. Stoldt

This agenda was posted at the District office at 5 Harris Court, Bldg. G Monterey on Thursday, October 15. Staff reports regarding these agenda items will be available for public review on October 15 at the District office and at the Carmel, Carmel Valley, Monterey, Pacific Grove and Seaside libraries. After staff reports have been distributed, if additional documents are produced by the District and provided to a majority of the Board regarding any item on the agenda, they will be available at the District office during normal business hours, and posted on the District website at www.mpwmd.net/who-we-are/board-of-directors/bod-meeting-agendas-calendar/. Documents distributed at the meeting will be made available in the same manner. The next meeting of the Board is set for November 16, 2020 at 6 pm.

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

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

1. Consider Adoption of Minutes of the September 21, 2020 Regular Board Meeting
2. Consider Adoption of Resolution 2020-14 – Amending Fees and Charges Table – Rule 60
3. Consider Adoption of Resolution 2020-15 – Amendment to Conflict of Interest Code
4. REMOVED FROM CONSENT CALENDAR – BOARD CHAIR WILL MAKE A PUBLIC ANNOUNCEMENT ~~Consider Adoption of Resolution 2020-16 – Recognition of Robert Brower for his Contribution to the MPWMD and the Community~~
5. Consider Adoption of Treasurer's Report for August 2020

ANNOUNCEMENTS REGARDING CURRENT AND PAST BOARD MEMBERS

GENERAL MANAGER'S REPORT

6. Status Report on California American Water Compliance with State Water Resources Control Board Order 2016-0016 and Seaside Groundwater Basin Adjudication Decision
7. Update on Compliance with Cease and Desist Order Milestones

REPORT FROM DISTRICT COUNSEL ON OCTOBER 8, 2020 CLOSED SESSION

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

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

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

9. Consider Certification of Final EIR for the Potential Acquisition of Monterey Water System and District Boundary Adjustment (*In accordance with Section 15121 of CEQA, the purpose of this EIR is to serve as an informational document that: "...will inform public agency decision makers and the public generally of the significant environmental effects of a project, identify possible ways to minimize the significant effects, and describe reasonable alternatives to the project."*)
Action: The Board of Directors will consider adoption of Resolution 2020-17 Certifying the Monterey Peninsula Water Management District Potential Acquisition of Monterey Water System and District Boundary Adjustment Environmental Impact Report.
10. Consider Adoption of Proposed Operations Plans for Rule 19.8 Acquisition of Monterey Water System (*Exempt from environmental review according to Section 15262 of CEQA Guidelines, Feasibility and Planning Studies.*)
Action: The Board will consider adoption of an MPWMD Monterey Peninsula Water System Operations Plan and a Contract Management Plan that if adopted would be incorporated into an application to LAFCO to activate certain latent powers authorized in the MPWMD enabling legislation.

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

11. Provide Direction Regarding Pure Water Monterey Expansion Final SEIR
Action: The Board will consider whether it wants to submit a letter to Monterey One Water stating intent to seek lead agency status for the expansion project.

12. Discuss Baseline for the Water Supply Charge and Consider Policy for Sunset Based on User Fee Performance
Action: The Board will consider adoption of a policy that would prioritize the allocation of User Fee collections that exceed the amount budgeted in a fiscal year.
13. Consider Approval of Amendment to Agreement for Employment of General Manager
Action: The Board will consider adoption of compensation changes to the Agreement for Employment of the General Manager.

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

14. Monthly Progress Report – Santa Margarita Water Treatment Facility
15. Report on Activity/Progress on Contracts Over \$25,000
16. Status Report on Measure J/Rule 19.8 Phase II Spending
17. Legislative Advocacy Committee’s State and Federal Bill Tracking
18. Letters Received Supplemental Letter Packet
19. Committee Reports
20. Monthly Allocation Report
21. Water Conservation Program Report
22. Quarterly Water Use Credit Transfer Status Report
23. Carmel River Fishery Report for September 2020
24. Quarterly Carmel River Riparian Corridor Management Program Report
25. Monthly Water Supply and California American Water Production Report

ADJOURN IN MEMORY OF FORMER DIRECTOR ROBERT S. BROWER, SR.

Board Meeting Schedule			
Monday, November 16, 2020	Regular Board Meeting	6:00 pm	Virtual - WebEx
Monday, December 14, 2020	Regular Board Meeting	6:00 pm	Virtual - WebEx
Monday, January 21, 2020	Regular Board Meeting	6:00 pm	Virtual - WebEx

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

Instructions for Connecting to the WebEx Meeting

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

Begin: Within 10 minutes of the meeting start time from your computer click on this link <https://mpwmd.webex.com/mpwmd/onstage/g.php?MTID=efefca9ffdae8886e1281d3ba0ba91c6c> or past the link into your browser or go to: mpwmd.webex.com.

Under “Join a Meeting” enter the event number 126 979 3090, hit the enter key and when prompted enter the meeting password WaterBoard, click “Next” and see the dropdown menu at the bottom of the screen “Use computer for audio” and select the method you will use to hear the meeting – see below.

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

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

Click “Join Meeting”

Once in the meeting, mute your microphone.

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

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

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

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

Mute the microphone on your computer.

Disable computer speakers using the Settings menu.

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

Presenting Public Comment

- 1) The Chair will call the meeting to order.
- 2) Receipt of Public Comment – the Chair will ask for comments from the public on all items. Limit your comment to 3 minutes but could decide to set the time for 2 minutes.
 - (a) Computer Audio Connection: Select the “raised hand” icon. When you are called on to speak, please identify yourself.
 - (b) Phone audio connection **with** computer to view meeting: Select the “raised hand” icon. When you are called on to speak, please identify yourself.
 - (c) Phone audio connection only: Press *9. Wait for the clerk to unmute your phone and then identify yourself and provide your comment. Press *9 to end the call.

Submit Written Comments

If you are unable to participate via telephone or computer to present oral comments, you may also submit your comments by e-mailing them to comments@mpwmd.net with one of the following subject lines "PUBLIC COMMENT ITEM #" (insert the item number relevant to your comment) or "PUBLIC COMMENT – ORAL COMMUNICATIONS". Comments must be received by 12:00 p.m. on Monday, October 19, 2020. Comments submitted by noon will be provided to the Board of Directors and compiled as part of the record of the meeting.

ITEM: CONSENT CALENDAR

**1. CONSIDER ADOPTION OF MINUTES OF THE SEPTEMBER 21, 2020
REGULAR BOARD MEETING**

Meeting Date: October 19, 2020

Budgeted: N/A

From: David J. Stoldt,
 General Manager

Program/ N/A
Line Item No.:

Prepared By: Arlene Tavani

Cost Estimate: N/A

General Counsel Review: N/A

Committee Recommendation: N/A

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

SUMMARY: Attached as **Exhibit 1-A** are draft minutes of the September 21, 2020 Regular meeting of the Board of Directors.

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

EXHIBIT

1-A Draft Minutes of the September 21, 2020 Regular Meeting of the Board of Directors



EXHIBIT 1-A

DRAFT MINUTES

Regular Meeting

Board of Directors

Monterey Peninsula Water Management District

September 21, 2020

The meeting was called to order at 6:02 pm. Pursuant to Governor Newsom's Executive Orders N-29-20 and N-33-20, the meeting was conducted with virtual participation via WebEx.

CALL TO ORDER/ROLL CALL

Directors Present via WebEx:

Alvin Edwards, – Chair, Division 1

Jeanne Byrne – Vice Chair, Division 4

George Riley, Division 2

Molly Evans, Division 3

Gary D. Hoffmann, P.E. – Division 5

Mary Adams – Monterey County Board of Supervisors Rep.

David Potter – Mayoral Representative

Directors Absent: None

General Manager present: David J. Stoldt

District Counsel present: David Laredo

The assembly recited the Pledge of Allegiance.

PLEDGE OF ALLEGIANCE

No changes.

ADDITIONS AND CORRECTIONS TO AGENDA

The following comments were directed to the Board during Oral Communications. Michael Baer suggested that the District implement a laundry to landscape greywater irrigation program as has been developed by the Santa Clara Valley Water District. *Stoldt responded that the District has a laundry to landscape program in place.*

ORAL COMMUNICATIONS

Byrne made a motion that was seconded by Potter to approve the Consent Calendar except for items 4 and 7 that were pulled for separate consideration. The motion was approved on a unanimous vote of 7 – 0 by Byrne, Potter, Adams, Edwards, Evans, Hoffmann and Riley.

CONSENT CALENDAR

Approved.

1. Consider Adoption of Minutes of the August 17, 2020 Regular Board Meeting

Approved contract through the remainder of Fiscal Year 2020-21 in the amount of \$40,000.

2. Consider Approval of Contract with TMD Creative for Public Outreach Services

Approved extension of cooperative agreement in the amount of \$14,430.

Adams offered a motion that was seconded by Potter to authorize the Assistant Fisheries Biologist position and set the salary range at 26. The motion was adopted on a vote of 6 – 1 by Adams, Potter, Byrne, Edwards, Evans and Riley. Hoffmann was opposed.

Michael Baer addressed the Board during the public comment period on this item. He expressed support for the staff recommendation.

Approved.

Approved.

On a motion by Potter that was seconded by Adams the Treasurer's Report for June 2020 was adopted on a vote of 6 – 1 by Potter, Adams, Byrne, Edwards, Evans and Riley. Hoffmann was opposed.

Adopted.

Approved.

A summary of Stoldt's presentation can be viewed on the District's website. He reported that in the eleventh month of the water year, water production in the Monterey Peninsula Water Resources System was 659 acre-feet below the target set in the adjudication decision. In the month of August, no recordable rainfall was received. The fish rescue season had ended, and over the current water year staff rescued 8,500 steelhead fish from the main stem of the Carmel River and 4,500 from the tributaries.

Stoldt reported that California American Water (Cal-Am) withdrew its application with the California Coastal Commission for a Coastal Development Permit for its proposed desalination project. He responded to the concern that water rationing was an impending threat to the community. Stoldt presented a chart titled Supplies Required to "Get Off the River" that can be viewed on the District's website. He explained that if Cal-Am pumped

3. **Consider Extension of Cooperative Agreement with the United States Geological Survey for Streamflow Gaging in Water Year 2021**
4. **Consider New Assistant Fisheries Biologist Position for Operation of the Carmel River Resistance Board Weir and Other Fisheries Related Work**
5. **Authorize District Staff to File for Extension of Water Rights Permits 202808 A and C**
6. **Consider Amended Quarterly Water Budget for September to Accommodate the Availability of Pure Water Monterey as a New Source**
7. **Consider Adoption of Treasurer's Report for June 2020**
8. **Consider Adoption of Treasurer's Report for July 2020**
9. **Consider Approval of Fourth Quarter Fiscal Year 2019-2020 Investment Report**

GENERAL MANAGER'S REPORT

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

only the 3,376 acre-feet allowed from the Carmel River, combined with other sources of supply the total annual production could be 9,744 acre-feet. The average annual customer demand was 9,825 acre-feet. The 80 acre-feet shortfall could be provided by other sources, including carry-over credits and an additional 1,200 acre-feet of ASR storage. He noted that the deadline for Cal-Am to meet the next milestone was the end September.

Public Comment: John Tilley, member of the Ordinance No. 152 Oversight Panel, stated that to assume full production from unproven water sources and overreliance on adequate rainfall was not a good basis for a sustainable water supply project.

Counsel Laredo reported that the Board discussed the draft evaluation and continued the discussion to a special closed session on Thursday, October 8, 2020 at 5:30 pm. to conduct an interactive dialogue with the General Manager on the performance evaluation. No other action was taken.

Chair Edwards thanked the General Manager and Counsel for the letter they submitted to the Public Utilities Commission regarding the Water Revenue Adjustment Mechanism (WRAM). He also thanked the General Manager, the Board and staff on all efforts made to provide input to the California Coastal Commission re Cal-Am's application No. 9-19-0918 and Appeal No. A-3-MRA-19-0034 related to issuance of a Coastal Development Permit for the desalination facility associated with the Monterey Peninsula Water Supply Project.

Stoldt reported on efforts taken to protect the Sleepy Hollow Steelhead Rearing Facility and the safety of fish held there from the danger posed by the Carmel and River fires. Hampson narrated a presentation describing completion of the Sleepy Hollow Steelhead Rearing Facility upgrade. The presentations are available for review on the District's website.

Byrne offered a motion that was seconded by Evans to approve the staff recommendation to (a) adopt the Findings of Approval for Application #2020501CAW; (b) authorize an amendment to MPWMD Permit #M15-03-L3-A for the Ryan Ranch and Bishop Units to connect to the Main CAW System; and (c) file a Notice of Exemption with the Monterey County Clerk. In addition, the Evidence for

REPORT FROM DISTRICT COUNSEL ON SEPTEMBER 21, 2020, 4:30 PM CLOSED SESSIONS

**Public Employee Performance Evaluation
(CA Gov Code Sec. 54957) - General
Manager**

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

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

PRESENTATION

- 13. Presentation on Sleepy Hollow
Steelhead Rearing Facility Upgrades
by Larry Hampson**

PUBLIC HEARINGS

- 14. Consider Approval of Application to
Amend California American Water
Company System Permits for the
Ryan Ranch and Bishop Units to
Change the Source of Supply and
Authorize Permanent Connection to
the Main California American Water**

Finding of Approval No. 1 should be corrected to remove the reference to “Item 12” on the September 21, 2020 agenda and replace it with “Item 14.” The motion was approved on a unanimous vote of 7 – 0 by Byrne, Evans, Adams, Edwards, Hoffmann, Potter and Riley.

Representatives from Cal-Am responded to questions. No public comment was presented to the Board.

Adams offered a motion that was seconded by Byrne to adopt Resolution No. 2020-30 Modifying Rule 160. The motion was approved on a unanimous vote of 7 – 0 by Adams, Byrne, Edwards, Evans, Hoffmann, Potter and Riley. No public comment was directed to the Board during the public hearing on this item.

On a motion by Byrne, seconded by Evans the Board adopted the October through December 2020 Quarterly Water Supply Strategy and Budget on a unanimous vote of 7 – 0 by Byrne, Evans, Adams, Edwards, Hoffmann, Potter and Riley. No public comment was directed to the Board during the public hearing on this item.

Byrne offered a motion that was seconded by Edwards to adopt the staff recommendation to approve funding for Deep Injection Well-4 in an amount of \$3,700,000 and a 10% contingency. The motion was approved on a vote of 6 – 1 by Byrne, Edwards, Adams, Evans, Potter and Riley. Hoffmann was opposed.

Representatives from Monterey One Water responded to questions.

Public Comment: Susan Schiavone expressed support for the staff recommendation.

On a motion by Edwards and seconded by Potter, the item was deferred to the October 19, 2020 Board meeting on a unanimous vote of 7 – 0 by Edwards, Potter, Adams, Byrne, Evans, Hoffmann, and Riley.

There was no discussion of these items.

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System to Receive Deliveries of Native Seaside Basin Groundwater from the Coastal Subarea

15. **Consider Adoption of Resolution No. 2020-13 Modifying Rule 160 – Regulatory Water Production Targets for California American Water System (Exempt from environmental review per SWRCB Order Nos. 95-10 and 2016-0016, and the Seaside Basin Groundwater Basin adjudication decision, as amended and Section 15268 of the California Environmental Quality Act (CEQA) Guidelines, as a ministerial project; Exempt from Section 15307, Actions by Regulatory Agencies for Protection of Natural Resources.)**
16. **Consider Adoption of October through December 2020 Quarterly Water Supply Strategy and Budget**

ACTION ITEMS

17. **Consider Funding and Remediation Plan for Pure Water Monterey Baseline Project (Phase 1) Injection Facilities**

18. **Discuss Baseline for the Water Supply Charge and Consider Policy for Sunset Based on User Fee Performance**

INFORMATIONAL ITEMS/STAFF REPORTS

19. **Monthly Progress Report – Santa Margarita Water Treatment Facility**

20. **Report on Activity/Progress on Contracts Over \$25,000**
21. **Report on Activity/Progress on Contracts Over \$25,000**
22. **Letters Received**
23. **Committee Reports**
24. **Monthly Allocation Report**
25. **Water Conservation Program Report**
26. **Carmel River Fishery Report for September 2020**
27. **Semi-Annual Financial Report on the CAWD/PBCSD Wastewater Reclamation Project**
28. **Monthly Water Supply and California American Water Production Report**

The meeting was adjourned at 9 pm.

ADJOURNMENT

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Arlene M. Tavani, Deputy District Secretary

ITEM: CONSENT CALENDAR

2. CONSIDER ADOPTION OF RESOLUTION NO. 2020-14 -- AMENDING FEES AND CHARGES TABLE – RULE 60

Meeting Date: October 19, 2020 **Budgeted:** N/A

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

Prepared By: Gabriela Bravo **Cost Estimate:** N/A

General Counsel Review: N/A

Committee Recommendation: The Administrative Committee considered this item on October 13, 2020 and recommended approval on a 2 – 1 vote.

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

SUMMARY: Resolution 2020-14 **Exhibit 2-A** updates Rule 60, Fees and Charges Table, to reflect actual expenses incurred by the District to process requests for water from the District Reserve Allocation and to show the removal of a fee for extension of a documented Water Use Credit. The fees and charges are intended to have a positive correlation to the actual time, effort, and cost of providing the services and taking the actions set forth in the Fees and Charges Table.

RECOMMENDATION: The Administrative Committee recommends that the Board adopt Resolution 2020-14, A Resolution of the Board of Directors of the Monterey Peninsula Water Management District Amending Rule 60, Fees and Charges Table. This item will be approved if adopted along with the Consent Calendar.

BACKGROUND: Ordinance No. 120, adopted March 21, 2005, allows changes to the Fees and Charges Table by resolution rather than by ordinance. The Fees and Charges Table was last updated on June 15, 2020, by adoption of Resolution 2020-08.

EXHIBIT

2-A Resolution No. 2020-14 with marked-up version of Rule 60, Fees and Charges Table



EXHIBIT 2-A

RESOLUTION 2020-14

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE MONTEREY PENINSULA WATER MANAGEMENT DISTRICT AMENDING RULE 60, FEES AND CHARGES TABLE

WHEREAS: Fees and charges of the Monterey Peninsula Water Management District (MPWMD) are set forth in the MPWMD Rules and Regulations;

WHEREAS: The MPWMD Board of Directors created a new Fees and Charges Table in MPWMD Rule 60 pursuant to Ordinance No. 120, which became effective on April 20, 2005;

WHEREAS: Fees and Charges shall bear a positive correlation to the actual time, effort and cost of providing the services and actions set forth in the Fees and Charges Table;

NOW, THEREFORE, BE IT RESOLVED: That the Board of Directors of the Monterey Peninsula Water Management District hereby shall amend the Fees and Charges Table Lines 36 and 64 (as amended by Resolution 2020-14) as set forth below (additions shown in ***bold italics*** and deletions shown in ~~strikeout~~); and that this change shall be effective immediately:

36	<i>Request for Water from District Reserve Allocation</i>	<i>\$225 per application plus \$90 per hour for more than 5 hours</i>
64	Extension of a prior documented On-Site Water Use Credit	\$90 plus \$90 per hour for more than 1 hour

On motion by _____, and second by _____, the foregoing Resolution is adopted upon this 19th day of October 19, 2020, by the following vote:

AYES:

NAYS:

ABSENT:

I, David J. Stoldt, Secretary to the Board of Directors of the Monterey Peninsula Water Management District, hereby certify the foregoing resolution was duly adopted on the 19th day of October 2020.

Witness my hand and seal of the Board of Directors this ____ day of October 2020.

David J. Stoldt, Secretary to the Board

ITEM: CONSENT CALENDAR

3. CONSIDER ADOPTION OF RESOLUTION 2020-15 – REVISIONS TO MPWMD CONFLICT OF INTEREST CODE

Meeting Date: **October 19, 2020** **Budgeted:** **No**

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

Prepared By: **Arlene Tavani** **Cost Estimate:**

General Counsel Review: N/A

Committee Recommendation: N/A

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

SUMMARY: The Political Reform Act requires every local government agency to review its Conflict of Interest Code biennially and amend the code as appropriate to ensure compliance with current State law. The District last updated its code on October 15, 2018.

In September of this year, District Counsel reviewed the MPWMD Conflict of Interest Code (COI) and determined that Appendix A, List of Designated Positions should be updated to reflect the reorganization of divisions and changes to titles of division managers that occurred in 2019. Refer to the red-lined version of the proposed amended code provided as Attachment 1 to Draft Resolution 2020-15 (**Exhibit 3-A**).

RECOMMENDATION: The Board should review the amended Conflict of Interest Code and approve Draft Resolution 2020-15.

EXHIBITS

3-A Draft Resolution 2020-15 Amending the MPWMD Conflict of Interest Code

**DRAFT****RESOLUTION NO. 2020-15**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
MONTEREY PENINSULA WATER MANAGEMENT DISTRICT
AMENDING THE MPWMD CONFLICT OF INTEREST CODE**

WHEREAS the Monterey Peninsula Water Management District (MPWMD) Conflict of Interest Code was last amended on October 15, 2018; and

WHEREAS the Political Reform Act requires every local government agency to review its Conflict of Interest Code biennially, and if amendments are necessary the amended code must be forwarded to the Monterey County Board of Supervisors for approval; and

WHEREAS, the MPWMD Board of Directors has reviewed its Conflict of Interest Code and concluded that the list of Designated Positions should be amended under Appendix A: Designated Positions, refer to **Attachment 1**.

NOW, THEREFORE BE IT RESOLVED by the Board of Directors of the Monterey Peninsula Water Management District that the MPWMD Conflict of Interest Code shall be amended as provided in **Attachment 1**, and forwarded to the Monterey County Board of Supervisors.

On a motion by Director _____ and seconded by Director _____ the foregoing resolution is duly adopted this 19th day of October 2020 by the following votes:

Ayes:

Nays:

Absent:

I, David J. Stoldt, Secretary to the Board of Directors of the Monterey Peninsula Water Management District, hereby certify that the foregoing is a resolution duly adopted on the 19th day of October 2020.

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

David J. Stoldt
Secretary to the Board

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**CONFLICT OF INTEREST CODE
OF THE
MONTEREY PENINSULA WATER MANAGEMENT DISTRICT**

Amended by MPWMD Resolution 2020-15 on

~~Amended by MPWMD Resolution 2018-20 on October 15, 2018~~

~~Approved by Monterey County Board of Supervisors on May 21, 2019~~

The Political Reform Act of 1974 (Government Code sections 81000, et seq.) requires state and local government agencies to adopt and promulgate conflict of interest codes. The Fair Political Practices Commission has adopted a regulation, section 18730 of Title 2 of the California Code of Regulations, which contains the terms of a standard conflict of interest code that can be incorporated by reference in an agency's code. After public notice and hearing, the Fair Political Practices Commission may amend the standard code to conform to amendments of the Political Reform Act. Therefore, the terms of section 18730 of title 2 of the California Code of Regulations and any amendments to it duly adopted by the Fair Political Practices Commission together with the attached Appendices designating positions and establishing disclosure categories are hereby incorporated by reference and together constitute the Conflict of Interest Code of the Monterey Peninsula Water Management District (hereafter "District").

Individuals holding designated positions shall file their statement of economic interests with the District Secretary which will make the statements available for public inspection and reproduction pursuant to Government Code section 81008. Upon receipt of the statements for positions listed in Appendix A, the District shall make and retain copies and forward the original of the statements to the code reviewing body, the Monterey County Board of Supervisors, by providing the documents to the office of the Monterey County Clerk to the Board. Statements for all other designated positions shall be retained by the District.

Attachments: Appendix A: Designated Positions
Appendix B: Disclosure Categories

Amended: 1979, 1983, 1986, 1979, 2006, 2013, 2016 and 2018

APPENDIX A: DESIGNATED POSITIONS

<u>Designated Positions¹</u>	<u>Assigned Disclosure Category</u>
Board of Directors	1
General Manager	1
District Counsel	1
<u>District Engineer</u>	<u>1</u>
<u>CFO/Administrative Services Division Manager</u>	1
Water Demand Division Manager	1
Water Resources and Engineering Division Manager	1
<u>Environmental Resources Division Manager</u>	<u>1</u>

Consultants

For purposes of this Code, “consultant” has the same meaning as set forth in 2 Cal. Code Regs., tit. 2, section 18701(a)(2), as follows:

“Consultant” means an individual who, pursuant to a contract with a state or local government agency:

- (A) Makes a governmental decision whether to:
 - 1. Approve a rate, rule, or regulation;
 - 2. Adopt or enforce a law,
 - 3. Issue, deny, suspend, or revoke any permit, license, application, certificate, approval, order, or similar authorization or entitlement;
 - 4. Authorize the agency to enter into, modify, or renew a contract provided it is the type of contract which requires agency approval;
 - 5. Grant agency approval to a contract which requires agency approval and in which the agency is a party or to the specifications for such a contract;
 - 6. Grant agency approval to a plan, design, report, study, or similar item;
 - 7. Adopt, or grant agency approval of policies, standards, or guidelines for the agency, or for any subdivision thereof, or
- (B) Serves in a staff capacity with the agency and in that capacity participates in making a governmental decision or performs the same or substantially all the same duties for the agency that would otherwise be performed by an individual holding a position specified in the agency’s Conflict of Interest Code.

Consultants to the District shall be subject to disclosure under Category 1, subject to the following limitation: The General Manager of the District may determine in writing that a particular consultant, although a “designated position,” is hired to perform a range of

¹ Public officials who manage public investments are not covered by the Conflict of Interest Code because they must file a statement of economic interests pursuant to Government Code section 87200. Therefore, those positions are listed under Designated Positions for information purposes only.

duties that is limited in scope and thus is not required to comply with the disclosure requirements of Category 1. In such cases, the General Manager of the District may designate a different disclosure requirement. Such determination must be made in writing and shall include a description of the consultant's duties and, based upon that description, a statement of the extent of the consultant's disclosure requirements. Such determination by the General Manager of the District is a public record and shall be retained for public inspection in the same manner and location as the District's Conflict of Interest Code.

APPENDIX B: DISCLOSURE CATEGORIES

General Provisions Applicable to All Categories

When an individual who holds a designated position is required to disclose investments and sources of income, he or she shall disclose investments in business entities and sources of income which do business in the jurisdiction, plan to do business in the jurisdiction, or have done business in the jurisdiction within the past two years. In addition to other activities, a business entity is doing business within the jurisdiction if it owns real property within the jurisdiction.

When an individual who holds a designated position is required to disclose sources of income, he or she shall include gifts received from donors located inside as well as outside the jurisdiction.

When an individual who holds a designated position is required to disclose interests in real property, he or she shall disclose the type of real property described below if it is located within the jurisdiction, or not more than two miles outside the boundaries of the jurisdiction, or within two miles of any land owned or used by District.

When an individual who holds a designated position is required to disclose business position, he or she shall disclose positions in business entities that do business in the jurisdiction, plan to do business in the jurisdiction, or have done business in the jurisdiction within the past two years.

For purposes of this Conflict of Interest Code, the jurisdiction of the Monterey Peninsula Water Management District is the area of the County of Monterey within the District boundaries as described in West's Annotated California Codes, Water Code, Appendix Section 118.

Category 1

A designated position in this category must report all investments, business positions, interests in real property, and sources of income, including gifts, loans, and travel payments.

Category 2

A designated position in this category must report all investments, business positions, and sources of income, including gifts, loans, and travel payments.

Category 3

A designated position in this category must report all interests in real property.

Category 4

A designated position in this category must report all investments, business positions and income, including gifts, loans, and travel payments, from sources that are subject to the regulatory, permit or licensing authority of, or have an application for a license or permit pending before, the District.

Category 5

A designated position in this category must report all investments, business positions and income, including gifts, loans, and travel payments, from sources which are of the type to supply materials, products, supplies, commodities, services, machinery, vehicles, or equipment utilized by the District.

Category 6

A designated position in this category must report all investments, business positions and income, including gifts, loans, and travel payments, from sources which are of the type to receive grants or other monies from or through the District.

ITEM: CONSENT CALENAR**5. CONSIDER ADOPTION OF TREASURER'S REPORT FOR AUGUST 2020**

Meeting Date:	October 19, 2020	Budgeted:	N/A
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From:	David J. Stoldt, General Manager	Program/ Line Item No.:	N/A
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Prepared By:	Suresh Prasad	Cost Estimate:	N/A
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General Counsel Review: N/A**Committee Recommendation: The Administrative Committee considered this item on October 13, 2020 and recommended approval.****CEQA Compliance: This action does not constitute a project as defined by the California Environmental Quality Act Guidelines Section 15378.**

SUMMARY: Exhibit 5-A comprises the Treasurer's Report for August 2020. Exhibit 5-B and Exhibit 5-C are listings of check disbursements for the period August 1-31, 2020. Check Nos. 37577 through 37754, the direct deposits of employee's paychecks, payroll tax deposits, and bank charges resulted in total disbursements for the period in the amount of \$1,428,521.85. This amount included \$20,515.49 for conservation rebates. Exhibit 5-D reflects the unaudited version of the financial statements for the month ending August 31, 2020.

RECOMMENDATION: The Administrative Committee recommends the Board adopt the August 2020 Treasurer's Report and financial statements, and ratification of the disbursements made during the month.

EXHIBITS

- 5-A** Treasurer's Report
- 5-B** Listing of Cash Disbursements-Regular
- 5-C** Listing of Cash Disbursements-Payroll
- 5-D** Financial Statements

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

<u>Description</u>	<u>Checking</u>	<u>MPWMD Money Market</u>	<u>L.A.I.F.</u>	<u>Wells Fargo Investments</u>	<u>Multi-Bank Securities</u>	<u>MPWMD Total</u>	<u>PB Reclamation Money Market</u>
Beginning Balance	\$94,176.29	\$938,523.31	\$13,162,102.53	\$504,094.53	\$2,846,125.78	\$17,545,022.44	\$316,755.65
Fee Deposits	\$6,127.45	655,954.49				662,081.94	680,245.81
MoCo Tax & WS Chg Installment Pymt						0.00	
Interest Received				19.83	4,387.21	4,407.04	
Transfer - Money Market/LAIF						0.00	
Transfer - Money Market/Checking	1,240,000.00	(1,240,000.00)				0.00	
Transfer - Money Market/Multi-Bank						0.00	
Transfer - Money Market/Wells Fargo						0.00	
Transfer to CAWD						0.00	(300,000.00)
Voided Checks						0.00	
Bank Corrections/Reversals/Errors						0.00	
Bank Charges/Other	(470.07)					(470.07)	
Credit Card Fees	(1,011.19)					(1,011.19)	
Returned Deposits	-					0.00	
Payroll Tax/Benefit Deposits	(125,529.85)					(125,529.85)	
Payroll Checks/Direct Deposits	(135,524.86)					(135,524.86)	
General Checks	(1,165,021.44)					(1,165,021.44)	
Bank Draft Payments	(964.44)					(964.44)	
Ending Balance	(\$88,218.11)	\$354,477.80	\$13,162,102.53	\$504,114.36	\$2,850,512.99	\$16,782,989.57	\$697,001.46

Check Report

By Check Number

Date Range: 08/01/2020 - 08/31/2020



Monterey Peninsula Water Management Dist

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
Bank Code: APBNK	-Bank of America Checking					
Payment Type: Regular						
05371	June Silva	08/05/2020	Regular	0.00	-289.00	37338
18163	Wex Bank	08/07/2020	Regular	0.00	-964.44	37489
00249	A.G. Davi, LTD	08/07/2020	Regular	0.00	395.00	37577
00763	ACWA-JPIA	08/07/2020	Regular	0.00	358.54	37578
00767	AFLAC	08/07/2020	Regular	0.00	907.16	37579
12601	Carmel Valley Ace Hardware	08/07/2020	Regular	0.00	40.92	37580
00281	CoreLogic Information Solutions, Inc.	08/07/2020	Regular	0.00	927.08	37581
00050	David Potter	08/07/2020	Regular	0.00	1,610.07	37582
00046	De Lay & Laredo	08/07/2020	Regular	0.00	36,917.00	37583
18734	DeVeera Inc.	08/07/2020	Regular	0.00	6,947.00	37584
00267	Employment Development Dept.	08/07/2020	Regular	0.00	4,759.00	37585
12655	Graphicsmiths	08/07/2020	Regular	0.00	80.00	37586
00235	Green Rubber- Kennedy AG	08/07/2020	Regular	0.00	910.77	37587
00094	John Arriaga	08/07/2020	Regular	0.00	5,000.00	37588
05371	June Silva	08/07/2020	Regular	0.00	289.00	37589
13431	Lynx Technologies, Inc	08/07/2020	Regular	0.00	300.00	37590
00222	M.J. Murphy	08/07/2020	Regular	0.00	26.38	37591
00118	Monterey Bay Carpet & Janitorial Svc	08/07/2020	Regular	0.00	1,260.00	37592
00275	Monterey County Herald	08/07/2020	Regular	0.00	121.61	37593
16182	Monterey County Weekly	08/07/2020	Regular	0.00	863.00	37594
00274	Monterey One Water	08/07/2020	Regular	0.00	163.21	37595
13396	Navia Benefit Solutions, Inc.	08/07/2020	Regular	0.00	100.00	37596
00154	Peninsula Messenger Service	08/07/2020	Regular	0.00	254.00	37597
00282	PG&E	08/07/2020	Regular	0.00	62.17	37598
00282	PG&E	08/07/2020	Regular	0.00	9.53	37599
06746	POSTMASTER	08/07/2020	Regular	0.00	240.00	37600
13430	Premiere Global Services	08/07/2020	Regular	0.00	317.60	37601
00262	Pure H2O	08/07/2020	Regular	0.00	65.54	37602
19098	Specialty Construction, Inc.	08/07/2020	Regular	0.00	740,151.93	37603
04359	The Carmel Pine Cone	08/07/2020	Regular	0.00	1,452.00	37604
09425	The Ferguson Group LLC	08/07/2020	Regular	0.00	16,000.00	37605
17965	The Maynard Group	08/07/2020	Regular	0.00	1,521.44	37606
18163	Wex Bank	08/07/2020	Regular	0.00	932.57	37607
01188	Alhambra	08/14/2020	Regular	0.00	92.70	37611
00253	AT&T	08/14/2020	Regular	0.00	804.68	37612
00252	Cal-Am Water	08/14/2020	Regular	0.00	156.22	37613
01001	CDW Government	08/14/2020	Regular	0.00	12,844.60	37614
01009	Cory Hamilton	08/14/2020	Regular	0.00	71.00	37615
19765	Daniel Larson	08/14/2020	Regular	0.00	257.60	37616
19764	Katrina Herrmann	08/14/2020	Regular	0.00	257.60	37617
05830	Larry Hampson	08/14/2020	Regular	0.00	506.60	37618
00222	M.J. Murphy	08/14/2020	Regular	0.00	52.34	37619
13396	Navia Benefit Solutions, Inc.	08/14/2020	Regular	0.00	662.49	37620
04032	Normandeau Associates, Inc.	08/14/2020	Regular	0.00	130.00	37621
00036	Parham Living Trust	08/14/2020	Regular	0.00	850.00	37622
00282	PG&E	08/14/2020	Regular	0.00	25.41	37623
00282	PG&E	08/14/2020	Regular	0.00	18.57	37624
13394	Regional Government Services	08/14/2020	Regular	0.00	5,945.00	37625
04709	Sherron Forsgren	08/14/2020	Regular	0.00	869.02	37626
19766	Spencer Chaney	08/14/2020	Regular	0.00	37.38	37627
04719	Telit Io T Platforms, LLC	08/14/2020	Regular	0.00	234.35	37628
04359	The Carmel Pine Cone	08/14/2020	Regular	0.00	726.00	37629
09425	The Ferguson Group LLC	08/14/2020	Regular	0.00	8,000.00	37630

EXHIBIT 5-B

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Check Report**Date Range: 08/01/2020 - 08/31/2020**

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
17965	The Maynard Group	08/14/2020	Regular	0.00	320.00	37631
00225	Trowbridge Enterprises Inc.	08/14/2020	Regular	0.00	290.64	37632
00271	UPEC, Local 792	08/14/2020	Regular	0.00	997.50	37633
00010	Access Monterey Peninsula	08/21/2020	Regular	0.00	1,750.00	37700
00024	Three Amigos Pest Control DBA Central Coast Exte	08/21/2020	Regular	0.00	104.00	37701
00281	CoreLogic Information Solutions, Inc.	08/21/2020	Regular	0.00	1,054.05	37702
00046	De Lay & Laredo	08/21/2020	Regular	0.00	40,818.50	37703
00041	Denise Duffy & Assoc. Inc.	08/21/2020	Regular	0.00	8,526.00	37704
00192	Extra Space Storage	08/21/2020	Regular	0.00	885.00	37705
00986	Henrietta Stern	08/21/2020	Regular	0.00	1,293.21	37706
00277	Home Depot Credit Services	08/21/2020	Regular	0.00	1,498.98	37707
00259	Marina Coast Water District	08/21/2020	Regular	0.00	91.87	37708
00259	Marina Coast Water District	08/21/2020	Regular	0.00	45.38	37709
00259	Marina Coast Water District	08/21/2020	Regular	0.00	91.87	37710
00242	MBAS	08/21/2020	Regular	0.00	9,472.50	37711
00275	Monterey County Herald	08/21/2020	Regular	0.00	2,015.11	37712
16182	Monterey County Weekly	08/21/2020	Regular	0.00	863.00	37713
01353	Monterey Peninsula Chamber of Commerce	08/21/2020	Regular	0.00	421.00	37714
19767	Nase Werner	08/21/2020	Regular	0.00	4,684.56	37715
00755	Peninsula Welding Supply, Inc.	08/21/2020	Regular	0.00	64.50	37716
00282	PG&E	08/21/2020	Regular	0.00	40,655.10	37717
18544	Psomas	08/21/2020	Regular	0.00	33,127.60	37718
00159	Pueblo Water Resources, Inc.	08/21/2020	Regular	0.00	4,588.50	37719
17968	Rutan & Tucker, LLP	08/21/2020	Regular	0.00	15,037.50	37720
16313	Salinas Valley Ford	08/21/2020	Regular	0.00	30,070.91	37721
00176	Sentry Alarm Systems	08/21/2020	Regular	0.00	125.50	37722
04359	The Carmel Pine Cone	08/21/2020	Regular	0.00	726.00	37723
00225	Trowbridge Enterprises Inc.	08/21/2020	Regular	0.00	48.77	37724
00229	Tyler Technologies	08/21/2020	Regular	0.00	24,568.54	37725
00269	U.S. Bank	08/21/2020	Regular	0.00	1,755.36	37726
00252	Cal-Am Water	08/28/2020	Regular	0.00	107.65	37727
00252	Cal-Am Water	08/28/2020	Regular	0.00	79.82	37728
01001	CDW Government	08/28/2020	Regular	0.00	240.83	37729
00230	Cisco Systems, Inc.	08/28/2020	Regular	0.00	290.00	37730
04041	Cynthia Schmidlin	08/28/2020	Regular	0.00	868.03	37731
19448	David Frank Stone	08/28/2020	Regular	0.00	35.10	37732
00046	De Lay & Laredo	08/28/2020	Regular	0.00	35,981.24	37733
12655	Graphicsmiths	08/28/2020	Regular	0.00	468.00	37734
00993	Harris Court Business Park	08/28/2020	Regular	0.00	721.26	37735
00277	Home Depot Credit Services	08/28/2020	Regular	0.00	385.99	37736
04717	Inder Osahan	08/28/2020	Regular	0.00	1,293.21	37737
05371	June Silva	08/28/2020	Regular	0.00	578.00	37738
19764	Katrina Herrmann	08/28/2020	Regular	0.00	102.35	37739
06999	KBA Docusys	08/28/2020	Regular	0.00	1,515.00	37740
05829	Mark Bekker	08/28/2020	Regular	0.00	1,094.00	37741
01012	Mark Dudley	08/28/2020	Regular	0.00	540.00	37742
13396	Navia Benefit Solutions, Inc.	08/28/2020	Regular	0.00	662.49	37743
00282	PG&E	08/28/2020	Regular	0.00	1,847.35	37744
00251	Rick Dickhaut	08/28/2020	Regular	0.00	543.40	37745
19700	Shute, Mihaly & Weinberger LLP	08/28/2020	Regular	0.00	10,836.47	37746
00766	Standard Insurance Company	08/28/2020	Regular	0.00	1,429.09	37747
09425	The Ferguson Group LLC	08/28/2020	Regular	0.00	70.89	37748
00203	ThyssenKrup Elevator	08/28/2020	Regular	0.00	643.71	37749
00225	Trowbridge Enterprises Inc.	08/28/2020	Regular	0.00	348.20	37750
18737	U.S. Bank Equipment Finance	08/28/2020	Regular	0.00	871.82	37751
00221	Verizon Wireless	08/28/2020	Regular	0.00	1,960.63	37752
18163	Wex Bank	08/28/2020	Regular	0.00	189.33	37753
08105	Yolanda Munoz	08/28/2020	Regular	0.00	540.00	37754
Total Regular:				0.00	1,144,505.95	

EXHIBIT 5-B

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Check Report**Date Range: 08/01/2020 - 08/31/2020**

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
Payment Type: Bank Draft						
18163	Wex Bank	08/07/2020	Bank Draft	0.00	964.44	DFT0001686
00266	I.R.S.	08/07/2020	Bank Draft	0.00	109.61	DFT0001688
00266	I.R.S.	08/07/2020	Bank Draft	0.00	113.56	DFT0001689
00266	I.R.S.	08/07/2020	Bank Draft	0.00	485.46	DFT0001690
00266	I.R.S.	08/14/2020	Bank Draft	0.00	13,018.85	DFT0001692
00266	I.R.S.	08/14/2020	Bank Draft	0.00	2,669.56	DFT0001693
00267	Employment Development Dept.	08/14/2020	Bank Draft	0.00	5,194.80	DFT0001694
00266	I.R.S.	08/14/2020	Bank Draft	0.00	618.36	DFT0001695
00256	PERS Retirement	08/03/2020	Bank Draft	0.00	-16,632.58	DFT0001699
00256	PERS Retirement	08/03/2020	Bank Draft	0.00	16,632.58	DFT0001699
00768	ICMA	08/14/2020	Bank Draft	0.00	2,620.09	DFT0001702
00266	I.R.S.	08/28/2020	Bank Draft	0.00	13,215.20	DFT0001704
00266	I.R.S.	08/28/2020	Bank Draft	0.00	2,679.78	DFT0001705
00267	Employment Development Dept.	08/28/2020	Bank Draft	0.00	5,413.60	DFT0001706
00266	I.R.S.	08/28/2020	Bank Draft	0.00	762.96	DFT0001707
00256	PERS Retirement	08/14/2020	Bank Draft	0.00	16,096.70	DFT0001713
00769	Laborers Trust Fund of Northern CA	08/11/2020	Bank Draft	0.00	28,094.00	DFT0001714
00768	ICMA	08/28/2020	Bank Draft	0.00	2,620.09	DFT0001715
00256	PERS Retirement	08/28/2020	Bank Draft	0.00	15,920.39	DFT0001716
00256	PERS Retirement	08/03/2020	Bank Draft	0.00	15,896.84	DFT0001731
Total Bank Draft:				0.00	126,494.29	

Payment Type	Bank Code APBNK		Summary	
	Payable Count	Payment Count	Discount	Payment
Regular Checks	146	109	0.00	1,145,759.39
Manual Checks	0	0	0.00	0.00
Voided Checks	0	2	0.00	-1,253.44
Bank Drafts	36	20	0.00	126,494.29
EFT's	0	0	0.00	0.00
	182	131	0.00	1,271,000.24

EXHIBIT 5-B

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Check Report**Date Range: 08/01/2020 - 08/31/2020**

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
Bank Code: REBATES-02-Rebates: Use Only For Rebates						
Payment Type: Regular						
19734	Ann Kenedy	08/21/2020	Regular	0.00	500.00	37634
19730	Anna Apostrofe	08/21/2020	Regular	0.00	500.00	37635
19756	Bill O Donnell	08/21/2020	Regular	0.00	100.00	37636
19731	Bobbette Randazzo	08/21/2020	Regular	0.00	500.00	37637
19746	Brij N. Agrawal	08/21/2020	Regular	0.00	500.00	37638
19761	Bryan Briggs	08/21/2020	Regular	0.00	500.00	37639
19753	Carey Lanzman	08/21/2020	Regular	0.00	500.00	37640
19717	Chantelle Cafferata	08/21/2020	Regular	0.00	125.00	37641
19763	Cheryl Burrell	08/21/2020	Regular	0.00	500.00	37642
19762	Christine Meeks	08/21/2020	Regular	0.00	500.00	37643
19726	Christopher Brophy	08/21/2020	Regular	0.00	125.00	37644
19723	Cole Erskine	08/21/2020	Regular	0.00	625.00	37645
19703	Dale Evans	08/21/2020	Regular	0.00	75.00	37646
19719	David T. Yamada	08/21/2020	Regular	0.00	125.00	37647
19755	David Tubman	08/21/2020	Regular	0.00	59.00	37648
19714	Dayne Johnston	08/21/2020	Regular	0.00	75.00	37649
19743	Douglas Gutshall	08/21/2020	Regular	0.00	500.00	37650
19748	Ellin Kohler	08/21/2020	Regular	0.00	500.00	37651
19740	Gary Taylor	08/21/2020	Regular	0.00	500.00	37652
19747	George Barsamian	08/21/2020	Regular	0.00	500.00	37653
19738	George T. Harter	08/21/2020	Regular	0.00	500.00	37654
19760	H. Gary Roser	08/21/2020	Regular	0.00	500.00	37655
19745	Humberto Rodriguez	08/21/2020	Regular	0.00	500.00	37656
19710	James Thorsen	08/21/2020	Regular	0.00	75.00	37657
19742	Jean Underwood	08/21/2020	Regular	0.00	500.00	37658
19729	Jeffrey Lehner	08/21/2020	Regular	0.00	500.00	37659
19712	Jeffrey Ogata	08/21/2020	Regular	0.00	75.00	37660
19754	Jerry McConnell	08/21/2020	Regular	0.00	500.00	37661
19757	Joe Cappuccio	08/21/2020	Regular	0.00	200.00	37662
19704	John Peterson	08/21/2020	Regular	0.00	156.49	37663
19741	Judy Parsons	08/21/2020	Regular	0.00	500.00	37664
19735	Kyungock Suh	08/21/2020	Regular	0.00	500.00	37665
19713	Laura Hoke	08/21/2020	Regular	0.00	75.00	37666
19759	Lesley Milton-Rerig	08/21/2020	Regular	0.00	75.00	37667
19720	Lis E. Tugwell	08/21/2020	Regular	0.00	125.00	37668
19728	Marc J. Miller	08/21/2020	Regular	0.00	125.00	37669
19749	Margaret Belleci	08/21/2020	Regular	0.00	500.00	37670
19736	Marion Rohrs	08/21/2020	Regular	0.00	500.00	37671
19739	Mark Pettit	08/21/2020	Regular	0.00	500.00	37672
19707	Mary Hudgens	08/21/2020	Regular	0.00	75.00	37673
19718	Mary Tardio	08/21/2020	Regular	0.00	625.00	37674
19635	Michael Cobler	08/21/2020	Regular	0.00	500.00	37675
19705	Michael Healy	08/21/2020	Regular	0.00	75.00	37676
19709	Mike Lundblad	08/21/2020	Regular	0.00	75.00	37677
19485	Miles Lundquist	08/21/2020	Regular	0.00	50.00	37678
19752	Monalisa S Janssen	08/21/2020	Regular	0.00	500.00	37679
19715	Monica Schmidt	08/21/2020	Regular	0.00	125.00	37680
19721	Nat Agliano	08/21/2020	Regular	0.00	125.00	37681
06277	Paul Morris	08/21/2020	Regular	0.00	125.00	37682
19708	Ralph Lauer	08/21/2020	Regular	0.00	75.00	37683
19732	Rick Arai	08/21/2020	Regular	0.00	500.00	37684
06104	Robert Coppla	08/21/2020	Regular	0.00	75.00	37685
19724	Robert Nichols	08/21/2020	Regular	0.00	125.00	37686
19722	Robert Shore	08/21/2020	Regular	0.00	125.00	37687
19744	Robert Sugar	08/21/2020	Regular	0.00	500.00	37688
19733	Ron Pollacci	08/21/2020	Regular	0.00	500.00	37689
19725	Scott P. Moser	08/21/2020	Regular	0.00	125.00	37690
19727	Selene Ogden	08/21/2020	Regular	0.00	125.00	37691
19716	Stanley Hwang	08/21/2020	Regular	0.00	125.00	37692

EXHIBIT 5-B

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Check Report**Date Range: 08/01/2020 - 08/31/2020**

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
19702	Stuart Pressman	08/21/2020	Regular	0.00	75.00	37693
19750	Susan Alnes	08/21/2020	Regular	0.00	500.00	37694
19711	T. Bozidar Horn	08/21/2020	Regular	0.00	225.00	37695
19737	Tara James	08/21/2020	Regular	0.00	500.00	37696
19751	Victor Salazar	08/21/2020	Regular	0.00	500.00	37697
19706	Wendy Birks	08/21/2020	Regular	0.00	75.00	37698
19758	William Pace	08/21/2020	Regular	0.00	375.00	37699
Total Regular:				0.00	20,515.49	

Bank Code REBATES-02 Summary

Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	67	66	0.00	20,515.49
Manual Checks	0	0	0.00	0.00
Voided Checks	0	0	0.00	0.00
Bank Drafts	0	0	0.00	0.00
EFT's	0	0	0.00	0.00
	67	66	0.00	20,515.49

All Bank Codes Check Summary

Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	213	175	0.00	1,166,274.88
Manual Checks	0	0	0.00	0.00
Voided Checks	0	2	0.00	-1,253.44
Bank Drafts	36	20	0.00	126,494.29
EFT's	0	0	0.00	0.00
	249	197	0.00	1,291,515.73

Fund Summary

Fund	Name	Period	Amount
99	POOL CASH FUND	8/2020	1,291,515.73
			1,291,515.73

EXHIBIT 5-C

Monterey Peninsula Water Management Dist

Payroll Bank Transaction Report

By Payment Number

Date: 8/1/2020 - 8/31/2020

Payroll Set: 01 - Monterey Peninsula Water Management District

Payment Number	Payment Date	Payment Type	Employee Number	Employee Name	Check Amount	Direct Deposit Amount	Total Payment
5254	08/07/2020	Regular	7015	Adams, Mary L	0.00	459.02	459.02
5255	08/07/2020	Regular	7014	Evans, Molly F	0.00	490.46	490.46
5256	08/07/2020	Regular	7017	Hoffmann, Gary D	0.00	498.69	498.69
5257	08/07/2020	Regular	7018	Riley, George T	0.00	623.36	623.36
5258	08/14/2020	Regular	1024	Stoldt, David J	0.00	5,742.47	5,742.47
5259	08/14/2020	Regular	1025	Tavani, Arlene M	0.00	2,227.84	2,227.84
5260	08/14/2020	Regular	1044	Bennett, Corryn D	0.00	2,209.06	2,209.06
5261	08/14/2020	Regular	1018	Prasad, Suresh	0.00	4,067.47	4,067.47
5262	08/14/2020	Regular	1019	Reyes, Sara C	0.00	1,891.34	1,891.34
5263	08/14/2020	Regular	1075	Valencia, Mariel C	0.00	1,583.05	1,583.05
5264	08/14/2020	Regular	1042	Hamilton, Maureen C.	0.00	2,653.43	2,653.43
5265	08/14/2020	Regular	6063	Hampson, Larry M	0.00	1,660.57	1,660.57
5266	08/14/2020	Regular	1009	James, Gregory W	0.00	3,266.43	3,266.43
5267	08/14/2020	Regular	1011	Lear, Jonathan P	0.00	4,230.74	4,230.74
5268	08/14/2020	Regular	1012	Lindberg, Thomas L	0.00	2,677.94	2,677.94
5269	08/14/2020	Regular	1043	Suwada, Joseph	0.00	2,011.61	2,011.61
5270	08/14/2020	Regular	1045	Atkins, Daniel N	0.00	1,965.50	1,965.50
5271	08/14/2020	Regular	1004	Chaney, Beverly M	0.00	2,702.76	2,702.76
5272	08/14/2020	Regular	6042	Chaney, Spencer L	0.00	420.25	420.25
5273	08/14/2020	Regular	1005	Christensen, Thomas T	0.00	3,685.20	3,685.20
5274	08/14/2020	Regular	6071	Foster, Ivie M	0.00	252.00	252.00
5275	08/14/2020	Regular	1007	Hamilton, Cory R	0.00	2,373.14	2,373.14
5276	08/14/2020	Regular	6069	Herrmann, Katrina F	0.00	934.10	934.10
5277	08/14/2020	Regular	6070	Larson, Daniel K	0.00	934.10	934.10
5278	08/14/2020	Regular	1048	Lumas, Eric M	0.00	1,811.39	1,811.39
5279	08/14/2020	Regular	1001	Bravo, Gabriela D	0.00	2,610.25	2,610.25
5280	08/14/2020	Regular	1076	Jakic, Tricia	0.00	2,583.98	2,583.98
5281	08/14/2020	Regular	1010	Kister, Stephanie L	0.00	2,706.87	2,706.87
5282	08/14/2020	Regular	1017	Locke, Stephanie L	0.00	3,491.25	3,491.25
5283	08/14/2020	Regular	1040	Smith, Kyle	0.00	3,153.45	3,153.45
5284	08/14/2020	Regular	1047	Timmer, Christopher	0.00	2,190.67	2,190.67
5285	08/28/2020	Regular	1024	Stoldt, David J	0.00	5,742.48	5,742.48
5286	08/28/2020	Regular	1025	Tavani, Arlene M	0.00	2,227.86	2,227.86
5287	08/28/2020	Regular	1044	Bennett, Corryn D	0.00	2,031.07	2,031.07
5288	08/28/2020	Regular	1018	Prasad, Suresh	0.00	4,067.47	4,067.47
5289	08/28/2020	Regular	1019	Reyes, Sara C	0.00	1,891.34	1,891.34
5290	08/28/2020	Regular	1075	Valencia, Mariel C	0.00	1,583.05	1,583.05
5291	08/28/2020	Regular	1042	Hamilton, Maureen C.	0.00	2,653.44	2,653.44
5292	08/28/2020	Regular	6063	Hampson, Larry M	0.00	2,847.41	2,847.41
5293	08/28/2020	Regular	1009	James, Gregory W	0.00	3,266.44	3,266.44
5294	08/28/2020	Regular	1011	Lear, Jonathan P	0.00	4,230.75	4,230.75
5295	08/28/2020	Regular	1012	Lindberg, Thomas L	0.00	2,677.95	2,677.95
5296	08/28/2020	Regular	1043	Suwada, Joseph	0.00	2,011.62	2,011.62
5297	08/28/2020	Regular	1045	Atkins, Daniel N	0.00	2,064.98	2,064.98
5298	08/28/2020	Regular	1004	Chaney, Beverly M	0.00	2,702.77	2,702.77
5299	08/28/2020	Regular	1005	Christensen, Thomas T	0.00	3,685.21	3,685.21
5300	08/28/2020	Regular	6071	Foster, Ivie M	0.00	563.61	563.61
5301	08/28/2020	Regular	1007	Hamilton, Cory R	0.00	2,373.15	2,373.15
5302	08/28/2020	Regular	6069	Herrmann, Katrina F	0.00	735.04	735.04
5303	08/28/2020	Regular	6070	Larson, Daniel K	0.00	640.45	640.45
5304	08/28/2020	Regular	1048	Lumas, Eric M	0.00	2,013.39	2,013.39
5305	08/28/2020	Regular	1001	Bravo, Gabriela D	0.00	2,610.26	2,610.26
5306	08/28/2020	Regular	1076	Jakic, Tricia	0.00	2,583.99	2,583.99
5307	08/28/2020	Regular	1010	Kister, Stephanie L	0.00	2,706.87	2,706.87
5308	08/28/2020	Regular	1017	Locke, Stephanie L	0.00	3,491.26	3,491.26
5309	08/28/2020	Regular	1040	Smith, Kyle	0.00	2,389.58	2,389.58
5310	08/28/2020	Regular	1047	Timmer, Christopher	0.00	2,190.68	2,190.68

EXHIBIT 5-C							
Payment Number	Payment Date	Payment Type	Employee Number	Employee Name	Check Amount	Direct Deposit Amount	32 Total Payment
37608	08/07/2020	Regular	7007	Byrne, Jeanne	498.69	0.00	498.69
37609	08/07/2020	Regular	7009	Edwards, Alvin	698.70	0.00	698.70
37610	08/07/2020	Regular	7004	Potter, David L	236.96	0.00	236.96
Total:					1,434.35	134,090.51	135,524.86



MONTEREY PENINSULA WATER MANAGEMENT DISTRICT
STATEMENT OF REVENUES AND EXPENDITURES
FOR THE MONTH AUGUST 31, 2020

	Mitigation	Conservation	Water Supply	Current Period Activity	FY 2019/2020 Year-to-Date Actual	FY 2019/2020 Annual Budget	Prior FY Year-to-Date Actual
REVENUES							
Property taxes	\$ -	\$ -	\$ -		\$ -	\$ 2,050,000	\$ -
Water supply charge			-		-	3,300,000	-
User fees	354,071	138,174	82,904		575,150	4,250,000	8,812
Mitigation revenue	-				-	-	-
Capacity fees			2,295		23,962	400,000	41,553
Permit fees	-	11,820			27,506	198,000	34,371
Investment income	1,512	658	2,237		(72,924)	200,000	(23,339)
Miscellaneous	159	101	128		1,283	15,000	10
Sub-total district revenues	355,742	150,753	87,564	-	554,977	10,413,000	61,407
Project reimbursements	-	-	-		21,850	2,436,000	24,238
Legal fee reimbursements		300			300	16,000	150
Grants	7,274	-	-		7,274	2,495,400	-
Recording fees		2,860			6,380	6,000	5,560
Sub-total reimbursements	7,274	3,160	-	-	35,804	4,953,400	29,948
From Reserves	-	-	-	-	-	9,055,400	-
Total revenues	363,016	153,913	87,564	-	590,781	24,421,800	91,354
EXPENDITURES							
Personnel:							
Salaries	67,327	42,193	80,292		367,492	2,651,200	372,461
Retirement	6,055	3,856	7,403		436,876	647,400	386,479
Unemployment Compensation	-	-	-		4,759	3,000	723
Auto Allowance	92	92	277		878	6,000	924
Deferred Compensation	143	143	429		1,358	9,400	1,429
Temporary Personnel	-	-	-		-	50,000	22,656
Workers Comp. Ins.	2,035	164	1,372		8,602	85,000	29,627
Employee Insurance	14,388	9,201	13,834		75,641	505,700	74,752
Medicare & FICA Taxes	1,650	710	1,336		8,368	46,800	7,899
Personnel Recruitment	-	-	-		-	3,000	-
Other benefits	41	26	33		200	1,500	140
Staff Development	-	-	-		-	29,700	1,043
Sub-total personnel costs	91,731	56,386	104,976	-	904,173	4,038,700	898,133
Services & Supplies:							
Board Member Comp	1,462	1,401	1,457		8,235	33,900	4,860
Board Expenses	686	435	552		1,938	10,000	963
Rent	985	230	915		4,260	23,200	3,860
Utilities	928	569	752		4,641	33,200	3,338
Telephone	2,103	1,612	1,192		9,652	46,500	10,648
Facility Maintenance	1,635	1,037	1,316		4,402	56,300	6,904
Bank Charges	636	403	512		2,831	15,100	3,370
Office Supplies	998	633	803		2,938	17,700	2,745
Courier Expense	-	-	-		254	6,100	835
Postage & Shipping	205	130	165		740	6,800	825
Equipment Lease	357	227	288		2,143	13,900	2,272
Equip. Repairs & Maintenance	140	89	112		341	7,000	2,119
Photocopy Expense							
Printing/Duplicating/Binding	-	-	-		-	500	-
IT Supplies/Services	23,550	14,934	18,955		76,209	220,000	49,393
Operating Supplies	61	-	-		90	16,100	1,978
Legal Services	6,082	4,418	7,012		48,564	400,000	21,606



MONTEREY PENINSULA WATER MANAGEMENT DISTRICT
STATEMENT OF REVENUES AND EXPENDITURES
FOR THE MONTH AUGUST 31, 2020

	Mitigation	Conservation	Water Supply	Current Period Activity	FY 2019/2020 Year-to-Date Actual	FY 2019/2020 Annual Budget	Prior FY Year-to-Date Actual
Professional Fees	7,547	4,786	6,074		34,852	360,200	50,752
Transportation	2,025	-	69		3,236	34,000	4,746
Travel	655	-	-		712	26,100	171
Meeting Expenses	359	228	289		2,625	6,700	602
Insurance	-	-	-		-	98,000	11,695
Legal Notices	-	-	-		-	3,100	-
Membership Dues	-	-	-		1,691	38,300	1,421
Public Outreach	12	8	10		30	3,900	169
Assessors Administration Fee	-	-	-		-	20,000	-
Miscellaneous	-	-	-		-	3,000	-
Sub-total services & supplies costs	50,426	31,139	40,472	-	210,384	1,499,600	185,274
Project expenditures	77,070	64,109	747,300		1,933,173	16,639,100	492,611
Fixed assets	12,028	8,420	9,623		34,270	220,000	-
Contingencies	-	-	-		-	70,000	-
Election costs	-	-	-		-	200,000	-
Debt service: Principal	-	-	-		-	230,000	-
Debt service: Interest	-	-	-		-	-	-
Flood drought reserve	-	-	-		-	324,400	-
Capital equipment reserve	-	-	-		-	1,000,000	-
General fund balance	-	-	-		-	100,000	-
Pension reserve	-	-	-		-	100,000	-
OPEB reserve	-	-	-		-	100,000	-
Other	-	-	-	-	-	-	-
Sub-total other	89,098	72,529	756,923	-	1,967,444	18,883,500	492,611
Total expenditures	231,255	160,054	902,371	-	3,082,001	24,421,800	1,576,018
Excess (Deficiency) of revenues over expenditures	\$ 131,761	\$ (6,140)	\$ (814,807)	\$ -	\$ (2,491,219)	\$ -	\$ (1,484,663)

ITEM: PUBLIC HEARING**9. CONSIDER CERTIFICATION OF FINAL EIR FOR THE POTENTIAL ACQUISITION OF MONTEREY WATER SYSTEM AND DISTRICT BOUNDARY ADJUSTMENT****Meeting Date:** October 19, 2020 **Budgeted:** N/A**From:** David J. Stoldt,
General Manager **Program/** N/A
Line Item No.:**Prepared By:** David J. Stoldt **Cost Estimate:** N/A**General Counsel Approval:** N/A**Committee Recommendation:** None

CEQA Compliance: In accordance with Section 15121 of CEQA, the purpose of this EIR is to serve as an informational document that: "...will inform public agency decision makers and the public generally of the significant environmental effects of a project, identify possible ways to minimize the significant effects, and describe reasonable alternatives to the project."

SUMMARY: In order to prepare the Board to consider in the future a Resolution of Public Necessity for the potential acquisition of California American Water (Cal-Am) Company's Monterey Water System, the Monterey County Local Agency Formation Commission (LAFCO) must allow the District to activate certain latent powers authorized by its legislation, as well as consider annexation of approximately 56 parcels to the District. LAFCO will require CEQA findings, action by the District, and a filing of a Notice of Determination with the State.

A copy of the *Potential Acquisition of Monterey Water System and District Boundary Adjustment Final Environmental Impact Report* (FEIR) was distributed to the Board. Copies for public review, including CDs with all the appendices are available for review at the District offices. The document was posted October 7, 2020 and can be viewed on the District's website at the following link:

<https://www.mpwmd.net/wp-content/uploads/MPWMD-FEIR-October-2020.pdf>

Certification of this FEIR does not commit the District Board to a hearing on a Resolution of Necessity or a condemnation proceeding.

RECOMMENDATION: Staff recommends the Board: (i) Approve Resolution 2020-17 Certifying the Monterey Peninsula Water Management District Potential Acquisition of Monterey Water System and District Boundary Adjustment Environmental Impact Report, including the Findings attached thereto (ii) approve the Mitigation Monitoring and Reporting Program provided contained as an Exhibit to the Findings, and (iii) direct staff to file a Notice of Determination of compliance with the California Environmental Quality Act at the State Office of Planning and Research.

EXHIBIT**9-A** Proposed Resolution 2020-17

EXHIBIT 9-A

RESOLUTION 2020-17

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

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

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

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

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

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

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

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

- A. It shall be the policy of the District, if and when feasible, to secure and maintain public ownership of all water production, storage and delivery system assets and infrastructure providing services within its territory.

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

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

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

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

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

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

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

NOW, THEREFORE, BE IT RESOLVED, as follows:

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

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

On motion of Director _____, and second by Director _____, the foregoing resolution is duly adopted this 19th day of October 2020 by the following votes:

AYES:

NAYS:

ABSENT:

I, David J. Stoldt, Secretary to the Board of Directors of the Monterey Peninsula Water Management District, hereby certify that the foregoing is a resolution duly adopted on the 19th day of October 2020.

Witness my hand and seal of the Board of Directors this ____ day of October 2020.

David J. Stoldt,
Secretary to the Board

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

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

I. INTRODUCTION

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

II. PROJECT SYNOPSIS

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

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

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

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

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

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

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

III. REQUIRED CEQA FINDINGS OF FACT

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

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

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

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

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

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

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

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

IV. REQUIRED STATEMENT OF OVERRIDING CONSIDERATIONS:

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

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

V. ENVIRONMENTAL REVIEW OF THE PROJECT

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

VI. THE ADMINISTRATIVE RECORD

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

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

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

VII. CERTIFICATION OF THE EIR

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

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

VIII. MITIGATION MEASURE AND MMRP

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

IX. FINDINGS REGARDING SIGNIFICANT AND UNAVOIDABLE AND POTENTIALLY SIGNIFICANT IMPACTS

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

Greenhouse Gas Emission

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

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

Facts Supporting Findings:

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

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

Facts Supporting Findings:

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

X. FINDINGS REGARDING ALTERNATIVES

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

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

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

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

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

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

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

XI. ULTIMATE FINDINGS AND CONCLUSIONS

49. The MPWMD Board therefore finds that:

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

EXHIBIT A**MITIGATION MONITORING AND REPORTING PLAN**

Mitigation Monitoring and Reporting Program

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

Mitigation Measure/ Condition of Approval	Action Required	Monitoring Timing	Monitoring Frequency	Responsible Agency	Compliance Verification		
					Initial	Date	Comments
Greenhouse Gas Emissions							
GHG-1 Greenhouse Gas Reduction Plan for Operational Emissions							

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

Table 4.2-2 Summary of GHG Mitigation Options

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

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

Mitigation Measure/ Condition of Approval	Action Required	Monitoring Timing	Monitoring Frequency	Responsible Agency	Compliance Verification		
					Initial	Date	Comments
	Schedule times of high pumping to coincide with times of high renewable energy availability and low demand						
Waste ¹	Implement a program to separate organic waste from other materials and contract with local waste disposal companies to route organic waste to food recovery centers, anaerobic digestion, or composting facilities						
	Develop and implement net zero waste programs at District facilities						
Water ¹	Expand targeted outreach programs to install water efficient landscapes, irrigation systems, appliances, and fixtures through the use of a rebate program						
Vegetation Change	Plant trees in the District's service area						
Carbon Offsets	Directly undertake or fund activities that reduce or sequester GHG emissions ("Direct Reduction Activities") and retire the associated "GHG Mitigation Reduction Credits." A "GHG Mitigation Reduction Credit" shall mean an instrument issued by an Approved Registry and shall represent the estimated reduction or sequestration of 1 MT of CO ₂ e that shall be achieved by a Direct Reduction Activity that is not otherwise required (CEQA Guidelines Section 15126.4[c][3]). A "GHG Mitigation Reduction Credit" must achieve GHG emission reductions that are real, permanent, quantifiable, verifiable, enforceable, and in addition to any GHG emission reduction required by law or regulation or any other GHG emission reduction that otherwise would occur in accordance with the criteria set forth in the California Air Resources Board's most recent Process for the Review and Approval of Compliance Offset Protocols						

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

ITEM: PUBLIC HEARING**10. CONSIDER ADOPTION OF PROPOSED OPERATIONS PLANS FOR RULE 19.8 ACQUISITION OF MONTEREY WATER SYSTEM**

Meeting Date:	October 19, 2020	Budgeted:
From:	David J. Stoldt, General Manager	Program/ Line Item No.:
Prepared By:	David J. Stoldt	Cost Estimate:

General Counsel Approval: N/A**Committee Recommendation:** None

CEQA Compliance: Under Section 15262 of CEQA, Feasibility and Planning Studies, a project involving only feasibility or planning studies for possible future actions which the agency, board or commission has not approved, adopted, or funded does not require the preparation of an EIR or negative declaration.

SUMMARY: Similar to Agenda Item 9, in order to prepare the Board to consider in the future a Resolution of Public Necessity for the potential acquisition of California American Water (Cal-Am) Company's Monterey Water System, the Monterey County Local Agency Formation Commission (LAFCO) must allow the District to activate certain latent powers authorized by its legislation, as well as consider annexation of approximately 56 parcels to the District. LAFCO will require, in the District's application, a "*Plan for Providing Services*" which is a description of the services to be provided, financing, capacity of existing systems, and other related information, using the LAFCO "Plan for Providing Services" attachment shown in **Exhibit 10-C** as a basis for the submittal.

It is also well understood that, should the District Board elect to acquire the Cal-Am Monterey water system, it will need to demonstrate to the Court an understanding of the operations of the system and have a plan in place to fully staff all functions operational, regulatory, engineering, and other, and to continue the uninterrupted provision of safe, clean, reliable water service. An adopted operations plan or plans is also an important demonstration of that requirement.

As such, the District worked with industry experts to develop an Operations Plan (**Exhibit 10-A**) based on integration of the existing Cal-Am staff and methods, as well as a Contract Management Plan (**Exhibit 10-B**) which assumes a third-party contract operator is required. Both plans indicate a clear roadmap for the District to successfully comprehend and operate the Cal-Am system.

Adoption of the proposed operations plans does not commit the District Board to a hearing on a Resolution of Necessity or a condemnation proceeding.

RECOMMENDATION: Staff's recommendation is that the Board adopt both plans and include them in the LAFCO application.

EXHIBITS

10-A MPWMD Monterey Peninsula Water System Operations Plan (Integrated Model)

10-B Contract Management Plan

10-C LAFCO's "Plan for Providing Services" Requirements

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Monterey Peninsula Water System

Operations Plan

FINAL

October 9, 2020

Prepared by Close & Associates
and MPWMD Staff

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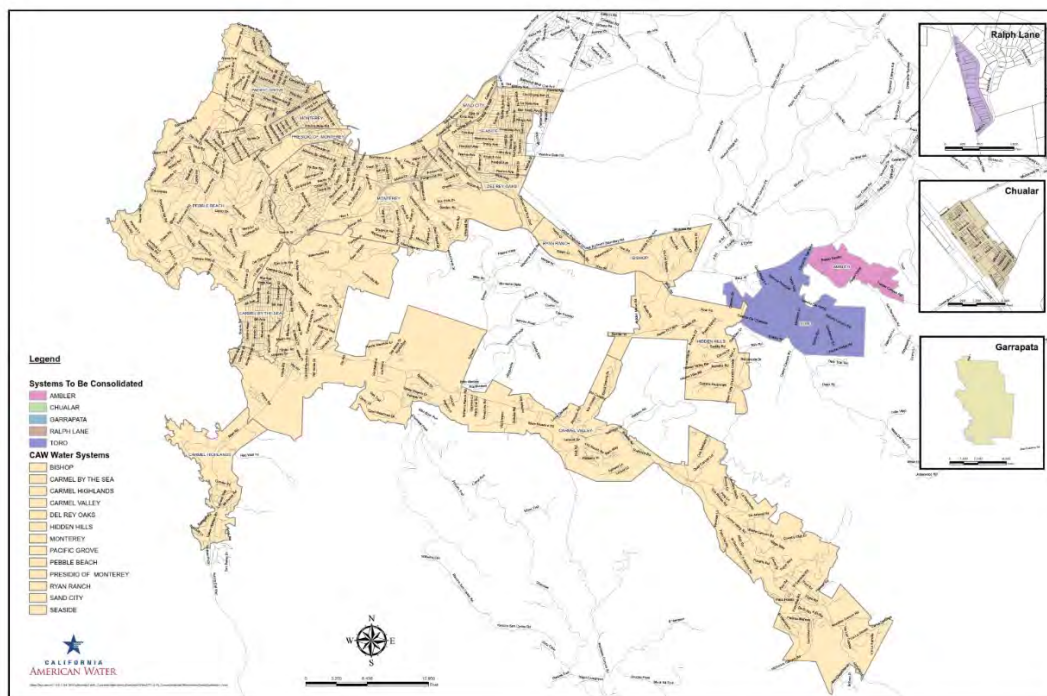
1. General Description

1.1. General Background

California American Water (Cal-Am) Company's Monterey Peninsula water system is located approximately 90 miles south of San Francisco, 300 miles northwest of Los Angeles and 70 miles southwest of San Jose. Cal-Am provides water and wastewater service to the Central Division. The Central Division is comprised of the Monterey County District, the Central Satellites, and the Monterey Wastewater District. The water system, which is comprised of the Monterey County District and the Central Satellites, serves approximately 40,000 customer connections and a population of approximately 99,794.¹

The "Main" system within the Monterey County District serves approximately 39,730 customers and includes customers within the incorporated cities of Carmel-by-the-Sea, Del Rey Oaks, Monterey, Pacific Grove, Sand City, and Seaside, and the unincorporated areas of Carmel Highlands, Carmel Valley and Pebble Beach. The Main system is generally located within the MPWMD boundaries. The Monterey County District also includes the service areas of Bishop (approx. 385 customers), Hidden Hills (approx. 454 customers), and Ryan Ranch (approx. 212 customers), that are also within the MPWMD boundaries. The Central Satellite areas, not subject to acquisition by MPWMD, include the areas of Ambler Park, Ralph Lane, Chualar, Toro, and Garrapata, which are located outside of MPWMD boundaries and serve a total of approximately 1,086 customers.

Figure 1-1: Cal-Am Central Division Water Systems²



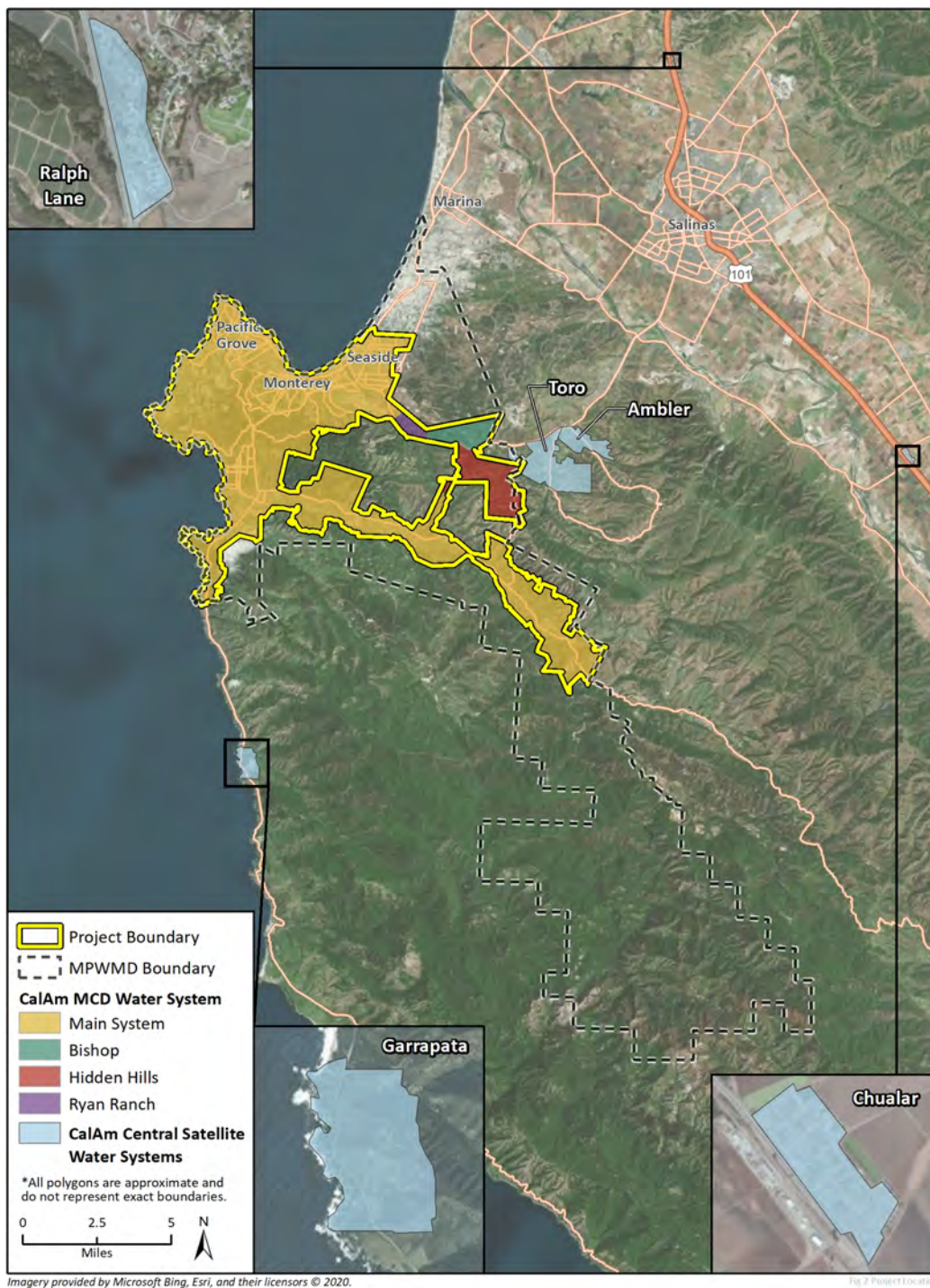
¹ 2018 Annual Report of District Water System Operations for the Monterey County District, filed by Cal-Am for the CPUC, p.16 and 17.

² Cal-Am Service Area Map as of 2013.

1.2. MPWMD Boundaries and Cal-Am Service Territory

The overlap of the MPWMD boundary (dashed line) and Cal-Am service areas is shown in the figure below.

Figure 1-2: Overlap of MPWMD and Cal-Am



Cal-Am 2019 water sales by customer class are shown below.³

Table 1-1: 2019 Water Sales (Gallons)

	Customer Class	Annual Usage	
2019 Water Sales	Residential	1,736,557,000	62.3%
	Commercial/Industrial/Public Authority/Irrigation	1,166,832,000	37.3%
	Fire Department	10,348,000	0.4%
Total 2019 Monterey Water Sales		2,785,425,000	100%

Active service connections by customer class are shown below.

Table 1-2: 2019 Active Service Connections

2019 Customers	Residential	34,114
	Commercial	5,052
	Industrial	4
	Public Authority	507
	Other	53
	Total Connections	39,730

³ 2019 Annual Report of District Water System Operations for the Monterey County District, filed by Cal-Am for the CPUC

2. Transition Plan

The operational transition period for the District to assume the ownership and water service responsibility begins after the successful court decision of the Right-to-Take and continues through the initial six months of operation. To provide a smooth transition for the community there are several activities that are necessary to be completed prior to assuming the day-to-day operation of the Monterey Peninsula Water System.

2.1. Post-Successful Right-to-Take Court Decision

Upon receiving a favorable court decision that it is in the best interest of the customers and community for the District to own and operate the public water system, the District Management Team shall initiate several activities in advance of the Valuation Trial and continue through the duration of the Transition Period.

Organizational Realignment

To integrate the water utility operation several changes are required to existing departments within the District to provide an efficient transition. A few new divisions/departments along with new positions may be required. The performance of an organizational assessment to review current core functions, work tasks, and responsibilities for current departments and identifying the additional functions and work tasks that will be required to support the additional water system operation. A review and update of the Water System Operations Plan shall be completed to reflect any changes. The key departments affected will be the Water Resources/Engineering & Planning, Administration & Finance including Customer Service, and Information Technology (IT), however all departments and functions within the District will be impacted. See Chapter 14 herein “Organizational Structure & Staffing.”

Key Management Positions: Based on the Organizational Assessment most likely several addition key management positions will be needed to be hired in advance of taking operational responsibility. Two of the key positions anticipated are the Assistant General Manager for Water Operations the Water Resources/Engineering & Planning Manager as those departments/divisions will have essential responsibilities during the transition period.

Water Utility Staff: The District’s desire is to hire the current Cal-Am staff, other than state-level general office senior management, to operate the water system. If not adopted prior, the District Board shall approve a resolution to retain the current Cal-Am operations staff for up to five years and to make best efforts financial adjustments to compensate for any lost income, pension benefits, or other fringe benefits that may occur by being an employee of the District. The District shall hire a Human Resource consultant that specializes in pension, benefits, and other compensation issues to identify issues, recommend options, and calculate any potential compensation losses for each employee.

The District shall formally request Cal-Am to permit access to staff and discuss employment with District Staff. If denied by Cal-Am, then the District shall petition the Court to order such

access. If denied, the District shall establish job descriptions and post job requisitions for the various positions to operate the water system. This will allow for Cal-Am employees to inquire and apply for such positions on their own, unsolicited by the District. Any employment offers shall be contingent upon a successful completion of the Valuation Trial and approval by the Court for the District to take possession of the water system.

State and Federal Regulatory Agency Coordination

The District will conduct meetings with State and Federal regulatory agencies to discuss the operational transition plan identifying any concerns and coordination requirements during the transition period. Inquire whether there are any outstanding operational or regulatory issues from the agencies and priorities they will be focusing on over the next several years. The District will establish key points of contact between the District and each of the agencies and discuss the District's desire to have periodic coordination meetings with each agency going forward. The following are the key agencies, to coordinate with prior to the Transition period.

- National Marine Fisheries Service
- EPA Region 9
- US Fish & Wildlife
- CalEPA
- CA State Water Resources Control Board (SWRCB)
- CA Regional Water Quality Control Board
- CA Department of Water Resources (DWR)
- California Coastal Commission
- California Fish & Game
- CA Dept. of Public Health (CDPH)
- California Department of Consumer Affairs

Local Municipalities and Other Agency Coordination

The District will conduct meetings with local cities, agencies, and the County of Monterey to discuss the operational transition plan to identify any concerns or coordination issues during the transition period. The District will establish points of contact with each city and agency and discuss what coordination meetings and frequency of on-going meetings. The following are some of the local cities and agencies to coordinate with prior to the transfer of ownership.

- County of Monterey
- City of Monterey
- City of Pacific Grove
- City of Seaside
- City of Carmel by the Sea
- City of Del Rey Oaks
- City of Sand City
- Monterey One Water
- Marina Coast Water District

- Carmel Area Wastewater District
- Monterey Peninsula Airport District
- Fire Districts or Agencies

Monterey Peninsula Business and Developer Community Coordination

The District will meet with prominent business associations that have interest in the operation and improvements to the water system and potential impacts related to the transfer of ownership to the District. The objective is to present a high-level summary of the District's transition plan, strategic goals, and priorities. Some of the associations could include, but are not limited to:

- Monterey Peninsula Chamber of Commerce
- Monterey County Hospitality Association
- Coalition of Peninsula Businesses
- Monterey County Association of Realtors
- Chamber of Commerce from each City within the District's Service Area
- New Monterey Business Association
- Old Monterey Business Association
- Monterey Commercial Property Owners Association
- Monterey Bay Economic Partnership
- Cannery Row Business Improvement District
- Fisherman's Wharf Association
- Pacific Grove Downtown Business Improvement District
- Seaside Community Development
- Seaside Business & Resident Association

Community and Environmental Groups

The District will meet with active community and environmental groups that could have an interest in the water related issues and the potential impact on natural resources as a result of the transfer of ownership and operation of the Monterey Peninsula water system. The objective is to present a high-level summary of the District's strategic goals and receive input from the various groups as to their concerns and priorities. Some of the groups could include the following:

- Carmel Valley Association
- LandWatch
- Public Water Now
- League of Women Voters
- Carmel River Steelhead Association (CRSA)
- Big Sur Land Trust
- Nature Conservancy
- Carmel River Watershed Conservancy
- Surf Rider Foundation

- Sierra Club

IT Systems Assessment

The District will prepare a data request for Cal-Am to provide a complete summary of its IT systems, software platforms, and equipment. If Cal-Am denies providing information or is unresponsive, the District will petition the court to order Cal-Am to provide the information. Upon receipt of the data, the District will conduct an IT assessment as to the integration and compatibility of Cal-Am's information systems and data into the District's systems.

Note that a number of the needed information systems and software platforms/licenses are the property of Cal-Am and American Water corporate entities and are not included with the Monterey operation assets. These information systems and associated software will have to be purchased and installed prior to the IT Systems Integration prior to assuming ownership.

Working with the District's third-party IT consultant, the District will prepare an interim IT plan during the first six months/year of ownership for information systems that need to be functional on day one. This would include phone systems, email system, District's intranet, financial systems, customer service systems, and other business systems. The existing IT operations systems should be capable of operating and maintaining the water system until they can be integrated into the District's overall IT system.

Contract Operations Firms

In the event that some or all of the current Cal-Am operations staff elect not to join the District, the District will identify and prequalify a list of water system contract operations firms that have experience and a work history of operating other water systems in California. The District will develop a comprehensive list and definition of the risk allocation criteria, outlining the responsibility of both the District and the Contract Operator. The District will then prepare a detailed scope of work and Request for Proposal (RFP). In 2020, the District developed a Third-Party Operations Plan to prepare for the possibility that it will not be able to integrate all the Cal-Am employees. Such plan was expected to be separately adopted by the District Board prior to its filing of an application to the Local Agency Formation Commission (LAFCO) and is available for public review on the District website.

The District will meet with each prequalified firm to confirm their interest and to review the scope of service, the draft risk allocation criteria, operations responsibilities, and solicit comments or concerns from the firms prior to issuing the RFP, if needed. Interviews of prospective firms will be conducted.

Public Outreach

The District will hire an outside public relations firm to assist the District during the Post-Successful Court Decision period, as well as during the transition. The goal will be to inform the

public of the court decision and the status of the pending steps in the process including the key transition plans that may impact them. The District will create and maintain a section in the District's current website for the water system transition that includes the ability of the public to ask questions.

The District will expect its outreach consultant to prepare and implement an operations transition communication plan for informing the public of the transition status and any changes forthcoming.

2.2. Operations Staffing Job Posting

The District will reach out to current Cal-Am employees, if permitted by Cal-Am or authorized by the Court, to initiate discussions of joining the District to continue to operate the Monterey Peninsula Water System. The objective is to clarify any misinformation and desire of the District for each employee to accept an offer from the District.

2.3. Bargaining Unit Negotiations

Cal-Am personnel currently are members of the Utility Workers Union of America (UWUA) Local 511 or are members of the International Union of Operating Engineers (IUOE) Local 36. Meeting with the two union representatives and/or their bargaining units will be the District's initial step to communicate with the existing employees.

The goal is to inform the unions of the District's plan to hire the Cal-Am staff and to present the approach to ensure employees don't lose any salaries or benefits in transitioning from a private company to a public agency. A key issue will be the valuation of a private company pension and 401k retirement plan to the CalPERS pension system. Receiving local union leadership support and preliminary negotiation of a new contract will ease the transition and acceptance by employees to join the District.

2.4. Job Descriptions

The District will prepare job descriptions for each job classification/position to support the hiring of current Cal-Am employees. Existing Cal-Am job descriptions shall be requested from the company or the bargaining units for the District's review and use along with American Water Works Association (AWWA) and other industry information to create the new job descriptions. The job classifications/positions are planned to be based on the latest AWWA Compensation Survey classifications as a starting point for proposed salary ranges.

2.5. Job Position Postings

To demonstrate the District's desire to hire the current Cal-Am employees, water system administrative and operations job postings will be publicly opened to recruit the Cal-Am employees and to acquire additional resumes and potential new candidates, if needed. It is assumed that Cal-Am will not allow direct communication with their employees and request the Court to prevent the District from initiating any contact. However, if an employee applies for an

open position and on their own accord desires to meet with the District, there is nothing Cal-Am can do to counter such communication.

Given that the District will probably not have permission to directly communicate with current employees, the District can use communication through the bargaining units, print media, and social media to reach out to employees. This will have a secondary benefit of informing the public and other stakeholders of the District's efforts providing reassurance that the water system operation will continue without disruption. It will provide a counter to Cal-Am's public claims regarding the negative impacts of the District operating the water system. The objective is to assess the ability to retain the existing employees and determine the availability of qualified candidates in the region.

2.6. Employee Benefits Consulting Firm

The District desires to evaluate the compensation, including benefits, for each individual Cal-Am employee in an effort to offer a compensation package that will be equal to or better than they currently have with Cal-Am. To provide the assessment of the employee's current compensation, the District will hire an outside consulting firm that specializes in the economic valuation of individual's compensation. This will be used to negotiate with the candidate and provide an employment offer.

2.7. Cal-Am Employee Employment Offers

Current Cal-Am employees that apply to the District's open job requisitions will be reviewed and processed through the District's normal hiring practices using the job description and compensation valuation/comparison to prepare a formal offer to each Cal-Am employee that applies to join the District. The job offers will be contingent upon the potential hiring of the majority of Cal-Am employees and include a tentative and flexible start date. The offer and any acceptance shall remain confidential.

2.8. Post-Valuation Court Decision

The anticipated schedule is that the utility asset valuation trial will occur approximately 12 months, or longer, after the issuance of the Right-to-Take Court decision depending on whether Cal-Am submits an appeal to that decision. The activities discussed in subsections 2.1 and 2.2 above are planned to be conducted during this timeframe.

The District, upon receipt of the Court/jury's valuation of the water system, will proceed with acquiring bond financing to purchase the water system from Cal-Am and to fund the first two to three years of capital improvement funding. The District shall have minimal cash reserves at the time of ownership transfer and will need both bond financing for the acquisition and working capital, as well as potentially a line of credit or short-term financing to cover any lag in revenue. It is estimated that the timeframe from issuance of the valuation court order until receiving operational ownership and responsibility will be several months.

During this period the District will continue to resolve any outstanding legal issues that remain from the valuation trial including any appeals. The District organizational structure will be adjusted to accommodate the management and operation of the water system. Current District staff education and training shall be conducted as to the changes in business processes associated with operating the system.

Documentation of the modified business processes, including business process mapping, will be completed as part of this effort. Each department shall prepare a comprehensive transition plan identifying the integration activities between departments associated with the management and operation of the water system. Any new resolutions or ordinances that need to be prepared and adopted by the District Board shall be completed during this phase of the transition.

A robust public communications program will be implemented to educate and inform the public of activities and on-going status of the transition including any customer service changes that will occur as a result of the transition of ownership to the District. Customer service department systems and procedures will be set-up in preparation for receiving the customer account data during the upcoming 90-day data and information transfer. Accounting and billing systems will be set-up in preparation of receiving customer account data, including any 3rd-party payment centers (e.g. banks) and on-line and automatic payment capabilities.

Engineering and operations will prepare for a thorough review of Cal-Am's current comprehensive planning study (CPS), 5-year Capital Budget, Urban Water Management Plan, and establish protocols and staffing needs to perform an asset inventory of Cal-Am's facilities the District is acquiring. Linear feet of buried assets, pipes and valves, services and other appurtenances shall be confirmed through review of Cal-Am's GIS database in comparison to the utility plant accounts. Specific attention will be taken to review and verify the plant additions that have been constructed and placed in service since the water system field inspection and assessment effort was completed during the discovery phase of the right-to-take trial.

2.9. Prop 218 Process

Based on the water system valuation as determined by the Court and the planned capital improvement funding for the first 2 to 3 years of the District's ownership, an update of the financial proforma will be completed. The results will allow the District to decide if Cal-Am's current rates and rate structure will be maintained or if rates will be reduced or the rate structure modified. Public outreach effort to solicit input from stakeholders will be conducted as part of this process. Once there appears to be a majority of public and stakeholder support, a comprehensive rate study will be performed. New rates will be adopted by the District consistent with the public protest hearing process under Proposition 218 either before taking delivery of the system or within the first 90 days.

2.10. *Staffing, Recruitment, and Interim Contract Operations*

The status of the Cal-Am employee retention effort initiated during the post-Right-to-Take phase of the transition will allow the District to decide if a third-party contract operator is needed. It is the District's desire to continue with making offers to the remaining Cal-Am employees who haven't accepted prior to initiating a contract operations solicitation. If retaining a contract operator is needed, the preparation of a Request for Proposal and detailed scope of work shall be completed and the solicitation process initiated.

Finalization of all Cal-Am employee offers will be completed and the on-boarding process initiated by Human Resources. Concurrent with the hiring of Cal-Am employees is the negotiation of new bargaining unit contracts with those unions that have members who have accepted positions to join the District. These contracts need to be finalized prior to the District assuming operation of the system.

Contingency plans will be developed in the event only a portion of the Cal-Am employees join the District that is insufficient to adequately operate the water system. If insufficient management and supervisory Cal-Am employees are retained to operate the system, then a contract operator can augment the District's staff with field personnel with the District having operational responsibility. A sufficient contract duration with incentives would have to be agreed upon to interest contract operations firms to propose on this contract.

2.11. *IT Systems Integration*

The integration of the IT systems and data transfer/verification is the critical path activity that will be completed during this phase of the transition. If sufficient IT system, software platforms, data storage, IT equipment and other information, that was requested during the initial transition phase (Section 2.1 above), is provided by Cal-Am then the IT integration plan can be completed prior to the 90-day data and information transfer.

If additional information is needed after the valuation Court decision is received, then an aggressive effort to obtain that data and determine what IT equipment and software platforms need to be purchased or existing information systems require programming to accept the electronic data from Cal-Am. If it is determined that the electronic data is not compatible with the District's systems, a data conversion process may be required to accurately transfer all of the data for each system/platform. The purchase of any new hardware/software or the reprogramming/data conversion of any critical system (especially customer account data and meter reading systems) could take extended time to complete.

Assessment of information systems used by operations will be critical if Cal-Am corporate (General Office) and not the local Monterey Division owns the meter reading, SCADA, dedicated radio frequencies, Computer Maintenance Management System (CMMS), hydraulic modeling software, vehicle GPS tracking systems, and other engineering and technical software platforms. If Cal-Am's general office owns the software/licenses then the District will have to purchase new licenses and have them operational before the 90-day data transfer effort.

Upgrades and modifications to the phone systems, email, District intranet, and other District systems need to be implemented to integrate Cal-Am's existing operation. A review of Emergency Plan communication requirements and inter-agency coordination protocols will be assessed and accommodated in the various communication system modifications.

2.12. 90-Day Data & Information Transfer

The District and Cal-Am, as petitioned and ordered by the Court, will agree to conduct a 90-day data, records, and information transfer period after completion of the IT integration and testing, and prior to the transfer of ownership and operational responsibility. The primary objective is to transfer all customer account data, financial data, GIS, CMMS, and other electronic databases from Cal-Am to the District in order to test the data and verify the accuracy of all the IT related data and information.

Cal-Am shall transfer a complete list of all assets, including those located in the Cal-Am corporate (General office) that are included in the Utility Plant Accounts. The District, if permitted by the Court, will perform a facility inspection and asset inventory of the vertical assets that will be transferred as part of this transaction. Linear or buried assets, shall be verified through review of the GIS database, as-builts, capital work order records, and other files and records received from Cal-Am.

All non-essential software platforms/programs necessary to operate (e.g. SCADA and CMMS) and perform financial transactions (e.g. billing and accounting) shall be transferred to the District along with the associated data for testing and accuracy verification.

Paper records and files shall be compiled, categorized, documented, labeled, and delivered to the District that include, but not limited to following types of information;

- All property records,
- All regulatory and water quality records,
- All water right permits and documentation,
- All operating, regulatory and environmental permits,
- All environmental (CEQA, NEPA, etc.) documents and supporting environmental surveys, studies and other information,
- All current and historical capital and O&M budget files and records,
- Distribution system atlas maps,
- All project files,
- All asset records including assets located in Cal-Am/American Water corporate (General office) offices that were funded by Cal-Am ratepayers.
- All as-built drawings,
- Inspection and condition assessment reports
- Technical and engineering reports
- Engineering calculations and internal files including historical files from Corporate (System) Engineering (New Jersey)

- Comprehensive Planning Studies (CPS) and other planning documents, technical files, and analyses
- Non-completed or in-design drawings and calculations
- Financial files, asset registries, bond financing engineering reports and other technical documentation
- Depreciation studies, cost of service studies, rate studies, and prior CPUC rate applications, decisions, and supporting work papers for each application
- Construction contracts, developer agreements, vendor contracts, maintenance contracts, and other agreements, current and historical,
- All work orders, capital, maintenance, retirement, and other internal work authorization records
- All private and public damage, insurance claims, and other liabilities that Cal-Am incurred due to operational issues
- All meeting minutes and agendas
- All IT files and records including all back-up files

Operational systems such as SCADA (including historical trend data and analyses), CMMS, maintenance and testing databases, and other software programs and data shall be copied, but not operational, and delivered to the District prior to official transfer of operational responsibility.

Upon receipt of all data, records, files, and information the District shall review the contents and verify receipt and accuracy of the data and document such to the Court.

2.13. “Day One” Operations Plan

The District will prepare an operations plan for the initial day, week, and month of operational responsibility based on the review of data, records, and information received during the 90-day transfer. The 30-Day operational plan will include a detailed workplan for each department and field personnel. The workplan is anticipated to include:

- Operators will take water quality samples across the water distribution system following state-approved sampling plan and all facilities to verify the water quality, compliance with regulations, and establish a baseline;
- Inspection of all water system treatment, production, and distribution facilities and record technical operations data, not recorded by the SCADA system and identify any immediate maintenance requirements;
- Confirm all current contractor contracts, service contracts, vendor purchase orders, and other commitments prior to the operational transfer have been contacted and the contracts/agreements have been assumed by or transferred to the District and active;
- Review all open new customer connections/accounts, customer complaints, capital projects, maintenance work orders and other O&M activities that were in process or

uncompleted at the time of operational transfer, prioritize and schedule completion these activities;

- Review capital and O&M budget status, and identify potential budget issues/adjustments that may be needed to the budgets approved and adopted by the District Board;
- Prioritize replacement, repair, and maintenance tasks that need to be completed during the first six months of operation;
- Confirm all facilities being monitored by the SCADA system are active and operational including all operational set-points and alarm functions;
- Establish operations staff after-hours operational and emergency call-out procedures and protocols;
- Review and update the emergency response plan, agency coordination protocols, and points of contact. Contact all agencies included in the Emergency Response Plan (ERP) to confirm coordination protocols and procedures;
- Conduct inventory of existing spare parts, equipment, and other items in the warehouse and operations yard and order needed items;
- Review and update meter reading routes, schedules, and procedures including review of meter aging report and any testing records;

2.14. 12-Month Water System Management and Operational Assessment

The District will maintain the current policies, procedures, and practices that Cal-Am has implemented to operate the water system. During the first year of operation the District will assess the operational procedures and business processes comparing the performance to the Strategic Goals and level of service (LOS) metrics initially adopted by the Board.

The operational assessment will serve as guidance to update and refine the District's strategic goals, LOS standards, and performance metrics to provide a roadmap for the organization for continuous improvement of the water service it provides its customers and community. These goals, standards, and metrics will be used as the foundation to develop or update and document business processes, operations procedures and practices, and District policies and ordinances.

After the completion of the operational assessment and refinement of the goals and LOS standards, the District will prepare a comprehensive master plan based on those goals. Adjustments to the second-year capital and O&M budgets will also be adopted to work towards achieving the District's goals and service expectations.

3. Governance and Local Coordination

3.1. Overview of Governance and Local Coordination Issues

The California Legislature created the District in 1977 for the purposes of “conserving and augmenting the supplies by integrated management of ground and surface water supplies, for control and conservation of storm and wastewater, and for the promotion of the reuse and reclamation of water.” (Statutes 1977, ch. 527, section 2, Deering’s Water – Uncod. Acts (2008 Suppl.) Acts 5065, p.98-99 (“District Law”).)

When the Legislature created the the District it was given the power, both express and implied, necessary to carry out the objects and purposes of its mandate (§ 118-301). This includes the power to enact ordinances and resolutions, adopt regulations to carry out its purposes, and fix charges (§ 118-308). The District’s broadest power is provided in § 118-325, i.e., “The district shall have the power as limited in this law to do any and every lawful act necessary in order that sufficient water may be available for any present or future beneficial use or uses of the lands of inhabitants within the district ...”

The District is governed by a seven-member Board of Directors, five of whom are elected by voter divisions within the District. The other two Directors include a Supervisor appointed by the County Board of Supervisors and a Mayor appointed by the City Selection Committee of Monterey County. The District’s boundaries roughly align with those of Cal-Am’s Monterey County District, exclusive of Toro, Ambler Park, Ralph Lane, Garrapata, and Chualar.

The District has performed many functions since inception including institution of the Monterey Peninsula’s first stand-by rationing plan in 1981, establishment of limits to Cal-Am production from the Carmel River and subsequent allocation of water to jurisdictions in 1990. The 1990 Water Allocation Program was subject to an Environmental Impact Report as required by the California Environmental Quality Act, the certification of which included mitigation measures that became the District’s Mitigation Program. In 1995, the State Water Resources Control Board (“SWRCB”) issued Order 95-10, which among other things determined Cal-Am’s legal right to water from the Carmel River. Order 95-10 also concluded that the District’s Mitigation Program was effective and vital to counteracting Cal-Am’s overdrafting of the river and determined that if the District should at some point in the future cease its Mitigation Program, Cal-Am would have to perform its duties.

The District also provided the leadership in developing certain water supplies including the research and development into the expansion of the Paralta Well in the Seaside Groundwater Basin (“Seaside Basin”) in the late 1980s, a desalination facility rejected by the voters in 1993, the Los Padres Dam rejected by the voters in 1995, and the research, development, and construction of Aquifer Storage and Recovery (“ASR”) in the 2000s. The District is a funding partner for low-cost public financing dedicated to the Cal-Am desalination facility contained in the Monterey Peninsula Water Supply Project subject of A.12-04-019. The District is also a co-

funding partner with Monterey One Water (“M1W”) in the development of the Pure Water Monterey Groundwater Replenishment project (“GWR”).

The Water Management District serves approximately 112,000 people within the cities of Carmel-by-the-Sea, Del Rey Oaks, Monterey, Pacific Grove, Seaside, Sand City, Monterey Peninsula Airport District and portions of unincorporated Monterey County including Pebble Beach, Carmel Highlands and Carmel Valley. The District has established five main goals:

1. Increase the water supply to meet community and environmental needs
2. Develop a legal water supply delivered to the community through cost effective and efficient water production and distribution system
3. Protect the quality of surface and groundwater resources and continue the restoration of the Carmel River environment
4. Instill public trust and confidence through public outreach and transparency
5. Manage and allocate available water supplies and promote water conservation

3.2. Current Governance and Local Coordination

Upon acquisition of the water system from Cal-Am, the District, per state and federal regulations and laws, will be responsible for financing, constructing, operating, and maintaining the water supply and resources, water production and distribution system infrastructure that produces, treats, and delivers potable water to the communities within the local cities.

The local cities and the District will collaborate, through established policies and protocols as well as customary procedures and relationships, on how District-owned infrastructure are integrated, maintained, and expanded. It is especially critical that those who govern, manage, operate, and maintain integrated systems that serve a community of 112,000 people work together closely and constructively.

The District does not expect to modify its governance structure to operate the acquired and integrated water system.

The District oversight is provided by a board of seven directors, five elected, and two appointed to represent the peninsula communities.

- District 1 represents approximately 2/3rds of the community of Seaside
- District 2 represents the remainder of Seaside, Sand City, Del Rey Oaks, and a portion of Monterey
- District 3 represents the majority of Monterey
- District 4 represents the City of Pacific Grove and Pebble Beach
- District 5 represents Carmel by the Sea and the unincorporated Carmel Valley
- Mayoral Representative appointed by the Monterey County Mayors Select Committee
- Monterey County Board of Supervisors appointed by the Board of Supervisors and residing in the District

The Board is supported by a professional staff managed by the General Manager with the following Department Managers:

- Administrative Services/Chief Financial Manager
- Environmental Resources Manager
- Water Resources Manager
- Water Demand Manager

Presently, the District outsources its Information Technology services, its human resources function, and public outreach. Each would be brought back in-house with an acquisition. See chapter 14 herein.

Public monthly District Board meetings are held that provide for public comment and authorization of business activities presented by the General Manager and staff. The District has several committees, with Board Director representation.

To encourage and solicit input from the Peninsula jurisdictions, the District maintains its Technical Advisory Committee comprised of staff from the jurisdictions and its Policy Advisory Committee comprised of elected representation of each jurisdiction.

3.3. Service Extensions

Each local government, per state law, must have a comprehensive plan for its intentions for the orderly physical growth in residential, commercial, industrial, institutional, agricultural, transportation, conservation and recreation, and other such development. Comprehensive plans must be reviewed at least every five years.

The District shall prepare and maintain a Water Master Plan with a forecast horizon of five, ten, and twenty years that is updated every five years. Annual review of the water master plan shall be conducted with close attention to a local jurisdictions' comprehensive plans to coordinate its service extensions and capital improvements with a city's service extensions. The Water Master Plan shall set forth the District's anticipated facility expansions over the next 5, 10, and 20 years, based on projected demands tied to population and employment projections, to meet the growing needs of the Monterey Peninsula region. Cities may submit requests to the District for a service area expansion. The District will adopt procedures to ensure all requests are considered and acted upon consistently, as well as ensure its engineers have all necessary information to determine the service area expansion's impact to the District's water system.

When a city requests a service area expansion, the District will conduct a preliminary water system capacity assessment and provides those results to the city. When there is sufficient water supply and transmission capacity in the system, the District notifies the city of service area expansion approval. However, if there is not sufficient capacity, then the District and the city collaboratively conduct alternative analyses to determine what system improvements are needed to accommodate additional demands from the service area expansion. Where service area requests involve large commercial or industrial customers, additional analyses must be

conducted to confirm the peak demands, water storage needs, fire flow requirements, and assess the impacts to other customers.

For individual projects, the District shall establish a “Development Review Process” that governs how proposed new connections and modifications to its water infrastructure and service areas, whether from private developers or local governments, are considered and implemented. The Development Review Process begins with the preliminary project plan review, technical review, and regulatory and standards compliance analysis.

The District shall interact with all individual city economic development agencies – local, regional, and county. The District works to provide objective, straightforward water infrastructure and capacity information to all economic development partners.

3.4. Communications and Outreach

The District has dedicated staff and consultants responsible for representing the District in communicating its mission, responsibilities, and operations to external stakeholders. Post-acquisition, the District’s Community Outreach Manager will be the point person and responsible for external communication with the media and other stakeholders.

Generally speaking, the District’s Public Relation activities focus on communicating the District’s role in protecting public health and water quality. It also supports environmental protection, education and outreach projects. The District’s communications and outreach efforts run the gambit: general customer service for billing-related inquiries (very common); information on capital infrastructure projects that impact residents, businesses and commuters, such as new construction, rehabs, and repairs (very common); health and public safety officials, especially in times of emergency; schools and other community groups; and the media.

The District vests government affairs in its General Manager’s office, with support from other District staff. It is understood that the District has authority over the water infrastructure, thereby having comprehensive responsibility over water supply, treatment, and distribution systems, and local government to have increased and steady collaboration with the District.

To foster increased day-to-day communications between the District and local government staffs and officials, within six months of the acquisition the District will consider creation of a Government Affairs Liaison position to work with local governments on the Peninsula. The Liaison would be expected to develop close working relationships with local government utilities departments, administrative offices, and elected officials.

3.5. Rate-Setting Authority

The District shall have the sole rate-setting and approval authority for all water rates, water connection fees, surcharges, and other charges and fees for all water customers within the District’s jurisdictional service area. The District’s vision is to provide rate stabilization, adequate funding for capital expansion and asset renewal, and ratepayer equity based on the

United States Conference of Mayors affordability analysis. All rate increases shall be in accordance with the California Prop 218 regulations and processes.

The Administrative Services/Chief Financial Manager under the direction of the General Manager shall have the responsibility for the financial security of the water system including the setting of water rates. The setting of water rates shall follow the AWWA M1 Manual – *“Principles of Water Rates, Fees, and Charges”*, as the basis for any rate increases or decrease, including all fees and surcharges. The District’s water rates are established on a Cost-Basis that will provide revenue stability and full cost recovery of all operating, capital, and interest costs. The following are some of the areas to support the water rates:

- Cost of Service Study
- Rate-Design Analysis
- Fire Service Rates
- Drought and Surcharges Rates
- Connection and Impact Fees
- Capacity and Development Charges
- System Capacity Charges
- Water Supply Availability Charges
- Reserve Account Allocation Analysis
- Permit Fees
- Asset Condition-Based Depreciation Analysis
- Capital Replacement Fund
- Capital Improvement Budget
- Operation and Maintenance Budget
- Rate Affordability Analysis
- Low-Income Affordability Program
- Rate Credits for the implementation of “Green” facility or property practices

The District shall coordinate with each local government as part of the overall affordability assessment and rate-design analyses as input to water rate-setting practices. Public outreach and involvement to solicit comments and input, especially on system improvement priorities, revenue allocation, and level of service goals from residents, businesses, developers, and other stakeholders is an essential component and transparency policy of the District’s rate-setting process.

4. Financial Management

4.1. Financial Structure and Reporting

The District, like other special districts, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District's funds are segregated into two categories: governmental funds and proprietary funds. Fund financial statements report essentially the same functions as those reported in the government-wide financial statements. The District maintains three individual governmental funds: the Water Supply Fund, the Conservation Fund, and the Mitigation Fund, all of which are considered to be major funds.

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

The Special Revenue Funds are used to account for specific revenue sources for which expenditures are restricted by law or regulation to finance particular activities of the District. The Conservation Fund accounts for financial resources used to fund water conservation activities mandated by District legislation including permit issuance and enforcement, jurisdictional water allocations, and public water conservation education. The Mitigation Fund accounts for financial resources used to finance work along the Carmel River carried out pursuant to the Mitigation Program designed to ameliorate impacts of pumping for water supply.

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

After acquisition of the Monterey Peninsula water system from Cal-Am, it is expected that the District will realign into three funds: (i) the "General Fund" a governmental fund to collect the property taxes and other general revenues of the District, (ii) the "Water Utility Enterprise Fund" a proprietary fund for all utility operations, including conservation and mitigation, for which water volumetric rates and meter charges are collected, and (iii) the existing CAWD/PBCSD Reclamation Project enterprise fund.

The California Government Code requires an annual independent audit of MPWMD's financial statements by a Certified Public Accountant (CPA). The District's financial statements have been audited by Hayashi Wayland, Certified Public Accountants (auditor). The auditor's opinion is included in the financial section of the District's annual Comprehensive Annual Financial Report (CAFR). Following acquisition of the Monterey Peninsula water system from Cal-Am, the District will continue to file a CAFR. The CAFR is believed to be accurate in all material respects and

presented in a manner designed to fairly set forth the financial position, the changes in financial position, and cash flows for the District. All disclosures necessary to enable the reader to gain the maximum understanding of the District's financial activity will be included. It will bring needed transparency to the financial operations of the water utility in a manner that has proven inaccessible under Cal-Am ownership. Management assumes full responsibility for the completeness and reliability of the information contained in the report, based upon a comprehensive framework of internal control that it has established for such purpose. While the independent auditors will be expected to express an unmodified ("clean") opinion that MPWMD's financial statements are presented in conformity with generally accepted accounting principles (GAAP), responsibility for both the accuracy of the presented data and completeness and fairness of the presentation, including all disclosures, rests with the District.

4.2. Budget Process

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

4.3. Internal Control

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

4.4. Investment Policy

The Board of Directors annually adopts an Investment Policy that conforms to California State Law, District ordinances and resolutions, prudent money management and the "prudent person" standards. The objectives of the Investment Policy are safety, liquidity and yield.

District funds are normally invested in the State Treasurer's Local Agency Investment Fund (LAIF), Certificates of Deposits, and Money Market accounts.

4.5. Rate Covenant and Debt Service Coverage

The acquisition of the Monterey Peninsula water system from Cal-Am is expected to be financed by installment purchase Certificates of Participation secured by the revenues of the Water Utility Enterprise Fund, primarily water rates and charges. Rates will be set in a publicly-transparent process based on periodic rate studies performed by the District's rate consultant within a Proposition 218 process. The Proposition 218 process allows the constituents to participate in the approval of water rates and charges. The District will covenant to set rates and charges such that net revenues of the utility (gross revenues minus operations and maintenance expenses) are at least 1.20 times annual debt service, but with an operating goal of at least 1.35 times. The excess, known as coverage, will be used to meet ongoing renewal and replacement funding and to establish rate stabilization funds.

5. Strategic Goals & Level of Service Standards

The Monterey Peninsula municipalities, businesses, community groups, and public governance leadership understand that to encourage and accommodate economic growth in the region it must have a reliable and efficient water system to support residential, commercial, industrial, and public needs providing safe drinking water and fire protection. The water industry in the United States does not have definitive operating standards consistent for all water utilities. Initially upon acquisition and early operation of the water utility, the District will assess the existing practices and level of service (LOS) being provided. It is subsequently the responsibility of the District, along with public input, to establish and adopt strategic goals and LOS standards for the water utility operation going forward.

5.1. AWWA Effective Utility Management Principles

The water utility industry has a variety of guidelines and recommended operational practices that are available for public water utilities. The District has decided to use the American Water Works Association (AWWA) Effective Utility Management (EUM) Program developed in collaboration with the EPA and six North American Water and Wastewater utilities in 2015. The AWWA EUM identifies ten effective management attributes that are the foundation of high performing and innovative water agencies in the industry.

AWWA Effective Utility Management Attributes

- Product Quality
- Customer Satisfaction
- Employee and Leadership Development
- Operational Optimization
- Financial Viability
- Infrastructure Strategy and Performance
- Enterprise Resiliency
- Community Sustainability
- Water Resource Sustainability
- Stakeholder Understanding and Support

The District management has developed and adopted a comprehensive Strategic Plan for the Monterey Peninsula water utility that establishes targeted strategic goals and level of service standards, for each of the ten EUM attributes, to implement and measure the performance of the water service to exceed the EUM benchmark metrics.

The District's Strategic Plan has been developed to initially adopt Cal-Am's current operating and management practices upon assuming ownership and operational responsibility of the Monterey Peninsula water system. As indicated in Section 2 – Transition Plan, the District will conduct a 12-month operational assessment to refine the strategic goals, management policies, operating procedures and practices, performance metrics (LOS), and establish a timeframe to work towards and achieve those goals.

The following preliminary Strategic Plan has been developed based on adopting the AWWA Effective Utility Management Attributes as guidance and to utilize the AWWA Standards, G200, G400, G410, G420, G430, G440, and J100 as a foundation for the initial Strategic Plan. **AWWA G400 – Utility System Management** and **AWWA G410 – Business Practices for Operation and Management** specifically identify the requirement to adopt a Strategic Plan and implement written management policies, strategic goals, performance metrics, Level of Service (LOS) standards, and standard operating procedures (SOPs).

5.2. Water System Management and Operations Strategic Goals

The District's prevailing operational strategy is to review Cal-Am's existing goals, LOS metrics, programs, policies, and procedures and expand or improve them under the District's operation. New goals, metrics, programs, and policies, and procedures shall be adopted and implemented in the absence of needed documents and standards. The following Strategic Goals, Policies and Procedures (Section 5.3 below), and Operational LOS metrics (Section 5.4 below) are those the District would expect to be in place at the time of assuming operational responsibility.

Strategic Goal No. 1 - Improve Water Quality

Improve the Monterey Peninsula Water System water quality the is delivered to its customers and community beyond the state and federal water quality standards.

- 1A. Actively Engage and Meet with local, state, & federal regulatory agencies*
- 1B. Improve Water Quality and Strive to Reduce Detected Contaminants Below State & Federal MCLs*
- 1C. Customer Education & Involvement Program*
- 1D. Receiving Water Quality Protection Program to monitor the water quality in the Carmel River and other community bodies of water that potentially could be impacted by scheduled and non-scheduled discharges from the water system and other utilities and property owners.*

Strategic Goal No. 2 – Continuously Improve Customer Satisfaction of Water Service

Efficiently deliver water service and customer service to minimize customer complaints.

- 2A. Customer Service Performance Plan*
- 2B. Improve Customer Service Representative Training*
- 2C. Customer Outreach Policy*
- 2D. Launch a Water System Informational Website for Public Access*
- 2E. Improve Customer Communication*
- 2F. Improve Operations Staff Customer Interaction Training*

Strategic Goal No. 3 – Provide the Organizational Capacity and Technology to Achieve the Strategic Goals

Ensure the District has sufficient qualified and trained staff to operate and maintain the water system to achieve the strategic goals and customer expectations.

- 3A. Maintain a Water System Staffing Succession Plan
- 3B. Continuous Improvement Policy
- 3C. Knowledge Retention & Transfer Program
- 3D. Employee Retention and Advancement Program
- 3E. Employee Certification and Training Program
- 3F. Employee Internal Education Program
- 3G. Employee Health and Safety Program

Strategic Goal No. 4 – Improve Water System Operations to Efficiently Provide Water Service

Develop and Implement Level of Service and Operational Performance Metrics, with input from Stakeholders, to continuously improve operations.

- 4A. Operations Performance Goals & Metrics
- 4B. Document Operational Procedures
- 4C. Preventive Maintenance Program
- 4D. Emergency Response Procedures
- 4E. Improve Fire Protection Capabilities
- 4F. Improve Stand-by Power Capabilities
- 4G. Reduce O&M Costs per MG

Strategic Goal No. 5 – Provide Financial Viability and Rate Stabilization

Provide the financial integrity and budget management effectiveness to achieve the strategic goals.

- 5A. Strategic Business Plan
- 5B. Fixed Asset Registry Integrated with the District's Asset Management Program
- 5C. Capital Replacement Fund
- 5D. Emergency Response Reserve
- 5E. Low-Income Assistance Program
- 5F. Debt Service Coverage Requirement and Rate Stabilization Fund
- 5G. Rate Affordability Analyses and Program

Strategic Goal No. 6 – Improve and Maintain the Condition and Level of Service of the Water System Facilities and Assets

Adopt a continuous facility and asset condition assessment and replacement program to cost-effectively maximize the useful life of all water system facilities and equipment.

- 6A. Five-Year Water Master Plan
- 6B. Asset Management Program
- 6C. Asset Renewal Forecast Plan
- 6D. Tank Inspection, Cleaning, and Safety Improvement Program
- 6E. Pump Testing, Inspection, and Replacement Program
- 6F. Water Treatment Performance Improvement Program
- 6G. Main Renewal and Replacement Program
- 6H. Electrical Equipment Testing, Inspection, and Replacement Program
- 6I. Water System Planning Criteria

Strategic Goal No. 7 – Adopt a Risk and Resilience Management Policy

Establish the acceptable risk and resilience levels, with stakeholder engagement, for potential threats/hazards exposure to the water system including water service recovery based on projected consequences of operational impacts and asset failures.

- 7A. Risk Management Program
- 7B. Utility Resiliency and Recovery Program
- 7C. Risk-Based Project Prioritization Process
- 7D. Information Technology and Document Protection and Recovery Program
- 7E. Consequence of Failure and Asset Criticality Assessment Program
- 7F. Water System Threat/Hazard Vulnerability Assessment Program

Strategic Goal No. 8 – Adopt an Environmental Compliance, Protection, and Sustainability Policy

Foster the scenic values, environmental qualities, native vegetation, fish and wildlife, and recreation on the Monterey Peninsula and in the Carmel River Basin.

- 8A. Incorporate System Operations into District's Carmel River Mitigation Program under its Environmental Resources Division
- 8B. Continue to engage California Department of Fish and Wildlife (CDFW) and National Marine Fisheries Service (NMFS) in Quarterly Water Budget Planning and Low-Flow Memorandum Compliance
- 8C. Continue Public Engagement with Quarterly Carmel River Task Force Stakeholder Meetings (District, CDFW, NMFS, Carmel River Advisory Committee, Carmel River Watershed Conservancy, Carmel River Steelhead Association, Coastal Conservancy, US Fish and Wildlife Service, Big Sur Land Trust, Monterey Peninsula Regional Park District)

Strategic Goal No. 9 – Provide Sustainable Long-Term Water Supply Adequacy

Augment the water supply through integrated development and management of ground water, surface water, reclaimed waste and storm water, and desalination water resources

- 9A. Complete and adopt the 5-Year Urban Water Management Plan (UWMP) required by CA DWR
- 9B. Secure reliable long-term water supplies to meet the full build-out and growth of the Peninsula's community as defined in the combined Peninsula Municipalities Comprehensive/General Plans
- 9C. Reduce water loss to exceed the AWWA 75th Benchmarks designated in the 2018 Utility Benchmarking Study
- 9D. Implement conservation measures tied to the state drought designation including adopting conservation water rate.
- 9E. Continued Participation on Seaside Groundwater Basin Watermaster

Strategic Goal No. 10 – Adopt a Policy of Water System Management and Operational Transparency and Stakeholder Engagement

Manage and operate the water system in a cost-effective and efficient manner to achieve the strategic goals and level of service accepted, understood, with input from all Community Stakeholders.

- 10A. Stakeholder Management Program
- 10B. Public Communications Program
- 10C. Public Outreach and Involvement Program
- 10D. Customer Water System Education Program

5.3. Water Operations Administrative and Management Policies

In the Governance Section 3.4 above, the District Board and management Team have the responsibility and authority to develop and adopt operations and management policies, procedures, strategic goals, and performance metrics necessary to provide oversight of the water system operation. As indicated in the Transition Plan Section 2.10, the District upon assuming ownership and operational responsibility of the water system, will initially maintain the current Cal-Am management and operational activities, policies, procedures, and practices for one year to provide a smooth transition of the water system operation.

During this initial 12-month transition period, the District shall conduct a management and operational assessment of the current management policies and procedures, operational activities and workplans, and maintenance practices. The goal is to assess the efficiency and overall customer service of the water system operation as a basis to update, revise, or develop written strategic goals, management policies, standard operating procedures, performance metrics and other documents in accordance with the District's current policies and procedures and AWWA Standards.

A list of anticipated policies and procedures are listed in Appendix 15-1 by Department and Operational Function.

5.4. Operations Level of Service Standards and Performance Metrics

AWWA Standards G400 and G410 state to meet these standards that the water utility must have written procedures and performance standards. During the initial 12-month operational assessment effort, the District plans to use the latest version of the AWWA Utility Benchmarking Report as an initial performance indicator to compare current operational practices and performance.

The AWWA Utility Benchmarking data is based on an annual survey of water and wastewater utilities across the country and the performance indicators are summarized and presented in three measurements, 75th, Median, and 25th percentile of utilities that responded. The District will use the Median percentile as the basis for assessing acceptable performance with a goal of achieving the 75th percentile or greater for each performance metric.

Example Indicator: MGD of Water Produced Per Employee (ADD/FTE)

- 75th Percentile – 0.26 MGD
- Median – 0.19 MGD
- 25th Percentile – 0.14 MGD
- Cal-Am 2018 – (3,016 MG/365)/82 Employees = 0.1 MGD Below the 25th Percentile. At Median percentile – 43.5 FTEs

Operations Level of Service and Performance Metrics

Customer Service:

- 1.5 Total # of Customer Complaints per 1000 Customers per Month – (~60 Complaints)
- 1 Technical Service Complaint per 1000 Customers per Month – (~40 Complaints)
- 1.5 Meter Reading Errors per 10,000 accounts per Year – (~6 Meter Reading Errors per year)

Water Quality:

- 100% Water Quality Regulatory Compliance per Year
- Zero Water Quality Violations per Year
- 1 Secondary Contaminant Public Notification per Year
- Zero Boil Orders per year
- 1 Non-Violation Treatment Facility Shutdown due to Water Quality per Year

Employee Health, Safety, & Training:

- 60 Total Hours of Operations Training per FTE per Year
- 24 Hours of Safety Training per FTE per Year
- 5 Reportable Injury Accidents per Year
- 2 Vehicle Accidents per Year
- 24 Hours of Emergency Response Training per FTE per Year
- 5 Hours of Emergency Response Readiness Training per FTE per Year

Water Service Interruptions:

- Planned Service Outages Less than 4 Hours – 0.9 per 1000 customers – (~36 per year)
- Planned Service Outages of 4 – 12 Hours – 0.2 per 1000 customers – (~8 per year)
- No Planned Service Outages over 12 Hours
- Unscheduled Service Outages Less than 4 Hours – 0.8 per 1000 customers – (~ 32 per Year)
- Unscheduled Service Outages of 4 – 12 Hours – 0.25 per 1000 customers – (~10 per year)
- Unscheduled Service over 12 Hours – 0.01 per 1000 customers – (~ 0.4 Annual Average or Maximum 1 per year)
- Average Service Outage Time – 4 Hours
- Maximum # of Total Outages – 3 per 1000 customers per year – (~120 outages per year)
- No Commercial Customer out of water for longer than 8 Hours
- Average # of Customers Out of Service per Outage – 10
- Maximum # of Customers Out of Service During an Outage – 20 (0.05%)
- No Hospital, First Responder Facility, Military, or Government Facility Service Interruptions – (Redundancy)

Water Loss:

- Annual Water Loss less than 5% of total production per year
- Infrastructure Leak Index (ILI) of 1.5 or Less
- Annual Completion of the AWWA Water Audit Analysis
- Annual Water Loss from Water Operation & Maintenance – 0.3% of total annual water production – (~10 MG)

Operation and Maintenance:

- O&M Cost per MG - \$2,700/MG
- O&M Cost per Customer - \$400/Customer
- O&M Cost per 100 Miles of Pipe - \$2.5 Million per 100 miles per Year
- Average of 5 after-hours call-out per month
- 50 Percent of Program Maintenance of Total Maintenance Cost
- 60 Percent of Facility Maintenance of Total Maintenance Cost
- 40 Percent of Distribution (Buried/Linear Assets) Maintenance of Total Maintenance Cost
- 90 Percent of Program Maintenance Work Orders Completed within 40 hours of issuance
- 75 Percent of Unscheduled Maintenance Completed within 24 Hours
- 20 Percent of all Distribution System Valve Exercised per Year – (~ 2,650 Valves per year)
- Average # of Days to repair or replace inoperable valve or broken valve stem – 5 business days
- 20 percent of all Hydrants inspected and flow tested per Year
- Maximum of 1 percent of all hydrants inspected inoperable per year

- 24 Hour Notification of Appropriate Fire Department or Agency
- Average # of Days to repair or replace inoperable hydrant once detected – 5 business days
- 100 Percent of all Pumps inspected and tested per year
- 25 Percent of all Pumps taken out of service for longer than 6 hours, once per year for inspection, program maintenance, or replacement.
- Maximum of 5 Pumps out of service due to unscheduled maintenance or inoperable per year – (~ 3%)
- Average of 6 Main Breaks per 100 Miles per year
- Average of 10 Main Leaks per 100 Miles per year
- Average of 15 Breaks/leaks per 100 Miles per year
- Average response time and shut-down from reported break/leak notification – 1 hour
- 20 Percent of Mains flushed per year – (~125 miles)

Asset Renewal and Capital Improvements:

- 90 Percent of Planned Capital Projects/Improvements Completed per year
- Water Main Renewal Rate of 1%-2% per year based on a pipe renewal forecast using AWWA M77 methodology – (~6-12 Miles per year)
- Service Line Renewal Rate of 3%-5% per Year – (~1200-2000 services per year)
- 20 Percent of all Assets completed condition assessments – (~ 700 Assets per year)
- Maximum 1 Percent Equipment Failure Rate per year – (~350 Equipment “Failures” based on definition of failure for each asset class)

5.5. Stakeholder and Agency Communication & Outreach

A key District strategic goal is to improve transparency and engagement of all stakeholders in the challenges facing the community water system and solicit their input as to the District’s plans and priorities including level of service expectations and costs/rates associated with those expectations and priorities.

To achieve stakeholder understanding and acceptance the Districts will implement a comprehensive outreach program to connect with the various community, county, state, and federal stakeholders and resource agencies. The following are, but not limited to, anticipated stakeholders that the District wants to build relationships with regarding the water system operation:

Resource Agencies

In addition to the regular stakeholder meetings described under Strategic Goal No. 8 above, the goal is to hold bi-annual meetings with key local, state, and federal resource agencies to discuss pending issues and the District’s plans. One public workshop with representatives from some of the key agencies is anticipated to be held annually to jointly present current and future regulatory issues to stakeholders.

- State Water Resources Control Board (SWRCB)

- Department of Water Resources (DWR)
- Environmental Protection Agency (EPA) Region 9
- California EPA
- California Coastal Commission
- California Fish and Game
- US Fish and Wildlife

Level of Service Metric – Prepare and Maintain a Regulatory Agency Management Plan

Level of Service Metric - Conduct Regularly Scheduled Meetings and Communications with Regulatory Agencies

Level of Service Metric- Post all current permits and regulations on the Public Website and provide a link to each agency.

Local Municipalities and Agencies

The goal is to quarterly meetings with local cities and agencies to discuss pending issues city priorities and the District's plans including collaboration on capital improvements, emergency response coordination, and District policy and procedures. Issues would include coordination of the cities' general plans with the District's Water Master Plan, water service expansion, business and economic development support, and other inter-agency coordination.

- County of Monterey
- City of Monterey
- City of Pacific Grove
- City of Carmel
- City of Seaside
- City of Carmel by the Sea
- City of Del Rey Oaks
- City of Sand City
- Monterey One Water
- Carmel Area Wastewater District
- Monterey Peninsula Airport District
- Fire Districts or Agencies

Level of Service Metric – Establish and document meeting objectives and priorities with each city and public agency and schedule the quarterly meetings.

Level of Service Metric – Establish protocols for coordination for integrating the city or agency general/master plans with the District's Water System Master Plan.

Level of Service Metric – Develop and implement a procedure for review and approval of general construction, developer project, and service extensions between each city/agency and the District.

Business and Developer Stakeholders

The business communities in each city and municipality have considerable interest in the District's operational and construction project plans in their respective community. The District's support of commercial economic growth and residential development expansion and the District's priorities forecast in the Water System Master Plan. The District's communication and outreach plan provides for routine attendance at Chamber of Commerce and developer group meetings and conducting bi-annual workshops with these groups. Regular presentations to the government affairs committees of the Coalition of Peninsula Businesses and the Monterey County Association of Realtors will be made.

Level of Service Metric – Establish objectives and priorities with appropriate business organizations and a forum for developers to provide information on potential future development and impacts with the water system to accommodate such expansion.

Level of Service Metric – Assign a District point of contact for the business community and developers. Identify and schedule attendance at business association meetings and developer forum/workshops.

Environmental Groups

The District's stewardship of the environmental resources and habitat on the Monterey Peninsula is of great interest by local, regional, state, and national environmental groups. The District will provide specific information on its website with links to each of the environmental groups. A goal is to periodically attend the various group/association meetings, or conference calls and to conduct an annual environmental association workshop to present the District's plans to protect and monitor receiving water quality, environmental habitat, fisheries, and other resources present on the peninsula.

Some of the environmental associations and groups that the District will provide outreach to are:

- Carmel River Steelhead Association (CRSA)
- Big Sur Land Trust
- Nature Conservancy
- Carmel River Watershed Conservancy
- Surf Rider Foundation
- Sierra Club

Level of Service Metric – Identify and contact interested environmental associations and groups and create an outreach plan.

Level of Service Metric – Meet with each identified group to understand their objectives and priorities as it pertains to the water system.

Level of Service Metric – Create and maintain a section in the water system website for environmental issues and related environmental groups including a link to each of their websites.

Public Advocate and Community Group/ General Public Stakeholders

There are various public and community groups in support and opposing the District on a number of water-related issues that its responsible for. To improve public transparency and engage the community to educate and inform them of regulatory issues, improvement plans, and active construction projects the District will create and maintain a water system website for the public.

The website will include information regarding the water system configuration, water consumption, supply, demand forecasts, system improvement plans, and construction project locations and status. The webpage will be updated at a minimum once a month and include a schedule of upcoming workshops and public outreach activities.

Key documents will be made publicly available, including rate studies, capital improvement plans, budgets, and annual financial statements.

Level of Service Metric - Create and maintain a Stakeholder Management Plan.

Level of Service Metric - Adopt a Public Communications Plan and procedures that address the methods for communicating issues specific for each department and public outreach approach to solicit comments and priorities from stakeholders

Level of Service Metric – Develop and maintain a water system website for public access that includes a water education section on various topics.

6. Planning Process & Criteria

To achieve the strategic goals and level of service standards (LOS) outlined in the previous section, the District shall initially maintain Cal-Am's existing planning methodology and criteria that will be reviewed during the initial 12-month transition operational assessment phase as described in Section 2 above. Based on the understanding of the Cal-Am planning approach, the District has summarized below the planning process and criteria that is anticipated to be adopted under District ownership.

6.1. Planning Process

A Water Master Plan (WMP) will provide a comprehensive analysis of the operation and regulatory compliance of the Monterey Peninsula Water System over a 20-year planning horizon. The objective is to forecast the operation, maintenance, asset management and renewal, and capital improvement needs to meet or exceed the LOS standards adopted by the District that provides reliable, safe, and affordable water service to the Monterey community.

The planned improvements to operational practices, preventive maintenance programs, asset condition assessment and renewal forecasting, and a 20-year capital improvement plan to meet residential, commercial, government/public, and industrial water demands, provide adequate fire protection, meet or exceed all state and federal regulatory requirements, and to protect the environmental resources on the peninsula. The recommended operation, maintenance, asset management, and capital projects will be prioritized and summarized in 5-year, 10-year, and 20-year planning periods.

The master plan will be a "living" document that is reviewed and updated annually with revisions documented as an appendix to the report. After five years, a complete update of the master plan will be prepared incorporating the annual updates and extending the 20-year planning horizon. Service extensions, capacity analyses, development plans, and other technical reviews during the year will also be included as appendices to the master plan.

The WMP is an integrated risk-based assessment process that balances the water supply and system capacity current and future needs with the regulatory compliance requirements, asset condition and renewal forecasts, operational and maintenance impacts, environmental impacts, and long-term affordability. Recommended projects, both construction and operational, shall be prioritized using a weighted risk-based "triple bottom line" type of methodology.

The intended use of the WMP is to provide the District Board and management team with the information necessary to make informed business decisions including business and operational processes, customer service and staffing needs, capital improvement projects, and financial and rate impacts.

6.2. Population and Customer Demand Forecasts

The water master plan will incorporate the general or comprehensive plans adopted by the cities, county, and regional planning agencies as the basis for forecasting water demands over the 20-year horizon. The general plans include land use, population and density projections, economic and employment forecasts (local and regional), commercial and industrial expansion, tourism growth, traffic impacts, and environmental/sustainability goals. This data and other planning information shall be incorporated into the GIS system and maintained to provide historical trends of these planning attributes.

Population and customer historical demand data will be used along with the 5, 10, and 20-year population and other general plan attributes to forecast future water supply needs and customer demands. Typically, 10-year historical peak customer demand data is used for peak supply planning, however, for baseline current demand more recent data can be used. Historical data can also be normalized by the water year designation: extremely wet, wet, normal, dry, and extremely dry water years. Historical demand trends by water year will also be performed to consider adjustments to future demand projections.

Climate change impacts will be assessed based on national weather data specific to the Monterey region to project the probability and severity of droughts, major storm events, and even local micro-burst rainfall conditions. A statistical analysis providing a 95 percent confidence level for demand projections, by customer class, incorporates the historical, water year and climate impacts, and general planning data will be the basis for assessing the water supply and system capacity needs over the 20-year horizon and build-out.

Table 6.1: Peaking Factors for Planning Purposes

Planning Demand Criteria	Peaking Factor from ADD
Minimum Day Demand (Min DD)	0.5
Average Day Demand (ADD)	1.0
Maximum Day Demand (MDD) – System Wide	1.5
Maximum Day Demand (MDD) – Upper Pressure Zones	1.75
Peak Hour Demand (PHD) – System Wide	3.0
Peak Hour Demand (PHD) – Upper Pressure Zones	3.5

A current analysis and demand forecast are summarized in Section 8 of this report.

6.3. Sustainable Water Supply & Quality

The Monterey Peninsula community expects the District to have sustainable water supplies to meet current and future demands, in normal conditions and in extreme or emergency conditions. The lead time to develop and construct additional water supplies can be considerable. The District has adopted a policy to develop and maintain a forecasted twenty-

year water supply, in service, to meet the future community needs. Maintaining projected in-service water resources provides the community of reliable water supply and reserves to meet extended drought and emergency conditions.

The location of the District's diverse existing and future water supplies are distributed around the Peninsula as described in Section 7 of this report. Having a 20-year water supply reserve along with adequate distribution storage provides increased flexibility to maximize conjunctive use operational practices, and minimize local water service interruptions due to extended emergencies.

The District's long-term goal is to eliminate the pumping of the Carmel River underflow from the lower Carmel Valley wells to protect and restore the environmental habitat and fisheries. To replace that supply in the near term, the District will expand the use of reclaimed water and groundwater injection in the Seaside basin. Long-term, in approximately 30 years, a small desalination plant may be constructed to meet future build-out demands, if needed. A detailed description of the District's water supply development plan is discussed in Section 7 below.

The water quality delivered to customers is equally important as having sufficient water supply capacity to meet demands. The water quality priorities for operating the system is 100 percent compliance with all primary and secondary water quality Maximum Contaminant Levels (MCLs) regulated by the state and federal agencies.

The District's Strategic Goal No. 1 – Improve Water Quality, as summarized in Chapter 5 above, is to strive to reduce all detected contaminants, even those below the MCL, in the raw water sources to non-detectable levels in the water delivered to customers. The Water Master Plan will evaluate the impacts of all potential new contaminants that may be promulgated within the 10-year planning horizon. Recommended solutions and projects will be identified within the 5 & 10-year planning periods, even if it becomes a regulated contaminant in that timeframe.

Any production facilities, wells, or treatment plants that a finished water detection of a primary or secondary contaminant that reaches 90 percent of the MCL will be evaluated in the master plan to compare treatment or source replacement alternatives to be implemented within the 5-year planning period.

The presence of microbial contaminants, bacteria, and viruses in water systems is the primary purpose for disinfection of raw water in the production process prior to the first customer in the distribution system. Surface water or groundwater under direct influence of surface water are required to provide a 4-log inactivation of viruses prior to the first water connection and maintain a 0.2 mg/L chlorine residual through-out the distribution system. Groundwater sources currently are not required to maintain a 0.2 mg/L residual; however, EPA has been considering the adoption of a Groundwater Rule that would require it. The District will adopt the water industry best practice of achieving a 4-log inactivation of viruses and maintaining a minimum 0.2 mg/L residual in the distribution system.

To provide a 4-log inactivation each production facility, well, or treatment plant must feed a disinfectant, chlorine or sodium hypochlorite, at a sufficient concentration for a long enough contact time in the discharge piping before the first connection. The following is a brief overview of the “Chlorine Contact Time” or CT value verification method.

4 - Log inactivation is based on the **Delivered Dose**, “**Ct**”

“**C**” is the disinfectant residual (mg/L)

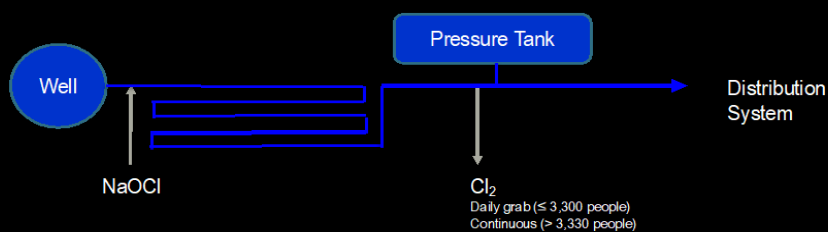
“**t**” is the exposure or contact time (minutes)

Multiply them:

C • t = mg/L • min (delivered dose)

The calculated **Ct** value is looked up in **EPA Ct** tables to determine the log inactivation based on specific monitoring parameters (pH, disinfectant residual and/or temperature).

Calculating **Ct** and Log Inactivation Pipeline Contactor



Distribution system water quality is an increasing concern and focus within the water industry. Aging distribution mains, tanks, and other assets especially unlined metallic pipes have deteriorated due to internal corrosion creating sediment that collects in pipes and storage tanks. Unlined metallic assets in contact with chlorinated distribution water releases carbon compounds in the sediment that absorbs the chlorine in the water reducing the residual in the water system. Surface water or groundwater have organic material that is measured by the Total Organic Compound (TOC) levels adding to the carbon content in the distribution system.

To minimize the internal corrosion of unlined metallic pipes, the District will dose finished water with a corrosion inhibitor, such as zinc orthophosphate, that coats the metallic surfaces reducing the deterioration of the pipes. The corrosion inhibitor provides other benefits such as

reducing the corrosion of customer's internal copper piping helping minimize the lead and copper levels that leach into the potable water delivered. The reduction in corrosion potential in the distribution water also extends the service or useful life of the water pipes minimizing main and service line leaks and breaks.

There must be assured a balancing of providing adequate disinfection of water for microbial protection versus increasing the formation of disinfection by-products, Trihalomethanes (THMs) and Haloacetic Acids (HAAs), that are known carcinogens with prolonged exposure. Disinfection by-products are formed through chlorine contact with primarily highly organic content (TOC) that is slightly acidic (pH), bromide ion concentration, and elevated temperatures.

Increasing chlorine residual in the system, although beneficial for microbial control such as biofilm bacteria that can form on the walls of unlined metallic pipe, also increases the formation of disinfection by-products. The use of corrosion inhibitor reduces the carbon content minimizing the loss of chlorine residual resulting in lower chlorine dosing at the source resulting in lower disinfection by-product levels.

The growth of biofilm bacteria in distribution piping systems is prevalent in systems that have unlined metallic pipe materials. The presence of organic material and carbon compounds that reduce the chlorine residual in the water allows for the growth of bacteria along the walls of the pipe. To prevent biofilm bacteria contamination, the District will analyze the water system operation for age of water to identify areas of the system that have low demands, poor circulation (lack of pipe looping), and dead-end mains.

Routine water quality testing of the distribution, especially in known "hot spots" by taking Heterotrophic Plate Counts (HPC) samples daily through-out the service area. There is no MCL for HPC levels, however HPC levels above 500 Colony-Forming Units (CFU)/mL is a threshold of a potential biofilm problem. The District's goal will be to maintain HPC levels at 10 CFU/mL or lower. A HPC sampling survey will be conducted as part of the master plan to establish a CPU/mL baseline for the distribution system. A HPC testing database shall be maintained with "hot spots" highlighted in the GIS system.

Included in the planning criteria for assessing the water quality of the system are thresholds/indicators that identify potential impacts that require further evaluation. The key indicators are:

- 90% detection of the MCL for any primary or secondary regulated contaminant in finished water
- Calculated "Ct" values of 90% of the EPA required Ct requirements to achieve a 4-log inactivation of viruses
- Portions of the distribution piping system that have age of water projections greater than 7 days
- Portions of the distribution system that routinely have HPC levels above 100 CPU/mL or an increase above baseline levels of 20% or more within one quarter timeframe

- Portions of the distribution system that chlorine residual decreases below 0.3 mg/L or drops by more than 50% from the average chlorine residual from active production facilities.
- 80% detection of the MCL for disinfection by-products in portions of the distribution system
- Shutdown of any production or treatment facility due to treatment process or water quality problem
- 10% annual Increase in raw water detected contaminants from any source

6.4. Production and Distribution Facility Capacity Assessment and Reliability

To meet maximum day customer demands the District will have sufficient well production and treatment capacity to deliver potable drinking water throughout the service area. Compliance with California Title 22 requires that the water system shall have adequate capacity to meet Maximum Day Demands (MDD) at all times in every pressure zone.

The water system is also required to meet 4-hours of Peak Hour Demand (PHD) in all pressure zones with consideration of the total combined capacity from water sources or pumped sources, storage capacity, and any interconnections (which can be between pressure zones). These requirements shall be met including redundancy criteria, the largest well, pump, or PRV out of service that supplies that pressure zone.

For planning purposes, the District's long-term goal will be to provide sufficient water source, booster pump, and storage capacity to meet 110 percent of the Title 22 requirements (see below) in each pressure zone and the entire water system.

The production from wells degrades over time due to deterioration of the well casing and screen, sand and fines compacting around the screen and the gravels within the cone of depression, iron bacteria growth, and pump capacity. The water system has historically experienced an annual loss of well capacity of approximately 3 percent overall. In determining the well source capacity over the planning horizons (5, 10, 20 years) the annual loss of well capacity shall be accounted for in the capacity projections. Annual well capacity data shall be maintained for each well to evaluate the actual capacity reduction compared to forecasted capacity.

Wells that are treated for removal of contaminants (e.g. iron, manganese, hydrogen sulfide, arsenic) at water treatment facilities shall be limited to the reliable treatment facility capacity. The Monterey system treatment facilities all include the use of pressure filters (with exception to the Ord Grove facility), either for removal of oxidized precipitate or absorption of soluble contaminants. The reliable treatment capacity for these facilities is determined based on the largest filter out of service and 90 percent of the permitted hydraulic loading on the remaining filters. For facilities that treat groundwater from one well source do not require redundant filters if the service area it serves has alternate/redundant water sources and production capacity to comply with Title 22.

As discussed in Sections 9 and 12 below, the Upper Carmel Valley wells have good water quality and only require chemical treatment for disinfection (4-log inactivation of viruses), pH adjustment/stabilization, and corrosion inhibitor to protect deterioration of unlined metallic mains to prevent dirty water and bio-film bacteria from forming as well corrosion of customer's copper pipes with lead joints to comply with the lead and copper regulations. The Upper CV wells have a capacity of 2.53 MGD, however these wells cannot be operated during summer months to maintain river flows in the Carmel River and cannot be included as available source to meet Title 22 regulations.

The Lower Carmel Valley wells have naturally occurring soluble iron and manganese present in the groundwater and are treated at the Begonia Iron Removal Plant (BIRP). The lower Carmel Valley aquifer water quality has an elevated level of Total Organic Carbon (TOC) that creates an environment with the presence of iron for the formation of iron bacteria growth in the well screens and casings. Routine maintenance of the wells is necessary to minimize the loss of capacity from the Lower CV wells. The BIRP removes the iron and manganese from the raw water via the dosing of sodium hypochlorite chemical treatment to oxidize the contaminants and absorption of remaining soluble iron and manganese in the greensand pressure filters. Potassium Permanganate is fed to recharge the greensand filters. Caustic Soda and Zinc Orthophosphate is fed post filtration for pH adjustment and corrosion control.

Treatment facilities that remove arsenic from the groundwater typically use ferric chloride to oxidize the arsenic prior to filtration.

The reliable capacity of the BIRP and other water treatment facilities are dependent on the total well capacity with the largest well out of service, total hydraulic capacity with the largest filter out of service and 90 percent of the remaining filter hydraulic loading, and reliable capacity of each chemical feed system. Smaller water treatment facilities that only have two pressure filters, the reliable plant capacities are limited to 75 percent of the rated hydraulic loading of the one remaining filter with the largest filter out of service. This is to account for the reduction in production due to filter backwashing when the other filter is out service, particularly during media replacement.

Liquid chemical storage capacity shall be a minimum of 30 days of plant maximum day demand and day tank storage equivalent to 5 days of the plant maximum day demand. Redundant chemical feed or metering pumps are required to feed the plant maximum day demand with the largest pump out of service. Redundant chemical feed lines, injectors, and chemical feed booster pumps are required.

Dry chemical feed systems, potassium permanganate, and on-site sodium hypochlorite generators shall have a minimum of 30 days of plant dry storage. A dry chemical feed hopper storage and day tank storage shall have a minimum of 5 days of plant maximum demand. Redundant chemical mixers, feed/booster pumps, and chemical feed lines/injectors are required to meet the plant maximum day demand.

Wells that have on-site chlorine or sodium hypochlorite generators shall have 30 days of salt storage capacity with a day tank storage of a minimum of 5 days of well pumping capacity. Redundant chemical booster pumps, chemical feed lines, and injectors are required. The chlorine/sodium hypochlorite generator and booster pumps shall have 115 percent of the maximum day chemical demand.

All liquid chemical storage tanks, including day tanks shall have chemical spill containment of 110 percent of the total maximum chemical storage on-site. All chemical feed equipment shall be located within the spill containment area. Chemical spill containment shall be provided at all chemical supply delivery locations including chemical supply trucks. Chemical feed lines shall be dual-wall for spill prevention, and injectors shall have spill containment with equivalent of 12 hours of maximum chemical feed rates. All spill containment areas shall have spill detection devices connected to the SCADA system. Proper wall separation of chemicals, especially acids and bases, and separate spill containment areas for each chemical is required for safety protection.

The reliable capacity of all treatment facilities is dependent on the reliability of incoming electrical service, electrical equipment (MCC or switchgear), and the reliability of the discharge pipe lines. All treatment facilities shall be equipped with on-site permanent emergency generators and automatic transfer switches, or smaller facilities shall, at a minimum, have manual transfer switches with electrical quick-disconnections for portable emergency generators. If a well or treatment facility does not have emergency generator capabilities, it will not be included in the overall reliable production capacity.

Where reasonably feasible, redundant process and discharge piping shall be installed sufficient to convey the maximum capacity of the facility. Determination of which facilities are recommended to have redundant piping systems will be based upon a comprehensive facility/asset criticality assessment.

6.5. Distribution Water Storage Capacity Assessment and Reliability

Adequate distribution storage capacity is required to supply the maximum day demand, peak hour demand, fire flow storage volume, and dead storage in each pressure zone. The Monterey water system has 74 pressure zones, of which 14 pressure zones are supplied solely from pressure Reducing Valve (PRV) stations. Distribution storage capacity in pressure zones that supply the PRV zones are required to meet the storage requirements for both the zone the tank(s) are located and the PRV zone(s) it supplies.

The Monterey water system has historically experienced multiple consecutive maximum day demand periods of 3 to 4 days. To meet this multiple maximum day events, storage tanks must have the ability to refill the entire pressure zone capacity within 8 hours to have the tanks full at the start of the next day. The actual refill rate required will be determined based on the diurnal demands in each pressure zone during a maximum day event. If there is insufficient

hydraulic capacity to refill the tanks within the required refill period, then additional storage or pumping/pipeline capacity shall be provided.

The long-term goal will be to have adequate storage capacity to meet a 110 percent of consecutive 4-day maximum day event in each pressure zone. In the main or gravity pressure zone, the long-term goal is to have 5-days of maximum day demand storage capacity for the entire system to meet both multiple maximum day demand events and to have reserve capacity during an emergency or extended power outage as the Monterey water system does not have sufficient interconnections with other water systems capable of supporting the Monterey Peninsula customers.

Upper pressure zones supplied by pump stations from the lower pressure zone must have 120 percent of the reliable capacity to meet the maximum demand and storage requirement for that upper zone. If a by-pass pipe is located at the pump stations(s) that service the upper zone, allowing stored water to be supplied back to the lower zone by gravity, then this additional storage requirement shall be accommodated in the upper zone. Excess storage in upper zones that have by-pass piping capabilities, can be considered in meeting the storage requirement for the lower zone.

The reliable storage capacity in each zone is the total available storage in that zone with the largest tank out of service. Where feasible dual tanks at each tank site is the preferred approach to providing redundant storage capacity. Multiple distributed tanks serving a pressure zone are included in the reliable storage capacity provided that the remaining tank(s) can meet a single maximum day demand storage requirement and have the distribution piping capacity to deliver the demands and fire flows with a tank out of service.

If reliable storage capacity is unavailable in an upper pressure zone, then piping connections and other appurtenances for the connection and temporary storage tanks shall be provided to supply the pressure zone when a tank is taken out of service.

The capacity requirements for storage facilities that supply critical customers such as hospitals, first responder facilities, public emergency shelters, and other essential public buildings shall provide additional redundancy in the event of a major fire or emergency event.

The storage classifications are shown in the figure on the next page and are highlighted below:

- Operational Storage – Maximum Day Demand
- Equalizing Storage – Peak Hour Demand
- Fire Storage – Required Fire Flow for Designated Timeframe
- Dead Storage – Tank Level based on 20 psig in the Distribution System and the Volume Remaining in the Tank

District's first missions upon taking ownership will be to confirm the system's ability to meet minimum fire flow requirements.

A community's PPC depends on:

- emergency communications systems, including facilities for the public to report fires, staffing, training, certification of telecommunicators, and facilities for dispatching fire departments
- the fire department, including equipment, staffing, training, and geographic deployment of fire companies
- the water supply system, including the inspection and flow testing of hydrants and a careful evaluation of the amount of available water compared with the amount needed to suppress fires
- community efforts to reduce the risk of fire, including fire prevention codes and enforcement, public fire safety education, and fire investigation programs

Table 6-2: Minimum Fire Flow Requirements

Customer Class	CA Fire Code ¹
Residential	< 3,600 Sq. Ft.
Low Density	1500 – 3000 GPM – 2 hours
Medium Density	1500 – 3000 GPM – 2 hours
High Density	1500 - 3000 GPM – 3 hours
Multi Family	2500 – 6000 GPM – 3 to 4 hours
Commercial	3500 – 8000 GPM – 3 to 4 hours
Public	3500 – 8000 GPM – 3 to 4 hours
Industrial	4000 – 8000 GPM - 4 hours
Hospital	4000 – 8000 GPM - 4 hours

1. Varies with footage of facility and construction type

6.7. Pump Station Capacity Assessment and Reliability

The Monterey water system has 65 pump stations (excluding production wells) directly supplying 58 pressure zones and 14 zones indirectly through Pressure Reducing Valve (PRV) stations. In general, each pump station shall be capable of supplying water from a lower zone to

meet Maximum Day Demands (MDD) of the upper zone. If multiple upper pressure zones are distributed, the pump stations shall have sufficient capacity to meet MDD of the total combined pressure zones with the largest pump out of service.

If multiple pump stations provide water to the same pressure zone(s), then the combined capacity of the stations shall meet the MDD with the largest pump out of service. Additionally, each pump station shall have sufficient capacity to meet the Average Day Demand (ADD) with the other pump station(s) out of service. Provisions to prevent high surge pressures and power outages shall be evaluated for all pump stations as part of the planning process.

Table 6-3: Pump Station Planning Criteria

Pump Station	Water System Assessment & Reliability Criteria	
Single Pressure Zone Capacity	Provide MDD in Pressure Zone with the Largest Pump Out of Service	Single PS, and does not include fire pumps
	Tank(s) Refill Rate – in 8 hours after being empty	
Multiple Pressure Zone Capacity	Provide combined MDD of all pressure zones with the largest pump out of service	Single PS, and does not include fire pumps
	Tank(s) Refill Rate – in 8 hours of all tanks in upper zones after being empty	
Multiple Pump Station Capacity	Provide MDD in Pressure Zone(s) with the largest pump out of service	
	Each pump station supplying the pressure zone(s) deliver ADD with other pump stations out of service	
	Sufficient pumping capacity to deliver the maximum fire flow required in the pressure zone(s) with the largest pump out of service	This includes any fire pumps
	Tank(s) Refill Rate – in 8 hours after being empty with the largest pump out of service	Does not include fire pump capacity
Surge/Water Hammer Protection	All pump stations that have a TDH of 250 ft. or greater (~108 psi) shall have a surge anticipator valve or surge tank to prevent peak transient pressures	This includes all pumps that have control valves on the discharge line
	All pumps with a TDH of 200 ft (~86 psi) or greater shall have soft start/stop motor starter or VFD	This does not apply to pressure zones with less than 50 customers
	All pumps that have a TDH of 100 – 200 ft. shall have pump control valves	
Emergency Power	All pump stations shall have either a permanent on-site generator with automatic transfer switch or electrical quick-disconnections for	Electrical quick-disconnectors and manual transfer switches shall be provided on all hydro-

	portable diesel generators with manual transfer switches	pneumatic and “grinder” pumping facilities
	Pressure Zone(s) with multiple pump stations – at least one PS shall have a permanent on-site generator	
	Pump Stations that supply multiple pressure zones shall have permanent on-site generators	This does not apply to multiple pressure zones that serve 50 customers combined
	All generators shall have a minimum of 12-hours of fuel storage at ADD. Main zone pump stations with generators shall have a minimum of 24 hours of fuel storage at ADD.	All portable generators shall have belly tanks with 12-hours of fuel capacity at the rated kW generator capacity
Pump and Asset Redundancy/Reliability	Redundant pumps to meet MDD with the largest pump out of service	
	If the average runtime cycle is less than 1 hour, consider adding smaller multiple pumps or VFDs	Average start/stop runtime of pump over 12-hour (typically ~ 6 am – 6 pm) period
	Critical assets in pump stations are electrical MCC and motor switchgear and suction/discharge headers. Consider dual/redundant suction and discharge headers	Consider dual electrical feeds, having motor starters on separate feeds or ability to use motor starters on alternate pumps
	Remote and/or upper pressure zones are impacted by seasonal demands. Minimum Day Demand is approximately 50% of ADD. To minimize loss of chlorine residual in these zones consider chlorine residual analyzers and sodium hypochlorite generators in critical pump stations	

6.8. Pressure Reducing Valve (PRV) Station Capacity Assessment and Reliability

The Monterey water system has 16 pressure reducing valve (PRV) stations that supply water to lower or intermediate zones as a result of the topographic configuration of the water system. Historically, PRV stations were utilized to either reduce high operating pressures to customers, increase customer operating pressures by connecting them to an upper zone, or for new customer service extensions.

The PRV stations can have 1 or multiple valves, some set at different operating pressures. Typically, the PRV stations are located underground installed in vaults, many in roadways or rights-of-way. The PRVs are hydraulically controlled diaphragm valves, usually CLA-Val, as most stations do not have electrical power. In general, the PRV stations are in precast concrete vaults with gravel bottoms for drainage, isolation valves, and PRV by-pass line to allow maintenance

to be performed. The PRV vaults are confined spaces, and access must comply with OSHA 29CFR 1910.146 regulations.

Example of a PRV Shown Below



Annual maintenance is required on the pressure reducing valves, as described in Chapter 12 below, to replace the diaphragm, seals, and pilot valves. Pressure settings are periodically adjusted for seasonal demand changes.

The PRV must have sufficient capacity to deliver the PHD flows to the pressure zone it supplies or the maximum fire flow required for the zone, whichever is greater. A PRV pressure zone shall have redundant valves to meet PHD with the largest PRV out of service. The PRV shall have the capacity range to deliver minimum daily flows up to PHD/fire flows, but the flow range cannot exceed 80% the maximum rated capacity of the valve, nor can the minimum or maximum pressure settings be set at the valve rated minimum/maximum pressure range. As stated in section 6.8 below, the PRV pressure settings cannot allow operating pressures in the zone to drop below 40 psig or exceed 90 psig.

6.9. Distribution System Main Capacity Assessment and Reliability

The capacity assessment and sizing of new and replacement mains shall be based on the Extended Period Simulation (EPS) hydraulic model. The model will include all 4-inch diameter

and larger pipes, with exception where smaller pipes are necessary for the configuration and connectivity. Diurnal usage curves will be developed for each pressure zone based on the SCADA system and field collected data. Hazen-Williams “C” Factor testing shall be performed on primary transmission mains and the remaining pipes shall use the values listed in Table 6-4, below.

Table 6-4: “C” Factor Criteria

Pipe Type	Hazen-Williams “C” Value
Unlined Metallic	100
Concrete	120
Cement Lined Cast Iron	110
PVC	130
Asbestos Cement	120
Existing Cement Lined Ductile Iron	110
Existing Cement Lined Welded Steel	110
Life-Cycle Planning Value for All New PVC Pipe	130
Life-Cycle Planning Value for All New Cement-Lined Metallic Pipe	120

Pipe nodes in the model shall be located at each pipe connection point, branch, and isolation valve. Wells, WTPs, tanks, pumps (with integrated pump curves, adjusted to reflect latest pump test), PRVs, and all fire hydrants shall be included in the hydraulic model. The long-term objective is to simulate the water system and integrate it with the asset registry in the GIS system.

ADD, MDD, PHD, and minimum day demands shall be developed for each pressure zone by meter route and adjusted for seasonal conditions. Customer demands shall be equally distributed on the model nodes based on customer class within each pressure zone. Model simulations shall be run for all demand parameters for current system conditions, 5, 10, and 20-year demand forecasts and emergency scenarios.

A 4-day consecutive MDD scenario shall be analyzed for all planning periods. Fire flow analyses shall be evaluated for each planning horizon under MDD conditions. Specific fire flow analyses will be performed at critical facilities, such as hospitals, medical facilities, first responder facilities, public emergency shelters, and other public building locations.

Age of water analyses shall be performed in all pressure zones over a 30-day simulation for all demand parameters and planning horizons.

Distribution system deficiencies will be identified based on the hydraulic model simulations as compared to the planning parameters listed in Table 6-5. Field verification of the identified deficiencies will be conducted where feasible.

Table 6-5: Distribution System Evaluation Criteria

Planning Parameter		Value
Minimum Pressure (psi)	ADD	40
	MDD	40
	PHD	35
	MDD plus fire flow	20
Maximum Pressure (psi)		90
Design Pipeline Velocity (fps)	ADD & MDD	2-3
Maximum Desirable Pipeline Velocity (fps)	PHD; higher allowed during fire flow	5
Maximum Headloss	Pipe diameter < 16 inches	6 ft per 1000 ft
	Pipe diameter > 16 inches	2 ft per 1000 ft
Age of Water	Minimum Day Demand, ADD, MDD	Desired Maximum Age of Water in Tanks and Mains is 7 days
Pipe Sizes	Nominal Pipe Diameter, no longer use 10", 14" or 20" pipes for new or replacement. Minimum pipe size for new mains is 6-inch and 4-inch for replacement mains. Exceptions for use of 2-inch mains.	Min. 6-inch 8-inch 12-inch 16-inch 18-inch 22-inch 24-inch 30-inch 36-inch
Pipe Material	4" to 12" diameter	PVC Preferred unless near gas stations, fuel storage facilities, or in soils contaminated with hydrocarbon fluids/materials due permeation potential
	16" to 36" diameter	Ductile Iron Pipe (DIP) Preferred unless in highly corrosive soils, then Reinforced Concrete Pipe (RCP)
	Asbestos Cement, Cast Iron, Riveted Steel, and Galvanized Steel pipes will no longer be used.	

Planning Parameter		Value
Water Main Separation	<ul style="list-style-type: none"> • Untreated sewage, • Primary or secondary treated sewage, • Disinfected secondary-2.2 recycled water, • Disinfected secondary-23 recycled water, • Hazardous fluids such as fuels, industrial wastes, chemicals and wastewater sludge. 	6.3.1 Water mains shall not be installed in the same trench and shall be at least 10 feet horizontally from and 2 feet vertically above, any parallel pipeline conveying these substances
	<ul style="list-style-type: none"> • Disinfected tertiary recycled water, • Storm drainage, • Raw Drinking Water 	7.3.1 New water mains and new supply lines shall be installed at least 5 feet horizontally from, and one foot vertically above, any parallel pipeline conveying these substances
	8.3.1 If crossing a pipeline conveying a fluid listed above, a new or replacement water main shall be constructed no less than 45-degrees to and at least 2 feet above that pipeline. No connection joints shall be made in the water main within ten horizontal feet of the fluid pipeline.	
	9.3.1 Water mains shall not be installed within 100 horizontal feet of the nearest edge of any sanitary landfill, wastewater disposal pond, stormwater retention pond, or hazardous waste disposal site, or within 25 horizontal feet of the nearest edge of any cesspool, septic tank, sewage leach field, seepage pit, underground hazardous material storage tank, or groundwater recharge project site.	
Water Main Looping & Isolation Valves	Adequate looping of water mains and location of water mains	Maximum of 20 customers connected to a dead-end main or in between 2 isolation valves on a looped main where reasonably feasible. Maximum spacing of isolation valves is 1000 feet
Fire Hydrant	Follow CA Fire Code Spacing Requirements, (see below), as reasonably feasible	Maximum hydrant spacing is 750 Feet

Planning Parameter		Value
	All hydrants shall be Dry Barrel and have an isolation valve on the bury	Two isolation valves on the main at the hydrant bury connection is desired
Air-Release (AR), Air Vacuum (AV), & Combination Valves	All wells shall have AR and AV or combination valves on the pump discharge. All highpoints in the distribution system mains that have the potential of air accumulation shall have AR and AV valves. Based on specific surge analyses, AR and AV valves shall be install at locations in the distribution piping system that have the potential for water column separation caused by a water transient event.	

Condition assessment ratings shall be designated on each pipe segment or asset (node to node) based on the Desktop Condition Assessment methodology outlined in Chapter 4 of AWWA M77 – *Condition Assessment of Water Mains*.

Distribution main improvement projects will be developed through a weighted integrated risk-based evaluation of alternate solutions to resolve the identified deficiency. This risk scoring, in general, includes factors for water service interruption, environmental impacts, social & community impacts, service reliability to critical customers, funding, O&M cost impacts, and life-cycle cost benefits. Defining these risk factors and the weighting will be developed with input from the public and other stakeholders.

Title 22 Regulations

§64602. Minimum Pressure.

(a) Each distribution system shall be operated in a manner to assure that the minimum operating pressure in the water main at the user service line connection throughout the distribution system is not less than 20 pounds per square inch at all times.

(b) Each new distribution system that expands the existing system service connections by more than 20 percent or that may otherwise adversely affect the distribution system pressure shall be designed to provide a minimum operating pressure throughout the new distribution system of not less than 40 pounds per square inch at all times excluding fire flow.

§64573. Minimum Water Main Size for Community Water Systems.

Newly installed water mains in a community water system shall have a nominal diameter of at least four inches.

California Fire Code Regulations

**TABLE C102.1
REQUIRED NUMBER AND SPACING OF FIRE HYDRANTS**

FIRE-FLOW REQUIREMENT (gpm)	MINIMUM NUMBER OF HYDRANTS	AVERAGE SPACING BETWEEN HYDRANTS ^{a, b, c, f, g} (feet)	MAXIMUM DISTANCE FROM ANY POINT ON STREET OR ROAD FRONTAGE TO A HYDRANT ^{d, f, g}
1,750 or less	1	500	250
2,000-2,250	2	450	225
2,500	3	450	225
3,000	3	400	225
3,500-4,000	4	350	210
4,500-5,000	5	300	180
5,500	6	300	180
6,000	6	250	150
6,500-7,000	7	250	150
7,500 or more	8 or more ^e	200	120

For SI: 1 foot = 304.8 mm, 1 gallon per minute = 3.785 L/m.

- a. Reduce by 100 feet for dead-end streets or roads.
- b. Where streets are provided with median dividers that cannot be crossed by fire fighters pulling hose lines, or where arterial streets are provided with four or more traffic lanes and have a traffic count of more than 30,000 vehicles per day, hydrant spacing shall average 500 feet on each side of the street and be arranged on an alternating basis.
- c. Where new water mains are extended along streets where hydrants are not needed for protection of structures or similar fire problems, fire hydrants shall be provided at spacing not to exceed 1,000 feet to provide for transportation hazards.
- d. Reduce by 50 feet for dead-end streets or roads.
- e. One hydrant for each 1,000 gallons per minute or fraction thereof.
- f. A 50-percent spacing increase shall be permitted where the building is equipped throughout with an approved automatic sprinkler system in accordance with Section 903.3.1.1 of the *California Fire Code*.
- g. A 25-percent spacing increase shall be permitted where the building is equipped throughout with an approved automatic sprinkler system in accordance with Section 903.3.1.2 or 903.3.1.3 of the *California Fire Code* or Section P2904 of the *California Residential Code*.

6.10. Water System Risk Assessment Criteria

Preparing a comprehensive Water Master Plan providing an assessment of the water system and a roadmap for operational, maintenance, and capital improvements will include performing a risk assessment of the water system operation, facilities, and cyber-security. The findings from the risk assessment are added to the risk score for all facilities/assets and integrated into the improvement recommendations. Risk is defined as:

$$\text{Risk} = (\text{Likelihood of Occurring}) \times (\text{Vulnerability or Condition}) \times (\text{Consequence or Impact})$$

Generally, risks to a water system could include the impacts from:

- Earthquakes
- Severe Storm Events (Local Micro-bursts)
- Floods
- Droughts (Climate Change)
- Vandalism or Terrorist Act

- Customer Information Data Breach
- SCADA Security Breach
- Power Outage
- Facility Failure
- Asset Failure
- Transmission Main Failure
- Water Storage Tank Failure
- Chemical Spills
- Water Service Interruption – Customer Impact (Capacity Deficiency, Main Break, etc.)
- Water Source Contamination

The District, as owner, intends to expand the risk assessment methodology outlined in *AWWA Standard J100 - Risk Analysis and Management for Critical Asset Protection (RAMCAP) Standard for RISK AND RESILIENCE MANAGEMENT OF WATER AND WASTEWATER SYSTEMS* to include water operational risks, asset consequence of failure, and environmental impacts risks in the overall risk assessment. The resilience or recovery from a risk impact is incorporated into the risk score of the operational activity, facility, and asset. Operational resilience is defined as:

Operational Resilience = Duration x Severity x Vulnerability x Likelihood x Cost Rating

The results of the water system risk assessment will be foundational for preparing a Risk Management Plan as outlined in Section 4.13 Risk Management of *AWWA G410 – Business Practices for Operation and Management*. The District will seek to maintain a risk register and matrix to prioritize and mitigate risks within the water system. The operational, facility, and asset risks are defined in the risk register associated with the likelihood of occurring, risk exposure (vulnerability), and consequence of failure (impact) ratings. The risk matrix integrates the operational resilience rating providing an overall risk score associated with mitigation measures to minimize the risk.

The risk assessment findings will also be integrated into the District’s Emergency Response Plan (ERP) which will implement the practices outlined in *AWWA Standard G440 - Emergency Preparedness Practices*.

The objective of the risk assessment process is to integrate the risk scores in the alternative analysis of operational or improvement project resolution of identified deficiencies. The risk scores of the recommended improvements will be combined with the asset condition rating in the risk-based project prioritization process described in Chapter 13 – Capital Improvement Plan.

6.11. Asset Condition Assessment and Reliability Criteria

The District has adopted an asset management program as indicated in the Strategic Goal No. 6 summarized in Chapter 5 above. A description of the Asset Management Program is presented in Chapter 13. The Water Master Plan integrates the asset condition rating as a component of the project alternative analysis and recommended improvement projects.

The District's Asset Management Plan (AMP) will be prepared based on the *AWWA Standard G410, Section 14; AWWA M77; and AWWARF Research Project No. 4002 - Asset Management Roadmap*. Some of the key attributes of the AMP and process are:

- Defining assets and asset classes
- Implement asset numbering system
- Create asset database platform, data requirements, and IT interfaces
- Defining "failure" of each asset type
- Define asset data collection requirements
- Create asset inventory and registry
- Establish asset condition assessment rating criteria and associated remaining useful life estimates for each asset class
- Create condition assessment inspection, testing, and methodology for each asset type
- Prepare facility and asset class criticality analyses and rating
- Combine asset condition rating with criticality rating and rank assets

The asset condition ranking is defined as:

Equipment Asset Ranking = Facility Criticality x Asset Criticality x Asset Condition
Pipeline Asset Ranking = Main Criticality x Condition Rating x Customer Impact

The Water Master Plan shall identify the facilities and assets impacted by each operational deficiency/resolution resulting from the water system planning process and combine the Asset Ranking and Asset Risk Score to prioritize the recommended improvements.

Recommended Project Ranking = Asset Ranking x Risk Score

The text box on the next page shows an exercise in ranking asset needs for pump station capacity based on scoring incoming Power equipment, suction/Discharge Piping, Pumps/Motors, and Switchgear.

Project Example: Pump Station Capacity Deficiency in 5 Years

1. Impacted Assets – Two booster pumps, electrical switchgear, incoming electrical power facilities, and suction and discharge piping
 - a. Capacity of incoming electrical equipment and suction/discharge headers is sufficient – Condition rating – 1.5 and 2 respectively
 - b. Pumps, motors, and switchgear have insufficient capacities – Condition rating, Pump #1 – 4.2, Pump #2 – 3.8, switchgear #1 – 2.5, #2 – 3.5
 2. Facility Criticality Rating (1 to 10) – 7
 3. Asset Criticality Rating (1 to 10):
 - a. Incoming Power equipment – 10
 - b. Suction/Discharge Piping – 8
 - c. Pumps/Motors – 5 (Has Redundancy)
 - d. Switchgear – 6
 4. Risk Score (Asset Failure & Service Interruption – 1 to 20):
 - a. Incoming Power Equipment – 1
 - b. Suction/Discharge Piping – 5
 - c. Pumps/Motors – 15
 - d. Switchgear – 10
 5. Asset Ranking (Condition Rating x Criticality Rating):
 - a. Incoming Power Equipment = $7 \times 1.5 \times 10 = 105$
 - b. Suction/Discharge Piping = $7 \times 2 \times 8 = 112$
 - c. Pump/ Motor #1 = $7 \times 4.2 \times 5 = 147$
 - d. Pump/ Motor #2 = $7 \times 3.8 \times 5 = 133$
 - e. Switchgear #1 = $7 \times 2.5 \times 6 = 105$
 - f. Switchgear #2 = $7 \times 3.5 \times 6 = 147$
 6. Project Ranking:
 - a. Incoming Power Equipment = $105 \times 1 = 105$
 - b. Suction/Discharge Piping = $112 \times 5 = 560$
 - c. Pump/ Motor #1 = $147 \times 15 = 2205$
 - d. Pump/Motor #2 = $133 \times 15 = 1995$
 - e. Switchgear #1 = $105 \times 10 = 1050$
 - f. Switchgear #2 = $147 \times 10 = 1470$
 7. Project Prioritization:
 - a. Replace Pump/Motor #2 & Switchgear #2 = $1995 + 1470 = 3465$
 - b. Replace Pump/Motor #1 & Switchgear #1 = $2205 + 1050 = 3255$
- Highest Rating Value = Worst Condition, Most Critical, & Highest Risk
 - A Total Facility Ranking = Addition of all asset class rankings

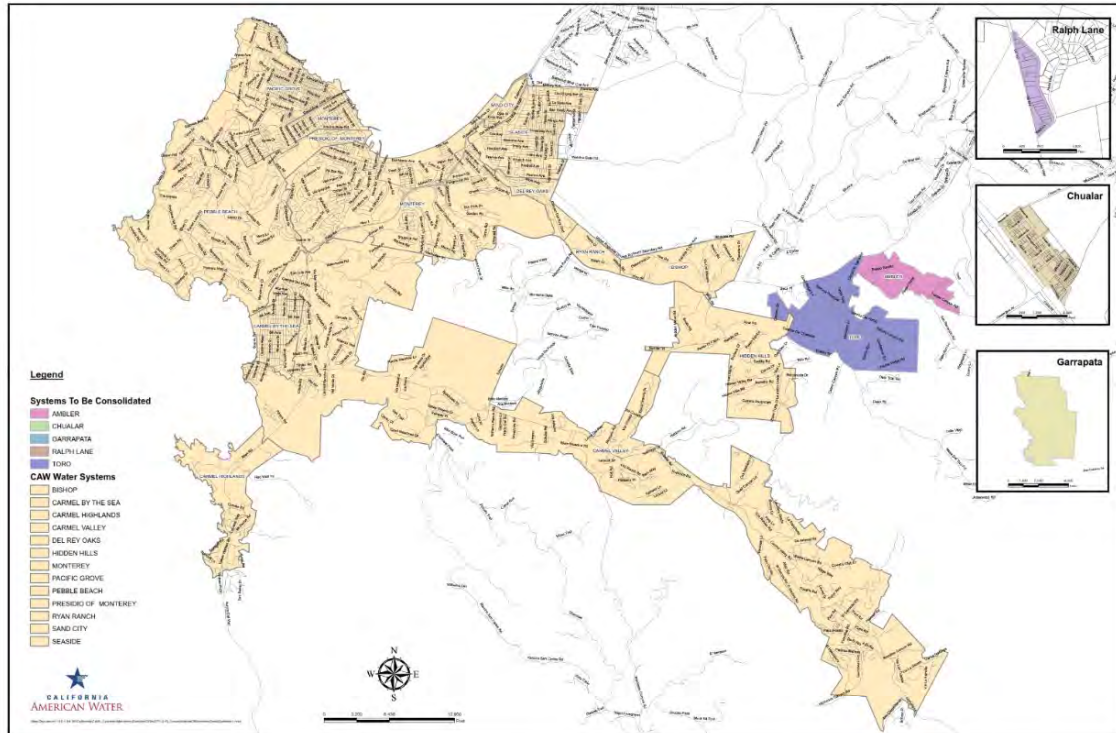
7. Monterey Peninsula Water Supplies

7.1. General

Cal-Am provides water and wastewater service to the Central Division. The Central Division is comprised of the Monterey County District, the Central Satellites, and the Monterey Wastewater District. The water system, which is comprised of the Monterey County District and the Central Satellites, serves approximately 40,000 customer connections and a population of approximately 99,794.⁴

The “Main” system within the Monterey County District serves approximately 39,730 customers and includes customers within the incorporated cities of Carmel-by-the-Sea, Del Rey Oaks, Monterey, Pacific Grove, Sand City, and Seaside, and the unincorporated areas of Carmel Highlands, Carmel Valley and Pebble Beach. The Main system is generally located within the MPWMD boundaries. The Monterey County District also includes the service areas of Bishop (approx. 385 customers), Hidden Hills (approx. 454 customers), and Ryan Ranch (approx. 212 customers), that are also within the MPWMD boundaries. The Central Satellite areas, not subject to acquisition by MPWMD, include the areas of Ambler Park, Ralph Lane, Chualar, Toro, and Garrapata, which are located outside of MPWMD boundaries and serve a total of approximately 1,086 customers. A map depicting Cal-Am’s water system areas within the Central Division is provided in Figure 7-1.

Figure 7-1: Cal-Am Central Division Water Systems⁵



⁴ 2018 Annual Report of District Water System Operations for the Monterey County District, filed by Cal-Am for the CPUC, p.16 and 17.

⁵ Cal-Am Service Area Map as of 2013.

7.2. Sources of Supply

Currently, water supply for most customers comes from: (a) underflow in the Carmel River Alluvial Aquifer withdrawn from shallow wells in Carmel Valley, (b) mid-depth and deep wells in the Seaside Basin, and (c) deep wells along Highway 68 corridor. Since 2003, Cal-Am has not pumped any of its supply directly from the Carmel River. Most of the Carmel River withdrawal comes from shallow wells located near the river in its lower reaches.⁶

Carmel River

The Carmel River is a 38-mile river that flows through Monterey County and into the Pacific Ocean. Historically, damming of the river and diverting its flow for municipal use spurred developments on the Monterey Peninsula, including the Del Monte Hotel (now part of the Naval Support Activity, Monterey), the Pebble Beach area, and Cannery Row in Monterey. The river was dammed at three locations upstream of the present-day Carmel Valley Village between 1883 and 1948; until the late 1950s, surface flow in the river supplied most of the municipal demand of the Monterey Peninsula.

Severe declines in returning steelhead numbers and significant degradation of the river's resources occurred over several decades beginning in the late 1970s. Municipal demand and sediment accumulation in the reservoirs accelerated in the 1970s along with the impacts of direct diversion of surface flow, which became unacceptable. The portion of municipal demand met by direct diversion of surface flow at San Clemente Dam was initially ratcheted down in the early 1980s by agreement between Cal-Am, California Department of Fish and Wildlife ("CDFW"), and MPWMD.

As a result of four complaints filed against Cal-Am in the 1980s about impacts to Carmel River resources from diversions, the State Water Resources Control Board ("SWRCB") determined in 1995 that Cal-Am was diverting about 10,730 acre-feet per year (AFY or AFA) from the Carmel River and its underflow without a valid basis of right. The SWRCB ordered the company to replace the unlawful diversions with lawful sources. SWRCB WR Order 95-10 described that Cal-Am's withdrawals from the Carmel River constituted the largest single impact to instream beneficial uses of the river.

The SWRCB action reduced Cal-Am's rights to diversion to storage at Los Padres Reservoir to 2,179 AFY⁷ and recognized other riparian and pre-1914 water rights associated with Cal-Am property along the river and San Clemente Dam. Surface diversions to the Carmel Valley Filter Plant at San Clemente Dam ceased in 2002. Since that time, surface flow impounded along the river has been used to augment dry season flows in the Carmel River to benefit threatened Carmel River steelhead and other species dependent on river flows.

In 2013, the National Marine Fisheries Service determined that all the dams on the river blocked passage for steelhead listed as threatened under the Endangered Species Act and

⁶ Cal-Am 2019 General Rate Case Proposed Application, Exhibits A-D, Chapter 1, pg 1.

⁷ SWRCB Order 95-10 limited Cal-Am's diversion right due to siltation in the reservoir (see footnote 15, p. 25). San Clemente Dam is the only described point of re-diversion in License 11866 and this point of re-diversions has been removed; however, Order 95-10 requires Cal-Am to divert at the lower-most wells along the river.

needed to be removed or modified.⁸ Two dams were removed after they were determined to be obsolete and/or unsafe.⁹

Cal-Am is the current owner of the remaining Los Padres Dam and Reservoir at approximately 25 miles upstream of the ocean. The reservoir, built in 1948 by California Water & Telephone, had an original storage capacity estimated at 2,709 acre-feet.¹⁰ By 2017, storage capacity was reduced to 1,679 acre-feet due to sediment accumulation over its nearly 70 years of operation.¹¹ Cal-Am currently relies on a portion of the water rights associated with the dam to provide about 20% of the Monterey Peninsula's existing demand. Cal-Am has legal rights to 3,376 AFA from the Carmel River comprised of 2,179 AFA from License 11866, 1,137 AFA of pre-1914 appropriative rights, and 60 AFA of riparian rights. This does not include what is referred to as Table 13 rights, discussed under "*Other Available Supplies*" below.

The watershed contributing to Los Padres Reservoir is highly erosive and subject to periodic wildfires followed by intense rainfall that have resulted in about a 40% reduction in surface storage capacity over the 70-year life of the reservoir. In 2013, it was estimated that the reservoir has a useful life between 20 and 134 years. More recent analysis based on periodic bathymetric surveys indicates that at the present long-term sedimentation rate, reservoir capacity in the year 2100 may approach 1,000 acre-feet, or less than one-third of original capacity.¹²

Sediment removal alternatives were investigated to increase the reservoir's capacity to as high as 95% of its original storage capacity. These alternatives are costly, however, with plans ranging between \$47-\$90 million and would cost \$53,000-\$112,000 per acre-foot removed.¹³ These costs exclude the costs for steelhead passage improvements that could range from under \$10 million to over \$100 million.¹⁴ With a height differential of just over 120 feet from the dam spillway to its plunge pool, Los Padres Dam and Reservoir remains a challenge to provide adequate facilities to freely pass steelhead. MPWMD and Cal-Am continue to investigate alternatives to improve passage and manage sediment at the site.

⁸ P. 7-12, National Marine Fisheries Service. 2013. South-Central California Coast Steelhead Recovery Plan. West Coast Region, California Coastal Area Office, Long Beach, California.

⁹ San Clemente Dam and Reservoir, which was built in 1921 at RM 18.6 and originally stored up to 1,810 acre-feet with flashboards installed, stored 70 acre-feet of water as of 2008 after years of severe sediment accumulation. It was removed in 2015 in response to public safety concerns about the dam's resiliency to earthquakes and major floods. It was the largest dam removal in California history at the time. The Old Carmel River Dam, built in 1883 with Chinese laborers at RM 18.3, was removed in 2016.

¹⁰ Prior to 2017, estimates of the original storage capacity of the reservoir cited in the record varied from 3,030 acre-feet to 3,200 acre-feet. The SWRCB licensed a storage right of 3,030 AFY in 1986. In 2017, it was determined that the original capacity was incorrectly estimated. See Los Padres Dam and Reservoir Alternatives and Sediment Management Study Final Sediment Characterization Technical Memorandum, Prepared by: AECOM, prepared for MPWMD in cooperation with California American Water, December 2017.

¹¹ Smith, D.P., Kvitik, R., Iampietro, P., and Consulo, P., 2018, Fall 2017 Stage-Volume Relationship for Los Padres Reservoir, Carmel River, California: Prepared for the Monterey Peninsula Water Management District. The Watershed Institute, California State University Monterey Bay, Publication no. WI-2018-05, 21 pp.

¹² MPWMD analysis of historical bathymetric survey data.

¹³ Los Padres Dam Sediment Removal Feasibility Study, dated April 2013, pg. 1 (2013) <https://www.mpwmd.net/wp-content/uploads/MWH-Cal-Am-LPD-Study-Report-Final-20130425.pdf>

¹⁴ Los Padres Dam Fish Passage Study Technical Review Committee Meeting No. 3, Evaluate Alternatives, January 17, 2018.

Seaside Basin

The Seaside Basin underlies the cities of Seaside, Sand City, Del Rey Oaks, Monterey, and portions of unincorporated county areas, including the southern portions of Fort Ord, and the Laguna Seca Area. Generally, the Seaside Basin is bounded by the Pacific Ocean on the west, although it is recognized that the aquifer extends offshore under the seafloor, the Toro Park area on the east, Highways 68 and 218 on the south, and the northern boundary of the basin follows a groundwater flow divide separating groundwater flowing toward the Salinas Valley from groundwater flowing toward the coastal subareas of the Seaside Basin. Flow divides are hydraulic features that develop between two centers of concentrated pumping. The divide acts like a ridge in the regional water-level surface much like the way a topographic ridge separates two surface watersheds. The Seaside Basin consists of subareas, including the Coastal subarea and the Laguna Seca subarea in which geologic features form partial hydrogeologic barriers between the subareas. The Seaside groundwater basin has been pumped by Cal-Am to a degree that exceeds the basin's sustainable yield.¹⁵

Cal-Am filed the action which initiated adjudication on August 14, 2003. The defendants were the City of Seaside, the City of Monterey, the City of Sand City, the City of Del Rey Oaks, Security National Guaranty, Inc., Granite Rock Company, D.B.O. Development Company No. 27, Muriel E. Calabrese 1987 Trust, Alderwoods Group (California), Inc., Pasadera Country Club, LLC, Laguna Seca Resort, Inc., Bishop, McIntosh & McIntosh, and The York School, Inc. A decision was entered March 2006 and was amended in February 2007 to allow Cal-Am to combine its production from the Coastal Subareas and Laguna Seca Subarea in determining its compliance with its assigned production allocation.

Based on estimates of then-recent basin extractions of approximately 5,600 AFY, the Court concluded that the basin was in overdraft. That conclusion was confirmed in the adjudication decision which established a "Natural Safe Yield" for the Seaside Basin of 3,000 AFY. The 2006 Seaside Groundwater Basin adjudication imposed triennial reductions in operating yield for Standard Producers such as Cal-Am until the basin's Natural Safe Yield is achieved. The last reduction will occur in 2021 and Cal-Am will have rights to 1,474 AFA. However, with the delivery of a long-term permanent water supply, the company would like to begin replacing its accumulated deficit of over-pumping through in-lieu recharge by leaving 700 AFA of its production right in the basin for 25 years. Hence, only 774 AFA is reflected as long-term supply available, although the additional 700 AF becomes available again in the future.

Aquifer Storage and Recovery

MPWMD developed an Aquifer Storage and Recovery ("ASR") program utilizing available storage in the Seaside Basin. The ASR program entails diversion of excess winter flows from the Carmel River for storage in injection/recovery wells in the Seaside Aquifer for withdrawal in the summer months to reduce pumping from the river. Winter flows are considered excess only when they surpass what is necessary to shelter the river's threatened steelhead trout population. Phase 1 of the ASR project was completed in 2008 and allows for a maximum

¹⁵Todd Groundwater <http://www.toddgroundwater.com/seaside-injection.html>

annual diversion of about 2,400 AFY from the Carmel River, and an average yield of approximately 920 AFY. Phase 2 of the project, completed in 2013, involved constructing two ASR wells designed to store up to 2,900 AFY and provide an average yield of 1,050 acre-feet of additional water supply.¹⁶ For water supply planning purposes, ASR is estimated to produce an average of 1,300 acre-feet annually.

Sand City Desalination Plant

Sand City Coastal Desalination Plant is a brackish seawater desalination facility. It was designed to be capable of producing 300 acre-ft of water (98 million gallons approximately) per year and uses reverse osmosis (RO) process to desalinate brackish seawater. The Sand City plant has failed to achieve more than the 276 AF in 2011. Due to source water quality issues and discharge permit requirements the plant has averaged 188 AFA the four years ending water year 2019. The intakes will likely be augmented and production increased (see *“Other Available Supplies”*, below.) Here only the 94 AFA of long-term production legally committed to offset Carmel River pumping is included in the combined supply availability.

The plant became operational in April 2010. The facility includes four brackish water feed wells, a concentrate disposal well and associated pipelines and components. Of the four wells that are used to pump sea water to the plant, two are in use at any given time. These are over 18 meters (m) deep and located 61m from the surf line and over 760m from the plant. Cal-Am operates the plant under a lease with the City of Sand City, the developer of the project.

Monterey Peninsula Water Supply Project

The Monterey Peninsula Water Supply Project (“MPWSP”) is an initiative to create an ocean desalination plant with sub-surface intake wells, as well as related desalination facilities such as source pipelines, water product pipelines, and brine disposal systems. This project resulted from Court-ordered reductions in water sourcing from the Carmel River and as a safeguard against drought and basin overuse that could result in seawater intrusion. This desalination plant will use reverse-osmosis technology and use slant wells to avoid the impacts to marine life that are posed by open ocean intakes. The 7-mile pipeline to deliver water from the desalination plant and Pure Water Monterey projects has already been constructed. The desalination plant is expected to be able to deliver 6.4 MGD or 6,252 acre-feet of water annually and is expected to cost \$322 million to complete.¹⁷ The brine resulting from the desalination process will be discharged to the ocean through Monterey One Water’s existing outfall. Monterey One Water is a regional agency providing wastewater treatment services in the region. The desalination facilities are anticipated to be commissioned in 2022 or 2023. In June 2019, it was announced that The California Department of Water Resources will provide a \$10 million grant to the utility to help fund this desalination project.¹⁸

¹⁶ <https://www.mpwmd.net/water-supply/aquifer-storage-recovery/>

¹⁷ Water Supply Project <https://www.watersupplyproject.org/about>

¹⁸ Water Supply Project Update (2019) <https://www.watersupplyproject.org/single-post/2019/06/20/CALIFORNIA-AMERICAN-WATER-DESALINATION-PROJECT-AWARDED-10-MILLION-STATE-GRANT>

Pure Water Monterey Project

The Pure Water Monterey (“PWM”) project is a water supply project jointly developed by MPWMD and Monterey One Water that will provide purified recycled water for recharge of the Seaside Basin that serves as a drinking water supply, and recycled water to augment the existing Castroville Seawater Intrusion Project’s crop irrigation supply. By sourcing reclaimed wastewater, stormwater, food processing water, and impaired surface water, this initiative seeks to replenish groundwater, as well as provide water for domestic and irrigating uses.¹⁹ This program became operational in 2020 and will yield 3,500 acre-feet of potable water annually.²⁰

An expansion of PWM has been contemplated as a less expensive and more appropriately sized alternative to the desalination plant, as discussed in more detail below. The expansion of Pure Water Monterey is expected to yield 2,250 AFA.²¹ The source waters for the expansion are secure: In multiple presentations by the staff of Monterey One Water (M1W)²² it has been shown that none of the source water for expansion of Pure Water Monterey is speculative, nor comes from Salinas valley sources for which M1W doesn’t already have rights. In one example, source water for the expansion would come from ocean discharge from the Regional Treatment Plant (54%), the Reclamation Ditch (5%), Blanco Drain (10%), wastewater outside the prior M1W boundaries (30%), and summer water rights from the County Water Resource Agency (1%). This project could come online by late 2022.

Other Available Supplies

There also exists approximately 406 additional acre-feet of other available supplies. In 2013, Cal-Am received Permit 21330 from the State Water Board for 1,488 AFA from the Carmel River. However, the permit is seasonally limited to December 1 through May 31 each year and subject to instream flow requirements. As a result, actual production will vary by water year. Here, we have assumed 300 AFA on average. For the Sand City desalination plant the amount produced in excess of 94 AFA is available for general Cal-Am use and eventually to serve growth in Sand City. With new intakes, we have assumed average production of 200 AFA or 106 AFA of other available supply. There is also available unused capacity in the Seaside Basin which annually is reallocated to the Standard Producers such as Cal-Am as “Carryover Credit” under the adjudication decision. Such Carryover capacity has been on the order of 400 AFA recently. While not insignificant, Carryover Credit has not been included in the 406 AFA of “Other Available Supplies” stated earlier.

7.3. Combined Supply Availability

Available sources of supply are shown in Table 7-1 below. Supply is shown with both desalination and with PWM expansion as a back-up.

¹⁹ MPWMD Website <https://www.mpwmd.net/water-supply/pure-water-monterey/>

²⁰ Water Supply Project <https://www.watersupplyproject.org/about>

²¹ Notice of Preparation of a Supplemental Environmental Impact Report and Public Scoping Meeting Notice, page 4, May 15, 2019

²² For example, November 12, 2019 M1W presentation to the Monterey County Farm Bureau and the Grower-Shipper Association and the September 30-2019 M1W board meeting

Table 7-1
Monterey Peninsula Available Supply
(Acre-Feet Annually)

Supply Source	w/ Desalination	w/ PWM Expansion
MPWSP Desalination Plant	6,252	0
Pure Water Monterey	3,500	3,500
PWM Expansion	0	2,250
Carmel River	3,376	3,376
Seaside Basin	774	774
Aquifer Storage & Recovery (ASR)	1,300	1,300
Sand City Desalination Plant	94	94
Total Available Supply	15,296	11,294

8. Economic & Population Growth

8.1. Demand Forecast

The MPWSP was initially sized solely as a replacement supply²³ for current customer demand, but this has changed over time as described below. Consideration was also given to peak month and peak day. Additional demand was recognized to accommodate legal lots of record, a request by the hospitality industry to anticipate a return to occupancy rates similar to that which existed prior to the World Trade Center tragedy, and to shift the buildout of Pebble Beach off the river.²⁴ Table 8-1 below shows the demand assumptions originally used in sizing the MPWSP in the April 2012 application to the California Public Utilities Commission (CPUC). Each component is discussed below.

Table 8-1
Water Demand Assumed in Sizing the MPWSP
(Acre-Feet Annually)

Demand Component	Acre-Feet Annually
Average Current Customer Demand	13,290
Legal Lots of Record	1,181
Tourism Bounce-Back	500
Pebble Beach Buildout	325
Total Water Demand	15,296

The District recently adopted a demand forecast that reviewed the demand components. Table 8-2 shows the range of demand estimates have been revised. These long-term demand estimates can be compared to existing current demand to determine how much water supply is needed.

Table 8-2
Range of Potential Demand Scenarios in MPWSP Sizing
(Acre-Feet)

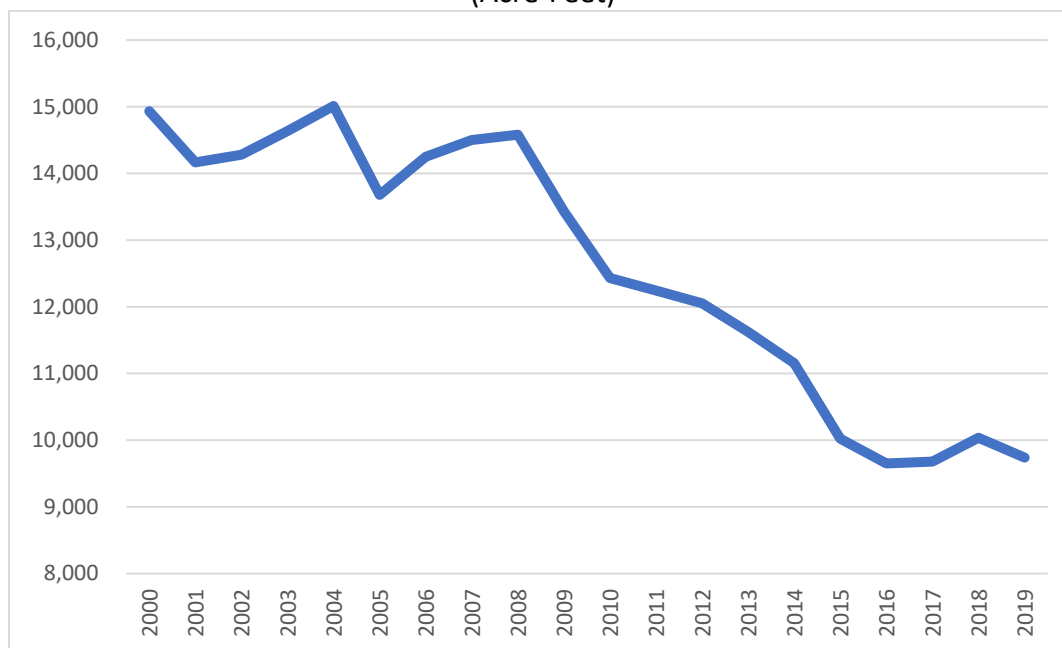
Demand Component	Revised High	Revised Low
Average Current Customer Demand	10,863	9,817
Legal Lots of Record	1,014	864
Tourism Bounce-Back	250	100
Pebble Beach Buildout	160	103
Total Water Demand	12,287	10,884

²³ Direct Testimony of Richard C. Svindland, April 23, 2012, pages 4,5,7

²⁴ Supplemental Testimony of Richard C. Svindland, January 11, 2013, pages 4-5

Figure 8-1 below shows water production for customer service, a proxy for customer demand, for the past twenty-one-year period, through Water Year 2019. As can be seen, demand has been in decline, but somewhat leveled out over the last five years.

Figure 8-1
Annual Water Production for Customer Service (Demand)
Last 21 Years
(Acre-Feet)



As a measure of existing demand, Table 8-3 shows the 10-, 5-, and 3-year average demand.

Table 8-3
Alternate Average Current Customer Demand Assumptions
Updated for 2019 Water Year
(Acre-Feet)

Period	Amount
10-Year Average - Actual	10,863
5-Year Average - Actual	9,825
3-Year Average - Actual	9,817

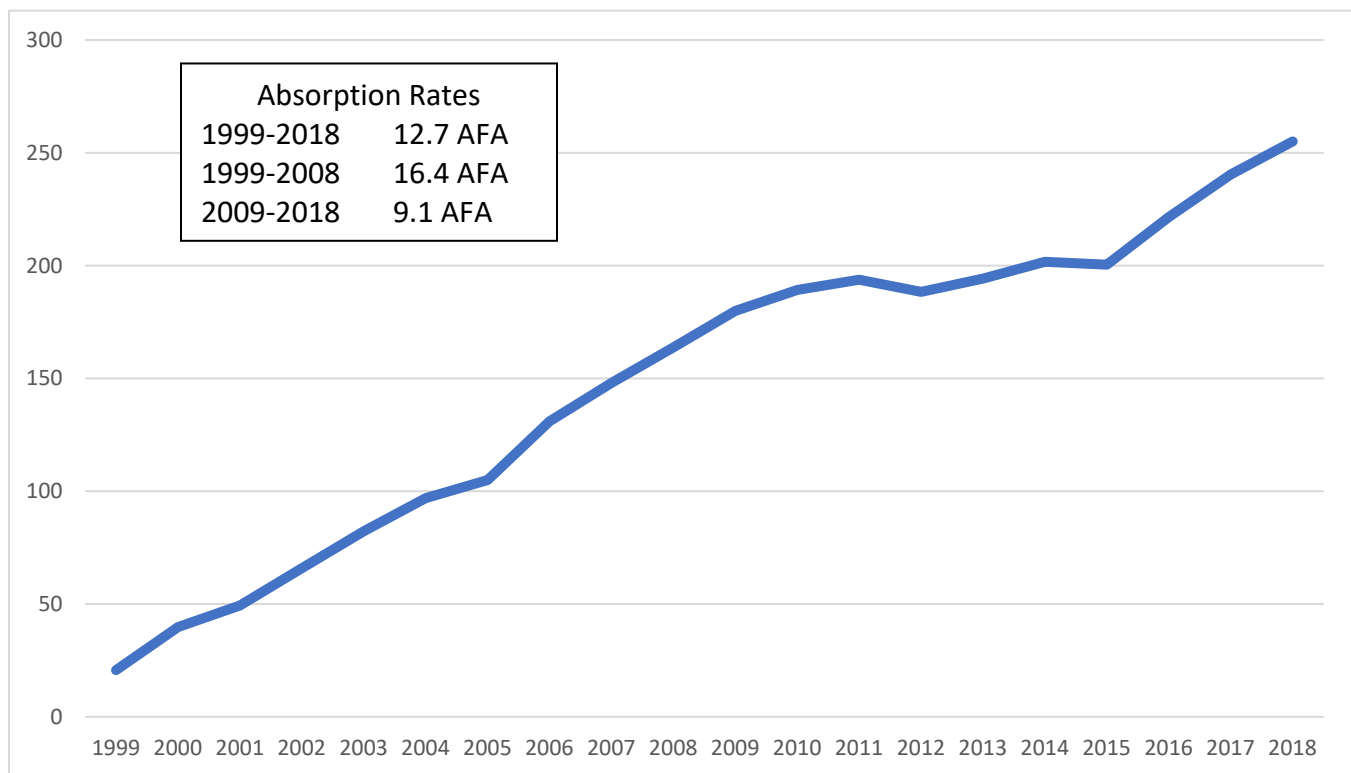
Hence, the case could be made that the average existing customer demand assumption in the sizing of new water supply should be 9,817 to 10,863 AFA.

The trend is similar for peak month demand: 10-year maximum month through 2018 was 1,111 AF, the 5-year max was 966 AF, and the 3-year max was 950 AF. By comparison, the maximum month at the time the plant was first sized was 1,532 AF. The proposed desalination plant, in conjunction with the other production facilities can meet peak month/peak day requirements.

Pure Water Monterey expansion adds 4 new extraction wells, two for production and two for redundancy. Analysis shows that peak month/peak day can also be met with Pure Water Monterey expansion.

However, the ability of the Monterey Peninsula to generate or “absorb” the housing and commercial growth will help determine when such water supply is needed. Figure 8-2 shows the past 20 years of market absorption of water demand based on water permits issued. The average growth or absorption in water use was 12.7 AF per year. The first decade preceded the CDO and was a period of relative economic stability, available property, no moratorium on new service connections, and lower water rates resulting in 16.4 AF per year of absorption. The second decade was after the CDO and moratorium on service connections and understandably had a lower absorption rate of 9.1 AF per year.

Figure 8-2
Market Absorption of Water Demand
Last 20 Years
(Acre-Feet)

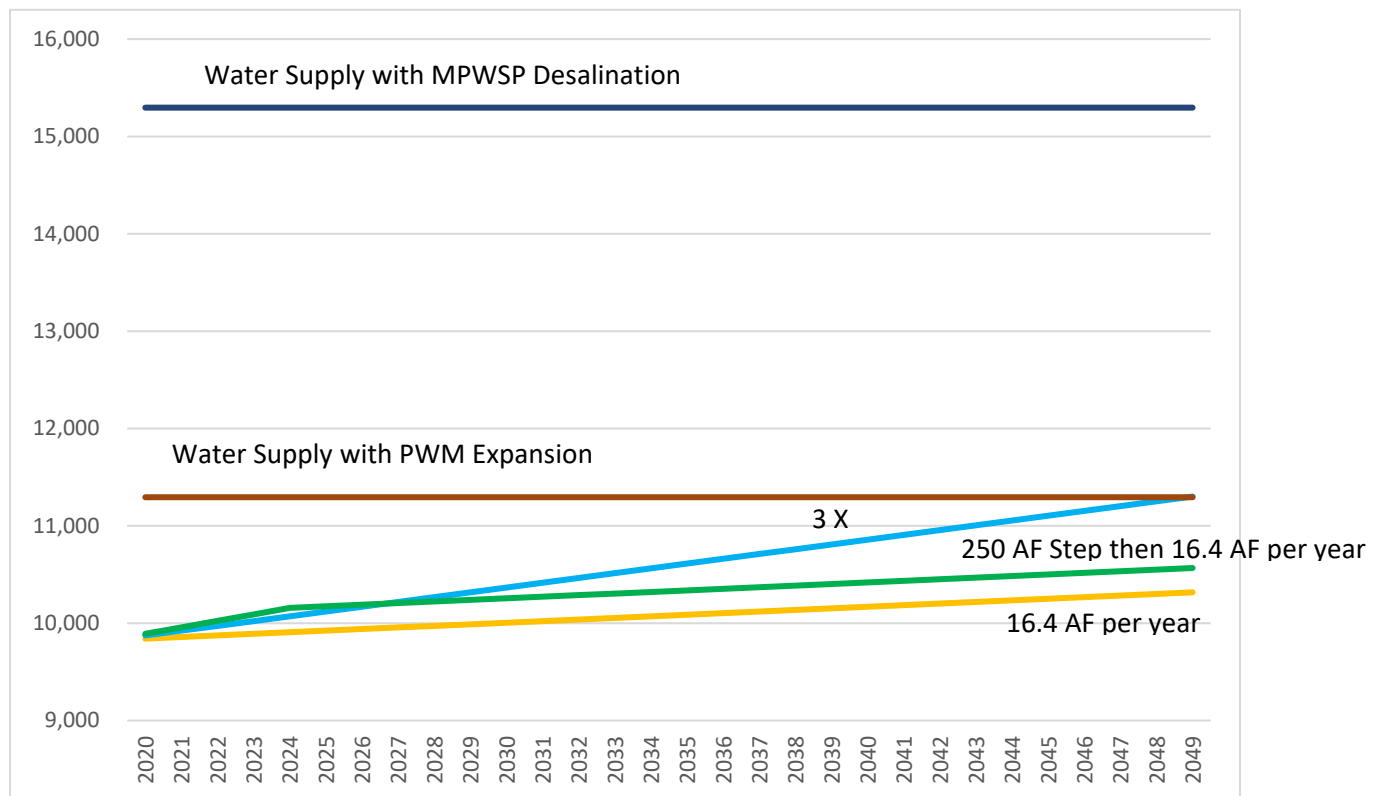


By adopting assumptions about current demand and market absorption rates, it can be determined the sufficiency of certain supply alternatives over time.

Scenario 1: Supply v Demand Using Pre-CDO Absorption Rate Scenarios: In Figure 8-3, the current demand assumption of 9,825 AF (most recent 5-year average) is shown with three market absorption rates: (a) 16.4 AF per year (pre-CDO decade rate), (b) three times that rate,

and (c) 250 AF over the first five years on top of the pre-CDO rate. These are also compared to the two supply alternatives in Table 7-1.

Figure 8-3
Market Absorption of Water Demand Compared to Water Supply
Current Demand at 5-Year Average
Pre-CDO Growth Rate Alternatives
(Acre-Feet)



This chart shows that, assuming a starting current demand at the 5-year average, both water supply alternatives meet 30-year market absorption at the historical rate, 250 AF in the first 5 years on top of the historical rate, and at 3-times the historical absorption rate.

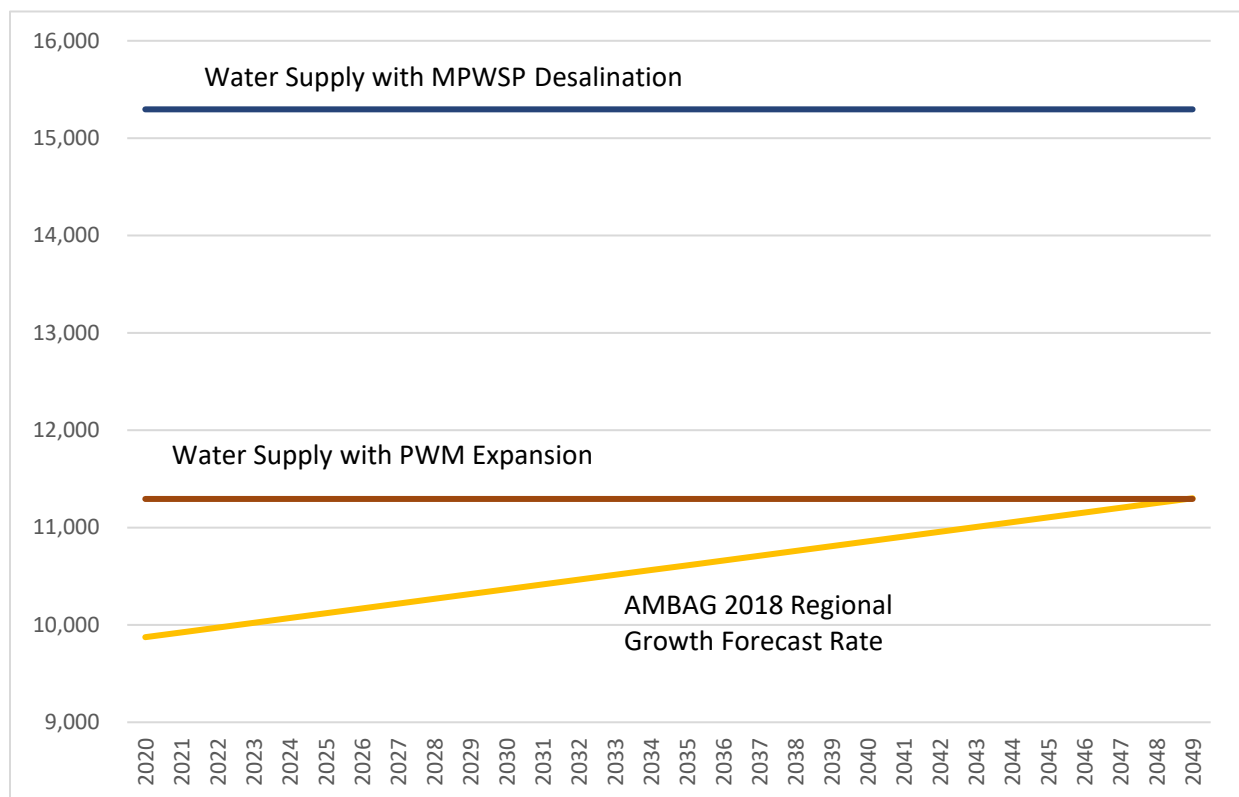
Scenario 2: Supply v Demand Using 3rd-Party Growth Forecast Absorption Rate: Rather than to rely on pre-CDO absorption of water demand or alternative theoretical future demand scenarios, as was done in the September report, it is instructive to instead look at a regional growth forecast by an objective third-party. Here, we evaluated AMBAG's 2018 Regional Growth Forecast, specifically the subregional population forecast as a proxy for residential water demand, and the subregional employment forecast, using job growth as a proxy for commercial water demand. (Certainly, other factors could be considered.)

AMBAG implemented an employment-driven forecast model for the first time in the 2014 forecast and contracted with the Population Reference Bureau (PRB) to test and apply the model again for the 2018 Regional Growth Forecast (RGF). To ensure the reliability of the

population projections, PRB compared the employment driven model results with results from a cohort-component forecast, a growth trend forecast, and the most recent forecast published by the California Department of Finance (DOF). All four models resulted in similar population growth trends. As a result of these reliability tests, AMBAG and PRB chose to implement the employment-driven model again for the 2018 RGF.²⁵

Using this methodology, the total water demand increase in the 20 year study period is 984 AF or 49.2 AFA. Applying the 49.2 AFA linearly across a 30-year horizon results in the demands shown in Figure 8-4.

Figure 8-4
Market Absorption of Water Demand Compared to Water Supply
Current Demand at 5-Year Average
AMBAG 2018 Regional Growth Forecast
(Acre-Feet)



This chart shows that, assuming a starting current demand at the 5-year average (inclusive of water year 2019), both water supply alternatives meet 30-year market absorption at the AMBAG 2018 Regional Growth Forecast rate.

Scenario 3: Supply v Demand Using “Pent-Up Demand” Plus AMBAG Growth Forecast Absorption Rate: The Regional Growth Forecast is intended to include new housing starts for increasing population, and new commercial businesses for job formation. However, several

²⁵ 2018 Regional Growth Forecast, Technical Documentation, Association of Monterey Bay Area Governments (AMBAG), June 2018, page 5

cities have approved and unbuilt projects that might happen more quickly once a permanent water supply becomes available and new meters can be set.

Examples of housing projects include Garden Road and Strangio in Monterey, Del Dono in Carmel, South of Tioga in Sand City, and various mixed-use projects and ADUs throughout the service area. Example non-residential projects include almost 120,000 square feet of commercial space at Ocean View Plaza in Monterey, approximately 1,250 rooms across five hotels in Pacific Grove (2) and Sand City (3). Hotels have their own demands and the guests can increase demand at local establishments. There can also be variability in students and service members attending MIIS, MPC, NPS, DLI, or living in the service area attending other institutions.

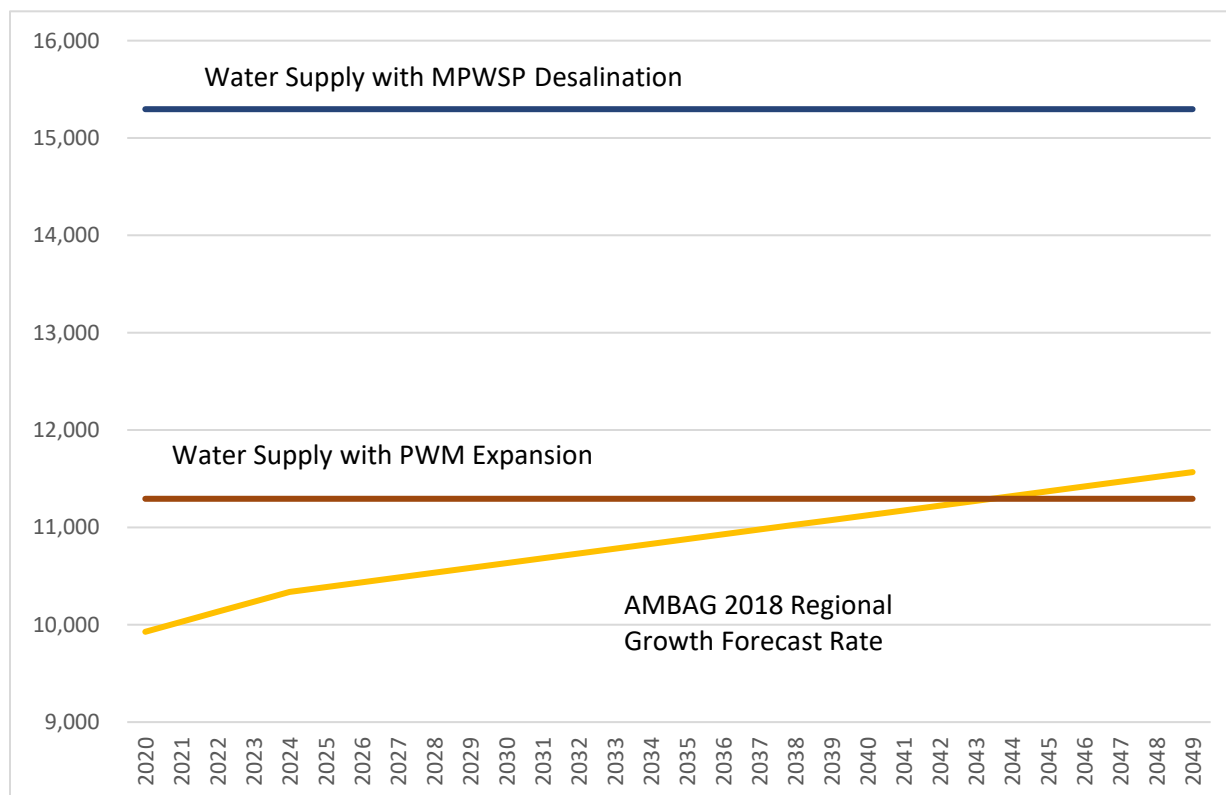
There is little likelihood that the market can absorb all of this quickly, but if it did there might be assumed to be something similar to the following pent-up near-term demand:

Table 8-4
Potential Near-Term Demand
(Acre-Feet)

Type of Demand	Acre Feet Required
1,250 Hotel Rooms X 0.064 AF/room	80
1.5 guests/room X 1,250 rooms X 75% occupancy X 0.02 AF/restaurant seat	28
200,000 new square feet of commercial space X 0.00007 AF/sq.ft.	14
1,000 new students X 57 gal/day X 260 days/Year	45
Approved but Unbuilt Housing	100
TOTAL Near-Term Demand	267

Figure 8-5 shows what the supply and demand relationship would be if this 267 AFA is added to the first five years, on top of the AMBAG Growth Forecast. The chart shows that, assuming a starting current demand at the 5-year average (inclusive of water year 2019), Pure Water Monterey Expansion meets 24-year market absorption, and the MPWSP desalination plant exceeds 30-year demands.

Figure 8-5
 Market Absorption of Water Demand Compared to Water Supply
 Current Demand at 5-Year Average
 “Pent-Up” Demand in first 5 Years plus AMBAG 2018 Regional Growth Forecast
 (Acre-Feet)



Principal conclusions of the demand projections are:

- Either supply option can meet the long-term needs of the Monterey Peninsula
- Either supply option is sufficient to lift the CDO
- The long-term needs of the Monterey Peninsula may be less than previously thought

Several factors will contribute to pressure on decreasing per capita water use, as discussed in the next section.

8.2. Water Conservation & Demand Management

The District conducts a number of programs to reduce potable water use and increase water efficiency. These programs include mandatory requirements for new construction, remodels/additions, changes in use/ownership, and efficiency requirements for all residential and non-residential users. The District enforces prohibitions on water waste and inefficient use of water. Enforcement is achieved through site inspections and deed restrictions, through permit coordination with local land-use agencies, and by partnerships with Cal-Am. The District

also administers a comprehensive and aggressive rebate program and offers water saving devices and equipment free of charge. The rebate program and devices are funded primarily by Cal-Am ratepayers and will be easily folded into District operations after acquisition. Similarly, Cal-Am's Waterwise house call program will dovetail nicely into the District's Water Demand Division. The District and Cal-Am already coordinate on public outreach and training in the conservation area.

The effectiveness of the District's conservation programs, combined with a tiered rate structure, is shown in Figure 8-6 on the next page.

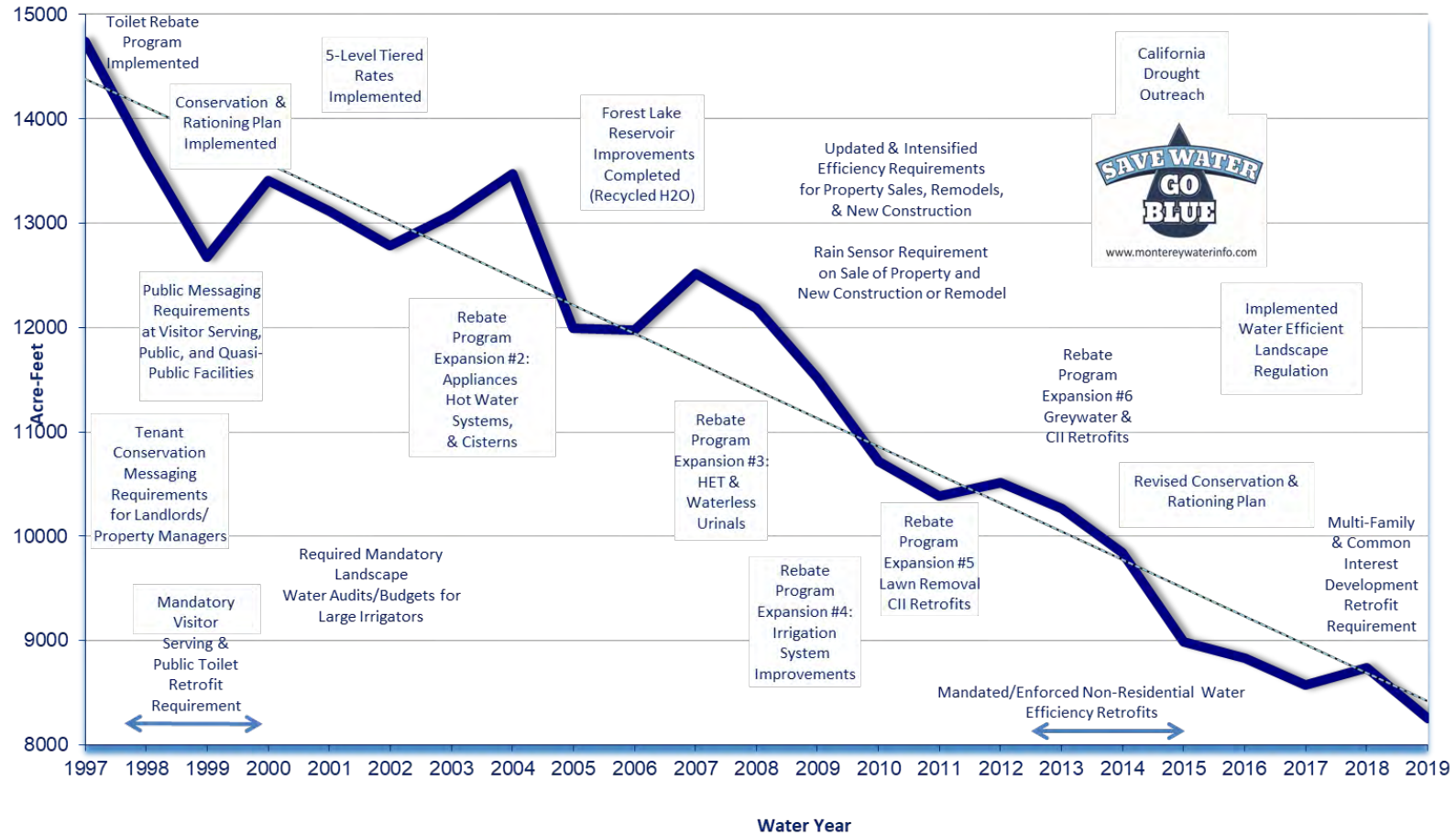
On May 31, 2018, Governor Brown signed two bills which build on the ongoing efforts to "make water conservation a California way of life." SB 606 (Hertzberg) and AB 1668 (Friedman) reflect the work of many water suppliers, environmental organizations, and members of the Legislature. The mandates will fall on urban water suppliers – not customers.

Specifically, the bills call for creation of new urban efficiency standards for indoor use, outdoor use, and water lost to leaks, as well as any appropriate variances for unique local conditions.

Each urban retail water agency will annually, beginning November 2023, calculate its own *objective*, based on the water needed in its service area for efficient indoor residential water use, outdoor residential water use, commercial, industrial and institutional (CII) irrigation with dedicated meters, and reasonable amounts of system water loss, along with consideration of other unique local uses (i.e., variances) and "bonus incentive," or credit, for potable water reuse, using the standards adopted by the State Water Board.

The indoor water use standard will be 55 gallons per person per day (gallons per capita daily, or GPCD) until January 2025; the standard will become stronger over time, decreasing to 50 GPCD in January 2030. For the water use objective, the indoor use is aggregated across population in an urban water supplier's service area, not each household. Presently, the average June 2014-May 2019 gallons per capita per day for the Cal-Am Monterey system is 57 GPCD. Hence, existing users are unlikely to increase their water consumption with the availability of new water supply.

Figure 8-6
Impact of Conservation Programs on Customer Demand



Data Source: CAW Customers and Consumption by Political Jurisdiction

9. Production and Treatment Facilities

9.1. Production Facilities

Cal-Am Main System wells located in the Upper Carmel Valley, Lower Carmel Valley, and Seaside Basin, have the capability to pump 17.24 million gallons per day (“MGD”) of groundwater within District boundaries, respectively, as summarized in Table 9-1. However, District data suggest that on a longer-term average many wells have higher capacities than reported by Cal-Am in 2019 below.²³

Table 9-1: Seaside and Carmel Valley Active Well Summaries²⁶

Region	Well Name / Number	Well Capacity (gpm)	Well Capacity (MGD)
Upper Carmel Valley	Los Laureles No. 5	280	0.40
	Los Laureles No. 6	347	0.50
	Garzas No. 3	272	0.39
	Garzas No. 4	307	0.44
	Panetta No. 1	313	0.45
	Panetta No. 2	243	0.35
	Total Capacity	1,762	2.53
Lower Carmel Valley	Rancho Canada No. 2	348	0.50
	Cypress No. 2	867	1.25
	Pearce No. 1	1,168	1.68
	Schulte No. 2	567	0.82
	Eastwood-Canada	27	0.04
	Begonia No. 2	643	0.93
	Berwick No. 8	586	0.84
	Berwick No. 9	177	0.25
	Total Capacity	4,383	6.31
Seaside	Plumas No. 4	197	0.28
	LaSalle No. 2	Monitoring	-
	Darwin No. 1	Monitoring	-
	Luzern No. 2	510	0.73
	Ord Grove No. 2	667	0.96
	Paralta No. 1	1,037	1.49
	Playa No. 3	229	0.33
	Santa Margarita No. 1 ²⁷	1,700	2.45
	Seaside Middle School No. 3	1,500	2.16
	Total Capacity	5,840	8.40

²⁶ 2019 Annual Report filed w CPUC; However, MPWMD data suggest many wells have higher capacities than reported

²⁷ ASR well couplets; Only one well operated in production at a time; Santa Margarita site owned by MPWMD

There are also several satellite wells owned by Cal-Am, considered to be part of the “Main” system, as shown in Tables 9-2 through 9-4.

Table 9-2: Ryan Ranch Service Area Well Summary²⁸

Well Name / Number	Well Capacity (gpm)	Well Capacity (MGD)
Ryan Ranch No. 7	70	0.10
Firm Capacity ²⁹	0	0

In 2020, the Ryan Ranch system was connected via a new intertie to the Main System, enabling Cal-Am to place the Ryan Ranch No. 7 well on inactive status.

Table 9-3: Bishop Service Area Well Summary³⁰

Well Name / Number	Well Capacity (gpm)	Well Capacity (MGD)
Bishop Well No. 1	340	0.49
Bishop Well No. 3	308	0.44
Total Capacity	648	0.93
Firm Capacity	0	0

Table 9-4: Hidden Hills Service Area Well Summary³¹

Well Name / Number	Well Capacity (gpm)	Well Capacity (MGD)
Bay Ridge Well	279	0.40
Standex Well	Inactive	-
Firm Capacity	0	0

Additional wells are in the water system areas outside of the MPWMD boundaries serving the Ambler, Ralph Lane, Toro, Garrapata, and Chualar water system areas and are not under consideration for acquisition.

9.2. Water Treatment Facilities

As of 2019, the Monterey Water System was comprised of six water treatment facilities of various types and sizes, as summarized in Table 9-5, required to remove contaminants and

²⁸ 2008 Comprehensive Planning Study pg. 199, updated by MPWMD

²⁹ For single well satellite systems, redundancy is achieved through emergency interties.

³⁰ 2019 Annual Report filed w CPUC

³¹ Ibid

meet state and federal water quality regulations. The Upper Carmel Valley wells only require disinfection and corrosion control chemical treatment. The Lower Carmel Valley wells require the removal of iron and manganese at the Begonia Iron Removal Plant (BIRP).

The Luzern, Ord Grove, and Paralta Seaside Coastal wells require the removal of hydrogen sulfide, and all of the satellite wells require iron removal, with the Ryan Ranch well requiring additional manganese and arsenic removal.

Table 9.5: Summary of Water Treatment Facilities³²

Facility Name	Type	Age	Capacity (MGD)
Begonia Iron Removal Plant	Iron & Manganese Filtration	Originally built in 1975, upgraded in 2001.	16.9
Ord Grove Treatment Plant	Chemical Disinfection	N/A	4.0
Luzern GAC Filtration System	Granular Activated Carbon Filtration, Hydrogen Sulfide Removal	N/A	1.0
Ryan Ranch Water Treatment Plant	Greensand Pressure Filtration Plant for Iron, Manganese, and Arsenic Removal	Originally built in 1981 with upgrades made in 2007. Taken off-line in 2020.	0.22
Bishop Water Treatment Plant	Chemical Disinfection	N/A	1.2
Hidden Hills Water Treatment Plan	Chemical Disinfection	Built in 2001.	1.0

Wells utilizing chemical disinfection at the wellhead include Plumas 4, Los Laureles 5 & 6, Panetta 1 & 2, Garzas 3 & 4, Playa 3, and ASR 1.

³² 2008 Comprehensive Planning Study (pg 5-7 to 5-15), updated by MPWMD

10. Distribution & Storage Facilities

10.1. Water Distribution

The existing Cal-Am water system is divided into four district areas. Each area has different operational conditions and requirements.³³ The four areas are: (i) Upper Carmel Valley; (ii) Lower Carmel Valley and Monterey Peninsula; (iii) Seaside; (iv) Upper Lift Zones.

Upper Carmel Valley

Water from the Upper Carmel Valley (“UCV”) aquifer is pumped direct to the system with wellhead treatment. Additionally, the Del Monte Booster Station is able to lift water from the Lower Carmel Valley district into the UCV. Many upper lift zones are in the UCV district.³⁴

Lower Carmel Valley and Monterey Peninsula

Wells in the Lower Carmel Valley (“LCV”) pump raw water to the Begonia Iron Removal Plant (“BIRP”). BIRP is a pressure filter plant. LCV has a 36-inch diameter transmission main that transports water from the BIRP to the west. At the intersection of Valley Greens Road and Carmel Valley Road, the 36-inch transmission main divides into a 30-inch pipe that goes to the Segunda Tank and pumping facility and another 30-inch main that continues to the Forest Lake Tanks in Pebble Beach. Water pumped to the Segunda Tank is then pumped to the Crest Reservoir, which has a capacity of 0.25 MG. The Crest Reservoir is a break tank that sends flow to Del Ray Oaks and Seaside through the Del Rey Regulator. From Seaside, the water moves to meet the demands in Monterey and Pacific Grove. Water pumped towards the Forest Lake Tanks is pumped via the Monterey Pipeline completed in 2018. The transmission mains at Valley Greens include 12-inch and 24-inch manually operated valves that can each partially control the flow split from BIRP.³⁵

Seaside

Water is drawn from the Carmel Valley via the Segunda Booster Station and Crest Reservoir to serve the Seaside area. In the summer, water is extracted from the Seaside Basin to meet water demands. Water from Luzern well is filtered with Granular Activated Carbon (“GAC”) filters. Water from Playa and Plumas wells is chlorinated on-site and is then distributed to the system. Water from the Ord Grove and Paralta wells is pumped to the Ord Grove Treatment Plant and then to the Ord Grove Tank via the Ord Grove Treatment Plant Booster Station. The Santa Margarita and Seaside Middle School Wells are treated at the Santa Margarita site then distributed to the system. The Hilby Tanks are also in Seaside; these tanks are only available when the Hilby Booster pumps are active to pump water into the distribution system as a result of their lower elevation. Pressures within the Seaside system are regulated by the Del Rey Regulating Station. Limited supplemental flow is provided by the Fairway Tanks for periods of high demand and fire flows, but a recirculation line has been added in the upper Seaside area

³³ 2008 Comprehensive Planning Study (pg. 250), updated by MPWMD

³⁴ Ibid, pg. 263.

³⁵ Ibid, pg. 263-264.

to ameliorate that issue. Flows there are regulated by the Hwy 68 Regulating Station.³⁶

Upper Lift Zones

There are 68 upper lift zones in the Monterey system. Booster stations within the lift zones are utilized to pump the water to higher gradients. Flow can travel through up to four lifts to service customers at the outer boundaries of the system. Forty-two of the upper lift zones have gravity storage, 14 are supplied from PRVs, eight have hydropneumatic (closed loop) systems, and the remaining are simply pumped. Upper lift zones account for around 34% of the average day demand in the Monterey system.³⁷ The main upper valley lift zones are served from the Segunda Tanks.

10.2. Water Distribution Piping

The water distribution system of the Central Division includes a distribution piping network consisting of approximately 614 miles of pipe, primarily cast iron, steel, cement asbestos, PVC, and ductile iron pipe with diameters of 1-inch to 36-inch.³⁸ A summary of the size and type of pipe that comprise the distribution pipe network is summarized in Table 10-1. The average age of the distribution pipe network within the Monterey District is 48.5 years.³⁹

Table 10-1: Distribution Pipe Network – Length (Ft) by Diameter

Material	1"	1 ½"	2"	2 ½"	3"	4"	5"	6"	8"
Cast Iron	187		14,739	176	6,534	132,511		98,293	56,538
Cast Iron (Cement Lined)	178		25,829		103	153,776		242,584	86,867
Concrete									
Copper	284		216						
Riveted Steel	267	102	1,217		143	9,911		19,808	39,191
Standard Screw									
Screw or Welded Casing									
Cement-Asbestos	173		1,988		1,086	125,820	2,137	382,710	126,411
Welded Steel									
Wood									
Other-Galvanized	517	970	27,057	1,666					3
Other-PVC	2,692	3,229	25,042	5,195	3,366	30,633		210,091	549,951
Other-Ductile Iron	124		1,841			1,598		9,960	7,913
Other-Brass	1		203	9				15	
Other-PE			1,144						
Other-Unknown	2,266	3,414	21,017		1,370	41,914		61,718	36,945

³⁶ Ibid, pg. 264-265

³⁷ Ibid, pg. 265.

³⁸ Ibid, pg. 15.

³⁹ CAL-AM 2019 General Rate Case, MDR II.E.10.

Material	1"	1 ½"	2"	2 ½"	3"	4"	5"	6"	8"
Total	6,689	7,715	120,293	7,046	12,602	496,163	2,137	1,025,180	903,819

Material	10"	12"	14"	16"	17-18"	20-22"	24"	30-36"	Total All
Cast Iron		42,359		9,657		993			361,987
Cast Iron (Cement Lined)		38,282		2,068	139		1,205		551,032
Concrete									-
Copper									500
Riveted Steel	20,421	17,468	1,356	2,627	7,815	16,310	3,702	53,975	194,314
Standard Screw									-
Screw or Welded Casing									-
Cement-Asbestos	4,109	70,202	5,483	5,686			505		726,311
Welded Steel									-
Wood									-
Other-Galvanized									30,213
Other-PVC	8,002	93,757	8	12,489		3,427	3,853		951,735
Other-Ductile Iron	160	9,551	281	46,588	2,932	33,430	44,717	82,825	241,919
Other-Brass									228
Other-PE									1,144
Other-Unknown	338	6,333	57	3,528	119	359	2,708	29	182,114
Total	33,030	277,953	7,184	82,644	11,004	54,519	56,690	136,829	3,241,498

Source: 2018 Annual Report to CPUC.

The distribution system must have the capacity to maintain water pressures between 40 – 90 psig at all customer meters during maximum day conditions. The capacity and reliability of the mains and service lines is essential to maintain water service throughout the service area.

10.3. Service Lines

The water system has approximately 40,000 service lines ranging in size from ¾ inch to 12-inch diameter. Cal-Am owns and is responsible for the service lines from the main up to the meter box, typically the property line. On average service lines range from 50-100 feet and are of various materials. The majority of service lines in the water system are High-Density Polyethylene (HDPE or PE) and Copper, however Galvanized Steel, and Polybutylene lines still exist. PVC, cast iron, or DIP piping typically are used for larger diameter service lines.

10.4. Pressure Zones and Storage Capacity

The Monterey water system covers a large geographic area of approximately 55 square miles that ranges in elevation from sea level to over 1,300 feet through 74 different pressure zones, of which 14 are supplied by pressure reducing stations (PRVs). The numerous pressure gradients are supplied by pump stations that pump to 88 water storage facilities located in

most of the pressure zones. The system has approximately 35 MG of usable water storage, excluding the earthen Los Padres Dam. Service sub-areas are pressures that do not have separate source of supplies and are served off of the Main Zone.

Table 10-2: Summary of Pressure Zone Facilities

Service Area	Sub-Area	# of Pressure Zones	Zones Supplied by PRV or Pneumatic
Main		1	0
Upper Carmel Valley	Los Tulares	4	2
	Robles	4	1
	Airway	2	0
	Middle Canyon	4	0
	Ranchitos	2	1
	Rancho Fiesta	3	1
	Vista Hermosa/ Carmel Valley Ranch	2	0
	Total	21	5
Lower Carmel Valley	Tierra Grande	5	1
	Mercurio	1	0
	Crest	1	0
	Quail Meadows	1	0
	Del Mesa	1	0
	Rio Vista/ Carmel Views	5	3
	Lower Carmel Valley Reduced	1	2
	Total	15	6
Peninsula	Cypress/ Mt. Devon	2	0
	Lower Walden/ Crest Canyon	2	0
	Carmel Woods	5	2
	Old Pebble Beach	6	4
	Pacific Grove	9	2
	Total	24	8
Seaside	Fairways	1	0
	Darwin	1	0
	Del Rey Oaks Reduced	1	1
	Hilby Pneumatic	1	1
	Total	4	2
Ryan Ranch		1	0
Bishop		5	1
Hidden Hills		3	1
Monterey Water System	8 Service Areas 24 Sub-Areas	74	24

10.5. Booster Pump Stations

As of 2008, the Monterey Water System was comprised of 65 booster pump stations (excluding production wells) in the main Monterey system, and 9 pumping stations in the satellite systems.⁴⁰ The Hilby Pump Station was added in support of the Monterey Pipeline in 2018 and a future Carmel Valley Pump Station will begin construction in 2020 or early 2021.

10.6. Water Storage Facilities

There are 105 finished water storage facilities within the Monterey District with a total combined capacity of 579 million gallons, which includes an earthen collecting reservoir.⁴¹ A summary of the distribution storage tanks by system and type is provided in Table 10-3.

Table 10-3: Water Storage Facility Summary

System	Type	Quantity	Combined Capacity (MG)
Monterey Main System	Steel	77	31.719
	Concrete	11	2.165
	Earthen	1	543.780
Hidden Hills	Steel	6	0.440
Bishop	Steel	7	0.750
Ryan Ranch	Steel	1	0.500
	Plastic	2	0.026

10.7. Other Distribution Appurtenances

The water distribution system also contains 3,496 fire hydrants and an estimated 12,000 distribution valves.

A summary of the water meters and active service connections by size is provided in Table 10-8, but excludes four 18-inch meters at the ASR sites.

Table 1-8: Water Meters and Services⁴²

Meter Size (inches)	No. of Meters	Service Line Diameter (inches)	Active Service Connections
5/8 x 3/4	32,922	Less than 3/4	0
3/4	223	3/4	1,254
1	6,182	1	35,335

⁴⁰ 2008 Comprehensive Planning Study, p.6-11.

⁴¹ 2019 Annual Report of District Water System Operations for the Monterey County District, prepared by Cal-Am for the CPUC, p.14.

⁴² 2018 Annual Report of District Water System Operations for the Monterey County District, prepared by Cal-Am for the CPUC, p.16.

1 1/2	1,064	1 1/2	380
2	747	2	3,414
3	89	3	56
4	36	4	452
6	21	6	100
8	18	8	47
12	-	12	3
Other (unknown)	-	Other (unknown)	8
Total	41,302		41,049

10.8. Monterey Pipeline and Pump Station

The Monterey Pipeline was completed in 2018 and provides conveyance infrastructure for CAL-AM to move water north-to-south to Pacific Grove, Carmel, and Carmel Valley. It is comprised of approximately 6.5 miles of 36-inch pipe that conveys water from an existing pipeline at the intersection of Yosemite Street and Hilby Avenue (its eastern terminus) in Seaside, through Seaside and Monterey to the Eardley pump station within the City of Pacific Grove (the western terminus). The pipeline route improves the hydraulics of the existing system, will allow for delivery of desalination water from the new Monterey Peninsula Water Supply Project desalination plant, will allow for deliveries of Pure Water Monterey advance purified water, and will allow for maximum use of ASR and Carmel River excess diversion rights. The Monterey Pipeline connects two pressure zones in the Cal-Am system (one in the area of the City of Pacific Grove and one in the area of the City of Seaside), by-passing the distribution system in Old and New Monterey. With implementation of this pipeline, water stored in Forest Lake Tanks in Pebble Beach could flow via gravity to the LCV or be pumped to the UCV, with construction of a new pump station.

The existing Cal-Am distribution system currently conveys Carmel River water through the Segunda-Crest pipeline network to the existing ASR facilities; however, the capacity of this pipeline can constrain the volume of water that can be delivered to the injection wells. The capacity of the Carmel Valley wells can also constrain amounts available for ASR injection. The Monterey Pipeline, completed in 2018, is expected to improve the capacity of Cal-Am's existing system to convey additional excess Carmel River winter flows to specially-constructed injection/recovery wells in the Seaside Groundwater Basin. The pipeline is expected to better achieve the full yield authorized by previously approved water rights for later extraction and use by Cal-Am during dry periods. This "conjunctive use" more efficiently utilizes local water resources to improve the reliability of the community's water supply while reducing the environmental impacts to the Carmel River and Seaside Groundwater Basins.

The Monterey Pipeline will also enable Cal-Am to deliver Pure Water Monterey water to its customers and could be used for both the ASR Project and the Pure Water Monterey Project.

11. Environmental Resources & Protection

11.1. *The Legal Mandate for the Mitigation Program*

The District established its Water Allocation Program in 1981 to manage the limited water supplies available to Monterey Peninsula water users. Under the Water Allocation Program, the District regulates the amount of water that can be produced and delivered by public and private water distribution systems within the District. The District established procedures for annually setting a limit on the total amount of water available to Cal-Am and a limit on how much water each local municipality could release for new construction in subsequent years. Presently, all water delivered within the District is produced from sources within the District. These sources include surface water from the Carmel Valley Alluvial Aquifer and Seaside Groundwater Basin. Collectively, these sources are referred to as the Monterey Peninsula Water Resource System (MPWRS). In 1981, the annual production limit from the MPWRS for Cal-Am's main distribution system was set at 20,000 acre-feet per year (afy) and a formula for distributing water among the jurisdictions within Cal-Am's service area was specified.

Between 1981 and 1983, scientists retained by the District concluded that Cal-Am's diversions along the Carmel River had contributed to a large drop in the number of returning adult steelhead, substantial loss of streamside vegetation, and widespread channel instability during the late 1970s and early 1980s. In October 1984, the District began implementing the Carmel River Management Plan, which focused on restoring streamside vegetation and improving steelhead and wildlife habitat along the main stem of the river.

The District's steelhead rescue and rearing program and irrigation of riparian vegetation to offset impacts from Cal-Am's water extraction efforts were begun as part of the "1988 Interim Relief Plan" (IRP), which was developed cooperatively by representatives from Cal-Am, MPWMD, the California Department of Fish and Game (now "and Wildlife") (CDFW), State Water Resources Control Board (SWRCB), Carmel River Steelhead Association (CRSA), and the Carmel Valley Property Owners Association (CVPOA). It was created to respond to the community's environmental concerns under the authority granted to the District by the State Legislature, prior to the development of a permanent replacement water supply for the existing levels of Carmel River diversions. The IRP was also developed at the request of the SWRCB as part of a settlement for two water rights complaints filed by CRSA in 1987. The IRP initially included three general program elements directly related to steelhead and riparian vegetation as part of its initial Emergency Relief Plan: (1) Fish Rescues and Rearing, (2) Irrigation of Riparian Vegetation, and (3) Flow Releases from San Clemente Dam (SCD). The intent of the flow releases was to provide steelhead habitat that could be sustained throughout the Low Flow Season with existing water supplies. This was to be achieved through two processes: a) the negotiation of an Annual Low Flow MOA between Cal-Am, CDFW, and MPWMD regarding the release of water from SCD; and b) the Quarterly Water Supply Budget process mandated by District Ordinance No. 19. At the time the IRP was adopted, Fish Rearing and Rescues were focused on moving fish upstream into year-round flowing waters with some short-term rearing in off-stream ponds, and capturing and moving smolts downstream to the ocean in drier years,

when they otherwise would not have been able to reach the ocean. The IRP was subsequently replaced by the Mitigation Program resulting from the 1990 EIR, described below.

In 1990, the District revised the Water Allocation Program to reflect dry rainfall year conditions instead of average rainfall year conditions. As required by the California Environmental Quality Act ("CEQA"), the District prepared an Environmental Impact Report ("EIR") to consider the environmental effects of the Water Allocation Program. This EIR evaluated the environmental effects assuming five different production volumes from the various sources of supply on the Monterey peninsula. Based on the revised analysis that was conducted, the annual production limit from the MPWRS for CAW's main distribution system was reduced to 16,744 AFY and a moratorium on new or expanded water uses was imposed.

In implementing the Water Allocation Program, the District was required under CEQA to mitigate, to the extent feasible, the significant impacts of the Water Allocation Program. On November 5, 1990, the District Board certified the Final EIR for the Water Allocation Program and adopted findings that included a Five-Year Mitigation Program for the selected production limits.

Five water supply options were analyzed in the EIR, along with associated impacts, and possible mitigations. Impacts to riparian vegetation, riparian wildlife, special-status wildlife, fisheries, and aesthetics without full mitigation measures were projected to be "significant adverse impacts" that could be reduced to "potentially significant" or "less than significant" adverse impacts with mitigation. To accomplish this, several programs enacted by the District in the 1980s to offset the impacts of Cal-Am pumping along the river were combined into a single, comprehensive program. The District's Board adopted a Mitigation Program and authorized staff to carry out that program for five years, until June 30, 1996, and to report the results of the Mitigation Program to the Board. Following public hearings in May 1996, the District Board authorized continuation of the Five-Year Mitigation Program through 2001. Since 2001, the District Board has voted to continue the Comprehensive Mitigation Program as part of the District's annual budget approval process.

In Order 95-10, the State Water Resources Control Board found that the Mitigation Program was alleviating the effects of Cal-Am's diversions on the Carmel River. At the time the SWRCB was considering Order 95-10, the District's Mitigation Program was initially intended to be reviewed in June 1996. To ensure that those mitigation measures continued to be implemented pending a long-term water supply solution, the SWRCB ordered Cal-Am to implement those mitigation programs if the District ceased those activities after June 30, 1996, making the Mitigation Program a contingent obligation of Cal-Am. However, the District continued to implement the Mitigation Program, which was funded in part by the User Fee until 2009, when the CPUC ordered Cal-Am to cease collecting and remitting the User Fee, which occurred in May 2011. Since 2011, Cal-Am and the District have worked cooperatively to ensure the Mitigation Program has continued uninterrupted. In 2017, the User Fee was restored and the District still pays all of the mitigation program costs.

The CPUC has also concluded that the Mitigation Program is a contingent obligation of Cal-Am. Because the District has been implementing this program, ostensibly to the satisfaction of the

State Water Resources Control Board, and the personnel and processes are in place, continued implementation by the Monterey Peninsula Water Management District is the most efficient and effective manner of meeting this responsibility. Further, most interested outside agencies such as the Sierra Club, the CRSA, and others have expressed a specific interest in the District maintaining responsibility for execution of mitigation activities.

11.2. Mitigation Required by the 2006 EIR for ASR Phase 1 Activities

The 2006 EIR for Aquifer Storage and Recovery (ASR) Phase 1 required two mitigation measures related to Fisheries: AR-1 requires MPWMD to conduct an annual survey of the riffles below River Mile 5.5, and if feasible, modify any deemed impassible, then monitor the worst five during the diversion season to assure they remain passable, or cease diversions for ASR; AR-2 requires MPWMD to cooperate with Cal-Am to develop a program to maintain, recover, or increase storage at LPR, and continue the fish rescue program as needed.

The SWRCB issued Permit 20808A for ASR Phase 1 which added more requirements: Conditions #19 and #20 related to gages and monitoring, Condition #24 to continue the Annual Low Flow MOA process in an attempt to insure 5+ cubic-feet per second (CFS) of flow at the Sleepy Hollow Weir insofar as possible with existing LPR storage, Condition #25 to continue the fish rescues required by the 1990 Water Allocation EIR's Fisheries Mitigation #3, Condition #26 to conduct studies to determine the efficiency of annual fish rescues, Condition #27 to implement all aspects of the Carmel River Lagoon Mitigation Measures specified in the 1990 Water Allocation EIR, and Condition #29 related to riparian requirements of the Mitigation Program. These conditions are also currently included in the SWRCB's Permit 20808C for ASR Phase 2.

11.3. Other Mandates from State or Federal Permits

The CDFW, National Marine Fisheries Service (NMFS), and USFWS require that all programs that affect or handle listed species, such as steelhead and red-legged frog, maintain trained and certified staff qualified for such work. Cal-Am has to contract for field biologists with such scientific qualifications, whereas MPWMD has them on staff at less than one-half the hourly rate of their consultants. All District Fisheries staff are certified in electrofishing by the USFWS, NMFS, and CDFW, and to handle red-legged frogs by the USFWS. In order to conduct our Monitoring Program, which is required by NMFS and CDFW to track and evaluate the effectiveness of the Mitigation Program, Fisheries staff must acquire and submit reporting for bi-annual State Scientific Collecting Permits through CDFW, which are in turn linked to separate annual Federal ESA Section 10 Permits from NMFS. The NMFS requires 5-Year Section 10 Permits to operate the Sleepy Hollow Steelhead Rearing Facility (SHSRF), and CDFW requires a congruent matching MOA. These agreements in turn require the District's Fisheries staff to be formally trained in aquaculture to run the SHSRF. The Section 10 Permit process requires the District to develop and have approved a Rescue and Rearing Management Plan (RRMP). The RRMP currently requires (a) steelhead rescue efficiency studies, (b) adult and juvenile steelhead population surveys, (c) SHSRF operations improvement experiments to attempt to increase survival, and d) downstream migration survival study of reared versus wild juvenile steelhead with marked and recaptured fish. Sustaining the continuing education, re-certification, and re-permitting of the Fisheries staff and their program consumes a significant amount of time each

year, and must be funded as part of any modern mitigation program conducted by Cal-Am or District.

11.4. Mitigation Program is Related to the Provision of Water

The legal mandates discussed above show a clear nexus between the requirements of the Mitigation Program and the provision of water supply from the Carmel River, as well as the provision of water supply from ASR. Mitigation is a component of the basic operating and maintenance (O&M) expense related to providing water from the Carmel River under existing conditions. Until such time as the need for the mitigation activities can be documented as no longer necessary and a supplemental EIR or other filing modifies or reverses the requirements of the 1990 Allocation EIR and the 2006 ASR EIR, the mitigation activities remain a required cost of operations related to provision of water. Cal-Am has provided very limited funding for these activities, yet until all environmental effects of a new permanent replacement water supply are assessable, the costs of mitigation will remain a District funding priority.

11.5. Description of the Mitigation Program

Key components of the Water Management District's Mitigation Program include general mitigations relating to water supply and demand management and specific measures relating to select environmental resources such as steelhead and riparian vegetation. General mitigation measures include hydrologic monitoring (precipitation, streamflow, groundwater levels, and water quality), water production management (operations agreements, quarterly water supply budgets, and well registration and reporting), water demand management (conservation, permitting, and monitoring), and water supply planning. Specific mitigation measures include steelhead protection (spring smolt rescues, fall/winter juvenile rescues, summer juvenile rescues and rearing, and adult and juvenile population monitoring), riparian habitat protection (vegetation monitoring, plantings and irrigation, erosion control, and channel clearing) and lagoon habitat protection (vegetation surveys, topographic measurements, and wildlife monitoring). Each of the components is described in the Annual Mitigation Program Reports that are required by CEQA. The 2021 Annual Report will be the thirtieth report prepared by the District since the program began.

Fisheries Program

In summary, the Fisheries Program, among other things: (i) records data on the steelhead population in the Carmel River; (ii) rescues young steelhead from drying reaches of the Carmel River; (iii) operates the Sleepy Hollow Steelhead Rearing Facility, including steelhead stocking, physical plant maintenance and capital improvements, and preparation of the facility's Rescue and Rearing Management Plan in consultation with state and federal experts; (iv) conducts a California Stream Bio-assessment Procedure (benthic invertebrate sampling at 6 stations); (v) coordinates with California American Water regarding operations to maximize fish habitat, including monitoring the Carmel River Lagoon water levels and water quality to improve the lagoon as habitat for fish. Also included within this budget are activities to mitigate potentially significant impacts associated with the operation of the Aquifer Storage and Recovery project.

Riparian Program

The Riparian Habitat Program, among other things: (i) irrigates riparian vegetation that is impacted by groundwater extraction; (ii) restores streambanks and floodplains with native vegetation that has been degraded because of water extraction, and engages in other vegetation management activities, including obtaining required State and federal permits for these activities; (iii) manages data collection regarding the channel profile and also cross section data from the Carmel River for use in maintaining a long-term record and comparing to the past and future data; (iv) monitors the physical and biological processes along the river to evaluate the District's river management activities; (v) inspects the Carmel River from the upstream end of the lagoon to Camp Steffani for violations and debris dams; (vi) maintains and updates records regarding erosion damage, conditions that could cause erosion, and the overall condition of the riparian corridor; (vii) enforces the District riparian ordinances; and, (viii) prepares Integrated Regional Water Management Plans.

Lagoon Program

In summary, the Lagoon Habitat Program performs the following activities: (i) vegetation habitat monitoring; surveying and analyzing bathymetric transects; conducting topographic, hydrology and wildlife surveys; and (ii) providing technical expertise regarding management and improvement of the lagoon.

Hydrologic Monitoring Program

The Hydrologic Monitoring Program: (i) regularly tracks precipitation, streamflow, surface and groundwater levels and quality, and lagoon characteristics between Los Padres Dam and the Carmel River Lagoon, using real-time and computer monitoring methods at numerous data collection stations; (ii) maintains an extensive monitoring network, and continuous streamflow recorders along the Carmel River; (iii) implements a multi-agency Memorandum of Agreement and develops quarterly water supply strategies based on hydrologic conditions; (iv) works cooperatively with resource agencies implementing the federal Endangered Species Act; and, (v) implements ordinances that regulate wells and water distribution systems.

11.6. Mitigation Program is Distinct from Cal-Am's Other Mitigation Requirements

The District's Mitigation Program activities are more comprehensive and quite distinct from other mitigation activities undertaken by Cal-Am. The focus of Cal-Am's water withdrawal mitigation activities center on meeting the terms of agreements with the National Oceanic and Atmospheric Administration (NOAA) regarding impacts to the South Central California Coast (SCCC) Steelhead, and with the United States Fish and Wildlife Service (USFWS) regarding impacts to the California Red-Legged Frog.

Regarding the SCCC Steelhead, the funds paid by Cal-Am to the California Department of Fish and Wildlife are funding mitigation projects under the Department's Fisheries Restoration Grant Program. The activities selected by the Department to fund include Carmel River habitat improvements such as the removal of the Sleepy Hollow Ford, the removal of the Old Carmel River Dam, and studying the feasibility of a Carmel River Lagoon Barrier. These activities do not

fall within the scope of activities undertaken by the District under the auspices of the Mitigation Program.

Regarding the California Red-Legged Frog, Cal-Am consultants monitor, rescue, and relocate California Red-Legged Frog tadpoles in the vicinity of large production wells when necessary, as well as part of certain mitigation measures associated with drawdown of San Clemente Dam. The District does not perform any rescue or relocation operations with respect to California Red-Legged Frog and only records incidental sightings when out in the field, but does work in conjunction with Cal-Am's consultants during rescue activities.

Both the District's and Cal-Am's environmental resource protection programs will be maintained under an acquisition and integration of operations.

12. Operations & Maintenance Plan

The water infrastructure and assets in the United States have aged, in many water systems reaching or exceeding the useful service life of a significant portion of facilities, equipment, and assets. Equipment, pipelines, and assets have failed in an increasing rate in many systems. In response the industry has focused on extending the useful life of assets through inspection, condition assessment, program and preventive maintenance, and timely asset renewal and replacement programs.

The Monterey Water System has a significant portion of the facilities, pipelines, equipment, and other assets that have reached or are nearing the end of their useful life. The disruption to service, impact to customers, cost, and rate impact of immediately replacing a large portion of the water system is not practical or efficient. Both the current system owner, Cal-Am, and the acquiror will have to address these issues. To address the issue of the aging water infrastructure the District is adopting the industry approach of implementing aggressive and robust program/preventive maintenance focused on the extension of the asset useful life, especially critical facilities, pipelines, and equipment.

The District intends to adopt and develop its maintenance programs founded on the **AWWA Standards G200 and G410**, with guidance from the **AWWA Maintenance Management for Water Utilities Handbook**. As discussed in Chapter 5, the District has adopted two Strategic Goals, No. 5 and 6, that strive to maintain or improve the existing condition and level of service of the water system while providing rate stabilization that is directly supported by robust maintenance programs.

In preparing a zero-based operating budget, the District has initially developed a number of preventive maintenance programs it plans to implement, in a phased approach, over the initial years of operational responsibility. The following programs were developed using AWWA standards as guidance and a roadmap to maintain or improve the life expectancy of assets and improve water service. A brief description of the maintenance programs is described below.

12.1. *Standard Operations Policies and Procedures*

AWWA Standards state that to meet the specific standard the utility must demonstrate that it has in place written procedures, policies, and performance standards. As outlined in Section 2.5 earlier, the District will maintain the current Cal-Am policies, procedures, and practices to operate the water system during the first year of the District's operation. During that 12-month period the District will assess the operational procedures, business processes, and performance to readjust the Strategic Goals, Level of Service Standards (LOS), and refine and document the Standard Operating Procedures (SOPs) that include performance metrics.

12.2. Operations Performance Metrics

Section 12.3 below provides a brief description Routine Operations Workplan and Section 12.4 provides a brief description of the initial preventive maintenance programs. The Operational work tasks and maintenance programs will include an initial list of performance metrics.

The performance metrics are based on the **AWWA Utility Benchmarking Survey – Performance Management for Water and Wastewater**, industry data, and operational experience. Performance metrics shall be specific and clearly defined, measurable, and support a culture of continuous improvement.

12.3. Routine Operational Workplan

The routine operational workplan defines the daily, weekly, monthly, quarterly, and the annual operations staff activities. An Operational Workplan outlining the work tasks, level of effort, frequency, and manpower required will be developed as part of the transition planning. The following is a brief description of the key operations work tasks.

Water Quality Monitoring

The monitoring of water quality from production and treatment facilities and within the distribution system is a key work task and responsibility of the operations staff. Water quality sampling and testing is performed on a daily, weekly, monthly, quarterly, and annual frequency for different water quality parameters and contaminants. The following are the various water quality categories that the District shall monitor:

Water Quality Parameters:

- Water Chemistry
 - pH
 - Alkalinity
 - Nitrogen (Ammonia & Nitrates)
 - Chloride
 - Dissolved Oxygen
 - Phosphorus
- Organics
 - Volatile Organic Compounds (VOCs)
 - Synthetic Organic Chemicals (SOCs)
 - Pesticides
- Inorganic Chemicals
 - Heavy Metals
 - Lead & copper
 - Arsenic
 - Mercury
 - Solenium
- Radionuclides

- Microbials and Turbidity
 - Total Coliform
 - Viruses
 - Pathogens
 - Biofilm Bacteria
 - Chlorine Residual
 - Heterorrophic Plate Counts (HPC)
- Disinfection By-Products
 - Trihalomethanes (THMs)
 - Haloacetic Acids (HAAs)
- Secondary Standards
 - Iron
 - Manganese
 - Total Dissolved Solids (TDS)
 - Taste and Odor
 - Sulfate
 - Aluminum
 - Fluoride

Water Quality Sampling Plan: The location and frequency of collecting water quality samples shall be routinely performed in accordance with the state approved sampling plan estimated at approximately 100 sample sites for the water quality parameters regulated by the SWRCB.

The District will implement a non-regulated sampling plan and testing program to collect and test samples from additional locations and frequency for various water quality parameters including parameters that EPA is considering new regulations or lower MCLs in the future. These water quality results, along with the regulated water quality tests, will be the basis for maintaining or improving water quality beyond the state and federal standards (Section 5.2 – Strategic Goal No. 1). This could include, but not limited to, additional testing of:

- Dead-End Mains
- Distribution System Storage Tanks at multiple sample locations/depths in the tank, tank locations without chlorine residual analyzers, and steel tanks that have coal-tar epoxy interior coatings or interior coatings older than 25 years.
- Increased testing at well locations
- Increased testing at each treatment facility
- Unlined cast-iron, steel, or other metallic pipe locations within the distribution system, especially in areas of periodic taste and odor or color/dirty water detections.
- Galvanized, cast-iron, brass, or other metallic service lines, and service lines older than 40 years.
- Mains and tanks that have an average age of water, especially during low demand periods, of more than 7 days.

- Areas of the distribution system with a potential of nitrification due to the presence of naturally occurring ammonia and similar nitrogen compounds in mains and tanks with longer age of water durations occur especially during hot low demand periods.
- Well pump-to-waste discharge locations, including discharge percolation pits

Water Quality Testing & Laboratory Operation

The District will own, via the acquisition, and operate a state-certified laboratory for the testing of water quality parameters:

- Organics
- Water Chemistry
- Inorganics
- Microbials and Turbidity
- Disinfection By-Products
- Secondary Standards

The District's lab will be responsible for processing water quality testing and for sending out water quality samples to outside state-certified labs for parameters that the District lab is not certified for. The lab shall be responsible for preparing and submitting monthly water quality reports to the state.

Field Customer Service

The field customer service activities are routine work tasks that directly interact with customers or with their individual water service/account. Work tasks are identified and scheduled through the issuance of a work order/ticket with the exception of routine monthly meter reading. The following is a brief summary and description of the primary routine work tasks:

Customer Turn-On/Turn-Off: When a new customer account is setup at a location with an existing service/meter, a field customer service representative is assigned to turn-on the water service and take an initial meter reading. Water service is also turned-off under certain circumstances for non-payment of the water bill and turned-on when the bill is paid. Water service is turned off when an account is closed and a final meter reading is taken.

Customer Notices: Field Customer Service Representatives install notices ("Door-Hangers") at customer properties to inform them of various activities that could affect their water service. This could include notices for:

- Scheduled water service shutdown/interruption;
- Turning-off their service for non-payment;
- Meter Replacement/Testing;
- Construction or maintenance activity that could impact their water service or located near their property;

Billing/Water Usage Customer Complaints: When a customer calls and issues a question or complaint regarding their bill related to the quantity of water used, a field customer service representative/meter reader is assigned to re-read the meter for comparison to the recorded usage. Based on the date of the meter re-read an average daily usage is calculated and compared to the customer's average daily and monthly usage for the past 12 months. If it appears there was an error in the monthly meter usage recorded a billing adjustment will be implemented.

If the meter reading appears to be correct the customer can request an inspection of the customer's service and any outside irrigation system. This is performed by a field customer service representative or outside contractor. The customer can also request that the meter be tested. If the result is a problem with the meter, then a bill adjustment will be made. If the meter is operating properly or if a leak is detected in the customer service line or outside irrigation system, then the customer will be billed for the cost of the inspection and/or meter test.

Monthly Meter Reading: Similar to pre-acquisition, the District will bill customers monthly for water service. Customer water usage is normally collected monthly over a ten-day period by recording meter totalization and then the data is downloaded at the end of each day into the meter reading software program. This data is then uploaded into the billing system.

Meter reading is scheduled by meter route and on average approximately 4,000 meters are read per day over the 10-day period. Each meter route is different based on the location and topography of the route, however approximately an average of 500 meters are recorded per day for each meter reader. Meter usage is recorded utilizing Automated Meter Reading (AMR) meters/transmitters by mobile ("drive-by") receivers installed in the vehicle. As Advanced Metering Infrastructure (smart meters) becomes more prevalent, more meters will be able to be read more quickly, by fewer meter readers.

Meter Testing and Aging/Replacement: The accuracy of meters is essential to billing, water supply planning, and conservation on the Peninsula. To maintain accurate customer usage, meter testing is core function for the field customer service staff. The following is a brief summary and description of meter testing requirements/performance metrics for the District.

- **Meter Test Group** – the accuracy of water meters over time from different manufacturers varies, sometimes significantly, and the replacement schedule may be different for different manufacturers. To monitor the accuracy of meters, the District will select 50 new meters every year to pull and test annually to measure the accuracy to assess the deterioration rate over time. The scheduled replacement of 5/8 x 3/4 and 3/4 meters is 15 years resulting in testing 750 meters per year over 15 years. The 50-meter test group could be a combination of such small meters and 1" meters.
- **Meter Testing** – Meters often slow down over time and under-record water usage. This varies by meter size and type. Routine meter testing is performed monthly throughout the year at a frequency specified by meter size (other than the 5/8 x 3/4 or 3/4) below.

Table 12-1: Meter Testing Plan Goal

Meter Size	Number of Meters (est.) ⁴³	Testing Frequency	Estimated Number Tested Annually
1-in	6,182	Every 3 years	2,061
1.5-in	1,064	Every 2 Years	532
2-in	747	Annually	747
3-in	89	Annually	89
4-in	36	Every 6 months	72
6-in	21	Every 6 months	42
8-in	18	Every 6 months	36
12-in	0	Every 6 months	0

- 5/8 x 3/4 inch and 3/4 in meters are not tested with exception to the annual test group meters
 - 1-in, 1.5-inch, and 2-inch meters are pulled and bench tested
 - 3 to 12-inch meters are tested in place
 - This does not include testing of stuck meters or meters requesting testing due to billing questions.
- Meter Aging and Replacement – As water meters age, the accuracy can be reduced, typically by under-recording water usage, and are replaced at normalized annual rate. The following is a representative meter replacement schedule:

Table 12-2: Meter Replacement Plan Goal

Meter Size	Replacement Frequency	Average Number of Meters Replaced Annually
5/8 x 3/4-in	15 Years	2,200
3/4-in	15 Years	15
1-in	10 Years	620
1.5-in	10 Years	100
2-in	10 Years	75
3-in	10 Years	9
4-in	10 Years	4
6-in	10 Years	2
8-in	10 Years	2
12-in	10 Years	0

Note: Does not include stuck or inoperable meters replaced annually

Customer Water Service Complaint Response: Periodically customers call to notify the District of a water service concern, that may include questions about water quality (e.g. dirty water), low or high-water pressures, service line leaks, main leaks/breaks, or some other

⁴³ 2018 Annual Report of District Water System Operations for the Monterey County District, prepared by Cal-Am for the CPUC, p.16

operational/technical issue. Pre-acquisition the call center is nationally (Illinois or Florida), but post-acquisition there will be a locally staffed customer call center.

Field Customer Service representatives are assigned to respond to the customer concern, field inspect the potential issue, and reply to the customer either in person or by phone. If the customer can't be reached a door-hanger is placed at the property. A customer complaint response report is prepared documenting the water service issue, inspection observations/findings, and actions taken to resolve the issue.

Routine Facility Operations

The daily operation of the water system is performed by the Field Services and Operations divisions that includes certified Treatment Plant Operators, Pump Operators, Utility Workers, Foremen, and Field Service Reps. Water Quality Specialists and Lab Techs also have daily duties. The following is a summary and brief description of the daily, weekly, and monthly water operation activities.

Water Facility Operational Monitoring: The water system facilities are remotely monitored by a Supervisory Control and Data Acquisition (SCADA) computerized system. The SCADA system is centrally controlled and monitored, using *Wonderware* SCADA operating system which the District is likely to continue from the District's operations center where certified operators will monitor the water system conditions and can implement changes in control functions, turn-on/turn-off pumps and other equipment, and respond to alarms.

Operators will rotate during the day to ensure the SCADA system is monitored from the control room during the eight-hour working day. After hours and during weekends and holidays, the SCADA system is monitored remotely by senior operators remotely connected through the Remote Access Server (RAS) and use of a dedicated laptop computer. This SCADA system is protected by a firewall and the laptops, with their specific TCIP address, can access the system.

Data collected from the remote distributed facilities is stored in SCADA computer for 24 hours and then downloaded daily into the SCADA Historical Database Server (HDS) to provide historical data and trends for analysis and records. The SCADA system is not connected to the District's internal intranet, to the internet, or other external on-line systems.

A Programmable Logic Controller (PLC), located at each facility collects data from field devices through transmitters connected to the PLC. The data is then communicated back to the central SCADA control system for control and monitoring. Communication between facilities and the District's operations center will be performed through a variety of methods; Digital leased lines, spread-spectrum radios, dedicated 900 MHz fixed frequency (FCC license), and frame relay communication.

The PLC is housed in a cabinet equipped with a power supply, back-up battery, radio or communication equipment, computer access port for local access, and panel access security.

Typical input/outputs include pump status/control, well level tank level, flow, pressure, chlorine residual, generator status/control, chemical feed systems, filter flow-control, turbidity, security, and other treatment controls and monitoring.

Water Operation Facility Inspections: To ensure water service is not interrupted, water quality meets or exceeds regulated MCLs, and equipment is routinely inspected, water treatment and production operators visit each facility at a frequency to properly monitor the water production and delivery to the customer. The table below shows the District's best estimate of current facilities within the system.

Table 12-3: Facility Inspection Goal

Facility	Inspection Frequency	Number of Facilities
Water Treatment Plants	Daily	6
Wells	2 times per week	27
Pump Stations	2 times per week	73
Storage Tanks & Reservoirs	Weekly	97
Pressure Reducing Stations	Every 6 Months	19
Chemical Feed System Inspections	Monthly	94
Generator Inspection & Exercising	Monthly	20
Facility SCADA/PLC & Instrumentation Inspection	Quarterly	265

- Wells include 4 ASR wells, only 2 of which may be used for water production at any one time.
- Daily inspection of the six water treatment plants (WTPs) routinely include observation and assessment of mechanical equipment, chemical feed and monitoring (e.g. chlorine residual analyzers) equipment, water quality sampling, data recording, filter inspection, security, and other treatment processes.
- Wells and pump stations would typically be inspected twice a week, or more frequently based on production criticality and risk. Inspection routinely observe and assess mechanical equipment, chemical feed equipment, SCADA & instrumentation, chlorine residual and well level data recording, security, other equipment including taking water quality samples.
- Distribution storage tanks will likely be inspected weekly to observe and assess the tank condition, any evidence of leakage, SCADA & level transmitters, chlorine residual analyzers (if present), and site security. Water quality samples are routinely taken to check chlorine residual and presence of other microbial contaminants. Critical storage facilities may be inspected more frequently.
- Pressure Reducing Valve (PRV) stations are inspected every six months to assess the condition of the valve, piping, vault, and check/adjust pressure set-points. PRV pressure set-points may require adjustments for seasonal demand and pressure conditions.

- Chemical feed systems are inspected and tested monthly to confirm feed settings, leaks, injectors, and condition of the various components of the feed system equipment. The chemical feed pump will be calibrated using a calibration tube every 6 months.
- Generator sets shall be inspected and exercised monthly for at least 15-20 minutes. Transfer switches, fuel levels, and batteries will be checked as part of the monthly inspection.
- Facility SCADA system, including the PLC, power supply, back-up battery, instrument field devices & transmitters, and radio communication equipment shall be inspected and tested quarterly.

Cross Connection Program

The District will maintain or improve Cal-Am's robust cross connection program in compliance with Title 17 to protect the water system from private/public facility contamination through the implementation of backflow preventers and other approved backflow devices. The District will ensure that it retains or hires certified cross connection staff that manages the program, recordkeeping, and provide annual inspection of backflow devices connected to the water system. Backflow preventer devices are typically required for industrial, commercial, or private/public facilities, connected to the water system, that have the following conditions:

- Auxiliary Water Supplies
- Sewage
- On-site storm water treatment
- Recycled Water Supplies
- Fire Protection Systems
- Hazardous Chemicals and Substance Processes
- Biological Processes
- Private/Public Facilities that have internal cross connection exposure

Operations Staff Training

The District has embraced the AWWA Effective Utility Management (EUM) and Standards as the foundation of the Operations Plan. A Continuous Improvement operation and management culture and Employee Training and Certification Program are key attributes of the District's Strategic Goal #3 summarized in Chapter 5 above. Three key goals are:

- Goal 3B – Continuous Improvement Policy
- Goal 3E – Employee Certification and Training Program
- Goal 3F – Employee Internal Education Program

The AWWA utility operation and management standards, G200 & G400-440, all require written routine training programs that are essential for the various department and management staff including operations personnel.

Training program requirements will be included in the specific job descriptions for all employees and must be achieved before advancement or transfer to a new position. All training programs will be written and integrated with the District's strategic goals, level of service metrics, and performance standards. Each training program shall include initial and refresher training modules along with refresher training schedules. Documentation of all certification and training programs per individual staff personnel shall be maintained and available to the public and other stakeholders for transparency.

Weekly, monthly, quarterly, and annual training shall be conducted for the operations staff and include, but not limited to the following programs:

- Operations Department Training Program & Matrix
- New Hire Orientation and Training Program
- Operation Standard Procedures Training
- Operations Certification Education & Training Program
- Regulatory and Permit Compliance Training
- Water Quality Monitoring, Testing, and Protection Training
- Environmental Impact Prevention Training
- Continuous Improvement Program Training
- Emergency Preparedness and Response Training
- Operations Risk Management and Mitigation Training
- Safety Program Training
- OSHA Regulations Training
- Confined Space Training
- Lock-Out/Tag-Out Training
- Hazardous Material Handling & Spill Containment Training
- Vehicle Driving Training
- Trip and Fall Prevention Training
- Electrical Safety Training
- Security Practices Training
- IT System, Computer Program, and Technology Training
- SCADA System Operations Training
- Cross Connection Program Training
- Asset Management and Condition Assessment Training
- Computerized Maintenance Management System (CMMS) Program and Practices Training
- Construction Inspection Training
- Customer Engagement Training
- Operations Staff Media Interaction Training

The District will adopt an internal educational program for the operations staff, and for other departmental staff, on the water system operation, activities, and the various departmental responsibilities and business processes. The objective is to familiarize all District personnel with

the broad activities and practices of each department to provide an overall understanding the water system operation and how they are integrated with their own departmental and job responsibilities.

12.4. Preventive Maintenance Workplan

The District will adopt a culture to provide preventive maintenance programs to maintain or exceed the level of service standards and to extend the service/useful life of the water system facilities, equipment, and assets. As custodian of the water system, the District's goal is to minimize the premature deterioration and potential failure of equipment/assets that could interrupt water service to the Monterey community. By minimizing the risk of service interruptions and extending the life of assets, the District reduces emergency repairs and lowers capital and O&M costs that will continue to stabilize water rates for customers. The following is a summary and brief description of the preventive maintenance programs to be implemented by the District.

Computerized Maintenance Management System (CMMS)

The District intends to utilize a CMMS (e.g. Maximo, Cityworks, Oracle EAM, Hansen/Infor, SAP) to manage and record both preventive and non-scheduled maintenance activities as well as retain asset data (including condition assessments) for all equipment, by asset class, in the water system. A CMMS system is a combination of a work order system and database that is capable of scheduling routine maintenance activities and recording emergency repair activities.

Field staff will record their time/hours for the various maintenance/repairs activities by asset number to be used with condition assessment data to determine future/on-going maintenance requirements or replacement. The CMMS and recorded cost data are also used to provide input into the annual O&M budget.

The operations staff and the District's Administrative Services Division will jointly manage the CMMS and routinely populate the CMMS database with the addition of new and retired equipment/assets, operational performance data, condition assessment data, and other supporting documents (e.g. inspection report, manufacturer data), uploaded into the system. Routine scheduling of maintenance work orders and the frequency of on-going/future maintenance activities by asset class or individual assets is performed by the Operations and Field Services staff.

Underground Service Alert (USA)

The District will become responsible for locating underground water pipelines when notified by city public works departments, other utilities, and contractors and marking them prior to the start of any construction. District operations staff will follow up with the contractor or public works department to confirm the location of mains, valves, and services. Any location dimensions that deviate from the GIS database, need to be corrected within 30 days of detection.

The District will repair or pay for damage to the mains and other assets that result from the mains/assets not in the location marked in the field. Damage to the water mains and other buried assets by other contractors, utilities, city public works, or private party shall be borne by that entity.

Pressure Zone Monitoring Program

The SCADA system monitors the water system operating pressures at wells, pump stations, treatment facilities, and tanks (tank level). However, water pressures at the customer meters are not monitored and will be assessed by the use of a hydraulic model simulation as part of the District's routine planning efforts. To monitor locations in the distribution system that may have low or high pressures, the assigned Utility Workers shall measure the water pressures monthly at customer meter locations identified by the engineering/resources division in all pressure zones twice a year. Each identified location shall be measured during peak (summer) and low (winter) demand periods. To facilitate pressure measurements taps for connecting a portable electronic pressure gauge may be installed in the customer's meter box. At a minimum, a hose-bib reading may suffice. Water pressure data will be used to update and refine the hydraulic model. The District recognizes that the current Cal-Am Monterey Water System has both longstanding high- and low- pressure zones that must be addressed.

General Facility Maintenance Program

This program is focused on above-ground structures, piping, HVAC, other non-mechanical equipment, and facility sites to provide routine maintenance such as painting, repairs to buildings, site improvements (e.g. site drainage/grading, fence repairs, sully seal pavements, landscaping), and other minor repairs in the facility.

Right of Way (ROW) & Easement Maintenance Program

The District will acquire various facilities, underground mains, service lines, hydrants, air vacuum and release valves, and other equipment that are located within non-roadway ROW and dedicated easements. Routine landscaping, drainage, and other minor maintenance is performed quarterly to maintain these areas located within the cities, other jurisdictions, and private property the District serves.

Water Treatment Equipment Inspection, Testing, and Maintenance Program

The District will acquire 6 facilities that provide water treatment from groundwater (including surface water flowing in a known and definite channel underground) sources that are distributed around the Monterey Peninsula supplying water to customers. Most of these facilities are using chemical disinfection, granular activated carbon (GAC), greensand, or mixed media pressure filters to remove iron, manganese, hydrogen sulfide, and arsenic contaminants.

Routine inspection of pressure filters includes monitoring the pressure drop across each filter and removal efficiencies to assess the filter media condition; maintenance of filter influent flow control valves; and backwash facilities. Backwash lagoons require periodic cleaning and maintenance as well as backwash storage tanks and sludge tanks need to be taken out of service annually for cleaning and inspection.

Finished water, backwash, and sludge pumps shall be inspected and maintained as part of the Pump Inspection, Testing, Repair, and Replacement program. The chemical feed systems shall be maintained through the Chemical Feed Pump and Equipment, Testing, Calibration, and Maintenance Program. Electrical equipment shall be maintained under the Electrical Equipment Inspection, Testing, and Maintenance Program.

Begonia Iron Removal Plant (BIRP): The BIRP treats groundwater from the Lower Carmel Valley wells for the removal of iron and manganese. Influent well water treated with sodium hypochlorite for disinfection and to oxidize the iron and manganese and potassium permanganate for oxidation and to regenerate the downstream sixteen greensand filters. Stainless steel flow control valves located on the filter influent are used to balance flow through the plant. Post-filtration chemical feeds include caustic soda for pH control and zinc orthophosphate for corrosion control. The filters have surface wash capabilities and are backwashed off the distribution system and the Segunda storage tank. Effluent backwash water is diverted to two open backwash lagoons. Sludge is trucked off-site. A 150,000 gallon septic tank is located on-site, as there is no sewer service in the area and requires to be pumped out periodically.

Ord Grove Ozone Treatment Facility: The Paralta and Ord Grove wells are treated at the Ord Grove chemical disinfection.

Ryan Ranch Water Treatment Plant: The remaining Ryan Ranch production well is treated at the plant for the removal of iron, manganese, and arsenic. Pretreatment of influent raw water includes dosing of sodium hypochlorite for disinfection and to oxidize the iron, manganese, and arsenic and ferric chloride to coagulate the oxidized arsenic. The oxidized contaminants are filtered through two Pureflow catalytic media pressure filters that absorb any remaining unoxidized arsenic. Post filtration treatment includes caustic soda for pH control. The pressure filters are backwashed off of the distribution system with backwash water waste diverted to two sludge/reclaim tanks. Sludge settles in the tanks and supernatant is recycled to the plant influent and limited to ten percent of influent flow. Effluent sludge is trucked to the regional wastewater plant. This well and plant have recently been taken off-line due to the alternative supply line of an interconnection to the Cal-Am Main System.

Bishop Water Treatment Plant: Two Bishop wells are treated at the WTP that includes on-site generation of sodium hypochlorite for disinfection, caustic soda for pH control, zinc orthophosphate for corrosion control and an iron sequestering agent. Two finished water booster pumps are used to pump water to an upper pressure zone within the Bishop system.

Hidden Hills Water Treatment Plant: The Bay Ridge well is treated at its own WTP that is similar to the Bishop WTP. An on-site sodium hypochlorite generator, sequestering agent for iron and manganese control, caustic soda, and zinc orthophosphate chemical feed systems provide finished water to a 16,000-gallon clearwell. Two booster pumps deliver water to the distribution system.

Luzern GAC Filtration Plant: The Luzern Well is treated for the removal of hydrogen sulfide using a GAC pressure filter with sodium hypochlorite for disinfection, caustic soda for pH control, and zinc orthophosphate for corrosion control. A detention tank/sand separator is located upstream of the GAC filter.

Monterey Main Zone Wells: The ten remaining Upper Carmel Valley and Seaside basin wells (including ASR wells) pump directly into the distribution system and are dosed with on-site sodium hypochlorite generators for disinfection with adequate CT time to meet Title 22, requiring a 4-log inactivation of viruses. Most of the Seaside wells have pump-to-waste facilities where discharge water is diverted to in-site percolation pits. Water withdrawn from the ASR wells will have a new chemical disinfection WTP online in late 2020.

Well Inspection, Testing, Maintenance & Rehabilitation Program:

The system has 23 active wells that supply the main zone, and 4 active wells that supply the other satellite service areas. See Tables 9.1 through 9-4 for a list of the active wells.

In general, all of the wells need the well pumps pulled, the casing/screens cleaned, the well inspected by CCTV, and redeveloped as necessary every 5 -10 years, with exception of the Lower Carmel Valley wells (see below), unless dictated by an increased loss of capacity.

The 6 Upper Carmel Valley Wells, located above the Narrows divide in the Carmel River, are relatively shallow (45-88 ft.) mostly in rock formations and of good quality. The Upper Valley wells cannot be operated during drier summer months in order to maintain a 20 cfs river flow.

The 8 Lower Carmel Valley Wells, located downstream of the Narrows along the Carmel River, are of medium depth (100-160 ft.) in alluvial gravels and have the presence of iron and manganese. The lower downstream along the Carmel River wells are located the higher iron and manganese levels. The SWRCB Orders mandate that the lowest wells in the Carmel Valley be pumped first to maintain stream flow as far down the river as possible during normal operations.

The lower CV wells also have iron bacteria growth risk in the well casing and screens that reduce capacity. The lower CV wells must regularly pull the pumps, wire brush the casing and screens, acid wash, CCTV the well, and perform a pump test every 2 to 3 years, even if the well is infrequently operated. If the iron bacteria growth is permitted to continue without regular maintenance, then the well screen will plug and prematurely deteriorate to the point the well will be no longer operational. The District recognizes this regular maintenance requirement.

Seaside “Coastal” sub-basin Wells, located in the Seaside groundwater basin west of the Monterey Airport and north of the Route 68 corridor are medium to deep wells ranging from 225 ft. to 820 ft. in depth, in alluvial gravels with the presence of primarily hydrogen sulfide that creates taste and odor problems. Most of these wells have pumps to waste discharges to a percolation pit upon start-up and shut-down. The majority of the Seaside “Coastal” wells were constructed in the 1960s with the exception of the Ord Grove (1987) and Paralta (1991) wells that are located more to the east and are deeper resulting in higher hydrogen sulfide levels.

Seaside “Laguna Seca” Sub-basin Wells, located along the Route 68 corridor east of the Monterey Airport supply the Bishop, Hidden Hills, and Ryan Ranch satellite service areas are of medium to deep wells and in alluvial gravels with increased over-burden. Bishop wells are estimated to be constructed in the 1960s-1970s and in the estimated range of 400-500 ft in depth. The Ryan Ranch well and its unused potential back-up range in depth of 450-480 ft. The Hidden Hills well, constructed in 1994/1995, is in the 800-850 ft. in depth range.

Pump Inspection, Testing, Repair, & Replacement Program

The District can only estimate the number of pump stations in the Cal-Am system due to the lack of information sharing, however the District believes the system has approximately 114 pumps and motors that supply and deliver water to the customers in the service area. The following is an estimated summary of the pumps and motors:

Table 12-4: Summary of System Pumps and Motors

Facility Type	Pump Type	Number of Pump/Motors
Wells	Vertical Turbine Greater than 100 HP	22
WTPs	Finished Water Centrifugal	9
WTPs	Process & Backwash Pumps - Centrifugal	10
Pump Stations	Booster Pumps Less 50 HP	58
Pump Stations	Booster Pumps Greater than 50 HP - Centrifugal	15

All pumps and motors are expected to be inspected weekly with flow, suction (well water level) and discharge pressure, volts, amps, power factor, and motor temperature (if available) data recorded. Records of weekly performance data shall be maintained for all pumps along with the trend log for analysis of deterioration/curve. Motor oil level shall be checked weekly.

An annual comprehensive pump performance test shall be performed on all pump/motors of 30 HP and greater. Critical Pump/motors or those 100 HP and greater should be performed every 6 months. Pump inspections and tests shall be performed on any pump/motor that has reduced capacity of 10 percent or more, or 5 percent loss of wire-to-water-efficiency within 3 months.

Performance testing shall include verifying capacity at a minimum of 4 points along the pump curve and include a dead-head (zero flow – closed valve) test for comparison to the design curve. Wire to water efficiencies recorded at each test point along with all electrical data. Vibration levels shall be recorded in all three directions at the top or end of the driver (motor), pump head, and discharge pipe.

Vibration measurements shall be taken after 30 minutes of runtime and the pump/motor shutdown, performed by a dead test by striking the motor with a sledge-hammer in both directions – this should be done with all other pumps off and in normal running mode. These vibration readings are to create a baseline to determine if there is any harmonic or resonance frequency of the pump/motor RPM with the building/foundation structure natural frequency with one or more pumps operating.

Using an infrared temperature measuring device to record the temperature of the driver (windings) after a minimum of 30 minutes of operation, an operator will record the temperature readings of the electrical leads connected to the motor. Those shall be confirmed with the manufacturer recommendations for motor temperature ratings at full power. As a rule of thumb, if the temperature reading of the external surface of the motor at the location of the windings is greater than 150 degrees F then further investigation and monitoring is warranted.

Pump Control Valve Inspection, Testing, Repair & Replacement Program

Pump control valves installed on well pumps, booster pumps, and filter flow-control valves regulate the water flow during start-up and shutdown operations. These valves minimize the pressure spikes that can occur creating water transient waves or water hammer pressures that can damage the pump, distribution piping, and even customer service lines and internal plumbing.

Well pumps typically have Cla-Val or similar hydraulic control valves installed on the pump-to-waste discharge line that opens slowly (typically in the range of 30-60 seconds) upon start-up that diverts water that is contained in the pump column to a percolation pit or other discharge location. The pump-to-waste operation routinely runs for 2-3 minutes and then closes slowly diverting flow, opening the swing or silent check valve, into the distribution system. The control valve operation is set to close upon power outages/interruptions that creates the solenoid valve to close the valve as it is de-energized.

The operation is the same for the pump shutdown, but typically only remains open for approximately 60 seconds to allow the check valve to close slowly. The pump-to-waste

operation also benefits water quality as aged water in the pump column can be dirty or have taste, odor, or color issues that are disposed of upon start-up.

Routine maintenance of the control valves is required for proper operation of the valves and shall be done at least once a year. Critical pumps, or older valves should have maintenance performed every six months. The valve components that routinely need to be replaced are the solenoid valve, pilot valves, and diaphragm.

Booster pumps typically also have a Cla-Val pump control valve, followed by a swing or silent check valve, installed on the discharge pipeline. The start-up and shutdown operation is similar to the well pumps, opening and closing in approximately 30-60 seconds to prevent the check valve from slamming open or shut creating a water hammer condition. Smaller booster pumps may only have a check valve on the discharge line due to the low risk of creating damaging surge pressures. The swing or silent check valves shall be inspected annually and typically require maintenance every 3-5 years.

Filter flow control valves are similar to pump control valves as they are hydraulically controlled to maintain a set flow through the filters and can include pressure sustaining capability to protect the filter. The flow control valves have similar components to pump control valves that need to be routinely maintained and close upon power outages.

The District understands the required maintenance for pump control valves.

Distribution Main and Hydrant Flushing

It is the District's understanding that the Monterey Peninsula water system has a significant quantity of unlined cast-iron and other metallic mains that can contribute to the collection of sediment that creates dirty water and an environment for bio-film bacteria to grow, along with the premature loss of chlorine residual that could result in a coliform detection. The presence of iron bacteria growth in the wells and soluble iron and manganese that could precipitate in the piping system can exacerbate the issue.

To prevent distribution system water quality issues, the entire distribution system should be flushed every five years. Pipelines that have a higher frequency of dirty water or loss of chlorine residual are considered "Hot Spots" and are flushed more frequently. Dead-End mains shall be flushed every 2-3 years, preferably more often. Provisions for dechlorination of discharged water shall be maintained to protect the environment. Where possible, hydrant discharges will be collected in a portable tanker truck and disposed of at the regional wastewater plant for recycling.

Although flushing is an essential preventive maintenance provision to maintain water quality, adequate water supplies must remain available and the District will determine if flushing can be deferred due to drought or other supply or regulatory restrictions.

Fire hydrant flow testing shall be conducted during main flushing activities as outlined in the next section.

Hydrant & Blow-Off Valve inspection, Maintenance, and Replacement Program

The safety and fire protection of the Peninsula residents is dependent on functional operation of fire hydrants located throughout the distribution system. Hydrants and blow-off valves will be exercised, inspected and tested as part of the main flushing program. In the event main flushing is deferred due to drought, limited water supplies, or regulatory constraints, exercising and inspection of all hydrants shall be conducted on a five-year rotation. All inoperable hydrants discovered from inspection activities shall be repaired or replaced within 30 days and the local fire department or agency shall be notified within 24 hours.

Critical hydrants, those in close proximity to hospitals, first responder facilities, schools, hotels, multi-family/apartment building, and other higher density public facilities shall be exercised, inspected, and flow tested every two years.

Hydrant flow testing will be an essential activity for the District to provide adequate fire protection for the community. Fire flow requirements vary by city and jurisdiction, and by building capacity and construction. Flow tests are to confirm the hydrant flows at a minimum of 20 psig to ensure compliance with fire flow requirements. Fire flow requirements shall be listed/documented in the GIS system for every hydrant in the water system.

The District will coordinate with the various fire departments and agencies serving the Peninsula to assess the fire flow requirements throughout the distribution system. Local fire departments or agencies, in coordination with the District may conduct hydrant flow tests with results shared between the agencies. The District's long-term goal will be to meet or exceed the local fire department fire flow requirements and to comply with the California state fire code and Insurance Services Office (ISO) standards.

Valve Exercising and Replacement Program

The District believes that the Monterey water system has approximately 13,000 distribution piping isolation valves. These valves are used to isolate piping segments to minimize the service interruption to the fewest number of customers possible in order to repair, flush, or replace the main. To ensure isolation valves are operable when needed, annual valve exercising work tasks are performed to test the valves.

The District estimates there are approximately 3,500 hydrants in the water system, and typically each hydrant has 3 isolation valves, two on the main and one on the bury. The approximate 10,500 hydrant isolation valves shall be tested as part of the main flushing or hydrant flow testing programs.

The following is the valve exercising schedule:

Table 12-5: Valve Exercising Schedule

Valve Size	Frequency
5" & Less	Every 7 Years
6"-12"	Every 5 Years
14"-18"	Every 3 Years
20"-24"	Every 2 Years
Larger than 24"	Annually
Hydrants	Every 5 Years

Isolation valves on transmission mains, mains that supply more than 1,000 customers, and critical mains that supply essential facilities (hospitals, first responder facilities, schools, etc.) shall be exercised every six months. All inoperable valves or broken valve stems shall be repaired or replaced within 90-days of discovery. All valve cans that are buried or paved over shall be raised within 90-days.

The Valve Crew will confirm the valve location with the GIS data and document the number of turns to open and close the valve including the direction (right or left-hand turning) of operation. That data will be populated in the GIS and CMMS.

Tank Cleaning and Inspection Program

The Monterey system has an estimated 104 distribution water storage, WTP backwash, and process tanks that are located through-out the service area. Most of the tanks are steel ground storage tanks that have interior and exterior painted coatings. Interior coatings have an expected service life of 20-25 years and exterior coatings have an expected service life of 25-30 years.

Sediment that collects in storage tanks can reduce the useful life of the interior coating and lead to the loss of chlorine residual and other water quality issues. Annual or periodic cleaning of storage tanks is essential to maximize the service life of the coatings and the tank itself by protecting it from internal corrosion. In general storage tanks will be inspected and cleaned every five years.

Dry inspections are required to be performed approximately every 5-10 years depending on the age, interior coating age, and capacity/criticality of the tank. Exterior coating inspections/testing shall be performed every 5-10 years, unless due to the age or condition of the coating every 1-3 years.

Table 12-6: Tank Rehab Inspection Schedule

Tank/Coating Age, Condition, Capacity, and Criticality	Wet Inspection and Cleaning	Dry Inspection
New Tank	Every 5 years after first year dry inspection	First year after construction, then every 10 years or at interior recoating
Tank 20-30 Years Old	Every 5 years	Every 10 Years
Tank 30-50 Years Old	Every 3 years	Every 7 Years
Tank 50+ Years Old	Annually	Every 5 Years
Initial Exterior Coating ~30 Year Service Life	N/A	Every 10 Years
Second Exterior Coating, ~25 Year Service Life	N/A	Every 7 Years
Third Plus Exterior Coating, ~20 Year Service Life	N/A	Every 3- 5 Years
Initial Interior Coating ~ 25 Service Life	Every 5 Years	Every 10 Years
Second Interior Coating ~20 Year Service Life	Every 3 Years	Every 7 years
Third Plus Interior Coating ~ 15 Years	Annually	Every 5 Years
250,000 Gallon or Less Capacity	Every 5 Years	Every 10 Years
250,000-500,000 Gallon Capacity	Every 3 Years	Every 7 Years
500,000- 1 Million Gallon Capacity	Every 2 Years	Every 5 Years
1 MG and greater Capacity	Annually	Every 3 Years
Tanks without Redundancy	Annually	Every 5 Years

Chemical Feed System Testing, Calibration, and Maintenance Program

Chemical feed systems are installed at well and water treatment facilities required for disinfection, pH adjustment, corrosion protection and the removal or sequestering of iron, manganese, hydrogen sulfide, arsenic, and other contaminants. Most treatment chemicals are liquids and are stored in bulk tanks, transferred to day tanks and then injected, using chemical metering pumps (typically LMI pumps) into the process or effluent pipeline.

Potassium Permanganate is fed, using a dry-feeder, in to a mixing tank that the metering pumps take direct suction from and pump to the pipeline injectors. At the majority of the wells not treated at a WTP facility, on-site sodium hypochlorite generators produce the sodium

hypochlorite that are stored and fed from a day tank that supplies the metering pumps to the injectors. Salt storage on pallets is provided in the well or chemical buildings.

Generator Exercising, Inspection, and Maintenance Program

The District estimates 17 facility installed standby diesel generators and 2 trailer mounted diesel generators that provide emergency power to operate treatment plants, wells, and pump stations during a power outage or other emergency that interrupts electrical power to a facility. Two other portable generators were recently reclassified by the local air district and can only be used at specific sites. The generators must be operated for at least 15-20 minutes monthly to maintain the generators in good working condition.

- Monthly Generator Maintenance
 - oil levels are correct
 - radiator core for fouling
 - radiator hose condition
 - block heater working
 - fuel level – gallons used/added
 - fuel solenoid linkage for security
 - governor operation
 - voltage regular adjustment
 - start battery electrolyte level
 - control battery electrolyte level
 - charging voltage
 - housekeeping clean-up
 - record hours run time on start
 - record kwh meter reading
 - check fuel oil water and exhaust for leakage
- Quarterly Generator Maintenance
 - In addition to monthly maintenance work tasks the following items shall be checked:
 - fan belt tension
 - fan belt wear
 - check battery terminals
 - conduct a thorough clean on the battery terminals
- Annual Generator Maintenance
 - change engine sump oil
 - change full flow oil filter
 - empty, flush and refill radiator
 - change bypass oil filter
 - flush daily service fuel tank
 - change fuel filter
 - change air filter

- check and clear crankcase breathers
- check all nuts, bolts and clamps
- check starter motor solenoid
- check all electrical connections
- clean engine
- remove and clean air grilles
- inspect/check all alternator output connections
- clean alternator
- inspect all components and cubicle
- inspect all wiring and terminals
- clean switchboard
- test with load.

Pressure Reducing Valve/Air Release & Vacuum Valve Inspection, Testing, and Maintenance Program

The Monterey water system has approximately 74 pressure zones with storage facilities and 14 Pressure Reducing Valve (PRV) supplied pressure zones (no storage). PRV stations are located throughout the water system, and pressure settings vary due to seasonal demand conditions in a number of the pressure zones. Inspection and any pressure setting adjustments should be conducted every six months. Annual maintenance of pressure reducing valves to replace diaphragms, gaskets, pilot valves, and pressure control device as necessary. Inspection and maintenance of the vault, isolation valves, air vents, sump pump, and other ancillary equipment is performed annually.

Combination pressure relief and vacuum valves are typically installed on the well, booster, and finished water pump discharge lines to relieve surge pressures that can occur in the system and to allow air, as a vacuum break, to enter and then expel air from well columns during start-up and shut-down.

Air vacuum and relief valves are located through-out the distribution system to provide vacuum breaks due to water column separation in the distribution piping caused by water hammer conditions as well as relieve any entrained air collected in the piping system. Air relief/vacuum valves installed on pump discharge lines are inspected and maintained annually and the combination valves located in the distribution system are inspected and maintained every 3 years.

Table 12-7: Pressure Zone & PRV Summary

Service Area	Pressure Zones	Pressure Zones Supplied by PRV
Monterey Main System	65 Pressure Zones	14 Pressure Zones
Bishop	5 Pressure Zones	None
Hidden Hills	3 Pressure Zones	None
Ryan Ranch	1 Pressure Zone	None

Electrical Equipment Inspection, Testing, and Maintenance Program

The District believes all of the water treatment, well, and pump station facilities have incoming electrical power, 3-phase 480-volt service, (transformer, main disconnect, meter, etc.) that is inspected annually by PG&E. Pumps and other mechanical equipment are powered from the Motor Control Center (MCC) or individual motor starter/switchgear with some that include Variable Frequency Drives (VFDs). Step-down transformers are provided to reduce the voltage to 120-volt service for lighting and other facility power needs.

Incoming power equipment is typically one of the highest critical assets within the facilities, as if any component fails the entire facility is out of service. Each pump/motor is powered by individual switchgear and most facilities have redundant pumps/starters. Long lead times to procure replacement electrical equipment - motor starters, VFDs, generator transfer switches, step-down transformers, and internal electrical repair parts (electrical leads, coils, capacitors, etc.) are routine in the industry. To minimize potential unscheduled failure of electrical equipment, an infrared inspection of all electrical equipment in each facility should be tested every 3 years to detect “hot” or weak internal components that can be replaced before they fail. Annual electrical/motor efficiency performance tests shall be performed to establish a baseline and degradation curve to forecast rehabilitation or replacement.

Instrumentation Equipment Inspection, Calibration and Maintenance Program

The water system is controlled and monitored by a SCADA system that relies on digital field transmitters/devices to send data that is collected by the PLC located in each facility and that data is communicated back to the central operations center. The reliability of the facility is dependent on the accuracy and reliable operation of the individual instrumentation and control (I&C) digital monitoring devices.

Typical I&C transmitters/devices include flow meters, level transmitters (well level, tank, clearwell, chemical tank, etc.), chlorine residual monitoring, pressure transmitters, electrical monitoring (volts, amps, run-time, power factor), security devices, and other instrumentation. These digital devices transmit an analog 4-20 milliamp output signal to the PLC that needs to be calibrated twice a year to accurately measure the attribute it monitors. Critical facilities and I&C devices shall be inspected and calibrated quarterly. The service life expectancy of field I&C devices is approximately 5-7 years.

The PLC, radio/communication equipment, and other components in the PLC cabinets shall be inspected and tested annually. The service life of the PLC, radio, and cabinet equipment is approximately 10 years.

Leak Detection Program

Approximately 44 percent (270 miles) of the 614 miles of distribution mains are metallic including a considerable percentage of unlined cast-iron and steel piping. The water system has approximately 40,000 service lines many of them are galvanized steel, polybutylene, cast-iron, and other non-PVC/copper materials that experience a high rate of leaks/breaks.

The District's long-term goal is to achieve the AWWA recommended water main leak/break rate of 15 per 100 miles of main per year. For the Monterey system that is approximately 92 main leaks/breaks per year. The long-term goal for service line leaks/breaks is 0.5 percent of total services lines or approximately 200 per year. An annual leak detection plan is prepared based on the annual update of the pipeline renewal forecast analysis completed by the engineering department.

To detect and repair main and service line leaks in the system to reduce water loss, the District will implement an aggressive leak detection program to survey approximately 60-65 miles of pipe and 2.5 percent of services annually.

Asset Management Operational Support

The Operations staff will support the District's Asset Management Program that is developed and maintained by the Water Resources Division through the collection of field data and performing condition assessments of facility assets. The long-term objective is to prolong the service life of assets by at least 20 percent beyond the original asset useful of assets as documented by manufacturer and industry average data and to limit any service interruptions to one per year as a result of a facility asset failure.

Asset Inventory and Facility Data Collection: During the first five years of operation after the 12-month transition operational assessment period, the Operations staff, (Production and Distribution) will collect and document 20 percent of facility asset data requested by the Water Resources Division for each asset class and type each year. Collected data will be populated in the CMMS by asset number and linked to the Asset Registry database that is maintained by the Water Resources Division and the Administrative Services Division.

Asset Condition Assessment Program: Operations and Engineering staff will collaborate in performing asset inspections, testing, and condition assessments as part of the Preventive Maintenance Programs. Upon completion of the annual facility asset inventory data collection effort, the condition assessment inspections will be initiated and performed by asset class for the facilities with completed inventories.

Condition assessment inspection and rating criteria by asset class developed by Engineering shall be used and completed asset condition ratings, by asset number and will be populated in the CMMS and linked to the Asset Registry database. Asset condition inspections are to be performed with the updated rating every five years, or more frequently for critical assets.

12.5. *Emergency Repair and Maintenance*

Emergency or non-scheduled maintenance activities and work tasks unexpectedly occur in every water system. Prior to acquisition, the District will have prepared documented procedures and guidelines to respond to unscheduled repairs and maintenance work tasks. The goal is to respond and be on-site within one hour for all emergency/non-scheduled events which includes responding to facility alarms requiring action to be taken in the field. Typical procedures include:

- Power outage response procedures
- SCADA system communication failure response procedures
- Employee safety and injury response procedures
- Storage tank failure response procedures by pressure zone
- Chemical spill containment and clean-up procedures
- Main leak/break repair procedures
- Service line leak/break repair procedures
- Repair disinfection requirements and procedures
- Water quality contaminant detection response procedures
 - Coliform detection
 - Loss of chlorine residual
 - Disinfection By-Products (THMs) detection above MCL
 - Lead and Copper detection above MCL440
 - Dirty water detection
 - Iron and manganese filter effluent detection
 - Taste and Odor detection
- Facility equipment failure response and repair procedures
- Water treatment process failure procedures for each WTP

Major Emergency Event Resiliency Response

Major emergency events- earthquake, severe storm, extended power outage, flood in the Carmel River, wild fire, major urban or commercial fire, terrorist act, and other events that significantly impact water service and operations occur and operations staff are prepared and trained to maintain water service.

The District will adopt Cal-Am's Emergency Response Plan (ERP) that address the procedures, assigned responsibilities, and communication protocols for each type of emergency event. The ERP is prepared in compliance with the **AWWA Standard G440 – Emergency Preparedness Practices** that includes the activation of an Incident Command Center to coordinate all water system response activities with local, regional, and state agencies and first responder departments and agencies.

12.6. *Employee Health and Safety Program*

The health and safety of the employees is of utmost priority and focus by the District and is included in the organization's Strategic Goal No.3 (see Section 5.2). Safety protocols will be

included in all the District's Standard Operations Procedures (SOPs) and comply with Cal OSHA regulations and industry practices. The District will have a comprehensive Safety Manual that covers safety procedures for all employee work tasks and includes injury response protocols and procedures. Employees are required to report all injuries to their supervisor regardless of how minor they may seem.

Weekly safety meetings will be conducted with field crews that cover safety procedures and methods to maintain their health and protection from potential injuries. Formal employee safety training includes 16 hours of training quarterly for each employee by department. Annual one day formal OSHA regulation training will be conducted for all field personnel.

Safety procedure violations are documented for each employee, requiring training refresher activities to be completed for each event and included in their annual performance review. The goal is to have zero injuries, lost time accidents, vehicle accidents, or reportable safety violations each year. Safety awards will be given to employees and field crews that achieve the zero safety incident goals.

12.7. Asset Management Program

One of the key Strategic goals (Strategic Goal No. 6) is to maintain or improve the water service level of service through the implementation of an Asset Management Program. The objectives of the asset management program are to:

- Prepare an Asset Management Plan, GAP analysis, and Roadmap;
- Extend the service life of assets by at least 20 percent beyond recommended or industry average useful life for each asset class;
- Replace assets in a timely manner prior to failure;
- Limit water service interruptions to customers to one incident per year caused by a facility asset failure;
- Implement an Asset Renewal Forecast Program for each asset class;
- Integrate the asset registry database with the GIS, CMMS, and financial systems;
- Conduct an asset criticality analysis and rating system;
- Establish asset condition assessment inspection and rating criteria by asset class and type;
- Adopt a risk-based project/asset renewal priority analysis.

Asset Management Plan

The development and implementation of a successful asset management plan is founded on a collaborative team with input and consensus from operations, engineering, finance, and IT that is supported by management. An asset management policy and culture will be adopted by the District and will be integrated into the various department workflow processes and decision making going forward. Asset management is a continuous improvement process that is adopted by operations and management staff.

Frequent internal communication with employees regarding the asset management program, implementation process and status, objectives, and explanation of the benefits to customers, staff, and the District are key to implementing the various phases of the program. An implementation roadmap will be prepared to gradually phase in the multiple steps of the program to achieve the successful implementation of each phase before the next step in the process.

Operations and field personnel adopting the new workflow and accurate and timely collection of asset data that includes assigning hours spent for various O&M work tasks to specific asset numbers is an essential step in the process. Accurate time charged and documented on work orders by individual asset are necessary to perform analysis of maintenance requirements, renewal forecasts, and financial analyses and reporting.

The District will implement a central asset database or data warehouse by IT that is integrated with computer systems used by operations, engineering, and finance to maintain a single consistent data record for each utility plant asset.

Facility and Asset Data Collection

As indicated in Section 12.4 above, the collection of facility and asset data by operations staff to compile an asset inventory by asset number will be completed within the first five years after the 12-month transitional operation assessment period. To perform the data collection, the District will determine the smallest asset, by class, it will want to make business decisions for. The definition and criteria of “failure” or replacement is determined for each asset type. This “failure” definition establishes the condition when an asset will be replaced, the condition assessment methodology and criteria, and the asset data that is needed to be collected and monitored.

Condition Assessment Methodology and Criteria

Consistent condition assessment inspections and ratings will be achieved through the implementation of standard inspection /testing practices, by asset class, and standardization of inspection findings criteria for assigning a condition rating for each asset.

Asset Criticality Analysis and Ranking

A criticality analysis is a process to assess the consequence of asset failure and likelihood or risk assessment of failure for each facility and the assets within each facility, by asset type. Criticality criteria will be established for the different facility types, asset classes, and asset types specifying the rating for the various criteria attributes. A criticality ranking by facility type will list the highest to the lowest rated critical pump station, tank, well, or treatment facility in the water system.

A criticality rating of the individual assets within each facility will be assessed and the asset will be ranked by the highest criticality rating. The facility and asset criticality ratings are multiplied together to overall rank each asset. The goal is to multiply the criticality rating with the condition assessment rating to rank all the utility assets, so maintenance, repair, and replacement priorities and funding are focused on the most critical assets in the worst condition.

12.8. Construction Management and Inspection

Construction projects are routinely performed annually for all water systems to maintain the level of service expected by customers. Construction projects and activities can vary depending on the improvement installed and by which entity. Construction projects can include new facilities or pipelines, replacement of assets or facility upgrades, developer projects for expansion of increased capacity for new customers, or repair and rehabilitation of existing assets.

Construction projects or activities can be performed by District field staff, outside contractors, developer contractors, other utilities, or private contractors. The District's construction managers/inspectors will be responsible for managing contractors hired by the District to perform the capital improvement, repair, or maintenance work authorized.

The construction inspectors are also responsible for the inspection and acceptance of work performed by developers and their contractors, other utilities, and private contractors (e.g. new service for a commercial customer). The District has design standards that are required to be followed both by internal crews and outside contractors. Compliance with the design standards, regulatory requirements, and best construction practices is the basis for the inspectors to accept the installation of the new or replacement asset or facility. The District has standard procedures for construction management and inspection practices.

13. Capital Improvement Plan

The reliability of water infrastructure in the United States has declined over the past several decades due to the lack of investment to replace aging facilities, equipment, and assets. To improve the reliability and sustainability of the Monterey water system, the District will maintain, repair, rehabilitate, and replace assets in a timely manner to minimize service interruptions to customers.

The District's approach will be thorough comprehensive planning, as discussed in Chapter 6, prioritized preventive maintenance programs, as discussed in Chapter 12, and with the implementation of an asset management program, asset renewal forecasting, risk-based project prioritization process, and sufficient funding to maintain or improve the level of service of the water system.

13.1. Capital Improvement Budgeting

The District will prepare annual and 5-year capital improvement budgets each year including the annual asset replacement programs and capital improvements using the recommendations summarized in the Water Master Plan and the annual master plan reviews and updates. Input from the water operations personnel as to assets requiring rehabilitation, replacement, or increased preventive maintenance activities shall be integrated into the capital budgeting process.

Updates to the asset management program including additional equipment and facility condition assessments including the annual update of the water main renewal forecast providing recommendations for funding levels of the annual replacement programs. Recommendations from the annual update to the Risk Management Plan will be incorporated into the capital budget prioritization process.

Customer service complaints, service interruptions, public relations and stakeholder issues, social economic impacts, and environmental impacts issues will be considered as part of the capital improvement budgeting process. The water system level-of-service metrics are to complete 90 percent of the budgeted capital improvements, reduce main and service line breaks/leaks, reduce customer complaints and service interruptions.

Capital budget funding will be established based on the maintaining or achieving the Strategic Goals and LOS Standards adopted by the District, the assessment and acceptance of risk exposure, and evaluation of customer affordability and rate stabilization. Initially, the District expects it will use the industry average of 1.5 times the annual depreciation value until the completion of the Water Master Plan, Risk Assessment, and Finance Evaluations.

13.2. Annual Asset Replacement Programs

Routine equipment purchases necessary to operate the water system are typical for all water systems within the industry. These purchases are for management, administrative, operations

and maintenance, and other departments that support the water system operations. The capital purchases can include, but not limited to:

- Office Furniture & Equipment
- Tools and Power Equipment Replacements
- New & Replacement Vehicles
- Computer/IT Equipment/GIS/Software Purchases

The annual renewal and replacement of mains, services, hydrants, pumps, and other essential assets is necessary to maintain the LOS and reduce service interruptions. These programs are based on the asset management and condition assessment programs to determine the level of funding and the prioritization of assets to be replaced. The annual replacement programs typically include:

- Annual Small Main (2" - 10") Replacement Program
- Annual Main (12" – 20") Replacement Program
- Mains 22" – 36" shall be individual capital improvement projects
- Annual New Service Installations
- Annual Service Line Replacement Program
- Annual Meter Replacement Program
- Annual Valve, Hydrant, and Blow-Off Replacement Program
- Annual Pump/Motor Replacement Program
- Annual Pump Control Valve Replacement Program
- Annual Pressure Reducing Valve (PRV) Replacement Program
- Annual SCADA/I&C/Security/Communication System Upgrades and Replacement Program
- Electrical Equipment Upgrade and Replacement Program
- Chemical Feed System Replacement Program

The annual capital purchases and replacement programs typically comprise approximately 60% -75% of the annual budget in normal years. However, in the event a major capital improvement project is required this percentage may be reduced.

13.3. Capital Improvement Plan

Annual or multi-year capital improvement plan (CIP) includes projects that are larger and more complex individual facility/main/asset replacement projects requiring advanced engineering, planning, and construction management activities. The CIP projects are identified through the master planning process and specific planning projects to resolve discovered regulatory, reliability, environmental impact, and operational deficiencies.

The CIP projects typically address key operational issues and can include:

- Source of Supply Projects

- Fire Protection Improvement Projects
- Transmission Main or Large Main Capacity Projects
- Well Rehabilitation/Replacement Projects
- Tank Safety/Painting/Seismic/Replacement Improvement Projects
- Pressure Reducing Station Improvement/Replacement Projects
- Water Treatment Plant Process Improvements, Upgrades, and Equipment Replacement Projects
- Emergency Generator Improvements/Replacement Projects

Individual CIP projects are outlined in Capital Project Budget (CPB) Memoranda that summarize the identified deficiency, the alternative solutions evaluated, a description of the recommended project, O&M budget impacts, detailed cost estimate, and project schedule. The CPB memoranda will be presented along with the annual budget to the Board for approval. Engineering and construction contracts to perform the project shall be presented to the Board for approval supported by an update to the CPB memorandum.

13.4. Engineering, Planning, Construction, and Operation Capital Labor Expenditures

Engineering, planning, construction, operations, and other District staff that work on the planning, design, construction, or operational start-up/support to complete the CIP project will charge their labor to the capital work order and separate retirement work order if applicable. Inclusion of the labor costs in the work orders captures the total cost of implementing the improvement project.

No management, administration, or other District department allocations or overheads shall be charged to the capital work orders.

13.5. Asset Management Program

The District will adopt and implement an asset management program after the completion of the 12-month Water System Management and Operational Assessment as described in Chapter 2. The following is a summary of the Asset Management Program.

Asset Management Program Objectives and Strategy

The Asset Management Program (AMP) aligns with the overall goals and objectives of the District's Mission and Vision, which establishes the focus and priorities for operating the Monterey water system to serve and support the communities and its customers. The AMP objectives are intended to aid in the achievement of specific, measurable results and align with organizational priorities.

The District's four AMP objectives and related strategic elements include:

Objective 1 - Holistic Inventory: Create and maintain an inventory of reliable, integrated information on all assets throughout their lifecycle.

- Build and Maintain a Centralized Asset Inventory
- Standardize AM Procedures
- Manage Data as an Asset
- Conduct Regular Condition Assessments and Inspections
- Establish and Implement Condition Assessment and Inspection Guidelines

Objective 2 - Resilient Service: Provide resilient service by preserving safety and value of assets through sustainable, cost-effective maintenance practices.

- Establish LOS for Assets
- Conduct Condition-based Lifecycle Planning for Assets
- Incorporate Planning for Future Assets into the CMMS and Asset Database
- Integrate Facilities and Asset data and maintenance with engineering and financial IT systems

Objective 3 - Transparent + Translatable Prioritization: Prioritize capital investment in a manner that is transparent and translatable across operational, maintenance, environmental, social economics, and financial objectives.

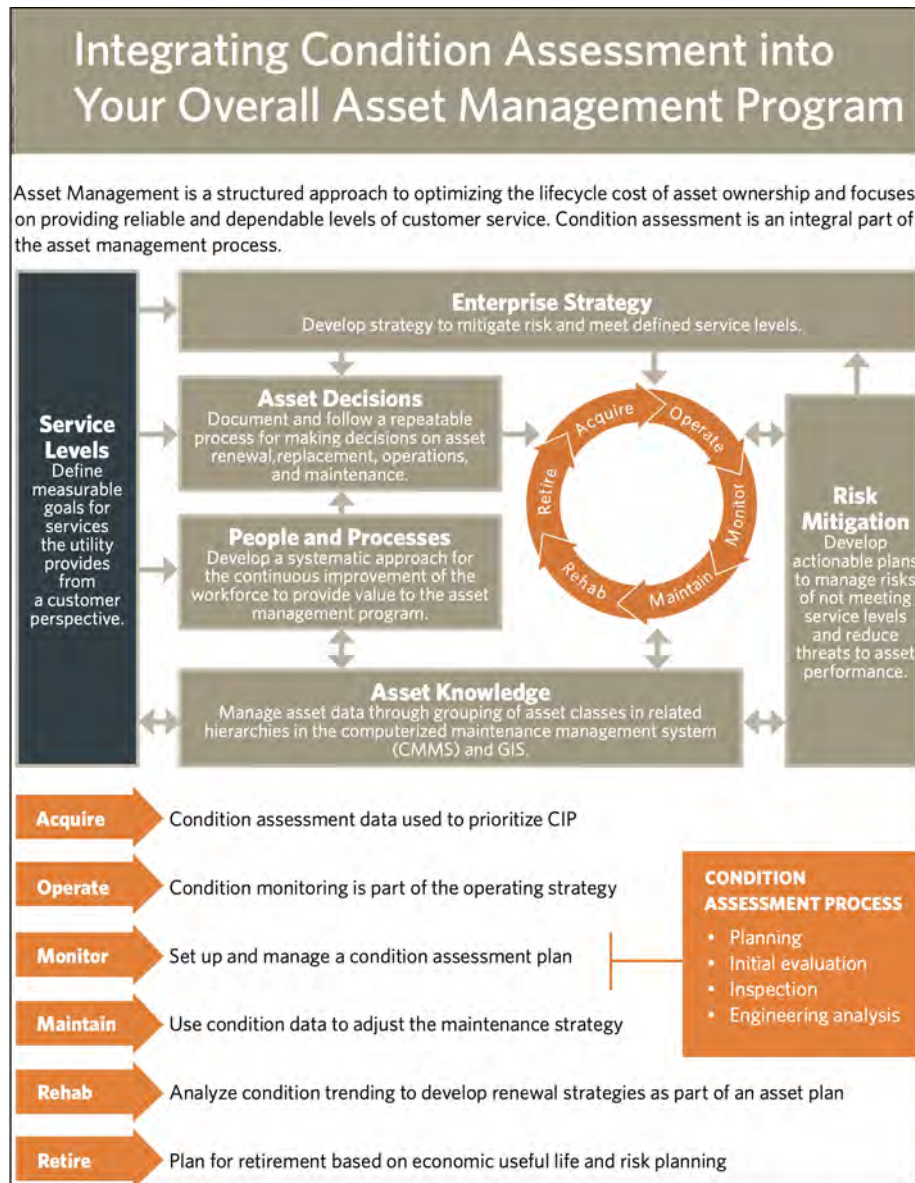
- Implement a Risk-Based Project Prioritization Process
- Use the Asset Rating/Ranking Process in Capital Planning and Prioritization
- Establish Capital Project Guidelines
- Optimize Capital and Operations and Maintenance (O&M) Expenditures
- Confirm O&M Cost Impacts in Capital Plans

Objective 4 - Supported Investment: Enhance and sustain stakeholder support of investment through ongoing communication and education.

- Review Current Funding Structures at Regular Intervals
- Develop a Financing Strategy
- Assess Viability of Implementing a Capital Replacement Fund (CRF)
- Build Support through Public Outreach Initiatives
- Measure Satisfaction of Stakeholders

Framework for AMP Plans

AMP plans form the cornerstone of an effective AM System. *ISO 55000* notes that AMP plans provide the roadmap for achieving value from physical assets by optimizing cost, risk, and performance across the asset lifecycle. AMP plans identify what assets are in operation, their condition, and needed maintenance to keep the asset at a desired, pre-determined LOS as well as repair or replacement schedules and investment strategies. The District will develop the AMP plan based on the framework outlined in AWWA Standards, while supplementing with detail related to specific asset-based considerations.



Policy

With AMP objectives and related strategies identified, a policy is necessary to explicitly define the course of action to be collectively adopted by the District. The two District Policies under future ownership anticipated are:

- Prioritizing Capital Improvement Program (CIP) Projects - the policy is proposed to, (1) enable prioritization across municipalities, customer classes, and customer demographics; and (2) incorporate rankings specifically for capital needs, including how the AMP process can be used to support it.
- Asset Management Guidelines and Plan Steps - A new AMP policy which clearly states the District's vision and principles for Asset Management Program. Integrated with the

AMP objectives and strategy, business processes and AMP systems, the policy emphasize the District's, holistic approach to asset management, level of service, and financial stability.

“Renewing and replacing the nation's public water infrastructure is an ongoing task. Asset management can help a utility maximize the value of its capital as well as its operations and maintenance dollars. Asset management provides utility managers and decision-makers with critical information on capital assets and timing of investments. Some key steps for asset management are making an inventory of critical assets, evaluating their condition and performance, and developing plans to maintain, repair, and replace assets and to fund these activities.”

– EPA

13.6. Risk-Based Project Prioritization Process

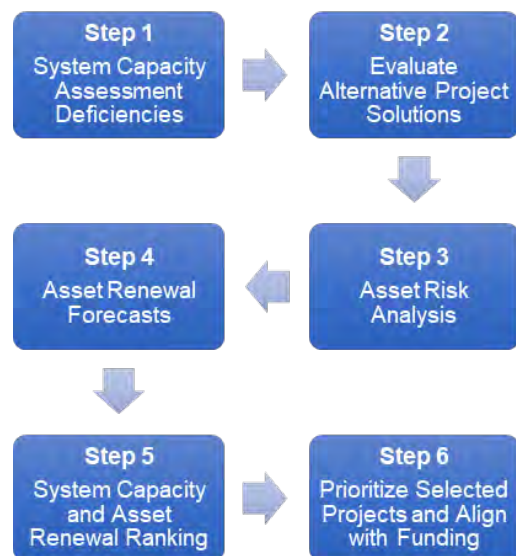
A key attribute of the AWWA *Effective Utility Management Program* is the implementation of a Risk-Based Project Prioritization Process. The District supports a risk-based process to prioritize project and O&M needs that improves water service and minimizes impacts and interruptions to water delivery to customers. A risk-based project prioritization provides a transparent methodology for cities, regulatory agencies, stakeholders, and customers to understand and support projects that the District will undertake annually. An implementation process, that uses the concept of the EPA Integrated Planning Process, has been developed by the District and is summarized as follows:

Risk-Based Project Development and Prioritization

The Monterey Peninsula Water System is experiencing a lack of water supply reliability, system capacity, fire flow deficiencies, and environmental protection that needs to be weighed against the renewal of aging infrastructure.

Traditional CIP plans typically consider growth or regulatory-related system improvements only. Not often are system repair and replacement needs addressed alongside the capacity drivers within a capital improvement plan.

Applying a risk-focused approach for both capacity development and renewal needs, priorities can be better understood and balanced providing a clear



path forward. Capital projects to improve water service and system reliability to support the community and economic growth while maintaining existing water asset dependability and performance can be prioritized to maximize the funding and value.

Information typically collected, but not always put to good use, such as water main or service line breaks, pump efficiencies, and other asset condition scoring combined with risk scoring can be leveraged into the prioritization process. Combining this condition-related data with non-renewal needs such as regulatory, hydraulic capacity, efficiency and quality improvements, a parallel method of fairly evaluating and prioritizing capital improvements and their associated drivers is viable.

Step 1 – System Capacity Assessment Deficiencies: Determine system capacity (non-renewal) deficiencies through demand projections and hydraulic modeling. Consider potential system development drivers include growth, new regulations, service quality, chemical/energy efficiency, climate change, vulnerability, safety/security, and innovation.

Step 2 –Evaluate Alternative Project Solutions: Develop and analyze project alternatives and O&M enhancement initiatives based on resolving capacity deficiencies.

Step 3 – Asset Risk Analysis:

- Develop desktop risk of failure on existing assets using available performance data
- Main Breaks
- Service Line Leaks
- Pump/Motor Runtimes, Efficiencies, Vibration Analyses, Operating Temperatures
- Daily and Seasonal Pressure Variations
- Water Hammer/ Surge Conditions/Events
- Electrical Equipment Operating Temperatures/Overheating
- SCADA Operating Data
- Other Performance Data from Preventive Maintenance Programs
- Perform Facility/Asset Criticality Analysis
- Develop Consequence and Likelihood of Asset Failure
- Determine Interruption of Water Service Likelihood
- Identify Environmental Impacts
- Assess Public Safety Exposure
- Assess Private Property Damage Exposure
- Estimate Economic Impacts
- Calculate risk and rank assets

Step 4 – Asset Renewal Forecasts:

- Identify level of renewal based on assets with unacceptable level of risk over time
- Determine reliability and redundancy goals
- Develop capital renewal forecasts and O&M impact assessments based on level of renewal and risk ranking

Step 5 – System Capacity and Asset Renewal Ranking:

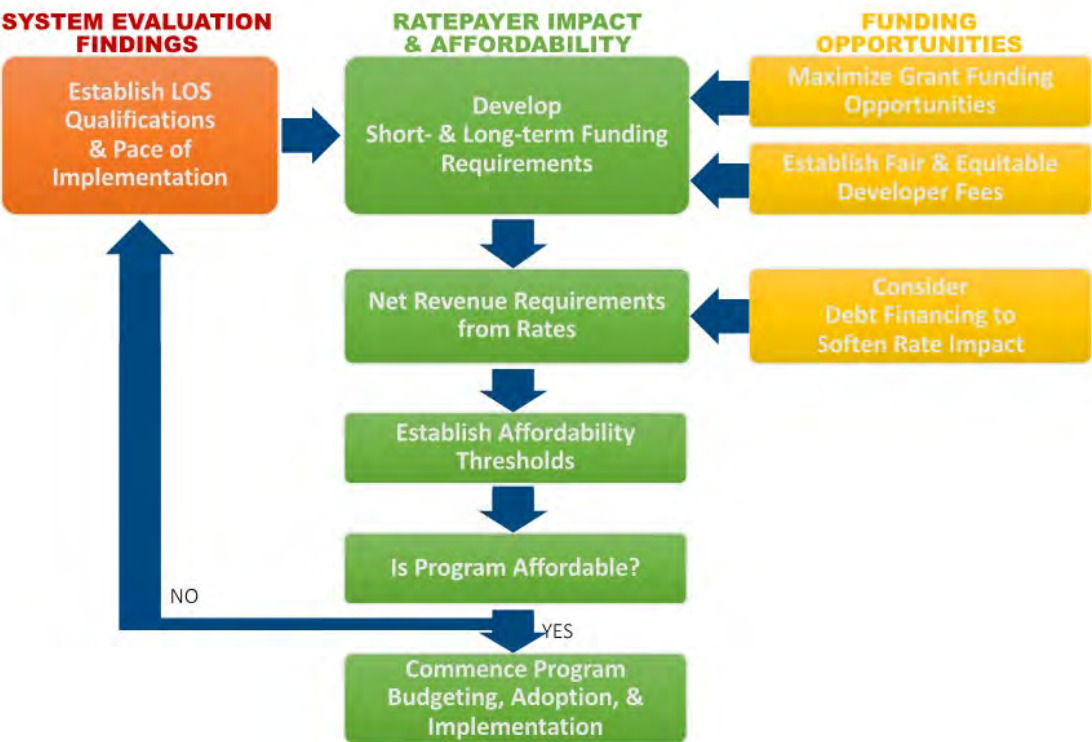
- Rank Capacity Deficiency Projects and Asset Renewal Projections together through simplified Risk-Based Business Case Evaluation to establish project priorities – include coordination with other cities, municipalities, and agencies regarding other utility improvement projects, pavement replacement, construction impacts and fatigue, and other public factors.
- Calculate a Project score by combining the Condition and Risk Assessment (including capacity deficiency risks) rankings to rank and prioritize projects.
- Identify common needs – example, failing infrastructure needs upsizing to meet future hydraulic needs
- Assign life cycle cost to projects
- Align selected system capacity and renewal projects with the District’s Strategic Goals, LOS Standards, and Performance Metrics or other industry benchmarks (AWWA Effective Utility Management, AWWA Utility Benchmarking Study, etc.)

Step 6 – Prioritize Selected Projects and Align with Funding:

- Prioritize selected system capacity and renewal projects based on total project score/ranking and efficiency gains (life cycle cost savings)
- Assign primary project triggers (capacity, condition, risk, regulatory, etc.) based on assessment scores and rankings
- Prepare recommended 1-year and 5-year Capital Budget with selected priority CIP projects
- Incorporate condition assessment rating /ranking, risk analyses ranking, costs, non-water system benefits, and implementation considerations in the Capital Project Budget (CPB) Memorandum.
- Align projected system capacity and renewal projects with financial and rate forecasts over the 20-year planning horizon.

Risk-Based Prioritization of Capital and O&M Projects





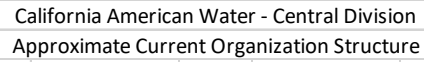
14. Organizational Structure & Staffing

As stated in Chapter 5, The District's Strategic Plan has been developed to initially adopt Cal-Am's current operating and management practices upon assuming ownership and operational responsibility of the Monterey Peninsula water system. As indicated in Section 2 – Transition Plan, the District will conduct a 12-month operational assessment to refine the strategic goals, management policies, operating procedures and practices, performance metrics (LOS), and establish a timeframe to work towards and achieve those goals.

14.1. Existing Cal-Am Operations

Figure 14.1 on the next page provides the District's approximate understanding of the local Cal-Am operations on the Monterey Peninsula. Actual positions are not known with certainty because Cal-Am has not made complete information available. However, the 73 positions shown is close to the 74 positions reported by Cal-Am for 2018 (actual) in the 2019 General Rate Case, MDR II.B.7.

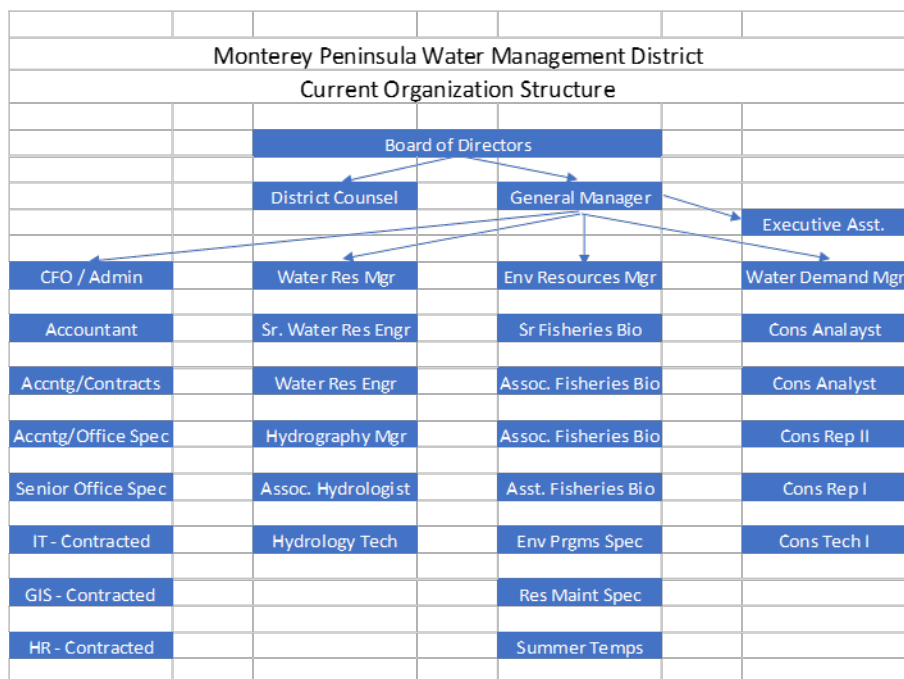
Figure 14.1



14.2. Existing District Operations

Figure 14.2 below shows existing authorized District positions.

Figure 14.2
Existing District Organization



The lost support of Cal-Am corporate employees (Service Corp in NJ and California General Office) will be made up by existing District positions and the requisite new hires. The District is already prepared to use its existing software, Tyler Incode 10 for billing. The District currently utilizes it for its customer billing and it will easily support 40,000 customer accounts. Accordingly, the District proposes to add a Billing Supervisor and three Customer Service Representatives. Bill collection will be through a third-party lock-box firm with remittance directly to District accounts. The District's IT and GIS will be augmented, but it is assumed the existing Cal-Am SCADA supervisor position will remain part of the operations. After-hours emergency service will be routed to employees that are "on call" through a contracted call center, but day-time calls will be received and routed by the Customer Service Representatives.

14.3. Combined Integrated Operations

The combined integrated organization is shown in Figure 14.3 on the next page. The net staffing increase is approximately 6 positions, as color-coded in yellow. The currently outsourced IT, GIS, and HR positions are likely to be brought in-house, yet augmented by the District's third-party consultants, accounting for 2 of the net new positions. Asset management and risk management will be a function of the District's Administrative Services Division. Planning, regulatory compliance, and CEQA will be part of the Water Resources Division.

Fig. 14.3



14.4. *Bargaining Units & Labor*

Cal-Am personnel currently are members of the Utility Workers Union of America (UWUA) Local 511 and others are members of the International Union of Operating Engineers (IUOE) Local 36. District general staff and division managers are represented by United Public Employees of California, Local 792/Laborers International Union of North America. Meeting with the bargaining units will be part of the District's transitional steps to communicate with the existing employees.

The goal will be to develop a framework to hire the Cal-Am staff and to present the approach to ensure employees don't lose any salaries or benefits in transitioning from a private company to a public agency. A key issue will be the valuation of a private company pension and 401k retirement plan to the CalPERS pension system. Attention must also be given to maintaining equity for current District employees. Early and frequent conversation with the bargaining units will be key to successful integration of both organizations.

14.5. *Contract Operations*

There is the extant possibility that Cal-Am will demonstrate before the Court that all or a majority of its employees will not be made available under an acquisition by the District. Whether or not integration of the Cal-Am employees is possible, the District has chosen to examine acquisition and subsequent operation of the utility by a third-party operator. The proposed operations plan under third-party operations is available as a separate document prepared by Jacobs Engineering Group.

15. Appendices

15.1. Appendix 15-1: Anticipated Policies and Procedures

EUM - AWWA EFFECTIVE UTILITY MANAGEMENT (EUM) 10 GUIDING PRINCIPLES					
	1. Product Quality	2. Customer Satisfaction	3. Employee and Leadership Development	4. Operational Optimization	5. Financial Viability
	<i>A. Comply with regulatory and reliability requirements</i>	<i>A. Minimize customer complaints</i>	<i>A. Recruit appropriate talent</i>	<i>A. Provide for ongoing operational improvements</i>	<i>A. Develop sound financial plan</i>
	<i>B. Address customer needs</i>	<i>B. Achieve target level of customer service delivery</i>	<i>B. Retain existing talent</i>	<i>B. Minimize resource use and losses from day-to-day operations</i>	<i>B. Provide financial integrity</i>
	<i>C. Address public health and ecological needs</i>	<i>C. Receive positive customer perceptions</i>	<i>C. Address succession planning needs</i>		<i>C. Achieve budget management effectiveness</i>
		<i>D. Efficiently deliver customer service</i>	<i>D. Strengthen core competencies</i>		
<u>Utility Goals, Plans, Policies, Procedures, & Practices</u>					
1. Utility Management & Administration	<i>Regulatory Agency Management Plan</i>	<i>Strategic Goals and Plan</i>	<i>Code of Ethics Policy</i>	<i>Operations Performance Goals & Monitoring Plan</i>	<i>Strategic Business Plan</i>
	<i>Regulatory Compliance Policy</i>	<i>Customer Response Plan</i>	<i>Succession Plan</i>	<i>Utility Operations Performance Measurement Plan</i>	<i>Strategic Financial Goals & Policies</i>
	<i>Receiving Water Quality Protection Policy</i>	<i>Management Performance Plan</i>	<i>Seniority Policy</i>		<i>Utility Budget Preparation & Approval Procedure</i>

EXHIBIT 10-A

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	<i>Water Quality Control Program</i>	<i>Customer Education Program</i>	<i>Employee Retention Plan</i>		<i>Developer Contribution Policies</i>
	<i>Customer Education & Involvement Program</i>		<i>Organizational Structure</i>		<i>Budget Overrun Authority & Approval Procedure</i>
			<i>Job Descriptions</i>		<i>Litigation Policy</i>
			<i>On-Call & Overtime Policy</i>		
			<i>Recruitment & New Hire Policy</i>		
			<i>Staffing Plan</i>		
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Monterey Water System

Contract Management Plan

Final

Sept 2020

Monterey Peninsula Water Management District



Monterey Water System

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Executive Summary

The Monterey Peninsula Water Management District (MPWMD) is dedicated to protecting and augmenting water supplies for the benefit of the customers in the Monterey Water System. MPWMD is currently assessing the costs and benefits associated with acquiring ownership of the facilities owned and operated by California American Water in the Monterey region. As part of this effort, MPWMD is developing an Operations Plan and a key related question concerns the feasibility of contracting for future operations of these facilities. Jacobs has conducted an analysis of the contracted operations scenario and is pleased to provide this report to support MPWMD in developing its Operations Plan.

Jacobs has identified the following areas that will be needed to provide the desired services and are described in detail in this report.

1. Level of service
2. Regulatory and compliance
3. Safety
4. Process control
5. Staffing
6. Asset management and maintenance

Each of these areas are essential for the proper delivery of the highest quality of water to the customers of Monterey Peninsula water district and provide both quality services at the most economical life cycle cost.

Defining levels of service (LOS) is a foundational element in building a responsive contract management plan. A cohesive group of LOS measures, set at the appropriate levels with Monterey Peninsula Water Management District (MPWMD), can ensure an integrated approach from the performance vision, down to day-to-day customer response and maintenance management decision making. LOS typically address the overarching goals of the customer's mission. These represent how infrastructure assets and actions will achieve the goals related to customer service, environmental protection and regulatory compliance, economic sustainability, and public and employee health and safety.

Most contract operations providers have expertise in all pertinent areas of environmental regulations including the Clean Water Act, the Clean Air Act, the Emergency Planning and Community Right-to-Know Act, the Resource Conservation and Recovery Act, Biosolids Management, Industrial Pre-treatment, Laboratory Management, and Stormwater Regulations. We actively develop strong working relationships with regulators at the Federal, State, and local levels. We believe in complete transparency in reporting to the regulators and communities should be a must for any contract operator providing serve to the district.

Any Contract operation company should be committed to Health & Safety (H&S) for all their projects and clients. Jacobs aims to strengthen our culture of caring with the goal to consistently deliver an incident and injury free environment for all our people. This should be high in consideration of contract operations.

In addition to classic water system components, the MPWMD system is underway with a project to reuse water from several sources (reclaimed wastewater, stormwater, food processing water, and impaired surface water) for injection into the Seaside Basin. The consideration to select a contract operation company must include the diversity and ability of the company to understand all the aspects of the MPWMD system and have the depth of experience to properly operate and maintain the assets.

Staffing is the key to any properly operated facility. Properly trained and experience staff will allow the system to operate smoothly and ensure that all stakeholders are protected and receive the highest level of service (LOS) possible. The approach to O&M is designed to meet and exceed the scope of work and performance standards for the MPWMD. This approach will not only be cost effective, it will also provide the desired LOS to meet or exceed

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the needs of customers in the MPWMD service area, as well as any contract performance standards, and will have the flexibility to provide additional services when needed, including the support for continuous improvement and capital projects.

Proper maintenance is only one part of a management plant. In order to ensure that all assets are fully optimized, not only for utilization, but for life expectancy an Asset Management Plan (AMP) is required. The main purpose of the AMP is to ensure that there is a working and living document that is used by the contract operator and agreed by its Partner, MPWMD, to effectively manage the approach to AMP and the Mid Life Capital (MLC) investment for their respective water projects.

The main aims from the implementation of the AMP are that the shareholder, MPWMD, and lenders obligations are recognized, managed, and delivered to meet the requirements of the contract. The document content intends to describe the Asset Management Strategy in a way that gives MPWMD and lenders the confidence in the approach to AMP. The document aims to describe the risk-based approach being applied to the capital and maintenance investment to give confidence in the informed decisions being made, enabling the sanction of future MLC expenditure that complies with the client and contractual obligations set by best practices and the respective contracts. To achieve this good communication, transparency and stakeholder liaison throughout the AMP process is essential and will lead to a greater support for capital investment by increasing stakeholder understanding regarding the value of targeted asset investment to improve water utility performance.

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Acronyms and Abbreviations

5YIP	Five-Year Investment Profile
ACES	Asset Condition Evaluation System
AIP	Annual Investment Plan
AMP	Asset Management Plan
ANSI	American National Standards Institute
APP	Accident Prevention Plan
ASR	Aquifer Storage and Recovery
AWWA	American Water Works Association
BOP	Best Operations Practice(s)
C&R	Compliance and Reporting
CFR	<i>Code of Federal Regulations</i>
CG	Condition Grade
CIP	Capital Investment Plan
DMR	daily monitoring report
DCS	Distributed Control System(s)
EOP	emergency operations plan
EPA	U.S. Environmental Protection Agency
EPP	emergency preparedness plan
H&S	Health & Safety
HACH WIMS	Hach Water Information Management Solution
HSE	Health, Safety and Environment
ISO	International Standards Organization
LCHP	Laboratory and Chemical Hygiene Plan
LOS	Level(s) of Service
MC	Maintenance Connection
MLC	Mid Life Capital
MOR	monthly operating report
MPWMD	Monterey Peninsula Water Management District
MSDS	Material Data Safety Sheet(s)
MUR	Method Update Rule
NSF	National Sanitation Foundation
O&M	Operations and Maintenance
QA	Quality Assurance

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QC	Quality Control
OSHA	Occupational Safety and Health Administration
PM	preventive maintenance
PPE	personal protective equipment
psi	pound(s) per square inch
RCM	Reliability Centered Maintenance
SCADA	Supervisory control and data acquisition
SCN	Screen Number
SOP	standard operating procedure(s)
SOR	safe observation report(s)
SPIP	Service Period Investment Profile
STT	Sample Tracking Tool
WSP	water system process
WTP	water treatment plant

1. Level of Service

Defining levels of service (LOS) is a foundational element in building a responsive contract management plan. A cohesive group of LOS measures, set at the appropriate levels with Monterey Peninsula Water Management District (MPWMD), can ensure an integrated approach from the performance vision, down to day-to-day customer response and maintenance management decision making. LOS typically address the overarching goals of the customer's mission. These represent how infrastructure assets and actions will achieve the goals related to customer service, environmental protection and regulatory compliance, economic sustainability, and public and employee health and safety.

The ultimate goal of the MPWMD is to provide specified LOS to its customers. These LOS should be commensurate with the expectations of the customer, but also be realistic and practical within the budgetary, timing, and external constraints within which the contract is constructed and priced. However, care must be taken to ensure that the definition of the LOS is compatible across all levels of the organization and provides staff with a relevant and tangible objective that can be influenced by their working practices. Establishing these LOS measures will ensure that a clear relationship is identified between customer objectives and asset-focused objectives. This will enable the organization to move toward budgets based on achieving a set of LOS and being able to communicate a reduction or improvement in LOS associated with a reduction or increase in available budgets.

It is inappropriate to identify specific LOS that are applicable to every kind of asset or activity, and certainly not something that can be decided for every utility without direct input for specific needs and circumstances. General goals may include public confidence, health and safety of employees, competitive rate structures, and frequency of repairs. However, vertical and linear assets will require different kinds of LOS. Priorities differ based on the system being addressed, and it is necessary to carefully consider the specific needs of the system.

MPWMD and a contract operations company should jointly establish appropriate LOS for each system in a workshop setting and begin to consider what the consequences of failing to meet the levels may mean. For instance, we expect that in accordance with industry best practice, the response time for the Customer Service Requests will be given the highest priority. A contract operations company would develop the LOS with customer guidance for each of the departments to establish what the minimum LOS should be based on the risk of the request. This can be accomplished utilizing a risk matrix that ensures public safety and optimizes MPWMD resources. Table 1-1 identifies the categories that could be used to establish the desired LOS for any area of operations. Weights and Impact values will be established with input from all areas including but not limited to management, engineering, and operations personnel. The established (Weight x Impact) value can then be used to establish priorities for work assignments.

1.1 Level of Service Prioritization

The priority for repairs or work assignments would work as follows: If the health and safety to the public is determined to be negligible (scoring a "1") but the disruption to the community or public image was high (scoring a "7"), it would have a total risk value of $(1 \text{ impact} \times 1 \text{ weight}) + (7 \text{ impact} \times 0.4 \text{ weight})$, which would produce a total risk score of $= 3.8$. This can then be compared to other repair tasks or assignments to determine the highest priority to address. Scores can then be categorized to determine the response time as well, such as a score of less than 2 would require a response within 5 days, scores of 2 to 5 within 2 days, and scores of 5 or higher within 24 hours.

1.2 Goals for Level of Service

The goal of the LOS is to improve the operations and maintenance (O&M) services and confidence in the water operations for all stakeholders. Improvements in the level of service will facilitate improvements in areas such as:

- Preparing and maintaining a Regulatory Agency Management Plan

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- Conducting regularly scheduled meetings and communications with Regulatory Agencies
- Preparing and maintaining a Water Quality Monitoring and Reporting Plan
- Preparing a Water Quality Improvement Plan
- Establishing key water quality issues that impact the public
- Developing water quality information materials and fact sheets
- Improving public water sources from impacts associated with the water system O&M
- Adopting customer service policies
- Minimizing customer service complaints
- Minimizing technical service complaints
- Implementing a Customer Service Staff Training Program
- Implementing a public outreach program that routinely informs the stakeholders and customers of ongoing issues, construction improvements, planning, finance, regulations, and other core functions that allow for comments and input from the community
- A MPWMD website that provides current information on the water system, usage, construction projects, master plan/planning activities, and O&M programs/activities
- Adopt a Customer Communication Plan

Table 1-1. Criticality Levels by Possible Impact

Impact Category	Weight	Negligible = 1	Low = 4	Moderate = 7	Critical = 10
1 Health & Safety of Employees and Public	1.0	No injuries or adverse health effects.	No lost-time injuries or medical attention necessary.	Lost time injury requires medical attention.	Long-term disability or death.
2 Compliance with Regulations and Permits	0.9	No violations of permits or regulations. No environmental or public health impact.	Technical violation but no enforcement action taken. No environmental or public health impact.	Violation of Permit Condition. Possible short-term environmental impact. Possible public health impact.	Violation of Permit Condition. Enforcement action likely. Long-term environmental impact likely; public health impact likely.
3 Service Reliability	1.0	No service interruption to any clients.	Immediate service interruptions to one or more clients lasting less than 8 hours.	Service interruption to any clients lasting longer than 8 hours and up to 24 hours.	Service interruption to any clients lasting longer than 24 hours.
4 Disruption to the Community/Public Image	0.4	No social or economic impact on the businesses or the community. No disruption to the community. No media coverage.	No social or economic impact on the businesses or the community. Minor disruption to the community (e.g., traffic, dust, noise, spills). No media coverage.	Short-term economic impact on residential customers and/or a few businesses. Minor disruption to the community (e.g., traffic, dust, noise, spills). Local media coverage.	Long-term or area-wide economic impact on numerous businesses or any "high-priority" customer. Major disruption to the community (e.g., traffic, dust, noise, spills). National media coverage.
5 Ability to Return Service	0.8	Less than 8 hours.	Service restored 8 to 16 hours.	Service restored 16 to 24 hours.	Not able to restore service for >24 hours.
6 Financial Impact	0.8	<\$1,000	\$1,000 to \$10,000	\$10,000 to \$50,000	>\$50,000

2. Regulatory Review/Laboratory

The Environmental Compliance Program is an organized, systematic approach to maintain compliance with environmental, legal, and business requirements. Using a series of quality assurance (QA)/quality control (QC) procedures, the integrity and accuracy of the compliance and facility-performance data gathered and reported to regulators and MPWMD is an effort made to be transparent to all stakeholders. As a result, the contract operator must form positive and beneficial working relationships with the agencies to which it reports on behalf of its customers.

Most contract operations providers have expertise in all pertinent areas of environmental regulations including the Clean Water Act, the Clean Air Act, the Emergency Planning and Community Right-to-Know Act, the Resource Conservation and Recovery Act, Biosolids Management, Industrial Pre-treatment, Laboratory Management, and Stormwater Regulations. The contract operator will actively develop strong working relationships with regulators at the Federal, State, and local levels and believe in complete transparency in reporting to the regulators and communities that it serves.

Water requirements are based on specific regulations that specify what must be tested and reported based on the origination of the source water (surface water, ground water, or ground water under the influence of surface water), the size of the system, and the population served. Although state requirements are usually very similar to federal requirements, there are instances where states are more stringent or require additional testing. Contract operation companies typically use a comprehensive tool that captures the full requirements of federal code and then adds state-by-state requirements as needed.

Environmental Compliance Programs are designed to generate consistent and predictable compliance with all applicable laws, regulations, and standards. The goal is “Perfect Compliance and Perfect Reporting”. The information developed from typical program will:

- 1) Alert staff to situations that require special attention and possibly require calling on assistance from regional, corporate, or other specialists to support onsite staff.
- 2) Generate legally defensible data and records. Some contract operations companies will implement a suite of Project Compliance Tools for MPWMD including:

A comprehensive training program including project start-up.

Video modules and ongoing training provided via web-based delivery mechanisms and onsite training.

In-depth monthly operating report (MOR) and air permit evaluation tools to ensure that all permit requirements are identified and fully understood.

Sample Tracking Tool (STT) with multiple layers of oversight to ensure that sampling is performed as required.

Utilization of a SharePoint site entitled “Project Compliance Tools”, which should be available to all associates. The tools described above, as well as other tools and compliance-related information, ensure all information is properly communicated to the required associates.

Use of industry standard data management tools, such as Hach Water Information Management Solution (Hach WIMS), to collect and preserve all process control and compliance data in a secure manner and as required.

2.1 Laboratory Management and Compliance Plan

Contract operations companies should perform all sampling, analysis, and reporting as necessary for compliance with all current state and federal regulations and any permitting or other regulatory requirements. They should implement a comprehensive laboratory program at the facility that is compliant with current and anticipated

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regulations, including 40 *Code of Federal Regulations* (CFR) Part 136, the U.S. Environmental Protection Agency (EPA) Method Update Rule (MUR), Standard Methods Online Version, Guidelines Establishing Test Procedures for the Analysis of Pollutants, and other industry-accepted standards. A contract operations company should have established and conduct a laboratory start-up that includes onsite training, installation of laboratory programs and policies, a review of regulatory requirements, and a follow-up laboratory review within 6 to 12 months of commencing the services. All resources should be utilized to make the laboratory compliant, efficient, and successful. The main objective would be to operate a fully functional water process control laboratory that will conduct all required sampling and analysis of samples in compliance with federal and state requirements. Compliant laboratory practices should be implemented and maintained along with an approved laboratory safety program.

Routine analyses and procedures for MOR reporting of field parameters such as pH and total residual chlorine would be performed by the laboratory staff at the treatment facility. Additional permit-required analyses would typically be performed using a combination of both the in-house laboratory and commercial laboratories (such as TestAmerica and ALS Laboratories). Samples would be transported to the contract laboratories via courier service to ensure all samples meet hold time requirements.

All samples should be collected, preserved, and analyzed, and the results reported to meet all EPA and regulatory requirements as specified in all permits.

2.2 Regulatory Compliance Methodology

Operating methodology should incorporate all regulatory requirements, covering all elements of compliance.

2.2.1 Treatment and Process Control

A process control plan should be established that includes at a minimum:

- Weekly jar testing to determine optimum chemical dosing for pH, disinfectants, coagulants, and similar
- Production rate seasonal and daily targets
- Setting process control targets, such as when cleaning cycles should happen (and tracked to indicate when replacement may be approaching)
- Supervisory control and data acquisition (SCADA) data logging and trending of all key parameters

Adherence to established targets is through a proprietary statistical control tool built as an “add-on” feature to Hach WIMS, or other control tools. It should monitor how closely the operations team keeps to these targets, rather than simply looking at historical average data, which has been found to allow for wide swings in performance from reacting to the plant and source water quality, rather than steadier operations and dedicated control of the plant. This invariably results in superior regulatory compliance.

2.2.2 Finished Water Storage

The regulatory plan should extend beyond the treatment plant and into the distribution system, including finished water storage tanks. Monitoring of the distribution system is required to ensure compliance with minimum storage per connection, turnover, residual, and security. As discussed further in Operations, Section 5, the plan should include frequent “boots on the ground” inspections to supplement remote monitoring.

2.2.3 Distribution System

Distribution system minimum pressure (to prevent any contamination by intrusion) and disinfection are the primary regulatory and operating parameters, but several other topics have significant regulatory importance and are built into our operating plans.

2.2.3.1 Bacteriological and Disinfection Residual Sampling

Bacteriological and disinfectant residual sampling is also part of the regulatory plan, and the STT is of particular value when it comes to ensure perfect sampling performance. With thousands of samples to be collected and processed, it can be all too easy for the field sampling team to miss samples and create a regulatory violation. This is a completely preventable violation, and only requires a systematic method to ensure all samples are correctly collected and processed. As noted, a STT can eliminate virtually all missed sample violations.

If not already in place, a contract operations company should further create a standard operating procedure (SOP) to ensure all bacteriological sampling and testing is conducted following any water line repairs in accordance with regulations.

2.2.3.2 Valve Exercising Program

Valve exercising is a procedure that verifies proper location, operation, and material condition of valves, and initiates replacement as necessary. The physical operation of a valve and the documentation of the actions and procedures necessary to do so are equally important. Industry best practice is to follow the recommendations and standards from the American Water Works Association (AWWA), which requires all valves (such as distribution and transmission valves, air valves, and blow-offs) to be inspected and operated on a regular basis.

The main objectives of a comprehensive valve exercise program are to:

- Improve valve reliability
- Reduce water loss
- Identify critical valves on distribution system
- Measure and document valve operation
- Develop trend analysis

According to AWWA, “Each valve must be operated through a full cycle and returned to its normal position on a schedule that is designed to prevent a buildup of tuberculation (rust formation in pipes as a result of corrosion) or other deposits that could render the valve inoperable or prevent a tight shutoff. The interval of time between operations of valves in critical locations or valves subjected to severe operating conditions must be shorter than for other less important installations but can be whatever time period is found to be satisfactory based on local experience. The number of turns required to complete the operation cycle must be recorded and compared with permanent installation records to ensure that full gate travel (i.e., it can be opened and closed) is maintained.”

“A recording system must be adopted that provides a written record of valve location, condition, maintenance, and inspections of the valve,” AWWA standards continue, “Each valve must be operated through one complete operating cycle. If the stem action is tight as a result of buildup on the stem threads, the operation must be repeated until the opening and closing actions are smooth and free.”

A full inspection must be performed, and any problems must be reported immediately to the person responsible for necessary repairs.

“To carry out a meaningful inspection and maintenance program, it is essential that the location, make, type, size, turns, close direction, and installation date of each valve be recorded. Depending on the record-keeping system used, other information may be entered into the permanent record.”

Some valve manufacturers simply recommend exercising their valves at frequency based upon local experience. However, consistent with the *Water Distribution Systems Handbook* (AWWA 2000) and Manual M44 (AWWA 2015), isolation valves should be exercised at least once every one or two years.

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2.2.3.3 Flushing and Hydrant Maintenance

Like any other piece of equipment, if not operated and maintained properly, fire hydrants may not work when needed the most (firefighting, line flushing). As with valve exercising, best practice comes from the recommendations and standards from the AWWA for fire hydrant documentation, operation, and maintenance. The AWWA recommends all hydrants be inspected regularly at least once a year. In freezing weather, dry-barrel hydrants may need to be inspected in spring and fall.

A good hydrant O&M program requires good records. A great source for all sorts of record-keeping forms relating to hydrant O&M is *Fire Hydrants: Field Testing, and Maintenance* (AWWA 2016). This is the source of the record-keeping forms that Jacobs will use for the program we will establish for MPWMD.

It is recommended to create a flushing program (and flushing water loss tracking) that meets all requirements for dead end flushing, including dates/times, accurate locations, loss calculation measurement, and written procedures.

2.2.3.4 Cross-Connection or Backflow Records.

Cross-connection control and backflow prevention require a robust program. A critical element of a successful program includes having a plan in place that provides guidance on hazard identification, inspections, testing, a description of the current program (such as staffing, tracking, surveying, testing, training, and fee requirements) and evaluation of the current program, proposed changes, and implementation plans. The plan should also contain a schedule of when facilities are inspected and surveyed; records of all device locations; correspondence, including notices of violation; and a list of devices, and inspections of approved backflow prevention devices.

2.2.3.5 Use of Lead-Free Components for Distribution System Repair

On January 4, 2014, a national law amended the Safe Drinking Water Act that required all products in contact with drinking water to have a 0.25 percent maximum lead content for all wetted components using a surface-based averaging formula. This new rule impacts virtually every component of a water treatment and distribution system from the treatment plant to plumbing fixtures. The lead-free law applies to a wide variety of products used in water distributions systems, including meters, pumps, valves, pipes, fittings, or fixtures that come into contact with potable water. This includes corporation stops, curb stops, service fittings and couplings, meter valves, meter couplings, check valves, and backflow valves. Fire hydrants are exempt from this regulation. Leaded components already installed in distribution systems by January 4, 2014, are grandfathered in. Utilities can make repairs in place, but once a component is removed from the system for any reason, it has to be replaced with a lead-free component. This important consideration is included in our approach to maintenance to ensure regulatory compliance.

2.2.4 Documents, Records, and Reports

Documentation, records, and reporting is sometimes overlooked but must also all be perfect to stay in regulatory compliance, so this gets substantial attention as well.

2.2.4.1 NSF Certification

All chemicals, additives, and any additional or replacement process media used in treatment of water supplied by public water systems must conform to American National Standards Institute/National Sanitation Foundation (ANSI/NSF) Standard 60 for direct additives and ANSI/NSF Standard 61 for indirect additives. Conformance with these standards must be obtained by certification of the product by an organization accredited by ANSI. Copies of these certifications must be maintained on file with the water system and available for review upon request. At the time of this review, copies of NSF certifications for treatment chemicals were not available.

2.2.4.2 Logbooks

Each water treatment plant (WTP) is required keep a reliable logbook where operators record events and data for the site, including water quality and quantity, treatment chemicals used, and incidents that have occurred.

When incidents occur, the logbook is required to record the nature of the incident, as well as any corrective and/or preventive action taken. The logbook should be bound preferably with numbered pages to ensure that information is legally defensible, true to the last entry, and provides an accurate accounting of all activities that have occurred during each shift.

Daily logbook requirements include:

- Daily shift recordings of water quality (raw, process, and final)
- Volume of water produced
- Water loss at the works
- Chemical dosing rates, chemical use, and chemical stock levels
- Equipment failures and repairs
- Incidents

When incidents occur, the following information is required to be recorded in the logbook:

- Date and site of incident
- Staff member who identified the incident
- Details of nonconformance
- Corrective and preventive action taken
- Signature by WTP superintendent Close-out signature by drinking water system manager

2.2.4.3 Standard Operating Procedures

The operations Contractor should create consistency and regulatory excellence at all contract-operated sites by setting high standards, and SOPs are a key means of ensuring this level of quality.

2.2.4.4 Monitoring Plan

Every public water system is required to have a monitoring plan, and contract operator should prepare this during the startup period (typically within 90 days of the start of a contract). This requirement was part of the Federal Stage I Disinfectants and Disinfecting Byproducts Rule. Failure to have an administratively complete monitoring plan and failure to maintain an up-to-date monitoring plan constitutes a monitoring violation and may result in reporting violations. The monitoring plan should include the following:

- Information on the location of all required sampling points in the system.
- The location of each sampling site at a treatment plant or pumping station is designated on a plant schematic.
- An identification of each entry point into the distribution system either by a written description of the physical location of each entry point to the distribution system or by indication on a distribution system or treatment plant schematic.
- The address of each sampling site in the distribution system or the location of each distribution system sampling site is designated on a distribution system schematic.
- A distribution system schematic that clearly indicates the following: (1) the location of all pump stations in the system, (2) the location of all ground and elevated storage tanks in the system, and (3) the location of all chemical feed points in the distribution system.

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- A written description of sampling frequency and a schedule with a list of all routine samples required on a daily, weekly, monthly, quarterly, and annual basis and an identification of the location where the samples are located.
- An identification of the analytical procedures that are used to perform the required analyses and identifies all of the laboratory facilities that may be used to analyze samples required by the administrative code and other regulations.
- A written description of the methods used to calculate compliance with all maximum contaminant levels, maximum residual disinfectant levels, and treatment techniques that apply to the system.

2.2.4.5 Emergency Operations Plan / Emergency Preparedness Plan

Every community water system is required to have an emergency operations plan (EOP) that outlines the actions that should be taken during a disruptive event or threatening event that may affect the quantity or quality of water served by a system. This plan must be reviewed and updated every two years or every time there is a change in the system.

A submitted EOP should include one of the following:

- 1) Auxiliary generators equipped with automatic starting generators and switch over equipment. This equipment must have the ability to detect the failure of normal power from the electric grid; automatically start the generator; isolate necessary water equipment from the normal power grid; and switch the running generators power to power the necessary water equipment to maintain the required minimum pressure.
- 2) Two or more affected utilities may propose the sharing of auxiliary generator power. Necessary electrical and/or water connections equipped with automatic switch over and opening valves must be presented in the plan to demonstrate how one or more affected utilities will be able to maintain the required minimum pressure. Describe which equipment will share the auxiliary generator power and which equipment, if any, would receive power from only a single affected utility's auxiliary power equipment.
- 3) Copies of negotiated leasing and contract agreements for emergency power equipment and any necessary fuel. This includes mutual aid agreements with other retail public utilities, exempt utilities, or providers or conveyors of potable or raw water service if the agreements provide for coordination with the division of emergency management in the governor's office. Consideration must be given to the location of where the other water supplier(s) are located as they may also be affected by the same natural disaster. In addition, when entering into a contract for leasing of emergency power equipment and necessary fuel, the contractual commitments of the supplier to other water suppliers and businesses within an area subject to the same natural disaster event must be taken into consideration.
- 4) Use of portable generators capable of serving multiple facilities. The portable generator(s) and the necessary water equipment must be pre-equipped with quick-connect, mating electrical connectors to facilitate the rapid implementation of the emergency preparedness plan. The plan must address whether there is an adequate number of portable generators to operate all the necessary water equipment in order to maintain the required minimum pressure in multiple pressure plans or at multiple systems, if affected by the same natural disaster event.

An emergency preparedness plan (EPP) must provide for any applicable production, treatment, transfer and service pumps at an adequate flow rate and at a minimum pressure of 35 pounds per square inch (psi) in the far reaches of an affected distribution system, including multiple pressure planes. If applicable, the EPP must provide the following:

- Contact information, including names, emergency telephone numbers, and email addresses.
- All ground, surface, and purchased water sources, with locations and individual capacities.
- All interconnections with other water providers; whether normally open or closed; size; whether wholesale, purchase, or both; available capacity; and any other pertinent information. Include the names of each

interconnection and their contact information, including names, titles, telephone and pager numbers, and email addresses.

- The capacity and power requirements of all treatment equipment.
- The type of storage, volume, and volume required per day for each chemical during emergency operations.
- A copy of all water distribution and transmission piping maps.
- The maximum and average daily demands.
- All primary electrical power sources.
- All equipment necessary to provide water to customers at the required minimum pressure and adequate flow rate, and the power requirements for each piece of equipment.
- The size, location, and fuel requirement in gallons per hour at the load necessary to maintain emergency operations for all onsite manual and automatic auxiliary power equipment and provide information as to how the affected utility determined the necessary fuel quantity.
- Documentation as to how the affected utility will ensure that it maintains an adequate supply of fuel during emergency operations.
- The size, location, fuel requirement in gallons per hour at the load necessary to maintain emergency operations, and the name of the system sharing the equipment for all shared auxiliary power equipment. Include the other system's contact persons with their emergency telephone and pager numbers and email addresses.
- A copy of any leasing and contracting agreements, including mutual aid agreements with other retail public utilities, exempt utilities, or providers or conveyors of potable or raw water service, if the agreements provide for coordination with the division of emergency management in the governor's office. If leasing, include the vendor's name, location, and contact information.
- All portable generators' power, phase, type of quick-connect, fuel type, and fuel demand in gallons per hour.
- Specifications, a description, and detailed capacity information for all onsite electrical generation or distributive generation equipment. Include all fuel demands for this equipment.
- All direct or right-angle drive emergency power equipment with the name, type of engine, fuel type, and fuel demand in gallons per hour.
- Details for any other proposed alternative.
- The location and volume for each fuel tank, name of fuel suppliers, contact names, titles, telephone and pager numbers, and email addresses.
- All local and state emergency responders and their emergency contact telephone and pager numbers. Include medical facilities.
- All priority water users, such as hospitals and nursing homes, and their emergency contact names, titles, telephone and pager numbers, and email addresses.
- Any bulk water haulers that could be used, including contact names, telephone and pager numbers, and email addresses.
- The system's designated media spokesperson with a list of local media contact names, titles, type of media, telephone and pager numbers, and email addresses.
- The water restrictions that the system will implement during an emergency response.
- A proposed time frame for full implementation of the EPP.

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2.2.4.6 Sampling Plan

In addition to the STT, a site sampling schedule and plan that specifies the time, place, and method of conducting all permit compliance and process control sampling. Each location is shown in pictures, in tabular form for each day of the week, and in schematic form.

2.2.4.7 Rounds Sheets

Operational rounds sheets should be produced for this site that specify the minimum duties for operators on shift; however, nothing replaces plant staff walking around the project site and first-hand observing operations. Operator rounds sheets may be used to help train new operators, or to organize data recorded from local instrumentation, but these will be highly customized for each facility. Managers are routinely seen making these rounds as well at the best-run plants.

The contract operator should create standard shift rounds sheets to facilitate consistent operations and data collection, as well as providing a standard format for data entry into a plant operational and laboratory data tracking system.

2.2.5 Compliance Training

Regulatory compliance awareness is perhaps taken for granted as just part of the operator's profession, but very few get any formal training in the legal or regulatory complexity of treatment plant permits. Very few operators realize that they are criminally liable for violations of the Safe Drinking Water Act by being negligent in their duties as an operator. And regulators take a very dim view of any permit violations, whether they are for effluent quality or simply reporting errors. Both may be considered equally damaging in terms of violating regulations.

Compliance training is designed to standardize procedures and schedules for regulatory data gathering and reporting, inspection and maintenance of analysis equipment, and staff accountability for compliance-support activities. Course content includes training in proper techniques for data gathering, open and honest communications, and how to avoid common industry practices that are not legal. It also covers report preparation, equipment maintenance and inspection, monitoring regulatory changes, and communication procedures.

2.3 Quality Assurance Protocols

A QA program should be implemented to verify the reliability of the data produced at the in-house laboratory. This will safeguard against errors in data production by implementing the testing system according to industry-approved methods. The objectives of a QA program are as follows:

- Produce reliable and defensible data.
- Documentation that fully complies with state and federal regulations.
- Establish STTs to ensure that all samples are collected to ensure permit compliance.
- Perform daily calibration of all laboratory equipment, 3-point buffer calibrations, weight verification of scales, annual calibrations of certified thermometers, and other actions.
- Provide each laboratory with bound and numbered bench sheets. All bound books are formatted to provide method of analysis, instrument used, dates collected and analyzed, analyst identification, project and location identification, information on the analyses, analytical conditions and results, comments, and an example of calculations (if any). Assure only quantitative and approved methods are used and identify problem areas with analytical methods and results. Correct problems prior to reporting data.
- Perform Performance Evaluations or "Blind Studies" twice per year to include the daily monitoring report (DMR) QA Study if applicable.
- Determine the degree of accuracy and precision of each analytical system by using the QC Stats program.

The QA lab program consists of the following elements:

Methodology – The in-house process laboratory will follow the most current EPA and standard methods of chemical analyses. A Compliance and Reporting (C&R) Team should establish site-specific laboratory procedures and SOPs and train staff on topics including QC, safety, sample protocol, correct testing methods, and the most up-to-date approved test method to meet permit requirements. They should routinely analyze control samples using Method Blanks, Reference Standards, Duplicate Samples, Spiked Samples, and Split Sampling where applicable.

Chain of Custody – Required for all outside and in-house process laboratory analyses, the chain of custody records the sample preservation and handling procedures for detailed tracking of samples. The Operations contract should utilize an in-plant laboratory and operations logbook to further track the laboratory procedure from sampling through final analyses for all process samples. They must comply with all chain of custody, preservation, and transport requirements defined by the MPWMD for all permit required analyses.

Instrumentation – Laboratory equipment and plant meters, including in-line equipment, are calibrated to ensure accurate and precise analysis results and calibrations are recorded in logbooks to meet regulatory requirements. When calibrations prove to be outside of operating specifications, the staff should perform necessary preventive and corrective maintenance. Annual third-party calibrations should be completed to ensure compliance.

This approach will need to be documented in the QA Manual, which should be customized for this project. A dedicated Compliance & Reporting Team should perform regular internal audits of the laboratory procedures and reporting and will require analysis of blind audit samples at least twice per year.

2.3.1 Quality Control Protocols

QC requires technicians to essentially demonstrate that each day's analysis was successful. All essential QC elements are incorporated with each method analyses, including, but not limited to: Method Blanks, Laboratory Control Samples, Duplicate Samples, Matrix Spikes, and Matrix Spike Duplicates. Each essential QC element must meet the minimum USEPA-established acceptable criteria for each analysis performed.

Each laboratory should have defined control limits for precision and accuracy that bracket the variation inherent in the test at that lab on its particular sample matrices. By using precision and accuracy control charts, analysts can track trends and identify the emergence of systemic error. The graphs and charts necessary for these activities at the project site may be prepared using proprietary spreadsheet tools, such as Jacobs' "QC Stats", or other such tools.

2.3.2 Laboratory Information Management System

The laboratory data software programs that recommended by Jacobs are the Hach Water Information Management Solution (HACH WIMS) database and Microsoft Excel and Access. HACH WIMS is the primary database used for compiling permit and process laboratory data. The information is tracked, compared to historical averages and targets, and sent to our process supervisors to make any necessary changes at the facility.

The laboratories should use a Document Control System to retain all original observations, calculations and derived data, and calibration records including:

- Laboratory data logbooks, chain of custody, and bench analysis books.
- Identity of personnel involved in sampling, sample receipt, preparation, or testing.
- Information related to equipment, test methods, sample receipt, sample preparation, and data verification.
- Record-keeping system that facilitates retrieval of information for verification or inspection.
- Sample preservation, including appropriateness of sample container and compliance with holding time requirement.

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- Sample identification, receipt, acceptance or rejection, and log-in.
- Sample storage and tracking including shipping receipts and sample transmittal forms (chain of custody form).
- Documented procedures for the receipt and retention of samples, including all provisions necessary to protect the integrity of samples.
- All original raw data, whether hardcopy or electronic, for calibrations, samples, and QC measures including analysts' worksheets and data output records.
- Copies of final reports.
- Archived SOPs.
- All corrective action reports, audits, and audit responses.
- Blind sample proficiency test results and raw data.
- Results of data review, verification, and cross-checking procedures.
- Analytical records, (such as strip charts, tabular printouts, computer data files, analytical notebooks, and run logs) including data and statistical calculations, review, confirmation, interpretation, assessment, and reporting conventions.
- QC protocols and assessment.
- Electronic data security, software documentation and verification, software and hardware audits, backups, and records of any changes to automated data entries.
- Method performance criteria, including expected QC requirements.
- Personnel qualifications, experience, and training records.
- Records of demonstration of capability for each analyst.
- A log of names, initials, and signatures for all individuals who are responsible for signing or initialing any laboratory record.
- Internal audit reports.
- Management review.
- Corrective and preventive actions.
- Laboratory Chemical Hygiene and Safety.

A detailed approach to managing laboratory chemical hygiene and safety includes:

- Developing a site-specific Laboratory and Chemical Hygiene Plan (LCHP), to include a consistent procedure for daily, weekly, and monthly hygiene requirements for the laboratory.
- Maintaining an inventory of the laboratory chemicals; label, store, or dispose of according to the LCHP.
- Installing all safety equipment as required by regulation.
- Installing and/or updating required signage for all laboratory entrances.
- Installing a fire blanket, smoke detector, broken glass disposal box, and other required safety equipment.
- Setting up safety preventive maintenance (PM) for all laboratory equipment.
- Performing Occupational Safety and Health Administration (OSHA)-required fume hood ventilation calibration, if applicable.
- Installing ground-fault circuit interrupter receptacles in laboratory, if and where necessary.

- Providing laboratory safety training.
- Review, train, and document Material Safety Data Sheets (MSDS) and laboratory chemical hazards with staff.
- Maintenance.

The approach to maintaining the laboratory, equipment, and ancillary equipment should include:

- Developing PM procedures for laboratory equipment according to manufacturer's recommendations and input practices into the Maintenance Computer Tracking system.
- Developing PM and inspection frequencies for Laboratory Safety Equipment as required by the CFR, Standard Methods Online Version, MUR, and manufacturer's recommendations.
- Implementing Laboratory Maintenance Log for Probes and Laboratory Equipment.

2.3.3 Laboratory Resources

Resources available to all personnel include:

- Regional Laboratory Coordinator for guidance.
- Compliance Laboratory Director for guidance.
- Corporate C&R Team for guidance.
- Initial laboratory start-up/training and follow-up training.
- Blind Study/DMR QA assistance for testing and reporting.
- Ongoing updates of methods and regulation revisions and adaptations.
- Continuing laboratory training onsite and via webinar.
- Regular laboratory reviews as required by state and federal regulations.

2.3.4 Source Materials

Materials that should be provided by a Contract Operator include:

- Hach WIMS or similar computerized data management program
- QC Stats Program
- Laboratory QC Manual
- Bound Bench-book templates for lab parameters, maintenance, and calibration
- Laboratory Review Checklist
- Contract Laboratory Review Checklist
- LCHP
- Laboratory training modules
- SOP Library
- Standard Methods, Online Version
- Access to Laboratory Quality and Safety programs and templates;
- Laboratory SharePoint site access (houses laboratory tools and resources)
- STT
- Laboratory Techniques videos
- Laboratory video shorts
- Preliminary Excursion Guide

3. Safety

The health and safety of all staff should be the heart of culture and approach. The contract operator should have a comprehensive safety programs and excellent track records. The program established by Jacobs is already in extensive use in California.

Any Contract operation company should be committed to Health & Safety (H&S) for all their projects and clients. Jacobs aims to strengthen our culture of caring with the goal to consistently deliver an incident and injury free environment for all our people. Jacobs has a long history of keeping employees safe and consistently outperforming the industry average in safety, as seen on Figure 3-1. This should be high in consideration of contraction operations. The examples below are from Jacobs contract operations and are provided for consideration for review of any contract operating company.

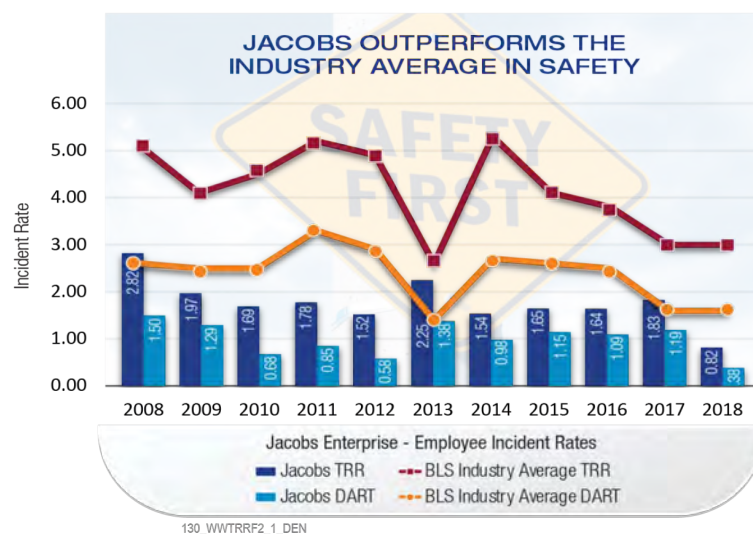


Figure 3-1. Jacobs Outperforms Industry Averages in Safety Year After Year

One of our first priorities for the operations of MPWMD will be to identify any and all safety concerns at each facility and service area. These safety issues will then be corrected with the appropriate remedies to ensure all staff and stakeholders can work in a safe environment.

Supervisors, team leaders, managers, and staff have a special obligation through their own actions to create a safety culture and climate where those around us share concern for their personal safety and the safety of their co-workers. Safety leadership starts at the top of each company and flows down. With the total commitment to safety at the corporate level, this commitment then flows to the Program Director and Project Manager, function leaders such as Operations Manager and the Maintenance Manager, and on to other leaders and all workers.

MPWMD's contract operator's commitment and culture are key to always achieving excellence in all areas of H&S performance. All of MPWMD's contract operator's employees should be empowered and required to make H&S and zero injuries a reality at each job task.

3.1 Positive Mental Health

Your contract operator's employees are its most important assets. We believe that each employee's mental health has a direct impact on safety, morale, and productivity.

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Mental Health program that allows employees to receive support for mental disorders, financial challenges, legal questions, and other well-being issues. Jacobs initially launched mental health training in November 2016 as part of its global “Mental Health Matters” strategy and now has over 1,200 positive mental health champions across the globe. These individuals are trained in how to guide staff who have mental health concerns or crises to the appropriate level of help. The goal of this network of champions is to raise awareness of the risks of mental health and encourage open dialogue about mental illness. MPWMD should seek a similar commitment from its contract operator.

3.2 Physical Security

Physical Security policies should be implemented to provide a secure work environment for employees and guests and to proactively protect information and property by requiring compliance with the established industry standards and best security management practices. A security plan should address crisis management, business continuity, relocation and evacuations, and general security at the project. In addition to following, standard security and asset protection procedures, a contract operations company should focus on improving physical security for the MPWMD managed assets. In addition to these measures, they should bring a “Culture of Safety and Security” to this project. Written policies and procedures can be a very effective way to increase the safety and security posture. When all staff members take personal responsibility for safety and are encouraged to speak up when something is not being done correctly, it empowers staff to take pride in their facility.

3.3 Cyber Security

Jacobs is implementing some of the best cyber security systems in the industry, with a focus on water treatment and distribution systems as our highest priority. In partnership with the leading vendor in this space, the system we utilize can be added to any existing industrial control network, which then maps the components, identifies gaps and risks, makes recommendations for improvements, and then monitors the system in real time for potential threats. Just this year, an attempt to hack the sophisticated Twin Oaks Water Membrane Treatment Plant in San Diego was thwarted—an attack that appears to have originated in Russia. We recognize this is a real risk, and getting more common every day, so the contract operator should plan to take aggressive action to protect MPWMD assets and customers within 90 days of contract execution.

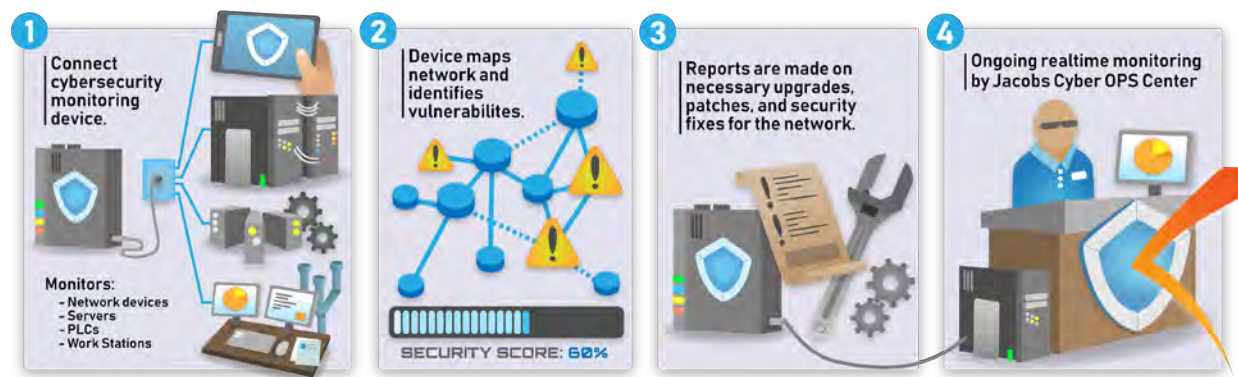


Figure 3-2. Security evaluation

3.4 Material Safety Data Sheets

MSDS information is required for onsite [hazardous](#) materials and used for training annually. An MSDS is a document that contains information on the potential hazards (health, fire, reactivity, and environmental) and how to work safely with the chemical product. It is an essential starting point for the development of a complete H&S program. It also contains information on the use, storage, handling, and emergency procedures all related to the hazards of the material. The MSDS contains much more information about the material than the label. MSDS are

prepared by the supplier or manufacturer of the material. It is intended to tell what the hazards of the product are, how to use the product safely, what to expect if the recommendations are not followed, what to do if accidents occur, how to recognize symptoms of overexposure, and what to do if such incidents occur.

Public water systems are required to maintain MSDS for every chemical stored and used. Typically, all MSDS should be stored in a labeled loose-leaf binder in a central location. Employers may computerize the MSDS information as long as all employees have access to and are trained on how to use the computer, the computers are kept in working order, and that the employer makes a hard copy of the MSDS available to the employee or safety and health committee/representative upon request.

There are nine categories of information that should be present on an MSDS. These categories are specified in the Controlled Products Regulations and include the following:

- Product information: product identifier (name), manufacturer and suppliers' names, addresses, and emergency phone numbers
- Hazardous ingredients
- Physical data
- Fire or explosion-hazard data
- Reactivity data: information on the chemical instability of a product and the substances it may react with
- Toxicological properties: health effects
- Preventive measures
- First aid measures
- Preparation information: who is responsible for preparation and date of preparation of MSDS

Many companies automatically send the MSDS with the purchased chemical; however, the best way to make the most current MSDS available is to request a copy of the MSDS when the chemical is ordered. If you already have the product but need an MSDS for it, contact the manufacturer (either look on the product packaging or ask purchasing to find a manufacturer contact for you). Most manufacturers will e-mail you an MSDS right away, and many large manufacturers of chemical products have MSDS websites for their products. If you have any trouble getting the manufacturer to send you an MSDS, you may need to write a letter requesting the MSDS so that you have documentation of your request in case OSHA ever inspects us. If it is considered a nonhazardous product for which no MSDS is required (such as a product with no hazardous ingredients or that is packaged and intended for general household or office use), the manufacturer must be willing to tell you that in writing.

A good MSDS approach is to ensure that all controlled products have a current (less than three-years-old) MSDS when it enters the workplace. The MSDS must be readily available to the workers who are exposed to the controlled product and to the H&S committee or representative. If a controlled product is made in the workplace, the employer has a duty to prepare an MSDS for any of these products. If new, significant information becomes available before the three years has elapsed, the supplier is required to update the product label and MSDS. If there is no new information on the ingredients by the end of the three-year period, the supplier must review the MSDS and the label for accuracy, revise it where necessary, and revise the preparation date on the MSDS.

Most states require that public water systems provide training on the use of all chemicals used in the WTP to their system operators. Training programs must meet applicable standards established by OSHA and state requirements.

3.5 Safety Training

Employee training is a critical element of any safety program. Prior to starting up a project, the H&S manager should review each task and determines the required training for each employee and enters this information into

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our training tracking system. This process starts during the transition period as further discussed in Section 4 of this proposal.

Immediately upon joining the company, employees should be required to participate in an orientation to the safety program, during which they learn about the policies and procedures outlined in an Accident Prevention Plan (APP). The contract operator should have access to online safety courses which allows employees to receive required training without disrupting operations. Training should also include classroom and practical based safety training programs, which are designed to meet specific OSHA regulations. Examples of courses designed to comply with OSHA regulations are:

- Hazard communication
- Hazardous waste operations
- Confined space entry
- Bloodborne pathogens
- Lead
- Benzene
- Lockout/tagout
- Working from heights
- Personal protective equipment (PPE)
- Electrical safety

Prior to performing high-risk tasks, a safety team should conduct classroom/practical training (NFPA 70E, CSE, Fall Protection, and similar). In addition, training programs such as OSHA 30-hour construction, general industry, and construction and industrial safety awareness training that exceed the regulatory requirements should be available to the employees.

A contract operator should have a number of medical surveillance programs that meet OSHA requirements, including hazardous waste operations, benzene, lead, and respiratory protection. A database that tracks employees who have received medical monitoring and who require additional examinations should be maintained.

A H&S training database should be used to assess the training needs for each worker. The system should provide real-time data used to track and ensure that each employee has received the required training. Employees and supervisors can receive notices in advance of training expiration dates. In addition to tracking training requirements the system should also be used to track medical surveillance where required, audiometric testing, and respirator fit testing.

3.6 Safety Scorecard

We can only improve on what is measured. Therefore, Safety Scorecard that holds all levels of management accountable for the project safety should be developed for the facilities. The Scorecard should be comprised of two lagging indicators and eight leading indicators (listed below). By developing this type of Scorecard the project can focus on each of the leading indicators and will ultimately reduce the recordables and motor vehicle accidents. The Scorecard leading indicators should be as follows:

- Required training completion performance
- Completion of safe observation reports (SOR)
- Performance on scored Health, Safety and Environment (HSE) audits
- Weekly H&S inspections of the site
- Timely completion of corrective actions identified in HSE audits and weekly inspections
- H&S prequalification of subcontractors
- Timely submittal of incident investigation documentation
- Timely reporting of injury incidents to the Occupational Health Case Management nurse

3.7 Annual Audits

The project site should be audited at least annually by a professional H&S manager. The audited components recommended are as follows:

- Management engagement
- Planning of work
- Record keeping and maintenance of written programs and plans
- APP
- Work control plans
- Activity hazard analyses
- Hazard communication program
- Confined space entry program
- Lockout/tagout program
- PPE hazard assessments
- Training assessments
- Site physical conditions such as electrical safety, machine guarding, life safety, and housekeeping
- Site work practices such as confined space entry, fall protection, NFPA 70E compliance and work practices, equipment operation, chemical handling, and PPE usage

3.8 Weekly Inspections

The project team should conduct weekly job site safety inspections. These are a management responsibility. Each department is required to inspect work areas and identify unsafe conditions or regulatory noncompliance.

3.9 Safe Observation Reports (SOR)

An SOR system should be established that requires managers and supervisors to regularly observe work as it is being conducted at the project. This provides the opportunity for positive reinforcement of good work practices as well as coaching opportunities where improvements may be made. The observation also requires an evaluation of the pre-task plan/hazard analysis to determine whether it was adequate and is being implemented. Besides addressing behavior, SORs provide an opportunity to identify and correct site physical and health hazards. The results can be tracked in a computer-based system, which generates trending reports. The trending reports allow the team to identify areas for focused improvement.

3.10 Equipment Inspections (Maintenance Connection and Other Tools)

The project will generate work orders for the inspection of H&S equipment such as eye wash stations, fire extinguishers, confined space monitoring meters, emergency lighting, and exit signs. These items are incorporated into maintenance connection and other PM software to ensure that the inspections are scheduled and completed in a timely manner.

3.11 Safety Plans and Documents

A H&S program should incorporate several different plans:

Safety Management Standards/Standards of Practice: Safety management standards/standards of practice that outline the comprehensive H&S requirements, including procedures for hazardous waste operations, written hazard communication program, and similar.

Office Safety Programs: Establish an office safety programs to prompt safety and health in the office environment and to address employees' safety concerns for all business operations. Central to the office safety programs would

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include an office safety committee that would be responsible for developing and implementing emergency planning and response procedures, identifying office safety hazards, and increasing safety awareness

APP: A site-specific APP should be created to ensure the safety of employees and to protect the MPWMD equipment and environment. The APP and procedures complement our corporate policies. A H&S team should evaluate and tailor the APP and procedures to align with best practices, changes in laws and regulations, and established H&S work procedures. The project manager or director should be responsible for the implementation of the safety program and should be closely supported by a H&S team. A full-time onsite safety manager is recommended for this size of facility.

Competent Persons: A contract operator should have a program in place for providing competent persons, either through their own or subcontractor personnel, as required by OSHA.

Inspections: A program for providing job site inspections. This program consists of both self-assessments and third-party audits.

PPE: A program that provides employees with PPE as required by the activities they are conducting.

Subcontractor Management: A contract operator should have or develop the following systematic methods for managing risks associated with subcontractors' health and safety:

- Contract language that assigns the responsibility for safety to the appropriate party and outlines expectations associated with safety.
- Prequalification of subcontractors based on their safety performance. The criteria used include EMR, OSHA statistics (such as incident rate, lost workday case rate), training, and written safety program.
- Based on the relationship with Jacobs, subcontractors may be required to submit safety documents to demonstrate they are in compliance with appropriate regulations and are capable of managing their safety risks.

4. Process Control Plan

4.1 Operation Overview

The Monterey water system has multiple sources of water, multiple types of treatment, and a very large variation in elevation served. Water sources include the following:

- Saline water from wells influenced by ocean water
- Wells requiring little treatment (basically, chlorination)
- Wells requiring iron and manganese filtration
- Wells requiring activated carbon adsorption
- Aquifer storage and recovery (ASR) wells

The wells are widely scattered geographically through the region and are also at significantly varying elevations. Treatment includes the following:

- Chlorination only
- Iron and manganese removal
- Brackish water desalination
- Activated carbon adsorption
- Arsenic removal
- Sulfide removal

The treatment plants are also widely scattered geographically. Water quality from the plants varies and must be managed properly to maintain stable quality—neither scaling nor corrosive.

The Monterey water distribution system consists of over 600 miles of pipe. Much of this pipe is unlined steel, unlined cast iron or asbestos cement. These materials typically raise concerns over internal and external corrosion, “beam” or “ring” breaks (cast iron and asbestos cement), water quality issues (red water) and porosity (asbestos cement). These materials can also present repair problems—a repaired pipe can lead to further breaks due to disturbing the soil in the area of the break.

Numerous water storage tanks are spread across the system, again, widely scattered geographically and at various elevations. These tanks are critical to providing consistent water service (including fire protection, in some cases). The large number and volume of the tanks also creates potential issues with water age. These must be carefully managed to achieve all water storage goals.

Service to the wide variation in elevation of the service area is achieved with over 70 pump stations and numerous pressure reducing valves. In addition, check valves and pressure relief valves control flows within the distribution system. Failure in these valves can cause damage due to excessive pressure or reduced pressure.

In addition to classic water system components, the Monterey system is underway with a project to reuse water from several sources (reclaimed wastewater, stormwater, food processing water, and impaired surface water) for injection into the Seaside Basin. The capacity of this facility is expected to be 3,500 acre-feet per year.

Construction of a desalination plant at 6.4 millions gallons per day is underway to further expand and diversify the system’s production capacity.

The operations plan serves as a framework to efficiently and reliably complete the O&M activities required to provide adequate quantities of water at required pressure and quality— in compliance with regulations.

This plan is presented by areas (source water, treatment and pumping, water quality, distribution, special areas). The plan is purposely high level due to the lack of specific information about the Monterey system. Where

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appropriate, details have been provided on methods that will be used as a part of the transition from existing operations to contracted O&M.

4.1.1 Source Water

Source water operations will be the responsibility of the water production manager. Responsibilities include the following:

- Operating and maintaining wells
- Operating and maintaining ASR wells
- Tracking and reporting water withdrawal
- Maintaining adequate water supply
- Continuous improvement of water supply, energy efficiency
- Coordinating with technical groups on future water supply issues, water rights, environmental issues
- Inspections, preventive, predictive and corrective maintenance including planning of activities to maintain continuous service
- Tracking, analyzing, and reporting raw water quality
- Coordinating raw water quality with treatment
- Cross-training staff to provide service to multiple areas (wells, pumping, treatment, and similar)
- Maintenance of appropriate levels of training and certification of staff

A crew of highly trained and cross-trained staff of field operators will complete field operations and light maintenance across the areas of wells, remote chemical feeds, remote pump stations, hydropneumatics tanks, and related appurtenances. Field operators will be encouraged to obtain both treatment and distribution operator certification.

Crews will be equipped to address basic water quality issues, routine operations, inspections, PM, and light corrective maintenance activities. The field operations crew will be led by a field operations chief operator who reports to the water production manager.

Typical field operator duties in the area of source water include the following:

- Well inspections
- Well water sampling and testing
- Well flow tests
- Well water level testing – static and pumping
- Data input
- Assisting with corrective actions – redevelopment, pump replacement, well disinfection and testing, start-up and commissioning after repairs/replacements
- Monitoring SCADA/Distributed Control System (DCS) screens
- PM such as lubrication, air filter replacement, valve inspection, and exercising

Note that field operators will have additional duties in other areas listed below. All field operations work will be completed by or under direct supervision of a certified operator, at the required certification level.

Wells will be inspected, and PM completed using a computerized maintenance management/work order software package. “As found” and “As left” conditions will be recorded along with materials used, description of work completed, and suggestions for improvements for future activities.

4.1.2 Treatment

Treatment plant O&M will also be the responsibility of the water production manager. A chief water treatment operator will assist with leadership within this group.

Within the treatment area, the water production manager’s responsibilities include the following:

- Oversight of treatment facilities, including filter plants, desalination, reverse osmosis, iron removal, carbon adsorption, remote disinfection
- Oversight and planning of preventive and corrective maintenance including coordination of major repairs and capital improvements
- Monthly operating reports
- Chemical specifications, maintaining proper inventory and safe storage of production chemicals
- Oversight of pumping and storage systems
- Oversight of pressure reducing valve stations
- Coordinate with engineering groups on treatment-related capital improvements
- Coordinate with asset management staff on treatment-related equipment and facilities
- Manage continual improvement and sustainability initiatives
- Prepare annual treatment budget
- Support pilot plant activities (as needed) and support research activities
- Lead the training and cross-training program for operations staff
- Confer with regulatory personnel, as guided by the MPWMD
- Respond to emergencies (water quality, water treatment, pumping) and support water distribution staff on technical matters
- Inspections, preventive, predictive, and corrective maintenance including planning of activities to maintain continuous service
- Tracking, analyzing, and reporting raw water quality
- Coordinating raw water quality with treatment
- Cross-training staff to provide service to multiple areas (wells, pumping, treatment, and similar)
- Maintenance of appropriate levels of training and certification of staff

A crew of highly trained and cross-trained staff of treatment plant operators will complete operations and light maintenance at the treatment plants. The treatment crew will operate and provide light maintenance on the iron removal plants, reverse osmosis/desalination plant and GAC plants. Crew members will also be cross-trained to provide backup for operation and light maintenance of remote pumping / chlorination facilities. Operators will have required certification for treatment plant operations and be encouraged to attain higher levels of certification than that required for shift operators.

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There will be a core group of operators (Water production operators on the proposed organization chart) with more advanced training who will monitor the SCADA/DCS system—managing overall system flows, tank levels and monitoring alarms. Water production operators will also be fully trained on the hands-on operations of each plant.

Operators will complete light maintenance activities, including predictive and PM on the treatment facilities.

Typical treatment plant shift and production operator duties include the following:

- Equipment inspections
- Water sampling and testing
- Oversee chemical deliveries
- Adjusting chemical feeds
- Collecting and recording regulatory-required data
- Collecting and recording operating data – tank levels, flows, equipment run times
- Monitoring SCADA/DCS screens and alarms
- PM such as lubrication, air filter replacement, valve inspection & exercising
- Operate equipment including filters, membrane treatment, chemical feeders, pumps, valves
- Clean and lubricate equipment
- Maintain records of activities performed at the plants
- Calibrate online instruments to ensure accuracy
- Exercise equipment to ensure reliability
- Complete regulatory-required sampling and testing for field parameters such as pH, chlorine residual, alkalinity

4.1.3 Production Maintenance

The water production manager will oversee a production maintenance manager and group. Production maintenance staff will have primary responsibility for maintaining all production-related equipment including pumps, filters, membrane units, chemical storage and feed, distribution system specialty valves (pressure reducing and pressure relief) and related equipment. Production maintenance staff will be cross-trained to provide support for distribution system repairs and maintenance.

Production maintenance staff will be encouraged to attain certification as maintenance technician in California. Within the group, technicians with specialized training and certification will be responsible for completing work on online instruments, radio/fiber optic communications systems, and electrical systems.

The production maintenance manager's responsibilities include the following:

- Oversight and management of the maintenance management information system
- Overseeing and leading maintenance of all production related equipment including specialty valves in the distribution system
- Tracking and reporting maintenance activities, life cycle costs
- Coordinating with asset management staff
- Continuous improvement of water production reliability, sustainability
- Coordinating with technical groups on equipment replacement, equipment specifications
- Inspections, preventive, predictive, and corrective maintenance including planning of activities to maintain continuous service
- Overseeing training and safety of maintenance staff
- Develop maintenance schedules including preventive and predictive maintenance

- Cross-training staff to provide service to multiple areas (wells, pumping, treatment, and similar)
- Coordinate with contractors to provide supplemental or specialized maintenance activities as required
- Provide backup for distribution system manager and production manager
- Develop maintenance budget
- Oversight of the SCADA/DCS system including radio/fiber optic telemetry
- Oversee the production maintenance planner/scheduler

Typical maintenance technician duties include the following:

- Specialized equipment inspections
- Advanced preventive and predictive maintenance
- Recording “as found”, “as left”, “work completed” for work completed
- Corrective maintenance on most equipment and coordinate with specialty repair contractors
- Maintain building envelopes—windows, doors, roofs
- Oversee management of specialty building systems such as fire protection, computer communication, phones
- Repair/replacement of damaged equipment including chemical feeds, valves, valve actuators, pumps, instruments, and related equipment
- PM on distribution system specialty valves including pressure reducing valves, pressure relief valves
- Maintain hydropneumatics tanks and related appurtenances
- Provide support for distribution system technicians

A production maintenance planner/scheduler will ensure that all maintenance work is prioritized properly and completed efficiently.

4.1.4 Water Quality

The water quality group will be under the direction of the water production manager and will be responsible for all water sampling and testing, whether completed in-house or by contracted services. The water quality group will have a significant role in regulatory compliance—supporting the water production manager who will have the overall responsibility for compliance.

The water quality group will be led by a laboratory supervisor. Lab technicians will collect samples and complete most tests in-house, including Coliform bacterial testing. The lab supervisor will be responsible for attaining/maintaining state certification for Coliform testing.

Distribution system water quality will be an important part of the water quality group’s work—ensuring that all water in the distribution system, including the numerous “dead ends” and low use areas meet regulations and is aesthetically pleasing. This work will require coordination with treatment plant operators and distribution crews along with extensive knowledge of water chemistry.

The water quality group will be supported by corporate resources for compliance, specialized data analysis, modeling, and training.

4.1.5 Process Engineering

Due to the complex nature of the water utility, two process engineers will provide technical support for the water production manager. Activities will include process optimization, specialized process monitoring, water resource

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tracking and permitting, distribution system analysis and modeling, hydraulic analysis, specialized water quality analysis, and interpretation. The process engineers will primarily provide support for the water production group and will also provide support for the engineering group.

4.1.6 Water Distribution

The water distribution group, led by the water distribution manager, will have responsibility for the underground piping system. Crews will be led by a crew leader who can also serve as an equipment operator in case of personnel shortage. Each crew will include an equipment operator and distribution technicians. A planner/scheduler will ensure that work is prioritized and completed efficiently.

The areas of responsibility for the water distribution manager include the following:

- Leadership and oversight of the underground piping system including valves and hydrants
- Coordination with the production maintenance group on maintenance of specialty distribution appurtenances such as hydropneumatic tanks, pressure reducing valves, booster pumps, and related equipment
- Management of rolling and nonfixed assets such as trucks, backhoes, portable pumps, and related equipment
- Coordination with engineering resources for computer modeling, system improvements, capital improvements, and major repair and replacement projects
- Lead PM activities including hydrant flushing, flow testing, valve exercising
- Maintaining distribution system maintenance management system
- Lead emergency repair efforts to assure minimum outages
- Administer contracts for larger maintenance and capital projects
- Oversee distribution system planner/scheduler
- Continually improve system reliability and sustainability

Distribution crews will be cross-trained to provide support and assistance to the production maintenance group. Typical duties of the distribution system crew include the following:

- Perform emergency repairs of main breaks
- Perform PM such as hydrant flushing, valve exercising
- Perform preventive repairs such as valve and hydrant replacement
- Assist meter staff on an as-needed basis
- Record data on work completed, flow tests, and related activities
- Disinfect water mains and appurtenances after repairs and new installations
- May complete taps and service installations
- Operate small equipment such as power saws and portable pumps
- Assist production maintenance staff as needed

Distribution operators will work under direct supervision of crew leaders or managers having required certification as required by California regulations. All members of the distribution crew will be encouraged to achieve distribution system operator certification.

4.1.7 Water Engineering

The water engineering group will provide local engineering and technical support. Duties of the chief water engineer's include the following:

- Manage the Geographic Information System and mapping

- Coordinate with consultants for specialty services and design
- Assist with reporting required for environmental permitting including water rights, withdrawal permits, air permits, and traffic control
- Coordinate with developers, city engineering/planning departments on development/redevelopment activities and reviews
- Provide capital improvements planning and manage capital improvements projects
- Manage asset manager and asset management plan (AMP)
- Support other groups within the utility for technical services

4.2 Process Control

Process Control is the active changing of the process based on the results of process monitoring. Process control will be an essential part of the operation and maintenance of the MPWMD facilities. The following sections illustrate how the contract operator will apply process control to optimize the quality of water, minimize O&M costs and provide long-term value to the MPWMD.

As examples, two areas, water source and water pressure, are profiled here.

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4.2.1 Multiple Water Sources

If the acquisition proceeds, the MPWMD would own and operate several sources of water with several distinct types of treatment—from simple chlorination to advanced membrane processes. Integration of these multiple sources into a quality water supply to consumers is critical.

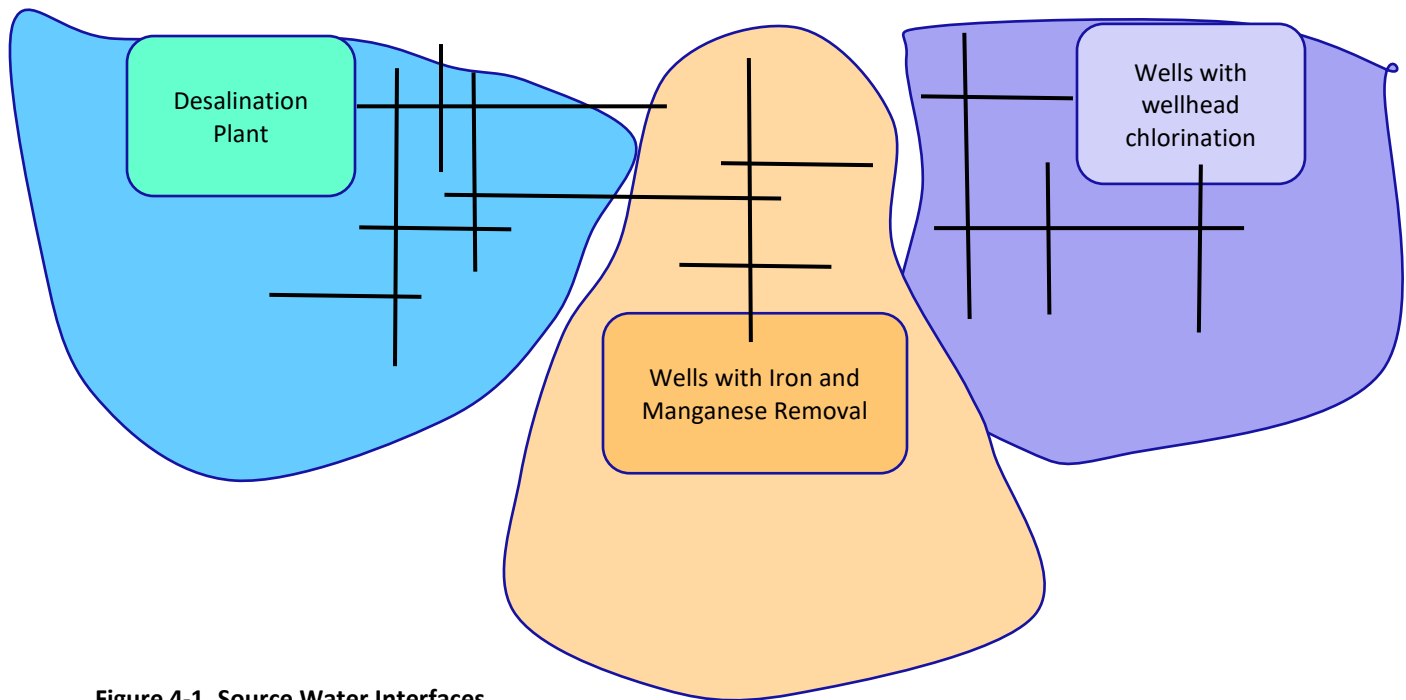


Figure 4-1. Source Water Interfaces

Some customers will get all or most of their water from one source, some customers will get all or most of their water from another source, and some customers will routinely get a blend of water. Some customers will have their water alternate between sources periodically. All of these customers must receive water that is safe, aesthetically pleasing, and in adequate quantity and pressure. Distribution system water quality testing and monitoring will provide the data required for this goal, and process control will provide the tools for operators to use to attain this goal.

The distribution system water quality is critical to maintaining compliance with the lead and copper rule as well as other water regulations. Carefully planned sampling and data analysis and interpretation, coupled with process control, will provide assurance that lead and copper compliance will be well within regulated values.

The same process will also ensure that water age is kept to a minimum and that water is aesthetically pleasing for all customers.

4.2.2 Water Pressure

The MPWMD system has over 1,000 feet of elevation variation between customers near the beach to those in the neighboring mountains, translating to over 430 psi. More than 70 pump stations, 80 tanks, and 14 pressure reducing valves are used to provide reasonable pressure to all customers. Accurately monitoring the pressure and water use in each zone is critical to achieving service goals. The monitoring must be in the form of both online instruments and manual readings by field personnel. Maintenance, including predictive maintenance, is needed to assure all links in the chain—pumps, tanks, valves—are fully functional at the highest level.

A contract operator should provide the trained technicians to monitor the pressure and flow and take corrective actions before a failure occurs.

4.2.3 Other Applications of Process Control

These same principles will be applied to all controllable aspects of the water system: plant operation, disinfection, remote pumping, ASR, water age, and pressure reducing valves are a few examples.

4.2.4 Process Control Tools

Unit Process Control Plans—roadmaps for operators—will establish the key parameters, drive process adjustments, establish communication protocols, and provide a level of detail for operators and maintenance personnel to make informed decisions.

Having documented procedures and process targets shared with all stake holders ensures a common purpose and goal and maximizes efficiency and minimizes potential for errors and downtime.

SOPs will be developed for all typical work activities and will support the Unit Process Control plans.

As mentioned in Section 2, the tools and procedures established through the Compliance & Reporting Team, such as Hach WIMS and STT, will be utilized daily.

5. Staffing

The following approach to O&M is designed to meet or exceed the scope of work and performance standards for the MPWMD. This approach will not only be cost effective, it will also provide the desired LOS to meet or exceed the needs of customers in the MPWMD service area, as well as any contract performance standards, and will have the flexibility to provide additional services when needed, including the support for continuous improvement and capital projects.

5.1 Personnel

The following provides the proposed organizational structure for the O&M team. The structure has been designed to provide O&M teams that will be responsible for the operations and assets within the service system. This structure will maximize efficiencies in the field through:

- Optimization of asset knowledge retention
- Ownership and accountability of asset performance
- Minimization of travel times

The management team personnel will also form part of the transition team. This will enhance the mobilization and provide for a seamless transfer to the operational team on commencement of service.

Our proposed Service Delivery Team Organization Structure is depicted on Figure 5-2. The approximately 85 positions shown in Figure 5-2, plus the support staff, is consistent with the 87 cited under contract operations in the Environmental Impact Report. It is recognized that Cal-Am acknowledges 74 existing employees in their current General Rate Case and MPWMD has cited the need for a net increase of 6 additional positions. Due to a lack of specific information under current operations, it is believed that the structure depicted in Figure 5-2 is consistent with maintaining operations at current standards and sets the stage for improvements in LOS after review following an initial operating period.

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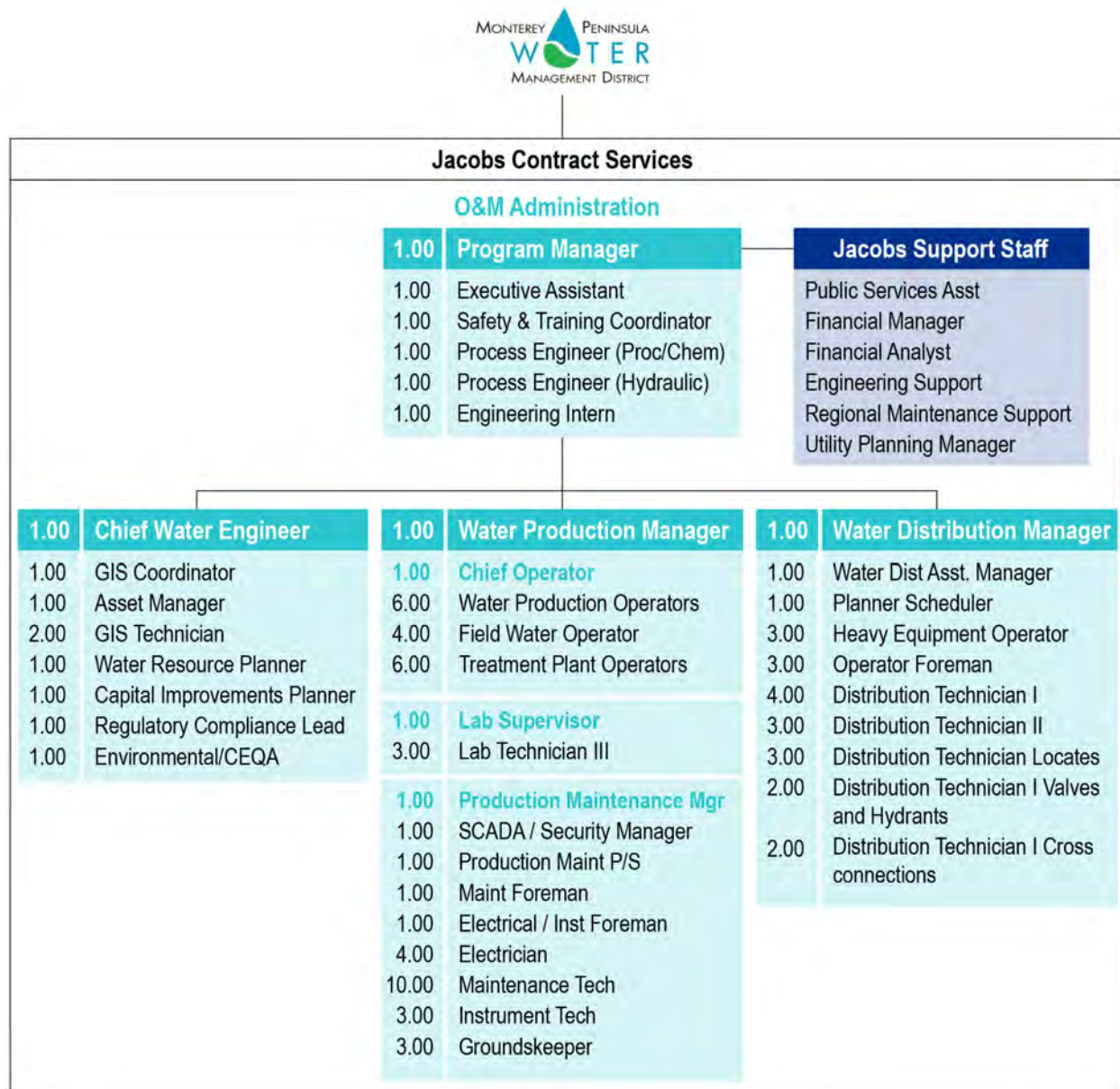


Figure 5-2. Contract Service Organization Structure

5.2 Operation and Maintenance Staffing Delivery Approach

The staffing delivery approach has been developed to provide MPWMD with an optimized and efficient delivery team and O&M services that will:

- Ensure compliance with water quality, public health and environmental regulations, laws and standards.
- Provide continuous safe and compliant O&M, including the ability to adequately manage standby and after-hours monitoring and reporting requirements.
- Optimize operations and provide efficiencies in the areas of energy consumption, chemical usage, and labor resources.
- Protect and optimize the life of MPWMD's assets.

- Comply with regulatory and MPWMD requirements for communication, data collection, reporting, and procurement.
- Provide strong and in-depth technical expertise, engineering, construction, and consulting support through our in-house resources when needed in all areas of water and distribution services including regulatory compliance, safety, maintenance, asset and risk management, and resource optimization.

5.3 Transition Management

During the transition period, and for as long as required to incorporate the elements of the transition into the contract operations, the management team will also include a dedicated transition manager who will lead the transition to ensure a seamless integration from the transition phase into service delivery and for the completion of the necessary aspects of our transition, not just those required to achieve a minimum acceptance level of performance.

5.4 Operations and Maintenance Management

The O&M management team will have the required experience and corporate support to ensure this is a successful evolution for MPWMD operations and creates an environment where job satisfaction and opportunity is enhanced.

5.5 Water Treatment

A dedicated water treatment team will be maintained in line with existing training and practices of the Monterey water system. This team will consist of 16 O&M staff, including a chief operator with a California Class 5 certification. It is anticipated that 12 operations staff, including the chief operator will be based at the water production facility with the remaining 4 operations staff will be in the field for checks of the remote facilities and wells. If necessary, cross-train all staff to allow for the ability of staff to cover all areas of water treatment and productions to assist during times when greater numbers or relief staff are required.

Due to the criticality of water treatment operations, rosters will be structured to allow for daytime coverage on weekends in the field areas by one operator and with two operators rostered to cover the needs of the WTPs. We have considered a team structure combining water and distribution system operations but have concluded the benefits of specialist water operations outweighs the flexibility and travel cost savings provided by combining these operations duties. We are also mindful of the perception for the possibility of contamination of treated water by staff moving from distribution to water sites.

The initial focus for water treatment should concentrate on creating highly empowered teams supported by proven systems applied in a uniform manner across sites and by highly experienced and knowledgeable management and technical staff. An optimization phase would need to be planned in the first year of service and a dedicated O&M teams should be heavily involved in this process.

5.6 Team Leaders

The approach to the team leader roles is that they will be incorporated into the O&M teams. While fulfilling a leadership role, leaders will also be required to undertake hands-on plant O&M. They will be focused on removing any barriers to the joint performance of O&M activities and will be responsible for fostering teamwork within and between teams.

Applications for team leader positions will be considered from a wide variety of backgrounds including mechanical or electrical trades, as well as experienced process/operations staff or persons with tertiary qualifications and suitable experience. Ideally, applicants with a combination of skills will be available, but in any case, aptitude, experience, and intelligence will be viewed alongside qualifications to create teams with all the necessary skills.

5.7 Qualified Maintenance Resources

It is recognized that it will take time to establish a fully integrated team with minimal distinction between O&M activities. As such, it is important to be clear that all areas of the MPWMD will be equipped with suitable numbers of qualified tradespersons to bring the majority of routine mechanical maintenance work and first response troubleshooting in-house. They will also offer in-house instrumentation and electrical knowledge sufficient to perform a base level of routine maintenance coupled with the ability to quickly respond to and address urgent repairs or asset performance issues.

There will still be a requirement for support from external instrumentation and electrical contractors, however these will now also have a direct O&M provider contact to minimize these costs and response times and maximize the retention of knowledge within the O&M teams. For example, our trade staff will work alongside specialist contractors to resolve a problem which they could not initially solve themselves and will benefit from this experience. This will enable the prevention of future incidents and more rapid response to similar incidents at other sites.

The intent for any operations contractor should be to provide all qualified staff currently operating the system with the opportunity to join their team. Former operations staff will still be required to perform a range of maintenance tasks in accordance with their training and position description. This work will be planned by the O&M coordinator in conjunction with team leaders and with the guidance of more experienced or senior trades staff. This will be the first step in the establishment of truly homogeneous O&M teams. From the outset of the contract, these new employees from a maintenance background will also be trained and rostered into operations duties. This process should be facilitated by access to a wide range of established operator training modules within the organization.

5.8 Recruitment

In the recruitment of new operations staff, preference would be given to applicants with trade qualifications and experience. Similarly, in the recruitment of maintenance staff, preference will be given to applicants with treatment plant O&M experience. This will serve to further facilitate our move to a uniform, multi-skilled O&M team.

The contract operator should respect the experience of all existing staff and consult with them widely during transition and initial operations to maximize knowledge retention and transfer ensuring all the positive facets of the operations history can be transferred to our organization and add value to our existing systems and practices. Existing staff should be encouraged to apply for positions throughout the new structure and in time will be in line to benefit from being directly linked to two large organizations with numerous opportunities in the water and wastewater industry, not just from training but also from mentoring and knowledge transfer from highly skilled and experienced operations, maintenance, process, engineering, and construction professionals.

6. Asset Management Plan

6.1 Introduction

This section describes the AMP for the MPWMD facilities and has been prepared by Jacobs in the role as the Operating Consultant. The Operator is responsible for liaison with its client, MPWMD, regarding the document content, maintenance, and version control.

The main purpose of the AMP is to ensure that there is a working and living document that is used by the contract operator and agreed by its Partner, MPWMD, to effectively manage the approach to AMP and the Mid Life Capital (MLC) investment for their respective water projects. To ensure the document is recent and is a true reflection of the Asset Management Approach, the content will be reviewed annually to reflect continuous improvements as the approach to AMP matures.

The main aims from the implementation of the AMP are that the shareholder, MPWMD, and lenders obligations are recognized, managed, and delivered to meet the requirements of the contract. The document content intends to describe the Asset Management Strategy in a way that gives MPWMD and lenders the confidence in the approach to AMP. The document aims to describe the risk-based approach being applied to the capital and maintenance investment to give confidence in the informed decisions being made, enabling the sanction of future MLC expenditure that complies with the client and contractual obligations set by best practices and the respective contracts. To achieve this good communication, transparency and stakeholder liaison throughout the AMP process is essential and will lead to a greater support for capital investment by increasing stakeholder understanding regarding the value of targeted asset investment to improve water utility performance.

6.1.1 Project Background

Sustainable water infrastructure is critical to providing the domestic and commercial customers of the MPWMD WTP and facilities with a quality environmental service that ensures social, environmental, and economic sustainability. This partnership is a public-private partnership contract to upgrade, operate, and maintain existing water treatment, water pumping stations, and the water distribution system at the following locations across the MPWMD.

6.1.2 Purpose of the Asset Management Plan

The purpose of the document is to clearly describe and demonstrate the approach to the AMP for MPWMD, keeping key stakeholders informed on how a contract operator and MPWMD would be managing the capital investment, operation, and maintenance of the asset base on their behalf.

The document aim is to clearly describe and demonstrate an approach to strategic AMP and the framework in place detailing the policy, processes, and procedures implemented to ensure that the assets are managed, operated, renewed, and fit for purpose to deliver the required asset performance over the life of the assets. The AMP will provide an ongoing program that includes detailed information on the current asset base, their condition, criticality, refurbishment, and replacement. This detailed information will be included in the preparation of an Annual Capital Investment Plan (CIP), Five-Year Investment Profile (5YIP), and a Service Period Investment Profile (SPIP) and is fundamental to the AMP.

The scope of the AMP will include the following elements and describe how they fit into the overarching Asset Management Strategy.

- 1) The Asset Management Strategy and maintenance philosophy applied
- 2) The approach to AMP—methodologies, processes, and procedures
- 3) The forecasting and modeling techniques applied to determine the level of investment
- 4) The outcomes from the implementation of the AMP

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The future developments and business improvements to AMP approach.

This is illustrated on Figure 6-1.

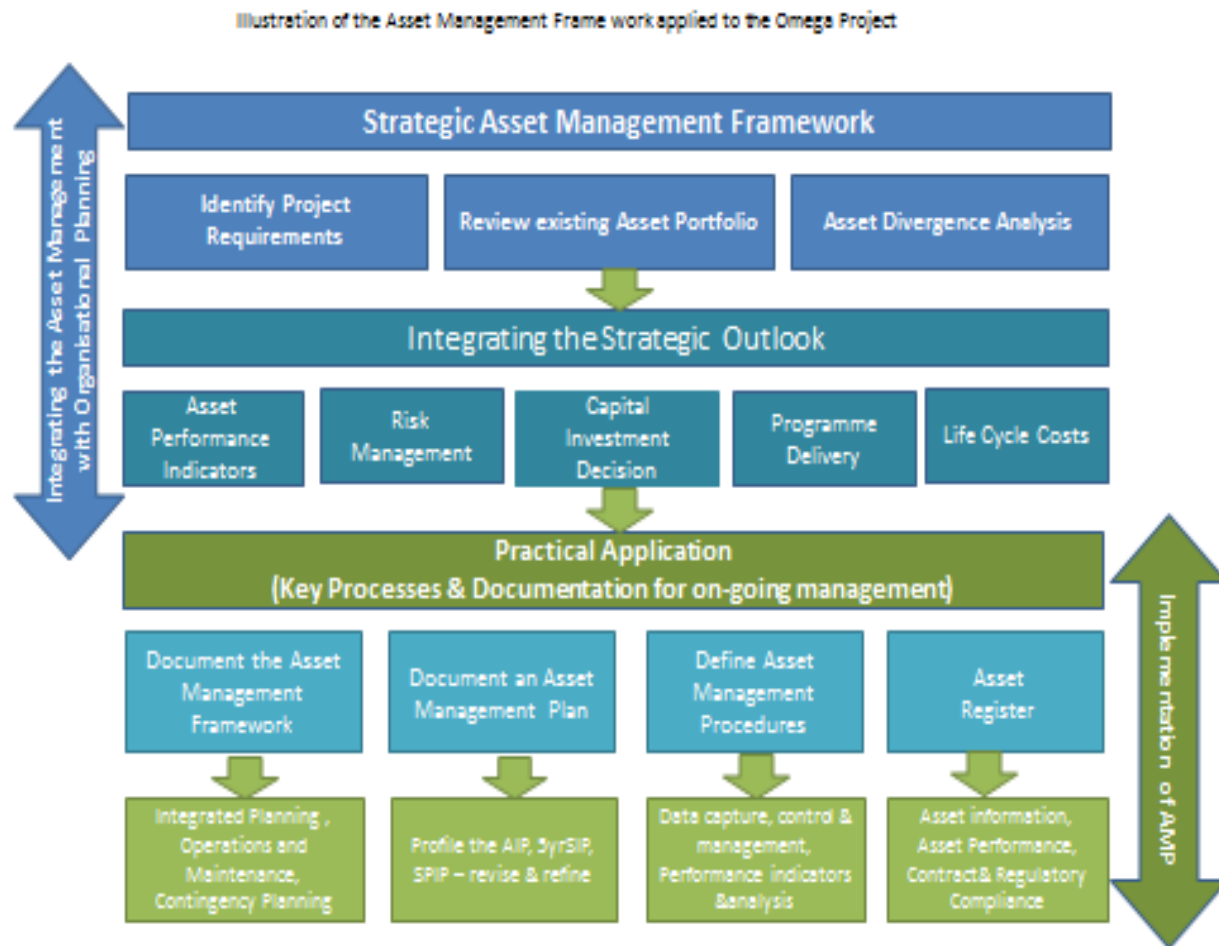


Figure 6-1. Asset Management Framework

6.2 Context of the Asset Management Plan

This AMP defines the objectives, principal drivers, and key indicators and methodologies applied to the MPWMD projects that support the decision-making process for asset management and investment over the service period to provide a continuous and sustainable service to MPWMD. The AMP details the asset lifecycle approach to investment and maintenance to ensure the asset base is maintained at the lowest whole life costs while managing operational risk and meeting contractual and performance obligations throughout the service period.

Through the implementation of a coordinated AMP, the project operator can comply with the obligations of the required service ensuring asset availability, reliability and capacity, forecast operational resource requirements, improved resilience, management of asset performance risk, and realize capital and operational cost savings. It is important to recognize the explicit requirements for information stewardship as there must be one validated version of the asset data and information, “one version of the truth”, available to all stakeholders. To achieve this position, integrated business systems and processes are crucial for accurate and reliable asset data whose analysis will enable informed investment decisions that are transparent and accessible to all key stakeholders.

The main objectives and outcomes of the AMP process will be to:

- 1) Comply with the obligations in the contract, balancing cost, performance, and risk.
- 2) Define the CIP over the service period of the project concession ensuring that each element of the facilities achieve their maximum working life consistent with economical and reliable operation.
- 3) Improve water asset performance and environmental compliance.
- 4) Reduce the long-term system operating and investment costs, reducing refurbishment, renewals, power, and chemical costs and minimizing resources through best operational/maintenance practice and engineering innovation.

6.3 Structure and Governance Arrangements

6.3.1 Organizational Structure

To successfully develop and deliver the AMP, the appropriate resources will be evaluated in detail and a governance structure will be implemented across the project. As is shown in figure 5-2 the proposed team and the wider business unit structure. The team comprises of a number of operational, maintenance, performance business analysts, project engineers, and program managers to maximize asset and contractual performance. A critical role is the asset manager who is responsible for the development and management of the MLC program, the business case development of the project portfolio and criticality, and serviceability assessments.

In addition, further expertise is provided in the form of federated asset management and maintenance roles within the wider Jacobs business. The maintenance manager plays a pivotal role in the implementation of the AMP. The maintenance manager is responsible for the development of a work scheduling system, system management development for asset data collection, O&M resource planning, and the alignment of the AMP to the Maintenance Strategy.

6.3.2 Governance

The project structure is supported by a governance framework that details the arrangements on how to engage and liaise with the client regarding the operator's management of the AMP process, approval and management of MLC expenditure, and oversight of the approach to lifecycle works.

This may include challenging the project proposals identified and agreeing upon alternative O&M interventions in preference to sanctioning capital investment. Through this process, any early stage issues will be identified and resolved that may otherwise lead to dispute, which aims to continuously improve the process and benefit of all parties.

6.4 Asset Management Approach and Methodologies

6.4.1 Strategic Asset Management Framework

The Asset Management Framework describes the strategic approach and methodologies applied to the contract operator managed MPWMD water treatment facilities and distribution system and how they are used to effectively manage the facilities, target and prioritize capital investment to manage the business risks, and meet the contract requirements. This document describes the strategic Asset Management Framework being applied to the contract and details the policies and procedures that have been implemented and those that are in development to ensure that the AMP:

- Explains the Asset Management Strategy, clearly documenting the strategic intent and how the AMP will be implemented to meet the service delivery needs to comply with the contractual obligations and maintain the well-being of the asset portfolio
- Details how the capital investment profile over the service period will be delivered

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- Describes the Asset Management policies and procedures that provide a basis for the internal control environment and good management practice
- Explains how the Asset Register is used as the basis for both the financial and nonfinancial information to improve service performance and apply the relevant accountability measures

6.5 The Asset Management Plan

The Asset Management Framework adopted for the MPWMD facilities defines and integrates the strategic asset management goals relevant to the contract and correlates the asset management decisions with program delivery requirements that will benefit the asset portfolio. This will be achieved by the development and delivery of the AMP that integrates with the operating contractor's obligations under the project documents and includes:

- Implementing a maintenance strategy that promotes best practices of known maintenance techniques across the business providing increased maintenance effectiveness, improved assembly reliability, culture change from reactive to condition-based approach, and improved resource management.
- Develops and maintains a comprehensive Asset Register with criticality, age, and asset condition data. This detailed information is included in the preparation of the 5YIP alongside the SPIP and is fundamental to AMP.
- Ascertains the program delivery options (this may include non-asset solutions in the form of Operator interventions).
- Utilizes asset performance indicators to identify, review, and manage the asset portfolio.
- Undertakes capital investment analysis when refurbishing, renewing, and acquiring new assets.
- Integrates risk management into all asset management decisions.
- Ensures that the full lifecycle costs are understood and recorded so the whole life cost of owning and maintaining the asset base is known.

In developing the AMP, steps have been taken to ensure that industry best practice is applied and that the document content and practices comply with the Jacobs Quality Management System and are supported by detailed O&M procedures for all treatment facilities. Together these documents form part of the QA system based on the requirements of International Standards Organization (ISO) 9001.

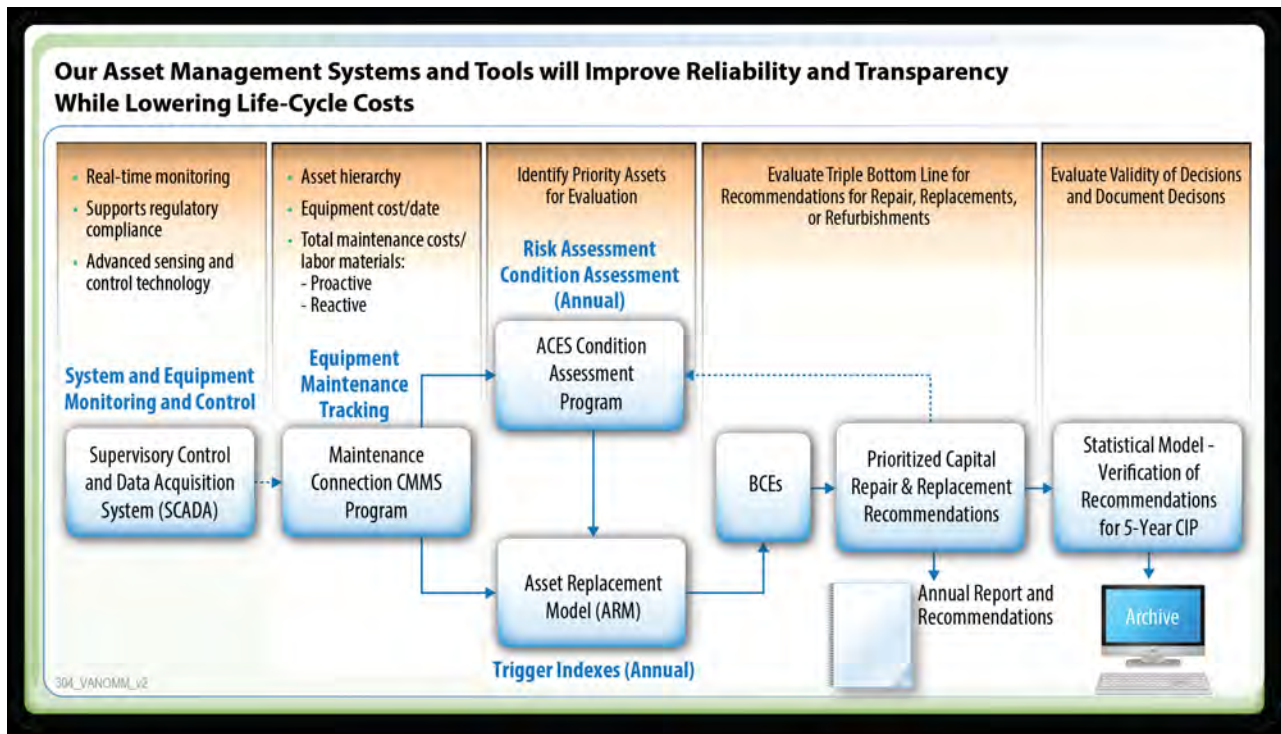


Figure 6-2. Asset Management Systems and Tools

It is recognized that using this framework for asset management best practices and governance will help to demonstrate competency, ability to establish improvement priorities, alignment of the whole life strategic planning approach with facility contingency plans, and the “day-to-day” O&M activities.

To achieve this aim, the AMP will be a working document that is fully integrated with the O&M Service Delivery Plans for all facilities included in the MPWMD WTP. When preparing the plan, steps will be taken to ensure that the content is aligned with the site operational procedures and contingency plans. The plan identifies for each treatment facility the critical assets, detailed procedures, resource allocation, and experienced personnel to manage a major event or incident. To ensure the document is “live” and remains recent, it will consider all aspects of operational and contingency plans and will be formally reviewed and updated on an annual basis.

When fully implemented, the AMP will determine the CIP and SPIP that will deliver the following benefits over the contractual period:

- Compliance with contractual obligations and requirements of the project documents
- Extend the asset life of the facilities
- Provide additional asset capacity, availability, and reliability
- Give a greater understanding of the total asset life costs
- Deliver a tailored capital expenditure program matching the asset needs and meeting contractual obligations
- Minimize the O&M costs associated with reactive work by matching resources to workloads and improving productivity

Implementation of the AMP will result in the delivery of good management practices, providing a framework for making informed investment decisions and improved execution of short- and medium-term operational practices and optimal asset management. By continuing to develop a coordinated approach to AMP and through the delivery of the AMP, contractual obligations of the contract can be met, deliver the required serviceability

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performance, and meet the hand back requirements at the end of the concession period. In addition, applying the AMP and driving out continuous improvements will also begin to improve and guarantee asset availability, forecast production volumes, determine resources planning requirements, manage asset performance risk, and realize operational savings.

6.6 Production of the Capital Improvement/Investment Plan

The CIP is the capital investment profile for the physical assets in the contract and is the primary output of the AMP. The MLC plan has three distinct service period components of capital investment:

- 1) The SPIP- the whole capital investment over a 10 to 20-year period
- 2) The 5YIP- medium-term investment plan
- 3) The Annual Investment Plan (AIP) - the short-term investment plan

The development of the CIP is determined through implementation of the key asset management methodologies making up the Asset Management Framework in conjunction with the application of a comprehensive maintenance strategy that is integrated into the day-to-day operation of the water facilities. The details of the asset investment profiles and their development are discussed in more detail in Section 3 of this document.

6.7 Maintenance Philosophy

Underpinning the implementation of the AMP is the delivery of the maintenance regime for the assets within the scope of the MPWMD and contract operator partnership. The maintenance philosophy adopted by Jacobs is to produce a strategy that promotes the implementation of best practices of known maintenance techniques across the business in a consistent, controlled, and focused way. One of the main principles of the strategy is that all parties who carry out maintenance within. The contract operator should always do so with safety in the forefront of their minds and rationalize the way in which maintenance is carried out and, in doing so, provides several benefits.

These benefits include:

- Increased maintenance effectiveness
- Improved asset reliability
- Culture change from reactive to condition-based approach
- Improved resource management and a strategy and policies that people can relate to, understand, and contribute to

6.7.1 Maintenance Strategy Approach

The maintenance department's main responsibilities and obligations are to ensure that all assets are maintained to meet operational requirements at best whole life cost. A major contribution toward achieving this is a maintenance strategy that enables the key components to be put in place to facilitate best practices and continuous improvement. It is essential that all parts of the strategy can be linked and developed to enable analysis and performance improvement of people, assemblies, and assets. For example, the Asset Register must be able to facilitate data analysis, the generation of relevant performance reports, and support the criticality model to enable informed investment decisions. The strategy will enable the organization to develop and evolve, adopting the required technology, tools, and more advanced methodologies of maintenance through continuous improvement.

Figure 6-3 demonstrates the evolution and the linkage of the various components of the maintenance strategy.

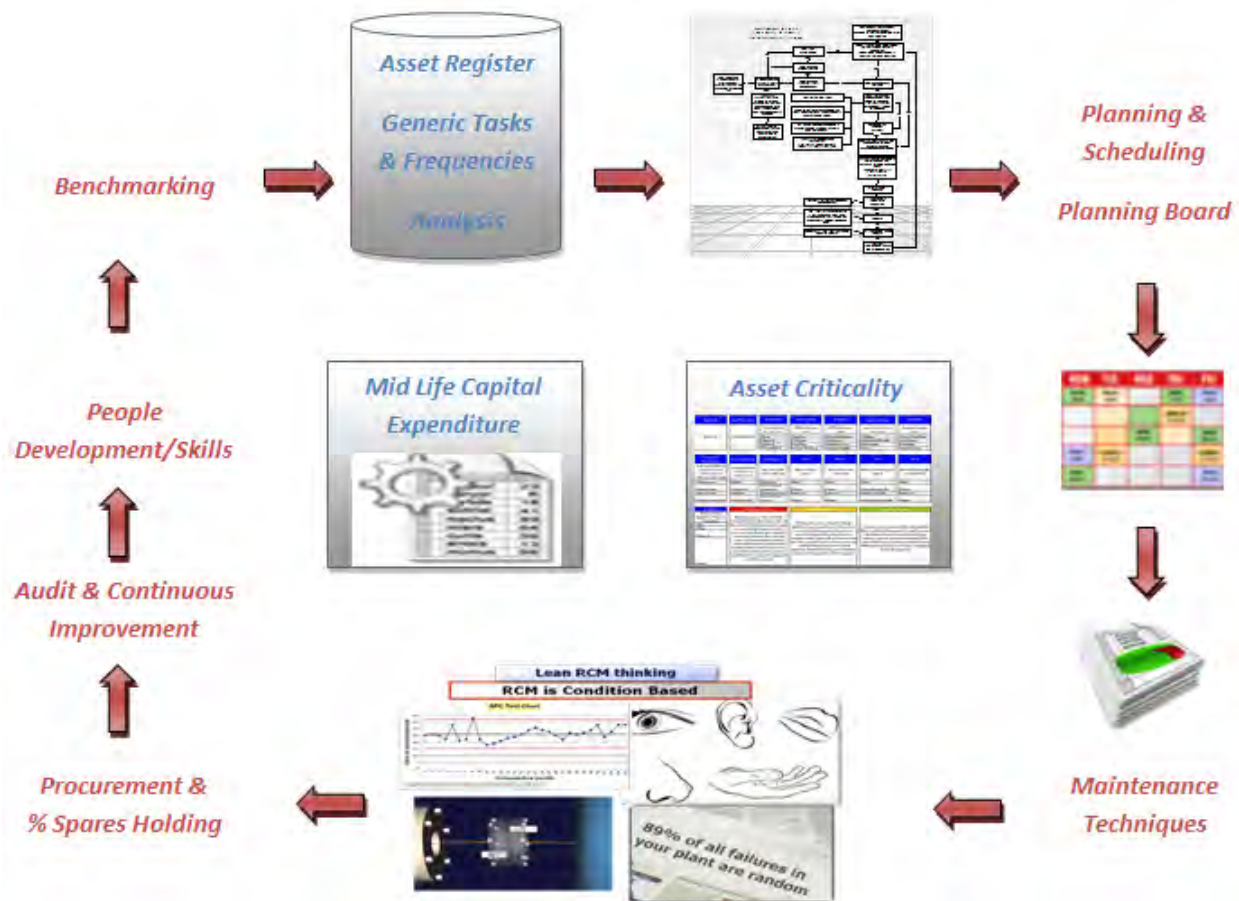


Figure 6-3. Evolution and Linkage Within the Maintenance Strategy

The maintenance strategy applied aims to give guidance in developing a coordinated asset management approach that utilizes best in industry practice involving an audit program, a benchmarking exercise against industry best practice, and delivery of continual performance and process improvement.

From a service delivery perspective, the availability and operability of all facilities and equipment has a major impact on maintaining compliance from a regulatory and environmental perspective as well as a contractual one. Therefore, the strategy and implemented maintenance plan will ensure that the assets with the most immediate impact on compliance and contractual obligations are identified to enable capital investment to be targeted and the correct maintenance technique applied to prevent failure and assess condition. The most important aspect of any strategy development is the actual plan where the necessary tools and techniques can be determined. As with any other maintenance concept, fundamental questions must be posed to ensure a structural, logical, and more importantly an effective approach is being taken. To support this process, a maintenance determination model will be developed for application across the MPWMD Water facilities and this is detailed in the flow diagram on Figure 6-4.

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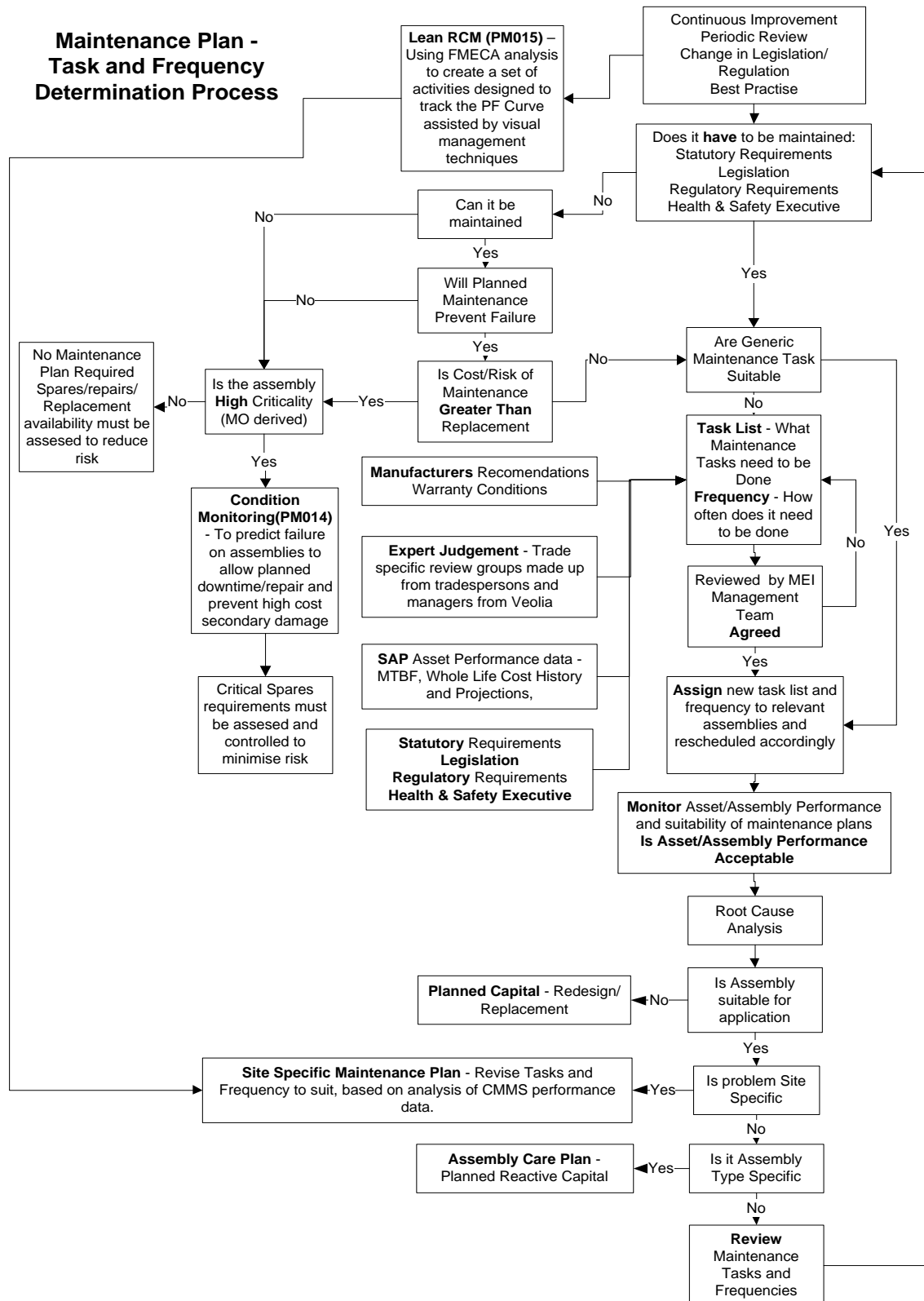


Figure 6-4. Detailing the Maintenance Determination Process

6.8 Asset Data, Information, and System Management

The basis for all AMP and planned maintenance regime starts with the development and maintenance of the Asset Register for the facilities included in the scope of the project. For the MPWMD water assets, the Asset Register will be held within a computerized maintenance management system (CMMS), this should be a web-based maintenance management software system. Jacobs recommends Maintenance Connect (MC) for the software, however other software is available. The system is used to manage maintainable items needing asset care and gives access to asset and maintenance management information.

The management system will be deployed across all facilities and systems to provide the following functionality:

- Asset registration/de-registration, including type, location, and hierarchy.
- Deployment of works scheduling for PM and operational activities.
- Schedule of maintenance activities, tasks, and frequencies.
- Status of work orders and scheduled tasks.
- O&M resource planning.
- Asset fault types, modes, and causes (as applicable).
- Total lifecycle management information – repair, refurbish, or replace costs.
- Performance Management reporting and key performance indicator dashboard availability.

6.8.1 The Asset Register

The Asset Register is the primary source of data and information regarding asset management and O&M planning. It is the central hub of all asset management processes upon which investment needs are identified and from which all asset-related reports on condition and performance are generated.

Throughout the service period the operating contractor will maintain the Asset Register to provide accurate and up-to-date information on the asset base giving details of:

- Fixed assets
- Moveable plant, equipment, and component parts
- Consumables.
- Spares (flush out)

The information contained within CMMS is fundamental to developing the CIP requirements via a “bottom up” approach through the identification, collation, and aggregation of asset information into a comprehensive Asset Register. A major task to improve this position has been through the creation and population of the Asset Register within CMMS. This is an ongoing process as it is recognized that the Asset Register is a live database with static data attributes such as type, location, rating, sizing, etc., and with dynamic information such as criticality, age, and condition that will be continually reviewed and updated to keep the information recent, accurate, and complete the asset data gaps.

A full review of the asset inventory will be held within CMMS and will be jointly reviewed by the contract operator for completeness, data quality, and accuracy.

It has been recognized that in the compilation of the Asset Register there will be several omissions and gaps in the dataset and these will be filled overtime through data input from the operational work schedules and annual inventory reviews. In addition, over the service life of the contract, the renewable and decommissioned items will be added to the schedule through the asset registration and de-registration process. The assets will be registered under a “parent to child” hierarchy with the following subdivisions and assigned assembly codes as illustrated on Figure 6-5.

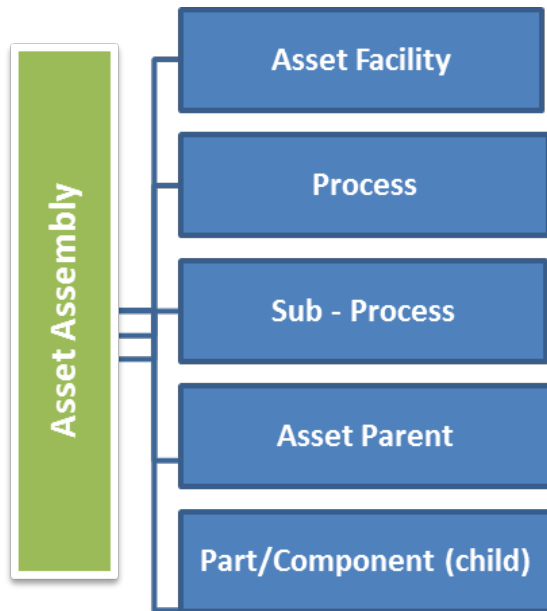


Figure 6-5. Asset Hierarchy Structure Applied to Data Captured on the Asset Register

6.8.2 Asset Coding Guide

Each asset assembly is given a unique code known as the equipment reference that identifies the site it is located on, the process the assembly is connected to, and the form the assembly takes. A sequential number is then added to identify the order of the assembly and its component parts. This type of information is needed to identify who has the responsibility for the assembly, to narrow down the type of assembly it is, and what work is necessary to ensure sound operation and enable effective reporting.

6.8.3 Equipment Reference

The equipment reference code, also called the technical identification, is designed to identify each item of plant using four types of identification indices.

1) Location

This takes the form of numbering or letters and is utilized to identify the site and/or the cost center associated with the assembly.

2) Process Code

This is a three-letter code preceded by a hyphen. It identifies the process in which the assembly/component is contained within and the type of unit process it forms a part of.

3) Assembly Code

This can be a three-letter code again preceded by a hyphen. It identifies a generic group or type of equipment. This allows equipment to be grouped for reporting purposes.

4) Sequential Number

This is a two-digit number and is followed by the assembly code without separation, indicating the instance of an item of equipment within a process area. A sequential number of '1' would be shown as '01'. If a process area had two pumps, the assembly code and sequential number would be PMP01 and PMP02.

An assembly can be identified at a process, at a site. Consider the example of the screens at a sample water treatment facility. The assembly code would take the form of Screen Number (SCN) 01, whereby SCN represents the functional type of equipment and 01 indicates that it is SCN 1.

To enable better performance reporting from the database, the equipment is given a group code that better explains its function. The group code allows the “type” of assembly to be described. For example, PU is the identifier for a pump, but it is also necessary to explain what type of pump it is. This allows for the separation of submersible pumps from screw pumps, ram pumps, etc. This also allows the varying maintenance requirements to be identified and targeted, as a screw pump requirement may be different from a centrifugal pump. It also allows for comparison of all centrifugal pumps across the entire equipment register. This functionality allows the identification of poor asset performance, condition, and reliability.

Group Description	Group Code	Type Code	Type Description
Pump	PMP	CEN	Centrifugal

6.8.4 Instrumentation

All electrical and mechanical equipment is allocated as a functional piece of equipment. Instrumentation and control assemblies within the control of the water process control are coded separately because of their importance to the control of the process and require strict maintenance controls. The philosophy of the coding structure is similar to those previously described but separates out from the instrument at facility level.

6.8.5 Data Collection and Asset Information

It is important to recognize that the assembly coding is not just a way of allocating an individual assembly a unique number as part of an asset inventory ledger, it is also an essential tool in the report writing and performance reporting of any maintenance system or data provider.

The asset assembly coding guide can be utilized to collect data in a structured way, strongly supporting data analysis, capital investment, and performance data of both the asset assemblies and people resources.

An example of how the data and information is utilized is shown in Table 6-1.

Table 6-1. Data Utilization

Problem Type	Pipework	Pump	Quality System	Screen	Grand Total
Failed	462	3,214	347	127	4,150
Incorrect Out/Input	383	938	1,624	43	2,988
Alarm	104	697	298	10	1,109
Damaged	330	279	50	27	686
Signal	13	57	181	4	255
Insecure	112	92	18	7	229
Stopped	34	151	27	11	223
Noise	13	129	1	3	146
Temperature	8	41	6	1	56

Table 6-1. Data Utilization

Problem Type	Pipework	Pump	Quality System	Screen	Grand Total
Odor	17	18	1	3	39
Grand Total	1,537	5,828	2,594	247	10,206

The data chart above gives the example of how failure modes on the assemblies are associated with the most frequent work activities across the contract. The highest incidence of work orders are associated with the pipe work. Pump, quality system, and screen are all assembly code types with the problem types being taken from the work request. This data information is used to target specific maintenance regimes, operator interventions, and to help make informed decisions regarding replace and refurbishment cycles.

6.9 Best Operating Practice

Reference must be made regarding Jacobs' approach to implementing operational best practice in this area. The basis of our philosophy for asset ownership is the understanding and implementation of tried and tested processes and the maintenance and monitoring routines of the plant within those processes to maintain performance. Standardization of equipment, together with appropriate selection, based on engineering best practice is key to asset ownership. This approach ensures that the correct plant is selected and with the appropriate level of maintenance will deliver the required level of availability for the various assets within each facility.

6.10 Asset Condition and Performance

This section covers the principles and methodology used to monitor and evaluate the condition and performance of the assets. Current condition, together with an assessment of the characteristics of deterioration and an understanding of the criticality of individual assets, provides the necessary information to determine serviceable life using a risk-based approach. The evaluation of asset condition is critical to the development of the optimum CIP that will allow compliance with the performance requirements of the Contract.

The AMP allows prioritization of asset investments through a regime of assessment, maintenance, and renewal of assets based on the condition and performance of individual assets and their criticality to the delivery of the service.

6.10.1 Condition Grading

The contract operator will assess the condition of all assets as a planned maintenance activity, using the scoring system described in Table 6-2. The condition grading for each asset from the planned maintenance activity is captured in the CMMS. Throughout their lifecycle each of the assets will move through a series of changes to the asset condition. This detailed information is included in the preparation of the AIP, 5YIP alongside the SPIP and is fundamental to AMP.

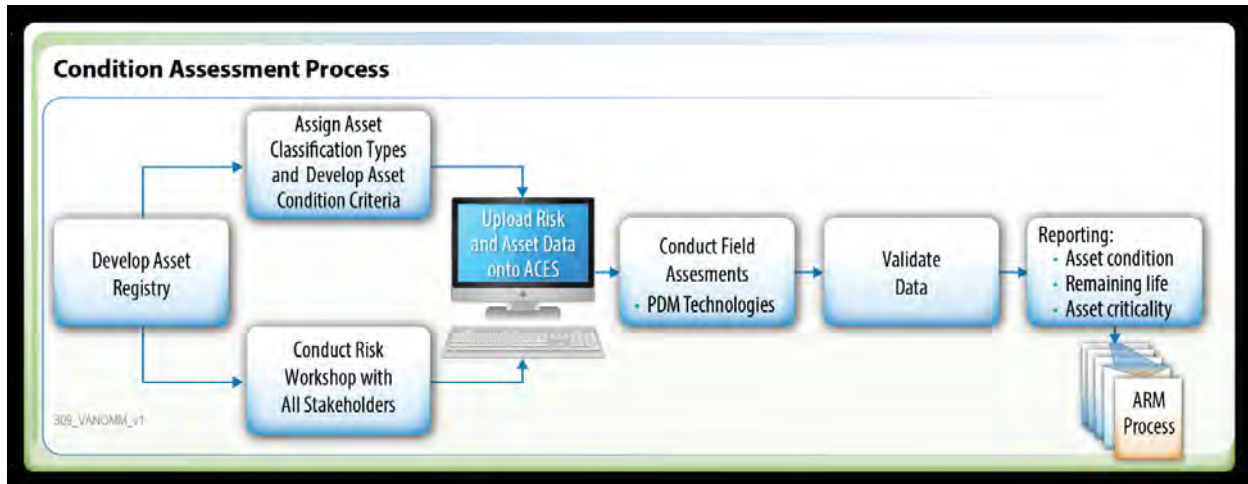


Figure 6-6. Condition Assessment Process

Table 6-2. Asset Condition Grade Assessment and Criteria

CG	Criterion
1	Sound construction of component, well maintained and operable under all relevant conditions.
2	Sound construction of component but showing some signs of normal wear and tear. Well maintained and operable under all relevant conditions.
3	Functionally sound components but with appearance significantly affected by deterioration. Structures marginally preventing leakage. Plant exhibiting reduced efficiency and minor failures.
4	Deterioration has a significant effect on performance. Structural problems or slight leakage evident. Plant functions but requires significant maintenance.
5	Functionally unsound components. Structural problems having a detrimental effect on the performance of the asset. Plant requiring excessive maintenance and having reliability problems affecting asset performance.

Note:

CG = condition grade

New assets will initially be graded **CG1**. After a period, each asset will move naturally to **CG2** with the normal ownership conditions and maintenance provided. The time it remains in the relevant condition grading group will depend on the asset type, maintenance regime, and general operation.

Continued operation and maintenance of these assets will at some point bring the asset to **CG3**. The assets in this CG category will still provide adequate service and performance. However, the asset condition will require monitoring and provision for replacement should be planned and scheduled within an appropriate timescale.

In the unforeseen event that the asset suffers premature wear and tear due to elevated working hours or increased demands over and above the design capability, then it will be expected to move through the CGs at a faster rate.

Redundant assets on facilities will be expected to be at, and remain at, **CG5** for the period of the contract. As a minimum requirement these assets will be maintained and decommissioned in a safe state to ensure that there is no adverse impact on the environment or a health and safety risk to staff and site visitors.

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An example asset conditions summary is provided on Figure 6-7.

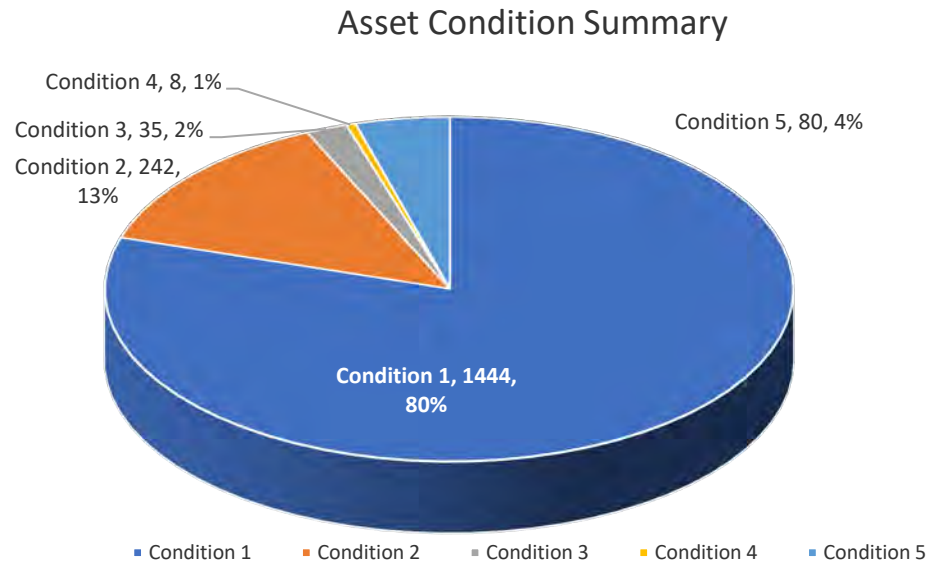


Figure 6-7. Example of Asset Condition Summary

6.10.2 Data Confidence

The CGs for each asset within this project are captured and recorded in the CMMS at asset level. The process for carrying out the assessment is through the scheduling of a planned PM task in MC that instructs operational and maintenance staff to assess and record the CG of each item on the Asset Register. An improvement to the assessment process going forward will be the inclusion of the confidence grade for the condition data captured. Where the asset is visible and can be assessed it is likely to be assigned a high confidence grade (level A or B). Where the asset is buried, submerged, or otherwise cannot be visibly assessed, the confidence grade will be low (level C or D).

Table 6-3. Confidence Grades

CG	Description
A	Sound textual records, procedures, investigations, or analysis properly documented and recognized as the best method of assessment.
B	As A, but with minor shortcomings. Examples include old assessment, some missing documentation, some reliance on unconfirmed reports, and some use of extrapolation.
C	Extrapolation from limited sample for which Grade A or B data is available.
D	Unconfirmed verbal reports, cursory inspections, or analysis.

Assignment of confidence grades will determine the level of reliability and accuracy of the asset data and this improvement has been implemented by adding additional fields to MC. To drive out continuous improvement and where feasible, Jacobs aims to lift data assessed as category C or D into the A or B category over the next financial year, particularly for those assets that have been identified for early inclusion into the AIP and 5YIP. This exercise is currently ongoing with the data confidence to be improved as part of Jacobs' continuous improvement process.

6.10.3 Condition Monitoring

There are a series of asset condition indicators that show the asset's state of health and effective performance. These fall into these categories:

- Increase in consumables usage (such as energy consumption)
- Vibration and temperature increases

Any change in these parameters noticed by O&M staff will, as a routine, be raised through the generation of a corrective work order.

In the contract, several assets have been assessed and considered as critical to serviceability performance based on criticality and risk. These assets have been identified and prioritized for condition monitoring assessments

6.10.4 Performance Monitoring

Overall performance of the operational assets is measured and reported in the monthly balanced scorecard. Measures reported at this level include compliance with wastewater regulations, serviceability performance, and contractual compliance.

While the principal asset-related performance measure is reliability, the monthly management reports record several different maintenance performance measures including:

- Monthly work orders – Closed (completed)
- Planned by work type – PM/CM/H&S/Statutory & Regulatory/Training
- Work planned against work completed
- Work order history by priority
- Planned vs. reactive ratios by age and priority

6.10.5 Preventive Maintenance and Operational Tours (Inspections, Rounds)

It is extremely important that the plant and equipment operate within design parameters. Failure to do so will have a negative effect on the asset assembly and could result in increased costs and increased failures no matter what the maintenance plan. The importance of an effective planned maintenance regime is critical to the effective and efficient operation of a treatment facility and related assets. Planned PM approach is time based or condition-based, depending on the asset age and condition and consists of a set of assembly-specific tasks that the maintenance personnel carry out. The tasks are aimed at checking the general condition, functionality, performance, and calibration of the assembly.

This approach aims to give O&M common goals to ensure asset performance and process stability is supported by good asset ownership. This type of work is carried out by operational staff and takes the total productive maintenance approach. It consists of operational tours, cleaning, visual inspection, adjustments, and calibration and complies with supporting site procedures and ISO standards. The operations technicians carry out their routine tasks on the plant determined by the work scheduling system, ensuring that all operational tasks are linked with maintenance activities. As a result, the true maintenance tasks are reserved for the skilled maintenance technicians. The Lean Reliability Centered Maintenance (RCM) approach will support this approach by simplifying checks and controls and freeing up time for staff to spend on more value-adding activities.

6.10.6 Operations and Maintenance Deployment -Works Scheduling

To effectively maintain the asset base, the CMMS will be utilized to carry out all reactive and planned work at the request of operations. The system will be used to ensure that the "right people" are deployed to do the "right work" at the "right time" and required frequencies in place to effectively manage and prioritize planned and reactive work against the process needs. Each site has a site-specific Best Operations Practice (BOP) and

Contract Management Plan

Maintenance program tailored to the site requirements to ensure the appropriate tasks and frequencies are applied to the assets to keep them in service and deliver the required asset performance. The work priority for any activity on a site may be changed at the request of operations to reflect operational circumstances and maintain service levels. Attached to each priority is a descriptor dictating the requirement that is based on condition-based reasoning.

A summary of the priorities with response times applied are detailed on Figure 7-8:

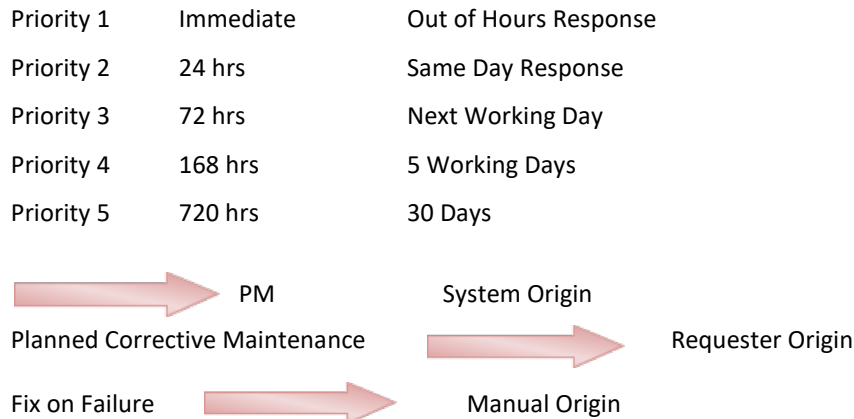


Figure 7-8. Priority Response Time

6.10.7 Reactive Maintenance - Repairs on Failure

This is unplanned work to repair faults or failures of equipment that are raised by a work request. The prioritization of the work is based on the operational requirements at the time of the request and will be subject to classification and the associated response time. A proportion of random failures are inevitable due to the nature of the operational environment, the age of the plant, and unexpected events that take place (random failures will occur). An event is determined as an unforeseen event, usually weather related, however the robustness of the maintenance plan and strategy will keep this type of reactive work to a minimum.

6.10.8 Works Scheduling and Resource Management

All O&M tasks will be reviewed for the assets, considering the asset risk, criticality, condition, and asset performance. The system will be developed to ensure that all maintenance staff are strategically deployed considering reporting centers, workload, skill requirements, availability, and the installation of new plant and equipment. The system will look to actively improve work processes, monitor the effectiveness of the O&M staff taking into consideration the asset type, work and frequencies required, job type, and hours. This approach will enable the contract operator to take advantage of any operational improvements and commercial activities within the project and locally.

6.10.9 Maintenance Performance Reporting

To drive operational improvements and meet service requirements, performance scorecards and reporting systems will be introduced across the MPWMD water assets. The reporting framework also ensures that an audit trail is present, demonstrable, and satisfies ISO standards. The performance information is used to understand the effectiveness of the strategy and to gain an understanding of how resources are best deployed across the asset base to meet operational requirements and serviceability levels. To effectively manage performance in these areas the monthly performance data is distributed to the maintenance teams containing the following information:

- PM completed over the last 6 months
- Critical PM backlog over the last three months
- Work request work completed and backlog in the last six months (opex and capex)

- Priority backlog by priority
- Assets revisited reactively after a PM

An example of the detailed performance monitoring dashboard used is shown on Figure 6-9:



Figure 6-9. Detailed Performance Monitoring

The maintenance system support function is responsible for ensuring that there is a suitable audit trail, demonstrating that due diligence is being applied to all maintenance activities to ensure compliance with the contract obligations and regulatory requirements.

6.11 Capital Investment Planning

Application of the Asset Management Framework and refinement of the asset data and cost information will allow the MCCS to be used to collect costs at asset level. The process will be fully implemented within the 12 months of commencement of services. It will then be possible to start accurately building up whole life costs of the assets. By capturing data and costs in a consistent way, it will be possible to continuously validate and benchmark asset lives and costs with other similar assemblies. It will also be possible to implement Lean RCM and develop a profile of each asset assembly to determine the frequency of breakdowns, mean time to failure, and investment periods based on historic evidence collected within the database. These will take the form of short-term (Annual), mid-term (5 years), and full-term profiles (complete contract length).

6.11.1 Asset Replacement Planning Process

Assets will be replaced when they reach the end of their serviceable life, the work being funded as CIP. This will be either when the maintenance needed to achieve the performance required becomes either impossible or unreasonably expensive, the frequency of repair or refurbishment becomes excessive, or when spares or consumables are no longer available.

Asset deterioration characteristics are reasonably well understood for specific asset classes (such as pumps) but the attributes for individual assets are unique and therefore the prediction of asset failure is not an exact science.

Contract Management Plan

In the absence of mature asset condition data, this fact influences the mid- to long-term approach to replacement of assets needs.

Initially this requires the asset replacement life to be statistically based, generally on a predicted 'asset life', but the reality is that other interventions will be made when the asset condition and potential failure modes are better understood. Applying the theoretical statistical approach may be reliable for large groups or cohorts of assets but cannot be relied upon for small cohorts or in the very short-term. Consequently, there are different approaches for the short- and long-term asset replacement plans that take into consideration asset life expectancy, refurbishment cycles, asset condition, whole life costs, and meeting the requirements of the contract.

6.11.2 Long-Term Asset Plans

The purpose of holding asset information at this level of granularity is to enable operational work tasks to be allocated at the detail level (such as, inspection, testing, calibration). For CIP planning, the renewable item needs to be identified and determined as "the unit that would be replaced should it or its components fail."

An example of this would be to consider a package plant such as a polymer dosing system. These systems are generally supplied as single units but throughout the course of their lifecycle there will be components with the package plant that will fail (such as the dosing pumps) which will be replaced as discrete plant items. However, if the entire "package" (multiprocess or system) requires replacement, then the replacement will include all subcomponents.

It is recognized that the Asset Register is a live document with static data (asset attributes such as size, rating, and similar) updated and added as information becomes available and asset gaps filled as they are identified.

As part of the approach to driving and delivering continuous improvements, both the renewable items and gaps in the Asset Register will be captured over the course of the contract to improve the confidence in the asset data used to make operational, maintenance, and capital interventions.

It is a recognized fact that when compiling the Asset Register for an asset-intensive contract it is inevitable that some assets will be missed and that over the early stages of the contract period these will be progressively identified and added to the Asset Register. To help with this objective, the renewable items in the asset schedule will be classified to distinguish between those that are known and understood and those that are known to exist but have little or no available asset information.

On an ongoing basis the asset inventory will be reviewed within the CMMS for completeness (appropriate level of granularity) and adding assets that were previously omitted. Greater emphasis will be placed on the accurate recording of data within the CMMS which plays an important part in the continual refinement and development of the CIP. The asset data and performance information derived from the MCCA, the from the Asset Condition Evaluation regarding asset performance information, CG, risk and consequence, together with testing against the compliance requirements of the contract will determine eligibility for funding and deliver a robust CIP for the year and over the remainder of the contract term.

6.11.3 Replacement and Refurbishment Frequencies

In many cases, the asset life is not predicated by run time or age-related deterioration. This is the reason why the Lean RCM approach is being adopted across the asset base.

The majority of the assets in use in the water industry are mechanical, electrical, instrumentation, control, or of civil construction. While some of these have predictable asset lives, many factors influence the life of an asset. These will include suitability to operating duty, duty/standby arrangements, environment, performance of upstream equipment, quality of manufacture, care of initial installation, quality of maintenance, and age.

Each renewable item fits within a sub-category which in turn fits within an Asset Category. Each asset category fits within an asset assembly system.

A given example of this would be a polymer mixer within a coagulation basin and this would be categorized as follows:

- Renewable item – Water System Process (WSP) polymer mixer No. 1
 - Asset system – WSP system
 - Asset Category – mixer
 - Asset sub-category – mixer-submersible

For the purposes of modeling the SPIP, asset lives have been applied at the asset sub-category level. While simplistic this experiential-based forward projection works for large cohorts of assets and it is expected to be reliable for the size of the asset base under the project.

It is recognized that for many assets there will be one or several asset refurbishments prior to the asset requiring replacement. This has been recognized in the asset planning process and consequently for many assets there will be a proposed frequency for refurbishment and a different frequency for replacement. This is driven from experience coupled with analysis of the available asset data. Due to the varied nature of the wear characteristics and consequent refurbishment activity it is neither practical nor possible with any accuracy to break down the activity into further levels of detail.

6.11.4 Identifying the Initial Intervention – The Asset Risk Register

While modelled asset lives will derive the expected time period between interventions, they are not sufficiently accurate to determine the initial replacement or refurbishment interventions. As a result of this uncertainty early in the contract concession, the initial activity will be based on the risk and consequence posed by the asset failing. The asset risk is assessed against certain criteria and derived from the likelihood and consequence of asset failure. Where risk is low then the asset condition will be used to determine the intervention. Where risk is low and condition is good then replacement will be based on asset age and submitted to a technical challenge review to assess eligibility for CIP funding. The methodology followed for the assessment of the likelihood and consequence of failure is illustrated on Figure 6-10.

Likelihood Category	Wt.	Negligible = 1	Unlikely = 3	Possible = 5	Likely = 7	Very Likely = 10
Physical Condition	75	Condition Grade 1 Very Good. Only Normal Maintenance Required.	Condition Grade 2. Good. Minor wear. Normal and minor corrective maintenance required	Condition Grade 3. Fair. Major wear impacting level of service. Significant corrective maintenance required	Condition Grade 4. Poor. Unable to meet level of service. Major corrective maintenance required. Failure Imminent.	Very Poor. Grade 5. Requires Complete Rehabilitation Or Replacement. Failed.
O and M Protocols	25	Complete, up-to-date, written, performed and reviewed at least 3 cycles	Complete, written, up-to-date, performed and reviewed at least one time	Developed but not fully vetted	Written, but out-dated	No written procedures or not being used
	100					

Figure 6-10. Modelling Risk - Likelihood Assessment

The combination of the likelihood and impact scores gives an assessment of risk associated with each asset and is illustrated on Figure 6-10. When making an asset assessment, not all impact categories or likelihood measures should be considered equal and consequently, a weighting factor is applied. For each asset assessed both likelihood and impact scores are converted into percentages and these are multiplied to derive a combined risk score which is expressed as a percentage figure. Scores greater than a determined threshold are high risk and scores lower than a lower threshold are considered low. Those assets that are considered high risk are submitted for replacement in the AIP.

Assets that are a medium risk have their first intervention based on their asset condition. Medium risk assets with a CG of 1 or 2 are planned for replacement based on their residual life; those with a CG of 3 are planned for replacement at a time period as a proportion of their total asset life; those with a CG of 4 or 5 are planned for replacement in the AIP.

Contract Management Plan

Subsequent replacements are planned at a time period equivalent to the theoretical asset life but will be challenged through the Asset Investment Planning process (refer to the process flow diagram in Figure 6-12) to determine if the asset life can be extended, the risk managed, and/or if the asset performance can be maintained through applying alternative maintenance and operational interventions.

In all cases, planned for replacement means that there will be a further review of the condition and performance of the asset to determine what, if any, intervention is warranted. There is then further review to determine whether the cost of the intervention is eligible for funding as CIP in accordance with the O&M contract.

LOS Category	Wt.	Negligible = 1	Low = 4	Moderate = 7	Severe = 10
Safety of Public and Employees	30%	No Injuries Or Adverse Health Effects	No Lost-Time Injuries Or Medical Attention Required	Lost-Time Injury Or Medical Attention Required	Loss Of Life Or Widespread Outbreak Of Illness
Regulatory Compliance	25%	No state local codes or Federal permit violations . No SSO's	Possible technical violation (Inspection finding)	Probable enforcement action, but fines unlikely (Admin Order)	Enforcement action with fines or surcharge. Legal action, Consent decree
Financial Impact	20%	Can be repaired within Utility budget (<\$5,000)	>\$5,000 >=\$100,000	>\$100,000 <\$200,000	Greater than \$200,000
System Restoration	15%	No impact	Minor impact to process or out of service less than 4 hours. No loss of service	Potential impact to process, out of service >4 <8 hours. Loss of service	Major impact to process, out of service >8 hours, outside services required, Loss of service
Public Confidence and Perception	10%	No social or economic impact on the community. No reactive media coverage. Any media coverage is a result of proactive announcements by Utility. No complaints.	Minimal disruption (e.g., traffic, dust, noise, odor). No adverse media coverage. Some complaints.	Substantial but short-term disruption. Adverse media coverage due to public impact. Localized media coverage.	Potential long-term impact. Area-wide disruption. Regional media coverage.
	100%				

Figure 6-11. Combining Likelihood and Impact Assessment to Drive Risk Scores

6.12 Asset Management Plan Outcomes

This section summarizes the capital investment outcomes from applying the asset management methodologies and utilizing the asset data from MC and the intelligent modelling outputs from ACES. Figures 6-12, 6-13, and 6-14 detail these outcomes.

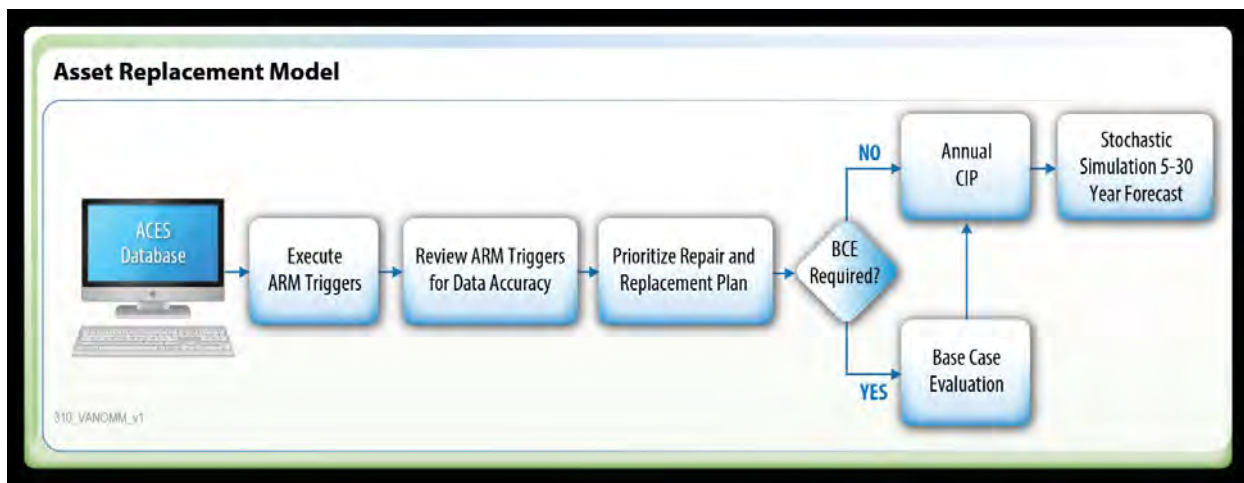


Figure 6-12. Asset Replacement Decision Flow



Figure 6-13. ARM Triggers and Decision Funnel

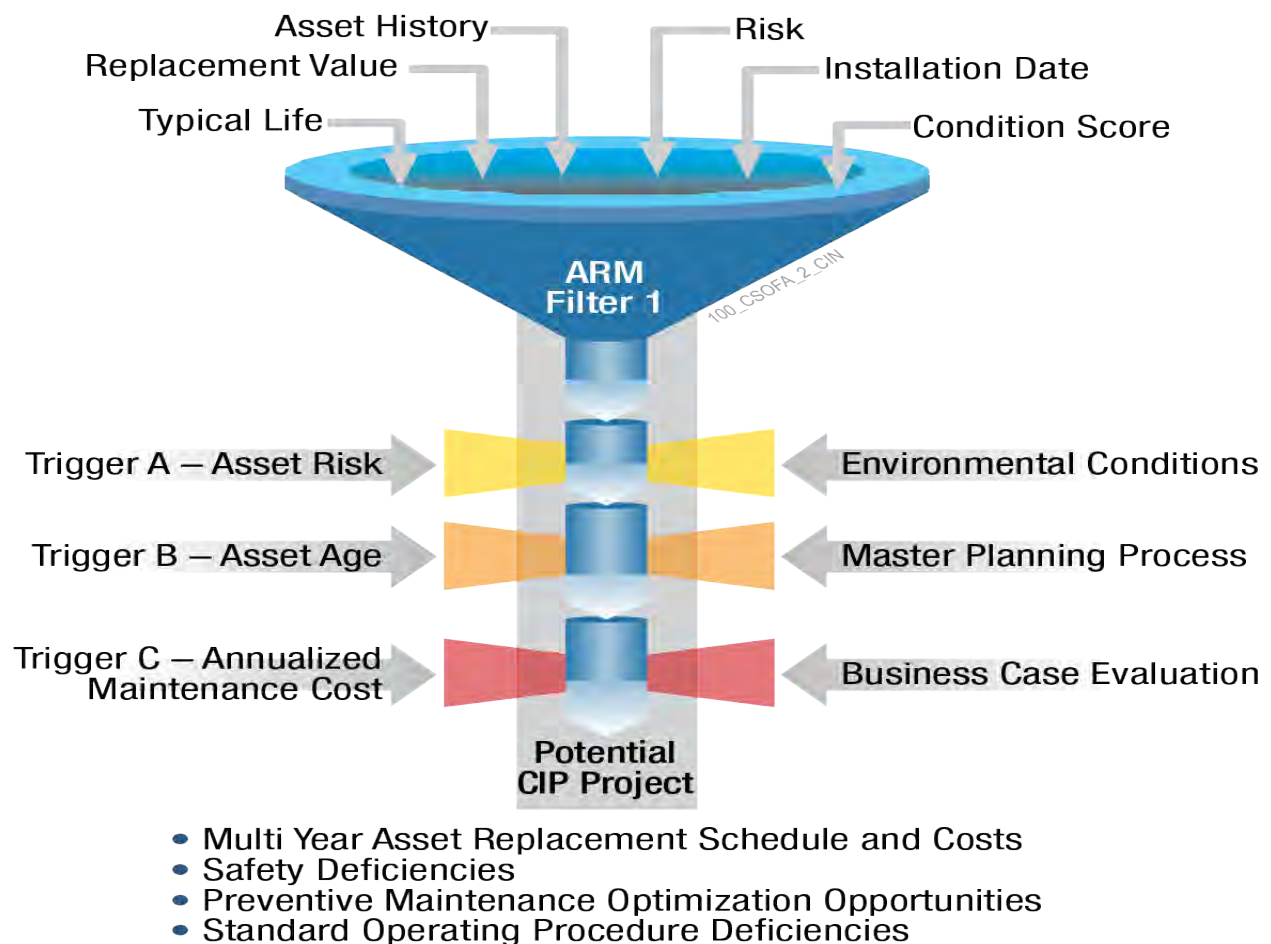


Figure 6-14. Asset Management Funnel

6.13 Service Period Investment Profile and Expenditure Envelope

The asset base will be modelled from a “bottom up” approach taking each asset in the Asset Register, assessing its age, risk profile, and condition and assigning that information to the asset in a model. That then enabled judgments to be made on risk, condition, and age as a priority order across the entire asset base to establish an estimate of the first intervention for each asset. The Reference Profile was then derived from the forecast refurbish/renews frequency based upon the operator’s experience and industry data. The SPIP has been derived from the Reference Profile following a top down review of the validity of the asset cost and expected life predictions together with sense checks of high cost asset interventions.

6.14 Five-Year Investment Profile

The 5YIP is derived from the service period plan in accordance with the process set out on Figure 6-12. It represents the transition from the service period envelope to the AIP. It drives the operator to review the performance of those assets in further detail to determine the likelihood of the need for intervention and if so, to what extent that might be necessary. It provides a look ahead to work that might be required and underpins resource planning.

6.15 Annual Investment Plan

The AIP is the set of planned asset interventions required to maintain the services as required under a typical O&M contract. For the initial AIP it is proposed that a phased approach will be taken to deliver the AIP consisting of program Phases 1, 2, and 3.

- Phase 1 consists of a project scheme of immediate concern and includes fully developed project definitions.
- Phase 2 project definitions are under development and approval will be sought in defined years to progress with those MLC Works.
- Those projects identified in Phase 3 are currently in the conceptual phase of project definition and it is anticipated that approval will be sought in future years as determined by the contract operator and MPWMD to progress those MLC Works.

7. Future Developments and Continuous Improvement

7.1 Updating Asset Management Plans

The Jacobs team have identified four focus areas that drive continuous improvement to further develop the MPWMD Project Asset Management Framework, improve the effectiveness of the AMP, and enhance asset and operational performance.



Figure 7-1. APM Focus Areas

These areas are:

- 1) Further integration and alignment of asset procedures with operational procedures and contingency (Asset Care Plans)
- 2) Asset Data – Asset Register
- 3) Lean RCM
- 4) Procurement and supply chain

7.1.1 Integration and Alignment of Asset and Operational Policy and Procedures

The asset care plan describes the asset and the O&M regime with a projection of capital investment over the life of the asset to maintain service standards. Future assessment of asset criticality and condition over time will enable O&M philosophies to be changed to reduce whole life costs, extend asset lives, and improve asset performance.

7.1.2 Asset Data

Assignment of the confidence grades will determine the reliability and accuracy of the asset data and this improvement will be implemented on a phased approach to the AMP during the initial financial year, aiming to improve the data confidence rating to A or B across the highest priority assets. To support these process changes the operator will carry out an annual review on a sample set of the recorded asset base to calibrate the confidence levels in the data.

Contract Management Plan

7.1.3 Work Planning and Scheduling

With the intention of further improving workforce management, the resource management capability will be improved. This will be completed through increasing the functionality of the work scheduling element in the CMMS to ensure that all maintenance staff are logistically deployed considering reporting centers, work load and type, skill requirements, and availability of plant and new equipment. The associated work processes and performance reporting for all assemblies have been reviewed and the functionality of the work scheduling system adjusted accordingly to drive out continuous improvement regarding getting the “right work” done at the “right time” to the “right quality” standard.

7.1.4 Lean Reliability Centered Maintenance

The contract operator should implement Lean RCM maintenance principles across MPWMD water assets. The intention is to identify the root cause of asset failures through monitoring plant performance and asset condition, reduce the mean time between failures, and pre-empt the failures before they happen. Traditionally, the maintenance approach has been based on the fixed period maintenance schedules utilizing manufacturers’ recommendations or on a set of tasks produced by staff based on experience and best practices. The Lean RCM approach utilizes condition monitoring and simple visual management techniques that can also be applied to ensure that the system/asset is working within the correct asset performance parameters, ensuring efficient and effective energy use and process stability/reliability.

The implementation of the revised approach to maintenance embraces the adoption of industry best practice accompanied by the training and development of maintenance staff, the improvement of relevant business processes, and system management capability. In essence, the strategy and implementation program have been designed to satisfy four main aims:

- 1) To extend asset life and improve plant/equipment reliability through effective routine maintenance.
- 2) To reduce maintenance costs through more effective use of labor and reduced breakdowns, resulting in reduced downtime, compliance risk, and unplanned overtime.
- 3) To make best use of valuable engineering resources by developing effective and robust operator-involved maintenance systems.
- 4) To achieve operator ownership of equipment performance and workplace organization by employing visual management techniques.

Improvements will be made to the site-specific maintenance regimes for the critical assets, applying condition monitoring techniques as part of the inspection intervals (operational tours) to ensure key measuring points are created and monitored for critical/high priority asset assemblies. This Lean RCM approach has been developed around a model where equipment operators perform the clear majority of the routine maintenance tasks allowing the maintenance engineers time to concentrate on the more complex maintenance activities such as fault diagnosis, pre-emptive maintenance, and root cause analysis of asset failures. This revised maintenance regime takes a different view by looking at each possible failure and implementing a maintenance regime that can identify the process of the failure during its lifecycle. The approach utilizes condition monitoring techniques to gain insight on assembly condition, track the asset reliability, and predict the asset failure modes. Application of these techniques enables any degradation of the asset to be identified and PM applied before critical failure of the asset occurs. The revised maintenance regime specifies the inspection regime based on visual and condition monitoring techniques that enable the development of process failure curves that predict asset failure. Over time, as the asset data matures and PM tasks are completed, the number of random failures significantly decreases and the mean time between failures are greatly reduced.

To enable the successful implementation of the Lean RCM model, a competency-based training program for maintenance and operations staff has been introduced. The training program ensures that the operators understand the concept of Lean RCM and have the skills to perform the maintenance tasks including condition

monitoring (temperature/vibration analysis), human sense checks, and practically applying the proactive maintenance processes relevant to the facility.

7.1.5 Procurement and Supply Chain

The Service Delivery Team will work with the Procurement Team to review the processes regarding the procurement of goods and services associated with CIP project work. The existing framework agreements are currently under review and new contracts are being drafted for a future tender issue to key contracting partners with an aim to improve relationships and benchmarking costs and services. The use of these framework agreements will also help achieve the following:

- Duty of care will be demonstrable by assessing the competence of our contracting partners to meet the needs of MPWMD.
- The potential of volumetric savings and quality of service will be achieved through consistent use of framework agreements.
- Agreed standard sets of rates and bills of materials will be introduced with the intention to limit reactive work being carried out at a premium.
- The proposed framework agreements will ensure standard specification of equipment and will ensure service level targets of our suppliers and contracting partners are achieved. The framework agreements will also incorporate performance criteria (cost, quality, and time) and a program review/assessment that will allow us to measure the level of service being achieved.

8. References

American Water Works Association (AWWA). 2016. *M17 Fire Hydrants: Field Testing, and Maintenance*. Fifth Edition.

American Water Works Association (AWWA). 2015. *M44 Distribution Valves: Selection, Installation, Field Testing, And Maintenance*. Third Edition.

Mays, Larry W. 2000. *Water Distribution Systems Handbook*. American Water Works Association (AWWA).

EXHIBIT 10-C**LAFCO** *of Monterey County***LOCAL AGENCY FORMATION COMMISSION**

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KATE McKENNA, AICP
Executive Officer

APPLICATION ATTACHMENT:
PLAN FOR PROVIDING SERVICES
WITHIN THE AFFECTED TERRITORY
(LAFCO Policies and Procedures, Part D.VII.4)

Please provide a plan for providing services. The plan shall include all of the following information.

1. Per Government Code Section 56653:

- (a) An enumeration and description of the services to be extended to the affected territory.
- (b) The level and range of those services.
- (c) An indication of when those services can feasibly be extended to the affected territory.
- (d) An indication of any improvement or upgrading of structures, roads, sewer or water facilities, or other conditions the local agency would impose or require within the affected territory if the change of organization or reorganization is completed.
- (e) Any conditions which would be imposed or required within the affected territory such as, but not limited to, improvement or upgrading of structures, roads, and sewer or water facilities.
- (f) Information with respect to how those services will be financed.

and

2. Supplemental information required for approval of a “new or different service,” per Government Code Section 56824.12:

- (1) The total estimated cost to provide the new or different function or class of services within the special district's jurisdictional boundaries.
- (2) The estimated cost of the new or different function or class of services to customers within the special district's jurisdictional boundaries. The estimated costs may be identified by customer class.
- (3) An identification of existing providers, if any, of the new or different function or class of services proposed to be provided and the potential fiscal impact to the customers of those existing providers.
- (4) A written summary of whether the new or different function or class of services or divestiture of the power to provide particular functions or classes of services, within all or part of the jurisdictional boundaries of a special district, pursuant to subdivision (b) of Section 56654, will involve the activation or divestiture of the power to provide a particular service or services, service function or functions, or class of service or services.
- (5) A plan for financing the establishment of the new or different function or class of services within the special district's jurisdictional boundaries.
- (6) Alternatives for the establishment of the new or different functions or class of services within the special district's jurisdictional boundaries.

ITEM: ACTION ITEM**11. PROVIDE DIRECTION REGARDING PURE WATER MONTEREY EXPANSION FINAL SEIR**

Meeting Date: October 19, 2020 **Budgeted:** N/A

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

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

General Counsel Review: N/A

Committee Recommendation: None

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

SUMMARY: Monterey One Water (M1W) has not certified the Final Supplemental Environmental Impact Report (SEIR) for the Pure Water Monterey expansion and has set no timetable to do so. In July, the District Board was apprised by its attorneys of several options for the District to ascend to lead agency status for purposes of certifying the Final SEIR. The draft letter attached as **Exhibit 11-A** is a possible step for the Board to consider.

RECOMENDATION: The Board should consider whether it wants to notify M1W of its intention to seek lead agency status as described in the attached letter.

DISCUSSION: Notification of M1W of the District's intent to become lead agency is not "certification" of the SEIR, rather a step in the process to moving forward. The remainder of the process, or timeline, can be summarized as follows:

October 19, 2020: District elects to exert "lead agency" status via Board action.

October 20, 2020: District sends letter (**Exhibit 11-A**) to M1W

November 3, 2020: Election Day. M1W may reconsider its own actions re SEIR; Inform District to hold-off, or not.

November 30, 2020: M1W considers Resolution disputing District claim and refers dispute to California Office of Planning and Research (OPR).

December 14, 2020: If M1W does not adopt dispute Resolution, first opportunity for District Board to certify SEIR.

December 21, 2020: If M1W adopts dispute Resolution, OPR to act on "lead agency" claim.

EXHIBIT

11-A Proposed Letter to M1W

EXHIBIT 11-A

October 30, 2020

Ron Stefani, Chair,
Board of Directors
Monterey One Water
5 Harris Court, Bldg D
Monterey, CA 93940

Re: Certification of Final Supplemental Environmental Impact Report (Final SEIR) for
Proposed Modifications to the Pure Water Monterey Groundwater Replenishment Project

Dear Chair Stefani:

The Monterey Peninsula Water Management District (MPWMD) and your agency have engaged in a lengthy and successful partnership to jointly conceive, execute and fund the Pure Water Monterey Project, including its potential expansion. Our collaboration has resulted in a series of contractual agreements, to include:

- 5/20/2013 MRWPCA-MPWMD Cost Sharing Agreement
- 7/25/2016 Amendment No. 1 to MRWPCA-MPWMD Cost Sharing Agreement
- 10/1/2017 Amendment No. 2 to MRWPCA-MPWMD Cost Sharing Agreement
- 6/13/2019 Amendment No. 3 to MRWPCA-MPWMD Cost Sharing Agreement

Our collaboration has recognized that your agency has assumed the role of lead agency under CEQA for this Project, and MPWMD has acted as a responsible agency.

Recently we expressed concern related to recent actions of your Board related to its review of the Pure Water Monterey Expansion Project Supplemental Environmental Impact Report (SEIR). Specifically, we stated our concern that your agency has not timely acted to certify the SEIR, and thus Monterey One Water cannot exercise its discretionary role as lead agency to formally consider the Pure Water Monterey Expansion Project.

Although CEQA Guidelines section 15052(a) describes circumstances by which a responsible agency “*shall* assume the role of the lead agency,” it does not contemplate or foreclose the possibility that a responsible agency such as MPWMD may assume a lead agency’s duties in other circumstances, such as those now extant, where Monterey One Water as lead agency ceases all activities with respect to the project.

MPWMD transmits this letter as your partner and co-sponsor of the Pure Water Monterey Expansion Project because your agency has refused to take definitive action to exercise discretion or finish its lead review of the SEIR; your agency thus is unable to make a decision to

Mr. Ron Stefani, Chair
Monterey One Water
Page 2 of 2
October 20, 2020

select or reject the project for which MPWMD has made considerable investments of time and public resources. MPWMD finds it has no alternative other than to assume the role of lead agency to continue discretionary review of the Pure Water Monterey Expansion Project, including consideration of the draft SEIR. In effect, this means MPWMD will step into Monterey One Water's shoes as lead agency, and that your agency shall assume the role of CEQA responsible agency.

MPWMD is mindful that at least one legal treatise raises the prospect of a change in lead agency, commenting "in certain situations the lead agency can change while the project is being considered. . . . Such a change in the lead agency's identity does not, in itself, require the successor lead agency to restart the CEQA review process."¹ Further, case law interpreting CEQA has recognized that the identity of the lead agency may change while the project is being considered.²

As lead agency, MPWMD intends to resume the CEQA review process on our joint Pure Water Monterey Expansion Project partnership. MPWMD will review and consider all prior certification efforts and will thereafter schedule a CEQA hearing for the SEIR in a reasonable timeframe. We will invite your agency to continue its review of the Pure Water Monterey Expansion Project as a responsible agency and intend to provide notices to you in that capacity.

We understand that your Board may take exception to our intended action, or even to formally dispute this circumstance. You are reminded CEQA authorizes the Governor's Office of Planning and Research (OPR) to designate the lead agency within 21 days of receiving a completed request for dispute resolution.³

Should your Board adopt a formal resolution to initiate the CEQA lead agency dispute process, preferably on or before your November 30, 2020 Board meeting, MPWMD will defer action on the certification question until OPR can address this matter.

We look forward to your consideration of our intended action.

Sincerely,

Board of Directors
Monterey Peninsula Water Management District

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¹ Kostka & Zischke, Practice Under the Cal. Environmental Quality Act § 3.8(e)

² *Gentry v City of Murrieta* (1995) 36 Cal.App.4th 1359

³ See Pub. Resources Code § 21165; CEQA Guidelines § 15053.

ITEM: ACTION ITEM**12. DISCUSS BASELINE FOR WATER SUPPLY CHARGE AND CONSIDER POLICY FOR SUNSET BASED ON USER FEE PERFORMANCE****Meeting Date: October 19, 2020 Budgeted: N/A****From: David J. Stoldt General Manager Program/ Line Item No.: N/A****Prepared By: David J. Stoldt Cost Estimate:****General Counsel Approval: 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.**

DISCUSSION: On January 25, 2016 the California Supreme Court filed its opinion in the suit the District brought against the California Public Utilities Commission (CPUC), determining the CPUC should reinstate the District's User Fee. After protracted discussions with the CPUC and Cal-Am, the Use Fee was finally reinstated in July 2017.

District Ordinance No. 152 which established the Water Supply Charge states in its Section 10.C(b) that the District shall not collect a Water Supply Charge *"to the extent alternative funds are available via a charge collected on the California American Water Company bill."*

At its April 2016 meeting, the District Board approved a plan that encompassed collecting both charges for at least 3 years. This was done for 4 key reasons: (i) the User Fee would primarily fund programs already in Cal-Am surcharges (District conservation and river mitigation), so there is little or unknown "surplus" revenue; (ii) the Monterey Peninsula Taxpayers Association lawsuit over the Water Supply Charge remained unresolved at that time, hence that revenue remained at risk; (iii) there were still large near-term expenditures required on water supply projects; and (iv) Cal-Am had a recent history of significant revenue undercollection, so the viability of the User Fee was at risk until the CPUC rules on a more stable rate design, and the predictability of the User Fee revenue was better known. Collection of the User Fee began in July 2017, hence full collection of both was slated to continue through June 2020, although payment from Cal-Am is usually approximately 45 days in arrears. In its budget deliberations this year, the Board determined collection of both fees is warranted in FY 2020-21 due to ongoing water supply project needs.

To establish a baseline for available surplus User Fee, it is first necessary to determine what the previous Conservation Surcharge and Mitigation Program Surcharge expenses are now being covered by the User Fee.

The previous Conservation Surcharge was used to fund 1 ½ positions in the Water Demand Division and all of the equipment given away to residents (showerheads, aerators, etc.) For the 2020-21 budget year that amount is \$341,728.

The previous Mitigation Program Surcharge was used to fund all of the activities of the District's mitigation cost center. For the 2020-21 budget year that amount is \$6,190,750, but approximately \$2,514,700 is reimbursed from grants or others, leaving a net of \$3,676,050.

Hence, the total of District FY 2020-21 expenses that would previously have been funded through separate surcharges before the User Fee was reinstated is \$4,017,778.

The District adopted a budget for FY 2020-21 with the expectation of \$4,250,000 in User Fee revenue. Therefore, there is just over \$200,000 of "excess" relative to pre-reinstatement conditions. The "excess" could be used to sunset a portion of the Water Supply Charge, but must also be viewed in the context of other competing needs such as other District cost centers, setting of reserves for pension, OPEB, capital replacement, and so forth. Further, the process for adjusting the Water Supply Charge is cumbersome, so minor annual adjustments are not very workable. Certainly, as Cal-Am rates rise, the District's User Fee revenues will rise, creating greater flexibility.

RECOMMENDATION: The Board is encouraged to adopt a policy that if User Fee collections in a fiscal year exceed the budget, then the excess will be applied in the following fiscal year budget in the following priority: First, to repay reserves used for water supply project costs; Second, to deposit into a sinking fund to pay off the Mechanic's Bank loan; Third, to build a fund that can be used to offset and sunset the Water Supply Charge.

EXHIBITS

12-A Sample Cal-Am Bills Before and After Reinstatement of User Fee

12-B Three-Year History of User Fee Collections

Meter Reading and Usage Summary

Meter No.	Measure	Size	From Date	To Date	Previous Read	Current Read	Meter Units	Billing Units	Total Gallons
██████████	100 gal	5/8"	04/03/2020	05/04/2020	179 (A)	237 (A)	58	58.00	5,800

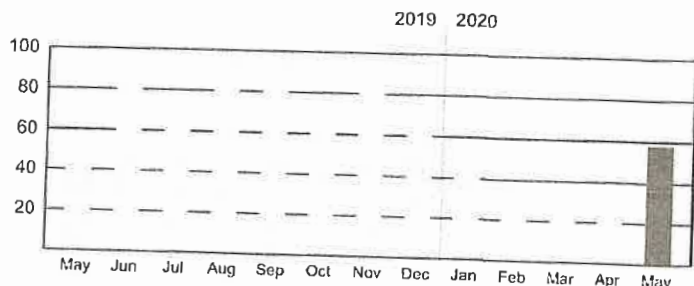
A = Actual E = Estimate

1 Billing Unit = 100 gallons

Total Gallons: 5,800

Billed Usage History (graph shown in 100 gallons)

- 5,800 gallons = usage for this period
- 4,338 gallons = usage for same period last year


 Next Scheduled Read Date: on or about June 02, 2020
 Account Type: Residential

 Average
daily use for
this period is:
(32 days)

181

gallons

Year to Date Billed Usage: 20,600 gallons

Account Detail

Account No. ██████████

Service To: ██████████

Prior Billing 161.53

Payments -161.53

Total payments as of Apr 28. Thank you! -161.53

Balance Forward 0.00

Service Related Charges - 04/03/20 to 05/04/20

Water Service 93.83

Water Service Charge 21.22

Water Usage Charge (29.9 x \$1.0078) 30.13

(28.1 x \$1.5117) 42.48

Other Charges 31.33

Conservation Surcharge (58 x \$0.0751) 4.36

TCJA ADIT Surcredit -1.47

Payment Assistance Surcharge Water 1.81

Pre-2015 WRAM Surcharge (1 x \$10.08) 10.08

Post-2015 WRAM/MCBA Surcharge 12.87

(58 x \$0.2219)

Consolidated Expense Balancing Account 3.98

(58 x \$0.0686)

TCJA ADIT - Plant Surcredit -0.30

Total Service Related Charges 125.16

Pass Through Charges 7.81

MPWMD User Fee (\$93.83 x 8.33%) 7.81

Taxes 2.87

County Franchise Taxes 1.29

Commission Surcharge 1.58

Total Current Period Charges 135.84
Total Amount Due \$135.84
Understanding Your Bill

The information below defines some of the new terms you may find on your bill:

- **Service Related Charges:** This section includes charges for services related to water (or wastewater) service. If applicable, credits and debits for correction to previously billed charges are itemized in this section.
- **Fees and Adjustments:** This section provides details related to additional charges or adjustments for the service period referenced. Fees, when applicable, would include items such as service activation and late payment charges.
- **Surcharges:** Surcharges are used to recover changes to costs that occur between ratemaking cycles. Common surcharges include Purchased Water, Consolidated Expenses, Conservation, Intervenor Compensation and Payment Assistance.
- **Billing Units:** One billing unit equals 100 gallons of water used. If the meter serving your property measures your water use in cubic feet or a different unit of measure, we convert the usage to gallons to make it easier to understand.
- **Average Daily Use:** The gallons shown in the water droplet above represent your average daily water use for the current billing period. Tracking the amount of water you use can help you manage your overall water use from month to month.
- **Still have questions?** We are here to help. Our customer service representatives are available M-F, 7 a.m. to 7 p.m. More information on understanding your bill and charges can also be found on our website. See the link below.

 For more information about your charges and rates, please visit:
<https://amwater.com/caaw/rates>



CALIFORNIA AMERICAN WATER

PO Box 7150, Pasadena, CA 91109-7150

For Service To: 9TH LINCOLN N E 52

☐ Check this box for address changes and
note new address on back.

0001015220003993400000000000005488016

Account Number	[REDACTED]
Due Date	July 31, 2015
Total Due	\$54.88

Amount Enclosed \$

STEPHAN LOORE

[REDACTED]

CARMEL, CA 93921-4875

CALIFORNIA AMERICAN WATER

PO BOX 7150

PASADENA, CA 91109-7150



Please tear along the dotted line and return this portion with your payment.

BILLING PERIOD AND METER READINGS

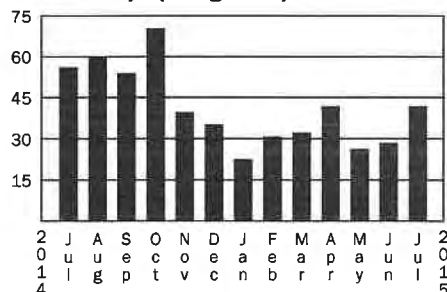
- Billing date: July 9, 2015
- Due Date: **July 31, 2015**
- Billing period: Jun 05 to Jul 07 (33 Days)
- Next reading on or about: Aug 06, 2015
- Customer Type: Residential
- Meter Reading Measurement:
1 unit = 10 CF or 74.8 gallons of water
- Billing Measurement: 100 gallons (CGL)

Meter No.	[REDACTED]
Size of meter	5/8"
Current Read	4,346 (Actual)
Previous Read	4,290 (Actual)
Total water used this billing period	56 units (4,188 gallons)

Total Water Use Comparison (in 100 gallons)

- Current billing period 2015: 41.88 CGL
- Same billing period 2014: 56.10 CGL

Billed Use Graph (100 gallons)



BILLING SUMMARY

For Service To: [REDACTED]

For Account: [REDACTED]

Prior Balance	
• Balance from last bill	37.67
• Payments as of Jun15. Thank you!	-37.67

Balance Forward	0.00
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Current Water Service	
• Water Service Charge	9.67
• Water Usage Charge (\$0.60540000 x 33.66)	20.38
(\$1.08430000 x 8.22)	8.91
Total Water Service Related Charges	38.96

Other Charges	
• Carmel River Mitigation Surcharge (38.96 x 4.64%)	1.81
• Conservation Surcharge (\$0.02450000 x 41.88)	1.03
• Payment Assistance Surcharge Water	1.54
• Consolidated Expense Balancing Account (\$0.08760000 x 41.88)	3.67
• Coastal Water Project Surcharge (38.96 x 15.00%)	5.84
• MPWMD Cnsvn Surcharge	0.40
• Seaside Basin BA Surcharge	0.37
Total Other Charges	14.66

Taxes	
• County Franchise Taxes	0.50
• Commission Surcharge	0.76
Total Taxes	1.26

TOTAL CURRENT CHARGES	54.88
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TOTAL AMOUNT DUE	\$54.88
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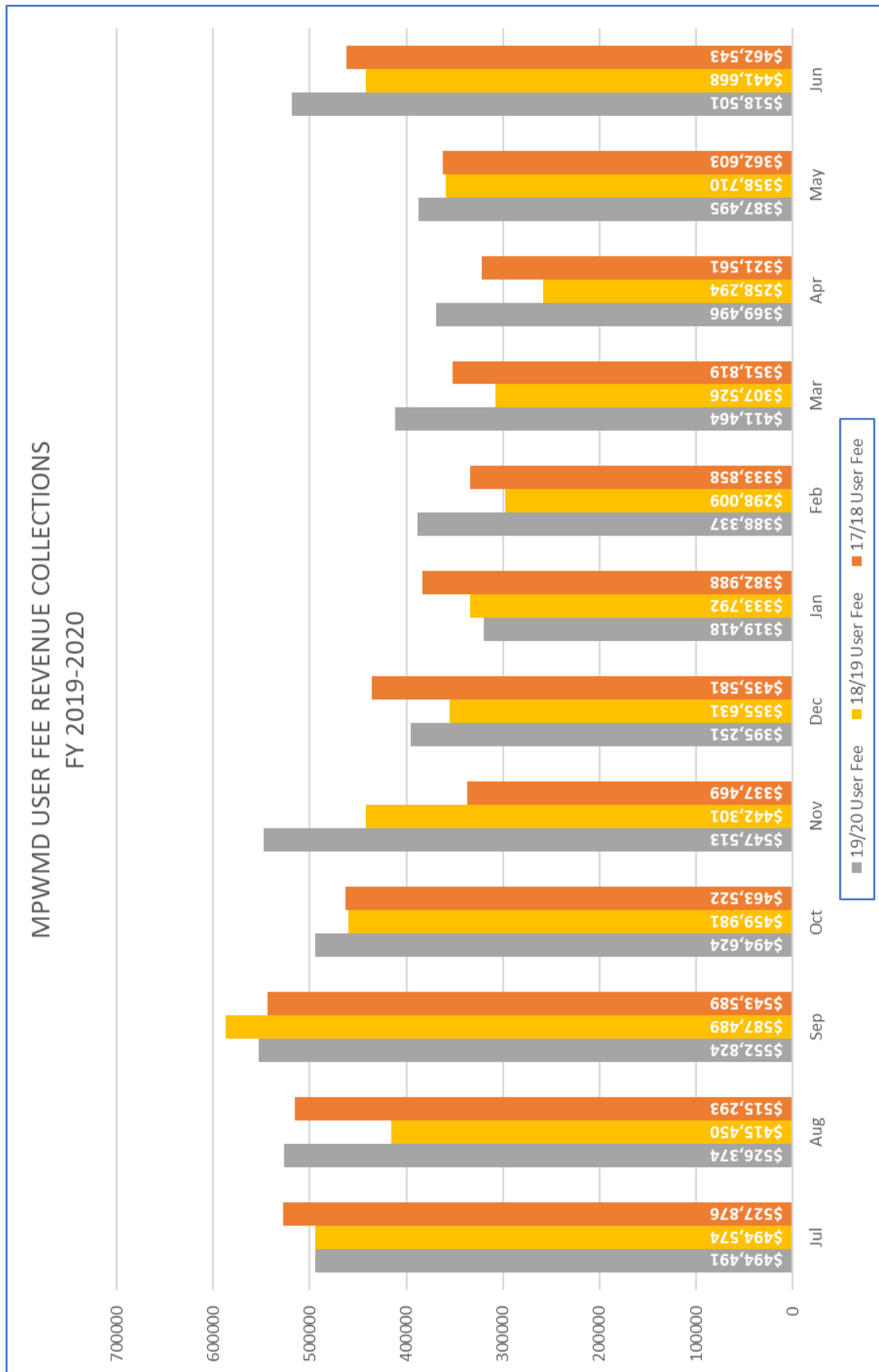
Important messages from California American Water

- Tiered Consumption Amount (CGL)
- Tier 1 - 33.66 | Tier 2 - 33.66 | Tier 3 - 33.66 | Tier 4 - 33.66 | Tier5 - All Other Usage
- Contact California American Water's local conservation department at 831.646.3205 to take advantage of rebates, water wise house calls and more. For more information visit www.montereywaterinfo.org.
- Go paperless. Reduce clutter with paperless billing, and save time and money with our automatic payment program. These are convenient, secure and environmentally friendly ways to receive and pay your bill. To get started, log on to www.amwater.com/myh2o.
- The Low Income Discount Program has been revised and eligible customers now receive a 20 percent discount on their water service charge and the first two tiers of the water usage charge.
- We want to help you better understand your water bill - why you are paying the amount you are, and where the money is going. A large part of your water bill is invested directly into the water system to make sure it is reliably delivering quality water when you need it. To learn more, visit www.californiaamwater.com/aboutyourbill.

Customer Service: 1-888-237-1333

M-F 7am to 7pm Emergency: 24/7

www.californiaamwater.com
622500852572

EXHIBIT 12-B

ITEM: ACTION ITEM**13. CONSIDER APPROVAL OF AMENDMENT TO AGREEMENT FOR EMPLOYMENT OF GENERAL MANAGER**

Meeting Date:	October 19, 2020	Budgeted:	No
From:	Alvin Edwards, Board Chair	Program/ Line Item No.:	Salary & Benefits
Prepared By:	Suresh Prasad	Cost Estimate:	\$13,926 plus benefits

General Counsel Review: Yes**Committee Recommendation: The Administrative Committee considered this item on October 13, 2020 and recommended approval.****CEQA Compliance: This action does not constitute a project as defined by the California Environmental Quality Act Guidelines Section 15378.**

SUMMARY: On October 8, 2020, the Board met and discussed the General Manager's annual performance appraisal. The Board is satisfied with the General Manager's performance and noted the General Manager continues to perform at a high level advancing the Board's goals and direction.

The Board also provided direction to Chair Edwards to discuss compensation changes related to the General Manager's Employment Contract. The following modifications result from that discussion:

- Increase the General Manager's compensation by 6%. This adjustment was based upon prior changes to cost-of-living that approximate 5% that had not been previously recognized, together with an additional increase of 1%.. The total PERSable salary to be set at \$246,026.
- Increase the General Manager's management leave accrual by 8 hours in addition to prior management leave accrual. Total management leave shall be set at 56 hours per year. (Management leave must be taken within 60 days of the end of each fiscal year (use or lose) and unused leave cannot be cashed out.
- All other elements of the General Manager compensation package are ratified without modification.
- The referenced changes should take effect upon the first day of the pay period that begins following approval of this item by the Board. If approved at this meeting, the effective date shall be October 19, 2020.

The Administrative Committee has reviewed this matter. A copy of the Amended Agreement for Employment of General Manager is attached as **Exhibit 13-A**.

RECOMMENDATION: The Administrative Committee recommends the Board approve compensation changes as shown in “Amendment No. 4 to Agreement for Employment of General Manager,” **Exhibit 13-A**.

EXHIBIT

13-A Amendment No. 4 to Agreement for Employment of General Manager

EXHIBIT 13-A

**AMENDMENT NO. 4 TO AGREEMENT FOR EMPLOYMENT
OF GENERAL MANAGER**

The following amendment has been made and entered into this _____ day of October 2020, by and between the MONTEREY PENINSULA WATER MANGEMENT DISTRICT (the District) and DAVID JON STOLDT (“Stoldt”). It amends the salary and benefit provisions found in the Agreement for Employment of General Manager, dated June 22, 2016. The amendment shall have an effective date of October 19, 2020. In consideration of the mutual covenants contained herein, the parties agree to amend the General Manager’s contract as follows, all other terms and conditions remaining the same:

III. COMPENSATION OF STOLDT.**A. Salary.**

As General Manager, STOLDT shall receive a merit increase in annual base salary at the rate of six percent (6%) of his 2020-2021 annual base salary, effective October 19, 2020. New base salary shall be \$246,026.

D. Management Benefits.

STOLDT shall receive management leave at the rate of 56 hours per year. Management leave must be taken within 60 days of the end of each fiscal year (use or lose) and unused leave cannot be cashed out.

GENERAL MANAGER

DAVID JON STOLDT

MONTEREY PENINSULA
WATER MANAGEMENT
DISTRICT

ALVIN EDWARDS, CHAIR

ITEM: INFORMATIONAL ITEM/STAFF REPORT**14. MONTHLY INFORMATIONAL PROGRESS REPORT – SANTA MARGARITA WATER TREATMENT FACILITY****Meeting Date:** October 19, 2020 **Budgeted:** N/A**From:** David J. Stoldt
General Manager **Program/** N/A
Line Item:**Prepared By:** Maureen Hamilton **Cost Estimate:** N/A**General Counsel Review:** N/A**Committee Recommendation:** The Administrative Committee reviewed this item on October 13, 2020.**CEQA Compliance:** This action does not constitute a project as defined by the California Environmental Quality Act Guidelines Section 15378.**SUMMARY:** This progress report is provided for information only, no action is required.

Work conducted after the previous progress report:

- Interior piping, pumps, and instrumentation installed
- Facility power and signal conductors largely installed; new facilities are powered
- Control systems vendor on-site performing installation
- Tesco on-site calibrating and checking instruments
- Automatic gates installed
- Nameplate on front fence wall installed.

One change order for the following work was authorized:

No.	Description	Cost
1	Floor and wall finish deletions credit	-\$1,476.86
2	Epoxy application	\$5,000.00
3	Metal beam coating change	\$10,736.30
4	Air-vacs	\$2,501.00
5	Concrete access ramp deletion credit	-\$6,057.42
6	Pipe support footings	\$4,500.00
7	North entrance concrete/grading changes	\$13,256.12
8	Vault vent deletion credit	-\$2,093.37
9	Additional painting	\$1,103.01
10	Concrete ribbon at south driveway	\$4,510.00
Total		\$31,978.78

The Contractor submitted one notice of delay for chemical tubing.

Cal Am, MPWMD, and the construction team had weekly startup planning meetings and weekly site visits. Cal Am, MPWMD, and the Contractor routed ASR1 production through the new piping

and manifold on September 30. Vendors are scheduled for startup training the week of October 5. Transition from the old temporary chemical system to the new chemical system will be done after vendor training, schedule to be determined by Cal Am.

EXPENDITURES:

Base Contract:	\$4,649,400.00
Change Orders:	\$ 142,225.78 (3.0%) ¹
Total:	\$4,789,625.72
 Paid:	 \$3,498,476.75 (73%) ²

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¹ Percent of base contract

² Percent of base contract plus change orders

ITEM: INFORMATIONAL ITEM/STAFF REPORT**15. REPORT ON ACTIVITY/PROGRESS ON CONTRACTS OVER \$25,000**

Meeting Date: October 19, 2020 **Budgeted:** N/A

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

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

General Counsel Review: N/A

Committee Recommendation: The Administrative Committee reviewed this item on October 13, 2020.

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

SUMMARY: Attached for review is **Exhibit 15-A**, monthly status report on contracts over \$25,000 for the period August 2020. This status report is provided for information only, no action is required.

EXHIBIT**15-A** Status on District Open Contracts (over \$25k)

EXHIBIT 15-A

303

**Monterey Peninsula Water Management District
Status on District Open Contracts (over \$25K)
For The Period August 2020**

Contract	Description	Date Authorized	Contract Amount	Prior Period Expended To Date	Current Period Spending	Total Expended To Date	Expected Completion	Current Period Activity	P.O. Number
1	Martin B. Feeney, PG, CHG	Construction Management of PWM final well comissioning	8/17/2020	\$ 53,820.00	\$ -		\$ -		PO02403
2	De Lay & Laredo	Measure J/Rule 19.8 3rd Party Operations Phase II	12/16/2019	\$ 87,000.00	\$ -		\$ -		PO02398
3	Salinas Valley Ford	Ford F150 4x4 Truck	2/19/2020	\$ 33,000.00	\$ 30,070.91		\$ 30,070.91	Purchase of new Ford F-150 truck	PO02386
4	Weston Solutions, Inc.	UXO Support Services	6/15/2020	\$ 26,378.70	\$ -		\$ -		PO02371
5	Denise Duffy & Assoc. Inc.	CEQA addendum for ASR Parallel Pipeline	4/20/2020	\$ 28,567.00	\$ 8,526.00		\$ 8,526.00		PO02363
6	Lynx Technologies, Inc	Geographic Information Systems contractual services	6/15/2020	\$ 35,000.00	\$ -	\$ 900.00	\$ 900.00	Current period billing for GIS services	PO02357
7	Regional Government Services	Human Resouces contractual services	6/15/2020	\$ 70,000.00	\$ 5,945.00	\$ 6,166.30	\$ 12,111.30	Current period billing for HR services	PO02356
8	DeVeera Inc.	BDR Datto Services Contract FY 2020/2021	9/16/2019	\$ 26,352.00	\$ 2,196.00	\$ 2,196.00	\$ 4,392.00	Current period billing for IT backup services	PO02349
9	DeVeera Inc.	IT Managed Services Contract for FY 2020/2021	6/15/2020	\$ 57,012.00	\$ 4,751.00	\$ 4,751.00	\$ 9,502.00	Current period billing for IT managed services	PO02348
10	The Ferguson Group LLC	2020-21 - Legislative and Administrative Services	6/15/2020	\$ 99,500.00	\$ 8,000.00	\$ 8,141.18	\$ 16,141.18	Current period retainer billing	PO02339
11	JEA & Associates	Contract for Legislative and Administrative Services - FY 20-21	6/15/2020	\$ 35,000.00	\$ 2,500.00	\$ 2,500.00	\$ 5,000.00	Current period retainer billing	PO02338
12	MBAS	ASR Water Quality	6/15/2020	\$ 40,000.00	\$ -	\$ 9,472.50	\$ 9,472.50	Current period billing related to ASR water quality testing	PO02330
13	Pueblo Water Resources, Inc.	ASR Operations Support	6/15/2020	\$ 75,000.00	\$ -	\$ 1,995.00	\$ 1,995.00	Current period billing related to ASR operations support	PO02320
14	De Lay & Laredo	Measure J/Rule 19.8 Appraisal/MAI Services	6/15/2020	\$ 120,000.00	\$ 30,000.00	\$ 33,066.00	\$ 63,066.00	Current period billing for appraisal/MAI related to phase 2 Measure J	PO02316
15	De Lay & Laredo	Measure J/Rule 19.8 Appraisal/Rate Study Phase II	12/16/2019	\$ 200,000.00	\$ 144,675.00	\$ 14,480.00	\$ 159,155.00	Current period billing for appraisal/rate related to phase 2 Measure J	PO02282
16	De Lay & Laredo	Measure J/Rule 19.8 Operations Plan - Phase II	12/16/2019	\$ 145,000.00	\$ 14,182.50	\$ 33,790.00	\$ 47,972.50	Current period billing for operations plan related to phase 2 Measure J	PO02281
17	De Lay & Laredo	Measure J/Rule 19.8 CEQA Services Consultant	12/16/2019	\$ 129,928.00	\$ 104,297.09	\$ 25,592.40	\$ 129,889.49	Current period billing for CEQA work related to phase 2 Measure J	PO02273
18	Rutan & Tucker, LLP	Rule 19.8 Eminent Domain Legal Services - Phase II	12/16/2019	\$ 200,000.00	\$ 90,711.00	\$ 26,241.99	\$ 116,952.99	Current period billing for eminent domain work related to phase 2 Measure J	PO02236
19	Norton Rose Fulbright	Cal-Am Desal Structuring & Financing Order	4/20/2015	\$ 307,103.13	\$ 38,557.29		\$ 38,557.29		PO02197
20	Pueblo Water Resources, Inc.	ASR SMWTF Engineering Services During Construction	10/21/2019	\$ 148,100.00	\$ 117,304.46	\$ 8,196.40	\$ 125,500.86	Current period billing related to ASR engineering services	PO02163
21	Specialty Construction, Inc.	ASR SMWTF Construction	10/21/2019	\$ 4,649,400.00	\$ 2,887,216.45	\$ 606,260.30	\$ 3,493,476.75	Current period billing related to ASR construction management services	PO02162
22	Psomas	ASR Construction Management Services	8/19/2019	\$ 190,280.00	\$ 132,470.64	\$ 21,728.10	\$ 154,198.74	Current period billing related to ASR construction management services	PO02160
23	U.S. Bank Equipment Finance	Copier machine leasing - 60 months	7/15/2019	\$ 52,300.00	\$ 10,499.51	\$ 871.82	\$ 11,371.33	6/30/2024 Current period billing for photocopy machine lease	PO02108
24	Monterey One Water	Supplemental EIR Costs for PWM Expansion Project	3/18/2019	\$ 750,000.00	\$ -		\$ -		PO02095
25	Monterey One Water	Pre-Construction Costs for PWM Expansion Project	11/13/2017	\$ 360,000.00	\$ 312,617.94		\$ 312,617.94		PO02094
26	DUDEK	Consulting Services for Prop 1 grant proposal	4/15/2019	\$ 95,600.00	\$ 94,315.05		\$ 94,315.05		PO01986

EXHIBIT 15-A

304

**Monterey Peninsula Water Management District
Status on District Open Contracts (over \$25K)
For The Period August 2020**

Contract	Description	Date Authorized	Contract Amount	Prior Period Expended To Date	Current Period Spending	Total Expended To Date	Expected Completion	Current Period Activity	P.O. Number
27	Denise Duffy & Associates	Consulting Services IRWM plan update	12/17/2018	\$ 55,000.00	\$ 53,322.32		\$ 53,322.32		PO01985
28	Colantuono, Highsmith, & Whatley, PC	Legal Services for MCWD vs PUC Matter for FY 2018-2019	7/1/2018	\$ 60,000.00	\$ 54,628.80		\$ 54,628.80	6/30/2020	PO01874
29	Ecology Action of Santa Cruz	IRWM HEART Grant	4/16/2018	\$ 152,600.00	\$ 86,362.33		\$ 86,362.33		PO01824
30	Pueblo Water Resources, Inc.	ASR Backflush Basin Expansion, CM services	7/16/2018	\$ 96,034.00	\$ 68,919.39		\$ 68,919.39		PO01778
31	Rural Community Assistance Corporation	IRWM DAC Needs Assessment	4/16/2018	\$ 100,000.00	\$ 69,095.92		\$ 69,095.92		PO01777
32	Mercer-Fraser Company	Sleepy Hollow Intake upgrade project	7/16/2018	\$ 1,802,835.00	\$ 1,786,834.91		\$ 1,786,834.91		PO01726
33	Fort Ord Reuse Authority	ASR Backflush basin expansion project UXO support	7/16/2018	\$ 55,215.00	\$ 8,241.72		\$ 8,241.72		PO01686
34	Pueblo Water Resources, Inc.	ASR operations support	1/24/2018	\$ 70,000.00	\$ 68,652.56		\$ 68,652.56		PO01645
35	Pueblo Water Resources, Inc.	Seaside Groundwater Basin Geochemical Study	1/24/2018	\$ 68,679.00	\$ 36,795.25		\$ 36,795.25		PO01628
36	Big Sur Land Trust	Update of the IRWMP Plan	4/16/2018	\$ 34,000.00	\$ 12,305.67		\$ 12,305.67		PO01620
37	Pueblo Water Resources, Inc.	SSAP Water Quality Study	8/21/2017	\$ 94,437.70	\$ 44,318.11		\$ 44,318.11		PO01510
38	Normandeau Associates, Inc.	Assistance with IFIM Study	11/13/2017	\$ 35,000.00	\$ 24,050.00	\$ 130.00	\$ 24,180.00	Current period billing related to IFIM study	PO01509
39	Accela Inc.	Acquisition of Water Demand Database System	11/13/2017	\$ 676,377.00	\$ 669,227.81		\$ 669,227.81	6/30/2020	PO01471
40	Balance Hydrologics, Inc	Design Work for San Carlos Restoration Project	6/19/2017	\$ 51,360.00	\$ 50,894.32		\$ 50,894.32		PO01321
41	AECOM Technical Services, Inc.	Los Padres Dam Alternatives Study	1/25/2017	\$ 700,700.00	\$ 505,766.50		\$ 505,766.50		PO01268
42	Denise Duffy & Assoc. Inc.	MMRP Services for Monterey Pipeline	1/25/2017	\$ 80,000.00	\$ 73,144.06		\$ 73,144.06		PO01202
43	Goodin, MacBride, Squeri, Day, Lamprey	User Fee PUC Proceedings Legal Fee	7/1/2016	\$ 50,000.00	\$ 33,411.85		\$ 33,411.85	6/30/2020	PO01100
44	Whitson Engineers	Carmel River Thawleg Survey	9/19/2018	\$ 52,727.43	\$ 49,715.00		\$ 49,715.00		PO01076
45	HDR Engineering, Inc.	Los Padres Dam Fish Passage Study	4/18/2016	\$ 310,000.00	\$ 309,751.71		\$ 309,751.71		PO01072
46	Michael Hutnak	GS Flow Modeling for Water Resources Planning	8/19/2013	\$ 71,800.00	\$ 65,880.00		\$ 65,880.00		PO00123
47	Justin Huntington	GS Flow Modeling for Water Resources Planning	8/19/2013	\$ 59,480.00	\$ 53,918.98		\$ 53,918.98		PO00122

ITEM: INFORMATIONAL ITEM/STAFF REPORT**16. STATUS REPORT ON MEASURE J/RULE 19.8 PHASE II SPENDING**

Meeting Date: October 19, 2020 **Budgeted:** N/A

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

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

General Counsel Review: N/A

Committee Recommendation: The Administrative Committee reviewed this item on October 13, 2020.

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

SUMMARY: Attached for review is **Exhibit 16-A**, monthly status report on Measure J/Rule 19.8 Phase II spending for the period August 2020. This status report is provided for information only, no action is required.

EXHIBIT**16-A** Status on Measure J/Rule 19.8 Phase II Spending

**Monterey Peninsula Water Management District
Status on Measure J/Rule 19.8 Spending Phase II
For the Period August 2020**

	Contract	Date Authorized	Contract/Approved Amount	Prior Period Spending	Current Period Spending	Total Expended To Date	Spending Remaining	Project No.
1	Eminent Domain Legal Counsel	12/16/2019	\$ 225,000.00	\$ 90,711.00	\$ 26,241.99	\$ 116,952.99	\$ 108,047.01	PA00005-01
2	CEQA Work	12/16/2019	\$ 129,928.00	\$ 104,297.09	\$ 25,592.40	\$ 129,889.49	\$ 38.51	PA00005-02
3	Appraisal Services	12/16/2019	\$ 200,000.00	\$ 144,675.00	\$ 14,480.00	\$ 159,155.00	\$ 40,845.00	PA00005-03
4	Operations Plan	12/16/2019	\$ 145,000.00	\$ 14,182.50	\$ 33,790.00	\$ 47,972.50	\$ 97,027.50	PA00005-04
5	District Legal Counsel	12/16/2019	\$ 40,000.00	\$ 44,424.01	\$ 10,639.51	\$ 55,063.52	\$ (15,063.52)	PA00005-05
6	MAI Appraiser	12/16/2019	\$ 120,000.00	\$ 30,000.00	\$ 33,066.00	\$ 63,066.00	\$ 56,934.00	PA00005-06
7	Jacobs Engineering	12/16/2019	\$ 87,000.00	\$ 51,686.78		\$ 51,686.78	\$ 35,313.22	PA00005-07
6	Contingency/Miscellaneous/Uncommitted	12/16/2019	\$ 294,072.00	\$ 1,090.40		\$ 1,090.40	\$ 292,981.60	PA00005-20
	Total		\$ 1,241,000.00	\$ 481,066.78	\$ 143,809.90	\$ 624,876.68	\$ 616,123.32	

ITEM: INFORMATIONAL ITEM/STAFF REPORT**17. LEGISLATIVE ADVOCACY COMMITTEE'S STATE AND FEDERAL BILL TRACKING**

Meeting Date:	October 19, 2020	Budgeted:	N/A
From:	David J. Stoldt, General Manager	Program/ Line Item No.:	N/A
Prepared By:	David J. Stoldt	Cost Estimate:	N/A

General Counsel Review: N/A**Committee Recommendation: N/A**

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

SUMMARY: Attached as **Exhibit 17-A** is an overview of the California bills being tracked by the District during this legislative session. **Exhibit 17-B** shows federal bills. At the September 22, 2020 Legislative Advocacy Committee meeting JEA & Associates and The Ferguson Group provided oral presentations and the Committee identified several bills for priority, which are in the Exhibits.

EXHIBITS**17-A** MPWMD State Legislative Track**17-B** MPWMD Federal Legislative Track

MPWMD State Legislative Track

As of September 17, 2020

Measure	Author	Topic	Status	Brief Summary	Position
<u>AB 1839</u>	<u>Bonta D</u>	Economic, environmental, and social recovery: California COVID-19 Recovery Deal.	5/29/2020-Failed Deadline pursuant to Rule 61(b)(5). (Last location was NAT. RES. on 4/24/2020)	Would enact the California COVID-19 Recovery Deal. The bill would make a series of legislative findings and declarations pertaining to the coronavirus (COVID-19) pandemic and various economic, environmental, and social conditions in the state. The bill would state the intent of the Legislature that the state adopt a policy framework with principles and goals committed to accomplish specified economic, environmental, and social objectives and priorities as part of the state's COVID-19 recovery spending. The bill would state that the Legislature establishes various spending rules for the COVID-19 recovery, including adopting spending measures that prohibit businesses, organizations, or agencies from accepting public funds for any long-term projects that prolong the emission of greenhouse gases or lead to the expansion of fossil fuel projects and ensuring that recovery spending includes specific measures for California populations and communities most negatively impacted by COVID-19.	
<u>AB 1857</u>	<u>Chen R</u>	Emergency services: contracts.	5/29/2020-Failed Deadline pursuant to Rule 61(b)(5). (Last location was G.O. on 5/7/2020)	The California Emergency Services Act includes various provisions intended to mitigate the effects of emergencies and to generally protect the health and safety and preserve the lives and property of the people of the state. Among other things, the act authorizes the Governor to expend any appropriation for support of the act to carry out its provisions. This bill would require the Governor to submit a copy of any contract executed with moneys authorized for expenditure, as described above, to the Joint Legislative Budget Committee and members of the Senate Committee on Budget and Fiscal Review and the Assembly Committee on Budget within 72 hours of the contract becoming final.	
<u>AB 1936</u>	<u>Rodriguez D</u>	Price gouging: public safety power shutoffs.	6/5/2020-Failed Deadline pursuant to Rule 61(b)(8). (Last location was A. APPR. on 3/12/2020)	Under current law, upon the proclamation of a state of emergency, as defined, by the President of the United States or the Governor, or upon the declaration of a local emergency, as defined, by the executive officer of any county, city, or city and county, and for 30 days following the proclamation or declaration of emergency, it is a misdemeanor with specified penalties for a person, contractor, business, or other entity to sell or offer to sell certain goods and services for a price that exceeds by 10% the price charged by that person immediately prior to the proclamation or declaration of emergency, except as specified. This bill would specify that, for a proclamation or declaration of emergency made because of a public safety power shutoff or because of an announcement that a public safety power shutoff will occur, the restrictions on increased pricing apply, only as specified, for a period lasting until 72 hours after the restoration of power.	
<u>AB 1958</u>	<u>Cooper D</u>	State Plan of Flood Control: facilities.	8/31/2020-Failed Deadline pursuant to Rule 61(b)(18). (Last location was S. N.R. & W. on 6/23/2020)	Would prohibit a person from concealing, defacing, destroying, modifying, cutting, altering, or physically or visually obstructing any levee along a river or bypass at any of those specified places, any levee forming part of any flood control plan, or any other facility of the State Plan of Flood Control, including, but not limited to, any and all associated rights of way, without permission of the board. By expanding the behavior that would be punishable as a misdemeanor, the bill would impose a state-mandated local program.	Support **Bill amended to only apply to the

					Sacramento -San Joaquin
<u>AB 2060</u>	<u>Holden D</u>	Drinking water: pipes and fittings: lead content.	8/21/2020-Failed Deadline pursuant to Rule 61(b)(15). (Last location was S. APPR. SUSPENSE FILE on 8/20/2020)	Would, commencing January 1, 2024, additionally define “lead free,” for purposes of conveying or dispensing water for human consumption, to mean does not leach more than one microgram of lead under certain tests and meeting a specified certification when used with respect to certain endpoint devices, as defined. The bill would, notwithstanding that commencement date, impose a progressively increasing minimum percentage for a manufacturer that sells or offers for sale in the state products subject to that definition of “lead free” to comply with that definition, commencing January 1, 2021, with 100% compliance on January 1, 2024, as compared to the total number of those product models sold or offered for sale in the state by that manufacturer on July 1, 2019.	
<u>AB 2093</u>	<u>Gloria D</u>	Public records: writing transmitted by electronic mail: retention.	6/5/2020-Failed Deadline pursuant to Rule 61(b)(8). (Last location was A. APPR. on 3/10/2020)	Would, unless a longer retention period is required by statute or regulation, or established by the Secretary of State pursuant to the State Records Management Act, require a public agency, for purposes of the California Public Records Act, to retain and preserve for at least 2 years every public record, as defined, that is transmitted by electronic mail.	
<u>AB 2095</u>	<u>Cooper D</u>	Public water systems: reduction of water charges: customers impacted by COVID-19.	6/5/2020-Failed Deadline pursuant to Rule 61(b)(6). (Last location was A. L. GOV. on 2/20/2020)	Would authorize a public water system to reduce the water charges imposed on a customer impacted by COVID-19 during the duration of the impact provided that the reduction does not increase the water charges imposed on another ratepayer.	
<u>AB 2138</u>	<u>Chau D</u>	California Public Records Act.	6/5/2020-Failed Deadline pursuant to Rule 61(b)(6). (Last location was A. JUD. on 2/20/2020)	The California Public Records Act requires state and local agencies to make their records available for public inspection, unless an exemption from disclosure applies. This bill would recodify and reorganize the provisions of the act. The bill would include provisions to govern the effect of recodification and state that the bill is intended to be entirely nonsubstantive in effect. The bill would contain related legislative findings and declarations. The bill would become operative on January 1, 2022.	
<u>AB 2182</u>	<u>Rubio, Blanca D</u>	Emergency backup generators: water and wastewater facilities: exemption.	6/5/2020-Failed Deadline pursuant to Rule 61(b)(6). (Last location was A. U. & E. on 3/2/2020)	Would exempt the operation of an alternative power source, as defined, to provide power to a critical facility, as defined, from any local, regional, or state regulation regarding the operation of that source. The bill would authorize providers of essential public services, in lieu of compliance with applicable legal requirements, to comply with the maintenance and testing procedure set forth in the National Fire Protection Association Standard for Emergency and Standby Power System, NFPA 110, for alternative power sources designated by the providers for the support of critical facilities.	
<u>AB 2231</u>	<u>Kalra D</u>	Public works.	8/31/2020- Enrolled and presented to the Governor at 5 p.m.	Current law requires that, except as specified, not less than the general prevailing rate of per diem wages, determined by the Director of Industrial Relations, be paid to workers employed on public works projects. Current law defines “public works” to include, among other things, construction, alteration, demolition, installation, or repair work done under contract and paid for, in whole or in part, out of public funds, but exempts from that definition, among other projects, an otherwise private development project if the state or political subdivision provides, directly or indirectly, a public subsidy to the private	

				development project that is de minimis in the context of the project. This bill would generally provide that a public subsidy is de minimis if it is both less than \$600,000 and less than 2% of the total project cost. The bill would specifically provide that a public subsidy for a residential project that consists entirely of single-family dwellings is de minimis if it is less than 2% of the total project cost.	
<u>AB 2333</u>	<u>Quirk D</u>	Waste: releases: remedial action: local oversight.	8/18/2020-Failed Deadline pursuant to Rule 61(b)(13). (Last location was S. E.Q. on 6/23/2020)	Whenever a release of waste occurs and remedial action is required, current law authorizes a responsible party for the release to request that a local officer supervise the remedial action. Current law requires a local officer to provide written notification, that includes specified information, to the Department of Toxic Substances Control and the appropriate regional water quality control board at least 10 working days before entering into a remedial action agreement with a responsible party. Current law authorizes a local officer to provide a responsible party with a letter or other document that describes the release of waste that occurred and the remedial action taken and certifies that the cleanup goals embodied in the remedial action agreement were accomplished. This bill would authorize a responsible party to request the local officer to oversee the remedial action only if the release is not being overseen by the department or a regional water quality control board.	
<u>AB 2364</u>	<u>Rubio, Blanca D</u>	Municipal separate storm sewer systems: financial capability analysis.	5/29/2020-Failed Deadline pursuant to Rule 61(b)(5). (Last location was E.S. & T.M. on 2/24/2020)	Would require the State Water Resources Control Board, by July 1, 2021, to establish financial capability assessment guidelines for municipal separate storm sewer system permittees that are adequate and consistent when considering the costs to local jurisdictions. The bill would require the state board and the regional boards to continue using available regulatory tools and other approaches to foster collaboration with permittees to implement permit requirements in light of the costs of implementation.	
<u>AB 2438</u>	<u>Chau D</u>	California Public Records Act: conforming revisions.	6/5/2020-Failed Deadline pursuant to Rule 61(b)(6). (Last location was A. JUD. on 2/19/2020)	The California Public Records Act requires state and local agencies to make their records available for public inspection, unless an exemption from disclosure applies. This bill would enact various conforming and technical changes related to another bill that recodifies and reorganizes the California Public Records Act. The bill would only become operative if the related bill recodifying the act is enacted and becomes operative on January 1, 2022.	
<u>AB 2482</u>	<u>Stone, Mark D</u>	Agriculture: environmental farming programs and grants.	5/29/2020-Failed Deadline pursuant to Rule 61(b)(5). (Last location was AGRI. on 2/27/2020)	Would require the Department of Food and Agriculture, upon appropriation by the Legislature of additional funds, to administer the State Water Efficiency and Enhancement Program (grant program) to provide grants to agricultural operations to implement irrigation systems that reduce greenhouse gases and energy use and increase water use efficiency, as prescribed. The bill would also require the department to fund culturally competent training on irrigation and nutrient management, authorize the department to contract with qualified third parties to measure grant program outcomes, and require the department to adopt guidelines for the grant program.	
<u>AB 2488</u>	<u>Gonzalez D</u>	Drinking water: Lead-Safe Schools Protection Act.	6/5/2020-Failed Deadline pursuant to Rule 61(b)(6). (Last location was A. PRINT on 2/19/2020)	The Lead-Safe Schools Protection Act requires the State Department of Public Health to perform various activities related to reducing the risk of exposure to lead hazards in public schools, as defined, including, among other activities, conducting a sample survey to determine the likely extent and distribution of lead exposure to children from paint on the school, soil in play areas at the school, drinking water at the tap, and other potential sources identified by the State Department of Public Health for this purpose, as provided. This bill would make nonsubstantive changes to those provisions.	
<u>AB 2502</u>	<u>Quirk D</u>	Groundwater sustainability plans:	5/29/2020-Failed Deadline pursuant	The Sustainable Groundwater Management Act requires all groundwater basins designated as high- or medium-priority basins by the Department of Water Resources that are designated as basins subject to	

		impacts on managed wetlands.	to Rule 61(b)(5). (Last location was W.,P. & W. on 2/27/2020)	critical conditions of overdraft to be managed under a groundwater sustainability plan or coordinated groundwater sustainability plans by January 31, 2020. The act prescribes that plans contain certain required contents and requires that plans contain, where appropriate and in collaboration with the appropriate local agencies, additional analyses or components, including, among others, control of saline water intrusion, wellhead protection areas and recharge areas, a well abandonment and well destruction program, well construction policies, and impacts on groundwater dependent ecosystems. This bill would add impacts to managed wetlands, as specified, to the additional analyses or components that a plan is required to contain when appropriate.	
<u>AB 2519</u>	<u>Wood D</u>	Conservation projects: grants: advance payments.	8/18/2020-Failed Deadline pursuant to Rule 61(b)(13). (Last location was S. N.R. & W. on 7/1/2020)	Current law requires the Natural Resources Agency, the State Coastal Conservancy, the Department of Water Resources, and the State Water Resources Control Board to administer various grant programs relating to natural resources. This bill, until January 1, 2025, would require, to the extent not in conflict with any other law, the Natural Resources Agency, the conservancy, the department, and the board, when awarding grants for conservation projects, as defined, to provide an advance payment of up to 25% of the total grant award if requested by a grant recipient, as provided. The bill would require, on or before January 15 of each year, the granting entities specified above to provide a report to the Legislature, as part of the annual budget process, on the outcome of the use of the advance payments.	
<u>AB 2560</u>	<u>Quirk D</u>	Water quality: notification levels and response levels: procedures.	9/11/2020-Enrolled and presented to the Governor at 3 p.m.	The California Safe Drinking Water Act requires the State Water Resources Control Board to adopt drinking water standards for contaminants in drinking water based upon specified criteria and requires any person who owns a public water system to ensure that the system, among other things, complies with those drinking water standards. This bill would require the state board to comply with specified public notice and comment procedures when establishing or revising a notification level or response level, except as specified for a contaminant that the Division of Drinking Water of the state board finds presents the potential for imminent harm to public health and safety.	Support **Letters drafted and sent to Committees and Governor **Testified in Support
<u>AB 2619</u>	<u>Stone, Mark D</u>	Coastal resources: Program for Coastal Resilience, Adaptation, and Access.	6/5/2020-Failed Deadline pursuant to Rule 61(b)(8). (Last location was A. APPR. SUSPENSE FILE on 6/2/2020)	Would establish the Program for Coastal Resilience, Adaptation, and Access for the purpose of funding specified activities intended to help the state prepare, plan, and implement actions to address and adapt to sea level rise and coastal climate change. The bill would create the Coastal Resilience, Adaptation, and Access Fund in the State Treasury, and would authorize the California Coastal Commission and specified state agencies to expend moneys in the fund, upon appropriation in the annual Budget Act, to take actions, based upon the best scientific information, that are designed to address and adapt to sea level rise and coastal climate change, as prescribed.	
<u>AB 2653</u>	<u>Kalra D</u>	Smart climate agriculture.	6/5/2020-Failed Deadline pursuant to Rule 61(b)(6). (Last location was A. PRINT on 2/20/2020)	Current law requires the Department of Food and Agriculture to promote and protect the agricultural industry of the state. Current law, the Cannella Environmental Farming Act of 1995, requires the department to establish and oversee an environmental farming program to provide incentives to farmers whose practices promote the well-being of ecosystems, air quality, and wildlife and their habitat. This bill would state the intent of the Legislature to enact subsequent legislation that would encourage smart climate agriculture.	
<u>AB 2659</u>	<u>Chen R</u>	Public agencies: information	5/29/2020-Failed Deadline pursuant	The Information Practices Act of 1977 prescribes a set of requirements, prohibitions, and remedies applicable to public agencies, as defined, with regard to their collection, storage, and disclosure of	

		practices.	to Rule 61(b)(5). (Last location was P. & C.P. on 3/12/2020)	personal information. The act specifically requires an agency to establish rules of conduct for persons involved in the design, development, operation, disclosure, or maintenance of records containing personal information and to instruct these people with respect to the rules and the requirements of the act. This bill would require that the above-described rules of conduct include security awareness and training policies and procedures.	
<u>AB 2676</u>	<u>Quirk D</u>	California Public Records Act: exemptions.	5/29/2020-Failed Deadline pursuant to Rule 61(b)(5). (Last location was JUD. on 3/2/2020)	Current law exempts from disclosure critical infrastructure information, as defined, that is voluntarily submitted to the Office of Emergency Services for use by that office, including the identity of the person who or entity that voluntarily submitted the information. Current law defines “voluntarily submitted” for that purpose. This bill would remove the restriction that the submission be voluntary, thereby expanding that exemption.	
<u>AB 2706</u>	<u>Fong R</u>	California Environmental Quality Act: record of proceedings.	5/29/2020-Failed Deadline pursuant to Rule 61(b)(5). (Last location was NAT. RES. on 3/12/2020)	In an action or proceeding alleging the lead agency violated CEQA, CEQA requires the lead agency to prepare and certify the record of proceedings and requires the parties to pay any reasonable costs or fees imposed for the preparation of the record of proceedings, as specified. CEQA authorizes the plaintiff or petitioner to elect to prepare the record of proceedings or for the parties to agree to an alternative method of preparation of the record of proceedings, subject to certification of its accuracy by the public agency. This bill would make the above authorization for the plaintiff or petitioner to elect to prepare the record of proceedings or to agree to an alternative method of record preparation inapplicable in a proceeding challenging a project that will be exclusively located or implemented in a county with fewer than 1,000,000 residents and, if the project is located in a city within that county, the city has fewer than 500,000 residents.	
<u>AB 2748</u>	<u>Fong R</u>	Consumer credit reports: security freezes: protected consumers.	6/5/2020-Failed Deadline pursuant to Rule 61(b)(6). (Last location was A. P. & C.P. on 3/12/2020)	Current law requires a consumer credit reporting agency to place a security freeze for a protected consumer, defined as an individual who is under 16 years of age at the time a request for the placement of a security freeze is made, an incapacitated person or a protected individual for whom a guardian or conservator has been appointed, or a person under the jurisdiction of a county welfare department or county probation department who has been placed in a foster care setting and is under 16 years of age at the time a request for a security freeze is made, upon that consumer’s representative’s request and compliance with certain requirements. This bill instead would include in the definition of protected consumer an individual who is under the jurisdiction of a county probation department, has been placed in a foster care setting, and is under 19 years of age at the time of the request for placement of a security freeze is made.	
<u>AB 2767</u>	<u>Limón D</u>	Homeless Coordinating and Financing Council: water management.	5/29/2020-Failed Deadline pursuant to Rule 61(b)(5). (Last location was H. & C.D. on 3/12/2020)	Would require the Governor to appoint up to 20 members of the Homeless Coordinating and Financing Council, including a representative from the State Water Resources Control Board.	
<u>AB 2954</u>	<u>Rivas, Robert D</u>	California Global Warming Solutions Act of 2006: climate goal:	8/21/2020-Failed Deadline pursuant to Rule 61(b)(15). (Last location was	The California Global Warming Solutions Act of 2006 requires the State Air Resources Board to prepare and approve a scoping plan for achieving the maximum technologically feasible and cost-effective reductions in greenhouse gas emissions and to update the scoping plan at least once every 5 years. This bill would require the state board, when updating the scoping plan and in collaboration with This bill	Support **Letter drafted and

		natural and working lands.	S. APPR. SUSPENSE FILE on 8/19/2020)	would require the state board, when updating the scoping plan and in collaboration with by January 1, 2023, an overall climate goal for the state's natural and working lands, as defined, to sequester carbon and reduce atmospheric greenhouse gas emissions and identify practices, policy incentives, and potential reductions in barriers that would help achieve the climate goal.	sent to author and Committee
<u>AB 2987</u>	<u>Flora R</u>	Local agency public contracts: bidding procedures.	5/29/2020-Failed Deadline pursuant to Rule 61(b)(5). (Last location was L. GOV. on 3/5/2020)	The Uniform Public Construction Cost Accounting Act authorizes a public agency to elect to become subject to uniform construction cost accounting procedures. The act authorizes bidding procedures for public projects, as specified. Those bidding procedures include procedures for the publication or posting and electronic transmission of notice inviting formal bids. This bill would authorize a public agency, as an alternative to the publication or posting requirement, to meet the notice inviting formal bids requirement by transmitting notice electronically, as specified, and publishing the notice electronically in a prescribed manner on the public agency's internet website at least 14 calendar days before the date of opening the bids.	
<u>AB 3005</u>	<u>Rivas, Robert D</u>	Leroy Anderson Dam and Reservoir: permitting, environmental review, and public contracting.	9/15/2020-Enrolled and presented to the Governor at 3 p.m.	Would, if the Department of Fish and Wildlife determines that the Anderson Dam project, as defined, will substantially adversely affect existing fish and wildlife resources and the Santa Clara Valley Water District completes certain actions for the project, require the department within 180 days of receipt of a notification, as defined, from the district to issue a final agreement with the district that includes reasonable measures necessary to protect the affected resource, unless the department and the district agree to an extension.	Support **Letters drafted and sent to Committee s and Governor **Testified in Support
<u>AB 3047</u>	<u>Flora R</u>	Water quality: groundwater: monitoring.	5/29/2020-Failed Deadline pursuant to Rule 61(b)(5). (Last location was E.S. & T.M. on 4/24/2020)	Current law requires the State Water Resources Control Board to identify and recommend to the Legislature funding options to extend, until January 1, 2024, a specified comprehensive groundwater quality monitoring program. This bill would instead require the department to identify and recommend to the Legislature funding options to extend that comprehensive groundwater quality monitoring program indefinitely.	
<u>AB 3123</u>	<u>Gonzalez D</u>	Employees: public health emergency.	5/29/2020-Failed Deadline pursuant to Rule 61(b)(5). (Last location was L. & E. on 4/24/2020)	Would prohibit an employer from discriminating or retaliating against an employee for complying with an isolation or quarantine order issued by a public health official due to a public health emergency.	
<u>AB 3256</u>	<u>Garcia, Eduardo D</u>	Economic Recovery, Wildfire Prevention, Safe Drinking Water, Drought Preparation, and Flood Protection	8/31/2020-Failed Deadline pursuant to Rule 61(b)(18). (Last location was A. RLS. on 6/3/2020)	Would enact the Economic Recovery, Wildfire Prevention, Safe Drinking Water, Drought Preparation, and Flood Protection Bond Act of 2020, which, if approved by the voters, would authorize the issuance of bonds in the amount of \$6,980,000,000 pursuant to the State General Obligation Bond Law to finance projects for an economic recovery, wildfire prevention, safe drinking water, drought preparation, and flood protection program.	

		Bond Act of 2020.			
<u>SB 797</u>	<u>Wilk R</u>	Water resources: permit to appropriate: application procedure.	5/29/2020-Failed Deadline pursuant to Rule 61(b)(5). (Last location was N.R. & W. on 1/15/2020)	Current law requires the State Water Resources Control Board to issue and deliver a notice of an application as soon as practicable after the receipt of an application for a permit to appropriate water that conforms to the law. Current law allows interested persons to file a written protest with regard to an application to appropriate water and requires the protestant to set forth the objections to the application. Current law declares that no hearing is necessary to issue a permit in connection with an unprotested application, or if the undisputed facts support the issuance of the permit and there is no disputed issue of material fact, unless the board elects to hold a hearing. This bill, if the board has not rendered a final determination on an application for a permit to appropriate water within 30 years from the date the application was filed, would require the board to issue a new notice and provide an opportunity for protests before rendering a final determination, with specified exceptions.	
<u>SB 931</u>	<u>Wieckowski D</u>	Local government meetings: agenda and documents.	5/29/2020-Failed Deadline pursuant to Rule 61(b)(5). (Last location was GOV. & F. on 2/12/2020)	The Ralph M. Brown Act requires meetings of the legislative body of a local agency to be open and public and also requires regular and special meetings of the legislative body to be held within the boundaries of the territory over which the local agency exercises jurisdiction, with specified exceptions. Current law authorizes a person to request that a copy of an agenda, or a copy of all the documents constituting the agenda packet, of any meeting of a legislative body be mailed to that person. This bill would require, if the local agency has an internet website, a legislative body or its designee to email a copy of, or website link to, the agenda or a copy of all the documents constituting the agenda packet if the person requests that the items be delivered by email. The bill would require, where the local agency determines it is technologically infeasible to send a copy of all documents constituting the agenda packet or a website link containing the documents by electronic mail or by other electronic means, the legislative body or its designee to send by electronic mail a copy of the agenda or a website link to the agenda and mail a copy of all other documents constituting the agenda packet in accordance with the mailing requirements.	
<u>SB 946</u>	<u>Pan D</u>	Flood control: Yolo Bypass Cache Slough Partnership Multibenefit Program.	6/26/2020-Failed Deadline pursuant to Rule 61(b)(11). (Last location was S. N.R. & W.)	Would establish the Yolo Bypass Cache Slough Partnership Multibenefit Program to support the development and implementation of projects within the Yolo Bypass and Cache Slough region. The bill would define "Yolo Bypass Cache Slough Partnership" to mean the multiagency partnership established pursuant to a memorandum of understanding signed in May 2016 by a total of 15 participating federal, state, and local agencies. The bill would require the participating state agencies, including the Natural Resources Agency, the Department of Water Resources, the Department of Fish and Wildlife, the Central Valley Flood Protection Board, the State Water Resources Control Board, and the Central Valley Regional Water Quality Control Board, to work in collaboration with the participating federal and local agencies to promote the discussion, prioritization, and resolution of policy and other issues critical to the successful implementation of projects to advance specified objectives in the Yolo Bypass and Cache Slough region.	
<u>SB 996</u>	<u>Portantino D</u>	State Water Resources Control Board: Constituents of Emerging Concern Program.	5/29/2020-Failed Deadline pursuant to Rule 61(b)(5). (Last location was E.Q. on 3/5/2020)	Would require the State Water Resources Control Board to establish, maintain, and direct an ongoing, dedicated program called the Constituents of Emerging Concern Program to assess the state of information and recommend areas for further study on constituents of emerging concern in drinking water that may pose risks to public health. The bill would require the state board to establish the Stakeholder Advisory Group and, by an unspecified date, the Science Advisory Panel, both as prescribed, to assist in the gathering and development of information for the program, among other functions. The bill would require the program to provide opportunities for public participation, including conducting	

				stakeholder meetings and workshops to solicit relevant information and feedback for development and implementation of the program.	
<u>SB 1028</u>	<u>Dodd D</u>	Agriculture: Cannella Environmental Farming Act of 1995: Environmental Farming Incentive Program.	5/29/2020-Failed Deadline pursuant to Rule 61(b)(5). (Last location was AGRI. on 5/12/2020)	Would require the Advisory Panel on Environmental Farming to assist government agencies to incorporate the conservation of natural resources and ecosystem services practices into agricultural programs. The bill would require the Department of Food and Agriculture, with advice from the panel, to establish and administer the California Environmental Farming Incentive Program, subject to an appropriation by the Legislature. The bill would require the program to support on-farm practices seeking to optimize environmental benefits while supporting the economic viability of California agriculture by providing incentives to farmers or ranchers who want to pursue adopting management practices that contribute to wildlife habitat and result in on-farm activities that provide multiple conservation benefits, as prescribed.	
<u>SB 1052</u>	<u>Hertzberg D</u>	Water quality: municipal wastewater agencies.	5/29/2020-Failed Deadline pursuant to Rule 61(b)(5). (Last location was GOV. & F. on 5/12/2020)	Would establish municipal wastewater agencies and would authorize a municipal wastewater agency, among other things, to enter into agreements with entities responsible for stormwater management for the purpose of managing stormwater and dry weather runoff, to acquire, construct, expand, operate, maintain, and provide facilities for specified purposes relating to managing stormwater and dry weather runoff, and to levy taxes, fees, and charges consistent with the municipal wastewater agency's existing authority in order to fund projects undertaken pursuant to the bill. The bill would require the exercise of any new authority granted under the bill to comply with the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000.	
<u>SB 1056</u>	<u>Portantino D</u>	Drinking water: testing: perfluoroalkyl and polyfluoroalkyl substances.	5/29/2020-Failed Deadline pursuant to Rule 61(b)(5). (Last location was E.Q. on 2/27/2020)	Would require the State Water Resources Control Board, on or before January 1, 2022, to certify a methodology or methodologies for testing drinking water, groundwater, and surface water for perfluoroalkyl and polyfluoroalkyl substances, as provided, and to accredit qualified laboratories in California to analyze perfluoroalkyl and polyfluoroalkyl substances pursuant to the adopted methodology or methodologies.	
<u>SB 1067</u>	<u>Moorlach R</u>	Local agencies: refunding bonds: pension obligations.	5/29/2020-Failed Deadline pursuant to Rule 61(b)(5). (Last location was GOV. & F. on 2/27/2020)	The California Constitution prohibits a county, city, town, township, board of education, or school district from incurring a debt or liability in any manner or for any purpose exceeding in any year the income and revenue provided for the year, without approval by 2/3 of the voters of the public entity voting at an election to be held for that purpose, except for certain debts issued for public schools, as specified. Current case law has qualified this prohibition by creating certain exceptions that have been judicially deemed not to implicate it, including for revenue bonds and for obligations imposed by law. The California Constitution generally authorizes the Legislature to provide maximum property tax rates and bonding limits for local governments. Current law authorizes a local agency that intends to issue refunding bonds to do so without submitting the question of the issuance to a vote of the qualified electors of the local agency. This bill would require that refunding bonds to be used to refund pension obligation bonds with specified characteristics be approved by 55 percent of the voters of the local agency voting on the proposition that authorizes the indebtedness.	
<u>SB 1096</u>	<u>Caballero D</u>	Water and sewer system corporations: consolidation of	5/29/2020-Failed Deadline pursuant to Rule 61(b)(5). (Last location was	Te California Safe Drinking Water Act provides for the operation of public water systems and imposes on the State Water Resources Control Board related regulatory responsibilities and duties. Current law authorizes the state board to order consolidation of public water systems where a public water system or state small water system serving a disadvantaged community consistently fails to provide an adequate	

		service.	E. U., & C. on 5/12/2020)	supply of safe drinking water, as provided. This bill, the Consolidation for Safe Drinking Water Act of 2020, would authorize a water or sewer system corporation to file an application and obtain approval from the commission through an order authorizing the water or sewer system corporation to consolidate with a public water system or state small water system.	
<u>SB 1099</u>	<u>Dodd D</u>	Emergency backup generators: critical facilities: exemptions.	8/14/2020-Failed Deadline pursuant to Rule 61(b)(13). (Last location was A. NAT. RES. on 6/29/2020)	Current law imposes various limitations on emissions of air contaminants for the control of air pollution from vehicular and nonvehicular sources. Current law generally designates air pollution control and air quality management districts with the primary responsibility for the control of air pollution from all sources other than vehicular sources. Current law requires the State Air Resources Board to identify toxic air contaminants that are emitted into the ambient air of the state and to establish airborne toxic control measures to reduce emissions of toxic air contaminants from nonvehicular sources. This bill would require an air district without a specified rule on emergency backup generators, as defined, as of January 1, 2021, that adopts such a rule to include in the rule provisions that allow the operator of a critical facility, as defined, to use a permitted emergency backup generator in exceedance of the applicable runtime and testing and maintenance limits if specified conditions are met.	Support **Letter drafted and sent to author and Committee
<u>SB 1100</u>	<u>Atkins D</u>	Coastal resources: sea level rise.	5/29/2020-Failed Deadline pursuant to Rule 61(b)(5). (Last location was N.R. & W. on 5/12/2020)	The California Coastal Act of 1976 establishes the California Coastal Commission and provides for planning and regulation of development in the coastal zone, as defined. The act requires the commission, within 90 days after January 1, 1977, to adopt, after public hearing, procedures for the preparation, submission, approval, appeal, certification, and amendment of a local coastal program, including a common methodology for the preparation of, and the determination of the scope of, the local coastal programs, as provided. This bill would also include, as part of the procedures the commission is required to adopt, recommendations and guidelines for the identification, assessment, minimization, and mitigation of sea level rise within each local coastal program, as provided.	
<u>SB 1101</u>	<u>Caballero D</u>	Water and Climate Science Advisory Board.	8/31/2020-Failed Deadline pursuant to Rule 61(b)(18). (Last location was S. RLS. on 2/19/2020)	Would require the Department of Water Resources to convene a Water and Climate Science Advisory Board to consist of 5 members with certain qualifications appointed by the department, the agency, and the State Water Resources Control Board, as provided. The bill would require board members to serve 3-year terms. The bill would require the department to consult with the board when initiating, reviewing, or expanding policies or guidelines regarding impacts of climate change on water resources. The bill would require the department to establish an internal process for department review of and comment on the work of the board, which shall be made publicly available.	
<u>SB 1173</u>	<u>Durazo D</u>	Public employment: labor relations: employee information.	8/31/2020-Failed Deadline pursuant to Rule 61(b)(18). (Last location was S. INACTIVE FILE on 9/1/2020)	Current law, including the Meyers-Milias-Brown Act, the Ralph C. Dills Act, the Trial Court Employment Protection and Governance Act, the Trial Court Interpreter Employment and Labor Relations Act, and the Los Angeles County Metropolitan Transportation Authority Transit Employer-Employee Relations Act, provisions commonly referred to as the Educational Employment Relations Act, and the Higher Education Employer-Employee Relations Act, among others, regulates the labor relations of the state, the courts, and specified local public agencies and their employees. Current law requires these public employers to provide certain labor representatives with the names and home addresses of newly hired employees, as well as their job titles, departments, work locations, telephone numbers, and personal email addresses, within 30 days of hire or by the first pay period of the month following hire. Current law also requires the public employers to provide this information for all employees in a bargaining unit at least every 120 days, except as specified. This bill, beginning on July 1, 2021, would generally authorize an exclusive representative to file a charge of an unfair labor practice with the Public Employment Relations Board, as specified, alleging a violation of the above-described requirements.	

<u>SB 1188</u>	<u>Stern D</u>	The California Water Plan.	5/29/2020-Failed Deadline pursuant to Rule 61(b)(5). (Last location was N.R. & W. on 3/5/2020)	Current law requires the Department of Water Resources to update every 5 years the plan for the orderly and coordinated control, protection, conservation, development, and use of the water resources of the state, which is known as The California Water Plan. Current law requires the department to include a discussion of various strategies in the plan update, including, but not limited to, strategies relating to the development of new water storage facilities, water conservation, water recycling, desalination, conjunctive use, water transfers, and alternative pricing policies that may be pursued in order to meet the future needs of the state. This bill would require the department to include in the plan update, instead of a discussion of various strategies, a discussion of various strategies for increasing regional water resilience, as defined.	
<u>SB 1208</u>	<u>Monning D</u>	Wildlife: dudleya: taking and possession.	8/31/2020-Failed Deadline pursuant to Rule 61(b)(18). (Last location was S. RLS. on 2/20/2020)	The California Endangered Species Act requires the Fish and Game Commission to establish a list of endangered species and a list of threatened species and to add or remove species from either list if it finds, upon the receipt of sufficient scientific information, as specified, and based solely upon the best available scientific information, that the action is warranted. The commission has listed certain species of dudleya as threatened or endangered under the act. This bill would make it unlawful to uproot, remove, harvest, or cut dudleya, as defined, from land owned by the state or a local government or from property not their own without written permission from the landowner in their immediate possession, except as provided, and would make it unlawful to sell, offer for sale, possess with intent to sell, transport for sale, export for sale, or purchase dudleya uprooted, removed, harvested, or cut in violation of that provision.	
<u>SB 1217</u>	<u>Dahle R</u>	Urban water use targets: indoor residential water use: standards: studies and investigations: reports.	5/29/2020-Failed Deadline pursuant to Rule 61(b)(5). (Last location was N.R. & W. on 3/5/2020)	Current law requires an urban retail water supplier to adopt one of specified methods for determining its urban water use target, including estimating the per capita daily water use using the sum of 55 gallons per capita daily for indoor residential water use and a specified water efficiency standard for landscape irrigation use. This bill would revise that method of estimating the per capita daily water use to require an urban retail water supplier to use, instead of 55 gallons per capita daily for indoor residential water use, a standard that complies with the urban retail water supplier's own criteria for indoor residential water use.	
<u>SB 1280</u>	<u>Monning D</u>	Drinking water: consolidation and extension of service: at-risk water systems.	5/29/2020-Failed Deadline pursuant to Rule 61(b)(5). (Last location was GOV. & F. on 5/12/2020)	The California Safe Drinking Water Act authorizes the State Water Resources Control Board to order consolidation with, or extension of service from, a receiving water system if a public water system or state small water system serving a disadvantaged community consistently fails to provide an adequate supply of safe drinking water or if a disadvantaged community is substantially reliant on domestic wells that consistently fail to provide an adequate supply of safe drinking water. The act requires the state board, no later than July 1, 2020, to develop and adopt a policy that provides a process by which members of a disadvantaged community may petition the state board to consider ordering consolidation. This bill would authorize the state board to order consolidation between a receiving water system and an at-risk water system, as defined, upon receipt of a petition that substantially conforms to the above-referenced policy adopted by the state board and that is either approved by the water system's governing body or signed by at least 30% of the households served by the water system.	
<u>SB 1293</u>	<u>Allen D</u>	California Infrastructure and Economic Development Bank: Sea Level Rise Revolving Loan Program.	8/31/2020-Failed Deadline pursuant to Rule 61(b)(18). (Last location was S. RLS. on 2/21/2020)	Would create the Sea Level Rise Revolving Loan Program within the I-Bank to provide low-interest loans to local jurisdictions for the purchase of coastal properties in their jurisdictions identified as vulnerable coastal property. The bill would require the California Coastal Commission, before January 1, 2022, in consultation with the California Coastal Commission, the State Lands Commission, and any other applicable state, federal, and local entities with relevant jurisdiction and expertise, to determine criteria and guidelines for the identification of vulnerable coastal properties eligible for participation in the program. The bill would authorize specified cities and counties to apply for, and be awarded, a low-	

				interest loan under the program if the city or county develops and submits to the bank a vulnerable coastal property plan.	
<u>SB 1296</u>	<u>Durazo D</u>	Natural resources: the Nature and Parks Career Pathway and Community Resiliency Act of 2020.	6/19/2020-Failed Deadline pursuant to Rule 61(b)(8). (Last location was S. APPR. SUSPENSE FILE on 6/9/2020)	Current law establishes various environmental and economic policies and programs. This bill, upon appropriation by the Legislature, would establish the Nature and Parks Career Pathway and Community Resiliency Act of 2020, which would require state conservancies and the Wildlife Conservation Board to establish independent grant programs to fund climate mitigation, adaptation, or resilience, natural disaster, and other climate emergency projects, as specified.	
<u>SB 1297</u>	<u>Moorlach R</u>	Public employees' retirement.	5/29/2020-Failed Deadline pursuant to Rule 61(b)(5). (Last location was L., P.E. & R. on 3/5/2020)	Would revise the provision of pension and other benefits to members of all state or local public retirement systems. The bill would apply its provisions prospectively to any member of a state or local public retirement system who is employed upon the date of its enactment and to any person who may be employed and become a member thereafter. The bill would void any limit on a pension that prohibits the pension from exceeding a percentage of final compensation, as specified. The bill would prohibit a local entity from establishing a deferred retirement option program, as described, and if a local entity has established a deferred retirement option program, whether or not the program is closed to new participants, it would be required to disenroll any participating employees and close the program.	
<u>SB 1329</u>	<u>Wilk R</u>	Climate change: Climate Innovation Grant Program: voluntary tax contributions.	5/29/2020-Failed Deadline pursuant to Rule 61(b)(5). (Last location was N.R. & W. on 5/12/2020)	Would establish the Climate Innovation Grant Program, to be administered by the Strategic Growth Council or another entity identified by the council that it determines to have the appropriate skills necessary to successfully implement this program. The bill would establish the Climate Innovation Fund, a special fund, in the State Treasury and would continuously appropriate the moneys in the fund to the council for purposes of the program. Once the Climate Innovation Fund accrues \$2,000,000, the bill would require the council or the entity implementing the program to notify the Franchise Tax Board and would require the program to award grants for the development and research of new innovations and technologies that either reduce emissions of greenhouse gases or address impacts caused by climate change.	
<u>SB 1348</u>	<u>Stern D</u>	Fire prevention: vegetation management: public education: grants: defensible space: fire hazard severity zones: forest management.	8/31/2020-Failed Deadline pursuant to Rule 61(b)(18). (Last location was A. THIRD READING on 8/25/2020)	Would require the Director of Forestry and Fire Protection to identify areas of the state as moderate and high fire hazard severity zones and would require a local agency to make this information available for public review and comment, as provided. By expanding the responsibility of a local agency, the bill would impose a state-mandated local program.	
<u>SB 1356</u>	<u>Borgeas R</u>	Groundwater sustainability agency: financial authority.	8/31/2020-Failed Deadline pursuant to Rule 61(b)(18). (Last location was S. RLS. on 2/21/2020)	The Sustainable Groundwater Management Act authorizes a groundwater sustainability agency to impose fees to fund the costs of a groundwater sustainability program and requires a groundwater sustainability agency to hold at least one public meeting prior to imposing or increasing a fee. The act requires that a groundwater sustainability agency make the data upon which the proposed fee is based publicly available at least 10 days prior to the meeting. This bill would make nonsubstantive changes to the provisions authorizing groundwater sustainability agencies to impose fees.	

<u>SB 1372</u>	<u>Monning D</u>	Wildlife corridors and connectivity: Wildlife and Biodiversity Protection and Movement Act of 2020.	5/29/2020-Failed Deadline pursuant to Rule 61(b)(5). (Last location was TRANS. on 5/12/2020)	Current law requires the Department of Fish and Wildlife, contingent upon funding being provided by the Wildlife Conservation Board or from other appropriate bond funds, upon appropriation by the Legislature, to investigate, study, and identify those areas in the state that are most essential as wildlife corridors and habitat linkages, as well as the impacts to those wildlife corridors from climate change, and requires the department to prioritize vegetative data development in these areas. This bill would additionally require the department to investigate, study, and identify impacts to those wildlife corridors from state infrastructure projects, including transportation and water projects, large-scale development projects not covered by an existing natural community conservation plan or habitat conservation plan, and planned or potential land conversions.	
Total Measures: 55					
Total Tracking Forms: 55					

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Water Legislative Tracker

Last Updated: September 17, 2020

Overview

The following legislative tracker provides the status of legislation introduced in the 116th Congress pertaining to water issues. Each of the bill numbers is hyperlinked to the bill text, FiscalNote (FN) Outlook information and other related details.

The FN Outlook on the right side of each bill provides the legislation's pre-Floor (left) and Floor (right) likelihood of passing. The percentages shown are the status of the bill in the Chamber where it is currently under consideration (this is shown under 'Status'). The pre-Floor score is defined as the bill's likelihood of passing after it has been introduced but while it is being considered in that chamber's committees - before it has moved to the Floor for a vote.

Priority Bills (14)

Bill Number	Last Action	Status	Priority	FN Outlook
HR 1429	Introduced In House 2019 02 28	In House	High	5.4% 87.4%
Title Drinking Water Infrastructure for Job Creation Act		Bill Summary: This bill would make supplemental appropriations for FY 2019 for the Drinking Water State Revolving Funds, and for other purposes. The Drinking Water Infrastructure for Job Creation Act will provide emergency supplemental appropriations of \$7.5 billion over the next six years. These funds will be used for job creation and to address the nation's drinking water infrastructure. The funds provided from this bill will be appropriated to the Drinking Water State Revolving Funds and will assist public water systems finance infrastructure projects. The funding provided by this bill is designated as an emergency requirement pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985. The emergency funding is exempt from discretionary spending limits and is only available if the President subsequently designates the amounts as an emergency and submits the designation to Congress. The bill also exempts the funding from sequestration. (Sequestration is a process of automatic, usually across-the-board spending reductions under which budgetary resources are permanently cancelled to enforce specific budget policy goals.)		
Primary Sponsors Maxine Waters		Introduction Date: 2019-02-28		

Bill Number

HR 1497

Last Action

Reported Amended By The Committee On
Transportation And Infrastructure H Rept 116
484 2020 09 04

Status

In House

Priority

High

324

FN Outlook

36.2%

88.0%

Title

Water Quality Protection and Job Creation Act of 2019

Primary Sponsors

Peter DeFazio

Bill Summary: The bill would renew the Federal commitment to addressing local water quality challenges by providing an infusion of Federal assistance for the construction, repair, and replacement of the Nation's network of wastewater and stormwater conveyance and treatment facilities. The Water Quality Protection and Job Creation Act of 2019 will address America's crumbling wastewater infrastructure and local water quality challenges. This bill authorizes \$23.5 billion to improve wastewater infrastructure. This bill also will provide funds for agencies to meet Clean Water Act standards by constructing stormwater systems. The funding provided in the bill will be used in direct infrastructure investment over the next five years. Funds will be given to projects that address America's crumbling wastewater infrastructure and improve local water quality challenges. The Water Quality Protection and Job Creation Act also increase the amount of federal assistance made available to states and communities through the Clean Water State Revolving Fund program.

Introduction Date: 2019-03-05

Bill Number

HR 1747

Last Action

Reported Amended By The Committee On
Natural Resources H Rept 116 314 2019 11 26

Status

In House

Priority

High

FN Outlook

19.5%

88.7%

Title

National Fish Habitat Conservation Through Partnerships Act

Primary Sponsors

Rob Wittman

Bill Summary: This bill codifies National Fish Habitat Partnerships, an initiative that aims to achieve measurable habitat conservation results through strategic partnerships that lead to better fish habitat conditions and increased fishing opportunities.

Introduction Date: 2019-03-13

Bill Number	Last Action	Status	Priority	325
HR 2313	Introduced In House 2019 04 12	In House	High	<div>FN Outlook</div> <div>5.4%90.9%</div>
Title Water Conservation Rebate Tax Parity Act		Bill Summary: The bill clarifies that homeowners do not need to pay income tax when they receive rebates from water utilities for water conservation and water runoff management improvements that they have made. It clarifies that these rebates, which are growing in number and size across the nation, are not taxable income, but rather an effort to defray upfront consumer costs for a public benefit. It also would encourage residents to reduce water usage by installing "gray water" capture systems or purchasing new water-efficient appliances and plumbing fixtures can provide significant water yield benefits, protecting public health, the environment, and local economies. These rebates provide a net benefit to the public and utilities. This would ensure that the IRS treats water conservation rebates in the same manner as the Agency treats energy conservation rebates, including insulation, Energy Star-certified windows and doors, and energy efficient appliances, which are not taxable.		
Primary Sponsors Jared Huffman		Introduction Date: 2019-04-12		

Bill Number	Last Action	Status	Priority	FN Outlook
HR 2470	Referred To The Subcommittee On Water Resources And Environment 2019 05 03	In House	High	<div>45.6%84.0%</div>
Title Clean Water Infrastructure Resilience and Sustainability Act		Bill Summary: This bill establishes an EPA grant program for communities to improve the resiliency and adaptability of their water-related infrastructure. Competitive grants will spur projects which conserve water or increase efficiency in its use, preserve or improve water quality, rebuild or relocate threatened infrastructure, protect source waters and ecosystems, and implement advanced treatment technologies such as water reuse and recycling.		
Primary Sponsors Salud Carbajal		Introduction Date: 2019-05-02		

Bill Number

HR 2473

Last Action

Subcommittee On Water Oceans And Wildlife

Discharged 2020 03 11

Status

In House

Priority

High

326

FN Outlook

5.4%89.3%

Title

Securing Access for the central Valley and Enhancing (SAVE) Water Resources Act

Primary Sponsors

Josh Harder

Bill Summary:

This is the companion bill to H.R. 116, the Water Recycling Investment and Improvement Act. The bill provides a broad approach to addressing water issues facing the Central Valley by increasing storage opportunities, spurring innovation, and making investments in our aging infrastructure. The bill also leverages federal resources to identify prime locations for groundwater storage and recharge in California and across the Western United States. This bill requires the Bureau of Reclamation to expedite feasibility studies for four specific storage projects in the Central Valley, including: Sites Reservoir, Del Puerto Canyon Reservoir, Los Vaqueros and San Luis Reservoirs and provides \$100 million in storage funding. The bill also invests in water reuse and recycling by increasing funding for WaterSMART programs from \$50 million to \$500 million and extending the program's authorization. It also establishes a a water infrastructure and drought resolutions fund to provide \$300 million for water surface and groundwater storage, reclamation and reuse, and WaterSMART program projects. The bill would create a innovating financing program which would provide low-interest federal loans to fund local water infrastructure projects, and would reauthorize the Rural Water Supply Act.

Introduction Date:

2019-05-02

Bill Number

HR 2665

Last Action

Committee Consideration And Mark Up

Session Held 2019 07 17

Status

In House

Priority

High

FN Outlook

21.0%90.4%

Title

Smart Energy and Water Efficiency Act of 2019

Primary Sponsors

Jerry McNerney

Bill Summary:

This bill would establish a smart energy and water efficiency management program at the Department of Energy to award grants to eligible entities to demonstrate advanced and innovative technology-based solutions that would increase and improve the energy efficiency of water, wastewater, and water reuse systems, among other things.

Introduction Date:

2019-05-10

Bill Number

HR 4891

Last Action

Subcommittee On Water Oceans And Wildlife

Discharged 2020 03 11

Status

In House

Priority

High

FN Outlook

24.5%90.2%

Title

Western Water Security Act of 2019

Primary Sponsors

Xochitl Torres Small

Bill Summary:

This bill would give an additional \$120 million to the Bureau of Reclamation's WaterSMART program; authorize an additional \$65 million to support desalination design and construction, setting aside \$15 million for rural desalination projects; and authorizes the Cooperative Watershed Management Program.

Introduction Date:

2019-10-28

Bill Number	Last Action	Status	Priority	327
HR 6617	Referred To The Subcommittee On Water Oceans And Wildlife 2020 04 29	In House	High	<div>FN Outlook</div> <div>6.5%82.8%</div>
Title Western Water Storage Infrastructure Act		Bill Summary: This bill would provide additional funding for surface storage, groundwater storage, and the supporting conveyance facilities.		
Primary Sponsors TJ Cox		Introduction Date: 2020-04-24		
Bill Number	Last Action	Status	Priority	
HR 7073	Referred To The Committee On Oversight And Reform And In Addition To The Committee On Financial Services For A Period To Be Subsequently Determined By The Speaker In Each Case For Consideration Of Such Provisions As Fall Within The Jurisdiction Of The Committee Concerned 2020 06 01	In House	High	<div>FN Outlook</div> <div>7.8%87.2%</div>
Title Special Districts Provide Essential Services Act		Bill Summary: This bill would amend the Social Security Act to include special districts in the coronavirus relief fund, to direct the Secretary to include special districts as an eligible issuer under the Municipal Liquidity Facility, and for other purposes.		
Primary Sponsors John Garamendi		Introduction Date: 2020-06-01		
Bill Number	Last Action	Status	Priority	
S 1604	Introduced In Senate 2019 05 22	In Senate	High	<div>FN Outlook</div> <div>26.0%82.9%</div>
Title Local Water Protection Act		Bill Summary: The bill would reauthorize an Environmental Protection Agency (EPA) grant program that provides funds for states to develop and implement programs for managing nonpoint source water pollution, or pollution from diffuse sources including runoff from farms, managed forests, and urban areas. The Act would reauthorize \$200 million annually for the voluntary grant fund to give local and state governments, the flexibility to make conservation improvements aimed at decreasing water pollutants through partnerships with their communities. The legislation authorizes the EPA's Section 319 Grant Program and doubles funds for Section 319 from \$70 million to \$200 million for FYs 2020-2014.		
Primary Sponsors Amy Klobuchar		Introduction Date: 2019-05-22		

Bill Number

S 1932

Last Action

Committee On Energy And Natural Resources
Senate Subcommittee On Water And Power
Hearings Held 2019 07 18

Status

In Senate

Priority

High

328

FN Outlook

3.5%

86.2%

Title

Drought Resiliency and Water Supply Infrastructure Act

Primary Sponsors

Cory Gardner

Bill Summary: This bill would support water infrastructure in the nation's Reclamation states, as well as extend federal funding an additional five years, including \$670 million in surface and groundwater storage projects; \$100 million for water recycling projects; and \$60 million for desalination projects. The bill would also establish a new loan program for water agencies designed to spur investment in new water supply projects. Key provisions include but are not limited to expanding and updating the Bureau of Reclamation funding authorizations in the Water Infrastructure Improvements for the Nation Act (WIIN) to fund portions of federal (50%) and non-federal (25%) surface and groundwater storage and conveyance facilities, as well as cost share (25%) additional water reuse and recycling and desalination projects; and creating a new loan program at 30-year Treasury rates for water supply projects under what would be established under the Reclamation Infrastructure Financing and Innovation Act (RIFIA). These loans would use criteria (49%maximum loan) modeled after the well-established Water Infrastructure Financing Innovation Act (WIFIA) program at the Environmental Protection Agency (EPA). The legislation would also authorize \$140 million for restoration and environmental compliance projects, including forest, meadow and watershed restoration projects with water benefits and projects to help restore threatened and endangered species affected by Reclamation water projects.

Introduction Date: 2019-06-20

Bill Number

S 2718

Last Action

Committee On Energy And Natural Resources
Subcommittee On Water And Power Hearings
Held 2020 07 22

Status

In Senate

Priority

High

FN Outlook

2.6%

85.4%

Title

Western Water Security Act of 2019

Primary Sponsors

Tom Udall

Bill Summary: This bill would give an additional \$120 million to the Bureau of Reclamation's WaterSMART Program; expand the authority of States and Indian tribes to declare a drought emergency and access vital drought emergency funds; reauthorizes the Cooperative Watershed Management Program; and creates a pilot water leasing program that provides the Bureau of Reclamation and local water districts with increased flexibility to move water where it can be of the most use.

Introduction Date: 2019-10-28

Bill Number	Last Action	Status	Priority	329
S 3591	S Amdt 1593 Senate Amendment Submitted 2020 06 08	In Senate	High	FN Outlook 5.6% 85.0%
Title America's Water Infrastructure Act of 2020		Bill Summary: This bill provides roughly \$17 billion in new federal authorizations to invest in our infrastructure for projects across the country.		
Primary Sponsors John Barrasso		Introduction Date: 2020-05-04		

Other Bills of Interest (10)

Bill Number	Last Action	Status	Priority	FN Outlook
HR 1162	Subcommittee On Water Oceans And Wildlife Discharged 2020 03 11	In House	None	36.7% 84.1%
Title Water Recycling Investment and Improvement Act		Bill Summary: The bill aims to assist water agencies with the expansion, planning, design, and building of water recycling plants and modernizing water infrastructure in California and other western states. Specifically, the bill would increase funding authorization for the Bureau of Reclamation's Title XVI water recycling competitive grant program to \$500 million from \$50 million. It would also make the program permanent as it currently expires in 2021, and funds water recycling and reuse projects for 17 western states.		
Primary Sponsors Grace Napolitano		Introduction Date: 2019-02-13		

Bill Number	Last Action	Status	Priority	FN Outlook
HR 1331	Received In The Senate And Read Twice And Referred To The Committee On Environment And Public Works 2019 04 09	In Senate	None	2.9% 52.1%
Title Local Water Protection Act		Bill Summary: Increases grant funding for state and local governments to decrease water pollutants, including addressing toxic agricultural runoff, septic to sewer conversions, legacy pollutants, impacts from dams, effects of channelization of waterbodies and other forms of pollution.		
Primary Sponsors Angie Craig		Introduction Date: 2019-02-25		

Bill Number	Last Action	Status	Priority	FN Outlook
HR 7978	Referred To The Subcommittee On Economic Development Public Buildings And Emergency Management 2020 08 10	In House	None	7.7% 91.0%
Title To increase wildfire preparedness and response throughout the United States, and for other purposes.		Bill Summary: This bill is the House companion bill to S. 4431, the Emergency Wildfire and Public Safety Act.		
Primary Sponsors Jimmy Panetta		Introduction Date: 2020-08-07		

Bill Number

HR 8217

Last Action

Referred To The Subcommittee On Water Resources And Environment 2020 09 14

Status

In House

Priority

None

330

FN Outlook

5.4%

88.5%

Title

To amend the Water Infrastructure Finance and Innovation Act of 2014 with respect to the final maturity date of certain loans, and for other purposes.

Primary Sponsors

John Garamendi

Bill Summary:

The bill would provide a new 55-year loan term for WIFIA financing and clarifies that WIFIA financing may be used for works that were constructed by the federal government but were contractually transferred to be operated and maintained by a local non-federal agency.

Introduction Date:

2020-09-11

Bill Number

S 2466

Last Action

Introduced In Senate 2019 09 11

Status

In Senate

Priority

None

FN Outlook

3.0%

79.7%

Title

Water Justice Act

Primary Sponsors

Kamala Harris

Bill Summary:

This bill takes a comprehensive approach to addressing water issues throughout the U.S. and pays particular attention to the water needs of historically at-risk communities and individuals. Provisions include investing \$220 billion in clean and safe drinking water initiatives, establishing a \$10 billion program to allow states to offset the cost of water bills in low-income communities and households that are environmentally at-risk, and invests \$20 billion in a diverse range of sustainable water supply, recycling, and conservation programs.

Introduction Date:

2019-09-11

Bill Number

S 3590

Last Action

Placed On Senate Legislative Calendar Under General Orders Calendar No 452 2020 05 11

Status

In Senate

Priority

None

FN Outlook

4.4%

85.3%

Title

Drinking Water Infrastructure Act of 2020

Primary Sponsors

John Barrasso

Bill Summary:

This bill reauthorizes Safe Drinking Water Act programs that support drinking water infrastructure and provide resources and technical assistance to communities facing critical drinking water needs.

Introduction Date:

2020-05-04

Bill Number

S 4188

Last Action

Committee On Energy And Natural Resources Subcommittee On Water And Power Hearings Held 2020 07 22

Status

In Senate

Priority

None

FN Outlook

4.9%

84.4%

Title

Water for Tomorrow Act of 2020

Primary Sponsors

Kamala Harris

Bill Summary:

This bill would provide for drought preparedness and improved water supply reliability, and for other purposes.

Introduction Date:

2020-07-02

Bill Number S 4189	Last Action Committee On Energy And Natural Resources Subcommittee On Water And Power Hearings Held 2020 07 22	Status In Senate	Priority None	<div>331</div> <div>FN Outlook</div> <div>2.4%87.0%</div>
Title Water for Conservation and Farming Act		Bill Summary: This bill would provide for drought preparedness and improved water supply reliability.		
Primary Sponsors Ron Wyden		Introduction Date: 2020-07-02		

Bill Number S 4206	Last Action Read Twice And Referred To The Committee On Environment And Public Works 2020 07 02	Status In Senate	Priority None	<div>FN Outlook</div> <div>4.0%84.4%</div>
Title A bill to amend the Water Infrastructure Finance and Innovation Act of 2014 to authorize the interest rate to be used on a secured loan to be the interest rate for United States Treasury securities of a similar maturity on the date of first disbursement of the loan, and for other purposes.		Bill Summary: This bill amends the Water Infrastructure Finance and Innovation Act of 2014 to authorize the interest rate to be used on a secured loan to be the interest rate for United States Treasury securities of a similar maturity on the date of first disbursement of the loan, and for other purposes.		
Primary Sponsors Jeff Merkley		Introduction Date: 2020-07-02		

Bill Number S 4431	Last Action Committee On Energy And Natural Resources Subcommittee On Public Lands Forests And Mining Hearings Held 2020 09 16	Status In Senate	Priority None	<div>FN Outlook</div> <div>2.8%87.8%</div>
Title Emergency Wildfire and Public Safety Act of 2020		Bill Summary: This bill will provide new authority for the Forest Service and Bureau of Land Management to work collaboratively with state partners in the West to implement wildfire management projects. The bill will also allow disaster mitigation and preparedness funding to be used to reduce the wildfire risk posed by utility lines and expedite permitting for the installation of wildfire detection equipment. The legislation will create a program to incentivize the collection of woody biomass and help expand processing facilities to make biomass more economically viable; and create a workforce development program to train a new generation of workers to help address wildfire and forest health, among other provisions.		
Primary Sponsors Dianne Feinstein		Introduction Date: 2020-08-04		

ITEM: INFORMATIONAL ITEM/STAFF REPORT**18. LETTERS RECEIVED****Meeting Date:** October 19, 2020**Budgeted:** N/A**From:** David J. Stoldt,
General Manager**Program/** N/A
Line Item No.:**Prepared By:** Arlene Tavani**Cost Estimate:** N/A**General Counsel Review:** N/A**Committee Recommendation:** N/A**CEQA Compliance:** This action does not constitute a project as defined by the California Environmental Quality Act Guidelines Section 15378.

A list of letters submitted to the Board of Directors or General Manager and received between September 14, 2020 and October 13, 2020 is shown below. The purpose of including a list of these letters in the Board packet is to inform the Board and interested citizens. Copies of the letters are available for public review at the District office. If a member of the public would like to receive a copy of any letter listed, please contact the District office. Reproduction costs will be charged. The letters can also be downloaded from the District's web site at www.mpwmd.net.

Author	Addressee	Date	Topic
John Tilley	MPWMD Board	10/13/20	Ordinance 152 Reserves, the Water Supply Charge and The Mechanics Bank Loan
Molly Evans	Alvin Edwards	10/7/20	Resignation from MPWMD Board of Directors
Douglas Dennington	Richard Svindland and Sarah Leeper	9/15/20	Notice of Decision to Appraise California American Water Company's Monterey Water System and Other Property Interests Relating to Monterey Peninsula Water Supply Project; Notice of Land Acquisition Procedures; Request for Documents

ITEM: INFORMATIONAL ITEM/STAFF REPORT**19. COMMITTEE REPORTS**

Meeting Date:	October 19, 2020	Budgeted:	N/A
From:	David J. Stoldt, General Manager	Program/ Line Item No.:	N/A
Prepared By:	Arlene Tavani	Cost Estimate:	N/A

General Counsel Review: N/A**Committee Recommendation: N/A**

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

Attached for your review as **Exhibits 19-A and 19-B** are final minutes of the committee meetings listed below.

EXHIBITS

19-A September 15, 2020 Administrative Committee Meeting Minutes

19-B June 18, 2020 Legislative Advocacy Committee Meeting Minutes



EXHIBIT 19-A

FINAL MINUTES

Monterey Peninsula Water Management District Administrative Committee September 15, 2020

Call to Order

The meeting was called to order at 4:05 PM via WebEx.

Committee members present: Jeanne Byrne – Chair
Alvin Edwards
Molly Evans

Staff present: David Stoldt, General Manager
Jonathan Lear, Water Resources Manager
Stephanie Locke, Water Demand Manager
Suresh Prasad, Administrative Services Manager/Chief Financial Officer
Thomas Christensen, Environmental Resources Manager
Sara Reyes, Sr. Office Specialist

Comments from Public

None

Action Items

1. Consider Funding and Remediation Plan for Pure Water Monterey Baseline Project (Phase 1) Injection Facilities

On a motion by Edwards and second by Evans, the Committee voted to recommend the Board discuss this as an Action Item at the September 21, 2020 Board meeting and that staff be prepared to answer questions raised by the Committee. The motion was approved 3 – 0 by a roll call vote.

Consent Calendar

On a motion by Edwards and second by Evans, the committee voted to approve Consent Calendar items 2, 4, 6, 7 and 8. The motion was approved on a 3 – 0 roll call vote by Edwards, Evans and Byrne.

2. Consider Adoption of August 11, 2020 Administrative Committee Meeting Minutes Approved.

3. Approve Contract with TMD Creative for Public Outreach Services

On a motion by Edwards and second by Byrne, the Committee voted to recommend the Board approve a contract with TMD Creative for the remainder of Fiscal Year 2020-2021. The motion was approved 3 – 0 by a roll call vote.

4. Consider Extension of Cooperative Agreement with the United States Geological Survey for Streamflow Gaging in Water Year 2021 Approved.

5. Consider New Assistant Fisheries Biologist Position for Operation of the Carmel River Resistance Board Weir and Other Fisheries Related Work

On a motion by Edwards and second by Evans, the Committee voted to recommend the Board authorize the new Assistant Fisheries Biologist position and associated salary range. The motion was approved 3 – 0 by a roll call vote.

6. Consider Adoption of Treasurer’s Report for June 2020

Approved.

7. Consider Adoption of Treasurer’s Report for July 2020

Approved.

8. Consider Approval of Fourth Quarter Fiscal Year 2019-2020 Investment Report

Approved.

Informational Items

9. Monthly Progress Report – Santa Margarita Water Treatment Facility

This item was presented as information to the committee. No action was required or taken by the committee.

10. Report on Activity/Progress on Contracts Over \$25,000

This item was presented as information to the committee. No action was required or taken by the committee.

11. Status Report on Measure J/Rule 19.8 Phase II Spending

This item was presented as information to the committee. No action was required or taken by the committee.

12. Semi-Annual Financial Report on the CAWD/PBCSD Wastewater Reclamation Project

This item was presented as information to the committee. No action was required or taken by the committee.

13. Review Fourth Quarter Legal Services Activity Report for Fiscal Year 2019-2020

This item was presented as information to the committee. No action was required or taken by the committee.

14. Review Draft September 21, 2020 Board Meeting Agenda

A draft agenda for the September 21, 2020 Closed Session meeting was distributed to the Committee for review. No changes were made to the agendas.

15. Suggest Items to be Placed on Future Agendas

No items were presented.

Adjournment

The meeting adjourned at 4:50 PM.

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EXHIBIT 19-B

FINAL MINUTES

**Legislative Advocacy Committee of the
Monterey Peninsula Water Management District**

June 18, 2020

Call to Order

The meeting was called to order at 2:10 pm. This was a virtual meeting conducted via WebEx.

Committee members present:

David Potter, Chair
Jeanne Byrne
Alvin Edwards (joined at 2:13 pm)

Committee members absent:

None

Staff members present:

David J. Stoldt, General Manager
Arlene Tavani, Executive Assistant
Stephanie Locke, Water Demand Division Manager

District Counsel present:

David Laredo

Legislative Consultant:

John Arriaga, A&E Associates
Laurie Johnson, A&E Associates
Roger Gwinn, The Ferguson Group
William Ferguson Jr., The Ferguson Group
Chris Kearney, The Ferguson Group
Stephanie Missert, The Ferguson Group

Comments from the Public:

No comments.

Action Items

1. Adopt Minutes of December 12, 2019 and March 24, 2020 Committee Meetings

On a motion by Byrne and seconded by Potter, the committee meeting minutes were approved on a vote of 2 – 0 by Byrne and Potter. Edwards was absent for the vote.

Discussion Items

2. Report from JEA & Associates on Legislative Status and Bill Tracking

Johnson reported that due to the COVID 19 pandemic, budget constraints and closure of legislative offices have impeded progress on legislation. The focus was on adoption of COVID 19 related legislation such as housing, rent relief and all-mail voting. JEA & Associates identified several California bills to be tracked. There was consensus from the committee to support the following bills. AB1958, Cooper, an ACWA supported bill that would prohibit altering or modifying levies. It was intended to prohibit the proliferation of homeless encampments on levies. AB2560, Quirk, an ACWA supported bill that would require the SWRCB to comply with notification requirements related to water quality standards. AB2954, Rivas, regarding reductions to greenhouse gas emissions associated with the California Global Warming Solutions Act of 2006. AB3005, Rivas, regarding Leroy Anderson

Dam and Reservoir, permitting, and public contracting. SB1099, Dodd, regarding rules on installation of backup generators for critical facilities. A bill to place on the watch list was SB1293, regarding the California Infrastructure and Economic Development Bank: Sea Level Rise Revolving Loan Program.

3. Report from The Ferguson Group on Federal Legislative Status and bill Tracking

Roger Gwinn reported that the focus at the federal level was law enforcement reform and COVID 19 relief. There was an effort by California representatives to ensure that Special Districts receive COVID 19 relief and funding for fire management. Chris Kearney and Stephanie Missert reviewed water infrastructure related legislation including reauthorization of the Water Resources Development Act and additional funding that may be available under the Water Infrastructure Finance and Innovation Act.

The committee reviewed a summary of proposed legislation submitted by The Ferguson Group on June 18, 2020 that is available for review on the District's website. One bill of interest was HR2, the Moving Forward Act, which had just been introduced. The language of the bill was not available at the time of the meeting, but it was expected to include funds for water infrastructure including water recycling. There was consensus among committee members that the following bills should be supported. HR1162, Napolitano, the Water Recycling and Investment and Improvement Act. HR2313, Huffman, Water Conservation Rebate Tax Party Act which clarified that homeowners who received rebates from water utilities for water conservation fixtures would not pay income tax on the rebate. HR2665, McNerny, Smart Energy and Water Efficiency Act of 2019, that would award grants for development of water, wastewater and water reuse systems. HR4891, Xochitl Torres Small, Western Water Security Act of 2019 that would provide additional funding for the Department of Water Resources WaterSMART program. Stoldt noted that the District previously sent a letter of support for HR7073, Garamendi, that would amend the Social Security Act to include special districts in the coronavirus relief fund.

4. Report from General Manager on Recent or Upcoming Legislative Actions

Stoldt summarized information provided in the staff report.

5. Strategy for Advocating with State Agencies to Solve the Inconsistency between Condition No. 2 and State Housing Authorities

Stoldt reported that SB330, the California Housing Crises Act of 2019, stated that no local government could declare a moratorium on housing, and that development of affordable housing could not be prevented except for specific reasons including lack of water or wastewater infrastructure. The jurisdictions needed water to meet housing requirements established by the State. The District developed a plan for distribution of 75 acre-feet of water conservation savings to the jurisdictions for development of housing. The goal was to coordinate with the Department of Housing and Community Development and Nancy Skinner, the author of SB330, and determine if the issue of health and safety could be prioritized so that a negotiated settlement with the State Water Resources Control Board would result in authorization to distribute the conservation savings. JEA & Associates were tasked to schedule multiple virtual meetings with State representatives in order to gain support for this proposal.

6. Suggest Items to be Placed on Future Agendas

No discussion.

Other Items: District Counsel should report to the Board on the requirement that the City of Monterey indemnify the District against legal challenge related to allocation of water to the project at 2000 and 2600 Garden Road.

Adjournment: 3:30 pm.

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ITEM: INFORMATIONAL ITEM/STAFF REPORT**20. MONTHLY ALLOCATION REPORT**

Meeting Date:	October 19, 2020	Budgeted:	N/A
From:	David J. Stoldt, General Manager	Program:	N/A
		Line Item No.:	
Prepared By:	Gabriela Bravo	Cost Estimate:	N/A

General Counsel Review: N/A**Committee Recommendation: N/A****CEQA Compliance: This action does not constitute a project as defined by the California Environmental Quality Act Guidelines Section 15378.**

SUMMARY: As of September 30, 2020, a total of **26.557** acre-feet (**7.7%**) of the Paralta Well Allocation remained available for use by the Jurisdictions. Pre-Paralta water in the amount of **35.036** acre-feet is available to the Jurisdictions, and **28.839** acre-feet is available as public water credits.

Exhibit 20-A shows the amount of water allocated to each Jurisdiction from the Paralta Well Allocation, the quantities permitted in September 2020 (“changes”), and the quantities remaining. The Paralta Allocation no debits in September 2020.

Exhibit 20-A also shows additional water available to each of the Jurisdictions. Additional water from expired or canceled permits that were issued before January 1991 are shown under “PRE-Paralta.” Water credits used from a Jurisdiction’s “public credit” account are also listed. Transfers of Non-Residential Water Use Credits into a Jurisdiction’s Allocation are included as “public credits.” **Exhibit 20-B** shows water available to Pebble Beach Company and Del Monte Forest Benefited Properties, including Macomber Estates, Griffin Trust. Another table in this exhibit shows the status of Sand City Water Entitlement and the Malpaso Water Entitlement.

BACKGROUND: The District’s Water Allocation Program, associated resource system supply limits, and Jurisdictional Allocations have been modified by a number of key ordinances. These key ordinances are listed in **Exhibit 20-C**.

EXHIBITS**20-A** Monthly Allocation Report**20-B** Monthly Entitlement Report**20-C** District’s Water Allocation Program Ordinances

EXHIBIT 20-A
MONTHLY ALLOCATION REPORT
Reported in Acre-Feet
For the month of September 2020

Jurisdiction	Paralta Allocation*	Changes	Remaining	PRE-Paralta Credits	Changes	Remaining	Public Credits	Changes	Remaining	Total Available
Airport District	8.100	0.000	5.197	0.000	0.000	0.000	0.000	0.000	0.000	5.197
Carmel-by-the-Sea	19.410	0.000	1.398	1.081	0.000	1.081	0.910	0.000	0.182	2.661
Del Rey Oaks	8.100	0.000	0.000	0.440	0.000	0.000	0.000	0.000	0.000	0.000
Monterey	76.320	0.000	0.245	50.659	0.000	0.030	38.121	0.000	2.300	2.575
Monterey County	87.710	0.000	10.717	13.080	0.000	0.352	7.827	0.000	1.775	12.844
Pacific Grove	25.770	0.000	0.000	1.410	0.000	0.014	15.874	0.000	0.065	0.079
Sand City	51.860	0.000	0.000	0.838	0.000	0.000	24.717	0.000	23.373	23.373
Seaside	65.450	0.000	0.000	34.438	0.000	33.549	2.693	0.000	1.144	34.693
District Reserve	9.000	0.000	9.000	N/A			N/A			9.000
TOTALS	342.720	0.000	26.557	101.946	0.000	35.026	90.142	0.000	28.839	90.422

Allocation Holder	Water Available	Changes this Month	Total Demand from Water Permits Issued	Remaining Water Available
Quail Meadows	33.000	0.000	32.320	0.680
Water West	12.760	0.000	9.564	3.196

* Does not include 15.280 Acre-Feet from the District Reserve prior to adoption of Ordinance No. 73.

EXHIBIT 20-B
MONTHLY ALLOCATION REPORT
ENTITLEMENTS
Reported in Acre-Feet
For the month of September 2020

Recycled Water Project Entitlements

Entitlement Holder	Entitlement	Changes this Month	Total Demand from Water Permits Issued	Remaining Entitlement/and Water Use Permits Available
Pebble Beach Co. ¹	220.260	0.170	31.302	188.958
Del Monte Forest Benefited Properties ² (Pursuant to Ord No. 109)	144.740	0.033	57.024	87.716
Macomber Estates	10.000	0.000	10.000	0.000
Griffin Trust	5.000	0.000	4.829	0.171
CAWD/PBCSD Project Totals	380.000	0.203	103.155	276.845

Entitlement Holder	Entitlement	Changes this Month	Total Demand from Water Permits Issued	Remaining Entitlement/and Water Use Permits Available
City of Sand City	206.000	0.000	7.115	198.885
Malpas Water Company	80.000	0.043	17.358	62.642
D.B.O. Development No. 30	13.950	0.000	3.773	10.177
City of Pacific Grove	38.390	0.242	1.239	37.151
Cypress Pacific	3.170	0.000	3.170	0.000

Increases in the Del Monte Forest Benefited Properties Entitlement will result in reductions in the Pebble Beach Co. Entitlement.

EXHIBIT 20-C

District's Water Allocation Program Ordinances

Ordinance No. 1 was adopted in September 1980 to establish interim municipal water allocations based on existing water use by the jurisdictions. Resolution 81-7 was adopted in April 1981 to modify the interim allocations and incorporate projected water demands through the year 2000. Under the 1981 allocation, Cal-Am's annual production limit was set at 20,000 acre-feet.

Ordinance No. 52 was adopted in December 1990 to implement the District's water allocation program, modify the resource system supply limit, and to temporarily limit new uses of water. As a result of Ordinance No. 52, a moratorium on the issuance of most water permits within the District was established. Adoption of Ordinance No. 52 reduced Cal-Am's annual production limit to 16,744 acre-feet.

Ordinance No. 70 was adopted in June 1993 to modify the resource system supply limit, establish a water allocation for each of the jurisdictions within the District, and end the moratorium on the issuance of water permits. Adoption of Ordinance No. 70 was based on development of the Paralta Well in the Seaside Groundwater Basin and increased Cal-Am's annual production limit to **17,619** acre-feet. More specifically, Ordinance No. 70 allocated 308 acre-feet of water to the jurisdictions and 50 acre-feet to a District Reserve for regional projects with public benefit.

Ordinance No. 73 was adopted in February 1995 to eliminate the District Reserve and allocate the remaining water equally among the eight jurisdictions. Of the original 50 acre-feet that was allocated to the District Reserve, 34.72 acre-feet remained and was distributed equally (4.34 acre-feet) among the jurisdictions.

Ordinance No. 74 was adopted in March 1995 to allow the reinvestment of toilet retrofit water savings on single-family residential properties. The reinvested retrofit credits must be repaid by the jurisdiction from the next available water allocation and are limited to a maximum of 10 acre-feet. This ordinance sunset in July 1998.

Ordinance No. 75 was adopted in March 1995 to allow the reinvestment of water saved through toilet retrofits and other permanent water savings methods at publicly owned and operated facilities. Fifteen percent of the savings are set aside to meet the District's long-term water conservation goal and the remainder of the savings are credited to the jurisdictions allocation. This ordinance sunset in July 1998.

Ordinance No. 83 was adopted in April 1996 and set Cal-Am's annual production limit at **17,621** acre-feet and the non-Cal-Am annual production limit at **3,046** acre-feet. The modifications to the production limit were made based on the agreement by non-Cal-Am water users to permanently reduce annual water production from the Carmel Valley Alluvial Aquifer in exchange for water service from Cal-Am. As part of the agreement, fifteen percent of the historical non-Cal-Am production was set aside to meet the District's long-term water conservation goal.

Ordinance No. 87 was adopted in February 1997 as an urgency ordinance establishing a community benefit allocation for the planned expansion of the Community Hospital of the Monterey Peninsula (CHOMP). Specifically, a special reserve allocation of 19.60 acre-feet of production was created exclusively for the benefit of CHOMP. With this new allocation, Cal-Am's annual production limit was increased to **17,641** acre-feet and the non-Cal-Am annual production limit remained at **3,046** acre-feet.

Ordinance No. 90 was adopted in June 1998 to continue the program allowing the reinvestment of toilet retrofit water savings on single-family residential properties for 90-days following the expiration of Ordinance No. 74. This ordinance sunset in September 1998.

Ordinance No. 91 was adopted in June 1998 to continue the program allowing the reinvestment of water saved through toilet retrofits and other permanent water savings methods at publicly owned and operated facilities.

Ordinance No. 90 and No. 91 were challenged for compliance with CEQA and nullified by the Monterey Superior Court in December 1998.

Ordinance No. 109 was adopted on May 27, 2004, revised Rule 23.5 and adopted additional provisions to facilitate the financing and expansion of the CAWD/PBCSD Recycled Water Project.

Ordinance No. 132 was adopted on January 24, 2008, established a Water Entitlement for Sand City and amended the rules to reflect the process for issuing Water Use Permits.

Ordinance No. 165 was adopted on August 17, 2015, established a Water Entitlement for Malpas Water Company and amended the rules to reflect the process for issuing Water Use Permits.

Ordinance No. 166 was adopted on December 15, 2015, established a Water Entitlement for D.B.O. Development No. 30.

Ordinance No. 168 was adopted on January 27, 2016, established a Water Entitlement for the City of Pacific Grove.

ITEM: INFORMATIONAL ITEM/STAFF REPORT**21. WATER CONSERVATION PROGRAM REPORT**

Meeting Date: October 19, 2020 **Budgeted:** N/A

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

Prepared By: Kyle Smith **Cost Estimate:** N/A

Committee Recommendation: N/A

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

I. MANDATORY WATER CONSERVATION RETROFIT PROGRAM

District Regulation XIV requires the retrofit of water fixtures upon Change of Ownership or Use with High Efficiency Toilets (HET) (1.28 gallons-per-flush), 2.0 gallons-per-minute (gpm) Showerheads, 1.2 gpm Washbasin faucets, 1.8 gpm Kitchen, Utility and Bar Sink faucets, and Rain Sensors on all automatic Irrigation Systems. Property owners must certify the Site meets the District's water efficiency standards by submitting a Water Conservation Certification Form (WCC), and a Site inspection is often conducted to verify compliance.

A. Changes of Ownership

Information is obtained monthly from *Realquest.com* on properties transferring ownership within the District. The information is compared against the properties that have submitted WCCs. Details on **185** property transfers that occurred between September 1, 2020, and September 30, 2020, were added to the database.

B. Certification

The District received **63** WCCs between September 1, 2020, and September 30, 2020. Data on ownership, transfer date, and status of water efficiency standard compliance were entered into the database.

C. Verification

From September 1, 2020, to September 30, 2020, **54** properties were verified compliant with Rule 144 (Retrofit Upon Change of Ownership or Use). Of the **54** verifications, **44** properties verified compliance by submitting certification forms and/or receipts. District staff completed **23** Site inspections. Of the **23** properties verified, **10 (43%)** passed.

Note that most Site inspections were suspended March 13, 2020, due to concerns about the novel coronavirus. Staff has continued to certify properties electronically through owner certification or other methods. Site inspections may be done in limited cases when the property is vacant, and staff has access without others present. Safety protocols (e.g. masks, gloves, hand sanitizer, etc.) are in place for those instances.

D. CII Compliance with Water Efficiency Standards

Effective January 1, 2014, all Non-Residential properties were required to meet Rule 143, Water Efficiency Standards for Existing Non-Residential Uses. To verify compliance with these requirements, property owners and businesses are being sent notification of the requirements and a date that inspectors will be on Site to check the property. In September, District inspectors performed **no** verification.

MPWMD is forwarding its CII inspection findings to California American Water (Cal-Am) for their verification with the Rate Best Management Practices (Rate BMPs) that are used to determine the appropriate Non-Residential rate division. Compliance with MPWMD's Rule 143 achieves Rate BMPs for indoor water uses, however, properties with landscaping must also comply with Cal-Am's outdoor Rate BMPs to avoid Division 4 (Non-Rate BMP Compliant) rates. In addition to sharing information about indoor Rate BMP compliance, MPWMD notifies Cal-Am of properties with landscaping. Cal-Am then conducts an outdoor audit to verify compliance with the Rate BMPs. During September 2020, MPWMD referred **no** properties to Cal-Am for verification of outdoor Rate BMPs.

E. Water Waste Enforcement

The District has a Water Waste Hotline 831-658-5653 or an online form to report Water Waster occurrences at www.mpwmd.net or www.montereywaterinfo.org. There was **one** Water Waste response during the past month. There were **no** repeated incidents that resulted in a fine.

II. WATER DEMAND MANAGEMENT

A. Permit Processing

As of March 18, 2020, the District has been processing only electronic applications for Water Permits. Information can be found at <https://www.mpwmd.net/regulations/water-permits>.

District Rule 23 requires a Water Permit application for all properties that propose to expand or modify water use on a Site, including New Construction and Remodels. District staff processed and issued **45** Water Permits from September 1, 2020 to September 30, 2020. **Nine** Water Permits were issued using Water Entitlements (Pebble Beach Company, Malpaso Water, etc.). No Water Permits involved a debit to a Public Water Credit Account. In addition to those Water Permits issued in September, **nine** Meter Permits and **one** Hydrant Meter Permit was issued. All Water Permits have a disclaimer informing applicants of the Cease and Desist Order against California American Water and that MPWMD reports Water Permit details to California American Water.

District Rule 24-3-A allows the addition of a second Bathroom in an existing Dwelling Unit. Of the **45** Water Permits issued from September 1, 2020, to September 30, 2020, **three** were issued under this provision.

B. Permit Compliance

District staff completed **11** conditional Water Permit finals during September 2020. Most Site inspections ceased on March 13, 2020. Staff is issuing conditional finals to allow occupancy during the pandemic. Staff completed **46** site inspections of vacant properties. **Twenty four** properties passed and **13** failed due to unpermitted fixtures.

C. Deed Restrictions

District staff prepares deed restrictions that are recorded on the property title to provide notice of District Rules and Regulations, enforce Water Permit conditions, and provide notice of public access to water records. In April 2001, the District Board of Directors adopted a policy regarding the processing of deed restrictions. As of March 18, 2020, MPWMD offices are closed to the public. While still processing and issuing Water Permits, staff is no longer available for notary services. Applicants can obtain notary services at local UPS stores and other locations. Staff receives notarized deed restrictions via email and records the documents electronically with the County.

D. Rebates

Rebates continue to be processed during the Shelter-in-Place.

REBATE PROGRAM SUMMARY		September-2020			2020 YTD		1997 - Present	
I.	<u>Application Summary</u>							
A.	Applications Received	77			653		28,093	
B.	Applications Approved	66			516		21,909	
C.	Single Family Applications	61			459		24,965	
D.	Multi-Family Applications	5			56		1,516	
E.	Non-Residential Applications	0			1		356	
II.	<u>Type of Devices Rebated</u>	Number of devices	Rebate Paid	Estimated AF	Gallons Saved	Year to Date Number	Year to Date Paid	Year to Date Estimated AF
A.	High Efficiency Toilet (HET)	17	\$1,275.00	0.085000	27,697	173	\$12,825.00	0.86500
B.	Ultra HET			0.000000	0	12	\$1,500.00	0.12000
C.	Toilet Flapper			0.000000	0	0	\$0.00	0.00000
D.	High Efficiency Dishwasher	12	\$1,625.00	0.036000	11,731	91	\$11,500.00	0.27300
E.	High Efficiency Clothes Washer - Res	38	\$18,955.99	0.611800	199,356	257	\$128,455.99	4.13770
F.	High Efficiency Clothes Washer - Com			0.000000	0	0	\$0.00	0.00000
G.	Instant-Access Hot Water System	2	\$300.00	0.010000	3,259	12	\$2,196.95	0.06000
H.	Zero Use Urinals			0.000000	0	0	\$0.00	0.00000
I.	Pint Urinals			0.000000	0	0	\$0.00	0.00000
J.	Cisterns	1	\$250.00	0.000000	0	7	\$3,350.00	0.00000
K.	Smart Controllers	1	\$100.00	0.000000	0	12	\$1,087.49	0.00000
L.	Rotating Sprinkler Nozzles			0.000000	0	0	\$0.00	0.00000
M.	Moisture Sensors			0.000000	0	0	\$0.00	0.00000
N.	Lawn Removal & Replacement	1	\$800.00	0.000000	0	1	\$3,612.00	0.00000
O.	Graywater			0.000000	0	0	\$0.00	0.00000
R.	Other			0.000000	0	0	\$0.00	0.00000
III.	<u>TOTALS</u>	72	\$23,305.99	0.742800	242,042	565	\$164,527.43	5.45570
IV.	<u>TOTALS Since 1997</u>				Paid Since 1997: \$ 6,523,282		586.0	Acre-Feet Per Year Saved Since 1997 (from quantifiable retrofits)

ITEM: INFORMATIONAL ITEM/STAFF REPORT**22. QUARTERLY WATER USE CREDIT TRANSFER STATUS REPORT**

Meeting Date: October 19, 2020 **Budgeted:** N/A

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

Prepared By: Gabriela Bravo **Cost Estimate:** N/A

General Counsel Review: N/A

Committee Recommendation: N/A

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

Information about Water Use Credit transfer applications will be reported as applications are received. There are no pending Water Use Credit transfer applications.

ITEM: INFORMATIONAL ITEM/STAFF REPORT**23. CARMEL RIVER FISHERY REPORT FOR SEPTEMBER 2020**

Meeting Date: October 19, 2020 **Budgeted:** N/A

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

Prepared By: Beverly Chaney **Cost Estimate:** N/A

General Counsel Review: N/A

Committee Recommendation: N/A

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

AQUATIC HABITAT AND FLOW CONDITIONS: Carmel River flows held relatively steady in September, providing fair rearing conditions for steelhead young-of-the-year (YOY) in the mid to upper watershed and poor conditions in the lower valley.

September's mean daily streamflow at the Sleepy Hollow Weir ranged from 6.6 to 8.6 cubic-feet-per-second (cfs) (monthly mean 7.8 cfs) resulting in 449 acre-feet (AF) of runoff. Mean daily streamflow at the Highway 1 gage is still trickling at 0.07 to 0.35 cfs (monthly mean 0.16 cfs) resulting in 9 acre-feet (AF) of runoff.

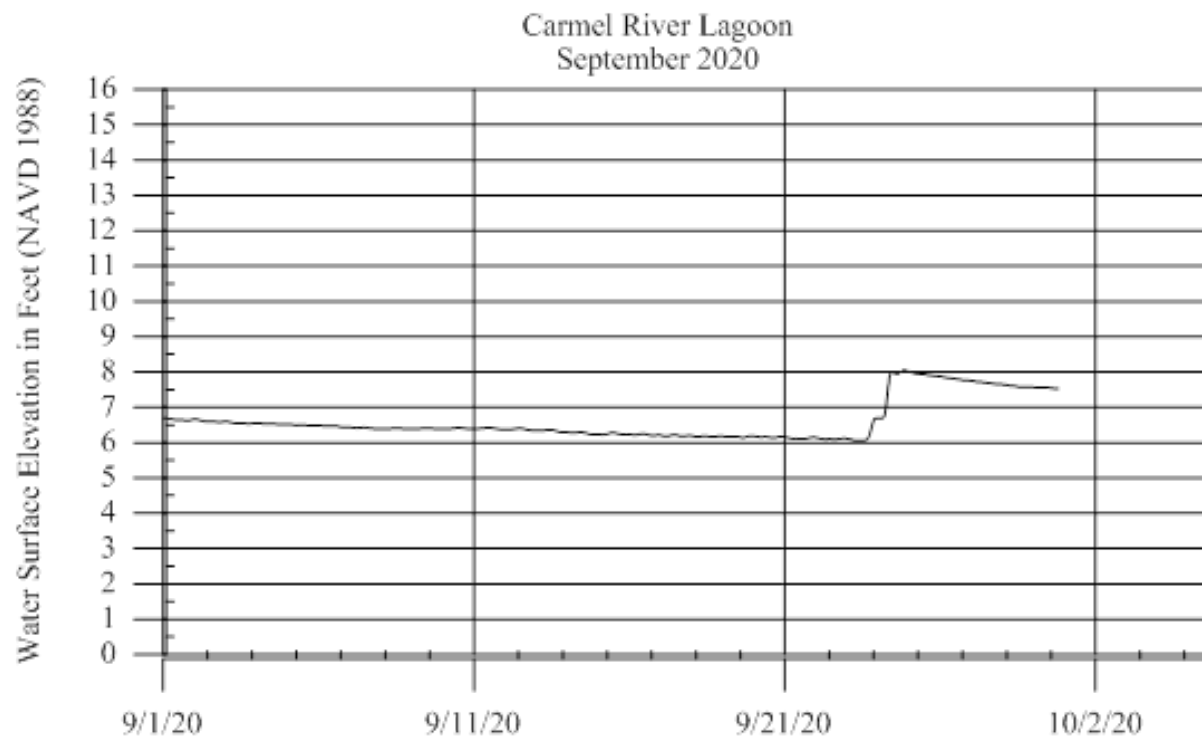
There were 0.00 inches of rainfall in September as recorded at the San Clemente gauge. The rainfall total for WY 2020 (which started on October 1, 2019) is 17.57 inches, or 82.8% of the long-term year-to-date average of 21.22 inches.

CARMEL RIVER LAGOON: The lagoon mouth closed for the summer on June 16, 2020. During September, the lagoon water surface elevation (WSE) ranged from approximately 6 to 8 feet as seawater overtopped the sand berm late in the month (North American Vertical Datum of 1988; NAVD 88) (See graph below).

Water quality depth-profiles were conducted at five sites on September 28, 2020 while the lagoon mouth was closed, water surface elevation was 7.75 feet, and river inflow was <0.1 cfs. Steelhead rearing conditions were generally "fair". Salinity ranged from 8 - 27 ppt, dissolved oxygen (DO) levels were variable ranging from 0.6 – 13 mg/l, and water temperatures were slightly cooler, ranging from 59 - 70 degrees F.

SLEEPY HOLLOW STEELHEAD REARING FACILITY: Facility upgrades were completed in mid-July and the first rescued fish were brought to the facility on July 27, 2020. By the end of September, 5,098 fish had been placed in the rearing channel including: 123 large fish (age 1+ years [1+]), 669 medium sized 1+ fish, and 4,306 young-of-the-year (YOY) fish. Overall facility survival is currently 68%. Very hot weather and warm river water contributed to the mortalities.

Carmel River Lagoon Plot:



ITEM: INFORMATIONAL ITEM/STAFF REPORT**24. QUARTERLY CARMEL RIVER RIPARIAN CORRIDOR MANAGEMENT PROGRAM REPORT**

Meeting Date: October 19, 2020 **Budgeted:** N/A

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

Prepared By: Thomas Christensen **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.

IRRIGATION OF RIPARIAN VEGETATION: The supplemental watering of riparian restoration plantings is currently being carried out for the summer season at seven Monterey Peninsula Water Management District (District) riparian habitat restoration sites. The following irrigation systems were in use May through September: Sleepy Hollow, deDampierre, Trail and Saddle Club, Begonia, Schulte, Valley Hills, and San Carlos.

Water Use in Acre-Feet 2020 (AF)

(preliminary values subject to revision)

January - March	0.22 AF
April - June	0.63
July – September	<u>1.15</u>
Year-to-date	2.00 AF

MONITORING OF RIPARIAN VEGETATION: Starting in June 2020, staff recorded monthly observations of canopy vigor on target willow and cottonwood trees to provide an indication of plant water stress and corresponding soil moisture levels. Four locations (Rancho Cañada, San Carlos, Valley Hills, and Schulte) are monitored monthly for canopy ratings based on a scale from one to ten. This scale evaluates characteristics such as yellowing leaves and percentages of defoliation (see scale on **Exhibit 24-A**). A total of 12 willows and 12 cottonwoods at these locations provide a data set of established and planted sample trees that are representative of trees in the Carmel River riparian corridor. Combined with monthly readings from the District's array of monitoring wells and pumping records for large-capacity Carmel Valley wells in the California American Water service area, the District's monitoring provides insight into the status of soil moisture through the riparian corridor.

Current monitoring results for the 2020 monitoring season to date show that riparian vegetation is below threshold moisture stress levels. The graph in **Exhibit 24-A** shows average canopy ratings for willows and cottonwoods in selected restoration sites in lower Carmel Valley. The graph in **Exhibit 24-B** shows impacts to water table elevations. The types of monitoring measurements

made during June through September are as follows:

Monitoring Measurement

Canopy ratings	(See Exhibit 24-A for trends.)
Groundwater levels (monitoring wells)	(See Exhibit 24-B for trends.)
Groundwater pumping (production wells)	

OTHER TASKS PERFORMED SINCE THE JULY 2020 QUARTERLY REPORT:

- 1. Rancho San Carlos Bank Stabilization Project:** The District continues to irrigate the Rancho San Carlos Bank Stabilization Project just downstream of Rancho San Carlos Road Bridge. District staff have noticed vigorous growth of willows and cottonwood trees this summer, which will help stabilize this reach of the river. This area experienced significant erosion in the winter of 2016-2017.

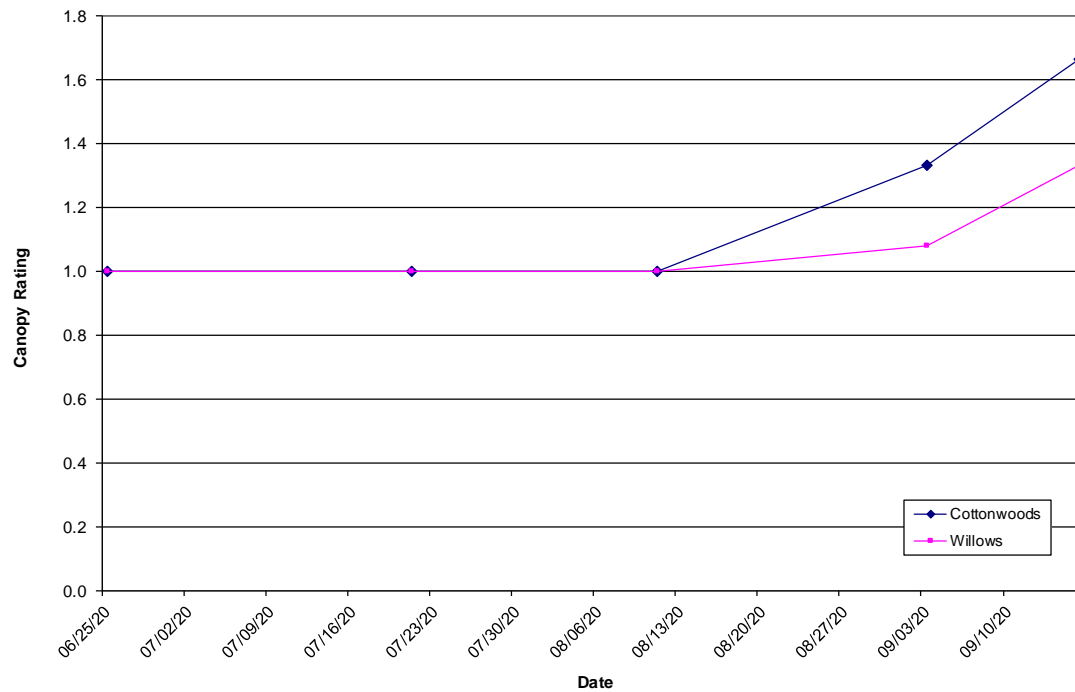
EXHIBITS

24-A Average Willow and Cottonwood Canopy Rating

24-B Depth to Groundwater

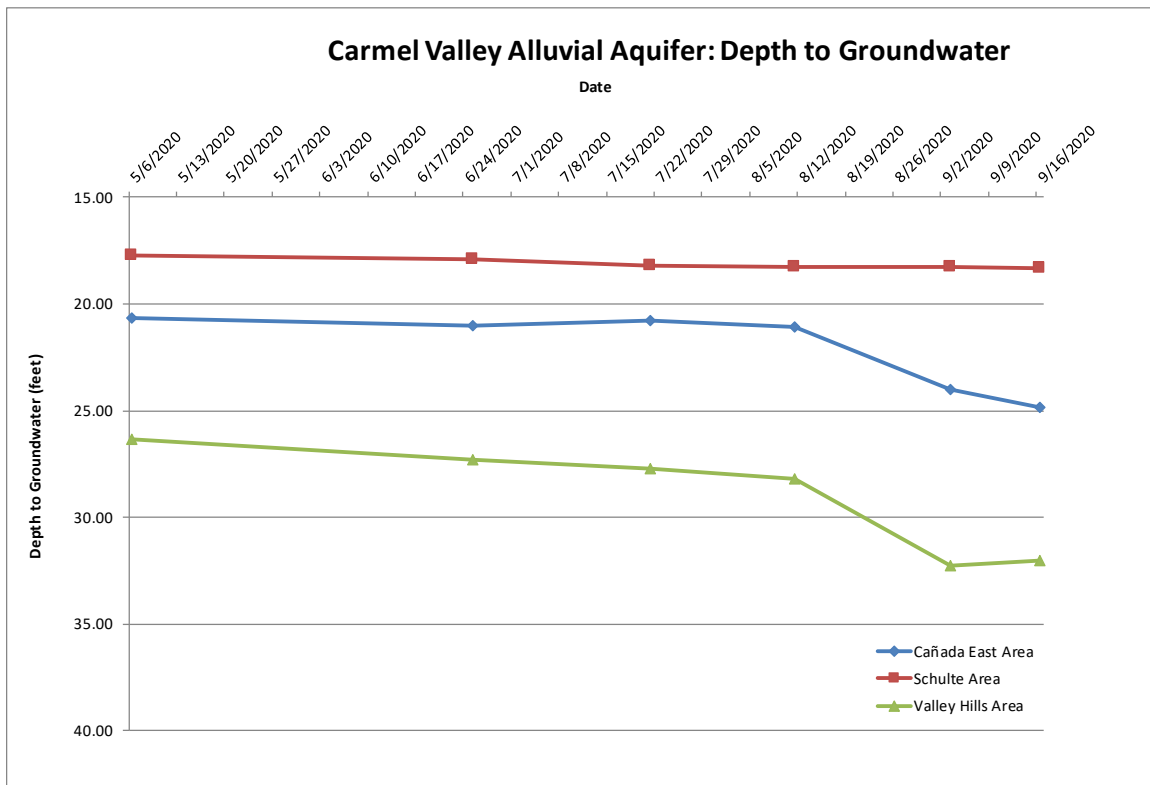
EXHIBIT 24-A

**Carmel River Riparian Vegetation:
Average Canopy Rating for Cottonwoods and Willows**



Canopy Rating Scale		Stress Level
1=	Green, obviously vigorous	none, no irrigation required
2=	Some visible yellowing	low, occasional irrigation required
3=	Leaves mostly yellowing	moderate, regular irrigation required
4=	< 10% Defoliated	moderate, regular irrigation required
5=	Defoliated 10% to 30%	moderate, regular irrigation required
6=	Defoliated 30% to 50%	moderate to high, additional measures required
7=	Defoliated 50% to 70%	high stress, risk of mortality or canopy dieback
8=	Defoliated 70% to 90%	high stress, risk of mortality or canopy dieback
9=	> 90% Defoliated	high stress, risk of mortality or canopy dieback
10=	Dead	consider replanting

EXHIBIT 24-B



ITEM: INFORMATIONAL ITEM/STAFF REPORT**25. MONTHLY WATER SUPPLY AND CALIFORNIA AMERICAN WATER PRODUCTION REPORT****Meeting Date:** October 19, 2020 **Budgeted:** N/A**From:** David J. Stoldt,
General Manager **Program/** N/A
Line Item No.:**Prepared By:** Jonathan Lear **Cost Estimate:** N/A**General Counsel Review:** N/A**Committee Recommendation:** N/A

CEQA Compliance: Exempt from environmental review per SWRCB Order Nos. 95-10 and 2016-0016, and the Seaside Basin Groundwater Basin adjudication decision, as amended and Section 15268 of the California Environmental Quality Act (CEQA) Guidelines, as a ministerial project; Exempt from Section 15307, Actions by Regulatory Agencies for Protection of Natural Resources.

Exhibit 25-A shows the water supply status for the Monterey Peninsula Water Resources System (MPWRS) as of **October 1, 2020**. This system includes the surface water resources in the Carmel River Basin, the groundwater resources in the Carmel Valley Alluvial Aquifer and the Seaside Groundwater Basin. **Exhibit 25-A** is for Water Year (WY) 2020 and focuses on four factors: rainfall, runoff, and storage. The rainfall and Streamflow values are based on measurements in the upper Carmel River Basin at Sleepy Hollow Weir.

Water Supply Status: Rainfall through **September** 2020 totaled **0.00 inches** and brings the cumulative rainfall total for WY 2020 to **17.57 inches**, which is **83%** of the long-term average through **September**. Estimated unimpaired runoff through **September** totaled **254 acre-feet (AF)** and brings the cumulative runoff total for WY 2020 to **46,212 AF**, which is **69%** of the long-term average through **September**. Usable storage for the MRWPRS was **26,730 acre-feet**, which is **95%** of average through **September**, and equates to **81%** percent of system capacity.

Production Compliance: Under State Water Resources Control Board (SWRCB) Cease and Desist Order No. 2016-0016 (CDO), California American Water (Cal-Am) is allowed to produce no more than 8,310 AF of water from the Carmel River in WY 2020. Through **September**, using the CDO accounting method, Cal-Am has produced **7,025 AF** from the Carmel River (including ASR capped at 600 AF, Table 13, and Mal Paso.) In addition, under the Seaside Basin Decision, Cal-Am is allowed to produce 1,820 AF of water from the Coastal Subareas and 0 AF from the Laguna Seca Subarea of the Seaside Basin in WY 2020. Through **September**, Cal-Am has produced **2,218 AF** from the Seaside Groundwater Basin. Through **September**, **917 AF** of Carmel River Basin groundwater have been diverted for Seaside Basin injection; **753 AF** have been recovered for customer use, and **218 AF** have been diverted under Table 13 water rights. Cal-Am has produced **9,592 AF** for customer use from all sources through **September**. **Exhibit 25-B** shows production by source. Some of the values in this report may be revised in the future as Cal-Am finalizes their production values and monitoring data. The 12-month moving average of production for customer service is **9,592 AF**, which is below the rationing trigger of **10,130 AF** for WY 2020.

EXHIBITS**25-A** Water Supply Status: **October 1, 2020****25-B** Monthly Cal-Am production by source: WY 2020

EXHIBIT 25-A

**Monterey Peninsula Water Management District
Water Supply Status
October 1, 2020**

Factor	WY 2020	Average To Date	Percent of Average	WY 2019
Rainfall (Inches)	17.57	21.22	83%	30.93
Runoff (Acre-Feet)	46,212	67,246	69%	145,794
Storage ⁵ (Acre-Feet)	26,730	27,990	95%	28,680

Notes:

1. Rainfall and runoff estimates are based on measurements at San Clemente Dam. Annual rainfall and runoff at Sleepy Hollow Weir average 21.22 inches and 67,246 acre-feet, respectively. Annual values are based on the water year that runs from October 1 to September 30 of the following calendar year. The rainfall and runoff averages at the Sleepy Hollow Weir site are based on records for the 1922-2019 and 1902-2019 periods respectively.
2. The rainfall and runoff totals are based on measurements through the dates referenced in the table.
3. Storage estimates refer to usable storage in the Monterey Peninsula Water Resources System (MPWRS) that includes surface water in Los Padres and San Clemente Reservoirs and ground water in the Carmel Valley Alluvial Aquifer and in the Coastal Subareas of the Seaside Groundwater Basin. The storage averages are end-of-month values and are based on records for the 1989-2019 period. The storage estimates are end-of-month values for the dates referenced in the table.
4. The maximum storage capacity for the MPWRS is currently 33,130 acre-feet.

Production vs. CDO and Adjudication to Date: WY 2020

(All values in Acre-Feet)

Year-to-Date Values	MPWRS					Water Projects and Rights				
	Carmel River Basin ^{2, 6}	Seaside Groundwater Basin		MPWRS Total					Water Projects and Rights Total	
		Coastal	Laguna Seca		Ajudication Compliance	ASR Recovery	Table 13 ⁷	Pure Water Monterey		Sand City ³
Target	8,228	1,882	0	1,882	10,110	916	114	88	300	1,330
Actual ⁴	7,025	1,882	337	2,218	9,243	753	218	88	195	1,166
Difference	1,203	0	-337	-337	867	163	-104	0	105	164
WY 2019 Actual	7,319	1,820	296	2,116	9,435	744	471	0	154	1,370

1. This table is current through the date of this report.

2. For CDO compliance, ASR, Mal Paso, and Table 13 diversions are included in River production per State Board.

3. Sand City Desal, Table 13, and ASR recovery are also tracked as water resources projects.

4. To date, 917 AF and 218 AF have been produced from the River for ASR and Table 13 respectively.

5. All values are rounded to the nearest Acre-Foot.

6. For CDO Tracking Purposes, ASR production for injection is capped at 600 AFY.

7. Table 13 diversions are reported under water rights but counted as production from the River for CDO tracking.

Monthly Production from all Sources for Customer Service: WY 2020

(All values in Acre-Feet)

	Carmel River Basin	Seaside Basin	ASR Recovery	Table 13	Sand City	Mal Paso	Pure Water Monterey	Total
Oct-19	505	412	0	0	0	4	0	921
Nov-19	524	299	0	0	0	2	0	825
Dec-19	391	169	0	75	0	0	0	635
Jan-20	533	111	0	13	10	0	0	667
Feb-20	632	22	0	0	27	9	0	689
Mar-20	498	150	0	33	27	8	0	716
Apr-20	308	226	0	85	22	8	0	649
May-20	666	154	0	13	27	7	0	867
Jun-20	680	194	0	0	5	7	0	887
Jul-20	526	410	0	0	30	7	0	973
Aug-20	467	37	430	0	28	7	0	970
Sep-20	410	34	323	0	19	7	88	881
Total	6,140	2,219	753	218	195	67	88	9,592
WY 2019	6,162	2,117	744	471	154	86	0	9,734

1. This table is produced as a proxy for customer demand.

2. Numbers are provisional and are subject to correction.

Rationing Trigger: WY 2020

12 Month Moving Average ¹	9,592	10,130	Rule 160 Production Limit
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1. Average includes production from Carmel River, Seaside Basin, Sand City Desal, and ASR recovery produced for Customer Service.



Supplement to 10/19/2020 MPWMD Board Packet

Attached are copies of letters received between and September 14, 2020 through October 13, 2020. These letters are listed in the October 19, 2020 Board packet under Letters Received.

Author	Addressee	Date	Topic
John Tilley	MPWMD Board	10/13/20	Ordinance 152 Reserves, the Water Supply Charge and The Mechanics Bank Loan
Molly Evans	Alvin Edwards	10/7/20	Resignation from MPWMD Board of Directors
Douglas Dennington	Richard Svindland and Sarah Leeper	9/15/20	Notice of Decision to Appraise California American Water Company's Monterey Water System and Other Property Interests Relating to Monterey Peninsula Water Supply Project; Notice of Land Acquisition Procedures; Request for Documents

U:\staff\Boardpacket\2020\20201019\LettersReceived\LettersReceived.docx

Arlene Tavani

From: John Tilley <the5amswim@yahoo.com>
Sent: Tuesday, October 13, 2020 8:43 AM
To: alvinedwards420@gmail.com; georgetriley@gmail.com; water@mollyevans.org; jcbarchfaia@att.net; gqhwd1000@gmail.com; dpotter@ci.carmel.ca.us; district5@co.monterey.ca.us; Dave Stoldt; Arlene Tavani
Cc: Arlene Tavani
Subject: Re: Ordinance 152 Reserves, the Water Supply Charge and The Mechanics Bank Loan

Hello All,

I am resending an e-mail I sent in June which discuss Ordinance 152 and the water supply charge as this item appeared on the board agenda of September 21st and I expect to see it again on October 19th agenda.

That agenda item is very, very far from the original expectation the Water District communicated to the public as discussed in my e-mail from June 2020. Clearly the agenda item is a stall tactic to pretend you may sunset the charge maybe someday if there might be some money laying around to do so. This is not what the community was told the district would do when this charge went into place.

As the District considers vastly expanded responsibilities this is especially a bad time to demonstrate an inability to live up to promises, an inability to curb spending, an inability to back away from ever-growing revenue pursuits.

Consider the Water Supply Charge a litmus test of how the district will operate going forward and prove to the community that you are able to run an organization that is not bloated from an insatiable desire to collect and spend public funds. Also consider it a test of the District to live up to its promises because that is exactly what you are voting on.

Thank you,

John Tilley

On Friday, June 5, 2020, 02:55:59 PM PDT, John Tilley <the5amswim@yahoo.com> wrote:

June 5, 2020

The Board Members of the Monterey Peninsula Water District

Mr. David Stoldt, General Manager of the Monterey Peninsula Water District

Dear Board Members and Mr. Stoldt,

I am writing you as a member of the Ordinance 152 Citizen's Oversight Panel to express my profound concern regarding the Mechanic's Bank loan maturing in 2023 and any attempt to shift the reserves built via collection of the Water Supply Charge to purposes clearly not the intent of Ordinance 152.

Ordinance 152 was adopted on June 27, 2012 with board members Brower, Markey, Byrne, Lewis and Pendergrass voting for its approval. The Ordinance was passed in response to a brief suspension of the User Fee and the expressed intent to "replace and augment" that funding stream.

Ordinance 152 clearly states revenues are to be used to fund "actual costs to provide water supply services" and "Supply charge proceeds will be expended only to fund water supply services and for no other purpose". Section Ten establishes a date of December 31, 2017 as a cut-off for funded projects to be "identified and determined by the Board of Directors to have been underway". As a point of reference, Measure J was passed in November of 2018.

Furthermore, the General Manager's report from April 16, 2012 (attached) stated that these funds are clearly intended to support the work needed to fulfill the promise of the supply portfolio including Aquifer Storage and Recovery, Pure Water Monterey Phase One and the CalAm desalination plant. The full meeting package is found [here](#). Item 12 D (attached) states "*Hence, the fees are being raised for water supply activities. Section 3 of the Ordinance specifically limits the purposes to the GWR and ASR projects and purposes that confer benefit and/or service to existing main Cal-Am water users to ensure sufficient water is available for present beneficial use or uses, including water supply management, water demand management, water augmentation program expenses such as planning for, acquiring and/or reserving augmented water supply capacity, including engineering, hydrologic, legal, geologic, financial, and property acquisition*".

On December 11th of 2012 the MPWMD Board passed a resolution approved by members Byrne, Lehman, Lewis, Markey and Pendergrass to "approve obtaining a loan from Rabobank . . . for reimbursement of the Aquifer Storage Recovery costs". The need for the loan was premised on "the District has not been able to collect the User Fee". In summary, the User Fee temporarily went away, the Water Supply Charge was not yet providing the revenue needed and expenses for Aquifer Storage and Recovery (ASR) were mounting. The Rabobank loan was obtained and used to build-out ASR while the Water Supply Charge was expected to be the source or repayment of the loan.

The Rabobank term sheet (attached) emphasizes the direct connection between the loan, the Water Supply Charge and ASR. Here are two pertinent excerpts from the Rabobank term sheet showing the use of funds was ASR and repayment would come from the WSC:

Use and Investment of Proceeds: Bond proceeds will be used to finance infrastructure owned by the District, reimburse the District for costs incurred in connection with infrastructure, pay off an existing line of credit, fund the Debt Service Reserve Fund, and fund cost of issuance.

Nature of Obligation and Repayment: Debt will be secured by a pledge of the District's water supply charge.

As a member of the Ordinance 152 Citizen's Oversight Panel I ask that the purpose and intent of Ordinance 152 be honored. There is currently a three million dollar cash reserve in the Ordinance 152 fund and a 3 million dollar debt to be paid. The reserve was built via collection of the Water Supply Charge. The loan was taken to build the infrastructure needed to supply water. It is time for the reserves collected to be used to pay for the infrastructure work already accomplished. While staff secured a legal opinion (attached) promoting the idea that funds from Ordinance 152 *could* be repurposed, doing so raises serious ethical, legal and financial risks for the District.

It has always been the expectation of the public and the ratepayers that the District sunset the Water Supply Charge and not double collect fees. I urge the Board to commit the reserves to paying off the Rabobank loan as intended and refrain from the unethical temptation of misusing those reserves to pay for Measure J. The Water Supply Charge was created to pay for building the Water Supply Portfolio and should be used solely for that purpose as it was intended. Now is the time to do so as there are no pre-payment penalties on the Rabobank/Mechanics Bank loan.

I urge the board to act responsibly and transparently. Diverting Water Supply Charge funds outside of the intended purpose is not only of questionable ethical standards, but clearly puts the District at serious legal and financial risks.

Respectfully yours,

John Tilley

This email and any files transmitted with it are confidential and intended solely for the use of the individual or entity to whom they are addressed. If you have received this email in error, please notify the system manager. This message contains confidential information and is intended only for the individual named. If you are not the named addressee, you should not disseminate, distribute or copy this e-mail. Please notify the sender immediately by e-mail if you have received this e-mail by mistake and delete this e-mail from your system. If you are not the intended recipient, you are notified that disclosing, copying, distributing or taking any action in reliance on the contents of this information is strictly prohibited.

Molly Evans
PO Box 1264
Monterey CA 93942

October 7, 2020

Board of Directors
Monterey Peninsula Water Management District
5 Harris Court, Bldg G
Monterey CA 93940

RE: Resignation

Dear Chair Edwards:

It has truly been my honor to serve the people of Division 3 for the past five years. My intent was to proactively and aggressively seek smart and affordable solutions for a long-term water supply, be an advocate for the ratepayers, and improve the District's communications with residents and businesses. I have made great progress, but there is more work to be done.

It is with a heavy heart that I inform you that I must decline my second term, to which I will be appointed in lieu of election, as I have accepted an employment offer and will be relocating out of the state. I will serve through the end of November and fulfill my current term.

I am grateful to have had the opportunity to serve this community alongside you and the other Directors (past and present) and our top-notch staff professionals.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Molly Evans', with a horizontal line extending to the right.

Molly Evans
Director, Division 3

September 15, 2020

RECEIVED
SEP 21 2020
MPWMD

Mr. Richard Svindland, President
California American Water
655 W. Broadway, Suite 1410
San Diego, CA 92110

Ms. Sarah Leeper, Vice President and General
Counsel
California American Water
555 Montgomery Street, Suite 816
San Francisco, CA 94111

Re: Notice of Decision to Appraise California American Water Company's Monterey Water System and Other Property Interests Relating to Monterey Peninsula Water Supply Project; Notice of Land Acquisition Procedures; Request for Documents

Dear Mr. Svindland and Ms. Leeper:

This office has been retained by the Monterey Peninsula Water Management District ("MPWMD") in connection with MPWMD's possible acquisition of California American Water Company's ("Cal Am's") "Monterey Water System" and other property interests owned and held by Cal Am with respect to Cal Am's proposed Monterey Peninsula Water Supply Project (collectively, the "MPWSP Property Interests").

As used in this letter, the term "Monterey Water System" means the following: (1) all real property interests and assets (whether held in fee, leasehold, easement, license, or otherwise), including without limitation land, improvements pertaining to the realty, construction work in process, equipment and fixtures, and water rights), all incidental intangible property interests and assets (including without limitation: easements; licenses; water rights; franchise rights; contracts; customer and billing information; water quality records; inspection, maintenance, and repair logs and reports; planning, design, and engineering data and reports; plans and specifications; and other books and records), and all personal property assets (including without limitation computer equipment, office furnishings, vehicles, supplies, and other inventory) comprising the retail water system owned and operated by the Cal Am and any of Cal Am's affiliated entities within MPWMD's boundaries in Monterey County, California, which boundaries encompass what are generally known and referred to as the Main, Bishop, Hidden Hills, and Ryan Ranch portions of Cal Am's Central Division; (2) all of Cal Am's real, intangible, and personal property interests and assets relating to the approximately thirty-three (33) residential connections within its Main

Mr. Richard Svindland, President
Ms. Sarah Leeper, Vice President and
General Counsel
September 15, 2020
Page 2

System identified in clause (1) that currently are located just outside MPWMD's boundaries in the Yankee Point area; (3) all of Cal Am's real, intangible, and personal property interests and assets relating to the approximately ten (10) residential connections in its Hidden Hills System identified in clause (1) that currently are located just outside MPWMD's boundaries; and (4) all of Cal Am's real, intangible, and personal property interests and assets located outside Cal Am's retail service area (and MPWMD's boundaries) that currently are utilized by Cal Am to provide retail water service to the areas described in clauses (1)-(3) above, including without limitation all of Cal Am's real, intangible, and personal property interests and assets relating to the delivery of reclaimed water from Monterey One Water's Advanced Water Treatment Facilities (located adjacent to its Regional Treatment Plant approximately two miles north of the City of Marina) to Cal Am's retail service area (and MPWMD's northerly boundary).

As used in this letter, the term "MPWSP Property Interests" include all of Cal Am's real, intangible, and personal property interests and assets relating to its currently proposed 6.4 mgd desalination plant and appurtenant and supporting facilities, including without limitation: (1) the proposed desalination plant and appurtenant facilities to be located on a 46-acre vacant parcel near Charles Benson Road, northwest of Monterey One Water's Regional Wastewater Treatment Plant and the Monterey Regional Environmental Park; (2) a proposed source water intake system consisting of subsurface slant wells and appurtenant facilities placed on a 376-acre coastal property located north of the city of Marina and within the CEMEX retired mining area and extending offshore into the Monterey Bay; (3) proposed new pipelines to convey the source water from the slant wells to the MPWSP desalination plant; (4) proposed pipelines to convey the brine produced during the desalination process to the existing Monterey One Water ocean outfall for discharge to the Monterey Bay; and (5) proposed new and existing pipelines and appurtenant facilities that would transport desalinated water from the MPWSP desalination plant to Cal Am's retail service area (and MPWMD's northern boundary). At the time this letter is being delivered MPWMD has not made a final determination as to whether the MPWSP Property Interests are necessary and incidental to providing retail water service within MPWMD's boundaries (and to the approximately 43 residential connections in the Yankee Point and Hidden Hills areas referred to above) and/or whether MPWMD would intend to devote such property interests and assets to a public use within the period of time set forth in California's Eminent Domain Law. (See Code of Civil Procedure § 1250.360(d).) Accordingly, MPWMD reserves the right to determine at a later date to acquire only the Monterey Water System and not the MPWSP Property Interests (or neither).

As used in this letter, the terms "Monterey Water System" and "MPWSP Property Interests" exclude Cal Am's real, intangible, and personal property assets relating to its Ambler, Ralph Lane, Chualar, Toro, and Garrapata service areas (referred to as the "**Central Satellites**"), all of which are located outside MPWMD's boundaries, as well as Cal Am's real, intangible, and personal property interests relating to its wastewater service areas in Monterey County, California (referred to herein as the "**Monterey Wastewater Systems**").

Mr. Richard Svindland, President
Ms. Sarah Leeper, Vice President and
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To the extent any property or asset of Cal Am is used by Cal Am in connection with both the Monterey Water System (as defined above, and as the same may hereafter be modified), on the one hand, and one or more of the Central Satellites and Monterey Wastewater Systems, on the other hand, such property and assets are intended to be part of the "Monterey Water System" as that term is used herein. Thus, for example, if a Cal Am vehicle is used in conjunction with the inspection, servicing, maintenance, or repair of both the Monterey Water System and one or more of the Central Satellites and Monterey Wastewater Systems that vehicle is part of the Monterey Water System within the meaning of this letter.

The purpose of MPWMD's possible acquisition of the Monterey Water System and MPWSP Property Interests would be to convert the Monterey Water System and MPWSP Property Interests to public ownership, operation, and control.

Section 6184 of the *California Relocation Assistance and Real Property Acquisition Guidelines* (California Code of Regulations, Title 25, Section 6184) ("*Guidelines*") and Section 7267.1 of the California Government Code require a public entity to appraise property it seeks to acquire for public use, and provide a property owner with a written notice of its decision to appraise property being considered for acquisition for a public use. Section 6188 of the *Guidelines* further provides that at the time the public entity notifies an owner of its decision to appraise, it shall also furnish the owner a written explanation of its property acquisition procedures in the form of a Notice of Land Acquisition Procedures. The purpose of this letter is to provide these notices.

1. Notice of Decision to Appraise.

This is to notify you, on behalf of Cal Am, that MPWMD has decided to appraise the Monterey Water System and MPWSP Property Interests.

A. The area being considered for public use.

MPWMD is considering acquisition of the Monterey Water System and MPWSP Property Interests, as defined above and further described below, in order to convert the Monterey Water System and MPWSP Property Interests from a privately owned, operated, and (in part) planned retail water system to a publicly owned, operated, and (in part) planned retail water system.

B. The determination that Cal Am's facilities and property are located within the area of proposed public use.

MPWMD has determined that the Monterey Water System and MPWSP Property Interests are being considered for the proposed public use. The specific area in which the Monterey Water System and MPWSP Property Interests are situated is defined above and further described below. Cal Am's property has been determined to be located within such area.

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C. The property under consideration.

The property interests and assets comprising Cal Am's Monterey Water System and MPWSP Property Interests are generally defined above. MPWMD has attempted to identify the various components of Cal Am's Monterey Water System and MPWSP Property Interests to the best of its ability based on the public resources available to it and, without limiting MPWMD's right to add (or subtract) specific Cal Am property interests and assets at a later date, the properties and assets comprising Cal Am's Monterey Water System and MPWSP Property Interests addressed in this notice include, but are not limited to, the following:

(1) Real Property Ownership Interests

MPWMD has identified the real property set forth in Exhibit "A" attached hereto and incorporated herein by this reference as the real properties owned in fee simple by Cal Am in Monterey County, California, relating to its Monterey Water System and MPWSP Property Interests. Please let the undersigned know if Cal Am believes that the list of parcels set forth in Exhibit "A" is inaccurate or incomplete.

(2) Leasehold Interests, Easements, Rights-of-Way, Licenses, Franchise Rights, and Similar Interests

MPWMD intends to appraise all of Cal Am's leasehold interests, easements, rights-of-way, licenses, franchise rights, and other similar property interests in and with respect to the Monterey Water System and MPWSP Property Interests. (See document/data request below.)

(3) Improvements/Facilities

MPWMD intends to appraise all of Cal Am's improvements/facilities comprising its Monterey Water System and MPWSP Property Interests, including without limitation those improvements/facilities identified in Exhibit "B" attached hereto and incorporated herein by this reference. Please let the undersigned know if Cal Am believes the list of facilities set forth in Exhibit "B" is inaccurate or incomplete.

(4) Water Rights

MPWMD intends to appraise all riparian and appropriative water rights, if any, held by Cal Am in and with respect to the Monterey Water System and MPWSP Property Interests. (See document/data request below.)

(5) Improvements Pertaining to the Realty/Equipment and Vehicles

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MPMWD intends to appraise all of Cal Am's improvements pertaining to the realty/equipment in and with respect to its Monterey Water System and MPWSP Property Interests. (See document/data request below.)

(6) *Personal Property*

MPMWD intends to appraise all of Cal Am's personal property utilized in connection with its Monterey Water System and MPWSP Property Interests (including without limitation computer equipment, office furnishings, vehicles, supplies, and other inventory). (See document/data request below.) It is understood that certain personal property—e.g., supplies and other inventory—will be used/consumed and quantities on hand will vary from time to time. As to such items, MPWMD is hoping to obtain from Cal Am information regarding the identity, condition, and average amounts/quantities of such items that are held in conjunction with the Monterey Water System in order to be able to estimate a fair market value figure attributable thereto.

* * *

MPWMD's appraisal will arrive at a determination of the fair market value of the Monterey Water System and MPWSP Property Interests.

No final decision has yet been made by MPWMD to acquire Cal Am's Monterey Water System or MPWSP Property Interests (or, as stated above, whether to acquire only the Monterey Water System but not the MPWSP Property Interests). Before the decision to acquire can be made, the law provides that the property must be appraised. Without authority from MPWMD's Board of Directors, neither this office nor the staff of MPWMD has the authority to commit MPWMD to the acquisition of the Monterey Water System or MPWSP Property Interests.

Chris Carneghi, an independent real property appraiser with Carneghi-Nakasako and Associates, and John Mastracchio, a chartered financial analyst and professional engineer with Raftelis Consulting, have been retained by MPWMD to conduct the appraisal addressed by this Notice of Decision to Appraise. I also intend to be in attendance during the inspection. MPWMD may designate one or more additional individuals who will accompany the appraisers in order to be able to provide them with information to assist them in arriving at their opinions and conclusions. MPWMD is prepared to disclose the identity of each such individual who will participate in the inspection/site visit within one week prior to the date of their visit. In addition, MPWMD understands that Cal Am will have the opportunity to have a representative or representatives of its choosing meet with and accompany the MPWMD appraisers and inspection/site visit team and to provide them with any facts Cal Am believes may bear on the value of the interests being appraised. The above-mentioned individuals seek access to Cal Am's properties and facilities comprising its Monterey Water System and MPWSP Property Interests at a mutually convenient time within the next thirty (30) days to inspect the same. We believe the

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inspection may take between two to three days and, given the current limitations on travel due to the novel coronavirus pandemic, we are happy to coordinate particular dates that are most convenient for Cal Am. If you would like me to coordinate dates for the site visit through Cal Am's retained counsel, we will be happy to do so.

MPWMD's site visit/inspection team is prepared to adhere to all appropriate COVID-19 protocols Cal Am management wishes to impose on the site visit/inspection. As this may impact or limit the accessibility of certain locations and/or make travelling from one property/facility to another less efficient than would otherwise be the case, I would appreciate it if you would inform me (through Cal Am's retained counsel) a reasonable time prior to the site inspection what rules/suggestions Cal Am may have in mind so that we can work together to ensure everyone's good health and safety.

This Notice of Decision to Appraise is not a notice to vacate any facilities or properties, or a notice that the Monterey Water System and MPWSP Property Interests will ultimately be acquired by MPWMD. If MPWMD continues to consider the acquisition of the Monterey Water System and MPWSP Property Interests (or, potentially, only the Monterey Water System), representatives of MPWMD will contact Cal Am to make an offer to purchase the Monterey Water System and MPWSP Property Interests (if applicable) in an amount determined to be just compensation, and in no event less than the value reported in an approved appraisal.

2. **Notice of Land Acquisition Procedures**

A. **The basic objectives of MPWMD's land acquisition program.**

When MPWMD seeks to acquire private property for a necessary public use, it is the objective of MPWMD to make every reasonable effort to acquire the property expeditiously by agreement with the owner at fair market value so as to avoid litigation, to assure consistent treatment of all owners of property located within the proposed area of public use, and to promote public confidence in MPWMD's land acquisition procedures.

B. **Opportunity to accompany appraisers during inspection.**

As noted above, a representative or representatives of Cal Am, who has/have been designated in writing, shall be given the opportunity to accompany MPWMD's site visit/inspection team during the inspection.

C. **Uneconomic remnant.**

If the proposed acquisition of the Monterey Water System and MPWSP Property Interests (if applicable) would leave Cal Am with an uneconomic remnant, MPWMD will offer to acquire

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the uneconomic remnant if Cal Am so desires (and to the extent the same can be done consistently with applicable law).

D. Opportunity to contest MPWMD's determination of just compensation.

If Cal Am is not satisfied with MPWMD's offer of just compensation, Cal Am will be given a reasonable opportunity to present relevant material, which MPWMD will carefully consider. If a voluntary agreement cannot be reached, MPWMD, as soon as possible, will either institute a formal condemnation proceeding or abandon its intention to acquire the property interests and providing a Notice of Public Entity's Decision Not to Acquire pursuant to Rule 6190 of the *Guidelines*.

E. Notice to vacate.

MPWMD will schedule its acquisition such that Cal Am shall not be required to vacate its facilities and properties without being provided a written notice to vacate at least ninety (90) days prior to the date on which MPWMD will require possession of the facilities and property.

F. Short-term rental.

If arrangements are made to rent to Cal Am or any tenants of Cal Am any of the properties and facilities comprising the Monterey Water System and MPWSP Property Interests (if applicable) for a short term or for a period subject to termination by MPWMD on short notice, the rental will not exceed the lesser of the fair rental value of the property or facilities so rented to a short term occupier or the pro rata portion of the fair rental value for a typical rental period.

3. Document/Data Requests

MPWMD's appraisers request access to a number of documents to assist them in their valuation analyses. MPWMD will agree to a reasonable confidentiality agreement in order to assure that Cal Am's privileged financial information remains confidential and is used only in connection with MPWMD's valuation analyses or any eminent domain proceedings that might be instituted in the future to implement the acquisition. The specific documents and data to which MPWMD's appraisers seek access are set forth in the "Document Request" attached hereto as Exhibit "C."

We understand Cal Am is represented by legal counsel in this matter (to whom a copy of this letter is being delivered). We request that you consult with legal counsel before responding to this letter and we highly recommend that you respond through counsel. We are sending this letter to you in order to ensure Cal Am receives proper notice and to comply with applicable legal



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procedures, but it is not our intention to initiate a dialogue with Cal Am management or staff outside the presence or without the participation of your attorneys.

Sincerely,

RUTAN & TUCKER, LLP



Douglas J. Dennington

DJD:pj

cc: George Soneff, Esq.
David Stoldt, MPWMD General Manager
David Laredo, MPWMD General Counsel

Exhibit A

Table 1

SUBJECT PARCELS IDENTIFICATION TABLE
Appraisal of Proposed Fee Acquisitions
From - California American Water Monterey District (Cal-Am Water System)
By - Monterey Peninsula Water Management District
Date of Value September 21, 2020

No.	Assessors Parcel Number (APN)	Parcel Size Sq. Ft.	Parcel Size Acres (1)	Street or Location	City / Mailing Address	In City?	Current Use
1	001181002000	55,490	1.27	1650 David Ave	Monterey	Yes	Corporate Yard
2	001213021000	23,514	0.54	620 Devisadero St	Monterey	Yes	Withers Tanks
3	001423031000	13,754	0.32	6 Shady Ln	Monterey	Yes	Lower Toyon Tank
4	001761036000	71,436	1.64	599 Viejo Rd	Monterey	Yes	Viejo Tank
5	001931024000	2,500	0.06	52 Linda Vista Dr	Monterey	Yes	Lower Monte Vista Tank
6	006528001000	2,861	0.07	Sinex Ave	Pacific Grove	Yes	Eardley Roundabout
7	006694005000	9,877	0.23	2nd St	Pacific Grove	Yes	Corporate Yard
8	006694006000	390,000	8.95	Hillcrest Ave	Pacific Grove	Yes	Corporate Yard
9	007491015000	664,725	15.26	2949 Bird Rock Rd	Pebble Beach	No	3 Tanks
10	008111016000	12,521	0.29	4041 Sunset Ln	Pebble Beach	No	Huckleberry Hill Tanks
11	008111017000	9,817	0.23	4039 Sunset Ln	Pebble Beach	No	Huckleberry Hill Tanks
12	008111022000	32,234	0.74	4045 Sunset Lane #4059	Pebble Beach	No	Huckleberry Hill Tanks
13	008161003000	22,106	0.51	17 Mile Dr	Pebble Beach	No	Unknown
14	008171011000	8,966	0.21	Ronda Rd	Pebble Beach	No	Pebble Beach Tanks
15	008293008000	5,328	0.12	Portola Rd	Pebble Beach	No	Unknown
16	009142010000	8,896	0.20	24739 Upper Trail	Carmel	No	Carmel Woods Tank
17	010233004000	3,150	0.07	2nd Ave	Carmel	Yes	Unknown
18	011051018000	814	0.02	1635 Military Ave	Seaside	Yes	Well
19	011061004000	44,870	1.03	1987 Park Ct	Seaside	Yes	Well, Tank, Treatment
20	011071018000	9,106	0.21	Luzern St	Seaside	Yes	Luzern #2 Well & PS
21	011091017000	39,627	0.91	1237 Playa Ave	Seaside	Yes	Playa #3 Well
22	011355004000	7,906	0.18	598 Harcourt Ave	Seaside	Yes	Vacant Lot
23	011493028000	7,622	0.17	2104 Paralta Ave	Seaside	Yes	Paralta #1 Well
24	012193016000	6,172	0.14	1257 Palm Ave	Seaside	Yes	Vacant Lot
25	012324032000	49,231	1.13	1561 Hilby Ave	Seaside	Yes	Hilby Tank & Pump Station
26	012432004000	21,757	0.50	1453 Plumas Lane	Seaside	Yes	Plumas #4 Well
27	012532013000	3,019	0.07	Via Verde	Del Rey Oaks	Yes	Land Locked
28	012681005000	10,802	0.25	1245 Yosemite	Seaside	Yes	Upper Hilby Tank
29	012681006000	10,306	0.24	1235 Yosemite St	Seaside	Yes	Upper Hilby Tank
30	012681007000	9,246	0.21	1225 Yosemite St	Seaside	Yes	Upper Hilby Tank
31	012831013000	2,865	0.07	1833 Luxton St	Seaside	Yes	Vacant Lot
32	012834001000	8,930	0.21	1898 Waring St	Seaside	Yes	LaSalle #2 Well
33	012843005000	3,690	0.08	1860 Harding St	Seaside	Yes	Vacant Lot
34	012843013000	7,381	0.17	1849 Darwin St	Seaside	Yes	Darwin #1 Well
35	012843016000	1,843	0.04	1865 Darwin St	Seaside	Yes	Vacant Lot
36	014111010000	9,931	0.23	Skyline Dr	Monterey	Yes	Upper Toyon Tank
37	015031013000	13,539	0.31	25231 Pine Hills Dr	Carmel	No	Rio Vista Tank
38	015031087000	21,470	0.49	24735 Outlook Dr	Carmel	No	Carmel Views Tank
39	015162038000	9,147	0.21	5258 Carmel Valley Rd	Carmel	No	Rancho Canada #1 Well
40	015251030000	174,240	4.00	26530 Rancho Sn Carlos Rd	Carmel	No	San Carlos #2 Well
41	015441001000	22,867	0.52	498 Del Mesa Dr	Carmel	No	Del Mesa Tank
42	015441005000	13,832	0.32	100 Del Mesa Dr	Carmel	No	Pump Station
43	015481001000	29,240	0.67	24750 High Meadow Dr	Carmel	No	High Meadows Tank
44	101031004000	778	0.02	1199 Aguajito Rd	Monterey	No	Castro Plant 7A
45	103011011000	9,866	0.23	500 Aguajito Rd	Carmel	No	Aguajito Tank
46	103071005000	12,434	0.29	625 Monhollan Rd	Carmel	No	Fairways Tanks

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No.	Assessors Parcel Number (APN)	Parcel Size Sq. Ft.	Parcel Size Acres (1)	Street or Location	City / Mailing Address	In City?	Current Use
47	103102008000	9,299	0.21	Loma Alta Rd/Aguajito Rd	Carmel	No	Unknown
48	103121014000	3,048	0.07	3741 Raymond Way	Carmel	No	Mar Monte Tank
49	103181002000	12,411	0.28	Landlocked by Jacks Park	Monterey	No	Unknown
50	169111008000	164,823	3.78	4 Scarlett Rd #A	Carmel Valley	No	Scarlett #8 Well
51	169131023000	327,108	7.51	28005 Dorris Dr	Carmel	No	Berwick #7 Well
52	169141016000	117,536	2.70	9210 Carmel Valley Rd	Carmel	No	Iron Removal Plant
53	169141023000	42,207	0.97	S. of Carmel Valley Road	Carmel	No	Iron Removal Plant
54	169181021000	18,358	0.42	27539 Via Sereno	Carmel	No	Schulte #2 Well
55	169221012000	2,400	0.06	7240 Carmel Valley Rd	Carmel	No	Cypress #1 Well
56	169262002000	2,595	0.06	25863 Tierra Grande Dr	Carmel	No	Pump Station
57	169271007000	22,964	0.53	25723 Tierra Grande Dr	Carmel	No	Lower Tierra Grande Tank
58	169342011000	15,231	0.35	25451 Tierra Grande Dr	Carmel	No	Middle Tierra Grande Tank
59	169381007000	28,648	0.66	25329 Tierra Grande Dr	Carmel	No	Upper Tierra Grande Tank
60	173071047000	7,102	0.16	Laguna Seca Golf Ranch	Monterey	No	Bishop WTP
61	173071051000	1,859	0.04	Laguna Seca Golf Ranch	Monterey	No	Bishop Well
62	173071052000	931	0.02	Near Pasadero Sub.	Monterey	No	Unknown
63	173071054000	7,001	0.16	9385 York Rd	Monterey	No	York Rd Tank
64	173101053000	25,608	0.59	23729 Spectacular Bid Ln	Monterey	No	Spectacular Bid Tank
65	187021024000	9,583	0.22	13471 Middle Canyon Rd (2)	Carmel Valley	No	Upper Middle Canyon Tank
66	187111017000	28,897	0.66	71 Oak View	Carmel Valley	No	Ranchitos Tank
67	187221001000	39,695	0.91	64 Middle Canyon Rd	Carmel Valley	No	Middle Canyon Tank
68	187221011000	7,885	0.18	50 Middle Canyon Rd	Carmel Valley	No	Middle Canyon Tank & PS
69	187231005000	2,271	0.05	11 Rancho Rd	Carmel Valley	No	Pump Station
70	187301002000	4,125	0.09	308 Country Club Heights Ln	Carmel Valley	No	Country Club Heights Tank
71	187331004000	3,814	0.09	6 Loma Ln	Carmel Valley	No	Tank Lot
72	187351004000	474	0.01	358 Ridge Way	Carmel Valley	No	RidgeWay Plant No. 65 (well)
73	187442013000	2,550	0.06	5 Via Contenta	Carmel Valley	No	Pump Station
74	187601009000	10,500	0.24	396 El Caminito Rd	Carmel Valley	No	Upper Airway Tank
75	187611014000	8,736	0.20	191 Chaparral Rd	Carmel Valley	No	Lower Airway Tank
76	187611015000	11,479	0.26	58 Chaparral Rd	Carmel Valley	No	Lower Airway Tank
77	189091015000	5,530	0.13	35 W Garzas Rd	Carmel Valley	No	Garzas #3 Well
78	189141001000	629	0.01	94 Boronda Rd	Carmel Valley	No	Well
79	189191007000	4,934	0.11	96 Panetta Rd	Carmel Valley	No	Well
80	189191010000	664	0.02	90 Panetta Rd	Carmel Valley	No	Panetta Well No. 2
81	189211005000	3,337	0.08	46 W Carmel Valley Rd	Carmel Valley	No	Vacant Lot
82	189311033000	10,782	0.25	5 De Los Helechos	Carmel Valley	No	Robles Del Rio #3 Well
83	189352006000	10,490	0.24	57 Piedras Blancas	Carmel Valley	No	Lower Robles Tank
84	189401004000	5,929	0.14	46 Camino De Travesia	Carmel Valley	No	Upper Robles Tank
85	189401005000	6,223	0.14	48 Camino De Travesia	Carmel Valley	No	Upper Robles Tank
86	189561029000	18,805	0.43	94 W Garzas Rd	Carmel Valley	No	Garzas #4 Well
87	197081032000	1,149,984	26.40	W. of E. Carmel Valley Rd	Carmel Valley	No	Carmel River/Open Space
88	197081033000	4,153,445	95.35	W. of E. Carmel Valley Rd	Carmel Valley	No	Tularcitos Creek/Open Space
89	241112003000	930	0.02	179 Fern Canyon Rd	Carmel	No	Unknown
90	241261012000	43,782	1.01	247 Lower Walden Rd	Carmel	No	Lower Walden Tank & PS
91	259031011000	13,321	0.31	15 Upper Ragsdale Dr	Monterey	Yes	Ryan Ranch #2 Well (NA)
92	259031012000	8,069	0.19	15 Upper Ragsdale Dr #1/2	Monterey	Yes	Ryan Ranch #11 Well (NA)

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93	259041013000	23,817	0.55	5 Upper Ragsdale Dr	Monterey	Yes	Ryan Ranch #9 (NA)
94	259091012000	37,141	0.85	Enlace Road	Monterey	No	Segunda Tanks
95	259093014000	32,234	0.74	Enlace Road	Monterey	No	Segunda Tanks
96	416111002000	15,428	0.35	25219 Casiano Dr	Salinas	No	Hidden Hills WTP/Bay Ridge Well
97	417051003000	3,380,242	77.60	San Clemente Drive	Carmel Valley	No	Carmel River / Open Space
98	417051004000	17,829,277	409.30	45 Sleepy Hollow	Carmel Valley	No	Watershed Open Space
99	417051005000	12,665,506	290.76	San Clemente Road	Carmel Valley	No	Carmel River / Open Space
100	417051010000	1,932,849	44.37	S. of Carmel River	Carmel Valley	No	Watershed Open Space
101	417051011000	7,814,279	179.39	W. of Carmel River	Carmel Valley	No	Watershed Open Space
102	417091005000	8,771,677	201.37	W. of Cachagua Road	Carmel Valley	No	Camel River/Watershed Open Space
103	418191003000	15,645,010	359.16	S. of Carmel River	Carmel Valley	No	Watershed Open Space
104	418191005000	13,939,200	320.00	W. of Carmel River	Carmel Valley	No	Camel River/Watershed Open Space
105	418191034000	7,509,744	172.40	S. of Nason Road	Carmel Valley	No	Camel River/Watershed Open Space
106	418191035000	27,878,400	640.00	S. of Nason Road	Carmel Valley	No	Danish Creek, Camel River/Watershed
107	418191043000	20,908,800	480.00	S. of Nason Road	Carmel Valley	No	Camel River / Watershed Open Space
108	418191053000	3,484,800	80.00	S. of Nason Road	Carmel Valley	No	Watershed Open Space
109	418191080000	6,926,040	159.00	Nason Road	Carmel Valley	No	Watershed Open Space
110	229011021000	2,002,018	45.96	14175 Del Monte Blvd.	Marina	No	Fallow Agriculture

Totals **159,072,159** **3,651.79**

(1) Parcel Size based on Assessor Records

(2) Possessory Interest

Sources: MPWMD, Monterey County Assessor Records, Data Tree, County of Monterey Resource Management Agency
20-43 Chris Carneghi, MAI September 2020

Exhibit B

Utility Plant Balances (End of Year \$s)
California American Water - Monterey Water District

District #	District Name	Subaccount	Subaccount Description	NARUC Account	Unique Identifier
1540	Monterey County District	301000	Organization	301	1540-301000
1540	Monterey County District	302000	Franchises	302	1540-302000
1540	Monterey County District	303200	Land & Land Rights-Supply	306	1540-303200
1540	Monterey County District	303300	Land & Land Rights-Pumping	306	1540-303300
1540	Monterey County District	303400	Land & Land Rights-Treatment	306	1540-303400
1540	Monterey County District	303500	Land & Land Rights-T&D	306	1540-303500
1540	Monterey County District	303600	Land & Land Rights-General	306	1540-303600
1540	Monterey County District	304100	Struct & Imp-Supply	311	1540-304100
1540	Monterey County District	304200	Struct & Imp-Pumping	321	1540-304200
1540	Monterey County District	304300	Struct & Imp-Treatment	331	1540-304300
1540	Monterey County District	304400	Struct & Imp-T&D	341	1540-304400
1540	Monterey County District	304500	Struct & Imp-General	371	1540-304500
1540	Monterey County District	304600	Struct & Imp-Offices	371	1540-304600
1540	Monterey County District	304700	Struct & Imp-Store,Shop,Gar	371	1540-304700
1540	Monterey County District	304800	Struct & Imp-Misc	371	1540-304800
1540	Monterey County District	305000	Collect & Impound Reservoirs	312	1540-305000
1540	Monterey County District	306000	Lake, River & Other Intakes	313	1540-306000
1540	Monterey County District	307000	Wells & Springs	315	1540-307000
1540	Monterey County District	309000	Supply Mains	316	1540-309000
1540	Monterey County District	310000	Power Generation Equip	323	1540-310000
1540	Monterey County District	311200	Pump Eqp Electric	324	1540-311200
1540	Monterey County District	311300	Pump Eqp Diesel	324	1540-311300
1540	Monterey County District	311400	Pump Eqp Hydraulic	324	1540-311400
1540	Monterey County District	311500	Pump Eqp Other	325	1540-311500
1540	Monterey County District	311540	Pumping Equipment TD	349	1540-311540
1540	Monterey County District	320100	WT Equip Non-Media	332	1540-320100
1540	Monterey County District	320200	WT Equip Filter Media	332	1540-320200
1540	Monterey County District	330000	Dist Reservoirs & Standpipes	342	1540-330000
1540	Monterey County District	330200	Ground Level Tanks	342	1540-330200
1540	Monterey County District	331001	T&D Mains	343	1540-331001
1540	Monterey County District	331100	TD Mains 4in & Less	343	1540-331100
1540	Monterey County District	331200	TD Mains 6in to 8in	343	1540-331200
1540	Monterey County District	331300	TD Mains 10in to 16in	343	1540-331300
1540	Monterey County District	331400	TD Mains 18in & Grtr	343	1540-331400
1540	Monterey County District	333000	Services	345	1540-333000
1540	Monterey County District	334100	Meters	346	1540-334100
1540	Monterey County District	334200	Meter Installations	347	1540-334200
1540	Monterey County District	334300	Meter Vaults	346	1540-334300
1540	Monterey County District	335000	Hydrants	348	1540-335000
1540	Monterey County District	339100	Other P/E-Intangible	303	1540-339100
1540	Monterey County District	339200	Other P/E-Supply	317	1540-339200

1540	Monterey County District	339500	Other P/E-TD	349	1540-339500
1540	Monterey County District	339600	Other P/E-CPS	303	1540-339600
1540	Monterey County District	340100	Office Furniture & Equip	372	1540-340100
1540	Monterey County District	340200	Comp & Periph Equip	372	1540-340200
1540	Monterey County District	340300	Computer Software	372	1540-340300
1540	Monterey County District	340500	Other Office Equipment	372	1540-340500
1540	Monterey County District	341100	Trans Equip Lt Duty Trks	373	1540-341100
1540	Monterey County District	341200	Trans Equip Hvy Duty Trks	373	1540-341200
1540	Monterey County District	341300	Trans Equip Autos	373	1540-341300
1540	Monterey County District	341400	Trans Equip Other	373	1540-341400
1540	Monterey County District	343000	Tools,Shop,Garage Equip	378	1540-343000
1540	Monterey County District	344000	Laboratory Equipment	375	1540-344000
1540	Monterey County District	345000	Power Operated Equipment	377	1540-345000
1540	Monterey County District	346100	Comm Equip Non-Telephone	376	1540-346100
1540	Monterey County District	346190	Remote Control & Instrument	376	1540-346190
1540	Monterey County District	346200	Comm Equip Telephone	376	1540-346200
1540	Monterey County District	347000	Misc Equipment	379	1540-347000

Source: Cal-Am 2019 General Rate Case files, Workpapers - Capital and Rate Base.pdf, p. 548-549.

Exhibit “C”

EXHIBIT "C"**(Document Requests)**

1. Any documents detailing Cal Am's fixed asset records on a line-item basis associated with Cal Am's Monterey Water System as that term is defined in the Notice to Appraise to which this Exhibit "C" is attached ("Monterey Water System").
2. Any documents memorializing Cal Am's most recent projection of annual capital expenditures for the Monterey Water System and MPWSP Property Interests as that term is defined in the Notice of Decision to appraise to which this Exhibit "C" is attached ("MPWSP Property Interests"), including without limitation a list of anticipated annual capital projects attendant to Cal Am's Monterey County District for all future years available. (For purposes of these requests, the term "Monterey County District" shall include all of Cal Am's property interests and facilities located within the County of Monterey.)
3. Cal Am's complete financial statements for Cal Am's Monterey County District for fiscal years 2014 through 2019, including without limitation balance sheets, income statements, and cash flow statements.
4. Any documents memorializing or referring to the annual revenue and expense reports for Cal Am's Ambler, Ralph Lane, Chualar, Toro, and Garrapata systems within Cal Am's Monterey County District ("Satellite Systems") for fiscal years 2014 through 2019.
5. Any documents memorializing or referring to any prospective annual financial statements prepared by Cal Am for Cal Am's Monterey County District for all future years available.
6. Any documents reflecting or referring to the most current number of customer connections for Cal Am's Monterey County District subsystems including without limitation Cal Am's Main, Bishop, Hidden Hills, Ryan Ranch, Ambler, Ralph Lane, Toro, and Garrapata systems ("Subsystems").
7. Any documents reflecting Cal Am's projections concerning customer connections, customer water demands and water sales for each of the Subsystems for all future years in which such projections were made.
8. Cal Am's Comprehensive Planning Study reports pertaining to Cal Am's Monterey County District completed between 2010 and the present.
9. Cal Am's Emerging-Need Project Evaluation reports pertaining to Cal Am's Monterey County District completed between 2010 and the present.

10. Cal Am's Condition Based Assessments for linear and vertical assets pertaining to Cal Am's Monterey County District completed between 2010 and the present.
11. All Water Audits pertaining to Cal Am's Monterey County District completed between 2010 and the present including without limitation Cal Am's main system and Satellite Systems.
12. All purchase and sale agreements and closing documents for each of the following Cal Am acquisitions:
 - a. Garrapata Water Company
 - b. Meadowbrook Water Company
 - c. Geyserville Water Works
 - d. Dunnigan Water Works
 - e. Rio Plaza Water Company
 - f. Hillview Water Company Bellflower Municipal Water System
13. All purchase and sale agreements and closing documents for each of the following Cal Am and/or American Water Company acquisitions/transactions:
 - a. Toro Water System
 - b. Citizens Water Company (with respect to California operations)
 - c. Aqua Utilities, Inc.
 - d. Shorelands Water Co., Inc.
 - e. Ohio American Water Company
14. All documents reflecting the system-wide water demand peaking factor for maximum and average daily and hourly use for Cal Am's Monterey County District, excluding the Satellite Systems.
15. Any documents reflecting Cal Am's line-item customer billing data for fiscal years 2018, 2019 and 2020 (year to date), covering the following fields:
 - a. Customer account number
 - b. Location identifier by Subsystem
 - c. Customer type identifier (single family residential, multi-family residential, commercial, etc)

- d. Billing period beginning and ending dates
 - e. Water used and billed in each billing period
 - f. Billed dollar amount for each account in the billing period
 - g. Customer water meter size
 - h. Number of dwelling units associated with each account
 - i. Whether or not customer account participates in the low income assistance program.
16. Any documents reflecting the number, type, condition and/or cost of any vehicles utilized by Cal Am in connection with Cal Am's Monterey County District.
 17. Any documents identifying the type, age, and/or cost of any computer or other technological equipment owned and operated by Cal Am within Cal Am's Monterey County District.
 18. Any documents identifying the type, age, condition, and/or cost of any office furnishings owned and utilized by Cal Am within Cal Am's Monterey County District.
 19. Any documents identifying the type, age, condition and/or cost of any other personal property owned and utilized by Cal Am within Cal Am's Monterey County District.
 20. Any documents identifying any leasehold interests, easements, rights-of-way, licenses, franchise rights, and similar property interests in and with respect to Cal Am's Monterey Water System and MPWSP Property Interests.
 21. Any documents identifying or memorializing any riparian and/or appropriative water rights held by Cal Am in and with respect to Cal Am's Monterey Water System and MPWSP Property Interests.
 22. Any documents identifying or describing Cal Am's improvements pertaining to realty and equipment in and with respect to Cal Am's Monterey Water System and MPWSP Property Interests.
 23. Any documents identifying or describing Cal Am's personal property utilized in connection with Cal Am's Monterey Water System and MPWSP Property Interests including without limitation computer equipment, office furnishings, vehicles, supplies and other inventory.