

This meeting is not subject to Brown Act noticing requirements. The agenda is subject to change.



**Agenda**  
**Water Supply Planning Committee**  
**of the Monterey Peninsula Water Management District**

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Monday, October 3, 2022 at 3:00 p.m. | *Virtual Meeting*

*As a precaution to protect public health and safety, and pursuant to provisions of AB 361, this meeting will be conducted via Zoom Video/Teleconference only.*

Join the meeting at:

<https://mpwmd-net.zoom.us/j/82294582028?pwd=UDhMMIY2aHIDMmRrT3V5ZlEyWWk0Zz09>

Or access the meeting at: [www.zoom.us](http://www.zoom.us)

Webinar ID Number: 822 9458 2028

Meeting password: 10032022

Participate by phone: (669) 900 - 9128

**For detailed instructions on connecting to the Zoom meeting see page 2 of this agenda.**

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**Water Supply  
Planning Committee**

**Members:**

*Alvin Edwards, Chair*

*Karen Paull*

*George Riley*

**Alternate:**

*Amy Anderson*

**Staff Contact**

*David J. Stoldt,*

*General Manager*

*Jon Lear, Water*

*Resources Manager*

*Joel G. Pablo*

*Board Clerk*

**Call to Order / Roll Call**

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

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

1. Consider Adoption of the June 6, 2022 and August 1, 2022 Committee Meeting Minutes
2. Consider Approval of Resolution No. 2022-28 to Apply for and Enter into Grant Agreements for Proposition 1 IRWM Implementation Round 2 Grant, and Authorize a Grant Administration Services Contract
3. Consider Recommendation to the Board to Adopt a Position Opposing CalAm's Desalination Plant (*Verbal Report*)
4. Consider Distribution of Funds for Local Project Grant Funding

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

5. Update on ASR Well No. 1 and Injection Wells (*Verbal Report*)
6. Update on Pure Water Monterey Expansion (*Verbal Report*)
  - Phase 1 CPUC Decision on the Amended and Restated Water Purchasing Agreement
  - Letter to the CPUC from the Monterey County Water Resources Agency

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

**Adjournment**

After staff reports have been distributed, if additional documents are produced by the District and provided to the Committee regarding any item on the agenda they will be made available on the District's website prior to the meeting. Documents distributed at the meeting will be made available upon request and posted to the District's website within five days following the meeting.

Upon request, MPWMD will make a reasonable effort to provide written agenda materials in appropriate alternative formats, or disability-related modification or accommodation, including auxiliary aids or services, to enable individuals with disabilities to participate in public meetings. MPWMD will also make a reasonable effort to provide translation services upon request. Submit requests by 5:00 pm on Friday, September 30, 2022 the Board Clerk, joel@mpwmd.net or call 831-658-5652 or Sara Reyes, Sr. Office Specialist, sara@mpwmd.net at 831-658-5610.

**Instructions for Connecting to the Zoom Meeting**

Note: If you have not used Zoom 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-net.zoom.us/j/82294582028?pwd=UDhMMIY2aHIDMmRrT3V5Z1EyWWk0Zz09> or paste the link into your browser.

**DETERMINE WHICH DEVICE YOU WILL BE USING  
(PROCEED WITH ONE OF THE FOLLOWING INSTRUCTIONS)**

**USING A DESKTOP COMPUTER OR LAPTOP**

1. In a web browser, type: <https://www.zoom.us>
2. Hit the enter key
3. At the top right-hand corner, click on "Join a Meeting"
4. Where it says "Meeting ID", type in the Meeting ID# above and click "Join Meeting"
5. Your computer will begin downloading the Zoom application. Once downloaded, click "Run" and the application should automatically pop up on your computer. (If you are having trouble downloading, alternatively you can connect through a web browser – the same steps below will apply).
6. You will then be asked to input your name. It is imperative that you put in your first and last name, as participants and attendees should be able to easily identify who is communicating during the meeting.
7. From there, you will be asked to choose either ONE of two audio options: Phone Call or Computer Audio:

**COMPUTER AUDIO**

1. If you have built in computer audio settings or external video settings – please click "Test Speaker and Microphone".
2. The client will first ask "Do you hear a ringtone?" •If no, please select "Join Audio by Phone".  
•If yes, proceed with the next question:
3. The client will then ask "Speak and pause, do you hear a replay?" •If no, please select "Join Audio by Phone"  
•If yes, please proceed by clicking "Join with Computer Audio"

### PHONE CALL

1. If you do not have built in computer audio settings or external video settings – please click “Phone Call”
2. Dial one of the numbers listed below using a phone. Select a phone number based on your current location for better overall call quality.

+1 669 900 9128 (San Jose, CA)	+1 301 715 8592 (New York, NY)
+1 312 626 6799 (Seattle, WA)	+1 646 558 8656 (Maryland)
+1 253 215 8782 (Houston, TX)	+1 346 248 7799 (Chicago, IL)

3. Once connected, it will ask you to enter the Webinar ID No. and press the pound key
4. It will then ask you to enter your participant ID number and press the pound key.
5. You are now connected to the meeting.

### USING AN APPLE/ANDROID MOBILE DEVICE OR SMART PHONE

1. Download the Zoom application through the Apple Store or Google Play Store (the application is free).
2. Once download is complete, open the Zoom app.
3. Tap “Join a Meeting”
4. Enter the Meeting ID number
5. Enter your name. It is imperative that you put in your first and last name, as participants and attendees should be able to easily identify who is communicating during the meeting.
6. Tap “Join Meeting”
7. Tap “Join Audio” on the bottom left hand corner of your device
8. You may select either ONE of two options: “Call via Device Audio” or “Dial in”

### DIAL IN

1. If you select “Dial in”, you will be prompted to select a toll-free number to call into.
2. You may select any of the numbers listed below:

+1 669 900 9128 (San Jose, CA)	+1 253 215 8782 (Houston, TX)
+1 346 248 7799 (Chicago, IL)	+1 301 715 8592 (New York, NY)
+1 312 626 6799 (Seattle, WA)	+1 646 558 8656 (Maryland)
3. The phone will automatically dial the number, and input the Webinar Meeting ID No. and your Password.
4. Do not hang up the call, and return to the Zoom app
5. You are now connected to the meeting.

### Present Public Comment

Receipt of Public Comment – the Chair will ask for comments from the public on all items. Limit your comment to 3 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, push \*6 to unmute and 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](mailto: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 3, 2022. Comments submitted by noon will be provided to the committee members and compiled as part of the record of the meeting.

## WATER SUPPLY PLANNING COMMITTEE

### ITEM: ACTION ITEM

#### 1. CONSIDER ADOPTION OF THE JUNE 6, 2022 AND AUGUST 1, 2022 COMMITTEE MEETING MINUTES

**Meeting Date:** October 3, 2022

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

**Prepared By:** Joel G. Pablo

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

**SUMMARY:** The Committee meeting minutes for June 6, 2022 (**Exhibit 1-A** – *provided under separate cover, please see note below*) and August 1, 2022 (**Exhibit 1-B**) have been drafted and are attached for your review and approval.

**RECOMMENDATION:** The Committee will review, provided suggested edits and consider adopting the meeting minutes for June 6, 2022 and August 1, 2022 by motion.

### EXHIBIT

#### 1-A Draft Minutes of the June 6, 2022 Committee Meeting

*(Exhibit 1-A provided under separate cover and posted by end of day Friday, September 30, 2022 on the District's Website at: <https://www.mpwmd.net/who-we-are/committees/board-committees/water-supply-planning-committee/>)*

#### 1-B Draft Minutes of the August 1, 2022 Committee Meeting

## **EXHIBIT 1-A**

The draft meeting minutes of the MPWMD Water Supply Planning Committee for June 6, 2022 has been provided under separate cover. The Exhibit will be distributed and posted by end of day on Friday, September 30, 2022 and can be viewed on the District Website at:

<https://www.mpwmd.net/who-we-are/committees/board-committees/water-supply-planning-committee/>

For any questions or comments, please contact Joel G. Pablo, *Board Clerk* at [joel@mpwmd.net](mailto:joel@mpwmd.net) or by phone at (831) 658-5652.

/ s/ Joel G. Pablo

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Joel G. Pablo, Board Clerk  
*MPWMD Water Supply Planning Committee*



## **EXHIBIT 1-B**

### **Draft Minutes Water Supply Planning Committee of the Monterey Peninsula Water Management District Monday, August 1, 2022**

*Pursuant to AB 361, this meeting was conducted using teleconferencing means.*

**Call to Order:** Chair Edwards called the meeting to order at 3:02 p.m.

**Committee members present:** Alvin Edwards, Chair  
Karen Paull  
George Riley

**Committee members absent:** None

**Staff members present:** David J. Stoldt, General Manager  
Jonathan Lear, Water Resources Division Manager  
Maureen Hamilton, Senior Water Resources Engineer  
Joel G. Pablo, Board Clerk

**District Counsel present:** David C. Laredo and Fran Farina with  
De Lay & Laredo

**Comments from the Public:** Chair Edwards opened public comment.  
*No comments were directed to the Committee.*

#### **Action Items**

##### **1. Consider Adoption of April 4, 2022 Committee Meeting Minutes**

Committee Member Paull, Edwards and Riley provided input on the draft meeting minutes.

*Chair Edwards opened public comment; no comments were directed to the committee.*

A motion was made by Paull with a second by Riley to approve the April 4, 2022 Committee Meeting Minutes and to be further revised by District Staff. The motion passed on a vote of 3-Ayes (Edwards, Paull and Riley), 0-Noes and 0-Absent.

#### **Discussion Items**

##### **2. Update on Sand City Wells**

The committee heard a verbal report from David J. Stoldt, General Manager on an update on the Sand City Wells and answered committee questions. Stoldt directed attention to Exhibit 2-A: Location Map showing the proposed project location at the intersection of West Bay St. and Sand

Dunes Dr. for a future production well. He shared that the proposed well is slated to come on-line in late 2023 and is estimated to produce 200 to 300 gallons per minute (GPM) of brackish water with a 50% reject rate. *In response to Riley*, Stoldt stated the lesson learned with having the Sand City Desalination plant is the integral role freshwater plays in reducing salinity in the brackish water mix. Stoldt mentioned the desal plant was designed to have a peak production capacity of 300 acre-feet (AF) annually. Instead, Stoldt commented he has seen its production numbers decline since its first full year in operation and at its peak performance at 276 AF in 2011. Stoldt stated the numbers have steadily declined over the last four years averaging at approximately 172 AF / year through the end of 2021. He noted the water produced from the plant is brought into the main system and made available to California American Water. Edwards shared with District staff that the South of Tioga Project in Sand City has cleared a headway with the California Department Fish and Wildlife with continual progress being had and updates on the project being reported on regularly by local media. Edwards commented with the Tioga project on the horizon he would like to see the District and Sand City to have adequate water resources available for the proposed development.

*Chair Edwards opened the public comment period. No comments were directed to the committee on this matter.*

### 3. **Progress on ASR-01 Well Discussions and Alternatives**

David J. Stoldt, General Manager provided background information, an overview of the staff report and answered committee questions. Stoldt commented that the State Division of Drinking of Water (DDW) reviewed the contents of the July 9, 2021 letter submitted by Monterey One Water regarding the estimated underground retention time of the injected water to Aquifer Storage and Recovery Well No. 1. As a result of the letter and information provided by Pure Water Monterey partners, Stoldt mentioned the DDW instructed California American Water to discontinue extraction from the well effectively changing its status from active to inactive until minimum retention times and regulations are met. He mentioned the District, Monterey One Water and California American Water will negotiate and discuss potential physical solutions / remedial actions at their Tuesday, August 2, 2022 meeting. Stoldt directed attention and covered extensively each of the remedial actions found in the staff report at length with the committee members. *In response to Riley*, Stoldt made the following points: (1) the quickest solution or has been in progress is connecting the Peralta Well to the Monterey pipeline; (2) the easiest, having a mercury treatment in place to minimize the mercury readings at ASR Well No. 4 to increase production capacity; (3) the cheapest, is for the District to accelerate the two new injection wells for Pure Water Monterey than to build the proposed two new extraction wells by California American Water; and (4) build a substitute or replacement well.

Chair Edwards commented he would like all the parties to come together to discuss potential solution(s) on the matter on August 2, 2022 without having to go before the CPUC.

*Chair Edwards opened public comments. No comments were directed to the committee on this matter.*

### 4. **District Engagement with the Salinas Valley Basin GSA**

David J. Stoldt, General Manager addressed the committee on the District's engagement with the Salinas Valley Groundwater Sustainability Agency (GSA) and shared a few notes from the staff report. Stoldt shared Jon Lear, Water Resources Manager has been engaged with the GSA's work as a voting member of the Technical Advisory Committee (TAC), Seawater Intrusion Working

Group and Marina Coast GSA TAC for the Monterey-Sub-Area of the Salinas Valley. Committee Member Riley commented as a key partner with the GSA he hopes the District can participate in the future in either short- or long-range planning projects in an effort to become part of the solution on various water issues.

*Chair Edwards opened public comment. No comments were directed to the committee on this matter.*

## **5. Update on the Pure Water Monterey Expansion Construction Bid Schedule**

David J. Stoldt, General Manager covered key financing information and dates on the Pure Water Monterey Expansion Construction Bid Schedule. Stoldt mentioned Pure Water Monterey Expansion has been approved for a Federal Water Infrastructure Finance and Innovation Act (WIFIA) loan valued at approximately \$60 million and recognized Monterey One Water's, Mike McCullough, Director of External Affairs and staff on their efforts in obtaining the loan. Stoldt reviewed the key dates of the bid schedule as noted in the staff report with a target date for a final decision on November 1, 2022. He explained a construction award will not occur until an approved and fully executed water purchasing agreement and loan is intact. *In response to Chair Edwards*, Stoldt and Paull explained there are alternative funding concepts and mechanisms that can be used without CalAm's support and as previously discussed at the MPWMD Water Supply Planning Committee on May 3, 2021.

*Chair Edwards opened public comment. The following comments were directed to the Committee:*

- (a) *John Tilley*: Inquired with District staff on an updated executive schedule and timeline for the Pure Water Monterey – Expansion project.

*In response to Tilley*, Stoldt mentioned an updated schedule may be released in the next several weeks. He explained a performance start date for the Pure Water Monterey Expansion would occur approximately 26 months out from the date the WPA is fully signed and executed.

*No further comments were directed to the Committee. No further comments were directed to the committee.*

## **6. Summary of Cal-Am Positions in Phase 2 of CPUC Application A.21-11-024**

A summary of positions held by California American Water in Phase 2 of the California Public Utilities Commission (CPUC) *Case No. A.21-11-024* were discussed by Stoldt and the Committee.

Stoldt mentioned on July 20, 2022 California American Water submitted its initial testimony on Phase 2 of the application pertaining to the Supply and Demand on the Monterey Peninsula Water Supply Project (MPWSP). Discussion ensued with the General Manager, District Counsel and the Committee on CalAm's testimony and positions and as listed in the bulleted points in the staff report with a detailed focus on: (1) Supply and Demand numbers and forecasting; (2) discounting numbers as projected by the District and/or Monterey One Water for Aquifer Storage and Recovery, Pure Water Monterey plus its Expansion; and (3) their strategies, rationale and arguments on submitted testimony. Stoldt explained the District will submit testimony in regard to Aquifer Storage and Recovery and Monterey One Water will cover Pure Water Monterey and source waters. *In response to Paull*, Stoldt stated a further and expanded recycling wastewater plant can be expanded in the future to account for population growths that may occur. *In response*



*to Chair Edwards, District Counsel Farina confirmed once testimony has been lodged with the CPUC on the matter the District can share the District's and CalAm's submissions with the general public. Farina mentioned currently and as mentioned by the Administrative Law Judge in the proceeding there is no Phase 3 as of yet.*

*Chair Edwards opened public comment. No comments were directed to the committee on this matter.*

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

Chair Edwards requested further updates on Aquifer Storage and Recovery Well No. 1 and Injection Well for the October 3, 2022 Water Supply Planning Committee Meeting.

### **Adjournment**

There being no further business, Chair Edwards adjourned the meeting at 4:09 p.m.

/ s/ Joel G. Pablo

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Joel G. Pablo, Board Clerk  
*MPWMD Water Supply Planning Committee*

Approved by the MPWMD Water Supply Planning Committee on October xx, 2022  
Received by the MPWMD Board of Director's on October xx, 2022

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## WATER SUPPLY PLANNING COMMITTEE

### ACTION ITEM

#### 2. CONSIDER APPROVAL OF RESOLUTION NO. 2022-28 TO APPLY FOR AND ENTER INTO GRANT AGREEMENTS FOR PROPOSITION 1 IRWM IMPLEMENTATION ROUND 2 GRANT, AND AUTHORIZE A GRANT ADMINISTRATION SERVICES CONTRACT

<b>Meeting Date:</b>	<b>October 3, 2022</b>	<b>Budgeted:</b>	<b>FY 2022-2023</b>
<b>From:</b>	<b>David J. Stoldt, General Manager</b>	<b>Program/ Line Item:</b>	<b>Protect Environmental Quality Project 2-6-1-D</b>
<b>Prepared By:</b>	<b>Maureen Hamilton</b>	<b>Cost Estimate:</b>	<b>\$1,488,961 Reimbursed by Grant</b>

**General Counsel Review:** N/A

**Committee Recommendation:** The Water Supply Planning committee reviewed this item on October 3, 2022 and recommended \_\_\_\_\_.

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

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**SUMMARY:** The Monterey Peninsula, Carmel Bay, and South Monterey Bay Integrated Regional Water Management Group (RWMG) is eligible to receive up to \$1,488,961 in Proposition 1 Integrated Regional Water Management Implementation Round 2 Grant (Grant) funds from the Department of Water Resources (DWR).

MPWMD is the RWMG designated lead for making the Grant application on behalf of the RWMG.

The grant applicant must provide a resolution, incorporated herein as draft Resolution No. 2022-28 (**Exhibit 2-A**), adopted by the applicant's governing body designating an authorized representative to submit a proposal and execute an agreement with the State of California for a Grant. The Project Solicitation Package for the grant requires that the resolution be included with the grant application.

The projects funded by this grant are County of Monterey Carmel River Floodplain Restoration and Environmental Enhancement Project (CRFREE) and City of Monterey Olivier Street Stormwater Diversion Project.

Staff proposes to hire a consultant administer the Grant, the cost of which would be reimbursed by the Grant. Administration costs are limited to less than 10% of the total requested grant funds, \$148,896.

**RECOMMENDATION:** That the Committee recommend to the Full Board to:

1. Adopt Resolution 2022-28 (**Exhibit 2-A**) authorizing the General Manager to apply for and enter into a grant agreement with the DWR for a Proposition 1 Integrated Regional Water Management Implementation Round 2 Grant; and
2. Authorize the General Manager to enter into sub-grant agreements with project proponents; and
3. Authorize the General Manager to enter into an agreement for grant administration services not to exceed \$148,896 and to be reimbursed by the grant.

**BACKGROUND:** On November 4, 2014, California voters approved Proposition 1, the Water Quality, Supply, and Infrastructure Improvement Act of 2014. Proposition 1 authorized \$510 million in Integrated Regional Water Management (IRWM) funds. Proposition 1 IRWM funds are allocated to 12 hydrologic region-based Funding Areas. The Central Coast Funding Area (CCFA) is comprised of six IRWM Regions, including our RWMG, of which MPWMD is a member. The CCFA was allocated \$43 million dollars.

The CCFA members entered into a Memorandum of Agreement to share Proposition 1 IRWM grant funding among the six regions in a fair and equitable manner. Half of the funds were equally split among the six regions, one quarter was split based on population, and the remaining one quarter was split based on region area. The RWMG was allocated \$4,193,848.

DWR is administering the funds in 4 grant programs:

1. Planning,
2. Disadvantaged Community (DAC) Involvement,
3. Implementation Round 1,
4. Implementation Round 2.

The RWMG received \$465,983 for the DAC Involvement program in 2018 and \$2,238,904 for the Implementation Round 1 program in 2021. The DAC Involvement work is in its last stage and the Implementation Round 1 work is in progress. The RWMG did not apply for planning funds because it had received a Proposition 84 Planning Grant in 2010.

On September 21, 2022 the RWMG voted to apply for \$500,000 for the City of Monterey Olivier Street Stormwater Diversion Project, also called Lighthouse Tunnel Diversion Project and Monterey Tunnel Stormwater Diversion Project, with the remainder of funds, over \$840,000, for the CRFREE Project.

The Project Solicitation Package for the grant requires that a resolution be included with the grant application, which is due in February 2023. The grant agreement with DWR is expected to be finalized in mid-2023.

## **EXHIBIT**

### **2-A Resolution No. 2022-28 (Draft)**



## **EXHIBIT 2-A**

### **DRAFT RESOLUTION NO. 2022-28**

#### **A RESOLUTION OF THE BOARD OF DIRECTORS OF THE MONTEREY PENINSULA WATER MANAGEMENT DISTRICT AUTHORIZING ITS GENERAL MANAGER TO ENTER INTO AGREEMENTS FOR PROPOSITION 1 GRANT FUNDING**

#### **FACTS**

1. In 2016, the Monterey Peninsula Water Management District (MPWMD) executed a Memorandum of Agreement for Integrated Regional Water Management Planning and Funding in the Central Coast Funding Area (MOA). The primary intent of the MOA is to share Proposition 1 funding for the Integrated Regional Water Management (IRWM) grant program among the six regions in a fair and equitable manner. Each region independently determines and prioritizes projects to be funded within its boundary.
2. The MOA reduces the need for regions to compete against each other for grant funds.
3. The Monterey Peninsula, Carmel Bay and Southern Monterey Bay Regional Water Management Group (Monterey Peninsula RWMG) is eligible to receive \$1,488,961 in Proposition 1 IRWM Implementation Round 2 grant funds.
4. In May 2022 the Department of Water Resources (DWR) released the Proposition 1 IRWM Implementation Round 2 Grant Proposal Solicitation Package.
5. If Monterey Peninsula RWMG is awarded grant funds, MPWMD would be responsible for grant administration.

**NOW THEREFORE BE IT RESOLVED** that the Board of Directors of the Monterey Peninsula Water Management District does hereby resolve:

1. The General Manager (General Manager) of the Monterey Peninsula Water Management District (District) is authorized and directed to make a proposal on behalf of the District to the California Department of Water Resources to obtain a Integrated Regional Water Management Implementation Round 2 Grant pursuant to the Water Quality, Supply, and Infrastructure Improvement Act of 2014 (Water Code § 79700 et seq.), and to enter into an agreement to receive a grant for projects specified by the Monterey Peninsula, Carmel Bay, and South Monterey Bay Regional Water Management Group.

2. The General Manager, or designee, is authorized and directed to prepare the necessary data, conduct investigations, file such proposal, and execute a grant agreement or any amendments thereto with California Department of Water Resources.
3. The General Manager is authorized to enter into sub-grantee agreements to disburse funds to project proponents to implement projects compliant with the Grant.

**PASSED AND ADOPTED** on this XX<sup>th</sup> day of October 2022 on a motion of Director Anderson with a second by Director Adams by the following vote, to wit:

AYES: Director

NAYS: None

ABSENT: None

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 XX<sup>th</sup> day of October 2022.

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David J. Stoldt,  
Secretary to the Board of Directors

**WATER SUPPLY PLANNING COMMITTEE**

**ACTION ITEM**

**4. CONSIDER DISTRIBUTION OF FUNDS FOR LOCAL PROJECT GRANT FUNDING**

<b>Meeting Date:</b>	<b>October 3, 2022</b>	<b>Budgeted:</b>	<b>FY 22-23</b>
<b>From:</b>	<b>David J. Stoldt, General Manager</b>	<b>Program/ Line Item:</b>	<b>Protect Environmental Quality Project 2-6-1</b>
<b>Prepared By:</b>	<b>Maureen Hamilton</b>	<b>Cost Estimate:</b>	<b>Not-to-Exceed \$25,000</b>

**General Counsel Review: N/A**

**Committee Recommendation: The Water Supply Planning committee reviewed this item on October 3, 2022 and recommended \_\_\_\_\_.**

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

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**SUMMARY:** The City of Monterey (City) has proposed to perform development work for the Olivier Street Stormwater Diversion Project (Project), also referred to as Lighthouse Tunnel Diversion Project and Monterey Tunnel Stormwater Diversion Project.

The Project will divert urban drainage from an existing storm drain, currently discharging untreated to the Monterey Bay National Marine Sanctuary, to an existing City sanitary sewer utility for treatment at Monterey One Water Regional Treatment Plant. This diversion would provide 10-12 acre-feet of dry weather source water for water recycling at the time of year when source water is not abundant, and reduce point source discharge in a Disadvantaged Community.

In September 2022 the Project was selected by the Integrated Regional Water Management (IRWM) Group to include in its Proposition 1 IRWM Implementation Round 2 Grant (IRWM Grant) application. The IRWM Grant application is due February 2023. Due to timing of the IRWM Grant solicitation and City budgeting process, Project development funds were not budgeted at the City this fiscal year. Because dry weather source water is important for recycled water supply, MPWMD and Monterey One Water staff have been assisting with development of this important dry-weather diversion project.

The work to be funded by this potential MPWMD grant includes clarifying existing structure and utility locations, existence of utility easements, and whether State Parks and other property owner(s) may be impacted by the proposed diversion pipe alignments. Determining the complexity of the easements in a timely manner is needed to better estimate CEQA and permit costs required for the IRWM Grant application.

Staff is requesting authorization to allocate funds to and enter into a grant agreement with the City of Monterey for Project development costs. The Project's public purpose is increased water supply.

The 2022 budget includes a line item for local water projects which has \$25,000 in unallocated funds.

**RECOMMENDATION:** The Committee will consider recommending to the full Board to:

1. Approve the City of Monterey grant application to MPWMD for Olivier Street Stormwater Diversion Project development costs, and
2. Authorize the General Manager to enter into a grant agreement with the City of Monterey for Olivier Street Stormwater Diversion Project development costs in the amount of \$25,000.

**EXHIBIT**

**4-A** Grant Agreement Between Monterey Peninsula Water Management District and the City of Monterey for Local Water Project Development Expenses

## **EXHIBIT 4-A**

### **FORM OF GRANT AGREEMENT BETWEEN MONTEREY PENINSULA WATER MANAGEMENT DISTRICT AND THE CITY OF MONTEREY FOR LOCAL WATER PROJECT DEVELOPMENT EXPENSES**

**THIS AGREEMENT** is entered into this \_\_\_\_ day of \_\_\_\_\_, 2022, by and between the Monterey Peninsula Water Management District (MPWMD) and the City of Monterey.

#### **FACTS**

A. MPWMD was created by the California Legislature in 1977 for the purpose 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.” The MPWMD’s specific functions are “management and regulation of the use, reuse, reclamation, conservation of water and bond financing of public works projects.” It is authorized to issue bonds, assess charges for groundwater enhancement facilities, levy assessments on real property and improvements, and “fix, revise and collect rates and charges for the services, facilities, or water furnished by it.”

B. The City of Monterey through its Council and other officials, has all powers necessary or appropriate to a municipal corporation and the general welfare of its inhabitants, which are not prohibited by the Constitution of the State.

C. At its June 20, 2022 meeting, the MPWMD Board of Directors adopted a budget that included expenditures up to \$157,000 for development expenses for local water projects.

**NOW, THEREFORE**, in consideration of the facts recited above and the mutual goals and objectives contained herein, the parties agree as follows:

#### **1. Purpose of Agreement.**

The purpose of this Agreement is for MPWMD to advance up to \$25,000 to the City of Monterey, to be paid beginning in MPWMD Fiscal Year 2022/23 and to be used by the City of Monterey for development expenses associated with the Olivier Dry Weather Diversion Project (Project), also known as the Lighthouse Tunnel Diversion Project.

#### **2. The Project.**

The Project would divert flows from the downtown Tunnel and Oliver Street storm drain gravity pipe to the sanitary sewer instead of discharging it into Monterey Bay. This would remove dry weather flows that are currently discharged to Monterey Bay, thereby partially restoring natural drainage patterns and



treating any urban pollutants that are associated with the diverted flows. The project is estimated to achieve from 10 to 20 ac-ft/yr of water supply from the approximately 150-acre tributary drainage area. The project will provide benefits to the community as it provides a source of alternative water supply during the dry season.

Development expenses funded by this grant include developing a survey plan and report identifying property and utility details, easements, and ownership along the proposed (new) storm water diversion pipe. The information provided in this report will inform alignment design, CEQA, and necessary easements.

3. Term of Agreement.

The term of this Agreement begins on the date set forth above and shall remain in effect until June 30, 2023. Invoices received by MPWMD after this date for Project costs incurred up to June 30, 2024, shall be paid unless MPWMD's maximum commitment of \$25,000 has been reached.

4. Reimbursement.

The City of Monterey shall invoice MPWMD on a monthly basis and MPWMD shall pay, subject to the conditions described in Section 8 below.

5. Limited Obligations.

The parties agree MPWMD's financial obligations are limited obligations payable from its Water Supply Charge.

6. Invoices.

The City of Monterey shall pay for consultants, contractors, and other Project costs in accordance with the terms of this Agreement. The City of Monterey shall submit monthly invoices to MPWMD for Project costs which will include back-up documentation substantiating said Project costs incurred by the City of Monterey.

7. Payment of Invoices.

MPWMD shall have the right to review and confirm that the invoices submitted by the City of Monterey are in conformance with the terms of this Agreement. Where MPWMD finds the invoice and supporting documentation for work to be unsatisfactory, MPWMD shall describe the deficiencies in writing or by electronic mail to the City of Monterey within ten (10) days. The City of Monterey shall have the option of revising the invoice and supporting documentation to delete reimbursement requests for invoices that are deemed unsatisfactory or revising unsatisfactory invoices and resubmitting a reimbursement request. Payments to the City of Monterey are due and payable within thirty (30) days of receipt of invoice.

8. Event of Default.

The failure of a party to comply with any provision of this Agreement that has a material and adverse effect on the other party, except to the extent caused by a breach of this Agreement by the other party, shall constitute an Event of Default under this Agreement; provided, however, that the defaulting party shall first have a period of thirty (30) days following receipt of notice from the other party of such failure to comply to cure such failure, or if such cure cannot be effected within such thirty (30) day period, such period shall extend for a total of one hundred eighty (180) days, so long as the defaulting party is diligently trying to cure such failure throughout such period.

9. Dispute Resolution.

Both parties shall meet and use their best efforts to settle any dispute, claim, question or disagreement (Dispute) arising from or relating to this Agreement. To that end, the parties shall consult and negotiate with each other in good faith and, recognizing their mutual interests, attempt to reach a just and equitable solution satisfactory to both parties. If the parties do not reach such a solution within a period of thirty (30) days after the first meeting regarding the Dispute, then the parties shall pursue non-binding mediation to be completed within sixty (60) days after the first meeting regarding the Dispute. If the parties do not settle the Dispute within the sixty (60) day period, either Party may pursue any and all available legal and equitable remedies.

**GENERAL PROVISIONS**

10. Force Majeure.

Neither party shall be deemed to be in default where failure or delay in performance of any of its obligations (other than payment obligations) under this Agreement is caused by floods, earthquakes, other Acts of God, fires, wars, riots or similar hostilities, actions of legislative, judicial, executive or regulatory government bodies or other cause, without fault and beyond the reasonable control of such party. If any such events shall occur, the time for performance by either party of any of its obligations hereunder shall be extended by the parties for the period of time that such events prevented such performance. Upon the occurrence of an event of Force Majeure, the affected party shall: (i) promptly notify the other party of such Force Majeure event, (ii) provide reasonable details relating to such Force Majeure event and (iii) implement mitigation measures to the extent commercially reasonable.

11. Indemnities.

- a. MPWMD Indemnity. MPWMD shall fully indemnify the City of Monterey and its respective directors, employees and agents against, and hold completely free and harmless from, any cost, expense, claim, demand, judgment, loss, injury and/or liability of any kind or nature, including personal or bodily injury, death or property damage (Losses), that may arise from any grossly negligent act or omission of MPWMD related to the Project.
- b. City of Monterey Indemnity. The City of Monterey shall fully indemnify MPWMD and its respective directors, employees and agents against, and hold completely free and harmless from, any

Losses, that may arise from (i) any grossly negligent act or omission of the City of Monterey related to the Project construction, management, operation, maintenance or repair, except for costs, expenses, claims, demands, judgments, losses, injuries and/or liability arising from any grossly negligent act or omission of MPWMD related to the Project development activities or (ii) any claim made by a City of Monterey employee specifically retained to provide services with respect to the Project development activities.

12. Insurance/Self Insurance.

The parties are either insured or self-insured as to any requirements under this Agreement. No policies or bonds are required of either party as to any provisions of this Agreement.

13. Notices.

All notices to MPWMD required or permitted under this Agreement shall be in writing and shall be deemed delivered (i) when delivered in person; (ii) on the third day after mailing, if mailed, postage prepaid, by registered or certified mail (return receipt requested); or (iii) on the day after mailing if sent by a nationally recognized overnight delivery service which maintains records of the time, place, and recipient of delivery. In each case the parties shall use the following addresses or such addresses as may be furnished in writing by one party to the other:

Monterey Peninsula Water Management District  
5 Harris Court, Building G  
Monterey, CA 93940  
Attention: General Manager

All notices to the City of Monterey required or permitted under this Agreement shall be in writing and shall be deemed delivered (i) when delivered in person; (ii) on the third day after mailing, if mailed, postage prepaid, by registered or certified mail (return receipt requested); or (iii) on the day after mailing if sent by a nationally recognized overnight delivery service which maintains records of the time, place, and recipient of delivery. In each case the parties shall use the following addresses or such addresses as may be furnished in writing by one party to the other:

City of Monterey  
580 Pacific Street  
Monterey, California 93940  
Attention: Tricia Wotan

14. Successors and Assigns.

The terms and conditions of this Agreement shall inure to the benefit of and are binding upon the parties hereto and their respective successors in interest and permitted assigns.

15. No Third-Party Beneficiaries.

Nothing in this Agreement is intended to create any third-party beneficiaries to the Agreement, and no person or entity other than the parties, and the permitted successors and assigns of either of them, shall be authorized to enforce the provisions of this Agreement.

16. Further Acts and Assurances.

The Parties agree to execute, acknowledge and deliver any and all additional papers, documents and other assurances, and shall perform any and all acts and things reasonably necessary, in connection with the performance of the obligations hereunder and to carry out the intent of the parties.

17. Opinions and Determinations.

Where the terms of this Agreement provide for action to be based upon opinion, judgment, approval, review or determination of either party hereto, such terms are not intended to be and shall never be construed as permitting such opinion, judgment, approval, review or determination to be arbitrary, capricious or unreasonable.

18. Captions.

The captions in this Agreement are inserted only as a matter of convenience and reference and in no way define, limit or describe the scope or intent of this Agreement or in any way affect this Agreement.

19. Severability.

Should it be found that any part of this Agreement is illegal or unenforceable, such part or parts of this Agreement shall be of no force nor effect and this Agreement shall be treated as if such part or parts had not been inserted.

20. Entire Agreement.

All previous negotiations had between the parties hereto and/or their agents or representatives with respect to this Agreement are merged herein and this Agreement alone fully and completely expresses the parties' rights and obligations.

21. Modifications in Writing.

This Agreement shall not be changed, altered or modified in any manner except by an instrument in writing executed by the parties or their respective successors in interest.

22. Assignment.

Neither Party may assign its interest in this Agreement without the prior written consent of the other Party.

23. Drafting Ambiguities.

This Agreement is the product of negotiation and preparation between the parties. Both sides and their counsel have had the opportunity to revise this Agreement. The parties waive the provisions of Section 1654 of the Civil Code of California and any other rule of construction to the effect that ambiguities are to be resolved against the drafting party, and the parties warrant and agree that the language of this Agreement shall neither be construed against nor in favor of any party unless otherwise specifically indicated.

24. Governing Law.

This Agreement and the rights and obligations of the parties shall be governed, controlled and interpreted in accordance with the laws of the State of California.

25. Venue.

The venue for any suit or proceeding concerning this Agreement, the interpretation or application of any of its terms, or any related disputes shall be in the County of Monterey, State of California.

26. Signing Authority.

The representative of each party signing this Agreement hereby declares that authority has been obtained to sign on behalf of the City of Monterey and MPWMD.

27. Inspection of Books and Records.

The proper officers or agents of MPWMD shall have full and free access at all reasonable times to the account books and official records of the City of Monterey insofar as the same pertain to the matters and things provided for in this Agreement, with the right at any time during office hours to make copies thereof at MPWMD's expense.

28. Representations and Warranties.

No representations or warranties are made or have been relied upon by either party other than those expressly set forth herein, if any.

**IN WITNESS WHEREOF**, the parties hereto have executed this Agreement as of the date first above written.

**MONTEREY PENINSULA WATER MANAGEMENT DISTRICT**

By: \_\_\_\_\_  
[Name], Chair

ATTEST:

\_\_\_\_\_  
DAVID J. STOLDT, Board Secretary

**City of Monterey**

By: \_\_\_\_\_  
[Name and Title]

ATTEST:

\_\_\_\_\_  
[Name and Title]

APPROVED AS TO FORM:

\_\_\_\_\_  
[Name of Attorney and Title]