

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 7:00 PM.



AGENDA
Regular Meeting
Board of Directors
Monterey Peninsula Water Management District

Monday, September 16, 2019

6:00 pm – Closed Session

7:00 pm – Regular Meeting

Conference Room, Monterey Peninsula Water Management District
5 Harris Court, Building G, Monterey, CA

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, September 12, 2019

The meeting will be televised on Comcast Channels 25 & 28. Refer to broadcast schedule on page 3.

Closed Session – 6 pm

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

1. **Public Comment** - Members of the public may address the Board on the item or items listed on the Closed Session agenda.
2. **Adjourn to Closed Session**
3. **Public Employee Performance Evaluation (Gov. Code 54957) – General Manager**
4. **Conference with Legal Counsel – Pending and Threatened Litigation (Gov. Code 54956.9 (b)) – One Case**
5. **Adjourn to 7 pm Session**

Regular Meeting – 7 pm

CALL TO ORDER/ROLL CALL

PLEDGE OF ALLEGIANCE

Board of Directors

Molly Evans, Chair – Division 3
Alvin Edwards, Vice Chair – Division 1
George Riley – Division 2
Jeanne Byrne – Division 4
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 Friday, September 13, 2019. Staff reports regarding these agenda items will be available for public review on Friday, September 13, 2019 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 regular meeting of the Board of Directors is scheduled for October 21, 2019, 7:00 pm.

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

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

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

1. Consider Adoption of Minutes of the August 19, 2019 Regular Board Meeting
2. Consider Approving Agreement with DeVeera Inc. for Information Technology Services
3. Consider Adoption of MPWMD Resolution No. 2019-15 Amending Table 2: Non-Residential Water Use Factors

GENERAL MANAGER’S REPORT

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

ATTORNEY’S REPORT

6. Report on 6:00 pm Closed Session of the Board

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

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

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

8. Discuss Plan to Defease Mechanics Bank Loan (formerly Rabobank)
9. Supplies and Demands for Water on the Monterey Peninsula – Past and Future

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

10. **Consider Adoption of the Monterey Peninsula, Carmel Bay and South Monterey Bay Integrated Regional Water Management Plan Update**

Action: The Board will consider approval of an update to the plan originally adopted in 2014. The updated plan will be a component of a grant application to the Department of Water Resources.

11. **Consider Adoption of Resolution No. 2019-12 Modifying Rule 160 – Regulatory Water Production Targets for California American Water System** (Exempt from environmental review per SWRCB Order Nos. 95-10 and 2016-0016, and the Seaside Basin Groundwater Basin adjudication decision, as amended and Section 15268 of the California Environmental Quality Act (CEQA) Guidelines, as a ministerial project; Exempt from Section 15307, Actions by Regulatory Agencies for Protection of Natural Resources.)

Action: The Board will consider modifications to the Regulatory Water Production Targets in Tables XV-1, XV-2 and XV-3 of Rule 160. The modifications reflect the anticipated changes in Cal-Am production limits as set by the State Water Resources Control Board orders and Seaside Basin Adjudication decision for Water Year 2020 (Oct. 1, 2019 through Sept. 30, 2020).

12. **Consider Adoption of October through December 2019 Quarterly Water Supply Strategy and Budget**

Action: The Board will consider approval of a proposed production strategy for the California American Water Distribution Systems for the three-month period of October through December 2019. The strategy sets monthly goals for surface and groundwater production from various sources within the California American Water systems.

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

13. **Consider Adoption of Resolution No. 2019-13 Authorizing an Amendment to MPWMD Board Meeting Rule 12 – Establish Board Meeting Start Time as 6 PM**

Action: The Board will consider amending the MPWMD Board Meeting Rules to establish the time for commencement of regular Board meetings as 6 pm.

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. Status Report on Measure J/Rule 19.8 Spending
- 15. Letters Received Supplemental Letter Packet
- 16. Committee Reports
- 17. Monthly Allocation Report
- 18. Water Conservation Program Report
- 19. Carmel River Fishery Report for August 2019
- 20. Monthly Water Supply and California American Water Production Report

ADJOURNMENT

Board Meeting Broadcast Schedule – Comcast Channels 25 & 28	
View Live Webcast at https://www.ampmedia.org/peninsula-tv/	
Ch. 25, Mondays, 7 PM	Monterey, Del Rey Oaks, Pacific Grove, Sand City, Seaside
Ch. 25, Mondays, 7 PM	Carmel, Carmel Valley, Del Rey Oaks, Monterey, Pacific Grove, Pebble Beach, Sand City, Seaside
Ch. 28, Mondays, 7 PM	Carmel, Carmel Valley, Del Rey Oaks, Monterey, Pacific Grove, Pebble Beach, Sand City, Seaside
Ch. 28, Fridays, 9 AM	Carmel, Carmel Valley, Del Rey Oaks, Monterey, Pacific Grove, Pebble Beach, Sand City, Seaside

Board Meeting Schedule			
Thursday, October 3, 2019	Board Closed Session	11:00 am	District conference room
Monday, October 21, 2019	Regular Board Meeting	7:00 pm	District conference room
Tuesday, November 12, 2019	Special Meeting/ Workshop	6:30 pm	TBA
Monday, November 18, 2019	Regular Board Meeting	7:00 pm	District conference room

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. Please submit a written request, including your name, mailing address, phone number and brief description of the requested materials and preferred

alternative format or auxiliary aid or service by 5:00 pm on Thursday September 12, 2019. Requests should be sent to the Board Secretary, MPWMD, P.O. Box 85, Monterey CA, 39342. You may also fax your request to the Administrative Services Division at 831-644-9560, or call 831-658-5600. You may also email to arlene@mpwmd.net.

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ITEM: CONSENT CALENDAR

1. CONSIDER ADOPTION OF MINUTES OF THE AUGUST 19, 2019 REGULAR BOARD MEETING

Meeting Date:	September 16, 2019	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.

SUMMARY: Attached as **Exhibit 1-A** are draft minutes of the August 19, 2019 Regular meeting of the Board.

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

EXHIBIT

1-A Draft Minutes of the August 19, 2019 Regular Meeting of the Board of Directors



EXHIBIT 1-A

**DRAFT MINUTES
Regular Meeting
Board of Directors
Monterey Peninsula Water Management District
August 19, 2019**

Board Chair Evans called the meeting to order at 7:00 pm in the MPWMD conference room.

CALL TO ORDER/ROLL CALL

Directors Present:

Molly Evans – Chair, Division 3
Alvin Edwards, Vice Chair, Division 1
George Riley, Division 2
Jeanne Byrne – Division 4
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: Heidi Quinn

The assembly recited the Pledge of Allegiance.

PLEDGE OF ALLEGIANCE

Byrne offered a motion to consider items 16 and 17 immediately after item 11, so that the public could participate in those items of particular interest early in the meeting. The motion was seconded by Hoffmann and approved on a unanimous vote of 7 – 0 by Byrne, Hoffmann, Adams, Edwards, Evans, Potter and Riley. Note that minutes of the meeting present agenda items in numerical order as listed on the agenda.

ADDITIONS AND CORRECTIONS TO AGENDA

The following comments were directed to the Board during Oral Communications. **(a) Ken Dursa**, representing Central Coast Coalition of Communities for Wastewater Equity. He submitted a statement that is on file at the District office and can be viewed on the agency’s website. He listed reasons that the Coalition filed a protest to California-American Water Company’s application No. 19-07-004 to the California Public Utilities Commission. Mr. Dursa asserted that rate relief is needed for low-income water and wastewater customers. **(b) Michael Baer**, announced that he is no longer a rate payer in the Cal-Am system. He requested that the District inform California Coastal Commission staff prior to November hearings on the desalination project, that if Cal-Am misses a milestone, water rationing would not be implemented in the first or

ORAL COMMUNICATIONS

second year because the community could utilize conservation savings. He stressed the importance of providing information to Coastal Commission staff early in the process so that it could be included in the recommendation to the Commission.

Byrne offered a motion to approve the Consent Calendar except for item 1 that was pulled for separate consideration. The motion was seconded by Hoffmann and approved on a unanimous vote of 7 – 0 by Byrne, Hoffmann, Adams, Edwards, Evans, Riley and Potter.

On a motion by Riley and second of Byrne, minutes of the June 13, and July 15, 2019 Board meetings were adopted as presented. The motion was approved on a unanimous vote of 7 – 0 by Riley, Byrne, Adams, Edwards, Evans, Hoffmann and Potter.

Approved expenditure of \$4,650.

Approved expenditure of \$25,839.

Approved expenditure of: (a) \$3,288.75 for CDFW LSAA five—year permit fee, and (b) \$6,711.25 to extend agreement with Denise Duffy and Associates.

Approved.

Approved.

Approved.

Approved.

A summary of the General Manager’s report is on file at the District office and can be viewed on the agency’s website. He reported that for the period of October 2018 through July 2019, water production within the Monterey Peninsula Water Resources System was 260 acre-feet below target

CONSENT CALENDAR

1. Consider Adoption of Minutes of the June 13, 2019 Special Board Meeting and July 15, 2019 Regular Board Meeting
2. Consider Expenditure of Budgeted Funds for Updates to Gardensoft Waterwise Gardening Software
3. Consider Expenditure to Contract for Completion of Annual Carmel River Survey
4. Consider Augmenting Expenditures for Permitting of a New Carmel River Fish Counting Weir
5. Consider Approval of 2019 Annual Memorandum of Agreement for Releases from Los Padres Reservoir among California American Water, California Department of Fish and Wildlife, and Monterey Peninsula Water Management District
6. Consider Adoption of Memorandum of Understanding with the General Staff Bargaining Unit
7. Consider Adoption of Memorandum of Understanding with the Management Staff Bargaining Unit
8. Consider Adoption of Memorandum of Understanding with the Confidential Staff Bargaining Unit

GENERAL MANAGER’S REPORT

9. **Status Report on California American Water Compliance with State Water Resources Control Board Order 2016-0016 and Seaside Groundwater Basin Adjudication Decision**

production. He noted that water production increased by 14 acre-feet in June as compared to the same time-period in 2018. This was not an appreciable increase considering that the U.S. Open Golf Championship occurred in June. Mr. Stoldt reported that no rainfall was received in July and the total for the water year remains at 146% of the long-term average. The total for unimpaired flow was 216% of the long-term average.

Counsel Heidi Quinn reported that the Board met to discuss Item 3 on the Closed Session agenda. The General Manager gave a report to the Board and guidance was provided. No reportable action was taken.

Riley reported that he attended the August 4, 2019 meeting of the Seaside Groundwater Basin Watermaster (Watermaster), and that Mary Ann Carbone was elected as Vice Chair that evening. Riley stated that the Seaside Basin should be considered a storage basin to be used like a dam or reservoir. He asked for more information on the calculation that allows Cal-Am and the City of Seaside to use in-lieu project expenditures instead of refilling the Seaside Groundwater Basin. Adams expressed regret that she was unable to attend the Watermaster meeting. She also announced that on August 27, 2019, the Monterey County Board of Supervisors would consider Marina Coast Water District's appeal of the County's approval of a permit for the desalination project pump station facility. Edwards reported that he attended the July 15, 2019, meeting of the Monterey County Special Districts Association. Senator Bill Monning spoke that evening on SB2000 that would utilize the Safe and Affordable Drinking Water Fund to assist low income communities with their water infrastructure needs. Edwards thanked General Manager Stoldt for doing a good job and speaking on water issues throughout the community. He asked for a presentation from the Watermaster regarding what water could be injected into the basin and who could utilize water from the basin.

ATTORNEY'S REPORT

10. Report on 6:30 pm Closed Session of the Board

3. Conference with Labor

Negotiators (Gov. Code 54957.6)

Agency Designated Representatives:
David Stoldt; Suresh Prasad and Mi Ra Park

Employee Organization: General Staff and Management Bargaining Units Represented by United Public Employees of California/LIUNA, Local 792
Unrepresented Employees:
Confidential Unit

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

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

Potter made a motion to adopt Urgency Ordinance No. 184 as presented. The motion was seconded by Edwards and approved on a unanimous roll-call vote of 7 – 0 by Potter, Edwards, Adams, Byrne, Evans, Hoffmann and Riley.

Public Comment: John Wizard, City of Seaside, expressed support for adoption of the ordinance as it would, under some circumstances, reduce the cost for development of an accessory dwelling unit.

Byrne offered a motion to approve an additional \$15,000 for the contract with Right On Q Hydrology which would increase the not-to-exceed amount to \$71,800. The motion was seconded by Adams, and approved on a unanimous vote of 7 – 0 by Byrne, Adams, Edwards, Evans, Hoffmann, Potter and Riley. No public comment was directed to the Board during the public comment period on this item.

Riley offered a motion to approve the Findings and an expenditure of \$88,516.21, and to include an additional 10 percent of the equipment purchase price to cover the cost of taxes and fees. Also, prior to purchase, staff must determine that the equipment is NSF 61 compliant. The motion was seconded by Byrne and approved on a vote of 6 – 1 by Riley, Byrne, Adams, Edwards, Evans and Potter. Hoffmann was opposed. No public comment was directed to the Board during the public comment period on this item.

Edwards made a motion to approve an expenditure of \$218,822 for construction management services. The motion was seconded by Potter and approved on a unanimous vote of 7 – 0 by Edwards, Potter, Adams, Byrne, Evans, Potter and Riley. No public comment was directed to the Board during the public comment period on this item.

General Manager Stoldt presented an overview of the report that is on file at the District office and can be viewed on the agency's website. The Board received public comment. Stoldt responded to questions from the Board.

Public Comment: **(a) Michael Baer** requested that the November 12, 2019, Board workshop regarding the feasibility study be postponed due to California Coastal Commission hearings scheduled for the same week. **(b) Kevin Tilden**, Vice President of California American Water, recited a list of what he described as legal insufficiencies in the report. Mr. Tilden offered the assistance of Cal-Am's attorneys to provide the District with more information on the issues he raised. **(c) Mary Ann Carbone**, resident of Sand City, described the report as an excellent discussion of the process; however, it should have been provided six months earlier and it lacked the inclusion of a definition for

PUBLIC HEARINGS

- 12. Consider Adoption of Urgency Ordinance No. 184 Amending the Requirement for Permanent Water Sub-Meters for Accessory Dwelling Units in Existing Structures**

ACTION ITEMS

- 13. Consider Approval of Additional Expenditure to Right On Q Hydrology for Technical Support for the Carmel River Basin Hydrologic Model**
- 14. Consider Findings Pursuant to Public Contract Code Section 3400(C) and Expenditure for Santa Margarita Water Treatment Facilities Equipment Pre-Purchase**
- 15. Consider Expenditure for the Santa Margarita Water Treatment Facilities Construction Management Services**

DISCUSSION ITEMS

- 16. Report from General Manager on Pursuing Public Ownership of Monterey Public Water System**

feasibility. **(d) John Tilley**, Co-Chair of the Coalition of Peninsula Businesses and a resident of the MPWMD, urged the Board to prepare a fair feasibility study that would stand up in court; it should not be focused on justifying Measure J. He requested that due to the anticipated high cost of the takeover process, the Board of Directors not move forward if there were any doubt that it would prevail in court. **(e)**

Kevin Dayton, Government Affairs Liaison for the Monterey Peninsula Chamber of Commerce, described the report as well organized and a good beginning to create the framework for the feasibility study. He expressed support for a two-thirds majority vote of the Board to approve a resolution of necessity. **(f) Rick Heuer**, Monterey Peninsula Taxpayers Association, commended the Board for preparation of a report that was easy to read and understand. He stated that it could not be assumed that public ownership would result in transparency. The report should provide proof that transparency would be preserved. He defined feasible as: would public ownership save money from day one. If that fact was not evident, then public ownership would not be feasible. **(g) Jeff Davi**, Co-Chair of the

Coalition of Peninsula Businesses and a lifetime resident of the Monterey Peninsula, stated that the most important facets of the upcoming feasibility study would be the definition of feasibility and to quantify savings for the ratepayer. He was pleased that the facilities proposed for public ownership would include Cal-Am's seawater desalination project. **(h)**

John Narigi stated that the General Manager's report was good, but he was disappointed that the feasibility study had not been completed within the 9-month timeline. He hoped that preparation of the feasibility study would not detour staff from its efforts to obtain final approval for Cal-Am's desalination plant, to complete other components of the water supply solution, and achieve lifting of the Cease and Desist Order (CDO). **(i) Melodie Chrislock**, representing Public Water Now, advised the Board that the organization never claimed that public ownership of the Cal-Am water system would result in immediate savings to ratepayers. Instead, the organization had consistently maintained that public ownership would result in affordable water at some point. **(j) Peter Mountier**, representing the Pacific Grove Chamber of Commerce, asked for additional transparency from legal counsel regarding the inconsistency between the requirement in Measure J that all Cal-Am assets be publicly owned, and the assertion in the report that specific assets would be included in the buy-out. **(k) Margaret-Anne Coppernoll** asserted that the people voted to move ahead on all Measure J components, and the voters expect their democratic rights to be upheld. She expressed support for the Pure Water Monterey Project as a means to avoid implementation of a cease and desist order in the Salinas Valley. She urged the Board to adopt a resolution of necessity. **(l) Paul Bruno**, resident of Monterey, thanked the General Manager for preparation of a good report. He noted that one of the operations scenarios was to contract with an outside firm, instead of hiring Cal-Am employees.

He asked if the District reasoned that cost savings could not be achieved with Cal-Am employees, or was it that a high quality of service could not be guaranteed with Cal-Am employees. **(j) Anna Thompson**, resident of Carmel, stated that the community did not want a desalination plant. She advocated for development of the Pure Water Monterey (PWM) Expansion project, and public ownership of Cal-Am. **(k) Judi Lehman** encouraged speakers to be more truthful and respectful of differing opinions. She accepted the need for confidentiality regarding the identities of consultants, and looked forward to the time when those names could be made public. **(l) Darryl Choates**, resident of Seaside, stated that Cal-Am should not be publicly owned and that the feasibility study must be completed in a timely manner so the cost of public ownership could be determined. **(m) Susan Schiavone** advocated for public ownership of Cal-Am facilities, and development of a regional desalination plant by a regional agency. In the short-term, the PWM Expansion project could provide water for growth. **(n) Doug Yount**, Chair of the Monterey Peninsula Chamber of Commerce Board of Directors, urged the District to carefully and thoughtfully move ahead on completion of the feasibility study. He hoped that work on the feasibility study would not distract from completion of the three-pronged approach to establishment of a water supply that could support construction of housing in a responsible, sustainable manner. **(o) Dan Turner**, resident of Monterey, stated that Cal-Am water rates have doubled every 5 or 6 years and would continue to increase. He urged the Board to adopt a resolution of necessity. **(p) Frank Geisler**, Interim CEO of the Monterey Peninsula Chamber of Commerce, stated that he looked forward to the completed feasibility study because the public had a right to know if public ownership would be feasible, if it would save money, and if public necessity could be shown at trial. **(q) Carlos Ramos** stated that without a water supply project, there would be loss of jobs and a reduction in business activity on the Monterey Peninsula which would affect the entire community, not just the commercial sector.

General Manager Stoldt presented a summary of the issue that is on file at the District office and can be viewed on the agency's website. The Board received public comment. Stoldt responded to questions from the Board. Chair Evans directed that this item be brought to the Water Demand Committee. There were no objections from the Board.

The following comments were directed to the Board during the public comment period on this item. **(a) Kevin Dayton**, Government Affairs Liaison for the Monterey Peninsula Chamber of Commerce, recommended that the District work more aggressively with other local agencies to overcome the tendency within the community to use the water supply as an excuse to limit building. **(b) John Narigi** asked for an update on the status of Condition 2 of the CDO. *Stoldt reported that State Water Resources Control Board staff was*

17. Allocation of Water for Affordable Housing

developing new language, but it likely would not conform to the needs of the community. It would allow use of onsite water credits, but not transfers of water from one site to another. Neither would it recognize use of water from all the entitlements that have been established. The District would be develop methods to make it easier to move water credits from one site to another. (c) **Darryl Choates** urged the Board to allocate water from the reserve only for multi-family housing that would remain affordable in perpetuity. He asserted that the water should not be allocated directly to the jurisdictions. (d) **Paul Bruno** recommended that the Board assist jurisdictions to make their decisions about water for affordable housing. He stated that it should not be the responsibility of the City of Marina to provide affordable housing for the Peninsula. (e) **Jeff Davi**, third generation resident on the Peninsula, stated that the city councils and Board of Supervisors must change zoning and increase density in order to meet housing needs. Low income housing should be low cost in perpetuity. He encouraged the District to find water that could be given to the jurisdictions. (f) **Melodie Chrislock**, representing Public Water Now, stated that water from the PWM Expansion project could be delivered in 18 months for \$2,100 per acre-foot. Water from the proposed desalination project would cost \$600,000 to \$700,000 per acre-foot. She asked the Board to consider which project would facilitate affordable housing. (g) **Tyler Williamson, Monterey City Council**, suggested that due to the housing shortage, possibly the District could establish an emergency in order to justify to the State actions taken to expand the use of water credits. He reported that the City of Monterey identified five parcels that could be developed for affordable housing, but the lack of water would limit options on those sites. He announced that a coalition focused on housing as a regional issue plans to work with the District to develop methods for the allocation of any available water to affordable housing. (h) **Peter Mountier**, representing the Pacific Grove Chamber of Commerce, stated that the CDO can only be lifted when water supplies are available from Aquifer Storage and Recovery, PWM and desalination. (i) **Craig Malin**, City Manager for the City of Seaside, advised the Board that anything the District could do to make water available for affordable housing to the jurisdictions and developers would be greatly appreciated and utilized immediately. (j) **John Wizard**, City of Seaside, expressed support for using the reserve allocation for affordable and transitional housing. He expressed concern about establishing an open market for use of the reserve allocation, as economically stressed communities like Del Rey Oaks, Sand City or Seaside would most likely not be able to take advantage of it immediately.

At 9:20 pm the meeting was recessed and reconvened at 9:30 am to consider agenda items 12, 13, 14 and 15.

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

**INFORMATIONAL ITEMS/STAFF
REPORTS**

- 18. Status on Measure J/Rule 19.8 Spending**
- 19. Letters Received**
- 20. Committee Reports**
- 21. Monthly Allocation Report**
- 22. Water Conservation Program Report**
- 23. Carmel River Fishery Report for July 2019**
- 24. Monthly Water Supply and California American Water Production Report**

The meeting was adjourned at 10:30 pm.

ADJOURNMENT

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Arlene M. Tavani, Deputy District Secretary

ITEM: CONSENT CALENDAR

2. CONSIDER APPROVING AGREEMENT WITH DEVEERA, INC. FOR INFORMATION TECHNOLOGY SERVICES

Meeting Date: September 16, 2019 **Budgeted:** No (savings from not hiring IT Manager)

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

Prepared By: Suresh Prasad **Cost Estimate:** \$82,376.00

General Counsel Review: Pending review by District Counsel.

Committee Recommendation: The Administrative Committee reviewed this item on September 9, 2019 and recommended approval.

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

SUMMARY: With the recent retirement of District’s Information Technology (IT) Manager, there is a need to immediately find a replacement to fill that position. Based on the size and needs of the District, the replacement of a full time IT Manager position can most effectively be filled with the services of a consultant firm.

With only two and half weeks of retirement notice from the outgoing IT Manager, District staff immediately started contacting IT consulting firms in the area to solicit proposals. Three firms were contacted (Rayne Technology, DeVeera, Inc., and Alvarez Technology).

Staff met with all three firms and went over the District’s requirements for IT services. All three firms had representatives spend few hours on-site going through the discovery process to gather information. Information gathered during this discovery process was used to compile proposals delivered by the IT firms. Some of the services provided will be monitoring server 24/7, server and work station preventative maintenance, virus and anti-spam protection, network monitoring, and help desk support, etc. All three firms contacted were able to provide proposals within a week’s time, attached as **Exhibit 2-A**.

After evaluating the current inventory of the District’s IT infrastructure, all three firms recommended the District immediately change its backup and disaster recovery (BDR) system. In the event of catastrophic IT failure, the District’s existing BDR system will take weeks to rebuild and recover data. There could potentially be irrecoverable data losses. With the proposed change in the BDR system, the recovery time would be reduced to approximately few hours with no loss of data. The current proposal includes a new BDR system for the District.

Since outsourcing IT services is new to the District, staff would like to try outsourcing the IT services on a short term basis and return to the Board towards the end of fiscal year with a long

term plan. The proposed contract term will be from September 1, 2019 to June 30, 2020 for the managed IT solution. The BDR contract will be for a three year term. Funding for this will come from savings realized by not hiring a full time IT Manager, which was budgeted in FY 2019-2020.

Based on the proposals received, staff recommends authorizing to enter into an agreement with DeVeera, Inc. The results of the three proposals are as follows:

	Rayne Technologies	DeVeera Inc	Alvarez Technology
One-Time Fee	\$14,247.00	\$0.00	\$0.00
Monthly Fee	\$7,974.50	\$4,612.00	\$11,301.00
Backup, Disaster & Recovery (based on 48TB/60TB of storage)	included	\$2,551.20	not available
Backup, Disaster & Recovery (hardware)	\$13,000.00	included	not available
Hardware Parts (minor, i.e., hard drives, memory cards, etc)	included	excluded	excluded
Total Monthly Costs	\$7,974.50	\$7,163.20	\$11,301.00
One-Time Fee	\$14,247.00	\$0.00	\$0.00
One-Time Hardware	\$13,000.00	included	not available
<u>Notes:</u>			
BDR @48TB from DeVeera will cost \$2196/month			
One-time onboarding fee from Rayne can be amortized over 9 months			
BDR hardware from Rayne will be loaned for 9 months, but will have to be purchased after 9 months			

Since IT services is a crucial function of the District, staff had to engage the services of DeVeera, Inc under the General Manager’s authority to fill in the void left by the departure of the IT Manager.

RECOMMENDATION: District staff recommends authorizing the General Manager or the Administrative Services Manager/CFO to enter into an Agreement with DeVeera, Inc. to provide Information Technology services for an amount of \$71,632.00 plus 15% contingency of \$10,744.00, for a not-to-exceed amount of \$82,376.00. The agreement term for the managed IT solutions will be until June 30, 2020. The backup disaster recovery contract will be for a three year term. Funding for this will come from savings realized by not hiring a full time IT Manager, which was budgeted in FY 2019-2020 at about \$175,000.

EXHIBIT

2-A Proposals for IT Services from DeVeera Inc., Rayne Technologies, and Alvarez Technology

This Managed Services Agreement ("Agreement") made between **DeVeera Inc.**, located at 5 Mandeville Ct, Monterey, CA 93940 ("Service Provider"), and **Monterey Peninsula Water Management District** with principal office 5 Harris Ct Bldg G, Monterey, CA 93940 ("Customer-") is September 3, 2019 ("Effective Date"). The parties agree as follows:

1. Services. Service Provider agrees to provide Customer the services described in Schedule C ("Managed Services") for the Equipment listed in Schedule D to this Agreement ("Equipment"). Service Provider may from time to time change the Services provided to Customer under this Agreement.

2. Term and Termination.

(a) Term. The Initial Term of this Agreement is for a period covered until June 30th, 2020, commencing on the Effective Date. Thereafter, unless terminated in accordance with the terms of this Agreement.

(b) Termination. This Agreement may be terminated as follows: (i) Either party may terminate this Agreement at the end of the contract term or with thirty(30) days' written notice to the other party prior to the end of the initial or additional term; (ii) Upon Service Provider's failure to perform or observe any material term or condition of this Agreement and failure to correct within thirty (30) days after receipt of written notice from Customer of such failure, Customer may terminate the Services affected by such breach; or (iii) Upon Customer's failure to pay any outstanding charges within fifteen (15) days of receipt of written notice from Service Provider of delinquency, Service Provider may terminate this Agreement on 30 days' notice.

(c) Effect of Termination. Upon termination of this Agreement Customer will be liable for all charges incurred as of the date of termination. Sections 2, 6, 10, 11, 12, 14, and 16 shall survive termination of this Agreement.

3. Eligibility. Customer Equipment (workstations and servers):

Customer acknowledges that from time to time (a) Service Provider may identify additional items that need to be purchased by Customer, and (b) changes in Customer's systems may be required in order for Service Provider to meet Customer's requirements. In connection therewith, Customer agrees to work in good faith with Service Provider to effectuate such purchases or changes. In the event that Service Provider is required to purchase any assets, including computer hardware and/or software, in connection with Service Provider providing the Services, all such assets will remain the sole property of Service

4. Payment.

(a) Fees. Service Provider will charge Customer in advance (on the 1st of each month) for services unless an alternate payment schedule is set forth in Schedule B. Payment of service will be made within thirty (30) days from date of billing.

(b) Taxes. Amounts payable by Customer hereunder do not include local, state, or federal sales, use, value-added, or other taxes or tariffs of the United States of America or other countries based on the licenses or services provided under this Agreement or Customer's use thereof. Customer will pay all such taxes or tariffs as may be imposed upon Service Provider or Customer, except income taxes imposed on Service Provider by the United States of America or any state or local government therein. Customer will be invoiced for, and Customer will pay, any such taxes or tariffs if Service Provider is required to pay them on Customer's behalf.

(c) Failure to Pay. Customer acknowledges that its failure to pay timely any of the fees payable hereunder, or any portion thereof, will be a material breach of this Agreement for which Service Provider may, in addition to pursuing all other remedies, withhold Services and/or terminate this Agreement.

5. Customer Responsibilities.

(a) Customer Authorized Contact. Customer will identify one individual to be Service Provider's primary Customer contact and another individual to be the secondary contact as noted on Schedule A. Customer represents that these people have authorization to make decisions on behalf of Customer and may be relied upon by Service Provider when providing the Services.

(b) Provision of Materials and Services to Service Provider. Customer agrees to timely furnish, at its own expense, all personnel, all necessary computer hardware, software and related materials and appropriate and safe work spaces for

purposes of Service Provider performing the Services. Customer will also provide Service Provider with access to all information, passwords and facilities requested by Service Provider that is necessary for Service Provider to perform the Services. Access may be denied for any reason at any time, however if access to information, passwords or facilities is denied, Customer understands that the Service Provider may be unable to perform their duties adequately and if such a situation should exist, the Service Provider will be held harmless.

Provider unless specifically stated otherwise in writing. Customer will be responsible for the quality, completeness and workmanship of any item or service furnished by it and for ensuring that the materials provided to Service Provider do not infringe or violate the rights of any third party. Customer will maintain adequate backup for all data and other items furnished to Service Provider.

(c) Timeliness. Any timetable for the Services is dependent on timely receipt from Customer of all necessary items and authorizations to be supplied by it. In the event of a delay in delivery of any such items by Customer, any estimated completion date will be deferred for a period equal to the time lost by reason of the delay.

(d) Software Installation or Replication. If Service Provider is required to install or replicate Customer software as part of the Services, Customer will independently verify that all such software is properly licensed. Customer's act of providing any software to Service Provider will be deemed Customer's affirmative acknowledgment to Service Provider that Customer has a valid license that permits Service Provider to perform the Services related thereto. In addition, Customer will retain the duty and obligation to monitor Customer's equipment for the installation of unlicensed software unless Service Provider in a written SOW expressly agrees to conduct such monitoring. Customer will indemnify and hold harmless Service Provider against all damages and expenses it may incur (including reasonable attorney's fees and disbursements) related to Customer providing infringing materials to Service Provider or any Customer breach of this Section 5(d).

6. Proprietary Rights.

(a) Service Provider Intellectual Property. The parties acknowledge and agree that Service Provider may use preexisting proprietary computer software, methodology, techniques, software libraries, tools, algorithms, materials, products, ideas, skills, designs, know-how or other intellectual property owned by Service Provider or its licensors, and Service Provider may also create additional intellectual property based thereon in the performance of the Services (all of the foregoing, the "Service Provider Intellectual Property"). Customer agrees that any and all proprietary rights to the Service Provider Intellectual Property, as it existed as of the date hereof and as it may be modified or created in the course of providing the Services, including patent, copyright, trademark, and trade secret rights, to the extent they are available, are the sole and exclusive property of Service Provider, free from any claim or retention of rights thereto on the part of Customer, and Customer hereby assigns to Service Provider any rights it may have in any of the foregoing.

(b) Customer Rights to Deliverables. Service Provider hereby grants to Customer a perpetual, worldwide, royalty-free, nonexclusive, non-transferable right and license to use, execute, reproduce, transmit, display, perform, create derivative works from, make, have made, sell and import the deliverables provided hereunder, including such Service Provider Intellectual Property solely as it may be incorporated therein, only for its own internal business purposes and to provide services to its customers consistent with the purposes of the Services.

(c) Customer Data Ownership and Responsibility. Customer shall have sole responsibility for the accuracy, quality, integrity, legality, reliability, appropriateness, and intellectual property ownership or right to use of any data, information or material proprietary to Customer and provided or submitted by Customer to the Services in the course of using the Services (collectively, "Customer Data"), and Service Provider shall not be responsible or liable for the deletion, correction, destruction, damage, loss or failure to store any Customer Data. Customer has, and shall retain, ownership of all Customer Data. In the event that this Agreement is terminated, Service Provider shall return to Customer all of the Customer Data within 30 days of termination if Customer so requests at the time of termination.

(d) Restrictions. Customer will not copy, use, modify, or distribute any Service Provider Intellectual Property except as expressly licensed in this Agreement. Customer will not remove the Service Provider Intellectual Property from any deliverables or cause or permit the modification, distribution, reverse engineering, de-compilation, disassembly or other translation of the Service Provider Intellectual Property. Customer will not alter, change, or remove from the Service Provider Intellectual Property any identification, including copyright and trademark notices, and further agrees to place all such markings on any copies thereof.

7. Relationship of Parties; No Solicitation of Employees. Service Provider is an independent contractor. Neither party has the right or authority to assume or to create any obligation or responsibility on behalf of the other party. This Agreement shall not be construed to create a joint venture or partnership between the parties. During the term of this Agreement and for a period of one (1) year thereafter, each party to this Agreement will not, without the prior written approval of the other party, solicit for employment any employee(s) of the other party or directly or indirectly induce any such employee to terminate his or her employment with the other party.

8. Services Warranty. Service Provider warrants that it will perform the Services substantially in accordance with the specifications set forth in Schedule C. For any breach of the foregoing warranty, Service Provider will exercise commercially reasonable efforts to re-perform any non-conforming services that were performed within the ten (10) business day period immediately preceding the date of Customer's written notice to Service Provider specifying in reasonable detail such nonconformance. If Service Provider concludes that conformance is impracticable, then Service Provider will refund all fees paid by Customer to Service Provider hereunder, if any, allocable to such nonconforming Services.

9. Third Party Products. Product warranties for third party products, if any, are provided by the manufacturers thereof and not by Service Provider. Service Provider's sole obligation is to act on behalf of Customer to assist in the satisfaction of any such warranty.

10. DISCLAIMERS.

Customer must meet minimum eligibility requirements in order to be eligible for a maintenance program. See Schedule B for minimum eligibility requirements. If a computer does not meet the minimum eligibility requirements Service Provider may provide the services necessary at service rates listed in Schedule B to achieve eligibility on the equipment.

(a) Customer Responsibility for Equipment. Customer shall provide a suitable working environment for any Equipment located at Customer's facility. Such environment includes, but is not limited to the appropriate temperature, static electricity and humidity controls and properly conditioned electrical supply for each piece of Equipment. Customer shall bear the risk of loss of any Equipment located at Customer's facility.

(b) The express remedies set forth in Section 8 will constitute Customer's exclusive remedies, and Service Provider's sole obligation and liability, for any claim (a) that a Service or deliverable provided hereunder does not conform to specifications or is otherwise defective, or (b) that the Services were performed improperly.

(c) Service Provider shall not be responsible for impairments to the Services caused by acts within the control of Customer or its employees, agents, contractors, suppliers or licensees, the interoperability of Customer applications, or other cause reasonably within Customer's control and not reasonably related to services provided under this Agreement.

(d) EXCEPT FOR THE WARRANTIES MADE BY SERVICE PROVIDER IN SECTION 8, WHICH ARE LIMITED WARRANTIES AND THE ONLY WARRANTIES PROVIDED TO CUSTOMER, THE SERVICES AND DELIVERABLES ARE PROVIDED STRICTLY "AS IS." SERVICE PROVIDER DOES NOT MAKE ANY ADDITIONAL WARRANTIES, EXPRESS, IMPLIED, ARISING FROM COURSE OF DEALING OR USAGE OF TRADE, OR STATUTORY, AS TO THE DELIVERABLES OR SERVICES PROVIDED HEREUNDER, OR ANY MATTER WHATSOEVER. THE PARTIES DISCLAIM ALL WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, SATISFACTORY QUALITY, TITLE AND NON-INFRINGEMENT.

(e) SERVICE PROVIDER DOES NOT WARRANT THAT THE SERVICES OR ANY DELIVERABLES WILL MEET ANY CUSTOMER REQUIREMENTS NOT SET FORTH HEREIN, THAT ANY DELIVERABLES WILL OPERATE IN THE COMBINATIONS THAT CUSTOMER MAY SELECT FOR USE, THAT THE OPERATION OF ANY DELIVERABLES WILL BE UNINTERRUPTED OR ERROR-FREE, OR THAT ALL ERRORS WILL BE CORRECTED. IF PRE- PRODUCTION (E.G., "ALPHA" OR "BETA") RELEASES OF SOFTWARE ARE PROVIDED TO CUSTOMER, SUCH COPIES ARE PROVIDED "AS-IS" WITHOUT WARRANTY OF ANY KIND.

(f) Except as may be done in accordance with Section 16(b), no statement by any Service Provider employee or agent, orally or in writing, will serve to create any warranty or obligation not set forth herein or to otherwise modify this Agreement in any way whatsoever.

11. LIMITATION OF LIABILITY. SERVICE PROVIDER AND PTS ARE NOT LIABLE FOR ANY INDIRECT, SPECIAL, PUNITIVE, EXEMPLARY, OR CONSEQUENTIAL DAMAGES OF ANY KIND. SERVICE PROVIDER'S LIABILITY TO CUSTOMER ON ACCOUNT OF ANY ACTS OR OMISSIONS RELATING TO THIS AGREEMENT SHALL BE LIMITED TO PROVEN DIRECT DAMAGES. PTS IS NOT LIABLE TO CUSTOMER ON ACCOUNT OF ANY ACTS OR OMISSIONS RELATING TO THIS AGREEMENT WHATSOEVER. THESE LIMITATIONS APPLY REGARDLESS OF THE FORM OF ACTION, WHETHER IN CONTRACT, WARRANTY, STRICT LIABILITY OR TORT.

12. Essential Basis of Bargain. Customer acknowledges and agrees that the fees charged by Service Provider in this Agreement reflect the overall allocation of risk between the parties, including by means of the provisions for limitation of liability and exclusive remedies described in this Agreement. Such provisions form an essential basis of the bargain between the parties and a modification of such provisions would affect substantially the fees charged by Service Provider hereunder. In consideration of such fees, Customer agrees to such allocation of risk and hereby waives any and all rights, through equitable relief or otherwise, to subsequently seek a modification of such provisions or allocation of risk.

13. Force Majeure. With the exception of Customer payment for services rendered, neither party shall be responsible for any failure to perform nor delay caused where such failure or delay is due to circumstances reasonably beyond the party's control.

14. Confidentiality. "Confidential Information" means all nonpublic technical or business information, including the terms of this Agreement, disclosed by one party to the other party and marked as proprietary or which is of a nature or presented under circumstances that would cause one to reasonably conclude it should be treated as confidential. The receiving party shall hold such information in confidence for three years after termination of this Agreement, restrict disclosure of such information solely to its employees with a business need to know such information, and use a degree of care no less than the degree of care as it uses for its own proprietary information to prevent the unauthorized disclosure, use or publication of such proprietary information.

15. Insurance.

(a) **Nature and Amounts.** Service Provider agrees to maintain sufficient insurance coverage to enable it to meet its obligations created by this Agreement and by law. Without limiting the foregoing, to the extent this Agreement creates exposure generally covered by the following insurance policies, Service Provider will maintain at its sole cost and expense at least the following insurance covering its obligations under this Agreement: (a) Commercial General Liability including (i) bodily injury, (ii) property damage, (iii) contractual liability coverage, and (iv) personal injury, in an amount not less than One Million Dollars (\$1,000,000) per occurrence; (b) Business Automobile Liability for owned, hired and non-owned vehicles in an amount of not less than One Million Dollars (\$1,000,000) for each accident; (c) Workers Compensation at statutory limits; and (d) Professional Liability Insurance covering errors and omissions and wrongful acts in the performance of the Services. Such insurance will bear a combined single limit per occurrence of not less than One Million Dollars (\$1,000,000).

16. General.

(a) **Entire Agreement.** This Agreement together with the Schedules, which are hereby incorporated herein by this reference, contain all the agreements, representations, and understandings of the parties and supersedes any previous understandings, commitments, or agreements, oral or written, with respect to the subject matter of this Agreement. To the extent there is any inconsistency between a term of this Agreement and a term of any Schedule, the term of (f) No **Third-Party Beneficiaries.** This Agreement will govern the performance of Services between the Parties, and confers no rights upon any of the Parties' thereunder, employees, agents, contractors or customers, or upon any other person or entity other than **DeVeera Inc.**

(b) **Modification.** This Agreement may not be modified or amended except in a writing signed by a duly authorized representative of each party that expressly states the sections of this Agreement to be modified; no other act, usage, or custom will be deemed to amend or modify this Agreement. Each party hereby waives any right it may have to claim that this Agreement was subsequently modified other than in accordance with this Section 16(b).

(c) **No Waiver.** No failure on the part of either party to exercise, and no delay in exercising, any right, power, or privilege will operate as a waiver thereof; nor will any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The waiver by either party of any default or breach of this Agreement will not constitute a waiver of any other or subsequent default or breach.

(d) Jurisdiction. This Agreement shall be governed by the laws of the State of California without regard to its choice of law provisions.

(e) Interpretation. Any provision of this Agreement held to be void, illegal, or unenforceable shall be restated to lawfully reflect the parties' original intent to the fullest extent possible. All other provisions shall remain in full force and effect.

(f) Notices. Any notice required under this Agreement shall be sent by registered mail, return receipt requested, facsimile, overnight express mail, or personal delivery to the address of the party set forth at the beginning of this Agreement. Notices sent by registered mail shall be deemed effective on the third business day following mailing. Notices sent otherwise shall be deemed effective on receipt. A party may change its address for notices upon thirty days prior written notice.

(g) Assignment. Neither Customer nor Service Provider may assign its rights or obligations under this Agreement without Service Provider's prior written consent which shall not be unreasonably withheld.

(h) Purchase Orders. Customer may, for purposes of administrative convenience, use Customer's standard form of purchase order to order Services. The parties understand and agree that any terms or conditions on any such purchase order in any way different from or in addition to the terms and conditions of this Agreement will have no effect whatsoever and Service Provider hereby rejects all such terms and conditions.

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Jay Patel
President, DeVeera Inc.

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Suresh Prasad
Chief Financial Officer, MPWMD

Schedule A - Customer Contact Information

	Customer Information
Company Name	Monterey Peninsula Water Management District
Billing Contact Name	Suresh Prasad
Billing Contact Phone Number	831-658-5600
Billing Contact Email	accounting@mpwmd.net
Address Line 1	5 Harris Court
Address Line 2	Building G
City, St, Zip Code	Monterey, CA 93940

	Primary Customer Contact Information
Primary Customer Contact	Suresh Prasad
Primary Contact Phone	(831) 658-5614
Primary Contact Email	suresh@mpwmd.net
Primary Contact Schedule	MONDAY – FRIDAY 8:00 AM TO 5:00 PM
Primary Contact After-Hours Phone Number	(831) 521-5644

	Secondary Customer Contact Information
Primary Customer Contact	Dave Stoldt
Primary Contact Phone	(831) 658-5600
Primary Contact Email	dstoldt@mpwmd.net
Primary Contact Schedule	MONDAY – FRIDAY 8:00 AM TO 5:00 PM
Primary Contact After-Hours Phone Number	(508) 954-8414

Schedule B - Pricing and Services

Technology Services for New Projects	Rate
<ul style="list-style-type: none"> • Software Development and custom application / work flow development. 	\$150 per hour
<ul style="list-style-type: none"> • Network Security and Compliance (Security Assessment & Audits, GDPR, HIPAA, PCI, FISMA, SOX) • Wireless Networking (Cloud Wi-Fi, routing and firewall / in-wall cabling) • Business Phone Solutions (Cloud & on-premises) • Security Devices (Cloud managed NVR, Camera, Face-recognition and LPR) • General Engineering Services 	Government Rate \$125 per hour / as needed.
<ul style="list-style-type: none"> • Project Management 	10% of project cost
<p>Managed Services Daily, weekly, monthly support of servers, workstations, networks, printers, other devices for</p> <ul style="list-style-type: none"> • 28 Users & 24 Server 	\$4,612 per month
<ul style="list-style-type: none"> • Anti-Virus for all Workstations and Servers Included 	Included in Monthly
<ul style="list-style-type: none"> • Back Up Services – 60 TB 	\$2,551.20
TOTAL MONTHLY	\$ 7,163.20
<p>General Terms</p> <ul style="list-style-type: none"> • For projects and new work, 50% payment immediately due upon approval of quote. 50% final payment due at completion of project, net 15. • 100% payment immediately due upon approval of quote for requested hardware. • Standard business day support not covered by a managed services contract will incur a minimum of 1 hour billable. • Specific details may vary by client and by contract. 	

Managed IT Services Detail

• **Site Documentation**

A senior engineer will create a DeVeera Care documentation specifically for your company. The documentation will hold important information about your technology infrastructure and will be kept online for easy access by you and DEVEERA Solutions. DeVeera will give Client Representative Portal access for entire site documentation. The Documentation covers important items that are needed for ongoing technology support including:

- Data Backup Schedules
- Hardware and Software Asset Inventory
- ISP and Website information
- Password Inventory for all critical Hardware, Software, and third-party Web Portals
- DNS Records, Website hosting information, Microsoft 365 administration accounts
- Network Map, including all remote sites and VPNs
- NVR and Security Camera System Documentation
- VLANs for Printers and Phone System
- Hardware and Software including licenses, support and warranty

• **Server Monitoring**

This 24x7 monitoring service will allow us to watch your Servers to detect and report problems before they escalate into downtime, data loss, or expensive repair issues. Some of the items we monitor include:

- Operating System/Terminal Server
- Network Services
- Active Directory
- Applications such as Exchange, SQL Server, Citrix
- Critical Event Logs
- Application Status
- System Performance Data
- Backup Monitoring and Administration

• **Server and Workstation Preventative Maintenance**

This service allows us to provide preventative maintenance activities on your servers, workstations and laptops to help prevent problems before they escalate into downtime, data loss, or expensive repair issues. We include the following preventative maintenance services on an ongoing basis.

- Patch Management (white-listed Critical Security patches for Microsoft operating systems and applications)
- Temporary File and Internet Debris Removal
- Hard Drive integrity checks (SMART enabled computers only)
- Service Pack Installation
- Third Party Application updates
- Server, network switch and firewall firmware updates

• **Network Device Monitoring**

This 24X7 monitoring service includes availability monitoring for Network Devices such as:

- Local area network IP devices (routers, firewalls, network-enabled printers, etc.)
- Local area network SNMP enabled devices (switches, etc.)
- Gateway VPN tunnels
- Externally hosted web and email servers

- **Virus Protection**

Get comprehensive virus protection for desktops, servers, and e-mail servers without the need for costly software or hardware. We eliminate the trouble of annual maintenance renewals and the risk of expired protection. Virus protection never expires and software is regularly updated while your systems are protected under the Managed Services program.

- **Antivirus Signature Monitoring**

Our Managed Services program makes sure that antivirus software is updated with the most recent virus definitions, helping create a secure environment for your network. While we cannot guarantee complete protection from a virus outbreak (new viruses appear every day), our proactive monitoring is among the best available.

- **Spyware Detection and Removal**

Thanks to a remote filtering service we offer, we can stop most spyware without requiring you to purchase and maintain expensive in-house hardware or software.

- **Remote Access and Support**

Our secure remote support tool enables us to respond more quickly to problems by accessing your network from our office and eliminating the delay of waiting for an engineer to come on site.

- **Guaranteed 1 hour telephone response time during business hours for Technical Problems submitted by telephone from you or your authorized staff members.**

- **UNLIMITED Help Desk Telephone and Remote Support. As Needed On-Site Support**

Our team of knowledgeable, courteous technicians is available to answer basic questions and solve problems quickly over the phone or through remote support. If, after 30 minutes, the Help Desk Technician has not been able to identify a clear path to resolution, or it is determined that an on-site visit is necessary, the support issue will be escalated to a senior Engineer.

- **Server Administration**

Included as part of the Help Desk Telephone and Remote Support service, our technicians will perform a variety of common server administration tasks for no additional fee.

- Create, disable, and maintain user accounts
- Change or reset user account passwords
- Manage security rights and security group membership
- Create and manage directory shares
- On-site Backup tape collection and store at our location

- **Monthly Status Report**

Each month we will provide a comprehensive report of the overall health of your technology, plus any issues and repairs experienced over the previous month. A ticket digest will also be given, which gives information on how many tickets were created and fixed with response times.

- **Quarterly Review and Planning Meeting**

We will use this time to assess your personal comfort level with your current technology, prioritize any outstanding issues, and plan technology needs to support anticipated changes to your business in upcoming months.

- **Local Onsite Support**

If you experience any type of problem that cannot be resolved remotely, our team of technicians will troubleshoot and resolve the issue onsite at **NO ADDITIONAL SERVICE FEE.**

- **24/7 Monitoring and Management**

The Client Site is monitored and managed 24x7 by our Network Operations Center (NOC) Team. If an issue occurs during any backup or with the hardware we are immediately notified and take corrective action. The DEVEERA NOC performs daily tests to verify the integrity of base and incremental images. Should an incremental have a corruption, DEVEERA Engineers copy **the** corrupt image from the offsite Data Center to the Backup Appliance and run the verification again. If this does not solve the problem then immediate corrective action is taken to get the backup to a consistent state.

- **Annual Technology Audit**

Annually, we will perform an extensive analysis of your network's trends and performance, as well as review your company's goals and technology plan. This annual review will allow us to make specific recommendations for improving your network performance, office productivity, and help you to plan and budget for future IT needs.

Other Services

- **DEVEERA Anti-Spam**

We'll restore confidence in email with managed email threat protection. Our Anti-Spam provides protection against spam, viruses, and phishing exploits outside the corporate network.

Schedule C - Plan Details (Not Covered)

Items Not Covered Under DeVeera Care

The following items are excluded from the DEVEERA Support Plan:

Hardware and Software

The cost of any hardware or software will be billed in addition to your service plan, including:

- Hardware and/or software required to troubleshoot and resolve break/fix issues
- Hardware upgrades to covered equipment
- Software upgrades to covered operating systems and business applications
- New hardware, software or other equipment

Installation of New Hardware, Software, and Other Equipment Services required to research, select, and implement new hardware, software, and other equipment will NOT be billed on an hourly basis. Once implemented, the maintenance of new hardware, software, and other equipment will be incorporated into your DeVeera Care plan.

Non-Supported Software and Equipment

DEVEERA cannot effectively manage the performance of your network and individual systems when new software and equipment is installed without our knowledge and participation. Software and equipment not explicitly listed Schedule Do this document will not be covered, unless the software or equipment is pre-approved and installed with the participation of a DEVEERA senior technician.

Problems Caused by Non-Supported Software and Equipment

Resolution of problems caused by non-covered software or equipment will be billed on an hourly basis in addition to your service plan at the rates listed in Schedule B of this document. (more than 5 users).

Network Relocation

Server, workstation and printer moves will be billed on an hourly basis if Client is moving from one location to another location. If hardware is being moved within the same location is included as part of this contract.

In-Depth Software Training

The DEVEERA helpdesk can be extremely effective in answering quick software "how to" and "what to do" questions. In-depth training quotes will be provided on a case-by-case basis.

The following items are excluded from the DeVeera CarePlan:

Hardware and Software

The cost of any hardware or software will be billed in addition to your service plan.

Local Data

Local data may reside on your desktop and laptop machines. If the local machines are not backed up to the server or using our secure desktop package, the data on the local machines will not be backed up.

datto

The Datto Cloud

Uncompromising Security, Constant Availability



Secure Controls

Datto's data centers are compliant with the Service Organization Control (SOC 1 / SSAE 16 and SOC 2) reporting standards. Renowned as the predominant credential for data centers, the criteria for SOC auditing are set forth by the American Institute of Certified Public Accountants. The operational controls and activities of Datto's facilities are audited annually to maintain compliance.

Secure Management

Datto's Cloud Engineering team proactively monitors and maintains the servers of the Datto Cloud. This includes ensuring the health and optimization of hardware, overseeing OS updates, and conducting reactionary fixes for any security exploits either published or discovered. The Datto Engineering team is on-call 24/7 for emergency support.

- **Encryption:** Data in transit from local Datto devices to the Datto Cloud is encrypted using AES 256-bit encryption. Certain Datto products have an optional local encryption feature that enables customers to encrypt backed-up data on their local devices; this enables them to transmit encrypted data to the Datto Cloud, which is stored in the Datto Cloud in an encrypted manner.
- **Data Access:** Datto Cloud Engineering's access to node servers is granted via RSA SSH keys and two-factor authentication.
- **Physical Access:** Physical access is guarded 24/7 by data center security personnel. Dual biometric and RFID badge scans with activity logging are required to access Man Traps and then the data center floor. Any visitors must be pre-registered, signed in by the site security personnel and escorted.
- **Data Residency and Data Centers for Datto Unified Continuity:** Datto devices that are purchased from Datto resellers located in the United States are typically set to backup to colocation facilities located within the USA, and such data remains in the USA unless the customer later changes such setting. Datto customers also can manage the retention settings associated with backups stored both on the Datto devices and in the Datto Cloud, in conformance with the service level purchased by the customer.

Redundant Data Centers

Datto's cloud is composed of many data centers located in different countries. All US customer data is first synchronized to the primary facility in Pennsylvania.

A secondary location in Utah serves as means of replication for up to 90 days of data for the primary data center for Datto Siris and full, not optional, replication for SaaS Protection 2.0 datasets. All primary sites are capable of providing users remote access to protected files and systems in the case of a disaster.

Reliable Infrastructure

The Datto Cloud colocation facility located in the USA provides for various safeguards focused on fault tolerance and security. Some of those safeguards include:

- **Power:** Utility feed, N+1 generators, and 8 dual-module UPS battery systems supply Datto's servers.
- **Networking:** Multiple physical entry points and load balancing across three Internet Service Providers (ISP).
- **Cooling:** Industry-grade passive and active HVAC systems regulate temperature and humidity.
- **Fire Protection:** Waterless FM200 systems use vapor to extinguish fires in 10 seconds while neither conducting electricity nor causing harm to occupants.
- **Certifications:** One or more of SSAE16/ ISAE3402 SOC 1 Type II, SOC 2 Type II, ISO 27001

datto

Corporate Headquarters

Datto, Inc.
101 Merritt 7
Norwalk, CT 06851
United States
partners@datto.com
www.datto.com
888.294.6312

Global Offices

USA: 888.294.6312
Canada: 877.811.0577
EMEA: +44 (0) 118 402 9606
Australia: +61 (02) 9696 8190
Singapore: +65-31586291

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Valid in the United States only.

SIRIS



SIRIS is a reliable, all-in-one BCDR solution purpose-built for MSPs to efficiently prevent data loss and minimize downtime for their customers.

SIRIS is the first fully-featured total data protection platform delivered in a single integrated package. Users can easily protect physical, virtual, and cloud infrastructure running on Windows, Mac, or Linux. SIRIS 4 and 4X appliances deliver record virtualization boot time and performance, resilient backups, and reliable BCDR for MSPs servicing clients of any size, all in a robust, ambient piece of hardware.

- Automated backups as often as every five minutes
- Server images replicated to the Datto Cloud for disaster recovery
- Data restored from any point in time
- Virtualize protected servers locally or in the Datto Cloud

SIRIS can be deployed as a physical or virtual appliance, or as software only.

All deployment options leverage Datto's award-winning core technologies, service, support, and management portal.

SIRIS 4

Hardware (500GB – 100TB)

Get back to business in minutes

Device capacity ranges from 500GB to 100TB, with field upgrades available to provide additional capacity as businesses grow.

SIRIS 4X

All Flash Hardware (1TB – 48TB)

Redefining performance for the BCDR

SIRIS 4X provides the full feature set of the SIRIS platform with the performance of flash for local virtualization of protected servers.

SIRIS 4 and 4X appliances come with:

- Latest generation Intel Xeon and Skylake CPUs to run complex virtualized environments smoothly
- High endurance cache drive with Intel's Optane NVMe SSD for virtualization in as little as 6 seconds
- Error-correcting (ECC) RAM ensuring no data corruption
- World's smallest purpose-built BCDR device in the form of the SIRIS 4X Business

SIRIS Virtual

SIRIS Virtual appliance provides the full feature set of the SIRIS platform for businesses that prefer implementing a virtualized service. SIRIS Virtual supports VMware vSphere and Microsoft Hyper-V and is available in an array of local storage options, ranging from 500GB to 60TB.

In addition, SIRIS is fully integrated with VMware ESX and Hyper-V, enabling Instant Virtualization in VMware instead of the native KVM hypervisor used in SIRIS hardware or imaged appliances.

SIRIS Imaged

SIRIS Imaged is a SIRIS appliance built using a USB imaging tool. It converts a wide array of backup and disaster recovery (BDR) appliances, and other user-provided hardware, into a full feature Datto SIRIS appliance. Simply insert the USB key into available hardware, and SIRIS Imaged will install the entire SIRIS platform.

EXHIBIT 2-A

All-in-One Business Continuity

Built for MSPs to ensure their customer's business is always on and resilient to disasters, SIRIS is an all-in-one solution that includes verified backups, restore options for any scenario, instant virtualization, and ransomware protection. With SIRIS, MSPs don't have to cobble together individual technologies to deliver a complete business continuity offering for their customers. SIRIS is backed by Datto's private cloud so backup, failover, and recovery can be performed locally or in the cloud with no additional configuration. Streamlined business continuity solutions save time, money, and headaches. Every component of the SIRIS stack is built by Datto to seamlessly work together, from the backup agent, to the SIRIS software platform, to the private Datto cloud. One vendor, one stack, one price.

Raising The Bar For Reliability

Reliability issues cost MSPs customers. Extensive restore times from file backups, backup failures and inability to restore data for customers are major pain points. Datto gives MSPs confidence and eliminates those concerns by designing and delivering better backup and restore options that delight customers.

Reliability begins with knowing your backup is always good. Datto eliminates the need to worry if the system will boot or be recoverable by automatically verifying backups will boot with all data intact and no ransomware, giving you 100% confidence in your backups and ability to restore. Partners can keep data in the Datto Cloud indefinitely with Infinite Cloud Retention and perform all restore tasks directly from the Datto Cloud. With backup you can count on and the ability to failover and restore from anywhere, MSPs can rest easy and deliver a higher level of service to their customers.

Get Back To Business Fast

Going beyond simply recovering data, business continuity saves businesses by keeping them online in the face of otherwise devastating issues such as ransomware, malware, natural disasters, network downtime and costly human errors. Datto's breadth of restore tools are fit for any job and designed to get customers back to production faster by taking out the guesswork. Backups are stored so that any snapshot can be used to restore or virtualize. Restore options range from granular restores which can target specific files to full system restores which include instant virtualization to keep your customers online. With the ability to immediately get back up and running from the Datto Cloud, customers even have an edge when local competitors lack the ability to bounce back as quickly.

Built For MSPs

SIRIS is built to save you time without cutting corners by simplifying and automating complex tasks. The product works right out of the box with minimal setup and configuration required. No certifications are required and technicians can easily get up to speed with training available in the same place they manage the products, Datto's Partner Portal. The Partner Portal is a single-pane-of-glass for MSPs to quickly and easily manage all Datto products and services, make purchases, train new employees, manage support tickets, and run marketing campaigns. SIRIS and the Partner Portal also easily integrates with the most common PSA, RMM, and other business tools. That means integration points where you need them most, creating better workflows for efficient management and customer support.

More Than Just A Product

Most vendors don't build an understanding of the day-to-day needs of the MSP into their offerings. Datto's offerings are centered around meeting MSP business needs and powering MSP success. That means going beyond simply offering a product for sale and including training and services that help MSPs set themselves apart from the competition. Datto partners have access to a number of free services including sales content and training, marketing automation, 24/7/365 direct-to-tech support, data seeding, DR testing, and more. With a complete solution designed for MSPs, Datto partners can be more efficient and deliver better services.



SIRIS 4

Protect Anything. Run Anywhere. Restore Anytime.

Business

Model	S-3B500	S-3B1000	S-3B2000	S-3B3000
Capacity	500GB	1TB	2TB	3TB
CPU	Intel Xeon D 1521			
RAM	32 GB			
Array	2 x 500GB (RAID 1)	2 x 1TB (RAID 1)	2 x 2TB (RAID 1)	2 x 4TB (RAID 1)
NICs	2 x 1GbE			
OS Drive	240GB SSD			
Chassis	Desktop			
Output Power	250 W			
Input Voltage	120-240 V			

Professional

Model	S4-P2	S4-P4	S4-P6	S4-P10
Capacity	2TB	4TB	6TB	10TB
CPU	Intel Xeon D2143IT			
RAM	32 GB	48 GB		
Array	2 x 2TB (RAID 1)	2 x 4TB (RAID 1)	2 x 6TB (RAID 1)	2 x 12TB (RAID 1)
NICs	2 x 10GbE			
OS Drive	240GB SSD			
Chassis	1U			
Output Power	560 W			
Input Voltage	120-240V			

Enterprise

Model	S4-E6	S4-E12	S4-E18	S4-E24	S4-E36	S4-E48	S4-E60	S4-E80	S4-E100
Capacity	6TB	12TB	18TB	24TB	36TB	48TB	60TB	80TB	100TB
CPU	2x Intel Xeon Silver 4210		2x Intel Xeon Silver 4214		2x Intel Xeon Silver 4216		2x Intel Xeon Gold 5218	2x Intel Xeon Gold 6240	
RAM	64 GB				96 GB	128 GB	256 GB	512 GB	
Array	4 x 4TB's (RAID 6)	6 x 4TB's (RAID 6)	6 x 6TB's (RAID 6)	6 x 8TB's (RAID 6)	9 x 6TB's (RAID 6)	12 x 6TB's (RAID 6)	8 x 12TB's (RAID 6)	10 x 12TB's (RAID 6)	12 x 12TB's (RAID 6)
NICs	2x 10GbE + 2x 1GbE								
OS Drive	240GB SSD								
Chassis	2U								
Output Power (reference only)	2 x 800 W								
Input Voltage	120-240 V								

SIRIS 4X

Flash Powered Business Continuity.

Business

Model	S4-X1	S4-X2	S3-X4
Capacity	1TB (Flash)	2TB (Flash)	4TB (Flash)
CPU	Intel Core i3-7100U		
RAM	16 GB (DDR4)	32 GB (DDR4)	
RAID	—		
NICs	1 x 1GbE		
OS Drive	—		
Chassis	Mini Desktop		

Professional

	S4-XP4	S4-XP8	S4-XP12
Capacity	4TB (Flash)	8TB (Flash)	12TB (Flash)
CPU	Intel Xeon D2143IT		
RAM	48GB (DDR4)	64GB (DDR4)	
RAID	RAID 5		
NICs	2 x 10GbE		
OS Drive	240GB SSD		
Chassis	1U		

Enterprise

Model	S4-XE18	S4-XE36	S4-XE48
Capacity	18TB (Flash)	36TB (Flash)	48TB (Flash)
CPU	2x Intel Xeon Silver 4214	2x Intel Xeon Silver 5218	2x Intel Xeon Gold 6240
RAM	64GB (DDR4)	128GB (DDR4)	256GB (DDR4)
RAID	RAID 6		
NICs	2x 10GbE + 2x 1GbE		
OS Drive	240GB SSD		
Chassis	2U		



datto

Corporate Headquarters

Datto, Inc.
101 Merritt 7
Norwalk, CT 06851
United States
partners@datto.com
www.datto.com
888.294.6312

Global Offices

USA: 888.294.6312
Canada: 877.811.0577
EMEA: +44 (0) 118 402 9606
Australia: +61 (02) 9696 8190
Singapore: +65-31586291

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Updated May 2019

Technology Proposal for Monterey Peninsula Water Management District



**Provided By:
Aaron Waters
President
8/27/2019**

Company Biography

Introduction

Rayne Technology Solutions has provided information technology solutions to the SMB market on the Central Coast and Bay Area since 2008. We specialize in educating you in the options available to ease your business' concerns in the 21st century. Our professional scope ranges from designing and supporting networks, security and data protection, project management and implementation, and our most valued service of helping organizations achieve optimal performance.

By coordinating and managing all your technical solutions, vendors and proactively managing your network, you will see the benefits of the ability to completely focus on running your organization.



Channel Futures.
MSP 501
2018 WINNER



Rayne Technology Solutions Awards and Certifications

Awards and Certifications

- Winner "Services to Business" – 2018 Business Excellence Awards (Monterey Peninsula Chamber of Commerce)
- 2016-2018 MSP 501 Top Managed Service Providers List
- Microsoft Gold Windows and Devices
- Microsoft Silver Datacenter
- Microsoft Silver Small and Midmarket Cloud Solutions
- Microsoft Silver Authorized Education Partner
- Microsoft Certified Partner (MCSA/MCP)
- Apple Consultants Network Member
- Intel Gold Technology Provider
- Sophos Gold Partner
- Low Voltage C-7 Certified, Licensed and Bonded California Contractor

Affiliations

- 2019 Monterey Peninsula Chamber of Commerce Titanium Leadership Circle
- Non-Profit Alliance of Monterey County
- Monterey Peninsula Chamber of Commerce BOD
- New Monterey Business Association BOD

Gold Windows and Devices
Silver Datacenter
Silver Small and Midmarket Cloud Solutions

Current Facility Concerns & Solution Summary



Overview

The Monterey Peninsula Water Management District (MPWMD) is a new client that will be receiving a complete revamp of their servers and network. Physical inspections and meetings with the staff were used to compile the results of this solution. A physical evaluation was done on the Local Network, connecting PC's, laptops, servers and other networked devices. The network was inspected to determine their existing configurations and current operation status.

Servers

MPWMD currently has 19 production servers. Rayne Technology Solutions will take over management of the 4 physical host machines, NetApp SAN, Promise Vess SAN, and the 19 virtual services hosted on these resources. As needed over the next several months, some servers will either be moved to cloud, replaced by newer versions, or retired because they are no longer needed. Also, work will be done to fully cutover Exchange to Office 365 to increase security and remove dependence on the local instance. Initially, an intense effort will be done to centrally document all servers, their roles, their maintenance needs, and their expected roadmaps. Each virtual server, physical server, and storage appliance will be individually onboarded to our platform to not only deliver the optimal management, but also help build the strategic IT planning that would need to be adopted after the first several months of management.

Workstations

MPWMD's office is currently operating with mostly Windows 10 desktops, but there are some remaining Windows 7/8 machines in the network. During onboarding, Rayne will engineer the strategy needed to upgrade or replace these machines so the District will eventually all be operating on a universal platform using the latest Windows 10. During onboarding, Rayne will individually onboard each user desktop, laptop, and mobile device onto our platform to deliver the most efficient level of support and asset management.

Current Facility Concerns & Solution Summary



Security

Rayne Technology Solutions will continue to configure the newly acquired SonicWall Firewall appliance. We will develop an internet culture with management to set policies that give the highest security and set expected internet use guidelines for all users. By combining desktop protection with gateway protection, you will receive the highest level of security possible, and will be protected from not only external attacks, but against those that start from within the network as well. With both inbound and outbound network protection and a system that enforces your internal policies and compliance with relevant regulations, you will be protected from any intrusions or attacks and will be provided content filtering.

Backup & Disaster Recovery

MPWMD's backup strategy moving forward will be an automated solution. A BDR backup appliance will provide tape-less backups to the servers and offsite backups to a secure data center to protect against total site disasters. The BDR backup solution offers server virtualization, which will eliminate down time due to a total server loss. The BDR will duplicate the downed server on a virtual machine within the BDR unit until it can be physically replaced or restored.

Network Backbone and Power Management

The network and power management at MPWMD will be individually onboarded and managed as is. Rayne will evaluate a long-term strategy for any optimal changes to the power management system (APC) and network management devices.

Telco & Internet

Dial tone is provided by the Maynard Group and internet is provided by local governiNet. Rayne will manage these services and collaborate for the optimal performance.

Cut Over

All new equipment will be configured at Rayne Technology Solutions. This solution will be coordinated between MPWMD and the Rayne Technology Solutions Project team.



A Complete Managed Service Offering

Upon completion of the onboarding and transition scope, Rayne Technology Solutions will configure MPWMD's network and all connected servers, routers, switches, PCs and peripherals to allow us the ability to proactively manage and maintain the network environment. The core components that comprise our proactive managed services package include:



Hassle Free Vendor Management

- Manage Technology Relationships
- Single Point-of-Contact for Vendor Issues

Security Management

- Identity and Access Management
- Content Filtering & Reporting
- Intrusion Prevention
- Spyware, Botnets, and Phishing Protection
- VPN – Secure Access for Remote Users

Backup and Disaster Recovery

- Backups Performed Automatically
- Near Instant Virtualization
- Data is Secure in Multiple Places
- Automatic Nightly Offsite Transfer
- Backup Verification and Reporting
- 24x7 Monitoring for Backup Failure

We become 100% responsible for your technology, its care, and its future

Costs:

Onboarding (One-Time):

Backup Appliance Hardware - \$11,718.46
Onboarding and Transition Services - \$14,250.00
Sales Tax: \$1,025.37

Total: \$26,993.83

Monthly:

Monthly Managed Services - **\$9,636.50**

Professional Services

- Strategic Technology Planning and Guidance
- Technology Consulting & Solution Engineering
- Quarterly Technology Business Review
- Annual Telco Services Audit
- Proof of Concept Lab Testing
- Training Facilities and Rental Equipment

All Bases Covered

- Remote Assistance
- Onsite Services as Needed
- Replacement Parts
- Help Desk available when you need
- iPhone, Smartphone & Tablet Support

Taking Initiative with Your Network

- Cloud Services Optimization
- Patch and AV Updates
- Proactive Network Management
- Critical Monitoring 24x7x365

Summary of Support & Requirements



Support

Rayne Technology Solutions' technical support team answers service calls directly from Monday through Friday, 8:00AM to 6:00PM, and managed services clients have access to our afterhours emergency support at any time. Our help desk is staffed with experienced technicians ready to address support calls whenever you need. Our managed service agreement clients also benefit from remote support, whereby our technicians utilize remote access tools to connect to your office systems, allowing the ability to diagnose hardware and software failures via dedicated Internet connections. All our service agreement clients receive priority service.

Requirements

Rayne Technology Solutions will require all schematics, drawings, configuration data and easy access to all facility locations. All work possible will be performed during regular business hours. We will try to minimize disruption while performing server migration.

All business who partner with us must become and stay compliant with our optimal business infrastructure standards for all network devices, computers, servers, and cloud services. This guarantees the highest level of business operation, security, and data protection.

Exclusions

This proposal does not include replacement of or parts required for repairs on printers, screens or peripherals, (PDAs, point of sale scanners, digital cameras, smart phones, or any other specialized accessory), unless this equipment was originally provided under this agreement or a pre-existing agreement. All labor required for installation and/or repair of the above devices is covered under this agreement. Onboarding additional infrastructure (equipment, services, and applications) not provided in this project is not covered and will be quoted and invoiced separately. Consumables such as printer maintenance kits, toner, ink, batteries, paper, etc. are not included or covered under this service agreement and will be invoiced separately.

EXHIBIT 2-A

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STATEMENT OF WORK

RTS MasterCare™ Optimal Managed Services v5.8

This Statement of Work (“SOW”) is governed under the Master Service Agreement (the “Agreement”) between **Rayne Technology Solutions, Inc.** (“Rayne”), and the client whose name and authorized signatory appear in the signature block of this SOW (“Client”), below. Capitalized terms in this SOW will have the same meaning as those in the Agreement, unless otherwise indicated below.

Scope of Services

The following services (collectively, “Services”) will be provided to Client:

DESCRIPTION	FREQUENCY
GENERAL	
Hardware and Software Changes Documented	As needed
Technology Business Reviews	Quarterly
SERVERS	
Manage Servers	Ongoing
Check Print Queues	As needed
Server Monitoring and Crucial Services Alerting	Ongoing
Monitor Event Log for potential issues	Ongoing
Monitor Hard Drive free space on Server(s)	Ongoing
Monitor Server Resources	Ongoing
Monitor Active Directory replication	Ongoing
Exchange Server Management	As needed
Manage Group Policy	As needed
Reboot Servers if needed	As needed
After Hours Server Maintenance	As needed
Management of Network Users, Email Accounts & Security/Email Distribution Groups	As needed
Perform Microsoft Updates as per company policy	Ongoing
Install Approved Line of Business Application Updates	As needed
Alert Client to any serious server conditions	As needed
DISASTER RECOVERY	
Monitor Backup Status	Daily
Monitor Nightly Weekly Virtualizations	Daily
Manage Automated Offsite Backups (30 Day Retention)	Daily
Perform Same Day Disaster Virtualization	As needed
File Server Backup and Retention	Continuous

EXHIBIT 2-A

DEVICES

Manage Desktops	Ongoing
Manage Other Networked Devices	As needed
Manage Smartphones	As needed

NETWORKS

Performance Monitoring/Capacity Planning	As needed
Monitor Network Switches and Internet Connectivity	As needed

SECURITY

Check Firewall Logs	As needed
Manage Security Services on the Firewall	As needed
Manage Client Provided Content Filtering Policy	As needed
Manage Email Spam/Virus Filtering Solution	As needed
Manage Client Provided VPN Policy	As needed
Monitor Anti-Virus Agent	Ongoing
Manage Client Provided File Security Policy	As needed
Set up new users including login restrictions, passwords, security, applications	As needed
Set up and change security for users and applications	As needed
Monitor for unusual activity among users	As needed

PROFESSIONAL SERVICES

24x7 Emergency Help Desk Phone Support	As needed
Remote Screen Sharing Desktop Assistance	As needed
Onsite Field Support	As needed
Technology Solution Consulting & Engineering	As needed
Proof of Concept Lab Testing	As needed
Annual Energy* & Telco Audit	Annually
Strategic Business Planning and Budgeting	Annually
Technology Alignment Calls and Account Management Reviews	Monthly

Locations Covered by Services

The Services will be provided at: 5 Harris Court, Building G, Monterey, CA 93940; Any location with Client equipment.

EXHIBIT 2-A

Managed Infrastructure

The Services will be applied to the following assets, hardware, and infrastructure used by Client

NOTE: Additions to the infrastructure will be billed separately for onboarding

Physical Servers/Hosts; Backup and Disaster Recovery (BDR) Servers	5	Firewalls and REDs	4
Virtual Servers (Cloud and On-Premises)	19	Managed Switches	2
Office 365 or G Suite Tenant Accounts	1	Wireless Access Points (APs)	5
Workstations; Desktops	27	Internet-of-Things (IoT) Devices	5
Laptops; Notebooks	3	Supported Web Applications; Software-as-a-Service (SaaS) Applications	3
Remote Access Devices	3	Internet Service Providers (ISP); WAN Providers	2
Network Printers; Copiers; Scanners	4	Domain Name Registrars; DNS; Webhosting Providers	1
Camera Systems; NVRs	1	Managed Backup Battery Units (1000VA+)	2
Supported Business Applications (Hosted on Client's Infrastructure)	6	Network Management Appliance	0

Term; Termination

The Services will commence, and billing will begin, on the date on which the Services are implemented and operational, which will be 9/1/2019 ("Commencement Date").

The Services will continue for a term of one (1) month from the Commencement Date. After the expiration of the initial term, this SOW shall continue on a month-to-month basis, cancelable by either party for any reason upon the provision of one (1) month prior written notice.

Assumptions / Minimum Requirements / Exclusions

The scheduling, fees and provision of the Services are based upon the following assumptions and minimum requirements:

- All servers with Microsoft Windows operating systems must be running Windows Server 2012 R2 and have all the latest Microsoft service packs and critical updates installed.
- All desktop PC's and notebooks/laptops with Microsoft Windows operating systems must be running Windows 10 Professional and have Microsoft service packs and critical updates installed.
- All PC or Mac desktops, laptops, tablets, and servers must be under 5 years of age.
- All server and desktop software must be genuine, licensed, and vendor supported.

EXHIBIT 2-A

- The environment must have a currently licensed, Rayne-supported server-based backup solution that can be monitored and send notifications on job failures and successes.
- All wireless data traffic in the environment must be securely encrypted.
- **After initial onboarding, all new equipment, whether purchased from Rayne or not, must be approved for integration into the infrastructure and coverage under this SOW. Unapproved equipment will incur extra charges for support and standardization.**

Exclusions. The following services are expressly excluded under this SOW, and if required to be performed, will be billed to Client at Rayne’s normal hourly rates or bid as a separate project:

- Customization of third-party applications, or programming of any kind.
- Onboarding and implementation of new software, applications, or integration systems
- Support for operating systems, applications, or hardware no longer supported by the manufacturer.
- Support or repairs for computers systems (desktops, laptops, tablets, servers) older than 5 years.
- Onboarding of additional equipment (printers, tablets, desktops, laptops, phone equipment, networking devices, etc. not already covered) into Client’s environment.
- Data/voice wiring or cabling services of any kind.
- Core Systems equipment installation (on-premises or cloud servers, network infrastructure, permanent satellite/office locations, mounting racks).
- Core Systems equipment relocation (servers, network infrastructure, office locations, mounting racks, MPOEs).
- Cloud/Datacenter migrations.
- The cost to bring the System up to the Minimum Requirements (unless otherwise noted in “Scope of Services” above).
- Hardware repair for Apple® products no longer under AppleCare®, however, we will manage the process with a licensed repair center.

Authorized Contact(s)

In addition to the signatories to this SOW, the following person(s) shall be an Authorized Contact for Client:

• Name: _____

Contact Information: _____

• Name: _____

Contact Information: _____

EXHIBIT 2-A

Service Levels

The Services will be provided on a 24x7x365 basis. Rayne will respond to problems, errors or interruptions in the provision of the Services in the timeframe(s) described below. Severity levels will be determined by Rayne in its reasonable discretion.

Trouble / Severity	Managed Service Plan*	A La Carte / Services not Covered by a Plan
Critical problem: Service not available (all users and functions unavailable)	Remediation efforts will begin within one (1) hours after notification.	Best efforts.
Significant degradation of service (large number of users or business critical functions affected)	Remediation efforts will begin within four (4) business hours after notification.	Best efforts.
Limited degradation of service (limited number of users or functions affected, business process can continue).	Remediation efforts will begin within eight (8) business hours after notification.	Best efforts.
Small service degradation or routine change requests (business process can continue, one user affected).	Remediation efforts will begin within two (2) business days after notification.	Best efforts.

* All time frames are calculated as of the time that Rayne is notified of the applicable issue / problem by Client through Rayne's designated desktop software agent, email (support@raynetech.com), or by telephone at 831-649-5050. Notifications received in any manner other than described herein may result in a delay in the provision of remediation efforts.

EXHIBIT 2-A

Fees

The fees for the Services will be invoiced monthly to Client as follows:

Item Description	Current Units	Each	Extended Amount
Managed Services			
RTS MasterCare™ Optimal Managed Services (Per User)	27	\$125.00	\$3,375.00
Managed Infrastructure (Servers, Firewalls, Network Equipment, Software, Cloud)	1	\$2,790.00	\$2,790.00
Managed Backup and Disaster Recovery Services (Per Server) (Discounted from \$125.00)	13	\$95.00	\$1,235.00
Onboarding and Professional Services (\$14,247 paid over 9 months)	1	\$1,583.00	\$1,583.00
Product and Licensing Subscriptions			
Microsoft Office – N/A	--	--	--
Management Licensing (Office 365) – N/A	--	--	--
Sophos Central Intercept X Advanced (Anti-Malware Software)	27	\$6.50	\$175.50
Sophos Central Intercept X Advanced for Server	13	\$12.00	\$156.00
Rayne Email Protection and Filtering – N/A	--	--	--
Backup/Archiving for Office 365 email, storage, and team sites	27	\$4.00	\$108.00
Advanced Phishing Threat Protection and Cybersecurity Awareness Training	27	\$5.00	\$135.00

Total Fees

Services	\$8,983.00
Licensing	\$574.50
TOTAL	\$9,557.50

Additional Terms

Additional terms, if any, are attached as Schedule A to this SOW.

RAYNE TECHNOLOGY SOLUTIONS, INC.	Client: Monterey Peninsula Water Management District
Date:	Date:
Signature:	Signature:
Print Name:	Print Name:
Position:	Position:

SCHEDULE A

Additional Provisions

Onboarding and Implementation

Every asset (digital and physical) that is a part of a Client's infrastructure is managed, supported, protected, and tracked. This allows Rayne to provide the optimal level of comprehensive IT service and consulting. After initial onboarding, each asset that is acquired and needs to be integrated, installed, or in some way deployed into the Client's organization, must undergo the necessary process that onboards the asset into the infrastructure for the organization to use. Rayne then documents and brings the asset on to ongoing management and support, taking all necessary measures to protect the asset, the users, and the organization. Each time a new asset is onboarded, there will be a fixed fee onboarding cost quoted and collected whether the asset is procured through Rayne or some other source. Once the asset is onboarded, the management pricing may change, and any licensing costs will be added to the monthly fee. The new asset is now fully covered and all Services in this SOW's "Scope of Services" now apply to that asset.

Hosted Exchange / Email

Client is solely responsible for the security, confidentiality and integrity of all email, and the content of all email, received, transmitted or stored through the hosted email service ("Hosted Email").

Client shall not upload, post, transmit or distribute (or permit any of its authorized users of the Hosted Email to upload, post, transmit or distribute) any prohibited content, which is generally content that (i) is obscene, illegal, or intended to advocate or induce the violation of any law, rule or regulation, or (ii) violates the intellectual property rights or privacy rights of any third party, or (iii) mischaracterizes you, and/or is intended to create a false identity or to otherwise attempt to mislead any person as to the identity or origin of any communication, or (iv) interferes or disrupts the services provided by Rayne or the services of any third party, or (v) contains Viruses, trojan horses or any other malicious code or programs.

In addition, Client shall not use the Hosted Email for the purpose of sending unsolicited commercial electronic messages ("SPAM") in violation of any federal or state law.

Rayne reserves the right, but not the obligation, to suspend Client's access to the Hosted Email and/or all transactions occurring under Client's Hosted Email account if Rayne believes, in its discretion, that Client's email account is being used in an improper or illegal manner.

SPAM / Junk Mail Filtering

Rayne's service provides email scanning for incoming unsolicited commercial email. Using proprietary algorithms and other technologies, the service scans incoming email for designated keywords, attachments and known blacklisted sites, and filters the email accordingly. From time to time the service may filter email that is not SPAM or junk mail or may block email from legitimate sources. Client is advised to periodically search the filtered Digest Report to ensure that relevant emails are not being filtered improperly and will notify Rayne if the SPAM filter settings require adjustment.

EXHIBIT 2-A

Patch Management

Rayne shall keep all managed equipment and software current with critical patches and updates ("Patches") as such Patches are released generally by the manufacturers of the applicable hardware or software. Patches and updates are developed by third party vendors and, on rare occasions, may make the System, or portions of the System, unstable, or cause the managed equipment or software to fail to operate properly even when the Patches are installed correctly. Rayne shall not be responsible for any downtime or losses arising from or related to the installation or use of any Patch, provided that the Patch was installed in accordance with manufacturer's instructions. Rayne reserves the right, but not the obligation, to refrain from installing a Patch if Rayne is aware of technical problems caused by a Patch, or believes that a Patch may render the System, or any portion of the System, unstable.

Backup (BDR) Services

Rayne's backup and disaster recovery ("BDR") solution uses industry-recognized products and software to help ensure the security and integrity of Client's data. However, Client understands and agrees that all data transmitted over the Internet may be subject to malware and computer contaminants such as viruses, worms and trojan horses, as well as attempts by unauthorized users, such as hackers, to access or damage Client's data. Neither Rayne nor its designated affiliates will be responsible for the outcome or results of such activities. Data recovery time will depend on the speed and reliability of Client's Internet connection.

BDR services require a reliable, always-connected Internet solution. Internet and telecommunications outages will prevent the BDR services from operating correctly. In addition, all computer hardware is prone to failure due to equipment malfunction, telecommunication-related issues, etc., for which Rayne shall be held harmless. Client is strongly advised to use data verification functionality (if available) to ensure the integrity of Client's stored data.

Due to technology limitations, all computer hardware, including communications equipment, network servers and related equipment, has an error transaction rate that can be minimized, but not eliminated. As such, Client understands and agrees that any data sent to or stored by Rayne may become corrupted or lost due to communication or hardware-related failures. Rayne cannot and does not warrant that such data corruption or loss will be avoided, and Client agrees that Rayne shall be held harmless if such data corruption or loss occurs.

Procurement

Equipment and software procured by Rayne on Client's behalf ("Procured Equipment") may be covered by one or more manufacturer warranties, which will be passed through to Client to the greatest extent possible. By procuring equipment or software for Client, Rayne does not make any warranties or representations regarding the quality, integrity or usefulness of the Procured Equipment. Certain equipment or software, once purchased, may be not be returnable or, in certain cases, may be subject to third party return policies and/or re-stocking fees, all of which shall be Client's responsibility in the event that a return of the Procured Equipment is requested.

Rayne is not a warranty service or repair center. Rayne will facilitate the return or warranty repair of Procured Equipment; however, Client understands and agrees that the return or warranty repair of Procured Equipment is governed by the terms of the warranties (if any) governing the applicable Procured Equipment, for which Rayne shall be held harmless.

EXHIBIT 2-A

Technology Business Review; IT Strategic Planning

Suggestions and advice rendered to Client are provided in accordance with relevant industry practices, based on Client's specific needs. By suggesting a service or solution, Rayne is not endorsing any manufacturer or service provider. Rayne is not a warranty service or repair center and does not warrant or guarantee the performance of any third-party service or solution.

Virtual CTO or CIO Services

The advice and suggestions provided by the VCIO will be for Client's informational and/or educational purposes only. The VCIO will not hold an actual director or officer position with Client, and the VCIO will neither hold nor maintain any fiduciary relationship or position with Client. Under no circumstances shall Client list or place the VCIO on Client's corporate records or accounts. At all times the VCIO will be an independent contractor of Client.

Sample Policies, Procedures.

From time to time, Rayne may provide Client with sample (*i.e.*, template) policies and procedures for use in connection with Client's business ("Sample Policies"). The Sample Policies are for Client's informational use only, and do not constitute or comprise legal or professional advice. The Sample Policies are not intended to be a substitute for the advice of competent counsel. Client should seek the advice of competent legal counsel prior to using the Sample Policies, in part or in whole, in any transaction. Rayne does not warrant or guaranty that the Sample Policies are complete, accurate, or suitable for Client's specific needs, or that Client will reduce or avoid liability by utilizing the Sample Policies in its business operations.

IaaS (Infrastructure-as-a-Service)

Client shall use all Rayne-hosted equipment and hardware (collectively, "Infrastructure") for Client's internal business purposes only. Client shall not sublease, sublicense, rent or otherwise make the Infrastructure available to any third party without Rayne's prior written consent. Client agrees to refrain from using the Infrastructure in a manner that unreasonably or materially interferes with Rayne's other hosted equipment or hardware, or in a manner that disrupts, or which is likely to disrupt the services that Rayne provides to its other clientele. Notwithstanding any provision to the contrary, Rayne reserves the right to throttle or suspend Client's access and/or use of the Infrastructure if Rayne believes, in its sole but reasonable judgment, that Client's use of the Infrastructure is violating, or is likely to violate, the foregoing terms or any other provision on the Agreement.

Data Replication

If Client purchases any services that involve data replication at a geographically diverse site, then the following applies to Client's use of that service: The rate by which the data at the primary site can be transferred to the secondary site will vary depending on the amount and type of data, constraints inherent in Client Hosted System, and fluctuations in bandwidth availability. Therefore, at any given time, the secondary site may not be completely up to date. In the event of a failover to the secondary site, the data that has not yet completed the transfer from the primary site will be lost. Rayne may provide Client with some guidelines on latency times based on its understanding of Client's data and system constraints, but these guidelines are not guarantees.

EXHIBIT 2-A

Unsupported Configuration Elements Or Services

If Client requests a configuration element (hardware or software) or hosting service in a manner that is not customary at Rayne, or that is in "end of life" or "end of support" status, Rayne may designate the element or service as "unsupported," "non-standard," "best efforts," "reasonable endeavor," "one-off," "EOL," "end of support," or with like term in the service description (an "Unsupported Service"). Rayne makes no representation or warranty whatsoever regarding any Unsupported Service, and Client agrees that Rayne will not be liable to Client for any loss or damage arising from the provision of an Unsupported Service. Deployment and service level guaranties shall not apply to any Unsupported Service.

Hosting Services

Client agrees that it is responsible for the actions and behaviors of its users of the Services. In addition, Client agrees that neither it, nor any of its employees or designated representatives, will use the Services in a manner that violates the laws, regulations, ordinances or other such requirements of any jurisdiction. Client warrants and represents that all hosted applications will be properly licensed, and that all such licenses shall be maintained by Client throughout the entire term of this SOW.

In addition, Client agrees that neither it, nor any of its employees or designated representatives, will: transmit any unsolicited commercial or bulk email, will not engage in any activity known or considered to be "spamming" and carry out any "denial of service" attacks on any other website or Internet service; infringe on any copyright, trademark, patent, trade secret, or other proprietary rights of any third party; collect, attempt to collect, publicize, or otherwise disclose personally identifiable information of any person or entity without their express consent (which may be through the person or entity's registration and/or subscription to Client's services, in which case Client must provide a privacy policy which discloses any and all uses of information that you collect) or as otherwise required by law; or, undertake any action which is harmful or potentially harmful to Rayne or its infrastructure.

Client is solely responsible for ensuring that its login information is utilized only by Client and Client's authorized users and agents. Client's responsibility includes ensuring the secrecy and strength of user identifications and passwords. Rayne shall have no liability resulting from the unauthorized use of Client's login information. If login information is lost, stolen, or used by unauthorized parties or if Client believes that any hosted applications or hosted data has been accessed by unauthorized parties, it is Client's responsibility to notify Rayne immediately to request the login information be reset or unauthorized access otherwise be prevented. Rayne will use commercially reasonable efforts to implement such requests as soon as practicable after receipt of notice.

SPLA Licensing

As part of the Services, Rayne will acquire certain licenses from Microsoft under a services provider license agreement ("SPLA"). The SPLA incorporates the terms and conditions of another Microsoft document, called the Service Provider Use Rights (or "SPUR"). Rayne's licensing of Microsoft software, and Client's use of such software, must always comply with the terms of the SPLA and SPUR. If Microsoft modifies the terms of the SPLA or the SPUR, Rayne may be required, and will be permitted without prior notice to you, to modify the Services to comply with the modified terms of the SPLA or SPUR, as applicable.



Award Winning California IT Services

Alvarez Technology Group
Monterey Peninsula Water Management District
iTeam Complete Managed Services Proposal and Agreement

Presented by:
Elliott Frutkin
(831) 753-7677 x 1021
efrutkin@alvareztg.com



EXHIBIT A Complete Services



Client Name: Monterey Peninsula Water Management District

Executive Summary The Alvarez Technology Group (ATG) iTeam™ Service Agreement provides a client with support for their information technology (IT) environment. The Complete program is designed for routine, maintenance support for all users and systems on the Client's network. It includes unlimited remote and onsite work.

ATG will assign a dedicated team of professionals led by the technical account manager (TAM) to manage the Client's technology environment and user needs. ATG will install and maintain monitoring and management tools and configure all the covered devices to be monitored 7x24x365. (See *Onboarding* below.) The tools will alert ATG to any significant problems that arise which will be responded to during normal working hours of the ATG Operations Center (OpsCenter), 6 AM to 6 PM, Monday thru Friday, excluding published holidays. Issues that are identified outside of this time frame will be addressed during the next business day, although Client may request help after normal business hours as noted below.

All service work will be done by the technicians working from the OpsCenter. In addition to responding to alerts, the OpsCenter helpdesk is available to all Client end-users, who may contact the helpdesk for assistance and to ask questions. If the technician determines that the assistance requested is not covered by the agreement, Client will be asked to approve any billable work in advance of the work being performed.

Covered Services

Strategy and Management

Technical Account Manager	Client will be assigned a dedicated Technical Account Manager (TAM) who will be the Client's champion within ATG. The TAM will meet regularly with Client, help identify IT needs, provide proposals and quotes for upgrades and new systems and also serve as the primary point of contact within ATG.
Annual IT Evaluation	After the contract is in effect, once a year on the anniversary of the contract or on a mutually agreeable date, the TAM and designated consultants will review Client's IT environment and create a detailed annual report on the state of existing technology deployments and recommend future enhancements.
Custom Client Portal	Client will have access to an online portal customized to allow access to real-time information on the health of the IT environment as well as important metrics, service information and to check the status of ongoing service tickets
After-hours Hotline	Client will have access to support after normal business hours for an additional fee by contacting the 24x7 ATG Hotline. Client will be charged at a rate of \$200 an hour for all services rendered after hours, with a one-hour minimum.

CyberProtect™ Basic

Endpoint Protection	ATG will install industry-leading, start-of-the-art endpoint software on all Windows and Macintosh workstations and servers to protect against malware, including viruses, Trojans and spyware. Mobile device protection is also available for an additional fee.
CyberProtect™	Cloud-based network security to prevent access to known malware sites, minimize the likelihood of Ransomware attacks and otherwise protect all devices on the network from vulnerabilities like botnets and phishing using a DNS-based firewall powered by Cisco technologies.
iSafe™ Prime	Cloud-based email protection that eliminates spam, malware attachments and embedded viruses before those emails get into your inbox.
Patch Management	The OpsCenter will manage the installation of required operating system patches on all systems, ensuring vital security updates and performance-enhancing upgrades are installed as they are made available.
Security Management	ATG will manage the security systems client has in place to protect the network, from the firewall to end-points, including ensuring that the malware protection software installed on PCs and servers is updated in timely fashion. Recommendations for improvements will be made by the ATG Global Cyber Security Team (GCST).
Disaster Prevention and Limited Disaster Recovery	ATG will use industry best practices to create a disaster prevention and recovery plan and policies to ensure optimal performance of the server or servers. In case of a disaster such as disk failure or virus outbreak, ATG will provide disaster recovery assistance limited to a total of eight hours during any single incident, including remote and onsite support. Additional onsite or remote services will be subject to billing at the reduced billing rates.
RapidRecoverySM Business Continuity Server Backup	A business continuity and disaster recovery solution is deployed at the client site to allow image-based backups of each Windows server so that in case of a catastrophic hardware failure that incapacitates the server for any length of time, we can temporarily get the server up and running in hours instead of days. Client can also choose to add offsite backup to provide additional protection of data in case of a catastrophic loss of a facility or to abide by regulatory requirements.

Support for Users and Infrastructure

OpsCenter Help Desk	All of Client's employees and users may contact the technicians and engineers at the Help Desk at the OpsCenter either by phone or email to request assistance. Unlimited remote assistance will be rendered, including using remote access to tools to try to resolve any issues being experienced by the users. If it is determined that the issue cannot be resolved remotely an engineer will be dispatched onsite.
Dedicated Field Service Team	Client will be assigned a dedicated team of field service technicians and engineers familiar with Client's IT environment and who will be responsible for all onsite work done for Client.



<i>IT Systems Monitoring and Management</i>	The OpsCenter technicians will monitor the health and welfare of all of the devices on the network, configuring them to send alerts to the OpsCenter in case of significant problems. OpsCenter technicians will monitor these alerts and respond as necessary to ensure the Client enjoys maximum uptime, resolving the issues remotely, if possible. If onsite service is required, a member of the Field Service Team will be dispatched.
<i>User Management</i>	Includes adding or deleting users, managing user access to server resources and monitoring user data on the servers.
<i>Email Management</i>	The OpsCenter will monitor the health of email systems hosted on premise or hosted at a cloud-based datacenter, as well as adding or deleting users, managing organization-wide email lists and user quotas.
<i>Backup Monitoring</i>	The OpsCenter will ensure that the backup system works as intended. If problems arise, they will be resolved remotely. If onsite service is required a field engineer will be dispatched.
<i>Routine Maintenance</i>	Manage routine maintenance for all systems, such as deleting temporary files, defragmentation and managing file locations is included.
<i>Application Management</i>	Any applications installed on servers and workstations will be managed remotely by the OpsCenter. (Does not include resolving application specific problems). Client is required to have a separate support contract with the application vendor for such support.)
<i>Reduced Onsite Rates</i>	Remote and onsite services not covered by this contract will be billed at the reduced hourly rate of \$150 during normal business hours and \$200 outside of normal business hours.

Onboarding

In order to properly manage a client's IT infrastructure, steps must be taken to ensure that the network is stable and capable of being remotely managed during the initial 30 to 60 days of the agreement, a period called Onboarding.

The Onboarding process consists of an evaluation of the current state of the network systems, primarily focusing on the servers. The evaluation includes:

- Confirming the health of the server platform, including hardware and operating system.
- Ensuring the servers are patched up to the latest security and performance updates.
- Confirming that the backup system is operating as intended and that the backup system is adequate to the task.
- Confirming that the client's software is legitimately licensed.
- Document the client's network, including creating or updating a network diagram.
- Collect information on client's work environment, including users, phone numbers and other locations.
- Ensure that all CyberProtect™ software and services are installed and configured properly.
- Install and configure remote monitoring and management tools.

During the Onboarding, our engineers may identify simple, minor problems that can be corrected on the spot and will do so. However, any significant problems or issues will be brought to the attention of the client along with a proposal to remedy the problems on a time and materials basis, outside of the contract. If any of these problems are deemed to be serious enough to impact the management of the network, remediation must be accomplished prior to the contract going into effect.

Response Times and Service Level Agreement

ATG wishes to keep Client's IT Infrastructure in peak performance, therefore, we will strive to achieve the following service level agreement (SLA) targets at least 90% of the time:

- a. Low Priority Ticket: Respond within 4 business hours; Resolve within 3 business days
- b. Medium Priority Ticket: Respond within 2 hours; Resolve within 24 business hours
- c. High Priority Ticket: Respond within 1 hour; Resolve the problem within 8 hours

Note: These resolution times assume that replacement equipment is either on hand at Client's site or can be ordered and received such that labor can be performed to meet the SLA.

Exclusions

Client understands and agrees that services required to recover from failures and/or incidents caused by any of the following circumstances are not considered normal maintenance and not covered under this Agreement:

- a. Natural Disasters. This includes floods, storm damage, lightning strikes, earthquakes and other such acts of nature.
- b. Accidental or Intentional Acts. Inadvertent or intentional acts by Client, their employees or third-party contractors that cause damage to the network.
- c. Electrical Problems. Damage to the network as a result of power-related issues, such as spikes, surges and explosions, which reasonable protective measures, such as surge protectors and uninterrupted power supplies, fail to protect against. Note: Typically, the local power company reimburses all expenses related to these problems.

Fee Schedule

The initial monthly fee for the agreement is calculated based on a number of factors, including the number and kind of users, the number of devices in the environment, including servers and workstations, the state of the technology being supported as well as the number of locations for which Client requires support. To simplify potential future changes to the monthly fee, such changes will be based on the increase or decrease of the number of users being supported and their type as defined below, subject to Complete agreement minimum monthly fee of \$1,500.

Power User (\$195/month): Executive and/or senior manager who requires support of multiple devices, including smartphone, tablets, office PC and home PC.

Standard User (\$140/month): Office worker that requires support only in the office environment and typically uses only one system.

Total Recurring Monthly Fee \$ 11,301

CLIENT:

Alvarez Technology Group, Inc.

Signature: _____

Signature: _____

Name: _____

Name: _____

Date: _____

Date: _____



EXHIBIT B to SERVICE AGREEMENT Addendum



The changes noted below supersede, enhance or otherwise describe situations or services not included in the Service Agreement and/or Exhibit A.

Monterey Peninsula Water Management District

iTeam Complete Managed Services

Location(s) 5 Harris Court, Bldg G
Monterey, CA 93940

Equipment

Workstations: 28
Physical Servers: 6
Virtual Servers: 22
Firewalls: 2

Initial User Counts

Power Users: 2
Standard Users: 26

iSafe CyberProtect

E-mail spam, malware & content filtering: 28 users

RapidRecovery Business Continuity Server Backup

It is the opinion of ATG, that the current backup system at MPWMD is insufficient for reasonable disaster recovery and business continuity. Upon engagement, ATG will undertake a more detailed evaluation of the current system and provide recommendations.

Other Considerations

ATG will provide further discovery and recommendations with regards to reducing the number of servers being hosted on-site.

Start Date: Onboarding and transition from current in-house IT will begin upon execution of this agreement and support services will begin September 1, 2019.

CLIENT:

Alvarez Technology Group, Inc.

Signature: _____

Signature: _____

Name: _____

Name: _____

Date: _____

Date: _____



SERVICE AGREEMENT



This Service Agreement ("Agreement") is entered into by and between Alvarez Technology Group, Inc. ("ATG") and **Monterey Peninsula Water Management District** ("Client"), on _____ ("Effective Date").

SERVICES

ATG shall provide Client with those services described in **Exhibit A** and **Exhibit B** (optional), which is attached hereto and incorporated as part of this Agreement. ATG's fees for said services are also identified in **Exhibit A**.

TERM

This Agreement shall be in effect and commence on the Effective Date and continue through June 30, 2020 and will renew on a month-to-month basis thereafter.

PROJECTS

Client may occasionally require services outside the scope of the services described herein. Those additional services will be called "Projects" and ATG will provide a detailed scope of work and labor quote, using discounted rates. If Client chooses to have the work done outside of normal onsite business hours discounted rates will increase. Client will sign off on the quote before any work is performed and understands that a separate invoice(s) will be generated for the Project work. Examples of such Projects include PC and server replacements, the installation of a new accounting software package, adding new network devices, the setting up of a new office and consulting. The parties acknowledge and agree that the provisions of this Agreement shall apply to any and all Projects.

TIME AND MATERIALS WORK

Client may purchase third party products and ask ATG to install and configure those products. Because ATG did not provide the product it may not be able to provide a detailed labor quote and such work will be done on a time and materials basis without a scope of work, unless both parties agree otherwise.

CLIENT COOPERATION

Client shall provide reasonable access to its premises and hardware installations to enable ATG the opportunity to maintain the IT Infrastructure. In addition, Client agrees to maintain all support agreements for critical software packages, to include at a minimum virus scanning, anti-spam protection and proprietary software applications as identified by ATG during the Optimization phase of the contract. Client also agrees to assign one employee to be a Liaison or contact person to ATG in order to make communications between both parties effective.

Liaison: Suresh Prasad

Phone: (831) 658-5614

CONFIDENTIALITY

- A. ATG agrees to keep in confidence and not disclose to others the internal structure of Client or its' marketing strategies and the content and nature of any files on Client's network.
- B. ATG agrees that it will not access the content of, nor reproduce, any files stored on Client's network except with prior written authorization of Client, and then only as reasonably necessary to provide service to Client pursuant to this agreement.

- C. Client agrees to limit access to the IT Infrastructure to only those employees or consultants who require such access in order to use the Infrastructure in furtherance of the Client's business.
- D. Client shall take all reasonable precautions to maintain the confidentiality of the IT Infrastructure, but not less than what would be employed to protect its' own proprietary information.
- E. ATG conducts annual third-party audits to ensure its business processes and practices are in line with industry best practices. The Unified Communications Standard (UCS) audit results are available upon request.

EXCEPTION TO CONFIDENTIALITY CLAUSE

Consistent with federal and state laws, ATG will report to Client and law enforcement any suspected incidences of child abuse, including child pornography, that is discovered through our performance of services under this agreement. Client agrees to indemnify, defend and hold harmless ATG and its affiliates, officers, directors, employees, agents, successors and assigns, from and against all claims, demands, liabilities, damages and costs, including, without limitation, reasonable attorney's fees, arising from or relating to any report(s) made by ATG of any suspected incidents of child abuse, including child pornography, or any other potential violation of law of Client policies, to law enforcement of Client.

WARRANTIES AND DISCLAIMERS

THE PARTIES ACKNOWLEDGE AND AGREE THAT ATG MAKES NO WARRANTIES OF ANY KIND, EXPRESSED OR IMPLIED, REGARDING THE FUNCTIONALITY OF HARDWARE OR SOFTWARE, AND ALL IMPLIED WARRANTIES INCLUDING ANY WARRANTY OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE ARE HEREBY DISCLAIMED. INSTEAD CLIENT SHALL RELY SOLELY ON THE WARRANTIES PROVIDED BY THE MANUFACTURER OF EACH PRODUCT.

LIMITATION OF LIABILITY AND REMEDIES

CLIENT ACKNOWLEDGES AND AGREES THAT UNDER NO CIRCUMSTANCES SHALL ATG BE LIABLE FOR SPECIAL, INCIDENTAL, OR CONSEQUENTIAL DAMAGES, INCLUDING, BUT NOT LIMITED TO, LOSS OF ANTICIPATED PROFITS OR LOSS RESULTING FROM CLIENT'S BUSINESS DISRUPTION DUE TO FAULTY EQUIPMENT, EVEN IF ATG HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. CLIENT AGREES THAT ITS RIGHT TO COLLECT DAMAGES ARISING IN CONTRACT FROM A BREACH OF ATG'S OBLIGATIONS UNDER THIS AGREEMENT IS CLIENT'S SOLE REMEDY FOR ANY DAMAGE, LOSS OR EXPENSE ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT.

INSURANCE

ATG carries sufficient insurance as to ensure that it can protect itself and its employees, including General Liability, Cybersecurity, Worker Compensation and any other insurances as deemed necessary by ATG.

DEFAULTS AND TERMINATION

- A. Client's Termination For Cause. Client may terminate this Agreement if ATG fails to cure a Default within 30 days from the date that ATG receives written notice of Client's description and request to cure a Default as defined herein. For purposes of this Agreement, an ATG "Default" is defined as the occurrence of one of these events:

1. ATG becomes insolvent or is a party to any voluntary bankruptcy or receivership proceeding, makes an assignment for a creditor, or there is any similar action that affects the affairs or property of ATG;
 2. ATG is the subject of a petition or involuntary bankruptcy and such petition is not removed within ninety (90) days; or
 3. ATG fails to materially perform or comply with the terms and conditions of this Agreement.
- B. Client's Default and Termination Without Cause. Client shall be in "Default" if Client fails to make payment of any invoice within thirty (30) calendar days after it is rendered, or Client fails to materially perform or comply with the terms and conditions of the Agreement. A Default shall result in a "Termination Without Cause" by Client if Client fails to cure a Default within 30 days from the date that Client receives written notice of ATG's request to cure Client's Default.
- C. Remedies For Client's Termination Without Cause. Client acknowledges and agrees that ATG relies on Client's promises to pay for the entire duration of the Term when ATG is determining and negotiating its fee schedule. Accordingly, the parties agree that Client's Termination Without Cause will result in damages to ATG and entitle ATG to an award of the sum of all unpaid fees for the remaining balance of the Term, including the accrued interest, legal costs and attorneys' fees. The remedies described herein are cumulative and shall not exclude any other remedies or damages to which ATG may be lawfully entitled.

NON-SOLICITATION OR HIRING OF ATG PERSONNEL PERFORMING SERVICES FOR CLIENT

Client acknowledges and agrees that ATG has spent considerable time and expense in the recruitment, hiring, and training of qualified staff. Accordingly, Client agrees that during the term of this Agreement or any extension and for a period of twelve (12) months immediately following termination, Client shall not directly or indirectly hire, contract with or solicit for employment or contract any person employed by or contracted with ATG who performed services on Client's behalf during the term of this Agreement, or any extension. If Client hires or contracts with any person who performed services on Client's behalf during the period set forth in this paragraph, instead of requiring any proof of damages or losses, Client shall pay ATG the sum of Ten Thousand Dollars and No Cents (\$10,000) as liquidated damages (but not as a penalty.) Neither the breach of this paragraph nor the payment of liquidated damages by Client shall affect the continuing validity or enforceability of this Agreement.

ARBITRATION

Any dispute, claim, or controversy arising out of or relating to this Agreement or the breach, termination, enforcement, interpretation, or validity thereof, including the determination of the scope or applicability of this agreement to arbitrate, shall be determined by arbitration in Monterey County, California before one arbitrator. The arbitration shall be administered by JAMS pursuant to its Comprehensive Arbitration Rules and Procedures and in accordance with the Expedited Procedures in those Rules/JAMS' Streamlined Arbitration Rules and Procedures. Judgment on the award may be entered in any court having jurisdiction. This clause shall not preclude parties from seeking provisional remedies in aid of arbitration from a court of appropriate jurisdiction.

NOTICES

Any notice given by either party hereto to the other party shall be in writing and shall be signed by the party giving notice. Any notice or other document to be delivered to either party hereto by the other party shall be deemed delivered if mailed postage prepaid to the party to who directed at the address of such party stated as follows:

ATG: 209 Pajaro Street, Suite A Salinas, CA 93901
Client: 5 Harris Court, Bldg G, Monterey, CA 93940

FORCE MAJEURE

ATG shall not be in default under this Agreement because of any failure to perform in accordance with this Agreement if such failure arises from causes beyond its control, including, but not restricted to, acts of God, acts of government, fires, floods, epidemics, quarantine, restrictions, strikes, embargoes, inability to secure raw materials or transportation facilities, acts or omissions of carriers, cyber-attacks or any and all causes beyond control of ATG.

WAIVER

No waiver of a breach, failure of any condition or any right or remedy contained in or granted by the provisions of this Agreement shall be effective unless it is in writing and signed by the party waiving the breach, failure, right or remedy.

ATTORNEYS' FEES

If it is necessary for ATG to employ attorneys for the collection of amounts owed and/or to engage in legal proceedings to enforce or interpret any of the provisions of this Agreement, ATG shall be entitled to recover all costs and expenses incurred, including without limitation, its attorneys' fees and legal costs, and said sums shall be added to the amount payable hereunder and be collected as a part thereof.

GOVERNING LAW AND JURISDICTION

This Agreement shall be governed by and construed in accordance with the laws of the State of California. This Agreement was negotiated, formed and executed in the County of Monterey, California, and the parties agree that any litigation, action or proceeding arising out of or relating to this Agreement shall be instituted in the County of Monterey, California.

ASSIGNMENTS

Neither this Agreement nor any rights hereunder may be assigned except with the prior written consent of the other parties hereto.

SEVERABILITY

If any provision or provisions of this Agreement shall be held to be invalid, illegal or unenforceable, the validity, legality and unenforceability of the remaining provisions shall not in any way be affected or impaired thereby.

JOINTLY DRAFTED

The parties agree that any ambiguities in this Agreement shall be resolved by giving effect to the ascertained intent of the parties and that this Agreement shall be considered jointly drafted by all parties.



LEGAL REPRESENTATION

Each party represents that they have been advised to consult counsel of their own choosing with respect to this Agreement, and have either consulted counsel of their own choosing to advise them about the terms and effect of this Agreement, or that they have been given ample opportunity to do so, but have freely declined that opportunity.

CAPTIONS AND HEADINGS

The captions and headings are inserted in this Agreement for convenience only, and in no event be deemed to define, limit or describe the scope or intent of this Agreement, or of any provision hereof, nor in any way affect the interpretation of this Agreement.

MODIFICATIONS

This Agreement can only be modified by a written Agreement duly signed by authorized representatives of ATG and Client, and variances from or additions to the terms and conditions of this Agreement (in any order or other writing from the Client) will be of no effect. Moreover, in order to avoid uncertainty, ambiguity and misunderstandings in their relationships, ATG and Client have covenanted and agreed not to enter into any oral agreement or understanding inconsistent or in conflict with this Agreement; and ATG and Client further covenant and agree that any oral communication allegedly or purportedly constituting such an agreement or understanding shall be absolutely null, void and without effect.

COUNTERPARTS

This Agreement may be executed simultaneously in several counterparts, each of which shall be deemed an original but which together shall constitute one and the same original. Signatures transmitted by facsimile or e-mail will have the same effect as original signatures.

ENTIRE AGREEMENT

This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior contemporaneous written or oral agreements and representations between the parties with respect thereto. This Agreement shall not be deemed to extinguish or mitigate any payments, which are owed to ATG by Client pursuant to the terms of any previous or other existing agreements between ATG and Client.

AUTHORITY

Each Party executing this Agreement on behalf of its respective entity represents that he or she is duly authorized to execute and deliver this Agreement on behalf of said entity and that this Agreement is binding upon said entity in accordance with its terms.

THE PARTIES STATE THAT EACH HAVE CAREFULLY READ THIS AGREEMENT, UNDERSTAND THE CONTENTS HEREOF, AND SIGN THE SAME AS HIS OR HER OWN FREE ACT.

CLIENT

Signature: _____
Name: _____
Date: _____

Alvarez Technology Group, Inc.

Signature: _____
Name: _____
Date: _____

ITEM: CONSENT CALENDAR

**3. CONSIDER ADOPTION OF MPWMD RESOLUTION NO. 2019-15 AMENDING
TABLE 2: NON-RESIDENTIAL WATER USE FACTORS**

Meeting Date: September 16, 2019 **Budgeted:** N/A

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

Prepared By: Stephanie Locke **Cost Estimate:** N/A

General Counsel Review: No

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: Resolution 2019-15 (**Exhibit 3-A**) amends Rule 24, Table 2: Non-Residential Water Use Factors to reduce the factor for laundromat Clothes Washers. The previous factor was last updated in 1993. Changes in technology and practices have resulted in a reduction in water use from 0.20 AF/machine to 0.12 AF/machine. The District required replacement of inefficient washers with High Efficiency Clothes Washers and changes in commercial washer/extractor programming to reduce water use by January 2014.

RECOMMENDATION: The Board should adopt Resolution 2019-15 and approve the change to the laundromat Clothes Washer factor on Table II.

EXHIBIT

3-A Draft Resolution 2019-15 Amending Rule 24 - Table 2 Non-Residential Water Use Factors



DRAFT
RESOLUTION NO. 2019-15
A RESOLUTION OF THE BOARD OF DIRECTORS OF
THE MONTEREY PENINSULA WATER MANAGEMENT DISTRICT
AMENDING TABLE 2: NON-RESIDENTIAL WATER USE FACTORS

WHEREAS District Rule 24-B (Non-Residential Calculation of Water Use Capacity) allows changes to Table 2: Non-Residential Water Use Factors through Resolution of the Board of Directors; and

WHEREAS staff has determined that the existing laundromat factor (last updated in 1993) overestimates Capacity and that a lower factor for a laundromat Clothes Washer is more indicative of the water used in a laundromat. The proposed factor of 0.12 AF/machine was validated through five samples that have had District inspections to verify compliance with current water efficiency requirements;

WHEREAS current technology has reduced laundromat use through water efficient Clothes Washers and programming changes to reduce water use in commercial washer extractors. These are requirements of the District as of January 1, 2014;

NOW, THEREFORE, the Board of Directors of the Monterey Peninsula Water Management District resolves that District Rule 24-B, Table 2: Non-Residential Water Use Factors shall be adopted as shown in **Attachment 1**.

On motion of Director _____, and second by Director _____, the foregoing resolution is duly adopted this 16th day of September 2019, 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 that the foregoing Resolution was duly adopted on the 16th day of September 2019.

Witness my hand and seal of the Board of Directors this ____ day of _____ 2019.

David J. Stoldt, Secretary to the Board of Directors

ITEM: DISCUSSION ITEM

8. DISCUSS PLAN TO DEFEASE MECHANICS BANK LOAN (FORMERLY RABOBANK)

Meeting Date:	September 16, 2019	Budgeted:	Yes
From:	David J. Stoldt, General Manager	Program/ Line Item No.:	N/A
Prepared By:	Dave Stoldt	Cost Estimate:	N/A

General Counsel Approval: N/A

Committee Recommendation: This item was presented to the Administrative Committee for discussion. No action was taken by the committee.

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

SUMMARY: On April 1, 2013 the District entered into a \$4,000,000 installment purchase agreement (borrowing) on the Aquifer Storage and Recovery (ASR) Project Santa Margarita facilities. The proceeds were utilized to fund ASR completion and expansion, to replenish District reserves that had been expended for ASR, and to establish a debt service reserve fund of \$219,136. Interest on the borrowing was established at 3.6%.

The current balance of the principal due is \$3,466,312.30

Although the term was nominally established through December 31, 2042 there is a balloon payment due at the “Maturity Date” of June 30, 2023. At the Maturity Date the District must pay all outstanding Installment Payments or refinance the borrowing.

The borrowing is secured by the District’s pledge of “Revenues”, defined as “the water supply charge levied pursuant to Ordinance 152.” The Ordinance 152 Citizens Panel has advised the Board to develop a plan for payment of the loan, emphasizing a desire to pay the loan off at its 2023 maturity or sooner in order to unencumber the Water Supply Charge. 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.” Therefore, in April 2016, the Board adopted a plan examining reductions or possible sunsets of either or both.

The plan adopted was to collect 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 that would be removed (District conservation and river mitigation), so there was potentially little “new” revenue; (ii) the Monterey Peninsula Taxpayers Association lawsuit over the Water Supply Charge remained unresolved at the 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

ruled on a more stable rate design, and the predictability of the User Fee revenue was better known. After that time, begin to sunset or reduce collections of either or both, if possible. We are now in the third year of collections of both fees, therefore this item is brought to the board for discussion at this time, with direction and action anticipated during budget discussion in the spring.

The remaining amortization through the Maturity date is shown below:

		RaboBank Borrowing			
		Amount Due through Maturity Date			
		Principal	Principal	Interest	Total
		<u>Outstanding</u>	<u>Due</u>	<u>Due</u>	<u>Payment</u>
2019	Jun 30	3,512,848.30	46,536.00	63,032.00	109,568.00
	Dec 31	3,466,312.30	47,374.00	62,194.00	109,568.00
2020	Jun 30	3,418,938.30	48,226.00	61,342.00	109,568.00
	Dec 31	3,370,712.30	49,095.00	60,473.00	109,568.00
2021	Jun 30	3,321,617.30	49,978.00	59,590.00	109,568.00
	Dec 31	3,271,639.30	50,878.00	58,690.00	109,568.00
2022	Jun 30	3,220,761.30	51,794.00	57,774.00	109,568.00
	Dec 31	3,168,967.30	52,726.00	56,842.00	109,568.00
2023	Jun 30	3,116,241.30	3,116,241.30	55,893.00	<u>3,172,134.30</u>
Debt Service Reserve Fund Available:					<u>219,136.00</u>
Net Amount Due June 30, 2023:					2,952,998.30

Hence, \$2,952,998.30 will need to be paid or refinanced on June 30, 2023.

The Board has several options:

- 1) Status Quo 1: Make semiannual payments (shown above) and refinance in 2023.
- 2) Status Quo 2: Make semiannual payments and budget the pay-off from reserves in the FY2022-23 budget.
- 3) Discretionary Set-Asides: Board budgets additional amounts each year beginning FY2020-21 to accumulate a portion of the pay-off balance.
- 4) Sinking Fund Defeasance: Board establishes a sinking fund beginning FY2020-21 to accumulate the full pay-off balance. Assuming a 1-year LAIF investment rate of 2.3%, the Board would need to set aside \$962,202 each July 1st in the next three budgets, in addition to the regular annual principal and interest (\$219,136).
- 5) Full Defeasance: Board budgets to purchase a 3-year negotiable CD from reserves in the FY2020-21 budget to pay the full pay-off balance. At today's 3-year interest rate (2.65%), this would require a set-aside in next year's budget of \$2,730,149 in addition to the annual principal and interest amount.

- 6) Prepayment: Board budgets to prepay on December 31, 2020. This would require a budgeted amount for FY 2020-21 of \$3,431,185.30
- 7) Refinance: At any time before the Maturity Date, if there are favorable market conditions, the District could choose to refinance. However, that would leave the Water Supply Charge encumbered. There would also be financing costs, which in 2013 were \$40,000.

ITEM: DISCUSSION ITEM

**9. SUPPLIES AND DEMANDS FOR WATER ON THE MONTEREY PENINSULA
– PAST AND FUTURE**

Meeting Date: September 16, 2019 **Budgeted: N/A**

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

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

General Counsel Approval: N/A

Committee Recommendation: N/A

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

DISCUSSION: With the approval of the Monterey Peninsula Water Supply Project (MPWSP) and the continued environmental work on Pure Water Monterey (PWM) expansion as a back-up option, it is an opportune time to examine available supplies and their ability to meet current and long-term demand. The Board Chair requested the General Manager to review the available data and present an update to the Board. **Exhibit 9-A** attached is an overview of historic and projected demand, as it relates to planned water supply.

EXHIBIT

9-A Supply and Demand for Water on the Monterey Peninsula

EXHIBIT 9-A

Supply and Demand for Water on the Monterey Peninsula

Prepared by David J. Stoldt, General Manager
Monterey Peninsula Water Management District
September 2019

With the approval of the Monterey Peninsula Water Supply Project (MPWSP) and the continued environmental work on Pure Water Monterey (PWM) expansion as a back-up option, it is an opportune time to examine available supplies and their ability to meet current and long-term demand. This memorandum will also look at the changing nature of demand on the Monterey Peninsula, the underlying assumptions in the sizing of the water supply portfolio, and indicators of the market's ability to absorb new demand.

Supply

Available sources of supply are shown in Table 1 below and are described in the discussion that follows. Despite the California Supreme Court's decision to not hear the two petitions for writ of review, there remains the risk of additional legal challenges and not all permits have been issued for California American Water's (Cal-Am) MPWSP desalination plant. For these reasons, supply has been shown with both desalination and with PWM expansion.

Table 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
Other Available Supplies	406	406
Total Available Supply w/Other	15,702	11,700

Desalination: The 6.4 million gallon per day (MGD) MPWSP desalination plant is expected to deliver 6,252 acre-feet annually (AFA).¹ It is likely to begin deliveries in early 2022, considering

¹ CPUC Decision 18-09-017, September 13, 2018, page 70; Amended Application of California-American Water Company (U210W), Attachment H, March 14, 2016

final permits in November 2019, a 21-month construction period, and 6-month commissioning and start-up window.²

Pure Water Monterey: Monterey One Water's (M1W) project is expected to come online in late 2019 and begin deliveries of 3,500 AFA to Cal-Am in early 2020. It is over 90% complete.

Pure Water Monterey Expansion: The expansion of Pure Water Monterey is expected to yield 2,250 AFA.³ The Notice of Preparation indicates source waters for the expansion are secure: *"No new source water diversion and storage sites are necessary to achieve the Expanded PWM/GWR Project's recycled water yield objective of an additional 2,250 AFY of replacement supplies. The Expanded PWM/GWR Project is designed to utilize existing M1W contractual rights to source waters and wastewaters."* There are several different configurations of source waters that could be utilized for the expansion, but one proposed alternative is 81% contractual rights to wastewater and excess secondary effluent and 19% of Blanco Drain and Reclamation Ditch waters. This project could come online by January 2022.

Carmel River: 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.

Seaside Basin: 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 by 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 & Recovery: There are two water rights that support ASR. Permit 20808A allows maximum diversion of 2,426 AFA and Permit 20808C allows up to 2,900 AFA for a total of 5,326 AFA. However, these are maximums that may only be close to being achieved in the wettest of years. Based on long-term historical precipitation and streamflow data, ASR is designed to produce 1,920 AFA on average. The MPWSP assumes a lesser amount of 1,300 AFA to be conservative.

² www.watersupplyproject.org/schedule

³ Notice of Preparation of a Supplemental Environmental Impact Report and Public Scoping Meeting Notice, page 4, May 15, 2019

Sand City Desalination Plant: The Sand City plant was designed to produce a nominal 300 AFA, but 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 199 AFA the past three years and appears on course for approximately 140 AF in 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.

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. While not insignificant, Carryover Credit has not been included in the “Other Available Supplies”. Total “Other” is 406 AFA.

Historical Water Demand for which MPWSP Desalination Plant is Sized

The MPWSP was initially sized solely as a replacement supply⁴ for current customer demand, but this has changed slightly 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.⁵ Table 2 below shows the demand assumptions used in sizing the MPWSP. Each component is discussed below.

Table 2
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

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

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

Average Current Customer Demand: The Application of Cal-Am to the California Public Utilities Commission (CPUC) in April 2012 utilized 13,290 AFA which was the 5-year average demand for 2007-2011.⁶ As stated earlier, this was to be replacement supply and the Application stated “*At this point future demands of the Monterey System have not been included in the sizing of the plant.*”⁷ At that time, the 5-year average maximum month was 1,388 AF and the highest month was 1,532 AF.⁸

In a January 2013 CPUC filing, average demand was reiterated by Cal-Am to be 13,290 AFA but Cal-Am added that the plant would need to be increased larger by approximately 700 acre-feet per year for the in-lieu recharge of the Seaside Basin.⁵ However, as can be seen in comparing Tables 1 and 2 above, supply equals demand at 15,296 AFA without changing the size of the plant from the initial Application.

In a 2016 update to the CPUC, Cal-Am recognized that average demand had declined in the intervening three years.⁹ The 5-year average had declined to 10,966 AFA and the maximum month declined to 1,250 AF. At the time of the 2016 update, Cal-Am suggested that it should size the plant based on the backward-looking 10-year average demand and maximum month, instead of the 5-year average in the original Application, as well as several alternate assumptions about return of water to the Salinas Valley. They concluded “*we do not believe the size of the plants should be changed.*”¹⁰

In a September 2017 filing to the CPUC, Cal-Am acknowledged continuing declines in demand, but indicated that the plant sizing remained appropriate saying “*We anticipate demand to rebound over time after these new water supplies are available, the drought conditions continue to subside, the moratorium on new service connections is lifted, and strict conservation and water use restrictions are eased.*”¹¹ The company also for the first time introduced the use of future population and demand as a way to “normalize” the average demand used in sizing, a departure from the “replacement supply” basis under the initial Application in 2012.¹² This resulted in average “current” system demand of 12,350 AFA. This amount, combined with the same lots of record, tourism bounce-back, and Pebble Beach buildout results in demand of 14,355 AFA – a reduction from the initial Application – but the company asserted that the plant need not be resized because this would allow it to run at 86% capacity, a more reasonable operating rate compared to the 95% posed in the original Application.

⁶ Direct Testimony of Richard C. Svindland, April 23, 2012, page 21

⁷ Direct Testimony of Richard C. Svindland, April 23, 2012, page 36

⁸ Direct Testimony of Richard C. Svindland, April 23, 2012, page 22

⁹ Supplemental Testimony of Richard C. Svindland, April 14, 2016 (Errata), pages 7-11

¹⁰ Supplemental Testimony of Richard C. Svindland, April 14, 2016 (Errata), page 9

¹¹ Direct Testimony of Ian Crooks Errata Version, September 27, 2017, page 10

¹² Direct Testimony of Ian Crooks Errata Version, September 27, 2017, pages 11-13

The CPUC, in its September 2018 Decision, determined that Cal-Am's overall future water demand will be approximately 14,000 AFA¹³ and therefore the 6.4 MGD desalination plant is warranted.

Legal Lots of Record: The 2012 Application to the CPUC also included 1,181 AFA for Legal Lots of Record.^{14, 5} Legal lots of record are defined as lots resulting from a subdivision of property in which the final map has been recorded in cities and towns, or in which the parcel map has been recorded in Parcels and Maps or Record of Surveys. Lots of record may include vacant lots on vacant parcels, vacant lots on improved parcels, and also included remodels on existing improved, non-vacant parcels. Ultimately, not all legal lots are buildable. While the District is the source of the 1,181 AFA estimated demands for the lots of record, the number was lifted from the 2009 Coastal Water Project environmental impact report.

Tourism Bounce-Back: The 500 AFA for economic recovery was originally proffered by the hospitality industry to handle a recovery of occupancy rates in the tourist industry in a post-World Trade Center tragedy setting.^{15, 5} The industry felt that their most successful occupancy rates were in the three years prior to September 11, 2001 and felt 500 AFA would provide a buffer for a return to that level.

Pebble Beach Buildout: Ever since the State Water Board issued Order 95-10 and the Cease and Desist Order (CDO) it has recognized the Pebble Beach Company's investment in the Reclamation Project and the Company's right to serve its entitlements from the Carmel River. However, the State Water Board has stated a desire to have the Pebble Beach entitlements shifted away from the river and be satisfied by a new supply. At the time of the 2012 Application, the Pebble Beach company had approximately 325 AF of entitlements still available.

Current Water Demand Assumptions

The original MPWSP desalination project plant sizing was done over seven years ago in 2012. With the passage of time and the opportunity to perform deeper research, it is possible to revisit the assumptions about consumer demand for water in the current context.

Average Current Customer Demand: Figure 1 on the next page shows water production for customer service, a proxy for customer demand, for the past twenty-year period. As can be seen, demand has been in decline. For water year 2019 to date, demand remains 110 AF below 2018 levels, so this trend has not reversed.

¹³ CPUC Decision 18-09-017, September 13, 2018, page 68

¹⁴ Direct Testimony of Richard C. Svindland, April 23, 2012, pages 22, 37.

¹⁵ Direct Testimony of Richard C. Svindland, April 23, 2012, page 37

Figure 1
Annual Water Production for Customer Service (Demand)
Last 20 Years
(Acre-Feet)

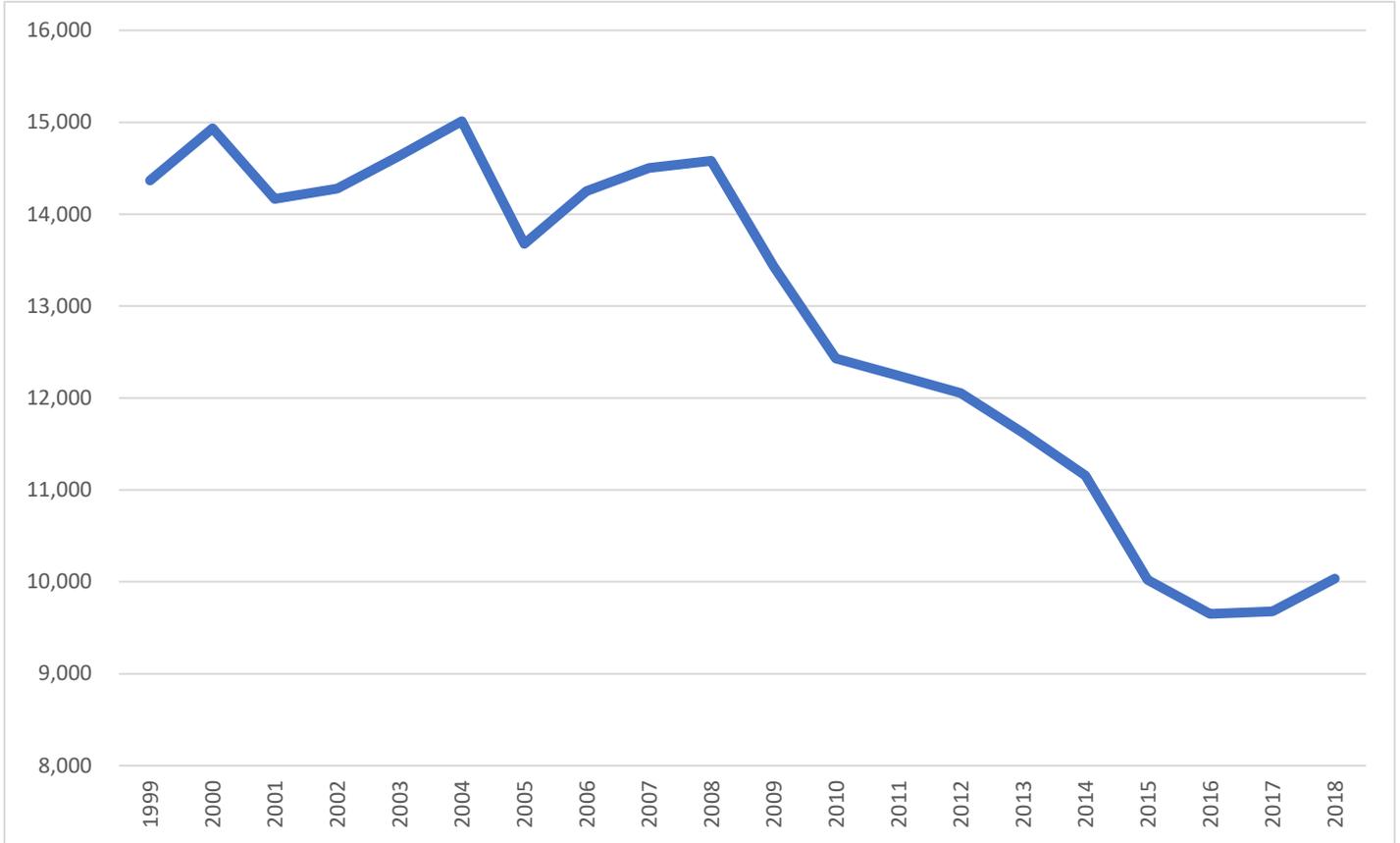


Table 3 shows how the 10-, 5-, and 3-year average demand compares to Cal-Am’s most recent 12,350 AFA assumption.

Table 3
Alternate Average Customer Demand Assumptions
(Acre-Feet)

Period	Amount	Difference to Cal-Am #
Cal-Am Assumption	12,350	
10-Year Average - Actual	11,232	1,118
5-Year Average - Actual	10,109	2,241
3-Year Average - Actual	9,788	2,562

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, requiring approximately 15 MGD of firm capacity. 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. Preliminary analysis shows that peak month/peak day can be met with both supply alternatives.

Hence, the case could be made that the average customer demand assumption in the sizing of the MPWSP should be 9,788 to 11,232 AFA.

Legal Lots of Record: The 1,181 number is derived from the October 2009 Coastal Water Project Final Environmental Impact Report and references a 2001 District analysis as the source. It was actually sourced from a Land Systems Group Phase II February 2002 interim draft report that used the number 1,181.438 AF. A calculation error was corrected and the report was subsequently updated in June 2002 and the number was revised to 1,210.964. However, the earlier number seems to have been used going forward. Both versions did not include vacant lots on improved parcels in the unincorporated County. Table 4 shows how the corrected number was calculated.

Table 4
Legal Lots of Record Estimates (2002)
Unincorporated County Not Included
(Acre-Feet)

Type of Parcel	Amount
Vacant Lots on Vacant Parcels	729.9
Vacant Lots on Improved Parcels	288.2
Anticipated Remodels (10 years)	192.8
Total	1,210.9

Table 5
Assumptions Driving the Legal Lots of Record Conclusions

Category	Units on Vacant Parcels	Units on Improved Parcels	Estimated Number of Remodels	Water Use Factor	Total Water Usage
Single Family Dwellings	688	152		0.286 AF	240.2
Multi-Family Dwellings	846	204		0.134 AF	140.7
Commercial/Industrial	556	288		0.755 AF	637.2
Residential Remodels			3765	0.029 AF	109.2
Commercial Remodels			513	0.163 AF	83.6
	2,091	789	4,278		1,210.9

Since the study, the District's conservation programs have resulted in reductions in the average water use factors. For example, with single-family water use at 0.2 AFA, multifamily use at 1.2 AFA, and commercial customer connections averaging 0.66 AFA (2016 data), these changes alone would reduce the total above by 167.1 AF. Further, some of these lots may have been built upon, others determined unbuildable. Many of the remodels have likely occurred. General plans have been rewritten and housing elements recalculated. These factors taken together could result in another 150 AF reduction in the assumption.

Compared to the 1,890 units from the 2002 Land Systems Group study shown above, going forward, AMBAG's 2014 Regional Growth Forecast showed 2,231 additional housing units expected in the 6 cities between 2020 and 2035. Assuming another 120 in the unincorporated county, and 2/3rds single-family and 1/3rd multifamily, with single-family water use at 0.2 AFA and multifamily use at 1.2 AFA, this equates to 407 AFA over a 15-year period. Most of AMBAG's projected growth occurs in Seaside and Del Rey Oaks, which if slated for the former Fort Ord would not be served by Cal-Am. Unfortunately, it is not possible to accurately distinguish the Cal-Am served housing growth from the non-Cal-Am housing growth, but the 407 AFA likely overstates the Cal-Am growth. The AMBAG assumptions appear consistent with the Land Systems Group estimates.

Hence, the case could be made that the legal lots of record demand assumption in the sizing of the MPWSP should be 864 to 1,014 AFA.

Tourism Bounce-Back: As stated earlier, the 500 AFA for economic recovery was originally suggested by the hospitality industry to account for a recovery of occupancy rates in the tourist industry in a post-World Trade Center tragedy setting.^{5, 15} Representatives of the Coalition of Peninsula Businesses indicated in testimony that the hospitality industry was hurt by the recent recession and that occupancy rates needs to increase by 12 to 15 percent to re-attain the levels of decades ago.¹⁶ It is true that the Salinas-Monterey market was one of five California markets, out of 22, to experience double digit declines after the events of 2001, from 71.8% in 2000 to 63.0% in 2001.¹⁷ It is also true that the decline persisted and was still down when the MPWSP desalination plant was sized, with occupancy rates of 62.8% in 2011-12 and 64.1% in 2012-13.¹⁸ However, occupancy rates have since recovered with no notable increase in water demand. Hotel occupancy locally is back at approximately 72% and is estimated by Smith Travel Research to be higher for better quality properties on the Monterey Peninsula.^{19, 20} The commercial sector water demand is shown below in Table 6 for the year prior to the World

¹⁶ Testimony of John Narigi (to CPUC), September 29, 2017, page 5

¹⁷ HVS San Francisco, August 19, 2003

¹⁸ Monterey County Convention and Visitors Bureau Annual Report 2012-13, page ii

¹⁹ Fiscal Analysis of the Proposed Hotel Bella Project, Applied Development Economics, April 6, 2016

²⁰ Cannery Row Company, January 9, 2019

Trade Center tragedy, the year of the MPWSP plant sizing, and the most recent year. As can be seen, commercial demand, which is heavily influenced by the hospitality industry remains in decline, despite the already absorbed “bounce-back” in occupancy rates.

Table 6
Commercial Sector Water Demand
Selected Years
(Acre-Feet)

Year	Demand
2001	3,387
2012	2,770
2018	2,442

There is a secular change in commercial demand that is due to permanent demand reductions resulting from targeted rebate programs, conservation standards for the visitor-serving sector since 2002, mandatory conservation standards for other commercial businesses instituted in 2013, and commercial inspection/enforcement by the District. A “bounce-back” of 500 AFY would represent an increase in water use demand of 20% in the entire commercial sector, not just the hospitality industry. The District does not view this as likely in the near-term, nor due to a return to higher occupancy rates.

Hence, the case could be made that the tourism bounce-back demand assumption in the sizing of the MPWSP should be 100 to 250 AFA.

Pebble Beach Buildout: As cited earlier, at the time of the 2012 Application, the Pebble Beach company had approximately 325 AF of entitlements still available and that number was added to the MPWSP sizing needs. However, the final environmental impact report certified in 2012 envisioned 145 AFA for the buildout projects and 154 AFA in other entitlement demand.²¹

The other entitlement demand goes away when a new water supply comes online because homeowners will have no reason to pay \$250,000 per AF for an entitlement when connecting directly to Cal-Am is possible when the moratorium on new service connections is lifted. In the ten years since the CDO was imposed, Pebble Beach entitlement water demand has averaged 4.9 AF added each year. It is reasonable to assume only another 15 AFA during the next three years before a permanent water supply is online.

The project buildout is 145 AFA not 325 AFA used in project sizing. Further, the buildout number includes estimated water use that may never materialize in decades, if ever. Table 7 shows the elements that comprise the Pebble Beach buildout.

²¹ Pebble Beach Final Environmental Impact report (FEIR), April 2012, Appendix H “Water Supply and Demand Information for Analysis”

Table 7
Components of Pebble Beach Buildout
(Acre-Feet)

Project	Demand
Lodge	13.11
Inn at Spanish Bay	12.85
Spyglass Hotel	30.59
Area M Residential	10.00
Other Residential	77.00
Driving Range	0.33
Roundabout	0.70
Total	144.58

Two elements of the project warrant greater discussion: “Other Residential” includes 66 single family residences at 1.0 AF each and 24 residences at 0.50 AF each (and a decrement of 1 AF in the total calculation for other reasons.) District research in 2006 determined the average large lot Pebble Beach home utilized 0.42 AFA. Building conservation standards have increased since then. Many of the proposed homes are not utilized year-round. The estimate could be overstated by one-third or more. Spyglass Hotel is not currently being pursued and there are no plans to do so in the near-term. The project could be a decade or two away, if ever.

Hence, the case could be made that the Pebble Beach buildout demand assumption in the sizing of the MPWSP should be 103 to 160 AFA.

Summary of Demand v. Supply

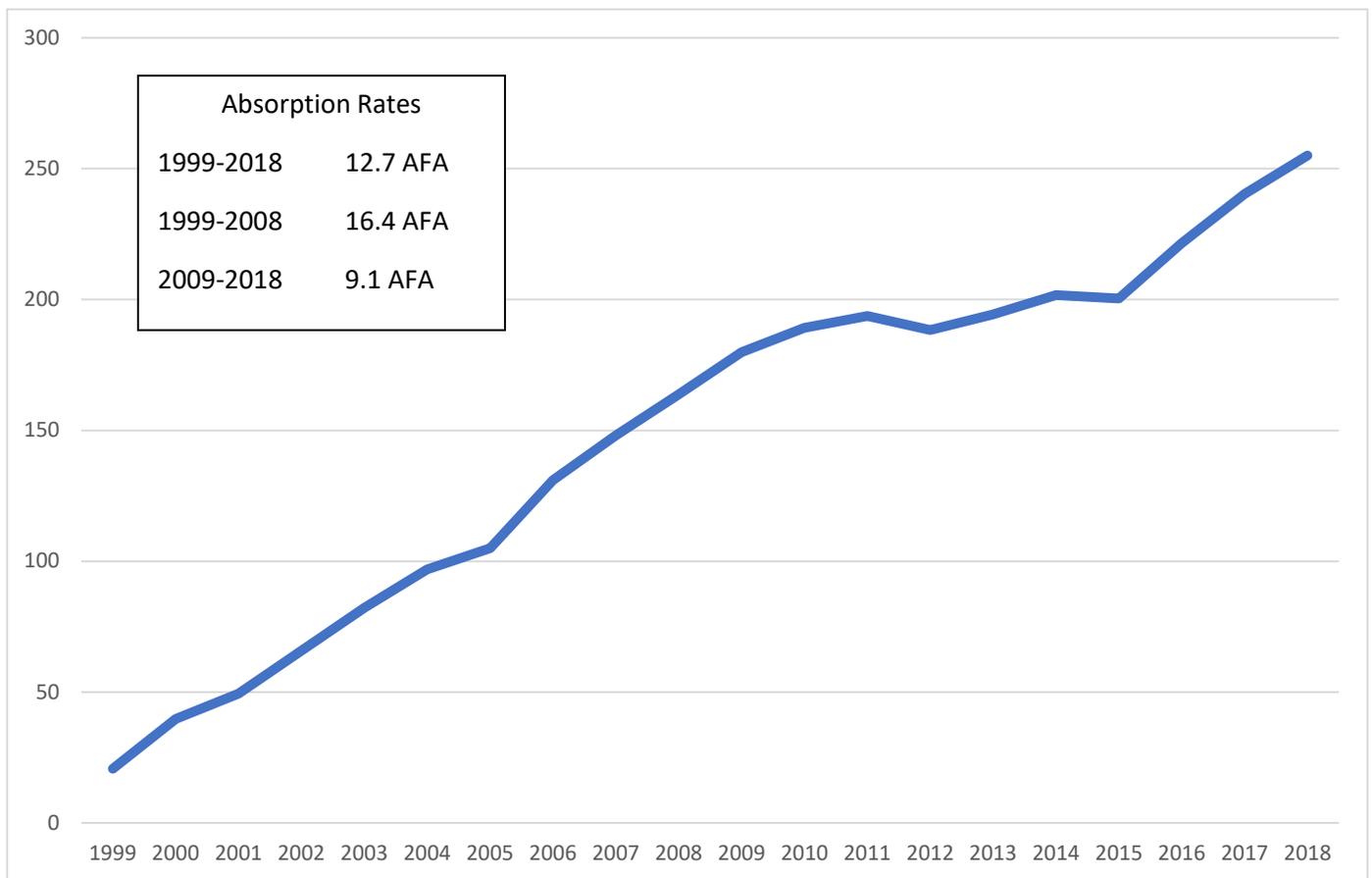
Table 8 shows the range of demand estimates that have been established in the foregoing analysis. These long-term demand estimates can be compared to existing current demand to determine how much water supply is needed.

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

Demand Component	Current Project	Revised High	Revised Low
Average Current Customer Demand	13,290	11,232	9,788
Legal Lots of Record	1,181	1,014	864
Tourism Bounce-Back	500	250	100
Pebble Beach Buildout	325	160	103
Total Water Demand	15,296	12,656	10,855

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 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.

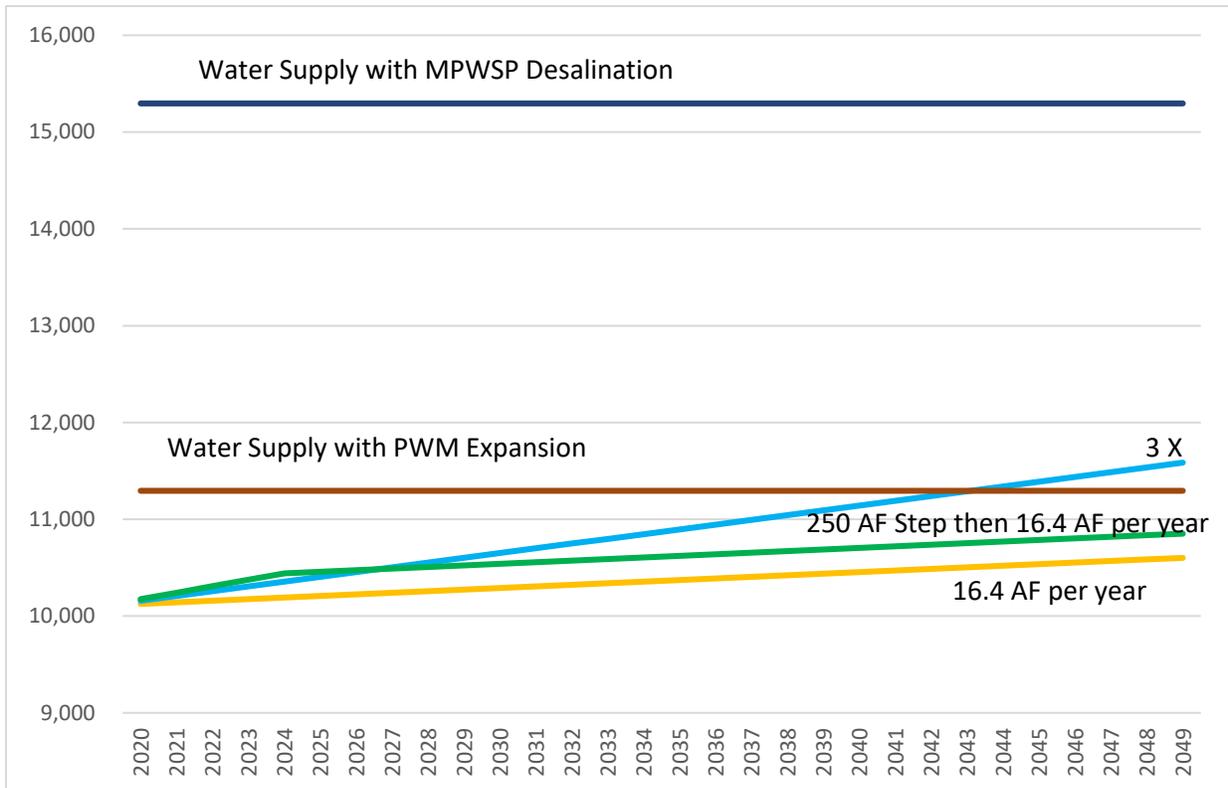
Figure 2
Market Absorption of Water Demand
Last 20 Years
(Acre-Feet)



By adopting assumptions about current demand and market absorption rates, it can be determined the sufficiency of certain supply alternatives over time. In Figure 3, the current demand assumption of 10,109 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 1.

Figure 3
 Market Absorption of Water Demand Compared to Water Supply
 Current Demand at 5-Year Average
 (Acre-Feet)

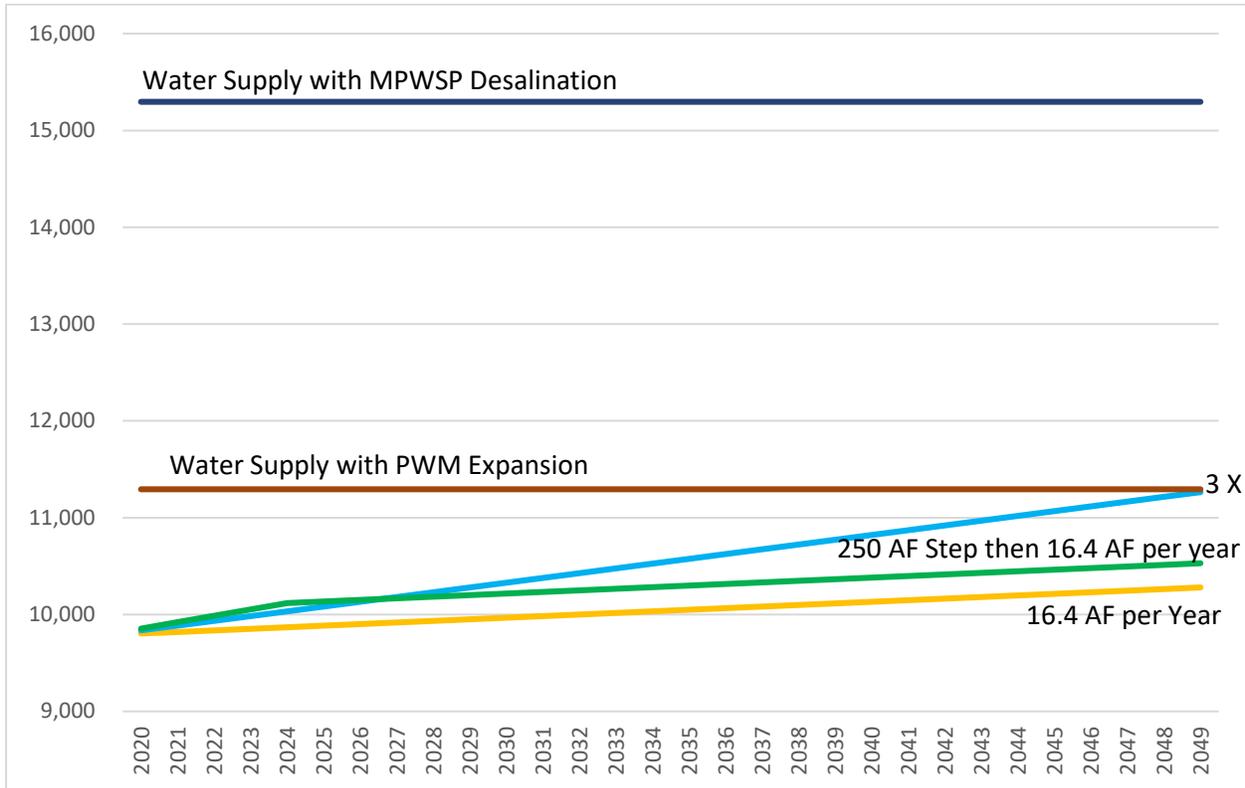


This chart shows that, assuming a starting current demand at the 5-year average, both water supply alternatives meet 30-year market absorption at the historical rate and 250 AF in the first 5 years on top of the historical rate, and Pure Water Monterey expansion is sufficient until 2043 at 3-times the historical absorption rate.

Figure 4 below shows a current starting demand at the 3-year average and shows both supply alternatives meet all three absorption rates.

In both cases, one can assume higher market absorption or one or two large scale developments in the first 5 years, but the general conclusions are not significantly changed.

Figure 4
 Market Absorption of Water Demand Compared to Water Supply
 Current Demand at 3-Year Average
 (Acre-Feet)



Additional Factors Affecting Future Demand

Cost: The future water supply will significantly impact rates. It is expected that the combined cost of new water supply and regular annual rate increases will almost double a residential ratepayer’s water bill by 2023. Rules of price elasticity suggest the cost of water might dampen demand. The cost of each major component of supply is shown below:

Desalination Plant	\$6,094 per acre-foot ²²
Carmel River:	\$271 per acre-foot ²³
Seaside Basin:	\$130 per acre-foot ²⁴

²² Attachment C-3 California American Water Company Advice Letter 1220 “Total Yr 1 Cost to Customer” \$38.1 million, divided by 6,252 acre-feet per year

²³ MPWSP Model- V 2.1 submitted to CPUC; February 2018 and October 2017 versions, 6.4 MGD scenario, “Avoided Costs” worksheet

²⁴ MPWSP Model- V 2.1 submitted to CPUC; February 2018 and October 2017 versions, 6.4 MGD scenario, “Avoided Costs” worksheet

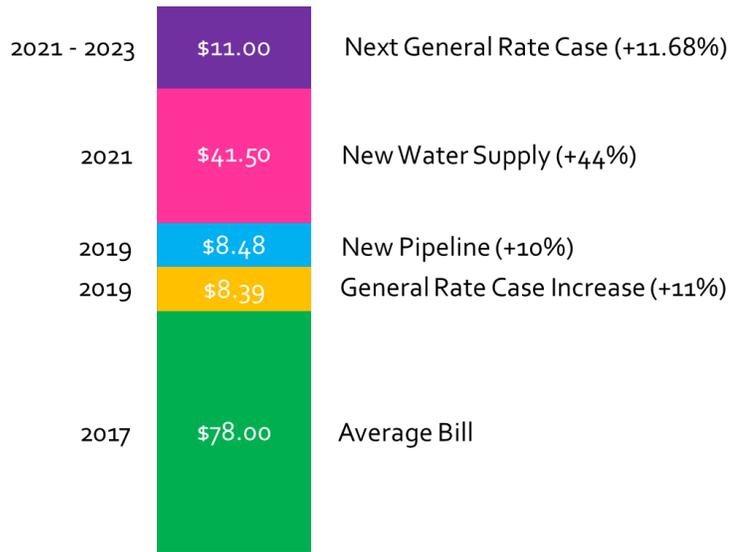
Pure Water Monterey:	\$1,976 per acre-foot ²⁵
PWM with Expansion:	\$2,077 per acre-foot ²⁵

Further, if the desalination plant capacity is not fully utilized, the cost per acre-foot rises due to the fixed costs, as shown below.

Production by Desal Plant – AF	<u>6,252</u>	<u>5,000</u>	<u>4,300</u>
Variable Cost (\$ Million)	7.8	6.2	5.4
Fixed Cost (\$ Million)	<u>30.3</u>	<u>30.3</u>	<u>30.3</u>
Total Annual Cost to Customer	38.1	36.5	35.7
Cost per Acre-Foot	\$6,094	\$7,308	\$8,294

The rate impact can be seen in Figure 5, below, which is calculated based on full utilization of the desalination plant.

Figure 5
Ratepayer Impacts of New Water Supply²⁶



Legislation: 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.

²⁵ Presentation by Monterey One Water at June 27, 2019 Monterey Peninsula Regional Water Authority meeting

²⁶ “Your Rates Are Changing” California American Water mailer, April 2019 and “Notice of General Rate Case Application filed” July 2019

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.

Principal Conclusions

- 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

ITEM: PUBLIC HEARING

10. CONSIDER ADOPTION OF THE MONTEREY PENINSULA, CARMEL BAY AND SOUTH MONTEREY BAY INTEGRATED REGIONAL WATER MANAGEMENT PLAN UPDATE

Meeting Date: September 16, 2019 **Budgeted:** N/A

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

Prepared By: Larry Hampson **Cost Estimate:** N/A

General Counsel Review: No

Committee Recommendation: N/A

CEQA Compliance: Exempt under CEQA § 15262

SUMMARY: The Monterey Peninsula planning region is eligible to receive up to \$4.2 million in grant funds from Proposition 1. MPWMD is the lead agency in the region and is currently preparing a grant application to the Department of Water Resources (DWR) for \$2,370,940 in project implementation funds. However, one of the criteria for receiving funds from DWR for project implementation is to adopt an Integrated Regional Water Management Plan (IRWM Plan) that meets the 2016 DWR Guidelines. The IRWM Plan adopted by the MPWMD Board in 2014 does not meet the 2016 Guidelines. Over the past 12 months, the Big Sur Land Trust and the District, with assistance from Denise Duffy & Associates, have undertaken an update of the IRWM Plan with the cooperation and support of local stakeholders.

RECOMMENDATIONS: Staff recommends that the Board:

1. Receive public comment on the Draft Update of the Monterey Peninsula, Carmel Bay and South Monterey Bay Integrated Regional Water Management Plan.
2. Direct the General Manager to consider and address the comments of the MPWMD Board and public in the Final Update to the IRWM Plan.
3. Make a finding that the IRWM Plan is exempt from further environmental review under Section 15262 of the California Environmental Quality Act.
4. Approve Resolution 2019-14 adopting the IRWM Plan (attached as **Exhibit 10-A**).
5. Authorize the General Manager to make any minor or non-substantive modifications to the IRWM Plan presented to the Board in order to accommodate clarifications requested by other adopting entities and the Department of Water Resources.
6. Authorize the General Manager to amend the list of projects eligible for inclusion in future grant applications by the planning region.

DISCUSSION: The IRWM Plan is a comprehensive guide for developing, prioritizing, and implementing coordinated water resource plans and projects. It is a “living document” intended to be amended from time to time to meet the planning Region’s changing needs and priorities, incorporate new developments in water resource management, and to respond to project solicitations from state and federal funding agencies.

The Draft IRWM Plan Update can be downloaded at:

<https://www.mpwmd.net/resources/irwm-program/>

IRWM, the Central Coast Funding Area, and the Monterey Peninsula Region

Integrated Regional Water Management (IRWM) is a collaborative effort to manage all aspects of water resources in a region. IRWM crosses jurisdictional, watershed, and political boundaries; involves multiple agencies, stakeholders, individuals, and groups; and attempts to address the issues and differing perspectives of all the entities involved through mutually beneficial solutions.

IRWM Plans are intended to provide a framework for agencies, non-profit groups, for-profit corporations and other stakeholders with missions and responsibilities to work together on common water management strategies, objectives, goals and projects. As such, the IRWM Plan takes into consideration the many plans and policies currently being implemented for water resource management, analyzes how these are interrelated and shows how projects and programs can have multiple benefits when grouped together. The focus of the IRWM Plan is to improve management of local water resources by proposing to implement and monitor a suite of projects that taken as a whole:

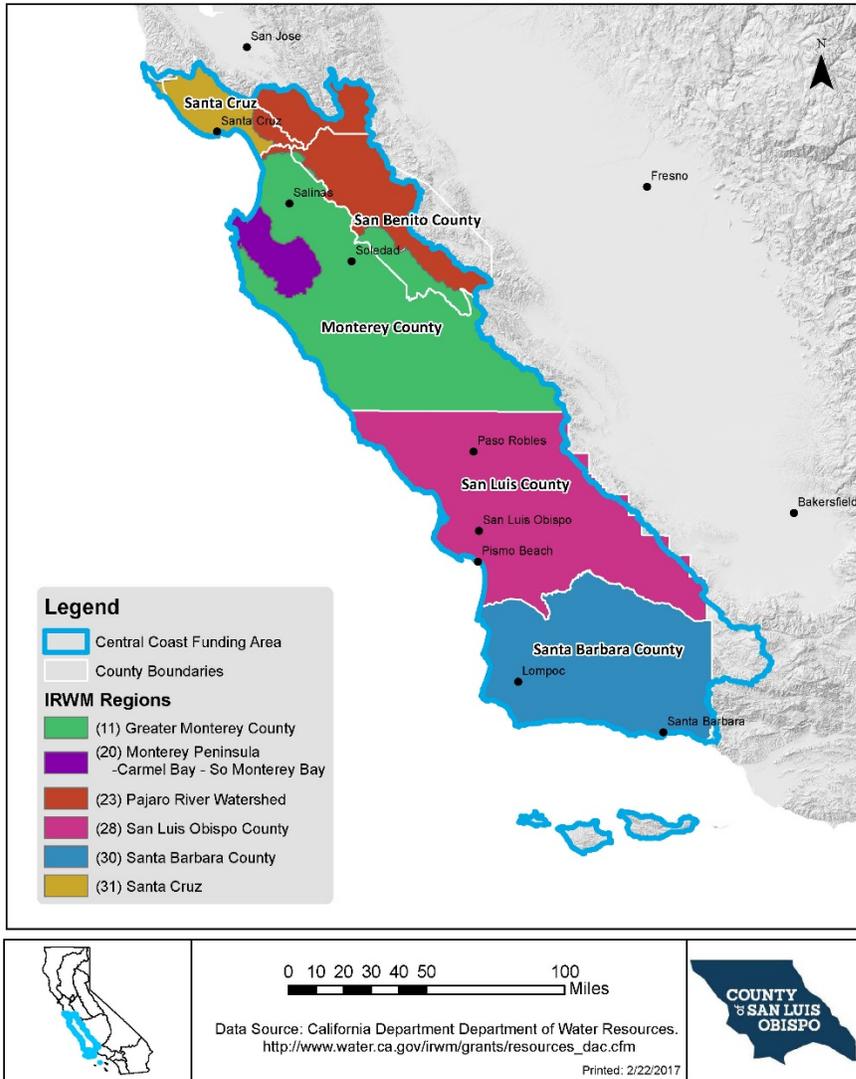
- incorporate water management strategies required under State IRWM guidelines;
- meet objectives and goals set by stakeholders;
- accomplish regional priorities;
- are technically and financially feasible; and
- assist in meeting Statewide priorities.

The Department of Water Resources (DWR) is charged by the legislature with disbursing State funds for the IRWM program and has divided the state into 12 hydrologic region-based funding areas and 48 sub-regions for planning purposes. Locally, the Central Coast Funding Area (CCFA) is comprised of coastal watersheds in the counties of Santa Cruz, Santa Clara, San Benito, Monterey, San Luis Obispo and Santa Barbara. Within this area, there are six IRWM Plans covering the funding area (see figure below). The Monterey Peninsula, Carmel Bay, and South Monterey Bay planning region was initially defined in 2005 after discussions with MCWRA and formally designated by DWR in 2009. Since 2002, Californians have approved \$17.5 billion for water bonds that have included IRWM grant funds of approximately \$2 billion for planning, implementation, and stormwater flood management throughout California.

DWR issues updates to its IRWM Program Guidelines (Guidelines) in response to State legislation. The Guidelines establish how to develop an IRWM Plan and what needs to be included. The MPWMD Board adopted the first Monterey Peninsula IRWM Plan in November 2007, which met Proposition 50 IRWM standards. After Proposition 84 was approved in 2006,

the District secured a grant from DWR in 2010 to update the IRWM Plan and adopted an updated plan in June 2014.

Integrated Regional Water Management (IRWM) Regions in the Central Coast Funding Area



Proposition 1 Funds

Proposition 1, passed in 2016, provides \$43 million in grant funds to the CCFA. By agreement among the CCFA regions to share these funds equitably, the Monterey Peninsula region share is \$4.2 million.

In 2018, DWR funded \$466,000 for local Disadvantaged Community projects. MPWMD will be requesting \$2.4 million in the first round of general implementation projects (the current round). The remainder of funds would be awarded in future grant rounds.

The Monterey Peninsula planning region is the smallest geographical planning region in the Central Coast area at approximately 347 square miles. It consists of coastal watershed areas draining to Carmel Bay and south Monterey Bay between Pt. Lobos on the south and Sand City on the north. Its 38.3-mile crenulated coast includes three Areas of Special Biological Significance (Pt. Lobos, Carmel Bay, and Pacific Grove), several Marine Protected Areas, and a portion of the Monterey Bay National Marine Sanctuary. The area encompasses the six Monterey Peninsula Cities of Carmel-by-the-Sea, Del Rey Oaks, Pacific Grove, Monterey, Sand City, Seaside, and extends into portions of the unincorporated area of Monterey County at the former Fort Ord, in the Carmel Highlands, Pebble Beach, the inland areas of Carmel Valley and the Laguna Seca area.

At the time of adoption of the 2014 IRWM Plan, the Regional Water Management Group, which guides and implements the IRWM Plan, consisted of the following entities:

- Big Sur Land Trust (BSLT), a 501 (c) 3 organization;
- City of Monterey;
- City of Seaside
- Monterey Regional Water Pollution Control Agency (MRWPCA – now Monterey One Water);
- Monterey County Water Resources Agency (MCWRA);
- Marina Coast Water District (MCWD);
- Resource Conservation District of Monterey County; and
- Monterey Peninsula Water Management District (MPWMD).

Proposition 1 IRWM Plan Update At their June 23, 2014 meeting, the MPWMD Board of Directors adopted a “Monterey Peninsula, Carmel Bay and South Monterey Bay Integrated Regional Water Management Plan Update” (2014 IRWM Plan) that met Proposition 84 requirements. With the passage of Proposition 1 (Prop 1) in 2016, IRWM Plan requirements have been revised and for the region to receive Prop 1 implementation grant funds, the 2014 IRWM Plan must be updated to meet the new standards.

As described in the draft IRWM Plan, several stakeholder meetings were held to receive input and guide MPWMD staff and consultants in preparing the update. The IRWM Plan is a comprehensive guide for developing, prioritizing, and implementing coordinated water resource plans and projects. As such, it is a “living document” that is intended to be amended from time to time to meet the planning Region’s continually-evolving water resource management needs and related project priorities. The IRWM Plan update contains planning objectives and identifies potential projects that address the Region’s identified needs in the areas of water supply, water quality, flood protection, water-related environmental enhancement, and other state-mandated and optional planning categories.

During discussions with stakeholders, the following key changes were agreed upon:

- remove the requirement that a member of the Regional Water Management Group have statutory authority over water resources or provide a unique service or benefit not provided by other members of the RWMG; add the following entities to the RWMG:
 - California State University Monterey Bay
 - Carmel Area Wastewater District
 - Carmel River Watershed Conservancy
 - Carmel Valley Association
 - City of Carmel-by-the-Sea
 - City of Del Rey Oaks
 - City of Pacific Grove
 - City of Sand City
 - City of Seaside
 - Monterey County Resource Management Agency

- incorporate the Stormwater Resource Plan (SRP) for the region into the IRWM Plan as an Appendix; however, projects in the SRP would be prioritized only if the project proponent completed a detailed Project Information Form
- split the Flood Protection/Erosion Prevention Goal into separate Goals
- add Watershed Management as a Goal
- several Objectives were changed; a TAC was appointed to refine Objectives; a record of the recommended changes is contained in Appendix 14 to the 2019 IRWM Plan Update; (note that objectives serve to guide project proponents in the development of projects, but also have a practical aspect when the RWMG scores and prioritizes projects); significant changes for the 2019 update include:
 - water for environmental flows was added as an objective under Water Supply
 - protecting coastal infrastructure from flooding as a result of sea level rise and promoting floodplain restoration were added as Objectives under Flood Protection
 - three new Objectives were added to address Coastal and Streamside Erosion including managed retreat, restoring natural stream function and preventing downcutting in the Carmel River
 - four Objectives were added under the Watershed Management Goal to restore the natural flow of water and sediment and fire frequency in headwater forests
 - fuel management to prevent catastrophic wildfires was added as an Objective under Environmental Protection and Enhancement
 - the Objective of evaluation of Climate Change was changed to implementation of measures to mitigate effects of climate change
- the region-specific GIS and Data Management System developed for the 2014 IRWM Plan Update was discontinued – portions of the hardware used for the system are obsolete and no longer supported by the providers; the region will rely on Central Coast and State databases

A major change in DWR’s criteria for Prop 1 IRWM funding eligibility is the exclusion of projects that are required as mitigation of environmental impacts. Thus, replacement water supply projects – one of the region’s top priorities – are not allowed in a grant application. This includes Cal Am’s Monterey Peninsula Water Supply Project, the Pure Water Monterey project, and the District’s Aquifer Storage and Recovery projects.

It should be noted that MPWMD is the lead agency for development of the IRWMP and ensuring its execution. However, the institutional structure of the RWMG allows for agencies to rotate as members of the RWMG and any agency in the RWMG can be a lead agency for a grant application if a specific funding source is identified and the RWMG designates another lead agency.

During the project solicitation phase, five detailed project proposals were received and nine concept proposals were received. Of these, four project proposals are eligible to apply for an implementation grant while concept proposals must be developed further.¹ Details of the project solicitation process are contained in IRWM Plan Chapter 6.

CEQA COMPLIANCE: California Environmental Quality Act (CEQA) Guidelines for Section

1. Cal Am’s project proposal for the Monterey Peninsula Water Supply Project was determined to be ineligible.

15262 “Feasibility and Planning Studies” state as follows:

“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 but does require consideration of environmental factors.”

The MPWMD Board was previously provided a full copy of the IRWM Plan Update under separate cover.

It is MPWMD staff opinion that the evaluation of environmental factors contained in the IRWM Plan is adequate for this level of planning and that the Plan is exempt from further review under CEQA. But additional specific environmental review may be required for individual projects. It will be the responsibility of each project sponsor to identify a Lead Agency and to comply with requirements for additional environmental review under CEQA.

ADOPTION OF IRWM PLAN: In order to be eligible for State IRWM implementation grant funds under the California voter-approved Proposition 1, the IRWM Plan must meet the 2016 Guidelines and be adopted by the agencies that apply for grant funds. MPWMD is the lead agency in the region and is currently preparing a grant application to DWR for \$1,894,400. **Exhibit 10-A** Resolution No. 2019-14 to adopt the 2019 IRWM Plan is attached.

EXHIBIT

10-A Resolution No. 2019-14



EXHIBIT 10-A

RESOLUTION NO. 2019-14

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE MONTEREY PENINSULA WATER MANAGEMENT DISTRICT
TO ADOPT THE MONTEREY PENINSULA, CARMEL BAY, AND SOUTH MONTEREY BAY
INTEGRATED REGIONAL WATER MANAGEMENT PLAN UPDATE**

WHEREAS, the State of California desires to foster Integrated Regional Water Management (IRWM) planning and encourages local public, non-profit, and private (for profit) entities to define planning regions appropriate for managing water resources and to integrate strategies within these planning regions; and

WHEREAS, the Monterey Peninsula Water Management District (MPWMD or District) is charged with the responsibility to manage, augment, and protect water resources for the benefit of the community and the environment within the District boundaries; and

WHEREAS, MPWMD has facilitated the formation of an IRWM planning Region with water resources that are linked hydrologically, geographically, and ecologically; and

WHEREAS the planning Region consists of the six Monterey Peninsula cities of Carmel-by-the-Sea, Del Rey Oaks, Pacific Grove, Monterey, Sand City, Seaside, and extends into portions of the unincorporated area of Monterey County in the Carmel Highlands, Pebble Beach and the inland areas of Carmel Valley and the Laguna Seca area; and

WHEREAS water resources management authority and interests in the planning Region are currently distributed among various public agencies and other entities with a range of legal powers, regulatory responsibilities and interests; and

WHEREAS, sensible water resources planning and management frequently requires actions in multiple jurisdictions; and

WHEREAS, MPWMD recognizes that continued coordination is necessary among local entities with responsibilities and interests in managing water resources; and

WHEREAS, in accordance with the July 2016 Proposition 1 (The Water Quality, Supply, and Infrastructure Improvement Act of 2014) Integrated Regional Water Management Grant Program Guidelines by the Department of Water Resources, MPWMD undertook a collaborative planning effort with the stakeholders in the planning Region including public agencies, water providers, non-profit entities, residential water users, community, recreation, and environmental organizations to formulate water management goals, strategies, and objectives for the planning Region and to prioritize projects that address watershed and regional issues; and

WHEREAS this planning effort has resulted in the Monterey Peninsula, Carmel Bay, and South Monterey Bay Integrated Regional Water Management Plan Update to achieve multiple benefits, encompass multiple watersheds and groundwater basins, meet short- and long-term water resource needs, coordinate with other IRWM Plans, and address state and federal priorities; and

WHEREAS, the IRWM Plan is a living document, reviewed and updated over time; and Whereas, the Monterey Peninsula Water Management District Board of Directors held a public hearing on September 16th, 2019 to receive public input on the Draft IRWM Plan Update; and

WHEREAS, the Monterey Peninsula Water Management District Board of Directors reviewed the Draft IRWM Plan Update with its staff and the general public at its regular Board meeting on September 16th, 2019.

NOW THEREFORE BE IT RESOLVED, that the Monterey Peninsula Water Management District hereby adopts the Monterey Peninsula, Carmel Bay, and South Monterey Bay Integrated Regional Water Management Plan Update as a voluntary document that provides broadly supported, identified goals, objectives, strategies, and projects to meet the integrated water needs of the people and the environment within the planning Region.

On a motion by Director _____ and second by Director _____ the foregoing resolution is duly adopted this 16th day of September 2019 by the following votes.

AYES:

NAYS:

ABSENT:

*Draft –MPWMD Resolution No. 2019-XX – Adopt the Monterey Peninsula, Carmel Bay, and South Monterey Bay
Integrated Regional Water Management Plan Update*

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 16th day of September 2019.

Witness my hand and seal of the Board of Directors this ___ day of ___ 2019.

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DRAFT

RECOMMENDATION: District staff recommends adoption of Resolution 2019-12 (**Exhibit 11-A**) modifying Rule 160.

EXHIBIT

11-A Resolution 2019-12 Modifying Rule 160 – Regulatory Water Production Targets for California American Water Systems



EXHIBIT 11-A

**RESOLUTION NO. 2019-12
A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
MONTEREY PENINSULA WATER MANAGEMENT DISTRICT
MODIFYING RULE 160 – REGULATORY PRODUCTION TARGETS FOR
CALIFORNIA AMERICAN WATER SYSTEMS**

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

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

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

WHEREAS, the State Water Resources Control Board adopted Order WR 2016-0016 on July 19, 2016, which requires California American Water to divert no more than 8,310 acre-feet in Water Year 2020 from its Carmel River system sources;

WHEREAS, the Monterey County Superior Court adopted an Amended Decision in the Seaside Groundwater Basin Adjudication on February 9, 2007 (*California American Water v. City of Seaside, et al.*, Case No. M66343), which requires California American Water to divert no more than 1,820 acre-feet from the Coastal Subareas and 0 acre-feet from the Laguna Seca Subarea of the Seaside Groundwater Basin in Water Year 2020;

WHEREAS, the Seaside Groundwater Basin Watermaster has not yet determined the amount of carryover credit, if any, that California American Water has from Water Year 2017 that will be available for diversion in Water Year 2020; and

WHEREAS, it is necessary to modify the monthly and year-to-date at month-end water production targets in Tables XV-1, XV-2 and XV-3 to reflect the projected quantities of production available to California American Water for diversion from the Carmel River and Seaside Groundwater Basins for Water Year 2020.

NOW THEREFORE, BE IT RESOLVED:

1. District staff shall modify Tables XV-1, XV-2 and XV-3 of District Rule 160 to reflect the projected quantities of production available to California American Water for diversion from the Carmel River and Seaside Groundwater Basins for Water Year 2020.
2. Specifically, District staff shall replace the monthly and year-to-date at month-end values presently shown in Tables XV-1, XV-2 and XV-3 of Rule 160 with the monthly and year-to-date at month-end values shown on the attached tables (**Attachment 1**).

On motion of Director _____, and second by Director _____, the foregoing resolution is duly adopted this 16th day of September 2019, by the following votes:

AYES:

NAYES:

ABSENT:

I, David J. Stoldt, Secretary of the Board of Directors of the MPWMD, hereby certify that the foregoing is a full, true and correct copy of a resolution duly adopted on the 16th day of September 2019.

Witness my hand and seal of the Board of Directors, this _____ day of September, 2019.

David J. Stoldt, Secretary to the Board

ATTACHMENT 1

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

(All Values in Acre-Feet)

Month	Monthly Target	Year-to-Date at Month-End Target
October	925	925
November	756	1,681
December	700	2,381
January	766	3,147
February	686	3,833
March	799	4,632
April	803	5,435
May	915	6,350
June	913	7,263
July	979	8,242
August	981	9,223
September	907	10,130
TOTAL	10,130	---

Notes:

Monthly and year-to-date at month-end production targets are based on the annual production limit specified for the California American Water (Cal-Am) systems for Water Year (WY) 2020 from Carmel River sources per State Water Resources Control Board Order WR 2016-0016 (8,310 acre-feet) and adjusted annual production limits specified for the Cal-Am satellite systems from its Coastal Subarea sources (1,820 acre-feet) and Laguna Seca Subarea sources (0 acre-feet) of the Seaside Groundwater Basin per the Seaside Basin adjudication decision. These values do not include consideration of any carryover credit in the Seaside Basin for WY 2019. This combined total (10,130 acre-feet) was distributed monthly based on Cal-Am's reported monthly average production for its main and satellite systems during the 2013 through 2018 period.

ATTACHMENT 1

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

(All Values in Acre-Feet)

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

Notes:

Monthly and year-to-date at month-end production targets are based on the adjusted annual production limit specified for the California American Water (Cal-Am) satellite systems for Water Year 2020 from its sources in the Laguna Seca Subarea of the Seaside Groundwater Basin per the Seaside Basin adjudication decision. This Laguna Seca Subarea total (0 acre-feet) was distributed monthly based on Cal-Am's reported monthly average production for its satellite systems during the 2013 through 2018 period.

ATTACHMENT 1

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

(All Values in Acre-Feet)

Month	Monthly Target	Year-to-Date at Month-End Target
October	759	759
November	620	1,378
December	575	1,954
January	629	2,583
February	562	3,145
March	656	3,800
April	659	4,459
May	750	5,210
June	749	5,958
July	803	6,761
August	805	7,566
September	744	8,310
TOTAL	8,310	---

Notes:

Monthly and year-to-date at month-end production targets are based on the annual production limit specified for California American Water (Cal-Am) for Water Year (WY) 2020 from its Carmel River system sources per State Water Resources Control Board Order WR 2016-0016 (8,310 acre-feet). This amount was distributed monthly based on Cal-Am's reported monthly average production for its Main system sources during the 2013 through 2018 period. These values incorporate consideration of thetriennial reductions specified for the Cal-Am systems in the Seaside Basin adjudication decision, in setting the monthly maximum production targets from each source as part of the MPWMD Quarterly Water Supply Budget Strategy.

ITEM: PUBLIC HEARING

12. CONSIDER ADOPTION OF OCTOBER THROUGH DECEMBER 2019 QUARTERLY WATER SUPPLY STRATEGY AND BUDGET

Meeting Date:	September 16, 2019	Budgeted	N/A
From:	David J. Stoldt, General Manager	Program/ Line Item No.:	N/A
Prepared By:	Jonathan Lear	Cost Estimate	N/A

General Counsel Review: N/A

Committee Recommendation: N/A

ESA Compliance: Consistent with the September 2001 and February 2009 Conservation Agreements between the National Marine Fisheries Service and California American Water to minimize take of listed steelhead in the Carmel River and Consistent with SWRCB WR Order Nos. 95-10, 98-04, 2002-0002, and 2016-0016.

SUMMARY: The Board will accept public comment and take action on the **October** through **December 2019** Quarterly Water Supply Strategy and Budget for California American Water's (CalAm's) Main and Satellite Water Distribution Systems (WDS), which are within the Monterey Peninsula Water Resources System (MPWRS). The proposed budgets, which are included as **Exhibits 12-A and 12-B**, show monthly production by source of supply that is required to meet projected customer demand in CalAm's Main and Laguna Seca Subarea systems, i.e., Ryan Ranch, Bishop, and Hidden Hills, during the **October** through **December 2019** period. The proposed strategy and budget is designed to maximize the long-term production potential and protect the environmental quality of the Seaside Groundwater and Carmel River Basins.

Exhibit 12-A shows the anticipated production by CalAm's Main system for each production source and the actual production values for the water year to date through the end of **December 2019**. Cal-Am's annual Main system production for Water Year (WY) 2019 will not exceed 10,130 acre-feet (AF). Sources available to meet customer demand are 1,820 AF from the Coastal Subareas of the Seaside Groundwater Basin as set by the Seaside Basin Adjudication Decision and 8,310 AF from the Carmel River as set by WRO 2016-16. If production for **September 2019** occurs as planned, CalAm will enter WY 2020 with approximately 700 AF of carry over ASR storage. This carryover was planned at the WY 2019 4th quarter QWB meeting to provide an excess source of water in summer 2020 if conditions are drier than WY 2019. The schedule of production from the Carmel Valley Alluvial Aquifer is consistent with State Water Resources Control Board (SWRCB) Order Nos. 95-10, 98-04, 2002-0002, and 2016-0016. In compliance with WRO 2016-0016, any water diverted under these rights must be used to reduce unlawful diversion from the Carmel River Basin.

Exhibit 12-B shows the anticipated production by CalAm's Laguna Seca Subarea systems for each production source, and the actual production values for WY 2020 to date through the end of August 2020. According to the Seaside Basin Adjudication Decision, CalAm's production has been reduced to 0 AF. It is recognized that CalAm will need to produce water to serve its customers and this table is produced as a ministerial component of tracking the implementation of the Adjudication Decision. CalAm has filed in the most recent general rate case with the California Public Utility Commission to intertie the main system and satellite systems to solve this issue.

RECOMMENDATION: The Board should receive public input, close the Public Hearing, and discuss the proposed quarterly water supply budget. District staff recommends adoption of the proposed budget. The budget is described in greater detail in **Exhibit 12-C, Quarterly Water Supply Strategy Report: October – December 2019.**

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

When flows decline below 20 cfs at the District's Don Juan Gage, CalAm will stop production from its Upper Carmel Valley Wells. The permitted diversion season for ASR is between December 1 and May 31. ASR recovery will begin when flows decline to shift production away from the river. This schedule is estimated with wet year streamflow conditions and daily demand for Carmel Valley. There is also a projected goal of producing 25 AF of treated brackish groundwater from the Sand City Desalination Plant in each of these three months.

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

EXHIBITS

12-A Quarterly Water Supply Strategy and Budget for Cal-Am Main System: October – December 2019

12-B Quarterly Water Supply Strategy and Budget for Cal-Am Subsystems: October – December 2019

12-C Quarterly Water Supply Strategy and Budget Report: October – December 2019

EXHIBIT 12-A

**California American Water Main Distribution System
Quarterly Water Supply Strategy and Budget: October - December 2019**

Proposed Production Targets by Source and Projected Use in Acre-Feet

SOURCE/USE	MONTH			YEAR-TO-DATE		
	Oct-19	Nov-19	Dec-19	Oct-18 - Aug-19	% of YTD	% of Annual Budget
Source						
<u>Carmel Valley Aquifer</u>						
Upper Subunits (95-10)	0	0	0	183	NA	NA
Lower Subunits (95-10)	550	380	576	7,392	96.0%	95.9%
Lower Subunits (ASR)	0	0	145	532	NA	NA
Upper and Lower (Table 13)	0	0	24	153		
Total	550	380	745			
Total to count against CDO	550	380	745			
<u>Seaside Groundwater Basin</u>						
Coastal Subareas	350	350	100	1,820	122.7%	100.0%
ASR Recovery	0	0	0	367	91.6%	79.2%
Sand City Desalination	25	25	25	144	52.2%	47.9%
Total	375	375	125			
Use						
Customer Service (95-10 & SG)	925	755	701			
ASR Injection	0	0	145			
Customer Service (Table 13)	0	0	24			
Total	925	755	870			

Notes:

1. The annual budget period corresponds to the Water Year, which begins on October 1 and ends on September 30 of the following Calendar Year.
2. Total monthly production for "Customer Service" in CAW's main system was calculated by multiplying total annual production (10,130 AF) times the average percentage of annual production for October, November, and December 9.1%, 7.5%, and 6.7% , respectively). According to District Rule 160, the annual production total was based on the assumption that production from the Coastal Subareas of the Seaside Groundwater Basin would not exceed 1,820 AF and production from Carmel River sources would not exceed 8,310 AF in WY 2019. The average production percentages were based on monthly data for customer service from WY 2013 to 2018.
3. Anticipated production for ASR injection is based on an average diversion rate of approximately 4,500 gallons per minute (gpm) or 19.9 AF per day from CAW's sources in the Carmel River Basin. "Total" monthly CAW "Use" includes water for customer service and water for injection into the Seaside Basin.
4. The production targets for CAW's wells in the Upper Subunits of the Carmel Valley Aquifer are set at 0 assuming low flow periods.
5. The production target for CAW's wells in the Seaside Coastal Subareas in December is based on the assumption that sufficient flow will occur in the Carmel River at the targeted levels, to support ASR injection. It is planned that Coastal Subarea pumping will not occur, or will be proportionally reduced, if ASR injection does not occur at targeted levels.
6. The production targets for CAW's wells in the Seaside Coastal Subareas are based on the need for CAW to produce its full native water allocation during WY 2018 to be in compliance with SWRCB WRO No 2016-0016.
7. It should be noted that monthly totals for Carmel Valley Aquifer sources may be different than those shown in MPWMD Rule 160, Table XV-3. These differences result from monthly target adjustments needed to be consistent with SWRCB WRO 98-04, which describes how the Cal-Am Seaside Wellfield is to be used to offset production in Carmel Valley during low-flow periods. Adjustments are also made to the Quarterly Budgets to ensure that compliance is achieved on an annual basis with MPWMD Rule 160 totals.
8. Table 13 values reflect source/use estimates based on SWRCB Permit 21330, which allows diversions from the CVA for "in Basin use" (3.25 AFD) when flows in the River exceed threshold values.
9. According to SWRCB WRO No 2016-0016, the first 600 AF diverted from the CVAA will count as diversions against the CDO limit.

EXHIBIT 12-B

**California American Water Laguna Seca Subarea Distribution Systems
Quarterly Water Supply Strategy and Budget: October - December 2018
Proposed Production Targets by Source and Projected Use in Acre-Feet**

SOURCE/USE	MONTH			YEAR-TO-DATE		
	Oct-19	Nov-19	Dec-19	Oct-18 - Aug-19	% of YTD	% of Annual Budget
<u>Source</u>						
Seaside Groundwater Basin						
Laguna Seca Subarea	0	0	0	263	547.9%	547.9%
Other	0	0	0			
<u>Use</u>						
Customer Service	30	30	24	263		

Notes:

1. The annual budget period corresponds to the Water Year, which begins on October 1 and ends on September 30 of the following Calendar Year.
2. Total monthly production for "Customer Service" in CAW's Laguna Seca Subarea systems was calculated by multiplying total annual production (0 AF) times the average percentage of annual production October, November, and December (9.4%, 7.0%, and 6.2%, respectively). The annual production total was based on the assumption that production from the Laguna Seca Subarea of the Seaside Groundwater Basin would not exceed 0 AF. The average production percentages were based on monthly data for customer service from WY 2013 to 2018. The 0 AF annual production limit is specified in the Seaside Basin Adjudication Decision and is subject to change.
3. It should be noted that, the tri-annual reduction occurring in WY 2018 reduced the Laguna Seca allocation to 0 AF, based on recent historical use, actual monthly use will exceed the proposed monthly production target. In this context, the production targets represent the maximum monthly production that should occur so that CAW remains within its Standard Production Allocation for the Laguna Seca Subarea specified in the Seaside Decision. Accordingly, actual production beyond these production targets will be subject to replenishment assessment by the Seaside Basin Watermaster.
4. "Other" production sources refer to supplies transferred to Laguna Seca Subarea customers from CAW's Carmel River sources or water rights acquired from other producers in the Seaside Basin to produce additional water. For example, under emergency conditions, water can be transferred from sources that serve customers in CAW's main system, via an existing interconnection, to customers in CAW's Ryan Ranch system.

EXHIBIT 12-C

Quarterly Water Supply Strategy and Budget Report California American Water Main Water Distribution System: October – December 2020

1. Management Objectives

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

2. Quarterly Water Supply Strategy: October - December 2020

On September 5, 2019 staff from the District, CalAm, State Water Resources Control Board's Division of Water Rights (SWRCB-DWR), and the California Department of Fish and Wildlife (CDFW) met and discussed the proposed water supply strategy and related topics for upcoming quarter. National Marine Fisheries Services (NMFS) was unable to attend, but was given to opportunity to provide guidance into the process.

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

Seaside Groundwater Basin CalAm will continue to produce water from the Coastal Subareas of the Seaside Basin during this period, as necessary to meet system demand and reduce pumping from the Carmel River wells. There is also a goal to produce 25 AF of treated brackish groundwater from the Sand City Desalination Plant in each of these three months. It is recognized that, based on recent historical use, CalAm's production

from the Laguna Seca Subarea during this period cannot be reduced to zero, as is set by CalAm's allocation specified in the Seaside Basin Adjudication Decision. In this context, the production targets represent the maximum monthly production that should occur so that CalAm remains within its adjudicated allocation for the Laguna Seca Subarea. Under the amended Seaside Basin Decision, CalAm is allowed to use production savings in the Coastal Subareas to offset over-production in the Laguna Seca Subarea. However, the quarterly budget was developed so that CalAm would produce all native groundwater in the Coastal Subareas and Laguna Seca production would be over the Adjudication allotment.

ITEM: ACTION ITEM

13. CONSIDER ADOPTION OF RESOLUTION NO 2019-13 AUTHORIZING AN AMENDMENT TO MPWMD BOARD MEETING RULE 12 – ESTABLISH BOARD MEETING START TIME AS 6 PM

Meeting Date: September 16, 2019 **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: None

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

SUMMARY: The Board should consider modifying the Regular Board meeting start time from 7 pm to 6 pm. A 6 pm start time would allow the Board to conduct its business and adjourn at a reasonable hour. This will benefit both the public and Directors.

The Board can authorize the change by amending MPWMD Board Meeting Rule No. 12 that established the start time as 7 pm. The 6 pm start time would go into effect immediately. Notice of the time change would be emailed the week of September 23 and published on the District's website and social media accounts. The notice would be repeated the week of October 7.

A survey of 11 local public agencies showed that only two agencies convene at 7 pm. The City of Pacific Grove and Monterey One Water convene at 6 pm. The other seven agencies meet at various times between 9:30 am and 6:30 pm.

RECOMMENDATION: Approve Resolution No. 2019-13 (**Exhibit 13-A**) authorizing an amendment to MPWMD Board Meeting Rule No. 12 and establishing the Regular Board meeting start time as 6 pm.

EXHIBIT

13-A Draft Resolution No. 2019-13 – Authorizing an Amendment to MPWMD Board Meeting Rule No. 12



EXHIBIT 13-A

DRAFT

RESOLUTION NO. 2019-12

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
MONTEREY PENINSULA WATER MANAGEMENT DISTRICT
AMEND MEETING RULE 12
ESTABLISH 6 PM START TIME FOR REGULAR BOARD MEETINGS**

WHEREAS, MPWMD Board Meeting Rule 12 specifies that regular Board meetings shall commence at 7:00 pm on the third Monday of each month.

WHEREAS, the Board of Directors of the Monterey Peninsula Water Management District intends to convene regular Board meetings at 6 pm to allow for adjournment at a reasonable hour that will benefit both the public and the Board.

WHEREAS, MPWMD Board Meeting Rule 12 can be amended by resolution of the Board to establish a 6 PM start time for regular Board meetings, effective September 17, 2019.

NOW THEREFORE, BE IT RESOLVED:

We, the Board of Directors of the Monterey Peninsula Water Management District, amend Board Meeting Rule 12 to state that regular Board meetings shall commence at 6:00 pm on the third Monday of each month. This amendment shall take effect on September 17, 2019.

On motion of Director _____ and second by Director _____, the foregoing resolution is duly adopted this 16th day of September 2019 by the following votes:

AYES:

NAYS:

ABSENT:

I, David J. Stoldt, Secretary to the Board of Directors on the Monterey Peninsula Water Management District, hereby certify that the foregoing is a resolution duly adopted on the 16th day of September 2019.

Witness my hand and seal of the Board of Directors this ____ day of September 2019.

David J. Stoldt, Secretary to the Board

EXHIBIT 14-A

**Monterey Peninsula Water Management District
Status on Measure J/Rule 19.8 Spending
For the Period July 2019**

	Contract	Date Authorized	Contract Amount	Prior Period Spending	Current Period Spending	Total Expended To Date	Spending Remaining	Project No.
1	Eminent Domain Legal Counsel	12/17/2018	\$ 100,000.00	\$ 55,040.20	\$ 32,587.50	\$ 87,627.70	\$ 12,372.30	PA00002-01
2	Investment Banking Services	2/21/2019	\$ 30,000.00	\$ -	\$ -	\$ -	\$ 30,000.00	PA00002-02
3	Valuation & Cost of Service Study Consulta	2/21/2019	\$ 355,000.00	\$ 125,404.79	\$ 21,838.96	\$ 147,243.75	\$ 207,756.25	PA00002-03
4	Investor Owned Utility Consultant	2/21/2019	\$ 100,000.00	\$ 35,974.94	\$ 30,512.02	\$ 66,486.96	\$ 33,513.04	PA00002-04
5	District Legal Counsel		\$ 30,000.00	\$ 18,794.11	\$ 5,904.50	\$ 24,698.61	\$ 5,301.39	PA00002-05
6	Contingency/Miscellaneous		\$ 35,000.00	\$ 6,070.41	\$ -	\$ 6,070.41	\$ 28,929.59	PA00002-10
	Total		\$ 650,000.00	\$ 241,284.45	\$ 90,842.98	\$ 332,127.43	\$ 317,872.57	

ITEM: INFORMATIONAL ITEM/STAFF REPORT

16. COMMITTEE REPORTS

Meeting Date: September 16, 2019 **Budgeted:** N/A

From: David J. Stoldt, **Program/** N/A
 General Manager **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.

Attached for your review as **Exhibits 16-A and 16-B**, respectively, are final minutes of the committee meetings listed below.

EXHIBIT

16-A August 12, 2019 Administrative Committee Minutes

16-B July 9, 2019 Water Supply Planning Committee Minutes



EXHIBIT 16-A

FINAL MINUTES
**Monterey Peninsula Water Management District
Administrative Committee
August 12, 2019**

Call to Order

The meeting was called to order at 4:04 PM in the District Conference Room.

Committee members present: George Riley – Chair
Molly Evans
Gary Hoffmann (participated by telephone)

Staff present: David J. Stoldt, General Manager
Stephanie Locke, Water Demand Manger
Thomas Christensen, Environmental Resources Manager
Jon Lear, Water Resources Manager
Suresh Prasad, Chief Financial Officer/Administrative Services Manager
Kevan Urquhart, Senior Fisheries Biologist
Maureen Hamilton, Water Resources Engineer
Sara Reyes, Sr. Office Specialist

Oral Communications

None

Items on Board Agenda for August 19, 2019

- 1. Consider Adoption of Minutes of July 8, 2019 Committee Meeting**
On a motion by Evans and second by Riley, the minutes of the July 8, 2019 meeting were approved on a vote of 2– 0 by Evans and Riley. Director Hoffman abstained from voting due to his absence at the July 8, 2019 Committee meeting.
- 2. Consider Expenditure for Updates to Gardensoft Waterwise Gardening Software**
On a motion by Evans and second by Riley, the committee voted to recommend the Board approve the modernization upgrades and fact sheets for a not-to-exceed expenditure of \$4,650. The motion was approved on a vote of 3 – 0 by Evans, Riley and Hoffman.
- 3. Consider Approval of Additional expenditure to Right on Q Hydrogeology (Michael Hutnak) for Technical Support for the Carmel River Basin Hydrologic Model**
The committee unanimously agreed to present this item to the full Board for discussion as an Action Item on the August 12, 2019 Board agenda. No action was taken by the committee.
- 4. Consider Expenditure to Contract for Completion of Annual Carmel River Survey (*Exempt from CEQA – Section 15306*)**
On a motion by Evans and second by Hoffman, the committee voted to recommend the Board authorize the General Manager to enter into an agreement with the University Foundation at CSUMB

for a not-to-exceed amount of \$24,839. The motion was approved on a vote of 3 – 0 by Evans, Hoffman and Riley.

5. Consider Augmenting Expenditures for Permitting of a New Carmel River Fish Counting Weir (Exempt under CEQA Guidelines Section 15306 and 15378)

On a motion by Evans and second by Riley, the committee voted to recommend the Board (1) approve an expenditure of \$3,288.75 for the CDFW LSAA five-year permit fee that increased in 2019; (2) authorize the General Manager to augment and extend an existing agreement with Denise Duffy & Associates for a not-to-exceed additional amount of \$5,000 for assistance with remaining permit acquisition; and (3) include a \$1,711.25 contingency for a total expenditure of \$10,000. The motion was approved on a vote of 3 – 0 by Evans, Riley and Hoffmann.

6. Consider Expenditure for Pre-Purchase of Materials Necessary to Construct Santa Margarita Disinfection Facilities

On a motion by Riley and second by Evans, the committee voted to recommend the Board (1) Make a finding under Public Contract Code Section 3400 (c) (2) and (3) that the materials to be purchased under this authorization are required in order to match other products in use within the Cal-Am system and that the necessary materials are available from one source; (2) Authorize the General Manager to enter into a contract with Hopkins Technical Products, Inc. to purchase chemical feed systems for the amount of \$80,469.28, with a 10% contingency for delivery, offloading, and/or storage to be authorized by MPWMD staff, for a total amount not-to-exceed (NTE) \$88,516. The motion was approved on a vote of 2 – 1 by Riley and Evans. Director Hoffmann voted against the motion. The motion included requests for additional information from staff in the report to be presented to the Board at the August 19, 2019 meeting.

6A. Consider Expenditure for the Santa Margarita Water Disinfection Facilities Construction Management Services

On a motion by Evans and second by Riley, the committee voted to recommend this item be placed on the August 19, 2019 as an Action Item and with additional information from staff. The motion was approved on a vote of of 3 – 0 by Evans, Riley and Hoffmann.

7. Status Report on Measure J/Rule 19.8 Spending

This item was presented as information to the committee. No action was required or taken by the committee.

8. Review Fourth Quarter Legal Services Activity Report for Fiscal Year 2018-2019

This item was presented as information to the committee. No action was required or taken by the committee.

9. Review Draft August 19, 2019 Regular Board Meeting Agenda

A revised draft agenda was submitted to the committee for review. No changes were made by the committee.

Adjournment

The meeting was adjourned at 6:03 PM.



EXHIBIT 16-B

FINAL MINUTES
Water Supply Planning Committee of the
Monterey Peninsula Water Management District
July 9, 2019

Call to Order: The meeting was called to order at 10:00 am.

Committee members present: Gary Hoffmann, P.E. (participated by telephone)
Jeanne Byrne
George Riley

Committee members absent: None

Staff members present: David J. Stoldt, General Manager
Larry Hampson, District Engineer
Arlene Tavani, Executive Assistant
Stephanie Locke, Water Demand Manager
Jonathan Lear, Water Resources Division Manager
Thomas Christensen, Environmental Resources Div. Mgr.

District Counsel present David Laredo

Comments from the Public: Paul Bruno came forward to comment on California-American Water's desalination project, but agreed to speak under agenda item 4.

Action Items

- 1. Consider Adoption of March 28, 2019 Committee Meeting Minutes**
On a motion by Riley and second of Hoffmann, the minutes were approved on a unanimous vote of 3 – 0 by Riley, Hoffmann and Byrne.

Discussion Items

- 2. Update on Status of Ryan Ranch Unit of California American Water and Use of Emergency Intertie between the Bishop and Ryan Ranch Units**
General Manager Stoldt distributed an email dated July 8, 2019 from Tim O'Halloran of California American Water (CAW) outlining a plan to implement the Ryan Ranch-Bishop interconnection as contemplated in the Monterey Peninsula Water Supply Project EIR to meet the water needs of the Ryan Ranch system. The committee discussed the plan and agreed with staff's assessment that it would be preferable to support CAW's plan to implement the Ryan Ranch-Bishop interconnection which would be completed by April 2020, rather than require CAW to pursue the lengthy process to amend the Ryan Ranch Water Distribution System permit.

John Tilley addressed the committee during the public comment period on this item. He highlighted the importance of redundancy within the water system; the peak maximum daily demand needs must be met; and satellite systems do not work without a water supply project.

During the discussion, staff acknowledged that CAW may need to utilize its interconnection with the Bishop or main CAW system during construction of the new Bishop interconnection. It was noted that the District chose not to pursue enforcement procedures against CAW when it was known that the company was out of compliance with its Water Distribution System permit. There was concern that the lack of enforcement sent a signal to others that the District would not enforce its rules.

3. Discussion of Pure Water Monterey Advanced Water Purification Electrical Facilities

Stoldt summarized the information provided in the staff note and responded to questions. He stated that the cost of the design change to provide power from Monterey Regional Waste Management District to the Advanced Water Purification Facilities without the need to change the existing PG&E Meter and Switchgear will be offset by reduced power costs over a 30-year period.

4. Update on Pure Water Monterey Project; Discuss Pure Water Monterey Expansion's Role in Water Supply Portfolio

Riley stated that the topic was presented at his request. The purpose was not to ask the committee to establish priorities or take any action, but to promote a discussion on principles, priorities, and cost related to development of PWM and desalination. He described the District's support of both projects as mission creep. He explained that the District supported the financing agreement for the desalination project, and took action to support funding for Pure Water Monterey (PWM). PWM complies with sustainability priorities of the District and State and should be supported. PWM is less costly than desalination, with fewer environmental impacts. The desalination project was originally proposed as a no-growth project, but had been approved with growth mentioned in the mission statement. The desalination project as designed splits the community. A regional desalination project would be preferable to CAW's desalination project.

Byrne opined that there was no issue between the two projects. The source water for PWM is not guaranteed due to increased water conservation and improvements in agricultural water use practices. PWM is not a permanent solution; it is a short term 20-30 year solution. Desalination is a long term 50-100 year solution. The State is requiring every city to develop additional housing. If the original desalination project would only provide water for lots of record, infill, and return of the economy it would not provide water for the new housing requirements.

Hoffmann stated that PWM and the desalination project are components of the long-term solution and are not mutually exclusive. The District should not revisit the settlement agreement. Funding for both projects is available from State Revolving Fund loans. It is important to maximize water reuse before creating a new water supply and taxing overused resources that are highly energy intensive. He questioned

to what extent expansion of PWM would be viable in the long-term. He expressed concern about CAW's ability to reliably operate the desalination plant. Processes for potable reuse have improved over time, and the project should be reevaluated in order to develop a more comprehensive position consistent with the settlement agreement.

Public Comment: **(a) Sam Teal** stated that the District should remain on the same path, as there was no reason to withdraw support of desalination. **(b) Kevin Dayton**, Government Affairs Director for the Monterey Peninsula Chamber of Commerce, recommended that this discussion be conducted in a venue that would accommodate a large group of community members who could express their opinion. **(c) Jeff Davi** urged the District to continue its support of desalination. PWM expansion was intended as a back-up plan. Another public forum for this issue was not needed – the topic had been discussed. **(d) Paul Bruno** urged the committee to refrain from moving this discussion forward. The settlement agreement should remain in place. PWM and the expansion proposal would not meet peak demand without desalination, nor would PWM meet the needs of the Seaside Basin. **(e) John Tilley**, rate payer, stated that the desalination plant would be a sustainable project, with PWM as a supplement. He inferred that the issue was about Measure J, which he said should be decided through the feasibility study, not in discussions about the water supply project.

Stoldt stated that peak demand in the system can be met without a desalination project for ten years. He noted that funding from Clean Water State Revolving Fund loans and Safe Drinking Water State Revolving Fund loans could provide full funding for the desalination project; however, the State had not yet submitted a letter confirming its intent to fully fund the project. Until then, the plan is that some construction costs would be paid by a surcharge, 20% shareholder equity from CAW, and the remainder from State Revolving Fund loans.

5. Update on Los Padres Dam Alternatives Study

Larry Hampson reported that the calibrated model and scenarios to be studied in the alternatives study have been approved, including simulation of what the watershed was like prior to any European influences in the water shed. It could take 6 – 8 weeks to prepare the data for review by the consultants who will assess the data to determine how the steelhead would be affected under different scenarios.

6. Update on ASR Construction

Stoldt reported that chemical building design was nearly complete, and CEQA approval would be presented to the Board in July. When the building is constructed, the site will be landscaped.

Adjournment: The meeting was adjourned at 5:20 pm.

EXHIBIT 17-A
MONTHLY ALLOCATION REPORT
Reported in Acre-Feet
For the month of August 2019

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	0.235	50.659	0.000	0.030	38.121	0.000	2.300	2.565
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	0.022	15.874	0.058	0.075	0.097
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	2.149	34.438	0.000	34.438	2.693	0.000	1.144	37.731
TOTALS	342.720	0.000	19.696	101.946	0.000	35.923	90.142	0.058	28.849	84.468

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	9.350	3.410

* Does not include 15.280 Acre-Feet from the District Reserve prior to adoption of Ordinance No. 73.

EXHIBIT 17-B
MONTHLY ALLOCATION REPORT
ENTITLEMENTS
Reported in Acre-Feet
For the month of August 2019

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	222.000	0.000	31.431	190.569
Del Monte Forest Benefited Properties ² (Pursuant to Ord No. 109)	143.000	0.049 Credit	55.031	87.969
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	0.049 Credit	101.291	278.709

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	5.053	200.947
Malpaso Water Company	80.000	0.441	13.706	66.294
D.B.O. Development No. 30	13.950	0.000	1.125	12.825
City of Pacific Grove	35.990	0.021	0.021	35.969
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 17-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.

estimated at **0.030** AFA (8 toilets). Year-to-date estimated savings from toilet retrofits is **5.190** AFA.

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 July, District inspectors performed **eight** inspections. Of the **eight** inspections certified, **seven** were in compliance. **Two** of the properties that passed inspection involved more than one visit to verify compliance with all water efficiency standards; the remainder complied without a reinspection.

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 July 2019, MPWMD referred **three** properties to Cal-Am for verification of outdoor Rate BMPs.

E. Water Waste Enforcement

The District has a Water Waste Hotline 831-658-5653 or an online form to report Water Waster occurrences at www.mpwmd.net or www.montereywaterinfo.org. There were **eight** Water Waste responses during the past month. There were **no** repeated incidents that resulted in a fine.

II. WATER DEMAND MANAGEMENT

A. Permit Processing

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 **228** Water Permits from May 1, 2019 to August 31, 2019. **Thirty-one** Water Permits were issued using Water Entitlements (Pebble Beach Company, Malpas Water, etc.). **Two** Water Permits involved a debit to a Public Water Credit Account.

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. All Water Permit recipients with property supplied by a California American Water Distribution System will continue to be provided with the disclaimer.

District Rule 24-3-A allows the addition of a second bathroom in an existing Single-Family Dwelling on a Single-Family Residential Site. Of the **228** Water Permits issued from May 1, 2019 to August 31, 2019, **17** were issued under this provision.

B. Permit Compliance

District staff completed **53** Water Permit final inspections during August 2019. **Four** of the final inspections failed due to unpermitted fixtures. Of the **39** passing properties, **29** passed inspection on the first visit. In addition, **four** pre-inspections were conducted in response to Water Permit applications received by the District.

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. Staff is unable to report on the number of deed restriction as it relates to total number of Permits for August. District staff provided Notary services for **27** Water Permits with deed restrictions.

D. Rebates

Rebate data was unavailable for this month's report.

ITEM: INFORMATIONAL ITEMS/STAFF REPORTS

19. CARMEL RIVER FISHERY REPORT FOR AUGUST 2019

Meeting Date: September 16, 2019 **Budgeted:** N/A
From: David J. Stoldt, **Program/** N/A
 General Manager **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 dropped slightly in August but remained above typical summer levels, providing good to fair rearing conditions for steelhead young-of-the-year (YOY) throughout much of the watershed.

August's mean daily streamflow at the Sleepy Hollow Weir dropped from 20 to 15 cubic-feet-per-second (cfs) (monthly mean 17.3 cfs) resulting in 1,060 acre-feet (AF) of runoff. Mean daily streamflow at the Highway 1 gage dropped from 7.2 to 4.7 cfs (monthly mean 5.8 cfs) resulting in 357 acre-feet (AF) of runoff. Los Padres Dam stopped spilling on August 5th, but ~14 cfs are being released through the dam's outlet works. A problem with the outlet pipe occurred mid-month due to the large landslide in the reservoir when the pipe became partially blocked with debris. The issue was resolved a few days later by divers in the reservoir but the situation needs to be closely monitored.

There were 0.00 inches of rainfall in August as recorded at the San Clemente gauge. The rainfall total for WY 2019 (which started on October 1, 2018) is 30.93 inches, or 146% of the long-term year-to-date average of 21.15 inches.

CARMEL RIVER LAGOON: The lagoon mouth was closed by Monterey County crews on July 10, 2019 by pushing beach sand across the western side of the lagoon. In August, the water surface elevation (WSE) held steady between ~10.2 to 10.5 feet (North American Vertical Datum of 1988; NAVD 88) (see graph below) providing important additional summer habitat.

Water quality depth-profiles were conducted at five sites on August 19, 2019 while the lagoon mouth was closed, the water surface elevation was ~10.25 feet, and river inflow was 5.3 cfs. Steelhead rearing conditions were generally "fair" throughout the lagoon, salinity was <1 ppt down to 2.5 m depth in the south arm, dissolved oxygen (DO) levels were variable from 1 - 10 mg/l, and water temperatures remained between 68 - 73 degrees F.

TRIBUTARIES STEELHEAD RESCUES: Staff began fish rescues in the tributaries in early May. As of August 31, a total of 15,013 fish has been rescued, including: 14,933 young-of-the-

year (YOY), 23 age 1+ fish, with 57 mortalities (0.4%). The majority of the fish have been rescued from Hitchcock Creek (3,114) and Cachagua Creek (9,714).

MAINSTEM STEELHEAD RESCUES: No rescues have been needed this year in the mainstem due to higher than usual summer flows. Staff continues to monitor the conditions.

SLEEPY HOLLOW STEELHEAD REARING FACILITY: General contractor Mercer-Fraser Company of Eureka, CA, was hired for the Intake Upgrade Project and started construction in September 2018 on the \$2 million project. The main features of the project include installing a new intake structure that can withstand flood and drought conditions as well as the increased bedload from the San Clemente Dam removal project, and a new Recirculating Aquaculture System (RAS) that can be operated in times of low flow or high turbidity to keep the fish healthy.

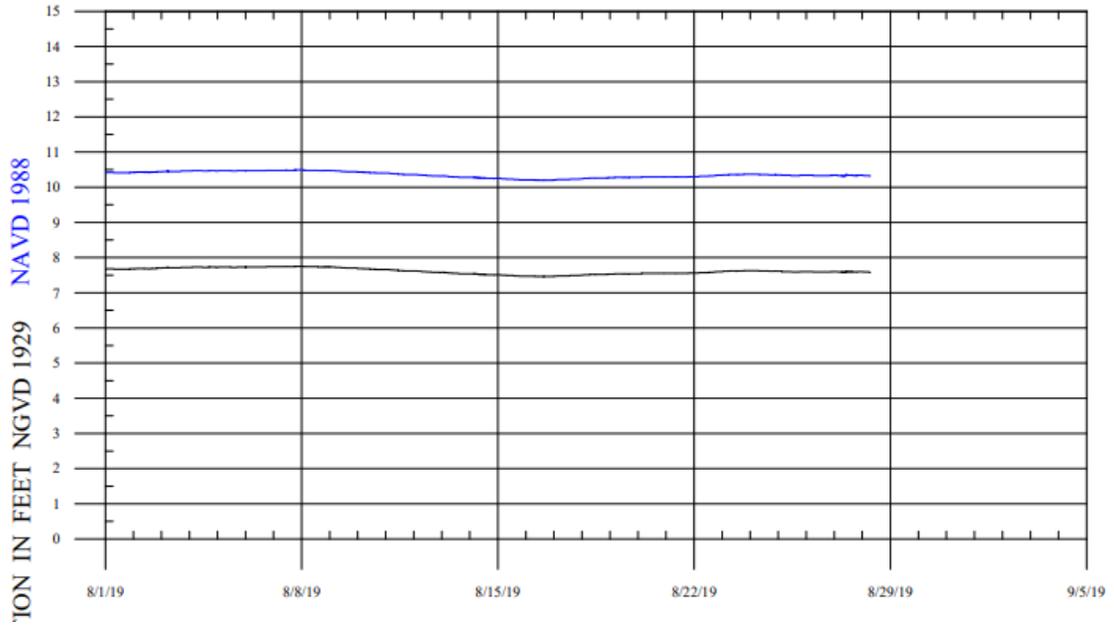
During July and August 2019, the project moved towards completion with the construction of the RAS building, including the installation of the plumbing and components (drum filters, UV sterilizer, sump tank, and electrical) and installation of the degassing/oxygenation system. Telemetrix Co. of Marina was hired to setup the monitoring and alarm systems.

SPAWNING GRAVEL ENHANCEMENT PROJECT AT LOS PADRES: The District is currently partnering with Cal-Am Water to complete another round of spawning gravel enhancement below Los Padres Dam. Cal-Am is funding the purchase and placement of 1,000 tons of 1.5-4" river-run gravel, while the District obtained the required permits, and is providing the project expertise, onsite project management and reporting, and the required Approved Biologist for the federal permits.

Natural gravel is now trapped behind the dam causing the substrate downstream to become too coarse for adult steelhead to spawn in. The 1,500 tons of 1.5 – 4 inch gravel placed by the District in 2014 was very successful in providing crucial spawning habitat in the Cachagua area. As that material moves downstream each winter additional material needs to be placed upstream to keep the reach seeded. With the addition of 1,000 tons of gravel in 2019 and another 1,000 tons in 2020, we hope to increase available spawning habitat and continue the upward trend in steelhead spawning success in the upper Carmel River. Permitting was completed in July 2019 and gravel deliveries were completed over two weeks in August (see photo below). Staff plans to begin gravel placement in mid-September.

This year's project continues the 26-year Spawning Gravel Enhancement Program started by the District in 1993. With the completion of the this year's project, the District will have placed approximately 5,900 tons of gravel between Los Padres Dam and Sleepy Hollow, downstream of San Clemente Dam.

AUGUST 2019



ITEM: INFORMATIONAL ITEMS/STAFF REPORT

20. MONTHLY WATER SUPPLY AND CALIFORNIA AMERICAN WATER PRODUCTION REPORT

Meeting Date:	September 16, 2019	Budgeted:	N/A
From:	David J. Stoldt, General Manager	Program/ Line Item No.:	N/A
Prepared By:	Jonathan Lear	Cost Estimate:	N/A

General Counsel Review: N/A

Committee Recommendation: N/A

CEQA Compliance: 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 20-A shows the water supply status for the Monterey Peninsula Water Resources System (MPWRS) as of **September 1, 2019**. 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 20-A** is for Water Year (WY) 2019 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 **August 2019** totaled **0 inches** and brings the cumulative rainfall total for WY 2019 to **30.93 inches**, which is **146%** of the long-term average through **August**. Estimated unimpaired runoff through **August** totaled **926 acre-feet (AF)** and brings the cumulative runoff total for WY 2019 to **145,217 AF**, which is **216%** of the long-term average through **August**. Usable storage for the MRWPRS was **29,130 acre-feet**, which is **97%** of average through **August**, and equates to **78%** 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 2019. Through **August**, using the CDO accounting method, Cal-Am has produced **6,834 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 2019. Through **August**, Cal-Am has produced **1,821 AF** from the Seaside Groundwater Basin. Through **August**, **1,335 AF** of Carmel River Basin groundwater have been diverted for Seaside Basin injection; **364 AF** have been recovered for customer use, and **471 AF** have been diverted under Table 13 water rights. Cal-Am has produced **8,825 AF** for customer use from all sources through **August**. **Exhibit 20-C** 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 **9,746 AF**, which is below the rationing trigger of **10,130 AF** for WY 2019.

EXHIBITS

20-A Water Supply Status: **September 1, 2019**

20-B Monthly Cal-Am Diversions from Carmel River and Seaside Groundwater Basins: WY 2019

20-C Monthly Cal-Am production by source: WY 2019

EXHIBIT 20-A

Monterey Peninsula Water Management District Water Supply Status September 1, 2019				
Factor	Oct to Aug 2019	Average To Date	Percent of Average	Oct to Aug 2018
Rainfall (Inches)	30.93	21.15	146%	13.52
Runoff (Acre-Feet)	145,217	67,086	216%	32,029
Storage ⁵ (Acre-Feet)	30,280	29,130	97%	28,197

Notes:

1. Rainfall and runoff estimates are based on measurements at San Clemente Dam. Annual rainfall and runoff at Sleepy Hollow Weir average 21.1 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 1922-2018 and 1902-2018 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 1989-2018 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 37,639 acre-feet.

EXHIBIT 20-B

Production vs. CDO and Adjudication to Date: WY 2019

(All values in Acre-Feet)

Year-to-Date Values	MPWRS					Water Projects and Rights			
	Carmel River Basin ^{2,6}	Seaside Groundwater Basin			MPWRS Total	ASR Recovery	Table 13 ⁷	Sand City ³	Water Projects and Rights Total
		Coastal	Laguna Seca	Ajudication Compliance					
Target	7,699	1,400	0	1,400	9,099	400	227	275	902
Actual ⁴	6,834	1,821	262	2,083	8,917	364	471	144	979
Difference	865	-421	-262	-683	182	36	-244	131	-77
WY 2018 Actual	6,138	2,130	272	2,402	8,540	817	153	175	1,145

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, 1335 AF and 471 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 2019

(All values in Acre-Feet)

	Carmel River Basin	Seaside Basin	ASR Recovery	Table 13	Sand City	Mal Paso	Total
Oct-18	491	369	0	0	16	8	884
Nov-18	456	315	0	0	21	8	801
Dec-18	468	180	0	0	11	8	667
Jan-19	395	161	0	81	19	8	664
Feb-19	363	147	0	91	7	8	616
Mar-19	411	161	0	101	0	8	682
Apr-19	504	156	0	98	0	7	765
May-19	587	143	0	101	11	7	849
Jun-19	721	154	0	0	24	7	905
Jul-19	735	248	0	0	8	6	997
Aug-19	547	50	364	0	28	7	996
Sep-19							
Total	5,680	2,083	364	471	144	83	8,825
WY 2018	5,635	2,130	817	153	175	56	8,966

1. This table is produced as a proxy for customer demand.
2. Numbers are provisional and are subject to correction.

Rationing Trigger: WY 2019

12 Month Moving Average ¹	9,746	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.

EXHIBIT 20-C

California American Water Production by Source: Water Year 2019

	Carmel Valley Wells ¹						Seaside Wells ²						Total Wells			Sand City Desal		
	Actual		Anticipated ³		Compared to Target		Actual		Anticipated		Compared to Target		Actual	Anticipated	Acre-Feet Compared to Target	Actual	Anticipated	Compared to Target
	Upper acre-feet	Lower acre-feet	Upper acre-feet	Lower acre-feet	Upper acre-feet	Lower acre-feet	Coastal acre-feet	LagunaSeca acre-feet	Coastal acre-feet	LagunaSeca acre-feet	Coastal acre-feet	LagunaSeca acre-feet	acre-feet	acre-feet	acre-feet	acre-feet	acre-feet	acre-feet
Oct-18	0	491	0	550	0	59	341	28	350	0	9	-28	860	900	40	16	25	9
Nov-18	0	456	0	383	0	-73	290	25	350	0	60	-25	771	733	-38	21	25	4
Dec-18	82	386	0	559	-82	173	162	18	100	0	-62	-18	648	659	11	11	25	14
Jan-19	232	515	100	573	-132	58	146	15	100	0	-46	-15	907	773	-134	19	25	6
Feb-19	216	545	100	459	-116	-86	133	14	100	0	-33	-14	908	659	-249	7	25	19
Mar-19	261	623	100	616	-161	-7	145	17	100	0	-45	-7	1046	816	-230	0	25	25
Apr-19	258	626	0	863	-258	237	137	19	100	0	-37	-19	1040	963	-77	0	25	25
May-19	232	560	0	967	-232	407	116	27	100	0	-16	-27	935	1,067	132	11	25	14
Jun-19	201	520	0	973	-201	453	122	32	100	0	-22	-32	875	1,073	198	24	25	1
Jul-19	210	525	0	1,341	-210	816	214	34	100	0	-114	-34	983	1,441	458	8	25	17
Aug-19	0	547	0	944	0	397	380	35	100	0	-280	-35	961	1,044	83	28	25	-3
Sep-19																		
To Date	1,691	5,795	300	8,228	-1,391	2,433	2,185	262	1,600	0	-585	-262	9,934	10,128	194	144	275	131

Total Production: Water Year 2019

	Actual	Anticipated	Acre-Feet Compared to Target
Oct-18	876	925	49
Nov-18	792	758	-34
Dec-18	659	684	25
Jan-19	926	798	-128
Feb-19	914	684	-230
Mar-19	1,046	841	-205
Apr-19	1,040	988	-52
May-19	946	1,092	146
Jun-19	899	1,098	199
Jul-19	991	1,466	475
Aug-19	989	1,069	80
Sep-19			
To Date	10,077	10,403	326

- Carmel Valley Wells include upper and lower valley wells. Anticipate production from this source includes monthly production volumes associated with SBO 2009-60, 20808A, and 20808C water rights. Under these water rights, water produced from the Carmel Valley wells is delivered to customers or injected into the Seaside Groundwater Basin for storage.
- Seaside wells anticipated production is associated with pumping native Seaside Groundwater (which is regulated by the Seaside Groundwater Basin Adjudication Decision) and recovery of stored ASR water (which is prescribed in a MOA between MPWMD, Cal-Am, California Department of Fish and Game, National Marine Fisheries Service, and as regulated by 20808C water right).
- Negative values for Acre-Feet under target indicates production over targeted value.



Supplement to 9/16/2019 MPWMD Board Packet

Attached are copies of letters received between August 10, 2019 and September 10, 2019. These letters are listed in the September 16, 2019 Board packet under Letters Received.

Author	Addressee	Date	Topic
John Moore	MPWMD	9/3/19	Pine Cone Editorial About Drinking Water
John Moore	MPWMD	8/23/19	Drinking Water Notification Levels Issued for PFOA and PFOS
Ken Dursa	MPWMD	8/19/19	Assistance for low income wastewater and water customers
Michele Mark Levine	MPWMD	8/7/19	Qualified for GFOA Certificate of Achievement for Excellence in Financial Reporting

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Arlene Tavani

From: John Moore <jmoore052@gmail.com>
Sent: Tuesday, September 3, 2019 8:17 AM
To: Carmel Pine Cone; Marge Jameson; mheditor@montereyherald.com; Monterey County Weekly; Geoff Arnold; Arlene Tavani; Bob Jaques; WB-DDW-RecycledWater; Molly Evans; erickson@stamplaw.us; Rudy Fischer; Jim Johnson; Joe Livernois; john moore; Ken Churchill; Larry; david8@1hope.org; public.advisor@cpuc.ca.gov; Heidi Quinn; Ron Weitzman; Sweigert, Jan@Waterboards; Adam Urrutia; Keith Van Der Maaten; Vince Tuminello
Subject: Pine Cone Editorial About Drinking Water

Editor;

Last weeks editorial dehumanizing anyone or group that opposes the proposed slant well desalinization project, or, the Pure Water Monterey experimental attempt to treat toxic agriculture waste. deserves this rebuttal.

Objection to the slant well desalinization project is primarily related to its cost and questionable legal footing. Several recent deep water desalinization projects produce drinking water at about \$2200 per acre-foot; the estimated cost of the Cal Am slant well project is about \$8,000 per acre-foot. In addition, there will be a lengthy and expensive legal battle about the projects effect on the legal rights of the owners of affected ground water.

The Pure Water Monterey's attempt to treat legacy toxic agriculture waste for drinking water is without precedent in the world; there is not even theoretical scientific comment about such a dramatic experiment. Most importantly, because there has never been a project that treated toxic agriculture waste for potable uses, there is not even a sample for scientific analysis. So the tests to be met to determine whether the water is safe are simply the current tests used for checking treated municipal sewage sources. The water may pass those tests, but there are no tests of the toxins contained in agriculture waste, a basket of toxins dramatically different than those in municipal sewage.

Over the last eighteen months, I have repeatedly requested that the "Watermaster" for the Seaside Basin obtain the opinion of one or more neutral medical experts about the health safety of the final product, the so-called potable water produced by the reclamation project. That correspondence is on file with the county Superior court for public study(Action M66343 Ca. America Water vs. City of Seaside et.al.). Those requests have been rejected. How could such a common sense request be denied, unless there is a high probability that no bona fide medical safety expert would ever vouch for the safety of the reclamation project's final product.

It is important to understand that in the entire approval process for the reclamation project, not a single medically trained expert, or, even an engineer, has so much as implied that the final product will be safe for potable uses. Instead, Pure Water Monterey points out that the five lay persons on the Central Valley Water Resources Board approved the project, so that is that.

I agree that there is no valid objection to the new pump station in the valley. If Cal Am ever gets a new water source, it will be needed.

But to dismiss valid objections to the two projects and describe concerned citizens as narcissistic freaks is just so Paul Miller. His view is build at any cost. Global warning is pie in the sky to him, events like Dorian be damned.

John M. Moore(licensed but retired lawyer; JD Stanford School of Law; current lawyer rating "Preeminent."

Your editorial said: "Originally, some of the local water activists shouted their opposition to the reclamation project from the rooftops, based on the scientifically disprovable notion that reclaimed water would be dangerous to drink." In fact, all such activists complained that because there was zero research or data to investigate about the reclamation of toxic agriculture waste, there was/is no way to determine the level of toxins that beat the treatment process.

In addition to the objections reiterated above, I have asserted that the Seaside Basin, the repository of all Cal Am drinking water prior to distribution, is probably contaminated with PSOs and PSAs because it sits under Ft. Ord area 39, recently found by the base clean up scientists to be heavily contaminated by those toxins(from fire fighting chemicals). My evidence: it rains every year and the water seeps into the basin toxins and all. Also, the entity " The Seaside Basin Watermaster" is careful to avoid testing of the water for PSAs and PSOs because if they are present in illegal parts, the district's entire water supply would be legally contaminated.

Arlene Tavani

From: John Moore <jmoore052@gmail.com>
Sent: Friday, August 23, 2019 7:12 PM
To: Jim Johnson; Marge Jameson; Joe Livernois; Ron Weitzman; Robert Pacelli; Sweigert, Jan@Waterboards; Molly Evans; Laura Dadiw; Asaf Shalev; Arlene Tavani
Subject: Fwd: Drinking Water Notification Levels Issued for PFOA and PFOS

FYI. Site 39 of Ft. Ord sits over the Seaside Basin and contained PSOs and PSAs. During the rains, water leaches from that site into the Basin. The new restricted levels are nine times more restrictive than the prior limit. PSOs and PSAs cause a variety of cancers, including testicular. The PWM project will not test for PSOs and PSAs per the current test schedule. Someone please tell me that I am wrong about the no tests. JMM(human)

----- Forwarded message -----

From: <lyris@swrcb18.waterboards.ca.gov>
Date: Fri, Aug 23, 2019 at 5:24 PM,
Subject: Drinking Water Notification Levels Issued for PFOA and PFOS
To: john moore <jmoore052@gmail.com>



This is a message from the State Water Resources Control Board.

Hello Community Water Systems, Non-Transient Non-Community Water Systems, Recycled Water concerns, and Interested Parties:

On August 22, 2019, under the authority of the Deputy Director of the Division of Drinking Water (DDW), California issued updated drinking water notification levels (NL) of 5.1 parts per trillion for perfluorooctanoic acid (PFOA) and 6.5 parts per trillion for perfluorooctanesulfonic acid (PFOS). These notification levels supersede the interim notification levels established in July 2018.

Notification levels are nonregulatory, health-based advisory levels established for contaminants in drinking water for which maximum contaminant levels have not been established. Notification levels are established as precautionary measures for contaminants that may be considered candidates for establishment of maximum contaminant levels, but have not yet undergone or completed the regulatory standard setting process prescribed for the development of maximum contaminant levels and are not drinking water standards.

State Water Board establishment of a notification level is not subject to the Administrative Procedures Act.

For more information on the PFOA and PFOS notification levels please visit:

https://www.waterboards.ca.gov/drinking_water/certlic/drinkingwater/PFOA_PFOS.html

For information on the notification level process please visit:

https://www.waterboards.ca.gov/drinking_water/certlic/drinkingwater/NotificationLevels.html

If there are any questions on this, please contact Dr. Eric Miguelino at Eric.Miguelino@waterboards.ca.gov or (916) 449-5556.

Thank you

You are currently subscribed to drinkingwater_announcements as: jmoore052@gmail.com.

To unsubscribe click here: leave-7297690-6153408.507a5fd9db120a95054622be54f29acc@swrcb18.waterboards.ca.gov

The Coalition strongly supports assistance for all low income wastewater and water customers. Eligibility for low income assistance needs to be revised and qualification limits on income raised to a realistic level.

To justify Special Request 17 and the Monterey Wastewater High Cost Fund, the testimony of Jeffery Linham on pages 94-98 and Appendix 9 uses a bogus median income for the entire Central Coast of \$70,300. Mr. Linham wants us to believe that the median income for Chualar equals that of Pebble Beach. 93908 is in fact the highest median income zip code in Monterey County actually under states the median income as the zip includes Old Stage Road down to Chualar. 93908 also contains the overwhelming majority of the active wastewater system. According to the U.S. Census:

https://factfinder.census.gov/faces/nav/jsf/pages/community_facts.xhtml

93908 Population 13,043 (Las Palmas, Hwy 68, River Road) 2010 Demographic Profile
Median Household Income

\$ 127,070 **Source:** 2013-2017 American Community Survey 5-Year Estimates

The 93923 zip code of Carmel/Pebble Beach
Population 12,073 **Source:** 2010 Demographic Profile
Median Household Income

\$ 92,778 **Source:** 2013-2017 American Community Survey 5-Year Estimates

Cal Am needs to provide copies of its applications and supporting information to the public

Aside from the failures over the years to mail or publish notices, Cal-Am no longer places copies of its applications and ALL supporting documents in the public libraries. There was exactly one copy of Cal Am's A.16-07-002 available to the public; it was located on the locked 2nd floor of Cal Am's Pacific Grove office ...which closes at 4pm. In 2008, there were 11 locations.

Since 2004 when Cal-Am took over the Spreckels and Oak Hills systems, what we have gotten are bogus numbers, happy talk and lawyers rather than capital investment and service. It took a Motion to Compel Discovery to learn that 40% of the gross income from the passive systems goes to "Allocated General Office Costs".

We lastly suggest the MPWMD place transcripts of the CPUC hearings on its website.

Respectfully submitted, Central Coast Coalition of Communities for Wastewater Equity
Co-Chair: James R. Riley, Tel. (831) 455-1745, Email: rossriley@aol.com ,
Co-Chair: Art Mc Loughlin, Tel. (831) 633-4185 email: mickey3643@aol.com
Recording Secretary: Ken Dursa, kdursa@salinas.net, 758-1798

Excerpts from:

**PROTEST OF Central Coast Coalition of Communities for Wastewater Equity
filed with the Public Utilities Commission July 29
To Cal Am APPLICATION 19-07-004**

Interest in This Proceeding and Background

In 2004, California-American Water Company, Cal-Am, purchased the passive wastewater systems of Spreckels and Oak Hills from Watertek. In its application, A.04-09-011, Cal-Am eloquently promised lower rates, capital investment, better service and delineated its extensive wastewater experience in other areas. Rates were initially reduced in the first two years with a nominal rate increase in the 3rd. Any illusions of the preceding ended in 2008. Then Cal Am’s A.08-01-023 sought to combine all wastewater units, active and passive, into a single unit with the same rate for all. The resulting rate increases would have been 135% for Oak Hills and 163% for Spreckels. The Coalition, representing the 700 passive wastewater systems ratepayers of Oak Hills and Spreckels was formed in response. In decision Decision 09-07-022, Judge Bushey denied the combination of units and the single rate for all.

Relief for All Low Income Ratepayers as opposed to Special Request #17 “Monterey Wastewater High Cost Fund ”. Relief is needed but it needs to be directed to those most in need. Special Request #17 does little to address the needed assistance of low income ratepayers in the active system and nothing for those in the passive system **AND NOTHING FOR LOW INCOME WATER USERS.**

According to the Coalition’s Data request to Cal Am those receiving low income assistance: Active: 25 customers, Passive: 18 customers for a total of 43.

CAL-AM'S RESPONSE:

Please see the below table –

Waste Water Low Income Customers as of March 2017

	via Applications	via Data Sharing	Total
White Oaks			
Spreckels	1	5	6
Village Green	1	0	1
Oak Hills	0	11	11
Las Palmas	5	14	19
Indian Springs	0	2	2
Carmel Valley	0	3	3
Pasadera	0	0	0
Laguna Seca	0	1	1
Total	7	36	43

Number of persons in household	Total gross annual household income*
1-2	\$42,000 or less
3	\$48,000 or less
4	\$48,750 or less
5	\$50,000 or less
6	\$45,150 or less
7	\$35,000 or less
8	\$41,750 or less
9	\$48,150 or less
10	\$34,425 or less
Each additional person, add	\$8,000

*Median Yearly Base for current income tax rates. Tax rates apply to residents, independent contractors, and add through May 31, 2017.



Government Finance Officers Association
203 North LaSalle Street, Suite 2700
Chicago, Illinois 60601-1210
312.977.9700 fax: 312.977.4806

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MPWMD

August 7, 2019

Molly Evans
Board Chair
Monterey Peninsula Water Management District
5 Harris Court
Building G
Monterey, CA 93940

Dear Ms. Evans:

We are pleased to notify you that your comprehensive annual financial report (CAFR) for the fiscal year ended 2018 qualifies for GFOA's Certificate of Achievement for Excellence in Financial Reporting. The Certificate of Achievement is the highest form of recognition in governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management.

When a Certificate of Achievement is awarded to a government, an Award of Financial Reporting Achievement (AFRA) is also presented to the individual(s) or department designated by the government as primarily responsible for its having earned the Certificate. This award has been sent to the submitter as designated on the application.

We hope that you will arrange for a formal presentation of the Certificate and Award of Financial Reporting Achievement, and that appropriate publicity will be given to this notable achievement. A sample news release is enclosed to assist with this effort.

We hope that your example will encourage other government officials in their efforts to achieve and maintain an appropriate standard of excellence in financial reporting.

Sincerely,

Michele Mark Levine
Director, Technical Services Center



GOVERNMENT FINANCE OFFICERS ASSOCIATION
NEWS RELEASE

FOR IMMEDIATE RELEASE

08/07/2019

For more information contact:
Michele Mark Levine, Director/TSC
Phone: (312) 977-9700
Fax: (312) 977-4806
E-mail: mlevine@gfoa.org

(Chicago, Illinois)--The Certificate of Achievement for Excellence in Financial Reporting has been awarded to **Monterey Peninsula Water Management District** by Government Finance Officers Association of the United States and Canada (GFOA) for its comprehensive annual financial report (CAFR). The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management.

An Award of Financial Reporting Achievement has been awarded to the individual(s) or department designated by the government as primarily responsible for preparing the award-winning CAFR.

The CAFR has been judged by an impartial panel to meet the high standards of the program, which includes demonstrating a constructive "spirit of full disclosure" to clearly communicate its financial story and motivate potential users and user groups to read the CAFR.

Government Finance Officers Association is a major professional association servicing the needs of over 20,000 appointed and elected local, state, and provincial-level government officials and other finance practitioners. It provides top quality publications, training programs, services, and products designed to enhance the skills and performance of those responsible for government finance policy and management. The association is headquartered in Chicago, Illinois, with offices in Washington, D.C.