

CONSIDER APPLICATION TO AMEND CALIFORNIA-AMERICAN WATER COMPANY, RYAN RANCH UNIT, TO SERVE COMMUNITY HOSPITAL PROPERTIES VIA D.B.O. DEVELOPMENT NO. 30 WATER RIGHTS IN SEASIDE GROUNDWATER BASIN; MPWMD APPLICATION #WDS-20190723RRUCAW

August 26, 2019

Outline of Documents

MPWMD's Permit to Amend Multiple-Parcel Connection WDS Package

1. Notice and Deed Restriction Regarding LOU of WDS (CHOMP)
2. Permit to Amend Multi-Parcel Connection WDS
3. Amended Conditions of Approval for CAW-Ryan Ranch
4. Acceptance of Permit Conditions for Approval of CAW/Ryan Ranch
5. Indemnification Agreement
6. Findings of Approval
7. Notice of Agreement Regarding LOU of WDS (Ryan Ranch Unit)
8. Statement of Expanded Supply
9. Notice and Deed Restriction Regarding Public Access To Water Use
10. Notice of Exemption

EXHIBITS – Available at District Office

- A Application #WDS-20190723RRUCAW dated July 23, 2019
- B Parcel Map of location of CHOMP Parcels, APNs 259-221-002 and 259-221-005
- C MPWMD *April 2017 Statement of Expanded Supply for the Ryan Ranch Unit*
- D MPWMD *Ryan Ranch Decision on Insufficient Supplies* (June 2009)
- E Front Loading Agreement between CAW and DBO (September 2015)
- F Seaside Groundwater Basin Watermaster letter (October 2015)
- G Notice and Deed Restriction Regarding LOU of a WDS (May 2017)
- H Permit to Amend a Multiple-Parcel Connection CAW/Ryan Ranch (June 2015)
- I Realquest Printouts
- J Grant Deeds



Recording Requested by:

Monterey Peninsula Water Management District

And When Recorded Mail To:

Monterey Peninsula Water Management District

Post Office Box 85

Monterey, California 93942-0085

**NOTICE AND DEED RESTRICTION
REGARDING LIMITATION ON USE
OF A WATER DISTRIBUTION SYSTEM**

THIS DOCUMENT SUPERSEDES PREVIOUSLY RECORDED MPWMD DOCUMENT

NOTICE IS GIVEN that the Monterey Peninsula Water Management District (hereinafter referred to as the Water Management District or "MPWMD"), duly formed as a water district and public entity pursuant to the provisions of law found at Statutes of 1977, Chapter 527, as amended (found at West's California Water Code Appendix, Chapters 118-1 to 118-901), has approved a Water Distribution System (WDS) Permit for the real property referenced below as "Subject Property."

NOTICE IS FURTHER GIVEN that the real property affected by this document is situated in the **City of Monterey**:

2 UPPER RAGSDALE DRIVE, MONTEREY, CA 93940

**[For APN 259-221-002: OUTPATIENT CAMPUS VOL 22 C&T PG 65 TRACT NO. 1428
PAR 2 .48 AC;**

**For APN 259-221-005: OUTPATIENT CAMPUS VOL 22 C&T PG 65 TRACT NO. 1428
PAR 5 16.41 AC]**

ASSESSOR'S PARCEL NUMBERS 259-221-002 and 259-221-005

This real property is hereinafter referred to as the "Subject Property." The Subject Property is located within the jurisdiction of the Water Management District. **Community Hospital Properties, a California Nonprofit Public Benefit Corporation**, hereinafter referred to as "Owner(s)," is the record Owner(s) of the Subject Property.

Owner(s) and the Water Management District each acknowledge and agree that the terms of MPWMD WDS Permit #M17-01-L3-A, including all Conditions of Approval associated with that Permit, which are attached hereto and made a part hereof, are permanent requirements of the Subject Property. Owner(s) and the Water Management District further agree that the maximum allowed annual production of water by the California-American Water Company, Ryan Ranch Unit WDS to serve the Subject Property is **7.17 Acre-Feet Annually (AFA) metered sales** recognized by MPWMD for future Water Permits issued to Owner(s) for construction projects



solely on the Subject Property, and that Owner(s) actual water use will remain within the 7.17 AFA limit. Any new Connections must be located on the Subject Property.

Owner(s) acknowledge that the Conditions of Approval for MPWMD WDS Permit #M17-01-L3-A, including the limitation on water use referenced above, have been voluntarily accepted and are permanent and irrevocable, unless amended by the filing of a subsequent deed restriction associated with a new, amended Water Distribution System Permit.

NOTICE IS FURTHER GIVEN that this document shall rescind, nullify and void the prior and specific **Notice and Deed Restriction Regarding Limitation on Use of a Water Distribution System, Document 2017025409, recorded May 12, 2017**, on the Subject Property described above.

NOTICE IS FURTHER GIVEN that this agreement is binding and has been voluntarily entered into by Owner(s), and each of them, and constitutes a mandatory condition precedent to receipt of regulatory approval from the Water Management District relating to the Subject Property. This agreement attaches to the land and shall bind any successor or assignee of Owner(s).

NOTICE IS FURTHER GIVEN that present and/or future use of water at the Subject Property site is restricted by Water Management District Rules and Regulations to the water use requirements referenced above. Any Intensification of Use on the Subject Property, as defined by Water Management District Rule 11, will require prior written authorization and Permit from the Water Management District. Approval may be withheld by the Water Management District, in accord with then applicable provisions of law. Present or future Allocations of water may not be available to grant any Permit to intensify water use at this site. If any request to intensify water use on Subject Property is approved, Capacity Fees and other administrative fees may be required as a condition of approval.

NOTICE IS FURTHER GIVEN that intensification of water use on Subject Property that occurs without the advance written approval of the Water Management District is a violation of Water Management District Rules and may result in a monetary penalty for each offense as allowed by Water Management District Rules. Each separate day, or portion thereof, during which any violation occurs or continues without a good faith effort by the Responsible Party to correct the violation shall be deemed to constitute a separate offense. All Water Users within the jurisdiction of the Water Management District are subject to the Water Management District Rules, including Rules 11, 20, 21, 23, 24, and 110.

The Owner(s) and Water Management District each intend that this Notice and Deed Restriction act as a deed restriction upon the Subject Property, and that it shall be irrevocable under its terms. This document shall be enforceable by the Water Management District or any public entity that is a successor to the Water Management District.



The Owner(s) elect and irrevocably covenant with the Water Management District to abide by the conditions of this Notice and Deed Restriction to enable issuance of MPWMD WDS Permit #M17-01-L3-A. But for the limitations and notices set forth herein, issuance of this Water Permit would otherwise be withheld and found to be inconsistent with the Water Management District Rules and Regulations.

This Notice and Deed Restriction is placed upon the Subject Property. Any transfer of this property, or an interest therein, is subject to this deed restriction. This Notice and Deed Restriction shall have no termination date unless amended by the filing of a subsequent deed restriction.

If any provision of this Notice and Deed Restriction is held to be invalid, or for any reason becomes unenforceable, no other provision shall thereby be affected or impaired.

The undersigned Owner(s) agrees with and accepts all terms of this document stated above, and requests and consents to recordation of this Notice and Deed Restriction Regarding Limitation on Use of a Water Distribution System. The Owner(s) further agrees to notify any present and future tenant of the Subject Property of the terms and conditions of this document.

OWNER(S) agrees to recordation of this Notice and Deed Restriction in the Recorder's Office for the County of Monterey. Owner(s) further unconditionally accepts the terms and conditions stated above.

Community Hospital Properties, a California Nonprofit Public Benefit Corporation

By: _____ Dated: _____
Tim Nylen, Vice President

Attest:

By: _____
Matt Morgan, Chief Financial Officer

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

ATTACHMENTS: Copies of signed WDS Permit #M17-01-L3-A, Final Amended Conditions of Approval for "CAW/Ryan Ranch-CHOMP Amendment No. 3" (with Service Area), signed Indemnification Agreement, and signed Acceptance of Conditions form



PERMIT TO AMEND A MULTIPLE-PARCEL CONNECTION WATER DISTRIBUTION SYSTEM

WDS Permit #: **M17-01-L3-A**
Date Approved: August 26, 2019
System Name: **“CAW/Ryan Ranch-CHOMP Amendment No. 3”**
Permittee: California-American Water Company, a California Corporation (CAW)
Recipient System: Ryan Ranch Unit of CAW, Monterey Division
Recipient Parcels: APN 259-221-002 and 259-221-0005

This Permit authorizes amendment of the **California-American Water Company (CAW), Ryan Ranch Unit Water Distribution System** in the Laguna Seca Subarea of the Seaside Groundwater Basin. Specifically, this Permit enables service of an additional **2.00 Acre-Feet Annually (AFA) metered sales** to two Recipient Parcels (APN 259-221-002 and 259-221-005) for a total of **7.17 AFA** metered sales for future expansion of the Community Hospital Properties (CHOMP) Ryan Ranch campus. The water would be delivered from CAW’s “Main” WDS based on a transfer of adjudicated water rights previously approved via MPWMD Permit #M15-07-L3. Additional requirements are separately specified in the attached Amended Conditions of Approval for the Ryan Ranch Unit.

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

Attachments: Final Amended Conditions of Approval for CAW/Ryan Ranch-CHOMP Amendment No. 3

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**AMENDED CONDITIONS OF APPROVAL FOR
CALIFORNIA-AMERICAN WATER DISTRIBUTION SYSTEM, RYAN
RANCH UNIT, TRANSFER OF DBO DEVELOPMENT NO. 30 WATER
RIGHTS TO SERVE COMMUNITY HOSPITAL PROPERTIES**

Approved August 26, 2019

MPWMD APPLICATION #WDS-20190723RRUCAW, Permit M17-01-L3-A

Permittee: California-American Water Company, a California Corporation

Permitted System: California American Water, Ryan Ranch Unit

Donor Service Area: APN 011-011-051 (per MPWMD Permit #M15-07-L3)

Recipient Service Area: APNs 259-221-002 and 259-221-005 in Ryan Ranch

Owner: Community Hospital Properties, a California Nonprofit Benefit Corporation

Permitted System

1. The California-American Water Company (CAW) Water Distribution System, Ryan Ranch Unit (Permitted System), is authorized by the Monterey Peninsula Water Management District (MPWMD or District) to provide water service to the 312-acre Ryan Ranch business park located in the City of Monterey. In April 2017, the District approved Permit #M17-01-L3 for the “CAW/Ryan Ranch CHOMP Amendment No. 2,” which authorized a transfer of an additional 2.00 Acre-Feet Annually (AFA) metered sales to recipient Parcels designated by DBO Development No. 30 (DBO) pursuant to MPWMD Permit #M15-07-L3. DBO has identified Assessor’s Parcel Numbers 259-221-002 and 259-221-005, owned by Community Hospital Properties, a California nonprofit benefit corporation (Owner), as the designated recipient Parcels for 2.00 AFA out of the 11.95 AFA available for transfer. These “CHOMP Parcels” are shown in **Attachment 1**. This action is referred to herein as the “CAW/Ryan Ranch-CHOMP Amendment No. 3.” [Rule 22-D-1-a]
2. The Permit authorizes the Permitted System to provide potable drinking water supply to the two CHOMP Parcels referenced in Condition #1, which is the sole exception to the current moratorium on new Connections imposed by the District Board on June 15, 2009, as described in Special Condition #27. [Rule 22-D-1-b]
3. The System Capacity (water production limit) for the Permitted System is hereby set at 77.17 AFA, comprised of the 72.00 AFA limit as ordered by the MPWMD Board of Directors on June 15, 2009, plus the 5.17 AFA metered sales allowed via MPMWD Permit #M15-06-L3, plus the 2.00 AFA metered sales designated solely for the two CHOMP Parcels described in Condition #1. The Expansion Capacity Limit remains at 190 Connections, with restrictions described in Special Condition #27. [Rule 22-D-1]

4. The source of water for the CAW/Ryan Ranch-CHOMP Amendment No. 3 water rights transfer is Groundwater extracted by CAW Wells in the Coastal Subareas of Seaside Groundwater Basin. Water for the CHOMP Parcels shall be delivered through CAW's Ryan Ranch Unit WDS. Because CAW is "wheeling" DBO water, it is possible that the actual water delivered to the future CHOMP facilities could be derived from CAW Wells located within the Laguna Seca Subarea of the Seaside Groundwater Basin, as follows: RR #7 (MCEHB Permit #W-2089, DWR #082916 completed 1/17/1981). RR #8 (MCEHB Permit #W-2117, DWR #082948 completed 6/16/1981) and RR #11 (MCEHB Permit #03-01475, DWR #804084 completed 8/11/2003) are presently inoperable. [Rule 22-C-3]

Additional Mandatory Conditions of Approval

5. No other agency approvals are specifically identified as being required before this Permit is valid. [Rule 22-D-1-c] However, precedent to use of this Permit, Permittee shall first obtain and comply with any required approval from the local Jurisdiction in which Ryan Ranch Unit Parcels, including the CHOMP Parcels, are located, as well as the Seaside Basin Watermaster, if necessary.
6. Permittee and Owner shall execute an Indemnification Agreement, provided separately, which holds the District harmless and promises to defend the District from any claims, demands, or expenses of any nature or kind arising from or in any way related to the District approval of the Permitted System or the adequacy of the system water supply. This Permit is not valid until the Indemnification Agreement is signed by both the Permittee and MPWMD. The Indemnification Agreement must be signed for this Permit to remain valid. [Rule 22-D-1-d]
7. Permittee shall comply with District rules relating to water Well registration, metering and annual reporting of production (MPWMD Rules 52 and 54). [Rule 22-D-1-e; Rule 22-D-2]
8. Permittee shall report production by the Water Meter Method (MPWMD Rule 56) for the Wells designated in Condition #4. Refer to Special Conditions #29 and #30 for additional Well reporting requirements. [Rule 22-D-1-e; Rule 22-D-2]
9. Owner shall comply with all MPWMD Water Efficiency rules that pertain to CAW customers, as applicable, (e.g., commercial, Residential, landscape). Current ordinances specify maximum water use rates for fixtures and require new development to install drought-resistant landscapes, and drip irrigation, where appropriate. Contact with the District Permit and Conservation Office at 831-658-5601 is recommended during project planning. [Rule 22-D-1-f]
10. No new Connections to the Permitted System may be set until a Water Permit has been secured from MPWMD for each Connection in accordance with MPWMD regulations governing issuance of Water Permits. Connection Capacity Fees shall be calculated based on water demand estimates using the District's water demand methodology at the time of the application. [Rule 22-D-1-g]

11. Any intensification or expansion of use within the Permitted System shall require a new application and Permit pursuant to MPWMD Rules 23 and 24. [Rule 22-D-1-k]
12. Any new facilities, expansion of Service Area boundaries, changed conditions regarding water service by other entities, increase in the System Limits set in Condition #3, or other changes described in MPWMD Rule 22-E shall require a Permit to amend the Permitted System. [Rule 22-E]
13. Except for service solely to the two CHOMP Parcels specified in Conditions #1 through #4 and Special Condition #27, no intertie between the Permitted System and any other water system intended to provide non-emergency service to the Ryan Ranch Unit Parcels shall be allowed without amending this WDS Permit pursuant to Rule 22-E. Except for service solely to the two CHOMP Parcels specified in Conditions #1 through #4 and Special Condition #27, use of an intertie between the “main” CAW water system (i.e., draws water from the Monterey Peninsula Water Resource System) and the Ryan Ranch Unit is prohibited unless written permission is given by the District General Manager in an emergency event, including documentation that both Ryan Ranch and Bishop Unit supply cannot meet the required demand. The Ryan Ranch Parcels may receive CAW water from any source for emergency fire service, so long as this service is documented and reported in accordance with these conditions. [Rule 22-D-1-h]
14. A back-flow protection device to prevent contamination of the CAW system is not required as all Ryan Ranch Parcels will be served by CAW. [Rule 22-D-1-h]
15. Because the Permittee and Permitted System is a regulated Public Utility, compliance with California Title 22 drinking water standards is already required by the State Water Resources Control Board, Division of Drinking Water. [Rule 22-C-2]
16. Permittee is not required to carry out specific mitigation measures by MPWMD to offset adverse environmental impacts above and beyond those actions already required by the “Physical Solution” specified by the Superior Court in the Seaside Basin Adjudication Decision or by the Seaside Basin Watermaster. [Rule 22-D-1-i]
17. Because the Permittee and Permitted System is a regulated Public Utility, Permittee is not required to provide an agreement to serve water to Parcels in the Ryan Ranch Unit. [Rule 22-D-1-j]
18. Upon District approval of this Permit, Permittee shall pay to the District the invoiced cost for MPWMD staff, attorney and consultant time spent to process the Permit subsequent to the application date, if required. Actual costs will be compared to the initial Application Fee. The Permittee will be separately provided documentation to support the invoiced amount. This Permit is not valid until payment for the invoiced amount is received by MPWMD. [Rule 22-D-1-l]
19. Upon finalization of these conditions, the Permittee and Owner shall sign and notarize an Acceptance of Permit Conditions Form associated with the approval of the Permitted System. By signing the form, Permittee and Owner acknowledge that they understand and accept these conditions as a binding part of the Permit approval, and agree to carry them

out faithfully. The Acceptance Form must be received by MPWMD for this Permit to remain valid. [Rule 22-D-1-m]

20. Permittee shall disclose to any future owner, successors and assigns of the CAW Ryan Ranch Unit WDS described in Condition #1 the requirements for the Permitted System associated with this Permit. MPWMD shall be advised in a timely manner of any changes in system ownership, system name, or other substantive changes to the system to facilitate accurate record-keeping. [Rule 22-D-2]
21. Given the unique nature of the CAW/Ryan Ranch-CHOMP Amendment, and the fact that CAW system infrastructure is already in place to serve the Ryan Ranch Unit, this Permit does not include deadlines associated with the construction of the proposed facilities on the CHOMP Parcels, which will be approved by the City of Monterey. [Rule 22-D-4]
22. Permittee shall execute a Notice of Agreement prepared separately by MPWMD regarding the limitation on water use as set forth in these conditions. Permittee shall also ensure that the Owner of the CHOMP Parcels executes a Notice and Deed Restriction prepared separately by MPWMD regarding the limitation on water use as set forth in these conditions. Permittee shall pay all fees associated with preparation, review and recording of the Notice of Agreement and the Notice and Deed Restriction. The Notice of Agreement and Notice and Deed Restriction must be signed and notarized by the Permittee or Owner, respectively, and accepted by the Monterey County Recorder for processing for this Permit to remain valid. [Rule 22-D-1-n]
23. Upon notice to the Permittee in writing, e-mail or by telephone, reasonable access shall be given to MPWMD staff or its designated representative to inspect and document Water-Gathering Facilities and Water-Measuring Devices, obtain hydrogeologic data, and take readings from Water Measuring Devices within the Permitted System. [Rule 22-D-1-o]
24. The Permit granted herein is subject to revocation in the event the Permittee and Owner do not fully comply with each condition set forth in this Permit. [Rule 22-D-1-p]

Other Standard Conditions of Approval

25. Nothing in this Permit shall be construed to grant or confirm any water right.
26. This Permit does not authorize any act that results in the taking of a threatened or endangered species or any act which is now prohibited, or becomes prohibited in the future, under either the California Endangered Species Act (Fish and Game Code Sections 2050 to 2097) or the federal Endangered Species Act (16 U.S.C.A. Sections 1531 to 1544). If a "take" will result from any act authorized under this Permit, the Permittee shall obtain authorization for an incidental take prior to construction or operation of the project. Permittee shall be responsible for meeting all requirements of the applicable Endangered Species Act for the project authorized under this Permit.

Special Conditions of Approval

27. Except for service of up to 7.17 AFA metered sales designated solely for the two CHOMP Parcels specified in Conditions #1 through #4, the District shall not accept an application for a Water Permit to expand water use in the Ryan Ranch Unit Service Area until its System Capacity is further modified Pursuant to the *Findings, Conclusions and Decisions Regarding Insufficient Supply in the Ryan Ranch Unit* adopted by the MPWMD Board of Directors on June 15, 2009. Permittee may apply for, and the District may further amend, the Ryan Ranch Unit System Capacity based upon credible expert analysis in accordance with Rule 40-B-4.
28. Precedent to use of this Permit, Permittee shall provide copies to MPWMD of documents from the Seaside Basin Watermaster associated with approval of the CAW/Cypress Amendment, CAW/Ryan Ranch-CHOMP Amendment, CAW/DBO Amendment, CAW/Ryan Ranch-Bishop Interconnection, and the CAW/Ryan Ranch-CHOMP Amendment No. 2, if applicable.
29. For each Well specified in Condition #4, Permittee shall continue to provide monthly reports of water production that identify production on a daily basis.
30. For each Well specified in Condition #4, Permittee shall continue to obtain monthly measure water levels in each Well, and measure water levels in monitoring Wells within the Ryan Ranch Unit, and report these data to the District along with the monthly production report described in Condition #29.
31. By November 30 of each year, Permittee shall continue to provide an annual report to the District of metered sales (customer consumption) that identifies consumption during the previous Water Year. Permittee shall meter the pipelines that deliver water to the two CHOMP Parcels and report cumulative water use on a quarterly basis to MPWMD to ascertain that water deliveries to the two CHOMP Parcels remain within the 7.17 AFA limit. If metered sales on the two CHOMP Parcels exceed 7.17 AFA, then CHOMP will be subject to the procedures specified in District Rule 20.4, Permit Rule Non-Compliance.
32. Final construction plans for the future CHOMP facilities must demonstrate that water use will not exceed 7.17 AFA metered sales, using District methodology at that time, in order to receive a Water Permit for the project.
33. A standard Condition of Approval for any Water Permit issued to the Owners of the Recipient Parcels is a voluntary binding agreement (“Notice and Deed Restriction”) to provide public access to water use data, upon request by MPWMD. Permittee shall provide to MPWMD any information authorized to be released in accordance with a Notice and Deed Restriction executed and recorded by a Recipient Parcel Owner.
34. The September 24, 2015 *Agreement Regarding Front Loading Delivery of Water* between CAW and DBO (**Attachment 2**) specifies the steps that must be taken by CAW to ensure that only Seaside Groundwater Basin water is delivered by CAW.

Attachment 1- Service Area map of CHOMP Parcels
Attachment 2 - Front Loading Agreement



DRAFT

**ACCEPTANCE OF PERMIT CONDITIONS FOR
APPROVAL OF “CAW/RYAN RANCH-CHOMP AMENDMENT
No. 3”**

**Amend California-American Water Company, Ryan Ranch Unit, to Enable
Transfer of D.B.O. Development No. 30 Water Rights to Community Hospital
Properties (CHOMP)**

**Recipient Parcels: APN 259-221-002 and 259-221-005 MPWMD Permit
#M17-01-L3-A**

MPWMD Approval Date: August 26, 2019

The Permittee, defined as **California-American Water Company, a California Corporation (CAW)**, hereby confirms that Permittee has read and understands the Final Conditions of Approval associated with **Permit #M17-01-L3-A** approved by the Monterey Peninsula Water Management District (MPWMD or District) on August 26, 2019 for the amendment of the CAW Water Distribution System (WDS) known as the **“CAW/Ryan Ranch-CHOMP Amendment No. 3.”** Permit #M17-01-L3-A enables service to two Recipient Parcels owned by **Community Hospital Properties, a California Nonprofit Public Benefit Corporation (Owner)**. The Permittee and Owner accept these conditions as a binding part of the WDS Permit approval and promise to abide by and carry out these conditions in good faith. The Permittee and Owner agree to provide the WDS Permit referenced above and all related agreements and documents to any succeeding Owner or Operator of the CAW Ryan Ranch Unit WDS and Recipient Parcels.

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(Signatures must be notarized)

California-American Water Company, a California Corporation

By: _____ **Dated:** _____
Ian Crooks, Vice President, Engineering

Attest:

By: _____
Lori W. Girard, Secretary

Community Hospital Properties, a California Nonprofit Public Benefit Corporation

By: _____ **Dated:** _____
Tim Nysten, Vice President

Attest:

By: _____
Matt Morgan, Chief Financial Officer

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



DRAFT

**MONTEREY PENINSULA WATER MANAGEMENT DISTRICT
INDEMNIFICATION AGREEMENT FOR
“CAW/RYAN RANCH-CHOMP AMENDMENT No. 3”**

**Amend California-American Water Company, Ryan Ranch Unit, to Enable Transfer
of D.B.O. Development No. 30 Water Rights to Community Hospital Properties
(CHOMP)**

Recipient Parcels: APN 259-221-002 and -005

Service Area: Ryan Ranch Unit in Seaside Groundwater Basin

MPWMD Permit #M17-01-L3-A

MPWMD Approval Date: August 26, 2019

THIS AGREEMENT (“Agreement”) is made and entered into by and between the Monterey Peninsula Water Management District (“MPWMD”), and **California-American Water Company, a California Corporation (CAW), and Community Hospital Properties, a California Nonprofit Public Benefit Corporation (CHOMP).** CAW and CHOMP are collectively referred to herein as “Indemnitors” upon the date set forth below.

1. This Agreement has been entered into in relation to the issuance of **Permit #M17-01-L3-A** authorized by MPWMD on August 26, 2019, as part of its approval of MPWMD Application #WDS-20190723RRUCAW, known as the **“CAW/Ryan Ranch-CHOMP Amendment No. 3”** (i.e., transfer of water rights owned by D.B.O. Development No. 30 (DBO), previously approved by MPWMD Permit #M15-07-L3). Water produced by CAW Wells in the Seaside Basin Coastal Subareas may be delivered to the Ryan Ranch Unit through an interconnection between the two systems to enable service to two “CHOMP Parcels” designated by DBO as recipient properties. The CHOMP Parcels are identified as Assessor’s Parcel Numbers 259-221-002 and -005 at 2 Upper Ragsdale Drive, Monterey, Monterey County, California, and are described as: **OUTPATIENT CAMPUS VOL 22 C&T PG 65 TRACT NO. 1428 PAR 2 .48 AC and OUTPATIENT CAMPUS VOL 22 C&T PG 65 TRACT NO. 1428 PAR 5 16.41 AC** for APN 259-221-002 and 259-221-005, respectively. This Agreement is a requirement of MPWMD Permit #M17-01-L3-A, Condition #6, and must be received by MPWMD for this Permit to remain valid.
2. Indemnitors expressly confirm and agree that they have entered into this Agreement and assumed the obligations imposed in order to induce MPWMD to undertake the actions stated in Paragraph 1 and acknowledge that MPWMD is relying upon this Agreement.
3. Indemnitors agree to indemnify MPWMD to the maximum extent authorized by the law as an inducement for MPWMD to undertake the actions referenced in Paragraph 1 without

concern for any liability or expense which may result from the good faith performance of MPWMD's duties. Creation of this Indemnification Agreement, and the assumption of the duties set forth herein, have induced MPWMD to undertake that action, and if this Agreement shall lapse, the actions of MPWMD as referenced above shall then become null and void.

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

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

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

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(Signatures must be notarized)

INDEMNITOR: California-American Water Company, a California Corporation

By: _____ **Dated:** _____
Ian Crooks, Vice President, Engineering

Attest:

By: _____
Lori W. Girard, Secretary

INDEMNITOR: Community Hospital Properties, a California Nonprofit Public Benefit Corporation

By: _____ **Dated:** _____
Tim Nysten, Vice President

Attest:

By: _____
Matt Morgan, Chief Financial Officer

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



DRAFT
FINDINGS of APPROVAL

**CONSIDER APPLICATION TO AMEND CALIFORNIA-AMERICAN
WATER COMPANY, RYAN RANCH UNIT, TO SERVE COMMUNITY
HOSPITAL PROPERTIES VIA D.B.O DEVELOPMENT NO. 30 WATER
RIGHTS IN SEASIDE GROUNDWATER BASIN**

Application #WDS-20190723RRUCAW; Permit #M17-01-L3-A

**Donor Service Area: APN 011-011-051 (per MPWMD Permit #M15-07-L3)
Recipient Service Area: APNs 259-221-002 and 259-221-005 in Ryan Ranch
(CHOMP)**

Adopted by MPWMD on August 26, 2019

***Unless noted otherwise, all cited documents and materials are available for review at the
MPWMD Office, 5 Harris Court, Building G, Monterey (Ryan Ranch).***

It is hereby found and determined as follows:

1. **FINDING:** Co-Applicant **California-American Water Company (CAW)**, a California Corporation, is the current owner and operator of the Ryan Ranch Unit Water Distribution System (WDS), a public utility regulated by the California Public Utilities Commission and considered as a valid WDS by the Monterey Peninsula Water Management District (MPWMD or District) and the State of California. The 312-acre Ryan Ranch business park is located within the City of Monterey, and is served by the CAW Ryan Ranch Unit.

In June 2009, MPWMD reduced the System Capacity (wellhead production limit) to 72.0 Acre-Feet Annually (AFA) and instituted a moratorium on new Connections in the Ryan Ranch Unit due to insufficient supply. In most years in summer/fall, emergency augmentation for the Ryan Ranch Unit is needed via an intertie from the "main" CAW water system that derives supply from the Monterey Peninsula Water Resource System (Carmel River Basin and Seaside Groundwater Basin).

In June 2015, the MPWMD Board approved Permit #M15-03-L3 to allow the Ryan Ranch-Bishop Unit Interconnection, where the Bishop Unit would be the primary source of emergency supply augmentation rather than the main system.

In September 2014, the District approved Permit #M14-05-L4, which allowed CAW to increase its System Capacity in the Seaside Groundwater Basin Coastal Subareas by up to 3.41 AFA based on transferred water rights owned by Cypress Pacific Investors, LLC (Cypress). This translates to 3.17 AFA metered sales (customer water consumption) delivered to future recipient parcels within the Seaside Basin designated by Cypress. In 2015, Cypress designated the entire 3.17 AFA to serve Assessor Parcel Numbers (APN) 259-221-004 and 259-221-005 to enable expansion of the Community Hospital of the Monterey Peninsula (CHOMP) campus at Ryan Ranch. This was approved by the District on August 17, 2015 via Permit #M15-06-L3 (CAW/Ryan Ranch-CHOMP Amendment).

In November 2015, the District approved a similar water rights transfer of 15.0 AFA production (13.95 AFA of metered sales) for the CAW/DBO Development No. 30 Amendment (Permit #M15-07-L3). Application #WDS-20170227RYA requested that the Ryan Ranch Unit System Capacity be increased by 2.00 AFA metered sales from the DBO water rights allotment to serve solely the two CHOMP Parcels, and that Conditions of Approval be amended to enable 5.17 AFA metered sales to be delivered via the intertie between the CAW main system and the Ryan Ranch Unit. That application was referred to as the “CAW/Ryan Ranch-CHOMP Amendment No. 2.”

On July 23, 2019, a new Application #WDS-20190723RRUCAW was submitted requesting an additional 2.0 AFA metered sales from the DBO water rights allotment to serve APNs 259-221-002 and 259-221-005 with Amended Conditions of Approval to enable 7.17 AFA metered sales to be delivered via the intertie between the CAW main system and the Ryan Ranch Unit. This application is referred to herein as the “CAW/Ryan Ranch-CHOMP Amendment No. 3.”

EVIDENCE: Application #WDS-20190723RRUCAW submitted July 23, 2019, including CHOMP Parcel map; California Department of Public Health Services (now called SWRCB Division of Drinking Water), *Certificate of Issuance of a Water Supply Permit to California American Water Company – Ryan Ranch Water System*, Permit #0524134 dated May 24, 2013; MPWMD *Findings, Conclusions and Decision of the Board, Hearing on Insufficient Physical Supplies in Accord with District Rule 40-B (“Ryan Ranch Decision”)* dated June 15, 2009; MPWMD *Annual Water Production Summary for Ryan Ranch Unit* (1990-2019), dated November ??, 2018. MPWMD Permit #M14-05-L4 (CAW/Cypress Amendment) approved by District Board on September 15, 2014; MPWMD Permit #M15-06-L3 approved on August 17, 2015 (CAW/Ryan Ranch-CHOMP Amendment; MPWMD Permit #M15-07-L3 approved on November 16, 2015 (CAW/DBO Amendment); MPWMD Permit #M15-03-L3 (Ryan Ranch-Bishop Interconnection)

approved by District Board on June 15, 2015; MPWMD Permit #17-01-L3 approved on _____ (CAW/Ryan Ranch-CHOMP Amendment No. 2); MPWMD agenda package prepared for MPWMD Public Hearing for Application #WDS-20190723RRUCAW (Item ??).

2. FINDING: The Ryan Ranch Unit is within CAW's Monterey Division, but is operated as a separate independent unit from CAW's main WDS. It is one of three CAW "satellite systems" that draws supply from the Laguna Seca Subarea of the Seaside Groundwater Basin. The Seaside Groundwater Basin is an adjudicated basin governed by the Seaside Basin Watermaster in compliance with a 2006 Adjudication Decision by the Monterey County Superior Court.

EVIDENCE: Permit application materials specified in Finding #1; map of CAW Service Area. Seaside Groundwater Basin Adjudication Judgment dated March 27, 2006 (as amended), Monterey Superior Court Case #M66343, *California American Water vs. City of Seaside et al.*

3. FINDING: No new Wells are associated with this proposed action. New delivery pipelines will be needed to serve the new CHOMP facilities on the Parcels identified Finding #1, once completed. The Superior Court, Watermaster, and Sixth District Court of Appeal have confirmed that DBO water rights may be delivered to recipient properties in the Seaside Basin from CAW Well(s) located in the Seaside Basin.

EVIDENCE: Permit application specified in Finding #1. Letter from Seaside Basin Watermaster to David C. Sweigert (attorney for DBO) dated October 19, 2015. Seaside Groundwater Basin Adjudication Judgment dated March 27, 2006, as amended, Monterey Superior Court Case #M66343, *California American Water vs. City of Seaside et al.* Order After Hearing on SNG's Motion to Enforce and Clarify the Amended Decision, Case #M66343, filed by the Monterey County Superior Court (Judge Roger Randall) on May 11, 2009; Sixth District Court of Appeal Decision, Case #H034335, dated April 1, 2010.

4. FINDING: The Applicant has applied for a Permit to amend the Ryan Ranch Unit WDS Conditions of Approval to enable treated CAW main system water to serve solely the CHOMP Parcels in Ryan Ranch as described in Finding #1. The water would be conveyed via an intertie between the main system and Ryan Ranch Unit. No other changes to the Ryan Ranch Unit are proposed. No other Parcels would be served from this DBO water right transfer, and the moratorium on new Connections would remain in effect for all other Parcels. The restriction on the use of the main system intertie would be in effect.

EVIDENCE: Permit application materials specified in Finding #1; MPWMD Permit #M17-01-L3-A, Amended Conditions of Approval #1 through #4, #13,

and Special Condition #27 for Ryan Ranch Unit.

5. FINDING: Previous District staff analysis and Board approval of the CAW/DBO Amendment (Permit #M15-07-L3) determined that CAW has the physical and legal capability to increase production from the Seaside Basin Coastal Subareas by 15.0 AFA, equivalent to delivery of 13.95 AFA metered sales to Parcels designated by DBO. This permit entails 2.0 AFA of the 13.95 AFA amount. CAW has the physical and legal capability to deliver water to the CHOMP Parcels in Ryan Ranch as specified in Finding #1.

EVIDENCE: Permit application materials specified in Finding #1. MPWMD Permit #M15-07-L3 approved November 16, 2015, including associated Findings and Conditions of Approval. MPWMD Permit #M17-01-L3-A, Amended Conditions of Approval #3, #13 and Special Condition #27 for the Ryan Ranch Unit.

6. FINDING: The application for the CAW/Ryan Ranch-CHOMP Amendment No. 3, along with supporting materials, is in accordance with District Rule 21 (WDS Applications) and Rule 22 (Action on Application).

EVIDENCE: Permit application materials specified in Finding #1; "Notice of Public Hearing" dated August 15, 2019; MPWMD Rules and Regulations.

Required Findings (MPWMD Rule 22-B)

7. FINDING: The approval of the Permit would not cause unnecessary duplication of Potable water service within any existing system. The CAW/Ryan Ranch-CHOMP Amendment No. 3 complies with the Adjudication Decision, and would be used only to serve the CHOMP Parcels. [Rule 22-B-1]

EVIDENCE: Permit application materials specified in Finding #1. MPWMD Permit #M17-01-L3-A, Amended Conditions of Approval #3, #13 and Special Condition #27 for the Ryan Ranch Unit.

8. FINDING: The approval of the Permit would not result in water importation or exportation to or from the District, respectively. The referenced water systems and properties are located wholly within the MPWMD. [Rule 22-B-2]

EVIDENCE: District boundary location maps.

9. FINDING: Approval of the application would not result in significant adverse impacts to "Sensitive Environmental Receptors" (SER) as defined by MPWMD Rule 11 (Definitions), including the Seaside Groundwater Basin and the Carmel Valley Alluvial Aquifer (CVAA). The Monterey County Superior Court Adjudication Decision determined the Seaside

Basin “natural safe yield” and specified pumping rights of property owners, including DBO. The Superior Court further determined that serving Seaside Basin recipient properties with CAW Wells further inland is an overall benefit to the ongoing integrity of the Seaside Basin and is part of the Physical Solution. The Front-Loading Agreement included in the Conditions of Approval for CAW/DBO Amendment (MPWMD Permit #M15-07-L3) is consistent with the May 11, 2009 Court Order finding that with adequate “front-loading,” there is no resultant adverse impacts to the Carmel River or the CVAA. The current application simply implements Permit #M15-07-L3 and specifies the two CHOMP Parcels in Ryan Ranch. [Rule 22-B-3]

EVIDENCE: Permit application materials specified in Finding #1. Seaside Basin Adjudication Decision and Court determinations referenced in Finding #3. MPWMD Permit #M15-07-L3 approved November 16, 2015, including associated Findings and Conditions of Approval (Special Condition #30 addresses Front-Loading Agreement). MPWMD Permit #M17-01-L3, Amended Conditions of Approval #3, #13 and Special Condition #27 for the Ryan Ranch Unit.

10. FINDING: The application is based on specified DBO water rights as determined by the Superior Court as part of the Seaside Basin Adjudication Decision. [Rule 22-B-4]

EVIDENCE: Seaside Basin Adjudication Decision, May 11, 2009 Court Order and April 1, 2010 Appeal Decision specified in Finding #3.

11. FINDING: A long-term reliable source of water supply (15.0 AFA production, equivalent to 13.95 AFA metered sales) is available to CAW via the CAW/DBO Amendment (MPWMD Permit #M15-07-L3), based on the Seaside Basin Adjudication. The application #WDS-20190723RRUCAW requests 2.0 AFA of the 13.95 AFA amount. Notably, the California Public Utilities Commission (CPUC) in April 2015 approved future CAW plans to fully integrate the three “satellite systems” described in Finding #2 with the main CAW system once the Monterey Peninsula Water Supply Project is completed, adding to future supply reliability. [Rule 22-B-5]

EVIDENCE: Seaside Basin Adjudication Decision, May 11, 2009 Court Order and April 1, 2010 Appeal Decision specified in Finding #3. CPUC Decision 15-04-007 approving the General Rate Case for CAW Application A.13-07-002. MPWMD Permit #M15-07-L3 approved November 16, 2015, including associated Findings and Conditions of Approval.

12. FINDING: The source of water supply for the CAW/Ryan Ranch-CHOMP Amendment No. 3 is from CAW Wells in the Seaside Basin Coastal

Subareas, consistent with previous approvals. The source of water supply for the Ryan Ranch Unit Wells is the Laguna Seca Subarea of the Seaside Groundwater Basin. The cumulative effects of issuance of this WDS Permit do not result in significant adverse impacts to the Source of Supply or the species and habitats dependent on the Source of Supply due to compliance with the Adjudication Decision issued by the Superior Court, the Front-Loading Agreement in the CAW/DBO Amendment (MPWMD Permit #M15-07-L3), and restrictions in the CAW/Ryan Ranch-Bishop Interconnection (MPWMD Permit #M15-03-L3). The CAW/Ryan Ranch-CHOMP Amendment No. 3 continues this compliance. [Rule 22-B-6]

EVIDENCE: Permit application materials specified in Finding #1. Seaside Basin Adjudication Decision and other Court determinations referenced in Finding #3. MPWMD Permit #M15-07-L3 approved November 16, 2015, including associated Findings and Conditions of Approval; MPWMD Permit #M15-03-L3 approved June 15, 2015, including associated Findings and Conditions of Approval; MPWMD Permit #M17-01-L3 and #M17-01-L3-A, Amended Conditions of Approval #1 through #4, #13 and Special Condition #27 for the Ryan Ranch Unit.

13. FINDING: With the actions required in the CAW/DBO Amendment (MPWMD Permit #M15-07-L3), the source of CAW supply for recipient properties is derived from the Paso Robles and Santa Margarita Aquifers in the Coastal Subareas of the Seaside Basin, which is not within the jurisdiction of the State Water Resources Control Board (SWRCB). The SWRCB has determined that the one-for-one replacement required in its Order WR 95-10 does not apply so long as CAW supply to the recipient properties is derived solely from the Seaside Basin. The Source of Supply for the Ryan Ranch Unit is from aquifers within the Laguna Seca Subarea of the Seaside Groundwater Basin, and is not derived from the Carmel Valley Alluvial Aquifer and is not within the jurisdiction of the SWRCB. Neither Source of Supply has been determined to be tributary to the Source of Supply for any other system. [Rule 22-B-7]

EVIDENCE: MPWMD maps showing boundaries of project area and jurisdiction of the SWRCB; MPWMD hydrogeologic maps on file; MPWMD Permit #M15-07-L3 approved November 16, 2015, including associated Findings and Conditions of Approval; MPWMD Permit #M17-01-L3 and #M17-01-L3-A, Amended Conditions of Approval #1 through #4, #13 and Special Condition #27 for the Ryan Ranch Unit.

14. FINDING: MPWMD Permits #M15-06-L3, M15-07-L3, M17-01-L3 and M17-01-L3-A allow a physical intertie from the main CAW system (Coastal Subarea) to the Ryan Ranch Unit to be used only for the CHOMP

Parcels, based on a transfer of Cypress and DBO water rights. The CAW/Ryan Ranch-Bishop Interconnection for emergency use and other restrictions in MPWMD Permit #M15-03-L3 would continue for all other Parcels in Ryan Ranch. Except for the CHOMP Parcels, augmentation from the main CAW WDS is only allowed via written permission by the MPWMD General Manager in emergency situations when both the Ryan Ranch and Bishop Units have documented insufficient supplies. Any CAW Source of Supply may be used in a fire emergency. [Rule 22-B-8]

EVIDENCE: Permit application materials specified in Finding #1; MPWMD Permit #M15-06-L3 approved August 17, 2015, and Permit #M15-07-L3, approved November 16, 2015, including associated Findings and Conditions of Approval; MPWMD Permit #M15-03-L3 approved June 15, 2015, including associated Findings and Conditions of Approval; MPWMD Permit #M17-01-L3 and #M17-01-L3-A, Amended Conditions of Approval #1 through #4, #13 and Special Condition #27 for the Ryan Ranch Unit.

15. FINDING: A back-flow protection device to prevent contamination of the CAW system is not necessary as CAW is the water purveyor. [Rule 22-B-9]

EVIDENCE: Permit application materials specified in Finding #1.

Minimum Standards for Granting a Permit (MPWMD Rule 22-C)

16. FINDING: The application adequately identifies the Responsible Party as California-American Water Company, a California Corporation. [Rule 22-C-1]

EVIDENCE: Permit application materials specified in Finding #1.

17. FINDING: The application meets the definition of a “Multiple-Parcel Connection System” as water will be provided by CAW, a regulated Public Utility, to the CHOMP Parcels in Ryan Ranch. Compliance with California Title 22 water quality standards is the authority of the SWRCB, Division of Drinking Water. [Rule 22-C-2]

EVIDENCE: Permit application specified in Finding #1. MPWMD Permit #M17-01-L3-A, Amended Conditions of Approval #1 through #4, and #15. California Administrative Code, Title 22.

18. FINDING: The application identifies the location of the Source of Supply for CAW/Ryan Ranch-CHOMP Amendment No. 3 as CAW Wells in the Seaside Groundwater Basin. Because CAW is “wheeling” DBO water, it is possible that water delivered to the CHOMP Parcels could be co-mingled with water from either the Coastal Subareas or the Laguna Seca Subarea of the Seaside Basin. [Rule 22-C-3]

EVIDENCE: Permit application materials specified in Finding #1; MPWMD Permit #M15-07-L3 approved November 16, 2015, including associated Findings and Conditions of Approval; MPWMD Permit #M17-01-L3-A, Amended Condition of Approval #4 for Ryan Ranch Unit.

19. FINDING: The approval of the application would not create an Overdraft or increase an existing Overdraft of a Groundwater basin, and a superior right has been demonstrated. The Superior Court has determined the “natural safe yield” and specified pumping rights of property owners in the Seaside Basin as part of the Adjudication Decision, and has designated 15.0 AFA Alternative Production Allocation for DBO. Of this amount, 2.15 AFA production is associated with the delivery of 2.00 AFA metered sales solely to the CHOMP Parcels identified in Finding #1. [Rule 22-C-4]

EVIDENCE: Adjudication Decision specified in Finding #2. MPWMD Permit #M15-07-L3 approved November 16, 2015, including associated Findings and Conditions of Approval; MPWMD Permit #M17-01-L3-A, Amended Conditions of Approval #1 through #4, #13 and Special Condition #27 for the Ryan Ranch Unit.

20. FINDING: The approval of the application would not adversely affect the ability of existing systems to provide water to Users due to conditions of approval that limit future water use to a reasonable and acceptable amount, consistent with the water rights determinations of the Superior Court as the result of the Seaside Basin Adjudication. [Rule 22-C-5]

EVIDENCE: Seaside Basin Adjudication Decision and other Court Orders specified in Finding #3. MPWMD Permit #M15-07-L3 approved November 16, 2015, including associated Findings and Conditions of Approval; MPWMD Permit #M17-01-L3-A, Amended Conditions of Approval #1 through #4, #13 and Special Condition #27 for the Ryan Ranch Unit.

Compliance with California Environmental Quality Act (CEQA)

21. FINDING: In the review of this application, MPWMD has followed those guidelines adopted by the State of California and published in the California Administrative Code, Title 14, Section 15000, *et seq.* Specifically, the MPWMD has determined that a Statutory Exemption applies as defined in CEQA Guidelines Section 15268 (Ministerial Projects), based on previous environmental determinations by the Courts. The Monterey County Superior Court concluded that its Adjudication Decision included environmental determinations related to the Seaside Basin and adjudication of the rights therein. The MPWMD action is also consistent with the May 11, 2009 Court Order as confirmed by the Sixth District Court of Appeal, which limits CEQA review of adjudicated groundwater supply in the Seaside Basin.

EVIDENCE: CEQA and CEQA Guidelines, Section 15268; Seaside Basin Adjudication Decision, May 11, 2009 Court Order, and April 1, 2010 Appeal Decision specified in Finding #3. Front-Loading Agreement specified in MPWMD Permit #M15-07-L3 (Condition #30) approved November 16, 2015. MPWMD Permit #M17-01-L3-A, Amended Conditions of Approval for the Ryan Ranch Unit. MPWMD Notice of Exemption for CAW/Ryan Ranch-CHOMP Amendment No. 3 signed ??.



Recording Requested by:

Monterey Peninsula Water Management District

And When Recorded Mail To:

Monterey Peninsula Water Management District
Post Office Box 85
Monterey, California 93942-0085

**NOTICE OF AGREEMENT
REGARDING LIMITATION ON USE OF A WATER DISTRIBUTION SYSTEM**

NOTICE IS GIVEN that the Monterey Peninsula Water Management District (hereinafter referred to as the Water Management District or "MPWMD"), duly formed as a water district and public entity pursuant to the provisions of law found at Statutes of 1977, Chapter 527, as amended (found at West's California Water Code Appendix, Chapters 118-1 to 118-901), has approved a Water Distribution System (WDS) Permit for the Water Distribution System referenced below as the "Subject System."

NOTICE IS FURTHER GIVEN that the Subject System is comprised of one Unit of the **California-American Water Company, Monterey Division** as follows:

RYAN RANCH UNIT, located in the City of Monterey.

The Subject System is located within the jurisdiction of the Water Management District, and was previously approved as valid WDS by MPWMD; it is also certified by the State Division of Drinking Water. **California-American Water Company, a California Corporation**, hereinafter referred to as "Owner(s)," is the record Owner of the Subject System.

Owner(s) and the Water Management District each acknowledge and agree that the terms of MPWMD WDS Permit #**M17-01-L3-A for the "CAW/Ryan Ranch-CHOMP Amendment No. 3,"** including all Conditions of Approval associated with that Permit, which are attached hereto and made a part hereof, are requirements of the Subject System. Owner(s) and the Water Management District confirm that the **Ryan Ranch Unit** may serve an additional **2.00 Acre-Foot Annually (AFA) metered sales** to two Recipient Parcels (APNs 259-221-002 and 259-221-005) owned by **Community Hospital Properties, a California Nonprofit Public Benefit Corporation** for a total of 7.17 AFA for these Parcels. This increases the **System Capacity** (maximum allowed annual production of water by Ryan Ranch Unit) to **79.17 AFY; the Expansion Capacity Limit remains at 190 Connections.**

Owner(s) acknowledge that the Conditions of Approval for MPWMD WDS Permit #**M17-01-L3-A**, including the limitation on water use referenced above have been voluntarily accepted and are permanent and irrevocable, unless amended by the filing of a subsequent Agreement associated with a new, amended Water Distribution System Permit.

NOTICE IS FURTHER GIVEN that this Agreement is binding and has been voluntarily entered into by Owner(s), and each of them, and constitutes a mandatory condition precedent to receipt of regulatory approval from the Water Management District relating to the Subject Systems. This Agreement attaches to the Subject System and shall bind any successor or assignee of Owner(s).

NOTICE IS FURTHER GIVEN that present and/or future use of water at the Subject System is restricted by Water Management District Rules and Regulations to the water use requirements referenced above. Any Intensification of Use on Parcels within the Subject System, as defined by Water Management District Rule 11, will require prior written authorization and Permit from the Water Management District. Approval may be withheld by the Water Management District, in accord with then applicable provisions of law. Present or future Allocations of water may not be available to grant any Permit to intensify water use at this Site. If any request to intensify water use within the Subject System is approved, Capacity Fees and other administrative fees may be required as a condition of approval.

NOTICE IS FURTHER GIVEN that intensification of water use in the Subject System that occurs without the advance written approval of the Water Management District is a violation of Water Management District Rules and may result in a monetary penalty for each offense as allowed by Water Management District Rules. Each separate day, or portion thereof, during which any violation occurs or continues without a good faith effort by the Responsible Party to correct the violation shall be deemed to constitute a separate offense. All Water Users within the jurisdiction of the Water Management District are subject to the Water Management District Rules, including Rules 11, 20, 21, 23, 24, and 110.

The Owner(s) and Water Management District each intend that this Notice of Agreement acts as a limitation upon the Subject System, and that it shall be irrevocable under its terms. This document shall be enforceable by the Water Management District or any public entity that is a successor to the Water Management District.

The Owner(s) elect and irrevocably covenant with the Water Management District to abide by the conditions of this Notice of Agreement to enable issuance of MPWMD WDS Permit #**M17-01-L3-A**. But for the limitations and notices set forth herein, issuance of this Water Permit would otherwise be withheld and found to be inconsistent with the Water Management District Rules and Regulations.

This Notice of Agreement is placed upon the Subject System. Any transfer of ownership of the Subject System, or an interest therein, is subject to this Notice of Agreement. This Notice of Agreement shall have no termination date unless amended by the filing of a subsequent Agreement.

If any provision of this Notice of Agreement is held to be invalid, or for any reason becomes unenforceable, no other provision shall thereby be affected or impaired.

The undersigned Owner(s) agree with and accepts all terms of this document stated above, and requests and consents to recordation of this Notice of Agreement Regarding Limitation on Use of a Water Distribution System. The Owner(s) further agree to notify any present and future Owner(s) of the Subject System of the terms and conditions of this document.

OWNER(S) agree to recordation of this Notice of Agreement Regarding Limitation of Use of a Water Distribution System Permit in the Recorder's Office for the County of Monterey. Owner(s) further unconditionally accept the terms and conditions stated above.

(Signatures must be notarized)

California-American Water Company, a California Corporation

By: _____ Dated: _____
Ian Crooks, Vice President, Engineering

Attest:

By: _____ Dated: _____
Lori W. Girard, Secretary

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

ATTACHMENTS: Copies of signed WDS Permit, Final Amended Conditions of Approval for Ryan Ranch Unit (with attachments), signed Indemnification Agreement, and signed Acceptance of Conditions form



DRAFT

AUGUST 2019 STATEMENT OF EXPANDED SUPPLY FOR THE CALIFORNIA-AMERICAN WATER COMPANY WATER DISTRIBUTION SYSTEM, RYAN RANCH UNIT

In compliance with Findings, Conclusions and Decision of the Board, Hearing on Insufficient Physical Supplies in Accord with District Rule 40-B (June 15, 2009)

Adopted by MPWMD on August 26, 2019

The Monterey Peninsula Water Management District (MPWMD or District) hereby makes the following findings of fact:

- A. In November 1989, the District approved the annexation of the Ryan Ranch Unit into the California-American Water Company (CAW) Water Distribution System (WDS) to be operated as a separate and independent water system. The System Capacity (production limit) was set at 175 Acre-Feet Annually (AFA) and the Expansion Capacity Limit was 190 connections. This approval also allowed an emergency intertie between the "main" CAW system and the Ryan Ranch Unit, which was metered and reported, when used.
- B. Based on repeated annual use of the emergency intertie, evidence about the insufficient physical capabilities of the Ryan Ranch Unit to meet customer demand, and the metered water sales at that time, on June 15, 2009 the MPWMD Board reduced the System Capacity to 72 AFA and directed that no Water Permit applications would be received until CAW "develops additional well capacity to sustain a higher System Capacity and has its System Capacity modified" in a future public hearing. These actions were formalized in Order #4 and #5 of the *Findings, Conclusions and Decision of the Board, Hearing on Insufficient Physical Supplies in Accord with District Rule 40-B* adopted on June 15, 2009 ("2009 Ryan Ranch Decision").
- C. On September 15, 2014, the District Board approved WDS Permit #M14-05-L4 (CAW/Cypress Amendment), and adopted Findings of Approval and Conditions of Approval, which allowed CAW to increase its System Capacity in the Seaside Groundwater Basin Coastal Subareas by up to 3.41 AFA based on transferred water rights owned by Cypress Pacific, Inc. (Cypress). This translates to 3.17 AFA metered sales (customer water consumption) delivered to future recipient parcels within the Seaside Basin. In 2015, Cypress designated the entire 3.17 AFA metered sales to serve Assessor Parcel Numbers 259-221-004 and 259-221-005 to enable expansion of the Community Hospital Properties (CHOMP) campus at Ryan Ranch ("CHOMP Parcels"). This was approved by the District Board as WDS Permit #M15-06-L3 on August 17, 2015 (CAW/Ryan Ranch-CHOMP Amendment). An addition the Ryan Ranch Unit System Capacity was increased to 75.17 AFA.
- D. On November 16, 2015, the District Board approved WDS Permit #M15-07-L3 (CAW/DBO Amendment), and adopted Findings of Approval and Conditions of Approval, which allowed CAW to increase its System Capacity in the Seaside Groundwater Basin Coastal Subareas by up to 15.0 AFA based on transferred water rights owned by DBO Development No. 30 (DBO). This translates to 13.95 AFA metered sales (customer water consumption) delivered to future

recipient parcels within the Seaside Basin. DBO has designated 2.0 AFA to serve the CHOMP Parcels. This leaves 11.95 AFA available for transfer.

- E. On June 15, 2015, the MPWMD Board approved Permit #M15-03-L3 (CAW/Ryan Ranch-Bishop Interconnection), and adopted Findings of Approval and Conditions of Approval, where the Bishop Unit would be the primary source of emergency supply augmentation rather than the main CAW system.
- F. On April 19, 2017, the District Board approved CAW's Application #WDS-20170227RYA, authorized Permit #M17-01-L3 for the "CAW/Ryan Ranch-CHOMP Amendment No. 2," and adopted Findings of Approval and Conditions of Approval. This action allows the Ryan Ranch Unit System Capacity to be increased by 2.00 AFA metered sales from the current allowed amount of 75.17 AFA to serve solely the two CHOMP Parcels for a total System Capacity of 77.17 AFA. The Ryan Ranch Unit Conditions of Approval were amended to enable water to be delivered via the intertie between the CAW main system and the Ryan Ranch Unit to serve the CHOMP Parcels. The Findings of Approval concluded that: (a) CAW has the physical and legal capability to increase production from the Seaside Basin Coastal Subareas to enable delivery of 2.00 AFA metered sales to the CHOMP Parcels designated by DBO Development No. 30; and (b) a long-term reliable source of water supply is available to CAW via the CAW/Cypress Amendment (MPWMD WDS Permit #M14-05-L4) and the CAW/DBO Amendment (MPWMD WDS Permit #M15-07-L3), based on the Seaside Basin Adjudication.
- G. On August 26, 2019, the District approved CAW's Application #WDS-20190723RRUCAW, authorized Permit #M17-01-L3-A for the "CAW/Ryan Ranch-CHOMP Amendment No. 3," and adopted Findings of Approval and Conditions of Approval. This action allows the Ryan Ranch Unit System Capacity to be increased by 2.00 AFA metered sales from the current allowed amount of 77.17 AFA to serve solely the two CHOMP Parcels for a total System Capacity of 79.17 AFA. The Ryan Ranch Unit Conditions of Approval were amended to enable water to be delivered via the intertie between the CAW main system and the Ryan Ranch Unit to serve the CHOMP Parcels. The Findings of Approval concluded that: (a) CAW has the physical and legal capability to increase production from the Seaside Basin Coastal Subareas to enable delivery of 2.00 AFA metered sales to the CHOMP Parcels designated by DBO Development No. 30; and (b) a long-term reliable source of water supply is available to CAW via the CAW/Cypress Amendment (MPWMD WDS Permit #M14-05-L4) and the CAW/DBO Amendment (MPWMD WDS Permit #M15-07-L3), based on the Seaside Basin Adjudication.

Based on the above facts, the MPWMD hereby declares the following:

- 1. "Credible expert analysis" in accord with MPWMD Rule 40(B)4 has occurred in the form of: (a) the September 15, 2014 public hearing materials that led to the Board approval of the CAW/Cypress Amendment (Permit #M14-05-L4) to enable service of up to 3.17 AFA metered sales to Recipient Parcels within the Seaside Groundwater Basin; (b) the August 17, 2015 public hearing materials that led to the Board approval of the CAW/Ryan Ranch-CHOMP Amendment (Permit #M15-06-L3) to enable service of up to 3.17 AFA metered sales specifically to the CHOMP Parcels; (c) the November 16, 2015 public hearing materials that led to the Board approval of the CAW/DBO Amendment (Permit #M15-07-L3) to enable service of up to 13.95 AFA metered sales to Recipient Parcels within the Seaside Groundwater Basin; (d) public hearing materials that led to the Board approval of the CAW/Ryan Ranch-CHOMP Amendment No. 2 (Permit #M17-01-L3) to enable an increase of 2.00 AFA to the Ryan Ranch Unit System Capacity specifically to serve the CHOMP Parcels [Order #5, 2009 *Ryan Ranch Decision*]; and (e) the August 26, 2019 public hearing materials supporting

approval of the CAW/Ryan Ranch – CHOMP Amendment No. 3 (Permit #M17-01-L3-A) to enable service of an additional 2.00 AFA to specific CHOMP Parcels;

2. The new System Capacity is 79.17 AFA which includes an additional 2.0 AFA metered sales designated solely for the CHOMP Parcels for a total of 7.17 AFA [Order #5, 2009 *Ryan Ranch Decision*];
3. District staff may accept a future application for a Water Permit by CHOMP to expand water use within Ryan Ranch to an amount of no greater than 7.17 AFA. [Order #4, 2009 *Ryan Ranch Decision*].



Recording Requested by:

Monterey Peninsula Water Management District

And When Recorded Mail To:

Monterey Peninsula Water Management District
Post Office Box 85
Monterey, California 93942-0085

**NOTICE AND DEED RESTRICTION
PROVIDE PUBLIC ACCESS TO
WATER USE DATA**

NOTICE IS GIVEN that the Monterey Peninsula Water Management District (hereinafter referred to as the Water Management District), duly formed as a water district and public entity pursuant to the provisions of law found at Statutes of 1977, Chapter 527, as amended (found at West's California Water Code Appendix, Chapters 118-1 to 118-901), has approved water service to the real property referenced below as "Subject Property."

NOTICE IS FURTHER GIVEN that the real property affected by this agreement is situated in the **City of Monterey:**

**2 UPPER RAGSDALE DRIVE, MONTEREY, CA 93940
[OUTPATIENT CAMPUS VOL 22 C&T PG 65 TRACT NO. 1428 PAR 2. 48 AC]
ASSESSOR'S PARCEL NUMBER 259-221-002**

This real property is hereinafter referred to as the "Subject Property." The Subject Property is located within the jurisdiction of the Water Management District. **Community Hospital Properties, a California Nonprofit Public Benefit Corporation**, (hereinafter referred to as "Owner(s)"), is record Owner(s) of the Subject Property.

NOTICE IS FURTHER GIVEN that Owner(s), and each of them, irrevocably grant to the Water Management District, the right to access and disseminate to the public-at-large any and all information relating to delivery and/or use of water from any and all sources, including but not limited to private Wells, municipal systems and/or Public Utilities such as the California-American Water Company on the Subject Property.

NOTICE IS FURTHER GIVEN that all water use data relating to delivery and/or use of water on the Subject Property shall be publicly disclosed.

NOTICE IS FURTHER GIVEN that this agreement is binding and has been entered into by Owner(s), and each of them, and constitutes a mandatory condition precedent to receipt of regulatory approval from the Water Management District relating to the Subject Property. This agreement



attaches to the land and shall bind any tenant, successor or assignee of Owner(s). The agreement to release water use data shall bind future property owners and/or tenants to the same extent it binds the current Owner(s) and each is deemed to have waived any right to privacy to the release of this data for the duration of this restriction.

The Owner(s) and the Water Management District each intend that this Notice and Deed Restriction act as a deed restriction upon the Subject Property, and that it shall be irrevocable during all times that water use data are disclosable under its terms. This document shall be enforceable by the Water Management District or any public entity that is a successor to the Water Management District.

The Owner(s) elects and irrevocably covenants with the Water Management District to abide by the conditions of this Notice and Deed Restriction to enable issuance of Water Permit No. #M17-01-L3-A. But for the limitations and notices set forth herein, approval of this Water Permit would otherwise be withheld and found to be inconsistent with the Water Management District Rules and Regulations.

This Notice and Deed Restriction is placed upon the Subject Property. Any transfer of this property, or an interest therein, is subject to its terms.

If any provision of this Notice and Deed Restriction is held to be invalid, or for any reason becomes unenforceable, no other provision shall thereby be affected or impaired.

The undersigned Owner(s) agrees with and accepts all terms of this document stated above, and requests and consents to recordation of this Notice and Deed Restriction Provide Public Access to Water Use Data. The Owner(s) further agrees to notify any present and future tenant of the Subject Property of the terms and conditions of this document.

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OWNER(S) agrees to recordation of this Notice and Deed Restriction in the Recorder's Office for the County of Monterey. Owner(s) further unconditionally accepts the terms and conditions stated above.

(Signatures must be notarized)

Community Hospital Properties, a California Nonprofit Public Benefit Corporation

By: _____ Dated: _____
Tim Nylén, Vice President

Attest:

By: _____
Matt Morgan, Chief Financial Officer

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

NOTICE OF EXEMPTION

TO: County Clerk, County of Monterey
PO Box 29
Salinas, CA 93902

FROM: Monterey Penins. Water Mgt. Dst.
PO Box 85
Monterey, CA 93942-0085

Project Title: Approve Application for “CAW/Ryan Ranch-CHOMP Amendment No. 3” WDS in Seaside Basin, and Issue MPWMD Permit #M17-01-L3-A

Project Location -- Specific: Ryan Ranch Unit Water System, CHOMP Campus

APNs: 259-221-002 and 259-221-005

Project Location – 2 Upper Ragsdale Drive, Monterey

County: Monterey

Description of Nature, Purpose and Beneficiaries of Project: Approval of application enables delivery of an additional 2.00 Acre-Feet Annually (AFY) from the California-American Water Company (CAW) “main” Water Distribution System (WDS) to CAW’s Ryan Ranch Unit in order to serve solely two Community Hospital Properties (CHOMP) Parcels, as allowed by the Monterey County Superior Court’s Seaside Basin Adjudication Decision (Case #M66343), Seaside Basin Watermaster, and MPWMD Permit M17-01-L3-A. No other changes would occur. Beneficiary is CHOMP.

Name of Public Agency Approving Project: Monterey Peninsula Water Management District

Name of Person or Agency Carrying Out Project: California-American Water Company, an investor-owned public utility

Exempt Status: (check one)

- Exempt 15061(b)(3)
- Ministerial (Guidelines Sec. 15268)
- Declared Emergency (Sec. 15269 (a))
- Emergency Project (Sec. 15269 (b) and (c))
- Categorical Exemption.

Reason(s) Why Project Is Exempt: MPWMD’s approval is a ministerial action based on previous determinations of the Superior Court on CEQA review allowed by MPWMD regarding the Seaside Basin. [Ref: Superior Court Order dated May 11, 2009 as confirmed by Appeals Court; *Cal-Am v. Seaside*; *Sierra Club v. MPWMD*; 6th Appellate District #H037286 dated April 1, 2010]

Agency Contact Person

Gabriela Bravo, Conservation Analyst

831-658-5601 or gabby@mpwmd.net

David J. Stoldt
MPWMD General Manager

Date

CONSIDER APPLICATION TO AMEND CALIFORNIA-AMERICAN WATER COMPANY, RYAN RANCH UNIT, TO SERVE COMMUNITY HOSPITAL PROPERTIES VIA D.B.O. DEVELOPMENT NO. 30 WATER RIGHTS IN SEASIDE GROUNDWATER BASIN; MPWMD APPLICATION #WDS-20190723RRUCAW

August 26, 2019

Outline of Documents

MPWMD's Permit to Amend Multiple-Parcel Connection WDS Package

1. Notice of Public Hearing
2. Notice and Deed Restriction Regarding LOU of WDS (CHOMP)
3. Permit to Amend Multi-Parcel Connection WDS
4. Amended Conditions of Approval for CAW-Ryan Ranch
5. Acceptance of Permit Conditions for Approval of CAW/Ryan Ranch
6. Indemnification Agreement
7. Findings of Approval
8. Notice of Agreement Regarding LOU of WDS (Ryan Ranch Unit)
9. Statement of Expanded Supply
10. Notice and Deed Restriction Regarding Public Access To Water Use
11. Notice of Exemption

EXHIBITS – Available at District Office

- A Application #WDS-20190723RRUCAW dated July 23, 2019
- B Parcel Map of location of CHOMP Parcels, APNs 259-221-002 and 259-221-005
- C MPWMD *April 2017 Statement of Expanded Supply for the Ryan Ranch Unit*
- D MPWMD *Ryan Ranch Decision on Insufficient Supplies* (June 2009)
- E Front Loading Agreement between CAW and DBO (September 2015)
- F Seaside Groundwater Basin Watermaster letter (October 2015)
- G Notice and Deed Restriction Regarding LOU of a WDS (May 2017)
- H Permit to Amend a Multiple-Parcel Connection CAW/Ryan Ranch (June 2015)
- I Realquest Printouts
- J Grant Deeds