

EXHIBIT 21-A

MONTEREY PENINSULA WATER MANAGEMENT DISTRICT

FINAL CONDITIONS OF APPROVAL

CONSIDERATION OF APPLICATION TO AMEND
CAÑADA WOODS WATER DISTRIBUTION SYSTEM PERMIT
(Application #20021031CAN)

MPWMD Permit #M03-01
Amending May 15, 1995 "Amended Conditions of Approval"

Applicant: Carmel Development Company

Adopted by MPWMD Board of Directors on July 21, 2003
Pursuant to MPWMD Rule 22-D

Permitted System

1. The service area of the Cañada Woods Water Distribution System (CWWDS) is hereby defined as Assessor's Parcel Numbers (APN) 169-221-017 through 169-221-025, 169-011-004, 169-011-005 (the original Cañada Woods subdivision area, approximately 550 acres), as well as APN 169-011-011 and 169-011-017 (Cañada Woods East, approximately 397 acres), as shown in Attachment 1.
2. The Permittee is authorized by the Monterey Peninsula Water Management District (MPWMD) under this Permit to provide water for domestic (potable) and sub-potable uses, including residential, commercial, agricultural, and landscape use, in the CWWDS service area identified in Condition #1.
3. The system capacity (production) limit for the CWWDS from wells extracting water from the Carmel Valley alluvial aquifer beginning in Water Year 2003-2004 (October 1, 2003 through September 30, 2004) is **118.44 acre-feet production per year**, or as changed by the State Water Resources Control Board (SWRCB) pursuant to Condition 5 of SWRCB Permits 20831 and 20832, as amended May 2, 2003. The expansion capacity (connection) limit for the CWWDS remains at **150 connections** as constrained by Condition #6 of the Amended Conditions of Approval for CWWDS Permit dated May 15, 1995 (Attachment 3). No municipal unit (jurisdiction) allocation is associated with this Permit.
4. Within the CWWDS, water from the Carmel Valley alluvial aquifer shall be produced from no more than four wells. The well known as River Well #2 is added as a source of water for the CWWDS. River Well #2 is intended as a back-up to River Well #1, as sources of water for the potable water system. West Well (also known as Dog Leg Well) and Field Well are

existing sources of sub-potable water for agricultural, construction, and landscaping uses. Willow Well shall be taken out of service within 90 days of issuance of this Permit and shall be used as a monitoring well only. Locations of these wells are shown on **Attachment 2**.

Mandatory Conditions of Approval (MPWMD Rule 22-D)

5. A Domestic Water Supply Permit issued to the Cañada Woods Water Company by the Monterey County Health Department for the potable water system proposed to serve the CWWDS service area shall be obtained and a copy provided to MPWMD before this Permit is valid.
6. Evidence of approval by the State Water Resources Control Board (SWRCB) of the proposed intertie with the Monterra Ranch Mutual Water Company potable water system, including storage tanks and a “two-way dual metering” system to assure that the quantity of water extractions from the alluvial aquifer approved by the SWRCB remains in the Carmel River watershed, shall be provided to MPWMD before this Permit is valid. The “two-way dual metering system” shall be installed and operational before this Permit is valid.
7. The Permittee shall execute an indemnification agreement that holds MPWMD harmless and promises to defend MPWMD from any claims, demands, or expenses of any nature or kind arising from or in any way related to the adequacy of the water supply for the CWWDS. This indemnification agreement must be executed before Permit is valid.
8. The Permittee shall comply with MPWMD Rules and Regulations relating to water well registration, metering and annual reporting of production in addition to the specific reporting requirements described in Condition #21 of this Permit.
9. All production wells within the CWWDS service area shall report production by the Water Meter Method (MPWMD Rule 56).
10. The Permittee shall comply with all pertinent MPWMD water conservation rules and regulations. All development shall comply with all Monterey County and MPWMD landscaping requirements for outdoor areas and other open spaces, including golf courses. All water use for agricultural, open space, and landscaping purposes shall be in accordance with Condition #11 of the Amended Conditions of Approval for the CWWDS Permit dated May 15, 1995 (**Attachment 3**). The Permittee is advised that MPWMD shall not issue an expansion/extension permit that allows the use of potable water for green-belt irrigation when an alternate sub-potable water source is reasonably available (MPWMD Rules 23 and 24).
11. No new water meters within the CWWDS service area shall be set until a water connection permit has been secured from MPWMD for each connection in accordance with MPWMD regulations governing issuance of water connection permits, including payment of applicable fees. Any modification to a permitted use shall require prior review and approval by

MPWMD, either by waiver or permit. Connection charges shall be calculated based on water demand estimates using MPWMD's water demand methodology.

12. Any intensification or expansion within the CWWDS (new system facilities, source of supply, expansion of service area boundaries, changed conditions regarding water service by other entities, increase in the production or connection limits set in Condition 3, or other changes described in MPWMD Rule 22-E) shall first require approval of an amendment to this Permit.
13. The property served by the CWWDS may not be served by any other system, except in a fire or other short-term emergency, except as noted below, without prior approval of an amendment to this Permit. California-American Water Company (Cal-Am) service is currently provided for two connections that pre-existed creation of the CWWDS in 1995. Additional Cal-Am service shall be provided only in a fire emergency in areas of the CWWDS service area that are within the Cal-Am service area. No permanent intertie to any other system shall be allowed, with the exception of the storage and metering facilities described in Condition #6 of this Permit. Use of this proposed intertie is contingent upon approval of the State Water Resources Control Board. The CWWDS may temporarily intertie to other nearby non-Cal-Am systems or receive trucked-in water in a non-fire emergency, system failure or similar short-term critical event. Use of trucked-in water shall be governed by MPWMD Rules.
14. Upon MPWMD Board approval of this Permit, the Permittee shall pay to MPWMD the invoiced cost for MPWMD staff time spent to process this Permit subsequent to the October 31, 2002 application date. The Permittee is not charged for the first 20 hours of staff time. The Permittee will be provided documentation to support the invoiced amount. This Permit is not valid until payment for the invoiced amount is received by MPWMD.
15. The Permittee shall sign a form titled "Acceptance of Permit Conditions for Amendment of CWWDS Permit #M03-01." By signing the form, the Permittee acknowledges that he/she understands and accepts these conditions as a binding part of the permit approval, and agrees to carry them out faithfully. This Permit is not valid until the signed acceptance form has been received by MPWMD.
16. A copy of a CWWDS agreement to serve water to recipient parcels shall be provided to MPWMD before this Permit is valid (a sample agreement is acceptable).
17. Construction tasks for facilities authorized by this Permit shall be initiated within one year from the date this Permit is issued. This Permit shall expire if no action is taken within that year. Permitted construction tasks shall be completed and water distribution system operation shall commence within two years from the date this Permit is issued. The Permittee may apply in writing to the MPWMD General Manager for a 180-day extension to the project initiation deadline and/or the system operations commencement deadline, to be approved at the discretion of the General Manager upon a finding of due diligence by the Permittee to complete construction and commence operation of the system.

18. The Permit granted herein is subject to revocation in the event the Permittee does not fully comply with each and every condition set forth in this document.

Special Conditions for CWWDS

19. On or before September 30, 2003, the Permittee shall file with MPWMD one or more complete applications for new or amended water distribution system permits to authorize existing and proposed production and use of sub-potable water from non-alluvial wells and the use of reclaimed water within the service area of the CWWDS and the Monterra Ranch Mutual Water Company Water Distribution System. These applications shall specify the sources, including non-alluvial wells and treated wastewater, production quantity, and purpose and location of use for each source and category of use. If this condition is not met, the Permit granted herein shall be subject to revocation.
20. MPWMD shall not consider any change to the number of residential connections allowed by this Permit (a maximum of 60 residential connections-- 45 single family units and 15 apartment units), until the Permittee has filed an application deemed complete by MPWMD to amend the CWWDS permit and the Monterra Ranch Mutual Water Company Water Distribution System permit by combining the potable water systems into a single permit.
21. Reporting requirements for the CWWDS are as follows:
 - a. The Permittee shall install and maintain water meters on each and every well and each and every water production facility within the CWWDS. Monthly production records shall be kept for each production facility. These records shall be submitted monthly to MPWMD, and a summary of these records shall be submitted as part of the annual *Water Distribution System Report* required pursuant to Condition #8 of this Permit.
 - b. The Permittee shall implement a comprehensive water production, delivery, and hydrogeologic monitoring program. This program shall require the submittal of an *Annual Water Monitoring Program Report*. Each monitoring program report shall cover the reporting year from October 1 through September 30 and shall be submitted to MPWMD not later than December 31 following the end of the reporting year. The first report shall be due not later than December 31, 2003, regardless of the actual development status of the project. This report, at a minimum, shall include the reporting of, and the analysis and interpretation of, monitoring data described in Conditions #21c through 21i of this Permit. A qualified consultant, acceptable to the MPWMD General Manager, shall prepare the report at the applicant's expense. A qualified consultant includes a registered geologist, a certified hydrogeologist, or a certified engineering geologist. A qualified consultant does not include a registered civil engineer or a hydrologist.
 - c. The *Annual Water Monitoring Program Report* shall include the detailed status of development within the CWWDS service area, analysis of water consumption by

individual lots, for each type of use, both individually and cumulatively, and updated projections of future water usage within the CWWDS service area. This report shall also include an updated determination of the production capacity of the CWWDS facilities.

- d. The Permittee shall annually conduct a system-wide leak detection inspection of the CWWDS facilities, and the Permittee shall repair identified leaks with the goal of maintaining production system losses (unaccounted water use) at seven (7) percent or less of annual production. This condition shall be subject to annual review by the MPWMD General Manager.
- e. The Permittee shall measure water levels a minimum of once a month in each active production well and monitoring well. For each inactive production well and monitoring well, water levels shall be measured a minimum of twice annually, and the times of measurement shall include the anticipated annual high and low water levels at each site. These data shall be transmitted annually to the MPWMD as part of the *Annual Water Monitoring Program Report*. Active wells shall not be pumped for 24 hours prior to water level measurement. The reference elevation of the measuring point at each well shall be surveyed and reported to MPWMD.
- f. The Permittee shall record monthly metered sales for each water user in the CWWDS. These data shall be transmitted annually to the MPWMD as part of the *Annual Water Monitoring Program Report*.
- g. Each *Annual Water Monitoring Program Report* will be subject to review and approval by the MPWMD Board.
- h. If information contained in the *Annual Water Monitoring Program Report* indicates the occurrence of adverse impacts in the form of reduction in well yields, degradation of water quality, or substantial declines in water levels, the Permittee shall undertake additional conservation measures in the form of more stringent water conservation, water reclamation, and recycling for sub-potable uses, with the goal of eliminating adverse impacts.
- i. The Permittee shall provide to MPWMD copies of all reports required by the State Water Resources Control Board pursuant to SWRCB Permits 20831 and 20832, including the annual "Progress Report by Permittee" for each permit, within one month following submittal to the SWRCB.
- j. The Permittee shall annually pay to MPWMD, by December 31 of each year, the sum of one thousand four hundred dollars (\$1,400.00) as a fee for up to twenty (20) hours of cumulative MPWMD staff time associated with MPWMD's review of documentation provided by the Permittee and enforcement of the permit conditions. In any given year, if the cumulative MPWMD staff time required for review of documentation provided by the Permittee and enforcement of the permit conditions exceeds twenty (20) hours, the Permittee shall be charged at the rate of \$70 per hour for each additional hour of

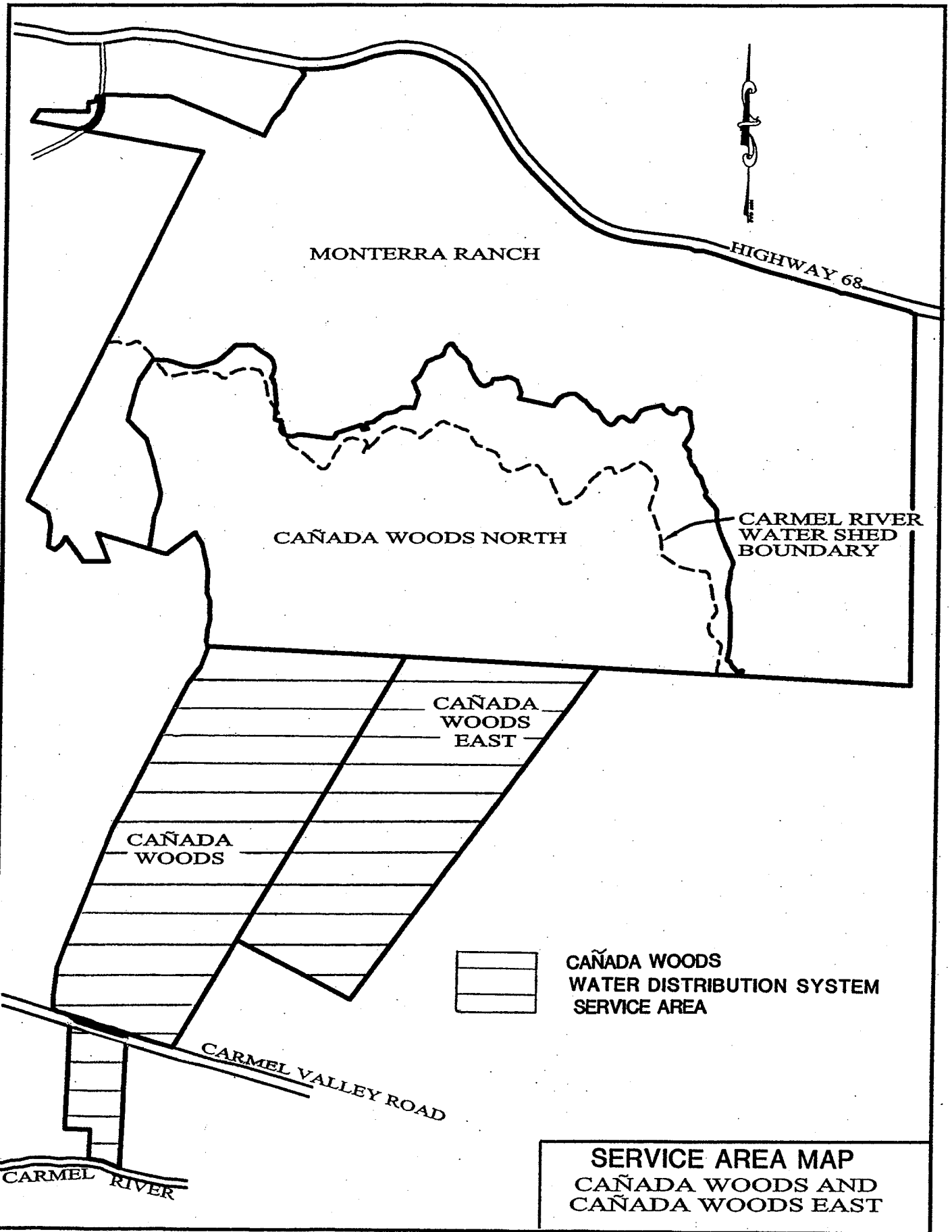
MPWMD staff time required. The first payment shall become due on December 31, 2003, regardless of the actual development status of the project.

22. The Permittee shall irrigate and maintain vegetation within the Carmel River riparian corridor on Permittee's property in a satisfactory condition. In accordance with SWRCB Permit 20831, water used for the maintenance of riparian revegetation shall be separately metered, and the permit's interim diversion (production) limit of 118.44 acre-feet per year shall be increased by the amount annually used for this purpose, "...but shall not exceed the maximum diversion amount identified in the permit" (Condition 8.5 of SWRCB Permit 20831).
23. Upon notice to the Permittee or its designated representative in writing or by telephone, the Permittee shall allow reasonable access to CWWDS property by MPWMD or its designated representative to inspect water production facilities, water measuring devices, take readings from water measuring devices, and inspect the condition of vegetation within the portion of the Carmel River riparian corridor on Permittee's property.
24. Nothing in this Permit shall be construed to grant or confirm any water right.
25. The Permittee shall provide timely notice to MPWMD of any request, petition, application, amendment, motion and/or advice letter affecting the CWWDS and/or the Monterra Ranch Mutual Water Company WDS and/or the California-American Water Company WDS that the Permittee submits to Monterey County, the Monterey County Health Department, the State Water Resources Control Board, the Regional Water Control Board, and/or the California Public Utilities Commission.
26. The Permittee shall provide timely notice to MPWMD of any change to CWWDS ownership and any changes to the names of CWWDS facilities.
27. Except as changed by this Permit, all of the Amended Conditions of Approval for the CWWDS Permit dated May 15, 1995 (Attachment 3) remain in effect.

Attachment 1. Map of Cañada Woods Water Distribution System Service Area

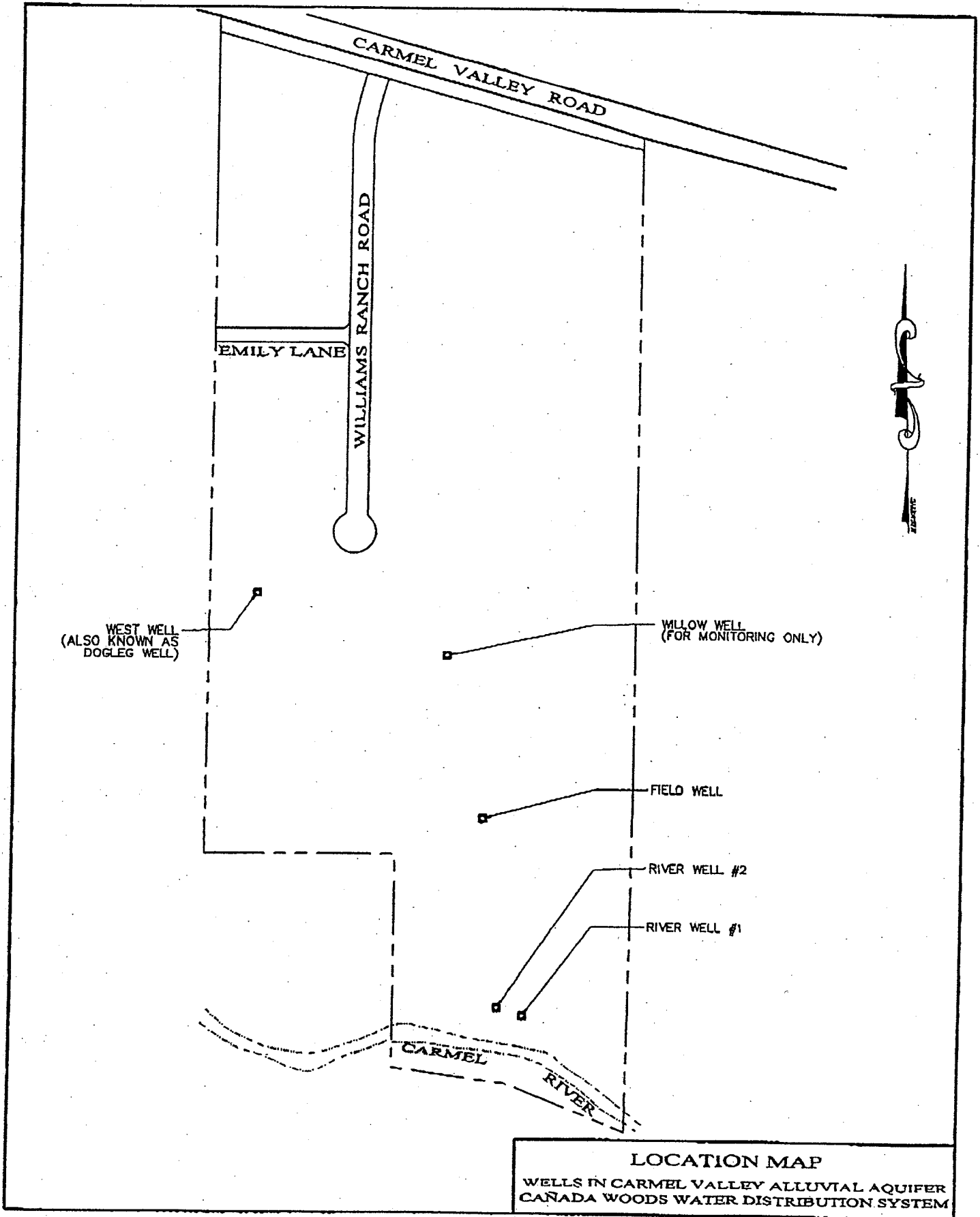
Attachment 2. Location Map, Wells in Carmel Valley Alluvial Aquifer, Cañada Woods Water Distribution System

Attachment 3. Amended Conditions of Approval for the Cañada Woods Water Distribution System Permit dated May 15, 1995



I:\Candawdgs\exhibit - 2.dwg, 8.3 x 11, 06/27/2003 04:52:14 PM, dhrk, Chris1230.pes, Layer (8.3 x 11 in), 1:1

SERVICE AREA MAP
CAÑADA WOODS AND
CAÑADA WOODS EAST



WEST WELL
(ALSO KNOWN AS
DOGLEG WELL)

WILLOW WELL
(FOR MONITORING ONLY)

FIELD WELL

RIVER WELL #2

RIVER WELL #1

CARMEL
RIVER

LOCATION MAP
WELLS IN CARMEL VALLEY ALLUVIAL AQUIFER
CANADA WOODS WATER DISTRIBUTION SYSTEM

MONTEREY PENINSULA WATER MANAGEMENT DISTRICT

AMENDED CONDITIONS OF APPROVAL

APPLICATION TO CREATE THE
CAÑADA WOODS WATER DISTRIBUTION SYSTEM

MAY 15, 1995

1. The Water Distribution System (WDS) permit granted herein is subject to issuance of water right permits for Application Nos. 30067 and 30068 by the State Water Resources Control Board.
2. Operation of the Cañada Woods WDS shall be limited to delivery of water for residential, commercial and agricultural purposes within the service area as shown on Exhibit C, which includes the following six Assessor's Parcel Numbers:
 - (a) 169-221-008,
 - (b) 169-221-013,
 - (c) 169-221-015,
 - (d) 169-221-016,
 - (e) 169-011-004, and
 - (f) 169-011-005.
3. The Water Distribution System (WDS) permit granted herein is subject to the terms and conditions contained in the Protest Dismissal Agreement between the District and the Leonard and Emily Williams Trust and Roy Kaufman, agent for Cañada Woods. These terms and conditions include the following:
 - (a) The District and the applicants incorporate by reference the terms contained in the Agreement to Dismiss Protests included as Exhibit 2¹ of Exhibit K². This agreement shall not be construed to modify in any manner whatsoever the terms of Exhibit 2 in Exhibit K.

¹ Exhibit 2 refers to the 1992 Protest Dismissal Agreement Between the Leonard and Emily Williams Trust and Roy Kaufman, agent for Cañada Woods, and the Monterey Peninsula Water Management District. This agreement was executed on August 21, 1992.

² Exhibit K refers to the 1995 Dismissal of Protests by the Monterey Peninsula Water Management District Against Water Appropriation Applications of the Leonard and Emily Williams Trust and Roy Kaufman, agent for Cañada Woods. This dismissal agreement was executed on April 17, 1995.

- (b) The District and the applicants stipulate that the quantity of water granted to the applicant shall be determined by the SWRCB provided such quantity is based on documentable and reasonable use; that quantity is stipulated to be not less than one hundred ten (110) acre-feet but not more than one hundred eighty eight (188) acre-feet.
- (c) Applicants agree to conduct their diversions in a manner consistent with generally accepted agricultural practices.
- (d) The parties agree that the SWRCB shall resolve the question of priority of right as to applicants' SWRCB Application 30067 and SWRCB Application 30068 and as to water rights held by the District pursuant to SWRCB Application 27614 and SWRCB Permit 7130B (Application 11674B); the SWRCB shall also clarify the manner in which conditions on each of these permits shall be implemented provided, however, this clarification shall not be intended to impair any right held either by applicants or the District pursuant to Exhibit 2 of Exhibit K.
- (e) Subject to any determination referenced in paragraph (d) above, applicants and the District stipulate that the SWRCB can issue applicants' permit at this time.
- (f) Applicants shall obtain a permit from the District to enable creation of the Cañada Woods WDS. User fees for the Cañada Woods system shall bear a positive correlation to fees placed on the Cal-Am WDS.
- (g) The Cañada Woods WDS shall be subject to the rationing requirements of the District, in frequency and percentage no greater than required of consumers in the Cal-Am WDS.
- (h) There shall not be a connection moratorium on the Cañada Woods WDS so long as the Cañada Woods WDS has adequate infrastructure capacity, and the Cañada Woods independent water right provides a sufficient source of supply for the designated service area.
- (i) To the extent they lawfully apply, each connection to the Cañada Woods WDS should be governed by and subject to the same connection charges as each other system deriving its supply from the Monterey Peninsula Water Resources System. No connection charge, however, shall apply to water supplied by the applicants' water reclamation facility. Further, a connection charge credit shall also be determined to factor the reduced water demand which shall result by reason of applicants' proposed wastewater reclamation plant.
- (j) No connection fee, assessment, pump tax, or fee of any kind shall be levied against the agricultural/open space water production or consumption within the Cañada Woods WDS service area.

4. The Water Distribution System (WDS) permit granted herein is subject to the full execution and recording of the Protest Dismissal Agreement between the District and the Leonard and Emily Williams Trust and Roy Kaufman, agent for Cañada Woods (Exhibit K).
5. The total system capacity of the Cañada Woods WDS for potable and non-potable uses shall be no more than 159.8 AFY; this total system capacity must be consistent with future anticipated action of the SWRCB.
6. The expansion capacity limit (i.e. maximum number of approved connections) for existing and proposed potable water uses is 150 connections. This limit includes a maximum of 60 residential connections -- 45 single family units and 15 apartment units - - as specified in Revised Table 14 of the Final Environmental Assessment of the Cañada Woods Public Water System (Denise Duffy & Associates, Revised February 10, 1995).
7. Expansion of the Cañada Woods WDS beyond the service area or expansion capacity limit above will require separate discretionary Board approval preceded by CEQA environmental review. To amend the Cañada Woods WDS permit granted herein, the applicant shall first obtain an amended WDS permit, pursuant to MPWMD Rule 21.
8. The District retains continuing authority over approval of the WDS granted herein to ensure consistency with SWRCB decisions and permit conditions on Application Nos. 30067 and 30068.
9. Water production by the Cañada Woods WDS shall be reported annually to the District by the Water Meter Method on the WDS reporting form provided each year. Annual water production shall be reported separately for each production well in the system. In addition, annual production shall be reported separately according to the following use types:
 - (a) total residential/commercial production (potable supply),
 - (b) total agricultural/open space/landscaping production (non-potable supply), and
 - (c) total agricultural/open space/landscaping production (reclaimed wastewater supply).
10. Water delivery by the Cañada Woods WDS shall be reported annually to the District, along with the annual production report. Each connection within the WDS shall be equipped with a water meter. Annual water delivery for the potable supply portion of the WDS shall be reported separately for the following use types:
 - (a) single family residential units,
 - (b) apartment units, and
 - (c) commercial units.

11. Operation of the Cañada Woods WDS for agricultural, open space, and landscaping purposes shall adhere to prudent water conservation practices which:
 - (a) promote, when possible, irrigation during the lowest evapotranspirative times of the day, i.e. before 9:00 am and after 5:00 pm;
 - (b) minimize irrigation during high wind periods to reduce applied water losses;
 - (c) maintain irrigation systems to minimize losses from leaks;
 - (d) prevent indiscriminate or excessive water use, allowing water to run to waste; and
 - (e) prevent use of water that is unproductive or runs to waste.
12. This permit is subject to amendment or revocation in the event the applicant does not comply with the provisions set forth in each condition above.

MONTEREY PENINSULA WATER MANAGEMENT DISTRICT (MPWMD)

FINAL FINDINGS OF APPROVAL

**CONSIDERATION OF APPLICATION TO AMEND
CAÑADA WOODS WATER DISTRIBUTION SYSTEM PERMIT
(Application #20021031CAN)**

Adopted by MPWMD Board on July 21, 2003

**Unless otherwise noted, all cited evidence is 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:** The Cañada Woods Water Distribution System is represented by Carmel Development Company ("Applicant") at 7260 Carmel Valley Road, Carmel Valley. The project area is defined as Assessor's Parcel Numbers (APN) 169-221-017 through 169-221-025, 169-011-004, 169-011-005, 169-011-011, and 169-011-017. The current Cañada Woods Water Distribution System (CWWDS) permit was approved by the MPWMD Board on May 15, 1995 with a system capacity (production) limit of 159.8 acre-feet per year (AFY) and an expansion capacity (connection) limit of 150 connections. Since issuance of the permit, water produced by CWWDS wells in the Carmel Valley alluvial aquifer has been used for agricultural irrigation, landscape irrigation, and construction activities. However, no connections to the CWWDS have been issued under the May 15, 1995 permit.

EVIDENCE: Permit Application #20021031CAN, site map and supporting materials dated October 31, 2002; MPWMD Amended Final Conditions of Approval for CWWDS dated May 15, 1995; annual Water Distribution System Reports submitted by CWWDS to MPWMD.
2. **FINDING:** The Cañada Woods Subdivision was approved by the County of Monterey in 1994 based on a Final Environmental Impact Report (EIR) that was certified on March 15, 1994. The Final Environmental Assessment of the Cañada Woods Public Water System was approved as an Addendum to the Cañada Woods Subdivision EIR and certified by the County of Monterey on February 14, 1995. Addition of the Cañada Woods East portion was approved by the County of Monterey in 1995 based on approval of an Expanded Initial Study and adoption of a Negative Declaration on August 22, 1995. Revised potable water demand projections for Cañada Woods and Cañada Woods East are shown in the

Final EIR for Cañada Woods North, certified by the County of Monterey on December 17, 1996.

EVIDENCE: Monterey County Board of Supervisors Resolutions 94-108, 95-076, 95-384, and 96-518.

3. FINDING: Applicant has applied for a permit to amend the CWWDS to: (a) increase the service area by adding APN 169-011-011 and 169-011-017, the area known as Cañada Woods East consisting of approximately 397 additional acres located adjacent to the easterly boundary of the existing CWWDS service area; (b) replace Willow Well with River Well #2; and (c) construct additional storage and delivery facilities as described on the large map identified as "Exhibit X" provided with the application. No change to the system capacity (production) or expansion capacity (connection) limits is requested.

EVIDENCE: Permit Application #20021031CAN, large map identified as "Exhibit X" and supporting materials dated October 31, 2002.

4. FINDING: The application to amend the CWWDS, along with supporting materials, is in accordance with District Rules 21 and 22.

EVIDENCE: Permit Application #20021031CAN, site map and supporting materials dated October 31, 2002.

Required Findings (MPWMD Rule 22-B)

5. FINDING: The approval of the permit would not allow unnecessary duplication of water service. California-American Water Company (Cal-Am) service is currently provided for a limited number of residential and commercial connections that pre-existed creation of the CWWDS in 1995. Existing limitations and constraints on Cal-Am by the State Water Resources Control Board (SWRCB) and MPWMD would preclude additional Cal-Am service to this property for many years.

EVIDENCE: Permit Application #20021031CAN; information on Cal-Am water service in MPWMD files; SWRCB Order WR 95-10 limiting Cal-Am production from alluvial aquifer; MPWMD Water Allocation Program.

6. FINDING: The approval of the permit would not result in water importation or exportation to or from the District, respectively.

EVIDENCE: The referenced parcels are located wholly within the MPWMD as shown on District boundary location maps.

7. FINDING: Approval of the application would not result in significant adverse impacts to the environment that cannot be mitigated by conditions attached to the permit.

EVIDENCE: Permit Application #20021031CAN showing no change to production or connection limits is requested. List of environmental review documents relevant to application prepared by Andrew Bell, MPWMD District Engineer, and transmitted to MPWMD Board along with all referenced documents on May 29, 2003.

8. FINDING: The application adequately identifies the claim of right for the source of water supply and provides supporting verification. The source is the Carmel Valley alluvial aquifer.

EVIDENCE: Information provided in Application #20021031CAN, including Permits 20831 and 20832 issued by the SWRCB on March 29, 1996 and Petition for Change to those permits for changes to point of diversion and place of use dated February 27, 2001; SWRCB Order dated May 2, 2003 issuing Amended Permits 20831 and 20832 adding River Well #2 as a point of diversion and expanding the place of use to include Cañada Woods East and the portion of Cañada Woods North within the Carmel River watershed.

9. FINDING: The application demonstrates existence of a long-term reliable source of water supply for the proposed uses.

EVIDENCE: MPWMD Amended Conditions of Approval for CWWDS dated May 15, 1995 (no change to system limits is requested); SWRCB Order dated May 2, 2003 issuing Amended Permits 20831 and 20832 adding River Well #2 as a point of diversion and expanding the place of use to include Cañada Woods East and the portion of Cañada Woods North within the Carmel River watershed.

10. FINDING: The primary source of supply (the Carmel Valley alluvial aquifer) is shared by other water distribution systems, with Cal-Am being the largest water producer from aquifer subunit #3 (AQ3). Despite management efforts by MPWMD, SWRCB, California Department of Fish & Game, NOAA Fisheries, and U.S. Fish and Wildlife Service, the river resource and dependent species, including two federally threatened species, is adversely affected by the cumulative impacts of all water distribution systems diverting water from AQ3. Issuance of a permit to amend the CWWDS would not be expected to result in any new adverse impacts to the species and habitat dependent on the source of supply because no change to existing production or connection limits is requested. Any

request to change the existing production or connection limits will require a future application and amended permit approved by MPWMD. The system water diversion is also limited by SWRCB appropriate permit conditions.

EVIDENCE: Information provided in Application #20021031CAN, including Permits 20831 and 20832 issued by the SWRCB on March 29, 1996 and Petition for Change to those permits for changes to point of diversion and place of use dated February 27, 2001; SWRCB Order dated May 2, 2003 issuing amended Permits 20831 and 20832 adding River Well #2 as a point of diversion and expanding the place of use to include Cañada Woods East and the portion of Cañada Woods North within the Carmel River watershed; SWRCB Order 2002-0002; annual Memoranda of Agreements and quarterly water supply budgets set for the Cal-Am water distribution system.

11. **FINDING:** The primary source of supply for the CWWDS is derived from the Monterey Peninsula Water Resources System. Water from the Carmel Valley alluvial aquifer has been diverted for use within the portion of the CWWDS located south of Carmel Valley Road since well before the CWWDS permit was issued. The alluvial aquifer is in the jurisdiction of the SWRCB, which has issued appropriate water rights for uses within the CWWDS.

EVIDENCE: MPWMD map showing boundaries of Carmel Valley alluvial aquifer superimposed on Monterey County parcels; well location maps and related information provided with Application #20021031CAN; SWRCB Order dated May 2, 2003 issuing Amended Permits 20831 and 20832 adding River Well #2 as a point of diversion and expanding the place of use to include Cañada Woods East and the portion of Cañada Woods North within the Carmel River watershed.

12. **FINDING:** Cal-Am service is currently provided for two connections that pre-existed creation of the CWWDS in 1995. Emergency fire protection would be provided by the CWWDS and, if needed, the Cal-Am system for portions of the system boundary located within the Cal-Am service area. Cal-Am supply would not be available if the proposed system experienced a failure or other non-fire emergency situation. Temporary water service could be provided by the proposed intertie to the adjacent Monterra Ranch WDS or by trucked-in water.

EVIDENCE: Information on Cal-Am water service in MPWMD files; map of Cal-Am service area; permit Application #20021031CAN information; Condition #12 of the July 2003 MPWMD Conditions of Approval for Amendment to CWWDS Permit.

13. FINDING: Adequate measures to protect other water systems and sources of supply will be in place, including the proposed “two-way dual metering” system for monitoring water transfers between the CWWDS and Monterra Ranch WDS.

EVIDENCE: Permit Application #20021031CAN information. Approvals of these measures and facilities by the Monterey County Health Department and the State Water Resources Control Board are required pursuant to Conditions #3 and 4 of the July 2003 MPWMD Conditions of Approval for Amendment to CWWDS Permit.

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

14. FINDING: The application adequately identifies the responsible party, who, at all times will be available and legally responsible for the proper performance of duties required by the permit holder.

EVIDENCE: Permit Application #20021031CAN.

15. FINDING: The treated water quality for potable use will meet California Title 22 water quality standards.

EVIDENCE: Permit Application #20021031CAN materials; requirements of Monterey County Health Department for issuance of a Domestic Water Supply Permit. Condition #3 of the July 2003 MPWMD Conditions of Approval for Amendment to CWWDS Permit requires proof of issuance of a Domestic Water Supply Permit.

16. FINDING: The application identifies the locations of the sources of supply for water distribution system (water source and well sites).

EVIDENCE: Permit Application #20021031CAN and related maps and materials.

17. FINDING: The application meets MPWMD Rule 22-C(4) requirement that a proposed system “will not create an overdraft or increase an existing overdraft, unless a valid superior right is proven.” Diversion of water to serve the system contributes to a seasonal over-appropriation of water from the Carmel River and associated alluvial aquifer, but the SWRCB has issued a water rights permits for uses within the CWWDS service area. See also Findings #10 and 11.

EVIDENCE: SWRCB Decision 1632, July 1995. SWRCB Order dated May 2, 2003 issuing Amended Permits 20831 and 20832.

18. FINDING: The application meets MPWMD Rule 22-C(5) requirement that a proposed system "will not adversely affect the ability of existing systems to provide water to users, unless a valid superior right is proven." No identified impact to other existing systems exists. SWRCB issued Order dated May 2, 2003 amending Permits 20831 and 20832 for appropriation of water from the Carmel Valley alluvial aquifer for uses within the CWWDS service area.

EVIDENCE: SWRCB Decision 1632, July 1995. SWRCB Order dated May 2, 2003 issuing Amended Permits 20831 and 20832.

Compliance with CEQA

19. 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, as a responsible agency under CEQA for this action, has relied on a series of environmental documents prepared for and certified by the County of Monterey. Copies of each pertinent environmental document have been provided to MPWMD Board members for review prior to the public hearing on this matter. The MPWMD Board has reviewed the environmental information and relied on the information as part of its decision-making on this matter.

EVIDENCE: CEQA and CEQA Guidelines. Transmittal notice of environmental documents to MPWMD Board dated May 29, 2003 (hand-delivered). Board action of July 21, 2003, including confirmation of review of environmental documents.

Other Findings

20. FINDING: Sub-potable water produced from non-alluvial wells within the CWWDS service area is presently being used for irrigation and construction activities both within and outside the CWWDS service area, but this use is not authorized by the current CWWDS permit. Sub-potable water produced from non-alluvial wells within the neighboring Monterra Ranch Mutual Water Company Water Distribution System (MRMWCWDS) service area is presently being used for irrigation and construction activities within the MRMWCWDS service area, but this use is not authorized by the current MRMWCWDS permit. Reclaimed water originating from the CWWDS and MRMWCWDS service areas is currently being used for open space irrigation within the MRMWCWDS service area, but this use is not authorized by the current MRMWCWDS permit. As a condition of approval for an amended permit for the CWWDS, the Permittee must file on or before September 30, 2003 one or

more complete applications for new or amended water distribution system permits to authorize existing and proposed uses of sub-potable water from non-alluvial wells and the use of reclaimed water within the service areas.

EVIDENCE: Letter from Lombardo & Gilles to MPWMD dated February 14, 2003 Permit Application #20021031CAN, site map and supporting materials dated October 31, 2002; MPWMD Amended Final Conditions of Approval for CWWDS dated May 15, 1995; MPWMD Conditions of Approval for Amendment of Monterra Ranch Mutual Water Company Water Distribution System Permit dated March 20, 2000; annual Water Distribution System Reports submitted by CWWDS and MRMWCWDS to MPWMD; Condition #19 of the July 2003 MPWMD Conditions of Approval for Amendment to CWWDS Permit.

21. **FINDING:** But for compliance with each and every condition listed in the July 2003 MPWMD Conditions of Approval for Amendment to CWWDS Permit, the amended permit would be subject to revocation.

EVIDENCE: Condition #18 of the July 2003 MPWMD Conditions of Approval for Amendment to CWWDS Permit.