

EXHIBIT 21-E

REGULATION II. PERMITS

RULE 20 PERMITS REQUIRED

A. PERMIT TO CREATE/ESTABLISH A WATER DISTRIBUTION SYSTEM

Before any person creates or establishes a water distribution system, such person shall obtain a written permit from the District. Before any person creates or establishes a mobile water distribution system, such person shall obtain a written permit from the District.

Desalination, reclamation or importation facilities located within the District are not exempt because the source of supply is considered to be the water emanating from a facility within the District.

Persons who hold a valid permit for construction and operation of a water distribution system from the Monterey County Health Department, prior to March 12, 1980, or a water distribution system in existence prior to that date, shall be deemed to have been issued a permit in compliance with these Rules and Regulations. Persons who filed a completed application to the Monterey County Health Department, date-stamped by the Department on or before March 19, 2001, for construction of a well serving a single-parcel connection water distribution system shall be deemed to have been issued a permit in compliance with these Rules and Regulations provided all of the following actions are taken: (1) the applicant receives a valid well construction permit from the Monterey County Health Department, makes the well active, meters the well, has the well inspected by MPWMD and receives an approved MPWMD Water Meter Installation Inspection form issued on or before October 15, 2001; and (2) each water-gathering facility of that system was registered with the District on or before October 15, 2001.

No mobile water distribution system shall be issued a permit under the provisions of the previous paragraph. Each such system shall be required to apply for and obtain a permit in accord with Rules 21 and 22.

The expansion capacity limit and system capacity of previously existing systems shall be determined pursuant to Rule 40 (A).

Added and amended by Ordinance No. 96 (3/19/2001); amended by Ordinance No. 105 (12/16/2002)

B. PERMITS TO EXPAND/EXTEND A WATER DISTRIBUTION SYSTEM

Before any person expands/extends a water distribution system or any mobile water distribution system, such person shall obtain a written permit from the District or the District's delegated agent, as described in District Rules 23 and 24. The addition of any connection or any water-gathering facility to a water distribution system and/or the intensification of use of an existing connection shall be deemed an expansion or extension of that system. Any change in use, size, location, or relocation of a connection or water-measuring device which may allow an intensification of use or increased water consumption, or any permit transfer pursuant to Rule 28 which may allow an intensification of use or increased water consumption, shall be deemed an expansion or extension of that system. A proper applicant for such an expansion/extension permit may

be either the owner or operator of the water distribution system, the prospective user of the proposed connection as the real party in interest, or any agent thereof.

Amended by Ordinance No. 26 (9/8/86) and Ordinance No. 96 (3/19/2001)

C. EXEMPTIONS FOR WATER DISTRIBUTION SYSTEM PERMIT

An MPWMD water distribution system permit is not required for the following situations:

1. Where both: (a) the property to be served is wholly outside of the boundaries of the Monterey Peninsula Water Management District, and (b) the water source is also located outside of the District boundary. For properties that straddle the District boundary, an MPWMD water distribution system permit is not required where both: (a) the portion of the property served by the water distribution system is outside of the District boundary, and (b) the source of supply is outside of the District boundary.
2. A single-parcel connection water distribution system unless that system derives its source of supply from within the Carmel River Basin, as shown in the map provided in the Implementation Guidelines; and/or the Seaside Coastal Subareas of the Seaside Groundwater Basin. The Carmel River Basin and Seaside Coastal Subareas are defined in Rule 11, Definitions.
3. For a single-parcel connection system located within the Carmel River Basin that meets all of the following three criteria: (a) the well location lies outside of the mapped area 1,000 feet from the Carmel Valley alluvial aquifer or 1,000 feet from Tularcitos, Hitchcock Canyon, Garzas, Robinson Canyon or Potrero Creeks; (b) a valid well construction permit by the Monterey County Health Department was issued prior to January 15, 2003; and (3) the applicant makes the well active, registers the well with MPWMD, meters the well, has the well inspected by MPWMD, and receives an approved MPWMD Water Meter Installation Inspection form issued on or before June 30, 2003.
4. To reactivate, refurbish or replace existing wells that are registered with the District, as defined in Rule 11. To qualify for this exemption, the reactivated, refurbished or replacement well must have substantially the same purpose and capacity of the structure replaced. The replacement structure must be consistent with other MPWMD Rules and Regulations. This exemption from the MPWMD permitting process does not affect in any way the applicant's obligation to comply with permit requirements by other regional, state or federal agencies.
5. For on-site cisterns that serve existing single-parcel connections, (i.e. residential situations where rainwater is captured for on-site landscape irrigation use).
6. For deliveries of water by commercial companies in volumes less than or equal to 55 gallons per container.
7. For an existing or future new irrigation system, owned and operated by MPWMD, which exists solely to irrigate riparian vegetation in the Carmel River riparian corridor as part of the MPWMD Water Allocation Program EIR Mitigation Program.

8. For an existing, expanded or new non-MPWMD irrigation system that is served by a well completed prior to January 15, 2003 with the purpose to irrigate riparian vegetation in the Carmel River riparian corridor pursuant to conditions of approval of an MPWMD River Work Permit, a contract with MPWMD, or any other irrigation use approved by the District. This exemption does not apply to irrigation projects that are served by wells completed on or after January 15, 2003.
9. For a water distribution system in existence prior to April 18, 2001 that is comprised of multiple, contiguous parcels owned by the same owner. Such a system may be referred to as "pre-existing multiple-parcel connection system." However, any amendment to such a water distribution system on or after April 18, 2001 must be permitted by the District pursuant to Rule 22.
10. To only construct (but not use) the system components. The District permit enables use of a water well or any other water distribution system component.
11. Any exemption pursuant to this Rule 20-C, however, shall not be construed to exempt the facility or its owner/operator from any other requirement set forth in these MPWMD Rules and Regulations, or any other regulatory or legal requirement.

Added by Ordinance No. 96 (3/19/2001); added and amended by Ordinance No. 105 (12/16/2002)

D. PERMIT TO UNDERTAKE WORK ON PROJECTS WITHIN THE RIPARIAN CORRIDOR

Before any individual may undertake any work or project within the riparian corridor, including but not limited to channel modification, riverbank works, or vegetation removal, such person shall obtain a prior written river work permit from the District in accord with Rule 126 or meet the emergency river work permit criteria of Rule 126 C, or be expressly exempt from the river work permit requirement pursuant to Rule 126 B.

Added by Ordinance No. 1 (2/11/80), amended by Ordinance No. 3 (7/11/80), Ordinance No. 5 (4/13/81), Ordinance No. 8 (1/14/82), and Ordinance No. 10 (7/26/83); formerly Rule 200, renumbered by Ordinance No. 6 (5/11/81); amended by Ordinance No. 69 (6/21/93); renumbered to section "D" by Ordinance No. 96 (3/19/2001)

RULE 20.5 SUSPENSION OF APPLICATIONS FOR RULE NONCOMPLIANCE

- A. The District shall suspend processing of any application under these Rules with respect to any site on which a District permit or Rule violation has been noticed, but has not been corrected, until such time as the violation has been corrected.
- B. The District shall suspend processing of any application under these Rules with respect to any site which is subject to a District permit or Rule, but one or more of the conditions of that permit have not been met.

- C. The District shall suspend processing of any application under these Rules with respect to any site which does not have a valid permit for its post-1985 expanded water use, until such time as the an application to validate that use has been received.

Added by Ordinance No. 71 (12/20/93)

RULE 21 APPLICATIONS

A. APPLICATION FOR PERMIT TO ESTABLISH/CREATE A WATER DISTRIBUTION SYSTEM

The applicant shall submit the following:

1. A completed written application in the manner and form prescribed by the Implementation Guidelines; and
2. Environmental information as required by the California Environmental Quality Act (CEQA); and
3. Zoning and land use designations for the property; identify land use approvals which may be required for the proposed project by the municipal unit in which proposed system would be located (i.e., tentative map, use permit, etc.), or by other governmental agencies, consistent with state and local regulations that require proof of available water supply; and
4. Identify type of water right claimed to exist with each water-gathering facility and each source of supply for the system (e.g., riparian, pre-1914, appropriative, overlying or other). Provide written verification of legal water rights applicable to type of right claimed. The verification shall include, but shall not be limited to the following forms of documentation: (a) Condition of Title Report, prepared by a Title Company at the applicant's expense, and any and all supporting documentation to indicate whether legal water rights have been subordinated or severed; this documentation may include a judicial declaration of right or a full title opinion prepared by an attorney with expertise in water law; (b) information that describes the legal basis or authority for diversion and extraction of water; (c) if groundwater is being pumped from a groundwater basin that has not been adjudicated, a statement to that effect in addition to a copy of the current deed to the property is sufficient documentation to satisfy this requirement; or (d) if the source of the water is subject to permit requirements under the State Water Resources Control Board, a copy of the SWRCB water rights permit or domestic registration must be included; and
5. A copy of the application submitted to the Monterey County Environmental Health Department for Creation of a Water Distribution System; and
6. The name and address of each responsible party; and
7. The results of well capacity (aquifer pumping) tests for the duration specified by the Implementation Guidelines, the cost of which tests shall be borne by the applicant, and which shall be observed by a District representative or agent; and
8. The results of water quality tests as specified by the Implementation Guidelines, the cost of which tests shall be borne by the applicant; and

9. The applicable fees prescribed in Rule 60.

Amended and renumbered by Ordinance No. 96 (3/19/2001)

B. APPLICATION FOR PERMIT TO EXTEND/EXPAND A WATER DISTRIBUTION SYSTEM

The applicant shall submit the following:

1. A completed written application in the manner and form prescribed by the Implementation Guidelines; and
2. For those potable system applications for which a building permit is pending, complete architectural drawings that reflect water use pursuant to Tables 1 or 2 of Rule 24, together with any amendment, addition, or modification of those drawings which may be made prior to use or occupancy of the project, and any drawings which may be submitted to the municipal unit for land use or building approvals, and a statement of near-term need for the proposed expansion/extension; and
3. For subpotable systems, and for exterior use for all systems, an itemized estimate of water use in the form of a landscape budget or other alternate water demand estimate as approved by the General Manager; and
4. Architectural drawings for each change in the project made prior to use or occupancy which may affect the project's capacity to use water; and
5. The applicable fees prescribed in Rule 60; and
6. The connection charge prescribed in Rule 24.

Amended and renumbered by Ordinance No. 96 (3/19/2001)

C. APPLICATION FOR AMENDMENT TO PERMIT

The applicant shall submit the following:

1. A completed written application in the manner and form prescribed by the General Manager, under Rule 22 or Rule 23 as appropriate to the proposed amendment.
2. The fee prescribed in Rule 60.
3. The applicable connection charge prescribed in Rule 24, Connection Charges.

D. APPLICATION FOR APPEAL

1. A complete written application in the manner and form prescribed by the General Manager.
2. The fee prescribed in Rule 63.

E. APPLICATION FOR VARIANCE

1. A complete written application in the manner and form prescribed by the General Manager.
2. The fee prescribed in Rule 63.
3. Applicable fees prescribed in Rule 60.

F. NAME CHANGES

An applicant or permit holders's name or identifying information may be changed without charge, and in such circumstances a revised permit may be issued.

Added by Ordinance No. 1 (2/11/80), amended by Ordinance No. 3 (7/11/80), Ordinance No. 5 (4/13/81), and Ordinance No. 8 (1/14/82); formerly Rule 203, renumbered by Ordinance No. 6 (5/11/81); amended by Ordinance No. 26 (9/8/86); amended by Ordinance No. 71 (12/20/93); amended by Ordinance No. 96 (3/19/2001)

RULE 22 ACTION ON APPLICATION FOR PERMIT TO CREATE/ESTABLISH A WATER DISTRIBUTION SYSTEM

A. PROCESS

1. Potable Water Distribution Systems and Mobile Water Distribution Systems
 - a. The General Manager (or staff designee) shall review each application to create or establish a water distribution system designed to deliver potable water, or any mobile water distribution system; if the application is determined to be complete pursuant to the Implementation Guidelines, the General Manager shall act within thirty (30) days subsequent to satisfaction of environmental review, to set a public hearing by the board on the application for such permit, and shall notify the applicant in writing and give public notice of the hearing date. If the application is determined to be incomplete, the General Manager shall notify the applicant concerning that information in which the application is deficient and request the applicant to submit that information. At the hearing, the applicant shall be entitled to present evidence in support of the application. Interested persons may present evidence in opposition or support of the application. The Board, in conducting the public hearing, may request hydrologic, geologic, legal opinions or other studies necessary to obtain information. At the hearing, the applicant shall be entitled to present evidence in support of the application. Interested persons may present evidence in opposition or support of the application. The board, in conducting the public hearing, may request hydrologic, geologic, legal opinions or other studies necessary to obtain information required for its decision. The cost of such studies shall be borne by the applicant. For every application for which a controversy, based on factual evidence already in the record or introduced into the record, arises concerning the extent or adequacy of water rights, the board may require and will specify additional documentation needed to support each water right claim. The board

will continue the public hearing on the application until the specified information is provided by the applicant. The board may deny, approve, or continue any permit application based on the minimum standards as set forth in Rule 22-C and its findings pursuant to Rule 22-B. The board may impose such conditions on the permit that it deems necessary and proper. The General Manager shall notify the applicant within thirty (30) days in writing by mail or in person of the board action taken; namely continuance, approval, conditional approval, or denial. Notice of the action taken shall be deemed to have been given when the written notification has been deposited in the mail, postpaid, addressed to the address shown on the application, or when personally delivered to the applicant or the applicant's representative.

- b. In the case of single-connection water distribution system applications for potable or subpotable water use, the General Manager or designated staff member, not the board, shall function as the hearing officer as set forth in Rule 22-A-2.

2. Single-Connection Water Distribution Systems

- a. The General Manager (or staff designee) shall review each application to create or establish a water distribution system that is designed to deliver water exclusively for single-connection systems, and applications that meet the criteria in 22-A-1 (b) above; if the application is determined complete, the General Manager shall act within thirty (30) days subsequent to satisfaction of environmental review, (i) to determine if a hearing exemption applies as provided in Rule 22-A-2 (b) below, and if not (ii) to set a public hearing on the application for that permit, and shall notify the applicant in writing and give public notice of the hearing date. If the application is determined to be incomplete, the applicant shall be notified as to information in which the application is deficient and allowed to submit that information.

At the hearing, the General Manager or staff designee shall sit as the sole hearing officer. The applicant and any interested person shall be entitled to present evidence in opposition or support of the application. The General Manager in conducting the public hearing, may request hydrologic, geologic, legal opinions or other studies necessary to obtain information required for his decision. The cost of such studies shall be borne by the applicant. For every application for which a controversy, based on factual evidence already in the record or introduced into the record, arises concerning the extent or adequacy of water rights, the General Manager may require and will specify additional documentation needed to support each water right claim. The General Manager will continue the public hearing on the application until the specified information is provided by the applicant. The General Manager may deny, approve, or condition any permit application based on the minimum standards as set forth in Rule 22-C and findings pursuant to Rule 22-B. Conditions on the permit may be imposed as are necessary and proper.

The General Manager shall notify the applicant within thirty (30) days in writing by mail or in person of the action taken; namely continuance, approval, conditional approval, or denial. Notice of the action taken shall be deemed to have been given when the written notification has been deposited in the mail, postpaid, addressed to the address shown on the application, or when personally delivered to the applicant or the applicant's representative. The decision may be appealed to the board of directors pursuant to Rule 70, "Appeals," upon payment of the fee specified in Rule 63.

Permits granted under this provision may be appealed to the board of directors for a de novo hearing. That hearing shall convene under the rules of process set in Rule 70, "Appeals." The fee specified in Rule 63, however, shall be waived.

Amended by Ordinance No. 96 (3/19/2001)

B. FINDINGS

In order to protect public trust resources, prior to making its discretionary decision to grant or deny any permit to create or establish any water distribution system, or to create or establish any mobile water distribution system, the board (or the General Manager for certain systems) shall determine:

1. Whether the system for which a permit is sought would cause unnecessary duplication of the same types of services by any existing system; and
2. Whether the permit would result in exportation or importation of water outside or into the District; and
3. Whether the proposed water distribution system would result in significant environmental effects that cannot be mitigated by conditions attached to the permit; and
4. Whether the application adequately identifies the claim of right for each source of supply for the water distribution system, whether it provides adequate supporting verification documentation thereto, and/or whether the system relies on any non-existent or questionable claim of right; and
5. Whether the application demonstrates the existence of a long-term reliable source of supply; and
6. Whether the source of supply is shared by any other water distribution system, and if so, the extent to which cumulative impacts may affect each source of supply, and species and habitat dependent upon those sources of supply; and
7. Whether the source of supply derives from (a) the Monterey Peninsula Water Resources System, and/or (b) waters within the jurisdiction of the State Water Resources Control Board, and/or (c) waters tributary to the source of supply for any other system; and

8. Whether the proposed water distribution system (a) shall intertie to any other system, (b) shall be able to obtain emergency supplies in the event of system failure, (c) shall provide fire flow requirements for development served by that system; and (d) the extent other water distribution systems shall be required to provide emergency supplies and/or meet fire flow requirements; and
9. Whether the proposed water distribution system shall incorporate adequate cross contamination and backflow measures to protect other systems and sources of supply.

Amended and renumbered by Ordinance No. 96 (3/19/2001)

C. MINIMUM STANDARDS FOR GRANTING PERMIT

An application may be considered for approval if it complies with each of the following minimum standards; if any one of the following standards is not met, the application shall be denied:

1. The application identifies at least one responsible party who, at all times, will be available and legally responsible for the proper performance of those things required of a permit holder by this ordinance.
2. The ability of the source of supply for any water distribution system designed to deliver water for any potable use to other than a single-parcel connection system, to provide water that complies with the standards set forth in Title 22 of the California Administrative Code.
3. The application identifies the location of each source of supply for the water distribution system, and the location of each use supplied by a mobile distribution system.
4. The proposed water distribution system will not create an overdraft or increase an existing overdraft, unless a valid superior right is proven.
5. The proposed water distribution system will not adversely affect the ability of existing systems to provide water to users unless a valid superior right is proven.

Amended and renumbered by Ordinance No. 96 (3/19/2001); amended by Ordinance No. 105 (12/16/2002)

D. MANDATORY CONDITIONS OF APPROVAL

1. When the board or hearing officer approves the permit, it shall establish for each system: (i) an expansion capacity limit, which sets the total number of connections which can be served; (ii) a system capacity limit, which sets the maximum annual production in acre-feet per year; and (iii) a municipal unit (jurisdiction) allocation. In addition to the following mandatory conditions, the board or hearing officer may impose other conditions in granting the permit:

- (a) permit shall designate geographic boundary of water distribution system service area, including Assessor's Parcel Numbers;

- (b) permit shall identify authorized use of water distribution system (e.g., potable, subpotable, residential, commercial, and/or other types of use);
- (c) permit shall identify approvals by other agencies that shall be obtained before water distribution system permit is finalized or vested;
- (d) applicant shall execute an indemnification agreement that hold 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 adequacy of the water supply of the system;
- (e) applicant shall comply with all District rules relating to water well registration, metering and reporting;
- (f) applicant shall comply with all District water conservation ordinances; this may include requirements for installation of low-flow fixtures or drought tolerant landscaping;
- (g) applicant shall comply with District regulations that govern water meter connections, including payment of applicable fees;
- (h) permit shall identify whether interties to other systems are allowed and shall identify restrictions or prohibitions on such interties, including devices to prevent cross-contamination of systems;
- (i) permit shall identify which mitigation measures, if any, are required to address potential adverse environmental impacts associated with the proposed water distribution system, and specify funding mechanism, if applicable;
- (j) applicant shall provide copy of agreement(s) to serve water to recipient parcels, if a multi-connection system;
- (k) applicant shall receive a District permit prior to intensifying or expanding the approved water distribution system;
- (l) applicant shall pay to the District the invoiced cost for MPWMD staff time (pursuant to Rule 60) to process the permit, as documented in billing logs, before the permit is finalized;
- (m) applicant shall sign an "Acceptance of Permit Conditions" form upon finalization of permit conditions, wherein the applicant states that he/she understands and accepts the conditions as a binding part of the permit approval, and agrees to carry out the conditions in good faith; the permit is not valid until the signed form is received from the applicant;
- (n) permit shall state that the permit is subject to revocation in the event the applicant does not comply with the provisions set forth in each condition in this Rule.

2. Every applicant as a condition to holding a permit pursuant to this rule shall report annually in the form and manner prescribed by the District, the quantity of water delivered from each source of supply, total water produced, and average daily number of connections in the system, and the number of new connections and disconnections, a map or maps of the service area, and the identity and address of each responsible party as of June 30th of the previous year.
3. As a condition precedent to use or enjoyment of any permit pursuant to this rule, each applicant shall be required to first obtain and comply with any required approval from the local jurisdiction in which the property is located; and if applicable, obtain and comply with a certificate from the California Public Utilities Commission, or a coastal development permit or other approvals pursuant to the California Coastal Act. Failure to comply with this prerequisite shall provide cause for revocation of any permit issued pursuant to this rule.
4. For permits issued after January 15, 2003, construction tasks for facilities authorized in the MPWMD water distribution system permit shall be initiated within one year (365 days except 366 days for leap years) from the date the permit is issued. The 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 the permit is issued. The permittee may apply in writing to the 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.

Added by Ordinance No. 96 (3/19/2001); added and amended by Ordinance No. 105 (12/16/2003)

E. AMENDMENTS TO PERMIT

No owner or operator of a water distribution system shall modify, add to or change his/her source of supply, location of uses, expand the system beyond the expansion capacity limit, or expand the service area, unless that person first files an application to do so with the District and receives an amended creation/establishment permit. Such applications shall be made pursuant to Regulation II (Permits), shall comply with each rule therein, and shall be investigated, considered, determined and acted upon on the same terms and conditions as provided for the approval, conditional approval, or denial of a permit, as provided in this rule.

Amended by Ordinance No. 96 (3/19/2001); Added by Ordinance No. 1 (2/11/80), amended by Ordinance No. 2 (3/11/80), Ordinance No. 6 (5/11/81), and Ordinance No. 8 (1/14/81); formerly Rule 210, renumbered by Ordinance No. 6 (5/11/81); amended by Ordinance No. 96 (3/19/2001)

RULE 23 ACTION ON APPLICATION FOR PERMIT TO EXPAND OR EXTEND A WATER DISTRIBUTION SYSTEM

A. APPLICATIONS TO INTENSIFY WATER USE

An expansion/extension permit shall be required from the District for each Intensified Water Use (defined by Rule 11). Intensification of Water Use without a permit shall provide cause for revocation by the District of all water use by any person on that Site.

Each application for a permit to expand or extend a water distribution system and each application for an amended expansion/extension permit shall follow the process set forth in Rule 23. The District may issue the permit when the following applies:

1. The District shall issue an expansion/extension permit for a project when:
 - (a) the District has first received and approved a complete application which includes evidence of each Discretionary Approval required for the proposed use, a complete and final set of construction drawings, and (if required by the Jurisdiction) a final landscape plan, and
 - (b) the District has first received payment in full for all applicable District fees and charges based upon the incremental increase in the potential water use capacity for that individual project.
 - (c) the District has first received a Water Release Request from the applicable Jurisdiction (the city, county or the airport district) pertaining to the Parcel on which the water use shall occur, and
 - (d) the total quantity of water reserved for all projects within a Jurisdiction does not exceed that Jurisdiction's total water allocation.
 - (e) the District has not determined to temporarily delay the issuance of permits by reason of a declared Water Supply Emergency.
2. As an alternate to the process set forth in (1) above, the District may issue an expansion/extension permit for an application without a Water Release Request because of one of the following reasons:
 - (a) the proposed Intensified Water Use has been authorized by the District to derive some or all of its capacity for water use from the District Reserve allocation, or
 - (b) the application requests a permit to Intensify Water Use which derives from a water supply other than the Monterey Peninsula Water Resource System, or
 - (c) the application has been determined to not cause an Intensified Water Use, or causes an increase as specified pursuant to subparagraph (6) below (Rule 23 A (6)).
 - (d) the application requests a permit based on a prior Water Use Credit, which applies to that Site.
 - (e) the application requests a permit to use water for a project which shall not permanently Intensify Water Use as it requires only a short term need for water and the application shall be processed pursuant to Rule 23 B.
3. In the absence of special circumstances or undue hardship, the District shall not issue an expansion/extension permit, which results in the installation of a new water meter, which shall serve water to more than one user. Multiple users shall apply for separate permits pursuant to this rule. This provision, however, shall not prevent the