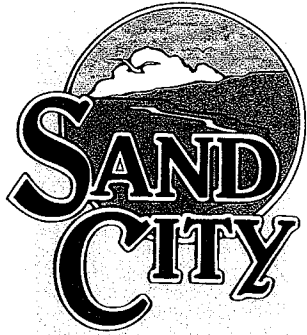
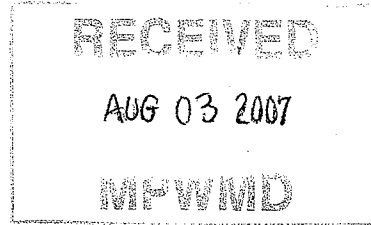


EXHIBIT 20-A



August 3, 2007



Mr. David Berger  
General Manager  
Water Management District  
5 Harris Court  
Monterey, California 93942

Dear Mr. Berger:

The City of Sand City is proud to submit the enclosed application for a water distribution permit for our Sand City Water Supply Project (SCWSP). As discussed at our meeting of July 30, 2007, this application is for a single connection to the California-American Water (CAW) system. This 300 acre-feet per year, reverse osmosis, brackish water desalination plant and ancillary facilities won unanimous approval from the California Coastal Commission in May, 2005. Such approvals by the Coastal Commission are reserved for projects that enhance or save the environment in some way - and that is why our project received the vote it did. And, because of significant environmental benefits offered by the project, we request that your staff expedite application review. The city has received an excellent bid price for the desalination plant and equipment that needs to be acted upon by the city in order to lock-in our costs. An expedited review process will also speed efforts to reduce pumping in both the Carmel River and Seaside groundwater basins that are in overdraft, thereby avoiding potential fines and penalties during the current dry year.

From its inception, Sand City staff and consultants closely followed coastal commission deliberations which ultimately formed their 2004 guidelines for the construction and operation of desalination facilities in California. These guidelines stressed the following main principles: (1) a preference for brackish water desalination versus seawater desalination due to energy savings and reduction of brine discharge; (2) plant design exclusive of direct intake or outfall in the ocean in order to eliminate impingement and entrainment of marine organisms; (4) the water derived from the facility should be coordinated within regional water planning efforts; and (5) the growth allowed by the increased water supply should be consistent with certified local coastal plans. Our proposed desalination facility meets all of these standards and more.

Because Sand City is a "land-locked" community where development and redevelopment is limited to urban "infill" opportunities, the city will not need all of the 300 acre-feet of water for at least 15 to 20 years. Furthermore, we do not have any development projects on a "waiting list". In the meantime, working with California-American Water, the regional water purveyor will be able to reduce pumping in the Carmel River and/or Seaside groundwater basin by 300 acre-feet immediately following Day One operations of the plant. The City and CAW are working on a business agreement to make this happen and our arrangements should be concluded within the month.

The project has not changed since it received coastal commission approval (and an extension in June, 2007), but the operational characteristics of the project have changed. The certified Environmental Impact Report (EIR) for the project accurately describes

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1 Sylvan Park,  
Sand City, CA  
93955

Administration  
(831) 394-3054

Planning  
(831) 394-6700

FAX  
(831) 394-2472

Police  
(831) 394-1451

FAX  
(831) 394-1038

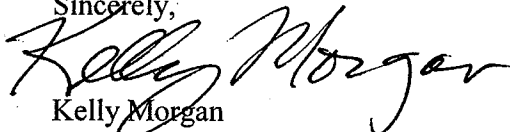
Incorporated  
May 31, 1960

the environmental impacts of a 300 acre-feet per year desalination facility and that capacity has not changed. However, due to our inability to resolve language in State Water Resources Control Board (SWRCB) Order 95-10 at the time of EIR certification, we found no practical way of moving forward with the project except by disconnecting from the Cal-Am system. That misconception of the Order has since been rectified by a formal opinion by the SWRCB that recognizes the "second part" of the Order allowing increased pumping from the Seaside groundwater basin where our brackish water aquifer lies, thereby giving Sand City the ability to work with CAWS in a seamless way (see enclosed application materials). This cooperative effort with CAWS will save the City approximately \$4 million in water storage costs related to fire flow and water pressure requirements and emergency connections costs that would otherwise be attributable to a "stand-alone" system. It will also allow the Monterey Peninsula current ratepayer a "water cushion" in times of drought and an insurance policy against fines being imposed by the SWRCB. It should also be noted that our city attorney is working with your district's counsel to prepare a companion ordinance to insure that the project is consistent with the EIR's conclusion that significant CAWS pumping reductions will be attained in the over-drafted groundwater basins.

Our project was also awarded a \$2.9 million grant from the Department of Water Resources (DWR). The DWR jury recognized the net beneficial impacts of the proposed project and the state-of-the-art nature of the plant design. Our plant design will result in virtually no brine being discharged to the ocean due to the constituency of the brackish source water and the 40 percent recovery rate of the plant, which will leave a byproduct (reject) water at the same salinity as Monterey Bay.

In conclusion, this is a simple project with the aforementioned benefits verified by some of the best analysts in the business. For our hydrogeological analysis, based on four years of test pumping near the coast, we used Martin Feeney, the preeminent hydrogeologist in the area. For assistance with desalination plant design, our consultant was Separation Processes, the leading membrane technology peer review group in the country. We believe we did our homework. It is my recommendation that City staff and consultants meet with your staff at your earliest convenience to discuss this project in detail.

Sincerely,



Kelly Morgan  
City Administrator

Enclosure: Application Materials Under Separate Cover

C: City Council  
City Attorney  
Department Heads

waterperмитtrans.1



# MONTEREY PENINSULA WATER MANAGEMENT DISTRICT

5 HARRIS COURT, BLDG. G  
POST OFFICE BOX 85  
MONTEREY, CA 939420085 • (831) 658-5600  
FAX (831) 644-9560 • http://www.mpwmd.dst.ca.us

## PERMIT APPLICATION TO CREATE NEW or AMEND EXISTING WATER DISTRIBUTION SYSTEM

Office Use Only	
Pre-Application Name/Date	N/A
Application ID Number	2007-08035AN
Date Application Accepted	AUGUST 3, 2007
Date Application Deemed Complete	

**FEE AMOUNT-** The application fee must be paid concurrently with permit application. The fee amount varies depending upon the level of review required:

- Level 2 Permit Fee: \$1,400 for up to 20 hours of staff time
- Level 3 or Level 4 Permit Fee: ~~\$2,450~~ <sup>2,800<sup>00</sup></sup> for up to 35 hours staff time

**FEE RULES-** For more complex projects where staff time exceeds the number of pre-paid hours of staff time, a fee of \$70 per hour will be charged. See Rule 60 for complete fee information.

**CONFIRMATION OF PERMIT REVIEW LEVEL-** The permit review level required for this application is based upon a preliminary evaluation of basic information provided in the Pre-Application Form. During the review of this application, staff will confirm the review level. If it is determined that a higher or lower level of review is required, the applicant will be notified, and the higher or lower fee will be required or refunded.

### SECTION 1 -- APPLICANT INFORMATION

1. Name of System Sand City Water Supply Project
2. Assessor's Parcel Number(s) in System See attachment 1
3. System Street Address/Area See attachment 1
4. Name of Applicant City of Sand City  
*(If the applicant is not the system owner or operator, the form must also be signed by the system owner or operator.)*
5. Mailing Address City Hall, 1 Sylvan Park, Sand City, CA. 93955
6. Contact Numbers (ph/fax/e-mail) Richard Simonitch: rsimonitch@mt.cd.egnineers.com  
Kelly Morgan: kelly@sandcity.org
7. Agent (if any) Kelly Morgan, City Administrator
8. Agent Mailing Address 1 Sylvan Park, Sand City, CA. 93955  
kelly@sandcity.org
9. Agent Contact Numbers (ph/fax/e-mail) (831) 304-3054 PH. (831) 394-2472 FAX.

**SECTION 2 -- WATER DISTRIBUTION SYSTEM INFORMATION**

*NOTE: Please attach additional pages, if necessary, to complete each question.*

10. **Attach Map (8 1/2 x 11 or larger):** Show the parcels to be served and the approximate location of the wells(s), easements and/or water supply facilities. (See attachment 2)

11. **Water Source Information.** Complete the table below by describing both the existing and proposed water source(s) to supply the proposed water system:

Source and System Information	Existing (list/describe)	Proposed (list/describe)
A. Water Source (groundwater, surface water, reclaimed, desalination, etc.)	Cal-Am system within Sand City	
B. Cal-Am water service	" "	Cal-Am Service, supplemented w/RO Water
C. Total number of wells		
D. Water system infrastructure (list major system components, e.g.; tanks, treatment, backflow, meters, etc.)		
Other relevant information, comments or expansion on answers above:		
See attachment 3 for full description of proposed system.		

12. **Interties and Emergency Supply.** Please check appropriate box for items A through F below. For all "yes" responses use the space provided to describe the item and list associated attachments, if any.

- A. Is there an emergency water supply in case of system failure?       Yes    No    N/A
- B. Will the system intertie to any other water distribution system?       Yes    No    N/A
- C. Has the other water system approved the intertie?       Yes    No    N/A
- D. Has a backflow device to prevent cross-contamination been installed?       Yes    No    N/A
- E. Must the local Fire Department approve this water system?       Yes    No    N/A
- F. What is the source of water for Fire Protection? Cal-Am System

Description of "yes" responses: Existing Cal-Am System supplies all preventative measures described above.

13. **Water Rights Information.** For systems utilizing wells located within the Carmel Valley Alluvial Aquifer (CVAA), applicants are encouraged, but not required, to obtain a "Water Rights Confirmation" letter from the District prior to the submittal of this application. For systems utilizing wells outside the CVAA, complete item "A" only. N/A

- A. Water Rights Outside of CVAA. Attach a copy of the deed showing ownership of property (overlying rights to percolating groundwater is assumed).
- B. If within CVAA, has a "Water Rights Confirmation Letter" been issued by the District?
  - Yes  No  N/A
  - If "Yes," state date of letter and attach a copy to this application \_\_\_\_\_
  - If "No," complete questions C, D and E below.
- C. Basis of water right claimed (see Form IG96-11 for guidance)
  - Riparian (invalid for 2+ parcels unless same owner)
  - Pre-1914
  - SWRCB domestic registration
  - SWRCB appropriative permit
  - Other (specify) See Seaside Basin Adjudication Decision (attachment 3 & 13)
- D. If assisted by attorney, attach Form IG96-12, Declaration of Competency
- E. Attach supporting water rights documentation. (MPWMD has examples on file for review) (see attachment 3)

14. **Water Quality Information.** For wells that will provide potable (drinking) water to one or more connections, water quality information is required prior to further processing of this application.
- Irrigation/agricultural use only (non-potable use only). *No water quality analysis required.*
  - 1 connection- Please attach water quality test results for "general mineral, general physical, inorganics" + coliform (described in Title 22, Chapter 15) (see attachment 4)
  - 2+ connections- Please attach water quality test results as required by Monterey Co. Health

15. **Water Use.** Complete the table below by describing both the existing and proposed uses to be served by the proposed water system:

Use and Demand Information	Existing (list/describe)	Proposed (list/describe)
A. Residential service (potable, drinking water); includes standard landscaping. List all separate structures/units served.		
B. Commercial service (potable, drinking water)		
C. Industrial service (potable or non-potable)		
D. Total number of structures served		
E. Irrigation/agriculture (non-potable) Describe crop(s) and/or agric. use	acres	acres
F. Additional Landscaping (non-potable)	acres	acres
G. Other/live-stock (non-potable)		
H. Total number of parcels served		
I. Total acreage served (all parcels)	acres	acres
J. Estimated water use, if known. (Please include information showing how estimate was calculated)	94 acre-feet per year Total: Commercial & Residential	300 acre-feet per year Req'd max. output per Coastal Dev. Permit
Other relevant information, comments or expansion on answers above:		

16. **Well Source and Pumping Impact Assessments.** Most systems using groundwater wells will be required to submit a *Well Source and Pumping Impact Assessment* with this formal application. Please complete the items below to confirm the name and contents of the Assessments.

Title, date, and preparer's name of Assessment: (see attachment 5.)

The following required items are typically included within all Assessments. Please check all boxes to confirm that the items have been included either in the Assessment or as separate attachments to this application.

- Well logs (State DWR "Well Completion Report")
- Results of well capacity/pumping tests (*Hydrologist should follow MPWMD procedures*)
- Copy of approved Well Construction Permit from Monterey County Health Department
- Pump horsepower, pump make, pump type
- Water quality analysis (for potable uses only)

Comments: (see attachment 5.)

17. **Reliability of Supply (Non-Well).** For sources of supply other than groundwater wells, describe water source and production facilities, including reliable yield and water quality testing performed. Attach and list associated information, if any.  
(see attachment 5.)

18. **Land Use/CEQA Information.** Please complete all applicable items below.

A. Zoning and land-use designations for parcels served (available from Monterey County or City)  
(see attachment 6- Sand City Zoning Map)

B. Permits and approvals required or received from other agencies (e.g., Planning Department, Building Department, Health Department, Coastal Commission, CPUC). Include file numbers and resolution numbers used by the agencies.

Coastal Commission Permit Attached (attachment 7)

CalTrans Permit Attached (attachment 8)

C. Recent or pending subdivisions to be served by the proposed water system. Include file numbers and resolution numbers used by the agencies.

D. Environmental documents prepared by jurisdiction or other lead agency  
See Certified Environmental Impact Report (attachment 9)

E. Status of lead agency CEQA actions. Provide date of formal action (e.g., Notice of Determination, Neg. Dec., EIR, etc.) Include agency file numbers and resolution numbers.  
See attachment 10.

19. **MPWMD Permits**

Describe and list previous MPWMD permits received, if any, including permit number and date issued. Include existing well meter information, if applicable. MPWMD Permit

Amendment to be submitted by Cal-Am Water.

20. List unique issues, considerations and/or special conditions, if any, which may pertain to the proposed water system. MPWMD Ordinance is required.

**SECTION 3- SIGNATURES, RESPOSIBLE PARTIES AND ATTACHMENTS**

I declare under penalty of perjury that the information in this application and on accompanying attachments is correct and accurate to the best of my knowledge and belief.

Kelly Morgan  
Signature of Applicant (Please sign and print name)

Aug 2, 07  
Date

Kelly Morgan  
Signature of Agent (Please sign and print name)

Aug 2, 07  
Date

Kelly Morgan  
Signature of System Owner/Operator (required)  
(Please sign and print name)

Aug 2, 07  
Date

**Responsible Party(ies).** Pursuant to MPWMD Rule 22-C, please provide name(s) and address(es) of person(s) "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."

Name(s): Kelly Morgan, City Administrator  
Kent Turner, California American Water Company

Address(es) Kelly Morgan, City Hall, 1 Sylvan Park, Sand City, CA. 93955  
Kent Turner, Cal-Am Water

**Attachments.** Please list all attachments, including map, included with this Application Form

- Attachment 1: Assessor's Parcel Nos. within Sand City  
Attachment 2: Map of Proposed Service Area  
Attachment 3: Water Rights Documentation: Final Decision from Seaside Basin Adjudication  
Attachment 4: Water Quality Test Results  
Attachment 5: Well Test Results/Martin Feeney  
Attachment 6: Sand City Zoning Map  
Attachment 7: Approved Coastal Development Permit & Extension & Minor Modification  
Attachment 8: CalTrans Encroachment Permit  
Attachment 9: Certified EIR (12 copies)  
Attachment 10: CEQA Resolutions  
Attachment 11: SWRCB Ruling Re: Order 95-10  
Attachment 12: Mitigation Monitoring Program

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## Supplemental Questionnaire for Water Distribution System Application

NOTE: Attach additional pages, if necessary, to complete each question.

- S1. Does this request rely upon an "Environmental Document", as per the California Environmental Quality Act (CEQA)? If so, please specify the type of Environmental Document that was prepared and provide details regarding its preparation (e.g. notice of preparation, notice of completion, and any public hearing dates).

EIR was certified in January 2005.

Coastal Commission provided functional equivalent analysis in May 2005.

- S2. Has any new information regarding the proposed project, its environmental impacts, the severity of those impacts, mitigations for those impacts, or alternatives become available since the lead agency reviewed the project? Yes. Due to approval by the State Water Resources Control Board (see attachment 11). The project will now be a seamless part of the Cal-Am distribution system.

- S3. Will this request have any significant effects on the environment based upon the Environmental Document or other information? If so, describe the effects and the mitigations, if any, that are proposed to minimize those effects.

No. See Conditions of Coastal Commission and Mitigation Monitoring Program (attachment 12).

- S4. Is the source of supply shared by any other water distribution system? Would the addition of the proposed production result in an adverse cumulative impact on the environment?

No.

- S5. Does this request rely on any specific hydrologic, geologic, or other technical study? If so, state the name of the study, the date it was finalized, and the principal author or authors. Attach a copy of each study cited.

See attachment 5.

- S6. Have there been any studies done to determine if an alternative water supply is economically feasible and physically available? If so, please describe the alternatives that were identified and the reasons why they were rejected.

See Environmental Impact Report - attachment 9.



S7. Will the request cause any possible duplication of service with an existing water distribution system?

No.

S8. Will the request result in either exportation of water outside of or importation of water into the Monterey Peninsula Water Management District? If so, please specify the quantities that would be either exported or imported.

No.

S9. Will the request create or increase an overdraft of ground water, or cause a degradation in water quality due to sea-water intrusion or some other type of contamination?

no. See Environmental Impact Report.

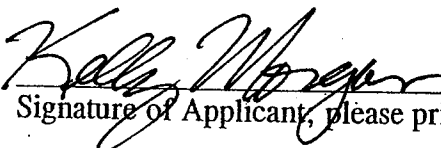
S10. Will this request adversely affect the ability of existing water distribution systems and individual users to produce water?

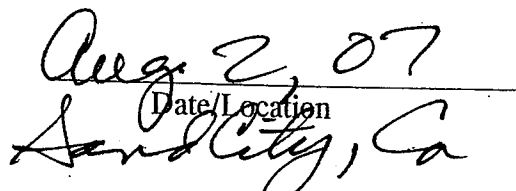
No. It will assist the Cal-Am System.

S11. If the request is for an annexation of new territory into an existing water distribution system service area, is the property to be annexed surrounded by, or adjacent to other properties in the service area?

Not applicable.

I declare under penalty of perjury that the information in this questionnaire and on accompanying attachments is correct to the best of my knowledge and belief.

  
Signature of Applicant, please print name below

  
Date/Location

*Note: The applicant may attach written findings for the Board to review and consider to support the action requested.*