

## EXHIBIT 4-A

REVISED DECEMBER 14, 2009

### Draft Text for District Newsletter, December 8, 2009

#### Topics

1. State-Ordered Water Cutbacks: How Your Water District Is Responding
2. California Water Crises: How It Affects Local Water Users
3. Progress on Water Supply Project Development
4. Latest Water Saving Device Rebate: "Cash for Grass"

### ►► State-Ordered Water Cutbacks: How Your Water District Is Responding

After a year of hearings, the State Water Resources Control Board finalized its Cease and Desist Order (CDO) <sup>(1)</sup> in October 2009. The CDO requires California American Water (Cal-Am), and consequently their customers, to immediately reduce the amount of water taken from the Carmel River by 5 percent each year through 2016, and an additional 35 percent in 2017. It also establishes a moratorium on new water connections.

The CDO is not yet in effect. In November 2009, the court delayed enforcement until lawsuits filed against the State Water Board related to the CDO have been resolved. For now, water cutbacks and a water moratorium will not be imposed.

If the courts ultimately determine that the CDO should be enforced, the Water District and Cal-Am are developing joint strategies to minimize the impact of water cutbacks on the community.

The CDO is intended to alleviate degradation of the Carmel River caused by overpumping, and improve habitat for steelhead fish and red-legged frogs. It is linked to an original 1995 order <sup>(2)</sup> by the State Water Board that **required** Cal-Am to reduce its **Carmel River** pumping by 20 percent <sup>(3)</sup> until a new water project could be developed. Since the order went into effect, community water use has remained below the limits in 13 out of the past 14 years. However, new water sources have not been developed to allow full compliance with the order. <sup>(4)</sup>

In court hearings on the CDO, the Water District advised the state that additional reductions in water supply would put our community's public health, safety and welfare in jeopardy. <sup>(5)</sup> On October 27, 2009, the Water District and Cal-Am filed lawsuits to permanently prevent the **final** CDO from going into effect. The District also asked the court to delay enforcement of the CDO until litigation is concluded. On November 3, 2009, the court delayed implementation of the CDO.

- (1) See State Water Resources Control Board (SWRCB) Order WR 2009-0060 adopted October 20, 2009 at [website address here](#).
- (2) See original Order WR 95-10 [website address here](#).
- (3) Reduced to 11,285 acre-feet per year.
- (4) See page \_\_\_\_.
- (5) See MPWMD Petition Against State Water Board at [website address here](#).

## ►► California's Water Crisis: How It Affects Local Water Users

In 2009, Governor Schwarzenegger proclaimed a statewide drought emergency and called for immediate water conservation. In our Water District, the challenge is not new; it's a way of life. Since 1995, the community has reduced water use by more than 20 percent through admirable conservation measures.

Last year, our rainfall was **15** percent below average. We have enough water to meet future needs if we continue to conserve and reduce water waste. We are not affected by cutbacks in water deliveries from other parts of the state because our water comes exclusively from the Carmel River, the Seaside Groundwater Basin and other local sources. However, we *are* affected by court-mandated water limits on the local water supply.

Even if rainfall is normal this year, ~~“regulatory droughts” based on~~ court mandated water reductions will continue. In 1995, due to declining environmental conditions on the Carmel River, the state set limits on how much water could be taken from the river and required cutbacks. The community lowered its water use. In 2006, pumping from the Seaside **Groundwater** Basin was also reduced by the courts **to prevent** seawater intrusion, and we again met our obligations. In 2009, the state issued a Cease and Desist Order (CDO)<sup>(2)</sup> calling for more stringent water reductions. ~~To ensure compliance with escalating restrictions, the~~ The Water District has **instituted** a seven-**phase stage** water conservation and rationing program **in place to fairly address the need for water reductions.**

**By developing new water supplies and increasing conservation, we can alleviate our “regulatory drought.” meet water reduction targets.** In the past 15 years, many water supply options have been pursued. Measures such as a local desalination project or erecting a new dam were rejected by voters as either environmentally unsustainable or too costly. However, the Water District has successfully developed new underground water storage through its Aquifer Storage and Recovery (ASR) Project;<sup>(3)</sup> conducted additional investigations into the feasibility of seawater desalination;<sup>(4)</sup> participated in development of plans for a regional water supply project;<sup>(5)</sup> and continues to implement effective water conservation programs.

- (2) See Order 95-10, page XX.
- (3) See ASR on page \_\_\_\_.
- (4) See \_\_\_\_.
- (5) See Water for Monterey County Coalition, page \_\_\_\_.

## ►► Progress on Additional Water Supply Development

To reduce dependence on the Carmel River and protect the Seaside Groundwater Basin from seawater intrusion, the Water District has been actively engaged in expanding and preserving local water resources, primarily through its aquifer storage and recovery (ASR), and water conservation programs. Investigations into the feasibility of constructing a local desalination plant were also completed.

On a regional level, the Water District **is participating in discussions** regarding a plan to address ~~involved with development of a multi-faceted plan to address~~ the county-wide water supply situation. In the meantime the District is aggressively pursuing development of ASR and water conservation programs. ~~The Water District's ASR project and water conservation programs, already in operation, are two critical components of the proposed Monterey Regional Water Supply Project<sup>(4)</sup> developed by a consortium of public and private entities called the Water for Monterey County Coalition.~~

### **Aquifer Storage and Recovery (ASR)**

The Water District's Phase 1 ASR Project is designed to use the Seaside Groundwater Basin to store up to 2,426 acre-feet of water per year (equivalent to the annual water use of 7,500 houses).<sup>(2)</sup> During the winter months when Carmel River streamflow is abundant, excess river water is pumped into the Seaside basin, where it is stored for use in the summer months. This helps meet customer water demand in the summer, and reduces diversions from the Carmel River during dry periods to sustain streamflow for fish and wildlife.

Since planning and testing for the project began in 1998, approximately 2,100 acre-feet of Carmel River water have been diverted for storage in the Seaside Basin. The Phase 1 ASR project should be operating at full capacity by early 2010. Planning is underway for an expanded Phase 2 ASR Project, **which could provide an additional 1,000 acre-feet of water per year.**

### **Seawater Desalination**

Desalination plans have been proposed by the Water District and other agencies, principally:

- Water District sponsored MPWMD 95-10 Desalination Project – Estimated production between 2,800 and 4,500 acre-feet of water per year.<sup>(3)</sup>
- Cal-Am sponsored seawater desalination plant in Moss Landing – estimated production 10,500 acre-feet per year.<sup>(4)</sup>
- Marina Coast Water District sponsored brackish and seawater desalination project in Marina – estimated production 10,500 acre-feet per year -- component of the proposed Monterey Regional Water Supply Project<sup>(5)</sup>

### **Purified Recycled Water Proposal**

- Monterey Regional Water Pollution Control Agency sponsored Groundwater Replenishment Project – Estimated production 2,000 acre-feet per year – component of the proposed Monterey Regional Water Supply Project<sup>(6)</sup>

## **Water Conservation**

Water conservation is an important part of the water supply solution. The Monterey Peninsula has been a leader in conservation for over 25 years. An aggressive rebate program; limits on water available for new construction and remodels; and extensive requirements for installation of water saving devices in residential and commercial buildings contribute to local savings. Water District staff are certified in landscape auditing and water conservation methods, and regularly assist the public to identify ways they can save water. We fund demonstration gardens, and support rainwater and graywater reuse and other innovative technology. The Water District and the Monterey Peninsula have become a model for water conservation and management of a limited water supply.

- (1) See <http://regionalwaterproject.org/solution.php>
- (2) See [http://www.cwp-eir.com/downloads/Vol2\\_FEIR/5\\_regional\\_proj\\_description.pdf](http://www.cwp-eir.com/downloads/Vol2_FEIR/5_regional_proj_description.pdf)
- (3) See *website address here*.
- (4) See [http://www.cwp-eir.com/downloads/Vol1\\_FEIR/3\\_proj\\_description.pdf](http://www.cwp-eir.com/downloads/Vol1_FEIR/3_proj_description.pdf)
- (5) See [http://www.cwp-eir.com/downloads/Vol2\\_FEIR/5\\_regional\\_proj\\_description.pdf](http://www.cwp-eir.com/downloads/Vol2_FEIR/5_regional_proj_description.pdf)
- (6) See [http://www.cwp-eir.com/downloads/Vol2\\_FEIR/5\\_regional\\_proj\\_description.pdf](http://www.cwp-eir.com/downloads/Vol2_FEIR/5_regional_proj_description.pdf)

## **►► Latest Water Saving Device Rebate: ‘Cash for Grass’**

Receive cash for replacing your lawn with drought-tolerant plants or synthetic turf while saving money on your water bill. Also, consider replacing your washing machine with a high-efficiency model to get a cash rebate. Own a business? Get a rebate by replacing your water-cooled ice machine with an air-cooled one, or install a high-efficiency toilet or smart irrigation system controller.

The Water District's residential and commercial rebate program encompasses a wide range of water using fixtures and appliances, such as high-efficiency toilets and urinals, ultra-low consumption dishwashers, instant-access hot water heaters and cooling-tower conductivity controllers. Rebates also are offered for installation of cistern water tanks and outdoor irrigation equipment.

The list of devices that qualify for rebates has recently expanded, and the amounts have been increased for some fixtures. Water saving devices that are required to be installed upon construction or resale of a property do not qualify for a rebate. Contact the Water District at 831/658-5601 for a complete list of qualifying devices. Funding for the rebate program is supported by California American Water and the Seaside Municipal Water System.