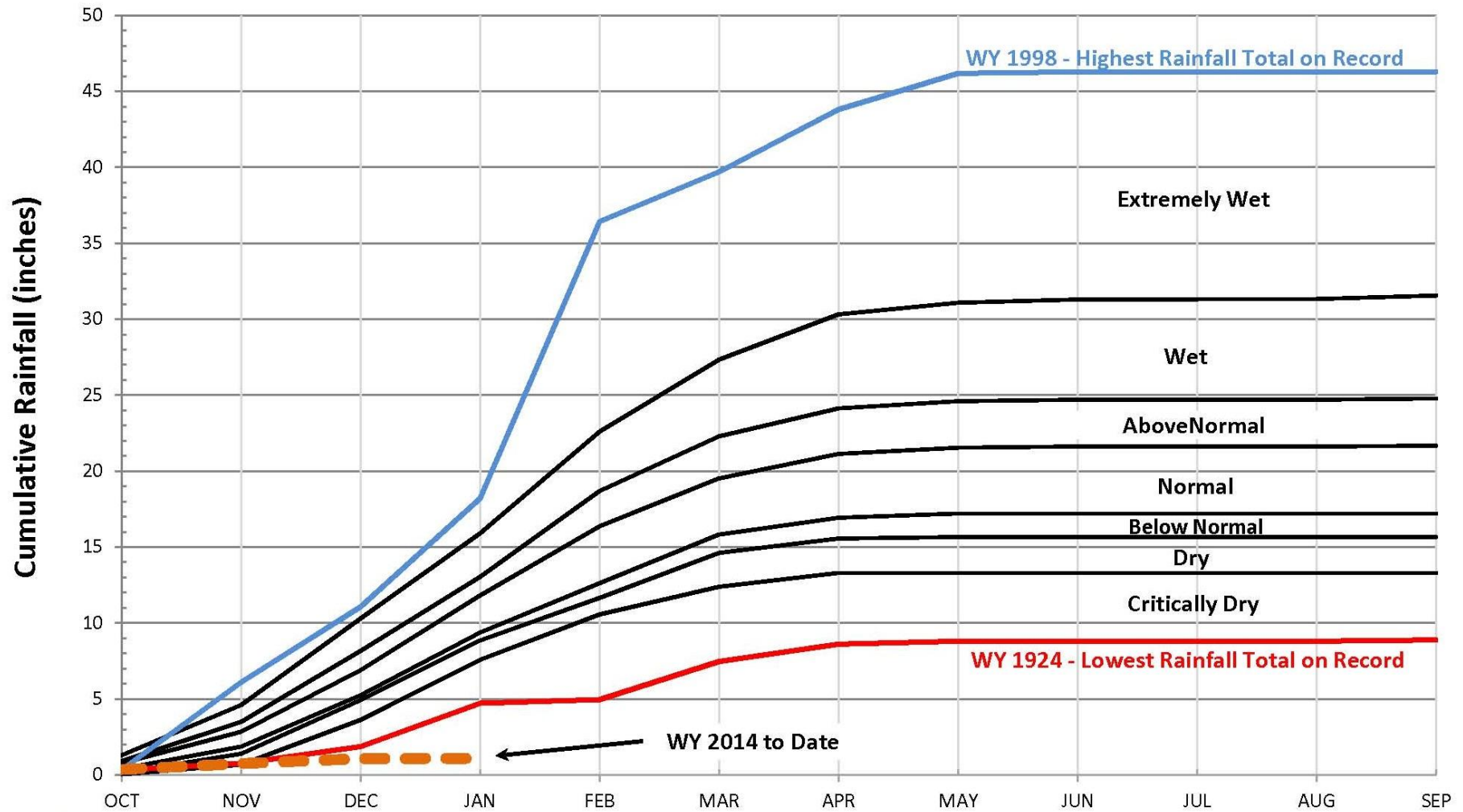




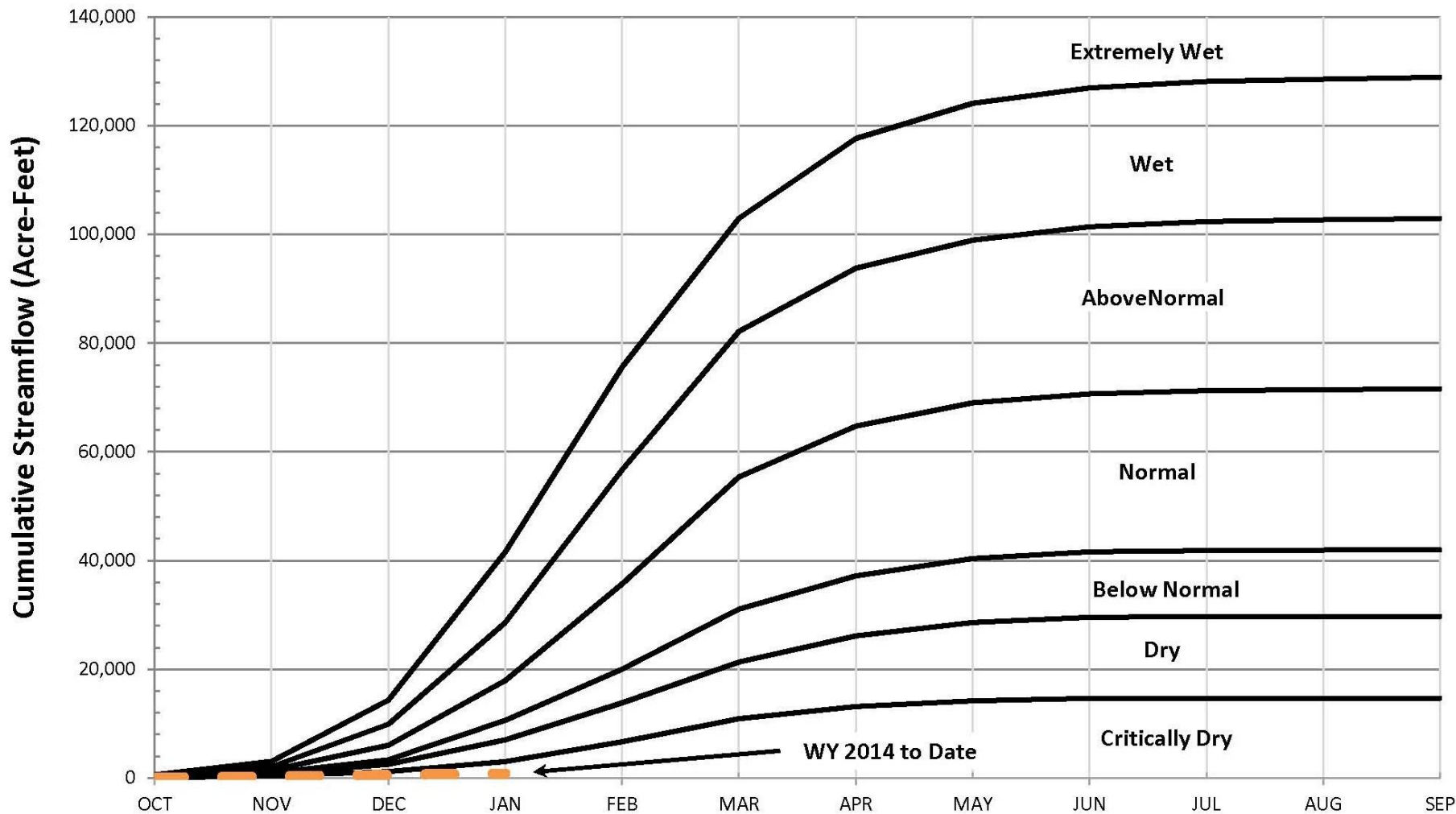
Overview of Drought Conditions and Water Conservation and Standby Rationing Plan

January 2014

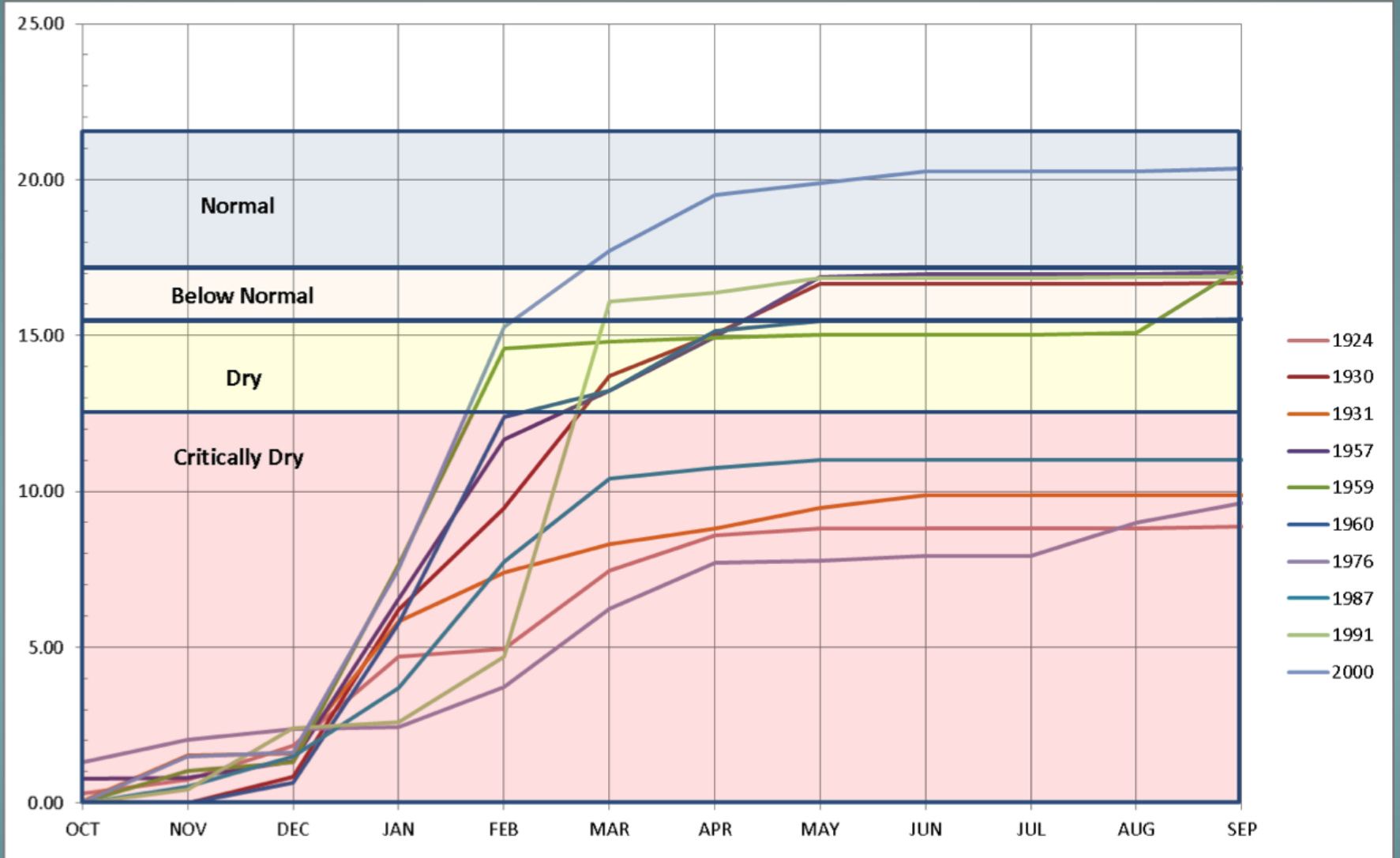
Water Year Types by Rainfall At San Clemente Dam Since 1922



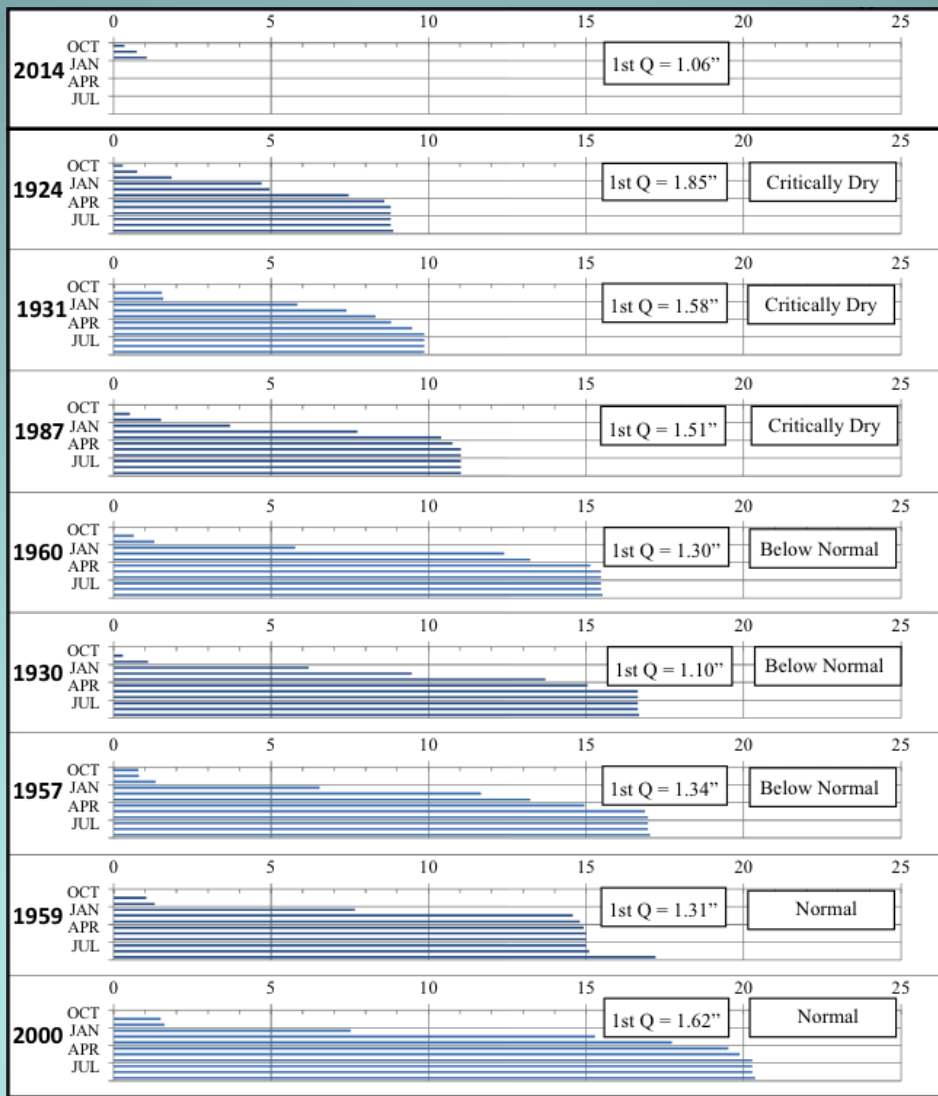
Water Year Types by Unimpaired Streamflow At San Clemente Dam Since 1902



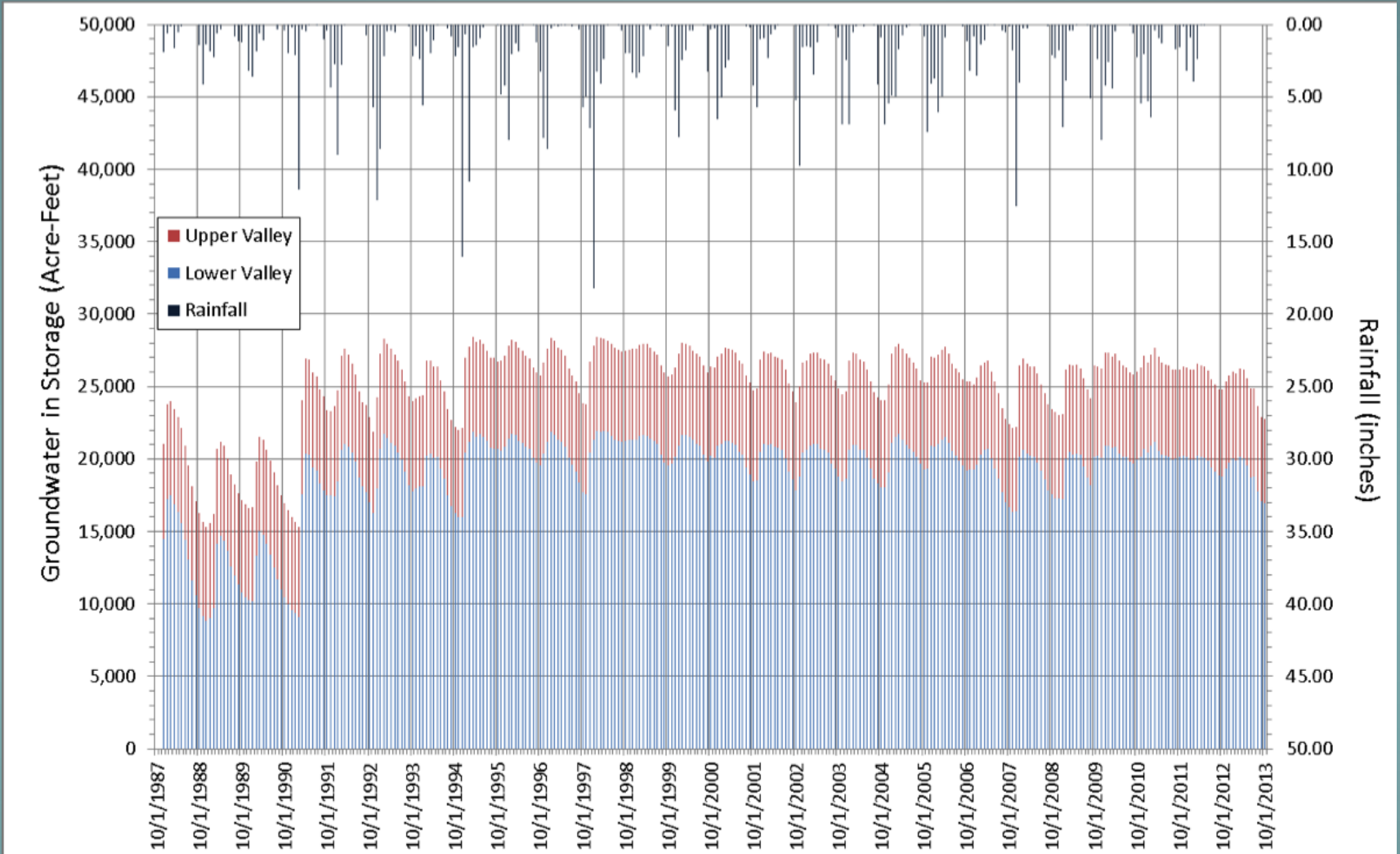
Comparison of Ten "Worst First Quarter" Water Years Based on Precipitation



Cumulative Monthly Rainfall for All Water Years Totaling 2 Inches During First Quarter of Water Year – San Clemente Rain Gage



Groundwater Storage in Carmel Valley Alluvial Aquifer And Monthly Rainfall – 1987 to Present



Current Rationing Plan: The Seven Stages

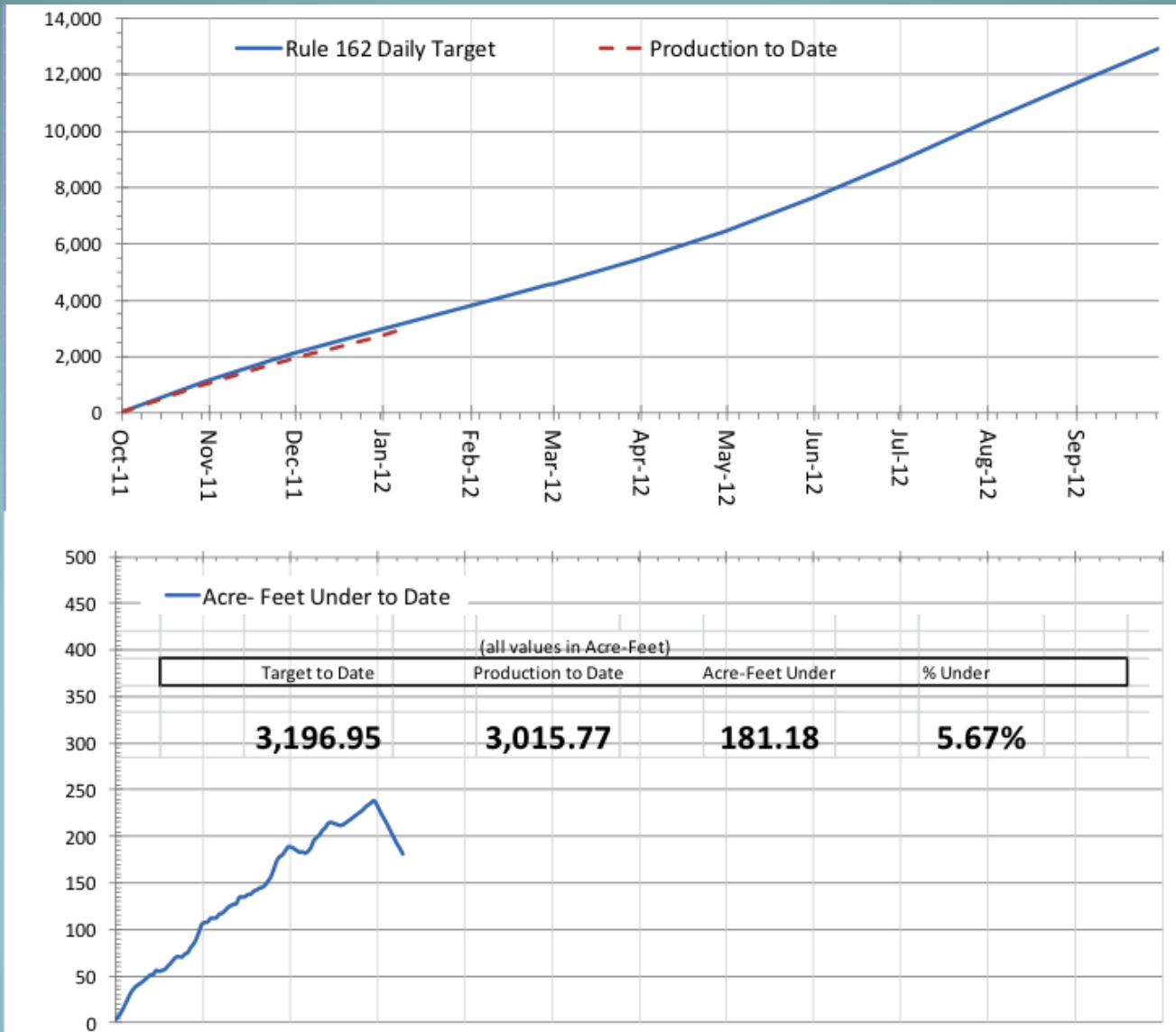
Stage	Trigger	Ramifications
1	We're always in it	Certain users are subject to landscape budgets; Everyone is subject to certain conservation rules.
2	When Cal-Am exceeds limits on a YTD basis	Enforcement of Landscape Budgets
3	Monthly monitoring of Cal-Am production versus limits; Varies as Water Year moves onward	After any month from December through September, could cause implementation of "Emergency Rate Schedule" based on a variety of triggers.
4	Same as #3, but adds Physical Storage and "Legally Ordered Reduction in Supply" triggers	Landscape irrigators get more notice; Water Wasters (High Users) get enforced; Public outreach; Voluntary 15% reduction; Non-Cal-Am affected
5	Enhanced Monthly, Physical, & Legally-Ordered Triggers	Starts Rationing 16%-35%; Proportional reduction based on use by class in prior year; Commercial ration based on factors; Residential capped at 35 gallons per person per day; <i>Alternate Water ration (variance) may be determined based on BMP compliance for the type of use</i>
6	More	35% to 50% rationing; BMP variances granted under Stage 5 may be affected
7	More	> 50% rationing

Actual versus Target Cal-Am Production Current Water Year 2014 thru 12/31/13 (Acre-Feet)

Year-to-Date Values	Carmel River Basin	Seaside Groundwater Basin		Water Projects		MPWRS Total
		Coastal	Laguna Seca	ASR Projects	Sand City	
Target	1,880	969	33	0	75	2,957
Actual	1,732	895	97	0	43	2,768
Difference	148	74	-64	0	32	189

Stage 2/3 Trigger: Cal-Am Production versus Rule 162 Target

Current Water Year 2014 thru January 18th



Stage 4-7 Triggers: Usable Storage versus Limits (Acre-Feet)

As of 12/31/13

	Actual	Stage 4	Stage 5	Stage 6	Stage 7
May 2013 Triggers	25,620	24,478	19,222	13,807	8,550

May 1, 2014 if No Rain

	Actual	Stage 4	Stage 5	Stage 6	Stage 7
May 2014 Triggers	23,127	23,690	19,072	13,657	8,400

What Others are Doing

- State of California – Governor’s Drought Emergency
- San Francisco – Adopted 10% voluntary reductions yesterday
- Santa Clara Valley Water Dt – 10% voluntary reductions
- San Juan Water District – 20% voluntary reductions 2 weeks ago (Folsom, Roseville, Fair Oaks, etc)
- Mendocino County – Drought Emergency Jan 7th
- San Luis Obispo County – Declaration late 2013
- Soquel Creek WD – Considering rationing plan
- Santa Cruz – In Stage 1; Considering rationing

Recommendations

- Undertake recommended interim voluntary conservation measures
- Authorize additional riparian vegetation and fisheries activities, if needed
- Utilize existing funds from mid-year budget review or Flood/Drought Reserve as necessary
- Revisit physical triggers at March Board meeting