

This meeting has been noticed according to the Brown Act rules. The Board of Directors meets regularly on the third Monday of each month. The meetings begin at 7:00 PM.



## AGENDA

### Regular Meeting and Closed Session Board of Directors Monterey Peninsula Water Management District

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**Monday, November 16, 2015,  
5:45 pm Closed Session  
2999 Salinas Highway, Monterey, CA 93940  
7:00 pm Regular Meeting  
Conference Room, Monterey Peninsula Water Management District  
5 Harris Court, Building G, Monterey, CA**

Staff notes will be available on the District web site at  
<http://www.mpwmd.net/asd/board/boardpacket/2015>  
by 5 PM on Friday, November 13, 2015.

Brenda Lewis will participate by telephone from 1758 Broadway Avenue, Seaside, CA 93955  
The 7 PM Meeting will be televised on Comcast Channels 25 & 28. Refer to broadcast schedule on page 3.

#### 5:45 PM – CLOSED SESSION

As permitted by Government Code Section 54956 et seq., the Board may adjourn to closed or executive session to consider specific matters dealing with pending or threatened litigation, certain personnel matters, or certain property acquisition matters.

**PUBLIC COMMENT** – Members of the public may address the Board on the item or items listed on the Closed Session agenda.

#### ADJOURN TO CLOSED SESSION

1. **Conference with Real Property Negotiators (Gov. Code 54956.8)**
  - A. Address: 1910 General Jim Moore Blvd., Seaside, CA 93955  
Agency Negotiator: David J. Stoldt, General Manager  
Under Negotiation: Price and Terms
2. **Conference with Legal Counsel – Existing Litigation (Gov. Code 54956.9 (a))**
  - A. MPWMD v. SWRCB; Santa Clara 1-10-CV-163328 – CDO

#### ADJOURN TO 7 PM SESSION

##### **Board of Directors**

Kristi Markey, Chair – Division 3  
Jeanne Byrne, Vice Chair – Division 4  
Brenda Lewis – Division 1  
Andrew Clarke - Division 2  
Robert S. Brower, Sr. – Division 5  
David Pendergrass, Mayoral Representative  
David Potter, Monterey County Board of Supervisors Representative

##### **General Manager**

David J. Stoldt

This agenda was posted at the District office at 5 Harris Court, Bldg. G Monterey on Tuesday, November 10, 2015. Staff reports regarding these agenda items will be available for public review on 11/12/15, at the District office and at the Carmel, Carmel Valley, Monterey, Pacific Grove and Seaside libraries. After staff reports have been distributed, if additional documents are produced by the District and provided to a majority of the Board regarding any item on the agenda, they will be available at the District office during normal business hours, and posted on the District website at <http://www.mpwmd.net/asd/board/boardpacket/2015>. Documents distributed at the meeting will be made available in the same manner. The next regular meeting of the Board of Directors is scheduled for December 14, 2015 at 7 pm.

## 7 PM REGULAR MEETING

### CALL TO ORDER/ROLL CALL

### PLEDGE OF ALLEGIANCE

**ORAL COMMUNICATIONS:** Anyone wishing to address the Board on Consent Calendar, Information Items, Closed Session items, or matters not listed on the agenda may do so only during Oral Communications. Please limit your comment to three (3) minutes. The public may comment on all other items at the time they are presented to the Board.

**CONSENT CALENDAR:** The Consent Calendar consists of routine items for which staff has prepared a recommendation. Approval of the Consent Calendar ratifies the staff recommendation. Consent Calendar items may be pulled for separate consideration at the request of a member of the public, or a member of the Board. Following adoption of the remaining Consent Calendar items, staff will give a brief presentation on the pulled item. Members of the public are requested to limit individual comment on pulled Consent Items to three (3) minutes.

1. Consider Adoption of Minutes of the October 19, 2015 Regular Board Meeting
2. Consider Adoption of Resolution 2015-20 Update to Rule 24, Table 3, Capacity Fee History
3. Consider Approval of Revised Deed Restriction Template No. 1.8 –Notice and Deed Restriction Regarding Limitation on Use of Water on a Property with Sub-Metering
4. Consider Adoption of Resolution No. 2015 – 21 Expressing Appreciation to Kristi Markey for Twelve Years of Service as Division 3 Director
5. Consider Approval of First Quarter Fiscal Year 2015-2016 Investment Report
6. Consider Adoption of Treasurer's Report for September 2015

### PRESENTATIONS

7. Presentation to Outgoing Director Division 3 – Kristi Markey
8. Presentation to Henrietta Stern Upon Her Retirement after 30 Years of Service to the MPWMD
9. Presentation from Monterey Peninsula Unified School District on Recent Water Conservation Successes

### GENERAL MANAGER'S REPORT

10. Status Report on California American Water Compliance with State Water Resources Control Board Order 2009-0060 and Seaside Groundwater Basin Adjudication Decision
11. Update on Development of Water Supply Projects
12. Report on Drought Response
13. Report on Readiness for Aquifer Storage and Recovery Activities
14. Report on GASB 68 Reporting Requirements

### ATTORNEY'S REPORT

15. Report from District Counsel on 5:45 pm Closed Session of the Board

### DIRECTORS' REPORTS (INCLUDING AB 1234 REPORTS ON TRIPS, CONFERENCE ATTENDANCE AND MEETINGS)

16. Oral Reports on Activities of County, Cities, Other Agencies/Committees/Associations

**PUBLIC HEARINGS** – Public comment will be received on each of these items. Please limit your comment to three (3) minutes per item.

17. **Consider First Reading of Ordinance No. 166 Amending Rule 11 and Adding Rule 23.8 to Establish a Water Entitlement for D.B.O. Development No. 30, A California Limited Liability Company**

*Action: The Board will consider authorizing an entitlement to D.B.O. Development No. 30 to allow use of a Seaside Groundwater Basin Water Right on other Cal-Am Sites.*

**18. Consider Approval of Application #WDS-20150922 DBO to Amend California American Water Distribution System – Transfer of D.B.O. Development Water Rights in Seaside Basin, APN 011-011-051 (Donor Parcel), Sand City**

*Action: The Board will consider approval of a transfer of Seaside Groundwater Basin water rights to California American Water (CAW) from a parcel owned by D.B.O. Development No. 30 (DBO), as allowed by the Superior Court's Adjudication Decision and the Seaside Basin Watermaster. This action would result in 15.0 acre-feet per year (AFY) of CAW production, equivalent to 13.95 AFY metered sales, becoming available for use by future DBO-designated recipient parcels in the Seaside Basin. A "Front-Loading Agreement" between DBO and CAW as well as conditions of approval imposed by MPWMD would ensure that the additional CAW water deliveries are derived from CAW's wells in the Seaside Basin Coastal Subarea.*

**19. Consider Approval of Application to Amend State Water Resources Control Board Cease and Desist Order 2009-0060**

*Action: The Board will consider giving the General Manager authorization to sign the Application to Modify the Cease and Desist Order on behalf of the Board.*

**DISCUSSION ITEMS** - Public comment will be received on each of these items. Please limit your comment to three (3) minutes per item.

**20. Discussion of Pure Water Monterey Project California Public Utilities Commission Settlement Agreement Criteria**

*No action to be taken. Discussion only.*

**21. Discussion of Pure Water Monterey Project Water Purchase Agreement Risks and Performance Obligations**

*No action to be taken. Discussion only.*

**ACTION ITEMS** – Public comment will be received on each of these items. Please limit your comment to three (3) minutes per item.

**22. Authorize Expenditure of Unbudgeted Funds for Pure Water Monterey Project Design Bid Packages**

*Action: The Board will consider authorizing an expenditure of unbudgeted funds for contracts for design-bid components and preparation of bid packets for construction manager at risk (CMAR) components.*

**23. Consider Approval of Ground Lease with City of Seaside for Santa Margarita ASR Site Expansion**

*Action: The Board will consider the recommendation from its closed session discussion of this property negotiation and provide direction to the General Manager regarding execution of the ground lease with the City of Seaside.*

**24. Consider Distribution of Funds for Local Project Grant Funding**

*Action: The Board will consider distribution of funds from the Local Project Grant Funding Program to the City of Monterey.*

**INFORMATIONAL ITEMS/STAFF REPORTS** The public may address the Board on Information Items and Staff Reports during the Oral Communications portion of the meeting. Please limit your comments to three minutes.

25. Letters Received Supplemental Letter Packet

26. Committee Reports

27. Monthly Allocation Report

28. Water Conservation Program Report

29. Quarterly Water Use Credit Transfer Status Report

30. Carmel River Fishery Report

31. Receive and File First Quarter Financial Activity Report for Fiscal Year 2015-16

**ADJOURNMENT**

<b>Board Meeting Broadcast Schedule – Comcast Channels 25 &amp; 28</b>	
<b>View Live Webcast at <a href="http://Ampmedia.org">Ampmedia.org</a></b>	
Ch. 25, Sundays, 7 PM	Monterey
Ch. 25, Mondays, 7 PM	Monterey, Del Rey Oaks, Pacific Grove, Sand City, Seaside
Ch. 28, Mondays, 7 PM	Carmel, Carmel Valley, Del Rey Oaks, Monterey, Pacific Grove, Pebble Beach, Sand City, Seaside
Ch. 28, Fridays, 9 AM	Carmel, Carmel Valley, Del Rey Oaks, Monterey, Pacific Grove, Pebble Beach, Sand City, Seaside

<b>Upcoming Board Meetings</b>			
Mon. December 14, 2015	Regular Board Meeting	7:00 pm	District conference room
Wed. January 27, 2016	Regular Board Meeting	7:00 pm	District conference room
Wed. February 17, 2016	Regular Board Meeting	7:00 pm	District conference room

Upon request, MPWMD will make a reasonable effort to provide written agenda materials in appropriate alternative formats, or disability-related modification or accommodation, including auxiliary aids or services, to enable individuals with disabilities to participate in public meetings. MPWMD will also make a reasonable effort to provide translation services upon request. Please submit a written request, including your name, mailing address, phone number and brief description of the requested materials and preferred alternative format or auxiliary aid or service by 5:00 PM on Thursday, November 12, 2015. Requests should be sent to the Board Secretary, MPWMD, P.O. Box 85, Monterey, CA, 93942. You may also fax your request to the Administrative Services Division at 831-644-9560, or call 831-658-5600.

**ITEM: CONSENT CALENDAR****1. CONSIDER ADOPTION OF MINUTES OF THE OCTOBER 19, 2015 REGULAR BOARD MEETING**

<b>Meeting Date:</b>	<b>November 16, 2015</b>	<b>Budgeted:</b>	<b>N/A</b>
<b>From:</b>	<b>David J. Stoldt, General Manager</b>	<b>Program/ Line Item No.:</b>	<b>N/A</b>
<b>Prepared By:</b>	<b>Arlene Tavani</b>	<b>Cost Estimate:</b>	<b>N/A</b>

**General Counsel Review: N/A**  
**Committee Recommendation: N/A**  
**CEQA Compliance: N/A**

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**SUMMARY:** Attached as **Exhibit 1-A** are draft minutes of the October 19, 2015 Regular meeting of the Board of Directors.

**RECOMMENDATION:** District staff recommends approval of the minutes with adoption of the Consent Calendar.

**EXHIBIT**

**1-A** Draft Minutes of the October 19, 2015 Regular Board Meeting





## EXHIBIT 1-A

DRAFT MINUTES  
**Regular Meeting**  
**Board of Directors**  
**Monterey Peninsula Water Management District**  
*October 19, 2015*

The meeting was called to order at 7:03 p.m. in the Water Management District conference room.

### CALL TO ORDER/ROLL CALL

*Directors Present:*

Kristi Markey – Chair, Division 3 (arrived at 7:05 pm)  
 Jeanne Byrne – Vice Chair, Division 4  
 Brenda Lewis – Division 1  
 Andrew Clarke – Division 2  
 David Pendergrass – Mayoral Representative  
 David Potter – Monterey County Board of Supervisors Representative (arrived at 7:04 pm)

*Directors Absent:* Robert S. Brower, Sr. – Division 5

*General Manager present:* David J. Stoldt

*District Counsel present:* David Laredo

The assembly recited the Pledge of Allegiance.

### PLEDGE OF ALLEGIANCE

No comments were directed to the Board during Oral Communications.

### ORAL COMMUNICATIONS

On a motion by Pendergrass and second of Lewis, the Consent Calendar was approved unanimously on a vote of 4 – 0 by Byrne, Clarke, Lewis and Pendergrass

### CONSENT CALENDAR

Approved.

1. **Consider Adoption of Minutes of the September 21, 2015 Regular Board Meeting**

Approved.

2. **Consider Adoption of Resolution 2015-19 Authorizing Execution of the Application-Agreement for Medicare-Only Coverage for Non-Covered Employees of the Monterey Peninsula Water Management District**

Approved \$5,450 monthly retainer and \$225 per hour for special projects with an increase of \$10 per-hour each fiscal year for the term of the contract.

3. **Consider Approval of Legal Services Contract with DeLay and Laredo, Attorneys at Law**

Approved contract amount of \$3,500.

Approved.

Approved.

Approved.

Approved.

Approved.

**Potter joined the meeting at 7:04 pm following adoption of the Consent Calendar**

**Markey joined the meeting at 7:05 pm during the General Manager's presentation.**

A summary of General Manager Stoldt's report is on file at the Water Management District office and can be viewed on the agency website. Stoldt noted that for the period ending September 30, 2015, rainfall, streamflow and storage were recorded at 76%, 33% and 87% of long-term average, respectively.

No report.

Stoldt reported that water use within the Water Management District was 16.4% below the 2013 base-year. The water use reduction target established by the State was 8%. Stoldt announced that on November 7, 2015 the Water Management District and California American Water (Cal-Am) will jointly sponsor workshops on greywater use (10 am to noon) and rainwater harvesting (1 pm to 3 pm).

Stoldt reported that the Assistant Chief of Cal-Fire advised staff that air operations units utilized 114,940 gallons of water from the Los Padres Reservoir, or approximately 1/3 of an acre foot.

Laredo reported that status reports were provided to the Board of Directors on the two agenda items but no reportable action was taken.

4. **Approve Expenditure for Hospitality Industry Water Efficiency Workshops**
5. **Receive Alternative Measurement Method Report for Determining Annual Costs for Post-Employment Medical Benefits**
6. **Receive and File Fourth Quarter Financial Activity Report for Fiscal Year 2014-2015**
7. **Consider Approval of Treasurer's Report for June 2015**
8. **Consider Adoption of Treasurer's Report for July 2015**
9. **Consider Adoption of Treasurer's Report for August 2015**

#### **GENERAL MANAGER'S REPORT**

10. **Status Report on California American Water Compliance with State Water Resources Control Board Order 2009-0060 and Seaside Groundwater Basin Adjudication Decision**
11. **Update on Development of Water Supply Projects**
12. **Report on Drought Response**
13. **Analysis of the Impact of September Fire Suppression Activity on Water Storage**

#### **ATTORNEY'S REPORT**

14. **Report from District Counsel on September 21, 2015 Closed Session of the Board**



1. **Conference with Legal Counsel – Existing Litigation (Gov. Code 54956.9 (a))**
  - A. MPWMD v. SWRCB; Santa Clara 1-10-CV-163328 – CDO
  - B. Application 15-07-019 - California-American Water Company (U210W) to Public Utilities Commission for Authorization to Modify Conservation and Rationing Rules, Rate Design, and Other Related Issues for the Monterey District

**DIRECTORS' REPORTS  
(INCLUDING AB 1234 REPORTS ON TRIPS, CONFERENCE ATTENDANCE AND MEETINGS)**

No reports.

15. **Oral Reports on Activities of County, Cities, Other Agencies/Committees/Associations**

No Public Hearing items were submitted for Board Consideration.

**PUBLIC HEARINGS**

On a motion by Potter and second of Byrne, the Board of Directors voted unanimously to distribute grant funds in the amount of \$80,000 to Pebble Beach Company, and \$106,900 to City of Seaside. The motion was approved on a vote of 6 – 0 by Potter, Byrne, Clarke, Pendergrass, Potter and Markey. Director Brower was absent.

**ACTION ITEMS**

16. **Consider Distribution of Funds from Local Project Grant Funding Program**

There was no discussion of the Informational Items/Staff Reports.

**INFORMATIONAL ITEMS/STAFF REPORTS**

17. **Letters Received**
18. **Committee Report**
19. **Monthly Allocation Report**
20. **Water Conservation Program Report**
21. **Quarterly Water Use Credit Transfer Status Report**
22. **Carmel River Fishery Report**
23. **Quarterly Carmel River Riparian Corridor Management Program Report**
24. **Monthly Water Supply and California American Water Production Report**

The meeting was adjourned at 7:20 pm.

**ADJOURNMENT**



**ITEM: CONSENT CALENDAR****2. CONSIDER ADOPTION OF RESOLUTION 2015-20 UPDATE TO RULE 24, TABLE 3, CAPACITY FEE HISTORY**

<b>Meeting Date:</b>	<b>November 16, 2015</b>	<b>Budgeted:</b>	<b>N/A</b>
<b>From:</b>	<b>David J. Stoldt General Manager</b>	<b>Program/ Line Item No.:</b>	<b>N/A</b>
<b>Prepared By:</b>	<b>Stephanie Locke</b>	<b>Cost Estimate:</b>	<b>N/A</b>

**General Counsel Review: Yes**  
**Committee Recommendation: N/A**  
**CEQA Compliance: N/A**

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**SUMMARY:** District Rule 24 Table 3: Capacity Fee History is updated annually by Resolution of the Board to reflect the current year's Capacity Fee. Resolution 2015-20 (**Exhibit 2-A**) updates Table 3: Capacity Fee History, to reflect current's year Capacity Fee.

**RECOMMENDATION:** District staff recommends that the Board adopt Resolution 2015-20, A Resolution of the Board of Directors of the Monterey Peninsula Water Management District Update to Rule 24, Table 3, Capacity Fee History

**EXHIBIT**

**2-A** Resolution No. 2015-20





**EXHIBIT 2-A**

**RESOLUTION NO. 2015-20**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
MONTEREY PENINSULA WATER MANAGEMENT DISTRICT  
UPDATE RULE 24, TABLE 3: CAPACITY FEE HISTORY**

**WHEREAS**, Capacity Fee charges of the Monterey Peninsula Water Management District (MPWMD) are set forth in the MPWMD Rules and Regulations; and

**WHEREAS**, Rule 24 (C) of the District stipulates that the Capacity Fee History Table shall be updated annually by Resolution of the Board to reflect the current year's Capacity Fee;

**NOW, THEREFORE, BE IT RESOLVED**, that the Board of Directors of Monterey Peninsula Water Management District hereby shall update the Capacity Fee Table as set forth in **Attachment 1** to this Resolution; and that these changes shall become effective immediately.

On motion of Director \_\_\_\_\_, and second by Director \_\_\_\_\_, the foregoing resolution is duly adopted this 16<sup>th</sup> day of November 2015, by the following votes:

AYES:

NAYES:

ABSENT:

I, David J. Stoldt, Secretary of the Board of Directors of the Monterey Peninsula Water Management District, hereby certify that the foregoing is a full, true and correct copy of a resolution duly adopted on the 16<sup>th</sup> day of November 2015.

Witness my hand and seal of the Board of Directors, this \_\_\_\_ day of November, 2015.

\_\_\_\_\_  
David J. Stoldt, Secretary to the Board

Attachment 1**TABLE 3: CAPACITY FEE HISTORY**

YEAR	CAPACITY FEE
1985	\$10,623.20
1985-86	\$11,133.00
1986-87	\$11,433.59
1987-88	\$11,890.93
1988-89	\$12,295.22
1989-90	\$12,983.75
1990-91	\$13,529.07
1991-92	\$14,056.70
1992-93	\$14,661.00
1993-94	\$15,202.00
1994-95	\$15,325.00
1995-96	\$15,692.00
1996-97	\$15,960.00
1997-98	\$16,551.00
1998-99	\$17,048.00
1999-2000	\$17,832.00
2000-01	\$18,492.00
2001-02	\$19,565.00
2002-03	\$19,976.00
2003-04	\$20,415.00
2004-05	\$20,517.00
2005-06	\$20,948.00
2006-07	\$21,618.00
2007-08	\$22,331.00
2008-09	\$22,979.00
2009-10	\$23,163.00
2010-11	\$23,567.00
2011-12	\$24,227.00
2012-13	\$24,735.00
2013-14	\$25,328.00
2014-15	\$26,037.00
2015-16	\$26,661.00

**ITEM: CONSENT CALENDAR****3. CONSIDER APPROVAL OF REVISED DEED RESTRICTION TEMPLATE NO. 1.8 – NOTICE AND DEED RESTRICTION REGARDING LIMITATION ON USE OF WATER ON A PROPERTY WITH SUB-METERING**

<b>Meeting Date:</b>	<b>November 16, 2015</b>	<b>Budgeted:</b>	<b>N/A</b>
<b>From:</b>	<b>David J. Stoldt General Manager</b>	<b>Program/ Line Item No.:</b>	<b>N/A</b>
<b>Prepared By:</b>	<b>Stephanie Locke</b>	<b>Cost Estimate:</b>	<b>N/A</b>

**General Counsel Review: Yes****Committee Recommendation: The Rules and Regulations Committee reviewed this item on May 21, 2015 and recommended approval.****CEQA Compliance: N/A**

**SUMMARY:** On May 21, 2015, the Rules and Regulations Committee reviewed Deed Restriction Template No. 1.8 – Notice and Deed Restriction Regarding Limitation on Use of Water on a Property with Sub-Metering (**Exhibit 3-A**). The committee recommended that on page one of the deed restriction, fourth paragraph, the words “At no time may water supplied by California American Water be used for a (Type of Use) on the Subject Property without sub-meters to measure water usage from the existing Connection” be replaced with the phrase “Once sub-meters are approved for use at the subject property, they must remain in place.” The item was approved and recommended to the Board for approval.

Due to an administrative error, the recommended modifications to the deed restriction were not made on the template that was reviewed by the Board at its June 15, 2015 meeting. The revised template containing those modifications is being presented for the Board’s consideration.

**RECOMMENDATION:** Approve Deed Restriction Template No. 1.8 – Deed Restriction regarding Limitation on Use of Water on a Property with Sub-Metering as the Rules and Regulations Committee recommended.

**IMPACT ON STAFF/RESOURCES:** The revised template will not result in additional workload.

**EXHIBIT**

**3-A** Deed Restriction Template No. 1.8 – Notice and Deed Restriction Regarding Limitation On Use of Water On A Property With Sub-Metering.







**EXHIBIT 3-A**

**Recording Requested by:**

Monterey Peninsula Water Management District

**And When Recorded Mail To:**

Monterey Peninsula Water Management District

Post Office Box 85

Monterey, California 93942-0085

**NOTICE AND DEED RESTRICTION  
REGARDING LIMITATION ON USE  
OF WATER ON A PROPERTY  
WITH SUB-METERING**

**NOTICE IS GIVEN** that the Monterey Peninsula Water Management District (hereinafter referred to as the Water Management District), duly formed as a water district and public entity pursuant to the provisions of law found at Statutes of 1977, Chapter 527, as amended (found at West's California Water Code Appendix, Chapters 118-1 to 118-901), has approved water service to the real property referenced below as "Subject Property."

**NOTICE IS FURTHER GIVEN** that the real property affected by this document is situated in the **City of <JURISDICTION>**:

**<PropertyAddress>  
{<LegalDescriptionOfProperty>}  
ASSESSOR'S PARCEL NUMBER <ApnNum>**

This real property is hereinafter referred to as the "Subject Property." The Subject Property is located within the jurisdiction of the Water Management District. **<PropertyOwnerNames>**, (hereinafter referred to as "Owner(s)"), are record Owner(s) of the Subject Property.

Owner(s) and the Water Management District each acknowledge and agree that **{TYPE OF USE}** on the Subject Property shall be supplied water by an existing California American Water Company Connection on the site and that each individual User shall have a separate Water Meter (sub-meter) installed in the supply line to that User. Owner(s) shall have California American Water Company Water Meters installed for each User within ninety (90) days of the conclusion of a Connection moratorium.

Once sub-meters are approve for use at the Subject property, they must remain in place. The sub-metering is allowed pursuant to Water Management District Rule 23-A-1-i, and remains a requirement of the Subject Property as a condition of Water Permit No. **<Permit No>**.



Owner(s) shall provide the General Manager at the conclusion of each Water Year (September 30), or within thirty (30) days of a change in tenancy, the individual monthly consumption for each User. Owner(s) shall provide additional information and monthly reporting shall be provided during water Rationing.

Owner(s) acknowledges that the conditions allowing sub-metering for each User has been voluntarily accepted as a condition of Water Permit No. **{INSERT PERMIT NO.}** and is permanent and irrevocable, unless amended by the removal of this deed restriction.

**NOTICE IS FURTHER GIVEN** that the installation of sub-metering has been approved or authorized pursuant to Water Management District Rule 23-A-1-i and includes each and every condition contained therein. Conclusion of a Connection moratorium shall require installation of separate Water Meters maintained by the Water Distribution System Operator for each sub-metered User(s).

**NOTICE IS FURTHER GIVEN** that this agreement is binding and has been voluntarily entered into by Owner(s), and constitutes a mandatory condition precedent to receipt of regulatory approval from the Water Management District relating to the Subject Property. This agreement attaches to the land and shall bind any tenant, successor or assignee of Owner(s).

**NOTICE IS FURTHER GIVEN** that this deed restriction and the conditions herein apply to the Assessor's Parcel Number(s) where the Project supplied by the sub-meter is located and to the Assessor's Parcel Number served by the Connection. At such time as a new Assessor's Parcel Number is assigned to the sub-metered Site, the Owner shall notify the Water Management District and a new deed restriction shall be recorded.

**NOTICE IS FURTHER GIVEN** that present and/or future use of water at the Subject Property Site is restricted by Water Management District Rules and Regulations to the water use requirements referenced above. Any action requiring a Water Permit as described in Water Management District Rule 20, will require prior written authorization and a Permit from the Water Management District. Approval may be withheld by the Water Management District, in accord with then applicable provisions of law. Present or future Allocations of water may not be available to grant any Permit to Intensify Water Use at this site. If any request to Intensify Water Use on the Subject Property is approved, Connection Charges (Capacity Fees) and other administrative fees may be required as a condition of approval.

**NOTICE IS FURTHER GIVEN** that modification or Intensification of Water Use on the Subject Property that occurs without the advance written approval of the Water Management District is a violation of Water Management District Rules and may result in a monetary penalty for each offense as allowed by Water Management District Rules. Each separate day, or portion thereof, during which any violation occurs or continues without a good faith effort by the Responsible Party to correct the violation shall be deemed to constitute a separate offense. All Water Users within the jurisdiction of the Water Management District are subject to the Water Management District Rules, including Rules 11, 20, 21, 23, 24, and 110.

The Owner(s) and the Water Management District each intend that this Notice and Deed



Restriction act as a deed restriction upon the Subject Property, and that it shall be irrevocable under its terms. This document shall be enforceable by the Water Management District or any public entity that is a successor to the Water Management District.

The Owner(s) elects and irrevocably covenants with the Water Management District to abide by the conditions of this Notice and Deed Restriction to enable issuance of Water Permit No. <Permit No>. But for the limitations and notices set forth herein, approval of this Water Permit would otherwise be withheld and found to be inconsistent with the Water Management District Rules and Regulations.

This Notice and Deed Restriction is placed upon the Subject Property. Any transfer of this property, or an interest therein, is subject to this deed restriction. This Notice and Deed Restriction shall have no termination date unless amended by the filing of a less restrictive deed restriction.

If any provision of this Notice and Deed Restriction is held to be invalid, or for any reason becomes unenforceable, no other provision shall thereby be affected or impaired.

The undersigned Owner(s) agrees with and accepts all terms of this document stated above, and requests and consents to recordation of this Notice and Deed Restriction Regarding Limitation on Use of Water on a Property with Submetering. The Owner(s) further agrees to notify any present and future tenant of the Subject Property of the terms and conditions of this document.

**OWNER(S) agrees to recordation of this Notice and Deed Restriction in the Recorder's Office for the County of Monterey. Owner(s) further unconditionally accepts the terms and conditions stated above.**

*(Signatures must be notarized)*

By: \_\_\_\_\_ Dated: \_\_\_\_\_  
 <OwnersSeparateLines>

By: \_\_\_\_\_ Dated: \_\_\_\_\_  
**Gabriela Ayala, Conservation Representative**  
**Monterey Peninsula Water Management District**



**ITEM: CONSENT CALENDAR****4. CONSIDER ADOPTION OF RESOLUTION NO. 2015-21 – EXPRESSING APPRECIATION TO KRISTI MARKEY FOR 12 YEARS OF SERVICE AS DIVISION 3 DIRECTOR****Meeting Date: November 16, 2015** **Budgeted: N/A****From: David J. Stoldt,  
General Manager** **Program/  
Line Item No.: N/A****Prepared By: Arlene Tavani** **Cost Estimate: N/A****General Counsel Review: N/A****Committee Recommendation: N/A****CEQA Compliance: N/A**

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**SUMMARY:** Attached as **Exhibit 4-A** is Resolution No. 2015-21, expressing appreciation to Director Kristi Markey for 12 years of exceptional service representing Division 3. The resolution lists Kristi's many accomplishments as a member of the Board of Directors which illustrates her dedication and commitment to the community and mission of the Water Management District.

**RECOMMENDATION:** Approval of the resolution with adoption of the Consent Calendar.

**EXHIBIT**

**4-A** Resolution 2015-21 Expressing Appreciation to Kristi Markey for 12 Years of Exceptional Service as Division 3 Director





**EXHIBIT 4-A**

**DRAFT RESOLUTION NO. 2015-21**

**A RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE MONTEREY PENINSULA WATER MANAGEMENT DISTRICT  
EXPRESSING APPRECIATION TO KRISTI MARKEY  
FOR TWELVE YEARS OF EXCEPTIONAL SERVICE AS DIVISION 3 DIRECTOR**

**WHEREAS**, Kristi Markey was elected to represent Voter Division 3 of the Monterey Peninsula Water Management District in November 2003, was reelected in 2007 and then appointed in 2012 as her candidacy was unopposed. She served as Chair of the Board in 2009 and 2015, and held the position of Vice Chair in 2005, 2007 and 2014.

**WHEREAS**, Ms. Markey was an active participant on Board committees including: twelve years as a member of the Water Demand committee – seven of those years as Chair; eleven years on the Public Outreach committee; and eight years of service on the Rules and Regulations Review committee. Ms. Markey also committed her time to the Administrative and Water Supply Planning committees, and served as alternate on several committees.

**WHEREAS**, Ms. Markey supported the efficient use of existing water supplies through implementation of water conservation and reuse measures that would benefit residences and businesses such as retrofit rebate programs, installation of cisterns, and the promotion of greywater reuse through laundry-to-landscape systems. She also worked to ensure that the requirements and advantages of the District's water conservation programs were communicated clearly to the public.

**WHEREAS**, Ms. Markey acknowledged that cooperation among water and wastewater agencies, and local jurisdictions was critical to development of a solution to meet community water needs identified in State Water Resources Control Board Order 2009-0006. She was a proponent of funding and construction of the MPWMD Aquifer Storage and Recovery projects, and encouraged proactive coordination with California American Water Company on operation of those projects. She supported funding for environmental studies and development of water supply project alternatives such as desalination, stormwater reuse, and the Pure Water Monterey advanced recycled water treatment project.

**WHEREAS**, Ms. Markey supported the District's advocacy on behalf of local rate payers before the California Public Utilities Commission and State Water Resources Control Board regarding water rates, conservation measures, development of a water supply solution, and seeking relief from Order 2009-0006 and other state mandated water reductions.

**NOW, THEREFORE, BE IT RESOLVED**, that the Board of Directors of the Monterey Peninsula Water Management District hereby recognizes Kristi Markey for 12 years of exceptional service to the District and the community.

On a motion by Director \_\_\_\_\_ and second by Director \_\_\_\_\_ the foregoing resolution is duly adopted this 16th day of November 2015 by the following votes.

Ayes:

Nays:

Absent:

I, David J. Stoldt, Secretary to the Board of Directors of the Monterey Peninsula Water Management District, hereby certify that the foregoing is a resolution duly adopted on the 16<sup>th</sup> day of November 2015.

Witness my hand and seal of the Board of Directors this \_\_\_\_\_ day of November 2015.

\_\_\_\_\_  
David J. Stoldt, Secretary to the Board



**ITEM: CONSENT CALENDAR****5. CONSIDER APPROVAL OF FIRST QUARTER FISCAL YEAR 2015-2016 INVESTMENT REPORT**

<b>Meeting Date:</b>	<b>November 16, 2015</b>	<b>Budgeted:</b>	<b>N/A</b>
<b>From:</b>	<b>David J. Stoldt, General Manager</b>	<b>Program/ Line Item No.:</b>	<b>N/A</b>
<b>Prepared By:</b>	<b>Suresh Prasad</b>	<b>Cost Estimate:</b>	<b>N/A</b>

**General Counsel Review: N/A****Committee Recommendation: The Administrative Committee considered this item on November 9, 2015 and recommended approval.****CEQA Compliance: N/A**

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**SUMMARY:** The District's investment policy requires that each quarter the Board of Directors receive and approve a report on investments held by the District. **Exhibit 5-A** is the report for the quarter ending September 30, 2015. District staff has determined that these investments do include sufficient liquid funds to meet anticipated expenditures for the next six months and as a result this portfolio is in compliance with the current District investment policy. This portfolio is in compliance with the California Government Code, and the permitted investments of Monterey County.

**RECOMMENDATION:** The Administrative Committee considered this item at its November 9, 2015 meeting and voted 2 to 0 to recommend approval.

**EXHIBIT****5-A** Investment Report as of September 30, 2015



**EXHIBIT 5-A**  
**MONTEREY PENINSULA WATER MANAGEMENT DISTRICT**  
**INVESTMENT REPORT AS OF SEPTEMBER 30, 2015**

**MPWMD**

Issuing Institution Security Description	Purchase Date	Maturity Date	Cost Basis	Par Value	Market Value	Annual Rate of Return	Portfolio Distribution
Local Agency Investment Fund	09/30/15	10/01/15	\$595,483	\$595,483	\$595,483	0.320%	19.22%
Bank of America:							
Money Market	09/30/15	10/01/15	74,319	74,319	74,319	0.040%	
Checking	09/30/15	10/01/15	160,858	160,858	160,858	0.000%	
			\$235,177	\$235,177	\$235,177	0.013%	7.59%
Wells Fargo Money Market	09/30/15	10/01/15	18,127	18,127	18,127	0.010%	
Wells Fargo Institutional Securities:							
Interest Bearing Certificate of Deposit	10/30/13	10/30/15	\$250,000	\$250,000	\$250,120	0.850%	
Interest Bearing Certificate of Deposit	08/30/13	03/01/16	\$250,000	\$250,000	\$250,580	0.900%	
Interest Bearing Certificate of Deposit	09/08/14	03/08/16	\$250,000	\$250,000	\$250,387	0.700%	
Interest Bearing Certificate of Deposit	04/15/14	04/18/17	\$250,000	\$250,000	\$250,724	1.050%	
Interest Bearing Certificate of Deposit	07/09/14	07/10/17	\$250,000	\$250,000	\$250,190	1.150%	
Interest Bearing Certificate of Deposit	04/10/15	10/10/17	\$250,000	\$250,000	\$249,871	1.100%	
Interest Bearing Certificate of Deposit	03/27/15	03/27/18	\$250,000	\$250,000	\$248,216	1.150%	
Interest Bearing Certificate of Deposit	06/17/15	06/18/15	\$250,000	\$250,000	\$247,912	1.550%	
Interest Bearing Certificate of Deposit	09/30/15	10/01/18	\$250,000	\$250,000	\$247,500	1.650%	
			\$2,268,127	\$2,268,127	\$2,263,627	1.113%	73.19%
<b>TOTAL MPWMD</b>			<b>\$3,098,787</b>	<b>\$3,098,787</b>	<b>\$3,094,287</b>	<b>0.877%</b>	

**CAWD/PBCSD WASTEWATER RECLAMATION PROJECT**

Issuing Institution Security Description	Purchase Date	Maturity Date	Cost Basis	Par Value	Market Value	Annual Rate of Return	Portfolio Distribution
US Bank Corp Trust Services:							0.19%
Certificate Payment Fund	09/30/15	10/01/15	791	791	791	0.000%	
Interest Fund	09/30/15	10/01/15	327	327	327	0.000%	
Rebate Fund	09/30/15	10/01/15	19	19	19	0.000%	
			\$1,136	\$1,136	\$1,136	0.000%	
Bank of America:							99.81%
Money Market Fund	09/30/15	10/01/15	604,882	604,882	\$604,882	0.040%	
<b>TOTAL WASTEWATER RECLAMATION PROJECT</b>			<b>\$606,018</b>	<b>\$606,018</b>	<b>\$606,018</b>	<b>0.040%</b>	

These investments do include sufficient liquid funds to meet anticipated expenditures for the next six months as reflected in the FY 2015-2016 annual budget adopted on June 15, 2015.



**ITEM: CONSENT CALENDAR****6. CONSIDER ADOPTION OF TREASURER'S REPORT FOR SEPTEMBER 2015**

<b>Meeting Date:</b>	<b>November 16, 2015</b>	<b>Budgeted:</b>	<b>N/A</b>
<b>From:</b>	<b>David J. Stoldt, General Manager</b>	<b>Program/ Line Item No.:</b>	<b>N/A</b>
<b>Prepared By:</b>	<b>Suresh Prasad</b>	<b>Cost Estimate:</b>	<b>N/A</b>

**General Counsel Review:** N/A**Committee Recommendation:** The Administrative Committee considered this item on November 9, 2015 and recommended approval.**CEQA Compliance:** N/A

**SUMMARY:** Exhibit 6-A comprises the Treasurer's Report for September 2015. Exhibit 6-B, Exhibit 6-C and Exhibit 6-D are listings of check disbursements for the period September 1-30, 2015. Check Nos. 23114 through 23404, the direct deposits of employee's paychecks, payroll tax deposits, and bank charges resulted in total disbursements for the period in the amount of \$820,798.31. That amount included \$42,673.70 for conservation rebates. Exhibit 6-E reflects the unaudited version of the financial statements for the month ending September 30, 2015.

**RECOMMENDATION:** District staff recommends adoption of the September 2015 Treasurer's Report and financial statements, and ratification of the disbursements made during the month. The Administrative Committee reviewed this item at its November 9, 2015 meeting and voted 2 to 0 to recommend approval.

**EXHIBITS**

- 6-A** Treasurer's Report
- 6-B** Listing of Cash Disbursements-Regular
- 6-C** Listing of Cash Disbursements-Payroll
- 6-D** Listing of Other Bank Items
- 6-E** Financial Statements



**EXHIBIT 6-A**

**MONTEREY PENINSULA WATER MANAGEMENT DISTRICT  
TREASURER'S REPORT FOR SEPTEMBER 2015**

<u>Description</u>	<u>Checking</u>	<u>MPWMD Money Market</u>	<u>L.A.I.F.</u>	<u>Wells Fargo Investments</u>	<u>MPWMD Total</u>	<u>PB Reclamation Money Market</u>
Beginning Balance	(\$178,782.97)	\$582,967.25	\$595,483.41	\$2,265,581.94	3,265,249.63	\$86,860.33
Transfer to/from LAIF					0.00	
Fee Deposits		651,776.09			651,776.09	518,006.15
Interest		14.94		2,545.08	2,560.02	15.27
Transfer-Money Market to Checking	1,160,439.44	(1,160,439.44)			0.00	
Transfer-Money Market to W/Fargo					0.00	
W/Fargo-Investment Purchase					0.00	
Transfer Ckg to MPWMD M/Mrkt					0.00	
MoCo Tax & WS Chg Installment Pymt					0.00	
Transfer to CAWD					0.00	
Voided Cks					0.00	
Bank Corrections/Reversals/Errors					0.00	
Bank Charges /Rtn'd Deposits/Other	(285.43)				(285.43)	
Payroll Tax Deposits	(26,721.40)				(26,721.40)	
Payroll Checks/Direct Deposits	(126,679.58)				(126,679.58)	
General Checks	(667,111.90)				(667,111.90)	
Prepaid Exp-Automatic Bank Pymt					0.00	
<b>Ending Balance</b>	<b>\$160,858.16</b>	<b>\$74,318.84</b>	<b>\$595,483.41</b>	<b>\$2,268,127.02</b>	<b>\$3,098,787.43</b>	<b>\$604,881.75</b>





**EXHIBIT 6-B**

Monterey Peninsula Water Mgmt District

**Check Report**

By Check Number

Date Range: 09/01/2015 - 09/30/2015

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
<b>Bank Code: APBNK</b>	<b>-Bank of America Checking</b>					
00254	MoCo Recorder	09/01/2015	Regular	0.00	32.00	23114
00254	MoCo Recorder	09/03/2015	Regular	0.00	61.00	23116
00254	MoCo Recorder	09/03/2015	Regular	0.00	26.00	23117
00254	MoCo Recorder	09/03/2015	Regular	0.00	61.00	23118
00254	MoCo Recorder	09/03/2015	Regular	0.00	32.00	23119
00254	MoCo Recorder	09/03/2015	Regular	0.00	64.00	23120
00254	MoCo Recorder	09/03/2015	Regular	0.00	29.00	23121
00254	MoCo Recorder	09/03/2015	Regular	0.00	61.00	23122
00254	MoCo Recorder	09/03/2015	Regular	0.00	61.00	23123
00254	MoCo Recorder	09/03/2015	Regular	0.00	53.00	23124
00254	MoCo Recorder	09/03/2015	Regular	0.00	61.00	23125
00254	MoCo Recorder	09/03/2015	Regular	0.00	61.00	23126
00254	MoCo Recorder	09/03/2015	Regular	0.00	61.00	23127
00249	A.G. Davi, LTD	09/03/2015	Regular	0.00	395.00	23128
00263	Arlene Tavani	09/03/2015	Regular	0.00	246.50	23129
01001	CDW Government	09/03/2015	Regular	0.00	784.82	23130
00237	Chevron	09/03/2015	Regular	0.00	513.75	23131
00267	Employment Development Dept.	09/03/2015	Regular	0.00	4,028.49	23132
00768	ICMA	09/03/2015	Regular	0.00	6,030.41	23133
03857	Joe Oliver	09/03/2015	Regular	0.00	269.21	23134
01353	Monterey Peninsula Chamber of Commerce	09/03/2015	Regular	0.00	386.00	23135
00154	Peninsula Messenger Service	09/03/2015	Regular	0.00	861.00	23136
04046	Safeguard Business Systems	09/03/2015	Regular	0.00	397.79	23137
00286	Stephanie L. Locke	09/03/2015	Regular	0.00	232.30	23138
00286	Stephanie L. Locke	09/03/2015	Regular	0.00	26.20	23139
00207	Universal Staffing Inc.	09/03/2015	Regular	0.00	811.20	23140
00221	Verizon Wireless	09/03/2015	Regular	0.00	500.30	23141
00254	MoCo Recorder	09/08/2015	Regular	0.00	61.00	23262
00254	MoCo Recorder	09/08/2015	Regular	0.00	14.00	23263
00254	MoCo Recorder	09/10/2015	Regular	0.00	29.00	23264
00254	MoCo Recorder	09/10/2015	Regular	0.00	61.00	23265
00254	MoCo Recorder	09/10/2015	Regular	0.00	32.00	23266
00254	MoCo Recorder	09/10/2015	Regular	0.00	14.00	23267
00254	MoCo Recorder	09/10/2015	Regular	0.00	29.00	23268
00254	MoCo Recorder	09/10/2015	Regular	0.00	29.00	23269
00254	MoCo Recorder	09/10/2015	Regular	0.00	29.00	23270
00254	MoCo Recorder	09/10/2015	Regular	0.00	26.00	23271
00254	MoCo Recorder	09/10/2015	Regular	0.00	61.00	23272
00254	MoCo Recorder	09/10/2015	Regular	0.00	29.00	23273
00254	MoCo Recorder	09/10/2015	Regular	0.00	61.00	23274
00254	MoCo Recorder	09/10/2015	Regular	0.00	61.00	23275
00254	MoCo Recorder	09/10/2015	Regular	0.00	29.00	23276
00254	MoCo Recorder	09/10/2015	Regular	0.00	14.00	23277
00254	MoCo Recorder	09/10/2015	Regular	0.00	29.00	23278
00254	MoCo Recorder	09/10/2015	Regular	0.00	61.00	23279
00254	MoCo Recorder	09/10/2015	Regular	0.00	93.00	23280
00254	MoCo Recorder	09/10/2015	Regular	0.00	32.00	23281
00254	MoCo Recorder	09/10/2015	Regular	0.00	67.00	23282
00254	MoCo Recorder	09/10/2015	Regular	0.00	29.00	23283
03966	ACWA (Memberships/Conferences/Publications)	09/11/2015	Regular	0.00	445.00	23284
00253	AT&T	09/11/2015	Regular	0.00	403.63	23285
00253	AT&T	09/11/2015	Regular	0.00	374.56	23286
08109	David Olson, Inc.	09/11/2015	Regular	0.00	692.00	23287
02832	GeoCue Corporation	09/11/2015	Regular	0.00	900.00	23288

**EXHIBIT 6-B**

## Check Report

Date Range: 09/01/2015 - 09/30/2015

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
04717	Inder Osahan	09/11/2015	Regular	0.00	1,083.00	23289
06745	KBA Docusys - Lease Payments	09/11/2015	Regular	0.00	946.13	23290
00259	Marina Coast Water District	09/11/2015	Regular	0.00	429.53	23291
00259	Marina Coast Water District	09/11/2015	Regular	0.00	63.08	23292
00118	Monterey Bay Carpet & Janitorial Svc	09/11/2015	Regular	0.00	1,000.00	23293
00225	Palace Office Supply	09/11/2015	Regular	0.00	51.61	23294
00225	Palace Office Supply	09/11/2015	Regular	0.00	136.54	23295
00256	PERS Retirement	09/11/2015	Regular	0.00	14,233.88	23296
00752	Professional Liability Insurance Service	09/11/2015	Regular	0.00	83.90	23297
04709	Sherron Forsgren	09/11/2015	Regular	0.00	653.20	23298
00258	Thomas Brand Consulting, LLC	09/11/2015	Regular	0.00	4,100.00	23299
00254	MoCo Recorder	09/17/2015	Regular	0.00	29.00	23306
00254	MoCo Recorder	09/17/2015	Regular	0.00	14.00	23307
00254	MoCo Recorder	09/17/2015	Regular	0.00	61.00	23308
00254	MoCo Recorder	09/17/2015	Regular	0.00	29.00	23309
00254	MoCo Recorder	09/17/2015	Regular	0.00	29.00	23310
00254	MoCo Recorder	09/17/2015	Regular	0.00	29.00	23311
00254	MoCo Recorder	09/17/2015	Regular	0.00	61.00	23312
00254	MoCo Recorder	09/17/2015	Regular	0.00	29.00	23313
00254	MoCo Recorder	09/17/2015	Regular	0.00	61.00	23314
00254	MoCo Recorder	09/17/2015	Regular	0.00	61.00	23315
00254	MoCo Recorder	09/17/2015	Regular	0.00	29.00	23316
00254	MoCo Recorder	09/17/2015	Regular	0.00	55.00	23317
00254	MoCo Recorder	09/17/2015	Regular	0.00	29.00	23318
00254	MoCo Recorder	09/17/2015	Regular	0.00	67.00	23319
00254	MoCo Recorder	09/17/2015	Regular	0.00	61.00	23320
00254	MoCo Recorder	09/17/2015	Regular	0.00	29.00	23321
00254	MoCo Recorder	09/17/2015	Regular	0.00	29.00	23322
00763	ACWA-JPIA	09/18/2015	Regular	0.00	522.28	23325
01188	Alhambra	09/18/2015	Regular	0.00	155.16	23326
00760	Andy Bell	09/18/2015	Regular	0.00	794.00	23327
00263	Arlene Tavani	09/18/2015	Regular	0.00	185.00	23328
00253	AT&T	09/18/2015	Regular	0.00	89.73	23329
00983	Beverly Chaney	09/18/2015	Regular	0.00	464.21	23330
00036	Bill Parham	09/18/2015	Regular	0.00	650.00	23331
04042	Cabelas Government Outfitters	09/18/2015	Regular	0.00	528.40	23332
00252	Cal-Am Water	09/18/2015	Regular	0.00	1.56	23333
00252	Cal-Am Water	09/18/2015	Regular	0.00	672.65	23334
00230	Cisco WebEx, LLC	09/18/2015	Regular	0.00	60.00	23335
00761	Delores Cofer	09/18/2015	Regular	0.00	397.00	23336
01003	Department of Industrial Relations	09/18/2015	Regular	0.00	675.00	23337
00267	Employment Development Dept.	09/18/2015	Regular	0.00	3,986.94	23338
00267	Employment Development Dept.	09/18/2015	Regular	0.00	670.06	23339
00192	Extra Space Storage	09/18/2015	Regular	0.00	680.00	23340
00285	Gabby Ayala	09/18/2015	Regular	0.00	125.00	23341
00073	Grindstone Sharpening	09/18/2015	Regular	0.00	72.00	23342
00768	ICMA	09/18/2015	Regular	0.00	6,030.41	23343
00094	John Arriaga	09/18/2015	Regular	0.00	2,500.00	23344
00769	Laborers Trust Fund of Northern CA	09/18/2015	Regular	0.00	28,184.00	23345
00222	M.J. Murphy	09/18/2015	Regular	0.00	40.98	23346
07418	McMaster-Carr	09/18/2015	Regular	0.00	956.72	23347
07771	Monterey Bay Urgent Care	09/18/2015	Regular	0.00	120.00	23348
09129	Monterey County Hospitality Association (MCHA)	09/18/2015	Regular	0.00	25.00	23349
00225	Palace Office Supply	09/18/2015	Regular	0.00	123.82	23350
00755	Peninsula Welding Supply, Inc.	09/18/2015	Regular	0.00	54.00	23351
00282	PG&E	09/18/2015	Regular	0.00	8,928.56	23352
00282	PG&E	09/18/2015	Regular	0.00	22.33	23353
00282	PG&E	09/18/2015	Regular	0.00	16.73	23354
00282	PG&E	09/18/2015	Regular	0.00	66.30	23355
00159	Pueblo Water Resources, Inc.	09/18/2015	Regular	0.00	8,061.00	23356
00262	Pure H2O	09/18/2015	Regular	0.00	64.49	23357

# EXHIBIT 6-B

## Check Report

Date Range: 09/01/2015 - 09/30/2015

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
00272	Red Shift Internet Services	09/18/2015	Regular	0.00	604.95	23358
04719	Crossbridge Solutions, Inc	09/18/2015	Regular	0.00	125.31	23359
09351	Tetra Tech, Inc.	09/18/2015	Regular	0.00	14,516.68	23360
04353	Thomas Christensen	09/18/2015	Regular	0.00	107.61	23361
00207	Universal Staffing Inc.	09/18/2015	Regular	0.00	648.96	23362
00271	UPEC, Local 792	09/18/2015	Regular	0.00	1,013.74	23363
00212	Ventana Wildlife Society	09/18/2015	Regular	0.00	1,251.00	23364
00254	MoCo Recorder	09/21/2015	Regular	0.00	26.00	23365
00254	MoCo Recorder	09/24/2015	Regular	0.00	29.00	23366
00254	MoCo Recorder	09/24/2015	Regular	0.00	61.00	23367
00254	MoCo Recorder	09/24/2015	Regular	0.00	29.00	23368
00254	MoCo Recorder	09/24/2015	Regular	0.00	32.00	23369
00254	MoCo Recorder	09/24/2015	Regular	0.00	80.00	23370
00254	MoCo Recorder	09/24/2015	Regular	0.00	61.00	23371
00254	MoCo Recorder	09/24/2015	Regular	0.00	53.00	23372
00254	MoCo Recorder	09/24/2015	Regular	0.00	29.00	23373
00254	MoCo Recorder	09/24/2015	Regular	0.00	61.00	23374
00254	MoCo Recorder	09/24/2015	Regular	0.00	29.00	23375
00254	MoCo Recorder	09/24/2015	Regular	0.00	101.00	23376
00254	MoCo Recorder	09/24/2015	Regular	0.00	61.00	23377
00254	MoCo Recorder	09/24/2015	Regular	0.00	61.00	23378
00254	MoCo Recorder	09/24/2015	Regular	0.00	89.00	23379
01002	Monterey County Clerk	09/24/2015	Regular	0.00	50.00	23380
00010	Access Monterey Peninsula	09/25/2015	Regular	0.00	240.00	23381
04039	American Water Works Association	09/25/2015	Regular	0.00	249.00	23382
00253	AT&T	09/25/2015	Regular	0.00	46.72	23383
00253	AT&T	09/25/2015	Regular	0.00	97.54	23384
00253	AT&T	09/25/2015	Regular	0.00	595.42	23385
00253	AT&T	09/25/2015	Regular	0.00	712.37	23386
00243	CalPers Long Term Care Program	09/25/2015	Regular	0.00	40.56	23387
00024	Central Coast Exterminator	09/25/2015	Regular	0.00	104.00	23388
00028	Colantuono, Highsmith, & Whatley, PC	09/25/2015	Regular	0.00	9,581.90	23389
06268	Comcast	09/25/2015	Regular	0.00	198.57	23390
02781	Control Systems West	09/25/2015	Regular	0.00	14,443.72	23391
00281	CoreLogic Information Solutions, Inc.	09/25/2015	Regular	0.00	875.29	23392
01352	Dave Stoldt	09/25/2015	Regular	0.00	368.48	23393
00277	Home Depot Credit Services	09/25/2015	Regular	0.00	826.99	23394
00274	MRWPCA	09/25/2015	Regular	0.00	430,543.03	23395
00282	PG&E	09/25/2015	Regular	0.00	4,973.98	23396
06746	POSTMASTER	09/25/2015	Regular	0.00	234.26	23397
00228	Ryan Ranch Printers	09/25/2015	Regular	0.00	207.90	23398
09924	Scott Grover	09/25/2015	Regular	0.00	125.00	23399
00283	SHELL	09/25/2015	Regular	0.00	593.52	23400
01351	Staples Credit Plan	09/25/2015	Regular	0.00	124.85	23401
09351	Tetra Tech, Inc.	09/25/2015	Regular	0.00	17,730.23	23402
00258	Thomas Brand Consulting, LLC	09/25/2015	Regular	0.00	11,850.00	23403
00269	U.S. Bank	09/25/2015	Regular	0.00	1,297.26	23404

Payment Type	Bank Code APBNK		Summary	
	Payable Count	Payment Count	Discount	Payment
Regular Checks	178	162	0.00	624,438.20
Manual Checks	0	0	0.00	0.00
Voided Checks	0	0	0.00	0.00
Bank Drafts	0	0	0.00	0.00
EFT's	0	0	0.00	0.00
	<b>178</b>	<b>162</b>	<b>0.00</b>	<b>624,438.20</b>

**EXHIBIT 6-B**

Check Report

Date Range: 09/01/2015 - 09/30/2015

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
<b>Bank Code: REBATES-02-Rebates: Use Only For Rebates</b>						
09808	ABDULRAZZAK AHMAD	09/04/2015	Regular	0.00	125.00	23142
09804	AL BONFIGLIO	09/04/2015	Regular	0.00	200.00	23143
09879	ALESSIO HUELGA	09/04/2015	Regular	0.00	125.00	23144
09814	Andrei Aleinikov	09/04/2015	Regular	0.00	500.00	23145
09866	ANDREW LOWE	09/04/2015	Regular	0.00	500.00	23146
09856	ANNE BOHLMAN	09/04/2015	Regular	0.00	500.00	23147
09838	ANTHONY & PHYLLIS AIELLO	09/04/2015	Regular	0.00	200.00	23148
09805	ANTHONY CATTEDRA	09/04/2015	Regular	0.00	199.98	23149
09872	BERNHARD PETERS	09/04/2015	Regular	0.00	499.00	23150
09819	Brian Johnson	09/04/2015	Regular	0.00	500.00	23151
09907	CARMEN HARLAN-WOOD	09/04/2015	Regular	0.00	500.00	23152
09829	CAROLE ERICKSON	09/04/2015	Regular	0.00	443.75	23153
09890	CAROLINA BAYNE	09/04/2015	Regular	0.00	100.00	23154
09888	CHARLES DENLEY	09/04/2015	Regular	0.00	100.00	23155
09896	Cristofer A & Shelley F Cabanillas	09/04/2015	Regular	0.00	125.00	23156
09852	CYNTHIA HOLMSKY	09/04/2015	Regular	0.00	500.00	23157
09813	DAN & ALEXIS DELEHANTY	09/04/2015	Regular	0.00	500.00	23158
09880	Daniel Hedges	09/04/2015	Regular	0.00	500.00	23159
09874	David A. Reichard & Nelson R. Graff	09/04/2015	Regular	0.00	500.00	23160
09906	DAVID BASHAM & KAREN A RECTOR	09/04/2015	Regular	0.00	500.00	23161
09840	DAVID CHANEY	09/04/2015	Regular	0.00	100.00	23162
09854	DBO DEVELOPMENT NO 30	09/04/2015	Regular	0.00	500.00	23163
09816	DEAN GERMER	09/04/2015	Regular	0.00	500.00	23164
09898	DEBORAH PEYTON	09/04/2015	Regular	0.00	125.00	23165
09824	DENISE BOEHLJE	09/04/2015	Regular	0.00	500.00	23166
09862	DENISE JOHNSON	09/04/2015	Regular	0.00	500.00	23167
09823	DENISE SCHRODER	09/04/2015	Regular	0.00	479.99	23168
09826	DON BASSERI	09/04/2015	Regular	0.00	500.00	23169
09899	DOUGLAS SUNDE	09/04/2015	Regular	0.00	625.00	23170
09891	Edward Perry & Laurie Bonilla	09/04/2015	Regular	0.00	100.00	23171
09836	EL ECHO ASSOCIATES	09/04/2015	Regular	0.00	200.00	23172
09920	Elizabeth Hoskins	09/04/2015	Regular	0.00	500.00	23173
09895	EMIL S & KELLY A NADIR	09/04/2015	Regular	0.00	125.00	23174
09918	Eric March	09/04/2015	Regular	0.00	100.00	23175
09916	ERIC MARSH	09/04/2015	Regular	0.00	200.00	23176
09815	Eugene & Carole Wagner	09/04/2015	Regular	0.00	500.00	23177
09917	Frank Vecchio	09/04/2015	Regular	0.00	50.00	23178
09810	GABRIELE WILLIAMS	09/04/2015	Regular	0.00	125.00	23179
09822	Geraldine Carver	09/04/2015	Regular	0.00	500.00	23180
09869	Gina Wolcott	09/04/2015	Regular	0.00	500.00	23181
09831	GORDON L & SUSANNE HOLM	09/04/2015	Regular	0.00	1,875.00	23182
09904	GUY RIINA	09/04/2015	Regular	0.00	500.00	23183
09846	HANS LEHMANN	09/04/2015	Regular	0.00	100.00	23184
09851	James Oswald	09/04/2015	Regular	0.00	500.00	23185
09833	JANE VENEMAN	09/04/2015	Regular	0.00	100.00	23186
09858	jane Paulsen	09/04/2015	Regular	0.00	500.00	23187
09867	Jeanne Bartels	09/04/2015	Regular	0.00	500.00	23188
09820	JEFF NELSON	09/04/2015	Regular	0.00	500.00	23189
09842	JEFF TAROLA	09/04/2015	Regular	0.00	100.00	23190
09860	Jeffrey J. Hoyne	09/04/2015	Regular	0.00	500.00	23191
09855	JENNIFER GRAVES	09/04/2015	Regular	0.00	500.00	23192
09857	JIM STRAETKER	09/04/2015	Regular	0.00	500.00	23193
09911	JO ANN RISO	09/04/2015	Regular	0.00	500.00	23194
09809	JOHN HENDRY & LORI A HARRODS	09/04/2015	Regular	0.00	125.00	23195
09921	JOHN SMITH	09/04/2015	Regular	0.00	298.00	23196
09897	JON HITCHCOCK	09/04/2015	Regular	0.00	599.00	23197
09885	JONATHAN GREEN	09/04/2015	Regular	0.00	125.00	23198
09915	JOSEPH DONOFRIO	09/04/2015	Regular	0.00	100.00	23199
09843	JOSEPH M PAGNELLA	09/04/2015	Regular	0.00	84.99	23200
09902	JUDY COOPER	09/04/2015	Regular	0.00	125.00	23201

**EXHIBIT 6-B**

Check Report

Date Range: 09/01/2015 - 09/30/2015

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
09818	Julie Jenkins	09/04/2015	Regular	0.00	500.00	23202
09864	JULIE OSIO PERRY	09/04/2015	Regular	0.00	500.00	23203
09882	Julie Tetreau	09/04/2015	Regular	0.00	500.00	23204
09825	Kara Gober	09/04/2015	Regular	0.00	500.00	23205
09919	Karla Salamanca	09/04/2015	Regular	0.00	500.00	23206
09889	LAIMA A FLYNN	09/04/2015	Regular	0.00	100.00	23207
09900	LARRY & SUSAN KYLER	09/04/2015	Regular	0.00	125.00	23208
09839	LARRY WOOD	09/04/2015	Regular	0.00	650.00	23209
09881	LAURYN JONES	09/04/2015	Regular	0.00	500.00	23210
09873	LINDA HANEL	09/04/2015	Regular	0.00	500.00	23211
09806	MANJUSHRI DHARMA CENTER	09/04/2015	Regular	0.00	200.00	23212
09848	MARIANNE GAWAIN DAVIS	09/04/2015	Regular	0.00	125.00	23213
09868	Martin Devries	09/04/2015	Regular	0.00	500.00	23214
09877	MATTHEW WHITMAN	09/04/2015	Regular	0.00	300.00	23215
09908	MAYRA MORALES	09/04/2015	Regular	0.00	500.00	23216
09849	MELANIE HILL	09/04/2015	Regular	0.00	-125.00	23217
09849	MELANIE HILL	09/04/2015	Regular	0.00	125.00	23217
09812	MICHELLE ZIMNY	09/04/2015	Regular	0.00	449.99	23218
09827	NITA CAIN	09/04/2015	Regular	0.00	100.00	23219
09909	Pablo & Nancy Garcia-Ganan	09/04/2015	Regular	0.00	500.00	23220
09863	PATRICIA LITTLE-AUGUSTON	09/04/2015	Regular	0.00	500.00	23221
09914	PATRICIA SZASZ	09/04/2015	Regular	0.00	500.00	23222
09910	PATRICK RYAN	09/04/2015	Regular	0.00	500.00	23223
09859	Peter Chetirkin	09/04/2015	Regular	0.00	500.00	23224
09878	PETER GUERRA	09/04/2015	Regular	0.00	100.00	23225
09883	Pierre Altavilla	09/04/2015	Regular	0.00	100.00	23226
09884	QUAN NGUYEN	09/04/2015	Regular	0.00	725.00	23227
09850	RALPH LOTZ	09/04/2015	Regular	0.00	125.00	23228
09803	RAYMOND E SOUZA	09/04/2015	Regular	0.00	500.00	23229
09821	Richard & Judith Cole	09/04/2015	Regular	0.00	500.00	23230
09847	RICHARD DE LORIMIER	09/04/2015	Regular	0.00	100.00	23231
09922	Rick Weichert, Jabberwock Inn	09/04/2015	Regular	0.00	100.00	23232
09853	ROBERT J BRYANT	09/04/2015	Regular	0.00	500.00	23233
09837	ROBERT LUSTER	09/04/2015	Regular	0.00	200.00	23234
09876	RON GILMARTIN	09/04/2015	Regular	0.00	200.00	23235
09845	RONALD NEAR	09/04/2015	Regular	0.00	100.00	23236
09861	Rosaura Ruelas	09/04/2015	Regular	0.00	500.00	23237
09865	SALLY RICHMOND	09/04/2015	Regular	0.00	500.00	23238
09870	SANDRA DEVENPORT	09/04/2015	Regular	0.00	500.00	23239
09811	SARAH LEONARD	09/04/2015	Regular	0.00	125.00	23240
09893	SHIRLEY OLMSTED	09/04/2015	Regular	0.00	100.00	23241
09817	SONIA RAMIREZ	09/04/2015	Regular	0.00	500.00	23242
09830	STEPHAN GEORIS	09/04/2015	Regular	0.00	1,406.00	23243
09841	STEPHEN & NADINE NAKAJO	09/04/2015	Regular	0.00	300.00	23244
09875	Steven Henmi	09/04/2015	Regular	0.00	260.00	23245
09834	STEVEN WILSON	09/04/2015	Regular	0.00	200.00	23246
09912	TERESE L UENO	09/04/2015	Regular	0.00	500.00	23247
09828	Terrence F Coen	09/04/2015	Regular	0.00	440.00	23248
09871	TERRI POSADAS	09/04/2015	Regular	0.00	500.00	23249
09807	THOMAS H LIGHT	09/04/2015	Regular	0.00	125.00	23250
09894	Timothy Errington & Donna Singmaster	09/04/2015	Regular	0.00	125.00	23251
09903	Todd Poile	09/04/2015	Regular	0.00	500.00	23252
09905	TOM & MINDY HALL	09/04/2015	Regular	0.00	500.00	23253
09835	TOM & TRISH MCCANN	09/04/2015	Regular	0.00	100.00	23254
09887	Warren Braverman	09/04/2015	Regular	0.00	200.00	23255
09844	WAYNE IVERSEN	09/04/2015	Regular	0.00	100.00	23256
09901	Wayne Wade	09/04/2015	Regular	0.00	125.00	23257
09886	WILLIAM BENJAMIN	09/04/2015	Regular	0.00	100.00	23258
09832	William Carter	09/04/2015	Regular	0.00	100.00	23259
09892	WILLIE E MC COIN	09/04/2015	Regular	0.00	88.00	23260

**EXHIBIT 6-B**

Check Report

Date Range: 09/01/2015 - 09/30/2015

<b>Vendor Number</b>	<b>Vendor Name</b>	<b>Payment Date</b>	<b>Payment Type</b>	<b>Discount Amount</b>	<b>Payment Amount</b>	<b>Number</b>
09913	YUNJIN PRINCE	09/04/2015	Regular	0.00	500.00	23261

**Bank Code REBATES-02 Summary**

<b>Payment Type</b>	<b>Payable Count</b>	<b>Payment Count</b>	<b>Discount</b>	<b>Payment</b>
Regular Checks	120	120	0.00	42,798.70
Manual Checks	0	0	0.00	0.00
Voided Checks	0	1	0.00	-125.00
Bank Drafts	0	0	0.00	0.00
EFT's	0	0	0.00	0.00
	<b>120</b>	<b>121</b>	<b>0.00</b>	<b>42,673.70</b>

**EXHIBIT 6-B**

Check Report

Date Range: 09/01/2015 - 09/30/2015

**Fund Summary**

<b>Fund</b>	<b>Name</b>	<b>Period</b>	<b>Amount</b>
99	POOL CASH FUND	9/2015	667,111.90
			<hr/>
			<b>667,111.90</b>





**EXHIBIT 6-C**

**Payroll Bank Transaction Report - MPWMD**



Monterey Peninsula Water Mgmt District

By Payment Number

Date: 9/1/2015 - 9/30/2015

Payroll Set: 01 - Monterey Peninsula Water Management District

Payment Number	Payment Date	Payment Type	Employee Number	Employee Name	Check Amount	Direct Deposit Amount	Total Payment
1722	09/04/2015	Regular	1024	Stoldt, David J	0.00	5,679.86	5,679.86
1723	09/04/2015	Regular	1025	Tavani, Arlene M	0.00	1,882.11	1,882.11
1724	09/04/2015	Regular	1006	Dudley, Mark A	0.00	2,877.23	2,877.23
1725	09/04/2015	Regular	1039	Flores, Elizabeth	0.00	1,766.28	1,766.28
1726	09/04/2015	Regular	1018	Prasad, Suresh	0.00	3,587.39	3,587.39
1727	09/04/2015	Regular	1019	Reyes, Sara C	0.00	1,845.97	1,845.97
1728	09/04/2015	Regular	1020	Sandoval, Eric J	0.00	1,934.20	1,934.20
1729	09/04/2015	Regular	1021	Schmidlin, Cynthia L	0.00	1,607.55	1,607.55
1730	09/04/2015	Regular	1022	Soto, Paula	0.00	1,341.03	1,341.03
1731	09/04/2015	Regular	1002	Bekker, Mark	0.00	1,826.91	1,826.91
1732	09/04/2015	Regular	1005	Christensen, Thomas T	0.00	2,548.97	2,548.97
1733	09/04/2015	Regular	1008	Hampson, Larry M	0.00	3,205.64	3,205.64
1734	09/04/2015	Regular	1013	Lyons, Matthew J	0.00	1,641.53	1,641.53
1735	09/04/2015	Regular	1023	Stern, Henrietta L	0.00	2,147.17	2,147.17
1736	09/04/2015	Regular	6028	Atkins, Daniel N	0.00	708.22	708.22
1737	09/04/2015	Regular	1004	Chaney, Beverly M	0.00	2,128.76	2,128.76
1738	09/04/2015	Regular	1041	Gonnerman, Maryan C	0.00	217.95	217.95
1739	09/04/2015	Regular	1007	Hamilton, Cory R	0.00	2,027.53	2,027.53
1740	09/04/2015	Regular	1009	James, Gregory W	0.00	2,930.83	2,930.83
1741	09/04/2015	Regular	1011	Lear, Jonathan P	0.00	2,728.69	2,728.69
1742	09/04/2015	Regular	1012	Lindberg, Thomas L	0.00	2,157.49	2,157.49
1743	09/04/2015	Regular	1016	Oliver, Joseph W	0.00	2,613.65	2,613.65
1744	09/04/2015	Regular	1026	Urquhart, Kevan A	0.00	1,866.46	1,866.46
1745	09/04/2015	Regular	1001	Ayala, Gabriela D	0.00	1,653.75	1,653.75
1746	09/04/2015	Regular	1003	Boles, Michael T	0.00	1,769.69	1,769.69
1747	09/04/2015	Regular	1010	Kister, Stephanie L	0.00	1,828.66	1,828.66
1748	09/04/2015	Regular	1017	Locke, Stephanie L	0.00	2,335.12	2,335.12
1749	09/04/2015	Regular	1014	Martin, Debra S	0.00	1,895.78	1,895.78
1750	09/11/2015	Regular	7005	Markey, Kristina A	0.00	203.17	203.17
1751	09/18/2015	Regular	1024	Stoldt, David J	0.00	5,678.74	5,678.74
1752	09/18/2015	Regular	1025	Tavani, Arlene M	0.00	1,881.25	1,881.25
1753	09/18/2015	Regular	1006	Dudley, Mark A	0.00	2,876.10	2,876.10
1754	09/18/2015	Regular	1039	Flores, Elizabeth	0.00	1,849.28	1,849.28
1755	09/18/2015	Regular	1018	Prasad, Suresh	0.00	2,659.07	2,659.07
1756	09/18/2015	Regular	1019	Reyes, Sara C	0.00	1,845.21	1,845.21
1757	09/18/2015	Regular	1020	Sandoval, Eric J	0.00	1,933.24	1,933.24
1758	09/18/2015	Regular	1021	Schmidlin, Cynthia L	0.00	1,789.20	1,789.20
1759	09/18/2015	Regular	1022	Soto, Paula	0.00	1,340.46	1,340.46
1760	09/18/2015	Regular	1002	Bekker, Mark	0.00	1,626.52	1,626.52
1761	09/18/2015	Regular	1005	Christensen, Thomas T	0.00	2,547.84	2,547.84
1762	09/18/2015	Regular	1008	Hampson, Larry M	0.00	3,204.52	3,204.52
1763	09/18/2015	Regular	1013	Lyons, Matthew J	0.00	1,640.80	1,640.80
1764	09/18/2015	Regular	1023	Stern, Henrietta L	0.00	2,146.07	2,146.07
1765	09/18/2015	Regular	6028	Atkins, Daniel N	0.00	735.22	735.22
1766	09/18/2015	Regular	1004	Chaney, Beverly M	0.00	2,127.73	2,127.73
1767	09/18/2015	Regular	1007	Hamilton, Cory R	0.00	2,026.50	2,026.50
1768	09/18/2015	Regular	1009	James, Gregory W	0.00	2,929.72	2,929.72
1769	09/18/2015	Regular	1011	Lear, Jonathan P	0.00	2,727.57	2,727.57
1770	09/18/2015	Regular	1012	Lindberg, Thomas L	0.00	2,156.46	2,156.46
1771	09/18/2015	Regular	1016	Oliver, Joseph W	0.00	2,612.53	2,612.53
1772	09/18/2015	Regular	1026	Urquhart, Kevan A	0.00	1,878.80	1,878.80
1773	09/18/2015	Regular	1001	Ayala, Gabriela D	0.00	1,652.91	1,652.91
1774	09/18/2015	Regular	1003	Boles, Michael T	0.00	1,768.93	1,768.93
1775	09/18/2015	Regular	1041	Gonnerman, Maryan C	0.00	1,443.15	1,443.15
1776	09/18/2015	Regular	1010	Kister, Stephanie L	0.00	2,010.90	2,010.90
1777	09/18/2015	Regular	1017	Locke, Stephanie L	0.00	2,682.65	2,682.65
1778	09/18/2015	Regular	1014	Martin, Debra S	0.00	1,894.98	1,894.98

**EXHIBIT 6-C**

<b>Payment Number</b>	<b>Payment Date</b>	<b>Payment Type</b>	<b>Employee Number</b>	<b>Employee Name</b>	<b>Check Amount</b>	<b>Direct Deposit Amount</b>	<b>Total Payment</b>
23115	09/04/2015	Regular	6033	Suwada, Joseph	812.35	0.00	812.35
23300	09/11/2015	Regular	7006	Brower, Sr., Robert S	406.34	0.00	406.34
23301	09/11/2015	Regular	7007	Byrne, Jeannie	304.75	0.00	304.75
23302	09/11/2015	Regular	7013	Clarke, Andrew	101.58	0.00	101.58
23303	09/11/2015	Regular	7003	Lewis, Brenda	101.58	0.00	101.58
23304	09/11/2015	Regular	7001	Pendergrass, David K	203.17	0.00	203.17
23305	09/11/2015	Regular	7004	Potter, David L	101.58	0.00	101.58
23323	09/18/2015	Regular	6033	Suwada, Joseph	647.89	0.00	647.89
23324	09/18/2015	Regular	1040	Smith, Kyle	1,376.40	0.00	1,376.40
<b>Totals:</b>					<b>4,055.64</b>	<b>122,623.94</b>	<b>126,679.58</b>

**EXHIBIT 6-D**

Monterey Peninsula Water Mgmt District

**Bank Transaction Report****Transaction Detail**

Issued Date Range: 09/01/2015 - 09/30/2015

Cleared Date Range: -

Issued Date	Cleared Date	Number	Description	Module	Status	Type	Amount
<b>Bank Account: 111 - Bank of America Checking - 0000 8170 8210</b>							
09/04/2015	09/30/2015	<a href="#">DFT0000624</a>	I.R.S.	Accounts Payable	Cleared	Bank Draft	-10,700.48
09/04/2015	09/30/2015	<a href="#">DFT0000625</a>	I.R.S.	Accounts Payable	Cleared	Bank Draft	-2,213.90
09/04/2015	09/30/2015	<a href="#">DFT0000626</a>	I.R.S.	Accounts Payable	Cleared	Bank Draft	-263.80
09/11/2015	09/30/2015	<a href="#">DFT0000628</a>	I.R.S.	Accounts Payable	Cleared	Bank Draft	-44.70
09/11/2015	09/30/2015	<a href="#">DFT0000629</a>	I.R.S.	Accounts Payable	Cleared	Bank Draft	-190.96
09/15/2015	09/30/2015	<a href="#">SVC0000060</a>	To post bank service fee	General Ledger	Cleared	Service Charge	-285.43
09/18/2015	09/30/2015	<a href="#">DFT0000631</a>	I.R.S.	Accounts Payable	Cleared	Bank Draft	-10,820.98
09/18/2015	09/30/2015	<a href="#">DFT0000632</a>	I.R.S.	Accounts Payable	Cleared	Bank Draft	-2,275.24
09/18/2015	09/30/2015	<a href="#">DFT0000633</a>	I.R.S.	Accounts Payable	Cleared	Bank Draft	-211.34
<b>Bank Account 111 Total: (9)</b>							<b>-27,006.83</b>
<b>Report Total: (9)</b>							<b>-27,006.83</b>

**EXHIBIT 6-D**

## Bank Transaction Report

Issued Date Range: 09/01/2015 - 09/30/2015 Cleared Date Range: -

**Summary**

Bank Account	Count	Amount
<a href="#">111 Bank of America Checking - 0000 8170 8210</a>	9	-27,006.83
<b>Report Total:</b>	<b>9</b>	<b>-27,006.83</b>

Cash Account	Count	Amount
<a href="#">99 99-10-100100 Pool Cash Account</a>	9	-27,006.83
<b>Report Total:</b>	<b>9</b>	<b>-27,006.83</b>

Transaction Type	Count	Amount
Bank Draft	8	-26,721.40
Service Charge	1	-285.43
<b>Report Total:</b>	<b>9</b>	<b>-27,006.83</b>

**EXHIBIT 6-E**

Monterey Peninsula Water Mgmt District

## Statement of Revenue Over Expense - No Decimals

### Group Summary

For Fiscal: 2015-2016 Period Ending: 09/30/2015

Level...	September Activity	September Budget	Variance Favorable (Unfavorable)	Percent Used	YTD Activity	Total Budget	Variance Favorable (Unfavorable)	Percent Used
<b>Revenue</b>								
R100 - Water Supply Charge	0	283,220	-283,220	0.00 %	-1,528	3,400,000	-3,401,528	0.04 %
R110 - Mitigation Revenue	0	200,920	-200,920	0.00 %	0	2,412,000	-2,412,000	0.00 %
R120 - Property Taxes Revenues	0	130,781	-130,781	0.00 %	0	1,570,000	-1,570,000	0.00 %
R130 - User Fees	4,264	6,248	-1,984	-68.25 %	12,431	75,000	-62,569	-16.58 %
R140 - Connection Charges	17,119	14,578	2,542	-117.44 %	44,578	175,000	-130,422	-25.47 %
R150 - Permit Processing Fee	21,449	14,578	6,872	-147.14 %	44,221	175,000	-130,779	-25.27 %
R160 - Well Registration Fee	150	167	-17	-90.04 %	200	2,000	-1,800	-10.00 %
R180 - River Work Permit Application	50	0	50	0.00 %	50	0	50	0.00 %
R190 - WDS Permits Rule 21	11,204	4,665	6,539	-240.18 %	28,336	56,000	-27,664	-50.60 %
R200 - Recording Fees	2,047	666	1,381	-307.17 %	3,854	8,000	-4,146	-48.18 %
R210 - Legal Fees	399	1,250	-851	-31.93 %	627	15,000	-14,373	-4.18 %
R220 - Copy Fee	0	0	0	0.00 %	27	0	27	0.00 %
R230 - Miscellaneous - Other	5,877	1,250	4,628	-470.37 %	6,549	15,000	-8,451	-43.66 %
R240 - Insurance Refunds	1,352	0	1,352	0.00 %	1,352	0	1,352	0.00 %
R250 - Interest Income	2,560	1,250	1,311	-204.88 %	2,151	15,000	-12,849	-14.34 %
R260 - CAW - ASR	0	23,566	-23,566	0.00 %	0	282,900	-282,900	0.00 %
R265 - CAW - Los Padres Reimbursement	0	49,980	-49,980	0.00 %	0	600,000	-600,000	0.00 %
R270 - CAW - Rebates	42,799	58,310	-15,511	-73.40 %	132,158	700,000	-567,842	-18.88 %
R280 - CAW - Conservation	0	19,326	-19,326	0.00 %	0	232,000	-232,000	0.00 %
R290 - CAW - Miscellaneous	0	583	-583	0.00 %	0	7,000	-7,000	0.00 %
R300 - Watermaster	0	5,848	-5,848	0.00 %	0	70,200	-70,200	0.00 %
R305 - City of Seaside - Rebates	0	1,666	-1,666	0.00 %	0	20,000	-20,000	0.00 %
R310 - Other Reimbursements	0	5,415	-5,415	0.00 %	0	65,000	-65,000	0.00 %
R320 - Grants	10,471	22,908	-12,436	-45.71 %	10,471	275,000	-264,529	-3.81 %
R510 - Operating Reserve	0	270,009	-270,009	0.00 %	0	3,241,400	-3,241,400	0.00 %
<b>Total Revenue:</b>	<b>119,741</b>	<b>1,117,178</b>	<b>-997,437</b>	<b>-10.72 %</b>	<b>285,477</b>	<b>13,411,500</b>	<b>-13,126,023</b>	<b>-2.13 %</b>

**EXHIBIT 6-E****Statement of Revenue Over Expense - No Decimals**

For Fiscal: 2015-2016 Period Ending: 09/30/2015

Level...	September Activity	September Budget	Variance Favorable (Unfavorable)	Percent Used	YTD Activity	Total Budget	Variance Favorable (Unfavorable)	Percent Used
<b>Expense</b>								
<b>Level1: 100 - Personnel Costs</b>								
1100 - Salaries & Wages	274,417	197,838	-76,579	138.71 %	560,581	2,375,000	1,814,419	23.60 %
1110 - Manager's Auto Allowance	692	500	-192	138.51 %	1,615	6,000	4,385	26.92 %
1120 - Manager's Deferred Comp	900	650	-250	138.52 %	2,100	7,800	5,700	26.92 %
1130 - Unemployment Compensation	0	250	250	0.00 %	670	3,000	2,330	22.34 %
1140 - Insurance Opt-Out Supplemental	1,799	1,583	-216	113.67 %	4,779	19,000	14,221	25.15 %
1150 - Temporary Personnel	3,894	5,914	2,021	65.84 %	21,139	71,000	49,861	29.77 %
1160 - PERS Retirement	27,183	33,811	6,629	80.40 %	232,575	405,900	173,325	57.30 %
1170 - Medical Insurance	39,218	25,865	-13,353	151.63 %	87,785	310,500	222,715	28.27 %
1180 - Medical Insurance - Retirees	3,958	4,798	840	82.50 %	12,955	57,600	44,645	22.49 %
1190 - Workers Compensation	4,902	3,524	-1,378	139.12 %	11,432	42,300	30,868	27.03 %
1200 - Life Insurance	474	458	-16	103.45 %	1,350	5,500	4,150	24.54 %
1210 - Long Term Disability Insurance	1,200	1,166	-33	102.86 %	3,484	14,000	10,516	24.88 %
1220 - Short Term Disability Insurance	331	250	-81	132.35 %	676	3,000	2,324	22.52 %
1260 - Employee Assistance Program	104	100	-4	103.94 %	233	1,200	967	19.41 %
1270 - FICA Tax Expense	433	400	-33	108.20 %	1,081	4,800	3,719	22.53 %
1280 - Medicare Tax Expense	3,422	2,907	-515	117.70 %	7,801	34,900	27,099	22.35 %
1290 - Staff Development & Training	3,054	2,716	-338	112.46 %	3,954	32,600	28,646	12.13 %
1300 - Conference Registration	1,025	267	-758	384.53 %	1,025	3,200	2,175	32.03 %
1310 - Professional Dues	424	225	-199	188.52 %	424	2,700	2,276	15.70 %
1320 - Personnel Recruitment	0	417	417	0.00 %	1,321	5,000	3,679	26.43 %
<b>Total Level1: 100 - Personnel Costs:</b>	<b>367,428</b>	<b>283,636</b>	<b>-83,792</b>	<b>129.54 %</b>	<b>956,979</b>	<b>3,405,000</b>	<b>2,448,021</b>	<b>28.11 %</b>
<b>Level1: 200 - Supplies and Services</b>								
2000 - Board Member Compensation	1,540	3,082	1,542	49.97 %	3,300	37,000	33,700	8.92 %
2020 - Board Expenses	0	333	333	0.00 %	0	4,000	4,000	0.00 %
2040 - Rent	1,725	1,966	241	87.75 %	4,780	23,600	18,820	20.25 %
2060 - Utilities	3,297	3,199	-98	103.06 %	9,431	38,400	28,969	24.56 %
2120 - Insurance Expense	0	3,749	3,749	0.00 %	0	45,000	45,000	0.00 %
2130 - Membership Dues	0	2,291	2,291	0.00 %	386	27,500	27,114	1.40 %
2140 - Bank Charges	478	292	-187	164.02 %	1,217	3,500	2,283	34.76 %
2150 - Office Supplies	1,608	1,358	-250	118.43 %	3,326	16,300	12,974	20.40 %
2160 - Courier Expense	759	666	-93	113.90 %	2,107	8,000	5,893	26.34 %
2170 - Printing/Photocopy	0	750	750	0.00 %	182	9,000	8,818	2.02 %
2180 - Postage & Shipping	222	333	111	66.73 %	1,595	4,000	2,405	39.88 %
2190 - IT Supplies/Services	1,729	8,780	7,051	19.70 %	40,755	105,400	64,645	38.67 %
2200 - Professional Fees	22,800	11,246	-11,555	202.75 %	51,955	135,000	83,045	38.49 %
2220 - Equipment Repairs & Maintenance	0	583	583	0.00 %	1,786	7,000	5,214	25.52 %
2235 - Equipment Lease	946	1,250	303	75.72 %	3,226	15,000	11,774	21.51 %
2240 - Telephone	2,577	3,615	1,039	71.27 %	7,280	43,400	36,120	16.77 %
2260 - Facility Maintenance	2,565	2,899	334	88.47 %	6,853	34,800	27,947	19.69 %
2270 - Travel Expenses	1,825	2,682	857	68.04 %	4,388	32,200	27,812	13.63 %

**EXHIBIT 6-E****Statement of Revenue Over Expense - No Decimals**

For Fiscal: 2015-2016 Period Ending: 09/30/2015

Level...	September Activity	September Budget	Variance Favorable (Unfavorable)	Percent Used	YTD Activity	Total Budget	Variance Favorable (Unfavorable)	Percent Used
2280 - Transportation	1,735	1,883	147	92.17 %	5,133	22,600	17,467	22.71 %
2300 - Legal Services	40,673	33,320	-7,353	122.07 %	92,868	400,000	307,132	23.22 %
2380 - Meeting Expenses	240	600	360	40.02 %	699	7,200	6,501	9.71 %
2420 - Legal Notices	0	358	358	0.00 %	0	4,300	4,300	0.00 %
2460 - Public Outreach	0	417	417	0.00 %	43	5,000	4,957	0.86 %
2480 - Miscellaneous	379	417	38	90.97 %	1,023	5,000	3,977	20.46 %
2500 - Tax Administration Fee	0	1,666	1,666	0.00 %	0	20,000	20,000	0.00 %
2900 - Operating Supplies	10,879	1,741	-9,138	624.90 %	11,569	20,900	9,331	55.35 %
<b>Total Level1: 200 - Supplies and Services:</b>	<b>95,977</b>	<b>89,473</b>	<b>-6,504</b>	<b>107.27 %</b>	<b>253,901</b>	<b>1,074,100</b>	<b>820,199</b>	<b>23.64 %</b>
<b>Level1: 300 - Other Expenses</b>								
3000 - Project Expenses	146,405	658,095	511,690	22.25 %	725,499	7,900,300	7,174,801	9.18 %
4000 - Fixed Asset Purchases	0	12,037	12,037	0.00 %	4,853	144,500	139,647	3.36 %
5000 - Debt Service	0	19,159	19,159	0.00 %	0	230,000	230,000	0.00 %
5500 - Election Expenses	0	18,992	18,992	0.00 %	0	228,000	228,000	0.00 %
6000 - Contingencies	0	6,248	6,248	0.00 %	0	75,000	75,000	0.00 %
6500 - Reserves	0	29,538	29,538	0.00 %	0	354,600	354,600	0.00 %
<b>Total Level1: 300 - Other Expenses:</b>	<b>146,405</b>	<b>744,069</b>	<b>597,664</b>	<b>19.68 %</b>	<b>730,352</b>	<b>8,932,400</b>	<b>8,202,048</b>	<b>8.18 %</b>
<b>Total Expense:</b>	<b>609,810</b>	<b>1,117,178</b>	<b>507,368</b>	<b>54.58 %</b>	<b>1,941,233</b>	<b>13,411,500</b>	<b>11,470,267</b>	<b>14.47 %</b>
<b>Report Total:</b>	<b>-490,069</b>	<b>0</b>	<b>-490,069</b>		<b>-1,655,756</b>	<b>0</b>	<b>-1,655,756</b>	

**EXHIBIT 6-E**

Statement of Revenue Over Expense - No Decimals

For Fiscal: 2015-2016 Period Ending: 09/30/2015

**Fund Summary**

<b>Fund</b>	<b>September Activity</b>	<b>September Budget</b>	<b>Variance Favorable (Unfavorable)</b>	<b>Percent Used</b>	<b>YTD Activity</b>	<b>Total Budget</b>	<b>Variance Favorable (Unfavorable)</b>	<b>Percent Used</b>
24 - MITIGATION FUND	-182,105	0	-182,105		-498,562	0	-498,562	
26 - CONSERVATION FUND	-98,237	0	-98,237		-265,774	0	-265,774	
35 - WATER SUPPLY FUND	-209,727	0	-209,727		-891,420	0	-891,420	
<b>Report Total:</b>	<b>-490,069</b>	<b>0.08</b>	<b>-490,069</b>		<b>-1,655,756</b>	<b>0</b>	<b>-1,655,756</b>	



**EXHIBIT 6-E**

Monterey Peninsula Water Mgmt District

# Statement of Revenue Over Expense - No Decimals

## Group Summary

For Fiscal: 2015-2016 Period Ending: 09/30/2015

Level...	September Activity	September Budget	Variance Favorable (Unfavorable)	Percent Used	YTD Activity	Total Budget	Variance Favorable (Unfavorable)	Percent Used
<b>Fund: 24 - MITIGATION FUND</b>								
<b>Revenue</b>								
R110 - Mitigation Revenue	0	200,920	-200,920	0.00 %	0	2,412,000	-2,412,000	0.00 %
R130 - User Fees	3,599	6,248	-2,648	-57.61 %	10,495	75,000	-64,505	-13.99 %
R160 - Well Registration Fee	150	167	-17	-90.04 %	200	2,000	-1,800	-10.00 %
R180 - River Work Permit Application	50	0	50	0.00 %	50	0	50	0.00 %
R190 - WDS Permits Rule 21	11,204	4,665	6,539	-240.18 %	28,336	56,000	-27,664	-50.60 %
R230 - Miscellaneous - Other	443	1,250	-807	-35.45 %	443	15,000	-14,557	-2.95 %
R250 - Interest Income	153	541	-388	-28.29 %	451	6,500	-6,049	-6.93 %
R290 - CAW - Miscellaneous	0	583	-583	0.00 %	0	7,000	-7,000	0.00 %
R310 - Other Reimbursements	0	4,582	-4,582	0.00 %	0	55,000	-55,000	0.00 %
R320 - Grants	10,471	22,908	-12,436	-45.71 %	10,471	275,000	-264,529	-3.81 %
R510 - Operating Reserve	0	10,579	-10,579	0.00 %	0	127,000	-127,000	0.00 %
<b>Total Revenue:</b>	<b>26,071</b>	<b>252,441</b>	<b>-226,370</b>	<b>-10.33 %</b>	<b>50,446</b>	<b>3,030,500</b>	<b>-2,980,054</b>	<b>-1.66 %</b>

**EXHIBIT 6-E****Statement of Revenue Over Expense - No Decimals**

For Fiscal: 2015-2016 Period Ending: 09/30/2015

Level...	September Activity	September Budget	Variance Favorable (Unfavorable)	Percent Used	YTD Activity	Total Budget	Variance Favorable (Unfavorable)	Percent Used
<b>Expense</b>								
<b>Level1: 100 - Personnel Costs</b>								
1100 - Salaries & Wages	114,439	83,308	-31,131	137.37 %	239,241	1,000,100	760,859	23.92 %
1110 - Manager's Auto Allowance	138	100	-38	138.51 %	323	1,200	877	26.92 %
1120 - Manager's Deferred Comp	180	133	-47	135.05 %	420	1,600	1,180	26.25 %
1130 - Unemployment Compensation	0	108	108	0.00 %	288	1,300	1,012	22.16 %
1140 - Insurance Opt-Out Supplemental	455	421	-34	108.07 %	1,252	5,050	3,798	24.80 %
1150 - Temporary Personnel	0	42	42	0.00 %	4,695	500	-4,195	938.95 %
1160 - PERS Retirement	11,497	14,461	2,964	79.50 %	100,650	173,600	72,950	57.98 %
1170 - Medical Insurance	16,638	11,262	-5,376	147.74 %	38,483	135,200	96,717	28.46 %
1180 - Medical Insurance - Retirees	1,702	2,066	364	82.39 %	5,570	24,800	19,230	22.46 %
1190 - Workers Compensation	2,992	2,107	-884	141.96 %	7,028	25,300	18,272	27.78 %
1200 - Life Insurance	202	196	-6	103.09 %	575	2,350	1,775	24.49 %
1210 - Long Term Disability Insurance	507	516	10	98.10 %	1,520	6,200	4,680	24.51 %
1220 - Short Term Disability Insurance	140	108	-31	129.06 %	294	1,300	1,006	22.60 %
1260 - Employee Assistance Program	43	42	-1	103.34 %	100	500	400	19.90 %
1270 - FICA Tax Expense	378	192	-187	197.40 %	965	2,300	1,335	41.95 %
1280 - Medicare Tax Expense	1,505	1,241	-263	121.22 %	3,507	14,900	11,393	23.53 %
1290 - Staff Development & Training	609	841	233	72.33 %	996	10,100	9,104	9.86 %
1300 - Conference Registration	206	117	-90	176.99 %	206	1,400	1,194	14.74 %
1310 - Professional Dues	75	83	8	90.34 %	75	1,000	925	7.53 %
1320 - Personnel Recruitment	0	175	175	0.00 %	0	2,100	2,100	0.00 %
<b>Total Level1: 100 - Personnel Costs:</b>	<b>151,706</b>	<b>117,520</b>	<b>-34,186</b>	<b>129.09 %</b>	<b>406,188</b>	<b>1,410,800</b>	<b>1,004,612</b>	<b>28.79 %</b>
<b>Level1: 200 - Supplies and Services</b>								
2000 - Board Member Compensation	662	1,324	662	50.00 %	1,419	15,900	14,481	8.92 %
2020 - Board Expenses	0	142	142	0.00 %	0	1,700	1,700	0.00 %
2040 - Rent	815	908	93	89.75 %	2,247	10,900	8,653	20.62 %
2060 - Utilities	1,430	1,383	-47	103.43 %	4,098	16,600	12,502	24.68 %
2120 - Insurance Expense	0	1,608	1,608	0.00 %	0	19,300	19,300	0.00 %
2130 - Membership Dues	0	833	833	0.00 %	0	10,000	10,000	0.00 %
2140 - Bank Charges	123	125	2	98.23 %	375	1,500	1,125	24.99 %
2150 - Office Supplies	688	583	-105	118.05 %	1,450	7,000	5,550	20.72 %
2160 - Courier Expense	326	283	-43	115.24 %	906	3,400	2,494	26.65 %
2170 - Printing/Photocopy	0	233	233	0.00 %	78	2,800	2,722	2.80 %
2180 - Postage & Shipping	113	142	28	79.96 %	714	1,700	986	41.98 %
2190 - IT Supplies/Services	744	3,790	3,047	19.62 %	17,525	45,500	27,975	38.52 %
2200 - Professional Fees	9,804	4,831	-4,973	202.92 %	21,533	58,000	36,467	37.13 %
2220 - Equipment Repairs & Maintenance	0	250	250	0.00 %	768	3,000	2,232	25.60 %
2235 - Equipment Lease	407	533	126	76.31 %	1,387	6,400	5,013	21.68 %
2240 - Telephone	1,166	1,558	392	74.86 %	3,280	18,700	15,420	17.54 %
2260 - Facility Maintenance	1,103	1,258	155	87.67 %	2,947	15,100	12,153	19.51 %
2270 - Travel Expenses	435	900	465	48.32 %	1,010	10,800	9,790	9.36 %

**EXHIBIT 6-E****Statement of Revenue Over Expense - No Decimals**

For Fiscal: 2015-2016 Period Ending: 09/30/2015

Level...	September Activity	September Budget	Variance Favorable (Unfavorable)	Percent Used	YTD Activity	Total Budget	Variance Favorable (Unfavorable)	Percent Used
2280 - Transportation	1,089	733	-356	148.54 %	3,961	8,800	4,839	45.01 %
2300 - Legal Services	8,861	7,497	-1,364	118.19 %	11,806	90,000	78,194	13.12 %
2380 - Meeting Expenses	103	225	122	45.89 %	306	2,700	2,394	11.32 %
2420 - Legal Notices	0	150	150	0.00 %	0	1,800	1,800	0.00 %
2460 - Public Outreach	0	175	175	0.00 %	0	2,100	2,100	0.00 %
2480 - Miscellaneous	163	183	20	88.90 %	440	2,200	1,760	19.99 %
2900 - Operating Supplies	27	283	256	9.53 %	185	3,400	3,215	5.45 %
<b>Total Level1: 200 - Supplies and Services:</b>	<b>28,059</b>	<b>29,930</b>	<b>1,871</b>	<b>93.75 %</b>	<b>76,436</b>	<b>359,300</b>	<b>282,864</b>	<b>21.27 %</b>
<b>Level1: 300 - Other Expenses</b>								
3000 - Project Expenses	28,411	59,043	30,632	48.12 %	64,297	708,800	644,503	9.07 %
4000 - Fixed Asset Purchases	0	5,581	5,581	0.00 %	2,087	67,000	64,913	3.11 %
5500 - Election Expenses	0	8,163	8,163	0.00 %	0	98,000	98,000	0.00 %
6000 - Contingencies	0	2,666	2,666	0.00 %	0	32,000	32,000	0.00 %
6500 - Reserves	0	29,538	29,538	0.00 %	0	354,600	354,600	0.00 %
<b>Total Level1: 300 - Other Expenses:</b>	<b>28,411</b>	<b>104,991</b>	<b>76,580</b>	<b>27.06 %</b>	<b>66,384</b>	<b>1,260,400</b>	<b>1,194,016</b>	<b>5.27 %</b>
<b>Total Expense:</b>	<b>208,176</b>	<b>252,441</b>	<b>44,265</b>	<b>82.47 %</b>	<b>549,007</b>	<b>3,030,500</b>	<b>2,481,493</b>	<b>18.12 %</b>
<b>Total Revenues</b>	<b>26,071</b>	<b>252,441</b>	<b>-226,370</b>	<b>-10.33 %</b>	<b>50,446</b>	<b>3,030,500</b>	<b>-2,980,054</b>	<b>-1.66 %</b>
<b>Total Fund: 24 - MITIGATION FUND:</b>	<b>-182,105</b>	<b>0</b>	<b>-182,105</b>		<b>-498,562</b>	<b>0</b>	<b>-498,562</b>	

**EXHIBIT 6-E****Statement of Revenue Over Expense - No Decimals**

For Fiscal: 2015-2016 Period Ending: 09/30/2015

Level...	September Activity	September Budget	Variance Favorable (Unfavorable)	Percent Used	YTD Activity	Total Budget	Variance Favorable (Unfavorable)	Percent Used
<b>Fund: 26 - CONSERVATION FUND</b>								
<b>Revenue</b>								
R120 - Property Taxes Revenues	0	90,131	-90,131	0.00 %	0	1,082,000	-1,082,000	0.00 %
R130 - User Fees	664	0	664	0.00 %	1,937	0	1,937	0.00 %
R150 - Permit Processing Fee	21,449	14,578	6,872	-147.14 %	44,221	175,000	-130,779	-25.27 %
R200 - Recording Fees	2,047	666	1,381	-307.17 %	3,854	8,000	-4,146	-48.18 %
R210 - Legal Fees	399	1,250	-851	-31.93 %	627	15,000	-14,373	-4.18 %
R230 - Miscellaneous - Other	217	0	217	0.00 %	217	0	217	0.00 %
R250 - Interest Income	1,457	333	1,124	-437.29 %	985	4,000	-3,016	-24.61 %
R270 - CAW - Rebates	42,799	58,310	-15,511	-73.40 %	132,158	700,000	-567,842	-18.88 %
R280 - CAW - Conservation	0	19,326	-19,326	0.00 %	0	232,000	-232,000	0.00 %
R305 - City of Seaside - Rebates	0	1,666	-1,666	0.00 %	0	20,000	-20,000	0.00 %
R310 - Other Reimbursements	0	833	-833	0.00 %	0	10,000	-10,000	0.00 %
R510 - Operating Reserve	0	2,666	-2,666	0.00 %	0	32,000	-32,000	0.00 %
<b>Total Revenue:</b>	<b>69,032</b>	<b>189,757</b>	<b>-120,725</b>	<b>-36.38 %</b>	<b>183,999</b>	<b>2,278,000</b>	<b>-2,094,001</b>	<b>-8.08 %</b>

**EXHIBIT 6-E****Statement of Revenue Over Expense - No Decimals**

For Fiscal: 2015-2016 Period Ending: 09/30/2015

Level...	September Activity	September Budget	Variance Favorable (Unfavorable)	Percent Used	YTD Activity	Total Budget	Variance Favorable (Unfavorable)	Percent Used
<b>Expense</b>								
<b>Level1: 100 - Personnel Costs</b>								
1100 - Salaries & Wages	67,910	44,749	-23,162	151.76 %	136,413	537,200	400,787	25.39 %
1110 - Manager's Auto Allowance	138	100	-38	138.51 %	323	1,200	877	26.92 %
1120 - Manager's Deferred Comp	180	133	-47	135.05 %	420	1,600	1,180	26.25 %
1130 - Unemployment Compensation	0	58	58	0.00 %	161	700	539	22.97 %
1140 - Insurance Opt-Out Supplemental	455	421	-34	108.07 %	1,252	5,050	3,798	24.80 %
1150 - Temporary Personnel	3,894	5,848	1,954	66.59 %	12,841	70,200	57,359	18.29 %
1160 - PERS Retirement	6,442	7,755	1,313	83.07 %	55,161	93,100	37,939	59.25 %
1170 - Medical Insurance	11,407	6,656	-4,751	171.39 %	23,530	79,900	56,370	29.45 %
1180 - Medical Insurance - Retirees	950	1,150	200	82.64 %	3,109	13,800	10,691	22.53 %
1190 - Workers Compensation	259	175	-85	148.31 %	558	2,100	1,542	26.58 %
1200 - Life Insurance	125	133	8	93.72 %	366	1,600	1,234	22.86 %
1210 - Long Term Disability Insurance	322	262	-60	122.68 %	851	3,150	2,299	27.01 %
1220 - Short Term Disability Insurance	89	58	-30	152.24 %	168	700	532	23.98 %
1260 - Employee Assistance Program	30	25	-5	120.21 %	62	300	238	20.80 %
1270 - FICA Tax Expense	23	42	19	55.03 %	49	500	451	9.82 %
1280 - Medicare Tax Expense	943	650	-294	145.18 %	2,040	7,800	5,760	26.15 %
1290 - Staff Development & Training	2,017	1,200	-817	168.13 %	2,233	14,400	12,167	15.51 %
1300 - Conference Registration	660	50	-610	1,320.93 %	660	600	-60	110.03 %
1310 - Professional Dues	291	50	-241	582.23 %	291	600	309	48.50 %
1320 - Personnel Recruitment	0	100	100	0.00 %	1,300	1,200	-100	108.33 %
<b>Total Level1: 100 - Personnel Costs:</b>	<b>96,136</b>	<b>69,614</b>	<b>-26,522</b>	<b>138.10 %</b>	<b>241,789</b>	<b>835,700</b>	<b>593,911</b>	<b>28.93 %</b>
<b>Level1: 200 - Supplies and Services</b>								
2000 - Board Member Compensation	370	741	372	49.85 %	792	8,900	8,108	8.90 %
2020 - Board Expenses	0	83	83	0.00 %	0	1,000	1,000	0.00 %
2040 - Rent	163	258	95	63.20 %	490	3,100	2,610	15.79 %
2060 - Utilities	790	758	-32	104.28 %	2,245	9,100	6,855	24.67 %
2120 - Insurance Expense	0	900	900	0.00 %	0	10,800	10,800	0.00 %
2130 - Membership Dues	0	808	808	0.00 %	386	9,700	9,314	3.98 %
2140 - Bank Charges	69	67	-2	102.79 %	209	800	591	26.16 %
2150 - Office Supplies	384	325	-59	118.27 %	796	3,900	3,104	20.40 %
2160 - Courier Expense	182	167	-16	109.34 %	506	2,000	1,494	25.28 %
2170 - Printing/Photocopy	0	342	342	0.00 %	44	4,100	4,056	1.07 %
2180 - Postage & Shipping	5	83	78	6.22 %	362	1,000	638	36.24 %
2190 - IT Supplies/Services	424	2,058	1,634	20.60 %	9,606	24,700	15,094	38.89 %
2200 - Professional Fees	5,472	2,699	-2,773	202.75 %	12,019	32,400	20,381	37.09 %
2220 - Equipment Repairs & Maintenance	0	142	142	0.00 %	429	1,700	1,271	25.22 %
2235 - Equipment Lease	227	300	73	75.72 %	786	3,600	2,814	21.83 %
2240 - Telephone	542	800	257	67.81 %	1,472	9,600	8,128	15.34 %
2260 - Facility Maintenance	615	641	26	95.96 %	1,645	7,700	6,055	21.36 %
2270 - Travel Expenses	1,044	1,033	-11	101.03 %	1,896	12,400	10,504	15.29 %

**EXHIBIT 6-E****Statement of Revenue Over Expense - No Decimals**

For Fiscal: 2015-2016 Period Ending: 09/30/2015

Level...	September Activity	September Budget	Variance Favorable (Unfavorable)	Percent Used	YTD Activity	Total Budget	Variance Favorable (Unfavorable)	Percent Used
2280 - Transportation	646	417	-230	155.17 %	887	5,000	4,113	17.75 %
2300 - Legal Services	3,858	4,998	1,140	77.19 %	9,608	60,000	50,392	16.01 %
2380 - Meeting Expenses	58	200	142	28.81 %	166	2,400	2,234	6.90 %
2420 - Legal Notices	0	92	92	0.00 %	0	1,100	1,100	0.00 %
2460 - Public Outreach	0	100	100	0.00 %	0	1,200	1,200	0.00 %
2480 - Miscellaneous	91	100	9	90.98 %	245	1,200	955	20.46 %
2500 - Tax Administration Fee	0	658	658	0.00 %	0	7,900	7,900	0.00 %
2900 - Operating Supplies	10,825	1,216	-9,609	890.11 %	11,267	14,600	3,333	77.17 %
<b>Total Level1: 200 - Supplies and Services:</b>	<b>25,765</b>	<b>19,984</b>	<b>-5,782</b>	<b>128.93 %</b>	<b>55,854</b>	<b>239,900</b>	<b>184,046</b>	<b>23.28 %</b>
<b>Level1: 300 - Other Expenses</b>								
3000 - Project Expenses	45,367	92,588	47,221	49.00 %	150,819	1,111,500	960,681	13.57 %
4000 - Fixed Asset Purchases	0	1,491	1,491	0.00 %	1,310	17,900	16,590	7.32 %
5500 - Election Expenses	0	4,582	4,582	0.00 %	0	55,000	55,000	0.00 %
6000 - Contingencies	0	1,499	1,499	0.00 %	0	18,000	18,000	0.00 %
<b>Total Level1: 300 - Other Expenses:</b>	<b>45,367</b>	<b>100,160</b>	<b>54,793</b>	<b>45.29 %</b>	<b>152,129</b>	<b>1,202,400</b>	<b>1,050,271</b>	<b>12.65 %</b>
<b>Total Expense:</b>	<b>167,269</b>	<b>189,757</b>	<b>22,489</b>	<b>88.15 %</b>	<b>449,773</b>	<b>2,278,000</b>	<b>1,828,227</b>	<b>19.74 %</b>
<b>Total Revenues</b>	<b>69,032</b>	<b>189,757</b>	<b>-120,725</b>	<b>-36.38 %</b>	<b>183,999</b>	<b>2,278,000</b>	<b>-2,094,001</b>	<b>-8.08 %</b>
<b>Total Fund: 26 - CONSERVATION FUND:</b>	<b>-98,237</b>	<b>0</b>	<b>-98,237</b>		<b>-265,774</b>	<b>0</b>	<b>-265,774</b>	

**EXHIBIT 6-E****Statement of Revenue Over Expense - No Decimals**

For Fiscal: 2015-2016 Period Ending: 09/30/2015

Level...	September Activity	September Budget	Variance Favorable (Unfavorable)	Percent Used	YTD Activity	Total Budget	Variance Favorable (Unfavorable)	Percent Used
<b>Fund: 35 - WATER SUPPLY FUND</b>								
<b>Revenue</b>								
R100 - Water Supply Charge	0	283,220	-283,220	0.00 %	-1,528	3,400,000	-3,401,528	0.04 %
R120 - Property Taxes Revenues	0	40,650	-40,650	0.00 %	0	488,000	-488,000	0.00 %
R140 - Connection Charges	17,119	14,578	2,542	-117.44 %	44,578	175,000	-130,422	-25.47 %
R220 - Copy Fee	0	0	0	0.00 %	27	0	27	0.00 %
R230 - Miscellaneous - Other	5,217	0	5,217	0.00 %	5,889	0	5,889	0.00 %
R240 - Insurance Refunds	1,352	0	1,352	0.00 %	1,352	0	1,352	0.00 %
R250 - Interest Income	950	375	575	-253.39 %	716	4,500	-3,784	-15.90 %
R260 - CAW - ASR	0	23,566	-23,566	0.00 %	0	282,900	-282,900	0.00 %
R265 - CAW - Los Padres Reimbursement	0	49,980	-49,980	0.00 %	0	600,000	-600,000	0.00 %
R300 - Watermaster	0	5,848	-5,848	0.00 %	0	70,200	-70,200	0.00 %
R510 - Operating Reserve	0	256,764	-256,764	0.00 %	0	3,082,400	-3,082,400	0.00 %
<b>Total Revenue:</b>	<b>24,638</b>	<b>674,980</b>	<b>-650,342</b>	<b>-3.65 %</b>	<b>51,033</b>	<b>8,103,000</b>	<b>-8,051,967</b>	<b>-0.63 %</b>

**EXHIBIT 6-E****Statement of Revenue Over Expense - No Decimals**

For Fiscal: 2015-2016 Period Ending: 09/30/2015

Level...	September Activity	September Budget	Variance Favorable (Unfavorable)	Percent Used	YTD Activity	Total Budget	Variance Favorable (Unfavorable)	Percent Used
<b>Expense</b>								
<b>Level1: 100 - Personnel Costs</b>								
1100 - Salaries & Wages	92,067	69,780	-22,287	131.94 %	184,926	837,700	652,774	22.08 %
1110 - Manager's Auto Allowance	415	300	-116	138.52 %	969	3,600	2,631	26.92 %
1120 - Manager's Deferred Comp	540	383	-157	140.93 %	1,260	4,600	3,340	27.39 %
1130 - Unemployment Compensation	0	83	83	0.00 %	221	1,000	779	22.11 %
1140 - Insurance Opt-Out Supplemental	890	741	-148	120.01 %	2,274	8,900	6,626	25.55 %
1150 - Temporary Personnel	0	25	25	0.00 %	3,603	300	-3,303	1,200.98 %
1160 - PERS Retirement	9,244	11,595	2,352	79.72 %	76,765	139,200	62,435	55.15 %
1170 - Medical Insurance	11,172	7,947	-3,226	140.59 %	25,771	95,400	69,629	27.01 %
1180 - Medical Insurance - Retirees	1,306	1,583	276	82.53 %	4,275	19,000	14,725	22.50 %
1190 - Workers Compensation	1,651	1,241	-409	132.99 %	3,846	14,900	11,054	25.81 %
1200 - Life Insurance	147	129	-18	114.04 %	409	1,550	1,141	26.36 %
1210 - Long Term Disability Insurance	371	387	16	95.79 %	1,113	4,650	3,537	23.94 %
1220 - Short Term Disability Insurance	102	83	-19	122.69 %	214	1,000	786	21.41 %
1260 - Employee Assistance Program	31	33	3	92.49 %	71	400	329	17.75 %
1270 - FICA Tax Expense	32	167	135	18.91 %	68	2,000	1,933	3.38 %
1280 - Medicare Tax Expense	974	1,016	42	95.84 %	2,254	12,200	9,946	18.48 %
1290 - Staff Development & Training	429	675	246	63.53 %	726	8,100	7,374	8.96 %
1300 - Conference Registration	158	100	-58	158.46 %	158	1,200	1,042	13.20 %
1310 - Professional Dues	58	92	34	63.03 %	58	1,100	1,042	5.25 %
1320 - Personnel Recruitment	0	142	142	0.00 %	21	1,700	1,679	1.26 %
<b>Total Level1: 100 - Personnel Costs:</b>	<b>119,587</b>	<b>96,503</b>	<b>-23,084</b>	<b>123.92 %</b>	<b>309,002</b>	<b>1,158,500</b>	<b>849,498</b>	<b>26.67 %</b>
<b>Level1: 200 - Supplies and Services</b>								
2000 - Board Member Compensation	508	1,016	508	50.01 %	1,089	12,200	11,111	8.93 %
2020 - Board Expenses	0	108	108	0.00 %	0	1,300	1,300	0.00 %
2040 - Rent	747	800	53	93.40 %	2,043	9,600	7,557	21.28 %
2060 - Utilities	1,076	1,058	-18	101.70 %	3,089	12,700	9,611	24.32 %
2120 - Insurance Expense	0	1,241	1,241	0.00 %	0	14,900	14,900	0.00 %
2130 - Membership Dues	0	650	650	0.00 %	0	7,800	7,800	0.00 %
2140 - Bank Charges	287	100	-187	287.08 %	633	1,200	567	52.71 %
2150 - Office Supplies	535	450	-86	119.02 %	1,080	5,400	4,320	20.00 %
2160 - Courier Expense	250	217	-34	115.65 %	695	2,600	1,905	26.74 %
2170 - Printing/Photocopy	0	175	175	0.00 %	60	2,100	2,040	2.86 %
2180 - Postage & Shipping	104	108	4	95.99 %	519	1,300	781	39.94 %
2190 - IT Supplies/Services	562	2,932	2,370	19.16 %	13,625	35,200	21,575	38.71 %
2200 - Professional Fees	7,524	3,715	-3,809	202.52 %	18,403	44,600	26,197	41.26 %
2220 - Equipment Repairs & Maintenance	0	192	192	0.00 %	589	2,300	1,711	25.63 %
2235 - Equipment Lease	312	417	104	74.96 %	1,053	5,000	3,947	21.06 %
2240 - Telephone	868	1,258	390	69.03 %	2,528	15,100	12,572	16.74 %
2260 - Facility Maintenance	846	1,000	153	84.66 %	2,261	12,000	9,739	18.84 %
2270 - Travel Expenses	347	750	403	46.24 %	1,481	9,000	7,519	16.46 %



**EXHIBIT 6-E****Statement of Revenue Over Expense - No Decimals**

For Fiscal: 2015-2016 Period Ending: 09/30/2015

Level...	September Activity	September Budget	Variance Favorable (Unfavorable)	Percent Used	YTD Activity	Total Budget	Variance Favorable (Unfavorable)	Percent Used
2280 - Transportation	0	733	733	0.00 %	284	8,800	8,516	3.23 %
2300 - Legal Services	27,954	20,825	-7,129	134.23 %	71,453	250,000	178,547	28.58 %
2380 - Meeting Expenses	79	175	96	45.28 %	228	2,100	1,872	10.85 %
2420 - Legal Notices	0	117	117	0.00 %	0	1,400	1,400	0.00 %
2460 - Public Outreach	0	142	142	0.00 %	43	1,700	1,657	2.53 %
2480 - Miscellaneous	125	133	8	93.80 %	338	1,600	1,262	21.10 %
2500 - Tax Administration Fee	0	1,008	1,008	0.00 %	0	12,100	12,100	0.00 %
2900 - Operating Supplies	27	242	215	11.18 %	117	2,900	2,783	4.02 %
<b>Total Level1: 200 - Supplies and Services:</b>	<b>42,152</b>	<b>39,559</b>	<b>-2,593</b>	<b>106.55 %</b>	<b>121,611</b>	<b>474,900</b>	<b>353,289</b>	<b>25.61 %</b>
<b>Level1: 300 - Other Expenses</b>								
3000 - Project Expenses	72,627	506,464	433,837	14.34 %	510,383	6,080,000	5,569,617	8.39 %
4000 - Fixed Asset Purchases	0	4,965	4,965	0.00 %	1,456	59,600	58,144	2.44 %
5000 - Debt Service	0	19,159	19,159	0.00 %	0	230,000	230,000	0.00 %
5500 - Election Expenses	0	6,248	6,248	0.00 %	0	75,000	75,000	0.00 %
6000 - Contingencies	0	2,083	2,083	0.00 %	0	25,000	25,000	0.00 %
<b>Total Level1: 300 - Other Expenses:</b>	<b>72,627</b>	<b>538,918</b>	<b>466,291</b>	<b>13.48 %</b>	<b>511,839</b>	<b>6,469,600</b>	<b>5,957,761</b>	<b>7.91 %</b>
<b>Total Expense:</b>	<b>234,365</b>	<b>674,980</b>	<b>440,614</b>	<b>34.72 %</b>	<b>942,453</b>	<b>8,103,000</b>	<b>7,160,547</b>	<b>11.63 %</b>
<b>Total Revenues</b>	<b>24,638</b>	<b>674,980</b>	<b>-650,342</b>	<b>-3.65 %</b>	<b>51,033</b>	<b>8,103,000</b>	<b>-8,051,967</b>	<b>-0.63 %</b>
<b>Total Fund: 35 - WATER SUPPLY FUND:</b>	<b>-209,727</b>	<b>0</b>	<b>-209,727</b>		<b>-891,420</b>	<b>0</b>	<b>-891,420</b>	
<b>Report Total:</b>	<b>-490,069</b>	<b>0</b>	<b>-490,069</b>		<b>-1,655,756</b>	<b>0</b>	<b>-1,655,756</b>	

**EXHIBIT 6-E**

Statement of Revenue Over Expense - No Decimals

For Fiscal: 2015-2016 Period Ending: 09/30/2015

**Fund Summary**

<b>Fund</b>	<b>September Activity</b>	<b>September Budget</b>	<b>Variance Favorable (Unfavorable)</b>	<b>Percent Used</b>	<b>YTD Activity</b>	<b>Total Budget</b>	<b>Variance Favorable (Unfavorable)</b>	<b>Percent Used</b>
24 - MITIGATION FUND	-182,105	0	-182,105		-498,562	0	-498,562	
26 - CONSERVATION FUND	-98,237	0	-98,237		-265,774	0	-265,774	
35 - WATER SUPPLY FUND	-209,727	0	-209,727		-891,420	0	-891,420	
<b>Report Total:</b>	<b>-490,069</b>	<b>0.08</b>	<b>-490,069</b>		<b>-1,655,756</b>	<b>0</b>	<b>-1,655,756</b>	

**ITEM: PUBLIC HEARING****17. CONSIDER FIRST READING OF ORDINANCE NO. 166 AMENDING RULE 11 AND ADDING RULE 23.8 TO ESTABLISH A WATER ENTITLEMENT FOR D.B.O. DEVELOPMENT NO. 30, A CALIFORNIA LIMITED LIABILITY COMPANY****Meeting Date:** **Budgeted:** N/A**From:** **David J. Stoldt,** **Program/** N/A  
**General Manager** **Line Item No.:****Prepared By:** **Stephanie Locke** **Cost Estimate:** N/A**General Counsel Review:** Yes**Committee Recommendation:** N/A**CEQA Compliance:** MPWMD has determined that a Statutory Exemption applies as defined in CEQA Guidelines Section 15268 (Ministerial Projects), based on previous environmental determinations by the Courts.

**SUMMARY:** Ordinance No. 166 (**Exhibit 17-A**) establishes a Water Entitlement for the D.B.O. Development No. 30, a California Limited Liability Company (D.B.O. Development No. 30) of 13.95 Acre-Feet Annually (AFA) (15 AFA of production water) to be used for new and intensified water uses by properties located within the California American Water service area and supplied with water from the Seaside Groundwater Basin. Before water from the D.B.O. Development No. 30 Entitlement becomes available for use, the Board must approve an amendment to the California American Water Water Distribution System. This action will be considered as a separate agenda item at the November 16, 2015, Board meeting.

A Water Entitlement is a discrete quantity of water designated by a District ordinance to a specified Water Entitlement Holder for new or Intensified Water Use. A Water Entitlement Holder assigns water to its subscribers via Assignment Documents that the subscribers then use to obtain Water Use Permits from the District. The Water Use Permit can then be used to permit new or intensified water use up to the amount specified.

**CEQA:** 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 has determined that a Statutory Exemption applies as defined in CEQA Guidelines Section 15268 (Ministerial Projects), based on previous environmental determinations by the Courts. The Monterey County Superior Court concluded that its Adjudication Decision included environmental determinations related to the Seaside Basin and adjudication of the rights therein. The MPWMD action is also consistent with the May 11, 2009 Court Order as confirmed by the Sixth District Court of Appeal, which limits CEQA review of water-related issues to areas other than the Seaside Basin.

**RECOMMENDATION:** Staff recommends the Board approve the first reading of Ordinance No. 166, establishing a Water Entitlement for D.B.O. Development No. 30, LLC, conditioned on approval of the amendment to the California American Water Company Water Distribution System Permit.

**EXHIBIT**

**17-A** Draft Ordinance No. 166

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**EXHIBIT 17-A**

**ORDINANCE NO. 166**  
**AN ORDINANCE OF THE BOARD OF DIRECTORS OF THE**  
**MONTEREY PENINSULA WATER MANAGEMENT DISTRICT**  
**AMENDING RULE 11 AND ADDING RULE 23.8**  
**TO ESTABLISH A WATER ENTITLEMENT FOR**  
**D.B.O. DEVELOPMENT NO. 30**

**FINDINGS**

1. The Monterey Peninsula Water Management District (MPWMD or District) is charged under the Monterey Peninsula Water Management District Law with the integrated management of all ground and surface water resources in the Monterey Peninsula area.
2. The Monterey Peninsula Water Management District Law grants MPWMD general and specific powers to cause sufficient water to be available for present and future beneficial use or uses of lands or inhabitants within the District. MPWMD Rule 30 requires the District to establish a specific Allocation for each Jurisdiction and provides that the District also may establish Water Entitlements as necessary to manage water supplies throughout the District.
3. D.B.O. Development No. 30, a California Limited Liability Company (DBO), is the current owner of Assessor's Parcel Number (APN) 011-011-051, referred to herein as the "Donor Parcel." A portion of the water rights associated with the Donor Parcel is being transferred to California-American Water Company (California American Water or CAW), for future service to unspecified recipient properties in the Seaside Groundwater Basin designated by DBO.
4. DBO holds adjudicated rights, including rights to a Standard Production Allocation of water totaling at least 15.0 Acre-Feet per Year (AFY) from the Seaside Groundwater Basin, after accounting for triennial 10% reductions through year 2021 as ordered by the Monterey County Superior Court in the Seaside Basin Adjudication Decision (as amended). The Donor Parcel was previously owned by D.B.O. Development No. 27, which is named in that Decision.
5. DBO's water rights are based on the historical production from a Well that is located within the Edgewater Shopping Center complex on a Parcel currently identified as APN 011-011-043. The Well is currently a Monitor Well. The Well Parcel is owned by

Dayton Hudson Corporation (Target), but the deed specifies that all water rights shall be retained by DBO. The Adjudication Decision allows parties to exercise their water rights anywhere in the Seaside Basin, and extractions are not limited to the location of historical use. Thus, DBO's water rights are not confined to the Well Parcel, and may be produced from another Seaside Basin Well, owned by another entity, and delivered to recipient parcels within the Seaside Basin.

6. Based on District staff analysis of the application, the CAW production limit from the Coastal Subareas of the Seaside Basin is increased by 15.0 AFY to meet the water needs of the unspecified recipient properties that would benefit from the Donor Parcel specified in Finding #3. This is equivalent to metered sales (customer water consumption) of 13.95 AFY that would be approved via MPWMD Water Permits for use on the recipient properties, based on an assumed system loss factor (unaccounted for water) of seven percent (7%). This factor is considered as reasonable in light of the 7% goal set in the MPWMD Rules & Regulations, the CPUC goal of 9% maximum system losses set in July 2009, and other CPUC approvals to replace and repair water mains.
7. The Monterey County Superior Court, Seaside Groundwater Basin Watermaster, and Sixth District Court of Appeal have confirmed (Order After Hearing on SNG's Motion to Enforce and Clarify the Amended Decision, Case #M66343, filed by the Monterey County Superior Court (Judge Roger Randall) on May 11, 2009 (referred to herein as "Court Order"); Sixth District Court of Appeal Decision, Case #H034335, dated April 1, 2010 (referred to herein as the "Appeal Decision")) that all or a portion of DBO's 15.0 AFY Standard Production Allocation water rights may be delivered to recipient properties in the Seaside Basin from offsite CAW Well(s) located in the Seaside Basin.
8. This ordinance establishes a Water Entitlement for DBO that California American Water will convey through California American Water's Water Distribution System to DBO Water Use Permit subscribers.
9. This ordinance shall allow for new Connections and modifications of existing Connections to the California American Water System to provide Potable water service in specific annual quantities (expressed in Acre-Feet) for the use on and benefit of property located within the California Public Utilities Commission (CPUC)-recognized Service Area of the California American Water Water Distribution System.
10. This ordinance authorizes DBO, on terms and conditions set forth in this ordinance, to separately sell and convey portions of the Water Entitlement established by this

ordinance within the CPUC-recognized Service Area of the California American Water Water Distribution System and supplied with water from the Seaside Groundwater Basin.

11. This ordinance provides that water use authorized by Water Use Permits issued under this ordinance shall be subject to the water efficiency and conservation rules of MPWMD under its Regulation XIV and the rationing rules of MPWMD under its Regulation XV.
12. This ordinance amends Rule 11 (Definitions) and adds Rule 23.8 (D.B.O. Development No. 30 Water Entitlement) to the Rules and Regulations of the Monterey Peninsula Water Management District.
13. 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 has determined that a Statutory Exemption applies as defined in CEQA Guidelines Section 15268 (Ministerial Projects), based on previous environmental determinations by the Courts. The Monterey County Superior Court concluded that its Adjudication Decision included environmental determinations related to the Seaside Basin and adjudication of the rights therein. The MPWMD action is also consistent with the May 11, 2009 Court Order as confirmed by the Sixth District Court of Appeal, which limits CEQA review of water-related issues to areas other than the Seaside Basin.

NOW THEREFORE, be it ordained as follows:

## ORDINANCE

### **Section One: Short Title**

This ordinance shall be known as the D.B.O. Development No. 30 (D.B.O. Development No. 30) Water Entitlement Ordinance of the Monterey Peninsula Water Management District.

### **Section Two: Purpose**

This ordinance establishes a D.B.O. Development No. 30 Water Entitlement for use in the Service Area of the California American Water Water Distribution System.

### **Section Three: Amendment of Rule 11, Definitions**

The following definitions in Rule 11 shall be amended as shown in bold italics (*bold italics*) and strikeout (~~strike through~~).

WATER ENTITLEMENT HOLDER – “Water Entitlement Holder” shall refer to one of the following entities: The Pebble Beach Company (Ordinance Nos. 39 and 109), Hester Hyde Griffin Trust (Ordinance No. 39), Lohr Properties Inc. (Ordinance No. 39), the City of Sand City (Ordinance Nos. 132), Cypress Pacific Investors LLC (Water Distribution System Permit approved September 15, 2014), ~~and~~ Malpaso Water Company LLC (Ordinance No. 165), *and D.B.O. Development No. 30, a California Limited Liability Company (Ordinance No. 166).*

### **Section Four: Addition of Rule 23.8, D.B.O. Development No. 30, Water Entitlement**

The following text shall be added as Rule 23.8 –D.B.O. Development Water Entitlement:

#### **RULE 23.8 – D.B.O. DEVELOPMENT NO. 30 WATER ENTITLEMENT**

##### **A. D.B.O. DEVELOPMENT NO. 30, WATER ENTITLEMENT**

1. The D.B.O. Development No. 30, a California Limited Liability Company (D.B.O. Development No. 30) Water Entitlement confers on D.B.O. Development No. 30 a Water Entitlement of 13.95 AFA through the California American Water Company Water Distribution System.



2. Benefited Properties of the D.B.O. Development No. 30 Water Entitlement shall mean all properties that are supplied with water from the Seaside Groundwater Basin and that are located within the California American Water Company Water Distribution System.
3. D.B.O. Development No. 30 is authorized to separately sell, transfer and convey to owners of Benefited Properties for such consideration and upon such terms and conditions as D.B.O. Development No. 30 in its discretion may determine, such portions of the D.B.O. Development No. 30 Water Entitlement as it may choose. Any portion of the D.B.O. Development No. 30 Water Entitlement conveyed to the owner of a Benefited Property by an Assignment Document shall vest in the owner of the Benefited Property, and become appurtenant to title to the particular Benefited Property, at the time the Water Use Permit is issued as evidence of such conveyance.
4. The D.B.O. Development No. 30 Water Entitlement shall be separate and distinct from any other Allocations provided in Rule 30. The existence of the D.B.O. Development No. 30 Water Entitlement shall not affect any existing use of water in the County of Monterey or any City, or any existing Allocation to the County of Monterey or any City.
5. For purposes of collecting Capacity Fees and tracking the use of a Water Entitlement, the projected increase in Water Use Capacity of a Benefited Property shall be calculated in the manner set forth in Rule 24, as it may be amended from time to time.
6. Each Water Use Permit issued pursuant to this Rule shall represent a vested property interest upon issuance and shall not be subject to Revocation or cancellation except as expressly set forth in subparagraph B below.
7. The portion of the D.B.O. Development No. 30 Water Entitlement granted by each Water Use Permit shall not be subject to reallocation pursuant to MPWMD Rule 30, nor shall the setting of meters for the California American Water system be terminated or diminished by reason of a water emergency, water moratorium or other curtailment on the setting of meters with the exception of a water emergency, water moratorium or other

curtailment that affects the use of water by all Users of the Coastal Subarea of the Seaside Groundwater Basin.

**B. REVOCAION, TERMINATION, OR MODIFICATION OF WATER USE PERMITS**

1. Each Water Use Permit which, on or after January 1, 2075, embodies an annual Water Entitlement in excess of requirements for planned land uses on the Benefited Property, or which purports to authorize usage in excess of the constitutional limitation (California Constitution, article 10, Section 2) to reasonable and beneficial use, shall be subject to modification, Revocation, or termination in the sole discretion of MPWMD, such that the water usage authorized thereby shall not exceed such requirements and limitations.
2. Prior to any modification, termination or Revocation pursuant to this subparagraph B, the holder of the Water Use Permit shall be entitled to notice and a hearing, and any termination, Revocation, or modification shall be subject to appeal to the Board pursuant to Rule 70 of the MPWMD Rules and Regulations.

**Section Five: Effective Date and Sunset**

This ordinance shall take effect at 12:01 a.m. on the 30th day after it has been enacted on second reading.

This Ordinance shall not have a sunset date.

**Section Six: Severability**

If any subdivision, paragraph, sentence, clause or phrase of this ordinance is, for any reason, held to be invalid or unenforceable by a court of competent jurisdiction, such invalidity shall not affect the validity or enforcement of the remaining portions of this ordinance, or of any other provisions of the Monterey Peninsula Water Management District Rules and Regulations. It is the District's express intent that each remaining portion would have been adopted irrespective of the fact that one or more subdivisions, paragraphs, sentences, clauses, or phrases be declared invalid or unenforceable.

On motion by Director \_\_\_\_\_, and second by Director \_\_\_\_\_, the foregoing ordinance is adopted upon this \_\_\_ day of \_\_\_\_\_, 2015 by the following vote:

AYES:

NAYS:

ABSENT:

I, David J. Stoldt, Secretary to the Board of Directors of the Monterey Peninsula Water Management District, hereby certify the foregoing is a full, true and correct copy of an ordinance duly adopted on the \_\_\_ day of \_\_\_\_\_ 2015.

Witness my hand and seal of the Board of Directors this \_\_\_ day of \_\_\_\_\_ 2015.

\_\_\_\_\_  
David J. Stoldt, Secretary to the Board

U:\staff\Boardpacket\2015\20151116\PublicHrngs\17\Item17\_Exhibit17-A.docx

DRAFT



**ITEM: PUBLIC HEARINGS****18. CONSIDER APPROVAL OF APPLICATION #WDS-20150922 DBO TO AMEND CALIFORNIA AMERICAN WATER DISTRIBUTION SYSTEM – TRANSFER OF D.B.O. DEVELOPMENT WATER RIGHTS IN SEASIDE BASIN, APN 011-011-051 (DONOR PARCEL), SAND CITY**

<b>Meeting Date:</b>	<b>November 16, 2015</b>	<b>Budgeted:</b>	<b>N/A</b>
<b>From:</b>	<b>David J. Stoldt General Manager</b>	<b>Program/ Line Item No.:</b>	<b>N/A</b>
<b>Prepared By:</b>	<b>Henrietta Stern</b>	<b>Cost Estimate:</b>	<b>N/A</b>

**General Counsel Review: Reviewed and approved October 29, 2015**

**Committee Recommendation: N/A**

**CEQA Compliance: Ministerial Exemption (Guidelines Sec. 15268). The Superior Court and Appellate Court determined that MPWMD cannot interfere with the Seaside Basin Adjudication Orders and cannot address environmental impacts to the Seaside Groundwater Basin, or co-mingling of Carmel River and Seaside Basin sources.**

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**SUMMARY:** The Board will consider Application #WDS-20150922DBO (**Exhibit 18-A, without attachments**) submitted on September 22, 2015 by Co-Applicants California-American Water Company, a California Corporation (CAW) and D.B.O. Development No. 30, a California Limited Liability Company (DBO). The application requests amending the CAW Water Distribution System (WDS) via a transfer of 15.0 Acre-Feet per Year (AFY) of DBO water rights to CAW to enable future water service to unspecified recipient parcels designated by DBO in the Seaside Groundwater Basin, as allowed by the Monterey County Superior Court (Case #M66343) and the Seaside Basin Watermaster. The “Donor Parcel” is identified by DBO as Assessor’s Parcel Number (APN) 011-011-051 at the corner of Playa and California Avenue, Sand City (**Exhibit 18-B**). DBO will not physically extract and deliver water to the CAW system. Instead, CAW will “wheel” (deliver) DBO’s water rights to the recipient parcels through CAW’s inland wells in the Seaside Basin Coastal Subareas. Moving production away from the coast is an environmental benefit and part of the “physical solution” enacted by the Superior Court. This action is referred to as the “CAW/DBO Amendment” herein and in various permit documents. It is similar to the “CAW/Cypress Amendment” in the Seaside Basin approved by the District Board in September 2014.

The requested 15.0 AFY is annual water production at the wellhead. The actual metered sales recognized by MPWMD in its Water Permit tracking would be 13.95 AFY, based on an assumed 7% system loss rate in the CAW system. The applicant is aware of and accepts this reduction. The DBO water rights transfer to CAW was approved by the Seaside Basin Watermaster in a letter dated October 19, 2015 (**Exhibit 18-C**).

Similar to MPWMD Ordinance No. 165 for the Malpas Water Company approved by the Board in August 2015, the first reading of a new MPWMD Ordinance No. 166 will be separately

considered by the Board for the CAW/DBO Amendment at the November 16, 2015 meeting (Agenda Item 17).

As explained below, the Court has determined that MPWMD has limited authority to conduct California Environmental Quality Act (CEQA) review for WDS in the Seaside Groundwater Basin. Thus, CEQA compliance will be via a Notice of Exemption for a ministerial action.

MPWMD files associated with this application are available for review at the District office; adjudication materials are available electronically from the Watermaster website. This public hearing has been noticed via postings at the District office, website, agenda mailing list, CAW office, Watermaster office, and offices of jurisdictions within the Seaside Basin.

**RECOMMENDATIONS:** District staff recommends that the Board take the following actions:

1. Adopt the MPWMD Findings of Approval for Application #WDS-20150922DBO for the CAW/DBO Amendment (**Exhibit 18-D**).
2. Approve Application #WDS-20150922DBO; authorize issuance of MPWMD Permit #M15-07-L3 for the CAW/DBO Amendment with the Conditions of Approval specified in **Exhibit 18-E**. The Conditions of Approval include all the required conditions specified in MPWMD Rule 22-D as well as several special conditions for this project, as described in the “Discussion” section below.
3. Direct staff to file a Notice of Exemption with the County Clerk; this would be a Statutory Exemption for a ministerial action pursuant to CEQA Guidelines section 15268.

**BACKGROUND:** DBO was a party to the Seaside Groundwater Basin Adjudication and was included in the Adjudication Judgment of March 27, 2006, as amended (“Adjudication Decision”). Though DBO met the criteria to be viewed as having overlying rights (“Alternative Production Allocation”), DBO exercised its option to be treated as having appropriative rights (“Standard Production Allocation”), subject to the triennial 10% reductions through year 2021 in the Adjudication Decision. As explained in the cover letter to the application (**Exhibit 18-A**), DBO believes its transferable water rights exceed 15.0 AFY, even with these reductions.

In brief, the Adjudication Decision allows parties to combine pumping facilities and delivery for maximum benefit and management of the Basin, with Watermaster approval. Thus, water rights associated with DBO are not confined to one specific parcel, and may be produced from another Seaside Basin well owned by another entity (such as CAW’s inland wells) and delivered to recipient parcels within the Seaside Basin.

The DBO water rights are based on the historical production from a well that is located within the Edgewater Shopping Center complex on a parcel currently identified as APN 011-011-043. The well is a Monitor Well used by MPWMD and the Watermaster to track water depth and quality, and has not produced water for several years. The well parcel is owned by Dayton Hudson Corporation (Target), but the deeds to all parcels within the shopping center specify that water rights shall be retained by DBO. Because DBO owns parcel APN 011-011-051, it was

designated as the Donor Parcel for simplicity. Importantly, DBO may exercise its water rights anywhere in the Seaside Basin and is not limited to the location of historical use. This element of the Adjudication Decision enables the water rights transfers to occur.

The State Water Resources Control Board (SWRCB) previously determined that the one-for-one replacement for new CAW supplies in Order No. WR 95-10 does not apply to transferred water rights within the Seaside Basin.

**DISCUSSION:** The following paragraphs describe MPWMD’s CEQA review, the Front-Loading Agreement, and the proposed Findings and Conditions of Approval as required by MPWMD Rule 22.

### **MPWMD CEQA Review**

A Monterey County Superior Court Order dated May 11, 2009, as confirmed by the Appellate Court (*Cal-Am v. Seaside*, and *Sierra Club v. MPWMD*; 6<sup>th</sup> Appellate District, H037286, April 1, 2010), determined that MPWMD can require a WDS Permit for water rights transfers in the Seaside Basin, but cannot require environmental review under CEQA. District Counsel has confirmed that the MPWMD Board’s decision on the CAW/DBO Amendment is viewed as a CEQA ministerial action (CEQA Guidelines section 15268) due to the above Court Orders.

### **Front-Loading Agreement**

In his July 30, 2010 *Order After Ex Parte Hearing, Case #M66343*), Judge Roger Randall determined that MPWMD has the authority to require an accounting of water production to satisfy itself that no Carmel River water is being used, but cannot make environmental decisions based on mere co-mingling of Seaside and Carmel Basin waters in CAW storage tanks. Thus, the application materials include an “*Agreement Regarding Front-Loading Delivery of Water*” (“Front-Loading Agreement” or “Agreement”) executed on September 24, 2015 (**Exhibit 18-F**). The Front-Loading Agreement states that its intent is to: (1) show compliance with the terms of the Superior Court Order; (2) ensure operationally that only Seaside Basin Coastal Subarea water is produced and stored for the benefit of the recipient parcels in advance of water use on those parcels; and (3) provide assurance (in addition to accounting and reporting requirements) that there will be no temporal or other impact to Carmel River water sources. The Findings and Conditions of Approval specify data collection protocol associated with the Front-Loading Agreement to ensure that only CAW wells in the Coastal Subareas of the Seaside Basin are used to serve the recipient parcels (called “D.B.O. Properties” in the Agreement), which also must be located in the Coastal Subareas of the Seaside Basin.

Key components of the Front-Loading Agreement include:

1. CAW will lease up to 15.0 AFY of adjudicated water from DBO for delivery to DBO-designated properties. The lease commences only after local agency permits, including those required by MPWMD, have been obtained. [Note: the 15.0 AFY production amount is reduced to 13.95 AFY metered sales recognized by MPWMD for Water Permits for the DBO recipient parcels.]
2. DBO must provide advance notice about the properties to be served.
3. At least one month before setting the first water meter for a recipient parcel (or

intensifying service to an existing customer), CAW will pump water from its inland Seaside Coastal Subarea wells to an existing storage facility. CAW shall “as frequently as necessary” produce the Leased Water in an amount that exceeds the amount of water actually delivered for the recipient parcels.

4. The Agreement intent is to always comply with the Adjudication Decision; the Agreement does not prohibit “mixing of molecules” from different sources (such as the Carmel River) in a tank, consistent with the May 11, 2009 Court decision.
5. CAW will account for and report the water use in accordance with Section 11 of the Watermaster Rules and Regulations.
6. The Agreement is conditional on: (a) written approval of a moratorium exception by the California Public Utilities Commission (CPUC) or an official of the SWRCB; (b) Watermaster approval; (c) a WDS Permit from MPWMD; (d) a Water Permit from MPWMD for the affected properties; and (e) total delivery to the DBO properties shall not exceed 15.0 AFY production.

Other components of the Agreement address cooperation, termination, cost allocation, indemnification and other standard legal issues.

#### **Determination of Metered Sales Amount**

The Front-Loading Agreement (pages 1 and 2) documents DBO’s water rights and determines that a lease of 15.0 AFY Standard Production Allocation is available to CAW; this amount already accounts for the triennial 10% reductions through year 2021 as well as other components of the Adjudication Decision. MPWMD issues Water Permits based on estimated metered sales (customer consumption) and must account for 7% CAW system losses. Thus, the 15.0 AFY production becomes 13.95 AFY metered sales that would be permitted for construction projects on the recipient parcels. The MPWMD Water Demand Division will track the 13.95 AFY amount as a separate “account” and issue Water Permits using the standard District methodology to estimate demand until the total is used up. MPWMD Ordinance No. 166 creates new Rule 23.8 that specifies this tracking process.

#### **Findings of Approval**

Findings of Approval for Application #WDS-20150922DBO (**Exhibit 18-D**) are based on evidence provided in the Application materials, including supporting documents received through November 10, 2015, on file at the District office. With the Conditions of Approval and Front-Loading Agreement, and previous action by the Monterey County Superior Court and Seaside Basin Watermaster, District staff believes a Finding can be made that the Application meets the criteria and minimum standards for approval set by District Rules 22-B and C. Specifically, this action should “not create an Overdraft or increase an existing Overdraft...” (Rule 22-C-4).

#### **Conditions of Approval**

The Conditions of Approval (**Exhibit 18-E**) proposed for Permit #M15-07-L3 are consistent with MPWMD Rule 22-D governing approval of Water Distribution Systems. Conditions #1 through #4 define the Permitted System, including CAW production of 15.0 AFY (equivalent to 13.95 AFY metered sales) to serve unspecified future recipient parcels which must be located in the Seaside Groundwater Basin, based on DBO’s Standard Production Allocation water rights.



The Conditions are similar to those approved for the CAW/Cypress Amendment in September 2014, and reflect differences between the two projects. The CAW system will continue to change in the context of the Regional Water Project, so some flexibility is needed in the accounting methodology. District staff will need to track Water Permits associated with the CAW/DBO Amendment, similar to current tracking for the Sand City desalination project. The conditions refer to Ordinance No. 166 which addresses the specific process by which the recipient parcels will obtain Water Use Permits.

Conditions #5 through #24 are mandatory, including a variety of subjects such as water quality, metering and annual reporting, conservation, required Indemnification Agreement, fee payments, timely notice of pending or actual changes to the system, staff access, and other elements. Condition #24 states that the WDS Permit is subject to revocation if CAW or DBO does not fully comply with each and every Condition of Approval for Permit #M15-07-L3. Conditions #25 and #26 address basic water rights and the Endangered Species Act; these conditions are not required by District rules, but are included in all MPWMD WDS Permits.

**Special Condition #27** requires DBO and its successors to give notice to the District and copies of any correspondence with the Watermaster regarding future transfers of water rights.

**Special Condition #28** requires that CAW provide the District a copy of any quarterly report to the SWRCB that includes information about service to the recipient parcels; a link to the CAW website to view the information is acceptable.

**Special Condition #29** provides notice that a current standard condition of approval for all Water Permits is a Deed Restriction that entails release of consumption information upon request by the District. This information may be accessed by the general public. CAW would release information designated in recorded Notice and Deed Restriction signed by the property owner.

**Special Condition #30** directs CAW to implement water accounting methods to track CAW production sources to ensure that only wells in the Coastal Subareas of the Seaside Basin serve the recipient parcels, and no Carmel River Basin water is produced to serve the parcels, consistent with the 2009 Court Order and the Front-Loading Agreement. The MPWMD General Manager retains the right to review and approve the CAW methodology.

The Front-Loading Agreement calls for CAW to pump water from Seaside Basin and store the water prior to actual use by customers on the recipient parcels. It is noted that careful accounting is needed most in the November through April “high flow” period (i.e., when Carmel River flow is greater than 40 cfs) as defined by SWRCB Order 98-04. This period is when Seaside Basin pumping is minimized. In contrast, the May through October period is when pumping from the Seaside Basin is maximized, so front-loading will easily occur.

**Special Condition #31** requires DBO to ensure that the well on APN 011-011-043 remains an inactive Monitor Well used by the District and Watermaster. In the context of cumulative beneficial changes, implementation of proposed regional water projects would further improve conditions in the Seaside and Carmel River Basins.

The proposed conditions were submitted to the Applicant on October 29, 2015. DBO representatives requested some minor corrections and clarifications on October 30 and November 3, 2015, which have been incorporated, in part, into the Conditions of Approval. The applicant representatives are satisfied with the Conditions as finalized.

#### **EXHIBITS**

- 18-A** Application #WDS-20150922DBO dated September 22, 2015 (without attachments)
- 18-B** Location of Donor Parcel, APN 011-011-051
- 18-C** Watermaster approval letter dated October 19, 2015
- 18-D** MPWMD Draft Findings of Approval dated November 2015
- 18-E** MPWMD Draft Conditions of Approval dated November 2015
- 18-F** CAW/DBO Draft Front-Loading Agreement signed September 24, 2015

**EXHIBIT 18-A****FENTON & KELLER**

A PROFESSIONAL CORPORATION

ATTORNEYS AT LAW

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DAVID C. SWEIGERT

September 22, 2015

DSweigert@FentonKeller.com  
ext. 202**RECEIVED**

SEP 22 2015

**MPWMD****VIA HAND DELIVERY**Monterey Peninsula Water Management District  
Attn: Henrietta Stern  
5 Harris Court, Building G  
Monterey, CA 93940Re: DBO/Cal-Am Application to Amend WDS Permit- Seaside Basin Adjudicated Right  
Our File: 30646.27923

Dear Ms. Stern:

I am writing on behalf of D.B.O. Development No. 30 ("D.B.O.") to submit the enclosed Application for a Permit to Create or Amend a Water Distribution System to allow California-American Water Company ("Cal-Am") to "wheel" a portion of D.B.O.'s Seaside Groundwater Basin water right under the terms of the enclosed Agreement Regarding Front-Loading Delivery of Water between D.B.O. and Cal-Am ("Agreement"). Under the Agreement, D.B.O. will lease up to 15 acre-feet of its Standard Production Allocation ("SPA") right to Cal-Am, which Cal-Am will produce from its existing Seaside Basin wells and deliver through its existing distribution system to serve properties in the Seaside Basin and Cal-Am's service area designated by D.B.O. to receive such water.

The judgment in the Seaside Basin Adjudication as amended ("Amended Decision") established D.B.O.'s right to produce a percentage of the Operating Yield and Natural Safe Yield ("NSY") in the amounts described in the Amended Decision. D.B.O.'s share of NSY has averaged approximately 30 AF over the past 5 years. After the final ten-percent triennial reduction mandated under the Amended Decision, D.B.O.'s annual base allocation (i.e., share of NSY) will continue to exceed the 15 AF subject to lease under the Agreement. In addition to its annual base allocation, D.B.O. also has a substantial carryover credit balance under the Amended Decision.

While the D.B.O./Cal-Am arrangement is similar to Cal-Am's arrangement with Cypress Pacific Investors, LLC ("Cypress Pacific") approved by the MPWMD Board on September 15, 2014, there are two significant differences. First, whereas Cypress Pacific had to

EXHIBIT 18-A

Monterey Peninsula Water Management District  
September 22, 2015  
Page 2

convert a portion of its Alternative Production Allocation (“APA”) right to an SPA right before the transfer, all of D.B.O.’s adjudicated right is already categorized as an SPA right under the Amended Decision. Therefore, no conversion from an APA right to an SPA rights is necessary.

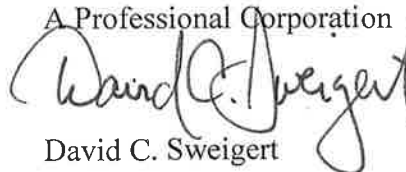
Second, and more importantly, D.B.O. will rely on its “free” Carryover Credits and its share of the NSY under the Amended Decision as the source of water for its lease arrangement with Cal-Am. Neither of these amounts is subject to the triennial reductions under the Amended Decision. Therefore, the amount of water under D.B.O.’s lease arrangement with Cal-Am (15 AF) is not subject to the triennial reductions in Operating Yield mandated by the Amended Decision. This means that the reduction MPWMD applied to the Cypress Pacific wheeling amount would not be applied to reduce the 15 AF under D.B.O.’s lease arrangement with Cal-Am. The D.B.O. amount will, however, be subject to the 7% system loss reduction.

Like Cal-Am’s arrangement with Cypress Pacific, the parcels on which the D.B.O.’s leased water will be used will not be designated until a later time. Under the Agreement, Cal-Am cannot produce or use leased water except to deliver water to the designated properties. Consequently, Cal-Am’s account cannot be charged for pumping D.B.O. water under the Agreement until such properties have been designated and the use on such properties has actually commenced. D.B.O. has asked the Watermaster to debit D.B.O.’s Watermaster account for any such water used first against D.B.O.’s “free” Carryover Credits until such “free” Carryover Credits have been exhausted, and second against D.B.O.’s share of Natural Safe Yield.

We look forward to working with you toward approval of the enclosed application. Please let me know if you have any questions or comments regarding the foregoing.

Very truly yours,

FENTON & KELLER  
A Professional Corporation



David C. Sweigert

DCS:kmc

Enclosures

cc: David Stoldt (via email, w/encls.)  
Eric Sabolsice (via email, w/encls.)  
Patrick Orosco (via email, w/encls.)

**EXHIBIT 18-A**  
**MONTEREY PENINSULA**  
  
**WATER**  
**MANAGEMENT DISTRICT**

**APPLICATION for a PERMIT to CREATE or AMEND a  
WATER DISTRIBUTION SYSTEM or MOBILE WDS**

Revised May 21, 2014

For detailed guidance, maps and weblinks, please visit the District website at:  
<http://www.mpwmd.dst.ca.us/pae/wds/wds.htm> (see "2014 Implementation Guidelines").  
For staff assistance, contact 831-658-5621 or [henrietta@mpwmd.net](mailto:henrietta@mpwmd.net).

Form received on 9/22/2015 by J. Stern  
Fee Received: \$1,200 (Level 1 or 2);  \$3,000 (Level 3)  
ID# WDS- 20150922 DBO

Please complete the table below (attach extra sheets as needed):

#	QUESTIONS	FILL IN ANSWERS BELOW
1	<b>System Name</b>	Cal-Am/DBO
2	<b>Assessor's Parcel ## (list all)</b>	If multiple parcel, identify APN for well/facility location and APN of parcels receiving water from WDS or Mobile WDS. (See attached for APNs of water rights source)
3	<b>Physical Address or Location</b>	Seaside Adjudicated Basin
4	<b>Name of Applicant</b>	DBO Development No. 30
5	<b>Mailing Address</b>	(Street or PO) c/o Ted Lim, 10 Harris Court, Suite B-1
6	<b>City, State, Zip</b>	Monterey, CA 93940
7	<b>Phone/fax/email:</b>	831-649-0220
8	<b>Agent (if applicable)</b>	(i.e., person who may receive paperwork on behalf of applicant/owner)
9	<b>Agent mailing address</b>	
10	<b>Agent City, State, Zip</b>	
11	<b>Agent phone/fax/email</b>	
12	<b>Hydrogeologist (if applicable)</b>	(e.g., licensed professional who has conducted well testing and evaluation) N/A - Existing System
13	<b>Hydro mailing address</b>	
14	<b>Hydro City, State, Zip</b>	
15	<b>Hydro phone/fax/email</b>	
16	<b>Is this an amendment to an existing WDS?</b>	<input checked="" type="radio"/> YES or NO. If yes, identify previous MPWMD permit #, if any. # _____ Describe planned changes. (see attached)

**EXHIBIT 18-A**

17	<b>Is this a Mobile WDS?</b>	YES or <input type="radio"/> NO. If yes, go to Row 50
18	<b>Is this a water well?</b>	YES or <input type="radio"/> NO. If no, go to Row 21.
19	<b>MCEHB<sup>1</sup> Permit # and issuance date</b>	(One for each well)
20	<b>DWR Well Completion Report # and date</b>	(One for each well)
21	<b>Within MPWRS<sup>2</sup> ?</b>	<input checked="" type="radio"/> YES or NO. Consult with District staff if unsure; see definition in footnote.
22	<b>&gt;1,000 ft. MPWRS?</b>	YES or NO. Consult with District staff if unsure. See Section 4.0 of 2014 Implementation Guidelines. N/A
23	<b>≤1,000 ft. MPWRS?</b>	YES or NO. Consult with District staff if unsure. Staff will assess well log re: potential impacts; additional testing may be required. See Section 4.2 of 2014 Implementation Guidelines. N/A
24	<b>Seaside Basin source?</b>	<input checked="" type="radio"/> YES or NO. If yes, Adjudication documentation and/or approval from Watermaster are required. See Section 5.0 of 2014 Implementation Guidelines.
25	<b>CV Alluvium source?</b>	YES or <input type="radio"/> NO. If yes, water rights documentation is required. See Section 6.0 of 2014 Implementation Guidelines. District staff will confirm if alluvial.
26	<b>Fractured rock spring or seep?</b>	YES or <input type="radio"/> NO. If yes, state if onsite or offsite use, and if potable (drinking water) or non-potable use. See Section 7.0 of 2014 Implementation Guidelines.
27	<b>River/tributary direct diversion?</b>	YES or <input type="radio"/> NO. If yes, water rights documentation is required. See Section 7.0 of 2014 Implementation Guidelines. Describe system.
28	<b>Dam/reservoir?</b>	YES or <input type="radio"/> NO. If yes, water rights documentation and EIR is required. See Section 7.0 of 2014 Implementation Guidelines.
29	<b>Desal plant?</b>	YES or <input type="radio"/> NO. If yes, describe facilities, annual production and recipients. EIR required. See Section 7.0 of 2014 Implementation Guidelines.
30	<b>Reclamation plant?</b>	YES or <input type="radio"/> NO. If yes, describe facilities, annual production and recipients. EIR required. See Section 7.0 of 2014 Implementation Guidelines.
31	<b>Rainwater harvest + offsite delivery?</b>	YES or <input type="radio"/> NO. If yes, describe. See Section 7.0 of 2014 Implementation Guidelines.
32	<b>Other water systems?</b>	YES or <input type="radio"/> NO. Describe. See Section 7.0 of 2014 Implementation Guidelines. (see attached)
33	<b>Estimated production</b>	Unit is acre-feet per year (AFY). See Section 2.9 of 2014 Implementation Guidelines. (see attached)
34	<b>Total acreage served</b>	(Break out acreage of each parcel served) To be determined
35	<b>Type of water use?</b>	(e.g., drinking water, irrigation only) To be determined
36	<b>Type of land use?</b>	(e.g., residential, commercial, agriculture) To be determined
37	<b>New subdivision?</b>	YES or <input type="radio"/> NO. CEQA document from lead agency is required.
38	<b>In CAW<sup>3</sup> service area?</b>	<input checked="" type="radio"/> YES or NO.
39	<b>Active CAW service?</b>	What is currently served by Cal-Am on the property (e.g., home or business)? N/A
40	<b>What is Zoning?</b>	N/A

<sup>1</sup> MCEHB= Monterey County Environmental Health Bureau

<sup>2</sup> MPWRS= Monterey Peninsula Water Resource System (i.e., Carmel Valley Alluvial Aquifer, Carmel River/tributaries, and Seaside Basin)


<sup>3</sup> CAW = California American Water Company

**EXHIBIT 18-A**

41	<b>Environmental information</b>	Describe CEQA documentation and Lead Agency, if applicable. Per Appeal Court decision, no environmental review shall be required to process this application.
50	<b>Is Mobile WDS source within MPWMD?</b>	YES or <b>(NO)</b> If yes, describe source and location. See Rows 21 - 32 for possibilities.
51	<b>Is water source outside MPWMD?</b>	YES or <b>(NO)</b> If yes, describe source and location.
52	<b>Source agency and approval</b>	If outside MPWMD, identify source agency with authority. Attach written documentation that the source water may be exported to serve applicant. N/A
53	<b>Describe intended use (long-term)</b>	Mobile WDS may only be non-potable (e.g., irrigation, pools only) unless an emergency. N/A
54	<b># parcels served?</b>	Use Request for Exemption form if service is to 3 or fewer parcels from a source out side MPWMD. N/A
55	<b>Emergency drinking water service?</b>	YES or <b>(NO)</b> If yes, describe situation.
60	<b>Other relevant information or unique considerations?</b>	Refer to Question #. Attach explanatory sheets as needed.
<b>ATTACHMENTS</b>		
A1	<b>Parcel Maps</b>	Assessor's Parcel Map (see attached)
A2	<b>MCEHB permit(s)</b>	
A3	<b>DWR well log(s)</b>	
A4	<b>Well registration forms</b>	
A5	<b>Well meter sign-offs</b>	
A6	<b>Grant deed</b>	Grant Deed to D.B.O. Development No. 30 (see attached)
A7	<b>Water rights docs.</b>	Seaside Basin Amended Decision (see attached)
A8	<b>Environmental docs.</b>	
A9	<b>Mobile WDS approval</b>	
A10	<b>Application fee (check)</b>	(see attached)
A11	<b>Other</b>	Front Loading Agreement

*This Request for Exemption must be signed by the person who is identified in a recorded Deed as the owner of the parcel on which the well or other water producing facility is located. If multiple owners, at least two must sign.*

**Under penalty of perjury, I verify that the above information is accurate to the best of my knowledge and understanding.**

  
 \_\_\_\_\_  
**Signature of Applicant/System Owner**

9/17/15  
 \_\_\_\_\_  
**Date**

Printed name of Applicant: Donald B. Orosco

\_\_\_\_\_  
**Signature of Applicant/System Owner**

\_\_\_\_\_  
**Date**

Printed name of Applicant: \_\_\_\_\_

**EXHIBIT 18-A**

**ATTACHMENT TO  
DBO DEVELOPMENT NO. 30  
APPLICATION FOR A PERMIT TO CREATE OR AMEND A  
WATER DISTRIBUTION SYSTEM OR MOBILE WDS**

The following information is submitted in conjunction with the above-referenced application. Item numbers below refer to the item numbers on the accompanying application.

**APPLICATION ITEM # 2-** Assessor's Parcel Numbers for water supply source:

APN 011-011-035	APN 011-011-043
APN 011-011-036	APN 011-011-044
APN 011-011-037	APN 011-011-045
APN 011-011-038	APN 011-011-046
APN 011-011-039	APN 011-011-047
APN 011-011-040	APN 011-011-048
APN 011-011-041	APN 011-011-049
APN 011-011-042	APN 011-011-051

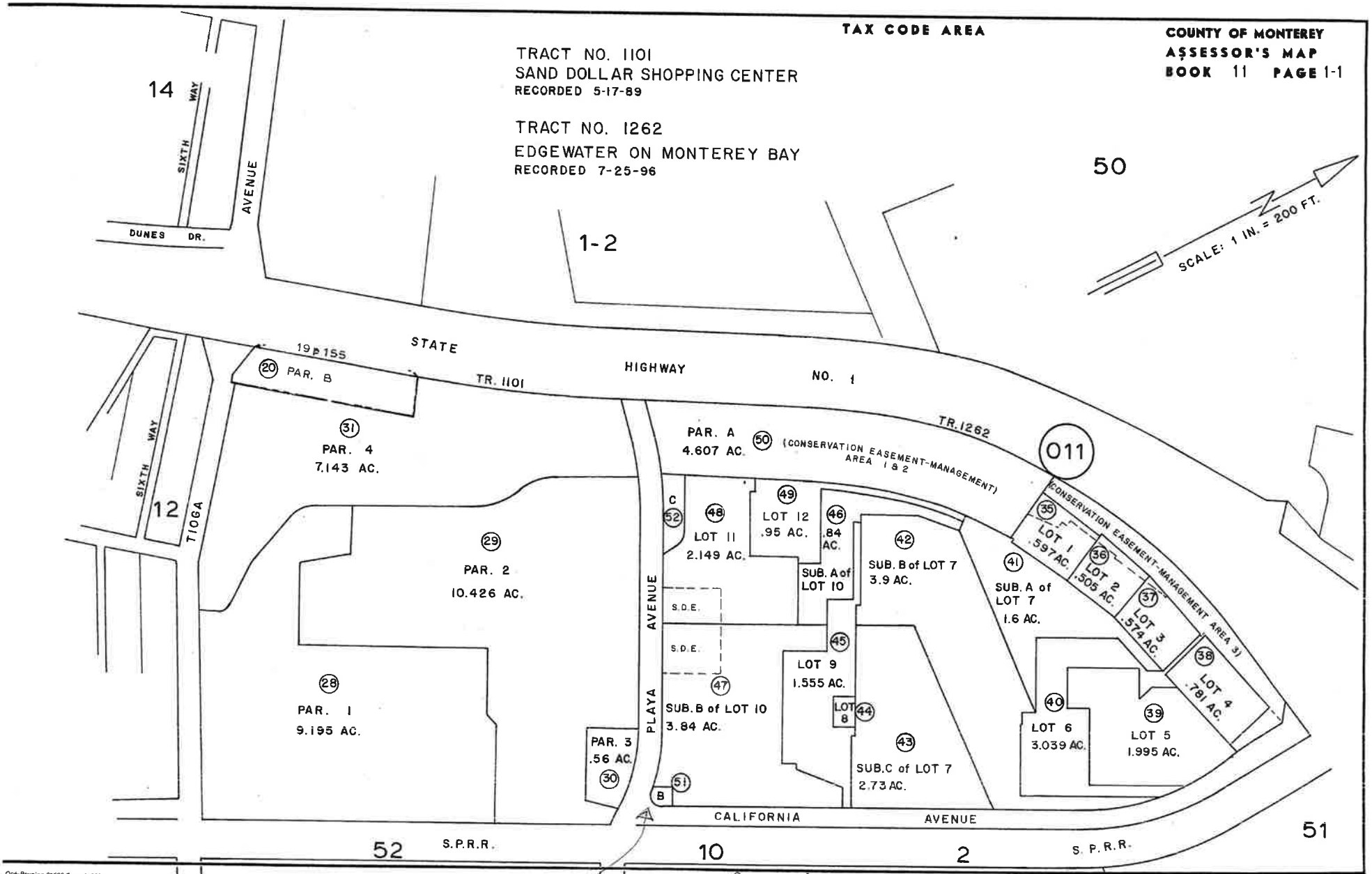
**APPLICATION ITEM # 16-** This application is to allow Cal-Am to produce up to 15 AF under DBO's adjudicated Seaside Basin Standard Production Allocation Right from Cal-Am's existing Seaside Basin wells to be distributed through Cal-Am's existing distribution system for use on parcels within the Seaside Basin and within Cal-Am's service area. The locations of specific properties to receive water will be determined at a later time.

**APPLICATION ITEM # 32-** See response to Application Item 16 (No. 2), above.

**APPLICATION ITEM # 33-** The proposed amendment will result in an increase in production of up to 15 AFA from Cal-Am's existing Seaside Basin wells.



**EXHIBIT 18-B**



*Donor Parcel APN 011-011-051*



**EXHIBIT 18-C****SEASIDE GROUNDWATER BASIN WATERMASTER****2600 Garden Road, Suite 228, Monterey, CA 93940****(831) 641-0113**

October 19, 2015

Fenton & Keller  
David C. Sweigert  
P.O. Box 791  
Monterey, CA 93942

Dear Mr. Sweigert,

The Seaside Groundwater Basin Watermaster (Watermaster) is in receipt of your letter dated September 18, 2015. Your letter informs us that your client, D.B.O. Development No. 30, will be submitting or has submitted an application with the Monterey Peninsula Water Management District to obtain permission to wheel water through the existing distribution system of California American Water Company to service properties that are located within the boundaries of the Seaside Groundwater Basin.

As you are aware, the Seaside Groundwater Basin is adjudicated by the Amended Decision (Decision) entered in the case California American Water Company v. City of Seaside et al., Monterey Superior Court Case No. GNM66343. Your client (referred to as "DBO" in the Decision) holds a Standard Production Allocation (SPA) water right under the Decision. As the holder of an SPA right, your client can take advantage of the portability allowed by the Decision to use water produced from the Coastal Subarea under its SPA right in any area of the Seaside Groundwater Basin.

According to the Watermaster's Notice to All Seaside Groundwater Producers dated December 3, 2014, DBO is entitled to production of 422.96 acre-feet in the current water year 2015. This total includes 238.88 acre-feet of "free" carryover credits and 152.52 acre-feet of "not-free" carryover credit from previous water years, plus the 2015 base allocation of 31.56 acre-feet. Under the triennial 10% reductions to the Operating Yield required under paragraph III.B.2 of the Decision, neither DBO's carryover credits nor its share of the Natural Safe Yield is subject to reduction. DBO's share of the Natural Safe Yield, in addition to any unused carryover credits, will be available to DBO for production under the Decision for the foreseeable future. No action by the Watermaster board is necessary at this time to approve the arrangement between DBO and Cal-Am.

EXHIBIT 18-C

Thank you for your inquiry into this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Dewey D. Evans", written over a horizontal line.

Dewey D. Evans  
Chief Executive Officer



**EXHIBIT 18-D**

**FINDINGS of APPROVAL**

**CONSIDER APPLICATION TO AMEND CALIFORNIA  
AMERICAN WATER DISTRIBUTION SYSTEM – TRANSFER  
OF D.B.O. WATER RIGHTS IN SEASIDE BASIN**

**Donor Parcel: APN 011-011-051**

**Service area: Unspecified Parcels in Seaside Groundwater Basin**

**Application #WDS-20150922DBO, Permit #M15-07-L3**

**Adopted by MPWMD Board of Directors on November \_\_, 2015**

*Unless noted otherwise, all cited documents and materials are 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:** **D.B.O. Development No. 30, a California Limited Liability Company (DBO)**, is the current owner of the subject property in Sand City, California, identified as Assessor’s Parcel Number (APN) 011-011-051, referred to herein as the “Donor Parcel.” A portion of the water rights associated with the Donor Parcel is proposed to be transferred to the proposed water purveyor and Co-Applicant, **California-American Water Company, a California corporation (CAW)**, for future service to unspecified recipient properties in the Seaside Groundwater Basin designated by DBO. This action is referred to herein as the “CAW/DBO Amendment.” DBO holds adjudicated rights, including rights to a Standard Production Allocation of water totaling at least 15.0 Acre-Feet per Year (AFY) from the Seaside Groundwater Basin, after accounting for triennial 10% reductions through year 2021 as ordered by the Monterey County Superior Court in the Seaside Basin Adjudication Decision (as amended). The Donor Parcel was previously owned by D.B.O. Development No. 27, which is named in that Decision.

**EVIDENCE:** Application #WDS-20150922DBO, site map and associated materials submitted September 22, 2015, including deed to Parcel 011-011-043 and 011-011-051 (Recorder ID#2010049740 dated 9/2/2010); “*Agreement Regarding Front-Loading Delivery of Water*” (referred to herein as the “Front-Loading Agreement”) dated September 24, 2015;

Seaside Groundwater Basin Adjudication Judgment dated March 27, 2006, as amended, Monterey Superior Court Case #M66343, *California American Water vs. City of Seaside et al.* (referred to herein as the “Adjudication Decision”).

2. **FINDING:** DBO’s water rights are based on the historical production from a Well that is located within the Edgewater Shopping Center complex on a Parcel currently identified as APN 011-011-043. The Well is currently a Monitor Well. The Well Parcel is owned by Dayton Hudson Corporation (Target), but the deed specifies that all water rights shall be retained by DBO. The Adjudication Decision allows parties to exercise their water rights anywhere in the Seaside Basin, and extractions are not limited to the location of historical use. Thus, DBO’s water rights are not confined to the Well Parcel, and may be produced from another Seaside Basin Well, owned by another entity, and delivered to recipient parcels within the Seaside Basin. Because DBO owns parcel APN 011-011-051, it was designated as the Donor Parcel for simplicity. The Donor Parcel is located within the CAW Service Area but does not receive CAW service.

**EVIDENCE:** Permit application materials specified in Finding #1; map of CAW Service Area; MPWMD Well records for APN 011-011-043.

3. **FINDING:** No new Wells or other water supply facilities regulated by MPWMD are associated with this application. The Monterey County Superior Court, Seaside Groundwater Basin Watermaster, and Sixth District Court of Appeal have confirmed that all or a portion of DBO’s 15.0 AFY Standard Production Allocation water rights may be delivered to recipient properties in the Seaside Basin from offsite CAW Well(s) located in the Seaside Basin.

**EVIDENCE:** Permit application specified in Finding #1, including Seaside Basin Adjudication Decision. Letter from Seaside Basin Watermaster to Fenton & Keller (attorney for DBO) dated October 19, 2015. Order After Hearing on SNG’s Motion to Enforce and Clarify the Amended Decision, Case #M66343, filed by the Monterey County Superior Court (Judge Roger Randall) on May 11, 2009 (referred to herein as “Court Order”); Sixth District Court of Appeal Decision, Case #H034335, dated April 1, 2010 (referred to herein as the “Appeal Decision”).

4. **FINDING:** The Applicants have applied for a Permit to amend the CAW Water Distribution System (WDS) to enable CAW to produce (“wheel”) up to 15.0 AFY of DBO’s Standard Production Allocation water rights from the Donor Parcel to serve future unspecified properties in the Seaside Basin via the Front-Loading Agreement. Pursuant to the formulas in the Adjudication Decision, the 15.0 AFY amount already accounts for

triennial 10% reductions through the year 2021.

EVIDENCE: Permit application materials specified in Finding #1, including the Front-Loading Agreement and Adjudication Decision. MPWMD Permit #M15-07-L3, Conditions of Approval #1 through #4.

5. FINDING: Based on District staff analysis of the application, the CAW production limit from the Coastal Subareas of the Seaside Basin is increased by 15.0 AFY to meet the water needs of the unspecified recipient properties that would benefit from the Donor Parcel specified in Finding #1. This is equivalent to metered sales (customer water consumption) of 13.95 AFY that would be approved via MPWMD Water Permits for use on the recipient properties, based on an assumed system loss factor (unaccounted for water) of seven percent (7%). This factor is considered as reasonable in light of the 7% goal set in the MPWMD Rules & Regulations, the CPUC goal of 9% maximum system losses set in July 2009, and other CPUC approvals to replace and repair water mains.

EVIDENCE: MPWMD Permit #M15-07-L3, Condition of Approval #3. CPUC Decision 09-07-021 dated July 9, 2009 (issuance date 7/10/2009); MPWMD Rules & Regulations.

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

EVIDENCE: Permit application materials specified in Finding #1; "Complete application" letter from MPWMD to Applicants dated October 23, 2015.

#### **Required Findings (MPWMD Rule 22-B)**

7. FINDING: The approval of the Permit would not cause unnecessary duplication of Potable water service with any existing system. The proposed CAW/DBO Amendment will be guided by the Adjudication Decision and the Front-Loading Agreement. [Rule 22-B-1]

EVIDENCE: Permit application materials specified in Finding #1, including Adjudication Decision and Front-Loading Agreement. MPWMD Permit #M15-07-L3, Conditions of Approval #1 through #4.

8. FINDING: The approval of the Permit would not result in water importation or exportation to or from the District, respectively. The referenced properties are located wholly within the MPWMD. [Rule 22-B-2]

EVIDENCE: District boundary location maps.

9. **FINDING:** Approval of the application would not result in significant adverse impacts to “Sensitive Environmental Receptors” (SER) as defined by MPWMD Rule 11, including the Seaside Groundwater Basin and the Carmel Valley Alluvial Aquifer (CVAA). The Monterey County Superior Court has determined the Seaside Basin “natural safe yield” and specified pumping rights of property owners as part of the Adjudication Decision, including at least 15.0 AFY for DBO. The Monterey County Superior Court has determined that serving Seaside Basin recipient properties with CAW Wells further inland (rather than extracting water closer to the coast) is an overall benefit to the ongoing integrity of the Seaside Basin and is part of the Physical Solution. On April 1, 2010, the Court of Appeal confirmed the findings of the Superior Court. The Front-Loading Agreement is consistent with the May 11, 2009 Court Order finding that with adequate “front-loading,” there is no resultant adverse impacts to the Carmel River or the CVAA. [Rule 22-B-3]
- EVIDENCE:** Permit application materials specified in Finding #1, including Adjudication Decision and Front-Loading Agreement. May 11, 2009 Court Order and April 1, 2010 Appeal Decision specified in Finding #3. MPWMD Permit #M15-07-L3, Condition of Approval #30.
10. **FINDING:** As described in Finding #2, the application is based on specified water rights assigned to DBO as determined by the Superior Court as part of the Seaside Basin Adjudication Decision. [Rule 22-B-4]
- EVIDENCE:** Adjudication Decision specified in Finding #1. May 11, 2009 Court Order and April 1, 2010 Appeal Decision specified in Finding #3.
11. **FINDING:** A long-term reliable source of water supply of 15.0 AFY production is available to CAW as this amount is less than the estimated 15.72 AFY production available to DBO under the Seaside Basin Adjudication. [Rule 22-B-5]
- EVIDENCE:** Permit application cover letter, Seaside Basin Adjudication Decision and Front-Loading Agreement specified in Finding #1. May 11, 2009 Court Order and April 1, 2010 Appeal Decision specified in Finding #3. Letter from Seaside Basin Watermaster to Fenton & Keller (attorney for DBO) dated October 19, 2015.
12. **FINDING:** With the actions referenced in MPWMD Condition of Approval #1 through #4 and #30, the source of water supply is the CAW WDS, solely from Wells in the Coastal Subareas of the Seaside Basin, consistent with the May 2009 Court Order, April 1, 2010 Appeal Decision, and Front-Loading Agreement. The cumulative effects of issuance of this WDS Permit do not result in significant adverse



impacts to the Source of Supply or the species and habitats dependent on the Source of Supply due to actions by the Superior Court to reduce Seaside Basin pumping to the natural safe yield. [Rule 22-B-6]

- EVIDENCE: MPWMD Permit #M15-07-L3, Conditions of Approval #1 through #4, and #30. Letter from Craig Anthony, CAW General Manager, dated January 29, 2009. Letter from James Kassel, State Water Resources Control Board (SWRCB) Assistant Deputy Director for Water Rights, dated February 5, 2009. Adjudication Decision and Front-Loading Agreement specified in Finding #1. May 11, 2009 Court Order and April 1, 2010 Appeal Decision specified in Finding #3.
13. FINDING: With the actions referenced in MPWMD Condition of Approval #1 through #4 and #30, the source of CAW supply for the recipient properties is derived from the Paso Robles and Santa Margarita Aquifers in the Coastal Subareas of the Seaside Basin, which is not within the jurisdiction of the SWRCB. The SWRCB has determined that the one-for-one replacement required in its Order WR 95-10 does not apply so long as CAW supply to the recipient properties is derived solely from the Seaside Basin. [Rule 22-B-7]
- EVIDENCE: MPWMD hydrogeologic maps on file. January 20, 2009 e-mail confirmation of Kenneth Emanuel, SWRCB technical staff member, confirming written summary of October 10, 2008 meeting regarding SWRCB jurisdiction in Seaside Basin. Letter from Craig Anthony, CAW General Manager, dated January 29, 2009. Letter from James Kassel, SWRCB Assistant Deputy Director for Water Rights, dated February 5, 2009. Front-Loading Agreement specified in Finding #1. MPWMD Permit #M15-07-L3, Conditions of Approval #1 through #4, and #30.
14. FINDING: MPWMD Permit #M15-07-L3 does not entail a physical intertie to any other WDS as it enables solely a transfer of water rights from the Donor Parcel. The proposed project will enable increased production by CAW from several inland Wells in the Seaside Basin to serve recipient properties. The Well on APN 011-011-043 will remain a Monitor Well. [Rule 22-B-8]
- EVIDENCE: Permit application materials specified in Finding #1, including Front-Loading Agreement. MPWMD Permit #M15-07-L3, Conditions of Approval #1 through #4, #13, and #31.
15. FINDING: A back-flow protection device to prevent contamination of the CAW system is not necessary as CAW is the water purveyor. CAW does not serve the Donor Parcel. [Rule 22-B-9]

EVIDENCE: Permit application materials specified in Finding #1. MPWMD Permit #M15-07-L3, Condition of Approval #14.

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

16. FINDING: The application adequately identifies the Responsible Parties as California- American Water Company and D.B.O. Development No. 30. [Rule 22-C-1]

EVIDENCE: Permit application materials specified in Finding #1.

17. FINDING: The application meets the definition of a “Multiple-Parcel Connection System” as water will be provided by CAW, a Public Utility with roughly 40,000 customers, for commercial, residential and/or landscape use on the future recipient properties. Compliance with California Title 22 water quality standards is the authority of the SWRCB Division of Drinking Water. [Rule 22-C-2]

EVIDENCE: Permit application specified in Finding #1. MPWMD Permit #M15-07-L3, Conditions of Approval #1, #2, #3, and #15. California Administrative Code, Title 22.

18. FINDING: The application identifies the location of the Source of Supply for the WDS as CAW Wells in the Coastal Subareas of the Seaside Groundwater Basin. [Rule 22-C-3]

EVIDENCE: Permit application specified in Finding #1. MPWMD Permit #M15-07-L3, Conditions of Approval #1 through #4, and #30.

19. FINDING: The approval of the application would not create an Overdraft or increase an existing Overdraft of a Groundwater basin, and a superior right has been demonstrated. The Superior Court has determined the “natural safe yield” and specified pumping rights of property owners in the Seaside Basin as part of the Adjudication Decision. The Adjudication Decision formulas result in at least 15.0 AFY Standard Production Allocation for DBO as described in Findings #1 and #2. [Rule 22-C-4]

EVIDENCE: Permit application, Adjudication Decision and Front-Loading Agreement specified in Finding #1. May 11, 2009 Court Order and April 1, 2010 Appeal Decision specified in Finding #3. Letter from Seaside Basin Watermaster to Fenton & Keller (attorney for DBO) dated October 19, 2015. MPWMD Permit #M15-07-L3, Conditions of Approval #1 though #4.

20. FINDING: The approval of the application would not adversely affect the ability of existing systems to provide water to Users due to conditions of approval that limit future water use to a reasonable and acceptable amount, consistent with the water rights determinations of the Superior Court as the result of the Seaside Basin Adjudication. [Rule 22-C-5]

EVIDENCE: Adjudication Decision specified in Finding #1. Letter from Seaside Basin Watermaster to Fenton & Keller (attorney for DBO) dated October 19, 2015. May 11, 2009 Court Order and April 1, 2010 Appeal Decision specified in Finding #3. MPWMD Permit #M15-07-L3, Conditions of Approval #1 through #4. California Water Code.

### **Compliance with California Environmental Quality Act (CEQA)**

21. 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 has determined that a Statutory Exemption applies as defined in CEQA Guidelines Section 15268 (Ministerial Projects), based on previous environmental determinations by the Courts. The Monterey County Superior Court concluded that its Adjudication Decision included environmental determinations related to the Seaside Basin and adjudication of the rights therein. The MPWMD action is also consistent with the May 11, 2009 Court Order as confirmed by the Sixth District Court of Appeal, which limits CEQA review of water-related issues to areas other than the Seaside Basin.

EVIDENCE: Adjudication Decision and Front-Loading Agreement specified in Finding #1. May 11, 2009 Court Order and April 1, 2010 Appeal Decision specified in Finding #3.

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**EXHIBIT 18-E**

**CONDITIONS OF APPROVAL for  
APPLICATION TO AMEND CALIFORNIA AMERICAN  
WATER DISTRIBUTION SYSTEM – TRANSFER OF D.B.O.  
WATER RIGHTS IN SEASIDE BASIN**

**Donor Parcel: APN 011-011-051, California and Playa Avenues, Sand City  
Service area: Unspecified Parcels in Seaside Groundwater Basin  
Application #WDS-20150922DBO, Permit #M15-07-L3**

**Permitted System: California American Water, “CAW/DBO Amendment”  
Donor Parcel Owner: D.B.O. Development No. 30, a California Limited Liability  
Company (DBO)**

**Adopted by MPWMD Board on November \_\_\_\_, 2015 Pursuant to Rule 22-D  
Preparation Date: November \_\_\_\_, 2015**

**Permitted System (Required by MPWMD Rules)**

1. The California American Water Company (CAW) Water Distribution System (Permitted System) is authorized by the Monterey Peninsula Water Management District (MPWMD or District) under Permit #M15-07-L3 to receive a portion of the water rights associated with the “Donor Parcel,” identified as Assessor's Parcel Number (APN) 011-011-051, owned by D.B.O. Development No. 30, a California limited liability company (DBO). The Donor Parcel is located at California and Playa Avenues, Sand City. This action is referred to herein as the “CAW/DBO Amendment.” A total of at least 15.0 Acre-Feet per Year (AFY) of “Standard Production Allocation” water rights were specified for DBO by the Seaside Basin Adjudication Judgment of March 27, 2006, Monterey County Superior Court Case #M66343, as amended (“Adjudication Decision”); this amount already accounts for the triennial 10% reductions through year 2021 and other formulas specified in the Adjudication Decision. The CAW/DBO Amendment entails transfer of up to 15.0 AFY production to CAW as allowed by the Seaside Basin Watermaster to be used for future water service to unspecified recipient properties to be designated by DBO (“Recipient Parcels”). [Rule 22-D-1-a]
2. The Permittee is authorized by MPWMD under this Permit to provide Potable water service to the Recipient Parcels, which must be located in the Seaside Groundwater

Basin, as defined in MPWMD Rule 11. [Rule 22-D-1-b]

3. The CAW System Capacity (“production limit”) for allowed extractions from the Seaside Basin Coastal Subareas shall be increased by **up to 15.0 AFY** over the quantity specified in the Adjudication Decision (and any previously approved water right transfers) in order to serve the Recipient Parcels. An Expansion Capacity Limit (Connections) is not set. For the purposes of Water Permits issued by MPWMD for development projects on the Recipient Parcels, a combined estimate of **13.95 AFY CAW metered sales (customer consumption) shall be used**, based on a system loss factor of seven percent (7%), and in accordance with the protocol specified by MPWMD Rules & Regulations, as amended by MPWMD Ordinance No. 166 (Create Rule 23.8). The District shall separately track Permit issuance associated with the 13.95 AFY provided by the CAW/DBO Amendment. For the purpose of MPWMD’s Expanded Water Conservation and Standby Rationing Program, up to 15.0 AFY will be added to CAW’s recognized production allotment in the Coastal Subareas, based on the Donor Parcel Owner’s (DBO’s) adjudicated water rights specified in the Adjudication Decision referenced above, so long as CAW and the Donor Parcel Owner have a valid agreement for CAW’s use of water rights associated with the Donor Parcel. [Rule 22-D-1]
4. The source of water for the CAW/DBO Amendment is solely Groundwater extracted by CAW Wells in the Coastal Subareas of Seaside Groundwater Basin. Water for the Recipient Parcels shall be delivered through CAW’s Water Distribution System (WDS). [Rule 22-C-3]

**Additional Mandatory Conditions of Approval (Required by MPWMD Rules)**

5. Precedent to use of this Permit, Donor Parcel Owner shall inform Owners of Recipient Parcels that they shall also first obtain and comply with any required approval from the local Jurisdiction in which the Recipient Parcels are located. The Seaside Basin Watermaster confirmed in a letter dated October 19, 2015 that CAW may deliver water to the Recipient Parcels using up to 15.0 AFY Standard Production Allocation water rights held by the Donor Parcel Owner (DBO). The State Water Resources Control Board (SWRCB), Division of Water Rights, confirmed on February 5, 2009 that the one-for-one replacement requirement in Order No. WR 95-10 does not apply to this type of transfer so long as CAW water supply for the project is derived from the Seaside Basin and not the Carmel River Basin. [Rule 22-D-1-c; Rule 22-D-3]
6. Permittee and Donor Parcel Owner (DBO) shall execute an Indemnification Agreement, provided separately, which holds 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 District approval of the Permitted System or the adequacy of the system water supply. This Permit is not valid until the Indemnification Agreement is signed by the Permittee, Donor Parcel Owner and MPWMD. The Indemnification

Agreement must be signed within 60 days of the preparation date shown (see top of page 1) for this Permit to remain valid. [Rule 22-D-1-d]

7. Permittee shall comply with District rules relating to water Well registration, metering and annual reporting of production (MPWMD Rules 52 and 54). It is noted that no Wells exist on the Donor Parcel. A Well on Parcel APN 011-011-043, which is associated with DBO's water rights, serves as an MPWMD Monitor Well. [Rule 22-D-1-e; Rule 22-D-2]
8. Permittee shall report production by the Water Meter Method (MPWMD Rule 56) for the Wells designated in Condition #4. [Rule 22-D-1-e; Rule 22-D-2]
9. The Donor Parcel and Recipient Parcel Owners shall comply with all MPWMD water conservation rules that pertain to CAW customers, as applicable, (e.g., commercial, hotel, residential, landscape). Current ordinances specify maximum water use rates for fixtures and require new development to install drought-resistant landscapes, and drip irrigation, where appropriate. Contact with the District Permit and Conservation Office at 831/658-5601 is recommended during project planning. [Rule 22-D-1-f]
10. No new Connections to the Permitted System may be set until a Water Permit has been secured from MPWMD for each Connection in accordance with MPWMD regulations governing issuance of Water Permits. Connection Capacity Fees shall be calculated based on water demand estimates using the District's water demand methodology at the time of the application. [Rule 22-D-1-g]
11. Any intensification or expansion on the Donor Parcel or Recipient Parcels within the Permitted System shall require a new application and Permit pursuant to MPWMD Rules 23 and 24. [Rule 22-D-1-k]
12. Any new facilities, expansion of service area boundaries, changed conditions regarding water service by other entities, increase in the production limit set in Condition #3, or other changes described in MPWMD Rule 22-E shall require a Permit to amend the Permitted System. [Rule 22-E]

transport water shall be minimized to the extent practicable. The Recipient Parcels are within the CAW Service Area and may receive CAW water for emergency fire service. [Rule 22-D-1-h]

14. A back-flow protection device to prevent contamination of the CAW system is not required as the Recipient Parcels will be served by CAW. However, if use of non-CAW Wells on the Recipient Parcels is contemplated, CAW and the Parcel owners must take appropriate action to ensure that the CAW system would not be contaminated. [Rule 22-D-1-h]
15. Because the Permitted System is a regulated Public Utility that provides water to nearly 40,000 customers, compliance with California Title 22 drinking water standards is already required and regulated by the SWRCB Division of Drinking Water. [Rule 22-C-2]
16. Permittee is not required to carry out specific mitigation measures by MPWMD above and beyond those already required by the Superior Court in the Seaside Basin Adjudication Decision or the Seaside Basin Watermaster. [Rule 22-D-1-i]
17. Permittee is required to provide an agreement with the Donor Parcel Owner regarding water service to the Recipient Parcels within 60 days of the preparation date (see top of page 1) for this Permit to remain valid. Permittee has provided an executed *Agreement Regarding Front-Loading Delivery of Water* (“Front-Loading Agreement”) between CAW and DBO (dated September 24, 2015) regarding use of 15.0 AFY of Standard Production Allocation water rights as already reduced per the formulas in the Adjudication Decision. The Front-Loading Agreement satisfies this requirement. [Rule 22-D-1-j]
18. Upon District approval of this Permit, Permittee shall pay to the District the invoiced cost for MPWMD staff, attorney and consultant time spent to process the Permit subsequent to the application date, if required. [Rule 60] The initial application fee paid by Permittee is compared to total costs. 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. The payment must be received within 60 days of the preparation date (see top of page 1) for this Permit to remain valid. [Rule 22-D-1-l]
19. Upon finalization of these conditions, the Permittee and Donor Parcel Owner shall sign and notarize an Acceptance of Permit Conditions Form associated with the approval of the Permitted System. By signing the form, Permittee acknowledges that Permittee understands and accepts these conditions as a binding part of the Permit approval, and agrees to carry them out faithfully. The Acceptance Form must be received by MPWMD within 60 days of the preparation date (see top of page 1) for this Permit to remain valid. [Rule 22-D-1-m]



20. Permittee and/or Donor Parcel Owner shall disclose to any future owner, successors and assigns of the CAW water system or the Donor Parcel described in Condition #1 (including owners of any future subdivided lot) the requirements for the Permitted System associated with this Permit. MPWMD shall be advised in a timely manner of any changes in system ownership, system name, or other substantive changes to the system to facilitate accurate record-keeping. [Rule 22-D-2]
21. Given the unique nature of the CAW/DBO Amendment, and the fact that the CAW system infrastructure is already in place in the Coastal Areas of the Seaside Groundwater Basin, this Permit does not include deadlines associated with the construction of new water facilities needed to serve future Recipient Parcels. [Rule 22-D-4]
22. Permittee shall execute a Notice of Agreement and shall ensure that the Donor Parcel Owner shall execute a Deed Restriction prepared by MPWMD regarding the limitation on water use as set forth in these conditions. Permittee shall pay all fees associated with preparation, review and recording of the Deed Restriction. The Notice of Agreement and Deed Restriction must be signed and notarized by the Permittee and Donor Parcel Owner, respectively, and accepted by the Monterey County Recorder for processing within 60 days of the preparation date (see top of page 1) for this Permit to remain valid. [Rule 22-D-1-n]
23. Upon notice to the Permittee and/or Donor Parcel Owner (or designated representatives) in writing, e-mail or by telephone, reasonable access shall be given to MPWMD staff or its designated representative to inspect and document Water-Gathering Facilities and Water-Measuring Devices, obtain hydrogeologic data, and take readings from Water Measuring Devices. [Rule 22-D-1-o]
24. The Permit granted herein is subject to revocation in the event Permittee and/or Donor Parcel Owner do not fully comply with each and every condition set forth in this Permit, pursuant to Rule 20.4, Permit Rule Non-Compliance. [Rule 22-D-1-p]

#### **Other Standard Conditions of Approval**

25. Nothing in this Permit shall be construed to grant or confirm any water right.
26. This Permit does not authorize any act that results in the taking of a threatened or endangered species or any act which is now prohibited, or becomes prohibited in the future, under either the California Endangered Species Act (Fish and Game Code Sections 2050 to 2097) or the federal Endangered Species Act (16 U.S.C.A. Sections 1531 to 1544). If a “take” will result from any act authorized under this Permit, the Permittee shall obtain authorization for an incidental take prior to construction or operation of the project. Permittee shall be responsible for meeting all requirements of the applicable Endangered Species Act for the project authorized under this Permit.

**Special Conditions of Approval**

27. The Donor Parcel Owner (and successors) shall give notice to MPWMD and provide copies to MPWMD of any correspondence by the Watermaster regarding future transfers of water rights.
28. CAW shall provide to the District a copy of any quarterly report to the State Water Resources Control Board, which may include information about service to the Recipient Parcels identified in Condition #1. Notice of a designated link to the CAW website is acceptable. If a website link is not available in the future, electronic or hard copies are acceptable.
29. A standard condition of approval for any Water Permit issued to the Owners of the Recipient Parcels is a voluntary binding agreement (“Notice and Deed Restriction”) to provide public access to water use data, upon request by MPWMD. Permittee shall provide to MPWMD any information authorized to be released in accordance with a Notice and Deed Restriction executed and recorded by a Recipient Parcel Owner.
30. CAW shall implement water accounting methods to track CAW production sources to ensure: (a) only water from Wells in the Coastal Subareas of the Seaside Basin Wells serve the Recipient Parcels identified in Condition #1; and (b) no Carmel River Basin water is produced by CAW to serve the Recipient Parcels, consistent with the May 11, 2009 Court Order and the executed Front-Loading Agreement. The MPWMD General Manager retains the right to review and approve these methods.
31. The Donor Parcel Owner shall ensure that the Well on APN 011-011-043 remains an inactive Monitor Well available for use by the District and Watermaster.

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**EXHIBIT 18-F****AGREEMENT REGARDING  
FRONT-LOADING DELIVERY OF WATER**

This Agreement Regarding Front-Loading Delivery of Water (“**Agreement**”) made by and between D.B.O. Development No. 30, a California limited liability company (“**D.B.O.**”) and California-American Water Company, a California corporation (“**CAW**”), hereinafter individually a “**Party**,” and collectively, the “**Parties**,” is entered into with respect to the following:

WHEREAS, CAW, a public utility regulated by the California Public Utilities Commission (“**CPUC**”), owns and operates wells and infrastructure and a water distribution system which serves properties located within the Seaside Basin and generally on the Monterey Peninsula;

WHEREAS, D.B.O. is the owner and developer of property within the CAW water service area and is the successor in interest to D.B.O. Development No. 27, a California limited liability company;

WHEREAS, the Amended Decision governing the Seaside Basin Adjudication matter in the case of *California American Water v. City of Seaside, et al.* (Monterey County Superior Court, Case No. M66343) filed on February 9, 2007 (“**Amended Decision**”) established that D.B.O. has the right and title to produce and use a percentage of the Operating Safe Yield and Natural Safe Yield of Seaside Basin water as described more fully in the Amended Decision;

WHEREAS, on or about December 3, 2014, in its Notice to All Seaside Groundwater Producers, the Seaside Groundwater Basin Watermaster (“**Watermaster**”) declared that, under the Amended Decision, D.B.O. was entitled to produce 422.96 acre-feet (“**AF**”) of water in water year 2015, which amount includes 238.88 AF of “free” carryover credit and 152.52 AF of “not-free” carryover credit from previous water years, plus the 2015 base allocation of 31.56AF;

WHEREAS, D.B.O. calculates that, after the final triennial ten percent reduction mandated under the Amended Decision in approximately 2021, its share of the Natural Safe Yield of the Seaside Basin would be no less than 15.72 AF per year, calculated by applying D.B.O.’s weighted average under Table 1 of the Amended Decision of 1.27 percent to the lower value of the estimated Natural Safe Yield of the Coastal Subarea of the Seaside Basin (1,973 AF per year, as stated in Amended Decision sections II.B.1 and III.A.17) reduced by 735 AF per year, the amount of water available to Alternative Production Allocation producers in the Coastal Subarea (743 AF per year under Table 2 of the Amended Decision reduced by 8 AF per year per conversion of 8 AF per year by Cypress Pacific Investors, LLC, formerly Calabrese, approved by the Watermaster on January 27, 2014);

WHEREAS, D.B.O. anticipates that it will file an application or applications with the appropriate local jurisdiction or jurisdictions for the necessary permits, approvals, and entitlements to develop such real property owned or controlled by D.B.O., by a company affiliated with D.B.O., and/or by any other persons or entities designated by D.B.O., and located

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at one or more addresses and on one or more assessor's parcel numbers within CAW's Seaside Basin water service area, as DBO may designate from time to time (individually a "**D.B.O. Property**" or collectively "**D.B.O. Properties**"). Said permits, approvals, and entitlements are hereinafter referred to as the "**Permits**";

WHEREAS, CAW and D.B.O. intend to file one or more co-applications with the Monterey Peninsula Water Management District ("**WMD**") requesting one or more amendments to the CAW water distribution system permit as and if required to account for the lease by D.B.O. of up to fifteen (15) AF per year of D.B.O.'s Court-adjudicated entitlement to Seaside Basin water to CAW for the purpose of moving the production of such water to the inland wells operated by CAW and for delivery of such water by CAW to one or more of the D.B.O. Properties; and

WHEREAS, the Parties enter into this Agreement: (1) to make clear that they intend to comply with the terms of the Amended Decision, as clarified by the Monterey Court in its ruling on April 29, 2009, subsequent order filed on May 11, 2009, in Monterey County Superior Court, case number M66343, and any subsequent order of the court in said case; (2) to ensure operationally that only Seaside Basin water is produced and stored for the benefit of the D.B.O. Properties in advance of the D.B.O. demand for such water at any D.B.O. Property, and (3) to provide assurance (in addition to accounting and reporting requirements) that there will be no temporal or other impact on waters produced or stored from other sources, including, without limitation, the Carmel River.

NOW THEREFORE, the Parties agree as follows:

1. Leased Water/Commencement of Lease. D.B.O. agrees to lease up to a maximum of fifteen (15) AF per year of its allocated water production under the Amended Decision to CAW at no charge ("**Lease**" or "**Leased Water**") for delivery to and use on one or more D.B.O. Properties. The Lease shall commence upon the occurrence of all of the following events: i) upon issuance of the Permits and satisfaction of the conditions of approval for the first D.B.O. Property to be served pursuant to this Agreement; ii) satisfaction of the conditions set forth in Section 6 of this Agreement; and iii) issuance of a water permit by the WMD for the new or increased uses on the D.B.O. Property pursuant to the Permits. CAW agrees the Leased Water may only be used to serve the D.B.O. Properties in accordance with the terms and conditions of this Agreement.

2. Commencement and Terms of Service. With respect to each D.B.O. Property to be served with Leased Water pursuant to this Agreement, D.B.O. shall provide CAW with written notice, sufficiently in advance to enable CAW to produce water in accordance with Section 3, specifying: i) the address/location and owner of the D.B.O. Property; ii) the expected date for the meter to be set (if applicable); iii) the expected date for initiation of water service by CAW or increased water use by the D.B.O. Property; and iv) the amount of Leased Water to be provided (which amount shall be exclusive of any baseline for past water use on said D.B.O. Property as recognized and documented by an appropriate methodology acceptable to the WMD and the State Water Resources Control Board ("**SWRCB**"), currently the lesser of either the actual average metered annual water use for a water year from the last five years of records or the amount calculated from the fixture unit count). CAW shall have no obligation to serve any

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D.B.O. Property under this Agreement until it receives such notice. Service to any D.B.O. Property pursuant to this Agreement shall be subject to all of CAW's tariffs as authorized by the CPUC, including the conditions of and the rates charged for service.

3. **Production of Leased Water.** CAW agrees to initially produce the Leased Water for each D.B.O. Property from its inland Seaside Wells at least 30 calendar days prior to either: i) the setting of a meter for the D.B.O. Property; or ii) if the D.B.O. Property to be served already has a meter, commencement of any increased use on said D.B.O. Property. CAW will store the amount of Leased Water so produced in a CAW storage facility deemed appropriate by CAW. Thereafter, CAW shall, as frequently as necessary, produce the Leased Water in an amount that exceeds the amount of water actually delivered to the D.B.O. Properties pursuant to this Agreement.

4. **Interpretation.** The Parties intend that any production, export, delivery, or use of water pursuant to this Agreement shall be in accordance and consistent with the Amended Decision and that nothing in this Agreement shall be construed to require either Party to violate the terms of the Amended Decision. Further, nothing in this Agreement shall be construed to prohibit the "mixing of molecules" from different sources or supplies of water, which is a practice recognized and allowed by California law and by the Amended Decision, as clarified by the Monterey Court on April 29, 2009, and memorialized in the court's May 11, 2009, Order.

5. **Accounting and Reporting.** CAW will account for and report the production of the Leased Water in accordance with Section 11 of the *Rules and Regulations of the Seaside Groundwater Basin Watermaster* as it may be amended from time to time. D.B.O. understands and agrees, and will so instruct the Watermaster, that under no circumstances shall production by CAW of the Leased Water for use on any D.B.O. Property served pursuant to this Agreement be deducted from CAW's production rights under the Amended Decision.

6. **Conditions Precedent.** The application of this Agreement to any D.B.O. Property shall be conditional on all of the following:

- a. Approval of a moratorium exception by the CPUC or the written approval of an authorized official of the SWRCB, as required to allow CAW to produce and deliver Leased Water to the D.B.O. Properties pursuant to this Agreement;
- b. Compliance with Section 9.0 of the *Rules and Regulations of the Seaside Groundwater Basin Watermaster* as it may be amended from time to time with respect to the assignment or transfer to CAW of a portion of D.B.O.'s production allocation for purposes of this Agreement;
- c. Approval of any amendment or amendments to the CAW water distribution system permit by the WMD (or, alternatively, issuance of said permit or authorization granted by order of an applicable court) necessary to allow CAW to produce and deliver Leased Water to such D.B.O. Property;
- d. Acceptance and approval by CAW of any conditions restricting or regulating CAW water systems operations imposed by the WMD on its approval and/or issuance of any amended CAW water distribution system permit or other permit

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necessary to allow service to such D.B.O. Property, which acceptance and approval by CAW shall not be unreasonably withheld; and

- e. The provision of Leased Water to such D.B.O. Property will not cause the total deliveries of Leased Water to all D.B.O. Properties under this Agreement to exceed fifteen (15) AF per water year as defined in the Amended Decision.

In the event any of the foregoing conditions is not satisfied with respect to any particular D.B.O. Property, the failure of such condition or conditions shall not affect the validity or enforceability of this Agreement with respect to any other D.B.O. Property.

7. **Cooperation.** D.B.O. and CAW mutually agree to provide such notification and cooperation to one another as may be necessary to achieve the purposes and implementation of this Agreement. The Parties shall provide further assurances in writing or other documentation as necessary in order to achieve the purposes and implementation of this Agreement.

8. **Termination.** This Agreement may be terminated upon mutual written agreement of the Parties. Further, CAW may terminate this Agreement as to D.B.O. Properties proposed to be served hereunder that have not received all necessary Permits prior to the date of termination if ordered to do so by the CPUC.

9. **Cost Allocation.** Costs to implement this Agreement will be paid as follows:

- a. Except as provided in Section 10 below, CAW will pay all costs to request and obtain any CPUC or SWRCB approval for an exception to the CPUC moratorium to allow CAW to produce and deliver Leased Water to the D.B.O. Properties, including but not limited to preparation of any required Advice Letter and supporting documentation.

- b. D.B.O. will pay any application fees and all other fees and costs charged by the WMD related to the application to the WMD for any amendment or amendments to the CAW water distribution system permit necessary to allow CAW to provide Leased Water to the D.B.O. Properties, including but not limited to consultant fees and any fees and costs related to compliance with the California Environmental Quality Act.

- c. Notwithstanding any other provision of this Agreement, and except as provided in Section 10 below, each Party shall be responsible for its own legal costs and attorney's fees associated with performance of the Agreement, including but not limited to all costs and fees related to drafting, review, and editing of applications, preparation and submittal of any application to the CPUC for a moratorium exception, preparation and submittal of any application to the WMD for any amendment or amendments to the CAW water distribution system permit, monitoring of the CPUC and WMD processes for review and approval of the moratorium exception and amendment of the CAW water distribution system permit, and compliance with any and all CPUC and WMD requirements.

- d. Notwithstanding any other provision of this Agreement, and except as provided in Section 10 below, neither D.B.O. nor CAW shall be responsible for paying costs associated with any time expended on the performance or implementation of this Agreement by any officer, director, manager, attorney, representative, agent, or employee of the other Party.

**EXHIBIT 18-F****10. Indemnification.**

a. D.B.O. agrees that, to the fullest extent permitted by law, CAW shall be fully protected from any loss, injury, damage, claim, lawsuit, cost, expense, attorney's fees, litigation costs, defense costs, court costs, or any other cost arising out of or in any way related to an Indemnified Claim as defined in Section 10(b), below. Accordingly, the provisions of this Section 10 are intended by the Parties to be interpreted and construed to provide the fullest protection possible under the law to CAW with respect to such Indemnified Claims. D.B.O. acknowledges that CAW would not enter into this Agreement in the absence of this commitment from D.B.O. to indemnify, defend, and hold harmless CAW as set forth herein.

b. To the fullest extent permitted by law, D.B.O. shall defend, indemnify and hold harmless CAW and its directors, officers, employees and agents (individually an "**Indemnified Party**" and collectively "**Indemnified Parties**") from any claim, action, or proceeding to attack, challenge, set aside, void, or annul: (i) the entering into, making, or performance of this Agreement; or (ii) any governmental or regulatory approval related to implementation or performance of this Agreement (individually an "**Indemnified Claim**" and collectively "**Indemnified Claims**"). D.B.O.'s obligation to indemnify applies regardless of whether a liability is caused or contributed to by any act or omission of an Indemnified Party unless it is finally adjudicated that the liability is a result of the sole active negligence or sole willful misconduct of an Indemnified Party. The indemnification includes any damages, fees and/or costs awarded against an Indemnified Party, and costs of suit, attorney's fees, and other costs, liabilities and expenses incurred by an Indemnified Party in connection with an Indemnified Claim, including any costs incurred as a result of an indemnification obligation imposed by a governmental or regulatory entity as part of an approval process.

c. D.B.O.'s duty to defend is a separate and distinct obligation from its duty to indemnify and shall arise immediately upon submittal to D.B.O. of notice of an Indemnified Claim in any form or at any stage of the Indemnified Claim, whether or not liability is established. CAW shall have the right to approve defense counsel, all significant decisions concerning the manner in which the defense is conducted, and any and all settlements, which approvals shall not be unreasonably withheld. The obligation to defend extends through final judgment, including exhaustion of any appeals; or, alternatively, through final settlement of the claim. If it is finally adjudicated that liability was caused by the sole active negligence or sole willful misconduct of one of the Indemnified Parties, D.B.O. may submit a claim to CAW for reimbursement of reasonable attorney's fees and defense costs which claim shall be paid by CAW within 90 days from submittal. CAW shall also have the right, at any stage of the Indemnified Claim and at its own election, to conduct its own defense. This Section survives the completion or termination of this Agreement.

d. Notwithstanding any other provision of this Agreement, in the event any Indemnified Claim is threatened or asserted so as to give rise to D.B.O.'s indemnification obligation under this Section 10, D.B.O. shall have the unilateral right at any time, with or without CAW's consent, to agree to rescind or vacate any governmental or regulatory approval by any public agency that is necessary in order for CAW to commence producing and delivering Leased Water to a D.B.O. Property pursuant to this Agreement, including but not limited to any amendment to the CAW water distribution system permit by the WMD, provided that such

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rescission or vacation does not materially increase or adversely affect CAW's obligations or operations. For example, D.B.O. shall not have the unilateral right to rescind or vacate any such approval if CAW has lawfully commenced producing and delivering Leased Water to the implicated D.B.O. Property. Prior to agreeing to rescind or vacate any such approval, D.B.O. shall provide CAW with written notice of its intent to rescind or vacate the approval and the Parties shall meet and confer on whether a material increase in or adverse effect on CAW's obligations or operations would result from the proposed rescission or vacation.

11. **Assignment.** D.B.O. may not assign its rights or delegate its obligations hereunder, in whole or in part, without the prior written consent of CAW, which may be given or withheld in CAW's sole and absolute discretion. Notwithstanding the foregoing:

a. D.B.O. shall have the unilateral right to designate the D.B.O. Properties to receive Leased Water under this Agreement without the consent of CAW, notwithstanding the fact that neither D.B.O. nor its affiliate companies may be the record owner of such D.B.O. Property; and

b. D.B.O. may assign all of its rights and obligations hereunder to any person or entity ("**Assignee**") without the consent of CAW if D.B.O. has permanently sold 51% or more of its Base Water Right as defined in the Amended Decision and transferred its voting power to the Assignee in accordance with the Amended Decision and Section 9.0 of the Watermaster's Rules and Regulations, provided that all of the following conditions are satisfied: (i) D.B.O. is not in default under this Agreement; (ii) there are no amounts currently owing from D.B.O. to CAW under Section 10 of this Agreement; (iii) there are no pending or threatened Indemnified Claims; (iv) no Indemnified Claims has been identified that is probable of being asserted; and (v) such assignment is for a legitimate business purpose and not principally for the purpose of avoiding the restrictions on assignment otherwise applicable under this Section 11. For purposes of this Section 11.b, an unasserted Indemnified Claim would be considered "probable of being asserted" only when the prospect of it being asserted seems reasonably certain (i.e., supported by extrinsic evidence strong enough to establish a presumption that it will happen) and the prospects of non-assertion seem slight.

c. D.B.O. may assign all of its rights and obligations hereunder to any Assignee if: (1) D.B.O. has received the advance written approval of CAW, which approval shall not be unreasonably withheld or delayed; and (2) D.B.O. has permanently sold 51% or more of its Base Water Right as defined in the Amended Decision and transferred its voting power to the Assignee in accordance with the Amended Decision and Section 9.0 of the *Rules and Regulations of the Seaside Groundwater Basin Watermaster* as it may be amended from time to time. Under this Subsection 11.c, written approval shall be deemed "unreasonably delayed" if a substantive written response is not delivered to D.B.O. within 30 calendar days after delivery to CAW of a written request for approval. The Parties shall deliver documents under this Subsection 11.c in accordance with Section 12, **Notices**. If CAW does not deliver a substantive written response to D.B.O. within said 30-day period, the assignment shall be deemed approved by CAW.

d. If this Agreement is assigned or an assignment is requested pursuant to Subsection 11.b or 11.c above, D.B.O shall deliver supporting documentation to CAW, which shall include documentation consistent with the Amended Decision and Section 9.0 of the *Rules*



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*and Regulations of the Seaside Groundwater Basin Watermaster* as it may be amended from time to time, showing the transfer to Assignee of 51% or more of D.B.O.'s Base Water Right as defined in the Amended Decision, the transfer of D.B.O.'s voting power to the Assignee, and an instrument duly executed by Assignee by which Assignee assumes (as of the effective date of such assignment) observance and performance of, and agrees to be bound by, all of the terms, covenants and conditions of this Agreement to be performed and observed by D.B.O. ("**Assignment Documents**"). If this Agreement is assigned pursuant to Subsection 11.b, the Assignment Documents shall include a written statement signed by a duly authorized representative of D.B.O. certifying that all of the conditions set forth in Subsection 11.b have been satisfied and D.B.O. shall deliver the Assignment Documents to CAW within 30 calendar days of the effective date of the assignment. If CAW objects to the proposed assignment on the grounds that the conditions set forth in Subsection 11.b have not been met, CAW shall notify D.B.O. in writing of such objection and the specific facts it contends support its objection within 14 calendar days after receipt of the Assignment Documents from D.B.O. If CAW fails to provide D.B.O. with written notice of such objection and facts within 10 calendar days after receipt of the Assignment Documents from D.B.O. CAW shall be deemed to have waived its right to contest the assignment under Subsection 11.b. In the event CAW so notifies D.B.O., D.B.O. shall have the right, at its sole discretion, to respond to CAW's contention in any matter it deems appropriate, including but not limited to any one or more of the following: (i) provide further information or documents to CAW related to the issue of whether the conditions of Subsection 11.b have been met; (ii) request CAW's approval of the assignment pursuant to Subsection 11.c; (iii) withdraw or rescind the assignment; or (iv) pursue any legal remedies to enforce its rights of assignment under Subsection 11.b. If an assignment of this Agreement is requested pursuant to Subsection 11.c, D.B.O shall deliver the Assignment Documents to CAW with D.B.O.'s written request for approval of the assignment.

12. **Notices.** Any notice, consent, approval or disapproval to be given or other document to be delivered by any Party to the other or others hereunder may be delivered in person to the addressee identified below, or may be delivered by Federal Express, other private commercial delivery or courier service for next business day delivery, or may be deposited in the United States mail, duly certified or registered, return receipt requested, with postage prepaid, and addressed to the Party for whom intended, as follows:

If to CAW:

Eric Sabolsice  
 General Manager  
 511 Forest Lodge Road, Suite 100  
 Pacific Grove, CA 93950  
 Email: Eric.Sabolsice@amwater.com

If to D.B.O.:

Ted Lim  
 DBO Development  
 10 Harris Court, Suite B-1  
 Monterey, CA 93940  
 TLim@oroscogroup.com

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With a copy to: Donald B. Orosco  
DBO Development  
10 Harris Court, Suite B-1  
Monterey, CA 93940  
DOrosco@oroscogroup.com

And with a copy to: David C. Sweigert  
Fenton & Keller  
Post Office Box 791  
Monterey, CA 93942-0791  
Email: DSweigert@fentonkeller.com

Notice may also be given by electronic mail ("Email") to any Party at the respective Email address given above provided receipt of such transmission shall be confirmed by follow-up notice within 72 hours by another method authorized above. Any Party hereto may from time-to-time, by written notice to the other, designate a different address or person which shall be substituted for the one above specified. Any notice shall be deemed served or delivered upon actual receipt or first attempted delivery (as shown by the records of the U.S. Postal Service or private delivery service) at the address listed above.

13. Amendment. This Agreement may only be amended by a document in writing signed by the Parties hereto.

14. Authority. The persons executing this Agreement on behalf of the Parties hereto warrant that: (i) such Party is duly organized and existing; (ii) they are duly authorized to execute and deliver this Agreement on behalf of said Party; and (iii) by so executing this Agreement such Party is formally bound to the provisions of this Agreement.

15. Governing Law; Disputes.

- a. The Agreement shall be interpreted in accordance with California law, without giving effect to choice of law provisions. Headings used in this Agreement are for convenience only and are not to be used in the construction or interpretation of this Agreement.
- b. The Parties agree that in the event of litigation, exclusive venue shall be in Monterey County, California.
- c. In the event of any legal action or other proceeding between the Parties regarding this Agreement (an "Action"), the prevailing Party shall be entitled to the payment by the losing Party of the prevailing Party's reasonable attorney's fees, court costs and litigation expenses, as determined by the court.
- d. Likewise, the prevailing Party in any Action shall be entitled, in addition to the amounts set forth in Section 15(c) above, to the payment by the losing Party of the prevailing Party's reasonable attorney's fees, court costs and litigation expenses incurred in connection with: (i) any appellate review of the judgment rendered in

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the Action; and (ii) any proceeding to enforce a judgment in such Action. It is the intent of the Parties that the provisions of this Section 15(d) shall be distinct and severable from the other rights of the Parties, shall survive the entry of judgment and shall not be merged into such judgment.

16. No Third Party Beneficiaries. This Agreement is made and entered into solely for the benefit of D.B.O. and CAW and no other person shall have any right of action under or by reason of this Agreement.

IN WITNESS WHEREOF, this Agreement is executed by the parties in duplicate on the dates set forth herein below.

**CALIFORNIA-AMERICAN WATER  
COMPANY**

Date: 9/24/15

By:   
Eric Subolsice, Director Operations  
 Print Name and Title

**D.B.O. DEVELOPMENT NO. 30, LLC**  
 A California limited liability company

Date: 9/17/15

By: THE OROSCO FAMILY TRUST  
 dated June 28, 1977, as amended, Member

  
 Donald B. Orosco, Co-Trustee

Date: 9/17/15

  
 Mary Kay Orosco, Co-Trustee

By: LYLES DIVERSIFIED, INC.,  
 a California corporation, Member

Date: 9/17/2015

  
 Gerald V. Lyles, Senior Vice President



**ITEM: PUBLIC HEARINGS****19. CONSIDER APPROVAL OF APPLICATION TO AMEND STATE WATER RESOURCES CONTROL BOARD ORDER WR 2009-0060**

**Meeting Date:** November 16, 2015 N/A

**From:** David J. Stoldt **Program/**  
 General Manager **Line Item No.:**

**Prepared By:** David J. Stoldt **Cost Estimate:**

**General Counsel Approval:** N/A  
**Committee Recommendation:** N/A  
**CEQA Compliance:** N/A

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**SUMMARY:** This is an update from Item 16 of the Board's July 20, 2015 meeting. Due to a variety of reasons, many beyond the control of Cal-Am, as well as the community, the Monterey Peninsula Water Supply Project (MPWSP) has been delayed to the point where it is impossible for Cal-Am to meet the State Water Resources Control Board (SWRCB) Cease and Desist Order (CDO) 2009-0060 deadline of December 31, 2016.

The attached application (**Exhibit 19-A**) was developed jointly by representatives of Cal-Am, the District, the Mayor's Water Authority, the Pebble Beach Company, and attorneys representing Peninsula cities and Carmel Valley pumpers. The proposal was shared with SWRCB enforcement staff in several iterations, and includes modifications and clarifications made in response to SWRCB staff, and contained in the proposed revised Order contained in **Exhibit 19-B**. The application reflects many compromises between the parties, but reflects commitments all the parties believe they can support. The Carmel River Steelhead Association, the Sierra Club, and the Planning and Conservation League (PCL) were included in the discussions, but may not be able to endorse this application. Specifically, PCL and Sierra Club may seek a lower effective diversion limit (see Paragraphs 3.a.(1) and (2) of Exhibit 19-B) and Sierra Club wants greater authority over the third-party expert to annually review the status of the fishery (see Paragraph 3.a.(2)(viii) of Exhibit 19-B). This latter subject remains under discussion and the parties may agree on language prior to the Board meeting, as noted in the body of the text.

The current version of a preliminary draft application for a CDO extension is attached as **Exhibit 19-A**. It is expected that non-substantive changes from the version contained in the packet will be made to better describe in the application what is being specifically requested in the revised Order, as noted in the body of the text. If available by the District's Board meeting, those changes will be presented at the meeting. The proposed revision of the CDO is attached as **Exhibit 19-B**.

Key principles included in this proposed version include:

- A four-year extension of the CDO deadline from December 31, 2016 to December 31, 2020.
- Continued moratorium on new service connections.
- An immediate reduction of the diversion limit in Water Year 2015-16 to 8,671 acre-feet. This represents the 2013-14 limit under the existing CDO minus 1,000 acre-feet in recognition of successful efforts in the community to conserve water, allowing a permanent commitment to a lower production limit. (PCL opposes this and seeks a lower limit.)
- A subsequent reduction of the diversion limit in Water Year 2016-17 to 8,310 acre-feet and remaining in place through 2020. This represents a 5-year average of recent diversions from the Carmel River as computed by SWRCB staff. This limit must be evaluated in the context that recent pumping practices reflect consumer conservation in 4 years of drought, attempts by Cal-Am to reduce summer pumping on the Carmel River due to drought stress, well outages that under-report desired production, and the need to accommodate a 2018 triennial reduction on the Seaside Basin resulting from the adjudication. Data shows that following the last three significant droughts, there has been a bounce-back in customer demand in the 1 to 3 years following. (PCL and Sierra Club desire a limit on the order of 7,500-7,600 acre-feet reflective of actual production the past three years, but ignoring any of the factors discussed above.)
- If the actual production on the Carmel River is less than the new diversion limits, Cal-Am can build up a “credit” that can be carried forward and up to 750 acre-feet may be used to offset an exceedance of the diversion limit in a subsequent year.
- Additional 1,000 acre-foot reductions in diversion limit if construction milestones are missed each of the next four years. If the milestone is subsequently met, the reduction in diversion limit is reversed the following year.
- Authority for the SWRCB board to suspend a reduction corresponding to a missed milestone if it determines that the milestone was missed due to circumstances beyond the control of Cal-Am, MPWMD, and the Water Authority.
- Annual reporting to the SWRCB describing progress toward the annual milestone, whether the milestone will be achieved, reasons for a missed milestone, and status of the species. (Sierra Club wants a role in selecting a third-party fisheries expert and allowing it’s recommendations to affect immediate adaptive management.)

**RECOMMENDATION:** The General Manager recommends the Board authorize the General Manager to sign the Application for Order Modifying State Water Board Order WRO 2009-0060 (Cease and Desist Order), subject to non-substantive changes as determined by District Counsel, on behalf of the Board.

**DISCUSSION:** As discussed in previous closed sessions, representatives of the plaintiffs in the earlier, but now suspended, lawsuit over the CDO have been in discussion with the California State Water Resources Control Board (SWRCB) staff in an effort to develop a proposal acceptable enough to secure staff concurrence with a formal request for a CDO extension that will be made to the State Board.

Of particular importance during these discussions is that the District and other public officials are opposed to rationing and financial penalties or other measures that might be mandated by the SWRCB and that could result in unfair or punitive impacts on ratepayers who have exceeded conservation goals and who have no responsibility for the delay.

Presently, District staff and General Counsel support the proposed draft, but the proposal will leave very little factor of safety against a rebound in consumer demand for water, but the proposal does not appear to trigger immediate adverse impacts under existing conservation and rationing rules.

Further, under Section 3(b) of the original CDO, “the MPWMD may petition the State Water Board Deputy Director for Water Rights for relief from annual reductions imposed under condition 3.a (2). [if] (c) a showing is made that public health and safety will be threatened if relief is not granted.” The District will retain this right. The District does not lose its ability to initiate a new lawsuit if relief is not granted or unexpected future penalties arise from the amended CDO.

There is substantial risk that the SWRCB will not grant all of the terms and conditions as proposed. Should this be the case, the Parties reserve the right to not immediately accept proposed terms of a revised order, to request evidentiary hearings, or to seek other remedies.

## **EXHIBITS**

**19-A** Draft Application for Order Modifying State Water Board Order WRO 2009-0060 (Cease and Desist Order)

**19-B** Attachment 1 to Application – Revised CDO





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STATE OF CALIFORNIA  
 STATE WATER RESOURCES CONTROL BOARD

In the Matter of the Unauthorized Diversion and Use  
 of Water by the California American Water  
 Company; Cease and Desist Order WR 2009-0060

APPLICATION FOR ORDER  
 MODIFYING STATE WATER  
 BOARD ORDER WRO 2009-0060  
 (CEASE AND DESIST ORDER)

**I. Introduction**

Pursuant to Water Code section 1832, California American Water (CAW), Monterey

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Peninsula Regional Water Authority (MPRWA) and Monterey Peninsula Water Management District (MPWMD) (collectively, Petitioners) hereby apply to the State Water Resources Control Board (SWRCB) for an order modifying certain of the ordering provisions of Order WRO 2009-0060 (referred to herein as “Order” or “CDO”).<sup>1</sup> In Orders WRO 2009-0060 as amended by WR 2010-0001, the SWRCB required CAW to comply with Condition 2 of SWRCB Order WR 95-10 by diligently implementing various actions in collaboration with the MPRWA, MPWMD and other community interests, including termination of unlawful diversions from the Carmel River in accordance with the schedule and conditions set forth in the CDO. Petitioners have diligently implemented measures to comply with the CDO, and CAW is currently meeting or has met all of the conditions of the CDO. Despite the best efforts of these parties as described below, factors beyond Petitioners’ control prevent CAW and Petitioners from implementing a replacement water supply to eliminate all unauthorized diversions from the Carmel River before December 31, 2016 as required in the CDO. Accordingly, Petitioners hereby request that the SWRCB issue a new order modifying and restating certain of the ordering provisions of the CDO as specifically proposed in Attachment 1 (Proposed Order).<sup>2</sup> In addition, Petitioners request cooperation and assistance from the SWRCB regarding certain applications, permits, loans and grant funds to implement projects that will reduce unauthorized diversion from, and increase the water in, the Carmel River, particularly during drier months of the year. With the SWRCB’s support for those projects and modification of Order WRO 2009-0060, Petitioners can commit to carry out the

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<sup>1</sup> Petitioners understand that, as of its effective date, the requested Order would supersede the ordering provisions of State Water Board WRO 2009-0060. All other provisions of State Water Board WRO 2009-0060 and all other State Water Board orders concerning CAW’s diversions from the Carmel River would remain in effect until terminated by law or action of the State Water Board

<sup>2</sup> The Proposed Order is the result of nearly two years of analysis and negotiations by the Petitioners, stakeholders, resources agencies, and SWRCB staff. The Proposed Order includes significant commitments to measures to protect and enhance aquatic resources in the Carmel River through the extension period of the Proposed Order, and reflects an effort to maintain unequaled water conservation and use standards on the Monterey Peninsula without causing further damage to the economy of the Peninsula. The diversion reductions proposed in the Proposed Order will severely stretch the communities’ water conservation capabilities, and therefore this Application is made with the understanding and on the condition that the SWRCB adopt an order amending the CDO that is materially the same as the terms and conditions in the Proposed Order in Attachment 1. Petitioners reserve all rights and remedies to protect the water supply necessary to maintain health and safety of the Monterey Peninsula, and do not intend with this Application to waive any rights or remedies necessary to protect an adequate water supply for the public welfare of the Monterey Peninsula.

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actions, plans and projects described in Sections III.A and III.C, which include:

- Continued development and implementation of efficiency and conservation measures;
- Continued development and implementation of projects to develop alternative and supplemental water supplies; and
- Continued development and implementation of fish and wildlife protection and enhancement measures.

*[NOTE: Summary of Attachment 1 and rationale behind Effective Diversion Limit, extension period, etc. may be inserted prior to 11/12 MPRWA / 11/16 MPWMD Board meetings.]*

While not signatories to this Application, many other stakeholders participated extensively in the development of this Application. The Petitioners thank each of these groups and request the Board recognize them for their efforts to collaborate with the Petitioners. Without them, this Application would not be as robust and well-reasoned as it is today. These groups include the Sierra Club, the Carmel River Steelhead Association, the Planning and Conservation League, the Pebble Beach Company, and the Carmel Valley Ranch, among others. Included in Attachment 3 are letters of support from non-applicant groups that participated in the development of this Application.

The Petitioners would also like to acknowledge the significant efforts and collaboration by Staff of the SWRCB in the development of this Application. In the face of the worst drought in California's history, SWRCB Staff professionally and cooperatively worked with the Petitioners over a two year period to provide feedback, to help drive consensus among stakeholders and to assist in the development of this Application and the Proposed Order. The Board should recognize the efforts and professionalism of its staff and their contributions to this Application.

**II. The SWRCB has Authority to Modify the CDO**

The SWRCB has broad discretion to modify a CDO and to revise a schedule of compliance contained in a CDO. *See* Order WR 2010-0002. Petitioners make this Application pursuant to Water Code section 1832, which states, in relevant part: “The board may, after notice and opportunity for hearing, upon its own motion or upon receipt of an application from an aggrieved person, modify, revoke, or stay in whole or in part any cease and desist order issued

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pursuant to this chapter.” For the reasons set forth below, including the fishery protection and enhancement measures that will be implemented by Petitioners, Petitioners submit there is good cause for the SWRCB to modify the schedule and conditions in Order WRO 2009-0060.

**III. It is Reasonable and in the Public Interest to Modify the CDO as Requested****A. CAW and Petitioners have Diligently and Aggressively Implemented Measures to Comply with the CDO.****1. Efficiency and Conservation Measures**

Prior to and since the issuance of the CDO, Petitioners have dedicated tremendous resources to implement efficiency and conservation measures to control and reduce customer demand and system losses within CAW’s Monterey district, such that the community is currently outperforming the Carmel River diversion reduction targets set forth in the CDO. These include the following specific measures:

CAW has implemented and diligently enforced a moratorium on new service connections within its Monterey district. CAW applied for, and the California Public Utilities Commission (CPUC) approved on March 24, 2011, a moratorium on new service connections and an increased use at existing connections caused by a change in use.<sup>3</sup> See CPUC Decision D.11-03-048.

**b. Revised Conservation and Rationing Plan**

On July 14, 2015 CAW submitted an application to the CPUC to modify revised Rule No. 14.1.1 in CAW’s CPUC tariff, Water Conservation and Rationing Plan for the Monterey District. CAW filed this application, with support and cooperation from MPWMD, in recognition that Rule 14.1.1, which is based upon the MPWMD Regulation XV, Expanded Water Conservation and Standby Rationing Plan, is outdated since it was last reviewed by the

<sup>3</sup> Prior CPUC decisions require CAW to seek CPUC authorization prior to denying service to any customer within its service area.

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CPUC in a 2007 proceeding. A prehearing conference was held by the CPUC Administrative Law Judge on September 8, 2015 to discuss the parties' proposed schedule and scope of the proceeding. On November 4, 2015, the CPUC filed a scoping memo that sets the schedule for a decision on CAW's application by approximately October 2016.

**c. Water Conservation Programs**

CAW and MPWMD have implemented a variety of customer water conservation and efficiency programs, including programs targeting large commercial customers such as laundries, hotels, and car washes. CAW's efficiency standards have placed it in the lowest residential per-capita usage tier under the SWRCB's recently adopted emergency urban water conservation regulations. CAW and MPWMD have also implemented programs targeting reductions in outdoor irrigation, including replacement of irrigated turf with drought tolerant landscaping or artificial turf, incentives for installation of weather-based irrigation controllers, mandatory installation of rain sensors on irrigation systems, and mandatory water efficiency requirements for all non-residential customers and certain residential customers. *See* MPWMD Regulation XIV. In February 2010, CAW implemented, with CPUC approval, a new tiered conservation rate structure with increases directed at the top tier users to promote conservation practices and reduce overall water usage. Compared to the five year historical tier 4 and 5 usage, tier 4 and 5 usage was down approximately 71% in Water Year 2014-2015. *See* Table Nine in CAW's 4th Quarterly Report for the 2014-2015 Water Year to SWRCB pursuant to Order WRO 2009-0060.

**d. Infrastructure and Operational Improvements to Reduce System Losses and Customer Leaks**

CAW has implemented and continues to implement programs to detect and reduce non-revenue system losses, including: replacement of older water mains and service lines in areas shown to be more leak prone; water meter replacement; active leak detection; technological solutions to manage lost water; and operational fixes such as pressure reduction. In addition, CAW is currently conducting a pilot test with a group of Monterey customers using remote technology that enables participants to receive real time water consumption data for their

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residential water account on their smart phone. The smart phone application can be used to set up an alert if consumption is indicative of a water leak or if use increases. This technology allows customers the ability to detect water leaks as they occur and to monitor their water use closely, further encouraging water conservation.

**2. CAW is Diligently Pursuing Development of a Primary Alternative****Water Supply**

As directed by Order 95-10 and the Order, Petitioners have diligently pursued the Monterey Peninsula Water Supply Project (MPWSP), which will produce the replacement water supply necessary to eliminate unauthorized diversions from the Carmel River.

**a. Application for Approval of MPWSP and Permitting Activity**

On April 23, 2012, CAW filed an application to the CPUC for approval of the MPWSP. The MPWSP includes the following components: 1) a desalination plant and associated source-water slant wells and conveyance system, which can produce up to 9,752 acre-feet-annually (afa) for system demand; 2) an Aquifer Storage and Recovery (ASR) project to store water lawfully diverted from the Carmel River in the Seaside Groundwater Basin for subsequent recovery, with an expected long term average yield of 1,300 acre-feet annually; and possibly 3) a Groundwater Replenishment (GWR) project that could treat recycled water and replenish up to 3,500 afa in the Seaside Basin. The GWR project is being developed by the MPWMD and Monterey Regional Water Pollution Control Agency (MRWPCA) and, if timely approved, could result in a down-sized desalination plant. The Certificate of Public Convenience and Necessity (CPCN), approving the MPWSP, is anticipated from the CPUC before the end of 2016.

Significant progress has been made on the MPWSP. CAW has undertaken – and continues to advance – as many aspects of the project as can be done without regulatory permits. In that regard, CAW acquired a 45-acre parcel of land near the City of Marina to serve as the desalination plant site. CAW has awarded a design-build contract to CDM Smith to construct the desalination plant once all necessary permits have been obtained. CAW is also in the process of conducting separate procurements to construct distribution system improvements and

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construct the source water wells. These actions will expedite the construction of the MPWSP once all regulatory agencies have issued their respective permits.

On April 30, 2015, the CPUC released its Draft Environmental Impact Report (DEIR) for the MPWSP pursuant to the California Environmental Quality Act (CEQA). The release of the DEIR began a 60-day public comment period, which was subsequently extended through September 30, 2015. On September 8, 2015, the CPUC issued a statement that it will revise and recirculate the MPWSP DEIR as a joint DEIR/Draft Environmental Impact Statement (DEIS). The joint DEIR/DEIS will meet the requirements of the National Environmental Policy Act (NEPA), and will be coordinated with the Monterey Bay National Marine Sanctuary (MBNMS) as the federal lead agency. MBNMS's parent agency the National Oceanic and Atmospheric Administration (NOAA), published a *Notice of Intent to Prepare Environmental Impact Statement* on August 26, 2015 under NEPA for the MPWSP and held a related scoping meeting on September 10, 2015.

Substantial progress is also being made on the GWR component of the MPWSP. On April 23, 2015, MPWMD and MRWPCA released a DEIR for a 45-day public comment period that closed on June 5, 2015. On October 8, 2015 MRWPCA certified its final EIR for the GWR project.

**b. Senate Bill 936 for Partial Public Financing**

In September 2014, Governor Jerry Brown signed Senate Bill (SB) 936, authored by Senators Bill Monning and Anthony Cannella and Assemblymen Mark Stone and Luis Alejo. This legislation allows the MPWSP to utilize partial public financing if it is available at a lower rate than conventional, private project financing.

**c. Test Slant Well Project**

In addition, a new test slant well located on the CEMEX property in Marina, California was completed in March 2015. The test well was put into long term operation on April 22, 2015. Data from the test well and an associated network of monitoring wells is posted weekly on CAW's MPWSP website. Preliminary test well results have been promising and indicate that the

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test well is operating as designed. CAW and the California Coastal Commission also successfully defended the Coastal Development Permits underlying the test well in two separate lawsuits challenging their validity.

**3. Petitioners Have Implemented Other Projects to Replace and Authorize Carmel River Diversions**

Petitioners have developed, permitted and implemented supplemental water supply projects to reduce unauthorized Carmel River diversions. Petitioners have also facilitated or supported efforts by other entities to complete multiple projects and water right transactions that will permit beneficial uses within CAW's service area.

**a. Table 13 Water Rights**

CAW pursued and satisfied the requirements under SWRCB Decision 1632 to obtain additional appropriative water rights under SWRCB Permit 21330 to lawfully divert up to 1,488 afa from the Carmel River; subject to the same by-pass flow requirements as ASR water. In Water Year 2014-2015, CAW was able to divert 42.2 AF under the Permit, and reduce unauthorized diversions by an equal amount.<sup>4</sup>

**b. Pebble Beach Wastewater Reclamation Project**

CAW has been a participant with the Pebble Beach Company (PBC), the Carmel Area Wastewater District (CAWD), the Pebble Beach Community Services District (PBCSD), and MPWMD in accomplishing perhaps the most renowned golf course recycled water irrigation project in the country. The CAWD-PBCSD Wastewater Reclamation Project (as it is known) treats wastewater at the CAWD plant to a tertiary level, with advanced level micro-filtration which is then distributed by PBCSD and MPWMD as recycled water to irrigate all of the Del Monte Forest golf courses. This project is presently supplying an average of 1,000 afa of recycled water to the golf courses, conserving that amount of diversions from the Carmel River. In addition to MPWMD's conservation programs, this project is one of the largest water saving

<sup>4</sup> Decision 1632 Condition 10 provides an opportunity for the persons named in Table 13 of Decision 1632 to obtain a water right permit with a priority superior to the MPWMD's Permit 20808. Decision 1632 delegates authority to the Chief of the Division of Water Rights to modify the quantities identified in Table 13.



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projects operating on the Monterey Peninsula. In return for its financial commitment (of which PBC has funded over \$22 million in operating shortfalls and debt service) which made the project possible, PBC (with other Del Monte Forest landowners) received the Pebble Beach Water Entitlement, which was fully recognized in SWRCB Order WRO 2009-0060, as modified by Order WR 2010-0001.

***c. Additional Aquifer Storage and Recovery Capacity***

As required by the Order, CAW and the MPWMD expanded the Carmel River ASR Project to fulfill the Small Project requirement in Ordering Paragraph 3.a.(3). CAW and MPWMD jointly hold a water right permit that allows for up to 1,920 AFA to be diverted from the Carmel River during periods of excess flow and then injected into the Seaside Basin as part of the ASR program. CAW and MPWMD have completed two new wells (ASR Wells #3 and #4) at the Seaside Middle School since the CDO was issued. The addition of ASR Well #3 gives CAW and MPWMD the ability to store and recover an expected long term average of more than 500 afa, and was completed to satisfy Condition 5 of the CDO. The addition of ASR Well #4 provides the opportunity for CAW and MPWMD to fully realize the amounts available for diversion under the associated license when river flows exceed the corresponding flow triggers.

***d. Carmel River Floodplain Restoration and Environmental Enhancement Project and Interim Water Use Agreement***

CAW supported and facilitated a water right change petition submitted by the Clint Eastwood and Margaret Eastwood Trust (Eastwood Trust) and approved by the SWRCB on July 3, 2015 in Division Decision 2015-0001. This project includes a significant donation of land by the Eastwood Trust to the Big Sur Land Trust as an important component of the Carmel River Floodplain Restoration and Environmental Enhancement Project. The Carmel River Floodplain Restoration and Environmental Enhancement Project will, among other potential things, restore the historic floodplain and wetlands and improve flood protection in the lower Carmel River and increase riparian habitat.

The Eastwood Trust agreed to permanently dedicate 46 afa of its existing water right to

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instream flows, and to grant temporary use of up to 85 afa to assist CAW to reduce its unauthorized diversions from the Carmel River. CAW and the Eastwood Trust expended significant time and effort to complete this transaction and expect to begin replacing CAW diversions with water available through the associated water right (License 13868A) in the immediate near term. Based upon an agreement with the Eastwood Trust, the SWRCB has ordered that all municipal water pumped under License 13868A during 2015 will be used to offset CAW's Carmel River Diversions, and that at least 50 af and 25 af will be used to assist CAW to reduce its unauthorized diversions from the Carmel River in 2016 and 2017, respectively. Until the MPWSP is brought online and unauthorized diversions from the Carmel River eliminated, the agreement with the Eastwood Trust authorizes CAW to use all water under License 13868A that is not used by Eastwood pursuant to the License amendment.

***e. Carmel River Instream Flow Enhancement Program***

CAW has proposed to the SWRCB the Carmel River Instream Flow Enhancement Program, whereby CAW will compensate Carmel River water rights holders to implement conservation measures to reduce water diversions from the river in order to increase instream flows for the benefit of fish and wildlife in the Carmel River. On September 8, 2015, CAW submitted a Notice of Intent to Implement the Carmel River Flow Enhancement Program to the SWRCB describing the proposed program which would temporarily modify the water users' water rights to allow for the instream use of water in the Carmel River.

***f. City of Pacific Grove Recycled Water Project***

The City of Pacific Grove certified an EIR for its Local Water Project to reduce irrigation on the City's municipal golf course and El Carmelo Cemetery. MPWMD provided a feasibility funding grant to assist planning this effort. SWRCB-authorized Clean Water State Revolving Fund (SRF) financing for this effort is presently pending final approval by the SWRCB. Provided the SWRCB approves the SRF financing, the City expects to begin construction during or before January 2016. CAW also has actively supported this project throughout the proposal and

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approval process.

**4. CAW and Petitioners have Implemented and Propose Additional Measures to Enhance and Improve Conditions for Fish and Wildlife Resources**

CAW and Petitioners have permitted and implemented significant measures to enhance and improve conditions for fish and wildlife resources in the Carmel River watershed, and to minimize and avoid potential impacts to fish and wildlife during the extension period for the CDO sought through this Application.

***a. Funding for Carmel River Mitigation Projects***

Pursuant to a 2009 agreement (amended in 2014) between CAW, the National Oceanic and Atmospheric Administration (NOAA), and the California Department of Fish and Wildlife (CDFW), CAW made a one-time payment of \$3.5 million in 2009, annual payments of \$1.1 million per year for 2010 through 2015, and has committed to make annual payments of \$1.1 million per year through 2016 to the State Coastal Conservancy (SCC) for environmental protection and enhancement projects in the Carmel River watershed.

CAW's s payments, which total \$10.1 million to date, are being used to fund the following significant projects, which are designed to mitigate the impacts of CAW's unauthorized diversions and are identified by the SCC through ongoing consultations with the NMFS, CDFW, and Carmel River stakeholders primarily through the Carmel River Task Force:

- Removal of Old Carmel River Dam to facilitate fish passage;
- Removal of Sleepy Hollow Ford to facilitate fish passage;
- Restoration of Carmel River upstream of San Clemente Dam;
- Sleepy Hollow Fish Rearing Facility Intake Improvements;
  
- Carmel Lagoon Water Augmentation;
- Carmel Lagoon Ecological Barrier;
- Additional Fish Passage Barrier Removal;

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- Off-stream Storage of Excess Flows in Exchange for Forbearance of Summer Pumping; Provided that NOAA and CAW mutually agree to terms for extending the 2009 agreement described above, CAW will make additional annual payments of \$1.1 million (pro-rated for any partial years) until unpermitted diversions of water from the Carmel River are replaced by legal sources of water for use on projects during the requested extension period for the CDO. Use of these funds and administrative efforts will focus, with support of CAW and other Parties, on projects that can be implemented during the extension period to mitigate potential effects of the extension. MPWMD will use its best efforts and cooperate with NOAA, CDFW, SCC and the Carmel River Steelhead Association, to identify, develop, and implement mitigation efforts that benefit the Carmel River.

**b. Carmel River Reroute and San Clemente Dam Removal Project**

CAW also has permitted, financed and completed significant construction activities to reroute the Carmel River and remove the San Clemente Dam. The *Carmel River Reroute and San Clemente Dam Removal Project* is the largest dam removal project in California history, and was jointly developed and/or funded by the CAW, SCC, NOAA's National Marine Fisheries Service, the Planning and Conservation League Foundation, and the Nature Conservancy. This monumental and innovative project will:

- Remove the 106 foot high San Clemente Dam and implement a watershed restoration process that will bring the Carmel River back to life;
- Provide unimpaired access to over 25 miles of essential spawning and rearing habitat, thereby aiding in the recovery of threatened South-Central California Coast steelhead;
- Restore the river's natural sediment flow, helping replenish sand on Carmel Beach and improve habitat downstream of the dam for steelhead;
  
- Improve habitat for threatened California red-legged frogs;
- Reduce beach erosion that contributes to destabilization of structures;

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- Provide a long-term solution to the public safety risk posed by the potential collapse of the dam, which potentially threatens 1,500 homes and other public buildings in the event of a large flood or earthquake;

The various construction activities that have been completed or are nearly completed to date include: complete excavation of the re-route cut, nearly complete installation of the diversion dike and the stabilized sediment slope, the complete demolition of San Clemente Dam itself and the near completion of the new river channel that allows for fish passage. An additional component of the project is the ultimate transfer of CAW property around San Clemente Dam to the U.S. Department of Interior Bureau of Land Management, which will create additional open space and habitat in the watershed.

***c. Los Padres Dam Downstream Fish Passage Facilities***

CAW and various stakeholders agreed to construct downstream fish passage facilities at Los Padres Dam, located at approximately River Mile 24.8 on the Carmel River. CAW owns and operates Los Padres Dam and has made various improvements to accommodate upstream fish passage over the Dam. Currently, when lake elevations fall below the dam's spillway crest, no downstream fish passage corridor exists. To improve downstream fish passage opportunities, the following facilities will be constructed: behavioral guidance system, floating weir surface collector, fish bypass conduit, bypass access portals, and bypass outfall. Construction of these facilities began in the second quarter of 2015.

In its April 10, 2015 *Decision Adopting the 2015, 2016, 2017 Revenue Requirement for California-American Water Company*, the CPUC authorized CAW to fund a study to determine the ultimate disposition of the Los Padres Dam and its effects on the Carmel River. CAW will fund MPWMD to continue independently studying the fate of the Los Padres Dam, including contribution from CAW of up to \$1.0 million minus CAW staff time of \$24K per year to assist MPWMD. Studies will include evaluating upstream steelhead passage at Los Padres Dam,

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whether the public trust resources of the Carmel River will be adversely affected or enhanced by removal or alteration of Los Padres Dam, what options exist to maintain physical existing surface storage in Los Padres Reservoir, and analysis of the potential geomorphic effects of a resumption or increase of the natural flow of sediment. In addition, CAW expects to work with MPWMD to develop the scope of work and award the feasibility study to a qualified environmental consultant by the close of the third quarter of 2015 and anticipates completing the study during 2018. CAW also will continue to fund mitigation measures pursuant to MPWMD's current mitigation program through December 31, 2020.

***e. Commitment to Fund and Implement Additional Mitigation Projects***

Upon SWRCB approval of this Application on terms substantially similar to those requested herein, and subject to final approval from CDFW, NOAA, and other agencies with permitting jurisdiction, CAW will implement up to \$2.5 million in other projects on the Carmel River to improve fish passage and habitat. These include, in order of priority and estimated costs: additional spawning gravel injections below San Clemente Dam using excess gravel from the San Clemente Dam removal project or from Los Padres reservoir should there be an insufficient quantity or type at San Clemente Dam (\$0.2 million); improvements to the existing upstream fish passage ladder and trap at Los Padres Dam (\$0.2 million); installation of a fish screen at the lower outlet pipe on Los Padres Dam (\$0.8 million); a pit tagging program (\$0.8 million); and a through-reservoir survival study for Los Padres Reservoir (\$0.5 million). Should the higher priority projects exceed the estimated amounts, funding will be pulled from the lower priority projects until the entire \$2.5 million is utilized. Additionally, the estimated cost from the above projects may be used to supplement other related projects occurring on the Carmel River (i.e., pit tagging work being contemplated by MPWMD).

The requested modifications are necessary because factors beyond CAW's and Petitioners' control – namely the failure of the Regional Desalination Project and delays in the

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CPUC approval schedule for the MPWSP – make it infeasible to complete the MPWSP and eliminate unauthorized Carmel River diversions within the current CDO schedule (i.e., by December 31, 2016). Petitioners anticipate a final CPUC decision approving the MPWSP and authorizing construction before the end of 2016. Once authorized, CAW expects to begin construction of the MPWSP by mid-2017, and to begin producing potable water to replace Carmel River diversions before the end of the requested extension period. Major infrastructure projects of this size and scope are often subject to delays and litigation, but this anticipated schedule reflects Petitioners' best judgment if delays are kept to a minimum.

Taking into account the commitments, efforts and accomplishments described above, Petitioners request that the SWRCB modify the CDO as shown in Attachment 1. Petitioners' make this request upon the express understanding and condition that the hearing record developed and adduced before the SWRCB for Orders WRO 2009-0060 and WRO 2010-0001 are incorporated within the proceedings on this Application, for all purposes. Further, this Application is made upon the express understanding and condition that the Petitioners each shall preserve, and not waive, their collective or individual rights to petition for relief from any provision of the order amending and restating the CDO, for any reason, upon a claim that the order amending and restating the CDO causes a threat to public health or safety or otherwise jeopardizes the water supply for the Monterey Peninsula. Should the SWRCB consider adoption of an order amending and restating the CDO on terms or conditions different from the Proposed Order submitted as Attachment 1 to this Application, Petitioners request that the SWRCB not take action thereon until the Petitioners have been provided notice of the draft order not less than 30 days prior to any meeting to adopt the order, and provided an opportunity to augment the record of proceedings with respect to the Application.

**IV. Petitioners Request Assistance from the SWRCB.**

Taking into account the commitments, efforts and accomplishments described herein, Petitioners request that the SWRCB commit to use reasonable efforts to assist the Petitioners' efforts to eliminate unauthorized Carmel River diversions as follows:

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1. Support issuance of a CPCN from the CPUC and support CAW's request(s) to the California Coastal Commission and other agencies with permitting jurisdiction for expedited permit issuance for the "Monterey Pipeline and other ASR related improvements," which will facilitate increased ASR diversion during high flows and other improved operations that will increase the amount of water in the Carmel River during dry months;
2. Cooperate with the MPWMD and the MRWPCA to place the GWR component of the MPWSP on the State Revolving Fund financing priority list;
3. Cooperate with the Parties' in efforts to secure from the SWRCB's Division of Financial Assistance a one percent (1.000%), thirty-year loan from the program announced March 19, 2014 for water recycling projects for the MPWMD/MRWPCA GWR project, provided an application is submitted by December 2, 2015;
4. Cooperate with the Parties to secure prioritization of the MPWMD/MRWPCA GWR grant request pursuant to Chapter 9 of AB 1471 (2014 Proposition 1); and
5. Support, including expedited review of, water rights Application 32263 of Monterey County Water Resources Agency, and any amendments thereto, to facilitate the MPWMD/MRWPCA GWR project.

**V. Conclusion**

For the reasons stated herein, Petitioners respectfully request modification of Order WRO 2009-0060 as set forth in Attachment 1.

Respectfully Submitted,

Dated:

CALIFORNIA AMERICAN WATER

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MONTEREY PENINSULA REGIONAL WATER



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AUTHORITY

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MONTEREY PENINSULA WATER  
MANAGEMENT DISTRICT

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## EXHIBIT 19-B

### ORDER

**NOW, THEREFORE, IT IS ORDERED THAT** as of the effective date of this Order,<sup>1</sup> Cal-Am shall cease and desist from the unauthorized diversion of water from the Carmel River in accordance with the following schedule and conditions.

1. Cal-Am shall diligently implement actions to terminate its unlawful diversions from the Carmel River and shall terminate all unlawful diversions from the river no later than December 31, 2020.<sup>2</sup>
2. Cal-Am shall not divert water from the Carmel River for new service connections or for any increased use of water at existing service addresses resulting from a change in zoning or use. Cal-Am may supply water from the river for new service connections or for any increased use at existing service addresses resulting from a change in zoning or use after October 20, 2009, provided that any such service had obtained all necessary written approvals required for project construction and connection to Cal-Am's water system prior to that date.<sup>3</sup>
3. Cal-Am shall adjust its diversions from the Carmel River in accordance with the following:
  - a. **Effective Diversion Limit.** The limits set forth in this Condition 3.a., as may be further reduced or increased pursuant to the terms and conditions of this Order, is referred to as the "Effective Diversion Limit."
    - (1) Immediate Reduction: Commencing on October 1, 2015 (Water Year 2015-2016), the Effective Diversion Limit shall be 8,671 afa.<sup>4</sup>
    - (2) Annual Diversion Limits:
      - i. **Water Year 2016-2017 Reduction.** Commencing on October 1, 2016 (Water Year 2016-2017) the Effective Diversion Limit shall be 8,310 afa,

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<sup>1</sup> The effective date of this Order shall be the date of issuance. As of the effective date, this Order shall supersede the ordering provisions of State Water Board WRO 2009-0060. All other provisions of State Water Board WRO 2009-0060 and all other State Water Board orders concerning Cal-Am's diversions from the Carmel River shall remain in effect until terminated by law or action of the State Water Board.

<sup>2</sup> Cal-Am lawfully diverts 3,376 afa under a legal basis of water right.

<sup>3</sup> Multiunit residential, commercial or industrial sites may currently be served by a single water meter. The installation of additional meters at an existing service will not be viewed as a new service connection provided that the additional metering does not result in an increase in water use.

<sup>4</sup> Each water year runs from October 1 to September 30 of the following year.

and this Effective Diversion Limit shall be maintained through December 31, 2020 subject to the terms and conditions in this Order.

- ii. **Seaside Groundwater Basin Limitations.** The Effective Diversion Limit shall not apply to any exceedance that Cal-Am, the Monterey Peninsula Regional Water Authority and/or the Monterey Peninsula Water Management District (“MPWMD”) (collectively “Petitioners”) establish was necessary to meet reductions required by mitigation measures imposed pursuant to the Seaside Basin Watermaster’s Seawater Intrusion Response Plan or by the court pursuant to the Seaside Groundwater Basin Judgment in response to a detection of seawater intrusion within the Seaside Groundwater Basin.
- iii. **Carryover:** After October 1, 2015 if Cal-Am’s actual diversions during a given water year are less than the Effective Diversion Limit for that water year, Cal-Am shall be credited for the difference between the Effective Diversion Limit and Cal-Am’s actual diversions. Any such credit may be carried over to offset any exceedance of the Effective Diversion Limit in future water years, subject to the restriction in Paragraph 3.a.(2)(iv) below.
- iv. **Cap on Carryover:** Notwithstanding the provision on carryover in Paragraph 3.a.(2)(iii), in any water year the sum of (a) Cal-Am’s diversions of non-ASR<sup>5</sup> water from the Carmel River and (b) water recovered from ASR storage shall not exceed the Effective Diversion Limit then in effect plus 750 afa.
- v. **Milestones:** For purposes of calculating a reduction to the Effective Diversion Limit, the following Milestones and Deadlines will apply:

	<b>Milestone</b>	<b>Deadline</b>
1. (WY 2016-2017)	Issuance of a Certificate of Public Convenience and Necessity to Construct the Monterey Peninsula Water Supply Project (“MPWSP”) by the California Public Utilities Commission.	September 30, 2017
2.(WY 2017-	Start of construction for any of the Cal-Am Components of the MPWSP <sup>6</sup> and/or the Pure Water	September 30, 2018

<sup>5</sup> “ASR water” means Carmel River water diverted to underground Aquifer Storage and Recovery (“ASR”) storage pursuant to State Water Board Permits 20808A and 20808C, as discussed in Paragraph 3.a.(3) and Paragraph 3.c. of this order.

<sup>6</sup> For purposes of this proposal the Cal-Am Components of the MPWSP include: source water production wells; desalination plant; brine disposal system; and transmission pipelines.

2018)	Monterey <sup>7</sup> project, meaning commencement of physical work after issuance of required regulatory permits and authorizations to begin work <sup>8</sup> .	
3.(WY 2018-2019)	(1) Drilling activity for at least one MPWSP source water production well <sup>9</sup> complete; (2) foundation and structural framing complete for MPWSP pretreatment, seawater reverse osmosis, and administration buildings at desalination plant; (3) excavation complete for MPWSP brine and backwash storage basins; and (4) 25% of MPWSP transmission pipelines installed based on total length <sup>10</sup> .	September 30, 2019
4.(WY 2019-2020)	(1) 50% of drilling activity complete for MPWSP source water production wells based on total number of wells required; (2) mechanical systems for MPWSP brine and backwash storage basins complete; (3) Construction of MPWSP filtered water tanks and finished water tanks complete; (4) 50% of MPWSP transmission pipelines installed based on total length, including 100% installation of the "Monterey Pipeline and other ASR related improvements" (See Footnote 9.)	September 30, 2020
5.(WY 2020 – 2021 and beyond)	Substantial completion of the Cal-Am Components of the MPWSP, meaning the Cal-Am Components are sufficiently complete and appropriately permitted to allow delivery of MPWSP produced potable water to Cal-Am's Monterey Main system, eliminating further Cal-Am diversions of Carmel River water without valid basis of right	December 31, 2020

vi. **Reductions to the Effective Diversion Limit Based on Missed**

**Milestones:** The following reductions to the Effective Diversion Limit shall apply if an applicable Milestone Deadline is not met:

Water Year	Milestone Missed	Reduction in Effective Diversion Limit	Date Reduction Assessed
Oct. 1, 2016– Sept. 30, 2017	1	1000 AFA	Oct. 1, 2017
Oct. 1, 2017– Sept. 30, 2018	2	1000 AFA	Oct. 1, 2018
Oct. 1, 2018–	3	1000 AFA	Oct. 1, 2019

<sup>7</sup> The Pure Water Monterey project is a proposed advanced water recycling project, jointly developed by two public agencies – the MPWMD and the Monterey Regional Water Pollution Control Agency (MRWPCA).

<sup>8</sup> Such work may include, among other things, any of the following: desalination plant site grading and preparation; electric utility installation; yard piping; subsurface excavation for structural foundations; transmission pipeline installation.

<sup>9</sup> Not including the MPWSP Test Well completed in 2015.

<sup>10</sup> For transmission pipeline installation Cal-Am will prioritize installation of the "Monterey Pipeline and other ASR related improvements," which will facilitate increased ASR diversion during high flows and other improved operations that will increase the amount of water in the Carmel River during dry months.

Sept. 30, 2019			
Oct. 1, 2019– Sept. 30, 2020	4	1000 AFA	Oct. 1, 2020
Oct. 1, 2020– Dec. 31, 2020	5	1000 AFA	Dec. 31, 2020

If a Milestone is not achieved by its Deadline but is subsequently achieved, the corresponding reduction to the Effective Diversion Limit shall be reversed on the first day of the Water Year following achievement of the Milestone. Once a Milestone has been achieved, any corresponding reduction will not be assessed in subsequent Water Years.

- vii. **Illustration:** The following table illustrates the effect of the reduction in the Effective Diversion Limit over the term of this order, and assumes no Deadlines have been met and no carryover credits have been applied under Paragraph 3.a.(2)(iii), and no additional water rights have been obtained pursuant to Paragraph 6. The result is an elimination of unauthorized diversions from the Carmel River on December 31, 2020.

Water Year	Effective Diversion Limit if Milestones Missed, No Credits Applied, No Additional Water Rights Obtained
Oct. 1, 2015– Sept. 30, 2016	8,671 AFA
Oct. 1, 2016– Sept. 30, 2017	8,310 AFA
Oct. 1, 2017– Sept. 30, 2018	7,310 AFA
Oct. 1, 2018– Sept. 30, 2019	6,310 AFA
Oct. 1, 2019– Sept. 30, 2020	5,310 AFA
Oct. 1, 2020– Dec. 31, 2020	4,310 AFA
Thereafter	3,376 AFA

- viii. **Joint Annual Report.** At least 120 days prior to each Milestone Deadline described in Condition 3.a.(2)(v), Petitioners shall submit a joint report to the Deputy Director, Division of Water Rights, describing progress towards that Milestone, whether Petitioners expect the Milestone to be achieved by its Deadline and, if not, whether the Milestone will be missed for reasons beyond Petitioners' control. The joint report will include a section that

evaluates the status of the threatened South-Central California Coast Steelhead Distinct Population Segment (“SCCC Steelhead DPS”) in the Carmel River. ***[NOTE: ADDITIONAL DESCRIPTION OF PROCEDURE FOR ADOPTING REPORT ON FISHERY STATUS, AND REPORT CONTENTS MAY BE ADDED PRIOR TO 11/12 MPRWA / 11/16 MPWMD BOARD MEETINGS]*** Within fifteen days of receiving the joint report by the Petitioners, the Deputy Director, Division of Water Rights shall submit a Staff Report to the State Water Board that attaches the joint report. Within 60 days of receipt of the Staff Report, the State Water Board shall receive, at a regularly scheduled meeting, written and oral reports from Petitioners, the Deputy Director, Division of Water Rights, and the public on progress towards Milestones. If Petitioners’ joint report indicates that a Milestone is likely to be missed, the State Water Board shall determine during that meeting whether the cause for delay is beyond or within Petitioners’ control. If the State Water Board determines that the cause is beyond Petitioners’ control, it may suspend any corresponding reductions under Condition 3.a.(2)(vi) until such time as the Petitioners can reasonably control progress towards the Milestone.

- (3) ASR Project: The amount of water diverted to underground storage under State Water Board Permits 20808A and 20808C as of May 31 of each year shall be included in Cal-Am’s annual production of Carmel River water that is subject to the Effective Diversion Limit, up to a maximum of 600 afa. On June 1 of each year, Cal-Am shall submit an operating plan to the Deputy Director for Water Rights specifying the quantity of water it intends to supply from the ASR Project for its customers after May 31 of each year. As described in Paragraph 4 below, after the first 600 afa have been recovered in a given Water Year, the Effective Diversion Limit for that Water Year shall be reduced by the amount of ASR water recovered in that Water Year.
- (4) Sand City Desalination Plant: Any volume of water that is produced by the Sand City Desalination Plant and not served to persons residing within the City of Sand City shall be subtracted from the Effective Diversion Limit for the Water Year in which it is produced.
- (5) Pebble Beach: Within 90 days following adoption of State Water Board Order WRO 2009-0060, the Pebble Beach Company certified, under penalty of perjury,

the total quantity of water annually used under its water entitlement from MPWMD (for the funding assurances provided for the construction and expansion of the CAWD-PBCSD wastewater reclamation project). This amount was 36.352 afa. Ten percent (10%) of the amount reported, or 3.635 afa was to be added to the Effective Diversion Limit to allow Cal-Am to divert water from the river to supply water for PBC water entitlements initiated in the 12 months following adoption of State Water Board Order WRO 2009-0060. Thereafter, PBC has annually submitted and shall continue to annually submit, on September 30, a report to the Deputy Director for Water Rights accounting for any additional water that is diverted from the Carmel River as the result of an increased use of its MPWMD water entitlement. Increased diversions from the river by Cal-Am to satisfy PBC entitlements from MPWMD shall be added to the Effective Diversion Limit, and are not subject to Paragraph 2 of this Order. Water Diverted from the river by Cal-Am for PBC entitlements can only be served to properties that have received a PBC entitlement from MPWMD and which are located in the Cal-Am's service area. After December 31, 2020, Cal-Am shall not illegally divert water from the river to supply the holders of PBC entitlements.

- (6) Supplemental Water Rights and Acquisitions: Provided Cal-Am is able to identify suitable and willing transacting parties, Cal-Am will exercise reasonable additional efforts to acquire supplemental Carmel River water rights at acceptable costs, and/or will pursue other Carmel River water acquisitions and water right changes in order to increase flows in the Carmel River and decrease Cal-Am's unauthorized Carmel River diversions ("Carmel River Flow Enhancement Program"). Cal-Am will use best efforts to implement the Carmel River Flow Enhancement Program to the extent it can negotiate acceptable agreements with water right holders and provided participation will not negatively affect the rights of potential participants. Such acquisitions or water right changes may include leases and purchases of water rights along the Carmel River on a temporary or permanent basis, and may include water right change approvals or permits (permanent or temporary) from the State Water Board to increase opportunities to increase lawful diversions or reduce unauthorized diversions during periods of lower flow on the Carmel River. Fifty percent of water available under any Carmel River water right that is acquired by Cal-Am after the effective date of this Order shall be dedicated to instream use, and the remaining fifty percent shall be used to increase the Effective Diversion Limit in



effect at the time a transaction is completed.

- (7) Malpaso Water Company: Water provided on an interim basis by the Malpaso Water Company LLC to Cal-Am under SWRCB License No. 13868A shall be added to the Effective Diversion Limit for the water year in which the water is provided to Cal-Am.
- (8) Additional Conservation Measures: In consideration for this order modifying certain provisions of WRO 2009-0060, and subject to final approval from the California Department of Fish and Wildlife, the National Oceanic and Atmospheric Administration, and any other agencies with permitting jurisdiction, Cal-Am shall implement \$2.5 million in other projects on the Carmel River to improve fish passage and habitat. These include, in order of priority and estimated costs: additional spawning gravel injections below San Clemente Dam using excess gravel from the San Clemente Dam removal project or from Los Padres reservoir should there be an insufficient quantity or type at San Clemente Dam (\$0.2 million); improvements to the existing upstream fish passage ladder and trap at Los Padres Dam (\$0.2 million); installation of a fish screen at the lower outlet pipe on Los Padres Dam (\$0.8 million); a pit tagging program (\$0.8 million); and a through-reservoir survival study for Los Padres Reservoir (\$0.5 million). Should the higher priority projects exceed the estimated amounts, funding will be applied from the lower priority projects and utilized until the entire \$2.5 million is exhausted. Additionally, the estimated cost from the above projects may be used to supplement other related projects occurring on the Carmel River.
- (9) Los Padres Fish Passage. Cal-Am has committed to install of downstream fish passage facilities at Los Padres Dam and will endeavor to do so before December 31, 2015. Cal-Am will also endeavor to remove the Old Carmel River Dam and the Sleepy Hollow Ford before September 30, 2017.
- b. Either Cal-Am or the MPWMD may petition the State Water Board Deputy Director for Water Rights for relief from reductions imposed under this Order. No relief shall be granted unless all of the following conditions are met: ( 1 ) Cal-Am continues the moratorium on new service connections pursuant to Water Code section 350, and any orders from the PUC prohibiting new connections pursuant to Public Utility Code section 2708, and the MPWMD continues a moratorium on new service connections under its authority; (2) the demand for potable water by Cal-Am

customers meets all applicable conservation standards and requirements; and (3) a showing is made that public health and safety will be threatened if relief is not granted. Any relief granted shall remain in effect only as long as a prohibition on new service connections remains in effect, and compliance with applicable conservation standards and requirements remains in effect.

- c. ASR Project water stored in the Seaside groundwater basin under State Water Board Permits 20808A and 20808C shall be used to mitigate the effect of Cal-Am's illegal diversions from the river. ASR water should be supplied to Cal-Am customers only during months when water is most needed in the river to preserve steelhead.
4. Cal-Am shall reduce its illegal diversions from the river at the same rate ASR water is recovered from the groundwater basin. After the first 600 af have been recovered in a given Water Year, the Effective Diversion Limit for that Water Year shall be reduced by the amount of ASR water recovered in that Water Year.
5. In State Water Board Order WRO 2009-0060, Cal-Am was required to implement one or more small projects that, when taken together, totaled not less than 500 afa to reduce unlawful diversions from the river. Cal-Am was required to identify to the Deputy Director for Water Rights within 90 days of State Water Board Order WRO 2009-0060 the projects that it would implement, and to implement those projects within 24 months of entry of State Water Board Order WRO 2009-0060. Cal-Am satisfied this requirement by completing ASR Well #3. To the maximum practicable extent, Cal-Am shall continue to operate this small project to reduce illegal diversions from the river during the months when surface flow in the river begins to go dry and through the months when surface flow in the river disappears below river mile 6.5.
6. Cal-Am shall continue to post quarterly reports on its website and file the quarterly reports with the Deputy Director for Water Rights. The quarterly reports shall include the following:
  - a. Monthly summaries of the quantity of water it diverts from the river.
  - b. Monthly summaries of the quantity of ASR project water diverted from the river under State Water Board Permits 20808A and 20808C and stored in the Seaside ground water basin. The monthly reporting shall also state the quantity of ASR water recovered from aquifer storage, and the current balance of water in storage.

- c. Monthly summaries of the quantity of water being produced by the Sand City desalination plant. The reporting shall identify new service connections within Sand City and thereafter report the quantity of water being delivered to the new connections. The monthly reports shall specify the quantity of water used to reduce diversions from the river during the reporting period.
  - d. Monthly summaries of the quantity of water saved by reducing system losses.
  - e. Monthly summaries of reductions in demand for potable water due to conservation actions such as increased water rates, MPWMD's retrofit program, efforts to reduce potable water for outdoor water use and demand reduction initiatives.
  - f. Monthly summaries identifying all new service connections. The report shall include the Cal-Am account number, the service address, the name of each authority granting any approval required for connecting to Cal-Am's system and the name of each authority granting any approval required before commencing construction; the issuer of the each approval and the date of each approval shall be separately listed for each service address.
  - g. Monthly summaries identifying existing service addresses that receive an increased supply of water due to a change in zoning or use. The report shall include Cal-Am account number, the service address and the name of each authority authorizing a change of use or of zoning and the date of such change.
  - h. Each quarterly report submitted by Cal-Am shall be certified under penalty of perjury and shall include the following declaration: *"I declare under penalty of perjury, under the laws of the State of California, that all statements contained in this report and any accompanying documents are true and correct, with full knowledge that all statements made in this report are subject to investigation and that any false or dishonest statement may be grounds for prosecution."*
7. Cal-Am shall file quarterly reports of its diversions under Paragraph 5 (small project) of this Order.
  8. The Deputy Director for Water Rights is authorized to modify the timing and the content of the reporting required by all of the provisions of this Order to more effectively carry out the intent of this Order.
  9. As of its effective date, this Order supersedes the ordering provisions of State Water Board Order WRO 2009-0060, but does not supersede or render moot any of the analysis or discussion contained in State Water Board Order WRO 2009-0060. Cal-Am shall comply with all requirements of State Water Board Order 95-10, except as modified

pursuant to State Water Board Order WRO 2009-0060 or this Order.

10. The Deputy Director for Water Rights is directed to closely monitor Cal-Am's compliance with Order 95-10 and this Order. Appropriate action shall be taken to insure compliance with these Orders including the issuance of additional cease and desist orders under Water Code section 1831, the imposition of administrative civil liability under Water Code section 1055, and referral to the Attorney General under Water Code section 1845 for injunctive relief and for civil liability. If additional enforcement action becomes necessary, the Deputy Director is directed to consider including in such actions all Cal-Am's violations of Water Code section 1052 since the adoption of Order 95-10.
11. The conditions of this Order and Order 95-10 shall remain in effect until (a) Cal-Am certifies, with supporting documentation, that it has obtained a permanent supply of water that has been substituted for the water illegally diverted from the Carmel River and (b) the Deputy Director for Water Rights concurs, in writing, with the certification.

### **CERTIFICATION**

The undersigned Clerk to the Board does hereby certify that the foregoing is a full, true, and correct copy of an order duly and regularly adopted at a meeting of the State Water Resources Control Board held on [DATE].

AYE:

NAY:

ABSENT:

ABSTAIN:

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Clerk to the Board

**ITEM: DISCUSSION ITEM****20. DISCUSSION OF PURE WATER MONTEREY PROJECT CALIFORNIA PUBLIC UTILITIES COMMISSION SETTLEMENT AGREEMENT CRITERIA****Meeting Date:** November 16, 2015      **Budgeted:** N/A**From:** David J. Stoldt      **Program/  
General Manager**      **Line Item No.:****Prepared By:** David J. Stoldt      **Cost Estimate:****General Counsel Approval:** N/A  
**Committee Recommendation:** N/A  
**CEQA Compliance:** N/A

**SUMMARY:** In July 2013, the District participated with the various parties to A.12-04-019 at the Public Utilities Commission – the Cal-Am application – in developing a settlement and agreement for the proposed Monterey Peninsula Water Supply Project (MPWSP.) The MPWMD Board of Directors provided direction in closed session whether to approve and sign the settlement agreement(s). The District and other settling parties signed the agreements July 31, 2013.

At its January 30, 2013 and February 12, 2013 meetings the District Board indicated that it would consider support for the Cal-Am application if certain conditions were met. One of those conditions the Board proposed was a strong statement endorsing the Pure Water Monterey groundwater replenishment project (GWR). This was addressed in the General Settlement Agreement, Section 4, and included 9 findings or criteria for the acceptance of GWR as part of the MPWSP. In the Settlement, the Parties agreed “the Commission should make the GWR Decision based upon the findings set forth below and/or information supplied pursuant to the advice letter process in Section 4.3(f). If all of the findings are made or addressed through the advice letter process, then California American Water shall be ordered to enter into a WPA and build the smaller desalination plant.”

The purpose of this report is to update the board on where the Pure Water Monterey project currently stands relative to the 9 acceptance criteria in the July 2013 proposed Settlement Agreement.

**RECOMMENDATION:** The General Manager recommends the Board receive the update and discuss. The Board is urged to consider the current status report in relation to Action Item 22.

**DISCUSSION:** The 9 criteria and current status are as follows:

**Criterion 1:** MRWPCA has approved the GWR Project pursuant to a certified Final EIR; and no CEQA suit has been filed within 30 days of a Notice of Determination ("NOD"), or if a CEQA suit is filed, no stay of the GWR Project has been granted.

**Status:** Satisfied complete.

**Criterion 2:** The status of required permits is consistent with the published project schedule, and for any required permits not yet obtained, the weight of the evidence in the record does not show that any of the required permits for the GWR Project are unlikely to be obtained in a timeframe consistent the published project schedule.

**Status:** The GWR Project will need to receive a wide variety of permits and approvals from an equally wide variety of agencies in order to proceed to construction and operation. A separate criterion (#4) specifically addresses the permit/approvals required from the California Department of Public Health and Regional Water Quality Control Board; therefore, it is assumed this criterion addresses all other permits. Permits are listed in the EIR. Contracts have been provided to various consultants to work on those permits this fiscal year. There are more permits required if the Coastal Alignment of the product water pipeline is used. MRWPCA will prepare a detailed permitting plan that covers all of the components of the GWR Project. The permitting plan will identify each required permit or approval, the permitting entity, the steps to complete the permit, the party responsible for obtaining the permit, and the estimated schedule and cost for the permitting effort. At this time, there is no reason to believe that this criterion will not be met.

**Criterion 3:** There is sufficient legal certainty as to agreements or other determinations in place to secure delivery of source water(s) necessary to produce between 3,000 to 3,500 acre feet per year of GWR product water for the recommended project.

**Status:** The MRWPCA-MCWRA Amended and Restated Water Recycling Agreement was approved by both agencies and the County Board of Supervisors in the past 30 days. An Agreement between MRWPCA and the City of Salinas has also been approved. Hence, this criterion has been met.

**Criterion 4:** The weight of the evidence in the record does not show that the California Department of Health or the Regional Water Quality Control Board will decline to accept or approve the GWR extraction or GWR treatment and injection processes, respectively.

**Status:** The Division of Drinking Water (DDW), formerly part of CDPH but now part of SWRCB, provided a letter dated June 5, 2014 indicating that there were no issues they had to decline approval of GWR. DDW has been involved in the Independent Advisory Panel meetings and other update meetings along with their colleagues at the Regional Water Quality Control Board (RWQCB.) The RWQCB has emailed the SWRCB in support of the project due to their desire to see the diversion of Blanco Drain water away from the Salinas River. Hence, this criterion appears to have been met, but additional evidence will be produced as needed.

**Criterion 5:** The GWR Project is on schedule, as verified by a report issued by an engineer licensed in California, to be operable, on or before the later of (a) the then-effective date of the Cease and Desist Order of the SWRCB or such other date as the SWRCB states in writing is acceptable, or (b) the date the MPWSP desalination project is scheduled to become operable. The Parties acknowledge that the actual date of operation for the GWR Project and the desalination

project could vary from the operation date projected in the schedules, and therefore agree to a range of up to an additional four months from the projected date of operation, before the GWR Project schedule would no longer be considered on an acceptable schedule.

**Status:** The project is on schedule to be operable long before the desalination project and the projected revised CDO effective date. However, an engineer's report to that effect will be included in the GWR testimony at the CPUC.

**Criterion 6:** Preliminary design for the GWR Project is at least at the 10% level, represented by a basis of design report (so that an accurate project cost estimate can be generated) or is at a level similar to or more advanced than the level of design for the desalination project portion of the MPWSP.

**Status:** The MPWSP desalination facility design is between the 60% and 90% level. GWR has been designed at or beyond the 10% level of design and one component, connection between the Ag Wash water and the Salinas Pump Station has been constructed. The connection from the Salinas storm water and the Salinas Pump Station or the Salinas Industrial Ponds will be designed to 100%. Criterion met. No additional work required.

**Criterion 7:** A GWR Project funding plan, sufficient in detail to be accepted as an application for a State Revolving Fund loan, is in place.

**Status:** This is complete with one exception, an Approval Order on a change petition to the SWRCB for the discharge of Salinas Industrial Pond water to the MRWPCA Regional Treatment Plant, which is expected by the end of November.

**Criterion 8:** California American Water, MPWMD, and MRWPCA have agreed on a WPA whose terms are just and reasonable.

**Status:** A substantially complete version has been exchanged between the parties and looks like the form of agreement will be agreed to by the end of November. This is covered further under Agenda Item 21.

**Criterion 9:** The revenue requirement for the combination of the GWR Project and the smaller desalination project, including the projected debt equivalence for the GWR Project, if any, determined pursuant to Section 4.4, is just and reasonable when compared to the revenue requirement for a larger desalination project alone. The parties agree that a revenue requirement premium for the combination of the GWR Project and a smaller MPWSP desalination project may be determined just and reasonable, if the combined GWR/smaller desalination project affords significant net benefits including, but are not limited to, the following: (i) a material schedule advantage in that the GWR Project is anticipated to be operable sooner than the desalination plant; (ii) water supply resilience and reliability (benefit of the portfolio approach); and (iii) other positive externalities of the GWR Project, including, but not limited to reduced atmospheric carbon emissions, reduced brine discharge, and the implementation and encouragement of State policies regarding water recycling through early adoption of a water reuse project.

**Status:** An initial cost comparison analysis prepared by the District, but based on cost estimates made by Cal-Am and filed with the CPUC and estimates prepared by MRWPCA, has been shared with Cal-Am November 12<sup>th</sup>, the Water Authority Technical Advisory Committee November 16<sup>th</sup>, and will be presented to the District Board at its November 16<sup>th</sup> meeting. The results of that analysis shows positive impact to ratepayers for the “Project Variant” of GWR-plus-6.4MGD Desal for both life-cycle savings and net present value of life-cycle savings, as shown below:

	9.6 MGD Desal Minus Project Variant
Total Lifecycle Savings	\$1,779,000
NPV of Savings	\$8,762,000

However, the CPUC on October 12<sup>th</sup> held a prehearing conference on revisions to the Phase 2 proceedings on GWR. At that time, it was made clear that the economic cost comparison analysis shall be redone for purposes of testimony based on updated Cal-Am costs expected in December and then-current best available GWR cost estimates. As a result, this analysis shall be revisited with the Board. However, certain actions are requested to be taken now (Agenda Item 22) based on information known at the present.

Further, the District’s consultant, HDR, is undertaking a study or “triple bottom line” analysis to demonstrate the potential benefits environmentally and/or socially, of the externalities. The HDR study is expected to be complete by the end of the year and inform expert testimony in the CPUC Phase 2 proceedings on GWR.

## **EXHIBIT**

None



**ITEM: DISCUSSION ITEM****21. DISCUSSION OF PURE WATER MONTEREY PROJECT WATER PURCHASE AGREEMENT RISKS AND PERFORMANCE OBLIGATIONS**

**November 16, 2015**                                      **Budgeted:**                      **N/A**

**From:                      David J. Stoldt                                      Program/**  
**General Manager                                      Line Item No.:**

**Prepared By:              David J. Stoldt                                      Cost Estimate:**

**General Counsel Approval: N/A**  
**Committee Recommendation: N/A**  
**CEQA Compliance: N/A**

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**SUMMARY:** In the discussion of the previous Agenda Item 20, it was reported that one of the 9 criteria for the acceptance of the Pure Water Monterey groundwater replenishment project (GWR) was :

**Criterion 8:** California American Water, MPWMD, and MRWPCA have agreed on a WPA [Water Purchase Agreement] whose terms are just and reasonable.

Presently, a substantially complete version has been exchanged between the parties (attached as **Exhibit 21-A**) and looks like a form of agreement will be agreed to by the end of November, for adoption as to form by MPWMD and MRWPCA at their December meetings in order to satisfy performance under the Memorandum of Understanding on Source Waters and Water Recycling the District has entered into with 4 other public agencies. Final signatures cannot be enacted until approval by the CPUC, which cannot occur until the Phase 2 proceedings are concluded, expected to be June or July 2016. If changes to the WPA are required as a result of the CPUC proceedings, it will be brought back to the District Board.

The proposed WPA was reviewed and discussed by the Water Supply Planning Committee at its November 2<sup>nd</sup> meeting and the Committee directed a summary be brought to the Board. The purpose of this report is to update the board on risks and performance obligations to be accepted by the District under the proposed WPA.

**RECOMMENDATION:** The General Manager recommends the Board receive the update and discuss. The Board is urged to consider the current status report in relation to Action Item 22.

**DISCUSSION:** The draft WPA can be read in its entirety as Exhibit 21-A. However, this summary will focus on Sections 12, 13, 14, 16, 19, 26, and 27, as well as some remaining areas of disagreement. This summary will also identify certain risks potentially assumed by the District.

## **Section 12. Water Delivery Guarantee**

Under this section, each year the District is to deliver to Cal-Am 3,500 acre-feet (AF) per year, and no less than a minimum amount of 2,800 AF from the plant.

## **Section 13. Water Availability Guarantee**

In each year, the water made available from actual deliveries and from the Operating Reserve or potentially the Drought Reserve must equal 3,500 AF. Hence, under Section 12, above, if the District fails to deliver the full 3,500 but meets the minimum amount of 2,800 AF, the remaining 700 AF would have to come from reserves.

The District has committed to creating two reserves: an Operating Reserve of at least 1,000 AF built up in the first 3-6 months of plant operations in order to provide water during an interruption or shortfall from operations, and a Drought Reserve of at least 1,000 AF built up as 200 AF per year over 5 years which can be assigned to Cal-Am in the event the Monterey County Water Resources Agency requests additional source water for growers in the Castroville Seawater Intrusion Project area due to drought. The District will commit to pay for the costs of treatment and injection of the reserve waters and will not be reimbursed through the WPA until such reserves are designated as delivered to Cal-Am.

## **Section 14. Water Treatment Guarantee**

The District is committing to delivery of water that meets the water quality standards set for in Applicable Law, a broadly defined term that brings in the State Water Board standards and all other public health requirements.

## **Section 16. Rate of Payment for AWT Water**

This section shows that the price of water is based on the recovery of capital investment (Fixed Project Costs) and annual Project Operation and Maintenance Expenses (O&M) for water delivered. These costs could be capped by the CPUC, potentially with an annual escalator for O&M. The actual cost recovery mechanism and water pricing will be a result of the Phase 2 proceedings at the CPUC. The goal is to have a mechanism in place that all future costs are guaranteed for recovery. However, this is not assured as of right now.

## **Section 19. Breach**

There are 7 Events of Default which can result in termination of the Agreement. The District's goal has been to minimize the likelihood of an Event of Default. However, there are three areas of concern where, although we believe risk is acceptable, there is still risk that merits discussion with the Board at this time: (i) failure to deliver 3,500 AF directly from the plant three years in a row; (ii) failure to deliver 3,500 AF from the plant and reserves, with a minimum of 2,800 AF directly from the plant in two consecutive years, or a minimum of 1,800 directly from the plant in any year; and (iii) failure to deliver 3,500 from all sources in any single year.

The first event could result from a chronic underperformance of the plant to deliver design capacity. The second and third events could be the result of a mechanical failure that takes an extended period to correct, especially if two interruptions occur in succession and the reserves have been depleted.

### **Section 26. Failure of CPUC Approval**

This section is being revised, but will speak to CPUC approval of the Agreement as well as approval of the cost of water, which impacts District and Agency cost recovery. As mentioned earlier, the actual cost recovery mechanism and water pricing will be a result of the Phase 2 proceedings at the CPUC. The goal is to have a mechanism in place that all future costs are guaranteed for recovery. However, this is not assured as of right now.

### **Section 27. Insurance**

The Agency and the District will commit to obtain insurance to ensure their performance obligations. MRWPCA has already tasked a risk consultant to assess insurance availability. The District has already consulted with its insurance provider SRDMA. SRDMA has indicated that the District's obligations under the WPA are contractual and not tied to facilities or operations under District ownership and are therefore not insurable. Hence, the District would first look to the Agency to compensate for its failure to perform. In cases where neither party's insurance provides coverage, the obligation would go to the rate payers of each public agency, and a Proposition 218 revenue raising process, as allowable by law. The Agency will likely be constrained from collecting from sewer customers for water supply, so the Prop 218 risk is primarily the District's.

There is a significant differential between the insurability of the performance of MRWPCA versus the performance of the District. Further, there are significant differences in whose Prop 218 revenue raising capability can be tapped to cover shortfalls and/or damages. For these reasons, among others, the Agency and the District strongly oppose Cal-Am's suggestion that we assume joint and several liability, or that Cal-Am can make a claim directly on the Agency for a District failure to perform and vice versa.

### **Risk Examples**

**Construction Risk:** Failure to complete the plant on time or construction of a plant that fails to deliver design capacity could trigger events of default. Cal-Am could patiently allow MRWPCA to correct the problem or it could terminate the Agreement. This risk would normally be mitigated by liquidated damages provisions in the construction contract, placing the contractor at risk for payment.

**Performance Risk:** If the plant develops an inability to perform over time and the warranty period has lapsed or the contractor is no longer in business, any costs of correction may not be approved by the CPUC and would have to be borne by the public agencies. Since it is a water supply project, that means the District's Prop 218 revenue raising capability would likely be tapped.

**Interruption Risk:** An interruption of operations due to natural causes or third-party events (e.g. terrorism) will not trigger an event of default. An interruption due to mechanical problems, and accident, operator error, and so forth could trigger events of default. For that reason, we have established an Operating Reserve of at least 1,000 AF to cover deliveries for at least a 3-month period. Working with MRWPCA we may seek to increase the amount available in the Operating Reserve. We are also asking MRWPCA to build up reserves within its enterprise fund for the project to provide a form of self-insurance. Also, as mentioned earlier, we are expecting MRWPCA to obtain insurance for its performance. However, if we are unable to meet the Water Availability guarantee and there are damages, the District will first have to pay and then seek recourse from MRWPCA. Additionally, any cost of repair or replacement not covered by existing funds covered in the purchase price of water will have to be covered by the agencies. Again, since it is a water supply project, that means the District's Prop 218 revenue raising capability would likely be tapped.

**Water Quality Risk:** The District expects MRWPCA to insure for this.

**O&M Cost Risk:** As discussed earlier, a desired result of the Phase 2 proceedings at the CPUC is to have a mechanism in place that ensures all future costs are guaranteed for recovery. However, this is not assured as of right now. If somehow in the future O&M costs (or renewal and replacement costs) have risen faster than that which can be recovered under the initial CPUC approval, we expect Cal-Am to ask the CPUC for recovery in the price of water. However, until recovery is approved, or in the event it is disallowed, the public agencies may have to fund the difference.

**Reserve Costs:** The District will commit to pay for the costs of treatment and injection of the reserve waters and will not be reimbursed through the WPA until such reserves are designated as delivered to Cal-Am. This will come from the District's Water Supply Charge or other revenues. 1,000 AF could cost on the order of \$2 million. Hence the District needs to begin to reserve for this expense.

**Cal-Am Performance Risk:** If Cal-Am failed to make timely payments for water delivered, for whatever reason, the District Board at its April 2015 meeting approved the District's use of its own credit and Prop 218 revenue raising ability to ensure fixed debt payments are covered. The District would then seek recourse from Cal-Am, its successor, or its receiver.

## **EXHIBIT**

### **21-A Draft Proposed Water Purchase Agreement**

**EXHIBIT 21-A****MPWMD Draft – 10/23/15**

(Accepted all CAW 9/24/15 changes then revised)

**WATER PURCHASE AGREEMENT FOR  
PURE WATER MONTEREY PROJECT**

**THIS WATER PURCHASE AGREEMENT** (“Agreement”) is made this \_\_\_\_ day of \_\_\_\_\_, 2015 (the “Effective Date”) by and between California-American Water Company, a California corporation, hereinafter referred to as the “Company,” Monterey Regional Water Pollution Control Agency, hereinafter referred to as the “Agency,” and Monterey Peninsula Water Management District, hereinafter referred to as the “District.” The Company, the Agency, and the District are hereinafter referred to individually as a “Party” and collectively as the “Parties.”

**RECITALS**

- A. The Company has a statutory duty to serve water in certain cities on the Monterey Peninsula and in a portion of Monterey County for its service area, the boundaries of which are described in **Exhibit A** attached hereto and incorporated herein.
- B. The Company has been ordered by the State Water Resources Control Board in orders 95-10 and WR 2009-0060 to find alternatives to the Carmel River to fulfill its duty to serve, and the Company has applied to the California Public Utilities Commission (“CPUC”) for an order seeking a Certificate of Public Convenience and Necessity for the construction of water supply facilities and authorizing the recovery of the costs for such construction in rates.
- C. The Agency will be responsible for the design, construction, operation, and ownership of facilities for the production and delivery of advanced treated recycled water, such facilities to be part of the Pure Water Monterey groundwater replenishment project.
- D. The District will buy advanced treated recycled water from the Agency for purpose of securing the financing of and paying the operating costs of the project. The District will sell the advanced treated recycled water to the Company subject to the terms of this Agreement.
- E. The Company desires to buy advanced treated recycled water from the District for the purpose of fulfilling its duty to serve its customers within its service area and the District is willing to sell advanced treated recycled water to the Company for this purpose on the terms and conditions provided for herein.
- F. The Agency has separately entered into agreement with the Monterey County Water Resources Agency, in which under certain conditions, the Monterey County Water Resources Agency may request additional irrigation water from Agency sources. When such a request

**MPWMD Draft – 10/23/15**

(Accepted all CAW 9/24/15 changes then revised)

is made, the District may make available Company Water from the Drought Reserve in order to satisfy the Company Allotment. Additionally, in order to ensure delivery of the Company Allotment in the event of an interruption in project operations, the District has established an Operating Reserve. Together the two reserves are called the Reserve Account and will be paid for by the District until deemed delivered to the Company if needed at a future date. *(NOTE: Parties expect to add language to the finding citing MRWPCA-MCWRA Agreement)*

**NOW, THEREFORE**, the Parties agree as follows:

1. Purpose of Agreement.

The purpose of this Agreement is to provide for the sale of advanced treated recycled water from the Agency to the District and from the District to the Company derived from the Pure Water Monterey groundwater replenishment project owned and operated by the Agency, and to serve the Company’s customers within its service area. The Parties confirm that this Agreement constitutes a contractual right to purchase advanced treated recycled water, that no water right is conferred to the Company, and that no additional rights in the Seaside Groundwater Basin are conferred to the District or the Agency.

2. Definitions

The following terms shall, for all purposes of this Agreement have the following meanings:

“Additional Project Participant” means any public district, agency, or entity, or any private water company, other than the Company, that executes a water purchase agreement in accordance with Section 18 hereof, together with its respective successors or assigns.

“Affected Party” means a Party claiming the occurrence of a Force Majeure Event and seeking relief under this Agreement as a result thereof.

“Agreement” means this Water Purchase Agreement, as the same may be amended from time to time.

“Applicable Law” means any federal, state or local statute, local charter provision, regulation, ordinance, rule, mandate, order, decree, permit, code or license requirement or other governmental requirement or restriction, or any interpretation or administration of any of the foregoing by any governmental authority, which applies to the services or obligations of any of the Parties under this Agreement.

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(Accepted all CAW 9/24/15 changes then revised)

“AWT Facilities” means the advanced water treatment facilities portion of the Project that provides advanced treatment to source water that has undergone secondary treatment at the Regional Treatment Plant.

“AWT Water” means advanced treated recycled water produced by the AWT Facilities.

“Calendar Year” means a twelve-month period from January 1 through December 31. Any computation made on the basis of a Calendar Year shall be adjusted on a pro rata basis to take into account any Calendar Year of less than 365 or 366 days, whichever is applicable.

“Company Account” means the account managed by the District and the Company that tracks and records the quantity of Company Water delivered to the Delivery Point.

“Company Allotment” means 3,500 acre-feet of AWT Water.

“Company Water” means the AWT Water delivered to the Delivery Point to be used and owned by the Company and will be counted toward the Company Allotment.

“CPUC Decision” means the California Public Utilities Commission decision in Application A.12-04-019 (or a successor application) authorizing recovery from rates related to the Monterey Peninsula Water Supply Project, and shall include any CPUC proceeding that addresses the Project.

“Delivery Point” means any of the metered points of delivery identified in Exhibit C.

“Delivery Start Date” means the date that the Agency and the District commence delivery of AWT Water to the Delivery Point.

“Drought Reserve” means one of the two sub-accounts that comprise the Reserve Account. The District expects to deposit 200 acre-feet per year into the Drought Reserve up to the Drought Reserve Minimum.

“Drought Reserve Minimum” means 1,000 acre-feet of Drought Reserve Water in the Drought Reserve.

“Drought Reserve Water” means Excess Water in the Drought Reserve Account at any given time.

“Excess Water” means a quantity of AWT Water in excess of the Company Allotment delivered by the District to the Delivery Point in any given Fiscal Year.

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(Accepted all CAW 9/24/15 changes then revised)

“Fiscal Year” means a twelve-month period from July 1 through June 30. Any computation made on the basis of a Fiscal Year shall be adjusted on a pro rata basis to take into account any Fiscal Year of less than 365 or 366 days, whichever is applicable.

“Fixed Project Costs” means pre-construction, development, capital costs, including debt service and reserves for the payment of debt service, incurred by the Agency or District in accordance with Section 6 hereof as estimated in **Exhibit D**.

“Force Majeure Event” means any act, event, condition or circumstance that (1) is beyond the reasonable control of the Affected Party, (2) by itself or in combination with other acts, events, conditions or circumstances adversely affects, interferes with or delays the Affected Party’s ability to perform its obligations under this Agreement, and (3) is not the fault of, or the direct result of the willful or negligent act, intentional misconduct, or breach of this Agreement by, the Affected Party.

“Injection Facilities” means the injection wells and appurtenant facilities portion of the Project used to inject AWT Water into the Seaside Basin.

“Minimum Allotment” means 2,800 acre-feet of AWT Water.

“Operating Reserve” means one of the two sub-accounts that comprise the Reserve Account.

“Operating Reserve Minimum” means 1,000 acre-feet of Operating Reserve Water in the Operating Reserve.

“Operating Reserve Water” means Excess Water in the Operating Reserve at any given time.

“Performance Start Date” means the date set forth in a written notice provided by the District to the Company upon which the District’s performance obligations with respect to the Water Availability Guarantee and the Water Delivery Guarantee shall commence, such date not to be more than six months following the Delivery Start Date.

“Product Water Facilities” means the product water conveyance facilities portion of the Project used to transport the AWT Water from the AWT Facilities to the Injection Facilities.

“Project” means the Pure Water Monterey groundwater replenishment project, including (a) Source Water Facilities, (b) AWT Facilities, (c) Product Water Facilities, and (d) Injection Facilities, all as additionally described in **Exhibit B**.

“Project Operation and Maintenance Expenses” means all expenses and costs of management, operation, maintenance, repair, replacement, renovation, or improvement of the Project properly chargeable to the Project in accordance with generally accepted accounting principles, including, without limitation (a) salaries, wages, and benefits of employees, contracts for professional



**MPWMD Draft – 10/23/15**

(Accepted all CAW 9/24/15 changes then revised)

services, power, chemicals, supplies, insurance, and taxes; (b) an allowance for depreciation, amortization, and obsolescence; (c) all administrative expenses of the District and the Agency incurred in connection with the Project; and (d) a reasonable reserve for contingencies, in each case incurred by the Agency or District with respect to the project. Initial annual Project Operation and Maintenance Expenses are estimated in **Exhibit D**.

“Project Operating Revenues” means all income, rents, rates, fees, charges, or other moneys derived by the Agency or District from the ownership or operation of the Project, including, without limiting the generality of the foregoing: all income, rents, rates, fees, charges, or other moneys including AWT Water Payments derived from the sale, furnishing, and supplying of the AWT Water.

“AWT Water Payments” means payments made by the Company to the District pursuant to Section 13 hereof for the furnishing of AWT Water. Such AWT Water Payments shall include Fixed Project Costs and Project Operations and Maintenance Expenses.

“Regional Treatment Plant” means the Agency’s Regional Wastewater Treatment Plant.

“Reserve Account” means the account managed by the District that tracks and records (a) quantities of Excess Water delivered to the Delivery Point, and (b) quantities of Reserve Water debited from the Reserve Account to satisfy the Company Allotment.

“Seaside Basin” means the Seaside Groundwater Basin.

“Service Area” means the Company’s service area as of the Effective Date of this Agreement, as shown in **Exhibit A**, and as amended from time-to-time by the CPUC.

“Storage and Recovery Agreement” means the storage and recovery agreement among the Company, the District and the Watermaster that allows for injection of AWT Water into the Seaside Basin for purposes of continued storage or withdrawal.

“Source Water Facilities” means the source water diversion and conveyance facilities portion of the Project used to divert and convey new source waters to the Regional Treatment Plant.

“Watermaster” means the Seaside Groundwater Basin Watermaster.

“Water Availability Guarantee” means the water availability guarantee set forth in Section 13.

“Water Delivery Guarantee” means the water delivery guarantee set forth in Section 12.

“Water Treatment Guarantee” means the water treatment guarantee set forth in Section 14.

**MPWMD Draft – 10/23/15**

(Accepted all CAW 9/24/15 changes then revised)

**OPERATIVE PROVISIONS****3. Commencement of Service.**

The Performance Start Date shall be no later than January 1, 2020. Failure of the Agency and the District to meet this deadline shall constitute an Event of Default upon which the Company may terminate this Agreement in accordance with Section 19. The Company shall not incur any costs or be responsible for any payments under this Agreement prior to the Performance Start Date.

**4. Term of Agreement.**

This Agreement shall be effective as of the Effective Date and shall remain in effect until the date that is thirty (30) years after the Performance Start Date (the “Expiration Date”), unless earlier terminated as provided in this Agreement.

**5. Option for Continued Service.**

The Company may extend the Expiration Date of this Agreement for one or more periods not to exceed ten (10) years, in total. The Company shall notify the Agency and the District, in writing at least 365 days prior to the then-applicable Expiration Date, of its intent to extend the Expiration Date and such notice shall indicate the new Expiration Date.

**6. Agency and District to Develop Project.**

Subject to all terms and conditions of the Agency’s water rights, permits and licenses, and all agreements relating thereto, the Agency and District will cause and complete the design, construction, operation, and financing of the Project, the production and delivery of AWT Water, the obtaining of all necessary authority and rights, consents, and approvals, and the performance of all things necessary and convenient therefor. The Agency will own and operate the Project.

As consideration for funding environmental, permitting, design, and other pre-construction costs, as well as for pledging revenues for repayment of future costs under this Agreement in the event AWT Water Payments are insufficient, the District shall (i) own AWT Water for sale and delivery to the Company, (ii) have the right to sell AWT Water to the Company or any Additional Project Participant (if approved by the Company pursuant to Section 18), (iii) have the right to bill the Company or any Additional Project Participant for AWT Water Payments, and (iv) have the right to apply all AWT Water Payments to payment of Fixed Project Costs and Project Operation and Maintenance Expenses.

**7. Obligation to Pay Design and Construction Costs.**

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(Accepted all CAW 9/24/15 changes then revised)

The Agency shall be solely responsible for the design, construction, implementation and performance of the Project, and shall bear all costs associated with such design, construction, implementation and performance. Title to the structures, improvements, fixtures, machinery, equipment, and materials constituting the Project shall remain with the Agency and the Agency shall bear all risk of loss concerning such structures, improvements, fixtures, machinery, equipment, and materials.

8. Obligation to Pay Operation and Maintenance Costs.

The Agency shall be solely responsible for the operation, maintenance, repair and replacement of the Project, and shall bear all costs associated with such operation, maintenance, repair and replacement.

9. Point of Delivery and Ownership of AWT Water.

All AWT Water shall be delivered to the Delivery Point. Water utilized to backflush an injection well that percolates into the ground is considered delivered AWT Water.

The Agency shall own the AWT Water until the point it leaves the AWT Facilities. The District shall own the AWT Water from the point it leaves the AWT Facilities to the Delivery Point if the water is Company Water. If, however, the water is Excess Water after the Delivery Point, then ownership of such water shall remain with the District. The District shall own any water in the Reserve Account, until such time as Operating Reserve Water or Drought Reserve Water is used to satisfy the Water Availability Guarantee at which point it shall be owned by the Company.

The Company recognizes and agrees that it acquires no interest in or to any portion of the District's system or any Agency facilities.

Delivery by the District and withdrawal by the Company shall be governed by the Storage and Recovery Agreement.

10. Points of Withdrawal.

All AWT Water furnished pursuant to this Agreement shall be taken from storage by the Company at the points of withdrawal controlled by the Company and permitted by the California Department of Public Health. The Company shall be solely responsible for operating and maintaining all of its facilities for withdrawal of water.

11. Measurement.

All AWT Water furnished pursuant to this Agreement shall be measured by the Agency at the Delivery Point. Such measurement shall be with equipment chosen by the Agency, installed by

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the Agency on Agency facilities, and approved by the District and Company in writing. All measuring equipment shall be installed, maintained, repaired and replaced by the Agency. The Agency will provide annual meter calibration by an outside contractor and provide a copy of results of such calibrations to District and Company. The Agency shall have the primary obligation to measure the quantity of AWT Water delivered to the Company. The Company may request, at any time, investigation and confirmation by the District or Agency, at the District or Agency's expense, of the measurement being made as well as the charges associated with those measurements. Errors in measurement and charges discovered by the investigation will be corrected in a timely manner by the Agency and the District. The Company may, at its own expense, at any time, inspect the measuring equipment and the record of such measurements for the purpose of determining the accuracy of the equipment and measurements.

12. Water Delivery Guarantee.

- (a) Beginning on the Performance Start Date and in every Fiscal Year throughout the term of this Agreement, the District shall use its best efforts to deliver Company Water to the Delivery Point in quantities at least equal to the Company Allotment.
- (b) Beginning on the Performance Start Date and in every Fiscal Year throughout the term of this Agreement, the District shall deliver Company Water to the Delivery Point in quantities at least equal to the Minimum Allotment (the "Water Delivery Guarantee").
- (c) All AWT Water delivered by the District to the Delivery Point between the Delivery Start Date and the Performance Start Date shall be deemed Operating Reserve Water and allocated to the Operating Reserve. Beginning on the Performance Start Date and in every Fiscal Year throughout the term of this Agreement, the first 3,500 acre-feet of AWT Water delivered to the Delivery Point each Fiscal Year shall be Company Water.

13. Water Availability Guarantee.

- (a) Beginning on the Performance Start Date and throughout the term of this Agreement, the District and the Agency must deliver enough AWT Water to the Delivery Point so that the Company may draw AWT Water (including Company Water, Operating Reserve Water, and Drought Reserve Water released by the District to the Company) from the Seaside Basin every Fiscal Year in an amount at least equal to the Company Allotment (the "Water Availability Guarantee").
- (b) If in any Fiscal Year the District delivers Excess Water, any such amount shall be credited to the Reserve Account. The Reserve Account will have two sub-accounts: the Operating

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Reserve and the Drought Reserve. The District will allocate all Excess Water into either the Operating Reserve or the Drought Reserve as it shall determine in its sole discretion.

- (c) If the amount of Operating Reserve Water in the Operating Reserve at any time is less than the Operating Reserve Minimum, then all Excess Water in a Fiscal Year must be allocated to the Operating Reserve until the Operating Reserve Minimum is achieved, except for up to 200 acre feet for the Drought Reserve if the balance in the Drought Reserve is less than the Drought Reserve Minimum. In no instance shall the District reduce Company Water deliveries to make available additional irrigation water to the Monterey County Water Resources Agency from Agency sources in an amount exceeding the balance available in the Drought Reserve. ***(NOTE: Cal-Am desires access to amounts in the Drought Reserve in time of interruption; District disagrees – cannot subordinate commitment to MCWRA under MRWPCA-MCWRA Agreement; Under discussion)***
- (d) If in any Fiscal Year the District delivers Company Water to the Delivery Point in quantities less than the Company Allotment, the Company shall have the right, but not the obligation, to draw Operating Reserve Water from the Operating Reserve to make up for any such shortfall in Company Water. In addition, if a shortfall still exists after any Operating Reserve Water is drawn by the Company, the District may, in its sole discretion, use Drought Reserve Water available in the Drought Reserve to satisfy the Water Availability Guarantee.
- (e) Every six months the District will report to the Company the balances and activity in the Operating Reserve and Drought Reserve.

14. Water Treatment Guarantee.

All AWT Water delivered by the District to the Delivery Point must meet the water quality requirements set forth in Applicable Law (the “Water Treatment Guarantee”). If at any time the District fails to meet the Water Treatment Guarantee, the District shall give the Company immediate notice thereof shall promptly meet with the Company to discuss the circumstances of such failure and the District’s and the Agency’s action plan for remediation so that the Water Treatment Guarantee will be met. AWT Water delivered by the District to the Delivery Point that does not meet the Water Treatment Guarantee shall not be considered Company Water or Excess Water.

15. Budgeting.

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Not later than May 1 each year, the Fixed Project Costs and Project Operation and Maintenance Expenses shall be estimated for the following Fiscal Year. Such estimates shall be made available for review by the Parties prior to adoption by the Parties' respective boards.

**16. Rate of Payment for AWT Water.**

For AWT Water furnished to the Company under this Agreement, the Company shall pay AWT Water Payments to the District on a monthly basis the costs allocable to the portion of the Project Allotment delivered the previous month. The Company shall not pay for deliveries to the Operating Reserve and the Drought Reserve until such reserves are designated by the District as a portion of the Project Allotment in a month.

Estimated Fixed Project Costs and Project Operation and Maintenance Expenses for the first year of project operation are attached as **Exhibit D**.

The Company shall have the right, at its cost, to have an independent engineering firm review the estimated costs contained in **Exhibit D**.

The rate of payment for AWT Water shall be \$\_\_\_\_\_ per acre-foot and is computed as the sum of Fixed Project Costs and Project Operating and Maintenance Expenses as shown in Exhibit D divided by 3,500 acre-feet.

The rate of payment shall be adjusted each year by the escalation in Project Operating and Maintenance Expenses in that year.

If the actual aggregate of the Fixed Project Costs and Project Operation and Maintenance Expenses will exceed the total estimated costs set forth in the CPUC Decision, the Company shall seek CPUC approval for costs in excess of those authorized. If the actual aggregate of Fixed Project Costs and Project Operation and Maintenance Expense are less than the total estimated costs set forth, the rate of payment shall be reduced accordingly. The Company shall have no obligation to make AWT Water Payments in excess of the amount set forth in the CPUC Decision unless and until the CPUC approves payment and recovery of those payments in rates.

The District covenants and agrees to pay to the Agency the revenues received from the Company from the AWT Water Payments, provided however it will reduce the payment amount by any portion of the Fixed Project Costs and Project Operating Expenses paid directly by the District.

**17. Time and Method of Payments.**

The District shall send the Company a detailed monthly statement of charges due for all Company Water delivered to the Delivery Point, and all Operating Reserve Water and Drought

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Reserve Water used to satisfy the Water Availability Guarantee, during the preceding month as measured by the Agency meters, which shall be read on a monthly basis. The Company shall not be billed for Excess Water that goes into the Reserve Account.

The Company shall pay all complete and unchallenged statements within forty-five (45) days after receipt. Statements shall be mailed to the Company at the following address:

California American Water Company  
Director of Operations  
511 Forest Lodge Rd # 100  
Pacific Grove, CA 93950

The Agency shall send the District a monthly statement of charges due for all AWT Water actually delivered to the District during the preceding month as measured by the meters, which shall be read on a monthly basis. The District shall pay all statements within forty-five (45) days after receipt. Statements shall be mailed to the District at the following address:

Monterey Peninsula Water Management District  
Administrative Services Division Manager  
5 Harris Court, Building G  
Monterey, CA 93940

If payment of any amount due hereunder is not made when due, simple interest will be payable on such amount at the legal rate of interest charged on California judgments, as provided in California Code of Civil Procedure Section 685.010, and shall be calculated on the basis of a 365-day year from the date such payment is due under this Agreement until paid.

The Company is obligated to pay to the District the payments becoming due under this Agreement, notwithstanding any individual default by its water users or others in the payment to the Company of assessments or other charges levied by the Company.

**GENERAL PROVISIONS****18. Additional Project Participants.**

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sources, as yet unidentified. Any Additional Project Participant will pay for its proportionate share of capital costs and operation and maintenance expenses and the District and Agency will provide supporting documentation to the Company to ensure the Company's AWT Water Payments do not include any costs properly allocable to an Additional Project Participant. *(NOTE: Language will be tightened to clarify what are "new water sources identified for the Project" and what are prior rights or future sources.)*

19. Breach, Event of Default and Termination.

- (a) Remedies for Breach – The Parties agree that, except as otherwise provided in this section with respect to termination rights, if any Party breaches this Agreement, any other Party may exercise any legal rights it may have under this Agreement and under Applicable Law to recover damages or to secure specific performance. No Party shall have the right to terminate this Agreement for cause except upon the occurrence of an Event of Default. If a Party exercises its rights to recover damages upon a breach of this Agreement or upon a termination due to an Event of Default, such Party shall use all reasonable efforts to mitigate damages. If a Force Majeure Event occurs, the Affected Party shall be entitled to relief from determination of a breach pursuant to Section 23 of this Agreement.
- (b) Event of Default – The following shall each constitute an "Event of Default" under this Agreement:
- (1) The Delivery Start Date does not occur on or before July 1, 2019.
  
  - (3) The failure of the District to deliver Company Water to the Delivery Point in quantities at least equal to the Company Allotment in each of three consecutive Fiscal Years.
  
  - (4) The failure of the District to meet the Water Delivery Guarantee in each of two consecutive Fiscal Years, **or failure to deliver 1,800 acre-feet in any Fiscal Year. (recently discussed.)**
  
  - (5) The failure of the District to meet the Water Availability Guarantee in a Fiscal Year.
  
  - (6) The failure of any Party to perform any material term, covenant, or condition of this Agreement, and the failure continues for more than thirty (30) days following



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the defaulting Party's receipt of written notice of such default from a non-defaulting Party; provided, however, that if and to the extent such default cannot reasonably be cured with such thirty (30) day period, and if the defaulting Party has diligently attempted to cure the same within such thirty (30) period and thereafter continues to diligently attempt to cure the same, then the cure period provided for herein shall be extended from thirty (30) days to one hundred twenty (120) days.

(7) The Company no longer has a statutory duty to serve water in the Service Area.

(c) Termination for Event of Default – If an Event of Default occurs, any non-defaulting Party may terminate this Agreement immediately upon written notice to the other Parties. A non-defaulting Party may enforce any and all rights and remedies it may have against a defaulting Party under Applicable Law.

20. Dispute Resolution.

Representatives from each Party shall meet and use reasonable efforts to settle any dispute, claim, question or disagreement (a "Dispute") arising from or relating to this Agreement. To that end, the Parties' representatives shall consult and negotiate with each other in good faith and, recognizing their mutual interests, attempt to reach a just and equitable solution satisfactory to the Parties. If the Parties do not reach such a solution within a period of thirty (30) days after the first notice of the Dispute is received by the non-disputing Parties, then the Parties shall pursue non-binding mediation to be completed within one-hundred twenty (120) days after the notice of the Dispute is received by the non-disputing Parties. If the Parties do not settle the Dispute within the one-hundred twenty (120) day period, any Party may pursue any and all available legal and equitable remedies.

21. Indemnification.

Each Party (an "Indemnifying Party") shall fully indemnify the other Parties and their respective officers, directors, employees, consultants, contractors, representatives and agents (the "Indemnified Persons") against, and hold completely free and harmless from, all liability and damages including any cost, expense, fine, penalty, claim, demand, judgment, loss, injury and/or other liability of any kind or nature, including personal or bodily injury, death or property damage, that are incurred by or assessed against the Indemnified Persons and caused by, resulting from, or attributable to the fault, failure, breach, error, omission, negligent or wrongful act of the Indemnifying Party, or its officers, directors, employees, consultants, contractors, representatives and agents, in the performance or purported performance of the Indemnifying Party's obligations under this Agreement. *(NOTE: Parties are discussing language that would*

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*introduce “proportionate fault” in the event that there are more than one potential cause for harm, by more than one Party, within the Agreement or causes outside the Agreement.)*

22. Force Majeure Event Relief.

- (a) If a Force Majeure Event occurs, the Affected Party shall be entitled to (1) relief from its performance obligations under this Agreement to the extent the occurrence of the Force Majeure Event prevents or adversely affects Affected Party’s performance of such obligations, and (2) an extension of schedule to perform its obligations under this Agreement to the extent the occurrence of the Force Majeure Event prevents or adversely affects Affected Party’s ability to perform such obligations in the time specified in this Agreement. The occurrence of a Force Majeure Event shall not, however, excuse or delay the other Parties’ obligation to pay monies previously accrued and owing to Affected Party under this Agreement, or for Affected Party to perform any obligation under this Agreement not affected by the occurrence of the Force Majeure Event.
- (b) Upon the occurrence of a Force Majeure Event, Affected Party shall notify the other Parties in accordance with the notice provisions set forth herein promptly after Affected Party first knew of the occurrence thereof, followed within fifteen (15) days by a written description of the Force Majeure Event, the cause thereof (to the extent known), the date the Force Majeure Event began, its expected duration and an estimate of the specific relief requested or to be requested by the Affected Party. Affected Party shall use commercially reasonable efforts to reduce costs resulting from the occurrence of the Force Majeure Event, fulfill its performance obligations under the Agreement and otherwise mitigate the adverse effects of the Force Majeure Event. While the Force Majeure Event continues, the Affected Party shall give the other Parties a monthly update of the information previously submitted. The Affected Party shall also provide prompt written notice to the other Parties of the cessation of the Force Majeure Event.

23. Amendments.

No change, alteration, revision or modification of the terms and conditions of this Agreement shall be made, and no verbal understanding of the Parties, their officers, agents or employees shall be valid, except through a written amendment to this Agreement duly authorized and executed by the Parties.

24. Remedies Not Exclusive.

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The use by any Party of any remedy for the enforcement of this Agreement is not exclusive and shall not deprive the Party using such remedy of, or limit the application of, any other remedy provided by law.

**25. Mitigation of Damages.**

In all situations arising out of this Agreement, the Parties shall attempt to avoid and minimize the damages resulting from the conduct of another Party.

**26. Failure of CPUC Approval.**

If this Agreement is not approved by the CPUC in a manner acceptable to the Parties, any Party may, within sixty (60) days after the effective date of the decision or order of the CPUC relating to the approval of this Agreement, give written notice to the other Parties that the Agreement will terminate ten (10) days after receipt of such notice. Those acts and obligations that are to be performed on or after the Execution Date shall be discharged and no Party shall thereafter be obligated to continue to perform this Agreement or any provision hereof. Whether this Agreement is approved by the CPUC in a manner acceptable to the Parties or not, those acts and obligations performed prior to the date of termination shall be final and no party shall have any claim to be restored to its pre-Execution Date status with regard to any of those acts or obligations. *(NOTE: This section is currently being revised by Cal-Am; District and Agency will review.)*

*(NOTE: Cal-Am wants a new section under which the MPWMD and MRWPCA assume joint and several liability for each other's performance obligations. The District and the Agency are unwilling to do so; Parties are currently at impasse)*

**27. Insurance.**

The Agency and District will each obtain insurance, to the extent available, to secure their performance under the Agreement, including but not limited to the Water Delivery Guarantee, the Water Availability Guarantee, and the Water Treatment Guarantee, as well as general liability insurance on all facilities. In the failure of such insurance to satisfy the requirements of the Agreement the District and the Agency will utilize their own resources, including Prop 218 revenue raising capacity, to the extent allowable by law, to satisfy its obligations.

**28. No Waiver.**

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Failure by a Party to insist upon the strict performance of any of the provisions of this Agreement by another Party, irrespective of the length of time for which such failure continues, shall not constitute a waiver of such Party's right to demand strict compliance by such other Party in the future. No waiver by a Party of any default or breach shall affect or alter this Agreement, and each and every covenant, term, and condition hereof shall continue in full force and effect to any existing or subsequent default or breach.

29. Successors in Interest, Transferees, and Assignees.

This Agreement and all the rights and obligations created by this Agreement shall be in full force and effect whether or not any of the Parties to this Agreement have been succeeded by another entity, or had their interests transferred or assigned to another entity, and all rights and obligations created by this Agreement shall be vested and binding on any Party's successor in interest, transferee, or assignee. In the event the Company is succeeded by another entity, it shall assign this Agreement to its successor. No succession, assignment or transfer of this Agreement, or any part hereof or interest herein, by a Party shall be valid without the prior written consent of the other Parties, such consent not to be unreasonably withheld.

30. Covenants and Conditions.

All provisions of this Agreement expressed either as covenants or conditions on the part of the District, Agency, or the Company shall be deemed to be both covenants and conditions.

31. Governing Law.

This Agreement and the rights and obligations of the Parties shall be governed, controlled and interpreted in accordance with the laws of the State of California.

32. Headings.

All headings are for convenience only and shall not affect the interpretation of this Agreement.

33. Construction of Agreement Language.

The provisions of this Agreement shall be construed as a whole according to its common meaning and purpose of providing a public benefit and not strictly for or against any Party. The Agreement shall be construed consistent with the provisions hereof, in order to achieve the objectives and purposes of the Parties. Wherever required by the context, the singular shall include the plural and vice versa, and the masculine gender shall include the feminine or neutral genders or vice versa.

34. Drafting Ambiguities.

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This Agreement is the product of negotiation and preparation between the Parties. The Parties and their counsel have had the opportunity to review and revise this Agreement. The Parties waive the provisions of Section 1654 of the Civil Code of California and any other rule of construction to the effect that ambiguities are to be resolved against the drafting Party, and the Parties warrant and agree that the language of this Agreement shall neither be construed against nor in favor of any Party unless otherwise specifically indicated.

35. Partial Invalidity; Severability.

If any provision of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions will nevertheless continue in full force without being impaired or invalidated in any way.

36. No Third Party Beneficiaries.

Nothing in this Agreement is intended to create any third Party beneficiaries to the Agreement, and no person or entity other than the Parties and the permitted successors, transferees and assignees of either of them shall be authorized to enforce the provisions of this Agreement.

37. Relationship of the Parties.

The relationship of the Parties to this Agreement shall be that of independent contractors. Each Party shall be solely responsible for any workers compensation, withholding taxes, unemployment insurance, and any other employer obligations associated with the described work or obligations assigned to them under this Agreement.

38. Signing Authority.

The representative of each Party signing this Agreement hereby declares that authority has been obtained to sign on behalf of the Party such person is representing.

39. Further Acts and Assurances.

The Parties agree to execute, acknowledge and deliver any and all additional papers, documents and other assurances, and shall perform any and all acts and things reasonably necessary in connection with the performance of the obligations hereunder and to carry out the intent of the Parties.

40. Opinions and Determinations.

Where the terms of this Agreement provide for action to be based upon opinion, judgment, approval, review or determination of any Party hereto, such terms are not intended to be and

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shall never be construed as permitting such opinion, judgment, approval, review or determination to be arbitrary, capricious or unreasonable.

41. Interpretation of Conflicting Provisions.

If there is any conflict, discrepancy or inconsistency between the provisions of this Agreement and the provisions of any exhibit or attachment to this Agreement, the provisions of this Agreement shall prevail and control.

42. Integration.

This Agreement, including the exhibits, represent the entire Agreement between the Parties with respect to the subject matter of this Agreement and shall supersede all prior negotiations, representations, or agreements, either written or oral, between the Parties as of the Effective Date.

43. Counterparts.

All signatures need not appear on the same counterpart of this Agreement and all counterparts of this Agreement shall constitute one and the same instrument.

44. Notices.

All notices to a Party required or permitted under this Agreement shall be in writing and shall be deemed delivered (i) when delivered in person; (ii) on the third day after mailing, if mailed, postage prepaid, by registered or certified mail (return receipt requested); or (iii) on the day after mailing if sent by a nationally recognized overnight delivery service which maintains records of the time, place, and recipient of delivery. Notices to the Parties shall be sent to the following addresses or to other such addresses as may be furnished in writing by one Party to the other Parties:

Monterey Peninsula Water Management District  
5 Harris Court, Building G  
Monterey, CA 93940  
Attention: General Manager

Monterey Regional Water Pollution Control Agency  
5 Harris Court, Building D  
Monterey, CA 93940  
Attention: General Manager

California American Water

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Attn: President  
1033 B Avenue, Suite 200  
Coronado, CA 92118

**SIGNATURE PAGE FOLLOWS**

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**IN WITNESS WHEREOF**, the Parties hereto have executed this Agreement as of the date first above written.

**MONTEREY REGIONAL WATER POLLUTION CONTROL AGENCY,**

By: \_\_\_\_\_

[NAME]  
Board Chair, Agency Board of Directors

**MONTEREY PENINSULA WATER MANAGEMENT DISTRICT,**

By: \_\_\_\_\_

[NAME]  
Chair, District Board of Directors

**CALIFORNIA-AMERICAN WATER COMPANY,**

By: \_\_\_\_\_

Robert G. MacLean  
President



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**EXHIBIT A**

**Service Area**

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(Accepted all CAW 9/24/15 changes then revised)

**EXHIBIT B**

**Description of Project**

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(Accepted all CAW 9/24/15 changes then revised)

**EXHIBIT C**

**Delivery Point**

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**EXHIBIT D**

**Estimated Annual Fixed Project Costs and Project Operation and Maintenance Expenses**

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**ITEM: ACTION ITEM****22. AUTHORIZE EXPENDITURE OF UNBUDGETED FUNDS FOR PURE WATER MONTEREY PROJECT DESIGN BID PACKAGES****Meeting Date:** November 16, 2015      **Budgeted:** N/A**From:** David J. Stoldt      **Program/**  
General Manager      **Line Item No.:****Prepared By:** David J. Stoldt      **Cost Estimate:****General Counsel Approval:** N/A  
**Committee Recommendation:** N/A  
**CEQA Compliance:** N/A**SUMMARY:** A schedule for the Phase 2 proceedings at the CPUC, the consideration of the Pure Water Monterey groundwater replenishment project (GWR), was requested through a joint motion by the parties as follows:

<b>Date</b>	<b>Phase 1 (Desalination)</b>	<b>Phase 2 (Pure Water Monterey)</b>
December 15, 2015	Supplemental testimony with updated costs concerning the desalination project	
January 22, 2016	Supplemental testimony on demand and supply, brine discharge and return water	Testimony on Phase 2
January/February	Phase 1 settlement discussions	Phase 2 settlement discussions
March 22, 2016	Concurrent rebuttal testimony	Concurrent rebuttal testimony
April 14- 15, 2016	Evidentiary hearings for Phase 2 and on Phase 1 updates	Evidentiary hearings for Phase 2 and on Phase 1 updates
May 2016	Continued Phase 1 settlement discussions;	Continued Phase 2 settlement discussions until May 15; Opening Brief on Phase 2
May 2016		Reply Brief on Phase 2 (2 weeks following opening brief)
July 2016		Target for Phase 2 Proposed Decision*
August 2016		Target for Commission action on Phase 2 decision*
TBD	CPUC's issuance of combined Draft EIR/EIS	
TBD	Comments on Combined DEIR/DEIS	
15 days after close of DEIR/DEIS Comment Period	Opening Legal and Policy Brief	
30 days after close of DEIR/DEIS Comment Period	Reply Legal and Policy Brief	

The schedule has not been yet approved by the Administrative Law Judge, but if it is, then by July it is possible that Pure Water Monterey has been approved by the CPUC to move forward.

In order to be ready to do so, the contracts for design for design-bid components and preparation of bid packets for construction manager at risk (CMAR) components need to be put into place. MRWPCA is preparing the relevant requests for qualifications for public release at this time with awards expected in early December.

This is an acceleration of the timeline for these contracts. As such, very few of their related costs were budgeted in the current fiscal year GWR budget. These contracts are expected to require approximately \$3.6 million, of which \$400,000 is in the budget. That leaves \$3.2 million unfunded, approximately 75% of which is likely to occur in the current fiscal year, or \$2.4 million. The District's cost-sharing agreement would result in \$1.8 million of additional need.

**RECOMMENDATION:** The General Manager recommends the Board authorize expenditure of unbudgeted funds for contracts for design-bid components and preparation of bid packets for construction manager at risk (CMAR) components.

**DISCUSSION:** The District has not yet identified a revenue source for this expenditure. Staff expects that this amount could derive from four sources: (i) savings in the current year budget for the District's public financing of desalination due to the schedule delays on the Environmental Impact Report; (ii) other savings from mid-year budget review; (iii) reserves; and (iv) a favorable ruling by the California Supreme Court on its November 3, 2015 hearing of the User Fee litigation. It is not expected that a commitment to fund these costs will deplete the District's reserves. The District General Manager and CFO will commit to regular monitoring of the expenditures in order to ensure that activities be delayed or put on hold prior to imperiling District reserves.

#### **EXHIBIT**

None

**ITEM: ACTION ITEM****23. CONSIDER APPROVAL OF GROUND LEASE WITH CITY OF SEASIDE FOR SANTA MARGARITA ASR SITE EXPANSION**

<b>Meeting Date:</b>	<b>November 16, 2015</b>	<b>Budgeted:</b>	<b>Yes</b>
<b>From:</b>	<b>David J. Stoldt, General Manager</b>	<b>Program/ Line Item No.:</b>	<b>Water Supply Projects 1-2-1 A i</b>
<b>Prepared By:</b>	<b>David J. Stoldt</b>	<b>Cost Estimate:</b>	<b>\$22,000 (Initial Lease Fee)</b>

**General Counsel Review: N/A****Committee Recommendation: N/A****CEQA Compliance: N/A**

**SUMMARY:** The Monterey Peninsula Water Management District (District) Board will consider authorizing the General Manager to execute a ground lease with the City of Seaside for the Santa Margarita Aquifer Storage and Recovery (ASR) site located at 1910 General Jim Moore Boulevard in Seaside. The purpose for entering the lease with Seaside is to allow a modest expansion of the existing Phase 1 ASR site so that pipelines and equipment can be installed at the site to accommodate treatment and distribution of water from other existing and planned additional ASR sites per current long-term water supply augmentation plans. Per the ground lease provisions, the term is forty years with extensions in five-year increments. The initial lease fee is \$22,000 payable upon execution. The annual base rent payment will be established through negotiation subject to parameters established in Closed Session and subject to CPI-adjustment in five-year increments; the annual payments would not begin until the term of the lease commences upon the future date of underlying property transfer from the Fort Ord Reuse Authority (FORA) to Seaside.

**RECOMMENDATION:** The Board should consider the recommendation from its closed session discussion of this property negotiation and provide direction to the General Manager regarding execution of the ground lease with the City of Seaside.

**BACKGROUND:** The District began negotiations in 1999 with the U.S. Army for an easement on former Fort Ord property to install and test a full-scale ASR well in the Seaside Groundwater Basin. In 2000, the Army granted a 0.23 acre easement, which was amended to 1.09 acres in 2007 to allow an expansion area for a second well and facility building as part of the first phase of a permanent ASR project. Since then, plans have been developed to utilize this site for treatment and distribution of water delivered from additional ASR sites in the basin, in coordination with long-term water supply project planning with California American Water (Cal-Am). Expansion of the existing easement area to 1.90 acres is required in order to accommodate the space needs for the planned use of the site.

Currently, this portion of the former Fort Ord land is under the jurisdiction of the FORA. Per an agreement between FORA and Seaside, these entities must coordinate on this proposed property transaction, as the land is intended for future transfer to Seaside. The ground lease will also be

subject to FORA's review and concurrence per this agreement. The District has been working on this matter with both Seaside and FORA since 2010. The current ground lease reflects the multiple staff-level discussions and reviews that have taken place in order to get to closure on the site expansion issue.

**IMPACTS ON STAFF/RESOURCES:** A significant staff effort has been expended in planning, coordinating, analyzing and overseeing work on the District's ASR program, as reflected in the District's Strategic Plan. It is expected that District staff will continue this level of effort as part of the ongoing development of the ASR program in the Seaside Basin.

**EXHIBITS**

None



**ITEM: ACTION ITEM****24. CONSIDER DISTRIBUTION OF FUNDS FOR LOCAL PROJECT GRANT FUNDING**

<b>Meeting Date:</b>	<b>November 16, 2015</b>	<b>Budgeted:</b>	<b>Yes; Insufficient</b>
<b>From:</b>	<b>David J. Stoldt General Manager</b>	<b>Program/ Line Item No.:</b>	<b>1-10-1</b>
<b>Prepared By:</b>	<b>Larry Hampson</b>	<b>Cost Estimate:</b>	<b>Not to exceed \$85,000</b>

**General Counsel Approval: N/A****Committee Recommendation: The Water Supply Planning Committee approved the recommendation 3-0 on November 2, 2015. The Administrative Committee reviewed this item on November 9, 2015 and recommended approval.****CEQA Compliance: N/A**

**SUMMARY:** At its June 2015 meeting the District Board adopted a budget that included an expenditure of up to \$295,000 from the Water Supply Charge for development expenses for local water projects. At its October 2015 meeting, the Board approved an additional \$89,600 to fund project requests from the City of Seaside and the Pebble Beach Company. At its November 2, 2015 meeting, the Water Supply Planning Committee recommended approval of a revised application for \$85,000 by the City of Monterey.

Monterey's proposal is to evaluate at a regional level the feasibility of capturing, storing and recycling dry and wet weather stormwater system flows. This work would be consistent with recently passed state legislation (Senate Bill 985) that requires regions to develop a Stormwater Resource Plan (SRP) that focuses on capture of storm water for beneficial uses. District staff have been working with the Monterey Regional Storm Water Management Program (MRSWMP) group, which is considering applying to the State Water Resources Control Board (SWRCB) for a Prop. 1 grant of approximately \$200,000 to \$250,000 for development of a region-wide SRP. If the District approves a grant of \$85,000 to the City of Monterey and the City matches the funds with \$85,000, the combined amount of \$170,000 could be used as part of the 50% local match requirement for a State grant to develop an SRP.

In order to recommend a grant award to the City of Monterey, the Board must decide whether to increase the budget for the program, as all funds budgeted for this program in FY 2015-16 have already been awarded.

The staff recommendation follows.

**RECOMMENDATION:** The Board should consider a recommendation for a mid-year budget increase and grant approval of \$85,000 to the City of Monterey. This would require an increase in the Local Water Project budget at mid-year equal to \$85,000. Further, the grant should be conditioned to shift funds from Task D and apply them to Task E in order to expedite environmental review.

**DISCUSSION:** The amount in the adopted FY2015-2016 budget for Local Project Grants of \$295,000 includes funds from prior years that were approved but unexpended. As a result, money available for new projects under the current budget is limited to \$100,000. At its October 19, 2015 meeting, the Board authorized a mid-year budget increase of \$86,900 in order to fund the Pebble Beach Company and City of Seaside proposals. If the Board approves an additional \$85,000 to the City of Monterey, the mid-year budget increase would total \$171,900 and the total for Local Project grants would increase to \$466,900 for FY 2015-16.

Recently, Senate Bill 985 was passed, which requires that any stormwater capture and reuse project funded with Prop. 1 bond funds must be included in a Stormwater Resource Plan developed for the region. One of the requirements of a SRP is to:

“Identify and prioritize stormwater and dry weather runoff capture projects for implementation in a quantitative manner, using a metrics-based and integrated evaluation and analysis of multiple benefits to maximize water supply, water quality, flood management, environmental, and other community benefits within the watershed.”

The State, with Proposition 1 bond funds, will assist regions with the development of an SRP through the Storm Water Grant Program, which will provide up to \$500,000 in planning grants with a 50% local match (of the total project cost). An SRP is required for any stormwater capture or reuse projects funded by Prop. 1, such as the City of Monterey’s proposal to divert stormwater away from Areas of Special Biological Significance. The MRSWMP group is in favor of applying to the SWRCB for a planning grant for development of a SRP with the same boundary as the Monterey Peninsula Integrated Regional Water Management region, which includes the six Peninsula cities, the Carmel River watershed and unincorporated areas in Pebble Beach and along the Highway 68 corridor. District staff have been working closely with staff of the MRSWP group to coordinate such an application. Expenses associated with the City of Monterey project are proposed to be used as part of a local match for requesting Prop. 1 grant funds from the SWRCB. Grant applications will be due in early January 2016.

Previously, the City of Monterey had proposed evaluating the concept of installing small sewage reclamation stations within the City. The Water Supply Planning Committee requested that the City consider removing this task and the City subsequently changed its proposal to comply with this request. Additional elements of the Monterey proposal include:

- Project work would result in useful information that would be incorporated into a SRP.
- The City is providing a dollar-to-dollar match.
- Further, the City states it “lacks funding to complete the CEQA process.” Staff believes that the water rights application will depend on a completed CEQA. Therefore we believe that funding for Task D (obtaining water rights) should be applied to Task E (preparation of environmental documents) and recommend making this change as a condition of a grant.

## **EXHIBIT**

### **24-A Revised City of Monterey Local Water Project Grant Application**

**EXHIBIT 24-A****Amended****Monterey Peninsula Water Management District Local Water Project Grant Application****1. Name of Project Sponsor**

City of Monterey, Plans and Public Works Department

**2. Type of Entity**

Public Entity, City of Monterey

**3. Project Name or Title**

Monterey Regional Water Recovery Study

**4. Project Sponsor Contact Information**

Jeff Krebs, P.E.  
Plans and Public Works  
City of Monterey  
580 Pacific St, Rm 7  
Monterey, CA 93940

**5. Amount of Funding Requested**

\$85,000

**6. Geographic Location of Project**

Monterey Peninsula: Cities of Monterey, Pacific Grove, Seaside, and Monterey County

Task A-1: Examine the feasibility of Peninsula-wide water recovery and reclamation system and possibilities for sources, including finding uses of storm and non-storm water flows. Utilizing storm and non-storm water flows will reduce the Peninsula's dependence on the Carmel River aquifer, a river that supports the local steel head salmon population, as well as reduce the dependence on, and the recovery of, local aquifers.

This project will examine the feasibility of Peninsula-wide water recovery and reclamation system, impacting the cities of Pacific Grove, Monterey, and Seaside, Presidio of Monterey, Naval Post Graduate School, Monterey Peninsula Regional Parks District, Monterey County, and the PCA. This is the first step toward implementing capital improvements to accomplish the task of providing a reliable local source of water and regional storm water management and is consistent with the new Storm Water Resource Plan Guidelines as outlined in SB-985.

The study will explore many possibilities for sources, including the capture of water at the Peninsula's major drainages at El Estero, Laguna Grande (Roberts Lake), David Ave

Reservoir, and Del Monte (Navy) Lakes, capture and diversion of waters that flow into the Pacific Grove Area of Special Biological Significance (PGASBS), as well as the possible integration of all sources to optimize yield. Additionally, the study seeks to determine which sources of urban runoff can be feasibly harvested; which surface reservoirs are economically feasible; and identify water quality challenges associated with each source.

Task A-2: Coordinate outreach to multiple jurisdictions to determine stakeholder involvement.

Task B: Focus on how best to transport, treat, and store the water

Finding possible sources of water is but one critical aspect; this study will also focus on how best to transport, treat, and store the water. Possibilities include a bi-directional reclaimed water main that could transport non-potable water to and from the Peninsula area; smaller local treatment systems; larger regional systems, such as transport to Marina treatment works with integration into the California American (CalAm) system; and treatment and injection into local aquifers including aquifers currently containing non-potable water, such as can be found within the cities.

Task C: Develop conceptual design for the preferred project and at least one feasible alternative.

Task C-1: Work with a Technical Advisory Committee during development of concept design

Task C-2: Prepare conceptual design plans with sufficient detail of project facilities for environmental review of the preferred project and at least one feasible alternative

Task D: Identify the need for drainage basin water rights permits from the State Water Resources Control Board.

Task E: Prepare the CEQA/NEPA environmental review document

Task E-1: Prepare an initial study (IS) in conformance with the California Environmental Quality Act (CEQA) of 1970, Section 21000 et. seq. of the CEQA Guidelines (California Administrative Code Section 15000) for the proposed project. The IS will provide an analysis describing potential environmental impacts associated with the proposed project, and determine if MND/EIR is required.

The proposed IS will include the following sections:

- CEQA Determination Page
- *Table of Contents*
- *Introduction:* This section will cite the environmental review requirements of the proposed project, pursuant to CEQA.
- *Project Description:* This section will describe the proposed project. A brief description of the project's location, environmental setting, and existing uses within the area affected will be included. Text and exhibits will be used to describe and illustrate the characteristics of the proposed project. The environmental document will include a maximum of four (4) exhibits to enhance the written text and clarify the project and potential environmental

impacts. Exhibits are anticipated to include: Regional Vicinity Map, Local Vicinity Map, Site Plan, and details and sections.

- *Evaluation of Environmental Impact:* Use the environmental checklist in Appendix G of the CEQA Guidelines to address the environmental topics of CEQA. This section will describe the potential impacts and mitigation measures for the proposed project.

Task E-2: At the time of grant submittal, the city lacks available funding to complete the CEQA process; however, the City will actively pursue the additional funding to complete the environmental review. Should this funding become available, the City will prepare the Public Review Draft IS/MND or EIR, as determined to be required.

Task F: Develop project implementation work plan

Task F-1: Identify additional permitting and regulatory requirements,

Task F-2: Develop project timeline/schedule

Task F-3: Prepare project work plan

**8. District Goals. Does the proposed project provide water to meet additional District goals? District goals include the following four goals:**

**Can the Project provide water supply to the District for drought/rationing reserve (i.e. water that is not supplied to a beneficial use immediately upon project completion) and if so, how much?**

Dependent on the feasibility of project implementation, a portion of water could be reserved for drought rationing in the future.

**Can the Project provide water supply to the District for potential future reallocation to the jurisdictions (i.e. water that is not supplied to a beneficial use immediately upon project completion) and if so, how much?**

The City will request a certain amount of water to be allocated to the City of Monterey and anticipates a portion for use within their jurisdiction.

**Can the project be run in a manner that would provide surplus production that could be “banked” into the Seaside Groundwater Basin utilizing the District’s Aquifer Storage and Recovery project?**

The project will explore the feasibility of treating water to potable surface water standards to allow transport into the Seaside Aquifers utilizing the District’s Aquifer Storage and Recovery Project.

**Are there multiple benefits to the region or the State as described in section 6, above?**

Multiple benefits to the region are expected as an outcome of project implementation, including reduced dependence upon existing surface and sub-surface waters. A potential reduction in flows to the Pacific Grove Area of Special Biological Significance, a requirement of the State Water Resources Control Board, may also be achieved.

## 9. Technical Feasibility of this Project

This project will use existing studies, including the Monterey Vista Study, 1999 Fugro Report and ASBS Refined 2006 Feasibility Study of Alternatives Management Plan, which provide proof that the project is technically feasible, and explore other options for water reclamation, treatment and storage. (See supporting documents)

## 10. Project Schedule

See table below for proposed project timeline.

Schedule Category		Start Date	Completion Date
1	Project Administration	October 30, 2015	December 31, 2017
2	Assumed Grant Application approval and receipt by City Council	October 30, 2015	December 15, 2015
3	Send out RFP, review, and award contract	January 1, 2016	April 30, 2016
4	Task A: Examine the feasibility of Peninsula-wide water recovery and reclamation system and possibilities for sources; Stakeholder outreach and coordination	May 1, 2016	July 31, 2016
5	Task B: Focus on how best to transport, treat and store the water.	August 1, 2016	September 30, 2016
6	Task C: Develop conceptual design for the preferred project and at least one feasible alternative.	October 1, 2016	January 30, 2017
7	Task D: Obtaining drainage basin water rights.	October 1, 2016	January 30, 2017
8	Task E: Prepare the CEQA/NEPA IS environmental review document	February 1, 2017	June 30, 2017
9	Task F: Develop project implementation work plan.	July 1, 2017	December 31, 2017

## 11. Project Financing

See table below for proposed project financing.

Budget Category		City Share (Cost Match) 50%	Requested District Share (Grant Funding) 50%	
1	Direct Project Administration Costs (6%)	\$5,100	\$5,100	\$10,200
2	Task A: Examine the feasibility of Peninsula-wide water recovery and reclamation system and possibilities for sources; Stakeholder outreach and coordination	\$10,000	\$10,000	\$20,000
3	Task B: Focus on how best to transport, treat and store the water	\$20,000	\$20,000	\$40,000
4	Task C: Develop conceptual design for the preferred project and at least one feasible alternative.	\$34,000	\$34,000	\$68,000
5	Task D: Obtaining drainage basin water rights.	\$5,000	\$5,000	\$10,000
6	Task E: Prepare the CEQA/NEPA IS environmental review document	\$5,900	\$5,900	\$11,800
7	Task F: Develop project implementation work plan.	\$5,000	\$5,000	\$10,000
	Grant Total [Sum (a) through (g) for each column]	\$85,000	\$85,000	\$170,000
	Source(s) of funds for Non-State Share (cost match)	NIP	n/a	

## 12. Annual Cost of Water

Cost per acre-foot of water produced per year will be determined by the study outcome.

## 13. Land and Right of Way Requirements Status

The drainage basins' utilized surface water rights will be required.

**14. Permits**

Required permits will be determined through implementation of the work plan.

**15. Consultants, Plans, and Bids**

The City will follow city purchasing rules regarding the use of hiring consultants and requesting bids, which includes the RFP (Request for Proposals) and Call for Bids process.



**ITEM: INFORMATIONAL ITEMS/STAFF REPORTS****25. LETTERS RECEIVED****Meeting Date:** November 16, 2015      **Budgeted:** N/A**From:** David J. Stoldt,  
General Manager      **Program/** N/A  
**Line Item No.:****Prepared By:** Arlene Tavani      **Cost Estimate:** N/A**General Counsel Review:** N/A**Committee Recommendation:** N/A**CEQA Compliance:** N/A

A list of letters that were submitted to the Board of Directors or General Manager and received between October 6, 2015 and November 3, 2015 is shown below. Correspondence is also included that was not provided in September 2015. The purpose of including a list of these letters in the Board packet is to inform the Board and interested citizens. Copies of the letters are available for public review at the District office. If a member of the public would like to receive a copy of any letter listed, please contact the District office. Reproduction costs will be charged. The letters can also be downloaded from the District's web site at [www.mpwmd.net](http://www.mpwmd.net).

<b>Author</b>	<b>Addressee</b>	<b>Date</b>	<b>Topic</b>
Priscilla Walton	David Stoldt	10/11/15	Monterey Bay Integrated Regional Water Management Process
Virginia Rosecrans	MPWMD Board	8/18/15	A 15-07-019
Nancyanne Lansdowne	MPWMD Board	8/14/15	Case A. 15-07-019
Melodie Chrislock	MPWMD Board	8/14/15	Copy of Protest Sent to CPUC
Vicki Williams	MPWMD Board	7/26/15	Cal Am's Proposed Rate Increase (A. 15-07-?)



**ITEM: INFORMATIONAL ITEMS/STAFF REPORTS****26. COMMITTEE REPORTS****Meeting Date:** November 16, 2015                      **Budgeted:** N/A**From:** David J. Stoldt,  
General Manager                      **Program/** N/A  
**Line Item No.:****Prepared By:** Arlene Tavani                      **Cost Estimate:** N/A**General Counsel Review:** N/A**Committee Recommendation:** N/A**CEQA Compliance:** N/A

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Attached for your review as **Exhibits 26-A through 26-D** are final minutes of the committee meetings listed below.

**EXHIBITS****26-A** Final Minutes of October 12, 2015 Administrative Committee Meeting**26-B** Final Minutes of October 8, 2015 Water Supply Planning Committee Meeting**26-C** Final Minutes of September 23, 2015 Water Demand Committee Meeting**26-D** Final Minutes of September 8, 2015 Water Supply Planning Committee Meeting





**EXHIBIT 26-A**

FINAL MINUTES

**Monterey Peninsula Water Management District  
Administrative Committee  
October 12, 2015**

**Call to Order**

The meeting was called to order at 3:31 PM in the District Conference Room.

Committee members present: Andrew Clarke  
David Pendergrass

Committee members absent: Brenda Lewis

Staff present: Suresh Prasad, Administrative Services Manager/Chief Financial Officer  
Cynthia Schmidlin, Human Resources Analyst  
Stephanie Kister, Conservation Representative II  
Sara Reyes, Office Services Supervisor

**Oral Communications**

None

**1. Approve Minutes of September 14, 2015 Committee Meeting**

On a motion by Clarke and second by Pendergrass, the minutes of the September 14, 2015 meeting were approved on a vote of 2 to 0.

**Items on Board Agenda for October 19, 2015**

**2. Approve Expenditure for Hospitality Industry Water Efficiency Workshops**

On a motion by Clarke and second by Pendergrass, the committee voted 2 to 0 to recommend the Board approve an expenditure of up to \$3,500 to conduct a three day hospitality industry-specific water efficiency training in November 2015.

**3. Consider Adoption of Resolution 2015-19 Authorizing Execution of the Application-Agreement for Medicare-Only Coverage for Non-Covered Employees of the Monterey Peninsula Water Management District**

On a motion by Clarke and second by Pendergrass, the committee voted 2 to 0 to recommend the Board approve Resolution 2015-19 authorizing execution of the Application-Agreement for Medicare-only coverage for non-covered employees.

**4. Receive Alternative Measurement Method Report for Determining Annual Costs for Post-Employment Medical Benefits**

On a motion by Pendergrass and second by Clarke, the committee voted 2 to 0 to recommend the Board receive the Alternative Measurement Method Report prepared by Milliman, Inc., and continue to pay retiree medical costs on a pay-as-you-go basis.

**5. Consider Distribution of Funds from Local Project Grant Funding Program**

Sara delete the space above. When I delete it the item numbers change. On a motion by Clarke and second by Pendergrass, the committee voted 2 to 0 to recommend the Board consider a mid-year budget increase and grant approval, (requiring an increase in the Local Water Project budget at mid-year equal to \$86,900) for:

	Amount of Award
Pebble Beach Company	\$80,000
City of Seaside	\$106,900
<b>Total Requested</b>	<b>\$186,900</b>

**6. Consider Approval of Legal Services Contract with DeLay and Laredo, Attorneys at Law**

On a motion by Clarke and second by Pendergrass, the committee voted 2 to 0 to recommend the Board approve the proposed contract for legal services, as well as establish a term for expiration.

**7. Consider Approval of Treasurer’s Report for June 2015**

On a motion by Clarke and second by Pendergrass, the committee voted 2 to 0 to recommend the Board adopt the June 2015 Treasurer’s Report and financial statements, and ratification of the disbursements made during the month.

**8. Consider Approval of Treasurer’s Report for July 2015**

On a motion by Pendergrass and second by Clarke, the committee voted 2 to 0 to recommend the Board adopt the July 2015 Treasurer’s Report and financial statements, and ratify the disbursements made during the month.

**9. Consider Approval of Treasurer’s Report for August 2015**

On a motion by Clarke and second by Pendergrass, the committee voted 2 to 0 to recommend the Board adopt the August 2015 Treasurer’s Report and financial statements, and ratify the disbursements made during the month.

**10. Receive and File Fourth Quarter Financial Activity Report for Fiscal Year 2014-2015**

On a motion by Pendergrass and second by Clarke, the committee voted 2 to 0 to recommend the Board receive and file the Fourth Quarter Financial Activity Report for Fiscal Year 2014-2015.

**Other Business****11. Review Draft October 19, 2015 Board Meeting Agenda**

Staff submitted a revised agenda and reported that no Public Hearing items will be presented at the October 19, 2015 Board meeting. The committee made no changes to the agenda.

**Adjournment**

The meeting was adjourned at 4:17 PM.



**EXHIBIT 26-B**

**FINAL MINUTES**

**Water Supply Planning Committee of the  
Monterey Peninsula Water Management District  
October 8, 2015**

**Call to Order**        The meeting was called to order at 9:05 am in the MPWMD conference room.

**Committee members present:**     Robert S. Brower, Sr. - Committee Chair  
   Jeanne Byrne (participated by telephone)  
   David Pendergrass

**Committee members absent:**        None

**Staff members present:**             David Stoldt, General Manager  
   Larry Hampson, Planning & Engineering Division Manager  
   Joe Oliver, Water Resources Division Manager  
   Arlene Tavani, Executive Assistant

District Counsel present                David C. Laredo

**Comments from the Public:**        No comments.

**Action Items**

1.     **Develop Recommendation to the Board on Use of Local Water Projects/Grants Funds for Wastewater Recycling Projects**  
Byrne offered a motion that was seconded by Pendergrass to adopt a policy that would prohibit prospectively use of Local Water Project Grant Funds for any wastewater reclamation project that would remove wastewater flows from the Carmel Area Wastewater District or the Monterey Regional Water Pollution Control District. The Pure Water Monterey Project was exempted from the prohibition. Pendergrass seconded the motion. Pendergrass later withdrew his second. Brower offered a second to the motion. The motion was approved on a roll-call vote of 2 – 1. Brower and Byrne were in favor of the motion, and Pendergrass was opposed.

Public Comment: **(A) Jessica Kahn**, Environmental Programs Manager, City of Pacific Grove, stated that the city had not spent funds from the previous Local Water Project Grant due to time needed to complete reports that must be done before the RFP is issued. Requests for reimbursement for expenditures should be submitted after the RFP is issued in November 2015. She noted that the 2015 Grant Application does not include a wastewater component. **(B) Luke Coletti** – stated that he is opposed to the

new application by the City of Pacific Grove because it proposes to expand Crespi Pond and utilize it for feeder water into the Pacific Grove local project.

**2. Develop Recommendation to the Board on Selection of Recipients – FY 2015-16 Local Water Projects/Grants**

Pendergrass offered a motion to adopt the staff recommendation to approve the three projects: Pebble Beach Company, City of Monterey and City of Seaside and increase the Local Water Project Grant Fund to \$171,900 at the mid-year budget adjustment, and that no funds would be spent to study scalping. The motion failed on lack of a second.

Brower offered a motion that was seconded by Byrne to distribute \$80,000 to Pebble Beach Company and \$106,900 to the City of Seaside and to reduce the Local Water Project Grant Fund accordingly at the mid-year budget adjustment. Pendergrass offered an amendment to the motion that was seconded by Byrne, to add that a discussion of the application from the City of Monterey for the reduced amount of \$85,000 be considered at a future meeting. The amended motion was approved unanimously on a roll-call vote of 3 – 0 by Brower, Byrne and Pendergrass.

Public Comment: **(A) Rick Riedl**, Senior Engineer for the City of Seaside, stated that the proposed reduction of the grant to \$106,900 was a fair offer but must be accepted by the City Council. **(B) Brent Reitz**, Project Manager for Pebble Beach Company, expressed support for the opportunity to fund a project that would provide an alternative water source for the Del Monte Golf Course. **(C) Jessica Kahn**, advised the committee that the Pacific Grove project does include a detention facility for storm water, to allow for the City and MRWPCA to agree on the amount of water to be sent back to the MRWPCA treatment plant. **(D) Luke Coletti** opined that the detention facility proposed is Crespi Pond which is in conflict with the current stormwater plan EIR. He noted that one proposal is to store stormwater and utilize it for feeder water for the local water project. **(E) Jessica Kahn** responded that the detention facility would be a concrete storage area at the local water project site. It is anticipated that wastewater would be treated and that stormwater would be distributed to the MRWPCA. However, there is the potential to mix both sources of water and treat them for other purposes.

**Byrne left the meeting at 9:50 am following the close of item 2.**

**Discussion Items**

- 3. SB13 and Modifications to the Sustainable Groundwater Management Act**  
Stoldt advised the committee that in September 2015, the California State Legislature approved an amendment to the Sustainable Groundwater Management Act that authorizes investor-owned water utilities to participate in the Groundwater Sustainability Agency process. The Water Management District's intent to take on the responsibility of GSA for the Carmel River Groundwater Basin will proceed. It may be that California American Water (Cal-Am) will file a protest. The Water Management District could enter into an MOU with Cal-Am that would identify the agency as an ex-officio member of the GSA, with the authority to participate but no vote. Or, the Board could decide to increase Cal-Am's level of participation. The Water Management District's goal is to have the Carmel River Groundwater Basin removed from the list of priority basins, as it has been determined by the State Water Resources Control Board to



be surface water flowing in a subterranean channel.

**4. Update on Pure Water Monterey Project**

Stoldt reported that certification of the Final EIR for the Pure Water Monterey Project was scheduled for that afternoon at the Monterey Regional Water Pollution Control Agency office. The Coalition of Peninsula Businesses (CPB) had encouraged its members to protest the certification. Stoldt spoke with the CPB leadership and they agreed to halt their protest, as certification of the EIR does not indicate the project is approved. A certified EIR is necessary for completion of sourcewater agreements and to apply for project financing. Work is underway to determine project costs in comparison to the large and small desalination project alternatives. A prehearing conference is scheduled to address the following. (1) Phase 2 proceedings and the Ground Water Recharge aspect of the application. (2) Should cost data be updated. Cal-Am has agreed that the 2013 data can be used until updated data is available from contracts and bids. (3) Accelerate the Commission's decision on Phase 2 so the project can proceed.

Public Comment: **(A) Rick Riedl** asked if the cost comparison will include the terminal pipeline. Stoldt stated that it would. **(B) Luke Coletti** asked for clarification as to opposition to the proposed project. Stoldt responded that cost is the issue: some persons support a large desalination plant, and are opposed to a smaller desalination project combined with the Pure Water Monterey project.

**5. Update on California-American Water Desalination Plant**

Stoldt reported that on October 6, 2015, the California Coastal Commission approved Cal-Am's revised application and authorized start-up of the test slant well. The RFP for conveyance facilities is due on October 16, 2015 and the RFP for slant well construction are due on October 23, 2015.

**6. Update on Alternative Desalination Project**

Stoldt noted that the California State Lands Commission has hired an environmental consultant for preparation of the project EIR. DeepWater Desal is limited by a 90-day disclosure period with a design/build firm.

**7. Update on Status of Los Padres Dam**

Hampson reported that a draft agreement has been reviewed and circulated to Cal-Am; however, there has been no commitment as to when the agreement will be returned for signature. The committee requested that the final agreement be emailed to the committee members for review.

**Suggestions from the Public on Water Supply Project Alternatives**

No comments.

**Set Next Meeting Date**

November 4, 2015, at 9 am in the MPWMD conference room.

**Adjournment**

The meeting was adjourned at 10:10 a.m.





**EXHIBIT 26-C**

**FINAL MINUTES**  
**Water Demand Committee of the**  
**Monterey Peninsula Water Management District**  
*September 23, 2015*

**Call to Order**

The meeting was called to order at 1:08 pm in the MPWMD conference room.

**Committee members present:** Kristi Markey, Chair  
 Jeanne Byrne  
 Brenda Lewis

**Staff members present:** Stephanie Locke, Water Demand Division Manager  
 Arlene Tavani, Executive Assistant

**Comments from the Public:** No comments.

**Action Items**

1. **Consider Adoption of August 28, 2015 Committee Meeting Minutes**  
On a motion by Byrne and second of Lewis, the committee approved the August 28, 2015 Committee meeting minutes on a vote of 3 – 0 by Byrne, Lewis and Markey.
  
2. **Continue Review of Proposed Conservation/Permitting Ordinance Terms**  
 Locke stated that three ordinances would be prepared based on discussions at the August 28 and September 23, 2015 committee meetings. She reviewed each enumerated item in the staff note for September 23, 2015, to determine support from the committee. The committee agreed on all items, and commented on those listed here.
  - 1) Auto Sales – A documented water credit would apply, but if there is no documented water credit, the Table 2 Non-Residential Water Use Factor would be used to estimate previous water use.
  - 7) Whirlpool Tubs in Visitor-Serving Facilities - Suggested rebate of \$250 but recognized the cost to remove a tub could be very high. Requested that staff review this with hospitality industry representatives to determine the cost for tub removal. The rebate might be raised based on the cost for tub removal.
  - 8) Alluvial Turf Removal – Rebates should not be funded by California-American Water rate payers. Must require replacement of lawn with drought tolerant landscape. A lower rebate for turf removal should be developed.
  - 9) Water Pressure – Advise the public that water pressure should be between 40 and 60 psi, as in some areas the pressure is lower which results in very low faucet flows for the Cal-Am customer.
  - 15) Limit Hotel Room Showers to One Showerhead - If there are two shower heads, each one should be on a separate valve system.

- 16) Factor for RV Hookups - Agreed with staff recommendation to calculate water factor at ¼ of the factor for a hotel room.

**Other Items:** Locke presented the issue of projects that have special circumstances. For example, the proposed Bella Hotel in Pacific Grove will be designed to utilize greywater for toilet flushing. The plan is to treat water to drinking water standards before it is piped to the toilets. Rules must be developed that would specify a reduced water factor or authorize a study to determine the water reduction that would be achieved. The committee noted that the Monterey County Health Department should be encouraged to modify its regulations to allow the use of greywater for residential use. Staff was asked to contact Monterey County regarding current regulations.

Locke stated that another example of special circumstances is when a property owner agrees to a 5-year period in which a project's water use is monitored, and if water use is exceeded at any time during that 5-year period the jurisdiction's allocation will be debited for the overage. Because jurisdictions may have no remaining allocation, our rules do allow retrofits at another site to compensate for the increased water use. Staff will present to the committee in the future modifications to the rule that allows the off-site retrofits, and also a request to monitor water use for the full 5-year period before requiring an offset for exceeding the water use estimates.

**Set Next Meeting Date:** The meeting was scheduled for November 4, 2015 at 1:30 pm.

### **Adjournment**

The meeting was adjourned at 2 pm.

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**EXHIBIT 26-D**

**FINAL MINUTES**  
**Water Supply Planning Committee of the**  
**Monterey Peninsula Water Management District**  
*September 8, 2015*

**Call to Order**           The meeting was called to order at 3:00 pm in the MPWMD conference room.

**Committee members present:**     Robert S. Brower, Sr. - Committee Chair  
   Jeanne Byrne  
   David Pendergrass

**Committee members absent:**       None

**Staff members present:**           David Stoldt, General Manager  
   Larry Hampson, Planning & Engineering Division Manager  
   Joe Oliver, Water Resources Division Manager  
   Arlene Tavani, Executive Assistant

**District Counsel present:**        Heidi Quinn

**Comments from the Public:**       No comments.

**Action Items**

1.     **Consider Adoption of August 4, 2015 Committee Meeting Minutes**  
       On a motion by Pendergrass and second of Byrne, the August 4, 2015 committee meeting minutes were approved unanimously on a vote of 3 – 0 by Pendergrass, Byrne and Brower.
  
2.     **Develop Recommendation to the Board re Adoption of Resolution 2015-17 Establish MPWMD as Groundwater Sustainability Agency for the Carmel Valley Alluvial Aquifer**  
       On a motion by Pendergrass and second of Byrne, the committee agreed to recommend that the Board of Directors adopt Resolution 2015-17 and direct the General Manger to file a Notice of Intent with the State Department of Water Resources to become the GSA for the Carmel Valley Alluvial Aquifer. The motion was approved on a vote of 3 – 0 by Pendergrass, Byrne and Brower.
  
3.     **Develop Recommendation to the Board on Selection of Recipients – FY 2015-16 Local Water Projects/Grants**  
       On a motion by Byrne and second of Pendergrass, the committee requested that the Pebble Beach Company application be considered at the October Water Supply

Planning Committee meeting; and that the committee consider the applications of City of Monterey, City of Seaside and Pacific Grove at its November meeting. The motion was approved on a vote of 3 – 0 by Byrne, Pendergrass and Brower.

Comments from the Committee. (A) Will not support Pacific Grove or Monterey applications if they include a wastewater component. (B) We should fund all the applications but reduce the grants by 15.5 or 16 percent. (C) Must determine if water savings proposed by the Seaside application is from the Cal-Am system.

Public Comment: **(A) Michael McCullough**, Government Affairs Administrator, Monterey Regional Water Pollution Control Agency (MRWPCA), expressed support for funding studies proposed in the City of Monterey application but he did not support the following: proposal to send concentrated wastewater flows to the MRWPCA thereby reducing flows to the treatment plant, and use of a bi-directional pipeline which is not feasible due to public health concerns. As for the Pacific Grove application, the MRWPCA has no capacity to store the 417 acre-feet of stormwater that is to be delivered to the treatment plant. Pacific Grove must consider right-sizing the project. **(B) David Chardavoine**, General Manager of the Monterey County Water Resources Agency (MCWRA), expressed concern that concentrated flows from the City of Monterey and Pacific Grove projects would result in poor quality recycled water available for use on agricultural fields. There is no requirement for local communities to send 100% of their wastewater flows to the MRWPCA treatment plant. He stated that the Pure Water Monterey project would include use of Blanco Drain Water, but in the winter that water would go through primary and secondary treatment and then be sent to the ocean because there is no storage or need for the water. He asked how the community would benefit by paying for treatment of additional water from Monterey or Pacific Grove in the winter months and then sending it to the ocean. He stated that these proposals are a hindrance to development of the Pure Water Monterey agreements and plans.

## Discussion Items

### 4. Update on Pure Water Monterey Project

Stoldt reported the following. Agreements are being forged between the MCWRA and MRWPCA. The City of Salinas is supportive of the project, and is studying costs associated with its participation. The Water Purchase Agreement is needed to apply for project financing but Cal-Am is progressing slowly on completion of the agreement. The externalities study may be done by November 2015. As yet, there has been no release of cost data.

Public Comment: **(A) David Chardavoine** stated that a good draft agreement has been developed with the MCWRA, and that County Counsel must review it. He proposed development of an umbrella agreement that incorporates the 6 agreements that pertain to this project. This umbrella agreement may be assigned to David Laredo for completion. **(B) Mike McCullough** reported that the Pure Water Monterey demonstration facility is under construction. The National Water Resources Association was given a tour of the facility on August 6, 2015, and a tour is planned on September 21, 2015 for the California Special District's Association.

**5. Update on California American Water Desalination Plant**

Stoldt advised the committee that in October 2015, the California Coastal Commission will consider Cal-Am's revised application for test slant well operation. The comment period on the project EIR has been extended through September 30, 2015. The Water Management District, Cal-Am, and the Monterey Peninsula Regional Water Authority have a meeting set to develop a schedule related to PWM and the desalination project that can be presented to the California Public Utilities Commission.

**6. Update on Alternative Desalination Project**

DeepWater Desal has begun work on the RFQ for the environmental consultant. The Water Management District recently issued a check to DeepWater Desal for \$325,000 to be placed in escrow to fund 50% of the environmental review. A draft EIR may be completed within 10 months.

**7. Update on Status of Los Padres Dam**

Hampson reported that Cal-Am has not yet signed the reimbursement agreement with the Water Management District for funding the Los Padres Dam Long Term Plan. Once the agreement is signed, he can finalize plans to contract for assistance with studies on sediment management alternatives and fish passage. He reported that a study of upstream volitional fish passage for steelhead was prepared for the Santa Felicia Dam upgrade. The result was that trap and truck was recommended as the most feasible fish passage alternative.

**Suggestions from the Public on Water Supply Project Alternatives**

No comments.

**Set Next Meeting Date**

The meeting was scheduled for October 9, 2015 at 9 am.

**Adjournment**

The meeting was adjourned at 4:30 p.m.





**ITEM: INFORMATIONAL ITEM/STAFF REPORTS****27. MONTHLY ALLOCATION REPORT**

<b>Meeting Date:</b>	<b>November 16, 2015</b>	<b>Budgeted:</b>	<b>N/A</b>
<b>From:</b>	<b>David J. Stoldt, General Manager</b>	<b>Program:</b>	<b>N/A</b>
		<b>Line Item No.:</b>	
<b>Prepared By:</b>	<b>Gabriela Ayala</b>	<b>Cost Estimate:</b>	<b>N/A</b>

**General Counsel Review:** N/A  
**Committee Recommendation:** N/A  
**CEQA Compliance:** N/A

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**SUMMARY:** As of October 31, 2015, a total of **25.830** acre-feet (**7.5%**) of the Paralta Well Allocation remained available for use by the Jurisdictions. Pre-Paralta water in the amount of **35.861** acre-feet is available to the Jurisdictions, and **30.479** acre-feet is available as public water credits.

**Exhibit 27-A** shows the amount of water allocated to each Jurisdiction from the Paralta Well Allocation, the quantities permitted in October 2015 (“changes”), and the quantities remaining. The Paralta Allocation had no debits in October 2015.

**Exhibit 27-A** also shows additional water available to each of the Jurisdictions and the information regarding the Community Hospital of the Monterey Peninsula (Holman Highway Facility). Additional water from expired or canceled permits that were issued before January 1991 are shown under “PRE-Paralta.” Water credits used from a Jurisdiction’s “public credit” account are also listed. Transfers of Non-Residential Water Use Credits into a Jurisdiction’s Allocation are included as “public credits.” **Exhibit 27-B** shows water available to Pebble Beach Company and Del Monte Forest Benefited Properties, including Macomber Estates, Griffin Trust. Another table in this exhibit shows the status of Sand City Water Entitlement.

**BACKGROUND:** The District’s Water Allocation Program, associated resource system supply limits, and Jurisdictional Allocations have been modified by a number of key ordinances. These key ordinances are listed in **Exhibit 27-C**.

**EXHIBITS**

- 27-A** Monthly Allocation Report
- 27-B** Monthly Entitlement Report
- 27-C** District’s Water Allocation Program Ordinances



**EXHIBIT 27-A**

**MONTHLY ALLOCATION REPORT**  
**Reported in Acre-Feet**  
**For the month of October 2015**

Jurisdiction	Paralta Allocation*	Changes	Remaining	PRE-Paralta Credits	Changes	Remaining	Public Credits	Changes	Remaining	Total Available
<b>Airport District</b>	8.100	0.000	5.197	0.000	0.000	0.000	0.000	0.000	0.000	5.197
<b>Carmel-by-the-Sea</b>	19.410	0.000	1.397	1.081	0.000	1.081	0.910	0.000	0.182	2.660
<b>Del Rey Oaks</b>	8.100	0.000	0.000	0.440	0.000	0.000	0.000	0.000	0.000	0.000
<b>Monterey</b>	76.320	0.000	0.203	50.659	0.000	0.030	38.121	0.000	3.661	3.894
<b>Monterey County</b>	87.710	0.000	10.284	13.080	0.000	0.000	7.827	0.000	1.891	12.175
<b>Pacific Grove</b>	25.770	0.000	0.000	1.410	0.000	0.312	15.874	0.000	0.228	0.540
<b>Sand City</b>	51.860	0.000	0.000	0.838	0.000	0.000	24.717	0.000	23.373	23.373
<b>Seaside</b>	65.450	0.000	8.749	34.438	0.000	34.438	2.693	0.000	1.144	44.331
<b>TOTALS</b>	342.720	0.000	25.830	101.946	0.000	35.861	90.142	0.000	30.479	92.170

Allocation Holder	Water Available	Changes this Month	Total Demand from Water Permits Issued	Remaining Water Available
<b>Quail Meadows</b>	33.000	0.000	32.237	0.763
<b>Water West</b>	12.760	0.043	8.395	4.365

\* Does not include 15.280 Acre-Feet from the District Reserve prior to adoption of Ordinance No. 73.



**EXHIBIT 27-B**

**MONTHLY ALLOCATION REPORT  
ENTITLEMENTS  
Reported in Acre-Feet  
For the month of October 2015**

**Recycled Water Project Entitlements**

<b>Entitlement Holder</b>	<b>Entitlement</b>	<b>Changes this Month</b>	<b>Total Demand from Water Permits Issued</b>	<b>Remaining Entitlement/and Water Use Permits Available</b>
<b>Pebble Beach Co. <sup>1</sup></b>	240.310	0.100	11.736	228.574
<b>Del Monte Forest Benefited Properties <sup>2</sup> (Pursuant to Ord No. 109)</b>	124.690	0.526	40.166	84.524
<b>Macomber Estates</b>	10.000	0.000	9.595	0.405
<b>Griffin Trust</b>	5.000	0.000	4.809	0.191
<b>CAWD/PBCSD Project Totals</b>	<b>380.000</b>	<b>0.626</b>	<b>66.306</b>	<b>313.694</b>

<b>Entitlement Holder</b>	<b>Entitlement</b>	<b>Changes this Month</b>	<b>Total Demand from Water Permits Issued</b>	<b>Remaining Entitlement/and Water Use Permits Available</b>
<b>City of Sand City</b>	165.00	0.000	3.572	161.428

Increases in the Del Monte Forest Benefited Properties Entitlement will result in reductions in the Pebble Beach Co. Entitlement.



## EXHIBIT 27-C

### **District's Water Allocation Program Ordinances**

**Ordinance No. 1** was adopted in September 1980 to establish interim municipal water allocations based on existing water use by the jurisdictions. Resolution 81-7 was adopted in April 1981 to modify the interim allocations and incorporate projected water demands through the year 2000. Under the 1981 allocation, Cal-Am's annual production limit was set at 20,000 acre-feet.

**Ordinance No. 52** was adopted in December 1990 to implement the District's water allocation program, modify the resource system supply limit, and to temporarily limit new uses of water. As a result of Ordinance No. 52, a moratorium on the issuance of most water permits within the District was established. Adoption of Ordinance No. 52 reduced Cal-Am's annual production limit to 16,744 acre-feet.

**Ordinance No. 70** was adopted in June 1993 to modify the resource system supply limit, establish a water allocation for each of the jurisdictions within the District, and end the moratorium on the issuance of water permits. Adoption of Ordinance No. 70 was based on development of the Paralta Well in the Seaside Groundwater Basin and increased Cal-Am's annual production limit to **17,619** acre-feet. More specifically, Ordinance No. 70 allocated 308 acre-feet of water to the jurisdictions and 50 acre-feet to a District Reserve for regional projects with public benefit.

**Ordinance No. 73** was adopted in February 1995 to eliminate the District Reserve and allocate the remaining water equally among the eight jurisdictions. Of the original 50 acre-feet that was allocated to the District Reserve, 34.72 acre-feet remained and was distributed equally (4.34 acre-feet) among the jurisdictions.

**Ordinance No. 74** was adopted in March 1995 to allow the reinvestment of toilet retrofit water savings on single-family residential properties. The reinvested retrofit credits must be repaid by the jurisdiction from the next available water allocation and are limited to a maximum of 10 acre-feet. This ordinance sunset in July 1998.

**Ordinance No. 75** was adopted in March 1995 to allow the reinvestment of water saved through toilet retrofits and other permanent water savings methods at publicly owned and operated facilities. Fifteen percent of the savings are set aside to meet the District's long-term water conservation goal and the remainder of the savings are credited to the jurisdictions allocation. This ordinance sunset in July 1998.

**Ordinance No. 83** was adopted in April 1996 and set Cal-Am's annual production limit at **17,621** acre-feet and the non-Cal-Am annual production limit at **3,046** acre-feet. The modifications to the production limit were made based on the agreement by non-Cal-Am water users to permanently reduce annual water production from the Carmel Valley Alluvial Aquifer in exchange for water service from Cal-Am. As part of the agreement, fifteen percent of the historical non-Cal-Am production was set aside to meet the District's long-term water conservation goal.

**Ordinance No. 87** was adopted in February 1997 as an urgency ordinance establishing a community benefit allocation for the planned expansion of the Community Hospital of the Monterey Peninsula (CHOMP). Specifically, a special reserve allocation of 19.60 acre-feet of production was created exclusively for the benefit of CHOMP. With this new allocation, Cal-Am's annual production limit was increased to **17,641** acre-feet and the non-Cal-Am annual production limit remained at **3,046** acre-feet.

**Ordinance No. 90** was adopted in June 1998 to continue the program allowing the reinvestment of toilet retrofit water savings on single-family residential properties for 90-days following the expiration of Ordinance No. 74. This ordinance sunset in September 1998.

**Ordinance No. 91** was adopted in June 1998 to continue the program allowing the reinvestment of water saved through toilet retrofits and other permanent water savings methods at publicly owned and operated facilities.

**Ordinance No. 90 and No. 91** were challenged for compliance with CEQA and nullified by the Monterey Superior Court in December 1998.

**Ordinance No. 109** was adopted on May 27, 2004, revised Rule 23.5 and adopted additional provisions to facilitate the financing and expansion of the CAWD/PBCSD Recycled Water Project.

**Ordinance No. 132** was adopted on January 24, 2008, established a Water Entitlement for Sand City and amended the rules to reflect the process for issuing Water Use Permits.



**ITEM: INFORMATIONAL ITEM/STAFF REPORTS****28. WATER CONSERVATION PROGRAM REPORT**

<b>Meeting Date:</b>	<b>November 16, 2015</b>	<b>Budgeted:</b>	<b>N/A</b>
<b>From:</b>	<b>David J. Stoldt, General Manager</b>	<b>Program/ Line Item No.:</b>	<b>N/A</b>
<b>Prepared By:</b>	<b>Michael Boles</b>	<b>Cost Estimate:</b>	<b>N/A</b>

**Committee Recommendation:** N/A**CEQA Compliance:** N/A

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**I. MANDATORY WATER CONSERVATION RETROFIT PROGRAM**

District Regulation XIV requires the retrofit of water fixtures upon Change of Ownership or Use with High Efficiency Toilets (HET) (1.28 gallons-per-flush), 2.0 gallons-per-minute (gpm) Showerheads, 2.2 gpm faucet aerators, and Rain Sensors on all automatic Irrigation Systems. Property owners must certify the Site meets the District's water efficiency standards by submitting a Water Conservation Certification Form (WCC), and a Site inspection is often conducted to verify compliance.

**A. Changes of Ownership**

Information is obtained monthly from *Realquest.com* on properties transferring ownership within the District. The information is entered into the database and compared against the properties that have submitted WCCs. Details on **116** property transfers that occurred in October 2015 were entered into the database.

**B. Certification**

The District received **53** WCCs between October 1, 2015 and October 31, 2015. Data on ownership, transfer date, and status of water efficiency standard compliance were entered into the database.

**C. Verification**

In October, **148** properties were certified to verify compliance with Rule 144 (Retrofit Upon Change of Ownership or Use). Of the **148** inspections certified, **124 (84%)** were in compliance. **Two** of the properties that passed inspection involved more than one visit to verify compliance with all water efficiency standards.

District inspectors are tracking toilet replacement with High Efficiency Toilets (HET) in place of ULF toilets. These retrofits are occurring in remodels and new construction, and are the toilet of choice for Rule 144 compliance. State law mandated the sale and installation of HET by January 1, 2014, with a phase-in period that began in 2010. The majority of toilets sold in California are HET.

**Savings Estimate**

Water savings from HET retrofits triggered by Rule 144 verified in October 2015 are estimated at **1.078** acre-feet annually (AFA). Water savings from retrofits that exceeded requirements (i.e., HETs to Ultra High Efficiency Toilets) is estimated at **0.100** AFA (10 toilets). Year-to-date estimated savings occurring as a result of toilet retrofits is **9.977** AFA.

D. CII Water Efficiencies

Effective January 1, 2014, all Non-Residential properties are required to meet Water Efficiency Requirements. To assist the community in meeting Commercial, Industrial and Institutional (CII) requirements, property owners and businesses are sent notification of the requirements and a date that inspectors will be on site to verify compliance. District inspectors performed **93** inspections. For the month of October 2015, **78** inspections were in compliance and **15** were in non-compliance. Non-compliant properties receive follow-up letters and inspections to confirm total compliance.

E. Water Waste Enforcement

In response to the State's drought emergency conservation regulation effective October 1, 2014, the District has increased its Water Waste enforcement. The District has a Water Waste Hotline 831-658-5653 or an online form to report Water Waster occurrences at [www.mpwmd.net](http://www.mpwmd.net) or [www.montereywaterinfo.org](http://www.montereywaterinfo.org). There were **14** Water Waste responses during the past month. There were **no** repeated incidents that resulted in a fine.

## II. WATER DEMAND MANAGEMENT

A. Permit Processing

District Rule 23 requires a Water Permit application for all properties that propose to expand or modify water use on a Site, including New Construction and Remodels. District staff processed and issued **42** Water Permits in October 2015. **Three** Water Permits were issued using water entitlements (Macomber, Pebble Beach Company, Griffin Estates, etc). No Water Permit involved a debit to a Public Water Credit Account.

All Water Permits have a disclaimer informing applicants of the Cease and Desist Order against California American Water and that MPWMD reports Water Permit details to California American Water. All Water Permit recipients with property supplied by a California American Water Distribution System will continue to be provided with the disclaimer.

District Rule 24-3-A allows the addition of a second Bathroom in an existing Single-Family Dwelling on a Single-Family Residential Site. Of the **42** Water Permits issued in October, **three** were issued under this provision.

B. Permit Compliance

District staff completed **63** Water Permit final inspections during October 2015. **Nine** of the final inspections failed due to unpermitted fixtures. Of the **54** properties that were in compliance, **51** passed on the first visit. In addition, **one** pre-inspection was conducted in response to Water Permit applications received by the District.

C. Deed Restrictions

District staff prepares deed restrictions that are recorded on the property title to provide notice of District Rules and Regulations, enforce Water Permit conditions, and provide notice of public access to water records. In April 2001, the District Board of Directors adopted a policy regarding the processing of deed restrictions. In the month of October, the District prepared **37** deed restrictions. Of the **42** Water Permits issued in October, **28 (67%)** required deed restrictions. District staff provided Notary services for **71** Water Permits with deed restrictions.

### III. JOINT MPWMD/CAW REBATE PROGRAM

The Water Conservation Rebate Program is available for purchase of Qualifying Devices.

Participation in the rebate program is detailed in the following chart. The table below indicates the program summary for California American Water Company.

REBATE PROGRAM SUMMARY		October-2015					2015 YTD	1997 - Present
		Number of devices	Rebate Paid	Estimated AF	Gallons Saved	YTD Quantity	YTD Paid	YTD Est AF
<b>I. Application Summary</b>								
A.	Applications Received	201					1764	20509
B.	Applications Approved	147					1393	16104
C.	Single Family Applications	191					1635	18470
D.	Multi-Family Applications	4					91	1033
E.	Non-Residential Applications	6					38	251
<b>II. Type of Devices Rebated</b>								
A.	High Efficiency Toilet (HET)	20	1996.00	0.834960	272072.551	229	31395.90	9.560292
B.	Ultra Low Flush to HET	25	2488.00	0.250000	81462.750	482	31600.20	4.82
C.	Ultra HET	3	450.00	0.030000	9775.530	76	10262.83	0.76
D.	Toilet Flapper	0	0.00	0.000000	0.000	3	31.95	0
E.	High Efficiency Dishwasher	20	2500.00	0.060000	19551.060	178	22250.00	0.534
F.	High Efficiency Clothes Washer	59	29500.00	0.949900	309525.865	541	270025.86	8.7101
G.	Instant-Access Hot Water System	3	570.10	0.000000	0.000	19	3737.09	0
H.	On Demand Systems	1	100.00	0.000000	0.000	9	900.00	0
I.	Zero Use Urinals	0	0.00	0.000000	0.000	1	300.00	0.02
J.	High Efficiency Urinals	0	0.00	0.000000	0.000	0	0.00	0
K.	Pint Urinals	0	0.00	0.000000	0.000	2	492.12	0.04
L.	Cisterns	15	14882.50	0.000000	0.000	48	25568.25	0
M.	Smart Controllers	2	380.00	0.000000	0.000	8	1240.00	0
N.	Rotating Sprinkler Nozzles	0	0.00	0.000000	0.000	88	352.00	0
O.	Moisture Sensors	0	0.00	0.000000	0.000	0	0.00	0
P.	Lawn Removal & Replacement	6	7758.00	0.690686	225060.724	31	43251.00	3.764776
Q.	Graywater	0	0.00	0.000000	0.000	2	200.00	0
R.	Ice Machines	0	0.00	0.000000	0.000	0	0.00	0
<b>III. Totals: Month; AF; Gallons; YTD</b>		154	60624.60	2.815546	917448.480	1717	441607.20	28.209168
							2015 YTD	1997 - Present
<b>IV. Total Rebated: YTD; Program</b>							441607.20	4852133.49
<b>V. Estimated Water Savings in Acre-Feet Annually*</b>							28.209168	482.273

\* Retrofit savings are estimated at 0.041748 AF/HET; 0.01 AF/UHET; 0.01 AF/ULF to HET; 0.003 AF/dishwasher, 0.0161 AF/residential washer; 0.116618 AF/commercial washer; 0.0082 AF/100 square feet of lawn removal.



**ITEM: INFORMATIONAL ITESM/STAFF REPORTS****29. QUARTERLY WATER USE CREDIT TRANSFER STATUS REPORT****Meeting Date: November 16, 2015**                      **Budgeted: N/A****From: David J. Stoldt,**                      **Program/ N/A**  
**General Manager**                      **Line Item No.:****Prepared By: Gabriela Ayala**                      **Cost Estimate: N/A****General Counsel Review: N/A****Committee Recommendation: N/A****CEQA Compliance: N/A**

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Information about Water Use Credit transfer applications will be reported as applications are received. There are no pending Water Use Credit transfer applications.



**ITEM: INFORMATIONAL ITEMS/STAFF REPORTS****30. CARMEL RIVER FISHERY REPORT FOR OCTOBER 2015****Meeting Date:** November 16, 2015      **Budgeted:** N/A**From:** David J. Stoldt,  
General Manager      **Program/** N/A  
**Line Item No.:****Prepared By:** Beverly Chaney      **Cost Estimate:** N/A**General Counsel Review:** N/A**Committee Recommendation:** N/A**CEQA Compliance:** N/A

**AQUATIC HABITAT AND FLOW CONDITIONS:** During October 2015, flow conditions in the lower Carmel River were inadequate for migration of all steelhead life stages. Mean daily streamflow at the MPWMD Highway 1 (HW 1) gage was 0.0 cubic feet-per-second (cfs) with 0.0 total acre-feet (AF) of runoff, while flow at the Sleepy Hollow Weir ranged from 1.7 to 2.6 cfs (mean 2.1 cfs) and 130 AF of runoff.

By the end of October, the lower Carmel River remained mostly dry to California American Water's (Cal-Am) Berwick Wells in mid-valley, at river mile (RM) 8.2. The 1.5 mile reach between Boronda Road Bridge (RM 12.7) and the area known as Chalk Rock off Paso Hondo Road (RM 14.2) was also dry or intermittent. All major tributaries below San Clemente Dam (SCD) remained dry at their confluences with the Carmel River.

During October, 0.89 inches of rainfall were recorded at Cal-Am's SCD gage. The rainfall total for WY 2016 (which started on October 1, 2015) is 0.89 inches, or 115% of the long-term year-to-date average of 0.77 inches.

**CARMEL RIVER LAGOON:** On December 12, 2014, the lagoon filled and opened to the sea for the first time since May 24, 2013. After a final breaching in late March 2015, the beach berm built up and the lagoon started slowly filling. The lagoon's water-surface elevation (WSE) in October rose from 3.0 to 4.5 feet above mean sea level due primarily to wave overtopping (see graph below).

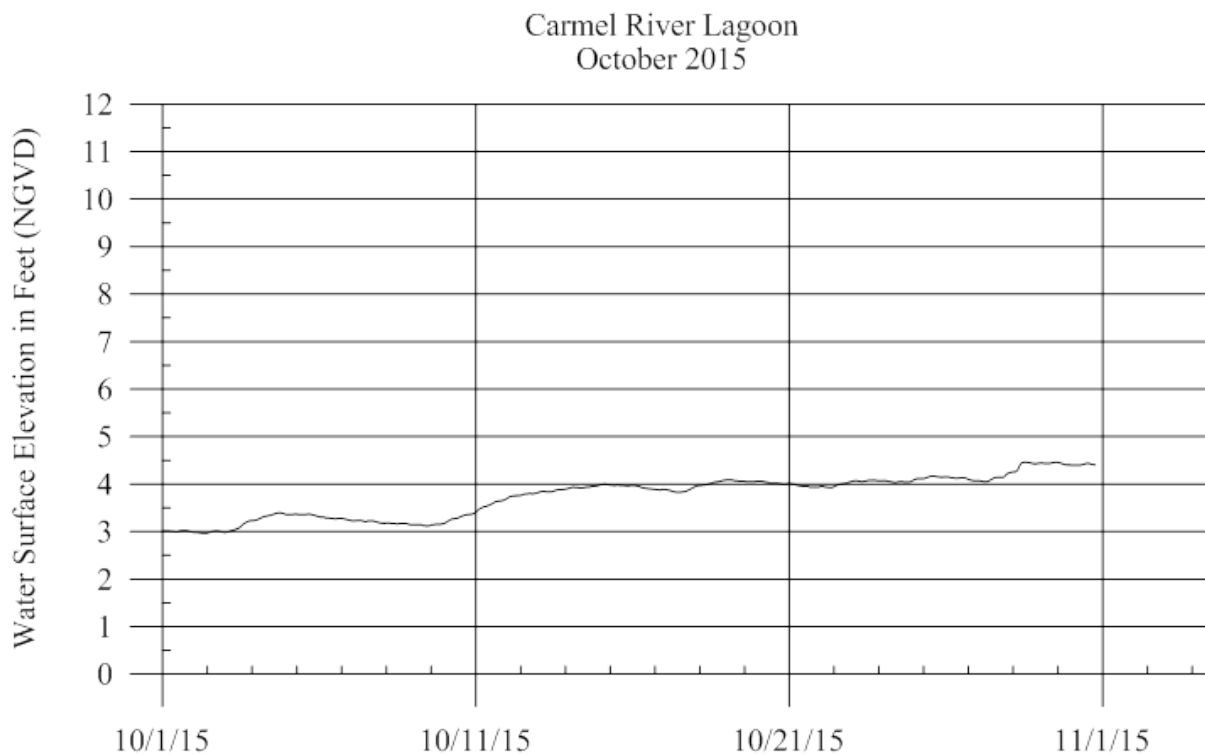
Water-quality profiles were conducted in mid-October at five lagoon sites. Overall, conditions remained "fair" for steelhead rearing with water temperatures in the upper 60s degrees Fahrenheit, dissolved oxygen (DO) ranging from 1 - 12 mg/L, and salinity levels ranging from 1 - 8 parts per thousand (ppt).

**ANNUAL JUVENILE STEELHEAD POPULATION SURVEYS:** Fisheries staff completed the annual October population surveys at six sites between Garland Park and Los Padres Dam. Surveys could not be done at four other sites due to the dry river conditions. In addition, the final site, located in the former SCD inundation zone no longer exists due to the dam removal project. This was the first year all captured steelhead (>65mm TL) were tagged with Passive

Integrated Transponder (PIT) Tags. Staff from the NOAA Fisheries Santa Cruz Laboratory assisted District staff with the tagging and data collection. Data collected from these tagged fish as they migrate out to the ocean as smolts and return in the future as adults will help the District and other agencies answer important questions about the Carmel River steelhead's life cycle and support improved management of the stock.

**JUVENILE STEELHEAD RESCUES:** No rescues were needed in October.

Rescues began on May 22, 2015 as flow at the HW 1 Gage dropped below 10 cfs. Through the end of September, 2,649 steelhead have been rescued between HW1 and Rosie's Bridge in Carmel Valley Village including: 2,293 YOY, 263 age 1+ juveniles, 72 resident adults, one steelhead kelt, and 20 mortalities (0.9%). Most rescued fish were transported and released into the Carmel River in the Cachagua reach below Los Padres Dam. Due to the Tassajara Fire, 35 rescued fish were released in the large pool at Scarlett Well.





**ITEM: INFORMATIONAL ITEMS/STAFF REPORTS****31. RECEIVE AND FILE FIRST QUARTER FINANCIAL ACTIVITY REPORT FOR FISCAL YEAR 2015-2016****Meeting Date:** November 16, 2015      **Budgeted:** N/A**From:** David J. Stoldt,  
General Manager      **Program/  
Line Item No.:** N/A**Prepared By:** Suresh Prasad      **Cost Estimate:** N/A**General Counsel Review:** N/A**CEQA Compliance:** N/A

**SUMMARY:** The first quarter of Fiscal Year (FY) 2015-2016 came to a conclusion on September 30, 2015. Table comparing budgeted and actual year-to-date revenues and expenditures for the period are included as **Exhibit 31-A**. **Exhibits 31-B and 31-C** presents the same information in bar graph format. The following comments summarize District staff's observations:

**REVENUES**

The revenue table compares amounts received through the first quarter and conclusion of FY 2015-2016 to the amounts budgeted for that same time period. Total revenues collected were \$285,477, or 8.5% of the budgeted amount of \$3,352,875. Variances within the individual revenue categories are described below:

- Water Supply Charge revenues were (\$1,528), or -0.2% of the budget for the period. The first installment of this revenue is expected to be received in December 2015. Negative balance reflects refunds issued during the current quarter.
- Mitigation revenue was \$0, or 0% of the budget. Mitigation revenue is billed and collected in arrears. Cal-Am has not paid for the first quarter.
- Property tax revenues were \$0, or 0% of the budget for the period. The first installment of this revenue is expected to be received in December 2015.
- User fee revenues were \$12,431, or about 66.3% of the amount budgeted. This is below the budgeted amount as Reclamation Project's share is billed and collected at the end of the fiscal year.
- Connection Charge revenues were \$44,578, or 101.9% of the budget for the period. Actual collection was slightly higher than anticipated budgeted figure as the forecasted figures are based on estimated number of customers pulling permits.
- Permit Fees revenues were \$72,607, or 125.7% of the budget for the period. Actual collection was slightly higher than anticipated budgeted figure as the forecasted figures are based on estimated number of customers pulling permits.
- Interest revenues were \$2,151, or 57.4% of the budget for the period. This is due to first quarter interest revenue for LAIF is not received until October 2015.

- Reimbursements of \$132,158, or 26.7% of the budget. This is based on actual spending and collection of reimbursement project funds. This is considerably less than the budgeted amount as many projects were deferred and continued to next quarter.
- The Other revenue category totaled \$12,609 or about 126.1% of the budgeted amount. This is higher than budget as this category includes reimbursement revenues from legal and other miscellaneous services.
- The Reserves category totaled \$0 or about 0.00% of the budgeted amount. This category includes potential use of reserves, water supply carry forward balance and the line of credit during the fiscal year for which adjustments are made at the conclusion of the fiscal year.

## **EXPENDITURES**

Expenditure activity as depicted on the expenditure table is similar to patterns seen in past fiscal years. Total expenditures of \$1,941,233 were about 57.9% of the budgeted amount of \$3,352,875 for the period. Variances within the individual expenditure categories are described below:

- Personnel costs of \$956,980 were about 112.4% of the budget. This was slightly higher than the anticipated budget due to CalPERS employer portion of the unfunded liability was paid upfront for the year.
- Expenditures for supplies and services were \$253,901, or about 94.6% of the budgeted amount. This was slightly below the anticipated budget.
- Fixed assets purchases of \$4,853 represented around 13.4% of the budgeted amount as most of the purchases were deferred to next quarter.
- Funds spent for project expenditures were \$725,499, or approximately 36.7% of the amount budgeted for the period. This is due to most project spending being deferred to next quarter.
- Debt Service included costs of \$0, or 0% of the budget for the period. Debt service is paid semi-annually, in December and June.
- Election expenditures were \$0, or 0% of the budgeted amount. This is due to election being held in second quarter of the fiscal year.
- Contingencies/Other expenditures \$0, or 0% of the budgeted amount. This was due to the contingency budget not spent during this fiscal year.
- Reserve expenditures of \$0, or 0% of the budgeted amount. This was due to the adjustments made at the conclusion of the fiscal year.

## **EXHIBITS**

**31-A** Revenue and Expenditure Table

**31-B** Revenue Graph

**31-C** Expenditure Graph

**EXHIBIT 31-A**

**Monterey Peninsula Water Management District  
First Quarter Report on Financial Activity  
Fiscal Year 2015-2016**

	Year-to-Date <u>Revenues</u>	Year-to-Date <u>Budget</u>	<u>Variance</u>	Percent of <u>Budget</u>
Water Supply Charge	(\$1,528)	\$850,000	\$851,528	-0.2%
Mitigation Revenue	\$0	\$603,000	\$603,000	0.0%
Property Taxes	\$0	\$392,500	\$392,500	0.0%
User Fees	\$12,431	\$18,750	\$6,319	66.3%
Connection Charges	\$44,578	\$43,750	(\$828)	101.9%
Permit Fees	\$72,607	\$57,750	(\$14,857)	125.7%
Interest	\$2,151	\$3,750	\$1,599	57.4%
Reimbursements	\$132,158	\$494,275	\$362,117	26.7%
Grants	\$10,471	\$68,750	\$58,279	15.2%
Other	\$12,609	\$10,000	(\$2,609)	126.1%
Reserves [1]	\$0	\$810,350	\$810,350	0.0%
Total Revenues	\$285,477	\$3,352,875	\$3,067,398	8.5%

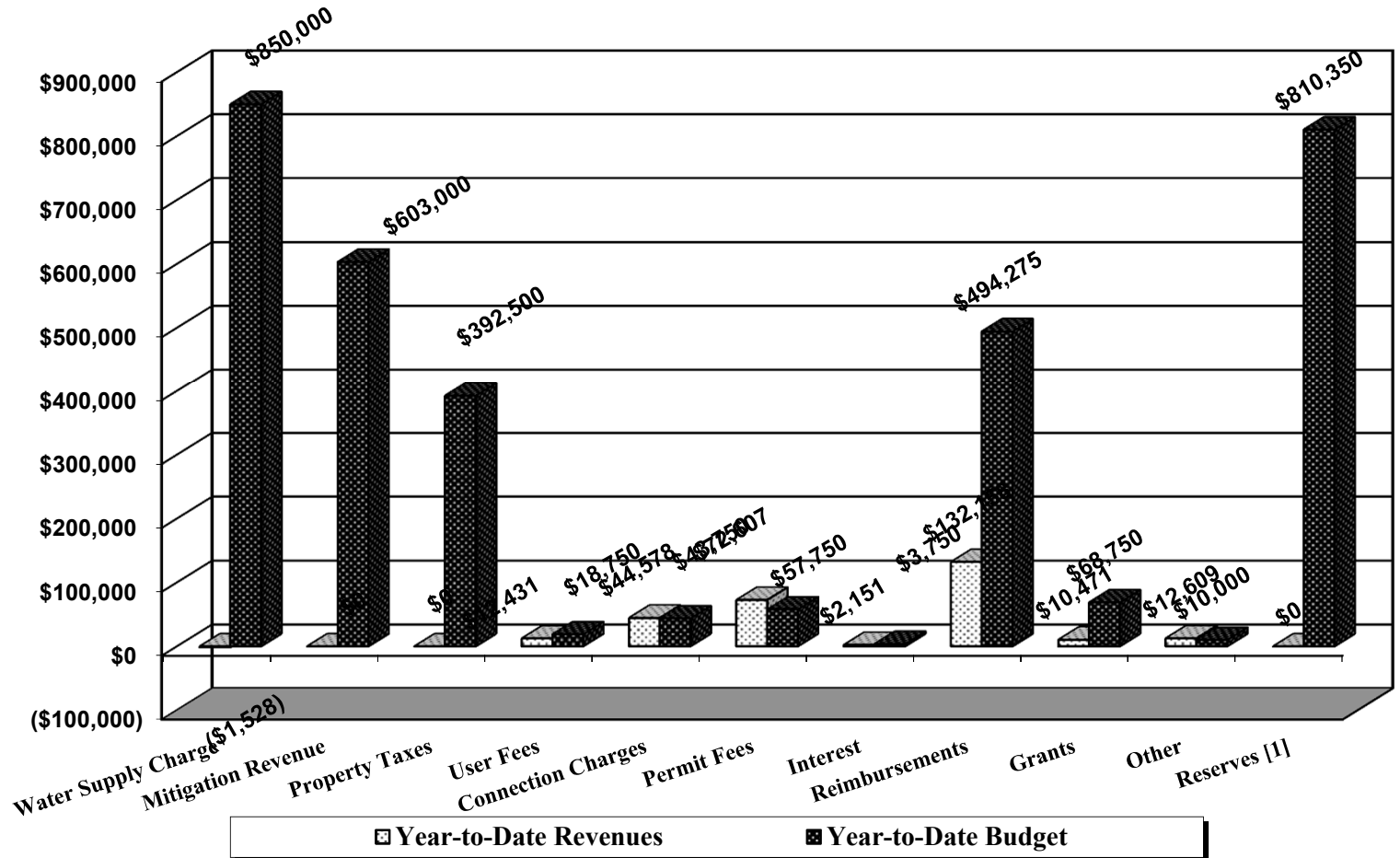
	Year-to-Date <u>Expenditures</u>	Year-to-Date <u>Budget</u>	<u>Variance</u>	Percent of <u>Budget</u>
Personnel	\$956,980	\$851,250	(\$105,730)	112.4%
Supplies & Services	\$253,901	\$268,525	\$14,624	94.6%
Fixed Assets	\$4,853	\$36,125	\$31,272	13.4%
Project Expenditures	\$725,499	\$1,975,075	\$1,249,576	36.7%
Debt Service	\$0	\$57,500	\$57,500	0.0%
Election Expenses	\$0	\$57,000	\$57,000	0.0%
Contingencies/Other	\$0	\$18,750	\$18,750	0.0%
Reserves	\$0	\$88,650	\$88,650	0.0%
Total Expenditures	\$1,941,233	\$3,352,875	\$1,411,642	57.9%

[1] Budget column includes fund balance, water supply carry forward, and reserve fund



**EXHIBIT 31-B**

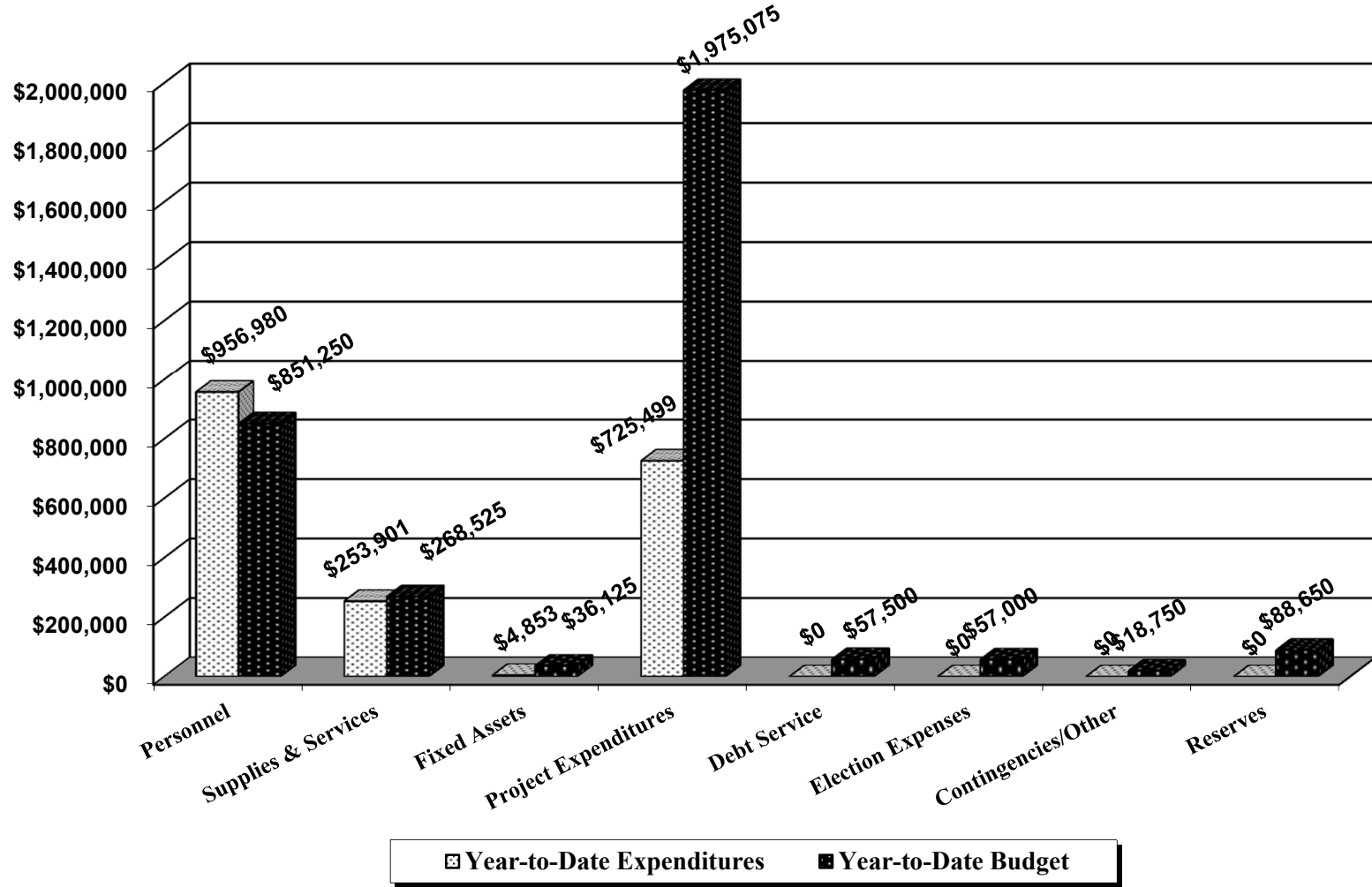
**REVENUES**  
**Fiscal Year Ended September 30, 2015**  
 Year-to-Date Actual Revenues \$285,477  
 Year-to-Date Budgeted Revenues \$3,352,875





**EXHIBIT 31-C**

**EXPENDITURES**  
**Fiscal Year Ended September 30, 2015**  
 Year-to-Date Actual Expenditures \$1,941,233  
 Year-to-Date Budgeted Expenditures \$3,352,875









# Supplement to 11/16/2015 MPWMD Board Packet

Attached are copies of letters received between October 6, 2015 and November 3, 2015. Correspondence is also included that was not provided in September 2015. These letters are listed in the November 16, 2015 Board packet under Letters Received.

Author	Addressee	Date	Topic
Priscilla Walton	David Stoldt		
	MPWMD Board	8/18/15	A 15-07-019
	MPWMD Board	8/14/15	Case A. 15-07-019
	MPWMD Board	8/14/15	
Vicki Williams	MPWMD Board	7/26/15	Cal Am's Proposed Rate Increase (A. 15-07-?)

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**Carmel Valley Association**  
P.O. Box 157, Carmel Valley, California 93924  
[www.carmelvalleyassociation.org](http://www.carmelvalleyassociation.org)



Since 1949

RECEIVED

OCT 16 2015

MPWMD

*"To preserve, protect and defend the natural beauty, resources, and rural character of Carmel Valley"*

**Arlene Tavani**

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**From:** Virginia Rosecrans <ninnyrose@comcast.net>  
**Sent:** Tuesday, August 18, 2015 11:57 AM  
**To:** 'California Public Utilities Commission'; 'Office of Ratepayer Advocates'; Arlene Tavani  
**Subject:** A 15-07-019

I protest Cal Am's proposal to the California Public Utilities Commission.

Virginia Rosecrans  
624-6251

**Arlene Tavani**

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**From:** lansdowne@post.harvard.edu  
**Sent:** Friday, August 14, 2015 12:59 PM  
**Cc:** Zachary Lansdowne  
**Subject:** case A.15-07-019

I am very much against Cal Am's proposal to raise low residential users' water rates by 43% while lowering commercial high users' rates by 18%. Current users we should not have to pay the \$40M Cal Am supposedly undercollected over 20 years, much less \$158M in interest. This proposal is simply outrageous. Please do not support it.

Nancyanne C. Lansdowne  
6 La Rancheria  
Carmel Valley, CA 93924

**Arlene Tavani**

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**From:** Melodie Chrislock <mwchrislock@redshift.com>  
**Sent:** Friday, August 14, 2015 10:14 AM  
**To:** Arlene Tavani  
**Subject:** Copy of Protest Sent to CPUC

Monterey Peninsula Water Management District  
Letter of Protest on Rate Case A.15-07-019  
August 14, 2015

Attention Commissioners,

Here on the Monterey Peninsula we are paying outrageous water costs under Cal Am's tier system! My Cal Am bill last month was \$784.36. This bill was for a family of three, on one acre, plus two weeks of kids and grandkids visiting for the summer. How did we come to pay these kind of water bills? Cal Am has had 40 years to solve our water problems, but failed miserably to do so.

We have recently learned that Cal Am is now asking to charge us \$177 million over 20 years in order to compensate itself for \$40 million in under collected revenue, plus \$137 million in interest and profit. This under collection of revenue is due to our conservation efforts and Cal Am's collection errors. We should not be asked to pay the \$40 million and certainly not the additional interest and profit!

Cal Am's tier system is the cause of their problem and they should solve it without more cost to us.

When you charge people so much for water...they will use less. Cal Am should have foreseen this before they put their penalizing tiers into effect.

They also propose to keep the tier system, but get rid of all the allotments for family size, acreage and summer watering. Why not just get rid of the tiers instead? That would solve their revenue issues.

Additionally Cal Am wants to charge commercial users 18% less than they do currently. Here's an example of what a commercial user pays now, compared to what I pay.

If a division 1 commercial user uses 17,503 gallons (as I did on my recent bill) but they were charged at the division 1 rate of \$1.51 per 100 gallons, plus \$50.55 for a 1" meter, their commercial bill would be \$314.84. Compare that to my tier 4 residential bill of \$784.36 for the same amount of water. It appears that I pay more than twice what a big hotel pays for the same amount of water. Not to mention that the hotel is profiting

8  
from the water they use, while I am not. Why should a residential user pay twice as much as a commercial user? How is this even legal?

Certainly Cal Am should not be allowed to lower commercial rates by another 18%!

About Twenty percent of Cal Am's residential ratepayers are in tiers 3, 4 and 5.  
So my personal example here affects more than just a few of us.

Please take the ratepayers here on the Monterey Peninsula into consideration when you consider Cal Am's proposed changes.

Thank you,

Melodie Chrislock  
26235 Atherton Place  
Carmel, CA 93923

**Arlene Tavani**

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**From:** Vicki Williams <vickimwilliams@gmail.com>  
**Sent:** Sunday, July 26, 2015 8:43 AM  
**To:** public.advisor@cpuc.ca.gov; Richard.rauschmeier@cpuc.ca.gov; Arlene Tavani  
**Subject:** Cal Am's proposed rate increase (A.15-07-?)

Based on the statement below, what is the incentive for a single person at a single family residence to conserve water, who would know that single residence are using more water then necessary for only one person. This is designed to increase revenue for Cal Am but not actually save water for the Peninsula. I thought the main purpose here is to conserve water but this proposal make the main purpose getting more money for CAL AM. I see actual water use going up not down with this proposal when it comes to oversight of water use when cost is not an issue for a residence with only 1 person. Am I misunderstanding this proposal?

*(It replaces a complex residential allotment system based on number of residents and size of lot with a standard block rate design allowing all single family residences the same amount of water per pricing tier.)*

Vicki Williams