



EXHIBIT 16-F

FINDINGS of APPROVAL

**CONSIDER APPLICATION TO AMEND CALIFORNIA
AMERICAN WATER DISTRIBUTION SYSTEM TO ADD
AQUIFER STORAGE AND RECOVERY FACILITIES
("CAW/ASR AMENDMENT")**

Hilby Avenue Pump Station Parcel: APN 012-324-032

Monterey Pipeline: various parcels

Service Area: CAW "Main" System

Application #WDS-20160602CAW, Permit #M16-01-L3

Adopted by MPWMD Board of Directors on June __, 2016

*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: Applicant **California-American Water Company (CAW)**, a California corporation, and an investor-owned public utility regulated by the California Public Utilities Commission (CPUC), is the primary water purveyor for the Monterey Peninsula. The CAW "Main" Water Distribution System (WDS) serves nearly 40,000 customers and derives its Source of Supply primarily from the Carmel Valley Alluvial Aquifer (CVAA) and the Seaside Groundwater Basin (SGB). In order to improve the operational efficiency of the previously approved Phase 1 and Phase 2 Aquifer Storage and Recovery (ASR) Project, CAW submitted Application #WDS-20160602CAW to amend the CAW WDS to add the proposed Hilby Avenue Pump Station and the Monterey Pipeline. In addition, MPWMD discovered that previous approvals for the ASR Phase 1 and Phase 2 facilities never formally added ASR Wells #1 through #4 to the CAW WDS. Thus, the District will also consider amending the CAW WDS to include these Wells, which have been operational for several years. The subject Application will result in the issuance of MPWMD WDS Permit #M16-01-L3 to amend the CAW WDS, referred to herein as the "CAW/ASR Amendment."

Environmental review in compliance with the California Environmental Quality Act (CEQA) has been performed by several entities as follows:

- Final Environmental Impact Report (FEIR) for the Phase 1 ASR Project, certified by MPWMD in August 2006;
- Addendum 1 to the ASR Project FEIR as amended by the District in April 2012 to address full implementation of ASR Phase 2;
- Final EIR for the Pure Water Monterey/Groundwater Replenishment Project (PWM/GWR), certified by Monterey Regional Water Pollution Control Agency (MRWPCA) in October 2015; this included an analysis of the Monterey Pipeline and Mitigation Monitoring and Reporting Program measures to be carried out to address significant adverse impacts;
- Hilby Avenue Pump Station Addendum to the ASR Project FEIR and the PWM/GWR EIR (“Hilby Addendum”) and Mitigation Monitoring and Reporting Program approved by MPWMD on June 20, 2016.

It is noted that the Hilby Avenue Pump Station was referred to as the “Monterey Pump station” in previous testimony before the CPUC and as the “Alternative ASR Pump Station” in the Environmental Impact Report (EIR) for the Pure Water Monterey/Groundwater Replenishment Project (PWM/GWR) approved by the Monterey Regional Water Pollution Control Agency (MRWPCA). The Monterey Pipeline was referred to as the “Alternative Monterey Pipeline” in the PWM/GWR EIR.

EVIDENCE: Application #WDS-20160602CAW submitted on June 2, 2016, and pertinent materials including: site maps and photographs, engineering drawings and environmental review documents. SWRCB, Division of Water Rights, Permit #20808A dated November 30, 2007 (ASR Phase 1), and Permit #20808C dated November 30, 2011 (ASR Phase 2). FEIR for the ASR Phase 1 Project, State Clearinghouse #2004121065, certified by MPWMD via Resolution 2006-04 dated August 2006 (Notice of Determination filed August 30, 2006); Addendum 1 to the ASR Project FEIR, approved by MPWMD in April 2012 via Resolution 2012-44 for ASR Phase 2 Project (Notice of Determination signed April 17, 2012); FEIR for PWM/GWR Project, State Clearinghouse #2013051094, certified by MRWPCA via Resolution 2015-24 on October 8, 2015 (Notice of Determination filed October 9, 2015); Hilby Avenue Pump Station Addendum, dated June 14, 2016, approved by MPWMD on June 20, 2016; Mitigation Monitoring and Reporting Program for the Hilby Avenue Pump Station and Monterey Pipeline adopted by the MPWMD Board on June 20, 2016; MPWMD Notice of Determination for approval of Application #WDS-20160602CAW and issuance of WDS Permit #M16-01-L3 for

the CAW/ASR Amendment signed on June [REDACTED], 2016, based on MPWMD Board approval on June 20, 2016); staff agenda package prepared for MPWMD Board of Directors Public Hearing on June 20, 2016 (Item 17).

2. FINDING: This application applies to the “Main” Cal-Am system within CAW’s Monterey Division, which has been the subject of several actions by the SWRCB, including Order WR 95-10 (as amended) and Order WR 2009-0060 (as amended). The SWRCB has also approved water rights to enable implementation of the ASR Project, which will help reduce diversions from the CVAA in the dry season.

EVIDENCE: Permit application materials specified in Finding #1, including SWRCB, Division of Water Rights, Permit #20808A dated November 30, 2007 (ASR Phase 1), and Permit #20808C dated November 30, 2011 (ASR Phase 2). Map of CAW Service Area. SWRCB Order WR 95-10 (July 1995 as amended); SWRCB Order WR 2009-0060 (October 2009 as amended).

3. FINDING: Approval of the application will enable construction (as allowed by local affected jurisdictions) of the Hilby Avenue Pump Station at 1561 Hilby Avenue in Seaside; the Monterey Pipeline, which will traverse portions of the Cities of Seaside, Monterey and Pacific Grove. It will also recognize the previously constructed ASR Phase 1 facilities (Wells #1 and #2 at the Santa Margarita site) and ASR Phase 2 facilities (Wells #3 and #4 at the Seaside Middle School site) as components of the CAW WDS.

EVIDENCE: Permit application materials specified in Finding #1.

4. FINDING: The Applicant has applied for a Permit to amend the CAW WDS to enable construction and operation of the proposed Hilby Avenue Pump Station and the Monterey Pipeline to improve operational efficiency of the ASR Project and enable injection and recovery of the additional diversion amounts as allowed by the SWRCB under SWRCB Permits #20808A and #20808C.

EVIDENCE: Permit application materials specified in Finding #1, including SWRCB Permit #20808A and #20808C; MPWMD Permit #M16-01-L3, Conditions of Approval #1 through #4.

5. FINDING: Approval of the subject application for the CAW/ASR Amendment does not change the current System Limits for the CAW Main System, but it changes the amount of maximum production (System Capacity) allowed for the ASR Project (ASR Phase 1 and Phase 2 combined) to be consistent with SWRCB Permits #20808A and #20808C. It also

changes the Expansion Capacity Limit to be two Master Connections to the CAW System, one at the ASR Phase 1 site and one at the ASR Phase 2 site.

EVIDENCE: Permit application materials specified in Finding #1, including SWRCB Permit #20808A and #20808C; MPWMD Permit #M16-01-L3, Condition of Approval #3.

6. FINDING: The application for the CAW/ASR Amendment, along with supporting materials, is in accordance with District Rule 21 and Rule 22.

EVIDENCE: Permit application materials specified in Finding #1; “Notice of Public Hearing” letter to CAW from MPWMD dated June 8, 2016; MPWMD Rules and Regulations.

Required Findings (MPWMD Rule 22-B)

7. FINDING: The approval of the subject application would not cause unnecessary duplication of Potable water service within any existing system due to current constraints on the CAW WDS imposed by the SWRCB, and the desire to enhance CAW compliance with the Cease and Desist Order. SWRCB water right Permits #20808A and #20808C allow CAW to distribute excess water from the Carmel Valley Alluvial Aquifer to customers located within the CAW Service Area. The CAW/ASR Amendment will help reduce unauthorized CAW diversions from the Carmel River in the near term as CAW develops a replacement water supply project. [Rule 22-B-1]

EVIDENCE: Permit application materials specified in Finding #1; MPWMD Permit #M16-01-L3, Condition of Approval #1.

8. FINDING: The approval of the subject application would not result in water importation or exportation to or from the District, respectively. The CAW WDS is located wholly within the MPWMD. [Rule 22-B-2]

EVIDENCE: District boundary location maps and CAW service area maps.

9. FINDING: Approval of the subject application would not result in significant adverse impacts to “Sensitive Environmental Receptors” (SER) as defined by MPWMD Rule 11, including the Carmel Valley Alluvial Aquifer (CVAA). This finding is based on the environmental review documents described in Finding #1. The ASR Project would provide beneficial effects to the CVAA by reducing diversions during the dry season. Approval of the subject application could result in significant adverse impacts associated with construction of the Hilby Avenue Pump Station and the Monterey Pipeline, which would be addressed by

the Mitigation Monitoring and Reporting Program adopted by the MPWMD Board. Please refer to Finding #22 and #23 for more information. [Rule 22-B-3]

EVIDENCE: Permit application materials and environmental review documents specified in Finding #1; MPWMD Permit #M16-01-L3, Condition of Approval #3; MPWMD Notice of Determination for Approval of the CAW/ASR Amendment filed on June ____, 2016, based on Board approval on June 20, 2016.

10. FINDING: The Applicant has demonstrated water rights in the form of SWRCB Permits #20808A and #20808C for the ASR Phase 1 and Phase 2 Projects, respectively. A maximum production of 5,326 Acre-Feet per Year (AFY) is allowed. [Rule 22-B-4]

EVIDENCE: Permit application materials specified in Finding #1, including SWRCB, Division of Water Rights, Permit #20808A dated November 30, 2007 (Phase 1), and Permit #20808C dated November 30, 2011 (Phase 2). MPWMD Permit #M16-01-L3, Condition of Approval #3.

11. FINDING: The application demonstrates existence of a long-term reliable source of water supply for the ASR Project diversion, injection and recovery as allowed by SWRCB Permits #20808A and #20808C. ASR Wells #1 through #4 have an established production history. [Rule 22-B-5]

EVIDENCE: Permit application materials specified in Finding #1, including SWRCB, Division of Water Rights, Permit #20808A dated November 30, 2007 (Phase 1), and Permit #20808C dated November 30, 2011 (Phase 2). MPWMD hydrogeologic reports and Well database files; MPWMD Annual Reports for the ASR Project.

12. FINDING: The Source of Supply for the CAW/ASR Amendment is excess water diverted from CAW Wells along the Carmel Valley Alluvial Aquifer as permitted by the SWRCB. The cumulative effects of issuance of Permit #M16-01-L3 is not expected to result in significant adverse impacts to the Source of Supply or the species and habitats dependent on the Source of Supply. In fact, full implementation of the ASR Project enables reduced diversion from the CVAA in the dry season when the river habitat is most vulnerable. [Rule 22-B-6]

EVIDENCE: Permit application materials specified in Finding #1, including water rights and environmental review documents. MPWMD Permit #M16-01-L3, Conditions of Approval #1 through #4.

13. FINDING: The primary Source of Supply for the CAW/ASR Amendment is the CVAA, which is a component of the Monterey Peninsula Water

Resource System. The CVAA contains waters under the jurisdiction of the SWRCB, which has granted water rights held jointly by CAW and MPWMD to divert waters via alluvial Wells pursuant to SWRCB Permits #20808A and #20808C. [Rule 22-B-7]

EVIDENCE: MPWMD hydrogeologic maps showing locations of CAW diversion Wells and the jurisdiction of the SWRCB; Permit application materials specified in Finding #1, including SWRCB Division of Water Rights, Permit #20808A dated November 30, 2007 (Phase 1), and Permit #20808C dated November 30, 2011 (Phase 2).

14. FINDING: MPWMD Permit #M16-01-L3 does not allow an intertie to any other WDS. Fire flow is already provided by CAW to properties within its Service Area, and any CAW Source of Supply may be used in a fire emergency. [Rule 22-B-8]

EVIDENCE: Permit application materials specified in Finding #1; MPWMD Permit #M16-01-L3, Conditions of Approval #1 through #4, and #13.

15. FINDING: A back-flow protection device to prevent contamination of the CAW system is not necessary as CAW will treat water from its Carmel Valley Wells prior to injection in to the Seaside Basin. The CAW system is regulated by the SWRCB, Division of Drinking Water. [Rule 22-B-9]

EVIDENCE: Permit application materials specified in Finding #1. MPWMD Permit #M16-01-L3, Conditions of Approval #14 and #15.

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

16. FINDING: The application adequately identifies the Responsible Party for MPWMD Permit #M16-01-L3 as the California-American Water Company, a California Corporation. [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 CAW, a regulated Public Utility, delivers water to roughly 40,000 customers on the Monterey Peninsula. 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 #M16-01-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 as CAW Wells located within the Carmel Valley Alluvial Aquifer, as allowed by SWRCB Permits #20808A and #20808C. [Rule 22-C-3]
- EVIDENCE: Permit application materials specified in Finding #1; MPWMD Permit #M16-01-L3, Condition of Approval #4.
19. FINDING: Approval of the application would not create an Overdraft or increase an existing Overdraft of a Groundwater basin. The Carmel Valley Alluvial Aquifer has not been declared as in overdraft, but the SWRCB has determined it is over-appropriated during certain seasons. CAW has demonstrated water rights for the ASR Project under SWRCB Permits #20808A and #20808C, which were subject to environmental review in compliance with CEQA. The Seaside Groundwater Basin has been determined to be in overdraft, and the ASR Project has been identified by the Monterey County Superior Court as part of the “Physical Solution” in the Seaside Basin Adjudication Decision. [Rule 22-C-4]
- EVIDENCE: Permit application materials specified in Finding #1, including SWRCB, Division of Water Rights, Permit #20808A dated November 30, 2007 (Phase 1), and Permit #20808C dated November 30, 2011 (Phase 2). MPWMD Permit #M15-04-L3, Conditions of Approval #1 through #4. 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.*
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 by MPWMD and other entities that limit future water use to a reasonable and acceptable amount, consistent with certified environmental review documents. [Rule 22-C-5]
- EVIDENCE: Permit application materials specified in Finding #1, including SWRCB, Division of Water Rights Permit #20808A dated November 30, 2007 (Phase 1), and Permit #20808C dated November 30, 2011 (Phase 2). MPWMD Permit #M16-01-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 the guidelines adopted by the State of California and published in the California Administrative Code, Title 14, Section 15000 *et seq.* Specifically, the MPWMD, as a lead agency for the ASR Project, has complied with CEQA Guidelines Section 15164 by approving the June 2016 Hilby

Avenue Pump Station Addendum as Addendum 2 to the ASR Project EIR/EA and as Addendum 1 to the PWM/GWR EIR and adopting the associated Mitigation Monitoring and Reporting Program for the Pump Station and Monterey Pipeline. The MPWMD, as a Responsible Agency, has considered the Notice of Determination filed by the MRWPCA on October 9, 2015 certifying the Final EIR for the PWM/GWR Project, with emphasis on the analysis of the Monterey Pipeline, and has approved the Monterey Pipeline. Copies of the Draft EIR and Final EIR for both the ASR Project and the PWM/GWR Project have been provided to MPWMD Board members for review prior to the public hearing on this matter. The MPWMD Board has reviewed the environmental information and relied on the information as part of its decision-making on this matter.

EVIDENCE: CEQA and CEQA Guidelines, Section 15096 and 15164; environmental review and Mitigation Monitoring and Reporting Program documents specified in Finding #1. SWRCB Notices of Determination for Approval of Permits #20808A and #20808C in November 2007 and November 2011, respectively. MPWMD Notice of Determination for Approval of Permit #M16-01-L3 dated June ___, 2016, based on Board approval on June 20, 2016. Staff agenda package prepared for MPWMD Board of Directors Public Hearing (Item 17) on June 20, 2016; minutes of MPWMD Board of Directors Public Hearing (Item 17) conducted on June 20, 2016. MPWMD Permit #M16-01-L3, including all Conditions of Approval.

22. FINDING: Pursuant to CEQA Sections 15091 and 15092, the MPWMD Board finds that approval of the CAW/ASR Amendment will not have a significant effect on the environment that cannot be mitigated, with the exception of night-time construction associated with the Monterey Pipeline, based on the documentation cited in Finding #21. Mitigation measures are included as Conditions of Approval by MPWMD for this action. The full record for the PWM/GWR project is located at the MRWPCA office, 5 Harris Court, Building D, Monterey, CA.

EVIDENCE: Certified environmental documents, Resolutions, and Notices of Determination described in Finding #1 and Finding #21. MRWPCA Resolution 2015-24. MPWMD Notice of Determination for Approval of Permit #M16-01-L3 dated June ___, 2016, based on Board approval on June 20, 2016.

23. FINDING: Pursuant to CEQA Section 15093, a Statement of Overriding Considerations was adopted by the MPWMD Board for approval of MPWMD Permit #M16-01-L3 for the CAW/ASR Amendment in relation to significant unavoidable impacts due to nighttime construction noise for portions of the Monterey Pipeline. The

MRWPCA, as part of its certification of the PWM/GWR FEIR, previously adopted a Statement of Overriding Considerations.

EVIDENCE: MPWMD Notice of Determination for Approval of Permit #M16-01-L3 for the CAW/ASR Amendment, dated June , 2016, based on Board approval on June 20, 2016. MRWPCA Resolution 2015-24 adopted October 8, 2015.

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Prepared by H. Stern on 6/15/2016 – reviewed by L. Hampson on 6/15/2016

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