



EXHIBIT 16-G

**CONDITIONS OF APPROVAL
APPLICATION TO AMEND CALIFORNIA-AMERICAN
WATER DISTRIBUTION SYSTEM TO ADD AQUIFER
STORAGE AND RECOVERY FACILITIES
("CAW/ASR AMENDMENT")
APPLICATION #WDS-20160602CAW; PERMIT #M16-01-L3**

**Permittee: California-American Water Company (CAW)
Permitted System: "Main" CAW Water System
Service Area: "Main" CAW Water System
Hilby Avenue Pump Station Parcel: APN 012-324-032**

**Adopted by the MPWMD Board on June ____, 2016
Pursuant to MPWMD Rule 22-D and Ordinance No. 165
Preparation Date: June ____, 2016**

Permitted System (Required by MPWMD Rules)

1. The California-American Water Company (CAW) "Main" Water Distribution System (WDS), the "Permitted System," is authorized by the Monterey Peninsula Water Management District (MPWMD or District) under Permit #M16-01-L3 to serve all Parcels within the Permitted System, consistent with water rights issued to MPWMD and CAW for the Aquifer Storage and Recovery (ASR) Phase 1 and Phase 2 Projects, as specified in State Water Resources Control Board (SWRCB), Division of Water Rights, Permit #20808A, dated November 30, 2007, and Permit #20808C, dated November 30, 2011, respectively. CAW has roughly 40,000 customers and maps of the service area are on file at the MPWMD and CAW offices. A schematic figure is provided as **Attachment 1**. The "Main" CAW WDS refers to the system supplied by the Monterey Peninsula Water Resource System. This amendment to the CAW WDS is focused on ASR facilities and is referred to as the "CAW/ASR Amendment." [Rule 22-D-1-a]
2. This Permit authorizes the Permitted System to provide treated, potable water for residential, commercial, industrial and other land uses allowed by local jurisdictions in the CAW Service Area identified in Condition #1. The Conditions of Approval listed in this Permit #M16-01-L3 supersede those in MPWMD Permit #M11-04-L4 authorized by

the MPWMD Board on August 21, 2006. To enable greater operational efficiency, the “Main” CAW WDS is amended to include the proposed Hilby Avenue Pump Station to be located on CAW property (Parcel APN 012-324-032) at 1561 Hilby Avenue, and the proposed Monterey Pipeline, a component of the proposed Pure Water Monterey/ Groundwater Replenishment Project, which will traverse portions of the Cities of Seaside, Monterey and Pacific Grove. This Permit also amends the CAW WDS to include existing ASR Wells #1, #2, #3 and #4, which were previously approved as part of the ASR Phase 1 and Phase 2 Projects, but were never formally recognized as part of the CAW WDS. **Attachment 2** shows the location of these components. [Rule 22-D-1-b]

3. There shall be no change to the existing System Limits (annual water production and Connections) of the “Main” CAW system, which is currently controlled by the SWRCB Cease and Desist Order 2009-0060.. Consistent with the SWRCB water right permits identified in Condition #1, **the System Capacity (maximum production) for the CAW/ASR Amendment is 5,326 Acre-Feet per Year (AFY)**. It is noted that the estimated long-term average production would be 1,920 AFY, but actual production in any specific year will be determined by weather, Carmel River environmental conditions, CAW system physical constraints, and other limits that may be imposed by regulatory agencies. **The Expansion Capacity Limit for the CAW/ASR Amendment is now two Master Connections to the CAW WDS** based on previous approvals -- one Master Connection at the Phase 1 (Santa Margarita) site (MPWMD Permit #M11-04-L4), and one Master Connection at the Phase 2 (Seaside Middle School) site. Existing municipal unit (jurisdiction) water allocations or credits are not changed by this Permit. [Rule 22-D-1]
4. The current Sources of Supply for the Permitted System are the Carmel Valley Alluvial Aquifer and the Seaside Groundwater Basin, as regulated by MPWMD, SWRCB, and other state and federal resource agencies. [Rule 22-C-3]

Mandatory Conditions of Approval (MPWMD Rule 22)

5. Precedent to use of this Permit, Permittee shall first obtain and comply with the requirements and conditions of Permits and Licenses issued by the SWRCB, California Public Utilities Commission (CPUC), State and/or County Health authorities, and other agencies with jurisdiction, as applicable. [Rule 22-D-1-c and Rule 22-D-3]
6. Permittee shall execute an Indemnification Agreement, provided separately, which holds MPWMD harmless, and promises to defend MPWMD 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 both by Permittee and MPWMD. The Indemnification Agreement must be signed and executed 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 MPWMD Rules relating to water Well registration, metering

and annual reporting of production (MPWMD Rules 52 and 54) for any Well owned or operated by the Permittee that is located within the Service Area identified in Condition #1. This includes ASR Wells #1 through #4 at the Santa Margarita and Seaside Middle School sites. [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 Conditions #2 and #7. The reporting year is October 1 through September 30 of the next year (“Water Year”). Permittee shall continue to provide monthly reports of water production that identify Well production on a daily basis. [Rule 22-D-2]
9. Properties served by the Permittee shall comply with all MPWMD water conservation rules and regulations 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 individual Connection in accordance with MPWMD regulations governing issuance of Water Permits. Capacity Fees (Connection Charges) shall be calculated based on water demand estimates using MPWMD’s water demand methodology at the time of the application. [Rule 22-D-1-g]
11. Any intensification or expansion 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 or Connection limits 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]
13. A permanent intertie between the Permitted System and any other WDS is not allowed unless a written Permit is obtained from the District. Properties located 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 for the CAW/ASR Amendment because the ASR facilities are controlled by CAW and must comply with state health regulations. However, if use of a non-CAW Well on a customer’s property is contemplated, CAW and the Parcel owner 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 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. No additional mitigation measures to offset adverse environmental impacts are required by this Permit above and beyond those already specified in approvals by MPWMD, SWRCB or other regulatory agencies with authority. Please refer to Special Condition #27 for information on previous mitigation requirements. [Rule 22-D-1-i]
17. Permittee is required to provide copies of any agreement with public agencies or water purveyors that may substantively affect the Permitted System. [Rule 22-D-1-j]
18. Upon MPWMD Board approval of this Permit, the Permittee shall pay to MPWMD the invoiced cost for MPWMD staff, attorney and consultant time spent to process the subject application, as well as direct costs (Rule 60). The initial application fee paid by Permittee is compared to total costs. The Permittee shall 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, Permittee 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 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 shall disclose to any future owner, successors and assigns of the CAW WDS 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/ASR Amendment, and the extended timeframes associated with approval and construction of water supply facilities, this Permit does not include deadlines associated with the construction of the proposed Hilby Avenue Pump Station or Monterey Pipeline. [Rule 22-D-4]
22. As the Owner of the Parcel on which the new Hilby Avenue Pump Station is located, Permittee 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 Deed Restriction must be signed and notarized by the Permittee, 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 in writing, e-mail or by telephone, the Permittee shall allow reasonable access to the Permitted System, including the Hilby Avenue Pump Station on

Parcel APN 012-324-032 and the Monterey Pipeline alignment, by 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 (Note: access to ASR Wells #1 through #4 at the Santa Margarita and Seaside Middle School sites is covered by the Aquifer Storage and Recovery Management & Operations Agreement executed on March 30, 2006). [Rule 22-D-1-o]

24. The Permit granted herein is subject to revocation in the event the Permittee does not fully comply with each and every condition set forth in this Permit. [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. The District recognizes water right Permits #20808A and #20808C issued by the SWRCB.
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. Permittee shall comply with all mitigation measures required in the Mitigation Monitoring and Reporting Program (MMRP) for the construction of the Hilby Avenue Pump Station and Monterey Pipeline as well as operation of ASR Phase 1 and Phase 2 facilities, including Wells #1 through #4.
28. Permittee shall provide to the MPWMD Water Resources Division Manager (or designee) a copy of each report submitted to the SWRCB in compliance with conditions under water right Permits #20808A and #20808C. Notice of a designated website link is acceptable; if a website link is not available, electronic or hard copies are acceptable.

Attachments

- Attachment 1: Schematic figure of CAW Service Area
- Attachment 2: Figure with location of CAW/ASR Amendment components
- Attachment 3: Consolidated Mitigation Monitoring and Reporting Program **(this is the same as Exhibit 16-B)**

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Prepared 6/14/2016 by H. Stern as reviewed by L. Hampson 6/15/2016