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EXHIBIT 9-A

First Reading Draft

ORDINANCE NO. 181

**AN ORDINANCE OF THE BOARD OF DIRECTORS OF THE
MONTEREY PENINSULA WATER MANAGEMENT DISTRICT
AMENDING RULE 11 AND ADDING RULE 23.10
TO ESTABLISH A WATER ENTITLEMENT FOR
SNG EVARISTE, LLC, A DELAWARE LIMITED LIABILITY COMPANY**

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. SNG EVARISTE, LLC, a Delaware Limited Liability Company (SNG), is the current owner of Assessor's Parcel Number (APN) 011-501-014, referred to herein as the "Donor Parcel." SNG holds adjudicated rights, including rights to an Alternative Production Allocation of water totaling more than 10.903 Acre-Feet Annually (AFA) from the Seaside Groundwater Basin. The Donor Parcel was previously owned by Security National Guaranty Inc., a California Corporation, which is named in the Seaside Basin Adjudication Decision (as amended).
4. SNG's water rights are based on Groundwater in the Costal Subareas of Seaside Groundwater Basin. SNG's rights to this groundwater were adjudicated in March 2006. Water for the SNG Entitlement shall be produced by California-American Water Company

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(California American Water or CAW) and delivered to a receiving Parcel through CAW's Water Distribution System. All water provided to a receiving Parcel must be derived from Wells in the Seaside Groundwater Basin, consistent with the May 11, 2009 Monterey County Superior Court Order, Case #M66343 ("Court Order"). 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, SNG's water rights are not confined to the Donor Parcel, and may be produced from another Seaside Basin Well, owned by another entity, and delivered to recipient Parcels within the Seaside Basin.

5. 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 SGN's 10.903 AFY Standard Production Allocation water rights may be delivered to recipient Parcels in the Seaside Basin from offsite CAW Well(s) located in the Seaside Basin.
6. 10.903 AFA of the water rights associated with the Donor Parcel are proposed to be wheeled to another location CAW Water Distribution System for future use at one or more recipient Parcels in the Seaside Groundwater Basin as designated by SNG. The relocation of the 10.903 AF to another Site changes the water right from an Alternative Production Allocation to a Standard Production Allocation.
7. As a Standard Production Allocation, the amount of water available for use is subject to triennial 10% reductions through year 2021 as ordered by the Monterey County Superior Court in the Seaside Basin Adjudication Decision (as amended). After accounting for the reductions and an assumed system loss factor (unaccounted for water) of seven percent (7%), the amount of water available to a recipient Parcels is 5.07 Acre-Feet.
8. This ordinance establishes a Water Entitlement for SNG that California American Water will convey through CAW's Water Distribution System to SNG Water Use Permit subscribers.
9. This ordinance authorizes SNG, on terms and conditions set forth in this ordinance, to separately sell and convey portions of the Water Entitlement established by this ordinance to Parcels within the California Public Utilities Commission (CPUC)-recognized Service Area of the CAW Water Distribution System supplied with water from the Seaside Groundwater Basin and located within the Seaside Groundwater Basin.

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10. 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.
11. This ordinance amends Rule 11 (Definitions) and adds Rule 23.10 (SNG Water Entitlement) to the Rules and Regulations of the Monterey Peninsula Water Management District.
12. 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 SNG (SNG) Water Entitlement Ordinance of the Monterey Peninsula Water Management District.

Section Two: Purpose

This ordinance establishes a SNG Water Entitlement for use on Parcels within the CPUC-recognized Service Area of the California American Water Water Distribution System supplied with water from the Seaside Groundwater Basin and located within the Seaside Groundwater Basin.

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 (~~striketrough~~).

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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 No. 132), Cypress Pacific Investors LLC (Water Distribution System Permit approved September 15, 2014), ~~and~~ Malpas Water Company LLC (Ordinance No. 165), D.B.O. Development No. 30, a California Limited Liability Company (Ordinance No. 166), *and SNG Evariste, LLC (Ordinance No. 182).*

Section Four: Addition of Rule 23.10, SNG, Water Entitlement

The following text shall be added as Rule 23.10 –SNG Water Entitlement:

RULE 23.10 – SNG, WATER ENTITLEMENT

A. SNG, WATER ENTITLEMENT

1. The SNG Evariste, LLC, a Delaware Limited Liability Company (SNG) Water Entitlement confers on SNG a Water Entitlement of 5.07 AFA through the California American Water Water Distribution System.
2. Benefited Properties of the SNG Water Entitlement shall mean all properties that are supplied with water from the Seaside Groundwater Basin and that are located within the Seaside Groundwater Basin and served by California American Water Water Distribution System.
3. SNG is authorized to separately sell, transfer and convey to owners of Benefited Properties for such consideration and upon such terms and conditions as SNG in its discretion may determine, such portions of the SNG Water Entitlement as it may choose. Any portion of the SNG 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 SNG Water Entitlement shall be separate and distinct from any other Allocations provided in Rule 30. The existence of the SNG Water Entitlement shall not affect any existing use of water in the County of Monterey or any City, or any existing Allocation to any Jurisdiction.

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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 SNG 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. REVOCATION, 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

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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 ___th day of _____, 2019 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 ___th day of _____ 2019.

Witness my hand and seal of the Board of Directors this ____ day of _____ 2019.

David J. Stoldt, Secretary to the Board

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