

**SEASIDE GROUNDWATER BASIN WATERMASTER
MEETING AGENDA**

**WEDNESDAY, OCTOBER 4, 2006, 1:30 P.M.
SOPER FIELD, 220 COE AVENUE
SEASIDE, CALIFORNIA**

WATERMASTER BOARD:

City of Seaside – Mayor Ralph Rubio, Chairman
Laguna Seca Subarea Landowner – Director Bob Costa, Vice Chairman
Monterey Peninsula Water Management District – Director Michelle Knight, Secretary
City of Monterey – Mayor Dan Albert, Treasurer
City of Sand City – Mayor David Pendergrass
California American Water – Director Steve Leonard
City of Del Rey Oaks – Mayor Joseph Russell
Monterey County/Monterey County Water Resources Agency - Supervisor Jerry Smith,
District 4
Coastal Subarea Landowner – Director Paul Bruno

I. CALL TO ORDER

II. ROLL CALL

III. APPROVAL OF MINUTES OF SEPTEMBER 13, 2006

The minutes of the September 13, 2006 Watermaster meeting is attached to this agenda. Watermaster Board is requested to approve the minutes.

IV. REVIEW OF AGENDA

If there are any items that arose after the 72-hour posting deadline, a vote may be taken to add the item to the agenda, pursuant to the requirements of Government Code section 54954.2(b). [A 2/3-majority vote is required.]

V. PUBLIC PARTICIPATION/ ORAL COMMUNICATIONS

Oral communications is on each meeting agenda in order to provide members of the public an opportunity to address the Watermaster on matters within its jurisdiction. Matters not appearing on the agenda will not receive action at this meeting but may be referred to the Watermaster Administrator or may be set for a future meeting. Presentations will be limited to three minutes or as otherwise established by the Watermaster. In order that the speaker may be identified in the minutes of the meeting, it is helpful if speakers state their names and speak directly into the microphone. Oral communications are now open.

VI. PRESENTATION:

Mr. Keith Israel, General Manager of Monterey Peninsula Water Pollution Control Agency, (MPWPCA) will give an update of Seaside Aquifer Replenishment Project

VII. CONSENT CALENDAR

- Approve payment of bills
- Approve giving Chief Executive Officer the authority and direction to receive “public records act requests pursuant to the Brown Act”

VIII. OLD BUSINESS

COMMITTEE REPORTS:

ADMINISTRATIVE COMMITTEE (AD HOC)

No current report

RULES AND REGULATIONS COMMITTEE (AD HOC)

No current report

TECHNICAL COMMITTEE

Request for Proposal to Provide Consulting Services for Managing and Implementing the Seaside Basin Monitoring and Management Program (FYI-No action necessary)

BUDGET AND FINANCE COMMITTEE

Clarification of Cost Allocation – Replenishment Formula (seeks court direction)

IX. NEW BUSINESS

X. DIRECTOR’S REPORTS

XI. NEXT MEETING DATE – NOVEMBER 1, 2006

XII. ADJOURNMENT

This agenda was posted at the City Clerks Office at the City of Seaside on Friday, September 28, 2006 per the Ralph M. Brown Act. Government Code Section 54954.2(a). The agenda was forwarded via e-mail to the City Clerks of Monterey, Sand City and Del Rey Oaks; the Clerk of the Monterey Board of Supervisors; the Clerk to the Monterey Peninsula Water Management District; the Clerk at the Monterey County Water Resources Agency and the California American Water Company for posting on September 28, 2006.

REGULAR MEETING
Seaside Groundwater Basin Watermaster
September 13, 2006

MINUTES

I. CALL TO ORDER

Chairman Rubio called the meeting to order at 1:30 p.m. in the Seaside Community Center at Soper Field, 220 Coe Avenue, Seaside.

Board members present:

City of Seaside – Mayor Ralph Rubio, Chairman

Laguna Seca Subarea Landowner – Bob Costa, Vice Chairman

Monterey Peninsula Water Management District – Director Michelle Knight, Secretary

City of Monterey – Mayor Dan Albert, Treasurer

City of Sand City – Mayor David Pendergrass

California American Water Co. – Charlie Kemp, then Steve Leonard (2:08 p.m.)

City of Del Rey Oaks – Mayor Joseph Russell

Monterey County/Monterey County Water Resources Agency – Curtis Weeks (alternate for Jerry Smith, District 4 Supervisor)

Coastal Subarea Landowner – Paul Bruno

II. APPROVAL OF MINUTES OF JULY 5, 2006 AND AUGUST 2, 2006

Moved by Director Weeks, seconded by Mayor Pendergrass, and unanimously carried, to approve the July 5 and August 2, 2006 Watermaster meeting minutes. Chairman Rubio requested that Board members please speak clearly into the microphones for accurate recording of the minutes.

III. REVIEW OF AGENDA

There were no changes to the agenda.

IV. PUBLIC PARTICIPATION/ORAL COMMUNICATIONS

John Fischer, Pacific Grove, expressed support of the request for Directors to please speak into the microphones.

Mayor Pendergrass requested that the MRWPCA give a presentation and update the Board as to the status of groundwater replenishment stating that there is much emphasis on this topic in the adjudication lawsuit. Director Weeks stated that he would contact Keith Israel and would assist with the presentation. Presentation date is to be determined. Chairman Rubio requested that a copy of any correspondence be sent to Administrator Evans.

Chairman Rubio requested that a routine item be added to the agenda for requests for director comments and agenda item input.

V. CONSENT CALENDAR

There were no items for consideration.

VI. OLD BUSINESS

1. COMMITTEE REPORTS

AD HOC ADMINISTRATIVE COMMITTEE

No current report.

AD HOC RULES AND REGULATIONS COMMITTEE

No current report.

TECHNICAL COMMITTEE

The Board received and reviewed the submitted signed copy of the scope of services from Mr. Martin Feeney (in attendance). The submitted contract states that if the modeling team does not come to a consensus on which model to use, Mr. Feeney will recommend one in the final report. Due to the specialization of the services to be provided, the contract is sole source. Upon a motion by Mayor Pendergrass, seconded by Director Bruno, and unanimously carried, the Board approved the contract with Mr. Feeney to facilitate an agreement on the groundwater model for an estimated cost not to exceed \$13,600.

There were no comments from the public.

The Board received and reviewed the submitted Monitoring and Management Program with highlighted revisions. Moved by Director McKnight, seconded by Director Costa, and unanimously carried, to approve the revised language in the Seaside Basin Monitoring and Management Program, to be submitted to Judge Randall for final approval.

There were no comments from the public.

Diana Ingersoll submitted to the Board the draft RFP for consulting services for the Seaside Basin Monitoring and Management Program and a list of potential consultants to be sent the RFP. Moved by Director Leonard, seconded by Mayor Albert, and unanimously carried, to approve a two-part RFP soliciting two proposals from bidders, one for Program Manager and the other for Implementation Services, with the stipulation that the Board has the discretion to award the two-part contract to more than one bidder.

There were no comments from the public on this matter.

The Administrator, by way of e-mail, solicited Technical Committee representatives from each entity. Many have not responded and are asked to do so in writing.

VII. BUDGET AND FINANCE COMMITTEE

To be reviewed under New Business.

VIII. NEW BUSINESS

1. Adopt Administrative (Calendar) Year Budgets

Mr. Evans reviewed the submitted Proposed Administrative Budget covering the remainder of calendar year 2006. A motion was made by Mayor Russell, seconded by Director Leonard, and carried, to approve the Administrative Budget for the remainder of calendar year 2006 as submitted. The landowner representatives abstained from voting.

There were no comments from the public on this matter.

Mr. Evans reviewed the submitted Proposed Planning and Monitoring Operational Budget for the remainder of the 2006 calendar year. Director McKnight requested that the listed Professional Services and Computer Software and Supplies be detailed as much as possible, including groundwater model facilitator services under Professional Services, and any estimates of monitoring software and systems as noted in the Seaside Basin Monitoring and Management Program under Computer Software and Supplies. Moved by Director McKnight, seconded by Director Weeks, and unanimously carried, to approve the Planning and Monitoring Operational Budget for the remainder of the 2006 calendar year, with the addition of estimated line items for Professional Services and Computer Software and Supplies.

There were no comments from the public on this matter.

Mr. Evans reviewed the submitted Proposed Capital Replenishment Budget for the remainder of calendar year 2006. Mr. James Heisinger, Attorney, stated his interpretation of the judgment to be that no Capital Replenishment Budget needs to be established for calendar year 2006. Moved by Director Leonard, seconded by Director McKnight, and unanimously carried, to continue the matter until budget preparation for administrative year 2007, after the per-acre replenishment formula is determined.

2. Authorize Payment of Bills

The Board received and reviewed the submitted Request for Payment of administrative expenses. Administrator Evans informed the Board that itemized bills will appear under the Consent Calendar each meeting for Board review and approval. Moved by Director Leonard, seconded by Director Costa, and unanimously carried to approve the Request for Payment.

IX. NEXT MEETING DATE – OCTOBER 4, 2006, 1:30 P.M., SOPER FIELD, SEASIDE, CALIFORNIA.

X. ADJOURNMENT

There being no further business, Chairman Rubio adjourned the meeting at 3:20 p.m.

**SEASIDE GROUNDWATER BASIN
WATERMASTER**

To: Board of Directors

From: Dewey Evans, CEO

Date: October 4, 2006

Subject: Payment of Bills

Recommendation: That the Board of Directors approve the payment of the bills as listed on the attached report.

Comments:

Contract Compensation:

From September 1 through September 28, 2006 I recorded that I spent a total of 51 direct hours working on Watermaster business. This includes attending meetings, telephone conversations, working on reports, research and other issues.

Reimbursables:

The expenditures, that I am asking for reimbursement consists of; paying the rent for the month of October on the office space at 2600 Garden Road, Suite 228 of \$280.00, purchase of furniture and related items listed for the office at the same location on Garden Road, installing a telephone and internet connection and related office supplies mostly computer printer cartridges, photocopies needed for meetings and other miscellaneous items. Some of the furniture has been delivered with the remainder scheduled to be delivered next week. I am hoping that I will be able to move into the office by the middle of October if not before.

Dewey D Evans

**SEASIDE GROUNDWATER BASIN
WATERMASTER
September, 2006**

Request for Payments:

Contract Compensation :

Chief Executive Officer-Dewey D Evans	
51 hours worked September 1 through September 28, 2006	
@\$75. per hour =	<u>\$3,825.00</u>

Reimbursables:

Pay to Dewey D Evans for personal expenses paid on behalf of
Watermaster project:

Office rental-2600 Garden Road, Suite 228	\$280.00
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Furniture (Office Depot)

Desk	\$349.99	
Credenza	289.99	
File Cabinet's		
2—3 drawer	599.98	
2---2 drawer	579.98	
Tax	<u>131.94</u>	1,951.88

Office—Miscellaneous (Office Depot)

Chair (Executive)	\$299.99	
Chairs (Guest)	399.98	
Paper Shredder	39.99	
ClearMat—Chair	69.99	
Wastebasket	5.49	
Calculator—Desktop	59.99	
Tax	<u>63.46</u>	938.89

AT&T—Initial telephone and internet hookup	186.38
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Miscellaneous office supplies:

Computer printer cartridges, photocopies, etc.	<u>177.37</u>
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Total Reimbursable	<u>\$3,534.52</u>
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**SEASIDE GROUNDWATER BASIN
WATERMASTER**

To: Board of Directors

From: Dewey D Evans, CEO

Date: October 4, 2006

Subject: Authority and direction to receive “Public Records Act Requests”

Recommendation: That the Board approve giving the Chief Executive Officer the authority and direction to receive any and all Watermaster “Public Records Act Requests” as required by the State law.

Comments: The Watermaster has received a request for certain public documents under the California Public Records Act which is being reviewed and acted on. This action being requested will allow all such future requests to be sent directly to the Watermaster’s Chief Executive Officer for follow-up and the appropriate action.

Dewey D Evans

**SEASIDE GROUNDWATER BASIN
WATERMASTER**

To: Board of Directors

From: Dewey D Evans, CEO

Date: October 4, 2006

Subject: Request for Proposals (RFP) for Consulting Services for
Managing and Implementing the Seaside Basin Monitoring and
Management Program

Recommendation: No action necessary (for information only)

Comments: The attached documents, (including the 80 page Seaside Basin Monitoring and Management Program) was distributed to each of the consultants, listed in the documents, on September 28, 2006. All proposals are due back to the Watermaster no later than 5:00 PM on Friday, October 20, 2006. It is expected that a selection of the Consultant will be made by the Board at their next regular meeting on Wednesday, November 1, 2006.

Dewey D Evans

SEASIDE GROUNDWATER BASIN WATERMASTER BOARD

REQUEST FOR PROPOSALS TO PROVIDE CONSULTING SERVICES FOR MANAGING AND IMPLEMENTING THE SEASIDE BASIN MONITORING AND MANAGEMENT PROGRAM

I. BACKGROUND INFORMATION

This Seaside Basin Monitoring and Management Program ("Program") was adopted by the Seaside Basin Watermaster Board on May 17, 2006 to comply with the Judgment entered in the Seaside Groundwater Basin Adjudication (California American Water v. City of Seaside, Monterey County Superior Court, Case Number M66343) and to ensure that the Seaside Groundwater Basin ("Basin") is protected and managed as a perpetual source of water for beneficial uses. This program was developed by the Seaside Groundwater Basin Watermaster Board Technical Committee, a subcommittee of the Seaside Groundwater Basin Watermaster Board (Watermaster). The board is composed of representatives from the following organizations: the Laguna Seca Subarea; the Monterey Peninsula Water Management District; California-American Water Company; the Monterey County / Monterey County Water Resources Agency; and the Cities of Monterey, Sand City, Del Rey Oaks and Seaside.

The Program sets forth actions that will be taken to: (a) monitor current overdraft conditions and the present threat of potential seawater intrusion into the Coastal Subarea of the Basin; (b) develop and import supplemental water supplies for the purpose of eliminating Basin overdraft and the associated threat of seawater intrusion, and (c) establish procedures that will be implemented to address seawater intrusion should seawater intrude into the onshore portions of the Basin. The Court's Decree calls for the Seaside Basin Watermaster to develop a Basin Management Program within one year of the Court's judgment. The Seaside Basin Monitoring and Management Program describes the scope of work for the management program, the monitoring program and schedule that will be undertaken by the Watermaster over the next 12 to 18 months to complete the Basin Monitoring and Management Program. The Program is part of this request for proposals. See Attachment 1 - Seaside Basin Monitoring and Management Program.

Proposals are being sought from qualified individuals and consulting firms for two projects: one to manage Seaside Basin Monitoring and Management Program and one to implement the program. The work outlined in these proposals is not to duplicate efforts already underway for the groundwater modeling portion. Refer to Attachment 2 – Scope of Work for the Groundwater Modeling Component. The Watermaster may select: one firm to complete both projects; one firm to complete the management project and another firm to complete the implementation portion of the work; or may decide not to award an agreement as a result of this RFP

II. PROPOSAL REQUIREMENTS

Proposals should consist of responses to the items below. Please clearly label answers when submitting separate answers to any items. The items must be completely addressed in the text of proposal and be presented in the order indicated. The submissions are subject to a page limitation of fifteen (15) pages in twelve-point font. You are also requested to enclose certain information such as exhibits, which will not count against the page limit. You may attach additional information such as exhibits (which also will not count against the page limit); however, responses to items must be answered within the specified page limit. The Seaside Groundwater Basin Watermaster Board makes no assurances that any non-requested additional information in exhibits will be reviewed.

Required Submittals:

1. Name of proposer and principal contact person, including office location, address, telephone number, fax numbers and e-mail address.
2. Brief description and history of the firm.
3. Description of the team assigned to handle the proposed assignments, including the role of each member, percentage of total work each member is expected to contribute, office location of each member and specific relevant experience. Please enclose resumes of each assigned team member as an exhibit to our proposal.
4. Describe the services and activities as they relate to the proposed scope of service that your firm proposes to provide to the Seaside Groundwater Basin Watermaster Board for this project.
5. Provide as exhibits, listings of your firm's and its principals' experience.
6. Describe your firm's experience, if any, with water management and monitoring programs.
7. Enclosed for your review is a copy of the standard contract, which stipulates insurance requirements. Please respond whether your firm has insurance or can acquire insurance, which meets our minimum standards. The inability to comply does not automatically disqualify a firm from consideration.
8. Provide your proposed hourly fees by job classification and billing criteria for providing the services described in this RFP. **These fees are to be submitted in a separate sealed envelope.**

9. Please provide three professional references. Only use public agencies that your firm or its principals have provided services for within the past five years.
10. You may submit proposals for one or both projects (the program management project and/or the implementation project) : Provide the following information for each project:
 - List of deliverables
 - Schedule (Showing scope of work and major benchmarks)
 - Approach
 - Scope of Work
 - Costs for all Technical Tasks (**in a separate sealed envelope**)

III. PROCEDURES FOR SUBMISSION

Please send ten (10) copies of your proposal to the address by 5:00 PM Pacific Time on Friday, October 20, 2006. Submit to:

Ms. Diana Ingersoll, P.E.
Deputy City Manager – Resource Management Services
City of Seaside
440 Harcourt Avenue
Seaside, CA 93955

**SUBMISSIONS WILL NOT BE ACCEPTED AFTER THIS DEADLINE.
SUBMISSIONS TRANSMITTED BY FAX WILL NOT BE ACCEPTED
UNDER ANY CIRCUMSTANCES.**

All material submitted in accordance with this RFP become property of the Seaside Groundwater Basin Watermaster Board and will not be returned. If you have any questions regarding this RFP, please contact Diana Ingersoll at 831-899-6825. Any other contact with Seaside Groundwater Basin Watermaster Board personnel related to this RFP, prior to the formal appointment of the consultant, is expressly prohibited without the consent of Ms. Ingersoll.

IV. REVIEW AND SELECTION PROCESS

It is the Seaside Groundwater Basin Watermaster Board's intention to make a selection of the Consultant by Wednesday, November 1, 2006. Seaside Groundwater Basin Watermaster Board staff will evaluate the materials provided in response to the Request for Proposals based on the following criteria:

- Conformance to the specified RFP format;
- Organization, presentation and content of proposal;
- Specialized experience and technical competence of the firm (including individuals in the firm assigned to the project), considering the types of services required and the complexity of the project;
- Record of performance, including results of reference checks;
- Proposed plan for completing the work in a timely and professional manner;

The Seaside Groundwater Basin Watermaster Board reserves the right to conduct independent reviews and interview firms submitting proposals prior to making any selection. If the Board elects, the top three proposals may be requested to participate in an interview. If your firm is selected to participate in an oral interview, you will be notified the week prior to the scheduled interview. The Seaside Groundwater Basin Watermaster Board reserves the right to cancel this RFP or reject any or all proposals at any time. The Seaside Groundwater Basin Watermaster Board will not be liable for any costs associated with your firm preparing its response to this RFP.

No proposer will be allowed to modify the content of proposal at any time after the submission deadline, except in direct response to a request from the Seaside Groundwater Basin Watermaster Board for clarification or for an oral interview, provided that no such modification will result in a substantive amendment to the proposal. The Seaside Groundwater Basin Watermaster Board reserves the right to reject any or all proposals received as a result of this request and at its discretion waive any informality, technical defect or clerical error in any proposal.

V. ACCEPTANCE OR REJECTION OF PROPOSAL

The Seaside Groundwater Basin Watermaster Board reserves the right to accept or reject any and all proposals. The Board may select one firm to complete both the management and implementation projects or one firm to complete one project and another firm to complete the other portion of the work. The Board also reserves the right to waive any informality or irregularity in any proposal. Additionally, the Seaside Groundwater Basin Watermaster Board may, for any reason, decide not to award an agreement as a result of this RFP or cancel the RFP process. The Seaside Groundwater Basin Watermaster Board shall not be obligated to respond to any proposal submitted, nor be legally bound in any manner by the submission of the

proposal. The Seaside Groundwater Basin Watermaster Board reserves the right to negotiate project deliverables and associated costs.

IV. ADDENDA AND INTERPRETATION

The Seaside Groundwater Basin Watermaster Board shall not be responsible for nor be bound by any oral instructions or interpretations or explanations issued by the Board or its representatives. Should discrepancies or omissions be found in this RFP or should there be a need to clarify the RFP, you may request clarification in writing and deliver the request to:

Ms. Diana Ingersoll, P.E.
Deputy City Manager – Resource Management Services
City of Seaside
440 Harcourt Avenue
Seaside, CA 93955
(831) 899-6825

Such requests for clarification shall be deliverable to the Seaside Groundwater Basin Watermaster Board at least two business days prior to the proposal due date. Any Board response to a request for clarification will be made in the form of an addendum to this RFP and will be sent to all parties to whom this RFP has been issued prior to the proposal due date. All addenda shall become part of this RFP.

VII. GENERAL DESCRIPTION OF PROPOSED AGREEMENT

Upon conclusion of the RFP process, the recommended Consultant shall enter into contract negotiations with the Seaside Groundwater Basin Watermaster Board in substantial conformity with the selected proposal and the form of the Standard Consultant Agreement (Refer to Attachment 3).

VIII. INSURANCE REQUIREMENTS

The selected Consultant, at Consultant's sole cost and expense and for the full term of the Agreement or any extension thereof, shall obtain and maintain at least all of the insurance requirements outlined in the Standard Consultant Agreement.

All policies, endorsements, certificates, and/or binders shall be subject to approval by the Seaside Groundwater Basin Watermaster Board as to form and content. The selected Consultant agrees to provide the board with a copy of said policies, certificates and/or endorsements.

The selected Consultant shall satisfy these insurance requirements prior to approval of the Agreement. Please address any issues with respect to insurance requirements in your response to questions # 7 in the RFP.

IX. EXAMINATION OF PROPOSED MATERIAL

The submission of a proposal shall be deemed a representation and certification by the Consultant that they have investigated all aspects of the RFP, that they are aware of the applicable facts pertaining to the RFP process, its procedures and requirements, and that they have read and understood the RFP. No request for modification of the statement shall be considered after its submission on grounds that the Consultant was not fully informed as to any facts or condition.

X. PUBLIC NATURE OF PROPOSAL MATERIAL

Responses to this RFP become the exclusive property of the Seaside Groundwater Basin Watermaster Board. As applicable, all proposals received in response to this RFP become a matter of public record and shall be regarded as public records, with the exception of those elements in each proposal which are defined by the Consultant as business or trade secrets and plainly marked as "Confidential," "Trade Secret," or "Proprietary." The Seaside Groundwater Basin Watermaster Board shall not in any way be liable or responsible for the disclosure of any such proposal or portions thereof, if they are not plainly marked as "Confidential," "Trade Secret," or "Proprietary" or if disclosure is required under the Public Records Act. Any proposal which contains language purporting to render all or significant portions of the proposal "Confidential," "Trade Secret," or "Proprietary" shall be regarded as non-responsive.

Although the California Public Records Act recognizes that certain confidential trade secret information may be protected from disclosure, the board may not be in a position to establish that the information that a Consultant submits is a trade secret. If a request is made for information marked "Confidential," "Trade Secret," or "Proprietary," the Seaside Groundwater Basin Watermaster Board will provide the Consultant who submitted the information with reasonable notice to allow the Consultant to seek protection from disclosure by a court of competent jurisdiction.

XI. DISQUALIFICATION

Factors such as, but not limited to, any of the following may be considered just cause to disqualify a proposal without further consideration:

- A. Evidence of collusion, directly or indirectly, amount Consultants in regard to the amount, terms, or conditions of this proposal;
- B. Any attempt to improperly influence any member of the selection staff;
- C. Existence of any lawsuit, unresolved contractual claim or dispute between Consultant and the Seaside Groundwater Basin Watermaster Board;
- D. Evidence of incorrect information submitted as part of the proposal;
- E. Evidence of Consultant's inability to successfully complete the responsibilities and obligations of the proposal; and
- F. Consultant's default under any agreement that results in termination of the Agreement.

XII. NON-CONFORMING PROPOSAL

A proposals shall be prepared and submitted in accordance with the provisions of these RFP instructions and specifications. Any alteration, omission, addition, variance, or limitation of form or to a proposal may be sufficient grounds for non-acceptance of the proposal, at the sole discretion of the Seaside Groundwater Basin Watermaster Board.

XIII. PROHIBITION OF GIFTS

Board officials are subject to several legal and policy limitations regarding receipt of gifts from persons, firms, or corporations either engaged in business with the Seaside Groundwater Basin Watermaster Board, or proposing to do business with the Seaside Groundwater Basin Watermaster Board. The offering of any illegal gift shall be grounds to disqualify a Consultant. To avoid even the appearance of impropriety, Consultants should not offer any gifts or souvenirs, even of minimal value, to Seaside Groundwater Basin Watermaster Board officers or employees. The Consultant shall be subject to the Seaside Groundwater Basin Watermaster Board's prohibition.

XIV. NON-DISCRIMINATION/NON-PREFERENTIAL TREATMENT

The successful Consultant shall not discriminate, in any way, against any person on the basis of race sex, color, age, religion, sexual orientation, actual or perceived gender identity, disability, ethnicity, or national origin, in connection with or related to the performance of board contracts.

XV. ADDITIONAL TERMS AND CONDITIONS

- A. It is anticipated that the award of the Agreement resulting from the RFP shall include terms and conditions similar to those referenced in the Standard Consultant Agreement. Exceptions proposed by the Consultant, if any, to the terms and conditions included in the Standard Consultant Agreement should be included in the proposal. The Seaside Groundwater Basin Watermaster Board reserves the right to consider any proposal exceptions during its evaluation of the acceptability of a proposal.
- B. This RFP does not commit the Seaside Groundwater Basin Watermaster Board to pay any costs incurred in the submission of the proposal or in making any necessary studies or analysis in preparation of submission of the proposal.
- C. The Seaside Groundwater Basin Watermaster Board reserves the right without limitation to:
 - 1. execute an agreement with one or more Consultants based solely on the proposal and any approved additions;
 - 2. enter into an agreement with another Consultant in the event that the originally selected Consultant defaults or fails to execute an agreement with the Seaside Groundwater Basin Watermaster Board;
 - 3. enter into negotiations with one or more Consultants;
 - 4. modify and re-issue the RFP;
 - 5. take action regarding the RFP as may deemed to be in the best interest of the Seaside Groundwater Basin Watermaster Board.
- D. The Seaside Groundwater Basin Watermaster Board reserves the right to verify any information provided during the RFP process. The Seaside Groundwater Basin Watermaster Board may contact references listed or any other person known to have contracted with Consultant.
- E. An agreement shall not be binding or valid with the Seaside Groundwater Basin Watermaster Board unless and until it is executed by authorized representatives of the Seaside Groundwater Basin Watermaster Board and of the Consultant.

**RFP to Manage and Implement the
Seaside Basin Monitoring and Management Program**
September 29, 2006

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Attachments

- 1 – Seaside Basin Monitoring and Management Program
- 2 – Scope of Work for the Groundwater Modeling Component
- 3 - Standard Consultant Agreement

Request for Proposals to Manage and Implement
the Seaside Basin Monitoring and Management Program
September 29, 2006

Attachment 1 - Seaside Basin Monitoring and Management Program

Request for Proposals to Manage and Implement
the Seaside Basin Monitoring and Management Program
September 29, 2006

Attachment 2 - Scope of Work for the Groundwater Modeling Component

September 2, 2006

Seaside Groundwater Basin Watermaster
c/o Diana Ingersoll
City of Seaside
440 Harcourt Avenue
Seaside, CA 93955

Subject: Seaside Groundwater Basin Watermaster, Seaside Basin Monitoring and Management Program: Groundwater Modeling Component

Dear Ms. Ingersoll:

Presented in this proposal is a scope of work to facilitate the further groundwater modeling of the Seaside Basin. The development of a groundwater model for the Seaside Basin is a required component of the Seaside Basin Monitoring and Management Program (Program) being developed to comply with the provisions of the recent Seaside Groundwater Basin Adjudication Judgment. The model will be utilized to better understand the basin water balance and provide for improved management of the basin.

BACKGROUND

Several groundwater modeling efforts have been undertaken in the Seaside Basin over the last couple of decades. It is understood that it is proposed to potentially develop the subject model by “enhancing” one of several existing models of the basin. The previous modeling efforts in the basin are summarized below¹.

	Project	Author	Focus Area of Modeling
1	MPWMD desalination	Staal, Gardner & Dunne, Inc. (1992)	Coastal area near Sand City
2	Monterey Bay Shores	Feeney (1999)	Coastal area near SNG project site
3	Sand City desalination	Feeney & Williams (2002)	Coastal area near Sand City
4	Laguna Seca Phase III report	Yates and others (2002)	Laguna Seca subarea
5	MPWMD desalination	CDM (2004)	Coastal area near Sand City
6	Cal-Am Coastal Water Project, ASR	ASR Systems (2005)	Coastal and inland area near ASR wellfield
7	Seaside Basin adjudication trial	Durbin (2005)	Basinwide area

¹ SOURCE DOCUMENTS:

1. Staal, Gardner & Dunne, Inc., 1992. Feasibility Study, Saline Ground Water Intake/Disposal System, Sand City, California. Prepared for MPWMD, September 1992 (see Appendix G).
2. Feeney, Martin, 1999. Ground Water Operations and Monitoring Plan, Monterey Bay Shores Resort. Prepared for SNG Development Company, August 1999.
3. Feeney, Martin, and Derrick Williams, 2002. Desalination Feedwater/Concentrate Disposal System, Sand City, California. Prepared for City of Sand City, July 2002 (see Appendix C of Sand City Water Supply Project Environmental Impact Report, June 2004).
4. Yates, Eugene, Martin Feeney, and Lewis Rosenberg, 2002. Laguna Seca Subarea Phase III Hydrogeologic Update. Prepared for MPWMD, November 2002 (see Appendix 2).
5. CDM, 2004. MPWMD Sand City Desalination Project Feasibility Study. Prepared for MPWMD, April 16, 2004 (see Appendix G).
6. ASR Systems, LLC, 2005. Technical Memorandum, ASR Wellfield Conceptual Design, Modeling Analysis and Preliminary Environmental Assessment for California-American Water Company Coastal Water Project. Prepared for California American Water, April 30, 2005.
7. Timothy J. Durbin, Inc., 2005. Declaration of Timothy J. Durbin in Support of Motion for Entry of Stipulated Judgment. Prepared for Somach, Simmons & Dunn and California American Water, submitted October 27, 2005.

Most of these models were developed to evaluate the impacts of proposed projects within the basin and are not of regional scale. However, even if one of the existing models is not “enhanced” to become the new model, the existing models provide useful data that will facilitate the development of a new model if that is the more appropriate approach.

After selection of an appropriate model for “enhancement,” or deciding to develop a new model, it is understood that the Board would allocate a budget, develop a scope of services for model development, and select a consultant to perform this work.

The modeling consultant will develop, refine and calibrate the model. From the development and calibration of the model, estimates of safe-yield can be further refined. After training, the Watermaster Technical Board can utilize the calibrated model to evaluate basin management schemes such as redistribution of pumpage or artificial recharge projects.

SCOPE OF WORK

It is my understanding that the Board would like me to facilitate a panel of experts tasked with developing an approach to groundwater modeling of the basin. The goal of the effort is to evaluate the existing modeling efforts and solicit opinions regarding the approach towards development of “the” groundwater model of the basin as required by the Program.

To achieve this goal the following scope of work has been developed:

Task 1 – Project Management and Communications . This task includes communications with Seaside Groundwater Basin Watermaster (SGBW) Board and TAC. This will include progress reports, attendance at meetings, and on-going communications with TAC and Board members, as necessary.

Task 2 – Review Existing Models – Available documentation on the existing models will be acquired and reviewed. The model’s strengths and weaknesses as potential candidate for “enhancement” into the adopted model will be summarized. Model assumptions and “goodness of fit” calibration will be discussed.

Task 3 – Develop List of Participants/Schedule Meeting – Working with the TAC and Board a list of potential experts will be developed. These persons will be solicited as to their interest, availability and fee for participation in the process. A list of the panel members and the estimated cost for panel participation will be summarized and submitted to the Board for approval. After approval, panel members will be contacted to schedule a meeting. After agreeing to a date for meeting, an appropriate venue for the meeting will be found. Possible venues include Cal-Am’s conference room or MPWMD’s conference room.

Task 4 – Meeting Facilitation – Prior to the meeting, an agenda and the work product from Task 2 above will be distributed to panel members. Preliminary meeting topics would include:

- Model Purpose and Use - Expectations
- Existing Models
- Data Sources
- Stratigraphy/Hydrostratigraphy
- Boundary Conditions
- Simulation Period
- Calibration – What constitutes “good fit”
- Parameter Sensitivity – How unique is solution?
- End-user Issues – compatibility

Minutes of the meeting will be taken and the meeting will be recorded. After review and editing, minutes will be distributed to all participants. Budget for this task includes personnel to take, edit and assemble meeting minutes.

Task 5 – Report Preparation – After completion of the meeting(s) and receipt of input of interested parties, a report documenting the model review process and recommending changes to the model or modeling approach will be prepared. The report will include a recommendation of the modeling approach to be pursued. It is understood that the recommended model or modeling approach may or may not reflect a consensus of the experts. This task also includes a presentation to a combined meeting of the TAC, Board and invited stakeholders.

SCHEDULE

It is understood that time is critical for the performance of this effort. However, scheduling meetings between multiple parties can be difficult, and to not include a representative that wishes to attend due to scheduling conflicts, will undermine the legitimacy of the effort. The need to include all interested parties could compromise the schedule. Nevertheless, a reasonable estimate of a schedule is presented below.

Estimated Schedule

Task	Weeks from Notice to Proceed						
	1	2	3	4	5	6	7
Review Models							
Assemble Panel							
Panel Meeting							
TAC/Stakeholders Meeting							
Report							

Request for Proposals to Manage and Implement
the Seaside Basin Monitoring and Management Program
September 29, 2006

Attachment 3 - Standard Consultant Agreement

CONTRACT AGREEMENT

THIS AGREEMENT is made and entered into this --- day of ---, by and between the SEASIDE GROUNDWATER BASIN WATERMASTER BOARD, hereinafter called "Board", and CONSULTANT, hereinafter called "Consultant".

WHEREAS, Board has determined that it is in the public interest to proceed with the work, hereinafter described as "Project"; and

WHEREAS, Board has determined that the Project involves the performance of professional and technical services of a temporary nature; and

WHEREAS, Board does not have available employees to perform the services for the Project; and

WHEREAS, the Board desires to engage the Consultant, and the Consultant agrees, to render certain technical advice and professional services to the Board, as necessary.

THEREFORE, Board and Consultant, for the consideration hereinafter described, mutually agree as follows:

1. **Description of Project.** The project is described as follows:
2. **Proposal Submittal.** The parties hereto mutually agree that the following documents and any addenda thereto are herewith by reference included in this contract as Attachment 1:
3. **Scope of Work.** Consultant's scope of work is described in the proposal attached hereto and incorporated herein by this reference.
4. **Scope of Work--Additional.** It is understood by Board and Consultant that it may be necessary, in conjunction with the Project, for Consultant to perform or secure the performance of consulting and related services other than those set forth in the proposal. If additional services are requested by Board, Consultant shall advise Board in writing of the need for additional services and the cost and estimated time to perform the services. Consultant shall not proceed to perform any such additional service until Board has determined that such service is beyond the scope of the basic services to be provided by Consultant and has given its written authorization to perform. Written approval for performance and compensation for additional services may be granted by the Chairman, Seaside Groundwater Basin Watermaster Board (Chairman). Except as herein above stated, any additional service shall require an amendment to this agreement and shall be subject to all the provisions of this agreement.

5. **Authority of the Chairman, Seaside Groundwater Basin Watermaster Board.** The Consultant shall perform all necessary services provided under the contract and outlined in the proposal and shall do, perform, and carry out said work in a satisfactory and proper manner as determined by and to the satisfaction of the Chairman, Seaside Groundwater Basin Watermaster Board. The Chairman reserves the right to make changes, additions or deletions, of the scope of work as deemed to be necessary or advisable to implement and carry out the purposes of the contract. The Chairman is authorized to execute these changes by amendment agreements.
6. **Responsibility of Consultant.** By executing this agreement, Consultant represents and states to Board that he possesses or will arrange to secure from others all necessary professional capabilities, experience, resources and facilities necessary to provide to Board the services contemplated under this agreement. Consultant further warrants that he will follow the current generally accepted practices of the profession to make findings, render opinions, prepare factual presentations, and provide professional advice and recommendations regarding the project for which services are rendered under this agreement.
7. **Independent Contractor.** The parties to this agreement agree that Consultant, his employees, agents and subconsultants, shall be independent contractors with regard to the providing of services under this agreement and that Consultant's employees, agents and subcontractors shall not be considered to be employees or agents of Board for any purpose and will not be entitled to any of the benefits Board provides for its employees.
8. **Materials and Equipment.** Consultant shall furnish at his own expense all materials and equipment necessary to carry out the terms of this agreement.
9. **Employment of Personnel.** Consultant shall provide experienced and qualified personnel to carry out the work to be performed by Consultant under this agreement and shall be responsible for and in full control of the work of such personnel.
10. **Time of Performance.** Subject to the limitation herein, the Consultant agrees to perform the work and services in accordance with the proposal. The service of the Consultant is to commence upon receipt of a notice to proceed issued by the Watermaster, and shall be undertaken and completed in such a sequence as to assure their expeditious completion in light of the purpose of the contract.
11. **Compensation.** Subject to the limitation herein, the Consultant agrees to perform the work and services specified and outlined in the proposal for the contract amount maximum not to exceed unless specifically authorized by a written contract change order by the Board prior to the commencement of any additional work. The total maximum not to exceed amount for this contract is
12. **Prevailing Salaries.** If the Consultant hires employees, salaries for the various worker classifications to be utilized in the performance of this contract shall be paid equal to or greater than the salaries prevailing in the locality of the work.

13. **Audit Authority.** The Board, the State Controller, or any duly authorized representative shall have access to any books, documents, papers, and records of the Consultant for the purpose of making an audit examination.
14. **Assignment.** Consultant shall not assign any duties, responsibilities or obligations without prior consent of the Board.
15. **Indemnification.** The Consultant shall, and does hereby agree, to defend and indemnify the Board against, and to hold the Board harmless from, any and all damages, claims of damages, including but not limited to attorney's fees, or liabilities of whatever nature arising out of, or in connection with, the services rendered to the Board by the Consultant.

Should it become necessary for Board, its agents, its employees, successors or assignees to incur any costs or expenses, whether direct or indirect, including but not limited to attorney's fees, investigator's fees, collection fees or court costs in connection with any claim or demand for which indemnification is provided by this agreement, or in connection with any attempt to recover losses incurred on such claims or demands, or in connection with the enforcement of this agreement or any portion thereof, Consultant agrees to pay Board such reasonable costs or expenses for which expenditure is made or liability incurred by Board, provided that reimbursement shall be only for such costs and expenses that consultant is held legally liable to pay by a court or forum of competent jurisdiction for negligent performance of consultant's professional services.

16. **Insurance.** The Consultant shall take out and maintain during the life of the contract insurance in the amounts specified herein. The Board, its officers, agents and employees shall be named as additional insured.

Right of general supervision by the Board shall not make the Consultant an agent of the Board, and the liability of the Consultant for all damages to persons or to the public or private property arising from the Consultant's execution of the work shall not be lessened because of such general supervision.

Without limiting Consultant's duty to indemnify, Consultant shall maintain in effect throughout the term of this contract a policy or policies of insurance covering all of its operations with the following types and limits of liability:

A. PROFESSIONAL ERRORS AND OMISSIONS INSURANCE

Consultant shall provide evidence of Professional Liability Insurance on a policy form appropriate to the Consultant's profession. Limits shall be no less than \$2,000,000.00 per claim.

B. AUTOMOBILE LIABILITY INSURANCE:

Comprehensive Automotive Liability covering all motor vehicles including owned, leased, non-owned, and hired vehicles, used in providing services under this Agreement, with a combined single limit of not less than \$1,000,000.00 per occurrence.

C. WORKER'S COMPENSATION INSURANCE:

If employees are hired by the Consultant, then Worker's compensation insurance will be required in accordance with California Labor Code section 3700 and with a minimum of \$1,000,000.00 per occurrence for employer's liability.

Certificate of Insurance. The Consultant will have a certificate of insurance completed and filed with the Board within fifteen [15] days of execution of this agreement and prior to engaging any operation or activities set forth in this agreement. The foregoing policies shall provide that no cancellation, major change in coverage, or expiration by insurance company or insured during the term of this contract shall occur without thirty [30] days written notice to Board prior to the effective date of such cancellation or change in coverage.

17. **Compliance with Laws, Rules, and Regulations.** Services performed by Consultant pursuant to this agreement shall be performed in accordance with full compliance to all applicable Federal, State, or Board statutes and any rules or regulations promulgated thereunder.
18. **Inspection of Work.** The Board representative or his/her designee shall at all times have the right to inspect the work, services or performance of Consultant. Consultant shall furnish all reasonable aid and assistance required by Board for proper examination of the work or services. Such inspection shall not relieve Consultant of any obligation to perform said services in accordance with the law or this agreement.
19. **Waiver.** Consultant agrees that any waiver by Board of any breach or violation of any term or condition of this agreement shall not be deemed to be a waiver of any subsequent breach or violation of the same or any other term or condition. The acceptance by Board of the performance of any work or services by Consultant shall not be deemed to be a waiver of any term or condition of this agreement.
20. **Legal Action.** Should either party to this agreement bring legal action against the other, the case shall be handled in the Monterey County, California, and the party prevailing in such action shall be entitled to a reasonable attorney's fee which shall be fixed by the judge hearing the case, and such fee shall be included in the judgment, together with all costs.

21. **Notices.** All notices herein provided to be given, or which may be given by either party to the other, shall be considered fully received when made in writing and deposited in the United States mail, certified and postage prepaid, and addressed to the respective parties as follows:

Seaside Groundwater Watermaster Board

Diana Ingersoll, P.E.

Chairperson, Seaside Groundwater Basin Watermaster Board Technical Committee

440 Harcourt Avenue

Seaside, CA 93955

Consultant

22. **Non-discrimination.** During the performance of this project, Consultant will not discriminate against any employee or applicant for employment because of race, religion, creed, color, national origin, sex or age. Consultant will take affirmative action to insure that applicants are employed and that employees are treated during employment without regard to their race, religion, creed, color, national origin, sex, or age.
23. **Interest of Consultant.** Consultant declares that he presently has no interest and shall not acquire any interest, direct or indirect, Financial or otherwise, which would conflict in any manner or degree with the performance of the services hereunder. Consultant further declares that in the performance of this agreement no subcontractor or person having such interest shall be employed. Consultant certifies that if he hires any employees that no one who has or will have any financial interest in this agreement is an officer or employee of Board. It is expressly agreed that in the performance of the services hereunder Consultant shall at all times be deemed an independent contractor and not an agent or employee of Board.
24. **Termination of Contract.** This agreement may be terminated by either party upon thirty [30] days written notice to the other party. In the event of such termination, Board shall pay Consultant for all services performed to the date of receipt of notice of termination. An itemized statement of the work performed to the date of termination shall be submitted to the Board. In ascertaining the services actually rendered hereunder up to the date of termination of this agreement, consideration shall be given to both completed work and work in process of completion and to complete and incomplete drawings and other documents whether delivered to the Board or in the possession of the Consultant.
25. **Ownership of Document.** All documents, original tracings, and specifications shall be the property of the Board and may be reused by the Board without additional compensation to the Consultant. Consultant shall have no responsibility nor liability for documents furnished for this project which are changed without its consent or reused on another project.
26. **Jurisdiction.** This agreement shall be administered and interpreted under the laws of the State of California. Jurisdiction of litigation arising from this agreement shall be in California. If any part of this agreement is found to be in conflict with applicable laws, such part shall be

inoperative, null insofar as it is in conflict with said laws, but the remainder of the agreement shall continue to be in full force and effect.

27. **Integrated Agreement.** This agreement represents the entire understanding of Board and Consultant as to those matters contained herein. No prior oral or written understanding shall be of any force or effect with respect to those matters covered in it. This agreement may not be modified or altered except by amendment in writing signed by both parties.

IN WITNESS WHEREOF, the parties hereto have made and executed this agreement the day and year first above written.

SEASIDE GROUNDWATER
BASIN WATERMASTER
BOARD
"Board"

"Consultant"

by _____
Ralph Rubio
Chairman,
Seaside Groundwater Basin Watermaster Board

by _____

**Seaside Groundwater Basin Watermaster Board
List of Potential Consultants For
The Seaside Basin Monitoring and Management Program**
September 15, 2006

<u>Consultant Name</u>	<u>Western Region Contact</u>	<u>Response</u>	<u>Interested Yes / No</u>
ASR Systems	David Pyne 540 NE Fifth Ave Gainesville, FL 32601 352-336-3820 dpyne@asrsystems.ws		
Brown & Caldwell	Bill Faisst, P.E., PhD 201 North Civic Drive, Suite 115 Walnut Creek, CA 94596 925-210-2384 bfaisst@brwnald.com		
Carollo	Ron Joost 3033 N. 44th Street Phoenix, AZ 85018 602-263-9500		
Black & Veatch	Joanna Craig, Marketing Specialist2850 E. Camelback Road, Suite 240Phoenix, AZ 85016 602-381-4400 craigjm@BV.com		
CDM	John Toyoda, Vice President One Walnut Creek Center100 Pringle AvenueWalnut Creek, CA 94956 925-933-900 toyodajr@cdm.com		
HDR	Timothy J. Monahan, P.E. or Peter Talbott 2121 North California Boulevard, Suite 475 Walnut Creek, CA 94596 925-974-2506 timothy.Monahan@hdrinc.com peter.talbott@hdrinc.com		
CH2MHill	Dan Wendell155 Grand Avenue, Suite 1000 Oakland, CA 95612 510-587-777 dan.Wendell@ch2m.com		

Golder Associates	Stephen Thomas 18300 NE Union Hill Road, Suite 200 Redmond, WA 98052 425-883-0777 sthomas@golder.com		
Parsons	Loren Weinbrenner 362 Pacific St. Ste #5 Monterey, CA 93940 831-224-3516 loren.weinbrenner@parsons.com		
PBS&J	Gary Silverman, P.E., DEE 9275 Sky Park Court, Suite 200 San Diego, CA 92123-4386 858-514-1037 gpsilverman@pbsj.com		
Stanley Consultants	David Fabiano, P.E. 1661 E. Camelback Road, Suite 400 Phoenix, AZ 85016 602-508-3028 fabianodavid@stanleygroup.com		
MWH	Jim Borchardt 301 North Lake Avenue, Suite 600 Pasadena, CA 91101 626		
URS	Greg Reichert 1333 Broadway, Suite 800 Oakland, CA 94612 510-893-3600 greg_reichert@urscorp.com		
RMC	Raines, Melton and Carella, Inc Yusra Tilden, P.E. 2290 North First Street, Ste 208 San Jose, CA 95131 www.rmccngr.com (408) 943-1501 phone (408) 943-1506 fax		
Metcalf & Eddy	Bruce Engerholm 610 W. Ash Street, Suite 700 San Diego, CA 92101 619-683-8701 bruce.engerholm@m-e.aecom.com		

West Yost & Associates	Richard Hubel 131A Stony Circle, Suite 400 Santa Rosa, CA 95401 707-566-6621 rhubel@westyost.com		
RBF Consulting	Harvey Oslick, P.E. 2101 Arena Blvd, Suite 250 Sacramento, CA 95834-2303 916-928-1113 ph 916-928-1117 fax		
RJA	Ruggeri-Jensen-Azar & Assoc 8055 Camino Arroyo Gilroy, CA 95020 408-848-0300 ph 408-848-0302 fax		
Schaaf & Wheeler	Harvey R. Oslick, P.E. 200 12 th Street, Suite 200 Marina, CA 93933 831-582-2648 ph 831-582-2649 fax		
IMS	Ann Burgess, Research Mgr 945 Hornblend Street, Suite G San Diego, CA 92109 858-490-8806 ph 858-490-8811 fax ca2@imsinfo.com		
CNI	April Hawkins Consultants Information Network P.O. Box 417816 Sacramento, CA 916-991-0203 phone 916-991-175 fax ahawkins@a-ecin.com		
PTR	Najib Kushkaki 11664 River Rim Road San Diego, CA 92126 858-566-6468 phone projx@aol.com		

Public Agencies:

Monterey Peninsula Water management District – David Berger, General Manager
 Monterey County Water Resources Agency – Curtis Weeks, General Manager
 Marina Coast water District – Mark Lucca, General Manager

**SEASIDE GROUNDWATER BASIN
WATERMASTER**

To: Board of Directors

From: Dewey Evans, CEO

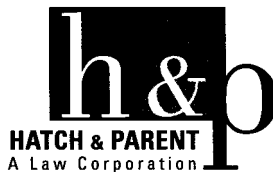
Date: October 4, 2006

Subject: Clarification of Replenishment Formula Assessment

Recommendation: That the Board vote to provide the support requested from the attorneys representing both California American Water Co. and the City of Seaside to seek clarification from the Court on the formulaic approach for calculating the Over-Production Replenishment Assessment as outlined in the attached letter.

Comments: The enclosed letter signed by both attorneys, one representing the City of Seaside and the other representing the California American Water Co., requests that the Watermaster Board of Directors vote to provide its support to settle the disputed issue of over-production by seeking clarification from the Court. By using this process it is hoped that the matter can be resolved amicably and efficiently without further expensive and delayed judicial action.

Dewey D Evans



21 East Carrillo Street Santa
Barbara, CA 93101
Telephone: (805) 963-7000
Fax: (805) 965-4333

Russell M. McGlothlin
(805) 882-1418
RMcGlothlin@HatchParent.com

September 12, 2006

Seaside Basin Watermaster
C/O Dewey Evans, Administrative Director
C/O City of Seaside, Finance Department
440 Harcourt Avenue
Seaside, CA 55

Re: Over-Production Replenishment Assessment

Dear Mr. Evans:

This letter and the recommendation set forth herein are submitted jointly by the City of Seaside ("City") and California American Water ("Cal Am") regarding the Over-Production Replenishment Assessment ("Over-Production RA"), as set forth within the Seaside Basin Judgment ("Judgment"). (See Judgment, pp. 11, 14,32.). The Judgment requires the Seaside Basin Watermaster ("Watermaster") to assess the Over-Production RA at the end of each year on each Producer that produced groundwater during the preceding year in excess of their proportionate share of the Seaside Groundwater Basin's Natural Safe Yield.¹ The OverProduction RA is distinguished from a separate and additional assessment on production by a Producer in excess of their Base Water Right (i.e., Operating Yield Over-Production). (See Judgment, pp. 32-33.)

The City and Cal Am each advocate a different formulaic approach for calculating the Over-Production RA. However, the difference in opinion is primarily the result of the lack of specificity within the Judgment regarding the approach that should be applied. In short, the two approaches differ in that the City contends that each Producer's share of the Natural Safe Yield should be determined on a subarea by subarea basis (e.g., different calculations for the Laguna Seca and Coastal subareas), while Cal Am recommends a basin-wide approach (e.g., the Base Water Rights within each subarea would be combined to determine each Producer's share of the cumulative basin-wide Natural Safe Yield). Each party has a financial interest in their respective position in that the competing approaches affect the percentage of the cumulative OverProduction RA borne by each party as general matter, but the dollar-sum variance between the approaches is not substantial.

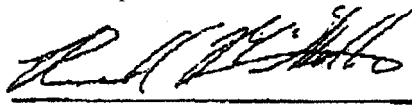
¹ The Over-Production RA only applies to Producers producing groundwater pursuant to a Standard Production Allocation.

Sesside Basin Watemlaster
september 12, 2006
Page 2

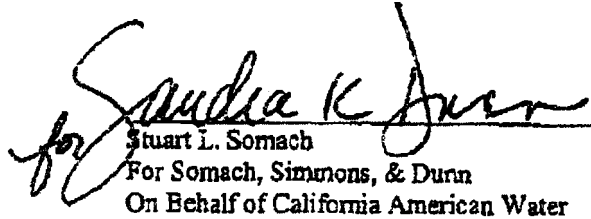
The Judgment's terms do not necessarily favor one approach over the other. Moreover, the matter is one of Judgment interpretation rather than Judgment implementation. As such, it is not a matter that is appropriate for delamination by the Watermaster. Therefore, both parties believe the correct method to resolve the issue is to seek clarification from the Court this fall. The parties desire such judicial review to be undertaken amicably and efficiently with the parties simply submitting respective pleadings setting forth their preferred approach and supportive reasoning. Oral argument before the Court would likely not be needed unless the Court prefer otherwise.

We request that the Watermaster provide its support for this approach so that the Over-Production RA can be issued without delay at the end of the year. Please provide us with the Watermaster's feedback in this regard. Also, please contact Mr. Somach or myself should you have any questions concerning this matter or our joint recommendation that this matter be submitted for judicial determination.

Sincerely,
Russell M. McGlothlin For HATCH & PARENT
A Law Corporation



On Behalf of the
City of Seaside



Stuart L. Somach
For Somach, Simmons, & Durn
On Behalf of California American Water