

# SEASIDE GROUNDWATER BASIN WATERMASTER

## REGULAR BOARD MEETING AGENDA

WEDNESDAY, FEBRUARY 2, 2011 - 2:00 P.M.

### MEETING LOCATION

MONTEREY REGIONAL WATER POLLUTION CONTROL AGENCY

BOARD ROOM, 5 HARRIS COURT, BUILDING "D"

"RYAN RANCH"

MONTEREY, CALIFORNIA

### **WATERMASTER BOARD:**

Coastal Subarea Landowner – Director Paul Bruno, Vice Chair

City of Seaside – Mayor Felix Bachofner

Monterey Peninsula Water Management District – Director Bob Brower

City of Del Rey Oaks – Mayor Jerry Edelen

California American Water – Director Craig Anthony

Laguna Seca Subarea Landowner – Director Bob Costa

City of Monterey – Mayor Chuck Della Sala

City of Sand City – Mayor David Pendergrass

Monterey County/Monterey County Water Resources Agency -- Supervisor Dave Potter, District 5

### **I. CALL TO ORDER**

### **II. ROLL CALL**

### **III. MINUTES**

The minutes of the Regular Board meeting of December 1, 2010 are attached to this agenda. The Board is requested to consider approving 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 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 would use the microphone and state their names. Oral communications are now open.

### **VI. CONSENT CALENDAR**

A. Consider Approval of Summary for Payments made during December, 2010 and January, 2011 totaling **\$65,693.58**

B. Consider Fiscal Year Financial Reports through December 31, 2010

C. Consider Ratifying CEO Approval of one new Contract with Central Coast Surveyors and a Modification to an Existing Contract with MPWMD, each under \$10,000.

### **VII. ORAL PRESENTATION**

None scheduled

**VIII. OLD BUSINESS**

- A. Discussion/Possible Appointment of Public Member to the Technical Advisory Committee (TAC)

**IX. NEW BUSINESS**

**A. COMMITTEE REPORTS**

**1. BUDGET AND FINANCE COMMITTEE**

- a). Discussion/Consider Approving California American Water's Request to Allow a Credit for actual expenditures incurred in calendar year 2008 for pursuing the Coastal Water Project amounting to \$5,095,213 to be used to offset the Watermaster Year 2009/2010 Overproduction Replenishment Assessment

- B. Discussion/Possible Election of Vacant Watermaster Officer's' Positions

**X. INFORMATIONAL REPORTS (No Action Required)**

- A. Timeline Schedule of Milestone Dates (Critical date monitoring)
- B. Technical Advisory Committee (TAC) minutes from January 12, 2011 meeting

**XI. DIRECTOR'S REPORTS**

**XII. EXECUTIVE OFFICER COMMENTS**

**XIII. NEXT REGULAR MEETING DATE –MARCH 2, 2011 (MRWPCA-Board Room) 2:00 P.M.**

**XIV. ADJOURNMENT**

This agenda was forwarded via e-mail to the City Clerks of Seaside, 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, Monterey Regional Water Pollution Control Agency and the California American Water Company for posting on January 27, 2011 per the Ralph M. Brown Act, Government Code Section 54954.2(a).

**ITEM NO. III.**

**MINUTES**

**REGULAR MEETING**  
Seaside Groundwater Basin Watermaster  
*December 1, 2010*

**DRAFT MINUTES**

**I. CALL TO ORDER**

Chairman Rubio called the meeting to order at 2:00 p.m. in the Monterey Regional Water Pollution Control Agency Boardroom at 5 Harris Court, Building D, Monterey.

**II. ROLL CALL**

City of Seaside – Mayor Ralph Rubio, Chairman  
Coastal Subarea Landowner – Director Paul Bruno, Vice Chair  
City of Del Rey Oaks – Mayor Jerry Edelen  
California American Water (“CAW”) – Director Craig Anthony  
Monterey Peninsula Water Management District (“MPWMD”) – Director Regina Doyle, Alternate  
Laguna Seca Subarea Landowner – Director Bob Costa  
City of Sand City – Mayor David Pendergrass  
Monterey County/Monterey County Water Resources Agency (“MCWRA”) – Supervisor Dave Potter

Absent: City of Monterey – Mayor Charles “Chuck” Della Sala

**III. APPROVAL OF MINUTES**

**Moved by Supervisor Potter, seconded by Director Costa, and unanimously carried, to approve the minutes of the Watermaster Regular Meeting held November 3, 2010.**

**IV. PUBLIC PARTICIPATION/ORAL COMMUNICATIONS**

There were no questions or comments from the public.

**VI. CONSENT CALENDAR**

- A. Consider Approval of Summary for Payments made during November, 2010 totaling **\$22,965.00**
- B. Consider Fiscal Year Financial Reports through November 30, 2010.

**Moved by Director Bruno, seconded by Supervisor Potter, and unanimously carried, to approve the consent calendar as presented.**

**VII. ORAL PRESENTATION**

There were no oral presentations.

**VIII. OLD BUSINESS**

- A. Discussion/Consider Adopting for Water Year 2011 a **Declaration regarding the Availability of Artificial Replenishment Water** – Watermaster CEO, Dewey Evans reviewed the revisions to the 2011 Declaration, stating that no artificial replenishment water was declared available for water year 2011. The Watermaster web site will be updated with the revised Declaration once approved by the board. Mr. Evans noted that it was unknown to what degree in-lieu replenishment would be achieved by the City of Seaside In-Lieu Replenishment Project in the current Water Year and whether it would be enough to avoid the 10% reduction in pumping in Water Year 2012 per the Decision.

**Moved by Director Bruno, seconded by Director Costa, and unanimously carried, to adopt for Water Year 2011 the Declaration regarding the Availability of Artificial Replenishment Water as presented.**

- B. Discussion/Consider Approving Watermaster Annual Report for WY 2010 due to be filed with the Court on or before December 31, 2010 – Mr. Evans reported to the board that the request to the Court for a deadline extension for filing the Annual Report had been granted to December 23, 2010. The Annual Report presented contained modifications to account for the changes to the 2011 Declaration regarding Artificial Replenishment Water discussed under the previous agenda item. The Watermaster web site would be updated with the latest approved 2010 Annual Report.

**Moved by Director Bruno, seconded by Mayor Edelen, and unanimously carried, to approve the Watermaster Annual Report for WY 2010 as presented, to be filed with the Court by December 23, 2010.**

#### IX. NEW BUSINESS

- A. Discussion/Consider Approving a Memorandum of Understanding (MOU) between the Monterey Peninsula Water Management District (MPWMD), the Marina Coast Water District (MCWD), the City of Seaside and the Seaside Groundwater Basin Watermaster regarding a land transfer between the City of Seaside and the Marina Coast Water District and the repayment of 68.8 acre feet of water loaned by MCWD to MPWMD for aquifer storage and recovery testing done in January, 2009. Mr. Evans stated the MOU was still undergoing edits. Attorney Don Freeman for the City of Seaside addressed the board asking that it consider the MOU arrangement as a solution to the repayment issue. Director Anthony felt the arrangement was an option with merit.

**Moved by Supervisor Potter, seconded by Mayor Edelen, and unanimously carried to continue the item to the next regular Watermaster board meeting.**

#### X. INFORMATIONAL REPORTS (No Action Required)

- A. Timeline Schedule of Milestone Dates (Critical date monitoring)
- B. Technical Advisory Committee (“TAC”) meeting notes of November 10, 2010.
- C. Establishing Regular Board of Directors and Technical Advisory Committee (TAC) meeting dates for Calendar Year 2011.

#### XI. DIRECTORS’ REPORTS

Chair Rubio bid farewell to the board at his last meeting; the next meeting would be conducted by Vice Chair Bruno. Chair Rubio thanked the board for allowing him to serve. Supervisor Potter thanked Chair Rubio on behalf of himself and his constituency for his years of service and leadership in water issues.

#### XII. EXECUTIVE OFFICER COMMENTS

The Technical Advisory Committee regular meeting of December 8, 2010 was cancelled. Mr. Jaques noted that there had not been a quorum at the last TAC meeting however Director Costa and the cities of Sand City and Del Rey Oaks had committed to sending a representative consistently from this point forward.

**NEXT MEETING DATE – It was agreed that the next Regular Meeting would be held on Wednesday, January 5, 2011, at the Monterey Regional Water Pollution Control Agency (MRWPCA) Board meeting room at 5 Harris Court, Building "D" on Ryan Ranch in Monterey at 2:00 p.m.**

XIII. There being no further business, Chair Rubio adjourned the meeting at 2:40 p.m.

**ITEM NO. VI.**

**CONSENT CALENDAR**

**SEASIDE GROUNDWATER BASIN  
WATERMASTER**

**TO:** Board of Directors

**FROM:** Dewey D Evans, CEO

**DATE:** February 2, 2011

**SUBJECT:** Summary of Payments Authorized to be paid during the months of December, 2010 and January, 2011

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**PURPOSE:**

To advise the Board of payments authorized to be paid during the months of December, 2010 and January, 2011

**RECOMMENDATIONS:**

Consider approving the payment of bills submitted and authorized to be paid during the months of December, 2010 and January, 2011..

**COMMENTS and FISCAL IMPACT:**

**December**

**DDEvans Consulting** (Professional Services Agreement—CEO)—November 22, 2010 through December 22, 2010 worked on Watermaster business a total of 57.0 hours at \$100.00 per hour or **\$5,700.00**. Responded to telephone inquiries, e-mail, and other correspondence as needed regarding the Seaside Basin. Prepared, attended and provided follow-up action from December 1, 2010 Board meeting. Prepared and sent out replenishment assessments. Spent time preparing agenda for January 5, 2011 regular Board meeting which was later cancelled due to lack of agenda items. Received request from Sierra Club’s Larry Silver and provided requested documents. Corresponded with person interested in becoming a member of the TAC. Had several conversations with CalAm’s Lori Girard on several legal matters. Sent out notice looking for agenda items. Worked with Lori Girard on Annual Report modifications and she sent out final report to Court on December 21, 2010. Several discussions with George Riley on WM budgets and CalAm pumping issues.

**Robert “Bob” Jaques** (Technical Program Manager)—November 20, 2010 through December 23, 2010 worked on Watermaster business a total of 20.5 hours at \$100.00 per hour or **\$2,050.00**. Reviewed final draft of the Annual Report and e-mailed comments and questions to Laura Dadiw. E-mails on variety of TAC issues; prepare for and attended the December 1, 2010 Board meeting. Worked on RFS to MPWMD and HydroMetrics for calendar year 2011 services. Met with D. Edson and Joe Oliver @ Central Coast Surveyors office regarding RFS for wellhead survey work. Worked on TAC meeting agenda and e-mailed same to TAC members.



**Monterey Peninsula Water Management District (MPWMD)**-Three invoices were submitted for payment covering the last six months of calendar year 2010 (July 1 through December 31) totaling **\$50,618.58**. The amount billed include performing water level and water quality data collection for specified wells within the Seaside Basin and for performing certain tasks contained within the Watermaster's Monitoring and Management Plan for 2010. The third invoice was for work authorized for implementation of improvements to be made to the Watermaster's Database Under RFS No. 2010-03.

Total for December, 2010 **\$58,368.58**

### **January**

**DDEvans Consulting** (Professional Services Agreement—CEO—December 27, 2010 through January 26, 2011 worked on Watermaster business a total of 48.5 hours at \$100.00 per hour or **\$4,850.00**. Responded to telephone inquiries, e-mail, and other correspondence as needed regarding the Seaside Basin. Sent out cancellation notice of January 5, 2011 Board meeting to all parties. Updated computer address files for Watermaster listings. Discussions with Darby Fuerst regarding four party MOU re: 68.8 acre feet of water injected into the Basin by MPWMD. Review of TAC agenda. Research on past Board meetings. Receiving and reviewing water production reports due in WM office by January 15<sup>th</sup>. Sent e-mail to members of four party MOU agreement. Sent out e-mail requesting agenda items for February 2, 2011 Board meeting agenda. Received and reviewed CAW's request for replenishment assessment credit. E-mailed suggested meeting dates and time to Budget and Finance Committee members. Met with Budget and Finance Committee members at Seaside City Hall. Worked on February 2, 2011 Board meeting agenda and agenda packet.

**Robert "Bob" Jaques** (Technical Program Manager)—January 5, 2011 through January 26, 2011 worked on Watermaster business a total of 24.75 hours at \$100.00 per hour or **\$2,475.00**. Prepared e-mails on TAC issues; edits to RFS with Central Coast Surveyors for wellhead survey work. Met with Joe Oliver to rehearse and set up equipment for January 12, 2011 TAC meeting. Prepared and attended TAC meeting. Review Database to identify missing data for possible future inputing. Prepared and sent out minutes from January 12 TAC meeting. Reviewed CAW request for replenishment assessment credit proposal. Work on preparing Board meeting reports for February 2, 2011 regular Board meeting.

Total for January, 2011 **\$7,325.00**

Grand total for both December and January **\$65,693.58**

**Seaside Groundwater Basin Watermaster**  
**Budget vs. Actual Administrative Fund**  
 Fiscal Year (January 1 - December 31, 2010)  
 Balance through December 31, 2010

|   | <b>2010 Adopted<br/>Budget</b> | <b>Contract<br/>Amount</b> | <b>Year to Date<br/>Revenue /<br/>Expenses</b> |
|---|--------------------------------|----------------------------|--|
| <b>Available Balances &amp; Assessments</b> |                                |                            |  |
| Dedicated Reserve                           | 25,000.00                      |                            | 25,000.00                                      |
| (Rollover)                                  | 43,000.00                      |                            | 47,416.90                                      |
| Assessments                                 | 82,000.00                      |                            | 48,792.00                                      |
| <b>Available</b>                            | <b>150,000.00</b>              |                            | <b>121,208.90</b>                              |
| <b>Expenses</b>                             |                                |                            |  |
| Contract Staff                              | 100,000.00                     | 100,000.00                 | 58,875.00                                      |
| Legal Advisor                               | 25,000.00                      | -                          | -  |
| <b>Total Expenses</b>                       | <b>125,000.00</b>              | <b>100,000.00</b>          | <b>58,875.00</b>                               |
| <b>Total Available</b>                      | 25,000.00                      |                            |  |
| <b>Dedicated Reserve</b>                    | 25,000.00                      |                            |  |
| <b>Net Available</b>                        | -                              |                            |  |

**Administrative Fund Assessments owed by City of Seaside**

|                                |        |
|--------------------------------|--------|
| FY 2009 (including 5% penalty) | 16,444 |
| FY 2010 (including 5% penalty) | 8,618  |

**Seaside Groundwater Basin Watermaster**  
**Budget vs. Actual Monitoring & Management - Operations Fund**  
 Fiscal Year (January 1 - December 31, 2010)  
 Balance through December 31, 2010

VI.B.  
2/2/2010

|   | 2010 Adopted<br>Budget | Contract<br>Encumbrance | Year to Date<br>Revenue/Expenses |
|---|------------------------|-------------------------|----------------------------------|
| <b>Available Balances &amp; Assessments</b> |                        |                         |                                  |
| Monitoring & Management - Ops Fund          | \$ 351,664.00          | \$ -                    | \$ 327,047.52                    |
| FY 2009 Rollover                            | 361,581.00             | -                       | 361,581.00                       |
| <b>Total Available</b>                      | <b>\$ 713,245.00</b>   | <b>\$ -</b>             | <b>\$ 688,628.52</b>             |
| <b>Appropriations &amp; Expenses</b>        |                        |                         |                                  |
| <b>GENERAL</b>                              |                        |                         |                                  |
| Technical Project Manager                   | \$ 100,000.00          | \$ 100,000.00           | \$ 38,625.00                     |
| Contingency @ 20% (not including TPM )      | 41,944.00              | \$ 41,944.00            | -                                |
| <b>Total General</b>                        | <b>\$ 141,944.00</b>   | <b>\$ 141,944.00</b>    | <b>\$ 38,625.00</b>              |
| <b>CONSULTANTS (Hydrometrics)</b>           |                        |                         |                                  |
| Program Administration                      | \$ 8,000.00            |                         |                                  |
| Production/Lvl/Qlty Monitoring              | 30,000.00              | \$ 12,000.00            | \$ 24,953.56                     |
| Basin Management (BMAP, Modeling)           | 50,000.00              |                         |                                  |
| Seawater Intrusion (Plan, Analysis)         | 27,000.00              | 22,020.00               | 22,050.00                        |
| <b>Total Consultants</b>                    | <b>\$ 115,000.00</b>   | <b>\$ 34,020.00</b>     | <b>\$ 47,003.56</b>              |
| <b>MPWMD</b>                                |                        |                         |                                  |
| Production/Lvl/Qlty Monitoring              | \$ 91,120.00           | 74,780.00               | \$ 77,254.27                     |
| Basin Management                            | -                      | 5,000.00                | -                                |
| Seawater Intrusion                          | 3,600.00               | 3,600.00                | 1,800.00                         |
| Direct Costs                                | -                      | -                       | -                                |
| <b>Total MPWMD</b>                          | <b>\$ 94,720.00</b>    | <b>\$ 83,380.00</b>     | <b>\$ 79,054.27</b>              |
| <b>Transfer Out to Capital Fund</b>         |                        |                         |                                  |
|   |                        |                         | -                                |
| <b>Total Appropriations &amp; Expenses</b>  | <b>\$ 351,664.00</b>   | <b>\$ 259,344.00</b>    | <b>\$ 164,682.83</b>             |
| <b>Total Available</b>                      | <b>361,581.00</b>      |                         |                                  |

Operations Fund Assessments owed by City of Seaside

|                                |        |
|--------------------------------|--------|
| FY 2009 (including 5% penalty) | 50,274 |
| FY 2010 (including 5% penalty) | 25,847 |

**Seaside Groundwater Basin Watermaster  
 Budget vs. Actual Monitoring and Management - Capital Fund  
 Fiscal Year (January 1 - December 31, 2010)  
 Balance through December 31, 2010**

VI.B.  
 2/2/2010

|   | <b>2010<br/>Adopted<br/>Budget</b> | <b>Contract<br/>Encumbrance</b> | <b>Year to Date<br/>Revenue /<br/>Expense</b> |
|---|------------------------------------|---------------------------------|---|
| <b>Available Balances and Assessments:</b>              |                                    |                                 |   |
| Monitoring & Management Fund - Capital                  | \$ -                               |                                 | \$ -  |
| FY 2007-2008 Rollover to 2009                           | 5,499                              |                                 | 5,499   |
| Transfer in from Operations Fund                        | -                                  |                                 | -   |
| <b>Subtotal</b>   | <u>5,499</u>                       |                                 | <u>5,499</u>                                  |
| <b>Appropriations &amp; Expenses:</b>                   |                                    |                                 |   |
| Professional Services                                   |                                    |                                 |   |
| Project Management                                      | -                                  | -                               | -   |
| <b>Subtotal</b>   | <u>-</u>                           | <u>-</u>                        | <u>-</u>                                      |
| Direct Costs  |                                    |                                 |   |
| Well Drilling -   | -                                  | -                               | -   |
| <b>Subtotal</b>   | <u>-</u>                           | <u>-</u>                        | <u>-</u>                                      |
| <b>Total Appropriations and Expenses</b>                | <u>\$ -</u>                        | <u>\$ -</u>                     | <u>\$ -</u>                                   |
| <b>Total Available</b>                                  | <u><u>\$ -</u></u>                 |                                 |   |
| <b>Capital Fund Assessments owed by City of Seaside</b> |                                    |                                 |   |
| FY 2009 (including 5% penalty)                          |                                    | 16,538                          |   |
| <b>Total</b>  |                                    | <u><u>\$ 16,538</u></u>         |   |

| Seaside Groundwater Basin Watermaster  |  |                     |                     |                       |                    |                     |                        |                      | ITEM VI.B                        |
|--|--|---------------------|---------------------|-----------------------|--------------------|---------------------|------------------------|----------------------|----------------------------------|
| Budget vs. Actual - Replenishment Fund   |  |                     |                     |                       |                    |                     |                        |                      | 2/2/2010                         |
| Water Year 2010 (October 1 - September 30) / Fiscal Year (January 1 - December 31, 2010) |  |                     |                     |                       |                    |                     |                        |                      |                                  |
| Balance through December 31, 2010  |  |                     |                     |                       |                    |                     |                        |                      |                                  |
|  |  |                     |                     |                       |                    |                     |                        |                      |                                  |
| Replenishment Fund   |  | 2006                | 2007                | 2008                  | 2009               | 2010                | Totals Through WY 2010 | Proposed Budget 2011 | Projected Totals Through WY 2011 |
| Assessments:   |  | WY 05/06            | WY 06/07            | WY 07/08              | WY 08/09           | WY 09/10            |                        | WY 10/11             |                                  |
| Unit Cost:   |  | \$1,132             | \$1,132             | \$2,485               | \$3,040            | \$2,780             |                        | \$2,780              |                                  |
| <b>California American Water</b>   |  |                     |                     |                       |                    |                     |                        |                      |                                  |
|  | Exceeding Natural Safe Yield Considering Alternative Producers | \$ 2,106,652        | \$ 2,484,533        | \$ 5,164,969          | \$ 3,773,464       | \$ 4,112,933        | \$ 17,642,552          | \$ 3,319,320         | \$ 20,961,872                    |
|  | Operating Yield Overproduction Replenishment                   | -                   | 80,938              | 34,045                | -                  | -                   | 114,983                | -                    | 114,983                          |
|  | <b>Total California American</b>                               | 2,106,652           | 2,565,471           | 5,199,014             | 3,773,464          | 4,112,933           | 17,757,535             | 3,319,320            | 21,076,855                       |
|  | <b>CAW Credit Against Assessment</b>                           | <b>(465,648)</b>    |                     | <b>(12,305,924)</b>   | <b>(3,741,714)</b> | -                   | <b>(16,513,286)</b>    | -                    | <b>(16,513,286)</b>              |
|  | <b>CAW Unpaid Balance</b>                                      | <b>\$ 1,641,004</b> | <b>\$ 2,565,471</b> | <b>\$ (7,106,910)</b> | <b>\$ 31,750</b>   | <b>\$ 4,112,933</b> | <b>\$ 1,244,249</b>    | <b>\$ 3,319,320</b>  | <b>\$ 4,563,569</b>              |
| <b>City of Seaside - Municipal</b>   |  |                     |                     |                       |                    |                     |                        |                      |                                  |
|  | Exceeding Natural Safe Yield Considering Alternative Producers | \$ 169,200          | \$ 173,739          | \$ 385,642            | \$ 399,211         | \$ 231,961          | \$ 1,359,753           | \$ 369,740           | \$ 1,729,493                     |
|  | Operating Yield Overproduction Replenishment                   | 50,487              | 340                 | 16,898                | 66,090             | 82,761              | 216,575                | 61,438               | 278,013                          |
|  | <b>Total Municipal</b>   | 219,687             | 174,079             | 402,540               | 465,300            | 314,721             | 1,576,328              | 431,178              | 2,007,506                        |
| <b>City of Seaside - Golf Courses</b>  |  |                     |                     |                       |                    |                     |                        |                      |                                  |
|  | Exceeding Natural Safe Yield - Alternative Producer            | -                   | -                   | 131,705               | 69,701             | -                   | 201,406                | -                    | 201,406                          |
|  | Operating Yield Overproduction                                 | -                   | -                   | 131,705               | 69,701             | -                   | 201,406                | -                    | 201,406                          |
|  | <b>Total Golf Courses</b>                                      | -                   | -                   | 263,410               | 139,402            | -                   | 402,812                | -                    | 402,812                          |
|  | <b>Total City of Seaside*</b>                                  | 219,687             | 174,079             | 665,950               | 604,702            | 314,721             | 1,979,140              | 431,178              | 2,410,318                        |
|  | City of Seaside Late Payment 5%                                | 10,984              | 8,704               | 26,712                | 26,750             |                     | 73,150                 |                      | 73,150                           |
|  | <b>In-lieu Credit Against Assessment</b>                       | -                   |                     | -                     | -                  | <b>(888,349)</b>    | <b>(888,349)</b>       | -                    | <b>(888,349)</b>                 |
|  | <b>City of Seaside Unpaid Balance</b>                          | <b>\$ 230,671</b>   | <b>\$ 182,783</b>   | <b>\$ 692,662</b>     | <b>\$ 631,453</b>  | <b>\$ (573,628)</b> | <b>\$ 1,163,941</b>    | <b>\$ 431,178</b>    | <b>\$ 1,595,119</b>              |
| <b>Total Replenishment Fund Balance</b>  |  | <b>\$ 1,871,675</b> | <b>\$ 2,748,254</b> | <b>\$ (6,414,248)</b> | <b>\$ 663,203</b>  | <b>\$ 3,539,306</b> | <b>\$ 2,408,190</b>    | <b>\$ 3,750,498</b>  | <b>\$ 6,158,688</b>              |
| <b>Total Replenishment Assessments</b>   |  | 2,337,323           | 2,748,254           | 5,891,676             | 4,404,917          | 4,427,655           | 19,809,825             | 3,750,498            | 23,560,323                       |
| <b>Total Replenishment Paid and/or Credited</b>  |  | (465,648)           | -                   | (12,305,924)          | (3,741,714)        | 888,349             | (17,401,635)           | -                    | (17,401,635)                     |
| <b>MRWPCA GWRP Payment</b>   |  |                     |                     |                       |                    |                     |                        |                      | (100,000)                        |
| <b>Grand Total Replenishment Fund Balance</b>  |  | <b>\$ 1,871,675</b> | <b>\$ 2,748,254</b> | <b>\$ (6,414,248)</b> | <b>\$ 663,203</b>  | <b>\$ 5,316,004</b> | <b>\$ 2,408,190</b>    | <b>\$ 3,750,498</b>  | <b>\$ 6,058,688</b>              |

2/2/11

**SEASIDE GROUNDWATER BASIN  
WATERMASTER**

TO: Board of Directors

FROM: Robert S. Jaques, Technical Program Manager  
APPROVED BY: Dewey D Evans, CEO

DATE: February 2, 2011

SUBJECT: Consider Ratifying CEO Approval of new Contracts with Central Coast Surveyors and MPWMD, each under \$10,000.

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**BACKGROUND:**

In 2008 through a contract with Central Coast Surveyors the Watermaster performed a wellhead elevation and location survey on each of the wells being monitored by the Watermaster. The purpose of the survey was twofold: (1) to obtain accurate coordinate locations for each of these wells, and (2) to obtain elevation data at each of these well sites so that data from subsequent surveys could be compared to the 2008 survey data to determine whether or not ground subsidence was occurring at any of these sites. This work was performed in part in response to a question from the Court in its Order dated December 12, 2008 containing comments and questions pertaining to the Watermaster's 2008 Annual Report. In that Order the Court raised the question of whether subsidence would be a likely result of dewatering of the deep aquifer in the Coastal Subarea of the Seaside Basin.

In the written response to the Court on each of the questions and comments in its December 12, 2008 Order the Watermaster stated that it planned to perform another survey in 2011 (three years after the initial survey) to confirm the Watermaster's belief that subsidence is not an issue of concern in any area of the Basin.

At its October 13, 2010 meeting the TAC determined that it would be desirable to perform another survey in 2011, so the 2008 data could be compared to the 2011 data to see if there were any indications of subsidence.

This item was not identified in the Work Plan for the Management and Monitoring Program (M&MP) for 2011, which was approved by the TAC, and then by the Board, at the September and October, 2010 meetings of those respective bodies. Hence, it was not included in the M&MP Budget for FY 2011. However, a contingency line-item was approved in the budget, and will be sufficient to cover the costs of performing another survey.

## **DISCUSSION**

**Central Coast Surveyors.** In 2008 Central Coast Surveyors was selected through a solicitation of Proposals from local surveying firms to perform the GPS surveying work. Central Coast Surveyors performed that work satisfactorily, and because of this and the firm's familiarity with the work to be done, the TAC recommended having Central Coast Surveyors perform this second survey.

As part of its work Central Coast Surveyors will provide a spreadsheet showing the 2008 and 2011 elevations for each of the points, and the difference in elevations between the 2008 and the 2011 data. Central Coast Surveyors will also prepare a map visually depicting the locations where elevation changes are found to exist.

Attached is proposed RFS No. 2011-01 to have Central Coast Surveyors perform a repeat survey in 2011. The not-to-exceed cost of the RFS is \$8,000.00.

**MPWMD.** In order for Central Coast Surveyors to perform the GPS surveying work, they will need assistance in locating some of the sites (particularly those which are new and which were not included in the 2008 survey work), to obtain access to these sites, and to coordinate with the well owners for these purposes. MPWMD provided this assistance in the 2008 work and the TAC recommended having MPWMD again provide this assistance for the 2011 work.

Attached is proposed RFS No. 2011-03 to have MPWMD provide assistance to Central Coast Surveyors in the performance of the repeat survey in 2011. The not-to-exceed cost of the RFS is \$5,000.00.

## **RECOMMENDATION:**

Authorize Watermaster staff to:

1. Execute RFS No. 2011-01 with Central Coast Surveyors to perform the GPS surveying work described above for an amount not-to-exceed \$8,000.
2. Execute RFS No. 2011-03 with MPWMD to provide assistance to Central Coast Surveyors in the performance of this work for an amount not-to-exceed \$5,000.

These amounts are well within the remaining Contingency amount allocated for Phase 2 work in the 2011 budget.

## **ATTACHMENTS:**

1. RFS No. 2011-01 with Central Coast Surveyors
2. RFS No. 2011-03 with MPWMD

SEASIDE BASIN WATERMASTER  
REQUEST FOR SERVICE

**DATE:** February 2, 2011

**RFS NO.:** 2011-01

(To be filled in by

WATERMASTER)

**TO:** Dave Edson

Central Coast Surveyors

**FROM:** Robert Jaques

Watermaster

**Services Needed and Purpose:**

To provide horizontal and vertical survey information for reference points at water wells located within and near the area overlying the Seaside Groundwater Basin. A detailed Scope of Work is attached as Attachment 1.

**Completion Date:** Work to be completed within 30 days from the date of execution of this RFS No. 2011-01.

**Method of Compensation:** Lump Sum, with Special Services Allowance. Cost breakdown is attached as "Attachment 2." (As defined in Section V of Agreement.)

**Total Price** Authorized by this RFS: \$ 8,000.00 (Cost is authorized only when evidenced by signature below.)

**Total Price** may not be exceeded without prior written authorization by WATERMASTER in accordance with Section V. COMPENSATION.

**Requested by:** \_\_\_\_\_ Date: \_\_\_\_\_.

WATERMASTER Technical Program Manager

**Authorized by:** \_\_\_\_\_ Date: \_\_\_\_\_.

WATERMASTER Chief Executive Officer

**Agreed to by:** \_\_\_\_\_ Date: \_\_\_\_\_.

PROFESSIONAL



## **ATTACHMENT 1**

### **SCOPE OF WORK**

The Scope of Work for this RFS No. 2011-01 is:

1. To develop accurate elevation and location data for the reference points of each of the 108 wells listed in Attachment A. Most, but not all, of these wells were surveyed by PROFESSIONAL for WATERMASTER in 2008.
2. To provide this data in tabular form in an Excel spreadsheet, so that the WATERMASTER can use this data to develop water level elevations from the water depth measurements it receives from the well owners, and so that these wells can be accurately plotted on maps.

The PROFESSIONAL will perform the surveying work in compliance with only the most stringent survey requirements and accuracy standards. The instrumentation to be used will be a Leica GPS 500 system supplemented with Leica TCRA 1102 total stations where GPS signal is unavailable. The work will be performed so as to provide accuracies of less than 0.1' both horizontally and vertically.

The WATERMASTER will provide personnel to accompany the PROFESSIONAL's personnel performing the field work to take them to each of the well locations where well reference point elevations and location coordinates need to be developed, and will provide access to each of those sites.

The work will proceed in the following sequence of activities:

#### **Phase 1 - Field Work Preparation & Monitoring Well location:**

Upon receipt of a Notice to Proceed the PROFESSIONAL will determine the method to be used to locate each reference point. A two person field crew will establish a coordinate system, using a GPS rover, to tie into USGS coordinates. The PROFESSIONAL will then begin recording each reference point's position and elevation. For reference points where GPS signal is unavailable the PROFESSIONAL will leave control points. These control points will be used to utilize the PROFESSIONAL's terrestrial total station to advance control if necessary, and ultimately record positions for each remaining reference point that is not accessible by a GPS rover. It is estimated that the field work to take 3.5 – 4 days.

#### **Phase 2 - Post processing:**

Once all the reference points have been located, the data will be downloaded and processed. The PROFESSIONAL will prepare a Microsoft Excel spreadsheet containing

the list of reference points (by name) along with the corresponding elevation and location data for each reference point. A short narrative description of the location of each reference point will be provided, along with a photograph of the reference point, to facilitate finding the reference points in the future.

The spreadsheet will contain columns listing the elevations obtained at each reference point when the initial wellhead survey was performed in May 2008 and the elevations obtained from the survey work performed under this RFS No. 2011-01. Wells listed in Attachment A which were not included in the May 2008 survey will only have the elevations obtained from the survey work performed under this RFS No. 2011-01. A column will also be included listing the change in elevation between the May 2008 data and the data obtained under this RFS No. 2011-01 for each reference point.

A 24"x36" map will be prepared visually depicting the elevation differences between the May 2008 data and the data obtained under this RFS No. 2011-01. Each well will be shown as a colored circle, with the diameter and color of the circle proportional to the amount of elevation difference. The smallest diameter will correspond to the least amount of elevation change and the largest diameter circle will correspond to the largest amount of elevation change.

The PROFESSIONAL will provide draft versions of the spreadsheet, the narrative descriptions of the reference point locations, and the map to the WATERMASTER for review, editing, and comment, and will incorporate those edits and comments into the final versions of these.

It is estimated that this will take one TECH 1 surveyor one day to complete. This data will be reviewed by the licensed land surveyor and delivered to the WATERMASTER on a CD in electronic format and in a hardcopy format.

**Attachment A**

**Tabulation  
of  
Wells for Which  
Surveying Data is to be Developed**

| WELL NAME                   | OWNER                             | LOCATION   |
|-----------------------------|-----------------------------------|--|
| CAW - Plumas #4             | California American Water Co.     | Plumas Ln., Seaside  |
| CAW - Darwin                | California American Water Co.     | West side of Darwin Ave. midway between Pine St and Manzanita St., Seaside                                       |
| CAW - Military              | California American Water Co.     | Military Avenue, Seaside   |
| CAW - Ord Grove #2          | California American Water Co.     | Off Ord Grove Ave. near cemetery, Seaside  |
| CAW - New Luzern            | California American Water Co.     | Luzern Street, Seaside   |
| CAW - Playa #3              | California American Water Co.     | 40 feet East of East Front Street 255 feet North of Playa Street, Seaside  |
| CAW - Playa #4              | California American Water Co.     | Playa (North side of alley), Seaside   |
| CAW - Paralta               | California American Water Co.     | North end of Paralta Ave., Seaside   |
| Reservoir Well              | City of Seaside                   | Bayonet/Blackhorse Golf Course, Seaside  |
| Coe Avenue Well             | City of Seaside                   | Along Coe Ave. 240 ft. westerly from Ord Ave., then 115 ft. south, Seaside                                       |
| Public Works Corp. Yard     | City of Sand City                 | 1 Sylan Park, Sand City  |
| Cypress Pacific             | Monterey Peninsula Engineering    | Tioga Ave. & Hwy 1, Seaside (???)  |
| Robinette -Design Ctr.      | City of Sand City                 | Hickory & Shasta St., Sand City  |
| Target                      | Dayton Hudson Corp. (?)           | Sidewalk by Target store   |
| PRTIW -operated by MMP      | Mission Memorial Park             | Northeast corner of Mission Memorial Park Cemetery   |
| SNG                         | Security National Guaranty, Inc.  | Pratto Plant, Hwy 1 across from Fort Ord Village, Sand City OR Hwy 1 at California St. in Sand City (???)        |
| City #4                     | Seaside Municipal Water System    | 1760 Juarez St., Seaside   |
| City #3                     | Seaside Municipal Water System    | Next to Fort Ord fence Juarez & San Pablo St., Seaside   |
| well lot Bishop #1 (west)   | CAW - Bishop Unit                 | In Pasadera subdivision  |
| Bay Ridge                   | CAW - Hidden Hills Unit           |  |
| Bishop #2 (2010)            | CAW - Hidden Hills Unit           | Location to be provided by J. Oliver. Replaced "Bishop #2 (east) in 2010.  |
| RR#7                        | CAW - Ryan Ranch #7               | Approximately 1 mile East on Highway 68 from Canyon Del Rey; 300 feet North off road, Monterey                   |
| RR#8                        | CAW - Ryan Ranch #8               | Ryan Ranch #8 - Highway 68, Monterey   |
| RR#11                       | CAW - Ryan Ranch #11              | In Ryan Ranch  |
| Pasadera Main Gate          | Pasadera - New Cities Development | 160 Pasadera Lane  |
| Pasadera Paddock            | Pasadera - New Cities Development | 200' North of Salinas-Monterey Highway and 1 mile west of intersection of Los Laureles Highway, & S & Mont. Hys. |
| L.S. old #12                | Laguna Seca Golf Resort           | Near No. 12 hole on golf course. Was listed as "(new #12)", but each had duplicate records                       |
| SPCA Old                    | SPCA                              |  |
| SPCA 2010                   | SPCA                              |  |
| LS Cnty Park #1 (former #3) | Monterey Cnty Parks District      | Off of Highway 68  |
| LS Cnty Park #2 (former #4) | Monterey Cnty Parks District      | Off of Highway 68  |
| MSC-Shallow                 | MPWMD                             | HWY 1, SAND CITY   |
| MSC-Deep                    | MPWMD                             | HWY 1, SAND CITY   |
| PCA-W Shallow               | MPWMD                             | HWY 1, SAND CITY   |
| PCA-W Deep                  | MPWMD                             | HWY 1, SAND CITY   |
| PCA-E Shallow               | MPWMD                             | HWY 1, SAND CITY   |
| PCA-E Deep                  | MPWMD                             | HWY 1, SAND CITY   |
| Ord Grove Test-Shallow/Deep | MPWMD                             | 1987 PARK CT, SEASIDE  |
| Ord Grove #2                | CAW                               |  |
| Paralta Test-Shallow/Deep   | MPWMD                             | 2104 PARALTA AVE., MONTEREY(???)   |
| Paralta                     | CAW                               |  |
| Ord Terrace-Shallow         | MPWMD                             | 1700 block of Ord Grove Ave. near T intersect w/ Baldwin Ct., Seaside  |
| Ord Terrace-Deep            | MPWMD                             |  |
| FO-09-Shallow               | MPWMD                             | N2127579.26693; E???   |
| FO-09-Deep                  | MPWMD                             |  |
| FO-10-Shallow               | MPWMD                             | N2130543.48114; E???   |

| WELL NAME                                    | OWNER              | LOCATION   |
|--|--------------------|--|
| FO-10-Deep                                   | MPWMD              |  |
| MW-B-22-180                                  | U.S. Army          | was listed as "Fort Ord Monitor - Dune/Aromas", located on 1st Street near Giggling.   |
| CDM MW-1-Dune/Aromas                         | MPWMD              |  |
| CDM MW-2-Dune/Aromas                         | MPWMD              |  |
| CAW Del Monte Test-Shallow                   | CAW                | N2120139.85; E??? Was listed as "Del Monte Observation"                                |
| SBWM MW-1-Deep (Purisima)                    | Watermaster        |  |
| SBWM MW-2-Deep (Purisima)                    | Watermaster        |  |
| SBWM MW-3-Deep (Purisima)                    | Watermaster        |  |
| SBWM MW-4-Deep (Purisima/Santa Margarita)    | Watermaster        |  |
| SBWM MW-5-Deep (Santa Margarita)             | Watermaster        | Camp Huffman adjacent to BLM Offices on former Fort Ord                                |
| SBWM MW-5-Shallow (Paso Robles)              | Watermaster        | Camp Huffman adjacent to BLM Offices on former Fort Ord, added the shallower well here |
| FO-01-Shallow                                | MPWMD              | N2115446.81099; E???   |
| FO-01-Deep                                   | MPWMD              |  |
| FO-07-Shallow                                | MPWMD              | N2122688.6982; E???  |
| FO-07-Deep                                   | MPWMD              |  |
| FO-08-Shallow                                | MPWMD              | N2126741.393; E???   |
| FO-08-Deep                                   | MPWMD              |  |
| FO-11-Shallow                                | MPWMD              | N2130660.90472;E???  |
| FO-11-Deep                                   | MPWMD              | N2130660.90472, E???   |
| Plumas '90 Test-Deep                         | MPWMD              | 1453 PLUMAS AVE., SEASIDE  |
| K-Mart-Dune/Aromas                           | Home Depot         | CANYON DEL REY BLVD, SEASIDE   |
| CDM MW-3-Dune/Aromas                         | MPWMD              |  |
| CDM MW-4-Dune/Aromas                         | MPWMD              |  |
| MW-BW-08A-Dune/Aromas                        | U.S. Army          |  |
| MW-BW-09-180-Shallow                         | U.S. Army          |  |
| FO-03-Deep                                   | MPWMD              |  |
| FO-04-Shallow (E)                            | MPWMD              | N2111834.4504; E???  |
| FO-04-Deep (W)                               | MPWMD              |  |
| FO-05-Shallow                                | MPWMD              | N2103180.54186; E???   |
| FO-05-Deep                                   | MPWMD              |  |
| FO-06-Shallow                                | MPWMD              | N2102695.44063; E???   |
| FO-06-Deep                                   | MPWMD              |  |
| Justin Court (RR M2S)-Shallow                | CAW                | JUSTIN COURT, MONTEREY   |
| LS Pistol Range (Mo Co TH-1)-Deep            | Monterey County    | 1021 MONTEREY-SALINAS HWY, SALINAS   |
| York Rd-West (Mo Co MW-1 D)-Deep             | Monterey County    | N2105316.47467; E???   |
| Seca Place (Mo Co MW-2)-Deep                 | Monterey County    | 13 SECA PL., SALINAS   |
| Robley Shallow (North) (Mo Co MW-3S)-Shallow | Monterey County    | 12660 CORTE CORDILLERA, SALINAS  |
| Robley Deep (South) (Mo Co MW-3D)-Deep       | Monterey County    | 12660 CORTE CORDILLERA, SALINAS  |
| LS No. 1 Subdivision-Deep                    | Laguna Seca Resort | N2102479.95484; E???   |
| Blue Larkspur-East-End-Believed to be Deep   | Laguna Seca Resort | N2102676.75507; E???   |
| York School-Shallow                          | York School        | Fort Ord - York School south bound, Monterey   |
| Laguna Seca Driving Range (SCS-Deep)-Shallow | Monterey County    |  |
| CAW Granite Construction-Deep                | CAW                |  |
| ASR-1 (Santa Margarita)                      | MPWMD              | 1910 General Jim Moore Blvd., Seaside  |
| ASR-2 (Santa Margarita)                      | MPWMD              | 1910 General Jim Moore Blvd., Seaside  |
| ASR MW-1 (Santa Margarita)                   | MPWMD              | 1910 General Jim Moore Blvd., Seaside  |
| MW-B-23-180 (Santa Margarita)                | U.S. Army          | Giggling Siding  |
| ASR-3 (Santa Margarita)                      | MPWMD              | new well 2010, located by Seaside Middle School  |
| Seaside Middle School 4" - (Santa Margarita) | MPWMD              | new well 2010, located by Seaside Middle School  |
| Seaside Middle School 2" - (Paso Robles)     | MPWMD              | new well 2010, located by Seaside Middle School  |

## ATTACHMENT 2

### **COST BREAKDOWN**

The Lump Sum fee for providing the surveying services described in Attachment 1 is \$6,500.00.

As described in Section V.C.1 of the Agreement, a Special Services Allowance of \$1,500.00 is provided in this RFS No. 2011-01 to cover unforeseen circumstances which differ from those described in Attachment 1.

PROFESSIONAL shall provide WATERMASTER with advance written notification stating the reasons for requiring the utilization of any or all of the Special Services allowance. No utilization of any portion of the allowance shall occur without the prior written approval of the WATERMASTER. Special Services costs will be charged in accordance with the Time-and-Expense Payment Method as defined in Section V.D of the Agreement, using the hourly and daily rates described below.

#### Phase 1 - Field Work Preparation & Reference Point Location:

The daily rate for a two person survey crew along with all necessary equipment will be \$1,600 per day. This rate will be prorated for fractional days.

#### Phase 2 - Post processing:

The rate for a TECH 1 in the office will be \$85.00 per hour.

The office rate for a Licensed Land Surveyor will be \$150 per hour.

SEASIDE BASIN WATERMASTER  
REQUEST FOR SERVICE

**DATE:** February 2, 2011

**RFS NO.** 2011-03  
(To be filled in by WATERMASTER)

**TO:** Joe Oliver  
MPWMD

**FROM:** Robert Jaques  
Watermaster

**Services Needed and Purpose:**

To provide assistance to Central Coast Surveyors while they obtain survey information for reference points at water wells located within and near the area overlying the Seaside Groundwater Basin. A detailed Scope of Work is attached as Attachment 1.

**Completion Date:** Work to be completed within 60 days from the date of execution of this RFS No. 2011-03.

**Method of Compensation:** Time and Expense Payment Method (As defined in Section V of Agreement. See Attachment 2 for a description of these costs.)

**Total Price** Authorized by this RFS: \$5,000.00 (Cost is authorized only when evidenced by signature below.)

**Total Price** may not be exceeded without prior written authorization by WATERMASTER in accordance with Section V. COMPENSATION.

**Requested by:** \_\_\_\_\_ Date: \_\_\_\_\_  
WATERMASTER Technical Program Manager

**Authorized by:** \_\_\_\_\_ Date: \_\_\_\_\_  
WATERMASTER Chief Executive Officer

**Agreed to by:** \_\_\_\_\_ Date: \_\_\_\_\_  
PROFESSIONAL

# **ATTACHMENT 1**

## **Scope of Work for RFS No. 2011-03**

### **Background:**

The WATERMASTER is issuing a contract to Central Coast Surveyors to resurvey the reference points of each of the 108 wells listed in Attachment A, most of which they previously surveyed in 2008. The purpose of this work is to determine whether or not any ground level changes have occurred at these locations since the 2008 survey was performed.

As part of its contract with Central Coast Surveyors, the WATERMASTER has committed to providing personnel to accompany Central Coast Surveyors' personnel performing the field work to take them to each of the well locations where well reference point elevations and location coordinates need to be developed, and to provide access to each of those sites.

The field work to be performed by Central Coast Surveyors will proceed as follows:

Upon receipt of a Notice to Proceed Central Coast Surveyors will determine the method to be used to locate each reference point. They will use a two person field crew to establish a coordinate system, using a GPS rover, to tie into USGS coordinates. They will then begin recording each reference point's position and elevation. For reference points where GPS signal is unavailable they will leave control points. These control points will be used to utilize their terrestrial total station to advance control if necessary, and ultimately record positions for each remaining reference point that is not accessible by a GPS rover. It is estimated that the field work to take 3.5 – 4 days.

### **Work to be Performed by the PROFESSIONAL Under this RFS No. 2011-03:**

Under this RFS No. 2011-03 the PROFESSIONAL will:

1. Contact Central Coast Surveyors to coordinate the scheduling of the surveying work.
2. Contact each of the well owners to obtain access to the well sites where the reference points are to be surveyed, and to determine what reference point is being used by the well owner to measure water levels.
3. Accompany Central Coast Surveyors personnel to each well site to show them the reference point locations, and provide such other assistance as is appropriate to aid Central Coast Surveyors in performing the survey work.
4. Review draft subsidence evaluation to be prepared by the WATERMASTER and provide comments and edits to assist in finalizing the document.



**Attachment A**

**Tabulation  
of  
Wells for Which  
Surveying Data is to be Developed**

| WELL NAME                   | OWNER                             | LOCATION   |
|-----------------------------|-----------------------------------|--|
| CAW - Plumas #4             | California American Water Co.     | Plumas Ln., Seaside  |
| CAW - Darwin                | California American Water Co.     | West side of Darwin Ave. midway between Pine St and Manzanita St., Seaside                                       |
| CAW - Military              | California American Water Co.     | Military Avenue, Seaside   |
| CAW - Ord Grove #2          | California American Water Co.     | Off Ord Grove Ave. near cemetery, Seaside  |
| CAW - New Luzern            | California American Water Co.     | Luzern Street, Seaside   |
| CAW - Playa #3              | California American Water Co.     | 40 feet East of East Front Street 255 feet North of Playa Street, Seaside  |
| CAW - Playa #4              | California American Water Co.     | Playa (North side of alley), Seaside   |
| CAW - Paralta               | California American Water Co.     | North end of Paralta Ave., Seaside   |
| Reservoir Well              | City of Seaside                   | Bayonet/Blackhorse Golf Course, Seaside  |
| Coe Avenue Well             | City of Seaside                   | Along Coe Ave. 240 ft. westerly from Ord Ave., then 115 ft. south, Seaside                                       |
| Public Works Corp. Yard     | City of Sand City                 | 1 Sylan Park, Sand City  |
| Cypress Pacific             | Monterey Peninsula Engineering    | Tioga Ave. & Hwy 1, Seaside (???)  |
| Robinette -Design Ctr.      | City of Sand City                 | Hickory & Shasta St., Sand City  |
| Target                      | Dayton Hudson Corp. (?)           | Sidewalk by Target store   |
| PRTIW -operated by MMP      | Mission Memorial Park             | Northeast corner of Mission Memorial Park Cemetery   |
| SNG                         | Security National Guaranty, Inc.  | Pratto Plant, Hwy 1 across from Fort Ord Village, Sand City OR Hwy 1 at California St. in Sand City (???)        |
| City #4                     | Seaside Municipal Water System    | 1760 Juarez St., Seaside   |
| City #3                     | Seaside Municipal Water System    | Next to Fort Ord fence Juarez & San Pablo St., Seaside   |
| well lot Bishop #1 (west)   | CAW - Bishop Unit                 | In Pasadera subdivision  |
| Bay Ridge                   | CAW - Hidden Hills Unit           |  |
| Bishop #2 (2010)            | CAW - Hidden Hills Unit           | Location to be provided by J. Oliver. Replaced "Bishop #2 (east) in 2010.  |
| RR#7                        | CAW - Ryan Ranch #7               | Approximately 1 mile East on Highway 68 from Canyon Del Rey; 300 feet North off road, Monterey                   |
| RR#8                        | CAW - Ryan Ranch #8               | Ryan Ranch #8 - Highway 68, Monterey   |
| RR#11                       | CAW - Ryan Ranch #11              | In Ryan Ranch  |
| Pasadera Main Gate          | Pasadera - New Cities Development | 160 Pasadera Lane  |
| Pasadera Paddock            | Pasadera - New Cities Development | 200' North of Salinas-Monterey Highway and 1 mile west of intersection of Los Laureles Highway, & S & Mont. Hys. |
| L.S. old #12                | Laguna Seca Golf Resort           | Near No. 12 hole on golf course. Was listed as "(new #12)", but each had duplicate records                       |
| SPCA Old                    | SPCA                              |  |
| SPCA 2010                   | SPCA                              |  |
| LS Cnty Park #1 (former #3) | Monterey Cnty Parks District      | Off of Highway 68  |
| LS Cnty Park #2 (former #4) | Monterey Cnty Parks District      | Off of Highway 68  |
| MSC-Shallow                 | MPWMD                             | HWY 1, SAND CITY   |
| MSC-Deep                    | MPWMD                             | HWY 1, SAND CITY   |
| PCA-W Shallow               | MPWMD                             | HWY 1, SAND CITY   |
| PCA-W Deep                  | MPWMD                             | HWY 1, SAND CITY   |
| PCA-E Shallow               | MPWMD                             | HWY 1, SAND CITY   |
| PCA-E Deep                  | MPWMD                             | HWY 1, SAND CITY   |
| Ord Grove Test-Shallow/Deep | MPWMD                             | 1987 PARK CT, SEASIDE  |
| Ord Grove #2                | CAW                               |  |
| Paralta Test-Shallow/Deep   | MPWMD                             | 2104 PARALTA AVE., MONTEREY(???)   |
| Paralta                     | CAW                               |  |
| Ord Terrace-Shallow         | MPWMD                             | 1700 block of Ord Grove Ave. near T intersect w/ Baldwin Ct., Seaside  |
| Ord Terrace-Deep            | MPWMD                             |  |
| FO-09-Shallow               | MPWMD                             | N2127579.26693; E???   |
| FO-09-Deep                  | MPWMD                             |  |
| FO-10-Shallow               | MPWMD                             | N2130543.48114; E???   |

| WELL NAME                                    | OWNER              | LOCATION   |
|--|--------------------|--|
| FO-10-Deep                                   | MPWMD              |  |
| MW-B-22-180                                  | U.S. Army          | was listed as "Fort Ord Monitor - Dune/Aromas", located on 1st Street near Giggling.   |
| CDM MW-1-Dune/Aromas                         | MPWMD              |  |
| CDM MW-2-Dune/Aromas                         | MPWMD              |  |
| CAW Del Monte Test-Shallow                   | CAW                | N2120139.85; E??? Was listed as "Del Monte Observation"                                |
| SBWM MW-1-Deep (Purisima)                    | Watermaster        |  |
| SBWM MW-2-Deep (Purisima)                    | Watermaster        |  |
| SBWM MW-3-Deep (Purisima)                    | Watermaster        |  |
| SBWM MW-4-Deep (Purisima/Santa Margarita)    | Watermaster        |  |
| SBWM MW-5-Deep (Santa Margarita)             | Watermaster        | Camp Huffman adjacent to BLM Offices on former Fort Ord                                |
| SBWM MW-5-Shallow (Paso Robles)              | Watermaster        | Camp Huffman adjacent to BLM Offices on former Fort Ord, added the shallower well here |
| FO-01-Shallow                                | MPWMD              | N2115446.81099; E???   |
| FO-01-Deep                                   | MPWMD              |  |
| FO-07-Shallow                                | MPWMD              | N2122688.6982; E???  |
| FO-07-Deep                                   | MPWMD              |  |
| FO-08-Shallow                                | MPWMD              | N2126741.393; E???   |
| FO-08-Deep                                   | MPWMD              |  |
| FO-11-Shallow                                | MPWMD              | N2130660.90472;E???  |
| FO-11-Deep                                   | MPWMD              | N2130660.90472, E???   |
| Plumas '90 Test-Deep                         | MPWMD              | 1453 PLUMAS AVE., SEASIDE  |
| K-Mart-Dune/Aromas                           | Home Depot         | CANYON DEL REY BLVD, SEASIDE   |
| CDM MW-3-Dune/Aromas                         | MPWMD              |  |
| CDM MW-4-Dune/Aromas                         | MPWMD              |  |
| MW-BW-08A-Dune/Aromas                        | U.S. Army          |  |
| MW-BW-09-180-Shallow                         | U.S. Army          |  |
| FO-03-Deep                                   | MPWMD              |  |
| FO-04-Shallow (E)                            | MPWMD              | N2111834.4504; E???  |
| FO-04-Deep (W)                               | MPWMD              |  |
| FO-05-Shallow                                | MPWMD              | N2103180.54186; E???   |
| FO-05-Deep                                   | MPWMD              |  |
| FO-06-Shallow                                | MPWMD              | N2102695.44063; E???   |
| FO-06-Deep                                   | MPWMD              |  |
| Justin Court (RR M2S)-Shallow                | CAW                | JUSTIN COURT, MONTEREY   |
| LS Pistol Range (Mo Co TH-1)-Deep            | Monterey County    | 1021 MONTEREY-SALINAS HWY, SALINAS   |
| York Rd-West (Mo Co MW-1 D)-Deep             | Monterey County    | N2105316.47467; E???   |
| Seca Place (Mo Co MW-2)-Deep                 | Monterey County    | 13 SECA PL., SALINAS   |
| Robley Shallow (North) (Mo Co MW-3S)-Shallow | Monterey County    | 12660 CORTE CORDILLERA, SALINAS  |
| Robley Deep (South) (Mo Co MW-3D)-Deep       | Monterey County    | 12660 CORTE CORDILLERA, SALINAS  |
| LS No. 1 Subdivision-Deep                    | Laguna Seca Resort | N2102479.95484; E???   |
| Blue Larkspur-East-End-Believed to be Deep   | Laguna Seca Resort | N2102676.75507; E???   |
| York School-Shallow                          | York School        | Fort Ord - York School south bound, Monterey   |
| Laguna Seca Driving Range (SCS-Deep)-Shallow | Monterey County    |  |
| CAW Granite Construction-Deep                | CAW                |  |
| ASR-1 (Santa Margarita)                      | MPWMD              | 1910 General Jim Moore Blvd., Seaside  |
| ASR-2 (Santa Margarita)                      | MPWMD              | 1910 General Jim Moore Blvd., Seaside  |
| ASR MW-1 (Santa Margarita)                   | MPWMD              | 1910 General Jim Moore Blvd., Seaside  |
| MW-B-23-180 (Santa Margarita)                | U.S. Army          | Giggling Siding  |
| ASR-3 (Santa Margarita)                      | MPWMD              | new well 2010, located by Seaside Middle School  |
| Seaside Middle School 4" - (Santa Margarita) | MPWMD              | new well 2010, located by Seaside Middle School  |
| Seaside Middle School 2" - (Paso Robles)     | MPWMD              | new well 2010, located by Seaside Middle School  |

## **ATTACHMENT 2**

### **COST DESCRIPTION**

The costs for the work of this RFS No. 2011-03 will be performed on a Time-and-Material basis. Hourly rates for these services will be charged at the individual hourly rates for the personnel involved in performing this work. These rates will be in the range of \$65 to \$100 per hour. To develop the Total Price of this RFS No. 2011-03, an assumed hourly rate of \$85 was used.

Assuming that there could be as many as five field days of work involved, and that the PROFESSIONAL will likely need about two days in advance to set up access arrangements with the well owners, the PROFESSIONAL's costs could be on the order of 7 days x 8 hours/day x \$85/hour = \$4,760. To allow for some variation in the hourly rates of the PROFESSIONAL's personnel involved in this work, and to provide an allowance for mileage and other direct costs, the Total Price of this RFS No. 2011-03 is established as \$5,000.00

Mileage will be charged at the IRS allowable rate. Any other direct costs will be charged at cost.

**ITEM NO. VIII.**

**OLD BUSINESS**

**SEASIDE GROUNDWATER BASIN  
WATERMASTER**

TO: Board of Directors

FROM: Robert S. Jaques, Technical Program Manager  
APPROVED BY: Dewey D Evans, CEO

DATE: February 2, 2011

SUBJECT: Discussion/Possible Appointment of Public Member to the Technical  
Advisory Committee (TAC)

-----  
**BACKGROUND:**

At its November 3, 2010 meeting the Board directed Staff to solicit names of persons for consideration by the Board in refilling the currently vacant Public Member position on the TAC. The vacancy was created by the passing of John Fischer, who had filled the position since its inception.

The Board determined that the person selected should be a resident living within the boundaries of the Seaside Basin, not just within the jurisdictional boundaries of the Parties. For example a person living in New Monterey would not be eligible, whereas a person living in an area of Monterey close to Del Rey Oaks or Seaside at a location overlying the Basin would be eligible.

**DISCUSSION**

An announcement describing the Public Member position was posted on the Watermaster's website, and was also sent directly to all Board members and the administrative managers of their respective entities. A copy of this announcement is attached. Each of these parties was invited to submit names of potentially eligible/interested persons to Staff, so those persons could be contacted to determine their interest and qualifications.

One individual, Mr. Richard Willis, submitted a statement of interest, along with his qualifications. Mr. Willis purchased a townhome in Seaside on lower Hilby (near the Oldemeyer Center) in late May 2009 and resides there. His residence is within the boundaries of the Seaside Groundwater Basin. He previously resided in Salinas for approximately one year, and prior to that lived in New Mexico.

Mr. Willis has a B.S. degree in Chemistry, an M.S. degree in Earth Sciences (with marine chemistry/analytical geochemistry specialty), an M.Ed, and some specialty training. He has taught off and on from 1977-1999 and did research as a research assistant, staff research associate, and visiting scientist while a grad student and during summer

supported positions and sabbatical leave at Los Alamos National Laboratories in New Mexico. A copy of his resume is attached.

I met with Mr. Willis to discuss his interest in the position and his qualifications, and to describe what would be expected of the Public Member on the TAC. During that meeting Mr. Willis expressed a keen interest in local water issues and reported that he had recently taken a Water Conservation course at CSUMB and was in the process of installing a rain-harvesting system at his residence. He said that he would appreciate the opportunity to serve on the TAC, if the Board so desired.

**RECOMMENDATION:**

I was impressed with Mr. Willis and recommend him to the Board for consideration in filling the Public Member position on the TAC.

**ATTACHMENTS:**

1. Description of the Public Member position
2. Resume of Richard Willis

## **Public Member Position**

The Board of Directors of the Seaside Basin Watermaster wishes to fill the currently vacant position of "Public Member" on the Watermaster's Technical Advisory Committee (TAC).

The Public Member should reside within the geographic boundaries of the Seaside Basin. The Basin boundaries are shown on the attached map. As the map indicates, the boundaries encompass portions of the former Fort Ord that are now in the city of Seaside, as well as much of Seaside proper, much of Sand City, much of Del Rey Oaks, and much of the Laguna Seca area. A small portion of the city of Monterey is within the boundaries.

It would be desirable for the Public Member on the TAC to have some degree of technical expertise. This is because much of the TAC's business, as its name implies, deals with technical issues, technical reports, and making technical recommendations to the Board.

TAC meetings are normally held monthly, on the 2nd Wednesday of each month starting at 1:30 p.m. at the offices of the Monterey Regional Water Pollution Control Agency, 5 Harris Court Building D, Monterey, CA 93940. This office is located in the Ryan Ranch Business Park in Monterey off of Highway 68, near the intersection of Highway 218.

TAC meetings typically last approximately 2 hours. An agenda packet for the meetings is emailed out to all members approximately 5 days prior to the meetings. Duties of TAC members consist principally of reading the agenda materials, occasionally reviewing drafts of technical reports prepared by consultants working for the Watermaster, attending TAC meetings, and participating in the discussions at those meetings. These duties average on the order of 4 hours per month.



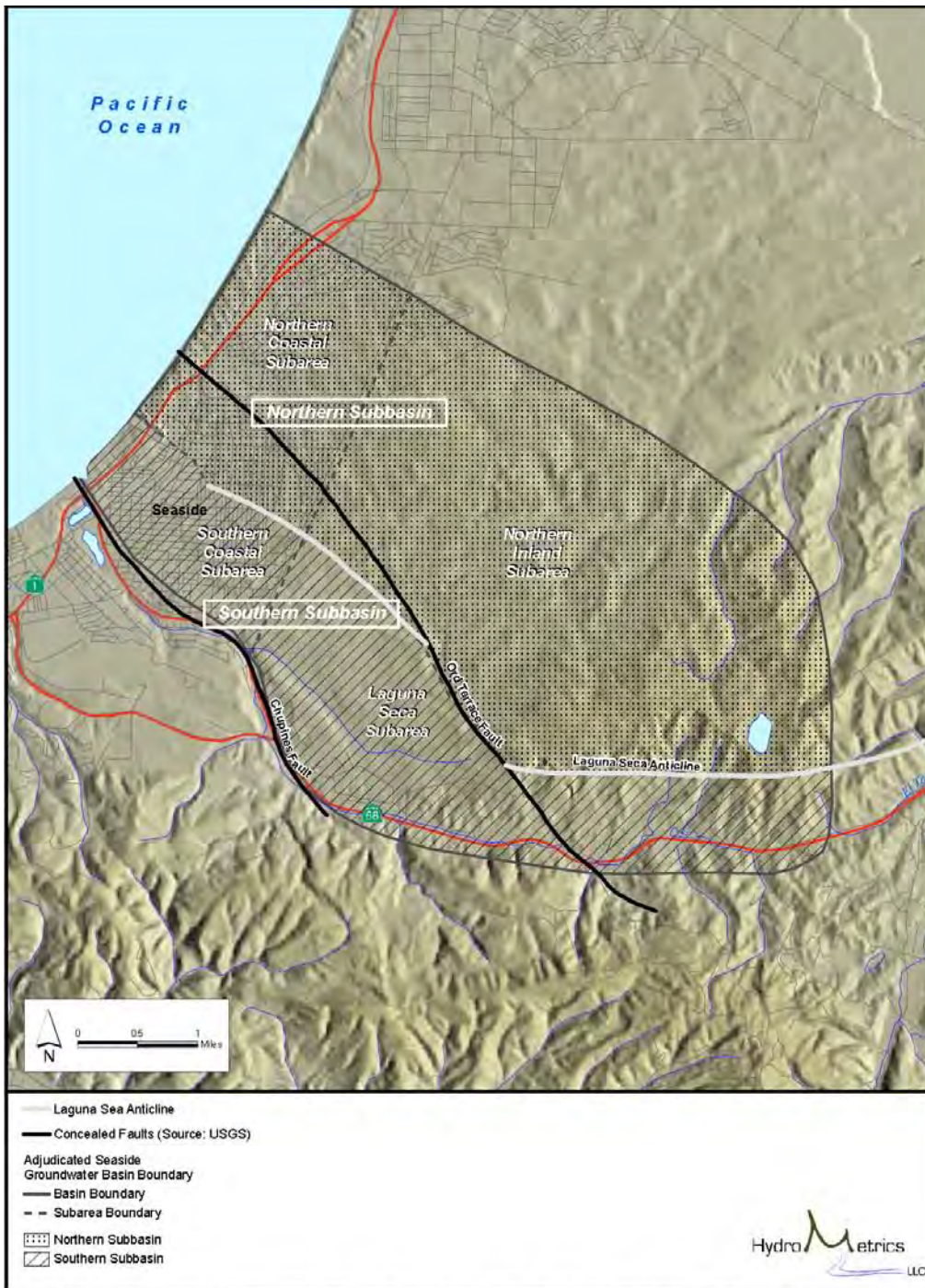


Figure 4: Amended Decision Boundary of the Seaside Groundwater Basin with Subareas

## Volunteer / Service Information

### Qualification Highlights

- 22+ years experience teaching science from elementary to graduate school level
- Work as a research scientist, secondary level teacher, post-secondary level teacher, consultant
- Since 2001, engaged in outdoor recreational guiding in various environments with various support activities (commercial driving/marine operations, EMT skills, culinary/hospitality)
- Since 2000, engaged in learning and practice of complementary / alternative health practices

Retired 1999  
**Teacher**

### Education

Bates College, Lewiston, ME 1977  
*BS, Chemistry*  
 Graduating project on trace metals analysis of metals in lake sediments

University of California, San Diego (Scripps Institution of Oceanography), La Jolla, CA 1985  
*MS, Earth Sciences*  
 Laser ultratrace analysis of earth based materials, isotopic geochemistry/geochronology, general geoanalytical chemistry, marine chemistry and marine geology preparatory tracks

University of New Hampshire, Durham, NH 1991  
*MEd*

Monterey Peninsula College, Monterey / Cabrillo College, Aptos 2010  
*Continuing education and A.A. Candidate, Nursing program applicant to MCCSN, MPC*

### Licenses

7-12 Teacher (Bio/Phys Sci), 7-12 Admin, Maine Department of Education, 2006 to 2011  
EMT-B, National certification, NREMT, 2010 to 2012. CA (Monterey County) EMT-1, NM EMT-B  
 USCG Licensed Master, 2006 to 2011. In renewal process  
 CA DMV - CDL A, All endorsements, 2009 to 2013  
 CAMTC - CA Certified Massage Therapist, 2010 to 2012

**ITEM. IX.**

**NEW BUSINESS**

**ITEM IX. A.**

**COMMITTEE REPORTS**

**ITEM NO. IX.A.1.**

**BUDGET AND FINANCE  
COMMITTEE**

2/2/2011

**SEASIDE GROUNDWATER BASIN  
WATERMASTER**

TO: Board of Directors

FROM: Dewey D. Evans, Watermaster CEO

DATE: February 2, 2011

SUBJECT: Extension of a credit to California American Water to offset the Replenishment Assessment Fees imposed by Watermaster for over pumping of the Seaside Basin and Related Conditional Agreement

-----  
**PURPOSE:**

To present a recommendation to the Board derived from the Budget and Finance Committee meeting held January 24, 2011 regarding California American Water (CAW) submission of a request for a replenishment assessment credit.

**RECOMMENDATION:**

The Budget and Finance Committee recommends the Board approve a credit to CAW of \$5,095,213 to offset the Replenishment Assessment fees imposed by Watermaster for over pumping of the Seaside Basin subject to the conditions of the Memorandum of Understanding (“MOU”) agreement between Watermaster and CAW entered into on January 29, 2009.

**BACKGROUND:**

On January 14, 2011 CAW submitted to the Watermaster correspondence requesting a credit of replenishment fees assessed by Watermaster in the amount of \$5,095,213 for over pumping the basin during water year 2009/2010. The Watermaster Budget and Finance Committee met on January 24, 2011 and reviewed the request and support documentation. The Committee voted unanimously to recommend to the Board that the CAW request for \$5,095,213 credit against the Replenishment Assessment fees for water year 2009/2010 imposed by Watermaster be approved.

**FISCAL IMPACT:**

If the Board approves this requested credit of \$5,095,213 the total credits approved by the Board will total \$21,608,499 (\$16,513,286 + \$5,095,213). This total when applied against the total assessment for over-production through September 30, 2010 of \$17,507,939 results in a credit balance \$4,100,560 to be carried forward and applied against 2010/2011 and future water year CAW assessments.

**ATTACHMENTS:**

- 1). CAW Request for Replenishment Assessment Credit letter dated January 14, 2011
- 2). Summary of Costs Charged to Coastal Water Project in calendar year 2008
- 3). California Public Utilities Commission Decision Approving Partial Settlement Agreement dated August 12, 2010
- 4). Memorandum of Understanding Between Seaside Basin Watermaster and California American Water adopted by the Watermaster Board of Directors on December 3, 2008



511 Forest Lodge Road  
Suite 100  
Pacific Grove, CA 93950

P 831.646.xxxx  
F 831.375.4367

[www.amwater.com/caaw](http://www.amwater.com/caaw)

January 14, 2011

Dewey Evans, Chief Executive Officer  
Seaside Groundwater Basin Watermaster  
2600 Garden Road, Suite 228  
Monterey, CA 93940

**SUBJECT: Request for Replenishment Assessment Credit**

Dear Mr. Evans:

California American Water hereby submits its formal request for a Replenishment Credit in the amount of \$5,095,213. We are requesting this credit be applied to the Seaside Basin Watermaster Year 2010 Overproduction Replenishment Assessment against California American Water that was transmitted by your December 14, 2010 invoice to Craig Anthony.

The basis for this Replenishment Credit request is California American Water's actual expenditures incurred in calendar year 2008 for pursuing the Coastal Water Project. The \$5,095,213 expenditure amount was approved by the California Public Utilities Commission ("CPUC") in its Decision 10-08-008, dated August 12, 2010 (copy attached). Also attached is a spreadsheet that breaks down this CPUC-approved expenditure amount by category. Detailed documentation of vendor invoices, labor costs, and other expenses corresponding to and supporting this \$5,095,213 approved expenditure amount is available, if desired.

As you will likely recall, in January of 2009 the Seaside Basin Watermaster and California American Water executed a Memorandum of Understanding regarding Replenishment Credits ("MOU"). In accordance with the MOU, California American Water is submitting this request within 40 days of our receipt of the Watermaster's notice of the amount of the Replenishment Assessment. Additionally, the MOU provides that the Watermaster "shall grant" California American Water's request for a Replenishment Credit for years in which Artificial Replenishment Water is not available for purchase. Thus, we are requesting that you place California American Water's request on the agenda for approval at the next Watermaster meeting.

Sincerely,

John Kilpatrick  
Project Delivery Manager

Enclosures (2)

cc: Craig Anthony  
Eric Sabolsice  
Lori Girard

## Summary of Costs Charged to CWP in 2008

CALIFORNIA AMERICAN WATER COMPANY  
COASTAL WATER PROJECT  
EXHIBIT ON 2008 EXPENSES

| Line No.   | Item  | Vendor  | 2008                |
|--|---|---|---------------------|
| <b>Engineering &amp; Environmental</b>               |   |   |                     |
| 1  | Consulting, Engineering and PEA/EIR Technical Support | RBF Consulting  | 939,241.98          |
| 2  | Design Engineering, Conveyance Facilities             | Parsons Water & Infrastructure, Inc.                    | 33,222.45           |
| 3  | Design Engineering, ASR Facilities                    | ASR Systems, LLC  | 33,248.68           |
| 4  | Environmental Impact Report                           | California Public Utilities Commission                  | 819,119.71          |
| 5  | Desalination Study                                    | RMC Water & Environmental                               | 1,065,382.27        |
| 6  | Geohydrologic Study                                   | Geoscience  | 185,012.00          |
| 7  | <b>Subtotal Engineering</b>                           |   | <b>3,075,227.09</b> |
| 8  | <i>Excluded from recovery</i>                         |   | <i>0.00</i>         |
| 9  | <b>Final Subtotal</b>                                 |   | <b>3,075,227.09</b> |
| <b>Pilot Plant, Construction</b>                     |   |   |                     |
| 10   | Pilot Plant, Laboratory                               | Williams Scotsman Inc.                                  | 15,414.06           |
| 11   | Pilot Plant, Electric Utility                         | Pacific Gas & Electric Co                               | 24,800.15           |
| 12   | Pilot Plant Equipment                                 | American Water Pridesa LLC                              | 397,911.55          |
| 13   | Consulting, Pilot Plant                               | American Water Pridesa LLC                              | 351,476.81          |
| 14   | Pilot Plant Construction, Civil and Mechanical        | Granite Construction Co                                 | 164,533.51          |
| 15   | Pilot Plant Construction, Electrical                  | Darrel Varni Electrical Inc / LS & G Electrical         | 29,467.98           |
| 16   | Pilot Plant Consultant Support                        | MWH Americas, Inc                                       | 126,792.32          |
| 17   | Pilot Plant, Equipment, Materials and Supplies        | Various   | 255,546.73          |
| 18   | <b>Subtotal Construction &amp; PP Startup</b>         |   | <b>1,365,943.11</b> |
| 19   | <i>Excluded from recovery</i>                         |   | <i>0.00</i>         |
| 20   | <b>Final Subtotal</b>                                 |   | <b>1,365,943.11</b> |
| <b>Legal</b>   |   |   |                     |
| 21   | Legal, Environmental                                  | Allen Matkins Leck Gamble & Mallory LLP                 | 4,867.00            |
| 22   | Legal, CPUC Matters                                   | Steeffel, Levitt & Weiss / Manatt, Phelps & Phillips LL | 151,729.90          |
| 23   | <b>Subtotal Legal</b>                                 |   | <b>156,596.90</b>   |
| 24   | <i>Excluded from recovery</i>                         |   | <i>-6,430.94</i>    |
| 25   | <b>Final Subtotal</b>                                 |   | <b>150,165.96</b>   |
| <b>CAW Labor, Overhead and Miscellaneous Expense</b> |   |   |                     |
| 26   | Company Labor & Overhead                              |   | 323,869.61          |
| 27   | Employee Pcard Expenses                               |   | 84,592.22           |
| 28   | Utility Plant Overhead                                |   | 21,716.95           |
| 29   | AWWSC Charges   |   | 12,175.13           |
| 30   | <b>Subtotal Labor, Expense, Miscellaneous</b>         |   | <b>442,353.91</b>   |
| 31   | <i>Excluded from recovery</i>                         |   | <i>0.00</i>         |
| 32   | <b>Final Subtotal</b>                                 |   | <b>442,353.91</b>   |
| <b>Miscellaneous Charges</b>                         |   |   |                     |
| 33   | Waste Water Discharge Fee                             | State Water Resources Control Board                     | 1,452.00            |
| 34   | Company Tax   | 2008 Sabrix Tax Account                                 | 1,236.29            |
| 35   | <b>Subtotal Miscellaneous Charges</b>                 |   | <b>2,688.29</b>     |
| 36   | <i>Excluded from recovery</i>                         |   | <i>0.00</i>         |
| 37   | <b>Final Subtotal</b>                                 |   | <b>2,688.29</b>     |
| 38   | <b>GRAND TOTAL BEFORE EXCLUSION</b>                   |   | <b>5,042,809.30</b> |
| 39   | <b>GRAND TOTAL EXCLUDED</b>                           |   | <b>0.00</b>         |
|  | (see Box A below for additional details)              |   |                     |
|  | <b>GRAND TOTAL INTEREST</b>                           |   | <b>52,402.87</b>    |
| 40   | <b>GRAND TOTAL REQUESTED</b>                          |   | <b>5,095,212.17</b> |

Please note that the Final Subtotals reflected above do not include the specific costs from vendors that California American Water removed from its recovery request. A summary of these vendors and associated costs are reflected below:

Note: Dollars shown above for each year reflect amounts paid to vendor during the year. Work associated with the dollar amounts may have been performed at an earlier date (ie. a January 2008 invoice, paid in 2008, may be for work done in 2007).

### Box A

|    |                            |                 |             |
|----|----------------------------|-----------------|-------------|
| 41 |                            |                 |             |
| 42 |                            |                 |             |
| 43 | <b>Subtotal Exclusions</b> | <i>Subtotal</i> | <i>0.00</i> |



Decision 10-08-008 August 12, 2010

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

In the Matter of the Application of  
California-American Water Company (U210W)  
for an Order Authorizing the Transfer of Costs  
Incurred in 2008 for its Long-Term Water  
Supply Solution for the Monterey District to its  
Special Request 1 Surcharge Balancing Account.

Application 09-04-015  
(Filed April 16, 2009)

**DECISION APPROVING PARTIAL SETTLEMENT AGREEMENT AND,  
WITH MODIFICATIONS, REIMBURSEMENT AGREEMENT**

**1. Summary**

By today's decision, we approve a Partial Settlement Agreement entered into by the California-American Water Company (Cal-Am) and the Division of Ratepayer Advocates. We find that the Partial Settlement Agreement is reasonable in light of the whole record, consistent with the law, and in the public interest, consistent with the requirements of Rule 12.1(d) of the Commission's Rules of Practice and Procedure.

Our approval of the Partial Settlement Agreement authorizes Cal-Am to recover \$5,095,213 for all Coastal Water Project costs incurred through December 31, 2008. Cal-Am will recover these costs from ratepayers through the Special Request 1 Surcharge Balancing Account authorized in Decision (D.) 06-12-040. The Settlement Agreement adopted today does not affect Cal-Am's ability to recover preconstruction costs incurred after December 31, 2008 and tracked in the memorandum account approved in D.03-09-022.

This decision also addresses the issues raised in the Joint Motion for Approval of a Reimbursement Agreement, filed on February 26, 2010 by Cal-Am, Marina Coast Water District (MCWD), and Monterey County Water Resources Agency (MCWRA). The Reimbursement Agreement is designed to allow Cal-Am to advance funds to MCWD and MCWRA to allow their continued participation in pursuing the proposed Regional Project, at issue in Application 04-09-019. As set forth in Exhibit A to the Reimbursement Agreement, the proposed funding will not exceed \$4,376,497 million and the funds are anticipated to be repaid with interest, assuming the proposed Regional Project is approved and built. We approve the Reimbursement Agreement with certain clarifications, as we discuss below.

## **2. Background**

Decision (D.) 03-09-022 authorized California-American Water Company (Cal-Am) to establish a memorandum account to record costs associated with preliminary engineering studies, environmental studies, analysis of necessary permitting requirements, and development of cost estimates for the Coastal Water Project. D.06-12-040 authorized the Special Request 1 Surcharge Balancing Account to allow recovery of prudently incurred preconstruction costs.

On April 16, 2009, Cal-Am filed Application (A.) 09-04-015 requesting authorization to transfer a total of \$5,620,977 in preconstruction costs for the Coastal Water Project that have been tracked in the authorized memorandum accounts to its Special Request 1 Surcharge Balancing Account for recovery from its ratepayers. In A.04-09-019, Cal-Am has applied for a certificate of public convenience and necessity (CPCN) to construct and operate a desalination plant and associated facilities proposed to address long-term water supply problems on the Monterey Peninsula. The proposed project and the alternatives studied in

the Final Environmental Impact Report (FEIR) are known as the Coastal Water Project.

As we discussed in D.09-12-017, which certifies the FEIR in A.04-09-019, the water supply deficit on the Monterey Peninsula is long-standing. Cal-Am has been subject to an order by the State Water Resources Control Board (SWRCB) since 1995 to cease diverting water from the Carmel River and to find an alternative supply of 10,730 acre-feet per year (afy) of water.<sup>1</sup> In 2006, the Monterey County Superior Court established physical limitations to various users' water allocations to reduce the drawdown of the Seaside Basin aquifer and to prevent additional seawater intrusion. Cal-Am's allocation from the Seaside Basin will be reduced over time. Also, in 2006, the Monterey Peninsula Water Management District (MPWMD) updated the total demand in Cal-Am's service territory. The replacement water supply required to meet the updated demand is 12,500 afy. On October 20, 2009, the SWRCB issued Order WR 2009-0060, a Cease and Desist Order that requires Cal-Am to take additional measures to reduce its diversions from the Carmel River and to terminate all such diversions no later than December 31, 2016.

On August 4, 2009, the Division of Ratepayer Advocates (DRA) filed a motion to strike portions of Cal-Am's testimony and to exclude certain issues from this proceeding. Cal-Am filed its response on August 19, 2009. The Scoping Memo Ruling, issued on September 3, 2009, granted DRA's motion and eliminated from the scope of this proceeding the recovery of legal costs incurred by Cal-Am in contesting the Draft Cease and Desist Order issued by the SWRCB

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<sup>1</sup> Order WR 95-10.

regarding compliance with its Order WR 95-10.<sup>2</sup> The Scoping Memo Ruling also excluded the issues related to delays in the issuance of the FEIR in A.04-09-019 from the scope of this proceeding.

On December 18, 2009, DRA served its Audit Report on California American Water Company's Coastal Water Project 2008 Preconstruction Costs, recommending that Cal-Am's request be reduced by \$5,583 due to expense recording errors and legal fees that DRA states are unreasonable.<sup>3</sup> Settlement negotiations ensued in January and February 2010.

On February 26, 2010, Marina Coast Water District (MCWD) and Monterey County Water Resources Agency (MCWRA, together known as the Local Agencies) moved to intervene in this proceeding. On the same date, Cal-Am and the Local Agencies filed and served a Joint Motion requesting expedited approval of a Reimbursement Agreement. The proposed agreement would allow Cal-Am to advance funds to the Local Agencies in order for MCWD and MCWRA to continue to participate in the development and negotiations related to the Regional Project, proposed as an alternative to the proposed Moss Landing Project in A.04-09-019. On March 5, 2010, DRA timely filed its opposition to the motions. MPWMD also timely moved for party status and opposed the Joint Motion.<sup>4</sup>

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<sup>2</sup> SWRCB issued a notice of its Proposed Cease and Desist Order on January 15, 2008. We issued Resolution W-4824 on April 8, 2010, which allowed Cal-Am to establish a memorandum account to track costs incurred in addressing the SWRCB Cease and Desist Order.

<sup>3</sup> Exhibit 4 at 3-2.

<sup>4</sup> On March 31, 2010, MPWMD filed and served an amended response to the Joint Motion, removing its opposition, noting that a settlement agreement had been reached

*Footnote continued on next page*

The assigned Commissioner and Administrative Law Judge (ALJ) issued an Amended Scoping Memo and Ruling that granted the motions to intervene, allowed Cal-Am to track certain costs related to the proposed Reimbursement Agreement in the Coastal Water Project Memorandum Account, and required Cal-Am to track related administrative and legal costs with specificity. On March 12, 2010, parties filed and served a Motion for Approval of Partial Settlement Agreement and requested that the testimony be identified and received into evidence. The ALJ received the exhibits into the record by ruling issued on June 14, 2010.

Cal-Am, the Local Agencies, and DRA timely filed and served concurrent opening and reply briefs.

### **3. Partial Settlement Agreement**

Other than the proposed Reimbursement Agreement, the Settling Parties agree on all the disputed issues in the Application including:

1. Settling Parties agree that the Commission should authorize Cal-Am to transfer \$5,095,213 in preconstruction costs incurred through year-end 2008 for the Coastal Water Project to the Special Request 1 Surcharge Balancing Account.
2. Settling Parties agree that Cal-Am's total request for recovery should be reduced by \$5,583 for invoice recording errors and unreasonable legal fees.

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among Cal-Am, the Local Agencies, and MPWMD regarding the Regional Project in A.04-09-019. However, because MPWMD's Board did not approve the proposed settlement agreement at a special meeting on April 5, 2010, MPWMD essentially renewed its opposition to the Reimbursement Agreement on April 7, 2010.

3. Settling Parties agree that the proposed recovery reflects the reduction of \$520,181 in legal fees, stricken in the Scoping Memo Ruling, in response to DRA's motion.

**4. The Partial Settlement Agreement is in the Public Interest, Consistent with the Law and Reasonable in Light of the Whole Record**

The Partial Settlement Agreement was reached after DRA conducted a thorough review and audit of the 2008 preconstruction costs. The agreement represents a reasonable resolution of the narrow dispute between Cal-Am and DRA regarding the Coastal Water Project preconstruction costs. DRA reviewed the documents reflecting Cal-Am's 2008 costs and found most of them to be reasonable.

We agree that the agreed-upon 2008 preconstruction costs were reasonably and properly incurred in the pursuit of a long-term water supply solution on the Monterey Peninsula. We find that the Partial Settlement Agreement also complies with our prior decisions addressing the Coastal Water Project preconstruction costs.

We find that the proposed Partial Settlement Agreement is in the public interest both because the agreed-upon costs are reasonable and because it will avoid potentially costly litigation. The disputed amounts in question are *de minimus* and it is certainly preferable that parties develop their own mutually-agreeable solution regarding the relatively minor disputed amounts. There is no need for the Commission or the parties to invest further time and resources in litigation. For all of the foregoing reasons, we grant the Settling Parties' Motion and adopt the Partial Settlement Agreement as proposed.

## **5. Joint Motion for Approval of Reimbursement Agreement**

The moving parties state that approval of the proposed Reimbursement Agreement would allow Cal-Am to record the funds advanced to the Local Agencies and the revenues repaid by the Local Agencies (with interest) in the Special Request 1 Surcharge Balancing Account. The funds advanced would not exceed \$4.3 million and, assuming the proposed Regional Project is approved and built, would be repaid with interest. The moving parties explain that they have been working together collaboratively to develop a workable regional solution to the water supply deficit, but the Local Agencies cannot allocate additional resources to this effort because of cash flow concerns. They therefore seek authority for Cal-Am to advance funds to cover project-related costs from February 9, 2010 (the date this issue was first raised at the Status Conference held in A.04-09-019) until the Local Agencies are able to issue bonds, or December 31, 2010, whichever occurs first, when the monies would be repaid. According to the Joint Motion, these repayments will cancel out the funds advanced under the Reimbursement Agreement. If there are remaining costs, however, the moving parties would expect these costs to be subject to reasonableness review and would then request recovery from Cal-Am's ratepayers. Under the provisions of the proposed Water Purchase Agreement in the Settlement Agreement in A.04-09-019, the financing that would be used to repay Cal-Am would become part of the capital costs of the Regional Project and that debt service would be funded by Cal-Am's ratepayers.<sup>5</sup> If the Regional Project is not built for some

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<sup>5</sup> The Water Purchase Agreement under consideration in A.04-09-019 is quite complicated and is not being considered here. As proposed, to the extent MCWD takes permanently allocated water, it will also contribute to the debt service coverage.

reason, the costs of the proposed Reimbursement Agreement would remain the responsibility of Cal-Am's ratepayers.

As described in Exhibit B to the motion, the scope of work is limited to time-critical tasks associated with work related to permitting and design of test wells and preparation of environmental documentation required to obtain federal or state funding.<sup>6</sup> The scope of work also includes MCWD and MCWRA administrative, consultant, and legal support services "required to provide continued development of the Monterey District water supply solution as referenced in California Public Utilities Commission (CPUC) Application No. 04-09-019."<sup>7</sup>

## **6. Responses to Motion**

DRA opposes both the motion to intervene and the motion for approval of the Reimbursement Agreement. DRA maintains that it is not proper for Joint Parties to request approval of this approach in this proceeding and instead recommends that Joint Parties file a petition to modify D.03-09-022. DRA also states that neither the assigned Commissioner nor the assigned ALJ has the authority to approve the requested Reimbursement Agreement. DRA also objects to ratepayer funding of this kind of speculative arrangement and recommends that shareholders bear these costs, if Cal-Am wishes to proceed. DRA explains that it would support a petition to modify D.03-09-022 if costs were limited to the development costs associated with test wells and related permitting and property acquisition.

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<sup>6</sup> Joint Motion, Exhibit B at 1.

<sup>7</sup> *Id.*



MPWMD also objects to the Joint Motion and requests clarification of the Commission's authority to approve such an arrangement. MPWMD agrees with DRA that Cal-Am's ratepayers should not be at risk for the administrative and legal costs and requests that the Commission clarify the details of any such arrangement, if approved.

## **7. Discussion Regarding Amended Scope**

In the Joint Amended Scoping Memo and Ruling, the assigned Commissioner and ALJ granted the Motions Requesting Leave to Intervene, granted party status to MCWD, MCWRA, and MPWMD, and found that the issues raised are reasonably pertinent to this proceeding, pursuant to Rule 1.4(b) of the Commission's Rules of Practice and Procedure (Rules).

As the Amended Scoping Memo explained, parties have arrived at an unusual juncture in the related Coastal Water Project matter (A.04-09-019). Parties have worked diligently in that proceeding and a proposed settlement agreement was filed and served in A.04-09-019 on April 7, 2010. As stated in the Amended Scoping Memo, it is important to recognize the unique role that the Local Agencies play in endorsing the Regional Project.

A brief review of these inter-related proceedings will provide the necessary context here. As the Commission noted in D.09-12-017:

This proceeding is a successor proceeding to Application (A.) 97-03-052, which was California-American Water Company's (Cal-Am) application for a certificate of public convenience and necessity (CPCN) to construct the Carmel River Dam and Reservoir. Because of several intervening events, including legislation directing the Commission to identify a long-term water supply contingency plan to replace the diversions from the Carmel River, Decision (D.) 03-09-022 dismissed that application without prejudice and expressly

directed Cal-Am to file a new application to seek Commission authorization to pursue the Coastal Water Project.

On September 20, 2004, Cal-Am filed A.04-09-019 which, among other things, sought the issuance of a CPCN to construct and operate its proposed Coastal Water Project and also sought approval to increase rates to fund the proposed project. Because the application did not include a Proponent's Environmental Assessment (PEA), a necessary precursor to evaluating the merits of the proposed project and associated proposed rate increase, the assigned Administrative Law Judge (ALJ) suspended the procedural process for this matter until such time as the PEA was filed.

On July 14, 2005, Cal-Am filed an amended application, its PEA, and a Motion for Interim Rate Relief. Cal-Am concurrently began the Public Notice process required by Rule 24 of the Commission's Rules of Practice and Procedure (Rules). On July 29, 2005, the Division of Ratepayer Advocates (DRA) and the Monterey County Water Resources Agency (MCWRA) filed responses to the motion. On August 8, 2005, Cal-Am filed a reply to the responses, which was supplemented on August 10, 2005. On August 15, 2005, several parties filed protests to Cal-Am's amended application. On August 25, 2005, Cal-Am filed a reply to the protests.

On September 6, 2005, the assigned ALJ determined that there should be two distinct phases to this proceeding. Phase 1 addressed interim rate relief and the Commission has issued D.06-12-040, which authorized Cal-Am to implement the Special Request 1 Surcharge commencing January 1, 2007, to collect authorized preconstruction costs. That decision also authorized Cal-Am to implement the Special Request 2 Surcharge if the Commission issues a CPCN for the Coastal

Water Project, or alternative long-term supply solution, in Phase 2 of this proceeding.<sup>8</sup>

The Commission has also issued D.08-01-007 in A.04-09-019, which adopted a settlement between Cal-Am and DRA, whereby Cal-Am was authorized to recover \$9.31 million as compensation in full for all Coastal Water Project preconstruction costs incurred through December 31, 2006. Cal-Am filed A.08-04-019 to recover preconstruction costs incurred in 2007, and the Commission approved a settlement in D.08-12-034 that allows Cal-Am to recover \$3.74 million for those costs. Cal-Am continues to track preconstruction costs and files annual applications to request recovery of these costs. Together with the costs authorized for recovery in today's decision, Cal-Am's ratepayers have funded a total of \$18.15 million in preconstruction costs incurred through 2008. On April 1, 2010, Cal-Am filed A.10-04-004 to request recovery of an additional \$5,423,221 incurred in preconstruction costs in 2009.

In sum, the applications and decisions in A.97-03-052, A.04-09-019, A.08-04-019, and A.09-04-015 are inter-related and address several inter-related issues. As the Joint Amended Scoping Memo explained, we do not agree that the Coastal Water Project Memorandum Account can be viewed through the narrow lens that DRA recommends. Instead, we affirm the assigned Commissioner and ALJ's determination that the Commission endorsed a broader approach conceptually in D.03-09-022. For example, while the Commission noted that Cal-Am's proposed Coastal Water Project was the same as the project identified in the Plan B Project Report,<sup>9</sup> the Commission also directed Cal-Am to

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<sup>8</sup> D.09-12-017 at 2-3, footnotes omitted.

<sup>9</sup> D.03-09-022, footnote 1 at 3.

“thoroughly explore opportunities for partnerships with other regional water supply entities as it prepares its PEA and to incorporate such partnerships in the project if appropriate.”<sup>10</sup> Thus, we are not convinced that a petition to modify D.03-09-022 is required, particularly because A.04-09-019 is a successor proceeding to A.97-03-052. We note that evidentiary hearings were not held in A.97-03-052.

We conclude that, pursuant to Pub. Util. Code § 1708, the ALJ, as presiding officer, provided proper notice by serving the Amended Scoping Memo on the service list to A.97-03-052, A.04-09-019, and to the service list for this proceeding. The ALJ also provided the requisite opportunity to be heard by allowing parties to brief this issue and to file motions identifying material disputed issues on this topic that required evidentiary hearings. No party requested evidentiary hearings in A.09-04-015. Accordingly, we find that the assigned Commissioner and ALJ reasonably amended the scope of this proceeding to include issues related to the proposed Reimbursement Agreement. Further, we conclude that it is reasonable to allow Cal-Am to track the costs and revenues associated with the proposed Reimbursement Account in the Coastal Water Project Memorandum Account as of March 10, 2010, and we affirm the Joint Scoping Memo Ruling.

#### **8. Is it Reasonable to Approve the Reimbursement Agreement?**

As to the merits of the proposed Reimbursement Agreement, Cal-Am asserts that its advancement of funds to the Local Agencies is reasonable and, indeed, that such interim financing is necessary and prudent in order for Cal-Am to comply with the SWRCB’s Cease and Desist Order. Cal-Am and the Local

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<sup>10</sup> *Id.* at 12.

Agencies maintain that the costs identified in the proposed Reimbursement Agreement are directly related to the Regional Project, and, most importantly, would not have occurred but for this Project.

These parties explain that the critical project development costs that the short-term interim payment of funds would address include the design and permitting of test wells, efforts to acquire the real property interests necessary to allow construction of test wells, efforts to secure grants and least-cost financing available to Local Agencies, environmental review of the Regional Project at the federal level (pursuant to the National Environmental Policy Act, or NEPA), which is a prerequisite to receiving federal grants and funding, and efforts to secure permits for the project (should it be approved). The Local Agencies' direct project-related costs would also be covered by the Reimbursement Agreement and would include administrative project-related costs for all non-attorney staff of the agencies and legal costs for participation by "inside and outside attorneys" representing the agencies in all project-related activities, including but not limited to completion and documentation of settlement discussions and appropriate agency approval of same, environmental review required pursuant to the California Environmental Quality Act (CEQA) and project approval by each agency, and a defense of any CEQA or other legal or regulatory challenges to project approval. The Reimbursement Agreement would also cover consultant and engineering costs required for Regional Project approval and permitting.

The Local Agencies emphasize that MCWD incurred these costs at the request of DRA and this Commission, and that MCWRA became involved in order to seek a viable regional solution to the very real water constraints on the Monterey Peninsula, while at the same time ensuring compliance with its

mandate to ensure that groundwater is not exported from the Salinas Valley Groundwater Basin. The Local Agencies contend that they must participate in developing the Regional Project, both in order to ensure the viability of the Regional Project and because, in their view, there is no viable alternative. According to the Local Agencies, absent replacement of the Carmel River diversions, either Cal-Am would be subject to heavy penalties from the SWRCB or the Monterey Peninsula would be subject to extreme economic challenges. Since the Local Agencies must participate in the Regional Project, and since Cal-Am's ratepayers will consume most of the desalinated water, the Local Agencies further contend that it is reasonable for Cal-Am's ratepayers to fund the development of the Regional Project. Cal-Am and the Local Agencies emphasize that funding through the Reimbursement Agreement will not exceed \$4.3 million and that it will cover costs incurred from March 10, 2010 (the date the Joint Amended Scoping Memo allowed tracking of such costs in the Coastal Water Project Memorandum Account) until December 31, 2010 or financing is obtained for the Coastal Water Project, whichever occurs first.

DRA explains that it supports the Regional Project, subject to the concerns and conditions described in its comments and testimony in A.04-09-019, but has certain concerns regarding the proposed Reimbursement Agreement. DRA does not dispute the need for the Reimbursement Agreement as to environmental work to ensure compliance with CEQA and for NEPA, nor does DRA dispute the need for drilling of test wells; DRA acknowledges that such costs are appropriately recoverable from Cal-Am's ratepayers. Thus, DRA supports the Reimbursement Agreement for the Local Agencies' reasonable and necessary expenses, including internal and external administrative, consultant, and legal expenses associated with the Environmental Scope of Work and the Test Well

Scope of Work. However, DRA contends that funding the Local Agencies' internal and external administrative, consultant, and legal expenses associated with litigation in support of the Regional Project is very problematic. DRA asserts that such costs cannot be funded because this approach both contravenes the intervenor compensation statutes and violates the "free speech rights of ratepayers under both the United States and California Constitutions."<sup>11</sup>

DRA contends that – at least for costs associated with litigation that may ensue with regard to the Regional Project – the administrative, consultant, and legal costs that may be undertaken by the Local Agencies should be considered through the lens of the intervenor compensation statutes (Pub. Util. Code §§ 1801 et seq.). Since the statutory definition of "customer" in § 1802(b) expressly excludes any public government agency, DRA maintains that the Local Agencies' recovery of administrative, consultant, and legal costs associated with litigation is improper and not allowed by statute.

As set forth in the Joint Amended Scoping Memo, it is important that we address the proposed Reimbursement Agreement in context. Both DRA and the MPWMD oppose the proposed Settlement Agreement and Water Purchase Agreement at issue in A.04-09-019. It appears that DRA is most concerned about the Local Agencies' ability to propound what it views as burdensome and inappropriate discovery requests and to advocate for the proposed Settlement Agreement in A.04-09-019. While recognizing that utility representation before the Commission is generally considered a cost of doing business as a utility, and reimbursed in rates, DRA states that:

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<sup>11</sup> DRA Opening Brief at 7.

Representation and defense by the public utility of its own litigation positions is the standard in Commission proceedings and should be sufficient here (footnote omitted). Allowing Cal-Am to fund the Local Agencies to support its litigation positions unfairly gives Cal-Am several additional bites at the apple. To the extent that the Local Agencies' participation in A.04-09-019 is necessary to reach agreement on a Regional Project, and to provide technical details in the proceeding, the Local Agencies stand to benefit from such a Regional Project and should allocate the resources to participate at their own expense.<sup>12</sup>

DRA also argues that use of ratepayer funds to finance third-party participation in our proceedings, where such participation is "contrary to ratepayer interests," violates the free speech rights of ratepayers. DRA appears to be arguing that allowing funding for litigation costs in the Reimbursement Agreement is akin to allowing rate recovery for political lobbying or legislative advocacy, and compelling ratepayers to associate with particular forms of speech.

While DRA is correct that this Commission does not allow rate recovery for political lobbying, the Commission does allow rate recovery for litigation costs, as DRA recognizes.<sup>13</sup> Here, DRA asserts that the litigation function at issue is not really litigation, but rather is "analogous" to political lobbying or legislative advocacy.<sup>14</sup> We do not agree that the litigation function covered under the Reimbursement Agreement can be construed as political speech. To the extent that litigation costs are ultimately found to be recoverable in rates,

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<sup>12</sup> DRA Opening Brief at 6.

<sup>13</sup> See, e.g., D.09-07-038 at 5 and D.09-07-021 at 91.

<sup>14</sup> DRA Comments on Proposed Decision at 3.



these costs are a business expense and are related to the development costs of the water supply project, as Cal-Am and the Local Agencies point out.<sup>15</sup>

DRA's argument is based solely upon the fact that the Local Agencies are taking litigation positions that DRA regards as "inconsistent with Cal-Am ratepayer interests," because those positions may result in incremental costs to Cal-Am ratepayers.<sup>16</sup> DRA's contentions obviously turn on the definition of ratepayers' interests. While it is DRA's statutory mission to focus on costs and their impact on rates,<sup>17</sup> the Commission as a whole must consider the viability of the Coastal Water Project and the need for water on the Monterey Peninsula.

Indeed, we agree with Cal-Am that the approach in the proposed Reimbursement Agreement is more akin to the funding provided by Cal-Am to MPWMD in D.06-11-050 regarding joint conservation activities.<sup>18</sup> In this case, the Local Agencies have key responsibilities related to the proposed Regional Project addressed in the proposed Settlement Agreement at issue in A.04-09-019. As contemplated in the proposed Settlement Agreement, MCWRA would drill and operate the brackish source wells, MCWD would own and construct the desalination plant, and Cal-Am would own and construct the conveyance facilities needed to distribute the water to its ratepayers. We will consider that proposal in due course in A.04-09-019.

DRA's concerns regarding discovery are not compelling. While we frown on irrelevant discovery requests, there are procedures in place to address such

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<sup>15</sup> Cal-Am's Reply Brief at 8; Joint Reply Brief of MCWD and MCWRA at 9.

<sup>16</sup> DRA Comments on Proposed Decision at 3.

<sup>17</sup> Pub. Util. Code § 309.5(a).

<sup>18</sup> D.06-11-050 at 26-27.

concerns. DRA appears to arguing that the burdensome discovery issues are the consequence of MCWD and MCWRA not paying their own litigation costs; in other words, if the Local Agencies were solely responsible for their own costs, litigation and associated discovery disputes would be minimized. We do not arrive at the same conclusion.

While it is true that discovery issues before the Commission are often less contentious than those in the courts, it is certainly not unheard of for proceedings before the Commission to involve major discovery disputes.<sup>19</sup> The fact that this contentious, long-running, and complicated proceeding, dealing with multiple jurisdictions and sets of ratepayers, triggered contentious discovery does not prove anything about the proper allocation of litigation costs. Here, the parties appear to have resolved their concerns on their own – a practice we encourage. Pursuant to Rules 11.3 and 11.7, all parties may refer discovery disputes to the assigned ALJ, and they may also be referred by the ALJ to the Law and Motion Judge.

Moreover, we are not persuaded that the participation of the Local Agencies in our proceedings should be categorized as intervenor compensation activities. The Local Agencies have not put themselves forward as intervenors seeking compensation; indeed, they recognize that this is a unique proceeding with a unique set of circumstances to be considered. Our determinations in this matter are not precedential.

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<sup>19</sup> For example, D.07-07-040 referred to the voluminous pleadings and motions filed in Complaint (C.) 05-12-004 (*Chevron Products Company v. Equilon Enterprises, LLC dba Shell Oil Products US and Shell Trading (US) Company*).

At this Commission alone, parties have been arguing about the Coastal Water Project in one form or another for well over a decade. Water constraints on the Monterey Peninsula have been identified since the 1940s.<sup>20</sup> The issues involved in solving the water constraints on the Monterey Peninsula are difficult, complex, and extremely pressing. We commend DRA for initiating the discussions among community members and local entities under the auspices of the Regional Plenary Oversight Group, now known as Water for Monterey County.<sup>21</sup> The Local Agencies have now stepped forward and coordinated with Cal-Am in order to work toward development of a proposed Regional Project. We see this approach – which we may or may not ultimately approve – as a unique public-private partnership, the terms of which are under consideration in A.04-09-019. While we do not address the merits of the Regional Project here, we do wish to ensure that the Local Agencies can continue to participate throughout the proceedings at the Commission. DRA acknowledges that the Local Agencies' participation in the Regional Project is necessary, despite disputing the recovery of litigation costs.<sup>22</sup>

As demonstrated in Exhibit A to the Joint Motion, costs associated with project management and environmental documentation required under the Environmental Scope of Work are \$733,367 and costs associated with project management and test well development are \$786,300, for a total of \$1,519,667.

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<sup>20</sup> D.09-12-017 at 6 and FEIR at 2-2.

<sup>21</sup> Declaration of Steven Kasower in Support of Joint Reply Brief of Marina Coast Water District and Monterey County Water Resources Agency Regarding Reimbursement Agreement at 1-2.

<sup>22</sup> DRA Reply Brief at 7.

Joint Parties have also built in a contingency amount of \$156,830 for this work. Costs associated with administrative, consultant, and legal expenses equal \$1,600,000 for MCWD and \$1,100,000 for MCWRA.

The costs associated with agency administrative, consultant, and legal expenses through December 31, 2010 are estimated at \$2.7 million out of a total \$4.3 million, at issue here. We cannot easily distinguish the costs that are solely associated with litigation from this amount, nor can we separate the amount of agency administrative, consultant, and legal expenses that are associated with Environmental or Test Well scopes of work – amounts that DRA does not contest and, indeed, supports. We note that DRA does not dispute funding certain costs associated with litigation; for example, DRA does not appear to dispute the Reimbursement Agreement's provision to fund the Local Agencies' potential need to defend CEQA challenges in court. At this point, it makes little sense to suspend Local Agency participation in the Coastal Water Project development of a Regional Project for an amount likely to be less than \$2.7 million.

Accordingly, we will approve the Reimbursement Agreement and allow Cal-Am to advance funds to the Local Agencies on an interim basis to address cash flow concerns, with minor modifications. We expect that all funds advanced by Cal-Am will be fully repaid with interest by the Local Agencies, should the Regional Project be approved and built. To the extent that these funds are not repaid, it is reasonable for ratepayers to be responsible for funding associated with the Environmental and Test Well Development Scopes of Work, as DRA agrees. These functions are necessary to pursue the Regional Project, in any case.

At this point in the pursuit of a long-term solution to the constrained water supplies, we find that Cal-Am may advance funds for the Local Agencies to

participate in A.04-09-019. We note that ultimate recovery of legal costs is an issue in A.04-09-019. Here, we are addressing a cash flow issue.

DRA argues that there is no record evidence that the Local Agencies were subject to cash flow concerns. On the contrary, as the Joint Parties explained in their initiating motion:

Without interim assistance in the form of a Reimbursement Agreement from CAW to cover the agencies' costs between now and the date the public agencies' respective portions of an approved project can be bonded, the agencies' cash flow issues will significantly impede their full participation in the CPCN proceeding and may jeopardize their ability to participate effectively in the proceeding at all. The need is real, and a successful outcome for the Coastal Water Project proceeding may hang in the balance.<sup>23</sup>

While no documentary corroborating evidence was presented, neither was it sought. DRA had the opportunity to seek evidentiary hearings if it questioned the premise of the Joint Motion, but did not do so. The Joint Amended Scoping Memo and Ruling of the Assigned Commissioner and Administrative Law Judge stated with specificity that "[i]f parties believe that there are material disputed factual issues related to the proposed Reimbursement Agreement that require evidentiary hearings, they should file and serve a motion by May 7, 2010."<sup>24</sup> As we discussed above, no party filed such a motion.

We do clarify that the funds advanced to the Local Agencies should not provide funding for costs expected to be incurred in the normal course of business in terms of the functions covered by the Reimbursement Agreement.

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<sup>23</sup> Joint Motion at 2.

<sup>24</sup> Joint Amended Scoping Memo and Ruling of Assigned Commissioner and Administrative Law Judge, issued March 10, 2010 at 8.

The Local Agencies should carefully delineate and track all functions covered by the Reimbursement Agreement and funds repaid to Cal-Am. We commend the Local Agencies for working collaboratively to ensure the success of the proposed Regional Project. While we cannot and do not assert jurisdiction over the Local Agencies, we must ensure that Cal-Am's ratepayers are protected from costs the Local Agencies would otherwise have to expend, absent this Project.

At DRA's behest, we also require that Cal-Am and the Local Agencies separately delineate and track the litigation costs included in the Reimbursement Agreement. The ultimate recovery of the litigation costs are at issue in A.04-09-019 and will be resolved in that proceeding. With these minor clarifications, we approve the proposed Reimbursement Agreement and the terms outlined in Exhibit A of the Joint Motion filed and served on February 26, 2010. The monies advanced by Cal-Am cannot exceed \$4,376,497, less any amounts for costs incurred in the normal course of business. In comments to the proposed decision, DRA correctly points out that the text of the Reimbursement Agreement states that the amounts covered shall not exceed \$4.3 million, and urges that the decision be revised accordingly. Exhibit A to the Reimbursement Agreement more precisely estimates the monthly cash flow requirements at \$4,376,497. To the extent that we have more precise estimates available, those estimates should be used. It is also reasonable to limit the Reimbursement Agreement to this amount. As these parties recognize, Cal-Am and the Local Agencies must seek additional Commission authority to extend or increase the limits set forth under the Reimbursement Agreement.

Cal-Am should carefully segregate and identify all costs subject to the Reimbursement Agreement in the Coastal Water Project Memorandum Account. Cal-Am has requested confirmation that the utility will earn interest on the

sub-account established in the Coastal Water Project Memorandum Account, which is tied to the interest rate established in D.03-09-022, currently set at the 90-day commercial paper rate. We acknowledge that Cal-Am has filed a petition to modify D.06-12-040 to request a modification to the interest rate applied to that account and such adjustments can be made prospectively, should we approve the petition for modification.

We remind Cal-Am that costs recorded in the Coastal Water Project Memorandum Account, including the Reimbursement Agreement sub-account, will be subject to review when Cal-Am seeks future approval to transfer costs from the Coastal Water Project Memorandum Account to the Special Request 1 Surcharge Balancing Account. As we noted recently in our approval of the Cease and Desist Order Memorandum Account established in Resolution W-4824:

Authorization of a memorandum account does not mean that the Commission has decided that the types of costs to be recorded in the account should be recoverable in addition to rates that have been otherwise authorized, e.g., in a general rate case. Instead, the utility shall bear the burden when it requests recovery of the recorded costs, to show that additional recovery of the types of costs recorded in the account is appropriate, that the utility acted prudently when it incurred these costs and that the level of costs is reasonable. Thus, Cal-Am is reminded that just because the Commission has authorized a memorandum account does not mean that recovery of costs in the memorandum account from ratepayers is appropriate. As such, Cal-Am will bear the burden of showing that the costs it has incurred are reasonable when seeking to amortize the balance in this account.<sup>25</sup>

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<sup>25</sup> Resolution W-4284 at 6. Similar requirements have been stated in several Commission decisions, most recently in D.10-04-030 in Conclusion of Law 6 at 22.

## **9. Comments on Proposed Decision**

Pursuant to Pub. Util. Code § 311(g)(1) and Rule 14.3, the proposed decision of the ALJ was mailed for comment on July 13, 2010. Cal-Am MCWD, and MCWRA, jointly, and DRA timely filed and served comments. DRA contends that changes to the proposed decision are required due to legal and technical concerns. We have carefully weighed the arguments set forth in the comments and modified the decision as appropriate. Cal-Am, MCWD, and MCWRA jointly filed and served reply comments.

## **10. Assignment of Proceeding**

John A. Bohn is the assigned Commissioner and Angela K. Minkin is the assigned ALJ in this proceeding.

### **Findings of Fact**

1. As detailed in the Partial Settlement Agreement, we find that Cal-Am should be allowed to recover \$5,095,213 in 2008 preconstruction costs, and this amount constitutes the entirety of Cal-Am's preconstruction costs through December 31, 2008, for which recovery has not been previously authorized.

2. \$5,095,213 should be transferred from the Coastal Water Project Memorandum Account to the Special Request 1 Surcharge Balancing Account for recovery from Cal-Am's ratepayers.

3. Nothing in the Settlement Agreement affects Cal-Am's ability to recover preconstruction costs incurred for the Coastal Water Project after December 31, 2008, and tracked in the memorandum account approved in D.03-09-022.

4. The applications and decisions in A.97-03-052, A.04-09-019, A.08-04-019, and A.09-04-015 are inter-related and address inter-related issues.



5. In D.03-09-022, the Commission directed Cal-Am to explore opportunities for partnerships with other regional water supply entities as it prepares its PEA and to incorporate such partnerships in the project if appropriate.

6. A petition to modify D.03-09-022 (in A.97-03-052) is not required in order to address the issues raised by the Joint Motion for Expedited Approval of Reimbursement Agreement, particularly because A.04-09-019 is a successor proceeding to A.97-03-052.

7. Evidentiary hearings were not held in A.97-03-052.

8. The Reimbursement Agreement is designed to address short-term interim payment of funds to the Local Agencies for the purpose of developing Test Wells, additional environmental work, and to address administrative project-related costs for all non-attorney staff of the agencies and legal costs for participation by external and internal counsel representing the agencies in project-related activities.

9. The Local Agencies have not identified themselves as intervenors seeking compensation under the Commission's intervenor compensation program, and should not be so considered.

10. As proposed in the Settlement Agreement and Water Purchase Agreement at issue in A.04-09-019, the Local Agencies have integral responsibilities related to the proposed Regional Project.

11. The issues involved in solving the water constraints on the Monterey Peninsula are long-standing, difficult, complex, and pressing.

12. In 2006, DRA initiated discussions and invited MCWD to participate in ongoing discussions and community meetings that have ultimately resulted in the proposed Regional Project.

13. Under the proposed Settlement Agreement and Water Purchase Agreement at issue in A.04-09-019, MCWRA would own and operate the brackish source water wells, MCWD would own and operate the proposed desalination plant, and Cal-Am would own and operate the conveyance and pipeline system for water distribution to its customers.

14. As demonstrated in Exhibit A to the Joint Motion filed on February 26, 2010, costs associated with project management and environmental documentation required under the Environmental Scope of Work are \$733,367 and costs associated with project management and test well development are \$786,300, for a total of \$1,519,667. Joint Parties have also built in a contingency amount of \$156,830 for this work.

15. Total costs associated with administrative, consultant, and legal expenses equal \$1,600,000 for MCWD and \$1,100,000 for MCWRA. Of these amounts, the costs associated with agency administrative, consultant, and legal expenses associated with the Environmental and Test Well Scopes of Work are not easily discernable in Exhibit A.

16. Cal-Am's ratepayers have been responsible for \$18.15 million in preconstruction costs incurred from 2006 through 2008, and ratepayers may also be responsible for an additional \$5.4 million in preconstruction costs incurred in 2009 (currently under review in A.10-04-004).

17. While the text of the Reimbursement Agreement limits the funds advanced by Cal-Am to \$4.3 million, Exhibit A to the Reimbursement Agreement establishes a more precise estimate of \$4,376,497 to address monthly cash flows through year-end.

18. The Local Agencies have agreed to repay Cal-Am the funds advanced, with interest, as of December 31, 2010, or when financing is in place for the proposed Regional Project (should it be approved), whichever event occurs first.

19. Although DRA disputes the evidentiary basis of the Local Agencies' assertion regarding cash flow concerns, DRA had the opportunity to seek evidentiary hearings and did not do so.

### **Conclusions of Law**

1. The Partial Settlement Agreement between Cal-Am and DRA is reasonable in light of the whole record, consistent with the law, and in the public interest and should be approved.

2. Pursuant to Pub. Util. Code § 1708, the ALJ, as presiding officer, provided proper notice of the amended scope of this proceeding by serving the Amended Scoping Memo on the service list to A.97-03-052, A.04-09-019, and to the service list for this proceeding.

3. Parties were provided with the requisite opportunity to be heard because parties were allowed to brief the issues related to the proposed Reimbursement Agreement and to file motions identifying material disputed issues on this topic that required evidentiary hearings. No party requested evidentiary hearings in A.09-04-015.

4. It is reasonable to affirm the expanded scope of this proceeding and to allow Cal-Am to track the costs and revenues associated with the proposed Reimbursement Account in the Coastal Water Project Memorandum Account as of March 10, 2010, and we affirm the Joint Amended Scoping Memo and Ruling issued on the same date.

5. Pub. Util. Code §§ 1801 et seq. (the statutes governing the Commission's intervenor compensation program) are not applicable to the Local Agencies and

their participation in developing the proposed Regional Project or in seeking funds advanced by Cal-Am in order to address cash flow concerns.

6. Costs incurred by the Local Agencies for litigation at this Commission or in other forums cannot be construed as political speech; to the extent that such costs are ultimately found to be recoverable, these costs are business expenses related to the development of an urgently-needed water supply project.

7. It is reasonable to approve the Reimbursement Agreement amounts as to the undisputed costs associated with the Environmental and Test Well Scopes of Work.

8. At this point, it is reasonable to allow Cal-Am to advance funds to the Local Agencies to allow their continued participation in A.04-09-019.

9. It is reasonable to require the Cal-Am and the Local Agencies to carefully delineate and track the litigation costs at issue in this proceeding, so that recovery of these costs can be considered in A.04-09-019.

10. It is reasonable to approve the more precise estimate of \$4,376,497 in monthly cash flows presented in Exhibit A to the Reimbursement Agreement, but to limit the Reimbursement Agreement to that projected amount.

11. Costs recorded in the Coastal Water Project Memorandum Account, including the Reimbursement Agreement sub-account, will be subject to review when Cal-Am seeks future approval to transfer costs from the memorandum account to the Special Request 1 Surcharge Balancing Account.

12. The Reimbursement Agreement sub-account should be subject to the same interest rate established for the Coastal Water Project Memorandum Account in D.03-09-022, currently set at the 90-day commercial paper rate.

13. The Reimbursement Agreement we approve today is a unique situation, and should not be considered precedential in any way.

14. This decision should be effective today so that the Partial Settlement Agreement and the modified Reimbursement Agreement may be implemented expeditiously.

15. A.09-04-015 should be closed.

## **O R D E R**

Therefore, **IT IS ORDERED** that:

1. The Partial Settlement Agreement between California-American Water Company and the Division of Ratepayer Advocates is approved without modification.

2. California-American Water Company is authorized to transfer \$5,095,213 of costs incurred for the Coastal Water Project through December 31, 2008 from the Coastal Water Project Memorandum Account to the Special Request 1 Surcharge Balancing Account.

3. The Joint Motion of California-American Water Company, Marina Coast Water District, and Monterey County Water Resources Agency for Expedited Approval of Reimbursement Agreement is granted, subject to the following clarifications:

- a. The terms described in the Reimbursement Agreement regarding funds advanced to Marina Coast Water District and to Monterey County Water Resources Agency to address the Environmental Scope of Work outlined in Exhibit B of the Joint Motion are approved;
- b. The terms described in the Reimbursement Agreement regarding funds advanced to Marina Coast Water District and to Monterey County Water Resources Agency to address Test Well Scope of Work outlined in Exhibit B of the Joint Motion are approved;

- c. The terms described in the Reimbursement Agreement regarding funds advanced to Marina Coast Water District and to Monterey County Water Resources Agency to address the Scope of Work outlined in Exhibit B of the Joint Motion as to Administrative, Consultant, and Legal functions are approved, to the extent the funds cover direct costs of functions required for the Environmental Scope of Work and the Test Well Scope of Work;
- d. California-American Water Company may advance funds to Marina Coast Water District and Monterey County Water Resources Agency to address the legal functions associated with addressing Application 04-09-019 at the California Public Utilities Commission or in other forums. Such costs shall be delineated and tracked by Marina Coast Water District and Monterey County Water Resources Agency in presenting their invoices to Cal-Am for reimbursement, and Cal-Am shall track these costs separately in its Reimbursement Agreement sub-account;
- e. As set forth in Exhibit A to the Reimbursement Agreement, the funds advanced to Marina Coast Water District and Monterey County Resources Agency shall not exceed \$4,376,497, less adjustments for costs that would be incurred in the normal course of business; and
- f. California-American Water Company, Marina Coast Water District, and Monterey County Water Resources Agency must seek additional Commission authority to extend or increase the funding limits set forth in the Reimbursement Agreement.

4. Application 09-04-015 is closed.

This order is effective today.

Dated August 12, 2010, at San Francisco, California.

MICHAEL R. PEEVEY  
President  
DIAN M. GRUENEICH  
JOHN A. BOHN  
TIMOTHY ALAN SIMON  
NANCY E. RYAN  
Commissioners

SEASIDE GROUNDWATER BASIN  
WATERMASTER

**TO:** Board of Directors  
**FROM:** Dewey D Evans, CEO  
**DATE:** February 2, 2011  
**SUBJECT:** Election of Vacant Watermaster Officer(s) Positions

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**PURPOSE:**

Two officer positions have opened up and need to be filled.

**RECOMMENDATION:**

None

**DISCUSSION:**

One of the two open officer positions is that of Chairperson and that position must be a member of the Board and must be duly elected by the Board members. The other position which does not have to be a Board member is the position of Secretary.

**FISCAL IMPACT:**

None



**ITEM X.**

**INFORMATIONAL  
REPORTS**

**(NO ACTION REQUIRED)**

| ANNUAL MILESTONES   | 2006                                   | 2007                        | 2008   | 2009   | 2010                    | 2011                    | 2012   | 2013                    | 2014                    | 2015                    | 2016                    | 2/2/2011 |                          |
|---|--|-----------------------------|--|--|-------------------------|-------------------------|--|-------------------------|-------------------------|-------------------------|-------------------------|----------|--------------------------|
| Each Producer is authorized to Produce its Production Allocation within the designated Subarea in each of the first three Water Years. Alternative Producers may change to Standard Production by March 27, 2009 by filing a declaraton with the Court and with the other parties.  | 27-Mar-06                              | 30-Sep-07                   | APA to SPA election amended to in perpetuity 12/12/2009  |  |                         |                         |  |                         |                         |                         |                         |          |                          |
| Commencing with the fourth Water Year and Triennially thereafter, the Operating Yield for both Subareas will be decreased by 10% until the Operating Yield is equivalent to the Natural Safe Yield unless by recharge or reclaimed water use results in a decrease in production of Native Water as required by the decision.   |  |                             |  | 100% of the Operating Yield of 5,600 decreased 10% Oct 1, 2009 |                         |                         | Operating yield could decrease 10% every three years on October 1st until it is the equivalent of Natural Safe Yield | 1-Oct                   | 1-Oct                   | 1-Oct                   |                         |          |                          |
| Each Water Year by November 15th, the Watermaster will determine and levy a Replenishment Assessment on each Standard Producer, with payment due from Producer 40 days after the levy is mailed. After the close of each Water Year, the Watermaster will determine and levy a Replenishment Assessment against all Producers that incurred Operating Yield Over Production during the Water Year, with payment due from Producer by January 15th |  | 15-Nov                      | 15-Nov   | 15-Nov   | 15-Nov                  | 15-Nov                  | 15-Nov   | 15-Nov                  | 15-Nov                  | 15-Nov                  | 15-Nov                  |          |                          |
| California American Water to submit annually to Watermaster any augmentation to water supply for possible credit toward Replenishment Assessment  | Annually                               | 15-Nov                      | CAW Credit Request Granted (signed MOU) January 15, 2009 | CAW Credit Req Granted 2/3/10                                  |                         | 2-Feb                   | 15-Nov   | 15-Nov                  | 15-Nov                  | 15-Nov                  | 15-Nov                  |          |                          |
| Water level monitoring - monthly data collection from all members for inclusion in the consolidated database.   | Reported Annually                      | Monthly                     | Monthly  | Monthly  | Monthly                 | Monthly                 | Monthly  | Monthly                 | Monthly                 | Monthly                 | Monthly                 |          |                          |
| Water quality monitoring - yearly data collection from all members for inclusion in consolidated database   | Reported Annually                      | 15-Nov                      | 28-Feb & 15-Nov  | 15-Nov   | 15-Nov                  | 15-Nov                  | 15-Nov   | 15-Nov                  | 15-Nov                  | 15-Nov                  | 15-Nov                  |          |                          |
| Summary report of water resources data to all members/parties Reported the 15th each quarter month: Annual Report to Court  | Quarterly                              | Jan, Apr, Jul, Oct 15th     | Jan, Apr, Jul, Oct 15th                                  | Jan, Apr, Jul, Oct 15th  | Jan, Apr, Jul, Oct 15th | Jan, Apr, Jul, Oct 15th | Jan, Apr, Jul, Oct 15th  | Jan, Apr, Jul, Oct 15th | Jan, Apr, Jul, Oct 15th | Jan, Apr, Jul, Oct 15th | Jan, Apr, Jul, Oct 15th |          |                          |
|   | 15-Jan                                 | 15-Nov                      | 15-Nov   | 15-Nov   | 23-Dec                  |                         |  |                         |                         |                         |                         |          |                          |
| ADMINISTRATIVE MILESTONES   | 2006                                   | 2007                        | 2008   | 2009   | 2010                    | 2011                    | 2012   | 2013                    | 2014                    | 2015                    | 2016                    |          |                          |
| Adjudication ordered by Court and filed   | 27-Mar-06                              |                             |  |  |                         |                         |  |                         |                         |                         |                         |          |                          |
| Board Directors Terms   |  | 7-Nov                       |  |  |                         |                         |  |                         |                         |                         |                         |          |                          |
| Budget (Administrative) Adopted/distributed   |  |                             |  |  | 15-Jan-10               | 15-Jan                  | 15-Jan   | 15-Jan                  | 15-Jan                  | 15-Jan                  | 15-Jan                  |          |                          |
| Budget (Operations) Adopted/distributed   |  |                             |  |  | 15-Jan-10               | 15-Jan                  | 15-Jan   | 15-Jan                  | 15-Jan                  | 15-Jan                  | 15-Jan                  |          |                          |
| Budget (Replenishment)Adopted/distributed   |  |                             |  |  | 15-Jan-10               | 15-Jan                  | 15-Jan   | 15-Jan                  | 15-Jan                  | 15-Jan                  | 15-Jan                  |          |                          |
| Administrative Assessments  | 15-Jan-06                              | 15-Jan-07                   | 15-Jan-08  | 15-Jan-09  | 15-Jan-10               | 15-Jan-11               | 15-Jan-12  | 15-Jan-13               | 15-Jan-14               | 15-Jan-15               | 15-Jan-16               |          |                          |
| Operations Assessments  | 15-Jan-07                              | 15-Jan-07                   | 15-Jan-08  | 15-Jan-09  | 15-Jan-10               | 15-Jan-11               | 15-Jan-12  | 15-Jan-13               | 15-Jan-14               | 15-Jan-15               | 15-Jan-16               |          |                          |
| Capital Assessments   | 15-Jan-07                              | 15-Jan-07                   | NONE   | 15-Jan-09  | NONE                    | 15-Jan-11               | 15-Jan-12  | 15-Jan-13               | 15-Jan-14               | 15-Jan-15               | 15-Jan-16               |          |                          |
| Replenishment Assessments   | CAW credit                             | CAW credit                  | CAW credit   | CAW credit   | CAW credit              | 15-Jan-12               | 15-Jan-13  | 15-Jan-14               | 15-Jan-15               | 15-Jan-16               | 15-Jan-17               |          |                          |
| Annual Report to Court  | 15-Nov-06                              | 15-Nov-07                   | 15-Nov-08  | 15-Nov-09  | 23-Dec-10               |                         | 15-Nov   | 15-Nov                  | 15-Nov                  | 15-Nov                  | 15-Nov                  |          |                          |
| Answers to Judge's Questions re: Annual Report  |  | 30-Jan-09                   | 28-Feb-08  | 1-Feb-09   | 5-Feb-10                |                         |  |                         |                         |                         |                         |          |                          |
| Declaration of Replenishment Water Availability   | Feb-06                                 | Dec-06                      | Dec-07   | 18 Mar   | 2-Dec-09                | 1-Dec-10                | Dec-11   | Dec-12                  | Dec-13                  | Dec-14                  | Dec-15                  |          |                          |
| MONTHLY MILESTONES  | 2006-10                                | Jan 11                      | Feb 11   | Mar 11   | Apr 11                  | May 11                  | Jun 11   | Jul 11                  | Aug 11                  | Sep 11                  | Oct 11                  | Nov 11   | Dec 11                   |
| Board Directors Terms   |  |                             | 2-Feb  |  |                         |                         |  |                         |                         |                         |                         |          |                          |
| Fiscal Year tentative budgets distribution to all parties   |  |                             |  |  |                         |                         |  |                         |                         |                         |                         |          |                          |
| Operating Yield of 5,600 decreased 10% ; Declaration of Replenishment Water Available   | 18-Mar-09                              |                             |  |  |                         |                         |  |                         |                         |                         |                         |          |                          |
| Administrative Assessments  |  | 2009 & 10 Seaside Not Recvd |  |  |                         |                         |  |                         |                         |                         |                         |          |                          |
| Operations Assessments  |  | 2009 & 10 Seaside Not Recvd |  |  |                         |                         |  |                         |                         |                         |                         |          |                          |
| Capital Assessments   |  | 2009 Seaside Not Recvd      |  |  |                         |                         |  |                         |                         |                         |                         |          |                          |
| Replenishment Assessments   |  | In-Lieu Offset in progress  |  |  |                         |                         |  |                         |                         |                         |                         |          |                          |
| Develop Repl Assessment Unit Cost   |  |                             |  |  |                         |                         |  |                         |                         |                         |                         |          |                          |
| SPECIAL ISSUES  | 2006-10                                | Jan 11                      | Feb 11   | Mar 11   | Apr 11                  | May 11                  | Jun 11   | Jul 11                  | Aug 11                  | Sep 11                  | Oct 11                  | Nov 11   | Dec 11                   |
| Cal-Am CWP/Alternative Projects EIR   | Ratepayer Advocates Issue              |                             |  |  |                         |                         |  |                         |                         |                         |                         |          |                          |
| SWRCB Cease Desist Order California American Water  | In Effect                              |                             |  |  |                         |                         |  |                         |                         |                         |                         |          |                          |
| Storage and Recovery Application and Agreement Development  | Templates Approved                     |                             |  |  |                         |                         |  |                         |                         |                         |                         |          |                          |
| Watermaster Board Regular Meeting Schedule  | 5-Jan cancel'd                         | 2-Feb                       | 2-Mar  | 6-Apr  | 4-May                   | 1-Jun                   | 6-Jul  | 3-Aug                   | 7-Sep                   | 5-Oct                   | 2-Nov                   | 7-Dec    |                          |
| SUMMARY PROJECT SCHEDULE (See detailed project schedule for more information)   | Monitoring and Management Program 2011 |                             |  |  |                         |                         |  |                         |                         |                         |                         |          |                          |
| Program Administration, Database Management (MPWMD)   |  |                             | 1/1/11 - 12/31/11  |  |                         |                         |  |                         |                         |                         |                         |          |                          |
| Coastal Wells Cross-Aquifer Contamination Potential Evaluation (MPWMD)  |  |                             | 01/01/11 - 12/31/11                                      |  |                         |                         |  |                         |                         |                         |                         |          |                          |
| Production Water Level & Water Quality Monitoring (Hydrometrics, MPWMD)   |  |                             | 1/1/11 - 12/31/11  |  |                         |                         |  |                         |                         |                         |                         |          |                          |
| Refine/Update BMAP (Hydrometrics)   |  |                             | 1/1/11-12/31/11  |  |                         |                         |  |                         |                         |                         |                         |          |                          |
| Seawater Intrusion Analysis (Hydrometrics)  |  |                             | 10/6/11-11/2/11  |  |                         |                         |  |                         |                         |                         |                         |          |                          |
|   |  |                             |  |  |                         |                         |  |                         |                         |                         |                         |          | Revised January 19, 2011 |

**D-R-A-F-T**  
**MINUTES**

**Seaside Groundwater Basin Watermaster  
Technical Advisory Committee Meeting  
January 12, 2011**

**Attendees: TAC Members**

City of Seaside – Rick Riedl  
California American Water – Eric Sabolsice  
City of Monterey – Norm Green  
Laguna Seca Property Owners – Bob Costa (departed @ 2:30 p.m. for another  
commitment)  
MPWMD – Joe Oliver  
Public Member – No Representative  
MCWRA – Rob Johnson (initially by telephone and then in person)  
City of Del Rey Oaks – Dan Dawson  
City of Sand City – Richard Simonitch  
Coastal Subarea Landowners – No Representative

**Watermaster**

Technical Program Manager - Robert Jaques

**Consultants**

HydroMetrics LLC – Georgina King (via telephone)

**Others:**

MPWMD – Jonathan Lear

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The meeting was called to order at 1:35 p.m.

**1. Administrative Matters:**

**A. Approve Minutes from October 13, 2010 Meeting**

On a motion by Mr. Johnson, second by Mr. Simonitch, the minutes were unanimously approved as presented.

**B. Receive Notes from Gathering of Portion of TAC on November 10, 2010 (No Quorum so no meeting was convened)**

This item was received for information only, and there was no discussion or action taken on it.

**C. TAC Member Named for Laguna Seca Property Owners**

Mr. Costa was welcomed as the Laguna Seca Property Owner's representative to the TAC. No action was taken on this item.

**2. Live Demonstration of Database Enhancements**

Mr. Oliver provided a live on-line demonstration of the recently made enhancements to the Watermaster's Database and handed out a description of those enhancements taken from the RFS

that authorized MPWMD to do this work. He summarized the background of development of the Database. He and Mr. Jaques responded with answers to questions from the TAC.

There was discussion with regard to whether or not it would be worth the time and effort to populate the Database with all of the historical data from prior years.

Mr. Sabolsice said that CAW has its prior years' data in various report formats. Mr. Jaques reported that MPWMD and the Watermaster also have various reports of prior years' data.

Mr. Jaques asked Ms. King if having the historical data in the Watermaster's Database would be important for future BMAP and Modeling work that HydroMetrics will be doing. She responded that the time period covered by the Model ends on December 2008, and the Model has all of the prior data in it up to that date. She said It would be good to input all data thereafter.

Mr. Johnson recommended seeing if the data in HydroMetrics' Model could be electronically transferred into the Watermaster's Database. Ms. King said that HydroMetrics would be glad to help with this process. Production and some water level data is principally what are not currently in the Watermaster's Database, according to Mr. Oliver.

Mr. Sabolsice asked that a proposed scope of work and cost to transfer HydroMetrics' data into the Watermaster's Database be provided for discussion at the next TAC meeting. Mr. Jaques will pursue this.

### **3. Discuss Timing of Proceeding with Modeling Scenario 2, Updating the Basin Management Action Plan (BMAP), and Refining the Protective Water Levels (PWLs)**

Mr. Sabolsice summarized the agenda packet material on this item. He reported that PUC approval of the Regional Water Supply Project has now been received, but that the test wells to determine the salinity of the aquifer from which the desalination plant intake wells would draw their water have not yet been constructed.

Mr. Johnson reported that, barring permitting issues, the test wells are expected to be constructed by approximately June 2011. Mr. Sabolsice said it would be important to obtain data from these wells in order to make proper assumptions for performing the modeling work.

Mr. Johnson and Mr. Sabolsice reported that Coastal Commission permitting will be a major approval issue for both the test well project and the Regional Water Supply Project itself.

Mr. Green asked several questions with regard to O&M costs and institutional arrangements for the Regional Water Supply Project, and Mr. Sabolsice and Mr. Johnson provided responses.

Mr. Sabolsice noted that some of the Regional Water Supply Project EIR information has now been superseded by events occurring subsequent to its preparation, and that this may impact the quantities of water that the Regional Water Supply Project will be able to deliver for the benefit of the Carmel and Seaside Basins.

Ms. King cautioned that the amount of time before sea water intrusion into the Seaside Basin will occur is unknown, and that the longer that part of the Basin remains below Protective Water Levels, the greater the risk of sea water intrusion occurring. She said that HydroMetrics does not

expect the Regional Water Supply Project to be able to achieve Protective Water Levels in the Seaside Basin, and that additional water will be needed to accomplish this.

Mr. Johnson said it would probably require three to four months of data collection from the test wells and about one month to evaluate the data before conclusions with regard to the salinity issue could be drawn. Thus it will probably not be possible to have these conclusions developed until October or November of 2011.

Mr. Riedl felt that, since HydroMetrics expects the amount of refinement that the test well data will provide will likely be minor, it would be better not to further delay the modeling work. Mr. Lear said that one approach would be to say the worst-case scenario with regard to the salinity issue would be to find that 85% sea water is contained in the groundwater, and that the best case scenario would likely be that 95% of the water is sea water. The Scenario 2 modeling could then be conducted for these two conditions to bracket the likely range of possibilities. Mr. Sabolsice noted that if higher than 85% sea water is found to be the case, the desalination plant could potentially produce more water to help restore the Seaside Basin water levels to Protective Water Levels.

In response to a question from the TAC, Mr. Jaques provided cost information, taken from the RFS previously prepared for HydroMetrics, to run the Scenario 2 Model.

Mr. Riedl asked Mr. Sabolsice about his reluctance to run the Scenario 2 Model now. Mr. Sabolsice responded that the cost to run the Model is not the concern. Rather, the concern is ensuring that data is available to develop good assumptions for purposes of running the Model. If the decision were made to proceed with the modeling work now, HydroMetrics could be told to assume certain water quantities to be provided by the Regional Water Supply Project to benefit the Seaside Basin. It might be possible to use some of the salinity trend data taken from the recently installed Sand City desalination wells to help develop the Scenario 2 modeling assumptions.

There was discussion with regard to several topics including the relative cost of Seaside Groundwater Basin water vs. desalination plant water, difficulties involved in operating the desalination plant at varying production levels, and the use of vertical vs. slant wells.

Ms. King recommended doing a "best case" condition for Scenario 2 to see if even under the best case condition Protective Water Levels can be achieved. If Protective Water Levels could not be achieved under the best case condition, this would indicate that additional water would be needed to achieve Protective Water Levels.

Mr. Johnson said that the TAC could propose running the 80% sea water and 95% sea water conditions on just the Protective Water Level wells to bracket the possibilities. Ms. King recommended running just the 95% condition first to see what is learned from that work.

Following this discussion Mr. Sabolsice made a motion to table further discussion on performing the Scenario 2 modeling work, updating the BMAP, and refining the Protective Water Levels (all of the items covered under agenda item No. 3) until the June 2011 TAC meeting. The motion carried with Mr. Riedl dissenting. Mr. Costa was not present at the time this vote was taken.

#### **4. Schedule**

Mr. Jaques briefly discussed the 2011 Schedule, and provided a brief update on the upcoming Central Coast Surveyors wellhead survey work which he anticipates putting on the Board's February agenda for approval.

#### **5. Other Business**

Mr. Jaques reported on the status of filling the Public Member position on the TAC, and that only one name has thus far been submitted.

Mr. Jaques asked Mr. Sabolsice about the status of CAW's Storage Agreement Application. Mr. Sabolsice responded that Mr. Anthony said he expected the Application to be submitted later this month.

Mr. Riedl asked about progress being made on this year's work with regard to cross-aquifer contamination in the coastal wells. Mr. Lear said that the initial work had been finished last year and that an additional RFS would be needed to perform the next phase of the work. Mr. Jaques said he would work with MPWMD to pursue this. [Note: After the meeting it was found that an RFS authorizing this year's work on this had already been issued, and MPWMD will now schedule that work.]

Mr. Johnson requested that an item be placed on the February TAC meeting agenda to discuss the proposal by Pasadera to use storm water from that project to help replenish the Seaside Basin. Mr. Jaques will put this item on that agenda.

#### **6. Set next meeting date:**

The next regular meeting was set for Wednesday, February 9, 2011 at 1:30 p.m. at the MRWPCA Board Room

The meeting adjourned at 3:45 p.m.

**ITEM NO. XI.**

**DIRECTOR'S  
REPORTS**

**ITEM NO. XII.**

**EXECUTIVE OFFICER  
COMMENTS**