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                SUPERIOR COURT, STATE OF CALIFORNIA
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                    COUNTY OF MONTEREY
                MONTEREY DIVISION
    HON. LESLIE C. NICHOLS, JUDGE

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CALIFORNIA AMERICAN WATER )
    Plaintiff,
VS .
CITY OF SEASIDE, et al.,
    Defendant.
MONTEREY PENINSULA WATER
MANAGEMENT DISTRICT,
    Intervenor.
MONTEREY COUNTY WATER RESOURCES )
AGENCY,
    Intervenor.
AND RELATED RECROSS-ACTIONS.
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                                    NO. M127696
    REPORTER'S TRANSCRIPT OF PROCEEDINGS
        March 17, 2017
    APPEARANCES:
For the Plaintiff: RUSSELL M. MCGLOTHLIN
ATTORNEY AT LAW

For the California-American: ROBERT DONLAN, Water Company ATTORNEY AT LAW

For the City of Monterey
ALEX LORCA, ATTORNEY AT LAW

For the California-American: LORI GIRARD, Water Company ATTORNEY AT LAW

For the City of Sand City: JAMES G. HEISINGER, JR., ATTORNEY AT LAW

For the County of Monterey: IRVEN L. GRANT, ATTORNEY AT LAW

For Cypress Pacific:
PAUL BRUNO,
Investors, et al.
Member
For Pasadera and Laguna:
KELLY SUTHERLAND, Seca Resort, Inc.

For Monterey County Water: Resources Agency

For D.B.O. Development:
Company No. 30
For Seaside Groundwater:
Basin Watermaster
For Monterey Peninsula:
Management District
For California: ATTORNEY AT LAW

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LISA R. CRAFT, CSR 7631, Official Pro-Tem Reporter

MONTEREY, CALIFORNIA
APRIL 17, 2017

## PROCEEDINGS

THE COURT: Morning everyone. This -- can you hear me okay?

This is the matter of the California American Water, Plaintiff -- California American Water, Plaintiff versus City of Seaside and other parties, also intervenors in this matter, Monterey Peninsula Water Management District and Monterey County Resources Agency. It's pending in the Superior Court of California, County of Monterey, Case Number M66343. And we're together for an annual report which we'll discuss.

And I'd appreciate it if each counsel would state their appearance and thank you for providing your cards.

MR. MCGLOTHLIN: Good morning, Russell
McGlothlin, counsel for the Seaside Basin Watermaster.
MR. DONLAN: Robert Donlan, Ellison Schneider, outside counsel Cal American Water Company.

MR. LAREDO: Good morning, your Honor, David Laredo, general counsel for the Monterey Peninsula Water Management District.

MR. LORCA: Alex Lorca, especially appearing for
the City of Monterey.

MR. HEISINGER: Good morning, your Honor, James Heisinger, City Attorney for Sand City.

MR. BRUNO: Paul Bruno, private member on my behalf.

MS. GIRARD: Lori Girard, corporate counsel for California American Water.

MR. SABOLSICE: Eric Sabolsice, General Manager for California American Water.

MR. GRANT: Morning, your Honor, Irven Grant on behalf of the County of Monterey.

MR. AVILA: Jesse Avila, on the behalf of the Monterey County Resources Agency.

MR. SALAMEH. Good morning, your Honor, Eli Salameh for Development Company Number 30 .

THE COURT: Is there any general interested member of the public who is not directly related to one of the parties?

MS. SUTHERLAND: Your Honor, this is Kelly Sutherland on court call. I'm here on behalf of Laguna Seca and Pasadera.

THE COURT: Ma'am, I'm not going to require you identify yourself but my clerk needs to join if some member of the public wants to join.

MS. DADIW: I'm Laura Dadiw, I'm the administrative officer for the Seaside Groundwater Basin

|  | 1 | Watermaster. |
| :---: | :---: | :---: |
|  | 2 | MR. JAQUES: Bob Jaques, the technical program |
|  | 3 | manager for the watermaster. |
|  | 4 | THE COURT: Yes, I've read your material. I'll |
| 09:06:05 | 5 | make a preliminary comment here that these annual |
|  | 6 | face-to-face conferences do not appear to be required; but |
|  | 7 | as this is my second year on the case, I thought it would |
|  | 8 | be helpful. |
|  | 9 | Also decades ago $I$ was on the City Council for |
| 09:06:26 | 10 | Mountain View; and of course, we hoped there would be |
|  | 11 | broad public interest referring to their welfare, and I |
|  | 12 | have nothing but joy in my heart as I recall interacting |
|  | 13 | with constituents but very often it seems we made every |
|  | 14 | good faith effort to provide access to information that |
| 09:06:43 | 15 | people would offer their pungent criticism sometimes after |
|  | 16 | the fact. In this case, I was hopeful it might be picked |
|  | 17 | up by the press in some manner so there could be at least |
|  | 18 | something in the paper explaining things that are |
|  | 19 | important to people's lives like water. That may not be |
| 09:07:04 | 20 | the case today, but I appreciate every one's presence here |
|  | 21 | today. |
|  | 22 | Just again by brief overview, you've all been |
|  | 23 | engaged in this matter for many years and primarily with a |
|  | 24 | very able judge, Judge Randall who adjudicated this case. |
| 09:07:25 | 25 | He -- all things in life ultimately retired from service |

from the chief justice. This was the Honorable Roger D. Randall who $I$ conferred briefly when $I$ was first assigned. Thereafter when he retired with nothing actually pending at that time, $I$ think, there might have been annual
reports not set for a hearing. The chief assistants reached out to me. I've now sat on 29 out of 58 counties after 25 years as a Superior Court Judge in Santa Clara County, and $I$ was very happy to accept this assignment.

I appreciate that we were here something less than a year ago for the annual report and that was my opportunity to sort of get my feet on the ground in this issue. Since then I've read more widely on general water and California issues than $I$ had earlier, and I've had some unrelated to aquifers independent water law cases over my career in trial courts and appellate courts. I appreciate the submission of this report, and I'm especially grateful for the very prompt response to the inquiries which I addressed to counsel within just the last week or so. I've been pretty much full-time trial assignment, and we all have things to do, and $I$ tried to get close attention to this pretty massive submission.

Sometimes when $I$ read these things and $I$ felt
humbled as $I$ do daily when $I$ read the responses and questions that are put forth; and for example, my very first question to the master was, is the capacity of
aquifers underlying the Seaside Groundwater Basin known or estimated? The short answer is yes, your Honor, please look at pages $X$ and $Y$ of the massive report. I sometimes feel like the great tenth justice of the United States Supreme Court, Judge Learned Hand in the Second Circuit Governing New York with his cousin Agustus came forward with many decisions so much so that by universal acclaim it was thought he should be in the United States Supreme Court hence justice who never was and just an anecdotal here having fun with you for a moment. Felix Frankfurter in General Gunther's massive biography of the Great One called Learned Hand, back in a gentler times wrote notes to Franklin Delano Roosevelt. Franklin, he really wanted to appoint Learned to the Supreme Court. He's written great decisions from Patton, Faith March, Civil Liberties, the Acme of an Independent Jurist and finally Franklin Roosevelt in the archives wrote back and said, Felix, you must stop writing to me because you know I've been giving these fireside chats about the nine old men on the supreme court. I'm trying to pack the supreme court because they're striking down my New Deal Legislation, and $I$ must appoint a young and vibrant [young man] in brackets to the Supreme Court who will long outlive us. And that ended that dialogue, he did appoint a dynamic young man at 48 who died of a heart attack at 54, whereas Learned Hand was
this fellow who made decisions and succumb to his death at 90 or 91. Learned Hand wrote quote, "Even for me late at night when writing decisions the words of the internal revenue code fairly dance before my eyes." That's kind of the impression $I$ have when meeting all the data and technical reports and $I$ confess I'm a generalist, but you can tell I'm getting up to speed.

I'd like to turn to Mr. McGlothlin and be very pleased to hear any oral presentations you'd like to make if you choice to do so.

MR. MCGLOTHLIN: Certainly, your Honor. Thank you very much. A pleasure to be here. I think, for all of us, it's levels of understanding and you're never at the complete depth and just this morning someone said, well, isn't the capacity in some of that voodoo, it's pseudo voodoo science we learn every year.

THE COURT: That's why I said estimated.
MR. MCGLOTHLIN: Estimated, exactly. We do the best we can with the science we have.

I thought in preparing just a few brief comments for you this morning. I thought $I$ would break things down into the good news and $I$ won't call it the bad news but the challenges.

The good news, you may have noticed it's been raining quite a bit and that's been a pleasure for all of

|  | 1 | us. That has certainly natural -- |
| :---: | :---: | :---: |
|  | 2 | THE CoURT: Except if you live down by Nepente. |
|  | 3 | MR. MCGLOTHLIN: Exactly, a few places, of |
|  | 4 | course, Big Sur has its challenges. Hopefully we're |
| 09:13:01 | 5 | getting some very good natural percolation replenishment |
|  | 6 | to the basin, and we also have substantial ASR, that's |
|  | 7 | aquifer, storage and recovery as you may recall that's |
|  | 8 | water being diverted from the Carmel River, comes over the |
|  | 9 | hills and injected into the basin and to date we have over |
| 09:13:21 | 10 | 1100. As of the 14 th of the month, there was 1,177 acre |
|  | 11 | feet so far replenished into the basin this year. That's |
|  | 12 | taken out during the summer to the benefit of the Carmel |
|  | 13 | River system so that California American can reduce its |
|  | 14 | production during the summer. But it's a good thing and a |
| 09:13:44 | 15 | nice sign for getting us out of this drought situation |
|  | 16 | presently. |
|  | 17 | The other thing that I think should be noted is |
|  | 18 | because of the extensive conservation employed by |
|  | 19 | California American, City of Seaside Municipal system and |
| 09:14:01 | 20 | the other pumpers collective, the groundwater use was both |
|  | 21 | beneath the current operating safe yield of 3,920 and also |
|  | 22 | this year beneath the native safe yield that is in 2016 I |
|  | 23 | should say of 3,000 acre feet. And so we're moving -- |
|  | 24 | THE COURT: And that later term again means what? |
| 09:14:21 | 25 | MR. MCGLOTHLIN: So as you may recall, the way |

the judgment was structured by Judge Randall was if we set a native safe yield which is the quantity of estimated annual sustainable or safe replenishment, roughly 3,000 acre feet a year.

But knowing under the water circumstances on the Peninsula, it would not make economic or practical sense to immediately require the producers to produce to that 3,000 acre feet. We started at 5,600 acre feet and every third year there is a ten percent ramp down until we reach the 3,000. We have three or four of those. Three ramp downs in and we have two more to go, I believe.

THE COURT: And it's now at 3,920.
MR. MCGLOTHLIN: 3,920. Production was beneath the 3,920 and just so happens was also beneath 3,000 for the first time last year.

The other very good news the Pure Water Monterey, this is advanced treated recycle water project that is being implemented by the Monterey Peninsula Water Management District and the Monterey Regional Pollution Control Agency is well on its way to producing a new source of water that will be available next year as -- as anticipated and that will produce 3,500 acre feet per year on average of new water supply for the Peninsula. Very large step towards solving the larger Peninsula water supply problem.

Another positive development is that there was a new draft Environment Impact Report Slash Draft

Environmental Impact Statement issued for the desalination of the Monterey Peninsula Water Supply Project just in this past January, we are still in the comment period. If things go on schedule, we anticipate that the Public Utilities Commission will be issuing a certificate of public convenience and the approvals required from the commission to move the desalination project forward in early 2018 or sometime in the early half of 2018 .

THE COURT: I read that attachment, some of my questions related to that. What are the described environmental detriments, if any, to desalination? I take it in bulk the reports are saying that we passed the environmental reviews and go forward be a good thing. But I've read at least sometimes desalination has considerable environmental challenges.

MR. MCGLOTHLIN: So the environmental challenges generally for desalination, the big high level one are, one, in the source water supply there is concern in the state if we are doing open ocean intake, entrainment and impingement of marine life, primarily planktonic life, and there is that concern. The California American project avoid that concern by putting in slant wells underneath the beach and protruding into the ocean below the high

|  | 1 | tide mark. So it is pooling that seawater through the |
| :---: | :---: | :---: |
|  | 2 | subsurface and we avoid that concern. |
|  | 3 | The other two major concerns are the discharge of |
|  | 4 | the brine, and you have to ensure that is defused properly |
| 09:18:13 | 5 | so it doesn't create dead pools on the ocean floor. |
|  | 6 | And then lastly, the energy requirements of the |
|  | 7 | desalination are significant. They're comparable to |
|  | 8 | importing water from Northern California into Southern |
|  | 9 | California, for instance. So the brine in this case is |
| 09:18:33 | 10 | being -- |
|  | 11 | THE CoURT: Where does that energy supply come |
|  | 12 | from? |
|  | 13 | MR. MCGLOTHLIN: It comes from local power |
|  | 14 | supplier, but there are hopeful science for this project |
| 09:18:42 | 15 | both that there may be a landfill gas energy from the |
|  | 16 | landfill which is closely circulated. I'll let my |
|  | 17 | colleague here speak to it in a moment but further the |
|  | 18 | entire regional community of Monterey and its neighbors |
|  | 19 | are actively pursuing community choice energy which may |
| 09:19:04 | 20 | result in higher -- the intention is to result in higher |
|  | 21 | renewable energy to reduce the carbon footprint, if you |
|  | 22 | will. |
|  | 23 | THE COURT: I think where I live in Mountain View |
|  | 24 | about 11 cities are getting notices you have to opt out |
| 09:19:20 | 25 | otherwise P G \& billings or a lot of detail there. I |


|  | 1 | notice in checking the box and signing up to be as energy |
| :---: | :---: | :---: |
|  | 2 | efficient and there are those efforts and I think improve |
|  | 3 | -- |
|  | 4 | MR. MCGLOTHLIN: I'm not certain of Mountain View |
| 09:19:36 | 5 | and their energy -- choice of energy. I think Sonoma and |
|  | 6 | Marin have implemented and many others are pursuing that. |
|  | 7 | It's an alternative. The simple point is if the energy is |
|  | 8 | coming it may transition to a lower carbon footprint, a |
|  | 9 | lower concern. |
| 09:19:53 | 10 | Do you want to say anything about the product? |
|  | 11 | So if I may continue. The other couple good |
|  | 12 | things that have occurred since we last saw you is that we |
|  | 13 | successfully petitioned collectively, I should say, |
|  | 14 | California American Water Company, the Monterey Peninsula |
| 09:20:15 | 15 | Regional Water Authority, Water Management District, we |
|  | 16 | all approached and others approached the state water |
|  | 17 | Resource Control Board and requested some amendments to |
|  | 18 | the timing and operations of the cease and desist order on |
|  | 19 | the Carmel River and we were granted that last summer. |
| 09:20:37 | 20 | THE COURT: Was that -- let me interrupt in aid |
|  | 21 | of my own comprehension. First of all, my sense to the |
|  | 22 | large part the judgment that was entered except for legal |
|  | 23 | issues relating to intervention, separation of powers, |
|  | 24 | those kind of things that were worked out and went through |
| 09:20:55 | 25 | the appellate process. Did Judge Randall preside over a |

contested trial in which he made all these findings about storage and so forth? I thought I read to a large degree the judgment was a result of a stipulation.

MR. MCGLOTHLIN: So the judgment and $I$ welcome other comments from other counsel that participated in the adjudication, your Honor, but the judgment was partially stipulated and partially contested. There was a total of about a three week trial.

THE COURT: I see.
MR. MCGLOTHLIN: Which believe it or not that is rocket speed for a groundwater adjudication. They typically take some 15 years. So the contested issues primarily were about the starting point for the ramp down I referred to earlier and the governance structure and that was resolved that Judge Randall made his decision on that. He looked very carefully at the stipulated judgment on the, you know, presumption of safe yield and the like.

THE COURT: And ultimately, you find in the report the allocation of voters and so forth used in the water board has been meeting and giving directions through that process.

MR. MCGLOTHLIN: So the water board is a
different issue with respect to the Carmel River. You know, in the Peninsula we have two challenged water sources, the Carmel River Valley and that is the taking of

|  | 1 | subsurface groundwater but very closely related to the |
| :---: | :---: | :---: |
|  | 2 | river which has impact on the river particularly in the |
|  | 3 | drier months of the year. |
|  | 4 | The other issue, of course, the seaside basin and |
| 09:22:40 | 5 | obviously it's your jurisdiction over the seaside basin. |
|  | 6 | It's the state water board's jurisdiction over the carmel |
|  | 7 | River. In 1995, they ordered California American Water |
|  | 8 | Company to eliminate their unauthorized diversions from |
|  | 9 | the river. They have -- California American has been |
| 09:23:00 | 10 | diligently pursuing projects to do so. We could go |
|  | 11 | through the litany in challenges and hiccups that is |
|  | 12 | spelled out in detail in the 2016 report to you. |
|  | 13 | THE COURT: That is not necessary. Was that the |
|  | 14 | cease and desist order emphasis for California American |
| 09:23:19 | 15 | Water initiated this lawsuit to deal with this -- |
|  | 16 | MR. MCGLOTHLIN: No. The timing -- 1995 original |
|  | 17 | order from the state board. This lawsuit filed in 2003 , |
|  | 18 | decision was - in early 2006, amendment in 2007. In 2009 |
|  | 19 | is when the state board issued a new cease and desist |
| 09:23:47 | 20 | order effective, if you will, time is up on our order of |
|  | 21 | 1995 and last year 2016 amended the cease and desist order |
|  | 22 | because of the challenges in bringing on a complete |
|  | 23 | substitute water supply project. |
|  | 24 | So we have time. The state board has continued |
| 09:24:06 | 25 | to keep the water pressure on the community but arguably |


|  | 1 | at a tolerable level so long as we keep making progress on |
| :---: | :---: | :---: |
|  | 2 | the water supply project component. The pure water coming |
|  | 3 | on 3500 acre feet of advanced treated recycled water is a |
|  | 4 | significant step towards that of the issuance of the DEIR, |
| 09:24:32 | 5 | DEIS on the desalination is a significant step. We still |
|  | 6 | have a way to go with respect to the desal project. |
|  | 7 | The other good news and progress is that with respect |
|  | 8 | to the broader Salinas basin, there was just recently |
|  | 9 | formed a large joint powers authority to ultimately act as |
| 09:24:55 | 10 | the groundwater sustainable agency for the salinas basin |
|  | 11 | which we report on in our case management conference |
|  | 12 | statement. And that will be the GSA for a portion of the |
|  | 13 | Monterey sub-basin which adjoins the seaside basin. One |
|  | 14 | of your questions was let me get this straight between the |
| 09:25:17 | 15 | new designated neighboring basin versus the old designated |
|  | 16 | basin. We're happy to take further questions on that if |
|  | 17 | there's any clarity needed but the summation is that GSA |
|  | 18 | will be formed, will be operating and we anticipate in the |
|  | 19 | later part of 2017, and into 2018 things will be getting |
| 09:25:36 | 20 | underway for developing a groundwater sustainability plan |
|  | 21 | that must be done for the Monterey sub-basin by 2022. So |
|  | 22 | there's some time, but there will be discussions and |
|  | 23 | negotiations. |
|  | 24 | Another one of your questions, how does the |
| 09:25:48 | 25 | watermaster intend to engage? That GSA, we will be |


|  | 1 | effectively representing the interest of the seaside basin |
| :---: | :---: | :---: |
|  | 2 | constructively and collaboratively, of course, but to say |
|  | 3 | pumping in both sides of the boundary, if you will, in the |
|  | 4 | Corral De Tierra area which is part of the New Monterey |
| 09:26:05 | 5 | sub-basin as well within the Laguna Seca sub area of the |
|  | 6 | Seaside basin both need to be managed and coordinated to |
|  | 7 | avoid long term, gradual, eventual significant problems |
|  | 8 | that will develop if we don't address this situation. |
|  | 9 | THE COURT: And that's -- my question, of course, |
| 09:26:22 | 10 | one of the first things you learn in the job is |
|  | 11 | responsibility is the limitation of the writ, your |
|  | 12 | authority and within the range of your authority to act |
|  | 13 | appropriately. So it seems to me that the ability to |
|  | 14 | comply with the terms of the amended decision to some |
| 09:26:44 | 15 | considerable degree depends on progress in some of these |
|  | 16 | contiguous areas which are outside our authority but to an |
|  | 17 | increasing degree now with the Sustainable Groundwater Act |
|  | 18 | and so forth under the egises of other regulatory |
|  | 19 | boundaries. |
| 09:27:00 | 20 | MR. MCGLOTHLIN: That is correct. |
|  | 21 | THE Court: Any amendment, $I$ don't want to |
|  | 22 | misstate anything. |
|  | 23 | MR. MCGLOTHLIN: You're not misstating anything. |
|  | 24 | I do want to emphasize a point that l tried to bring forth |
| 09:27:10 | 25 | in my response to your question -- our response to your |


|  | 1 | question earlier this week is that dictates of the |
| :---: | :---: | :---: |
|  | 2 | Sustainable Groundwater Management Act in the regulation |
|  | 3 | promulgated by the Department of Water Resource, require |
|  | 4 | that the Groundwater sustainability plan developed and |
| 09:27:29 | 5 | ultimately adopted and implemented for this Corral De |
|  | 6 | Tierra area, part of the Monterey sub-basin must be |
|  | 7 | developed in a manner that allows sustainable management |
|  | 8 | in its neighboring areas. |
|  | 9 | THE COURT: Including. |
| 09:27:44 | 10 | MR. MCGLOTHLIN: Including the Seaside basin and |
|  | 11 | so if -- we don't in any capacity anticipate; but if there |
|  | 12 | was an action that effectively said we don't care and |
|  | 13 | we're going to develop our plan separately, we would have |
|  | 14 | as the watermaster ample opportunity to state to the |
| 09:28:04 | 15 | Department of Water Resources this does not comport with |
|  | 16 | your regulations and you cannot approve this plan. And I |
|  | 17 | won't get into the litany of legal back and forth. It |
|  | 18 | could follow from there. We don't anticipate that there |
|  | 19 | is a mandate that needs to be coordinated. |
| 09:28:23 | 20 | THE CoURT: That is always the way to go. I |
|  | 21 | recall many years ago when I was on the city council we |
|  | 22 | were trying to develop a gateway to Mountain View. It's |
|  | 23 | become quite the community now. Back then it was sort of |
|  | 24 | four sister cities, and we're trying to upgrade community |
| 09:28:40 | 25 | standards and so forth and built Shoreline Park and by the |


|  | 1 | way you mentioned gas extraction that is a source we made |
| :---: | :---: | :---: |
|  | 2 | a fair amount of money because of course the park was |
|  | 3 | built on San Francisco garbage. People didn't know that. |
|  | 4 | San Francisco desperately needed a place to put its |
| 09:29:02 | 5 | garbage. The history tells us negotiated with Mountain |
|  | 6 | View and Mountain View accepted, that was the hydrologist, |
|  | 7 | landfill issues and extraction of methane gas, all that |
|  | 8 | complicated process and I sit in San Francisco all the |
|  | 9 | time and love them dearly. I think they might have |
| 09:29:21 | 10 | underestimated the acuity of some of our good staff people |
|  | 11 | because the contract came up for renewal and reportedly |
|  | 12 | said your costs are only a few bucks more per county. |
|  | 13 | Well, we have to deal with all these issues and community |
|  | 14 | development and so forth and ultimately I was chatting |
| 09:29:40 | 15 | with a fellow in his eighties who is a Stanford law |
|  | 16 | graduate, the city attorney, later the manager and |
|  | 17 | history, you know, it's not precise there suggest that he |
|  | 18 | might have reported to the council there are more than one |
|  | 19 | way to look at pricing and one is the function of our |
| 09:29:59 | 20 | costs, but the other is the function of their need. And |
|  | 21 | so apparently they were playing hardball and so our demand |
|  | 22 | went way up. Certainly if Saucilito would like the |
|  | 23 | garbage, Hillsborough or Atherton and so that largely |
|  | 24 | built the park. We were building maybe housing and we |
| 09:30:22 | 25 | always worked cooperatively with the federal government |


|  | 1 | NASA Ames and Naval Air Station at that time but we asked |
| :---: | :---: | :---: |
|  | 2 | the Navy if they would cooperate with our zoning |
|  | 3 | administrator and planning folks because that -- all |
|  | 4 | Moffett Boulevard was a great entrance to the city, and |
| 09:30:42 | 5 | this was going to be right there. Could they agree |
|  | 6 | working on berming and setback like a car lot there and |
|  | 7 | the big night came and the admiral was there and honored |
|  | 8 | him greatly and cooperative agreement. The bottom line |
|  | 9 | I'm telling you, it's good to cooperate. And after all |
| 09:31:04 | 10 | was said and done, we tried to press and say would you |
|  | 11 | agree to work with our zoning administrator. |
|  | 12 | After all when McDonald's came to town we didn't |
|  | 13 | like those huge arches. They toned it down. Wanted to |
|  | 14 | sell their burgers here and so forth. All aided community |
| 09:31:24 | 15 | improvement and the answer was respectfully, no, the |
|  | 16 | federal manual, you know, tells us how to build these |
|  | 17 | housing projects and parking lots. So we really bowed |
|  | 18 | down to the supremacy club. We fully understood it and |
|  | 19 | appreciated it and so forth and said we were sad to have |
| 09:31:45 | 20 | anticipated that possible response because it turned out |
|  | 21 | being a problem for the federal government but we |
|  | 22 | controlled the water spigot, a matter of local land use |
|  | 23 | and I'm sure trucked in the water for a number of years |
|  | 24 | and for an instant everything was cooperative. It all |
| 09:32:06 | 25 | worked out to everyone's satisfaction. It's a matter of |


|  | 1 | not pushing authority to the total strain. When the City |
| :---: | :---: | :---: |
|  | 2 | of San Jose was developing its traffic plan for the |
|  | 3 | adjoining cities of Sunnyvale and Milpitas and so forth |
|  | 4 | and the claim was that the city -- that the mayors of the |
| 09:32:28 | 5 | city come to offer input and San Jose at that time |
|  | 6 | responded, we'll take care of that later. It's within our |
|  | 7 | authority and my ruling was that they had to make feasible |
|  | 8 | -- feasible alternatives and that required at least |
|  | 9 | sitting at the table and discussing it. Surely they could |
| 09:32:50 | 10 | do that and once that threshold issue was decided, they |
|  | 11 | came to the table and came up with a master plan. I pull |
|  | 12 | on this thread because I see as always the sources of |
|  | 13 | potential conflict but more than that I see the |
|  | 14 | development in law and policies increasingly on a |
| 09:33:12 | 15 | cooperative basis on the what is best for all of us is |
|  | 16 | best for the future. |
|  | 17 | MR. MCGLOTHLIN: They are -- |
|  | 18 | emphasize that we're not -- we, watermasters, are not |
|  | 19 | naive to the potential challenges. I don't want to |
| 09:33:29 | 20 | prejudge the solutions to the Corral De Tierra, Laguna |
|  | 21 | Seca issues but they will practicality dictate that |
|  | 22 | they're going to require either some reduction in |
|  | 23 | groundwater production or importation slash other physical |
|  | 24 | solutions for -- arrange it for resolving this long-term |
| 09:33:51 | 25 | problem. Those cost money and, you know, engage |


|  | 1 | significant land use questions. So there will be -- no |
| :---: | :---: | :---: |
|  | 2 | naivety here that there may be -- that there may be issues |
|  | 3 | that arise. And we may need to bring those back to you |
|  | 4 | for discussion and for further input and instruction from |
| 09:34:15 | 5 | you with respect to that. |
|  | 6 | THE COURT: Have those areas been under basically |
|  | 7 | except for the possibility of independent adding to the |
|  | 8 | list of judicial action, court proceedings, have they been |
|  | 9 | under no real regulatory scheme until the sustainable |
| 09:34:38 | 10 | Groundwater Act began to setup a regime for these |
|  | 11 | agencies? |
|  | 12 | MR. MCGLOTHLIN: Your Honor, in groundwater there |
|  | 13 | are levels of management. The Monterey County Water |
|  | 14 | Resource Agency, their counsel is here today had been |
| 09:34:51 | 15 | actively managing the larger Salinas basin for decades and |
|  | 16 | they have a significant challenge to overcome but they've |
|  | 17 | been doing a Yeoman's job. But there have not been |
|  | 18 | restrictions on the quantity ultimately that can be |
|  | 19 | withdrawn from the Laguna Seca -- excuse me, from the |
| 09:35:12 | 20 | Corral De Tierra area as there are under the Laguna Seca |
|  | 21 | area under the judgment. The way groundwater management |
|  | 22 | predating Sustainable Groundwater Management Act has |
|  | 23 | happened when things get so challenged and contested we |
|  | 24 | come to the court and we adjudicate them. Until that |
| 09:35:29 | 25 | time, it is management light, if you will, and so that has |

09:36:00
been the progress and now Sustainable Groundwater Management Act is revolutionary in terms of California water law, in terms of the requirements for management.

THE COURT: And are those GSAs and so forth
largely under the Department of Water Resources. In other words, they're not exempt from that kind of state regulations.

MR. MCGLOTHLIN: The structure of, if $I$ may, Sustainable Groundwater Management Act, that's GMA, is opportunity for local management that is the new joint powers of authority, performing, acting as the Groundwater Sustainable Agency. With time, develop a groundwater sustainability plan that then must be approved as sufficient by the Department of Water Resources, compliant with the regulation promulgated by the department. If no GSA is developed, if no plan is developed in time or if the plan is insufficient or is not implemented as drafted and approved, the basin or sub-basin moves into probationary status and the State Water Resources control board, not the Department of Water Resources, State Water Resources control board steps in to promulgate an interim plan and said turn the screws if you will.

THE COURT: That's sort of just like most things in law you don't have a terminating sanction grading the program to gain compliance with reasonable regulations.

|  | 1 | MR. MCGLOTHLIN: And those consequences and |
| :---: | :---: | :---: |
|  | 2 | structure compel cooperation and efforts to reach a |
|  | 3 | management plan for both the Seaside basin and the |
|  | 4 | Monterey sub-basin that works intergistically that is |
| 09:37:22 | 5 | going to garner the approval of the Department of Water |
|  | 6 | Resources and not have to face base sheering status from |
|  | 7 | the state. So those are the good news. |
|  | 8 | If I will, I have the three obvious challenges |
|  | 9 | that we have observed this since we last saw you or are |
| 09:37:39 | 10 | ongoing. The one we just mentioned, the long-term decline |
|  | 11 | from the Laguna Seca subarea which we'll address over the |
|  | 12 | next few years with the GSA, GSP for that area. |
|  | 13 | The other is for the first time saw chloride |
|  | 14 | readings in some of the sentinel wells on the coast. The |
| 09:37:59 | 15 | coastal subareas that were above normal, to address that |
|  | 16 | watermaster commission -- |
|  | 17 | THE COURT: Is that for saltwater intrusion? |
|  | 18 | MR. MCGLOTHLIN: That was the question, your |
|  | 19 | Honor. We weren't clear whether or not that was saltwater |
| 09:38:13 | 20 | intrusion or something else. I'll hit the punch line. |
|  | 21 | The conclusion to date it's something else. It's not -- |
|  | 22 | the watermaster had one of their principal hydrogeologist, |
|  | 23 | hydrometrics, water resources investigate, did new testing |
|  | 24 | and the preliminary findings and I'd like to defer to Mr. |
| 09:38:35 | 25 | Jaques here to fill you in further if there's questions |


|  | 1 | but the preliminary findings and probably relating to up |
| :---: | :---: | :---: |
|  | 2 | coning of deeper saline water from beneath the wells. Not |
|  | 3 | coming, if you will, laterally from the bay but the -- it |
|  | 4 | demands more aggressive monitoring over time which the |
| 09:39:00 | 5 | watermaster intends to do. |
|  | 6 | THE COURT: Are the implications the same for a |
|  | 7 | person who wants a cup of drinking water? |
|  | 8 | MR. MCGLOTHLIN: The two things that need to be |
|  | 9 | emphasized, these are the sentinel wells that are out |
| 09:39:13 | 10 | adjacent to the beach. |
|  | 11 | Second point is these chloride levels are not of |
|  | 12 | the levels that would at this point make the water non |
|  | 13 | potable. They are a very small, correct me if I'm wrong |
|  | 14 | here Bob, but very small quantities of chloride. Just |
| 09:39:31 | 15 | noting that doesn't look like what we've seen over time. |
|  | 16 | THE CoURT: But they're signals. |
|  | 17 | MR. MCGLOTHLIN: They're signals and what the |
|  | 18 | seawater intrusion monitoring response program that we |
|  | 19 | discussed in depth in the 2016 report was done, was |
| 09:39:47 | 20 | implemented just for the purpose of seeing those signals |
|  | 21 | early so things could be done inland if necessary. We |
|  | 22 | believe at this time and maybe next year we'll know more. |
|  | 23 | At this time it appears it's not related to seawater |
|  | 24 | intrusion from the bay, but probably something with |
| 09:40:04 | 25 | respect to the draught conditions, lower water levels |

particularly in the drier months of the year. Did $\operatorname{s}$ say that correctly?

MR. JAQUES: Yes.
MR. MCGLOTHLIN: It's a segue to emphasize is the watermaster is abundantly cognizant that we have a problem in the coastal subarea over a long period of time which is that there are areas of the basin and the two major water producing. Aquifers that are below particularly the Santa Margarita that is the deeper aquifer that is below seawater levels. Those conditions --

THE COURT: Is the Santa Margarita within the jurisdiction of this?

MR. MCGLOTHLIN: Yes, they're pancakes, your
Honor. The lower pancake, if you will. Paso Robles is the other producing thing -- the aquifer production has been taken off of that to some degree, still used and there are -- in your materials we submitted, you can see groundwater level maps of those two areas, particularly just comes to mind the EIR, EIS from the desal project, the chapter four I sent to you, there are groundwater elevation maps that show the different elevations in the basin. I think that's tab four, something like that. Tab four of the case management statement; and if you look, for example, at page 4.4-17.

THE COURT: One second, please. The one in

January, I think.
MR. MCGLOTHLIN: On 4.4-17 is the water level in the shallow zone which would correlate to the Paso Robles sub-basin -- aquifer, excuse me. The next page 4.418 is the desal and I'm looking at Mr. Jaques says that would correlate with the Santa Margareta correlation. Yep. So you can see particularly in the Santa Margarita aquifer. You can see that pumping impression where it says negative 50 if you're looking at 4.4-18.

THE COURT: And the one on the left, what do you call that?

MR. MCGLOTHLIN: Paso Robles aquifer.
THE COURT: Santa Margarita on 4.-18?
MR. MCGLOTHLIN: Correct, your Honor.
THE COURT: Santa Margarita.
MR. MCGLOTHLIN: Santa Margarita.
THE COURT: And I'm looking at that 50 negative.
MR. MCGLOTHLIN: Uh-huh.
THE COURT: And that says what?
MR. MCGLOTHLIN: That is telling you that the Groundwater levels, the static water levels in that area -- in that circle there are projected as approximately 50 feet beneath sea level.

THE COURT: I see.
MR. MCGLOTHLIN: And so $I$ hope I'm not going to

|  | 1 | mistakenly state this; but as I was brought to understand |
| :---: | :---: | :---: |
|  | 2 | by the hydrogeologist during adjudication somewhere |
|  | 3 | offshore whether a hundred feet or three miles is an |
|  | 4 | interface between portable or I should say non-relatively |
| 09:43:37 | 5 | non saline groundwater and seawater. |
|  | 6 | To the north, as you move towards Marina and in |
|  | 7 | towards the mouth of the Salinas basin, there's |
|  | 8 | significant seawater intrusion that goes just about inland |
|  | 9 | almost as far as the city of Salinas in places and has for |
| 09:43:55 | 10 | decades. That's in part because the trench, I believe, |
|  | 11 | it's Monterey trench offshore that comes off the Salinas |
|  | 12 | River creates basically immediate outcropping or day |
|  | 13 | lighting of the aquifers to the ocean there. So very easy |
|  | 14 | to pull in seawater. See similar affects in other areas |
| 09:44:20 | 15 | where you have those immediate offshore trenches Oxnard |
|  | 16 | Plains, for example, in Ventura County seawater intrusions |
|  | 17 | same sort of situation. We don't have that further south |
|  | 18 | here in the Seaside basin, but we don't know where that |
|  | 19 | interface is, so it's an open question when we might see |
| 09:44:37 | 20 | seawater intrusion hence why the sentinel well program and |
|  | 21 | monitoring program was implemented so we would have the |
|  | 22 | advanced warning of something happening. |
|  | 23 | Very long term over time, we will need to |
|  | 24 | continue to monitor and address this situation of having |
| 09:44:55 | 25 | lower water levels. It's not something to be alarmed at |


|  | 1 | right now. |
| :---: | :---: | :---: |
|  | 2 | THE COURT: I understand. |
|  | 3 | MR. MCGLOTHLIN: May I pause and ask Mr. Jaques |
|  | 4 | is there anything you would add to that? |
| 09:45:11 | 5 | MR. JAQUES: No, I think the only thing to think |
|  | 6 | of when you mentioned the interface, the interface is not |
|  | 7 | a vertical curtain wall, that's good and bad. It will be |
|  | 8 | spread out, and there's been some work done through |
|  | 9 | Stanford University in recent years trying to look for |
| 09:45:27 | 10 | interfaces offshore with high tech imaging, and they |
|  | 11 | haven't succeeded in getting out in the ocean where they |
|  | 12 | could help define. I was hoping maybe they would and |
|  | 13 | maybe get a clue that's miles away or -- |
|  | 14 | THE COURT: Wasn't that reference in the January |
| 09:45:47 | 15 | Environmental Impact Statement. |
|  | 16 | MR. MCGLOTHLIN: Yeah, God, I hope I don't |
|  | 17 | misstate this electroresistance mammography. |
|  | 18 | THE COURT: Yes, I asked the question. It sounds |
|  | 19 | all quite space aged. I'm sure it is, but the testing |
| 09:46:01 | 20 | that has been done up until these bright people came up |
|  | 21 | with that has been some less advanced testing. Is that |
|  | 22 | what you're saying? |
|  | 23 | MR. MCGLOTHLIN: It's well testing and testing |
|  | 24 | for chloride levels in wells and that's how we know |
| 09:46:20 | 25 | seawater intrusion is miles inland in the salinas basin. |

THE COURT: But the possible benefit of this new procedure is what?

MR. JAQUES: Well, it would be try to identify the location of the seawater intrusion, how far offshore it is. They haven't been able to perfect it.

MR. MCGLOTHLIN: Your Honor, that technology has been around for a while, not a long time but doing it on a surface level. It's now moved to aerial surveying which is fascinating they can fly a plane or helicopter over a basin and see where pockets within the groundwater are saline versus potable which is fascinating moving offshore hopefully the next step. But the issue for our purposes today is we are aware of the problem. We're monitoring for that problem. There doesn't appear to be any conclusive evidence of seawater intrusion at our doorstep. How far off the doorstep it remains, we don't know. These elevated chloride of last year, again, they do not appear to be related to seawater intrusion but they are always something that's going to immediately perk watermaster's interest. The board has been very proactive in let's get to the bottom of this now in commissioning their hydrogeologist and paying for that research to figure out what is happening.

So the other -- the only other challenge that is a broader challenge is the desalination project is still

|  | 1 | in the permitting phase before the CPUC, California Public |
| :---: | :---: | :---: |
|  | 2 | Utilities Commission. It will then presuming we get a |
|  | 3 | certificate of public convenience necessity move to the |
|  | 4 | Coastal Act permitting through the local coastal |
| 09:48:04 | 5 | permitting through the City of Marina or to the Coastal |
|  | 6 | Commission on appeal. And then there is always the |
|  | 7 | concern of potential lawsuit either on the environmental |
|  | 8 | CEQA NEPA issues or on water right issues. I think those |
|  | 9 | that follow it believe that those issues are on substance |
| 09:48:25 | 10 | sustainable and all issues can be overcome but as things |
|  | 11 | are in water policy extends water law there are always |
|  | 12 | obstacles and people hold vetoes and they can delay |
|  | 13 | projects. I say that to emphasize that we may need you, |
|  | 14 | we as the water using community and representatives, may |
| 09:48:47 | 15 | need to work more constructively or make -- come with |
|  | 16 | requests for the court to help us with respect to the |
|  | 17 | Seaside component of the water picture. We don't have any |
|  | 18 | request of today. But we're mindful of that. |
|  | 19 | THE COURT: Okay. I appreciate. I wanted to go |
| 09:49:06 | 20 | through some of the tabs I had on these. |
|  | 21 | MR. MCGLOTHLIN: Certainly. |
|  | 22 | THE COURT: Follow up a little. First looking at |
|  | 23 | I had a question before I got into that. And I have |
|  | 24 | learned over the years not to be bashful about asking |
| 09:49:29 | 25 | questions that's when I was presiding judge I wouldn't |


|  | 1 | allow the criminal division to be occupied by people just |
| :---: | :---: | :---: |
|  | 2 | their whole career we moved people from civil litigation |
|  | 3 | and so forth they would ask questions. And sometimes |
|  | 4 | result in change of practice. We've been talking here |
| 09:49:53 | 5 | about the constraints on water supply, safe water, |
|  | 6 | groundwater -- ground subsidence, many fascinating, |
|  | 7 | challenging issues that require the best thinking from |
|  | 8 | lots of different people. Of course -- and of course, |
|  | 9 | water conservation is often said that perhaps that's one |
| 09:50:16 | 10 | of the greatest ways to protect our water supplies is to |
|  | 11 | conserve. |
|  | 12 | And so that leads to something I'm sure is |
|  | 13 | thoroughly regulated but somebody could give me the |
|  | 14 | broader overview. Here within the basin and the area, we |
| 09:50:32 | 15 | have people flushing toilets and taking showers and |
|  | 16 | drinking water or washing their car with a hose and |
|  | 17 | forgetting to turn it off and so forth. Can anybody give |
|  | 18 | me the big picture, refresh my recollection on the |
|  | 19 | governmental structure for monitoring and permitting that |
| 09:50:52 | 20 | because, of course, every person who moves into the area |
|  | 21 | is -- now I have a background as a municipal person, but I |
|  | 22 | really appreciate and I think it's helpful to all. |
|  | 23 | All right, sir, would you tell me -- |
|  | 24 | MR. LAREDO: David Laredo, general counsel to the |
| 09:51:08 | 25 | Monterey Peninsula Water Management District. |

There's two dimensions to your question. There's the water use, the water waste. And then there's the question of permitting and expansion and extensions of use.

THE COURT: Right.
MR. LAREDO: But in terms of water use and water waste, the California American Water Company and the Monterey Peninsula Management District has a very cooperative program that has been vetted through the public utilities commission that uses a variety of mechanisms to minimize water use. One of the most effective is we have inclining block rate structure, five tiers and water use becomes extraordinarily expensive if one is using more than their share.

Water waste is also recognized and regulated.
The water management district has a conservation division and does cite water -- those who are using water inappropriately and that would be outdoor irrigation in permissible ways, leaks that are uncorrected, water service in restaurants not upon request. There are a whole litany of water use restrictions that have collectively shown that are -- to be effective because the communities water use is dramatically reduced. We are one of the least water consuming areas in the state, if not the least.

09:53:22

THE COURT: Yeah, I've seen great -- I mean my thoughts are nothing but complimentary in that regard. As it relates to the means of what $I$ used to be involved in the policy level, city pipes and connections, and I remember we went through a political storm, but we brought all of our area over time up to compliance because the old standards have been such among other things other cities were talking about issues in China and so forth and we were talking about streets, gutters, sidewalks, storm drains and that type of thing and forming assessment, meeting with property owners, see if there was a majority of protest and improving community and among those would be junctures so we wouldn't as a city be wasting a lot of water.

What is going on?
MR. LAREDO: California American operates and controls the pipes and the mains. They have a very aggressive main replacement program. Of course, any investment has to be authorized by the public utility commission has authorized at Cal Am, has brought their unaccounted water use down to a remarkably low level. Mr. Sabolsice?

MR. SABOLSICE: Three percent.
MR. LAREDO: Compared to one historically seven,

|  | 1 | nine and upwards from there. So there has been a dramatic |
| :---: | :---: | :---: |
|  | 2 | reduction and that's unaccounted for water or non-revenue |
|  | 3 | water to tell the truth. There is a lot of uses like line |
|  | 4 | flushing, construction water fire flow that is within that |
| 09:54:20 | 5 | three percent. There is a very low level for unaccounted |
|  | 6 | for water. |
|  | 7 | Now, on the expansion of use side, the water |
|  | 8 | management district has a very aggressively regulatory |
|  | 9 | structure, the legislature when it created the district |
| 09:54:37 | 10 | required that any extension or expansion of a water |
|  | 11 | distribution system that includes Cal Am be done pursuant |
|  | 12 | to permit. So the district permits both commercial and |
|  | 13 | residential expansions of use. What does that mean in |
|  | 14 | terms of a commercial structure, that means if you want to |
| 09:54:53 | 15 | add a seat to a restaurant -- |
|  | 16 | THE COURT: I'm sorry, you are counsel for the |
|  | 17 | Monterey Peninsula Water Management District? |
|  | 18 | MR. LAREDO: Special act district. |
|  | 19 | THE COURT: Thank you. |
| 09:55:02 | 20 | MR. LAREDO: So if you have a commercial, if you |
|  | 21 | want to add a hundred square feet to your garage, you need |
|  | 22 | a permit, and there's a water duty that goes with that. |
|  | 23 | If you want to add to a seat in a restaurant, |
|  | 24 | there is a water duty attached to that. |
| 09:55:15 | 25 | If you want to add -- expand your hotel or motel |

by adding beds, you need a permit and the water duty that is with that.

On the residential side, the district regulates on a fixture unit basis. So all water using fixtures are assigned a water duty; and if you want to add a bathroom or a laundry sink, you need to come to the district. You need to get a permit. The district will only permit if there's available water through an allocation system. At the moment, there are very few cities have any allocation left. So in effect, we have a moratorium on even those expansions of use.

THE COURT: Water duty is probably a term of art, what does that mean, just a shorthand?

MR. LAREDO: By water duty, fixtures are assigned a demand in terms of acre feet. So when you add a bathroom, we know that you're going to be using a certain quantity of acre feet on average and so the water duties were assigned by analyzing water use for different types of fixtures.

THE COURT: Is that a fee structure?
MR. LAREDO: It's both a fee structure, a regulatory structure.

THE COURT: I see.
MR. LAREDO: The gate keepers for allowing that are the land use jurisdiction, but the gate keeper for the
water is the water management district.
And then finally I'd like to add that California American Water Company itself is under a moratorium set by the public utilities commission. California Cal Am will not set any new meters. So what we're talking about is the increase and intensification of water use through existing meters, we're regulating that. So collectively with our water waste and water use tools and our monitoring of regulation of new uses, intensified uses we have a tight control over expanded water use.

THE COURT: And when people get their water bill, do they have a report card to tell them how they stand with their neighbors and so forth?

MR. LAREDO: I'll let Mr. Sabolsice respond. MR. SABOLSICE: Your Honor, the water bill does display their historical water use for a customer so they can look back. They can see how much they've used for the previous 12 months.

The water bills do not at this time compare their water use to others in the community on a similar parcel. That is something that as a company we're working towards where we can provide customers their water use on a daily basis through an automated meter reading system. We've proposed that in our most recent rate case to the commission, and we're hopeful that that technology is
approved because we do feel that comparison between your home, your water use to those in the community is helpful to drive further conservation beyond this tiered pricing structure that has been effective so far.

THE COURT: That is helpful. I know when we did a landscaping a few years ago, of course, we were mindful of that and got into all the -- took out the grass and all those things.

MR. LAREDO: Your Honor, the one additional area and it's a cooperative effort between Cal Am and the water management district, we have a very aggressive education effort. There are workshops for landscape irrigators. Replacement devices are available. We will encourage individuals to replace their plumbing fixtures, install ultra low flow waters, and there are rebates available for that so that individuals can come in and receive, I believe, as much as $\$ 500.00$ for a rebate for their washer if they swap to a lower, but there's a very extensive conservation at any of the street fairs. The Cal Am and the water management district staff cooperatively man those and get that information out.

THE COURT: Thank you very much, Mr. Laredo. I think we may be talking among ourselves, but I think this is a good way to touch basis on all these developments and form all those.

Let me take one moment, please. I did want to refer to the annual report, December 9th, 2016, and read the total pumping for water year 2016 did not exceed the operating yield or the natural safe yield of the basin. This is a significant accomplishment. First time this has been achieved since the creation of the watermaster request for the beneficial affects of the conservation efforts within the basin, and $I$ wanted to acknowledge that and read that and that's a very positive development.

As it relates to the water administrator, watermaster administrative costs, in no way was a criticism just understanding here. That budget was attached. I really was referring to tab four, Replenishment Assessment Unit Cost in the binder and truly a clarifying question because I'm sure those who implemented anything you gain familiarity how you compute these matters. But I'm looking at the memo that says from Mr. Jaques of October 15th, 2016, and it was the technical program director's report to the board just in October approval of unit cost for the water year 2016,2017 , and I think $I$ follow that but then $I$ turn -- I turn to the graph or chart attached, anticipated unit costs for the solar coding potential sources and replenishment water and I generally follow that but $I$ wonder if you could explain basically, for example, take any one that you like,

Seaside basin, ASR Expansion and potential replenishment water could become available and that's -- that's derived from the report and all the various sources of replenishment; is that right, Mr. McGlothlin?

MR. JAQUES: That's correct.
THE COURT: And then potential buying of water that could be supplied by project. Is that the pure water project?

MR. MCGLOTHLIN: Your Honor, that's for each of these in the left-hand column, you have five different projects identified from desalination to the pure water project and so on.

THE COURT: Right.
MR. MCGLOTHLIN: And then you're looking at the water supply available and the base unit cost on a per acre foot basis for each of those projects and when it is anticipated it could be online.

THE COURT: Is that a function of market forces?
MR. MCGLOTHLIN: That is a function of cost structure.

THE COURT: Cost for doing what?
MR. MCGLOTHLIN: Well, what each of them are, for example, the desalination we're talking about pumping water from beneath the ocean as we were talking about it before and putting it through reverse osmosis and

|  | 1 | delivering water to the Peninsula. |
| :---: | :---: | :---: |
|  | 2 | THE COURT: I see, to supply that extra 6,250 |
|  | 3 | very substantial contribution of regional desalination |
|  | 4 | present ballpark estimate, is that going to be about |
| 10:04:03 | 5 | \$6,100.00 per acre foot to accomplish that? Is that what |
|  | 6 | you're looking at? |
|  | 7 | MR. MCGLOTHLIN: Yes. Yes, your Honor. |
|  | 8 | THE CoURT: It's clear once you go through it. |
|  | 9 | Thank you. |
| 10:04:21 | 10 | MR. MCGLOTHLIN: I think it is a good time to |
|  | 11 | clarify the replenishment assessment and what is |
|  | 12 | happening. |
|  | 13 | THE COURT: Yes. |
|  | 14 | MR. MCGLOTHLIN: So the judgment is drafted such |
| 10:04:32 | 15 | production in excess of each party's share of the native |
|  | 16 | safe yield which again emphasizing that didn't occur last |
|  | 17 | year for the first time. But it has historically occurred |
|  | 18 | in the past up to their operating yield, that quantity |
|  | 19 | that you're allowed to, remember, we started at 5600 |
| 10:04:52 | 20 | accumulatively and ramping down to 3,000. That delta is |
|  | 21 | assessed to the replenishment assessment with the -- the |
|  | 22 | way the design was assess the replenishment assessment |
|  | 23 | with the premise that the watermaster would then purchase |
|  | 24 | that water in the future to replenish the basin. Because |
| 10:05:13 | 25 | of the cost and because of lack of water to purchase, we, |


|  | 1 | with the Court's -- Judge Randall's consent, the |
| :---: | :---: | :---: |
|  | 2 | watermaster entered into a couple different agreements |
|  | 3 | which are consistent with the goal but change the |
|  | 4 | dexterity a little bit. With respect to the City of |
| 10:05:36 | 5 | Seaside, in particular, the City of Seaside imported water |
|  | 6 | to use on its golf course in lieu of pumping groundwater, |
|  | 7 | which is effective in lieu replenishment. You don't pump |
|  | 8 | it, it's just the same as if you injected it and |
|  | 9 | replenished, right? That established a credit against |
| 10:05:54 | 10 | their production in excess of their share of safe yield |
|  | 11 | for their municipal system, and they still have a bank - - |
|  | 12 | the City of seaside has a bank of credits for -- with |
|  | 13 | respect to their production for their municipal system. |
|  | 14 | California American likewise has been developing |
| 10:06:12 | 15 | these projects and putting significant financial resources |
|  | 16 | toward that development, and it was acknowledged in both |
|  | 17 | the judgment and through a separate subsequent MOU with |
|  | 18 | the watermaster that Cal Am would pay toward the |
|  | 19 | development of the project and at such time the |
| 10:06:30 | 20 | desalination project comes online, Cal Am is going to |
|  | 21 | effectively repay that quantity that it otherwise would |
|  | 22 | pay monetary dollar for an assessment in actual wet water. |
|  | 23 | So part of the sizing and component of the desalination |
|  | 24 | project is for Cal Am to produce an extra 700 acre feet of |
| 10:06:55 | 25 | water a year on average that it will deliver into its |


|  | 1 | system in lieu of producing 700 acre feet on average from |
| :---: | :---: | :---: |
|  | 2 | the groundwater basin. So, in other words, for a period |
|  | 3 | of 25 plus years, I say plus because it's going to be a |
|  | 4 | few more because of delays in getting this project going, |
| 10:07:17 | 5 | but for 25 plus years, Cal Am's intension is in lieu |
|  | 6 | replenishment -- in lieu replenish the basin at 700 acre |
|  | 7 | feet a year to repay that portion for which it would |
|  | 8 | otherwise since the entry of the decision has been hanging |
|  | 9 | this replenishment. So in summation, no party is |
| 10:07:42 | 10 | presently writing a check for this replenishment |
|  | 11 | assessment, but it is important as a number so we know how |
|  | 12 | to balance the bank accounts and the credit systems and |
|  | 13 | ensure that the basin is made whole in the future for |
|  | 14 | water that would have been purchased through those |
| 10:07:59 | 15 | payments. In the future once we do have a desalination |
|  | 16 | project online and things change, that replenishment |
|  | 17 | that's been actually made to function more elementary as |
|  | 18 | it was proposed if you exceed, you pay, but at some point |
|  | 19 | here we're going to be limited to native safe yield and |
| 10:08:17 | 20 | you don't pay on the quantity you produce of your share of |
|  | 21 | the native safe yield and that interim. Interim I mean |
|  | 22 | ramping down from the ten percent ramp down, that |
|  | 23 | operating yield, opening safe yield element. |
|  | 24 | THE COURT: My sense is that, although it might |
| 10:08:34 | 25 | have been the subject of some dispute and naturally who |


|  | 1 | comes to the table and how many votes there are, that to |
| :---: | :---: | :---: |
|  | 2 | me being a water board system it brings together people |
|  | 3 | with diverse interests and it sounds to me like you're |
|  | 4 | saying these various agreements have been fashioned and |
| 10:08:52 | 5 | you're speaking because they've passed mustard with the |
|  | 6 | water board and MOUs and so forth? |
|  | 7 | MR. MCGLOTHLIN: Not only that they found favor |
|  | 8 | with Judge Randall, your predecessor. |
|  | 9 | THE COURT: Yes. |
| 10:09:07 | 10 | MR. MCGLOTHLIN: The basic design is that the |
|  | 11 | watermaster board is a composition of all the diverse |
|  | 12 | stakeholders in the basin that pump water. You know, we |
|  | 13 | self police because we are stewards of the different |
|  | 14 | members all angling toward a long-term sustainable |
| 10:09:27 | 15 | groundwater basin, but we also have the overlay of the |
|  | 16 | court to resolve disputes should we have them since we |
|  | 17 | have had them in the past or to ensure that the -- whether |
|  | 18 | or not you want to call it the fox or a hen that we are |
|  | 19 | properly watching the hen house. |
| 10:09:45 | 20 | THE COURT: It's so fundamental. I've been doing |
|  | 21 | this for 50 years it's often been said to arrive at an |
|  | 22 | agreement when there is a disagreement, you need several |
|  | 23 | things. You need rational actors. Of course, a lot of |
|  | 24 | what we do is bring people to the table, and I don't care |
| 10:10:00 | 25 | high-tech litigation, you've got a captain of industry and |


|  | 1 | he's mad at the other CEO, you've got to get people down |
| :---: | :---: | :---: |
|  | 2 | to rational evaluation. You have to have as close to a |
|  | 3 | good exchange of information that's why we have pretrial |
|  | 4 | discovery and sanctions and sanctions if you don't cough |
| 10:10:18 | 5 | up. And you have the relevant information so that |
|  | 6 | rational actors can evaluate relevant information and the |
|  | 7 | capacity to look in a rational way to risk some benefits |
|  | 8 | and that's sometimes other interests trump, we get in |
|  | 9 | contested litigation and simply a good-faith litigation. |
| 10:10:39 | 10 | MR. MCGLOTHLIN: I will say that I'm happy to |
|  | 11 | report at large by volume of decisions of the watermaster |
|  | 12 | certainly within recent history, decisions are frequently |
|  | 13 | almost unanimous. There's broad support. The technical |
|  | 14 | needs are, you know, typically not debated, and I think |
| 10:10:59 | 15 | we're working very cooperatively as a group and pleased to |
|  | 16 | have you as a partner in the process. |
|  | 17 | THE CoURT: That's my sense of everything. And |
|  | 18 | there may be a time when I would -- were there annual |
|  | 19 | reports that Judge Randall received may have had questions |
| 10:11:18 | 20 | about and then did not schedule a conference or did he do |
|  | 21 | that annually? |
|  | 22 | MR. MCGLOTHLIN: We weren't scheduling a |
|  | 23 | conference. Actually, I'm glad you bring that up in part |
|  | 24 | because things were going on, the watermaster, in the |
| 10:11:30 | 25 | first couple years there were ad hoc hearings, |


|  | 1 | postjudgment proceedings before Judge Randall. |
| :---: | :---: | :---: |
|  | 2 | THE COURT: How were they occasioned? |
|  | 3 | MR. MCGLOTHLIN: When they were necessary. |
|  | 4 | THE COURT: Did he schedule them in court? |
| 10:11:43 | 5 | MR. MCGLOTHLIN: He did. I'm glad you asked. I |
|  | 6 | was going to lead to a suggestion. They were both. But |
|  | 7 | in the later hearings we had with the judge, we had them |
|  | 8 | telephonically, and I wanted to suggest that might be an |
|  | 9 | appropriate in the interest of costs for all concerned. |
| 10:12:00 | 10 | THE COURT: I'm certainly willing to consider |
|  | 11 | that. I manage litigation, you know, coal mine, |
|  | 12 | cattlemen, I manage litigation and help with settlements |
|  | 13 | and things like that telephonically. I have a case way up |
|  | 14 | in Del Mar County. It's a secret hearing. Well, a |
| 10:12:22 | 15 | community involvement, I could go eight hours and come |
|  | 16 | back eight hours and be in trial the next day because the |
|  | 17 | public has a right to know what's going on. The annual |
|  | 18 | review other matters that can be done telephonically, |
|  | 19 | schedule sufficient time to do it. I'm not here to break |
| 10:12:37 | 20 | anybody's back financially and happy to entertain that |
|  | 21 | possibility. I thought for a couple years it would be |
|  | 22 | helpful to show my interest and also you can -- people can |
|  | 23 | judge have they read this stuff. Get some level of |
|  | 24 | confidence mutually or not that that's a good thing. I |
| 10:13:01 | 25 | think we have a stipulation that I can communicate with |


|  | 1 | the watermaster. I've done that by email, help everybody. |
| :---: | :---: | :---: |
|  | 2 | It is not an ex parte hearing where if I have a question, |
|  | 3 | put it forward and send it around, if there is a cause for |
|  | 4 | concern, we can schedule a court conference. |
| 10:13:20 | 5 | MR. MCGLOTHLIN: So if I may suggest an approach |
|  | 6 | for the 2018 case management conference that we in the |
|  | 7 | annual report or in a case management statement in advance |
|  | 8 | of whatever date we state for that, watermaster make a |
|  | 9 | recommendation to you. It's your decision, of course, |
| 10:13:39 | 10 | whether or not we do that telephonically or in person. |
|  | 11 | THE COURT: I think that's great. And frankly |
|  | 12 | schedules may pop up so tentatively set date might have to |
|  | 13 | be reconsidered. |
|  | 14 | MR. MCGLOTHLIN: And something may happen in |
| 10:13:52 | 15 | between, of course, anything that demands immediate |
|  | 16 | attention and instruction from, your Honor, we would |
|  | 17 | schedule a case management conference. |
|  | 18 | THE COURT: Let me know what the need is in a |
|  | 19 | brief synopsis of what we're talking about papers, email |
| 10:14:03 | 20 | if not voluminous mail, you have my home address. |
|  | 21 | MR. MCGLOTHLIN: Yes, your Honor. |
|  | 22 | THE COURT: Let me just continue here. Won't |
|  | 23 | keep you forever. |
|  | 24 | In the annual report at page nine and this may be |
| 10:14:31 | 25 | covered elsewhere, but it says task, prepared documents |

for Sustainable Groundwater Management Act reporting.
This task is new this year and is the result of the
implementation of the state of the Sustainable Groundwater
Management Act and $I$ have note when next anticipated and
what is the reporting schedule there?
MR. JAQUES: They are due by April lst of each year.

MR. MCGLOTHLIN: Let's explain what they are. THE COURT: Yes, please.

MR. MCGLOTHLIN: I'm glad you mentioned that. As
a general matter for -- remember the grand scheme of SIGMA, GSA, GST, DWR approval, that process is not
required for adjudicated groundwater basin.
THE COURT: Yes, I do understand.
MR. MCGLOTHLIN: Right. However, to ensure that the adjudicated basins are matching to the same sustainable standard and generally just to have information which we've recognized in the state, we need much better groundwater use and conditions information. SIGMA requires that adjudicated basins report annually to the Department of Water Resources certain groundwater conditions, groundwater use, surface water use, a copy of the annual report and a few other bells and whistles that are required to be reported and we're doing that.

THE COURT: And that duty is discharged through

|  | 1 | the watermaster. |
| :---: | :---: | :---: |
|  | 2 | MR. MCGLOTHLIN: That is done, correct. Anything |
|  | 3 | else done to that? |
|  | 4 | MR. JAQUES: I did it yesterday. |
| 10:16:08 | 5 | MR. MCGLOTHLIN: It's what keeps my friend here |
|  | 6 | busy in part. |
|  | 7 | THE COURT: Also on page 11 same task I.3AI. |
|  | 8 | That's Roman numeral one period or 3 period small A period |
|  | 9 | arabic one. Update the existing model groundwater model |
| 10:16:32 | 10 | of the Seaside basin. Updating of the watermaster's |
|  | 11 | groundwater model of the seaside basin not expected to be |
|  | 12 | necessary in 2017. Is that because of the sufficiency of |
|  | 13 | earlier reports? Is that the gist of that or can you tell |
|  | 14 | me? |
| 10:16:46 | 15 | MR. JAQUES: That's correct. The hydrometrics, |
|  | 16 | the consultant that developed the model for the |
|  | 17 | watermaster and use the model for the various studies that |
|  | 18 | we've conducted, and so forth and so on. Periodically |
|  | 19 | they would want us to update that by putting in more |
| 10:17:03 | 20 | recent production data and climalogical data and any other |
|  | 21 | things that might have changed it but in their view at |
|  | 22 | this point the amount of change that occurred since the |
|  | 23 | model was initially developed doesn't warrant the effort |
|  | 24 | and expense of doing that, your Honor. |
| 10:17:19 | 25 | THE Court: Very good. Also the budget, is that |

function, $I$ think, Mr. Jaques or someone else has taken on extra duties to do -- have some contraction of support staff, Mr. McGlothlin?

MR. JAQUES: I'd have to look back through the details.

THE COURT: I thought there was a staff reduction there.

MR. MCGLOTHLIN: Well, there have been a consolidation of staff members, that's correct.

THE COURT: And that had money implications.
MR. JAQUES: It's the overall budget.

THE COURT: And generally when you set your
budget, where is the budget -- what tab is that? Is that the administrative costs on tab three there?

MR. MCGLOTHLIN: So there --

THE COURT: Budget versus actual administrative
funds is attachment three to the annual report.
MR. MCGLOTHLIN: Right.
THE COURT: Is that the budget for the year?
MR. MCGLOTHLIN: That is reporting the actual
balance, that's the accounting.
THE COURT: For example, if --
MS. DADIW: Reported separately and
administrative.

THE COURT: For example, I'm not promoting this
one way or the other but compared to what $I$ see on fee applications says legal advisor 25,000 . Does that account for all of your services for a year?

MR. MCGLOTHLIN: It does, your Honor.
THE COURT: Thank you. Try not to have you down here too often.

MR. MCGLOTHLIN: We try to be as efficient as possible and give you as much appropriate information as you need.

THE COURT: I try to do that for the chiefs to not break the budget.

Just going through some questions.
MR. MCGLOTHLIN: Your Honor, I may direct you to the extent interested attachment six has the two components of the budget, the administrative fund budget and the operating and management plan operating budget, pages 33 and 34.

THE COURT: Thank you. I've had enough cases over the years where I've got a case and the person sticks out their chest and says has your Honor read the papers? I have to redirect people's energies to tell them to proceed and $I$ do read this carefully.

MR. MCGLOTHLIN: I bite my tongue on that comment, your Honor.

THE COURT: It's a matter of getting along. It's
just a Higum (phonetic) under motion, Judge, just move it along. All very good. Give me the holding and the decision. Precise holding and its application to the fact grumble, grumble, trying to blow me away. Calm down and go through this step by step.

It's true not all the judges read the papers in advance. I understand that.

MR. MCGLOTHLIN: No, your Honor's, plural defense in many of these groundwater cases the papers are in Banker's boxes.

THE COURT: I got a break. Go off record.
(Off-the-record discussion.)
THE COURT: Continue back on the record. Again, I think you've emphasized at several places in the report I see the water year 2016, seawater intrusion analysis report December 2016 at page four, again, emphasizes the need continuing document declining groundwater levels in the Laguna Seca subarea and the challenges and opportunities you'll have there.

Also I noticed in tab ten in the discussion paper on the City of Sand City Public Works, it's a challenge going back historically to get accurate recordation of detailed information of groundwater quality data, but $I$ think science is helping us out a lot these days.

Again, the tab number 12, the technical

|  | 1 | memorandum dated January 22 nd, 2016 is it Jack or Jock? |
| :---: | :---: | :---: |
|  | 2 | MR. JAQUES: It's Jaques. |
|  | 3 | THE COURT: Mr. Jaques, thank your sir. |
|  | 4 | MR. JAQUES: I should respell my name. |
| 10:32:48 | 5 | THE Court: I don't want to be Nuckles. Again, |
|  | 6 | emphasizing that the watermaster has no control or |
|  | 7 | influence over pumping outside the Seaside basin |
|  | 8 | boundaries. Effectively unable to prevent declining |
|  | 9 | groundwater elevations and a portion that was Laguna Seca |
| 10:33:11 | 10 | subarea but the positives are these GSAs. |
|  | 11 | MR. JAQUES: Yes. |
|  | 12 | THE COURT: Going forward you typically don't |
|  | 13 | have a defeat and establishment to that. |
|  | 14 | And now turning to the case management statement. |
| 10:33:28 | 15 | I think I have fewer questions. I think the environmental |
|  | 16 | -- turning to tab four of your statement that's -- I think |
|  | 17 | very current January 2017 environmental setting grant |
|  | 18 | affective close impact mitigation and measures. It's a |
|  | 19 | section of the environmental impact report for the |
| 10:34:11 | 20 | Monterey Peninsula water supply project or proposed |
|  | 21 | project and it just as your earlier statement, Mr. |
|  | 22 | McGlothlin, really for anyone who wants to pull this |
|  | 23 | online and look at it to become informed would find very |
|  | 24 | extensive reporting on all the issues here but when I - - |
| 10:34:39 | 25 | the challenges and opportunities are set forth in among |

other places just a reference to the regulatory framework.
MR. MCGLOTHLIN: Uh-huh.
THE COURT: We have the federal anti-degradation
policy. The state water resources control board
resolution 68-16, anti-degradation policy. The Porter Cologne, C-o-l-o-g-n-e Water Quality Control Act. The Central Coast Water Quality Control Plan. It goes on and on and then we go to the actual parties to this litigation happily that's been moving along very cooperatively and successfully and then we get the non-party stakeholders and no end of challenge.

Is there any one who has attended to represent your various diverse interest who would like to share anything with me before $I$ again wind down and draw this meeting to a conclusion? Invite any comment if anyone has anything to say. No one does. Thank you for being here to participate.

And to you, Mr. McGlothlin, do you have anything else?

MR. MCGLOTHLIN: I have one matter of housekeeping. You asked to bring the letter that you submitted to us.

THE COURT: Oh, yes.
MR. MCGLOTHLIN: On Friday for signature.
THE COURT: Yes, I'll sign it and place in the
court records.

MR. MCGLOTHLIN: May I approach?

THE COURT: Yes, please do.

And may $I$ contact you by email concerning interchange on possible tentative dates for further hearing?

MR. MCGLOTHLIN: Absolutely.

THE COURT: And then you can notify the court here.

MR. MCGLOTHLIN: So we'll wait to set a tentative date.

THE COURT: Yeah, I think I need to frankly check with my wife who is saying $I$ worked over a hundred and 60 days all over the state.

MR. MCGLOTHLIN: Nice to be retired.

THE COURT: Hasn't been retired, but I bought my western collective ski pants, tour all over the western states. Go off east. My 81 year old brother said "Life is a wasting asset. You never know when something could happen."

MR. MCGLOTHLIN: Certainly, your Honor. THE COURT: I may want to take some of the springtime off. But when the chief calls, I'm sort of like the Dalmatian dog at the firehouse, $I$ go arf, arf. I'm on my way.

|  | 1 | You intend to fill that? |
| :---: | :---: | :---: |
|  | 2 | MR. MCGLOTHLIN: I certainly will, your honor. |
|  | 3 | THE COURT: So we'll close this off. I |
|  | 4 | anticipate some kind of review telephonically very |
| 10:37:22 | 5 | possibly or appropriate here in the courthouse. I'm |
|  | 6 | certainly inclined to not burden the parties financially, |
|  | 7 | especially in light of the fact that no single member of |
|  | 8 | the public has come here to take advantage of the |
|  | 9 | opportunity to see justice. I don't criticize them. |
| 10:37:42 | 10 | Schedule something a year in advance may not be posted or |
|  | 11 | widely known. I think this information concerning the |
|  | 12 | fact that we would have this open court session was |
|  | 13 | available to all. Probably be in the springtime. |
|  | 14 | Sometime in the March period, February to April, something |
| 10:38:00 | 15 | like that, Mr. McGlothlin? |
|  | 16 | MR. MCGLOTHLIN: ( Nodding.) |
|  | 17 | THE CoURT: The order, however, provides for -- |
|  | 18 | sets the date for you to file your annual report. |
|  | 19 | MR. MCGLOTHLIN: Yes, it does. |
| 10:38:12 | 20 | THE COURT: The amended decision. |
|  | 21 | MR. MCGLOTHLIN: December 15 th. |
|  | 22 | THE COURT: And also follow it up with a case |
|  | 23 | management statement? |
|  | 24 | MR. MCGLOTHLIN: Yes, your Honor, we would. |
| 10:38:23 | 25 | THE COURT: I think one of the things I tried to |


|  | 1 | do and again I can't thank you all enough for providing |
| :---: | :---: | :---: |
|  | 2 | timely information in response to my many questions. I |
|  | 3 | think I said at the beginning that some of those questions |
|  | 4 | might appear to be ill-formed but l don't -- l didn't |
| 10:38:40 | 5 | think so but more than that $I$ think it's just my modus |
|  | 6 | operandi sit here like l know it all, bang a gavel and |
|  | 7 | I've never used a gavel, but l think it's a real exchange |
|  | 8 | of information and ordinarily most matters can be arrived |
|  | 9 | at cooperatively; and if not, we'll determine -- one thing |
| 10:39:03 | 10 | in the -- at any time during the year, Mr. McGlothlin, you |
|  | 11 | anticipate issues that you think might implicate the |
|  | 12 | Court's involvement by way of a possible contested hearing |
|  | 13 | without violating any communications that are tentative, |
|  | 14 | you know, you want to come to an agreement if you can. If |
| 10:39:25 | 15 | you can let me know if you anticipate the possible |
|  | 16 | calendaring of matters for resolution or tentatively what |
|  | 17 | the general nature of them would be that would be helpful. |
|  | 18 | MR. MCGLOTHLIN: I don't think -- welcome |
|  | 19 | comments from my colleagues, but l don't anticipate any |
| 10:39:42 | 20 | conflicts this year that are on the insight. If we did |
|  | 21 | have something significant, like, a definitive seawater |
|  | 22 | intrusion occurring at the coast, we would think that |
|  | 23 | would be -- I would think that would be something we would |
|  | 24 | want to report to you immediately. |
| 10:39:59 | 25 | THE COURT: I would like to know that without |


|  | 1 | reference to the annual report. Wake me up at 3:00 in the |
| :---: | :---: | :---: |
|  | 2 | morning, that kind of thing. |
|  | 3 | MR. MCGLOTHLIN: Even then I have to say the |
|  | 4 | groundwater moves slowly. It's not something alarming, |
| 10:40:12 | 5 | but we would, of course, if there was a dramatic change in |
|  | 6 | physical conditions not wait until the annual report to |
|  | 7 | apprise you of that. |
|  | 8 | THE COURT: I think this whole -- you know the |
|  | 9 | legislature has taken care to say look if the matter is |
| 10:40:27 | 10 | under judicial management, we assume all the relevant |
|  | 11 | players are there. The system has provided a jurist who |
|  | 12 | is going to get in and try to do his or her best, and |
|  | 13 | we're willing subject to then view all of that trust that |
|  | 14 | system trustworthy and I think everyone's acted to a high |
| 10:40:47 | 15 | standard. I'm very grateful for the time you've taken out |
|  | 16 | of your day to be here and show that interest. I'm |
|  | 17 | certainly open to scheduling, you know, a morning as far |
|  | 18 | as telephonic conference and who is our participant on |
|  | 19 | conference call here today? |
| 10:41:06 | 20 | THE CLERK: Kelly Sutherland, your Honor. |
|  | 21 | THE COURT: Has she dropped off or do you know? |
|  | 22 | THE CLERK: Miss Sutherland, are you still on the |
|  | 23 | line? |
|  | 24 | MS. SUTHERLAND: Yes, your Honor. I'm still |
| 10:41:19 | 25 | here. |

THE COURT: And you represent who again? MS. SUTHERLAND: Laguna Seca and Pasadera.

THE COURT: You heard meeting the convenience of all by doing this by telephone conference in the future court call and $I^{\prime} m$ certainly open to this possibility. Thank you very much.

Shall we adjourn?

MR. MCGLOTHLIN: Thank you, your Honor.
MS. SUTHERLAND: Thank you, your Honor.

THE COURT: Thank you all.
(Whereupon proceedings adjourned at 10:41 a.m.)

STATE OF CALIFORNIA)

COUNTY OF MONTEREY )

I, LISA R. CRAFT, Official Pro-Tem Reporter of the County of Monterey, State of California, do hereby certify that the foregoing pages, 1 through 60, comprise a full, true and correct transcription of my stenographic notes in the aforementioned case of the proceedings held on March 17, 2017.

Dated this 2nd day of May, 2017

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                                    LISA R. CRAFT, CSR 7631
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