

1
2
3
4
5
6
7
8
9
10
11
12
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RUSSELL M. MCGLOTHLIN (State Bar No. 208826)
BROWNSTEIN HYATT FARBER SCHRECK, LLP
1020 State Street
Santa Barbara, CA 93101-2711
Telephone: 805.963.7000
Facsimile: 805.965.4333
RMcGlothlin@bhfs.com

EXEMPT FROM FEES

Attorneys for Seaside Groundwater Basin Watermaster

SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF MONTEREY

CALIFORNIA AMERICAN WATER,

Plaintiff,

v.

CITY OF SEASIDE, et al.,

Defendants.

Case No. M66343

Assigned for All Purposes to the
Honorable Leslie C. Nichols

**SEASIDE GROUNDWATER BASIN
WATERMASTER'S CASE
MANAGEMENT STATEMENT**

MONTEREY PENINSULA WATER
MANAGEMENT DISTRICT,

Intervenor.

Action Filed: August 14, 2003
Trial Date: December 13, 2005

Post-Judgment Case Management Conference:
March 17, 2017

MONTEREY COUNTY WATER
RESOURCES AGENCY,

Intervenor.

AND RELATED CROSS-ACTIONS.

TABLE OF CONTENTS

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

Page

I. INTRODUCTION 1

II. GLOSSARY OF KEY TERMS, ESSENTIAL AGENCIES, AND OVERVIEW OF WATERMASTER 2

 A. Glossary of Key Terms 2

 B. Essential Agencies 8

 C. Overview of Watermaster 13

III. BASIN CONDITIONS AND LONG-TERM GROUNDWATER MANAGEMENT CONCERNS..... 14

 A. Northern Coastal Subarea Groundwater Levels and Potential Seawater Intrusion 14

 B. Laguna Seca Subarea Groundwater Levels and Coordination with the Future Monterey Subbasin GSA 16

IV. STATUS OF REGIONAL WATER DEVELOPMENT EFFORTS AND SUPPLY..... 17

 A. GWR and ASR..... 18

 B. MPWSP Desalination Project 19

 C. CDO Amendment and Interim Water Supply 20

V. ACTION ITEMS AND WATERMASTER RECOMMENDATIONS 21

1 **I. INTRODUCTION**

2 A post-judgment case management conference is scheduled in this action for March 17,
3 2017. This case management conference was set by the Honorable Leslie C. Nichols during the
4 last post-judgment case management conference, held on June 17, 2016. On June 20, 2016, this
5 office, on behalf of the Seaside Groundwater Basin Watermaster (“Watermaster”) served notice
6 of the March 17, 2017 case management conference on all parties.

7 The last case management conference was the first appearance before the Honorable
8 Leslie C. Nichols following his assignment to this action for all post-judgment proceedings. In
9 conjunction with the setting of the last case management conference, Watermaster provided the
10 Court with a detailed report (the “2016 Status Report”) explaining various historical background
11 pertaining to this action, management of the Seaside Groundwater Basin (“Seaside Basin” or
12 “Basin”), and contemporaneous matters that may affect the Basin. A copy of the 2016 Status
13 Report is attached to this case management statement as Attachment 1 for the Court’s
14 convenience and ease of reference.

15 At the last case management conference, the Court requested that, in preparation for the
16 upcoming case management conference, Watermaster provide additional information to the Court
17 to assist in further familiarization with the Basin, Basin management, and other contemporaneous
18 water planning and management activities that may affect the Basin. Specific requested
19 information included:
20

- 21 1. Anticipated subjects that an informed judge would want to have addressed by
22 Watermaster;
- 23 2. A glossary of key terms and subjects applicable to the Basin and water
24 management on the Monterey Peninsula; and
- 25 3. An overview of Watermaster’s organization.

26 This case management statement responds to these requests and provides other helpful
27 information. Section II provides a glossary of key terms and subjects together with an explanation
28 of their relevance to the Seaside Basin. This section also includes an explanation of key local and

1 state agencies with jurisdiction that potentially affect Basin management activities or pertinent
2 regional water matters and an overview of Watermaster's organization. Section III discusses
3 current Basin conditions and long-term issues to be monitored and addressed over time. Section
4 IV discusses the status of long-term regional water management activities that may affect
5 community water supplies and the Basin. Finally, Section V summarizes Watermaster's intended
6 2017 action items and recommendations for the Court's consideration.

7
8 **II. GLOSSARY OF KEY TERMS, ESSENTIAL AGENCIES, AND OVERVIEW OF**
9 **WATERMASTER**

10 **A. Glossary of Key Terms**

11 The following glossary includes key terms relevant to Basin management that are not
12 contained in the list of defined terms in the Amended Decision issued in this action, dated
13 February 9, 2007 ("Decision"). The definitions in the Decision begin on page 11. The Decision is
14 available on the Watermaster's website at:

15 <http://www.seasidebasinwatermaster.org/Other/Amended%20Decision0207.pdf>.

16 **Aquifer Storage and Recovery, or "ASR"**, means the injection of water into a groundwater
17 aquifer for later recovery (normally by being pumped back out) and subsequent beneficial use.
18 ASR is a water management practice employed throughout California for municipal, industrial,
19 and agricultural uses.

20 **Relevance to the Seaside Basin.** ASR is an essential aspect of water management on the Monterey
21 Peninsula. Pursuant to a State Water Resources Control Board ("SWRCB") diversion permit
22 jointly held by the MPWMD and Cal-Am, wet-period flows are diverted from alluvial wells in
23 the Carmel River Valley and then piped to the Basin where they are injected through injection
24 wells into the Basin. The stored water is then recovered during dry periods to reduce Carmel
25 River diversions when in-stream flow is needed to support riparian and instream habitat. ASR has
26 been limited in quantity during the recent drought, but has been robust this year with over 750
27 acre-feet of ASR water stored in the basin this water year.

1 **Cease and Desist Order** (“CDO”) means the cease and desist order issued by the SWRCB on
2 October 20, 2009 (SWRCB Order WR 2009-0060), which among other things restricts Cal-Am’s
3 unauthorized diversions from the Carmel River. At that time, Cal-Am was diverting an average of
4 10,978 acre-feet per annum from the Carmel River, with an average of 7,602 acre-feet diverted in
5 excess of its valid water rights. The CDO required Cal-Am to take various actions, and to
6 terminate all unauthorized diversions from the Carmel River by December 31, 2016. At the time
7 the CDO was issued, Cal-Am and the SWRCB anticipated that the Coastal Water Supply Project,
8 a proposed large desalination project, would be developed and used as the primary water supply
9 for the Monterey Peninsula communities prior to the December 31, 2016 deadline. For a number
10 of reasons, pursuit of the Coastal Water Supply Project was discontinued, and Cal-Am and the
11 Monterey Peninsula community are now pursuing an alternative desalination project known as
12 the “Monterey Peninsula Water Supply Project,” or the “MPWSP.” In compliance with the CDO
13 and amended CDO (see below), Cal-Am has substantially reduced its unauthorized diversions
14 from the Carmel River since 2009. Despite this progress, unauthorized diversions from the
15 Carmel River continue and will continue until the MPWSP is brought on line.

16 On July 19, 2016, the SWRCB amended and extended the CDO and CDO scheduled to
17 coordinate the CDO’s diversion reduction schedule and provisions to the current schedule for the
18 Monterey Peninsula Water Supply Project. The details of the amendment are discussed in Section
19 IV of this case management statement.

20 **Relevance to the Seaside Basin.** The CDO is the driving legal impetus to develop supplemental
21 water supplies for the Monterey Peninsula. During the interim period, until the supplemental
22 water supplies become available, Cal-Am must balance demands from the Carmel River and the
23 Basin to comply with the amended CDO as well as the Decision in this action.

24 **Corral de Tierra Subarea** means a portion of the Monterey Subbasin, which is a subbasin of the
25 Salinas Valley Groundwater Basin, as defined in Department of Water Resources (“DWR”)
26 Bulletin 118. The subarea comprises the eastern portion of the former Fort Ord and other
27 unincorporated areas and is located immediately east of the Seaside Basin. The Monterey
28

1 Subbasin, of which the Corral de Tierra Subarea is part, was previously called the Corral de
2 Tierra Subbasin, but the subbasin's boundaries were modified and the subbasin was renamed the
3 Monterey Subbasin by DWR in 2016 in response to the request for basin boundary modifications
4 to render the Bulletin 118 boundaries of the Seaside Basin coterminous with the adjudicated
5 boundaries of the Seaside Basin.

6 Relevance to the Seaside Basin. As explained at pages 15 and 16 of the 2016 Status Report,
7 Groundwater levels in the Laguna Seca Subarea of the Seaside Basin have declined since the
8 Decision was entered. The declines are attributable to production occurring both within and
9 outside of the adjudicated Basin boundaries. Pumping from within the Corral de Tierra Subarea
10 by itself may be contributing to the decline in water levels within the Laguna Seca Subarea.
11 Watermaster intends to collaborate with the Groundwater Sustainability Agency being formed for
12 the Monterey Subbasin to address these groundwater level declines and to assess the relative
13 effects of pumping within and outside of the subbasin.

14 Bulletin 118 means DWR's official statewide report on known groundwater conditions in all
15 basins and subbasins in California. Bulletin 118 defines the boundaries and describes the known
16 hydrologic characteristics of each of California's groundwater basins.

17 Relevance to the Seaside Basin. Bulletin 118 (2016) establishes the boundaries of the Seaside
18 Basin for purposes of Sustainable Groundwater Management Act compliance. Bulletin 118's
19 boundaries for the Seaside Basin and its neighboring subbasins were recently amended by DWR.
20 The Seaside Basin is a subbasin of the broader Salinas Valley Groundwater Basin. The
21 boundaries for the Seaside Subbasin, as defined in Bulletin 118, were changed to be coterminous
22 with the Basin's adjudicated boundaries set forth in the Decision. The portion of the previously
23 defined Seaside Subbasin that were located outside of the adjudicated boundaries of the Seaside
24 Basin to the north, prior to the Bulletin 118 amendments, are now included in the new Monterey
25 Subbasin. The new Monterey Subbasin also includes the Corral de Tierra Subarea, which was
26 previously defined by Bulletin 118 as the Corral de Tierra Subbasin.

27
28

1 **Groundwater Replenishment Project** (“GWR”) means the Pure Water Monterey Project,
2 defined below.

3 *Relevance to the Seaside Basin.* Please see discussion with the description of the Pure Water
4 Monterey Project.

5 **Groundwater Sustainability Agency** (“GSA”) means the agency created in accordance with the
6 requirements of Sustainable Groundwater Management Act that is responsible for developing and
7 implementing a Groundwater Sustainability Plan for a basin to ensure that the basin is operated
8 sustainably to avoid “undesirable results.” The Sustainable Groundwater Management Act
9 requires the formation of locally-controlled GSAs in the State’s high and medium priority
10 groundwater basins and subbasins by June 30, 2017.

11 *Relevance to the Seaside Basin.* As an adjudicated basin, the Seaside Basin is exempt from the
12 requirement that a GSA be formed for the Basin. However, a GSA will be formed for the
13 adjoining Monterey Subbasin, which includes the Corral de Tierra Subarea, and that GSA will
14 develop a Groundwater Sustainability Plan for the Monterey Subbasin.

15 **Groundwater Sustainability Plan** (“GSP”) means the plan developed by a GSA pursuant to the
16 requirements of the Sustainable Groundwater Management Act to achieve sustainable
17 groundwater management within 20 years of the GSP’s implementation. GSPs must identify
18 when and where groundwater conditions cause “undesirable results” (e.g., seawater intrusion), the
19 specific projects and management actions that local agencies will implement to prevent
20 undesirable results, and milestones to track plan progress. GSPs must also describe how local
21 agencies will monitor groundwater and how monitoring data will be used to improve conditions
22 in the basin.

23 *Relevance to the Seaside Basin.* As an adjudicated basin, the Seaside Basin is exempt from the
24 requirement that a GSP be developed for the Basin. However, a GSP will be developed for the
25 adjoining Monterey Subbasin. Watermaster will work with the GSA for the Corral de Tierra
26 Subarea to ensure that the GSP for the subbasin is coordinated with management for the Seaside
27 Basin to ensure that groundwater in both areas is managed as necessary to maintain sustainable
28

1 groundwater conditions as required in the Sustainable Groundwater Management Act and the
2 Decision.

3 **Monterey Peninsula Water Supply Project** (“MPWSP”) means the project that Cal-Am and the
4 Monterey community is presently pursuing and permitting to provide a reliable supply of water to
5 the Monterey Peninsula and to eliminate Cal-Am’s unauthorized diversions from the Carmel
6 River pursuant to the CDO and to maintain withdrawals of groundwater from the Seaside Basin
7 pursuant to the Decision. The MPWSP is anticipated to consist of a seawater and brackish water
8 intake system, a 6.4 million gallons per day (“MGD”) desalination plant and related facilities,
9 desalinated water conveyance facilities, an expanded ASR system, and a water purchase
10 agreement for GWR water from the Pure Water Monterey Project. Cal-Am’s application for a
11 Certificate of Public Convenience and Necessity (“CPCN”) for the MPWSP has not yet been
12 approved by the California Public Utilities Commission (“CPUC”), but the CPUC has authorized
13 Cal-Am to enter into a water purchase agreement for GWR water and to construct a pipeline and
14 pump station to maximize use of the GWR and ASR water as well as ASR injections into the
15 Seaside Basin. A Draft Environmental Impact Report/Environmental Impact Statement
16 (“DEIR/DEIS”) for the MPWSP was released by the CPUC and the Monterey Bay National
17 Marine Sanctuary on January 12, 2017. Further discussion of the status of development efforts for
18 the MPWSP is set forth in Section IV below.

19 *Relevance to the Seaside Basin.* Once all components of the MPWSP are online, Cal-Am will
20 have sufficient water supplies to meet current and projected future demands (including lots of
21 record but not full general plan build out), consistent with Cal-Am’s water rights and the
22 amended CDO. Cal-Am will also use water from the MPWSP to offset and reduce its annual
23 production of groundwater from the Seaside Basin by 700 acre-feet per year on average to satisfy
24 Cal-Am’s replenishment obligation under the Decision. This “in-lieu” recharge is consistent with
25 the Decision and will replenish the Basin for Cal-Am’s Over-Production/groundwater
26 withdrawals in excess of the natural safe yield since Water Year 05/06. The recharge program
27
28

1 will help to alleviate overdraft conditions and pumping depressions in the Basin that could result
2 in seawater intrusion or other adverse impacts to the Basin.

3 **Pure Water Monterey Project** (“Pure Water”) means the advanced water recycling project
4 being jointly developed by the Monterey Peninsula Water Management District and the Monterey
5 Regional Water Pollution Control Agency in northern Monterey County. The project will reclaim
6 treated municipal wastewater, agricultural wash water, and urban stormwater runoff through an
7 advanced, multi-stage treatment process, which includes ozone pre-treatment, microfiltration,
8 reverse osmosis, and oxidation with ultraviolet light and hydrogen peroxide. The product water
9 will exceed strict state and federal drinking water standards.

10 Relevance to the Seaside Basin. The CPUC has authorized Cal-Am to enter into a water purchase
11 agreement to purchase 3,500 acre-feet per year of water from the Pure Water Project. The product
12 water will be injected into the Seaside Basin, temporarily stored in the Basin, and recovered by
13 Cal-Am for customer service.¹ Cal-Am’s agreement to purchase water from Pure Water will
14 allow it to reduce the size of the MPWSP desalination facility from 9.6 MGD (without Pure
15 Water) to 6.4 MGD (with Pure Water). The smaller capacity desalination facility will reduce the
16 potential environmental effects of the MPWSP. The 6.4 MGD desalination facility combined with
17 3,500 acre-feet per year (“AFY”) from the Pure Water Project was deemed the environmentally
18 superior project alternative in the recently released DEIR/DEIS for the MPWSP desalination
19 project.

20 **Sustainable Groundwater Management Act** (“SGMA”) means an act adopted by the
21 Legislature and signed into law by the Governor in 2014 to require sustainable management of
22 medium and high priority groundwater basins throughout the state. SGMA requires that local
23 agencies coordinate with one another, , and with private stakeholders, including CPUC-regulated
24 water utilities such as Cal-Am, to form GSAs prior to June 30, 2017. The new GSAs must then
25

26
27 ¹ The water received from Cal-Am from the Pure Water Project (i.e., the water supply recovered
28 after injection and storage in the Basin) is commonly referred to as GWR (“groundwater
replenishment”) because the water is replenished to the Basin before recovery by Cal-Am.

1 formulate GSPs, which must be adopted and approved by the state by either 2020 or 2022,
2 depending on basin overdraft conditions.

3 Relevance to the Seaside Basin. As noted above, SGMA exempts certain adjudicated groundwater
4 basins from the act's requirements to form a GSA and to develop a GSP. The Seaside Basin was
5 specifically identified in SGMA on the list of comprehensively adjudicated basins. As a
6 consequence, a GSA and GSP are not required for the Seaside Basin. SGMA nevertheless
7 requires the Watermaster to file an annual report with the Department of Water Resources
8 concerning the Basin, including groundwater and surface water use, groundwater levels, and other
9 basin conditions. Watermaster is complying with these SGMA reporting requirements.

10 SGMA will require the formation of a GSA and development of a GSP for the Monterey
11 Subbasin, which includes the Corral de Tierra Subarea. As discussed above, Watermaster intends
12 to collaborate with the GSA for the Monterey Subbasin to address groundwater conditions within
13 the eastern portion of the Laguna Seca Subarea of the Seaside Basin.

14 Progress has been made on the formation of a GSA for the entire Salinas Valley, including
15 the Corral de Tierra Subarea, and a GSA is expected to be formed this spring in advance of the
16 June 30, 2017 SGMA deadline for formation of groundwater sustainability agencies.

17 **B. Essential Agencies**

18 This section lists and discusses agencies that affect Watermaster's management of the
19 Seaside Basin or other regional water supplies, which, in turn, affect management of the Basin.
20 California Coastal Commission ("Coastal Commission"). The Coastal Commission plans and
21 regulates land use and other development activities in the coastal zone. Development activities in
22 the coastal zone generally require a coastal development permit ("CDP") from either the Coastal
23 Commission or a local government that has Local Coastal Program certified by the Coastal
24 Commission.

25 Relevance to the Seaside Basin. The Coastal Commission possesses the ultimate discretion to
26 determine whether a coastal development permit should be issued for the construction and
27

1 operation of the water intake system (including the source water wells) that will supply the
2 MPWSP desalination plant. The wells will be located entirely within the coastal zone.

3 **California Public Utilities Commission** (“CPUC”). The CPUC regulates investor owned public
4 utilities, including water utilities such as Cal-Am.

5 *Relevance to the Seaside Basin.* The CPUC exercises jurisdiction over Cal-Am, and will decide
6 whether to issue a CPCN for the MPWSP. The CPUC is the lead agency for compliance with the
7 California Environmental Quality Act for the MPWSP.

8 **City of Marina.** The City of Marina is located immediately north of the City of Seaside and the
9 Seaside Basin.

10 *Relevance to the Seaside Basin.* Under its Local Coastal Program, and subject to appeal to the
11 Coastal Commission, the City of Marina will exercise initial jurisdiction over Cal Am’s
12 application for a coastal development permit for the water intake system supplying the MPWSP
13 desalination plant.

14 **Department of Water Resources** (“DWR”). DWR is a state agency responsible for the
15 conservation and management of much of California's water supply. Working with other agencies
16 and the public, DWR develops strategic goals, and near-term and long-term policy actions to
17 conserve and manage water resources.

18 *Relevance to the Seaside Basin.* DWR administers portions of the state’s responsibilities under
19 SGMA including defining basin boundaries and reviewing and approving submitted GSPs. DWR
20 will, therefore, review and determine the adequacy of the GSP developed for the Monterey
21 Subbasin, which includes the Corral de Tierra Subarea.

22 **Fort Ord Reuse Authority** (“FORA”). FORA is responsible for the oversight of the Monterey
23 Bay area economic recovery from the closure of and reuse planning of the former Fort Ord
24 military base. The former Fort Ord, now referred to as the Ord Community, partially overlies the
25 Seaside Basin.

1 Relevance to the Seaside Basin. FORA sets certain land use and water and sewer service policies
2 for Ord Community, a portion of which is located within the boundaries of the adjudicated
3 Seaside Basin.

4 **Marina Coast Water District** (“MCWD”). The MCWD is a county water district that was
5 originally formed in 1960 to provide potable water service to the City of Marina. In the 1970s it
6 also began providing wastewater services and in 1997, FORA selected and awarded a contract to
7 MCWD to manage the water and wastewater systems in the former Fort Ord (now known as the
8 Ord Community). The water delivered by MCWD to its customers is supplied from
9 groundwater wells pumping from the new Monterey Subbasin of the Salinas Valley Groundwater
10 Basin.

11 Relevance to the Seaside Basin. MCWD serves the Ord Community, a portion of which overlies
12 the Seaside basin. MCWD also previously contracted with the City of Seaside to exchange water
13 for land granted by the city to MCWD. The city used the water from MCWD as a substitute for
14 irrigation of the City of Seaside’s two golf courses in lieu of groundwater use. The exchange
15 caused in-lieu replenishment of the Basin as discussed at page 20 of the 2016 Status Report. The
16 program is now complete. However, it is possible that a future water exchange and in-lieu
17 replenishment program could be pursued if the City of Seaside used recycled water from MCWD
18 to irrigate the city’s golf courses.

19 **Monterey Bay National Marine Sanctuary** (“MBNMS”) The MBNMS is administered by the
20 National Oceanic and Atmospheric Administration. The MBNMS enforces fourteen federal
21 regulatory prohibitions designed to preserve and protect the natural and cultural resources and
22 qualities of the ocean and estuarine areas within its boundaries. Prohibitions restrict seabed
23 disturbance, discharges, wildlife harassment, and disturbance of historical resources.

24 Relevance to the Seaside Basin. Authorization from the MBNMS is required for Cal-Am to
25 construct certain components of the MPWSP. Under the National Marine Sanctuaries Act, the
26 MBNMS must provide authorization and permits to construct, operate, maintain, and
27 decommission subsurface water intake facilities under the sanctuary and to allow brine discharges

28

1 through an existing ocean outfall facility within the sanctuary. The MBNMS is also the federal
2 lead agency for compliance with the National Environmental Policy Act for the desalination
3 project.

4 **Monterey County Water Resources Agency** ("MCWRA"). The MCWRA manages, protects,
5 stores and conserves water resources in Monterey County for beneficial and environmental use,
6 while minimizing damage from flooding to create a safe and sustainable water supply for present
7 and future generations.

8 *Relevance to the Seaside Basin.* The MCWRA is a party to this action, a member of
9 Watermaster's Board of Directors, and is a party to the CPUC proceeding processing Cal-Am's
10 application for the MPWSP. The MCWRA also operates many of the groundwater management
11 programs that will be essential to the future sustainable management of the Salinas Basin, which
12 includes the Monterey Subbasin, which includes the Corral de Tierra Subarea that adjoins the
13 Laguna Seca Subarea of the Seaside Basin.

14 **Monterey Peninsula Water Management District** ("MPWMD"). The MPWMD was formed in
15 1978 and serves approximately 112,000 people within the cities of Carmel-by-the-Sea, Del Rey
16 Oaks, Monterey, Pacific Grove, Seaside, Sand City, Monterey Peninsula Airport District and
17 portions of unincorporated Monterey County including Pebble Beach, Carmel Highlands and
18 Carmel Valley. Among its functions, the MPWMD helps to augment water supply through
19 integrated management of ground and surface water, promotes water conservation, promotes
20 water reuse and reclamation of storm and wastewater, and protect environmental and recreational
21 interests on the Monterey Peninsula and in the Carmel River Valley.

22 *Relevance to the Seaside Basin.* The MPWMD is a party to this action, a member of
23 Watermaster's Board of Directors, and is a party to the CPUC proceeding processing Cal-Am's
24 application for the MPWSP. The MPWMD is also a co-developer of the Pure Water Project, and
25 in coordination with the Monterey Peninsula Regional Water Authority, advocates for water
26 supply solutions for the Monterey Peninsula.

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1 **Monterey Peninsula Regional Water Authority** (“MPRWA”). The MPRWA is a joint powers
2 authority formed by the six Monterey Peninsula cities to coordinate the efforts of Monterey
3 Peninsula cities to advocate for cost-efficient and expedient water supply solutions to the
4 Monterey Peninsula’s protracted water shortage and to provide representation of Monterey
5 Peninsula residents on important water supply matters.

6 *Relevance to the Seaside Basin.* The MPRWA is a party to the CPUC proceeding processing Cal-
7 Am’s application for the MPWSP, is a party to a “governance committee” with Cal-Am and the
8 MPWMD to ensure public input into Monterey Peninsula water supply planning and development
9 efforts, and is a routine advocate for water supply efforts on the Monterey Peninsula.

10 **Monterey Regional Water Pollution Control Agency** (“MRWPCA”). The MRWPCA is a joint
11 powers authority with eleven members: Monterey County, City of Salinas, Boronda County
12 Sanitation District, Castroville Community Services District, City of Del Rey Oaks, City of
13 Monterey, City of Pacific Grove, City of Sand City, City of Seaside, Marina Coast Water District,
14 Moss Landing County Sanitation District, and the U.S. Army as an ex-officio
15 member. MRWPCA provides treatment and disposal of wastewater from each of its member
16 entities at its regional treatment plant located north of the City of Marina, and also operates
17 reclamation facilities providing reclaimed wastewater for agricultural irrigation in northern
18 Monterey County.

19 *Relevance to the Seaside Basin.* MRWPCA partnered with the MPWMD to develop the Pure
20 Water Monterey Project, which is a component of the MPWSP and will provide advance-treated
21 waste water for injection and storage in the Seaside Basin for later recovery and use by Cal-Am.

22 **Regional Water Quality Control Board - Central Coast Basin** (“RWQCB-CCB”). The nine
23 regional water quality control boards, which are overseen by the State Water Resources Control
24 Board have jurisdiction to protect water quality within California through rulemaking and
25 regulatory activities. The RWQCB-CCB has jurisdiction over water quality matters within
26 Monterey County.

27
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1 Relevance to the Seaside Basin. Among various water quality matters in the region, the RWQCB-
2 CCB is responsible for regulating and permitting the water quality aspects of injections of water
3 to recharge the Seaside Basin, like the advanced treated recycled water to be injected by the Pure
4 Water Project.

5 State Water Resources Control Board (“SWRCB”). The SWRCB oversees use of surface water
6 in California and administers permits and licenses for diversion of surface water and groundwater
7 flowing as subsurface underflow or within “subterranean streams.” The SWRCB also oversees,
8 coordinates, and supports the Regional Water Quality Control Boards in implementing the federal
9 Clean Water Act in California.

10 Relevance to the Seaside Basin. The SWRCB issued the CDO that requires Cal-Am to reduce,
11 and ultimately eliminate, its unauthorized diversions from the Carmel River system. The SWRCB
12 also oversees the appropriation permit relied upon by the MPWMD and Cal-Am for wet period
13 diversions from the Carmel River Valley for the ASR project.

14 C. Overview of Watermaster

15 The Watermaster was created pursuant to the Decision.

16 Board of Directors:

17 The Watermaster may only act by and through the Watermaster Board, which consists of nine
18 members. Members are appointed by each of the parties or group of parties specified below in
19 accordance with the procedures set forth in Section 4 of the Watermaster’s Rules and
20 Regulations. The Decision also sets forth the voting positions possessed by each member of the
21 Watermaster Board, which are specified below.

<u>Party/Group</u>	<u>Votes</u>
California American Water	3 votes
City of Seaside	2 votes
Monterey County Water Resources Agency	2 votes
Monterey Peninsula Water Management District	2 votes
City of Sand City	1 vote
City of Monterey	1 vote
City of Del Rey Oaks	1 vote
Landowner Parties Group (Coastal Subarea)	1/2 vote
Landowner Parties Group (Laguna Seca Subarea)	1/2 vote

1 The Watermaster Board also appointed two standing committees: a Budget and Finance
2 Committee and a Technical Advisory Committee. Watermaster's operations are funded through
3 Budget Assessments levied on parties producing groundwater pursuant to a Standard Production
4 Allocation, as provided for in Section III.L.3.j.iv of the Decision.

5 **Staff:** Initially, the staff was composed of an Executive Officer, an Administrative Assistant, and
6 a Technical Program Manager. In 2016 with the retirement of the Executive Officer the staff was
7 reconfigured to consist of the Administrative Officer (Ms. Laura Dadiw) and the Technical
8 Program Manager (Mr. Robert Jaques). The Staff prepares the meeting agendas, minutes of
9 meetings, expenditure reports, makes presentations of a variety of items at meetings, performs all
10 administrative and technical functions, and carries out the direction of the Board and the TAC
11 with regard to the Watermaster's activities.

12 **III. BASIN CONDITIONS AND LONG-TERM GROUNDWATER MANAGEMENT**
13 **CONCERNS**

14 As discussed in detail at pages 5, 6, and 13 through 16 of the 2016 Status Report, the
15 principal groundwater management concerns within the Basin arise from the overdrafting of the
16 Basin leading to the Decision. Overdraft has resulted in depressed groundwater levels within the
17 Northern Coastal Subarea and the Laguna Seca Subarea. Within the Northern Coastal Subarea,
18 the primary concern pertains to potential seawater intrusion into the Basin. In the Laguna Seca
19 Subarea, the primary concern pertains to long-term overpumping in and adjacent to the subarea,
20 ultimately resulting in the water table falling such that wells are unusable at present depths.

21 Watermaster is happy to report that cumulative production has reduced throughout the
22 Basin such that the cumulative 2016 pumping of 2,913.48 acre-feet was less than both the 2016
23 allowed Operating Safe Yield of 4,565.17 AFY as well as the Decision's initially assumed Native
24 Safe Yield of 3,000 AFY.

25 **A. Northern Coastal Subarea Groundwater Levels and Potential Seawater**
26 **Intrusion**

27 The potential for seawater intrusion is a significant concern. Watermaster routinely
28 monitors its "sentinel" monitoring wells along the coast for any advance indicators of seawater

1 intrusion into the Basin. This past July, water quality samples from two of the four sentinel wells
2 exhibited anomalous chloride concentrations. In response, and consistent with Watermaster's
3 Seawater Intrusion Response Plan, these wells were resampled in December 2016. Watermaster's
4 technical consultants (HydroMetrics, Todd Groundwater, and Martin Feeney) reviewed the
5 results and determined that the samples do not establish that seawater intrusion is occurring.

6 HydroMetrics explained its findings to Watermaster as follows:

7 None of the samples definitively indicate incipient seawater
8 intrusion. However, variations in groundwater quality from samples
9 collected over the last year from wells SBWM-1 and SBWM-4
10 warrant increased vigilance regarding potential changes to the
11 Basin's groundwater quality in the vicinity of the Sentinel Wells.
12 There may be some seasonal changes in groundwater quality in the
13 deepest portions of the aquifer that could be related to seasonal
14 groundwater elevation changes. If this is true and groundwater
15 elevations continue to decline, larger fluctuations might be seen in
16 the fall when groundwater levels are at their lowest.

17 The sources of increasing and fluctuating chlorides in wells
18 SBWM-1 and SBWM-4 are unclear. Potential sources may include
19 natural groundwater quality variations, upwelling or upconing of
20 saline water in wells in response to declining groundwater levels,
21 seawater intrusion, or downward leakage of shallow, poor quality
22 groundwater.

23 HydroMetrics recommended that Watermaster:

- 24 1. Continue to sample SBWM-1 and SBWM-4 twice a year.
- 25 2. SBWM-2 should be resampled at the end of summer in 2017 and based on those
26 results a decision should be made as to whether it should be sampled twice a year
27 on an ongoing basis.
- 28 3. To determine if groundwater quality samples reflect the influence of fluctuating
groundwater elevations, it is recommended that samples in the future be collected
in the last week of September for the 4th quarter samples and in the first week of
March for the 2nd quarter samples.
4. Prepare a work plan that will direct an effort towards identifying the source of
fluctuating chloride concentrations. The work plan should outline the types of
analyses and data to be used in identifying the chloride source. If the source of
fluctuating chlorides is understood, it will help in developing management actions
to prevent the higher concentrations increasing to the point that they cause
groundwater degradation.
5. Conduct downhole conductivity and temperature profiles within each of the
Sentinel Wells during the next sampling event. This tool measures the conductivity
within the well, as opposed to induction logging which measures conductivity

1 within the adjacent sediments. This technique may help identify if upwelling is
2 occurring.

- 3 6. Continue the process that has recently been implemented to review water quality
4 results as soon as they are received, rather than waiting until they are used to
5 prepare the annual Seawater Intrusion Analysis Report. This will enable action to
6 be taken, including reanalysis of samples, if appropriate, immediately instead of at
7 the end of the year when the data have historically been analyzed.
- 8 7. Continue conducting all groundwater quality sampling and analysis conducted in
9 accordance with standard quality assurance and quality control procedures. This
10 includes submitting field blanks and duplicates samples to the laboratory once
11 every couple of years.

12 A copy of HydroMetric's technical memorandum on the resampling and its findings and
13 recommendations, dated February 21, 2017, is attached as Attachment 2. Watermaster intends to
14 implement HydroMetric's recommendations. Watermaster will update the Court on further
15 sampling of the sentinel wells and any future analysis of the cause and potential implications of
16 water quality observations at the sentinel wells.

17 **B. Laguna Seca Subarea Groundwater Levels and Coordination with the Future**
18 **Monterey Subbasin GSA**

19 Groundwater levels in the Laguna Seca Subarea have declined since the Decision was
20 entered and the declines likely are attributable to production occurring both within the Basin and
21 outside of the adjudicated Basin boundaries within the Corral de Tierra Subarea. Because the
22 Watermaster has no control or influence over pumping outside the Seaside Basin boundaries, it is
23 unable to prevent the decline of groundwater elevations in a portion of the Laguna Seca Subarea
24 absent a coordinated arrangement with the future management of the Corral de Tierra Subarea.²

25 Management of the Corral de Tierra Subarea will occur through the SGMA process. As
26 noted above, the Corral de Tierra Subarea is now part of the Monterey Subbasin following
27 DWR's recent amendments to basin boundaries in Bulletin 118. The Monterey Subbasin is a
28 subbasin of the larger Salinas Valley Groundwater Basin. Diverse stakeholders within the valley,
including the County of Monterey, the MCWRA, various cities, agricultural interests, and

² Additional discussion of the Laguna Seca Subarea and concerns regarding the decline in groundwater within the subarea are provided at pages 15 and 16 of the 2016 Status Report and in Section J of the 2016 Annual Report.

1 environmental organizations have reached conceptual agreement on the structure of a new joint
2 powers agency to act as the GSA for all subbasins of the valley including the Monterey
3 Subbasin.³

4 Pursuant to SGMA, the GSA for the Corral de Tierra Subarea must coordinate with the
5 Watermaster for the Seaside Basin to avoid “undesirable results,” as defined in SGMA, including
6 sustained groundwater depletion, in both areas. (Wat. Code § 10721(x).) Through the SGMA
7 process, pumping in the Corral de Tierra Subarea may be curtailed to avoid undesirable results in
8 the Basin. (Wat. Code § 10721(u), (w), and (x); 10727.2.) Watermaster intends to coordinate with
9 the emerging GSA for the Corral de Tierra Area Subbasin to achieve sustainable groundwater
10 management in both areas.

11 Provided that this proposed Salinas Valley GSA is established prior to the June 30, 2017
12 GSA deadline, development of a GSP for the Corral de Tierra Subarea will be underway this
13 year. Watermaster will then begin discussions concerning coordinated management between the
14 Corral de Tierra Subarea and the Laguna Seca Subarea of the Seaside Basin. Watermaster will
15 provide an update to the Court concerning these coordination efforts in its 2017 Annual Report
16 and the 2018 case management conference if scheduled.

17 **IV. STATUS OF REGIONAL WATER DEVELOPMENT EFFORTS AND SUPPLY**

18 The MPWSP is anticipated to consist of a seawater and brackish water intake system, a
19 6.4 MGD desalination plant and related facilities, desalinated water conveyance facilities, an
20 expanded ASR system, and a water purchase agreement for GWR water from the Pure Water
21 Project. These projects will result in sufficient long-term water supplies for the Monterey
22 Peninsula, when combined with Cal-Am’s groundwater entitlements from the Seaside Basin and
23 legal diversion rights from the Carmel River,⁴ to: (1) meet current and projected future demands;
24

25 ³ The Salinas Valley GSA will exclude the Seaside Basin (which is technically a subbasin of the
26 broader Salinas Valley Groundwater Basin) because it is adjudicated and exempted from
SGMA’s GSA and GSP requirements.

27 ⁴ Cal-Am possesses 3,316 AFY of legal right (pre-1914 appropriative rights) to divert
28 subterranean stream flow from the Carmel River Valley. Cal-Am’s allocation of the Basin’s
Native Safe Yield is approximately 1,474 AFY.

1 (2) eliminate all unauthorized diversions from the Carmel River Valley as required by the CDO;
2 and (3) “pay-back” its extractions from the Basin in excess of the Native Safe Yield since the
3 entry of the Decision.

4 **A. GWR and ASR**

5 On September 15, 2016, the CPUC authorized Cal-Am to enter into a water purchase
6 agreement with the MPWMD and the MRWPCA to purchase 3,500 AFY of GWR water from the
7 Pure Water Project at a cost of \$85.5 million, and for Cal-Am to invest up to \$50 million in a new
8 pipeline (the “Monterey Pipeline”) and pump station. The Monterey Pipeline will allow Cal-Am
9 to move GWR and ASR water recovered from the Seaside Basin (and ultimately desalination
10 water) into the Cal-Am distribution system and also allow additional ASR water to be pumped
11 from the Carmel River to the Seaside Basin for injection during wet periods.

12 The CPUC’s approval of the water purchase agreement and Monterey Pipeline and pump
13 station was a significant milestone for the Pure Water Project. The Monterey Pipeline is now
14 under construction and is anticipated to be completed in December 2017. Other recently
15 completed tasks and upcoming undertakings for the Pure Water Project include the following:

- 16 • The City of Salinas completed a connection of produce wash water and storm water
17 systems to feed source water to the Pure Water Monterey treatment facilities, thus
18 increasing the quantity of water that can be processed for delivery by the Pure Water
19 Monterey Project.
- 20 • The SWRCB and RWQCB-CCB approved the connection of the Blanco Drain and
21 Reclamation Ditch to feed additional source water to the Pure Water Monterey treatment
22 facilities, and design of the connection facility is complete. These flows will further
23 increase the quantity of water that can be processed for delivery by the Pure Water
24 Monterey Project.
- 25 • The RWQCB-CCB will hold a hearing on March 9, 2017 to consider adopting an order to
26 establish waste discharge and water recycling requirements for the Pure Water project.

27 The staff report and draft order for this hearing is attached as Attachment 3.

- 1 • MRWPCA secured bids for four sets of equipment for the treatment facilities and recently
- 2 solicited bids for construction of the project's facilities.
- 3 • State Revolving Fund grants and loans for design and construction of the Pure Water
- 4 Monterey Project will become available beginning in March 2017.
- 5 • The project proponents anticipate the U.S. Fish and Wildlife Service will soon issue a
- 6 draft biological opinion regarding the project.
- 7 • The project proponents are also continuing work on the 12 remaining of the 26 required
- 8 permits for the Project.

9 Completion of the Pure Water project is anticipated in September 2017 and water from the
10 project should be recoverable from the Basin in January 2018 following a two-month minimum
11 required residence time in the Basin.

12 To maximize water supply from the ASR project, Cal-Am and the MPWMD are also
13 developing two additional ASR wells within the City of Seaside, to add to the four existing ASR
14 wells operated by Cal-Am. A ground lease for the new ASR wells and associated facilities is
15 expected to be approved by the Seaside City Council soon. The ASR ground lease will foster
16 FORA's issuance of a right-of-entry to complete the ASR facilities.

17 **B. MPWSP Desalination Project**

18 Cal-Am's application for a CPCN to construct the MPWSP is still pending before the
19 CPUC. However, progress is ongoing and a decision by the CPUC on a CPCN authorizing Cal-
20 Am to construct and operate the project is anticipated in the second quarter of 2018. Last
21 November, the assigned CPUC commissioner issued an updated scoping memo, which explained
22 that an extension of the CPUC schedule on Cal-Am's application to June 30, 2018 is necessary to
23 allow time for the currently planned completion of the environmental work, briefing, preparation
24 of a proposed decision, and consideration of the matter by the Commission as early as March
25 2018, but with an additional three months to accommodate other possible limited contingencies.

26 On January 12, 2017, the CPUC and MBNMS released a joint DEIR/DEIS for the
27 MPWSP consistent with the California Environmental Quality Act and the National

1 Environmental Policy Act⁵ and the application is progressing consistent with the CPUC's updated
2 schedule. Once a CPCN is issued for the project, Cal-Am will pursue a coastal development
3 permit under the Coastal Act and other land use permits, but these regulatory steps should be
4 more expeditious because a final EIR/EIS will have already been issued by the CPUC for the
5 project. There remains certain opposition to the project and lawsuits could be filed against the
6 project on environmental, water rights, or other grounds. Watermaster will continue to update the
7 Court on the status of relevant elements of the MPWSP as they progress.

8 A schedule for completion of the GWR and desalination projects is depicted in
9 Attachment 5.

10 **C. CDO Amendment and Interim Water Supply**

11 On July 19, 2016, in advance of the CDO's December 31, 2016 deadline, the SWRCB
12 amended the CDO to establish a new compliance schedule that maintains an ongoing diversion
13 level of 8,310 AFY as long as specified progress on the MPWSP is met, but sharply drops
14 allowable diversions should progress slip. The amended CDO requires that unauthorized Carmel
15 River diversions fully cease by December 31, 2021. The CDO amendments were necessary to
16 accommodate delays in the desalination project's schedule and avoid the CDO's most severe
17 diversion restrictions until after the MPWSP is in operation provided that the progress on the
18 MPWSP continues. A copy of the SWRCB's amended CDO is attached as Attachment 6.

19 The charts attached as Attachment 7 show the current and projected Cal-Am water
20 supplies and a comparison of demands through anticipated project implementation. If progress on
21 the MPWSP remains on schedule and there are not responsive reductions in allowed interim
22 Carmel River diversions (as required by the amended CDO if project milestones are missed), Cal-
23 Am should be able to meet demands with its available interim supplies. If circumstances change
24 and the amended CDO schedule cannot be met, Cal-Am may be challenged to meet Monterey
25 Peninsula water demands as available supplies are reduced. Under these circumstances Cal-Am

26 _____
27 ⁵ We have attached Chapter 4.4. of the joint DEIR/DEIS concerning groundwater resources as
28 Attachment 4 because it contains extensive background concerning groundwater resources
throughout the Salinas Valley Groundwater Basin, including the Seaside Basin (Subbasin).

1 and the community may be compelled to request relief from the Decision's mandated 2018
2 triennial ramp down.⁶

3 **V. ACTION ITEMS AND WATERMASTER RECOMMENDATIONS**

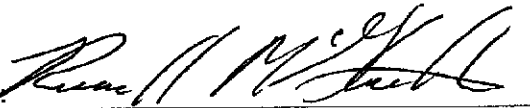
4 Over the course of 2017, Watermaster intends to do the following:

- 5 1. Monitor the GSA formation process for the Monterey Subbasin (inclusive of the
6 Corral de Tierra Subarea), and once formed, begin coordination efforts with the
7 GSA to discuss management options for the Corral de Tierra Subarea and the
8 Laguna Seca Subarea of the Seaside Basin to arrest long-term water declines in
9 both areas. Watermaster will monitor and discuss the development of the GSP for
10 the Monterey Subbasin with the GSA to ensure that the GSP includes appropriate
11 provisions concerning this matter.
- 12 2. Undertake the recommendations concerning sampling and further analysis of the
13 chloride levels in the sentinel wells in the Northern Coastal Subarea as specified in
14 Hydrometrics, February 21, 2017 technical memorandum.
- 15 3. Consult with Cal-Am and monitor progress on the MPWSP, as well as the Pure
16 Water Project.
- 17 4. Update the Court on each of these subjects in its 2017 Annual Report to the Court.

18 Watermaster also recommends that the Court set a subsequent case management conference
19 hearing for the first quarter of 2018 to discuss the status of these subjects and to receive further
20 instruction from the Court.

21 Dated: March 2, 2017

BROWNSTEIN HYATT FARBER
SCHRECK, LLP

22 By: 
23 _____
24 RUSSELL M. MCGLOTHLIN
25 Attorneys for Seaside Groundwater Basin
26 Watermaster

27 ⁶ A detailed discussion of this potential request and the basis for the potential request was set
28 forth in the 2016 Status Report at pages 20 and 21.

For a copy of related attachments, please contact:

Russell M. McGlothlin
1020 State Street
Santa Barbara, CA 93101

RMcGlothlin@BHFS.com
(805)882-1418

You may also find the attachments to this case management statement on the Seaside Groundwater Basin Watermaster website: <http://seasidebasinwatermaster.org/>

PROOF OF SERVICE

STATE OF CALIFORNIA)
)
COUNTY OF SANTA BARBARA)

I, Caitlin Malone, am employed by Brownstein Hyatt Farber Schreck in the County of Santa Barbara, State of California. I am over the age of 18 and not a party to the within action; my business address is: 1020 State Street, Santa Barbara, California 93101. On March 2, 2017, I served the within document:

- Seaside Groundwater Basin Watermaster’s Case Management Statement

- BY OVERNIGHT DELIVERY.** By placing with an overnight mail company for delivery a true copy thereof, enclosed in a sealed package, delivery fees prepaid addressed as shown on the Service List below.
- BY MAIL.** By placing each envelope (with postage affixed thereto) in the U.S. Mail addressed as shown below.
- By personally sending a true copy via e-mail to the parties at the e-mail addresses listed on the attached Service List, on the date below.
- By sending a true copy of the above document to the parties as set forth on the service list at the fax numbers indicated. The facsimile machine used complied with CRC Rule 2003(3), and the transmission was reported as complete and without error. Pursuant to CRC Rule 2005(i), a transmission confirmation report was properly issued by the transmitting facsimile machine, stating the time and date of such transmission.

SEE ATTACHED SERVICE LIST

I am readily familiar with the firm’s practice of collection and processing correspondence for mailing. Under that practice it would be deposited with the U.S. Postal Service on that same day with postage thereon fully prepaid in the ordinary course of business. I am aware that on motion of the party served, service is presumed invalid if postal cancellation date or postage meter date is more than on day after the date of deposit for mailing in affidavit.

I declare under penalty of perjury under the laws of the State of California that the above is true and correct. Executed on March 2, 2017, at Santa Barbara, California.

Caitlin Malone
CAITLIN MALONE

California American Water v. City of Seaside
Monterey County Superior Court Case No. M66343

SERVICE LIST

Anthony Cerasuolo, Esq.
California-American Water Co.
1033 B Avenue, Suite 200
Coronado, CA 92118
Tel.: (619) 522-6370
acerasuolo@anwater.com

**Attorneys for California-American
Water Company**

Robert Donlan, Esq.
Ellison Schneider & Harris LLP
2600 Capitol Ave Ste 400
Sacramento, CA 95816-5905
Tel.: (916) 447-2166
Fax: (916) 447-3512
red@eslawfirm.com

**Attorneys for California-American
Water Company**

Christine Davi, Esq.
Monterey City Attorney's Office
512 Pierce Street
Monterey, CA 93940
Tel.: (831) 646-3915
Fax: (831) 373-1634
davi@monterey.org

Attorneys for City of Monterey

Donald G. Freeman, Esq.
Perry & Freeman
P.O. Box 805
Carmel, CA 93921-0805
Tel.: (831) 624-5339
Fax: (831) 624-5839
klglegal@hotmail.com

Attorneys for City of Seaside

Lori Girard, Esq.
California-American Water Co.
511 Forest Lodge Road, Suite 100
Pacific Grove, CA 93950
Tel.: (831) 646-3240
Fax: (831) 375-4367
Lori.Girard@anwater.com

**Attorneys for California-American
Water Company**

Christina Trujillo, Esq.
700 Cass Street, Suite 202
Monterey, CA 93940
Tel.: (831) 920-0652
attorneytrujillo@yahoo.com

Attorney for City of Del Rey Oaks

James G. Heisinger, Jr., Esq.
Heisinger, Buck & Morris
P.O. Box 5427
Carmel, CA 93921-5427
Tel.: (831) 624-3891
Fax: (831) 625-0145
jim@carmellaw.com

Attorneys for City of Sand City

Charles J. McKee, Esq.
Irven L. Grant, Esq.
Office of County Counsel
168 W. Alisal Street, 3rd Floor
Salinas, CA 93901
Tel.: (831) 755-5045
Fax: (831) 755-5283
mckeeci@co.monterey.ca.us
granti@co.monterey.ca.us

Attorneys for County of Monterey

Kevin M. O'Brien, Esq.
Steven P. Saxton, Esq.
Downey Brand LLP
621 Capitol Mall, 18th Floor
Sacramento, CA 95814
Tel.: (916) 444-1000
Fax: (916) 444-2100
kobrien@downeybrand.com
ssaxton@downeybrand.com

Attorneys for County of Monterey

Paul Bruno, Member
Cypress Pacific Investors, LLC
P.O. Box 400
Marina, CA 93933
Tel.: (831) 384-4081
paul@mpc2000.com

**For Cypress Pacific Investors, LLC,
Successor in Interest to Muriel
Calabrese 1987 Trust**

Lisa A. Cole
Granite Rock Company
350 Technology Drive
Watsonville, CA 95076
Tel.: (831) 786-2107
Legal@graniterock.com

Attorneys for Granite Rock Company

Anthony Lombardo, Esq.
Anthony Lombardo & Associates
144 W. Gabilan Street
Salinas, CA 93901
Tel.: (831) 751-2330
Fax: (831) 751-2331
tony@alombardolaw.com

**Attorneys for Pasadera International, Inc.
and Laguna Seca Resort, Inc.**

Charles J. McKee, Esq.
Jesse J. Avila, Esq.
Office of County Counsel
168 W. Alisal Street, 3rd Floor
Salinas, CA 93901
Tel.: (831) 755-5045
Fax: (831) 755-5283
mckeeci@co.monterey.ca.us;
avilajj@co.monterey.ca.us

**Attorneys for Monterey County Water
Resources Agency**

David C. Sweigert, Esq.
Fenton & Keller
2801 Monterey Salinas Highway
P.O. Box 791
Monterey, CA 93942-0791
Tel.: (831) 373-1241
dswweigert@fentonkeller.com
esalameh@fentonkeller.com

**Attorneys for D.B.O. Development
Company No. 30**

Eric Robinson, Esq.
Kronick, Moskovitz, Tiedemann & Girard
400 Capitol Mall, 27th Floor
Sacramento, CA 95814
Tel.: (916) 321-4500
Fax: (916) 321-4555
erobinson@kmtg.com

**Attorneys for Bishop, McIntosh &
McIntosh**

John M. Garrick, Esq.
Larson Garrick & Lightfoot
801 S. Figueroa St., Suite 1750
Los Angeles, CA 90017
Tel.: (213) 404-4106
Fax: (213) 404-4123
jgarrick@lgl-law.com

**Attorneys for Alderwood Group, Inc.
d/b/a Mission Memorial Park**

Chris Campbell
Heisinger, Buck & Morris
PO Box 5427
Carmel, CA 93921-5427
chris@carmellaw.com
Tel.: (831) 624-3891
Fax: (831) 625-0145

Attorney for York School, Inc.

Sheri L. Damon, Esq.
Damon Law Offices
618 Swanton Road
Davenport, CA 95017
Tel.: (831) 345-3610
Fax: (831) 337-5212
sheri_damon@comcast.net

**Of Counsel for Security National
Guaranty, Inc.**

Laura Dadiw
Watermaster Executive Officer
P.O. Box 51502
Pacific Grove, CA 93950
Tel.: (831) 641-0113
watermasterseaside@sbcglobal.net

Seaside Groundwater Basin Watermaster

David Laredo, Esq.
DeLay & Laredo
606 Forest Avenue
Pacific Grove, CA 93950
Tel.: (831) 646-1502
Fax: (831) 646-0377
dave@laredolaw.net

**Attorneys for Monterey Peninsula Water
Management District**

Ed Ghandour
Security National Guaranty, Inc.
505 Montgomery Street, 11th Floor
San Francisco, CA 94111
Tel.: (415) 874-3121
Fax: (415) 874-3001
edg.sng@equus-capital.com

For Security National Guaranty, Inc.