SEASIDE GROUNDWATER BASIN WATERMASTER
Regular Board Meeting
Wednesday, March 7, 2018 – 2:00 p.m.
Monterey One Water Board Room, 5 Harris Court, Building “D”
Ryan Ranch, Monterey, California
AGENDA

Watermaster Board
Coastal Subarea Landowner – Director Paul Bruno – Vice Chair
City of Seaside – Mayor Ralph Rubio – Chair
California American Water – Director Eric Sabolsice
City of Sand City – Mayor Mary Ann Carbone
Monterey Peninsula Water Management District – Director Jeanne Byrne
Laguna Seca Subarea Landowner – Director Bob Costa
City of Monterey – Council Member Dan Albert
City of Del Rey Oaks – Mayor Jerry Edelen
Monterey County/Monterey County Water Resources Agency – Supervisor Mary Adams, District 5

I. CALL TO ORDER

II. ROLL CALL

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

IV. MINUTES
    Consider approving the minutes of the two Regular Board meetings (2016-2017 Term and 2018-2019 Term) held February 7, 2018 .................................................5

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

VI. CONSENT CALENDAR
A. Consider approving Summary of Payments November - December 2017 totaling $43,420.50 and January 2018 totaling $8,147.20 .........................................................9
B. Consider Approving Fiscal Year 2018 Financial Reports through January 31, 2018 ..........................13
VII. ORAL PRESENTATION - None Scheduled

VIII. NEW BUSINESS
   A. Consider accepting the Watermaster Case Management Conference Statement for the Hearing scheduled for March 23, 2018 at 9:00am to be held telephonically via CourtCall with Judge Leslie Nichols. Attachments to the Statement can be viewed on the Watermaster website at http://seasidebasinwatermaster.org/sbwmARC.html (Watermaster Attorney Russ McGlothlin of Brownstein, Hyatt, Farber, and Schreck will be in attendance at the Watermaster board meeting via conference call). ........................................................................................................17

IX. OLD BUSINESS
   A. COMMITTEE REPORTS
      1. TECHNICAL ADVISORY COMMITTEE (TAC)
         B. Consider correspondence relating to MCWD proposing to sell water to replenish the Seaside Basin for use in the Ord Community, and provide direction to staff ............... 31

X. INFORMATIONAL REPORTS (No Action Required)
   A. Technical Advisory Committee (TAC) draft minutes from meeting held February 14, 2018...... 51

XI. DIRECTOR'S REPORTS

XII. STAFF COMMENTS

XIII. NEXT REGULAR MEETING DATE – Wednesday, April 4, 2018 - 2:00 P.M.

XIV. ADJOURNMENT

This agenda was forwarded via e-mail to the City Clerks of Seaside, Monterey, Sand City and Del Rey Oaks; the Clerk of the Monterey Board of Supervisors, the Clerk to the Monterey Peninsula Water Management District; the Clerk at the Monterey County Water Resources Agency, Monterey One Water and the California American Water Company for posting on March 1, 2018 per the Ralph M. Brown Act, Government Code Section 54954.2(a).
SEASIDE GROUNDWATER BASIN WATERMASTER
2018 SCHEDULE OF REGULAR MEETINGS

<table>
<thead>
<tr>
<th>MONTH</th>
<th>BOARD</th>
<th>TAC</th>
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<tbody>
<tr>
<td>JANUARY</td>
<td>3</td>
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<tr>
<td>FEBRUARY</td>
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<td>MAY</td>
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<td>JUNE</td>
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<td>AUGUST</td>
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<td>SEPTEMBER</td>
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<tr>
<td>OCTOBER</td>
<td>3</td>
<td>No Meeting</td>
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<td>NOVEMBER</td>
<td>7</td>
<td>21</td>
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<tr>
<td>DECEMBER</td>
<td>5</td>
<td>No Meeting</td>
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</table>
I. CALL TO ORDER – Vice Chair Carbone called the meeting to order at 2:05 p.m.

II. ROLL CALL
City of Sand City – Mayor Mary Ann Carbone – Vice Chair
California American Water (CAW) – Director Eric Sabolsice
Laguna Seca Subarea Landowner – Director Bob Costa
Coastal Subarea Landowner – Director Paul Bruno
City of Del Rey Oaks – Mayor Jerry Edelen
City of Monterey – Council Member Dan Albert
Monterey Peninsula Water Management District (MPWMD) – Director Jeanne Byrne
Monterey County/Monterey County Water Resources Agency – Supervisor Jane Parker (alternate)
Watermaster Technical Program Manager – Robert Jaques
Watermaster Administrative Officer – Laura Dadiw

Absent:
City of Seaside – Mayor Ralph Rubio- Chair

Others Present
Lori Girard, CAW Legal Counsel

III. APPROVAL OF MINUTES

It was moved by Councilmember Bruno, seconded by Mayor Edelen, and unanimously carried to approve the minutes of the Watermaster Regular Board meeting held December 6, 2017.

IV. REVIEW OF AGENDA: There were no requested changes to the agenda.

V. PUBLIC COMMUNICATIONS: There were no public communications.

VI. CONSENT CALENDAR
   A. Consider approval of Summary of Payments from November - December, 2017 totaling $43,458.95
   B. Consider approving Fiscal Year 2017 Financial Reports through December 31, 2017

Moved by Director Byrne, seconded by Council Member Albert, and unanimously carried, to approve the consent calendar as presented.

VII. INFORMATIONAL REPORTS: None

VIII. There being no further business, Vice Chair Carbone adjourned the 2016-2017 Board Term Meeting to the 2018-2019 Board Term Meeting at 2:09 p.m.
I. Appointments of Voting Members and Alternates to the Watermaster Board for Fiscal Years (same as Calendar Years) 2018 and 2019 – Informational

II. CALL TO ORDER – Vice Chair Carbone called the meeting to order at 2:09 p.m.

III. ROLL CALL

City of Sand City – Mayor Mary Ann Carbone – Vice Chair
California American Water (CAW) – Director Eric Sabolsice
Laguna Seca Subarea Landowner – Director Bob Costa
Coastal Subarea Landowner – Director Paul Bruno
City of Del Rey Oaks – Mayor Jerry Edelen
City of Monterey – Council Member Dan Albert
Monterey Peninsula Water Management District (MPWMD) – Director Jeanne Byrne
Monterey County/Monterey County Water Resources Agency – Supervisor Jane Parker (alternate)

Watermaster Technical Program Manager – Robert Jaques
Watermaster Administrative Officer – Laura Dadiw

Absent:
City of Seaside – Mayor Ralph Rubio- Chair

Others Present
Lori Girard, CAW Legal Counsel

IV. ELECTION AND APPOINTMENT OF OFFICERS FOR CALENDAR YEAR 2016-17
A. Chairperson – (must be a member of the Board of Directors)
B. Vice Chairperson – (must be a member of the Board of Directors)
C. Secretary – (need not be a member of the Board of Directors)
D. Treasurer – (need not be a member of the Board of Directors)

Moved by Director Byrne and seconded by Council Member Albert to nominate Mayor Rubio as Chairperson; Director Bruno as Vice Chair; Watermaster Administrator Laura Dadiw as Secretary; and Daphne Hodgson, City of Seaside, as Treasurer – contingent upon Mayor Rubio’s acceptance to continue as board chair, otherwise:

Moved by Director Byrne and seconded by Council Member Albert to nominate Director Bruno as Chairperson; Director Costa as Vice Chair; Watermaster Administrator Laura Dadiw as Secretary; and Daphne Hodgson, City of Seaside, as Treasurer.

The board voted unanimously to approve officer appointments as nominated.
V. PUBLIC COMMUNICATIONS: There were no public communications.

VI. REVIEW OF AGENDA: There were no requested changes to the agenda.

VII. CONSENT CALENDAR
   A. Consider approving the Board and TAC schedule of meetings for 2018
   B. Consider Approving HydroMetrics WRI RFS 2018-03 to Update the Seaside Basin Groundwater Model.
   C. Consider Approving the following Cost-Sharing Memorandums of Agreement:
      i. Seaside Basin Hydrogeologic Model Update
      ii. Seaside Basin Geochemical Modeling
   D. Summary of responses from Marina Coast Water District regarding questions asked by the Watermaster of the Proposal to Sell Water to the Watermaster for Basin Replenishment

      Moved by Director Byrne, seconded by Supervisor Parker, and unanimously carried to approve the consent calendar with revision to Item A cancelling the July 2018 board meeting.

VIII. ORAL PRESENTATION: None Scheduled

IX. NEW BUSINESS: None Scheduled

X. OLD BUSINESS: None Scheduled

XI. INFORMATIONAL REPORTS:
   A. Technical Advisory Committee (TAC) draft minutes from the meeting held January 10, 2018
   C. Letter to Mayor Kampe, President, Monterey Peninsula Regional Water Authority from Mayor Gunter, City of Salinas regarding expansion of the Pure Water Monterey Project

XII. DIRECTOR'S REPORTS: There were no reports from directors

XIII. STAFF COMMENTS: The court ultimately rescheduled the 2018 M66343 Status Conference to Friday, March 23, 2018 at 9:00 a.m. via CourtCall with Judge Leslie Nichols.

XIV. NEXT MEETING DATE: The next meeting of the Watermaster board will be held Wednesday, March 7, 2018 at the Monterey One Water board room at 5 Harris Court, Building "D" on Ryan Ranch in Monterey at 2:00 p.m.

XV. There being no further business, Vice Chair Carbone adjourned the meeting at 2:19 p.m.
TO: Board of Directors  
FROM: Laura Dadiw, AO  
DATE: March 7, 2018  
SUBJECT: Summary of Payments made during the months of November-December 2017 & January 2018

RECOMMENDATIONS:
Consider approving the payment of bills submitted and authorized to be paid November - December 2017 & January 2018.

Summary of Payments Made November 2017

Dadiw Associates (Administrative Officer (AO))
October 26, 2017 through November 25, 2017 26.5 $ 2,650.00
Responded to telephone inquiries, e-mail, and other correspondence as needed regarding the Seaside Basin. Gathered and posted water production and water level data. Prepare agenda and packet for December board meeting; send out budgets; holiday party invitation distribution; review well applications from DHS; production/RA calcs/allocations; annual report preparation; financial reports emailed to TAC members; prepare and mail 2018 administrative and operations assessment correspondence/billing; routinely picked up mail from PO Box; reconciled accounts to the City of Seaside Watermaster accounts; processed invoices, reviewed and posted items to web site; reviewed TAC agenda packet/minutes.

Robert Jaques (Technical Program Manager)
November 1, 2017 through November 30, 2017 48.5 $ 4,850.00
Responded to emails, telephone inquiries, and other correspondence on a variety of Watermaster issues; prepare TAC agenda packet and attended TAC meeting on November 15. Conference call w/HydroMetrics & Feeney re: sentinell well issues; review letter from MCWD re: water sale and develop list of questions; prepare 2018 RFSs for consultants; review draft SIAR and comment; deliver GW Model files to Denise Duffy per their request; draft annual report language to respond to judge's questions.

Paxton Imaging
January 1, 2017 - December 31, 2017 Watermaster Website hosting and maintenance $ 2,400.00

HydroMetrics Water Resources, Inc. (Technical Consultant)
November 2017-RFS 2017-01 General Consulting & TAC 2 $ 390.00
November 2017-RFS 2017-02 Seawater Intrusion Analysis Report 54 $ 9,805.00

Martin B. Feeney, PG, CHg - Consulting Hydrogeologist
November 7-30, 2017-RFS 2017-01 Hydrogeologic consulting 10.5 $ 1,995.00

Total for November 2017 $ 22,480.00

Summary of Payments Made November 2017

Seaside Groundwater Basin Watermaster
Responded to emails, telephone inquiries, and other correspondence on a variety of Watermaster issues; prepare TAC agenda packet and attended TAC meeting on November 15. Conference call w/HydroMetrics & Feeney re: sentinell well issues; review letter from MCWD re: water sale and develop list of questions; prepare 2018 RFSs for consultants; review draft SIAR and comment; deliver GW Model files to Denise Duffy per their request; draft annual report language to respond to judge's questions.
## Summary of Payments Made December 2017

**Dadiw Associates** (Administrative Officer (AO))

November 26, 2017 through December 25, 2017  
28.75  
$2,875.00

Responded to telephone inquiries, e-mail, and other correspondence as needed regarding the Seaside Basin. Gathered and posted water production and water level data. Prepare the agenda and packet for the December 6 board meeting, attend and prepare minutes. Print, mail and email RA assessment invoices/statements/letters. McGlothlin RFS; notice of production reporting due emailed. Routinely picked up mail from PO Box; reconciled accounts to the City of Seaside Watermaster accounts; processed invoices, reviewed and posted items to web site.

<table>
<thead>
<tr>
<th>Brownstein, Hyatt, Farber, Schreck (Russ McGlothlin, Esq.)</th>
<th>November 2017-RFS 2017-01 Miscellaneous legal consultation</th>
<th>1.0</th>
<th>450.00</th>
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<tbody>
<tr>
<td><strong>Robert Jaques</strong> (Technical Program Manager)</td>
<td>December 1, 2017 through December 31, 2017</td>
<td>26.5</td>
<td>2,650.00</td>
</tr>
<tr>
<td>Responded to emails, telephone inquiries, and other correspondence on a variety of Watermaster issues; prepare for and attend December 6 board meeting. Review and make edits to Pueblo Water Resources geochem modeling proposal; prepare &amp; send letter to MCWD in response to proposal to sell water to Watermaster; draft MOA for cost sharing of groundwater model update; draft MOA for cost sharing of geochemical modeling; draft RFS; send RFSs to consultants;</td>
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<tr>
<td><strong>HydroMetrics Water Resources, Inc.</strong> (Technical Consultant)</td>
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<tr>
<td>RFS 2017-02 Seawater Intrusion Analysis Report 2017</td>
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### Monterey Peninsula Water Management District

**July - September 2017**

| RFS 2017-01 Tasks within the Monitoring and Management Plan | 92.5 | 9,359.00 |
| Direct Costs-WQ sample equipment, lab, induction logging, retrofit, etc. | | 2,800.00 |

**July - September 2017**

| RFS 2017-02 Water level and quality data from specific wells (pass throug cost) | 1,201.50 |
| Direct Costs-Laboratory analysis | 3.0 | 525.00 |

**Total for December 2017**  
$20,940.50

**Grand Total November through December 2017**  
$43,420.50
January 2018

Dadiw Associates (Administrative Officer (AO))
December 26, 2017 through January 25, 2018  24  $ 2,400.00

Responded to telephone inquiries, e-mail, and other correspondence as needed regarding the Seaside Basin. Gathered and posted water production and water level data. Deposit assessment checks at City of Seaside; review workplan timeline; arrange Budget and Finance Committee meeting, prepare packet and attend on January 17; email for board appointments 2018-2019; determine new Graniterock contact upon Chris Mann departure. Routinely picked up mail from PO Box; reconciled accounts to the City of Seaside Watermaster accounts; processed invoices, reviewed and posted items to web site; reviewed TAC agenda packet/minutes.

Brownstein, Hyatt, Farber, Schreck (Russ McGlothlin, Esq.)
December 2017-RFS 2017-01 Miscellaneous legal consultation  0.9  405.00
Filing Fee Watermaster Annual Report  23.45

Robert Jaques (Technical Program Manager)
November 1, 2017 through November 30, 2017  41  4,100.00

Responded to emails, telephone inquiries, and other correspondence on a variety of Watermaster issues; prepare TAC agenda packet and attended TAC meeting on January 10 and prepare minutes. Prepare for and attend Budget and Finance Committee meeting on January 17. Draft MOAs for cast sharing of groundwater model update and geochemical modeling; process consultant RFSs; Review MCWD water sale proposal; prepare 2018 work schedule, review change-in-storage technical memorandum; prepare and submit annual SGMA report to DWR; attend SVBGSA Advisory Committee meeting in Salinas.

HydroMetrics Water Resources, Inc. (Technical Consultant)
January 2018-RFS 2017-01 General Consulting & TAC  6.25  1,218.75

Total for January 2018  $ 8,147.20
Seaside Groundwater Basin Watermaster

Budget vs. Actual Administrative Fund
Fiscal Year (January 1 - December 31, 2018)
Balance through January 31, 2018

<table>
<thead>
<tr>
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<th>2018 Adopted Budget</th>
<th>Contract Amount</th>
<th>Year to Date Revenue / Expenses</th>
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<tr>
<td>Available Balances &amp; Assessments</td>
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<tr>
<td>Dedicated Reserve</td>
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<td>-</td>
<td>-</td>
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<tr>
<td>FY (Rollover)</td>
<td>42,000.00</td>
<td>32,782.94</td>
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<tr>
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<td>Available</td>
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<tr>
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<td>82,000.00</td>
<td>72,782.94</td>
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<td>Expenses</td>
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<td>Contract Staff</td>
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<td>Legal Advisor</td>
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<td>Total Available</td>
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<tr>
<td>Dedicated Reserve</td>
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<tr>
<td>Net Available</td>
<td>-</td>
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<td>45,382.94</td>
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Seaside Groundwater Basin Watermaster
Budget vs. Actual Monitoring & Management - Operations Fund
Fiscal Year (January 1 - December 31, 2018)
Balance through January 31, 2018

<table>
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<tr>
<th>Available Balances &amp; Assessments</th>
<th>2018 Adopted Budget</th>
<th>Contract Encumbrance</th>
<th>Year to Date Revenue/Expenses</th>
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<td>Cost Share Reimbursement</td>
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<tr>
<td>FY 2017 Rollover</td>
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<tr>
<td><strong>Total Available</strong></td>
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<td><strong>$81,100.00</strong></td>
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<td>GENERAL</td>
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<th>CONSULTANTS (Hydrometrics; Todd Groundwater; Web Site Database)</th>
<th>2018 Adopted Budget</th>
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<tr>
<td>Production/Lvl/Qlty Monitoring</td>
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<td>Basin Management Action Plan</td>
<td>$169,630.00</td>
<td>$54,370.00</td>
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<td>Seawater Intrusion Analysis Report</td>
<td>$20,890.00</td>
<td>$20,890.00</td>
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<tr>
<td><strong>Total Consultants</strong></td>
<td><strong>$209,820.00</strong></td>
<td><strong>$90,560.00</strong></td>
<td><strong>$1,218.75</strong></td>
</tr>
</tbody>
</table>

| MPWMD                           |                     |                      |                               |
| Production/Lvl/Qlty Monitoring   | $48,832.00          | $48,832.00           |                               |
| Pass Through 2018                | $3,915.00           | $3,915.00            |                               |
| Basin Management                 | $1,192.00           | $1,192.00            |                               |
| Direct Costs                     | $20,890.00          | $20,890.00           |                               |
| **Total MPWMD**                  | **$50,024.00**      | **$53,939.00**       | **$-**                        |

| CONTRACTOR (Martin Feeney)       |                     |                      |                               |
| Production/Lvl/Qlty Monitoring   | $30,586.00          | $30,585.56           |                               |
| **Total Appropriations & Expenses** | **$369,473.00** | **$225,084.56**     | **$5,318.75**                 |
| **Total Available**              |                     |                      | **405,701.44**                |
### Seaside Groundwater Basin Watermaster

#### Replenishment Fund

**Water Year 2018 (October 1 - September 30) / Fiscal Year (January 1 - December 31, 2018)**

**Budget**

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<td><strong>Replenishment Fund</strong></td>
<td>$1,53,78,169</td>
<td>$1,60,54,692</td>
<td>$1,79,69,782</td>
<td>$1,97,35,412</td>
<td>$2,23,39,012</td>
<td>$2,53,38,792</td>
<td>$3,03,04,912</td>
<td>$3,66,69,892</td>
<td>$4,42,39,012</td>
<td>$5,34,15,392</td>
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**Assessments:**

- **Cal-Am Water Production**
  - 2006-2017
  - Total: $3,032,500

- **City of Seaside Municipal Production**
  - 2006-2017
  - Total: $2,106,852

**Unit Cost:**

- **Cal-Am Water Production**
  - $2,482,621
  - $2,482,621

**Total California American Replenishment Fund**

- **2006-2017**
  - Grand Total Fund Balance: $1,884,298

**Total Paid and/or Credited:**

- **2006-2017**
  - Grand Total: $5,207,525

**Total Replenishment Assessments:**

- **2006-2017**
  - Grand Total: $6,290,000

**City of Seaside Late Payment 5%**

- 2018: $10,984
  - 2019: $8,704
  - 2020: $26,712
  - 2021: $26,750
  - 2022: $15,737
  - 2023: $88,887

**City of Seaside Golf Courses**

- **2018-2020**
  - In-lieu Credit Against Assessment: $50,353

**City of Seaside Unpaid Balance**

- **2018-2020**
  - Grand Total: $4,226,710

**Total City of Seaside**

- **2018-2020**
  - Grand Total: $1,884,298

**Total Replenishment Fund Balance**

- **2018-2020**
  - Grand Total: $4,652,874

**Replenishment Fund Balance Forward**

- **2018-2020**
  - Grand Total: $2,519,838

**Total In-lieu Credit Against Assessment**

- **2018-2020**
  - Grand Total: $50,353

**Total Paid and/or Credited**

- **2018-2020**
  - Grand Total: $3,102,221

**Grand Total Fund Balance**

- **2018-2020**
  - Grand Total: $4,426,165

**City of Seaside Balance Forward**

- **2018-2020**
  - Grand Total: $2,106,652

**City of Seaside Municipal Production**

- **2018-2020**
  - Grand Total: $335,412

**City of Seaside - Alternative Producers**

- **2018-2020**
  - Grand Total: $142,410

**City of Seaside Late Payment 5%**

- **2018-2020**
  - Grand Total: $88,887

**City of Seaside - In-lieu Credit**

- **2018-2020**
  - Grand Total: $50,353

**City of Seaside Unpaid Balance**

- **2018-2020**
  - Grand Total: $4,226,710

**Total City of Seaside**

- **2018-2020**
  - Grand Total: $1,884,298

**Total Replenishment Fund Balance**

- **2018-2020**
  - Grand Total: $4,652,874

**City of Seaside Late Payment 5%**

- **2018-2020**
  - Grand Total: $88,887

**City of Seaside Golf Courses**

- **2018-2020**
  - In-lieu Credit Against Assessment: $50,353

**City of Seaside - Alternative Producers**

- **2018-2020**
  - Grand Total: $50,353

**City of Seaside Unpaid Balance**

- **2018-2020**
  - Grand Total: $4,226,710

**Total City of Seaside**

- **2018-2020**
  - Grand Total: $1,884,298

**Total Replenishment Fund Balance**

- **2018-2020**
  - Grand Total: $4,652,874
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RMcGlothlin@bhfs.com

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.

MONTEREY PENINSULA WATER MANAGEMENT DISTRICT,
   Intervenor.

MONTEREY COUNTY WATER RESOURCES AGENCY,
   Intervenor.

AND RELATED CROSS-ACTIONS.

Case No. M66343
Assigned for All Purposes to the Honorable Leslie C. Nichols

SEASIDE GROUNDWATER BASIN WATERMASTER’S 2018 CASE MANAGEMENT STATEMENT

Action Filed: August 14, 2003
Trial Date: December 13, 2005
Post-Judgment Case Management Conference: March 23, 2018
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I. **INTRODUCTION**

A post-judgment case management conference is scheduled in this action for March 23, 2018 before the Honorable Leslie C. Nichols. For convenience and reference, the 2016 and 2017 case management statements are attached to this 2018 case management statement. The 2016 statement includes substantial background regarding management of the Seaside Groundwater Basin (“Seaside Basin” or “Basin”), and contemporaneous matters that may affect the Basin. The 2017 statement also includes substantial background as well as a glossary of terms, a description of essential agencies, and an overview of Watermaster’s structure in response to the Court’s prior request.

This case management statement provides a summary of (i) current Basin conditions and issues that Watermaster will continue to monitor and address over time, (ii) the status of long-term regional water supply planning and the central role that the Basin will play with respect to those long-term water supplies, and (iii) matters that may come before for the Court for consideration this year.

II. **BASIN CONDITIONS AND GROUNDWATER MANAGEMENT CONCERNS**

As discussed in the Annual Reports and prior status reports, the principal groundwater management concerns within the Basin arise from the overdrafting of the Basin leading to the Decision. Overdraft has resulted in depressed groundwater levels within the Northern Coastal Subarea and the Laguna Seca Subarea. Within the Northern Coastal Subarea, the primary concern pertains to potential seawater intrusion into the Basin. In the Laguna Seca Subarea, the primary concern pertains to long-term overpumping in and adjacent to the subarea, ultimately resulting in the water table falling such that wells are unusable at present depths. The following information is pertinent to these overdraft concerns.

A. **2017 Extraction Quantities**

The total amount of water pumped from the Basin in WY 2017 was 3,049 acre-feet. After performing the first three ramp-downs in production required by the Adjudication Decision, the
allowable pumping quantity was 3,920 acre-feet. Thus, in WY 2017 production from the Basin was below the allowable production level.

B. **Northern Coastal Subarea Groundwater Levels and Potential Seawater Intrusion**

   Each year the Watermaster has its consultant prepare a Seawater Intrusion Analysis Report (SIAR) to determine whether or not there are any indications that seawater intrusion is either occurring or is imminent. Previous SIARs have stated that depressed groundwater levels, continued pumping in excess of recharge and fresh water inflows, and ongoing seawater intrusion in the nearby Salinas Valley, all suggest that seawater intrusion could occur in the Seaside Groundwater Basin. In 2016 for the first time there was conflicting data from two of the Watermaster’s Sentinel Wells. Some of the data were suggestive of the possible initial onset of seawater intrusion, while other data indicated seawater intrusion was not occurring. Verification water quality resampling was undertaken at Sentinel Well SBWM-2, Sentinel Well SBWM-4, and the Ord Terrace Shallow Monitoring Well. The analysis of this data by HydroMetrics concluded that none of the samples definitively indicated incipient seawater intrusion.

   Possible causes of the 2016 changes in water quality from the samples taken from within the well casings were postulated to include natural groundwater quality variations, upwelling of underlying saline formation water from the Monterey Formation in response to declining groundwater levels, or very early seawater intrusion.

   To further examine the water quality in these wells, in late-2017 another of the Watermaster’s hydrogeologic consultants, Martin Feeney, performed fluid resistivity logging in the Sentinel Wells. None of the data obtained from this logging indicated that seawater intrusion was occurring. However, this logging indicated that while the samples that have historically been collected from within the well casing were representative of the water quality within the casing, they were not representative of the groundwater from the aquifer surrounding the wells. The groundwater quality data collected from within the Sentinel Wells was therefore not considered representative of the aquifer and should not be used in seawater intrusion analysis. Because of
this, the 2017 SIAR recommended that water quality sampling in those wells be discontinued, and that they be used only for induction logging,\(^1\) as was the original intent when those wells were constructed.

The Watermaster continues to analyze the data that is being gathered at the various monitoring sites in order to keep a close watch on the conditions within the Basin in order to identify any indications that seawater intrusion is beginning to occur.

### C. Laguna Seca Subarea Groundwater Levels and Coordination with the Monterey Subbasin GSA

Due to its far distance from the coast, seawater intrusion is not an issue of concern in the Laguna Seca subarea, but persistent, though gradual, declines in water levels within the Laguna Seca remain a significant concern. The rate of decline in groundwater levels in the western portion of this subarea is between one and two feet per year. However, data from recent years indicates that the water levels have started to stabilize.

Groundwater levels in the eastern Laguna Seca subarea, however, have historically been declining at rates of 0.6 feet per year in the shallow aquifers, and between two and three feet per year in the deep aquifers. These declines have occurred since 2001 despite the triennial reductions in allowable pumping imposed by the decision in this case. The cause of this decline is due in part to the pumping of water within the Laguna Seca subarea of the Basin and in part due to the influence of groundwater extractions to the east of the Seaside Groundwater Basin within the Corral de Tierra subarea of the Monterey Subbasin, which is a subbasin of the larger Salinas Valley Groundwater Basin.

As has been previously reported, Watermaster’s hydrogeologist, HydroMetrics, performed a study for Watermaster in 2013, which, in part, reported as follows:

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\(^1\) Induction logs measure the conductivity of the formation and fluids outside of the well casing. The measured conductivity is an aggregate measurement of the electrical conductivity of the formation fluid and the formation solids. Induction logging is a common method to detect changes in salinity concentrations due to the differences in conductivity correlated to the salinity concentrations in the surrounding formation and water therein.
The Seaside Basin groundwater flow model predicts that if Cal Am discontinues pumping from the Laguna Seca subarea, groundwater elevations in the subarea will continue to decline during the simulation period of 2009-2041. The eastern side of the subarea suffers the greatest and most persistent declines. Pumping groundwater elevations are predicted to fall below the top of the well screen prior to 2041 in wells Bishop #3, Ryan Ranch #7, and Laguna Seca Golf Resort – Racetrack.

An average annual natural safe yield of 240 acre feet per year was calculated for the Laguna Seca subarea. This is considerably lower that the adjudication Decision perennial safe yield of 608 acre feet per year. A scenario with the pumping in Laguna Seca reduced to the natural safe yield of 240 acre feet per year failed to achieve stable groundwater levels.

An attempt was made to estimate the operational safe yield for the subarea using the groundwater flow model. However, it was found that eliminating all pumping from the subarea does not completely halt the predicted decline in groundwater elevations in the easternmost wells: FO-6-Shallow and FO-6 Deep. Consequently, it was not possible to determine an operational safe yield. The presence of nearby pumping wells east of the subarea appears to influence groundwater elevations in the eastern portion of the Laguna Seca subarea.

The unsuccessful attempt to estimate the operational safe yield, and an analysis of flows along the Laguna Seca eastern boundary, suggest that wells outside of the Laguna Seca subarea are preventing the subarea from achieving stable groundwater elevations. This influence could be tested more thoroughly using the groundwater model as follows: Multiple scenarios could be run in which pumping from individual wells outside of the Laguna Seca subarea is either removed or their pumping reduced. The resulting changes to groundwater levels in the Laguna Seca subarea could then be compared to baseline conditions to infer the influence that each well has on the subarea.

This study is contained as Attachment 11 of the 2014 Annual Report. Watermaster acknowledges the issues and concerns raised by this report.

In late 2017, the Watermaster began engaging with the new Salinas Valley Basin Groundwater Sustainability Agency (“SVBGSA”) to address this concern through the development of the mandatory Groundwater Sustainability Plan (“GSP”) for the Monterey Subbasin. The Watermaster was also appointed as a member of Advisory Committee to the SVBGSA where it will continue to engage in identifying appropriate solutions to the groundwater declines in the Corral de Tierra and Laguna Seca areas. The Watermaster also plans to provide input to the consultant that the SVBGSA hires to develop the GSP.

The process to address the falling water levels in the eastern Laguna Seca Subarea will likely take several years of engagement with the SVBGSA and development of supplemental
water supplies. Solutions to the long-term groundwater declines in the Laguna Seca may involve a combination of reduction of pumping in the neighboring Coral de Tiera area, reductions in authorized pumping in the Laguna Seca area, and substitution of imported surface water deliveries. Until the GSP is established for the Monterey Basin (inclusive of the Corral de Tierra area) and the long-term replacement water supplies for the Monterey Peninsula are developed, it is arguably premature to address modifications to the pumping allocations for the Laguna Seca Subarea. However, Watermaster notes that this issue will need to be deliberately addressed over time and must remain a matter of focus and future action by Watermaster and the Court.

D. Intended Cal Am Replenishment of the Basin Once Future Replacement Water Supplies are Available

The Decision provides that Standard Producers that exceed their allocation of Natural Safe Yield are subject to a Replenishment Assessment for each acre foot of Over-Production for each Water Year. The Decision also provides that California American Water (“Cal Am”) has the right to claim a credit against its Replenishment Assessment (“Replenishment Credit”) for costs incurred for water supply augmentation that has or will result in replenishment of the Basin.

Under a January 2009 Memorandum of Understanding (“MOU”) between the Watermaster and Cal Am, the Watermaster agreed to grant Cal Am credit for such costs on the condition that, upon completion and implementation of its water supply project(s), Cal Am would provide to the Watermaster, at no cost to the Watermaster, either (1) water for artificial replenishment through direct replenishment and/or (2) cause in-lieu replenishment of the Basin by forbearing to produce water to which Cal Am would be entitled as Cal Am's share of the Native Safe Yield, in an amount equal to Cal Am's total acre feet of over-production for all Water Years for which Cal Am was granted Replenishment Assessment credits.

In November 2012 the Watermaster approved a proposal by Cal Am to “repay” the basin for its over-production by in-lieu replenishment (non-pumping) of 700 acre-feet per year for a period of 25 years (or more) beginning in the water year subsequent to Cal Am’s completion of its water supply project. Cal Am’s proposal included a provision that the volume of artificial or
in-lieu replenishment would be based on a running five (5) Water Year average. It also provided that if the average volume of artificial or in-lieu replenishment was less than 700 acre-feet annually, and if the Watermaster declared that water for artificial replenishment was available from sources other than Cal Am’s water supply project, the Watermaster would have the option of requiring Cal Am to pay a part of its outstanding Replenishment Assessment for the purpose of providing the Watermaster with funds to obtain artificial replenishment water in sufficient quantities to replenish that quantity not provided via in-lieu replenishment.

III. **STATUS OF REGIONAL WATER SUPPLY DEVELOPMENT EFFORTS**

As has been reported in past status conference statements, Cal Am, together with multiple local and state governments, are diligently working on projects to develop new water supplies for the Monterey Peninsula to offset historic excessive use of the Carmel River and Seaside Basin. These projects include:

- Aquifer storage and recovery (“ASR”) - Wet period diversions of Carmel River water for storage and subsequent recapture by Cal Am from the Seaside Basin;
- The Pure Water Monterey Project (“PWM”) (also referred to as the Groundwater Replenishment Project or GWR) – An advanced-treatment, recycled water project undertaken by Monterey One Water (“M1W”)\(^2\) and the Monterey Peninsula Water Management District (“MPWMD”), which will treat tertiary treated effluent water.
- Cal Am’s proposed desalination project - A desalination plant and related facilities, including a seawater and brackish water intake system and requisite water conveyance facilities.

Additionally, Marina Coast Water District (“MCWD”)\(^3\) recently offered to sell up to 453 AFY of additional PWM water to which it is entitled for in-lieu replenishment of the Basin.

Significant progress was made on these projects in 2017 and additional developments are

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\(^2\) Monterey One Water is the new name of the agency formerly known as the Monterey Regional Water Pollution Control Agency.

\(^3\) MCWD is the water purveyor for the City of Marina, which is located immediately north of the Seaside Basin, and for the area within the Ord Community (the former Fort Ord), which partially overlies the Seaside Basin.
anticipated in 2018 as discussed below. When completed, these projects will result in sufficient
long-term water supplies for the Monterey Peninsula, when combined with Cal Am’s
groundwater entitlements from the Seaside Basin and legal diversion rights from the Carmel
River to (i) meet current and projected future demands, (ii) eliminate all unauthorized diversions
from the Carmel River Valley as required by the Cease and Desist Order ("CDO") issued by the
State Water Resources Control Board ("SWRCB"), and (iii) “pay-back” its extractions from the
Basin in excess of its share of the Native Safe Yield since the entry of the Decision as required by
Cal Am’s MOU with Watermaster and as discussed above.

A. **PWM and ASR**

   As reported in the 2017 Status Conference Statement, on September 15, 2016, the CPUC
authorized Cal Am to enter into a water purchase agreement with the MPWMD and M1W to
purchase 3,500 AFY of water from the PWM project at a cost of $85.5 million, and for Cal Am to
invest up to $50 million in a new pipeline (the “Monterey Pipeline”) and pump station. Both
projects are now under construction. The Monterey Pipeline, which is anticipated to be completed
and in operation later this year, will allow Cal Am to move PWM water and ASR water recovered
from the Seaside Basin (and ultimately desalination water) into the Cal Am distribution system
and also allow additional ASR water to be pumped from the Carmel River to the Seaside Basin
for injection during wet periods. PWM is on schedule to deliver water for injection into the

   In addition to the current PWM project (for delivery of 3,500 AFY to Cal Am), M1W and
the MPWMD are exploring the potential for further expansion of the PWM project by up to an
additional 2,250 AFY of additional supply that could be made available to Cal Am for a total of
up to 5,750 AFY ahead of the CDO deadline of December 31, 2021. This could prove essential if
the desalination project is delayed or not approved. Analysis currently underway by M1W and

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

MPWMD concerning the viability of the PWM expansion opportunity is projected to be completed this spring. If the expansion opportunity appears promising, M1W could commence environmental review of the expansion later this spring. The environmental review and potential approval of the expansion could occur in early 2019, with the opportunity for the CPUC to approve a water purchase agreement for Cal Am to purchase this expanded quantity shortly thereafter.

B. The Cal Am Desalination Project

Cal Am’s application to the California Public Utilities Commission (“CPUC”) requesting issuance of a certificate of public convenience and necessity (“CPCN”) to authorize Cal Am to construct the desalination project is still pending before the CPUC. However, progress is ongoing and a decision by the CPUC on a CPCN is anticipated either this summer or in 2019. There is a near-term impetus to approve the CPCN for the project this summer to satisfy a September 2018 milestone set by the SWRCB within the CDO. However, if the CPCN is issued as proposed this summer, the Marina Coast Water District, the City of Marina, and other entities have expressed their intention to file various lawsuits to challenge the approval. These entities raise several objections to the project including concerns over the potential impact of the desalination source wells to the Salinas Groundwater Basin and MCWD’s groundwater supplies therein, as well as impacts to coastal resources from the infrastructure associated with the source wells. This litigation could substantially delay the desalination project. In the interest of avoiding such litigation and the potential project delay, Cal Am and numerous other parties to the CPUC proceeding have been regularly meeting to explore a potential settlement process to resolve the pertinent disputes. Several parties are also intending to file a petition to modify the CDO milestones to include progress on the PWM expansion project as an alternative (not a substitute)

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6 The CDO imposes annual milestone that must be met by Cal-Am. The 2018 milestone, which must be satisfied by the end of September, is presently set as approval of a CPCN for the desalination project. If the CDO milestone is missed, the CDO functions to reduce the quantity of water that Cal Am is authorized to divert from the Carmel River on an interim basis by 1,000 AFY, reducing the interim limit from 8,310 AFY to 7,310 AFY. As mentioned below, some parties intend to petition the SWRCB to modify the CDO to add alternative satisfactory annual milestones correlated with the proposed PWM expansion effort.
milestone, which if granted could afford an alternative means of satisfying the September 2018 CDO milestone, thereby potentially facilitating the PWM expansion option and affording additional time to negotiate a definitive and more expeditious process to resolve disputes pertaining to the desalination project.

C. **MCWD Water Sale Prepropos**

Another potential source of water to Cal Am that has been proposed is a sale of water from MCWD for replenishment of the Basin for subsequent recovery to supply the Cal Am system. The details of such a proposal are being negotiated. At this point, it appears that the most promising and easiest approach for such a MCWD water sale would involve a sale of approximately 450 to 500 AFY of PWM project water to which MCWD is entitled\(^7\) for replenishment of the Seaside Basin and subsequent recovery by Cal Am. The easiest means of replenishing the Basin with such water without additional injection facilities would be to deliver the water to the two golf courses owned by the City of Seaside to substitute for extractions of native groundwater to which the city is entitled under the Decision. Such a program would need to be approved by Watermaster and the Court. Watermaster may file a motion to bring a proposal of this sort before the Court for consideration and potential approval later this year if the details of such a program can be further negotiated and tentatively agreed upon by the relevant parties and Watermaster.

IV. **WATERMASTER ACTIVITIES AND POTENTIAL MATTERS FOR FUTURE COURT CONSIDERATION**

A. **2018 Watermaster Activities**

Over the course of 2018, Watermaster intends to do the following:

1. Engage with the Monterey Subbasin GSA to ensure that the GSP governing the Corral del Tierra Subarea includes appropriate provisions to address lowering of water levels within the Laguna Seca Subarea of the Seaside Basin.

2. Perform induction logging in March and September to monitor for increased salinity in the sentinel wells in the Northern Coastal Subarea.

\(^7\) This MCWD entitlement to PWM water is separate from and in addition to the 3,500 AFY approved for sale and delivery to Cal Am.
3. Consult with Cal Am, M1W, MPWMD, and MCWD concerning progress on efforts to develop long-term replacement water supplies for the Monterey Peninsula, particularly those projects that concern activities within the Basin (e.g., storage and recovery of augmented recharge). These projects include the PWM project and its potential expansion, ASR, the Cal Am desalination project, and the potential MCWD water sale. Of these, the MCWD water sale matter may need to be brought before the Court later this year for consideration and potential approval if a concrete proposal can be agreed upon.

4. Update the Court on each of these subjects in its 2018 Annual Report and subsequent status conferences.

B. Potential Motion for Relief from Final Triennial Ramp-Down in 2021

As was discussed in the 2016 and 2017 status conference statements, there may arise a need to move the Court to adjust or postpone the triennial ramp down in authorized pumping. The next and final triennial ramp down is scheduled to become effective in 2021. Due to considerable conservation that has lowered demands within the Cal Am system, relief from the 2018 triennial ramp down was unnecessary. If progress on the replacement water supply projects, notably the Cal Am desalination project and/or PWM expansion, continue to progress on current projected timelines, Cal-Am should be able to meet demands with its available interim supplies, comply with the CDO’s 2021 deadline, and reduce its Seaside Basin extractions consistent with the 2021 triennial ramp down and its MOU with Watermaster. However, if circumstances change and the amended CDO schedule cannot be met or Cal Am cannot otherwise comply with the CDO’s final 2021 deadline, Cal Am may be challenged to meet Monterey Peninsula water demands as available supplies are reduced. Under these circumstances Cal Am and the community may be compelled to request relief from the Decision’s 2021 triennial ramp down. As was discussed at length in the 2016 status conference statement, there is a factual basis for affording such relief based upon 2,500 acre feet of basin replenishment that occurred pursuant to in lieu replenishment via the City of Seaside golf courses through substitution of water from MCWD. However, the need for such potential relief and the merits of it will depend upon a review of the water supply and demand circumstances and Basin conditions at the time any such motion is made.
C. Request to Change Due Date for Annual Reports and Consolidate the Annual Status Conference Statement with the Annual Report

Again in 2017 (as has been the case every year since water quality monitoring was begun under the Monitoring and Management Program), as of the date of preparation of the Draft 2017 Annual Report, the Watermaster’s consultants were still waiting for some of the water quality data from the laboratory from wells in Watermaster’s water quality monitoring network. This problem became exacerbated in 2017 when Watermaster changed the second set of annual sampling dates from July to September, as recommended by HydroMetrics, to more accurately reflect the time of year when the lowest water levels are likely to occur. As a result, the consultants could not finalize their reports in time to have them presented in final form to the Watermaster’s Technical Advisory Committee (TAC) and Board of Directors in time to meet the current deadline of December 15 to submit the Annual Report. For this reason, the Watermaster requests that the Court revise the deadline for submittal of the Annual Report to January 15, to allow sufficient time for the consultants to submit their final, not draft, reports for review by the TAC and the Watermaster Board prior to finalizing and submitting the Annual Report.

Watermaster proposes that status conferences continue in approximately March as has occurred the last two years (preferably by Court Call unless the Court or any party requests an in-person conference). However, for the sake of efficiency, Watermaster proposes that the Annual Report substitute for the advance status conference statement unless the Court or any party requests discussion of a specific matter in one or more status conference statements filed in advance of the status conference. Watermaster certainly welcomes any requests from the Court for information to be included in the Annual Report and/or a separate status conference statement if preferred.
Dated: March __, 2018

BROWNSTEIN HYATT FARBER SCHRECK, LLP

By:

RUSSELL M. McGLOTHLIN
Attorneys for Seaside Groundwater Basin Watermaster
TO: Board of Directors

FROM: Robert S. Jaques, Technical Program Manager

DATE: February 26, 2018

SUBJECT: Consider correspondence relating to MCWD proposing to sell water to replenish the Seaside Basin for use in the Ord Community, and provide direction to staff

------------------------------------------------------------------------------------------------------------------

RECOMMENDATIONS:
Provide direction to the Technical Program Manager regarding MCWD’s proposal to sell water to the Watermaster.

BACKGROUND:
The Watermaster received a letter dated September 27, 2017 from the Marina Coast Water District (MCWD) (contained in Attachment 1) proposing to sell to the Watermaster water to be used to replenish the Seaside Basin. Per the Board’s direction, on December 6, 2017 a letter was sent to MCWD asking them to provide clarification of a list of issues associated with their proposal.

Attachment 2 is the letter of response which was received from MCWD. The first column contains the list of issues contained in the Watermaster’s December 6, 2017 letter, and the second column contains MCWD’s responses to those issues.

DISCUSSION:
I contacted the Monterey County Water Resources Agency (MCWRA) seeking their review of those portions of MCWD’s response which pertain to compliance with MCWRA’s “Agency Act.” That Act places restrictions on the export of water outside of the Salinas Valley Basin. MCWRA reported that they had not had the opportunity to review with their legal counsel the multiple complex agreements that govern the MCWD water-sales proposal. They also noted that they had not seen a detailed project description from MCWD that includes a CEQA analysis of the proposal. They went on to say further that MCWRA has significant concerns with MCWD’s proposal in light of recent recommendations from MCWRA staff relative to seawater intrusion in the coastal aquifers of the Salinas Valley basin.

I also met with Mr. Keith Van Der Maaten, MCWD’s General Manager, to discuss MCWD’s response.

Subsequent to my meeting with Mr. Van Der Maaten I was informed by Russ McGlothlin that he had just received (on March 1) a rough draft of a replacement Proposal from MCWD’s legal counsel. The intent of the replacement Proposal is to provide reclaimed water from the Pure Water Monterey (PWM) project (which MCWD would acquire from Monterey One Water under its agreement with them), rather than groundwater, for use by the Seaside Golf Courses. The replacement Proposal was developed by MCWD in order to avoid the problems associated with their September 27 Proposal, and to offer a longer term for the sale of the water.

According to MCWD the replacement Proposal:
- Proposes a long-term sale of up to 453 AFY (with a 400 AFY minimum) of MCWD’s PWM Phase 1 water for use on Seaside’s two golf courses.
• Would have no Agency Act issues
• Is already covered by the Regional Urban Water Augmentation Project’s (RUWAP) Final EIR
• MCWD owns the source water
• The RUWAP pipeline to deliver the Pure Water Monterey water is under construction, and no other new delivery infrastructure is needed.

Mr. McGlothlin and Watermaster staff will discontinue evaluating the September 27th Proposal, and will instead focus on reviewing the new MCWD Proposal. A report on it and recommendations will be provided at the Board’s April 2018 meeting.

ATTACHMENTS:
September 27, 2017

Board of Directors
Seaside Groundwater Basin Watermaster
PO Box 51302
Pacific Grove, CA 93950

Re: Offer to Sell 700 AFY of MCWD’s Existing Potable Groundwater as Seaside Basin Replenishment Water starting in Water Year 2018 for use within the Ord Community portion of the Seaside Basin

Dear Board of Directors:

Nothing in this offer or any other agreement between the Marina Coast Water District (MCWD) and the Seaside Groundwater Basin Watermaster (Watermaster): (a) commits either Party to any particular decision regarding the proposed water sale; (b) confers any vested rights on either Party; or (c) restricts MCWD’s or the Watermaster’s discretion with respect to any activity or project developed in accordance with this offer, including MCWD’s consideration of any alternatives and mitigation measures for such activities or projects. In addition, MCWD intends that CEQA, and all other applicable environmental compliance laws, will be fully complied with prior to any binding decisions with respect to the water sale. (See Save Tara v. City of Los Angeles (2008) 45 Cal. 4th 116.)

A significant portion of the Seaside Basin is within MCWD’s Ord Community service area. See enclosed map. MCWD’s Central Marina service area and the rest of the Ord Community service area are located predominantly within the adjoining Monterey Subbasin. We have a mutual interest in achieving groundwater sustainability within both subbasins. Much of the Seaside Basin’s groundwater is exported to the Monterey Peninsula. However, the amount of allowable Seaside Basin groundwater pumping will be significantly reduced through Triennial Rampdowns starting in 2018 as prescribed in the Amended Seaside Basin Adjudication Decision unless outside water resources are obtained. In the interim, MCWD has excess groundwater allocations for existing and projected near term demands and is willing to explore synergistic arrangements with the Watermaster.

The MCWRA Act (Agency Act) exempts from the Act’s export prohibition groundwater extracted from the Salinas Valley Groundwater Basin (SVGB) but used within the boundaries of Fort Ord, now MCWD’s Ord Community, within the Seaside Basin.
As detailed below, MCWD is proposing an interim sale of 700 AFY of its excess groundwater to the Watermaster. This sale would provide at least the following benefits to the Watermaster:

First, it provides Replenishment Water to the Watermaster and could prevent the Triennial Rampdown in Seaside Basin Pumping pursuant to Section III.B.2, page 18 of the Amended Seaside Basin Adjudication Decision. The Court may grant relief from the triennial rampdown if

   “a. The Watermaster has secured and is adding an equivalent amount of Non-Native water to the Basin on an annual basis; or

   “b. The Watermaster has secured reclaimed water in an equivalent amount and has contracted with one or more of the Producers to utilize said water in lieu of their Production Allocation, with the Producer agreeing to forego their right to claim a Stored Water Credit for such forbearance; or

   “a. (sic) Any combination of a and b which results in the decrease in Production of Native Water required by this decision.”

This sale would satisfy Section III.B.2a by providing 4,300 AF over the six-year period 2018 through 2023 and, therefore, could provide relief from the two triennial rampdowns projected to begin in 2018 and in 2021.

On pages 20-21 of his 2016 Report to the Court, Watermaster attorney Russ McGlothlin suggested to the Court that the sale of 2,500 AF of potable water from MCWD to the City of Seaside should be considered as a reasonable basis to postpone the 2018-2021 rampdown because the 2,500 AF is greater than the three-year rampdown total of 1,600 AF (560 AF x 3 years). However, Mr. McGlothlin admitted that the above language from the Amended Decision requires the Watermaster, and not any of the Producers (e.g., City of Seaside), to buy the additional water. In his 2017 Report to the Court, Mr. McGlothlin referred back to this 2016 discussion.

Second, this sale would replace CalAm’s need to use 700 AFY of MPWSP desalinated water to payback the Watermaster during at least the term of this sale. The Watermaster has entered into an agreement with CalAm for CalAm to replenish its over-pumping of the Seaside Basin by repaying 700 AFY for 25 years (plus) from the proposed MPWSP if and when the project becomes operational. This is the MPWSP DEIR/EIS Primary Project Objective #3.

Third, while none of the water from this sale may be directly used outside of MCWD’s Ord Community service area, this sale may indirectly contribute toward preventing the SWRCB from reducing CalAm’s authorized Carmel river diversion limit because of missed CDO milestone deadlines. This sale would need the approval of the CPUC. A preliminary and then final filing once approved by the CPUC would need to be made with the SWRCB by CalAm pursuant to Footnote 17, page 20, of SWRCB Order WR 2016-0016 (July 19, 2016), which states:

If at any point prior to completion of the facilities listed in these Milestones the CPUC authorizes Cal-Am to acquire more than 1,000 afa of water from an alternative source, then the following shall occur. Cal-Am shall submit to the [SWRCB] Executive Director within 60 days a revised set of milestones taking this water supply source into account. If the proponents of the alternative project are unable to reach concurrence with Cal-Am on revised milestones to propose, the proponents may also submit revised milestones within that time period. The Executive Director shall determine whether to bring forward a recommendation to the State Water Board regarding amendment of the milestones.
Seaside Groundwater Basin Watermaster  
September 27, 2017  
Page 3

For example, the SWRCB’s Cease and Desist Order (CDO) Milestone Deadline for the issuance of a Certificate of Public Convenience and Necessity to Construct the MPWMD by the CPUC is September 30, 2018. If this sale is implemented during 2018 and prevents the Triennial Rampdown from occurring in 2018, then the Watermaster would not need to curtail CalAm’s Seaside Basin pumping, which has the same effect as obtaining 700 AFY from an alternative source.

MCWD’s offer is as follows:

1. Sell to the Watermaster 700 AFY of MCWD’s potable well water as Replenishment Water during Calendar Years 2018 through 2023 – six years. From and after January 1, 2020, the Parties may extend the term of this agreement by mutual agreement.

2. The price for this water would be at the Watermaster’s Water Year 2016/2017 Over Production Replenishment Assessment Rate of $2,872 per AF. The price per AF shall be adjusted annually based upon the then Over Production Replenishment Assessment Rate, but in no case shall the price per AF be less than $2,872 per AF.

3. Because of the Agency Act’s export prohibition exemption for the Ord Community, any groundwater sold must only be used within that portion of the Ord Community within the Seaside Basin. Since this water must be used within the former Fort Ord within the Seaside Basin, none of this water can be sold for use on the Peninsula.

I am available to make a formal presentation of this offer to the Board of Directors. Please don’t hesitate to contact me if you have any questions or need any additional information.

Very truly yours,

Keith Van Der Maaten  
General Manager

Enclosure – Map

cc: Board of Directors, Marina Coast Water District
<table>
<thead>
<tr>
<th>#</th>
<th>Watermaster Question</th>
<th>MCWD Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>In paragraph 1 the letter states in part &quot;...Nothing in this offer...restricts MCWD's or the Watermaster's discretion with respect to any activity or project developed in accordance with this offer, including MCWD's consideration of any alternatives and mitigation measures for such activities or projects.&quot; What types of activities or projects might MCWD undertake that would affect the delivery of water under the proposal? What types of alternatives or mitigation measures might be undertaken by MCWD, and how would they affect delivery of water?</td>
<td>In MCWD’s letter proposal and MCWD’s November 20, 2017 proposed Water Sale Agreement, MCWD needed to present a sufficiently well defined “project” for the Watermaster’s review and for CEQA review. In 2008, the California Supreme Court in the cited Save Tara decision held that the “totality of the circumstances” must not show that a public lead agency, here MCWD, had prematurely approved the water sale agreement prior to completing the required CEQA review process. CalAm and the landowner representatives on the Watermaster Board may not be familiar with the Save Tara case. MCWD’s letter and Section 3-1 of the proposed Water Sale Agreement demonstrate that the proposed Agreement is not binding on any party prior to full compliance with CEQA.</td>
</tr>
<tr>
<td>2</td>
<td>In paragraph 1 of page 1 the letter states in part that MCWD intends that CEQA, and all other applicable environmental compliance laws, will be fully complied with prior to any binding decisions with respect to the water sale. What issues associated with the proposal would need to be addressed in the CEQA process, or in complying with applicable environmental compliance laws? How time-consuming and difficult would it be to achieve compliance with these requirements?</td>
<td>MCWD has begun the CEQA review process for the proposal sale and anticipates completing that review before the end of February 2018.</td>
</tr>
<tr>
<td>3</td>
<td>The figure attached to the letter needs to be updated to reflect the basin boundary revisions made by DWR in its Bulletin 118 to show the Adjudicated Seaside Basin.</td>
<td>The Seaside Subbasin boundaries in the Bulletin 118 Interim 2016 Update appear to be properly reflected in the MCWD map. It may not be clear on the MCWD map but the DWR boundaries for the Seaside, Monterey, and 180/400 Foot Aquifer Subbasins are all outlined in a solid blue line.</td>
</tr>
<tr>
<td>4</td>
<td>In paragraph 2 of page 1 the letter states in part that MCWD has excess groundwater allocations for existing and projected near term demands and is willing to explore synergistic arrangements with the Watermaster. Is there really &quot;excess&quot; groundwater in the Salinas Valley Groundwater Basin from which MCWD draws its water? (That Basin is experiencing seawater intrusion from overpumping). What are these allocations? How are they determined? How long do they last? Who administers/regulates these allocations? Can the administering/regulating authority change the allocations or are they fixed and guaranteed?</td>
<td>Monterey County Seawater Intrusion Maps versus Stanford University’s Airborne Electromagnetic Data DWR has divided the Salinas Valley Groundwater Basin (SVGB) into eight official subbasins, including the Seaside Subbasin, Monterey Subbasin, and the 180/400 Foot Aquifer Subbasin. MCWD’s service area is within all three of those subbasins. MCWD’s production wells are located within and along the northern boundary of the Monterey Subbasin. MCWD views this proposed water sale as an element of a possible synergistic voluntary “inter-basin agreement” pursuant to DWR Groundwater Sustainability Plan Regulations, 23 CCR Sections 357 and 357.2, which SGMA encourages.</td>
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<td>#</td>
<td>Watermaster Question</td>
<td>MCWD Response</td>
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<td>MCWD’s Ord Community service area lands within Seaside Subbasin are also within the so-called “Pressure Zone” of MCWRA’s Zone 2C and those lands should be entitled to the benefits, which are supposed to accrue to all lands within Zone 2C. The first of the enclosed PowerPoint slides is the Monterey County official seawater intrusion map of the 400 foot aquifer based upon data collected to 2015. This map gives the false impression that seawater has intruded or still intrudes the 400 foot aquifer throughout the colored areas. The second PowerPoint slide was produced by Stanford University and shows a cross-sectional profile of the Airborne Electromagnetic data collected in May 2017 as part of a groundwater study for MCWD. The red areas show saltwater-saturated conditions, the blue areas show freshwater-saturated areas, and the green areas show clay-rich areas. The red &quot;Interpolated water table&quot; arrow also points to the location of the Salinas River. A copy of Stanford University June 16, 2017 report entitled, “Preliminary Interpretation of SkyTEM Data Acquired in the Marina Coast Water District,” is enclosed. The AEM data shows that groundwater conditions south of the Salinas River are significantly better than groundwater conditions north of the Salinas River. The third PowerPoint slide compares the first and second slides side-by-side. You can see from the AEM data that freshwater-saturated areas overlay saltwater-saturated areas. It should also be remembered that the Central Coast Regional Water Quality Control Board has classified the groundwater aquifer underlying the former Fort Ord as a drinking water source, thereby requiring the Army to spend millions of dollars to remediate to drinking water standard polluted groundwater within the former Fort Ord. Since the Stanford University AEM study covers a portion of the Seaside Subbasin, the Watermaster may wish to independent consult with Stanford University.</td>
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<td>Watermaster Question</td>
<td>MCWD Response</td>
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<td>MCWD’s service areas have been annexed to MCWRA Zones 2/2A, Proposition 218 zones of benefit and assessment for the Nacimiento and San Antonio Reservoirs. Under the Annexation Agreement and Groundwater Mitigation Framework for Marina Area Lands dated March 26, 1996 (1996 Annexation Agreement), among MCWRA, MCWD, J. G. Armstrong Family Members, and RMC Lonestar (now CEMEX, RMC Lonestar’s Successor-in-Interest), which annexed the Marina Lands into Zones 2/2A, MCWRA allocated 3,020 afy of potable groundwater to MCWD for use within MCWRA’s Central Marina service area. The 1996 Annexation Agreement established “a contractual process for the exercise of regulatory authority by the MCWRA under Water Code App. Section 52-22, and the MCWD under Water Code section 31048.”[1] The purpose of the 1996 Annexation Agreement was to “establish a groundwater mitigation framework for the lands to be annexed, and will provide money from the Marina area for the MCWRA’s Basin Management Plan and for Zones 2 and 2A, for management protection of the groundwater resource in the Salinas Valley Groundwater Basin and to reduce seawater intrusion.”[2] [1] MCWRA Negative Declaration re: Annexation of Marina Area Lands to Zones 2/2A, dated February 21, 1996, at p. 4. [2] Purpose section, Attachment B-1 to Initial Study for Marina Lands Annexation. The 1996 Annexation Agreement (Sec. 5.9) required MCWD to pay a $2,849,410 fee to MCWRA less a credit of $400,000 based on a 1990 agreement and the similar credit given to the Army. Standby charges and assessments were then levied and collected by the MCWRA from the Zone 2C lands on an annual basis. <strong>MCWD’s Ord Community Groundwater Rights</strong> Under the 1993 Fort Ord Annexation Agreement, the Monterey County Water Resources Agency allocated 6,600 afy of potable groundwater to the Army for use on Fort Ord. This amount is about equal to the historic demand from Army uses at Fort Ord.</td>
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<td>Watermaster Question</td>
<td>MCWD Response</td>
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<td></td>
<td>The Army by quitclaim deed signed October 23, 2001, quitclaimed to FORA, &quot;The rights addressed in Monterey County Agreement No. A-06404, between the Army and the County Water Resources Agency, dated September 21, 1993, associated with the portable water system and water sources, and other ancillary rights associated with the ownership of the water rights being transferred herein, excepting and retaining rights to 1729-acre feet per year of potable water for the [Army's] exclusive use. &quot; [Emphasis added.]</td>
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<td>The very next day, FORA quitclaimed all of the water and wastewater facilities and rights conveyed to it by the Army to MCWD. Pursuant to the 2001 quitclaim deeds, the Army retained rights to 1,729 afy of potable water for the Army's exclusive use and the groundwater rights to the remaining 4,871 afy was deeded to MCWD.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Service to the Ord Community is provided exclusively by MCWD pursuant to the 1998 agreement with FORA as modified by the 2001 quitclaim deeds.</td>
<td></td>
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<td></td>
<td>The Army contracts with MCWD to provide M&amp;I water service to the Army and BLM utilizing the Army's retained groundwater allocation. Excluding the Army's reserved right to 1,729 afy, the Fort Ord Reuse Authority Board of Director by resolution adopted April 12, 1996, sub-allocated 4,871 AFY among the land use or land owning jurisdictions within the Ord Community as shown below.</td>
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</tr>
</tbody>
</table>

**Summary of MCWRA Groundwater Allocations to MCWD and the Army**

The following table summarizes the MCWRA groundwater allocations under the 1993 and 1996 Annexation Agreements available to MCWD to provide potable water within its Central Marina and Ord Community service areas.

<table>
<thead>
<tr>
<th>MCWD Central Marina</th>
<th>3,020 AFY</th>
</tr>
</thead>
<tbody>
<tr>
<td>MCWD Ord Community</td>
<td>4,871 AFY</td>
</tr>
<tr>
<td>Army</td>
<td>1,729 AFY</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>9,620 AFY</td>
</tr>
</tbody>
</table>

The following table summarizes FORA's sub-allocation of potable water:
<table>
<thead>
<tr>
<th>#</th>
<th>Watermaster Question</th>
<th>MCWD Response</th>
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<tbody>
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<td></td>
<td></td>
<td>Jurisdiction</td>
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<tr>
<td></td>
<td></td>
<td>CSUMB</td>
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<td></td>
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<td>Del Rey Oaks</td>
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<td></td>
<td>City of Monterey</td>
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<td>County of Monterey</td>
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<td>UCMBEST</td>
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<td>City of Seaside</td>
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<td></td>
<td>State Parks and Recreation</td>
</tr>
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<td></td>
<td></td>
<td>Marina Ord Comm.</td>
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<td>Marina Sphere</td>
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<td></td>
<td></td>
<td>FORA Strategic Reserve</td>
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<tr>
<td></td>
<td></td>
<td>Subtotal</td>
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<tr>
<td></td>
<td></td>
<td>Assumed Line Losses</td>
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<tr>
<td></td>
<td></td>
<td>Total non-Army Ord</td>
</tr>
</tbody>
</table>

Pursuant to the 2001 Army deed to FORA, which FORA in turn deeded to MCWD without any reservation by FORA, the above 4,871 AF, MCWD is now the legal owner of the entire 4,871 AF and of all water and sewer collection infrastructure within the former Fort Ord. However, MCWD does intend to carry out its responsibilities under the Base Reuse Plan.

**MCWD’s Existing Groundwater Uses and How Water Conservation within MCWD’s Service Area has resulted in Substantial Reductions in Water Use**

As stated in Recital E to MCWD’s proposed Water Sale Agreement, MCWD’s annual water consumption for the period 2008 through 2016 was as follows (in AF):

<table>
<thead>
<tr>
<th>Year</th>
<th>Acre-ft</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>3,399.85</td>
</tr>
<tr>
<td>2009</td>
<td>3,511.94</td>
</tr>
<tr>
<td>2010</td>
<td>3,894.27</td>
</tr>
<tr>
<td>2011</td>
<td>3,873.68</td>
</tr>
<tr>
<td>2012</td>
<td>3,738.09</td>
</tr>
<tr>
<td>2013</td>
<td>4,033.38</td>
</tr>
<tr>
<td>2014</td>
<td>3,610.81</td>
</tr>
<tr>
<td>2015</td>
<td>2,894.80</td>
</tr>
<tr>
<td>2016</td>
<td>2,717.56</td>
</tr>
</tbody>
</table>

The highest annual consumption during that nine-year period was in 2013 at 4,033.38 AF and the lowest in 2016 at 2,727.56 AF, or a difference of approximately 1,316 AF – a 32.6% reduction.
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<th>Watermaster Question</th>
<th>MCWD Response</th>
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In addition, as shown above, MCWD and the Army have a combined MCWRA groundwater allocation of 9,620 AFY and the 2016 use of 2,717.56 represents less than 29% of that total combined allocation.

Based upon the above, providing 700 AFY of this conserved groundwater to the Watermaster should not have any adverse environmental impacts on the SVGB groundwater during the proposed term of the sale.

**MCWRA’s Backstop**

By contract under the 1993 and 1996 Annexation Agreements and in consideration for funds received and continuing assessments, MCWRA "allocated groundwater pumping rights" to Fort Ord and to the Marina Area Lands. Under the Annexation Agreements, MCWRA has agreed to backstop those groundwater allocations in the event that the actual available groundwater is not physically or legally available (e.g., because of a Salinas Valley Groundwater Basin adjudication).

Section 4.g of the 1993 Annexation Agreement states:

"Should future litigation, regulation or other unforeseen action diminish the total water supply available to the MCWRA, the MCWRA agrees that it will consult with the Fort Ord/POM Annex Commander. Also, in such an event, the MCWRA agrees to exercise its powers in a manner such that Fort Ord/POM Annex/RC shall be no more severely affected in a proportional sense than the other members of the Zone."

Section 8.1 of the 1996 Annexation Agreement states:
<table>
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<tr>
<th>#</th>
<th>Watermaster Question</th>
<th>MCWD Response</th>
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<tbody>
<tr>
<td></td>
<td>&quot;Equal treatment by MCWRA and MCWD. If future litigation, regulation or other unforeseen action diminishes the total water supply available to MCWRA, MCWRA agrees that it will exercise its powers so that MCWD, Armstrong and Lonestar shall be no more severely affected in a proportional sense than other lawful users of water from the Zones, based on the right before the imposition of any uniform and generally applicable restrictions as described in paragraph 8.2 to use at least the quantities of water from the Basin described in paragraphs 5.1, 6.9., and 7.2. MCWRA shall not at any time seek to impose greater restrictions on water use from the Basin by MCWD, Armstrong or Lonestar than are imposed on users either supplying water for use or using water within the city limits of the City of Salinas. MCWD, Armstrong and Lonestar will comply with any basin-wide or area-wide water allocation plans established by the MCWRA which include MCWD, Armstrong and Lonestar, and which do not impose on use of water on the lands described in Exhibits &quot;B&quot;, &quot;C&quot;, and &quot;D&quot; restrictions greater than are imposed on users either supplying water for use or using water within the City of Salinas, and which satisfy the requirements of paragraph 5.2 of this Agreement and Framework.&quot; Even assuming that the MCWRA could unilaterally impose pumping curtailments on MCWD, for example, on the Ord Community in violation of the 1993 Annexation Agreement, those pumping curtailments would directly and adversely impact the availability of groundwater to existing and projected developments within Monterey County and within the cities of Seaside, Del Rey Oaks, and Monterey.</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Is the groundwater that MCWD proposes to sell of potable quality as-is, or would treatment be required before it could be used or injected into the Seaside Basin? If the water were to be injected into the basin for replenishment purposes how and where would it be injected? Could there be adverse geochemical impacts in the aquifer from injecting this water? Who would evaluate this potential adverse impact? What action would be taken by MCWD if adverse geochemical impacts resulted from use of the water provided by MCWD? Who would monitor the quality of the water being provided by MCWD?</td>
<td>The MCWD water is the same potable groundwater it delivers to its own M&amp;I customers. No treatment should be required either for direct use or for injection. MPWMD has recommended to MCWD that any water delivered for injection be injected via the existing ASR wells. MCWD will be delivering the same quality of groundwater it delivers to existing MCWD M&amp;I customers within the Seaside Basin. MCWD does not envision any adverse geochemical impacts, but that would be the Watermaster's responsibility to determine. That would be the Watermaster's responsibility. MCWD would be responsible for monitoring the quality of the water delivered as it currently does now.</td>
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<tr>
<td>#</td>
<td>Watermaster Question</td>
<td>MCWD Response</td>
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</tr>
<tr>
<td>E</td>
<td>Who would meter the quantity of water being delivered, and how?</td>
<td>The quantity of any water delivered, for example, to the City of Seaside’s golf courses would be measured at the existing meter. Any water delivered for injection would be measured presumptively by the MPWMD using the existing ASR meters.</td>
</tr>
<tr>
<td>6</td>
<td>In paragraph 2 of page 2 the letter states that MCWD would provide 4,300 AF over a six-year period. If 700 AFY were provided this would total 4,200 AF, not 4,300 AF.</td>
<td>Thank you for pointing out the math error. Yes, the total would be 4,200 AF. However, the term of the sale, unless extended, terminates on September 30, 2023, which is now less than six years away.</td>
</tr>
<tr>
<td>7</td>
<td>In paragraph 4 of page 2 the letter states that the water provided by MCWD would replace Cal Am's need to use 700 AFY of MPWSP desalinated water to payback the Watermaster during at least the term of this sale. Why would Cal Am want to do that, since Cal Am would still have the obligation, under its Agreement with the Watermaster, to repay 700 AFY? How would doing this benefit the Seaside Basin?</td>
<td>As MCWD has explained in its letter proposal and its proposed Water Sale Agreement, MCWD’s offer is to assist the Watermaster to mitigate or avoid the two triennial rampdowns under the Seaside Basin Adjudication decision. As you know, the first rampdown was effective October 1, 2017. If the Watermaster believes that mitigating or avoiding triennial rampdowns are not beneficial for the Seaside Basin that is solely the Watermaster’s decision, not MCWD.</td>
</tr>
<tr>
<td>8</td>
<td>In paragraph 5 of page 2 the letter states in part that &quot;none of the water from this sale may be directly used outside of MCWD’s Ord Community service area...&quot; MCWD provides the water supply to that area. There are currently no delivery pipelines connecting Seaside Basin producers with that area, and MCWD has no wells in the Seaside Basin. How could the water be provided to the Watermaster in such a manner that it would only be delivered into that area? How would the water be delivered to the Ord Community area, and by who?</td>
<td>MCWD would deliver the water using MCWD’s existing system. MCWD has an existing pipeline to the City of Seaside’s golf courses. As discussed above, on MPWMD’s recommendation, this water could be delivered to the existing ASR wells for direct groundwater recharge within the Seaside Basin. MCWD is investigating to what extent it does have ownership rights to water within the Seaside Basin.</td>
</tr>
<tr>
<td>9</td>
<td>Related to issue No. 8, it does not appear that it would be consistent with the Adjudication Decision for MCWD to &quot;wheel&quot; water to Cal Am to deliver it to the Ord Community water customers, since Cal Am does not currently serve those customers (MCWD does). How would this be addressed?</td>
<td>As stated above, MCWD could deliver water directly to the City of Seaside golf courses for in-lieu groundwater recharge or to the existing ASR wells, which are located within MCWD’s Ord Community service area, for direct groundwater recharge. CalAm would not be involved in delivering any of MCWD’s water.</td>
</tr>
<tr>
<td>10</td>
<td>In paragraph 5 of page 2 the letter also states that the sale of this water would need the approval of the CPUC and the SWRCB. What issues would those parties be concerned about which might affect their willingness to grant their approvals? How long would it take to get those approvals? Would the Watermaster incur any expenses associated with getting them?</td>
<td>These issues are being discussed in confidential CPUC discussions, which cannot be disclosed to the Watermaster; however, Watermaster Board members, the City of Seaside and Monterey County, as well as Watermaster attorneys Russ McGoughlin and Don Freeman are participating in those confidential discussions.</td>
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<td>#</td>
<td>Watermaster Question</td>
<td>MCWD Response</td>
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<tr>
<td>11</td>
<td>In paragraph 5 of page 2 the letter also states that if the CPUC authorized Cal Am to acquire this water then Cal Am would have to submit to the SWRCB a revised set of milestones that would take this water into account. Would Cal Am want to do this?</td>
<td>The Watermaster Board needs to ask CalAm.</td>
</tr>
<tr>
<td>12</td>
<td>In paragraph 2 of page 3 the letter lists three conditions of the sale.</td>
<td></td>
</tr>
<tr>
<td>A</td>
<td>The first condition calls for the water to be sold to the Watermaster. Where would the money come from to purchase the water?</td>
<td>That is solely within the Watermaster’s determination.</td>
</tr>
</tbody>
</table>
| B  | The second condition sets a price of $2,872 per AF which is the Watermaster’s Replenishment Assessment unit price. That unit price was developed by the Watermaster through a volume-weighted blending of estimated water costs from several potential water supply projects. The Watermaster’s intent in purchasing any water for replenishment would be to acquire it at the lowest possible cost, which would presumably be no more that the supplier’s cost to provide the water. MCWD’s cost to supply the water would likely be much lower than $2,782/AF (sic). | MCWD’s cost of service for the water proposed to be sold to the Watermaster is MCWD’s retail rate for that water, which is much higher than $2,872 per AF. Assuming for illustration purposes only that the City of Seaside’s golf courses would use the entire 700 AFY, then the price MCWD would charge the City for that water based upon MCWD’s January 1, 2018 water rates would be $3,319.27 per AF based upon an Ord Community third tier water rate of $7.62 per HCF. Since the golf courses are currently not MCWD retail customers, the City would also have to pay capacity charges of $8,010 per EDU when the City becomes a retail customer of MCWD for potable and/or recycled water.

When MCWD agreed to sell 2,500 AF to the City of Seaside in exchange for land and other consideration, the Watermaster credited the City’s Watermaster account based the Replenishment Assessment unit price in effect each year in which MCWD delivered the water to the City. MCWD believes that what the Watermaster did in that transaction should likewise be applicable to this proposed sale. More importantly, MCWD is willing to sell the water based upon the Watermaster’s official court-approved Replenishment Assessment unit price of $2,872 per AF and not at MCWD’s $3,319.27 per AF retail rate.

MCWD is making this offer in good faith to assist an adjoining SGMA groundwater subbasin to mitigate or avoid the Court-ordered rampdowns. If the rampdowns are not a concern to the Watermaster, then the Watermaster does not have to accept MCWD’s offer. It is as simple as that. |
<p>| C  | The third condition prohibits the use of any of this water on the Peninsula. Thus, while the water could be of potential benefit to the Basin, it would not benefit Cal Am in fulfilling its water supply obligations. Given this, would Cal Am be interested in accepting the offer? | This offer is to the Watermaster. The Watermaster Board, not CalAm, needs to determine how the water could be used to benefit the Seaside Basin, e.g., to mitigate or avoid the Court-ordered rampdowns and to help replenish the depleted Seaside Basin. |</p>
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<th>Watermaster Question</th>
<th>MCWD Response</th>
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<td>13</td>
<td>Would the Watermaster incur any costs, other than to purchase the water, if it accepted MCWD’s offer?</td>
<td>That is a determination the Watermaster Board will need to make. MCWD is proposing to deliver the potable groundwater to existing points of delivery within the Ord Community portion of the Seaside Basin. How the Watermaster utilizes and prices that water after the water is delivered to the Watermaster is within the Watermaster’s sole discretion.</td>
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<td>14</td>
<td>MCWD is apparently in competition with Monterey County to serve as the Groundwater Sustainability Agency for the part of the Salinas Valley Groundwater Basin to the north of the boundary of the Adjudicated Seaside Basin. Could there be any conflict between MCWD and Monterey County as a result of delivering water to the Seaside Basin under your Proposal?</td>
<td>MCWD and the Salinas Valley Basin Groundwater Sustainability Agency (SVBGSA) did have overlapping GSA filings. However, those overlaps have been resolved and MCWD and SVBGSA have entered into a Coordination Agreement as to the Monterey and 180/400 Foot Aquifer Subbasins. As explained above MCWD is offering to sell conserved groundwater in an amount well within MCWD’s existing groundwater allocations and within the amount of groundwater that MCWD customers have conserved.</td>
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<td>15</td>
<td>MCWD is believed to have commitments to supply water to current and proposed future developments on the former Fort Ord. Could there be any conflict between the proposal to sell water to the Watermaster and MCWD's commitments to supply water to these other parties?</td>
<td>As explained above, no.</td>
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<td>16</td>
<td>How can MCWD help with mitigating the impacts of the Cease and Desist Order imposed on Cal Am for its withdrawal of water from the Carmel River Basin?</td>
<td>CalAm’s water operations need to be viewed within the context of a total Integrated Water Resources Plan and not by separately examining each individual CalAm water supply component. CalAm uses its different water supply components to meet its total water service demand. Therefore, a forced rampdown of Seaside Basin pumping rights adversely impacts CalAm’s ability to meet its demands on a long-term basis. For example, being able to tolerate the Court-ordered rampdown for Water Year (WY) 2017-18 because the prior water year was very wet, does not help the Water Year 2018-19 water supplies if WY 2017-18 turns out to be dry. CalAm has not publicly disclosed its Integrated Water Resources Plan assuming it has one, so MCWD and the public cannot ascertain how CalAm operates its water supply components in an integrated manner to meet its peak, intermediate, and base load demands on a monthly basis.</td>
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<td>17</td>
<td>Would it be possible to get an agreement for a term longer than the six years that are contained in your letter of Proposal?</td>
<td>Because of the growth occurring and projected to occur within MCWD’s service area, MCWD conservatively is only offering the water until September 30, 2023, to assist the Watermaster during its two triennial rampdowns. Section 5, Extension of Term of Agreement, of the proposed Water Sale Agreement addresses a possible term extension.</td>
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<td>18</td>
<td>Due to the non-fixed (i.e. movable) location of the hydrogeologic divide between the Seaside Basin and the Salinas Valley Basin, can MCWD prove that the water it is offering to supply would not in fact be coming from the Seaside Basin itself, rather than from the Salinas Valley Basin.</td>
<td>Since at least the DWR Bulletin 118 Update 2003, DWR has officially classified the Seaside Basin as being a part of the SVGB. DWR affirmed that classification in the Bulletin 118 Interim Update 2016. The Watermaster Board agreed that the Seaside Basin was a part of the SVGB in applying for and accepting DWR’s basin boundary modification. The Agency Act was adopted at a time when it was thought that the Seaside Basin was hydrologically disconnected from the SVGB. For many years now, DWR has officially determined that is not the case. The Agency Act should be amended to reflect DWR’s official determination, which would then allow MCWD to deliver groundwater to the Watermaster for use anywhere within the Seaside Subbasin. All of MCWD’s production wells are located within the northern portion of the Monterey Subbasin. The Watermaster’s own studies have not shown any hydrologic connection between MCWD’s pumping and the Seaside Subbasin.</td>
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Reference: Official Monterey County Seawater Intrusion
Map for 400-foot aquifer, October 2017
Figure 10: Cross-sectional cutaway view of AEM data, displaying larger-scale structures within the inverted AEM dataset. Interpolated water table surface is shown in red. The large conductive feature on the coast extends inland and downward, while the near-surface resistive body pinches out near the coast.
Monterey County seawater intrusion map

AIRBORNE Electromagnetic groundwater profile
D-R-A-F-T
MINUTES

Seaside Groundwater Basin Watermaster
Technical Advisory Committee Meeting
February 14, 2018

Attendees: TAC Members
City of Seaside – No Representative
California American Water – Roger Hulbert
City of Monterey – Laurie Williamson (via telephone)
Laguna Seca Property Owners –Bob Costa
MPWMD – Jon Lear
MCWRA – Tamara Voss
City of Del Rey Oaks – No Representative
City of Sand City – Leon Gomez (via telephone)
Coastal Subarea Landowners – No Representative

Watermaster
Technical Program Manager - Robert Jaques

Consultants
None

Others
None

The meeting was convened at 1:34 p.m. after a quorum had been established.

1. Public Comments
There were no public comments.

2. Administrative Matters:
   A. Approve Minutes from the January 10, 2018 Meeting
   On a motion by Mr. Costa, seconded by Mr. Hulbert, the minutes from this meeting were unanimously approved as presented.

   B. Sustainable Groundwater Management Act (SGMA) Update
   Mr. Jaques summarized the agenda packet materials for this item.

   Ms. Voss clarified that there are 142 wells within the CSIP operational area. However, only about 6 or 7 are perforated in more than one aquifer. She explained that corrosion of a well’s casing in the 180-foot aquifer could cause downward flow of seawater contaminated water and thus contaminate the 400-foot aquifer, even if a well was only perforated in the 400-foot aquifer. The aquitards are discontinuous—this has been known for some time. 2,000 to 3,000 acre-feet per year in excess of environmental requirements flows past the Salinas River Diversion Facility’s inflatable dam, so that water is lost to the lagoon or to the ocean.
The Salinas Valley Basin Groundwater Sustainability Agency has narrowed to two firms to prepare their Groundwater Sustainability Plan, and their Board plans to make a selection in March.

Mr. Costa asked why there had been an increase in storage in the Seaside Basin aquifers in 2017. Mr. Jaques responded that heavy rainfall likely accounted for this. Mr. Lear also noted that there had been a large amount of water injected via ASR due to the high flows of water in the Carmel River. However, Mr. Lear went on to say that the current year is on track to match 1924 as the driest water year in recorded history.

C. Monterey Peninsula Stormwater Resource Plan
Mr. Jaques summarized the agenda packet materials for this item. There was no further discussion of this item.

3. Letter from MCWD Proposing to Sell Water to Replenish the Seaside Basin for Use in the Ord Community
Mr. Jaques summarized the agenda packet materials for this item.

Ms. Voss reported that MCWRA had not had the opportunity to review with their legal counsel the multiple complex agreements that govern the MCWD water-sales proposal. She also noted that MCWRA has not seen a detailed project description that includes a CEQA analysis. She went on to say further that MCWRA has significant concerns with MCWD’s proposal in light of recent recommendations relative to seawater intrusion in the coastal aquifers of the Salinas Valley basin. She said that MCWRA would not be supportive of MCWD pumping and selling groundwater from the Salinas Basin, even in a hybrid project. MCWRA feels that the Salinas Valley Basin Groundwater Sustainability Agency should play a role in determining whether the sale of groundwater from the Salinas Valley Basin is appropriate. Mr. Jaques said he would send to Ms. Voss a draft of his comments for her to edit for inclusion with his recommendations to the Watermaster Board.

Mr. Hulbert commented that CPUC settlement conference discussions (Issue number 10) are confidential at this time. It would be better to wait for those to conclude before further considering Marina Coast’s water-sales proposal.

Mr. Lear said MPWMD would like to better understand the accounting of water credits under MCWD’s water sales proposal. Specifically1) When the City of Seaside was purchasing water from Marina Coast and not pumping their wells, how was the accounting done to distribute the non-pumped water to the other producers? and 2) If water was purchased again from Marina Coast and the golf course wells were not pumped, could all of the producers in the basin agree to apply the non-pumped volume to Cal Am and effectively increase their amount of Natural Safe Yield from 1,474 to 1,874? Or another way of asking is, would Cal Am be penalized for going over their Natural Safe yield of 1,474 if they were also recovering the 400 AF saved by watering the Golf Course with Marina Coast Water if all of that water was assigned to Cal Am through the allocation process?

A motion by Ms. Voss, seconded by Mr. Hulbert, to accept the recommendations contained in the agenda packet, and to add the additional recommendations discussed at today’s meeting, passed unanimously.
4. **Schedule**
Mr. Jaques highlighted certain items in the 2018 schedule and responded to questions from TAC members about some of the items.

Mr. Lear reported that Cal Am and MPWMD had signed the cost-sharing agreements, and as soon as M1W signs them, they will give notice to proceed to their consultant, Pueblo Water Resources, to begin work on the geochemical modeling.

5. **Other Business**
There was no Other Business discussed.

The next regular meeting will be held on Wednesday March 14, 2018 at 1:30 p.m. at the MRWPCA Board Room.

The meeting adjourned at 2:09 p.m.