SEASIDE GROUNDWATER BASIN WATERMASTER

NOTICE

REPLENISHMENT AD HOC COMMITTEE MEETING
JULY 23, 2025
2:00 P.M.

AGENDA

Ad Hoc Committee Members

City of Del Rey Oaks *Kim Shirley – Facilitator*	California American Water *Tim O'Halloran*	Laguna Seca Subarea Landowners *John Gaglioti*
Coastal Subarea Landowners *Paul Bruno – Alternate Facilitator*	Monterey Peninsula Water Management District *George Riley (alternate to Alvin Edwards)*	

This meeting will be held in-person at the

City Hall, City of Sand City
1 Pendergrass Way, City of Sand City, California 93955

To access the meeting virtually, please click on the Zoom link or copy/paste it into your browser:
https://us02web.zoom.us/j/83466391263?pwd=T85Nd45RToaEQsvVVrnaSFlxtbGRdb.1
Meeting ID: 834 6639 1263 **Passcode:** 843051
If your computer does not have audio, you can join the meeting via phone. To participate, please call 408 638 0968

Public Comment:
The public may comment 3 minutes on any item within the committee's jurisdiction.

Action Items:

1. Approve Minutes of October 7, 2024 Committee Meeting..... 3
2. Discuss/Consider Proposed Four-Point Strategy to Raise Groundwater Levels Toward Preventing Seawater Intrusion into the Seaside Groundwater Basin 5
3. INFORMATIONAL – MPWMD Water Supply Planning Committee Meeting Item: Consider Recommendation to Board to Enter into Agreement with Marina Coast Water District for Aquifer Storage and Recovery Cooperation – *prepared by David Stoldt, dated July 7, 2025*..... 19

Other Items: None

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 or before July 18, 2025 per the Ralph M. Brown Act, Government Code Section 54954.2(a).

If requested, the agenda shall be made available in appropriate alternative formats to persons with a disability, as required by Section 202 of the Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12132), and the federal rules and regulations adopted in implementation thereof.

SEASIDE GROUNDWATER BASIN WATERMASTER
REGULAR MEETING MINUTES - *DRAFT*
Monday, October 7, 2024 Hybrid
1 Pendergrass Way, Sand City, CA 93955

I. **CALL TO ORDER –** Council Member Shirley called the meeting to order at 3:00 p.m.

II. **ROLL CALL**
City of Del Rey Oaks – Council Member Kim Shirley (Chair)
Coastal Subarea Landowner Group – Director Paul Bruno
California American Water (CAW) – Director Tom O'Halloran*
Monterey Peninsula Water Management District (MPWMD) – Director George Riley
Laguna Seca Subarea Landowner Group – Director John Gaglioti
Others Present:
Bob Jaques, Watermaster Technical Program Manager (TPM)
Laura Paxton, Administrative Officer (AO)
Nancy Dayton, Assistant Administrative Officer
Alex Dominguez, Legal Counsel*
Remleh Scherzinger, General Manager, Marina Coast Water District (MCWD)
Patrick Breen, Marina Coast Water District
Maureen Hamilton, MPWMD*
Alvin Edwards, MPWMD*
David Pezzini, CAW
Amy Woodrow, CAW*
An asterisk (*) signifies virtual attendance.

III. **PUBLIC COMMUNICATIONS** – There were no public communications.

IV. **REVIEW OF AGENDA and ANNOUNCEMENTS** – There were no requested changes to the agenda and no announcements.

V. **DISCUSSION ITEM**

A. Replenishment Concept for Seaside Groundwater Basin—Remleh Sherzinger, General Manager, Marina Coast Water District shared concepts for cooperation between the MCWD and Watermaster for the benefit of both the Monterey Subbasin and the Seaside Basin. Geographically, the Seaside Basin and MCWD are interconnected. MCWD overlies ~70%of the Seaside Basin and has ~1,700 customers within it. In addition, modeling has demonstrated an interconnectedness between the Seaside and Monterey Subbasins. The basins are dependent upon each other for sustainability. Mr. Sherzinger proposed for MCWD to provide sources of water and for Watermaster to consider storing or purchasing on a short-term (less than 5) year-to-year basis, using MCWD capture and injection infrastructure. Mr. Sherzinger offered three potential sources of replenishment from MCWD for the Seaside Subbasin.

The first source is 150 AF of the 600 AFY flow capacity from Pure Water Monterey owned by MCWD that is not being used. The 150 AFY water is available now if Watermaster was

prepared to purchase it, and could potentially increase to 500 AFY under original PWM Project Phase II (not PWM Expansion that has nothing to do with the concept being presented today). There is no increased cost to MCWD for the 150 AFY PWM water per the terms of the PWM agreement between MCWD/M1W: the "cost" was factored into the share of MCWD O&M and project loan payments. MCWD owns 20% of the PWM Project, all the pipeline and tankage, and pays 20% of loans and O&M to run it.

The second prospect is retrofitting the Reservation Road Desalination Project, expected to be online in 2025 and bringing 300 AFY potable water into the system. The cities of Marina, Monterey, and Seaside are actively pursuing this water source however any excess could be made available for injection into the Seaside Basin.

The third option is capture and conveyance of groundwater. Assuming Seaside Basin groundwater flows into the Monterey Subbasin and then into the 180/400' Aquifer, there is an opportunity to create a temporal reservoir, capturing water that would otherwise flow into the 180/400' Aquifer, injecting it into the Seaside Basin through PWM injection wells 1-6 under ASR unused capacity arrangements with MPWMD, with the injected water ultimately resuming intra basin flow. This concept would work well in wet years. The MCWD wells are at the end of the system, located inland in the Monterey Subbasin at the headlands where groundwater flows are very strong into the 180/400' Aquifer; no harm would be done capturing excess water when the wells are charging before it is lost to the ocean.

Responding to Director Bruno, Mr. Sherzinger said he is familiar with storage leave-behind rates of 10 to 35 to 50%. Director Bruno asked for an estimate of how long MCWD would be storing water in the Basin before withdrawing it; Mr. Sherzinger indicated there is no anticipated timeline, that it would depend on development, other entities, and infrastructure. Director Riley noted a difference between short-term and long-term storage would affect how an agreement could be structured. He asked whether MCWD would hold development at a higher priority than the environmental benefits of replenishment of the Seaside Basin. Mr. Sherzinger felt that achieving sustainability of the Deep and 180/400' Aquifers would produce a dependable water source to support existing and future development and so strengthen the environmental priority.

Director Gaglioti suggested an arrangement where MCWD stores water in the Seaside Basin for later use, and the Seaside Basin receives environmental benefit by accumulating 10 to 35 – 50 AFY leave-behind. There would be no financial commerce between the two entities. Director Bruno agreed, a simple water banking transaction of mutual benefit: the Seaside Basin would receive an environmental benefit and MCWD would have a storage vessel. Watermaster Legal Counsel Dominguez found no legal issues with the Committee accepting some form of a proposal from MCWD relating to what Mr. Sherzinger presented.

The Committee concurred to request a proposal from MCWD on the three concepts presented. The Committee expressed gratitude to Mr. Sherzinger for his presentation and for MCWD's interest and effort in partnering toward sustainability of both basins.

VI. **ADJOURNMENT –** There being no further business, the meeting was adjourned at 3:55 p.m.

Respectfully submitted by Laura Paxton, Board Secretary

SEASIDE GROUNDWATER BASIN WATERMASTER **ITEM 2**
7/23/2025

TO: Replenishment Ad Hoc Committee

FROM: Laura Paxton, Administrative Officer
Robert Jaques, Technical Program Manager
Alex Dominguez, Legal Counsel

DATE: July 23, 2025

SUBJECT: Proposed Four-Point Strategy to Raise Groundwater Levels Toward Preventing Seawater Intrusion into the Seaside Groundwater Basin

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RECOMMENDATIONS: Watermaster staff recommends that the Replenishment Ad Hoc Committee (a) consider the four-point strategy presented below, (b) provide staff with input and/or revisions to the proposed strategy, and, (c) authorize staff to present the proposed strategy to the Watermaster Board for consideration at its next regular meeting.

BACKGROUND AND DISCUSSION: According to the Amended Decision, "continued indefinite production of the Basin Groundwater in excess of the Natural Safe Yield will ultimately result in seawater intrusion, with deleterious effects on the Basin. The stage is set for such an occurrence in the foreseeable future." (Amended Decision, Section II(B)(2).).

Groundwater levels within the Santa Margarita and Paso Robles aquifers (the sources of water in the Seaside Basin (Basin)) need to be at sufficient levels (protective elevations) to ensure a positive offshore gradient to prevent seawater intrusion. However, portions of the Basin have groundwater levels below sea level. Pumping and groundwater losses from the Basin keep groundwater levels from being raised to protective elevations. Provided is an excerpt from the 2024 Seawater Intrusion Analysis Report further explaining this issue:

> Although existing monitoring and production wells are not detecting seawater intrusion, it does not mean seawater intrusion is not occurring. The discovery of increasing conductivity in specific zones in the Sentinel wells that are not screened in nearby monitoring wells illustrates this fact.

Watermaster staff and its consultants conclude that the stage remains set for seawater intrusion into one or both of the aquifers used for potable water extraction. Without raising groundwater levels to protective elevations, the Watermaster's consultants continue to state that it is a matter of "when, not if," seawater intrusion occurs that could seriously threaten the Basin, which is a primary water supply source for the Monterey Peninsula, and the storage vessel used for the Aquifer Storage and Recovery and Pure Water Monterey injected waters.

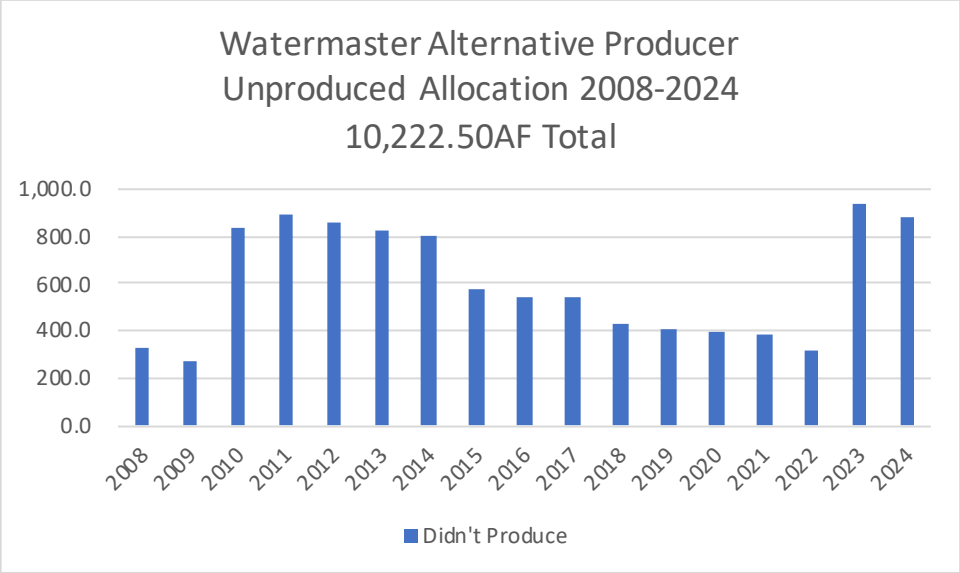
FOUR-POINT STRATEGY TO RAISE GROUNDWATER LEVELS IN THE SEASIDE SUBBASIN: This four-point strategy aims to replenish the Basin 2,650 acre-feet per year by in-lieu means to further the Watermaster's efforts to reach groundwater levels that will protect the Basin against seawater intrusion.

1. No Alternative Producer Underproduction Added to Standard Producer Allocations

According to the Amended Decision, those parties with an Alternative Production Allocation "may not establish Carryover Credits or Storage rights..." (See Section B, paragraph 3, subsection (b) of the Amended Decision.) So, what happens to a party's unused Alternative Production Allocation?

At the end of each Water Year, Watermaster staff calculates the total extracted Alternative Production and then subtracts that amount from the total annual Alternative Production Allocation set by the Decision. Watermaster staff then takes the remainder and distributes that amount among those parties with a Standard Production Allocation using those percentages set forth under Table 1 of the Amended Decision. To illustrate, for Water Year 2024, only 500.45 acre-feet of the 1,379 acre-feet allocated by the Decision to Alternative Producers was extracted, leaving 878.6 acre-feet of unused Alternative Production Allocation. Watermaster staff took this remainder and distributed it among those parties with a Standard Production Allocation, as mentioned.

Provided is a chart showing the under-production of Alternative Production Allocation from 2008 to 2024.



On average, 600 acre-feet per year of Alternative Production Allocation is not extracted and could be used for Basin replenishment rather than being reallocated to those parties with a Standard Production Allocation.

2. Reduce the Natural Safe Yield of the Basin

"Natural Safe Yield" or "Perennial Safe Yield" is defined as:

> The quantity of Groundwater existing in the Seaside Basin that occurs solely as a result of Natural Replenishment. The Natural Safe Yield of the Seaside Basin as a whole, assuming no action is taken to capture subsurface flow exiting the northern boundary of the Basin, is from 2,581 to 2,913 acre-feet per year. The Natural Safe Yield for the Coastal Subareas is from 1,973 to 2,305 acre-feet per year. The Natural Safe Yield for the Laguna Seca Subarea is 608 acre-feet per year."
>
> (Amended Decisions, Section III(A)(17).)

Separate and apart from the "Natural Safe Yield" is the "Operating Safe Yield," which is defined as:

> The maximum amount of Groundwater resulting from Natural Replenishment that this Decision, based on historical usage, allows to be produced from each Subarea for a finite period of years, unless such level of production is found to cause Material Injury. The Operating Safe Yield for the Seaside Basin, as a whole, is 5,600 acre-feet. The Operating Yield is 4,611 acre-feet for the Coastal Subarea and 989 acre-feet for the Laguna Seca Subarea. The Operating Yield established here will be maintained for three (3) years from the date of this Decision or until a determination is made by the Watermaster, concurred in by this Court, that continued pumping at this established Operating Yield will cause Material Injury to the Seaside Basin or to the Subareas, or will cause Material Injury to a Producer due to unreasonable pump lifts.
>
> (Amended Decisions, Section III(A)(20).)

While the Natural Safe Yield for the Seaside Basin is somewhere between 2,581 to 2,913 acre-feet per year, the Operating Safe Yield for the Seaside Basin is 5,600 acre-feet.

The purpose of the Amended Decision is to facilitate the ramp down from the Operating Safe Yield to the Natural Safe Yield. (Amended Decisions, Section II(C)(1).) And, while this was achieved in Water Year 2021 bringing annual Operating Yield to the Natural Safe Yield of 3,000 acre-feet, groundwater levels in certain portions of the Basin still remain below sea level and continue to fall.

Referring back to the definition of Operating Safe Yield, the Amended Decision grants the Watermaster the authority to "determine the modified Operating Yield in accordance with the [Principles and Procedures of the Seaside Basin Monitoring and Management Plan], and through the application of criteria that it shall develop for this purpose." (Amended Decisions, Section III(A)(20).) The Watermaster's Rules and Regulations, developed for this purpose, among other things, allow for a reduction in the Operating Safe Yield as follows:

> Pursuant to the Judgment, the Watermaster must continually monitor for Material Injury to the Seaside Basin. If the Watermaster Board determines that groundwater extractions at the Operating Yield are resulting in Material Injury, the Watermaster Board will immediately present the Court with a report detailing the circumstances constituting such Material Injury and, if Watermaster deems appropriate, a recommendation for a reduction in the Operating Yield to respond to the perceived material Injury. In the event that the Court concurs in the Watermaster's conclusion of Material Injury, the Watermaster Board shall determine a lower Operating Yield in accordance with the Principles and Procedures attached as Exhibit A to the Judgment, and through the application of criteria that it shall develop for this purpose.

Plaintiffs and defendants of the Decision agree on the claim:

> The pleadings further allege that Plaintiff and Defendants collectively claim substantially all rights of groundwater use, replenishment and storage within the Seaside Basin area, that the Natural Safe Yield (as defined in Section III.A.) is being exceeded, and that absent a physical solution and coordinated groundwater management strategy, **the Seaside Basin is in imminent risk of continued lowering of water levels**, increased pump-lifts, diminution of water supply and quality, seawater intrusion, and possible land subsidence.

(Amended Decision, Section I(C). Emphasis added.)

Material Injury is defined as:

> A substantial adverse physical impact to the Seaside Basin or any particular Producer(s), including but not limited to: seawater intrusion, land subsidence, excessive pump lifts, and water quality degradation. Pursuant to a request by any Producer, or on its own initiative, Watermaster shall determine whether a Material Injury has occurred, subject to review by the Court as provided for in Section III.N.
>
> (Amended Decision, Section III(A)(15).)

In the updated Basin Management Action Plan (BMAP) dated July 2019, the Natural Safe Yield is estimated at 2,370 acre-feet per year. The Watermaster could propose this 2019 figure as the updated Natural Safe Yield or could perform an updated analysis. In either scenario, a reduced Natural Safe Yield would consequently reduce the amount of water actually extracted from the Basin thereby resulting in approximately 630 acre-feet per year of additional Basin replenishment.

3. Basin Storage Sustainability Contribution

The Amended Decision recognizes the role of groundwater recharge, storage, and recovery in the Basin. (See Amended Decision, Section II(C)(2). In doing so, the Amended Decision states that:

> . . .an entity which artificially recharges a groundwater basin with the intent to later recapture that water maintains an exclusive right to recapture that quantity of water by which said recharge augments the retrievable water supply of the groundwater basin, so long as such recharge and recapture (i.e., storage) does not materially harm the groundwater basin or any other entity's prior rights associated with the groundwater basin. (*Ibid*.)

Such storage and recovery of water from the Basin is governed by "the provisions of the Decision, and the rules and regulations promulgated by the Seaside Basin Watermaster, the basic provisions of which are described in Section III.H." (*Ibid.*)

Currently, the Watermaster allows certain parties to store water in the Basin pursuant to a Storage and Recovery Agreement. This agreement allows the party to recovery exactly what they store, even though the Watermaster and surrounding groundwater sustainability agencies have documented certain losses occurring in the Basin. To address these losses, the Watermaster could implement a "leave-behind" requirement when storing water in the Basin. In fact, this is a common practice with storage or banking projects throughout the State. Here, a "leave-behind" requirement or a "sustainability contribution" for those parties storing water in the Basin of 10% could result in the following contributions to the Basin:

Project	Stored Water		10% Leave-Behind
ASR	Average AFY Injected since 2010 (project inception)	800AF	80AF
PWM	Average AFY Injected since 2020 (project inception)	3,385AF	340AF
PWMX	(estimated)	2,250AF	225AF
City of Seaside	Golf Course in-Lieu	758AF	75AF
		TOTAL	**720AF**

While the existing Storage and Recovery Agreement does not contain an express "leave-behind" requirement or a "sustainability contribution," it does contain the following language:

> "Recovery Quantity. The PRODUCER is initially authorized to recover (Extract) the full amount of the Water actually Stored in accordance with this Agreement. However, due to the hydrogeologic characteristics of the Seaside Basin, naturally occurring losses of Stored Water may result in the WATERMASTER reducing the percentage of Stored Water that may be Extracted. Should the WATERMASTER determine that this needs to be done, this Agreement will be modified to reflect the reduced quantity of water that the PRODUCER may recover, and the technical basis for this determination will be provided to all PRODUCERs."

Relying on this language, the Watermaster could impose a "leave-behind" requirement or a "sustainability contribution" and rely on the 2019 BMAP update as the technical basis for doing so. In addition, the Watermaster could amend its existing Storage and Recovery Agreement to expressly require a "leave-behind" requirement or a "sustainability contribution."

4. California American Water Monterey Peninsula Water Supply Project

The 2014 Amendment to the December 8, 2008 MOU between the Watermaster and California American Water (CAW) states that CAW will repay the Basin for the cumulative amount of its over pumping from Water Year 2005/2006 up until its commencement of repayment begins, at the rate of 700 acre-feet per year. CAW will accomplish this by reducing its production from the Basin by this amount, thereby accomplishing in-lieu replenishment.

SUMMARY OF STRATEGY

If all four points of this strategy are implemented, approximately 2,650 acre-feet per year could be replenished into the Basin, leaving only 950 acre-feet per year toward the 3,600 acre-feet per year goal formally acknowledged as the target for obtaining and maintaining protective groundwater elevations by the Watermaster Board.

STEPS TO IMPLEMENT THIS STRATEGY

To achieve Strategy No. 1, the Watermaster can meet with and inform those parties with a Standard Production Allocation of its intent to withhold all or a portion of the unused Alternative Production Allocation for purposes of Basin replenishment.

To achieve Strategy No. 2, Watermaster staff can develop the technical basis for reducing the Native Safe Yield, relying on the 2019 BMAP. The Watermaster could propose this 2019 figure as the updated Natural Safe Yield or could perform an updated analysis. In either scenario, a reduced Natural Safe Yield would consequently reduce the amount of water actually extracted from the Basin thereby resulting in approximately 630 acre-feet per year of additional Basin replenishment.

To achieve Strategy No. 3, Watermaster staff can develop the technical basis for reducing stored water recovery amounts by 10%. Watermaster staff would then present this information to the Watermaster Board and the parties to the Storage and Recovery Agreements. The 10% sustainability contributions would

be reported in Watermaster Storage Accounting Records beginning in the next Water Year.

To achieve Strategy No. 4, no action is needed on part of the Watermaster. Replenishment of the 700 acre-feet per year will begin automatically upon completion of the CAW Desalination Project.

ADDITIONAL SUGGESTED ACTIONS

In addition, to procure the balance of 950 acre-feet per year, the Watermaster, through staff and legal counsel, may:

1. Pursue a collaborative project with Marina Coast Water District (MCWD) for the benefit of both the Seaside Basin and the Monterey Subbasin, governed by the MCWD Groundwater Sustainability Agency (GSA).

   Modeling by both the Watermaster's and MCWD's technical consultants has demonstrated an interconnected relationship between the Seaside Basin and the Monterey Subbasin. Accordingly, the basins are dependent upon each other for sustainability.

   Mr. Scherzinger proposed capturing groundwater that flows out of the Seaside Basin and into the Monterey Subbasin. This would be done by capturing water that would otherwise flow into the 180/400' Aquifer downgradient to the Monterey Subbasin and injecting it into the Seaside Basin through Pure Water Monterey injection wells 1-6 under Aquifer Storage and Recovery unused capacity arrangements with MPWMD. The water injected into the Seaside Basin would ultimately resume inter-basin flow. This concept would work well in wet years. The MCWD wells are located where groundwater flows are very strong into the 180/400' Aquifer. This could help replenish 1,000 to 3,000 acre-feet per year in the Seaside Basin.

   The Committee requested that Mr. Scherzinger provide a written proposal regarding this proposed project. He has repeatedly indicated to Watermaster staff that the proposal is forthcoming, however nothing has been received to date.

2. Request the Monterey Peninsula Water Management District (MPWMD) exercise its authorized power to form a "zone of benefit" over the boundaries of its district and levy a groundwater extraction fee to purchase the 950 acre-feet per year balance. MPWMD has a vested interest to ensure Seaside Basin sustainability since the Pure Water Monterey, the Pure Water Monterey Expansion, and the Aquifer Storage and Recovery programs all need to have seawater intrusion prevented in order to remain operational.

FISCAL IMPACT: The amount of time needed for staff to prepare court documents and amended storage agreements is unknown at this time.

ATTACHMENTS:

- Amendment No. 1 to the Memorandum of Understanding between Watermaster and California American Water and Replenishment Schedule

ATTACHMENT 1

MEMORANDUM OF UNDERSTANDING BETWEEN SEASIDE BASIN WATERMASTER AND CALIFORNIA AMERICAN WATER

This Memorandum of Understanding between the Seaside Basin Watermaster (Watermaster) and California American Water (CAW) is entered into pursuant to a motion passed by Watermaster on December 3, 2008 with respect to the following:

RECITALS

A. The Amended Decision in Case No. M66343 filed February 9, 2007 (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. Under Section III.M1.d of the Decision, CAW 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.

B. Wastermaster has calculated the Replenishment Assessments for CAW for Fiscal Year 2006 (Water Year 05/06), Fiscal Year 2007 (Water Year 06/07) and Fiscal Year 2008 (Water Year 07/08) in the total amount of $10,166,640. Pursuant to Section III.M.1.d of the Decision, CAW applied for a Replenishment Credit for expenditures totaling $12,305,924.00 that CAW has made through calendar year 2006 for water supply augmentation associated with pre-construction expenses for the Coastal Water Project. The request was made on March 5, 2008 and supplemented with further information on May 2, 2008.

C. Watermaster approved CAW's request for a Replenishment Credit in the amount of $12,305,924.00, subject to conditions set forth in the motion which provide that CAW will ensure replenishment of the Basin with water from the Coastal Water Project, or a comparable alternative project, at no cost to Watermaster, in an amount equivalent to the quantity of water that CAW has overproduced, and thus incurred a Replenishment Assessment obligation for Fiscal Years 2006, 2007 and 2008.

D. Watermaster and CAW desire to enter into this Memorandum of Understanding regarding future CAW requests pursuant to Section III.M.1.d of the Decision for Replenishment Credits against future Replenishment Assessment obligations.

AGREEMENT

Watermaster and CAW agree as follows:

1. At the end of each Water Year, Watermaster shall determine the Replenishment Assessments in accord with Section III.L.3.j.iii of the Decision. Within 40 days of CAW's receipt of Watermaster's notice of Replenishment Assessment against CAW for the preceding Water Year, CAW shall provide Watermaster any claim for a Replenishment Credit pursuant to Section III.M.1.d of the Decision. Such claim shall be based upon expenditures for a water supply augmentation project (such as the Coastal Water Project and/or other projects that produce water that can be used to replenish the Seaside Basin (hereinafter "Project(s)")) that CAW contends has or will result in replenishment of the Basin.

2. Watermaster agrees that the Project will result in replenishment of the Basin, and therefore:

(a) Watermaster hereby grants CAW's current request for a Replenishment Credit in the amount of $12,305,924.00. Such Credit shall be immediately applied to CAW's Replenishment Assessments for Fiscal 2006 (Water Year 05/06), Fiscal Year 2007 (Water Year 06/07) and Fiscal Year 2008 (Water Year 07/08), which total $10,166,640, subject to the condition that, upon completion and implementation of a water supply augmentation Project, CAW shall provide Watermaster, at no cost to Watermaster, and on a schedule that is Feasible 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 CAW is entitled as CAW's share of the Native Safe Yield, in an amount equal to CAW's total acre feet of Over-Production for the Water Years 05-06, 06-07, and 07-08, which total is 6,390.1acre feet. Future CAW requests for Replenishment Credit shall be granted subject to the same conditions set forth in this Section 2 (a).

(b) In future Water years Watermaster shall address future requests by CAW for a Replenishment Credit as follows:

i. For years in which Watermaster declares that water for Artificial Replenishment is not available, Watermaster shall grant CAW's request for a Replenishment Credit for that Water year, subject to CAW's obligation to provide future Artificial Replenishment as set forth in Section 2(a) herein.

ii. For years in which Watermaster declares that water for Artificial Replenishment is available from sources other than a CAW water supply augmentation Project, Watermaster shall have the option of either: (i) requiring CAW to pay all or part of CAW's Replenishment Assessment for that Water Year for the purpose of providing Watermaster with funds to obtain Artificial Replenishment in sufficient quantities to replenish that quantity of Over-Production for which CAW pays a Replenishment Assessment; or (ii) granting CAW's request for a Replenishment Credit subject to CAW's obligation to provide future Artificial Replenishment as provided for in section 2(a) herein. . If Watermaster is unable to purchase Replenishment Water equal to CAW's total Over-Production for that Water Year,

the Watermaster shall grant CAW a Replenishment Credit for the balance of CAW's Over-Production for that Water year, subject to CAW's obligation to provide future Artificial Replenishment as set forth in Section 2(a) herein.

3. The sum of the acre feet of water to be provided to Watermaster for replenishment either by direct replenishment and/or in-lieu replenishment for each Water Year shall equal the number of acre feet for which CAW is assessed a Replenishment Assessment for the Water Year at issue. In no event shall the total amount of direct replenishment and/or forbearance by CAW be greater than the cumulative total of acre feet of CAW's Over-Production for all Water Years for which CAW is granted Replenishment Credits.

4. Upon completion and implementation of the Project(s), at any stage in CAW's direct replenishment and/or in-lieu replenishment pursuant to conditions set by Watermaster upon granting of Replenishment Credits, CAW shall have the right to request that the Court determine that, based upon principles of the physical solution set forth in the Decision, the Basin has been replenished in an amount sufficient to prevent seawater intrusion or the Basin has been protected by alternative seawater intrusion preventive measures. Upon such determination by the Court, CAW's obligations under conditions set by Watermaster upon granting of Replenishment Credits and any obligation under this Memorandum of Understanding to provide direct replenishment water and/or in-lieu replenishment at no cost to Watermaster shall be deemed fully satisfied.

5. All terms used in this Memorandum of Understanding that are defined terms in the Decision shall be defined herein as set forth in Section III.A of the Decision.

IN WITNESS WHEREOF the Parties hereby agree to the full performance of the terms set forth herein.

SEASIDE BASIN WATERMASTER	CALIFORNIA AMERICAN WATER
Chair, Seaside Basin Watermaster	President, California American Water
Date: January 21, 2009	Date: 1-29-2009

AMENDMENT NO. 1
TO THE
MEMORANDUM OF UNDERSTANDING
BETWEEN
THE SEASIDE BASIN WATERMASTER AND CALIFORNIA AMERICAN WATER
DATED
DECEMBER 3, 2008

The Memorandum of Understanding pertaining to the repayment of Replenishment Assessments (December 3, 2008 MOU) between the Seaside Basin Watermaster (Watermaster) and California American Water (CAW), which was entered into pursuant to a motion passed by Watermaster on December 3, 2008 and executed by the Watermaster on January 21, 2009 and by CAW on January 29, 2009, is hereby modified by this Amendment No. 1 (Amendment) as follows:

RECITALS

A. The December 3 2008 MOU was entered into to comply with and fulfill the conditions of the Amended Decision entered in the case California American Water Company v. City of Seaside et al., Monterey Superior Court, Case No. M66343.

B. Section 2.a of the December 3, 2008 MOU states in part that "...upon completion and implementation of a water supply augmentation Project, CAW shall provide Watermaster, at no cost to Watermaster, and on a schedule that is feasible [emphasis added] 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 CAW is entitled as CAW's share of the Native Safe Yield, in an amount equal to CAW's total acre feet of Over-Production for the Water Years 05-06, 06-07, and 07-08, which total is 6,390.1 acre feet. Future CAW requests for Replenishment Credit shall be granted subject to the same conditions set forth in this Section 2 (a)."

C. CAW is currently prosecuting before the California Public Utilities Commission an application for a Certificate of Public Convenience and Necessity to construct the Monterey Peninsula Water Supply Project ("MPWSP"), as an alternative to the Coastal Water Project.

D. As of the date of this Amendment, CAW's total Over-Production for all Water years Through Water Year 2012-2013 is 11,981.29 acre feet, and it is anticipated that upon the estimated date on which CAW's MPWSP becomes fully operational, Cal-Am's total Over-Production will be 18,718.17 acre feet.

E. On November 29, 2012 the Watermaster voted to accept a replenishment repayment schedule proposed by CAW under which the MPWSP would provide potable water to fulfill CAW's replenishment obligations as set forth in the December 3, 2008 MOU.

F. Watermaster and CAW desire to amend the December 3, 2008 MOU to formalize their agreement that the replenishment repayment schedule proposed by CAW constitutes a "feasible" schedule as referred to in Section 2.a of the December 3, 2008 MOU.

AGREEMENT

Watermaster and CAW agree as follows:

1. Except as modified by the language below, all terms and conditions of the December 3, 2008 MOU are unchanged by this Amendment No. 1 and remain in full force and effect.

2. Beginning October 1 following final completion and acceptance of all MPWSP components (as defined by the relevant MPWSP construction contracts) by CAW, CAW shall commence Artificial Replenishment of the Seaside Basin as follows:

a. At the conclusion of the first Water Year after final completion and acceptance of the MPWSP, and each Water Year thereafter, Watermaster shall report, in accordance with the Amended Decision and Watermaster Rules and Regulations:

i. The cumulative total of CAW's Overproduction from Water Year 05/06 to date;
ii. CAW's Non-Native Water Stored in the Basin;
iii. The cumulative total of CAW's prior Artificial Replenishment.

b. CAW's Replenishment Obligation shall be fulfilled in accordance with the Replenishment Schedule contained in Attachment "A" hereto. The volume of artificial or in-lieu replenishment shall be based on a running five (5) Water Year average. Should the average volume of artificial or in-lieu replenishment calculated by the Watermaster be less than 700 acre feet annually, and if the Watermaster declares that water for Artificial Replenishment is available from sources other than the CAW Water Supply Project, Watermaster shall have the option of requiring CAW to pay a part of CAW's Outstanding Replenishment Assessment for the purpose of providing Watermaster with funds to obtain Artificial Replenishment in sufficient quantities to replenish that quantity not provided via in-lieu replenishment.

c. Should conditions change in the Basin sufficient to indicate that seawater intrusion is occurring, this Replenishment Schedule shall be subject to immediate modification.

d. Replenishment Years subsequent to Replenishment Year 25 shall continue at 700 acre-feet annually based on a running 5-year average until CAW's total Replenishment Obligation has been fulfilled.

e. In accordance with Section 4 of the December 3, 2008 MOU, at any stage in CAW's replenishment prior to Replenishment Year 25 should the Court determine that the Basin has been replenished in an amount sufficient to prevent seawater intrusion, or the Basin has been protected by alternative seawater intrusion preventive measures, CAW's obligations under conditions set by the December 3, 2008 MOU shall be deemed fully satisfied.

f. CAW's total Replenishment Obligation pursuant to the December 3, 2008 MOU shall equal the number of acre feet CAW Overproduced and for which CAW was assessed a Replenishment Assessment beginning with the Water Year 05/06 to the first Water Year after final completion and acceptance of the MPWSP occurs. In no event shall the total amount of Artificial Replenishment by CAW be greater than the cumulative total of acre feet of CAW's Over Production for which CAW was granted Replenishment Credits.

3. All terms used in this Amendment No. 1 that are defined terms in the Amended Decision shall be defined herein as set forth in Section III.A of the Amended Decision.

IN WITNESS WHEREOF the Parties hereby agree to the full performance of the terms and conditions set forth in this Amendment No. 1.

SEASIDE BASIN WATERMASTER

Chair, Seaside Basin Watermaster

Date: 4/25/14

CALIFORNIA AMERICAN WATER

President, California American Water

Date: 6-6-14

ATTACHMENT "A"

REPLENISHMENT SCHEDULE

REPLENSIHMENT YEAR	ARTIFICIAL REPLENISHMENT (AFA)	IN-LIEU REPLENISHMENT (AFA)
1		700
2		700
3		700
4		700
5		700
6		700
7		700
8		700
9		700
10		700
11		700
12		700
13		700
14		700
15		700
16		700
17		700
18		700
19		700
20		700
21		700
22		700
23		700
24		700
25		700
--		700

WATER SUPPLY PLANNING COMMITTEE

ITEM: ACTION ITEM

2. CONSIDER RECOMMENDATION TO BOARD TO ENTER INTO AGREEMENT WITH MARINA COAST WATER DISTRICT FOR AQUIFER STORAGE AND RECOVERY COOPERATION

Meeting Date:	**July 7, 2025**	**Budgeted:**	**N/A**
From:	**David J. Stoldt General Manager**	**Program/ Line Item No.:**	**N/A**
Prepared By:	**David J. Stoldt**	**Cost Estimate:**	**N/A**

General Counsel Approval: N/A
Committee Recommendation: N/A
CEQA Compliance: This action does not constitute a project as defined by the California Environmental Quality Act Guidelines Section 15378.

SUMMARY: The Marina Coast Water District (MCWD) has requested that MPWMD consider making its Aquifer Storage and Recovery (ASR) facilities available to inject MCWD water to the Seaside Groundwater Basin when not in use for MPWMD's own ASR program.

- Under its permits MPWMD can only inject Carmel River water from December through May, meaning that there is available capacity in the June to November period. There may also be surplus capacity in winter months during dry years when Carmel River permit conditions cannot be met.

- MPWMD retains its statutory right to store water in the basin for the benefit of the District. The Court found that this right is preserved and does not conflict with the Physical Solution under the adjudication. The power of the Watermaster to enjoin unauthorized storage is limited to storage by Producers, and does not extend to storage by the District. However, the District has traditionally worked cooperatively with the Watermaster as to the nature and scope of its storage activities, and has participated in two storage and recovery agreements.

- MCWD has committed to serve water to developments in the former Fort Ord within the MPWMD jurisdiction, including Monterey (65 AFY), Del Rey Oaks (242.5 AFY), and Seaside (1,012 AFY). While these allocations are ostensibly sourced from the Salinas Valley Groundwater Basin, the place of use is generally within MPWMD boundaries. Until those developments are built out, MCWD could store water to build up reserves.

MPWMD may choose to do this solely as a mutual form of cooperation, although there are potential benefits to the groundwater basin, as well as to jurisdictions served by MCWD that are also constituents of MPWMD. There is a potential cost-sharing benefit to MPWMD should an

additional injection well be desired.

If MPWMD chooses to move forward, an agreement would be developed that would include terms and conditions as outlined in **Exhibit 2-A**.

RECOMMENDATION: The Committee should consider a recommendation to the Board to enter into an agreement with Marina Coast Water District for Aquifer Storage and Recovery cooperation.

EXHIBITS

2-A General Terms and Conditions of a Cooperation Agreement

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EXHIBIT 2-A

General Terms and Conditions of a Cooperation Agreement

- Recitals

- Definitions

- Injection Facilities: Injection will occur at the Santa Margarita ASR wells 1 and 2 (the "Point of Delivery.") MPWMD shall retain exclusive ownership of all injection facilities. The Parties may agree to cost-share on any future injection wells.

- Extraction Facilities: MCWD will be solely responsible for developing extraction (production) facilities, or contracting with others for extraction. MPWMD will make its Santa Margarita water treatment facility available, subject to agreement with California American Water, as a possible option for treatment if extraction configuration supports it.

- Operations: MPWMD will be responsible for injection operations under its permit with the Regional Water Quality Control Board. MCWD will be responsible for extraction and treatment as regulated by the State Water Resource Control Board Division of Drinking Water.

- Water Rights: MCWD will represent that it owns the water designated for storage and is authorized to request storage.

- Storage Rights: The Parties will endeavor to negotiate a Storage and Recovery Agreement with the Watermaster. However, if such Agreement is not forthcoming, MPWMD will store on behalf of MCWD under its rights protected by the Superior Court adjudication decision.

- Measurement: All water furnished pursuant to the Agreement shall be measured by MPWMD at the Point of Delivery. Such measurement shall be with equipment chosen by MPWMD, installed by MPWMD on MPWMD facilities, and approved by MCWD in writing. All measuring equipment shall be installed, maintained, repaired and replaced by MPWMD. Measurement records of injection will be provided by MPWMD to MCWD monthly during injection operations.

- Water Quality Guarantee: All water delivered by MCWD to MPWMD to the Point of Delivery must meet the water quality requirements set forth in Applicable Law, including the Watermaster. MCWD will provide sufficient information to demonstrate that the water quality characteristics of the water being proposed for storage will meet all of the requirements imposed by any regulatory agency or agencies and the Watermaster. If at any time MCWD fails to meet the Water Quality Guarantee, MCWD shall give MPWMD immediate notice thereof and shall promptly meet with MPWMD to discuss the circumstances of such failure and a proposed action plan for remediation. Subject to such notice, MPWMD may immediately cease injection.

- Costs: MCWD will pay all costs associated with the operation of the ASR facilities on behalf of MCWD, including administration, operation, regulatory compliance, maintenance, repair, replacement, insurance, and depreciation. MPWMD will invoice MCWD monthly during injection operations.

- Water Charges: The Parties shall not impose any fee or other expense upon each other, except as provided for under "Costs," above. However, the Parties will have the right to purchase water from each other at a rate (charge) to be determined at such time.

- Permits: The Parties agree to cooperate in acquisition of all regulatory permits and approvals required to undertake this agreement, including CEQA.

- Planning and Construction: The Parties may cooperate and share costs of planning and construction of any additional facilities.

- Term: 20 years

- Events of Default: TBD

- Assignment: TBD

- Arbitration: TBD