

**Monterey Regional Water Supply Program
Recycled Water Three-Way
Memorandum of Understanding**

This Memorandum of Understanding (hereinafter referred to as “MOU”) is made and entered into as of the first day of _____, among the Monterey Regional Water Pollution Control Agency (MRWPCA), Marina Coast Water District (MCWD), and Monterey County Water Resources Agency (MCWRA) executing below. Should other entities desire to develop a recycled water project, it would be required to be consistent with this MOU.

WHEREAS, the Regional Water Supply Program is an alternative analyzed in California-American Water Company’s (Cal-Am) Coastal Water Project (CWP) Draft Environmental Impact Report (DEIR), and has recycled water elements identified for urban reuse to benefit Cities on the Monterey Peninsula, and the northern communities of Monterey County, including agricultural interests, and the United States Army; and

WHEREAS, the recycled water elements of the Regional Water Supply Program appear to be cost effective for ratepayers, and will reduce recycled water cost to the agricultural community; and

WHEREAS, the Regional Water Supply Program recycled water elements require coordination and collaboration between Participating Entities (Marina Coast Water District (MCWD), Monterey County Water Resources Agency (MCWRA) and Monterey Regional Water Pollution Control Agency (MRWPCA)), and is worthy of being further evaluated and implemented; and

WHEREAS, the undersigned recognize that water supply issues reliant on recycled water are significant and require a focused coordinated technical and political effort to resolve. It is further recognized that there is an urgency to identify, adequately plan, and rapidly implement recycled water solutions; and

WHEREAS, the Participating Entities signatory to this MOU desire to cooperatively engage in recycled water supply planning and jointly analyze proposed project elements; and

WHEREAS, Participating Entities recognize and respect that member entities retain independent control over their individual regional recycled water elements consistent with the Monterey Regional Water Supply Program Planning MOU; and

NOW, THEREFORE, BE IT RESOLVED, that, through this MOU, the Participating Entities desire to clarify recycled water demand schedules for irrigation season (typically March through October) recycled water supply and for recycled water supply during the non-irrigation season (typically November through February) without amending prior agreements. Hence, recycled water shall be available during the irrigation season for use by the MCWRA consistent with its demand schedule as shown on Exhibit A with the exception of water for urban reuse as shown on Exhibit B (exclusive of the MCWD 300 acft irrigation season allocation). These exhibits clarify Sections 4.02, 4.03, 17.01, 17.02, 17.03, 17.04 and 17.09 in the Third Amendment between MCWRA and MRWPCA; and

BE IT FURTHER RESOLVED that, through this MOU recycled water identified in Exhibit B along with the MCWD irrigation season allocation will be made available so that an Urban Reuse Project of 1,727 acft can be implemented consistent with all other agreements associated

with recycled water allocations made between MCWD, MCWRA and MRWPCA. Furthermore, the proposed Urban Reuse Project shall be consistent with the Regional Urban Water Augmentation Project Environmental Impact Report certified by MCWD on October 27, 2004 and with the Regional Urban Water Augmentation Project Agreement between MCWD and MRWPCA; and

BE IT FURTHER RESOLVED that in addition to the demand schedules shown on Exhibits A and B each of the Participating Entities shall be able to make use of the available recycled water (approximately 6,500 acft currently and up to approximately 10,000 acft at plant capacity) from the remainder of the irrigation and non-irrigation season available recycled water consistent with all other agreements associated with recycled water allocations made between MCWD, MCWRA and MRWPCA. Preference shall be given for expansion of urban reuse to include groundwater replenishment projects, additional irrigation project storage, or other urban reuse projects. Should MCWD and MRWPCA not be able to use non-irrigation season water, then MCWRA may develop additional irrigation projects including storage for expansion of the existing Castroville Seawater Intrusion Project and other prospective projects.

BE IT FURTHER RESOLVED that each proposed project that would use recycled water not allocated in schedules shown on Exhibits A and B shall be required to satisfy criteria jointly developed by a committee consisting of the Board Chair and General Manager from each Participating Entity that would include but not be limited to 1) confirming customers for the recycled water, 2) having a completed project description, 3) having completed environmental review under CEQA and 4) having an approved financing mechanism for the prospective project. Every two years the joint committee will review and recommend priorities and schedules for prospective project implementation; and

BE IT FURTHER RESOLVED that the payment of costs shall be consistent with Exhibit C (actual costs will be paid by the customers who use recycled water whether MCWD or MRWPCA) with the clarification that all infrastructure debt service paid prior to the date recycled water is delivered for prospective projects described above will also be subject to the same provisions for ongoing debt service payments identified in sections 3 and 4, of debt service paid by MCWRA for the Salinas Valley Reclamation Project bridge financing. The Committee, as referenced above, will review and clarify these costs to assure equity between all parties; and

BE IT FURTHER RESOLVED that each prospective signatory to this MOU shall obtain its respective Board approval forthwith.

Monterey County Water Resources Agency

Marina Coast Water District

Monterey Regional Water Pollution Control Agency
