

EXHIBIT B
Summary of Grant Proposal
San Lucas Water Project

The Greater Monterey County Regional Water Management Group (GMCRWMG) will be applying for Round 2 Integrated Regional Water Management (IRWM) Implementation Grant funds. The application is due March 29, 2013.

IRWM Implementation Grant funds have been made available through a statewide bond measure, Proposition 84, the “Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Act of 2006.” Administered by the Department of Water Resources, Proposition 84 includes \$1 billion in funding for the IRWM Grant Program, the purpose of which is to “encourage integrated regional strategies for management of water resources and to provide funding, through competitive grants, for projects that protect communities from drought, protect and improve water quality, and improve local water security by reducing dependence on imported water.” Of the \$1 billion that was provided through Proposition 84, \$52 million has been allocated specifically for projects within the Central Coast Funding Area. The Central Coast Funding Area includes six separate IRWM Regions, of which the Greater Monterey County Region is one. For Round 2, approximately \$7.5 million is available to the Central Coast Funding Area for the Implementation Grant program. The six regions in the Central Coast Funding Area will be competing for this amount.

The GMCRWMG has selected nine projects for inclusion in the Round 2 Implementation Grant application, including two projects that address critical water supply needs of disadvantaged communities in the region:

- Monterey County Resource Management Agency: San Lucas Water District Public Water Supply Replacement Project
- Pajaro/Sunny Mesa Community Services District: Springfield Water Project
- City of Salinas and Monterey Regional Water Pollution Control Agency: Dry Weather Runoff Diversion Program
- Resource Conservation District of Monterey County: Salinas River Watershed Invasive Non-native Plant Control and Restoration Program
- Resource Conservation District of Monterey County: Monterey County Farm Water Quality Assistance Program
- Ecology Action: Monterey Bay Green Gardener Training & Certification Program
- Elkhorn Slough Foundation: Ridgeline to Tideline - Water Resource Conservation in Elkhorn Slough
- Central Coast Wetlands Group at Moss Landing Marine Labs: Deployment of the Greater Monterey County Regional Water Quality Monitoring Network
- Save Our Shores: Watershed Protection Program - Annual Coastal Cleanup Day in Monterey County

The total grant request amount is approximately \$7.5 million. The budget for the San Lucas IRWM grant proposal project is approximately \$2.25 million. Since San Lucas is a disadvantaged community, there is no local match requirement.

The community of San Lucas is a small, impoverished, predominately Hispanic, farmworker community in Southern Monterey County. The San Lucas Water District operates the community's drinking water and wastewater systems, and has approximately 90 service connections. The District's water supply is derived from a single groundwater well located in the center of an agricultural field about one mile south of the community. The District has very limited financial and operational capacity. The County of Monterey Office of Economic Development has been providing on-going assistance with the goal of supporting the existing community.

Since March 2011 all customers of the Water District have been on an indefinite "Do Not Drink" order from the Monterey County Health Department Environmental Health Bureau (EHB) due to excessive levels of nitrates in water being pumped from the District's single well. EHB has directed the Water District to implement a new source of water that meets all public water quality requirements as soon as possible. In addition, the Central Coast Regional Water Quality Control Board (RWQCB) has been unable to certify approval of the District's recently upgraded wastewater treatment and disposal system due to high Total Dissolved Solids (TDS) (total amount of mobile charged ions, including minerals, salts or metals dissolved in a given volume of water) in the treated effluent, which is a direct result of high TDS in the community's water source. As a result, the District cannot approve any new service connections to the sewer system until this issue is resolved.

The proposed IRWM grant application project will implement:

- 1) Preparation of a Feasibility Study to evaluate in one document all available feasible options for long-term solutions to the District's water supply problem. The feasibility study will identify a preferred option for further study and implementation.
- 2) "Pre-environmental" preliminary engineering analysis of the preferred option will be completed, leading to preparation of a Project Description and a California Environmental Quality Act (CEQA) Initial Study to determine the necessary level of evaluation.
- 3) Required environmental studies and reports will be prepared. The County and District will adopt the necessary findings required to comply with State law for implementation of the project.
- 4) Upon completion of the CEQA process, final engineering plans, specifications, and bid documents will be completed to a sufficient level of detail to enable the County and Water District to apply for and acquire all required institutional agreements, water rights, rights-of-way, environmental permits, and regulatory (encroachment) permits for the District's project.

The County and District will then advertise for bids and construct the project.