

Attachment 1

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ATTACHMENT 1

Project Discussion **San Lucas County Water District Water Supply Replacement Project**

San Lucas Community and Water Supply

San Lucas is a small rural community (pop. 269) in southern Monterey County. Based on a recent income survey, SWRCB has determined that the community is classified as an economically “severely disadvantaged community” (SDAC). The community water system (approximately 75 connections) is owned and operated by the San Lucas County Water District. The District’s groundwater well is located on agricultural property owned by the Naraghi Family. The property was historically a vineyard, and in 2006 was leased by Mission Ranches who began farming row crop vegetables.

The District, in collaboration with the County of Monterey, has been working diligently since 2003 to upgrade its public water system. For a detailed timeline of County’s support to the District see Attachment A. In the early 2000’s the County of Monterey Department of Housing and Redevelopment worked with the Community Housing Improvement Systems and planning Association, Inc. (CHISPA) to develop a proposed 33-unit affordable housing in the San Lucas community. Utilizing funding from the Community Development Block Grant program, the County made improvements between 2003 and 2005 to the District’s water and wastewater system to support the proposed CHISPA project.

In 2005, elevated Total Dissolved Solids (TDS) were discovered in the District’s treated effluent, preventing the Regional Water Quality Control Board (RWQCB) from issuing the necessary discharge permit for the wastewater treatment facility. The source of the high TDS was determined to be the groundwater being delivered from the District’s well. In 2008 the County, with funds from a planning and technical assistance grant from the CDBG program, analyzed solutions to the TDS problem. At the time, it was recommended that a new well be drilled closer to the Salinas River and the existing well be kept as a back-up well. Though funding was secured to conduct work on a new well, this work never began as the access was not granted by the property owner.

Finding a Replacement Water Supply

The San Lucas Water District had been without a reliable permanent source of potable water for nearly six years, when on March 15, 2011 the Monterey County Environmental Health Bureau first imposed a “Do Not Drink” on the community due to nitrate contamination of its well. In 2012, the RWQCB issued a Notice of Violation to the property owner and lessee, stating the change in farming practices was the cause of nitrate contamination of the District’s public water supply. That order remained in effect for over three years, and the lessee of the agricultural property provided bottled water to the community until November 2014 when an interim well was constructed by lessee.

In September 2012, the Water District approved Resolution No. 81-2012 (Attachment B) authorizing the County to assist the District to improve its community water supply by acting on

behalf of the District to seek funding, and, if funding is acquired, to prepare the necessary engineering and environmental studies and reports, acquire right-of-way, apply for permits, and, upon concurrence by the District and the Monterey County Environmental Health Bureau, to design and construct a new municipal water supply project, all at no cost to District. In October 2012, the Board of Supervisors adopted Resolution No. 12-266 (Attachment C) approving the submittal of an application to California Department of Public Health (CDPH) for Safe Drinking Water State Revolving Fund (SDWSRF) program for San Lucas project planning funds. In October 2013, the CDPH now State Water Resources Control Board (SWRCB) approved a Funding Agreement with the County (acting on behalf of the District) for a planning grant in the amount of \$440,000 to prepare a Feasibility Study and Engineering Design for the San Lucas project.

In June 2013, the County Contracts/Purchasing Division circulated a Request for Proposals for consulting engineering services to provide feasibility analysis, preliminary engineering, environmental review, and final engineering services for the San Lucas Water District Water Supply Replacement Project. Proposals were received from five firms and the review team unanimously selected the firm of AMEC Environmental and Infrastructure Inc., now Amec Foster Wheeler Environment & Infrastructure, Inc. (Amec). In February 2014, the Board of Supervisors approved a Professional Services Agreement with Amec, for the consulting engineering services necessary to implement the project.

In May 2015, the County-retained consultant completed the Feasibility Report analyzing five alternatives for a long-term replacement water supply for the Water District (Attachment D). After an extensive review process involving meetings and consultations with staffs of SWRCB, RWQCB, Monterey County Environmental Health Bureau, Monterey County Water Resources Agency, California Water Service Co., together with the affected landowner and agricultural lessee, in September 2015 the District selected Alternative 4 as the preferred alternative (purchase water from California Water Service Co. via construction of an intertie pipeline from King City, seven miles away). In a meeting on October 28, 2015, SWRCB staff confirmed its approval for the County to proceed with the Preliminary Engineering phase of the intertie project using SDWRSF grant funds.

In February 2016, the County submitted a detailed cost estimate and scope of work to the SWRCB, requesting an increase of funding under the planning grant by \$545,000 to complete environmental review, easement acquisition, permitting and final design plans specifications, and bid documents for the selected intertie pipeline project. Upon reviewing this request, in August 2016 the SWRCB directed the County to stop work on the design of pipeline to further evaluate treated groundwater alternative (Alternative 3).

SWRCB stated the cost-benefit ratio for the pipeline project is significantly higher than SWRCB guidelines for funding allow, and that SWRCB staff felt there had not been adequate analysis of groundwater options. At that time, County staff provided all the analyses and studies completed to date pertaining to groundwater (which had been previously provided) to SWRCB staff for technical review. Upon review, SWRCB staff agreed that untreated groundwater was not a viable solution, yet considering the high cost of the pipeline alternative SWRCB feels additional

feasibility analysis is needed to more fully evaluate the option of treated groundwater for San Lucas.

Moving Forward Toward a Replacement Water Supply

Once the SWRCB issued a stop work order for the grant, County staff has been actively working with the SWRCB to come to a resolution and identify necessary steps to advance this project. The urgency to advance the project became again heightened in the fall of 2017 when the interim well, which had provided potable water to the community for nearly two years, showed detected nitrate concentrations more than the State-mandated Maximum Contaminant Level (MCL). On October 26, 2016, the Monterey County Environmental Health Bureau, which regulates the San Lucas Water District's public water supply permit, directed the District to issue an immediate "Do Not Drink" order to its customers in accordance with state law. This order continues in effect.

A scope of work for additional analysis of treated groundwater was developed by the County's consultant (Amec), with concurrence from the County and the SWRCB to answer all the SWRCB's unanswered questions regarding possible use of treated groundwater as a long-term source for San Lucas. The SWRCB agreed to a scope of work and proposed budget in April 2017 (pending minor revisions approved in May 2017). The total proposed cost for Amec is approximately \$148,000, which cost would be borne by the SWRCB grant.

On April 20, 2017, SWRCB Board member, DeeDee D'Adamo, and SWRCB Assistant Deputy Director of Financial Assistance, Jim Maughan, met with County Supervisor Alejo, representatives from Supervisor Salinas' Office, County Legislative Affairs and RMA Special Program staff, Mission Ranches (property lessee) and their technical representatives, and San Lucas Water District representatives to discuss the water supply replacement project and tour the San Lucas Water District. During this meeting, the SWRCB reiterated its desire to see additional feasibility analysis of treated groundwater.

At the April 20th meeting, Mission Ranches suggested that its technical team could develop the necessary feasibility analysis at reduced cost and possibly in less time than the County's consultant. On May 18, 2017, the consulting firm of North Tree Enterprises, Inc submitted, on behalf of Mission Ranches, a separate scope of work and fee proposal to perform a "Water Supply Alternative Evaluation" report for submittal to the SWRCB. The total proposed cost for North Tree is approximately \$22,000, which cost would be borne by Mission Ranches. County consultant (Amec) time to provide peer review of the work is an estimated \$5,000, all of which would be paid for out of the SWRCB grant.

Additional up-front effort would be needed by County staff to work with Mission Ranches/North Tree and SWRCB grant management staff to get necessary agreements in place and to amend the grant. County anticipates being able to seek reimbursement for this time from the grant. Once work is ready to commence, County staff time to manage and support both proposed approaches is anticipated to be similar, and is to be paid for out of the SWRCB grant.

The County's San Lucas technical and project team evaluated the North Tree and Amec proposals, considering the quality of the proposed project, management approach to the project

and schedule, as well as consultant team qualifications and experience. Based on evaluation, the Amec proposed approach ranked higher than North Tree's in all evaluation categories.

Both teams propose to develop a feasibility analysis for treated groundwater as required by the SWRCB. North Tree's proposal expands the scope to re-include the intertie alternative and prepare a Water Supply Alternative Evaluation report. Some of the additional work proposed by North Tree has already been developed under work completed by the County's consultant (Amec) prior to the grant being put on hold, but these data are yet unpublished. The additional feasibility exploration of the intertie pipeline proposed by North Tree was explored during and subsequently to the 2015 Feasibility Study by County staff (e.g. additional tie-ins along the pipeline). SWRCB is not requesting and staff is not recommending this approach at time. Expanding approach to include additional tie-ins, should they be feasible, it would fundamentally change the institutional parameters of the project, and is not likely to significantly change the cost-benefit ratio of the pipeline with regards to SWRCB consideration for funding (which is the stated concern of the SWRCB).

For the Treated Groundwater Feasibility Analysis, Amec's proposed approach presents a more thorough evaluation of a range of variable and alternatives influencing the feasibility of treated groundwater, including consideration of water rights issues relative to the Salinas River groundwater. Amec also included a more robust outreach and coordination effort with regulatory agencies and stakeholders, and presented options and alternatives that could improve the analysis.

Next Steps and Staff Recommendation

Staff proposes to move forward Amec's proposal and initiate a grant amendment, with a subsequent amendment to Amec's contract with the County. Staff is also recommending that project be added to the Capital Improvement Project list for FY 2018 – 19.

Attachments

- Attachment A – San Lucas Water Supply Replacement Project Timeline Summary
- Attachment B – San Lucas Water District approved Resolution No. 81-2012
- Attachment C – County Board of Supervisors adopted Resolution No. 12-266
- Attachment D – 2015 Feasibility Study Table ES-2: Summary of Alternatives (In Order of Ranking)

Attachment A

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Timeline Summary of Activity to Develop an Alternative Water Supply
for the San Lucas Water District

July 27, 2017

Aug 14 2017	<i>County of Monterey Capital Improvement Committee</i>
May 21 2017	<i>Mission Ranches submitted alternative proposal.</i> North Tree Enterprises, Mission Ranches consultant, submitted to the County a proposal dated May 18, 2017 to perform a San Lucas Water District Water Supply Alternative to be performed at Mission Ranches' cost.
May 13 2017	<i>SWRCB approved detailed scope of service and fee estimate subject to minor corrections.</i>
Apr 20 2017	<i>San Lucas Water District Tour.</i> SWRCB Board member and Assistant Deputy Director of the Department of Financial Assistance met with Supervisor Alejo and staff, representatives from Supervisor Salinas's Office, County Legislative Affairs and RMA Special Programs staff, Mission Ranches owners and technical representatives, and San Lucas Water District representatives to discuss the water supply replacement project and tour the San Lucas Water District.
Apr 13 2017	<i>County RMA-Land Use Division Special Projects Section submitted draft of proposed detailed scope of service and fee estimate.</i>
Feb 23 2017	<i>SWRCB approved outline, directed County to submit detailed scope of service and fee estimate.</i>
Feb 13 2017	<i>County RMA-Land Use Division Special Projects Section submitted proposed outline of scope of work for Treated Groundwater Feasibility Analysis.</i>
Feb 3 2017	<i>SWRCB formally directed County to submit proposed scope of work analyzing treated groundwater alternative.</i>
Jan 30 2017	<i>SWRCB-County Conference Call: Evaluate Treated Groundwater Alternative.</i> SWRCB acknowledged it is unlikely the community will be able to find long-term reliable groundwater without treatment, but their concerns about the high cost of the pipeline project are unchanged. SWRCB stated its intention to direct the County to submit a scope of work to further evaluate the alternative of "groundwater with treatment".
Jan 10 2017	<i>SWRCB-County Conference Call: State staff needs more time to review groundwater reports:</i> SWRCB management staff reiterated its past statements that the amount of funding required for the pipeline project is out of proportion to SWRCB guidelines regarding the number of people benefitting, their concerns the community cannot afford the cost of purchasing water and maintaining the pipeline, and that more effort should be made to verify that sufficient investigation of the groundwater option has been performed. SWRCB staff said it has not been able to complete its analysis of the information provided by the County last October because they are waiting to receive from County Environment Health the drilling logs from the two test borings performed by Mission Ranches late last year. Environmental Health staff replied they had informed SWRCB staff they had requested this information from Mission Ranches' drilling contractor, but did not receive the information, and that it is unlikely such information will be forthcoming because the drilling results were so unproductive that there probably were no logs performed. SWRCB accepted that there will no further information, and promised to complete their analysis and send their reply to the County by the end of next week.
Dec 2016	<i>Reiterate request for additional funding to proceed with Intertie Pipeline.</i> The Assistant County Administrative Officer sent a letter to SWRCB reiterating the February 2016 request for additional funding in the amount of \$485,000 to complete the engineering design, environmental review, acquire easements, and finalize bid documents, and SWRCB commitment to fund \$10-12 million construction cost.

Oct 26 2016	<i>New “Do Not Drink” Order.</i> Monterey County Environmental Health Bureau determined nitrate concentrations in the water produced by the Interim Well providing the community’s public water supply were higher than the State-mandated MCL during the months of July and September, and issued an immediate “Do Not Drink” order to the Water District. The order continues in effect.
Oct 2016	<i>County re-submitted to SWRCB all historical reports re groundwater in San Lucas area.</i> In follow-up to Sept conference call, County RMA-Land Use Division Special Projects Section staff posted on its website all past documents of record regarding analysis of groundwater as a potential source for a long-term replacement water supply for the San Lucas Water District.
Aug 2016	<i>SWRCB directed County/Water District to stop work on design of pipeline,</i> and instead pursue Alternative 3, new groundwater under the influence of surface water (GWUI) source. In a follow-up conference call, SWRCB stated the cost-benefit ratio for the pipeline project is significantly higher than SWRCB guidelines allow, and that there has not been adequate analysis of groundwater options. SWRCB agreed to take the lead in coordinating preparation of a scope of work for additional groundwater studies to “definitively answer all the unanswered questions” regarding possible use of groundwater as a long-term source. SWRCB said the studies should be performed by the County/Water District’s current consultant and funded by the SDWSRF grant.
May 2016	<i>Board of Supervisors approved Resolution No. 16-114 to request Amendment #2 to the SDWSRF Planning Grant</i> to increase the grant by \$60,000 (to total of \$500,000).
Feb 2016	<i>Request for increased funding for design of pipeline alternative.</i> County RMA-Land Use Division Special Projects Section submitted to SWRCB a request for a \$545,000 increase in the planning grant (to total of \$985,000) to complete the environmental review, acquisition of permits and easements, and completion of construction drawings and bid documents. and to extend the time for completion to 2018. SWRCB staff responded with a promise to provide a time extension and increase the grant by \$60,000 (to total of \$500,000).
Dec 2015	<i>Start work on pipeline design; update design budget.</i> County RMA-Land Use Division Special Projects Section directed Amec Foster Wheeler to start work on the Preliminary Engineering of intertie pipeline project, and updated its scope of services and fee estimate to perform the engineering design, environmental review, acquisition of permits and easements, and completion of construction drawings and bid documents.
Oct 2015	<i>SWRCB approved selection of pipeline alternative.</i> SWRCB staff confirmed approval for the District to proceed with the Preliminary Engineering phase of the intertie pipeline project.
Sept 2015	<i>Water District selected intertie pipeline alternative.</i> After a four-month review process involving many meetings and consultations with staffs of SWRCB, RWQCB, County Environmental Health Bureau, and County Water Resources Agency, together with the affected landowner and agricultural lessee, the Water District Board of Directors selected Alternative 4, purchase water from California Water Service Co. via construction of a seven-mile intertie pipeline to King City. This decision was based on the District’s evaluation of all the feedback and input received on the Feasibility Study, their determination that the other options either cannot be funded or are not feasible, and the looming expiration of the SDWSRF grant.
May 2015	<i>Feasibility Study completed</i> and circulated for review. Recommended Alternative 2, acquisition of Mission Ranches new interim well with treatment as may be required. This was the “least-cost” alternative.
Mar 2015	<i>SWRCB executed Amendment to Funding Agreement</i> to extend the completion date to October 15, 2016.
Nov 2014	<i>Mission Ranches drilled new “interim” well</i> on its property to provide potable water to San Lucas at no cost until Water District can implement a new permanent water supply. This well provided water to the community until October 2016.
Feb 2014	<i>Board of Supervisors approved a Professional Services Agreement with AMEC Environmental and Infrastructure Inc.,</i> (now Amec Foster Wheeler Environment & Infrastructure, Inc.) for the consulting engineering services necessary to implement the project. Work began on the Feasibility Report required as the

	first phase of the scope of work.
Oct 2013	CDPH approved Funding Agreement with the County and Water District for a “planning grant” in the amount of \$440,000 to prepare a Feasibility Study and complete the Engineering Design. Agreement required completion of the construction-ready plans, specifications, rights-of-way, and permits by April 15, 2015.
June 2013	County Contracts/Purchasing circulated a Request for Qualifications for consulting engineering services. Statements of Qualification were received from five firms, and an inter-departmental team of professionals unanimously recommended the selection AMEC Environmental and Infrastructure, Inc.
Oct 2 2012	Board of Supervisors adopted Resolution No. 12-266 and submitted application to CDPH for SDWSRF project planning funds.
Sep 18 2012	Water District adopted Resolution No. 81-2012 , authorizing the County to continue to assist the District to improve its community water supply by acting on behalf of the District to seek funding, and if funding is acquired, to prepare the necessary engineering and environmental studies and reports, acquire rights-of-way, apply for permits, and, upon concurrence by District and Environmental Health Bureau, design and construct a new municipal water supply project, all at no cost to the District. Upon completion, District will accept ownership of the constricted improvements, and operate and maintain said improvements at its own cost.
2012	RWQCB issued Notice of Violation to property owner (Naraghi) and lessee (Mission Ranches) , stating their changed farming practices caused the nitrate contamination in the Water District’s public water supply. Mission Ranches continued to provide bottled water to the community at no charge, implemented repairs to the District’s well, and developed an alternative site to drill a new well for the community.
2011	Updated analysis continued to recommend new well – question re surface water influence. In response to the increase nitrate issue, the County Redevelopment and Housing Office directed Pueblo Water Resources, Inc. to provide an updated study for the proposed new well site. In June 2011, Pueblo completed a <i>Technical Memorandum concerning Nitrate Concentrations</i> which concluded the proposed new well site would likely address the nitrate issue as well as TDS, although until a test well is installed and water testing accomplished this conclusion could not be confirmed. During inter-agency review, further questions arose regarding the possibility of surface water influence at the proposed new well site, which could lead to possible need for an appropriative water right.
2011	Nitrates in well; “Do Not Drink”. Routine water quality testing revealed elevated levels in nitrates in the Water District’s existing well. The County Environmental Health Bureau issued a “Do Not Drink” order to the community, to remain in effect until a replacement water supply for the community is developed.
2011	Property owner (Naraghi) refused access for test well. The County Redevelopment & Housing Office requested a Temporary Construction Easement from the property owner to implement the proposed test well. The owner declined to grant the easement.
2009	Retained consultant for replacement well project. The County Redevelopment & Housing Office recommended, and the State Office of Housing & Community Development (HCD) approved, the use of \$183,000 CDBG Program Income to drill the required test well and complete environmental review for a future replacement well for the Water District. An RFP was circulated, proposals from four firms were received, and the firm of Pueblo Water Resources, Inc. was retained. In September 2010 Pueblo completed a <i>Hydrologic Characterization and Test Well Feasibility Analysis</i> , recommending a test well be implemented on the Naraghi property closer to the Salinas River.
2008	Recommend new well. The County Redevelopment & Housing Office recommended, and the Board of Supervisors approved, the application and receipt of a \$40,000 CDBG Planning and Technical Assistance (PTA) grant to analyze solutions to resolve the TDS problem in the wastewater treatment plant well effluent. The Redevelopment & Housing Office retained the firm of Springer & Associates, Inc to perform the analysis. Springer’s report concluded the high TDS in the wastewater effluent was linked to high TDS in the District’s municipal water supply, and recommended a new water well be drilled closer to the Salinas River to provide a

	water source with lower TDS.
May 2006	<i>Mission Ranches (lessee) begins organic farming operation on Naraghi Family (owner) property.</i>
2005	<i>Upgraded sewer ponds; discovered TDS in well.</i> To facilitate the proposed development of a 33-unit affordable housing development project by CHISPA, the County Redevelopment & Housing Office recommended, and the Board of Supervisors approved, an application for and receipt of \$248,500 CDBG grant to improve the Water District's wastewater treatment facility. The RWQCB determined it could not issue the required discharge permit for the treatment facility because of high TDS in the treated effluent.
2003	<i>Replace existing storage tank & water mains.</i> To facilitate the proposed development of a 33-unit affordable housing development project by CHISPA, the County Redevelopment & Housing Office recommended, and the Board of Supervisors approved, an application for and receipt of a \$400,000 CDBG grant to replace the District's aging water storage tank and upgrade its water transmission lines. The Board of Supervisors approved a Funding Agreement with the Water District, and the Office of Housing oversaw consulting agreements and construction contracts issued by the Water District

Attachment B

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SAN LUCAS COUNTY WATER DISTRICT
State of California

Resolution No. 81-2012

- a. District hereby authorizes County to continue to assist)
District's efforts to improve its community water)
supply by acting on behalf of District to seek funding,)
including but not limited to, preparation and submittal)
of an application to the California Department of)
Public Health (CDPH) for planning funds under the)
Safe Drinking Water State Revolving Fund (SDWSRF))
program ("Application"), including authorizing the)
Director of the County Resource Management Agency)
to sign the Application, and, if funding is acquired, to)
prepare the necessary engineering and environmental)
studies and reports, acquire right-of-way, apply for)
permits, and, upon concurrence by District and EHB,)
design and construct a new municipal water supply)
project, all at no cost to District; and)
- b. Upon completion by County of any system)
improvements authorized by District after)
environmental review and compliance with and in)
accordance with the California Environmental Quality)
Act and Guidelines and upon certification of)
completion and compliance with operational and health)
requirements by EHB, District will accept ownership)
of the constructed improvements, and to operate and)
maintain said improvements at its sole cost.)

WHEREAS, the San Lucas County Water District ("District") is the municipal water purveyor for the unincorporated community of San Lucas; and

WHEREAS, District's current sole source of water supply is an existing well located on land owned by Wendell J. Naraghi et al and being leased to and farmed by Mission Ranches of King City; and

WHEREAS, in 2004 the County of Monterey ("County") provided assistance to the District by obtaining funding from the State Community Development Block Grant ("CDBG") program and assisting District to construct improvements to the water storage and distribution system ("system") for the community; and

WHEREAS, since 2008 the level of total dissolved solids ("TDS") in the water well that supplies the community has increased and now exceeds the maximum allowed levels under State law; and

WHEREAS, in 2011 the water being withdrawn from said well began to exceed the State-mandated contaminant level for nitrates, and on March 15, 2011 the Monterey County Health Department Environmental Health Bureau ("EHB") issued a "do not drink" order to all residents of the

community of San Lucas, and directed District to obtain a new source of supply that meets legal water quality standards, which order continues to remain in effect; and

WHEREAS, County has expressed its willingness to continue to assist the District's efforts to improve its community water supply by acquiring funds and implementing the activities necessary to achieve that result.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the San Lucas County Water District:

a. District hereby authorizes County to continue to assist District's efforts to improve its community water supply by acting on behalf of District to seek funding, including but not limited to, preparation and submittal of an application to the California Department of Public Health (CDPH) for planning funds under the Safe Drinking Water State Revolving Fund (SDWSRF) program ("Application"), including authorizing the Director of the County Resource Management Agency to sign the Application, and, if funding is acquired, to prepare the necessary engineering and environmental studies and reports, acquire right-of-way, apply for permits, and, upon concurrence by District and EHB, design and construct a new municipal water supply project, all at no cost to District.

b. Upon completion by County of any system improvements authorized by District after environmental review and compliance with and in accordance with the California Environmental Quality Act and Guidelines and upon certification of completion and compliance with operational and health requirements by EHB, District will accept ownership of the constructed improvements, and to operate and maintain said improvements at its sole cost.

PASSED AND ADOPTED this 18th day of September, 2012 by the following vote, to wit:

AYES: *Cervantes, Braden, Zuniga*

NOES:

ABSENT: *Jodilyn Barker*

I, Susan Madson, Secretary of the San Lucas County Water District, State of California, hereby certify that the foregoing is a true copy of an original order of said Board of Directors made and entered in the minutes thereof for the meeting on Sept. 18, 2012.

Dated: 9.18.12

By *Susan C. Madson*
Secretary

Attachment C

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Monterey County

Board Order

168 West Alisal Street,
1st Floor
Salinas, CA 93901
831.755.5066

Upon motion of Supervisor Salinas, seconded by Supervisor Armenta, and carried by those members present, the Board of Supervisors hereby:

Adopted Resolution No. 12-266:

- a. Approving an application to the State of California Department of Public Health (CDPH) for funding under the Safe Drinking Water State Revolving Fund (SDWSRF) program to assist the San Lucas County Water District to enhance the provision and protection of the municipal drinking water supplied to the consumers of the community of San Lucas; and
- b. Authorizing and directing the Director of the Resource Management Agency to cause the necessary data and application for said funding to be prepared, to sign the application, and to file the signed application with CDPH.

PASSED AND ADOPTED on this 2nd day of October 2012, by the following vote, to-wit:

AYES: Supervisors Armenta, Calcagno, Salinas, Parker, and Potter

NOES: None

ABSENT: None

I, Gail T. Borkowski, Clerk of the Board of Supervisors of the County of Monterey, State of California, hereby certify that the foregoing is a true copy of an original order of said Board of Supervisors duly made and entered in the minutes thereof of Minute Book 76 for the meeting on October 2, 2012

Dated: October 2, 2012
File Number: 12-905

Gail T. Borkowski, Clerk of the Board of Supervisors
County of Monterey, State of California

By Denise Hancock
Deputy

**Before the Board of Supervisors in and for the
County of Monterey, State of California**

Resolution No. 12-266

- a. Approving an application to the State of)
California Department of Public Health for)
funding under the Safe Drinking Water State)
Revolving Fund (SDWSRF) program to assist)
the San Lucas County Water District to enhance)
the provision and protection of the municipal)
drinking water supplied to the consumers of the)
community of San Lucas; and)
- b. Authorizing and directing the Director of the)
County of Monterey Resource Management)
Agency to cause the necessary data and)
application for said funding to be prepared, to)
sign the application, and to file the signed)
application with the State of California)
Department of Public Health.....)

WHEREAS, the San Lucas County Water District (“District”) has the authority to construct, operate and maintain the public water system for the unincorporated community of San Lucas; and

WHEREAS, the District has been directed by the Monterey County Health Department Environmental Health Bureau to enhance the provision and protection of the municipal drinking water supplied to the consumers of the community of San Lucas; and

WHEREAS, the District desires to enhance the provision and protection of the drinking water supplied to the consumers of the said public water system; and

WHEREAS, by Resolution of its Board of Directors on September 13, 2012, the District has authorized the County of Monterey (“County”) to assist the District to improve its community water supply by seeking funding and, if funding is acquired, to prepare the necessary engineering and environmental studies and reports, acquire right-of-way, apply for permits, and, upon concurrence by District and EHB, design and construct a new municipal water supply project, all at no cost to the District; and

WHEREAS, by said Resolution the District has stated its intent to agree, upon completion by County of any system improvements authorized by District after environmental review and compliance with the California Environmental Quality Act (CEQA) and CEQA Guidelines, and upon certification of completion and compliance with operational and health requirements by EHB, to accept ownership of the constructed improvements, and to operate and maintain said improvements at its sole cost.

NOW, THEREFORE, BE IT RESOLVED by the Board of Supervisors of the County of Monterey as follows:

1. Pursuant and subject to all of the terms and provisions of the SDWSRF program, application is made to the State of California Department of Public Health for funding to assist the District to enhance the provision and protection of the municipal drinking water supplied to the consumers of the community of San Lucas; and

2. The Director of the County of Monterey Resource Management Agency is hereby authorized and directed to cause the necessary data and application for said funding to be prepared, to sign the application, and to file the signed application with the State of California Department of Public Health.

PASSED AND ADOPTED upon motion of Supervisor Salinas, seconded by Supervisor Armenta, and carried this 2nd day of October 2012, by the following vote, to wit:

AYES: Supervisors Armenta, Calcagno, Salinas, Parker, and Potter

NOES: None

ABSENT: None

I, Gail T. Borkowski, Clerk of the Board of Supervisors of the County of Monterey, State of California, hereby certify that the foregoing is a true copy of an original order of said Board of Supervisors duly made and entered in the minutes thereof of Minute Book 76 for the meeting on October 2, 2012

Dated: October 2, 2012
File Number: 12-905

Gail T. Borkowski, Clerk of the Board of Supervisors
County of Monterey, State of California

By Denise Hancock
Deputy

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Attachment D

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Table ES-2 Summary of Alternatives (In Order of Ranking)¹

Alternative	Benefits	Challenges	Estimated Monthly Water Rate	Annual System O&M Cost	Capital Cost	Schedule to Implement
Alternative 2: New Groundwater Source (Mission Ranches Well)	<ul style="list-style-type: none"> Schedule of implementation will be short if stakeholder negotiations are successful. Source construction and permitting have been initiated. Based on initial sampling, no additional treatment facilities will be necessary. Low estimated capital costs. Low/comparable estimated O&M costs. Low/comparable estimated water rates. 	<ul style="list-style-type: none"> Naraghi/Mission Ranches have legally stated that this source is not intended to be a permanent source for SLCWD.² Eminent domain proceedings are anticipated. Possibility of TDS treatment required for MCL compliance and RWQCB wastewater discharge compliance, which would increase capital and O&M costs. 	<p>\$63</p> <p>\$136 if TDS treatment required</p>	<p>\$65,000</p> <p>\$138,000 if TDS treatment required</p>	<p>\$1.0 Million</p> <p>\$2.55 Million if TDS treatment required</p>	<p>2 years</p>
Alternative 5: Consolidation with King City	<ul style="list-style-type: none"> No anticipated property negotiations or substantial legal proceedings. High ranking for long-term sustainability. 	<ul style="list-style-type: none"> Discontinues SLCWD autonomy. High estimated capital costs. High estimated water rates. Longer implementation schedule. Cal Water does not favor consolidation with SLCWD, mainly due to a lack of interest in maintaining the pipeline and SLCWD distribution system. 	<p>\$92</p>	<p>Unknown, based on Cal Water budget decisions</p>	<p>\$7.2 million</p>	<p>4 to 5 years</p>
Alternative 3: New GWUI Source	<ul style="list-style-type: none"> Moderate estimated capital costs: approx. \$3.5M Moderate estimated O&M costs: approx. \$81K Moderate water rates: approx. \$80/month 	<ul style="list-style-type: none"> It is unlikely that SLCWD will be granted access to drill test wells on Naraghi's property. There is a high risk that an adequate source of good quality water will not be found. Eminent domain proceedings are anticipated for any potential well site. Potential water rights negotiations. 	<p>\$80</p>	<p>\$81,000</p>	<p>\$3.5 million</p>	<p>3 to 4 years</p>
Alternative 4: Water Importation from King City	<ul style="list-style-type: none"> No anticipated property negotiations or substantial legal proceedings. High ranking for long-term sustainability. 	<ul style="list-style-type: none"> Continues SLCWD autonomy. High estimated capital costs. High estimated O&M costs. High estimated water rates. Longer implementation schedule. 	<p>\$122</p>	<p>\$124,000</p>	<p>\$7.2 million</p>	<p>4 to 5 years</p>
Alternative 1: Treatment of Existing Source	<ul style="list-style-type: none"> Utilizes existing SLCWD Well #2, which SLCWD currently owns and operates. Moderate estimated capital costs: approx. \$3.5M 	<ul style="list-style-type: none"> Additional land must be acquired for waste discharge evaporation pond, likely requiring eminent domain. Water quality is very low and could degrade in the future. High estimated O&M costs. High estimated water rates. 	<p>\$163</p>	<p>\$167,000</p>	<p>\$3.5 million</p>	<p>2 to 3 years</p>

Notes:

- See text in Section 4 for ranking of alternatives.
- License Agreement between Naraghi and San Lucas County Water District, 2014.

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