

**AMENDMENT NO. 2 TO
AMENDED AND RESTATED WATER RECYCLING AGREEMENT
BETWEEN MONTEREY COUNTY WATER RESOURCES AGENCY AND
MONTEREY ONE WATER**

THIS AMENDMENT NO. 2 to the Amended and Restated Water Recycling Agreement, dated November 3, 2015 (hereinafter, “Agreement”) between the Monterey County Water Resources Agency, a political subdivision of the State of California (hereinafter, “WRA”) and Monterey One Water (hereinafter, “M1W”, referred to in the Agreement as “PCA”) is hereby entered into between WRA and M1W (collectively, WRA and M1W are referred to as the “Parties”).

WHEREAS, the portions of Agreement applicable to the New Source Water Facilities will not become effective until the following conditions in Section 16.15 are met:

1. Water Rights for the Blanco Drain and Reclamation Ditch are obtained from the California State Water Resources Control Board; and,
2. A fully executed, and California Public Utilities Commission approved, Water Purchase Agreement, between MRWPCA, MPWMD, and California-American Water, is approved by the California Public Utilities Commission and executed by the parties thereto; and,
3. Written finding by the Regional Water Quality Control Board that utilization of the Blanco Drain dry weather flows as New Source Water meets all treatment requirements for the aforesaid dry weather flows; and,
4. An independent third-party review of proposed capital and operating costs and preparation of an Engineer’s Report is approved by the MCWRA Board of Directors and Board of Supervisors. The costs of the aforesaid third-party review shall be shared equally between MCWRA and MRWPCA; and,
5. A successful assessment or Proposition 218 process for rates and charges related to the operation and maintenance of the New Source Water Facilities and proportional primary and secondary treatment charges; and,
6. Inclusion of Salinas Pond Water Return Facilities as New Source Water Facilities requires execution of a separate agreement between the Parties; and

WHEREAS, the status of the conditions in Section 16.15 are as follows; conditions 1 and 2 are satisfied; conditions 3,4, and 5 are pending; and condition 6 has not yet commenced; and

WHEREAS, the capital cost of the New Source Water Facilities are funded by M1W through grants and a low-interest loan from the State of California, Water Resources Control Board, State Revolving Funds with the first payment due in December 2020 and

WHEREAS, if all conditions in Section 16.15 are satisfied, the WRA’s share of the capital costs and the repair and replacement costs associated with the New Source Water Facilities are 45.1%; and

WHEREAS, if all conditions in Section 16.15 are satisfied, the WRA shall pay M1W the proportional share of the capital cost loan payment 30 days prior to the due date and the proportional share of the amortized replacement/renewal costs by March 1st, annually; and

WHEREAS, the construction of the New Source Water Facilities on the Blanco Drain and Reclamation Ditch are complete; and

WHEREAS, the Parties amended the Agreement on July 18, 2019 to extend the term of satisfying conditions described in Section 16.15 to June 30, 2020 with no associated dollar amount increase to continue to provide services identified in the Agreement; and

WHEREAS, the Parties now wish to amend the Agreement to extend the term of satisfying conditions described in Section 16.15 to June 30, 2021 with no associated dollar amount increase to continue to provide services identified in the Agreement.

NOW, THEREFORE, the Parties agree to amend the Agreement as follows:

1. Amend Section 17.03, "Payment Schedule", to read as follows:

Modify sections 1(c) to have first payment due in 2021, and modify section 1(f) to have first payment due in 2022.

2. M1W has the right to utilize the New Source Waters from the Blanco Drain (Water Right Application No. 32263A) and Reclamation Ditch (Water Right Application No. 32263B) Diversion Facilities in full until such time the conditions set forth in Section 16.15 have been satisfied, and in connection therewith, and until such a time the provisions of Section 16.16 shall not be in operation or effect.
3. All other terms and conditions of the Agreement remain unchanged and in full force.
4. This Amendment No. 2 shall be attached to the Agreement as amended and incorporated therein as if fully set forth in the Agreement.

IN WITNESS WHEREOF, the duly authorized representatives of the Parties hereto have executed this Amendment No. 2 to the Agreement as of the day and year first written below:

**MONTEREY COUNTY WATER
RESOURCES AGENCY**

By: _____
General Manager

Date: _____

Approved as to Form

By: _____
Deputy County Counsel

Date: _____

MONTEREY ONE WATER

By: _____
General Manager

Date: _____

By: _____
Counsel, Monterey One Water

Date: _____

Approved as to Fiscal Provisions

By: _____
Auditor-Controller

Date: _____

Approved as to Indemnity, Insurance Provisions

By: _____
Risk Management

Date: _____